



宏太控股有限公司 Wang Tai Holdings Limited

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

股份代號 Stock Code: 1400

2016
年度報告
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REPORT

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CHAIRMAN'S STATEMENT

主席報告

The board of directors (the "Board") of Wang Tai Holdings Limited (the "Company") is pleased to present the consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2016 (the "Year").

RESULTS

During 2016, the China economy remained challenging with persistently sluggish demand in the garment and apparels industry. On the industry side, demand for textile products from domestic and overseas markets remained weakened, and the selling price of Chinese textile products remained stationary at a low level.

During the Year, a number of adverse factors including slow recovery of the domestic economy, reduction of demand in domestic fabric and yarn products market, a more cautious purchasing approach adopted by downstream customers and declining sales price of textile products caused a decline in sales revenue and a reduction of gross profit margin. In order to meet the challenge of slowing down economic pressure, the Group commenced an extensive size international trading of business articles such as polyetherimide in the early 2016. The expected higher profit from this area can reduce the negative impact from the sluggish market demand for the fabrics and yarns products. The Group will avail of this new business to enhance the profitability.

The Group recorded revenue of approximately RMB780.3 million for the Year, representing an increase of approximately 16.4% on a year-on-year basis, and the gross loss margin of the Group's products was approximately 2.7%, representing a decrease of approximately 4% points over the previous year. Profit attributable to owners of the company for the Year declined significantly from loss of approximately RMB23.3 million in 2015 to loss of approximately RMB331.0 million in 2016, representing a decrease of approximately 13 times over the previous year. Earnings per share also decreased from loss of RMB1.90 cents in 2015 to loss of RMB21.70 cents per Share in 2016, representing a decrease of approximately 10 times as compared with the corresponding period of last year, which was mainly attributable to the substantial decrease in gross profit and increase in general and administrative expenses resulted from impairments made. Sales of fabrics and yarns decreased significantly from approximately RMB597.5 million and RMB72.7 million, respectively, for the year 2015 to approximately RMB447.7 million and nil in 2016, respectively. Sales of PEI commenced in early 2016 and brought approximately RMB332.6 million to the Group's revenue and segment profit of RMB20.0 million in 2016. During the Year, the Group reviewed the operations and changed the strategies regularly to strive for survival and look for opportunities to break through the worsening situation. In the future, the Group will continue to enhance the competitive strength and innovation, improve the value added products, upgrade the fabric products and look for breakthrough, continuously carry out extensive scale international trade of polyetherimide ("PEI") and extend the channels to improve the profitability.

宏太控股有限公司(「本公司」)董事會(「董事會」)欣然呈列本公司及其附屬公司(統稱「本集團」)截至二零一六年十二月三十一日止年度(「本年度」)的合併業績。

業績

於二零一六年，中國經濟仍然別具挑戰性，成衣及服裝行業需求持續乏力。行業方面，國內及海外市場的紡織品需求仍然疲弱，中國紡織品售價則依舊於低水平徘徊。

於本年度，由於多個不利因素，包括中國經濟復甦緩慢、國內市場面料及紗線需求減少、下游客戶採取更謹慎購買方式及紡織品售價下跌等，銷售收益及毛利率同告下跌。為應付放緩經濟壓力的挑戰，本集團於二零一六年初開始擴展工程塑料等商品之國際貿易。預期此範疇的較高溢利可降低紗線及面料產品的疲弱市場需求的影響。本集團將藉此新業務提高盈利能力。

本集團於本年度的收益約為人民幣780.3百萬元，同比增加約16.4%。本集團產品的毛損率約為2.7%，同比減少約4%。本年度本公司擁有人應佔溢利則由二零一五年虧損約人民幣23.3百萬元大幅下跌至二零一六年虧損約人民幣331.0百萬元，較去年減少約十三倍。每股盈利亦由二零一五年虧損人民幣1.90分減少至二零一六年虧損每股人民幣21.70分，較去年同期減少約十倍，主要是因為收益及毛利大幅減少以及作出減值而造成一般及行政開支增加所致。面料及紗線的銷售額由二零一五年分別約人民幣597.5百萬元及人民幣72.7百萬元大幅減少至二零一六年分別約人民幣447.7百萬元及零。工程塑料銷售於二零一六年初開展，於二零一六年為本集團帶來約人民幣332.6百萬元收益及分部溢利人民幣20.0百萬元。年內，本集團定期審閱營運及改變策略，力求生存並尋求機遇突破困境。日後，本集團將繼續提升競爭力及創新性，改善增值產品，改進紗線產品及尋找突破，並持續擴展工程塑料(「工程塑料」)之國際貿易規模及拓寬改善盈利能力的渠道。

OUTLOOK

Looking forward to 2017, despite all the challenges faced by the industry such as uncertainties around the growth of the global economy, lackluster demand in the textile product market, rising labor costs and shortage in quality cotton supply, the Chinese textile product and apparel industry is well posed to maintain an overall stable operation. Specifically, mild recovery is in sight for the European and U.S. economy, while growth-stabilizing policies, especially the advancement of supply-side structural reform, will lend support for the PRC economy to maintain growth within the reasonable range. The general trend of steady growth in domestic consumption will also provide primary market support for development of the textile industry. The ongoing depreciation of RMB against the US Dollar and the implementation of measures to stabilize foreign trades will improve the resistance of Chinese textile enterprises to market pressure, maintaining stable performance in exports. Meanwhile, the national cotton reserve auction will increase the effective supply of cotton raw materials, significantly narrowing the gap between domestic and overseas cotton prices as compared to the previous years, and help to strengthen the export competitiveness of the Chinese textile enterprises.

In 2016, the Group's faced difficulties to meet the challenges of all adverse factors including sluggish demand for the textile products, rising cost of production and operating expenses, problem of recoverability of the receivables, strategic management of the products segment and mixture, management of a new production base in Hubei as well as the new investment in an associate. Looking forward to 2017, the textile industry is expected to continuously face challenges and certainties. The Group will still focus on the revenue generating segments such as sales of PEI with higher gross profit margin and diversify of the existing fabric product series to raise the gross profit margin of the mixture. In order to reverse the Company's worsening situation, the Group entered into conditional sales and purchase agreements with a Mongolian iron ore company to acquire its shareholding in January and March 2017. If the proposed acquisition proceeds, the Company intends to carry out a new business of iron ore mining and trading business which will generate higher profits with an industry which carries higher barrier of entries of competitors and new business entrants after the completion of the proposed acquisition. For details of the proposed acquisition, please refer to the announcements of the Company dated 13 March 2017 and 21 March 2017.

展望

展望二零一七年，中國紡織品服裝行業仍面臨著全球經濟增長不確定性、紡織品市場需求乏力、勞動力成本上升以及優質棉花短缺等多重挑戰，但總體上亦具備保持平穩運行的條件。具體來看，美歐經濟預計溫和復甦，穩增長政策特別是供給側結構性改革的推進將支持中國經濟在合理區間保持增長，國內消費穩健增長的大趨勢亦將為紡織行業發展提供首要市場支撐。人民幣兌美元維持貶值態勢以及穩定外貿措施的逐步落實，均有望提升中國紡織企業自主抗壓能力，保持對外出口平穩走勢。同時，儲備棉競拍客觀上增加了棉花原料有效供給，帶動國內外棉價差較前幾年明顯收窄，有助於提升中國紡織企業出口競爭力。

於二零一六年，本集團面臨種種不利因素挑戰的困境，包括紡織產品需求表現呆滯、生產成本及經營開支上升、應收款項收回能力問題、產品分部及組合的策略管理、於湖北新生產基地的管理以及於聯營公司的新投資等。展望二零一七年，紡織行業預期持續面向挑戰及不明朗因素。本集團將專注於工程塑料銷售等具高毛利率的產生收益分部，並多元化發展其現有面料產品系列以提高組合的毛利率。為逆轉本公司每況愈下的情形，本集團於二零一七年一月及三月與蒙古國鐵礦公司訂立有條件買賣協議收購其股權。倘繼續進行建議收購，本公司有意進行鐵礦開採及買賣的新業務，由於該行業對競爭者及新業務參與者而言具較高進入壁壘，故於建議收購完成後，其將產生較高溢利。有關建議收購詳情，請參閱本公司日期為二零一七年三月十三日及二零一七年三月二十一日的公告。

CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive directors

Mr. Lin Qingxiong (*Chairman*)
Mr. Qiu Zhiqiang
Mr. Deng Qinghui

Independent non-executive directors

Mr. Yu Yubin
Mr. Ma Chongqi
Mr. Chan Sui Wa

AUDIT COMMITTEE

Mr. Chan Sui Wa (*Chairman*)
Mr. Yu Yubin
Mr. Ma Chongqi

REMUNERATION COMMITTEE

Mr. Ma Chongqi (*Chairman*)
Mr. Chan Sui Wa
Mr. Yu Yubin

NOMINATION COMMITTEE

Mr. Yu Yubin (*Chairman*)
Mr. Ma Chongqi
Mr. Chan Sui Wa

REGULATORY COMPLIANCE COMMITTEE

Mr. Qiu Zhiqiang (*Chairman*)
Mr. Deng Qinghui
Mr. Siu Kai Chun

COMPANY SECRETARY

Mr. Siu Kai Chun (*FCCA, FCCA, FCA*)

AUTHORISED REPRESENTATIVES

Mr. Qiu Zhiqiang
Mr. Siu Kai Chun

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building
Central
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications
Bank of Quanzhou
China Merchants Bank, Quanzhou Shishi Branch
Nanyang Commercial Bank, Limited
Rural Commercial Bank of Shishi
Standard Chartered Bank (Hong Kong) Limited
Wing Lung Bank

董事會

執行董事

林清雄先生 (*主席*)
邱志強先生
鄧慶輝先生

獨立非執行董事

俞毓斌先生
馬崇啟先生
陳瑞華先生

審核委員會

陳瑞華先生 (*主席*)
俞毓斌先生
馬崇啟先生

薪酬委員會

馬崇啟先生 (*主席*)
陳瑞華先生
俞毓斌先生

提名委員會

俞毓斌先生 (*主席*)
馬崇啟先生
陳瑞華先生

監管合規委員會

邱志強先生 (*主席*)
鄧慶輝先生
蕭啟晉先生

公司秘書

蕭啟晉先生 (*FCCA, FCCA, FCA*)

授權代表

邱志強先生
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中國銀行(香港)有限公司
交通銀行
泉州銀行
招商銀行泉州石獅支行
南洋商業銀行有限公司
石獅農商銀行
渣打銀行(香港)有限公司
永隆銀行

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股份代號

香港聯合交易所有限公司：1400

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

OVERVIEW

During the Year, the Group recorded revenue of approximately RMB780.3 million, representing an increase of approximately 16.4% as compared with the corresponding period of last year, and profit attributable to owners of the company declined from loss of approximately RMB23.3 million in 2015 to loss of approximately RMB331.0 million in 2016, representing a decrease of approximately 13 times as compared with last year. The increase in revenue was mainly attributable to the introduction of new business of sales of PEI which carried approximately RMB332.6 million. Trading sales of PEI was commenced in the early 2016 which was carried out by the overseas trade department of the Group with a number of customers in the Philippines. Sales of PEI brought forth gross profit margin of 6.0% in 2016, after a discount of 5% was offered to the customers of PEI as the quality of the products was unsatisfactory which was amounted to be approximately RMB11.7 million. The decrease in net profit attributable to owners of the Company was mainly due to impairment of trade receivables of approximately RMB129.9 million, impairment of prepayments of approximately RMB54.9 million, impairment of property, plant and equipment of approximately RMB15.5 million, impairment of an investment in an associate which is accounted for using equity method of RMB60 million, and the increase in finance cost for higher borrowings to finance the working capital.

INDUSTRY REVIEW

During the Year, the PRC economy was at the stage of transformation with structural adjustment, showing increasing downward pressure. The growth of GDP for the year was only 6.7%. Negatively affected by the macro economy, the Chinese textile industry was also under growing pressure, featuring a shift in growth drivers, continuous adjustments and an overall stable performance.

According to the statistics released by the China Cotton Textile Association, the production volume of the yarns increased by 5.5% to approximately 37.33 million tonnes in 2016 whereas the production volume of fabrics decreased by 1.6% to approximately 714.46 billion meters in 2016. This demonstrated a slowing down production volume of textile products in 2016 mainly because of sluggish demand from the garment manufacturing customers.

概覽

於本年度，本集團錄得收益約人民幣780.3百萬元，較去年同期增加約16.4%，而本公司擁有人應佔溢利由二零一五年虧損約人民幣23.3百萬元減少至二零一六年虧損約人民幣331.0百萬元，較去年減少約十三倍。收益增加主要歸因於引進銷售工程塑料新業務貢獻約人民幣332.6百萬元。工程塑料買賣於二零一六年初開展，由本集團的海外貿易部門與數位菲律賓客戶進行。銷售工程塑料於二零一六年帶來6.0%的毛利率。由於產品品質欠佳，給予工程塑料客戶5%折扣後，有關金額為約人民幣11.7百萬元。本公司擁有人應佔純利減少則主要由於貿易應收賬款減值約人民幣129.9百萬元、預付款項減值約人民幣54.9百萬元、物業、廠房及設備減值約人民幣15.5百萬元、按權益法入賬的聯營公司投資減值人民幣60百萬元以及就營運資金增加借款金額致使融資成本增加所致。

行業回顧

於本年度，中國經濟正處於結構調整的轉型期，經濟下行壓力增大，而年內的GDP增速僅為6.7%。受宏觀經濟環境的負面影響，中國紡織行業發展壓力亦加大，顯現出增長動力轉換、調整持續推進和運行大體平穩的特點。

根據中國棉紡織行業協會的統計數據，二零一六年紗線產量增加5.5%至約37.33百萬噸，而二零一六年面料產量減少1.6%至約7,144.6億米，表明二零一六年紡織品產量因來自服裝生產客戶的需求薄弱而放緩。

In terms of raw materials, as implementation of the cotton policy reform by the PRC government drove cotton prices being increasingly market-oriented and narrowed the gap between domestic and overseas prices, coupled with the growth in end-user spending, cotton prices showed an improving trend. According to the Cotton A Index, the average price for cotton in China during the year was approximately RMB15,863 per ton, representing a year-on-year increase of approximately 15.2%. Overseas cotton prices also increased due to stronger demand. The average global market price for cotton, according to the Cotlook A Index, was approximately 75.62 US cents per pound, representing a year-on-year increase of approximately 7.4%. In the long run, the narrowing gap between domestic and overseas cotton prices will help improve the overall competitiveness of China's exporting textile manufacturing industry.

BUSINESS REVIEW

During 2016, as the domestic cotton price was on a decline path due to weak recovery of the global economy, sluggish textile demand and impact from imported textile products, the selling price of China's textile products decreased accordingly, narrowing down the gross profit margin of textile products of the Group.

Revenue of the Group comprises sales of grey and dyed garment fabrics, cotton yarns and PEI. During the Year, fabrics continued to be the major products of the Group, which contributed to approximately 57.4% of the Group's total revenue for the year, amounting to approximately RMB447.7 million, representing a decrease of approximately 25.2% when compared to that of last year. Sluggish demand dragged down the sales volume. The Group's production capacities were similar to the last year's level whereas the utilisation rate decreased given the decreasing the sales volume. For the year ended 31 December 2016, the production of yarn was hindered by the staged market demand and no revenue was derived from yarn compared to RMB72.7 million in last year for internal transfer of all yarn products as part of raw materials to manufacture the fabrics products. The Group started the sales of PEI in early 2016 and the sales revenue amounted to approximately RMB332.6 million.

Regarding the PEI business

The main reason for the Group to start the PEI business was to explore a new business segment that might improve the declining profitability of the Group.

原材料方面，中國政府實行棉花政策改革以來，棉花價格日益市場化，與國際市場逐漸接軌，同時受惠於終端消費增長，棉花價格呈現改善趨勢。年內，中國棉花價格A指數平均約為每噸人民幣15,863元，同比上升約15.2%；外棉價格由於需求強勁而有所增長，國際市場Cotlook A指數平均每磅約為75.62美分，同比上升約7.4%。長期來看，內外棉價差的持續收窄有利於增強中國出口紡織製造行業整體競爭力。

業務回顧

二零一六年，全球經濟復甦乏力，紡織品需求持續低迷，加上受進口紡織品的衝擊，國內棉花價格處於回落態勢，中國紡織品銷售價格亦隨之下降，導致本集團紡織產品的毛利空間收窄。

本集團之收益包括坯布、色布、棉紗線及工程塑料的銷售。於本年內，面料繼續為本集團主要產品，佔本集團年內總收益約57.4%，為約人民幣447.7百萬元，較去年同期減少約25.2%。需求低迷拉低銷量。本集團產能與去年相若，惟使用率因銷量減少而有所降低。截至二零一六年十二月三十一日止年度，紗線產量被市場需求壓抑，以致紗線概無產生收益，而去年收益為人民幣72.7百萬元，其主要由於內部轉讓全部紗線產品（作為部分原材料）用以生產面料產品所致。本集團於二零一六年初開始銷售工程塑料，而銷售收益約為人民幣332.6百萬元。

關於工程塑料業務

本集團開展工程塑料業務的主要原因是探索可改善本集團盈利能力下降的新業務分部。

The sluggish consumer market has impacted the development of the textile industry in China, especially in Shishi City and Jinjiang City, which is an important domestic footwear and apparels base in China. The situation was worsen by more stringent environmental restrictions which have resulted in shrinking production capacity, closure of cloth dyeing companies, decrease in sales of clothing enterprises around the region of the Shishi City. The Group's textile production and sales revenue had been seriously affected and experienced a serious decline in gross and net profits.

In mid-2015, the Group has been looking for new business opportunity to diversify as well as improve the Group's operating results. The Group has searched for and considered various trading opportunities and started the trading of PEI in early 2016. PEI was the raw materials for the production of plastic items that can be a replacement for iron and wood in the production of components for electrical appliances, motor vehicles, machinery and equipment, etc. PEI is the side products of petroleum and is produced in countries including Saudi Arabia and other petroleum production countries, and is traded worldwide. The trading of PEI has already been a fast growing segment in the modern global plastic industry.

The Group anticipated that there was sufficient liquidity in the first half of 2016 which could allow longer credit period to customers, therefore, the Group commenced the business of PEI trading with a gross margin of approximately 10% which was better than the existing business segments of approximately -6%.

The Group started the trading of PEI in January 2016 when the first shipping of goods made.

To the best knowledge of the Directors, all the PEI customers are non-related parties with each other and are not related parties of the Group.

消費市場疲軟已影響中國紡織業發展，尤其是石獅市及晉江市(為中國國內重要的鞋類及服裝基地)。更嚴格的環境限制使情況惡化，導致生產能力下降，布染企業倒閉，石獅市附近地區服裝企業銷量下降。本集團的紡織生產及銷售收入已受到重大影響，毛利及純利大幅下滑。

於二零一五年年中，本集團不斷尋找新商機以豐富及提高本集團的經營業績。鑒於目前紡織業疲弱，本集團已尋求及考慮多個交易機會，並於二零一六年初開始買賣工程塑料。工程塑料為生產塑料項目的原材料，其可為生產電器、汽車、機器及設備的部件時鐵及木的替代品。工程塑料為石油的副產品，產於包括沙特阿拉伯及其他石油生產國等國家，並在全球買賣。工程塑料買賣已成為現代全球塑料行業快速增長的分部。

本集團預期，二零一六年上半年流動資金充裕，可延長客戶信貸期。因此，本集團開展工程塑料買賣業務的毛利率約為10%，高於現有業務分部約-6%。

本集團於二零一六年一月首次發貨時開始工程塑料買賣。

據董事所深知，所有工程塑料客戶彼此均為非關聯方，亦非本集團的關聯方。'

The average selling price of fabrics decreased by approximately 8.5% to RMB14.0 per meter (2015: RMB14.6 per meter) when compared with the last year. The average unit cost of fabrics and yarns maintained at similar level over the last two years (2016: RMB13.99 per meter whereas 2015: RMB15.0 per meter). The sales of PEI brought forth the gross margin upward with its high gross profit margin of around 6.0% for the year ended 31 December 2016. The gross profit margin for the year ended 31 December 2016 turned from gross profit margin 1.3% in 2015 to gross loss margin of 2.7% in 2016 because of the above mentioned reason.

Increase in general and administrative expenses and finance costs outweighed by decrease in selling and distribution expenses pulled loss attributable to the owners of the Company further to loss of approximately RMB331.0 million for the year ended 31 December 2016 from loss of approximately RMB23.3 million for the year ended 31 December 2015. Significant increase in general and administrative expenses was mainly due to impairment of prepayments of approximately RMB54.9 million, impairment of trade receivables of approximately RMB129.9 and impairment of property, plant and equipment of approximately RMB15.5 million.

During the Year, the Group adjusted product portfolio in response to the ever-changing market, resulting in a reduction of its inventory level.

面料平均售價較去年下降約8.5%至每米人民幣14.0元(二零一五年：每米人民幣14.6元)。過去兩年，面料及紗線平均單位成本維持在相若水平(二零一六年：每米人民幣13.99元；二零一五年：每米人民幣15.0元)。截至二零一六年十二月三十一日止年度，銷售工程塑料約6.0%的高毛利率拉高整體毛利率。截至二零一六年十二月三十一日止年度，毛利率因上述原因由二零一五年毛利率1.3%轉為二零一六年毛損率2.7%。

銷售及分銷開支減幅超逾一般及行政開支及融資成本增幅，使本公司擁有人應佔虧損由截至二零一五年十二月三十一日止年度虧損約人民幣23.3百萬元進一步擴大至截至二零一六年十二月三十一日止年度虧損約人民幣331.0百萬元。一般及行政開支的大幅增長主要由於預付款項減值約人民幣54.9百萬元、貿易應收款項減值約人民幣129.9百萬元以及物業、廠房及設備減值約人民幣15.5百萬元所致。

於本年度，本集團通過調整產品組合以應對市場不斷變化，從而降低其存貨水平。

PROPOSED VERY SUBSTANTIAL ACQUISITION

On 11 January 2017 and 20 March 2017, a wholly-owned subsidiary of the Company entered into certain conditional sale and purchase agreements to acquire an aggregate of 96.7% equity interest in Iron Mining International (Mongolia) Company (“Iron Mining”) by way of the allotment and issue of new shares of the Company (the “Acquisition”). Iron Mining and its subsidiaries (the “Target Group”) are principally engaged in the exploration, mining, processing, sale and marketing of iron ore in Mongolia.

The Board is of the view that the Acquisition will be beneficial to the Shareholders of the Company. The Board of Directors is aware that the recent financial performance of the Group was negatively impacted by the volatile textile industry and will face various challenges and uncertainties ahead. The Board intends to diversify and navigate the adverse effect of such challenges and uncertainties with the potential of the business of the Target Group. The industry of the Target Group is heavily regulated and supervised by the relevant authorities and therefore the mining industry has high entrance barriers to the competitors and constraints on carrying out the mining business in Mongolia which is favourable to the Company upon completion of the Acquisition (“Completion”). The settlement of the consideration of the Acquisition through the issue of consideration shares allows the Company to minimise its funding costs.

The Acquisition constitutes a very substantial acquisition, a connected transaction and a reverse takeover involving a new listing application to the Company, as such, the Completion is subject to certain conditions precedent including the approval of deemed new listing of the Group including the Target Group and the approval from the independent shareholders of the Company. For details of the Acquisition, please refer to the announcements of the Company dated 13 March 2017 and 21 March 2017.

建議非常重大收購

於二零一七年一月十一日及二零一七年三月二十日，本公司全資附屬公司訂立若干有條件買賣協議以透過配發及發行本公司新股份的方式收購鐵礦業國際(蒙古)有限公司(「鐵礦業」)合共96.7%股權(「收購事項」)。鐵礦業及其附屬公司(「目標集團」)主要於蒙古從事鐵礦石的勘探、採集、加工、銷售及營銷。

董事會認為，收購事項將有利於本公司股東。董事會意識到本集團近期財務表現受紡織品行業波動的負面影響，而紡織品行業未來亦將面臨各種挑戰及不確定因素。董事會有意借助目標集團的業務潛力分散及抵銷該等挑戰及不確定因素的不利影響。目標集團的行業受相關機關緊密監管及監督，因此開採行業對競爭者而言進入壁壘高，及在蒙古進行開採業務受到限制，故這於收購事項完成(「完成」)後對本公司有利。收購事項的代價透過發行代價股份結算，可讓本公司盡量減少融資成本。

收購事項構成本公司一項非常重大收購、一項關連交易及一項涉及新上市申請人的反收購，因此，完成須待滿足若干先決條件(包括本集團(包括目標集團)被視為新上市申請批准及本公司獨立股東批准)後，方可作實。有關收購事項詳情，請參閱本公司日期為二零一七年三月十三日及二零一七年三月二十一日的公告。

PROSPECT

This is still a fierce competition in the PRC's textile industry, yet the market is immense and highly fragmented. A number of players in the textile industry are consolidated with survival of relatively strong competitive manufacturers in the industry. In 2017, the Group will remain focusing on extending its reach into domestic market, retain the existing market presence and step forward to the overseas trading market. The Group is more determined than ever to enhance its profitability to optimising the existing product portfolio and developing new invented and improved quality products that meet market demand.

The Group will continue to develop its overseas trading activities through its Hong Kong subsidiary.

The Group has already completed the construction of the second phase of Hubei Production Facilities in the second quarter of 2016, but as the textile industry is still gloomy, the Group is finding a suitable time to arrange installation of production equipment and commence production. The Group will make further announcement as and when appropriate.

Looking forward, the Group still focuses on the Group's three existing business segments, namely production of fabrics and yarns as well as trading of PEI. The Group will also restructure the fabric products series mix from existing five series, interwoven fabric with multi-fibres series, slub series, blended series, stretch fabric series and pure cotton series to a new fabric products series mix to retain the series with stable gross profit margin, add some new potential product series with higher gross profit margin and eliminate those series with low or even negative gross profit margin. The Group will also develop new fabric products with synthetic fiber, diversify the product types and enhance the gross profit margins. Acquisition of an associate, Baixin (China) Co., Ltd. can expand the production scale, benefit from the synergy effect and enhance the Group's profitability. The Group will also actively carry out the sales and marketing activities through the Group's sales and marketing department in Shishi and Hubei. The Group intends to establish the sales offices in Guangzhou and Changshu for promotion of the Group's products in Guangdong and Jiangsu provinces.

前景

中國紡織市場雖然競爭激烈，但市場規模龐大而且高度分散。紡織行業多家公司進行整合，唯有業內實力雄厚並具競爭力的製造商方可存活。於二零一七年，本集團將會繼續集中擴展其於國內市場的份額、鞏固現時的市場地位及進軍海外貿易市場。本集團將比以往更堅決改良現有產品組合、開發新品及改良可滿足市場需求的產品，藉此提高盈利能力。

本集團將一直透過其香港附屬公司繼續開發海外買賣業務。

本集團已於二零一六年第二季完成湖北生產設施第二期建設，惟鑒於紡織業蕭條，本集團正尋覓適當時機安排設備安裝及投運。本集團將於適當時候進一步刊發公告。

展望未來，本集團將繼續專注於本集團的三個現有業務分部，即面料及紗線生產以及買賣工程塑料。本集團亦將重整由五個現有系列混合的面料產品系列（即多種纖維交織系列、竹節系列、混紡系列、彈力系列及純棉系列）至新面料產品系列組合，以保持系列的穩定毛利率、加入若干高毛利率的新潛在產品系列及排除低毛利率或甚至負毛利率的系列。本集團亦將以人造纖維發展新面料產品，以分散產品種類及提升毛利率。收購聯營公司百鑫（中國）有限公司可擴闊生產規模、獲益於協同效益及提升本集團的盈利能力。本集團亦將透過本集團於石獅及湖北的銷售及市場推廣部門積極進行銷售及市場推廣活動。本集團有意於廣州及常熟建立銷售辦事處，以於廣東及江蘇省推廣本集團的產品。

The Group is now undertaking a very substantial acquisition as described above, but the Group will endeavour to improve the operations during the course.

With the above strategies, we hope not only to maintain the strategic position but to enhance the quality of products, boost our revenue and improve the profitability and customer loyalty.

FINANCIAL REVIEW

Turnover

The Group's revenue increased by 16.4% from approximately RMB670.3 million for the year ended 31 December 2015 to approximately RMB780.3 million for the year ended 31 December 2016. Such increase in the revenue was mainly due to following factors:

- (i) revenue of our fabrics products decreased from approximately RMB597.5 million in 2015 to approximately RMB447.7 million in 2016. Such decrease in the revenue of our fabric products was primarily due to decline in the average selling price from around RMB14.6 per meter in 2015 to RMB14.0 per meter in 2016 mainly due to downward market trend of domestic prices;
- (ii) revenue of yarn products decreased from approximately RMB72.7 million in 2015 to nil in 2016. Such decrease in the revenue of our yarn products was primarily due to internal transfer of all yarn products as part of raw materials to manufacture the fabric products during 2016; and
- (iii) revenue of trading of PEI was approximately RMB332.6 million. As the quality of PEI was in dispute with certain customers, the Group agreed to offer a discount of 5% which was amounted to be approximately RMB11.7 million.

誠如上述，本集團目前正進行一項非常重大收購，惟本集團將同時致力改善其營運。

憑藉上述策略，吾等希望不僅能夠維持策略性定位，而且能夠提高產品質量，從而推高收益、改善盈利能力及加強客戶忠誠度。

財務回顧

營業額

本集團的收益由截至二零一五年十二月三十一日止年度約人民幣670.3百萬元，增加16.4%至截至二零一六年十二月三十一日止年度約人民幣780.3百萬元。收益增加主要由於下列因素：

- (i) 吾等的面料產品收益由二零一五年約人民幣597.5百萬元，減少至二零一六年約人民幣447.7百萬元。吾等的面料產品收益減少主要是由於平均售價因國內價格呈下降市場趨勢由二零一五年約每米人民幣14.6元下降至二零一六年約每米人民幣14.0元；
- (ii) 紗線產品收益由二零一五年約人民幣72.7百萬元，下降至二零一六年零元。吾等紗線產品的收益減少，主要是由於二零一六年的內部轉讓全部紗線產品(作為部分原材料)用以生產面料產品所致；及
- (iii) 工程塑料買賣的收益約人民幣332.6百萬元。由於本集團與客戶出現有關工程塑料品質的爭議，故此本集團同意給予5%的折扣，有關金額約為人民幣11.7百萬元。

Cost of sales

The cost of sales increased to approximately RMB801.2 million for the year ended 31 December 2016 from approximately RMB661.9 million for the year ended 31 December 2015, mainly due to more raw materials and consumables used for growth in sales revenue.

銷售成本

截至二零一六年十二月三十一日止年度，銷售成本由截至二零一五年十二月三十一日止年度約人民幣661.9百萬元增加至約人民幣801.2百萬元，主要是因為銷售收益增加導致所用原材料及消耗品增加。

The following table sets forth a breakdown of the revenue, sales volume, average unit selling price of the products of the Group in 2016 and the comparative figures in 2015:

下表載列於二零一六年本集團產品的收益、銷量及平均單位售價明細及二零一五年比較數字：

	Year ended 31 December 2016 截至二零一六年十二月三十一日止年度					Year ended 31 December 2015 截至二零一五年十二月三十一日止年度								
	Revenue RMB'000 人民幣千元	% of total revenue 估總收益 百分比	Sales volume 銷量 km 千米	Average unit selling price 平均 單位售價 RMB/m 人民幣元/米	Unit cost 單位成本 RMB/m 人民幣元/米	Cost of sales 銷售成本 RMB'000 人民幣千元	Gross margin 毛利率	Revenue RMB'000 人民幣千元	% of total revenue 估總收益 百分比	Sales volume 銷量 km 千米	Average unit selling price 平均 單位售價 RMB/m 人民幣元/米	Unit cost 單位成本 RMB/m 人民幣元/米	Cost of sales 銷售成本 RMB'000 人民幣千元	Gross margin 毛利率
Fabrics														
Interwoven Fabric with multi-fibres series	345,448	44.3	24,912.2	13.9	15.2	378,707	-9.6%	435,230	65.0%	29,810.3	14.6	14.3	426,214	5.1%
Slub series	23,187	3.0	1,676.4	13.8	15.6	26,076.3	-12.5%	35,031	5.2%	2,274.7	15.4	17.0	38,671	-10.4%
Blended fabric series	26,103	3.3	1,891.5	13.8	14.6	27,556.6	-5.6%	32,474	4.8%	2,423.4	13.4	12.9	31,262	3.7%
Stretch fabric series	28,334	3.6	1,891.6	15.0	15.6	29,450.6	-3.9%	45,008	6.7%	2,961.1	15.2	15.2	45,008	0.0%
Pure cotton series	24,650	3.2	1,577.4	15.6	17.0	26,786.2	-8.7%	35,490	5.3%	2,381.9	14.9	16.1	38,348	-8.1%
Sub-total	447,722	57.4	31,949.1			488,576.7	-8.1%	583,233	87.0%	39,851.4			579,503	0.6%
Yarns														
紗線	-	-	tonne	RMB/tonne	RMB/tonne	-	-	87,022	13.0%	tonne	RMB/tonne	RMB/tonne	82,397	5.3%
Cotton yarns	-	-	噸	人民幣元/噸	人民幣元/噸	-	-	噸	人民幣元/噸	5,483.9	15,868.5	15,025.2	噸	人民幣元/噸
Trading														
貿易	332,588	42.6%	2,250.5	147,781.9	138,891.8	312,576.0	6.0%	-	-	-	-	-	-	-
PEI	-	-	-	-	-	-	-	-	-	-	-	-	-	-
工程塑料	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	780,310	100.0%						670,255	100.0%					

Gross profit and gross profit margin

The decrease in gross profit by 147.6% from approximately gross profit of RMB8.4 million for the year ended 31 December 2015 to gross loss of approximately RMB20.8 million for the year ended 31 December 2016 was mainly due to gross losses incurred from sales of fabric products of approximately RMB25.3 million and provision for impairment of yarn production equipment of approximately RMB15.5 million.

In view of slowing down cotton yarns production activities and sluggish demand for the yarns, the carrying amount of the machinery and equipment using for cotton yarns production has been reduced to its recoverable amount through recognition of an impairment loss of approximately RMB15.5 million during the year.

The gross profit margin decreased from gross profit margin of 1.3% for the year ended 31 December 2015 to gross loss margin of 2.7% for the year ended 31 December 2016. Such decrease was mainly due to gross loss margin of 5.7% incurred by fabrics products segment and provision for impairment made.

For the year 2016, the sale of the Group's fabric was much impacted, in both quantity of sales and pricing, by the sluggish economy in Shishi City and Fujian areas where the historically well-known footwear and apparels base in China. The total sales of fabric of the Group decreased from RMB597.5 million (gross profit of RMB6.9 million) in 2015 to RMB447.7 million (gross loss of RMB25.3 million) in 2016, while the gross profit margin decreased from 1.1% in 2015 to -5.7% in 2016. The main reason of the decrease in gross profit and margin in 2016 was due to the decrease in selling price where the Group's average selling price of fabrics decreased from approximately RMB14.6 per meter in 2015 to approximately RMB14.0 per meter in 2016, a decrease of 4.1%. In terms of cost of goods sold, although the cost of raw material increased in the second half of 2016, the impact was offset by the decrease in other production costs such as labour cost and manufacturing overhead due to the reduction in production capacity and strengthened cost control.

毛利及毛利率

毛利由截至二零一五年十二月三十一日止年度毛利約人民幣8.4百萬元，減少147.6%至截至二零一六年十二月三十一日止年度毛損約人民幣20.8百萬元，主要由於銷售面料產品產生約人民幣25.3百萬元之毛損及就紗線生產設備約人民幣15.5百萬元作出減值撥備所致。

於本年度，有鑒於棉紗生產業務漸緩及紗線需求表現呆滯，用於生產棉紗線的機器及設備賬面值已通過確認約人民幣15.5百萬元之減值虧損減至其可收回金額。

毛利率由截至二零一六年十二月三十一日止年度毛利率2.7%，減少至截至二零一六年十二月三十一日止年度毛損率1.3%。有關減少主要由於面料產品分部產生毛損率5.7%及作出減值撥備所致。

就二零一六年而言，由於石獅市及福建地區（中國歷史上知名的鞋類及服飾基地）經濟低迷，本集團面料的銷售在銷量及定價方面大受影響。本集團面料的總銷售額由二零一五年的人民幣597.5百萬元（毛利人民幣6.9百萬元）下降至二零一六年之人民幣447.7百萬元（毛損人民幣25.3百萬元），而毛利率則由二零一五年的1.1%下降至二零一六年之-5.7%。二零一六年毛利及毛利率下降的主要原因為售價下降，其中本集團的面料平均售價由二零一五年每米約人民幣14.6元下降4.1%至二零一六年每米約人民幣14.0元。於已售貨物成本方面，雖然原材料成本於二零一六年下半年有所上漲，但由於生產能力下降及加強成本控制，該影響已被其他生產成本（如勞工成本及製造費用）之下降抵銷。

Selling and distribution expenses

The decrease in selling and distribution expenses by 18.5% from approximately RMB5.4 million for the year ended 31 December 2015 to approximately RMB4.4 million for the year ended 31 December 2016 was mainly due to lower expenses of approximately RMB1.0 million on transportation of grey yarns for dyeing incurred by our Hubei Production Facilities.

General and administrative expenses

The significant increase in general and administrative expenses by 638.3% from approximately RMB30.0 million for the year ended 31 December 2015 to approximately RMB221.5 million for the year ended 31 December 2016 was mainly due to impairment of trade receivables of approximately RMB129.9 million, impairment of prepayments of approximately RMB54.9 million were made during the Year.

A provision of approximately RMB129.9 million based on the provision policies for trade receivable of the Group, being provision of approximately RMB41.3 million made for long overdue customers with another provision of approximately RMB88.6 million made for based on ageing profile of the receivables.

Prepayments for purchase of raw materials were made to a number of suppliers during 2016 who had financial difficulty and/or under the compulsory property preservation orders by November 2016. The management made effort to collect the prepayments but unsuccessful, so full provision of approximately RMB54.9 million was made for such prepayment amount.

Other income

Decrease in other income by 36.0% from approximately RMB17.5 million for the year ended 31 December 2015 to approximately RMB11.2 million for the year ended 31 December 2016 was mainly due to decrease in government grants received of approximately RMB10.2 million.

Other losses

Increase in other losses from approximately RMB1.5 million for the year ended 31 December 2015 to approximately RMB9.8 million was mainly due to net loss of disposal of property, plant and equipment of approximately RMB9.5 million.

銷售及分銷開支

銷售及分銷開支由截至二零一五年十二月三十一日止年度約人民幣5.4百萬元，減少18.5%至截至二零一六年十二月三十一日止年度約人民幣4.4百萬元，主要由於吾等湖北生產設施運輸坯布進行染色產生約人民幣1.0百萬元的較低開支。

一般及行政開支

一般及行政開支由截至二零一五年十二月三十一日止年度約人民幣30.0百萬元，大幅增加638.3%至截至二零一六年十二月三十一日止年度約人民幣221.5百萬元，主要由於在本年度作出的貿易應收款項減值約人民幣129.9百萬元及預付款項減值約人民幣54.9百萬元。

年內根據撥備政策，就本集團貿易應收款項作出約人民幣129.9百萬元的撥備，已就長期逾期客戶作出約人民幣41.3百萬元的撥備，並根據應收款項賬齡組合作出約人民幣88.6百萬元的另一項撥備。

就購買原材料向於二零一六年向若干有財政困難及／或於二零一六年十一月前已獲發強制財產保全令的供應商所支付的預付款項而言，管理層已盡力收回預付款項，惟成果不然，因此，已於就該等預付款項作出約人民幣54.9百萬元的悉數撥備。

其他收入

其他收入由截至二零一五年十二月三十一日止年度約人民幣17.5百萬元，減少36.0%至截至二零一六年十二月三十一日止年度約人民幣11.2百萬元，主要由於收取政府補助減少約人民幣10.2百萬元。

其他虧損

其他虧損由截至二零一五年十二月三十一日止年度約人民幣1.5百萬元增加至約人民幣9.8百萬元，主要由於出售物業、廠房及設備虧損淨額人民幣9.5百萬元所致。

Finance costs

The increase in finance costs by 109.0% from approximately RMB25.5 million for the year ended 31 December 2015 to approximately RMB53.3 million for the year ended 31 December 2016 was mainly due to increase in the average balance of borrowings in order to meet our needs of working capital as a result of our business expansion to finance the construction of the second phase of our Hubei Production Facilities as well as to finance the acquisition of an associate, Baixin (China) Co., Ltd., during the year.

Share of loss of investment accounted for using equity method

By application of equity method, the Group incurred a share of loss of investment in an associate of approximately RMB3.1 million as the market demand for the associate's products was lower than the expectation of the Group.

Impairment for investment accounted for using equity method

On 18 July 2016, the Group completed the transaction to acquire a 50% equity interests in Baixin (China) Co., Ltd ("Baixin") at a consideration of RMB150,000,000. Baixin became an associated company of the Group. Baixin is a company in Hubei province of China principally engaged in the manufacturing and sales of yarn and cotton fabric products which the management believed would bring synergy to the operations of the Group's production plant in Hubei.

