



Shanxi Changcheng Microlight Equipment Co. Ltd. *

山西長城微光器材股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

(於中華人民共和國註冊成立之股份有限公司)

(Stock Code 股份代號：8286)

2017

年報 Annual Report

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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本報告乃遵照聯交所《GEM證券上市規則》之規定而提供有關山西長城微光器材股份有限公司（「本公司」）之資料，本公司各董事願共同及個別對此承擔全部責任。本公司董事經作出一切合理查詢後確認，就彼等深知及確信，本報告所載資料於各重大方面均屬準確及完整，且無誤導或欺詐成份，以及並無遺漏任何其他事實致使本報告所載任何聲明或本報告有所誤導。

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BOARD OF DIRECTORS

Executive Directors

Mr. Guo Xu Zhi (appointed as *Chairman* on 30 November 2017)
Mr. Song Zhenglai (*Vice-Chairman*) (appointed as director and *Vice-Chairman* on 30 November 2017)
Mr. Shen Jian (appointed on 30 November 2017)
Ms. Wang Lingling (appointed on 30 November 2017)
Mr. Wang Wen Sheng (*Chairman*) (retired as director and *Chairman* on 30 November 2017)
Mr. Tian Qun Xu (retired on 30 November 2017)

Non-executive Directors

Mr. Yuan Guo Liang
Mr. Wu Bo (appointed on 30 November 2017)
Mr. Zhang Shao Hui (*Vice-Chairman*) (retired on 30 November 2017)

Independent Non-executive Directors

Ms. Long Yan (appointed on 30 November 2017)
Ms. Ning Lingying (appointed on 30 November 2017)
Ms. Qie Hui Fang (appointed on 30 November 2017)
Mr. Ni Guo Qiang (retired on 30 November 2017)
Mr. Li Li Cai (retired on 30 November 2017)
Mr. Duan Zhong (retired on 30 November 2017)
Ms. Zhang Zhi Hong (retired on 30 November 2017)

Audit Committee

Ms. Long Yan (*Chairman*)
Ms. Ning Lingying
Mr. Yuan Guo Liang

Remuneration Committee

Ms. Long Yan (*Chairman*)
Ms. Qie Hui Fang
Mr. Yuan Guo Liang

Nomination Committee

Mr. Guo Xu Zhi (*Chairman*)
Ms. Long Yan
Ms. Qie Hui Fang

Supervisors

Ms. Han Xiao Ou (*Chairman*)
Mr. Dong Yonghong (appointed on 30 November 2017)
Mr. Yuan Shaopu (appointed on 30 November 2017)
Mr. Song Zhenbao (appointed on 30 November 2017)
Ms. Lv Jun Li (retired on 30 November 2017)
Mr. Sun Wei (retired on 30 November 2017)
Mr. Xiang Hui (retired on 30 November 2017)

董事會

執行董事

高旭志先生(二零一七年十一月三十日獲委任為主席)
宋政來先生(副主席)
(二零一七年十一月三十日獲委任為董事及副主席)
申健先生(二零一七年十一月三十日獲委任)
王玲玲女士(二零一七年十一月三十日獲委任)
王文生先生(主席)
(二零一七年十一月三十日退任董事及主席)
田群戌先生(二零一七年十一月三十日退任)

非執行董事

袁國良先生
吳波先生(二零一七年十一月三十日獲委任)
張少輝先生(副主席)
(二零一七年十一月三十日退任)

獨立非執行董事

龍艷女士(二零一七年十一月三十日獲委任)
寧玲穎女士(二零一七年十一月三十日獲委任)
郤慧芳女士(二零一七年十一月三十日獲委任)
倪國強先生(二零一七年十一月三十日退任)
黎禮才先生(二零一七年十一月三十日退任)
段忠先生(二零一七年十一月三十日退任)
張志紅女士(二零一七年十一月三十日退任)

審核委員會

龍艷女士(主席)
寧玲穎女士
袁國良先生

薪酬委員會

龍艷女士(主席)
郤慧芳女士
袁國良先生

提名委員會

高旭志先生(主席)
龍艷女士
郤慧芳女士

監事

韓曉歐女士(主席)
董用宏先生(二零一七年十一月三十日獲委任)
袁韶浦先生(二零一七年十一月三十日獲委任)
宋振寶先生(二零一七年十一月三十日獲委任)
呂晉莉女士(二零一七年十一月三十日退任)
孫煒先生(二零一七年十一月三十日退任)
相輝先生(二零一七年十一月三十日退任)

Corporate Information

公司資料

Compliance Officer

Mr. Guo Xu Zhi (appointed on 30 November 2017)
Mr. Wang Wen Sheng (resigned on 30 November 2017)

Authorised Representatives

Mr. Guo Xu Zhi (appointed on 30 November 2017)
Mr. Wang Wen Sheng (resigned on 30 November 2017)
Mr. Tsang Kwok Wai

Company Secretary

Mr. Tsang Kwok Wai

Auditors

Zhonghui Anda CPA Limited
Certified Public Accountants
Unit 701, Citicorp Centre
18 Whitfield Road
Causeway Bay, Hong Kong

Hong Kong Share Registrar and Transfer Office

Tircor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East, Hong Kong

Head Office and Registered Office

No. 7 Dianzi Street
Taiyuan City
Shanxi Province, PRC

Principal Place of Business in Hong Kong

2nd Floor, Kam Lung Commercial Centre
2 Hart Avenue, Tsim Sha Tsui
Kowloon, Hong Kong

Principal Banker

Bank of China Limited
Industrial and Commercial Bank of China Limited
Huaxia Bank Limited

Stock Code

8286

合規主任

高旭志先生(二零一七年十一月三十日獲委任)
王文生先生(二零一七年十一月三十日辭任)

授權代表

高旭志先生(二零一七年十一月三十日獲委任)
王文生先生(二零一七年十一月三十日辭任)
曾國偉先生

公司秘書

曾國偉先生

核數師

中匯安達會計師事務所有限公司
香港執業會計師
香港·銅鑼灣
威非路道18號
萬國寶通中心701室

股份過戶登記香港分處

卓佳標準有限公司
香港·皇后大道東183號
合和中心22樓

總辦事處及註冊辦事處

中國·山西省
太原市
電子街7號

香港主要營業地點

香港·九龍
尖沙咀·赫德道2號
金麟商業中心2樓

主要來往銀行

中國銀行股份有限公司
中國工商銀行股份有限公司
華夏銀行股份有限公司

股份代號

8286

Chairman's Statement

主席報告書

During the year under review, the Group continued to be principally engaged in design, research, development, manufacture, and sale of image transmission fibre optic products.

The Group reported turnover of approximately RMB19,121,000 and recorded loss after tax of approximately RMB28,576,000 for the year ended 31 December 2017.

On behalf of the board of directors, I would like to express my sincere gratitude to our staff members for their contribution and extend my appreciation to the shareholders and investors for their support.

Guo Xu Zhi
Chairman

Taiyuan City, Shanxi Province, the PRC,
28 August 2018

於回顧年度，本集團繼續以從事傳像光纖產品的設計、研究、開發、生產及銷售為其主要業務。

截至二零一七年十二月三十一日止年度，本集團之報告營業額約人民幣19,121,000元，以及錄得除稅後虧損約人民幣28,576,000元。

本人謹代表董事會衷心感謝工作人員所作之貢獻，並感謝股東及投資者對我們的支持。

高旭志
主席

中國山西省太原市，
二零一八年八月二十八日

Management Discussion and Analysis

管理層討論及分析

Business Review

The Company continued to be principally engaged in design, research, development, manufacture, and sale of image transmission optic products. A subsidiary of the Company continued to be engaged in wholesale of household water purifiers. The newly registered two subsidiaries in the year of 2016 have not been commencement of business.

Image transmission fibre optics products manufactured by the Company are image transmission devices containing a rigidly bundle of optical fibres arranged in an ordered fashion so that images can be transmitted from one end of the optical fibre bundle and displayed on the other end of the bundle. A typical image transmission fibre optic product of the Company would consist of over 10 million optical fibres.

The Company and its subsidiaries (together the “**Group**”) currently produces five major products, including fibre optic inverters, fibre optic straight plates, fibre optic face plates, fibre optic tapers and microchannel plates.

Details of the total sales to external customers by product and the percentage of total revenue by product for the years ended 31 December 2017 and 2016 are set out in notes 8 to the consolidated financial statements.

Financial Review

Turnover of the Group for the year ended 31 December 2017 was approximately RMB19,121,000 (2016: RMB18,731,000), representing an increase of approximately 2% as compared to that of the last year.

Cost of sales of the Group for the year ended 31 December 2017 was approximately RMB15,457,000 (2016: RMB14,243,000), representing an increase of approximately 9% as compared to that of the last year.

The gross profit margin of the Group for the year ended 31 December 2017 was 19% (2016: 24%).

業務回顧

本公司繼續以從事傳像光纖產品的設計、研究、開發、生產及銷售為其主要業務。本公司一家附屬公司繼續從事家用淨水器批發。二零一六年新註冊的兩間附屬公司未開始任何運作。

本公司生產的傳像光纖產品屬圖像傳輸器件，帶有以有序方式排列的剛性光纖束以便能夠將圖像從光纖束一端傳輸到光纖束的另一端，然後顯示出來。本公司的標準傳像光纖產品一般由超過一千萬條光纖組成。

目前，本公司及其附屬公司（統稱為「**本集團**」）生產五類主要產品，包括光纖倒像器、光纖直板、光纖面板、光錐及微通道板。

截至二零一六年及二零一七年十二月三十一日止年度，向外部客戶銷售總額（按產品計）及佔總收益百分比（按產品計）之詳情均載列於綜合財務報表附註8內。

財務回顧

截至二零一七年十二月三十一日止年度，本集團的營業額約人民幣19,121,000元（二零一六年：人民幣18,731,000元），較上一財政年度增加約2%。

截至二零一七年十二月三十一日止年度，本集團的銷售成本約人民幣15,457,000元（二零一六年：人民幣14,243,000元），較上一財政年度增加約9%。

截至二零一七年十二月三十一日止年度，本集團的毛利率為19%（二零一六年：24%）。

Management Discussion and Analysis

管理層討論及分析

Administrative expenses of the Group for the year ended 31 December 2017 was approximately RMB21,601,000 (2016: RMB13,158,000), representing an increase of approximately RMB8,443,000 as compared to that of the last year. As the Group reduced production scale during the year ended 31 December 2017, certain amount of labor costs (including pension scheme contributions and welfare expenses) are charged to the profit and loss as administrative expenses instead of the cost of inventories as manufacturing costs. Hence, the labor and staff costs included in the administrative expenses during the year ended 31 December 2017 was increased by approximately RMB6,028,000 as compared to that of the last year.

Other operating expenses of the Group for the year ended 31 December 2017 was approximately RMB6,761,000 (2016: RMB22,665,000), representing a decrease of approximately RMB15,904,000. The decrease was mainly attributable by the decrease in the impairment of inventories. As customers' requirement on the product quality has been increasing and there were sales return from time to time in recent years, the Group assesses the value of inventories at the end of each reporting period. The Group assessed the value of inventories as at 31 December 2017 and made an impairment in the amount of approximately RMB6,215,000 (2016: RMB19,735,000). The impairment amounts mainly includes those (i) finished goods with aging are over one-year and they are considered slow-moving items; (ii) finished goods returned by customers due to failed quality and they are no longer to be used for reproduction; and (iii) work in progress with aging are over one-year and they are produced for specific type of products with no alternative usage. In addition, the Group implemented measures to improve its production process in order to enhancing the quality of its products and meeting customers' requirement on the product quality during the year ended 31 December 2017.

截至二零一七年十二月三十一日止年度，本集團之行政開支約人民幣21,601,000元（二零一六年：人民幣13,158,000元），較上一財政年度增加約人民幣8,443,000元。由於本集團截至二零一七年十二月三十一日止年度期間的生產規模有所減少，因而將若干數額的勞工成本（包含退休計畫供款及福利開支）作為行政費用計入損益表中，而不作為生產成本計入存貨成本。截至二零一七年十二月三十一日止年度包含於行政費用中的勞工及員工成本比上一財政期間因而增加約人民幣6,028,000元。

截至二零一七年十二月三十一日止年度，本集團之其他經營開支約人民幣6,761,000元（二零一六年：人民幣22,665,000元），較上一財政年度減少約人民幣15,904,000元。減少主要因為存貨減值下降。由於近年來客戶對產品品質的要求不斷提高及不時有退貨發生，本集團在每個報告期終結時會對存貨價值進行評估。本集團為於二零一七年十二月三十一日的存貨價值進行評估並作出減值約人民幣6,215,000元（二零一六年：人民幣19,735,000元）。該等減值數額主要包括那些(i)製成品賬齡超過一年，並且認為是緩慢移動的產品；(ii)因品質不合格而被客戶退回的製成品及其不再用於再生產；和(iii)在製品賬齡超過一年，並且其是針對特定類型的產品而生產及沒有其他用途。此外，本集團於截至二零一七年十二月三十一日止年度期內推行措施改良生產程式以提高產品質素及符合其客戶對產品質素的要求。

Management Discussion and Analysis

管理層討論及分析

The Group reported finance costs amounting to approximately RMB3,173,000 for the year ended 31 December 2017 (2016: RMB3,158,000), representing an increase of approximately RMB15,000 as compared to that of the last year. The finance costs for the year ended 31 December 2017 comprises interest on bank loan approximately RMB1,479,000; interest on loans from shareholders approximately RMB540,000, interest on loans from connected persons approximately RMB8,000, interest on other loans approximately RMB1,090,000 and interest on discounted bills approximately RMB56,000.

The loss after tax for the year ended 31 December 2017 of the Group was approximately RMB28,576,000 (2016: RMB33,602,000).

Going Concern

As at 31 December 2017, the Group's current liabilities exceeded its current assets by approximately RMB86,262,000. In addition, as at 31 December 2017, the Group had an outstanding bank borrowing, loans from connected persons and other borrowings amounting to approximately RMB13,479,000, RMB712,000 and RMB19,269,000 respectively, which would be due for repayment within the next twelve months; and loans from shareholders amounting to approximately RMB13,780,000 which is repayment on demand. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

截至二零一七年十二月三十一日止年度，本集團的財務費用約人民幣3,173,000元（二零一六年：人民幣3,158,000元），較上一財政期間增加約人民幣15,000元。截至二零一七年十二月三十一日止年度之財務費用包含銀行借貸利息約人民幣1,479,000元、股東借貸利息約人民幣540,000元、關連人士借貸利息約人民幣8,000元、其他借貸利息約人民幣1,090,000元、及貼現票據利息約人民幣56,000元。

截至二零一七年十二月三十一日止年度，本集團之除稅後虧損約人民幣28,576,000元（二零一六年：人民幣33,602,000元）。

持續經營

於二零一七年十二月三十一日，本集團的流動負債超過其流動資產約人民幣86,262,000元。此外，於二零一七年十二月三十一日，本集團擁有尚未償還銀行借貸人民幣13,479,000元、關連人士借貸約人民幣712,000元及其他借貸約人民幣19,269,000元（其於12個月內到期償還）；及股東借貸約人民幣13,780,000元（其需按要時償還）。此等情況表明存在重大不確定性，或會令人對本集團能否按持續基準繼續經營業務存在重大質疑，因此，本集團可能無法在日常業務過程中變現其資產及償還其負債。

Management Discussion and Analysis

管理層討論及分析

To address the issue of going concern, the directors of the Company have taken/will take the following steps:

- continue to negotiate with the Company's banker for renewal of the bank loan;
- strengthen the management of overdue trade receivable;
- implement measures to improve gross profit margin of the Group's products;
- reduce production scale in line with sale results;
- implement stringent cost control measures;
- consider to issue domestic shares and/or other fund raising measures; and
- consider seeking further financial assistance from its shareholders, if appropriate.

The Group has been proactively seeking to raise funds and taking measures to strengthen its financial position during the year ended 31 December 2017. The Group will continue to negotiate with potential investors (including the existing shareholders) the possibilities of raising funds to the Group in order to address the going concern issue of the Group.

為處理持續經營的問題，本公司董事已採取／將採取以下措施：

- 繼續與本公司之往來銀行就重續銀行貸款進行磋商；
- 加強對逾期應收貿易賬款之管理；
- 推行措施以改善本集團產品之毛利率；
- 降低生產規模以配合銷售結果；
- 推行嚴謹的成本控制措施；
- 考慮增發內資股及／或其他集資措施；及
- 考慮向其股東尋求進一步財務支持（如適用）。

截至二零一七年十二月三十一日止年度，本集團一直積極尋求籌集資金及採取措施加強其財務狀況。本集團將繼續與潛在投資者（包括現有股東）磋商向本集團提供籌集資金的可能性以解決本集團的持續經營問題。

Management Discussion and Analysis

管理層討論及分析

Financial Assistance from Taiyuan Changcheng, Beijing Gensir, and Connected Persons, and Connected Transactions

The Group obtained financial assistance from Taiyuan Changcheng Optics Electronics Industrial Corporation (“**Taiyuan Changcheng**”) since the late of 2011. As at 31 December 2011, 2012, 2013, 2014, 2015, 2016, and 31 December 2017, the amount due to Taiyuan Changcheng was RMB500,000, RMB12,400,000, RMB14,400,000, RMB14,400,000, RMB14,400,000, RMB16,490,070 (including interest portion RMB2,090,070), and approximately RMB13,327,000 (including interest portion approximately RMB2,627,000) respectively. During the year ended 31 December 2017, Taiyuan Changcheng provided further financial assistance of RMB1,300,000, which are secured by certain plant and machinery and motor vehicles of the Company, to the Company. As at 31 December 2017, the carrying amount of the pledged plant and machinery and motor vehicles was approximately RMB1,417,000 and RMB Nil respectively.

The Group obtained financial assistance from Beijing Gensir Venture Capital Management Limited (“**Beijing Gensir**”) during the year ended 31 December 2017. As at 31 December 2017, the amount due to Beijing Gensir was RMB454,000 (including interest portion approximately RMB4,000).

The Group obtained financial assistance from two connected persons (“**Connected Persons**”) during the year ended 31 December 2017. As at 31 December 2017, the amount due to Connected Persons was amounting to approximately RMB712,000 (including interest portion approximately RMB8,000).

For the year ended 31 December 2017, total interest charged by Taiyuan Changcheng, Beijing Gensir and Connected Persons was approximately RMB537,000, RMB4,000 and RMB8,000 respectively. The directors of the Company consider that the interest charged by Taiyuan Changcheng, Beijing Gensir and Connected Persons are based on normal commercial terms or better. The financial assistances and interest expenses are exempted from connected transaction requirements.

自太原長城、北京中澤、及關連人士的財務資助及關連交易

自二零一一年年底起，本集團自太原長城光電子工業公司（「**太原長城**」）獲得財務資助。於二零一一年、二零一二年、二零一三年、二零一四年、二零一五年、二零一六年、及二零一七年十二月三十一日，應付太原長城款項分別為人民幣500,000元、人民幣12,400,000元、人民幣14,400,000元、人民幣14,400,000元、人民幣14,400,000元、人民幣16,490,070元（包含利息人民幣2,090,070元）、及約人民幣13,327,000元（包含利息約人民幣2,627,000元）。截至二零一七年十二月三十一日止年度，太原長城向本公司提供進一步財務資助人民幣1,300,000元並由本公司若干機器及設備及汽車作抵押。於二零一七年十二月三十一日，質押之機器及設備及汽車的賬面值分別約人民幣1,417,000元及人民幣零元。

本集團於截至二零一七年十二月三十一日止年度期內自北京中澤創業投資管理有限公司（「**北京中澤**」）獲得財務資助。於二零一七年十二月三十一日，應付北京中澤款項約人民幣454,000元（包含利息約人民幣4,000元）。

本集團於截至二零一七年十二月三十一日止年度期內自二名關連人士（「**關連人士**」）獲得財務資助。於二零一七年十二月三十一日，應付關連人士款項約人民幣712,000元（包含利息約人民幣8,000元）。

截至二零一七年十二月三十一日止年度，太原長城、北京中澤及關連人士收取利息總額分別為約人民幣537,000元、人民幣4,000元及人民幣8,000元。本公司董事認為，太原長城、北京中澤及關連人士收取的利息符合一般商業條款或屬更好。財務資助及利息開支豁免遵守關連交易規定。

Management Discussion and Analysis

管理層討論及分析

Bank and Other Borrowings

As at 31 December 2017, the Group had an outstanding bank borrowing amounting to approximately RMB13,479,000 (2016: RMB13,920,000) which was expired in November 2016 and was not repaid. The bank borrowing is now repayable on demand. The bank borrowing is secured by the land located at No. 7, Dianzi Street, Taiyuan City, Shanxi Province, the PRC and certain plant and machinery at carrying amount of approximately RMB537,000 (2016: RMB846,000).

As at 31 December 2017, the Group had outstanding other borrowings amounting to approximately RMB19,269,000 (including interest portion approximately RMB1,041,000). The other borrowings were mainly used in purchase of production raw materials and payment of labor costs and as the general working capital of the Group. As at 31 December 2017, Beijing Gensir is the guarantor of the other borrowings in the amount of RMB3,000,000.

Financial Assistance to Related Parties

As at 31 December 2017, the amount due from a shareholder – Taiyuan Tanghai Automatic Control Company Limited was approximately RMB593,000 (2016: RMB593,000). As at 31 December 2017, the amount of approximately RMB593,000 was fully impaired.

As at 31 December 2017, the amount due from a former related company – Shanxi Jindi Yucheng Medical Equipments Company Limited (formerly known as Taiyuan Huamei Medical Equipments Company Limited) (“**Shanxi Jindi**”) was approximately RMB47,000 (2016: RMB4,283,000). As at 31 December 2017, the amount of approximately RMB47,000 was fully impaired. At the year end of 2017, the Company adopted an offset plan, pursuant to which RMB5,000,000 was offset the amount due from Shanxi Jindi against the amount due to Taiyuan Changcheng. As a result, the amount due from Shanxi Jindi and the amount due to Taiyuan Changcheng decreased by the same amount respectively.

銀行及其他借貸

於二零一七年十二月三十一日，本公司擁有尚未償還銀行借貸約人民幣13,479,000元（二零一六年：人民幣13,920,000元），已於二零一六年十一月到期而並未償還。銀行借貸現時為須於要求時償還。銀行借貸以本公司位於中國山西省太原市電子街七號的土地及賬面值約人民幣537,000元（二零一六年：人民幣846,000元）之若干機器及設備作抵押品。

於二零一七年十二月三十一日，本集團擁有尚未償還其他借貸約人民幣19,269,000元（包含利息約人民幣1,041,000元）。其他借貸主要用於購買生產原材料及支付勞工費用及用作本集團一般營運開支。於二零一七年十二月三十一日，北京中澤為其他借貸人民幣3,000,000元的擔保人。

向關連人士提供的財務資助

於二零一七年十二月三十一日，應收一位股東太原唐海自動控制有限公司款項約人民幣593,000元（二零一六年：人民幣593,000元）。於二零一七年十二月三十一日，金額約人民幣593,000元已全數作出減值。

於二零一七年十二月三十一日，應收一家前關連公司山西錦地裕成醫療設備有限公司（前稱為太原華美醫療設備有限公司）（「**山西錦地**」）款項約人民幣47,000元（二零一六年：人民幣4,283,000元）。於二零一七年十二月三十一日，金額約人民幣47,000元已全數作出減值。於二零一七年年末，本公司採納抵銷方案，據此將人民幣5,000,000元抵銷應收山西錦地的款項及應付太原長城的款項。因此，應收山西錦地的款項及應付太原長城的款項分別減少相同金額。

Management Discussion and Analysis

管理層討論及分析

Leasing Arrangement

As an office building (the “**No. 8 Building**”) owned by the Company was vacant for a long period of time, the Company, during the second half of 2017, has been negotiation with a related party to enter into a leasing arrangement and intends to enter into a letter of intent for the leasing arrangement. Due to the substantial change in the board composition and management of the Company at the end of November 2017 and miscommunication problem, the management office of the Company wrongly entered into a lease agreement with the related party instead of a letter of intent without the prior Board’s approval on 26 December 2017. The No. 8 Building was not in the condition of use as no interior decoration and proper water and electricity connection in place and the related party has not ready to occupy the No. 8 Building. The management of Company considers that this is the management and communication mistake. In this connection, the Company then entered into a cancellation agreement with the related party on 11 June 2018, pursuant to which both of the Company and the related party agreed that the original lease agreement should be cancelled at the effective date of the agreement and there shall be no obligations relating to the original lease agreement owed to the counter party.

Liquidity and Financial Resources

As at 31 December 2017, the total assets of the Group decreased by approximately RMB8,664,000 to approximately RMB115,068,000 as compared to approximately RMB123,732,000 as at the end of the previous financial year, representing a decrease of approximately 7%.

As at 31 December 2017, the total liabilities of the Group increased by approximately RMB19,912,000 to approximately RMB124,720,000 as compared to approximately RMB104,808,000 as at the end of the previous financial year, representing an increase of approximately 19%.

As at 31 December 2017, the total equity of the Group decreased by approximately RMB28,576,000 to approximately RMB9,652,000 in negative as compared to approximately RMB18,924,000 as at the end of the previous financial year.

Gearing Ratio

As at 31 December 2017, the gearing ratio (defined as net debt divided by total share capital plus net debt) of the Group was approximately 109% (2016: 83%).

租賃安排

由於本公司擁有的一幢辦公樓（「**八號樓**」）長期空置，本公司於二零一七年下半年與一家關連方磋商訂立租賃安排，並擬訂立租賃安排的意向書。由於二零一七年十一月底本公司董事會組成和管理層發生重大變化以及溝通不暢問題，本公司管理辦公室在未有取得董事會批准前於二零一七年十二月二十六日錯誤地與該關連方簽訂了租賃協議，而不是意向書。由於八號樓是沒有室內裝修及正常水電接駁，其尚未達到可使用狀況；而且該關連方也尚未準備好佔用八號樓。本公司管理層認為這是管理和溝通上的失誤。就此而言，於二零一八年六月十一日，本公司與該關連方訂立了取消協議，據此，本公司及該關連方均同意在原租賃協議生效時取消該協議，且不存在與原租賃協議應歸於對方之相關的責任。

流動資金及財務資源

於二零一七年十二月三十一日，本集團的資產總值減少約人民幣8,664,000元至約人民幣115,068,000元，較上一財政年度年結日約人民幣123,732,000元減少約7%。

於二零一七年十二月三十一日，本集團的負債總額增加約人民幣19,912,000元至約人民幣124,720,000元，較上一財政年度年結日約人民幣104,808,000元增加約19%。

於二零一七年十二月三十一日，本集團的權益總額減少約人民幣28,576,000元至負資產約人民幣9,652,000元，而於上一財政年度年結日約人民幣18,924,000元。

資本負債比率

於二零一七年十二月三十一日，本集團的資本負債比率（以債務淨額除以股本總額加債務淨額釐訂）約為109%（二零一六年：83%）。

Management Discussion and Analysis

管理層討論及分析

Significant Investment Held

As at 31 December 2017, the Group held interests in associates with the carrying value of approximately RMB 167,000 (2016: RMB246,000).

Acquisition and Disposal of Subsidiaries

The Group had no acquisition and disposal of subsidiaries during the year ended 31 December 2017.

Pledge of Assets

As at 31 December 2017, the Group's land and plant and machinery with the carrying value of approximately RMB10,827,000 and RMB537,000 respectively (2016: RMB11,120,000 and RMB846,000) were pledged to a bank as securities for the borrowing facilities of the Group.

During the year ended 31 December 2017, Tiayuan Changcheng provided further financial assistance of RMB1,300,000, which are secured by certain plant and machinery and motor vehicles of the Company, to the Company. As at 31 December 2017, the carrying amount of the pledged plant and machinery and motor vehicles was approximately RMB1,417,000 and RMB Nil respectively.

Contingent Liabilities

As at 31 December 2017, the Group had no contingent liabilities.

