

KaShui¹⁹⁸⁰

Ka Shui International Holdings Limited
嘉瑞國際控股有限公司

Incorporated in the Cayman Islands with Limited Liability
於開曼群島註冊成立的有限公司

Stock Code 股份代號：822

Technovation Drives the
Smart Future

科技創新 智訊未來
ANNUAL REPORT 2017 年報

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CORPORATE INFORMATION

公司資料

DIRECTORS

Executive Directors

Mr. Lee Yuen Fat (*Chairman*)
Mr. Wong Wing Chuen (*Vice Chairman*)
Dr. Wong Cheong Yiu (*Chief Executive Officer*)

Independent Non-Executive Directors

Professor Sun Kai Lit, Cliff BBS, JP
Ir Dr. Lo Wai Kwok SBS, MH, JP
Mr. Andrew Look
Mr. Kong Kai Chuen, Frankie

AUTHORISED REPRESENTATIVES

Dr. Wong Cheong Yiu
Ms. Yam Suk Yee, Celia

COMPANY SECRETARY

Ms. Yam Suk Yee, Celia

AUDIT COMMITTEE

Mr. Kong Kai Chuen, Frankie (*Chairman*)
Professor Sun Kai Lit, Cliff BBS, JP
Ir Dr. Lo Wai Kwok SBS, MH, JP
Mr. Andrew Look

NOMINATION COMMITTEE

Professor Sun Kai Lit, Cliff BBS, JP (*Chairman*)
Ir Dr. Lo Wai Kwok SBS, MH, JP
Mr. Andrew Look
Mr. Kong Kai Chuen, Frankie
Dr. Wong Cheong Yiu

REMUNERATION COMMITTEE

Professor Sun Kai Lit, Cliff BBS, JP (*Chairman*)
Ir Dr. Lo Wai Kwok SBS, MH, JP
Mr. Andrew Look
Mr. Kong Kai Chuen, Frankie
Dr. Wong Cheong Yiu

董事

執行董事

李遠發先生 (*主席*)
黃永銓先生 (*副主席*)
黃昌耀博士 (*行政總裁*)

獨立非執行董事

孫啟烈教授 BBS, 太平紳士
盧偉國博士 SBS, MH, 太平紳士
陸東先生
江啟銓先生

授權代表

黃昌耀博士
任淑儀小姐

公司秘書

任淑儀小姐

審核委員會

江啟銓先生 (*主席*)
孫啟烈教授 BBS, 太平紳士
盧偉國博士 SBS, MH, 太平紳士
陸東先生

提名委員會

孫啟烈教授 BBS, 太平紳士 (*主席*)
盧偉國博士 SBS, MH, 太平紳士
陸東先生
江啟銓先生
黃昌耀博士

薪酬委員會

孫啟烈教授 BBS, 太平紳士 (*主席*)
盧偉國博士 SBS, MH, 太平紳士
陸東先生
江啟銓先生
黃昌耀博士

REGISTERED OFFICE

Clifton House, 75 Fort Street
P.O. Box 1350 GT, George Town
Grand Cayman, Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room A, 29/F, Tower B, Billion Centre
1 Wang Kwong Road, Kowloon Bay
Kowloon, Hong Kong

PRINCIPAL 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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
17M Floor
Hopewell Centre, 183 Queen's Road East
Hong Kong

AUDITOR

RSM Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited
Chong Hing Bank Limited

WEBSITE

www.kashui.com

註冊辦事處

Clifton House, 75 Fort Street
P.O. Box 1350 GT, George Town
Grand Cayman, Cayman Islands

香港主要營業地點

香港九龍
九龍灣宏光道1號
億京中心B座29樓A室

主要股份過戶登記處

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

香港股份過戶登記分處

香港中央證券登記有限公司
香港皇后大道東183號
合和中心17M樓

核數師

中瑞岳華(香港)會計師事務所

主要往來銀行

香港上海滙豐銀行有限公司
渣打銀行(香港)有限公司
中國銀行(香港)有限公司
創興銀行有限公司

網址

www.kashui.com

FINANCIAL HIGHLIGHTS

財務概要

	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
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RESULTS

Revenue
Profit attributable to owners of the Company
EBITDA

業績

收入
本公司權益持有人應佔溢利
未計利息、稅項、折舊及攤銷前盈利

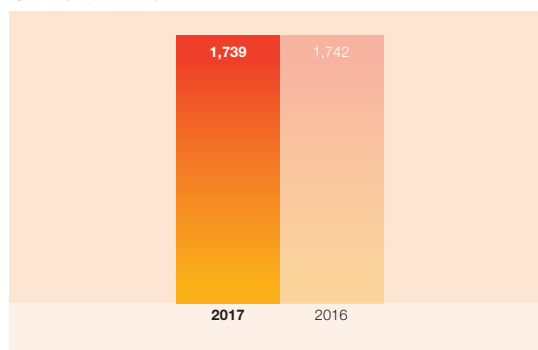
PER SHARE DATA

Basic earnings per share (HK cents)
Total dividends per share (HK cent)
— Interim dividend paid per share (HK cent)
— Proposed final dividend per share (HK cent)
Dividend payout ratio

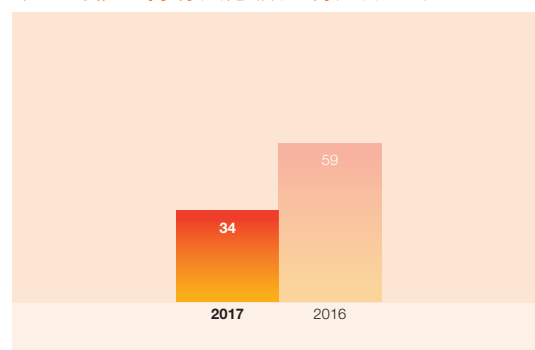
每股資料

每股基本盈利(港仙)
每股總股息(港仙)
— 已付每股中期股息(港仙)
— 建議派發末期股息(港仙)
派息比率

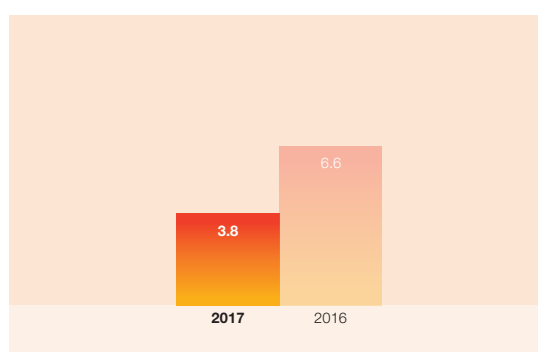
Revenue (HK\$ million)
收入(百萬港元)



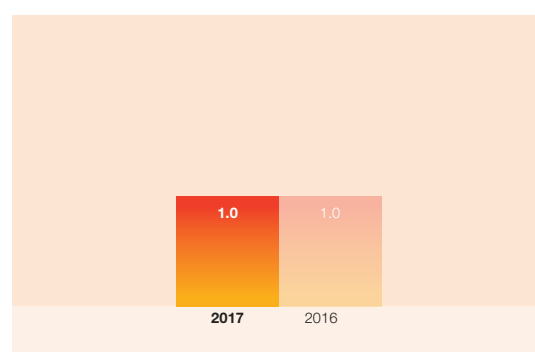
Profit attributable to owners of the Company (HK\$ million)
本公司權益持有人應佔溢利(百萬港元)



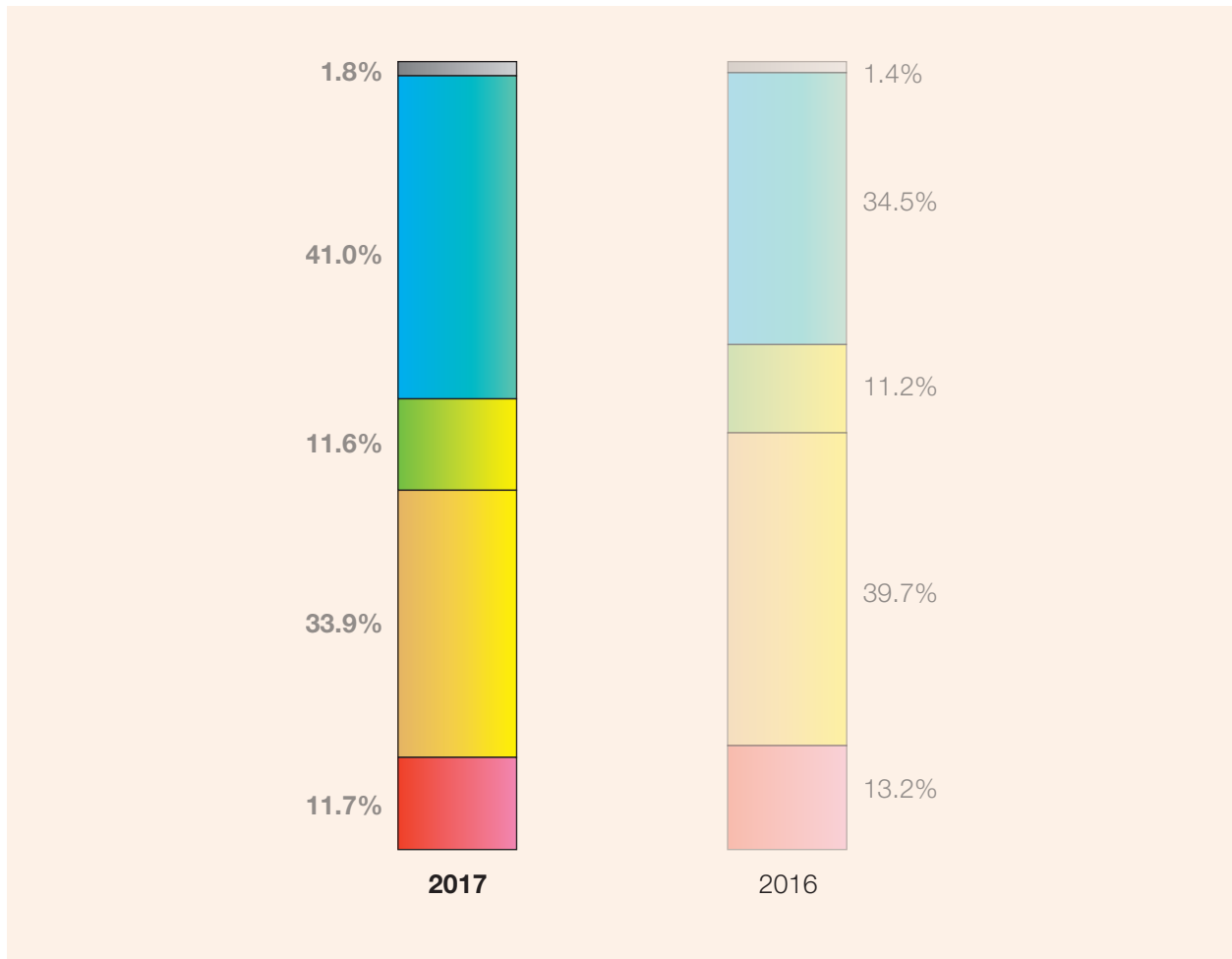
Basic earnings per share (HK cents)
每股基本盈利(港仙)