The Group conducted legal and financial due diligence before the acquisition of the 50% equity interest of Baixin, including review of its audited financial statements for the year ended 31 December 2015. The Group also appointed an independent assets valuation firm to appraise Baixin's property and land use right. The consideration of RMB150.0 million for the 50% equity interest in Baixin was determined with reference to the fair value of Baixin of around RMB320.3 million as estimated by the Group prior to the acquisition. This fair value of Baixin was estimated with reference to the fair value of Baixin, based on a discounted cash flow model.

The investment in Baixin is accounted for as an associated company of the Group and is accounted for under equity method of accounting.

融資成本

融資成本由截至二零一五年十二月三十一日止年度約人民幣25.5百萬元，上升109.0%至截至二零一六年十二月三十一日止年度約人民幣53.3百萬元，主要由於年內借款平均結餘增加，以配合吾等業務擴張的營運資金需求、為吾等湖北生產設施第二期興建工程撥資及為收購一家聯營公司百鑫(中國)有限公司提供撥資。

分佔按權益法入賬的投資虧損

本集團按權益法釐定分佔聯營公司的投資虧損約人民幣3.1百萬元，此乃由於聯營公司產品的市場需求低於本集團預期。

按權益法入賬的投資減值

於二零一六年七月十八日，本集團完成交易，按人民幣150,000,000元的代價收購百鑫(中國)有限公司(「百鑫」)的50%股權。百鑫成為本集團的聯營公司。百鑫為一間位於中國湖北省的公司，主要從事銷售紗線及棉質面料產品，管理層認為此將為本集團湖北生產工廠的經營帶來協同效應。

收購百鑫50%股權前，本集團已進行法律及財務盡職審查，包括審閱其截至二零一五年十二月三十一日止年度經審核財務報表。本集團亦委任一間獨立資產估值公司評估百鑫的物業及土地使用權。百鑫50%股權的代價人民幣150.0百萬元經參考於收購前本集團估計的百鑫公平值約人民幣320.3百萬元而釐定。此百鑫公平值經參考按貼現現金流量模式計算的百鑫公平值而估計得出。

於百鑫的投資作為本集團一間聯營公司入賬並根據權益會計法入賬。

The Group acquired the 50% equity interest in Baixin with the belief that Baixin would bring synergy to the operations of the Group's production plant in Hubei. However, the demand for cotton fabric in the region decreased in the second half year of 2016 and Baixin incurred losses for 2016, which was out of the expectation of the management of the Group. In view of these impairment indicators, as at 31 December 2016, the management of the Group carried out an impairment assessment of the investment in Baixin. In assessing the recoverable amount of the investment in Baixin, management identified the associate as one cash generating unit ("CGU") and its recoverable amount was determined as the higher of the (i) fair value less cost of disposal, and (ii) value in use of the CGU, being the present value of the future cash flows expected to be derived from the CGU determined by using a discounted cash flow model.

The recoverable amount of the investment in Baixin was therefore determined with reference to the value in use calculation of the CGU of RMB175.3 million. As a result, the Group recognized a provision of impairment amounting to RMB60.0 million, to write down the carrying amount of investment in associate to RMB86.9 million (Note 10 of the financial statements).

The significant decrease in net assets of Baixin from RMB320.3 million as at 31 December 2015 (as stated in the announcement of the Company dated 18 July 2016) to RMB175.3 million as at 31 December 2016 was because of the decrease in fair value as determined based on the value in use of Baixin, being the present value of the future cash flows expected to be derived from the CGU determined by using a discounted cash flow model, as a result of the change in market condition that affected management's estimate of the future cash flows to be generated by Baixin.

Income tax credit

The Group's income tax credit increased by 51.8% to tax credit of approximately RMB16.7 million in 2016 from tax credit of approximately RMB11.0 million in 2015. The increase was primarily due to increase in deferred tax income from RMB11.0 million in 2015 to approximately RMB16.7 million in 2016.

本集團收購百鑫50%股權，相信百鑫將為本集團的湖北生產工廠經營帶來協同效應。然而，二零一六年下半年該地區棉質面料需求下降，且百鑫二零一六年產生虧損，此乃出乎本集團管理層預期。鑒於該等減值跡象，於二零一六年十二月三十一日，本集團管理層就於百鑫的投資進行減值評估。於評估於百鑫投資的可收回金額時，管理層將聯營公司視為一個現金產生單位（「現金產生單位」），而其可收回金額根據以下較高者釐定(i)公平值減出售成本，及(ii)現金產生單位的使用價值，即預期來自現金產生單位的未來現金流量的現值，使用貼現現金流量模式釐定。

因此，百鑫投資的可收回金額是參照現金產生單位的使用價值計算釐定為人民幣175.3百萬元。因此，本集團確認減值撥備人民幣60.0百萬元，將聯營公司投資的賬面值撇減至人民幣86.9百萬元（財務報表附註10）。

百鑫資產淨值從二零一五年十二月三十一日的人民幣320.3百萬元（誠如本公司日期為二零一六年七月十八日的公告所述）大幅下降至二零一六年十二月三十一日的人民幣175.3百萬元，原因為影響管理層對百鑫所產生未來現金流量的估計的市況變動導致根據百鑫使用價值（即透過採用貼現現金流量模型而釐定的現金產生單位所預期衍生的未來現金流量現值）而釐定的公平值下降。

所得稅抵免

本集團所得稅抵免由二零一五年稅項撥備約人民幣11.0百萬元增加51.8%至二零一六年稅項抵免約人民幣16.7百萬元，該增加主要由於遞延稅項收入由二零一五年人民幣11.0百萬元增加至二零一六年約人民幣16.7百萬元。

Leasehold land, property, plant and equipment

The Group's leasehold land, property, plant and equipment situated at Shishi and Hubei Production Facilities are land and various buildings in the manufacturing plants. The Group has 100% interest of 2 parcels of land located at Da Sheng Guan Shan Industrial Zone, Huangmei County, Huanggang City, Hubei Province, the PRC with gross floor area of approximately 99,903 square meters. The construction of Hubei Production Facilities was finished and the construction in-progress of approximately RMB76.2 million was transferred to buildings.

Inventories

Decrease in inventories by 22.0% from approximately RMB64.0 million as at 31 December 2015 to approximately RMB49.9 million as at 31 December 2016 was mainly due to decrease of raw materials, work-in-progress and finished goods inventories by approximately RMB12.4 million, approximately RMB5.8 million and approximately RMB7.5 million, respectively, for the effective inventory management.

Trade and other receivables and prepayments

Increase in trade and other receivables and prepayments by 65.2% from approximately RMB415.3 million as at 31 December 2015 to approximately RMB686.2 million as at 31 December 2016 was mainly due to (1) increase of net trade and bills receivables from approximately RMB256.6 million as at 31 December 2015 to approximately RMB530.3 million as at 31 December 2016 for the extension of the average credit period to the customers from 110 days to 181 days offered to the regular loyal customers and (2) lower prepayments of approximately RMB147.9 million after impairment of approximately RMB54.9 million made in 2016 (2015: approximately RMB151.1 million). Provision for impairment of trade receivables of approximately RMB129.9 million was accrued for the year ended 31 December 2016.

租賃土地、物業、廠房及設備

本集團位於石獅及湖北生產設施的租賃土地、物業、廠房及設備為各生產廠房內的土地及多棟建築物。本集團在中國湖北省黃岡市黃梅縣大勝關山工業區擁有兩塊地的100%權益，總建築面積約99,903平方米。湖北生產設施已建造完成，而在建工程約人民幣76.2百萬元轉撥至樓宇。

存貨

存貨由二零一五年十二月三十一日約人民幣64.0百萬元，減少22.0%至二零一六年十二月三十一日約人民幣49.9百萬元，主要由於存貨管理有效，致使原材料、在製品及製成品存貨分別減少約人民幣12.4百萬元、約人民幣5.8百萬元及約人民幣7.5百萬元。

貿易及其他應收賬款以及預付款項

貿易及其他應收賬款以及預付款項由二零一五年十二月三十一日約人民幣415.3百萬元增加65.2%至二零一六年十二月三十一日約人民幣686.2百萬元，主要由於(1)將忠實常客的平均信貸期由110天延長至181天致使貿易應收款項及應收票據淨額由二零一五年十二月三十一日約人民幣256.6百萬元增加至二零一六年十二月三十一日約人民幣530.3百萬元及(2)於二零一六年作出約人民幣54.9百萬元減值的預付款項減少約人民幣147.9百萬元(二零一五年：約人民幣151.1百萬元)。截至二零一六年十二月三十一日止年度應計的貿易應收款項減值撥備為約人民幣129.9百萬元。

Trade receivables

The aging profile of the Group's trade receivables in relation to yarns and fabric sales had been much deteriorated since the Group commenced sales to overseas customers in the second half year of 2015. Given the significant overdue of receivables, the Group had reached settlement confirmations with certain customers with trade receivables balances amounting to RMB232,913,000, and a provision of RMB41,257,000 was made against unrecoverable amounts. Regarding the remaining receivables balances of RMB94,628,000, the Group set aside a provisions for impairment totalling RMB88,631,000 based on ageing profile of the receivables.

The Group's new business of trading of PEI had a gross sales of RMB344,308,000 (before the discount described below), which remained unsettled as at 31 December 2016. The sales of PEI were originally on credit terms of 270 days after shipment date which were revised to one year after the date of customer's confirmations according to supplemental agreements entered subsequently in July 2016. The earliest due date of settlement of these receivables will be in May 2017. Moreover, in November 2016, the Group was informed by customers that the PEI products related to sales transactions amounting to RMB234,301,000 were found to have quality issues and requested the Group to offer a discount on the sales amount. After various negotiations with the customers, in March 2017, the Group reached agreements with the relevant customers and a discount of 5% on the original billed amount was granted. The discount of RMB11,715,000 was recorded as a reduction to the gross sales revenue, and the receivables as at 31 December 2016 was adjusted to RMB332,593,000 as a result.

貿易應收款項

本集團與銷售紗線及面料有關貿易應收款項的賬齡狀況自二零一五年下半年本集團開始向海外客戶作出銷售起不太理想。有鑒於應收款項逾期，本集團已聯繫各客戶並與貿易應收款項結餘為人民幣232,913,000元的若干客戶協定結算確認書，已就該等無法收回應收款項作出人民幣41,257,000元的撥備。就餘下應收款項結餘人民幣94,628,000元，本集團根據應收款項的賬齡組合預留合共人民幣88,631,000元的減值撥備。

本集團買賣工程塑料新業務的銷售總額人民幣344,308,000元(下文所述折扣前)於二零一六年十二月三十一日尚未結清。工程塑料銷售的信貸期原為貨品付運後270日，其後根據於二零一六年七月所訂立的補充協議修改為客戶確認銷售日期後一年。結算應收款項的最早到期日將為二零一七年五月。此外，於二零一六年十一月，本集團獲客戶告知，與銷售交易有關人民幣234,301,000元的工程塑料貨品存在品質問題，並要求本集團就銷售金額給予折扣。與客戶進行多次磋商後，本集團於二零一七年三月與有關客戶達成協議，並就原已入賬金額授予5%的折扣。人民幣11,715,000元的折扣入賬為整體銷售收益扣減事項，故於二零一六年十二月三十一日，應收款項已調整至人民幣332,593,000元。

Prepayment

As at 31 December 2016, the Group had made prepayment to suppliers amounted to approximately RMB207.3 million, mainly the prepayments for purchase of cotton yarns for production of fabrics. A number of suppliers during 2016 incurred financial difficulty and the prepayments which may be unrecoverable were fully provided for impairment amounted to approximately RMB54.8 million.

The Group makes prepayments for raw materials purchases with a few major suppliers but not all the suppliers. For suppliers with prepayment arrangements, the Group's policy and procedures of making prepayments to raw materials suppliers involves the signing of Framework Purchase Agreements ("FPA") in February/March of the year. Prepayments are made during the year from time to time at the request of the suppliers with reference to the production plan of the Group, and are subject to approval by the general manager of the Group in China. For each actual purchase made during the year, it is supported by a purchase contract which is legally binding purchase contract.

The Group generally controls the prepayments to suppliers within the amounts of the FPAs entered. However, the purchase quantity and amounts and therefore prepayments to suppliers may be subject to adjustments during the year depending on the changes in product mix and production plan of the Group in response to market and customers' needs and the supply ability of the suppliers.

預付款項

於二零一六年十二月三十一日，本集團已向供應商支付約人民幣207.3百萬元的預付款項，主要為生產面料所用棉紗的採購預付款項。於二零一六年，多名供應商面對財政困難，而可能無法收回的預付款項已作出悉數減值撥備，金額約為人民幣54.8百萬元。

本集團與幾家主要供應商而非所有供應商進行原材料採購時作出預付款項。就有預付款項安排的供應商，本集團向原材料供應商作出預付款項的政策及程序涉及於年內二月／三月簽署框架採購協議（「框架採購協議」）。預付款項乃於年內經參考本集團生產計劃應供應商的要求不時作出，並經本集團的中國總經理批准。年內作出的每筆實際採購均獲具有法律約束力的採購合約支持。

本集團一般於所訂立框架採購協議的金額內控制向供應商支付的預付款項。然而，年內採購數量及採購額以及因此向供應商作出的預付款項可予調整，視乎因應市場及客戶需求及供應商的供應能力而本集團的產品組合及生產計劃的變動而定。

Cash flow

During the year ended 31 December 2016, net cash outflow from operating activities was approximately RMB425.8 million. Compared with the net cash outflow in the last year of approximately RMB127.6 million, the decrease in net cash inflow from the operating activities of approximately RMB298.2 million was mainly due to decrease in profit before income tax by approximately RMB313.4 million, the increase of trade and other receivables of approximately RMB403.6 million and impairment of prepayment of approximately RMB54.9 million, impairment of trade receivables of approximately RMB129.9 million and impairment of property, plant and equipment of approximately RMB15.5 million.

Net cash inflow from the investing activities in 2016 was approximately RMB246.3 million. Increase of net cash inflow from the investing activities of approximately RMB692.6 million as compared with the last year was mainly due to net decrease in time deposit of approximately RMB319.6 million.

The net cash inflow from the financing activities in the year 2016 was approximately RMB128.2 million which was lower than approximately RMB494.1 million in 2015 was mainly due to no issuance of placing share during 2016.

Liquidities and financial resources

The Group's primary uses of cash are to satisfy our working capital needs and our capital expenditure needs. Since our establishment, our working capital needs and capital expenditure requirements have been principally financed through a combination of shareholders' equity, cash generated from operations, bank borrowing and other borrowings.

The Group adopts a prudent cash and financial management policy. In order to achieve better cost control and minimize the cost of funds, the Group's treasury activities and centralised and cash and cash equivalents are generally deposited with certain financial institutions such as banks denominated mostly in Renminbi and Hong Kong dollars.

現金流量

截至二零一六年十二月三十一日止年度，從營業活動所得現金淨流出約人民幣425.8百萬元。相比去年現金淨流出約人民幣127.6百萬元，從營業活動所得現金淨流入減少約人民幣298.2百萬元，主要因為除所得稅前溢利減少約人民幣313.4百萬元、貿易及其他應收賬款增加約人民幣403.6百萬元、預付款項減值約人民幣54.9百萬元、貿易應收款項減值約人民幣129.9百萬元以及物業、廠房及設備減值約人民幣15.5百萬元。

二零一六年投資活動所得現金淨流入約人民幣246.3百萬元。投資活動現金淨流入較去年增加約人民幣692.6百萬元，主要是因為定期存款淨額減少約人民幣319.6百萬元。

二零一六年從融資活動所得現金淨流入約人民幣128.2百萬元，較二零一五年約人民幣494.1百萬元為低，主要是因為於二零一六年並無發行配售股份。

流動資金及財務資源

本集團的現金主要用於滿足吾等的營運資金需要及資本開支需要。自吾等成立以來，吾等的營運資金需要及資本開支需求一直主要透過股東權益、經營所得現金、銀行借款及其他借款獲得資金支持。

本集團採取審慎的現金及財務管理政策。為更好地控制成本及盡可能降低資金成本，本集團集中管理其財資活動，現金及現金等價物一般存放於銀行等若干金融機構，且大部分以人民幣及港元計值。

Net current assets and working capital

The following table sets forth our current assets, current liabilities, current ratio, quick ratio, gearing ratio and debt to equity ratio as at 31 December 2016:

流動資產淨額及營運資金

下表載列於二零一六年十二月三十一日吾等的流動資產、流動負債、流動比率、速動比率、權益負債比率及債務股本比率：

		As at 31 December	
		於十二月三十一日	
		2016	2015
		二零一六年	二零一五年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current assets	流動資產		
Inventories	存貨	49,937	64,019
Trade and other receivables and prepayments	貿易及其他應收款項及預付款項	686,189	415,306
Cash and bank balances	現金及銀行結餘	4,082	374,983
Restricted bank deposits	受限制銀行存款	20,960	23,368
Total current assets	流動資產總額	761,168	877,676
Current liabilities	流動負債		
Borrowings	借款	261,609	104,111
Trade and other payables	貿易及其他應付款項	149,618	135,758
Current income tax liabilities	即期所得稅負債	986	827
Total current liabilities	流動負債總額	412,213	240,696
Net current assets	流動資產淨額	348,955	636,980
Current ratio	流動比率	184.7%	364.6%
Quick ratio	速動比率	172.5%	338.0%
Gearing ratio	權益負債比率	110.0%	44.6%
Debt to equity ratio	債務股本比率	114.2%	0.7%

Bank and other borrowings

Particulars of borrowings of the Company and the Group as at 31 December 2016 are set out in note 16 to the consolidated financial statements.

Pledge of assets

As at 31 December 2016, the Group's land use rights and buildings, machinery and equipment with an aggregate net book value of approximately RMB265.7 million were pledged to secure banking facilities for purposes of working capital and purchases of fixed assets for the Group (as at 31 December 2015: approximately RMB290.9 million).

Paid in capital

During the Year, 50,000,000 shares were issued pursuant to the exercise of share options granted in 2015. The amount of proceeds from the exercise of the share options were approximately RMB21.3 million.

Upon completion of the share placements and exercise of share options, the total number of issued shares of the Company has increased to 1,550,000,000.

Foreign exchange risk

The Group mainly operates in the mainland China with most of the revenue and expenditure transactions denominated and settled in RMB, where its foreign exchange risk is limited. The Group's exposure to foreign exchange risk is mainly on its sales and purchase transactions (i.e., export or import of products) in Hong Kong which are mainly denominated in USD, and the bonds denominated in HKD. The functional currency of the Company and its subsidiaries is RMB.

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2016.

銀行及其他借款

本公司及本集團於二零一六年十二月三十一日的借款詳情載於合併財務報表的附註16。

資產抵押

於二零一六年十二月三十一日，本集團賬面淨值總額約人民幣265.7百萬元的使用權及樓宇、機器及設備已予抵押，以取得用作本集團營運資金及購買固定資產的銀行融資（於二零一五年十二月三十一日：約人民幣290.9百萬元）。

實繳資本

於本年度，因行使於二零一五年授出的購股權而發行50,000,000股股份。行使購股權所得款項約為人民幣21.3百萬元。

於股份配售完成及購股權獲行使後，本公司已發行股份總數已增加至1,550,000,000股。

外幣匯兌風險

本集團主要於中國內地營運，所以大部分收益及開支交易以人民幣計值及結算，故外幣匯兌風險有限。本集團所面對外幣風險主要為在香港主要以美金估值的銷售及採購交易（即出口或入口產品），而公司債券則以港元為單位。本公司及其附屬公司的功能貨幣為人民幣。

或然負債

於二零一六年十二月三十一日，本集團並無任何重大或然負債。

Significant investment, material acquisitions and disposal of subsidiaries and associated companies

On 18 July 2016, the Group entered into the agreement to acquire 50% equity interests in Baixin (China) Co., Ltd. which is principally engaged in the manufacture and local and export sales of cotton yarn and textile products. The acquisition was completed in 2016. For details of the acquisition, please refer to the announcements of the Company dated 29 December 2015 and 18 July 2016.

USE OF PROCEEDS AND EXPANSION PLAN

From 25 April 2014 (the "Listing Date") to the date of this announcement, the Group has been following the pattern of application of the net proceeds as described in the prospectus of the Company dated 10 April 2014 (the "Prospectus"). In addition, the Group does not intend to change its expansion plan as described in the Prospectus save as the reschedule of the second phase of Hubei Production Facilities. As at 31 December 2016, all net proceeds have been utilised.

ACTUAL USE OF PROCEEDS OF THE FIRST PLACING AND THE SECOND PLACING

The net proceeds from the placing of new shares under general mandate with reference to the announcement of the Company dated 17 May 2015 (the "First Placing"), after the deduction of the placing commission and other related expenses, were approximately HK\$152.0 million, which were intended to be applied as general working capital and any possible business development and investment of the Group when appropriate opportunities arise. As at the date of this annual report, Report, all of the net proceeds had been used as to (i) approximately HK\$79.0 million (representing approximately 52.0% of the net proceeds) was applied as general working capital of the Group; and (ii) approximately HK\$73.0 million (representing approximately 48.0% of the net proceeds) as partial payment of deposit for the acquisition of 50% equity interests of Baixin (China) Co., Ltd. ("Baixin (China)") of which the details are set forth in the announcement related to the disclosable transaction of acquisition of 50% equity interests of Baixin (China) dated 18 July 2016.

重大投資、重大收購以及出售附屬公司及聯營公司

於二零一六年七月十八日，本集團訂立協議以收購百鑫(中國)有限公司(其主要從事生產以及於本地銷售及出口銷售棉紗及紡織產品)50%股權。收購事項已於二零一六年完成。收購事項詳情請參閱本公司日期為二零一五年十二月二十九日及二零一六年七月十八日的公告。

所得款項用途及擴充計劃

於二零一四年四月二十五日(「上市日期」)至本公告日期期間，本集團一直遵從日期為二零一四年四月十日日本公司的招股章程(「招股章程」)中所述所得款項淨額用途模式。此外，本集團無意更改招股章程所述擴充計劃，惟湖北生產設施第二期的時間表已重訂則除外。於二零一六年十二月三十一日，已動用全部所得款項淨額。

第一次配售及第二次配售所得款項的實際用途

茲提述本公司日期為二零一五年五月七日的公告，根據一般授權配售新股(「第一次配售」)的所得款項淨額(經扣除配售佣金及其他相關開支)約為152.0百萬港元，擬用作本集團一般營運資金及於適當機遇出現時用於任何可能業務發展及投資。於本年報日期，全部所得款項淨額已作下列用途：(i)約79.0百萬港元(佔所得款項淨額約52.0%)用作本集團一般營運資金；及(ii)約73.0百萬港元(佔所得款項淨額約48.0%)用作收購百鑫(中國)有限公司(「百鑫(中國)」)50%股本權益的部分按金付款，有關詳情載列於日期為二零一六年七月十八日有關收購百鑫(中國)50%股本權益的須予披露交易的公告內。

The net proceeds from the placing of new shares under general mandate with reference to the announcement of the Company dated 17 August 2015 (the “Second Placing”), after the deduction of the placing commission and other related expenses, were approximately HK\$354.6 million, which were intended to be used as to (a) approximately HK\$104.6 million as general working capital of the Group; (b) approximately HK\$150.0 million for acquisition of the assets of the second phase of the Hubei Production Facilities; and (c) approximately HK\$100.0 million for any possible business development and investment of the Group when appropriate opportunities arise. As at the date of this annual report, all of the net proceeds had been used as to (i) approximately HK\$104.6 million (representing approximately 29.5% of the net proceeds) was applied as general working capital of the Group; (ii) approximately HK\$65.0 million (representing approximately 18.3% of the net proceeds) as partial deposit for the acquisition of Baixin (China); (iii) approximately HK\$19.8 million (representing approximately 5.6% of the net proceeds) had been used as acquisition of the assets of the second phase of the Hubei Production Facilities; and (iv) approximately HK\$165.2 million (representing approximately 46.6% of the net proceeds) had been used as purchases of polyetherimide products for trading purpose.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Proposed very substantial acquisition

As disclosed in the paragraph head “Proposed very substantial acquisition” under the section headed “Management Discussion and Analysis – Business Review” in this annual report, on 11 January 2017 and 20 March 2017, a wholly-owned subsidiary of the Company entered into conditional sale and purchase agreements to an aggregate 96.7% equity interest in Iron Mining International (Mongolia) Limited, a company incorporated in the British Virgin Islands which is principally engaged in the exploration, mining, processing, sales and marketing of iron ore mainly in Eruu Gol Mining Area in Mongolia. Completion of the acquisition of Iron Mining International (Mongolia) Limited is subject to certain conditions precedent including the approval from the independent shareholders of the Company. For details of the proposed very substantial acquisition, please refer to the announcements of the Company dated 13 March 2017 and 21 March 2017.

茲提述本公司日期為二零一五年八月十七日的公告，根據一般授權配售新股（「第二次配售」）的所得款項淨額（經扣除配售佣金及其他相關開支）約為354.6百萬港元，有關款項擬用作下列用途：(a) 約104.6百萬港元用作本集團的一般營運資金；(b) 約150.0百萬港元用作收購湖北生產設施第二期資產；及(c) 約100.0百萬港元在適當機遇出現時用作本集團任何可能業務發展及投資。於本年報日期，全部所得款項淨額已作下列用途：(i) 約104.6百萬港元（佔所得款項淨額約29.5%）用作本集團的一般營運資金；(ii) 約65.0百萬港元（佔所得款項淨額約18.3%）用作收購百鑫（中國）的部分按金；(iii) 約19.8百萬港元（佔所得款項淨額約5.6%）已用作購建湖北生產設施第二期資產；及(iv) 約165.2百萬港元（佔所得款項淨額約46.6%）已用作購買作貿易用途的工程塑料產品。

報告期後的重大事項

建議非常重大收購

誠如本年報「管理層討論及分析－業務回顧」一節項下「建議非常重大收購」一段所披露，於二零一七年一月十一日及二零一七年三月二十日，本公司全資附屬公司訂立若干有條件買賣協議收購鐵礦業國際（蒙古）有限公司合共96.7%股權，該公司為於英屬處女群島註冊成立的有限公司，主要從事鐵礦石的勘探、採集、加工、銷售及營銷，其業務主要位於蒙古國的伊羅河礦業區。鐵礦業國際（蒙古）有限公司收購須待若干先決條件（包括取得本公司獨立股東批准）達成後，方告完成。有關建議非常重大收購詳情，請參閱本公司日期為二零一七年三月十三日及二零一七年三月二十一日的公告。

Issue of bond

From the year end date of 31 December 2016 to the date of annual report, the Company issued corporate bond of approximately HK\$10.0 million, HK\$10.0 million and HK\$10.0 million, respectively, on 19 January, 17 February and 21 February 2017, respectively, for the raising of working capital purpose.

MANAGEMENT'S VIEWS ON THE QUALIFIED OPINION

The management of the Group would like to express its views and basis thereof in relation to the qualified opinion of the external auditor of the Company (the "Qualified Opinion") as stated from page 67 to 74 in this annual report.

In relation to the basis of the Qualified Opinion 1 on the recoverability of trade receivables from page 68 to 69 of this annual report, the management of the Group is of the view that the recoverability of the trade receivables from the sales of PEI is less likely to be a significant problem as the revised credit period of 360 days after the confirmation of receipt of the goods by the PEI customers has not yet been expired and there is no indication that the PEI customers cannot honour their payment as at the date of this annual report.

In relation to the basis of the Qualified Opinion 2 on the nature and recoverability of prepayment to the raw materials suppliers from page 69 to 70 of this annual report, the management of the Group considers that the impairment provision for the prepayment to the raw materials suppliers made has significantly covered the risk regarding the recoverability of such prepayment.

發行債券

於截至二零一六年十二月三十一日止年度起直至本年報日期，本公司分別於二零一七年一月十九日、二月十七日及二月二十一日發行公司債券約10.0百萬港元、10.0百萬港元及10.0百萬港元以籌集營運資金。

管理層對保留意見的看法

本集團管理層謹此發表其對本年報第67至74頁所載有關本公司外聘核數師有保留意見（「有保留意見」）的立場及意見基準。

就本年報第68至69頁有關貿易應收款項的可收回程度的有保留意見1的基準而言，本集團管理層認為，來自銷售工程塑料的貿易應收款項的可收回程度不太可能成為重大問題，此乃由於工程塑料客戶確認收到貨物後360日的經修訂信貸期尚未屆滿，且於本年報日期並無跡象顯示工程塑料客戶無法履行付款。

就本年報第69至70頁有關向原材料供應商支付預付款項的性質及可回收性的有保留意見2的基準而言，本集團管理層認為，就向原材料供應商支付預付款項所作出的減值撥備已涵蓋有關預付款項可收回程度的絕大部分風險。

In relation to material uncertainty related to going concern on page 71 of this annual report, the management of the Group is of the view that if the trade receivables as at 31 December 2016 could be recovered and the financial performance in the year 2017 could be enhanced, the liquidity of the Group will be improved. In addition, the founders of the Group, Mr. Lin Qingxiong and Mr. Qiu Zhiqiang, executive directors of the Company and Mr. Cai Jinxu, are willing to provide a personal guarantee to finance the Group's cash flows if and when necessary.

In relation to key audit matters from page 71 to 74 of this annual report, the management of the Group considered that as the financial result of Baixin, the associated Company, was out of the expectation for the year ended 31 December 2016, impairment provision was made on the investment accounted for using equity method to write down the book value of the year-end balance to the fair value of the year-end balance. If the financial performance of Baixin could be improved for the year 2017, the impairment provision could be written back accordingly.

The audit committee has critically reviewed the above areas and agree with the above views of the management of the Group.

就本年報第71頁有關持續經營基準的重大不確定因素，本集團管理層認為，倘二零一六年十二月三十一日的貿易應收款項將可予收回及二零一七年的財務表現有所改善，則本集團的流動資金亦將有所改善。此外，本集團創辦人林清雄先生及邱志強先生(本公司執行董事)及蔡金旭先生願意提供個人擔保，以撥付本集團的現金流(如有需要)。

就本年報第71至74頁的關鍵審計事項而言，本集團管理層認為，由於聯營公司百鑫於截至二零一六年十二月三十一日止年度的財務表現未如理想，故已就按權益法入賬的投資作出減值撥備，以撇減年底結餘的賬面值至年底結餘的公平值。倘百鑫的財務表現將於二零一七年有所改善，減值撥備則可相應撥回。

審核委員會已審慎檢討上述範疇，並同意上述本集團管理層意見。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") as its own code of corporate governance. The manner in which the principles and code provisions in the CG Code are applied and implemented during the year ended 31 December 2016 and up to the date of this annual report (the "Period") is explained in this Corporate Governance Report.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company acknowledges the important role of its Board in providing effective leadership and direction to its business, and ensuring transparency and accountability of its operations.

In the opinion of the Directors, the Company has complied with the applicable code provisions as set out in the CG Code throughout the Period save for code provision A.1.8.

Code provision A.1.8 of the CG Code stipulates that the Company should arrange appropriate insurance cover in respect of legal action against its Directors. Currently, the Company does not consider necessary to have insurance cover for legal action against its Directors and will monitor any changes to the situation and make necessary action. The Board believes with the current internal control system and the close supervision of the management, the Directors' risk of being sued or getting involved in litigation in their capacity as Directors is relatively low.

The Company will, from time to time, review and enhance its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

本公司已採納香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)附錄十四所載的企業管治守則(「企業管治守則」)為其企業管治守則。截至二零一六年十二月三十一日止年度至截至本年報日期止(「期間」)企業管治守則內的有關原則及守則條文的應用及實施方式於本企業管治報告內說明。

企業管治

本公司致力於實現高標準企業管治以保障股東權益及提高企業價值及問責性。本公司確認，董事會在有效領導及掌舵本公司業務並確保本公司運作具透明度及問責性中擔任重要角色。

董事認為，除守則條文第A.1.8條外，本公司於整個期間一直遵守企業管治守則所載的適用守則條文。

企業管治守則守則條文第A.1.8條規定，本公司應就向其董事提出的法律行動安排合適的保險保障。目前，本公司認為暫無必要就向其董事提出的法律行動提供保險保障，但會監控任何情況變動以作出必要行動。董事會相信，透過現有的內部監控系統及管理層的密切監督，各董事以董事身份被控告或牽涉於訴訟的風險相對較低。

本公司將不時審閱及加強其企業管治常規以確保其持續符合企業管治守則的規定。

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors and employees who are likely to possess inside information of the Company (the "Securities Dealing Code"). The Company had made specific enquiry of all Directors whether they have complied with the required standard set out in the Model Code during the Period and all Directors confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the Period.

No incident of non-compliance of the Securities Dealing Code by the employees was noted by the Company during the Period.

THE BOARD OF DIRECTORS Responsibilities

The Board is responsible for leadership and control of the Company and oversees the businesses, strategic decisions and performance of the Group. The Board has delegated to the executive Directors and senior management the authority and responsibility for the day-to-day management and operation of the Group. In addition, the Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference.

All Directors carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

Board Composition

The Board currently comprises six members, consisting of three executive Directors and three independent non-executive Directors.

The Company has throughout the Period met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, and accounting or related financial management expertise. At all times during the Period, the independent non-executive Directors represent at least one-third of the Board.

董事的證券交易

本公司已採納上市規則附錄十所載的上市發行人董事進行證券交易的標準守則(「標準守則」)，作為可能取得本公司內幕消息的董事及僱員進行證券交易的行為守則(「證券交易守則」)。本公司已就全體董事於期間是否遵守標準守則所載的規定準則向全體董事作出特定查詢，而全體董事確認彼等於整個期間一直遵守標準守則及證券交易守則。

本公司不知悉僱員於期間有任何違反證券交易守則的行為。

董事會 責任

董事會負責領導及監控本公司並監察本集團的業務、策略性決定及表現。董事會已向執行董事及高級管理層轉授本集團日常管理及營運的權力及責任。此外，董事會已設立董事委員會，並向該等董事委員會轉授其各自職權範圍載列的各項責任。

全體董事時刻本著誠信、根據適用法律及法規及從本公司及其股東利益出發履行職責。

董事會組成

董事會目前由六名成員組成，包括三名執行董事及三名獨立非執行董事。

本公司於整個期間一直履行上市規則有關委任至少三名獨立非執行董事且至少一名獨立非執行董事須具備合適專業資格以及會計或相關財務管理專業知識的規定。於整個期間，獨立非執行董事至少佔董事會三分之一席位。

The Board comprises the following Directors:

Executive Directors:

Mr. LIN Qingxiong (*Chairman*)
Mr. QIU Zhiqiang
Mr. DENG Qinghui

Independent non-executive Directors:

Mr. YU Yubin
Mr. MA Chongqi
Mr. CHAN Sui Wa

A description of the biographies of the Directors is set out in the section headed "Directors and Senior Management" in this annual report.

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

The Company has received written annual confirmation from each independent non-executive director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

All Directors, including the independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, Remuneration Committee and Nomination Committee of the Company.

The Board members have no financial, business, family or other material/relevant relationship with each other.

董事會包括下列成員：

執行董事：

林清雄先生(主席)
邱志強先生
鄧慶輝先生

獨立非執行董事：

俞毓斌先生
馬崇啟先生
陳瑞華先生

董事履歷詳情載於本年報「董事及高級管理層」一節。

董事名單亦於本公司根據上市規則不時刊發的所有公司通訊內披露。獨立非執行董事的身份均已根據上市規則在所有公司通訊中明確說明。

本公司已接獲各獨立非執行董事根據上市規則的規定就其獨立性而呈交的年度書面確認。根據上市規則所載的獨立性指引，本公司認為所有獨立非執行董事確屬獨立人士。

全體董事(包括獨立非執行董事)均為董事會的有效及高效運作注入廣泛而珍貴的業務經驗、知識及專業態度。獨立非執行董事獲邀加入本公司的審核委員會、薪酬委員會及提名委員會。

董事會成員之間並無財務、業務、家族或其他重大／相關關係。

Chairman and Chief Executive Officer

The chairman of the Company, Mr. Lin Qingxiong, leads the Board in the determination of the strategy of the Group and in the achievement of its objectives. He is responsible for organizing the business of the Board, ensuring its effectiveness and setting agenda but not involved in the day-to-day business of the Group.

The Company at present does not have a Chief Executive Officer. The duties and responsibilities of the Chief Executive Officer of daily operation of the Group are carried out by the executive Directors and they are accountable to the Board for financial and operational performance of the Group.

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service contract with the Company which has been renewed on 27 March 2017 for a term of three years, which may be terminated by not less than three months' notice. Each of the independent non-executive Directors has entered into a letter of appointment with the Company which has been renewed on 27 March 2017 for a term of three years, and such appointment may be terminated by not less than one month's written notice.

The following Directors will retire by rotation and offer themselves for re-election in the forthcoming AGM to be held 15 June 2017:

Mr. Yu Yubin
Mr. Ma Chongqi

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's articles of association. Pursuant to the Company's articles of association, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a causal vacancy shall hold office until the first general meeting of the Company after his appointment and be eligible for re-election thereat and any Director appointed as an addition to the Board shall hold office until the next following annual general meeting of the Company after his appointment and be eligible for re-election thereat. Where vacancies arise at the Board, candidates will be proposed and put forward to the Board by the Nomination Committee.

主席及行政總裁

本公司主席林清雄先生領導董事會釐定本集團策略及達成其目標。彼負責組織董事會事務、確保其效率及制定其日常事務，但不參與本集團的日常事務。

本公司現時並無行政總裁。行政總裁有關本集團日常運作的職責由執行董事履行，執行董事就本集團的財務及經營表現向董事會負責。

委任及重選董事

各執行董事已與本公司訂立服務合約，並於二零一七年三月二十七日更新，為期三年，且可於發出不少於三個月通知予以終止。各獨立非執行董事已與本公司簽訂一項委任函，並於二零一七年三月二十七日更新，為期三年，而相關委任可於發出不少於一個月的書面通知予以終止。

下列董事將於二零一七年六月十五日舉行的應屆股東週年大會上輪席告退，並表示願意膺選連任：

俞毓斌先生
馬崇啟先生

委任、重選及罷免董事的程序及過程載於本公司的組織章程細則。根據本公司的組織章程細則，全體董事須至少每三年輪席退任一次，而任何獲委任以填補臨時空缺的新董事須任職至其獲委任後本公司首次舉行的股東大會為止，並於其時合資格重選連任，而任何獲委任為董事會新增成員的董事須任職至其獲委任後本公司下屆股東週年大會為止，並於會上合資格重選連任。倘董事會出現空缺席位，提名委員會將建議候選人並提交董事會批准。

Induction and Continuing Development of Directors

Each newly appointed Director receives comprehensive induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

According to code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding suitable training, as well as placing an appropriate emphasis on the roles, functions and duties of the Directors.

The executive Directors participated in three in-house professional development courses conducted by Mr. Siu Kai Chun, our Company Secretary during the Period. The Directors confirm that they will comply with the relevant code provision in the coming year.

Board Meetings

Board Practices and Conduct of Meetings

Directors' resolutions were passed by way of written resolutions or by physical meetings during the Period.

The Board is expected to meet regularly and at least two times a year. The Directors have full access to information on the Group and independent professional advice at all times whenever deemed necessary by the Directors.

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group, and to review and approve the Group's annual and interim results. During the year, two Board meetings were held and attendance of each Director at the Board meetings is set out as follows:

董事的入職及持續發展

每名新委任的董事均會於首次接受委任時獲得全面的入職介紹，以確保其對本公司的業務及運作均有適當的認知，以及完全知悉上市規則及有關監管規定規範下的董事職務及責任。

根據企業管治守則守則條文第A.6.5條，全體董事須參與專業持續發展，以增進及重溫知識與技巧，確保對董事會作出知情適切的貢獻。本公司須負責安排及資助適當培訓，以及著重針對董事角色、職能及責任方面的培訓。

於期間內，執行董事曾參與公司內部由蕭啟晉先生（公司秘書）舉辦的三項專業發展課程。董事確認，彼等將於來年遵守有關守則條文。

董事會會議

董事會會議常規及程序

於期間，董事決議案乃通過書面決議案或由現場會議通過。

預計董事會將定期舉行會議，每年至少舉行兩次會議。董事有權查閱本集團所有資料，亦有權在彼等認為有必要的情況下隨時諮詢獨立專業意見。

董事會定期會面以討論本集團整體策略以及營運及財務表現，並審閱以及批准本集團的年度及中期業績。於年內曾舉行兩次董事會會議，各董事的董事會會議出席率載列如下：

Board member	董事會成員	Number of Board meetings attended/held 出席／舉行董事會會議次數
Executive Directors:		
Mr. Lin Qingxiang (Chairman)	執行董事： 林清雄先生(主席)	2/2
Mr. Qiu Zhiqiang	邱志強先生	2/2
Mr. Deng Qinghui	鄧慶輝先生	2/2
Independent non-executive Directors:		
Mr. Chan Sui Wa	獨立非執行董事： 陳瑞華先生	2/2
Mr. Yu Yubin	俞毓斌先生	2/2
Mr. Ma Chongqi	馬崇啟先生	2/2

The Company has to comply with the CG Code provisions with regard to the conduct of meetings, have annual meeting schedules and draft agenda of each meeting made available to directors in advance and serve notice of regular Board meetings to all directors at least 14 days before the meeting. For other Board and committee meetings, reasonable notice is required to be given.

