



TRULY[®]

信利國際有限公司

Truly International Holdings Limited

(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：00732

2018 年報
Annual Report

00732

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GENERAL INFORMATION

一般資料

EXECUTIVE DIRECTORS

Lam Wai Wah (Chairman)
Wong Pong Chun, James
Cheung Tat Sang (resigned on 8 November 2018)
Ma Wai Tong (appointed on 8 November 2018)
Song Bei Bei (appointed on 8 November 2018)
Dai Cheng Yun (appointed on 8 November 2018)
Cheung Wing Cheung (appointed on 8 November 2018)

NON-EXECUTIVE DIRECTOR

Li Jian Hua (resigned on 8 November 2018)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chung Kam Kwong
Ip Cho Ting, Spencer
Heung Kai Sing

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Ma Wai Tong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F One Pacific Place
88 Queensway
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG LEGAL ADVISOR

Luk & Partners
In Association with
Morgan, Lewis & Bockius
Suites 1902–09, 19th Floor
Edinburgh Tower, The Landmark
15 Queen's Road Central
Hong Kong

執行董事

林偉華(主席)
黃邦俊
張達生(於二零一八年十一月八日辭任)
馬煒堂(於二零一八年十一月八日獲委任)
宋貝貝(於二零一八年十一月八日獲委任)
戴成雲(於二零一八年十一月八日獲委任)
張榮祥(於二零一八年十一月八日獲委任)

非執行董事

李建華(於二零一八年十一月八日辭任)

獨立非執行董事

鍾錦光
葉祖亭
香啟誠

公司秘書及合資格會計師

馬煒堂

核數師

德勤•關黃陳方會計師行
執業會計師
香港
金鐘道88號
太古廣場一座35樓

香港股份過戶登記分處

卓佳秘書商務有限公司
香港皇后大道東183號
合和中心22樓

香港法律顧問

陸繼鏘律師事務所
與摩根路易斯律師事務所聯營
香港
皇后大道中15號
置地廣場公爵大廈
19樓1902–09室

GENERAL INFORMATION 一般資料

MAJOR BANKERS

Bank of China (Hong Kong) Limited
Citibank, N.A.
China CITIC Bank International Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Mizuho Bank, Ltd
MUFG Bank, Ltd.
Nanyang Commercial Bank, Limited
Standard Chartered Bank (HK) Limited
The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

P.O. Box 309
Grand Cayman
Cayman Islands
British West Indies

PRINCIPAL OFFICE

2/F Chung Shun Knitting Centre
1-3 Wing Yip Street
Kwai Chung, N.T.
Hong Kong

WEBSITE

<http://www.truly.com.hk>

主要往來銀行

中國銀行(香港)有限公司
花旗銀行
中信銀行(國際)有限公司
恒生銀行有限公司
中國工商銀行(亞洲)有限公司
瑞穗銀行
三菱UFJ銀行
南洋商業銀行有限公司
渣打銀行(香港)有限公司
香港上海滙豐銀行有限公司

註冊辦事處

P.O. Box 309
Grand Cayman
Cayman Islands
British West Indies

主要辦事處

香港
新界葵涌
永業街1至3號
忠信針織中心2樓

網址

<http://www.truly.com.hk>

FINANCIAL HIGHLIGHTS

財務摘要

For the year ended 31 December

截至十二月三十一日止年度

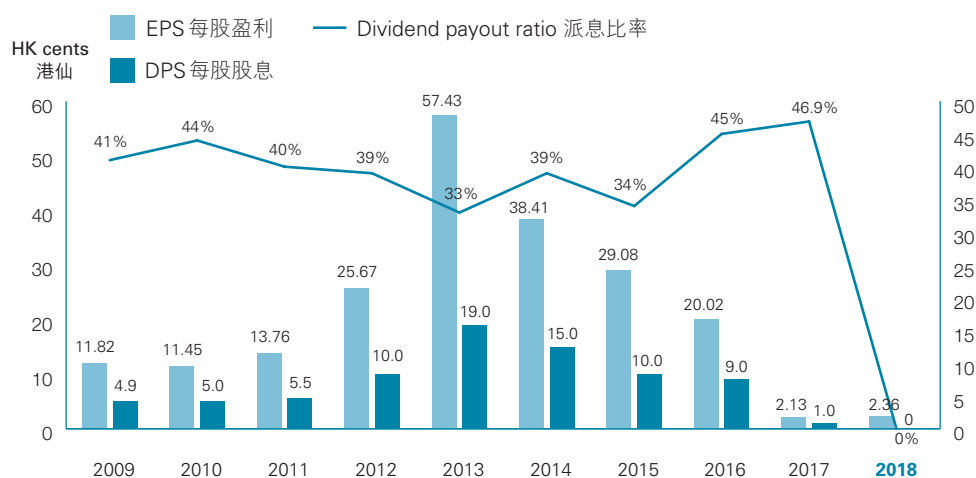
		2018	2017	Change 變動
		二零一八年	二零一七年	
		HK\$'000 千港元	HK\$'000 千港元	
Revenue	收益	19,762,442	20,733,418	-4.7%
Gross profit	毛利	1,885,553	2,040,167	-7.6%
Profit for the year attributable to owners of the Company	本公司擁有人應佔本年度溢利	74,190	62,987	+17.8%
EBITDA	稅息折舊及攤銷前利潤	1,758,630	1,622,903	+8.4%
EPS (HK cents)	每股盈利(港仙)			
— Basic	— 基本	2.36	2.13	+10.8%
DPS (HK cents)	每股股息(港仙)			
— Interim	— 中期	—	1	-100%
— Final	— 末期	—	—	N/A 不適用
— Full Year	— 全年	—	1	-100%

The directors do not propose the payment of final dividend for the year ended 31 December 2018 (2017: nil).

董事不建議就截至二零一八年十二月三十一日止年度派發末期股息(二零一七年：無)。

Basic earnings per share, dividends per share and dividend payout ratio

每股基本盈利、每股股息及派息比率

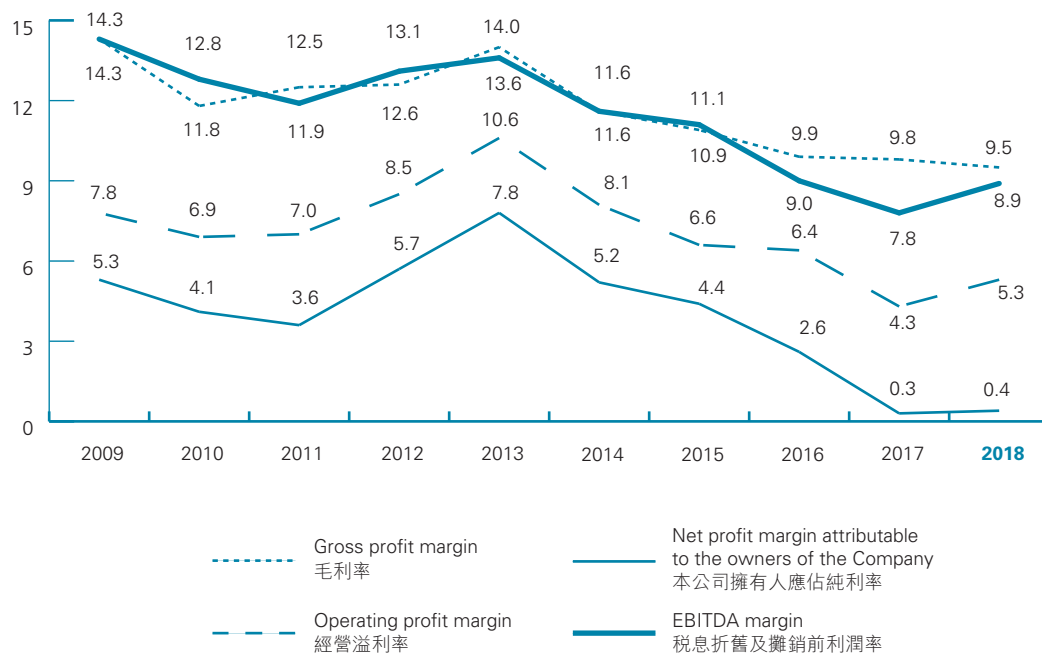


* The calculation of basic earnings per share and dividends per share for the year from 2009 to 2010 have been adjusted for the bonus issued and the share subdivision that have been approved by the shareholders at the extraordinary general meeting held on 19 January 2011.

* 二零零九年至二零一零年之每股基本盈利及每股股息之計算已就股東於二零一一年一月十九日舉行之股東特別大會上批准之已發行紅股及股份拆細作出調整。

Analysis of EBITDA, gross, operating and net profit margins (%)

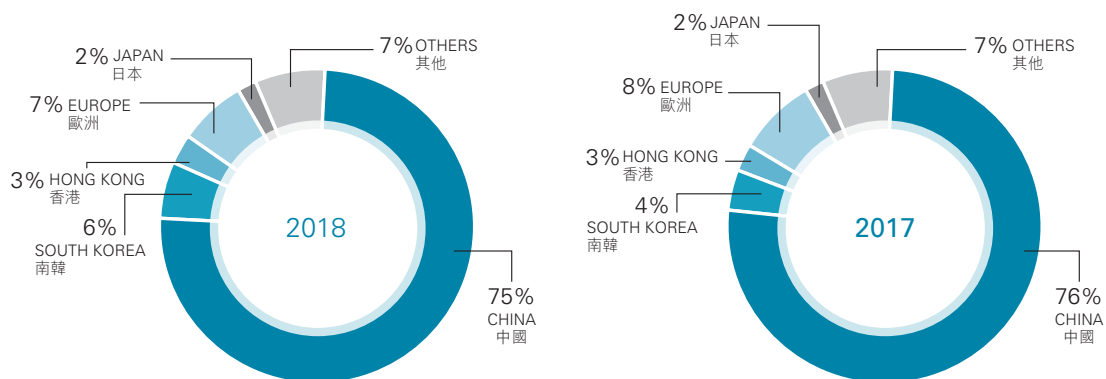
稅息折舊及攤銷前利潤率、毛利率、經營溢利率以及純利率分析 (%)



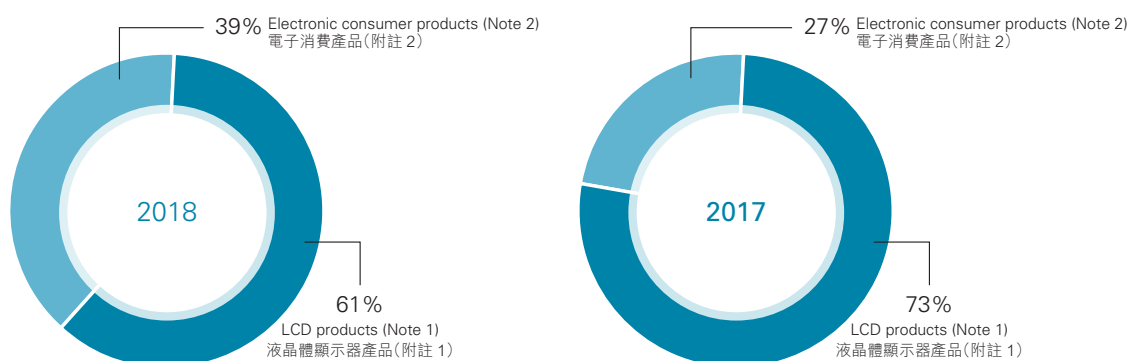
FINANCIAL HIGHLIGHTS

財務摘要

Turnover by geographical segments
按地區分類劃分之營業額



Turnover by operating segments
按經營分類劃分之營業額



Note 1: LCD products — manufacture and distribution of LCD products and touch panel products
附註 1: 液晶體顯示器產品 — 製造及分銷液晶體顯示器產品及觸控屏產品

Note 2: Electronic consumer products — manufacture and distribution of electronic consumer products such as CCM, fingerprint identification modules, personal health care products and electrical devices
附註 2: 電子消費產品 — 製造及分銷電子消費產品(例如微型相機模組、指紋識別模組、個人保健產品及電子設備)

FINANCIAL SUMMARY

財務資料概要

RESULTS

業績

		Year ended 31 December 截至十二月三十一日止年度					2018
		2014 二零一四年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	
Revenue	收益	21,415,651	19,427,118	22,071,521	20,733,418	19,762,442	
Gross profit	毛利	2,486,422	2,121,657	2,195,678	2,040,167	1,885,553	
Finance costs	財務費用	(93,890)	(102,501)	(180,237)	(323,108)	(353,679)	
Profit before tax	稅前溢利	1,622,001	1,123,356	872,352	187,288	253,319	
Income tax expense	所得稅開支	(372,725)	(194,509)	(195,785)	(94,451)	(105,106)	
Profit for the year	本年度溢利	1,249,276	928,847	676,567	92,837	148,213	
Attributable to:	以下人士應佔：						
Owners of the Company	本公司擁有人	1,118,369	845,422	581,867	62,987	74,190	
Non-controlling interests	非控股權益	130,907	83,425	94,700	29,850	74,023	
		1,249,276	928,847	676,567	92,837	148,213	
Earnings per share	每股盈利						
Basic	基本						
(HK cents per share)	(每股港仙)	38.41	29.08	20.02	2.13	2.36	

ASSETS AND LIABILITIES

資產及負債

		At 31 December 於十二月三十一日					2018
		2014 二零一四年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	
Non-current assets	非流動資產	7,945,192	8,504,196	10,099,418	14,371,223	14,154,947	
Current assets	流動資產	10,786,336	9,730,248	13,197,343	12,567,607	10,899,554	
Total assets	資產總值	18,731,528	18,234,444	23,296,761	26,938,830	25,054,501	
Bank and other borrowings	銀行及其他借款	5,437,294	4,882,609	7,227,360	8,457,338	7,193,297	
Bonds payable	應付債券	-	-	827,456	895,073	850,265	
Other liabilities	其他負債	5,770,875	5,756,254	7,947,078	9,138,264	8,764,912	
Total liabilities	負債總額	11,208,169	10,638,863	16,001,894	18,490,675	16,808,474	
Net assets	資產淨值	7,523,359	7,595,581	7,294,867	8,448,155	8,246,027	
Equity attributable to owners of the Company	本公司擁有人應佔權益	7,076,906	7,085,517	6,711,475	7,882,771	7,636,576	
Non-controlling interests	非控股權益	446,453	510,064	583,392	565,384	609,451	
Total equity	權益總額	7,523,359	7,595,581	7,294,867	8,448,155	8,246,027	

Truly International Holdings Limited (the "Company" and, together with its subsidiaries, the "Group") has recorded a slightly decrease in the Group's revenue in 2018 compared with 2017, which cannot meet our expectation being made last year to maintain the 2018 revenue. The 2018 revenue was decreased by approximately HK\$971 million or 4.7% when compared to 2017 (approximately HK\$20.7 billion). The major reasons for decrease in the 2018 revenue were (i) the PRC domestic mobile phone shipments being dropped by 15.6% year on year (according to the report from China Academy of Information and Communication Technology) and (ii) the depreciation of Renminbi in 2018. In 2018, the Group's revenue was more than 60% from the PRC domestic sales and invoiced in Renminbi. Therefore, the Group's Hong Kong Dollars equivalent revenue was affected in 2018.

Owing to the depreciation of Renminbi in 2018, the Group's gross profit margin and profit attributable to the owners of the Company was affected accordingly. Besides, other income of the Group for 2018 was decreased by approximately HK\$79 million mainly due to the 2017 government grants of approximately HK\$80 million being non-recurred in 2018; therefore, the profit attributable to owners of the Company was affected.

For strengthening the Group's financial position and improving the Group's general working capital, I, as the Chairman of the Company, subscribed 168.8 million new ordinary shares (representing 5.13% of the issued share capital of the Company as enlarged by the Subscription Shares) of the Company with the aggregate amount of approximately HK\$199 million on 31 July 2018. The shares subscribed by the Chairman has been completed on 6 November 2018.

The Proposed Spin-off of Truly Shanwei, a PRC subsidiary of the Company, has not been approved by the Public Offering Review Committee of CSRC in respect of its A Share Listing in January 2019. The management has been considering to submit a new application to CSRC within 2019.

The Huizhou factory, the major associated company of the Group, has not been improved its significant operating loss in 2018. After the change of production strategy and sales strategy of Huizhou factory's AMOLED production line since last quarter 2018, the management is confident that the Huizhou factory's operating results can be improved in 2019.

信利國際有限公司(「本公司」, 連同其附屬公司統稱「本集團」)錄得本集團二零一八年收益較二零一七年有所下跌, 未能符合去年所作維持二零一八年收益之預期。二零一八年收益較二零一七年約207億港元減少約9.71億港元或4.7%。二零一八年收益下跌主要歸因於(i)中國國內手機出貨量按年下跌15.6%(根據中國信息通信研究院報告)及(ii)二零一八年人民幣貶值。於二零一八年, 本集團超過60%收益來自中國國內銷售並以人民幣開具發票。因此, 本集團於二零一八年之港元等值收益備受影響。

由於二零一八年人民幣貶值, 本集團毛利率及本公司擁有人應佔溢利備受影響。此外, 本集團於二零一八年之其他收入減少約0.79億港元, 主要由於二零一七年錄得政府津貼約0.80億港元而於二零一八年則未有產生有關津貼。因此, 本公司擁有人應佔溢利備受影響。

為加強本集團財務狀況及改善本集團一般營運資金, 本人以本公司主席身份於二零一八年七月三十一日認購1.688億股本公司新普通股(相當於本公司經認購股份擴大後已發行股本之5.13%), 涉資合共約1.99億港元。主席認購股份已於二零一八年十一月六日完成。

於二零一九年一月, 本公司旗下中國附屬公司信利汕尾建議分拆A股上市不獲中國證監會發行審核委員會批准。管理層考慮於二零一九年內向中國證監會提交新申請。

本集團主要聯營公司惠州廠房於二零一八年繼續錄得重大經營虧損, 情況未見改善。惠州廠房自二零一八年最後一個季度開始改變AMOLED生產線之生產策略及銷售策略, 管理層有信心惠州廠房可於二零一九年提升經營業績。

THE CHAIRMAN'S STATEMENT

主席報告書

The Group's fifth generation TFT-LCD production plant in Shanwei started the trial production period in January 2018. After around 1.5 year trial run and ramping up, the mass production of this fifth generation TFT-LCD production plant can be expected in second half of 2019. Thereafter, it can improve the completeness of the Group's production capacity on LCD module products and strengthen the customers' confidence on the Group.

Besides, the Group's another associated company in Sichuan for another fifth generation TFTLCD production factory would be expected to finish its machineries installation in late 2019 or early 2020.

In 2019, it is still very challenging to the Group as the smartphone industry is still facing the downward trend in early 2019 and Sino-US trade frictions not yet settled. However, the 5G concept would bring some opportunities to smartphone industry and non-smartphone businesses of the Group would continue to grow. Therefore, the management would expect that the Group's revenue would have some growth in 2019.

The management would like to express its appreciation to the Group's bankers, staff and workers for their continuing support and outstanding contribution. In addition, the management wishes to extend its gratitude for customers, suppliers and other business partners.

Lam Wai Wah
Chairman

Hong Kong, 29 March 2019

本集團設於汕尾之第五代 TFT-LCD 生產廠房於二零一八年一月進入試產期。經歷一年半左右的試運起步期後，第五代 TFT-LCD 生產廠房可望於二零一九年下半年投入量產，此後不但有助提升本集團液晶顯示器模組產品之產能完整性，更可加強客戶對本集團之信心。

此外，本集團位於四川之聯營公司專為另一第五代 TFT-LCD 生產廠房而設，該廠房可望於二零一九年底或二零二零年初完成機器安裝。

展望二零一九年，由於智能手機行業下行趨勢延續至二零一九年初，加上中美貿易摩擦尚未解決，本集團仍然面臨重重挑戰。然而，5G 概念將為智能手機行業帶來曙光，而本集團非智能手機業務將繼續增長。因此，管理層預期二零一九年本集團收益有望增長。

管理層謹此感謝本集團各往來銀行、僱員及員工一直以來的鼎力支持及寶貴貢獻。此外，管理層謹此向客戶、供應商及其他業務夥伴致以謝忱。

主席
林偉華

香港，二零一九年三月二十九日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

The Group is one of the largest manufacturers of smartphone component parts in China and worldwide top-level automotive display suppliers. The Group is principally engaged in the manufacture and sale of liquid crystal display products including touch panel products and electronic consumer products including compact camera module, fingerprint identification modules, personal health care products and electrical devices.

BUSINESS REVIEW

Revenue of 2018 recorded a decrease by 4.7% amounting to approximately HK\$19.8 billion (2017: HK\$20.7 billion), which was mainly attributable to (i) the PRC domestic mobile phone shipments being dropped by 15.6% year on year (according to the report from China Academy of Information and Communication Technology) and (ii) the depreciation of Renminbi in 2018. Therefore, our major PRC smartphone customers' sales orders were reduced also and the smartphone related products' revenue in 2018 was decreased accordingly. For nonsmartphone related products' revenue has still increased in 2018 by double digits when compared to 2017, but it was less than the smartphone related products' revenue amount being dropped in 2018.

Profit for the year attributable to the owners of the Company was increased to approximately HK\$74 million (2017: approximately HK\$63 million) by 17.8%. Basic earnings per share for the year increased to 2.36 HK cents from 2.13 HK cents in 2017. No interim dividend was declared or paid during 2018 (2017: 1 HK cent per ordinary share). The Board of Directors do not propose the payment of final dividend for the year ended 31 December 2018 (2017: nil).

The gross profit margin for the year decreased to approximately 9.5% (2017: 9.8%) and net profit margin for the year attributable to owners of the Company increased to 0.4% (2017: 0.3%). Decrease in gross profit margin was mainly affected by the keen competition for the smartphone businesses and the depreciation of Renminbi in 2018. Furthermore, decrease in revenue in 2018 also affected the net profit margin for the year attributable to owners of the Company.

The depreciation of Renminbi in 2018 was unfavorable to the Group, it affected the gross profit margins being decreased and reduced the total equity of the Group in 2018.

本集團為中國最大智能手機元件部件製造商及全球頂級汽車顯示屏供應商之一。本集團之主要業務為製造及銷售液晶體顯示器產品(包括觸控屏產品)及電子消費產品,包括微型相機模組、指紋識別模組、個人保健產品及電子設備。

業務回顧

二零一八年收益減少4.7%至約198億港元(二零一七年:207億港元),主要歸因於(i)中國國內手機出貨量按年下跌15.6%(根據中國信息通信研究院報告)及(ii)二零一八年人民幣貶值。因此,主要中國智能手機客戶之銷售訂單亦有所減少,以致二零一八年智能手機相關產品收益相應下跌。二零一八年非智能手機相關產品收益仍然較二零一七年錄得雙位數增長,惟增幅少於二零一八年智能手機相關產品收益跌幅。

本公司擁有人應佔本年度溢利增加17.8%至約0.74億港元(二零一七年:約0.63億港元)。本年度每股基本盈利由二零一七年之2.13港仙增加至2.36港仙。於二零一八年並無宣派或派付中期股息(二零一七年:每股普通股1港仙)。董事會不建議就截至二零一八年十二月三十一日止年度派付末期股息(二零一七年:無)。

本年度毛利率下跌至約9.5%(二零一七年:9.8%),而本公司擁有人應佔本年度純利率增加至0.4%(二零一七年:0.3%)。毛利率下跌主要受智能手機業務競爭激烈及二零一八年人民幣貶值所影響。此外,二零一八年收益減少亦影響本公司擁有人應佔本年度純利率。

人民幣於二零一八年貶值不利本集團,不僅降低本集團二零一八年毛利率,更導致權益總額減少。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

The Group's LCD business including touch products was about 61% of the Group revenue in 2018. The decrease in LCD business in 2018 was due to the significant drop in touch products sales for smartphone related business. Other businesses of the Group including the sales of compact camera modules, fingerprint identification products and printed circuit board were 39% of the Group's revenue in 2018. The significant growth in other businesses segment of the Group was due to the significant sales growth in compact camera modules in 2018. LCD business would continue to be the core business of the Group in coming few years.

In a nutshell, the Group's smartphone related revenue decreased in 2018 whereas the Group's non-smartphone related revenue increased in 2018. It would be a good direction to the Group for enhancing the development of non-smartphone businesses and improving the profit margins.

The Group continues to put resources in the Group's research and development by spending around HK\$666 million in 2018 (2017: HK\$812 million). During the year, the Group continued to register many patents related manufacturing process of the PRC factories of the Group.

Segment Information

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of performance focuses on the sales of different types of products. Inter-segment sales are charged at prevailing market rates. Thus the Group is currently organised into two operating segments which are sales of LCD products and electronic consumer products. The information for each operating segment is as follows:

LCD products	—	manufacture and distribution of LCD products and touch panel products
Electronic consumer products	—	manufacture and distribution of electronic consumer products such as compact camera module, fingerprint identification modules, personal health care products and electrical devices

本集團之液晶顯示器業務(包括觸控產品)佔本集團二零一八年收益約61%。二零一八年液晶顯示器業務倒退，歸因於智能手機相關業務之觸控產品銷售大幅下跌。本集團其他業務(包括微型相機模組、指紋識別產品及印刷電路板銷售)佔本集團二零一八年收益之39%。本集團其他業務分類顯著增長，有賴二零一八年微型相機模組銷量大增。液晶顯示器業務將繼續為本集團未來數年之核心業務。

簡而言之，本集團智能手機相關收益於二零一八年減少，而本集團非智能手機相關收益則於二零一八年增加，意味加強非智能手機業務發展及提升利潤率可能對本集團有利。

於二零一八年，本集團透過斥資約6.66億港元(二零一七年：8.12億港元)繼續投放資源於集團研發工作。於本年度，本集團繼續為旗下中國廠房註冊多項有關生產工序之專利。

分類資料

向本公司董事會(即主要營運決策者)報告以分配資源及評估表現的報告資料集中於不同類別產品的銷售。分類間銷售乃按現行市價支銷。因此，本集團目前分為兩個營運分類，即銷售液晶顯示器產品及電子消費產品。各營運分類的資料如下：

液晶顯示器產品	—	製造及分銷液晶顯示器產品及觸控屏產品
電子消費產品	—	製造及分銷電子消費產品(例如微型相機模組、指紋識別模組、個人保健產品及電子設備)

MANAGEMENT DISCUSSION AND ANALYSIS

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Segment revenues and results

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

For the year ended 31 December 2018

分類收益及業績

本集團按營運及報告分類劃分的收益及業績分析如下：

截至二零一八年十二月三十一日止年度

		LCD products 液晶體 顯示器產品 HK\$'000 千港元	Electronic consumer products 電子消費 產品 HK\$'000 千港元	Segment total 分類總額 HK\$'000 千港元	Eliminations 對銷 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
REVENUE	收益					
External sales	外銷	12,070,050	7,692,392	19,762,442	-	19,762,442
Inter-segment sales	分類間銷售	-	239,302	239,302	(239,302)	-
		12,070,050	7,931,694	20,001,744	(239,302)	19,762,442
RESULT	業績					
Segment result	分類業績	686,423	377,164	1,063,587	(14,738)	1,048,849
Finance costs	財務費用					(353,679)
Unallocated expenses	未分配開支					(441,851)
Profit before tax	稅前溢利					253,319

For the year ended 31 December 2017

截至二零一七年十二月三十一日止年度

		LCD products 液晶體 顯示器產品 HK\$'000 千港元	Electronic consumer products 電子消費 產品 HK\$'000 千港元	Segment total 分類總額 HK\$'000 千港元	Eliminations 對銷 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
REVENUE	收益					
External sales	外銷	15,083,343	5,650,075	20,733,418	-	20,733,418
Inter-segment sales	分類間銷售	-	223,498	223,498	(223,498)	-
		15,083,343	5,873,573	20,956,916	(223,498)	20,733,418
RESULT	業績					
Segment result	分類業績	850,760	100,354	951,114	(13,765)	937,349
Finance costs	財務費用					(323,108)
Unallocated expenses	未分配開支					(426,953)
Profit before tax	稅前溢利					187,288

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Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' salaries, gain (loss) on fair value changes of derivative financial instruments, finance costs and share of results of associates. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

分類溢利指未分配中央行政管理成本、董事薪金、衍生金融工具公平價值變動收益(虧損)、財務費用及分佔聯營公司業績的各分類所賺取溢利。此為向主要營運決策者報告以分配資源及評估表現的計算方法。

Geographical information

The following table sets out information about (i) the Group's revenue from external customers by location of customers and (ii) the Group's non-current assets by location of assets.

地區資料

下表載列(i)本集團按客戶所在地區分類的外部客戶收益及(ii)本集團按資產所在地區分類的非流動資產的資料。

		Revenue from external customers		Non-current assets	
		外部客戶收益		非流動資產	
		2018	2017	2018	2017
		二零一八年	二零一七年	二零一八年	二零一七年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
PRC	中國	14,731,111	15,736,056	13,959,915	14,221,605
South Korea	南韓	1,274,048	912,926	-	-
Hong Kong (country of domicile)	香港 (本籍地)	655,161	688,524	94,314	80,455
Japan	日本	466,045	434,056	-	-
Europe	歐洲	1,352,908	1,540,453	-	-
Others	其他	1,283,169	1,421,403	-	-
		19,762,442	20,733,418	14,054,229	14,302,060

Notes:

- (i) Regarding revenue arising from sales to external customers in Europe and others, no individual countries are material and hence separate disclosure is not required.
- (ii) Non-current assets exclude financial assets at fair value through profit or loss, available-for-sale investments and deferred tax assets.

附註：

- (i) 就來自歐洲及其他地區外部客戶的銷售收益而言，概無個別國家佔有重大份額，故並無呈列獨立披露資料。
- (ii) 非流動資產不包括於損益以公平價值列賬之金融資產、可供出售投資及遞延稅項資產。

Outlook

Since the Sino-US trade has not been settled, the global economic is on the downward trends. Besides, according to report of CAICT, the PRC domestic mobile phone shipments extended 2018 downward trend to the first two months of 2019. For the two months ended 28 February 2019, the PRC domestic mobile phone shipments decreased by 15.1% year on year according to CAICT report. However, the Group has a good start for the first two months' unaudited turnover in 2019 with approximately 14.9% growth year on year. The management of the Group would lead all staff and workers to face the challenges and difficulties in 2019. The Group is confident to have revenue growth in 2019 under these difficulties. The Group's smartphone related businesses would be under pressures but it would be improved along with 5G smartphone being launched in 2nd half of 2019. The Group's non-smartphone related businesses are still under growth in 2019.

As the management has implemented some cost down measures including but not limited to reducing number of workers by restructuring during 2018. The operating cost would continuously be reduced in 2019 to strengthen the Group's competitive capability.

Besides, the Huizhou factory, the major associated company of the Group, has found a way to improve its operating loss by adopting right production strategy and sales strategy since last quarter of 2018. Therefore, the management expects its significant improvement from second quarter of 2019.

Furthermore, the Group's fifth generation TFT-LCD factory in Shanwei could start mass production during 2019.

Proposed Spin-off Update

The management would like to update the Shareholders and investors that on 29 January 2019, the Public Offering Review Committee of CSRC reviewed the application by Truly Shanwei in respect of its A Share Listing and did not approve its application. For detail of it, please refer to the Company's announcement being made on 29 January 2019 under the head of "Update on the Proposed Spin-off and Separate Listing of Truly Shanwei on the Shenzhen Stock Exchange".

The management is considering to submit a new application to CSRC within 2019. Further announcement will be made by the Company as and when appropriate in compliance with the Listing Rules.

前景

由於中美貿易糾紛尚未解決，全球經濟步入下行軌道。此外，根據中國信息通信研究院發表之報告，中國國內手機出貨量之下行趨勢由二零一八年延續至二零一九年首兩個月。截至二零一九年二月二十八日止兩個月，中國信息通信研究院報告顯示中國國內手機出貨量按年下跌15.1%。然而，本集團於二零一九年首兩個月之未經審核營業額嶄露曙光，按年增長約14.9%。展望二零一九年，本集團管理層將帶領全體僱員及員工對抗逆境及挑戰。即使面對重重難關，本集團仍然有信心於二零一九年實現收益增長。本集團智能手機相關業務將面臨壓力，但隨著二零一九年下半年5G智能手機面世，情況將有所改善。本集團非智能手機相關業務於二零一九年持續增長。

隨著管理層於二零一八年實施多項降低成本措施，包括但不限於透過重組削減人手，營運成本將於二零一九年持續下降，加強本集團競爭能力。

此外，本集團主要聯營公司惠州廠房自二零一八年最後一個季度起採取恰當生產策略及銷售策略，現已覓得改善營運虧損之方法。因此，管理層預期惠州廠房將於二零一九年第二季度取得重大進步。

再者，本集團設於汕尾之第五代TFT-LCD生產廠房可望於二零一九年投入量產。

建議分拆進展

管理層謹此向股東及投資者提供最新資料，於二零一九年一月二十九日，中國證監會發行審核委員會已審核信利汕尾所遞交A股上市申請，惟未有批准該申請。詳情請參閱本公司於二零一九年一月二十九日以「建議將信利汕尾分拆並於深圳證券交易所獨立上市之最新消息」為題刊發之公告。

管理層考慮於二零一九年內向中國證監會提交新申請。本公司將於適當時間根據上市規則刊發進一步公告。

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FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 December 2018 (the "Year") was approximately HK\$19,762 million, representing a decrease of approximately 4.7% or approximately HK\$971 million year on year. The decrease in revenue was mainly attributable by the decrease in smartphone shipments in the PRC for the Year compared to 2017 and the depreciation of Renminbi.

Gross Profit and Margin

The Group's gross profit for the year was approximately HK\$1,886 million and the gross profit margin was approximately 9.5%, which was approximately 0.3% lower than that for 2017.

The gross profit margin of the Group has been decreased from 9.8% in 2017 to 9.5% in 2018, because it was mainly affected by the depreciation of Renminbi in 2018 and keen competition on smartphone related products business. Major smartphone related products revenue of the Group was in Renminbi but its core raw materials cost mainly in USD. Therefore, the depreciation of Renminbi would reduce the gross profit margin of the Group's smartphone related products.

Furthermore, the 5th generation TFT-LCD production line in the Shanwei of the Group has started the trial production during the year, some indirect factory overheads were increased accordingly in the year. The gross profit and margin during the year were affected also.

Other Income

The Group's other income for the year was approximately HK\$103 million, representing a decrease of approximately 43% or approximately HK\$79 million when compared with 2017. The decrease in other income was mainly because the government grant received (approximately HK\$80 million) in relation to development on advance technology in 2017 but not recurred in the year.

Other Gains or Losses

The Group's other gains or losses for the year was approximately HK\$103 million net other losses, representing an increase of approximately 47% or approximately HK\$33 million when compared with 2017. The increase in net other losses was mainly because of net foreign exchange gain being incurred in 2017 but net foreign exchange loss being incurred in 2018.

財務回顧

收益

本集團截至二零一八年十二月三十一日止年度(「本年度」或「年內」)之收益約為197.62億港元，按年減少約4.7%或約9.71億港元。收益減少主要由於本年度中國智能手機出貨量較二零一七年下跌，加上人民幣貶值。

毛利及毛利率

本集團於本年度之毛利約為18.86億港元，而毛利率則約為9.5%，較二零一七年減少約0.3%。

本集團毛利率由二零一七年之9.8%下跌至二零一八年之9.5%，主要受二零一八年人民幣貶值及智能手機相關產品業務競爭激烈所影響。本集團主要智能手機相關產品收益以人民幣計值，而其核心原材料成本主要以美元計值。因此，人民幣貶值令本集團智能手機相關產品之毛利率倒退。

此外，本集團設於汕尾之第五代TFT-LCD生產線已於本年度投入試產，導致年內若干間接製造成本相應增加。本年度之毛利及毛利率亦受到影響。

其他收入

本集團於本年度之其他收入約為1.03億港元，較二零一七年減少約43%或約0.79億港元。其他收入減少主要由於二零一七年就發展先進技術獲授政府津貼約0.80億港元而於本年度則未獲有關津貼。

其他收益或虧損

本集團於本年度之其他收益或虧損指其他虧損淨額約1.03億港元，較二零一七年增加約47%或約0.33億港元。其他虧損淨額增加，主要由於二零一七年錄得匯兌收益淨額，而於二零一八年則產生匯兌虧損淨額。

Distribution and Selling Expenses

The Group's distribution and selling expenses for the year has been increased by approximately 7.5% or approximately HK\$31 million to approximately HK\$443 million when compared to 2017. The increase in distribution and selling expenses was mainly attributable to the increased freight charges.

Administrative Expenses

The Group's administrative expenses for the year has been decreased by approximately 9.0% or approximately HK\$39 million to approximately HK\$396 million when compared to 2017. The decrease in administrative expenses was mainly attributable to the tight costs control being implemented in 2018.

Finance costs

The Group's finance costs for the year has been increased by approximately 9.5% or approximately HK\$31 million to approximately HK\$354 million when compared to 2017. The increase in finance costs was mainly attributable to the increase in interest rate of HIBOR and LIBOR in 2018.

Share of results of associates

The Group's share of results of associates for the year has been increased by approximately 19.4% or approximately HK\$72 million to approximately HK\$444 million when compared to 2017. The increase in share of loss of associates was mainly attributable to the major associate, Truly Huizhou, incurred more operating loss in 2018.

Income Tax Expenses

Pursuant to the relevant law and regulations in the PRC, two of the Company's PRC major subsidiaries were continuously approved as Hi-Tech Enterprise and entitled to 15% PRC enterprise income tax for three years from 2015 to 2017. These two major subsidiaries are now in the process of applying the 15% preferential tax treatment for further three year with effect from 1 January 2018. Accordingly, PRC Enterprise Income Tax is provided at 15% for the year ended 31 December 2018.

分銷及銷售費用

本集團於本年度之分銷及銷售費用較二零一七年增加約7.5%或約0.31億港元至約4.43億港元。分銷及銷售費用增加主要由於運費上升。

行政費用

本集團於本年度之行政費用較二零一七年減少約9.0%或約0.39億港元至約3.96億港元。行政費用減少主要由於二零一八年實施嚴格成本控制措施。

財務費用

本集團於本年度之財務費用較二零一七年增加約9.5%或約0.31億港元至約3.54億港元。財務費用增加主要由於二零一八年香港銀行同業拆息及倫敦銀行同業拆息利率上升。

分佔聯營公司業績

本集團於本年度之分佔聯營公司業績較二零一七年增加約19.4%或約0.72億港元至約4.44億港元。分佔聯營公司虧損增加主要由於二零一八年主要聯營公司信利惠州產生較大經營虧損。

所得稅開支

根據中國相關法律及法規，本公司兩間中國主要附屬公司持續獲批為高新技術企業，於二零一五年至二零一七年止三年間可享15%中國企業所得稅率。該兩間主要附屬公司現正申請進一步延長15%優惠稅率至二零一八年一月一日起計三年。因此，截至二零一八年十二月三十一日止年度，中國企業所得稅按15%稅率作出撥備。

Profit for the Year Attributable to Owners of the Company

The profit for the year attributable to owners of the Company was improved to approximately HK\$74 million by approximately of 17.8% or HK\$11 million when compared to 2017. The profit improvement was mainly attributable to net effect of (i) the oneoff full provision for bad and doubtful debts of a specific customer, net of insurance compensation, (approximately HK\$414 million) in 2017, which did not have similar event being recurred in year; (ii) the government grant received (approximately HK\$80 million) in the first half of 2017 but not recurred in the year; (iii) share of losses of associates in 2018 being increased; and (iv) the appreciation of Renminbi in 2017 but depreciation in 2018.

Significant Investments, Acquisitions, Assets and Liabilities

Update on investment in a major associate — Truly (Huizhou) Smart Display Limited* (信利(惠州)智能顯示有限公司) (“Truly Huizhou”)

The associate has incurred significant operating loss approximately of HK\$747 million in 2018, which 59.7039% loss shared by the Group for the Year; and affected the Group's results accordingly. The management expected that the associate would significantly reduce its operating loss in 2019 as the change of production strategy and sales strategy of Huizhou factory's AMOLED production line being adopted since the forth quarter of 2018.

For the bank loans obtained by the associate with the guarantee provided by the Group in November 2015, the associate has started to repay by semi-annually instalments in November 2017. As at 31 December 2018, the associate has the outstanding loan amount of approximately RMB1,589 million plus approximately USD79 million.

Update on the Shanwei 5th generation TFT-LCD Production Line progress

The 5th generation TFT-LCD production line factory in Shanwei has been completed in the fourth quarter of 2017. It was started trial production period in 2018 and expect the mass production starting in the second half of 2019.

本公司擁有人應佔本年度溢利

本公司擁有人應佔本年度溢利較二零一七年增長約17.8%或0.11億港元至約0.74億港元。溢利改善主要由於以下各項之淨影響：(i)於二零一七年就特定客戶之呆壞賬作出一次性全額撥備(扣除保險賠償)約4.14億港元，而於本年度則未有再次發生類似事件；(ii)於二零一七年上半年收取政府津貼約0.80億港元，而於本年度則未有再次收取；(iii)分佔聯營公司虧損於二零一八年增加；及(iv)人民幣於二零一七年升值並於二零一八年貶值。

重大投資、收購、資產及負債

有關投資主要聯營公司 — 信利(惠州)智能顯示有限公司(「信利惠州」)之最新消息

該聯營公司於二零一八年錄得重大經營虧損約7.47億港元，由於本集團年內分佔其中59.7039%虧損，故集團業績相應受到影響。隨著惠州廠房自二零一八年第四季度開始改變AMOLED生產線之生產策略及銷售策略，管理層預期該聯營公司所產生經營虧損將於二零一九年大幅減少。

該聯營公司於二零一五年十一月取得由本集團提供擔保之銀行貸款，並自二零一七年十一月起每半年分期償還。於二零一八年十二月三十一日，該聯營公司有未償還貸款金額約人民幣15.89億元另加約0.79億美元。

有關汕尾第五代TFT-LCD生產線之最新進展

汕尾第五代TFT-LCD生產線廠房已於二零一七年第四季度落成，並於二零一八年進入試產期，預期於二零一九年下半年投入量產。

Litigation in relation to Investment in Leshi Zhixin

In February 2017, Truly Electronics Manufacturing Limited (信利電子有限公司) (“Truly Electronics”), an indirectly wholly-owned subsidiary of the Company, entered into an investment agreement, pursuant to which Truly Electronics conditionally agreed to acquire in aggregate of 2.3438% equity interest in Leshi Zhixin Electronic Technology (Tianjin) Limited* (樂視致新電子科技(天津)有限公司) (“Leshi Zhixin”) at a consideration of RMB720,000,000. The first instalment of the consideration in the amount of RMB240 million was paid in March 2017. Subsequently, as the Company’s management considered that a condition of the relevant investment agreement has been breached by Leshi Zhixin and/or Leshi Holding (Beijing) Co., Ltd.* (樂視控股(北京)有限公司) (“Leshi Holding”), Truly Electronics suspended the payment of the remaining instalments of the consideration in the amount of RMB480 million and terminated the said investment agreement in July 2017. In August 2017, Truly Electronics (as plaintiff) filed a civil complaint against Leshi Zhixin and Leshi Holding (as defendants) to seek rectification of the breach by Leshi Zhixin and Leshi Holding and refund of the first instalment of RMB240 million paid by Truly Electronics. For further details, please refer to the Company’s announcements dated 29 August 2017 and 23 March 2018, and the 2017 Annual Report of the Company.

