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Cabbeen

Cabbeen Fashion Limited
卡賓服飾有限公司
(於開曼群島註冊成立的有限公司)
(股份代號：2030)

二零一七年度業績公告

卡賓服飾有限公司(「**本公司**」)董事(「**董事**」)會(「**董事會**」)欣然宣佈本公司及其附
屬公司(統稱「**本集團**」)截至二零一七年十二月三十一日止年度的經審核綜合業績。
本公告載有本公司二零一七年年報全文，符合香港聯合交易所有限公司證券上市規
則有關全年業績初步公告隨附資料的相關規定。

A photograph of three models in a city at night. The model on the left has curly blonde hair and wears a black and white jacket with a 'CB2NXS' patch. The middle model wears a dark grey jacket with 'CB2M' on the sleeve. The model on the right wears a maroon jacket and a black cap with 'LORE' on it. The background is a blurred city street with red and yellow lights.

ABOUT CABBEEN 關於卡賓

Cabbeen is a leading Chinese menswear designer brand.

Cabbeen Fashion Limited and its subsidiaries are principally engaged in the design of men's apparel, footwear and accessories, brand management, and wholesaling, consignment and retailing of menswear in the People's Republic of China.

卡賓是中國領先的男裝設計師品牌。

卡賓服飾有限公司及其附屬公司主要在中華人民共和國從事男士服裝、鞋履和配飾的設計，品牌管理，和男裝批發、代銷及零售。

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CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Ziming Yang (*Chairman*)
Mr. Siu Keung Ng (*Chief Executive Officer*)
Mr. Rongqin Ke
Mr. Qiang Wei

Independent Non-Executive Directors

Mr. Yung Kwok Tsui
Mr. Honghui Chen
Mr. Ming Shu Leung

AUDIT COMMITTEE

Mr. Yung Kwok Tsui (*Chairman*)
Mr. Honghui Chen
Mr. Ming Shu Leung

REMUNERATION COMMITTEE

Mr. Yung Kwok Tsui (*Chairman*)
Mr. Ming Shu Leung
Mr. Siu Keung Ng

NOMINATION COMMITTEE

Mr. Ziming Yang (*Chairman*)
Mr. Honghui Chen
Mr. Ming Shu Leung

CORPORATE GOVERNANCE COMMITTEE

Mr. Siu Keung Ng (*Chairman*)
Mr. Qiang Wei
Mr. Yung Kwok Tsui
Mr. Ming Shu Leung

AUTHORISED REPRESENTATIVES

Mr. Siu Keung Ng
Ms. Lai Wah Wong, *FCPA*

COMPANY SECRETARY

Ms. Lai Wah Wong, *FCPA*

REGISTERED OFFICE

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

董事會

執行董事

楊紫明先生 (*主席*)
吳少強先生 (*行政總裁*)
柯榕欽先生
韋強先生

獨立非執行董事

徐容國先生
陳宏輝先生
梁銘樞先生

審核委員會

徐容國先生 (*主席*)
陳宏輝先生
梁銘樞先生

薪酬委員會

徐容國先生 (*主席*)
梁銘樞先生
吳少強先生

提名委員會

楊紫明先生 (*主席*)
陳宏輝先生
梁銘樞先生

企業管治委員會

吳少強先生 (*主席*)
韋強先生
徐容國先生
梁銘樞先生

授權代表

吳少強先生
黃麗華女士, *FCPA*

公司秘書

黃麗華女士, *FCPA*

註冊辦事處

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

HEADQUARTERS IN CHINA

Cabbeen Apparel Building
No. 379 Shougouling Road
Tianhe District
Guangzhou 510507
PRC

中國總部

中國
廣州市
天河區
瘦狗嶺路379號
卡賓服飾大廈
郵編510507

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit A&B, 26/F, Billion Plaza II
10 Cheung Yue Street,
Cheung Sha Wan,
Kowloon
Hong Kong

香港主要營業地點

香港
九龍
長沙灣
長裕街10號
億京廣場二期26樓A及B室

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited
Royal Bank House
3rd Floor, 24 Shedden Road,
P.O. Box 1586, Grand Cayman,
KY1-1110,
Cayman Islands

開曼群島股份過戶登記處

SMP Partners (Cayman) Limited
Royal Bank House
3rd Floor, 24 Shedden Road,
P.O. Box 1586, Grand Cayman,
KY1-1110,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

香港股份過戶登記分處

香港中央證券登記有限公司
香港
灣仔
皇后大道東183號
合和中心17樓
1712-1716號舖

AUDITOR

KPMG, *Certified Public Accountants*

核數師

畢馬威會計師事務所，*執業會計師*

LEGAL ADVISOR AS TO HONG KONG LAW

Luk & Partners in Association with Morgan, Lewis & Bockius

香港法律顧問

陸繼鏘律師事務所與摩根路路易斯律師事務所聯營

WEBSITE

www.ir.cabbeen.com

網站

www.ir.cabbeen.com

FINANCIAL HIGHLIGHTS

財務摘要

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 | Changes 變動 % |
|---|--------------------------------------|-----------------------------------|-----------------------------------|--------------------|
| Financial highlights | 財務摘要 | | | |
| Revenue | 收益 | 1,089,106 | 1,160,799 | -6.2% |
| Gross profit | 毛利 | 537,613 | 555,970 | -3.3% |
| Profit from operation | 經營溢利 | 301,336 | 253,056 | +19.1% |
| Profit for the year | 年內溢利 | 203,213 | 181,689 | +11.8% |
| Earnings per share (RMB cents) | 每股盈利 (人民幣分) | | | |
| – Basic | – 基本 | 29.47 | 25.54 | +15.4% |
| – Diluted | – 攤薄 | 29.45 | 25.46 | +15.7% |
| Dividend per share (HK cents) | 每股股息(港仙) | | | |
| – Interim dividend | – 中期股息 | 6.0 | 6.8 | -11.8% |
| – Final dividend | – 末期股息 | 8.5 | 5.0 | +70.0% |
| – Total dividend | – 總股息 | 14.5 | 11.8 | +22.9% |
| Profitability ratios | 盈利比率 | | | |
| Gross profit margin | 毛利率 | 49.4% | 47.9% | +1.5 ppt 個百分點 |
| Operating margin | 經營利潤率 | 27.7% | 21.8% | +5.9 ppt 個百分點 |
| Net profit margin | 純利率 | 18.7% | 15.7% | +3 ppt 個百分點 |
| Return on total assets ⁽¹⁾ | 資產總值回報率 ⁽¹⁾ | 10.3% | 10.6% | -0.3 ppt 個百分點 |
| Return on equity ⁽²⁾ | 權益回報率 ⁽²⁾ | 19.3% | 18.5% | +0.8 ppt 個百分點 |
| Liquidity ratios | 流動資金比率 | | | |
| Current ratio | 流動比率 | 2.76 | 2.18 | |
| Average inventory turnover days ⁽³⁾ | 平均存貨 周轉天數 ⁽³⁾ | 220 | 180 | |
| Average trade and bills receivables turnover days ⁽⁴⁾ | 平均貿易應收款項及 應收票據周轉天數 ⁽⁴⁾ | 103 | 101 | |
| Average trade and bills payables turnover days ⁽⁵⁾ | 平均貿易應付款項及 應付票據周轉天數 ⁽⁵⁾ | 283 | 294 | |
| Capital ratio | 資金比率 | | | |
| Interest coverage ratio ⁽⁶⁾ | 盈利對利息倍數 ⁽⁶⁾ | 18.2 | 43.3 | |
| Net debt to equity ratio ⁽⁷⁾ | 淨債權比率 ⁽⁷⁾ | 14.5% | Net cash 淨現金 | |
| Gearing ratio ⁽⁸⁾ | 資產負債比率 ⁽⁸⁾ | 27.3% | 12.9% | |

Notes:

- (1) Return on total assets equals net profit for the year divided by the closing balance of total assets.
- (2) Return on equity equals net profit for the year divided by the closing balance of total shareholders' equity.
- (3) Average inventory turnover days is equal to the average of the beginning and closing inventory balance divided by cost of sales and multiplied by the number of days in the year.
- (4) Average trade and bills receivables turnover days is equal to the average of the beginning and closing trade and bills receivables balance divided by turnover (including value-added tax) and multiplied by the number of days in the year.
- (5) Average trade and bills payables turnover days is equal to the average of the beginning and closing trade and bills payables balance divided by costs of sales and multiplied by the number of days in the year.
- (6) Interest coverage ratio equals profit before interest and tax for one period divided by interest expenses of the same period.
- (7) Net debt to equity ratio equals net debt divided by total equity as of the end of the year. Net debt includes all borrowings net of cash and cash equivalents.
- (8) Gearing ratio equals total debts divided by total equity.

附註：

- (1) 資產總值回報率等於年內純利除以資產總值年終結餘。
- (2) 權益回報率等於年內純利除以股東權益總額年終結餘。
- (3) 平均存貨周轉天數等於年初及年終存貨結餘的平均值除以銷售成本，再乘以年內天數。
- (4) 平均貿易應收款項及應收票據周轉天數等於貿易應收款項及應收票據的年初及年終結餘的平均值除以營業額（包括增值稅），再乘以年內天數。
- (5) 平均貿易應付款項及應付票據周轉天數等於貿易應付款項及應付票據的年初及年終結餘的平均值除以銷售成本，再乘以年內天數。
- (6) 盈利對利息倍數等於一個期間的扣除利息及稅項前溢利除以同期利息開支。
- (7) 淨債權比率等於年末債務淨額除以權益總額。債務淨額包括扣除現金及現金等價物的所有借款。
- (8) 資產負債比率等於債務總額除以權益總額。

CHAIRMAN'S STATEMENT

主席報告



TO ALL SHAREHOLDERS,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Cabbeen Fashion Limited (the “**Company**”, stock code: 2030), I am pleased to present the results of the Company and its subsidiaries (collectively referred to as the “**Group**” or “**Cabbeen**”) for the year ended 31 December 2017.

In respond to the environment of the industry and the declining operating results of the Group in 2016, our management team implemented a series of strategic measures to take on the challenges in the industry with an eye to the future development trend of the retail apparel industry.

Firstly, as a leading fashion designer brand in China, we have always been committed to the brand concept of “Subverting popular” (顛覆流行) in relation to our products. In order to continuously develop young consumers group, we put forward a slogan of “STAY20 STAY30” in 2017, and adjusted the product lines to make our products more focused on young consumers of the new generation. This has achieved an encouraging result that over 72% of our VIP are millennials and the sell-through rate of our products also increased in the year 2017. Secondly, we have streamlined our supply chain. Since the second half of 2014, we have been transforming retail outlets operated under wholesales models to consignment models, aiming to enable more flexible product development and inventory allocation. As at 31 December 2017, our stores operating using consignment model accounted for more than 60% of our total stores. In addition, we have adjusted our advance ordering system and enhanced our cooperation with suppliers. These measures help significantly shorten our product development and production cycles.

致各位股東：

本人謹此代表卡賓服飾有限公司(「本公司」，股份代號：2030)董事(「董事」)會(「董事會」)，欣然宣佈本公司及附屬公司(統稱「本集團」或「卡賓」)截至二零一七年十二月三十一日止年度的業績。

在二零一六年，因應服裝零售行業環境及集團的經營業績下滑，管理團隊採取一系列戰略措施，積極面對行業的挑戰並著眼於未來服裝零售行業的發展趨勢。

首先在產品方面，作為中國領先的服裝設計師品牌，我們一貫堅持「顛覆流行」的品牌理念。為了持續發展新一代年輕的消費群體，我們在二零一七年提出「STAY20 STAY30」的口號，並調整產品線讓我們的產品更加關注新一代年輕的消費者。在產品方面的調整取得很好的效果。於二零一七年，千禧一代的VIP客戶佔比達到72%而產品售罄率也有所提升。其次是供應鏈變革。自二零一四年下半年以來，我們逐步將以批發模式經營的零售店舖向代銷模式轉型，目標使產品開發及存貨調配更加靈活。於二零一七年十二月三十一日，代銷門店數量佔比已超過60%。我們同時調整原有的期貨訂貨模式，加強和供應商合作。這一系列措施大幅縮短產品開發及生產供應週期。

In addition, we will strengthen our cooperation with premium shopping malls, and reduce the proportion of street shops. Our efforts in optimizing retail stores during the last two years began to pay off and our overall same-store sales improved from a decline of 8.7% in 2016 to a slight increase of 1.5% in 2017, with particularly satisfactory performance in the sales growth of stores under the brand of Cabbeen Urban. Furthermore, we saw strong sales growth from our online stores throughout 2017. We believe that the brand of Cabbeen Urban and our online business will be the drivers for the Group's future growth.

The abovementioned measures help streamline our organization structure, reduce operating costs and shorten the development and production cycles of our products. Such reforms have achieved initial results in 2017, including a decline in the rate of management cost, a resumption of growth in same-store sales and an improvement in net profit margin. Although there was still a single-digit decline in the overall sales in 2017, the sales revenue in the second half of 2017 began to grow again on a year-on-year basis. The net profit even turned around from a year-on-year decline in the first half of 2017 to a double-digit year-on-year increase for the whole year.

另外，我們將加強與優質的購物中心合作，並降低街店比例。過去兩年優化零售店鋪方面的努力開始顯現成效，整體同店銷售的由二零一六年度下跌8.7%提升至二零一七年度同店銷售微升1.5%，其中卡賓都市品牌店的銷售收入增長尤其理想。此外，二零一七年全年線上店鋪銷售錄得強勁增長。我們認為卡賓都市品牌及線上業務將會是本集團未來的增長動力。

以上改革措施有助我精簡組織架構、降低經營成本、縮短產品的開發和生產週期。在二零一七年度，這些改革措施已初見成效，包括管理費用率下降、同店銷售回復增長及淨利潤率改善。雖然本集團二零一七年度整體銷售收入仍有單位數的跌幅，但下半年的銷售收入同比已經開始恢復增長。淨利潤更是由二零一七年上半年同比下降扭轉為全年的淨利潤同比有雙位數增長。

The year 2017 is the 20th anniversary of the founding of Cabbeen. Looking forward, we will continue to be committed to brand concepts of Chinese fashion designer and keep up with our multi-brand strategies and to provide a wide varieties of menswear products to our customers that represent good value for money. We will also continue to enhance the efficiency of our supply chain, and seek for balanced development of both online and offline business. We are confident that the Group is now better equipped to tap long-term growth opportunities in the apparel market in China.

Finally, on behalf of the Board, I would like to express my sincerest gratitude to all staff members for their dedication and contribution, and to our shareholders and business partners for their support. We will continue to endeavor our best efforts to pursue growth of our business and create value for our shareholders.

Ziming Yang

9 February 2018

二零一七年是卡賓品牌創立20周年。展望未來，我們將繼續堅持中國服裝設計師的品牌理念，提供多品牌多品類高性價比的產品，繼續提升供應鏈效率，以及線上線下全渠道平衡發展。我們有信心，我們已為把握中國服裝市場的長期增長機會做好更充分的準備。

最後，本人謹代表董事會衷心感謝全體員工的努力及貢獻，以及各位股東及合作夥伴的鼎力支持。我們將繼續努力推動本集團業務增長並為股東創造價值。

楊紫明

二零一八年二月九日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析



INDUSTRY OVERVIEW

As customers can now easily reach out to different brands and products online, more and more customers are looking for products that represent good value for money or for shopping experiences that are fun and exciting. The changing lifestyles and consumption patterns, such as increasingly strong preference for lifestyle and experiences, also create opportunities for the development of the fashion apparel industry. We still believe the growing middle class in mainland China will drive growth in the fashion apparel industry over the long term. We therefore are still dedicated to driving developments in the industry, understanding our customers better and offering fashion products to them which represent good value for money.

BUSINESS REVIEW

Overview

Cabbeen is a Chinese designer brand. We offer apparel, shoes and accessories products for men and women under Cabbeen Lifestyle, Cabbeen Urban, Cabbeen Chic and 2AM brands targeting customers aged between 20 and 35. Cabbeen Lifestyle and Cabbeen Urban contributed approximately 80.6% (2016: 80.4%) and 15.7% (2016: 15.7%) of our revenue for the year ended 31 December 2017.

行業回顧

時下顧客能在網上輕易地接觸到不同的品牌及產品，越來越多消費者更追求性價比高的產品或愉悅有趣的購物體驗。而消費者不斷變化的生活方式及消費模式，例如越來越注重生活品位和追求消費體驗，亦為時尚服飾行業的發展帶來機遇。我們仍相信，長遠而言，中國內地不斷壯大的中產階級將推動時尚服飾行業增長。因此，我們仍致力推動在服飾行業的業務發展、更好地了解我們的顧客及為顧客提供具性價比的時尚產品。

業務回顧

概覽

卡賓是中國的設計師品牌，提供男士及女士服裝、鞋履及配飾，目標客戶定位在20歲至35歲。目前旗下有卡賓休閒、卡賓都市、卡賓潮流及凌晨兩點四個品牌。截至二零一七年十二月三十一日止年度，卡賓休閒及卡賓都市分別為收益貢獻約80.6%（二零一六年：80.4%）及15.7%（二零一六年：15.7%）。

We are an omni-channel retailer and wholesaler, with sales to customers both in stores and online, through company-operated and franchise stores, websites, and other wholesales arrangement with third-parties. As of 31 December 2017, we have 25 (2016: 26) distributors and 105 (2016: 119) sub-distributors operating 845 (2016: 899) retail stores in mainland China. The five largest distributors contributed approximately 42.5% (2016: 39.8%) of our revenue for the year ended 31 December 2017 and our major distributors are from Guangdong, Sichuan, Hunan, Hubei and Fujian Provinces. We also operate online stores on popular e-commerce platforms including Tmall, JD.com, Wechat, VIP.com and our official website www.cabbeen.com. Most of the products sold under our brand names are designed by us and manufactured by independent sources. The five largest suppliers contributed 33.4% (2016: 35.5%) of our total purchases during the year 2017.

Retail channel performance

Performance of both online and physical stores operated by us, our distributors and sub-distributors are summarized below.

- Total retail revenue generated from physical retail stores declined by 6.4% (2016: 6.5%) for the year ended 31 December 2017 as compared to the same period in 2016. Retail revenue was dragged down by the decrease in sales volume with net shop closures and reduction of production volume for 2017 spring and summer collections.

作為全渠道的零售商及批發商，我們採取線下與線上雙重渠道，利用自營及特許經營店舖、網站及其他第三方批發安排結合的方式向客戶銷售產品。於二零一七年十二月三十一日，我們擁有25名(二零一六年：26名)分銷商及105名(二零一六年：119名)二級分銷商，在中國內地經營845間(二零一六年：899間)零售店舖。五大分銷商佔我們截至二零一七年十二月三十一日止年度收益的約42.5%(二零一六年：39.8%)。我們的主要分銷商來自廣東、四川、湖南、湖北及福建各省。我們亦在天貓、京東、微信、唯品會等熱門電商平台及公司官網www.cabbeen.com設有網上商店。品牌旗下銷售的產品大部分是由我們自行設計並由獨立供應商生產。五大供應商佔我們二零一七年採購總額的33.4%(二零一六年：35.5%)。

零售渠道表現

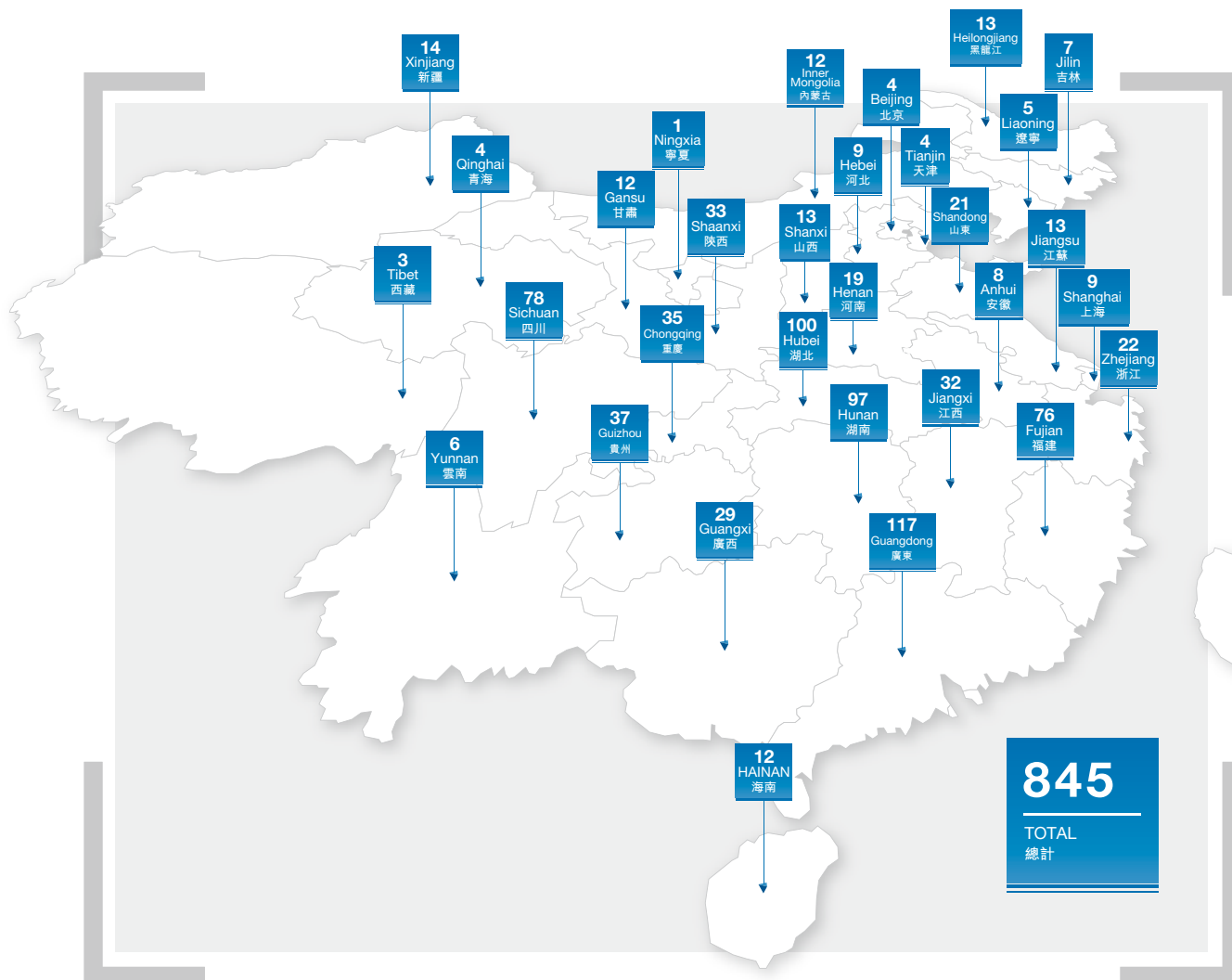
下文概述由我們、分銷商及二級分銷商經營的網上及實體店舖的表現。

- 截至二零一七年十二月三十一日止年度，實體零售店舖所產生的零售收益總額較二零一六年同期減少6.4%(二零一六年：6.5%)。有關零售收益減少乃由於淨關閉店舖及二零一七年春夏系列產量減少，導致銷量減少。

- Same-store sales for physical retail stores increased by 1.5% (2016: declined by 8.7%).
- Average retail discount of our products at physical stores for the year ended 31 December 2017 was approximately 21.3% (2016: 26.1%), 4.8 percentage point lower than that for the year ended 31 December 2016.
- Retail revenue from online channels amounted to RMB398.1 million, representing an comparable increase of 56.2% from that for the year 2016.
- Up to 31 January 2018, sell-through rate of the Group's 2017 collections was over 72%.
- 實體零售店舖的同店銷售增加1.5% (二零一六年：減少8.7%)。
- 截至二零一七年十二月三十一日止年度，實體店舖的產品平均零售折扣約為21.3% (二零一六年：26.1%)，較截至二零一六年十二月三十一日止年度下降4.8個百分點。
- 網上渠道產生的零售收益為人民幣398.1百萬元，較二零一六年增加56.2%。
- 截至二零一八年一月三十一日，本集團二零一七年系列產品的售罄率超過72%。

Stores network

店舖網路



We have built a nationwide distribution network with stores, more concentrated in the Southern part of mainland China and second and third tiers cities. As of 31 December 2017, we had 845 retail outlets (2016: 899) across over 300 cities in mainland China. Over two-third of our retail outlets are situated in second and third tier cities in the PRC because we believe there is greater potential for growth in those areas. The proportion of retail outlets in shopping malls was increasing in recent years because we saw a switch of consumer traffic to shopping malls. Among all of our retail outlets, 303 (2016: 484) were operated under wholesale model, 541 (2016: 389) were under consignment model and 1 (2016: 26) was a self-managed retail store.

我們的分銷網絡覆蓋全國，尤其集中於華南地區及二三線城市。於二零一七年十二月三十一日，我們在中國內地超過300個城市擁有845間(二零一六年：899間)零售店舖。其中超過三分之二的零售店舖位於中國二三線城市，因為我們相信該等地區擁有更大的增長潛力。近幾年來，由於我們注意到越來越多顧客轉往大型商場消費，我們的商場零售店舖比例持續增加。在全部零售店舖中，使用批發模式、代銷模式及自營模式經營的零售店舖分別為303間(二零一六年：484間)、541間(二零一六年：389間)及1間(二零一六年：26間)。

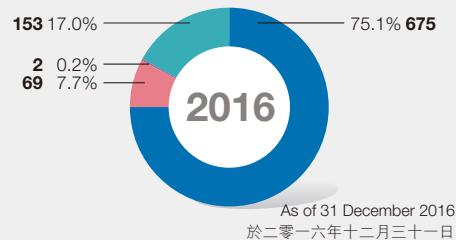
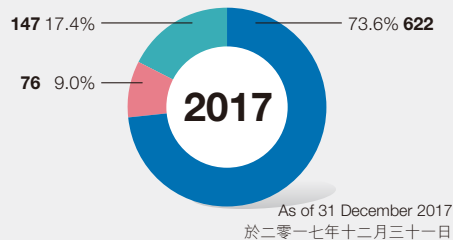
Retail outlets by geographical region

按地區劃分的零售店舖

| Operation model 經營模式 | | As of 31 December 2017 於二零一七年十二月三十一日 | | | | As of 31 December 2016 於二零一六年十二月三十一日 | | | |
|----------------------------|-----------|---|---------------------------|--------------------|-------------|---|---------------------------|--------------------|-------------|
| | | Wholesales basis 批發形式 | Consignment basis 代銷形式 | Self-managed 自營 | Total 總計 | Wholesales basis 批發形式 | Consignment basis 代銷形式 | Self-managed 自營 | Total 總計 |
| Geographical region | 地區 | | | | | | | | |
| Eastern China | 華東 | - | 52 | - | 52 | - | 71 | 1 | 72 |
| Northern China | 華北 | - | 82 | - | 82 | 91 | - | - | 91 |
| Northwestern China | 西北 | - | 64 | - | 64 | - | 73 | - | 73 |
| Southwestern China | 西南 | 53 | 106 | - | 159 | 119 | 40 | - | 159 |
| Southern China | 華南 | 21 | 212 | 1 | 234 | 24 | 193 | 25 | 242 |
| Northeastern China | 東北 | - | 25 | - | 25 | 7 | 12 | - | 19 |
| Central China | 華中 | 229 | - | - | 229 | 243 | - | - | 243 |
| Total | 總計 | 303 | 541 | 1 | 845 | 484 | 389 | 26 | 899 |

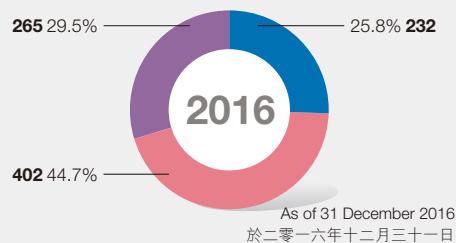
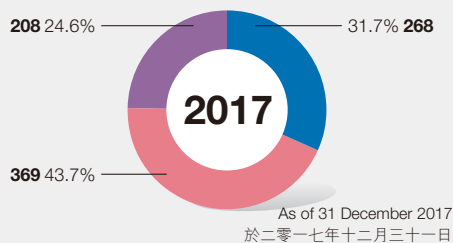
Retail outlets by brands 按品牌劃分的零售店舖

- Cabbeen Lifestyle 卡賓休閒
- Cabbeen Urban 卡賓都市
- 2AM 凌晨兩點
- Multi-brands 多品牌



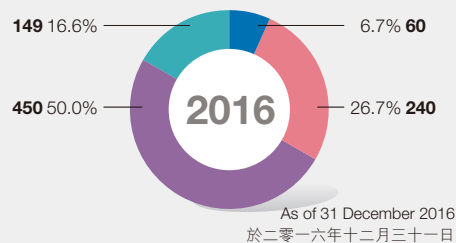
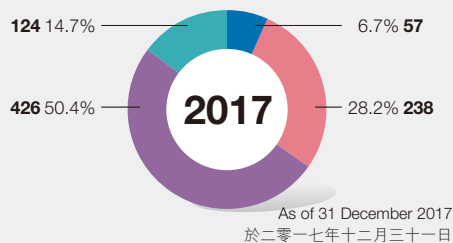
Retail outlets by channel 按渠道劃分的零售店舖

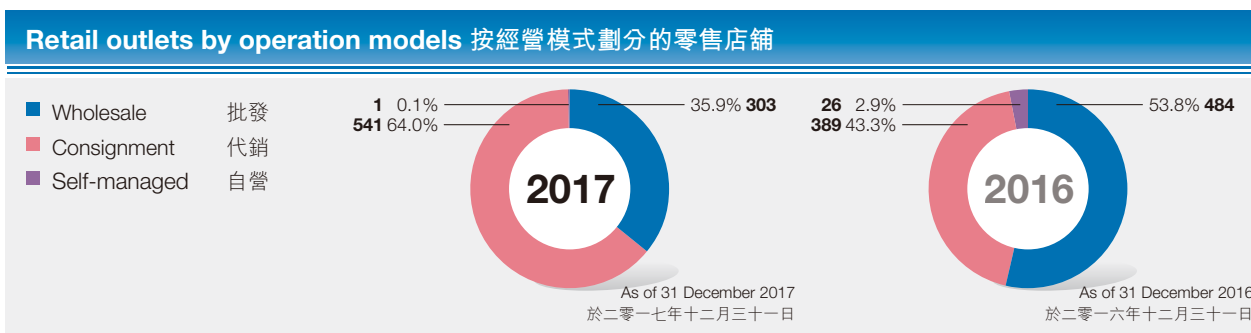
- Shopping mall 商場
- Department store 百貨公司
- Street shops 街舖



Retail outlets by city-tiers 按地區劃分的零售店舖

- Tier 1 一線
- Tier 2 二線
- Tier 3 三線
- Tier 4 四線





Transformation to consignment model

We have been transforming retail stores operated under the wholesales model to the consignment model since the second half of 2014. We had 541 stores operating using the consignment model (2016: 389) as at 31 December 2017, representing 64.0% (2016: 43.3%) of our total stores. The purpose of the change is to better control our inventory allocation. We recognized that the repurchase of inventories from distributors for transformation to consignment model affected our financial performance and position in the short run. However, we believe that the transformation will improve the inventory turnover and sell-through rate at our distribution channels which will in turn improve the Group's revenue and profits in a longer term.

Brand building

Virtually all aspects of our brand development, from product design and distribution to marketing, merchandising and shopping environments, are controlled by us. We continue to invest in our business and enhance the customer experience through investments in our supply chain and omni-channel capabilities, investments in marketing, enhancement of our online shopping sites and remodeling of existing stores.

We also keep direct communications with our end customers through WeChat platform, through which we can monitor their shopping patterns, and provide them with information about our promotional events and new product launch information. The number of VIP members were increasing steadily and approximately 40% of retail revenue were from our VIP customers.

轉型為代銷模式

自二零一四年下半年以來，我們一直在將以批發模式經營的零售店舖向代銷模式轉型。於二零一七年十二月三十一日，我們有541間(二零一六年：389間)零售店舖以代銷模式經營，佔我們零售店舖總數的64.0%(二零一六年：43.3%)。轉型的目的是為了更好地控制我們的存貨分配。我們知道，為向代銷模式轉型而從分銷商回購存貨在短期內對我們的財務表現及狀況構成影響。但我們相信，此轉型舉措長遠而言將可改善分銷渠道的存貨周轉率及售罄率，進而提高本集團收益及利潤。

品牌建設

從產品設計、分銷到推廣、促銷及購物環境等品牌發展的各方面，均由我們管控。我們透過投資於供應鏈及全渠道能力建設、投資於營銷活動、優化網上購物網站及整建現有門店，繼續大力投資發展我們的業務及提升顧客的體驗。

我們亦通過微信平台與終端顧客直接溝通，藉此瞭解顧客的購物模式及向顧客提供促銷活動和新品發佈信息。VIP會員數量持續穩步增長，來自VIP顧客的收益佔零售收益約40%。

Design and product development

Consumer preferences have been changing quickly and consumers are becoming more sophisticated and increasingly focused on design, value and quality. We are therefore dedicated to investing in our in-house design and research and development capabilities. As of 31 December 2017, our in-house design and research and development team consisted of a total of 75 members (2016: 133), including 29 (2016: 28) designers from mainland China, other Asia countries, Hong Kong and Europe. We also work with design institutes and contract designers from around the world.

We have a wide variety of product items for our customers who look for products with class and characteristics. We offered over 3,700 new stock-keeping-units (SKUs) for 2017 product collections (over 4,500 SKUs for 2016 product collections).

ERP system

We have an ERP system which integrates our inventories management and financial reporting functions, and covers all of our physical retail stores. Our ERP system brings front-end distributors, in-house designers and manufacturing suppliers together. We believe the involvement of manufacturing and distributors from the early stage helps increase efficiency and mitigate fashion risks. In addition, we are able to track and monitor purchases, sales and inventories of each distributor and sub-distributor on a real-time basis and therefore monitor their inventory level.

Logistics centre

We have been investing in our distribution infrastructures and have upgraded the logistic centre with semi-automated product conveying systems. Such upgraded system enable us to expedite delivery and achieve higher efficiency and greater accuracy, which are particularly crucial for our expanding on-line retail business. The first phase logistic centre has been in use since June 2017. We expect the second phase of our logistic centre in Fujian will be completed and put into use by the end of 2018.

設計及產品開發

顧客喜好瞬息萬變，且品味要求日益精細，越來越注重設計、價值及質素。因此，我們致力投資建設內部設計及研發能力。於二零一七年十二月三十一日，我們的內部設計及研發團隊共有75名(二零一六年：133名)成員，包括29名(二零一六年：28名)來自中國內地、其他亞洲國家、香港及歐洲的設計師。我們亦與世界各地的設計機構及合約設計師合作。

我們擁有豐富多樣的產品，可迎合追求品位及具備特色的產品的客戶需求。我們的二零一七年產品系列有超過3,700個新款(二零一六年產品系列：超過4,500個新款)。

ERP系統

我們擁有集成庫存管理及財務報告功能、覆蓋全部實體零售店舖的ERP系統。我們的ERP系統集合了前端分銷商、內部設計師及生產供應商。我們相信，讓生產商及分銷商從早期就參與到協同工作中有助提高效率及減低時尚風險。此外，我們能夠實時跟蹤及監察到各分銷商及二級分銷商的採購、銷售及庫存情況，從而監控彼等的存貨水平。

物流中心

我們持續投資發展分銷基礎設施，對物流中心進行半自動化輸送系統升級。該升級系統可有效縮短交付時間、提高效率及準確性，對我們的線上零售業務擴張尤為重要。一期物流中心已從二零一七年六月起投入使用，預計位於福建省的二期物流中心將於二零一八年底完成建設並投入使用。



PROSPECTS

We are committed to own our position as a Chinese designer brand as well as to focus on the dynamic and changing customer preferences. Looking forward, we will keep up with our multi-brand strategies and to provide a wide varieties of menswear products to our customers that represent value for money. We will expand our retail network progressively and focus more on shopping malls

前景

展望未來，我們將繼續堅持中國服裝設計師的品牌理念，關注消費者的變化趨勢，提供多品牌多品類高性價比的產品。我們將逐步擴大零售網絡，並重點在購物中心及百貨公司設立門市。同時，我們也會增加資源發展網上銷售平

and department stores. Meanwhile, we will put more resources to develop our online sales platforms. We will also continue to give high priority to cost control and will take further measures to optimize our supply chain which we believe can help shorten the production cycle of our products and enable swift responses to changes in the market.

FINANCIAL REVIEW

The Group recorded revenue of RMB1,089.1 million for the year ended 31 December 2017, a decrease of 6.2% compared with RMB1,160.8 million for the year ended 31 December 2016. The Group recorded operating profit of RMB301.3 million, an increase of 19.1% compared with that for the year ended 31 December 2016. Net profit for the year ended 31 December 2017 amounted to RMB203.2 million, an increase of 11.8% compared with that for the year ended 31 December 2016.

Revenue

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--|----------------------|-----------------------------------|-----------------------------------|
| Offline business | 線下業務 | | |
| Wholesale | 批發 | 328,560 | 568,504 |
| Consignment | 代銷 | 508,722 | 455,640 |
| Self-operated stores | 自營店舖 | 42,263 | 98,995 |
| Less: products repurchased for consignment business | 減：為代銷業務 購回產品 | (73,608) | (59,004) |
| | | 805,937 | 1,064,135 |
| Online business | 線上業務 | | |
| Wholesale revenue (sales return) | 批發收益 (銷貨退回) | 6,820 | (32,867) |
| Retail revenue from online shops operated by us | 我們經營的線上店舖 產生的零售收益 | 276,349 | 116,106 |
| Service fee income | 服務費收入 | - | 13,425 |
| | | 283,169 | 96,664 |
| Total revenue | 總收益 | 1,089,106 | 1,160,799 |

台。我們亦將繼續把成本控制放在首位，並採取進一步措施優化我們的供應鏈，以有效縮短生產週期及靈敏應對市場變化。

財務回顧

截至二零一七年十二月三十一日止年度，本集團錄得收益人民幣1,089.1百萬元，較截至二零一六年十二月三十一日止年度的人民幣1,160.8百萬元減少6.2%。本集團錄得經營利潤人民幣301.3百萬元，較截至二零一六年十二月三十一日止年度增加19.1%。截至二零一七年十二月三十一日止年度，淨利潤為人民幣203.2百萬元，較截至二零一六年十二月三十一日止年度增加11.8%。

收益

Decrease in revenue from our offline business for the year ended 31 December 2017 was mainly due to drop in sales volume, which was attributable to the reduction in physical stores and production volume of 2017 spring/summer products. Increase in e-commerce revenue was attributable to increase in sales volume in online shops.

We repurchased some products from our distributors with a total consideration of RMB73.6 million (2016: RMB59.0 million) during the year ended 31 December 2017 for the purpose of starting consignment business in the northeast region of mainland China and Sichuan Province. The repurchase of products from distributors were recorded as a reduction in revenue.

Cost of sales

For the year ended 31 December 2017, cost of sales amounted to RMB551.5 million (2016: RMB604.8 million). The decrease in cost of sales was mainly due to decrease in sales volume.

Gross profit

Gross profit for the year ended 31 December 2017 decreased by RMB18.4 million or 3.3% from that in 2016. Gross profit margin was 49.4% (2016: 47.9%). The increase in gross profit margin was because there was a decrease in sales rebate to distributors.

Other income

Other income primarily consists of interest income from bank deposits and government grants. The decrease in other income from RMB51.7 million for the year ended 31 December 2016 to RMB42.8 million for the year ended 31 December 2017 was mainly due to a reduction in government grant income and bank deposit interest income.

截至二零一七年十二月三十一日止年度線下業務收益減少乃主要由於實體店舖及二零一七年春夏季產品產量減少，導致銷量減少。電子商貿收益增加乃主要由於線上店舖的銷量增加。

為開始於中國東北地區及四川省的代銷業務，我們於截至二零一七年十二月三十一日止年度向分銷商購回代價總額人民幣73.6百萬元(二零一六年：人民幣59.0百萬元)的產品。自分銷商購回產品入賬為收益減項。

銷售成本

截至二零一七年十二月三十一日止年度，銷售成本為人民幣551.5百萬元(二零一六年：人民幣604.8百萬元)。銷售成本下降主要由於銷量減少。

毛利

截至二零一七年十二月三十一日止年度的毛利較二零一六年減少人民幣18.4百萬元或3.3%。毛利率為49.4%(二零一六年：47.9%)。毛利率上升乃由於給予分銷商的銷售返利減少。

其他收入

其他收入主要包括銀行存款利息收入及政府補助。其他收入由截至二零一六年十二月三十一日止年度的人民幣51.7百萬元減少至截至二零一七年十二月三十一日止年度的人民幣42.8百萬元，主要由於政府補助收入及銀行存款利息收入減少所致。

Selling and distribution expenses

Selling and distribution expenses consist of mainly operating cost for self-managed retail stores and e-commerce sales channels, advertising and promotion, and logistics and delivery expenses. The Group's selling and distribution costs amounted to RMB153.4 million (2016: RMB160.4 million) for the year ended 31 December 2017, accounting for 14.1% (2016: 13.8%) of the Group's total revenue. The decrease in total selling and distribution expenses was mainly attributable to the closure of non-performing self-managed stores. On the other hand, the Group incurred more advertising and promotion expenses in the year 2017 for the promotion activities of the brand's 20th anniversary and online sales platforms.

Administrative and other operating expenses

Administrative and other operating expenses mainly comprise staff costs, design, research and development expenses, provision for trade receivables, provision for inventories, office rental, depreciation and amortization charges and other miscellaneous expenses.

Administrative and other operating expenses for the year ended 31 December 2017 amounted to RMB125.7 million representing a decrease of RMB68.5 million or 35.3% from that of the year 2016. The decrease in administrative and other operating expenses for the year ended 31 December 2017 was mainly attributable to reduction in salary, design consultancy fee and allowance for doubtful debts, which was partially set off by an increase in provision of inventories.

Profit from operations

The Group recorded a profit from operations of RMB301.3 million (2016: RMB253.1 million) for the year ended 31 December 2017, representing an increase of approximately 19.1% from that for the year 2016. Operating margin in percentage terms improved from 21.8% for the year ended 31 December 2016 to 27.7% for the year ended 31 December 2017 as a result of tight cost control measures, closure of non-performing self-managed stores and better cost efficiency of e-commerce business.

銷售及分銷開支

銷售及分銷開支主要包括自營零售店舖及電子商貿銷售渠道的經營成本、廣告及推廣以及物流及付運費用。截至二零一七年十二月三十一日止年度，本集團的銷售及分銷成本為人民幣153.4百萬元（二零一六年：人民幣160.4百萬元），佔本集團總收益14.1%（二零一六年：13.8%）。銷售及分銷開支總額減少乃主要由於關閉經營不善的自營店舖所致。另一方面，本集團於二零一七年產生的廣告及推廣開支增加，以推廣品牌二十週年活動及線上銷售平台。

行政及其他營運開支

行政及其他營運開支主要包括員工成本、設計、研發開支、貿易應收款項撥備、存貨撥備、辦公室租金、折舊及攤銷費用及其他雜項開支。

截至二零一七年十二月三十一日止年度，行政及其他營運開支為人民幣125.7百萬元，較二零一六年減少人民幣68.5百萬元或35.3%。截至二零一七年十二月三十一日止年度行政及其他營運開支減少乃主要由於薪金、設計諮詢費及呆賬撥備減少，惟部分被存貨撥備增加所抵銷。

經營溢利

截至二零一七年十二月三十一日止年度，本集團錄得經營溢利人民幣301.3百萬元（二零一六年：人民幣253.1百萬元），較二零一六年增加約19.1%。經營利潤率由截至二零一六年十二月三十一日止年度的21.8%上升至截至二零一七年十二月三十一日止年度的27.7%，此乃由於實行嚴格的成本控制措施、關閉經營不善的自營店舖及電子商貿業務的成本效率提升。

Finance costs

For the year ended 31 December 2017, the Group's finance costs amounted to RMB16.6 million (2016: RMB5.8 million) or 1.5% (2016: 0.5%) of the Group's revenue. Finance costs represent primarily interest expenses for bank loans denominated in Hong Kong dollar of a subsidiary operated in Hong Kong. The increase in interest expenses was because of an increase in bank loan and interest rates.

Income tax

For the year ended 31 December 2017, income tax expenses of the Group amounted to RMB81.6 million (2016: RMB65.5 million) and the effective tax rate was 28.6% (2016: 26.5%). The increase in effective income tax rate was attributable to reduction in profits in group companies in lower tax regimes.

Profit for the year

Profit for the year ended 31 December 2017 increased by 11.8% to RMB203.2 million from RMB181.7 million for the year 2016. Net profit margin for the year ended 31 December 2017 was 18.7% (2016: 15.7%). Basic and diluted earnings per share for the year ended 31 December 2017 increased to RMB0.2947 (2016: RMB0.2554) and RMB0.2945 (2016: RMB0.2546), respectively.