Total dividends per share (HK cent)
每股總股息(港仙)



Revenue percentage by business segments
按業務分部的收入百分率



 Zinc alloy die casting
鋅合金壓鑄

 Magnesium alloy die casting
鎂合金壓鑄

 Aluminium alloy die casting
鋁合金壓鑄

 Plastic injection
塑膠注塑

 Others
其他

KEY INFORMATION FOR SHAREHOLDERS

股東主要資料

FINANCIAL CALENDAR

Announcement of 2017 Annual Results
26 March 2018

Annual General Meeting
28 May 2018

Ex-dividend Date for 2017 Final Dividend
1 June 2018

2017 Final Dividend Payment Date
15 June 2018

STOCK CODE

822

BOARD LOT

2,000 Shares

INVESTOR RELATIONS

Ms. Yam Suk Yee, Celia
Company Secretary
Ka Shui International Holdings Limited
Room A, 29/F, Tower B, Billion Centre
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Tel: (852) 3759 8900
Fax: (852) 2412 1743
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財務日誌

二零一七年全年業績公佈
二零一八年三月二十六日

股東週年大會
二零一八年五月二十八日

二零一七年末期股息除淨日期
二零一八年六月一日

二零一七年末期股息派發日期
二零一八年六月十五日

股份代號

822

每手股數

2,000股

投資者關係

任淑儀小姐
公司秘書
嘉瑞國際控股有限公司
香港九龍
九龍灣宏光道1號
億京中心B座29樓A室
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Dear Shareholders,

On behalf of the Board of Directors of Ka Shui International Holdings Limited (the "Company"), I am pleased to present you the audited annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2017 (the "Year").

For the Year under review, the Group's overall revenue slightly decreased by 0.2% year-on-year to approximately HK\$1,738,738,000 (2016: HK\$1,742,476,000). The decrease in overall revenue was mainly caused by the less favourable market conditions in the notebook computer industry, which affected the Group's magnesium alloy die casting business. Primarily due to an increase in the cost of sales, the appreciation of Renminbi, and the one off general and administration expenses incurred in the overall integration of the Group's production facilities, the Group's profitability was adversely affected. However, despite of the aforementioned, profit attributable to owners of the Company was approximately HK\$33,998,000 (2016: HK\$59,243,000) as the Group

致各位股東：

本人謹代表嘉瑞國際控股有限公司(「本公司」)董事會，欣然向閣下提呈本公司及其附屬公司(統稱為「本集團」)截至二零一七年十二月三十一日止年度(「本年度」)之經審核全年業績。

於回顧年度，本集團整體收入與上年相比輕微下跌0.2%至約1,738,738,000港元(二零一六年：1,742,476,000港元)。整體收入減少主要原因是筆記本電腦行業較為不利的市場環境所致，從而影響本集團鎂合金壓鑄業務。主要由於銷售成本上升、人民幣升值以及本集團生產設施整體整合所產生的一次性一般及行政開支，本集團之盈利受到不良影響。然而，儘管以上所述情況，由於本集團於二零一七年七月完成出售前附屬公司創金美科技(深圳)有限公司全部股權(「出售」)而獲得出售收益約96,011,000港元，本公司權益持有人應佔溢利為約33,998,000港元(二零一六年：59,243,000港元)。於回顧年度，

CHAIRMAN'S STATEMENT (CONTINUED) 主席報告(續)

completed the disposal of the entire equity interest of MG Technology (Shenzhen) Company Limited ("the Disposal"), the Group's former subsidiary, in July 2017 with a gain on disposal in the amount of approximately HK\$96,011,000. During the year under review, the Group recorded income tax expense of approximately HK\$16,845,000 related to the Disposal. As a result, the Group's adjusted loss for the year ended 31 December 2017 was approximately HK\$17,339,000 (For computation method, please refer to the "Financial Review" section of Management Discussion and Analysis of this report). The Group's EBITDA, computed as profit before tax, depreciation, amortisation of intangible assets and finance costs, amounted to approximately HK\$185,282,000 (2016: HK\$214,143,000).

The Board of Directors recommended the payment of a final dividend of HK1.0 cent (2016: HK1.0 cent) per share for the Year after due consideration of the future business development as well as financial position of the Group. The dividend payout ratio for the Year would be 26.3% (2016: 15.1%).

2017 was a challenging year for the Group. The notebook computer industry was less favourable than expected and this had created an adverse impact on the Group's magnesium alloy die casting business, which focuses primarily on producing notebook and ultrathin computer casings. During the Year, the cost of raw material increased and the Renminbi also appreciated against the United States Dollar. However, the Group did not fully pass on such additional costs to its customers as we need to remain flexible in its pricing to retain our market share. Despite of the aforementioned, the Group with over 35 years of experience in serving world-renowned brands, continues to be one of the major suppliers to segments such as 3C (communication, computer and consumer electronics), personal care, automobile and household products. Leveraging on continuous dedication in innovation for its product solutions, namely magnesium, aluminium and zinc alloy die casting and plastic injection moulding, the Group has an advantage in providing a diverse range of one-stop solution services to its customers.

本集團錄得出售相關之所得稅開支約16,845,000港元。因此，截至二零一七年十二月三十一日止年度本集團之經調整虧損約為17,339,000港元(有關計算方法請參閱本年報管理層討論及分析之「財務回顧」部份)。本集團之未計利息、稅項、折舊及攤銷前盈利(「EBITDA」)(以稅項、折舊、無形資產攤銷及融資成本前盈利計算)為約185,282,000港元(二零一六年：214,143,000港元)。

經詳細考慮本集團之未來業務發展及財務狀況，董事會建議派發本年度之末期股息每股1.0港仙(二零一六年：每股1.0港仙)，本年度之派息比率為26.3%(二零一六年：15.1%)。

二零一七年對本集團而言充滿挑戰的一年。筆記本電腦行業的表現遜於預期，此對本集團主要專注生產筆記本電腦及超薄電腦外殼之鎂合金壓鑄業務造成不良影響。年內，原材料成本上升以及人民幣兌美元升值，然而，本集團為保持定價靈活性以維持我們之市場佔有率，未能完全將此額外成本轉嫁予客戶。儘管以上所述情況，本集團擁有逾35年為世界知名品牌提供服務的經驗，繼續成為3C(通訊、電腦及消費者電子)、個人護理、汽車及家居產品範疇的主要供應商之一。憑藉致力於鎂、鋁及鋅合金壓鑄及塑膠注塑等產品解決方案之不斷創新，本集團擁有為客戶提供多元化的一站式服務方案之優勢。

CHAIRMAN'S STATEMENT (CONTINUED) 主席報告(續)

Particularly for our alloy die casting businesses, the Group has been proactively exploring new material and technology innovations with wider applications and better equipment to expand its business opportunities and economies of scale. In November 2017, the Group together with KOCEL Intelligent Foundry Industry Innovation Center Limited and the China Foundry E-commerce Network Technology (Beijing) Company Limited agreed to invest in the Intelligent Foundry Industry Light Alloy Innovation Center ("Light Alloy Innovation Center"). To match with the PRC national policy to promote new material innovation and huge demand of light metal, I believe that the Light Alloy Innovation Center will be an effective platform to enhance the development of light alloys, to promote light weight of larger and precise foundry products and to encourage the formation of a comprehensive supply chain. The Light Alloy Innovation Center is expected to commence in the Ka Shui (Huizhou) Science and Technology Park in the second half of 2018. Given the Group's leading industry position and technical expertise together with the extensive resources support under the PRC national policy, the Group will strengthen its development of the light alloy supply chain in both upstream and downstream, enhance its regional light alloy supporting capability, promote its production development and applications of new materials and technologies, thus accelerating the industrial transformations and developing new business opportunities. I am confident that this will lay a stronger and wider foundation for Ka Shui's expansion to provide a broader spectrum of light weight solutions to customers, which will enable the Group to tap into new markets.