The first hearing by the court of the said case has been completed on 4 June 2018 in Beijing. The Group has been informed by the Group’s PRC lawyer that a decision letter issues by the relevant court has been received in August 2018, which the court has decided to turn down the Group’s civil complaint in relation to the dispute on the investment agreement. Subsequently, the Group has lodged an objection to the relevant court in Beijing on 31 August 2018 and received a favourable decision on 9 January 2019 to instruct the court of first instance to process this case again.

Further announcements will be made by the Company as and when appropriate in compliance with the Listing Rules.

Update on investment in an associate, Truly (Renshou) High-end Display Technology Limited* (信利(仁壽)高端顯示科技有限公司) (“Truly Renshou”)

The Group has contributed RMB500 million by cash to Truly Renshou during 2017 according to the relevant agreements. Truly Renshou has completed the building construction of the fifth generation of TFT-LCD factory in Renshou in 2018 and the installation of the machineries would be completed in late 2019. The trial production of the factory would be started in 2020 by the management’s estimation.

有關投資樂視致新之訴訟

於二零一七年二月，本公司間接全資附屬公司信利電子有限公司(「信利電子」)訂立投資協議，據此，信利電子有條件同意按代價人民幣720,000,000元收購樂視致新電子科技(天津)有限公司(「樂視致新」)合共2.3438%股權。首期代價人民幣2.40億元已於二零一七年三月支付。其後，由於本公司管理層認為樂視致新及／或樂視控股(北京)有限公司(「樂視控股」)違反相關投資協議條件，故信利電子暫停支付餘下多期代價人民幣4.80億元，並於二零一七年七月終止上述投資協議。於二零一七年八月，信利電子(作為原告)向樂視致新及樂視控股(作為被告)提出民事起訴，尋求糾正樂視致新及樂視控股之違約情況並退還信利電子支付之首期代價人民幣2.40億元。進一步詳情請參閱本公司日期為二零一七年八月二十九日及二零一八年三月二十三日之公告以及本公司二零一七年年報。

上述案件於二零一八年六月四日在北京法院完成首次聆訊。本集團中國律師向本集團表示，於二零一八年八月接獲相關法院發出之裁定書，當中裁定駁回本集團就投資協議糾紛提出之民事起訴。其後，本集團於二零一八年八月三十一日向北京相關法院提出上訴，其於二零一九年一月九日受理並指示初審法院再次處理此案。

本公司將於適當時間根據上市規則刊發進一步公告。

有關投資聯營公司信利(仁壽)高端顯示科技有限公司(「信利仁壽」)之最新消息

根據相關協議，本集團於二零一七年向信利仁壽現金注資人民幣5億元。信利仁壽已於二零一八年完成於仁壽縣興建第五代TFT-LCD廠房，並可望於二零一九年底完成機器安裝。管理層估計，該廠房將於二零二零年進入試產期。

Update on Major Transaction Formation of the AMOLED JV Company

On 14 July 2017, Truly Electronics Manufacturing Limited (信利電子有限公司), a company incorporated in the PRC and an indirectly wholly-owned subsidiary of the Company, entered into the AMOLED JV agreement in relation to the formation of the AMOLED JV Company in Renshou County, Meishan City, Sichuan Province, the PRC as the project company for the AMOLED Project. The total investment of the AMOLED JV Company will be RMB27,900 million and production facilities for the sixth generation of AMOLED will be established. The Group will contribute RMB2,000 million for 13.3% equity interest. For detail of it, please refer to the announcement of the Company, Major Transaction Formation of the AMOLED JV Company, dated 14 July 2017.

As additional time is required for preparing and finalizing certain information to be included in the Circular, the dispatch of the Circular has been further delayed to a date on or before 31 May 2019. For detail of it, please refer to the announcement of the Company, Further Delay in Despatch of Circular in Relation to A Major Transaction for the Formation of the AMOLED JV Company, dated 20 March 2019.

Further announcements will be made by the Company as and when appropriate in compliance with the Listing Rules.

Potential Breaching and Breaching of Certain Banks and Other Borrowings Agreements

In early June 2018, the Company has estimated that the Group might potentially breach certain financial covenants in relation to certain ratios of net borrowings of some bank loan agreements for the testing date on 30 June 2018. It was mainly because the relevant financial covenants are tightened up gradually from 2018 to 2020. Therefore, the Group had written to lenders requesting for a waiver for complying with these financial covenants (i.e. the requirement of the ratio of the adjusted consolidated net borrowings (excluding (to the extent included) the related party contingent liabilities) of the Group to its consolidated tangible net worth and the ratio of the consolidated net borrowings of the Group to its consolidated tangible net worth be no more than 0.80:1 and 1:1, respectively) for the testing date on 30 June 2018 as mentioned above in early June 2018 and had successfully received the lenders' consent on 30 June 2018. Therefore, no reclassification of the relevant borrowings under the non-current liabilities to the current liabilities in the Company's condensed consolidated statement of financial position as at 30 June 2018 is required under the relevant accounting standards.

有關成立 AMOLED 合資公司之主要交易之最新消息

於二零一七年七月十四日，本公司於中國註冊成立之間接全資附屬公司信利電子有限公司訂立 AMOLED 合資協議，內容有關於中國四川省眉山市仁壽縣成立 AMOLED 合資公司，作為 AMOLED 項目之項目公司。AMOLED 合資公司之投資總額將為人民幣 279 億元，第六代 AMOLED 生產設施將會建成。本集團將就 13.3% 股權注資人民幣 20 億元。詳情請參閱本公司日期為二零一七年七月十四日之公告「主要交易－成立 AMOLED 合資公司」。

由於需要更多時間編製及落實將載入通函內之若干資料，通函寄發日期已進一步延至二零一九年五月三十一日或之前。詳情請參閱本公司日期為二零一九年三月二十日之公告「進一步延遲寄發通函－有關主要交易－關於成立 AMOLED 合資公司」。

本公司將於適當時間根據上市規則刊發進一步公告。

潛在違反及違反若干銀行及其他借款協議

於二零一八年六月初，本公司估計本集團可能違反二零一八年六月三十日之測試日期多份銀行貸款協議有關借款淨額比率之財務契諾，主要由於相關財務契諾自二零一八年起至二零二零年止逐步收緊。因此，本集團已於二零一八年六月初致函貸款人要求就上述二零一八年六月三十日之測試日期豁免遵守該等財務契諾（即本集團之經調整綜合借款淨額（不包括（倘已計入）關連人士或然負債）與其綜合有形資產淨值之比率及本集團綜合借款淨額與其綜合有形資產淨值之比率分別不超過 0.80:1 及 1:1 之規定），並已於二零一八年六月三十日成功取得貸款人同意。因此，毋須根據相關會計準則於本公司截至二零一八年六月三十日之簡明綜合財務狀況表將非流動負債項下相關借款重新分類為流動負債。

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Besides, in early December 2018, the Company has estimated that the Group might potentially breach certain financial covenants in relation to certain ratios of net borrowings and EBITDA to Interest expense of some bank loan agreements for the testing date on 31 December 2018. The Company has received the lenders' waiver approval in March 2019. However, as the waiver approval has been obtained after 31 December 2018; therefore, reclassification of the relevant borrowings with the amount of HK\$2,311 million under the non-current liabilities to the current liabilities in the Company's consolidated statement of financial position as at 31 December 2018 is required under the relevant accounting standards.

The management would continuously seek other measures to improve the Group's financial ratios thereafter.

Equity Funds Raising by Shares Subscription

On 31 July 2018, the Company entered into the Subscription Agreement with the Subscriber, the Controlling Shareholder of the Company, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 168,800,000 new Shares at the Subscription Price of HK\$1.18 per Subscription Share to the Subscriber. For detail, please refer to the announcement of the Company dated 31 July 2018 in relation to (1) Connected Transaction in relation to subscription of new shares by the controlling shareholder; (2) proposed share issuance under specific mandate; and (3) application for whitewash waiver.

The shares subscribed by the Chairman has been completed on 6 November 2018. For detail of it, please refer to the announcements of the Company dated 6 November 2018.

Liquidity and Financial Resources

The Group's assets have been decreased by approximately HK\$1,884 million and liabilities have been decreased by approximately HK\$1,682 million during the year.

As at 31 December 2018, the outstanding bonds payable and bank and other borrowings, net of restricted bank deposits, cash and bank balances, were approximately HK\$6,821 million (2017: approximately HK\$5,756 million). It was increased by approximately 18.5% when compared to these net borrowings as at 31 December 2017. These borrowing bear interest at prevailing market rate and their maturity profiles are shown in the financial statements. For non-current portion of these borrowings were matured within 5 years.

此外，於二零一八年十二月初，本公司估計本集團可能違反二零一八年十二月三十一日之測試日期多份銀行貸款協議有關借款淨額比率以及稅息折舊及攤銷前利潤與利息開支比率之財務契諾。本公司已於二零一九年三月接獲貸款人之豁免批准。然而，由於豁免批准乃於二零一八年十二月三十一日後接獲，故須根據相關會計準則於本公司截至二零一八年十二月三十一日之綜合財務狀況表將非流動負債項下相關借款23.11億港元重新分類為流動負債。

此後，管理層將繼續謀求其他方法改善本集團之財務比率。

透過股份認購進行股權集資

於二零一八年七月三十一日，本公司與認購方（本公司控股股東）訂立認購協議，據此，認購方有條件同意認購而本公司有條件同意向認購方配發及發行168,800,000股新股份，認購價為每股認購事項股份1.18港元。詳情請參閱本公司日期為二零一八年七月三十一日之公告，內容有關(1)有關控股股東認購新股份之關連交易；(2)建議根據特別授權發行股份；及(3)申請清洗豁免。

主席認購股份已於二零一八年十一月六日完成。詳情請參閱本公司日期為二零一八年十一月六日之公告。

流動資金及財務資源

於本年度，本集團資產減少約18.84億港元，負債亦減少約16.82億港元。

於二零一八年十二月三十一日，未償還應付債券以及銀行及其他借款（經扣除受限制銀行存款、現金及銀行結存）約為68.21億港元（二零一七年：約57.56億港元），較二零一七年十二月三十一日之借款淨額增加約18.5%。此等借款乃根據現行市場利率計息，其到期狀況載於財務報表內。此等借款之非即期部分於五年內到期。

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As at 31 December 2018, the Group had net current liabilities of approximately HK\$4,927 million (as at 31 December 2017, net current liabilities of approximately HK\$893 million) and its current ratio decreased to 0.69 times as at 31 December 2018 from 0.93 times as at 31 December 2017. The major reason for the increase in net current liabilities position as at 31 December 2018 is the reclassification of the relevant borrowings with the amount of HK\$2,311 million under the non-current liabilities to the current liabilities after breaching of certain bank and other borrowing agreement as at 31 December 2018. The management would try their best to make more long-term loans refinancing and other measures to improve the net current liabilities position in 2019.

As at 31 December 2018, the Group has restricted bank deposits, cash and bank balances approximately HK\$1,222 million together with adequate unutilized banking facilities. The Group's working capital is mainly financed by internal cash flow generate from its operation and banking facilities granted by financial institutions. The gearing ratio based on total interest bearing debts, net of restricted bank deposits, cash and bank balances was approximately 89%, which has increased from 73% at 31 December 2017.

Material Acquisitions and Disposals

Save as disclosed above, the Group had no material acquisitions or disposal of subsidiaries and associated companies for the year ended 31 December 2018.

General

The state of the Group's current order books is strong.

Additions to fixed assets mainly in construction in progress, furniture, fixture and equipment and plant and machinery were approximately HK\$2,267 million. As at 31 December 2018, the Group had no pledge or mortgage on its fixed assets.

Around 16,000 workers and staff are currently employed in our Shan Wei factory in China and around 100 personnel in the Group's Hong Kong office. Total staff costs for 2018 were approximately HK\$1,840 million.

於二零一八年十二月三十一日，本集團之流動負債淨額約為49.27億港元（於二零一七年十二月三十一日：流動負債淨額約8.93億港元），而流動比率由二零一七年十二月三十一日之0.93倍下跌至二零一八年十二月三十一日之0.69倍。流動負債淨額於二零一八年十二月三十一日增加，主要由於二零一八年十二月三十一日違反若干銀行及其他借款協議導致非流動負債項下相關借款23.11億港元重新分類為流動負債。於二零一九年，管理層將竭盡所能作出更多長期貸款再融資及採取其他措施，務求改善流動負債淨額狀況。

於二零一八年十二月三十一日，本集團之受限制銀行存款、現金及銀行結存約為12.22億港元，並有充足的尚未運用銀行備用額。本集團營運資金主要以其營運所產生內部現金流量及金融機構授出之銀行備用額撥付。按計息債務總額（經扣除受限制銀行存款、現金及銀行結存）計算之資本負債比率由二零一七年十二月三十一日之73%上升至約89%。

重大收購及出售

除上文所披露者外，截至二零一八年十二月三十一日止年度，本集團概無重大收購或出售附屬公司及聯營公司。

一般事項

本集團現時之訂單狀況穩建。

固定資產添置（以在建工程、傢俬、裝置及設備以及廠房及機器為主）約為22.67億港元。於二零一八年十二月三十一日，本集團並無將其固定資產質押或抵押。

現時約有16,000名工人及僱員受聘於本集團位於國內汕尾之工廠，以及大約100名員工受聘於本集團香港辦事處。二零一八年員工總成本約為18.40億港元。

Capital Commitments

Capital expenditure commitment of around HK\$419 million in respect of acquisition of property, plant and equipment was contracted for but not provided as at 31 December 2018.

Contingent Liabilities

A claim against a subsidiary of the Group for Euro7.2 million in aggregate being disclosed in the 2017 annual report, which has rejected by the Court's decision dated 9 May 2018. This Court decision has become final by the end of June 2018 without any appeal made by the plaintiff. Therefore, the Group need not pay to the plaintiff in this claim.

In addition, at 31 December 2018, the Group has given corporate guarantee for bank borrowings granted to the associate (Truly (Huizhou) Smart Display Limited (信利(惠州)智能顯示有限公司)) with the borrowing limit at approximately HK\$3.42 billion and the bank loans with the amount of approximately HK\$2.43 billion were withdrawn by the associate.

Furthermore, at 31 December 2018, the other shareholder of the associate provided corporate guarantee to the above bank borrowings in proportion to its respective ownership interest amounting to approximately HK\$804 million (2017: HK\$836 million). A counter-indemnity in favour of the other shareholder is executed pursuant to which the Group undertakes to indemnify the other shareholder approximately 23.5% (2017: 23.5%) of the liabilities arising from the bank borrowings.

The directors assess the risk of default of the associate at the end of reporting period and consider the risk to be insignificant and it is less likely that any guaranteed amount will be claimed by the counterparties.

Besides, the Company has recently received three notices of response to action from the Court according to which, on 31 October 2018, 6 November 2018 and 7 November 2018, the Claimant, Shenzhen Goodix Technology Co., Ltd. (深圳市匯頂科技股份有限公司) filed three civil complaints (the "Civil Complaints") against the Defendants including a non-wholly owned subsidiary of the Company, namely, Truly Opto-Electronics Limited* (信利光電股份有限公司) (as 2nd defendant) ("Truly Shanwei", together with the 1st defendant and 3rd defendant in the Civil Complaint, the "Defendants"). The Claimant alleged that the acts of the Defendants such as production, sale and promise to sale of optical fingerprint identification modules, lens components and chips without authorization from the Claimant caused an infringement upon the Claimant's patents.

資本承擔

約4.19億港元之資本支出承擔會用作購置物業、廠房及設備，於二零一八年十二月三十一日有關資本支出承擔已訂約但未撥備。

或然負債

誠如二零一七年年報所披露，針對本集團一間附屬公司合共涉及7,200,000歐元之申索已遭日期為二零一八年五月九日之法院裁決駁回。該法院裁決於二零一八年六月底成為最終裁決，原告並無提出上訴。因此，本集團毋須就是項申索向原告支付任何款項。

此外，於二零一八年十二月三十一日，本集團就授予聯營公司信利(惠州)智能顯示有限公司之銀行借款作出公司擔保，借款上限為約34.2億港元，而聯營公司已提取銀行貸款為數約24.3億港元。

另外，於二零一八年十二月三十一日，聯營公司之其他股東按其相應擁有權權益比例就上述銀行借款提供公司擔保約8.04億港元(二零一七年：8.36億港元)。本集團以其他股東為受益人簽立反彌償保證，據此本集團承諾向該其他股東彌償銀行借款所產生債務約23.5%(二零一七年：23.5%)。

董事於報告期末評估聯營公司之違約風險，認為有關風險並不重大，而交易對方申索任何擔保金額之可能性不大。

此外，本公司近日接獲三份由法院發出之應訴通知書，據此，索償人深圳市匯頂科技股份有限公司先後於二零一八年十月三十一日、二零一八年十一月六日及二零一八年十一月七日向該等被告(包括本公司非全資附屬公司信利光電股份有限公司(「信利汕尾」，作為第二被告，連同民事訴訟第一被告及第三被告統稱為「該等被告」))提出三宗民事訴訟(「民事訴訟」)。索償人指稱該等被告未經索償人授權進行製造、銷售及許諾銷售光學指紋識別模組、鏡頭組件及芯片等行為侵犯索償人之專利權。

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In each of the Civil Complaints, the Claimant sought a judgment from the Court to order that:

- (1) the Defendants shall immediately cease all acts of patent infringement including but not limited to ceasing production, sale and promise to sale of all products which are subject to the alleged infringement;
- (2) the Defendants shall immediately destroy the abovementioned products;
- (3) Truly Shanwei and the 1st defendant shall be jointly liable for compensating the economic loss suffered by the Claimant in the sum of RMB50,000,000 (three civil complaints in aggregate of RMB150 million), and the reasonable expenses incurred by the Claimant in seeking an injunction against the infringement acts in the sum of RMB500,000 (three civil complaints in aggregate of RMB1,500,000); and
- (4) the Defendants shall be liable for the litigation expenses in relation to the Civil Complaint.

For detail of these three litigations, please refer to the Announcements of the Company dated 20 November 2018 and 13 December 2018.

As at the date of this announcement, the Civil Complaints are still pending and no hearing date has been fixed. Currently, all business operations of the Company remain normal. The Civil Complaints have no material impact on the business operations and the solvency of the Company.

The Company will, in accordance with the applicable laws, make every effort to protect its interests and its shareholders' interests, and will keep the shareholders of the Company informed of any material progress on the Civil Complaints by way of further announcement(s) as and when appropriate.

The directors believe, based on legal advice that the case has legal and factual grounds to defended and therefore it is not probable that losses including claims for costs will be incurred. As a result, no provision has been made at the end of the reporting period in this regard.

Exposure to fluctuations in exchange rates will be considered to hedge, if any.

針對各項民事訴訟，索償人向法院尋求判令：

- (1) 該等被告立即停止所有專利侵權行為，包括但不限於停止製造、銷售及許諾銷售所有涉嫌侵權產品；
- (2) 該等被告立即銷毀上述產品；
- (3) 信利汕尾及第一被告共同賠償索償人蒙受之經濟損失人民幣50,000,000元(三宗民事訴訟合共人民幣1.50億元)及索償人為尋求禁制侵權行為而產生之合理開支人民幣500,000元(三宗民事訴訟合共人民幣1,500,000元)；及
- (4) 該等被告承擔與民事訴訟有關之訴訟費用。

有關上述三宗訴訟之詳情，請參閱本公司日期為二零一八年十一月二十日及二零一八年十二月十三日之公告。

截至本公告日期，民事訴訟尚未開庭審理，亦未確定聆訊日期。目前，本公司所有業務營運維持正常。民事訴訟對本公司業務營運及償債能力並無產生重大影響。

本公司將根據適用法律盡全力維護本公司及其股東之權益，並將於適當時間刊發進一步公告知會本公司股東有關民事訴訟之任何重大進展。

董事經參考法律意見後認為，該案件具有法律及事實理據可作辯護，故不大可能產生包括申索費用在內之損失。因此，於報告期末並無就此作出撥備。

如有匯率波動風險，則會考慮進行對沖。

OTHER INFORMATION

Dividends

The directors do not propose the payment of final dividend (2017: nil) for the year ended 31 December 2018 and no interim dividend (2017: 1 HK cent per share) has been declared.

The total dividend payout ratio for the year was zero.

Closure of Register of Members

For determining the entitlement to attend and vote at the 2019 Annual General Meeting, the Register of Members will be closed from Tuesday, 28 May 2019 to Thursday, 30 May 2019, during the period no transfer of shares can be registered. In order to be eligible to attend and vote at the AGM, all transfers accompanied by relevant share certificates must be lodged with the Company's Branch Share Registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 27 May 2019.

Customers and suppliers

In the year under review, sales to the five largest customers accounted for approximately 50% of the total sales of the Group and purchases from the five largest suppliers accounted for approximately 25% of the total purchases of the Group.

For the year ended 31 December 2018, our largest customer accounted for approximately 23% of the total sales of the Group.

For the year ended 31 December 2018, our largest supplier accounted for approximately 8% of the total purchases of the Group.

As at 31 December 2018, none of the directors, their associates, or any shareholders which to the knowledge of the directors owned more than 5% of the Company's issued share capital had any beneficial interests in the Group's five largest customers and/or five largest suppliers mentioned in the preceding paragraph.

其他資料

股息

董事不建議就截至二零一八年十二月三十一日止年度派付末期股息(二零一七年:無),而中期股息沒有宣派(二零一七年:每股1港仙)。

年內之總派息比率為零。

暫停辦理股份過戶登記手續

為釐定出席二零一九年度股東週年大會並於會上投票之資格,本公司將由二零一九年五月二十八日(星期二)至二零一九年五月三十日(星期四)期間暫停辦理股份過戶登記手續,期間不會進行任何股份過戶登記。為符合資格出席股東週年大會並於會上投票,所有股份過戶文件連同有關股票,須於二零一九年五月二十七日(星期一)下午四時三十分前,送達本公司股份過戶登記分處卓佳秘書商務有限公司,地址為香港皇后大道東183號合和中心22樓,以辦理登記手續。

客戶及供應商

回顧年內,向五大客戶進行之銷售額佔本集團總銷售額約50%及自五大供應商之購貨額佔本集團總購貨額約25%。

截至二零一八年十二月三十一日止年度,本集團最大客戶佔本集團總銷售額約23%。

截至二零一八年十二月三十一日止年度,本集團最大供應商佔本集團總購貨額約8%。

於二零一八年十二月三十一日,概無董事、彼等之聯繫人或任何據董事所知擁有本公司已發行股本超過5%之股東於前段所述本集團五大客戶及/或五大供應商中擁有任何實益權益。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the directors of the Company and senior management of the Group are set out as follows:

Mr. Lam Wai Wah, aged 66, is the Chairman and Managing Director of the Company. He is the founder of the Group and has over 40 years of experience in the electronics industry. He is primarily responsible for the formulation of the Group's overall strategic planning and business development.

Mr. Wong Pong Chun, James, aged 60, is an Executive Director of the Company and the Chief Operating Officers of the Group. He is responsible for the Group's operations in respect of internal controls and risk management, investors' relationship and external affairs. He joined the Group in 1987.

Mr. Ma Wai Tong, aged 47, is an Executive Director of the Company, the Chief Financial Officer and the Company Secretary of the Group and the Company respectively since he joined the Group in January 2011. He is primarily responsible for financial and accounting management affairs of the Group. Mr. Ma is also a vice chairman and deputy general manager of a subsidiary of the Company. He had more than 20 years of auditing, accounting and financing experience including four years with major international accounting firms and over ten years in senior accounting positions in various industries. Mr. Ma has been an independent Non-executive Director of Rosan Resources Holdings Limited (stock code: 00578) listed in Hong Kong and he is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Ma holds a Bachelor's degree in Accountancy and a Master's degree of Professional Accounting from the Hong Kong Polytechnic University.

董事及高級管理人員

本公司董事及本集團高級管理人員之履歷載列如下：

林偉華先生，現年六十六歲，本公司之主席兼董事總經理。彼為本集團之創辦人，從事電子業超過四十年，主要負責制訂本集團之整體策略規劃及業務發展。

黃邦俊先生，現年六十歲，本公司之執行董事兼本集團營運總監。彼負責本集團有關內部監控及風險管理方面之業務運作、投資者關係與對外事務。彼於一九八七年加入本集團。

馬煒堂先生，現年四十七歲，本公司之執行董事。彼自二零一一年一月加入本集團為本集團之財務總監及本公司之公司秘書。彼主要負責本集團財務及會計管理事務。馬先生亦是本公司一間附屬公司之副董事長及副總經理。彼擁有超過二十年之審計、會計及財務工作經驗，包括在大型國際會計師事務所任職四年，並曾於不同行業之公司擔任高級會計職務超過十年。馬先生為香港上市公司融信資源控股有限公司(股份代號：00578)之獨立非執行董事及為香港會計師公會會員。馬先生持有香港理工大學之會計學學士學位及專業會計碩士學位。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Mr. Song Bei Bei, age 42, is an Executive Director of the Company, a vice president and the purchasing and procurement director of the Group. He is responsible for the Group's raw material purchase affairs. Mr. Song is also a director of a subsidiary of the Company. Mr. Song joined the Group in 2001 as a design engineer in research and development department and was promoted to project manager and senior project manager during 2005 to 2013. During the period from 2014 to 2018, Mr. Song was further promoted to a senior management position of the Group. He graduated from the North China Institute of Technology with a Bachelor's Degree in Mechatronic Engineering.

Mr. Dai Cheng Yun, age 45, is an Executive Director of the Company, a vice president and the Factory Chief Operating Officer of the Group. He is responsible for the Group's factory operating affairs. Mr. Dai is also a director of a subsidiary and a vice chairman of an associate of the Company. He graduated from the Hunan University of Commerce with a Bachelor of Marketing Degree. Mr. Dai joined the Group in 2000 as a team head of technicians and was promoted to a senior management position during the period from 2006 to 2018.

Mr. Cheung Wing Cheung, age 48, is an Executive Director of the Company. He holds a Master of Philosophy Degree and a Bachelor of Engineering Degree from The University of Hong Kong, and a Bachelor of Laws Degree from the University of London. He is responsible for overseas sales and marketing affairs (excluding handheld phone products) of the Group. Mr. Cheung Wing Cheung has been serving the Group since year 2000 and in the senior management position for more than 10 years. Before joining the Group, he worked for the technical position from a multi-national technology company.

Mr. Chung Kam Kwong, aged 61, is an Independent Non-executive Director of the Company and the Chairman of the Group's Audit, Remuneration and Nomination Committees. He is a practising Certified Public Accountant in Hong Kong, fellow member of the Hong Kong Institute of Certified Public Accountants, member of Australian Society of Certified Practising Accountants and a member of the Macau Society of Certified Practising Accountants. Mr. Chung has extensive experience in accounting and financial management and has been the independent Non-executive Director, management consultant and Company Secretary of a number of listed companies in Hong Kong.

宋貝貝先生，現年四十二歲，本公司執行董事兼本集團之副總裁及採購總監。彼主要負責本集團物料採購事務。宋先生亦是本公司一間附屬公司之董事。宋先生於二零零一年加入本集團為研發部之設計工程師，並於二零零五年至二零一三年進升為項目經理及高級項目經理。於二零一四年至二零一八年期間，宋先生再進一步進升為本集團之高級管理職位。彼畢業於華北工學院並取得機械電子工程學士學位。

戴成雲先生，現年四十五歲，本公司執行董事兼本集團之副總裁及工廠營運總監。彼主要負責本集團工廠營運事務。戴先生亦是本公司一間附屬公司之董事及一間聯營公司之副董事長。彼畢業於湖南商學院並取得經濟學學士學位。戴先生於二零零零年加入本集團為技術員組長，並於二零零零年至二零一八年期間進升為本集團之高級管理職位。

張榮祥先生，現年四十八歲，本公司之執行董事。彼分別持有香港大學之工程學士學位及哲學碩士學位，並取得University of London之法律學士學位。彼主要負責集團海外銷售及市場事務（不包括手提電話產品）。張榮祥先生於二零零零年加入本集團及任職高級管理職位超過十年。彼於加入本集團之前，曾於一間跨國科技公司任職技術職位。

鍾錦光先生，現年六十一歲，本公司之獨立非執行董事，並為本集團審核委員會、薪酬委員會及提名委員會主席。彼為香港執業會計師，並為香港會計師公會資深會員、澳洲執業會計師公會會員，亦為澳門執業會計師公會成員。鍾先生於會計及財務管理上擁有豐富經驗，並為香港多間上市公司之獨立非執行董事、管理顧問及公司秘書。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Mr. Ip Cho Ting, Spencer, aged 60, is an Independent Non-executive Director and members of the Group's Audit, Remuneration and Nomination Committees. He is the holder of a Bachelor of Science degree from the University of Wisconsin, Green Bay, U.S.A. Mr. Ip is a Fellow Chartered Financial Practitioner. He is the Senior Financial Planning Consultant of a professional insurance company in Hong Kong. Mr. Ip is also an Accredited Mediator of the Hong Kong International Arbitration Centre.

Mr. Heung Kai Sing, aged 70, is an Independent Non-executive Director and members of the Group's Audit, Remuneration and Nomination Committees. He has experience in textile industry.

Mr. Cheung Tat Sang, aged 63, is a Marketing Director of the Company. He is responsible for the sales of the Group's LCD products and other electronic components. Prior to joining the Group in 1989, he had been the sales manager for a number of electronics companies for over 10 years.

Mr. Li Jian Hua, aged 55, is a Managing Director of a PRC subsidiary of the Company, Truly Opto-Electronics Limited. Mr. Li graduated from the Jilin University of Technology and Engineering Management in 1987 and joined the group in 1989. Prior to joining the Group, he worked in a multinational motor car manufacturer in Guangzhou City, the PRC for almost two years.

葉祖亭先生，現年六十歲，獨立非執行董事，並為本集團審核委員會、薪酬委員會及提名委員會之成員。彼持有美國Green Bay威斯康辛大學之理學士學位。葉先生為一名特許財務策劃師，彼為香港一間專業保險公司之高級理財策劃顧問。葉先生亦是香港國際仲裁中心之認許調解員。

香啟誠先生，現年七十歲，獨立非執行董事，並為本集團審核委員會、薪酬委員會及提名委員會之成員。彼於紡織業擁有豐富經驗。

張達生先生，現年六十三歲，本公司之市場推廣總監。彼負責銷售本集團之液晶體顯示器產品及其他電子元件。彼於一九八九年加入本集團之前，曾任多間電子公司之營業經理逾十年。

李建華先生，現年五十五歲，本公司一間中國附屬公司(信利光電股份有限公司)董事總經理。李先生於一九八七年畢業於吉林工業大學管理學院，後於一九八九年加入本集團。彼於加入本集團之前，曾於中國廣州市一間跨國汽車生產商任職近兩年。

By order of the Board
Lam Wai Wah
Chairman

Hong Kong, 29 March 2019

承董事會命
主席
林偉華

香港，二零一九年三月二十九日

The directors present their annual report and the audited financial statements for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the manufacture and sale of liquid crystal display products including touch panel products and electronic consumer products including compact camera module, fingerprint identification modules, personal health care products and electrical devices.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 54.

No interim dividend has been paid or declared during the year ended 31 December 2018.

The directors do not propose the payment of the final dividend for the year ended 31 December 2018.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired plant and machinery amounting to HK\$1,030,293,000 and furniture, fixtures and equipment amounting to HK\$114,272,000 for the purpose of expanding its manufacturing capacity in Shan Wei City, Guangdong Province in the People's Republic of China.

Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in the issued share capital of the Company are set out in note 35 to the consolidated financial statements.

董事會提呈截至二零一八年十二月三十一日止年度之年報及經審核財務報表。

主要業務

本公司乃投資控股公司，其附屬公司之主要業務為製造及銷售液晶顯示器產品（包括觸控屏產品）及電子消費產品，包括微型相機模組、指紋識別模組、個人保健產品及電子設備。

業績及溢利分配

截至二零一八年十二月三十一日止年度的本集團業績載列於第54頁的綜合損益及其他全面收益表內。

於截至二零一八年十二月三十一日止年度並無派付或宣派中期股息。

董事不建議就截至二零一八年十二月三十一日止年度派發末期股息。

物業、廠房及設備

年內，本集團就擴充其位於中華人民共和國廣東省汕尾市之產能而添置總值為1,030,293,000港元之廠房及機器，以及總值為114,272,000港元之傢俬、裝置及設備。

本集團之物業、廠房及設備於年內之上述及其他變動詳情載於綜合財務報表附註17。

股本

本公司之已發行股本於年內之變動詳情載於綜合財務報表附註35。

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2018 were as follows:

		2018	2017
		二零一八年	二零一七年
		HK\$'000	HK\$'000
		千港元	千港元
Share premium	股份溢價	1,395,441	1,200,575
Special reserve	特別儲備	17,410	17,410
Retained profits	保留溢利	185,068	148,052
		1,597,919	1,366,037

Under the applicable laws of the Cayman Islands, the share premium of the Company is available for distributions or paying dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediate following the distribution or paying dividend the Company is able to pay its debts as they fall due in the ordinary course of business.

The special reserve of the Company represents the difference between the net book values of the underlying assets of the Company's subsidiaries acquired at the date on which the shares of these companies were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisitions.

本公司之可分派儲備

於二零一八年十二月三十一日，本公司可分派予股東之儲備如下：

		2018	2017
		二零一八年	二零一七年
		HK\$'000	HK\$'000
		千港元	千港元
Share premium	股份溢價	1,395,441	1,200,575
Special reserve	特別儲備	17,410	17,410
Retained profits	保留溢利	185,068	148,052
		1,597,919	1,366,037

根據開曼群島之適用法例，本公司之股份溢價可依據其組織章程大綱或細則之條文向股東作出分派或支付股息，惟於緊隨作出分派或支付股息後，本公司須可於日常業務過程中支付到期債項。

本公司之特別儲備乃指於本公司收購其附屬公司之股份當日該等被收購公司之相關資產賬面淨值與本公司就收購而發行之本公司股份面值兩者間之差額。

Directors

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

Executive directors:

Lam Wai Wah
Wong Pong Chun, James
Cheung Tat Sang (resigned on 8 November 2018)
Ma Wai Tong (appointed on 8 November 2018)
Song Bei Bei (appointed on 8 November 2018)
Dai Cheng Yun (appointed on 8 November 2018)
Cheung Wing Cheung (appointed on 8 November 2018)

Non-executive director:

Li Jian Hua (resigned on 8 November 2018)

Independent non-executive directors:

Chung Kam Kwong
Ip Cho Ting, Spencer
Heung Kai Sing

In accordance with Articles 100 and 120 of the Company's Articles of Association, Wong Pong Chun, James, Ma Wai Tong, Song Bei Bei, Dai Cheng Yun, Cheung Wing Cheung and Chung Kam Kwong retire and, being eligible, offer themselves for re-election.

The independent non-executive directors are subject to retirement by rotation in accordance with the above articles.

No director proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

董事

年內及截至本報告書之日期止，本公司之董事如下：

執行董事：

林偉華
黃邦俊
張達生(於二零一八年十一月八日辭任)
馬煒堂(於二零一八年十一月八日獲委任)
宋貝貝(於二零一八年十一月八日獲委任)
戴成雲(於二零一八年十一月八日獲委任)
張榮祥(於二零一八年十一月八日獲委任)

非執行董事：

李建華(於二零一八年十一月八日辭任)

獨立非執行董事：

鍾錦光
葉祖亭
香啟誠

依據本公司組織章程細則第100條及第120條之規定，黃邦俊、馬煒堂、宋貝貝、戴成雲、張榮祥及鍾錦光將告退，惟合資格並表示願意膺選連任。

獨立非執行董事須按上述細則輪值告退。

擬於即將舉行之股東週年大會膺選連任之董事概無與本公司或其附屬公司訂立任何本集團不得於一年內免付賠償(法定賠償除外)而予以終止之服務合約。

董事之重大合約權益

本公司或其任何附屬公司概無訂立任何本公司董事直接或間接擁有重大權益，並且於本年底或年內任何時間仍然生效之重大合約。

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 December 2018, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions

(a) Ordinary shares of HK\$0.02 each of the Company

Name of director 董事姓名	Capacity 身份	Number of issued ordinary shares held 所持已發行 普通股數目	Percentage of the issued share capital of the Company 佔本公司之已發行 股本百分比 %
Lam Wai Wah 林偉華	Beneficial owner 實益擁有人	1,441,852,000	43.84
	Held by spouse (note 1) 由配偶持有(附註1)	74,844,000	2.28
		1,516,696,000	46.11
Wong Pong Chun, James 黃邦俊	Held by spouse (note 2) 由配偶持有(附註2)	1,650,000	0.05
Song Bei Bei 宋貝貝	Beneficial owner 實益擁有人	228,000	0.01
Dai Cheng Yun 戴成雲	Beneficial owner 實益擁有人	202,000	0.01
Cheung Wing Cheung 張榮祥	Beneficial owner 實益擁有人	566,000	0.02

董事之股份及相關股份權益

於二零一八年十二月三十一日，根據本公司遵照證券及期貨條例第352條所保存之登記冊所記錄，或根據上市公司董事進行證券交易的標準守則須知會本公司及香港聯合交易所有限公司之資料，董事及其聯繫人擁有之本公司及其相聯法團之股份及相關股份權益如下：

好倉

(a) 本公司每股面值0.02港元之普通股

(b) Registered capital of the associated corporation of the Company

Truly Opto-Electronics Limited ("Truly Shanwei") (Note 3)

Name of director 董事姓名	Capacity 身份	Registered capital contributed (RMB) 提供註冊資本 (人民幣)	Percentage of paid up registered capital of Truly Shanwei 佔信利汕尾之繳足註冊資本百分比 %
Lam Wai Wah 林偉華	Beneficial owner 實益擁有人	647,360	0.1904
Wong Pong Chun, James 黃邦俊	Beneficial owner 實益擁有人	2,590,120	0.7618
Ma Wai Tong 馬煒堂	Beneficial owner 實益擁有人	396,100	0.1165
Cheung Wing Cheung 張榮祥	Beneficial owner 實益擁有人	324,020	0.0953

Notes:

- Lam Wai Wah is deemed to be interested in 74,844,000 ordinary shares of the Company, being the interests held beneficially by his spouse, Chung King Yee, Cecilia.
- Wong Pong Chun, James is deemed to be interested in 1,650,000 ordinary shares of the Company, being the interests held beneficially by his spouse, Lai Ching Mui, Stella.
- Truly Opto-Electronics Limited, a company registered in the People's Republic of China, is an indirect non-wholly owned subsidiary of the Company.

Other than as disclosed above, none of the directors nor their associates had any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations as at 31 December 2018.

(b) 本公司相聯法團之註冊資本

信利光電股份有限公司(「信利汕尾」)(附註3)

Registered capital contributed (RMB) 提供註冊資本 (人民幣)	Percentage of paid up registered capital of Truly Shanwei 佔信利汕尾之繳足註冊資本百分比 %
647,360	0.1904
2,590,120	0.7618
396,100	0.1165
324,020	0.0953

附註：

- 林偉華被視為擁有 74,844,000 股由其配偶鍾琮綺實益持有之本公司普通股權益。
- 黃邦俊被視為擁有 1,650,000 股由其配偶黎清梅實益持有之本公司普通股權益。
- 信利光電股份有限公司(於中華人民共和國註冊之公司)為本公司之間接非全資附屬公司。

除上文披露者外，於二零一八年十二月三十一日，各董事或其聯繫人概無擁有本公司或其任何相聯法團之任何股份及相關股份之任何權益或淡倉。

SHARE OPTIONS

During the year, the Company has not adopted any share option scheme.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed above under the heading "Directors' Interests in Shares and Underlying Shares", at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2018, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that other than the interests disclosed above in respect of Lam Wai Wah, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2018.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has not yet adopted new share option scheme during the year.

購股權

年內，本公司概無採納任何購股權計劃。

購買股份或債券之安排

除上文「董事之股份及相關股份權益」所披露之外，本公司或其任何附屬公司於年內並無參與任何安排，致使本公司之董事可透過收購本公司或任何其他法人團體之股份或債券而獲得利益。

主要股東

除上文所披露有關林偉華擁有之權益外，根據本公司遵照證券及期貨條例第336條所保存之主要股東登記冊所顯示，於二零一八年十二月三十一日，本公司並不知悉其於本公司之已發行股本中擁有任何其他有關權益或淡倉。

除上文披露者外，於二零一八年十二月三十一日，本公司並未獲悉本公司已發行股本中之任何其他有關權益或淡倉。

薪酬政策

本集團僱員之薪酬政策乃由薪酬委員會按僱員之貢獻、資歷及能力釐定。

本公司董事之酬金乃由薪酬委員會經考慮本公司之經營業績、個人表現及可資比較市場統計數據釐定。

年內，本公司尚未採納新購股權計劃。

PRE-EMPTIVE RIGHTS

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

PURCHASES, SALES OR REDEMPTION OF LISTED SECURITIES

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

MODEL CODE

None of the Directors of the Company is aware of information that would reasonably indicate that the Company was not in the year under review in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the code provisions of the Corporate Governance Code (the "Code") for the purposes of reviewing and providing supervision over the Group's financial reporting matters, risk management and internal controls. The annual results of the Group for the year ended 31 December 2018 has been reviewed by the Audit Committee.

The Audit Committee comprises Mr. Chung Kam Kwong, Mr. Ip Cho Ting, Spencer and Mr. Heung Kai Sing, with Mr. Chung Kam Kwong as chairman of the Audit Committee. They meet at least four times a year.

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

優先購買權

本公司之組織章程細則或開曼群島法例均無關於優先購買權之條文，規定本公司須按比例向現有股東發售新股。

購買、出售或贖回上市證券

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

標準守則

根據本公司董事所知悉，並無資料合理顯示本公司於回顧年度未有遵守香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十所載之上市發行人董事進行證券交易的標準守則。

審核委員會

本公司已遵照企業管治守則（「守則」）之守則條文成立審核委員會，以審閱及監督本集團財務申報事宜、風險管理及內部監控。本集團截至二零一八年十二月三十一日止年度之全年業績已經由審核委員會審閱。

審核委員會由鍾錦光先生、葉祖亭先生及香啟誠先生組成，而鍾錦光先生擔任審核委員會主席。彼等每年最少召開四次會議。

本集團已根據上市規則第3.13條接獲各獨立非執行董事分別發出有關其獨立性之年度確認書。本公司認為所有獨立非執行董事均為獨立人士。

REMUNERATION AND NOMINATION COMMITTEES

The Company has a Remuneration Committee and a Nomination Committee respectively which were established in accordance with the relevant requirements of the Code. The two Committees are chaired by Mr. Chung Kam Kwong, an independent non-executive director and comprise three other members, namely Mr. Ip Cho Ting, Spencer and Mr. Heung Kai Sing, being independent non-executive directors and Mr. Wong Pong Chun, James, an executive director of the Company.

CORPORATE GOVERNANCE

The Board considers that good corporate governance of the Company is essential to safeguarding the interests of the shareholders and enhancing the performance of the Group. The Board is committed to maintain and ensure high standards of corporate governance. We have complied with all the applicable code provisions set out in the "Corporate Governance Code" contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2018, except for a major deviation as below:

- Code Provision A.2.1 — The roles of the Chairman and the Chief Executive are not separated and are performed by the same individual, Mr. Lam Wai Wah. The Board will meet regularly to consider major matters affecting the operations of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the Company's management and believes that this structure will enable us to make and implement decisions promptly and efficiently.
- Code Provision A.6.7 — Mr. Heung Kai Sing, an independent non-executive director of the Company and Mr. Li Jian Hua, a non-executive director of the Company (resigned on 8 November 2018), were unable to attend the annual general meeting of the Company and the extraordinary general meeting held on 30 May 2018 and 29 October 2018 respectively due to prior business commitments.