Other key financial ratios

Average inventory turnover days of the Group were 220 days for the year ended 31 December 2017, as compared to 180 days in the same period in 2016. The inventory balance as at 31 December 2017 was RMB337.1 million, as compared to RMB328.8 million as of 31 December 2016. The increase in inventory balance and turnover days for the year ended 31 December 2017 was mainly attributable to the increase in number retail outlets operated using the consignment model.

Average turnover days of trade and bills receivables increased to 103 days for the year ended 31 December 2017 as compared to 101 days for the same period in 2016.

融資成本

截至二零一七年十二月三十一日止年度，本集團的融資成本為人民幣16.6百萬元(二零一六年：人民幣5.8百萬元)，佔本集團收益1.5%(二零一六年：0.5%)。融資成本主要為於香港經營的一間附屬公司以港元計值的銀行貸款的利息開支。利息開支增加乃由於銀行貸款增加及利率上升。

所得稅

截至二零一七年十二月三十一日止年度，本集團的所得稅開支為人民幣81.6百萬元(二零一六年：人民幣65.5百萬元)，實際稅率為28.6%(二零一六年：26.5%)。實際所得稅率上升乃由於徵稅較低的集團公司錄得的溢利減少。

年內溢利

截至二零一七年十二月三十一日止年度的溢利由二零一六年的人民幣181.7百萬元增加11.8%至人民幣203.2百萬元。截至二零一七年十二月三十一日止年度的純利率為18.7%(二零一六年：15.7%)。截至二零一七年十二月三十一日止年度，每股基本及攤薄盈利分別增至人民幣0.2947元(二零一六年：人民幣0.2554元)及人民幣0.2945元(二零一六年：人民幣0.2546元)。

其他主要財務比率

截至二零一七年十二月三十一日止年度，本集團平均存貨周轉天數為220日，而二零一六年同期則為180日。於二零一七年十二月三十一日的存貨結餘為人民幣337.1百萬元，而截至二零一六年十二月三十一日則為人民幣328.8百萬元。截至二零一七年十二月三十一日止年度的存貨結餘及周轉天數增加乃主要由於採用代銷模式經營的零售店舖數目增加。

截至二零一七年十二月三十一日止年度，貿易應收款項及應收票據平均周轉天數增至103日，而二零一六年同期則為101日。

Average trade and bills payable turnover days were 294 days and 283 days for the year ended 31 December 2016 and 2017, respectively. This is consistent with the credit period granted by the Group's suppliers and the Group's practice of using 6-month bank bills to settle trade payables.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2017, the Group had net current assets of RMB1,101.9 million (2016: RMB839.8 million), which included cash and cash equivalents of RMB134.6 million (2016: RMB222.9 million). Among cash and cash equivalents as of 31 December 2017, RMB8.8 million (2016: RMB28.4 million) was denominated in Hong Kong dollar and the rest are mainly denominated in Renminbi.

The decrease in cash and cash equivalents for the year ended 31 December 2017 was a combined effect of cash flow generated from operations of RMB289.5 million, a decrease in pledged bank deposits of RMB134.1 million, an increase in bank deposits with original maturity over three months of RMB177.5 million, an increase in three year term loan of RMB303.4 million, cash paid for repurchase of shares amounted to RMB92.3 million and the payment of dividends amounted to RMB66.4 million.

The Group recorded net operating cash inflow of RMB289.5 million (2016: net operating cash outflow of RMB13.2 million) for the year ended 31 December 2017. The cash inflow from operating activities in 2017 was mainly attributable to settlement of trade and bills receivables and increase in operating profit.

Net cash used in investing activities for the year ended 31 December 2017 was RMB400.6 million (2016: net cash generated from investing activities of RMB138.3 million), which represented mainly investments in logistic centre, an increase in bank deposits with original maturity over three months and an increase in other financial assets.

截至二零一六年及二零一七年十二月三十一日止年度，貿易應付款項及應付票據平均周轉天數分別為294日及283日。有關天數與本集團供應商所授出信用期及本集團以6個月銀行匯票支付貿易應付款項的慣例貫徹一致。

流動資金及財務資源

於二零一七年十二月三十一日，本集團的流動資產淨值為人民幣1,101.9百萬元（二零一六年：人民幣839.8百萬元），包括現金及現金等價物人民幣134.6百萬元（二零一六年：人民幣222.9百萬元）。於截至二零一七年十二月三十一日之現金及現金等價物中，人民幣8.8百萬元（二零一六年：人民幣28.4百萬元）乃以港元計值，而其餘款項乃主要以人民幣計值。

截至二零一七年十二月三十一日止年度，現金及現金等價物的減少乃由於經營活動產生之現金流量人民幣289.5百萬元、已抵押銀行存款減少人民幣134.1百萬元、原到期日逾三個月的銀行存款增加人民幣177.5百萬元、三年期貸款增加人民幣303.4百萬元、購買股份已付現金人民幣92.3百萬元及派付股息人民幣66.4百萬元的綜合影響所致。

截至二零一七年十二月三十一日止年度，本集團錄得經營活動現金流入淨額人民幣289.5百萬元（二零一六年：經營活動現金流出淨額人民幣13.2百萬元）。二零一七年經營活動所得現金流入乃主要由於結清貿易應收款項及應收票據以及經營利潤增加。

截至二零一七年十二月三十一日止年度投資活動所用現金淨額為人民幣400.6百萬元（二零一六年：投資活動所得現金淨額人民幣138.3百萬元），主要為於物流中心之投資，原到期日逾三個月的銀行存款增加及其他金融資產增加。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Net cash from financing activities was RMB29.7 million (2016: cash used in financial activities RMB198.5 million) for the year ended 31 December 2017. This mainly consisted of payments of dividends of RMB66.4 million, repayment of bank loans of RMB147.1 million and new bank loans of RMB324.7 million and repurchase of shares of RMB92.3 million.

Long term and short-term bank loans as of 31 December 2016 and 31 December 2017 were at floating interest rate. The carrying amounts of the bank borrowings were denominated in the following currencies:

截至二零一七年十二月三十一日止年度融資活動所得現金淨額為人民幣29.7百萬元(二零一六年：融資活動所用現金人民幣198.5百萬元)。此主要包括派付股息人民幣66.4百萬元、償還銀行貸款人民幣147.1百萬元及新增銀行貸款人民幣324.7百萬元以及回購股份人民幣92.3百萬元。

截至二零一六年十二月三十一日及二零一七年十二月三十一日之長期及短期銀行貸款乃按浮動利率計息。按以下貨幣計值之銀行借款賬面值如下：

| | | At 31 December 於十二月三十一日 | |
|-----------------------|--------|-----------------------------------|-----------------------------------|
| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
| Short term bank loans | 短期銀行貸款 | | |
| Hong Kong Dollar | 港元 | 16,636 | 67,095 |
| Renminbi | 人民幣 | - | 60,000 |
| | | 16,636 | 127,095 |
| Long term bank loan | 長期銀行貸款 | | |
| Hong Kong Dollar | 港元 | 271,461 | - |

On 10 February 2017, the Group has fully drawn down a three-year term loan facility of HK\$350,000,000 (equivalent to RMB303,415,000). Pursuant to the facility, the controlling shareholder shall maintain his equity interest and voting rights in the Company at a certain level, and at the same time it is subject to the fulfilment of covenants relating to certain of the Group's financial ratios. A breach of these undertakings would result in the drawn down facilities and interest becoming payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2017, none of the covenants relating to the drawn down facilities had been breached. The term loan are unsecured and carried at amortised cost of RMB288.1 million as at 31 December 2017.

於二零一七年二月十日，本集團已悉數提取三年期貸款融資350,000,000港元(相當於人民幣303,415,000元)。根據該融資，控股股東將按特定水平保留於本公司的股權及投票權，同時，其須達成有關若干本集團財務比率的契約。違反該等承諾將導致所提取融資及利息成為按要求償還。本集團定期監察該等契約的遵守情況。於二零一七年十二月三十一日，並無違反有關提取融資的契約。於二零一七年十二月三十一日，定期貸款為無抵押及按攤銷成本人民幣288.1百萬元列賬。

As at 31 December 2017, the Group's available and unutilized banking facilities amounted to RMB439.5 million.

As at 31 December 2017, the Group held cash and cash equivalents, pledged deposits, other financial assets and time deposits with initial terms of over three months totaling RMB945.6 million (2016: RMB758.8 million), and was in a net debt position of RMB153.5 million (2016: net cash of RMB95.8 million). Net cash position equals cash and cash equivalents less bank borrowings.

The Group adopts a set of centralized financing and treasury policies in order to ensure the Group's funds are utilized efficiently. The Group's liquidity position remains strong and the Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements. This strong cash position enables the Group to explore investment and business development opportunities when expanding its market share in mainland China.

The Group's primary objectives for managing its capital are to safeguard the Group's ability to provide returns to shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost. The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder's returns that might be possible with higher level of borrowings and the advantages and security based on a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

FOREIGN CURRENCY RISKS

The Group mainly operates in the mainland China with most of the transactions originally denominated and settled in Renminbi, of which foreign exchange risk is considered insignificant. On the other hand, majority of our bank loans are denominated in Hong Kong dollars and held in group companies outside mainland China. In addition, the Group pays dividends in Hong Kong dollars. Therefore, the foreign exchange risks are primarily with respect to Hong Kong Dollars.

於二零一七年十二月三十一日，本集團可動用及未動用銀行融資為人民幣439.5百萬元。

於二零一七年十二月三十一日，本集團持有現金及現金等價物、已抵押存款、其他金融資產及原到期日逾三個月的定期存款合共人民幣945.6百萬元（二零一六年：人民幣758.8百萬元），而債務狀況淨額為人民幣153.5百萬元（二零一六年：現金淨額人民幣95.8百萬元）。現金狀況淨額相等於現金及現金等價物減銀行借款。

本集團採納集中式融資及庫務政策以確保有效運用本集團資金。本集團維持健全的流動資金狀況，備有充足現金及可動用銀行融資以應付其承擔及營運資金所需。該強勁現金狀況讓本集團可在擴展於中國內地的市場份額時發掘投資及業務發展機會。

本集團管理資本的首要目標為保障本集團透過因應風險水平為產品定價以及以合理成本取得融資，從而為股東帶來回報及為其他權益持有人帶來利益的能力。本集團積極定期審視及管理其資本架構，以期在可能須透過增加借款而爭取更高股東回報與維持穩健資本狀況帶來的好處及安全之間取得平衡，並且因應經濟情況的變化調整資本架構。

外匯風險

本集團主要於中國內地營運業務，大部分交易最初以人民幣計值及結算，而其外匯風險並不重大。另一方面，我們的大部分銀行貸款以港元計值並由中國內地境外的集團公司持有。此外，本集團以港元派付股息。因此，外匯風險主要與港元有關。

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and to mitigate the impact on exchange rate fluctuations by entering into currency hedge arrangement if necessary. During the year ended 31 December 2016 and 2017, no forward foreign exchange or hedging contracts had been entered into by the Group.

PLEDGE OF ASSETS

As at 31 December 2017, deposits with certain banks of approximately RMB105.0 million in total (2016: RMB239.1 million) were pledged as securities for bank loans and bills payable facilities. The pledged bank deposits will be released upon the settlement of relevant bank loans and bills payable.

CAPITAL COMMITMENTS AND CONTINGENCIES

As at 31 December 2017, the Group had total capital commitments of RMB45.9 million (2016: RMB29.2 million), primarily related to the construction of logistic centre and ERP system upgrades. As at 31 December 2016 and 2017, the Group had no material contingent liabilities.

HUMAN RESOURCES

As at 31 December 2017, the Group had 402 employees (2016: 442 employees). Total staff costs, including directors emoluments, for the period amounted to approximately RMB79.8 million (2016: RMB104.9 million). Annual increment and year-end performance bonus mechanism were incorporated in the Group's remuneration policy to retain, reward and motivate individuals for their contributions to the Group. Share options are granted to eligible employees to recognise their contribution and provide incentives to achieve better performance in coming years.

本集團管理其外幣風險之方式為定期審視其淨外幣風險，並於有需要時訂立貨幣對沖安排，以減輕匯率波動帶來的影響。截至二零一六年及二零一七年十二月三十一日止年度，本集團概無訂立任何遠期外匯或對沖合約。

資產抵押

於二零一七年十二月三十一日，總額約人民幣105.0百萬元(二零一六年：人民幣239.1百萬元)的若干銀行存款已抵押作為銀行貸款及應付票據融資的擔保。已抵押銀行存款將於清償相關銀行貸款及應付票據後解除。

資本承擔及或然負債

於二零一七年十二月三十一日，本集團有資本承擔總額人民幣45.9百萬元(二零一六年：人民幣29.2百萬元)，主要與物流中心建設及升級ERP系統有關。於二零一六年及二零一七年十二月三十一日，本集團並無重大或然負債。

人力資源

於二零一七年十二月三十一日，本集團有402名僱員(二零一六年：442名僱員)。期內總員工成本(包括董事薪酬)約為人民幣79.8百萬元(二零一六年：人民幣104.9百萬元)。本集團薪酬政策內設有年度薪酬遞增及年終表現獎勵機制，藉此挽留人才、獎償及激勵員工對本集團所作的貢獻。購股權亦發放予合資格僱員，作為對彼等貢獻之認同，並提供獎賞以鼓勵於未來爭取更好的表現。

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 23 March 2018 to Wednesday, 28 March 2018 (both days inclusive) for the purpose of determining the shareholders who are entitled to attend and vote at the forthcoming annual general meeting of the Company (the “2018 AGM”). In order to qualify for attending and voting at the 2018 AGM, all transfers accompanied by the relevant share certificate must be lodged with the Company’s share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 22 March 2018.

In addition, subject to the approval of the proposed final dividend by the shareholders at the 2018 AGM on Wednesday, 28 March 2018, the register of members will be closed on Friday, 6 April 2018 for the purpose of determining shareholders who qualify for the proposed final dividend. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificate must be lodged with the Company’s share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 4 April 2018.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK8.5 cents (2016: HK5 cents) per ordinary share for the financial year. Including the interim dividend paid for the year ended 31 December 2017, total dividend payout for the year is approximately HK\$98.3 million (equivalent to approximately RMB82.3 million) (2016: HK\$84.0 million, equivalent to approximately RMB73.0 million) or a dividend payout ratio of 40% (2016: 40%). Subject to shareholders’ approval at the forthcoming annual general meeting of the Company, the final dividend will be paid in cash on or around 17 April 2018 to shareholders whose names appear on the register of members of the Company on 4 April 2018.

暫停股份過戶登記

本公司將於二零一八年三月二十三日(星期五)至二零一八年三月二十八日(星期三)(首尾兩天包括在內)暫停辦理股份過戶登記手續，以確定符合資格出席本公司應屆股東週年大會(「二零一八年股東週年大會」)並於會上投票的股東的身份。為符合資格出席二零一八年股東週年大會並於會上投票，股東最遲須於二零一八年三月二十二日(星期四)下午四時三十分前，將所有過戶文件連同有關股票一併送達本公司的股份過戶登記處香港中央證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心17樓1712-1716號舖。

此外，倘股東於二零一八年三月二十八日(星期三)舉行的二零一八年股東週年大會批准擬派末期股息，本公司將於二零一八年四月六日(星期五)暫停辦理股份過戶登記手續，以確定符合資格收取擬派末期股息的股東。為符合資格收取擬派末期股息，股東最遲須於二零一八年四月四日(星期三)下午四時三十分前，將所有過戶文件連同有關股票一併送達本公司的股份過戶登記處香港中央證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心17樓1712-1716號舖。

末期股息

董事會建議就本財政年度派付末期股息每股普通股8.5港仙(二零一六年：5港仙)。計及截至二零一七年十二月三十一日止年度派付的中期股息，全年共派息約98.3百萬港元(相當於約人民幣82.3百萬元)(二零一六年：84.0百萬港元，相當於約人民幣73.0百萬元)或派息率為40%(二零一六年：40%)。本公司將於二零一八年四月十七日或前後以現金向於二零一八年四月四日名列本公司股東名冊的股東派付末期股息，惟須待股東於本公司即將舉行的股東週年大會批准。

USE OF PROCEEDS

The shares of the Company were listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 28 October 2013 with net proceeds from the global offering of approximately HK\$390.7 million (after deducting underwriting commissions and related expenses). As of 31 December 2017 and the date of this announcement, proceeds not utilized of approximately HK\$70.4 million were deposited into interest bearing bank accounts with licensed commercial banks. The Directors intend to apply the unused proceeds in the manner as set out in the announcement of the Company dated 3 February 2016.

所得款項用途

本公司股份於二零一三年十月二十八日在香港聯合交易所有限公司(「**聯交所**」)主板上市，全球發售的所得款項淨額約為390.7百萬港元(扣除包銷佣金及相關開支)。截至二零一七年十二月三十一日及本公告日期，未動用所得款項約70.4百萬港元已存入持牌商業銀行的計息銀行賬戶。董事擬按本公司日期為二零一六年二月三日的公告所載方式動用尚未使用的所得款項。

The Board is committed to upholding a high standard of corporate governance and business ethics in the firm belief that they are essential for enhancing investors' confidence and maximizing shareholders' returns. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of stakeholders, and to comply with increasingly stringent regulatory requirements as well as fulfill its commitment to excellence in corporate governance.

After reviewing the Company's corporate governance practices and the relevant regulations of the Corporate Governance Code and Corporate Governance Report (the "CG code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the Board is satisfied that the Company complied with the CG code provisions for the entire year ended 31 December 2017.

BOARD OF DIRECTORS

The Board is committed to providing effective and responsible leadership for the Company. The Directors, individually and collectively, must act in good faith and in the best interests of the Company and its shareholders. The Board has established four Board committees, being the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee (each a "Board Committee" and collectively the "Board Committees"), to oversee different areas of the Company's affairs.

The Board currently comprises four executive Directors, namely Mr. Ziming Yang, Mr. Siu Keung Ng, Mr. Rongqin Ke and Mr. Qiang Wei and three independent non-executive Directors, namely, Mr. Yung Kwok Tsui, Mr. Honghui Chen and Mr. Ming Shu Leung.

董事會致力秉持高水平的企業管治及商業道德標準，堅信此乃提升投資者信心及增加股東回報的必然舉措。董事會不時檢討其企業管治慣例以符合權益持有人日益提高的期望、遵守愈發嚴格的監管規定並履行其對卓越企業管治的承擔。

經審閱本公司的企業管治慣例以及聯交所證券上市規則(「上市規則」)附錄十四所載企業管治守則及企業管治報告(「企業管治守則」)的相關規例，董事會信納本公司於截至二零一七年十二月三十一日止整個年度已遵守企業管治守則之守則條文。

董事會

董事會承諾為本公司提供有效及負責任的領導。董事須個別及共同地為本公司及其股東最佳利益真誠行事。董事會已成立四個董事會委員會，即審核委員會、薪酬委員會、提名委員會及企業管治委員會(各自稱為「董事會委員會」及統稱為「該等董事會委員會」)，以監察本公司事務的不同範疇。

董事會現時包括四名執行董事楊紫明先生、吳少強先生、柯榕欽先生及韋強先生，以及三名獨立非執行董事徐容國先生、陳宏輝先生及梁銘樞先生。

Their biographical details and (where applicable) their family relationships are set out in the section headed “Biographical Details of Directors and Senior Management” on pages 47 to 53 in this annual report. A list of the Directors identifying their roles and functions are available on the websites of the Company and the Stock Exchange.

Mr. Ziming Yang, the Chairman and an executive Director of the Company, is the brother-in-law of Mr. Rongqin Ke, who is an executive Director of the Company. Save as disclosed herein, there are no other financial, business, family or other material/relevant relationships among members of the Board.

The Board sets the Group’s overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews the corporate governance standard of the Group. It also decides on matters such as annual and interim results, major transactions, director appointments or re-appointments, investment policy, dividend and accounting policies. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group’s businesses to the executive Directors and members of senior management. The functions and power that are so delegated are reviewed periodically to ensure that they remain appropriate.

The Board is also responsible for developing, reviewing and monitoring the policies and practices on corporate governance and legal and regulatory compliance of the Group, and the training and continuous professional development of directors and senior management. The Board also reviews the disclosures in the Corporate Governance Report to ensure compliance.

All Board members have separate and independent access to the Group’s senior management to fulfill their duties. Independent professional advice can be sought to assist the relevant Directors to discharge their duties at the Group’s expense upon their request.

彼等的履歷詳情及(如適用)彼等的親屬關係載於本年報第47至53頁「董事及高級管理層履歷詳情」一節。列明董事角色及職能的董事名單可於本公司及聯交所網站查閱。

本公司主席兼執行董事楊紫明先生為本公司執行董事柯榕欽先生的姻兄。除本年報所披露者外，董事會成員之間概無其他財務、業務、親屬或其他重大／相關關係。

董事會制訂本集團的整體目標及策略、監察及評估其營運及財務表現並審閱本集團的企業管治準則。其亦就年度及中期業績、主要交易、委任及續聘董事、投資政策、股息及會計政策等事宜作出決定。董事會已指派及授權執行董事及高級管理層成員負責執行其業務策略及管理本集團業務的日常營運。董事會定期檢討所委派職能及權力以確保有關指派仍屬合適。

董事會亦負責制定、檢討及監察本集團的企業管治政策及慣例與遵守法律及法規情況，以及董事及高級管理層的培訓及持續專業發展。董事會亦審閱企業管治報告內的披露資料以確保符合要求。

各董事會成員可分別獨立接觸本集團的高級管理層，以履行彼等的職責。相關董事亦可要求徵詢獨立專業意見，協助彼等履行職責，費用由本集團承擔。

All Directors are required to declare to the Board upon their first appointment, the directorships or other positions they are concurrently holding at other companies or organizations. These interests are updated on an annual basis as and when necessary.

BOARD COMMITTEES

The Board is supported by a number of committees, including the Audit Committee, Nomination Committee, Remuneration Committee and Corporate Governance Committee. Each Board Committee has its defined and written terms of reference approved by the Board covering its duties, powers and functions. Their terms of reference are available on the websites of the Company and the Stock Exchange.

All Board Committees are provided with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary.

(i) Audit Committee

The Audit Committee was established on 8 October 2013. The Audit Committee comprises three Independent non-executive Directors, namely Mr. Yung Kwok Tsui, Mr. Honghui Chen, and Mr. Ming Shu Leung. Mr. Yung Kwok Tsui, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the Audit Committee.

The principal responsibilities of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems, and relationship with external auditors of the Group, overseeing the audit process and performing other duties and such responsibilities as assigned by the Board. The Audit Committee meets with the Company's external and internal auditors, and reviews their audit plans, the internal audit programs, the results of their examinations as well as their evaluations of the system of risk management and internal control.

全體董事須於首次獲委任時向董事會申報彼等同時在其他公司或機構擔任的董事或其他職務。有關利益申報每年或於需要時更新。

董事會委員會

董事會獲得多個委員會包括審核委員會、提名委員會、薪酬委員會及企業管治委員會支援。各董事會委員會均設經董事會批准的明確書面職權範圍，涵蓋其職責、權力及職能。彼等的職權範圍於本公司及聯交所網站可供查閱。

所有該等董事會委員會均獲提供足夠資源以履行其職務，包括於需要時取得管理層或專業意見。

(i) 審核委員會

審核委員會於二零一三年十月八日成立。審核委員會包括三名獨立非執行董事徐容國先生、陳宏輝先生及梁銘樞先生。徐容國先生擁有合適專業資格且具備會計事務經驗，獲委任為審核委員會主席。

審核委員會的主要職責為協助董事會，就財務申報過程、內部監控及風險管理系統是否有效及維持與本集團外聘核數師關係提供獨立意見、監督審核過程及履行董事會委派的其他職責及有關責任。審核委員會與本公司之外聘核數師及內部核數師會晤，並審閱其審核計劃、內部審核程序、其審查及評估風險管理及內部監控系統之結果。

The Audit Committee held 2 meetings during the year ended 31 December 2017. Major work completed by the Audit Committee during the year includes:

- reviewed the Group's annual report, interim financial information and annual financial statements;
- reviewed significant accounting and audit issues;
- reviewed the external auditor's qualifications, independence and performance;
- reviewed the external auditor's management letter and the management's response;
- reviewed annual internal audit plans;
- assisted the Board to evaluate on the effectiveness of financial reporting procedures and internal control system; and
- advised on material event or drawing the attention of the management on related risks;
- reviewed the adequacy and effectiveness of the Group's systems of internal control and risk management;
- reviewed connected transactions entered into by the Group or subsisting during the year.

審核委員會於截至二零一七年十二月三十一日止年度舉行兩次會議。審核委員會於年內完成的重要工作包括：

- 審閱本集團的年報、中期財務資料及年度財務報表；
- 審閱主要會計及核數事宜；
- 審閱外聘核數師的資格、獨立身份及表現；
- 審閱外聘核數師的管理層函件及管理層的回應；
- 審閱年度內部審核計劃；
- 協助董事會評估財務申報流程及內部監控系統的有效性；及
- 就重大事件提供意見或敦請管理層垂注有關風險；
- 審閱本集團內部監控及風險管理系統的合適性及有效性；
- 審閱於本年度由本集團訂立或存續之關連交易。

(ii) Remuneration Committee

The Remuneration Committee was established on 8 October 2013. The Remuneration Committee comprises two independent non-executive Directors and one Executive Director, namely Mr. Yung Kwok Tsui, Mr. Ming Shu Leung and Mr. Siu Keung Ng. Mr. Yung Kwok Tsui is the chairman of the Remuneration Committee. The principal responsibilities of the Remuneration Committee are to review and make recommendations to the Board on the overall remuneration structure and policy for all Directors and senior management as well as the specific remuneration packages for the executive Directors and senior management and on the establishment of a formal and transparent process for developing such remuneration policy. No Director takes part in any discussion on his own remuneration. The Company's objective for its remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration and fees paid to members of the Board, market rates and factors such as each director's workload, performance, responsibility, job complexity and the Group's performance are taken into account.

The Remuneration Committee held one meeting during the year ended 31 December 2017 and has reviewed the remuneration policy and structure relating to the Directors and senior management of the Company and the Company's share option scheme.

The remuneration of the members of the senior management of the Group by band for the year ended 31 December 2017 is set out below:

(ii) 薪酬委員會

薪酬委員會於二零一三年十月八日成立。薪酬委員會包括兩名獨立非執行董事徐容國先生及梁銘樞先生以及一名執行董事吳少強先生。徐容國先生為薪酬委員會主席。薪酬委員會的主要職責為檢討全體董事及高級管理層的整體薪酬架構及政策以及執行董事及高級管理層的個別薪酬組合，及就制定此等薪酬政策設立正規而具透明度的程序，並就以上事項向董事會提供建議。概無董事參與有關其本身薪酬的任何討論。本公司對薪酬政策的目標是根據業務所需及行業慣例，確保薪酬待遇公平及具競爭力。本公司因應市場水準、各董事的工作量、表現、職責、工作難度及本集團表現等因素，釐定向董事會成員支付的薪酬及袍金水平。

薪酬委員會於截至二零一七年十二月三十一日止年度內舉行一次會議，檢討有關董事及本公司高級管理層的薪酬政策及架構以及本公司之購股權計劃。

截至二零一七年十二月三十一日止年度按範圍劃分本集團高級管理層成員的酬金載列如下：

| Remuneration bands 酬金範圍 | | Number of persons 人數 |
|--------------------------------|----------------------------|-------------------------|
| Nil to HK\$1,000,000 | 零至 1,000,000 港元 | 9 |
| HK\$1,000,001 to HK\$1,500,000 | 1,000,001 港元至 1,500,000 港元 | 1 |
| HK\$1,500,001 to HK\$2,000,000 | 1,500,001 港元至 2,000,000 港元 | 2 |

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 6 and 7 to the financial statements.

(iii) Nomination Committee

The Nomination Committee was established on 8 October 2013. It comprises one executive Director and two independent non-executive Directors, namely Mr. Ziming Yang, Mr. Honghui Chen and Mr. Ming Shu Leung. Mr. Ziming Yang is the Chairman of the Nomination Committee. The principal responsibilities of the Nomination Committee are to review the composition of the Board, including its structure, size and diversity at least annually to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Group. It is also responsible for considering and recommending to the Board suitably qualified persons to become a member of the Board, monitor the succession planning of Directors and assess the independence of independent non-executive Directors. The Nomination Committee will also give consideration to the Board Diversity Policy (as defined below) when identifying suitably qualified candidates to become members of the Board, and the Board will review the Board Diversity Policy (as defined below), so as to develop and review measurable objectives for the implementing the Board Diversity Policy (as defined below) and to monitor the progress on achieving these objectives.

The Nomination Committee held one meeting during the year ended 31 December 2017 and reviewed the size, diversity and composition of the Board.

根據上市規則附錄十六須予披露的有關董事酬金及五名最高薪酬僱員的進一步詳情載於財務報表附註6及7。

(iii) 提名委員會

提名委員會於二零一三年十月八日成立。委員會包括一名執行董事楊紫明先生以及兩名獨立非執行董事陳宏輝先生及梁銘樞先生。楊紫明先生為提名委員會主席。提名委員會的主要職責為最少每年檢討董事會的組成一次，內容包括其架構、規模及多元化，以確保董事會具備適合本集團業務所需的均衡專業知識、技能及經驗。提名委員會亦負責考慮及向董事會推薦適當合資格人士加入董事會、監察董事繼任安排以及評估獨立非執行董事的獨立身份。提名委員會於物色適當合資格人選成為董事會成員時，亦考慮董事會多元化政策(定義見下文)，而董事會將檢討董事會多元化政策(定義見下文)以為執行董事會多元化政策(定義見下文)訂立及檢討可計量目標，並監察達成該等目標的進度。

提名委員會於截至二零一七年十二月三十一日止年度內舉行一次會議，檢討董事會的規模、多元化及組成。

(iv) Corporate Governance Committee

The Corporate Governance Committee was established on 8 October 2013. It comprises two executive Directors and two independent non-executive Directors, namely Mr. Siu Keung Ng, Mr. Qiang Wei, Mr. Yung Kwok Tsui and Mr. Ming Shu Leung. Mr. Siu Keung Ng is the Chairman of the Corporate Governance Committee. The principal responsibilities of the Corporate Governance Committee are to review and monitor the Company's policies and practices on corporate governance, the training and continuous professional development of the Company's Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and to review the Company's compliance with the CG Code set out in Appendix 14 to the Listing Rules.

The Corporate Governance Committee held one meeting during the year ended 31 December 2017 and has reviewed the Group's corporate governance policies and practices and sufficiency of training to the Company's Directors and senior management.

BOARD MEETINGS

Board meetings are held regularly and at least four times a year at approximately quarterly intervals. For regular Board meetings, notices of at least 14 days are given to facilitate maximum attendance of the Directors and agenda with supporting papers are sent to Directors not less than 3 days before the relevant meeting is held. Directors may propose to the Chairman or the Company Secretary to include matters in the agenda for regular board meetings. At the meeting, the Directors are provided with the relevant documents to be considered and approved. Draft and final versions of minutes are sent to all Directors for their comments and records respectively within a reasonable time after the board meeting is held. Minutes of Board meetings are taken by the Company Secretary or a duly appointed secretary of the Board meeting and are open for inspection by any Director.

(iv) 企業管治委員會

企業管治委員會於二零一三年十月八日成立。委員會包括兩名執行董事吳少強先生及韋強先生以及兩名獨立非執行董事徐容國先生及梁銘樞先生。吳少強先生為企業管治委員會主席。企業管治委員會的主要職責為檢討及監察本公司的企業管治政策及慣例、本公司董事及高級管理層的培訓及持續專業發展、本公司的政策及慣例是否遵守法律及監管規定，並檢討本公司遵守上市規則附錄十四所載企業管治守則的合規情況。

企業管治委員會於截至二零一七年十二月三十一日止年度內舉行一次會議，檢討本集團的企業管治政策及慣例以及向本公司董事及高級管理層提供的培訓是否充足。

董事會會議

董事會會議定期舉行，每年至少四次，約每季度舉行一次。就定期董事會會議而言，董事於舉行相關會議前最少14天接獲通知，以便更多董事出席會議，而議程（連同開會文件）於相關會議舉行前最少3天送呈各董事。董事可向主席或公司秘書建議於定期董事會會議議程內增加事項。於會議上，董事獲提供相關文件以供考慮及批准。於董事會會議召開後合理時間內，全體董事均獲發會議記錄的初稿及定稿，以供彼等提供意見和記錄存檔。董事會會議記錄由公司秘書或正式委任的董事會會議秘書負責保存，可公開由任何董事查閱。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

The table below sets out the attendance of each Director at the annual general meeting (the “AGM”) and the meetings of the Board and other Board committees held during the year:

下表載列各董事出席年內舉行的股東週年大會(「股東週年大會」)、董事會會議及其他董事會委員會會議的情況：

| | | Meetings attended/held 出席/舉行會議 | | | | | Corporate governance committee 企業管治 委員會 |
|--|-------|-----------------------------------|-------|-----------------|------------------------|----------------------|---|
| | | AGM | Board | Audit Committee | Remuneration committee | Nomination committee | |
| | | 股東週年大會 | 董事會 | 審核委員會 | 薪酬委員會 | 提名委員會 | |
| Executive Directors 執行董事 | | | | | | | |
| Mr. Ziming Yang | 楊紫明先生 | 1/1 | 4/6 | N/A 不適用 | N/A 不適用 | 1/1 | N/A 不適用 |
| Mr. Siu Keung Ng | 吳少強先生 | 1/1 | 6/6 | N/A 不適用 | 1/1 | N/A 不適用 | 1/1 |
| Mr. Rongqin Ke | 柯榕欽先生 | 0/1 | 5/6 | N/A 不適用 | N/A 不適用 | N/A 不適用 | N/A 不適用 |
| Mr. Qiang Wei | 韋強先生 | 0/1 | 6/6 | N/A 不適用 | N/A 不適用 | N/A 不適用 | 1/1 |
| Independent non-executive Directors 獨立非執行董事 | | | | | | | |
| Mr. Yung Kwok Tsui | 徐容國先生 | 1/1 | 6/6 | 2/2 | 1/1 | N/A 不適用 | 1/1 |
| Mr. Honghui Chen | 陳宏輝先生 | 0/1 | 6/6 | 2/2 | N/A 不適用 | 1/1 | N/A 不適用 |
| Mr. Ming Shu Leung | 梁銘樞先生 | 0/1 | 6/6 | 2/2 | 1/1 | 1/1 | 1/1 |

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors and independent non-executive Directors of the Company has entered into a service contract with the Company for a term of three years commencing from 28 October 2016, subject to his retirement and re-election at annual general meeting in accordance with the Company’s articles of association.

委任及重選董事

本公司各執行董事及獨立非執行董事均與本公司訂有服務合約，任期為自二零一六年十月二十八日起計三年，惟須根據本公司的組織章程細則於股東週年大會退任及重選。

In accordance with the Company's articles of association, a person may be appointed as a Director either by the shareholders in general meeting or by the Board. Any Directors appointed by the Board as additional Directors or to fill casual vacancies shall hold office until the next following general meeting, and are eligible for re-election by the shareholders. In addition, all Directors are required to retire by rotation at least once every three years at the annual general meeting, and are eligible for re-election by the shareholders.

BOARD DIVERSITY POLICY

Pursuant to the CG Code, the Board adopted a board diversity policy (the “**Board Diversity Policy**”) on 8 October 2013. The Company recognizes and embraces the benefits of diversity of Board members. While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge.

DIRECTORS' AND OFFICERS' INSURANCE

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers.

根據本公司的組織章程細則，任何人士均可由股東於股東大會上或由董事會委任為董事。任何獲董事會委任為新增董事或委任以填補臨時空缺的董事的任期僅直至下屆股東大會為止，惟彼等符合資格由股東重選。此外，全體董事均須最少每隔三年於股東週年大會上輪值告退，並符合資格由股東重選。

董事會多元化政策

根據企業管治守則，董事會於二零一三年十月八日採納董事會多元化政策（「**董事會多元化政策**」）。本公司肯定並致力實現董事會成員多元化的益處。在董事會所有任命將繼續奉行任人唯才的原則的同時，本公司將確保董事會在切合本公司業務所需的技能、經驗、不同觀點方面取得平衡。挑選候選人時會從多個方面考慮董事會成員多元化，包括但不限於性別、年齡、文化及教育背景、專業或其他經驗、技術及知識。

董事及行政人員的保險

本公司已就其董事及行政人員可能會面對的法律訴訟作出適當的投保安排。

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

All Directors are aware of their responsibilities to the Shareholders and have exercised their duties with care, skill and diligence, in pursuit of the development of the Group. All Directors are provided with monthly updates on the Company's performance and financial position to enable the Board as a whole and each Director to discharge their duties. In addition, briefings and updates on the latest development regarding the Listing Rules and other applicable regulatory requirements are provided to the Board during Board meetings to ensure compliance and enhance their awareness of good corporate governance practices. In November 2017, the Company, together with its legal adviser, organized a training session to provide the Directors with an update on the Listing Rules.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and Chief Executive Officer are separate and are not performed by the same individual as this ensures better checks and balances and hence better corporate governance. Mr. Ziming Yang holds the position of the Chairman, who is primarily responsible for strategic positioning. Mr. Siu Keung Ng serves as the Chief Executive Officer, who is primarily responsible for the operations and business development of the Group.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The role of the Independent Non-executive Directors is to provide independent and objective opinions to the Board, giving adequate control and balances for the Group to protect the overall interests of the shareholders and the Group. They serve actively on the Board and its committees to provide their independent and objective views.

董事持續培訓及專業發展

全體董事均知悉彼等對股東的責任，履行彼等的職責時以應有的謹慎、技能和勤勉行事，致力推動本集團的發展。全體董事每月均獲提供有關本公司表現及財務狀況的最新資料，以便董事會整體及各董事履行職務。此外，於董事會會議期間，各董事獲提供有關上市規則及其他適用監管規定的最新發展簡介及最新資料，確保有關規定獲得遵守及加強董事對良好企業管治常規的意識。於二零一七年十一月，本公司連同其法律顧問舉辦了一次培訓向各董事提供上市規則的最新資料。

主席及行政總裁

主席及行政總裁的角色已有區分，且並非由同一人士兼任，此可確保較好的制衡作用，從而達至更佳的企業管治。楊紫明先生擔任主席，主要負責制定策略。吳少強先生擔任行政總裁，主要負責本集團營運及業務發展。

獨立非執行董事的獨立身份

獨立非執行董事的角色乃向董事會提供獨立及客觀的意見，為本集團提供足夠的制約及平衡，以保障股東及本集團整體利益。彼等於董事會及其委員會上積極提供獨立及客觀的意見。

In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, the Company has appointed three independent non-executive Directors, representing more than one-third of the Board. One of the independent non-executive Directors has the appropriate professional qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

Each independent non-executive Director has submitted annual confirmation of his independence to the Company pursuant to rule 3.13 of the Listing Rules. Based on the contents of such confirmations, the Company considers that all of the independent non-executive Directors are independent.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the Company's code of conduct regarding Directors' securities transactions (the "**Securities Dealing Code**"). Upon specific enquiries, all Directors confirmed that they have complied with the relevant provisions of the Securities Dealing Code throughout the year ended 31 December 2017.

Senior management who, because of their office in the Company, are likely to be in possession of inside information, have also been requested to comply with the provisions of the Securities Dealing Code when dealing in the Company's shares.

COMPANY SECRETARY

Ms. Lai Wah Wong, the Company Secretary of the Company, is a full-time employee of the Group and has day-to-day knowledge of the Company's affairs. She also serves as the secretary of the Audit Committee, the Nomination Committee, the Remuneration Committee, the Corporate Governance Committee and other board committees as organised by the Board from time to time. Ms. Wong is responsible for advising the Board through the Chairman and/or the Chief Executive Officer on governance matters.

為遵守上市規則第3.10(1)條及3.10A條，本公司已委任三名獨立非執行董事，超過董事會人數三分之一。按上市規則第3.10(2)條的規定，其中一名獨立非執行董事具備合適會計專業資格或相關財務管理專業知識。

各獨立非執行董事已按上市規則第3.13條規定，向本公司提交其年度獨立身份確認書。根據該等確認書的內容，本公司認為全體獨立非執行董事均屬獨立。

董事進行證券交易

本公司已採納上市規則附錄十所載上市發行人董事進行證券交易的標準守則作為本公司有關董事進行證券交易的行為守則（「**證券交易守則**」）。經作出特定查詢後，全體董事均已確認彼等於截至二零一七年十二月三十一日止整個年度一直遵守證券交易守則的相關條文。

因受聘於本公司而可能獲得內幕消息的高級管理層，於買賣本公司股份時亦須遵守證券交易守則的條文。

公司秘書

本公司公司秘書黃麗華女士為本集團全職僱員，熟悉本公司的日常事務。其亦擔任審核委員會、提名委員會、薪酬委員會、企業管治委員會及董事會不時組織的其他董事委員會的秘書。黃女士負責就管治事宜透過主席及／或行政總裁向董事會提供意見。

During the financial year, the Company Secretary complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules. The biographical details of the Company Secretary is set out in the section headed “Biographical Details of Directors and Senior Management” on pages 47 to 53 in the annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognizes its responsibility to ensure the Company maintains a sound and effective risk management and internal control system. The Group’s internal control system is designed to safeguard assets against misappropriation and unauthorized disposition and to manage operational risks. Review of the Group’s internal controls covering major financial, operational and compliance controls, as well as risk management functions. The controls built into the risk management system are intended to manage, not eliminate, significant risks in the Group’s business environment.

The Group’s risk management framework includes the following elements:

- identify significant risks in the Group’s operation environment and evaluate the impacts of those risks on the Group’s business;
- develop necessary measures to manage those risks;
- monitor and review the effectiveness of such measures.

The implementation of risk management framework of the Group was assisted by the Group’s internal audit department so that the Group could ensure new and emerging risks relevant to the Group’s operation are promptly identified by management, assess the adequacy of action plans to manage these risks and monitor and evaluate the effectiveness of the action plans. These are on-going processes and our Audit Committee reviews periodically the Group’s risk management systems.

於財政年度內，公司秘書已遵守上市規則第3.29條下相關專業培訓規定。公司秘書的履歷詳情載於本年報第47至53頁「董事及高級管理層履歷詳情」一節。

風險管理及內部監控

董事會確認其確保本公司維持健全有效風險管理及內部監控系統的責任。本集團的內部監控系統乃為確保資產不會被不當挪用及未經授權處理以及管理經營風險而設計。本集團的內部監控檢討涵蓋主要財務、營運及合規監控以及風險管理職能。風險管理系統中設立的監控乃為管理而非消除本集團業務環境的重大風險。

本集團的風險管理框架包括以下部分：

- 識別本集團業務環境的重大風險及評估該等風險對本集團業務的影響；
- 制定必要措施以管理該等風險；
- 監察及檢討有關措施的有效性。

本集團內部審計部門協助執行本集團風險管理框架，因此本集團能確保與本集團營運有關的新出現風險可由管理層立即識別，評估執行計劃的充分性以管理該等風險以及監控及評估執行計劃的有效性。上述均為持續程序且審核委員會定期檢討本集團風險管理系統。

Audit committee reported to the Board the implementation of the Group's risk management and internal control policy which, among other things, included the determination of risk factors, evaluation of risk level the Group could take and effectiveness of risk management measures. Based on the reports from the Group's internal control department and the Audit Committee, the Board considers the Group's risk management and internal control system is adequate and effective and the Group has complied with the provisions on risk management and internal controls as set out in the CG code.

DIRECTORS' RESPONSIBILITY IN PREPARING FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's accounts which give a true and fair view of the Group's state of affairs, results and cash flows for the year and in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, and the Companies Ordinance. The Company has selected appropriate accounting policies and has applied them consistently based on prudent and reasonable judgments and estimates. The Board considers that the Group has adequate resources to continue in business for the foreseeable future and not aware of any material uncertainties relating to events or conditions that may affect the business of the Company or cast doubts on its ability to continue as going concern.

EXTERNAL AUDITOR

KPMG has been appointed as the external auditor of the Company. The Audit Committee has been notified of the nature and the service charges of non-audit services performed by KPMG and considered that such services have no adverse effect on the independence of the external auditor.

審核委員會向董事會呈報本集團的風險管理及內部監控政策的執行情況，其中包括釐定風險因素、評估本集團能承受的風險級別及風險管理措施的有效性。根據本集團內部監控部門及審核委員會報告，董事會認為，本集團的風險管理及內部監控系統屬適當及有效且本集團已遵守企業管治守則所載之風險管理及內部監控條文。

董事負責編製財務報表

董事會明白本身有責任根據國際會計準則委員會頒佈的國際財務報告準則及公司條例編製本公司賬目，真實公平反映本集團於本年度的事務狀況、業績及現金流量。本公司已根據審慎及合理的判斷及估計選擇合適的會計政策並貫徹採用。董事會認為本集團備有充足資源於可見未來繼續經營業務，且並不知悉任何可能影響本公司業務或致令本公司持續經營能力成疑的事件或狀況的重大不確定因素。

外聘核數師

畢馬威會計師事務所已獲委任為本公司的外聘核數師。審核委員會已獲知會畢馬威會計師事務所提供非核數服務的性質及服務收費，認為有關服務對外聘核數師的獨立身份並無不利影響。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

During the year, the fees payable to KPMG or its affiliated firms comprise service charges for the following:

於本年度，應付畢馬威會計師事務所或其聯屬公司的費用包括下列項目的服務費：

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---------------------------|--------|-----------------------------------|-----------------------------------|
| Statutory audit | 法定審核 | 2,238 | 2,100 |
| Review of interim results | 審閱中期業績 | 800 | 800 |
| Internal control review | 內部監控審閱 | 150 | 200 |

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor during the year under review.