Board papers together with all appropriate, complete and reliable information have to be sent to all Directors at least 3 days before each Board meeting or committee meeting to keep Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management where necessary.

The Company's articles of association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

BOARD COMMITTEES

The Company established a nomination committee (the "Nomination Committee"), a remuneration committee (the "Remuneration Committee") and an audit committee (the "Audit Committee") on 27 March 2014 with written terms of reference in compliance with the CG Code. The Company also established a regulatory compliance committee (the "Regulatory Compliance Committee") on 26 February 2014.

Nomination Committee

The Nomination Committee comprises three members who are all the independent non-executive Directors, namely Mr. Yu Yubin, Mr. Chan Sui Wa and Mr. Ma Chongqi. Mr. Yu Yubin is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include reviewing the Board structure and composition, developing and formulating relevant procedures for nomination and appointment of directors, making recommendations to the Board on the appointment and succession planning of directors, and assessing the independence of the independent non-executive Directors based on criteria such as integrity, accomplishment, experience, professional and educational background and time commitments.

本公司須遵守企業管治守則中有關會議程序、年度會議日程表及召開每次會議前向董事發出草擬議程，以及於常規董事會會議前至少14日向全體董事送達通知的條文。如屬其他董事會及委員會會議，則須發出合理通知。

董事會文件連同所有合適、完整及可靠資料將於各董事會或委員會會議前至少3日向全體董事發出，讓董事知悉本公司最新發展及財務狀況，以便董事作出知情決定。如有需要，董事會及各董事亦可單獨聯絡高級管理層。

本公司的組織章程細則載有條文，規定董事在審批董事或彼等的任何聯繫人擁有重大權益之交易的會議上，須放棄投票及不得計入法定人數。

董事委員會

本公司於二零一四年三月二十七日根據企業管治守則成立提名委員會（「提名委員會」）、薪酬委員會（「薪酬委員會」）及審核委員會（「審核委員會」），並制訂書面職權範圍。本公司亦於二零一四年二月二十六日成立監管合規委員會（「監管合規委員會」）。

提名委員會

提名委員會包括三名成員，即俞毓斌先生、陳瑞華先生及馬崇啟先生（全部均為獨立非執行董事）。俞毓斌先生為提名委員會主席。

提名委員會的主要職責包括檢討董事會架構及組成、草擬及制定提名及委任董事的相關程序、就董事委任及接任計劃向董事會作出建議及根據操守、成就、經驗、專業及教育背景以及投入之時間等基準評估獨立非執行董事的獨立性。

The Nomination Committee shall meet at least once a year. Two committee meetings were held in 2016 to review the structure and composition of the Board and the re-election of the retiring Directors and attendance of each member is set out as follows:

Committee member	委員會成員	Number of committee meetings attended/held 出席／舉行委員會會議次數
Mr. Chan Sui Wa	陳瑞華先生	2/2
Mr. Yu Yubin	俞毓斌先生	2/2
Mr. Ma Chongqi	馬崇啟先生	2/2

The Nomination Committee has adopted a written nomination procedure (the "Nomination Procedure") specifying the process and criteria for the selection and recommendation of candidates for directorship of the Company. The Nomination Committee shall, based on those criteria as set out in the Nomination Procedure (such as appropriate experience, personal skills and time commitment etc.), identify and recommend the proposed candidate to the Board for approval of an appointment.

New Directors, on appointment, will be given an induction package containing all key legal and Listing Rules' requirements as well as guidelines on the responsibilities and obligations to be observed by a Director. The package will also include the latest published financial reports of the Company and the documentation for the corporate governance practices adopted by the Board. The senior management will subsequently conduct such briefing as is necessary to give the new Directors more detailed information on the Group's businesses and activities.

Remuneration Committee

The Remuneration Committee comprises three members who are all the independent non-executive Directors, namely Mr. Ma Chongqi, Mr. Chan Sui Wa and Mr. Yu Yubin. Mr. Ma Chongqi is the chairman of the Remuneration Committee.

The primary functions of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive Directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

提名委員會每年須會面至少一次。於二零一六年曾舉行兩次委員會會議以檢討董事會的結構及組成以及重選退任董事，各成員的出席率載列如下：

提名委員會已採納一套以書面列載之提名程序(「提名程序」)，具體列明本公司董事候選人之甄選及推薦程序及準則。提名委員會將根據提名程序所載之該等準則(如恰當經驗、個人專長及投放時間等)作為基礎，物色及向董事會推薦人選以予批准委任。

新董事在獲委任後將獲發一套入職資料文件，載有所有主要法律及上市規則規定，以及有關董事應遵守之責任及義務之指引。資料文件亦包括本公司最新公佈之財務報告及董事會採納之企業管治常規文件。高級管理層其後將於有需要時提供說明，並為新董事提供本集團業務及活動之詳細資料。

薪酬委員會

薪酬委員會包括三名成員，即馬崇啟先生、陳瑞華先生及俞毓斌先生(全部均為獨立非執行董事)。馬崇啟先生為薪酬委員會主席。

薪酬委員會之主要職能，包括建議及審批執行董事及高級管理人員之薪酬政策及架構以及薪酬待遇。薪酬委員會亦負責設立具透明度之程序，以發展有關薪酬政策及架構，從而確保概無任何董事或其任何聯繫人將參與釐定其本身之薪酬，有關薪酬將參照其個人及本公司表現以及市場慣例及狀況而定。

The Remuneration Committee shall meet at least once a year. During the year, two committee meetings were held in 2016 to review and discuss the existing policy and structure for the remuneration of Directors, the remuneration packages of both the executive and non-executive Directors and attendance of each member is set out as follows:

薪酬委員會每年須會面至少一次。於二零一六年曾舉行兩次委員會會議以檢討及討論現行政策，以及執行董事及非執行董事的薪酬方案，各成員的出席率載列如下：

Committee member	委員會成員	Number of committee meetings attended/held 出席／舉行委員會會議次數
Mr. Chan Sui Wa	陳瑞華先生	2/2
Mr. Yu Yubin	俞毓斌先生	2/2
Mr. Ma Chongqi	馬崇啟先生	2/2

The Remuneration Committee confirms that the remuneration payable to Directors will depend on their respective contractual terms under their employment or service contracts as approved by the Board on the recommendation of the Remuneration Committee.

薪酬委員會確認，應付董事之薪酬將視乎薪酬委員會向董事會提供之建議獲批准後，並按彼等各自之僱傭或服務合約內之合約條款而釐定。

In order to attract, retain and motivate the senior executives and key employees of the Group, including the executive Directors, the Company adopted a share option scheme (the "Share Option Scheme") in 27 March 2014 for a term of ten year. Details of the share option scheme are set out in the Directors' Report on pages 56 to 59 and note 14(a)(iii) to the financial statements.

本公司已於二零一四年三月二十七日採納一項購股權計劃(「購股權計劃」)以吸引、留聘及推動本集團高級行政人員及主要僱員(包括執行董事)，為期十年。購股權計劃詳情載於第56至59頁董事會報告書及財務報表附註14(a)(iii)。

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the senior management by band for the year ended 31 December 2016 is set out below:

根據企業管治守則的守則條文第B.1.5條，高級管理層於截至二零一六年十二月三十一日止年度之薪酬範圍載列如下：

In the band of	範圍	Number of individuals 人數
Nil to HKD1,000,000	零至1,000,000港元	3

Audit Committee

The Audit Committee comprises three members who are the independent non-executive Directors, namely Mr. Chan Sui Wa, Mr. Yu Yubin and Mr. Ma Chongqi. Mr. Chan Sui Wa is the chairman of the Audit Committee.

審核委員會

審核委員會包括三名成員，即陳瑞華先生、俞毓斌先生及馬崇啟先生(全部均為獨立非執行董事)。陳瑞華先生為審核委員會主席。

The main duties of the Audit Committee include the following:

審核委員會主要職責包括下列各項：

- To review the financial statements and reports and consider any significant or unusual items raised by the staff responsible for the accounting and financial reporting function, internal auditor or external auditors before submission to the Board.
- 在向董事會提交財務報表及報告前審閱該等財務報表及報告，並考慮由負責會計及財務申報職責的員工、內部核數師或外聘核數師所提出的任何重大或非常規項目。

- To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditors.
- To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee oversees the internal control system of the Group, reports to the Board on any material issues, and makes recommendations to the Board.

The Audit Committee shall meet at least twice a year. Two committee meetings were held in 2016 and the attendance of each member is set out as follows:

Committee member	委員會成員	Number of committee meetings attended/held 出席／舉行委員會會議次數
Mr. Chan Sui Wa	陳瑞華先生	4/4
Mr. Yu Yubin	俞毓斌先生	4/4
Mr. Ma Chongqi	馬崇啟先生	4/4

During the meetings held in 2016 and the first quarter of 2017, the Audit Committee had performed the work as summarised below:

- | | |
|--|--|
| (i) reviewed and approved the audit scope and fees proposed by the external auditor regarding the final audit of the Group for the year ended 31 December 2016 (the "2016 Final Audit"); | (i) 檢討及批准外聘核數師建議之本集團截至二零一六年十二月三十一日止年度之年終審核(「二零一六年年終審核」)之核數範圍及費用； |
| (ii) reviewed the external auditor's report of findings and qualified audit opinion in relation to the 2016 Final Audit for the year ended 31 December 2016; | (ii) 檢討外聘核數師就截至二零一六年十二月三十一日止年度之二零一六年年終審核結果及保留審核意見之報告； |
| (iii) reviewed the management accounts of the Group and the Group's 2016 interim financial statements; | (iii) 檢討本集團管理賬目及本集團二零一六年中期財務報表； |
| (iv) reviewed the financial report for the six months ended 30 June 2016; | (iv) 檢討截至二零一六年六月三十日止六個月之財務報告； |
| (v) reviewed the effectiveness of internal control system of the Group including financial, operational and compliance control and risk management functions of the Group; and | (v) 檢討本集團內部監控制度，包括本集團的財務、營運及遵規控制情況及風險管理功能的成效；及 |
| (vi) reviewed and approved the impairment provision announcement dated 31 March 2017. | (vi) 審閱及批准日期為二零一七年三月三十一日的減值撥備公告。 |

在參考核數師所進行之工作、其收費及委聘條款後，檢討與外聘核數師的關係，並就外聘核數師的委任、續聘及罷免向董事會作出建議。

審閱本公司的財務申報系統、內部監控系統及風險管理系統以及相關程序的充分性及有效程度。

審核委員會監督本集團內部監控系統，向董事會報告任何重大事項並向董事會提出建議。

審核委員會每年須會面至少兩次。於二零一六年曾舉行兩次委員會會議，各成員的出席率載列如下：

於二零一六年及二零一七年第一季度舉行之會議，審核委員會已履行之工作概述如下：

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors.

The Audit Committee made an assessment on the subject matter of the audit opinion with reference to the executive directors of the Company and management of the Group's explanation and supporting documents such as settlement confirmations, confirmations from the customers and suppliers, etc. and/or correspondence between the sales persons, management of the Group and the customers and suppliers on the follow-up works and considered that all the Company's directors have taken reasonable effort and due care in assisting the auditor to perform their audit work. However, due to the limitations of the explanations, evidence and information that could be provided to the auditor as explained above, the audit qualifications cannot be avoided for the year ended 31 December 2016.

Regulatory Compliance Committee

The Regulatory Compliance Committee comprises of three members, namely Mr. Qiu Zhiqiang, Mr. Deng Qinghui and Mr. Siu Kai Chun. Mr. Qiu Zhiqiang is the chairman of the Regulatory Compliance Committee.

The primary duties of the Regulatory Compliance Committee is to ensure that the Group's business operations and activities are in compliance with the relevant laws and regulations, and the Regulatory Compliance Committee directly reports to the Board.

The Regulatory Compliance Committee shall meet at least once a year. During the year, three committee meetings were held to review and discuss the compliance status of the existing business operations and activities, with the relevant laws and regulations in the PRC, Hong Kong and the respective jurisdictions if applicable. Attendance of each member is set out as follows:

董事會及審核委員會就甄選、委聘、退任或罷免外聘核數師並無意見分歧。

審核委員會參照本公司執行董事及本集團管理層的解釋及證明文件(如結算確認書、客戶及供應商的確認書等及／或銷售人員、本集團管理層、客戶及供應商之間就後續工作的通訊)對審核意見的主題事項作出評估，並認為本公司全體董事於協助核數師執行其審核工作時已作出合理努力且謹慎行事。然而，誠如上文解釋，由於核數師可能獲提供的解釋、證據及資料存在限制，截至二零一六年十二月三十一日止年度無可避免地給予審核保留意見。

監管合規委員會

監管合規委員會包括三名成員，即邱志強先生、鄧慶輝先生及蕭啟晉先生。邱志強先生為監管合規委員會主席。

監管合規委員會的主要職責為確保本集團業務經營及活動遵守相關法律法規，監管合規委員會直接向董事會報告。

監管合規委員會須至少每年舉行一次會議。年內曾舉行三次委員會會議，以檢討及討論現有業務營運及活動遵守中國、香港及各司法管轄區(如適用)的相關法例及法規的情況。各成員的出席率載列如下：

Committee member	委員會成員	Number of committee meetings attended/held 出席／舉行的委員會會議數目
Mr. Qiu Zhiqiang (Executive director)	邱志強先生(執行董事)	3/3
Mr. Deng Qinghui (Executive director)	鄧慶輝先生(執行董事)	3/3
Mr. Siu Kai Chun (Company Secretary)	蕭啟晉先生(公司秘書)	3/3

BOARD DIVERSITY POLICY

The Nomination Committee is also responsible to review the Board diversity policy. The Board diversity policy ensures the Nomination Committee nominates and appoints candidates on merit basis to enhance the effectiveness of the Board so to maintain high standards of corporate governance. The Company sees diversity at the Board level as an essential element in maintaining a competitive advantage. The Company aims to ensure that Board appointments will be made on the basis of a range of diversity factors, including gender, age, cultural background, educational background, industry experience and professional experience. Selection of candidates to join the Board will be, in part, dependent on the pool of available candidates with the necessary skills, knowledge and experience. The ultimate decision will be based on merit and the contribution the chosen candidate will bring to the Board, having regard for the benefits of diversity on the Board.

DELEGATION OF MANAGEMENT FUNCTIONS

The Board reserves for its decision all major matters of the Company including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and the senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

董事會多元化政策

提名委員會亦負責檢討董事會多元化政策。董事會多元化政策確保提名委員會擇優提名及委任候選人，以增強董事會的效率，藉以維持高水平的企業管治。本公司認為董事會層面的多元化屬保持競爭優勢的重要因素。本公司旨在確保當委任董事會的人選時，是按照一系列多元化因素的基準進行，包括性別、年齡、文化和教育背景以及行業和專業經驗。甄選候選人加入董事會時，部分亦須視乎可供委任的人選群組中是否有人選具備必須的技能、知識及經驗而定。因應多元化對董事會帶來的裨益，最終將會按人選的強項及可為董事會提供的貢獻而作決定。

管理職能之轉授

董事會保留對本公司所有重大事項的決定權，包括批准及監控所有政策事宜、整體策略及預算、內部監控及風險管理系統、重大交易(尤其是該等可能涉及利益衝突之交易)、財務資料、委任董事及其他重大財務及經營事宜。

所有董事均可全面和及時取得所有有關資料以及公司秘書的意見及服務，旨在保證遵守董事會程序及所有適用法律法規。每名董事一般可於適當情況下在向董事會提出要求後尋求獨立專業意見，費用由本公司承擔。

本公司日常管理、行政及營運轉授予執行董事及高級管理人員。轉授的職能及職責會定期檢討。上述高級職員在訂立任何重大交易前須向董事會取得批准。

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2016.

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

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

The reporting responsibility of the external auditor of the Company on the consolidated financial statements of the Group are set out in the Independent Auditor's Reports in this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and Company assets and with the support of the Audit Committee, reviewing the effectiveness of such system on an annual basis. The Group has developed its systems of internal control and risk management. The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group.

The annual review of the Group's internal control system was conducted during the Period. The annual review of the effectiveness of the internal control system of the Company including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget and also any non-compliances with the applicable laws and regulations, including bill-financing activities were conducted in the early 2017. The result of the annual review was satisfactory and no exceptions were noted during the review.

AUDITOR'S REMUNERATION

For the year ended 31 December 2016, the remuneration paid/payable to the Company's auditor, PricewaterhouseCoopers, amounted to approximately RMB1.70 million in respect of the annual audit service.

問責及審核

董事確認彼等編製本公司截至二零一六年十二月三十一日止年度財務報表之責任。

根據上市規則規定及其他法定及監管規定，董事會須負責就年度及中期報告、股價敏感公告及其他披露呈報持平、清晰且易於理解之評估。

管理層向董事會提供所需說明及資料，使董事會可就提呈董事會批准之本公司財務報表作出知情評估。

本公司外聘核數師關於本集團合併財務報表的申報責任載於本年報獨立核數師報告。

內部監控及風險管理

董事會負責維持充足的內部監控系統以保障股東的投資及本公司資產，並在審核委員會支援下每年檢討該制度的成效。本集團已發展其內部監控及風險管理系統。本集團內部監控系統旨在促進有效及高效營運，確保財務申報的可靠性及符合適用法例及規例，識別及管理潛在風險以保障本集團資產。

本公司已於期內對本集團內部監控系統進行年度檢討。本公司內部監控系統效能之年度檢討包括本公司在會計及財務申報職能方面之資源、員工資歷及經驗是否足夠，以及員工所接受之培訓課程及有關預算是否充足以及任何違反適用法律法規事項（包括票據融資活動），年度檢討已於二零一七年初進行。年度檢討結果已獲接納且檢討過程中並無出現異常情況。

核數師薪酬

截至二零一六年十二月三十一日止年度，就本公司核數師羅兵咸永道會計師事務所提供年度審核服務已付／應付酬金約為人民幣1.70百萬元。

INDEPENDENT AUDITOR

The Audit Committee reviews and monitors the independent auditor's independence, objectivity and effectiveness of the audit process. It receives each year letter from the independent auditor confirming their independence and objectivity and holds meetings with representatives of the independent auditor to consider the scope of its audit, approve its fees, and the scope and appropriateness of non-audit services, if any, to be provided by it. The Audit Committee also makes recommendations to the Board on the appointment and retention of the independent auditor.

COMPANY SECRETARY

The company secretary of the Company, Mr. Siu Kai Chun, is a full-time employee of the Group. Please refer to his biographical details as set out on page 47 of this annual report.

Rights of Shareholders to Convene an Extraordinary General Meeting

Pursuant to article 58 of the articles of association of the Company, shareholders holding at the date of deposit of the requisition not less than one tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Sending Enquiries to the Board and Procedures for Putting Forward Proposals at Shareholders' Meetings

Shareholders or investors can contact the Company in the following ways to make enquiry or to provide suggestions:

Contact Person: Mr. Siu Kai Chun, company secretary
Postal Address: Unit 02, 15th Floor, Convention Plaza Office Tower,
1 Harbour Road, Wanchai, Hong Kong

To put forward proposals at a general meeting, the shareholders should submit a written notice of those proposals with detailed contact information to the company secretary at the Company's principal place of business stated above.

獨立核數師

審核委員會檢討及監察獨立核數師的獨立性、客觀性及審核過程的效用。其每年接獲獨立核數師函件，確認彼等的獨立性及客觀性，並與獨立核數師的代表進行會議，審議其審核範圍、批准其費用，以及將由其提供的非審核服務(如有)的範圍及適當性。審核委員會亦就獨立核數師的委任及留任向董事會作出推薦建議。

公司秘書

本公司的公司秘書為蕭啟晉先生，彼為本集團全職僱員。有關其履歷詳情，請參閱本年報第47頁。

股東召開股東特別大會的權利

根據本公司組織章程細則第58條，於遞交請求書之日持有不少於本公司繳足資本(附有於本公司股東大會上投票的權利)十分之一的股東於任何時間均有權向董事會或本公司的公司秘書遞交請求書，要求董事會就處理有關請求書所述任何事宜的交易召開股東特別大會；而該大會須於請求書遞交日期後兩個月內舉行。如董事會於請求書遞交日期起計21天內未有召開該大會，則有關請求者可按相同方式自行召開大會，而本公司須向請求者償付因董事會未能召開大會而令請求者產生的所有合理開支。

向董事會查詢及於股東大會上提呈建議之程序

股東或投資者如欲提出查詢或建議，可透過下列方式聯絡本公司：

聯絡人： 公司秘書蕭啟晉先生
郵寄地址： 香港灣仔港灣道1號會展廣場辦公大樓
15樓02室

股東如欲於股東大會上提呈建議，須將有關建議的書面通知連同詳細聯絡資料送交本公司上述主要營業地點，並註明公司秘書收啟。

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The Company continues to enhance communication and relationship with its investors. Enquiries from investors are dealt with in an informative and timely manner.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, a separate resolution would be proposed for each substantially separate issue at shareholder meetings, including the election of individual directors.

All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each shareholder meeting.

CHANGES TO CONSTITUTIONAL DOCUMENTS

The Articles were adopted on 27 March 2014 and there is no change in the Articles since the date of adoption of the Articles up to the date of this report.

QUALIFIED OPINION

Measures to ensure the audit qualifications would not recur in the Company's financial results for the subsequent financial years with the proposed time line as set forth below:

April 2017:

- (1) Weekly follow-up and reporting the status of the receivables and prepayments to the Audit Committee members;
- (2) Follow up closely with the sales and purchasing department staff who urge for settlements from the relevant customers and raw materials suppliers of the balances having recoverability issues;
- (3) Prepare the first quarter 2017 consolidated management accounts and convene an Audit Committee meeting after the accounts will have been ready by the mid May;

與股東之溝通及投資者關係

本公司認為與股東之有效溝通對促進投資者關係及加深投資者對本集團業務表現及策略之了解攸關重要。本公司亦深明高透明度及適時披露公司資料之重要性，使股東及投資者能作出最佳投資決定。

本公司股東大會為董事會及股東提供溝通場所。本公司持續加強與其投資者的溝通及關係。投資者之查詢會適時處理及獲提供詳盡資料。

股東權利

為保障股東權益及權利，本公司就各重大獨立事宜（包括選舉個別董事）於股東大會提呈獨立決議案。

根據上市規則，所有在股東大會上提呈之決議案須以投票方式進行表決及投票表決結果將於每次股東大會結束後上載於本公司及聯交所網站。

章程文件變動

本公司已於二零一四年三月二十七日採納細則，而自採納細則日期起至本報告日期止，細則概無變動。

有保留意見

為確保本公司於其後財政年度的財務業績中不會再次出現審核有保留意見的措施連同擬定時間表載列如下：

二零一七年四月：

- (1) 每週跟進及向審核委員會成員報告應收款項及預付款項的狀況；
- (2) 與敦促相關客戶及原材料供應商清償款項的銷售及採購部門員工密切跟進存在可收回問題的結餘；
- (3) 編製二零一七年第一季度綜合管理賬目，並待賬目備妥後於五月中旬前召開審核委員會會議；

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|---|---|
| <p>(4) Closely monitor the operations by the management and convene a bi-weekly meeting on the operational progress;</p> | <p>(4) 密切監察管理層的運作，並就業務進度每兩週召開一次會議；</p> |
| <p>(5) Closely monitor the cash flows and report timely to the directors and management on making commitments to repay the debt obligations to the borrowings and its interest;</p> | <p>(5) 密切監察現金流量，並就承諾償還借貸及其利息的債務責任及時向董事及管理層報告；</p> |
| <p>(6) Finance Department will prepare more monthly reports and schedules such as the ageing report and analysis, the variance analysis on the forecast and the actual sales and cost of sales figures, etc.;</p> | <p>(6) 財務部將編製更多月度報告及時間表，如賬齡報告及分析，預測及實際銷售額與銷售成本數據的差異分析等；</p> |
| <p>(7) Review the existing policy on the credit period to the trade receivables and the policy of making prepayment to the raw materials suppliers by the department heads with the management and enhance management control over credit review prior to issuance and ongoing review;</p> | <p>(7) 與管理層審閱有關貿易應收款項信貸期的現行政策及部門主管向原材料供應商支付預付款項的政策，並加強發出信貸評估前的管理監控並持續審閱；</p> |
| <p>(8) Urgent Issue Task Force mainly from the department heads, general manager and directors will be formalized to supervise the overall operational and financial health of the Group;</p> | <p>(8) 主要由部門主管、總經理及董事組成的緊急落實工作小組，以監督本集團整體經營及財務狀況；</p> |
| <p>(9) Those above points will be follow up closely every month until the going concern indicator will have been relieved; and</p> | <p>(9) 每月緊密跟進上述要點，直至持續經營指標得到緩解；及</p> |
| <p>(10) Regarding the prepayments to the two suppliers, the Group continues the purchases from the first supplier and will continue to pursue utilization of the prepayments, therefore the Group does not anticipate to take any legal action for the time being. For the second supplier, the Group has been communicating with the supplier and expects to send a legal letter to the supplier to demand for the settlement of the outstanding prepayment amount by the end of April 2017. If the second supplier still fails to make settlement of the outstanding prepayment made by the Group or supply raw materials to the Group, the Group will formally take out legal proceedings in the appropriate District Court by May 2017.</p> | <p>(10) 就向兩名供應商支付的預付款項而言，本集團持續自第一名供應商購買，並將繼續使用預付款項，因此本集團預期目前不會採取任何法律行動。就第二名供應商而言，本集團一直與供應商溝通，並預計向供應商寄發法律函件，要求於二零一七年四月底前結算未償還預付款項。倘第二名供應商仍未結清本集團作出的未償還預付款項或向本集團提供原材料，本集團將於二零一七年五月前向適當地區法院正式提出法律訴訟。</p> |

May 2017:

- (1) Finance Department, Sales Department and Purchasing Department heads will have a follow-up meeting with the management and directors to review the progress of the works since April;
- (2) Expect to receive certain settlements from the PEI customers; and
- (3) Make an appointment with auditor for the interim review if necessary.

二零一七年五月：

- (1) 財務部、銷售部及採購部主管將與管理層及董事進行後續會面，以審閱自四月以來的工作進展；
- (2) 預計收取來自工程塑料客戶的若干結算款項；及
- (3) 倘必要，委任核數師進行中期審閱。

June 2017:

- (1) Prepare management accounts with the relevant schedules and have an internal meeting with department heads, management and directors to discuss the situation and progress after follow up;
- (2) Review the impairment provision policies; and
- (3) Report the progress especially on the going concern related matters to the Audit Committee and the Board members by the management.

September 2017:

- (1) Convene a third quarter meeting with the Audit Committee and the Board members on the progress of follow up on the going concern related matters.

October to November 2017:

- (1) Review the situation and consider to make further provision (if needed) before the year-end date of 31 December 2017; and
- (2) Follow up with the sales personnel and general manager of Hongtai (China) Co., Ltd. to demand for the settlements from the PEI customers.

December 2017:

- (1) Before the year-end date, make a self-assessment of the receivables, prepayments, liquidity and commitments and communicate earlier with the auditor on the going concern related matters.

DELAY IN PUBLICATION OF THE RESULT ANNOUNCEMENT

The delay in publication of the annual results announcement for the year ended 31 December 2016 of the Company was in breach of Rule 13.49(1) of the Listing Rules.

In the future, the Company will convene the audit committee and the board meeting to review and approve the Company's results announcements well in advance before the deadline for publication of the results announcement as required under the Listing Rules.

二零一七年六月：

- (1) 按相關時間表編製管理賬目並與部門主管、管理層及董事進行內部會議，以討論後續情況及進展；
- (2) 審閱減值撥備政策；及
- (3) 管理層向審核委員會及董事會成員報告進展，尤其是持續經營有關事宜的進展。

二零一七年九月：

- (1) 與審核委員會及董事會成員就持續經營有關事宜的後續進展召開第三季度會議。

二零一七年十月至十一月：

- (1) 於二零一七年十二月三十一日年結日前審閱有關情況並考慮作出進一步撥備(如有需要)；及
- (2) 與宏太(中國)有限公司的销售人員及總經理作出跟進，要求工程塑料客戶進行結算。

二零一七年十二月：

- (1) 於年結日前，對應收款項、預付款項、流動資金及承擔作出自我評估並提早與核數師就持續經營有關事宜溝通。

延遲刊發業績公告

本公司延遲刊發截至二零一六年十二月三十一日止年度的年度業績公告違反上市規則第13.49(1)條。

日後本公司將在上市規則所規定的業績公告刊發截止日期前提前召開審核委員會及董事會會議，以恰當審閱及批准本公司業績公告。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

EXECUTIVE DIRECTORS

Mr. Lin Qingxiong (林清雄) (also known as Lin Shiti (林詩體) (“**Mr. Lin**”), aged 50, is the chairman and executive Director. Mr. Lin co-founded Hongtai (China) Co., Ltd (宏太(中國)有限公司) (“Hongtai (China)”) with Mr. Qiu (defined below) and an Independent Third Party in 2004. Mr. Lin is responsible for the overall development and strategy of the Group and has played an important role in establishing the Group’s presence in the PRC textile and clothing industry. Mr. Lin has over 11 years of experience in the textile and clothing industry in the PRC. Prior to founding Hongtai (China) in 2004, Mr. Lin founded Shishi Gang Yi Dyeing Finishing & Wearing Co., Ltd. (石獅市港溢染整織造有限公司) which was engaged in the textile, clothing and dyeing industry, in July 2001, where he acted as the director and vice general manager until April 2009. Shishi Gang Yi Dyeing Finishing & Wearing Co., Ltd. is one of our suppliers since 2006. Mr. Lin disposed of his 27% equity interests in Shishi Gang Yi Dyeing Finishing & Wearing Co., Ltd. in May 2009 to an Independent Third Party because Mr. Lin decided to focus on the business development of the Group. Mr. Lin was appointed as the standing director of the first council of China Chamber of International Commerce Shishi Chamber of Commerce (中國國際商會石獅市商會首屆理事會) in December 2005. In December 2011, he was appointed as the vice standing president of the third council of Shishi Textile & Garments Commerce Chamber (石獅市紡織服裝商會第三屆理事會). Mr. Lin was appointed as the president of the second council of Shishi Hongshan Chamber of Commerce (石獅市鴻山商會第二屆理事會) in November 2012 and the vice president of Shishi Federation of Industry & Commerce (石獅市工商業聯合會(總商會)) in May 2013.

Mr. Qiu Zhiqiang (邱志強) (“Mr. Qiu”), aged 48, is the executive Director and the general manager of Hongtai (China). Mr. Qiu was one of the co-founders of Hongtai (China) in 2004. Mr. Qiu is primarily responsible for the daily operation of the Group and overseeing the sales department and procurement department. Mr. Qiu has about 24 years of experience in the textile and clothing industry. From 1989 to 2003, he worked in the production, development and sales of textile products in the Philippines, Mr. Qiu became a member of Textile Producers Association of the Philippines, Inc. (菲律賓紡織同業公會) in October 1996. Mr. Qiu had engaged in the development of the textile industry and sales and development of textile products in the Philippines. In October 1996, he was appointed as the member of the Philippine Cotton Goods Wholesalers Association. Mr. Qiu was appointed as the committee member of the first council of Shishi Youth Chamber of Commerce (石獅市青年商會第一屆理事會) in 2011. He was primarily responsible for the sales and procurement of textile products.

執行董事

林清雄先生(亦稱林詩體)(「林先生」), 50歲, 為主席兼執行董事。林先生於二零零四年與邱先生(定義見下文)及一名獨立第三方共同創辦宏太(中國)。林先生負責本集團的整體發展及策略, 並在確立本集團在中國紡織及服裝業的地位發揮重要作用。林先生在中國紡織及服裝業積逾11年經驗。於二零零四年創辦宏太(中國)有限公司(「宏太(中國)」)之前, 林先生於二零零一年七月創辦了石獅市港溢染整織造有限公司(從事紡織、服裝及染色行業), 並於該公司擔任董事兼副總經理直至二零零九年四月止。石獅市港溢染整織造有限公司自二零零六年起是我們的供應商之一。於二零零九年五月, 林先生將其於石獅市港溢染整織造有限公司的27%股權售予一名獨立第三方, 原因是林先生決定專注於本集團的業務發展。於二零零五年十二月, 林先生獲委任為中國國際商會石獅市商會首屆理事會的常務理事。於二零一一年十二月, 彼獲委任為石獅市紡織服裝商會第三屆理事會的副常務會長。林先生於二零一二年十一月獲委任為石獅鴻山商會第二屆理事會會長及於二零一三年五月獲委任為石獅市工商業聯合會(總商會)副會長。

邱志強先生(「邱先生」), 48歲, 為執行董事兼宏太(中國)的總經理。邱先生為二零零四年宏太(中國)的共同創辦人之一。邱先生主要負責本集團的日常營運及監督銷售部及採購部。邱先生在紡織及服裝業積約24年經驗。於一九八九年至二零零三年, 彼曾在菲律賓從事紡織品生產、發展及銷售工作, 邱先生於一九九六年十月成為菲律賓紡織同業公會會員。邱先生曾於菲律賓從事紡織業發展和紡織品銷售及開發。於一九九六年十月, 彼獲委任為菲律賓棉紗產品批發商商會會員。邱先生於二零一一年獲委任為石獅市青年商會第一屆理事會的委員會成員。彼主要負責銷售及採購紡織品。

Mr. Deng Qinghui (鄧慶輝) (“Mr. Deng”), aged 45, is the executive Director, the vice general manager of Hongtai (China) and the head of the administration and human resources department. Mr. Deng completed a computer information management course in Peking University in July 2004. Mr. Deng joined the Group in March 2010. Prior to joining the Group, Mr. Deng was the human resources manager of Xingye Leather Technology Co., Ltd. (興業皮革科技股份有限公司), a company engaging in the leather industry in the PRC and listed on the Shenzhen Stock Exchange (Stock code: 002674) in 2012, from 2006 to 2007. From September 2007 to June 2009, Mr. Deng was the human resources director of Fujian Fuma Food Group Limited (福建福馬食品集團有限公司) which carried out food production business in the PRC. Mr. Deng obtained the qualification of National Corporate Trainer (企業培訓師) in the PRC in 2007. He was also awarded as the “Advanced Worker of the Human Resources of the National Textile Industry” (“全國紡織業人力資源工作先進工作者”) by the China National Textile and Apparel Council (國家紡織人才交流培訓中心) in 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yu Yubin (俞毓斌) (“Mr. Yu”), aged 45, was appointed as the independent non-executive Director on 27 March 2014. Mr. Yu graduated with a bachelor’s degree in English from Fujian Normal University in June 1999. Mr. Yu is currently a practicing lawyer at Titan & Partners and prior to joining Titan & Partners in July 2009, he was a teacher at the senior section of Fujian Jinjiang Yang Zheng Secondary School (福建晉江養正中學高中部) from August 1992 to June 2003. Mr. Yu then worked in Xingye Leather Technology Co., Ltd. (興業皮革科技股份有限公司) from 2003 to 2009.

Mr. Ma Chongqi (馬崇啟) (“Mr. Ma”), aged 52, was appointed as the independent non-executive Director on 27 March 2014. Mr. Ma graduated from Tianjin Polytechnic University with a major in textile engineering (紡織工程) (formerly known as Tianjin Institute of Textile Science and Technology) in July 1987. Mr. Ma has been a professor at Tianjin Polytechnic University since October 2010. Mr. Ma has been teaching at Tianjin Polytechnic University since July 1987 as an assistant lecturer from July 1988 to September 1993, a lecturer from October 1993 to September 2000 and an assistant professor from October 2000 to September 2010.

In September 2016, he served as the China Textile Engineering Society the 25th council members of cotton textile professional committee. In December 2016, he served as the China Association for Science and Technology Association of Intelligent Weaving Association members of the expert committee. In December 2016, he served as China Science and Technology Commission members of Filament Weaving Association.

鄧慶輝先生(「鄧先生」)，45歲，為執行董事、宏太(中國)的副總經理兼行政及人力資源部主管。鄧先生於二零零四年七月完成北京大學的計算機信息管理課程。鄧先生於二零一零年三月加盟本集團。加入本集團之前，鄧先生曾於二零零六年至二零零七年擔任興業皮革科技股份有限公司(一家在中國從事皮革業的公司、於二零一二年於深圳證券交易所上市(股份代號：002674))的人力資源經理。二零零七年九月至二零零九年六月，鄧先生擔任福建福馬食品集團有限公司(在中國從事食品生產業務)的人力資源總監。鄧先生於二零零七年在中國取得企業培訓師資格。鄧先生亦於二零一三年獲國家紡織人才交流培訓中心評為「全國紡織業人力資源工作先進工作者」。

獨立非執行董事

俞毓斌先生(「俞先生」)，45歲，於二零一四年三月二十七日獲委任為獨立非執行董事。俞先生於一九九九年六月畢業於福建師範大學，取得英語學士學位。俞先生現任天象律師事務所執業律師，彼於二零零九年七月加盟天象律師事務所前，於一九九二年八月至二零零三年六月曾於福建晉江養正中學高中部擔任教師。俞先生其後於二零零三年至二零零九年於興業皮革科技股份有限公司任職。

馬崇啟先生(「馬先生」)，52歲，於二零一四年三月二十七日獲委任為獨立非執行董事。馬先生於一九八七年七月畢業於天津工業大學(前稱天津紡織工學院)，主修紡織工程。自二零一零年十月起，馬先生一直為天津工業大學的教授。馬先生自一九八七年七月起一直於天津工業大學任教，於一九八八年七月至一九九三年九月為助理講師，於一九九三年十月至二零零零年九月為講師，於二零零零年十月至二零一零年九月為助理教授。

於二零一六年九月，彼擔任中國紡織工程學會第二十五屆理事會棉紡織專業委員會委員。於二零一六年十二月，彼擔任中國科協智能織造學會聯合體專家委員會委員。於二零一六年十二月，彼擔任中國長絲織造協會科學技術委員會委員。

Mr. Chan Sui Wa (陳瑞華) ("Mr. Chan"), aged 42, was appointed as the independent non-executive Director on 27 March 2014. Mr. Chan has over 17 years of experience in auditing, finance, accounting, corporate governance and risk management. Mr. Chan graduated with a bachelor's degree in business administration from the Hong Kong University of Science & Technology in November 1997 and obtained a master's degree in corporate governance from the Hong Kong Polytechnic University in October 2011. Mr. Chan is currently a member of both of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Secretaries and Administrators. Mr. Chan is also a fellow member of Association of Chartered Certified Accountants. Mr. Chan is currently the sole proprietor of S. W. Chan & Co. (陳瑞華會計師事務所), an accounting firm engaging in the provision of assurance, business advisory and tax services.

Mr. Chan had prior experience working in public accounting firms such as Deloitte Touche Tomatsu, Arthur Andersen and PricewaterhouseCoopers in Hong Kong. He also held the position of group financial controller for Luxking Group Holdings Limited (力王集團控股有限公司) and Cacola Furniture International Limited (家居樂傢俬國際有限公司), which are companies listed on the Singapore Exchange.

Mr. Chan is also currently the Chief Financial Officer of Premiere Eastern Energy Limited (ASX: PEZ), a company listed in the Australian Securities Exchange.

SENIOR MANAGEMENT

Mr. Zhang Wenwang (張文旺) ("Mr. Zhang"), aged 53, is the vice general manager of Hongtai (China) and the head of the production department. Mr. Zhang obtained a bachelor's degree from Tianjin Institute of Textile Science and Technology (天津紡織工學院) (now known as Tianjin Polytechnic University (天津工業大學)) with a major in textile engineering (紡織工程) in July 1983. Prior to joining our Group in 2011, Mr. Zhang had worked as the chief engineer of several enterprises in the PRC. In December 1995, Mr. Zhang was qualified as a senior engineer (高級工程師). Mr. Zhang was a member of Shanxi Province Enterprise Technology Innovation Committee (山西省企業技術創新專家委員會).