The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision-making processes are regulated in a proper and prudent manner. More details are contained in the separate Corporate Governance Report on pages 37 to 46.

薪酬委員會及提名委員會

本公司已根據守則之相關規定分別成立薪酬委員會及提名委員會。該兩個委員會均由獨立非執行董事鍾錦光先生出任主席，並包括三名其他成員，即葉祖亭先生及香啟誠先生（獨立非執行董事）以及黃邦俊先生（本公司執行董事）。

企業管治

董事會認為本公司良好的企業管治對保障股東利益及提升本集團表現而言至關重要。董事會致力維持及確保高水準之企業管治。截至二零一八年十二月三十一日止年度內，本集團一直遵守上市規則附錄十四內之「企業管治守則」所載之所有適用守則條文，惟以下重大偏差除外：

- 守則條文第A.2.1條 — 主席及行政總裁之職位並未分開，由同一人（林偉華先生）出任。董事會將定期舉行會議，以考慮影響本公司運作之重大事宜。董事會認為此架構將不會導致董事會與本公司管理層之間之權力及授權失衡，並相信此架構將使本集團能快速及有效制訂及推行決策。
- 守則條文第A.6.7條 — 本公司獨立非執行董事香啟誠先生及本公司非執行董事李建華先生（於二零一八年十一月八日辭任）因有既定公務在身而未能出席本公司分別於二零一八年五月三十日舉行之股東週年大會及於二零一八年十月二十九日舉行之股東特別大會。

董事會將不斷檢討及改進本公司之企業管治實務及準則，確保業務活動及決策過程得到恰當及審慎之規管。更多詳情載於第37至46頁之獨立企業管治報告。

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2018.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK\$11,880,000.

AUDITORS

A resolution will be submitted to the Annual General Meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Lam Wai Wah
CHAIRMAN

Hong Kong, 29 March 2019

公眾持股量充裕程度

本公司於截至二零一八年十二月三十一日止年度內一直維持足夠之公眾持股量。

捐款

於年內，本集團捐出為數11,880,000港元之慈善及其他捐款。

核數師

在本公司之股東週年大會上將提呈一項決議案，以重新委聘德勤•關黃陳方會計師行連任本公司核數師一職。

代表董事會

主席
林偉華

香港，二零一九年三月二十九日

BOARD OF DIRECTORS AND BOARD COMMITTEES

The Board

The Board was responsible for the Company's corporate governance, and was ultimately accountable for the Company's activities, strategies and financial performance.

The Board was mainly responsible for formulating and approving the business strategies, objectives, policies and plans of the Company, and monitoring the execution of the Company's strategies. It was also responsible for overseeing the operating and financial performance of the Company and establishing appropriate risk control policies and procedures in order to ensure that the strategic objectives of the Company are materialized. In addition, the Board was also responsible for improving the corporate governance structure and enhancing communications with shareholders.

The Board has delegated the responsibilities for the execution of strategies and decision-making for day-to-day operation of the Company to the management team headed by the Managing Director, Mr. Lam Wai Wah.

The management reported regularly to the Board on the operating and financial performance of the Company. Development, expansion and other major capital expenditure and commitment, as well as major financing decisions were all reviewed and approved by the Board.

Connections between members of the Board

None of the members of the Board have any connections (including financial, business, family relationship and other material/related relationships) with each other during the period under review.

Director's dealing in securities

Having made specific enquiry of all the Directors, the Company confirmed that all Directors had complied with their obligations regarding dealings in securities under the Model Code set out in Appendix 10 of the Listing Rules during the period under review.

Non-executive directors

The non-executive Directors were not appointed for a specific term but were subject to retirement by rotation in accordance with the Company's Articles of Association.

董事會及董事會委員會

董事會

董事會負責本公司之企業管治，並對本公司之活動、策略及財務表現承擔最終責任。

董事會主要負責制訂及批准本公司之業務策略、目標、政策及計劃，以及監督本公司策略之執行。董事會亦負責監督本公司之經營及財務表現，制訂合適之風險監控政策及程序，以確保本公司策略性目標之實現。此外，董事會亦負責改善企業管治結構及增強與股東之溝通。

董事會將本公司之策略執行、日常經營決策等職責轉授予由董事總經理林偉華先生領導之管理層團隊。

管理層向董事會定期報告本公司之經營及財務表現。發展、擴張及其他重大資本開支及承擔以及重要融資決策均由董事會審閱及批准。

董事會成員之關連

於回顧期間，董事會成員之間概無任何關連（包括財務、業務、家庭關係及其他重大／關聯關係）。

董事之證券交易

經向所有董事作出特定查詢後，本公司確認所有董事於回顧期間內已遵守上市規則附錄十所載之標準守則關於證券交易之規定。

非執行董事

非執行董事無固定任期，惟須根據本公司之組織章程細則輪值告退。

Independent non-executive Directors

The Company has received confirmation from each of the independent non-executive Directors as regards his independence to the Company and considered that each of the independent non-executive Directors was independent to the Company during the period under review.

Directors' Training

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All directors are encouraged to attend relevant training courses at the Company's expenses. The Company has been encouraging the directors to participate continuous professional development courses and seminars organized by professional institutions or professional firms and reading materials on relevant topics so that they can continuously update and further improve their relevant knowledge and skills.

In addition, the Company Secretary reports from time to time the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime to the Directors with written materials.

Board committees

The Board was supported by three Board Committees. Each Board Committee has its own responsibilities, power and functions. The chairman of the respective Board Committees reported to the Board from time to time and made recommendations on matters discussed when appropriate.

Remuneration Committee

The Company has established the remuneration committee (the "Remuneration Committee") in compliance with the Listing Rules. The Remuneration Committee is governed by its terms of reference, which have been revised by the Board on 26 March 2012 pursuant to the CG Code, setting out the Remuneration Committee's authority, duties and responsibilities are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee is chaired by Mr. Chung Kam Kwong, an independent non-executive director and comprise three other members, namely Mr. Ip Cho Ting, Spencer and Mr. Heung Kai Sing, being independent non-executive directors and Mr. Wong Pong Chun, James, an executive director of the Company.

獨立非執行董事

本公司已接獲各獨立非執行董事就彼等為本公司獨立人士之事宜而發出之確認書，並認為各獨立非執行董事於回顧期間內確屬本公司獨立人士。

董事培訓

董事須參與合適持續專業發展以提升及更新彼等之知識及技能，確保彼等對董事會作出知情及相關貢獻。本公司鼓勵全體董事出席相關培訓課程，費用由本公司支付。本公司一直鼓勵董事參與由專業機構或專業公司舉辦之持續專業發展課程及座談會以及相關主題之閱讀資料，從而讓彼等持續更新及進一步提升彼等之相關知識及技能。

此外，公司秘書不時向董事書面報告上市規則、企業管治常規及其他規管制度之最新變動及發展。

董事會委員會

董事會下設三個董事會委員會。各董事會委員會之職責、權力及職能各不相同。各董事會委員會主席不時向董事會報告，並於適當時候就所討論事務向董事會提供建議。

薪酬委員會

本公司已遵照上市規則成立薪酬委員會（「薪酬委員會」）。薪酬委員會受其職權範圍規管，該職權範圍已獲董事會於二零一二年三月二十六日根據企業管治守則修訂，當中載有薪酬委員會之權力、職務及職責之經修訂職權範圍可於本公司及聯交所網站查閱。

薪酬委員會由獨立非執行董事鍾錦光先生出任主席，並包括三名其他成員葉祖亭先生及香啟誠先生（獨立非執行董事）以及黃邦俊先生（本公司執行董事）。

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure of the remuneration of the directors and senior management and the specific remuneration packages of all executive directors and senior management. Details of the remuneration of each of the directors for the year are set out in Note 13 to the consolidated financial statements.

Four meetings were held during the year by the Remuneration Committee to review the remuneration packages and assess the performance of executive directors and the director's fees of the independent non-executive directors. All members of the Remuneration Committee attended the said meeting.

Nomination Committee

The Company has established the nomination committee (the Nomination Committee) in compliance with the Listing Rules. The Nomination Committee is governed by its terms of reference, which have been revised by the Board on 26 March 2012 and 20 August 2014 pursuant to the CG Code, setting out the Nomination Committee's authority, duties and responsibilities are available on the websites of the Company and the Stock Exchange.

The Nomination Committee is chaired by Mr. Chung Kam Kwong, an independent non-executive director and comprise three other members, namely Mr. Ip Cho Ting, Spencer and Mr. Heung Kai Sing, being independent non-executive directors and Mr. Wong Pong Chun, James, an executive director of the Company.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis and to make recommendations to the Board on matters relating to any proposed changes.

The Company has adopted a board diversity policy which sets out its approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

Four meetings were held during the year by the Nomination Committee to review the nomination procedures and the current composition of the Board. All members of the Nomination Committee attended the said meeting.

Audit Committee

The Company has established the audit committee (the "Audit Committee") in compliance with the Listing Rules. The Audit Committee is governed by its terms of reference, which have been revised by the Board on 26 March 2012 and 18 November 2015 pursuant to the CG Code, setting out the Audit Committee's authority, duties and responsibilities are available on the websites of the Company and the Stock Exchange.

薪酬委員會之主要職責為就本公司有關董事及高級管理人員之薪酬政策及架構以及就全體執行董事及高級管理人員之具體薪酬待遇，向董事會提出建議。本年度各董事之薪酬詳情載於綜合財務報表附註13。

年內，薪酬委員會舉行四次會議，以審閱執行董事之薪酬待遇及評核執行董事之表現及獨立非執行董事之董事袍金。全體薪酬委員會成員均已出席上述會議。

提名委員會

本公司已遵照上市規則成立提名委員會（「提名委員會」）。提名委員會受其職權範圍規管，該職權範圍已獲董事會於二零一二年三月二十六日及二零一四年八月二十日根據企業管治守則修訂，當中載有提名委員會之權力、職務及職責之經修訂職權範圍可於本公司及聯交所網站查閱。

提名委員會由獨立非執行董事鍾錦光先生出任主席，並包括三名其他成員葉祖亭先生及香啟誠先生（獨立非執行董事）以及黃邦俊先生（本公司執行董事）。

提名委員會之主要職責為定期檢討董事會之架構、人數及組成，並就有關任何建議變動之事宜向董事會提出建議。

本公司已採納董事會成員多元化政策，其旨在列載董事會為達致及保持成員多元化而採取的方針，以提高董事會之有效性。

年內，提名委員會舉行四次會議，以審閱董事會之提名程序及現有成員。全體提名委員會成員均已出席上述會議。

審核委員會

本公司已遵照上市規則成立審核委員會（「審核委員會」）。審核委員會受其職權範圍規管，該職權範圍已獲董事會於二零一二年三月二十六日及二零一五年十一月十八日根據企業管治守則修訂，當中載有審核委員會之權力、職務及職責之經修訂職權範圍可於本公司及聯交所網站查閱。

CORPORATE GOVERNANCE REPORT

企業管治報告

The primary duties of the Audit Committee are to review and provide supervision over the Group's financial reporting matters, internal controls and the system of risk management.

審核委員會之主要職責為審閱及監察本集團財務申報事宜、內部監控及風險管理系統。

The Audit Committee comprises Mr. Chung Kam Kwong, Mr. Ip Cho Ting, Spencer and Mr. Heung Kai Sing, with Mr. Chung Kam Kwong as chairman of the Audit Committee.

審核委員會由鍾錦光先生、葉祖亭先生及香啟誠先生組成，而鍾錦光先生擔任審核委員會主席。

The Audit Committee held four meetings during the year. All members of the Audit Committee attended the said meeting.

年內，審核委員會舉行四次會議。全體審核委員會成員均已出席上述會議。

The Board Meetings, Board Committees Meetings and General Meetings

董事會會議、董事會委員會會議及股東大會

The Directors' attendances at the Board Meetings, the Board Committees Meetings and General Meetings for the year ended 31 December 2018 were as follows:

於截至二零一八年十二月三十一日止年度，董事於董事會會議、董事會委員會會議及股東大會之出席情況如下：

Director 董事	Board 董事會	Number of meetings attended 出席會議次數			General Meetings 股東大會
		Audit 審核	Board Committees 董事會委員會 Remuneration 薪酬	Nomination 提名	
Executive directors: 執行董事：					
Lam Wai Wah 林偉華	5/8	n/a 不適用	n/a 不適用	n/a 不適用	1/2
Wong Pong Chun, James 黃邦俊	8/8	n/a 不適用	4/4	4/4	2/2
Cheung Tat Sang (resigned on 8 November 2018) 張達生(於二零一八年十一月八日辭任)	5/7	n/a 不適用	n/a 不適用	n/a 不適用	0/2
Ma Wai Tong (appointed on 8 November 2018) 馬煒堂(於二零一八年十一月八日獲委任)	1/1	n/a 不適用	n/a 不適用	n/a 不適用	0/0
Song Bei Bei (appointed on 8 November 2018) 宋貝貝(於二零一八年十一月八日獲委任)	1/1	n/a 不適用	n/a 不適用	n/a 不適用	0/0
Dai Cheng Yun (appointed on 8 November 2018) 戴成雲(於二零一八年十一月八日獲委任)	1/1	n/a 不適用	n/a 不適用	n/a 不適用	0/0
Cheung Wing Cheung (appointed on 8 November 2018) 張榮祥(於二零一八年十一月八日獲委任)	1/1	n/a 不適用	n/a 不適用	n/a 不適用	0/0
Non-executive director: 非執行董事：					
Li Jian Hua (resigned on 8 November 2018) 李建華(於二零一八年十一月八日辭任)	4/7	n/a 不適用	n/a 不適用	n/a 不適用	0/2
Independent non-executive directors: 獨立非執行董事：					
Chung Kam Kwong 鍾錦光	5/8	4/4	4/4	4/4	2/2
Heung Kai Sing 香啟誠	4/8	2/4	2/4	2/4	0/2
Ip Cho Ting, Spencer 葉祖亭	7/8	4/4	4/4	4/4	2/2
Total number of meeting(s) held 舉行會議總數	8	4	4	4	2

AUDITOR'S REMUNERATION

For the year ended 31 December 2018, the fees paid to the Company's external auditors amounted to HK\$3,200,000.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the risk management and internal control systems of the Company and reviewing their effectiveness. The Board oversees the overall risk management of the Group and endeavours to identify, control impact of the identified risks and facilitate implementation of coordinated mitigating measures. The risk management and internal control systems of the Company are designed to manage rather than eliminate the risk of failures to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Throughout the year from 1 January 2018 to 31 December 2018, the Board conducted reviews of the effectiveness of the internal control system in all material respects including but not limited to operational, financial, risk management and compliance controls. The Group's system of internal control comprised a well-defined organizational and management structure with levels and limits of authority which was established to help achieve business objectives, safeguard assets against unauthorized access or disposal, ensure the maintenance of proper accounting records to produce reliable management and financial information for internal use and for publication purpose, help management mitigate potential risk factors and ensure compliance with relevant rules and regulations. The system was designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems so as to achieve the Group's objectives and long-term goals.

The process used to identify, evaluate and manage significant risks

The processes used to identify, evaluate and manage significant risks by the Group are summarised as follows:

Risk Identification

- Identifies risks that may potentially affect the Group's business and operations.

Risk Assessment

- Assesses the risks identified by using the assessment criteria developed by the management; and
- Considers the impact and consequence on the business and the likelihood of their occurrence.

核數師之薪酬

截至二零一八年十二月三十一日止年度，支付予本公司外聘核數師之費用為3,200,000港元。

風險管理及內部監控

董事會負責本公司之風險管理及內部監控系統以及檢討其成效。董事會監督本集團整體風險管理，並致力於識別風險、監控已識別風險之影響及推動實行配合減輕風險之措施。本公司之風險管理及內部監控系統旨在管理(但非完全杜絕)未能導致業務目標之風險，亦只會就重大失實陳述或損失提供合理(但並非絕對)保證。於二零一八年一月一日至二零一八年十二月三十一日止年度期間，董事會就內部監控系統之成效進行檢討，有關檢討涵蓋所有重要監控領域，包括但不限於營運監控、財務監控、風險管理及合規監控。本集團內部監控系統包括一個明確界定標準及權限之組織及管理架構，旨在協助實現本集團之業務目標，保障資產免受未經授權使用或出售，確保備存適當會計記錄以提供可靠之管理及財務資料作內部使用及刊發之用，幫助管理層減低潛在風險因素，以及確保遵守有關法規及規定。該系統旨在合理(但並非絕對)保證並無重大失實陳述或損失情況，並管理(但非完全杜絕)營運系統之失誤風險以實現本集團之目的及長期目標。

用於識別、評估及管理重大風險之程序

本集團用於識別、評估及管理重大風險之程序概述如下：

風險識別

- 識別可能對本集團業務及營運構成潛在影響之風險。

風險評估

- 採用管理層制訂之評估標準，評估已識別風險；及
- 考慮風險對業務之影響及後果以及出現風險可能性。

Risk Response

- Prioritises the risks by comparing the results of the risk assessment; and
- Determines the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk Monitoring and Reporting

- Performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control processes are in place;
- Revises the risk management strategies and internal control processes in case of any significant change of situation; and
- Reports the results of risk monitoring to the management and the Board regularly.

The main features of the risk management and internal control systems

Control procedures have been designed to safeguard assets against misappropriation and disposition; ensure compliance with relevant laws, rules and regulations; ensure proper maintenance of accounting records for provision of reliable financial information used within the business or for publication; and to provide reasonable assurance against material misstatement, loss or fraud.

The process used to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects

The Board would be directly responsible for internal control of the Group and for reviewing its effectiveness.

The Board has engaged an external compliance consultancy and Internal control services limited as its risk management and internal control review adviser (“the Adviser”) to conduct the annual review of the risk management and internal control systems for the year ended 31 December 2018. Such review is conducted annually and cycles reviewed are under rotation basis. The scope of review was previously determined and approved by the Board. The Adviser has reported findings and areas for improvement to the Audit Committee and management. The Board and Audit Committee are of the view that there are no material internal control defects noted. All recommendations from the Adviser are properly followed up by the Group to ensure that they are implemented within a reasonable period of time. The Board therefore considered that the risk management and internal control systems are effective and adequate.

風險應對

- 透過比較風險評估之結果，排列風險處理次序；及
- 釐定風險管理策略及內部監控程序，以防止、避免或降低風險。

風險監察及匯報

- 持續並定期監察風險，並確保設有適當之內部監控程序；
- 於出現任何重大變動時，修訂風險管理策略及內部監控程序；及
- 定期向管理層及董事會匯報風險監察結果。

風險管理及內部監控系統之主要特點

監控程序乃為保障資產免遭挪用及處置；確保遵守相關法例、規則及規例；確保有關為業務用途或刊發而提供可靠財務資料之會計記錄得到妥善保管；及針對重大失實陳述、損失或欺詐提供合理保證而設。

檢討風險管理及內部監控系統成效以及處理重大內部監控不足之處所用程序

董事會直接負責本集團之內部監控，並檢討其成效。

董事會已委聘一間外部合規諮詢及內部監控服務有限公司作為其風險管理及內部監控審閱顧問（「顧問」），以就截至二零一八年十二月三十一日止年度之風險管理及內部監控系統進行年度檢討。該檢討每年進行，並輪流檢討各個週期。檢討範圍先前已獲董事會釐定及審批。顧問已向審核委員會及管理層匯報結果及有待改善的地方。董事會及審核委員會認為並無發現重大內部監控不足之處。顧問提供之所有建議均獲本集團適當跟進，以確保該等建議可於合理時間內執行。因此，董事會認為風險管理及內部監控系統充分有效。

The procedures and internal controls for the handling and dissemination of inside information

The Board assesses the likely impact of any unexpected and significant event that may impact the price of the Shares or their trading volume and decides whether the relevant information is considered inside information and needs to be disclosed as soon as reasonably practicable pursuant to Rules 13.09 and 13.10 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO. Executive Directors and the legal advisor also may have responsibility for approving certain announcements and/or circulars to be issued by the Company under powers delegated by the Board from time to time.

FINANCIAL REPORTING

The directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements for the year 2018. The Management also provides all directors with monthly updates giving them a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.

COMPANY SECRETARY

The position of Company Secretary is held by Mr. Ma Wai Tong, an Executive Director of the Company and the CFO of the Group. The Company Secretary reported to the Board chairman from time to time. All directors have access to the advice and services of the company secretary to ensure that board procedures, and all applicable laws, rules and regulations are followed.

Since Mr. Ma was appointed in 2011, he has to take no less than 15 hours of relevant professional training for the financing year commencing on or after 1 January 2012 and he has fulfilled the requirement during the year under review.

處理及發佈內幕消息之程序及內部監控

董事會評估任何無法預料及重大事件可能對股價或其成交量帶來之影響，並決定有關資料應否被視為內幕消息，及是否須根據上市規則第13.09及13.10條以及證券及期貨條例第XIVA部項下內幕消息條文在合理實際可行情況下盡快披露。根據董事會不時轉授之權力，執行董事及法律顧問亦可能須負責審批本公司將刊發之若干公告及／或通函。

財務匯報

董事經作出適當諮詢後認為，由於本集團於可見將來擁有足夠資源繼續現有營運，故適宜採納持續經營基準編製二零一八年財務報表。管理層亦每月向所有董事提供最新資料，載列有關本公司之表現、狀況及前景之中肯及易於理解之評估，內容足以讓整個董事會及各董事履行根據上市規則第3.08條及第13章之職責。

公司秘書

公司秘書一職由本公司執行董事兼本集團之財務總監馬煒堂先生擔任。公司秘書不時向董事會主席作出匯報。全體董事均已向公司秘書取得意見及服務，確保遵守董事會程序以及所有適用法例、規則及規例。

自馬先生於二零一一年獲委任起，彼須於二零一二年一月一日或之後開始之財政年度接受不少於15小時之相關專業培訓，而彼於回顧年內已符合有關規定。

SHAREHOLDERS' RIGHTS

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

INVESTOR RELATIONS

(1) Communication with Shareholders and Procedures for putting forward proposals at general meetings

All published information, including financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents are promptly posted on the Group's website at www.truly.com.hk. Viewers can also send enquiries and proposals putting forward for shareholders' consideration at shareholder meetings to the Board or senior management by email at enquiry@truly.com.hk or directly by raising questions at the general meeting of the Company.

(2) Procedures for Shareholders to convene an extraordinary general meeting

Shareholders shall have the right to request the Board to convene an extraordinary general meeting ("EGM") of the Company. Shareholders holding in aggregate of not less than one-tenth (10%) of the paid up capital of the Company which carries the right of voting at the general meeting of the Company may send a written request to the Board of the Company to request for a EGM. The written requisition, duly signed by the shareholders concerned, must state the purposes of the meeting and must be deposited at the Company's principle place of business in Hong Kong.

Shareholders who wish to move a resolution at general meetings may follow the procedures set out in the preceding paragraph.

(3) Constitutional Documents

There was no change to the Company's Memorandum and Articles of Association during the financial year 2018. A copy of the Memorandum and Articles of Association is posted on the websites of the Company and the Stock Exchange.

股東權利

為保障股東權益及權利，本公司將就各重大獨立事宜（包括選舉個別董事）於股東大會上提呈獨立決議案。股東大會上提呈之所有決議案將根據上市規則以投票方式表決，而投票表決之結果將於各股東大會結束後在本公司及聯交所網站刊載。

投資者關係

(1) 與股東之溝通及於股東大會上提呈建議之程序

所有刊發資料（包括財務報表、業績公告、股東大會通函及通告及相關解釋文件）均及時於本集團網站 www.truly.com.hk 發佈。閱覽該等資料之人士亦可透過發送電郵至 enquiry@truly.com.hk 向董事會或高級管理層查詢及寄發將於股東大會上提呈以供股東考慮之建議，或直接於本公司股東大會上提出問題。

(2) 股東召開股東特別大會的程序

股東將有權要求董事會召開本公司的股東特別大會（「股東特別大會」）。合共持有本公司附帶本公司股東大會投票權之繳足股本不少於十分之一（10%）之股東可向本公司董事會發出書面要求，要求召開股東特別大會。經有關股東正式簽署之書面要求必須陳述該大會之目的，且必須遞交至本公司位於香港的主要營業地點。

欲於股東大會上動議一項決議案之股東可遵循前段所載之程序。

(3) 憲章文件

於二零一八年財政年度，本公司之組織章程大綱及細則並無變動。組織章程大綱及細則之副本已於本公司及聯交所網站刊載。

DIVIDEND POLICY

Under the dividend policy adopted by the Company with effect from 28 March 2019, the Board may consider declaring and paying dividends to the Shareholders out of the Company's distributable reserves. Such declaration and payment of dividends shall remain to be determined at the sole discretion of the Board, subject to the requirements of all applicable laws and the memorandum and articles of association of the Company.

Under the dividend policy, in deciding whether to propose or declare a dividend and in determining the dividend amount and means of payment, the Board shall take into account, among others:

- (i) the actual and expected financial performance of the Group;
- (ii) the Group's liquidity position;
- (iii) the capital and debt level of the Group;
- (iv) retained earnings and distributable reserves of the Company and major subsidiaries of the Group; and
- (v) the working capital requirements, capital expenditure requirements and future development plans of the Group.

The Board shall endeavor to strike a balance between providing immediate return to the shareholders through the payment of dividends whilst retaining adequate reserves as the Group's working capital and for the Group's future growth. There can be no assurance that dividends will be proposed, declared or paid by the Company in any particular amount at any time or from time to time.

The Board will from time to time review the dividend policy and may exercise at its absolute and sole discretion to update, amend and/or modify the Dividend Policy at any time as the Board deems fit and necessary. Details of the Company's dividend policy are set out in the announcement of the Company dated 28 March 2019.

股息政策

根據本公司採納的股息政策，自二零一九年三月二十八日起，董事會可考慮自本公司的可供分派儲備向股東宣派及派付股息。該等股息的分派及支付應由董事會全權酌情決定，惟必須遵守所有適用法規及本公司的組織章程大綱及章程細則。

根據該股息政策，於決定是否建議或宣派股息及釐定股息金額及分派方式時，董事會應考慮(其中包括)：

- (i) 本集團的實際及預期財務表現；
- (ii) 本集團的流動資金狀況；
- (iii) 本集團的資本及負債水平；
- (iv) 本公司及本集團主要附屬公司的保留盈利及可供分派儲備；及
- (v) 本集團的營運資金需求、資本開支需求及未來發展計劃。

董事會應盡力在透過分派股息而為股東提供即時回報與保留足夠儲備作為本集團的營運資金及作本集團未來增長之間取得平衡。本公司概不保證於任何時間或不時建議、宣派或派付任何特定金額的股息。

董事會將不時檢討該股息政策，並在其認為合適及必要時可隨時絕對及全權酌情更新、修訂及/或更改該股息政策。有關本公司股息政策的詳情載於本公司日期為二零一九年三月二十八日的公告內。

BOARD DIVERSITY POLICY

The Company recognises the importance of diversity to corporate governance and the board effectiveness.

The purpose of this policy is to set out the basic principles to be followed to ensure that the board of directors (the “Board”) has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance.

Board nomination and appointments will continue to be made on merit basis based on its business needs from time to time while taking into account diversity.

Selection of board candidates shall be based on a range of diversity perspectives with reference to the Company’s business model and specific needs, including but not limited to gender, race, language, cultural background, educational background, industry experience and professional experience.

董事會成員多元化政策

本公司認同董事會成員多元化對企業管治及董事會行之有效的重要性。

本政策旨在列載須遵從的基本原則，以確保董事會（「董事會」）成員在所需技能、經驗以及視角的多元化方面達到適當平衡，從而提升董事會的有效運作並保持高標準的企業管治水平。

董事會成員的提名與委任將繼續以用人唯才為原則，以不時的業務需求為基準，並考慮董事會成員多元化的裨益。

董事會甄選候選人將以一系列多元化範疇為基準，並參考本公司的業務模式和特定需求，包括但不限於性別、種族、語言、文化背景、教育背景、行業經驗和專業經驗。



TO THE SHAREHOLDERS OF
TRULY INTERNATIONAL HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Truly International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 54 to 184, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, 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 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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.



致信利國際有限公司股東

(於開曼群島註冊成立之有限公司)

意見

本核數師行已完成審核第54至184頁所載信利國際有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表，包括於二零一八年十二月三十一日之綜合財務狀況表與截至該日止年度之綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表之附註，包括主要會計政策概要。

本行認為，綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則(「香港財務報告準則」)真實而公平地反映 貴集團於二零一八年十二月三十一日之綜合財務狀況以及其截至該日止年度之綜合財務表現及綜合現金流量，並已遵照香港公司條例之披露要求妥為編製。

意見之基礎

本行根據香港會計師公會頒佈之《香港審計準則》(「香港審計準則」)進行審核。本行在該等準則下承擔之責任已在本報告「核數師就審計綜合財務報表須承擔之責任」部分中作進一步闡述。根據香港會計師公會頒佈之《專業會計師道德守則》(「守則」)，本行獨立於 貴集團，並已履行守則中之其他專業道德責任。本行相信，本行所獲得之審計憑證能充足及適當地為本行之審計意見提供基礎。

關鍵審計事項

關鍵審計事項是根據本行之專業判斷，認為對本期綜合財務報表之審計最為重要之事項。這些事項是在本行審計整體綜合財務報表及出具意見時進行處理，而本行不會對這些事項提供單獨之意見。

Key audit matters

關鍵審計事項

Impairment assessment of interest in an associate

有關聯營公司權益之減值評估

We identified the impairment assessment of interest in an associate, Truly (Hui Zhou) Smart Display Limited ("Truly HZ"), as a key audit matter due to its significance in the context of the Group's consolidated financial statements.

於聯營公司信利(惠州)智能顯示有限公司(「信利惠州」)權益之減值評估對 貴集團之綜合財務報表關係重大，故本行視之為關鍵審計事項。

As disclosed in note 4 to the consolidated financial statements, the Group is required to assess at the end of each reporting period whether there is any indication that the carrying amount of interests in associates may be impaired. If any such indication exists, the Group shall assess them for impairment. As disclosed in note 20 to the consolidated financial statements, as at 31 December 2018, the carrying amount of interest in Truly HZ amounted to approximately HK\$638 million.

誠如綜合財務報表附註4所披露， 貴集團須於各報告期末評估有否任何跡象顯示聯營公司權益之賬面值可能出現減值。倘存在任何有關跡象， 貴集團須進行減值評估。誠如綜合財務報表附註20所披露，於二零一八年十二月三十一日，於信利惠州所佔權益之賬面值約為6.38億港元。

How our audit addressed the key audit matters

本行之審計如何處理關鍵審計事項

Our procedures in relation to the impairment assessment of interest in Truly HZ included:

本行就對信利惠州權益所作減值評估進行之程序包括：

- Obtaining an understanding and evaluating the appropriateness of the Group's accounting policy in assessing impairment for interests in associates;
- 了解及評價 貴集團就對聯營公司權益進行減值評估所採用會計政策是否恰當；
- Assessing the Group management's process for identifying the existence of impairment indicators for the interests in associates;
- 評估 貴集團管理層識別聯營公司權益是否存在減值跡象之過程；
- Where indicators of impairment have been identified, assessing the reasonableness of the recoverable amount of the associates and obtaining an understanding from the management about the financial position and future prospects of the associate;
- 倘已識別減值跡象，評估聯營公司之可收回金額是否合理並向管理層了解該聯營公司之財務狀況及未來前景；
- Assessing the reasonableness of key inputs and assumptions used by the management in their estimation of recoverable amounts, including projections of cash flows and growth rates applied;
- 評估管理層於估計可收回金額時所採用主要輸入數據及假設(包括現金流量預測及所應用增長率)是否合理；
- Involvement of internal expert to assess the reasonableness of discount rates applied in the discounted cash flow model; and
- 使內部專家參與評估於折現現金流量模型應用之折現率是否合理；及
- Comparing cash flow projections to supporting evidence, such as projection of sales volume, and evaluating the reasonableness of the projection with reference to the future prospect of the associate as well as our knowledge of the industry and business.
- 比較現金流量預測與支持憑據(例如銷量預測)，並透過參考聯營公司之未來前景及基於本行對行業及業務之認識評價預測是否合理。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告書

Key audit matters

關鍵審計事項

How our audit addressed the key audit matters

本行之審計如何處理關鍵審計事項

Assessment of the appropriateness of the going concern basis

評估持續經營基準之適切性

We identified the assessment of the appropriateness of the going concern basis as a key audit matter as it involves inherent complex and subjective management judgements and estimates based on management's assessment of the Group's operations in the future, availability of future financing and market conditions.

由於評估持續經營基準之適切性涉及管理層基於其對 貴集團於日後之營運、可動用之未來融資及市況而作出之複雜及主觀判斷和估算，本行將評估持續經營基準之適切性識別為關鍵審計事項。

As set out in note 2 to the consolidated financial statements, although the Group has generated a net profit of HK\$148 million and positive operating cash flows of HK\$1,629 million during the year ended 31 December 2018, the Group's current liabilities exceeded its current assets by approximately HK\$4,927 million as at 31 December 2018. In addition, the Group was unable to meet certain financial ratios as set out in the covenants in the relevant borrowing agreements as at 31 December 2018 and as such the borrowings were reclassified as current liabilities. Subsequent to the year-end, the Group obtained waiver letters ("Waiver Letters") in respect of the aforementioned breaches.

誠如綜合財務報表附註2所載，儘管 貴集團於截至二零一八年十二月三十一日止年度產生純利1.48億港元及正數經營現金流量16.29億港元， 貴集團於二零一八年十二月三十一日之流動負債仍超出其流動資產約49.27億港元。此外， 貴集團未能達成二零一八年十二月三十一日相關借款協議之契諾所載若干財務比率，因此，該等借款重新分類為流動負債。於年結日後， 貴集團已就上述違約事件獲得豁免函件（「豁免函件」）。

The management of the Group believes that the Group will continue to generate positive operating cash flows in the coming twelve months and will be able to successfully negotiate with the Group's lenders to amend the terms of its restrictive covenants. Taking into account the Group's cash balance of HK\$1,090 million and unutilised bank facilities which amounted to HK\$3,531 million as at 31 December 2018, the management of the Group concluded that it is appropriate to prepare the consolidated financial statements on a going concern basis.

貴集團管理層相信， 貴集團於未來十二個月將繼續產生正數經營現金流量，並將能夠與 貴集團之貸款人成功磋商以修訂其限制性契諾條款。經計及 貴集團於二零一八年十二月三十一日之現金結餘10.90億港元及未動用銀行融資35.31億港元， 貴集團管理層認為，按持續經營基準編製綜合財務報表屬適切之舉。

Our procedures in relation to the assessment of the appropriateness of the going concern basis of the Group included:

本行就 貴集團評估持續經營基準之適切性所進行之程序包括：

- Obtaining an understanding of management's liquidity assessment including the preparation of cash flow forecast by management;
- 了解管理層對流動資金進行之評估，包括管理層編製之現金流量預測；
- Comparing the cash flow forecast against the budget approved by the Board of Directors of the Group and checking the accuracy of the calculation of the cash flow forecast;
- 將現金流量預測與 貴集團董事會所批准預算進行比較，並核查現金流量預測之準確性；
- Challenging the key assumptions in management's cash flow forecast for the next twelve months against historical performance, economic and industry indicators, and other publicly available information;
- 根據過往表現、經濟及行業指標以及其他公開可得資料，就管理層用於未來十二個月現金流量預測之主要假設提出質疑；
- Checking the details of loan repayments in the cash flow forecast to supporting documents, such as borrowing agreements, repayment schedules and Waiver Letters;
- 核查現金流量預測之輔助文件內有關償還貸款之詳情，如借款協議、還款時間表及豁免函件；
- Agreeing the amount of unutilised bank facilities to borrowing agreements and bank confirmations; and
- 信納未動用銀行融資額與借款協議及銀行確認函一致；及
- Assessing the appropriateness of the related disclosures in the consolidated financial statements.
- 評估綜合財務報表所載相關披露之適當性。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告書

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

貴公司董事須對其他資料負責。其他資料包括年報內之所有資料，但不包括綜合財務報表及本行之核數師報告書。

本行對綜合財務報表之意見並不涵蓋其他資料。本行亦不對該等其他資料發表任何形式之鑒證結論。

就本行對綜合財務報表之審計而言，本行之責任是閱讀其他資料，並藉此考慮其他資料是否與綜合財務報表或本行在審計過程中得知之情況存在重大抵觸，或基於其他原因似乎存在重大錯誤陳述之情況。倘基於本行已執行之工作，所得結論為其他資料出現重大錯誤陳述，本行需要報告該事實。在這方面，本行並無任何報告。

董事及管治層就綜合財務報表須承擔之責任

貴公司董事須負責根據香港會計師公會頒佈之香港財務報告準則及香港《公司條例》之披露規定擬備真實而中肯之綜合財務報表，並對其認為為使綜合財務報表之擬備不存在由於欺詐或錯誤而導致之重大錯誤陳述所需之內部控制負責。

在擬備綜合財務報表時，董事負責評估 貴集團持續經營之能力，並在適用情況下披露與持續經營有關之事項，以及使用持續經營為會計基礎，除非董事有意將 貴集團清盤或停止經營，或別無其他實際之替代方案。

管治層須負責監督 貴集團之財務申報過程。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告書

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.

核數師就審計綜合財務報表須承擔之責任

本行之目標，是根據議定之委聘條款對綜合財務報表整體是否不存在由於欺詐或錯誤而導致之重大錯誤陳述取得合理保證，並出具包括本行意見之核數師報告書。本行之報告僅向閣下作出，而並無其他用途。本行不會就本報告之內容對任何其他人士承擔或負上任何責任。合理保證是高水平之保證，但不能保證按照香港審計準則進行之審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期該等錯誤陳述單獨或匯總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出之經濟決定，則有關之錯誤陳述可被視作重大。

在根據香港審計準則進行審計之過程中，本行運用了專業判斷，保持了專業懷疑態度。本行亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述之風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當之審計憑證，作為本行意見之基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致之重大錯誤陳述之風險高於未能發現因錯誤而導致之重大錯誤陳述之風險。
- 了解與審計相關之內部控制，以設計適當之審計程序，但目的並非對貴集團內部控制之有效性發表意見。
- 評價董事所採用會計政策之恰當性及作出會計估計和相關披露之合理性。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告書

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.