於回顧年度，董事會與審核委員會就挑選及委任外聘核數師並無任何意見分歧。

NON-COMPETE UNDERTAKING BY CONTROLLING SHAREHOLDERS

Mr. Ziming Yang, Acute Result Holdings Limited, Ascend Fame Limited, Prime Ascend Limited are the controlling shareholders (within the meaning of the Listing Rules) of the Company (the “**Controlling Shareholders**”). Each of the Controlling Shareholders has confirmed to the Company that none of them is engaged in, or interested in any business (other than the Group) which directly or indirectly competes or may compete with the business of the Group. To protect the Group from any potential competition, the Controlling Shareholders have given an irrevocable non-compete undertaking in the Group’s favour on 8 October 2013 (the “**Deed of Non-competition**”).

控股股東作出的不競爭承諾

楊紫明先生、銳成控股有限公司、昇譽有限公司及元陞有限公司為本公司控股股東（「**控股股東**」，具上市規則涵義）。各控股股東已向本公司確認，除本集團業務外，彼等概無從事任何與本集團業務直接或間接構成或可能構成競爭的業務，亦無於該等業務中擁有權益。為保障本集團免於面對任何潛在競爭，控股股東已於二零一三年十月八日向本集團作出不可撤回不競爭承諾（「**不競爭契據**」）。

In order to properly manage any potential or actual conflict of interests between the Group and the Controlling Shareholders in relation to the compliance and enforcement of the non-compete undertaking, the Company has adopted the following corporate governance measures:

- (a) the independent non-executive Directors will review, on an annual basis, the compliance with the undertaking given by the Controlling Shareholders under the Deed of Non-competition;
- (b) the Controlling Shareholders undertake to provide all information requested by the Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition;
- (c) the Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the non-compete undertaking of the Controlling Shareholders under the Deed of Non-competition in the annual reports of the Company; and
- (d) the Controlling Shareholders will make an annual declaration on compliance with their undertaking under the Deed of Non-competition in the annual report of the Company.

The Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between the Controlling Shareholders and their respective associates and the Group and to protect the interests of the shareholders, in particular, the minority shareholders.

Each of the Controlling Shareholders has confirmed to the Company that he/it has complied with the Deed of Non-competition. The independent non-executive Directors of the Company have reviewed the status of compliance and enforcement of the Deed of Non-competition and confirmed that all the undertakings thereunder have been complied with.

為妥善管理本集團與控股股東之間有關遵守及執行不競爭承諾的任何潛在或實際利益衝突，本公司已採納以下企業管治措施：

- (a) 獨立非執行董事將每年檢討控股股東遵守不競爭契據項下承諾的情況；
- (b) 控股股東承諾提供本公司所要求就獨立非執行董事進行年度檢討及不競爭契據執行情況所必要的一切資料；
- (c) 本公司將透過本公司年報披露獨立非執行董事有關檢討控股股東遵守及執行不競爭契據項下不競爭承諾事宜的任何決定；及
- (d) 控股股東將每年於本公司年報內就遵守彼等於不競爭契據項下承諾作出聲明。

董事認為，上述企業管治措施足以管理控股股東及彼等各自的聯繫人與本集團之間任何潛在利益衝突，以及保障股東（尤其是少數股東）的利益。

各控股股東已向本公司確認，其已遵守不競爭契據。本公司獨立非執行董事已檢討不競爭契據的遵守及執行情況，並確認契據項下一切承諾已獲遵守。

COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

The Company aims to, via its corporate governance structure, enable all its shareholders an equal opportunity to exercise their rights in an informed manner and allow all shareholders to engage actively with the Company. Under the Company's articles of association, the shareholder communication policy and other relevant internal procedures of the Company, the shareholders of the Company enjoy, among others, the following rights:

(i) Participation at general meetings

The general meetings of the Company provide an opportunity for direct communication between the Board and the shareholders. The Company encourages the participation of the shareholders through annual general meetings and other general meetings where the shareholders meet and exchange views with the Board, and to exercise their right to vote at meetings. The Company shall arrange notices of meetings and circulars containing details on proposed resolutions to be sent to the shareholders no less than 20 business days before the meeting. At general meetings, separate resolutions are proposed on each substantial issue, including the election of individual Directors.

(ii) Enquiries and proposals to the Board

The Company encourages shareholders to attend Shareholders' meetings and make proposals by either directly raising questions on both operational and governance matters to the Board and Board Committees at the general meetings or providing written notice of such proposals for the attention of the Company Secretary at the registered office of the Company in Hong Kong currently situated at Unit A&B, 26 Floor, Billion Plaza II, 10 Cheung Yue Street, Cheung Sha Wan, Kowloon or via email to ir@cabbeen.com.

與股東溝通及股東權利

本公司旨在透過其企業管治架構，讓全體股東有平等機會在知情情況下行使其權利，並讓全體股東積極參與本公司事務。根據本公司的組織章程細則、股東溝通政策及本公司其他相關內部程序，本公司股東可享(其中包括)以下權利：

(i) 參加股東大會

本公司的股東大會提供機會讓董事會與股東直接溝通。本公司鼓勵股東透過出席股東週年大會及其他股東大會參與本公司事務，會上股東可與董事會會面及交流意見，及行使其投票權利。本公司將安排於舉行大會前不少於20個營業日向股東發出大會通告及載有提呈決議案詳情的通函。於股東大會上，將就各重大事項(包括選舉個別董事)提呈獨立決議案。

(ii) 向董事會查詢及提出建議

本公司鼓勵股東出席股東大會，並透過以下方式作出建議：於股東大會向董事會及董事會委員會就有關營運及管治事宜直接提問，或將有關建議以書面形式送交本公司的香港註冊辦事處，現時地址為九龍長沙灣長裕街10號億京廣場二期26樓A及B室，或電郵至 ir@cabbeen.com 以呈交公司秘書。

(iii) Convening extraordinary general meetings

The Directors may, whenever they think fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid-up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the Company Secretary and deposited at the registered office of the Company in Hong Kong currently situated at Unit A&B, 26 Floor, Billion Plaza II, 10 Cheung Yue Street, Cheung Sha Wan, Kowloon for the purpose of requiring an extraordinary general meeting to be called by the Directors for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Directors fail 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 Directors shall be reimbursed to the requisitionist(s) by the Company.

There are no provisions under the Company's articles of association or the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

(iii) 召開股東特別大會

董事可酌情隨時召開股東特別大會。於提呈有關要求當日擁有權利於股東大會投票的本公司繳足股本不少於十分之一的一名或多名股東亦可要求召開股東特別大會。有關要求應以書面方式向董事或公司秘書提出，並送交本公司的香港註冊辦事處，現時地址為九龍長沙灣長裕街10號億京廣場二期26樓A及B室，以要求董事就處理有關要求所指任何事務召開股東特別大會。有關大會須於提出有關要求後兩個月內舉行。倘於提出有關要求後二十一(21)日內董事仍未召開有關大會，則提出要求的人士可以相同形式召開大會，而提出要求人士因董事未有因應要求召開大會而產生的一切合理開支將由本公司向提出要求的人士償付。

本公司組織章程細則或開曼群島第22章公司法(一九六一年第3號法案，綜合及經修訂)概無有關股東在股東大會提出建議的程序的規定(提名候選董事的建議除外)。股東可根據上文所載程序召開股東特別大會以處理有關書面要求提出的任何事務。

The notice of annual general meeting together with the accompanying circular setting out the relevant information as required under the Listing Rules are sent to shareholders at least 20 clear business days prior to the meeting. Poll voting has been adopted for decision-making at Shareholders' meetings to ensure that each share is entitled to one vote. Details of the poll voting procedures are set out in the circular sent to Shareholders prior to the meeting and explained at the commencement of the meeting. Voting results are posted on the Company's website on the day of the annual general meeting.

(iv) Procedures for proposing a person for election as a Director

Pursuant to the Article 85 of the articles of associations of the Company, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice (as defined therein) signed by a Member (as defined therein) (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that (if the Notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such Notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

CONSTITUTIONAL DOCUMENTS

There was no change in the memorandum and articles of association of the Company during the year ended 31 December 2017.

股東週年大會通告連同上市規則規定須列明相關資料的隨附通函於大會前至少20個完整營業日向股東發出。於股東大會上的決定乃採納按股數投票表決方式，以確保每股股份均有一票投票權。投票表決程序的詳情載於在大會前寄發予股東的通函，並於大會開始時加以解釋。投票表決結果於股東週年大會當日在本公司網站公佈。

(iv) 提名人士參選董事的程序

根據本公司的組織章程細則第85條，除非獲董事推薦參選，或由正式合資格出席大會並可於會上投票的股東（定義見組織章程細則）（並非擬參選者）簽署通知（定義見組織章程細則），表明擬提名相關人士參選，且獲提名人士簽署該通知表明願意參選，否則除會上退任董事外，概無任何人士有資格於任何股東大會上參選董事。上述通知須呈交總辦事處或過戶登記處，通知期不得少於七(7)日，如該等通知是於就選舉董事而召開股東大會的通告寄發後始呈交，則呈交該(等)通知的期間為就選舉董事而召開股東大會的通告寄發後翌日起計至不遲於該股東大會舉行日期前七(7)日。

章程文件

於截至二零一七年十二月三十一日止年度，本公司的組織章程大綱及細則概無變動。

EXECUTIVE DIRECTORS

Mr. Ziming Yang (楊紫明), aged 46, is the founder of our Group. He is also the chairman of the Board of our Company. He was appointed as an executive Director on 3 November 2011. Mr. Yang is primarily responsible for our overall corporate strategies, planning and business development, and leads our design and research and development team.

Mr. Yang first started his fashion and wholesale of apparel business in April 1992. In October 1997, Mr. Yang began to design and wholesale our Cabbeen branded apparel. Mr. Yang has over 20 years of experience in design. He has been one of the most famous designers in China, who won the award for “Best Menswear Designer”* (最佳男裝設計師) at the China International Fashion Week* (中國國際時裝週) in 2009 and “The 14th China Fashion Design Top Award”* (第14屆中國時裝設計金頂獎), which is the top honor in apparel design in China in 2010. Mr. Yang was accredited as “2010 Quanzhou Economic Figure” (2010年度泉州經濟人物) and was the member of the 10th China Young Entrepreneurs Association (第十屆中國青年企業家協會會員) in 2010. In 2011, he was the chairperson of Shishi Youth Chamber of Commerce’s Council (石獅市青年商會理事會會長), honorable president of Shishi Textile & Garments Commerce Chamber’s Council (石獅市紡織服裝商會理事會名譽會長) and a committee member of the 11th Committee of All-China Youth Federation (中華全國青年聯合會第十一屆委員會委員). In 2012, Mr. Yang was the first president of the Fashion Designers’ Association of Fujian Province* (福建省服裝設計師協會第一屆會長) and the honorable president of Quanzhou APEC Commerce Chamber’s Council* (泉州APEC商務協會名譽會長). In March 2013, Mr. Yang became the consulting professor of Beijing Institute of Fashion Technology (北京服裝學院). In April 2014, Fujian Normal University (福建師範大學) appointed Mr. Yang as a guest professor. In addition, Mr. Yang is currently the vice president and a member of the standing committee and the arts committee of the China Fashion Designers Association (中國服裝設計師協會). Mr. Yang has been the vice president of the

執行董事

楊紫明先生，46歲，本集團創辦人。彼亦為本公司董事會主席。彼於二零一一年十一月三日獲委任為執行董事。楊先生主要負責我們的整體公司策略、規劃及業務發展並領導我們的設計及研發團隊。

楊先生最初於一九九二年四月開始其時裝及服裝批發業務。一九九七年十月，楊先生開始設計及批發Cabbeen品牌服裝。楊先生在設計方面擁有逾二十年經驗。彼為中國最知名設計師之一，於二零零九年中國國際時裝週榮獲「最佳男裝設計師」獎，並於二零一零年榮獲中國服裝設計最高榮譽的「第14屆中國時裝設計金頂獎」。楊先生於二零一零年獲評為「2010年度泉州經濟人物」，並為第十屆中國青年企業家協會會員。二零一一年，彼為石獅市青年商會理事會會長、石獅市紡織服裝商會理事會名譽會長及中華全國青年聯合會第十一屆委員會委員。二零一二年，楊先生擔任福建省服裝設計師協會第一屆會長及泉州APEC商務協會名譽會長。二零一三年三月，楊先生出任北京服裝學院顧問教授。二零一四年四月，楊先生獲福建師範大學聘任為客座教授。此外，楊先生現為中國服裝設計師協會副主席及常務理事會理事和藝術委員會委員。楊先生亦自二零一三年十月起擔任中國服裝協會理事會副會長。

董事及高級管理層履歷詳情(續)

standing committee of the China Garment Association* (中國服裝協會) since October 2013. In April 2013, Mr. Yang was awarded as 2012 Innovative person of China textile industry* (2012 中國紡織行業年度創新人物) by The Association of China Textile Industry* (中國紡織工業聯合會).

Mr. Yang received his EMBA in Sun Yat-Sen University (中山大學) in June 2011. Mr. Yang is the brother-in-law of Mr. Rongqin Ke (柯榕欽) who is also our executive Director.

Mr. Siu Keung Ng (吳少強), aged 47, is one of the founding members of our Group and has been appointed as an executive Director of our Company on 18 February 2013. Mr. Siu Keung Ng is primarily responsible for our overall corporate planning and strategy execution and is the chief executive officer of our Group since July 2010. Mr. Ng has over 15 years of experience in various aspects, including business operation, management, sales, procurement, financial and human resource. Mr. Ng has been with our Group since 1997. Mr. Ng obtained his bachelor's degree in material engineering majoring in forge craft and equipment from Shanghai Jiao Tong University (上海交通大學) in July 1992.

Mr. Rongqin Ke (柯榕欽), aged 43, is one of the founding members of our Group and has been appointed as an executive Director of our Company on 18 February 2013. Mr. Rongqin Ke is primarily responsible for our supply chain management. Mr. Ke has over 15 years of experience in various aspects, including manufacturing, product design and research and development and procurement. Mr. Ke has been with our Group since 1997.

Mr. Ke obtained his diploma certificate in business administration from Hunan University of Technology (湖南工業大學) in January 2008. Mr. Ke was accredited as "2011-2012 Top Ten Professional Managers of Apparel Industry in Guangdong Province"* (2011-2012年度廣東省服裝行業十佳職業經理人) in August 2012. He completed the EMBA program at Lingnan College of Sun Yat-Sen University (中山大學嶺南學院) in June 2013. Mr. Rongqin Ke is the brother-in-law of Mr. Ziming Yang.

在二零一三年四月，楊先生獲中國紡織工業聯合會評為二零一二年中國紡織行業年度創新人物。

楊先生於二零一一年六月取得中山大學EMBA。楊先生為執行董事柯榕欽先生的姻兄。

吳少強先生，47歲，本集團創辦人之一，於二零一三年二月十八日獲委任為本公司執行董事。吳少強先生主要負責我們的整體公司規劃及策略執行，自二零一零年七月起出任本集團的行政總裁。吳先生於包括業務營運、管理、銷售、採購、財務及人力資源等多個範疇擁有逾十五年經驗。吳先生自一九九七年以來一直任職於本集團。吳先生於一九九二年七月獲上海交通大學材料工程學士學位，主修熔爐工藝及設備。

柯榕欽先生，43歲，本集團創辦人之一，於二零一三年二月十八日獲委任為本公司執行董事。柯榕欽先生主要負責我們的供應鏈管理。柯先生於包括製造、產品設計、研發及採購等多個範疇擁有逾十五年經驗。柯先生自一九九七年以來一直任職於本集團。

柯先生於二零零八年一月取得湖南工業大學工商管理文憑。柯先生於二零一二年八月獲評為「2011-2012年度廣東省服裝行業十佳職業經理人」。彼於二零一三年六月在中山大學嶺南學院完成EMBA課程。柯榕欽先生為楊黎明先生的姻弟。

Mr. Qiang Wei (韋強), aged 43, has been the vice president of our Group since July 2010 and was appointed as an executive Director of our Company on 18 February 2013. Mr. Wei is primarily responsible for the finance, operation of our Group. Mr. Wei has over 15 years of experience in finance and accounting. Prior to joining us, Mr. Wei was an accountant in Guangxi Bobai County Foreign Trade and Economic Company* (廣西博白縣對外經濟貿易總公司) from January 1997 to October 1998. He was then worked in the finance department of Guangzhou Complacent Industrial Co., Ltd. (廣州永益有限公司) from November 1998 to October 2002. From April 2003 to March 2004 and from March 2004 to September 2008, Mr. Wei had been the finance manager and finance director, respectively, in Guangzhou Sai De Electrical Equipment Co., Ltd.* (廣州賽德機電設備有限公司) and Foshan U Right Garment Co., Ltd. (佛山佑威服裝有限公司). Mr. Wei joined our Group in December 2008 as the financial director of Cabbeen Clothing (China) Limited and took in charge of the company's finance.

Mr. Wei completed a self-taught accounting diploma course in April 1999 held by the Commission of Self-taught Higher Education Examination of Guangxi Zhaung Autonomous Region (廣西壯族自治區高等教育自學考試委員會), and subsequently obtained the Medium Level Accountant title granted by Ministry of Finance of the PRC in May 2002. Mr. Wei obtained his master degree in business administration from Jinan University in December 2017.

韋強先生，43歲，自二零一零年七月起一直任本集團副總裁及於二零一三年二月十八日獲委任為本公司執行董事。韋先生主要負責本集團的財務及營運事宜。韋先生在財務及會計方面擁有逾十五年經驗。加入我們前，韋先生於一九九七年一月至一九九八年十月擔任廣西博白縣對外經濟貿易總公司會計師。彼其後於一九九八年十一月至二零零二年十月在廣州永益有限公司財務部任職。二零零三年四月至二零零四年三月及二零零四年三月至二零零八年九月，韋先生分別擔任廣州賽德機電設備有限公司及佛山佑威服裝有限公司的財務經理及財務總監。韋先生於二零零八年十二月加入本集團出任卡賓服飾(中國)有限公司的財務總監，掌管公司財務事宜。

韋先生於一九九九年四月完成由廣西壯族自治區高等教育自學考試委員會舉辦的自修會計文憑課程，其後於二零零二年五月取得中國財政部認可的中級會計師職稱。韋先生於二零一七年十二月獲暨南大學的工商管理碩士學位。

INDEPENDENT NON-EXECUTIVE DIRECTORS

獨立非執行董事

Mr. Yung Kwok Tsui (徐容國), aged 49, is our independent non-executive Director and was appointed to our Board on 18 February 2013. Mr. Tsui has over 20 years of extensive experience in auditing and accounting, including experience from corporations and an international accounting firm. Mr. Tsui joined Ju Teng International Holdings Limited (巨騰國際控股有限公司) (stock code: 3336) in August 2004 and has been the company's executive director, chief financial officer and company secretary since its listing in the Stock Exchange. Mr. Tsui has resigned as company secretary of Ju Teng International Holdings Limited on 1 March 2017. He has also respectively been an independent non-executive director of Shenguan Holdings (Group) Limited (神冠控股(集團)有限公司) (stock code: 829) since September 2009, SITC International Holdings Company Limited (海豐國際控股有限公司) (stock code: 1308) since September 2010 and 361 Degrees International Limited (361度國際有限公司) (stock code: 1361) since September 2012, all of which are listed on the Stock Exchange.

Mr. Tsui obtained his bachelor's degree of business in accounting from Curtin University of Technology in August 1992 and his master's degree of corporate governance from The Hong Kong Polytechnic University in December 2007. Mr. Tsui has been a member of Hong Kong Institute of Certified Public Accountants since February 1997, a member of Chartered Accountants Australia and New Zealand since June 2000, and a member of CPA Australia since September 1996. He has also been a member of The Hong Kong Institute of Chartered Secretaries since December 2007.

徐容國先生，49歲，我們的獨立非執行董事，於二零一三年二月十八日獲委任加入董事會。徐先生於審計及會計方面擁有逾二十年豐富經驗，曾任職多家企業及一家國際會計師事務所。徐先生於二零零四年八月加入巨騰國際控股有限公司(股份代號：3336)，並自該公司於聯交所上市後擔任其執行董事、財務總監及公司秘書。徐先生已於二零一七年三月一日辭任巨騰國際控股有限公司之公司秘書。彼亦分別自二零零九年九月、二零一零年九月及二零一二年九月起出任聯交所上市公司神冠控股(集團)有限公司(股份代號：829)、海豐國際控股有限公司(股份代號：1308)及361度國際有限公司(股份代號：1361)的獨立非執行董事。

徐先生於一九九二年八月獲Curtin University of Technology的會計商業學士學位，並於二零零七年十二月獲香港理工大學的企業管治碩士學位。徐先生自一九九七年二月起為香港會計師公會會員、自二零零零年六月起為澳洲及紐西蘭特許會計師協會會員及自一九九六年九月起為澳洲會計師公會會員。彼亦自二零零七年十二月起為香港特許秘書公會會員。

Mr. Honghui Chen (陳宏輝), aged 46, is our independent non-executive Director and was appointed to our Board on 18 February 2013. Mr. Chen has over 20 years of extensive experience teaching universities in the fields of management, economics and corporate social responsibility. From July 1993 to June 2003, Mr. Chen worked in Wuhan University of Science and Technology, primarily teaching management and economics. From July 2003 till now, Mr. Chen has worked in Sun Yat-Sen University, primarily teaching courses including strategic management and corporate social responsibility. Mr. Chen had been granted the title of deputy professor from April 2004 to July 2008 and has been subsequently granted the title of professor since July 2008. Mr. Chen had also been the deputy dean of Lingnan College in Sun Yat-Sen University from November 2007 to March 2012 and has been the director of the Research Center for Corporate Social Responsibility at Lingnan College of Sun Yat-Sen University* (中山大學嶺南學院企業社會責任研究中心主任) from July 2009 and the chair of the Department of Business Management at Lingnan College of Sun Yat-Sen University* (中山大學嶺南學院經濟管理系主任), respectively. From 2004 till now, Mr. Chen has done various researches on the topics of corporate social responsibility and strategic management and economics efficiency, which were subsidies by the PRC or local government. The essay written by Mr. Chen in 2007 was accredited as the Second Prize of The Philosophy and Society Science Outstanding Achievement in Guangdong Province* (廣東省哲學社會科學優秀成果二等獎).

Mr. Chen has been the independent director of Guangdong Telepower Communication Co., Ltd.* (廣東天波資訊技術股份有限公司) from January 2012 to December 2015. Mr. Chen has also been the independent director of Guangzhou Grandbuy Co., Ltd. (廣州市廣百股份有限公司) (SZSE Stock Code: 002187) since September 2016 and of China National Accord Medicines Corporation Ltd (國藥集團一致藥業股份有限公司) (SZSE Stock Code:000028) on 14 March 2017, both companies are listed on the Shenzhen Stock Exchange.

Mr. Chen obtained the Qualification of Teacher of the PRC in 1996. He also obtained his doctoral degree in enterprise management from Zhejiang University in June 2003.

陳宏輝先生，46歲，我們的獨立非執行董事，於二零一三年二月十八日獲委任加入董事會。陳先生擁有逾二十年在大學教授管理、經濟及企業社會責任學科的豐富經驗。一九九三年七月至二零零三年六月，陳先生在武漢科技大學任教，主要教授管理及經濟。二零零三年七月至今，陳先生一直在中山大學任教，主要教授的課程包括戰略管理及企業社會責任。陳先生於二零零四年四月至二零零八年七月獲授副教授職銜，並於隨後自二零零八年七月起獲授教授職銜。陳先生於二零零七年十一月至二零一二年三月亦曾任中山大學嶺南學院副院長，並自二零零九年七月起一直分別擔任中山大學嶺南學院企業社會責任研究中心主任及中山大學嶺南學院經濟管理系主任。二零零四年至今，陳先生曾就企業社會責任及企業戰略管理以及經濟效率等題目進行多項研究，有關研究均由中國或地方政府資助。陳先生於二零零七年完成的論文獲頒發廣東省哲學社會科學優秀成果二等獎。

陳先生於二零一二年一月至二零一五年十二月期間為廣東天波資訊技術股份有限公司的獨立董事。陳先生亦由二零一六年九月起及於二零一七年三月十四日分別為深圳交易所上市公司廣州市廣百股份有限公司(深圳交易所股份代號：002187)及國藥集團一致藥業股份有限公司(深圳交易所股份代號：000028)的獨立董事。

陳先生於一九九六年取得中國教師資質。彼亦於二零零三年六月獲浙江大學頒發企業管理博士學位。

董事及高級管理層履歷詳情(續)

Mr. Ming Shu Leung (梁銘樞), aged 42, was appointed as an independent non-executive Director on 18 February 2013. Mr. Leung has been the chief financial officer and company secretary of China ITS (Holdings) Co., Ltd. (中國智能交通系統(控股)有限公司), a company listed on the Stock Exchange (stock code: 1900), since January 2008. He has also been an independent non-executive director of Comtec Solar Systems Group Limited (卡姆丹克太陽能系統集團有限公司) (stock code: 712), a company listed on the Stock Exchange, since June 2008. In addition, Mr. Leung was appointed as an independent non-executive director of Sun.King Power Electronics Group Limited, a company listed on the Stock Exchange, (stock code: 580) with effect from 24 March 2017.

Mr. Leung has over 15 years of experience in the areas of corporate finance and accounting. Mr. Leung started his professional career at PricewaterhouseCoopers in Hong Kong as an auditor in 1998. He then worked at the global corporate finance division of Arthur Andersen & Co. in Hong Kong, which subsequently merged with PricewaterhouseCoopers, until December 2000. From July 2001 to February 2003, Mr. Leung also worked as a business consultant in Market Catalyst International (Hong Kong) Limited, where he advised companies on issues of strategy, organization and operations. Mr. Leung then spent approximately three years from February 2003 to January 2006 at CDC Corporation, a NASDAQ-listed company, as a senior manager in the mergers and acquisitions department, and as the chief financial officer of China.com Inc., a subsidiary of CDC Corporation and a company listed on the Stock Exchange. From February 2006 to October 2006, Mr. Leung served as the chief financial officer of Beijing Xinwei Telecom Technology Co., Ltd., a related party of 大唐電信科技股份有限公司 (Datang Telecom Technology Co., Ltd., a company listed

梁銘樞先生，42歲，於二零一三年二月十八日獲委任為獨立非執行董事。自二零零八年一月起，梁先生一直擔任聯交所上市公司中國智能交通系統(控股)有限公司(股份代號：1900)的財務總監兼公司秘書。彼自二零零八年六月起亦為聯交所上市公司卡姆丹克太陽能系統集團有限公司(股份代號：712)的獨立非執行董事。此外，梁先生亦獲委任為聯交所上市公司賽晶電力電子集團有限公司(股份代號：580)獨立非執行董事，自二零一七年三月二十四日起生效。

梁先生在公司財務及會計方面擁有逾十五年經驗。梁先生於一九九八年在羅兵咸永道會計師事務所香港辦事處開始其核數師專業事業。彼其後於香港安達信會計師事務所(其後與羅兵咸永道會計師事務所合併)的全球公司融資部任職至二零零零年十二月。二零零一年七月至二零零三年二月，梁先生亦曾擔任卓進市場策動(香港)有限公司的業務顧問，就策略、組織及營運等事宜向公司提供意見。其後，梁先生自二零零三年二月起至二零零六年一月約三年間，在納斯達克上市公司CDC Corporation擔任併購部高級經理，並在CDC Corporation的附屬公司中華網科技公司(聯交所上市公司)擔任首席財務官。二零零六年二月至二零零六年十月，梁先生擔任上海證券交易所上市公司大唐電信科技股份有限公司(從事電信標準開

on The Shanghai Stock Exchange) which is engaged in the development of telecommunication standard and manufacture of telecommunication equipment. From November 2006 to January 2008, he served as the chief financial officer of Beijing Lingtu Spacecom Technology Co., Ltd (北京靈圖星訊科技有限公司), a subsidiary of Beijing Lingtu Software Co., Ltd (北京靈圖軟件技術有限公司), a PRC digital mapping and navigation software company.

Mr. Leung obtained his bachelor's degree in arts with first class honor in accountancy from The City University of Hong Kong in June 1998 and a master's degree in accountancy from The Chinese University of Hong Kong in November 2001. He is a fellow member of the Association of Chartered Certified Accountants (FCCA) and a fellow member of The Hong Kong Institute of Certified Public Accountants (FCPA).

SENIOR MANAGEMENT

Ms. Lai Wah Wong (黃麗華), aged 43, is the chief financial officer of our Group. Ms. Wong is also our company secretary and one of the authorized representatives of our Company. Ms. Wong joined our group in April 2012 and is primarily responsible for our overall financial management and company secretarial affairs and coordination of investor relations. Ms. Wong has over 15 years of experience in auditing, tax and financial management. Prior to joining us, she had worked in international accounting firms and other companies listed on the main board of the Stock Exchange. Ms. Wong obtained her bachelor's degree of arts in accounting at The Hong Kong Polytechnic University in 1997 and master's degree of science in corporate finance at The Hong Kong University of Science and Technology in 2014. She is also a fellow member of The Hong Kong Institute of Certified Public Accountants.

發，並為電信設備製造商)的關聯方北京信威通信技術股份有限公司的首席財務官。二零零六年十一月至二零零八年一月，彼擔任中國電子地圖及導航軟件公司北京靈圖星訊科技有限公司(北京靈圖軟件技術有限公司的附屬公司)的首席財務官。

梁先生於一九九八年六月獲香港城市大學頒發會計第一級榮譽文學學士學位，並於二零零一年十一月獲香港中文大學頒發會計碩士學位。彼為英國特許公認會計師公會資深會員及香港會計師公會資深會員。

高級管理層

黃麗華女士，43歲，為本集團財務總監。黃女士亦為我們的公司秘書及本公司其中一名授權代表。黃女士於二零一二年四月加入本集團，主要負責我們的整體財務管理、公司秘書事宜及統籌投資者關係。黃女士於審計、稅務及財務管理方面擁有逾十五年經驗。加入我們之前，彼曾任職於國際會計師行及其他聯交所主板上市公司。黃女士於一九九七年取得香港理工大學會計文學學士學位及於二零一四年取得香港科技大學企業融資理學碩士學位。彼亦為香港會計師公會資深會員。

REPORT OF THE DIRECTORS

董事會報告

The Directors are pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2017.

PRINCIPAL PLACE OF BUSINESS

The Company was incorporated in the Cayman Islands and is domiciled in Hong Kong and has its registered office at Unit A&B, 26/F, Billion Plaza II, 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong. The Group's principal place of business is in the PRC.

PRINCIPAL ACTIVITIES

The principal activities of the Group are wholesaling and retailing of branded menswear and related accessories in the PRC. The principal activities and other particulars of the subsidiaries are set out in note 14 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2017, aggregate sales to the Group's largest and five largest customers accounted for 11.9% (2016: 11.1%) and 42.5% (2016: 39.8%), respectively, of the Group's total revenue for the year.

Aggregate purchases from the Group's largest and five largest suppliers of OEM products accounted for 13.6% (2016: 13.8%) and 33.4% (2016: 35.5%), respectively, of the Group's total purchases from suppliers for the year ended 31 December 2017.

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

董事欣然提呈本集團截至二零一七年十二月三十一日止年度的年報，連同經審核綜合財務報表。

主要營業地點

本公司在開曼群島註冊成立，並以香港為居駐地，其註冊辦事處位於香港九龍長沙灣長裕街10號億京廣場二期26樓A及B室。本集團的主要營業地點位於中國。

主要業務

本集團的主要業務為於中國批發及零售品牌男裝及相關配飾。附屬公司的主要業務及其他資料載於財務報表附註14。

主要客戶及供應商

截至二零一七年十二月三十一日止年度，向本集團的最大及五大客戶銷售總額分別佔本集團年內總營業額的11.9%（二零一六年：11.1%）及42.5%（二零一六年：39.8%）。

向本集團的外包產品最大及五大供應商採購總額分別佔本集團截至二零一七年十二月三十一日止年度自供應商採購總額的13.6%（二零一六年：13.8%）及33.4%（二零一六年：35.5%）。

董事、彼等的聯繫人或本公司任何股東（就董事所知擁有本公司已發行股本超過5%的股東）於年內任何時間概無於本集團五大客戶及供應商中擁有任何權益。

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the latest five financial years is set out on page 207 of the annual report. This summary does not form part of the audited consolidated financial statements.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2017 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 91 to 206 of the annual report.

RESERVES

Details of movements in reserves of the Company and the Group are set out in note 25 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2017, the Group's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately RMB52.3 million.

DIVIDEND

On 1 August 2017, the Company declared an interim dividend of HK6.0 cents (2016: HK6.8 cents) per ordinary share for the six months ended 30 June 2017. The Directors now recommend the payment of a final dividend of HK8.5 cents (2016: HK5 cents) per ordinary share in respect of the year ended 31 December 2017.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to RMB659,000 (2016: RMB100,000).

五年財務概要

本集團於最近五個財政年度的業績及資產負債概要載於年報第207頁。該概要並不屬於經審核綜合財務報表的組成部分。

財務報表

本集團截至二零一七年十二月三十一日止年度的溢利以及本公司及本集團於該日的事務狀況載於本年報第91至206頁的綜合財務報表內。

儲備

本公司及本集團的儲備變動詳情分別載於財務報表附註25及綜合權益變動表內。

可供分派儲備

於二零一七年十二月三十一日，本集團的可供分派儲備約為人民幣52.3百萬元，乃根據開曼群島法律第22章公司法（一九六一年第3號法例，經綜合及修訂）計算所得。

股息

本公司已於二零一七年八月一日宣派截至二零一七年六月三十日止六個月的中期股息每股普通股6.0港仙（二零一六年：6.8港仙）。董事現建議就截至二零一七年十二月三十一日止年度派付末期股息每股普通股8.5港仙（二零一六年：5港仙）。

慈善捐款

本集團於年內的慈善捐款為人民幣659,000元（二零一六年：人民幣100,000元）。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

NON-CURRENT ASSETS

Details of acquisitions and other movements of non-current assets (including plant and equipment and intangible assets) are set out in notes 9 and 11 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 25 to the consolidated financial statements. Shares were issued during the year on exercise of share options.

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

During the year ended 31 December 2017, the Company repurchased 44,764,000 shares of the Company on the Stock Exchange for an aggregate consideration of HK\$107,440,040 (highest price per share was HK\$2.66 and lowest price per share was HK\$2.21, of which 18,487,000 shares were cancelled on 2 June 2017 and 26,277,000 shares were cancelled on 22 September 2017). The Directors are of the view that such repurchases have the effect of enhancing the earnings per share of the Group and would benefit the shareholders as a whole. Depending on the market circumstances, the Company may undertake further share repurchases as the Directors may consider to be appropriate. Save for the disclosed above, neither the Company, nor any of its subsidiaries, had repurchased, sold or redeemed any of its listed securities.

BUSINESS REVIEW

Business overview and financial performance

The review of the Group's business and financial performance for the year ended 31 December 2017 are provided in the section "Management Discussion and Analysis" in this annual report.

非流動資產

非流動資產(包括廠房及設備以及無形資產)的購置及其他變動詳情載於綜合財務報表附註9及11。

股本

本公司股本年內變動詳情載於綜合財務報表附註25。年內因行使購股權而發行股份。

購買、出售或贖回本公司的上市證券

截至二零一七年十二月三十一日止年度，本公司以總代價107,440,040港元於聯交所購回44,764,000股本公司股份(每股最高價為2.66港元及每股最低價為2.21港元，其中18,487,000股股份於二零一七年六月二日註銷及26,277,000股股份於二零一七年九月二十二日註銷)。董事認為該等購回可提升本集團之每股盈利且將對股東整體有利。因應市況，本公司或會在董事可能認為適當的情況下進一步購回股份。除上文所披露者外，本公司或其任何附屬公司均無購回、出售或贖回其任何上市證券。

業務回顧

業務回顧及財務表現

截至二零一七年十二月三十一日止年度，有關本集團業務及財務表現的回顧載於本年報「管理層討論及分析」一節。

Principal risks and uncertainties

A number of factors may affect the results and business operations of the Group, some of which are inherent to fashion business and some are from external sources. Major risks are summarized below.

(i) Fashion risk

Our success depends on our ability to define products trends and anticipate, gauge and react to changing consumer demands in a timely manner. Failure to anticipate and respond timely to changing consumer preferences could lead to lower sales and excess inventory levels. With respect to each design concept, it is important to have the right volume of stocks and strike the right balance in the mix between fashion basics and the latest trends. To track the acceptance of our fashion concept in the market closely, we introduce products in different batches throughout the season and will further shorten the product development cycle in order to reduce the lead time between production and delivery to customers. In addition, shopping patterns and the length of product seasons can vary in different parts of mainland China. Fashion designs which are popular in one province of mainland China at a given time may not be as popular in another local market.

(ii) Intense competition

We compete not only with local Chinese menswear brands, but also with other international fashion brands. Areas of competition include product designs, production costs, marketing programs, customer services. If we do not respond timely to our competitors, our costs may increase or the consumer demand for our products may decline and our revenue and profits would decrease.

主要風險及不確定因素

本集團的業績及業務營運受多個因素的影響，若干為服裝業所固有，若干則來源於外界。本集團主要風險概述如下。

(i) 時裝趨勢

我們的成功取決於我們把握時尚趨勢、預測、評估並及時應對不斷變化的消費者需求的能力。未能預測及迅速應對不斷變化的消費者喜好可能降低我們的銷售額及導致過高的存貨水平。就各項產品設計而言，掌握適當的存貨量，及於服裝設計元素及時裝流行趨勢之間取得適當平衡至為重要。為密切追蹤我們的時裝理念在市場上的接受程度，我們於一季內分批推出產品，並進一步縮短產品開發週期，以減少產品生產與交付予客戶之間的時間。此外，我們的客戶購物模式及產品銷售季節長度因中國內地不同省份地域而異。於特定時間在中國內地某個省份流行的時裝設計不一定會在另一個當地市場流行。

(ii) 競爭激烈

我們的競爭對手不僅來自中國本土男裝品牌，亦來自其他國際時裝品牌。競爭的領域包括產品設計、生產成本、營銷計劃及客戶服務。倘我們無法及時應對競爭對手的挑戰，或會導致我們的成本增加或客戶對我們的產品需求下降，以及我們的收益及溢利減少。

(iii) Macroeconomic environment

The risk exists that negative macroeconomic changes may result in negative changes in the business environment. Fashion products may be considered as discretionary items for customers. Slower consumer spending may result in reduced demand for our products, reduced orders from our distributors, order cancellations, higher discounts, increased inventories, lower revenue and margins. It is therefore important that the Group is aware of any such changes of economic environment and adjusts its store opening plan, buying volume and business plan under different market conditions.

(iv) Supply chain

We do not own or operate any manufacturing facilities and depend upon independent manufacturers to produce all of our products and materials. Any disruption in the supply of fabric, raw materials and products from suppliers may cause problems in our supply chain. We have no long-term contracts with any of our suppliers and we may need to compete with other companies for fabrics, raw materials and apparel products. Nevertheless, we have developed long-standing relationships with a number of our vendors so as to minimize the impact from any supply disruptions and ensure we can locate alternative suppliers of comparable quality at a reasonable price all the time. For the year ended 31 December 2017, 33.4% (2016: 35.5%) of our products were produced by our top five suppliers and we have more than five years' business relationship with these suppliers.

(iii) 宏觀經濟環境

不利的宏觀經濟變化或會導致業務環境發生不利變動的風險。消費者可能將時裝產品視為非必需消費品。消費支出放緩或會導致對我們的產品的需求減少、來自分銷商的訂單減少、取消訂單、增加銷售折扣、存貨增加以及收益及利潤下降。因此，本集團需及時關注經濟環境的任何變化，並調整其在不同市況下的開店計劃、產品購買量及業務規劃。

(iv) 供應鏈

我們並不擁有或經營任何生產設施，並依賴獨立生產商生產我們的所有產品及材料。供應商中斷供應任何面料、原材料及產品可能導致我們的供應鏈出現問題。我們並無與任何供應商訂有長期合約，故我們可能需就面料、原材料及服裝產品與其他公司進行競爭。然而，我們已與多家供應商建立長期的合作關係，以盡力減少任何供應中斷的影響，並確保我們能夠隨時按合理價格找到類似質素的其他供應商。截至二零一七年十二月三十一日止年度，我們33.4%（二零一六年：35.5%）的產品由五大供應商生產，而我們與該等供應商已擁有逾五年的業務合作關係。

(v) Financial conditions of our distributors

We extend credit to our distributors based on assessments of their financial conditions, repayment history and sales performance of the retail outlets operated by them, generally without requiring collateral. To assist in the scheduling of production of our products, our customers could place orders four to five months ahead of delivery under our sales fair ordering system. These advance orders may be cancelled and the risk of cancellation may increase when dealing with distributors struggling with financial difficulties. A slowing economy could also adversely affect the financial conditions of our customers, which in turn could have an adverse effect on our results of operation. In addition, product sales are dependent in part on an appealing store environment to attract consumers, which requires continuing investments by distributors. Distributors that experience financial difficulties may fail to make such investments and result in lower sales and orders for our products.

(vi) Information system

We are dependent on information technology systems and networks, including the internet and third-party hosted services across many of our operating activities, including sales and distribution, ordering and purchases, sales and distribution, inventory management in all retail outlets, e-commerce business, customer relationship management, digital marketing and financial reporting. Any material disruption or slowdown of our IT systems, including a disruption or slowdown caused by our failure to successfully upgrade our systems, system failures, viruses or cyber attacks could cause a loss of data or operation interruption. Therefore, we invest continuously in our IT and ERP system so as to keep up with the technology security and availability and integrity of critical operation data.

(v) 分銷商的財務狀況

我們根據分銷商財務狀況、支付記錄及其營運的零售店舖的銷售表現，來評估彼等可獲得的信用期。我們一般不會要求分銷商提供抵押品。為配合產品的生產安排，客戶可根據我們的訂貨會訂單系統於貨品交付前四至五個月下單。該等預訂單可能被取消，而當與遭遇財務困難的分銷商交易時，取消的風險將會增加。經濟放緩亦對我們的客戶的財務狀況造成不利影響，從而對我們的經營業績造成不利影響。此外，產品銷售在一定程度上依賴具吸引力的店舖環境以吸引消費者，這需要分銷商的持續投資。遭遇財務困難的分銷商可能無法作出有關投資，並會導致我們的產品銷售量及訂單減少。

(vi) 資訊系統

我們依賴資訊科技系統及網絡，包括互聯網及外包雲端服務，涉及我們的眾多經營活動，包括銷售及分銷、採購、所有零售店舖的銷售及分銷、存貨管理、電子商務、客戶關係管理、數字營銷及財務報告。我們的資訊科技系統如出現任何嚴重中斷或減速，包括因我們未能成功更新我們的系統、系統故障、病毒或網絡攻擊而引起的中斷或減速，均可能導致數據丟失或運作中斷。因此，我們持續投資於資訊科技及ERP系統，以確保重要營運數據的技術安全、可用性、完整性。

(vii) Reputational risk

Cabbeen is one of the leading Chinese fashion casual designer brands and our success depends on our ability to maintain and enhance our brand image and reputation. Maintaining and promoting our brands will depend on our product design, marketing efforts and product quality. In addition, effect of our marketing activities depends on our ability to adapt to the rapid changing media environment, including social media and online advertising campaigns. Should existing and potential customers lose confidence in Cabbeen/or one of its brands, or in the industry in general, because of negative publicity, the Group's sales would decrease. To safeguard and manage the brand, it is important that the Group continues to uphold its brand value, corporate image, product safety and maintain high business ethics. In addition, it is also important that communication with our shareholders, customers and other stakeholders is accurate, transparent and reliable.

(viii) Weather

Extreme weather conditions in the areas in which our retail stores, suppliers and customers are located could adversely affect our operating results and financial condition.

Key Relationships

(i) Employees

To remain competitive in the retail apparel industry, we must attract, develop, and retain skilled employees in our design, merchandising, supply chain, marketing, and other functions.

(vii) 聲譽風險

卡賓為中國領先的時尚休閒設計師品牌之一，我們的成功取決於我們維持並提升我們的品牌形象及聲譽的能力。維持並提升我們的品牌將取決於我們的產品設計、營銷力度及產品質素。此外，我們的營銷活動的效果將取決於我們適應快速變化的媒體環境的能力，包括社交媒體及網絡廣告活動。倘由於負面宣傳，現有及潛在客戶對卡賓／或其任何品牌或整個行業失去信心，本集團的銷售將會下降。為維護及管理品牌，本集團繼續維護其品牌價值、公司形象、產品安全及維持高度的商業道德至關重要。此外，與我們的股東、客戶及其他持份者保持準確、透明及可靠的溝通亦相當重要。

(viii) 天氣

我們的零售店舖、供應商及客戶所在地區的極端天氣狀況可能對我們的經營業績及財務狀況造成不利影響。

重要關係

(i) 僱員

為維持在服裝零售業的競爭優勢，我們必須在我們的設計、銷售、供應鏈、市場推廣以及其他方面吸引、發展並挽留有才能的僱員。

We strive to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills. We provide pre-employment and on-the-job training and development opportunities to our staff members. The training programs cover areas such as managerial skills, sales and production, customer services, quality control, sales fairs planning, workplace ethics and training of other areas relevant to the industry.