陳瑞華先生(「陳先生」)，42歲，於二零一四年三月二十七日獲委任為獨立非執行董事。陳先生在審計、融資、會計、企業管治及風險管理方面積逾17年經驗。陳先生於一九九七年十一月畢業於香港科技大學，取得工商管理學士學位，並於二零一一年十月取得香港理工大學的企業管治碩士學位。陳先生現為香港會計師公會及特許秘書及行政人員公會會員。陳先生亦為特許公認會計師公會資深會員。陳先生現時為陳瑞華會計師事務所唯一擁有人，該公司為從事提供審計、商業諮詢及稅務服務的會計師行。

陳先生過去於香港任職多家公眾會計師行，如德勤•關黃陳方會計師行、安達信會計師事務所及羅兵咸永道會計師事務所。彼亦曾擔任力王集團控股有限公司及家居樂傢俬國際有限公司的財務總監，該等公司均於新加坡交易所上市。

陳先生現時也是一家澳洲證券交易所上市公司 Premiere Eastern Energy Limited (ASX: PEZ)之財務總監。

高級管理層

張文旺先生(「張先生」)，53歲，為宏太(中國)的副總經理兼生產部主管。張先生於一九八三年七月取得天津紡織工學院(現稱為天津工業大學)的學士學位，主修紡織工程。於二零一一年加盟本集團之前，張先生曾於中國多家企業擔任總工程師。張先生於一九九五年十二月取得高級工程師資格。張先生曾出任山西省企業技術創新專家委員會委員。

Ms. Liu Xuemin (劉學敏) (“Ms. Liu”), aged 56, is the chief engineer of Hongtai (China) and the head of the research and development department. Ms. Liu obtained a bachelor’s degree from Tianjin Institute of Textile Science and Technology (天津紡織工學院) (now known as Tianjin Polytechnic University (天津工業大學)) with a major in textile engineering (紡織工程) in July 1983. Prior to joining the Group in 2011, Ms. Liu had worked in the research and product development of several enterprises in the PRC. In December 1995, Ms. Liu was qualified as a senior engineer (高級工程師). Ms. Liu was appointed as a member of China Textile Engineering Society Cotton Textile Professional Committee Wearing Technology Group (中國紡織工程學會棉紡織專業委員會織造學組) in September 2003.

Mr. Siu Kai Chun (蕭啟晉) (formerly Siu Kwok Yee (蕭國義) (“Mr. Siu”)), aged 48, is the chief financial officer and company secretary of the Group. Mr. Siu joined the Group in May 2013 and is primarily responsible for the overall financial management, corporate governance, investors relationship and financial operations of the Group. Mr. Siu has over 18 years of experience in auditing, finance and accounting. Mr. Siu graduated from the City University of Hong Kong with a bachelor’s degree in business studies in December 1994, completed the executive master of business administration programme at Lingnan (University) College, Sun Yat-sen University (中山大學嶺南(大學)學院), Guangzhou, China in November 2003 and obtained the master of science degree in Finance from the University College Dublin, The National University of Ireland in October 2016. Mr. Siu is currently a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Institute of Chartered Accountants in England and Wales. Prior to joining the Group, Mr. Siu was a senior manager at Ernst & Young Transactions Limited from June 2012 to May 2013. Mr. Siu was the financial controller from June 2003 to March 2005 and the chief financial officer from April 2005 to March 2012 at CHT (Holdings) Ltd., a company engaging in the manufacture and sale of adhesive tapes, respectively. Mr. Siu also worked as a senior auditor at Ernst & Young from 2000 to 2003, a senior accountant at Debbie Morgan Trading Limited in 1999 and a tax accountant and auditor at PricewaterhouseCoopers from 1994 to 1998. Mr. Siu is currently an independent non-executive director of China Nonferrous Metals Company Limited (HKEX: 8306), a company listed in the Stock Exchange of Hong Kong.

劉學敏女士(「劉女士」)，56歲，為宏太(中國)的總工程師兼研發部主管。劉女士於一九八三年七月取得天津紡織工學院(現稱為天津工業大學)的學士學位，主修紡織工程。於二零一一年加盟本集團之前，劉女士曾於中國多家企業從事產品研發工作。劉女士於一九九五年十二月取得高級工程師資格。劉女士曾於二零零三年九月獲委任為中國紡織工程學會棉紡織專業委員會織造學組委員。

蕭啟晉先生(前稱蕭國義)(「蕭先生」)，48歲，為本集團財務總監兼公司秘書。蕭先生於二零一三年五月加盟本集團，主要負責本集團的整體財務管理、企業管治、投資者關係及財務運作。蕭先生在審計、融資及會計方面積逾18年經驗。蕭先生於一九九四年十二月畢業於香港城市大學，取得商業學學士學位，於二零零三年十一月完成中國廣州中山大學嶺南(大學)學院的工商管理行政人員碩士課程，並於二零一六年十月取得愛爾蘭國立都柏林大學金融學理學碩士。蕭先生現為香港會計師公會、特許公認會計師公會及英格蘭及威爾斯特許會計師公會資深會員。加盟本集團之前，蕭先生曾於二零一二年六月至二零一三年五月在安永企業財務服務有限公司任高級經理。蕭先生曾先後於二零零三年六月至二零零五年三月及二零零五年四月至二零一二年三月出任CHT (Holdings) Ltd. (一家從事膠帶生產及銷售的公司)財務總監。蕭先生亦曾於二零零零年至二零零三年在安永任高級核數師，於一九九九年任Debbie Morgan Trading Limited任高級會計師，及於一九九四年至一九九八年在羅兵咸永道會計師事務所任稅務會計師及核數師。蕭先生現時為一家香港聯交所上市公司的中國有色金屬有限公司(HKEX: 8306)的獨立非執行董事。

REPORT OF THE DIRECTORS

董事會報告書

The Directors of the Company (the "Directors") are pleased to present the annual report of the Company with the audited consolidated financial statements of the Group for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The Group is engaged in the design, manufacturing and sales of fabrics and yarns in the People's Republic of China. The principal activity of the Company is investment holding. The Group commenced the trading of polyetherimide during the year ended 31 December 2016. Details of the principal activities of its principal subsidiaries are set out in note 32 to the consolidated financial statements.

BUSINESS SEGMENTS

The Group is engaged in the manufacturing and sale of fabrics and yarns. Business analysis of sales, segment results, total assets and capital expenditure are set out in note 5 to the accompanying financial statements.

GEOGRAPHICAL SEGMENTS

The Group operates in two main geographical areas, the Mainland China and Hong Kong. Geographical analysis of sales, segment results, total assets, and capital expenditure are set out in note 5 to the accompanying financial statements.

BUSINESS REVIEW

For details of business review in relation to the development, performance or position of the Company's business, please refer to the section headed "Management Discussion and Analysis" of this annual report.

本公司董事(「董事」)欣然提呈截至二零一六年十二月三十一日止年度的本公司年報及本集團經審核合併財務報表。

主要業務

本集團主要在中華人民共和國從事面料及紗線的設計、製造及銷售。本公司主要業務為投資控股。本集團於截至二零一六年十二月三十一日止年度開始買賣工程塑料。其主要附屬公司的主要業務詳情載於合併財務報表附註32。

業務分類

本集團主要製造及銷售面料及紗線。營業額、分類業績、資產總額及資本開支業務分析載於隨附之財務報表附註5。

地區分類

本集團主要於中國大陸及香港這二個地區經營業務。營業額、分類業績、資產總額及資本開支之地區分析載於隨附之財務報表附註5。

業務回顧

關於本公司業務發展、表現或狀況之業務回顧詳情，請參閱本年報「管理層討論及分析」一節。

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. To the best knowledge of the Directors, the Group has complied with all the relevant laws and regulations that have a significant impact on the Group in relation to its business including health and safety, workplace conditions, employment and the environment. The Group understands that a better future depends on everyone's participation and contribution. It has encouraged all employees to participate in environmental and social activities which benefit the community as a whole.

Thanks to its active engagement in the enhancement of management measures and technology improvement, the Group incurred less unit electricity consumption and expenses in production as compared to that of last year. The Group also advocated conservation of resources in office and encouraged employees to develop good habits, conserve resources and energy to build a green and comfortable office environment.

The Group will issue a separate environmental, social and governance report for the year ended 31 December 2016 in due course with the relevant requirements of the Listing Rules.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2016 are set out in the consolidated financial statements of this annual report.

The Directors do not recommend the payment of a dividend for the year ended 31 December 2016 (2015: Nil).

RESERVES

Details of movement in the reserves of the Group for the year ended 31 December 2016 are set out in note 15 to the consolidated financial statements and in the consolidated statement of changes in equity.

As at 31 December 2016, there was approximately RMB500.7 million reserve of the Company available for distribution (2015: RMB478.7 million).

DONATIONS

The Group did not make any charitable and other donations during the year (2015: Nil).

環境、社會及企業責任

作為一間具社會責任的企業，本集團致力維持最高要求之環境及社會標準，以確保其業務可持續發展。據董事所知本集團已遵守所有對本集團有重大影響且與其業務有關的相關法例及法規，包括健康及安全、工作環境條件、就業及環境。本集團明白有賴所有人的參與及貢獻才能成就美好將來，亦因此鼓勵所有僱員參與環境及社會活動，惠及整個社區。

本集團積極推進管理措施和技術改造，生產用電單耗用量及開支均比去年有所節約。本集團亦引導各項辦公室減耗措施，鼓勵員工養成良好習慣，節約資源和能源，建設綠色舒適的辦公環境。

本集團將於適當時候按照上市規則的有關規定另行發佈截至二零一六年十二月三十一日止年度之環境、社會及管治報告。

業績及撥款

本集團於截至二零一六年十二月三十一日止年度的業績載於本年報合併財務報表。

董事不建議就截至二零一六年十二月三十一日止年度派發股息(二零一五年：無)。

儲備

有關本集團截至二零一六年十二月三十一日止年度的儲備變動詳情，載於合併財務報表附註15及合併權益變動表。

於二零一六年十二月三十一日，本公司可供分派的儲備約為人民幣500.7百萬元(二零一五年：人民幣478.7百萬元)。

捐款

於年內，本集團並無作出任何慈善捐款及其他捐獻(二零一五年：無)。

PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment of the Group are set out in note 7 to the consolidated financial statements.

SHARE CAPITAL

Details of and reasons for movements in the share capital of the Company during the year under review are set out in note 14 to the consolidated financial statements.

TAX RELIEF

The Company is not aware of any tax relief or exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 159–160 of this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights over shares of the Company under the Company's articles of association (the "Articles") or the laws of Cayman Islands where the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

物業、廠房及設備

本集團的物業、廠房及設備詳情載於合併財務報表附註7。

股本

於回顧年度內本公司的股本變動詳情及原因載於合併財務報表附註14。

稅務減免

本公司並不知悉任何因持有本公司證券而提供予本公司股東之稅務寬減或減免。

財務摘要

本集團過去五個財政年度的業績以及資產及負債概要載於本年報第159至160頁。

購買、出售或購回上市證券

於截至二零一六年十二月三十一日止年度內，本公司或其任何附屬公司概無購買、出售或購回本公司上市證券。

優先購買權

根據本公司的組織章程細則(「細則」)或本公司註冊成立地點開曼群島的法律，概無有關本公司有義務按比例向本公司現有股東發售新股份的本公司股份優先購買權的規定。

DIRECTORS

The Directors of the Company during the year and up to the date of this report are as follows:

Executive Directors

Mr. Lin Qingxiong (*Chairman*)
Mr. Qiu Zhiqiang
Mr. Deng Qinghui

Independent non-executive Directors

Mr. Ma Chongqi
Mr. Yu Yubin
Mr. Chan Sui Wa

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

The biographical details of the Directors are set out in the section headed "Directors and Senior Management".

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company which has been renewed on 27 March 2017 for a term of three years. Each of the independent non-executive Directors has entered into a letter of appointment with the Company which has been renewed on 27 March 2017 for a term of three years. None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

董事

於年內及截至本報告日期的本公司董事如下：

執行董事

林清雄先生(主席)
邱志強先生
鄧慶輝先生

獨立非執行董事

馬崇啟先生
俞毓斌先生
陳瑞華先生

本公司已獲每名獨立非執行董事根據上市規則第3.13條規定確認其獨立性。本公司認為所有獨立非執行董事均為獨立人士。

董事履歷詳情載列於「董事及高級管理層」一節。

董事服務合約

各執行董事已與本公司訂立一項服務合約(已於二零一七年三月二十七日重續)，為期三年。各獨立非執行董事已與本公司簽訂一項委任函(已於二零一七年三月二十七日重續)，為期三年。概無董事與本公司或其任何附屬公司訂立任何在毋須作出賠償(法定賠償除外)的情況下本集團不可於一年內終止的服務合約。

DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Pursuant to the service contracts entered into by each of executive directors as disclosed in the paragraph headed "Directors' services contracts" above, each of Mr. Lin Qingxiong, Mr. Qiu Zhiqiang and Mr. Deng Qinghui is entitled to a monthly salary of RMB14,500, RMB14,500 and RMB11,583, respectively. In addition, pursuant to the above service contracts, each of them is also entitled to a management bonus in respect of each financial year in such sum as the Board may in its absolute discretion determine aggregate amount of management bonuses payable to all directors.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in section 469 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) for the benefit of the Directors of the Company is currently in force and was in force throughout the year.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors confirmation of his/her independence and the Company considers that each of them to be independent based on the guidelines set out in Rule 3.13 of the Listing Rules.

根據上市規則第13.51B(1)條作出之披露

根據上文「董事服務合約」一段披露各執行董事各自訂立之服務合約，林清雄先生、邱志強先生及鄧慶輝先生分別有權獲得月薪人民幣14,500元、人民幣14,500元及人民幣11,583元。此外，根據上述服務合約，彼等各人亦有權就各財政年度獲得管理層花紅，董事會可全權酌情釐定應付全體董事的管理層花紅總額。

獲准許的彌償條文

有關本公司董事利益的獲准許彌償條文(定義見香港法例第六百二十二章公司條例第469條)現正生效及於本年度一直生效。

獨立非執行董事之獨立性

本公司已獲得各獨立非執行董事確認其獨立性，而根據上市規則第3.13條所載指引，本公司認為其各人均為獨立。

EMOLUMENT POLICY

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

The Remuneration Committee considers and recommends to the Board on the remuneration and other benefits paid by the Company to the Directors by reference to the Company's operating results, individual performance and comparable market rates. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate.

As at 31 December 2016, the Group had an aggregate of 516 full-time employees (as at 31 December 2015: 785). Employee costs including directors' emoluments totalled RMB26.1 million for the year of 2016 (2015: RMB30.0 million). The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees including the Directors with reference to individual performance and current market salary scale.

The Group regularly reviews the emolument package of the existing employees, considers increment of salaries and conducts some long-term incentive scheme when appropriate.

Details of Directors' remuneration are set out in note 28 to the financial statements.

薪酬政策

本集團僱員的薪酬政策乃由管理層根據彼等表現、資歷及能力制訂。

薪酬委員會經參考本公司經營業績、個人表現及可比較市場水平考慮及向董事會推薦本公司向董事支付的酬金及其他福利。所有董事的酬金受薪酬委員會定期監察，確保其酬金和薪酬定於適當水平。

於二零一六年十二月三十一日，本集團共有516名全職僱員（於二零一五年十二月三十一日：785名）。二零一六年的僱員成本（包括董事酬金）共計人民幣26.1百萬元（二零一五年：人民幣30.0百萬元）。本集團根據個人能力及發展潛力聘請及提升僱員。本集團根據個人表現及當前市場薪資水平釐定所有僱員（包括董事）的薪酬待遇。

本集團經常複核現存僱員之薪酬待遇，並在適當時考慮提升薪金及採取一些長期激勵計劃。

董事酬金詳情載於財務報表附註28。

DISCLOSURE OF INTERESTS IN SECURITIES**A. Directors' interests in the shares of the Company**

As at 31 December 2015, the interests and/or short positions of the Directors of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once the shares are listed, will be as follows:

Interests in the Company:

- (a) Ordinary shares of HK\$0.01 each of the Company

於證券中的權益披露**A. 董事於本公司股份中的權益**

於二零一五年十二月三十一日，本公司董事在股份上市後於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）的股份、相關股份或債權證中，擁有須根據證券及期貨條例第XV部第7及8分部知會本公司及聯交所的權益及／或淡倉（包括彼等根據證券及期貨條例上述條文被當作或視作擁有的權益及淡倉）；或根據證券及期貨條例第352條須登記於根據該條例須存置的登記冊的權益及／或淡倉；或根據上市規則《上市發行人董事進行證券交易的標準守則》在股份上市後須知會本公司及聯交所的權益及／或淡倉如下：

於本公司權益：

- (a) 本公司每股面值0.01港元的普通股

Name of Director	Capacity/Nature of interest	Number of shares held in the Company	Approximate percentage of shareholding in the Company
董事姓名	身份／權益性質	所持本公司股份數目	佔本公司股權概約百分比
Mr. Lin Qingxiong	Interest of a controlled corporation	280,000,000 shares (note) (long position)	18.06%
林清雄先生	受控法團權益	280,000,000股(附註) (好倉)	
	Beneficial owner	20,340,000 shares (long position)	1.31%
	實益擁有人	20,340,000股(好倉)	
Mr. Qiu Zhiqiang	Beneficial owner	140,000,000 shares (long position)	9.03%
邱志強先生	實益擁有人	140,000,000股(好倉)	

Note:

These shares are held by Merit Lead Investments Limited, the entire issued share capital of which is owned by Mr. Lin Qingxiong.

附註：

該等股份乃由德利投資有限公司持有，其全部已發行股本由林清雄先生擁有。

Interests in the associated corporation of the Company: 於本公司相聯法團權益：

Name of Director	Name of associated corporation	Capacity/Nature of interest	Number of shares held in the associated corporation	Approximate percentage of shareholding in the associated corporation 佔該相聯法團股權概約百分比
董事姓名	相聯法團名稱	身份／權益性質	所持相聯法團股份數目	
Mr. Lin Qingxiong	Merit Lead Investments Limited	Beneficial owner	One share of US\$1.00 (long position)	100%
林清雄先生	德利投資有限公司	實益擁有人	一股面值1.00美元(好倉)	

Save as disclosed above, as at 31 December 2016, none of the directors of the Company had any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations.

除上文披露者外，於二零一六年十二月三十一日，概念本公司董事於本公司或其任何相關法團的任何股份及相關股份中擁有任何權益或淡倉。

B. Substantial shareholders' interests in the shares of the Company

As at 31 December 2016, so far as the Directors are aware, the following persons (not being a Director of the Company) had an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 5% or more of the Company's issued share capital:

B. 主要股東於本公司股份中的權益

就董事所知，於二零一六年十二月三十一日，下列人士(並非本公司董事)擁有根據證券及期貨條例第XV部第2及3分部的規定須向本公司及聯交所披露的股份或相關股份的權益或淡倉，或直接或間接於本公司5%或以上的已發行股本中擁有權益：

Name of shareholder	Capacity/Nature of interest	Number of shares	Approximate percentage of shareholding in the Company 佔本公司股權概約百分比
股東名稱	身份／權益性質	股份數目	
Merit Lead Investments Limited (note)	Beneficial owner	280,000,000 shares (long position)	18.06%
德利投資有限公司(附註)	實益擁有人	280,000,000股(好倉)	
Mr. Cai Jinxu	Beneficial owner	81,400,000 shares (long position)	5.25%
蔡金旭先生	實益擁有人	81,400,000股(好倉)	

Note:

Merit Lead Investments Limited is a company incorporated in the British Virgin Islands, the entire issued share capital of which is owned by Mr. Lin Qingxiong.

Save as disclosed above, as at 31 December 2016, the directors of the Company are not aware of any other persons (other than the directors of the Company whose interests are set out in the section "Directors' interests in the shares of the Company" above) who held any 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.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the below section of "Share option scheme", at no time during the year was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEME

The Company conditionally adopted the share option scheme on 27 March 2014, and such scheme has become effective on the Listing Date (the "Share Option Scheme"). The purpose of the Share Option Scheme is to recognize and acknowledge the contribution of the eligible participants made to the Group. The Board may, at its discretion, grant options pursuant to the Share Option Scheme to Directors (including the independent non-executive Directors), the Company's subsidiaries, employees of the Group and other persons the Board considers have contributed or will contribute to the Group. The maximum number of shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 10% of the issued share capital of the Company (i.e. 100,000,000 shares), unless otherwise approved by the shareholders of the Company in general meeting and/or other requirements prescribed under the Listing Rules. The subscription price of a share in respect of a particular option shall be not less than the highest of (a) the official closing price of the Shares on the daily quotation sheet of the Stock Exchange; (b) the average official closing price of the shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a share. The Share Option Scheme shall remain effective within a period of 10 years from that date.

附註：

德利投資有限公司為一家在英屬處女群島註冊成立的公司，其全部已發行股本由林清雄先生擁有。

除上文披露者外，於二零一六年十二月三十一日，本公司董事概不知悉有任何其他人士(除彼等之權益已載於上文「董事於本公司股份中的權益」一節的本公司董事外)於本公司的股份或相關股份中，擁有已記入根據證券及期貨條例第336條規定須存置的登記冊的權益或淡倉。

購買股份或債券的安排

除於下文「購股權計劃」一節所披露者外，於年內任何時間，本公司、其控股公司或其任何附屬公司概無訂立任何安排，以令本公司董事可透過獲得本公司或任何其他法團的股份或債券而獲得利益。

購股權計劃

本公司於二零一四年三月二十七日有條件採納購股權計劃，該計劃於上市日期起生效(「購股權計劃」)。購股權計劃旨在肯定及獎勵對本集團作出貢獻的合資格參與者。董事會根據購股權計劃可酌情決定向董事(包括獨立非執行董事)、本公司的附屬公司、本集團僱員及董事會認為對本集團已作出或將作出貢獻的其他人士授出購股權。根據購股權計劃可能授出的購股權所涉及的股份數目上限合共不得超過本公司已發行股本的10%(即100,000,000股股份)，惟本公司股東在股東大會上另行批准及/或上市規則有其他規定者除外。某一特定購股權所涉及股份的認購價不得低於以下三者的最高者：(a)於聯交所每日報價表所報的官方收市價；(b)緊接授出日期前五個營業日股份於聯交所每日報價表所報的官方收市價平均數；及(c)股份面值。購股權計劃自該日期起計10年期間仍屬有效。

The Company granted 50,000,000 share options for the subscription of 50,000,000 shares of the Company to certain directors and substantial shareholders, suppliers and customers of the Group on 25 May 2016 ("Date of Grant"), representing 3.2% of the total number of shares of the Company in issue as at the date of this annual report. The maximum number of shares issued and to be issued in respect of which options may be granted under the Share Option Scheme to each Eligible Participants in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue at the date of grant, unless with the prior approval from the Company's shareholders and with such participants and his associates abstaining from voting. Options granted to any Director or substantial shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the independent non-executive Directors. Where any option granted to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted to such person in the 12 month period, (i) representing in aggregate over 0.1% of the shares in issue and the date of such grant; and (ii) having an aggregate value, based on the closing price of the shares, in excess of HKD5 million, such grant of options shall be subject to prior approval of the Company's shareholders in general meeting by way of poll.

The exercise price of the options granted is HK\$0.5 and the exercise period is for one year.

An offer of a grant of an option under the Share Option Scheme shall remain open for acceptance for 30 days from the date of grant. Upon acceptance of the option, the grantee shall pay HKD1 (or an equivalent amount in RMB) to the Company by way of consideration for the grant. Options may be exercised in accordance with the terms of the Share Option Scheme at any time from the date of grant until the expiry of 1 year from such date. The subscription price shall be determined by the Board in its absolute discretion, and in any event shall not be less than the highest of (i) the closing price of the shares as stated in the daily quotation sheets of the Stock Exchange on the date of grant, (ii) the average closing price of the shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of grant, and (iii) the nominal value of a share. An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 1 year from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 1 year after it has been granted. No option may be granted more than 1 year after the date of approval of the Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 1 year from the date of adoption.

本公司於二零一六年五月二十五日(「授出日期」)向本集團的若干董事、主要股東、供應商及客戶授出本公司50,000,000份購股權，可認購50,000,000股股份，相當於本公司於本年報日期已發行股份總數的3.2%。於截至授出日期止前任何十二個月期間，根據購股權計劃向各合資格參與者可能授出的購股權所涉及的已發行及將予發行的股份數目上限不得超過授出日期已發行股份的1%，除非獲本公司股東事先批准且有關參與者及其聯繫人放棄投票。向本公司任何董事或主要股東或任何彼等各自的聯繫人授出購股權須獲獨立非執行董事事先批准。倘向主要股東或獨立非執行董事或任何彼等各自的聯繫人授出購股權將導致於十二個月期間因行使已授予或將授予有關人士的全部購股權而已發行及將予發行的股份：(i)合共超過有關授出日期已發行股份的0.1%；及(ii)按股份收市價計算的總值超過5百萬港元，則授出有關購股權須經本公司股東於股東大會以投票方式事先批准。

所授出購股權的行使價為0.5港元，行使期為一年。

根據購股權計劃授出購股權的要約自授出日期起計30日內可供接納。於接納有關購股權時，承授人須向本公司支付1港元(或人民幣等值金額)作為授出代價。購股權可根據購股權計劃條款自授出日期起隨時行使，直至自該日起計一年屆滿。認購價將由董事會全權酌情釐定，且於任何情況下不得低於以下三者的最高者：(i)股份於授出日期在交易所每日報價表所報的收市價；(ii)緊接授出日期前五個營業日在交易所每日報價表所報的股份收市價平均數；及(iii)股份面值。購股權可根據購股權計劃的條款於購股權視作已授出並獲接納當日後及自該日起計一年屆滿前期間隨時行使。購股權可行使的期間由董事會全權酌情釐定，惟不得超過授出購股權當日起計一年。於購股權計劃獲批准當日起一年後不得授出購股權。除非本公司於股東大會或經由董事會提前終止，否則購股權計劃自採納日期起一年內有效及具效力。

During the year ended 31 December 2015, 50,000,000 share options were exercised to convert into the ordinary shares under the Share Option Scheme. The summary below sets out the details of movement of options granted for the year ended 31 December 2015 pursuant to the Share Option Scheme:

於截至二零一五年十二月三十一日止年度，已根據購股權計劃行使50,000,000份購股權，以轉換為普通股股份。以下概述載列根據購股權計劃授出的購股權於截至二零一五年十二月三十一日止年度的變動詳情：

Name 姓名	Date of grant 授出日期	Exercise period 行使期	Exercise price 行使價 HK\$ 港元	Closing price of the shares on the date of grant 於授出日期的股份收市價 HK\$ 港元	Balance as at 1 January 2016 於二零一六年一月一日的結餘	Number of share option 購股權數目			Balance as at 31 December 2016 於二零一六年十二月三十一日的結餘
						Granted during the year 年內授出	Exercised during the year 年內行使	Cancelled/lapsed during the year 年內註銷/失效	
Ms. Cai Peilan 蔡培蘭女士	25 May 2016 二零一六年五月二十五日	25 May 2016 to 24 May 2019 二零一六年五月二十五日至 二零一九年五月二十四日	0.5	0.5	10,000,000	-	10,000,000	-	-
Ms. Chen Shuangying 陳霜影女士	25 May 2016 二零一六年五月二十五日	25 May 2016 to 24 May 2019 二零一六年五月二十五日至 二零一九年五月二十四日	0.5	0.5	10,000,000	-	10,000,000	-	-
Ms. Wu Bingying 吳冰盈女士	25 May 2016 二零一六年五月二十五日	25 May 2016 to 24 May 2019 二零一六年五月二十五日至 二零一九年五月二十四日	0.5	0.5	5,000,000	-	5,000,000	-	-
Mr. Wang Jianfang 王建芳先生	25 May 2016 二零一六年五月二十五日	25 May 2016 to 24 May 2019 二零一六年五月二十五日至 二零一九年五月二十四日	0.5	0.5	10,000,000	-	10,000,000	-	-
Mr. Fu Zipeng 傅子鵬先生	25 May 2016 二零一六年五月二十五日	25 May 2016 to 24 May 2019 二零一六年五月二十五日至 二零一九年五月二十四日	0.5	0.5	5,000,000	-	5,000,000	-	-
Ms. Hong Xiaohong 洪小虹女士	25 May 2016 二零一六年五月二十五日	25 May 2016 to 24 May 2019 二零一六年五月二十五日至 二零一九年五月二十四日	0.5	0.5	5,000,000	-	5,000,000	-	-
Ms. Qiu Yuling 邱裕玲女士	25 May 2016 二零一六年五月二十五日	25 May 2016 to 24 May 2019 二零一六年五月二十五日至 二零一九年五月二十四日	0.5	0.5	5,000,000	-	5,000,000	-	-
Total 總計					50,000,000		50,000,000		-

Share options granted

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity.

For the share options granted by the Company, when they are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in other reserve will continue to be held in other reserve.

CONTRACTS OF SIGNIFICANCE

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

No contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholders (as defined in the Listing Rules) of the Company or any of its subsidiaries.

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, the aggregate sales attributable to the Group's largest and five largest customers were 15.4% and 49.7% of the Group's total sales respectively (2015: 15.5% and 42.3%). The aggregate purchases attributable to the Group's largest and five largest suppliers were 24.3% and 49.6% of the Group's total purchases respectively during the year under review (2015: 15.1% and 39.9%).

During the year, none of the Directors, their associates or any shareholders (who to the knowledge of the Directors owned more than 5% of the issued share capital of the Company) had any interest in any of the five largest customers or suppliers of the Group.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Being people-oriented, the Group ensures all staff are reasonably remunerated and continues to improve and regularly review and update its policies on remuneration and benefits, training, occupational health and safety.

The Group maintains a good relationship with its customers. A customer complaint handling mechanism is in place to receive, analyse and study complaints and make recommendations on remedies with the aim of improving service quality.

The Group is in good relationship with its suppliers and conducts a fair and strict appraisal of its suppliers on an annual basis.

授予的購股權

所獲取服務的公平值乃參照所授出購股權於授出日期的公平值而釐定，按歸屬期以直線法支銷，權益亦相應增加。

就本公司授出的購股權而言，當購股權獲行使時，原先於其他儲備內確認的款項將轉撥至股份溢價，而當購股權於歸屬期後被沒收或於屆滿日期仍未行使時，原先於購股權儲備內確認的款項將繼續於購股權儲備內持有。當購股權於歸屬期後被沒收或於屆滿日期仍未行使時，原先於其他儲備內確認的款項將繼續於其他儲備內持有。

重大合約

概無任何與本集團業務有重大關係且本公司及其附屬公司為訂約方及董事擁有重大權益(不論直接或間接)之合約於年終或年內任何時間存在。

本公司或其任何附屬公司及本公司或其任何附屬公司之控股股東(定義見上市規則)之間概無訂立重大合約。

主要客戶及供應商

於回顧年度，來自本集團最大及五大客戶的總銷售額分別佔本集團總銷售額的15.4%及49.7%(二零一五年：15.5%及42.3%)，於回顧年度，來自本集團最大及五大供應商的總採購額分別佔本集團總採購額的24.3%及49.6%(二零一五年：15.1%及39.9%)。

於年內，概無董事、其聯繫人或據董事所知擁有本公司已發行股本5%以上的任何股東於本集團五大客戶或供應商中擁有任何權益。

與僱員、顧客及供應商的重要關係

本集團以人為本，給予僱員合理待遇，同時為挽留人才不斷完善薪酬福利、培訓、職業健康與安全等制度，並定期檢討更新。

本集團與其顧客維持良好關係。為改善服務質素，本集團定下顧客投訴管理機制，包括投訴收集、分析研究及提出改善意見。

本集團與其供應商關係良好，每年對供應商進行公平及嚴格審核。

MANAGEMENT CONTRACTS

No contracts of significance concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year under review.

CONNECTED TRANSACTIONS

No connected transactions were incurred during the year ended 31 December 2016.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, from the Listing Date and up to the date of this report, the Company has maintained a sufficient public float of at least 25% of the Company's issued share capital as required under the Listing Rules.

DIVIDEND POLICY

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2016 (2015: Nil). As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year at 2016.

BOARD COMMITTEES

The Company comprises the Nomination Committee, the Remuneration Committee, the Audit Committee and the Regulatory Compliance Committee as described from page 33 to 41 of this annual report.

管理合約

於回顧年度內，本公司並無就整體業務或任何重要業務部分之管理及行政工作簽訂或存有任何重要合約。

關連交易

截至二零一六年十二月三十一日止年度，概無發生關連交易。

公眾持股量之充足程度

根據可供本公司公開索取之資料及就董事所知，由上市日期起及截至本報告日期，本公司按照上市規則所規定維持至少本公司已發行股本25%的充足公眾持股量。

股息政策

董事會不建議就截至二零一六年十二月三十一日止年度派發任何末期股息(二零一五年：無)。由於年內並無應派中期股息，故二零一六年全年將不會派發股息。

董事委員會

本公司包括提名委員會、薪酬委員會、審核委員會及監管合規委員會，在本年報第33至41頁詳列。

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Each of the Directors has confirmed that he is neither engaged, nor interested, in any business which, directly or indirectly, competes or may compete with the Group's business.

NON-COMPETITION UNDERTAKINGS BY THE CONTROLLING SHAREHOLDERS

Each of Merit Lead Investments Limited, Mr. Lin Qingxiong, Mr. Qiu Zhiqiang and Mr. Cai Jinxu, being controlling shareholders of the Company, has entered into a deed of non-competition on 27 March 2014 (the "Deed of Non-Competition") so as to better safeguard the Group from any potential competition and to formalise the principles for the management of potential conflicts between them and to enhance its corporate governance in connection with the listing of the shares on the Stock Exchange.

The independent non-executive Directors were not required to review any matter in relation to compliance and enforcement of the Deed of Non-Competition during the Period.

The Company has received written confirmation from Mr. Lin Qingxiong, Mr. Qiu Zhiqiang and Mr. Cai Jinxu, being controlling shareholders of the Company on 30 March 2015 that they have complied with the terms of the deed of non-competition and consent to the respective terms and conditions.

LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries during the year under review.

董事於競爭業務之權益

各董事已確認其概無從事與本集團業務直接或間接存在競爭或可能存在競爭之業務或於該等業務中擁有權益。

控股股東作出之不競爭承諾

於二零一四年三月二十七日，本公司控股股東德利投資有限公司、林清雄先生、邱志強先生及蔡金旭先生各自訂立一份不競爭契約（「不競爭契約」），為更能保障本集團免於涉及任何潛在競爭及規範針對彼等之間潛在衝突的管理原則，以及就股份於聯交所上市加強企業管治。

獨立非執行董事毋須在本期間檢討有關遵守及執行不競爭契約的任何事宜。

本公司已在二零一五年三月三十日收到林清雄先生、邱志強先生及蔡金旭先生作為本公司控股股東就關於他們已經遵守不競爭契約中的條款並同意有關條文及條件的確認函。

訴訟

於回顧年度，本公司或其任何附屬公司概無牽涉於任何重大訴訟或仲裁，而據董事所知，本公司或其任何附屬公司並無涉及待決或面臨威脅之重大訴訟或索償。

SUBSEQUENT EVENTS

Proposed very substantial acquisition

As disclosed in the paragraph head “Proposed very substantial acquisition” under the section headed “Management Discussion and Analysis – Business Review” in this annual report, on 11 January 2017 and 20 March 2017, a wholly-owned subsidiary of the Company entered into conditional sale and purchase agreements to an aggregate 96.7% equity interest in Iron Mining International (Mongolia) Limited, a company incorporated in the British Virgin Islands which is principally engaged in the exploration, mining, processing, sales and marketing of iron ore mainly in Eruu Gol Mining Area in Mongolia. Completion of the acquisition of Iron Mining International (Mongolia) Limited is subject to certain conditions precedent including the approval from the independent shareholders of the Company. For details of the proposed very substantial acquisition, please refer to the announcements of the Company dated 13 March 2017 and 21 March 2017.

Issue of bond

From the year end date of 31 December 2016 to the date of announcement, the Company issued corporate bond of approximately HKD10.0 million, HKD10.0 million and HKD10.0 million, respectively, on 19 January, 17 February and 21 February 2017, respectively, for the raising of working capital purpose.

AUDITOR

The financial statements have been audited by PricewaterhouseCoopers. A resolution to reappoint PricewaterhouseCoopers, the independent auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Lin Qingxiong
Chairman

Hong Kong, 31 March 2017

結算日後事項

建議非常重大收購

誠如本年報「管理層討論及分析－業務回顧」一節項下「建議非常重大收購」一段所披露，於二零一七年一月十一日及二零一七年三月二十日，本公司全資附屬公司訂立若干有條件買賣協議收購鐵礦業國際(蒙古)有限公司合共96.7%股權，該公司為於英屬處女群島註冊成立的有限公司，主要從事鐵礦石的勘探、採集、加工、銷售及營銷，其業務主要位於蒙古國的伊羅河礦業區。鐵礦業國際(蒙古)有限公司收購須待若干先決條件(包括取得本公司獨立股東批准)達成後，方告完成。有關建議非常重大收購詳情，請參閱本公司日期為二零一七年三月十三日及二零一七年三月二十一日的公告。

發行債券

於截至二零一六年十二月三十一日止年度起直至本公告日期，本公司分別於二零一七年一月十九日、二月十七日及二月二十一日發行公司債券籌集約10.0百萬港元、10.0百萬港元及10.0百萬港元供營運資金用途。

核數師

財務報表已經由羅兵咸永道會計師事務所審核。即將舉行的股東週年大會將會提出一項就關於重新委任羅兵咸永道會計師事務所的動議。

代表董事會

主席
林清雄

香港，二零一七年三月三十一日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



羅兵咸永道

To the Shareholders of WangTai Holdings Limited
(Incorporated in Cayman Islands with limited liability)

致宏太控股有限公司股東
(於開曼群島註冊成立的公司)

QUALIFIED OPINION

What we have audited

The consolidated financial statements of Wang Tai Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 63 to 158, which comprise:

- the consolidated statement of financial position as at 31 December 2016;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

有保留意見

吾等已審核的內容

宏太控股有限公司(「貴公司」)及其附屬公司(「貴集團」)載於第63至158頁的合併財務報表，其中包括：

- 於二零一六年十二月三十一日的合併財務狀況表；
- 截至該日止年度的合併全面收益表；
- 截至該日止年度的合併權益變動表；
- 截至該日止年度的合併現金流量表；
- 合併財務報表附註，其中包括重大會計政策概要。

Our qualified opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

吾等的有保留意見

吾等認為，除報告中有保留意見的基準一節所述事項的潛在影響外，合併財務報表已根據國際財務報告準則(「國際財務報告準則」)真實而公平反映貴集團於二零一六年十二月三十一日的合併財務狀況，及截至該日止年度的合併財務表現及合併現金流量，並已遵照香港公司條例的披露規定妥善編製。

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BASIS FOR QUALIFIED OPINION

1. Recoverability of Trade Receivables

As described in Notes 5 and 12 to the consolidated financial statements, the Group started a new business of trading of polyetherimide products ("PEI") during the year ended 31 December 2016. Despite the original credit term offered to customers of this PEI business was 270 days after shipment date, it was further revised to one year after customers' confirmations on receipt of goods. As a result, all of the related receivables from the PEI trading during the year remained unsettled at 31 December 2016, and they will not be due for settlement until May 2017 or later. Furthermore, after various negotiations a 5% sales discount was offered by the Group and recorded in connection with a majority of these trading transactions following quality claims from certain customers. No impairment was provided against these PEI receivables of RMB332,593,000 as at 31 December 2016.

In addition, as described in Note 12 to the consolidated financial statements, the Group had trade receivables arising from sales of yarns and fabrics amounted to RMB327,541,000, against which an impairment provision of RMB129,888,000 was made as at 31 December 2016. The aging profile of these receivables had been much deteriorated in 2016, such that total receivables of RMB206,034,000 were past due as at that date. The Group had reached settlement confirmations with a majority of the customers with overdue receivables balances amounting to RMB232,913,000, and an impairment provision of RMB41,257,000 was made against amounts not covered by the settlement confirmations. For the remaining trade receivables of RMB94,628,000, the Group was either unable to contact the customers or reach settlement confirmations, and therefore set aside a provision of RMB88,631,000 based on the ageing profile of these receivables.

有保留意見的基準

1. 貿易應收款項的可收回程度

誠如合併財務報表附註5及12所述，貴集團截至二零一六年十二月三十一日止年度開始買賣工程塑料產品（「工程塑料」）的新業務。儘管向工程塑料業務客戶給予的原定信貸期為付運日期後270天，但其獲進一步修訂為客戶確認收貨後一年。因此，年內買賣工程塑料的所有有關應收款項於二零一六年十二月三十一日仍未結清，且其不會於二零一七年五月或之後付款。此外，經多次磋商後，貴集團給予5%銷售折扣，並在若干客戶提出品質問題後記錄大部分該等買賣交易。於二零一六年十二月三十一日，概無就工程塑料應收款項人民幣332,593,000元作出減值撥備。

此外，誠如合併財務報表附註12所述，貴集團有銷售紗線及面料產生的貿易應收款項為人民幣327,541,000元，就此於二零一六年十二月三十一日作出減值撥備人民幣129,888,000元。於二零一六年，該等應收款項的賬齡狀況惡化，該日應收款項總額人民幣206,034,000元已逾期。貴集團已向大部分客戶發出結算確認書，而逾期應收款項為人民幣232,913,000元及作出減值撥備人民幣41,257,000元，而結算確認書不涵蓋該金額。至於貿易應收款項餘額人民幣94,628,000元，貴集團已經或未能與客戶取得聯繫或送達結算確認書，因此，根據該等應收款項的賬齡狀況，預留撥備人民幣88,631,000元。

BASIS FOR QUALIFIED OPINION (continued)**1. Recoverability of Trade Receivables** (continued)

In respect of the receivables arising from sales of PEI and yarns and fabric described above, management was not able to provide us with satisfactory explanation and adequate information to support their recoverability assessment, including but not limited to, information about the financial strength of the customers to honour the settlement obligations, and the details and reasons for the Group not being able to reach settlement confirmations with certain customers. Moreover, some of these customers were not contactable. Furthermore, given the short history of the PEI sales and the overseas sales of yarns and fabric, management was not able to provide to us with adequate information on the credit history and settlement patterns of these customers. As such, we were unable to obtain sufficient appropriate audit evidence to ascertain the valuation assessment made by the directors of the Company on these receivables. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the impairment charge of RMB129,888,000 recognised during the year ended 31 December 2016, and the balance of impairment provision of the same amount as at the year end date were fairly stated. Consequently, we were unable to determine whether any adjustment to these amounts was necessary.