核數師就審計綜合財務報表須承擔之責任 (續)

- 對董事採用持續經營會計基礎之恰當性作出結論。根據所獲取之審計憑證，確定是否存在與事項或情況有關之重大不確定性，從而可能導致對 貴集團之持續經營能力產生重大疑慮。如果本行認為存在重大不確定性，則有必要在核數師報告書中提請使用者注意綜合財務報表中之相關披露。假若有關之披露不足，則本行須修改意見。本行之結論是基於截至核數師報告書日期止所取得之審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
- 評價綜合財務報表之整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映相關交易和事項。
- 就 貴集團內各實體或業務活動之財務資料獲得充足、適當之審計憑證，以便對綜合財務報表發表意見。本行負責集團審計之方向、監督和執行。本行為審計意見承擔全部責任。

除其他事項外，本行與管治層溝通了計劃之審計範圍、時間安排、重大審計發現等，包括本行在審計中識別出內部控制之任何重大不足之處。

本行還向管治層提交聲明，說明本行已符合有關獨立性之相關專業道德要求，並與彼等溝通有可能合理地被認為會影響本行獨立性之所有關係和其他事項，以及(在適用情況下)相關之防範措施。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告書

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 Keung To Wai, David.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
29 March 2019

核數師就審計綜合財務報表須承擔之責任 (續)

從與管治層溝通之事項中，本行確定哪些事項對本期綜合財務報表之審計最為重要，因而構成關鍵審計事項。本行在核數師報告書中描述該等事項，除非法律或法規不允許公開披露該等事項，或在極端罕見的情況下，如果合理預期在本行報告中溝通某事項造成之負面後果超過產生之公眾利益，本行決定不應在報告中溝通該事項。

出具本獨立核數師報告書之審計項目合夥人是姜道蔚。

德勤•關黃陳方會計師行
執業會計師

香港
二零一九年三月二十九日

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 2018 • 截至二零一八年十二月三十一日止年度

		NOTES	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
		附註		
Revenue	收益	6	19,762,442	20,733,418
Cost of sales	銷售成本		(17,876,889)	(18,693,251)
Gross profit	毛利		1,885,553	2,040,167
Other income	其他收入	8	103,002	181,793
Other gains and losses	其他損益	9	(102,663)	(69,891)
Gain from changes in fair value of financial assets at fair value through profit or loss	於損益以公平價值列賬之金融資產公平價值變動收益		4,142	–
Impairment loss on available-for-sale investments	可供出售投資減值虧損		–	(9,096)
Allowance for doubtful debt for a specific customer, net of insurance compensation received	特定客戶之呆賬撥備(扣除已收保險賠償)		–	(413,669)
Administrative expenses	行政費用		(395,530)	(434,445)
Distribution and selling expenses	分銷及銷售費用		(443,334)	(412,483)
Finance costs	財務費用	10	(353,679)	(323,108)
Share of results of associates	分佔聯營公司業績		(444,172)	(371,980)
Profit before tax	稅前溢利		253,319	187,288
Income tax expense	所得稅開支	11	(105,106)	(94,451)
Profit for the year	本年度溢利	12	148,213	92,837
Other comprehensive (expense) income for the year	本年度其他全面(開支)收益			
<i>Items that may be reclassified subsequently to profit or loss:</i>	<i>可能於其後重新分類至損益的項目:</i>			
Exchange differences arising on translation of foreign operations	換算海外業務所產生之外匯差額		(532,728)	804,487
Share of other comprehensive (expense) income of associates	分佔聯營公司其他全面(開支)收益		(1,654)	1,754
Other comprehensive (expense) income for the year	本年度其他全面(開支)收益		(534,382)	806,241
Total comprehensive (expense) income for the year	本年度全面(開支)收益總額		(386,169)	899,078

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

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

		NOTE	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
		附註		
Profit for the year attributable to:	本年度溢利應佔：			
Owners of the Company	本公司擁有人		74,190	62,987
Non-controlling interests	非控股權益		74,023	29,850
			148,213	92,837
Total comprehensive (expense) income for the year attributable to:	本年度全面(開支)收入總額應佔：			
Owners of the Company	本公司擁有人		(431,177)	831,592
Non-controlling interests	非控股權益		45,008	67,486
			(386,169)	899,078
Earnings per share	每股盈利	16		
Basic (HK cents per share)	基本(每股港仙)		2.36	2.13

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2018 • 於二零一八年十二月三十一日

		NOTES	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
		附註		
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	17	12,307,604	11,889,808
Prepaid lease payments	預付租賃款項	18	383,123	361,225
Intangible assets	無形資產	19	–	–
Goodwill	商譽		413	413
Interests in associates	於聯營公司的權益	20	1,231,064	1,748,781
Financial assets at fair value through profit or loss	於損益以公平價值列賬之金融資產	21	10,316	–
Available-for-sale investments	可供出售投資	22	–	6,174
Deferred tax assets	遞延稅項資產	34	90,402	62,989
Deposits paid and other payments for acquisition of property, plant and equipment	就收購物業、廠房及設備支付訂金及其他款項		132,025	301,833
			14,154,947	14,371,223
CURRENT ASSETS	流動資產			
Inventories	存貨	23	3,132,622	2,579,619
Prepaid lease payments	預付租賃款項	18	8,685	8,829
Loan receivable	應收貸款	24	–	–
Trade and other receivables	應收賬項及其他應收款項	25	5,020,366	5,757,278
Trade receivables at fair value through other comprehensive income	於其他全面收益以公平價值列賬之應收賬項	26	168,813	–
Derivative financial instruments	衍生金融工具	27	–	17,370
Amount due from an associate	應收聯營公司款項	28	1,346,194	607,858
Tax recoverable	可收回稅項		391	413
Restricted bank deposits	受限制銀行存款	29	132,104	130,396
Bank balances and cash	銀行結存及現金	29	1,090,379	3,465,844
			10,899,554	12,567,607
CURRENT LIABILITIES	流動負債			
Trade and other payables	應付賬項及其他應付款項	30	8,547,580	8,909,258
Tax liabilities	稅項負債		48,149	41,207
Bank and other borrowings, unsecured	銀行及其他借款，無抵押	32	7,118,297	4,370,053
Contract liabilities	合約負債	31	112,491	–
Derivative financial instruments	衍生金融工具	27	–	140,440
			15,826,517	13,460,958
NET CURRENT LIABILITIES	流動負債淨額		(4,926,963)	(893,351)
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		9,227,984	13,477,872

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2018 • 於二零一八年十二月三十一日

			2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
	NOTES 附註			
NON-CURRENT LIABILITIES	非流動負債			
Bank and other borrowings, unsecured	銀行及其他借款，無抵押	32	75,000	4,087,285
Bonds payable	應付債券	33	850,265	895,073
Deferred tax liabilities	遞延稅項負債	34	56,692	47,359
			981,957	5,029,717
NET ASSETS	資產淨值		8,246,027	8,448,155
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	35	65,785	62,409
Share premium and other reserves	股份溢價及其他儲備		7,570,791	7,820,362
Equity attributable to owners of the Company	本公司擁有人應佔權益		7,636,576	7,882,771
Non-controlling interests	非控股權益		609,451	565,384
TOTAL EQUITY	權益總額		8,246,027	8,448,155

The consolidated financial statements on pages 54 to 184 were approved and authorised for issue by the Board of Directors on 29 March 2019 and are signed on its behalf by:

載於第54至184頁之綜合財務報表已於二零一九年三月二十九日獲董事會批准及授權刊發，並由以下人士代表簽署：

Lam Wai Wah

林偉華

DIRECTOR

董事

Wong Pong Chun, James

黃邦俊

DIRECTOR

董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

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

		Share capital	Share premium	Special reserve	Capital redemption reserve	Exchange reserve	Other reserves	Retained profits	Total equity attributable to owners of the Company	Non-controlling interests	Total
		股本	股份溢價	特別儲備	資本贖回儲備	外匯儲備	其他儲備	保留溢利	擁有人應佔權益總額	非控股權益	合計
		HK\$'000	HK\$'000	HK\$'000	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	千港元	千港元	千港元
				(note a)			(note b)				
				(附註 a)			(附註 b)				
At 1 January 2017	於二零一七年一月一日	58,142	777,925	990	867	(260,249)	1,253,972	4,879,828	6,711,475	583,392	7,294,867
Profit for the year	本年度溢利	-	-	-	-	-	-	62,987	62,987	29,850	92,837
Other comprehensive income for the year	本年度其他全面收益										
— Exchange differences arising on translation of foreign operations	— 換算海外業務所產生之外匯差額	-	-	-	-	766,851	-	-	766,851	37,636	804,487
— Share of other comprehensive income of associates	— 分佔聯營公司其他全面收益	-	-	-	-	1,754	-	-	1,754	-	1,754
Total comprehensive income for the year	本年度全面收入總額	-	-	-	-	768,605	-	62,987	831,592	67,486	899,078
Transfer	轉撥	-	-	-	-	-	193,761	(193,761)	-	-	-
Dividends paid to non-controlling interests	已付非控股權益股息	-	-	-	-	-	-	-	-	(85,494)	(85,494)
Dividends recognised as distribution (note 15)	確認為分派之股息 (附註15)	-	-	-	-	-	-	(87,213)	(87,213)	-	(87,213)
Issue of new shares	發行新股份	4,267	426,660	-	-	-	-	-	430,927	-	430,927
Cost of issuance of new shares	新股份發行成本	-	(4,010)	-	-	-	-	-	(4,010)	-	(4,010)
At 31 December 2017	於二零一七年十二月三十一日	62,409	1,200,575	990	867	508,356	1,447,733	4,661,841	7,882,771	565,384	8,448,155
Adjustment (note c)	調整 (附註 c)	-	-	-	-	-	-	(13,260)	(13,260)	(941)	(14,201)
At 1 January 2018 (restated)	於二零一八年一月一日 (經重列)	62,409	1,200,575	990	867	508,356	1,447,733	4,648,581	7,869,511	564,443	8,433,954
Profit for the year	本年度溢利	-	-	-	-	-	-	74,190	74,190	74,023	148,213
Other comprehensive expense for the year	本年度其他全面開支										
— Exchange differences arising on translation of foreign operations	— 換算海外業務所產生之外匯差額	-	-	-	-	(503,713)	-	-	(503,713)	(29,015)	(532,728)
— Share of other comprehensive expense of associates	— 分佔聯營公司其他全面開支	-	-	-	-	(1,654)	-	-	(1,654)	-	(1,654)
Total comprehensive (expense) income for the year	本年度全面 (開支) 收益總額	-	-	-	-	(505,367)	-	74,190	(431,177)	45,008	(386,169)
Transfer	轉撥	-	-	-	-	-	28,749	(28,749)	-	-	-
Issue of new shares	發行新股份	3,376	195,808	-	-	-	-	-	199,184	-	199,184
Cost of issuance of new shares	新股份發行成本	-	(942)	-	-	-	-	-	(942)	-	(942)
At 31 December 2018	於二零一八年十二月三十一日	65,785	1,395,441	990	867	2,989	1,476,482	4,694,022	7,636,576	609,451	8,246,027

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

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

Notes:

- (a) The special reserve represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisitions.
- (b) Other reserves comprise:
- (i) the statutory surplus reserve and the enterprise expansion reserve of the subsidiaries established in the People's Republic of China (the "PRC") other than Hong Kong. According to the Articles of Association of the PRC subsidiaries, a percentage of net profit as reported in the PRC statutory accounts should be transferred to the statutory surplus reserve and the enterprise expansion reserve determined at the discretion of the board of directors of these companies. The statutory surplus reserve can be set off against accumulated losses whilst the enterprise expansion reserve can be used for expansion of production facilities or an increase in registered capital; and
 - (ii) difference between the carrying amount of interest in a subsidiary disposed of and the consideration received arising from the decrease in equity interest in a subsidiary.
- (c) Upon adoption of Hong Kong Financial Reporting Standard 9 "Financial Instruments" on 1 January 2018, an additional impairment loss on financial assets recognised under expected credit loss model amounting to HK\$13,260,000 and HK\$941,000 were recorded as an adjustment to retained profits and non-controlling interests respectively at 1 January 2018.

附註：

- (a) 特別儲備指所收購附屬公司之股份面值與本公司就收購而發行之股份面值兩者間之差額。
- (b) 其他儲備包括：
- (i) 在中華人民共和國(「中國」)(不包括香港)成立之附屬公司之法定盈餘儲備及企業發展儲備。根據中國附屬公司之組織章程細則，中國法定賬目內呈報之純利若干百分比須轉撥至法定盈餘儲備及企業發展儲備，該百分比乃由該等公司之董事會酌情決定。法定盈餘儲備可抵銷累計虧損，而企業發展儲備則可用於擴展生產設施或增加註冊資本；及
 - (ii) 出售一間附屬公司權益之賬面值與附屬公司股本權益減少產生之已收取代價兩者間之差額。
- (c) 於二零一八年一月一日採納香港財務報告準則第9號「金融工具」後，根據預期信用損失模式就金融資產確認額外減值虧損13,260,000港元及941,000港元，並分別於二零一八年一月一日記錄為保留溢利及非控股權益調整。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

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

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
OPERATING ACTIVITIES	經營活動		
Profit before tax	稅前溢利	253,319	187,288
Adjustments for:	調整：		
Interest income	利息收入	(16,842)	(27,795)
Interest income from an associate	聯營公司之利息收入	(32,395)	(10,203)
Allowance for credit losses/doubtful debts, net	信用損失／呆賬撥備淨額	1,807	585,174
Reversal of allowance for loan receivable	應收貸款撥備撥回	(11,880)	(11,500)
Reversal of allowance for other receivables written off in previous years	過往年度撤銷其他應收款項撥備撥回	(2,851)	-
Depreciation of property, plant and equipment	物業、廠房及設備折舊	1,151,632	1,112,507
Release of prepaid lease payments	解除預付租賃款項	6,534	8,441
Loss on disposal/write-off of property, plant and equipment	出售／撤銷物業、廠房及設備之虧損	20,665	97,089
Gain from changes in fair value of financial assets at fair value through profit or loss	於損益以公平價值列賬之金融資產公平價值變動收益	(4,142)	-
Impairment loss on available-for-sale investments	可供出售投資之減值虧損	-	9,096
(Gain) loss on fair value changes of derivative financial instruments, net	衍生金融工具公平價值變動(收益)虧損淨額	(17,163)	87,736
Gain on disposal of non-current assets held for sale	出售持作出售非流動資產之收益	-	(321)
Government grants	政府津貼	(28,767)	(88,684)
Share of results of associates	分佔聯營公司業績	444,172	371,980
Finance costs	財務費用	353,679	323,108
Dividends from available-for-sale investments	可供出售投資之股息	-	(311)
Operating cash flows before movements in working capital	未計營運資金變動前之經營現金流量	2,117,768	2,643,605
(Increase) decrease in inventories	存貨(增加)減少	(631,172)	86,381
Decrease in trade and other receivables	應收賬項及其他應收款項減少	204,078	1,099,333
Decrease in trade receivables at fair value through other comprehensive income	於其他全面收益以公平價值列賬之應收賬項減少	238,292	-
Increase in amount due from an associate	應收聯營公司款項增加	(186,222)	(148,873)
Increase in trade and other payables	應付賬項及其他應付款項增加	81,431	19,345
Decrease in contract liabilities	合約負債減少	(3,180)	-
Decrease in amount due to an associate	應付聯營公司款項減少	-	(22,311)
Government grants received for operating activities	已收政府津貼用於經營活動	27,618	87,410
Settlement of derivative financial instruments	結算衍生金融工具	(105,907)	(22,317)
Cash generated from operations	經營活動所賺取之現金	1,742,706	3,742,573
Hong Kong Profits Tax paid	已繳香港利得稅	-	(8,467)
PRC withholding tax paid	已繳中國預扣稅	(5,203)	(23,950)
PRC Enterprise Income Tax paid	已繳中國企業所得稅	(107,421)	(131,094)
Tax paid for other jurisdictions	其他司法權區已繳稅項	(916)	(569)
NET CASH FROM OPERATING ACTIVITIES	經營活動所得現金淨額	1,629,166	3,578,493

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

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

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
INVESTING ACTIVITIES	投資活動		
Dividends from available-for-sale investments	可供出售投資之股息	–	311
Purchase of property, plant and equipment	購買物業、廠房及設備	(1,887,896)	(2,615,025)
Investment in associates	於聯營公司之投資	–	(575,000)
Advance to an associate	向聯營公司墊款	(653,400)	(437,400)
Repayment from an associate	獲聯營公司還款	47,520	23,400
Deposits paid and other payments for acquisition of property, plant and equipment	就收購物業、廠房及設備支付訂金及其他款項	(132,025)	(301,833)
Additions of prepaid lease payments	預付租賃款項增加	(45,033)	(67,403)
Interest received	已收利息	21,268	29,039
Proceeds from disposals of property, plant and equipment	出售物業、廠房及設備所得款項	9,385	7,514
Proceeds from disposals of non-current assets held for sale	出售持作出售非流動資產所得款項	–	451
Placement of restricted bank deposits	存放受限制銀行存款	(376,140)	(494,809)
Release of restricted bank deposits	解除受限制銀行存款	374,432	449,716
Repayment of loan receivable	應收貸款還款	11,880	11,500
NET CASH USED IN INVESTING ACTIVITIES	投資活動所用現金淨額	(2,630,009)	(3,969,539)
FINANCING ACTIVITIES	融資活動		
Repayment of bank and other borrowings	償還銀行及其他借款	(10,526,784)	(12,123,671)
Dividends paid	已付股息	–	(145,353)
Dividends paid to non-controlling interests	已付非控股權益股息	–	(85,494)
Interest paid for bank and other borrowings	已付銀行及其他借款利息	(297,746)	(267,907)
Interest paid for bonds payable	已付應付債券利息	(51,678)	(50,025)
New bank and other borrowings raised	新造銀行及其他借款	9,349,994	13,511,491
Proceeds from issue of shares	發行股份所得款項	199,184	430,927
Cost of issuance of shares	股份發行成本	(942)	(4,010)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	融資活動(所用)所得現金淨額	(1,327,972)	1,265,958
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值項目(減少)增加淨額	(2,328,815)	874,912
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	年初之現金及現金等值項目	3,465,844	2,453,623
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	匯率變動之影響	(46,650)	137,309
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	年終之現金及現金等值項目，指銀行結存及現金	1,090,379	3,465,844

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綜合財務報表附註

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1. GENERAL

Truly International Holdings Limited (the “Company”) is incorporated in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company. The Company is a public limited company with its shares listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its ultimate controlling party is Mr. Lam Wai Wah, who is also the Chairman and Managing Director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the section headed “General Information” to the annual report.

The functional currency of the Company is United States dollars (“USD”). The consolidated financial statements are presented in Hong Kong dollars (“HKD”) which is different from the functional currency of the Company, as the directors of the Company (the “Directors”) consider that HKD is the most appropriate presentation currency in view of its place of listing.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the business of manufacture and sale of liquid crystal display (“LCD”) products including touch panel products and electronic consumer products including compact camera module, fingerprint identification modules, personal health care products and electrical devices.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements of the Company, the Directors have given careful consideration to the future liquidity of the Company and its subsidiaries (collectively referred to as the “Group”) in light of the fact that the Group’s current liabilities exceeded its current assets by approximately HK\$4,927 million as at 31 December 2018.

In respect of the borrowings of the Group in aggregate of HK\$4,506 million as at 31 December 2018, the Group could not meet certain financial ratios as set out in the covenants in the relevant borrowing agreements, out of which HK\$2,311 million was reclassified as current liabilities accordingly. The Group obtained waivers of the aforementioned breach subsequent to 31 December 2018.

1. 一般事項

信利國際有限公司(「本公司」)於開曼群島根據開曼群島公司法註冊成立為一間受豁免公司。本公司為一間上市有限公司，其股份在香港聯合交易所有限公司(「聯交所」)上市。其最終控股人士為林偉華先生，亦為本公司主席兼董事總經理。本公司註冊辦事處及主要營業地點之地址於年報「一般資料」一節披露。

本公司之功能貨幣為美元(「美元」)。本公司董事(「董事」)經考慮其上市地點，認為港元(「港元」)為最適合之呈列貨幣，故綜合財務報表乃以本公司功能貨幣以外之港元呈報。

本公司乃投資控股公司，其附屬公司之主要業務為製造及銷售液晶體顯示器(「LCD」)產品(包括觸控屏產品)及電子消費產品，包括微型相機模組、指紋識別模組、個人保健護理產品及電子設備。

2. 綜合財務報表編製基準

編製本公司綜合財務報表時，鑑於本公司及其附屬公司(統稱「本集團」)於二零一八年十二月三十一日之流動負債超出其流動資產約49.27億港元，董事已審慎考慮本集團之未來流動資金。

就本集團於二零一八年十二月三十一日之借款合同合共45.06億港元而言，本集團未能達成相關借款協議之契諾所載若干財務比率，其中23.11億港元已相應重新分類為流動負債。本集團於二零一八年十二月三十一日後就上述違約取得豁免。

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2018, the Group generated a net profit of HK\$148 million and generated operating cash flows of HK\$1,629 million. As at 31 December 2018, total cash and cash equivalents of HK\$1,090 million were held by the Group and unutilised bank facilities amounted to HK\$3,531 million were available. The Group is in negotiations with the lenders to amend the terms of restrictive covenants contained in the loan agreements of certain borrowings. In the opinion of the Directors, the Group expects to continue to generate positive operating cash flows in the coming twelve months and negotiations with the lenders to amend the terms of restrictive covenants as mentioned above would succeed.

Based on the aforesaid factors, the Directors are satisfied that the Group will have sufficient financial resources to meet in full its financial obligations as and when they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. 綜合財務報表編製基準(續)

截至二零一八年十二月三十一日止年度，本集團錄得純利1.48億港元，並產生經營現金流量16.29億港元。於二零一八年十二月三十一日，本集團持有現金及現金等值項目合共10.90億港元，而未動用銀行融資為35.31億港元。本集團現正與貸款人磋商修訂若干借款相關貸款協議所載限制性契諾條款。董事認為，本集團預期未來十二個月將繼續產生正數經營現金流量，並可望成功與貸款人磋商修訂上述限制性契諾條款。

基於上述因素，董事信納本集團將具備充足財務資源悉數應付其於可見將來到期之財務承擔。因此，綜合財務報表已按持續經營基準編製。

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

New and Amendments to HKFRSs that are mandatorily effective for the current year

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

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

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and financial positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂

於本年度強制生效之新訂香港財務報告準則及其修訂

於本年度，本集團已首次應用以下由香港會計師公會(「香港會計師公會」)頒佈之新訂香港財務報告準則及其修訂：

香港財務報告準則第9號	金融工具
香港財務報告準則第15號	客戶合約收益及相關修訂
香港(國際財務報告詮釋委員會)–詮釋第22號	外幣交易及預付代價
香港財務報告準則第2號(修訂)	以股份為基礎支付交易之分類及計量
香港財務報告準則第4號(修訂)	應用香港財務報告準則第9號「金融工具」與香港財務報告準則第4號「保險合約」
香港會計準則第28號(修訂)	作為二零一四年至二零一六年週期之香港財務報告準則之年度改進一部分
香港會計準則第40號(修訂)	轉讓投資物業

除下述者外，於本年度應用新訂香港財務報告準則及其修訂對本集團本年度及過往年度之財務表現及財務狀況及／或此等綜合財務報表所載披露資料並無任何重大影響。

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

3.1 HKFRS 15 “Revenue from Contracts with Customers”

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 “Revenue” and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- manufacture and distribution of LCD products
- manufacture and distribution of electronic consumer products

Information about the Group’s performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in notes 6 and 4 respectively.

3. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂(續)

3.1 香港財務報告準則第15號「客戶合約收益」

本集團於本年度首次應用香港財務報告準則第15號。香港財務報告準則第15號取代香港會計準則第18號「收益」、香港會計準則第11號「建築合約」及相關詮釋。

本集團已追溯應用香港財務報告準則第15號，而初始應用此準則之累計影響已於初始應用日期(即二零一八年一月一日)確認。於初始應用日期之任何差額已於期初保留溢利(或其他權益部分，視適用情況而定)確認，且並無重列比較資料。此外，按照香港財務報告準則第15號之過渡條文，本集團選擇僅就於二零一八年一月一日尚未完成之合約追溯應用該準則。由於比較資料乃根據香港會計準則第18號「收益」及相關詮釋編製，故若干比較資料可能無從比較。

本集團確認下列主要來源之客戶合約收益：

- 製造及分銷液晶體顯示器產品
- 製造及分銷電子消費產品

有關本集團履約責任及應用香港財務報告準則第15號所引致會計政策之資料分別於附註6及4披露。

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

3.1 HKFRS 15 “Revenue from Contracts with Customers” (continued)

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

			Carrying amounts previously reported at 31 December 2017	Reclassification	Carrying amounts under HKFRS 15 at 1 January 2018*
			於二零一七年十二月三十一日之過往呈報賬面值 HK\$'000 千港元	重新分類 HK\$'000 千港元	於二零一八年一月一日之香港財務報告準則第15號項下賬面值* HK\$'000 千港元
CURRENT LIABILITIES	流動負債				
Trade and other payables	應付賬項及其他應付款項	(a)	8,909,258	(115,671)	8,793,587
Contract liabilities	合約負債	(a)	–	115,671	115,671

* The amounts in this column are before the adjustments from the application of HKFRS 9.

Note:

(a) As at 1 January 2018, advances from customers of HK\$115,671,000 in respect of the contracts with customers previously included in trade and other payables were reclassified to contract liabilities.

The following tables summarise the impacts of applying HKFRS 15 on the Group’s consolidated statement of financial position as at 31 December 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

3. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂(續)

3.1 香港財務報告準則第15號「客戶合約收益」(續)

初始應用香港財務報告準則第15號產生之影響摘要

對二零一八年一月一日綜合財務狀況表所確認金額作出以下調整。不受變動影響之項目未有包括在內。

* 本欄所載金額未計應用香港財務報告準則第9號所作調整。

附註：

(a) 於二零一八年一月一日，先前計入應付賬項及其他應付款項之客戶合約相關客戶墊款115,671,000港元重新分類為合約負債。

下表概列應用香港財務報告準則第15號對二零一八年十二月三十一日本集團綜合財務狀況表內個別受影響項目之影響。不受變動影響之項目未有包括在內。

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

3.1 HKFRS 15 “Revenue from Contracts with Customers” (continued)

Impact on the consolidated statement of financial position

		As reported	Adjustment	Amounts without application of HKFRS 15
		如前呈報 HK\$'000 千港元	調整 HK\$'000 千港元	並無應用香港財務報告準則第15號之金額 HK\$'000 千港元
CURRENT LIABILITIES	流動負債			
Trade and other payables	應付賬項及其他應付款項	8,547,580	112,491	8,660,071
Contract liabilities	合約負債	112,491	(112,491)	-

3.2 HKFRS 9 “Financial Instruments” and the related amendments

In the current year, the Group has applied HKFRS 9 “Financial Instruments” and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for i) the classification and measurement of financial assets and financial liabilities, ii) expected credit losses (“ECL”) for financial assets and financial guarantee contract and iii) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 “Financial Instruments: Recognition and Measurement”.

3. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂(續)

3.1 香港財務報告準則第15號「客戶合約收益」(續)

對綜合財務狀況表之影響

3.2 香港財務報告準則第9號「金融工具」及相關修訂

於本年度，本集團已應用香港財務報告準則第9號「金融工具」及其他香港財務報告準則相關相應修訂。香港財務報告準則第9號就以下各項引入新規定：i) 金融資產及金融負債之分類及計量；ii) 金融資產及財務擔保合約之預期信用損失(「預期信用損失」)；及iii) 一般對沖會計處理。

本集團已按照香港財務報告準則第9號所載過渡條文應用香港財務報告準則第9號，即對於二零一八年一月一日(初始應用日期)尚未取消確認之工具追溯應用分類及計量規定(包括預期信用損失模式項下減值)，且並未對於二零一八年一月一日已取消確認之工具應用該等規定。二零一七年十二月三十一日之賬面值與二零一八年一月一日之賬面值之間差額於期初保留溢利及其他權益部分確認，且並無重列比較資料。

因此，由於比較資料乃根據香港會計準則第39號「金融工具：確認及計量」編製，故若干比較資料可能無從比較。

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綜合財務報表附註

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

3.2 HKFRS 9 “Financial Instruments” and the related amendments (continued)

Accounting policies resulting from application of HKFRS 9 are disclosed in note 4.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

		Financial assets previously classified as loans and receivables	Trade receivables at fair value through other comprehensive income (“FVTOCI”) (於其他全面收益以公平價值列賬 (「於其他全面收益以公平價值列賬」)之應收款項之金融資產)	Financial assets at amortised cost	Available-for-sale (“AFS”) investments (可供出售 (「可供出售」) 投資)	Financial assets at fair value through profit or loss (“FVTPL”) (於損益以公平價值列賬「於損益以公平價值列賬」之金融資產)	Retained profits	Non-controlling interests
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
附註	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Closing balance at 31 December 2017 – HKAS 39	於二零一七年十二月三十一日期終結餘 – 香港會計準則第39號	8,995,015	-	-	6,174	-	4,661,841	565,384
Effects arising from initial application of HKFRS 9:	初始應用香港財務報告準則第9號產生之影響:							
Reclassification	重新分類							
From loans and receivables	由貸款及應收款項	(a) (8,995,015)	407,105	8,587,910	-	-	-	-
From AFS investments	由可供出售投資	(b) -	-	-	(6,174)	6,174	-	-
Remeasurement	重新計量							
Impairment under ECL model	預期信用損失模式項下減值	(c) -	-	(14,201)	-	-	(13,260)	(941)
Opening balance at 1 January 2018	於二零一八年一月一日之期初結餘	-	407,105	8,573,709	-	6,174	4,648,581	564,443

3. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂(續)

3.2 香港財務報告準則第9號「金融工具」及相關修訂(續)

應用香港財務報告準則第9號所引致會計政策於附註4披露。

初始應用香港財務報告準則第9號產生之影響摘要

下表說明於初始應用日期二零一八年一月一日根據香港財務報告準則第9號及香港會計準則第39號受制於預期信用損失之金融資產分類及計量(包括減值)。

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

3.2 HKFRS 9 “Financial Instruments” and the related amendments (continued)

(a) Loans and receivables

From loans and receivables to trade receivables at FVTOCI

As part of the Group’s cash flow management, the Group has the practice of factoring some of the trade receivables to financial institutions before the receivables are due for repayment and derecognises factored trade receivables on the basis that the Group has transferred substantially all risks and rewards to the relevant counterparties. Accordingly, the Group’s trade receivables of HK\$407,105,000 were considered as within the hold to collect contractual cash flows and to sell business model, and reclassified to trade receivables at FVTOCI.

From loans and receivables to financial assets at amortised cost

Except for trade receivables at FVTOCI, all remaining loans and receivables were reclassified as financial assets at amortised cost since the Group’s business model is to hold these financial assets for collection of contractual cash flows, and the cash flows represent solely payments of principal and interest on the principal amount outstanding.

3. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂(續)

3.2 香港財務報告準則第9號「金融工具」及相關修訂(續)

(a) 貸款及應收款項

由貸款及應收款項至於其他全面收益以公平價值列賬之應收賬項作為本集團現金流量管理其中一環，本集團慣常於應收款項到期償還之前向金融機構保理部分應收賬項及取消確認已保理之應收賬項，基準為本集團已將絕大部分風險及回報轉移至相關交易對手。因此，本集團為數407,105,000港元之應收賬項被視為屬於持有以收取合約現金流量及供出售業務模式，並重新分類為於其他全面收益以公平價值列賬之應收賬項。

由貸款及應收款項至按攤銷成本列賬之金融資產

除於其他全面收益以公平價值列賬之應收賬項外，其餘貸款及應收款項一律重新分類為按攤銷成本列賬之金融資產，原因為本集團之業務模式乃持有該等金融資產以收取合約現金流量，而現金流量代表僅就未償還本金額支付本金及利息。

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

3.2 HKFRS 9 “Financial Instruments” and the related amendments (continued)

(b) AFS investments

From AFS investments to financial assets at FVTPL

At the date of initial application of HKFRS 9, the Group’s equity investment of HK\$6,174,000 were reclassified from AFS investments to financial assets at FVTPL. No fair value gains or losses were recognised at investment revaluation reserve in respect of the equity investments carried at fair value and no gains or losses were transferred from investment revaluation reserve to retained profits.

The Group’s unlisted equity investments carried at cost less impairment which had been fully impaired in previous years were reclassified to financial assets at FVTPL. The carrying amount of the unlisted equity investments approximates its fair value and no gains or losses were adjusted to retained profits.

(c) Impairment under ECL model

As at 1 January 2018, the additional credit loss allowance amounting to HK\$13,260,000 and HK\$941,000 have been recognised against retained profits and non-controlling interests respectively. The additional loss allowance for the year of HK\$1,807,000 is charged against the loss allowance account of trade receivables.

3. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂(續)

3.2 香港財務報告準則第9號「金融工具」及相關修訂(續)

(b) 可供出售投資

由可供出售投資至於損益以公平價值列賬之金融資產

於初始應用香港財務報告準則第9號當日，本集團將股本投資6,174,000港元由可供出售投資重新分類為於損益以公平價值列賬之金融資產。概無就按公平價值列賬之股本投資於投資重估儲備確認任何公平價值收益或虧損，亦無任何收益或虧損由投資重估儲備轉撥至保留溢利。

本集團於過往年度全面減值之非上市股本投資按成本減減值列賬，並已重新分類為於損益以公平價值列賬之金融資產。非上市股本投資之賬面值與其公平價值相近，概無任何收益或虧損調整為保留溢利。

(c) 預期信用損失模式項下減值

於二零一八年一月一日，就保留溢利及非控股權益分別確認額外信用損失撥備13,260,000港元及941,000港元。本年度額外虧損撥備1,807,000港元自應收賬項之虧損撥備賬扣除。

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

3.3 Impact on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Group’s accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

3. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂(續)

3.3 應用所有新訂準則對期初綜合財務狀況表之影響

由於本集團會計政策出現上述變動，期初綜合財務狀況表須予重列。下表顯示就個別受影響項目確認之調整。不受變動影響之項目未有包括在內。

		31 December 2017	HKFRS 9 香港財務 報告準則 第9號	HKFRS 15 香港財務 報告準則 第15號	1 January 2018
		二零一七年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)	HK\$'000 千港元	HK\$'000 千港元	二零一八年 一月一日 HK\$'000 千港元 (Restated) (經重列)
Trade and other receivables	應收賬項及其他應收款項	5,757,278	(421,306)	-	5,335,972
Trade receivables at FVTOCI	於其他全面收益以公平價值 列賬之應收賬項	-	407,105	-	407,105
AFS investments	可供出售投資	6,174	(6,174)	-	-
Financial assets at FVTPL	於損益以公平價值列賬之 金融資產	-	6,174	-	6,174
Trade and other payables	應付賬項及其他應付款項	8,909,258	-	(115,671)	8,793,587
Contract liabilities	合約負債	-	-	115,671	115,671
Retained profits	保留溢利	4,661,841	(13,260)	-	4,648,581
Non-controlling interests	非控股權益	565,384	(941)	-	564,443

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

3.3 Impact on opening consolidated statement of financial position arising from the application of all new standards (continued)

New and amendments to HKFRSs in issue 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 16	Leases ¹
HKFRS 17	Insurance Contracts ³
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ¹
Amendments to HKFRS 3	Definition of Business ⁴
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁵
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle ¹

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

² Effective for annual periods beginning on or after a date to be determined

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

⁴ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

⁵ Effective for annual periods beginning on or after 1 January 2020

Except for the new and amendments to HKFRSs mentioned below, the Directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂(續)

3.3 應用所有新訂準則對期初綜合財務狀況表之影響(續)

已頒佈但尚未生效之新訂香港財務報告準則及其修訂

本集團並無提早應用下列已頒佈但尚未生效之新訂香港財務報告準則及其修訂：

香港財務報告準則第16號	租賃 ¹
香港財務報告準則第17號	保險合約 ³
香港(國際財務報告詮釋委員會)一詮釋第23號	所得稅處理之不確定性 ¹
香港財務報告準則第3號(修訂)	業務之定義 ⁴
香港財務報告準則第9號(修訂)	具負補償特性之預付款項 ¹
香港財務報告準則第10號及香港會計準則第28號(修訂)	投資者與其聯營公司或合資公司之間之資產出售或注資 ²
香港會計準則第1號及香港會計準則第8號(修訂)	重大之定義 ⁵
香港會計準則第19號(修訂)	計劃修訂、縮減或結算 ¹
香港會計準則第28號(修訂)	於聯營公司及合資公司之長期權益 ¹
香港財務報告準則(修訂)	二零一五年至二零一七年週期之香港財務報告準則之年度改進 ¹

¹ 於二零一九年一月一日或之後開始之年度期間生效

² 於待定期日或之後開始之年度期間生效

³ 於二零二一年一月一日或之後開始之年度期間生效

⁴ 適用於收購日期為二零二零年一月一日或之後開始之首個年度期間開始或其後之業務合併及資產收購

⁵ 於二零二零年一月一日或之後開始之年度期間生效

除下述新訂香港財務報告準則及其修訂外，本公司董事預期應用所有其他新訂香港財務報告準則及其修訂不會於可見未來對綜合財務報表構成重大影響。

3. 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 cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. 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. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Under HKAS 17, the Group has already recognised an asset for 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.

3. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂(續)

香港財務報告準則第16號「租賃」

香港財務報告準則第16號為識別出租人及承租人之租賃安排及會計處理引入綜合模式。香港財務報告準則第16號生效時將取代香港會計準則第17號「租賃」及其相關詮釋。

香港財務報告準則第16號以客戶能否控制所識別資產區分租賃及服務合約。

除短期租賃及低價值資產租賃外，經營租約及融資租約之差異自承租人會計處理中移除，並以承租人須就所有租約將予確認使用權資產及相應負債之模式取代。

使用權資產初始按成本計量，其後按成本(受若干例外情況所規限)減累計折舊及減值虧損計量，並就任何租賃負債重新計量作出調整。租賃負債初始按當日尚未支付租賃款項之現值計量。其後，租賃負債就利息及租賃款項以及(其中包括)租賃修訂之影響作出調整。就現金流量分類而言，本集團目前將提前預付租賃款項呈列為有關自用租賃土地之投資現金流量，而其他經營租賃款項則呈列為經營現金流量。根據香港財務報告準則第16號，有關租賃負債之租賃款項將獲本集團分配至呈列為融資現金流量之本金及利息部分。

根據香港會計準則第17號，本集團已就本集團為承租人之租賃土地確認預付租賃款項相關資產。應用香港財務報告準則第16號可能導致該等資產分類產生潛在變動，視乎本集團是否分開呈列使用權資產或於按將呈列相應相關資產(倘擁有)之相同項目內呈列。

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

HKFRS 16 “Leases” (continued)

Other than certain requirements which are also applicable to lessor, 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 2018, the Group has non-cancellable operating lease commitments of HK\$8,510,000 as disclosed in note 38. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, 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.

In addition, the Group currently considers refundable rental deposits paid of HK\$970,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

3. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂(續)

香港財務報告準則第16號「租賃」(續)

除同樣適用於出租人之若干規定外，香港財務報告準則第16號包括大部分香港會計準則第17號之出租人會計處理規定，並繼續規定出租人將其租約分類為經營租約或融資租約。

此外，香港財務報告準則第16號要求作出詳盡披露。

誠如附註38所披露，本集團於二零一八年十二月三十一日之不可撤銷經營租約承擔為8,510,000港元。初步評估顯示此等安排將符合租賃之定義。應用香港財務報告準則第16號時，除非符合低價值或短期租賃資格，否則本集團將就所有此等租賃確認使用權資產及相應負債。

此外，本公司目前將已付可退還租金按金970,000港元視為香港會計準則第17號所適用租賃項下權利及責任。根據香港財務報告準則第16號項下租賃付款之定義，有關按金並非與使用相關資產權利有關之付款，故有關按金之賬面值可予調整至攤銷成本。已付可退還租金按金之調整將被視為額外租賃付款及計入使用權資產之賬面值。

應用新規定可能導致上述計量、呈列及披露有所變動。本集團擬選擇可行權宜方法，就先前應用香港會計準則第17號及香港(國際財務報告詮釋委員會)－詮釋第4號「釐定安排是否包括租賃」識別為租賃之合約應用香港財務報告準則第16號，而並無對先前應用香港會計準則第17號及香港(國際財務報告詮釋委員會)－詮釋第4號未被識別為包括租賃之合約應用該準則。因此，本集團不會重新評估合約是否為或包括於初始應用日期前已存在之租賃。此外，本集團(作為承租人)擬選擇經修訂追溯法應用香港財務報告準則第16號，並將確認初始應用對期初保留溢利之累計影響，且並無重列比較資料。

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

HKFRS 16 “Leases” (continued)

The Directors of the Company expect that the adoption of HKFRS 16 as compared with the current accounting policy would result in increase in the Group’s right-of-use assets and related lease liabilities. The combination of straight-line depreciation of the right-of-use assets and the effective interest rate method applied to the lease liabilities will result in a higher total charge to profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term, but there is no impact on the total expenses recognised over the lease term. The Directors of the Company do not expect the application of HKFRS 16 will have a material impact on the financial performance of the Group.

Except as described above, the Directors of the Company anticipate that the application of the other new and amendments to HKFRSs will have no material impact on the future financial information of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued 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 (“Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂(續)

香港財務報告準則第16號「租賃」(續)

本公司董事預期，與現行會計政策相比，採納香港財務報告準則第16號將導致本集團使用權資產及相關租賃負債增加。使用權資產之直線折舊法結合租賃負債之實際利率法將導致租賃首年自損益扣除之總開支較高，而租期後段開支則有所減少，惟對租期內確認之總開支並無影響。本公司董事預期應用香港財務報告準則第16號不會對本集團財務表現構成重大影響。

除上述者外，本公司董事預期應用其他新訂香港財務報告準則及其修訂不會對本集團未來財務資料構成重大影響。

4. 主要會計政策

綜合財務報表已按照香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報表包括聯交所證券上市規則(「上市規則」)及香港公司條例(「公司條例」)規定之適用披露資料。

誠如下文所載會計政策所闡釋，綜合財務報表乃根據歷史成本法編製，惟於各報告期末若干按公平價值計量之金融工具除外。

歷史成本一般根據交易貨物及服務時所付代價之公平價值計量。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 "Leases", 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".

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

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.

The principal accounting policies are set out below.

4. 主要會計政策(續)

公平價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價值作出估計時，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。在此等綜合財務報表中計量和／或披露的公平價值均在此基礎上予以確定，但香港財務報告準則第2號「以股份為基礎支付」範圍內的以股份為基礎支付之交易、香港會計準則第17號「租賃」範圍內的租賃交易、以及與公平價值類似但並非公平價值的計量（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。

就按公平價值交易之金融工具及於後續期間使用不可觀察輸入數據計量公平價值之估值技術而言，估值技術予以調整致令初始確認時估值技術結果等於交易價格。

此外，根據公平價值計量之輸入值的可觀察程度及其對整體公平價值計量之重要性分為第一、第二或第三層，以作財務報告之用，敘述如下：

- 第一層輸入值指實體能於計量日在活躍市場上得到相同資產或負債之標價（未予調整）；
- 第二層輸入值指除包含在第一層標價以外，可直接或間接觀察之資產或負債輸入值；及
- 第三層輸入值指資產或負債之不可觀察輸入值。

主要會計政策載列如下。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

4. 主要會計政策(續)**綜合賬目之基準**

綜合財務報表包括本公司及本公司控制之實體及附屬公司之財務報表。倘屬以下情況，則本公司獲得控制權：

- 可對投資對象行使權力；
- 因參與投資對象之業務而可獲得或有權獲得可變回報；及
- 有能力藉行使其權力而影響該等回報。

倘有事實或情況顯示上述三項控制因素中，有一項或以上出現變數，本集團會重新評估其是否控制投資對象。

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。

損益及各其他全面收益項目乃歸屬予本公司擁有人及非控股權益。附屬公司之全面收入總額乃歸屬予本公司擁有人及非控股權益，即使導致非控股權益結餘出現虧絀。

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

所有與本集團成員公司之間交易有關之集團內公司間資產與負債、權益、收入、開支及現金流量於綜合賬目時悉數對銷。

附屬公司之非控股權益與本集團權益分開呈列，於清盤後相當於其持有人有權按比例分佔相關附屬公司資產淨值之現存所有權權益。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

4. 主要會計政策(續)

於聯營公司之投資

聯營公司指本集團可施加重大影響力之實體。重大影響力指參與投資對象之財務及營運決策之權力，而非控制或聯合控制有關政策之權力。

聯營公司之業績及資產與負債採用權益會計法列入此等綜合財務報表。編製作權益會計處理用途之聯營公司財務報表所採用會計政策與本集團於類似情況就類似交易及事項所採用者一致。根據權益法，於聯營公司之投資初始以成本在綜合財務狀況表內確認，並於其後調整以確認本集團分佔聯營公司損益及其他全面收益。除損益及其他全面收益外，不會入賬處理聯營公司資產淨值變動，除非有關變動會導致本集團所持擁有權益出現變動則作別論。倘本集團分佔聯營公司虧損超出本集團所佔該聯營公司權益(包括任何實質上構成本集團於該聯營公司之淨投資一部分之任何長期權益)，則本集團會終止確認其分佔之進一步虧損。本集團會確認額外虧損，惟僅以本集團代表該聯營公司所招致法定或推定責任或所作付款為限。

於聯營公司之投資乃自投資對象成為聯營公司當日起按權益法入賬。收購於聯營公司之投資時，投資成本超出本集團應佔投資對象可識別資產及負債之公平價值淨額之差額會確認為商譽，及計入投資之賬面值內。倘於重新評估後本集團應佔可識別資產及負債公平價值淨額超逾投資成本，則差額於投資被收購期間即時於損益中確認。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Investments in associates** (continued)

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Where the Group's interest in an associate increases, whether directly or indirectly, the impact of the change should be accounted for as an incremental purchase of the associate and recognised at cost. Any excess of the cost over the Group's proportionate share of net assets is recognised as goodwill.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate is recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

4. 主要會計政策 (續)**於聯營公司之投資** (續)

本集團評估有否客觀證據證明於聯營公司之權益可能出現減值。倘存在任何客觀證據，投資(包括商譽)全部賬面值作為單一資產根據香港會計準則第36號「資產減值」進行減值測試，方法為將其可收回金額(即使用價值與公平價值減出售成本兩者中之較高者)與其賬面值作比較。任何已確認減值虧損構成投資賬面值之一部分。根據香港會計準則第36號，確認任何減值虧損撥回以投資其後增加之可收回金額為限。

倘本集團於聯營公司的權益增加(不論直接或間接)，有關變動影響應入賬列為該聯營公司之增額收購並按成本確認。成本超出本集團按比例應佔資產淨值之差額會確認為商譽。

倘集團旗下實體與本集團聯營公司交易，本集團之綜合財務報表確認與該聯營公司交易所產生之損益僅限於該聯營公司與本集團以外之權益。

商譽

收購業務產生之商譽以收購業務日期設立之成本減累計減值虧損(如有)列賬。

就減值測試而言，商譽乃被分配到預期將從合併之協同效應中受益之本集團各有關現金賺取單位(或現金賺取單位之組別)，此乃就內部管理目的監察商譽之最低層次，並不大於經營分部。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 3)

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Specifically, the Group uses 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 obligation in the contract; and
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group 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.