Benefitting from the segment's diversified product portfolio, the Group's plastic injection segment achieved stable growth with a year-on-year increase in revenue of 18.5% for 2017. On top of the stable growth in 3C accessories and personal care products driven by certain new models launched during the Year, the sales of plastic components for automobile industries including components for hybrid and electric-powered cars continued to grow. The Group successfully increased the market share in the automotive sector and established a stronger presence by supplying a number of parts to automotive customers. The Group believes that this segment will continue to be a growth driver for the Group as there is expected to be launches

於我們的合金壓鑄業務方面，本集團一直積極地探索新材料及技術創新之更廣泛應用和更優越的裝備，以擴展其業務機會和生產效益。於二零一七年十一月，本集團與共享智能鑄造產業創新中心有限公司及中鑄雲商網路科技(北京)有限公司同意共同投資智能鑄造產業輕合金創新中心(「輕合金創新中心」)。為配合推廣新型材料創新和更巨大輕合金需求的中國國策，本人相信輕合金創新中心將會是一個有效的平台以推廣輕合金的發展及推動大型及精密鑄件之輕量化，並促進組成全面的供應鏈。輕合金創新中心預計將於二零一八年下半年在嘉瑞(惠州)科技園開幕。憑藉本集團於本行業的領先地位及技術專長，配合中國國策提供的廣泛資源支持下，本集團將加強其輕合金供應鏈上下游的發展，增強區域中輕合金製造業的配套能力、推進生產發展及新型材料與科技的應用，從而加速產業轉型及發展新商機。本人相信這將為嘉瑞建立更強大及更廣闊的基礎，為客戶提供更廣泛的輕量化解決方案，致使本集團能夠開拓新市場。

受惠於該分部多元化的產品組合，本集團塑膠注塑分部達到穩定增長，二零一七年之收入與上年相比增加18.5%。除了年內相應新型號推出導致3C配件和個人護理產品穩定增長，汽車行業(包括混合動力車及電動車)的塑膠零部件銷售持續增長。本集團透過向汽車客戶供應多種零部件成功增加於汽車行業的市場份額，並建立更強大的業務基礎。本集團相信，由於預期未來數年將有新型的流動裝置及汽車領域的

CHAIRMAN'S STATEMENT (CONTINUED)

主席報告(續)

of new mobile devices and also increased activities in both new and replacement markets in the automotive segment for the next few years. In view of this, the Group will continue to offer higher quality functional and competitive solutions to customers in order to seize more orders from plastic injection customers. In addition, the Group will carry on its enhancing technologies that advances its capabilities in precision moulding and injection materials to solidify its market position.

For the Year under review, the revenue of lighting business achieved a satisfactory growth of 26.4% as compared with the previous year. In particular, the B2B LED lighting business achieved a good growth in terms of sales and geographical expansion of its sales network. The Group will endeavour to widen its sales network across the United States so as to explore more potential business opportunities.

To match with the growing global trend and the national policy "Made in China 2025", the Group has been working in upgrading and transforming its businesses including further investment in automation and building smarter facilities towards "Industry 4.0". Better management intelligence and real time data as well as advanced production technologies will enable the Group to achieve higher production efficiency and quality. The Group is devoting resources and making good progress for drafting the new phase of its technology park in Huizhou to establish a smart model manufacturing base in the industry and this is expected to be financed by the Group's internal resources and/or bank borrowings.

During the Year, the Group was awarded a Gold Medal in the 45th International Exhibition of Inventions in Geneva, Switzerland, for its collaborative development of germ-repellent polyethylene resins that can be applied in a wide range of consumer and commercial products. This recognised the Group's devotion and capability in innovation and research to offer value-added solutions to customers and the industry. Also, the Group had been awarded with the "Best in Class Die Casting" in the 12th China International Die-casting Industry Exhibition during the Year, recognising its leadership and expertise in the fields of metal die casting as well as plastic injection.

新型和替代市場活動增加，此分部將繼續成為本集團增長的推動力。據此，本集團將繼續為客戶提供更高質素的功能性及具競爭力之方案，藉以爭取更多塑膠注塑客戶之訂單。此外，本集團將持續加強技術升級，以增強於精密模具及注塑材料之能力及鞏固其市場地位。

回顧本年度，照明業務收入與上年比較增長26.4%，達致令人滿意的增長。特別是B2B LED照明業務在銷售網絡的銷售與地域擴張方面取得了良好的增長。本集團將致力拓展其遍布美國的銷售網絡，以開拓更多潛在的商機。

為配合日益增長的全球趨勢和「中國製造2025」之國策，本集團致力進行業務升級轉型，包括進一步投資在自動化和建設智能設施向「工業4.0」邁進。更好的管理情報和實時數據及先進生產技術將能夠令本集團實現更高的生產效率和質素。本集團已投入資源草擬其惠州科技園新一期規劃，並進展順利，以建立一個行業內智能化示範生產基地，此預期由本集團之內部資源及／或銀行貸款支付。

年內，本集團於第45屆瑞士日內瓦國際發明展榮獲金獎，其合作開發的斥菌聚乙烯樹脂，可應用於大範圍的消費品及商業產品。此認證了本集團在創新和研究方面的貢獻和能力，為客戶及行業提供增值方案。同時，本集團於年內第十二屆中國國際壓鑄工業展覽會榮獲「優質壓鑄件金獎」，展示本集團於金屬與塑膠注塑領域的專業及領導地位。

CHAIRMAN'S STATEMENT (CONTINUED) 主席報告(續)



Looking forward to 2018, the Group is cautiously optimistic towards its development despite the continuously challenging market environment. With better integration of its production facilities, increased automation in production, the Group expects that its operational efficiency will be improved while at the same time achieves greater economies of scale. To keep abreast with the latest market trend, the Group will continue to pursue product advancement with its expertise accumulated over 35 years in the industry and offer customers innovative and cost-effective service solutions. In addition, the launch of the light alloy projects will allow the Group to speed up in the future development of new materials applications and production technologies, as well as to open up new business streams in the light alloy supply chain with first mover advantages. The Group is determined to elevate its competitiveness in all aspects to remain its strong foothold in the industry and create greater values for its shareholders.

On behalf of the Board of Directors, I would like to express my deepest gratitude for the persistent support from our customers, suppliers and business partners; and salute our dedicated management and staff for their devotion and commitment during the Year.

Lee Yuen Fat
Chairman

Hong Kong, 26 March 2018

展望二零一八年，儘管市場環境持續充滿挑戰，本集團仍對其發展持審慎樂觀態度。隨著更完善的生產設施整合、提升生產自動化，本集團預期其營運效率將得到改善，並同時帶來更大的生產效率。為緊貼最新的市場趨勢，本集團將繼續以其於行內累積逾35年的專業經驗追求產品進步，並為客戶提供創新且具成本效益的服務方案。此外，輕合金項目的展開將使本集團加快其於新材料應用和生產技術的未來發展，並在輕合金供應鏈中佔有先驅者優勢以開拓新業務。本集團決心提升各方面之競爭力，以保持行業強勢地位及為其股東創造更大價值。

我謹代表董事會向我們的客戶、供應商和商業夥伴的不懈支持表示衷心感謝；並感謝我們的管理層和員工於年內的貢獻及承諾。

李遠發
主席

香港，二零一八年三月二十六日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

(A) FINANCIAL REVIEW

For the year ended 31 December 2017, the Group's overall revenue slightly decreased by 0.2% to approximately HK\$1,738,738,000 (2016: HK\$1,742,476,000) when compared with last year. The decrease in overall revenue was primarily attributable to the less favourable market conditions in the notebook computer industry, which affected the Group's magnesium alloy die casting business. As a result, the Group's overall gross profit margin decreased from 22.5% in 2016 to 17.8%.

Primarily due to an increase in the cost of sales, the appreciation of Renminbi against the United States Dollar, and the one-off general and administration expenses incurred in the overall integration of the Group's production facilities, the Group's profitability was adversely affected. However, despite of the aforementioned, profit attributable to owners of the Company was approximately HK\$33,998,000 (2016: HK\$59,243,000) as the Group completed the disposal of the entire equity interest of MG Technology (Shenzhen) Company Limited ("the Disposal"), the Group's former subsidiary, in July 2017 with a gain on the Disposal in the amount of approximately HK\$96,011,000. During the year under review, the Group recorded income tax expense of approximately HK\$16,845,000 related to the Disposal. As a result, the Group's adjusted loss for the year ended 31 December 2017 was approximately HK\$17,339,000 (computed as profit for the year of HK\$36,131,000 (2016: HK\$59,902,000) less gain on the Disposal of HK\$96,011,000 and add (i) capital gain tax arising from the Disposal of HK\$13,727,000; (ii) withholding tax arising from dividend payment of a disposed subsidiary of HK\$3,118,000; and (iii) the one-off general and administration expenses incurred in the overall integration of the Group's production facilities of HK\$25,696,000). The Group's EBITDA, computed as profit before tax, depreciation, amortisation of intangible assets and finance costs, amounted to approximately HK\$185,282,000 (2016: HK\$214,143,000).

(A) 財務回顧

截至二零一七年十二月三十一日止年度，本集團整體收入與上年比較輕微減少0.2%至約1,738,738,000港元(二零一六年：1,742,476,000港元)。整體收入下降主要由於筆記本電腦行業的市場環境欠佳，從而影響本集團鎂合金壓鑄業務。因此，本集團之整體毛利率亦由二零一六年的22.5%下降至17.8%。

主要由於銷售成本上升、人民幣兌美金升值以及本集團生產設施整體整合所產生的一次性一般及行政開支，本集團之盈利受到不良影響。然而，儘管以上所述情況，由於本集團於二零一七年七月完成出售前附屬公司創金美科技(深圳)有限公司全部股權(「該出售」)而獲得該出售收益約96,011,000港元，本公司權益持有人應佔溢利約為33,998,000港元(二零一六年：59,243,000港元)。於回顧年度，本集團錄得該出售相關之所得稅開支約16,845,000港元。因此，截至二零一七年十二月三十一日止年度本集團之經調整虧損約為17,339,000港元(以年內溢利36,131,000港元(二零一六年：59,902,000港元)減去該出售收益96,011,000港元，加上(i)由該出售所產生之資本增值稅13,727,000港元；(ii)由出售附屬公司支付股息產生之預提稅3,118,000港元；及(iii)本集團生產設施整體整合所產生的一次性一般及行政開支25,696,000港元計算)。本集團之未計利息、稅項、折舊及攤銷前盈利(「EBITDA」)(以稅項、折舊、無形資產攤銷及融資成本前盈利計算)約為185,282,000港元(二零一六年：214,143,000港元)。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

(B) BUSINESS REVIEW

Magnesium alloy die casting business

As a result of the slowdown in the global shipment of notebook computers primarily, the revenue of the magnesium alloy die casting business for the year ended 31 December 2017 decreased by 14.8% to approximately HK\$588,843,000 (2016: HK\$691,194,000), accounting for approximately 33.9% of the Group's overall revenue (2016: 39.7%). Apart from notebook computer casings, the Group will continue to explore additional applications of magnesium alloy especially in the automotive component industry with a view to enlarge its market share and to expand its customer base.

Plastic injection moulding business

Benefitting from the flourishing demand of new mobile devices in 2017 and a stable growth of plastic automotive parts, the revenue of this business segment had recorded an increase of 18.5% to approximately HK\$712,210,000 (2016: HK\$601,267,000), which accounted for approximately 41.0% (2016: 34.5%) of the Group's overall revenue. In order to capture the potential growth for plastic injection products and components, the Group is committed to focus on the research and development of new production technology to further enhance its product quality and application.