2. Nature and Recoverability of Prepayments to Raw Materials Suppliers

As described in Note 12 to the consolidated financial statements, as at 31 December 2016, the Group had prepayment of RMB91,627,000 with a major supplier of cotton and yarns raw materials. During the year ended 31 December 2016, the Group made total prepayments of RMB83,799,000 to the supplier which was significantly larger than the actual purchase amount of RMB34,310,000 for year 2016. The Group noted in November 2016 that this supplier was in financial difficulty and hence made a provision of RMB35,847,000 as at 31 December 2016, taking into consideration a purchase agreement amounting to RMB55,780,000 for year 2017 that was entered into in March 2017. In addition, the Group also made a full provision of RMB19,040,000 for the prepayment made to another supplier which is also in financial difficulty based on management's understanding.

有保留意見的基準 (續)**1. 貿易應收款項的可收回程度** (續)

就上述銷售工程塑料、紗線及面料產生的應收款項而言，管理層未能向吾等提供令人滿意的解釋及充足資料以支持彼等的可收回性評估，包括但不限於有關客戶財力以履行結算責任的資料及 貴集團未能向若干客戶發出結算確認書的詳情及原因，而若干該等客戶聯繫不上。此外，鑒於工程塑料銷售及海外銷售紗線及面料歷史太短，管理層未能向吾等就客戶的信貸歷史及結算模式提供充足資料。因此，吾等未能取得充足合適的證明以確定 貴公司董事就該等應收款項所作的估值評估。概無另一個吾等可進行的審核程序使吾等信納截至二零一六年十二月三十一日止年度的已確認減值費用人民幣129,888,000元及於年結日相同金額的減值撥備結餘是否已公平列明。故此，吾等未能確定是否需要對該等金額作出任何調整。

2. 向原材料供應商支付預付款項的性質及可收回程度

誠如合併財務報告附註12所述，於二零一六年十二月三十一日， 貴集團已向大部分棉花及面料原材料供應商預付人民幣91,627,000元。截至二零一六年十二月三十一日止年度， 貴集團已向供應商合共預付人民幣83,799,000元，該金額遠多於二零一六年的實際購買金額人民幣34,310,000元。 貴集團注意到，於二零一六年十一月，由於此供應商面對財政困難並經考慮於二零一七年三月訂立的二零一七年購買協議為人民幣55,780,000元，因此於二零一六年十二月三十一日作出撥備人民幣35,847,000元。此外，根據管理層的瞭解， 貴集團亦已向另一名同樣面對財政困難的供應商預付的款項人民幣19,040,000元作出全數撥備。

BASIS FOR QUALIFIED OPINION (continued)**2. Nature and Recoverability of Prepayments to Raw Materials Suppliers** (continued)

Management was not able to provide us with satisfactory explanation and evidence to support the business rationale and commercial substance of the excessive prepayments made to the above-mentioned major cotton and yarns raw materials supplier as compared to the Group's purchase commitments. In addition, management was not able to provide us with sufficient supporting evidence to justify the basis of provisions made in 2016 for these suppliers, or enable us to evaluate the financial strength of these suppliers to honour their delivery or repayment obligations. As such, we were unable to obtain sufficient and adequate documentary evidence to ascertain the nature and classification and recoverability of these prepayments. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the impairment charge of RMB54,887,000 recognised during the year ended 31 December 2016, and the balance of impairment provision of RMB59,387,000 as at the year end date were fairly stated. Consequently, we were unable to determine whether any adjustment to these amounts was necessary.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

有保留意見的基準 (續)**2. 向原材料供應商支付預付款項的性質及可收回程度** (續)

管理層未能向吾等提供令人滿意的解釋及證據以支持上述主要棉花及面料供應商作出較貴集團購買承擔多的預付款項的業務理由及商業性質。此外，管理層未能向吾等提供充足證據以證明於二零一六年就該等供應商作出撥備的基準，或使吾等可評估該等供應商的財力以履行彼等發貨或還款責任。因此，吾等未能取得充足合適的證明文件以證明該等預付款項的性質及類別以及收回能力。概無另一個可進行的審核程序使吾等信納截至二零一六年十二月三十一日止年度已確認減值費用人民幣54,887,000元及於年結日的減值撥備結餘人民幣59,387,000元是否已公平列明。故此，吾等未能確定是否需要對該等金額作出任何調整。

吾等根據國際核數準則(「國際核數準則」)進行審核。吾等根據該等準則所承擔的責任進一步載於吾等報告中「核數師就審核合併財務報表的責任」一節。

吾等相信，吾等取得的審核憑證足以為吾等的有保留意見提供基準。

獨立性

根據國際會計師專業操守理事會頒佈的專業會計師道德守則(「專業會計師道德守則」)吾等獨立於貴集團，並已履行專業會計師道德守則中的其他專業道德責任。

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2.1.1 to the consolidated financial statements, which indicates that the Group incurred a net loss attributable to owners of the Company of RMB331,023,000 and a net operating cash outflow of RMB425,765,000 for the year ended 31 December 2016. Furthermore, bank borrowings totalled RMB261,609,000 as at 31 December 2016 were due for renewal or repayment within the next twelve months as described in Note 16, while its cash and bank balances amounted to RMB4,082,000 only as at the same date. These events and conditions, along with other matters as set forth in Note 2.1.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion and Material Uncertainty Related to Going Concern sections, we have determined the matter described below to be a key audit matter to be communicated in our report.

有關持續經營基準的重大不確定因素

務請注意，貴集團所示的合併財務報表附註2.1.1產生截至二零一六年十二月三十一日止年度，貴公司擁有人應佔虧損淨額為人民幣331,023,000元及經營現金流出淨額人民幣425,765,000元。此外，於二零一六年十二月三十一日，銀行借款合共人民幣261,609,000元須於未來十二個月內續期或償還，而於同日其現金及銀行結餘僅為人民幣4,082,000元。該等事件及條件連同載於合併財務報表附註2.1.1的其他事項，顯示存在對貴集團持續經營能力可能造成疑問的重大不確定因素。吾等的意見不就此事項作出修訂。

關鍵審計事項

關鍵審計事項是根據吾等的專業判斷，認為對吾等就本期合併財務報表的審計最為重要的事項。這些事項是在吾等審核整體合併財務報表及出具意見時進行處理的。吾等不會對這些事項提供單獨的意見。此外，除有保留意見的基準及有關持續經營基準的重大不確定因素所述事項外，吾等已確定下述事項為吾等報告中探討的關鍵審計事項。

KEY AUDIT MATTERS (continued)

關鍵審計事項(續)

Key Audit Matter

關鍵審計事項

How our audit addressed the Key Audit Matter

吾等的審計如何處理關鍵審計事項

Impairment of investment accounted for using equity method**按權益法入賬的投資減值**

Refer to Note 2.3 (Summary of significant accounting policies), Note 4(d) (Critical accounting estimates and judgements – Impairment of investment accounted for using equity method) and Note 10 (Investment accounted for using equity method) to the consolidated financial statements.

In July 2016, the Group entered into an agreement with third parties to acquire a 50% equity interest in Baixin (China) Co., Ltd., a company in Hubei province of China principally engaged in the manufacturing and sales of yarn and cotton fabric products which management believe will bring synergy to the operations of the Group's production plant in Hubei. The consideration of the acquisition amounted to RMB150,000,000. The Group's share of the fair value of the identifiable assets and liabilities of the associate acquired at acquisition date amounted to RMB89,091,000. As a result of the acquisition, the Group recognized a goodwill of RMB60,909,000.

茲提述合併財務報表附註2.3(重大會計政策概要)、附註4(d)(關鍵會計估計及判斷—按權益法入賬的投資減值)及附註10(按權益法入賬的投資)。

於二零一六年七月，貴集團與第三方訂立協議以收購百鑫(中國)有限公司(一間中國湖北省主要從事製造及銷售棉紗及棉質面料產品的公司)50%股權，管理層相信其將為貴集團的湖北生產廠房帶來協同效益。收購代價為人民幣150,000,000元。貴集團於收購日期所收購的分佔聯營公司可識別資產及負債的公平值為人民幣89,091,000元，導致貴集團就該項收購確認商譽人民幣60,909,000元。

Our audit procedures on assessing management's estimate of the impairment provision for the investment in an associate included:

We reviewed the financial statements of the associate for the year ended 31 December 2016 and searched on internet to corroborate management's assessment of the impact of reduction of demand in domestic textile market, together with the appropriateness of management's determination of the associate as one CGU.

吾等評估管理層估計聯營公司投資的減值撥備的審計程序包括：

吾等審閱截至二零一六年十二月三十一日止年度該聯營公司的財務報表，並於網上搜尋核證管理層評估國內紡織市場需求減少的影响，以及管理層釐定該聯營公司為一個現金產生單位的合適性。

KEY AUDIT MATTERS (continued)

關鍵審計事項(續)

Key Audit Matter

關鍵審計事項

How our audit addressed the Key Audit Matter

吾等的審計如何處理關鍵審計事項

Impairment of investment accounted for using equity method (continued)**按權益法入賬的投資減值(續)**

The associate incurred loss for 2016 and the demand for cotton fabric in the region decreased which was out of the expectation of management. In view of these impairment indicators, as at 31 December 2016, management carried out an impairment assessment of the investment in the associate, and set aside an impairment provision of RMB60,000,000 against investment in the associate at 31 December 2016, and recorded a corresponding impaired charge of RMB60,000,000 to the consolidated statement of comprehensive income for the year then ended.

該聯營公司於二零一六年錄得虧損，而該區域棉質面料的需求減少實屬管理層預料之外。有鑒於該等減值指標，管理層於二零一六年十二月三十一日就於聯營公司的投資進行一項減值評估，並於二零一六年十二月三十一日就於聯營公司的投資作出人民幣60,000,000元的減值撥備，並於截至該日止年度的合併全面收益表相應扣除人民幣60,000,000元的減值。

With regard to the value in use calculation that supported the recoverable amount of the investment:

1. We evaluated the valuation methodology adopted in the discounted cash flow projection, and tested its mathematical accuracy of calculation.
2. We evaluated and challenged the composition of the discounted cash flow projection prepared by management:

- We agreed discounted cash flow projection to the approved one-year financial budget and future forecasts. We also compared historical actual results to those budgeted to assess the quality of management's forecast;

就使用價值計算支持投資的可收回金額而言：

1. 吾等評估貼現現金流量預測採用的估值方法，並測試其算數準確程度。
2. 吾等評估並測試由管理層所編製的貼現現金流量預測組成：
 - 吾等同意貼現現金流量預測與已批准的一年期財務預算及未來預測一致。吾等亦比較過往實際業績與該等預算以評估管理層預測的質素；

KEY AUDIT MATTERS (continued)

關鍵審計事項(續)

Key Audit Matter

關鍵審計事項

How our audit addressed the Key Audit Matter

吾等的審計如何處理關鍵審計事項

Impairment of investment accounted for using equity method (continued)

按權益法入賬的投資減值(續)

In assessing the recoverability of investment in the associate, management identified the associate as one cash generating unit ("CGU"). The recoverable amount was determined based on value in use calculation of the CGU which was considered higher than its fair value less costs of disposal. The value in use calculation was the present value of the future cash flows expected to be derived from the CGU determined by using a discounted cash flow model. The key judgements adopted in the value in use calculation included:

- growth rates to extrapolate revenue and cash flows within and beyond the budget period;
- gross margin; and
- discount rate.

We focused on this area due to the magnitude of the impairment provision and the significance of management judgements involved in assessing the recoverable amount of the investment.

於評估於聯營公司投資的可收回程度時，管理層將該聯營公司視為一個現金產生單位（「現金產生單位」）。可收回金額乃根據現金產生單位的使用價值計算，該價值被認為高於其公平值減出售成本。使用價值計算使用貼現現金流量法，估算預期將自現金產生單位產生的未來現金流量現值，使用價值得計算採用下列關鍵判斷：

- 預算期內及預算期後推算現金流量的增長率；
- 毛利率；及
- 貼現率。

由於減值撥備的規模與評估該等投資可收回金額所涉及管理層判斷的重要性，吾等關注此領域。

- We challenged management's key assumptions by: (i) comparing the revenue growth rates within the budget period with the relevant CGU's historical growth rates; (ii) comparing the revenue growth rates beyond the budget period with industry forecasts; (iii) comparing the gross margin with the CGU's past performance, taking into consideration of market trend; and (iv) comparing the discount rate with the cost of capital of comparable companies in similar industry.

We also engaged our valuation experts to assist us in assessing the reasonableness of the discount rates used by management, who compared the discount rates used to entities with similar risk profiles and market information.

Based on the procedures performed, we considered that management's key judgements applied in the impairment assessment of the investment in an associate were supportable by the evidence we gathered.

- 吾等藉下列方式質疑管理層的關鍵假設：(i)比較預算期的收益增長率與相關現金產生單位的過往增長率；(ii)比較預算期後的收益增長率與行業預測；(iii)考慮市場趨勢後比較現金產生單位的毛利與過往表現；及(iv)比較貼現率與類似行業可資比較公司的資本成本。

吾等亦委聘吾等的估值專家，協助評估管理層所採用貼現率是否合理，彼等比較具類似風險組合實體所採用的貼現率及市場資訊。

根據已進行程序，吾等認為，吾等取得的憑證足以支持管理層於評估一家聯營公司投資是否減值時所用關鍵判斷。

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the Financial Highlights, Chairman's Statement, Management Discussion and Analysis (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and Corporate Governance Report, Directors and Senior Management, Corporate Information, Report of the Directors and Environmental, Social and Governance Report, which are expected to be made available to us after that date.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about the recoverability of the Group's trade receivables and the nature and recoverability of its prepayments to certain raw materials suppliers. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

When we read the Corporate Governance Report, Directors and Senior Management, Corporate Information, Report of the Directors and Environmental, Social and Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee and take appropriate action considering our legal rights and obligations.

其他資料

貴公司董事負責其他資料。其他資料包括吾等於本核數師報告日期已取得的其他資料(包括財務摘要、主席報告及管理層討論及分析，惟不包括合併財務報表及核數師報告)及預期將於該日後向吾等提供的資料(包括企業管治報告、董事及高級管理層、公司資料、董事會報告書以及環境、社會及管治報告)。

吾等認為，合併財務報表不包含其他資料，而吾等將不會就其他資料發表任何形式的保證結論。

就吾等對合併財務報表的審計而言，吾等的責任是閱讀其他資料，並藉此考慮其他資料是否與合併財務報表或吾等於審計中取得的資料有重大不一致，或以其他形式出現重大錯誤陳述。

倘根據吾等進行的工作，吾等認為其他資料存在重大錯誤陳述，則吾等須呈報該事實。誠如上文有保留意見的基準一節所述，吾等無法就貴集團貿易應收款項的可收回程度及其向若干原材料供應商支付的預付款項的性質及可收回程度取得充足合適的憑證。因此，吾等無法確認其他資料就該等事項而言是否存在重大錯誤陳述。

於吾等閱讀企業管治報告、董事及高級管理層、公司資料、董事會報告書以及環境、社會及管治報告時，倘得出當中存在重大錯誤陳述的結論，吾等須與審核委員會討論該事項，且於考慮到吾等的法定權力及責任後採取適當行動。

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

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

董事及審核委員會就合併財務報表的責任

貴公司董事須負責根據國際財務報告準則及香港公司條例的披露規定編製合併財務報表，以及使合併財務報表作出真實而公平的反映，及落實其認為編製綜合財務報表所必要的內部控制，以使合併財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

董事編製合併財務報表時須負責評估 貴集團持續經營的能力、披露持續經營相關事宜(如適用)，以及運用持續經營會計基準，除非董事有意將 貴集團清盤或結業，或在沒有其他實際可行辦法、唯有選擇清盤或結業的情況下，則屬例外。

審核委員會負責監督 貴集團財務呈報程序。

核數師就審核合併財務報表的責任

吾等的目標，是對合併財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括吾等意見的核數師報告。吾等僅向 閣下報告。除此以外，吾等的報告不可用作其他用途。吾等概不就本報告的內容，對任何其他人士負責或承擔法律責任。合理保證是高水平的保證，但不能保證按照國際審計準則進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響合併財務報表使用者依賴合併財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

核數師就審核合併財務報表的責任 (續)

在根據國際審計準則進行審計的過程中，吾等運用了專業判斷，保持了專業懷疑態度。吾等亦：

- 識別和評估由於欺詐或錯誤而導致合併財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為吾等意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審核相關的內部控制，以設計適當的審計程序，但目的並非對 貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。如果吾等認為存在重大不確定性，則有必要在核數師報告中提請使用者注意合併財務報表中的相關披露。假若有關的披露不足，則吾等應當發表非無保留意見。吾等的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
- 評價合併財務報表的整體列報方式、結構和內容，包括披露，以及合併財務報表是否中肯反映交易和事項。

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Dou Wang, Angel.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 March 2017

核數師就審核合併財務報表的責任 (續)

- 就 貴集團內實體或業務活動的財務資料取得充足合適的審核憑證，以就合併財務報表發表意見。吾等負責集團審計的指引、監督及表現。吾等僅為吾等的審核意見負責。

吾等與審核委員會溝通(其中包括)審計的計劃範圍、時間安排及重大審計發現等，包括吾等在審計過程中識別出內部控制的任何重大缺陷。

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

從與審核委員會溝通的事項中，吾等確定對本期合併財務報表的審計最為重要的事項，因而構成關鍵審計事項。吾等在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在吾等報告中表達某事項造成的負面後果超過產生的公眾利益，則吾等決定不應在報告中表達該事項。

出具本獨立核數師報告的審計項目合夥人為Dou Wang, Angel。

羅兵咸永道會計師事務所
執業會計師

香港，二零一七年三月三十一日

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

合併財務狀況表

As at 31 December 2016
於二零一六年十二月三十一日

		As at 31 December 於十二月三十一日	
		2016 二零一六年	2015 二零一五年
		RMB'000 人民幣千元	RMB'000 人民幣千元
	Note 附註		
ASSETS	資產		
Non-current assets	非流動資產		
Leasehold land and land use rights	租賃土地及土地使用權	6	24,338
Property, plant and equipment	物業、廠房及設備	7	405,430
Deferred income tax assets	遞延所得稅資產	18	29,746
Available-for-sale financial assets	可供出售金融資產	8	4,500
Investment accounted for using equity method	按權益法入賬的投資	10	86,856
Other non-current assets	其他非流動資產	10	–
			80,000
		550,870	599,856
Current assets	流動資產		
Inventories	存貨	11	49,937
Trade and other receivables and prepayments	貿易及其他應收款項以及預付款項	12	686,189
Cash and bank balances	現金及銀行結餘	13	4,082
Restricted bank deposits	受限制銀行存款	13	20,960
		761,168	877,676
Total assets	資產總額	1,312,038	1,477,532
EQUITY AND LIABILITIES	權益及負債		
Equity attributable to owners of the Company	本公司擁有人應佔權益		
Share capital	股本	14	124,010
Other reserves	其他儲備	15	638,406
Accumulated loss/Retained earnings	累計虧損/保留盈利		(158,683)
Total equity	權益總額	603,733	908,489

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 合併財務狀況表

As at 31 December 2016

於二零一六年十二月三十一日

		As at 31 December	
		於十二月三十一日	
		2016	2015
		二零一六年	二零一五年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
	Note		
	附註		
LIABILITIES	負債		
Non-current liabilities	非流動負債		
Borrowings	借款	277,988	300,955
Other payables	其他應付款項	–	8,160
Deferred income	遞延收入	18,104	19,232
		296,092	328,347
Current liabilities	流動負債		
Borrowings	借款	261,609	104,111
Trade and other payables	貿易及其他應付款項	149,618	135,758
Current income tax liabilities	即期所得稅負債	986	827
		412,213	240,696
Total liabilities	負債總額	708,305	569,043
Total equity and liabilities	權益及負債總額	1,312,038	1,477,532

The notes on pages 80 to 158 are an integral part of these consolidated financial statements.

第80頁至158頁的附註為該等合併財務報表必不可少的組成部分。

The financial statements on pages 74 to 79 were approved by the Board of Directors on 31 March 2017 and were signed on its behalf.

第74頁至79頁的財務報表已於二零一七年三月三十一日獲董事會批准，並已代其簽署。

Lin Qingxiong
林清雄
Director
董事

Qiu Zhiqiang
邱志強
Director
董事

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

合併全面收益表

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

		Year ended 31 December 截至十二月三十一日止年度	
		2016 二零一六年	2015 二零一五年
		RMB'000 人民幣千元	RMB'000 人民幣千元
	Note 附註		
Revenue	5	780,310	670,255
Cost of sales	22	(801,153)	(661,859)
Gross (loss)/profit		(20,843)	8,396
Selling and distribution costs	22	(4,425)	(5,374)
General and administrative expenses	22	(211,537)	(29,990)
Other income	20	11,153	17,488
Other losses	21	(9,820)	(1,492)
Operating loss		(235,472)	(10,972)
Finance income	24	4,122	2,138
Finance costs	24	(53,268)	(25,527)
Finance costs – net	24	(49,146)	(23,389)
Share of loss of investments accounted for using equity method	10	(3,144)	–
Impairment for investment accounted for using equity method	10	(60,000)	–
Loss before income tax		(347,762)	(34,361)
Income tax credit	26	16,739	11,044
Loss for the year and attributable to owners of the Company		(331,023)	(23,317)
Other comprehensive income for the year		–	–
Total comprehensive loss for the year and attributable to owners of the Company		(331,023)	(23,317)
Losses per share for loss attributable to owners of the Company			
Basic losses per share (RMB' cents)	27	(21.70)	(1.90)
Diluted losses per share (RMB' cents)	27	(21.70)	(1.90)

The notes on pages 80 to 158 are an integral part of these consolidated financial statements.

第80頁至158頁的附註為該等合併財務報表必不可少的組成部分。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

合併權益變動表

For the year ended 31 December 2016

截至二零一六年十二月三十一日止年度

		Note 附註	Attributable to owners of the Company 本公司擁有人應佔			Total equity 權益總額 RMB'000 人民幣千元
			Share capital 股本 RMB'000 人民幣千元	Other reserves 其他儲備 RMB'000 人民幣千元	Retained earnings 保留盈利 RMB'000 人民幣千元	
Balance at 1 January 2015	於二零一五年 一月一日的結餘		80,215	204,588	195,657	480,460
Comprehensive income Losses for the year	全面收入 年內虧損		–	–	(23,317)	(23,317)
Transactions with owners	與擁有人的交易					
– Issue of placing shares	– 發行配售股份	14	35,590	377,223	–	412,813
– Share issued for share-based compensation	– 就股份基礎報酬發 行的股份	15	3,940	34,593	–	38,533
Balance at 31 December 2015	於二零一五年十二月 三十一日的結餘		119,745	616,404	172,340	908,489
Balance at 1 January 2016	於二零一六年 一月一日的結餘		119,745	616,404	172,340	908,489
Comprehensive income Losses for the year	全面收入 年內虧損		–	–	(331,023)	(331,023)
Transactions with owners	與擁有人的交易					
– Share based compensation	– 股份基礎報酬		–	4,942	–	4,942
– Share issued for share-based compensation	– 就股份基礎報酬發 行的股份	15	4,265	17,060	–	21,325
Balance at 31 December 2016	於二零一六年十二月 三十一日的結餘		124,010	638,406	(158,683)	603,733

The notes on pages 80 to 158 are an integral part of these consolidated financial statements.

第80頁至158頁的附註為該等合併財務報表必不可少的組成部分。

CONSOLIDATED STATEMENT OF CASH FLOWS

合併現金流量表

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

		Year ended 31 December 截至十二月三十一日止年度	
		2016 二零一六年	2015 二零一五年
		RMB'000 人民幣千元	RMB'000 人民幣千元
	Note 附註		
Cash flows from operating activities	經營活動所得現金流量		
Cash used in operations	經營所用的現金	(425,765)	(116,039)
Income tax paid	已付所得稅	-	(11,572)
Net cash used in operating activities	經營活動所用現金淨額	(425,765)	(127,611)
Cash flows from investing activities	投資活動所得現金流量		
Purchases of property, plant and equipment	購買物業、廠房及設備	(7,453)	(48,881)
Investment in an associate	於聯營公司的投資	(70,000)	-
Prepayments for long-term investment	長期投資預付款項	-	(80,000)
Proceeds from disposal of assets	出售資產的所得款項	8	-
Net decrease/(increase) in time deposit	定期存款減少／ (增加)淨額	319,582	(319,582)
Interest received	已收利息	4,122	2,138
Net cash generated from/(used in) investing activities	投資活動所得／ (所用)現金淨額	246,259	(446,325)
Cash flows from financing activities	融資活動所得現金流量		
Proceeds from borrowings	借款所得款項	234,358	178,884
Repayments of borrowings	償還借款	(99,827)	(101,400)
Decrease in restricted bank deposits	受限制銀行存款減少	2,408	35,663
Proceeds from issuance of placing shares	發行配售股份所得款項	-	412,813
Proceeds from shares issued for share-based compensation	就股份基礎報酬發行 股份的所得款項	21,325	38,533
Interest and bank charges paid	已付利息及銀行手續費	(30,077)	(34,716)
Net cash generated from financing activities	融資活動所得現金淨額	128,187	494,114
Net decrease in cash and cash equivalents	現金及現金等價物 減少淨額	(51,319)	(79,822)
Cash and cash equivalents at beginning of year	年初現金及現金等價物	55,401	135,223
Cash and cash equivalents at end of the year	年末現金及現金等價物	4,082	55,401

The notes on pages 80 to 158 are an integral part of these consolidated financial statements.

第80頁至158頁的附註為該等合併財務報表必不可少的組成部分。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

For the year ended 31 December 2016

截至二零一六年十二月三十一日止年度

1. GENERAL INFORMATION

Wang Tai Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 29 April 2013 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is at Unit 02, 15th Floor, Convention Plaza Office Tower, 1 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company and its subsidiaries (together the “Group”) are principally engaged in the design, manufacturing and sales of fabrics and yarns. The Group commenced the trading of polyetherimide during the year ended 31 December 2016.

The Company’s shares have been listed on The Stock Exchange of Hong Kong Limited since 25 April 2014.

These consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 31 March 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. 一般資料

宏太控股有限公司(「本公司」)於二零一三年四月二十九日根據開曼群島法律第22章《公司法》(一九六一年第3號法律，經合併及修訂)在開曼群島註冊成立為獲豁免有限公司。本公司註冊辦事處地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands。本公司於香港的主要營業地點為香港灣仔港灣道1號會展廣場辦公大樓15樓02室。

本公司是一家投資控股公司及其附屬公司(與統稱「本集團」)主要從事面料及紗線的設計、製造及銷售。本集團於截至二零一六年十二月三十一日止年度開始買賣工程塑料。

本公司股份自二零一四年四月二十五日起在香港聯合交易所有限公司上市。

除另有指明外，該等合併財務報表乃以人民幣(「人民幣」)呈列。該等合併財務報表已於二零一七年三月三十一日由本公司董事會批准刊發。

2. 主要會計政策概要

編製此等合併財務報表所用主要會計政策載列如下。除另有指明外，該等政策於所有呈列年度貫徹採用。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale at fair value through consolidated statement of comprehensive income.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 Going concern

The Group incurred a net loss attributable to owners of the Company of RMB331,023,000 and a net operating cash outflow of RMB425,765,000 for the year ended 31 December 2016. Furthermore, bank loans totalled RMB261,609,000 as at December 2016 were due for renewal or repayment within the next twelve months and as described in Note 16, its cash and bank balances amounted to RMB4,082,000 only as at the same date. These events and conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

2. 主要會計政策概要(續)

2.1 呈列基準

本公司的合併財務報表根據所有適用國際財務報告準則(國際財務報告準則)編製。合併財務報表按歷史成本法編製，惟就重估按公平值計入合併全面收益表之可供出售金融資產作出修訂。

編製符合國際財務報告準則的財務報表須使用若干關鍵會計估計，同時亦須管理層在應用本集團會計政策過程中作出判斷。涉及高度判斷或複雜性的範疇，或對合併財務報表有重大影響的假設及估計的範疇將於附註4中披露。

2.1.1 持續經營基準

於截至二零一六年十二月三十一日止年度，本集團產生本公司擁有人應佔虧損淨額人民幣331,023,000元及經營現金流出淨額人民幣425,765,000元。此外，誠如附註16所載，銀行貸款總額人民幣261,609,000元於二零一六年十二月已到期，須於未來十二個月內重續或償還，於同日，其現金及銀行結餘為人民幣4,082,000元。此等事宜及狀況表示存在不確定因素，而本集團按持續經營基準持續經營的能力可能有重大疑慮。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1 Going concern (continued)

The directors of the Company have been undertaking a number of plans and measures to improve the Group's liquidity and financial position, including:

- (i) As described in Note 12(a), the Group has reached settlement confirmations with certain customers with overdue trade receivables. The directors will continue its efforts to expedite its trade receivables collection to enhance its operating cash inflows;
- (ii) The Group's current bank borrowings totalled RMB261,609,000 as at 31 December 2016 were borrowings from banks in China that are subject to annual renewal. On 16 March 2017, the Group has received a confirmation from a bank regarding the provision of an uncommitted banking facility amounted to RMB120,000,000, pursuant to which a short-term bank borrowing of RMB30,000,000 has been renewed. The directors will continue to negotiate with other banks, and believe that the Group will be able to successfully renew or extend repayment of its short-term borrowings before they are due; and
- (iii) The Group has reengineered certain of its production facilities from production of cotton fabric to chemical fabric which is expected to improve its yarns and fabric operations. The Group will continue to its PEI trading which is expected to generate profit to the Group.

2. 主要會計政策概要(續)

2.1 呈列基準(續)

2.1.1 持續經營基準(續)

本公司董事已採取若干計劃措施以改善本集團的流動資金及財務狀況，包括：

- (i) 誠如附註12(a)所述，本集團已與貿易應收款項逾期的若干客戶協定結算確認書。董事將繼續加快收回貿易應收款項以提高經營現金流入；
- (ii) 於二零一六年十二月三十一日，本集團的流動銀行借款合共人民幣261,609,000元為向中國銀行的借款，須每年重續。於二零一七年三月十六日，本集團接獲銀行就人民幣120,000,000元的無承諾銀行融資發出的確認函，據此，人民幣30,000,000元的短期銀行借款已重續。董事將繼續與其他銀行磋商，相信本集團將於短期借款到期前成功重續或延期付款；及
- (iii) 本集團已重新設計生產若干棉質面料至化纖面料的生產設施，預期此舉改善紗線及面料營運。本集團將繼續買賣工程塑料，並預期為本集團產生溢利。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1 Going concern (continued)

The directors of the Company have reviewed the Group's cash flow projection prepared by management, which covered a period of not less than twelve months from 31 December 2016. In the opinion of the directors, the Group will have sufficient working capital to meet its financial liabilities as and when they fall due and carry on its business without a significant curtailment of operations of not less than twelve months from the balance sheet date. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend on whether: (i) the Group's customers will timely settle trade receivables following the agreed settlement schedules; (ii) the Group will be able to timely renew or extend its existing bank borrowings; and (iii) the Group will be able to improve its business operations. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements, to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

2. 主要會計政策概要(續)

2.1 呈列基準(續)

2.1.1 持續經營基準(續)

本公司董事已審閱由管理層所編製涵蓋自二零一六年十二月三十一日起計不少於十二個月期間的本集團現金流量預測。董事認為，自資產負債表日期起計十二個月內，本集團將擁有足夠營運資金於金融負債到期時支付，並於營運不面對重大障礙的情況進行其業務。因此，合併財務報表按持續經營基準編製。

儘管上述，本集團能否達致其上述計劃及措施存有重大不確定因素。本集團能否持續經營取決於：(i)本集團客戶是否將按所協定結算時間表及時償付貿易應收款項；(ii)本集團是否能夠及時重續或延期其現有銀行借款；及(iii)本集團是否能夠改善其業務營運。倘本集團無法持續經營，將於合併財務報表作出調整以將資產價值撇減至可收回金額，以為可能進一步產生的負債作出撥備，並將非流動資產及非流動負債分別重新分類至流動資產及流動負債。此等調整的影響尚未反映於合併財務報表內。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policies and disclosures

- (a) *New standard and amendments of IFRS adopted by the Group in 2016*

The following new standard and amendments which are relevant to the Group's operations are effective for the first time for the financial year beginning on 1 January 2016.

- Amendment to IFRS 7 "Financial instruments: Disclosures" clarifies that the additional disclosure required by the amendments to IFRS 7 "Disclosure – Offsetting financial assets and financial liabilities" is not specifically required for all interim periods, unless required by IAS 34.
- Amendment to IAS 34 "Interim financial reporting" clarifies that what is meant by the reference in the standard to "information disclosed elsewhere in the interim financial report". It also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information.

The following new standards and amendments are effective for the first time for the financial year beginning on 1 January 2016 and not relevant to the Group's operations (although they may affect the accounting for future transactions and events).

2. 主要會計政策概要(續)

2.1 呈列基準(續)

2.1.2 會計政策及披露的變動

- (a) *在二零一六年本集團採用的國際財務報告準則新訂準則及修訂本*

以下與本集團業務有關新訂準則及修訂本於二零一六年一月一日開始的財政年度首次生效。

- 國際財務報告準則第7號「金融工具：披露」修訂本澄清國際財務報告準則第7號「披露—抵銷金融資產和金融負債」修訂本要求的額外披露，指出除非國際會計準則第34號有所規定，否則此等額外披露並非具體規定就所有中期期間而提供。
- 國際會計準則第34號「中期財務報告」修訂本澄清在該準則中提到「在中期財務報告中其他地方披露的資料」的真正涵義。其亦修改國際會計準則第34號，規定中期財務報表須就該項資料的位置提供參考對照。

以下與本集團經營無關(儘管可能影響本集團未來交易及事項的會計處理)新訂準則及修訂本於二零一六年一月一日開始的財務年度首次生效。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.1 Basis of preparation** (continued)**2.1.2 Changes in accounting policies and disclosures**

(continued)

- (a)
- New standard and amendments of IFRS adopted by the Group in 2016*
- (continued)

2. 主要會計政策概要(續)**2.1 呈列基準**(續)**2.1.2 會計政策及披露的變動**(續)

- (a) 在二零一六年本集團採用的國際財務報告準則新訂準則及修訂本(續)

Standards and amendments 準則及修訂本	Effective for annual periods beginning on or after 於下列日期或之後開始的年度期間生效
Annual improvements 2014: IFRS 5, "Non-current assets held for sale and discontinued operations" 二零一四年度改進：國際財務報告準則第5號「持作出售的非流動資產及已終止經營業務」	1 January 2016 二零一六年一月一日
IFRS 14 "Regulatory Deferral Accounts" 國際會計準則第14號「監管遞延賬目」	1 January 2016 二零一六年一月一日
Amendment to IFRS 11 "Accounting for acquisitions of interests in joint operations" 國際財務報告準則第11號「收購共同經營權益的會計法」修訂本	1 January 2016 二零一六年一月一日
Amendments to IAS 16 and IAS 38 "Clarification of acceptable methods of depreciation and amortisation" 國際會計準則第16號及國際會計準則第38號「澄清折舊及攤銷的可接納方法」修訂本	1 January 2016 二零一六年一月一日
Amendments to IAS 16 and IAS 41 "Agriculture: bearer plants" 國際會計準則第16號及國際會計準則第41號「農業：生產性植物」修訂本	1 January 2016 二零一六年一月一日
Annual improvements 2014: IAS 19, "Employee benefits" 二零一四年度改進：國際會計準則第19號「僱員福利」	1 January 2016 二零一六年一月一日
Amendment to IAS 27 "Equity method in separate financial statements" 國際會計準則第27號「單獨財務報表的權益法」修訂本	1 January 2016 二零一六年一月一日
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment entities: applying the consolidation exception" 國際財務報告準則第10號、國際財務報告準則第12號及國際會計準則第28號「有關投資實體：應用綜合入賬的例外情況」修訂本	1 January 2016 二零一六年一月一日
Annual improvements 2014: IFRS 7, "Financial instruments: Disclosures" – Application of the disclosure requirements to a servicing contract 二零一四年度改進：國際財務報告準則7號「金融工具：披露」—服務合約的適用披露規定	1 January 2016 二零一六年一月一日
Amendments to IAS 1 "Disclosure initiative" 國際會計準則第1號「披露計劃」修訂本	1 January 2016 二零一六年一月一日

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policies and disclosures (continued)

- (a) *New standard and amendments of IFRS adopted by the Group in 2016 (continued)*

The adoption of the above new standard and amendments did not give rise to any significant impact on the Group's results of operations and financial position for the year ended 31 December 2016.

- (b) *New standards and amendments of IFRS issued but are not effective for the financial year beginning on 1 January 2016 and have not been early adopted by the Group*

A number of new standards and amendments to existing standards have been issued but are not yet effective for the financial year beginning on 1 January 2016, and have not been early adopted by the Group in preparing these consolidated financial statements. The Group is yet to assess the full impact of these new standards and amendments and intends to adopt them no later than the respective effective dates of these new standards and amendments. These new standards and amendments are set out below:

Amendments to IAS 12 "Income Taxes", effective for annual periods beginning on or after 1 January 2017.

Amendments to IAS 7 "Statement of Cash Flows", effective for annual periods beginning on or after 1 January 2017.

2. 主要會計政策概要(續)

2.1 呈列基準(續)

2.1.2 會計政策及披露的變動(續)

- (a) 在二零一六年本集團採用的國際財務報告準則新訂準則及修訂本(續)

採納上述新訂準則及修訂本並未對本集團截至二零一六年十二月三十一日止年度的經營業績及財務狀況產生任何重大影響。

- (b) 本集團尚未提早採納於二零一六年一月一日開始財政年度頒佈但尚未生效的新訂準則及修訂本

多項新訂準則及現有準則修訂本已頒佈但尚未於二零一六年一月一日開始的財政年度生效，而本集團於編製此等合併財務報表時並無提早採納。本集團尚未評估該等新訂準則及修訂本的全面影響，並擬不遲於該等新訂準則及修訂本各自生效日期採納。該等新訂準則及修訂本列示如下：

國際會計準則第12號「所得稅」修訂本於二零一七年一月一日或之後開始的年度期間起生效。

國際會計準則第7號「現金流量表」修訂本於二零一七年一月一日或之後開始的年度期間起生效。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.1 Basis of preparation** (continued)**2.1.2 Changes in accounting policies and disclosures** (continued)

(b) *New standards and amendments of IFRS issued but are not effective for the financial year beginning on 1 January 2016 and have not been early adopted by the Group* (continued)
Amendment to IFRS2, “Share-based payment”, effective for annual periods beginning on or after 1 January 2018.

IFRS 15 “Revenue from Contracts with Customers”, effective for annual periods beginning on or after 1 January 2018

IFRS 9 “Financial Instruments”, effective for annual periods beginning on or after 1 January 2018.

IFRS 16 “Leases”, effective for annual periods beginning on or after 1 January 2019.

Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”, originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed.

The Group will apply the new standards and amendments described above when they become effective. The Group is in the process of making an assessment on the impact of these new standards and amendments and does not anticipate that the adoption when they become effective will result in any material impact on the Group’s results of operations and financial position.

2. 主要會計政策概要(續)**2.1 呈列基準(續)****2.1.2 會計政策及披露的變動(續)**

(b) 本集團尚未提早採納於二零一六年一月一日開始財政年度頒佈但尚未生效的新訂準則及修訂本(續)
國際財務報告準則第2號「股份基礎付款」修訂本於二零一八年一月一日或之後開始的年度期間生效。

國際財務報告準則第15號「客戶合約收益」於二零一八年一月一日或之後開始的年度期間起生效。

國際財務報告準則第9號「金融工具」於二零一八年一月一日或之後開始的年度期間起生效。

國際財務報告準則第16號「租賃」於二零一九年一月一日或之後開始的年度期間起生效。

國際財務報告準則第10號及國際會計準則第28號「投資者與其聯營企業及合營企業之間的資產出售或注資」修訂本原訂於二零一六年一月一日或之後開始的年度期間起生效。有關生效日期現已押後／刪除。

上述新訂準則及修訂本生效時，本集團會予以應用。本集團現正評估該等新訂準則及修訂本的影響，且預計於其生效時予以採納將不會對本集團的經營業績及財務狀況構成任何重大影響。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Subsidiaries

2.2.1 Consolidation

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

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

2.2.2 Separate financial statements

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

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

Impairment testing of the investments in subsidiaries is also required according to Note 2.7.