4. 主要會計政策(續)

商譽(續)

已獲分配商譽之現金賺取單位(或現金賺取單位之組別)每年或(更頻繁地)每當該單位有可能出現減值之跡象時進行減值測試。當可收回金額少於其賬面值時，減值虧損之分配次序為首先用以削減任何商譽之賬面值，然後根據單位(或現金賺取單位之組別)內每項資產之賬面值按比例分配至其他資產。

於出售相關現金賺取單位或一組現金賺取單位內任何現金賺取單位時，商譽應佔金額計入釐定出售損益之金額內。當本集團出售現金賺取單位(或一組現金賺取單位內現金賺取單位)內業務時，所出售商譽金額按所出售業務(或現金賺取單位)與所保留現金賺取單位(或一組現金賺取單位)部分之相對價值計量。

客戶合約收益(根據附註3所載過渡法應用香港財務報告準則第15號後)

確認收益旨在描述向客戶轉移承諾貨品或服務之數額，該數額反映本集團預期交換該等貨品或服務而應得之代價。具體而言，本集團採用五步法確認收益：

- 第一步：識別與客戶訂立之合約；
- 第二步：識別合約中之履約責任；
- 第三步：釐定交易價；
- 第四步：將交易價分配至合約中之履約責任；及
- 第五步：於本集團返成履約責任時(或就此)確認收益。

本集團於達成履約責任時(或就此)確認收益，即與特定履約責任相關之貨品或服務「控制權」轉移至客戶時。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 3)** (continued)

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

The Group is principally engaged in the manufacture and distribution of LCD products and electronic consumer products. The Group recognises the revenue at a point in time when the control of products is transferred to the customer, i.e. when the goods have been delivered to customers. A receivable is recognised by the Group when the goods are delivered to the customer's premises as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The customers have neither rights of return nor rights to defer or avoid payment for the goods once they are accepted by the customers.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

4. 主要會計政策 (續)**客戶合約收益** (根據附註3所載過渡法應用香港財務報告準則第15號後) (續)

履約責任指一項明確貨品或服務 (或一批貨品或服務) 或一系列大致相同之明確貨品或服務。

倘符合以下其中一項條件，則控制權為隨時間轉移，而收益則參考相關履約責任之完成進度隨時間確認：

- 客戶於本集團履約時同時收取及消耗本集團履約所提供利益；
- 本集團履約創建及增強客戶於本集團履約時控制之資產；或
- 本集團履約未創建對本集團具有替代用途之資產，而本集團有強制執行權收取至今已履約部分之款項。

否則，收益於客戶獲得明確貨品或服務控制權時確認。

本集團之主要業務為製造及分銷液晶顯示器產品及電子消費產品。本集團於產品控制權轉移至客戶 (即貨品已交付予客戶) 時確認收益。本集團於貨品交付至客戶處所時確認應收款項，此乃收取代價權利成為無條件之時間點，原因為有關款項只須經過一段時間即可收取。客戶一經接收貨物，即無權退貨亦無權推遲或逃避支付貨品款項。

合約負債指本集團因已自客戶收取代價 (或代價款項已到期) 而須向客戶轉讓貨品或服務之責任。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (prior to 1 January 2018)

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates 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 from sale of goods is recognised when the goods are delivered and titles have passed.

Interest income 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.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

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 purposes (other than construction in progress as described below), are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

4. 主要會計政策(續)

收益確認(於二零一八年一月一日前)

收益按已收或應收代價之公平價值計量。收益已就估計客戶退貨、回扣及其他類似津貼作出扣減。

本集團乃在收益金額能可靠計量、未來經濟利益將流入本集團及符合特定準則時就下文所述每項活動確認收益。

貨品之銷售收益乃貨品已經付運及擁有權已轉移時確認。

利息收入參考未清還本金按適用實際利率以時間基準計提。適用實際利率即於初始確認時將金融資產預期限內之估計未來所得現金準確折現至該資產賬面淨值之折現率。

本集團確認經營租約收益之會計政策於以下租約會計政策闡述。

物業、廠房及設備

物業、廠房及設備(包括持作生產或提供貨品或服務用途,或用作行政用途之租賃土地(分類為融資租約)及樓宇,惟下文所述之在建工程除外)乃於綜合財務狀況表按成本減其後累計折舊及其後累計減值虧損(如有)入賬。

作生產、供應或行政用途之在建物業按成本減任何已確認減值虧損列賬。成本亦包括專業費用及就合資格資產而言,根據本集團會計政策資本化之借款成本。該等物業於竣工及可作擬定用途時分類為適當之物業、廠房及設備類別。該等資產於可作擬定用途時開始計算折舊,所用基準與其他物業資產相同。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their estimated useful lives, using the reducing balance method. The estimated useful lives, residual values 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.

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 lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

4. 主要會計政策(續)

物業、廠房及設備(續)

資產(在建工程除外)採用餘額遞減法，按其估計可使用年期確認折舊，以撇銷其成本減剩餘價值。估計可使用年期、剩餘價值及折舊方法於各報告期末予以檢討，任何估計變動之影響乃按預先計提之基準入賬。

物業、廠房及設備項目於出售時或當繼續使用該資產預期不會產生任何日後經濟利益時取消確認。出售或棄用物業、廠房及設備項目產生之任何收益或虧損按該資產之出售所得款項與賬面值之差額計算，並於損益確認。

租賃

凡租約之條款將擁有權之絕大部分風險及回報轉由承租人承擔者，即歸類為融資租約。其他租約全部列作為經營租約。

本集團作為出租人

經營租約之租金收入乃按有關租約期限以直線法於損益確認。於磋商及安排經營租約時產生之初步直接成本計入租賃資產之賬面值，並按租約期限以直線法確認為開支。

本集團作為承租人

經營租約之付款(包括購入根據經營租約所持有土地之成本)按租約期限以直線法確認為開支，除非另有系統基準更能代表租賃資產使用經濟利益之時間模式。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Leasing (continued)

Leasehold land and buildings

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

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised 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.

4. 主要會計政策 (續)

物業、廠房及設備 (續)

租賃 (續)

租賃土地及樓宇

當本集團就物業權益(同時包括租賃土地及樓宇部分)作出付款時,本集團會透過評估各部分擁有權隨附之絕大部分風險及回報是否已轉移至本集團,分別評估各部分之分類,惟倘兩個部分均顯然屬於經營租約則除外,在此情況下,整項物業入賬列為經營租約。具體而言,全部代價(包括任何一筆過支付之預付款項)會按初始確認時土地部分及樓宇部分租賃權益之相關公平價值,按比例於租賃土地及樓宇部分作出分配。

倘有關付款能可靠地分配,入賬列為經營租約之租賃土地權益於綜合財務狀況表內列作「預付租賃款項」,並於租約期限內以直線法攤銷。倘付款未能於租賃土地與樓宇部分之間可靠地分配,整項物業一般分類為猶如租賃土地列於融資租約項下。

外幣

編製各個別集團實體之財務報表時,以該實體功能貨幣以外之貨幣(外幣)所確認之交易乃按交易日期之現行匯率入賬。於報告期末,以外幣列值之貨幣項目乃按該日之現行匯率重新換算。以外幣歷史成本計量之非貨幣項目則不予重新換算。

因結算貨幣項目及重新換算貨幣項目而產生之匯兌差額乃於產生期間在損益中確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

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

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

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

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

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

4. 主要會計政策(續)

外幣(續)

就呈報綜合財務報表而言，(i)本集團海外業務之資產及負債按報告期末之現行匯率換算為美元；(ii)本集團以美元計值或換算為美元之資產及負債其後按報告期末之現行匯率換算為本集團之呈列貨幣(即港元)。收入及開支項目則按期內平均匯率換算。所產生外匯差額(如有)於其他全面收益確認，並於外匯儲備項下權益累計。

出售海外業務(即出售本集團於海外業務之全部權益，或出售涉及失去對包括海外業務之附屬公司之控制權，或部分出售於包括海外業務之聯營公司之權益(其保留權益成為金融資產))時，於本公司擁有人應佔該業務之權益累計之所有匯兌差額重新分類至損益。

借款成本

收購、建設或生產合資格資產(須經長時間方可作擬定用途或出售之資產)直接應佔之借款成本計入該等資產之成本中，直至該等資產大致可作其擬定用途或出售為止。

於特別借款的暫時投資(用於合資格資產之開支前)所賺取的投資收入，會由借款成本資本化中減除。

所有借款成本於產生之期間於損益中確認。

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4. 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 as 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 the state-managed retirement benefit 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.

4. 主要會計政策 (續)

政府津貼

當能夠合理保證本集團符合政府津貼附帶之條件，並且將會收取有關津貼時，方會確認政府津貼。

政府津貼乃於本集團將擬用作補貼相關成本之津貼確認為開支之期間內有系統地於損益確認。特別是以本集團須購買、建設或以其他方式收購非流動資產作為首要條件之政府津貼於綜合財務狀況表確認為遞延收入，並於有關資產之可使用年期按系統及合理基準轉撥至損益。

用作已產生開支或虧損的補償，或向本集團提供即時財務援助而可收取(並無日後相關成本)的政府津貼，乃於其成為可收取的期間於損益內確認。

退休福利成本

國家管理退休福利計劃及強制性公積金計劃之供款於僱員提供使其有權享有供款之服務時確認為開支。

短期僱員福利

短期僱員福利按預期於僱員提供服務時支付之福利未折現金額確認。除非其他香港財務報告準則規定或允許於資產成本內納入福利，否則所有短期僱員福利確認為開支。

負債乃就工資及薪金、年假及病假等應付僱員福利(經扣除任何已付金額)予以確認。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**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 tax because of income or expense that are taxable or deductible in other years and 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.

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 differences 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 (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, 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 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.

4. 主要會計政策 (續)**稅項**

所得稅開支指本期應付稅項與遞延稅項之總和。

本期應付稅項乃按本年度應課稅溢利計算。應課稅溢利因其他年度之應課稅收入或可扣稅支出或毋須課稅或不可扣稅之項目而與稅前溢利不同。本集團之本期稅項負債乃採用於報告期末已制定或實質制定之稅率計算。

遞延稅項乃就綜合財務報表內資產與負債之賬面值與計算應課稅溢利所用之相應稅基間之暫時差額而確認。遞延稅項負債通常會就所有應課稅暫時差額確認。遞延稅項資產通常於可能出現可用於扣減暫時差額之應課稅溢利時就所有可扣減暫時差額確認。若暫時差額乃因初始確認一項既不影響應課稅溢利亦不影響會計溢利之交易中(業務合併除外)之資產及負債而產生，則不會確認該等遞延稅項資產及負債。此外，倘暫時差額乃因初始確認商譽而產生，則不會確認遞延稅項負債。

遞延稅項負債乃按因附屬公司之投資所產生之應課稅暫時差額進行確認，惟倘本集團可控制暫時差額撥回及暫時差額有可能不會於可見未來撥回之情況則除外。因該等投資所產生可扣減暫時差額而產生之遞延稅項資產，僅於可能出現足夠應課稅溢利以致暫時差額的利益被利用，而在可見未來將預期可被撥回時確認。

遞延稅項資產之賬面值於報告期末進行檢討，並於不再可能有足夠應課稅溢利用於收回全部或部分資產時作出調減。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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 rates (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, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Intangible assets acquired separately

Intangible assets including acquired technical know-how with finite useful lives are carried at cost 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.

4. 主要會計政策(續)

稅項(續)

遞延稅項資產及負債乃按預期於償還負債或變現資產期間適用之稅率，根據於報告期末已制定或實質制定之稅率(及稅法)計算。

遞延稅項負債及資產的計量，反映本集團於報告期末預期將要收回或償還其資產及負債賬面值之稅務後果。

本期及遞延稅項於損益中確認，惟倘與其他全面收益或直接在權益中確認之項目有關，則本期及遞延稅項亦會分別於其他全面收益或直接於權益確認。

分開收購之無形資產

具有限使用年期之無形資產(包括所收購的專門知識技術)乃按成本減累計攤銷及任何累計減值虧損入賬。攤銷具有限使用年期之無形資產時，採用直線法按該等資產之估計可使用年期確認。估計可使用年期及攤銷方法於各報告期末予以檢討，任何估計變動之影響乃按預先計提之基準入賬。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets acquired separately (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 followings 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 an 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 recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

4. 主要會計政策(續)

分開收購之無形資產(續)

研發費用

研究活動費用於其產生期間確認為開支。

由發展活動(或由一項處於發展階段的內部項目)所產生的內部形成無形資產，只會在以下各項全部被證明的情況下方會予以確認：

- 具可行性技術以完成無形資產並使其將可供使用或出售；
- 有意完成及使用或出售無形資產；
- 具能力可使用或出售無形資產；
- 無形資產如何產生可能的未來經濟利益；
- 有足夠之技術、財務及其他資源可完成發展項目並使用或出售無形資產；及
- 有能力可靠地計量無形資產在其發展階段所應佔的費用。

就內部形成之無形資產初始確認的金額為該無形資產首次符合上述所列的確認準則當日起產生的支出總和。如無法確認任何內部形成之無形資產，則開發費用於產生期間於損益確認。

於初始確認後，內部形成之無形資產按成本減累計攤銷及累計減值虧損(如有)計量，所用基準與分開收購之無形資產相同。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a 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.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 January 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and 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 asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

4. 主要會計政策(續)

存貨

存貨乃以成本及可變現淨值兩者之較低值入賬。存貨成本以先入先出法計算。可變現淨值乃按存貨之估計售價減所有估計完成成本及在市場上銷售所需成本計算。

金融工具

金融資產及金融負債乃當集團實體成為工具合約其中一方時確認。所有以一般方式買賣之金融資產均按買賣日期基準確認及取消確認。一般方式買賣指資產須於市場規則或慣例所設定之時限內交付之金融資產買賣。

金融資產及金融負債初步按公平價值計量，惟產生自客戶合約之應收賬項自二零一八年一月一日起根據香港財務報告準則第15號初步計量除外。收購或發行金融資產及金融負債(不包括於損益以公平價值列賬之金融資產)直接應佔之交易成本於初始確認時加入金融資產公平價值或從金融負債公平價值扣除(倘適用)。收購於損益以公平價值列賬之金融資產或金融負債直接應佔之交易成本即時於損益確認。

實際利率法為計算金融資產或金融負債之攤銷成本以及於相關期間分配利息收入及利息開支之方法。實際利率指將估計未來現金收入及付款(包括所有構成實際利率不可或缺部分之已付或已收費用及點數、交易成本及其他溢價或折讓)於金融資產或金融負債預期年期或(倘適用)較短期間準確折現至初始確認時賬面淨值之利率。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

4. 主要會計政策(續)

金融工具(續)

金融資產

金融資產之分類及後續計量(根據附註3所載過渡法應用香港財務報告準則第9號後)

符合下列條件之金融資產其後按攤銷成本計量：

- 金融資產乃於目的為收取合約現金流量之商業模式內持有；及
- 合約條款於特定日期產生僅為支付本金及未償還本金利息之現金流量。

符合下列條件之金融資產其後按於其他全面收益以公平價值列賬計量：

- 金融資產乃於目的為同時收取合約現金流量及出售之商業模式內持有；及
- 合約條款於特定日期產生僅為支付本金及未償還本金利息之現金流量。

所有其他金融資產其後按於損益以公平價值列賬計量。

此外，倘可消除或大幅減少會計錯配，本集團可不可撤回地指定須按攤銷成本或按於其他全面收益以公平價值列賬計量之金融資產按於損益以公平價值列賬計量。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3) (continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and trade receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Trade receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for trade receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these receivables are recognised in OCI and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these receivables. The amounts that are recognised in profit or loss are same as the amounts that would have been recognised in profit or loss if there receivables had been measured at amortised cost. When these receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產之分類及後續計量(根據附註3所載過渡法應用香港財務報告準則第9號後)(續)

(i) 攤銷成本及利息收入

其後按攤銷成本計量之金融資產及其後按於其他全面收益以公平價值列賬計量之應收賬項乃使用實際利率法確認利息收入。利息收入乃對一項金融資產賬面總值應用實際利率予以計算，惟其後出現信貸減值之金融資產除外(見下文)。就其後出現信貸減值之金融資產而言，自下一報告期起，利息收入乃對金融資產攤銷成本應用實際利率予以確認。倘出現信貸減值之金融工具因信貸風險改善而不再出現信貸減值，於釐定資產不再出現信貸減值後，自報告期開始起利息收入乃對金融資產賬面總值應用實際利率予以確認。

(ii) 分類為於其他全面收益以公平價值列賬之應收賬項

由於按實際利率法計算之利息收入而分類為於其他全面收益以公平價值列賬之應收賬項之賬面值其後變動於損益確認。該等應收款項所有其他賬面值變動於其他全面收益確認，並於於其他全面收益以公平價值列賬儲備累計。減值撥備於損益確認，並在不減少該等應收款項賬面值之情況下對其他全面收益作出相應調整。倘該等應收款項按攤銷成本計量，則於損益確認之金額與本應在損益確認之金額相同。當該等應收款項取消確認時，先前於其他全面收益確認之累計收益或虧損將重新分類至損益。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments (continued)****Financial assets (continued)****Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3) (continued)***(iii) Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 3)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, trade receivables at FVTOCI, loan receivable, amount due from an associate, restricted bank deposits, bank balances and financial guarantee contract). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for credit impaired trade receivables and collectively using a provision matrix with appropriate groupings for the remaining trade receivables.

4. 主要會計政策 (續)**金融工具 (續)****金融資產 (續)****金融資產之分類及後續計量 (根據附註3所載過渡法應用香港財務報告準則第9號後) (續)***(iii) 於損益以公平價值列賬之金融資產*

不符合按攤銷成本計量或按於其他全面收益以公平價值列賬計量或指定為於其他全面收益以公平價值列賬之金融資產按於損益以公平價值列賬計量。

於各報告期末，於損益以公平價值列賬之金融資產按公平價值計量，而任何公平價值收益或虧損則於損益確認。於損益確認之收益或虧損淨額包括金融資產所賺取之任何股息，並計入「其他收益及虧損」項目內。

金融資產減值 (根據附註3所載過渡法應用香港財務報告準則第9號後)

本集團就根據香港財務報告準則第9號面臨減值之金融資產 (包括應收賬項及其他應收款項、於其他全面收益以公平價值列賬之應收賬項、應收貸款、應收聯營公司款項、受限制銀行存款、銀行結存及財務擔保合約) 之預期信用損失確認虧損撥備。預期信用損失金額於各報告日更新，以反映自初始確認以來之信貸風險變動。

全期預期信用損失指於相關工具預期年內所有潛在違約事件所產生之預期信用損失。相反，12個月預期信用損失 (「12個月預期信用損失」) 指預期將於報告日後12個月內可能發生違約事件所產生之全期預期信用損失部分。評估乃根據本集團過往信用損失經驗 (就債務人之特定因素作出調整)、整體經濟狀況以及評估於報告日之現時狀況及未來狀況預測而進行。

本集團一直就應收賬項確認全期預期信用損失。該等資產之預期信用損失就出現信貸減值之應收賬項進行個別評估及就其餘應收賬項採用具有適當分組之撥備矩陣進行集體評估。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 3) (continued)

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) *Significant increase in credit risk*

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

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(根據附註3所載過渡法應用香港財務報告準則第9號後)(續)

就所有其他工具而言，本集團計量相等於12個月預期信用損失之虧損撥備，除非信貸風險自初始確認以來顯著增加，則本集團確認全期預期信用損失。評估應否確認全期預期信用損失是基於自初始確認以來發生違約情況之可能性或風險有否顯著增加。

(i) *信貸風險顯著增加*

評估信貸風險自初始確認以來有否顯著增加時，本集團比較於報告日金融工具發生違約之風險與於初始確認日期金融工具發生違約之風險。作出該評估時，本集團考慮合理可作為依據之定量及定性資料，包括毋須付出不必要成本或努力即可獲得之過往經驗及前瞻性資料。

具體而言，評估信貸風險有否顯著增加時考慮下列資料：

- 金融工具之外部(如有)或內部信貸評級實際或預期嚴重惡化；
- 信貸風險之外界市場指標嚴重惡化，例如信貸息差大幅增加及債務人信貸違約掉期價顯著上升；
- 業務、財務或經濟狀況之現存或預計不利變動預期會導致債務人履行其債務責任之能力大幅下降；

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 3) (continued)

(i) Significant increase in credit risk (continued)

- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(根據附註3所載過渡法應用香港財務報告準則第9號後)(續)

(i) 信貸風險顯著增加(續)

- 債務人之經營業績實際或預期嚴重惡化；
- 債務人之監管、經濟或技術環境實際或預期出現重大不利變動而導致債務人履行其債務責任之能力大幅下降。

不論上述評估結果如何，本集團假設合約付款逾期超過30日即代表信貸風險自初始確認以來顯著增加，除非本集團有合理可作為依據之資料顯示並非如此則作別論。

儘管上文所述，本集團假設倘債務工具釐定為於報告日具有低信貸風險，則債務工具之信貸風險自初始確認以來並無顯著增加。倘屬以下情況，債務工具釐定為具有低信貸風險：i) 違約風險偏低；ii) 借款人於短期內具備雄厚實力履行其合約現金流量責任；及iii) 長期經濟及業務狀況之不利變動可能但不一定削弱借款人履行其合約現金流量責任之能力。倘債務工具按國際通用定義界定之內部或外部信貸評級為「投資級別」，則本集團認為其信貸風險偏低。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 3) (continued)

(i) Significant increase in credit risk (continued)

For financial guarantee contract, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk for financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(根據附註3所載過渡法應用香港財務報告準則第9號後)(續)

(i) 信貸風險顯著增加(續)

就財務擔保合約而言，本集團成為不可撤回承擔一方當日被視為就評估金融工具減值進行初始確認之日期。於評估財務擔保合約之信貸風險有否顯著增加時，本集團考慮特定債務人之違約風險變動。

本集團定期監察確定信貸風險有否顯著增加所用標準之成效，並於適當時候作出修訂，從而確保有關標準能夠於款項逾期前確定信貸風險顯著增加。

(ii) 違約之定義

就內部信貸風險管理而言，當內部建立或自外部取得之資料顯示債務人不大可能向其債權人(包括本集團)支付全額款項(不計及本集團所持任何抵押品)時，則本集團認為發生違約事件。

倘不考慮上述各項，本集團認為金融資產逾期超過90日即表示違約，除非本集團有合理可作為依據之資料顯示更滯後違約標準較為合適則作別論。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 3) (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(根據附註3所載過渡法應用香港財務報告準則第9號後)(續)

(iii) 出現信貸減值之金融資產

當一項或多項對金融資產估計未來現金流量具有不利影響之事件發生時，即表示該金融資產出現信貸減值。金融資產出現信貸減值之證據包括下列事件之可觀察數據：

- (a) 發行人或借款人遇到嚴重財政困難；
- (b) 違反合約，例如違約或發生逾期事件；
- (c) 借款人之貸方出於與借款人財政困難有關之經濟或合約考慮而給予借款人在任何其他情況下均不予作出之讓步；
- (d) 借款人有可能破產或進行其他財務重組；或
- (e) 因出現財政困難導致該金融資產失去活躍市場。

(iv) 撤銷政策

本集團在有資料顯示對手方陷入嚴重財政困難且無實際收回可能(例如對手方被清盤或已進入破產程序)或(就應收賬項而言)款項逾期超過三年(以較早發生者為準)時撤銷金融資產。經考慮法律意見(如適當)後，已撤銷金融資產仍可根據本集團之收回程序實施強制執行。撤銷構成一項取消確認事件。其後收回任何款項將於損益確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 3) (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contract for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(根據附註3所載過渡法應用香港財務報告準則第9號後)(續)

(v) 預期信用損失之計量及確認

預期信用損失之計量為違約概率、違約損失率(即違約時損失程度)及違約風險之函數。違約概率及違約損失率乃基於根據前瞻性資料調整之過往數據評估。預期信用損失之估計反映無偏概加權平均金額，以發生違約風險為權重確定。

預期信用損失通常為根據合約應付本集團之所有合約現金流量與本集團預計收取之現金流量(按初始確認時釐定之實際利率折現)之間差額。

就財務擔保合約而言，本集團僅須在債務人違反保證文書條款情況下作出付款。因此，預期虧損為償還持有人所產生信用損失之預期付款現值減去本集團預期從持有人、債務人或任何其他方收取之任何金額。

就財務擔保合約之預期信用損失而言，倘實際利率無法釐定，本集團將採用可反映當前市場對貨幣時間價值之評估及現金流量特定風險之折現率，惟僅當及僅限於調整折現率時方考慮該等風險，而非調整現金差額進行折現。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 3) (continued)

(v) Measurement and recognition of ECL (continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, restricted bank deposits and bank balances are each assessed as a separate group. Loan receivable and amount due from an associate is assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(根據附註3所載過渡法應用香港財務報告準則第9號後)(續)

(v) 預期信用損失之計量及確認(續)

倘預期信用損失按整體基準計量或針對個別工具級別可能尚未獲取證據之情況，金融工具乃按以下基準分類：

- 金融工具之性質(即本集團之應收賬項及其他應收款項、受限制銀行存款以及銀行結存各自按單獨組別評估。應收貸款及應收聯營公司款項按個別基準評估預期信用損失)；
- 逾期狀況；
- 債務人之性質、規模及行業；及
- 外部信貸評級(如有)。

管理層定期審閱分組，以確保各組別組成部分繼續維持類似信貸風險特徵。

利息收入乃根據金融資產之賬面總值計算，除非金融資產出現信貸減值，在此情況下，利息收入根據金融資產之攤銷成本計算。

財務擔保合約之虧損撥備按照香港財務報告準則第9號所釐定虧損撥備金額與在適當情況下以初始確認金額減去擔保期內確認累計收入金額兩者中之較高者確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 3) (continued)

(v) Measurement and recognition of ECL (continued)

Except for trade receivables that are measured at FVTOCI and financial guarantee contract, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account. For trade receivables that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the FVTOCI reserve without reducing the carrying amount of these receivables.

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018)

The Group's financial assets are classified into loans and receivables and AFS financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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 loan receivable, trade and other receivables, amount due from an associate, restricted bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

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

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(根據附註3所載過渡法應用香港財務報告準則第9號後)(續)

(v) 預期信用損失之計量及確認(續)

除按於其他全面收益以公平價值列賬計量之應收賬項及財務擔保合約外，本集團通過調整賬面值於損益確認所有金融工具之減值收益或虧損，惟相應調整通過虧損撥備賬確認之應收賬項除外。至於按於其他全面收益以公平價值列賬計量之應收賬項，虧損撥備乃於其他全面收益確認，並於於其他全面收益以公平價值列賬儲備累計，而不會減少該等應收款項之賬面值。

金融資產之分類及後續計量(於二零一八年一月一日應用香港財務報告準則第9號前)

本集團之金融資產分類為貸款及應收款項以及可供出售金融資產。分類取決於金融資產之性質及目的，並於初始確認時釐定。所有以一般方式買賣之金融資產均按買賣日期基準確認及取消確認。一般方式買賣指資產須於市場規則或慣例所設定之時限內交付之金融資產買賣。

貸款及應收款項

貸款及應收款項乃並無於活躍市場報價之固定或可釐定付款之非衍生金融資產。於初始確認後，貸款及應收款項(包括應收貸款、應收賬項及其他應收款項、應收聯營公司款項、受限制銀行存款以及銀行結存及現金)均採用實際利率法按攤銷成本減任何計量。

利息收入應用實際利率確認，惟確認利息並不重大之短期應收款項除外。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments (continued)****Financial assets (continued)****Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018) (continued)****AFS financial assets**

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through FVTPL.

Equity securities held by the Group that are classified as AFS financial assets are measured at fair value at the end of each reporting period except for unquoted equity investments whose fair value cannot be reliably measured. Dividends on AFS equity investments are recognised in profit or loss when the Group's right to receive the dividends is established. Changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Impairment of financial assets (before application of HKFRS 9 on 1 January 2018)

Financial assets, other than financial assets at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when 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.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

4. 主要會計政策(續)**金融工具(續)****金融資產(續)****金融資產之分類及後續計量(於二零一八年一月一日應用香港財務報告準則第9號前)(續)****可供出售金融資產**

可供出售金融資產乃指定為可供出售或未有分類為(a)貸款及應收款項、(b)持至到期投資或(c)於損益以公平價值列賬之金融資產之非衍生工具。

本集團持有分類為可供出售金融資產之股本證券於各報告期末以公平價值計量，惟無法可靠計量公平價值之無報價股本投資除外。當確立本集團收取股息之權利時，可供出售股本投資之股息於損益中確認。可供出售金融資產賬面值之變動於其他全面收益確認並於投資重估儲備中累計。

並無活躍市場報價且公平價值未能可靠計量之可供出售股本投資於各報告期末按成本減任何已識別減值虧損計量。

金融資產減值(於二零一八年一月一日應用香港財務報告準則第9號前)

金融資產(於損益以公平價值列賬之金融資產除外)於報告期末評估是否存在減值跡象。倘有客觀證據證明初始確認金融資產後發生之一項或多項事件導致金融資產之估計未來現金流量受到影響，則考慮對金融資產計提減值。

就可供出售股本投資而言，該證券之公平價值大幅或長期下降至低於其成本，即被視為客觀減值證據。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (before application of HKFRS 9 on 1 January 2018) (continued)

For all other financial assets, 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 or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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 or 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.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables and loan receivable, 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 or other 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.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(於二零一八年一月一日應用香港財務報告準則第9號前)(續)

就所有其他金融資產而言，客觀減值證據可包括：

- 發行人或對手方遇到嚴重財政困難；或
- 違約，例如逾期或拖欠償還利息或本金；或
- 借款人有可能破產或進行財務重組；或
- 因出現財政困難導致該金融資產失去活躍市場。

應收款項組合之客觀減值證據可包括本集團過往之收款經驗、延遲還款次數增加或與應收款項違約有關之全國或地方經濟狀況明顯改變。

就按攤銷成本列賬之金融資產而言，已確認之減值虧損金額乃按該資產之賬面值與按金融資產原先實際利率折現之估計未來現金流量之現值間之差額計量。

就按成本列賬之金融資產而言，減值虧損之金額以資產之賬面值與估計未來現金流量之現值(以類似金融資產之當前市場回報率折現)間之差額計量。該等減值虧損不會於其後期間撥回。

就所有金融資產而言，金融資產之賬面值直接按減值虧損調減，惟賬面值透過使用撥備賬目調減之應收賬項及其他應收款項以及應收貸款除外。撥備賬目之賬面值變動乃於損益內確認。倘應收賬項或其他應收款項被視為無法收回，則於撥備賬目撇銷。其後收回過往撇銷之款項計入損益。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments** (continued)**Financial assets** (continued)**Impairment of financial assets (before application of HKFRS 9 on 1 January 2018)** (continued)

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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 loss 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.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an AFS financial asset, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of a debt instrument classified as at FVTOCI upon application of HKFRS 9, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

4. 主要會計政策 (續)**金融工具** (續)**金融資產** (續)**金融資產減值 (於二零一八年一月一日應用香港財務報告準則第9號前)** (續)

當可供出售金融資產被視為減值時，先前於其他全面收益確認之累計收益或虧損會於本期間被重新分類至損益。

就按攤銷成本計量之金融資產而言，倘於往後期間，減值虧損金額減少，而該減少可客觀地與確認減值虧損後發生之事件相關聯，則先前確認之減值虧損透過損益撥回，惟該資產於撥回減值日期之賬面值不得超過在並無確認減值之情況下應有之攤銷成本。

就可供出售股本投資而言，早前確認至損益內之減值虧損不會透過損益撥回。於減值虧損後之任何公平價值增加直接於其他全面收益確認並於投資重估儲備中累計。

取消確認金融資產

僅當自資產收取現金流量之合約權利屆滿時，或本集團將金融資產及資產擁有權絕大部分風險及回報轉讓予另一實體時，本集團方會取消確認金融資產。

於取消確認按攤銷成本計量之金融資產時，資產賬面值與已收及應收總代價之間差額於損益確認。

於取消確認可供出售金融資產時，先前於投資重估儲備累計之累計收益或虧損重新分類至損益。

於取消確認應用香港財務報告準則第9號時分類為於其他全面收益以公平價值列賬之債務工具時，先前於其他全面收益以公平價值列賬儲備累計之累計收益或虧損重新分類至損益。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

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.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, bank and other borrowings and bonds payable) are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediate unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

4. 主要會計政策(續)

金融工具(續)

金融負債及權益工具

集團實體發行之金融負債及權益工具乃根據合同安排之性質以及金融負債及權益工具之定義分類為金融負債或權益。

權益工具

權益工具乃證明實體於扣減所有負債後之資產中擁有剩餘權益之任何合同。本公司發行之權益工具於扣除直接發行成本後按已收所得款項記賬。

實際利率法

實際利率法乃一種於相關期間內計算金融負債之攤銷成本及分配利息開支之方法。實際利率指於初始確認時將金融負債在預計年期或更短期間(如適用)內之估計未來現金付款(包括所有構成實際利率一部分的已付或已收費用及點數、交易成本以及其他溢價或折讓)準確折現至賬面淨值之折算率。

利息開支按實際利率基準確認。

按攤銷成本列賬之金融負債

金融負債(包括應付賬項及其他應付款項、銀行及其他借款以及應付債券)其後以實際利率法按攤銷成本計量。

衍生金融工具

衍生工具於訂立衍生工具合約當日初步按公平價值確認,其後於報告期末按公平價值重新計量,計算所得之盈虧即時於損益確認,惟如有關衍生工具被指定為有效的對沖工具則除外,在此情況下,其在損益確認之時間將取決於對沖關係之性質。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derivative financial instruments (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are initially measured at their fair values. It is subsequently measured at the higher of:

- (i) the amount of the loss allowance determined in accordance with HKFRS 9 (since 1 January 2018)/HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" (before application of HKFRS 9 on 1 January 2018); and
- (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

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

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

4. 主要會計政策(續)

金融工具(續)

衍生金融工具(續)

財務擔保合約

財務擔保合約乃規定發行人須作出特定付款以補償持有人因特定債務人未能根據債務工具條款支付到期款項而產生之虧損之合約。財務擔保合約負債初步按其公平價值計量，其後按以下各項之較高者計量：

- (i) 根據香港財務報告準則第9號(自二零一八年一月一日起)／香港會計準則第37號「撥備、或然負債及或然資產」(於二零一八年一月一日應用香港財務報告準則第9號前)釐定之虧損撥備金額；及
- (ii) 初始確認之金額減(倘適用)於擔保期內確認之累計攤銷。

有形及無形資產(商譽除外)之減值虧損(見上文有關商譽之會計政策)

於報告期末，本集團檢討其具有限使用年期之有形及無形資產之賬面值，以釐定是否有任何跡象顯示該等資產出現減值虧損。倘出現任何有關跡象，則須估計有關資產之可收回金額，以釐定減值虧損之程度(如有)。

有形資產及無形資產之可收回金額予以個別估計，倘無法個別估計資產之可收回金額，本集團則估算該資產所屬現金賺取單位之可收回金額。在可確定合理及一貫之分配基準情況下，公司資產亦分配至個別現金賺取單位，否則將分配至可確定合理及一貫之分配基準之最小現金賺取單位之組別。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) (continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or a cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

4. 主要會計政策(續)

有形及無形資產(商譽除外)之減值虧損(見上文有關商譽之會計政策)(續)

可收回金額乃公平價值減出售成本與使用價值之較高者。在評估使用價值時，估計未來現金流量使用稅前折現率折現至其現值，該折現率反映貨幣時間價值之當前市場估計及未調整估計未來現金流量之資產(或現金賺取單位)特定風險。

倘估計資產(或現金賺取單位)之可收回金額低於其賬面值，資產(或現金賺取單位)之賬面值將被削減至其可收回金額。在分配減值虧損時，減值虧損之分配次序為首先用以削減任何商譽之賬面值(倘適用)，然後根據單位內每項資產之賬面值按比例分配至其他資產。一項資產之賬面值不予削減至低於下列各項中之最高值：公平價值減出售成本(倘可計量)、其使用價值(倘可確定)及零。原應分配至該項資產之減值虧損金額按比例分配至單位內之其他資產。減值虧損即時於損益確認。

倘減值虧損其後撥回，有關資產(或現金賺取單位)之賬面值將增加至其可收回金額之經修訂估計值，惟所增加之賬面值不得超過該項資產(或現金賺取單位)於過往年度並無確認減值虧損時所應釐定之賬面值。減值虧損撥回即時於損益確認。

5. 關鍵會計判斷及估計不確定性的主要來源

於應用本集團的會計政策(於附註4載述)時，本公司董事須就從其他來源不顯而易見的資產及負債賬面值作出判斷、估計及假設。估計及相關假設乃以過往經驗及認為屬有關的其他因素為基礎。實際結果可能有別於該等估計。

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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

Critical judgment in applying accounting policies

The following is the critical judgement, apart from those involving estimation (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.

Classification of Truly (Hui Zhou) Smart Display Limited ("Truly HZ") as an associate

Note 20 describes that Truly HZ is an associate of the Group although the Group has 59.7% ownership interest and voting rights in Truly HZ. Other than the Group, there are two other shareholders in Truly HZ. The Directors assessed whether or not the Group has control over Truly HZ based on whether the Group has the practical ability to direct the relevant activities of Truly HZ unilaterally. Resolutions for relevant activities of Truly HZ require approval in shareholders' meetings as stated in the Articles of Association of Truly HZ. In making their judgement, the Directors considered the requirements for shareholders' meeting as stated in the Articles of Association of Truly HZ, in which it states a shareholders' meeting cannot be held without the presence of either one of the other two shareholders. On this basis, the Directors concluded that the Group does not have control but significant influence over Truly HZ because any resolutions to be passed in shareholders' meetings shall have the consent from either one of the other shareholders demonstrated by their action of being present in the meetings. Accordingly Truly HZ is classified as an associate of the Group.

5. 關鍵會計判斷及估計不確定性的主要來源 (續)

估計及相關假設會持續檢討。倘若會計估計修訂只影響該期間，則有關修訂會在修訂估計期間確認。倘若有關修訂既影響本期，亦影響未來期間，則有關修訂會在修訂期間及未來期間確認。

應用會計政策之關鍵判斷

除涉及估計之判斷(見下文)以外，以下為董事於應用本集團會計政策過程中所作對綜合財務報表中確認之金額產生最重大影響之關鍵判斷。

將信利(惠州)智能顯示有限公司(「信利惠州」)分類為聯營公司

誠如附註20所述，儘管本集團擁有信利惠州59.7%擁有權權益及投票權，惟信利惠州為本集團的聯營公司。除本集團外，信利惠州另有兩名股東。董事評估本集團是否對信利惠州擁有控制權時，乃基於本集團是否有實際能力單方面管理信利惠州的相關業務。信利惠州的組織章程細則訂明，信利惠州相關業務的決議案須於股東大會上批准。於作出判斷時，董事考慮信利惠州組織章程細則訂明有關股東大會的要求，其規定不得在其餘兩名股東其中一名缺席的情況下舉行股東大會。據此，董事認為本集團對信利惠州並無控制權但有重大影響力，因任何於股東大會上通過的決議案須經其餘股東其中一名藉出席會議來表示同意。因此，信利惠州分類為本集團聯營公司。

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5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty

Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, credit impaired trade receivables are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in note 25.

Estimated outcome of a litigation

As detailed in note 46(ii), as at 31 December 2018, a non-wholly owned subsidiary of the Company is a defendant in several legal actions in PRC in respect of the claims for infringement of the claimant's patents. The claims against the non-wholly owned subsidiary are approximately RMB151.5 million (equivalent to approximately HK\$172.6 million) in aggregate. The Directors believe, based on legal advice, that the case has legal and factual grounds to defend and therefore it is not probable that losses (including claims for costs) will be incurred. As a result, no provision has been made at the end of the reporting period in this regard.

5. 關鍵會計判斷及估計不確定性的主要來源 (續)

估計不確定性的主要來源

應收賬項之預期信用損失撥備

本集團使用撥備矩陣計算應收賬項之預期信用損失。撥備率按具有類似虧損型態之不同債務人組別之內部信貸評級計算。撥備矩陣以本集團歷史違約率為基準，當中計及毋須付出不必要成本或努力即可獲得合理可作為依據之前瞻性資料。於各報告日重新評估歷史觀察所得違約率，並考慮前瞻性資料之變動。此外，出現信貸減值之應收賬項乃個別評估預期信用損失。

預期信用損失撥備極受估計變動影響。有關預期信用損失及本集團應收賬項之資料於附註25披露。

訴訟之估計結果

誠如附註46(ii)所詳述，於二零一八年十二月三十一日，本公司非全資附屬公司為若干涉及就於中國侵犯申索人專利權提出申索之法律訴訟之被告人。針對該非全資附屬公司之申索合共約人民幣1.515億元(相等於約1.726億港元)。董事基於法律意見相信案件有法律及事實理據抗辯，故不大可能產生損失(包括成本索償)。因此，於報告期末並無就此作出撥備。

6. REVENUE

Revenue represents the gross proceeds received and receivable on the sale of goods during the year, net of sales tax, trade discounts and returns, and is analysed as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Sales of LCD products	銷售液晶體顯示器產品	12,070,050	15,083,343
Sales of electronic consumer products	銷售電子消費產品	7,692,392	5,650,075
		19,762,442	20,733,418

The Group satisfies its performance obligation for sales of LCD products and electronic consumer products when goods are delivered to the customer's specific location. Revenue from contracts with customers is recognised at a point in time. The normal credit period is 30 to 90 days upon delivery.

During the year ended 31 December 2018, all performance obligations for sales of LCD products and electronic consumer products are for period of one year or less. As permitted under HKFRS 15, the transaction price allocated to unsatisfied performance obligations as at the year ended 31 December 2018 is not disclosed.

7. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of performance focuses on the sales of different types of products. Inter-segment sales are charged at prevailing market rates. Thus the Group is currently organised into two operating segments which are sales of LCD products and electronic consumer products. The information for each operating segment is as follows:

LCD products	—	manufacture and distribution of LCD products and touch panel products
Electronic consumer products	—	manufacture and distribution of electronic consumer products such as compact camera module, fingerprint identification modules, personal health care products and electrical devices

6. 收益

收益指年內貨品銷售之已收及應收所得款項總額扣除銷售稅、貿易折讓及退貨，分析如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Sales of LCD products	銷售液晶體顯示器產品	12,070,050	15,083,343
Sales of electronic consumer products	銷售電子消費產品	7,692,392	5,650,075
		19,762,442	20,733,418

本集團於貨品交付客戶指定地點時履行其銷售液晶體顯示器產品及電子消費產品之履約責任。客戶合約收益於某一時間點確認。正常信貸期為交付後30至90日。

截至二零一八年十二月三十一日止年度，銷售液晶體顯示器產品及電子消費產品之履約責任均為期一年或以下。根據香港財務報告準則第15號之規定，毋須披露截至二零一八年十二月三十一日止年度分配至未履行履約責任之交易價格。

7. 分類資料

向本公司董事會（即主要營運決策者）報告以分配資源及評估表現的報告資料集中於不同類別產品的銷售。分類間銷售乃按現行市價支銷。因此，本集團目前分為兩個經營分類，即銷售液晶體顯示器產品及電子消費產品。各經營分類的資料如下：

液晶體顯示器產品	—	製造及分銷液晶體顯示器產品及觸控屏產品
電子消費產品	—	製造及分銷電子消費產品（例如微型相機模組、指紋識別模組、個人保健產品及電子設備）

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7. SEGMENT INFORMATION (continued)

Segment revenues and results

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

For the year ended 31 December 2018

		LCD products 液晶體 顯示器產品 HK\$'000 千港元	Electronic consumer products 電子 消費產品 HK\$'000 千港元	Segment total 分類總額 HK\$'000 千港元	Eliminations 對銷 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
REVENUE	收益					
External sales	外銷	12,070,050	7,692,392	19,762,442	-	19,762,442
Inter-segment sales	分類間銷售	-	239,302	239,302	(239,302)	-
		12,070,050	7,931,694	20,001,744	(239,302)	19,762,442
RESULT	業績					
Segment result	分類業績	686,423	377,164	1,063,587	(14,738)	1,048,849
Finance costs	財務費用					(353,679)
Unallocated expenses	未分配開支					(441,851)
Profit before tax	稅前溢利					253,319

7. 分類資料(續)

分類收益及業績

本集團按經營及報告分類劃分的收益及業績分析如下：

截至二零一八年十二月三十一日止年度

For the year ended 31 December 2017

截至二零一七年十二月三十一日止年度

		LCD products 液晶體 顯示器產品 HK\$'000 千港元	Electronic consumer products 電子 消費產品 HK\$'000 千港元	Segment total 分類總額 HK\$'000 千港元	Eliminations 對銷 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
REVENUE	收益					
External sales	外銷	15,083,343	5,650,075	20,733,418	-	20,733,418
Inter-segment sales	分類間銷售	-	223,498	223,498	(223,498)	-
		15,083,343	5,873,573	20,956,916	(223,498)	20,733,418
RESULT	業績					
Segment result	分類業績	850,760	100,354	951,114	(13,765)	937,349
Finance costs	財務費用					(323,108)
Unallocated expenses	未分配開支					(426,953)
Profit before tax	稅前溢利					187,288

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7. SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' salaries, gain (loss) on fair value changes of derivative financial instruments, finance costs and share of results of associates. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Other information

For the year ended 31 December 2018

7. 分類資料(續)

分類收益及業績(續)

經營分類之會計政策與附註4所述之本集團會計政策相同。分類溢利指未分配中央行政管理成本、董事薪金、衍生金融工具公平價值變動收益(虧損)、財務費用及分佔聯營公司業績之各分類所賺取溢利。此為向主要營運決策者報告以分配資源及評估表現之計算方法。

其他資料

截至二零一八年十二月三十一日止年度

	LCD products 液晶體顯示器產品 HK\$'000 千港元	Electronic consumer products 電子消費產品 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Amounts included in the measure of segment profits:	計算分類溢利所包括的金額：		
Depreciation (including amounts capitalised in inventories)	折舊(包括於存貨資本化之金額)	876,659	1,151,632
Loss on disposal/write off of property, plant and equipment	出售/撇銷物業、廠房及設備之虧損	18,178	20,665
Allowance for credit losses, net	信用損失撥備淨額	1,087	1,807

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7. SEGMENT INFORMATION (continued)

Other information (continued)

For the year ended 31 December 2017

7. 分類資料(續)

其他資料(續)

截至二零一七年十二月三十一日止年度

	LCD products 液晶體 顯示器產品 HK\$'000 千港元	Electronic consumer products 電子 消費產品 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Amounts included in the measure of segment profits:	計算分類溢利所包括的金額：		
Depreciation (including amounts capitalised in inventories)	872,298	240,209	1,112,507
Loss on disposal/write off of property, plant and equipment	95,659	1,430	97,089
Allowance for doubtful debts, net	31,105	–	31,105
Allowance for doubtful debt for a specific customer, net of insurance compensation received	322,662	91,007	413,669

Segment assets and liabilities are not disclosed as they are not regularly reviewed by chief operating decision maker.