Exposure of Fluctuation in Exchange Rates

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets, and liabilities are principally denominated in the functional currency of the Group.

Employee Information

As at 31 December 2017, the Group had approximately 511 (2016: 542) full-time employees. For the year ended 31 December 2017, the Group reported staff costs of approximately RMB21,401,000 (2016: RMB23,751,000). The Group remunerates its employees based on their experience, performance and value, which they contribute to the Group.

所持重大投資

於二零一七年十二月三十一日，本集團於聯營公司所持權益的賬面值約人民幣167,000元（二零一六年：人民幣246,000元）。

收購及出售附屬公司

截至二零一七年十二月三十一日止年度內，本集團並無收購及出售附屬公司。

資產抵押

於二零一七年十二月三十一日，本集團賬面值分別約人民幣10,827,000元及人民幣537,000元（二零一六年：人民幣11,120,000元及人民幣846,000元）的土地使用權及機器及設備已質押給一家銀行作為本集團向其取得借貸融資的抵押品。

截至二零一七年十二月三十一日止年度，太原長城向本公司提供進一步財務資助人民幣1,300,000元並由本公司若干機器及設備及汽車作抵押。於二零一七年十二月三十一日，質押之機器及設備及汽車的賬面值分別約人民幣1,417,000元及人民幣零元。

或然負債

於二零一七年十二月三十一日，本集團並無或然負債。

匯率波動風險

本集團面臨的外匯風險極微，因本集團之業務交易、資產及負債主要以本集團之功能貨幣列值。

僱員資料

於二零一七年十二月三十一日，本集團擁有約511名（二零一六年：542名）全職僱員。截至二零一七年十二月三十一日止年度，本集團錄得員工成本約人民幣21,401,000元（二零一六年：人民幣23,751,000元）。本集團按照僱員經驗、表現及對本集團貢獻的價值向其僱員支付薪酬。

Biographical Details of Directors, Supervisors and Senior Management

董事、監事及高級管理人員之履歷

Executive Directors

Mr. Guo Xu Zhi (“**Mr. Guo**”), aged 54, was appointed as an executive director of the Company on 1 November 2013. Mr. Guo was elected as the chairman of the board of directors of the Company and appointed as the compliance officer and authorised representative of the Company on 30 November 2017. Mr. Guo is currently the secretary of the Party Committee of Taiyuan Changcheng Optics Electronics Industrial Corporation.

Prior to joining the Company, Mr. Guo has served as a member of Committee of Industry and Traffic of Taiyuan City Economic Committee, the head of the Organisation Department and head of Human Resources of Taiyuan City Economic Committee, the director, deputy general manager and secretary of the Disciplinary Committee of Taiyuan Boiler Group Company Limited, the chairman and general manager of Shanxi Automotive Industry Group Company Limited, the secretary of the Party Committee, director and deputy general manager of Taiyuan Changan Heavy Duty Vehicle Company Limited, the chairman and secretary of the Party Committee of Shanxi Jindi Enterprise Management Group Company Limited.

In 2006, Mr. Guo was awarded to Taiyuan Model Worker title. In 2009, 2010 and 2011, Mr. Guo was awarded to Taiyuan Meritorious Entrepreneur title for three years in a row. Mr. Guo was elected as a member of Standing Committee of the Fourth Xiaodian District of Taiyuan City People’s Congress and deputy of the Tenth Taiyuan City People’s Congress. Mr. Guo graduated from North Eastern Engineering College and holds a master’s degree in engineering.

Mr. Song Zhenglai (“**Mr. ZL Song**”), aged 41, holds a college degree from the School of Economics and Management of Changchun University. Mr. ZL Song was appointed as an executive director and the vice-chairman of the board of directors of the Company on 30 November 2017. Mr. ZL Song is currently the financial controller of the Company.

Mr. ZL Song served as the chief financial officer of Changchun Changling Engine Company Limited from March 2002 to September 2004; the financial director of Shenzhen Zhonghang Night Vision Technology Limited from May 2006 to March 2009; and the general manager of Changchun Faw Automotive Chassis Limited Company from May 2010 to January 2014.

執行董事

高旭志先生（「高先生」），54歲，二零一三年十一月一日獲委任為本公司執行董事。高先生於二零一七年十一月三十日獲選為本公司董事會主席及獲委任為本公司合規主任及授權代表。高先生現任太原長城光電子工業公司黨委書記。

加盟本公司前，高先生曾為太原市委工交委、太原市經委組織部長、人事教育處處長；太原鍋爐集團有限責任公司董事、副總經理、紀委書記；山西省汽車工業集團有限責任公司董事長、總經理；太原長安重型汽車有限公司黨委書記、董事、副總經理；山西錦地企業管理集團有限公司董事長、黨委書記。

於二零零六年，高先生獲選為太原市勞動模範；於二零零九年、二零一零年及二零一一年，高先生連續三年獲選為太原市功勳企業家。高先生當選為太原市小店區第四屆人民代表大會常務委員會常委、太原市第十次人民代表大會代表。高先生畢業於東北工學院，持有工學碩士學位。

宋政來先生（「宋政來先生」），41歲，持有長春大學經濟管理學院大專學歷。宋政來先生於二零一七年十一月三十日獲委任為本公司執行董事及董事會副主席。宋政來先生現為本公司的財務總監。

宋政來先生曾於二零零二年三月至二零零四年九月期間擔任長春長鈴發動機有限公司的財務處長；於二零零六年五月至二零零九年三月期間擔任深圳市中航夜視技術有限公司財務總監；及於二零一零年五月至二零一四年一月期間擔任長春解放汽車底盤有限公司總經理。

Biographical Details of Directors, Supervisors and Senior Management

董事、監事及高級管理人員之履歷

Mr. Shen Jian (“**Mr. Shen**”), aged 44, holds a master’s degree in international trade from Shanxi University of Finance and Economics. Mr. Shen was appointed as an executive director of the Company on 30 November 2017. Mr. Shen ceased to be the secretary of the board of directors of the Company effective on 1 June 2018.

Mr. Shen served as the administrative personnel of marketing department of the Company from April 2000 to July 2009 and the deputy general manager of the Company from 19 August 2016 to November 2017.

Ms. Wang Lingling (“**Ms. Wang**”), aged 51, holds a bachelor’s degree in optoelectronic from the Department of Physics of Shanxi University and a doctoral degree in material physics and chemistry from Changchun University of Science and Technology. Ms. Wang was appointed as an executive director of the Company on 30 November 2017. Ms. Wang is currently the vice general manager of technical quality and the chief engineer of the Company.

Ms. Wang served as the craftsman in the optical fiber plant of Taiyuan Changcheng Optoelectronics Microlight Equipment Factory from July 1988 to December 1995; the chief of section of Taiyuan Changcheng Optoelectronics Microlight Equipment Factory from January 1996 to December 1998; the vice senior of workshop of the Company from January 1999 to December 2007; and the manager of quality department of the Company from January 2008 to May 2009 and the vice general manager of technical quality of the Company from June 2009 to the present.

Non-Executive Directors

Mr. Yuan Guo Liang (“**Mr. GL Yuan**”), aged 56, graduated from Changchun University of Science and Technology. Mr. GL Yuan was appointed as a non-executive director of the Company on 27 May 2011. Mr. GL Yuan was appointed as a member of the audit committee and a member of the remuneration committee of the Company on 30 November 2017. Mr. GL Yuan served as the deputy director of the Strategic Policy Committee of the Company from May 2011 to November 2017.

Prior to joining the Company, Mr. GL Yuan worked with Shanxi Jinxi Machines Factory from August 1985 to April 1990 and worked with Taiyuan City Economic Committee from May 1990 to July 2006.

申健先生（「**申先生**」），44歲，持有山西財經大學國際貿易專業碩士學位。申先生於二零一七年十一月三十日獲委任為本公司執行董事。申先生停止出任本公司的董事會秘書，自二零一八年六月一日起生效。

申先生曾於二零零零年四月至二零零九年七月期間擔任本公司市場部行政人員及於二零一六年八月十九日至二零一七年十一月期間擔任本公司代總經理。

王玲玲女士（「**王女士**」），51歲，持有山西大學物理系學光電子專業學士學位及長春理工大學材料物理與化學專業博士學位。王女士於二零一七年十一月三十日獲委任為本公司執行董事。王女士現任本公司的技術質量副總經理及總工程師。

王女士曾於一九八八年七月至一九九五年十二月期間擔任太原長城光電子微光器材廠光纖分廠的工藝員；於一九九六年一月至一九九八年十二月期間擔任太原長城光電子微光器材廠工段長；於一九九九年一月至二零零七年十二月期間擔任本公司車間副主任；及於二零零八年一月至二零零九年五月期間擔任本公司質量部經理及於二零零九年六月至今擔任本公司技術質量副總經理。

非執行董事

袁國良先生（「**袁國良先生**」），56歲，畢業於長春理工大學。袁國良先生二零一一年五月二十七日獲委任為本公司非執行董事。袁國良先生於二零一七年十一月三十日獲委任為本公司審核委員會成員及薪酬委員會成員。袁國良先生自二零一一年五月至二零一七年十一月期間任本公司戰略決策委員會副主席。

於加盟本公司前，袁國良先生曾於一九八五年八月至一九九零年四月期間任職於山西晉西機器廠及於一九九零年五月至二零零六年七月期間任職於太原市經濟委員會。

Biographical Details of Directors, Supervisors and Senior Management

董事、監事及高級管理人員之履歷

Based on the disclosure of interest filings, as at the latest practicable date, Mr. GL Yuan holds 3,645,000 H shares and his spouse holds 250,000 H shares of the Company.

Mr. Wu Bo (“**Mr. Wu**”), aged 51, holds a bachelor’s degree in economic management from Heilongjiang Institute of Commerce. Mr. Wu was appointed as a non-executive director of the Company on 30 November 2017. From February 2008 to the present, Mr. Wu has been the executive director and general manager of Shenzhen Ronger Optics & Electronic Technology Development Company Limited; the supervisor of Kunming Ronger Optic & Electronic Technology Development Company Limited; and the chairman of the board of directors of Yunnan Zhongkewei Optical Instruments Company Limited. Mr. Wu served as the general manager of Russia Zhenhui Company from April 1997 to August 2007.

Independent Non-Executive Directors

Ms. Long Yan (“**Ms. Long**”), aged 45, holds a bachelor’s degree in accounting from Hunan College of Finance and Economics. Ms. Long was appointed as an independent non-executive director, the chairman of the audit committee, the chairman of the remuneration committee and a member of the nomination committee of the Company on 30 November 2017. Ms. Long is currently the chief financial officer and the secretary of the board of directors of Beijing Renda Strategy Management Consulting Company Limited (the securities of which are traded on National Equities Exchange and Quotations (“NEEQ”) with stock code: 870311).

Ms. Long served as the cost accounting and accounting supervisor of Shenzhen Luoji Electronics Company Limited from July 1993 to December 1995; the financial manager of Changsha Chiatia Company Limited from January 1996 to October 2002; the manager of finance, internal control, and audit departments of Sureland Industrial Fire Safety Limited from November 2002 to December 2014; the chief financial officer and secretary of the board of directors of Langfang Willsoft Software Company Limited (the securities of which are traded on NEEQ with stock code: 834811) from January 2015 to January 2016; and the manager of department of finance of Changsha ENN Gas Company Limited from February 2016 to May 2017.

根據提交的權益披露，於最後可行日期，袁國良先生持有本公司3,645,000股H股及其配偶持有本公司250,000股H股。

吳波先生（「吳先生」），51歲，持有黑龍江商業學院經濟管理專業學士學位。吳先生於二零一七年十一月三十日獲委任為本公司非執行董事。自二零零八年二月至現在，吳先生為深圳市榮者光電科技發展有限公司執行董事及總經理；昆明榮者光電科技發展有限公司監事；及雲南中科偉視光學儀器有限公司董事長。吳先生曾於一九九七年四月至二零零七年八月期間擔任俄羅斯真匯公司總經理。

獨立非執行董事

龍艷女士（「龍女士」），45歲，持有湖南財經學院會計學專業本科學士學位。龍女士於二零一七年十一月三十日獲委任為本公司獨立非執行董事、審核委員會主席、薪酬委員會主席及提名委員會成員。龍女士現任北京仁達方略管理諮詢股份有限公司（其證券於全國中小企業股份轉讓系統（「新三板」）上市，股票代碼：870311）財務總監兼董事會秘書。

龍女士於一九九三年七月至一九九五年十二月擔任深圳邏輯電子有限公司成本會計、會計主管；於一九九六年一月至二零零二年十月擔任長沙正大有限公司財務經理；於二零零二年十一月至二零一四年十二月先後擔任首安工業消防有限公司財務部經理、內控部經理、審計部經理；於二零一五年一月至二零一六年一月擔任廊坊維爾達軟件股份有限公司（其證券於新三板上市，股票代碼：834811）財務總監兼董事會秘書；及於二零一六年二月至二零一七年五月擔任長沙新奧燃氣有限公司財務部經理。

Biographical Details of Directors, Supervisors and Senior Management

董事、監事及高級管理人員之履歷

Ms. Ning Lingying (“**Ms. Ning**”), aged 46, graduated from the Politics Department of Shanxi Provincial Education College. Ms. Ning was appointed as an independent non-executive director and a member of the audit committee of the Company on 30 November 2017. Ms. Ning is currently the chairman of Taiyuan Weigang Experimental School. Ms. Ning has extensive experience in management of education institutions.

Ms. Qie Hui Fang (“**Ms. Qie**”), aged 41, holds a bachelor’s degree in education management from Capital Normal University. Ms. Qie was appointed as an independent non-executive director, a member of the remuneration committee and a member of the nomination committee of the Company on 30 November 2017. Ms. Qie has been a teacher at Taiyuan 4th Experimental School since 2002. Ms. Qie has extensive experience in education management.

Supervisors

Ms. Han Xiao Ou (“**Ms. Han**”), aged 39, graduated from Shanxi Normal University with a major in Chinese language and holds a postgraduate degree of political science. Ms. Han was appointed as a supervisor of the Company since 27 May 2011. Ms. Han is currently the chairman of the labor union and the secretary of the Communist Youth League of Taiyuan Chancheng Optics Electronics Industrial Corporation; and the chairman of the supervisor committee and the senior of general manager of the Company. Ms. Han has been working in the Company since graduating from Shanxi Normal University in 1999.

Mr. Dong Yonghong (“**Mr. Dong**”), aged 49, graduated from Shanxi University majoring in economic management. Mr. Dong was appointed as a supervisor of the Company on 30 November 2017. Mr. Dong has been the project manager of the research and development centre of the Company since February 2006.

Mr. Yuan Shaopu (“**Mr. SP Yuan**”), aged 31, holds a postgraduate master’s degree from Shanghai University. Mr. SP Yuan was appointed as a supervisor of the Company on 30 November 2017. Mr. SP Yuan is currently an attorney of China Commercial Law Firm. Mr. SP Yuan worked with the legal compliance department of Taikang Pension Share Company Limited from November 2013 to March 2015.

寧玲穎女士（「**寧女士**」），46歲，畢業於山西省教育學院政治系。寧女士於二零一七年十一月三十日獲委任為本公司獨立非執行董事及審核委員會成員。寧女士現任太原維剛實驗學校董事長。寧女士擁有豐富的教育機構管理經驗。

郤慧芳女士（「**郤女士**」），41歲，持有首都師範大學教育管理專業本科學歷。郤女士於二零一七年十一月三十日獲委任為本公司獨立非執行董事、薪酬委員會成員及提名委員會成員。郤女士從二零零二年至今任職太原市第四實驗小學教師。郤女士擁有豐富教育管理經驗。

監事

韓曉歐女士（「**韓女士**」），39歲，畢業於山西師範大學漢語言專業，持有政治學研究生學歷。韓女士自二零一一年五月二十七日獲委任為本公司監事。韓女士現任太原長城光電子工業公司工會主席、中共青年團委書記；及本公司監事會主席、總經辦主任。韓女士自一九九九年山西師範大學畢業以後一直在本公司工作。

董用宏先生（「**董先生**」），49歲，畢業於山西省大學經濟管理專業。董先生於二零一七年十一月三十日獲委任為本公司監事。董先生於二零零六年二月至今擔任本公司研發中心項目經理。

袁韶浦先生（「**袁韶浦先生**」），31歲，持有上海大學碩士研究生學歷。袁韶浦先生於二零一七年十一月三十日獲委任為本公司監事。袁韶浦先生現為廣東華商律師事務所專職律師。袁韶浦先生曾於二零一三年十一月至二零一五年三月期間任職於泰康養老保險股份有限公司合規法律部。

Biographical Details of Directors, Supervisors and Senior Management

董事、監事及高級管理人員之履歷

Mr. Song Zhenbao (“**Mr. ZB Song**”), aged 47, holds a master degree from Jilin University. Mr. ZB Song was appointed as a supervisor of the Company on 30 November 2017. Mr. ZB Song is currently a business management consultant of Changchun Huaqingyuan Technology Company Limited. Mr. ZB Song was the vice president of Changchun Yongxin Pharmaceutical from 2006 to 2008; and the chief consultant of UFIDA Software Company Limited, Jilin Branch from 2009 to 2011.

Senior Management

Mr. Fan Ji Ming (“**Mr. Fan**”), aged 56, graduated from Shanxi Provincial Electronics School. Mr. Fan currently serves as the director of infrastructure and safety of the Company. Mr. Fan served as the production manager, the commander of technical reform department, the manager of purchasing & supply, and the deputy general manager of the Company. Mr. Fan has been the deputy general manager of Taiyuan Changcheng Optics Electronics Industrial Corporation since 1999.

Mr. Qian Yun (“**Mr. Qian**”), aged 54, graduated from the Mechanical Department of Taiyuan Polytechnic University. Mr. Qian is a senior engineer. Mr. Qian currently serves as the director of enterprise planning of the Company. Prior to joining the Company in 2005, Mr. Qian served as a deputy general manager of the Taiyuan Sanjin Aluminum Company Limited.

宋振寶先生（「**宋振寶先生**」），47歲，持有吉林大學研究生學歷。宋振寶先生於二零一七年十一月三十日獲委任為本公司監事。宋振寶先生現任長春華清園科技有限公司任企業管理諮詢顧問。宋振寶先生曾於二零零六年至二零零八年期間擔任長春永新醫藥集團副總裁；及二零零九年至二零一一年期間擔任用友軟件股份有限公司吉林分公司首席顧問。

高級管理人員

范繼民先生（「**范先生**」），56歲，畢業於山西省電子工業學校無線電專業。范先生現任本公司安全及基建總監。范先生會任本公司生產部經理、技術改造部總指揮、採供部經理、副總經理。范先生自一九九九年至今擔任太原長城光電子工業公司副總經理。

錢云先生（「**錢先生**」），54歲，畢業于太原理工大學機械系。錢先生為一名高級工程師。錢先生現任本公司企業策劃總監。錢先生於二零零五年加盟本公司之前，曾在太原三晉鋁業有限公司擔任副總經理。

Report of the Directors

董事會報告書

The board of directors of the Company submit the annual report together with the audited consolidated financial statements of the Company and its subsidiaries (together the “Group”) for the year ended 31 December 2017.

Principal Activities

The Company continued to be principally engaged in design, research, development, manufacture, and sale of image transmission fibre optic products. The principal activities of its subsidiaries are set out in the notes to the consolidated financial statements.

Segment Information

Details of the Group’s segmental information for the year ended 31 December 2017 are set out in the notes to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2017 are set out in the accompanying consolidated financial statements. The board of directors of the Company does not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

Five-Year Financial Summary

A summary of the audited results and of the assets and liabilities of the Group for the past five financial years is set out in the section headed “Five-year Financial Summary” of this annual report.

Business Review and Financial Review

Details of business review and financial review of the Group for the year ended 31 December 2017 are set out in the section headed “Management Discussion and Analysis” of this annual report.

Reserves

Movements in the reserves of the Group and the Company during the year ended 31 December 2017 are set out in the accompanying consolidated financial statements and notes to the consolidated financial statements. As at 31 December 2017, the Company had reserves RMB Nil (2016: RMB Nil) available for dividend distribution to shareholders.

本公司董事會提呈本公司及其附屬公司（統稱「本集團」）截至二零一七年十二月三十一日止年度之年報連同經審核綜合財務報表。

主要業務

本公司繼續以從事傳像光纖產品的設計、研究、開發、生產及銷售為其主要業務。本公司附屬公司之主要業務載述於綜合財務報表附註。

分類資料

本集團於截至二零一七年十二月三十一日止年度之分類資料詳情均載於綜合財務報表附註內。

業績及分派

本集團於截至二零一七年十二月三十一日止年度之業績載於隨附之綜合財務報表內。本公司董事會不建議派付截至二零一七年十二月三十一日止年度之末期股息（二零一六年：零元）。

五年財務摘要

本集團過去五個財政年度的經審核業績及資產與負債之摘要載於本年報「五年財務摘要」一節。

業務回顧及財務回顧

本集團截至二零一七年十二月三十一日止年度之業務回顧及財務回顧詳情載於本年報「管理層討論及分析」一節。

儲備

本集團及本公司於截至二零一七年十二月三十一日止年度之儲備變動均載於隨附之綜合財務報表及綜合財務報表附註內。於二零一七年十二月三十一日，本公司可作股息分派予股東之儲備為人民幣零元（二零一六年：零元）。

Report of the Directors

董事會報告書

Share Capital

There were no movements in the Company's issued share capital during the year ended 31 December 2017.

Purchase, Sale and Redemption of Shares

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

Pre-emptive Rights

There is no provision for pre-emptive rights under the articles of association of the Company and there is no restriction against such rights under the Companies Law (Revised) in the PRC.

Property, Plant and Equipment

Movements in the property, plant and equipment of the Group are set out in the notes to the consolidated financial statements.

Staff Retirement Plans

All members of staff are entitled to participate in the public welfare fund, which was set up for the purpose of ensuring that the participating employees will have sufficient means to support their living after retirement. For the year ended 31 December 2017, the Group reported employer's pension scheme contributions of approximately RMB5,722,000 (2016: RMB6,164,000).

Major Customers and Suppliers

During the year ended 31 December 2017, the Group's largest customer and the five largest customers accounted for approximately 33% (2016: 53%) and 83% (2016: 98%) respectively, of the Group's total turnover.

During the year ended 31 December 2017, the Group's largest supplier and the five largest suppliers accounted for approximately 59% (2016: 49%) and 81% (2016: 61%) respectively, of the Group's total purchases.

To the knowledge of the directors of the Company, none of the directors or supervisors of the Company or their respective associates or any of the shareholders of the Company who owns more than 5% of the Company's issued share capital had any interest in any of the Group's five largest customers and suppliers.

股本

於截至二零一七年十二月三十一日止年度，本公司之已發行股本並無任何變動。

購買、出售或贖回股份

截至二零一七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、出售或贖回其任何上市證券。

優先購買權

本公司之組織章程細則並無關於優先購買權之規定，而中國公司法（經修訂）亦無有關權利之限制。

物業、廠房及設備

本集團物業、廠房及設備變動均載於綜合財務報表附註內。

員工退休計劃

全體員工均有權參與公積金，設立公積金之目的乃為確保參與僱員於退休後有足夠收入可負擔其生活所需。截至二零一七年十二月三十一日止年度，本集團報告僱主之退休金計劃供款約為人民幣5,722,000元（二零一六年：人民幣6,164,000元）。

主要客戶及供應商

截至二零一七年十二月三十一日止年度，本集團最大客戶及五大客戶分別佔本集團總營業額約33%（二零一六年：53%）及83%（二零一六年：98%）。

截至二零一七年十二月三十一日止年度，本集團最大供應商及五大供應商分別佔本集團總購貨額約59%（二零一六年：49%）及81%（二零一六年：61%）。

據本公司董事所知悉，概無本公司董事、監事、彼等各自之聯繫人或擁有本公司已發行股本5%以上之本公司任何股東於本集團之任何五大客戶及供應商中擁有任何權益。

Report of the Directors

董事會報告書

Connected Transactions

The Group obtained financial assistance from Taiyuan Changcheng Optics Electronics Industrial Corporation (“**Taiyuan Changcheng**”) since the late of 2011. As at 31 December 2011, 2012, 2013, 2014, 2015, 2016, and 31 December 2017, the amount due to Taiyuan Changcheng was RMB500,000, RMB12,400,000, RMB14,400,000, RMB14,400,000, RMB14,400,000, RMB16,490,070 (including interest portion RMB2,090,070), and approximately RMB13,327,000 (including interest portion approximately RMB2,627,000) respectively. During the year ended 31 December 2017, Taiyuan Changcheng provided further financial assistance of RMB1,300,000, which are secured by certain plant and machinery and motor vehicles of the Company, to the Company. As at 31 December 2017, the carrying amount of the pledged plant and machinery and motor vehicles was approximately RMB1,417,000 and RMB Nil respectively.

The Group obtained financial assistance from Beijing Gensir Venture Capital Management Limited (“**Beijing Gensir**”) during the year ended 31 December 2017. As at 31 December 2017, the amount due to Beijing Gensir was RMB454,000 (including interest portion approximately RMB4,000).

The Group obtained financial assistance from two connected persons (“**Connected Persons**”) during the year ended 31 December 2017. As at 31 December 2017, the amount due to Connected Persons was amounting to approximately RMB712,000 (including interest portion approximately RMB8,000).

For the year ended 31 December 2017, total interest charged by Taiyuan Changcheng, Beijing Gensir and Connected Persons was approximately RMB537,000, RMB4,000 and RMB8,000 respectively. The directors of the Company consider that the interest charged by Taiyuan Changcheng, Beijing Gensir and Connected Persons are based on normal commercial terms or better. The financial assistances and interest expenses are exempted from connected transaction requirements.

關連交易

自二零一一年年底起，本集團自太原長城光電子工業公司（「**太原長城**」）獲得財務資助。於二零一一年、二零一二年、二零一三年、二零一四年、二零一五年、二零一六年、及二零一七年十二月三十一日，應付太原長城款項分別為人民幣500,000元、人民幣12,400,000元、人民幣14,400,000元、人民幣14,400,000元、人民幣14,400,000元、人民幣16,490,070元（包含利息人民幣2,090,070元）、及約人民幣13,327,000元（包含利息約人民幣2,627,000元）。截至二零一七年十二月三十一日止年度，太原長城向本公司提供進一步財務資助人民幣1,300,000元並由本公司若干機器及設備及汽車作抵押。於二零一七年十二月三十一日，質押之機器及設備及汽車的賬面值分別約人民幣1,417,000元及人民幣零元。

本集團於截至二零一七年十二月三十一日止年度期內自北京中澤創業投資管理有限公司（「**北京中澤**」）獲得財務資助。於二零一七年十二月三十一日，應付北京中澤款項約人民幣454,000元（包含利息約人民幣4,000元）。

本集團於截至二零一七年十二月三十一日止年度期內自二名關連人士（「**關連人士**」）獲得財務資助。於二零一七年十二月三十一日，應付關連人士款項約人民幣712,000元（包含利息約人民幣8,000元）。

截至二零一七年十二月三十一日止年度，太原長城、北京中澤及關連人士收取利息總額分別為約人民幣537,000元、人民幣4,000元及人民幣8,000元。本公司董事認為，太原長城、北京中澤及關連人士收取的利息符合一般商業條款或屬更好。財務資助及利息開支豁免遵守關連交易規定。

Report of the Directors

董事會報告書

Directors

The directors who held office during the year ended 31 December 2017 and up to the date of this annual report were:

Executive Directors

Mr. Guo Xu Zhi (appointed as *Chairman* on 30 November 2017)

Mr. Song Zhenglai (*Vice-Chairman*)
(appointed as director and *Vice-Chairman* on
30 November 2017)

Mr. Shen Jian (appointed on 30 November 2017)

Ms. Wang Lingling (appointed on 30 November 2017)

Mr. Wang Wen Sheng (*Chairman*)
(retired as director and *Chairman* on 30 November 2017)

Mr. Tian Qun Xu (retired on 30 November 2017)

Non-executive Directors

Mr. Yuan Guo Liang

Mr. Wu Bo (appointed on 30 November 2017)

Mr. Zhang Shao Hui (*Vice-Chairman*)
(retired on 30 November 2017)

Independent Non-executive Directors

Ms. Long Yan (appointed on 30 November 2017)

Ms. Ning Lingying (appointed on 30 November 2017)

Ms. Qie Hui Fang (appointed on 30 November 2017)

Mr. Ni Guo Qiang (retired on 30 November 2017)

Mr. Li Li Cai (retired on 30 November 2017)

Mr. Duan Zhong (retired on 30 November 2017)

Ms. Zhang Zhi Hong (retired on 30 November 2017)

The directors of the Company are appointed for a term of three years and are subject to re-election by shareholders at the general meeting by the end of each of three-year period.