2. 主要會計政策概要(續)

2.2 附屬公司

2.2.1 合併

附屬公司指本集團擁有控制權的所有實體。當本集團透過參與實體業務而享有或有權取得該實體的可變回報且有能力透過其於該實體的權力影響該等回報金額時，本集團對該實體擁有控制權。附屬公司自控制權轉移至本集團之日起全面合併入賬，並自控制終止之日起停止合併入賬。

集團內公司間交易、結餘及集團內公司間交易的未變現收益予以抵銷，除非該等交易存在所轉讓資產的減值憑證。未變現虧損亦予以抵銷。附屬公司列報金額已作出調整(如必要)以符合本集團會計政策。

2.2.2 獨立財務報表

於附屬公司的投資已按成本減減值入賬。成本亦包括投資直接應佔成本。附屬公司的業績由本公司按已收及應收股息的基準入賬。

倘股息超過附屬公司於宣佈股息期間的全面收入總額或倘獨立財務報表的投資賬面值超過獲投資方合併財務報表中資產淨值(包括商譽)的賬面值，則須於接獲該等投資項目的股息時進行附屬公司的投資減值測試。

附註2.7亦要求就於附屬公司的投資進行減值測試。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Associates

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

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit of investments accounted for using equity method" in the consolidated income statement.

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

Gains or losses on dilution of equity interests in associates are recognised in the consolidated income statement.

2. 主要會計政策概要(續)

2.3 聯營公司

聯營公司指所有本集團對其有重大影響力而無控制權的實體，通常附帶有20%至50%投票權的股權。聯營公司的投資以權益法入賬。根據權益法，投資初始以成本確認，而賬面值將被調升或調減以確認投資者應佔被投資者在收購日期後的損益份額。於購買聯營公司的權益時，購買成本與本集團享有的對聯營公司可辨認資產和負債的公平值淨額的差額確認為商譽。

如聯營公司的權益持有被削減但仍保留重大影響力，只需按比例將之前在其他全面收入中確認的數額重新分類至損益(如適當)。

本集團在每個報告日期釐定是否有客觀證據證明聯營公司的投資已減值。如投資已減值，本集團計算減值，數額為聯營公司可收回數額與其賬面值的差額，並在合併收益表中確認於「按權益法入賬的投資的利潤份額」旁。

本集團與其聯營公司之間的上游和下游交易的溢利和虧損，在本集團的財務報表中確認，但僅限於無關連投資者在聯營公司中的權益的數額。除非交易提供所轉讓資產減值的憑證，否則未實現虧損亦予以對銷。聯營公司的會計政策已按需要作出改變，以確保與本集團採用的政策符合一致。

於聯營公司中的股權被攤薄所產生的收益或虧損於合併收益表確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Segment reporting

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

2.5 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within "finance income or cost". All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "other income-net".

2. 主要會計政策概要(續)

2.4 分部報告

經營分部的報告方式與向首席運營決策者提供的內部報告方式一致。作出戰略性決策的本公司執行董事被認定為主要運營決策者，負責分配資源並評估經營分部的表現。

2.5 外幣換算

(a) 功能及呈列貨幣

本集團各實體的財務報表所列項目均以該實體營運所在主要經濟環境的貨幣(「功能貨幣」)計量。該等合併財務報表均以人民幣呈列，人民幣為本公司的功能及本集團的呈列貨幣。

(b) 交易及結餘

外幣交易採用交易日或項目重新計量的估值日的適用匯率換算為功能貨幣。結算該等交易以及按年底匯率換算以外幣計值的貨幣資產及負債而產生的外匯盈虧均於損益內確認，惟於權益內遞延作為符合作現金流量對沖或符合作投資淨額對沖者除外。

與借款以及現金及現金等價物有關的外匯盈虧於合併全面收益表內呈列為「財務收入或融資成本」。所有其他外匯盈虧於合併全面收益表內呈列為「其他收入-淨額」。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 Foreign currency translation** (continued)**(b) Transactions and balances** (continued)

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated statement of comprehensive income as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(c) Group companies

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

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each statement of comprehensive income 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 rates on the dates the transactions); and
- (iii) all resulting exchange differences are recognized in other comprehensive income.

2. 主要會計政策概要 (續)**2.5 外幣換算** (續)**(b) 交易及結餘** (續)

非貨幣金融資產及負債(如按公平值持有並透過損益記賬之權益)的匯兌差額,乃於合併全面收益表確認為公平值損益之一部份。非貨幣金融資產(如分類為可供出售權益)的匯兌差額計入其他全面收入內。

(c) 集團公司

所有集團實體(並無來自嚴重通貨膨脹經濟的貨幣)的業績及財務狀況的功能貨幣如有別於呈列貨幣,均按以下方式換算為呈列貨幣:

- (i) 於各財務狀況表呈列的資產及負債乃按有關財務狀況表結算日的收市率換算;
- (ii) 各全面收益表的收支乃按平均匯率換算(除非該平均匯率並非在有關交易當日的匯率累積影響的合理估計內,在該情況下,收支按有關交易當日的匯率換算);及
- (iii) 所有因此而產生的匯兌差額於其他全面收入確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Property, plant and equipment

Property, plant and equipment comprise mainly factories and offices. All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Land use rights are carried at their historical cost less accumulated amortisation. It is amortised over its contractual life (from date of availability to termination of contract) using the straight-line method over 50 years.

Land use right	50 years
Buildings	20 years
Machinery and equipment	10 years
Office equipment, furniture and vehicles	5 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 4(a)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other income – net" in the income statement.

2. 主要會計政策概要(續)

2.6 物業、廠房及設備

物業、廠房及設備主要包括工廠及辦公室。所有物業、廠房及設備乃按歷史成本減折舊列賬。歷史成本包括收購有關項目直接應佔開支。

後續成本僅會在與項目有關的未來經濟利益有可能流入本集團，而該項目的成本能可靠地計量時，方會計入資產的賬面值或確認為一項獨立資產(如適用)。已更換部件的賬面值會被終止確認。所有其他維修及保養開支於其產生的財務期間在合併全面收益表扣除。

土地使用權以其歷史成本減累計攤銷入賬，超過50年的合約年期(自適用日期起至合約終止)用直線法攤銷。

土地使用權	50年
樓宇	20年
機器及設備	10年
辦公室設備、傢具及車輛	5年

資產之剩餘價值及可使用年期於各報告期結束時予以檢討，並於適當情況下作出調整。

倘資產的賬面值高於其估計可收回金額，資產的賬面值將即時撇減至其可收回金額(附註4(a))。

出售盈虧視乎所得款項與賬面值之間的差額而定，並於收益表內的「其他收入－淨額」中確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Property, plant and equipment (continued)

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

2.7 Impairment of investments in subsidiaries, associates and non-financial assets

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

2. 主要會計政策概要(續)

2.6 物業、廠房及設備(續)

在建工程指未完成建築工程的樓宇及未安裝的機器，按成本列賬，其包括所產生建築開支、機器成本、資本化利息及建築與安裝期間其他直接資本化成本，而扣減累計減值虧損(如有)。於建築及安裝工程完成及投入使用前不會就在建工程作出折舊。當工程完成後，在建工程轉撥至適當物業、廠房及設備類別。

2.7 附屬公司、聯營公司及非金融資產投資之減值

擁有無限可使用年期的資產毋須攤銷，惟須每年作出減值測試。當有事件出現或情況改變顯示賬面值可能無法收回時須就資產是否存在減值進行檢討。減值虧損按資產的賬面值超出其可收回金額的差額確認。可收回金額以資產的公平值扣除出售成本與使用價值的較高者為準。於評估減值時，資產將按可單獨識別現金流量(現金產生單位)的最低層次組合。除商譽外，已被減值的非金融資產在各報告日期就減值是否可以撥回進行檢討。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial assets

2.8.1 Classification

The Group classifies its financial assets in the following categories: loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "trade and other receivables" and "restricted bank deposit" in the statement of financial position (Notes 2.12 and 2.13).

(b) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2. 主要會計政策概要(續)

2.8 金融資產

2.8.1 分類

本集團將其金融資產分類如下：貸款及應收款項及可供出售。分類方式視乎購入金融資產之目的而定。管理層在初步確認時釐定其金融資產分類。

(a) *貸款及應收款項*

貸款及應收款項為具有固定或可確定付款、但在活躍市場上無報價的非衍生金融資產。貸款及應收款項計入流動資產，惟已清償或預期將於報告期結束後十二個月以後清償的款項則分類為非流動資產。本集團的貸款及應收款項包括財務狀況表內的「貿易及其他應收款項」、「貿易及其他應收款項」以及「受限制銀行存款」(附註2.12及2.13)。

(b) *可供出售金融資產*

被指定為此類別或並無分類為任何其他類別之非衍生工具列作可供出售金融資產。除非投資到期或管理層有意在報告期後十二個月內出售該項投資，否則此等資產列入非流動資產。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial assets (continued)

2.8.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets is subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as “gains and losses from investment securities”.

Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group’s right to receive payments is established.

2.9 Offsetting financial instruments

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

2. 主要會計政策概要(續)

2.8 金融資產(續)

2.8.2 確認及計量

正常的金融資產買賣乃於交易日(本集團承諾買賣該資產當日)確認。所有並非按公平值計入損益的金融資產初步按公平值加交易成本確認。當從投資收取現金流量的權利已失效或被轉讓，而本集團已轉移所有權的絕大部分風險及回報，會終止確認金融資產。可供出售金融資產隨後以公平值列賬。貸款及應收款項隨後採用實際利率法按攤銷成本列賬。

分類為可供出售的貨幣及非貨幣證券公平值變動於其他全面收益中確認。

當分類為可供出售之證券被售出或減值時，之前於權益中確認之累計公平值調整將以「投資證券的收益及虧損」列入收益表。

可供出售股本工具的股息乃於本集團的收取權利確定時在收益表確認為其他收入的一部份。

2.9 對銷金融工具

倘若擁有可依法執行之權利以將已確認金額對銷，且有意按淨額結付，或變現資產以即時償付負債，則金融資產及負債會被對銷，而其淨額會於財務狀況表列報。法定可執行權利必須不得依賴未來事件而定，而在一般業務過程中以及倘公司或對手方一旦出現違約、無償債能力或破產時，這也必須具有約束力。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

2. 主要會計政策概要(續)

2.10 金融資產減值

(a) 按攤銷成本列賬的資產

本集團在每個報告期結束時評估是否有客觀證據證明某項金融資產或某組金融資產經已減值。僅於有客觀證據顯示於初次確認資產後發生一項或多項事件(「虧損事件」)導致出現減值及該虧損事件(或該等事件)對該項金融資產或該組金融資產的估計未來現金流量構成的影響能可靠估計時，該項金融資產或該組金融資產方會出現減值及減值虧損方會產生。

減值跡象可包括一名或一群債務人正面臨重大財政困難、逾期或拖欠支付利息或償還本金、彼等有可能破產或進行其他財務重組，以及有可觀察得到之數據顯示估計未來現金流量出現可計量之跌幅，例如欠款數目變動或出現與違約相關之經濟狀況。

虧損金額根據資產之賬面值與估計未來現金流量(不包括未產生的未來信貸虧損)按金融資產的原實際利率貼現的現值兩者之差額計量。該項資產的賬面值減少，而虧損金額於合併全面收益表確認。倘若一項貸款按浮息計息，則計量任何減值虧損的貼現率為根據合約釐定之現時實際利率。於可行情況下，本集團可能按工具之公平值以可觀察市價計量減值。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Impairment of financial assets (continued)

(a) Assets carried at amortised cost (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is reclassified from equity and recognised in profit or loss. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of profit or loss.

2.11 Inventories

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

2. 主要會計政策概要(續)

2.10 金融資產減值(續)

(a) 按攤銷成本列賬的資產(續)

如在後繼期間，減值虧損的數額減少，而此減少客觀上與確認減值後發生的事件有關(例如債務人的信貸評級有所改善)，則之前已確認的減值虧損撥回會於合併全面收益表確認。

(b) 分類為可供出售的資產

本集團在每個報告期結束時評估是否有客觀證據證明某項金融資產或某組金融資產經已減值。

對於股本投資，會考慮證券公平值有否大幅或長期跌至低於其成本，以證明資產減值。倘存在此等證據，累計虧損(按購入成本與當前公平值間的差額，減該金融資產之前在損益確認的任何減值虧損計算)自股本重新分類並於損益確認。在合併全面收益表確認之股本工具減值虧損不會透過合併損益表撥回。

2.11 存貨

存貨按成本及可變現淨值(以較低者為準)列賬。成本採用加權平均法釐定。製成品及在製品的成本包括原材料、直接勞工、其他直接成本及相關生產經常開支(按正常營運能力計算)，當中不包括借款成本。可變現淨值為日常業務過程中的估計售價減適用不定額銷售費用。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Trade and other receivables

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Restricted bank deposits are excluded from cash and cash equivalents.

2.14 Share capital

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

2.15 Trade and other payables

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

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

2. 主要會計政策概要(續)

2.12 貿易及其他應收款項

貿易應收款項為日常業務過程中因出售商品而應收客戶的款項。倘預期於一年或以內收回貿易及其他應收款項，則彼等分類為流動資產，否則將呈列為非流動資產。

貿易及其他應收款項最初按公平值確認，其後以實際利率法按攤銷成本扣除減值撥備計量。

2.13 現金及現金等價物

現金及現金等價物包括手頭現金、銀行活期存款及原定到期日為三個月或以內的其他短期高流動性投資。現金及現金等價物不包括受限制銀行存款。

2.14 股本

普通股分類為權益。直接歸於發行新股份或購股權的新增成本在權益中列為所得款項的減少(除稅後)。

2.15 貿易及其他應付款項

貿易應付款項為於日常業務過程中向供應商購買貨品或服務之付款責任。貿易及其他應付款項於付款在一年或以內到期時分類為流動負債，否則呈列為非流動負債。

貿易及其他應付款項初步以公平值確認，其後利用實際利率法按攤銷成本計量。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Borrowings

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

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

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

2.17 Borrowings costs

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

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

All other borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

2. 主要會計政策概要(續)

2.16 借款

借款初步按公平值(經扣除所產生的交易成本)確認。借款其後按攤銷成本列賬；所得款項(經扣除交易成本)與贖回價值之間的任何差額採用實際利率法在借款期內於合併全面收益表確認。

倘部分或全部融資將有可能被提取，則就設立貸款融資所支付的費用會確認為貸款的交易成本。在此情況下，有關費用遞延至提取發生時。倘並無證據顯示將會提取部分或全部融資，則有關費用會資本化為流動資金服務的預付款項並於有關融資期內攤銷。

除非本集團有權無條件將負債清償日期延後至報告期結束後最少十二個月，否則借款會分類為流動負債。

2.17 借款成本

因購買、建設或生產合資格資產(指需要一段長時間方可作擬定用途或可供銷售的資產)直接產生的一般及特定借款成本會計入該等資產的成本內，直至資產大致可作其擬定用途或可供銷售為止。

特定借款中未用作合資格資產開支前作為臨時投資所賺取的投資收入，會從合資格資本化的借款成本中扣除。

所有其他借款成本會於產生期間於合併全面收益表確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Borrowings costs (continued)

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity has borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on interest rates on similar borrowings in the entity's functional currency.

2.18 Current and deferred income tax

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

(a) Current income tax

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

2. 主要會計政策概要(續)

2.17 借款成本(續)

借款成本包括費用化利息、融資租賃的財務費用及由於外幣借款所導致的被確認為是對利息成本進行調整的匯兌差額。作為利息費用的調整項目的匯兌盈虧包括實體以功能貨幣借入資金本應發生的借貸成本與外幣貸款實際發生的借貸成本之間的利率差額。該匯兌損益金額乃根據實體的功能貨幣類似借款利率進行估計。

2.18 即期及遞延所得稅

期內稅項支出包括本期及遞延稅項。稅項於合併收益表中確認，惟與其他全面收益或直接在權益中確認的項目有關者除外。在此情況下，稅項亦分別在其他全面收益或直接在權益中確認。

(a) 即期所得稅

即期所得稅支出按於結算日本公司的附屬公司經營所在及產生應課稅收入的國家已頒佈或實質上已頒佈的稅法計算。管理層就適用稅務法規有待詮釋的情況定期評估報稅表狀況，並在適用情況下根據預期須向稅務機關支付的稅款設定撥備。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.18 Current and deferred income tax** (continued)**(b) Deferred income tax***Inside basis differences*

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

2. 主要會計政策概要(續)**2.18 即期及遞延所得稅(續)****(b) 遞延所得稅***內部基準差異*

遞延所得稅採用負債法就資產及負債的稅基與其在合併財務報表的賬面值兩者之間的暫時差異確認。然而，倘遞延所得稅負債因初步確認商譽而產生，則不會確認遞延所得稅負債，而倘遞延所得稅因初步確認業務合併以外交易的資產或負債而產生，且在進行交易時並無影響會計或應課稅溢利或虧損，則不會計入遞延所得稅。遞延所得稅採用於結算日已頒佈或實質上已頒佈並預期於有關遞延所得稅資產變現或遞延所得稅負債清償時適用的稅率(及稅法)釐定。

遞延所得稅資產僅會於可能有未來應課稅溢利以抵銷可動用暫時差異的情況下確認。

外部基準差異

本集團就於附屬公司的投資所產生的暫時差異作出遞延所得稅撥備，惟本集團可以控制暫時差異的撥回時間，且暫時差異有可能在可見將來不會撥回的遞延所得稅負債則除外。

因投資附屬公司而產生的可扣減暫時差異確認為遞延所得稅資產，但只限於暫時差異在將來可撥回，且有充足應課稅溢利抵銷可動用暫時差異。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Current and deferred income tax (continued)

(c) Offsetting

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

2.19 Employee benefits

The Group's entities in Mainland China participate in defined contribution retirement benefit plans organized by relevant government authorities for its employees in Mainland China. The contributions to these plans based on certain percentage of the salaries of the employees on a monthly basis, up to a maximum fixed monetary amount, as stipulated by the relevant government authorities. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans.

The Group has no further obligation for post-employment benefits beyond the contributions made. The Group's contributions to these plans are charged to the consolidated statement of comprehensive income as incurred.

2. 主要會計政策概要(續)

2.18 即期及遞延所得稅(續)

(c) 抵銷

倘有可依法強制執行權利將即期稅項資產與即期稅項負債抵銷，且遞延所得稅資產及負債與同一稅務機關對一個或不同應課稅實體徵收的所得稅有關，而有關實體有意按淨額基準償付餘額時，則可將遞延所得稅資產與負債互相抵銷。

2.19 僱員福利

本集團於中國內地的實體須為其中國內地僱員參與相關政府機構組織的界定供款退休福利計劃。根據相關政府機構的規定，基於僱員的工資按若干比例(最高為固定貨幣金額)向該等計劃每月供款。政府機構承諾根據該等計劃承擔所有現有及未來退休僱員的退休福利責任。

本集團並無進一步責任支付供款範圍外的離職後福利。本集團對該等計劃的供款在產生時於合併全面收益表扣除。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Provision

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

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

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

2.21 Government grants

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

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

2. 主要會計政策概要(續)

2.20 撥備

倘本集團因過去事件而產生現有法律或推定責任，且日後很可能需要資源流出以償付責任時，則會確認撥備，惟責任金額須可作出可靠估計。

倘有大量類似責任時，解除該等責任導致資源流出的可能性按責任類別作整體考慮。即使相同類別的責任內任何一項導致資源流出的可能性不大，仍會確認撥備。

撥備採用稅前利率按預期須結算有關負債的支出現值計量，該利率反映當時市場對貨幣時間價值以及該責任特有風險的評估。隨著時間推移而增加的撥備確認為利息開支。

2.21 政府補助

當能合理確定將收到政府補助而本集團將遵守所有附加條件時，政府補助按公平值計量。

與資產有關的政府補助將被遞延，並於能與相抵的擬定補償支出所需期間內於合併全面收益表確認。

由於遞延政府補助並按直線法於相關資產的預期年期計入合併全面收益表，故與物業、廠房及設備有關的政府補助計入非流動負債。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Share-based payments

(a) *Equity-settled share-based payment transactions*

The Group operates a share option scheme under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amounts are determined by reference to the fair value of the options granted:

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

For share options granted to non-employees, the options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that goods or services cannot be identified and/or fair value cannot be reliably measured, in which case the good or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses with a corresponding increase in equity (share options reserve) when the counterparties provide goods or services or over the period when the nonemployees provide goods or services, unless the services qualify for recognition as assets.

2. 主要會計政策概要(續)

2.22 以股份為基礎的付款

(a) 以股權結算的股份付款交易

本集團進行一項購股權計劃，據此有關實體獲僱員提供服務，並以本集團的股本工具(購股權)作為代價。僱員提供服務以換取獲授購股權的公平值乃確認為開支。列作開支的總金額乃參照已授出購股權的公平值釐定，而計算時：

- (i) 包括任何市場表現情況(例如實體股價)；
- (ii) 不包括任何有關服務及非市場表現的歸屬條件(例如盈利能力、銷售增長目標及於一段特定期間內保留一名公司僱員)的影響；及
- (iii) 包括任何非歸屬條件(例如規定僱員儲蓄或於特定期間持有股份)的影響。

就授予非僱員的購股權而言，就換取貨品或服務所發行的購股權按所收取貨品或服務的公平值計量，除非該等貨品或服務不可識別及／或其公平值不能可靠計量者，則所收取該等貨品或服務參照所授出購股權的公平值計量。倘由對手方提供貨品或服務，則除非有關服務符合條件確認為資產，否則所收取貨品或服務的公平值即時確認為開支，並於權益(購股權儲備)作出相應增加。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.22 Share-based payments** (continued)**(a) Equity-settled share-based payment transactions** (continued)

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

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

2.23 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(a) Sales of goods

Revenue from the sales of goods is recognised when the risk and reward of the goods has been transferred to the customer, which is usually when the customer has picked up the products from the Group's warehouse or the Group has delivered the products to the customer's warehouse, the collectability of the related receivables is reasonably assumed and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

2. 主要會計政策概要(續)**2.22 以股份為基礎的付款(續)****(a) 以股權結算的股份付款交易(續)**

於各報告期末，本集團會根據非營銷表現及服務條件修改其估計預期將歸屬的購股權數目，並於收益表內確認修改原來估計數字（如有）的影響，以及須對權益作出的相應調整。

此外，在某些情況下，僱員可能在授出日期之前提供服務，因此授出日期的公平值就確認服務開始期與授出日期的期間內的開支作出估計。

本公司於購股權獲行使時發行新股份。已收所得款項（扣除直接應佔的交易成本），乃計入股本（及股份溢價）。

2.23 收益確認

收益按已收或應收代價的公平值計量，即供應貨品的應收款項，於扣除折扣、退貨及增值稅後列賬。當收益的金額能可靠地計量；當未來經濟利益有可能流入實體；及當本集團每項活動均符合特定標準時，本集團會按下文所述確認收益。

(a) 銷售貨物

貨品銷售收益於貨品的風險及回報已轉給客戶時（通常指客戶從本集團倉庫提貨或本集團將產品送抵客戶倉庫、能合理假定可收回有關應收款項，以及不存在可能影響客戶接收產品的未履行義務時）確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Revenue recognition (continued)

(b) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.24 Leases

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

2.25 Dividend distribution

Dividend distribution to the owner is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the owners.

2. 主要會計政策概要(續)

2.23 收益確認(續)

(b) 利息收入

利息收入採用實際利率法確認。當貸款或應收款項出現減值，本集團會將賬面值減至其可收回金額(即按工具的原定實際利率貼現的估計未來現金流量)，並繼續將所貼現的金額撥為利息收入。已減值貸款及應收款項的利息收入採用原定實際利率確認。

(c) 股息收入

股息收入於收取款項的權利確立時確認。

2.24 租賃

如租賃所有權的絕大部分風險及回報仍由出租人保留，則分類為經營租賃。根據經營租賃支付的款項(扣除出租人給予的任何優惠)於租期內以直線法在合併全面收益表內支銷。

2.25 股息分派

向股東分派的股息於股息獲股東批准的期間於本集團的財務報表內確認為負債。

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in mainland China and Hong Kong with most of the revenue and expenditures transactions denominated and settled in RMB and United State dollars ("USD"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group's exposure to foreign exchange risk is mainly on its sales and purchase transactions (i.e., export or import of products) denominated in USD and corporate bond denominated in Hongkong dollars ("HKD"). The functional currency of the corporate and its subsidiaries is RMB since the Company is an investment holding company and the operations carried out by its subsidiaries are in the PRC.

At 31 December 2016, if RMB had weakened/strengthened by 5% against USD/HKD with all other variable held constant, post-tax loss for the year would have been RMB4,287,000 (2015: RMB1,610,000) lower/higher, mainly as a result of the net foreign exchange losses/gains on translation of cash and cash equivalents, trade and bills receivables, trade and bills payables, and borrowings.

3. 財務風險管理

3.1 財務風險因素

本集團的活動面對多項財務風險：市場風險(包括外匯風險、現金流量以及公平值利率風險及價格風險)、信貸風險及流動資金風險。本集團的整體風險管理項目集中於不可預測的金融市場，並尋求盡量降低對本集團財務表現的潛在不利影響。

(a) 市場風險

(i) 外匯風險

本集團主要於中國內地及香港營運，而其交易的收益及開支以人民幣及美元(「美元」)計值及結算。外匯風險來自期貨商業交易、確認資產及負債以及於海外業務的投資淨額。本集團面臨的匯兌風險主要來自其以美元計值的買賣交易(即進出口產品)及以港元(「港元」)計值的公司債券。由於本公司為投資控股公司而其附屬公司大多在中國經營業務，故本公司及其附屬公司的功能貨幣為人民幣。

於二零一六年十二月三十一日，倘人民幣兌美元/港元貶值/升值5%而所有其他變數保持不變，年內除稅後溢利會減少/增加人民幣4,287,000元(二零一五年：人民幣1,610,000元)，主要由於換算現金及現金等價物、貿易應收款項及應收票據、貿易應付款項及應付票據以及借款產生外匯虧損/收益淨額。

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Price risk

Raw cotton and cotton yarns are the major raw materials for the Group's production. They account for a substantial portion of the Group's costs of sales. The prices of raw cotton and cotton yarns are affected by various factors which are beyond the control of the Group, such as changes in government policies, the supply-demand relation and other unexpected events. The fluctuations of the price may have favourable or unfavourable impacts on the Group. The Group monitors the changes in the market price of raw cotton and cotton yarns and makes purchases of raw materials when the prices are considered appropriate. The Group also maintains inventory of raw materials at a lower level when the market prices of raw cotton and cotton yarns decrease continually within a certain period. The Group did not enter into any hedging of its price risk during 2016 and 2015.

(iii) Cash flow and fair value interest rate risk

Except for restricted bank deposits and cash at bank (Note 13), the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact resulted from changes in interest rates on interest bearing assets.

The Group's interest-rate risk arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest-rate risk. As at 31 December 2016, approximately 98% (2015: 90%) of the Group's borrowings were at fixed rates and the remaining were at floating rates. The Group does not hedge its cash flow and fair value interest rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 16.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(ii) 價格風險

原棉及棉紗是本集團生產的主要原材料，佔本集團銷售成本的大部分。原棉及棉紗的價格受到本集團控制範圍以外的多項因素（如政府政策、供求關係及其他不可預見事件的變動）所影響。價格波動可能對本集團存在有利或不利的影響。本集團監控原棉及棉紗的市場價格變動，並在價格視為適合時採購原材料。本集團亦於原棉及棉紗若干時期內市場價格持續下跌時維持低程度存貨。於二零一六年及二零一五年，本集團並無訂立任何價格風險對沖安排。

(iii) 現金流量及公平值利率風險

除已抵押銀行存款及銀行現金（附註13）外，本集團並無重大計息資產。本集團的收入及經營現金流量大致上不受市場利率變動影響。管理層並不預期利率變動會對計息資產有重大影響。

本集團的利率風險來自借款。浮息借款令本集團面對現金流量利率風險。固息借款令本集團面對公平值利率風險。於二零一六年十二月三十一日，本集團約有98%（二零一五年：90%）的固息借款，而餘下則為浮息借款。本集團並無對沖其現金流量及公平值利率風險。借款的利率及還款期限於附註16披露。

3. FINANCIAL RISK MANAGEMENT (continued)**3.1 Financial risk factors** (continued)**(a) Market risk** (continued)**(iii) Cash flow and fair value interest rate risk**
(continued)

As at 31 December 2016 and 2015, if average interest rates on bank borrowings which had been 10% higher/lower with all other variables held constant, the loss before income tax for the years ended 31 December 2016 would have been decreased/increased by RMB400,000 (2015: RMB355,000), respectively.

(b) Credit risk

Credit risk arises from cash and cash equivalents, restricted bank deposits, trade and other receivables, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Group has no significant concentrations of credit risk. The carrying amounts of cash and bank balances, restricted bank deposits, trade and other receivables included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets. As at 31 December 2016 and 2015, all cash and cash equivalents and restricted bank deposits were deposited into highly reputable and sizable banks and financial institutions without significant credit risk. For sales of yarns and fabrics, the Group generally grants credit terms of less than 90 days to its customers in Mainland China and 120 days to its customers in other countries. The sales of PEI were originally on credit terms of 270 days after shipment date which were revised to one year after the date of customer's confirmations according to supplemental agreements entered subsequently in July 2016. The Group performs ongoing credit evaluations of its customers' financial conditions and has policies in place to ensure that trade receivables are followed up on a timely basis. The Group performs ongoing credit evaluations of their financial conditions and monitors the timely collection of the advances.

3. 財務風險管理 (續)**3.1 財務風險因素** (續)**(a) 市場風險** (續)**(iii) 現金流量及公平值利率風險**
(續)

於二零一六年及二零一五年十二月三十一日，倘銀行借款的平均利率上升／下降10%，而所有其他變數保持不變，則截至二零一六年十二月三十一日止年度的除所得稅前溢利將分別減少／增加人民幣400,000元(二零一五年：人民幣355,000元)。

(b) 信貸風險

信貸風險來自現金及現金等價物、受限制銀行存款、貿易及其他應收款項，以及客戶承受的信貸風險，包括未償還應收款項及承諾交易。

本集團並無重大集中的信貸風險。計入合併財務報表的現金及銀行餘額、受限制銀行存款、貿易及其他應收款項指本集團就其金融資產承受的最大信貸風險。於二零一六年及二零一五年十二月三十一日，所有現金及現金等價物及受限制銀行存款均存放於聲譽良好、規模較大且並無重大信貸風險的銀行與金融機構。就貨品銷售而言，本集團一般向中國內地客戶授予不超過90日及向其他國家客戶授予不超過120日的信貸期。工程塑料銷售的信貸期原為確認貨品付運後270日，其後根據於二零一六年七月所訂立的補充協議修改為客戶確認銷售日期起計一年。本集團對其客戶的財務狀況進行持續的信貸評估，並制定政策確保及時跟進貿易應收款項。本集團對彼等的財務狀況進行持續的信貸評估並監控準時收取墊款。

3. FINANCIAL RISK MANAGEMENT (continued)**3.1 Financial risk factors (continued)****(c) Liquidity risk**

Cash flow is managed at group level by the finance controller. The finance controller monitors the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs at all times and does not breach borrowing limits or covenants on any of its borrowing facilities. The finance controller usually takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

The finance controller mainly invests surplus cash in time deposits, with appropriate maturities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

3. 財務風險管理(續)**3.1 財務風險因素(續)****(c) 流動資金風險**

現金流量主要由財務總監在集團層面管理。財務總監監控本集團的流動資金需求，確保隨時有充足現金應付經營所需，以使本集團不會違反其任何借款限額或有關其借款融資的任何契諾。財務總監通常會考慮本集團的債務融資計劃、契諾遵從及符合內部資產負債表比率目標。

財務總監主要將剩餘現金投資於定期存款，並有適當到期日。

下表按各結算日基於合約到期日餘下期間的有關到期組別對本集團金融負債進行分析。下表披露的金額為合約未貼現現金流量。

		Less than 1 year 少於1年 RMB'000 人民幣千元	Between 1 and 2 years 1至2年 RMB'000 人民幣千元	Between 2 and 5 years 2至5年 RMB'000 人民幣千元	Over 5 years 超過5年 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Group At 31 December 2016	本集團 於二零一六年 十二月三十一日					
Borrowings	借款	261,609	149,027	97,160	159,420	667,216
Interest payable on borrowings and unsecured bonds	應付借款及 無擔保債券利息	28,447	13,227	20,300	2,520	64,494
Trade and other payables (exclude advanced payments from customers, other taxes payable, salary payable and interest payable)	貿易及其他應付款項 (不包括來自客戶 的墊款、其他應付 稅項、應付薪金及 應付利息)	100,197	-	-	-	100,197
		390,253	162,254	117,460	161,940	831,907
At 31 December 2015	於二零一五年 十二月三十一日					
Borrowings	借款	104,111	125,757	97,977	77,221	405,066
Interest payable on borrowings and unsecured bonds	應付借款及 無擔保債券利息	28,497	30,863	20,207	6,043	85,610
Trade and other payables (exclude advanced payments from customers, other taxes payable, salary payable and interest payable)	貿易及其他應付款項 (不包括來自客戶 的墊款、其他應付 稅項、應付薪金及 應付利息)	99,214	8,160	-	-	107,374
		231,822	164,780	118,184	83,264	598,050

3. FINANCIAL RISK MANAGEMENT (continued)**3.2 Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holder and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total equity. Total debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position).

The gearing ratios are as follows:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Total borrowings (Note 16)	借款總額(附註16)	539,597	405,066
Total debt	債務總額	539,597	405,066
Less: Cash and bank balances (Note 13)	減：現金及銀行餘額 (附註13)	(25,042)	(374,983)
Net debt	債務淨額	514,555	30,083
Total equity	權益總額	603,733	908,489
Total capital	資本總額	1,118,288	938,572
Net gearing ratio	淨權益負債比率	46.0%	3.1%

The gearing ratio increased from 3.1% as at 31 December 2015 to 46.0% as at 31 December 2016, mainly due to the loss of the Group in 2016.

3.3 Fair value estimation

The carrying amount of the Group's financial assets including trade and other receivables, cash and cash equivalents and restricted bank deposits and financial liabilities including trade and other payables and borrowings are assumed to approximate their fair values due to their short-term maturities or related liabilities being charged at interest rates approximately to that of market. The carrying values less any estimated credit adjustments for financial assets with a maturity of less than one year are a reasonable approximation of their fair values.

3. 財務風險管理(續)**3.2 資本風險管理**

本集團的資本管理目標旨在保障本集團能夠繼續持續經營，為權益持有人提供回報，同時維持最佳資本架構以減少資本開支。

為維持或調整資本架構，本集團可能會調整支付予權益持有人的股息金額、權益持有人的回報資金或出售資產以降低債務。

與業內其他公司一樣，本集團利用權益負債比率監控資本。該比率按債務總額除以權益總額計算。債務總額按借款總額(包括合併財務狀況表所示的流動借款及非流動借款)計算。

權益負債比率載列如下：

權益負債比率由二零一五年十二月三十一日的3.1%增至二零一六年十二月三十一日的46.0%，主要由於本集團於二零一六年錄得虧損。

3.3 公平值估計

本集團金融資產(包括貿易及其他應收款項、現金及現金等價物及受限制銀行存款)及金融負債(包括貿易及其他應付款項及借款)的賬面值因到期日較短或相關負債按與市場利率相若的利率計息而假定為與其公平值相若。到期日不足一年的金融資產的賬面值減任何估計信貸調整後，與其公平值合理相若。

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives, residual values and impairment of property, plant and equipment

The Group's management determines the estimated useful lives and residual values and consequently the related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change as a result of technical innovations and competitors action in response to sever industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives, and actual residual values may differ from estimated residual values. Periodic reviews could result in a change in depreciable lives and residual values and therefore changes in depreciation expenses in the future periods.

The Group's management determines to test whether the property, plant and equipment is suffered from impairment as a negative gross margin arised in 2016 and the Group intended to reengineer certain of its production facilities from production of cotton fabric to chemical fabric. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

4. 關鍵會計估計及判斷

估計及判斷乃根據過往經驗及其他因素(包括在某些情況下對未來事件的合理預測)作持續評估。

本集團對未來作出估計及假設。根據定義，就此產生的會計估計甚少與相關實際結果相同。具有重大風險會對下個財政年度資產與負債的賬面值造成重大調整的估計及假設討論如下。

(a) 物業、廠房及設備的可使用年期、剩餘價值及減值。

本集團管理層釐定其物業、廠房及設備的估計可使用年期及相關折舊開支。該估計乃基於類似性質及功能的物業、廠房及設備實際可使用年期的過往經驗作出，並可因技術創新及競爭對手為應對嚴峻的行業週期而採取行動而出現變動。當可使用年期少於先前估計年期時，管理層將增加折舊開支或將撇銷或撇減已廢棄或出售的技術陳舊或非策略性資產。實際經濟年期可能與預估可使用年期有所出入，而實際剩餘價值可能與估計剩餘價值有所出入。定期檢討可能導致折舊年限與剩餘價值的變動因此往後時期折舊開支有所變動。

本集團的管理層決定測試物業、廠房及設備是否減值，此乃由於二零一六年產生負毛利率，而本集團有意將生產棉質面料的若干生產廠房改為生產化纖面料。已就資產賬面值超過其可收回金額的金額確認減值虧損。可收回金額為資產公平值減出售成本及使用價值較高者。為評估資產減值，資產按可獨立可識別現金流量(現金產生單位)的最小單位劃分。

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)**(b) Impairment of trade, other receivables and prepayments**

The Group's management estimates the provision for impairment of trade, other receivables and prepayments by assessing their recoverability. Provisions are applied to trade, other receivables and prepayments where events or changes in circumstances indicate that the balances may not be collectible and require the use of estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of trade and other receivable and impairment charge in the period in which such estimate has been changed.

(c) Net realisable value of inventories

The Group's management estimates the provision of impairment of inventories by assessing their net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale. Provisions are applied to inventories where events or changes in circumstances indicate that the inventory cost may exceed the net realisable value and require the use of estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of inventories and impairment charge in the period in which such estimate has been changed.

(d) Impairment of Investment accounted for using equity method

The Group's management determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of investments accounted for using equity method' in the consolidated statement of comprehensive income.

4. 關鍵會計估計及判斷(續)**(b) 貿易、其他應收款項及預付款項的減值**

本集團管理層通過評估貿易、其他應收款項及預付款項的可收回性來估計其減值撥備。當出現事件或環境變化預示結餘可能無法收回並需要使用估計時，則會就貿易、其他應收款項及預付款項計提撥備。倘預期金額與原先估計的金額不同，有關差額將影響貿易及其他應收款項的賬面值以及有關估計出現變動期間內的減值開支。

(c) 存貨的可變現淨值

本集團管理層通過評估存貨的可變現淨值來估計其減值撥備。可變現淨值按日常業務過程中的估計售價減估計完成成本及銷售成本計算。當出現事件或環境變化預示存貨成本可能超過可變現淨值並需要使用估計時，則會就存貨計提撥備。倘預期金額與原先估計的金額不同，有關差額將影響存貨的賬面值以及有關估計出現變動期間內的減值開支。

(d) 按權益法入賬的投資減值

本集團管理層於各報告日期釐定於聯營公司投資是否存在任何客觀減值證據。倘存在客觀減值證據，本集團將減值金額計算為聯營公司可收回金額及其賬面值的差額，並將該金額確認於合併全面收益表「按權益法入賬的投資的利潤份額」。

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(e) Current income tax and deferred income tax

The Group is mainly subject to income tax in the Mainland China. Significant judgement is required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and provisions in the year in which such determination is made.

Deferred income tax assets and liabilities are determined using income tax rates that are expected to apply when the related deferred income tax assets are realised or the deferred income tax liabilities are settled. The expected applicable income tax rate is determined based on the enacted tax laws and regulations and the actual situation of the Group. The management of the Group will revise the expectation where the final income tax rate is different from the original expectation.

5. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company. The directors review the Group's internal reporting in order to assess performance and allocate resources. The directors have determined the operating segments based on these reports. The directors consider the business from both a product and geographical perspectives. In 2015, the management assesses the performance from sales of fabrics and cotton yarns. From 2016, the Group entered into the trading of polyetherimide ("PEI") and assessed it as a new business segment.

The operations are further evaluated on a geographic basis including Mainland China and Hong Kong.

Segment assets consist primarily of land use rights, property, plant and equipment, inventories, trade and other receivables and prepayments. They exclude deferred income tax assets, restricted bank deposits and cash and cash equivalents.

Segment liabilities comprise operating liabilities. They exclude borrowings from banks and other financial institutions.