由於分類資產及負債並非由主要營運決策者定期審閱，故並無披露該等資產及負債。

7. SEGMENT INFORMATION (continued)

Geographical information

The following table sets out information about (i) the Group's revenue from external customers by location of customers and (ii) the Group's non-current assets by location of assets.

		Revenue from external customers		Non-current assets	
		外部客戶收益		非流動資產	
		2018	2017	2018	2017
		二零一八年	二零一七年	二零一八年	二零一七年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
The PRC	中國	14,731,111	15,736,056	13,959,915	14,221,605
South Korea	南韓	1,274,048	912,926	-	-
Hong Kong	香港				
(country of domicile)	(本籍地)	655,161	688,524	94,314	80,455
Japan	日本	466,045	434,056	-	-
Europe	歐洲	1,352,908	1,540,453	-	-
Others	其他	1,283,169	1,421,403	-	-
		19,762,442	20,733,418	14,054,229	14,302,060

Notes:

- (i) Regarding revenue arising from sales to external customers in Europe and others, no individual countries are material and hence separate disclosure is not required.
- (ii) Non-current assets exclude financial assets at FVTPL, AFS investments and deferred tax assets.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

		2018	2017
		二零一八年	二零一七年
		HK\$'000	HK\$'000
		千港元	千港元
Customer A ¹	客戶甲 ¹	4,565,832	3,571,261
Customer B ¹	客戶乙 ¹	3,255,104	6,501,047

¹ Revenue from LCD products and electronic consumer products

7. 分類資料(續)

地區資料

下表載列(i)本集團按客戶所在地區分類的外部客戶收益及(ii)本集團按資產所在地區分類的非流動資產的資料。

附註：

- (i) 就來自歐洲及其他地區外部客戶的銷售收益而言，概無個別國家佔有重大份額，故並無呈列獨立披露資料。
- (ii) 非流動資產不包括於損益以公平價值列賬之金融資產、可供出售投資及遞延稅項資產。

主要客戶資料

於相應年度對本集團總銷售額貢獻超過10%之客戶收益如下：

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8. OTHER INCOME

8. 其他收入

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Other income includes:	其他收入包括：		
Government grants (see note 41)	政府津貼(見附註41)	28,767	88,684
Interest income	利息收入	16,842	27,795
Interest income from an associate	來自聯營公司之利息收入	32,395	10,203
Rental income	租金收入	11,543	11,379
Compensation income	賠償收入	11,372	40,585
Dividends from AFS investments	可供出售投資之股息	–	311
Sundry income	雜項收入	2,083	2,836
		103,002	181,793

9. OTHER GAINS AND LOSSES

9. 其他損益

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
(Gain) loss on fair value changes of derivative financial instruments, net	衍生金融工具公平價值變動(收益)虧損淨額	(17,163)	87,736
Net foreign exchange loss (gain)	外匯虧損(收益)淨額	112,085	(134,218)
Loss on disposal/write-off of property, plant and equipment	出售/撇銷物業、廠房及設備之虧損	20,665	97,089
Allowance for credit losses/doubtful debts, net	信用損失/呆賬撥備淨額	1,807	31,105
Reversal of allowance for loan receivable	應收貸款撥備撥回	(11,880)	(11,500)
Reversal of allowance for other receivables written off in previous years	過往年度撇銷其他應收款項撥備撥回	(2,851)	–
Gain on disposal of non-current assets held for sale	出售持作出售非流動資產之收益	–	(321)
		102,663	69,891

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10. FINANCE COSTS

10. 財務費用

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Interest on bank and other borrowings	銀行及其他借款之利息	300,542	271,751
Effective interest expense on bonds payable	應付債券之實際利息開支	53,137	51,357
		353,679	323,108

11. INCOME TAX EXPENSE

11. 所得稅開支

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current tax:	本期稅項：		
Hong Kong	香港	–	–
PRC Enterprise Income Tax	中國企業所得稅	114,547	142,762
Other jurisdictions	其他司法權區	400	1,085
		114,947	143,847
Withholding tax	預扣稅	14,455	23,950
		129,402	167,797
(Over)underprovision in prior years:	過往年度(超額撥備)撥備不足：		
Hong Kong	香港	(101)	–
The PRC	中國	(6,115)	6,175
		(6,216)	6,175
Deferred tax (see note 34)	遞延稅項(見附註34)	(18,080)	(79,521)
Income tax expense for the year	本年度所得稅開支	105,106	94,451

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11. INCOME TAX EXPENSE (continued)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The Directors consider the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Income tax arising in the PRC and other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Pursuant to the relevant law and regulations in the PRC, PRC subsidiaries qualified as Hi-Tech Enterprise are entitled to 15% PRC enterprise income tax.

Pursuant to the PRC Enterprise Income Tax Law (the "EIT Law of PRC") and the Detailed Implementation Rules, distribution of the profits earned by the PRC subsidiaries since 1 January 2008 to holding companies incorporated in Hong Kong is subject to the PRC withholding tax at the applicable tax rates of 5% to 10%.

11. 所得稅開支(續)

於二零一八年三月二十一日，香港立法會通過二零一七年稅務(修訂)(第7號)條例草案(「條例草案」)，引入兩級制利得稅率制度。條例草案於二零一八年三月二十八日簽署成為法律並於翌日刊登憲報。根據兩級制利得稅率制度，合資格集團實體首2百萬港元溢利將按8.25%之稅率徵稅，而超過2百萬港元之溢利則按16.5%之稅率徵稅。不符合兩級制利得稅率制度資格之集團實體之溢利將繼續按16.5%之劃一稅率徵稅。董事認為，實施兩級制利得稅率制度所牽涉金額對綜合財務報表而言並不重大。香港利得稅乃就兩個年度內估計應課稅溢利按稅率16.5%計算。

於中國及其他司法權區產生之所得稅按相關司法權區之現行稅率計算。

根據中國相關法律及法規，符合高新技術企業資格之中國附屬公司所享有中國企業所得稅率為15%。

根據中國企業所得稅法(「中國企業所得稅法」)及實施條例細則，自二零零八年一月一日起，就向於香港註冊成立之控股公司分派中國附屬公司賺取之溢利須按5%至10%之適用稅率繳納中國預扣稅。

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11. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Profit before tax	稅前溢利	253,319	187,288
Add: share of results of associates	加：分佔聯營公司業績	444,172	371,980
		697,491	559,268
Tax at the average income tax rate of 14.52% (2017: 14.39%) (Note)	按平均所得稅率 14.52% (二零一七年：14.39%) 課稅 (附註)	101,276	80,479
Tax effect of expenses not deductible for tax purpose	不可扣稅支出之稅務影響	48,053	32,322
Tax effect of income not taxable for tax purpose	毋須課稅收入之稅務影響	(33,718)	(47,899)
(Over)underprovision in respect of prior years	過往年度(超額撥備)撥備不足	(6,216)	6,175
Tax effect of tax losses not recognised	未確認稅務虧損之稅務影響	834	26,940
Utilisation of tax losses not recognised	動用未確認稅務虧損	(26,929)	–
Withholding tax on undistributed earnings of PRC subsidiaries	中國附屬公司未分派盈利之預扣稅	10,239	14,486
Withholding tax on interest income	利息收入之預扣稅	14,455	–
Overprovision of withholding tax in respect of PRC subsidiaries on distributed earnings in prior years	中國附屬公司過往年度已分派盈利之預扣稅超額撥備	–	(12,603)
Others	其他	(2,888)	(5,449)
Income tax expense for the year	本年度所得稅開支	105,106	94,451

Note: The average income tax rate for the year ended 31 December 2018 and 2017 represents the weighted average tax rate of the operations in different jurisdictions on the basis of the relevant amounts of profit before tax and the tax rate of the relevant entities for the year.

11. 所得稅開支(續)

本年度之所得稅開支與綜合損益及其他全面收益表之稅前溢利之對賬如下：

附註：截至二零一八年及二零一七年十二月三十一日止年度之平均所得稅率指根據稅前溢利相關款額及年內相關實體之稅率計算之不同司法權區業務之加權平均稅率。

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12. PROFIT FOR THE YEAR

12. 本年度溢利

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Profit for the year has been arrived at after charging:	本年度溢利乃於扣除以下各項後達致：		
Auditor's remuneration	核數師酬金	3,200	3,200
Cost of inventories recognised as expenses	確認為開支之存貨成本	17,210,826	17,881,679
Research expenses (included in cost of sales)	研究開支 (列入銷售成本)	666,063	811,572
Depreciation of property, plant and equipment (including amounts capitalised in inventories)	物業、廠房及設備折舊(包括於存貨資本化之金額)	1,151,632	1,112,507
Operating lease rental in respect of rented premises	租賃物業之經營租約租金	13,299	16,489
Release of prepaid lease payments	解除預付租賃款項	6,534	8,441
Staff costs, inclusive of directors' remuneration:	員工成本， 包括董事酬金：		
Salaries and other benefits	薪金及其他福利	1,704,709	1,756,665
Retirement benefits scheme contributions	退休福利計劃供款	135,441	140,583
		1,840,150	1,897,248

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13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Companies Ordinance, is as follows:

2018

(a) EXECUTIVE DIRECTORS

		Wong		Cheung	Ma	Song	Dai	Cheung	Total
		Lam	Pong Chun,	Cheung	Ma	Song	Dai	Wing	Total
		Wai Wah	James	Tat Sang	Wai Tong	Bei Bei	Cheng Yun	Cheung	Total
		林偉華	黃邦俊	張達生	馬煒堂	宋貝貝	戴成雲	張榮祥	總額
		HK\$' 000	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	千港元
				(Note i)	(Note ii)	(Note ii)	(Note ii)	(Note ii)	
				(附註 i)	(附註 ii)	(附註 ii)	(附註 ii)	(附註 ii)	
Fees	袍金	-	-	-	-	-	-	-	-
Other emoluments:	其他酬金：								
Salaries and other benefits	薪金及其他福利	3,995	1,914	2,159	256	148	106	141	8,719
Performance related incentive payments (note)	與表現掛鈎之獎金 (附註)	1,780	156	175	21	-	-	24	2,156
Contributions to retirement benefit scheme	退休福利計劃供款	6	36	31	3	2	1	3	82
Sub-total	小計	5,781	2,106	2,365	280	150	107	168	10,957

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

Notes:

- (i) Mr. Cheung Tat Sang resigned as an executive director of the Company on 8 November 2018.
- (ii) Mr. Ma Wai Tong, Mr. Song Bei Bei, Mr. Dai Cheng Yun and Mr. Cheung Wing Cheung were appointed as executive directors of the Company on 8 November 2018.

13. 董事及行政總裁酬金

根據適用上市規則及公司條例披露年內董事及行政總裁之酬金如下：

二零一八年

(a) 執行董事

上述所示執行董事之酬金主要為彼等就管理本公司及本集團事務時提供服務之酬金。

附註：

- (i) 張達生先生於二零一八年十一月八日辭任本公司執行董事。
- (ii) 馬煒堂先生、宋貝貝先生、戴成雲先生及張榮祥先生於二零一八年十一月八日獲委任為本公司執行董事。

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13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

2018 (continued)

(b) NON-EXECUTIVE DIRECTOR

		Li Jian Hua 李建華	Total 總額
		HK\$'000 千港元	HK\$'000 千港元
Fees	袍金	–	–
Other emoluments:	其他酬金：		
Salaries and other benefits	薪金及其他福利	1,930	1,930
Performance related incentive payments (note)	與表現掛鈎之獎金 (附註)	–	–
Contributions to retirement benefit scheme	退休福利計劃供款	8	8
Sub-total	小計	1,938	1,938

The non-executive director's emolument shown above was mainly for his service as Director of the Company or its subsidiary. Mr. Li Jian Hua resigned as a non-executive director of the Company on 8 November 2018.

上述所示非執行董事之酬金主要為彼就擔任本公司或其附屬公司董事時提供服務之酬金。李建華先生於二零一八年十一月八日辭任本公司非執行董事。

(c) INDEPENDENT NON-EXECUTIVE DIRECTORS

		Chung Kam Kwong 鍾錦光	Ip Cho Ting, Spencer 葉祖亨	Heung Kai Sing 香啟誠	Total 總額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Fees	袍金	264	132	132	528
Other emoluments:	其他酬金：				
Salaries and other benefits	薪金及其他福利	–	–	–	–
Performance related incentive payments	與表現掛鈎之獎金	–	–	–	–
Contributions to retirement benefit scheme	退休福利計劃供款	–	–	–	–
Sub-total	小計	264	132	132	528

(c) 獨立非執行董事

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13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

2018 (continued)

(c) INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

The independent non-executive directors' emoluments shown above were mainly for their services as Directors of the Company.

13. 董事及行政總裁酬金(續)

二零一八年(續)

(c) 獨立非執行董事(續)

上述所示獨立非執行董事之酬金主要為彼等就擔任本公司董事時提供服務之酬金。

		HK\$'000 千港元
Total for all directors in 2018	二零一八年全體董事總計	13,423

2017

(a) EXECUTIVE DIRECTORS

二零一七年

(a) 執行董事

		Lam Wai Wah 林偉華 HK\$'000 千港元	Wong Pong Chun, James 黃邦俊 HK\$'000 千港元	Cheung Tat Sang 張達生 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Fees	袍金	-	-	-	-
Other emoluments:	其他酬金：				
Salaries and other benefits	薪金及其他福利	4,028	1,924	2,553	8,505
Performance related incentive payments (note)	與表現掛鈎之獎金(附註)	9,157	468	615	10,240
Contributions to retirement benefit scheme	退休福利計劃供款	36	36	36	108
Sub-total	小計	13,221	2,428	3,204	18,853

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

上述所示執行董事之酬金主要為彼等就管理本公司及本集團事務時提供服務之酬金。

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13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

2017 (continued)

(b) NON-EXECUTIVE DIRECTOR

		Li Jian Hua 李建華 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Fees	袍金	–	–
Other emoluments:	其他酬金：		
Salaries and other benefits	薪金及其他福利	2,305	2,305
Performance related incentive payments (note)	與表現掛鈎之獎金 (附註)	192	192
Contributions to retirement benefit scheme	退休福利計劃供款	8	8
Sub-total	小計	2,505	2,505

The non-executive director's emolument shown above was mainly for his service as Director of the Company or its subsidiary.

13. 董事及行政總裁酬金(續)

二零一七年(續)

(b) 非執行董事

上述所示非執行董事之酬金主要為彼就擔任本公司或其附屬公司董事時提供服務之酬金。

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13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

2017 (continued)

(c) INDEPENDENT NON-EXECUTIVE DIRECTORS

		Chung Kam Kwong 鍾錦光 HK\$'000 千港元	Ip Cho Ting, Spencer 葉祖亭 HK\$'000 千港元	Heung Kai Sing 香啟誠 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Fees	袍金	264	132	132	528
Other emoluments:	其他酬金：				
Salaries and other benefits	薪金及其他福利	-	-	-	-
Performance related incentive payments	與表現掛鈎之獎金	-	-	-	-
Contributions to retirement benefit scheme	退休福利計劃供款	-	-	-	-
Sub-total	小計	264	132	132	528

The independent non-executive directors' emoluments shown above were mainly for their services as Directors of the Company.

上述所示獨立非執行董事之酬金主要為彼等就擔任本公司董事時提供服務之酬金。

		HK\$'000 千港元
Total for all directors in 2017	二零一七年全體董事總計	21,886

Note: The performance related incentive payments are based on the remuneration approved by the remuneration committee for the years ended 31 December 2018 and 2017.

附註：與表現掛鈎之獎金乃根據截至二零一八年及二零一七年十二月三十一日止年度薪酬委員會批准之酬金釐定。

Mr. Lam Wai Wah is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

林偉華先生亦為本公司行政總裁，彼於上文披露之酬金包括彼作為行政總裁時提供服務之酬金。

Neither the Chief Executive nor any of the Directors waived any emoluments during the years ended 31 December 2018 and 2017.

截至二零一八年及二零一七年十二月三十一日止年度，概無行政總裁或任何董事放棄收取任何酬金。

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14. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included two (2017: four) directors and the chief executive, details of whose remunerations are set out in note 13 above. Details of the remuneration for the year of the remaining one newly appointed director and two resigned directors who have remained as employees of the Group (2017: one individual) are as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	6,606	1,808
Performance related incentive payments	與表現掛鈎之獎金	350	362
Contributions to retirement benefit scheme	退休福利計劃供款	63	18
		7,019	2,188

His emoluments were within the following bands:

		2018 二零一八年 Number of employee 僱員數目	2017 二零一七年 Number of employee 僱員數目
HK\$1,500,001 to HK\$2,000,000	1,500,001 港元至 2,000,000 港元	1	–
HK\$2,000,001 to HK\$2,500,000	2,000,001 港元至 2,500,000 港元	1	1
HK\$2,500,001 to HK\$3,000,000	2,500,001 港元至 3,000,000 港元	1	–

14. 五名最高薪酬僱員

年內，本集團五名最高薪酬僱員包括兩名(二零一七年：四名)董事及行政總裁，其酬金詳情載於上文附註13。年內，餘下一名新任董事及兩名辭任董事但留任本集團僱員之人士(二零一七年：一名人士)之酬金詳情如下：

有關僱員酬金之金額介乎：

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15. DIVIDENDS

15. 股息

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Dividends recognised as distribution during the year:	本年度確認為分派之股息：		
2017 Interim dividend of 1 HK cent per share (2018 Interim dividend: nil)	二零一七年年中期股息每股1港仙 (二零一八年年中期股息：無)	-	29,071
2016 Final dividend of 2 HK cents per share (2017 Final dividend: nil)	二零一六年年末期股息每股2港仙 (二零一七年年末期股息：無)	-	58,142
		-	87,213

No interim dividend has been paid or declared by the Company during the year ended 31 December 2018. The 2017 interim dividend in aggregate of 1 HK cent per share amounting to approximately HK\$29,071,000, which was paid in September 2017 to shareholders on the register of members of the Company at the close of business on 15 June 2017, based on 2,907,099,398 ordinary shares in issue.

No final dividend has been paid or declared by the Company in respect of the year ended 31 December 2018 and 31 December 2017.

本公司並無就截至二零一八年十二月三十一日止年度派付或宣派任何中期股息。二零一七年年中期股息每股1港仙(按已發行2,907,099,398股普通股計算合共約為29,071,000港元)已於二零一七年九月派付予於二零一七年六月十五日營業時間結束時名列本公司股東名冊之股東。

本公司並無就截至二零一八年十二月三十一日及二零一七年十二月三十一日止年度派付或宣派任何末期股息。

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

16. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

Earnings

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Earnings for the purposes of basic earnings per share	用以計算每股基本盈利之盈利		
Profit for the year attributable to owners of the Company	本公司擁有人 應佔本年度溢利	74,190	62,987

Number of shares

		2018 二零一八年 '000 千股	2017 二零一七年 '000 千股
Weighted average number of ordinary shares for the purposes of basic earnings per share	用以計算每股基本盈利之 加權平均普通股數目	3,145,896	2,962,039

No diluted earnings per share is presented as there were no potential ordinary shares outstanding at the end of the reporting date.

16. 每股盈利

每股基本盈利乃根據下列數據計算：

盈利

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Earnings for the purposes of basic earnings per share	用以計算每股基本盈利之盈利		
Profit for the year attributable to owners of the Company	本公司擁有人 應佔本年度溢利	74,190	62,987

股份數目

		2018 二零一八年 '000 千股	2017 二零一七年 '000 千股
Weighted average number of ordinary shares for the purposes of basic earnings per share	用以計算每股基本盈利之 加權平均普通股數目	3,145,896	2,962,039

由於報告日結束時並無潛在已發行普通股，故並無呈列每股攤薄盈利。

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17. PROPERTY, PLANT AND EQUIPMENT

17. 物業、廠房及設備

		Leasehold land and buildings 租賃 土地及樓宇 HK\$'000 千港元	Furniture, fixtures and equipment 傢俬、裝置 及設備 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 總額 HK\$'000 千港元
COST	成本						
At 1 January 2017	於二零一七年一月一日	1,546,488	1,396,621	10,037,949	34,147	1,131,697	14,146,902
Currency realignment	貨幣調整	99,081	109,561	943,671	1,552	91,574	1,245,439
Additions	添置	2,076	214,242	3,057,645	4,847	819,925	4,098,735
Disposals/write off	出售/撇銷	-	-	(365,612)	(1,728)	-	(367,340)
Transfers	調撥	9,281	-	177,460	-	(186,741)	-
At 31 December 2017	於二零一七年十二月三十一日	1,656,926	1,720,424	13,851,113	38,818	1,856,455	19,123,736
Currency realignment	貨幣調整	(71,446)	(86,749)	(767,822)	(1,431)	(135,967)	(1,063,415)
Additions	添置	54,877	114,272	1,030,293	9,229	1,058,592	2,267,263
Disposals/write off	出售/撇銷	-	-	(91,504)	(1,076)	-	(92,580)
Transfers	調撥	-	-	116,095	-	(116,095)	-
At 31 December 2018	於二零一八年十二月三十一日	1,640,357	1,747,947	14,138,175	45,540	2,662,985	20,235,004
DEPRECIATION	折舊						
At 1 January 2017	於二零一七年一月一日	347,402	648,216	4,881,002	28,212	-	5,904,832
Currency realignment	貨幣調整	19,554	54,491	403,958	1,323	-	479,326
Provided for the year	年度撥備	44,581	158,810	905,662	3,454	-	1,112,507
Eliminated on disposals/ write off	出售/撇銷對銷	-	-	(261,436)	(1,301)	-	(262,737)
At 31 December 2017	於二零一七年十二月三十一日	411,537	861,517	5,929,186	31,688	-	7,233,928
Currency realignment	貨幣調整	(15,571)	(46,702)	(332,291)	(1,066)	-	(395,630)
Provided for the year	年度撥備	42,567	124,291	979,961	4,813	-	1,151,632
Eliminated on disposals/ write off	出售/撇銷對銷	-	-	(61,717)	(813)	-	(62,530)
At 31 December 2018	於二零一八年十二月三十一日	438,533	939,106	6,515,139	34,622	-	7,927,400
CARRYING VALUES	賬面值						
At 31 December 2018	於二零一八年十二月三十一日	1,201,824	808,841	7,623,036	10,918	2,662,985	12,307,604
At 31 December 2017	於二零一七年十二月三十一日	1,245,389	858,907	7,921,927	7,130	1,856,455	11,889,808

The cost of leasehold land and buildings is depreciated over forty years or the terms of the respective leases, whichever is the shorter, using the straight-line method.

租賃土地及樓宇之成本以直線法以四十年年期或各自租賃年期(以較短者為準)折舊。

The other items of property, plant and equipment, other than construction in progress, are depreciated on a reducing balance method at the following rates per annum:

其他物業、廠房及設備項目(在建工程除外)以餘額遞減法,按以下年率計算折舊:

Furniture, fixtures and equipment	10% to 20%	傢俬、裝置及設備	10% 至 20%
Plant and machinery	11% to 15%	廠房及機器	11% 至 15%
Motor vehicles	25% to 30%	汽車	25% 至 30%

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18. PREPAID LEASE PAYMENTS

18. 預付租賃款項

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
The Group's prepaid lease payments comprise:	本集團預付租賃款項包括：		
Land use rights in the PRC	在中國持有之土地使用權	391,808	370,054
Analysed for reporting purposes as:	就匯報目的分析如下：		
Non-current asset	非流動資產	383,123	361,225
Current asset	流動資產	8,685	8,829
		391,808	370,054

19. INTANGIBLE ASSETS

19. 無形資產

		Technical know-how 技術專業知識 HK\$'000 千港元
COST	成本	
At 1 January 2017, 31 December 2017 and 31 December 2018	於二零一七年一月一日、二零一七年十二月三十一日及二零一八年十二月三十一日	23,230
AMORTISATION	攤銷	
At 1 January 2017 and 31 December 2017 and 31 December 2018	於二零一七年一月一日及二零一七年十二月三十一日及二零一八年十二月三十一日	23,230
CARRYING VALUES	賬面值	
At 31 December 2018	於二零一八年十二月三十一日	-
At 31 December 2017	於二零一七年十二月三十一日	-

Technical know-how are amortised on a straight-line basis over four years.

技術專業知識乃以直線法攤銷，攤銷期為四年。

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20. INTERESTS IN ASSOCIATES

20. 於聯營公司的權益

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Cost of investments — unlisted	投資成本 — 非上市	2,574,599	2,574,599
Share of results and other comprehensive expense	應佔業績及其他全面開支	(1,248,836)	(803,010)
Exchange difference arising on translation	換算產生之外匯差額	(94,699)	(22,808)
		1,231,064	1,748,781

Details of the Group's associates at the end of the reporting period are as follows:

本集團於報告期末之聯營公司詳情如下：

Name of entity 實體名稱	Form of entity 實體形式	Place of registration 註冊地點	Principal place of operation 主要營業地點	Class of shares 股份類別	Proportion of ownership interest held by the Group 本集團持有之所有權益比例		Principal activities 主要業務
					2018 二零一八年	2017 二零一七年	
Truly HZ 信利惠州	Incorporated 註冊成立	The PRC 中國	The PRC 中國	Registered capital 註冊資本	59.7%* (Note i) (附註 i)	59.7%* (Note i) (附註 i)	Development and production of active-matrix organic light-emitting diode and LCD products 開發及生產有源矩陣有機發光二極管及液晶體顯示器產品
杭州登虹科技有限公司 (「杭州登虹科技」)	Incorporated 註冊成立	The PRC 中國	The PRC 中國	Registered capital 註冊資本	11.8%* (Note ii) (附註 ii)	12.5% (Note ii) (附註 ii)	Development and production of intelligent camera 開發及生產智能相機
Truly (Renshou) High-end Display Technology Limited (「Truly RS」) 信利(仁壽)高端顯示科技有限公司(「信利仁壽」)	Incorporated 註冊成立	The PRC 中國	The PRC 中國	Registered capital 註冊資本	7.1%* (Note iii) (附註 iii)	7.1%* (Note iii) (附註 iii)	Development and production of LCD products (set up stage in 2018) 開發及生產液晶體顯示器產品(於二零一八年成立)

* Rounded to one decimal point for disclosure purpose.

* 就披露目的四捨五入至一個小數點。

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20. INTERESTS IN ASSOCIATES (continued)

Notes:

- (i) According to the Articles of Association of Truly HZ, shareholders' meeting cannot be held without the presence of either one of the other two shareholders. The Directors consider that the Group does not have control but only significant influence over Truly HZ under such a term because any resolutions to be passed in shareholders' meetings shall have the consent from either one of the other shareholders demonstrated by their action of being present in the meetings. Truly HZ is therefore classified as an associate of the Group.

On 5 May 2017, 信利半導體有限公司(“信利半導體”) entered into a capital increase agreement with the other two shareholders to increase the registered capital of Truly HZ from RMB2,300,000,000 to RMB2,682,641,157 by capitalisation of an amount due from Truly HZ of RMB410,000,000 (equivalent to approximately HK\$471,500,000).

- (ii) The Group is able to exercise significant influence over 杭州登虹科技 because it has the power to appoint one out of five directors of 杭州登虹科技 under the Articles of Association of 杭州登虹科技 where the relevant activities of 杭州登虹科技 is directed by the board of directors.
- (iii) The Group has significant influence over Truly RS by virtue of the substantial voting right of 67.1% granted to the Group in the first ten years since the incorporation of Truly RS, as stated in the shareholders' agreement of Truly RS. Other than the Group, there are two other shareholders in Truly RS. According to the Articles of Association of Truly RS, shareholders' meeting cannot be held without the presence of either one of the other two shareholders. The Directors consider that the Group does not have control but only significant influence over Truly RS under such a term because relevant activities of the associate is directed through shareholder's meeting and any resolutions to be passed in shareholders' meetings shall have the consent from either one of the other shareholders demonstrated by their action of being present in the meetings. Truly RS is therefore classified as an associate of the Group.

20. 於聯營公司的權益(續)

附註：

- (i) 根據信利惠州的組織章程細則，不得在其餘兩名股東其中一名缺席的情況下舉行股東大會。董事認為在該條款下，本集團對信利惠州並無控制權，僅有重大影響力，因任何於股東大會上通過的決議案須經其餘股東其中一名藉出席會議來表示同意。因此，信利惠州分類為本集團聯營公司。

於二零一七年五月五日，信利半導體有限公司(「信利半導體」)與其他兩名股東訂立增資協議，藉由將應收信利惠州款項人民幣410,000,000元(相當於約471,500,000港元)撥充資本，將信利惠州之註冊資本由人民幣2,300,000,000元增加至人民幣2,682,641,157元。

- (ii) 由於本集團有權根據杭州登虹科技之組織章程細則委任一名董事作為該公司五名董事之一，故本集團可對杭州登虹科技行使重大影響力，而杭州登虹科技的相關活動由董事會主導。
- (iii) 誠如信利仁壽股東協議所載，本集團對信利仁壽有重大影響力，原因是本集團自信利仁壽註冊成立起計首十年獲授67.1%重大投票權。除本集團外，信利仁壽尚有其他兩名股東。根據信利仁壽的組織章程細則，不得在其餘兩名股東其中一名缺席的情況下舉行股東大會。董事認為在該條款下，本集團對信利仁壽並無控制權，僅有重大影響力，因該聯營公司相關活動乃透過股東大會主導及任何於股東大會上通過的決議案須經其餘股東其中一名藉出席會議來表示同意。因此，信利仁壽分類為本集團聯營公司。

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20. INTERESTS IN ASSOCIATES (continued)

Summarised financial information of material associates

Summarised financial information in respect of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with HKFRSs.

All of these associates are accounted for using the equity method in these consolidated financial statements.

Truly HZ

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current assets	流動資產	762,538	1,339,940
Non-current assets	非流動資產	5,358,061	6,072,966
Current liabilities	流動負債	2,704,731	2,462,889
Non-current liabilities	非流動負債	2,493,696	3,219,417
Revenue	收益	826,806	710,423
Loss for the year	本年度虧損	(747,252)	(668,006)
Other comprehensive (expense) income for the year	本年度其他全面(開支)收益	(2,771)	3,307
Total comprehensive expense for the year	本年度全面開支總額	(750,023)	(664,699)

20. 於聯營公司的權益(續)

重大聯營公司的財務資料概要

有關本集團重大聯營公司的財務資料概要載列如下。以下財務資料概要指按照香港財務報告準則所編制聯營公司財務報表內所示的金額。

所有該等聯營公司乃採用權益會計法於此等綜合財務報表入賬。

信利惠州

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20. INTERESTS IN ASSOCIATES (continued)

Summarised financial information of material associates (continued)

Truly HZ (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Net assets of Truly HZ	信利惠州資產淨值	922,172	1,730,600
Proportion of the Group's ownership interest in Truly HZ	本集團於信利惠州的所有權權益比例	59.7%	59.7%
Goodwill	商譽	550,573 87,762	1,033,236 92,539
Carrying amount of the Group's interest in Truly HZ	本集團於信利惠州的權益的賬面值	638,335	1,125,775

Truly RS

信利仁壽

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current assets	流動資產	1,582,628	1,208,425
Non-current assets	非流動資產	6,833,228	2,393,870
Current liabilities	流動負債	449,854	1,728
Loss and total comprehensive expense for the year	本年度虧損及全面開支總額	(4,891)	(2,330)

20. 於聯營公司的權益(續)

重大聯營公司的財務資料概要(續)

信利惠州(續)

上述財務資料概要與綜合財務報表內確認於聯營公司的權益的賬面值對賬如下：

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20. INTERESTS IN ASSOCIATES (continued)

Summarised financial information of material associates (continued)

Truly RS (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Net assets of Truly RS	信利仁壽資產淨值	7,966,002	3,600,567
Capital not yet contributed by other shareholders	其他股東尚未注入的資本	–	4,804,000
		7,966,002	8,404,567
Proportion of the Group's ownership interest in Truly RS	本集團於信利仁壽的所有權權益比例	7.1%	7.1%
Carrying amount of the Group's interest in Truly RS	本集團於信利仁壽的權益的賬面值	569,000	600,326

杭州登虹科技

杭州登虹科技

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
The Group's share of profit from operations	本集團應佔經營溢利	2,316	4,136
The Group's share of total comprehensive income	本集團應佔全面收入總額	2,316	4,136
Carrying amount of the Group's interest in the associate	本集團於聯營公司的權益的賬面值	23,729	22,680

20. 於聯營公司的權益(續)

重大聯營公司的財務資料概要(續)

信利仁壽(續)

上述財務資料概要與綜合財務報表內確認於聯營公司的權益的賬面值對賬如下：

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21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

21. 於損益以公平價值列賬之金融資產

		2018 二零一八年 HK\$'000 千港元
Listed equity shares in Hong Kong (note)	於香港上市之權益股份(附註)	10,316

Note:

The investment represents equity interest in a company with its shares listed on the Stock Exchange, which is stated at fair value. The fair value of listed equity security is determined based on quoted market bid price available from the relevant stock exchange. During the year ended 31 December 2018, a fair value gain of HK\$4,142,000 has been recognised in profit or loss.

附註：

該投資指於一間公司之股本權益，該公司之股份於聯交所上市，並按公平價值列賬。上市股本證券之公平價值按於有關證券交易所所報之市場買入價釐定。截至二零一八年十二月三十一日止年度，公平價值收益4,142,000港元已於損益確認。

22. AVAILABLE-FOR-SALE INVESTMENTS

22. 可供出售投資

		2017 二零一七年 HK\$'000 千港元
Listed equity shares in Hong Kong (note a)	於香港上市之權益股份(附註a)	6,174
Unlisted equity shares, at cost (note b)	非上市權益股份(按成本值)(附註b)	18,624
Less: Impairment loss recognised	減：已確認減值虧損	(18,624)
		-
Total	總額	6,174

Notes:

- (a) The investment represents equity interest in a company with its shares listed on the Stock Exchange, which was stated at fair value. The fair value of listed equity security was determined based on quoted market bid price available from the relevant stock exchange. During the year ended 31 December 2017, impairment loss of HK\$8,519,000 has been recognised in profit or loss.
- (b) The investments represent the unlisted equity shares issued by private entities in Japan and Taiwan. The investments were stated at cost less impairment. The Directors had assessed the relevant recoverable amount and an impairment loss of HK\$577,000 had been recognised in profit or loss during the year ended 31 December 2017.

附註：

- (a) 該投資指於一間公司之股本權益，該公司的股份於聯交所上市，並按公平價值列賬。上市股本證券之公平價值按於有關證券交易所所報之市場買入價釐定。截至二零一七年十二月三十一日止年度，減值虧損8,519,000港元已於損益確認。
- (b) 該投資指日本及台灣私人實體發行的非上市權益股份。該等投資乃按成本值減減值入賬。截至二零一七年十二月三十一日止年度，董事已經評估相關可收回金額，減值虧損577,000港元已於損益確認。

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23. INVENTORIES

23. 存貨

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Raw materials	原材料	1,273,907	1,249,151
Work in progress	在製品	1,156,674	393,026
Finished goods	製成品	702,041	937,442
		3,132,622	2,579,619

24. LOAN RECEIVABLE

24. 應收貸款

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Interest-free loan receivable	免息應收貸款	10,764	23,359
Less: allowance for loan receivable	減：應收貸款撥備	(10,764)	(23,359)
		-	-

As at 31 December 2018, the loan receivable of HK\$10,764,000 has been past due 90 days or more. The Directors consider the amount as credit impaired.

During the year ended 31 December 2018, an amount of approximately HK\$11,880,000 (2017: HK\$11,500,000) has been received and accordingly the amount is recognised in profit or loss as a reversal of allowance for loan receivable.

於二零一八年十二月三十一日，為數10,764,000港元之應收貸款已逾期90日或以上。董事認為該款項已出現信貸減值。

截至二零一八年十二月三十一日止年度，已收取款項約11,880,000港元(二零一七年：11,500,000港元)，因此該款項已於損益確認為應收貸款撥備撥回。

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25. TRADE AND OTHER RECEIVABLES

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Trade and bills receivables	應收賬項及應收票據	4,928,290	4,969,619
Less: Allowance for credit losses/ doubtful debts	減：信用損失／呆賬撥備	(586,447)	(578,113)
		4,341,843	4,391,506
Other receivables, deposits and prepayments	其他應收款項、按金及預付款項	678,523	1,365,772
Total trade and other receivables	應收賬項及其他應收款項總額	5,020,366	5,757,278

As at 31 December 2018 and 1 January 2018, trade receivables from contracts with customers amounted to HK\$4,341,843,000 and HK\$4,084,098,000 respectively.

The Group allows a credit period ranging from 30 to 90 days to its trade customers. Included in trade and bills receivables are bills receivables with the carrying amount of HK\$307,408,000 as at 31 December 2017. The amounts are unsecured, interest-free and with a maturity period ranging from 30 to 90 days.

Included in the other receivables are other PRC tax recoverable of HK\$172,532,000 (2017: HK\$511,347,000) and deposits paid for acquisition of other current assets of nil (2017: HK\$368,160,000).

The Group's trade and bills receivables that are denominated in currencies other than functional currencies of the relevant group entities are set out below:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Denominated in HKD	以港元計值	14,932	24,888
Denominated in Euro	以歐元計值	37	422

25. 應收賬項及其他應收款項

於二零一八年十二月三十一日及二零一八年一月一日，來自客戶合約之應收賬項分別為4,341,843,000港元及4,084,098,000港元。

本集團給予其貿易客戶介乎30至90日不等之信貸期。於二零一七年十二月三十一日，應收賬項及應收票據內包括賬面值為307,408,000港元之應收票據。該款項為無抵押、免息及到期期限介乎30至90日不等。

其他應收款項內包括其他可收回中國稅項172,532,000港元(二零一七年：511,347,000港元)及收購其他流動資產之已付按金零港元(二零一七年：368,160,000港元)。

本集團以有關集團實體功能貨幣以外之貨幣列值之應收賬項及應收票據載列如下：

25. TRADE AND OTHER RECEIVABLES (continued)

The following is an aged analysis of trade and bills receivables presented based on the invoice date at the end of the reporting period, net of the allowance for credit losses/doubtful debts at the reporting date:

		2018 二零一八年			2017 二零一七年		
		Trade receivables	Bills receivables	Total	Trade receivables	Bills receivables	Total
		應收賬項	應收票據	合計	應收賬項	應收票據	合計
		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
Within 60 days	60日內	2,989,486	–	2,989,486	3,117,306	244,652	3,361,958
61 to 90 days	61至90日	968,389	–	968,389	574,597	13,795	588,392
More than 90 days	超過90日	383,968	–	383,968	392,195	48,961	441,156
		4,341,843	–	4,341,843	4,084,098	307,408	4,391,506

As at 31 December 2018, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$465,255,000 which are past due as at the reporting date. Out of the past due balance, HK\$192,242,000 has been past due over 90 days or more and is not considered as in default because there had not been significant change in credit quality and the amounts are still considered recoverable.

As at 31 December 2017, 91% of the trade receivables were neither past due nor impaired having settlement subsequent to the reporting date and with no past history of defaults in payment.

As at 31 December 2017, included in the Group's trade receivables balance were debtors with aggregate carrying amount of HK\$384,878,000 which were past due at the reporting date for which the Group had not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

25. 應收賬項及其他應收款項 (續)

於報告日之應收賬項及應收票據(於報告期末按發票日期呈列)減信用損失/呆賬撥備之賬齡分析如下:

於二零一八年十二月三十一日,本集團之應收賬項結餘內包括總賬面值為465,255,000港元之應收賬款,該筆款項於報告日已過期。已過期結餘中,192,242,000港元已過期超過90日或以上,但並無被視為拖欠款項,原因為該等客戶之信用質素概無重大變動,故該筆款項仍被視為可收回。

於二零一七年十二月三十一日,91%之應收賬項均未過期亦未減值,且於報告日後結付及過往並無拖欠記錄。

於二零一七年十二月三十一日,本集團之應收賬項結餘內包括總賬面值為384,878,000港元之應收賬款,該筆款項於報告日已過期,惟由於其信貸質素並無重大變動且該款項仍視為可收回,因此本集團並無作出減值虧損撥備。本集團並無就該等結餘持有任何抵押。

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25. TRADE AND OTHER RECEIVABLES (continued)

Ageing of trade and bills receivables which are past due but not impaired

		2017 二零一七年 HK\$'000 千港元
Within 60 days	60日內	263,749
61 to 90 days	61至90日	30,512
More than 90 days	超過90日	90,617
Total	總額	384,878

In determining the recoverability of trade and bills receivables and other receivables, the Group considers the credit history including default or delay in payments, settlement records and aging analysis of the trade receivables. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance already made.

An allowance was provided on doubtful debts due from trade and other receivables and the movement is as follows:

		2017 二零一七年 HK\$'000 千港元
Balance at beginning of the year	年初結餘	11,941
Impairment losses recognised on receivables	已就應收款項確認之減值虧損	585,670
Reversal of impairment losses recognised on receivables	撥回就應收款項確認之減值虧損	(496)
Write off as uncollectible	撇銷為不可收回之款項	(19,002)
Balance at end of the year	年終結餘	578,113

As at 31 December 2017, included in the allowance for doubtful debts were individually impaired trade receivables with an aggregate balance of HK\$578,113,000 which have either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables for the year ended 31 December 2018 are set out in note 37.