Zinc alloy die casting business

For the year ended 31 December 2017, the revenue of the zinc alloy die casting business was approximately HK\$203,685,000 (2016: HK\$230,614,000), representing a decrease of approximately 11.7% when compared with that of 2016. This business segment accounted for approximately 11.7% of the Group's overall revenue (2016: 13.2%). It is expected that the zinc alloy die casting business will continue to act as a stable revenue contributor for the Group in the coming year.

(B) 業務回顧

鎂合金壓鑄業務

主要由於筆記本電腦全球出貨量放緩，截至二零一七年十二月三十一日止年度鎂合金壓鑄業務的收入減少14.8%至約588,843,000港元(二零一六年：691,194,000港元)，佔本集團整體收入約33.9%(二零一六年：39.7%)。除了筆記本電腦外殼外，本集團將繼續探索鎂合金的額外應用，特別是在汽車零部件行業，以擴大其市場份額並擴展其客戶群。

塑膠注塑業務

受惠於二零一七年新流動裝置旺盛之需求及塑膠汽車零部件之穩定增長，該業務分部的收入錄得18.5%之增長至約712,210,000港元(二零一六年：601,267,000港元)，佔本集團整體收入約41.0%(二零一六年：34.5%)。為了捕捉塑膠注塑產品及零部件的潛在增長，本集團致力研究和開發新生產技術，以進一步提高其產品質量和應用。

鋅合金壓鑄業務

截至二零一七年十二月三十一日止年度，鋅合金壓鑄業務的收入約為203,685,000港元(二零一六年：230,614,000港元)，較二零一六年減少約11.7%。該業務分部佔本集團整體收入約11.7%(二零一六年：13.2%)。預計來年鋅合金壓鑄業務將繼續成為本集團穩定的收入來源。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Aluminium alloy die casting business

During the year under review, the revenue of the aluminium alloy die casting business slightly increased by 3.1% to approximately HK\$201,928,000 (2016: HK\$195,763,000) when compared with that of the previous year. The segment's contribution to the Group's overall revenue had also grown from approximately 11.2% in 2016 to approximately 11.6% in 2017.

Others

The revenue of the others business increased by 35.7% to approximately HK\$32,072,000 (2016: HK\$23,638,000) during the year. The increase was primarily derived from the sale of LED lighting products to customers in the United States.

(C) PROSPECTS

Looking ahead, it is expected that the business environment will continue to be challenging for the Group in 2018 due to possible trade conflict with the United States, the exchange rate fluctuation as well as the increase of cost of sales. Under such environment, the Group will place high priority on product diversification, increasing operational efficiency and liaison with customers in order to strengthen its resilience to cope with different economic cycles.

In 2018, it is expected that the global traditional computer shipment will continue to decrease whereas the shipments for premium ultra-mobile device will surge by 18.6% and reach 70 million units according to a research by Gartner Inc.. Being one of the core suppliers of magnesium alloy notebook casing to the world-renowned computer brands, the Group is positive towards a stable order book of its magnesium alloy die casting segment in 2018. The Group will continue its exploration in the technical applications of rare-earth alloy and other new materials, with the aim to produce thinner, lighter and more durable products to support its customers' new product designs.

鋁合金壓鑄業務

於回顧年度內，鋁合金壓鑄業務的收入與去年相比輕微增加3.1%至約201,928,000港元(二零一六年：195,763,000港元)。此分部對本集團整體收入的貢獻也由二零一六年的約11.2%增長至二零一七年的約11.6%。

其他

年內，其他業務收入增加35.7%至約32,072,000港元(二零一六年：23,638,000港元)。增加主要來自向美國客戶銷售LED照明產品。

(C) 展望

展望未來，預期由於與美國可能發生之貿易爭拗、匯率波動及銷售成本上升，對本集團而言，營商環境於二零一八年持續充滿挑戰。在此環境下，本集團將高度重視產品多樣化、提升營運效率及與客戶聯繫，以增強其適應不同經濟周期的復原力。

根據Gartner Inc.的研究，預計二零一八年全球傳統電腦出貨量將繼續下降，而高端超級移動裝置的出貨量將增長18.6%達7,000萬台。作為世界知名電腦品牌之鎂合金筆記本外殼核心供應商之一，本集團對二零一八年鎂合金壓鑄分部可取得穩定訂單維持正面。本集團將繼續在稀土合金和其他新材料之技術應用方面進行探索，旨在生產更薄、更輕及更耐用的產品，以支援其客戶的新產品設計。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED) 管理層討論及分析(續)

As one of the leaders in alloy die casting industry, the Group has devoted itself to innovations on material and technology and product application extension over the years. With the agreement for the set up of the Light Alloy Innovation Centre signed in November 2017, the Group will further consolidate market resources and expertise to develop a more comprehensive and efficient supply chain for light alloy and promote new material and technology development, with wider applications and better equipment to expand business opportunities. In the first phase, the Group will promote the application of light alloy to the industry through the Light Alloy Innovation Centre, aiming to lay a stronger foundation for the industry upgrade and transformation in new materials, green manufacturing, application of automation and service-driven development in the future.

For the plastic injection segment, the Group continues to supply 3C accessories, personal care and automotive parts to the renowned brands in the market and holds good hope in achieving satisfactory results in 2018. According to Gartner Inc., the global shipment of smartphones is expected to grow by 2.6% with the total amounting to 1.9 billion units in 2018. It is expected that the demand for plastic mobile device accessories will rise accordingly. In response to the promising market, the Group will continue to upgrade product designs and provide value-adding solutions to stay competitive in the market. On the other hand, the Group will carry on advancing its technologies in precision moulding and injection materials in order to seize more orders for automotive parts and deepen its penetration into the automobile sector.

In terms of operational efficiency, the completion of production lines relocation to the Group's integrated technology park in Huizhou is expected to reduce production lead time, shorten production lifecycle, reduce transportation and storage costs as well as labour costs and administration costs, hence improving the Group's operational efficiency. The Group will continue to adopt stringent cost control

作為合金壓鑄行業的領導者之一，本集團多年來致力於材料和技術創新以及產品應用推廣。隨著二零一七年十一月簽署協議成立輕合金創新中心，本集團將進一步整合市場資源和專業知識以開發更全面及更高效的輕合金供應鏈，以及藉著更廣泛之應用及更佳之裝備去推動新材料和技術的開發，以擴展商機。在第一階段，本集團將通過輕合金創新中心向業界推廣輕合金之應用，旨在為未來新材料、綠色製造、自動化應用和服務導向發展的產業升級轉型打下更加堅實的基礎。

在塑膠注塑領域，本集團繼續向市場上的知名品牌供應3C配件、個人護理及汽車零部件，並有望在二零一八年取得令人滿意的成績。根據Gartner Inc.，預期二零一八年全球智能手機出貨量將增長2.6%，總計達19億台，因此預計塑膠移動裝置配件的需求將相應上升。為回應市場前景，本集團將繼續提升產品設計及提供增值方案，以保持於市場之競爭力。另一方面，本集團將繼續提升其精密模具和注塑材料技術，藉以爭取更多汽車零部件訂單及深化汽車行業之滲透。

在運營效率方面，完成搬遷生產線至本集團於惠州科技園預計將縮減生產前置時間、縮短生產週期、降低運輸和倉儲成本以及人工成本和管理成本，從而提高本集團之營運效益。本集團將繼續採取嚴緊控制成本措施並提高生產自動化水平，以保持各部門的成本效益。進一步投資自動化、實時數據和管理情報將加強邁向「工

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

measures and increase automation in production in order to remain cost-effective in all divisions. Further investment in automation, real time data and management intelligence will empower smarter facilities towards “Industry 4.0”. In particular, the new phase of the Group’s technology park in Huizhou is planned to include a smart model manufacturing base.

With its over 35 years of experience and expertise in the die casting and plastic injection moulding industry and its continuous pursuit of raw material, technology as well as product innovations, the Group is ready to embrace the challenges and opportunities brought forth by the industry upgrade and transformation, with the aim of achieving a sustainable development, as well as bringing fruitful returns for the Company’s shareholders.

(D) LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2017, the Group had restricted bank balances as well as bank and cash balances of approximately HK\$247,228,000 (2016: HK\$297,572,000), most of which were either denominated in US dollars, Renminbi or Hong Kong dollars.

The total interest-bearing borrowings of the Group as at 31 December 2017 were all bank loans of approximately HK\$368,278,000 (2016: HK\$565,952,000). All of these borrowings were either denominated in Renminbi or Hong Kong dollars (2016: US dollars, Renminbi or Hong Kong dollars) to which the interest rates applied were primarily subject to floating interest rate. The bank borrowings with maturities falling due within one year, in the second to fifth year with repayment on demand clause and in the second to the fifth year without repayment on demand clause amounted to HK\$245,364,000, HK\$81,247,000 and HK\$41,667,000 respectively (2016: HK\$413,763,000, HK\$44,945,000 and HK\$107,244,000 respectively).

業4.0]的智能工廠。尤其是本集團惠州科技園新一期將計劃包括一個智能化示範生產基地。

憑藉其在壓鑄及注塑行業超過35年的經驗和專業知識以及持續對原材料、技術和產品創新的追求，本集團已準備迎接行業升級轉型所帶來的挑戰和機遇，目的為實現可持續發展及為本公司股東帶來豐厚回報。

(D) 流動資金及財務資源

於二零一七年十二月三十一日，本集團擁有有限制銀行存款和銀行及現金結餘約247,228,000港元(二零一六年：297,572,000港元)，當中大多數以美元、人民幣或港元計值。

本集團於二零一七年十二月三十一日的計息借款全為銀行貸款，總額約為368,278,000港元(二零一六年：565,952,000港元)。該等借款全部以人民幣或港元(二零一六年：美元、人民幣或港元)計值，所採用的利率主要為浮動利率。將於一年內到期、於二至第五年到期(包含按要求償還條款)及於二至第五年到期(不包含按要求償還條款)之銀行借貸金額分別為245,364,000港元、81,247,000港元及41,667,000港元(二零一六年：分別為413,763,000港元、44,945,000港元及107,244,000港元)。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

As at 31 December 2017, the net gearing ratio (a ratio of the sum of the total bank borrowings less the pledged bank deposits, restricted bank balances (if any) and bank and cash balances divided by the total equity) of the Group was approximately 14.0% (2016: 34.8%).