At the extraordinary general meeting of the Company held on 30 November 2017 (the "EGM"): (i) Mr. Guo Xu Zhi was re-elected as the executive director of the Company; (ii) Mr. Yuan Guo Liang was re-elected as the non-executive director of the Company; (iii) Mr. Song Zhenglai, Mr. Shen Jian, and Ms. Wang Lingling were elected as the executive directors of the Company; (iv) Mr. Wu Bo was re-elected as the non-executive director of the Company; (v) Ms. Long Yan, Ms. Ning Lingying and Ms. Qie Hui Fang were elected as the independent non-executive directors of the Company.

董事

於截至二零一七年十二月三十一日止年度及截至本年報日期之在任董事如下：

執行董事

高旭志先生(二零一七年十一月三十日獲委任
為主席)

宋政來先生(副主席)
(二零一七年十一月三十日獲委任為董事及
副主席)

申健先生(二零一七年十一月三十日獲委任)

王玲玲女士(二零一七年十一月三十日獲委任)

王文生先生(主席)
(二零一七年十一月三十日退任董事及主席)

田群戌先生(二零一七年十一月三十日退任)

非執行董事

袁國良先生

吳波先生(二零一七年十一月三十日獲委任)

張少輝先生(副主席)

(二零一七年十一月三十日退任)

獨立非執行董事

龍艷女士(二零一七年十一月三十日獲委任)

寧玲穎女士(二零一七年十一月三十日獲委任)

邵慧芳女士(二零一七年十一月三十日獲委任)

倪國強先生(二零一七年十一月三十日退任)

黎禮才先生(二零一七年十一月三十日退任)

段忠先生(二零一七年十一月三十日退任)

張志紅女士(二零一七年十一月三十日退任)

本公司董事獲委任之任期為三年，並須於每三年期間結束後於股東大會上經股東重選委任。

於本公司日期為二零一七年十一月三十日的臨時股東大會(「臨時股東大會」): (i)高旭志先生獲重選為本公司執行董事; (ii)袁國良先生獲重選為本公司非執行董事; (iii)宋政來先生、申健先生及王玲玲女士獲選為本公司執行董事; (iv)吳波先生獲選為本公司非執行董事; (v)龍艷女士、寧玲穎女士及邵慧芳女士獲選為本公司獨立非執行董事。

Report of the Directors

董事會報告書

At the conclusion of the EGM, (i) Mr. Wang Wen Sheng and Mr. Tian Qun Xu retired as the executive directors of the Company; (ii) Mr. Zhang Shao Hui retired as a non-executive director of the Company; and (iii) Mr. Ni Guo Qiang, Mr. Li Li Cai, Mr. Duan Zhong and Ms. Zhang Zhi Hong retired as the independent non-executive directors of the Company.

Supervisors

The supervisors who held office during the year ended 31 December 2017 and up to the date of this annual report were:

Supervisors

Ms. Han Xiao Ou (*Chairman*)
Mr. Dong Yonghong (appointed on 30 November 2017)
Mr. Yuan Shaopu (appointed on 30 November 2017)
Mr. Song Zhenbao (appointed on 30 November 2017)
Ms. Lv Jun Li (retired on 30 November 2017)
Mr. Sun Wei (retired on 30 November 2017)
Mr. Xiang Hui (retired on 30 November 2017)

The supervisors of the Company are appointed for a term of three years and are subject to re-election by shareholders at the general meeting or the employee meeting of the Company by the end of each of three-year period.

At the EGM, Mr. Yuan Shaopu and Mr. Song Zhenbao were elected as the shareholder-representative supervisors of the Company. Ms. Han Xiao Ou and Mr. Dong Yonghong were appointed by the Company as the employee-representative supervisors of the Company effective on 30 November 2017.

At the conclusion of the EGM, Ms. Lv Jun Li, Mr. Sun Wei, and Mr. Xiang Hui retired as the supervisors of the Company.

Biographical Details of Directors, Supervisors and Senior Management

Brief biographical details of directors, supervisors and senior management are set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" of this annual report.

Emoluments of The Directors and Supervisors and The Five Highest Paid Individuals

Details of the directors' and supervisors' emoluments and the five highest paid individuals in the Group are set out in the notes to the consolidated financial statements.

於臨時股東大會結束後，(i)王文生先生及田群成先生退任本公司執行董事；(ii)張少輝先生退任本公司非執行董事；及(iii)倪國強先生、黎禮才先生、段忠先生及張志紅女士退任本公司獨立非執行董事。

監事

截至二零一七年十二月三十一日止年度及截至本年報日期之在任監事如下：

監事

韓曉歐女士(主席)
董用宏先生(二零一七年十一月三十日獲委任)
袁韶浦先生(二零一七年十一月三十日獲委任)
宋振寶先生(二零一七年十一月三十日獲委任)
呂晉莉女士(二零一七年十一月三十日退任)
孫煒先生(二零一七年十一月三十日退任)
相輝先生(二零一七年十一月三十日退任)

本公司監事獲委任之任期為三年，並須於每三年期間結束後於股東大會上經股東或本公司職工大會重選委任。

於臨時股東大會上，袁韶浦先生及宋振寶先生獲選為本公司股東代表監事。韓曉歐女士及董用宏先生已獲本公司委任為本公司職工代表監事，自二零一七年十一月三十日起生效。

於臨時股東大會結束後，呂晉莉女士、孫煒先生及相輝先生退任本公司監事。

董事、監事及高級管理人員之履歷詳情

董事、監事及高級管理人員之簡要履歷詳情載於本年報「董事、監事及高級管理人員之履歷詳情」一節。

董事及監事之酬金及五名最高薪人士

董事及監事之酬金及本集團五名最高薪人士之詳情均載於綜合財務報表附註內。

Report of the Directors

董事會報告書

Directors' and Supervisors' Service Agreements

Save as disclosed, none of the directors and supervisors of the Company has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' and Supervisors' Interests or Short Positions in the Shares, Underlying Shares and Debenture of the Company

As at 31 December 2017, the directors or supervisors of the Company who had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in the shares and underlying shares of the Company

董事及監事服務協議

除所披露者外，本公司董事及監事概無與本公司訂立本公司不得於一年內免付賠償（法定賠償除外）而終止之服務合約。

董事及監事於本公司股份、相關股份及債券之權益或淡倉

於二零一七年十二月三十一日，於本公司或其任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份及債券中擁有根據證券及期貨條例第352條須列入該條例所述登記冊之權益或淡倉或根據GEM上市規則第5.46條所述上市發行人董事進行交易所規定準則須知會本公司及聯交所之權益或淡倉之本公司董事或監事如下：

於本公司股份及相關股份之好倉

Name	Nature and capacity in the shareholding of the Company	Number and type of domestic shares/H shares	Approximate percentage of holding of the domestic shares of the Company* 持有本公司內資股之概約百分比*	Approximate percentage of holding of the H shares of the Company* 持有本公司H股之概約百分比*	Approximate percentage of holding of the total share capital of the Company* 持有本公司股本總數之概約百分比*
姓名	持有本公司股權之性質及身份	內資股/H股數目及種類	概約百分比*	概約百分比*	概約百分比*
Yuan Guo Liang 袁國良	Personal Interest and Family Interest 個人權益及家族權益	3,895,000 H shares H股 (Note 1) (附註 1)	-	3.54%	1.26%

* Shareholding percentages have been rounded to the nearest two decimal places.

Note:

1. 3,645,000 H shares are registered in the name of Yuan Guo Liang and 250,000 H shares are registered in the name of his spouse.

* 持股百分比已調整至最接近之兩個小數位。

附註：

1. 3,645,000股H股以袁國良名義登記及250,000股H股以其配偶名義登記。

Report of the Directors

董事會報告書

Save as disclosed above, as at 31 December 2017, none of the directors or supervisors of the Company nor their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 of the GEM Listing Rules.

Substantial Shareholders

As at 31 December 2017, so far as the directors of the Company are aware, persons other than the directors or supervisors of the Company who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, were as follows:

除上文披露外，於二零一七年十二月三十一日，本公司董事或監事或彼等各自之聯繫人概無於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債券中擁有根據證券及期貨條例第352條須列入該條例所述登記冊之任何權益或淡倉，或根據GEM上市規則第5.46條所述上市發行人董事之交易必守標準須知會本公司及聯交所之任何權益或淡倉。

主要股東

於二零一七年十二月三十一日，據本公司董事所知，按照根據證券及期貨條例第336條所存置之登記冊所示，除本公司董事或監事外，於本公司股份或相關股份中擁有權益或淡倉的人士如下：

Name	Nature and capacity in the shareholding of the Company	Number and type of domestic shares/H shares	Approximate percentage of holding of the domestic shares of the Company* 持有本公司內資股之概約百分比*	Approximate percentage of holding of the H shares of the Company* 持有本公司H股之概約百分比*	Approximate percentage of holding of the total share capital of the Company* 持有本公司股本總數之概約百分比*
姓名	持有本公司股權之性質及身份	內資股/H股數目及種類			
Domestic Shares:					
內資股：					
Zhang Shao Hui 張少輝	Interest in a controlled corporation 受控制公司之權益	82,200,000 domestic shares 內資股 (Notes 1) (附註 1)	41.34%	-	26.61%
Beijing Gensir Venture Capital Management Limited 北京中澤創業投資管理有限公司	Registered and beneficial owner of the domestic shares and interest in a controlled corporation 內資股之登記及實益擁有人及受控制公司之權益	82,200,000 domestic shares 內資股 (Notes 2) (附註 2)	41.34%	-	26.61%
Taiyuan Changcheng Optics Electronics Industrial Corporation 太原長城光電子工業公司	Registered and beneficial owner of the domestic shares 內資股之登記及實益擁有人	80,160,000 domestic shares 內資股	40.31%	-	25.95%
Liaoning Shuguang Industrial Group Company Limited 遼寧曙光實業集團有限責任公司	Registered and beneficial owner of the domestic shares 內資股之登記及實益擁有人	34,000,000 domestic shares 內資股	17.10%	-	11.01%

Report of the Directors

董事會報告書

Name	Nature and capacity in the shareholding of the Company	Number and type of domestic shares/H shares	Approximate percentage of holding of the domestic shares of the Company* 持有本公司內資股之概約百分比*	Approximate percentage of holding of the H shares of the Company* 持有本公司H股之概約百分比*	Approximate percentage of holding of the total share capital of the Company* 持有本公司股本總數之概約百分比*
姓名	持有本公司股權之性質及身份	內資股/H股數目及種類			
Li Jin Dian 李進巔	Interest in a controlled corporation 受控制公司之權益	34,000,000 domestic shares 內資股 (Notes 3) (附註 3)	17.10%	–	11.01%
Liu Gui Ying 劉桂英	Family interest 家族權益	34,000,000 domestic shares 內資股 (Notes 3) (附註 3)	17.10%	–	11.01%
Taiyuan Tanghai Automatic Control Company Limited 太原唐海自動控制有限公司	Registered and beneficial owner of the domestic shares 內資股之登記及實益擁有人	24,900,000 domestic shares 內資股	12.52%	–	8.06%
Liu Jiang 劉江	Interest in a controlled Corporation 受控制公司之權益	24,900,000 domestic shares 內資股 (Notes 4) (附註 4)	12.52%	–	8.06%
Qiu Gui Qin 邱桂青	Family interest 家族權益	24,900,000 domestic shares 內資股 (Notes 4) (附註 4)	12.52%	–	8.06%
H Shares:					
H股:					
Kwong Tat Finance Limited	Registered and beneficial owner of H shares H股之登記及實益擁有人	33,975,000 H shares H股 (Notes 5) (附註 5)	–	30.89%	11.00%
Cai Zheng 蔡正	Interest in a controlled corporation 受控制公司之權益	33,975,000 H shares H股 (Notes 5) (附註 5)	–	30.89%	11.00%

* Shareholding percentages have been rounded to the nearest two decimal places.

* 持股百分比已調整至最接近之兩個小數位。

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Notes:

1. Part of these domestic shares (57,300,000 domestic shares) is registered in the name of Beijing Gensir Venture Capital Management Limited (“**Beijing Gensir**”). Beijing Gensir is owned as to 100% by Zhang Shao Hui. As Zhang Shao Hui is entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of Beijing Gensir, for the purpose of the SFO, Zhang Shao Hui is deemed to be interested in the entire 57,300,000 domestic shares held by Beijing Gensir.

Part of these domestic shares (24,900,000 domestic shares) is registered in the name of Taiyuan Tanghai Automatic Control Company Limited (“**Taiyuan Tanghai**”). Taiyuan Tanghai is owned as to approximately 36.37% by Beijing Gensir. As Beijing Gensir is entitled to exercise or control the exercise of one-third or more of the voting power at the general meeting of Taiyuan Tanghai, for the propose of the SFO, Zhang Shao Hui is deemed to be interested in the entire 24,900,000 domestic shares held by Taiyuan Tanghai.

2. Part of these domestic shares (57,300,000 domestic shares) is registered in the name of Beijing Gensir Venture Capital Management Limited (“**Beijing Gensir**”). Beijing Gensir is owned as to 100% by Zhang Shao Hui. The rest of these domestic shares (24,900,000) are registered in the name of Taiyuan Tanghai Automatic Control Company Limited (“**Taiyuan Tanghai**”). Taiyuan Tanghai is owned as to approximately 36.37% by Beijing Gensir. As Beijing Gensir is entitled to exercise or control the exercise of one-third or more of the voting power at the general meeting of Taiyuan Tanghai, for the purpose of the SFO, Beijing Gensir is deemed to be interested in the entire 57,300,000 domestic shares held by Beijing Gensir and 24,900,000 domestic shares held by Taiyuan Tanghai.
3. These 34,000,000 domestic shares are registered in the name of Liaoning Shuguang Industrial Group Company Limited (“**Liaoning Shuguang**”). Liaoning Shuguang is owned as to approximately 48.11% by Li Jin Dian. As Li Jin Dian is entitled to exercise or control the exercise of one-third or more of the voting power at the general meeting of Liaoning Shuguang, for the purpose of the SFO, Li Jin Dian is deemed to be interested in the entire 34,000,000 domestic shares held by Liaoning Shuguang. Liu Gui Ying, as the spouse of Li Jin Dian, is taken to be interested in the shares held by Li Jin Dian by virtue of Part XV of the SFO.

附註：

1. 部分該等內資股(57,300,000股內資股)以北京中澤創業投資管理有限公司(「**北京中澤**」)名義登記。張少輝擁有北京中澤100%權益。由於張少輝在北京中澤股東大會上有權行使或控制行使三分之一或以上投票權，故就證券及期貨條例而言，張少輝被視為於北京中澤持有之全部57,300,000股內資股中擁有權益。

部分該等內資股(24,900,000股內資股)以太原唐海自動控制有限公司(「**太原唐海**」)名義登記。北京中澤擁有太原唐海約36.37%權益。由於北京中澤在太原唐海股東大會上有權行使或控制行使三分之一或以上投票權，故就證券及期貨條例而言，張少輝被視為於太原唐海持有之全部24,900,000股內資股中擁有權益。

2. 部分該等內資股(57,300,000股內資股)是以北京中澤創業投資管理有限公司(「**北京中澤**」)名義登記。張少輝擁有北京中澤100%權益。餘下該等內資股(24,900,000股)則以太原唐海自動控制有限公司(「**太原唐海**」)名義登記。北京中澤擁有太原唐海約36.37%權益。由於北京中澤在太原唐海股東大會上有權行使或控制行使三分之一或以上投票權，故就證券及期貨條例而言，北京中澤被視為於北京中澤持有之全部57,300,000股內資股及太原唐海持有之24,900,000股內資股中擁有權益。

3. 該等34,000,000股內資股是以遼寧曙光實業集團有限責任公司(「**遼寧曙光**」)之名義登記。李進巔擁有遼寧曙光約48.11%權益。由於李進巔在遼寧曙光股東大會上有權行使或控制行使三分之一或以上投票權，故就證券及期貨條例而言，李進巔被視為於遼寧曙光持有之全部34,000,000股內資股中擁有權益。根據證券及期貨條例第XV部，李進巔之配偶劉桂英被當作於李進巔所持股份中擁有權益。

Report of the Directors

董事會報告書

- These 24,900,000 domestic shares are registered in the name of Taiyuan Tanghai. Taiyuan Tanghai is owned as to approximately 47.29% by Liu Jiang. As Liu Jiang is entitled to exercise or control the exercise of one-third or more of the voting power at the general meeting of Taiyuan Tanghai, for the propose of the SFO, Liu Jiang is deemed to be interested in the entire 24,900,000 domestic shares held by Taiyuan Tanghai. Qiu Gui Qin, as the spouse of Liu Jiang, is taken to be interested in the shares held by Liu Jiang by virtue of Part XV of the SFO.
- These 33,975,000 H shares are registered in the name of Kwong Tat Finance Limited. For the purpose of the SFO, Cai Zheng is deemed to be interested in the 33,975,000 H shares held by Kwong Tat Finance Limited.

Save as disclosed above, the directors of the Company are not aware of other person who, as at 31 December 2017, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Share Option Scheme

The Group do not have share option scheme.

Directors' and Supervisors' Rights to Acquire H Shares

During the year ended 31 December 2017, none of the directors or supervisors of the Company was granted options to subscribe for H shares of the Company. As at 31 December 2017, none of the directors or supervisors of the Company nor their spouses or children under the age of 18 had any right to acquire H shares of the Company or had exercised any such right during the year.

Contracts of Significance

Save as disclosed, no contracts of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party, and in which a director or a supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the year ended 31 December 2017 or at any time during the year ended 31 December 2017.

Management Contracts

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

- 該等24,900,000股內資股是以太原唐海之名義登記。劉江擁有太原唐海約47.29%權益。由於劉江在太原唐海股東大會上有權行使或控制行使三分之一或以上投票權，故就證券及期貨條例而言，劉江被視為於太原唐海持有之全部24,900,000股內資股中擁有權益。根據證券及期貨條例第XV部，劉江之配偶邱桂青被當作於劉江所持股份中擁有權益。
- 該等33,975,000股H股是以Kwong Tat Finance Limited之名義登記。就證券及期貨條例而言，蔡正被視為於Kwong Tat Finance Limited持有之33,975,000股H股中擁有權益。

除上文所披露者外，於二零一七年十二月三十一日，按根據證券及期貨條例第336條須予存置之登記冊所示，本公司董事並不知悉有其他人士於本公司股份或相關股份中擁有權益或淡倉。

購股權計劃

本集團並無任何購股權計劃。

董事及監事購買H股之權利

於截至二零一七年十二月三十一日止年度，本公司董事或監事概無獲授可認購本公司H股之購股權。於二零一七年十二月三十一日，本公司董事或監事及彼等之配偶或未滿十八歲之子女於年內亦概無擁有或已行使任何可購買本公司H股之權利。

重大合約

除所披露者外，於截至二零一七年十二月三十一日止年度或截至二零一七年十二月三十一日止年度內之任何時間，概無存在本公司或其任何附屬公司所訂立而對本集團業務而言屬重大，且本公司董事或監事於當中直接或間接擁有重大權益之合約。

管理合約

年內，本集團並無訂立或存有任何有關管理及監管全部或任何絕大部分業務之合約。

Report of the Directors

董事會報告書

Competing Interests

The directors of the Company believe that none of the directors, supervisors and management shareholders of the Company nor any of their respective associates had an interest in a business which competes or may compete with the business of the Group during the year ended 31 December 2017.

Confirmation of Independence by Independent Non-Executive Directors

The Company confirms that it has received from each of the incumbent independent non-executive directors an annual confirmation of his independence pursuant to Rules 5.09 of the GEM Listing Rules and considers, based on the confirmations received, the independent non-executive directors to be independent.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

Audit Committee

In compliance with Rules 5.28 and 5.33 of the GEM Listing Rules, the Company has established an audit committee. The primary function of the audit committee are to review and to provide supervision over the financial reporting process and internal control system of the Group. The audit committee comprises two independent non-executive directors and one non-executive director, namely Ms. Long Yan, Ms. Ning Lingying and Mr. Yuan Guo Liang. Ms. Long Yan has been appointed as the chairman of the audit committee. The audit committee has reviewed the annual results of the Group for the year ended 31 December 2017.

Auditors

The consolidated financial statements for the year ended 31 December 2017 were audited by Zhonghui Anda CPA Limited ("Zhonghui") whose term of office will expire upon the forthcoming annual general meeting. The audit committee has recommended to the board of directors of the Company that Zhonghui be re-appointed as the auditors of the Company at the forthcoming annual general meeting.

競爭權益

本公司董事相信截至二零一七年十二月三十一日止年度，本公司董事、監事及管理層股東或任何彼等各自之聯繫人概無於與本集團業務構成或可能構成競爭之業務中擁有權益。

獨立非執行董事之獨立性確認

本公司確認已收到現任各獨立非執行董事根據GEM上市規則第5.09條發出之年度獨立性確認函，且根據所收到之確認認為獨立非執行董事均具備獨立性。

充足公眾持股量

根據本公司所得之公開資料並據本公司董事所知，於本報告日期，公眾至少持有本公司全部已發行股本之25%。

審核委員會

根據GEM上市規則第5.28及5.33條之規定，本公司已設立審核委員會。審核委員會之主要功能為審閱及監督本集團之財務匯報程序及內部監控系統。審核委員會由兩名獨立非執行董事龍艷女士及寧玲穎女士及一名非執行董事袁國良先生組成。龍艷女士已獲委任為審核委員會主席。審核委員會已審閱本集團截至二零一七年十二月三十一日止年度之年度業績。

核數師

截至二零一七年十二月三十一日止年度之綜合財務報表由中匯安達會計師事務所有限公司（「中匯」）審核，中匯之任期將於應屆股東週年大會舉行時屆滿。審核委員會已向本公司董事會建議於應屆股東週年大會上重選中匯為本公司核數師。

Report of the Directors

董事會報告書

Corporate Governance

Details of the corporate governance of the Group are set out in the section headed “Corporate Governance Report” of this annual report.

On behalf of the board of directors

Guo Xu Zhi

Chairman

Taiyuan City, Shanxi Province, the PRC,
28 August 2018

企業管治

本集團之企業管治詳情載於本年報「企業管治報告」一節。

代表董事會

高旭志

主席

中國山西省太原市，
二零一八年八月二十八日

Corporate Governance Report

企業管治報告書

CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company recognises the importance of corporate governance practice of a listed company and is committed to adopting the standards of corporate governance. It is in the interest of the stakeholders and shareholders for a listed company to operate in a transparent manner with the adoptions of various self-regulatory policies, procedures and monitoring mechanisms with a clear definition of accountability of directors and management.

The Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “CG Code”) contained in Appendix 15 of the GEM Listing Rules. In the opinion of the board of directors of the Company, the Company has complied with the code provisions except for (i) no arrangement of insurance cover in respect of legal action against the directors of the Company (code provisions A1.8) due to insufficient budget provided; (ii) one non-executive director and four independent non-executive directors of the Company did not attend the annual general meeting of the Company dated 30 November 2017 (code provisions A6.7) due to other engagements; and (iii) the chairman of the board of directors of the Company did not attend the annual general meeting of the Company dated 30 November 2017 (code provisions E1.2) due to other engagement.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors of the Company on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31 December 2017. Having made specific enquiry of all the incumbent directors of the Company, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors of the Company.

企業管治常規

本公司董事會深明上市公司企業管治常規的重要性，亦一直致力採納企業管治標準。上市公司之營運具透明度，採納各種自行規管政策與程序以及監控機制，並清楚界定董事與管理層權責，乃符合權益持有人及股東之利益。

本公司已遵守列載於GEM上市規則附錄十五內之企業管治常規守則及企業管治報告書（「企業管治守則」）所載之守則條文。本公司董事會認為，除 (i)由於所提供的預算不足，本公司並無就本公司董事面臨的法律訴訟為彼等安排投購保險（守則條文第A1.8條）；(ii)由於有其他安排，本公司一名非執行董事及四名獨立非執行董事並無出席本公司日期為二零一七年十一月三十日之股東週年大會（守則條文第A6.7條）；及(iii)由於有其他安排，本公司董事會主席並無出席本公司日期為二零一七年十一月三十日之股東週年大會（守則條文第E1.2條）外，本公司已遵守守則條文。

董事進行證券交易

本公司於截至二零一七年十二月三十一日止年度整段期間內已就本公司董事進行證券交易採納一套標準守則，其條款不比GEM上市規則第5.48至5.67條所載之交易必守標準寬鬆。經向本公司現任全體董事作出特定查詢後，本公司並不知悉任何未有遵守交易必守標準及董事進行證券交易之操守準則之情況。

Corporate Governance Report

企業管治報告書

BOARD OF DIRECTORS

The board of directors of the Company has the collective responsibility for leadership and control of, and for promoting the success of, the Company and its subsidiaries (together the “Group”) by directing and supervising the Group’s affairs. The board of directors of the Company sets strategies for the Group and monitors the performance of the management.

BOARD COMPOSITION

The board of directors of the Company currently comprises nine directors, of which four are executive directors, namely Mr. Guo Xu Zhi, Mr. Song Zhenglai, Mr. Shen Jian and Ms. Wang Lingling; two non-executive directors, namely Mr. Yuan Guo Liang and Mr. Wu Bo; and three independent non-executive directors, namely Ms. Long Yan, Ms. Ning Lingying, and Ms. Qie Hui Fang.

The directors of the Company are appointed for a term of three years and are subject to re-election by shareholders at the general meeting by the end of each of three-year period.

At the extraordinary general meeting of the Company held on 30 November 2017: (i) Mr. Guo Xu Zhi was re-elected as the executive director of the Company; (ii) Mr. Yuan Guo Liang was re-elected as the non-executive director of the Company; (iii) Mr. Song Zhenglai, Mr. Shen Jian, and Ms. Wang Lingling were elected as the executive directors of the Company; (iv) Mr. Wu Bo was re-elected as the non-executive director of the Company; (v) Ms. Long Yan, Ms. Ning Lingying and Ms. Qie Hui Fang were elected as the independent non-executive directors of the Company.

The Company has received the annual confirmation of independence from all the incumbent independent non-executive directors of the Company pursuant to Rule 5.09 of the GEM Listing Rules and considered them to be independent.

To the knowledge of the directors of the Company, the members of the board of directors of the Company have no financial, business, family or other material/relevant relationships among themselves and between the chairman and the chief executive officer.