We conduct employee engagement survey across its Hong Kong and mainland China operations once a year. We seriously consider all those valuable feedback from our employees for enhancing workplace productivity and harmony.

In addition, we offer competitive remuneration packages to employees and have also adopted share option schemes to recognize and reward the contribution of the employees to the growth and development of the Group.

(ii) Suppliers

We have developed long-standing relationships with a number of our vendors and take great care to ensure that they share our commitment to quality and ethics. We carefully select our OEM and require them to satisfy certain assessment criteria including track record, experience, financial strength, reputation, ability to product high-quality products and quality control effectiveness. We also require our OEMs to comply with our anti-bribery policy.

我們致力以清晰的事業發展路徑以及提高及完善技能的機會激勵僱員。我們為員工提供職前及在職培訓及發展機會。培訓課程包括管理技能、銷售與生產、客戶服務、質量監控、展銷會策劃、工作操守及其他與行業相關範疇的培訓。

我們每年在其香港及中國內地業務進行一次僱員滿意度調查。我們會慎重考慮僱員有關提升工作效率及和諧工作氣氛的所有寶貴反饋意見。

此外，我們為僱員提供具競爭力的薪酬待遇及亦已採納購股權計劃，以表揚及獎勵對本集團增長與發展作出貢獻的員工。

(ii) 供應商

我們已與多家供應商建立長期的合作關係，並盡力確保其遵守我們對質素及道德的承諾。我們審慎挑選供應商，並要求其滿足若干評估標準，包括往績記錄、經驗、財務實力、聲譽、生產高質素產品的能力及質量控制效力。我們亦要求供應商遵守我們的反賄賂政策。

(iii) Distributors

We sell our products to end customers through third-party distributors. We work with our distributors like we are business partners and ensure we share the view for upholding our brand value and customer services, specifically focusing on attracting and retaining customers in order to drive sales growth. We and our distributors reach an agreement on retail sales target and store expansion plan before they place their orders. We require our distributors and sub-distributors to comply with our retail policies, including but not limited to nationwide product retail selling price, standard store images, promotional activities and use of our ERP system. We also monitor the financial condition and repayment history of our distributors, and retail sales performance of the stores operated by them.

(iv) Customers

We are committed to offer a broad and diverse range of inspiring, value-for money, good-quality fashion with our various brands to our customers. We also stay connected with our customers. We maintain our VIP database and have ongoing communications with our customers through various channels like the Company's website, telephone, direct mail, marketing materials and social media. We also work with our distributors and provide training to their key sales personnel to provide quality and value-added customer services at retail channel.

Environmental Policies

We are committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources. We strive to minimize our environmental impact by saving electricity and encouraging recycle of office supplies and other materials. We also require factories of our OEM to operate in strict compliance with the relevant environmental regulations and rules and possess all necessary permission and approval from the relevant Chinese regulators.

(iii) 分銷商

我們透過第三方分銷商向終端客戶出售產品。我們與分銷商緊密合作開展業務，確保於提升我們的品牌價值及客戶服務方面，尤其是專注於吸引和維繫顧客促進銷售增長，達成一致觀點。分銷商向我們下單之前，首先會與我們就零售目標及店舖擴張計劃達成一致意見。我們要求分銷商及二級分銷商遵守我們的零售政策，包括但不限於全國產品零售價格、標準店舖形象、促銷活動及使用我們的ERP系統。我們亦會監督分銷商的財務狀況及支付記錄以及其經營店舖的零售表現。

(iv) 客戶

我們旗下的品牌均致力為客戶提供多元化、啟發靈感的、物有所值的優質時裝產品。我們亦與客戶保持聯繫。我們維護VIP數據庫，並透過本公司網站、電話、郵件、營銷材料及社交媒體等不同渠道與客戶保持溝通。我們亦與分銷商合作，提供培訓予其主要的前線銷售人員，以於零售店舖提供優質及增值的服務給我們的消費者。

環保政策

我們關注保護自然資源並致力創建環保型的工作環境。我們透過節約用電及鼓勵回收辦公用品及其他材料，努力降低對環境的影響。我們亦要求供應商嚴格遵守有關環保法規及規則，並取得有關中國監管機構的所有必要許可及批文。

Compliance with Laws and Regulations

The Group's operations are mainly carried out by the Company's subsidiaries in the mainland China while the Company itself is listed on the Stock Exchange. Our establishment and operations accordingly shall comply with relevant laws and regulations in the mainland China and Hong Kong. During the year ended 31 December 2017 and up to the date of this report, we have complied with all the relevant laws and regulations in the mainland China and Hong Kong.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules throughout the year ended 31 December 2017 and at any time up to the date of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands where the Company is incorporated.

DIRECTORS

The Directors during the financial year were:

Executive Directors

Mr. Ziming Yang (*Chairman*)
Mr. Siu Keung Ng (*Chief Executive Officer*)
Mr. Rongqin Ke
Mr. Qiang Wei

Independent non-executive Directors

Mr. Yung Kwok Tsui
Mr. Honghui Chen
Mr. Ming Shu Leung

遵守法律及法規

本集團的業務主要由本公司於中國內地的附屬公司進行，而本公司本身於聯交所上市。因此，我們的成立及營運須遵守中國內地及香港的有關法律及法規。截至二零一七年十二月三十一日止年度及直至本報告日期，我們已遵守中國內地及香港的所有有關法律及法規。

足夠公眾持股量

根據本公司可取得的公開資料及就本公司董事於本年報日期所知，本公司於截至二零一七年十二月三十一日止年度及於截至本年報日期的任何時間一直維持上市規則所指定的公眾持股量。

優先購股權

根據本公司組織章程細則或開曼群島（即本公司註冊成立地點）的法律，概無有關優先購股權的條文。

董事

本財政年度的董事為：

執行董事

楊紫明先生 (*主席*)
吳少強先生 (*行政總裁*)
柯榕欽先生
韋強先生

獨立非執行董事

徐容國先生
陳宏輝先生
梁銘樞先生

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

Each of the executive Directors and independent non-executive Directors of the Company has entered into a service contract with the Company for a term of three years commencing from 28 October 2016 subject to his retirement and re-election at annual general meeting in accordance with the Company's articles of association. The details of the remuneration of each of the Directors are revealed on note 6 to the consolidated financial statements.

Details of the Directors' biographies have been set out on pages 47 to 53 of the annual report. In accordance with article 84 of the Company's articles of association, Mr. Siu Keung Ng, Mr. Qiang Wei and Mr. Honghui Chen will retire from the Board by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 December 2017.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

本公司各執行董事及獨立非執行董事已與本公司訂立服務合約，任期為自二零一六年十月二十八日起計三年，惟須根據本公司的組織章程細則於股東週年大會退任及重選。各董事的薪酬詳情已於綜合財務報表附註6披露。

董事的履歷詳情載於年報第47至53頁。根據本公司組織章程細則第84條，吳少強先生、韋強先生及陳宏輝先生將於應屆股東週年大會自董事會輪值告退，惟彼等符合資格並願意膺選連任。

本集團概無與擬將於應屆股東週年大會膺選連任的董事訂有不可於一年內由本公司或其任何附屬公司終止而免付賠償(法定賠償除外)的未屆滿服務合約。

管理合約

截至二零一七年十二月三十一日止年度，概無就本集團整體或任何業務重大部分的管理及行政工作訂立或存有任何合約。

獨立身份確認

本公司已接獲各獨立非執行董事根據上市規則第3.13條發出的年度獨立身份確認書，並認為全體獨立非執行董事均為獨立人士。

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the section “Connected Transactions” and note 28 to the consolidated financial statements, no contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director of the Company had a material interest, subsisted at the end of the year or at any time during the year under review.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section “Connected Transactions” and in note 28 to the consolidated financial statements, there had been no contract of significance between the Company or any of its subsidiaries and a controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries.

COMPETING BUSINESS

None of the Directors of the Company had any interest in any competing business with the Company or any of its subsidiaries during the year under review. Each of Mr. Ziming Yang, Acute Result, Ascend Fame and Prime Ascend (the controlling shareholders (within the meaning of the Listing Rules) of the Company) has confirmed to the Company that he/it has complied with the non-compete undertaking given by them to the Company under the Deed of Non-competition on 8 October 2013. The independent non-executive Directors of the Company have reviewed the status of compliance and enforcement of the non-compete undertaking and confirmed that all the undertakings thereunder have been complied with throughout the year ended 31 December 2017.

董事所佔合約權益

除「關連交易」一節及綜合財務報表附註28所披露者外，概無本公司董事於本公司或其任何控股公司、附屬公司或同系附屬公司於年終結算日或回顧年度任何時間所訂立的重大合約中擁有重大權益。

重大合約

除「關連交易」一節及綜合財務報表附註28所披露者外，本公司或其任何附屬公司概無與本公司或其任何附屬公司的控股股東（定義見上市規則）訂立重大合約。

競爭業務

於回顧年度，本公司董事概無於與本公司或其任何附屬公司競爭的任何業務中擁有任何權益。本公司控股股東（定義見上市規則）楊紫明先生、銳成、昇譽及元陞已各自向本公司確認，其已遵守其於二零一三年十月八日根據不競爭契據向本公司出具的不競爭承諾。本公司獨立非執行董事已檢討不競爭承諾的遵守及執行情況，並確認於截至二零一七年十二月三十一日止整個年度所有相關承諾已獲得遵守。

CONNECTED TRANSACTIONS

The related party transactions for the year as disclosed in note 28 to the consolidated financial statements also constituted connected transactions as defined under the Listing Rules, which are required to be disclosed in this report in accordance with Chapter 14A of the Listing Rules. Details of such connected transactions (as defined under the Listing Rules) are set out below:

Lease of properties from Junyuan Development Company Limited (石獅市駿源發展有限公司) (“Junyuan Development”) (the “Leases”)

Junyuan Development is wholly owned by Mr. Ziming Yang, the Chairman and executive Director and Controlling Shareholder (within the meaning of the Listing Rules) of the Company. Junyuan Development is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

The Group entered into lease agreements with Junyuan Development on 31 May 2016 to lease certain premises at Shishi City, Fujian Province, from Junyuan Development for a term of one year commencing from 1 June 2016 to 31 May 2017 (the “**2016 Leases**”). Total rental payable by the Group under the lease agreements amounted to RMB3,005,374.15, details of which were disclosed in the Company’s announcement dated 31 May 2016.

Upon expiry of the 2016 Leases, the Group entered into new lease agreements with Junyuan Development on 31 May 2017 to continue to lease the relevant premises for another year from 1 June 2017 to 31 May 2018 (“**2017 Leases**”). Total rental payable by the Group under the lease agreements amounted to RMB2,836,934.28, details of which were disclosed in the Company’s announcement dated 31 May 2017.

關連交易

於綜合財務報表附註28披露的年內關聯方交易亦構成上市規則項下所界定的關連交易，根據上市規則第14A章，其須於本報告內披露。有關關連交易(定義見上市規則)的詳情載列如下：

向石獅市駿源發展有限公司(「駿源發展」)租賃物業(「該等租賃」)

駿源發展由本公司主席、執行董事兼控股股東(定義見上市規則)楊紫明先生全資擁有。因此，根據上市規則第14A章，駿源發展為本公司關連人士。

本集團於二零一六年五月三十一日與駿源發展訂立租賃協議，以向駿源發展租賃位於福建省石獅市之若干物業，租期由二零一六年六月一日起至二零一七年五月三十一日止為期一年(「**二零一六年租賃**」)。本集團根據租賃協議應付之租金總額為人民幣3,005,374.15元，有關詳情於本公司日期為二零一六年五月三十一日之公告內披露。

於二零一六年租賃屆滿後，本集團於二零一七年五月三十一日與駿源發展訂立新租賃協議，以繼續租賃相關物業，租期由二零一七年六月一日至二零一八年五月三十一日為期一年(「**二零一七年租賃**」)。本集團根據租賃協議應付之租金總額為人民幣2,836,934.28元，有關詳情於本公司日期為二零一七年五月三十一日之公告內披露。

The transactions contemplated under the 2016 Leases and 2017 Leases constitute continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules. During the year ended 31 December 2017, total rental paid or payable by the Group under the above leases amounted to RMB2,907,117.56 which did not exceed the annual caps for these transactions.

Opinion from the independent non-executive Directors on the connected transactions

The Directors (including all independent non-executive Directors) have reviewed the above connected transactions and confirmed that these transactions were entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or better; and
- (3) in accordance with the relevant agreements governing them and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the aforesaid connected transactions.

根據上市規則第 14A 章，二零一六年租賃及二零一七年租賃項下擬進行之交易構成本公司之持續關連交易。於截至二零一七年十二月三十一日止年度，本集團根據上述租賃已付或應付之租金總額為人民幣 2,907,117.56 元，並無超逾該等交易之年度上限。

獨立非執行董事對關連交易的意見

董事（包括全體獨立非執行董事）已審閱上述關連交易，並確認該等交易：

- (1) 於本集團一般及日常業務過程中訂立；
- (2) 按一般商業條款或更佳條款進行；及
- (3) 根據監管交易的相關協議及按公平合理的條款進行，且符合本公司股東整體利益。

本公司已就上述關連交易遵守上市規則第 14A 章之披露規定。

External auditor's report on the Group's continuing connected transactions

The Leases constitute continuing connected transactions as defined in the Listing Rules. KPMG, the auditor of the Company, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company has received an unqualified letter from KPMG containing their finding and conclusions in respect of the continuing connected transaction disclosed above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 31 December 2017, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules, were as follows:

有關本集團持續關連交易之外部核數師報告

該等租賃構成上市規則所界定之持續關連交易。本公司的核數師畢馬威會計師事務所已獲委聘，根據香港會計師公會所頒佈《香港核證工作準則》第3000號「歷史財務資料審計或審閱以外的核證工作」，及參考《實務說明》第740號「關於香港上市規則所述持續關連交易的核數師函件」，就本集團的持續關連交易作出匯報。本公司已接獲畢馬威會計師事務所根據上市規則第14A.56條就上文所披露持續關連交易發出之無保留意見函件，當中載有其發現及結論。本公司已向聯交所提供核數師函件副本。

董事及主要行政人員於證券的權益

於二零一七年十二月三十一日，本公司董事及主要行政人員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、相關股份及債權證中擁有記錄於本公司根據證券及期貨條例第352條須存置之登記冊內的權益及淡倉，或根據上市規則附錄十所載上市發行人董事進行證券交易的標準守則(「標準守則」)須另行知會本公司及聯交所的權益及淡倉如下：

Long positions in the Company

於本公司的好倉

| Name of director | | Number of shares held | Number of underlying shares comprised in options ⁽⁵⁾ | Total | Approximate percentage of shares in issue ⁽⁶⁾ |
|---|-------------------------------|-----------------------|---|-------------|--|
| 董事姓名 | | 所持有股份數目 | 購股權所涉及相關股份數目 ⁽⁵⁾ | 總計 | 佔已發行股份概約百分比 ⁽⁶⁾ |
| Mr. Ziming Yang ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ | 楊紫明先生 ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ | 451,200,000 | 200,000 | 451,400,000 | 67.65% |
| Mr. Siu Keung Ng | 吳少強先生 | 2,926,000 | 900,000 | 3,826,000 | 0.5734% |
| Mr. Rongqin Ke | 柯榕欽先生 | 3,850,000 | 1,500,000 | 5,350,000 | 0.8018% |
| Mr. Qiang Wei | 韋強先生 | 503,000 | 700,000 | 1,203,000 | 0.1803% |

(1) Acute Result Holdings Limited (“**Acute Result**”), Ascend Fame Limited (“**Ascend Fame**”) and Prime Ascend Limited (“**Prime Ascend**”) are wholly-owned and controlled by Mr. Ziming Yang and Mr. Ziming Yang is therefore deemed to be interested in all the shares in which Acute Result, Ascend Fame and Prime Ascend are interested.

(2) Multiplus International Limited (“**Multiplus**”) is owned as to 99% by Ms. Liting Ke and 1% by Mr. Ziming Yang. By virtue of a shareholders’ agreement dated 31 July 2012 by and between Ms. Liting Ke and Mr. Ziming Yang in addition to the voting right attached to the share Mr. Ziming Yang holds in Multiplus, he also has the right to control the exercise of the voting rights attached to all the shares in Multiplus held by Ms. Liting Ke. Accordingly, Mr. Ziming Yang is deemed to be interested in all the shares in which Multiplus is interested.

(3) Ms. Liting Ke was granted 200,000 share options pursuant to Share Option Schemes (as defined below) of the Company.

(1) 銳成控股有限公司(「**銳成**」)、昇譽有限公司(「**昇譽**」)及元陞有限公司(「**元陞**」)由楊紫明先生全資擁有及控制，因此，楊紫明先生被視為於銳成、昇譽及元陞享有權益的全部股份中擁有權益。

(2) 豐衡國際有限公司(「**豐衡**」)由柯麗婷女士擁有99%權益及由楊紫明先生擁有1%權益。根據柯麗婷女士與楊紫明先生所訂立日期為二零一二年七月三十一日的股東協議，除楊紫明先生於豐衡持有的股份所附投票權外，彼亦有權控制行使由柯麗婷女士持有的豐衡全部股份所附投票權。因此，楊紫明先生被視為於豐衡擁有權益的全部股份中擁有權益。

(3) 柯麗婷女士根據本公司購股權計劃(定義見下文)獲授200,000份購股權。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

- | | |
|--|---|
| (4) Mr. Ziming Yang is the spouse of Ms. Liting Ke. Accordingly, Mr. Yang is deemed to be interested in all the shares in which Ms. Liting Ke is interested. | (4) 楊紫明先生為柯麗婷女士的配偶。因此，楊先生被視為於柯麗婷女士擁有權益的全部股份中擁有權益。 |
| (5) These represent interest in underlying shares of the Share Option Schemes granted (as defined below) by the Company. | (5) 此為本公司授出的購股權計劃(定義見下文)的相關股份權益。 |
| (6) Based on a total of 667,264,000 issued shares of the Company as at 31 December 2017. | (6) 基於二零一七年十二月三十一日的合共 667,264,000 股本公司已發行股份計算。 |

Saved as disclosed above, as at 31 December 2017, none of the Directors and the chief executives of the Company and their respective associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

除上文披露者外，於二零一七年十二月三十一日，概無董事及本公司主要行政人員以及彼等各自的聯繫人於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份及債權證中擁有記錄於本公司根據證券及期貨條例第352條須存置之登記冊內的任何權益及淡倉，或根據標準守則須另行知會本公司及聯交所的任何權益及淡倉。

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2017, the persons or corporations (not being a Director or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

主要股東的權益及淡倉

於二零一七年十二月三十一日，以下人士或法團（非董事或本公司主要行政人員）於本公司股份及相關股份中擁有根據證券及期貨條例第XV部第2及3分部條文須向本公司披露或記錄於按證券及期貨條例第336條規定須予存置登記冊的權益或淡倉：

| Name | Capacity/Nature of interest | Number of Shares | Approximate percentage of shareholding interest ⁽⁵⁾ |
|--|---|------------------|--|
| 姓名／名稱 | 身份／權益性質 | 股份數目 | 持股權概約百分比 ⁽⁵⁾ |
| Ms Liting Ke ⁽¹⁾⁽²⁾⁽³⁾ 柯麗婷女士 ^{(1) (2)(3)} | Interest in a controlled corporation/ Interest of spouse 於受控法團的權益／配偶的權益 | 451,400,000 | 67.65% |
| Acute Result ⁽²⁾⁽⁴⁾ 銳成 ⁽²⁾⁽⁴⁾ | Beneficial owner 實益擁有人 | 288,450,000 | 43.23% |
| Ascend Fame ⁽²⁾⁽⁴⁾ 昇譽 ⁽²⁾⁽⁴⁾ | Beneficial owner 實益擁有人 | 52,500,000 | 7.87% |
| Keen Network ⁽²⁾⁽⁴⁾ 建協 ⁽²⁾⁽⁴⁾ | Beneficial owner 實益擁有人 | 31,500,000 | 4.72% |
| Prime Ascend ⁽²⁾⁽⁴⁾ 元陞 ⁽²⁾⁽⁴⁾ | Interest in a controlled corporation 於受控法團的權益 | 31,500,000 | 4.72% |
| Multiplus ⁽³⁾ 豐衡 ⁽³⁾ | Beneficial owner 實益擁有人 | 78,750,000 | 11.80% |

(1) Ms. Liting Ke is the spouse of Mr. Ziming Yang. Accordingly, Ms. Liting Ke is deemed to be interested in all the shares in which Mr. Ziming Yang is interested.

(1) 柯麗婷女士為楊紫明先生的配偶。因此，柯麗婷女士被視為於楊紫明先生享有權益的全部股份中擁有權益。

(2) Acute Result, Ascend Fame and Prime Ascend are wholly-owned and controlled by Mr. Ziming Yang and Mr. Ziming Yang is therefore deemed to be interested in all the shares in which Acute Result, Ascend Fame and Prime Ascend are interested.

(2) 銳成、昇譽及元陞由楊紫明先生全資擁有及控制，因此，楊紫明先生被視為於銳成、昇譽及元陞享有權益的全部股份中擁有權益。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

(3) Multiplus is owned as to 99% by Ms. Liting Ke and 1% by Mr. Ziming Yang. By virtue of a shareholders' agreement dated 31 July 2012 by and between Ms. Liting Ke and Mr. Ziming Yang, in addition to the voting right attached to the share Mr. Ziming Yang holds in Multiplus, he also has the right to control the exercise of the voting rights attached to all the shares in Multiplus held by Ms. Liting Ke. Accordingly, Mr. Ziming Yang is deemed to be interested in all the shares in which Multiplus is interested.

(4) Ms. Liting Ke was granted 200,000 share options pursuant to Share Option Schemes (as defined below) of the Company.

(5) Keen Network Holdings Limited (“**Keen Network**”) is owned as to 33.33% by Prime Ascend, 33.33% by Dominant Success Holdings Limited (“**Dominant Success**”) and 33.33% by Rosy Connect Investments Limited (“**Rosy Connect**”). Prime Ascend is directly and wholly-owned by Mr. Ziming Yang. Dominant Success is directly and wholly-owned by Mr. Siu Keung Ng. Rosy Connect is directly and wholly-owned by Mr. Rongqin Ke. Mr. Ziming Yang, Mr. Siu Keung Ng and Mr. Rongqin Ke are executive Directors of the Company.

By virtue of a shareholders' agreement dated 31 July 2012 by and among the shareholders of Keen Network, in addition to the voting rights attached to the shares in Keen Network that it holds, Prime Ascend also has the right to control the exercise of the voting rights attached to all the shares in Keen Network held by other shareholders. Accordingly, Prime Ascend is deemed to be interested in all the shares in which Keen Network is interested.

(6) Based on a total of 667,264,000 issued shares of the Company as at 31 December 2017.

Save as disclosed above, as at 31 December 2017, the Directors were not aware of any other person or corporation having an interest or short position in shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

(3) 豐衡由柯麗婷女士擁有99%權益及由楊紫明先生擁有1%權益。根據柯麗婷女士與楊紫明先生所訂立日期為二零一二年七月三十一日的股東協議，除楊紫明先生於豐衡持有的股份所附投票權外，彼亦有權控制行使由柯麗婷女士持有的豐衡全部股份所附投票權。因此，楊紫明先生被視為於豐衡享有權益的全部股份中擁有權益。

(4) 柯麗婷女士根據本公司購股權計劃(定義見下文)獲授200,000份購股權。

(5) 建協控股有限公司(「**建協**」)由元陞、Dominant Success Holdings Limited(「**Dominant Success**」)、錦匯投資有限公司(「**錦匯**」)各自擁有33.33%權益。元陞由楊紫明先生直接全資擁有。Dominant Success由吳少強先生直接全資擁有。錦匯由柯榕欽先生直接全資擁有。楊紫明先生、吳少強先生及柯榕欽先生均為本公司執行董事。

根據由建協股東之間所訂立日期為二零一二年七月三十一日的股東協議，除其持有的建協股份所附投票權外，元陞亦有權控制行使由其他股東持有的建協全部股份所附投票權。因此，元陞被視為於建協享有權益的全部股份中擁有權益。

(6) 基於二零一七年十二月三十一日的合共667,264,000股本公司已發行股份計算。

除上文披露者外，於二零一七年十二月三十一日，董事並不知悉有任何其他人士或法團於本公司股份及相關股份中擁有根據證券及期貨條例第XV部第2及3分部條文須向本公司披露或記錄於按證券及期貨條例第336條規定須予存置登記冊的權益或淡倉。

SHARE OPTION SCHEMES

The Company adopted a pre-initial public offering share option scheme (the “**Pre-IPO Share Option Scheme**”) and a share option scheme (the “**Share Option Scheme**”) on 8 October 2013 for the purpose of providing incentives and rewards to eligible participants who contribute to the Group.

Pre-IPO Share Option Scheme

The Company adopted the Pre-IPO Share Option Scheme on 8 October 2013 for the purpose of rewarding certain eligible persons for their past contributions and attracting and retaining, or otherwise maintaining on-going relationships with, such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group. Options to subscribe for an aggregate of 8,520,000 shares (the “**Shares**”) of the Company (the “**Pre-IPO Share Options**”) were granted on 8 October 2013. The exercise price per Share is HK\$2.024, being 80% of the initial public offering price. No further option could be granted under the Pre-IPO Share Option Scheme after 8 October 2013. All Pre-IPO Share Options granted under the Pre-IPO Share Option Scheme may be exercised during the option period commencing from the first anniversary of the Listing Date to the date falling 10 years from the grant date of the Pre-IPO Share Options and can only be exercised in the following manner:

- (i) 30% of each Pre-IPO Share Options may be exercised from the first anniversary of the Listing Date;
- (ii) 60% of each Pre-IPO Share Options may be exercised from the second anniversary of the Listing Date; and
- (iii) 100% of each Pre-IPO Share Options may be exercised from the third anniversary of the Listing Date.

購股權計劃

本公司於二零一三年十月八日採納首次公開發售前購股權計劃(「**首次公開發售前購股權計劃**」)及購股權計劃(「**購股權計劃**」)，為對本集團作出貢獻的合資格參與者提供鼓勵及獎賞。

首次公開發售前購股權計劃

本公司於二零一三年十月八日採納首次公開發售前購股權計劃，旨在獎勵若干合資格人士過往的貢獻，吸引及留聘對本集團的表現、增長或成功屬重要及／或其貢獻現時或將會對本集團的表現、增長或成功有利的合資格人士或以其他方式維持與彼等的持續關係。於二零一三年十月八日，已授出可認購合共8,520,000股本公司股份(「**股份**」)之購股權(「**首次公開發售前購股權**」)。每股股份之行使價為2.024港元，為初步公開發售價80%。於二零一三年十月八日後，不可再根據首次公開發售前購股權計劃授出購股權。所有根據首次公開發售前購股權計劃授出的首次公開發售前購股權可於購股權期間(自上市日期首週年起至首次公開發售前購股權授出日期起滿十年當日)行使，且僅可按以下方式行使：

- (i) 各項首次公開發售前購股權的30%可於上市日期首週年起行使；
- (ii) 各項首次公開發售前購股權的60%可於上市日期兩週年起行使；及
- (iii) 各項首次公開發售前購股權的100%可於上市日期三週年起行使。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

Details of the Pre-IPO Share Options as at 31 December 2017 are as follows:

於二零一七年十二月三十一日首次公開發售前購股權詳情如下：

| Name | 姓名 | Outstanding | Lapsed during | Exercised | Outstanding |
|------------------|-----------|----------------------------|---------------------------------------|---|-------------------------------|
| | | as at 1 January 2017 | the year ended 31 December 2017 | during the year ended 31 December 2017 | as at 31 December 2017 |
| | | 於 二零一七年 一月一日 尚未行使 | 截至 二零一七年 十二月三十一日 止年度已失效 | 截至 二零一七年 十二月三十一日 止年度已行使 | 於 二零一七年 十二月三十一日 尚未行使 |
| Mr. Siu Keung Ng | 吳少強先生 | 900,000 | – | – | 900,000 |
| Mr. Rongqin Ke | 柯榕欽先生 | 700,000 | – | – | 700,000 |
| Mr. Qiang Wei | 韋強先生 | 700,000 | – | – | 700,000 |
| In aggregate | 合計 | 4,889,000 | 440,000 | 550,000 ⁽¹⁾ | 3,899,000 |
| Total | 總計 | 7,189,000 | 440,000 | 550,000 | 6,199,000 |

Note 1: The weighted average closing price of the corresponding Shares immediately before the dates on which these Pre-IPO Share Options were exercised was HK\$2.4.

附註1：緊接該等首次公開發售前購股權獲行使日期前的相應股份的加權平均收市價為2.4港元。

The total number of Shares available for issue under the Pre-IPO Share Option Scheme is 6,199,000, representing approximately 0.929% of the Company's issued share capital as at the date of this annual report, i.e. 667,264,000 Shares. 440,000 Pre-IPO Share Options were lapsed and 550,000 Pre-IPO Share Options were exercised during the year ended 31 December 2017. No Pre-IPO Share Options were canceled during the year ended 31 December 2017.

根據首次公開發售前購股權計劃可予發行的股份總數為6,199,000股，佔本年報日期本公司已發行股本（即667,264,000股股份）約0.929%。截至二零一七年十二月三十一日止年度，440,000份首次公開發售前購股權已告失效，而550,000份首次公開發售前購股權則於同期獲行使。截至二零一七年十二月三十一日止年度概無註銷任何首次公開發售前購股權。

Share Option Scheme

The Company adopted the Share Option Scheme on 8 October 2013 for the purpose of rewarding certain eligible persons for their past contributions and attracting and retaining, or otherwise maintaining on-going relationships with, such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group. Subject to the earlier termination of the Share Option Scheme in accordance with the rules thereof, the Share Option Scheme shall remain in force for a period of ten years commencing on 28 October 2013.

Eligible participants of the Scheme include any proposed, full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; any Directors or proposed Director (including non-executive Director and independent non-executive Directors) of the Company or any of its subsidiaries; any direct or indirect shareholder of the Company or any of its subsidiaries; and any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries. The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the shares in issue as at the Listing Date, i.e. 70,000,000 Shares.

No option may be granted to any participant of the Share Option Scheme such that the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time.

購股權計劃

本公司於二零一三年十月八日採納購股權計劃，旨在獎勵若干合資格人士過往的貢獻，吸引及留聘對本集團的表現、增長或成功屬重要及／或其貢獻現時或將會對本集團的表現、增長或成功有利的合資格人士或以其他方式維持與彼等的持續關係。購股權計劃自二零一三年十月二十八日起計十年期間內維持有效，惟購股權計劃可根據本身的規則提前終止。

計劃的合資格參與者包括本公司或其任何附屬公司的任何建議、全職或兼職僱員、行政人員或高級職員；本公司或其任何附屬公司的任何董事或建議董事（包括非執行董事及獨立非執行董事）；本公司或其任何附屬公司的任何直接或間接股東；及本公司或其任何附屬公司的任何諮詢人、顧問、供應商、客戶及代理。因行使根據購股權計劃及本集團任何其他計劃將予授出的所有購股權而可能發行的最高股份數目，合共不得超過於上市日期已發行股份的10%（即70,000,000股股份）。

倘因任何購股權計劃參與者行使在截至最近授出日期起計任何12個月期間內已獲授及將獲授購股權而已發行及將予發行的股份總數超過本公司不時已發行股本的1%，則不得向該名人士授出任何購股權。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised; however, the Board may, subject to the provisions of the Listing Rules, in its absolute discretion when offering the grant of an Option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as it may think fit. Participants of the Share Option Scheme are required to pay the Company a nominal consideration in total HK\$1.00 upon acceptance of the grant on or before 30 days after the offer date. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheets on the offer date; and
- (c) the average closing price of a Share as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five Business Days (as defined in the Listing Rules) immediately preceding the offer date.

On 3 August 2017 (the “**Date of Offer**”), the Company offered to grant options to subscribe for an aggregate of 6,000,000 shares of the Company to employees of the Group under the Share Option Scheme at an exercise price of HK\$2.19 per share. The closing prices of the Company's shares immediately before the Date of Offer and on the Date of Offer were HK\$2.18 and HK\$2.19 respectively. The offers were accepted by the grantees within 30 days from the Date of Offer. The Share Options granted shall vest in the grantees on 3 August 2022, and

購股權可於董事會釐定的期間根據購股權計劃的條款隨時行使，惟有關期間不得超過授出日期起計10年。購股權毋須被持有一定期限方可行使；然而，根據上市規則規定，如董事會認為恰當，可全權酌情於提呈授出購股權時在購股權計劃所載之上施加有關購股權的任何條件、約束或限制。購股權計劃參與者須於要約日期起計30日或之前接納所獲授購股權時向本公司支付合共1.00港元之名義代價。購股權行使價乃由董事會全權酌情釐定，惟不得低於下列最高者：

- (a) 股份面值；
- (b) 於要約日期聯交所每日報價表所列股份收市價；及
- (c) 緊接要約日期前五個營業日(定義見上市規則)香港聯交所每日報價表所列股份平均收市價。

於二零一七年八月三日(「**要約日期**」)，本公司根據購股權計劃向本集團僱員提呈授出購股權，以按行使價每股2.19港元認購合共6,000,000股本公司股份。於緊接要約日期前及於要約日期，本公司股份收市價分別為2.18港元及2.19港元。承授人已於要約日期起計30日內接納要約。授出的購股權將於二

become exercisable before 3 August 2027, the date on which such Share Options shall lapse under the provisions of the Share Option Scheme. Mr Rongqin Ke, an executive director of the Company, is one of the grantees and he is granted 800,000 Share Options. Ms. Liting Ke, wife of the Company's executive director and substantial shareholder Mr. Ziming Yang and a design director of the Company, is one of the grantees and she is granted 200,000 Share Options. The grant of such Share Options has been approved by all the independent non-executive directors of the Company. Save as disclosed above, none of the grantees is a director, chief executive or substantial shareholder of the Company, nor an associate (as defined under the Listing Rules) of any of them.

As at the date of this report, the total number of shares available for issue under the Share Option Scheme was 70,000,000, representing approximately 10.49% of the Company's issued share capital, and the remaining life of the Share Option Scheme was about 5 years and 8 months.

ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in "Share Option Schemes" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director of the Company or their respective spouses or minor children, or were such rights exercised by them, or 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 debt securities (including debentures) of the Company or any other body corporate.

零二二年八月三日歸屬於承授人，及於二零二七年八月三日(根據購股權計劃之條文，有關購股權將於該日失效)之前可予行使。本公司執行董事柯榕欽先生為其中一位承授人，獲授予800,000份購股權。柯麗婷女士(本公司執行董事及主要股東楊紫明先生之妻子及本公司之設計總監)為其中一位承授人，獲授予200,000份購股權。本公司全體獨立非執行董事已批准授出該等購股權。除上文披露者外，概無承授人為本公司的董事、主要行政人員或主要股東，亦非彼等的任何聯繫人(定義見上市規則)。

於本報告日期，根據購股權計劃可供發行的股份總數為70,000,000股，相當於本公司已發行股本約10.49%，購股權計劃的剩餘年期約為五年零八個月。

董事購買股份或債權證的安排

除上文「購股權計劃」所披露者外，於年內任何時間，概無向任何本公司董事或彼等各自的配偶或未成年子女授出透過收購本公司股份或債權證而獲益的權利，亦無該等權利獲彼等行使，本公司、其控股公司或其任何附屬公司並無參與訂立任何安排讓本公司董事可透過收購本公司或任何其他法團的股份或債務證券(包括債權證)而獲利。

RETIREMENT SCHEMES

The Group participates in defined contribution retirement benefit schemes organized by the PRC municipal and provincial government authorities for the Group's eligible employees in the PRC, and operates a Mandatory Provident Fund scheme for the employees in Hong Kong. Particulars of these retirement plans are set out in note 23 to the consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period of the Group.

AUDITOR

The consolidated financial statements for the year ended 31 December 2017 have been audited by KPMG, who shall retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditor of the Company is to be proposed at the forthcoming annual general meeting.

By order of the Board

Ziming YANG
Chairman

Hong Kong, 9 February 2018

退休計劃

本集團就本集團合資格的中國僱員參與由中國省及市政府機關組織的界定供款退休福利計劃，並為香港僱員安排參與強制性公積金計劃。該等退休計劃的詳情載於綜合財務報表附註23。

報告期後事件

本集團報告期後概無任何重大事件。

核數師

截至二零一七年十二月三十一日止年度的綜合財務報表已獲畢馬威會計師事務所審核，其將退任並符合資格及願意接受續聘。本公司將於應屆股東週年大會提呈決議案，以續聘畢馬威會計師事務所為本公司核數師。

承董事會命

主席
楊紫明

香港，二零一八年二月九日



**Independent auditor's report
to the shareholders of Cabbeen Fashion Limited**
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Cabbeen Fashion Limited ("the Company") and its subsidiaries ("the Group") set out on pages 91 to 206, which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

獨立核數師報告
致卡賓服飾有限公司股東
(於開曼群島註冊成立的有限公司)

意見

本核數師(以下簡稱「我們」)已審核列載於第91頁至206頁卡賓服飾有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表，此綜合財務報表包括於二零一七年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

我們認為，綜合財務報表已根據國際會計準則委員會(「國際會計準則委員會」)頒佈的國際財務報告準則(「國際財務報告準則」)真實而公平地反映貴集團於二零一七年十二月三十一日的綜合財務狀況，及貴集團截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港公司條例的披露規定妥為編製。

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAAs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (“the Code”) together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

意見的基礎

我們已根據香港會計師公會(「香港會計師公會」)頒佈的香港核數準則(「香港核數準則」)進行審核。我們於該等準則項下的責任在本報告「核數師就審核綜合財務報表須承擔的責任」一節中詳述。根據香港會計師公會之專業會計師道德守則(「守則」)及開曼群島中任何與我們審核綜合財務報表有關的道德要求，我們獨立於貴集團，並已遵循該等要求及守則履行其他道德責任。我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

關鍵審核事項

根據我們的專業判斷，關鍵審核事項為我們審核本期綜合財務報表中最重要的事項。我們在整體審核綜合財務報表和就此形成意見時處理此等事項，而不會就此等事項單獨發表意見。

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| Revenue recognition 收益確認 | |
| Refer to note 2 to the consolidated financial statements and the accounting policies on page 125. 參閱綜合財務報表附註2及第125頁的會計政策。 | |
| The Key Audit Matter 關鍵審核事項 | How the matter was addressed in our audit 在審核中的處理方法 |
| <p>Revenue principally comprises sales of menswear goods to distributors and via consignees. 收益主要包括向分銷商及透過代銷商銷售男裝貨品。</p> <p>Each year, the Group enters into a framework distribution agreement or a consignment agreement with each distributor or consignee and manufactures and sells its products in accordance with the terms of separate purchase orders. 貴集團每年與各分銷商或代銷商訂立框架分銷協議或代銷協議，並根據各採購訂單的條款製造及銷售其產品。</p> <p>For sales to distributors, once the products are transported from the designated warehouse by the Group, the risks and rewards of ownership of the goods are considered to have been transferred to the distributor and revenue is recognised at that point. 就向分銷商作出的銷售而言，產品一旦由貴集團從指定倉庫發出，有關貨品擁有權的風險及回報將視為已轉移予分銷商，並於該時間點確認收益。</p> | <p>Our audit procedures to assess the recognition of revenue included the following: 我們評估收益確認的審核程序包括以下方面：</p> <ul style="list-style-type: none"> assessing the design, implementation and operating effectiveness of management's key internal controls over revenue recognition; 評估管理層有關收益確認的關鍵內部控制的設計、實施及運作成效； inspecting agreements with distributors and consignees, on a sample basis, to understand the terms of the sales transactions including the terms of delivery and acceptance, applicable rebates arrangements and any sales return arrangements to assess the Group's revenue recognition criteria with reference to the requirements of the prevailing accounting standards; 按樣本基準檢查與分銷商及代銷商的協議，以了解銷售交易的條款，包括交付及接受的條款、適用的回扣安排及任何銷貨退回安排，從而參考現行會計準則的規定評估貴集團的收益確認標準； |

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| Revenue recognition 收益確認 | |
| Refer to note 2 to the consolidated financial statements and the accounting policies on page 125. 參閱綜合財務報表附註2及第125頁的會計政策。 | |
| The Key Audit Matter 關鍵審核事項 | How the matter was addressed in our audit 在審核中的處理方法 |
| <p>For sales via consignees, once the products are sold to end users by the consignee, the risks and rewards of ownership of the goods are considered to have been transferred to the consignee and revenue is recognised at that point. The Group receives confirmations from consignees on a monthly basis of both the transaction amounts and balances due to the Group.</p> <p>就透過代銷商作出的銷售而言，產品一旦透過代銷商售予終端用戶，有關貨品擁有權的風險及回報將視為已轉移予代銷商，並於該時間點確認收益。貴集團每月接收代銷商有關交易金額及應付貴集團款項結餘的確認書。</p> <p>We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and because there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p> <p>我們把收益確認列為關鍵審核事項，因為收益是貴集團的關鍵績效指標之一，而當中涉及管理層為達到特定目標或預期而操控收益確認時間的固有風險。</p> | <ul style="list-style-type: none"> assessing, on a sample basis, whether revenue transactions recorded during the financial year had been recognised in the appropriate financial period by comparing the transactions selected with relevant underlying documentation, including goods delivery notes or monthly confirmations from consignees and the terms of sale as set out in the distribution or consignment agreements; 按樣本基準透過比較所選交易與相關支持文件，包括發貨單或來自代銷商的每月確認書及分銷或代銷協議所載的銷售條款，評估於財政年度內記錄的收益交易是否已於適當的財政期間確認； assessing, on a sample basis, whether specific revenue transactions around the financial year end had been recognised in the appropriate financial period by comparing the transactions selected with relevant underlying documentation, including goods delivery notes or monthly confirmations from consignees and the terms of sale as set out in the distribution or consignment agreements; 按樣本基準透過比較所選交易與相關支持文件，包括發貨單或來自代銷商的每月確認書及分銷或代銷協議所載的銷售條款，評估於財政年度前後的特定收益交易是否已於適當的財政期間確認； |

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| Revenue recognition 收益確認 | |
| Refer to note 2 to the consolidated financial statements and the accounting policies on page 125. 參閱綜合財務報表附註2及第125頁的會計政策。 | |
| The Key Audit Matter 關鍵審核事項 | How the matter was addressed in our audit 在審核中的處理方法 |
| | <ul style="list-style-type: none"> assessing, on a sample basis, whether sales rebates during the financial year had been recognised in the appropriate financial period by reconciling the movements in sales rebates accruals, recalculating the sales rebates recognised during the financial year on the basis of the terms as set out in the distribution or consignment agreements and comparing sales rebates payments during the financial year to confirmations from distributors or consignees and other relevant underlying documentation; 按樣本基準透過協調應計銷售回扣變動、根據分銷或代銷協議所載的條款重新計算於財政年度內確認的銷售回扣，及比較財政年度末內的銷售回扣付款與來自分銷商或代銷商的確認書及其他相關支持文件，評估於財政年度內的銷售回扣是否已於適當的財政期間確認； identifying significant credit notes issued and sales returns from the sales ledger after the financial year end and inspecting relevant underlying documentation to assess if the related revenue had been accounted for in the appropriate financial period in accordance with the requirements of the prevailing accounting standards; 識別於財政年度結束後從銷貨賬中所發出的重要貸記單及銷貨退回，並檢查相關支持文件，從而評估相關收益是否已根據現行會計準則的規定於適當的財政期間入賬； |

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

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| Revenue recognition 收益確認 | |
| <i>Refer to note 2 to the consolidated financial statements and the accounting policies on page 125.</i> 參閱綜合財務報表附註2及第125頁的會計政策。 | |
| The Key Audit Matter 關鍵審核事項 | How the matter was addressed in our audit 在審核中的處理方法 |
| | <ul style="list-style-type: none">inspecting significant manual adjustments to revenue during the reporting period, enquiring of management as to the reasons for such adjustments and comparing details of the adjustments with relevant underlying documentation. 檢查於報告期內對收益所作的重要手動調整，向管理層查詢作出有關調整的理由及比較調整詳情與相關支持文件。 |

| Valuation of inventories 存貨估值 | |
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| Refer to note 16 to the consolidated financial statements and the accounting policies on page 116. 參閱綜合財務報表附註 16 及第 116 頁的會計政策。 | |
| The Key Audit Matter 關鍵審核事項 | How the matter was addressed in our audit 在審核中的處理方法 |
| <p>Sales of inventories in the fashion industry can be volatile with consumer demand changing according to current fashion trends. 由於消費者需求會因應當前的潮流趨勢而不斷變動，時裝行業的存貨銷售可能出現波動。</p> <p>The Group typically sells or disposes of off-season inventories at a markdown from the original price to make room for new season inventories in its stores. Accordingly, the actual future selling prices of some inventories may fall below their purchase costs. 貴集團一般折價出售或處理過季存貨，以於其店舖為新季存貨騰出空間。因此，若干存貨的實際未來售價或會低於其採購成本。</p> <p>Management considers several factors in determining the appropriate level of inventory provisions, including inventory ageing, historical rates of sales at normal price levels and at markdown prices, and the channels available for selling off-season inventories. 管理層於釐定適當的存貨撥備水平時考慮多項因素，包括存貨賬齡、於正常價格水平及按減價價格的歷史銷售率以及銷售過季存貨的可用渠道。</p> | <p>Our audit procedures to assess the valuation of inventories included the following: 我們評估存貨估值的審核程序包括以下方面：</p> <ul style="list-style-type: none"> assessing whether the inventory provisions at the reporting date were calculated in a manner consistent with the Group's inventory provision policy by recalculating the inventory provisions based on percentages and other parameters in the Group's inventory provision policy and considering the application of the Group's inventory provision policy with reference to the requirements of the prevailing accounting standards; 根據貴集團存貨撥備政策的百分比及其他參數重新計算存貨撥備及參考現行會計準則的規定考慮貴集團存貨撥備政策的應用，藉以評估於報告日期的存貨撥備是否按與貴集團存貨撥備政策一致的方式計算； assessing, on a sample basis, whether items in the inventory ageing report were classified within the appropriate ageing bracket by comparing the barcode tags for the inventory items selected with relevant purchase documents; 按樣本基準透過比較所選存貨項目的條碼標籤與相關採購文件，評估存貨賬齡報告中的項目是否歸入適當的賬齡組別； performing a retrospective review by comparing the carrying values of inventories as at 31 December 2016 with sales prices achieved during the current year, to assess the reliability of management's write-down and provisioning process; 透過將二零一六年十二月三十一日之存貨賬面值與本年度之售價進行比較，作出追溯檢討以評估管理層撇減及撥備流程之可靠性； |

| | |
|---|---|
| Valuation of inventories 存貨估值 | |
| Refer to note 16 to the consolidated financial statements and the accounting policies on page 116. 參閱綜合財務報表附註 16 及第 116 頁的會計政策。 | |
| The Key Audit Matter 關鍵審核事項 | How the matter was addressed in our audit 在審核中的處理方法 |
| <p>We identified the valuation of inventories as a key audit matter because of the significant judgement exercised by management in determining the appropriate levels of inventory provisions which involves predicting the amounts of inventories which will be unsold at the end of each season and the markdowns necessary to sell such off-season inventories on a discounted basis through outlets and other channels in future years. Both of these factors can be inherently uncertain and could be subject to management bias.</p> <p>我們把存貨估值列為關鍵審核事項，因為管理層在釐定適當的存貨撥備水平時行使重大判斷，而當中涉及預測於各個季度末未售的存貨數量及於未來數年透過折扣店及其他渠道降價出售該等過季存貨所需作出的折扣。該等因素均存在固有不确定性，並可能受管理層偏好所規限。</p> | <ul style="list-style-type: none"> evaluating the Group's inventory provision policy by comparing management's expectation of the amounts of inventories which are unlikely to be sold in the foreseeable future at current prices and the corresponding expectation of markdowns with historical sales amounts and markdown data for the current and prior years provided by management; and 透過比較管理層對不大可能於可見將來按當前價格出售的存貨數量的預期及相應的折扣預期與管理層所提供的當前及過往年度的歷史銷售數額及折扣數據，評估貴集團的存貨撥備政策；及 enquiring of the management and senior members of the sales team about any expected changes in plans for markdowns or disposals of off-season inventories and comparing the carrying value of inventories to actual prices for sales transactions subsequent to the reporting date on a sample basis. 向管理層及銷售團隊的高級管理人員詢問有關折扣或處理過季存貨計劃的任何預期變動，並按樣本基準比較存貨賬面值與報告日期後銷售交易的實際價格。 |

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

綜合財務報表以外的其他資料及我們就此發出的核數師報告

董事須對其他資料承擔責任。其他資料包括年報中所包含的所有資料，但不包括綜合財務報表及我們就此發出的核數師報告。

我們對綜合財務報表作出的意見並未考慮其他資料。我們不對其他資料發表任何形式的核證結論。

就審核綜合財務報表而言，我們的責任是閱讀其他資料，從而考慮其他資料是否與綜合財務報表或我們在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。倘若我們基於已完成的工作認為其他資料出現重大錯誤陳述，我們須報告此一事實。我們就此並無須報告事項。

董事就綜合財務報表須承擔的責任

董事須負責根據國際會計準則委員會頒佈的國際財務報告準則及香港公司條例的披露規定編製及真實而公允地列報該等綜合財務報表，並負責董事認為編製綜合財務報表所必需的有關內部控制，以確保綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述。

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

The directors are assisted by the Audit Committee in discharging their responsibilities 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. This report is made 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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement 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.