25. 應收賬項及其他應收款項(續)

已過期但未減值之應收賬項及應收票據之賬齡

於釐定應收賬項及應收票據及其他應收款項之可收回性時，本集團會考慮應收賬項之信貸歷史(包括拖欠付款、還款記錄及賬齡分析)。因此，董事認為無須進一步作出超過已作撥備之信貸撥備。

已就應收賬項及其他應收款項之應收呆賬計提撥備，有關變動如下：

於二零一七年十二月三十一日，呆賬撥備內包括處於清盤中或出現嚴重財政困難客戶之個別已減值應收款項，結餘總額為578,113,000港元。本集團並無就該等結餘持有任何抵押品。

有關截至二零一八年十二月三十一日止年度之應收賬項及其他應收款項之減值評估載於附註37。

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26. TRADE RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

26. 於其他全面收益以公平價值列賬之應收賬項

		2018 二零一八年 HK\$'000 千港元
Trade receivables	應收賬項	31,848
Bills receivables	應收票據	136,965
		168,813

The following is an aging analysis of trade receivables at FVTOCI presented based on the invoice date at the end of the reporting year:

於報告年末按發票日期呈列於其他全面收益以公平價值列賬之應收賬項之賬齡分析如下：

		2018 二零一八年		
		Trade receivables 應收賬項 HK\$'000 千港元	Bills receivables 應收票據 HK\$'000 千港元	Total 合計 HK\$'000 千港元
Within 60 days	60日內	29,663	114,300	143,963
61–90 days	61至90日	2,185	10,053	12,238
More than 90 days	超過90日	–	12,612	12,612
		31,848	136,965	168,813

27. DERIVATIVE FINANCIAL INSTRUMENTS

27. 衍生金融工具

		Assets 資產		Liabilities 負債	
		2018 二零一八年	2017 二零一七年	2018 二零一八年	2017 二零一七年
		Notes 附註	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Foreign currency forwards	外匯遠期	(i)	–	–	76,167
Foreign currency swaps	外匯掉期	(ii)	–	17,370	5,757
Structured foreign currency forwards	結構式外匯遠期	(iii)	–	–	58,516
			–	17,370	140,440

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27. DERIVATIVE FINANCIAL INSTRUMENTS

(continued)

Notes:

(i) Foreign currency forwards

The Group had entered into certain foreign currency forward contracts to hedge against the depreciation of Renminbi ("RMB") against USD for certain agreed periods of time. The Group and the respective banks would settle with reference to the difference between the spot rate of RMB against USD and the strike price on the predetermined settlement date as per the contract.

(ii) Foreign currency swaps

The Group had entered into certain cross currency swap contracts to hedge against the appreciation of Australian dollars ("AUD") against HKD and the depreciation of RMB against HKD for certain agreed periods of time. The Group and the respective banks would settle interest payment on a gross basis on monthly or quarterly basis. The Group will then exchange principal by installments at predetermined rates in accordance with the contracts.

(iii) Structured foreign currency forwards

The Group entered into certain structured foreign currency forwards contracts with various banks to hedge against the depreciation of RMB against USD for an agreed period of time. The Group and the bank will settle on a net basis with reference to the difference between the spot rate of RMB against USD and the strike price on the predetermined settlement date as per the contract. Certain of these contracts include a knock-out provision whereby the contract will automatically be terminated in accordance with the terms set out in these contracts.

28. AMOUNT DUE FROM AN ASSOCIATE

Except for the amount due from an associate of approximately HK\$990,930,000 (2017: HK\$432,360,000) as at 31 December 2018 which is unsecured, interest bearing at 4.35% (2017: 4.35%) per annum and repayable on demand, the remaining balances of the Group are derived from normal business activities and are unsecured and interest-free. The Group allows a credit period of 90 days and the amount is neither past due nor impaired.

27. 衍生金融工具(續)

附註：

(i) 外匯遠期

本集團訂立若干外匯遠期合約，以於若干協定期間內對沖人民幣兌美元之貶值。本集團與個別銀行將參考人民幣兌美元之現貨匯率與每份合約預先釐定結算日之行使價之差額結算。

(ii) 外匯掉期

本集團訂立若干跨幣掉期合約，以於若干協定期間內對沖澳元兌港元之升值及人民幣兌港元之貶值。本集團與個別銀行將按總額基準按月或按季結算利息。本集團屆時將根據合約按預先釐定利率分期兌換本金。

(iii) 結構式外匯遠期

本集團與多間銀行訂立若干結構式外匯遠期合約，以於協定期間內對沖人民幣兌美元之貶值。本集團與該銀行將按淨額基準並經參考人民幣兌美元之現貨匯率與每份合約預先釐定結算日之行使價之差額結算。若干此等合約包括取消條文，故合約可根據此等合約所載條款自動終止。

28. 應收聯營公司款項

除於二零一八年十二月三十一日為數約990,930,000港元(二零一七年：432,360,000港元)之應收聯營公司款項為無抵押、按年利率4.35%(二零一七年：4.35%)計息及須按要求償還外，本集團其餘結餘均源自一般業務活動，且屬無抵押及免息。本集團授出之信貸期為90日，而有關款項並未過期亦未減值。

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29. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

29. 受限制銀行存款／銀行結存及現金

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Cash on hand and in bank	現金及銀行結存	879,425	2,837,729
Short-term bank deposits	短期銀行存款	210,954	628,115
		1,090,379	3,465,844
Restricted bank deposits	受限制銀行存款	132,104	130,396
		1,222,483	3,596,240

The Group's bank balances and deposits that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

本集團以有關集團實體功能貨幣以外之貨幣列值之銀行結存及存款載列如下：

		JPY 日圓 HK\$'000 千港元	HKD 港元 HK\$'000 千港元	USD 美元 HK\$'000 千港元	RMB 人民幣 HK\$'000 千港元
As at 31 December 2018	於二零一八年 十二月三十一日	18,263	170,540	17,144	172,213
As at 31 December 2017	於二零一七年 十二月三十一日	26,310	243,270	230,605	413,107

Bank deposits and bank balances carry interest at fixed and variable rates respectively which ranged from 0.01% to 2.27% (2017: 0.01% to 2.5%) per annum.

銀行存款及銀行結存分別按固定及介乎0.01%至2.27%（二零一七年：0.01%至2.5%）之浮動年利率計息。

Restricted bank deposits is to secure bills payables and are therefore classified as current assets. The restricted bank deposits carry fixed interest rate of 1.35% (2017: 1.35%) per annum. The restricted bank deposits will be released upon settlement of bills payables.

受限制銀行存款用以抵押應付票據，其因此分類為流動資產。受限制銀行存款按固定年利率1.35%（二零一七年：1.35%）計息。受限制銀行存款將於應付票據結算時解除。

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30. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade and bills payables presented based on the invoice date at the end of the reporting period:

		2018 二零一八年			2017 二零一七年		
		Trade payables	Bills payables	Total	Trade payables	Bills payables	Total
		應付賬項	應付票據	合計	應付賬項	應付票據	合計
		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
Within 60 days	60日內	3,870,261	961,044	4,831,305	3,370,478	847,175	4,217,653
61 to 90 days	61至90日	527,891	237,012	764,903	473,841	495,574	969,415
More than 90 days	超過90日	812,813	86,926	899,739	846,482	673	847,155
		5,210,965	1,284,982	6,495,947	4,690,801	1,343,422	6,034,223

The credit period on purchases of goods ranges from 60 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

Included in other payables are deposits received with aggregate carrying amount of HK\$22,656,000 (2017: HK\$165,628,000), accruals of operating expenses with aggregate carrying amount of HK\$338,010,000 (2017: HK\$420,534,000), payables for the acquisition of property, plant and equipment with aggregate amount of HK\$1,054,299,000 (2017: HK\$976,764,000), government grants of HK\$9,431,000 (2017: HK\$11,106,000) and dividend payable of HK\$1,258,000 (2017: HK\$1,258,000).

The Group's trade and bills payables that are denominated in currencies other than functional currencies of the relevant group entities are set out below:

		2018 二零一八年	2017 二零一七年
		HK\$'000	HK\$'000
		千港元	千港元
Denominated in HKD	以港元計值	59,349	87,722
Denominated in JPY	以日圓計值	261,126	227,501

30. 應付賬項及其他應付款項

於報告期末按發票日期呈列之應付賬項及應付票據之賬齡分析如下：

採購貨品的信貸期介乎60至90日。本集團已制定適當財務風險管理政策，以確保於信貸期內支付所有應付款項。

其他應付款項包括總賬面值為22,656,000港元(二零一七年：165,628,000港元)之已收按金、總賬面值為338,010,000港元(二零一七年：420,534,000港元)之應計經營費用、總額為1,054,299,000港元(二零一七年：976,764,000港元)之就收購物業、廠房及設備之應付款項、9,431,000港元(二零一七年：11,106,000港元)之政府津貼及1,258,000港元(二零一七年：1,258,000港元)之應付股息。

本集團以有關集團實體功能貨幣以外之貨幣列值之應付賬項及應付票據載列如下：

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31. CONTRACT LIABILITIES

The amounts represent advance payment from customers. The amounts of HK\$115,671,000 represented the entire contract liabilities balance as at 1 January 2018. The Group typically receives a 50% deposit on acceptance of manufacturing order and remaining 50% deposit before delivery of products for customers assessed to be lower creditability.

32. BANK AND OTHER BORROWINGS, UNSECURED

31. 合約負債

該等款項指客戶預付款項。為數115,671,000港元之款項指於二零一八年一月一日之全部合約負債。本集團一般於接受生產訂單時收取50%之訂金，並於交付產品前向被評為信譽較低之客戶收取餘下50%之訂金。

32. 銀行及其他借款，無抵押

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Bank loans	銀行貸款	5,656,370	6,735,510
Trust receipt loans	信託收據貸款	1,351,089	1,491,229
Other loans	其他貸款	185,838	230,599
		7,193,297	8,457,338

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32. BANK AND OTHER BORROWINGS, UNSECURED (continued)

The Group's bank and other borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

Denominated in HKD	以港元計值	6,190,837	7,075,787
Denominated in JPY	以日圓計值	94,881	93,966
Denominated in AUD	以澳元計值	–	215,478
Carrying amount repayable*:	應付賬面值*：		
Within one year	於一年內	1,901,820	3,875,473
More than one year, but not exceeding two years	一年後但於兩年內	62,500	1,764,061
More than two years, but not exceeding five years	兩年後但於五年內	12,500	2,323,224
		1,976,820	7,962,758
Carrying amount of bank loans that contain a repayment on demand clause (shown under current liabilities) but repayable:	於流動負債列為包含須按要求償還條款但未償還之應付銀行貸款之賬面值：		
Within one year	於一年內	544,015	77,360
More than one year, but not exceeding two years	一年後但於兩年內	165,966	242,220
More than two years, but not exceeding five years	兩年後但於五年內	–	175,000
		2,686,801	8,457,338
The carrying amount of bank loans that are repayable on demand due to breach of loan covenants (shown under current liabilities)	於流動負債列為因違反貸款契諾而須按要求償還之銀行貸款之賬面值	4,506,496	–
		7,193,297	8,457,338
Less: Amount included under current liabilities (including bank loans with a repayable on demand clause)	減：列於流動負債中之款項（包括具有按要求償還條款之銀行貸款）	(7,118,297)	(4,370,053)
Amount due after one year shown under non-current liabilities	於非流動負債列為於一年後到期之款項	75,000	4,087,285

* The amount due are based on scheduled repayment dates set out in loan agreements.

32. 銀行及其他借款，無抵押(續)

本集團以有關集團實體功能貨幣以外之貨幣列值之銀行及其他借款載列如下：

* 到期款項乃根據載於貸款協議之預定還款日期計算。

32. BANK AND OTHER BORROWINGS, UNSECURED (continued)

The Group's bank borrowings included fixed-rate borrowings of approximately HK\$937,757,000 (2017: HK\$1,039,230,000) which carry effective interest rates ranged from 2.22% to 5.22% per annum (2017: 1.02% to 5.08%) (which are also equal to contracted interest rates). The remaining Group's borrowings are variable-rate borrowings which carry interest at Hong Kong Interbank Offered Rate ("HIBOR"), London Interbank Offered Rate ("LIBOR"), Benchmark Loan Rate issued by the China Foreign Exchange Trade System & National Interbank Funding Center ("Benchmark Loan Rate") or Bank-Bill Swap Rate ("BBSW") plus certain basis points. Interest is repriced every three months and the range of effective interest rates is at 1.43% to 5.00% (2017: 1.60% to 3.31%) per annum.

33. BONDS PAYABLE

In July 2016, 信利光電股份有限公司 (the "issuer"), a non-wholly owned subsidiary of the Company, issued the first tranche of domestic corporate bonds (the "Bonds") with an aggregate principle amount of RMB750,000,000. The Bonds bear fixed interest at 5.8% per annum and is payable annually each year. The effective interest rate of the Bonds payable is 6% per annum. At the end of the third year after issuance, the issuer has an option to adjust upward the interest rate of the Bonds and bondholders can exercise retractable option. The Bonds are listed on The Shenzhen Stock Exchange and will mature in July 2021.

34. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presenting in the consolidated statement of financial position, the following is the analysis of the deferred tax balances for financial reporting purposes:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Deferred tax liabilities	遞延稅項負債	56,692	47,359
Deferred tax assets	遞延稅項資產	(90,402)	(62,989)
		(33,710)	(15,630)

32. 銀行及其他借款，無抵押(續)

本集團之銀行借款包括為數約937,757,000港元(二零一七年：1,039,230,000港元)之定息借款，實際年利率介乎2.22%至5.22%(二零一七年：1.02%至5.08%)(亦相當於合約利率)。本集團之其餘借款均為浮息借款，按香港銀行同業拆息、倫敦銀行同業拆息、中國外匯交易中心暨全國銀行間同業拆借中心發佈的貸款基礎利率或澳洲銀行票據掉期利率加若干基點計息。利息每三個月重定，實際利率介乎年息率1.43%至5.00%(二零一七年：1.60%至3.31%)。

33. 應付債券

於二零一六年七月，本公司非全資附屬公司信利光電股份有限公司(「發行人」)發行本金總額為人民幣750,000,000元的第一批境內公司債券(「債券」)。債券之年利率固定為5.8%，每年派息一次。應付債券之實際年利率為6%。於發行後第三年末，發行人可選擇上調債券利率，而債券持有人則可行使回售選擇權。債券於深圳證券交易所上市，於二零二一年七月到期。

34. 遞延稅項資產／負債

為於綜合財務狀況表中呈列，就財務呈報而言之遞延稅項結餘分析如下：

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34. DEFERRED TAX ASSETS/LIABILITIES (continued)

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

		Loss available for offsetting against future taxable profit 可用作抵銷 未來應課稅 溢利之虧損 HK\$'000 千港元	Accelerated tax depreciation 加速稅項折舊 HK\$'000 千港元	Allowance for receivables and inventories 應收款項及 存貨撥備 HK\$'000 千港元	Undistributed profits of the PRC subsidiaries 中國附屬公司 未分配溢利 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1 January 2017	於二零一七年一月一日	-	11,992	(8,783)	60,682	63,891
Reversal of deferred tax liability upon distribution of profits	分派溢利後撥回遞延 稅項負債	-	-	-	(36,553)	(36,553)
(Credit) charge to profit or loss for the year	於年度損益中(抵免) 支銷	(45,191)	(3,248)	(9,015)	14,486	(42,968)
At 31 December 2017	於二零一七年 十二月三十一日	(45,191)	8,744	(17,798)	38,615	(15,630)
(Credit) charge to profit or loss for the year	於年度損益中(抵免) 支銷	(22,583)	(906)	(4,830)	10,239	(18,080)
At 31 December 2018	於二零一八年十二月三十一日	(67,774)	7,838	(22,628)	48,854	(33,710)

At the end of the reporting period, the Group has unused tax losses of HK\$655,204,000 (2017: HK\$701,813,000) available for offset against future profits. Deferred tax asset has been recognised in respect of approximately HK\$73,708,000 (2017: HK\$40,473,000) of such losses arising from the PRC and HK\$299,094,000 (2017: HK\$212,567,000) arising from Hong Kong. No deferred tax asset has been recognised in respect of the remaining Hong Kong and PRC tax losses of approximately HK\$282,402,000 (2017: HK\$448,773,000) in aggregate due to the unpredictability of future profit streams.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. At 31 December 2018, deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK\$4,676,301,000 (2017: HK\$3,849,088,000) as 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.

34. 遞延稅項資產／負債(續)

在本年度及過往年度內確認的主要遞延稅項負債(資產)及其變動如下：

於報告期末，本集團之未動用稅務虧損655,204,000港元(二零一七年：701,813,000港元)可用作抵銷未來溢利。分別就於中國及香港所產生該等虧損約73,708,000港元(二零一七年：40,473,000港元)及299,094,000港元(二零一七年：212,567,000港元)確認遞延稅項資產。由於未能估計未來溢利來源，因此並無就其餘香港及中國稅務虧損合共約282,402,000港元(二零一七年：448,773,000港元)確認遞延稅項資產。

根據中國企業所得稅法，自二零零八年一月一日起，就中國附屬公司賺取之溢利所宣派的股息須繳納預扣稅。於二零一八年十二月三十一日，在綜合財務報表中，並無就中國附屬公司之累計溢利的暫時差額4,676,301,000港元(二零一七年：3,849,088,000港元)作出遞延稅項撥備，原因是本集團有能力控制撥回暫時差額的時間，亦有可能不會在可見未來撥回暫時差額。

35. SHARE CAPITAL

35. 股本

		Number of shares 股份數目	Amount 金額 HK\$'000 千港元
Ordinary shares of HK\$0.02 per share	每股面值0.02港元之普通股		
Authorised:	法定：		
Balance at 1 January 2017, 31 December 2017 and 31 December 2018	於二零一七年一月一日、 二零一七年十二月三十一日及 二零一八年十二月三十一日之結餘	5,000,000,000	100,000
Issued and fully paid:	已發行及繳足：		
Balance at 1 January 2017	於二零一七年一月一日之結餘	2,907,099,398	58,142
Issue of new shares	發行新股份	213,330,000	4,267
Balance at 31 December 2017	於二零一七年十二月三十一日 之結餘	3,120,429,398	62,409
Issue of new shares	發行新股份	168,800,000	3,376
Balance at 31 December 2018	於二零一八年十二月三十一日 之結餘	3,289,229,398	65,785

On 12 September 2017, the Company entered into a placing agreement with The Hongkong and Shanghai Banking Corporation Limited and Mizuho Securities Asia Limited (the "Placing Agents"), pursuant to which the Placing Agents agreed to procure on a best effort basis not less than six placees, all of which were independent third parties, to subscribe for up to 160,000,000 placing shares at the placing price of HK\$2.02 per placing share. On 20 September 2017, the placing was completed and 160,000,000 shares, represented approximately 5.2% of the then issued share capital of the Company as enlarged by the issue of the 160,000,000 placing shares, have been placed to not less than six placees at the placing price of HK\$2.02 per placing share. The gross and net proceeds from the placing amounted to approximately HK\$323,200,000 and approximately HK\$319,913,000, respectively.

於二零一七年九月十二日，本公司與香港上海滙豐銀行有限公司及瑞穗證券亞洲有限公司（「配售代理」）訂立配售協議，據此，配售代理同意按盡力基準按配售價每股配售股份2.02港元促使不少於六名承配人（全部均為獨立第三方）認購最多160,000,000股配售股份。於二零一七年九月二十日，配售事項已完成，並按每股配售股份2.02港元之配售價向不少於六名承配人配售160,000,000股股份（相當於本公司經發行160,000,000股配售股份擴大之當時已發行股本約5.2%）。配售事項所得款項總額及所得款項淨額分別為約323,200,000港元及約319,913,000港元。

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35. SHARE CAPITAL (continued)

On 12 September 2017, the Company and Mr. Lam Wai Wah entered into a subscription agreement for the subscription of 53,330,000 new shares ("Subscription Shares 2017") at the subscription price of HK\$2.02 per share. On 26 October 2017, the subscription was completed and 53,330,000 shares, represented approximately 1.8% of the then issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares 2017. The gross and net proceeds from the subscription amounted to approximately HK\$107,727,000 and approximately HK\$107,004,000, respectively.

On 31 July 2018, the Company and Mr. Lam Wai Wah entered into a subscription agreement for the subscription of 168,800,000 new shares ("Subscription Shares 2018") at the subscription price of HK\$1.18 per share. On 6 November 2018, the subscription was completed and 168,800,000 shares, represented approximately 5.13% of the then issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares 2018. The gross and net proceeds from the subscription amounted to approximately HK\$199,184,000 and approximately HK\$198,242,000, respectively.

The proceeds from placing and subscription were used as general working capital and to enhance the Group's equity.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

35. 股本(續)

於二零一七年九月十二日，本公司與林偉華先生訂立認購協議，以按認購價每股2.02港元認購53,330,000股新股份(「二零一七年認購股份」)。於二零一七年十月二十六日，認購事項已完成，並發行53,330,000股股份(相當於本公司經配發及發行二零一七年認購股份擴大之當時已發行股本約1.8%)。認購事項所得款項總額及所得款項淨額分別為約107,727,000港元及約107,004,000港元。

於二零一八年七月三十一日，本公司與林偉華先生訂立認購協議，以按認購價每股1.18港元認購168,800,000股新股份(「二零一八年認購股份」)。於二零一八年十一月六日，認購事項已完成，並發行168,800,000股股份(相當於本公司經配發及發行二零一八年認購股份擴大之當時已發行股本約5.13%)。認購事項所得款項總額及所得款項淨額分別為約199,184,000港元及約198,242,000港元。

配售事項及認購事項之所得款項已用作本集團一般營運資金及加強權益。

年內，概無本公司附屬公司已購入、出售或贖回本公司上市證券。

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36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, which includes the borrowings and bonds payable disclosed in notes 32 and 33 respectively, net of cash and cash equivalents, and equity comprising issued share capital and reserves.

The Directors review the capital structure periodically. The Directors consider the cost of capital and the risks associates with the capital, and will balance its overall capital structure through the payment of dividends, new share issues of the Company and share buy-backs as well as raising of bank borrowings.

The Group's overall strategy remains unchanged from the prior year.

37. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

36. 資本風險管理

本集團進行資本管理以確保本集團內的實體能持續經營，同時透過優化債務與權益平衡為股東帶來最大回報。

本集團的資本架構由債務淨額(包括附註32及33分別披露之借款及應付債券，經扣除現金及現金等值項目)及股權(包括已發行股本及儲備)組成。

董事定期審查其資本架構。董事考慮資本成本及與資本相關之風險，並將透過支付股息、發行本公司新股份及回購股份以及籌集銀行借款平衡其總體資本架構。

本集團之整體策略仍與前一年相同。

37. 金融工具

a. 金融工具分類

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
<i>Financial assets</i>			
Financial assets at amortised cost	金融資產 按攤銷成本列賬之金融資產	7,260,113	–
Loans and receivables (including cash and cash equivalents)	貸款及應收款項(包括現金及現金等值項目)	–	8,995,015
Trade receivables at FVTOCI	於其他全面收益以公平價值列賬之應收賬項	168,813	–
Financial assets at FVTPL	於損益以公平價值列賬之金融資產	10,316	–
AFS investments	可供出售投資	–	6,174
Derivative financial instruments	衍生金融工具	–	17,370
		7,439,242	9,018,559
<i>Financial liabilities</i>			
Amortised cost	金融負債 攤銷成本	15,677,170	16,432,424
Derivative financial instruments	衍生金融工具	–	140,440

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37. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies

The Group's major financial instruments include restricted bank deposits, bank balances and cash, trade and other receivables, trade receivables at FVTOCI, loan receivable, amount due from an associate, financial assets at FVTPL, AFS investments, trade and other payables, bank and other borrowings, bonds payable and derivative financial instruments. Details of these financial instruments are disclosed in respective notes.

The risks associated with these financial instruments and 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 in a timely and effective manner.

Market risk

The Group's activities expose primarily to the financial risks of changes in interest rates, foreign currency exchange rates and change in prices (see below).

(i) Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies which are different from USD and RMB, the functional currency of the respective group entities.

The carrying amount of the Group's monetary assets, monetary liabilities and inter-group receivables and payables denominated in currencies other than the functional currency of the relevant group entities at the reporting date are as follows:

		Liabilities 負債		Assets 資產	
		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
The Group	本集團				
HKD	港元	6,252,587	7,163,876	219,089	268,163
JPY	日圓	357,604	321,467	18,263	26,310
Euro	歐元	-	81	37	422
RMB	人民幣	-	-	172,218	413,139
AUD	澳元	-	215,478	29	32
Inter-company balances	公司間結餘				
HKD	港元	2,556,678	3,964,781	2,525,826	4,153,719
JPY	日圓	-	30,725	57	30,728
RMB	人民幣	87,912	75,653	4,887,413	3,616,199

37. 金融工具 (續)

b. 金融風險管理目標及政策

本集團之主要金融工具包括受限制銀行存款、銀行結存及現金、應收賬項及其他應收款項、於其他全面收益以公平價值列賬之應收賬項、應收貸款、應收聯營公司款項、於損益以公平價值列賬之金融資產、可供出售投資、應付賬項及其他應付款項、銀行及其他借款、應付債券以及衍生金融工具。該等金融工具之詳情於各項附註作出披露。

有關該等金融工具之風險及降低該等風險的政策載於下文。管理層會管理及監察該等風險，以確保及時有效實施適當措施。

市場風險

本集團之業務主要承受利率及外匯匯率變動等金融風險以及價格變動風險(見下文)。

(i) 外幣風險

本集團之若干交易以外幣計值，該等外幣為相關集團實體功能貨幣美元及人民幣以外的貨幣。

於報告日，以相關集團實體功能貨幣以外貨幣計值之本集團貨幣資產、貨幣負債及集團內公司間應收款項及應付款項之賬面值如下：

37. FINANCIAL INSTRUMENTS (continued)**b. Financial risk management objectives and policies** (continued)**Market risk** (continued)**(i) Foreign currency risk** (continued)*Sensitivity analysis*

The following table indicates the approximate change in the Group's profit after taxation for the year in response to reasonably possible change in the functional currency of the relevant group entities i.e. USD or RMB to the relevant currencies which the Group has significant exposure at the reporting date. Since HKD are pegged to USD under the Linked Exchange Rate System, the management does not expect significant foreign currency exposure in relation to the exchange rate fluctuation between HKD and USD. The Group mainly exposes to foreign currency risks other than USD.

		2018 二零一八年		2017 二零一七年	
		USD strengthens (weakens) 美元升值 (貶值)	Increase (decrease) in profit 溢利增加 (減少) HK\$'000 千港元	USD strengthens (weakens) 美元升值 (貶值)	Increase (decrease) in profit 溢利增加 (減少) HK\$'000 千港元
JPY	日圓	3% (3%)	8,701 (8,701)	3% (3%)	7,580 (7,580)
Euro	歐元	5% (5%)	(2) 2	12% (12%)	(35) 35
RMB	人民幣	5% (5%)	(212,491) 212,491	5% (5%)	(169,237) 169,237
AUD	澳元	10% (10%)	(2) 2	10% (10%)	18,444 (18,444)

As set out in note 27, at the end of the reporting period, the Group had nil foreign currency forwards, foreign currency swaps and structured foreign currency forwards which also expose the Group to currency fluctuation risks.

For the foreign currency forwards with transactions denominated in RMB outstanding at 31 December 2017, if USD was strengthened against RMB by 5%, the post-tax profit for the year ended 31 December 2017 would increase by approximately HK\$140,785,000, if USD was weakened against RMB by 5%, the post-tax profit for the year ended 31 December 2017 would decrease by approximately HK\$140,785,000.

37. 金融工具 (續)**b. 金融風險管理目標及政策** (續)**市場風險** (續)**(i) 外幣風險** (續)*敏感度分析*

下表顯示由於有關集團實體之功能貨幣(即美元或人民幣)兌換本集團於報告日面對重大風險之相關貨幣可能出現之合理變動，而導致本集團本年度稅後溢利所產生之概約變動。由於根據聯繫匯率制度港元與美元掛鈎，管理層並不預期出現有關港元與美元匯率波動之重大外幣風險。本集團主要承受美元以外外幣之風險。

誠如附註27所載，於報告期末，本集團並無外匯遠期、外匯掉期及結構式外匯遠期，故本集團面對外匯波動風險。

就於二零一七年十二月三十一日之未平倉人民幣外匯遠期，倘美元兌人民幣升值5%，截至二零一七年十二月三十一日止年度之稅後溢利將增加約140,785,000港元；倘美元兌人民幣貶值5%，截至二零一七年十二月三十一日止年度之稅後溢利則減少約140,785,000港元。

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37. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Foreign currency risk (continued)

Sensitivity analysis (continued)

For the foreign currency swaps with transactions denominated in AUD outstanding at 31 December 2017, if HKD was strengthened against AUD by 10%, the post-tax profit for the year ended 31 December 2017 would decrease by approximately HK\$18,188,000, if HKD was weakened against AUD by 10%, the post-tax profit for the year ended 31 December 2017 would increase by approximately HK\$18,188,000.

For foreign currency swaps with transactions denominated in RMB outstanding at 31 December 2017, if HKD was strengthened against RMB by 5%, the post-tax profit for the year ended 31 December 2017 would increase by approximately HK\$7,769,000, if HKD was weakened against RMB by 5%, the post-tax profit for the year ended 31 December 2017 would decrease by approximately HK\$8,587,000.

For structured foreign currency forwards with transactions denominated in RMB outstanding at 31 December 2017, if USD was strengthened against RMB by 5%, the post-tax profit for the year ended 31 December 2017 would increase by HK\$33,338,000, if USD was weakened against RMB by 5%, the post-tax profit for the year ended 31 December 2017 would decrease by HK\$36,521,000.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

37. 金融工具(續)

b. 金融風險管理目標及政策(續)

市場風險(續)

(i) 外幣風險(續)

敏感度分析(續)

就於二零一七年十二月三十一日之未平倉澳元外匯掉期，倘港元兌澳元升值10%，截至二零一七年十二月三十一日止年度之稅後溢利將減少約18,188,000港元；倘港元兌澳元貶值10%，截至二零一七年十二月三十一日止年度之稅後溢利則增加約18,188,000港元。

就於二零一七年十二月三十一日之未平倉人民幣外匯掉期，倘港元兌人民幣升值5%，截至二零一七年十二月三十一日止年度之稅後溢利將增加約7,769,000港元；倘港元兌人民幣貶值5%，截至二零一七年十二月三十一日止年度之稅後溢利則減少約8,587,000港元。

就於二零一七年十二月三十一日之未平倉人民幣結構式外匯遠期，倘美元兌人民幣升值5%，截至二零一七年十二月三十一日止年度之稅後溢利將增加33,338,000港元；倘美元兌人民幣貶值5%，截至二零一七年十二月三十一日止年度之稅後溢利則減少36,521,000港元。

管理層認為，由於年終之風險未能反映本年內之風險，敏感度分析對固有外匯風險不具代表性。

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37. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits, amount due from an associate, fixed-rate bank borrowing and bonds payable. The Group is also exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances and variable-rate bank and other borrowings (see notes 29 and 32 for details). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR and LIBOR arising from the Group's HKD denominated borrowings, the fluctuation of Benchmark Loan Rate arising from the Group's RMB denominated borrowings and the fluctuation of BBSW arising from the Group's AUD denominated borrowings. The management considers the exposure to interest rate risk in relation to bank balances is insignificant due to the low interest rate. The Group currently does not use any derivative contract to hedge its exposure to interest rate risk. However, the management of the Company will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank borrowings. The analysis is prepared assuming the amount of liability outstanding at the reporting period was outstanding for the whole year. A 100 basis point (2017: 100 basis point) increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2017: 100 basis point) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2018 would decrease/increase by HK\$52,234,000 (2017: decrease/increase by HK\$61,941,000).

37. 金融工具(續)

b. 金融風險管理目標及政策(續)

市場風險(續)

(ii) 利率風險

本集團須承擔公平價值利率風險，該風險與定息銀行存款、應收聯營公司款項、定息銀行借款及應付債券有關。本集團亦須承擔現金流量利率風險，該風險乃來自銀行結存及浮息銀行借款以及其他借款(詳情見附註29及32)之現行市場利率變動。本集團之現金流量利率風險來自本集團以港元計值之借款，主要集中於香港銀行同業拆息及倫敦銀行同業拆息之變動；來自本集團以人民幣計值之借款，主要集中於貸款基準利率之變動；而來自本集團以澳元計值之借款，則主要集中於銀行票據參考利率之變動。由於存款利率水平較低，因此管理層認為銀行結存之相關利率風險並不重大。本集團現時並無使用任何衍生合約以對沖其利率風險。然而，本公司管理層將於有需要時考慮對沖重大利率風險。

敏感度分析

以下敏感度分析乃根據浮息銀行借款之利率風險而釐定。該分析乃假定於報告期全年之負債款項尚未收回而編製。本公司乃使用100點子(二零一七年：100點子)之增加或減少，代表管理層對利率可能出現合理變動作出之評估。

倘利率上升/下跌100點子(二零一七年：100點子)，而所有其他變量維持不變，本集團於截至二零一八年十二月三十一日止年度之稅後溢利則減少/增加52,234,000港元(二零一七年：減少/增加61,941,000港元)。

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37. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

(iii) Other price risks

The Group is exposed to equity price risk arising from investments in listed equity securities measured at FVTPL (2017: AFS investments).

Price risk sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting period.

If equity prices had been 15% (2017: 15%) higher/lower, the post-tax profit for the year ended 31 December 2018 would increase/decrease by HK\$1,292,000 (2017: the investment revaluation would increase/decrease by HK\$773,000) as a result of the changes in fair value of financial assets at FVTPL (2017: AFS investments).

Credit risk and impairment assessment

As at 31 December 2018, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform 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.

The Group had concentration of credit risk as 22% (2017: 18%) of total trade receivables was due from the Group's largest trade debtor, which is a company located in the PRC.

In order to minimise credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2017: incurred loss model) on trade balances individually or based on provision matrix. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

37. 金融工具(續)

b. 金融風險管理目標及政策(續)

市場風險(續)

(iii) 其他價格風險

本集團承受投資於損益以公平價值計量之上市股本證券(二零一七年：可供出售投資)產生之股本價格風險。

價格風險敏感度分析

以下敏感度分析乃根據於報告期之股本價格風險而釐定。

倘股本價格上升/下跌15%(二零一七年：15%)，則截至二零一八年十二月三十一日止年度之稅後溢利將因於損益以公平價值計量之金融資產(二零一七年：可供出售投資)之公平價值變動而增加/減少1,292,000港元(二零一七年：投資重估儲備將增加/減少773,000港元)。

信貸風險及減值評估

於二零一八年十二月三十一日，本集團因對手方未能履行其責任而導致本集團出現財務虧損之信貸風險上限，為相關已確認金融資產於綜合財務狀況表所列之賬面值。

本集團最大應收貿易賬款應佔應收賬項總額之22%(二零一七年：18%)，故本集團之信貸風險集中。本集團之最大應收貿易賬款來自一間位於中國之公司。

為將信貸風險減至最低，本集團管理層已委派專職團隊釐定信貸上限、信貸批核及其他監察程序，以確保採取跟進行動收回逾期債項。此外，本集團應用香港財務報告準則第9號之預期信用損失模型(二零一七年：已產生虧損模型)或基於撥備矩陣對應收賬款結餘進行個別減值評估。就此而言，董事認為本集團之信貸風險已大為降低。

由於對手方均為信譽卓著之銀行，流動資金之信貸風險有限。

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37. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Loan receivable is considered as credit-impaired and full provision was made.

With respect of credit risk arising from other receivables, the Group performs impairment assessment under ECL model individually or based on provision matrix by considering historical settlement records, past experience, and also forward-looking information, as appropriate, for example, the Group has considered the consistently low historical default rate in connection with payments, and concluded that credit risk inherent in the Group's outstanding other receivables is insignificant. In addition, other receivables consist of a large number of counterparties which do not give rise to significant concentration of credit risk.

The Group's internal credit risk grading assessment comprises the following categories:

37. 金融工具(續)

b. 金融風險管理目標及政策(續)

信貸風險及減值評估(續)

應收貸款被視為出現信貸減值，並獲悉數計提撥備。

就其他應收款項產生之信貸風險而言，本集團根據預期信貸風險模式個別地或基於撥備矩陣進行減值評估，並考慮歷史結算記錄、過往經驗及前瞻性資料(如適用)，例如，本集團已考慮付款之過往違約率持續偏低，故認為本集團尚未收取之其他應收款項之固有信貸風險並不重大。此外，其他應收款項來自多名並無出現重大信貸風險集中情況之對手方。

本集團之內部信貸風險評級評估包括以下類別：

Internal credit rating 內部信貸評級	Description 詳情	Trade receivables 應收賬項	Other financial assets/other item 其他金融資產/其他項目
Group A A類	The counterparty has a low risk of default based on historical repayment record and has a good reputation 根據過往還款記錄，對手方之違約風險偏低，且具有良好聲譽	Lifetime ECL — not credit-impaired 全期預期信用損失 — 無信貸減值	12-month ECL — not credit-impaired 12個月預期信用損失 — 無信貸減值
Group B B類	The counter party has higher creditability but sometime repays after due dates 對手方具有較高信譽，惟偶爾會逾期還款	Lifetime ECL — not credit-impaired 全期預期信用損失 — 無信貸減值	12-month ECL — not credit-impaired 12個月預期信用損失 — 無信貸減值
Group C C類	The counter party usually settles after due day with a higher risk of default 對手方通常於到期日後進行結算，違約風險較高	Lifetime ECL — not credit-impaired 全期預期信用損失 — 無信貸減值	Lifetime ECL — not credit-impaired 全期預期信用損失 — 無信貸減值
Group D D類	There is evidence indicating the asset is credit-impaired 有證據顯示資產出現信貸減值	Lifetime ECL — credit-impaired 全期預期信用損失 — 信貸減值	Lifetime ECL — credit-impaired 全期預期信用損失 — 信貸減值
Group E E類	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery 有證據顯示債務人有嚴重財政困難，而本集團預期不大可能收回	Amount is written off 撇銷有關金額	Amount is written off 撇銷有關金額

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37. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets and financial guarantee contracts, which are subject to ECL assessment:

37. 金融工具(續)

b. 金融風險管理目標及政策(續)

信貸風險及減值評估(續)

下表詳細列出本集團須進行預期信用損失評估之金融資產及財務擔保合約所承受之信貸風險：

2018 二零一八年	Notes 附註	External credit rating 外部 信貸評級	Internal credit rating 內部 信貸評級	12-month or lifetime ECL 12個月或全期預期信用損失	Gross carrying amount 賬面總值 HK\$'000 千港元
Trade receivables at FVTOCI 於其他全面收益以公平價值 列賬之應收賬項					
Trade receivables 應收賬項	26	N/A 不適用	(Note iii) (附註iii)	Lifetime ECL (provision matrix) 全期預期信用損失 (撥備矩陣)	31,848
Bills receivables 應收票據	26	A1-Ba3	N/A 不適用	12-month ECL 12個月預期信用損失	136,965
Financial assets at amortised cost 按攤銷成本計量之金融資產					
Loan receivable 應收貸款	24	N/A 不適用	(Note i) (附註i)	Lifetime ECL credit-impaired 全期預期信用損失 — 信貸減值	10,764
Amount due from an associate 應收聯營公司款項	28	N/A 不適用	(Note i) (附註i)	12-month ECL 12個月預期信用損失	1,346,194
Restricted bank deposits 受限制銀行存款	29	A2	N/A 不適用	12-month ECL 12個月預期信用損失	132,104
Bank balances 銀行結存	29	A2-Ba1	N/A 不適用	12-month ECL 12個月預期信用損失	1,090,379
Trade receivables 應收賬項	25	N/A 不適用	(Note iii) (附註iii)	Lifetime ECL (provision matrix) 全期預期信用損失 (撥備矩陣)	4,352,992
			Group D D類	Lifetime ECL credit-impaired 全期預期信用損失 — 信貸減值	575,298
Other receivables 其他應收款項	25	N/A 不適用	(Note i) (附註i)	12-month ECL 12個月預期信用損失	353,772
Other item 其他項目					
Financial guarantee contract (Note ii) 財務擔保合約(附註ii)	46	N/A 不適用	Group A A類	12-month ECL 12個月預期信用損失	—

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37. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes:

- i. For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.
- ii. For financial guarantee contract, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contract.
- iii. For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors which are credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix, grouped by debtors' aging.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at 31 December 2018 within lifetime ECL (not credit impaired). As at 31 December 2018, the debtors with credit-impaired amounted to HK\$575,298,000 are assessed individually, and the rest of debtors amounted to HK\$4,352,992,000 are assessed under a provision matrix based on internal credit rating.

37. 金融工具(續)

b. 金融風險管理目標及政策(續)

信貸風險及減值評估(續)

附註：

- i. 就內部信貸風險管理而言，本集團使用逾期資料評估信貸風險自初步確認以來有否大幅增加。
- ii. 財務擔保合約方面，賬面總值指本集團根據相關合約所擔保之最高金額。
- iii. 應收賬項方面，本集團已採用香港財務報告準則第9號之簡化法按全期預期信用損失計量虧損撥備。除出現信貸減值之應收賬款外，本集團採用按應收賬款之賬齡分類之撥備矩陣釐定該等項目之預期信用損失。

作為本集團信貸風險管理其中一環，本集團透過應收賬款之賬齡評估其客戶之減值，原因為該等客戶中有多名具有共同風險特徵之小型客戶，而該風險特徵代表客戶根據合約條款悉數付款之能力。下表提供有關應收賬項承受之信貸風險資料，該等資料乃根據於二零一八年十二月三十一日符合全期預期信用損失(無信貸減值)之撥備矩陣進行評估。於二零一八年十二月三十一日，為數575,298,000港元已出現信貸減值之應收賬款乃個別地進行評估，而其餘為數4,352,992,000港元之應收賬款則基於內部信貸評級根據撥備矩陣進行評估。

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37. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued) Gross carrying amount

		Average loss rate 平均虧損率	Trade receivables 應收賬項 HK\$'000 千港元	Loss allowance 虧損撥備 HK\$'000 千港元
Current (not past due)	即期(未逾期)	0.15%	3,882,412	5,824
1–60 days past due	已逾期1至60日	0.50%	263,368	1,317
61–90 days past due	已逾期61至90日	1.13%	11,087	125
More than 90 days past due	已逾期90以上	1.98%	196,125	3,883
			4,352,992	11,149

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

In the opinion of the Directors, the trade receivables at the end of the reporting period which have been past due over 90 days are not considered as in default based on good repayment records for those customers and continuous business with the Group.