董事會

本公司董事會透過指引及監察本公司事務，共同負責領導及控制本公司及其附屬公司（統稱「本集團」），並推動本集團之成功。本公司董事會制定本集團之方針及監察管理層之表現。

董事會架構

本公司董事會現時由九名董事組成，其中包括四位執行董事：高旭志先生、宋政來先生、申健先生及王玲玲女士；兩位非執行董事：袁國良先生及吳波先生；以及三位獨立非執行董事：龍艷女士、寧玲穎女士及邵慧芳女士。

本公司董事獲委任之任期為三年，並須於每三年期間結束後於股東大會上經股東重選委任。

於本公司日期為二零一七年十一月三十日的臨時股東大會：(i)高旭志先生獲重選為本公司執行董事；(ii)袁國良先生獲重選為本公司非執行董事；(iii)宋政來先生、申健先生及王玲玲女士獲選為本公司執行董事；(iv)吳波先生獲選為本公司非執行董事；(v)龍艷女士、寧玲穎女士及邵慧芳女士獲選為本公司獨立非執行董事。

本公司已收到本公司全體現任獨立非執行董事根據GEM上市規則第5.09條發出之年度獨立性確認，並認為彼等均具備獨立性。

就本公司董事所知，本公司董事會成員之間及主席及行政總裁之間概無財政、業務、家族或其他重大／相關關係。

Corporate Governance Report

企業管治報告書

BOARD MEETING

The board of directors of the Company met twelve times during the year ended 31 December 2017 and the attendance of the members is as follows:

董事會會議

本公司董事會於截至二零一七年十二月三十一日止年度曾舉行十二次會議，而各成員之出席記錄如下：

Name of director	董事姓名	Number of attendance 出席次數
Mr. Guo Xu Zhi	高旭志先生	12/12
Mr. Song Zhenglai*	宋政來先生*	2/2
Mr. Shen Jian*	申健先生*	2/2
Ms. Wang Lingling*	王玲玲女士*	2/2
Mr. Yuan Guo Liang	袁國良先生	12/12
Mr. Wu Bo*	吳波先生*	2/2
Ms. Long Yan*	龍艷女士*	2/2
Ms. Ning Lingying*	寧玲穎女士*	2/2
Ms. Qie Hui Fang*	卻慧芳女士*	2/2
Mr. Wang Wen Sheng#	王文生先生#	10/10
Mr. Tian Qun Xu#	田群戌先生#	10/10
Mr. Zhang Shao Hui#	張少輝先生#	10/10
Mr. Ni Guo Qiang#	倪國強先生#	10/10
Mr. Li Li Cai#	黎禮才先生#	10/10
Mr. Duan Zhong#	段忠先生#	10/10
Ms. Zhang Zhi Hong#	張志紅女士#	10/10

* appointed on 30 November 2017

retired on 30 November 2017

* 二零一七年十一月三十日獲委任

二零一七年十一月三十日退任

Corporate Governance Report

企業管治報告書

DIRECTOR'S CONTINUOUS TRAINING AND DEVELOPMENT

The directors of the Company should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution into the board of directors of the Company remains informed and relevant. The individual training record of each director of the Company during the year ended 31 December 2017 is as follows:

董事持續培訓及發展

本公司董事須參與持續專業發展，以增進並更新其知識及技能，從而確保彼等在知情情況下為本公司董事會作出切合需要之貢獻。本公司各董事於截至二零一七年十二月三十一日止年度接受培訓之個別記錄如下：

Name of director	董事姓名	Attending training seminar	Updating on the business, operations and corporate governance matter
		出席培訓研討會	有關業務、經營及企業管治事宜之最新資訊
Mr. Guo Xu Zhi	高旭志先生	✓	✓
Mr. Song Zhenglai*	宋政來先生*	✓	✓
Mr. Shen Jian*	申健先生*	✓	✓
Ms. Wang Lingling*	王玲玲女士*	✓	✓
Mr. Yuan Guo Liang	袁國良先生	✓	✓
Mr. Wu Bo*	吳波先生*	✓	✓
Ms. Long Yan*	龍艷女士*	✓	✓
Ms. Ning Lingying*	寧玲穎女士*	✓	✓
Ms. Qie Hui Fang*	卻慧芳女士*	✓	✓
Mr. Wang Wen Sheng#	王文生先生#		✓
Mr. Tian Qun Xu#	田群戌先生#		✓
Mr. Zhang Shao Hui#	張少輝先生#		✓
Mr. Ni Guo Qiang#	倪國強先生#		✓
Mr. Li Li Cai#	黎禮才先生#		✓
Mr. Duan Zhong#	段忠先生#		✓
Ms. Zhang Zhi Hong#	張志紅女士#		✓

* appointed on 30 November 2017

retired on 30 November 2017

* 二零一七年十一月三十日獲委任

二零一七年十一月三十日退任

Corporate Governance Report

企業管治報告書

BOARD DIVERSITY POLICY

The Company recognises and embraces the benefits of having a diverse the board of directors and sees increasing diversity at the board of directors' level as an essential element in maintaining the Company's competitive advantage. The Company has adopted the board diversity policy (the "Policy"). The nomination committee has reviewed the Policy during the year ended 31 December 2017 and where appropriate, recommends revision to the board of directors of the Company for consideration and approval.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Following the retirement of Mr. Wang Wen Sheng on 30 November 2017, Mr. Wang Wen Sheng ceased to be the chairman of the board of directors of the Company. Mr. Guo Xu Zhi was elected as the chairman of the board of directors of the Company with effect from 30 November 2017.

Mr. Shen Jian was the acting chief executive officer of the Company from August 2016 to November 2017. The Company is in the process to recruit suitable candidate to assume the post of chief executive officer of the Company.

The chairman of the board of directors of the Company provides leadership for the board of directors of the Company and ensures that the board of directors of the Company works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. The chief executive officer is responsible for the management of the business of the Group, implementation of the policies and objectives set out by the board of directors of the Company and is accountable to the board of directors of the Company for the overall operation of the Group.

BOARD COMMITTEES

The Company has set up three committees including audit committee, remuneration committee and nomination committee, each committee with its specific terms of reference as set out in the CG Code.

董事會多元化政策

本公司了解及認同具有多元化董事會成員的裨益，並認為董事會更多元化為維持本公司競爭優勢的重要元素。本公司已採用董事會多元化政策（該「政策」）。提名委員會於截至二零一七年十二月三十一日止年度已檢討該政策及適時向本公司董事會作出建議修訂以供考慮及批准。

主席及行政總裁

緊隨王文生先生於二零一七年十一月三十日退任後，王文生先生停止出任本公司董事會主席。高旭志先生獲選為本公司董事會主席，自二零一七年十一月三十日起生效。

於二零一六年八月至二零一七年十一月期間，申健先生擔任本公司代理總經理。本公司現正招聘合適人選擔任本公司行政總裁職務。

本公司董事會主席負責領導本公司董事會，亦負責確保本公司董事會有效運作及履行職責，同時及時討論所有重要及適當事宜。行政總裁負責管理本集團業務，實施本公司董事會所制定之政策及目標，並就本集團整體營運向本公司董事會負有責任。

董事會轄下之委員會

本公司已設立三個委員會，包括審核委員會、薪酬委員會及提名委員會，而各委員會均具備企業管治守則所規定之具體職權範圍。

Corporate Governance Report

企業管治報告書

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in consistence with the CG Code. The audit committee comprises two independent non-executive directors and one non-executive director, namely Ms. Long Yan, Ms. Ning Lingying and Mr. Yuan Guo Liang. Ms. Long Yan was appointed as the chairman of the audit committee.

The primary duties of the audit committee include (i) to consider the appointment of, external auditors and any questions of resignation or dismissal; (ii) to review financial information; and (iii) to oversight of the financial reporting system, risk management and internal control systems. The audit committee discharged its duties by reviewing the financial matters, quarterly, interim and annual financial reports and financial statements during the year ended 31 December 2017. The audited financial statements for the year ended 31 December 2017 have been reviewed by the audit committee.

The audit committee met four times during the year ended 31 December 2017 and the attendance of the members is as follows:

Name of member	成員姓名	Number of attendance 出席次數
Mr. Ni Guo Qiang#	倪國強先生#	4/4
Mr. Li Li Cai#	黎禮才先生#	4/4
Ms. Zhang Zhi Hong#	張志紅女士#	4/4
Ms. Long Yan*	龍艷女士*	0/4
Ms. Ning Lingying*	寧玲穎女士*	0/4
Mr. Yuan Guo Liang*	袁國良先生*	0/4

resigned on 30 November 2017

* appointed on 30 November 2017

審核委員會

本公司已設立審核委員會，其書面職權範圍符合企業管治守則。審核委員會由兩名獨立非執行董事龍艷女士及寧玲穎女士及一名非執行董事袁國良先生組成。龍艷女士已獲委任為審核委員會主席。

審核委員會之主要職責包括：(i)考慮外聘核數師之委任及與辭職或辭退有關之任何問題；(ii)審閱財務資料；及(iii)監管財務匯報制度、風險管理及內部監控程序。審核委員會於截至二零一七年十二月三十一日止年度已履行其職責，包括審閱財務事宜、季度、中期及年度財務報告及財務報表。審核委員會已審閱截至二零一七年十二月三十一日止年度之經審核財務報表。

審核委員會於截至二零一七年十二月三十一日止年度曾舉行四次會議，而各成員之出席記錄如下：

二零一七年十一月三十日辭任

* 二零一七年十一月三十日獲委任

薪酬委員會

本公司已設立薪酬委員會，其書面職權範圍符合企業管治守則。薪酬委員會由兩名獨立非執行董事龍艷女士及邵慧芳女士及一位非執行董事袁國良先生組成。龍艷女士已獲委任為薪酬委員會主席。

Corporate Governance Report

企業管治報告書

The primary duties of the remuneration committee include (i) to make recommendation to the board of directors on the policy and structure for all directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; and (ii) to review and approve the management's remuneration proposals. The remuneration reviewed the remuneration policy of all directors' and senior management during the year ended 31 December 2017.

The remuneration committee met one time during the year ended 31 December 2017 and the attendance of the members is as follows:

薪酬委員會之主要職責包括：(i)就全體董事及高級管理人員之薪酬政策及架構，以及就設立正規而具透明度的程序制訂薪酬政策，向董事會提出建議；及(ii)檢討及批准管理層的薪酬建議。薪酬委員會於截至二零一七年十二月三十一日止年度已檢討全體董事及高級管理人員的薪酬政策。

薪酬委員會於截至二零一七年十二月三十一日止年度曾舉行一次會議，而各成員之出席記錄如下：

Name of member	成員姓名	Number of attendance 出席次數
Ms. Long Yan*	龍艷女士*	1/1
Mr. Yuan Guo Liang*	袁國良先生*	1/1
Ms. Qie Hui Fang*	卻慧芳女士*	1/1

* appointed on 30 November 2017

* 二零一七年十一月三十日獲委任

Details of remuneration paid to members of senior management (including directors and supervisors) fell within the following bands:

向高級管理層人員（包括董事及監事）支付之薪酬介乎下列範圍的詳情：

		Number of Individuals 人數
RMB120,000 or below	人民幣120,000元或以下	18
RMB120,001 – RMB300,000	人民幣120,001元 – 人民幣300,000元	2

NOMINATION COMMITTEE

The Company has established a nomination committee with written terms of reference in consistence with the CG Code. The nomination committee comprises the chairman of the board of directors and two independent non-executive directors, namely Mr. Guo Xu Zhi, Ms. Long Yan and Ms. Qie Hui Fang. Mr. Guo Xu Zhi was appointed as the chairman of the nomination committee.

提名委員會

本公司已設立提名委員會，其書面職權範圍符合企業管治守則。提名委員會由董事會主席高旭志先生及兩名獨立非執行董事龍艷女士及卻慧芳女士組成。高旭志先生已獲委任為提名委員會主席。

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The primary duties of the nomination committee include (i) to review the structure, size and composition (including the skills, knowledge and experience) of the board of directors; (ii) to identify individuals suitably qualified to become members of the board of directors; and (iii) to make recommendations to the board of directors on the appointment or re-appointment of directors. The nomination reviewed the structure, size and composition of the board of directors of the Company and the board diversity policy during the year ended 31 December 2017.

The nomination committee met one time during the year ended 31 December 2017 and the attendance of the members is as follows:

Name of member	成員姓名	Number of attendance 出席次數
Mr. Guo Xu Zhi*	高旭志先生*	1/1
Ms. Long Yan*	龍艷女士*	1/1
Ms. Qie Hui Fang*	卻慧芳女士*	1/1

* appointed on 30 November 2017

ANNUAL GENERAL MEETING

The annual general meeting of the Company was held on 30 November 2017.

ACCOUNTABILITY AND AUDIT

Financial reporting

The management is supposed to provide such explanation and information to the board of directors of the Company on monthly basis so as to enable the board of directors of the Company to make an informed assessment of the financial and other information put before the board of directors for approval.

The board of directors of the Company is responsible for presenting annual; interim; and quarterly reports, price-sensitive announcements and other disclosure requirements under the GEM Listing Rules and other regulatory requirements.

The audit committee reviewed the financial matters, quarterly, interim and annual financial reports and financial statements of the Group during the year ended 31 December 2017.

提名委員會之主要職責包括：(i)檢討董事會的架構、人數及組成（包括技能、知識及經驗方面）；(ii)物色具備合適資格可擔任董事會成員之人士；及(iii)就董事委任或重新委任向董事會提出建議。提名委員會於截至二零一七年十二月三十一日止年度已檢討本公司董事會的架構、人數及組成及董事會多元化政策。

提名委員會於截至二零一七年十二月三十一日止年度曾舉行一次會議，而各成員之出席記錄如下：

* 二零一七年十一月三十日獲委任

股東週年大會

本公司股東週年大會已於二零一七年十一月三十日舉行。

問責及審核

財務匯報

管理層應須每月向本公司董事會提供有關解釋及資料，以便本公司董事會就提呈董事會批准之財務及其他資料，作出知情評估。

本公司董事會負責呈列年度、中期及季度報告、股價敏感資料公佈及GEM上市規則及其他監管規定所要求之其他披露規定。

審核委員會已審閱本集團截至二零一七年十二月三十一日止年度之財務事宜、季度、中期及年度財務報告及財務報表。

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企業管治報告書

The respective responsibilities of the directors of the Company and the auditors for preparing financial statements of the Group for the year ended 31 December 2017 are set out in the section headed “Independent Auditors’ Report” of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The board of directors of the Company acknowledged its responsibility for the effectiveness of the Group’s risk management and internal control systems. In light of the size and scale of the Group’s businesses, the board of directors of the Company is delegated with the responsibility for overseeing the risk management and internal control systems of the Group on an ongoing basis and for reviewing its effectiveness. Therefore, the Group currently do not have an internal audit department. During the course of reviewing of risk management and internal control systems of the Group, the board of directors of the Company identified that the Group has material uncertainty in going concern.

AUDITORS’ REMUNERATION

The external auditors provide services to the Group during the year ended 31 December 2017. The remuneration of the external auditors for the provision of audit service during the year under review is HK\$500,000 and the provision of non-audit services is HK\$42,000.

AUDITORS

The consolidated financial statements for the year ended 31 December 2017 were audited by Zhonghui Anda CPA Limited (“Zhonghui”) whose term of office will expire upon the forthcoming annual general meeting. The audit committee has recommended to the board of directors of the Company that Zhonghui be re-appointed as the auditors of the Company at the forthcoming annual general meeting.

本公司董事及核數師各自就編製本集團截至二零一七年十二月三十一日止年度之財務報表之責任載於本年報「獨立核數師報告」一節。

風險管理及內部監控

本公司董事會承認其對本集團風險管理及內部監控制度之效力之責任。鑑於本集團業務之大小及規模，本公司董事會獲轉授持續監督本集團風險管理及內部監控制度之責任，並檢討其效力。因此，本集團現時並無內部審計部門。於對本集團風險管理及內部監控制度進行檢討過程中，本公司董事會確定本集團在持續經營方面存在重大不明朗因素。

核數師酬金

外聘核數師於截至二零一七年十二月三十一日止年度向本集團提供服務。外聘核數師於回顧年度就提供核數服務收取之酬金為港幣500,000元及就提供非核數服務收取港幣42,000元。

核數師

截至二零一七年十二月三十一日止年度之綜合財務報表由中匯安達會計師事務所有限公司（「中匯」）審核，中匯之任期將於應屆股東週年大會舉行時屆滿。審核委員會已向本公司董事會建議於應屆股東週年大會上重選中匯為本公司核數師。

Corporate Governance Report

企業管治報告書

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting and putting forward proposal at shareholders' meeting

Pursuant to article 53 of the articles of association of the Company, an extraordinary general meeting ("EGM") be convened on the written requisition of shareholders holding more than 10% (including 10%) of the voting shares issued by the Company. When the board of directors receives the written requisition, the board of directors shall convene an EGM within two months.

Pursuant to article 73 of the articles of association of the Company, if shareholders request to convene an EGM or a class meeting of shareholders, the following procedures should be followed: an EGM may be convened on the written requisition of any two or more shareholders of the Company holding more than 10% of the paid up capital of the Company which carries the right of voting at general meetings of the Company (the "Requisitionists"). Such written requisition must specify the resolution(s) to be considered in the EGM and must be signed by the Requisitionists and deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such principal office, the registered office of the Company. Shareholders should follow the requirements and procedures as set out in such article for convening an EGM. If the board of directors of the Company does not convene the EGM within 30 days from the receipt of such requisition, the Requisitionists are entitled to convene the EGM themselves within four months after the board of directors of the Company received their requisition at the Company's expense.

CONSTITUTIONAL DOCUMENTS

Pursuant to the extraordinary general meeting held on 30 November 2017, the article 88 of the articles of association of the Company was amended as to "The Company shall have a board of directors which is accountable to shareholders. The board of directors shall consist of seven (7) to eleven (11) directors, and there shall be one (1) chairman and one (1) to two (2) deputy chairmen. Directors may also occupy senior management functions in the Company but the number of such executive directors shall not exceed one-half (1/2) of the total number of directors. There shall be at least three (3) independent non-executive directors, including at least one (1) having appropriate professional qualifications or accounting or related financial management expertise. The Company must appoint independent non-executive directors representing at least one-third of the board."

股東權利

召開臨時股東大會及於股東大會上提出建議

根據本公司組織章程細則第53條，臨時股東大會（「臨時股東大會」）可由持有本公司發行在外的有表決權的股份百分之十以上（含百分之十）的股東以書面形式要求召開。當董事會收到書面要求時，董事會應當在兩個月內召開臨時股東大會。

根據本公司組織章程細則第73條，股東要求召集臨時股東大會或者類別股東會議，應當按照下列程式辦理：臨時股東大會可由本公司持有附帶權利並可於本公司股東大會上表決的本公司10%以上繳足股本的任何兩名或以上股東（「呈請人」）提出書面呈請而召開。有關書面呈請必須列明臨時股東大會上將予考慮的決議案，且必須由呈請人簽署並存置於本公司於香港的主要營業地點（倘本公司不再設置該主要辦事處，則為本公司註冊辦事處）。股東應遵守有關細則所載有關召開臨時股東大會的規定及程式。倘本公司董事會未能於收到該呈請日起計三十日內發出召開臨時股東大會的通知，則呈請人有權於本公司董事會收到彼等的呈請後四個月內自行召開臨時股東大會，費用由本公司承擔。

憲法文件

根據於二零一七年十一月三十日舉行的臨時股東大會，本公司組織章程細則第八十八條予修訂為：「公司設董事會，對股東負責。董事會由七(7)至十一(11)名董事組成，設董事長一(1)名，副董事長一(1)至兩(2)名。董事亦可擔任公司高級管理職務，但執行董事人數不得超過董事總人數的一半(1/2)。應有至少三(3)名獨立非執行董事，其中至少一(1)名具有適當的專業資格或會計或相關管理專長。公司必須委任佔董事會至少三分之一的獨立非執行董事。」

Corporate Governance Report

企業管治報告書

ENQUIRIES PUT TO THE BOARD

Shareholders may send written enquiries or requests in respect of their rights to the principal place of business of the Company in Hong Kong or by email to ccoegv@126.com, for the attention of the secretary of the board of directors of the Company.

INVESTOR RELATIONS

The Company establishes different communication channels with investors to update the latest business development and financial performance including the publication of quarterly, interim and annual reports, notices, announcements and circulars on the GEM website and the Company's website in order to maintain a high level of transparency, and to ensure there is no selective disclosure of inside information.

向董事會提出查詢

股東可將有關彼等權利的書面查詢或要求寄發至本公司香港主要營業地點或透過電郵發送至ccoegv@126.com，收件人為本公司董事會秘書。

投資者關係

本公司與投資者建立不同的通訊途徑，以更新最新業務發展及財務表現，包括於GEM網站及本公司網站刊發季度、中期及年度報告、通告、公佈及通函，以維持高度透明，且確保概無選擇性披露內幕消息。

Environmental, Social and Governance Report

環境、社會及管治報告書

SCOPE AND REPORTING PERIOD

This is the ESG report of Shanxi Changcheng Microlight Equipment Co. Ltd. (the “Group”), highlighting its Environmental, Social, and Governance (the “ESG”) performance, with disclosure reference made to the ESG Reporting Guide as set out in Appendix 20 of the GEM Listing Rules.

This ESG report covers the Group’s overall performance in two subject areas, namely, Environmental and Social of the business operations in the PRC including the headquarter office and production facilities from 1 January 2017 to 31 December 2017, unless otherwise stated.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

In order to identify the most significant aspects for the Group to report on for this ESG report, key stakeholders including investors, shareholders and employees of the Group have been involved in regular engagement sessions to discuss and to review areas of attention which will help the business meets its potential growth and be prepared for future challenges.

STAKEHOLDER’S FEEDBACK

The Group welcomes stakeholders’ feedback on our environmental, social and governance approach and performance. Please give your suggestions or share your views with us via email at ccoegv@126.com.

I. Environmental

To demonstrate the Group’s commitment to sustainable development and compliance with laws and regulations relating to environmental protection, the Group endeavors to minimise the environmental impact of the business activities.

The Group has established system to ensure environmental compliance. It seeks to optimise its production by adopting low energy consumption and environmental pollution techniques, implementing environmental-friendly waste disposal methods and enhancing the environmental awareness of the employees through regular trainings. The management team has the overall responsibility for environmental protection matters within the Group.

範圍及報告期間

此為山西長城微光器材股份有限公司（「本集團」）環境、社會及管治報告書，以強調本集團於環境、社會及管治（「環境、社會及管治」）方面之表現，乃參考GEM上市規則附錄二十所載「環境、社會及管治報告指引」所披露。

除另有說明外，本環境、社會及管治報告書涵蓋本集團中國業務運作包括總部辦事處及生產設施於二零一七年一月一日起至二零一七年十二月三十一日止環境及社會兩個主要範疇之整體表現。

持分者的參與及重要性

為確定本集團於本環境、社會及管治報告中所匯報之最重要方向，主要持分者包括本集團的投資者、股東及僱員已定期參與討論及審閱有助本集團業務發揮潛在增長及裝備應付未來挑戰的注意事項。

持分者意見

本集團歡迎持分者就我們的環境、社會及管治方針及表現提供意見。敬請閣下透過電郵向我們提出建議或分享意見，電郵地址為ccoegv@126.com。

I. 環境

為表明本集團對於可持續發展以及遵守與環境保護有關的法例及法規的承諾，本集團致力於盡量降低業務活動的環境影響。

本集團已設立制度以確保環境合規。其尋求透過採取低耗能及低環境污染的技术、實施環保的廢物處置方法及以定期訓練提升僱員環保意識，以優化生產。管理層團隊對本集團內的環保事宜負整體責任。

Environmental, Social and Governance Report

環境、社會及管治報告書

Emissions

The manufacturing process of the Group produces certain amount of waste water, solid waste and to a lesser extent gases. In accordance with relevant environmental laws and regulations and our relevant environmental policies, the Group must ensure that national emissions standards are met. Regular assessments are conducted on the air and greenhouse gas emissions of the production facilities, as well as the generation and disposal of hazardous and non-hazardous waste. The Group does not generate significant air emissions or hazardous waste.

Use of Resources

The resources used by the Group are principally attributed to electricity and water consumed at its production facilities and office. Under our relevant environmental policies, the Group proactively seeks opportunities for increasing operating efficiency to reduce the use of resources, such as energy savings on lights and air-conditioning systems. The Group also closely monitors the utilisation of resources and reports to senior management on this aspect of performance.

The Environment and Natural Resources

Due to the nature of the business, in addition to the above-mentioned emissions and resource usage, the Group does not have any direct and significant impacts on the environment and natural resources in the course of its operation.

The Group has established system to ensure environmental compliance by adopting low energy consumption and environmental pollution techniques. The Group has also appointed dedicated staff to monitor the Group's compliance with relevant laws and regulations as well as review and update the internal environmental protection policies.

排放

本集團的生產工序產生一定數量的廢水、固體廢料及程度較輕的廢氣。根據有關環境法例及法規以及本集團的有關環境政策，本集團須確保符合國家排放標準。生產設施的廢氣及溫室氣體排放以及有害及無害廢棄物的產生及處理會定期進行評估。本集團並無產生大量氣體排放或有害廢棄物。

資源使用

本集團使用的資源主要為其生產設施及辦公室所耗用的水電。根據本集團的有關環境政策，本集團積極尋求提高經營效率的機會以降低資源使用（例如照明及空調系統的節能）。本集團亦密切監察資源的使用並就該方面表現向高級管理層報告。

環境及自然資源

由於業務性質，除上述排放及資源使用外，本集團在經營過程中對環境及自然資源概無任何直接和嚴重影響。

本集團透過採取低耗能及低環境污染的技術，設立制度以確保環境合規。本集團亦已委任專責職員，監察本集團就相關法例及法規的合規，以及檢討並更新內部環保政策。

Environmental, Social and Governance Report

環境、社會及管治報告書

II. Social

The Group believes that one of the key aspects of its success is the good relationship it maintains with employees. The Group provides a friendly and harmonious working environment.

Employment and Labor Practices

Employment

The Group had a total number of approximately 511 employees as of 31 December 2017. The Group rewards and recognises performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

The Group strictly complies with relevant laws and regulations in the PRC, and the relevant administrative rules and measures are strictly enforced. These rules and regulations specify the requirements relating to employment, labor relations, employees' remuneration and welfare to protect the rights of employees.

Health and Safety

The Group has been committed to protect employees' health and safety. It maintains the occupational health and workplace safety management system and policies in conformity to the internationally applied occupational health and safety management systems requirements and in strict compliance with the relevant regulations in the PRC. During the Year, the Group did not encounter any major accidents during the operation.

Development and Training

Training is an important way to improve the overall quality and provide comprehensive development of the employees. The Group has continuously perfected and modified the employee training management system, established a multilevel training system, created various learning opportunities for the employees, in order to enhance their competence, job skills, knowledge and performance.

II. 社會

本集團認為其成功的重要方面之一為與僱員保持良好關係。本集團亦提供友好和諧的工作環境。

僱傭及勞工常規

僱傭

於二零一七年十二月三十一日，本集團合共約有511名僱員。本集團提供優厚的薪酬福利及推行全面表現評核計劃，以獎勵及表揚表現優秀的員工，並透過適當培訓及提供機會協助彼等在集團內發展事業及晉升。

本集團嚴格執行中國之相關法規條例，制訂並嚴格執行相關管理制度及辦法，對員工的聘用、勞動關係、待遇、福利等方面作出明確規定，致力保障員工的權益。

健康及安全

本集團一直致力於保障員工的健康及安全。本集團維持符合國際通用的職業健康及安全管理系統標準，並嚴格遵照中國的有關法規條例。於本年度，本集團於營運時並未發生重大的安全事故。

發展及培訓

培訓是提高員工整體素質及全面發展的重要途徑。本集團不斷完善和修訂員工培訓管理制度，建立多層次的培訓體系，為員工創造不同的學習機會，提升其能力、工作技能、知識及表現。

Environmental, Social and Governance Report

環境、社會及管治報告書

In daily operations, the Group provides induction training for new employees. Experienced employees will act as mentors to guide the new comers on jobs. The Group arranges the trainings designated according to the roles and responsibilities of the employees, mainly includes human resources management, managerial skills, legal affairs, risk management, project running, financial and auditing, technical research and development, environmental protection, occupational health and safety etc. The Group also updates the latest information of the industry and laws and regulations which is essential to the Group's operation and their job responsibilities from time to time.

Labor Standards

The Group provides its staff with a safe, health, comfortable working environment with labor protection, reasonable remuneration and various welfares. The Group enters employment contract with each of its employee in accordance with relevant laws and regulations in the PRC and also prohibits forced labor.

Operating Practices

Supply Chain Management

To provide top quality services to customers, the Group carefully sourced its raw materials, packaging materials and equipment with standardised procurement procedure and policies. The Group's procurement policy and its comprehensive procurement management systems help screening out undesirable products in the aspects of raw materials, packaging materials and equipment selection, product formulation, product packaging, quality management system in factories, transportation, etc.