As at 31 December 2017, the net current assets of the Group were approximately HK\$158,547,000 (2016: HK\$91,082,000), which consisted of current assets of approximately HK\$984,571,000 (2016: HK\$1,021,954,000) and current liabilities of approximately HK\$826,024,000 (2016: HK\$930,872,000), representing a current ratio of approximately 1.2 (2016: 1.1).

(E) SIGNIFICANT FINANCIAL JUDGEMENTAL AREAS

As at 31 December 2017, the carrying amount of the Group's leasehold land was approximately HK\$202,030,000 (2016: HK\$244,474,000). The Group appointed an independent professional valuer to perform the valuation and the leasehold land was measured at fair value. The management had assessed the valuation methodologies the valuer used and the appropriateness of the key assumptions and comparables. A surplus on revaluation, net of tax of approximately HK\$13,441,000 (2016: HK\$36,962,000) and a deficit in revaluation of approximately HK\$578,000 (2016: Nil) had been recognised in other comprehensive income and profit or loss respectively.

As at 31 December 2017, the allowance for inventories was approximately HK\$18,564,000 (2016: HK\$22,774,000). The Group identified obsolete and slow-moving inventory items that were not probable for use in future production or to be sold out. The identification was based on forecasts of customers' future orders and future market conditions and the assessment had been reviewed by the management.

(F) EXPOSURE TO FOREIGN EXCHANGE RISK

Most of the Group's transactions were conducted in US dollars, Hong Kong dollars or Renminbi. As such, the Group is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between US dollars, Hong Kong dollars and Renminbi. The Group will closely monitor its overall foreign exchange exposure with a view to safeguarding the Group from exchange rate risks.

於二零一七年十二月三十一日，本集團的淨借貸比率(以計息借款總和減已抵押銀行存款、有限制銀行存款(如有)和銀行及現金結餘除以權益總額)約為14.0%(二零一六年：34.8%)。

於二零一七年十二月三十一日，本集團流動資產淨值約為158,547,000港元(二零一六年：91,082,000港元)，包括流動資產約984,571,000港元(二零一六年：1,021,954,000港元)及流動負債約826,024,000港元(二零一六年：930,872,000港元)，流動比率約為1.2(二零一六年：1.1)。

(E) 主要財務判斷

於二零一七年十二月三十一日，本集團之租賃土地的賬面值約為202,030,000港元(二零一六年：244,474,000港元)。本集團委任了獨立專業估值師對租賃土地作出評估，而土地之價值以公平值作計量。管理層評估了估值師所採用的估值方法、主要假設及可資比較資料的恰當性。在進行重估後，約13,441,000港元(二零一六年：36,962,000港元)(除稅後)之盈餘及約578,000港元(二零一六年：無)之虧損分別於其他全面收益及損益中列入。

於二零一七年十二月三十一日，存貨撥備約為18,564,000港元(二零一六年：22,774,000港元)。本集團識別該等存貨為不可能用作未來生產或售出的存貨。此識別是以預測客戶未來訂單及未來市場狀況為基礎，並由管理層作出審閱。

(F) 外匯風險承擔

本集團的大部分交易均以美元、港元或人民幣進行。因此，本集團已注意到美元、港元及人民幣匯率的波動可能引起的潛在外匯風險。本集團將密切監察其整體外匯風險以避免本集團遭受匯率風險所帶來之影響。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

(G) CONTINGENT LIABILITIES

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

(H) CHARGE ON ASSETS

As at 31 December 2017, the Group's banking facilities were secured by guarantees given by the following assets: (a) all monies assignment of rental over the property situated in Hong Kong owned by the Group; (b) a property situated in Hong Kong owned by the Group; and (c) corporate guarantees provided by the Company and certain subsidiaries of the Group.

(I) HUMAN RESOURCES

As at 31 December 2017, the Group had approximately 4,600 full-time employees (2016: 5,400). Total salaries, bonuses and allowances for staff in 2017 were HK\$437,643,000 (2016: 434,674,000). The Group attributes its success to the hard work and dedication of its staff as a whole, therefore, they are deemed to be the most valuable assets of the Group. In order to attract and retain high caliber staff, the Group provides a competitive salary package, including a retirement scheme, medical benefits and bonuses. The Group's remuneration policy and structure are determined based on market trends, the performance of individual staff as well as the financial performance of the Group. The Group has also adopted a share option scheme and a share award scheme as incentives and rewards for those qualifying staff who have made contributions to the Group.

The Group provides regular training courses for different level of staff and holds various training programs together with PRC institutes and external training bodies. Apart from academic and technical training, the Group also organises different kinds of recreational activities, including New Year gathering, various sports competitions and interest groups. The aim is to promote interaction among staff, establish a harmonious team spirit and promote a healthy lifestyle.

(G) 或然負債

於二零一七年十二月三十一日，本集團並無任何重大或然負債。

(H) 資產抵押

於二零一七年十二月三十一日，本集團抵押下列資產作為銀行借貸的擔保：(a)本集團擁有的香港物業之一切租金轉讓；(b)本集團擁有的香港物業；及(c)本公司及本集團某些附屬公司提供之企業擔保。

(I) 人力資源

於二零一七年十二月三十一日，本集團約有4,600名全職僱員(二零一六年：5,400名)。二零一七年員工薪酬、花紅及津貼總數為437,643,000港元(二零一六年：434,674,000港元)。本集團之成功有賴全體僱員的表現和責任承擔，故此本集團把僱員視作為我們的核心資產。為了吸引及保留優秀員工，本集團提供具競爭力的薪酬，包括退休金計劃、醫療福利和花紅獎賞。本集團之薪酬政策及結構乃根據市場趨勢、個人工作表現以及本集團的財務表現而釐定。本集團亦已採納認購股權計劃及股份獎勵計劃，旨在向合資格僱員提供作為彼等對本集團所作出貢獻之鼓勵及獎賞。

本集團定期舉辦多項針對不同階層員工的培訓課程，並與多間國內專上學院及外間培訓機構合辦各種培訓計劃。除學術和技術培訓外，本集團亦舉辦了不同種類的文娛康樂活動，其中包括新春聯誼活動、各種體育比賽和興趣班等，目的為促進各部門員工之間的關係、建立和諧團隊精神及提倡健康生活。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理人員

EXECUTIVE DIRECTORS

Mr. Lee Yuen Fat, aged 62, founded the Group in 1980 and is the Chairman of the Group. Mr. Lee was appointed as an Executive Director of the Company since 2 June 2007 and is a director of certain subsidiaries of the Company. He is also a director of Precisefull Limited, which is the controlling shareholder of the Company. Mr. Lee is responsible for the formulation of the overall business strategies of the Group. He has over 35 years of experience in the die casting industry. Mr. Lee holds a Master of Science Degree in Materials Engineering from the Yanshan University. He was conferred an award of Honorary Fellowship and Fellowship of Management and Business Administration by the Professional Validation Council of Hong Kong Industries and is the Vice Chairman of the Professional Validation Council of Hong Kong Industries. Mr. Lee has been appointed by the Foundry Industry Association, Guangdong Province as an Expert of the Casting Industry and is selected for its Expert Database.

Mr. Lee was one of the founding members and was the Chairman of the Hong Kong Diecasting Association (now become the Hong Kong Foundry Association (the "HKFA")) in 1989. He was elected as the first Chairman of the HKFA and Hong Kong Federation of Innovative Technologies and Manufacturing Industries (formerly known as Federation of Hong Kong Machinery and Metal Industries) in 2008 and 2011 respectively. Mr. Lee is currently the Chairman of Hong Kong Federation of Innovation Technologies and Manufacturing Industries, Vice Chairman of the PRD Council of Federation of Hong Kong Industries, Shenzhen Division, a member of the Fourth Industry Training Advisory Committee of Manufacturing Technology (Tooling, Metals & Plastics) and a member of Vocational Training Council Manufacturing Technology Training Board. Mr. Lee is the Rotating Chairman of Die Casting Branch of the China Foundry Association, Executive Director of the China Foundry Association, Deputy Director of Semi-Solid Processing Technologies Specialties Committee, Technology of Plasticity Branch of Chinese Mechanical Engineering Society, Vice-Director General of the Guangdong Foundry Industry Association, the Vice-Director General of the Guangdong Mechanical Engineering Association Die Casting Branch. Mr. Lee is currently the Deputy Director

執行董事

李遠發先生，62歲，於一九八零年創辦本集團及為本集團主席。李先生於二零零七年六月二日獲委任為本公司執行董事，彼為本公司若干附屬公司之董事。彼亦為Precisefull Limited（本公司控股股東）之董事。李先生負責制定本集團整體業務策略。彼擁有逾35年壓鑄業經驗，持有燕山大學材料工程碩士學位。此外，李先生獲香港工業專業評審局頒授榮譽院士及工商院士，並擔任副主席一職。李先生被廣東省鑄造行業協會聘為鑄造行業專家，並入選其專家庫。

李先生為香港壓鑄學會（現時為香港鑄造業總會）創辦人之一，及後於一九八九年出任該會會長。彼分別於二零零八年及二零一一年被選為香港鑄造業總會和香港創新科技及製造業聯合總會（前稱香港機械金屬業聯合總會）首任會長。李先生現任香港創新科技及製造業聯合總會主席、香港工業總會珠三角工業協會深圳分部副主席、資歷架構製造科技業（模具、金屬及塑膠）行業培訓諮詢委員會第四屆諮委會委員及職業訓練局製造科技業訓練委員會委員。李先生現為中國鑄造協會壓鑄分會輪值理事長、中國鑄造協會常務理事、中國機械工程學會塑性工程分會半固態加工技術專業委員會副主任、廣東省鑄造行業協會副理事長、廣東省機械工程學會壓鑄分會副理事長。李先生現擔任全國鑄造標準化技術委員會壓力鑄造分技術委員會(SAC/TC54/SC4)副主任委員、全國鑄造機械標準化技術委員會金屬熱成形分技術委員會(SAC/TC186/SC2)委員兼副秘書長、中國機械工

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高級管理人員(續)

of Sub-committee 4 on Die Casting of National Technical Committee 54 on Foundry of Standardization Administration of China, the Deputy Secretary General and member of Sub-committee 2 on Metal Hot-forming Branch of National Technical Committee 186 on Foundry Machinery of Standardization Administration of China, the Deputy Director of the Fifth Die Casting Technical Committee, Foundry Institution, Chinese Mechanical Engineering Society and a member of the Light Alloy Industry Technology Innovative Alliance Expert Committee of Guangdong Province. Mr. Lee is the brother-in-law of Ms. Chan So Wah, the director of operations of the Group.