董事獲審核委員會協助履行其監督貴集團財務報告流程的責任。

核數師就審核綜合財務報表須承擔的責任

我們的目標是合理確定整體而言此等綜合財務報表是否不存在由於欺詐或錯誤而導致的重大錯誤陳述，並發出包含審核意見的核數師報告。本報告僅為閣下(作為整體)而編製，並無其他用途。我們並不就本報告之內容對任何其他人士承擔任何義務或負上任何責任。

合理確定屬高層次的核證，但不能擔保根據香港核數準則進行的審核工作總能發現所存在的重大錯誤陳述。重大錯誤陳述可源於欺詐或錯誤，倘個別或整體在合理預期情況下可影響使用者根據綜合財務報表作出的經濟決定時，被視為重大錯誤陳述。

我們根據香港核數準則進行審核的工作之一，是運用專業判斷，在整個審核過程中抱持職業懷疑態度。我們亦：

- 識別及評估綜合財務報表由於欺詐或錯誤而導致的重大錯誤陳述風險，因應這些風險設計及執行審核程序，以及獲得充足及適當的審核憑證為我們的意見提供基礎。由於欺詐涉及合謀串通、偽造、故意遺漏、誤導性陳述或凌駕內部控制，因此未能發現由此造成的重大錯誤陳述風險比未能發現由於錯誤而導致的重大錯誤陳述風險更高。

- 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.
- 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.
- 了解與審核有關的內部控制，以設計恰當的審核程序，但並非旨在對貴集團的內部控制的有效性發表意見。
- 評估所用會計政策是否恰當，以及董事所作出的會計估算和相關披露是否合理。
- 總結董事採用以持續經營為基礎的會計法是否恰當，並根據已獲取的審核憑證，總結是否有可能對貴集團持續經營的能力構成重大疑問的事件或情況等重大不確定因素。倘若我們總結認為有重大不確定因素，我們需要在核數師報告中提請注意綜合財務報表內的相關資料披露，或如果相關披露不足，則出具非標準無保留意見。我們的結論是基於截至核數師報告日期所獲得的審核憑證。然而，未來事件或情況可能導致貴集團不再具有持續經營的能力。
- 評估綜合財務報表（包括資料披露）的整體列報、架構和內容，以及綜合財務報表是否已公允地反映相關交易及事項。
- 就貴集團內各實體或業務活動的財務資料獲得充足的審核憑證，以就綜合財務報表發表意見。我們須負責指導、監督和執行集團的審核工作。我們須為我們的審核意見承擔全部責任。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

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 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 Ng Yu Hei.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

9 February 2018

我們就(其中包括)審核工作的計劃範圍和時間以及重大審核發現(包括我們在審核過程中發現的任何內部控制的重大缺失)與審核委員會進行溝通。

我們亦向審核委員會作出聲明, 確認我們已遵守有關獨立性的道德要求, 並就所有被合理認為可能影響我們獨立性的關係和其他事宜以及相關保障措施(如適用), 與審核委員會進行溝通。

我們通過與審核委員會溝通, 確定哪些是本期綜合財務報表審核工作的最重要事項, 即關鍵審核事項。除非法律或法規不容許公開披露此等事項或在極罕有的情況下, 我們認為披露此等事項可合理預期的不良後果將超過公眾知悉此等事項的利益而不應在報告中予以披露, 否則我們會在核數師報告中描述此等事項。

負責此審核項目與簽發獨立核數師報告的項目合夥人為吳宇希。

畢馬威會計師事務所

執業會計師
香港中環
遮打道十號
太子大廈八樓

二零一八年二月九日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

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

(Expressed in Renminbi) (以人民幣列示)

| | | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|-----------|------------|-----------------------------------|-----------------------------------|
| | | Note 附註 | | |
| Revenue | 收益 | 2 | 1,089,106 | 1,160,799 |
| Cost of sales | 銷售成本 | | (551,493) | (604,829) |
| Gross profit | 毛利 | | 537,613 | 555,970 |
| Other income | 其他收入 | 3 | 42,786 | 51,709 |
| Selling and distribution expenses | 銷售及分銷開支 | | (153,392) | (160,425) |
| Administrative and other operating expenses | 行政及其他營運開支 | | (125,671) | (194,198) |
| Profit from operations | 經營溢利 | | 301,336 | 253,056 |
| Finance costs | 融資成本 | 4(a) | (16,555) | (5,848) |
| Profit before taxation | 除稅前溢利 | 4 | 284,781 | 247,208 |
| Income tax expense | 所得稅開支 | 5(a) | (81,568) | (65,519) |
| Profit for the year | 年內溢利 | | 203,213 | 181,689 |
| Attributable to: | 以下各方應佔： | | | |
| Equity shareholders of the Company | 本公司權益股東 | | 201,883 | 181,689 |
| Non-controlling interests | 非控股權益 | | 1,330 | – |
| Profit for the year | 年內溢利 | | 203,213 | 181,689 |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

綜合損益及其他全面收益表(續)

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

(Expressed in Renminbi) (以人民幣列示)

| | Note 附註 | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--|------------------------|-----------------------------------|-----------------------------------|
| Other comprehensive income for the year | 年內其他全面收益 | | |
| Item that may be reclassified subsequently to profit or loss: | 可能於其後重新分類到損益的項目： | | |
| – Exchange differences on translation of the financial statements of operations outside the mainland China | – 換算中國內地境外業務的財務報表的匯兌差額 | | |
| | | (2,340) | (3,052) |
| Total comprehensive income for the year | 年內全面收益總額 | 200,873 | 178,637 |
| Attributable to: | 以下各方應佔： | | |
| Equity shareholders of the Company | 本公司權益股東 | 199,543 | 178,637 |
| Non-controlling interests | 非控股權益 | 1,330 | – |
| Total comprehensive income for the year | 年內全面收益總額 | 200,873 | 178,637 |
| Earnings per share (RMB cents) | 每股盈利(人民幣分) | 8 | |
| Basic | 基本 | 29.47 | 25.54 |
| Diluted | 攤薄 | 29.45 | 25.46 |

The notes on pages 98 to 206 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 25(b).

第98至206頁所載附註為該等財務報表組成部分。有關應付本公司權益股東的股息詳情載於附註25(b)。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

(Expressed in Renminbi) (以人民幣列示)

| | Note 附註 | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|-------------------|-----------------------------------|-----------------------------------|
| Non-current assets | 非流動資產 | | |
| Property, plant and equipment | 物業、廠房及設備 | 73,076 | 57,521 |
| Interests in leasehold land held for own use under operating leases | 經營租賃下持作自用之租賃土地之權益 | | |
| | 9 | | |
| Intangible assets | 無形資產 | 23,312 | 23,319 |
| | 10 | | |
| Prepayments for acquisition of plant and equipment | 收購廠房及設備之預付款項 | 40,218 | 34,848 |
| | 11 | | |
| Other loans receivable | 其他應收貸款 | 9,744 | – |
| | 13 | | |
| Deferred tax assets | 遞延稅項資產 | 64,118 | – |
| | 15(b) | | |
| | | 26,158 | 37,786 |
| | | 236,626 | 153,474 |
| Current assets | 流動資產 | | |
| Inventories | 存貨 | 337,052 | 328,813 |
| Trade and other receivables | 貿易及其他應收款項 | 445,829 | 465,086 |
| Other financial assets | 其他金融資產 | 253,159 | 21,400 |
| Deposits with banks with original maturity date over three months | 原到期日逾三個月的銀行存款 | | |
| | 18 | | |
| Pledged bank deposits | 已抵押銀行存款 | 452,860 | 275,400 |
| | 19 | | |
| Cash and cash equivalents | 現金及現金等價物 | 105,015 | 239,068 |
| | 20 | | |
| | | 134,593 | 222,885 |
| | | 1,728,508 | 1,552,652 |
| Current liabilities | 流動負債 | | |
| Bank borrowings | 銀行借款 | 16,636 | 127,095 |
| Trade and other payables | 貿易及其他應付款項 | 590,042 | 555,696 |
| Current tax payable | 應付即期稅項 | 19,929 | 30,041 |
| | 15(a) | | |
| | | 626,607 | 712,832 |
| Net current assets | 流動資產淨值 | 1,101,901 | 839,820 |
| Total assets less current liabilities | 資產總值減流動負債 | 1,338,527 | 993,294 |
| Non-current liabilities | 非流動負債 | | |
| Bank borrowings | 銀行借款 | 271,461 | – |
| | 21 | | |
| Deferred tax liabilities | 遞延稅項負債 | 11,770 | 11,577 |
| | 15(b) | | |
| | | 283,231 | 11,577 |
| NET ASSETS | 資產淨值 | 1,055,296 | 981,717 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

綜合財務狀況表(續)

(Expressed in Renminbi) (以人民幣列示)

| | Note 附註 | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|------------|-----------------------------------|-----------------------------------|
| CAPITAL AND RESERVES 資本及儲備 | 25 | | |
| Share capital 股本 | | 5,203 | 5,583 |
| Reserves 儲備 | | 1,018,653 | 976,134 |
| Total equity attributable to equity shareholders of the Company 本公司權益股東應佔總權益 | | 1,023,856 | 981,717 |
| Non-controlling interests 非控股權益 | | 31,440 | – |
| TOTAL EQUITY 總權益 | | 1,055,296 | 981,717 |

Approved and authorised for issue by the board of directors on 9 February 2018.

經董事會於二零一八年二月九日批准及授權刊發。

Mr. Siu Keung Ng

吳少強先生

Chief Executive Officer and Executive Director
行政總裁兼執行董事

Mr. Qiang Wei

韋強先生

Executive Director
執行董事

The notes on pages 98 to 206 form part of these financial statements.

第98至206頁所載附註為該等財務報表組成部分。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

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

(Expressed in Renminbi) (以人民幣列示)

| | Note 附註 | Attributable to equity shareholders of the Company 本公司權益股東應佔 | | | | | | | | | |
|--|-------------------------|---|--------------------------|----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|------------------------|----------------------------------|------------------------|
| | | Share capital | Share premium | Capital redemption reserve | Capital reserves | Statutory reserve | Exchange reserve | Retained profits | Total | Non- controlling interests | Total |
| | | 股本 RMB'000 人民幣千元 | 股份溢價 RMB'000 人民幣千元 | 贖回儲備 RMB'000 人民幣千元 | 資本儲備 RMB'000 人民幣千元 | 法定儲備 RMB'000 人民幣千元 | 匯兌儲備 RMB'000 人民幣千元 | 保留溢利 RMB'000 人民幣千元 | 總計 RMB'000 人民幣千元 | 非控股 權益 RMB'000 人民幣千元 | 總計 RMB'000 人民幣千元 |
| As at 1 January 2016 | 於二零一六年一月一日 | 5,580 | 89,204 | - | 42,493 | 37,834 | 10,415 | 711,375 | 896,901 | - | 896,901 |
| Changes in equity for 2016: | 於二零一六年的權益變動: | | | | | | | | | | |
| Profit for the year | 年內溢利 | - | - | - | - | - | - | 181,689 | 181,689 | - | 181,689 |
| Other comprehensive income for the year | 年內其他全面收益 | - | - | - | - | - | (3,052) | - | (3,052) | - | (3,052) |
| Total comprehensive income for the year | 年內全面收益總額 | - | - | - | - | - | (3,052) | 181,689 | 178,637 | - | 178,637 |
| Dividend declared | 已宣派股息 | 25(b) | (85,303) | - | - | - | (9,617) | - | (94,920) | - | (94,920) |
| Shares issued under share option scheme | 根據購股權計劃發行股份 | 25(c)(iii) | 3 | 811 | (245) | - | - | - | 569 | - | 569 |
| Equity-settled share-based transactions | 權益結算以股份為基礎的交易 | 4(b) | - | - | 530 | - | - | - | 530 | - | 530 |
| Appropriation to statutory reserves | 轉至法定儲備 | | - | - | - | 1,580 | - | (1,580) | - | - | - |
| As at 31 December 2016 and 1 January 2017 | 於二零一六年十二月三十一日及二零一七年一月一日 | 5,583 | 4,712 | - | 42,778 | 39,414 | (2,254) | 891,484 | 981,717 | - | 981,717 |
| Changes in equity for 2017: | 於二零一七年的權益變動: | | | | | | | | | | |
| Profit for the year | 年內溢利 | - | - | - | - | - | - | 201,883 | 201,883 | 1,330 | 203,213 |
| Other comprehensive income for the year | 年內其他全面收益 | - | - | - | - | - | (2,340) | - | (2,340) | - | (2,340) |
| Total comprehensive income for the year | 年內全面收益總額 | - | - | - | - | - | (2,340) | 201,883 | 199,543 | 1,330 | 200,873 |
| Dividend declared | 已宣派股息 | 25(b) | - | - | - | - | - | (66,418) | (66,418) | - | (66,418) |
| Shares issued under share option scheme | 根據購股權計劃發行股份 | 25(c)(iii) | 4 | 1,348 | (400) | - | - | - | 952 | - | 952 |
| Transfer between reserves | 儲備間調撥 | | - | - | (430) | - | - | 430 | - | - | - |
| Equity-settled share-based transactions | 權益結算以股份為基礎的交易 | 4(b) | - | - | 360 | - | - | - | 360 | - | 360 |
| Appropriation to statutory reserves | 轉至法定儲備 | | - | - | - | 6,161 | - | (6,161) | - | - | - |
| Shares repurchased | 購回股份 | 25(c)(iii) | (384) | - | 384 | - | - | (92,298) | (92,298) | - | (92,298) |
| Capital injected by non-controlling interests | 非控股權益注資 | | - | - | - | - | - | - | - | 30,110 | 30,110 |
| As at 31 December 2017 | 於二零一七年十二月三十一日 | 5,203 | 6,060 | 384 | 42,308 | 45,575 | (4,594) | 928,920 | 1,023,856 | 31,440 | 1,055,296 |

The notes on pages 98 to 206 form part of these financial statements.

第98至206頁所載附註為該等財務報表組成部分。

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

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

(Expressed in Renminbi) (以人民幣列示)

| | Note 附註 | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--|------------------------|-----------------------------------|-----------------------------------|
| Operating activities | 經營活動 | | |
| Cash generated from operations | 經營活動所得現金 | 20(b) | 374,344 |
| Income tax paid | 已付所得稅 | | (84,800) |
| | | | 66,307 |
| | | | (79,461) |
| Net cash generated from/(used in) operating activities | 經營活動所得／(所用)淨現金 | | 289,544 |
| | | | (13,154) |
| Investing activities | 投資活動 | | |
| Payment for the purchase of property, plant and equipment | 購買物業、廠房及設備付款 | | (43,211) |
| Payment for business acquisition | 業務收購付款 | 12 | – |
| Payment for the purchase of intangible assets | 購買無形資產付款 | | (10,522) |
| Payment for leasehold land held for own use | 持作自用之租賃土地付款 | | (494) |
| Proceeds from disposal of property, plant and equipment | 出售物業、廠房及設備所得款項 | | 2,873 |
| Net (increase)/decrease of deposits with banks with original maturity date over three months | 原到期日逾三個月的銀行存款(增加)／減少淨額 | | (177,460) |
| Net decrease in pledged bank deposits | 已抵押銀行存款減少淨額 | | 134,053 |
| Proceeds from disposal of financial assets | 出售金融資產之所得款項 | | 21,634 |
| Payments for the purchase of financial assets | 購買金融資產付款 | | (250,835) |
| Loans to minority shareholder | 向少數股東提供貸款 | | (25,610) |
| Loans to third party | 向第三方提供貸款 | | (63,005) |
| Interest received | 已收利息 | | 11,933 |
| | | | 13,222 |
| | | | 189,307 |
| | | | 62,974 |
| | | | (74,000) |
| | | | – |
| | | | – |
| | | | 19,103 |
| Net cash (used in)/ generated from investing activities | 投資活動(所用)／所得淨現金 | | (400,644) |
| | | | 138,259 |

| | | Note 附註 | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|---------------------------|------------|-----------------------------------|-----------------------------------|
| Financing activities | 融資活動 | | | |
| Proceeds from bank borrowings | 銀行借款所得款項 | | 324,749 | 123,420 |
| Repayment of bank borrowings | 償還銀行借款 | | (147,095) | (221,727) |
| Dividends paid | 已付股息 | 25(b) | (66,418) | (94,920) |
| Interest paid | 已付利息 | | (15,898) | (5,848) |
| Proceeds from issue of shares | 發行股份所得款項 | 25(c)(iii) | 952 | 569 |
| Payment of share repurchase | 股份回購付款 | 25(c)(ii) | (92,298) | - |
| Capital contribution by non-controlling interests of subsidiaries | 附屬公司 非控股權益注資 | | 30,110 | - |
| Payment of other borrowing cost | 其他借款成本付款 | | (4,367) | - |
| Net cash generated from/(use in) financing activities | 融資活動所得／(所用) 淨現金 | | 29,735 | (198,506) |
| Net decrease in cash and cash equivalents | 現金及現金等價物 減少淨額 | | (81,365) | (73,401) |
| Cash and cash equivalents at 1 January | 於一月一日的現金及 現金等價物 | | 222,885 | 294,543 |
| Effect of foreign exchange rate changes | 外匯匯率變動影響 | | (6,927) | 1,743 |
| Cash and cash equivalents at 31 December | 於十二月三十一日 的現金及現金等價物 | 20(a) | 134,593 | 222,885 |

The notes on pages 98 to 206 form part of these financial statements.

第98至206頁所載附註為該等財務報表組成部分。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”). These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“SEHK”). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on the new and revised IFRSs that are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

1 主要會計政策

(a) 合規聲明

該等財務報表乃按照所有適用國際財務報告準則(「國際財務報告準則」)而編製。國際財務報告準則包括由國際會計準則委員會(「國際會計準則委員會」)頒佈的所有適用的個別國際財務報告準則、國際會計準則(「國際會計準則」)及詮釋。該等財務報表亦符合香港公司條例的適用披露規定以及香港聯合交易所有限公司(「香港聯交所」)證券上市規則的適用披露規定。本集團所採用主要會計政策披露如下。

國際會計準則委員會已頒佈若干新訂及經修訂國際財務報告準則，該等準則於本集團現行會計期間首次生效或可提早採納。現行及過往會計期間與本集團有關並已反映於該等財務報表內的新訂及經修訂國際財務報告準則有關資料列載於附註1(c)。

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the “Group”).

These financial statements are presented in Renminbi (“RMB”), rounded to the nearest thousand, as the Group’s principal activities were carried out in the PRC. RMB is the functional currency for the Company’s subsidiaries established in the mainland China. The functional currency of the Company and the Company’s subsidiaries outside the mainland China are Hong Kong dollars.

These financial statements are prepared on the historical cost basis except that financial assets at fair value through profit or loss and available-for-sale financial assets which are stated at their fair value as explained in the accounting policies below (note 1(f)).

1 主要會計政策 (續)

(b) 編製財務報表的基準

截至二零一七年十二月三十一日止年度的綜合財務報表包括本公司及其附屬公司(統稱「本集團」)。

由於本集團於中國進行主要業務活動，該等財務報表以人民幣(「人民幣」)呈列，湊整至最接近千元。人民幣為本公司於中國內地成立的附屬公司的功能貨幣。本公司及本公司於中國內地境外附屬公司的功能貨幣為港元。

該等財務報表按歷史成本基準編製，惟下文會計政策所述按公平值計入損益的金融資產及按公平值列賬的可供出售金融資產(附註1(f))除外。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 29.

1 主要會計政策(續)

(b) 編製財務報表的基準(續)

管理層在編製符合國際財務報告準則的財務報表時，須作出判斷、估計及假設，該等判斷、估計及假設會影響政策的應用以及資產、負債、收入及開支的呈報金額。該等估計及相關假設乃基於過往經驗及因應當時情況相信為合理的多項其他因素，而所得結果構成用作判斷顯然無法透過其他來源得知資產及負債賬面值的基準。實際結果可能有別於該等估計。

各項估計及相關假設會持續檢討。會計估計的修訂如僅影響修訂期間，則有關修訂於該期間內確認。如該項會計估計的修訂影響該期間及未來期間，則有關修訂會於該期間及未來期間內確認。

有關管理層在應用國際財務報告準則時所作出對財務報表有重大影響的判斷，以及估計不確定因素的主要來源，乃於附註29論述。

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) New and revised IFRSs that are first effective for the current accounting period

The IASB has issued several amendments to IFRSs that are first effective for the current accounting period of the Group. However, additional disclosure has been included in note 20(c) to satisfy the new disclosure requirements introduced by the amendments to IAS 7, Statement of cash flows: Disclosure initiative, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

1 主要會計政策 (續)

(c) 於現行會計期間首次生效的新訂及經修訂國際財務報告準則

國際會計準則委員會已頒佈多項對國際財務報告準則的修訂，該等修訂於本集團現行會計期間首次生效。然而，附註20(c)已提供額外披露以符合國際會計準則第7號的修訂現金流量表：披露計劃所引入的新披露規定，該新規定要求實體提供能使財務報表使用者評估融資活動所產生負債之變動(包括現金流量變動及非現金變動)的披露。

本集團並無應用於現行會計期間尚未生效的任何新訂準則或詮釋。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

1 主要會計政策(續)

(d) 附屬公司及非控股權益

附屬公司指本集團控制的實體。倘本集團因參與實體而面對回報有所不同的風險或有權享有回報，並且有能力透過其權力影響實體的該等回報，則本集團控制該實體。於評估本集團是否有權力時，僅考慮(由本集團及其他方持有的)實質權利。

於附屬公司的投資自控制權開始之日起至控制權終止當日計入綜合財務報表內。集團內公司間結餘、交易及集團內公司間交易所產生現金流量及任何未變現溢利，在編製綜合財務報表時予以全數對銷。集團內公司間交易所產生的未變現虧損則僅在並無出現減值證據的情況下按與對銷未變現收益相同的方法對銷。

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Subsidiaries and non-controlling interests (Continued)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (note 1(l)).

1 主要會計政策 (續)

(d) 附屬公司及非控股權益 (續)

非控股權益指並非由本公司直接或間接應佔附屬公司的權益，而本集團並未與該等權益的持有人協定任何附加條款，以使本集團整體上對該等權益產生符合金融負債定義的合約責任。就每項業務合併而言，本集團可選擇以公平值或按非控股權益分佔附屬公司可識別資產淨值的份額計量任何非控股權益。

非控股權益在綜合財務狀況表的權益中呈列，獨立於本公司權益股東應佔權益。非控股權益應佔本集團業績於綜合損益及其他全面收益表賬面呈列，作為年內損益總額及全面收益總額在非控股權益與本公司權益股東之間的分配結果。

於本公司的財務狀況表中，於附屬公司的投資按成本減減值虧損(附註1(l))列賬。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(l)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Financial assets at fair value through profit or loss and available-for-sale financial assets

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction cost.

1 主要會計政策(續)

(e) 商譽

商譽指：

- (i) 已轉讓代價之公平值、被收購方任何非控股權益之金額及集團先前所持被收購方股權之公平值之總和；超出
- (ii) 於收購日期所計量被收購方可識別資產及負債之公平值淨值的部分。

如(ii)項之金額大於(i)項，則有關差額即時於損益中確認為議價購買之收益。

商譽按成本減累計減值虧損列賬。業務合併產生之商譽被分配至各個現金產生單位或各組現金產生單位(預期會產生合併協同效益)，並須每年作減值測試(見附註1(l))。

年內出售單一現金產生單位時，任何購入商譽之應佔金額於計算出售之損益時計入在內。

(f) 按公平值計入損益的金融資產及可供出售金融資產

(i) 按公平值計入損益的金融資產

按公平值計入損益的金融資產初步按公平值列賬，該公平值為其交易價，除非公平值可採用估值技術(其可變因素僅包括來自可觀察市場的數據)更可靠地予以估計。成本包括應佔交易成本。

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial assets at fair value through profit or loss and available-for-sale financial assets

(Continued)

(i) Financial assets at fair value through profit or loss (Continued)

Financial assets at fair value through profit or loss are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any interest earned on these financial assets as these are recognised in accordance with the policies set out in note 1(u)(ii).

(ii) Available-for-sale financial assets

Available-for-sale financial assets are initially stated at fair value plus any directly attributable transaction costs. Interest income from these financial assets is recognised using the effective interest method in profit or loss in accordance with the policy set out in note 1(u)(ii). When these financial assets are derecognised or impaired (note 1(l)), the cumulative gain or loss is reclassified from equity to profit or loss.

(g) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

1 主要會計政策 (續)

(f) 按公平值計入損益的金融資產及可供出售金融資產 (續)

(i) 按公平值計入損益的金融資產 (續)

按公平值計入損益的金融資產分類為流動資產。任何應佔交易成本於發生時在損益確認。公平值於各報告期結束時重新計量，而任何因此產生的收益或虧損均於損益內確認。於損益確認的收益或虧損淨額不包括該等金融資產賺取的任何利息，因為該等項目已根據附註1(u)(ii)所載政策予以確認。

(ii) 可供出售金融資產

可供出售金融資產初步按公平值加任何直接應佔交易成本列值。該等金融資產的利息收入根據附註1(u)(ii)所載政策於損益按實際利率法確認。當該等金融資產取消確認或減值時(附註1(l))，則累計收益或虧損由權益重新分類至損益。

(g) 衍生金融工具

衍生金融工具初步按公平值確認。於各報告期末，公平值會重新計量。重新計量公平值產生的盈虧即時於損益中確認，惟符合現金流量對沖會計處理或對沖海外業務淨投資的衍生工具於重新計量時所得盈虧之確認則須視乎所對沖項目之性質而定。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (note 1(l)):

- buildings held for own use which are situated on leasehold land classified as held under operating leases (see note 1(i)); and
- other items of plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (note 1(w)).

No depreciation is provided in respect of construction in progress.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

- Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.
- Leasehold improvements Shorter of 3 – 5 years or remaining term of the lease
- Plant and machinery 5 – 10 years
- Motor vehicles 4 – 5 years
- Furniture, fixtures and equipment 3 – 5 years

1 主要會計政策(續)

(h) 物業、廠房及設備

以下物業、廠房及設備項目按成本減去累計折舊及減值虧損(附註1(l))列賬：

- 持作自用之樓宇(位於分類為經營租賃下持有之租賃土地上(見附註1(i)))；及
- 其他廠房及設備項目。

自建物業、廠房及設備項目的成本包括物料成本、直接勞工成本，及如適用，初步估計拆卸及搬遷項目以及恢復項目所在地原貌的成本，以及適當比例的生產經常費用及借款成本(附註1(w))。

概無就在建工程計提任何折舊。

物業、廠房及設備項目的折舊按下列估計可使用年期，以直線法撇銷其成本減其估計剩餘價值(如有)計算：

- 位於租賃土地上的樓宇按未屆滿租期及其估計可使用年期(即不超過完工日期後50年)(以較短者為準)折舊。
- 租賃物業裝修 3至5年或租賃尚餘期限的較短者
- 廠房及機器 5至10年
- 汽車 4至5年
- 傢俬、裝置及設備 3至5年

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, plant and equipment

(Continued)

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(i) Interests in leasehold land held for own use under operating leases

Interests in leasehold land held for own use under operating leases represent cost of acquiring land use rights paid to the PRC's governmental authorities. Land use rights are stated at cost less accumulated amortisation and impairment losses (see note 1(l)(ii)). Amortisation is charged to profit or loss on a straight-line basis over the period of the lease term of the right which is 48 years.

(j) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (note 1(l)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

| | |
|------------------------------------|------------|
| Computer software | 5-10 years |
| Distribution network and trademark | 20 years |

1 主要會計政策 (續)

(h) 物業、廠房及設備 (續)

資產的可使用年期及其剩餘價值 (如有) 均於每年進行審閱。

報廢或出售物業、廠房及設備項目所產生的收益或虧損以該項目的出售所得款項淨額與其賬面值之間的差額釐定，並於報廢或出售當日在損益內確認。

(i) 經營租賃下持作自用之租賃土地之權益

經營租賃下持作自用之租賃土地之權益指支付予中國政府機構之收購土地使用權之成本。土地使用權按成本減累計攤銷及減值虧損 (見附註 1(l)(ii)) 列賬。攤銷於土地使用權租賃期 48 年內以直線法自損益扣除。

(j) 無形資產

本集團購入的無形資產按成本減累計攤銷 (如估計可使用年期屬有限) 及減值虧損 (附註 1(l)) 列賬。

可使用年期有限的無形資產攤銷於資產的估計可使用年期內以直線法自損益扣除。下列可使用年期有限的無形資產自其可供使用日期起進行攤銷及其估計可使用年期如下：

| | |
|---------|-------|
| 電腦軟件 | 5至10年 |
| 分銷網絡及商標 | 20年 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Intangible assets (Continued)

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(k) Operating lease charges

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases. Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease terms, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

1 主要會計政策(續)

(j) 無形資產(續)

攤銷期間及方法均於每年進行審閱。

如無形資產的可使用年期被評估為無限期，則該等無形資產不會被攤銷。有關無形資產的可使用年期為無限期的任何結論，會每年審閱以釐定事件及情況是否繼續支持該資產的無限期可使用年期評估。倘不繼續支持，則可使用年期評估由無限期變為有限期，並自變化的日期根據上述使用年期有限的無形資產攤銷政策採用未來適用法處理。

(k) 經營租賃費用

絕大部分與所有權有關的風險及回報並無轉移至本集團的租賃乃分類為經營租賃。除非有更具代表性的基準衡量從租賃資產獲取利益的模式，否則於本集團使用根據經營租賃持有的資產時，會根據租賃支付的款項在租賃期所涵蓋的會計期間內在損益內等額分期扣除。獲取的租賃優惠在損益內確認為租賃付款淨值總額的組成部分。或有租金將於其產生的會計期間在損益內扣除。

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Impairment of assets

(i) Impairment of investments in debt securities and receivables

Investments in debt securities and receivables that are stated at cost or amortised cost or are classified as available-for-sale financial assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

1 主要會計政策 (續)

(I) 資產減值

(i) 債務證券投資及應收款項減值

本集團於各報告期結束時審閱以成本或攤銷成本列賬或分類為可供出售金融資產的債務證券投資及應收款項，以釐定是否存在客觀減值證據。客觀減值證據包括本集團就下列一項或多項損失事件所注意到的可觀察數據：

- 債務人出現重大財務困難；
- 違約（如拖欠或延遲支付利息或本金）；
- 債務人可能破產或進行其他財務重組；及
- 科技、市場、經濟或法律環境出現對債務人有不利影響的重大變動。

倘存在任何有關跡象，任何減值虧損按下列方式釐定並確認：

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Impairment of assets (Continued)

(i) Impairment of investments in debt securities and receivables (Continued)

- For trade and other receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

1 主要會計政策(續)

(I) 資產減值(續)

(i) 債務證券投資及應收款項減值(續)

- 有關按攤銷成本列賬的貿易及其他應收款項，其減值虧損以資產的賬面值與估計未來現金流量現值之間的差額計量，倘貼現影響重大，則以金融資產的原始實際利率（即按該等資產的初始確認計算的實際利率）貼現。倘該等金融資產具備類似的風險特徵（例如類似的逾期情況及並未單獨被評估為減值），該等資產會一併評估。一併進行減值評估的金融資產的未來現金流量根據與一併評估組別具有類似信貸風險特徵資產的過往虧損經歷估算。

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Impairment of assets (Continued)

(i) Impairment of investments in debt securities and receivables (Continued)

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

- For available-for-sale financial assets, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

1 主要會計政策 (續)

(I) 資產減值 (續)

(i) 債務證券投資及應收款項減值 (續)

如於其後期間，減值虧損數額減少，而有關減少可客觀地與在確認減值虧損後發生的事件聯繫，則減值虧損會透過損益撥回。減值虧損撥回不得導致資產賬面值超出在過往年度並無確認減值虧損的情況下原應釐定的金額。

- 有關可供出售金融資產，已於公平值儲備確認的累計虧損重新分類至損益。於損益確認的累計虧損金額為收購成本(扣除任何本金還款及攤銷)與當前公平值之差額減去先前於損益確認資產的任何減值虧損。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Impairment of assets (Continued)

(i) Impairment of investments in debt securities and receivables (Continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and bills receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and bills receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

1 主要會計政策(續)

(I) 資產減值(續)

(i) 債務證券投資及應收款項減值(續)

減值虧損直接於相關資產撇銷，惟就計入貿易及其他應收款項內可收回性存疑但並非不可能的貿易應收款項及應收票據確認的減值虧損則除外。在此情況下，呆賬的減值虧損使用備抵賬列賬。倘本集團信納收回的機會微乎其微，則被視為不可收回的金額會直接從貿易應收款項及應收票據撇銷，而在備抵賬中持有有關該債務的任何金額會被撥回。其後收回過往於備抵賬中扣除的款項，會從備抵賬撥回。備抵賬的其他變動及過往直接撇銷而其後收回的款項，均在損益中確認。

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Impairment of assets (Continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- pre-paid interests in leasehold land classified as being held under an operating lease;
- construction in progress;
- intangible assets;
- goodwill; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

1 主要會計政策(續)

(I) 資產減值(續)

(ii) 其他資產減值

本集團會於各報告期結束時檢討內部及外部資料來源，以確定下列資產是否減值(商譽除外)，或過往確認的減值虧損是否不再存在或已經減少：

- 物業、廠房及設備；
- 分類為經營租賃下持有之租賃土地之預付權益；
- 在建工程；
- 無形資產；
- 商譽；及
- 本公司財務狀況表項下於附屬公司的投資。

倘存在任何有關跡象，則會估計資產的可收回金額。此外，就商譽及可使用年期為無限的無形資產而言，不論是否存在任何減值跡象，均會每年估計其可回收金額。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

1 主要會計政策(續)

(I) 資產減值(續)

(ii) 其他資產減值(續)

- 計算可收回金額

資產的可收回金額為其公平值減出售成本與使用價值之間的較高者。於評估使用價值時，估計未來現金流量乃按能反映現時市場對貨幣時間價值及資產特定風險的評估的稅前貼現率貼現至其現值。倘資產所產生現金流入大致上不能獨立於其他資產所產生的現金流入，則就能獨立產生現金流入的最小資產組別(即現金產生單位)釐定可收回金額。

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

1 主要會計政策 (續)

(I) 資產減值 (續)

(ii) 其他資產減值 (續)

- 確認減值虧損

倘資產或其所屬現金產生單位的賬面值超過可收回金額，則於損益確認減值虧損。就現金產生單位確認的減值虧損會首先分配至減少該現金產生單位(或該組單位)所獲分配之任何商譽的賬面值，其後分配至按比例減少該單位(或該組單位)內其他資產的賬面值，惟資產的賬面值不會減至低於其公平值扣減出售成本(如能計量)或使用價值(如能釐定)。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(m) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

1 主要會計政策(續)

(l) 資產減值(續)

(ii) 其他資產減值(續)

- 減值虧損撥回

就商譽以外的資產而言，倘用以釐定可收回金額的估計出現有利變動，有關減值虧損將予撥回；但商譽的減值虧損不會撥回。

撥回的減值虧損以在過往年度並無確認減值虧損的情況下原應釐定的資產賬面值為限。撥回的減值虧損乃於確認撥回的年度內計入損益。

(m) 存貨

存貨以成本及可變現淨值兩者中的較低者入賬。

成本乃使用加權平均成本公式計算，並包括所有採購成本、轉換成本及將存貨運至現址及使其達至現時狀況所產生的其他成本。

可變現淨值乃於日常業務過程中的估計售價，減去估計完成的成本及進行銷售所需的估計成本。

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Inventories (Continued)

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(n) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (note 1(l)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

1 主要會計政策 (續)

(m) 存貨 (續)

於出售存貨時，該等存貨的賬面值在相關收入確認的期間確認為開支。存貨撇減至可變現淨值的金額及存貨的所有虧損在撇減或出現虧損的期間確認為開支。存貨的任何撇減撥回金額確認為存貨金額的減少，並於撥回發生期間確認為開支。

(n) 貿易及其他應收款項

貿易及其他應收款項初步按公平值列賬，其後採用實際利率法以攤銷成本減呆賬的減值撥備(附註1(l))列賬。如應收款項為向關聯方作出的免息、無固定還款期的貸款或貼現的影響並不重大，在此情況下，應收款項乃按成本減呆賬減值撥備列賬。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(p) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

1 主要會計政策(續)

(o) 計息借款

計息借款初始按公平值減應佔交易成本確認。初始確認後，計息借款按攤銷成本列賬，而初始確認金額與贖回值之間的任何差額連同任何利息及應付費用使用實際利率法於借款期內在損益中確認。

(p) 貿易及其他應付款項

貿易及其他應付款項初始按公平值確認，其後按攤銷成本列賬，除非貼現的影響並不重大，在此情況下則按成本列賬。

(q) 現金及現金等價物

現金及現金等價物包括銀行存款及手頭現金、銀行及其他金融機構的活期存款，以及可隨時兌換為已知數額現金的短期高流動性投資，該等投資所面對的價值變動風險並不重大，並於購入起計三個月內到期。

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the People's Republic of China (the "PRC") are recognised as an expense in profit or loss as incurred.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

1 主要會計政策 (續)

(r) 僱員福利

(i) 短期僱員福利及界定供款退休計劃的供款

薪金、年度花紅、有薪年假、界定供款退休計劃供款以及非貨幣性福利成本均在僱員提供相關服務的年度內計算。倘付款或結算遭遞延，且影響重大，則該等金額按其現值列賬。

根據中華人民共和國（「中國」）有關勞工規則及法規向當地適當界定供款退休計劃作出的供款於產生期間在損益內確認為開支。

(ii) 以股份為基礎付款

授予僱員購股權之公平值確認為僱員成本，相應的增加會於權益項下資本儲備反映。公平值在授出日期採用二項式期權定價模式，並計及授出購股權之條款及條件計量。倘僱員須符合歸屬條件而無條件享有購股權，則購股權之估計總公平值會於考慮購股權將歸屬之可能性後在歸屬期內分攤。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Employee benefits (Continued)

(ii) Share-based payments

(Continued)

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

1 主要會計政策(續)

(r) 僱員福利(續)

(ii) 以股份為基礎付款(續)

於歸屬期內，本公司會檢討預期歸屬的購股權數目。所導致於過往年度確認累計公平值的任何調整乃扣自／計入有關檢討年度的損益，除非原有的僱員支出符合確認為資產的資格而資本儲備作出相應調整則作別論。於歸屬日，本公司調整確認為一項支出的款額，以反映歸屬的實際購股權數目(連同資本儲備的相應調整)，惟倘沒收僅因未達致與本公司股份的市價有關的歸屬條件則除外。股權款額乃於資本儲備中確認，直至購股權獲行使(當其轉撥至股份溢價賬時)或購股權屆滿(當其直接轉出至保留溢利時)為止。

(iii) 辭退福利

辭退福利乃於以下之較早者確認：當集團不再可以撤回該等福利之提供時與當其確認涉及辭退福利付款的重組成本時。

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

1 主要會計政策 (續)

(s) 所得稅

年內所得稅包括即期稅項及遞延稅項資產與負債的變動。即期稅項及遞延稅項資產與負債的變動均在損益內確認，惟倘與於其他全面收益或直接於權益中確認的項目有關，則有關稅項金額分別於其他全面收益或直接於權益中確認。

即期稅項為年內應課稅收入的預期應付稅項，採用於報告期結束時已頒佈或實質已頒佈的稅率計算，以及就過往年度應付稅項作出的任何調整。

遞延稅項資產及負債分別由可扣減及應課稅暫時性差額所產生，暫時性差額即資產及負債就財務報告而言的賬面值與其稅基兩者之間的差額。遞延稅項資產亦會因未動用稅項虧損及未動用稅項抵免而產生。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Income tax (Continued)

All deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

1 主要會計政策(續)

(s) 所得稅(續)

所有遞延稅項負債及所有遞延稅項資產均於日後可能有應課稅溢利用以抵銷可動用資產時確認。可支持確認產生自可扣減暫時性差額的遞延稅項資產的日後應課稅溢利包括該等將產生自撥回現有應課稅暫時性差額的數額，惟該等差額須與相同稅務機關及相同應課稅實體有關，並預期於撥回可扣減暫時性差額的同一期間或產生自遞延稅項資產的稅項虧損可承後或承前結轉的期間撥回。在釐定現有應課稅暫時性差額是否支持確認由未動用稅項虧損及抵免產生的遞延稅項資產時採用相同的標準，即倘該等暫時性差額與相同稅務機關及相同應課稅實體有關，且預期在可動用稅項虧損或抵免期間內撥回則會計入該等暫時性差額。

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Income tax (Continued)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

1 主要會計政策 (續)

(s) 所得稅 (續)

已確認的遞延稅項金額乃按資產及負債賬面值的預期變現或清償方式，使用於報告期結束時已頒佈或實質已頒佈的稅率計量。遞延稅項資產及負債並無貼現。

遞延稅項資產的賬面值會於各報告期結束時審閱，並減至不再可能有足夠應課稅溢利以利用有關稅務優惠時為止。任何減幅會於可能有足夠應課稅溢利時撥回。

當確認派付相關股息之負債時，源於派息之額外所得稅乃予確認。

即期稅項結餘及遞延稅項結餘及其變動會分開列示，並不予抵銷。即期稅項資產與即期稅項負債，以及遞延稅項資產與遞延稅項負債只會在本集團有合法可執行權利以即期稅項資產抵銷即期稅項負債，並在符合下列附加條件的情況下，才可互相抵銷：

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Income tax (Continued)

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

1 主要會計政策(續)

(s) 所得稅(續)

- 倘屬即期稅項資產及負債，本集團計劃按淨額基準結算，或同時變現該資產及清償該負債；或
- 倘屬遞延稅項資產及負債，該資產及負債須與相同稅務機關就以下其中一項徵收的所得稅有關：
 - 相同應課稅實體；或
 - 不同應課稅實體，計劃在預期有重大金額的遞延稅項負債或資產須予清償或收回的每個未來期間，按淨額基準變現即期稅項資產及清償即期稅項負債，或同時變現即期稅項資產及清償即期稅項負債。

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Provisions and contingent liabilities

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

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

(u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when the customer has accepted the related risks and rewards of ownership. Revenue represented the sales value of goods sold less returns, discounts, rebates and value added tax ("VAT").