Suppliers for raw materials, packaging materials and equipment are selected based upon rational and clear criteria, such as reputation, technical skills and consistent production quality, compliance with industrial standards, so as to procure superior goods and services from the most competitive sources. The Group's research and development department set out product specification for the suppliers to follow, while the quality control department performs sample test to ensure that goods and materials received by the Group are in compliance with the quality and specifications before they are accepted and transferred to the warehouse.

在日常營運中，本集團為新員工安排入職培訓。資深的員工對初級員工進行工作指導。本集團會根據員工的角色和責任要求進行指定專業知識和技能培訓，主要包括人力資源管理、法律事務、風險管理、項目營運、財務審計、技術研發、環保、職業健康安全等。本集團會不時更新有關對本集團營運及員工工作息息相關的行業資訊及相關法例。

勞工準則

本集團致力為員工營造安全、健康及舒適的工作環境，並提供勞動保護及向員工支付合理薪酬和提供各項福利。本集團按照中國之相關法規條例與每一位員工訂立僱用合約，並禁止一切強制勞動。

營運慣例

供應鏈管理

為向客戶提供優質服務，本集團審慎購買符合標準採購程序及政策的原材料、包裝物料及設備。本集團之採購政策及全面之採購管理制度，有助篩選出在原材料、包裝物料及設備挑選、產品配方、產品包裝、工場之品質管理系統及運輸等方面之不良產品。

本集團根據合理清晰之準則挑選原材料、包裝物料及設備供應商，例如聲譽、工藝技術及穩定的生產品質、遵守行業標準，務求以最具競爭力之資源採購最優越的貨品及服務。本集團的研發部門陳述產品規範以便供應商遵守，而品質控制部門會在貨品及物料入庫前進行抽檢以確保本集團收到的貨品及物料符合品質及規範。

Environmental, Social and Governance Report

環境、社會及管治報告書

Product Responsibility

The Group aims to achieve the highest possible standard with all the products sold. The Group has established relevant policies which cover product quality guarantee and safety and set up a dedicated quality control department. They work in collaboration with the Group's research and development department, procurement department and production and warehousing department to ensure that the products are of high quality and safe and comply with all applicable laws and regulations.

Anti-corruption

The Group requires employees to strictly conform to code of business ethics and put any corruption bribe behavior to an end as stipulated in the employment contracts and the relevant policies of the Group. In the cases of conflict of interest, it must be reported to the Group's management.

Community

Community Investment

The Group always seeks to be a positive force in the communities in which it operates and maintain close communications and interactions with the communities in order to contribute to local development.

The Group believes that the creation of a peaceful community relies on the cooperation of people, corporations and the government. By working together with various community partners, the Group believes can bring a tremendous impact on the sustainable development of the communities in which it operates.

The Group will also actively encourage staff to volunteer their time and skills to benefit local communities. It gives employees the opportunities to find out more about the issues of the society and environment and reinforce the Group's corporate values.

產品責任

本集團致力向客戶提供最高標準的產品。本集團制定了相關管理政策，內容涵蓋產品品質保證及安全，以及成立專門的質量監控部門。該部門與本集團的研發部門、採購部門以及生產及倉儲部門合作，確保產品優質安全並符合所有適用法例及規例。

反貪污

按照僱用合約及本集團的有關政策規定，本集團要求員工嚴格遵守商業道德準則，杜絕任何貪污及賄賂行為。如有利益衝突，需要及時向本集團管理層申報。

社區

社區投資

本集團努力尋求成為營運所處社區的正面力量，並一直與社區維持密切溝通和互動，為社區發展作出貢獻。

本集團相信創造平和的社區需要市民、企業及政府共同的參與。透過與不同的社區夥伴通力合作，本集團相信可為營運所處社區的可持續發展帶來重大影響。

本集團亦將積極鼓勵員工無償付出時間和技能，以惠及本地社區，借此給予僱員機會了解更多社會及環境問題，及增強本集團企業價值。

Independent Auditor's Report

獨立核數師報告



TO THE SHAREHOLDERS OF SHANXI CHANGCHENG MICROLIGHT EQUIPMENT CO. LTD.

(Incorporated in the People's Republic of China with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Shanxi Changcheng Microlight Equipment Co. Ltd. and its subsidiaries (collectively referred to as the "Group") set out on pages 52 to 117 which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group and whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

致山西長城微光器材股份有限公司全體股東

(於中華人民共和國註冊成立之有限公司)

不作出意見

我們已獲委聘審核列載於第52至117頁山西長城微光器材股份有限公司及其附屬公司(統稱為「貴集團」)的綜合財務報表，此綜合財務報表包括於二零一七年十二月三十一日的綜合財務狀況表，與截至該日止年度的綜合損益及其他全面收入表、綜合權益變動表和綜合現金流量表，以及綜合財務報表附註並包括主要會計政策概要。

我們不會就 貴集團之綜合財務報表及綜合財務報表是否已遵照香港公司條例之披露規定妥善編製發表意見。因為本報告中下述不作出意見的基礎一節所述事宜之重要性，我們未能獲得充足及適當的審核憑證以作為對該等綜合財務報表提供審核意見的基礎。

Independent Auditor's Report

獨立核數師報告

BASIS FOR DISCLAIMER OF OPINION

1. Amount due to a shareholder and interest expenses payable to a shareholder

Included in the consolidated statement of financial position as at 31 December 2017 was an amount due to a shareholder of approximately RMB13,327,000. Since audit confirmation of such balance has not been received from the shareholder, we have not been able to assess the accuracy and completeness of the above liability. There are no other satisfactory alternative procedures that we could perform to satisfy ourselves that this balance as at 31 December 2017 was free from material misstatement and the related disclosures have been properly recorded and reflected in the consolidated financial statements of the Company. No sufficient evidence has been received by us in respect of whether the interest expenses payable to that shareholder of approximately RMB537,000 and RMB2,090,000 charged to profit or loss were properly accounted for in the consolidated financial statements for the year ended 31 December 2017 and 2016 respectively. However, we are satisfied that the amount due to the shareholder is fairly stated as at 31 December 2016.

2. Amount due from a shareholder

We were unable to obtain sufficient evidence on the balance of the amount due from a shareholder of RMB593,000 as at 31 December 2016. No sufficient evidence has been received by us in respect of whether the impairment loss related to that shareholder of approximately RMB593,000 charged to profit or loss were properly accounted for in the consolidated financial statements for the year ended 31 December 2017. However, we are satisfied that the amount due from a shareholder is fairly stated as at 31 December 2017.

3. Amount due from a former related company

We were unable to obtain sufficient evidence on the balance of the amount due from a former related company of RMB4,283,000 as at 31 December 2016. No sufficient evidence has been received by us in respect of whether the impairment loss related to that former related company of approximately RMB47,000 charged to profit or loss were properly accounted for in the consolidated financial statements for the year ended 31 December 2017. However, we are satisfied that the amount due from a former related company is fairly stated as at 31 December 2017.

不作出意見的基礎

1. 應付一位股東款項及應付一位股東之利息開支

於二零一七年十二月三十一日止綜合財務狀況表內包括應付一位股東款項約人民幣13,327,000元。由於尚未自股東收到該結餘之審核確認，我們未能評估上述負債之準確性及完整性。並無其他滿意之代替程式可供我們執行，以令我們信納於二零一七年十二月三十一日之此結餘並無重大誤述及相關披露已於本公司綜合財務報表內妥為記錄及反映。我們未收到充分憑據，以確定計入損益內應付該股東之利息開支約人民幣537,000元及人民幣2,090,000元是否已於截至二零一七年及二零一六年十二月三十一日止年度之綜合財務報表中妥為入賬。然而，我們信納於二零一六年十二月三十一日之應付一位股東款項已公平列報。

2. 應收一位股東款項

我們未能獲得於二零一六年十二月三十一日止之應收一位股東款項約人民幣593,000元的充分憑證。我們亦無法獲得充分憑證以證明計入該股東有關之減值虧損約人民幣593,000元是否已於截至二零一七年十二月三十一日止年度之綜合財務報表內妥為入賬。然而，我們信納應收一位股東款項於二零一七年十二月三十一日已公平列報。

3. 應收一家前關連公司款項

我們未能獲得於二零一六年十二月三十一日止之應收一家前關連公司款項約人民幣4,283,000元的充分憑證。我們亦無法獲得充分憑證以證明計入該前關連公司有關之減值虧損約人民幣47,000元是否已於截至二零一七年十二月三十一日止年度之綜合財務報表內妥為入賬。然而，我們信納應收一家前關連公司款項於二零一七年十二月三十一日已公平列報。

Independent Auditor's Report

獨立核數師報告

BASIS FOR DISCLAIMER OF OPINION (continued)

Any adjustments to the figures as described above might have a significant consequential effect on the Group's financial performance and cash flows for the year ended 31 December 2017 and 2016 and the financial position of the Group as at 31 December 2017 and 2016, and the related disclosures thereof in the consolidated financial statements.

4. Material uncertainty relating to the going concern basis

We draw attention to note 2 to the financial statements which mentions that the Group incurred a loss attributable to owners of the Company of RMB28,535,000 for the year ended 31 December 2017 and as at 31 December 2017 the Group had net current liabilities and net liabilities of RMB86,262,000 and RMB9,652,000 respectively. In addition, the Group had outstanding bank and other borrowings amounting to RMB33,460,000 which would be due for repayment within the next twelve months and an amount due to shareholders amounting to RMB13,780,000 which are repayable on demand. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

不作出意見的基礎 (續)

上述數字之任何調整可能對 貴集團截至二零一七年及二零一六年十二月三十一日止年度之財務表現及現金流量以及 貴集團於二零一七年及二零一六年十二月三十一日之財務狀況以及綜合財務報表內有關披露造成重大影響。

4. 有關持續經營基準之重大不明朗因素

我們敬請垂注財務報表附註2，當中提及 貴集團截至二零一七年十二月三十一日止年度錄得 貴公司擁有人應佔虧損人民幣28,535,000元，而於二零一七年十二月三十一日， 貴集團之流動負債淨額及負債淨額分別為人民幣86,262,000元及人民幣9,652,000元。此外， 貴集團擁有須予未來十二個月內償還的未償還銀行及其他借貸人民幣33,460,000元以及須按要求償還的應付股東款項約人民幣13,780,000元。此等情況表明存在重大不確定性，或會導致對 貴集團能否按持續基準繼續經營業務產生重大質疑，因此， 貴集團可能無法在日常業務過程中變現其資產及償還其負債。

Independent Auditor's Report

獨立核數師報告

BASIS FOR DISCLAIMER OF OPINION (continued)

4. Material uncertainty relating to the going concern basis (continued)

The validity of the going concern assumption on which the consolidated financial statements are prepared is dependent on the favourable outcomes of the steps being taken by the Directors as described in note 2 to the consolidated financial statements. Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at other than the amounts at which they are currently recorded in the consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets as current assets.

In the absence of sufficient evidence, we were unable to ascertain whether the assumptions made by the Directors in the preparation of the consolidated financial statements on a going concern basis were appropriate.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (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.

不作出意見的基礎 (續)

4. 有關持續經營基準之重大不明朗因素 (續)

編製綜合財務報表所依據之持續經營假設是否有效取決於綜合財務報表附註2所述董事所採取措施是否取得良好成果。倘持續經營假設屬不恰當，則可能須作出調整以反映可能須變現該等資產之情況，而非按其現時於綜合財務狀況表列賬之金額列值。此外，貴集團可能須為可能產生之進一步負債作出撥備，並將非流動資產重新分類為流動資產。

鑒於缺乏足夠憑據，我們無法確認董事按持續經營基準編製綜合財務報表所作之假設是否恰當。

董事就綜合財務報表須承擔的責任

董事須負責根據香港會計師公會（「香港會計師公會」）頒佈的《香港財務報告準則》及香港《公司條例》之披露規定編製綜合財務報表，以令綜合財務報表作出真實而公平的反映，及落實其認為就編製綜合財務報表所必要的內部控制，以使綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述。

在編製綜合財務報表時，董事須負責評估貴集團持續經營的能力，並披露與持續經營有關的事項（如適用）。除非董事有意將貴集團清盤，或停止營運，或除此之外並無其他實際可行的辦法，否則董事須採用以持續經營為基礎的會計法。

Independent Auditor's Report

獨立核數師報告

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

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.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Wan Ho Yuen

Audit Engagement Director

Practising Certificate Number P04309

Hong Kong, 28 August 2018

核數師就審核綜合財務報表須承 擔的責任

我們的責任是根據香港會計師公會頒佈的《香港審計準則》對貴集團的綜合財務報表進行審計及出具核數師報告。然而，由於本報告中上述不作出意見的基礎一節所述各項事宜，我們未能獲取充分及適當憑證就該等綜合財務報表之審核意見提供基準。

根據香港會計師公會之專業會計師道德守則（「守則」），我們獨立於貴集團，並已遵循守則履行其他道德責任。

中匯安達會計師事務所有限公司

執業會計師

溫浩源

審計項目董事

執業證書編號：P04309

香港，二零一八年八月二十八日

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 2017 截至二零一七年十二月三十一日止年度
(Expressed in RMB) (以人民幣呈列)

		Notes 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
REVENUE	收益	8	19,121	18,731
Cost of sales	銷售成本		(15,457)	(14,243)
Gross profit	毛利		3,664	4,488
Other income, gains and losses	其他收入、收益及虧損	9	1,015	2,841
Selling and distribution costs	銷售及分銷費用		(957)	(1,643)
Administrative expenses	行政開支		(21,601)	(13,158)
Other operating expenses	其他經營開支		(6,761)	(22,665)
Impairment of due from a shareholder	應收一位股東款項減值		(593)	-
Impairment of due from a former related company	應收一家前關連公司款項減值		(47)	-
Share of loss of an associate	分佔一家聯營公司之虧損		(123)	(307)
Finance costs	財務費用	10	(3,173)	(3,158)
LOSS BEFORE TAX	除稅前虧損	11	(28,576)	(33,602)
Income tax expense	所得稅開支	13	-	-
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR	年內虧損及年內全面虧損總額		(28,576)	(33,602)
LOSS FOR THE YEAR ATTRIBUTABLE TO:	以下應佔年內虧損：			
Owners of the Company	本公司擁有人		(28,535)	(33,596)
Non-controlling interests	非控股權益		(41)	(6)
			(28,576)	(33,602)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:	以下應佔年內全面虧損總額：			
Owners of the Company	本公司擁有人		(28,535)	(33,596)
Non-controlling interests	非控股權益		(41)	(6)
			(28,576)	(33,602)
LOSS PER SHARE (RMB)	每股虧損 (人民幣元)	14		
- Basic and diluted	- 基本及攤薄		(0.092)	(0.109)

Consolidated Statement of Financial Position

綜合財務狀況表

AS AT 31 DECEMBER 2017 於二零一七年十二月三十一日

(Expressed in RMB)

(以人民幣呈列)

			2017	2016
		Notes	二零一七年	二零一六年
		附註	RMB'000	RMB'000
			人民幣千元	人民幣千元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	16	76,049	77,522
Land use right	土地使用權	17	10,827	11,120
Interests in associates	於聯營公司之權益	19	167	246
			87,043	88,888
CURRENT ASSETS	流動資產			
Inventories	存貨	20	13,517	17,224
Trade and notes receivables	應收貿易賬款及票據	21	10,589	11,946
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	22	2,302	425
Amount due from a shareholder	應收一位股東款項	23	-	593
Amount due from a former related company	應收一家前關連公司款項	24	-	4,283
Cash and cash equivalents	現金及現金等值項目	25	1,617	373
			28,025	34,844
CURRENT LIABILITIES	流動負債			
Trade payables	應付貿易賬款	26	11,473	12,283
Accruals and other payables	應計款項及其他應付款項	27	55,574	50,922
Amounts due to shareholders	應付股東款項	28	13,780	16,490
Bank and other borrowings	銀行及其他借貸	29	33,460	13,920
			114,287	93,615
NET CURRENT LIABILITIES	流動負債淨額		(86,262)	(58,771)
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		781	30,117
NON-CURRENT LIABILITIES	非流動負債			
Deferred government grants	遞延政府資助	30	10,433	11,193
			10,433	11,193
NET (LIABILITIES)/ASSETS	(負債)/資產淨值		(9,652)	18,924

Consolidated Statement of Financial Position

綜合財務狀況表

AS AT 31 DECEMBER 2017 於二零一七年十二月三十一日

(Expressed in RMB) (以人民幣呈列)

			2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
EQUITY	權益			
Equity attributable to owners of the Company	本公司擁有人應佔權益			
Share capital	股本	31	30,886	30,886
Reserves	儲備	32	(40,513)	(11,978)
			(9,627)	18,908
Non-controlling interests	非控股權益		(25)	16
TOTAL EQUITY	權益總額		(9,652)	18,924

The consolidated financial statements on pages 56 to 117 were approved and authorised for issue by the board of directors on 28 August 2018 and are signed on its behalf by:

第56至117頁的綜合財務報表於二零一八年八月二十八日獲董事會批准並授權刊發，並由以下董事代表簽署：

Guo Xu Zhi
高旭志
Director
董事

Song Zhenglai
宋政來
Director
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

AS AT 31 DECEMBER 2017 於二零一七年十二月三十一日

(Expressed in RMB)

(以人民幣呈列)

		Attributable to owners of the Company 本公司擁有人應佔						
		Issued capital	Capital surplus*	Statutory	Accumulated losses*	Total	Non-controlling interests	Total equity
				reserve*				
		已發行股本	資本盈餘*	儲備*	累計虧損*	總計	非控股權益	權益總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2016	於二零一六年一月一日	30,886	18,561	11,853	(8,796)	52,504	22	52,526
Total comprehensive loss for the year	年內全面虧損總額	-	-	-	(33,596)	(33,596)	(6)	(33,602)
At 31 December 2016	於二零一六年十二月三十一日	30,886	18,561	11,853	(42,392)	18,908	16	18,924
At 1 January 2017	於二零一七年一月一日	30,886	18,561	11,853	(42,392)	18,908	16	18,924
Total comprehensive loss for the year	年內全面虧損總額	-	-	-	(28,535)	(28,535)	(41)	(28,576)
At 31 December 2017	於二零一七年十二月三十一日	30,886	18,561	11,853	(70,927)	(9,627)	(25)	(9,652)

* These reserve accounts comprise the consolidated reserves in the consolidated statement of financial position.

* 此等儲備賬目包括綜合財務狀況表內之綜合儲備。

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度
(Expressed in RMB) (以人民幣呈列)

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
CASH FLOWS FROM OPERATING ACTIVITIES 經營業務之現金流量			
Loss before tax	除稅前虧損	(28,576)	(33,602)
Adjustments for:	就以下各項作出調整：		
Interest expense	利息開支	3,173	3,158
Depreciation	折舊	5,339	4,893
Amortisation of land use right	土地使用權攤銷	293	293
Amortisation of deferred government grants	遞延政府資助攤銷	(950)	(2,478)
Interest income	利息收入	(3)	(3)
Impairment of inventories	存貨減值	6,215	19,735
(Reversal of impairment of)/impairment of trade receivables	應收貿易賬款及票據 (撥回減值)/減值	(29)	1,606
Impairment of investments in associates	於聯營公司之投資減值	148	333
Share of loss of an associate	分佔聯營公司虧損	123	307
Impairment of due from a shareholder	應收一位股東款項減值	593	-
Impairment of due from a former related company	應收一家前關連公司款項減值	47	-
Operating cash flows before working capital changes 經營活動現金流量，未計營運資金變動			
Change in inventories	存貨變動	(2,508)	(12,798)
Change in trade and notes receivables	應收貿易賬款及票據變動	1,386	985
Change in prepayments, deposits and other receivables	預付款項、按金及其他應收款項變動	(1,877)	1,172
Change in trade payables	應付貿易賬款變動	(810)	1,636
Change in accruals and other payables	應計款項及其他應付款項變動	4,652	14,814
Net cash flows (used in)/generated from operating activities	經營業務(所用)/所產生現金流量淨額	(12,784)	51
CASH FLOWS FROM INVESTING ACTIVITIES 投資活動之現金流量			
Purchase of property, plant and equipment	購置物業、廠房及設備	(3,866)	(254)
Government grants received	已收政府資助	190	1,528
Interest received	已收利息	3	3
Advance to a former related company	墊款予一家前關聯公司	(764)	-
Advance to an associate	墊款予一家聯營公司	(192)	(349)
Net cash flows (used in)/generated from investing activities	投資活動(所用)/所產生現金流量淨額	(4,629)	928

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度
(Expressed in RMB) (以人民幣呈列)

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動之現金流量		
Advance from shareholders	來自股東的預收款項	2,290	2,090
Proceeds from bank and other borrowings	銀行及其他借貸之所得款項	19,732	-
Repayment of bank and other borrowings	銀行及其他借貸之還款	(1,241)	(80)
Interest paid	已付利息	(2,124)	(3,158)
Net cash flows generated from/ (used in) financing activities	融資活動所產生/(所用)現金流量淨額	18,657	(1,148)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等值項目增加/ (減少)淨額	1,244	(169)
Cash and cash equivalents at beginning of year	於年初之現金及現金等值項目	373	542
Cash and cash equivalents at end of year	於年終之現金及現金等值項目	1,617	373
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等值項目結餘分析		
Cash and bank balances	現金及銀行結餘	1,617	373

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

1. GENERAL INFORMATION

Shanxi Changcheng Microlight Equipment Co. Ltd. (the "Company") was incorporated in the People's Republic of China (the "PRC") on 10 November 2000 as a joint stock limited company. The Company's H shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of this annual report.

The principal activities of the Company and its subsidiaries (collectively the "Group") included design, research, development, manufacture and sale of image transmission fibre optic products. The principal activities of its subsidiaries are set out in note 18 to the consolidated financial statements.

The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2. GOING CONCERN BASIS

The Group incurred a loss attributable to owners of the Company of RMB28,535,000 for the year ended 31 December 2017 and as at 31 December 2017 the Group had net current liabilities and net liabilities of RMB86,262,000 and RMB9,652,000 respectively. In addition, the Group had outstanding bank and other borrowings amounting to RMB33,460,000 which would be due for repayment within the next twelve months and amounts due to shareholders amounting to RMB13,780,000 which are repayable on demand. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group intends to maintain its strong business relationship with its banker to maintain its continuing support. The Directors are of the opinion that there are good track records or relationship with its banker which enhance the Group's ability to renew the current Bank borrowing upon expiry.

1. 一般資料

山西長城微光器材股份有限公司(「本公司」)於二零零零年十一月十日在中華人民共和國(「中國」)註冊成立為股份有限公司。本公司之H股於香港聯合交易所有限公司(「聯交所」)GEM(「GEM」)上市。有關本公司註冊辦事處及主要營業地點之地址於本年報「公司資料」一節披露。

本公司及其附屬公司(統稱為「本集團」)之主要業務包括設計、研究、開發、生產及銷售傳像光纖產品。其附屬公司之主要業務載列於綜合財務報表附註18。

綜合財務報表以人民幣呈列，而除另有指明外，所有數值均四捨五入至最近的千位數。

2. 持續經營基準

於編製綜合財務報表時，董事已按照於截至二零一七年十二月三十一日止年度錄得虧損淨額約人民幣28,535,000元及於當日本集團的流動負債及負債淨值約人民幣86,262,000元及人民幣9,652,000元。此外，本集團擁有未償還銀行貸款人民幣33,460,000元(將須於未來十二個月內償還)及應付股東款項人民幣13,780,000元(須按要求償還)。此等情況表明存在重大不確定性，或會令人對貴集團能否按持續基準繼續經營業務產生重大質疑，因此，貴集團可能無法在日常業務過程中變現其資產及償還其負債。

本集團擬維持其與往來銀行之鞏固業務關係以繼續獲得其支持。董事認為，與其往來銀行的交易記錄或關係良好有助本集團於即期銀行貸款到期時能夠重續貸款。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

2. GOING CONCERN BASIS (continued)

In addition, the Directors have been taking active steps to improve the liquidity position of the Group. These steps include (i) strengthening the management of overdue trade receivables; (ii) implementing measures to improve gross profit margin of the Group's products; and (iii) implementing stringent cost control measures.

Provided that these measures can successfully improve the liquidity position of the Group, the Directors are satisfied that the Group will be able to meet 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. Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities. The effect of these adjustments has not been reflected in the consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2017. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group.

2. 持續經營基準 (續)

另外，董事一直採取積極的措施改善本集團的流動資金情況。該等措施包括：(i)加強管理逾期應收貿易賬款；(ii)推行措施以改善本集團產品之毛利率；及(iii)推行嚴謹的成本控制措施。

若該等措施能夠成功改善本集團的流動資金狀況，則董事信納本集團將能夠於可見未來應付其到期的財務責任。因此，綜合財務報表已按持續營運基準編製。倘本集團無法持續營運，則須作出調整以將資產的價值撇減至其可收回金額，以為可能產生之任何其他負債作出撥備及重新分類非流動資產及負債為流動資產及負債。該等調整的影響並未反映於綜合財務報表內。

3. 採納新訂及經修訂香港財務報告準則

於本年度，本集團已採納所有由香港會計師公會頒佈及與其業務有關，且自二零一七年一月一日開始的會計年度生效之新訂及經修訂香港財務報告準則（「香港財務報告準則」）。香港財務報告準則包括香港財務報告準則、香港會計準則及詮釋。採納該等新訂及經修訂香港財務報告準則並未對本集團於本年度及過往年度之會計政策、本集團財務報表之呈列及所呈報數額造成重大變動。

本集團並未應用已頒佈但尚未生效的新訂香港財務報告準則。該等新訂香港財務報告準則不會對其經營業績及財務狀況造成重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange and by the Hong Kong Companies Ordinance.

HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRSs"); Hong Kong Accounting Standards ("HKAS"); and Interpretations.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgments in the process of applying the accounting policies. The areas involving critical judgments and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 5 to the consolidated financial statements.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

4. 重要會計政策

此等綜合財務報表乃根據會計師公會發出的香港財務報告準則、香港普遍採納之會計原則以及聯交所GEM證券上市規則及香港公司條例之適用披露規定而編製。

香港財務報告準則包括香港財務報告準則（「香港財務報告準則」）、香港會計準則（「香港會計準則」）及詮釋。

編製符合香港財務報告準則之綜合財務報表需使用若干假設及估計。亦需要董事於應用會計政策之過程中作出判斷。涉及重要判斷之範疇及對此等綜合財務報表而言屬重要的假設及估計之範疇於綜合財務報表附註5披露。

編製此等綜合財務報表時應用的重要會計政策載列如下。

(a) 綜合入賬

綜合財務報表包括本公司及其附屬公司截至十二月三十一日止的財務報表。附屬公司是指本集團對其擁有控制權的實體。當本集團承受或有權參與實體所得之可變回報，且有能力透過其對實體之權力影響該等回報時，則本集團控制該實體。當本集團之現有權利令本集團現時有能力指示相關活動（即嚴重影響實體回報之活動）時，本集團支配該實體。

於評估控制權時，本集團考慮其潛在表決權及由其他人士持有之潛在表決權，以釐定其是否擁有控制權。只要持有人切實有能力行使潛在表決權時，方會計及該潛在表決權。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(a) Consolidation (continued)

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiaries that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiaries and (ii) the Company's share of the net assets of that subsidiaries plus any remaining goodwill relating to that subsidiaries and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

4. 重要會計政策 (續)

(a) 綜合入賬 (續)

附屬公司在控制權轉移至本集團之日起綜合入賬，並在控制權終止之日起停止綜合入賬。

出售附屬公司而導致失去控制權之盈虧乃指(i)出售代價公允值加上於該附屬公司任何保留投資公允值與(ii)本公司應佔該附屬公司資產淨值連同與該附屬公司有關之任何餘下商譽以及任何相關累計外幣換算儲備兩者間之差額。

集團內公司間之交易、結餘及未變現溢利均予以對銷。未變現虧損亦會對銷，除非該交易有憑據顯示所轉讓資產已出現減值。倘有需要，附屬公司之會計政策會作出變更，以確保符合本集團採納之政策。

非控股權益指並非由本公司直接或間接佔有之附屬公司權益。非控股權益於綜合財務狀況表及綜合權益變動表之權益內呈列。於綜合損益及其他全面收入表內，非控股權益呈列為年度損益及全面收入總額在本公司非控股股東與擁有人之間的分配。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Consolidation (continued)

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

4. 重要會計政策 (續)

(a) 綜合入賬 (續)

損益及各項其他全面收入項目歸屬於本公司擁有人及非控股股東，即使此舉導致非控股權益結餘出現虧絀。

倘本公司於附屬公司之擁有權權益出現變動但並無導致失去控制權，則按權益交易入賬（即與擁有人（以彼等作為擁有人之身份）進行之交易）。控股與非控股權益之賬面值會作出調整，以反映其於附屬公司之相關權益之變動。非控股權益之調整款額與已付或已收代價之公允值兩者間之任何差額，均直接於權益中確認並歸屬於本公司擁有人。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

4. 重要會計政策 (續)

(b) 聯營公司

聯營公司是指本集團對其有重大影響力的實體。重大影響力乃指參與某一實體之財務及經營政策決策但非控制或共同控制該等政策之權力。於評估本集團是否具有重大影響力時，會考慮現時可行使或可轉換之潛在表決權（包括其他實體持有之潛在表決權）之存在及影響。評估潛在表決權是否擁有重大影響力時，持有人的意向及是否有財政能力行使或轉換該權利均不予考慮。

於一間聯營公司之投資以權益法於綜合財務報表入賬，且初步按成本確認。於收購中，聯營公司之可識別資產及負債於收購日期按公允值計量。收購成本超出本集團應佔聯營公司可識別資產及負債之公允淨值差額列為商譽。商譽計入投資之賬面值，且倘有任何客觀憑據顯示投資已減值，則於各報告期末連同投資進行減值測試。本集團應佔可識別資產及負債公允淨值超出收購成本之任何差額於綜合損益確認。

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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(b) Associates (continued)

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. 重要會計政策 (續)

(b) 聯營公司 (續)

本集團應佔聯營公司之收購後溢利或虧損於綜合損益確認，而其應佔之收購後儲備變動則於綜合儲備確認。累計收購後變動根據投資之賬面值作出調整。當本集團應佔聯營公司之虧損相等於或超逾。其於聯營公司之權益（包括任何其他無抵押應收款）時，本集團不會確認進一步虧損，惟其須代表該聯營公司承擔責任或付款則除外。倘聯營公司其後錄得溢利，則本集團僅於其應佔溢利與未確認之應佔虧損相等後，方會繼續確認其應佔溢利。

出售一間聯營公司導致失去重大影響力之收益或虧損指(i)出售代價之公允值加於該聯營公司保留任何投資之公允值與(ii)本集團應佔該聯營公司之淨資產加與該聯營公司有關之任何剩餘商譽及任何有關累計外幣換算儲備之間的差額。倘於聯營公司之投資成為合營公司之投資，則本集團將繼續應用權益法，且不會重新計量保留權益。

本集團與其聯營公司進行交易之未變現溢利按本集團於聯營公司之權益對銷。未變現虧損亦會對銷，除非該交易有憑據顯示所轉讓資產已出現減值。倘有需要，聯營公司之會計政策會作出變更，以確保符合本集團所採納之政策。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. 重要會計政策 (續)

(c) 外幣換算

(i) 功能及呈列貨幣

本集團各實體之財務報表所列項目均以該實體營運所在主要經濟環境之貨幣(「功能貨幣」)計量。綜合財務報表乃以本公司之呈列貨幣及功能貨幣人民幣呈列。

(ii) 各實體財務報表中之交易及結餘

外幣交易按交易日期之現行匯率於初步確認時換算為功能貨幣。以外幣呈列之貨幣資產及負債按各報告期末之匯率換算。此換算政策所產生之收益及虧損均於損益確認。

按外幣之公允值計算的非貨幣項目乃按釐定公允值當日之匯率換算。

當非貨幣項目之盈虧於其他全面收入確認時，該盈虧之任何匯兌部份於其他全面收入確認。當非貨幣項目之盈虧於損益確認時，該盈虧之任何匯兌部份於損益內確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Foreign currency translation (continued)

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

4. 重要會計政策 (續)

(c) 外幣換算 (續)

(iii) 綜合賬目換算

本集團所有實體之功能貨幣倘有別於本公司之呈列貨幣，則其業績及財務狀況須按以下方式換算為本公司之呈列貨幣：

- 各財務狀況表之資產及負債均按照該財務狀況表日期之收市匯率換算；
- 收入及開支均按平均匯率換算（除非此平均匯率未能合理反映交易日匯率所帶來之累計影響，在此情況下，收入及開支則按交易當日之匯率換算）；及

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Foreign currency translation (continued)

(iii) Translation on consolidation (continued)

- All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

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

4. 重要會計政策 (續)

(c) 外幣換算 (續)

(iii) 綜合賬目換算 (續)

- 所有產生之匯兌差額均於外幣換算儲備中確認。

於綜合賬目時，因換算海外實體投資淨額及借貸產生之匯兌差額於外幣換算儲備確認。當出售海外業務時，該等匯兌差額於綜合損益確認為出售盈虧的一部分。

收購海外實體產生之商譽及公允價值調整均被視作該海外實體之資產及負債處理，並按收市匯率換算。

(d) 物業、廠房及設備

物業、廠房及設備按成本減累計折舊及任何減值虧損列賬。

僅在與項目相關之日後經濟效益有可能流入本集團及能可靠計算項目成本之情況下，其後成本方會計入資產賬面值或確認為獨立資產（視情況適用）。所有其他維修及保養成本於其產生期間在損益確認。

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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(d) Property, plant and equipment (continued)

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The estimated useful lives are as follows:

Medium term leasehold buildings	50 years or over the lease terms, whichever is shorter
Leasehold improvements	10 years or over the lease terms, whichever is shorter
Plant and machinery	10 years
Furniture and fixtures	5 – 10 years
Motor vehicles	5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4. 重要會計政策 (續)

(d) 物業、廠房及設備 (續)

物業、廠房及設備以直線法按足以撇銷其成本減剩餘價值之比率，於估計可使用年期計算折舊。估計可使用年期如下：

中期租賃樓宇	50年或租期（以較短者為準）
租賃物業裝修	10年或租期（以較短者為準）
廠房及機器	10年
傢俬及裝置	5 – 10年
汽車	5年

剩餘價值、可使用年期和折舊方法均於各報告期末進行檢討和調整（如適用）。

在建工程指興建中的樓宇及待安裝的廠房及機器，並按成本減減值虧損列賬。相關資產於可供使用時開始折舊。

出售物業、廠房及設備之盈虧指銷售所得款項淨額與有關資產賬面值之間之差額，並於損益確認。

(e) 存貨

存貨以成本及可變現淨值之較低者列賬。成本按加權平均法釐定。製成品及在製品之成本包括原材料、直接勞工及適當比例之全部生產間接費用以及（如適當）分包費用。可變現淨值指在日常業務過程中之估計售價，減估計完成成本及進行銷售所需的估計成本。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(g) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the carrying amount of the receivables and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

4. 重要會計政策 (續)

(f) 確認及終止確認金融工具

金融資產及金融負債於本集團成為工具合約條文之訂約方時，於財務狀況表確認。

當從資產收取現金流量之合約權利已屆滿；本集團已將資產擁有權之絕大部分風險及回報轉移；或本集團並無轉移及保留資產擁有權之絕大部分風險及回報但並未保留對資產之控制權，則金融資產將被終止確認。於終止確認金融資產時，資產賬面值與已收代價及已於其他全面收入確認之累計盈虧兩者總和之差額將於損益確認。

當於有關合約之特定責任獲解除、取消或屆滿，則金融負債將被終止確認。終止確認之金融負債賬面值與已付代價之間的差額乃於損益確認。

(g) 應收貿易賬款及其他應收款項

應收貿易賬款及其他應收款項為非衍生金融資產，可按固定或可予釐定款項支付，且並無於活躍市場上報價，初步按公允值確認，其後以實際利率法按攤銷成本（減除任何減值撥備）計算。應收貿易賬款及其他應收款項之減值撥備於出現客觀證據顯示本集團無法按應收款項之原有條款收回所有到期金額時確認。撥備金額為應收款項之賬面值與估計未來現金流量現值（按初步確認時計算所得之實際利率折現計算）間之差額。撥備金額於損益確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Trade and other receivables (continued)

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the recoverable amount of the receivables can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(h) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(i) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(j) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

4. 重要會計政策 (續)

(g) 應收貿易賬款及其他應收款項 (續)

當應收款項之可收回金額增加能與確認減值後所發生之事件客觀有關，則減值虧損於其後期間撥回並於損益確認，惟於減值日撥回之應收款項賬面值不得高於倘並無確認減值之攤銷成本。

(h) 現金及現金等值項目

就現金流量表而言，現金及現金等值項目包括銀行及手頭現金、存於銀行及其他金融機構之活期存款，以及可隨時轉換為已知數額現金而價值變動風險不大之短期高流通量投資。須按要求償還並構成本集團現金管理之完整部分之銀行透支亦計入現金及現金等值項目之一部分。

(i) 金融負債及股本工具

金融負債及股本工具根據所訂立合約安排之內容及香港財務報告準則項下之金融負債及股本工具之定義進行分類。股本工具為證明本集團扣除其所有負債後之剩餘資產權益之任何合約。以下載列就特定金融負債及股本工具所採納之會計政策。

(j) 借貸

借貸初步按公允值（扣除所產生交易成本）確認，其後採用實際利率法按攤銷成本計量。

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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(j) Borrowings (continued)

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

(k) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

- (i) Revenues from the sales of goods are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.
- (ii) Interest income is recognised on a time-proportion basis using the effective interest method.
- (iii) Services fee income is recognised when the services are rendered.
- (iv) A government grant and subsidy for value-added tax are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

4. 重要會計政策 (續)

(j) 借貸 (續)

借貸歸類為流動負債，除非本集團享有無條件權利可將償還負債之期限推遲至報告期間後至少12個月。

(k) 應付貿易賬款及其他應付款項

應付貿易賬款及其他應付款項初步按公允值列賬，其後採用實際利率法按攤銷成本計量，除非折現影響並不重大，則按成本列賬。

(l) 收益確認

收益按已收取或應收取代價的公允值計量，並在經濟利益有可能流入本集團且收益金額能夠可靠計量時確認。

- (i) 貨品銷售之收益於擁有權之重大風險及回報轉讓時確認，一般與貨品送交顧客及所有權轉讓時同時進行。
- (ii) 利息收入採用實際利率法按時間比例基準確認。
- (iii) 服務費收入於提供服務時確認。
- (iv) 政府資助及增值稅補貼於合理確定本集團將符合附帶條件及將收取資助時確認。

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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(m) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

(n) 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 capitalised as part of 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.

4. 重要會計政策 (續)

(m) 僱員福利

(i) 僱員享有之休假

僱員年假及長期服務假於僱員享有休假時確認。本公司會就僱員直至報告期末之服務年期所享有年假及長期服務假期估計須承擔之負債作出撥備。

僱員病假及產假於實際休假時始予確認。

(ii) 退休金責任

本集團為所有僱員向定額供款退休計劃供款。本集團及僱員之計劃供款根據僱員基本薪金之百分比計算。自損益扣除退休福利計劃成本代表本集團須向基金支付之供款。

(iii) 終止僱用福利

終止僱用福利於本集團不能提供該等福利時及本集團確認重組成本並涉及支付終止僱用福利時(以較早日期為準)確認。

(n) 借貸成本

收購、建造或生產合資格資產(即必需花上一段長時間方能作其擬定用途或出售之資產)直接應佔之借貸成本均撥充資本,作為此等資產成本之一部分,直至此等資產大體上已可作其擬定用途或出售為止。指定用途借貸在用作合資格資產之開支前作短暫投資所賺取的投資收入自合資格資本化之借貸成本中扣除。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Borrowing costs (continued)

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

(o) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become 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.

Government grants relating to the purchase of assets are deducted from the carrying amount of the assets. The grant is recognised in profit or loss over the life of a depreciable asset by way of a reduced depreciation charge.

4. 重要會計政策 (續)

(n) 借貸成本 (續)

如借貸之一般目的及用途為獲取合資格資產，合資格資本化之借貸成本金額則採用資本化比率計算該項資產開支之方法釐定。資本化比率為適用於本集團於該期間未償還借貸之借貸成本加權平均值，但為獲得合資格資產之特別借貸除外。

所有其他借貸成本均於產生期間於損益中確認。

(o) 政府資助

政府資助乃當可合理保證本集團將符合其所附帶條件且資助將可獲取時予以確認。

與收入有關之政府資助乃作遞延處理，並在與其擬補償之相關成本相配之期間內於損益中確認。

提供本集團作為已產生開支或虧損的補償或給予即時財務援助而日後不再有相關成本之政府資助乃於可收取之期間在損益中確認。

有關購買資產之政府資助自資產賬面值扣除。資助於可折舊資產的使用年期內透過扣減折舊費用之方式於損益確認。

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

4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(p) Taxation

Income tax represents the sum of the current tax and deferred tax.

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on 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.

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

4. 重要會計政策 (續)

(p) 稅項

所得稅指即期稅項及遞延稅項之總和。

應繳即期稅項按年內應課稅溢利計算。由於不包括其他年度應課稅或可扣稅收入或開支項目及從不課稅或不可扣稅項目，應課稅溢利與於損益中確認之溢利不同。本集團之即期稅項負債按報告期末已頒佈或實際上頒佈之稅率計算。

遞延稅項就財務報表內資產及負債賬面值與計算應課稅溢利所用相應稅基兩者間之差額確認。遞延稅項負債一般會就所有應課稅暫時差額確認，而遞延稅項資產乃於可能出現應課稅溢利，以致可扣稅暫時差額、未動用稅項虧損或未動用稅項抵免可予動用時確認。倘因商譽或因初步確認一項既不影響應課稅溢利亦不影響會計溢利之交易（業務合併除外）中其他資產及負債引致之暫時差額，則不會確認該等資產及負債。

除非本集團可控制暫時差額撥回及暫時差額不大可能於可見將來撥回，否則會就與於附屬公司及聯營公司的投資所產生的應課稅暫時差額確認遞延稅項負債。

遞延稅項資產的賬面值乃於各報告期末進行檢討，如不再有足夠應課稅溢利可供收回全部或部分資產，則遞延稅項資產須相應減少。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities 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.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4. 重要會計政策 (續)

(p) 稅項 (續)

遞延稅項乃按預期於基於報告期末實行或實質上實行的稅率結算負債或變現資產期間應用的稅率計算。遞延稅項在損益內確認，惟當遞延稅項與在其他全面收入或直接於權益內確認的項目有關則除外，而在此情況下，遞延稅項亦在其他全面收入或直接於權益內確認。

遞延稅項資產及負債之計量反映隨本集團預期於報告期末收回或償還其資產及負債賬面值所產生之稅務後果。

就計量按公允價值模式計量之投資物業之遞延稅項而言，假定該等物業之賬面值可透過出售收回，除非假定被駁回則作別論。倘該投資物業可予折舊，而本集團之業務目標為隨時間而非透過出售消耗該投資物業所包含之絕大部分經濟利益之商業模式持有，此假定則被駁回。倘假定被駁回，該等投資物業之遞延稅項按該等物業之預期收回方式計量。

倘在法律上可強制執行權利以即期稅項資產抵銷即期稅項負債，並於遞延稅項資產及負債與同一徵稅機關對應納稅實體或有意按淨額基準結算餘額的不同納稅實體徵收的所得稅有關時，乃將遞延稅項資產及負債抵銷。

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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(q) Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Group (reporting entity) if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiaries and fellow subsidiaries is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

4. 重要會計政策 (續)

(q) 關聯方

關聯方為與本集團有關的個人或實體。

(a) 一名個人或其近親將被視為本集團的關聯方，倘該個人：

- (i) 能控制或共同控制本集團；
- (ii) 能對本集團構成重大影響；或
- (iii) 為本公司或本公司母公司的關鍵管理人員。

(b) 一個實體將被視為本集團的關聯方（報告實體），倘該實體符合以下任一情況：

- (i) 該實體及本公司為同一集團內的成員公司（即每個母公司、附屬公司及同系附屬公司均互相為關聯方）。
- (ii) 一個實體為另一實體的聯營公司或合營公司（或為該集團成員公司的聯營公司或合營公司，且另一實體為該集團成員公司）。
- (iii) 兩個實體均為同一第三方的合營公司。
- (iv) 一個實體為第三方的合營公司，且另一實體為該第三方的聯營公司。

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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(q) Related parties (continued)

(b) (continued)

- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

(r) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of the Group's various lines of business in different geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. 重要會計政策 (續)

(q) 關聯方 (續)

(b) (續)

- (v) 該實體是為本集團或為本集團關聯實體的僱員福利而設的離職後福利計劃。倘本集團本身為一項計劃，則贊助的僱主亦為本集團的關聯方。
- (vi) 該實體由(a)中識別的個人控制或共同控制。
- (vii) (a)(i)中識別的一名個人對該實體構成重大影響，或為該實體(或實體的母公司)的關鍵管理人員。
- (viii) 該實體或實體所屬集團的任何成員公司向本公司或本公司的母公司提供主要管理人員服務。

(r) 分類呈報

經營分類及各分類項目於財務報表內呈報之金額，是根據定期提供予本集團最高行政管理層就分配資源及評估本集團於不同地理位置之各業務範疇表現之財務資料中識別出來。

就財務報告而言，除非分類具備相似之經濟特徵及在產品及服務性質、生產過程性質、客戶類型或類別、用於分銷產品或提供服務之方法以及監管環境之性質方面相似，否則各個重大經營分類不會進行合算。個別非重大之經營分類如符合上述大部分準則，則可進行合算。

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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(s) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except goodwill, investment properties, deferred tax assets, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

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.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. 重要會計政策 (續)

(s) 資產減值

於各報告期末，本集團均會審閱其有形及無形資產（商譽、投資物業、遞延稅項資產、存貨及應收款項除外）之賬面值，以釐定是否有任何跡象顯示該等資產已出現減值虧損。如有任何有關跡象，則會估計資產之可收回金額，以釐定減值虧損之程度。如不可能估計個別資產之可收回金額，則本集團會估計資產所屬現金產生單位之可收回金額。

可收回金額為公允值減去出售成本及使用價值兩者中之較高者。於評估使用價值時，估計未來現金流量乃以稅前折現率折現至現值，以反映市場現時所評估之金錢時間值及該資產之特定風險。

倘資產或現金產生單位之可收回金額估計將少於其賬面值，則資產或現金產生單位之賬面值會減少至其可收回金額。減值虧損會即時於損益內確認，惟有關資產乃按重估數額列賬則除外，而在該情況下，減值虧損會被視為重估減幅。

倘減值虧損其後撥回，則資產或現金產生單位之賬面值會增加至所估算之經修訂可收回金額，惟按此所增加之賬面值不會高於假設以往年度並無就資產或現金產生單位確認減值虧損而原應已釐定之賬面值（扣除攤銷或折舊）。所撥回之減值虧損會即時於損益內確認，惟有關資產乃按重估數額列賬則除外，而在該情況下，所撥回之減值虧損會被視為重估增值。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(u) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the Directors have made the following judgements that have the most significant effect on the amounts recognized in the consolidated financial statements apart from those involving estimations, which are dealt with below.

4. 重要會計政策 (續)

(t) 撥備及或然負債

當本集團須就已發生的事件承擔現有法律或推定責任，因而有可能會導致經濟效益外流以解除該責任且在可以作出可靠的估計時，本集團便會就該時間或數額不定的負債計提撥備。倘貨幣時間值屬重大，則按預期解除該責任所需支出的現值計列撥備。

倘需要經濟效益外流的可能性較低，或無法對有關金額作出可靠的估計，則該責任作為或然負債披露，但經濟效益外流的可能性極低則除外。倘本集團的潛在責任須視乎某宗或多宗未來事件是否發生才能確定是否存在，亦會披露為或然負債，但經濟效益外流的可能性極低則除外。

(u) 報告期後事項

可提供有關本集團於報告期末狀況之額外資料或顯示持續經營假設並不恰當之報告期後事項均屬於調整事項，並於財務報表內反映。當屬重大時，未調整事項之報告期後事項於綜合財務報表的附註內披露。

5. 主要會計判斷及估計不明朗因素之主要來源

應用會計政策的關鍵判斷

於應用會計政策的過程中，董事作出以下對於綜合財務報表內確認之金額具最重大影響的判斷，惟涉及估計的判斷除外，討論如下。

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5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgements in applying accounting policies (continued)

(a) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the favourable outcomes of the steps being taken by the Directors as described in note 2 to the consolidated financial statements.

Key sources of estimation uncertainty

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

(a) Property, plant and equipment, depreciation and impairment

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Property, plant and equipment are evaluated for possible impairment on a specific asset basis or in groups of similar assets, as applicable. This process requires management's estimate of the fair value with reference to a valuation report of each asset or group of assets less cost of disposal. For any instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount and the amount of the write-down is charged against the consolidated statement of profit or loss and comprehensive income.

5. 主要會計判斷及估計不明朗因素之主要來源 (續)

應用會計政策的關鍵判斷 (續)

(a) 持續經營基準

該等綜合財務報表按持續經營基準編製，其是否有效取決於綜合財務報表附註2所述董事所採取措施是否取得良好成果。

不確定估計之主要來源

下文為有關未來之主要假設及於報告期末之估計不明朗因素之其他主要來源，而該等假設及來源均存在導致下一財政年度之資產及負債賬面值須作出重大調整之重大風險（如下文所討論）。

(a) 物業、廠房及設備、折舊及減值

本集團釐定其物業、廠房及設備之估計可使用年期、剩餘價值以及相關折舊開支。此估計乃根據性質及功能相近之物業、廠房及設備之實際可使用年期及剩餘價值之過往經驗而作出。當可使用年期及剩餘價值與原先估計者不同時，本集團會對折舊開支進行相應調整，或將已報廢或出售之技術過時或非策略資產撇銷或撇減。

物業、廠房及設備按特定資產基準或類似組別資產（視適用情況而定）評估可能出現之減值。管理層須於此過程中參考估值報告估計各資產或資產組別減出售成本的公允值。倘此評估過程顯示出現減值，則相關資產之賬面值會撇減至可收回金額，而撇減金額會自綜合損益及全面收益表內扣除。

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5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

(b) Impairment of trade and notes receivables, deposits and prepayments

Impairment of trade and notes receivables, deposits and prepayments is made based on an assessment of the recoverability of trade and notes receivables, deposits and prepayments. The assessment of impairment of receivables, deposits and prepayments involves the use of estimates and judgments. An estimate for doubtful debts is made when collection of the full amount is no longer probable, as supported by objective evidence using available contemporary and historical information to evaluate the exposure. Bad debts are written off as incurred. Where the actual outcome or expectation in the future is different from the original estimates, such differences will affect the carrying amount of trade and notes receivables, deposits and prepayments and thus the impairment loss in the period in which such estimate is changed.

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions. The Group will reassess the estimates by the end of each reporting period.

5. 主要會計判斷及估計不明朗因素之主要來源 (續)

不確定估計之主要來源 (續)

(b) 應收貿易賬款及應收票據、按金及預付款項之減值

應收貿易賬款及應收票據、按金及預付款項之減值乃根據應收貿易賬款及應收票據、按金及預付款項之可收回性而評估。應收款項、按金及預付款項之減值評估包括運用估計與判斷。當根據當前及過往資料評估風險時，客觀憑據顯示不能收回全數款項，則進行呆賬估計。壞賬於產生時撇銷。若未來的實際情況或預期有別於原有估計，則有關差額將影響到改變有關估計的期間之應收貿易賬款及應收票據、按金及預付款項的賬面值，並因而影響減值虧損。

(c) 存貨之可變現淨值

存貨之可變現淨值乃日常業務過程中之估計售價，減估計完成成本及出售開支。該等估計乃基於現時市況以及製造及銷售類似性質產品之過往經驗。由於客戶口味及競爭者行為之變化其可能大幅變動。由於客戶本集團會於各報告期末重新評估有關估計。

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6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

During the reporting period, the capital structure of the Group consist of debt which includes interest-bearing loans and equity attributable to owners of the Company, comprising issued share capital and reserves. The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the associated risks, and take appropriate actions to adjust the Group's capital structure. The Group's overall strategy remains unchanged from prior periods.

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios, so that it can continue to provide returns for the shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debts. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017 and 2016.

Management regards total equity as capital, for capital management purpose. The amount of capital as at 31 December 2017 amounted to approximately RMB9,627,000 in negative (2016: RMB18,908,000), which the management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

6. 資本管理風險

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

於報告期間，本集團之資本結構由債務（包括計息貸款）及本公司擁有人應佔權益（包括已發行股本及儲備）組成。董事定期檢討資本結構。作為該檢討之一環，董事考慮資本成本及相關風險，並採取適當行動以調整本集團之資本結構。本集團之整體策略與過往期間維持不變。

本集團資本管理之主要目的為保障本集團有能力持續經營以及維持穩健之資本比率，按風險程度為產品合理定價及按合理成本進行融資，使本集團能繼續向股東提供回報及向其他利益相關者提供利益。

本集團根據經濟狀況的變動及相關資產的風險特色管理資本結構並就此加以調整。為維持或調整資本結構，本集團或會調整派付予股東之股息金額、發行新股、退還資本予股東、籌集新債務融資或出售資產以減少債務。本集團不受任何外部施加的資本規定所限。截至二零一七年及二零一六年十二月三十一日止年度，資本管理之目的、政策或程序並無變動。

為管理資本，管理層將權益總額視為資本。於二零一七年十二月三十一日之資本額為負資產約人民幣9,627,000元（二零一六年：人民幣18,908,000元），管理層經考慮預測資本支出及預測策略投資機會後認為，上述資本額水平最為理想。

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6. CAPITAL RISK MANAGEMENT (continued)

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. Net debt includes trade payables, accrued liabilities, deposits received and other payables, amount due to an associate, amount due to a shareholder and bank and other borrowing less cash and cash equivalents. Total capital includes equity attributable to owners of the Company. The gearing ratios as at the end of the reporting period were as follows:

6. 資本管理風險 (續)

本集團通過以債務淨額除以資本總額加債務淨額計算得出的資本負債率來監控資本。債務淨額包括應付貿易賬款、應計負債、已收按金及其他應付款項、應付一家聯營公司款項、應付一位股東款項以及銀行及其他借貸，減去現金及現金等值項目。資本總額包括本公司擁有人應佔權益。於報告期末之資本負債率如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Trade payables	應付貿易賬款	11,473	12,283
Accruals and other payables	應計款項及其他應付款項	55,574	50,922
Amount due to shareholders	應付股東款項	13,780	16,490
Bank and other borrowings	銀行及其他借貸	33,460	13,920
Less: Cash and cash equivalents	減：現金及現金等值項目	(1,617)	(373)
Net debt	債務淨額	112,670	93,242
Equity attributable to owners of the Company	本公司擁有人應佔權益	(9,627)	18,908
Capital and net debt	資本及債務淨額	103,043	112,150
Gearing ratio	資本負債率	109%	83%

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7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial instruments of the Group mainly include cash and cash equivalents, trade and notes receivables, other receivables, trade payables, other payables, bank and other borrowings.

The Group's finance department identifies and evaluates financial risks in close co-operation with the Group's operating units. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders. The board regularly reviews these risks and they are summarised below.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group does not consider that it has any significant exposure to the risk of changes in market interest rates from its bank borrowing as a reasonably possible change of 100 basis points in the interest rates would have no material impact on the Group's consolidated profit or loss for the years ended 31 December 2017 and 2016.