Mr. Wong Wing Chuen, aged 56, joined the Group in 1988 and was appointed as an Executive Director and Vice Chairman of the Company on 2 June 2007 and 1 January 2017 respectively. He is a director of certain subsidiaries of the Company. Mr. Wong is also the Director of Manufacturing of the Group currently and is responsible for the Group's manufacturing activities. Mr. Wong has over 30 years' experience in die design and manufacturing and the die casting industry. He is an Associate of the Professional Validation Council of Hong Kong Industries.

Dr. Wong Cheong Yiu, aged 64, joined the Group in 2015 and was appointed as an Executive Director and Chief Executive Officer of the Company on 1 June 2015. He is also a director of certain subsidiaries of the Company. Dr. Wong is primarily responsible for the overall management, as well as supervision of the execution of the overall business strategies of the Group. Dr. Wong holds a doctorate degree in engineering from the University of Warwick and a master degree in business administration from the University of Hull. Dr. Wong was appointed as an Industrial Fellow of the University of Warwick in 2006. He is a retired fellow of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Companies Secretaries and a life associate member of the Chartered Institute of Bankers. Dr. Wong has over 40 years' working experience in Hong Kong and overseas and held various senior positions in different private and publicly listed companies.

程學會鑄造分會第五屆壓鑄技術委員會副主任委員及廣東省輕合金產業技術創新聯盟專家委員會委員。李先生為本集團營運總監陳素華女士之大伯。

黃永銓先生，56歲，於一九八八年加入本集團，並分別於二零零七年六月二日及二零一七年一月一日獲委任為本公司執行董事及副主席。彼為本公司若干附屬公司之董事。黃先生現時亦是本集團制作總監及負責本集團之製造業務。黃先生擁有逾30年模具設計與製造及壓鑄業經驗，為香港工業專業評審局的副院士。

黃昌耀博士，64歲，於二零一五年加入本集團及於二零一五年六月一日獲委任為本公司執行董事及行政總裁。彼亦為本公司若干附屬公司之董事。黃博士主要負責本集團的整體管理及監督整體業務策略的執行。黃博士持有英國華威大學工程學博士及赫爾大學工商管理碩士學位，並於2006年獲英國華威大學委任為工業院士。黃博士為英國特許秘書及行政人員學會及香港公司秘書公會退休資深會員和英國特許銀行學會終身會員。黃博士擁有40多年香港和海外的的工作經驗，曾在不同的私人 and 上市公司擔任要職。

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED) 董事及高級管理人員(續)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Professor Sun Kai Lit Cliff BBS, JP, aged 64, was appointed as an Independent Non-executive Director of the Company on 2 June 2007. He is the chairman of the remuneration committee as well as the nomination committee of the Company. Professor Sun has over 30 years of experience in the household products manufacturing industry. Professor Sun was appointed the Justice of the Peace in July 2003 and was awarded the Bronze Bauhinia Star by the Hong Kong Government in July 2006. He had been a member of the Chinese People's Political Consultative Conference of Shenzhen, Ningbo & Zhejiang Committee for over 20 years. He is currently the Honorary President of the Federation of Hong Kong Industries, Honorary Chairman of The Hong Kong Exporters' Association, Honorary Chairman of the Hong Kong Q Mark Council, the Honorary President of the Hong Kong Plastics Manufacturers Association, Chairman of the ICAC Business Ethics Development Committee, the President of Shenzhen Overseas Chinese International Association and an Adjunct Professor of the City University of Hong Kong. Professor Sun is currently an independent non-executive director of Wisdom Education International Holdings Company Limited (Stock Code: 6068), which is listed on the Hong Kong Stock Exchange. He was a non-executive director of China South City Holdings Limited (Stock Code: 1668) from September 2009 to July 2017; and a non-executive director of Ming Fai International Holdings Limited (Stock Code: 3828) from July 2007 to March 2016.

Ir Dr. Lo Wai Kwok SBS, MH, JP, aged 65, was appointed as an Independent Non-executive Director of the Company on 2 June 2007. Ir Dr. Lo holds a doctorate degree in engineering, master degrees in engineering and business administration respectively and a bachelor degree in engineering. He is a Chartered Engineer and Fellow of the Hong Kong Institute of Engineers. Ir Dr. Lo was awarded with the "Young Industrial Awards of Hong Kong" and the "Ten Outstanding Young Persons Selection" in 1992, the "Medal of Honour" of the Hong Kong Government in July 2001, and was appointed "Justice of the Peace" of the Hong Kong Government in July 2004. Ir Dr. Lo was awarded the Bronze Bauhinia Star in July 2009 and the Silver Bauhinia Star in July 2015 by the Hong Kong Government respectively.

獨立非執行董事

孫啟烈教授BBS, 太平紳士，64歲，於二零零七年六月二日獲委任為本公司獨立非執行董事。彼為本公司薪酬委員會及提名委員會主席。孫教授於家居用品製造業擁有逾30年經驗。孫教授於二零零三年七月獲頒太平紳士榮譽，並於二零零六年七月獲香港政府頒發銅紫荊星章。彼曾任中國人民政治協商會議深圳市、寧波市及浙江省委委員逾20年。彼現時為香港工業總會名譽會長、香港出口商會名譽主席、香港優質產品標誌局名譽主席、香港塑膠業廠商會名譽會長、廉政公署香港道德發展諮詢委員會主席、深圳市僑商國際聯合會會長及香港城市大學兼任教授。孫教授現為香港聯交所上市之睿見教育國際控股有限公司(股份代號：6068)的獨立非執行董事。彼於二零零九年九月至二零一七年七月期間出任華南城控股有限公司(股份代號：1668)的非執行董事及二零零七年七月至二零一六年三月期間出任明輝國際控股有限公司(股份代號：3828)的非執行董事。

盧偉國博士SBS, MH, 太平紳士，65歲，於二零零七年六月二日獲委任為本公司獨立非執行董事。盧博士持有工程學博士學位、工程及工商管理碩士學位與工程學士學位，並為特許工程師及香港工程師學會資深會員。盧博士為一九九二年「香港青年工業家獎」及「十大傑出青年選舉」與二零零一年七月香港政府「榮譽勳章」的得獎者，更於二零零四年七月獲香港政府委任為「太平紳士」。盧博士分別於二零零九年七月及二零一五年七月獲香港政府頒發銅紫荊星章及銀紫荊星章。

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高級管理人員(續)

Dr. Lo is currently a member of the Legislative Council of Hong Kong, representing the Engineering Functional Constituency. He has over 30 years of experience in the electronic and power supply industry. He is an Adjunct Professor of the City University of Hong Kong and a Honorary Professor of the Open University of Hong Kong.

Mr. Andrew Look, aged 53, was appointed as an Independent Non-executive Director of the Company on 16 December 2009. Mr. Look holds a bachelor of commerce degree from the University of Toronto and has over 25 years' experience in the equity investment analysis of Hong Kong and China stock markets. From 2000 to 2008, Mr. Look served in Union Bank of Switzerland ("UBS") as the head of Hong Kong research, strategy and product. He was rated as the best Hong Kong strategist and best analyst by the Asiamoney magazine, a leading monthly financial and capital markets publication for corporate and finance readers and investors, in 2001, 2002, 2003, 2005, 2006 and 2007. Mr. Look is currently the Chief Investment Officer of the asset management business of Tou Rong Chang Fu Group Limited (Stock code: 850), a company listed on the Hong Kong Stock Exchange. Mr. Look is also currently an independent non-executive director of Hung Fook Tong Group Holdings Limited (Stock Code: 1446), Citic Resources Holdings Limited (Stock Code: 1205), Union Medical Healthcare Limited (Stock Code: 2138) and Cowell e Holdings Inc. (Stock code: 1415), all of which are listed on the Hong Kong Stock Exchange. He was an independent non-executive director of TCL Communication Technology Holdings Limited (a company delisted on the Hong Kong Stock Exchange on 30 September 2016) from September 2010 to September 2016 and an independent non-executive director of Man Sang Jewellery Holdings Limited (Stock Code: 1466, a company listed on the Hong Kong Stock Exchange) from September 2014 to December 2016.

盧博士現為香港立法會議員，代表工程界別。彼於電子及電源供應業積累超過30年經驗。彼於香港城市大學出任兼任教授及於香港公開大學出任榮譽教授。

陸東先生，53歲，於二零零九年十二月十六日獲委任為本公司獨立非執行董事。陸先生持有加拿大多倫多大學商科學士學位，於香港及中國股票市場資產投資分析累積逾25年經驗。由二零零零年至二零零八年，陸先生於瑞士銀行（「瑞士銀行」）出任香港研究、策略及產品部主管。陸先生曾於二零零一、二零零二、二零零三、二零零五、二零零六及二零零七年獲得《亞洲貨幣》雜誌（一本以企業及財經讀者及投資者為對象之著名財經及資本市場月刊）頒發「香港最佳策略員」及「最佳分析師」殊榮。陸先生現為香港聯交所上市公司投融長富集團有限公司（股份代號：850）之資產管理業務首席投資總監。陸先生現時亦為香港聯交所上市公司鴻福堂集團有限公司（股份代號：1446）、中信資源控股有限公司（股份代號：1205）、香港醫思醫療集團有限公司（股份代號：2138）及高偉電子控股有限公司（股份代號：1415）的獨立非執行董事。彼於二零一零年九月至二零一六年九月期間出任TCL通訊科技控股有限公司（已於二零一六年九月三十日於香港聯交所除牌）的獨立非執行董事，及於二零一四年九月至二零一六年十二月期間出任香港聯交所上市公司民生珠寶控股有限公司（股份代號：1466）的獨立非執行董事。

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED) 董事及高級管理人員(續)

Mr. Kong Kai Chuen, Frankie, aged 54, was appointed as an Independent Non-executive Director of the Company on 11 May 2015. He is the chairman of the audit committee of the Company. Mr. Kong is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Chartered Association of Certified Accountants (the United Kingdom). He is currently the Chief Financial Officer and Joint Company Secretary of Futong Technology Development Holdings Limited (Stock code: 465), a company listed on the Hong Kong Stock Exchange and has accumulated over 26 years' experience in accounting, auditing, corporate finance and project administration mostly from Hong Kong listed companies and multinational business conglomerates. Mr. Kong is also currently an independent non-executive director of Auto Italia Holdings Limited (Stock Code: 720, a company listed on the Hong Kong Stock Exchange).