1 主要會計政策 (續)

(t) 撥備及或有負債

倘本集團或本公司因過去事項須承擔法律或推定責任，而履行該責任很可能須付出經濟效益及能夠作出可靠估計時，為未確定時間或金額的其他負債計提撥備。倘貨幣時間值重大，則按履行責任預計所需開支的現值計提撥備。

當須付出經濟效益的可能性不大，或其金額未能可靠估計時，便會將該責任披露為或有負債，惟經濟效益流出的可能性極低者除外。倘可能責任僅視乎一項或多項未來事項是否發生才能確定是否存在，亦會披露為或有負債，惟經濟效益流出的可能性極低者除外。

(u) 收益確認

收益乃按已收或應收代價的公平值計量。倘經濟效益很可能流入本集團，而收益及成本（如適用）能可靠計算，則收益按下列基準在損益內確認：

(i) 銷售貨品

收益在客戶接收所有權的相關風險及回報時確認。收益指已售貨品的銷售價值，扣除退貨、折扣、回扣及增值稅（「增值稅」）。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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(Expressed in Renminbi unless otherwise indicated)

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Revenue recognition (Continued)

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iii) E-commerce service income

E-commerce service income is recognised when the consigned goods from distributors sold through the Group's online shops are delivered and accepted by end customers.

(iv) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same year in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful lives of the asset by way of reduced depreciation expense.

Unconditional discretionary government grants from the local municipal government authorities are recognised in the profit or loss as other revenue when the amount is received.

1 主要會計政策(續)

(u) 收益確認(續)

(ii) 利息收入

利息收入於產生時以實際利率法確認。

(iii) 電子商務服務收入

電子商務服務收入於分銷商透過本集團的網店出售的代銷貨品交付予終端消費者並獲其接納時予以確認。

(iv) 政府補助

政府補助將於收到合理保證及本集團將符合附帶條件時，初步於財務狀況表確認。補償本集團所產生開支的補助，於產生開支的相同年度按系統基準在損益內確認為收益。補償本集團一項資產成本的補助會於資產的賬面值中扣減，然後於資產的可使用年期內採用降低折舊費用法於損益內確認。

來自當地市政府機關無條件的政府酌情補助乃於收取款項時在損益中確認為其他收益。

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of operations outside mainland China are translated into Renminbi at the average exchange rates for the year which approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Renminbi at the closing foreign exchange rates ruling at the end of reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of an operation outside mainland China, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

1 主要會計政策 (續)

(v) 外幣換算

年內，外幣交易按交易日的匯率換算。以外幣計值的貨幣資產及負債則按報告期結束時的匯率換算。匯兌收益及虧損於損益中確認。

以外幣按歷史成本計算的非貨幣資產及負債採用交易日的匯率換算。

中國內地境外業務的業績按年內與交易日匯率相若的平均匯率換算為人民幣。財務狀況表內的項目按報告期結束時的收市匯率換算為人民幣。由此產生的匯兌差額於其他全面收益內確認並單獨於匯兌儲備權益中累積。

於出售中國內地境外的業務時，與該海外業務相關的累計匯兌差額在出售損益獲確認時由權益重新分類至損益。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(x) Research and development

Expenditure on research activities is recognised as an expense in the year in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised as an expense in the year which it is incurred.

1 主要會計政策(續)

(w) 借款成本

收購、建造或生產需要長時間方可投入擬定用途或銷售的資產直接應佔的借款成本，將予資本化為該資產成本的一部分。其他借款成本則於產生期間支銷。

(x) 研發

研究活動產生的開支在其產生年度確認為支出。如果某項產品或程序在技術和商業上可行，而且本集團有充足的資源及有意完成開發工作，開發活動的開支便會予以資本化。資本化開支包括物料成本、直接勞工成本及適當比例的經常費用。其他開發開支則在其產生年度確認為支出。

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.

1 主要會計政策(續)

(y) 關聯方

- (a) 倘屬以下人士，即該人士或該人士的近親與本集團有關聯：
- (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響力；或
 - (iii) 為本集團或本集團母公司的主要管理層成員。
- (b) 倘符合下列任何條件，即實體與本集團有關聯：
- (i) 該實體與本集團屬同一集團的成員公司(即各母公司、附屬公司及同系附屬公司彼此間有關聯)。
 - (ii) 一間實體為另一間實體的聯營公司或合營企業(或另一實體為成員公司的集團旗下成員公司的聯營公司或合營企業)。
 - (iii) 兩間實體均為同一第三方的合營企業。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Related parties (Continued)

(b) (Continued)

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

1 主要會計政策(續)

(y) 關聯方(續)

(b) (續)

(iv) 一間實體為第三方實體的合營企業，而另一實體為該第三方實體的聯營公司。

(v) 實體為本集團或與本集團有關聯的實體就僱員利益設立的離職福利計劃。

(vi) 實體受(a)所識別人士控制或共同控制。

(vii) (a)(i)所識別人士對實體有重大影響力或屬該實體(或該實體的母公司)主要管理層成員。

(viii) 實體或其所屬集團的任何成員公司向本集團或本集團的母公司提供主要管理人員服務。

一名人士的近親是指與該實體交易時預期可影響該人士或受該人士影響的家庭成員。

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Segment reporting

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

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

The Group operates in a single segment of sale of menswear goods. Accordingly, no segmental analysis is presented.

1 主要會計政策 (續)

(z) 分部報告

於財務報表之營運分部及各分部項目之金額乃於財務報表中確認，並定期向本集團最高行政管理層提供以分配資源及評估本集團各業務類別及地域位置之表現。

個別重大營運分部不會因財務報告而綜合入賬，惟各分部具有類似的經濟性質，以及產品與服務的性質、生產過程的性質、客戶類型或級別、分銷產品或提供服務所採用方法及監管環境的性質相似的情況除外。個別不屬重大的營運分部如符合絕大部分該等標準，則可綜合入賬。

本集團經營單一分部男裝貨品銷售。因此，並無呈列分部分析。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

2 REVENUE

The principal activities of the Group are the sale of apparel and related accessories. It mainly sells its products to wholesale and consignment distributors.

The amount of each significant category of revenue is as follows:

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|----------|-----------------------------------|-----------------------------------|
| Sale of apparel and related accessories | 服裝及配飾銷售 | 1,089,106 | 1,147,374 |
| E-commerce service income | 電子商務服務收入 | - | 13,425 |
| | | 1,089,106 | 1,160,799 |

During the year ended 31 December 2017, the Group repurchased products from certain wholesale distributors at a consideration of RMB73,608,000 (2016: RMB59,004,000). The amount of RMB73,608,000 (RMB59,004,000) was deducted from the Group's revenue for the year ended 31 December 2017. Those products repurchased would be sold through distributors on consignment basis. Revenue from sale of products on consignment are recognized when products are sold to customers at the retail stores or on internet.

During the year ended 31 December 2017, the Group had three (2016: one) customers with whom transactions have exceeded 10% of the Group's revenue. The amount of sales to these customers during the year ended 31 December 2017 was RMB358,045,000 (2016: RMB128,336,000). Details of concentrations of credit risk arising from these customers are set out in note 26(a).

2 收益

本集團的主要業務為銷售服裝及配飾。其主要將其產品銷售予批發及代銷分銷商。

各主要收益類別的金額如下：

截至二零一七年十二月三十一日止年度，本集團以代價人民幣73,608,000元(二零一六年：人民幣59,004,000元)向若干批發分銷商購回產品並已從本集團截至二零一七年十二月三十一日止年度之收益中扣除人民幣73,608,000元(人民幣59,004,000元)。所購回的該等產品將透過分銷商以代銷方式銷售。代銷產品之銷售收益於有關產品在零售店舖或網上銷售予客戶時確認。

截至二零一七年十二月三十一日止年度，本集團與三名(二零一六年：一名)客戶的交易超出本集團收益的10%。截至二零一七年十二月三十一日止年度向該等客戶的銷售額為人民幣358,045,000元(二零一六年：人民幣128,336,000元)。有關該等客戶所產生的集中信貸風險詳情載於附註26(a)。

3 OTHER INCOME

3 其他收入

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--|------------------------------|-----------------------------------|-----------------------------------|
| Interest income | 利息收入 | 13,515 | 14,577 |
| Government grants (i) | 政府補助 (i) | 13,909 | 29,711 |
| Net gain on sale of promotion and display materials | 銷售推廣及展示 材料的淨收益 | 1,347 | 621 |
| Net foreign exchange gain/(loss) | 外匯收益／(虧損)淨額 | 9,089 | (2,537) |
| Net loss on disposal of property, plant and equipment | 出售物業、廠房及 設備的虧損淨額 | (3,236) | (2,174) |
| Net fair value gain on financial assets at fair value through profit or loss | 按公平值計入損益的 金融資產的公平值 淨收益 | 2,323 | — |
| Investment income on available-for-sale financial assets | 可供出售金融資產的 投資收入 | 234 | 374 |
| Others | 其他 | 5,605 | 11,137 |
| | | 42,786 | 51,709 |

Note:

- (i) Government grants in the years ended 31 December 2016 and 2017 represented unconditional cash awards granted by government authorities.

附註：

- (i) 於截至二零一六年及二零一七年十二月三十一日止年度的政府補助指政府部門授予的無條件現金獎勵。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/
(crediting):

4 除稅前溢利

除稅前溢利已扣除／(計入)：

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--|-----------------------|-----------------------------------|-----------------------------------|
| (a) Finance costs | 融資成本 | | |
| Interest on bank borrowings and discounting of bank acceptance bills | 銀行借款利息及銀行承兌票據貼現 | 16,555 | 5,848 |
| (b) Staff costs | 員工成本 | | |
| Contributions to defined contribution retirement plans (note 23) | 界定供款退休計劃供款(附註23) | 5,158 | 6,096 |
| Equity settled share-based payment expenses (note 24) | 權益結算以股份為基礎的付款開支(附註24) | 360 | 530 |
| Termination benefits | 辭退福利 | 3,826 | 4,324 |
| Salaries, wages and other benefits | 薪金、工資及其他福利 | 70,412 | 93,918 |
| | | 79,756 | 104,868 |

4 PROFIT BEFORE TAXATION (Continued)

Profit before taxation is arrived at after charging/
(crediting):

4 除稅前溢利(續)

除稅前溢利已扣除/(計入):

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--------------------------|---------------|-----------------------------------|-----------------------------------|
| (c) Other items | 其他項目 | | |
| Amortisation | 攤銷 | | |
| – land lease premium | – 土地租賃費用 | 501 | 81 |
| – intangible assets | – 無形資產 | 5,313 | 4,607 |
| Depreciation | 折舊 | 11,805 | 15,265 |
| (Reversal of)/ | (回撥)/ | | |
| Impairment losses | 減值虧損 | | |
| – trade and | – 貿易及其他應收款項 | | |
| other receivables | | (13,957) | 13,957 |
| – intangible assets | – 無形資產 | – | 2,125 |
| – goodwill | – 商譽 | – | 780 |
| Operating lease charges | 關於物業的經營 | | |
| in respect of properties | 租賃費用 | | |
| – minimum lease | – 最低租賃付款 | | |
| payments | | 18,256 | 34,265 |
| – contingent rentals | – 或有租金 | 5,503 | 19,592 |
| Auditors' remuneration | 核數師酬金 | 3,241 | 3,604 |
| Research and | 研發成本(附註) | | |
| development cost (note) | | 27,224 | 43,871 |
| Cost of inventories | 存貨成本(附註16(b)) | | |
| (note 16(b)) | | 585,327 | 617,998 |

Note:

For the year ended 31 December 2017, research and development costs include staff costs of employees in the design, research and development department of RMB17,961,000 (2016: RMB24,678,000) which are included in the staff costs as disclosed in note 4(b).

附註:

截至二零一七年十二月三十一日止年度，研發成本分別包括設計、研究及開發部門僱員的員工成本人民幣17,961,000元(二零一六年：人民幣24,678,000元)，有關金額計入附註4(b)所披露員工成本內。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Income tax in the consolidated statement of profit or loss represents:

5 綜合損益表中的所得稅

(a) 綜合損益表中的所得稅指：

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--|-----------------------|-----------------------------------|-----------------------------------|
| Current tax | 即期稅項 | | |
| PRC corporate income tax (iii) | 中國企業所得稅 (iii) | 59,847 | 68,019 |
| Hong Kong Profits Tax (ii) | 香港利得稅 (ii) | 682 | 2,411 |
| Under provision in respect of prior years | 過往年度的撥備不足 | 1,417 | 1,034 |
| PRC withholding tax | 中國預扣稅 | | |
| – dividend (iv) | – 股息 (iv) | 7,400 | 9,000 |
| – others | – 其他 | 401 | 2,280 |
| | | 69,747 | 82,744 |
| Deferred tax | 遞延稅項 | | |
| Origination and reversal of temporary differences (note 15(b)) | 產生及撥回暫時性差額 (附註 15(b)) | 11,821 | (17,225) |
| | | 81,568 | 65,519 |

5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

(a) Income tax in the consolidated statement of profit or loss represents: (Continued)

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) For the years ended 31 December 2017 and 2016, the provision for Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits for the year.
- (iii) Guangzhou Zixi Enterprise Management Co., Ltd (“Zixi”) is recognised as a High and New Technology Enterprise (“HNTE”) and is entitled to a preferential income tax rate of 15% effective from 2015. Except for Zixi, the statutory income tax rate applicable to the Company’s other subsidiaries in mainland China is 25%.
- (iv) Pursuant to the PRC Corporate Income Tax Law and its related regulations, non-PRC-resident enterprises are levied withholding tax at 10% (unless reduced by tax treaties/arrangements) on dividends receivable from PRC enterprises for profits earned since 1 January 2008. In addition, under the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and its relevant regulations, a qualified Hong Kong tax resident will be liable for withholding tax at the rate of 5% for dividend income derived from the PRC if the Hong Kong tax resident is the “beneficial owner” and holds 25% or more of the equity interests of the PRC company. Deferred tax liabilities have been provided for based on the expected dividends to be distributed from these subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008. The Group adopted the 5% withholding tax rate for PRC withholding tax purpose since 5 August 2017.

5 綜合損益表中的所得稅(續)

(a) 綜合損益表中的所得稅指：(續)

附註：

- (i) 根據開曼群島及英屬處女群島(「英屬處女群島」)的規則及法規，本集團毋須繳納開曼群島及英屬處女群島的任何所得稅。
- (ii) 截至二零一七年及二零一六年十二月三十一日止年度，香港利得稅撥備按年內估計應課稅溢利的16.5%計算。
- (iii) 廣州市紫曦企業管理有限公司(「紫曦」)被確定為高新技術企業(「高新企業」)，自二零一五年起享受15%的優惠所得稅稅率。除紫曦外，本公司其他中國內地附屬公司須按法定稅率25%繳納所得稅。
- (iv) 根據中國企業所得稅法及其有關法規，自二零零八年一月一日起，非中國居民企業須就自中國企業所賺取溢利的應收股息按10%繳納預扣稅(除非根據稅項條約／安排減免)。此外，根據內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排及其相關條例，倘一名合資格香港稅務居民為中國公司的「實益擁有人」並持有其25%或以上股權，則該名香港稅務居民自中國產生的股息收入須按5%稅率繳納預扣稅。遞延稅項負債已根據該等附屬公司將於可預見將來就自二零零八年一月一日起產生之溢利派發的預期股息計提撥備。本集團自二零一七年八月五日起就中國預扣稅採納5%預扣稅率。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

5 綜合損益表中的所得稅(續)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

(b) 稅項開支與按適用稅率計算的會計溢利的對賬：

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|----------------------------|-----------------------------------|-----------------------------------|
| Profit before taxation | 除稅前溢利 | 284,781 | 247,208 |
| Notional tax on profit before taxation, calculated at the standard tax rates applicable to the respective tax jurisdictions | 按適用於各稅務權區標準稅率計算的除稅前溢利的名義稅項 | 71,834 | 62,007 |
| Effect of non-deductible expenses | 不可扣稅開支的影響 | 2,369 | 883 |
| Effect of non-taxable income | 毋須課稅收入的影響 | (401) | (164) |
| Effect of tax losses not recognised | 未確認稅項虧損的影響 | 1,879 | 4,601 |
| Utilisation of previously unrecognised tax losses | 動用過往未確認稅項虧損 | (508) | (14) |
| Statutory tax concession Under provision in prior years | 法定稅務減免過往年度的撥備不足 | (1,966) | (10,301) |
| PRC dividend withholding tax (Note 15(b)) | 中國股息預扣稅(附註15(b)) | 6,543 | 5,193 |
| Other withholding tax | 其他預扣稅 | 401 | 2,280 |
| Actual tax expense | 實際稅項開支 | 81,568 | 65,519 |

6 DIRECTORS' EMOLUMENTS

The details of directors' emoluments are disclosed as follows:

6 董事薪酬

董事薪酬詳情披露如下：

| | | Salaries, allowances Directors' fee | and benefits in kind | Discretionary bonuses | Retirement scheme contributions | Equity-settled share-based payments Sub-total | 2017 Total |
|--|----------------|---|-------------------------|--------------------------|---------------------------------------|--|---------------|
| | | 薪金、 津貼及 董事袍金 | 實物福利 | 酌情花紅 | 退休計劃 供款 | 以股份為 基礎的股權 結算付款 (附註) | 二零一七年 總計 |
| | | 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 |
| Executive directors | 執行董事 | | | | | | |
| Mr. Ziming Yang | 楊紫明先生 | - | 16 | - | 15 | 31 | 31 |
| Mr. Siu Keung Ng | 吳少強先生 | 138 | 247 | 47 | 37 | 469 | 469 |
| Mr. Rongqin Ke | 柯榕欽先生 | 172 | 189 | 53 | 29 | 443 | 476 |
| Mr. Qiang Wei | 韋強先生 | 168 | 145 | 42 | 22 | 377 | 377 |
| Independent non-executive directors | 獨立非執行董事 | | | | | | |
| Mr. Yung Kwok Tsui | 徐容國先生 | 311 | - | - | - | 311 | 311 |
| Mr. Honghui Chen | 陳宏輝先生 | 281 | - | - | - | 281 | 281 |
| Mr. Ming Shu Leung | 梁銘樞先生 | 311 | - | - | - | 311 | 311 |
| Total | 總計 | 1,381 | 597 | 142 | 103 | 2,223 | 2,256 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

6 DIRECTORS' EMOLUMENTS

(Continued)

6 董事薪酬(續)

| | Directors' fee | Salaries, allowances and benefits in kind | Discretionary bonuses | Retirement scheme contributions | Sub-total | Equity-settled share-based payments (note) | 2016 Total | |
|--|----------------|---|-----------------------|---------------------------------|-----------|--|------------|-------|
| | 董事袍金 | 薪金、津貼及實物福利 | 酌情花紅 | 退休計劃供款 | 小計 | 以股份為基礎的股權結算付款(附註) | 二零一六年總計 | |
| | 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 | |
| Executive directors | 執行董事 | | | | | | | |
| Mr. Ziming Yang | 楊紫明先生 | 324 | 588 | - | 77 | 989 | - | 989 |
| Mr. Siu Keung Ng | 吳少強先生 | 367 | 600 | 30 | 56 | 1,053 | 71 | 1,124 |
| Mr. Dongliang Tian (Note) | 田棟樑先生(附註) | 72 | 160 | - | 8 | 240 | 11 | 251 |
| Mr. Rongqin Ke | 柯榕欽先生 | 378 | 549 | - | 24 | 951 | 55 | 1,006 |
| Mr. Qiang Wei | 韋強先生 | 378 | 615 | - | 23 | 1,016 | 55 | 1,071 |
| Independent non-executive directors | 獨立非執行董事 | | | | | | | |
| Mr. Yung Kwok Tsui | 徐容國先生 | 312 | - | - | - | 312 | - | 312 |
| Mr. Honghui Chen | 陳宏輝先生 | 282 | - | - | - | 282 | - | 282 |
| Mr. Ming Shu Leung | 梁銘樞先生 | 312 | - | - | - | 312 | - | 312 |
| Total | 總計 | 2,425 | 2,512 | 30 | 188 | 5,155 | 192 | 5,347 |

Note:

Mr. Dongliang Tian resigned as an executive director with effect from 1 March 2016.

These represent the estimated value of share options granted to the directors under the Company's share option schemes. The value of these share options is measured according to the Group's accounting policies for share based payment transactions as set out in note 1(r)(ii).

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share Option Schemes" in Report of The Directors and note 24.

附註：

田棟樑先生已自二零一六年三月一日起辭任執行董事。

該等金額指根據本公司之購股權計劃向董事授出的購股權的估計價值。該等購股權的價值乃根據附註1(r)(ii)所載本集團就以股份為基礎付款交易的會計政策而計量。

該等實物福利詳情，包括主要條款及所授出購股權數目於董事會報告「購股權計劃」一段及附註24披露。

7 INDIVIDUAL WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, none (2016: none) are directors whose emoluments are disclosed in note 6 above. The aggregate of the emoluments in respect of the remaining individuals are as follows:

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--|---------------|-----------------------------------|-----------------------------------|
| Salaries and other emoluments | 薪金及其他薪酬 | 3,949 | 7,581 |
| Contributions to retirement benefit scheme | 退休福利計劃供款 | 74 | 168 |
| Discretionary bonus | 酌情花紅 | 871 | 1,233 |
| Equity settled share-based payments | 以股份為基礎的股權結算付款 | 60 | 149 |
| | | 4,954 | 9,131 |

The emoluments of the five (2016: five) individuals with the highest emoluments are within the following bands:

| | | 2017 二零一七年 Number of individuals 人數 | 2016 二零一六年 Number of individuals 人數 |
|--------------------------------|----------------------------|---|---|
| HK\$500,000 to HK\$1,000,000 | 500,000 港元至 1,000,000 港元 | 2 | – |
| HK\$1,000,001 to HK\$1,500,000 | 1,000,001 港元至 1,500,000 港元 | 1 | 2 |
| HK\$1,500,001 to HK\$2,000,000 | 1,500,001 港元至 2,000,000 港元 | 2 | 1 |
| HK\$2,000,001 to HK\$2,500,000 | 2,000,001 港元至 2,500,000 港元 | – | – |
| HK\$2,500,001 to HK\$3,000,000 | 2,500,001 港元至 3,000,000 港元 | – | 1 |
| HK\$3,000,001 to HK\$3,500,000 | 3,000,001 港元至 3,500,000 港元 | – | 1 |

7 最高薪酬人士

五名最高薪酬人士中，沒有(二零一六年：沒有)董事，彼等的薪酬於上文附註6披露。餘下個別人士的薪酬總額如下：

五名(二零一六年：五名)最高薪酬人士的薪酬介乎下列範圍：

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year of RMB203,213,000 (2016: RMB181,689,000) and the weighted average number of 689,547,000 ordinary shares (2016: 711,331,000) in issue during the year, calculated as follows:

8 每股盈利

(a) 每股基本盈利

每股基本盈利乃以年內溢利人民幣203,213,000元(二零一六年：人民幣181,689,000元)及年內的已發行普通股加權平均數689,547,000股(二零一六年：711,331,000股)為基準計算如下：

| | | 2017 二零一七年 '000 千股 | 2016 二零一六年 '000 千股 |
|---|----------------------------|-----------------------------|-----------------------------|
| Issued ordinary shares at 1 January | 於一月一日的已發行普通股 | 711,478 | 711,148 |
| Effect of share options exercised (note 25(c)(iii)) | 行使購股權的影響 (附註25(c)(iii)) | 244 | 183 |
| Effect of shares repurchased (note 25(c)(ii)) | 購回股份的影響 (附註25(c)(ii)) | (22,175) | — |
| Weighted average number of ordinary shares at 31 December | 於十二月三十一日的 普通股加權平均數 | 689,547 | 711,331 |

8 EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share

For the year ended 31 December 2017, the calculation of diluted earnings per share is based on the profit for the year of RMB203,213,000 (2016: RMB181,689,000) and the weighted average number of ordinary shares of 690,042,000 shares (2016: 713,584,000), calculated as follows:

| | 2017 二零一七年 '000 千股 | 2016 二零一六年 '000 千股 |
|--|-----------------------------|-----------------------------|
| Weighted average number of ordinary shares at 31 December 於十二月三十一日的普通股加權平均數 | 689,547 | 711,331 |
| Effect of deemed issue of shares under the Company's share option scheme for nil consideration (note 24) 視作根據本公司購股權計劃以零代價發行股份的影響(附註24) | 495 | 2,253 |
| Weighted average number of ordinary shares (diluted) at 31 December 於十二月三十一日的普通股加權平均數(攤薄) | 690,042 | 713,584 |

The effect of the Company's share options was dilutive for the year ended 31 December 2016 and 2017.

8 每股盈利(續)

(b) 每股攤薄盈利

截至二零一七年十二月三十一日止年度，每股攤薄盈利乃以年內溢利人民幣203,213,000元(二零一六年：人民幣181,689,000元)及普通股加權平均數690,042,000股(二零一六年：713,584,000股)為基準計算如下：

截至二零一六年及二零一七年十二月三十一日止年度，本公司購股權之生效具有攤薄影響。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

9 PROPERTY, PLANT AND EQUIPMENT

9 物業、廠房及設備

| | | Leasehold improvements | Plant and machinery | Motor vehicles | Furniture, fixtures and equipment | Construction in progress | Total |
|--|-------------------------|------------------------|---------------------|----------------|-----------------------------------|--------------------------|----------|
| | | 租賃物業裝修 | 廠房及機器 | 汽車 | 傢俬、裝置及設備 | 在建工程 | 總計 |
| | | 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 |
| Cost: | 成本： | | | | | | |
| At 1 January 2016 | 於二零一六年一月一日 | 34,627 | 1,401 | 11,501 | 24,276 | 778 | 72,583 |
| Additions | 添置 | 6,374 | 5 | - | 736 | 38,658 | 45,773 |
| Disposals | 出售 | (3,953) | - | (279) | (213) | (169) | (4,614) |
| Transfer | 轉撥 | - | - | - | 1,265 | (1,265) | - |
| Exchange adjustment | 匯兌調整 | 19 | - | 99 | 14 | - | 132 |
| At 31 December 2016 and 1 January 2017 | 於二零一六年十二月三十一日及二零一七年一月一日 | 37,067 | 1,406 | 11,321 | 26,078 | 38,002 | 113,874 |
| Additions | 添置 | 888 | 796 | 33 | 4,392 | 27,423 | 33,532 |
| Disposals | 出售 | (11,307) | - | (294) | (476) | - | (12,077) |
| Transfer | 轉撥 | 1,730 | 40,851 | - | 24 | (42,605) | - |
| Exchange adjustment | 匯兌調整 | (20) | - | (107) | (16) | - | (143) |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 28,358 | 43,053 | 10,953 | 30,002 | 22,820 | 135,186 |
| Accumulated depreciation: | 累計折舊： | | | | | | |
| At 1 January 2016 | 於二零一六年一月一日 | 14,119 | 600 | 9,646 | 18,401 | - | 42,766 |
| Charge for the year | 年內扣除 | 11,357 | 214 | 384 | 3,310 | - | 15,265 |
| Written back on disposals | 出售撥回 | (1,353) | - | (265) | (137) | - | (1,755) |
| Exchange adjustment | 匯兌調整 | 19 | - | 53 | 5 | - | 77 |
| At 31 December 2016 and 1 January 2017 | 於二零一六年十二月三十一日及二零一七年一月一日 | 24,142 | 814 | 9,818 | 21,579 | - | 56,353 |
| Charge for the year | 年內扣除 | 6,592 | 1,941 | 220 | 3,052 | - | 11,805 |
| Written back on disposals | 出售撥回 | (5,371) | (184) | (77) | (336) | - | (5,968) |
| Exchange adjustment | 匯兌調整 | (20) | - | (48) | (12) | - | (80) |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 25,343 | 2,571 | 9,913 | 24,283 | - | 62,110 |
| Net book value: | 賬面淨值： | | | | | | |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 3,015 | 40,482 | 1,040 | 5,719 | 22,820 | 73,076 |
| At 31 December 2016 | 於二零一六年十二月三十一日 | 12,925 | 592 | 1,503 | 4,499 | 38,002 | 57,521 |

10 INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES

10 經營租賃下持作自用之租賃土地之權益

| | | RMB'000 人民幣千元 |
|---|-----------------------------|------------------|
| Cost | 成本 | |
| At 1 January 2016 | 於二零一六年一月一日 | – |
| Additions | 添置 | 23,400 |
| At 31 December 2016 and 1 January 2017 | 於二零一六年十二月三十一日及 二零一七年一月一日 | 23,400 |
| Additions | 添置 | 494 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 23,894 |
| Accumulated amortisation | 累計攤銷 | |
| At 1 January 2016 | 於二零一六年一月一日 | – |
| Charge for the year | 年內扣除 | 81 |
| At 31 December 2016 | 於二零一六年十二月三十一日 | 81 |
| Charge for the year | 年內扣除 | 501 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 582 |
| Net book value | 賬面淨值 | |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 23,312 |
| At 31 December 2016 | 於二零一六年十二月三十一日 | 23,319 |

Interests in leasehold land held for own use under operating leases represented the Group's land use rights on leasehold land located in the PRC.

At 31 December 2017, the remaining useful life of the land use rights was 47 years (2016: 48 years).

經營租賃下持作自用之租賃土地之權益指本集團位於中國之租賃土地之土地使用權。

於二零一七年十二月三十一日，土地使用權之剩餘使用年期為47年（二零一六年：48年）。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

10 INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES (Continued)

In June 2016, the Group entered into a three year loan agreement amounted to RMB25,000,000 with Fujian Yibin Properties Co., Ltd. ("Yibin"). Yinbin is 100% indirectly owned by Mr. Ziming Yang, an executive director and the controlling shareholder of the Company. The loan bears an interest of 35% above the three-year benchmark lending interest rate as announced by the People's Bank of China. The amount of interest income incurred during the year ended 31 December 2016 was RMB619,000. No amounts were outstanding as at 31 December 2016.

In November 2016, the Group entered into an agreement with Yibin to acquire the land use right of a land and the construction-in-progress situated on the land at an aggregate consideration of RMB56,299,000. The Group settled the payable by paying RMB31,299,000 in cash and offsetting RMB25,000,000 loan owed by Yibin to the Group. No amounts were outstanding as at 31 December 2016.

10 經營租賃下持作自用之租賃土地之權益(續)

於二零一六年六月，本集團與福建貽賓置業有限公司(「貽賓」)訂立為數人民幣25,000,000元之三年貸款協議。貽賓由本公司執行董事及控股股東楊紫明先生間接全資擁有。貸款按由中國人民銀行公佈之三年貸款基準利率上浮35%計息。截至二零一六年十二月三十一日止年度，產生利息收入金額為人民幣619,000元。於二零一六年十二月三十一日，並無尚未償還金額。

於二零一六年十一月，本集團與貽賓訂立協議，以收購一幅地塊的土地使用權及位於該地塊的在建工程，總代價為人民幣56,299,000元。本集團透過現金支付人民幣31,299,000元及抵銷貽賓結欠本集團之人民幣25,000,000元貸款結清應付款項。於二零一六年十二月三十一日，並無尚未償還金額。

11 INTANGIBLE ASSETS

11 無形資產

| | | Computer software 電腦軟件 | Others 其他 | Total 總計 |
|---|------------|--|------------------|------------------|
| | Note 附註 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| Cost: | | | | |
| | | 成本： | | |
| At 1 January 2016 | | 44,742 | 6,813 | 51,555 |
| Addition | | 4,046 | 2,237 | 6,283 |
| At 31 December 2016 and 1 January 2017 | | | | |
| | | 於二零一六年 十二月三十一日及 二零一七年一月一日 | | |
| | | 48,788 | 9,050 | 57,838 |
| Additions | | 10,698 | - | 10,698 |
| Disposals | | (17) | - | (17) |
| At 31 December 2017 | | 59,469 | 9,050 | 68,519 |
| | | 於二零一七年 十二月三十一日 | | |
| | | | | |
| | | Accumulated amortisation and impairment loss: | | |
| | | 累計攤銷及減值虧損： | | |
| At 1 January 2016 | | 16,258 | - | 16,258 |
| Charge for the year | | 4,495 | 112 | 4,607 |
| Impairment loss | 12 | - | 2,125 | 2,125 |
| At 31 December 2016 and 1 January 2017 | | | | |
| | | 於二零一六年 十二月三十一日及 二零一七年一月一日 | | |
| | | 20,753 | 2,237 | 22,990 |
| Charge for the year | | 5,313 | - | 5,313 |
| Written back on disposals | | (2) | - | (2) |
| At 31 December 2017 | | 26,064 | 2,237 | 28,301 |
| | | 於二零一七年 十二月三十一日 | | |
| | | | | |
| | | Net book value: | | |
| | | 賬面淨值： | | |
| At 31 December 2017 | | 33,405 | 6,813 | 40,218 |
| At 31 December 2016 | | 28,035 | 6,813 | 34,848 |
| | | 於二零一六年 十二月三十一日 | | |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

11 INTANGIBLE ASSETS (Continued)

The amortisation charge of intangible assets for the year is included in “administrative and other operating expenses” and “selling and distribution expenses” in the consolidated statement of profit or loss and other comprehensive income.

12 GOODWILL

On 27 January 2016, the Group acquired a yoga clothing business in Hong Kong from Surya Premium Sportswear Limited (“Surya”), a company incorporated in Hong Kong, for a consideration of HKD3,000,000, equivalent to RMB2,566,000.

At 31 December 2016, the Group assessed the recoverable amounts of the acquired assets and goodwill and as a result the carrying amount of RMB2,125,000 and RMB780,000 of intangible assets and goodwill respectively were written down to Nil. The recoverable amount is determined based on value-in-use calculations.

13. OTHER LOANS RECEIVABLE

Other loans receivable as at 31 December 2017 represent two loans to a third party. The first loan has face value of RMB50,000,000, is interest free and carries a conversion option to acquire 33% equity interest in a company (the “target company”) holding a piece of land in Guangzhou City, the PRC. Conversion option will be lapsed by July 2019 should the conversion criteria are not met and the loan would become due and payable. The second loan has face value of RMB15,840,000 and bears an interest at 30% above PBOC base interest rate and is repayable by July 2019. Both loans were guaranteed by the third party’s 50% equity interest in the target company.

Loans receivable was recorded at present value as non-current other loans receivable while the conversion option was recorded as other financial asset at fair value through profit or loss (see note 18) as at 31 December 2017.

11 無形資產(續)

年內無形資產攤銷費用乃計入綜合損益及其他全面收益表項下的「行政及其他營運開支」及「銷售及分銷開支」。

12 商譽

於二零一六年一月二十七日，本集團自Surya Premium Sportswear Limited (「Surya」，一間於香港註冊成立的公司)收購於香港之瑜伽服業務，代價為3,000,000港元(相當於人民幣2,566,000元)。

於二零一六年十二月三十一日，本集團評估已收購資產及商譽之可收回金額，並因此分別將賬面值人民幣2,125,000元之無形資產及人民幣780,000元之商譽撇減至零。可收回金額乃根據使用價值計算釐定。

13 其他應收貸款

於二零一七年十二月三十一日之其他應收貸款指向一名第三方支付之兩筆貸款。第一筆貸款面值為人民幣50,000,000元，為免息及附帶轉換權可收購一間於中國廣州市持有一塊土地之公司(「目標公司」)之33%股權。倘並不符合轉換標準，轉換權將於二零一九年七月前失效而第一筆貸款將到期應付。第二筆貸款面值為人民幣15,840,000元及按中國人民銀行基準利率上浮30%計息並須於二零一九年七月前償還。兩筆貸款均由第三方於目標公司之50%股權作擔保。

於二零一七年十二月三十一日，應收貸款按現值入賬列為非即期其他應收貸款，而轉換權入賬列為按公平值計入損益之其他金融資產(見附註18)。

14 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

14 於附屬公司的投資

下表僅載列對本集團業績、資產或負債有重大影響的附屬公司詳情。除另有指明外，所持股份屬普通股。

| Name of company 公司名稱 | Place of incorporation and business 註冊成立及營業地點 | Particulars of issued and paid up capital 已發行及繳足資本詳情 | Proportion of ownership interest 擁有權益比例 | | | Principal activities 主要活動 |
|---|--|---|--|-------------------------------|-------------------------------------|---|
| | | | Group's effective interest 本集團的實際權益 | Held by the Company 本公司所持有 | Held by the subsidiaries 附屬公司所持有 | |
| Cabbeen Clothing China Co., Ltd.* (note) ("Cabbeen China") 卡賓服飾(中國)有限公司(附註) (「卡賓中國」) | PRC 中國 | HK\$50,000,000 50,000,000港元 | 100% | – | 100% | Wholesale of menswear 批發男裝 |
| Guangzhou Cabbeen Clothing Co., Ltd.* (note) 廣州市卡賓服飾有限公司(附註) | PRC 中國 | HK\$20,000,000 20,000,000港元 | 100% | – | 100% | Wholesale of menswear 批發男裝 |
| Quanzhou Mijie Electronic Commerce Co., Ltd.* (note) 泉州市邁捷電子商務有限公司(附註) | PRC 中國 | Nil 零 | 100% | – | 100% | Wholesale of menswear 批發男裝 |
| Guangzhou Zixi Enterprise Management Co., Ltd.* (note) 廣州市紫曦企業管理有限公司(附註) | PRC 中國 | HK\$8,000,000 8,000,000港元 | 100% | – | 100% | Trademark holding and retail of menswear 商標持有及男裝零售 |
| Guangzhou Xubin Clothing Co., Ltd.* (note) 廣州市旭賓服飾有限公司(附註) | PRC 中國 | RMB5,000,000 人民幣5,000,000元 | 100% | – | 100% | Retail of menswear 男裝零售 |
| Fujian Zhuogao Clothing Co., Ltd.* (note) 福建卓高服飾有限公司(附註) | PRC 中國 | RMB10,000,000 人民幣10,000,000元 | 100% | – | 100% | Retail of menswear 男裝零售 |
| Niujaoling Real Estate (Guangzhou) Co., Ltd.* (note) 牛角嶺置業(廣州)有限公司(附註) | PRC 中國 | RMB65,000,000 人民幣65,000,000元 | 60.6% | – | 60.6% | Real estate development 房地產開發 |

Note: These are wholly foreign owned enterprises in the PRC.

附註：該等公司為中國外商獨資企業。

* The English translation of the companies' names is for reference only. The official names of these companies are in Chinese.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

14 INVESTMENTS IN SUBSIDIARIES 14 於附屬公司的投資(續)

(Continued)

The following table lists out the information relating to Niujiangling Real Estate (Guangzhou) Co., Ltd., the only subsidiary of the Group which has a material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

下表載列有關牛角嶺置業(廣州)有限公司(本集團唯一擁有重大非控股權益之附屬公司)之資料。下列財務資料概要指扣除任何公司間對銷前之金額。

| | | 2017 二零一七年 \$'000 千元 |
|--------------------------------------|-------------|-------------------------------|
| NCI percentage | 非控股權益百分比 | 39.4% |
| Current assets | 流動資產 | 5,215 |
| Non-current assets | 非流動資產 | 64,118 |
| Current liabilities | 流動負債 | 922 |
| Non-current liabilities | 非流動負債 | - |
| Net assets | 資產淨值 | 68,411 |
| Carrying amount of NCI | 非控股權益賬面值 | 26,954 |
| Revenue | 收益 | - |
| Profit for the year | 年內溢利 | 3,411 |
| Total comprehensive income | 全面收益總額 | 3,411 |
| Profit allocated to NCI | 分配至非控股權益之溢利 | 1,344 |
| Dividend paid to NCI | 派付予非控股權益之股息 | - |
| Cash flows from operating activities | 經營活動所得現金流量 | (34) |
| Cash flows from investing activities | 投資活動所得現金流量 | (65,840) |
| Cash flows from financing activities | 融資活動所得現金流量 | 65,930 |

15 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

| | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|----------------------------------|-----------------------------------|-----------------------------------|
| PRC Corporate Income Tax 中國企業所得稅 | 19,293 | 27,012 |
| Hong Kong Profits Tax 香港利得稅 | 636 | 3,029 |
| | 19,929 | 30,041 |

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

| Deferred tax arising from: | | Inventory provision | Allowances for doubtful debts | Accrued expenses | Unrealised profits | PRC dividend withholding tax relating to the undistributed profits of the Company's PRC subsidiaries* 有關本公司中國附屬公司未分派溢利的中國股息預扣稅* | Total |
|--|-----------------------------|--------------------------|-------------------------------|--------------------------|---------------------------|--|------------------------|
| 以下各項所產生遞延稅項： | | 存貨撥備 RMB'000 人民幣千元 | 呆賬撥備 RMB'000 人民幣千元 | 應計開支 RMB'000 人民幣千元 | 未實現溢利 RMB'000 人民幣千元 | 中國股息預扣稅* RMB'000 人民幣千元 | 總計 RMB'000 人民幣千元 |
| At 1 January 2016 | 於二零一六年一月一日 | 1,304 | - | 8,528 | 14,536 | (15,384) | 8,984 |
| Credited to consolidated statement of profit or loss (note 5(a)) | 計入綜合損益表 (附註5(a)) | 3,279 | 3,489 | 1,503 | 5,147 | 3,807 | 17,225 |
| At 31 December 2016 and 1 January 2017 | 於二零一六年十二月三十一日及 二零一七年一月一日 | 4,583 | 3,489 | 10,031 | 19,683 | (11,577) | 26,209 |
| Credited/(charged) to consolidated statement of profit or loss (note 5(a)) | 計入/(扣除自)綜合損益表 (附註5(a)) | 8,439 | (3,489) | (5,316) | (12,312) | 857 | (11,821) |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 13,022 | - | 4,715 | 7,371 | (10,720) | 14,388 |

15 綜合財務狀況表內的所得稅

(a) 綜合財務狀況表內的即期稅項指：

(b) 已確認的遞延稅項資產及負債：

(i) 遞延稅項資產及負債的各部分變動

於綜合財務狀況表確認的遞延稅項資產/(負債)的組成部分及年內變動如下：

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

15 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised: (Continued)

(i) Movement of each component of deferred tax assets and liabilities

(Continued)

* The amount included the provision of withholding tax on profits of the PRC subsidiaries amounting to RMB6,543,000 for the year ended 31 December 2017 (2016: RMB5,193,000), and the reversal of deferred tax liabilities on withholding tax upon distribution of dividends amounting to RMB7,400,000 during the year ended 31 December 2017 (2016: RMB9,000,000).