4. 關鍵會計估計及判斷(續)

(e) 即期所得稅及遞延所得稅

本集團須繳納中國內地的所得稅。釐定所得稅撥備時須作出重大判斷。於日常業務過程中有若干不能確定最終稅項的交易及計算。本集團根據對是否須繳付額外稅款的估計，就預期稅務審計項目確認負債。倘該等事宜的最終稅務結果與初始記錄的金額不同，該等差額將影響於釐定年度的所得稅及撥備。

遞延所得稅項資產及負債按照預期變現相關遞延所得稅資產或結算遞延所得稅負債期間的適用所得稅稅率計算。預期適用所得稅稅率基於已頒佈稅法以及本集團的實際情況而釐定。倘最終所得稅稅率與原始預計時，本集團管理層將對預期作出修訂。

5. 收益及分部資料

主要運營決策者被認定為本公司執行董事。董事審閱本集團的內部報告以評估表現及分配資源。董事已根據該等報告釐定經營分部。董事從產品及地理位置角度考量業務。於二零一五年，管理層按面料及棉紗的銷售評估表現。自二零一六年起，本集團開始進行工程塑料(「工程塑料」)的貿易，並以新業務分部對其進行評估。

該等經營進一步按地理位置(包括中國內地及香港)進行評估。

分部資產主要包括土地使用權、物業、廠房及設備、存貨、貿易及其他應收款項以及預付款項，惟不包括遞延所得稅資產、受限制銀行存款以及現金及現金等價物。

分部負債包括經營負債，惟不包括來自銀行及其他金融機構的借款。

5. REVENUE AND SEGMENT INFORMATION 5. 收益及分部資料(續)

(continued)

The segment information is set out below:

The segment information for the year ended 31 December 2016 is as follows:

分部資料載列如下：

截至二零一六年十二月三十一日止年度的分部資料如下：

		Fabrics 面料		Yarns 紗線	PEI 工程塑料	Total 總計
		Mainland China 中國內地 RMB'000 人民幣千元	Hong Kong 香港 RMB'000 人民幣千元	Hong Kong 香港 RMB'000 人民幣千元	Hong Kong 香港 RMB'000 人民幣千元	RMB'000 人民幣千元
Year ended 31 December 2016	截至二零一六年十二月三十一日止年度					
Segment results	分部業績					
Total segment revenue	分部收益總額	394,356	227,805	48,923	332,593	1,003,677
Inter-segment revenue	分部間收益	(174,444)	-	(48,923)	-	(223,367)
Revenue from external customers	來自外部客戶的收益	219,912	227,805	-	332,593	780,310
Segment profit	分部溢利	(53,795)	28,468	(15,533)	20,017	(20,843)
Other operating expenses	其他經營開支					(215,962)
Other income and other losses – net	其他收入及 其他虧損 – 淨額					1,333
Finance costs – net	融資成本 – 淨額					(49,146)
Share of loss of investments accounted for using equity method	分佔按權益法入賬的 投資虧損					(63,144)
Loss before income tax	除所得稅前虧損					(347,762)
Income tax credit	所得稅抵免					16,739
Loss for the period	期間虧損					(331,023)
Other segment items	其他分部項目					
Capital expenditure	資本開支	7,453	-	-	-	7,453
Amortisation of leasehold land and land use right	租賃土地及 土地使用權攤銷	495	-	62	-	557
Depreciation of property, plant and equipment	物業、廠房及 設備折舊	35,450	14	6,792	-	42,256
Impairment losses	減值虧損	159,509	85,266	15,533	-	260,308
As at 31 December 2016	於二零一六年十二月三十一日					
Segment asset and liabilities	分部資產及負債					
Segment assets	分部資產	634,825	261,216	28,616	332,593	1,257,250
Unallocated assets	未分配資產					54,788
Total assets	資產總額					1,312,038
Segment liabilities	分部負債	87,638	75,836	3,908	340	167,722
Unallocated liabilities	未分配負債					540,583
						708,305

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5. REVENUE AND SEGMENT INFORMATION 5. 收益及分部資料(續)

(continued)

The segment information for the year ended 31 December 2015 is as follows:

截至二零一五年十二月三十一日止年度的分部資料如下：

		Fabrics 面料		Yarns 紗線	Total 總計
		Mainland China 中國內地 RMB'000 人民幣千元	Hong Kong 香港 RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Year ended 31 December 2015	截至二零一五年十二月三十一日止年度				
Segment results	分部業績				
Total segment revenue	分部收益總額	582,769	162,586	87,022	832,377
Inter-segment revenue	分部間收益	(147,827)	–	(14,295)	(162,122)
Revenue from external customers	來自外部客戶的收益	434,942	162,586	72,727	670,255
Segment profit	分部溢利	(2,455)	9,318	1,533	8,396
Other operating expenses	其他經營開支				(35,364)
Other income and other losses – net	其他收入及其他虧損 – 淨額				15,996
Finance costs – net	融資成本 – 淨額				(23,389)
Loss before income tax	除所得稅前虧損				(34,361)
Income tax credit	所得稅抵免				11,044
Loss for the period	期間虧損				(23,317)
Other segment items	其他分部項目				
Capital expenditure	資本開支	36,583	–	4,124	40,707
Amortisation of leasehold land and land use right	租賃土地及土地使用權攤銷	497	–	60	557
Depreciation of property, plant and equipment	物業、廠房及設備折舊	36,186	–	4,369	40,555
As at 31 December 2015	於二零一五年十二月三十一日				
Segment asset and liabilities	分部資產及負債				
Segment assets	分部資產	649,645	244,107	74,904	968,656
Unallocated assets	未分配資產				508,876
Total assets	資產總額				1,477,532
Segment liabilities	分部負債	101,713	–	11,971	113,684
Unallocated liabilities	未分配負債				455,359
					569,043

5. REVENUE AND SEGMENT INFORMATION

(continued)

The information for sales customers who covered over 10% of the total sales is as follows:

		2016 二零一六年		2015 二零一五年	
		RMB'000 人民幣千元	% %	RMB'000 人民幣千元	% %
JLQ MERCHANDISING	JLQ MERCHANDISING	120,283	15%	-	-
LMF MERCHANDISING	LMF MERCHANDISING	83,228	11%	-	-
STANDARD ESSENTIALS MERCHANDISING	STANDARD ESSENTIALS MERCHANDISING	84,769	11%	-	-
		288,280	37%	-	-

5. 收益及分部資料(續)

佔總銷售額超過10%的銷售客戶的資料如下：

6. LEASEHOLD LAND AND LAND USE RIGHTS

Leasehold land and land use rights represent the net book amount of prepaid operating lease payments. All the land use rights of the Group are located in the PRC and are held on leases with remaining periods of 50 years.

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Opening amount	期初金額	24,895	25,453
Amortisation (Note 22)	攤銷(附註22)	(557)	(557)
Closing amount	期末金額	24,338	24,896
Cost	成本	27,868	27,868
Accumulated amortisation	累計攤銷	(3,530)	(2,972)
Net book amount	賬面淨值	24,338	24,896

6. 租賃土地及土地使用權

租賃土地及土地使用權即預付經營租賃款項賬面淨值。本集團所有土地使用權位於中國，並以剩餘年期50年租賃持有。

The leasehold land and land use rights with net book value of approximately RMB24,338,000 (2015: RMB24,896,000) as at 31 December 2016 were pledged as collaterals for certain bank borrowings of the Group (Note 16).

Amortisation expense has been charged to "general and administrative expenses" in the consolidated statement of comprehensive income.

The Group has obtained land use right certificates of all the leasehold land of the Group.

於二零一六年十二月三十一日，賬面淨值約為人民幣24,338,000元(二零一五年：人民幣24,896,000元)的租賃土地及土地使用權已抵押作本集團若干銀行借款的擔保(附註16)。

攤銷開支已於合併全面收益表的「一般及行政開支」中扣除。

本集團已為其所有租賃土地取得土地使用權證。

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7. PROPERTY, PLANT AND EQUIPMENT

7. 物業、廠房及設備

		Buildings 樓宇 RMB'000 人民幣千元	Machinery and equipment 機器及設備 RMB'000 人民幣千元	Office equipment, furniture and vehicle 辦公室設備、 傢具及車輛 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
At 1 January 2015	於二零一五年一月一日					
Cost or valuation	成本或估值	294,792	277,122	6,144	36,919	614,977
Accumulated depreciation	累計折舊	(42,747)	(91,588)	(2,212)	–	(136,547)
Net book amount	賬面淨值	252,045	185,534	3,932	36,919	478,430
Year ended 31 December 2015	截至二零一五年十二月三十一日止年度					
Opening net book amount	期初賬面淨值	252,045	185,534	3,932	36,919	478,430
Additions	添置	13	184	1,199	39,311	40,707
Disposals (Note 29)	出售(附註29)	–	(685)	(444)	–	(1,129)
Depreciation charges (Note 22)	折舊費用(附註22)	(13,144)	(26,439)	(972)	–	(40,555)
Closing net book amount	期末賬面淨值	238,914	158,594	3,715	76,230	477,453
At 31 December 2015	於二零一五年十二月三十一日					
Cost or valuation	成本或估值	294,805	259,515	5,132	76,230	635,682
Accumulated depreciation	累計折舊	(55,891)	(100,921)	(1,417)	–	(158,229)
Net book amount	賬面淨值	238,914	158,594	3,715	76,230	477,453
Year ended 31 December 2016	截至二零一六年十二月三十一日止年度					
Opening net book amount	期初賬面淨值	238,914	158,594	3,715	76,230	477,453
Additions	添置	–	248	65	2	315
Disposals (Note 29)	出售(附註29)	–	(14,549)	–	–	(14,549)
Transfers	轉撥	76,232	–	–	(76,232)	–
Depreciation charges (Note 22)	折舊費用(附註22)	(16,590)	(24,856)	(810)	–	(42,256)
Impairment for the year	年內減值	–	(15,533)	–	–	(15,533)
Closing net book amount	期末賬面淨值	298,556	103,904	2,970	–	405,430
At 31 December 2016	於二零一六年十二月三十一日					
Cost or valuation	成本或估值	371,037	232,915	5,197	–	609,149
Accumulated depreciation	累計折舊	(72,481)	(113,478)	(2,227)	–	(188,186)
Impairment	減值	–	(15,533)	–	–	(15,533)
Net book amount	賬面淨值	298,556	103,904	2,970	–	405,430

7. PROPERTY, PLANT AND EQUIPMENT (continued)

During the year ended 31 December 2016, the Group did not capitalise interest on borrowings (2015: RMB324,000) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of 7.9% per annum for 2015.

In 2016, the amounts of depreciation expense charged to cost of sales and general and administrative expenses were RMB36,232,000 and RMB6,024,000, respectively (2015: RMB34,386,000 and RMB6,169,000).

In December 2016, the Group disposed of four production lines' machinery and equipment for the production of cotton yarns at the Fujian Shishi production plant. The net book value of the machinery and equipment was RMB14,531,000 and the selling price was RMB5,000,000, resulting in a loss of RMB9,541,000 from the disposal which was charged to "other losses" (Note 21) in the consolidated statement of comprehensive income. In view of the sluggish cotton yarn market, the Group decided to temporarily suspend its cotton yarn production at the Fujian Shishi production plant until the market recovers. The carrying amounts of the machinery and equipment of the remaining cotton yarns production lines and the related auxiliary equipment have been reduced to their recoverable amounts through recognition of an impairment loss of RMB15,533,000. This has been included in "cost of sales" (Note 22) in the consolidated statement of comprehensive income.

As at 31 December 2016, buildings of the Group with net book value of approximately RMB198,351,000 (2015: RMB209,969,000), and machinery and equipment of the Group with net book value of approximately RMB43,025,000 (2015: RMB55,995,000), were pledged as collaterals for certain bank borrowings of the Group (Note 16).

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Investment in unlisted equity	4,500	4,500

The unlisted equity investment represents a 10% equity interest in a financial institution in Hubei, the PRC. The unlisted equity investment is denominated in RMB.

7. 物業、廠房及設備(續)

於截至二零一六年十二月三十一日止年度，本集團並未將借款利息資本化(二零一五年：人民幣324,000元)。於二零一五年，借款成本已按加權平均年利率7.9%資本化。

於二零一六年，於銷售成本扣除的折舊開支以及一般及行政開支分別為人民幣36,232,000元及人民幣6,024,000元(二零一五年：人民幣34,386,000元及人民幣6,169,000元)。

於二零一六年十二月，本集團出售位於福建石獅生產廠房用於生產棉紗的四條生產線機器及設備。機器及設備的賬面淨值為人民幣14,531,000元，而銷售價為人民幣5,000,000元，故產生出售虧損人民幣9,541,000元，該款項於合併全面收益表「其他虧損」(附註21)扣除。有鑒於棉紗市場疲弱，本集團決定暫時停止其於福建石獅生產廠房的棉紗生產，直至市場復甦。餘下生產棉紗生產線的機器及設備以及相關配套設備的賬面淨值已透過確認減值虧損人民幣15,533,000元減至其可收回金額。該款項於合併全面收益表「銷售成本」(附註22)入賬。

於二零一六年十二月三十一日，本集團賬面淨值約人民幣198,351,000元(二零一五年：人民幣209,969,000元)的樓宇以及本集團賬面淨值約人民幣43,025,000元(二零一五年：人民幣55,995,000元)的機器及設備已抵押作本集團若干銀行借款的抵押品(附註16)。

8. 可供出售金融資產

未上市股權投資佔一間位於中國湖北的金融機構股權的10%。未上市股權投資按人民幣計值。

9. FINANCIAL INSTRUMENTS BY CATEGORY

9. 按類別劃分的金融工具

		Available- for-sale financial assets 可供出售 金融資產 RMB'000 人民幣千元	Loans and receivables 貸款及應收款項 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
31 December 2016	二零一六年十二月 三十一日			
Assets as per statement of financial position	財務狀況表所列資產			
Available-for-sale financial assets	可供出售金融資產	4,500	–	4,500
Trade and bills receivables	貿易應收款項及應收票據	–	530,346	530,346
Other receivables	其他應收款項	–	5,077	5,077
Restricted bank deposits and cash and cash equivalents	受限制銀行存款以及現金 及現金等價物	–	25,042	25,042
Total	總計	4,500	560,465	564,965

		Other financial liabilities at amortised cost 其他按攤銷成本 列賬的金融負債 RMB'000 人民幣千元
31 December 2016	二零一六年十二月三十一日	
Liabilities as per statement of financial position	財務狀況表所列負債	
Borrowings	借貸	539,597
Trade and bills payables	貿易應付款項及應付票據	92,569
Accruals and other payables excluding deposits and statutory liabilities	應計及其他應付款項撇除存款 及法定負債	20,103
Total	總計	652,269

9. FINANCIAL INSTRUMENTS BY CATEGORY 9. 按類別劃分的金融工具(續)

(continued)

		Available- for-sale financial assets 可供出售 金融資產 RMB'000 人民幣千元	Loans and receivables 貸款及應收款項 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
31 December 2015	二零一五年 十二月三十一日			
Assets as per statement of financial position	財務狀況表所列資產			
Available-for-sale financial assets	可供出售金融資產	4,500	–	4,500
Trade and bills receivables	貿易應收款項及應收票據	–	256,583	256,583
Other receivables	其他應收款項	–	7,625	7,625
Restricted bank deposits and cash and cash equivalents	受限制銀行存款以及現金 及現金等價物	–	398,351	398,351
Total	總計	4,500	662,559	667,059
				Other financial liabilities at amortise cost 其他按攤銷成本 列賬的金融負債 RMB'000 人民幣千元
31 December 2015	二零一五年十二月三十一日			
Liabilities as per statement of financial position	財務狀況表所列負債			
Borrowings	借貸			405,066
Trade and bills payables	貿易應付款項及應付票據			92,450
Accruals and other payables excluding deposits and statutory liabilities	應計及其他應付款項撇除存款 及法定負債			14,924
Total	總計			512,440

10. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD **10. 按權益法入賬的投資**

The amount recognised in the statement of financial position is as follows:

於財務狀況表確認的金額載列如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Share of net assets of an unlisted associate	分佔未上市聯營公司資產淨值	85,954	-
Goodwill	商譽	60,909	-
Impairment provision	減值撥備	(60,000)	-
		86,863	-

The amount recognised in the consolidated income statement is as follows:

於合併收益表確認的金額載列如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Share of loss of investments accounted for using equity method	分佔按權益法入賬的投資虧損	3,144	-
Impairment for investment accounted for using equity method	按權益法入賬的投資減值	60,000	-
		63,144	-

10. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD (continued) **10. 按權益法入賬的投資** (續)

Movements of the share of net assets are as follows:

分佔資產淨值的變動載列如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Transferred from other non-current assets	自其他非流動資產轉入	80,000	—
Addition	添置	70,000	—
Share of loss based on equity method	分佔按權益法入賬的虧損	(3,137)	—
Impairment provision	減值撥備	(60,000)	—
Closing amount	期末金額	86,863	—

At end of 2015, the Group started to negotiate with third parties regarding the investment in Baixin (China) Co., Ltd. ("Baixin"). Baixin is a company in Hubei province of China principally engaged in the manufacturing and sales of yarn and cotton fabric products which management believe will bring synergy to the operations of the Group's production plant in Hubei. A payment of RMB80,000,000 was paid as at 31 December 2015.

On 18 July 2016, the Group completed the transaction to acquire a 50% equity interests in Baixin at a consideration of RMB150,000,000. Baixin became an associated company of the Group. The Group's share of the fair value of the identifiable assets and liabilities of the associate acquired at acquisition date was amounted to RMB89,091,000. As a result of the acquisition, the Group recognised a goodwill amounted to RMB60,909,000.

於二零一五年末，本集團開始與第三方就於百鑫(中國)有限公司(「百鑫」)的投資進行磋商。百鑫位於中國湖北省，主要從事生產及銷售紗線及棉質面料產品，而管理層認為該投資將為本集團於湖北的生產廠房帶來營運協同效益，並已於二零一五年十二月三十一日支付人民幣80,000,000元。

於二零一六年七月十八日，本集團已完成收購百鑫50%股權的交易，代價為人民幣150,000,000元，而百鑫則成為本集團聯營公司。本集團於收購日期分佔所收購聯營公司可識別資產及負債的公平值為人民幣89,091,000元。本集團就該項收購確認商譽人民幣60,909,000元。

10. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD (continued)

There are no contingent liabilities relating to the group's interest in the associate.

Impairment test

The associate incurred loss for 2016 and the demand for cotton fabric in the region decreased which was out of the expectation of management. In view of these impairment indicators, as at 31 December 2016, management carried out an impairment assessment of the investment in the associate. In assessing the recoverability of investment in the associate, management identified the associate as one cash generating unit ("CGU"). The recoverable amount was determined based on value in use calculation of the CGU which was considered higher than its fair value less costs of disposal. The value in use calculation was the present value of the future cash flows expected to be derived from the CGU determined by using a discounted cash flow model. These calculations use pre-tax cash flow projections based on certain assumptions made by management covering a five-year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates

The key assumptions used for value-in-use calculations are as follows:

Growth rates to extrapolate cash flows beyond the budget period	2%
Gross margin	13%-16%
Discount rate	14.4%

Management determined budgeted gross margin and growth rates based on past performance and its expectations of market development. The discount rate used are the pretax after reflecting specific risks of the relevant operating segments of cost of equity.

Based on the impairment testing of the recoverable amount of the investment in the associate, an impairment of RMB60,000,000 was recognised and is include in "Impairment for investment accounted for using equity method" in the consolidated statement of comprehensive income.

10. 按權益法入賬的投資(續)

概無有關本集團於聯營公司權益的或然負債。

減值測試

該聯營公司於二零一六年錄得虧損，而該區域棉質面料的需求減少實屬管理層預料之外。有鑒於該等減值指標，管理層於二零一六年十二月三十一日就於聯營公司的投資進行一項減值評估。於評估於聯營公司投資的可收回程度時，管理層將該聯營公司視為一個現金產生單位（「現金產生單位」）。可收回金額乃根據現金產生單位的使用價值計算，該價值被認為高於其公平值減出售成本。使用價值計算方法為預期自現金產生單位所得未來現金流的現值，而有關未來現金流按貼現現金流模式釐定。使用價值的計算根據管理層所作出涵蓋五年期間的若干假設所得出的除稅前現金流量預測釐定。五年期間後的現金流量則使用下列估計增長率推算。增長率不超過現金產生單位業務所營運領域的長期平均增長率。

使用價值計算所用的關鍵假設如下：

預算期後推算現金流量的增長率	2%
毛利率	13%至16%
貼現率	14.4%

管理層根據過往表現及其對預期市場發展釐定預算毛利率及增長率。貼現率乃為除稅前，反映有關經營分部股本成本的特定風險。

根據於聯營公司投資可收回金額的減值測試，已確認人民幣60,000,000元的減值，並於合併全面收益表內「按權益法入賬的投資減值」入賬。

10. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD (continued)

Set out below are the summarised financial information for Baixin (China) Co., Ltd.

Summarised statement of financial position

		Baixin (China) Co., Ltd. 百鑫(中國)有限公司	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Current	流動		
Total current assets	流動資產總值	137,290	—
Total current liabilities	流動負債總額	(166,382)	—
Non-current	非流動		
Total non-current assets	非流動資產總值	328,953	—
Total non-current liabilities	非流動負債總額	(126,251)	—
Net assets	資產淨值	173,610	—

10. 按權益法入賬的投資(續)

以下載列百鑫(中國)有限公司的財務資料概要。

財務狀況表概要**Summarised statement of comprehensive income****全面收益表概要**

		Baixin (China) Co., Ltd. 百鑫(中國)有限公司	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Revenue	收益	68,143	—
Loss before income tax	除所得稅前虧損	(7,590)	—
Income tax expense	所得稅開支	1,302	—
Loss for the year	年內虧損	(6,288)	—

11. INVENTORIES

11. 存貨

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Raw materials	原材料	7,327	19,681
Work-in-progress	在製品	19,373	13,618
Finished goods	製成品	23,237	30,720
		49,937	64,019

The cost of inventories recognised as expense and included in 'cost of sales' amounted to RMB716,268,000 (2015: RMB574,181,000).

The Group did not recognise a provision in respect of the obsolete inventories and write down of inventories to their net realisable value for the year ended 31 December 2015 and 2016.

確認為開支且計入「銷售成本」的存貨成本為人民幣716,268,000元(二零一五年：人民幣574,181,000元)。

於截至二零一五年及二零一六年十二月三十一日止年度，本集團均無就陳舊存貨確認撥備及撇減存貨至其可變現淨值。

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS 12. 貿易及其他應收款項以及預付款項

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Bills receivables	應收票據	100	-
Trade receivables (a)	貿易應收款項(a)		
– From sales of yarns and fabrics	– 來自銷售紗線及面料	327,541	256,583
– From sales of PEI	– 來自銷售工程塑料	332,593	-
		660,134	256,583
Less: provision for impairment of trade receivables	減：貿易應收款項減值撥備		
– From sales of yarns and fabrics	– 來自銷售紗線及面料	(129,888)	-
Net trade and bill receivables	貿易應收款項及應收票據淨額	530,346	256,583
Prepayments to suppliers for purchase of raw materials (b)	就購買原材料向供應商支付的預付款項(b)	207,295	155,598
Less: provision for unrecoverable prepayments	減：不可收回預付款項的撥備	(59,387)	(4,500)
Net prepayments for purchase of raw materials	購買原材料的預付款項淨值	147,908	151,098
Other receivables:	其他應收款項：		
Deductible value-added tax (“VAT”)	可扣減增值稅(「增值稅」)	2,858	7,549
Receivable for disposal of machinery and equipment	出售機器及設備應收款項	5,000	-
Others	其他	77	76
		155,843	158,723
		686,189	415,306

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (continued)**(a) Trade receivables***From sales of yarns and fabrics*

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Trade receivables	貿易應收款項	327,541	256,583
Less: provision for impairment	減：減值撥備	(129,888)	—
Net receivables	應收款項淨值	197,653	256,583

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. In respect of sales of yarns and fabrics, the Group generally grants credit terms of less than 90 days to its customers in Mainland China and 120 days to its customers in other countries. The ageing analysis of the trade and bills receivables arising from sales of yarns and fabrics based on invoice date is as follows:

12. 貿易及其他應收款項以及預付款項 (續)**(a) 貿易應收款項***來自銷售紗線及面料*

於報告日期須承擔的最大信貸風險為上文所述各類別應收款項的賬面值。就銷售紗線及面料而言，本集團一般向中國內地客戶授予不超過90日及向其他國家客戶授予不超過120日的信貸期。銷售紗線及面料的貿易應收款項及應收票據根據發票日期的賬齡分析如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Within 3 months	3個月內	63,277	133,623
4 to 6 months	4至6個月	44,178	122,476
7 to 12 months	7至12個月	90,084	484
Over 1 year	1年以上	130,002	—
Trade and bills receivables	貿易應收款項及應收票據	327,541	256,583

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (continued)**(a) Trade receivables** (continued)**From sales of yarns and fabrics** (continued)

As at 31 December 2016, trade receivables from sales of yarns and fabrics of RMB121,507,000 (2015: RMB122,960,000) were neither past due nor impaired. This relates to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The aging analysis of these trade receivables is as follows:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Within 6 months	6個月內	107,455	122,476
6 to 12 months	6至12個月	9,089	–
Over 12 months	12個月以上	4,963	484
		121,507	122,960

As at 31 December 2016, trade receivables of RMB206,034,000 were impaired, and the amount of provision thereon was RMB129,888,000. The aging analysis of these receivables is as follows:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
6 to 12 months	6至12個月	80,995	–
Over 12 months	12個月以上	125,039	–
		206,034	–

12. 貿易及其他應收款項以及預付款項 (續)**(a) 貿易應收款項** (續)**來自銷售紗線及面料** (續)

於二零一六年十二月三十一日，銷售紗線及面料的貿易應收款項人民幣121,507,000元(二零一五年：人民幣122,960,000元)未逾期亦未減值。此乃與並無重大財政困難的若干獨立客戶有關，而根據過往經驗，該等逾期款項可收回。此等貿易應收款項的賬齡分析載列如下：

於二零一六年十二月三十一日，人民幣206,034,000元的貿易應收款項已減值，而撥備金額則為人民幣129,888,000元。此等貿易應收款項的賬齡分析載列如下：

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (continued)**(a) Trade receivables** (continued)**From sales of yarns and fabrics** (continued)

The movements in provision for impairment are as follows:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
As 1 January	於一月一日	-	-
Provision for impairment of trade receivables	貿易應收款項的減值撥備	129,888	-
As 31 December	於十二月三十一日	129,888	-

The aging profile of the Group's trade receivables in relation to yarns and fabric sales had been much deteriorated since the Group commenced sales to overseas customers in the second half year of 2015. Given the significant overdue of receivables, the Group had reached settlement confirmations with certain customers with trade receivables balances amounting to RMB232,913,000, and a provision of RMB41,257,000 was made against unrecoverable amounts. Regarding the remaining receivables balances of RMB94,628,000, the Group set aside a provisions for impairment totalling RMB88,631,000 based on ageing profile of the receivables.

12. 貿易及其他應收款項以及預付款項 (續)**(a) 貿易應收款項** (續)**來自銷售紗線及面料** (續)

減值撥備的變動載列如下：

本集團與銷售紗線及面料有關貿易應收款項的賬齡組合自二零一五年下半年本集團開始向海外客戶作出銷售起每況愈下。有鑒於應收款項重大逾期，本集團與貿易應收款項結餘為人民幣232,913,000元的若干客戶協定結算確認書，已就該等無法收回款項作出人民幣41,257,000元的撥備。就餘下應收款項結餘人民幣94,628,000元，本集團根據應收款項的賬齡狀況預留合共人民幣88,631,000元的減值撥備。

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (continued)**(a) Trade receivables** (continued)**From sales of PEI trading**

As disclosed in Note 5 above, the Group started a new business of trading of polyetherimide products ("PEI") during the year ended 31 December 2016. The gross sales from trading of PEI during the year amounted to RMB344,308,000 (before the discount described below), which remained unsettled as at 31 December 2016. The sales of PEI were originally on credit terms of 270 days after shipment date which were revised to one year after the date of customer's confirmations according to supplemental agreements entered subsequently in July 2016. The earliest due date of settlement of these receivables will be in May 2017. Moreover, in November 2016, the Group was informed by customers that the PEI products related to sales transactions amounting to RMB234,301,000 were found to have quality issues and requested the Group to offer a discount on the sales amount. After various negotiations with the customers, in March 2017, the Group reached agreements with the relevant customers and a discount of 5% on the original billed amount was granted. The discount of RMB11,715,000 was recorded as a reduction to the gross sales revenue, and the receivables as at 31 December 2016 was adjusted to RMB332,593,000 as a result.

The aging analysis of the receivables from PEI sales, based on dates of sales confirmations, is as follows:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Within 3 months	3個月內	222,586	—
4 to 6 months	4至6個月	—	—
6 to 12 months	6至12個月	110,007	—
		332,593	—

All the receivables from PEI sales were not over due as at 31 December 2016.

12. 貿易及其他應收款項以及預付款項 (續)**(a) 貿易應收款項** (續)**來自買賣工程塑料**

誠如上文附註5所披露，本集團於截至二零一六年十二月三十一日止年度開始買賣工程塑料(「工程塑料」)的新業務。年內，來自買賣工程塑料的銷售總額人民幣344,308,000元(扣除下文所述折扣前)於二零一六年十二月三十一日尚未結清。工程塑料銷售的信貸期原為貨品付運後270日，其後根據於二零一六年七月所訂立的補充協議修改為客戶確認銷售日期後一年。結算應收款項的最早到期日將為二零一七年五月。此外，於二零一六年十一月，本集團獲客戶告知，與銷售交易有關人民幣234,301,000元的工程塑料貨品存在品質問題，並要求本集團就銷售金額給予折扣。與客戶進行多次磋商後，本集團於二零一七年三月與有關客戶達成協議，並就原已入賬金額授予5%的折扣。人民幣11,715,000元的折扣入賬為整體銷售收益扣減事項，故於二零一六年十二月三十一日，應收款項已調整至人民幣332,593,000元。

根據銷售確認日期，銷售工程塑料的應收款項賬齡分析如下：

於二零一六年十二月三十一日，銷售工程塑料的所有應收款項並無逾期。

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (continued)

(b) Prepayments for purchase of raw materials

As at 31 December 2016, the Group made prepayments to suppliers for purchase of raw materials amounted to RMB207,295,000 (2015: RMB155,598,000).

Among the prepayments to suppliers balance as at 31 December 2016, the Group had a prepayment of RMB91,627,000 with a major supplier of cotton and yarns raw materials. In March 2017, the Group reached a purchase agreement with this supplier for a total commitment of RMB55,780,000 purchases for year 2017. A provision of RMB35,847,000 was made for the remaining balance as at 31 December 2016 given the potential financial difficulty of this supplier.

A full provision of RMB19,040,000 was made for the unrecoverable prepayments to another supplier which also has been in financial difficulty and from which the Group has ceased purchases since April 2016.

The directors considered that the Group is able to recover the receivable and prepayment amounts net of provisions made.

The provisions for impairment of trade receivables and for unrecoverable prepayments were included in "general and administrative expenses" in the consolidated statement of comprehensive income.

Trade and other receivables and prepayments are denominated in the following currencies:

12. 貿易及其他應收款項以及預付款項 (續)

(b) 購買原材料的預付款項

於二零一六年十二月三十一日，本集團就購買原材料向供應商支付人民幣207,295,000元的預付款項(二零一五年：人民幣155,598,000元)。

於二零一六年十二月三十一日，於本集團向供應商支付的預付款項中，人民幣91,627,000元的預付款項為與棉及紗線原材料的主要供應商有關結餘。於二零一七年三月，本集團與該供應商訂立購買協議，承諾於二零一七年採購總額將為人民幣55,780,000元。有鑒於此供應商有潛在財政困難，已就於二零一六年十二月三十一日的結餘作出人民幣35,847,000元的撥備。

本集團亦就另一名供應商的無法收回預付款項作出悉數撥備人民幣19,040,000元，該供應商亦面對財政困難，而本集團於二零一六年四月起終止向其採購。

董事認為，本集團可收回應收款項及預付款項(扣除撥備)。

貿易應收款項的減值撥備及無法收回預付款項於合併全面收益表「一般及行政開支」入賬。

貿易及其他應收款項以及預付款項按下列貨幣計值：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
RMB	人民幣	424,973	312,376
USD	美元	261,216	107,430
Trade receivables	貿易應收款項	686,189	419,806

13. CASH AND BANK BALANCES AND RESTRICTED BANK DEPOSITS 13. 現金及銀行餘額以及受限制銀行存款

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Cash and bank balances	現金及銀行餘額		
– Cash at bank and in hand	– 銀行及手頭現金	4,082	55,401
– Time deposits	– 定期存款	–	319,582
		4,082	374,983
Restricted bank deposits	受限制銀行存款	20,960	23,368

The restricted bank deposits represented deposits pledged as security for issuing bank acceptance notes (bills payables). The restricted bank deposits have deposit periods within one year and are interest bearing at 1.75% (2015: 2.33%) per annum during the year ended 31 December 2016.

受限制銀行存款指抵押作簽發銀行承兌票據(應付票據)擔保的存款。截至二零一六年十二月三十一日止年度，受限制銀行存款的存款期為一年之內，按年利率1.75%(二零一五年：2.33%)計息。

Cash and bank balances are denominated in the following currencies:

現金及銀行餘額以下列貨幣計值：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
RMB	人民幣	3,937	374,689
HKD	港元	37	193
USD	美元	108	101
		4,082	374,983

All restricted bank deposits are denominated in RMB.

所有受限制銀行存款以人民幣計值。

14. SHARE CAPITAL**(a) Share capital****14. 股本****(a) 股本**

		Number of shares 股份數目 (thousands) (千股)	Share capital 股本 HKD'000 千港元
Authorised:	法定：		
As at 1 January and 31 December 2016	於二零一六年一月一日及 十二月三十一日	10,000,000	1,000,000

		Number of shares 股份數目 (thousands) (千股)	Share capital 股本	
			HKD'000 千港元	RMB'000 人民幣千元
Issued and fully paid:	已發行及繳足：			
As at 1 January 2015	於二零一五年一月一日	1,010,000	101,000	80,215
Issue of placing shares(i)	發行配售股份(i)	440,000	44,000	35,590
Proceeds from share issued for exercise of share option scheme (ii)	行使購股權計劃發行股 份所得款項(ii)	50,000	5,000	3,940
As at 31 December 2015	於二零一五年 十二月三十一日	1,500,000	150,000	119,745
As at 1 January 2016	於二零一六年一月一日	1,500,000	150,000	119,745
Proceeds from share issued for exercise of share option scheme (iii)	行使購股權計劃發行股 份所得款項(iii)	50,000	5,000	4,265
As at 31 December 2016	於二零一六年十二月 三十一日	1,550,000	155,000	124,010

14. SHARE CAPITAL (continued)**(a) Share capital** (continued)

Notes:

- (i) On 19 May 2015, an aggregate of 200,000,000 shares of the Company were successfully placed by a placing agent to the investors at the placing price of HKD0.76 per share. The proceeds of HKD20,000,000 (equivalent to approximately RMB15,760,000), representing par value of the ordinary shares, were credited to the Company's share capital account, and after deducting issuance expenses, the remaining proceeds of HKD131,091,000 (equivalent to approximately RMB103,107,000) were credited to the Company's share premium account.

On 28 August 2015, an aggregate of 240,000,000 shares of the Company were successfully placed by a placing agent to the investors at the placing price of HKD1.50 per share. The proceeds of HKD24,000,000 (equivalent to approximately RMB19,830,000), representing par value of the ordinary shares, were credited to the Company's share capital account, and after deducting issuance expenses, the remaining proceeds of HKD332,338,000 (equivalent to approximately RMB274,116,000) were credited to the Company's share premium account.

- (ii) In 2015, 50,000,000 shares were issued pursuant to the exercise of share options granted in 2014. The proceeds of HKD5,000,000 (equivalent to approximately RMB3,940,000), representing par value of the ordinary shares, were credited to the Company's share capital account, and the remaining proceeds of HKD43,900,000 (equivalent to approximately RMB34,593,000) were credited to the Company's share premium account. The related weighted average price at the time of exercise was HKD1.5 per share.

14. 股本 (續)**(a) 股本** (續)

附註：

- (i) 於二零一五年五月十九日，配售代理以每股0.76港元的配售價成功配售合共200,000,000股本公司股份予投資者。所得款項20,000,000港元(相當於約人民幣15,760,000元，即該等普通股的面值)已計入本公司的股本賬，而扣除發行開支後，餘下所得款項131,091,000港元(相當於約人民幣103,107,000元)已計入本公司的股份溢價賬。

於二零一五年八月二十八日，配售代理以每股1.50港元的配售價成功配售合共240,000,000股本公司股份予投資者。所得款項24,000,000港元(相當於約人民幣19,830,000元，即該等普通股的面值)已計入本公司的股本賬，而扣除發行開支後，餘下所得款項332,338,000港元(相當於約人民幣274,116,000元)已計入本公司的股份溢價賬。

- (ii) 於二零一五年，50,000,000股股份根據二零一四年授出的購股權獲行使而獲發行。所得款項5,000,000港元(相當於約人民幣3,940,000元，即該等普通股的面值)已計入本公司的股本賬，而餘下所得款項43,900,000港元(相當於約人民幣34,593,000元)已計入本公司的股份溢價賬。於行使時的相關加權平均價為每股1.5港元。

14. SHARE CAPITAL (continued)

(a) Share capital (continued)

Notes: (continued)

- (iii) The Company adopted a share option scheme (the "Scheme") on 25 May 2016. Pursuant to the Scheme, share options to subscribe for an aggregate of 50,000,000 ordinary shares of the Company were granted to certain employees of the Company and selected customers and suppliers on 30 June 2016. The options granted are exercisable from the date of grant for a period of three years, and at an exercise price of HKD0.5 per share.

The value of the options granted during the period was determined using the Binomial Model. The significant inputs into the model included the weighted average share price of HKD0.468 at the grant date, exercise price of HKD0.5 per share, volatility of 39.72%. The total share based compensation expense recognised in the income statement for the share options granted amounted to HKD5,844,000 (equivalent to RMB4,942,000) of which HKD1,753,000 (equivalent to RMB1,483,000) was charged to general and administrative expenses and HKD2,336,000 (equivalent to RMB1,976,000) was charged to offset sales revenue and HKD1,753,000 (equivalent to RMB1,483,000) was charged to cost of sales for the year ended 31 December 2016.

By the end of 31 December 2016, 50,000,000 shares were issued pursuant to exercise of share options granted on 25 May 2016.

The proceeds of HKD5,000,000 (equivalent to approximately RMB4,265,000) representing par value of the ordinary shares, were credited to the Company's share capital account and the remaining proceeds of HK20,000,000 (equivalent to approximately RMB17,060,000) were credited to the Company's share premium account. The related weighted average price at the time of exercise was HKD0.50 per share.

14. 股本(續)

(a) 股本(續)

附註：(續)

- (iii) 本公司於二零一六年五月二十五日採納一項購股權計劃(「計劃」)。根據計劃，可認購合共50,000,000股本公司普通股的購股權已於二零一六年六月三十日授予本公司若干僱員、選定客戶以及供應商。購股權自授出日期起計三年期間可行使，行使價為每股0.5港元。

期內所授出購股權的價值乃按二項式模式釐定。用於該模式的重大輸入數據包括授出日期的加權平均股價0.468港元、行使價每股0.5港元及波幅39.72%。截至二零一六年十二月三十一日止年度，就所授出購股權於收益表確認的股份基礎報酬開支總額為5,844,000港元(相當於人民幣4,942,000元)，其中1,753,000港元(相當於人民幣1,483,000元)乃於一般及行政開支扣除、2,336,000港元(相當於人民幣1,976,000元)因抵銷銷售收益扣除，而1,753,000港元(相當於人民幣1,483,000元)則於銷售成本中扣除。

截至二零一六年十二月三十一日結束時，已根據行使於二零一六年五月二十五日授出的購股權發行50,000,000股股份。

所得款項5,000,000港元(相當於約人民幣4,265,000元，即每股普通股面值)，乃計入本公司股本賬，餘下所得款項20,000,000港元(相當於約人民幣17,060,000元)則計入本公司股份溢價賬。行使時的有關加權平均價格為每股0.50港元。

15. OTHER RESERVES

15. 其他儲備

		Share premium account 股份溢價賬 RMB'000 人民幣千元	Capital reserve 資本儲備 RMB'000 人民幣千元	Share-based Compensation reserve 股份基礎報酬儲備 RMB'000 人民幣千元	Statutory reserves 法定儲備 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2015	於二零一五年一月一日	61,863	113,510	5,064	24,151	204,588
Issue of ordinary shares upon the initial public offering	於首次公開發售時發行普通股					
Share-based compensation	股份基礎報酬					
Capitalisation for issue of ordinary shares to original shareholders	資本化向原股東發行的普通股					
Issue of placing shares (Note 14(a)(i))	發行配售股份(附註14(a)(i))	377,223	-	-	-	377,223
Share-based compensation (Note 14(a)(ii))	股份基礎報酬(附註14(a)(ii))	39,657	-	(5,064)	-	34,593
Appropriation to statutory reserves	撥付至法定儲備	-	-	-	-	-
At 31 December 2015	於二零一五年十二月三十一日	478,743	113,510	-	24,151	616,404

		Share premium account 股份溢價賬 RMB'000 人民幣千元	Capital reserve 資本儲備 RMB'000 人民幣千元	Share-based Compensation reserve 股份基礎報酬儲備 RMB'000 人民幣千元	Statutory reserves(a) 法定儲備(a) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2016	於二零一六年一月一日	478,743	113,510	-	24,151	616,404
Share-based compensation (Note 14(a)(iii))	股份基礎報酬(附註14(a)(iii))	-	-	4,942	-	4,942
Share issued for share-based compensation (Note 14(a)(iii))	就股份基礎報酬發行的股份(附註14(a)(iii))	22,002	-	(4,942)	-	17,060
At 31 December 2016	於二零一六年十二月三十一日	500,745	113,510	-	24,151	638,406

Statutory reserves shall only be used to make up losses of the corresponding subsidiaries, to expand the corresponding subsidiaries' production operations, or to increase the capital of the corresponding subsidiaries. Upon approval by resolutions of the corresponding subsidiaries' shareholders in general meetings, the corresponding subsidiaries may convert their statutory reserves into registered capital and issue bonus capital to existing owners in proportion to their existing ownership structure. In 2016, no statutory reserve was accrued due to the losses of corresponding subsidiaries in Mainland China.