SENIOR MANAGEMENT

Mr. Lo Hin Fai, aged 55, joined the Group in 2012 and is currently the director of finance and corporate strategy of the Group. He is primarily responsible in overseeing the Group's finance, investment, strategic development and capital market financing activities. Mr. Lo holds a MBA degree in Finance, Corporate Accounting and Organization from the University of Rochester, USA. He has over 25 years of experience in banking, corporate finance and investment. Prior to joining the Group, he has served finance, investment and management functions within both financial institution and corporate business, working closely with different multinational and local companies in Asia, covering mergers and acquisitions, equity and project investments.

Ms. Chan So Wah, aged 59, joined the Group in 1999. She is the director of operations of the Group and is primarily responsible for overseeing the overall operations of the Group. Ms. Chan has over 25 years' experience in sales, marketing and management. She is an Associate of the Professional Validation Council of Hong Kong Industries and is the sister-in-law of Mr. Lee Yuen Fat.

江啟銓先生，54歲，於二零一五年五月十一日獲委任為本公司獨立非執行董事。彼為本公司審核委員會主席。江先生是香港會計師公會會員及英國特許公認會計師公會資深會員。彼目前為香港聯交所上市公司富通科技發展控股有限公司(股份代號：465)的首席財務總監及聯席公司秘書，並於香港上市公司及國際商業綜合企業累積了超過26年的會計、審計、企業融資及項目管理的經驗。江先生現時亦為香港聯交所上市公司意達利控股有限公司(股份代號：720)的獨立非執行董事。

高級管理人員

羅顯輝先生，55歲，於二零一二年加入本集團，現為本集團財務及企業策略總監，主要負責監督集團財務、投資、策略發展及資本市場融資事宜。羅先生持有美國羅徹斯特大學工商管理碩士(財務、企業會計及組織)學位，在銀行、企業財務及投資範疇累積超過25年經驗。加入本集團前，彼皆於金融機構和企業專事財務、投資及管理工作，在亞洲地區與不同的跨國公司及當地企業緊密協作，涵蓋合併收購、股權及項目投資。

陳素華女士，59歲，於一九九九年加入本集團，為本集團營運總監，主要負責監督本集團的整體營運。陳女士擁有逾25年銷售、市場推廣及管理經驗。彼為香港工業專業評審局之副院士及為李遠發先生的弟婦。

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高級管理人員(續)

Mr. Chan Sin Wing, aged 45, joined the Group in 2004 and is the director of research and development of the Group. He is primarily responsible for overseeing the research and development of the Group. Mr. Chan holds a master degree in industrial engineering and industrial management and a bachelor degree in engineering from the University of Hong Kong. Prior to joining the Group, he worked as a senior consultant of the Hong Kong Productivity Council for over 9 years.

Mr. Wong Wai Chung, Peter, aged 63, joined the Group in 2012 and is the chief marketing officer of the Group. He is primarily responsible for overseeing the Group's sales and marketing activities. Mr. Wong holds a bachelor degree in engineering from the McGill University, Canada and is a Fellow of the Professional Validation Council of Hong Kong Industries. He has over 35 years' experience in plastic, metal and electronics manufacturing and management.

Mr. Chan Man Fu, aged 46, joined the Group in 2016 and is currently the financial controller of the Company. Prior to joining the Company, Mr. Chan has held senior financial positions in different listed companies in Hong Kong and has over 20 years of experience in the areas of audit, finance and treasury management. He holds a master degree in Business Administration from the Hong Kong Baptist University and is a member of the Hong Kong Institute of Certified Public Accountants.

陳善榮先生，45歲，於二零零四年加入本集團，為本集團研發總監，主要負責監督本集團的研發工作。陳先生持有香港大學工業工程及工業管理碩士學位和工程學士學位。加入本集團前，陳先生曾任香港生產力促進局高級顧問逾九年。

黃維中先生，63歲，於二零一二年加入本集團，為本集團市場推廣總監，主要負責監督本集團之銷售及市場推廣工作。黃先生持有加拿大麥基爾大學工程學士學位，為香港工業專業評審局院士，並在塑膠、金屬及電子製造及管理方面累積逾35年經驗。

陳文賦先生，46歲，於二零一六年加入本集團，現為本集團之財務總監。於加入本公司前，陳先生曾於多間香港上市公司擔任高級財務職位及於審計、財務與財資管理範疇擁有超過20年經驗。彼持有香港浸會大學工商管理碩士學位及為香港會計師公會會員。

The board of directors of the Company (the “Board”) have pleasure in submitting their report together with the audited consolidated financial statements of Ka Shui International Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the sale and manufacture of zinc, magnesium and aluminium alloy die casting, plastic injection products and components which are mainly sold to customers engaging in the household products, 3C (communication, computer and consumer electronics) products, automotive parts and precision components. The activities of the subsidiaries are set out in note 20 to the financial statements.

BUSINESS REVIEW

A fair review of the business of the Group, together with a description of the principal risks and uncertainties facing the Company, particulars of important events affecting the Group that have occurred since the end of the financial year 2017 as well as indication of likely future development in the business of the Group are set out in the sections “Business Review” on pages 13 to 14, “Principal Risks and Uncertainties facing the Company” on pages 52 to 53 and “Prospects” on pages 14 to 16 of this report respectively. An analysis using financial key performance indicators is set out in the sections “Segment Information” on pages 154 to 158 and “Five-Year Financial Summary” on page 216 in this report.

As an innovative high-tech enterprise, the Group is committed to offering one-stop solutions and professional services to meet the various needs of our customers, while building an environmentally-friendly corporation that pays close attention to conserving natural resources. The management will review the Group’s environmental practices from time to time and will consider implementing further ecology friendly measures and practices in the operation to enhance environmental protection and sustainability.

During the year, as far as the Board is aware, there was no material non-compliance with applicable laws and regulations by the Group that has a significant impact on the Group’s business and operations.

本公司董事會(「董事會」)欣然提呈嘉瑞國際控股有限公司(「本公司」)及其附屬公司(統稱「本集團」)截至二零一七年十二月三十一日止年度之董事會報告及經審核綜合財務報表。

主要業務

本集團以生產及銷售鋅、鎂及鋁合金壓鑄、塑膠注塑產品及零部件為主，主要售予從事家居用品、3C(通訊、電腦及消費者電子)產品、汽車零部件及精密部件的客戶。附屬公司之主要業務載於財務報表附註20。

業務回顧

本集團中肯業務回顧，連同本公司所面對主要風險及不明朗因素之描述、自二零一七年財政年度終結後發生並對本集團有影響之重大事項以及本集團業務日後可能出現之發展，分別載於本年報第13至14頁之「業務回顧」、第52至53頁之「本公司所面對主要風險及不明朗因素」及第14至16頁之「展望」內。使用關鍵財務績效指標作出之分析載於本年報第154至158頁之「分部資料」及第216頁之「五年財務概要」內。

作為創新及高科技企業，本集團致力提供一站式解決方案及專業服務以迎合我們客戶之不同需求，同時關注保護自然資源以創建環保型的工作環境。管理層將不時檢討本集團的環保常規，並將考慮在營運中進一步實施對環境有益的措施及常規，以促進環境保護及可持續發展。

年內，就董事會所知，本集團並無重大違反適用法律及法規，而對本集團業務及營運造成重大影響。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

The Board recognises that our employees are valuable assets contributing to the Group's future success. The Group provides competitive remuneration package to attract, motivate and retain our employees. The Board also regularly reviews the remuneration package of our employees and makes necessary adjustments to conform to the prevailing market practices. The Board also recognizes that maintaining good relationships with our customers and suppliers is vital to achieve the Group's long-term goals.

Detailed discussions on the environmental policies and performance, compliance with the relevant local laws and regulations that have a significant impact on the Group and the account of the key relationships of the Group with employees, customers and suppliers are set out in the section headed "Environmental, Social and Governance Report" on pages 56 to 86 of this annual report.

EMOLUMENT POLICY AND RETIREMENT BENEFITS SCHEME

The Group's emolument policy, including salaries and bonuses, is in line with the local practices where the Company and its subsidiaries operate. The Group has also adopted a share option scheme and share award scheme as incentive and reward for those qualifying staff who have made contribution to the Group. The Remuneration Committee of the Company make recommendations to the Board on the Company's policy and structure for the remuneration of directors and senior management. It also reviews and determines the terms of remuneration packages, the award of bonuses and other compensation payable to directors and senior management of the Group, having regard to the Group's financial performance, individual performance and comparable market statistics.

The Group has joined a mandatory provident fund scheme ("MPF Scheme") for all employees (including the executive directors of the Company) in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules of the MPF Scheme. The employees of the Company's subsidiaries established in the PRC are members of a state-managed retirement scheme operated by the PRC government. These subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme. No forfeited contribution is available to reduce the contribution payable under the above schemes.