15 綜合財務狀況表內的所得稅 (續)

(b) 已確認的遞延稅項資產及負債：(續)

(i) 遞延稅項資產及負債的各部分變動(續)

* 該金額包括就截至二零一七年十二月三十一日止年度之中國附屬公司溢利作出的預扣稅撥備人民幣6,543,000元(二零一六年：人民幣5,193,000元)，及於截至二零一七年十二月三十一日止年度就派息後的預扣稅作出的遞延稅項負債撥回人民幣7,400,000元(二零一六年：人民幣9,000,000元)。

(ii) Reconciliation to the consolidated statement of financial position

(ii) 綜合財務狀況表對賬

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|---------------------|-----------------------------------|-----------------------------------|
| Net deferred tax asset recognised in the consolidated statement of financial position | 於綜合財務狀況表確認之遞延稅項資產淨值 | 26,158 | 37,786 |
| Net deferred tax liability recognised in the consolidated statement of financial position | 於綜合財務狀況表確認之遞延稅項負債淨額 | (11,770) | (11,577) |
| | | 14,388 | 26,209 |

15 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(c) Deferred tax assets not recognised

The Group did not recognise deferred tax assets in respect of cumulative tax losses of certain PRC subsidiaries of RMB9,408,000 (2016: RMB3,872,000), which will be expired in five years, as well as unused tax losses of its Hong Kong subsidiaries of RMB nil (2016: RMB1,909,000) which do not expire under current tax legislation. The tax effect on such tax losses has not been recognised as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

(d) Deferred tax liabilities not recognised

Deferred tax liabilities in respect of the PRC dividend withholding tax relating to certain undistributed profits of the Company's PRC subsidiaries were not recognised as the Company controls the dividend policy of these subsidiaries. Based on the assessment made by management as at the end of each reporting period, it was determined that the undistributed profits of RMB708,785,000 (2016: RMB747,142,000) of the Company's PRC subsidiaries would not be distributed in the foreseeable future.

15 綜合財務狀況表內的所得稅 (續)

(c) 未確認的遞延稅項資產

本集團並無確認有關若干中國附屬公司的累計稅項虧損人民幣9,408,000元(二零一六年：人民幣3,872,000元)的遞延稅項資產，遞延稅項資產將於五年內到期，亦無確認其香港附屬公司根據現行稅務法例並無到期日的未動用稅項虧損人民幣零元(二零一六年：人民幣1,909,000元)。由於相關實體日後不大可能於相關稅務權區有能用以抵銷虧損的應課稅溢利，故並無確認有關該等稅項虧損的稅務影響。

(d) 未確認的遞延稅項負債

並無確認與本公司中國附屬公司的若干未分派溢利有關的中國股息預扣稅的遞延稅項負債，原因為本公司控制該等附屬公司的股息政策。按照管理層於各報告期結束時作出的評估，已決定本公司中國附屬公司的未分派溢利人民幣708,785,000元(二零一六年：人民幣747,142,000元)將不會於可見將來分派。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

16 INVENTORIES

- (a) Inventories in the consolidated statement of financial position comprise:

| | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--------------------|-----------------------------------|-----------------------------------|
| Raw materials 原材料 | 12,582 | 21,652 |
| Finished goods 製成品 | 324,470 | 307,161 |
| | 337,052 | 328,813 |

- (b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

| | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|-----------------------------------|-----------------------------------|
| Carrying amount of inventories sold 已出售存貨的賬面值 | 551,493 | 604,829 |
| Write down of inventories 存貨撇減 | 33,834 | 13,169 |
| | 585,327 | 617,998 |

16 存貨

- (a) 綜合財務狀況表的存貨包括：

- (b) 確認為開支並計入損益的存貨金額分析如下：

17 TRADE AND OTHER RECEIVABLES 17 貿易及其他應收款項

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--|--------------------|-----------------------------------|-----------------------------------|
| Trade receivables | 貿易應收款項 | 334,017 | 388,515 |
| Bills receivable | 應收票據 | 12,500 | – |
| Allowance for doubtful debts | 呆賬撥備 | – | (13,957) |
| Trade and bills receivables | 貿易應收款項及應收票據 | 346,517 | 374,558 |
| Prepayments to suppliers | 向供應商預付款項 | 7,414 | 12,432 |
| Other deposits, prepayments and receivables | 其他按金、預付款項及 應收款項 | 91,898 | 78,096 |
| | | 445,829 | 465,086 |

All of the current trade and other receivables are expected to be recovered or recognised as expense within one year, except for the Group's deposits of RMB2,201,000 (2016: RMB6,398,000), which are expected to be recovered after more than one year.

所有即期貿易及其他應收款項預期將於一年內收回或確認為開支，惟預期將於超過一年後收回的本集團的按金人民幣2,201,000元(二零一六年：人民幣6,398,000元)除外。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

17 TRADE AND OTHER RECEIVABLES

(Continued)

The Group accepts bank acceptance bills from major banks in the PRC for settlement of trade debts. The management considered that the risk of these bills relates substantially to credit risk. Accordingly, when these bills were transferred by either discounting or endorsement, they were derecognised as a financial asset. At 31 December 2017, the Group transferred bank acceptance bills totalling RMB293,280,000 (2016: RMB321,810,000), and derecognised them as financial assets. These bank acceptance bills will mature six months from the date of issue.

(a) Ageing analysis

Included in trade and other receivables are trade and bills receivables with the following ageing analysis based on invoice date and net of allowance for doubtful debts as at 31 December 2017 and 2016 are as follows:

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--|------------|-----------------------------------|-----------------------------------|
| Within 3 months | 三個月以內 | 254,317 | 251,480 |
| More than 3 months but within 6 months | 三個月以上六個月以內 | 76,356 | 73,339 |
| More than 6 months but within 1 year | 六個月以上一年以內 | 15,814 | 49,739 |
| More than 1 year | 一年以上 | 30 | — |
| | | 346,517 | 374,558 |

Trade and bills receivables are due within 180-270 days from the date of billing. Further details on the Group's credit policy are set out in note 26(a).

17 貿易及其他應收款項(續)

本集團就結清貿易債項接納中國主要銀行的銀行承兌票據。管理層認為該等票據的風險主要與信貸風險有關。因此，當該等票據透過貼現或背書轉讓時，該等票據已終止確認為金融資產。於二零一七年十二月三十一日，本集團已轉讓總額為人民幣293,280,000元(二零一六年：人民幣321,810,000元)的銀行承兌票據，並終止確認其為金融資產。該等銀行承兌票據將自發行日期起計六個月到期。

(a) 賬齡分析

於二零一七年及二零一六年十二月三十一日計入貿易及其他應收款項的貿易應收款項及應收票據扣除呆賬撥備後根據發票日期的賬齡分析如下：

貿易應收款項及應收票據於開票日期起計180至270日內到期。有關本集團信貸政策的進一步詳情載於附註26(a)。

17 TRADE AND OTHER RECEIVABLES

(Continued)

(b) Impairment of trade and bills receivables

Impairment losses in respect of trade and bills receivables are recorded using allowance account unless the Group is satisfied that the recovery of the amount is remote, in which case the impairment loss is written off against trade and bills receivables directly (note 1(l)).

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--|-------------|-----------------------------------|-----------------------------------|
| At 1 January | 於一月一日 | 13,957 | - |
| Impairment loss (reversed)/recognised | (撥回)/確認減值虧損 | (13,957) | 13,957 |
| Uncollectible amounts written off | 撇銷不可收回款項 | - | - |
| At 31 December | 於十二月三十一日 | - | 13,957 |

At 31 December 2016, trade debtors and bills receivable of RMB22,494,000 were individually determined to be impaired. The individually impaired receivables related to customers with aging over 270 days and management assessed that only a portion of the receivables is expected to be recovered.

The Group received all of the receivables subsequently in 2017, thus a reversal of the impairment loss was made in 2017.

17 貿易及其他應收款項(續)

(b) 貿易應收款項及應收票據的減值

有關貿易應收款項及應收票據的減值虧損通過使用撥備賬入賬，除非本集團認為收回款項的可能性極低，在此情況下減值虧損直接從貿易應收款項及應收票據中撇銷(附註1(l))。

年內之呆賬撥備變動(包括個別及共同虧損部分)如下：

於二零一六年十二月三十一日，貿易應收賬款及應收票據人民幣22,494,000元獲個別釐定為減值。與客戶有關的個別減值應收款項之賬齡乃超過270日且管理層估計預期僅可收回部分應收款項。

本集團其後於二零一七年收回所有應收款項，因此，於二零一七年撥回減值虧損。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

17 TRADE AND OTHER RECEIVABLES

(Continued)

(c) Trade and bills receivables that are not impaired

The ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|-------------------------------|---------|-----------------------------------|-----------------------------------|
| Neither past due nor impaired | 未逾期亦無減值 | 329,401 | 365,477 |
| Within 3 months | 三個月以內 | 7,917 | 544 |
| 3 to 6 months past due | 逾期三至六個月 | 9,199 | — |
| | | 346,517 | 366,021 |

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

As at 31 December 2017, receivables that were past due but not impaired relate to five independent customers that have good track records with the Group (2016: one, related to an independent customer). Based on past experience, management believes that no impairment allowance is necessary in respect of the balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

17 貿易及其他應收款項(續)

(c) 並無減值的貿易應收款項及應收票據

並無個別或整體上被視為出現減值的貿易應收款項及應收票據的賬齡分析如下：

未逾期亦無減值的應收款項乃與近期並無拖欠記錄的多名客戶有關。

於二零一七年十二月三十一日，已逾期但無減值的應收款項乃與五名與本集團有良好往來記錄的獨立客戶有關(二零一六年：與一名獨立客戶有關)。根據過往經驗，由於信貸質素並無重大變動，而有關結餘仍被視為可全數收回，故管理層相信毋須就有關結餘作出減值撥備。

18 OTHER FINANCIAL ASSETS

18 其他金融資產

| | At 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元 | At 31 December 2016 於二零一六年 十二月三十一日 RMB'000 人民幣千元 |
|---|--|--|
| Available-for-sale financial assets (i) 可供出售金融資產 (i) | 188,000 | 21,400 |
| Financial assets at fair value through profit or loss 按公平值計入損益之金融資產 | | |
| – Conversion option (note 13) – 轉換權 (附註 13) | 5,159 | – |
| – Wealth management products (ii) – 理財產品 (ii) | 60,000 | – |
| | 253,159 | 21,400 |

(i) Available-for-sale financial assets as at 31 December 2017 were seven principal-guaranteed wealth management products issued by banks in the PRC with principal amount of RMB188,000,000 (31 December 2016: RMB21,400,000). The wealth management products will be matured on 26 January 2018, 23 February 2018, 27 February 2018, 21 March 2018 and on 9 April 2018 respectively (31 December 2016: 6 February 2017).

(ii) Financial assets at fair value through profit or loss as at 31 December 2017 was a principal-guaranteed wealth management product issued by a bank in the PRC with principal amount of RMB60,000,000, which will be matured on 22 June 2018.

(i) 於二零一七年十二月三十一日，可供出售金融資產為七項由中國之銀行發行的保本型理財產品，本金額為人民幣188,000,000元(二零一六年十二月三十一日：人民幣21,400,000元)。該等理財產品將分別於二零一八年一月二十六日、二零一八年二月二十三日、二零一八年二月二十七日、二零一八年三月二十一日及二零一八年四月九日(二零一六年十二月三十一日：二零一七年二月六日)到期。

(ii) 於二零一七年十二月三十一日，按公平值計入損益之金融資產為由中國之銀行發行的保本型理財產品，本金額為人民幣60,000,000元，將於二零一八年六月二十二日到期。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

19 PLEDGED BANK DEPOSITS

Bank deposits have been pledged as security for bills payable (note 22). The pledged bank deposits will be released upon the settlement of relevant bills payable.

19 已抵押銀行存款

銀行存款已抵押作為應付票據的擔保(附註22)。已抵押銀行存款將於清償有關應付票據後解除。

20 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

| | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--|-----------------------------------|-----------------------------------|
| Cash at bank and on hand 銀行存款及手頭現金 | 122,978 | 213,474 |
| Other deposit 其他存款 | 11,615 | 9,411 |
| Cash and cash equivalents in the consolidated financial position 於綜合財務狀況表的現金及現金等價物 | 134,593 | 222,885 |

At 31 December 2017, cash and cash equivalents placed with banks in the mainland China amounted to RMB112,658,000 (2016: RMB190,152,000). Remittance of funds out of mainland China is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

20 現金及現金等價物

(a) 現金及現金等價物包括：

於二零一七年十二月三十一日，存置於中國內地銀行的現金及現金等價物為人民幣112,658,000元(二零一六年：人民幣190,152,000元)。自中國內地匯出的資金須遵守中國政府頒佈的外匯管制的相關規則及法規。

20 CASH AND CASH EQUIVALENTS

(Continued)

(b) Reconciliation of profit before taxation to cash generated from operations:

| | Note 附註 | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--|------------------------|-----------------------------------|-----------------------------------|
| Profit before taxation | 除稅前溢利 | 284,781 | 247,208 |
| Adjustments for: | 調整： | | |
| Depreciation | 折舊 4(c) | 11,805 | 15,265 |
| Amortisation of intangible assets | 無形資產攤銷 4(c) | 5,313 | 4,607 |
| Amortisation of lease prepayments | 租賃預付款項攤銷 4(c) | 501 | 81 |
| Impairment for goodwill | 商譽減值 4(c) | – | 780 |
| Impairment loss of intangible assets | 無形資產減值虧損 4(c) | – | 2,125 |
| Finance cost | 融資成本 4(a) | 16,555 | 5,848 |
| Net foreign exchange (gain)/loss | 外匯(收益)/虧損淨額 | (7,638) | 73 |
| Interest income | 利息收入 3 | (13,515) | (14,577) |
| Net loss on disposal of property, plant and equipment | 出售物業、廠房及設備虧損淨額 3 | 3,236 | 2,174 |
| Net loss on disposal of intangible assets | 出售無形資產虧損淨額 | 15 | – |
| Net fair value gain on financial assets at fair value through profit or loss | 按公平值計入損益的金融資產的公平值淨收益 3 | (2,323) | – |
| Investment income on available-for-sale financial assets | 可供出售金融資產的投資收入 3 | (234) | (374) |
| Equity settled share-based payment expenses | 權益結算以股份為基礎的付款開支 4(b) | 360 | 530 |
| Changes in working capital: | 營運資金變動： | | |
| Increase in inventories | 存貨增加 | (8,239) | (62,048) |
| Decrease in trade and other receivables | 貿易及其他應收款項減少 | 50,037 | 13,101 |
| Increase/(decrease) in trade and other payables | 貿易及其他應付款項增加/(減少) | 33,690 | (148,486) |
| Cash generated from operations | 經營活動所得現金 | 374,344 | 66,307 |

20 現金及現金等價物(續)

(b) 除稅前溢利與經營活動所得現金的對賬：

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

20 CASH AND CASH EQUIVALENTS

(Continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

20 現金及現金等價物(續)

(c) 融資活動所產生負債之對賬

下表載列融資活動所產生本集團負債之變動詳情，包括現金及非現金變動。融資活動產生之負債指現金流量已或未來現金流量將於本集團綜合現金流量表分類為融資活動產生之現金流量的負債。

| | | Bank loans and other borrowings 銀行貸款及 其他借款 \$'000 千元 (Note 21) (附註21) |
|---|---------------|---|
| At 1 January 2017 | 於二零一七年一月一日 | 127,095 |
| Changes from financing cash flows: | 融資現金流量之變動： | |
| Proceeds from new bank loans | 新銀行貸款之所得款項 | 324,749 |
| Repayment of bank loans | 償還銀行貸款 | (147,095) |
| Other borrowing costs paid | 已付其他借款成本 | (4,367) |
| Total changes from financing cash flows | 融資現金流量之變動總額 | 173,287 |
| Exchange adjustments | 匯兌調整 | (12,285) |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 288,097 |

21 BANK BORROWINGS

As at 31 December 2017, the Group's bank loans were secured by pledged bank deposits of RMB nil (2016: RMB82,000,000).

On 10 February 2017, the Group has fully drawn down a three-year term loan facility of HK\$350,000,000 (equivalent to RMB303,415,000). Pursuant to the facility, the controlling shareholder shall maintain his equity interest and voting rights in the Company at a certain level, and at the same time it is subject to the fulfilment of covenants relating to certain of the Group's statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. In 2016, RMB67,095,000 were subject to similar covenants relating to the Group's financial ratios. A breach of these undertakings would result that the drawn down facilities and interest would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2017, none of the covenants relating to the drawn down facilities had been breached. The term loan as at 31 December 2017 are unsecured and carried at amortised cost.

The carrying amounts of the bank borrowings are denominated in the following currencies:

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|------------------|-----|-----------------------------------|-----------------------------------|
| Hong Kong Dollar | 港元 | 288,097 | 67,095 |
| Renminbi | 人民幣 | - | 60,000 |
| | | 288,097 | 127,095 |

21 銀行借款

於二零一七年十二月三十一日，本集團的銀行貸款以已抵押銀行存款人民幣零元(二零一六年：人民幣82,000,000元)作抵押。

於二零一七年二月十日，本集團已悉數提取三年期貸款融資350,000,000港元(相當於人民幣303,415,000元)。根據該融資，控股股東於本公司之股權及投票權將維持在一定水平，同時其須達成有關本集團若干財務狀況表比率的契諾，有關契約常見於與財務機構的貸款安排。於二零一六年，人民幣67,095,000元受限於與本集團財務比率有關之類似契諾。倘違反該等承諾，將須按要求支付已提取之融資及利息。本集團定期監控其遵守該等契諾之情況。於二零一七年十二月三十一日，概無有關已提取融資之契諾遭違反。於二零一七年十二月三十一日，該定期貸款為無抵押及按攤銷成本列賬。

銀行借款之賬面值乃以下列貨幣計值：

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

22 TRADE AND OTHER PAYABLES

22 貿易及其他應付款項

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|-------------------------------------|------------------------|-----------------------------------|-----------------------------------|
| Trade payables | 貿易應付款項 | 142,578 | 66,036 |
| Bills payable (note (a)) | 應付票據(附註(a)) | 311,851 | 336,049 |
| Trade and bills payables (note (b)) | 貿易應付款項及 應付票據(附註(b)) | 454,429 | 402,085 |
| Receipts in advance | 預收款項 | 13,904 | 21,903 |
| Other payables and accruals | 其他應付款項及應計費用 | 121,709 | 131,708 |
| | | 590,042 | 555,696 |

All of the trade and other payables are expected to be settled or recognized as income within one year or are repayable on demand.

所有貿易及其他應付款項預期將於一年內結付或確認為收入或按要求償還。

(a) Bills payable as at 31 December 2017 were secured by pledged bank deposits of RMB105,015,000 (2016: RMB157,068,000) (note 19).

(a) 二零一七年十二月三十一日的應付票據以已抵押銀行存款人民幣105,015,000元(二零一六年：人民幣157,068,000元)作抵押(附註19)。

(b) An ageing analysis of the trade and bills payables based on the invoice date is as follows:

(b) 貿易應付款項及應付票據根據發票日期的賬齡分析如下：

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--|------------|-----------------------------------|-----------------------------------|
| Within 3 months | 三個月以內 | 346,551 | 211,181 |
| More than 3 months but within 6 months | 三個月以上六個月以內 | 103,326 | 188,976 |
| More than 6 months but within 1 year | 六個月以上一年以內 | 2,909 | 1,862 |
| More than 1 year | 一年以上 | 1,643 | 66 |
| | | 454,429 | 402,085 |

23 EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

The PRC subsidiaries of the Group participate in defined contribution retirement benefit schemes (the “Schemes”) organised by the PRC municipal and provincial government authorities whereby the PRC subsidiaries are required to make contributions at the rate of 14% to 19% of the eligible employees’ salaries to the Schemes. The Group has accrued for the required contributions which are remitted to the respective local government authorities when the contributions become due. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the Schemes.

The Group also operates a Mandatory Provident Fund Scheme (the “MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

The Group has no other material obligation for the payment of pension benefits beyond the contributions described above.

23 僱員退休福利

界定供款退休計劃

本集團的中國附屬公司參與由中國市級及省級政府機構所成立的界定供款退休福利計劃(「該計劃」)，據此，中國附屬公司須以合資格僱員薪金的14%至19%的比率向該計劃作出供款。本集團已積累所需供款，於供款到期時匯付予各地方政府機關。地方政府機關就向該計劃涵蓋的退休僱員支付退休金承擔責任。

本集團亦根據香港強制性公積金計劃條例，為於香港僱傭條例項下司法權區僱用的僱員提供強制性公積金計劃(「強積金計劃」)。強積金計劃為由獨立受託人管理的界定供款退休計劃。根據強積金計劃，僱主及其僱員各自須向計劃供款，供款額為僱員有關收入的5%，惟不得超過每月相關收入30,000港元的上限。向計劃作出的供款即時歸屬。

除上文所述供款外，本集團於退休金福利付款方面並無其他重大責任。

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

24 EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has two share option schemes namely, the Pre-IPO Employee Share Option Scheme (the Pre-IPO Share Option Scheme) and the Share Option Scheme, which were adopted on 28 October 2013.

(a) Pre-IPO Share Option Scheme

On 28 October 2013, the Company granted options to subscribe for an aggregate of 8,520,000 shares of the Company to its directors, employees and one of its distributors, under the Pre-IPO Share Option Scheme at an exercise price of HK\$2.024, being 80% of the initial public offering price. No further option could be granted under the Pre-IPO Share Option Scheme after 28 October 2013. Options granted had vesting periods of 1 to 3 years commencing from 28 October 2013, being the date of the listing of the Company on the Main Board of the Stock Exchange. Each option gives the holders the right to subscribe for one ordinary share in the Company.

Pursuant to the rules of the share option scheme, options will lapse when the grantee ceases to be an employee of the Group for reasons other than death, permanent disability, retirement and transfer of employment to related parties, or terminates the business with the Group.

24 權益結算以股份為基礎的交易

本公司設有兩項購股權計劃，即首次公開發售前僱員購股權計劃(首次公開發售前購股權計劃)及購股權計劃，該等計劃於二零一三年十月二十八日採納。

(a) 首次公開發售前購股權計劃

於二零一三年十月二十八日，本公司根據首次公開發售前購股權計劃向其董事、僱員及其分銷商之一授出可認購合共8,520,000股本公司股份之購股權，行使價為2.024港元(即首次公開發售價之80%)。於二零一三年十月二十八日後不可根據首次公開發售前購股權計劃授出其他購股權。已授出購股權之歸屬期自二零一三年十月二十八日(即本公司於聯交所主板上市日期)起計為期1至3年。每份購股權賦予持有人權利認購一股本公司普通股。

根據購股權計劃的規則，倘承授人因身故、永久殘障、退休及調職至關聯方以外的原因而不再為本集團僱員或其終止與本集團的業務，則購股權將告失效。

24 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(a) Pre-IPO Share Option Scheme

(Continued)

The number of pre-IPO share options outstanding and exercisable as at year end dates are as follows:

| | | 2017 二零一七年 | 2016 二零一六年 |
|-------------------------------|--------------|---------------|---------------|
| Outstanding as at 1 January | 於一月一日尚未行使 | 7,189,000 | 8,091,000 |
| Exercised during the year | 年內已行使 | (550,000) | (330,000) |
| Lapsed during the year | 年內已失效 | (440,000) | (572,000) |
| Outstanding as at 31 December | 於十二月三十一日尚未行使 | 6,199,000 | 7,189,000 |
| Exercisable as at 31 December | 於十二月三十一日可予行使 | 6,199,000 | 7,189,000 |

The weighted average closing price immediately before the date on which share options were exercised during the year was HK\$2.40 (2016: HK\$2.53).

The share options outstanding at 31 December 2017 had a weighted average remaining contractual life of 5.8 years (2016: 6.8 years).

24 權益結算以股份為基礎的交易 (續)

(a) 首次公開發售前購股權計劃 (續)

於年結日尚未行使及可予行使之首次公開發售前購股權數目如下：

年內，緊接購股權獲行使日期前之加權平均收市價為2.40港元(二零一六年：2.53港元)。

於二零一七年十二月三十一日尚未行使購股權之加權平均剩餘合約年期為5.8年(二零一六年：6.8年)。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

24 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(b) Share Option Scheme

Pursuant to the Share Option Scheme, the directors of the Company are authorised, at their discretion, to invite eligible participants, including employees and directors of any company in the Group, to take up options at a nominal consideration of HK\$1 to subscribe for shares of the Company to a maximum of 70,000,000 shares. On 3 August 2017 (the "Date of Offer"), options were offered by the Company, which were accepted by one director and certain other employees on 3 August 2017 to subscribe for 6,000,000 shares of the Company under the Share Option Scheme at an exercise price of HK\$2.19. The closing prices of the Company's shares immediately before the Date of Offer and on the Date of Offer were HK\$2.18 and HK\$2.19, respectively. The options have vesting periods of 5 years commencing from the Date of Offer and have a contractual life of 10 years. There were 6,000,000 share options outstanding and none of which was exercisable as at 31 December 2017. Each option gives the holders the right to subscribe for one ordinary share in the Company.

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial option pricing model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the a binomial option pricing model.

24 權益結算以股份為基礎的交易 (續)

(b) 購股權計劃

根據購股權計劃，本公司董事獲授權酌情邀請合資格參與者(包括本集團旗下任何公司之僱員及董事)接納購股權，以名義代價1港元認購最多70,000,000股本公司股份。於二零一七年八月三日(「要約日期」)，本公司授出購股權，一名董事及若干其他僱員於二零一七年八月三日接納該等購股權，以根據購股權計劃按行使價2.19港元認購6,000,000股本公司股份。本公司股份於緊接要約日期前及於要約日期之收市價分別為2.18港元及2.19港元。購股權之歸屬期自要約日期起計為期5年及合約年期為10年。於二零一七年十二月三十一日，有6,000,000份尚未行使之購股權且該等購股權均不可行使。每份購股權賦予持有人權利認購一股本公司普通股。

(c) 購股權公平值及假設

作為授出購股權之回報而收取之服務之公平值乃參照所授出購股權之公平值而計量。所授出購股權之估計公平值採用二項式期權定價模式計量。購股權之合約年期作為該模式之一項輸入數據。提早行使預期已納入二項式期權定價模式。

24 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(c) Fair value of share options and assumptions (Continued)

| | | 2017 二零一七年 |
|---|---------------------------------|--------------------------|
| Fair value at measurement date | 於計量日期之公平值 | HK\$ 港元 0.58-0.59 |
| Share price | 股價 | HK\$ 港元 2.19 |
| Exercise price | 行使價 | HK\$ 港元 2.19 |
| Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model) | 預期波幅(按二項式點陣模型項下模型所採用之加權平均波幅列示) | 40.56% |
| Option life (expressed as weighted average life used in the modelling under binomial lattice model) | 購股權年期(按二項式點陣模型項下模型所採用之加權平均年期列示) | 10 years 年 |
| Expected dividends | 預期股息 | 5.84% |
| Risk-free interest rate (based on Hong Kong Government Bond) | 無風險利率(根據香港政府債券得出) | 1.53% |

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

24 權益結算以股份為基礎的交易 (續)

(c) 購股權公平值及假設(續)

預期波幅乃基於過往波幅(按購股權加權平均剩餘年期計算)，並根據公開可得資料就未來波幅的任何預期變動作出調整。預期股息乃以過往股息為基準。主觀輸入數據假設變動或會對公平值估計產生重大影響。

購股權乃根據服務條件而授出。此條件並無計入所得服務於授出日期之公平值計量。授出購股權並無附帶任何市場條件。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

25 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

25 資本、儲備及股息

(a) 權益部分變動

本集團綜合權益各部分的年初及年終結餘的對賬載於綜合權益變動表。本公司權益個別部分於年初至年終的變動詳情載列如下：

| Company | | Share capital | Share premium | Capital redemption reserves | Capital reserves | Exchange reserve | (Accumulated losses)/ retained profits | Total | |
|---|----------------------------|------------------------|--------------------------|-----------------------------|--------------------------|--------------------------|--|------------------------|--------|
| 本公司 | Note | 股本 RMB'000 人民幣千元 | 股份溢價 RMB'000 人民幣千元 | 贖回儲備 RMB'000 人民幣千元 | 資本儲備 RMB'000 人民幣千元 | 匯兌儲備 RMB'000 人民幣千元 | (累計虧損)/ 保留溢利 RMB'000 人民幣千元 | 總計 RMB'000 人民幣千元 | |
| Balance at 1 January 2016 | 於二零一六年一月一日的結餘 | 5,580 | 89,204 | - | 5,139 | 7,334 | (33,167) | 74,090 | |
| Changes in equity for 2016: | 二零一六年的權益變動： | | | | | | | | |
| Total comprehensive income for the year | 年內全面收益總額 | - | - | - | - | 3,451 | 94,797 | 98,248 | |
| Shares issued under share option scheme | 根據購股權計劃發行股份 25(c)(iii) | 3 | 811 | - | (245) | - | - | 569 | |
| Equity settled share-based transactions | 權益結算以股份為基礎的交易 | - | - | - | 530 | - | - | 530 | |
| Dividends declared | 已宣派股息 25(b) | - | (85,303) | - | - | (9,617) | - | (94,920) | |
| Balance at 31 December 2016 and 1 January 2017 | 於二零一六年十二月三十一日及二零一七年一月一日的結餘 | 30 | 5,583 | 4,712 | - | 5,424 | 1,168 | 61,630 | 78,517 |
| Changes in equity for 2017: | 二零一七年的權益變動： | | | | | | | | |
| Total comprehensive income for the year | 年內全面收益總額 | - | - | - | - | (5,981) | 142,789 | 136,808 | |
| Shares issued under share option scheme | 根據購股權計劃發行股份 25(c)(iii) | 4 | 1,348 | - | (400) | - | - | 952 | |
| Transfer between reserves | 儲備間調撥 | - | - | - | (430) | - | 430 | - | |
| Equity settled share-based transactions | 權益結算以股份為基礎的交易 | - | - | - | 360 | - | - | 360 | |
| Dividends declared | 已宣派股息 25(b) | - | - | - | - | - | (66,418) | (66,418) | |
| Shares repurchased | 購回股份 25(c)(iii) | (384) | - | 384 | - | - | (92,298) | (92,298) | |
| Balance at 31 December 2017 | 於二零一七年十二月三十一日的結餘 | 30 | 5,203 | 6,060 | 384 | 4,954 | (4,813) | 46,133 | 57,921 |

25 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Dividends

Subsequent to 31 December 2017, the directors proposed a final dividend of HK\$0.085 (2016: HK\$0.05) per ordinary share, amounting to RMB46,225,000 (2016: RMB31,462,000). The final dividend proposed after the end of the reporting period has not been recognised as a liability as at 31 December 2017.

Interim dividend of HK\$0.06 per ordinary share, amounting to RMB34,956,000, was declared by the Company on 1 August 2017. The amount was fully paid on 19 August 2017.

(c) Share capital

(i) Authorised and issued share capital

| | | 2017 二零一七年 | | | 2016 二零一六年 | | |
|---|-------------------------------|-----------------------|-----------------|------------------|-----------------------|-----------------|------------------|
| | | No. of shares 股份數目 | HK\$'000 千港元 | RMB'000 人民幣千元 | No. of shares 股份數目 | HK\$'000 千港元 | RMB'000 人民幣千元 |
| Authorised: | 法定： | | | | | | |
| Ordinary shares of HK\$0.01 each | 每股面值0.01港元 之普通股 | 10,000,000,000 | 100,000 | 79,208 | 10,000,000,000 | 100,000 | 79,208 |
| Ordinary shares, issued and fully paid: | 已發行繳足普通股： | | | | | | |
| At 1 January | 於一月一日 | 711,478,000 | 7,115 | 5,583 | 711,148,000 | 7,112 | 5,580 |
| Shares issued under share option scheme (note 25(c)(iii)) | 根據購股權計劃發行股份 (附註25(c)(iii)) | 550,000 | 5 | 4 | 330,000 | 3 | 3 |
| Shares repurchased (note 25(c)(iv)) | 購回股份 (附註25(c)(iv)) | (44,764,000) | (448) | (384) | - | - | - |
| At 31 December | 於十二月三十一日 | 667,264,000 | 6,672 | 5,203 | 711,478,000 | 7,115 | 5,583 |

25 資本、儲備及股息(續)

(b) 股息

於二零一七年十二月三十一日後，董事建議派發末期股息每股普通股0.085港元(二零一六年：0.05港元)，合共人民幣46,225,000元(二零一六年：人民幣31,462,000元)。於報告期結束後建議派發末期股息並未確認為二零一七年十二月三十一日的負債。

本公司於二零一七年八月一日宣派中期股息每股普通股0.06港元，合共人民幣34,956,000元。有關款項已於二零一七年八月十九日全部支付。

(c) 股本

(i) 法定及已發行股本

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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25 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Share capital (Continued)

(i) Authorised and issued share capital (Continued)

The equity shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Shares repurchased

During the year ended 31 December 2017, the Company repurchased its own shares on The Stock Exchange of Hong Kong Limited as follows:

| Month/Year | Number of shares repurchased | Highest price paid per share | Lowest price paid per share | Aggregate price paid |
|---------------------|------------------------------|------------------------------|-----------------------------|----------------------|
| 年/月 | 購回股份數目 | 已付每股最高價 | 已付每股最低價 | 已付總價 |
| | | HK\$ | HK\$ | RMB'000 |
| | | 港元 | 港元 | 人民幣千元 |
| April 2017 二零一七年四月 | 18,487,000 | 2.66 | 2.29 | 40,426 |
| August 2017 二零一七年八月 | 26,277,000 | 2.44 | 2.21 | 51,872 |
| | 44,764,000 | | | 92,298 |

The repurchase was governed by the applicable laws of the Cayman Islands. The shares had been cancelled after buy-back. The total amount paid on the repurchased shares of RMB92,298,000 was paid wholly out of retained profits.

25 資本、儲備及股息(續)

(c) 股本(續)

(i) 法定及已發行股本(續)

權益股東有權收取不時宣派的股息，並有權就每股股份於本公司股東大會上投一票。所有普通股就本公司剩餘資產享有同等地位。

(ii) 購回股份

截至二零一七年十二月三十一日止年度，本公司於香港聯合交易所有限公司購回其自身股份如下：

有關購回受開曼群島適用法律規管。該等股份已於購回後註銷。就購回股份支付之總金額人民幣92,298,000元自保留溢利悉數支付。

25 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Share capital (Continued)

(iii) Shares issued under share option scheme

During the 31 December 2017, options were exercised to subscribe for a total of 550,000 (31 December 2016: 330,000) ordinary shares in the Company at a consideration of RMB952,000 (31 December 2016: RMB569,000), of which RMB4,000 (31 December 2016: RMB3,000) and RMB948,000 (31 December 2016: RMB566,000) were credited to share capital and the share premium account respectively. The amount of RMB400,000 (31 December 2016: RMB245,000) has been transferred from the capital reserve to the share premium account in accordance with policy set out in the note 1(r)(ii).

(d) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the Company's share premium account are distributable to the shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the course of business.

25 資本、儲備及股息(續)

(c) 股本(續)

(iii) 根據購股權計劃發行股份

於二零一七年十二月三十一日，已行使購股權認購合共550,000股(二零一六年十二月三十一日：330,000股)本公司普通股，代價為人民幣952,000元(二零一六年十二月三十一日：人民幣569,000元)，其中人民幣4,000元(二零一六年十二月三十一日：人民幣3,000元)及人民幣948,000元(二零一六年十二月三十一日：人民幣566,000元)已分別計入股本及股份溢價賬。為數人民幣400,000元(二零一六年十二月三十一日：人民幣245,000元)的金額已根據附註1(r)(ii)所載政策自資本儲備轉撥至股份溢價賬。

(d) 儲備的性質及用途

(i) 股份溢價

根據開曼群島公司法，本公司股份溢價賬上的資金可分派予股東，前提為緊隨建議派發股息當日之後，本公司仍有能力在業務過程中清償到期欠債。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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25 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Nature and purpose of reserves

(Continued)

(ii) Capital reserve

Capital reserves comprise the followings:

25 資本、儲備及股息(續)

(d) 儲備的性質及用途(續)

(ii) 資本儲備

資本儲備包括以下項目：

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|---------------------|-----------------------------------|-----------------------------------|
| The Group | 本集團 | | |
| Equity settled share-based transactions (Note 24) | 權益結算以股份為基礎的交易(附註24) | 4,815 | 5,285 |
| Arising from reorganisation (notes (i) and (ii)) | 因重組產生(附註(i)及(ii)) | 37,493 | 37,493 |
| | | 42,308 | 42,778 |
| The Company | 本公司 | | |
| Equity settled share-based transactions (Note 24) | 權益結算以股份為基礎的交易(附註24) | 4,815 | 5,285 |
| Arising from reorganisation (note (ii)) | 因重組產生(附註(ii)) | 139 | 139 |
| | | 4,954 | 5,424 |

25 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Nature and purpose of reserves

(Continued)

(ii) Capital reserve (Continued)

Note:

- (i) On 18 May 2009, the controlling shareholder sold his entire equity interest in Cabbeen China to Cabbeen China Investments Limited (“Cabbeen Investments”), so that Cabbeen Investments became the holding company of Cabbeen China. The consideration for the transaction was RMB11,200,000. The difference of RMB37,354,000 between the initial cash consideration and the capital of Cabbeen China was recorded as a capital reserve.
- (ii) On 31 July 2012, the Company issued and allotted 100 shares with par value of HK\$0.01 each as a consideration to purchase the entire issued share capital of Grandfull International Holdings Limited (“Grandfull International”) and Cabbeen International Holdings Limited from the controlling shareholder. The difference of RMB139,000 between the purchase consideration and the share capital of Grandfull International and Cabbeen International Holdings Limited was recorded as an increase of shareholder’s contribution in capital reserve.

25 資本、儲備及股息(續)

(d) 儲備的性質及用途(續)

(ii) 資本儲備(續)

附註：

- (i) 於二零零九年五月十八日，控股股東將其於卡賓中國的全部股權出售予卡賓中國投資有限公司(「卡賓投資」)，故卡賓投資成為卡賓中國的控股公司。該交易的代價為人民幣11,200,000元。最初現金代價與卡賓中國資本間的差額人民幣37,354,000元計入資本儲備。
- (ii) 於二零一二年七月三十一日，本公司發行及配發100股每股面值0.01港元的股份，作為向控股股東購買君富國際控股有限公司(「君富國際」)及卡賓國際控股有限公司全部已發行股本的代價。購買代價與君富國際及卡賓國際控股有限公司的股本之間的差額人民幣139,000元於資本儲備中作為股東出資的增加入賬。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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25 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Nature and purpose of reserves

(Continued)

(iii) Capital redemption reserve

Capital redemption reserve represents the nominal amount of the shares repurchased.

(iv) Statutory reserve

As stipulated by regulations in the PRC, the Company's subsidiaries established and operated in the mainland China are required to appropriate 10% of their after-tax-profit (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of profits to parent companies.

The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

(v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside mainland China which are dealt with in accordance with the accounting policies set out in note 1(v).

25 資本、儲備及股息(續)

(d) 儲備的性質及用途(續)

(iii) 資本贖回儲備

資本贖回儲備指購回股份之面值。

(iv) 法定儲備

按中國的法規規定，本公司於中國內地成立及營運的附屬公司須將其按中國會計規則及法規釐定的除稅後溢利(經抵銷往年虧損後)的約10%撥入法定盈餘儲備，直至儲備結餘達註冊資本的50%為止。撥款予該儲備須於向母公司分派溢利前進行。

法定儲備待相關機構批准後方可用以抵銷累計虧損或增加附屬公司的資本，惟於有關使用後的結餘不得低於其註冊資本的25%。

(v) 匯兌儲備

匯兌儲備包括因換算中國內地境外業務財務報表而產生的所有外匯差額，此換算乃根據附註1(v)所載會計政策處理。

25 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Nature and purpose of reserves

(Continued)

(v) Distributability of reserves

At 31 December 2017, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB52,718,000 (2016: RMB72,934,000). After the end of the reporting period the directors propose a final dividend of HK\$0.085 (2016: HK\$0.05) per ordinary share (note 25(b)).

(e) Capital management

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

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

25 資本、儲備及股息(續)

(d) 儲備的性質及用途(續)

(v) 儲備的分派能力

於二零一七年十二月三十一日，可供分派予本公司權益股東的儲備總額為人民幣52,718,000元(二零一六年：人民幣72,934,000元)。於報告期結束後，董事建議派付末期股息每股普通股0.085港元(二零一六年：0.05港元)(附註25(b))。

(e) 資本管理

本集團管理資本的首要目標為保障本集團持續經營的能力，透過因應風險水平為產品定價以及以合理成本取得融資，繼續為權益股東帶來回報及為其他權益股東帶來利益。

本集團積極定期審視及管理其資本架構，以期在爭取在更高水平的借款下可能實現的更高股東回報與維持穩健資本狀況的好處及安全之間維持平衡，並且因應經濟情況的變化調整資本架構。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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25 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(e) Capital management (Continued)

The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities over its total assets, at 31 December 2017 was 46% (2016: 42%).

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, deposits with banks and other financial assets. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

25 資本、儲備及股息(續)

(e) 資本管理(續)

本集團參照其債務情況監察資本架構。本集團的策略是保持權益與債務的適當平衡，確保有足夠營運資金支付債務。於二零一七年十二月三十一日，本集團的債務資產比率(即本集團的總負債除以總資產所得比率)為46%(二零一六年：42%)。

本公司或其任何附屬公司均不受外界施加的資本規定所限制。

26 金融風險管理及公平值

本集團於日常業務過程中產生信貸、流動資金、利率及貨幣風險。下文說明本集團面臨該等風險的狀況及本集團管理該等風險所採用的金融風險管理政策及慣例。

(a) 信貸風險

本集團的信貸風險主要來自貿易及其他應收款項、銀行存款及其他金融資產。管理層已實施信貸政策，並持續監察該等信貸風險。

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(a) Credit risk (Continued)

(i) Trade and other receivables

Credit evaluations are performed on customers requiring credit terms. These evaluations focus on the customer's history of making payments and current abilities to pay and take into account information specific to the customer as well as to the economic environment.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2017, 25% (2016: 26%) of the total trade and bills receivables were concentrated in one customer, and 69% (2016: 61%) of the total trade and bills receivables were concentrated in five customers of the Group.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance. As at 31 December 2017, the Group does not provide any guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 17.

26 金融風險管理及公平值(續)

(a) 信貸風險(續)

(i) 貿易及其他應收款項

本公司對要求信用期的客戶進行信貸評估。該等評估的重點在於客戶的支付記錄及現時的支付能力，並考慮客戶以及經濟環境的特定資料。

本集團承受的信貸風險主要受各客戶個人特徵的影響，因此倘本集團承受個別客戶的重大風險，則會使信貸風險重大集中。於二零一七年十二月三十一日，貿易應收款項及應收票據總額的25%（二零一六年：26%）集中於一個客戶，而貿易應收款項及應收票據總額的69%（二零一六年：61%）集中於本集團的五個客戶。

最高信貸風險指經扣除任何減值撥備後綜合財務狀況表內各金融資產的賬面值。於二零一七年十二月三十一日，本集團未提供將使本集團承受信貸風險的任何擔保。

有關本集團所承受來自貿易及其他應收款項的信貸風險進一步定量披露載於附註17。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(a) Credit risk (Continued)

(i) Trade and other receivables (Continued)

As at 31 December 2017, the Group had transferred bank acceptance bills totalling RMB293,280,000 (2016: RMB321,810,000), which were derecognised as financial asset. The transferees have recourse right to the Group in case of default by the issuing banks. In such cases, the Group would have to repurchase these bank acceptance bill at face value. These bank acceptance bills mature six months from respective dates of issue and the Group's maximum loss in case of default are RMB293,280,000 (2016: RMB321,810,000) as at 31 December 2017.

The Group accepts bank acceptance bills issued by major banks in the PRC and considers that the credit risk associated with such bank acceptance bills to be insignificant.

(ii) Deposits with banks

The Group mitigates its exposure to credit risk by placing deposits with financial institutions with established credit rating. Given the high credit ratings of the banks, management does not expect any counterparty to fail to meet its obligations.

26 金融風險管理及公平值(續)

(a) 信貸風險(續)

(i) 貿易及其他應收款項(續)

於二零一七年十二月三十一日，本集團已轉讓銀行承兌票據合共人民幣293,280,000元(二零一六年：人民幣321,810,000元)，該等銀行承兌票據已終止確認為金融資產。倘發證銀行違約，承讓人對本集團有追索權。在此情況下，本集團將不得不按面值購回該等銀行承兌票據。該等銀行承兌票據自其各自的發行日期起計六個月到期，如出現違約，本集團於二零一七年十二月三十一日承受的最大虧損為人民幣293,280,000元(二零一六年：人民幣321,810,000元)。

本集團接納中國主要銀行出具的銀行承兌票據，並認為與該等銀行承兌票據有關的信貸風險並不重大。

(ii) 銀行存款

本集團透過在信貸評級卓著的金融機構存款減低信貸風險。由於銀行信貸評級良好，管理層預計任何對手方均不會不履行其責任。

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(a) Credit risk (Continued)

(iii) Other financial assets

The Group entered into certain wealth management products with banks during the year ended 31 December 2017. The management considers that the counterparties are the banks with high credit rating and, therefore, the default risk is remote.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the management and directors when the borrowings exceed certain predetermined levels of authority.

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

All non-interest bearing financial liabilities and discounted bills of the Group are carried at amount not materially different from their contractual undiscounted cash flow as all the financial liabilities are with maturities within one year or repayable on demand at the end of the reporting period.