37. 金融工具(續)

b. 金融風險管理目標及政策(續)

信貸風險及減值評估(續) 賬面總值

估計虧損率乃按應收賬款於預計年內觀察所得之過往違約率進行估算，並就毋須付出不必要成本或努力即可獲得之前瞻性資料作出調整。管理層定期檢討有關分類以確保涉及特定應收賬款之相關資料為最新資料。

董事認為，於報告期末已逾期90日以上之應收賬項乃基於該等客戶之良好還款記錄及彼等與本集團持續之業務往來關係而不會視為拖欠款項。

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37. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Movement in the allowance for impairment of trade receivables

		Lifetime ECL (not credit impaired)	Lifetime ECL (credit- impaired)	Total
		全期預期信用 損失(無信貸 減值)	全期預期信用 損失(信貸 減值)	總計
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
As at 31 December 2017 under HKAS 39	於二零一七年十二月三十一日 根據會計準則第39號列賬	–	578,113	578,113
Adoption of HKFRS 9	採納香港財務報告準則第9號	10,022	–	10,022
As at 1 January 2018 under HKFRS 9	於二零一八年一月一日 根據香港財務報告準則 第9號列賬	10,022	578,113	588,135
Net remeasurement of impairment recognised on receivables	就應收款項確認之減值 重新計量淨額	1,127	680	1,807
Amounts written off as uncollectible	因無法收回而撇銷有關金額	–	(3,495)	(3,495)
As at 31 December 2018	於二零一八年十二月三十一日	11,149	575,298	586,447

Movement in the allowance for impairment of loan receivable and other receivables

信貸風險及減值評估(續)
應收賬項減值撥備之變動

b. 金融風險管理目標及政策(續)

信貸風險及減值評估(續)
應收賬項減值撥備之變動

		12m ECL (not credit impaired)	Lifetime ECL (credit- impaired)	Total
		12個月預期 信用損失 (無信貸減值)	全期預期信用 損失(信貸 減值)	總計
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
As at 31 December 2017 under HKAS 39	於二零一七年十二月三十一日 根據會計準則第39號列賬	–	10,764	10,764
Adoption of HKFRS 9	採納香港財務報告準則第9號	4,179	–	4,179
As at 1 January 2018 and 31 December 2018 under HKFRS 9	於二零一八年一月一日及 二零一八年十二月三十一日 根據香港財務報告準則 第9號列賬	4,179	10,764	14,943

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37. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk

The Group's liquidity position is monitored closely by the management of the Company.

In the management of liquidity risk, the Group monitors its current and expected liquidity requirements regularly and ensuring sufficient liquid cash and adequate committed lines of funding from reputable financial institutions to meet the Group's liquidity requirements in the short and long term. The management of the Company also monitors and maintains a level of cash and cash equivalents adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flow. To the extent that interest flows are floating rates, the undiscounted amount is derived from interest rate at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial liabilities. The table has been drawn up based on the undiscounted contractual net cash outflows on derivative instruments that settle on a net basis and, the undiscounted gross inflows and outflows on those derivatives that require gross settlement. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management considers that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

37. 金融工具(續)

b. 金融風險管理目標及政策(續)

流動資金風險

本集團之流動資金狀況由本公司管理層密切監控。

於管理流動資金風險時，本集團定期監察其現時及預期流動資金需求，並確保擁有充足之流動現金及獲得信譽卓著之金融機構之足夠信貸額度，以滿足本集團之短期及長期流動資金需求。本公司管理層亦會監督及維持充足之現金及現金等值項目水平，以為本集團之營運提供資金及減低現金流量波動之影響。

下表詳細呈列本集團非衍生金融負債之剩餘合約年期。該表根據本集團可被要求還款之最早日期金融負債之未折現現金流量而編製。該表包括利息及本金現金流量。倘利息流量是以浮動利率計算，則未折現金額乃根據報告期末之利率計算。

此外，下表詳列本集團就其衍生金融負債所作之流動資金分析。下表乃根據以淨額基準結算之衍生工具之未折現合約現金流出淨額及須以總額結算之衍生工具之未折現流入及流出總額而編製。本集團衍生金融工具之流動資金分析乃根據合約到期日編製，此乃由於管理層認為合約到期日對於瞭解衍生工具現金流量之時間性十分重要。

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37. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

37. 金融工具(續)

b. 金融風險管理目標及政策(續)

流動資金風險(續)

	Weighted average interest rate	On demand or 0 to 3 months	4-6 months	7-12 months	1-2 years	2-3 years	Over 3 years	Total undiscounted cash flows	Carrying amount at 31 December
	加權平均利率	按要求或零至三個月	四至六個月	七至十二個月	一至兩年	兩至三年	超過三年	未折現現金流量總額	於十二月三十一日之賬面值
	%	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
2018									
Non-derivative instruments									
Trade and other payables		7,633,608	-	-	-	-	-	7,633,608	7,633,608
Fixed interest rate bank borrowings	4.45	749,525	59,396	140,148	-	-	-	949,069	937,757
Variable interest rate bank and other borrowings	4.17	5,894,130	200,607	144,761	65,712	13,037	-	6,318,247	6,255,540
Bonds payable	5.8	-	-	49,547	49,547	883,152	-	982,246	850,265
Financial guarantee contract	-	2,427,493	-	-	-	-	-	2,427,493	-
		16,704,756	260,003	334,456	115,259	896,189	-	18,310,663	15,677,170

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37. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Weighted average interest rate	On demand or 0 to 3 months	4-6 months	7-12 months	1-2 years	2-3 years	Over 3 years	Total undiscounted cash flows	Carrying amount at 31 December
	加權平均利率 %	按要求或零至三個月 HK\$'000 千港元	四至六個月 HK\$'000 千港元	七至十二個月 HK\$'000 千港元	一至兩年 HK\$'000 千港元	兩至三年 HK\$'000 千港元	超過三年 HK\$'000 千港元	未折現現金流量總額 HK\$'000 千港元	於十二月三十一日之賬面值 HK\$'000 千港元
2017									
Non-derivative instruments									
Trade and other payables		-	7,080,013	-	-	-	-	7,080,013	7,080,013
Fixed interest rate bank borrowings	4.36	979,932	806	72,232	-	-	-	1,052,970	1,039,230
Variable interest rate bank and other borrowings	3.11	2,081,803	494,382	957,372	1,918,557	2,409,525	-	7,861,639	7,418,108
Bonds payable	5.8	-	-	52,244	52,244	52,244	931,225	1,087,957	895,073
Financial guarantee contract	-	3,148,852	-	-	-	-	-	3,148,852	-
		13,290,600	495,188	1,081,848	1,970,801	2,461,769	931,225	20,231,431	16,432,424
Derivatives – gross settlement									
Foreign currency swaps									
— inflow		60,810	59,992	70,755	-	-	-	191,557	186,908
— outflow		(63,762)	(61,874)	(71,821)	-	-	-	(197,457)	(192,665)
		(2,952)	(1,882)	(1,066)	-	-	-	(5,900)	(5,757)
Derivatives – net settlement									
Structured foreign currency forwards		(58,951)	-	-	-	-	-	(58,951)	(58,516)
Foreign currency forwards		(76,195)	-	-	-	-	-	(76,195)	(76,167)
		(135,146)	-	-	-	-	-	(135,146)	(134,683)

37. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

流動資金風險 (續)

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37. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Bank loans with a repayment on demand clause and bank loans that are repayable on demand due to breach of loan covenants are included in the “on demand or less than 3 months” time band in the above maturity analysis. The aggregate carrying amounts of these bank loans amounted to HK\$5,216,477,000 (2017: HK\$494,580,000). Taking into account the Group’s financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that such bank loans will be repaid two years (2017: three years) after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

		Maturity Analysis – Bank loans with a repayment on demand clause and bank loans that are repayable on demand due to breach of loan covenants based on scheduled repayments							
		到期分析 – 按還款時間表具有按要求償還條款之銀行貸款及因違反貸款契諾而須按要求償還之銀行貸款							
		0 to 3 months	4-6 months	7-12 months	1-2 years	2-3 years	Over 3 years	Total undiscounted cash outflows	Carrying amount
		零至三個月	四至六個月	七至十二個月	一至兩年	兩至三年	超過三年	未折現金	賬面值
		HK\$'000	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	千港元
31 December 2018	二零一八年十二月三十一日	943,364	804,977	1,178,538	2,588,486	-	-	5,515,365	5,216,477
31 December 2017	二零一七年十二月三十一日	6,284	6,284	89,929	263,425	183,895	-	549,817	494,580

The amounts included above for financial guarantee contract are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

37. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

流動資金風險 (續)

具有按要求償還條款之銀行貸款及因違反貸款契諾而須按要求償還之銀行貸款計入上述到期分析「按要求或三個月以內」期限內。該等銀行貸款賬面總值為5,216,477,000港元(二零一七年：494,580,000港元)。考慮到本集團財務狀況，董事認為銀行不大可能行使酌情權要求即時還款。董事認為該等銀行貸款將按照貸款協議所載還款時間表於報告期末後兩年(二零一七年：三年)償還，有關詳情載列於下表：

計入上述財務擔保合約之金額為本集團於擔保交易對手申索金額時可能須根據全面擔保金額安排結算之最高金額。根據於報告期末之預期，本集團認為很大可能毋須根據安排支付任何金額。然而，此項估計可予變動，視乎交易對手根據擔保提出申索之可能性而定，而此可能性則視乎由交易對手持之獲擔保金融應收款項會否蒙受信用損失而定。

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37. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The Group's AFS investments and derivative financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Financial assets/ financial liabilities 金融資產/金融負債	Fair value as at 於以下日期之公平價值		Fair value hierarchy 公平價值層次結構	Valuation techniques and key inputs 估值方法及主要輸入數據
	31 December 2018 二零一八年十二月三十一日	31 December 2017 二零一七年十二月三十一日		
Financial assets at FVTPL — listed equity shares in Hong Kong 於損益以公平價值列賬之金融資產 — 於香港上市之權益股份	Assets — HK\$10,316,000 資產 — 10,316,000 港元	N/A 不適用	Level 1 第1級	Quoted bid prices in an active market 於活躍市場中之報價
AFS investments 可供出售投資	N/A 不適用	Assets — HK\$6,174,000 資產 — 6,174,000 港元	Level 1 第1級	Quoted bid prices in an active market 於活躍市場中之報價
Trade receivables at FVTOCI 於其他全面收益以公平價值列賬之應收賬項	Assets — HK\$168,813,000 資產 — 168,813,000 港元	N/A 不適用	Level 2 第2級	Discounted cashflow method 現金流量折現法 The key input is market interest rate. 主要輸入數據為市場利率。
Foreign currency forwards (Note 1) 外匯遠期(附註1)	Liabilities — nil 負債 — 零	Liabilities — HK\$76,167,000 負債 — 76,167,000 港元	Level 2 第2級	Discounted cash flow method 現金流量折現法 The key inputs are foreign exchange spot rates and forward rates and interest rate curves. 主要輸入數據為外匯現貨及遠期利率以及利率曲線。

37. 金融工具(續)

c. 金融工具之公平價值計量

此附註提供有關本集團如何釐定不同金融資產及金融負債之公平價值之資料。

(i) 按經常基準以公平價值計量之本集團金融資產及金融負債之公平價值

於各報告期末，本集團之可供出售投資及衍生金融工具乃按公平價值計量。下表為有關如何釐定此等金融資產及金融負債之公平價值之資料。

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37. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments (continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

37. 金融工具 (續)

c. 金融工具之公平價值計量 (續)

(i) 按經常基準以公平價值計量之本集團金融資產及金融負債之公平價值 (續)

Financial assets/ financial liabilities 金融資產/金融負債	Fair value as at 於以下日期之公平價值	Fair value hierarchy 公平價值層次結構	Valuation techniques and key inputs 估值方法及主要輸入數據
	31 December 2018 二零一八年十二月三十一日	31 December 2017 二零一七年十二月三十一日	
Foreign currency swaps (Note 1) 外匯掉期(附註1)	Assets — nil 資產 — 零	Assets — HK\$17,370,000 資產 — 17,370,000 港元	Level 2 第2級
	Liabilities — nil 負債 — 零	Liabilities — HK\$5,757,000 負債 — 5,757,000 港元	The key inputs are foreign exchange spot rates and forward rates and interest rate curves. 主要輸入數據為外匯現貨及遠期利率以及利率曲線。
Structured foreign currency forwards (Note 2) 結構式外匯遠期(附註2)	Liabilities — nil 負債 — 零	Liabilities — HK\$58,516,000 負債 — 58,516,000 港元	Level 3 第3級
			Monte Carlo Simulation Method 蒙特卡羅模擬法
			The key inputs are spot exchange rate on the date of valuation, strike rate, time to maturity, notional amount, payout amount for each settlement, risk-free rate of RMB against USD and the average implied volatility of the exchange rate as at valuation date. 主要輸入數據為估值日期即期匯率、執行利率、期限、名義金額、各次結算時之支出金額、人民幣兌美元無風險利率以及於估值日期匯率平均隱含波幅。

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37. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments (continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Note 1: The discounted cash flow method uses only observable market inputs.

Note 2: For structured foreign currency forwards with transactions denominated in RMB, if the average implied volatility of the exchange rate is 5% higher/lower and held other variables constant, the Group's post-tax profit for the year ended 31 December 2017 would decrease by HK\$6,000/increase by HK\$6,000. Due to the terms of the contracts, changes in the inputs adopted in the valuation model would lead to asymmetric changes in the fair values.

There is no transfer between different levels of the fair value hierarchy for the current period.

37. 金融工具(續)

c. 金融工具之公平價值計量(續)

(i) 按經常基準以公平價值計量之本集團金融資產及金融負債之公平價值(續)

附註1：折現現金流量法僅使用可觀察市場輸入數據。

附註2：人民幣結構式外匯遠期方面，倘匯率平均隱含波幅上升/下跌5%而其他可變因素不變，則本集團截至二零一七年十二月三十一日止年度之稅後溢利將減少6,000港元/增加6,000港元。因應合約條款，估值模型採納之輸入數據變動將導致公平價值產生不對稱變化。

於本期間公平價值層次結構之不同層次間並無轉移。

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37. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments (continued)

- (i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Fair value hierarchy as at 31 December 2018 and 2017

		2018 二零一八年			
		Level 1 第1級	Level 2 第2級	Level 3 第3級	Total 合計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Financial assets	金融資產				
Financial assets at FVTPL	於損益以公平價值列賬之金融資產	10,316	–	–	10,316
Trade receivables at FVTOCI	於其他全面收益以公平價值列賬之應收賬項	–	168,813	–	168,813
		10,316	168,813	–	179,129

		2017 二零一七年			
		Level 1 第1級	Level 2 第2級	Level 3 第3級	Total 合計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Financial assets	金融資產				
AFS investments	可供出售投資	6,174	–	–	6,174
Foreign currency swaps	外匯掉期	–	17,370	–	17,370
Total	合計	6,174	17,370	–	23,544
Financial liabilities	金融負債				
Foreign currency forwards	外匯遠期	–	76,167	–	76,167
Foreign currency swaps	外匯掉期	–	5,757	–	5,757
Structured foreign currency forwards	結構式外匯遠期	–	–	58,516	58,516
Total	合計	–	81,924	58,516	140,440

37. 金融工具(續)

c. 金融工具之公平價值計量(續)

- (i) 按經常基準以公平價值計量之本集團金融資產及金融負債之公平價值(續)
於二零一八年及二零一七年十二月三十一日之公平價值層次結構

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37. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments (continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Reconciliation of Level 3 fair value measurement of financial liabilities

		Structured foreign currency forwards 結構式外匯遠期 HK\$'000 千港元
At 1 January 2017	於二零一七年一月一日	64,387
Fair value loss charged to profit or loss	於損益中扣除之公平價值虧損	12,562
Net settlement	結算淨額	(18,433)
At 31 December 2017	於二零一七年十二月三十一日	58,516
Fair value gain charged to profit or loss	於損益中扣除之公平價值收益	(32,107)
Net settlement	結算淨額	(26,409)
At 31 December 2018	於二零一八年十二月三十一日	-

The total gain of approximately HK\$32,107,000 (2017: loss of approximately HK\$12,562,000) for the year included in profit or loss represent the total fair value loss related to structured foreign currency forwards held at the end of the reporting period that is included in "Other gains and losses".

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

37. 金融工具(續)

c. 金融工具之公平價值計量(續)

(i) 按經常基準以公平價值計量之本集團金融資產及金融負債之公平價值(續) 金融負債第3級公平價值計量之對賬

本年度計入損益之總收益約32,107,000港元(二零一七年:虧損約12,562,000港元)指與計入「其他損益」之於報告期末所持結構式外匯遠期有關之公平價值虧損總額。

(ii) 並非按經常基準以公平價值計量之金融資產及金融負債之公平價值(惟須作出公平價值披露)

董事認為於綜合財務報表按攤銷成本列賬之金融資產及金融負債之賬面值與其公平價值相若。

37. FINANCIAL INSTRUMENTS (continued)

d. Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

The Group has entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements ("ISDA Agreements") signed with various banks. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements As at 31 December 2017

		Gross amounts of recognised financial assets 已確認金融資產總額 HK\$'000 千港元	Gross amounts of recognised financial liabilities set off in the statement of financial position 於財務狀況表抵銷之已確認金融負債總額 HK\$'000 千港元	Net amounts of financial assets presented in the statement of financial position 於財務狀況表呈列之金融資產淨額 HK\$'000 千港元
Derivative financial instruments	衍生金融工具	17,370	-	17,370

Net financial assets subject to enforceable master netting arrangements and similar agreements, by counterparty As at 31 December 2017

		Net amounts of financial assets presented in the statement of financial position 於財務狀況表呈列之金融資產淨額 HK\$'000 千港元	Financial instruments not set off in the statement of financial position 並無於財務狀況表抵銷之金融工具 HK\$'000 千港元	Net amount 淨額 HK\$'000 千港元
Counterparty A	對手方A	14,272	-	14,272
Counterparty B	對手方B	3,098	(3,098)	-
Total	總計	17,370	(3,098)	14,272

37. 金融工具 (續)

d. 可予抵銷、須受可強制執行總淨額結算安排及類似協議規限之金融資產及金融負債

下表所披露資料包括之金融資產及金融負債：

- 須受涵蓋類似金融工具之可強制執行總淨額結算安排及類似協議規限(不論其是否於本集團之綜合財務狀況表抵銷)。

本集團已訂立若干衍生工具交易，該等交易屬與多間銀行簽訂之國際掉期及衍生工具協會總協議(「國際掉期及衍生工具協會總協議」)範圍內。由於國際掉期及衍生工具協會總協議規定僅於拖欠款項、無力償債或破產之情況下方可行使抵銷權，故本集團目前並無依法可強制執行權利抵銷已確認金額，因此，該等衍生工具並未於綜合財務狀況表抵銷。

可予抵銷、須受可強制執行總淨額結算安排及類似協議規限之金融資產於二零一七年十二月三十一日

須受對手方之可強制執行總淨額結算安排及類似協議規限之金融資產淨額於二零一七年十二月三十一日

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37. FINANCIAL INSTRUMENTS (continued)

d. Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

(continued)

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements
As at 31 December 2017

		Gross amounts of recognised financial assets	Net amounts of financial liabilities presented in the statement of financial position	
		Gross amounts of recognised financial liabilities	set off in the statement of financial position	於財務狀況表 呈列之 金融負債淨額
		已確認金融 負債總額	抵銷之已確認 金融資產總額	金融負債淨額
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Derivative financial instruments	衍生金融工具	140,440	-	140,440

Net financial liabilities subject to enforceable master netting arrangements and similar agreements, by counterparty
As at 31 December 2017

須受對手方之可強制執行總淨額結算
安排及類似協議規限之金融負債淨額
於二零一七年十二月三十一日

		Net amounts of financial liabilities presented in the statement of financial position	Financial instruments not set off in the statement of financial position	Net amount
		於財務狀況表呈列 之金融負債淨額	並無於財務狀況表 抵銷之金融工具	淨額
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Counterparty B	對手方B	52,154	(3,098)	49,056
Counterparty C	對手方C	30,261	-	30,261
Counterparty D	對手方D	28,761	-	28,761
Counterparty E	對手方E	20,433	-	20,433
Counterparty F	對手方F	5,247	-	5,247
Counterparty G	對手方G	1,854	-	1,854
Counterparty H	對手方H	1,730	-	1,730
Total	總計	140,440	(3,098)	137,342

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38. OPERATING LEASE COMMITMENTS

The Group as lessee

At the reporting date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Within one year	一年內	6,336	7,233
In the second to fifth year inclusive	第二年至第五年(包括首尾兩年)	2,174	6,678
		8,510	13,911

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for terms of two to four years with fixed rentals.

The Group as lessor

Property rental income earned during the year was HK\$11,543,000 (2017: HK\$11,379,000), which was derived from letting of staff quarters included in the Group's property, plant and equipment.

At the reporting date, the Group had contracted with tenants for the following future minimum lease payments:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Within one year	一年內	621	918
In the second to fifth year inclusive	第二年至第五年(包括首尾兩年)	1,112	800
		1,733	1,718

39. COMMITMENTS

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	就收購物業、廠房及設備已訂約但未在綜合財務報表中撥備之資本支出	419,153	456,958

38. 經營租約承擔

本集團作為承租人

於報告日，本集團根據不可撤銷經營租約於下列期限到期之未來最低租約付款承擔如下：

經營租約付款指本集團就其若干辦公室物業而應付之租金。租約之協定期限為兩至四年，並為固定租金。

本集團作為租賃人

本年度賺取之物業租金收入為11,543,000港元(二零一七年：11,379,000港元)，該等租金收入來自出租計入本集團物業、廠房及設備之員工宿舍。

於報告日，本集團已就下列未來最低租約付款與租戶訂立合約：

39. 承擔

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40. RETIREMENT BENEFITS SCHEMES

All of the Group's Hong Kong employees are required to join the Mandatory Provident Fund Scheme. The Group is required to contribute 5%, while the employees are required to contribute 5% of their salaries to the scheme to the maximum of HK\$1,500 (2017: HK\$1,500) per month for each employee.

According to the relevant laws and regulations in the PRC, the PRC subsidiaries are required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

41. GOVERNMENT GRANTS

At the end of the reporting period, government grants of HK\$9,431,000 (2017: HK\$11,106,000) were included in trade and other payables, to subsidise the acquisition of property, plant and machinery for scientific research development. The amount has been treated as deferred income and will be transferred to profit or loss over the useful lives of the relevant assets. This policy resulted in a credit to profit or loss in the current year of HK\$1,149,000 (2017: HK\$1,274,000).

Incentive subsidies of HK\$27,618,000 (2017: HK\$87,410,000) have been received in the current year to encourage the operations of the PRC subsidiaries for the development on advance technology and export sales. The subsidiaries have complied with application rules of the incentives and, therefore, the Group recognised the grants in profit or loss.

40. 退休福利計劃

本集團之全體香港僱員均須參加強制性公積金計劃。本集團須作出5%供款，而僱員亦須向該計劃作出其薪酬5%之供款，每名僱員之每月供款最高為1,500港元(二零一七年：1,500港元)。

根據中國有關法律及規例，中國附屬公司須向國家管理的退休福利計劃作出相當於其僱員薪酬若干百分比之供款。本集團就退休福利計劃所負之責任僅為向該計劃作出所須供款。

41. 政府津貼

於報告期末，本集團用作資助收購物業、廠房及機器以開展科研發展之政府津貼9,431,000港元(二零一七年：11,106,000港元)列入應付賬項及其他應付款項。該數額已被視為遞延收入並按相關資產之可使用年期轉撥至損益。此政策導致本年度計入損益之金額為1,149,000港元(二零一七年：1,274,000港元)。

本年度收到政府為鼓勵中國附屬公司在先進技術及外銷業務方面的發展而授出的鼓勵津貼27,618,000港元(二零一七年：87,410,000港元)。該等附屬公司已遵守有關鼓勵之應用規則，因此，本集團於損益確認有關津貼。

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42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

42. 融資活動所產生負債之對賬

下表詳列本集團融資活動所產生負債之變動，包括現金及非現金變動。融資活動所產生負債乃現金流量已或日後現金流量會於本集團綜合現金流量表分類為融資活動產生之現金流量。

		Bank and other borrowings (note 32) 銀行及其他借款 (附註32) HK\$'000 千港元	Bonds payable (note 33) 應付債券 (附註33) HK\$'000 千港元	Dividend payable 應付股息 HK\$'000 千港元	Dividend payable to non-controlling interests 應付非控股權益股息 HK\$'000 千港元	Interest payable 應付利息 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2017	於二零一七年一月一日	7,227,360	827,456	59,398	-	29,061	8,143,275
Financing cash flows	融資現金流量	1,387,820	(50,025)	(145,353)	(85,494)	(267,907)	839,041
Dividend recognised as distribution	確認為分派之股息	-	-	87,213	-	-	87,213
Dividend paid to non-controlling interests	已付非控股權益股息	-	-	-	85,494	-	85,494
Foreign exchange translation	外匯換算	79,922	66,285	-	-	1,958	148,165
Interest expenses	利息開支	-	51,357	-	-	271,751	323,108
Non-cash transactions	非現金交易	(237,764)	-	-	-	-	(237,764)
At 31 December 2017	於二零一七年十二月三十一日	8,457,338	895,073	1,258	-	34,863	9,388,532

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42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)

42. 融資活動所產生負債之對賬 (續)

		Bank and other borrowings (note 32) 銀行及其他借款 (附註32) HK\$'000 千港元	Bonds payable (note 33) 應付債券 (附註33) HK\$'000 千港元	Dividend payable 應付股息 HK\$'000 千港元	Interest payable 應付利息 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2018	於二零一八年一月一日	8,457,338	895,073	1,258	34,863	9,388,532
Financing cash flows	融資現金流量	(1,176,790)	(51,678)	-	(297,746)	(1,526,214)
Foreign exchange translation	外匯換算	(35,132)	(46,267)	-	(1,439)	(82,838)
Interest expenses	利息開支	-	53,137	-	300,542	353,679
Non-cash transactions	非現金交易	(52,119)	-	-	-	(52,119)
At 31 December 2018	於二零一八年十二月三十一日	7,193,297	850,265	1,258	36,220	8,081,040

43. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2018, short-term borrowings on bills discounted with recourse of HK\$52,119,000 (2017: HK\$237,764,000) have been settled through bills receivables discounted to the relevant financial institutions.

During the year ended 31 December 2017, 信利半導體 (as defined in note 20) increased its equity interest in Truly HZ from 53% to 59.7% by capitalisation of an amount due from Truly HZ of approximately HK\$471,500,000.

43. 重大非現金交易

截至二零一八年十二月三十一日止年度，有追索權之折現票據之短期借貸52,119,000港元(二零一七年：237,764,000港元)已透過折現應收票據向相關金融機構結清。

截至二零一七年十二月三十一日止年度，信利半導體(定義見附註20)藉由將應收信利惠州款項約471,500,000港元撥作資本，將其於信利惠州之股權由53%增加至59.7%。

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44. RELATED PARTY TRANSACTIONS

- (i) During the year, the Group entered into the following transactions with an associate.

Associate 聯營公司	Nature of transaction 交易性質	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Truly HZ 信利惠州	Sales 銷售	36,013	21,190
	Purchase 採購	647,757	438,769
	Interest income 利息收入	32,395	10,203
	Rental income 租金收入	120	120
	Rental expense 租金支出	456	1,441

- (ii) The remuneration of Directors and other members of key management during the year were as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Short-term benefits 短期福利		14,475	23,412
Post-employment benefits 離職後福利		104	134
		14,579	23,546

The remuneration of Directors and key executives are determined by the remuneration committee having regard to the performance of individuals and market trends.

44. 關連人士交易

- (i) 年內，本集團與聯營公司訂立以下交易。

- (ii) 本年度董事及其他主要管理層成員之薪酬如下：

董事及主要行政人員之薪酬乃由薪酬委員會參考個人表現及市場趨勢後釐定。

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45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(a) General information of subsidiaries

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below:

45. 本公司主要附屬公司資料

(a) 附屬公司之一般資料

於報告期末本公司直接及間接持有之附屬公司之詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation or registration/ operation 註冊成立或登記/ 營業地點	Nominal value of issued and fully paid ordinary share capital/ registered capital 已發行及繳足普通股股本/註冊資本面值	Proportion ownership interest held by the Company 本公司持有之所有權權益比例		Principal activities 主要業務
			2018 二零一八年	2017 二零一七年	
Truly Electronics Manufacturing Limited 信利電子有限公司	Hong Kong 香港	HK\$1,000,010 1,000,010港元	100%	100%	Trading of electronic calculators and electronic components 電子計算機及電子元件貿易
Truly Instrument Limited 信利儀器有限公司	Hong Kong 香港	HK\$100 100港元	100%	100%	Trading of electric tooth brush and health care products 電動牙刷及個人保健產品貿易
Truly Semiconductors Limited 信利半導體有限公司	Hong Kong 香港	HK\$1,000 1,000港元	100%	100%	Trading of LCD products 液晶體顯示器產品貿易
Truly Opto-electronics Limited 信利光電有限公司	Hong Kong 香港	HK\$1,000,000 1,000,000港元	85.4%	85.4%	Trading of compact camera module and touch panel 微型相機模組及觸控屏產品貿易
Truly Industrial Limited 信利工業有限公司	Hong Kong 香港	HK\$872,894 872,894港元	100%	100%	Trading of electronic components 電子元件貿易
Truly (USA) Inc. 信利電子有限公司*	United States of America 美國 The PRC 中國	US\$20,000 20,000美元 US\$137,500,000 137,500,000美元	100%	100%	Marketing of electronic calculators 電子計算機市場營銷 Manufacture of electronic calculators and electronic components 製造電子計算機及電子元件
信利半導體*	The PRC 中國	US\$498,300,000 498,300,000美元	100%	100%	Manufacture of LCD products 製造液晶體顯示器產品
信利儀器(汕尾)有限公司*	The PRC 中國	US\$1,000,000 1,000,000美元	100%	100%	Manufacture of electric toothbrush and health care products 製造電動牙刷及個人保健產品
信利光電股份有限公司	The PRC 中國	RMB340,000,000 人民幣340,000,000元	85.4%	85.4%	Manufacture of compact camera module and touch panel 製造微型相機模組及觸控屏產品
信利工業(汕尾)有限公司*	The PRC 中國	RMB280,000,000 人民幣280,000,000元	100%	100%	Manufacture of electronic component 製造電子元件
信元光電有限公司	The PRC 中國	RMB175,000,000 人民幣175,000,000元	80%	76%	Manufacture of electronic component 製造電子元件
信利電路有限公司*	The PRC 中國	RMB45,000,000 人民幣45,000,000元	100%	-	Manufacture of electronic component 製造電子元件

* wholly foreign owned enterprise

* 外商獨資企業

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45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of subsidiaries (continued)

Except for Truly Electronics Manufacturing Limited and Truly (USA) Inc., all other subsidiaries are indirectly held by the Company.

None of the subsidiaries had any debt securities at the end of the year except for 信利光電股份有限公司 which has issued RMB750,000,000 of bonds payable, in which the Group has no interests.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong. The principal activities of these subsidiaries are summarised as follows:

Principal activities 主要業務	Principal place of business 主要營業地點	Number of subsidiaries 附屬公司數目	
		2018 二零一八年	2017 二零一七年
Investment holding or inactive 投資控股或非活躍	Hong Kong 香港	7	7
	Germany 德國	–	1
	Singapore 新加坡	1	1
	The PRC 中國	1	–
		9	9

45. 本公司主要附屬公司資料(續)

(a) 附屬公司之一般資料(續)

除信利電子有限公司及Truly (USA) Inc.外，所有其他附屬公司均由本公司間接持有。

除信利光電股份有限公司發行人民幣750,000,000元之應付債券而本集團於當中並無權益外，於年末各附屬公司概無任何債務證券。

於報告期末，本公司擁有對本集團無任何重大影響之其他附屬公司。此等附屬公司大部分於香港營運。該等附屬公司之主要業務概要如下：

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45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(b) Details of non-wholly-owned subsidiaries that have material non-controlling interests

The table below shows details of non wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary 附屬公司名稱	Place of incorporation and principal place of business 註冊成立地點及主要營業地點	Proportion of ownership interests and voting rights held by non-controlling interests 由非控股權益持有之所有權權益及投票權比例		Profit/(loss) attributable to non-controlling interests 非控股權益應佔溢利/(虧損)		Accumulated non-controlling interests 累計非控股權益	
		2018 二零一八年	2017 二零一七年	2018 二零一八年	2017 二零一七年	2018 二零一八年	2017 二零一七年
				HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
信利光電股份有限公司*	The PRC 中國	14.6%	14.6%	75,634	32,804	601,679	555,560
Non wholly-owned subsidiary of 信利光電股份有限公司 信利光電股份有限公司之非全資附屬公司							
信元光電有限公司	The PRC 中國	20%	24%	(1,611)	(2,954)	7,772	9,824
				74,023	29,850	609,451	565,384

* excluding non-controlling interests of 信利光電股份有限公司's subsidiary

Summarised financial information in respect of the above subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

45. 本公司主要附屬公司資料(續)

(b) 擁有重大非控股權益之非全資附屬公司之詳情

下表載列擁有重大非控股權益之本集團非全資附屬公司之詳情：

* 不包括信利光電股份有限公司附屬公司之非控股權益

有關上述附屬公司擁有重大非控股權益之財務資料概要如下。下列財務資料概要為集團內公司間對銷前之金額。

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45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(b) Details of non-wholly-owned subsidiaries that have material non-controlling interests

(continued)

信利光電股份有限公司 and its subsidiaries

45. 本公司主要附屬公司資料(續)

(b) 擁有重大非控股權益之非全資附屬公司之詳情(續)

信利光電股份有限公司及其附屬公司

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current assets	流動資產	7,091,405	7,302,047
Non-current assets	非流動資產	5,218,258	5,494,421
Current liabilities	流動負債	7,264,732	8,022,669
Non-current liabilities	非流動負債	850,265	895,073
Equity attributable to owners of the Company	本公司擁有人應佔權益	3,585,215	3,313,342
Non-controlling interests of 信利光電股份有限公司	信利光電股份有限公司非控股權益	601,679	555,560
Non-controlling interests of subsidiary of 信利光電股份有限公司	信利光電股份有限公司附屬公司之非控股權益	7,772	9,824

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45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(b) Details of non wholly-owned subsidiaries that have material non-controlling interests

(continued)

信利光電股份有限公司 and its subsidiaries (continued)

45. 本公司主要附屬公司資料(續)

(b) 擁有重大非控股權益之非全資附屬公司之詳情(續)

信利光電股份有限公司及其附屬公司(續)

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Revenue	收益	14,756,573	15,753,685
Expenses	開支	387,258	403,163
Profit for the year	本年度溢利	518,862	225,040
Profit attributable to owners of the Company	本公司擁有人應佔溢利	444,839	195,190
Profit attributable to the non-controlling interests of 信利光電股份有限公司	信利光電股份有限公司非控股權益應佔溢利	75,634	32,804
Loss attributable to the non-controlling interests of subsidiary of 信利光電股份有限公司	信利光電股份有限公司附屬公司之非控股權益應佔虧損	(1,611)	(2,954)
Profit for the year	本年度溢利	518,862	225,040
Other comprehensive (expense) income attributable to owners of the Company	本公司擁有人應佔其他全面(開支)收益	(167,450)	215,716
Other comprehensive (expense) income attributable to the non-controlling interests of 信利光電股份有限公司	信利光電股份有限公司非控股權益應佔其他全面(開支)收益	(28,574)	36,810
Other comprehensive (expense) income attributable to the non-controlling interests of subsidiary of 信利光電股份有限公司	信利光電股份有限公司附屬公司之非控股權益應佔其他全面(開支)收益	(441)	826
Other comprehensive (expense) income for the year	本年度其他全面(開支)收益	(196,465)	253,352
Total comprehensive income attributable to owners of the Company	本公司擁有人應佔全面收益總額	277,389	410,906
Total comprehensive income attributable to the non-controlling interests of 信利光電股份有限公司	信利光電股份有限公司非控股權益應佔全面收益總額	47,060	69,614
Total comprehensive expense attributable to the non-controlling interests of subsidiary of 信利光電股份有限公司	信利光電股份有限公司附屬公司之非控股權益應佔全面開支總額	(2,052)	(2,128)
Total comprehensive income for the year	本年度全面收益總額	322,397	478,392
Dividends paid to non-controlling interests of 信利光電股份有限公司	已付信利光電股份有限公司非控股權益之股息	-	85,494
Net cash (outflow) inflow from operating activities	經營業務現金(流出)流入淨額	(11,539)	2,971,665
Net cash outflow from investing activities	投資活動現金流出淨額	(742,056)	(1,497,405)
Net cash outflow from financing activities	融資活動現金流出淨額	(169,399)	(862,011)
Net cash (outflow) inflow	現金(流出)流入淨額	(922,994)	612,249

46. CONTINGENT LIABILITIES

- (i) As at 31 December 2017, a subsidiary of the Company was a defendant in a legal action in Italy involving the alleged defective goods manufactured by the subsidiary according to its customers' designs and specifications. The claim above against the subsidiary was approximately Euro 7.2 million (2017: equivalent to approximately HK\$68 million) in aggregate. The Directors believe, based on legal advice, that the case has legal and factual grounds to defend and therefore it was not probable that losses (including claims for costs) will be incurred. As a result, no provision had been made as at 31 December 2017 in this regard.

On 9 May 2018, the Court of Potenza rejected the claim against the subsidiary of the Company and the legal case became final on 16 June 2018.

- (ii) During the year ended 31 December 2018, a non-wholly owned subsidiary of the Company is a defendant in several legal actions in the PRC in respect of the claims for infringement of the claimant's patents. The claims against the non-wholly owned subsidiary are approximately RMB151.5 million (equivalent to approximately HK\$172.6 million) in aggregate.

As at 31 December 2018, the legal proceedings were ongoing. The Directors believe, based on legal advice, that the case has legal and factual grounds to defend and therefore it is not probable that losses (including claims for costs) will be incurred. As a result, no provision has been made as at 31 December 2018 in this regard.

46. 或然負債

- (i) 於二零一七年十二月三十一日，本公司一間附屬公司於意大利一宗被指涉及該附屬公司按其客戶之設計及規格製造有缺陷貨品之法律訴訟中作為辯方。上述針對該附屬公司之申索合共約為720萬歐元(二零一七年：相等於約0.68億港元)。董事根據法律意見相信，該案件有法律及事實理據進行抗辯，因此，案件將不大可能產生虧損(包括費用申索)。故此，於二零一七年十二月三十一日並未就此作出撥備。

於二零一八年五月九日，波坦察法院(the Court of Potenza)已駁回針對本公司附屬公司之申索且訴訟案件於二零一八年六月十六日成為最終裁決。

- (ii) 截至二零一八年十二月三十一日止年度，本公司之非全資附屬公司為若干涉及就於中國侵犯申索人專利權提出申索之法律訴訟之被告人。針對該非全資附屬公司之申索合共約人民幣1.515億元(相等於約1.726億港元)。

於二零一八年十二月三十一日，有關法律訴訟仍在進行中。董事根據法律意見相信，該案件有法律及事實理據進行抗辯，因此，案件將不大可能產生虧損(包括費用申索)。故此，於二零一八年十二月三十一日並未就此作出撥備。

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46. CONTINGENT LIABILITIES (continued)

(iii)

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Corporate guarantee given by the Group for bank borrowings granted to:	本集團就授予以下人士之銀行借款作出公司擔保：		
An associate	聯營公司	3,419,020	3,554,180
and utilised by:	及由以下人士動用：		
An associate	聯營公司	2,427,493	3,148,852

In addition, at 31 December 2018, the other shareholder of an associate provided corporate guarantee to the above bank borrowings in proportion to its respective ownership interest amounting to approximately HK\$804 million (2017: HK\$836 million). A counter-indemnity in favour of the other shareholder is executed pursuant to which the Group undertakes to indemnify the other shareholder 23.5% (2017: 23.5%) of the liabilities arising from the bank borrowings.

The bank borrowings were secured by the associate's property, plant and equipment and the Directors assess the exposure of the corporate guarantee at the end of reporting period is insignificant. It is not likely that any guaranteed amount will be claimed by the counterparties and the fair value of the corporate guarantee is not significant.

46. 或然負債(續)

(iii)

此外，於二零一八年十二月三十一日，聯營公司之其他股東按其擁有權益就上述銀行借款提供公司擔保約8.04億港元(二零一七年：8.36億港元)。本集團以該其他股東為受益人簽立反彌償保證，據此本集團承諾向其他股東彌償銀行借款所產生債務之23.5%(二零一七年：23.5%)。

銀行借款以聯營公司之物業、廠房及設備作抵押，而董事於報告期末評估所面對公司擔保之風險不大。交易對手不大可能申索任何擔保金額，且公司擔保之公平價值並不重大。

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47. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

47. 本公司之財務狀況表及儲備

有關本公司於報告期末之財務狀況表之資料包括：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Non-current Assets	非流動資產		
Investments in subsidiaries	於附屬公司之投資	446,009	277,489
Amount due from a subsidiary	應收附屬公司款項	1,217,941	1,151,443
		1,663,950	1,428,932
Current Assets	流動資產		
Other receivables	其他應收款項	445	366
Bank balances and cash	銀行結存及現金	2,111	2,190
		2,556	2,556
Current Liability	流動負債		
Other payables	其他應付款項	1,935	2,175
Net Current Assets	流動資產淨值	621	381
Net Assets	資產淨值	1,664,571	1,429,313
Capital and Reserves	資本及儲備		
Share capital	股本	65,785	62,409
Reserves	儲備	1,598,786	1,366,904
Total Equity	權益總額	1,664,571	1,429,313

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47. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

47. 本公司之財務狀況表及儲備 (續)

		Share capital	Share premium*	Special reserve#	Capital redemption reserve	Retained profits	Total
		股本	股份溢價*	特別儲備#	贖回儲備	保留溢利	合計
		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
At 1 January 2017	於二零一七年一月一日	58,142	777,925	17,410	867	121,528	975,872
Profit for the year	本年度溢利	-	-	-	-	113,737	113,737
Issue of new shares	發行新股份	4,267	426,660	-	-	-	430,927
Cost of issuance of new shares	發行新股份之成本	-	(4,010)	-	-	-	(4,010)
Dividends recognised as distribution	確認為分派之股息	-	-	-	-	(87,213)	(87,213)
At 31 December 2017	於二零一七年十二月三十一日	62,409	1,200,575	17,410	867	148,052	1,429,313
Profit for the year	本年度溢利	-	-	-	-	37,016	37,016
Issue of new shares	發行新股份	3,376	195,808	-	-	-	199,184
Cost of issuance of new shares	發行新股份之成本	-	(942)	-	-	-	(942)
Dividends recognised as distribution	確認為分派之股息	-	-	-	-	-	-
At 31 December 2018	於二零一八年十二月三十一日	65,785	1,395,441	17,410	867	185,068	1,664,571

* Under the applicable laws of Cayman Islands, the share premium of the Company is available for distributions or paying dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediate following the distribution or paying dividend the Company is able to pay its debts as they fall due in the ordinary course of business.

The special reserve of the Company represents the difference between the net book values of the underlying assets of the Company's subsidiaries acquired at the date on which the shares of these companies were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisitions.

* 根據開曼群島之適用法例，本公司之股份溢價可依據其組織章程大綱或細則之條文向股東作出分派或支付股息，惟於緊隨作出分派或支付股息後，本公司須可於日常業務過程中支付到期債項。

本公司之特別儲備乃指於本公司在收購其附屬公司之股份當日該等被收購公司之相關資產賬面淨值與本公司就收購而發行之本公司股份面值兩者間之差額。

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2/F Chung Shun Knitting Centre, 1-3 Wing Yip Street,
Kwai Chung N.T., Hong Kong

香港新界葵涌永業街1至3號忠信針織中心2樓