7. 財務風險管理目的及政策

本集團金融工具包括現金及現金等值項目、應收貿易賬款及應收票據、其他應收款項、應付貿易賬款、其他應付款項、銀行及其他貸款。

本集團之財務部門負責識別並評估與本集團經營部門密切相關的金融風險。本集團金融工具產生之主要風險為利率風險、外幣風險、信貸風險及流動資金風險。本集團的財務風險管理政策尋求確保有充裕資源用以管理上述風險及為股東創造價值。董事會定期檢討該等風險，而該等風險乃概述如下。

(a) 外幣風險

由於大部分業務交易、資產及負債主要以本集團之功能貨幣列值，故本集團所承受之外匯風險減至最低。本集團目前並無就外幣交易、資產及負債設立外匯對沖政策。本集團將密切監察其外匯風險，並將於需要時考慮對沖重大外匯風險。

(b) 利率風險

公允值利率風險是指金融工具之價值因市場利率變化而波動的風險。現金流量利率風險是指金融工具之未來現金流量因市場利率變化而波動之風險。

本集團並不認為其面臨來自銀行借貸的任何重大的市場利率變動風險，原因是利率可能合理變動100個基點並不會對本集團截至二零一七年及二零一六年十二月三十一日止年度的綜合損益造成重大影響。

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7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk

The carrying amount of the cash and bank balances and trade and other receivables included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets. The credit risk on cash and cash equivalents is limited as the Group has deposited its cash principally with various banks in the PRC.

The Group has significant concentration of credit risk arising from its ordinary course of business due to its small customer bases and limited counterparties involved. This credit risk mainly arises from the Group's trade and other receivables. The Group reviews the recoverable amount of each individual debtor at the end of each reporting period to ensure that adequate provision for impairment are made for irrecoverable amounts. There is no requirement for collaterals by the Group.

At 31 December 2017, the Group has a certain concentration of credit risk of approximately RMB2,233,000 (2016: RMB3,023,000) and RMB7,610,000 (2016: RMB8,852,000) out of total trade receivables of approximately RMB10,589,000 (2016: RMB11,946,000) as at 31 December 2017, which was arising from the Group's largest debtor and the three (2016: three) largest debtors respectively.

7. 財務風險管理目的及政策 (續)

(c) 信貸風險

綜合財務狀況表中現金及銀行結餘以及應收貿易賬款及其他應收款項之賬面值表示本集團所面臨有關本集團金融資產之最高信貸風險。由於本集團主要將其現金存入中國多間銀行，故現金及現金等值項目之信貸風險有限。

由於本集團的客戶基礎相對較小及所涉及對手有限，故產生自日常業務過程之信貸風險極為集中。該信貸風險主要來自本集團之應收貿易賬款及其他應收款項。本集團於各報告期末檢討每名個別債務人之可收回款項以確保為不可收回之款項作出足夠減值撥備。本集團並無要求提供抵押品。

於二零一七年十二月三十一日之應收貿易賬款總額約人民幣10,589,000元（二零一六年：人民幣11,946,000元）中，本集團於二零一七年十二月三十一日有若干集中的信貸風險約人民幣2,233,000元（二零一六年：人民幣3,023,000元）及人民幣7,610,000元（二零一六年：人民幣8,852,000元）分別產生自本集團最大債務人及三名（二零一六年：三名）最大債務人。

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7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity profile of the Company's financial liabilities as at the end of reporting period, based on the contracted undiscounted payments, was as follows:

7. 財務風險管理目的及政策 (續)

(d) 流動資金風險

本集團之政策為定期監管目前及預期的流動資金需求，確保本集團保持充裕的現金水平，以應付短期及較長期的流動資金需求。

根據訂約未折現付款，本公司於各報告期末之金融負債到期情況如下：

		On demand	Less than 1 year	Over 1 year	Total contractual undiscounted cash flow	Total carrying amount
					合約未貼現現金流量總額	總賬面值
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
2017						
二零一七年		按要求	少於1年	1年以上	現金流量總額	總賬面值
	Trade payables	10,809	664	-	11,473	11,473
	Accruals and other payables	44,994	4,780	-	49,774	49,774
	Amount due to shareholders	13,780	-	-	13,780	13,780
	Bank and other borrowings	25,556	8,554	-	34,110	33,460
		95,139	13,998	-	109,137	108,487
2016						
二零一六年		按要求	少於1年	1年以上	現金流量總額	總賬面值
	Trade payables	10,754	1,529	-	12,283	12,283
	Accruals and other payables	40,204	5,127	-	45,331	45,331
	Amount due to a shareholder	16,490	-	-	16,490	16,490
	Bank and other borrowings	13,920	-	-	13,920	13,920
		81,368	6,656	-	88,024	88,024

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7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

7. 財務風險管理目的及政策 (續)

(e) Categories of financial instruments

(e) 金融工具之分類

		At 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Financial assets:	金融資產：		
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)		
– Trade and notes receivables	– 應收貿易賬款及票據	10,589	11,946
– Financial assets included in prepayments, deposits and other receivables	– 計入預付款項、按金及其他應收款項之金融資產	1,430	219
– Amount due from an associate	– 應收一家聯營公司款項	167	246
– Amount due from a shareholder	– 應收一位股東款項	–	593
– Amount due from a former related company	– 應收一家前關連公司款項	–	4,283
– Cash and cash equivalents	– 現金及現金等值項目	1,617	373
		13,803	17,660
Financial liabilities:	金融負債：		
Financial liabilities at amortised cost	金融負債·按攤銷成本		
– Trade payables	– 應付貿易賬款	11,473	12,283
– Financial liabilities included in accruals and other payables	– 包括於應計款項及其他應付款項之金融負債	49,774	45,331
– Amount due to shareholders	– 應付股東款項	13,780	16,490
– Bank and other borrowings	– 銀行及其他借貸	33,460	13,920
		108,487	88,024

(f) Fair value

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

(f) 公允值

綜合財務狀況表所反映的本集團金融資產及金融負債之賬面值與其各自的公允值相若。

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

8. REVENUE AND OPERATING SEGMENT INFORMATION

The Group's revenue and contribution to loss were mainly derived from its sale of fiber optic inverters, fiber optic straight plates, fiber optic face plates, fiber optic tapers, fiber optic tapers billets and microchannel plates, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Directors, being the chief operating decision maker ("CODM"), for purposes of resource allocation and performance assessment. The measures of loss and of total assets and liabilities are consistent with the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position which are reported internally to the CODM. Accordingly, no segment analysis is presented other than entity-wide disclosures.

Entity-wide disclosures

(a) Information about products

The following table sets forth the total sales to external customers by product and the percentage of total revenue by product during the year:

		2017 二零一七年		2016 二零一六年	
		RMB'000 人民幣千元	%	RMB'000 人民幣千元	%
Fiber optic inverters (note)	光纖倒像器(附註)	2,421	13	(1,129)	-6
Fiber optic straight plates	光纖直板	3,999	21	6,361	34
Fiber optic face plates	光纖面板	719	4	504	3
Fiber optic tapers	光錐	1,966	10	403	2
Microchannel plates	微通道板	7,916	41	11,719	63
Water purifier	淨水器	45	0	281	2
Others	其他	2,055	11	592	2
		19,121	100	18,731	100

Note:

Sale return of fiber optic inverters from Europe customers during the year ended 31 December 2016 was amounting to approximately RMB3,767,000. As the sales of fibre optic inverters were smaller than its sale return during the year ended 31 December 2016, therefore the net sales was reported as a negative figure.

8. 收益及經營分類資料

本集團之收益及虧損貢獻主要來自銷售光纖倒像器、光纖直板、光纖面板、光錐坯及微通道板，被視為單一呈報分類，與向董事（即主要經營決策者（「主要經營決策者」））作內部呈報資料以供資源分配及表現評估之方式一致。虧損以及資產及負債總額之計量與向主要經營決策者作內部呈報之綜合損益及其他全面收入表及綜合財務狀況表一致。因此，除整體披露外，毋須呈列分類分析。

整體披露

(a) 有關產品之資料

下表載列年內向外部客戶銷售的總額（按產品計）及佔總收益之百分比（按產品計）：

附註：

截至二零一六年十二月三十一日止年度來自歐洲客戶的光纖倒像器退貨約為人民幣3,767,000元。由於光纖倒像器的銷量於截至二零一六年十二月三十一日止年度小於其退貨，故銷售淨額獲呈報為負數字。

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

8. REVENUE AND OPERATING SEGMENT INFORMATION (continued)

(b) Geographical information

The Group principally operates in the PRC and the Group's non-current assets are all located in Shanxi, the PRC.

The following is an analysis of the Group's revenue from external customers by geographical location:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
The PRC	中國	8,974	7,953
Hong Kong	香港	7,892	10,994
Europe	歐洲	<i>(i)</i> 2,447	(949)
Russia	俄羅斯	<i>(ii)</i> (192)	733
		19,121	18,731

Notes:

- (i) Sale return of fiber optic inverters from Europe customers during the year ended 31 December 2016 was amounting to approximately RMB3,767,000. As the sales of fibre optic inverters were smaller than its sale return during the year ended 31 December 2016, therefore the net sales was reported as a negative figure.
- (ii) Sale return of fiber optic inverters from Russia customers during the year ended 31 December 2017 was amounting to approximately RMB192,000. As the sales of fiber optic inverters were smaller than its sale return during the year ended 31 December 2017, therefore the net sales was reported as a negative figure.

8. 收益及經營分類資料 (續)

(b) 地域資料

本集團主要於中國進行經營，而本集團之非流動資產全部位於中國山西。

本集團來自外部客戶之收益按地域位置分析如下：

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
The PRC	8,974	7,953
Hong Kong	7,892	10,994
Europe	<i>(i)</i> 2,447	(949)
Russia	<i>(ii)</i> (192)	733
	19,121	18,731

附註：

- (i) 截至二零一六年十二月三十一日止年度來自歐洲客戶的光纖倒像器退貨約為人民幣3,767,000元。由於光纖倒像器的銷量於截至二零一六年十二月三十一日止年度小於其退貨，故銷售淨額獲呈報為負數字。
- (ii) 截至二零一七年十二月三十一日止年度來自俄羅斯客戶的光纖倒像器退貨約為人民幣192,000元。由於光纖倒像器的銷量於截至二零一七年十二月三十一日止年度小於其退貨，故銷售淨額獲呈報為負數字。

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綜合財務報表附註

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

8. REVENUE AND OPERATING SEGMENT INFORMATION (continued)

(c) Information about major customers

Revenue from major customers, each of whom amounted to 10% or more of the total revenue, is set out below:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Customer A	客戶甲	6,444	9,855
Customer B	客戶乙	3,672	4,268
Customer C	客戶丙	2,000	2,208
Customer D	客戶丁	2,075	-

9. OTHER INCOME, GAINS AND LOSSES

Amortisation of deferred government grants	遞延政府資助攤銷	950	2,478
Bank interest income	銀行利息收入	3	3
Gross rental income from transmitting station	發射台租金收入總額	30	26
Reversal of impairment of trade and notes receivables	撥回應收貿易賬款及票據減值	29	-
Foreign exchange (loss)/gain	匯兌(虧損)/收益	(34)	329
Others	其他	37	5

10. FINANCE COSTS

Interest on bank borrowing	銀行借貸利息	1,479	1,068
Interest on other borrowings	其他借貸利息	1,154	-
Interest on amounts due to shareholders	應付股東款項之利息	540	2,090

8. 收益及經營分類資料(續)

(c) 有關主要客戶之資料

來自主要客戶(每名客戶佔總收益之10%或以上)之收益載列如下:

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Customer A	6,444	9,855
Customer B	3,672	4,268
Customer C	2,000	2,208
Customer D	2,075	-

9. 其他收入、收益及虧損

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Amortisation of deferred government grants	950	2,478
Bank interest income	3	3
Gross rental income from transmitting station	30	26
Reversal of impairment of trade and notes receivables	29	-
Foreign exchange (loss)/gain	(34)	329
Others	37	5
	1,015	2,841

10. 財務費用

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Interest on bank borrowing	1,479	1,068
Interest on other borrowings	1,154	-
Interest on amounts due to shareholders	540	2,090
	3,173	3,158

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11. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/
(crediting):

11. 除稅前虧損

本集團之除稅前虧損已扣除／(計入)
以下項目：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Auditors' remuneration	核數師酬金	460	450
Cost of inventories sold	銷售存貨成本	15,457	14,243
Staff costs (including directors' remuneration):	員工成本(包括董事酬金):		
Wages and salaries	工資及薪金	15,679	17,587
Pension scheme contributions	退休計劃供款	5,722	6,164
		21,401	23,751
Depreciation of items of property, plant and equipment	物業、廠房及設備項目折舊	5,339	4,893
Amortisation of land use right	土地使用權攤銷	293	293
Net foreign exchange loss/(gain)	匯兌虧損／(收益)淨額	34	(329)
Share of loss of an associate	分佔一家聯營公司之虧損	123	307
Research and development costs	研究及開發成本	313	971
Impairment of investments in associates	於聯營公司之投資減值	148	333
Impairment of inventories	存貨減值	6,215	19,735
Impairment of due from a shareholder	應收一位股東款項減值	593	-
Impairment of due from a former related company	應收一家前關連公司款項減值	47	-
(Reversal of impairment of)/impairment of trade receivables	應收貿易賬款(撥回減值)／減值	(29)	1,606

12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS

(a) DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of directors' and chief executive's remuneration for the year are as follows:

12. 董事及五名最高薪人士之酬金

(a) 董事及主要行政人員之酬金

年內董事及主要行政人員之薪酬詳情如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Fees	袍金	315	338
Other emoluments	其他酬金		
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	282	183
Pension scheme contributions	退休計劃供款	47	29
		644	550

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

12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS (continued)

(a) DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

The emoluments of each director and the chief executive, on a named basis, are set out below:

12. 董事及五名最高薪人士之酬金 (續)

(a) 董事及主要行政人員之酬金 (續)

各董事及主要行政人員之酬金按姓名載列如下：

For the year ended 31 December 2017
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		Salaries, allowances and other benefits	Pension scheme contributions	Total emoluments
	Fees	薪金、津貼及 袍金 其他福利	退休計劃供款	酬金總額
Notes 附註	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Executive directors:	執行董事：			
Guo Xu Zhi	高旭志	37	-	37
Song Zheng Lai	宋政來	4	5	9
Shen Jian	申健	3	5	10
Wang Ling Ling	王玲玲	3	6	11
Wang Wen Sheng	王文生	44	128	215
Tian Qun Xu	田群戌	-	138	138
Non-executive directors:	非執行董事：			
Yuan Guo Liang	袁國良	36	-	36
Wu Bo	吳波	3	-	3
Long Yan [#]	龍艷 [#]	3	-	3
Ning Ling Ying [#]	寧玲穎 [#]	3	-	3
Qie Hui Fang [#]	卻慧芳 [#]	3	-	3
Zhang Shao Hui	張少輝	44	-	44
Ni Guo Qiang [#]	倪國強 [#]	33	-	33
Li Li Cai [#]	黎禮才 [#]	33	-	33
Duan Zhong [#]	段忠 [#]	33	-	33
Zhang Zhi Hong [#]	張志紅 [#]	33	-	33
		315	282	644

The chief executive, Mr. Wang Wen Sheng, was also a director and chairman of the Company. Following the retirement of Mr. Wang Wen Sheng on 30 November 2017, Mr. Wang Wen Sheng ceased to be the chairman of the board of directors of the Company. Mr. Guo Xu Zhi was elected as the chairman of the board of directors of the Company with effect from 30 November 2017. Mr. Shen Jian has been the acting chief executive officer of the Company only from August 2016 to November 2017.

行政總裁王文生先生亦曾為本公司董事兼主席。繼王文生先生於二零一七年十一月三十日退任後，王文生先生不再擔任本公司董事會主席。高旭志先生自二零一七年十一月三十日起獲選為本公司董事會主席。申健先生自二零一六年八月至二零一七年十一月出任本公司代理總經理。

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

12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS (continued)

(a) DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

12. 董事及五名最高薪人士之酬金 (續)

(a) 董事及主要行政人員之酬金 (續)

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

			Salaries, allowances and other benefits	Pension scheme contributions	Total emoluments
	Fees	薪金、津貼及 袍金	其他福利	退休計劃供款	酬金總額
Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
附註	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Executive directors:	執行董事：				
Guo Xu Zhi	高旭志	36	-	-	36
Wang Wen Sheng	王文生	(i) 48	143	29	220
Tian Qun Xu	田群戌	(i) 26	40	-	66
Non-executive directors:	非執行董事：				
Yuan Guo Liang	袁國良	36	-	-	36
Zhang Shao Hui	張少輝	(i) 48	-	-	48
Ni Guo Qiang [#]	倪國強	(i) 36	-	-	36
Li Li Cai [#]	黎禮才 [#]	(i) 36	-	-	36
Duan Zhong [#]	段忠 [#]	(i) 36	-	-	36
Zhang Zhi Hong [#]	張志紅 [#]	(i) 36	-	-	36
		338	183	29	550

The chief executive, Mr. Wang Wen Sheng, is also a director and chairman of the Company.

行政總裁王文生先生亦為本公司之董事兼主席。

[#] Independent non-executive directors

[#] 獨立非執行董事

Notes:

附註：

- (i) These directors were resigned on 30 November 2017.
- (ii) These directors were appointed on 30 November 2017.

- (i) 該等董事於二零一七年十一月三十日辭任。
- (ii) 該等董事於二零一七年十一月三十日獲委任。

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12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS (continued)

(b) SUPERVISORS' REMUNERATION

Details of supervisors' remuneration for the year are as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Fees	袍金	-	-
Other emoluments	其他酬金		
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	91	79
Pension scheme contributions	退休計劃供款	22	13
		113	92

The emoluments of each supervisor, on a named basis, are set out below:

12. 董事及五名最高薪人士之酬金 (續)

(b) 監事薪酬

年內監事之薪酬詳情如下：

各監事之薪酬按姓名載列如下：

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

		Fees	Salaries, allowances and other benefits	Pension scheme contributions	Total emoluments
		袍金	薪金、津貼及 其他福利	退休計劃供款	酬金總額
Notes 附註		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
	Han Xiao Ou 韓曉歐	-	78	21	99
	Lv Jun Li 呂晉莉 (i)	-	-	-	-
	Sun Wei 孫煒 (i)	-	4	-	4
	Xiang Hui 相輝 (i)	-	4	-	4
	Dong Yong Hong 董用宏 (ii)	-	5	1	6
	Song Zhen Bao 宋振寶 (ii)	-	-	-	-
	Yuan Shao Pu 袁韶浦 (ii)	-	-	-	-
		-	91	22	113

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

12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS (continued)

(b) SUPERVISORS' REMUNERATION (continued)

12. 董事及五名最高薪人士之酬金 (續)

(b) 監事薪酬 (續)

For the year ended 31 December 2016

截至二零一六年十二月三十一日止年度

			Salaries, allowances and other benefits	Pension scheme contributions	Total emoluments	
	Fees	袍金	薪金、津貼及 其他福利	退休計劃供款	酬金總額	
Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
附註	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
Han Xiao Ou		韓曉歐	-	66	13	79
Lv Jun Li	(i)	呂晉莉	-	3	-	3
Sun Wei	(i)	孫偉	-	5	-	5
Xiang Hui	(i)	相輝	-	5	-	5
			-	79	13	92

Notes:

(i) These supervisors were resigned on 30 November 2017.

(ii) These supervisors were appointed on 30 November 2017.

There was no arrangement under which a director, the chief executive or a supervisor waived or agreed to waive any remuneration during the year.

During the year, no emoluments were paid by the Group to a director, the chief executive or a supervisor as an inducement to join, or upon joining the Group, or as compensation for loss of office.

附註：

(i) 該等監事於二零一七年十一月三十日辭任。

(ii) 該等監事於二零一七年十一月三十日獲委任。

年內並無任何董事、主要行政人員或監事作出放棄或同意放棄任何薪酬之安排。

年內，本集團並無向董事、主要行政人員或監事支付任何酬金，作為招攬加入或加盟本集團時之獎勵或離職補償。

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

12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS (continued)

(c) FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS

Three (2016: one) of the five highest paid individuals of the Group were the directors whose emolument is set out in the above. For the year ended 31 December 2017, the remaining two (2016: four) employees' emoluments of the Company were as follows:

Salaries, allowances and benefits in kind	薪金、津貼及實物福利
Pension scheme contributions	退休計劃供款

2017	2016
二零一七年	二零一六年
RMB'000	RMB'000
人民幣千元	人民幣千元

479	273
-	55

479	328
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The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

薪酬於下列範圍中的非董事及非主要行政人員之最高薪僱員人數如下：

		Number of employees 僱員人數	
		2017	2016
		二零一七年	二零一六年
Nil – HK\$1,000,000	零至港幣1,000,000元	2	4
		2	4

During the year, no emolument was paid by the Group to the non-director and non-chief executive highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office.

年內，本集團並無向非董事及非主要行政人員之最高薪僱員支付任何酬金，作為招攬加入或加盟本集團時之獎勵或離職補償。

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13. INCOME TAX EXPENSE

13. 所得稅開支

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Current PRC Enterprise income tax – Charge for the year	即期中國企業所得稅 – 年內扣除	-	-
Deferred tax	遞延稅項	-	-
Total tax charge for the year	年內稅項扣除總額	-	-

No Hong Kong profits tax has been provided as the Group had no estimated assessable profits arising in or derived from Hong Kong for the year ended 31 December 2017 (2016:RMB Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdiction in which the Group operates.

According to the applicable Enterprise Income Tax Law of the PRC, the Company, which operates in the Taiyuan Economic and Technology Development Zone, the PRC, and which is registered as a New and High Technical Enterprise, is entitled to a concessionary Enterprise Income Tax rate of 15% over 3 years, beginning on 15 October 2015. For the year ended 31 December 2017, the Company was still entitled to a concessionary Enterprise Income Tax rate of 15% (2016: 15%).

截至二零一七年十二月三十一日止年度，由於本集團並無在香港產生或來自香港之任何估計應課稅溢利，因此並無就香港利得稅作出撥備（二零一六年：人民幣零元）。其他地區之應課稅溢利乃按本集團經營業務所在司法權區當時之稅率課稅。

本公司在中國太原經濟技術開發區營運並註冊為高新技術企業，根據中國適用企業所得稅法，可於二零一五年十月十五日起3年內享有15%之企業所得稅優惠稅率。截至二零一七年十二月三十一日止年度，本公司仍享有15%（二零一六年：15%）之企業所得稅優惠稅率。

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13. INCOME TAX EXPENSE (continued)

The income tax expenses for the year can be reconciled to the loss for the year multiplied by applicable tax rate as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Loss before tax	除稅前虧損	(28,576)	(33,602)
Tax calculated at the domestic tax rate of 15% (2016: 15%)	按國內稅率15% (二零一六年: 15%) 計算之稅款	(4,286)	(5,040)
Tax effect of revenue not taxable for tax purposes	毋須課稅收益之稅務影響	(4)	(49)
Tax effect of expenses not deductible for tax purposes	不可扣稅開支之稅務影響	1,050	3,251
Tax effect of tax losses not recognised	未確認稅項虧損之稅務影響	3,240	1,838
Income tax expenses	所得稅開支	-	-

As at 31 December 2017, the Group has estimated unused tax losses of approximately RMB19,208,000 (2016: RMB16,205,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. The estimated unused tax losses of approximately RMB19,208,195 at 31 December 2017 (2016: RMB16,205,300) is due to expire within one to five years for offsetting against future taxable profits of the Group in which the losses arise.

於二零一七年十二月三十一日，本集團可用作抵銷未來溢利之估計未動用稅項虧損約為人民幣19,208,000元（二零一六年：人民幣16,205,000元）。由於無法預測未來溢利來源，故並無就該等稅項虧損確認遞延稅項資產。於二零一七年十二月三十一日，估計未動用稅項虧損約人民幣19,208,195元（二零一六年：人民幣16,205,300元）將於一至五年內屆滿，用以抵銷招致虧損之本集團之未來應課稅溢利。

14. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately RMB28,535,000 (2016: RMB33,596,000) and 308,860,000 (2016: 308,860,000) shares in issue during the year.

Diluted loss per share

There were no diluted potential ordinary shares in issue during the years ended 31 December 2017 and 2016.

14. 每股虧損

每股基本虧損

每股基本虧損乃根據本公司擁有人應佔虧損分別為約人民幣28,535,000元（二零一六年：人民幣33,596,000元）與年內已發行股份308,860,000股（二零一六年：308,860,000股）計算。

每股攤薄虧損

截至二零一七年及二零一六年十二月三十一日止年度並無已發行潛在攤薄普通股。

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15. DIVIDEND

The Directors do not recommend the payment of any dividend for each of the years ended 31 December 2017 and 2016.

15. 股息

董事不建議派付截至二零一七年及二零一六年十二月三十一日止年度各年之任何股息。

16. PROPERTY, PLANT AND EQUIPMENT

	Medium term leasehold buildings 中期租賃樓宇 RMB'000 人民幣千元	Leasehold improvements 租賃物業裝修 RMB'000 人民幣千元	Plant and machinery 廠房及機器 RMB'000 人民幣千元	Furniture and fixtures 傢俬及裝置 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
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16. 物業、廠房及設備

As at 31 December 2017	於二零一七年十二月三十一日						
COST:		成本:					
At 1 January 2017	於二零一七年一月一日	66,314	34	45,335	1,806	408	129,990
Additions	添置	2,492	-	657	29	-	133,856
At 31 December 2017	於二零一七年十二月三十一日	68,806	34	45,992	1,835	408	133,856
ACCUMULATED DEPRECIATION:		累計折舊:					
At 1 January 2017	於二零一七年一月一日	19,697	20	30,537	1,806	-	52,468
Provided during the year	年內撥備	1,354	3	3,980	2	-	5,339
At 31 December 2017	於二零一七年十二月三十一日	21,051	23	34,517	1,808	-	57,807
CARRYING AMOUNT:		賬面值:					
At 31 December 2017	於二零一七年十二月三十一日	47,755	11	11,475	27	-	76,049

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16. PROPERTY, PLANT AND EQUIPMENT (continued)

16. 物業、廠房及設備 (續)

		Medium term leasehold buildings 中期租賃 樓宇 RMB'000 人民幣千元	Leasehold improvements 租賃物業 裝修 RMB'000 人民幣千元	Plant and machinery 廠房及機器 RMB'000 人民幣千元	Furniture and fixtures 傢私及裝置 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
As at 31 December 2016	於二零一六年十二月三十一日							
COST:	成本:							
At 1 January 2016	於二零一六年一月一日	66,314	34	45,103	1,806	408	16,071	129,736
Additions	添置	-	-	232	-	-	22	254
At 31 December 2016	於二零一六年十二月三十一日	66,314	34	45,335	1,806	408	16,093	129,990
ACCUMULATED DEPRECIATION:	累計折舊:							
At 1 January 2016	於二零一六年一月一日	18,405	17	26,966	1,791	396	-	47,575
Provided during the year	年內撥備	1,292	3	3,571	15	12	-	4,893
At 31 December 2016	於二零一六年十二月三十一日	19,697	20	30,537	1,806	408	-	52,468
CARRYING AMOUNT:	賬面值:							
At 31 December 2016	於二零一六年十二月三十一日	46,617	14	14,798	-	-	16,093	77,522

As at 31 December 2017, certain plant and machinery at carrying amount of approximately RMB537,000 (2016: RMB846,000) has been pledged to secure a bank borrowing to the Group (note 29).

於二零一七年十二月三十一日，若干賬面值約為人民幣537,000元（二零一六年：人民幣846,000元）之廠房及機器已質押以作為本集團銀行借貸之抵押（附註29）。

As at 31 December 2017, certain plant and machinery and motor vehicles at carrying amount of approximately RMB1,417,000 and RMB Nil respectively has been pledged to secure the amount due to a shareholder (note 28).