26 金融風險管理及公平值(續)

(a) 信貸風險(續)

(iii) 其他金融資產

於截至二零一七年十二月三十一日止年度，本集團與銀行訂立若干理財產品。管理層認為對手方為具高信貸評級的銀行，故違約風險極低。

(b) 流動資金風險

本集團內的個別經營實體負責其本身的現金管理，包括現金盈餘的短期投資及募集貸款以應付預期的現金需求，惟倘借款超出若干預定的授權水平，則須取得管理層及董事批准。

本集團的政策乃定期監察流動資金需求及其借貸契諾(如有)的遵守情況，以確保其維持充裕現金儲備及自主主要金融機構取得足夠的承諾資金，以應付短期及長期的流動資金需求。

由於所有金融負債於一年內屆滿或須於報告期結束時應要求償還，故本集團的所有免息金融負債及貼現票據均按與其合約未貼現現金流量相近的金額計算。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(b) Liquidity risk (Continued)

The contractual undiscounted cash flow and carrying amount of bank borrowings as at 31 December 2017 are set out as follow:

| 31 December 2017 | Contractual undiscounted cash flow | | | | | | |
|------------------|------------------------------------|---------|----------------------------|---------------------------------------|--|-------------------|---|
| | Carrying amount | Total | Within 1 year or on demand | More than 1 year but less than 2 year | More than 2 year but less than 5 years | More than 5 years | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | |
| 二零一七年十二月三十一日 | 賬面值 | 總計 | 一年內或應要求 | 一年以上兩年以內 | 兩年以上五年以內 | 五年以上 | |
| | 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 | |
| Bank borrowings | 銀行借款 | 288,097 | 325,104 | 17,254 | 54,304 | 253,546 | - |
| | | 288,097 | 325,104 | 17,254 | 54,304 | 253,546 | - |

26 金融風險管理及公平值(續)

(b) 流動資金風險(續)

於二零一七年十二月三十一日，銀行借款的合約未貼現現金流量及賬面值載列如下：

| 31 December 2016 | Contractual undiscounted cash flow | | | | | | |
|------------------|------------------------------------|---------|----------------------------|---------------------------------------|--|-------------------|---|
| | Carrying amount | Total | Within 1 year or on demand | More than 1 year but less than 2 year | More than 2 year but less than 5 years | More than 5 years | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | |
| 二零一六年十二月三十一日 | 賬面值 | 總計 | 一年內或應要求 | 一年以上兩年以內 | 兩年以上五年以內 | 五年以上 | |
| | 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 | |
| Bank borrowings | 銀行借款 | 127,095 | 127,840 | 127,840 | - | - | - |
| | | 127,095 | 127,840 | 127,840 | - | - | - |

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank borrowings carried at variable rates, which exposes the Group to cash flow interest rate risk. The effective interest rate of the bank borrowings of the Group as at 31 December 2017 was 6.10% (2016: 2.91%).

Sensitivity analysis

At 31 December 2017, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax for the year and retained profits by approximately RMB2,406,000 (2016: RMB1,061,000). Other components of equity would not be affected by the changes in interest rates.

The sensitivity analysis above indicates the impact on the Group's profit for the year and retained profits that would arise assuming that there is an annualised impact on interest income and expense by a change in interest rates. The analysis has been performed on the same basis for 2016.

26 金融風險管理及公平值(續)

(c) 利率風險

本集團的利率風險主要來自按浮息計算的銀行借款，令本集團面臨現金流量利率風險。於二零一七年十二月三十一日，本集團的銀行借款實際利率為6.10%(二零一六年：2.91%)。

敏感度分析

於二零一七年十二月三十一日，估計當利率整體上升／下降1%而所有其他變量保持不變，本集團年內除稅後溢利及保留溢利將減少／增加約人民幣2,406,000元(二零一六年：人民幣1,061,000元)。股權的其他部分不會受利率變動的影響。

上述敏感度分析顯示假設利率變動對全年利息收入及開支產生影響情況下對本集團年內溢利及保留溢利造成的影響。該分析乃按二零一六年的相同基準進行。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(d) Currency risk

The Group is exposed to currency risk primarily arising from bank deposits of RMB1,276,000 (2016: RMB4,045,000) denominated in RMB held by the entities for which HK\$ is the functional currency and bank loan denominated in HK\$ with carrying value of RMB288,097,000 (2016: RMB67,095,000).

Sensitivity analysis

At 31 December 2017, it is estimated that a general appreciation/depreciation of 1% in RMB, with all other variables held constant, would have decreased/increased the Group's net profit for the year and retained profits by approximately RMB2,394,000 (2016: decreased/increased by RMB615,000).

The sensitivity analysis assumes that the change in foreign exchange rate had been applied to re-measure the bank deposits and bank loan which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statement of foreign operations into the Group's presentation currency.

26 金融風險管理及公平值(續)

(d) 貨幣風險

本集團承受的貨幣風險主要源自以港元作為功能貨幣的實體持有的人民幣計值銀行存款人民幣1,276,000元(二零一六年：人民幣4,045,000元)及賬面值為人民幣288,097,000元(二零一六年：人民幣67,095,000元)的港元計值銀行貸款。

敏感度分析

於二零一七年十二月三十一日，估計當人民幣整體升值／貶值1%而所有其他變量保持不變，本集團年內純利及保留溢利將減少／增加約人民幣2,394,000元(二零一六年：減少／增加人民幣615,000元)。

上述敏感度分析假設已採用外幣匯率變動以重新計算銀行存款及銀行貸款，該等存款及貸款導致本集團於報告期結束時承受外匯風險。有關分析並無考慮將海外業務財務報表換算為本集團呈報貨幣所產生的差異。

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(e) Fair value

(i) Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

26 金融風險管理及公平值(續)

(e) 公平值

(i) 按公平值計量的金融資產

公平值等級

下表按國際財務報告準則第13號公平值計量所界定的三個公平值等級，列示本集團金融工具於報告期末按經常性準則計量的公平值。公平值計量所歸入的等級參照估值技術所用輸入數據的可觀察性及重要性釐定如下：

- 第一級估值：僅使用第一級輸入數據，即相同資產或負債於計量日於活躍市場的報價(未經調整)計量的公平值
- 第二級估值：使用第二級輸入數據，即不符合第一級標準的可觀察輸入數據，且不使用重要不可觀察輸入數據計量的公平值。不可觀察輸入數據指並無可得市場數據的輸入數據
- 第三級估值：使用重要不可觀察輸入數據計量的公平值

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

26 金融風險管理及公平值(續)

(e) Fair value (Continued)

(e) 公平值(續)

(i) Financial assets measured at fair value (Continued)

(i) 按公平值計量的金融資產(續)

Fair value hierarchy (Continued)

公平值等級(續)

| | Fair value at 31 December 2017 於二零一七年 十二月三十一日 的公平值 | Fair value measurements as at 31 December 2017 categorised into 於二零一七年十二月三十一日的 公平值計量分類為 | | |
|---|---|--|------------------------------------|------------------------------------|
| | | Level 1 第一級 RMB'000 人民幣千元 | Level 2 第二級 RMB'000 人民幣千元 | Level 3 第三級 RMB'000 人民幣千元 |
| Recurring fair value measurements | 經常性公平值計量 | | | |
| Assets: | 資產： | | | |
| Available-for-sale financial assets (note 18) | 可供出售金融資產 (附註 18) | 188,000 | - | 188,000 |
| Financial assets at fair value through profit or loss (note 18) | 按公平值計入損益之金融資產 (附註 18) | 60,000 | - | 60,000 |
| Derivative financial instruments: | 衍生金融工具： | | | |
| - Conversion option embedded in convertible loan (note 18) | - 可轉換貸款內含之轉換權 (附註 18) | 5,159 | - | 5,159 |

| | Fair value at 31 December 2016 於二零一六年 十二月三十一日 的公平值 | Fair value measurements as at 31 December 2016 categorised into 於二零一六年十二月三十一日的 公平值計量分類為 | | |
|---|---|--|------------------------------------|------------------------------------|
| | | Level 1 第一級 RMB'000 人民幣千元 | Level 2 第二級 RMB'000 人民幣千元 | Level 3 第三級 RMB'000 人民幣千元 |
| Recurring fair value measurements | 經常性公平值計量 | | | |
| Assets: | 資產： | | | |
| Available-for-sale financial assets (note 18) | 可供出售金融資產 (附註 18) | 21,400 | - | 21,400 |

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(e) Fair value (Continued)

(i) Financial assets measured at fair value (Continued)

Fair value hierarchy (Continued)

During the years ended 31 December 2016 and 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of wealth management products in Level 2 is the estimated amount that the Group would receive at the end of the reporting period, taking into account the current creditworthiness of the wealth management products counterparties.

Information about Level 3 fair value measurements

26 金融風險管理及公平值(續)

(e) 公平值(續)

(i) 按公平值計量的金融資產(續)

公平值等級(續)

截至二零一六年及二零一七年十二月三十一日止年度，第一級與第二級之間並無任何轉移，亦無轉入或轉出第三級。本集團政策為於報告期末在公平值等級間出現轉移時確認轉移。

第二級公平值計量所用之估值技術及輸入數據

第二級內理財產品之公平值為本集團將於報告期末收取之估計金額，當中計及理財產品交易方之當前信用。

有關第三級公平值計量之資料

| | Valuation techniques 估值技術 | Significant unobservable inputs 重要不可觀察輸入數據 | Range 範圍 | Weighted average 加權平均值 |
|---|-----------------------------------|---|--|------------------------------------|
| Conversion option embedded in convertible loan 可轉換貸款內含之轉換權 | Binomial lattice model 二項式點陣模式 | Expected volatility 預期波幅 | 25.15-51.53% (2016: nil) (二零一六年：無) | 37.51% (2016: nil) (二零一六年：無) |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(e) Fair value (Continued)

(i) Financial assets measured at fair value (Continued)

Information about Level 3 fair value measurements (Continued)

The fair value of conversion option embedded in convertible notes is determined using binomial lattice model and the significant unobservable input used in the fair value measurement is expected volatility. The fair value measurement is positively correlated to the expected volatility. As at 31 December 2017, it is estimated that with all other variables held constant, an increase/decrease in the expected volatility by 5% would have decreased/increased the Group's profit by RMB313,000 (2016: Nil).

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--|-------------------------|-----------------------------------|-----------------------------------|
| Conversion option embedded in convertible loan: | 可轉換貸款內含之轉換權： | | |
| On issue day | 於發行日 | 2,835 | — |
| Changes in fair value recognised in profit or loss during the period | 期內於損益確認之公平值變動 | 2,324 | — |
| At 31 December | 於十二月三十一日 | 5,159 | — |
| Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period | 就報告期末所持資產計入損益之期內收益或虧損總額 | 2,324 | — |

26 金融風險管理及公平值(續)

(e) 公平值(續)

(i) 按公平值計量的金融資產(續)

有關第三級公平值計量之資料(續)

可換股票據內含之轉換權之公平值乃採用二項式點陣模式釐定，而公平值計量所用之重要不可觀察輸入數據為預期波幅。公平值計量與預期波幅呈正相關關係。於二零一七年十二月三十一日，估計當預期波幅上升/下降5%而所有其他變量保持不變，本集團之溢利將減少/增加約人民幣313,000元(二零一六年：無)。

期內該等第三級公平值計量結餘之變動如下：

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(e) Fair value (Continued)

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2016 and 2017.

27 COMMITMENTS

(a) Capital commitments

Capital commitments outstanding at 31 December 2017 not provided for in the financial statements were as follows:

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|-----------------------------------|---------|-----------------------------------|-----------------------------------|
| Contracted for | 已訂約 | 19,248 | 11,750 |
| Authorised but not contracted for | 已授權惟未訂約 | 26,683 | 17,484 |
| | | 45,931 | 29,234 |

(b) Operating leases commitments

At 31 December 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---------------------------------|--------|-----------------------------------|-----------------------------------|
| Within 1 year | 一年內 | 9,991 | 27,554 |
| After 1 year but within 5 years | 一年後五年內 | 7,106 | 57,225 |
| After 5 years | 五年後 | - | 14,052 |
| | | 17,097 | 98,831 |

26 金融風險管理及公平值(續)

(e) 公平值(續)

(ii) 並非按公平值列賬之金融資產及負債的公平值

於二零一六年及二零一七年十二月三十一日，本集團按成本或攤銷成本列賬之金融工具的賬面值與其公平值並無重大差異。

27 承擔

(a) 資本承擔

於二零一七年十二月三十一日，未於財務報表計提撥備的未履行資本承擔如下：

(b) 經營租賃承擔

於二零一七年十二月三十一日，根據不可撤銷經營租賃應付的未來最低租賃付款總額如下：

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

27 COMMITMENTS

(b) Operating leases commitments

(Continued)

The Group leases a number of properties under operating leases. The leases typically run for an initial period for one to six years, at the end of which period all terms are renegotiated.

28 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group entered into the following material related party transactions.

(a) Operating lease with related parties

The operating lease charges in respect of properties paid and payable to Shishi City Junyuan Development Co., Ltd. ("Junyuan Development") (石獅市駿源發展有限公司) amounted to RMB2,907,000 (2016: RMB2,819,000) for the year ended 31 December 2017, in which RMB2,907,000 (2016: RMB2,819,000) constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. Junyuan Development is 100% indirectly owned by Mr. Ziming Yang, the controlling shareholder. The disclosures required by Chapter 14A of the Listing Rules are provided in section headed "Continuing connected transactions" of the Reports of the Directors.

27 承擔

(b) 經營租賃承擔(續)

本集團根據經營租約租賃多項物業。租約一般初步為期一至六年，所有條款可於租約期末重新磋商。

28 重大關聯方交易

除財務報表其他部分披露的關聯方資料外，本集團訂立以下重大關聯方交易。

(a) 與關聯方的經營租賃

截至二零一七年十二月三十一日止年度，就物業已付及應付石獅市駿源發展有限公司(「駿源發展」)的經營租賃費用為人民幣2,907,000元(二零一六年：人民幣2,819,000元)，其中人民幣2,907,000元(二零一六年：人民幣2,819,000元)構成上市規則第14A章所界定的持續關連交易。駿源發展由控股股東楊紫明先生間接全資擁有。上市規則第14A章所規定披露已於董事會報告中「持續關連交易」一節作出。

28 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Operating lease with related parties (Continued)

The total future minimum lease payments under non-cancellable operating leases that are payable to Junyuan Development as follows:

| | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|-------------------|-----------------------------------|-----------------------------------|
| Within 1 year 一年內 | 1,182 | 1,252 |

(b) Key management personnel compensation

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 6 and certain of the highest paid employees as disclosed in note 7, is as follows:

| | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|-----------------------------------|-----------------------------------|
| Short-term employee benefits 短期僱員福利 | 7,297 | 14,274 |
| Contributions to retirement benefit scheme 退休福利計劃供款 | 373 | 387 |
| Discretionary bonus 酌情花紅 | 1,583 | 1,390 |
| Equity settled share-based payment expenses 權益結算以股份為基礎的付款開支 | 360 | 341 |
| | 9,613 | 16,392 |

Total remuneration is included in "staff costs" (note 4(b)).

28 重大關聯方交易 (續)

(a) 與關聯方的經營租賃 (續)

不可撤銷經營租賃項下應付駿源發展的日後最低租賃付款總額如下：

(b) 主要管理人員薪酬

本集團主要管理人員酬金(包括支付予附註6所披露的本公司董事及附註7所披露的若干最高薪僱員的款項)如下：

薪酬總額載於「員工成本」(附註4(b))。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

29 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing the financial statements. The principal accounting policies are set forth in note 1. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

(a) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's net assets value. The Group reassesses these estimates annually.

29 重大會計估計及判斷

估計及判斷會以經驗及其他因素(包括因應當時情況認為屬對未來事件的合理預期)為基準持續評估。

重要會計政策的選擇、影響該等政策應用的判斷及其他不明朗因素以及所呈報業績對條件及假設變動的敏感度均為審閱財務報表時考慮的因素。主要會計政策載列於附註1。本集團相信，以下重要會計政策涉及編製財務報表所使用最為重要的判斷及估計。

(a) 存貨的可變現淨值

存貨的可變現淨值乃於日常業務過程中的估計售價，減估計完成的成本及進行銷售所需的估計成本。該等估計乃基於目前市況及銷售類似性質產品的過往經驗。假設的任何變動將增加或減少過往年度作出的存貨撇減的金額或有關撇減撥回，並影響本集團的資產淨值。本集團每年重新評估該等估計。

29 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(Continued)

(b) Impairment of trade and other receivables

The Group estimates the impairment allowances for trade and other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances annually.

(c) Depreciation and amortisation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. Intangible assets except for those with an indefinite life are amortised on a straight-line basis over the estimated useful lives. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expenses to be recorded during any reporting period. The useful lives are based on the Group's experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

29 重大會計估計及判斷(續)

(b) 貿易及其他應收款項減值

本集團通過基於信貸歷史及目前市況評估貿易及其他應收款項的可收回性估計其減值撥備。這需要使用估計及判斷。倘有事件出現或情況變動顯示結餘或不可收回，則就貿易及其他應收款項計提撥備。倘預期與初步估計有所不同，則有關差額將影響貿易及其他應收款項的賬面值，繼而影響估計變動期間的減值虧損。本集團每年重新評估減值撥備。

(c) 折舊及攤銷

物業、廠房及設備乃經計及估計剩餘價值後以直線法於其估計可使用年期折舊。無形資產(無限年期者除外)以直線法於其估計可使用年期攤銷。本集團定期審閱資產的估計可使用年期，以釐定於任何報告期內記錄的折舊及攤銷開支金額。可使用年期乃根據本集團對類似資產的經驗，並計及預計的技術變化後得出。倘過往估計出現重大變動，則未來期間的折舊及攤銷開支則會作追溯調整。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

29 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(Continued)

(d) Bank acceptance bills

As set out in note 26(a)(i), the Group considers that the credit risk associated with bank acceptance bills issued by major banks in the PRC to be insignificant. The Group monitors the credit risk of issuing banks. The judgement to derecognise bank acceptance bills upon discounting or endorsement is reviewed when the credit risk of issuing banks deteriorates significantly.

29 重大會計估計及判斷(續)

(d) 銀行承兌票據

如附註26(a)(i)所述，本集團認為中國主要銀行發行的銀行承兌票據相關的信貸風險並不重大。本集團監察發行銀行的信貸風險。當發行銀行的信貸風險顯著惡化時，貼現或背書後終止確認銀行承兌票據的判斷將加以審閱。

30 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

30 公司財務狀況表

| | | Note 附註 | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|-----------------------------|---------------|------------|-----------------------------------|-----------------------------------|
| Non-current assets | 非流動資產 | | | |
| Investments in subsidiaries | 於附屬公司的投資 | | 6,038 | 5,678 |
| Current assets | 流動資產 | | | |
| Other receivables | 其他應收款項 | | 65,501 | 85,859 |
| Cash and cash equivalents | 現金及現金等價物 | | 2,028 | 4,367 |
| | | | 67,529 | 90,226 |
| Current liabilities | 流動負債 | | | |
| Other payables and accruals | 其他應付款項及應計費用 | | 15,646 | 17,387 |
| | | | 15,646 | 17,387 |
| Net current assets | 流動資產淨值 | | 51,883 | 72,839 |
| NET ASSETS | 資產淨值 | | 57,921 | 78,517 |
| CAPITAL AND RESERVES | 資本及儲備 | 25(a) | | |
| Capitals | 資本 | | 5,203 | 5,583 |
| Reserves | 儲備 | | 52,718 | 72,934 |
| NET ASSETS | 資產淨值 | | 57,921 | 78,517 |

Approved and authorised for issue by the board of directors on 9 February 2018.

經董事會於二零一八年二月九日批准及授權刊發。

Mr. Siu Keung Ng
吳少強先生

Chief Executive Officer and Executive Director
行政總裁兼執行董事

Mr. Qiang Wei
韋強先生

Executive Director
執行董事

31 ULTIMATE CONTROLLING PARTIES

As at 31 December 2017, the directors consider the ultimate controlling party of the Company to be Mr. Ziming Yang.

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2017 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

31 最終控股方

於二零一七年十二月三十一日，董事認為本公司的最終控股方為楊紫明先生。

32 截至二零一七年十二月三十一日止年度已頒佈惟尚未生效的修訂、新訂準則及詮釋的可能影響

截至本財務報表刊發日期，國際會計準則委員會已頒佈多項修訂、新訂準則及詮釋，該等修訂及新訂準則於截至二零一七年十二月三十一日止年度尚未生效，且於本財務報表並未採用。以下為可能與本集團相關的有關準則。

| | Effective for accounting periods beginning on or after 於下列日期或之後開始的會計期間生效 |
|--|--|
| IFRS 9, <i>Financial instruments</i> 國際財務報告準則第9號， <i>金融工具</i> | 1 January 2018 二零一八年一月一日 |
| IFRS 15, <i>Revenue from contracts with customers</i> 國際財務報告準則第15號， <i>來自客戶合約收益</i> | 1 January 2018 二零一八年一月一日 |
| Amendments to IFRS 2, <i>Share-based payment: Classification and measurement of share-based payment transactions</i> 國際財務報告準則第2號的修訂， <i>以股份為基礎付款：以股份為基礎付款交易之分類及計量</i> | 1 January 2018 二零一八年一月一日 |
| IFRIC 22, <i>Foreign currency transactions and advance consideration</i> 國際財務報告詮釋委員會詮釋第22號， <i>外幣交易及預付代價</i> | 1 January 2018 二零一八年一月一日 |
| IFRS 16, <i>Leases</i> 國際財務報告準則第16號， <i>租賃</i> | 1 January 2019 二零一九年一月一日 |
| IFRIC 23, <i>Uncertainty over income tax treatments</i> 國際財務報告詮釋委員會詮釋第23號， <i>所得稅處理之不確定性</i> | 1 January 2019 二零一九年一月一日 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

(Continued)

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the assessment completed to date is based on the information currently available to the Group, the actual impacts upon the initial adoption of the standards may differ, and further impacts may be identified before the standards are initially applied in the Group's interim financial report the six months ended 30 June 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in the financial report.

IFRS 9, Financial instruments

IFRS 9 will replace the current standard on accounting for financial instruments, IAS 39, Financial instruments: Recognition and measurement. IFRS 9 introduces new requirements for classification and measurement of financial assets, including the measurement of impairment for financial assets and hedge accounting. On the other hand, IFRS 9 incorporates without substantive changes the requirements of IAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018. Expected impacts of the new requirements on the Group's financial statements are as follows:

32 截至二零一七年十二月三十一日止年度已頒佈惟尚未生效的修訂、新訂準則及詮釋的可能影響(續)

本集團正評估該等修訂、新訂準則及詮釋於首次應用期間預期帶來的影響。迄今本集團已識別新訂準則的若干方面可能對綜合財務報表造成重大影響。有關預期影響的進一步詳情於下文論述。由於迄今完成之評估乃根據本集團現時可得之資料進行，首次採納該等準則產生之實際影響可能會有所不同，而於該等準則首次應用於本集團截至二零一八年六月三十日止六個月之中期財務報告前，可能會發現進一步影響。本集團亦可能會更改其會計政策選擇，包括過渡選擇，直至該等準則首次應用於財務報告內。

國際財務報告準則第9號， 金融工具

國際財務報告準則第9號將取代有關金融工具會計處理方法的現有準則國際會計準則第39號，金融工具：確認及計量。國際財務報告準則第9號引入分類及計量金融資產的新規定，包括計量金融資產減值及對沖會計。另一方面，國際財務報告準則第9號納入且並無大幅變動國際會計準則第39號有關確認及終止確認金融工具及金融負債分類的規定。國際財務報告準則第9號於二零一八年一月一日或之後開始之年度期間追溯生效。本集團計劃採用豁免重列比較資料並將就二零一八年一月一日之權益期初結餘確認任何過渡調整。新規定對本集團財務報表的預期影響如下：

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

(Continued)

IFRS 9, Financial instruments (Continued)

(a) Classification and measurement

IFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI):

- The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then interest revenue, impairment and gains/losses on disposal will be recognised in profit or loss.
- For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

32 截至二零一七年十二月三十一日止年度已頒佈惟尚未生效的修訂、新訂準則及詮釋的可能影響(續)

國際財務報告準則第9號， 金融工具(續)

(a) 分類及計量

國際財務報告準則第9號包括金融資產的三個主要分類方法：(1)按攤銷成本；(2)按公平值計入損益(按公平值計入損益)；及(3)按公平值計入其他全面收益(按公平值計入其他全面收益)計量：

- 債務工具之分類乃基於實體管理金融資產的業務模式及該資產的合約現金流量特點而釐定。倘債務工具分類為按公平值計入其他全面收益計量，則利息收入、減值及出售收益/虧損將於損益內確認。
- 就股本證券而言，不論實體採用何種業務模式均分類為按公平值計入損益計量，惟股本證券並非持作買賣及該實體不可撤回地選擇指定該證券為按公平值計入其他全面收益計量則例外。倘股本證券獲指定為按公平值計入其他全面收益計量，則僅該證券的股息收入將於損益內確認。該證券之收益、虧損及減值將於其他全面收益內確認且不可撥回。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

(Continued)

IFRS 9, Financial instruments (Continued)

(a) Classification and measurement (Continued)

The Group has assessed that its financial assets currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of IFRS 9.

With respect to the Group's financial assets currently classified as "available-for-sale", these are investments in principal-guaranteed wealth management products issued by banks in PRC. Determined based on the business model and the contractual cash flow characteristics of each wealth management product, there is possibility that the Group will need to classified them as FVTPL or amortised cost on transition to IFRS 9.

The classification and measurement requirements for financial liabilities under IFRS 9 are largely unchanged from IAS 39, except that IFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement may not have any impact on the Group on adoption of IFRS 9.

32 截至二零一七年十二月三十一日止年度已頒佈惟尚未生效的修訂、新訂準則及詮釋的可能影響(續)

國際財務報告準則第9號， 金融工具(續)

(a) 分類及計量(續)

本集團已評估其現時按攤銷成本及按公平值計入損益計量之金融資產將於採納國際財務報告準則第9號後繼續其各自之分類及計量。

就本集團現時分類為「可供出售」之金融資產而言，該等資產為於中國之銀行發行之保本理財產品的投資。該等資產乃根據業務模式及各理財產品之合約現金流量特徵釐定，本集團於過渡至國際財務報告準則第9號時可能需要將其分類為按公平值計入損益或攤銷成本。

國際財務報告準則第9號有關金融負債之分類及計量規定與國際會計準則第39號相較基本保持不變，惟國際財務報告準則第9號規定因指定為按公平值計入損益計量之金融負債信貸風險有變而導致其公平值變動之部分乃於其他全面收益內確認(不會重新分類至損益)。本集團現時並無任何指定為按公平值計入損益計量之金融負債，因此於採納國際財務報告準則第9號時，該新規定不會對本集團造成任何影響。

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

(Continued)

IFRS 9, Financial instruments (Continued)

(b) Impairment

The new impairment model in IFRS 9 replaces the “incurred loss” model in IAS 39 with an “expected credit loss” model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either a 12-month expected credit losses or lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses.

IFRS 15, Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. IFRS 15 will replace the existing revenue standards, IAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and IAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts. The Group is currently assessing the impacts of adopting IFRS 15 on its financial statements. Based on the assessment completed to date, the Group has identified the following areas which are likely to be affected:

32 截至二零一七年十二月三十一日止年度已頒佈惟尚未生效的修訂、新訂準則及詮釋的可能影響(續)

國際財務報告準則第9號，金融工具(續)

(b) 減值

國際財務報告準則第9號之新減值模式以「預期信貸虧損」模式取代國際會計準則第39號項下的「已產生虧損」模式。根據預期信貸虧損模式，毋須再待發生虧損事件方確認減值虧損。相反，實體須根據資產以及事實及情況確認及計量12個月預期信貸虧損或永久預期信貸虧損。本集團預期應用預期信貸虧損模式將導致提前確認信貸虧損。

國際財務報告準則第15號，來自客戶合約收益

國際財務報告準則第15號建立了確認來自客戶合約收益的全面框架。國際財務報告準則第15號將取代現有收益準則，即國際會計準則第18號，收益(包括銷售貨物及提供服務所產生的收益)及國際會計準則第11號，建造合約(訂明建造合約收益的會計處理方法)。本集團現正評估採納國際財務報告準則第15號對其財務報表之影響。根據迄今完成之評估，本集團已識別以下可能受影響之方面：

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

(Continued)

IFRS 15, Revenue from contracts with customers (Continued)

(a) Timing of revenue recognition

The Group's revenue recognition policies are disclosed in note 1(u). Currently, revenue from the sale of goods is generally recognised when the risks and rewards of ownership have passed to the customers.

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. IFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

- (i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- (ii) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- (iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

32 截至二零一七年十二月三十一日止年度已頒佈惟尚未生效的修訂、新訂準則及詮釋的可能影響(續)

國際財務報告準則第15號，來自客戶合約收益(續)

(a) 收益確認之時間

本集團之收益確認政策披露於附註1(u)。目前，銷售貨物所得收益通常於所有權風險及回報轉移予客戶時確認。

根據國際財務報告準則第15號，收益於客戶獲得合約之承諾貨物或服務之控制權時確認。國際財務報告準則第15號確定了以下對承諾貨物或服務之控制被視為隨時間轉移之三種情況：

- (i) 當客戶於實體履約時同時接受及使用實體履約所提供之利益時；
- (ii) 當實體履約創造或增強一項於資產被創造或增強時由客戶控制之資產(如在建工程)時；
- (iii) 當實體之履約並無創造對實體而言具替代用途之資產，且該實體對迄今完成之履約付款具有可執行權利時。

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

(Continued)

IFRS 15, Revenue from contracts with customers (Continued)

(a) Timing of revenue recognition (Continued)

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

As a result of this change from the risk-and-reward approach to the contract-by-contract transfer-of-control approach, it is possible that once the Group adopts IFRS 15 some of the Group's contracts the point in time when revenue is recognised may be earlier or later than under the current accounting policy. However, further analysis is required to determine whether this change in accounting policy may have a material impact on the amounts reported in any given financial reporting period.

(b) Significant financing component

IFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears.

32 截至二零一七年十二月三十一日止年度已頒佈惟尚未生效的修訂、新訂準則及詮釋的可能影響(續)

國際財務報告準則第15號，來自客戶合約收益(續)

(a) 收益確認之時間(續)

倘合約條款及實體活動並不屬於任何該等三種情況，則根據國際財務報告準則第15號，實體於某一指定時間點(即控制權轉移時)就銷售貨物或服務確認收益。所有權風險及回報之轉移僅為釐定控制權轉移發生時將考慮的其中一項指標。

由於從風險及回報法向按合約轉讓控制權法轉變，一旦本集團採納國際財務報告準則第15號，就本集團若干合約而言，收益確認之時間點亦可能較根據現有會計政策之時間點提前或推遲。然而，釐定有關會計政策變動是否會對任何特定財務報告期間呈報之金額有重大影響仍須待進一步分析。

(b) 重大融資部分

國際財務報告準則第15號要求實體於合約包含重大融資部分時就貨幣時間價值調整交易價格，而不管來自客戶之付款將大部分提前收取或延後收取。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

(Continued)

IFRS 15, Revenue from contracts with customers (Continued)

(b) Significant financing component (Continued)

Currently, the Group would only apply such a policy when payments are significantly deferred, which is currently not common in the Group's arrangements with its customers. Currently, the Group does not apply such a policy when payments are received in advance.

Advance payments are not common in the Group arrangements with its customers, and the length of time between the payment date and the completion date of legal assignment (i.e. the date when the customers obtain control of the goods) is usually a few months.

The Group has assessed that this component in the Group's advance payment schemes is not likely to be significant to the contract.

32 截至二零一七年十二月三十一日止年度已頒佈惟尚未生效的修訂、新訂準則及詮釋的可能影響(續)

國際財務報告準則第15號，來自客戶合約收益(續)

(b) 重大融資部分(續)

目前，本集團僅於付款大幅延期時(目前本集團與其客戶間之安排中並不常見)採納此政策。目前，本集團並無於付款提前收取時採納此政策。

提前付款在本集團與其客戶之安排中並不常見，而支付日期與法定轉讓完成日期(即客戶取得貨品控制權之日期)之間的時間長一般為幾個月。

本集團已評估本集團提前付款計劃中的該部分對合約而言可能並不重大。

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

(Continued)

IFRS 15, Revenue from contracts with customers (Continued)

(c) Sales with a right of return

Currently when the customers are allowed to return the Group's products, the Group estimates the level of expected returns and makes an adjustment against revenue and cost of sales.

The Group has assessed that the adoption of IFRS 15 will not materially affect how the Group recognises revenue and cost of sales when the customers have a right of return. However, the new requirement to recognise separately a return asset for the products expected to be returned will impact the presentation in the consolidated statement of financial position as the Group currently adjusts the carrying amounts of inventory for the expected returns, instead of recognising a separate asset.

The Group plans to elect to use the cumulative effect transition method for the adoption of IFRS 15 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. As allowed by IFRS 15, the Group plans to apply the new requirements only to contracts that are not completed before 1 January 2018. Since the number of "open" contracts for sales of goods at 31 December 2017 is limited, the Group expects that the transition adjustment to be made upon the initial adoption of IFRS 15 will not be material.

32 截至二零一七年十二月三十一日止年度已頒佈惟尚未生效的修訂、新訂準則及詮釋的可能影響(續)

國際財務報告準則第15號，來自客戶合約收益(續)

(c) 具退貨權之銷售

目前，當客戶被允許退回本集團產品時，本集團會估計預期退貨水平並就收益及銷售成本作出調整。

本集團已評估採納國際財務報告準則第15號將不會對本集團於客戶有退貨權時確認收益及銷售成本之方式造成重大影響。然而，由於本集團目前就預期退貨對存貨賬面值進行調整而非另行確認資產，因此另行就預期將被退回之產品確認退回資產之新規定將影響於綜合財務狀況表之呈列。

本集團計劃選擇就採納國際財務報告準則第15號使用累積效應過渡法，並將確認首次應用之累積效應，作為對二零一八年一月一日權益期初結餘之調整。誠如國際財務報告準則第15號所允許，本集團計劃僅將該等新規定應用於二零一八年一月一日前尚未完成之合約。由於二零一七年十二月三十一日銷售貨品之「期初」合約數目有限，本集團預期於首次採納國際財務報告準則第15號時將作出之過渡調整並不重大。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

(Continued)

IFRS 16, Leases

As disclosed in note 1(k), currently the Group classifies leases into operating leases, and accounts for the lease arrangements according to the nature of the lease. The Group enters into leases as the lessee.

IFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once IFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding “right-of-use” asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

32 截至二零一七年十二月三十一日止年度已頒佈惟尚未生效的修訂、新訂準則及詮釋的可能影響(續)

國際財務報告準則第16號，租賃

誠如附註1(k)所披露，本集團現時將租賃分類為經營租賃，並根據租賃的性質對租賃安排進行列賬。本集團作為承租人訂立租約。

預期國際財務報告準則第16號將不會大幅影響出租人根據租約將彼等權利及義務入賬的方式。然而，一旦採納國際財務報告準則第16號，承租人將不再區分融資租賃及經營租賃。相反，受可行權宜方法的規限，承租人將按與現有融資租賃會計處理方法類似的方式將所有租約入賬，即於租約開始日期，承租人將按日後最低租賃付款的現值確認及計量租賃負債，及將確認相應的「使用權」資產。於初步確認該資產及負債後，承租人將確認租賃負債結餘所產生的利息開支及使用權資產折舊，而非根據現有政策於租期內按系統基準確認根據經營租約所產生的租賃開支。作為一項可行權宜方法，承租人可選擇不將此會計模式應用於短期租賃(即租期為12個月或以下)及低價值資產的租賃，於該等情況下，租金開支將繼續於租期內按系統基準確認。

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

(Continued)

IFRS 16, Leases (Continued)

IFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 27(b), at 31 December 2017 the Group's future minimum lease payments under non-cancellable operating leases amount to RMB17,097,000 for properties, the majority of which is payable either between 1 and 5 years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once IFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of IFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of IFRS 16 and the effects of discounting.

32 截至二零一七年十二月三十一日止年度已頒佈惟尚未生效的修訂、新訂準則及詮釋的可能影響(續)

國際財務報告準則第16號，租賃(續)

國際財務報告準則第16號將主要影響本集團作為租約承租人就若干物業、廠房及設備(現時分類為經營租賃)的會計處理方法。預期應用新會計模式將導致資產及負債均有所增加，及影響租約期間於損益表確認開支的時間。誠如附註27(b)所披露，於二零一七年十二月三十一日，本集團於不可撤銷經營租賃項下就物業的日後最低租賃付款達人民幣17,097,000元，其中大部分須於報告日期後一至五年內支付。因此，一旦採納國際財務報告準則第16號，若干該等款項可能須確認為租賃負債，並附帶相應使用權資產。經考慮可行權宜方法的適用性及就現時與採納國際財務報告準則第16號期間已訂立或終止的任何租約及貼現影響作出調整後，本集團將須進行更為詳細的分析以釐定於採納國際財務報告準則第16號時經營租賃承擔所產生的新資產及負債的金額。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(Expressed in Renminbi unless otherwise indicated)

(除另行指明者外，以人民幣列示)

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

(Continued)

IFRS 16, Leases (Continued)

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard offers different transition options and practical expedients, including the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. If this practical expedient is chosen, the Group will apply the new definition of a lease in IFRS 16 only to contracts that are entered into on or after the date of initial application. If the practical expedient is not chosen, the Group will need to reassess all of its decisions about which existing contracts are, or contain, leases, using the new definition. Depending on whether the Group elects to adopt the standard retrospectively or follow a modified retrospective method of recognising a cumulative-effect adjustment to the opening balance of equity at the date of initial application, the Group may or may not need to restate comparative information for any changes in accounting resulting from the reassessment. The Group has not yet decided whether it will choose to take advantage of this practical expedient, and which transition approach to be taken.

32 截至二零一七年十二月三十一日止年度已頒佈惟尚未生效的修訂、新訂準則及詮釋的可能影響(續)

國際財務報告準則第16號，租賃(續)

香港財務報告準則第16號於二零一九年一月一日或之後開始之年度期間生效。該準則提供不同的過渡選擇及可行權益方法，包括融入先前評估的可行權宜方法，當中現有安排為(或包含)租賃。倘選擇此可行權宜方法，本集團僅將國際財務報告準則第16號對租賃的新定義應用於首次應用日期或之後訂立的合約。倘並無選擇可行權益方法，本集團則需要重新評估其應用新定義下，對哪些現有合約為(或包含)租賃而作的所有決定。視乎本集團是否選擇以追溯方式採納準則，或遵從經修訂可追溯方式確認對首次應用當日權益期初結餘的累計效應調整，本集團未必需要重列因重新評估而引致任何會計變動的比較資料。本集團尚未決定是否將選擇採用此可行權益方法及將採取哪種過渡方法。

FIVE YEARS SUMMARY

五年概要

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 | 2015 二零一五年 RMB'000 人民幣千元 | 2014 二零一四年 RMB'000 人民幣千元 | 2013 二零一三年 RMB'000 人民幣千元 |
|---|-----------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Revenue | 收益 | 1,089,106 | 1,160,799 | 1,356,486 | 1,098,188 | 943,492 |
| Cost of sales | 銷售成本 | (551,493) | (604,829) | (730,032) | (636,185) | (553,757) |
| Gross profit | 毛利 | 537,613 | 555,970 | 626,454 | 462,003 | 389,735 |
| Other income | 其他收入 | 42,786 | 51,709 | 56,805 | 60,115 | 44,171 |
| Selling and distribution expenses | 銷售及分銷開支 | (153,392) | (160,425) | (121,607) | (78,641) | (45,143) |
| Administrative and other operating expenses | 行政及其他營運開支 | (125,671) | (194,198) | (166,811) | (121,264) | (107,324) |
| Profit from operations | 經營溢利 | 301,336 | 253,056 | 394,841 | 322,213 | 281,439 |
| Finance cost | 融資成本 | (16,555) | (5,848) | (3,137) | (1,538) | (7,045) |
| Profit before taxation | 除稅前溢利 | 284,781 | 247,208 | 391,704 | 320,675 | 274,394 |
| Income tax | 所得稅 | (81,568) | (65,519) | (104,146) | (85,173) | (79,039) |
| Profit for the year | 年內溢利 | 203,213 | 181,689 | 287,558 | 235,502 | 195,355 |
| Earnings per share | 每股盈利 | | | | | |
| Basic (RMB) | 基本(人民幣) | 0.29 | 0.26 | 0.404 | 0.35 | 0.25 |
| Diluted (RMB) | 攤薄(人民幣) | 0.29 | 0.25 | 0.402 | 0.35 | 0.25 |

FIVE YEARS SUMMARY (CONTINUED)

五年概要 (續)

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 | 2015 二零一五年 RMB'000 人民幣千元 | 2014 二零一四年 RMB'000 人民幣千元 | 2013 二零一三年 RMB'000 人民幣千元 |
|--|-----------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Non-current assets | 非流動資產 | | | | | |
| Property, plant and equipment | 物業、廠房及設備 | 73,076 | 57,521 | 29,817 | 15,657 | 13,892 |
| Interests in leasehold land held for own use under operating lease | 經營租賃下持作自用之 租賃土地之權益 | 23,312 | 23,319 | - | - | - |
| Intangible assets | 無形資產 | 40,218 | 34,848 | 35,297 | 22,275 | 24,462 |
| Prepayments for acquisition of plant and equipment | 收購廠房及設備之預付款項 | 9,744 | - | - | - | - |
| Other loans receivables | 其他應收貸款 | 64,118 | - | - | - | - |
| Deferred tax assets | 遞延稅項資產 | 26,158 | 37,786 | 24,368 | 16,661 | 10,897 |
| | | 236,626 | 153,474 | 89,482 | 54,593 | 49,251 |
| Current assets | 流動資產 | | | | | |
| Inventories | 存貨 | 337,052 | 328,813 | 266,765 | 105,024 | 50,367 |
| Trade and other receivables | 貿易及其他應收款項 | 445,829 | 465,086 | 485,917 | 272,914 | 162,648 |
| Other financial assets | 其他金融資產 | 253,159 | 21,400 | 10,000 | - | 60,000 |
| Deposits with banks with original maturity date over three months | 原到期日逾三個月的 銀行存款 | 452,860 | 275,400 | 288,622 | 355,231 | 165,960 |
| Pledged bank deposits | 已抵押銀行存款 | 105,015 | 239,068 | 428,375 | 307,235 | 199,330 |
| Cash and cash equivalents | 現金及現金等價物 | 134,593 | 222,885 | 294,543 | 324,451 | 531,786 |
| | | 1,728,508 | 1,552,652 | 1,774,222 | 1,364,855 | 1,170,091 |
| Current liabilities | 流動負債 | | | | | |
| Bank borrowings | 銀行借款 | 16,636 | 127,095 | 220,479 | 101,212 | 90,450 |
| Trade and other payables | 貿易及其他應付款項 | 590,042 | 555,696 | 704,182 | 566,449 | 497,273 |
| Current tax payable | 應付即期稅項 | 19,929 | 30,041 | 26,758 | 31,799 | 29,031 |
| | | 626,607 | 712,832 | 951,419 | 699,460 | 616,754 |
| Non-current liabilities | 非流動負債 | | | | | |
| Bank borrowings | 銀行借款 | 271,461 | - | - | - | - |
| Deferred tax liabilities | 遞延稅項負債 | 11,770 | 11,577 | 15,384 | 2,781 | - |
| | | 283,231 | 11,577 | 15,384 | 2,781 | - |
| Net assets | 資產淨值 | 1,055,296 | 981,717 | 896,901 | 717,207 | 602,588 |
| Capital and reserves | 資金及儲備 | | | | | |
| Share capital | 股本 | 5,203 | 5,583 | 5,580 | 5,578 | 5,578 |
| Reserves | 儲備 | 1,018,653 | 976,134 | 891,321 | 711,629 | 597,010 |
| | | 1,023,856 | 981,717 | 896,901 | 717,207 | 602,588 |
| Non-controlling interests | 非控股權益 | 31,440 | - | - | - | - |
| Total equity | 總權益 | 1,055,296 | 981,771 | 896,901 | 717,207 | 602,588 |

全年業績的審閱

審核委員會已審閱本公司截至二零一七年十二月三十一日止年度的全年業績。

二零一八年股東週年大會

二零一八年股東週年大會將於二零一八年三月二十八日(星期五)在香港舉行。根據上市規則及本公司組織章程細則，二零一八年股東週年大會通告將於適當時候刊發及寄交本公司股東。

刊登業績公告及年報

二零一七年年報將於適當時候寄發予股東，並於香港聯合交易所有限公司網站 www.hkexnews.hk 及本公司網站 www.ir.cabbeen.com 刊登。本公告亦可於上述網站查閱。

承董事會命
卡賓服飾有限公司
主席
楊紫明

香港，二零一八年二月九日

於本公告日期，本公司執行董事為楊紫明先生、吳少強先生、柯榕欽先生及韋強先生；及本公司獨立非執行董事為徐容國先生、陳宏輝先生及梁銘樞先生。