法定儲備僅可用於抵銷相關附屬公司虧損、擴充相關附屬公司生產經營或增加相關附屬公司股本。獲得相關附屬公司股東於股東大會上以決議案批准通過後，相關附屬公司則可將其法定儲備轉換成註冊資本，並按現有擁有權架構比例向現有擁有人發行紅股。於二零一六年，由於中國內地相關附屬公司錄得虧損，故並無計提法定儲備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 合併財務報表附註

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

16. BORROWINGS

16. 借款

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Current	流動		
Bank borrowings (a)	銀行借款(a)		
– short term – secured	– 短期借款 – 有抵押	114,851	64,000
– short term – unsecured	– 短期借款 – 無抵押	33,328	35,000
– current portion of long term – secured	– 長期借款流動部分 – 有抵押	113,430	2,500
Other borrowings – secured	其他借款 – 有抵押	–	2,611
		261,609	104,111
Non-current	非流動		
Bank borrowings – secured	銀行借款 – 有抵押	–	123,147
Bonds – unsecured (b)	債券 – 無抵押(b)	277,988	177,808
		277,988	300,955
Total borrowings	借款總額	539,597	405,066

(a) Bank borrowings

The Group's bank borrowings were repayable as follows:

(a) 銀行借款

本集團的銀行借款須按下列時間償還：

		As at 31 December 於十二月三十一日	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Within one year	1年內	261,609	101,500
Between 1 and 2 years	1至2年	–	123,147
		261,609	224,647

16. BORROWINGS (continued)**(a) Bank borrowings** (continued)

The bank borrowings were secured by the Group's leasehold land and land use rights (Note 6) and property, plants and equipment (Note 7).

The weighted average effective interest rate on bank borrowings was 8.33% (2015: 9.18%) per annum for the years ended 31 December 2016.

The carrying amounts of the Group's bank borrowings approximated their fair value as at the balance sheet dates, and were all denominated in RMB.

The Group had the following undrawn bank borrowing facilities as at the balance sheet dates:

16. 借款 (續)**(a) 銀行借款** (續)

銀行借款由本集團的租賃土地及土地使用權(附註6)以及物業、廠房及設備(附註7)作抵押。

截至二零一六年十二月三十一日止年度，銀行借款加權平均實際年利率為8.33%(二零一五年：9.18%)。

於結算日，本集團銀行借款賬面值與其公平值相若，且全部以人民幣計值。

於結算日，本集團有以下未提取銀行借款融資額度：

		As at 31 December 於十二月三十一日	
		2016 二零一六年	2015 二零一五年
		RMB'000 人民幣千元	RMB'000 人民幣千元
– Expiring within one year	– 1年內到期	13,660	96,800
– Expiring beyond one year	– 1年後到期	4,150	13,650
		17,810	110,450

16. BORROWINGS (continued)

(b) Bonds – unsecured

On 22 January and 25 June 2015, the Company issued three years corporate bonds with principal amount of HKD84,000,000 and HKD57,900,000, respectively. The bonds were unsecured, interest bearing at a rate of 7% per annum and payable semiannually.

In 2015, the Company issued several seven years immigrant bonds with principal amounts totalling HKD52,000,000, all of which will be due in 2022. The bonds are unsecured and carry a nominal interest at a rate 7% per annum, with the interest being payable annually.

In 2016, the Company issued several immigrant bonds with total principal amount of HKD163,600,000, with terms from 2 years to 7.5 years, due in 2018 to 2024. The bonds are unsecured and carry nominal interests at rates 5%-8% per annum, with the interest being payable annually.

The fair value of the liability component of the corporate bond and immigrant bond at 31 December 2016 amounted to HKD297,589,000 (equivalent to RMB266,197,000). The fair value is calculated using cash flows discounted at a rate based on the borrowings rate of 7.5%.

All corporate bonds and immigrant bonds are denominated in HKD.

16. 借款(續)

(b) 債券—無抵押

於二零一五年一月二十二日及六月二十五日，本公司發行三年期公司債券，本金額分別為84,000,000港元及57,900,000港元。該等債券為無抵押，按年利率7%計息，須每半年支付利息。

於二零一五年，本公司發行數批本金總額為52,000,000港元的移民債券，年期為7年，全部於二零二二年到期。債券乃無抵押，按名義年利率7%計息，須每年支付利息。

於二零一六年，本公司發行數批本金總額為163,600,000港元的移民債券，年期介乎2年至7.5年，並於二零一八年至二零二四年到期。債券乃無抵押，按名義年利率5%至8%計息，須每年支付利息。

於二零一六年十二月三十一日，公司債券及移民債券負債部分的公平值為297,589,000港元（相當於人民幣266,197,000元）。公平值以現金流量計算，並根據借款率7.5%貼現。

所有公司債券及移民債券均以港元計值。

17. DEFERRED INCOME

17. 遞延收入

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Government grants relating to leasehold land and land use right	與租賃土地及土地使用權有關的政府補助	14,254	14,565
Government grants relating to plant and equipment	與廠房及設備有關的政府補助	3,850	4,667
		18,104	19,232

17. DEFERRED INCOME (continued)

The movements of the above government grants during the year were as follows:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
At beginning of the year	於年初	19,232	26,590
Granted during the year	年內獲授	1,016	510
Other deduction amount	其他抵免金額	–	(5,345)
Amortised as income (Note 20)	攤銷為收入(附註20)	(2,144)	(2,523)
At end of the year	於年末	18,104	19,232

17. 遞延收入(續)

上述政府補助於年內的變動載列如下：

18. DEFERRED INCOME TAX

The analysis of deferred income tax assets and liabilities is as follows:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Deferred income tax assets:	遞延所得稅資產：		
– Deferred income tax assets to be recovered after more than 12 months	– 於超過十二個月後收回的遞延所得稅資產	24,962	6,371
– Deferred income tax assets to be recovered within 12 months	– 於十二個月內收回的遞延所得稅資產	4,784	6,636
		29,746	13,007

18. 遞延所得稅

遞延所得稅資產及負債的分析如下：

18. DEFERRED INCOME TAX (continued)

The movements in deferred income tax assets are set out below:

18. 遞延所得稅 (續)

遞延所得稅資產的變動如下：

		Capitalised interest	Accrued payroll	Deferred income	Impairment provision of assets	Tax losses	Others	Total
		資本化利息	應計工資	遞延收入	資產減值撥備	稅項虧損	其他	總計
		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 2015	於二零一五年一月一日	(1,592)	2,457	1,091	-	-	7	1,963
(Charge)/credit to the consolidated statement of comprehensive income	於合併全面收益表(扣除)/ 計入	(49)	1,092	(576)	1,125	9,459	(7)	11,044
At 31 December 2015	於二零一五年十二月 三十一日	(1,641)	3,549	515	1,125	9,459	-	13,007
(Charge)/Credit to the consolidated statement of comprehensive income	於合併全面收益表(扣除)/ 計入	36	1,220	(500)	18,883	(2,900)	-	16,739
At 31 December 2016	於二零一六年十二月 三十一日	(1,605)	4,769	15	20,008	6,559	-	29,746

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related income tax benefit through the future taxable profits is probable. The Group did not recognise cumulative deferred income tax assets of RMB82,417,000 (2015: RMB3,027,000) in respect of losses amounted to RMB201,492,000 (2015: RMB18,345,455) and impairment provision of RMB184,774,000 that can be carried forward against future taxable income as at 31 December 2016. Tax losses amounting to approximately RMB29,657,000 and RMB137,801,000 will expire in 2020 and 2021, respectively.

As at 31 December 2016, the subsidiaries of the Group in the PRC had accumulated loss of RMB181,916,000 (2015: retained earning of RMB172,340,000), there are no deferred income tax liabilities for the withholding income tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries in the PRC.

遞延所得稅資產乃為承前稅項虧損確認，惟僅限於在有關稅項優惠可透過未來應課稅盈利變現時，方會獲確認。本集團並未就可結轉以抵銷日後應課稅收入人民幣201,492,000元(二零一五年：人民幣18,345,455元)的虧損及減值撥備人民幣184,774,000元確認累計遞延所得稅資產人民幣82,417,000元(二零一五年：人民幣3,027,000元)。稅項虧損約人民幣29,657,000元及人民幣137,801,000元將分別於二零二零年及二零二一年屆滿。

於二零一六年十二月三十一日，因於中國附屬公司累計虧損人民幣181,916,000元(二零一五年：保留盈利人民幣172,340,000元)，故本集團若干中國附屬公司未匯出盈利應付的預扣所得稅及其他稅項並無遞延所得稅負債。

19. TRADE AND OTHER PAYABLES

19. 貿易及其他應付款項

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Non-current	非即期		
Payables for purchase of property, plant and equipment	購買物業、廠房及設備應付款項	–	8,160
Current	即期		
Trade payables	貿易應付款項	66,969	44,350
Bills payables	應付票據	25,600	48,100
		92,569	92,450
Advanced payments from customers	客戶墊款	6,991	10,837
Payables for purchase of property, plant and equipment	購買物業、廠房及設備應付款項	7,470	6,477
Other taxes payable	其他應付稅項	15,309	11,482
Salary payable	應付薪酬	14,646	14,225
Interest payable	應付利息	12,475	–
Other payables	其他應付款項	158	287
		57,049	43,308
		149,618	135,758
Total	總計	149,618	143,918

The ageing analysis of the trade and bills payables is as follows:

貿易應付款項及應付票據根據發票日期的賬齡分析如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Within 3 months	3個月內	33,906	41,516
4 months to 12 months	4至12個月	48,486	46,149
Over 12 months	12個月以上	10,177	4,785
		92,569	92,450

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 合併財務報表附註

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

19. TRADE AND OTHER PAYABLES (continued)

Advanced payment from customers represent cash advances received from customers for purchases of the Group's products and will be applied to settlements when sales occur.

The carrying amounts of the Group's trade and other payables approximated their fair values as at the balance sheet dates.

Trade and other payables are denominated in the following currencies:

19. 貿易及其他應付款項 (續)

客戶墊款指自客戶收取現金墊款以購買本集團的產品，並將於銷售發生時用作結清。

於結算日，本集團貿易及其他應付款項的賬面值與其公平值相若。

貿易及其他應付款項以下列貨幣計值：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
RMB	人民幣	137,335	143,918
USD	美元	1,841	—
HKD	港元	10,442	—
		149,618	143,918

20. OTHER INCOME

20. 其他收入

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Foreign exchange gain	外匯收益	7,410	3,184
Government grants received	已收政府補貼	1,599	11,781
Amortisation of deferred income of government grants relating to assets (Note 17)	資產相關政府補助的遞延收入攤銷(附註17)	2,144	2,523
		11,153	17,488

21. OTHER LOSSES

21. 其他虧損

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Net loss of disposal of property, plant and equipment	出售物業、廠房及設備虧損淨額	9,541	1,129
Others	其他	279	363
		9,820	1,492

22. EXPENSES BY NATURE

22. 按性質劃分的開支

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Raw materials and consumables used	所用原材料及消耗品	716,268	574,181
Change of inventories of finished goods and work in progress	製成品及在製品存貨變動	1,728	4,067
Employee benefit expenses	僱員福利開支	26,053	30,054
Amortisation of leasehold land and land use rights (Note 6)	租賃土地及土地使用權攤銷(附註6)	557	557
Depreciation of property, plant and equipment (Note 7)	物業、廠房及設備折舊(附註7)	42,256	40,555
Impairment of prepayments	預付款項減值	54,887	4,500
Impairment of trade receivables	貿易應收款項減值	129,888	–
Impairment of property, plant and equipment	物業、廠房及設備減值	15,533	–
Repairs and maintenance expenses	維修及保養開支	207	924
Miscellaneous tax charges other than VAT and income tax	除增值稅及所得稅外的雜項稅費用	3,988	4,202
Utility expenses	公用設施開支	18,121	30,881
Auditors' remuneration	核數師酬金	1,717	2,000
Office and other expenses	辦公室及其他開支	5,912	5,302
Total of cost of sales, selling and distribution costs and general and administrative expenses	銷售成本、銷售及分銷成本以及一般及行政開支總計	1,017,115	697,223

23. EMPLOYMENT COSTS, INCLUDING DIRECTORS' EMOLUMENTS 23. 僱傭成本(包括董事酬金)

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Wages, salaries and bonuses	工資、薪金及花紅	20,334	22,243
Pension costs (Note(a))	退休金成本(附註(a))	2,374	3,664
Medical, housing and other benefits	醫療、房屋及其他福利	3,345	4,147
		26,053	30,054

23. EMPLOYMENT COSTS, INCLUDING DIRECTORS' EMOLUMENTS (continued)

(a) Pensions – defined contribution plans

At 31 December 2016 and 2015, the Group had no forfeited contribution to the pension schemes in future years.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the group for the year include three (2015: three) directors whose emoluments are reflected in the analysis shown in Note 28. The emoluments paid to the remaining two (2015: two) individuals during the year were as follows:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Basic salaries, housing allowances, share options, other allowances and benefits in kind	基本薪金、房屋津貼、購股權、其他津貼及實物利益	1,489	1,732
Contribution to pension scheme	退休金計劃供款	36	25
		1,525	1,757

During the year ended 31 December 2016, no emoluments were paid by the Company to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2015: nil).

The number of highest paid non-director individuals, whose remuneration for the year fell within the following bands:

		Year ended 31 December 截至十二月三十一日止年度	
		2016 二零一六年	2015 二零一五年
Emolument bands (in HKD)	酬金範圍(港元)		
Nil to HKD1,000,000	零至1,000,000港元	2	2

23. 僱傭成本(包括董事酬金)(續)

(a) 退休金－界定供款計劃

於二零一六年及二零一五年十二月三十一日，本集團並未收回收對來年退休金計劃的供款。

(b) 五名最高薪酬人士

於本年度，本集團五名最高薪酬人士包括三名(二零一五年：三名)董事，其薪酬於附註28所呈列分析反映。於年內，向其餘兩名(二零一五年：兩名)人士支付的薪酬載列如下：

截至二零一六年十二月三十一日止年度，本公司概無向任何董事或五名最高薪酬人士支付酬金，作為加盟本集團或加盟本集團時的獎金或作為離職補償(二零一五年：零)。

於年內，向非董事最高薪酬人士支付的薪酬載列如下：

24. FINANCE INCOME AND COSTS

24. 財務收入及融資成本

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Finance income:	財務收入：		
Interest income on bank deposits	銀行存款的利息收入	(4,122)	(2,138)
Finance cost:	融資成本：		
Interest expense on bank borrowings	銀行借款的利息開支	19,049	21,418
Interest expense on bond and other borrowings	債券及其他借款的利息開支	23,503	12,670
Less: capitalised interest expense	減：資本化利息開支	—	(324)
Exchange losses/(gains) on financing activities	融資活動產生匯兌虧損/(收益)	9,508	(9,189)
Bank charges	銀行手續費	1,208	952
Finance costs-net	融資成本－淨額	53,268	25,527
Net finance costs	融資成本淨額	49,146	23,389

25. NET FOREIGN EXCHANGE LOSSES

The exchange differences included in the consolidated income statement are as follows:

25. 外匯虧損淨額

計入合併收益表的匯兌差額如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Exchange gains on operating activities (Note 20)	經營活動產生匯兌收益(附註20)	7,410	3,184
Exchange gains/(losses) on financing activities (Note 24)	融資活動產生匯兌收益/(虧損)(附註24)	(9,508)	9,189
		(2,098)	12,373

26. INCOME TAX CREDIT

The amount of income tax charged to the consolidation income statement represents:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Current income tax	即期所得稅	-	-
Deferred income tax (Note 18)	遞延所得稅(附註18)	(16,739)	(11,044)
		(16,739)	(11,044)

The tax on the Group's losses before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities, as follows:

26. 所得稅抵免

於合併收益表扣除的所得稅金額為：

本集團除所得稅前虧損的稅項，與採用適用於合併實體溢利的加權平均稅率將產生理論稅額的差額如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Losses before income tax, after excluding share of profit of an associate	除所得稅前虧損，經扣除應佔聯營公司溢利	(347,762)	(34,361)
Tax calculated at domestic tax rates applicable to profits of the respective subsidiaries	按相關附屬公司溢利適用的當地稅率計算的稅項	(99,245)	(14,188)
Expenses not deductible for tax purposes	不可扣稅開支	89	117
Impairment provision for which no deferred tax assets was recognized	並無確認遞延稅項資產的減值撥備	38,946	-
Tax loss for which no deferred tax assets was recognized	並無確認遞延稅項資產的稅項虧損	43,471	3,027
		(16,739)	(11,044)

The weighted average applicable tax rate was 4.8% (2015: 19.0%).

加權平均適用稅率為4.8% (二零一五年：19.0%)。

26. INCOME TAX CREDIT (continued)**(a) Cayman Islands profits tax**

The Company is not subject to any taxation in the Cayman Islands.

(b) Hong Kong profits tax

Subsidiaries established in Hong Kong are subject to income tax at rate of 16.5% (2015: 16.5%).

(c) Mainland China enterprise income tax ("EIT")

In accordance with the Corporate Income Tax Law of the PRC, subsidiaries of the Group established in Mainland China are subject to EIT at rate of 25% (2015: 25%) during the year.

(d) PRC withholding income tax

According to the New CIT Law, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding company established out of the PRC when their PRC subsidiary declares dividends out of their profits earned after 1 January 2008. A lower withholding tax rate of 5% may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding company.

As at 31 December 2016, due to the accumulated loss in subsidiaries in the PRC, there is no need to calculate deferred income tax liabilities for unremitted earnings of the PRC subsidiaries.

26. 所得稅抵免(續)**(a) 開曼群島利得稅**

本公司毋須繳納任何開曼群島稅項。

(b) 香港利得稅

於香港成立的附屬公司須繳納所得稅，稅率為16.5%(二零一五年：16.5%)。

(c) 中國內地企業所得稅(「企業所得稅」)

根據中國企業所得稅法，年內，於中國內地成立的本集團附屬公司須繳納企業所得稅，稅率為25%(二零一五年：25%)。

(d) 中國預扣所得稅

根據新企業所得稅法從二零零八年一月一日開始，當中國境外成立的直接控股公司的中國附屬公司自二零零八年一月一日後以所賺取的利潤宣派股息，該等直接控股公司將被徵收10%預扣稅。如果中國與該海外直接控股公司所屬的司法權區訂有稅務優惠安排，則可以應用5%的較低預扣稅率。

於二零一六年十二月三十一日，由於中國附屬公司錄得累計虧損，故毋須就中國附屬公司未匯出盈利計算遞延所得稅負債。

27. LOSSES PER SHARE**(a) Basic**

Basic losses per share is calculated by dividing the losses attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

		2016 二零一六年	2015 二零一五年
Losses attributable to equity holders of the Company (RMB'000)	本公司權益持有人應佔虧損 (人民幣千元)	(331,023)	(23,317)
Weighted average number of ordinary shares in issue (thousands)	已發行普通股加權平均數 (千股)	1,525,792	1,230,000
Basic losses per share (RMB' cents)	每股基本虧損(人民幣分)	(21.70)	(1.90)

(b) Diluted

Diluted losses per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has no share options as at 31 December 2016, and considering the share options exercised in 2016, the diluted impact is minimal. Calculations are done to determine the number of shares that could have been acquired at fair value (determined by using average market share price of the Company's shares for the year ended 31 December 2016) based on the monetary value of the subscription rights attached to outstanding share options.

27. 每股虧損**(a) 基本**

每股基本虧損按本公司擁有人應佔虧損除以該期間已發行普通股加權平均數計算。

(b) 攤薄

每股攤薄虧損的計算方法是通過調整發行在外普通股加權平均股數以假設所有攤薄性潛在普通股獲轉換。於二零一六年十二月三十一日，本公司並無購股權，且考慮到於二零一六年已行使的購股權，攤薄影響十分輕微。該等計算根據未獲行使購股權所附認購權的貨幣價值釐定可按公平值收購的股份數目(使用截至二零一六年十二月三十一日止年度本公司股份的股份平均市價)。

28. BENEFITS AND INTERESTS OF DIRECTORS**(a) Directors' and chief executive's emoluments**

The Group does not have a chief executive who is not also a director of the company.

The remuneration of every director and the chief executive is set out below:

For the year ended 31 December 2016, emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking:

28. 董事福利及權益**(a) 董事及最高行政人員薪酬**

本集團沒有不同時為本公司董事的行政總裁。

應付予每位董事的酬金如下：

截至二零一六年十二月三十一日止年度，就一名人士擔任本公司或其附屬公司董事職務已付或應收薪酬：

Name of Director 董事姓名	Fees 袍金 RMB'000 人民幣千元	Salaries 薪金 RMB'000 人民幣千元	Bonus 花紅 RMB'000 人民幣千元	Other benefits 其他福利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Executive directors 執行董事					
Mr. Lin (Chief executive) 林先生(行政總裁)	-	164	-	10	174
Mr. Qiu 邱先生	-	164	-	10	174
Mr. Deng 鄧先生	-	129	-	10	139
Independent non-executive directors 獨立非執行董事					
Yu Yubin 俞毓斌	107	-	-	-	107
Ma Chongqi 馬崇啟	107	-	-	-	107
Chan Sui Wa 陳瑞華	107	-	-	-	107
	321	457	-	30	808

28. BENEFITS AND INTERESTS OF DIRECTORS

(continued)

(a) Directors' and chief executive's emoluments

(continued)

For the year ended 31 December 2015, emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking (Restated):

Name of Director 董事姓名		Fees 袍金 RMB'000 人民幣千元	Salaries 薪金 RMB'000 人民幣千元	Bonus 花紅 RMB'000 人民幣千元	Other benefits 其他福利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Executive directors 執行董事						
Mr. Lin (Chief executive) 林先生(行政總裁)		-	555	-	6	561
Mr. Qiu 邱先生		-	140	-	6	146
Mr. Deng 鄧先生		-	116	-	6	122
Independent non-executive directors 獨立非執行董事						
Yu Yubin 俞毓斌		96	-	-	-	96
Ma Chongqi 馬崇啟		96	-	-	-	96
Chan Sui Wa 陳瑞華		96	-	-	-	96
		288	811	-	18	1,117

28. 董事福利及權益(續)**(a) 董事及最高行政人員薪酬(續)**

截至二零一五年十二月三十一日止年度，就一名人士擔任本公司或其附屬公司董事職務已付或應收薪酬(重列)：

(b) Directors' retirement and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during the year.

(c) Consideration provided to third parties for making available directors' services

The Group did not pay consideration to any third parties for making available directors' services during the year.

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealings were made available in favour of directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of the year or at any time during the year.

(e) Directors' material interests in transactions, arrangements or contracts

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

(b) 董事退休及終止福利

於本年度，概無董事已收取或將收取任何退休福利或終止福利。

(c) 向擔任董事的第三方提供的代價

於本年度，本集團概無向擔任董事的任何第三方支付代價。

(d) 有關以董事、該等董事的受控制法團及關連實體為受益人的貸款、準貸款及其他交易的資料

於年末或年內任何時間，概無以董事、該等董事的受控制法團及關連實體為受益人的貸款、準貸款及其他交易。

(e) 董事於交易、安排或合約中的重大權益

本公司董事概無於本公司已訂立與本集團業務有關且於年末或年內任何時間仍然存續的重大交易、安排及合約中擁有任何重大直接或間接權益。

29. CASH USED IN OPERATIONS

The reconciliation from profit before income tax to cash used in operations is as follows:

29. 經營所用現金

除所得稅前溢利與經營所用現金的對賬如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Losses before income tax	除所得稅前虧損	(347,762)	(34,361)
Adjustments for:	就以下各項作出調整：		
– Amortisation of leasehold land and land use right (Note 6)	– 租賃土地及土地使用權攤銷 (附註6)	557	557
– Depreciation of property, plant and equipment (Note 7)	– 物業、廠房及設備折舊 (附註7)	42,256	40,555
– Losses on disposal of property, plant and equipment (Note 21)	– 出售物業、廠房及設備的虧損 (附註21)	9,541	1,129
– Amortisation of deferred income (Note 20)	– 遞延收入攤銷 (附註20)	(2,144)	(2,523)
– Share of loss of investments accounted for using equity method	– 分佔按權益法入賬的投資虧損	3,144	–
– Impairment of prepayment	– 預付款項減值	54,887	4,500
– Impairment of trade receivables	– 貿易應收款項減值	129,888	–
– Impairment of property, plant and equipment (Note 7)	– 物業、廠房及設備減值 (附註7)	15,533	–
– Impairment of investment accounted for using equity method (Note 10)	– 按權益法入賬的投資減值 (附註10)	60,000	–
– Finance income (Note 24)	– 財務收入 (附註24)	(4,122)	(2,138)
– Finance costs (Note 24)	– 融資成本 (附註24)	53,268	25,527
Changes in working capital (excluding the effects of exchange differences on consolidation):	營運資金變動(撇除合併賬目時的匯兌差額影響)：		
– Inventories	– 存貨	14,082	3,982
– Trade and other receivables	– 貿易及其他應收款項	(397,802)	(68,618)
– Trade and other payables	– 貿易及其他應付款項	(57,091)	(84,649)
Cash used in operations	經營所用現金	(425,765)	(116,039)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 合併財務報表附註

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

29. CASH USED IN OPERATIONS (continued)

In the consolidated cash flow statement, proceeds from disposal of property, plant and equipment:

29. 經營所用現金 (續)

在合併現金流量表中，出售物業、廠房及設備所得款項：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Net book amount – property, plant and equipment(Notes 7)	賬面淨值－物業、廠房及設備(附註7)	14,549	1,129
Loss on disposal of property, plant and equipment and land use right	出售物業、廠房及設備及土地使用權的虧損	(9,541)	(1,129)
Receivable for disposal of machinery and equipment (Note 12)	出售機器及設備應收款項(附註12)	(5,000)	–
Proceeds from disposal of property, plant and equipment and land use right	出售物業、廠房及設備及土地使用權所得款項	8	–

30. COMMITMENTS

(a) Capital commitments

Capital expenditures at the balance sheet date that have not been incurred are as follows:

30. 承擔

(a) 資本承擔

於結算日的資本開支(但未產生)如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Property, plant and equipment Contracted but not provided for	物業、廠房及設備已訂約但未撥備	12,772	13,842

30. COMMITMENTS (continued)**(b) Operating leases commitments**

The Group leases various land, offices and warehouses under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
No later than 1 year	不遲於1年	244	886
Later than 1 year and no later than 5 years	1年後但不遲於5年	–	222
		244	1,108

31. RELATED-PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

(a) Transactions with the related party

There is no transaction with the related party during the year 2016 and 2015.

(b) Key management compensation

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Salaries, wages and bonuses	薪金、工資及花紅	2,588	2,765
Pension cost	退休金成本	81	48
Other benefits	其他福利	69	41
		2,738	2,854

30. 承擔(續)**(b) 經營租賃承擔**

本集團根據不可撤銷租賃協議租賃多個土地、辦公室及倉庫。根據該等不可撤銷經營租約的未來最低租賃付款總額如下：

31. 關聯方交易

若一方有能力直接或間接控制另一方或可在財務及營運決策上對其行使重大影響力，則雙方被視為關聯方。若雙方受共同控制，該雙方亦被視為關聯方。

(a) 與關聯方的交易

於二零一六年及二零一五年內概無與關聯方交易。

(b) 主要管理層酬金

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 合併財務報表附註

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

32. SUBSIDIARIES

32. 附屬公司

Name of subsidiaries 附屬公司名稱	Place and date of incorporation 註冊成立地點 及日期	Principal activities and place of operation 主要活動 及營運地點	Particulars of issued and paid up capital/ registered capital 已發行及繳足 資本/註冊資本詳情	Effective interest held by the Group 本集團持有的 實際權益
Direct Interests: 直接權益：				
Potent Union Holdings Limited 康匯控股有限公司	BVI, 18 March 2014 英屬處女群島， 二零一四年三月十八日	Investment holdings, BVI 投資控股，英屬處女群島	USD100 100美元	100%
Indirect Interests: 間接權益：				
Hongtai Group (Int'l) Holding Limited 宏太集團(國際)股份有限公司	Hong Kong, 22 June 2009 香港， 二零零九年六月二十二日	Investment holdings, Hong Kong 投資控股，香港	HKD10,000 10,000港元	100%
Hongtai (China) Co.,Ltd. 宏太(中國)有限公司	Fujian, the PRC 17 February 2004 中國福建， 二零零四年二月十七日	Design, manufacturing and sales of fabrics and cotton yarns, the PRC 設計、製造及銷售面料與棉紗，中國	HKD593 million 593百萬港元	100%
Hongshen (Hubei) Textile Co.,Ltd. 宏晟(湖北)紡織有限公司	Hubei, the PRC 24 May 2012 中國湖北， 二零一二年五月二十四日	Manufacturing and sales of fabrics and cotton yarns, the PRC 製造及銷售面料與棉紗，中國	RMB50 million 人民幣50百萬元	100%
Hongtai (Hubei) Sales Co., Ltd. 宏太(湖北)營銷有限公司	Hubei, the PRC 8 August 2014 中國湖北， 二零一四年八月八日	Sales of fabrics and cotton yarns, the PRC 銷售面料與棉紗，中國	RMB2 million 人民幣2百萬元	100%
Xinjiang Hongrui Textile Co.,Ltd. 新疆鴻瑞紡織品有限公司	Xinjiang, the PRC 29 September 2016 中國新疆， 二零一六年九月二十九日	Manufacturing and sales of fabrics and cotton yarns, the PRC 製造及銷售面料與棉紗，中國	RMB20 million 人民幣20百萬元	100%

33. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY**(a) Statement of financial position of the Company****33. 本公司財務狀況表及儲備變動****(a) 本公司財務狀況表**

		As at 31 December 於十二月三十一日	
		2016 二零一六年	2015 二零一五年
		RMB'000 人民幣千元	RMB'000 人民幣千元
	Note 附註		
ASSETS	資產		
Non-current assets	非流動資產		
Due from subsidiaries	應收附屬公司款項	985,151	789,654
Investment in subsidiaries	於附屬公司的投資	241,413	241,413
		1,226,564	1,031,067
Current assets	流動資產		
Cash and cash equivalents	現金及現金等價物	9	17
Total assets	資產總額	1,226,573	1,031,084
EQUITY AND LIABILITIES	權益及負債		
Equity attributable to owners of the Company	本公司擁有人應佔權益		
Share capital	股本	124,010	119,745
Other reserves	其他儲備	737,285	720,225
Retained earnings	保留盈利	76,634	5,748
Total equity	權益總額	937,929	845,718
LIABILITIES	負債		
Non-current liabilities	非流動負債		
Borrowings	借款	277,988	177,808
Current liabilities	流動負債		
Trade and other payables	貿易及其他應收款項	10,656	7,558
Total liabilities	負債總額	288,644	185,366
Total equity and liabilities	權益及負債總額	1,226,573	1,031,084

The statement of financial position of the Company was approved by the Board of Directors on 31 March 2017 and was signed on its behalf.

本公司財務狀況表已於二零一七年三月三十一日獲董事會批准，並已代其簽署。

Lin Qingxiong
林清雄
Director
董事

Qiu Zhiqiang
邱志強
Director
董事

33. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(continued)

(b) Reserve movement of the Company**33. 本公司財務狀況表及儲備變動(續)****(b) 本公司儲備變動**

		Other reserves 其他儲備 RMB'000 人民幣千元	Retained earnings 保留盈利 RMB'000 人民幣千元
As at 1 January 2015	於二零一五年一月一日	308,409	(19,302)
Issue of placing share	發行配售股份	377,223	-
Profit for the year	年內溢利	-	25,050
Share-based compensation	股本基礎報酬	34,593	-
As at 31 December 2015	於二零一五年十二月三十一日	720,225	5,748
As at 1 January 2016	於二零一六年一月一日	720,225	5,748
Profit for the year	年內溢利	-	70,886
Share-based compensation	股本基礎報酬	22,002	-
As at 31 December 2016	於二零一六年十二月三十一日	742,227	76,634

34. SUBSEQUENT EVENTS

On 11 January 2017 and 20 March 2017, the Group entered into conditional sale and purchase agreements to acquire an aggregate of 96.7% equity interest in Iron Mining International (Mongolia) Limited ("Target Company") by means of the allotment and issue of new shares of the Company. The Target Company is a company incorporated in the British Virgin Islands and principally engaged in the exploration, mining, processing, sales and marketing of iron ore mainly in Eruu Gol Mining Area in Mongolia. The proposed acquisition is regarded as a very substantial acquisition under The Rules Governing the Listing of Securities on The Hong Kong Stocks Exchange. On 20 March 2017, the Group entered into agreements to acquire further approximately 43.7% of the issued share capital of the Target Company. Up to the date of this report, the proposed acquisition is still progressing. For details of the proposed very substantial acquisition, please refer to the announcements of the Company dated 26 November 2016, 26 January 2017, 13 March 2017 and 21 March 2017.

34. 後續事項

於二零一七年一月十一日及二零一七年三月二十日，本集團訂立若干有條件買賣協議以透過配發及發行本公司新股份的方式收購鐵礦業國際(蒙古)有限公司(「目標公司」)合共96.7%股權。目標公司為於英屬處女群島註冊成立的有限公司，主要從事鐵礦石的勘探、採集、加工、銷售及營銷，其業務主要位於蒙古國的伊羅河礦業區。根據香港聯合交易所有限公司證券上市規則，建議收購被視為一項非常重大收購。於二零一七年三月二十日，本集團訂立協議以進一步收購目標公司約43.7%的已發行股本。截至本報告日期，建議收購仍在進行中。有關建議非常重大收購詳情，請參閱本公司日期為二零一六年十一月二十六日、二零一七年一月二十六日、二零一七年三月十三日及二零一七年三月二十一日的公告。

FINANCIAL SUMMARY

財務摘要

OPERATING RESULTS

經營業績

		Year ended 31 December 截至十二月三十一日止年度				
		2016 二零一六年	2015 二零一五年	2014 二零一四年	2013 二零一三年	2012 二零一二年
Revenue – From continuing business (RMB'000)	收益 – 來自持續經營業務(人民幣千元)	780,310	670,255	810,795	791,518	405,286
Gross (loss)/profit – From continuing business (RMB'000)	毛(損)/利 – 來自持續經營業務(人民幣千元)	(20,843)	8,396	149,306	148,154	75,605
Gross (loss)/profit margin – From continuing business	毛(損)/利率 – 來自持續經營業務	(2.7%)	1.3%	18.4%	18.7%	18.7%
(Loss)/Profit and total comprehensive (loss)/income attributable to owners of our Company (RMB'000)	本公司擁有人應佔(虧損)/溢利及全面(虧損)/收入總額(人民幣千元)					
– From continuing business	– 來自持續經營業務	(331,023)	(23,317)	66,402	74,974	34,837
– From discontinued business	– 來自已終止經營業務	—	—	—	—	—
Net (loss)/profit margin – From continuing business	(淨虧損)/純利率 – 來自持續經營業務	(42.4%)	(3.5%)	8.2%	9.5%	8.6%

CONSOLIDATED BALANCE SHEET

The following table sets forth our assets/liabilities position as at 31 December 2012, 2013, 2014, 2015 and 2016:

合併資產負債表

下表載列我們於二零一二年、二零一三年、二零一四年、二零一五年及二零一六年十二月三十一日的資產/負債狀況：

		As at 31 December 於十二月三十一日				
		2016 二零一六年	2015 二零一五年	2014 二零一四年	2013 二零一三年	2012 二零一二年
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Current assets	流動資產	761,168	877,676	501,925	323,596	206,780
Current liabilities	流動負債	412,213	240,696	288,455	428,036	317,759
Net current assets/(liabilities)	流動資產淨值/(負債淨額)	348,955	636,980	213,470	(104,440)	(110,979)
Net assets	資產淨值	603,733	908,489	480,460	266,918	183,909

FINANCIAL INDICATORS

財務指標

		Year ended 31 December 截至十二月三十一日止年度				
		2016 二零一六年	2015 二零一五年	2014 二零一四年	2013 二零一三年	2012 二零一二年
Return on equity (%) (Note 1)	股本回報率(%) (附註1)	(54.8)	(2.6)	13.8	28.1	18.9
Return on assets (%) (Note 2)	資產回報率(%) (附註2)	(25.2)	(1.6)	6.6	9.1	6.5
Interest coverage (Note 3)	利息覆蓋率(附註3)	(4.4)	(1.0)	4.8	7.0	3.9

		As at 31 December 於十二月三十一日				
		2016 二零一六年	2015 二零一五年	2014 二零一四年	2013 二零一三年	2012 二零一二年
Current ratio (%) (Note 4)	流動比率(%) (附註4)	184.7	364.6	174.0	75.6	65.1
Quick ratio (%) (Note 5)	速動比率(%) (附註5)	172.5	338.0	150.4	57.9	45.4
Debt to equity ratio (%) (Note 6)	債務股本比率(%) (附註6)	114.2	44.6	68.2	103.5	88.3
Gearing ratio (%) (Note 7)	權益負債比率(%) (附註7)	110.0	0.7	27.8	46.1	57.7

Notes:

- Return on equity for the years ended 31 December 2012, 2013, 2014, 2015 and 2016 was calculated based on our total comprehensive (loss)/income for the respective year divided by the total equity of the respective year and multiplied by 100%.
- Return on assets for the years ended 31 December 2012, 2013, 2014, 2015 and 2016 was calculated based on our total comprehensive (loss)/income for the respective year divided by our total assets of the respective year and multiplied by 100%.
- Interest coverage ratio for the years ended 31 December 2012, 2013, 2014, 2015 and 2016 was calculated based on our operating (loss)/profit for the respective year divided by our finance costs for the respective year.
- Current ratio as at 31 December 2012, 2013, 2014, 2015 and 2016 were calculated based on our current assets of the respective date divided by our current liabilities of the respective date and multiplied by 100%.
- Quick ratio as at 31 December 2012, 2013, 2014, 2015 and 2016 were calculated based on our current assets minus inventories as at the respective date divided by our current liabilities as at the respective date and multiplied by 100%.
- Debt to equity ratio as at 31 December 2012, 2013, 2014, 2015 and 2016 were calculated based on our total debts (being sum of our total borrowings and amounts due to related parties and third parties) as at the respective date divided by total equity as at the respective year and multiplied by 100%.
- Gearing ratio as at 31 December 2012, 2013, 2014, 2015 and 2016 were calculated based on our net debts (being total debts net of cash and cash equivalents and restricted bank deposits) as at the respective date divided by total equity as at the respective year and multiplied by 100%.

附註：

- 截至二零一二年、二零一三年、二零一四年、二零一五年及二零一六年十二月三十一日止年度的股本回報率，乃按有關年度全面(虧損)/收入總額除以有關年度權益總額再乘以100%計算。
- 截至二零一二年、二零一三年、二零一四年、二零一五年及二零一六年十二月三十一日止年度的資產回報率，乃按有關年度全面(虧損)/收入總額除以有關年度資產總額再乘以100%計算。
- 截至二零一二年、二零一三年、二零一四年、二零一五年及二零一六年十二月三十一日止年度的利息覆蓋率，乃按有關年度經營(虧損)/溢利除以有關年度的融資成本計算。
- 於二零一二年、二零一三年、二零一四年、二零一五年及二零一六年十二月三十一日的流動比率，乃按有關日期的流動資產除以有關日期的流動負債再乘以100%計算。
- 於二零一二年、二零一三年、二零一四年、二零一五年及二零一六年十二月三十一日的速動比率，乃按有關日期的流動資產減去存貨後除以有關日期的流動負債再乘以100%計算。
- 於二零一二年、二零一三年、二零一四年、二零一五年及二零一六年十二月三十一日的債務股本比率，乃按有關日期的債務總額(即借款總額與應付關聯方及第三方款項的總和)除以有關年度總權益再乘以100%計算。
- 於二零一二年、二零一三年、二零一四年、二零一五年及二零一六年十二月三十一日的權益負債比率，乃按有關日期的債務淨額(即債務總額扣除現金及現金等價物以及受限制銀行存款)除以有關年度總權益再乘以100%計算。



宏太控股有限公司 Wang Tai Holdings Limited

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

股份代號 Stock Code: 1400