於二零一七年十二月三十一日，若干賬面值分別約為人民幣1,417,000元及人民幣零元之廠房及機器及汽車已質押以作為應付一位股東款項之抵押（附註28）。

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17. LAND USE RIGHT

The Group's interest in land use right represents prepaid operating lease payment and its net carrying amount is analysed as follows:

17. 土地使用權

本集團擁有的土地使用權權益指預付經營租賃付款，其賬面淨值分析如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
COST:	成本：		
At 1 January and 31 December	於一月一日及十二月三十一日	14,634	14,634
ACCUMULATED AMORTISATION:	累計攤銷：		
At 1 January and 31 December	於一月一日及十二月三十一日	3,514	3,221
Amortisation for the year	年內攤銷	293	293
At 31 December	於十二月三十一日	3,807	3,514
CARRYING AMOUNT:	賬面值：		
At 31 December	於十二月三十一日	10,827	11,120

As at 31 December 2017 and 2016, the Group's land use right located at No. 7, Dianzi Street, Taiyuan City, Shanxi Province, the PRC has been pledged to a bank to secure a bank borrowing to the Group (note 29).

於二零一七年及二零一六年十二月三十一日，本集團位於中國山西省太原市電子街7號的土地使用權已質押予一間銀行，作為本集團獲授之一項銀行借貸（附註29）。

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18. SUBSIDIARIES

Particulars of the subsidiaries at the end of the reporting period are as follows:

18. 附屬公司

於報告期末之附屬公司詳情如下：

Company name 公司名稱	Place of incorporation/ registration 註冊成立/ 登記地點	Registered/ Paid up share capital 註冊股本/ 繳足資本	Percentage of equity interests attributable to the Company 本公司所佔的 股權百分比	Principal activities 主要業務
Directly held: 直接持有：				
Shanxi Changcheng Huiqing Environmental Technology Company Limited* ("Changcheng Huiqing")	PRC	RMB1,000,000/ RMB110,000#	55%	Wholesale of household water purifiers
山西長城匯清環保科技有限公司 ("長城匯清")	中國	人民幣1,000,000元 /人民幣110,000元#	55%	家用淨水器批發
Taiyuan Changcheng Weiguang Weitong Electronics Company Limited* ("Changcheng Weitong")	PRC	RMB15,000,000/ RMB NIL^	100%	Design, research, development, manufacture and sales of optoelectronic and chemical glass products
太原長城微光微通電子科技有限公司 ("長城微通")	中國	人民幣15,000,000元 /人民幣零元^	100%	設計、研究、設計、研究、開發、製造及銷售光電及化學玻璃產品
Taiyuan Changcheng Feibo Optoelectronic Technology Company Limited* ("Changcheng Feibo")	PRC	RMB20,000,000/ RMB NIL^	100%	Design, research, development, manufacture and sales of fiber optics products and water purifiers
太原長城微光菲博光電科技有限公司 ("長城菲博")	中國	人民幣20,000,000元 /人民幣零元^	100%	設計、研究、開發、製造及銷售光纖產品及淨水器

* The English names are for identification only

* 英文名稱僅供識別

The registered capital of Changcheng Huiqing is RMB1,000,000 of which RMB110,000 has been paid by the Group as at 31 December 2017 and 2016.

長城匯清之註冊資本為人民幣1,000,000元，其中人民幣110,000元本集團已於二零一七年及二零一六年十二月三十一日繳付。

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18. SUBSIDIARIES (continued)

[^] Changcheng Weitong and Changcheng Feibo were established in the PRC with limited liability on 21 June 2016. The registered capital of Changcheng Weitong and Changcheng Feibo is RMB15,000,000 and RMB20,000,000 respectively of which none has been paid by the Group as at 31 December 2017 and 2016. Changcheng Weitong and Changcheng Feibo have not yet started operation for the year ended 31 December 2017 and 2016.

The Group had no subsidiary which has material non-controlling interests for the year ended 31 December 2017 and 2016.

18. 附屬公司 (續)

[^] 長城微通及長城菲博於二零一六年六月二十一日在中國成立為有限公司。長城微通及長城菲博的註冊資本分別為人民幣15,000,000元及人民幣20,000,000元，本集團於二零一七及二零一六年十二月三十一日概無支付註冊資本。長城微通及長城菲博於截至二零一七年及二零一六年十二月三十一日止年度尚無開始經營業務。

截至二零一七年及二零一六年十二月三十一日止年度，本集團並無具重大非控股權益之附屬公司。

19. INTERESTS IN ASSOCIATES

19. 於聯營公司之權益

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Unlisted investments in PRC	於中國的非上市投資		
Share of net assets	應佔資產淨值	2,685	2,808
Due from associates	應收聯營公司款項	767	575
		3,452	3,383
Impairment of investments in associates	於聯營公司之投資減值	(3,285)	(3,137)
		167	246

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19. INTERESTS IN ASSOCIATES (continued)

Particulars of the associates at the end of the reporting period are as follows:

19. 於聯營公司之權益 (續)

於報告期末之聯營公司詳情如下：

Company name 公司名稱	Place of incorporation/ registration 註冊成立/ 登記地點	Registered/ Paid up share capital 註冊股本/ 繳足資本	Percentage of equity interests attributable to the Company 本公司所佔的 股權百分比	Principal activities 主要業務
Shanxi Huayuan Transport Optical Technology and Engineering Company Limited* ("Huayuan Transport")	PRC	RMB11,000,000/ RMB4,000,000	36.36%	Development of fibre optic intelligent transport system business in the PRC
山西華遠交通光電技術工程有限公司 ("華遠交通")	中國	人民幣11,000,000元 /人民幣4,000,000元	36.36%	於中國從事光纖智能運輸系統業務之開發
Taiyuan Changcheng Luojiguang Optical Technology Company Limited* ("Changcheng Luojiguang")	PRC	RMB2,000,000/ RMB420,000#	35.00%	Manufacturing, processing, research and development and sales of electronic components and optical subcomponents
太原長城籬箕光電科技有限公司 ("長城籬箕光")	中國	人民幣2,000,000元/ 人民幣420,000元#	35.00%	電子元件及光電元器件的生產、加工、研發及銷售
Taiyuan Weiguang Feifan Education Management Consultant Company Limited* ("Weiguang Feifan")	PRC	RMB100,000/ RMB NIL^	49.00%	Education information consultation, organizing cultural and artistic exchange activities, housing lease
太原維光非凡教育管理諮詢有限公司 ("維光非凡")	中國	人民幣100,000元/ 人民幣零元^	49.00%	教育資訊諮詢、組織文化及藝術交流活動、房屋租賃

* The English names are for identification only

* 英文名稱僅供識別

The registered capital of Changcheng Luojiguang is RMB2,000,000 of which RMB420,000 has been paid by the Group as at 31 December 2017 and 2016.

長城籬箕光之註冊資本為人民幣2,000,000元，其中人民幣420,000元本集團已於二零一七年及二零一六年十二月三十一日繳付。

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19. INTERESTS IN ASSOCIATES (continued)

[^] Weiguang Feifan was established in the PRC with limited liability on 8 November 2017. The registered capital of Weiguang Feifan is RMB100,000 of which none has been paid by the Group as at 31 December 2017.

The amounts due from associates are unsecured, interest-free and not repayable within one year.

As at 31 December 2017, the Group recognised impairment losses of approximately RMB3,285,000 (2016: RMB3,137,000) in respect of the interest in the associates mainly due to uncertainties surrounding the industry in which the associate operates.

The associates are accounted for using the equity method in these consolidated financial statements and the associates are not considered to be individually material to the Group.

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial associates that are accounted for using the equity method.

At 31 December 於十二月三十一日
Carrying amounts of interests 權益賬面值

Year ended 31 December 截至十二月三十一日止年度
Loss from continuing operations 持續經營虧損
Other comprehensive loss 其他全面虧損
Total comprehensive loss 全面虧損總額

The Group has discontinued the recognition of its share of results of the associate Huayuan Transport because the share of losses of the associate exceeded the Group's interest in the associate. As at 31 December 2017, the cumulatively unrecognised share of losses of the associate is approximately RMB1,816,000 (2016: RMB1,714,000).

19. 於聯營公司之權益 (續)

[^] 維光非凡為於二零一七年十一月八日於中國成立之有限公司。維光非凡之註冊資金為人民幣100,000元，其中於二零一七年十二月三十一日本集團並無支付任何金額。

應收聯營公司款項乃無抵押、免息及毋須於一年內償還。

於二零一七年十二月三十一日，本集團就聯營公司之權益確認減值虧損約人民幣3,285,000元（二零一六年：人民幣3,137,000元），主要由於該等聯營公司所從事之行業遭受的不明朗因素所致。

聯營公司使用權益法於此等綜合財務報表內入賬，且聯營公司不被視為個別對本集團而言屬重大。

下表列示本集團分佔所有個別而言並不重大的聯營公司的總額，而有關金額乃採用權益法入賬。

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
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	167	246
	123	307
	-	-
	123	307

由於分佔之聯營公司虧損超過本集團於聯營公司華遠交通之權益，因此本集團已終止確認分佔該聯營公司之業績。於二零一七年十二月三十一日，累計未確認的分佔聯營公司虧損約人民幣1,816,000元（二零一六年：人民幣1,714,000元）。

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20. INVENTORIES

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Raw materials	原材料	1,865	1,199
Work in progress	在製品	9,845	11,561
Finished goods	製成品	1,807	4,464
		13,517	17,224

21. TRADE AND NOTES RECEIVABLES

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Trade receivables	應收貿易賬款	13,042	13,888
Notes receivables	應收票據	-	540
Less: impairment of trade receivables	減：應收貿易賬款減值	(2,453)	(2,482)
		10,589	11,946

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within 90 days	90日內	7,835	6,852
91 to 180 days	91至180日	2,146	2,900
181 to 365 days	181至365日	608	1,654
		10,589	11,406

The trading terms with customers are largely on credit. The credit period is generally 90 days (2016: 90 days). The Group maintains strict control over its outstanding receivables and has credit control policy in place to minimise its credit risk. The Group has significant concentration of credit risk arising from its ordinary course of business due to its relatively small customer bases. Overdue balances are regularly reviewed by management. Trade receivables are non-interest-bearing.

20. 存貨

21. 應收貿易賬款及票據

於報告期末，應收貿易賬款根據發票日期及扣除撥備之賬齡分析如下：

給予客戶之貿易條款主要為除賬方式。信貸期一般為90日（二零一六年：90日）。本集團嚴格控制未收回之應收賬項並採取除賬控制政策，以盡量減低信貸風險。由於本集團之客戶基礎相對較小，因此其來自日常業務過程之信貸風險高度集中。逾期未付款項由管理層定期審閱。應收貿易賬款為不計息。

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21. TRADE AND NOTES RECEIVABLES

(continued)

The movements in impairment of trade receivables are as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
At 1 January	於一月一日	2,482	876
Impairment losses recognised	已確認減值虧損	-	1,606
Reversal of impairment losses recognised	撥回已確認減值虧損	(29)	-
At 31 December	於十二月三十一日	2,453	2,482

Included in the above impairment of trade receivables is a provision for individually impaired trade receivables of approximately RMB2,453,000 (2016: RMB2,482,000). The individually impaired trade receivables relate to customers that were in financial difficulties and only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

An aging analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Neither past due nor impaired	並無逾期及減值	7,835	6,852
Less than 9 months past due	逾期少於9個月	2,754	4,554
		10,589	11,406

Receivables that were neither past due nor impaired relate to a number of independent customers for whom there were no recent history of default.

21. 應收貿易賬款及票據 (續)

應收貿易賬款之減值變動如下：

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
At 1 January	2,482	876
Impairment losses recognised	-	1,606
Reversal of impairment losses recognised	(29)	-
At 31 December	2,453	2,482

上述應收貿易賬款減值包括一項個別減值之應收貿易賬款撥備約人民幣2,453,000元(二零一六年：人民幣2,482,000元)。該項個別減值之應收貿易賬款與有財務困難之客戶有關，預期該等應收賬款僅可部份收回。本集團並無就該等結餘持有任何抵押品或採取其他提升信用的措施。

非被視為個別或集體減值之應收貿易賬款之賬齡分析如下：

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Neither past due nor impaired	7,835	6,852
Less than 9 months past due	2,754	4,554
	10,589	11,406

並無逾期及減值之應收賬款與多名近期並無拖欠還款記錄之獨立客戶有關。

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21. TRADE AND NOTES RECEIVABLES

(continued)

Receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no impairment loss is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Details of the prepayments, deposits and other receivables are as follows:

Prepayments	預付款項
Deposits and other receivables	按金及其他應收款項

21. 應收貿易賬款及票據 (續)

逾期但未減值之應收賬款乃與若干獨立客戶有關，該等客戶在本集團內有良好的往績記錄。根據過往經驗，董事認為毋須就該等結餘確認減值虧損，原因是信貸質素並無重大轉變且有關結餘仍被視為可全數收回。

22. 預付款項、按金及其他應收款項

預付款項、按金及其他應收款項之詳情載列如下：

2017	2016
二零一七年	二零一六年
RMB'000	RMB'000
人民幣千元	人民幣千元

872	208
1,430	217
2,302	425

23. AMOUNT DUE FROM A SHAREHOLDER

Details of the amount due from a shareholder is set out below:

Name	名稱	Maximum amount outstanding during the year 年內最高未償還金額 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Taiyuan Tanghai Automatic Control Company Limited ("Taiyuan Tanghai")	太原唐海自動控制有限公司 ("太原唐海")	593	-	593

The amount due is unsecured, interest-free and repayable on demand.

23. 應收一位股東款項

應收一位股東款項的詳情載列如下：

該應收款項為無抵押、免息及須按要求償還。

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24. AMOUNT DUE FROM A FORMER RELATED COMPANY

Details of the amount due from a former related company is set out below:

Name	名稱	Maximum amount outstanding during the year 年內最高未償還金額 RMB'000 人民幣千元	2017	2016
			二零一七年 RMB'000 人民幣千元	二零一六年 RMB'000 人民幣千元
Shanxi Jindi Yucheng Medical Equipments Company Limited ("Shanxi Jindi")	山西錦地裕成醫療設備有限公司 (「山西錦地」)	4,283	-	4,283

Shanxi Jindi (formerly known as 太原華美醫療設備有限公司 (transliterated as "Taiyuan Huamei Medical Equipments Company Limited")) is a former subsidiary of Taiyuan Changcheng Optics Electronics Industrial Corporation, a substantial shareholder of the Company. The amount due is unsecured, interest-free and repayable on demand.

應收一家前關連公司款項之詳情載列如下：

山西錦地(前稱太原華美醫療設備有限公司)為本公司一名主要股東太原長城光電子工業公司之前附屬公司。該應收款項為無抵押、免息及須按的要求償還。

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents 現金及現金等值項目

At the end of the reporting period, the cash and cash equivalents of the Group are mainly denominated in RMB and placed with banks in the PRC and held in hand.

RMB is not freely convertible into foreign currencies. Under the PRC's Foreign Exchange Control Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

Cash at bank earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

25. 現金及現金等值項目

2017	2016
二零一七年	二零一六年
RMB'000	RMB'000
人民幣千元	人民幣千元

1,617 373

於報告期末，本集團之現金及現金等值項目主要以人民幣為單位且存放於中國多家銀行及手頭持有。

人民幣並非可自由兌換為外幣的貨幣。根據中國的外匯管制條例，本集團獲准透過已獲授權進行外匯業務之銀行以人民幣兌換外幣。

於銀行之現金根據銀行每日銀行存款利率按浮動利率賺取利息。銀行結餘存放於信譽良好及最近並無違約記錄之銀行。

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26. TRADE PAYABLES

The aging analysis of trade payables, based on the invoice date, is as follows:

0 to 90 days	0至90日
91 to 180 days	91至180日
181 to 365 days	181至365日
Over 365 days	超過365日

26. 應付貿易賬款

應付貿易賬款根據發票日期之賬齡分析如下：

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
	664	1,529
	-	613
	-	3,119
	10,809	7,022
	11,473	12,283

27. ACCRUALS AND OTHER PAYABLES

Accrued salaries and other payables	應計薪酬及其他應付款項
Accrued expenses	應計開支
Receipt in advance	預收款項
Others	其它

27. 應計款項及其他應付款項

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
	44,994	40,204
	4,030	2,691
	5,800	5,591
	750	2,436
	55,574	50,922

28. AMOUNTS DUE TO SHAREHOLDERS

The advances of RMB1,300,000 are pledged by certain plant and machinery and motor vehicles, interest-bearing and repayable on demand. The remaining balances are unsecured, interest-bearing and repayable on demand.

28. 應付股東款項

應付股東款項人民幣1,300,000元由若干廠房及機器以及汽車作抵押，計息且須按要求償還。餘額為無抵押、免息及須按要求償還。

29. BANK AND OTHER BORROWINGS

Bank borrowing	銀行借貸
Other borrowings	其他借貸

29. 銀行及其他借貸

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
	13,479	13,920
	19,981	-
	33,460	13,920

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

29. BANK AND OTHER BORROWINGS

(continued)

At 31 December 2017 and 2016, the bank and other borrowings was due for repayment as follows:

The bank and other borrowings that contain a repayable on demand clause: 含有須按要求償還條款之銀行及其他借貸:

Current portion of term loan due for repayment within one year 到期須於一年內償還之定期貸款之即期部分

2017	2016
二零一七年	二零一六年
RMB'000	RMB'000
人民幣千元	人民幣千元

33,460	13,920
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The guarantees and securities of the bank and other borrowings at the end of each reporting period are as follows:

於各報告期末銀行及其他借貸之擔保及抵押如下:

2017	2016
二零一七年	二零一六年
RMB'000	RMB'000
人民幣千元	人民幣千元

Secured	抵押	27,844	13,920
Unsecured	沒有抵押	5,616	-

33,460	13,920
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Note:

The amount is (1) secured by the Group's land use right located at No. 7, Dianzi Street, Taiyuan City, Shanxi Province, the PRC (note 17); (2) certain plant and machinery (note 16) and (3) guaranteed by a shareholder (2016: land use right and plant and machinery).

附註:

該款項由(1)本集團位於中國山西省太原市電子街七號之土地使用權(附註17)、(2)若干廠房及機器(附註16)作抵押及(3)一名股東作擔保(二零一六年:土地使用權及廠房及機器)。

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

29. BANK AND OTHER BORROWINGS (continued)

The average effective interest rates at the end of each reporting period were as follows:

29. 銀行及其他借貸 (續)

於各報告期末之平均實際利率如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Interest bearing	含利息	28,050	13,920
Interest-free	免利息	5,410	-
		33,460	13,920

Note:

The amount is interest bearing at a range from 4.35% to 30% p.a. (2016: 6.52% to 7.35% p.a.).

附註：

該款項按介乎4.35% 至 30% (二零一六年：年利率6.52% 至7.35%)之年利率計息。

30. DEFERRED GOVERNMENT GRANTS

30. 遞延政府資助

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
COST:	成本：		
At 1 January	於一月一日	25,033	23,505
Additions	添置	190	1,528
At 31 December	於十二月三十一日	25,223	25,033
ACCUMULATED AMORTISATION	累計攤銷		
At 1 January	於一月一日	13,840	11,362
Amortisation for the year	年內攤銷	950	2,478
At 31 December	於十二月三十一日	14,790	13,840
CARRYING AMOUNT:	賬面值：		
At 31 December	於十二月三十一日	10,433	11,193

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31. SHARE CAPITAL

31. 股本

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Authorised, issued and fully paid:	法定、已發行及繳足股款：		
198,860,000 (2016: 198,860,000) domestic shares of RMB0.10 each	198,860,000股(二零一六年：198,860,000股)每股面值人民幣0.10元之內資股	19,886	19,886
110,000,000 (2016: 110,000,000) H shares of RMB0.10 each	110,000,000股(二零一六年：110,000,000股)每股面值人民幣0.10元之H股	11,000	11,000
		30,886	30,886

Except for the currency in which dividends are paid and the restrictions as to whether the shareholders can be the PRC investors or foreign investors, domestic shares and H shares rank pari passu with each other.

除支付股息所用之貨幣及有關股東應為中國投資者或境外投資者等限制外，內資股及H股各自享有同等權益。

32. RESERVES

Group

(i) Capital surplus

The capital surplus of the Group represents the excess of the issue price over the nominal value of the Company's shares issued at a premium.

(ii) Statutory surplus reserve

The Company's articles of association require the appropriation of 10% of the Company's profit after tax each year to the statutory surplus reserve until the balance reaches 50% of the Company's registered capital. According to the provisions of the Company's articles of association, in normal circumstances, the statutory surplus reserve shall only be used for making up losses, capitalisation into share capital and expansion of the Company's production and operations. For the capitalisation of the statutory surplus reserve into share capital, the remaining amount of such reserve shall not be less than 25% of the registered capital.

32. 儲備

本集團

(i) 資本盈餘

本集團資本盈餘指發行價超出以溢價發行的本公司股份之面值之差額。

(ii) 法定盈餘儲備

本公司組織章程細則規定，每年須提撥本公司除稅後溢利之10%至法定盈餘儲備，直至法定盈餘儲備結餘達到本公司註冊股本之50%。根據本公司組織章程細則規定，於正常情況下，法定盈餘儲備僅可用於彌補虧損、撥充股本及擴大本公司之生產及經營。將法定盈餘儲備資本化為股本時，有關儲備之餘額不得少於註冊股本之25%。

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

32. RESERVES (continued)

Company

The amounts of the Company's reserves and the movements therein for the year ended 31 December 2017 are as follows:

32. 儲備 (續)

本公司

本公司於截至二零一七年十二月三十一日止年度之儲備及其變動之金額如下：

		Capital surplus	Statutory surplus reserve	Accumulated losses	Total
		資本盈餘	法定盈餘儲備	累計虧損	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2016	於二零一六年一月一日	18,561	11,853	(8,774)	21,640
Total comprehensive loss for the year	年內全面虧損總額	-	-	(33,587)	(33,587)
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	18,561	11,853	(42,361)	(11,947)
Total comprehensive loss for the year	年內全面虧損總額	-	-	(28,881)	(28,881)
At 31 December 2017	於二零一七年十二月三十一日	18,561	11,853	(71,242)	(40,828)

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33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

		Amounts due to shareholders	Bank and other borrowings	Total liabilities from financing activities
		應付股東款項	銀行及 其他借貸	融資活動之 負債總額
		RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元
At 1 January 2017	於二零一七年 一月一日	16,490	13,920	30,410
Change in cash flows	現金變動	2,290	18,491	20,781
Non-cash changes	非現金變動			
– Interest charges	– 利息費用	–	1,049	1,049
– Set off (Note 33b)	– 抵銷 (附註33b)	(5,000)	–	(5,000)
At 31 December 2017	於二零一七年 十二月三十一日	13,780	33,460	47,240

(b) Major non-cash transaction

During the year, the amount due from a former related company of RMB5,000,000 was adopted to offset the amount due to shareholders of RMB5,000,000.

33. 綜合現金流量表附註

(a) 融資活動產生之負債之變動

下表列示本年度內本集團融資活動產生之負債之變動：

(b) 主要非現金交易

於本年度內，應收一家前關連公司款項人民幣5,000,000元已採納用於抵銷應付股東款項人民幣5,000,000元。

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34. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

34. 資本承擔

本集團於報告期末之資本承擔如下：

		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Contracted, but not provided for	已訂約但尚未撥備		
– Buildings	– 樓宇	6,611	7,134
Contracted contribution to subsidiaries (Note 18)	向附屬公司所作訂約貢獻 (附註18)	35,440	35,440
Contracted contribution to associates (Note 19)	向聯營公司所作訂約貢獻 (附註19)	329	280
		42,380	42,854

35. RELATED PARTY TRANSACTIONS

(a) Key management compensation

The compensation of key management personnel is disclosed in note 12 to the consolidated financial statements.

- (b) Sales to an associate of approximately RMB2,075,000 (2016: RMB592,000) were credited to the profit or loss for the year included under turnover.

35. 關連人士交易

(a) 主要管理人員之報酬

主要管理人員之報酬披露於綜合財務報表附註12。

- (b) 向一間聯營公司之銷售約人民幣2,075,000元(二零一六年:人民幣592,000元)計入營業額項下之本年度損益。

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36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT 31 DECEMBER

36. 於十二月三十一日的本公司財務狀況表

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產		
Property, plant and equipment	物業、廠房及設備	76,047	77,520
Land use right	土地使用權	10,827	11,120
Interests in associates	於聯營公司之權益	167	246
		87,041	88,886
CURRENT ASSETS	流動資產		
Inventories	存貨	13,481	17,187
Trade receivables	應收貿易賬款	10,580	11,937
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	2,252	403
Amount due from a shareholder	應收一位股東款項	-	593
Amount due from a former related company	應收一家前關連公司款項	-	4,283
Cash and cash equivalents	現金及現金等值項目	750	275
		27,063	34,678
CURRENT LIABILITIES	流動負債		
Trade payables	應付貿易賬款	11,461	12,253
Accruals and other payables	應計款項及其他應付款項	55,418	48,931
Amount due to shareholders	應付股東款項	13,780	16,490
Amount due to a subsidiary	應付一家附屬公司款項	-	1,838
Bank and other borrowings	銀行及其他借貸	32,954	13,920
		113,613	93,432
NET CURRENT LIABILITIES	流動負債淨額	(86,550)	(58,754)
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債	491	30,132
NON-CURRENT LIABILITIES	非流動負債		
Deferred government grants	遞延政府資助	10,433	11,193
		10,433	11,193
NET (LIABILITIES)/ASSETS	(負債)/資產淨值	(9,942)	18,939
EQUITY	權益		
Share capital	股本	30,886	30,886
Reserves	儲備	(40,828)	(11,947)
TOTAL EQUITY	權益總額	(9,942)	18,939

37. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the board of directors of the company on 28 August 2018.

37. 批准財務報表

此等綜合財務報表已於二零一八年八月二十八日獲本公司董事會批准及授權刊發。

Five-Year Financial Summary

五年財務摘要

The following is a summary of the audited results and of the assets and liabilities of the Group for the five years ended 31 December 2017.

下表概述本集團截至二零一七年十二月三十一日止五個年度之經審核業績及資產與負債。

		Year ended 31 December 十二月三十一日止年度				
		2017 二零一七年 RMB'000 港幣千元	2016 二零一六年 RMB'000 港幣千元	2015 二零一五年 RMB'000 港幣千元	2014 二零一四年 RMB'000 港幣千元	2013 二零一三年 RMB'000 港幣千元
RESULTS	業績					
Revenue	收益	19,121	18,731	43,282	51,466	62,758
Operating loss	經營虧損	(25,403)	(30,444)	(13,574)	(9,497)	(1,163)
Finance costs	財務費用	(3,173)	(3,158)	(1,323)	(1,835)	(1,067)
Loss before tax	除稅前虧損	(28,576)	(33,602)	(14,897)	(11,332)	(2,230)
Income tax expense	所得稅開支	-	-	-	-	-
Loss for the year	年內虧損	(28,576)	(33,602)	(14,897)	(11,332)	(2,230)
Attributable to:	以下應佔:					
Owners of the Company	本公司擁有人	(28,535)	(33,596)	(14,855)	(11,306)	(2,230)
Non-controlling interests	非控股權益	(41)	(6)	(42)	(26)	-
		(28,576)	(33,602)	(14,897)	(11,332)	(2,230)
		At 31 December 於十二月三十一日				
		2017 二零一七年 RMB'000 港幣千元	2016 二零一六年 RMB'000 港幣千元	2015 二零一五年 RMB'000 港幣千元	2014 二零一四年 RMB'000 港幣千元	2013 二零一三年 RMB'000 港幣千元
ASSETS AND LIABILITIES	資產與負債					
Total assets	資產總值	115,068	123,732	139,824	142,802	159,010
Total liabilities	負債總額	(124,720)	(104,808)	(87,298)	(75,379)	(80,345)
Non-controlling interests	非控股權益	25	(16)	(22)	(64)	-
Total equity attributable to owners of the Company	本公司擁有人應佔權益總額	(9,627)	18,908	52,504	67,359	78,665



Shanxi Changcheng

Microlight Equipment Co. Ltd. *

山西長城微光器材股份有限公司