董事會認同僱員為貢獻本集團日後成功的無價資產。本集團提供具競爭力的薪酬待遇，以吸引、激勵及留聘僱員。董事會亦定期審閱僱員的薪酬待遇，並按現時市場慣例進行必要調整。本集團亦重視與客戶及供應商維持良好關係，認為此對達成本集團之長遠目標而言至關重要。

有關環境政策及表現之討論、對本集團構成重大影響之地方相關法律法規之遵守情況及本集團與僱員、客戶及供應商之主要關係之詳細論述載於本年報第56至86頁之「環境、社會及管治報告」一節。

薪酬政策及退休福利計劃

本集團之薪酬政策(包括薪金及花紅)合符本公司及其附屬公司經營當地之一般慣例。本集團亦已採納購股權計劃及股份獎勵計劃，旨在向合資格僱員提供作為彼等對本集團所作出貢獻之鼓勵及獎賞。本公司之薪酬委員會就本公司董事及高級管理人員之薪酬政策及架構向董事會推薦意見，並經考慮本集團之財務表現、個人表現及可供比較之市場數據資料，以審閱及釐定本集團董事及高級管理人員之薪酬待遇、花紅獎賞及其他報酬。

本集團為所有香港僱員(包括本公司之執行董事)參與強制性公積金計劃(「強積金計劃」)。強積金計劃是根據強制性公積金計劃條例向強制性公積金計劃管理局登記。根據強積金計劃，僱主及僱員在強積金計劃下都須作相應數額之供款，供款率為強積金計劃之規則而規定。本公司於中國成立之附屬公司為一由中國政府營運之國營退休計劃之成員。該等附屬公司需按薪酬成本之一定比率貢獻至該退休計劃。並無已沒收的供款可用以削減須根據上述計劃支付的供款。

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 94.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK1.0 cent per share for the year ended 31 December 2017 to the shareholders whose names appear on the register of members of the Company on Friday, 8 June 2018. Subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be held on Monday, 28 May 2018, the final dividend will be paid on or about Friday, 15 June 2018.

The register of members of the Company will be closed from Wednesday, 23 May 2018 to Monday, 28 May 2018, both days inclusive, during which no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all share transfer documents accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 21 May 2018.

The register of members will be closed from Tuesday, 5 June 2018 to Friday, 8 June 2018, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the final dividend, all share transfer documents accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 4 June 2018.

業績及分派

本集團於年內之業績載於第94頁之綜合損益表內。

末期股息

董事會建議向於二零一八年六月八日(星期五)名列本公司股東名冊之股東派付截至二零一七年十二月三十一日止年度之末期股息每股1.0港仙。待本公司股東在二零一八年五月二十八日(星期一)舉行之應屆股東週年大會批准後，末期股息將於二零一八年六月十五日(星期五)或前後派付。

本公司將於二零一八年五月二十三日(星期三)至二零一八年五月二十八日(星期一)(包括首尾兩日)暫停辦理股份過戶登記手續，於此期間將不會辦理股份過戶登記。為符合資格出席應屆股東週年大會並於會上投票，所有股份過戶文件連同有關股票及過戶表格須於二零一八年五月二十一日(星期一)下午四時三十分前送交本公司之香港股份過戶登記分處香港中央證券登記有限公司辦理登記手續，地址為香港皇后大道東183號合和中心17M樓。

本公司將於二零一八年六月五日(星期二)至二零一八年六月八日(星期五)(包括首尾兩日)暫停辦理股份過戶登記手續，於此期間將不會辦理股份過戶登記。為符合資格獲派末期股息，所有股份過戶文件連同有關股票及過戶表格須於二零一八年六月四日(星期一)下午四時三十分前送交本公司之香港股份過戶登記分處香港中央證券登記有限公司辦理登記手續，地址為香港皇后大道東183號合和中心17M樓。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

RESERVES

Movements in reserves during the year are set out in the consolidated statement of changes in equity on page 98.

As at 31 December 2017, the Company's reserve available for distribution amounted to approximately HK\$245,739,000 (2016: HK\$247,709,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 19 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the percentage of the Group's major customers attributable to the Group's total sales was as follows:

Sales	
— the largest customer	29.8%
— five largest customers combined	70.7%

During the year, the Group purchased less than 30% from its five largest suppliers combined.

None of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the Group's five largest customers and suppliers.

FINANCIAL SUMMARY

A summary of the results of the Group for the past five financial years ended 31 December 2017 and assets and liabilities of the Group as at 31 December 2013, 2014, 2015, 2016 and 2017 are set out on page 216.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are shown in note 32 to the financial statements.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme and share award scheme described below, the Group has not entered into any equity-linked agreements during the year.

儲備

本年度內，儲備之變動情況載於第98頁之綜合權益變動表。

於二零一七年十二月三十一日，本公司之可供分派儲備約為245,739,000港元(二零一六年：247,709,000港元)。

物業、機器及設備

本集團物業、機器及設備於本年度內之變動詳情載於綜合財務報表附註19。

主要客戶及供應商

於本年度內，本集團之主要客戶應佔總營業額之百分比如下：

銷售	
— 最大客戶	29.8%
— 五大客戶合計	70.7%

於本年度內，本集團向其五大供應商合計採購少於30%。

概無任何本公司董事、聯繫人士或據董事所知擁有本公司股本5%以上權益之任何股東於本集團首五大客戶及供應商擁有權益。

財務概要

本集團於截至二零一七年十二月三十一日止過往五個財政年度之業績以及本集團於二零一三年、二零一四年、二零一五年、二零一六年及二零一七年十二月三十一日之資產及負債的概要載於第216頁。

股本

本公司之股本於本年度內之變動詳載於財務報表附註32。

股票掛鈎協議

除下文所述之購股權計劃及股份獎勵計劃外，本集團於年內並無訂立任何股票掛鈎協議。

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK\$927,000 (2016: HK\$:106,000).

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities of the Company.

THE BOARD

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

Executive Directors

Mr. Lee Yuen Fat ("Mr. Lee") (*Chairman*)
Mr. Wong Wing Chuen (*Vice Chairman*)
Dr. Wong Cheong Yiu (*Chief Executive Officer*)

Independent Non-Executive Directors

Professor Sun Kai Lit, Cliff BBS, JP
Ir Dr. Lo Wai Kwok SBS, MH, JP
Mr. Andrew Look
Mr. Kong Kai Chuen, Frankie

The biographical details of the directors are set out on pages 19 to 24 of this annual report.

During the year under review, no director resigned from his office or refused to stand for re-election to his office due to reasons relating to the affairs of the Company.

捐款

於本年度，本集團作出之慈善及其他捐款合共約為927,000港元(二零一六年：106,000港元)。

股份優先購買權

本公司之組織章程細則及開曼群島之公司法中並無股份優先購買權之條文，規定本公司必須按比例發售新股予現有股東。

稅項減免

就本公司所知，概無本公司股東因持有本公司證券而獲得任何稅務減免。

購買、出售或贖回本公司之上市證券

於本年度內，本公司及其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

董事會

於本年度內及截至本報告日期止，本公司之董事為：

執行董事

李遠發先生(「李先生」)(*主席*)
黃永銓先生(*副主席*)
黃昌耀博士(*行政總裁*)

獨立非執行董事

孫啟烈教授BBS, 太平紳士
盧偉國博士SBS, MH, 太平紳士
陸東先生
江啟銓先生

董事之履歷詳情載列於本年報之第19至第24頁。

於回顧年度內，概無董事因本公司事務相關的理由辭職或拒絕參選連任。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

In accordance with the Company's Articles of Association, Mr. Lee, Mr. Wong Wing Chuen and Mr. Kong Kai Chuen, Frankie will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the directors is currently in force and was in force throughout the financial year.

The Company has taken out and maintained directors' liability insurance throughout the year, which provides appropriate cover for the directors of the Group.

DIRECTORS' SERVICE CONTRACTS

The directors being proposed for re-election at the forthcoming annual general meeting do not have any service contract with the Company which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed under the section headed "Continuing Connected Transactions" and "Connected Transaction" set out on pages 41 to 43, there were no transactions, arrangements or contracts of significance, to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which a director and the controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

MANAGEMENT CONTRACTS

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

根據本公司組織章程細則，李先生、黃永銓先生及江啟銓先生於即將舉行之股東週年大會上退任，惟彼等均符合資格並願意膺選連任。

獲准許之彌償條文

為董事訂立之獲准許彌償條文於整個財政年度一直生效且現時正在生效。

本公司於年內辦理董事責任保險及續保有關保險，為本集團董事提供適當保障。

董事之服務合約

擬於即將召開之股東週年大會上膺選連任之董事，概無與本公司訂立本集團不可於一年內毋須賠償(法定補償除外)而終止之服務合約。

董事及控股股東於重大交易、安排或合約之權益

除列載於第41至第43頁之「持續關連交易」及「關連交易」一節所披露者外，本公司、其控股公司、其任何附屬公司或同系附屬公司概無參與訂立本公司董事及控股股東直接或間接擁有重大權益，而於年內或年終仍屬有效之重大交易、安排或合約。

管理合約

本年度內，本公司並無訂立或進行任何與本公司全部或重要業務有關之管理及行政合約。

DISCLOSURE PURSUANT TO RULE 13.21 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "LISTING RULES")

In accordance with the requirements under Rule 13.21 of the Listing Rules, the Board reported the following details of loan facilities which exist at any time during the year ended 31 December 2017 and up to the date of this report and include covenants requiring specific performance obligations of the controlling shareholder of the Company.

- (i) On 22 September 2017, Ka Shui Manufactory Co., Limited (the "Borrower"), the indirect wholly owned subsidiary of the Company, entered into the facility agreement with a bank comprising the following facilities up to an overall limit of HK\$160 million to the Borrower:
- (a) Trade related facility and revolving loan facility up to an aggregate maximum amount of HK\$80 million, with a sub-limit of (i) HK\$20 million for the revolving loan facility; and (ii) HK\$40 million for the aggregate outstanding amount for the utilisation of import invoice financing by PRC value added tax invoices. The life of these facilities are not specified, but is subject to the bank's overriding right of repayment on demand;
- (b) Term loan facility of HK\$40 million (the "1st TL Facility"). The Borrower had drawn down HK\$40 million since 7 May 2015 under the 1st TL Facility and the outstanding loan balance was approximately HK\$5.7 million as at 31 December 2017. The life of the 1st TL Facility is not specified, but is subject to the bank's overriding right of repayment on demand; and
- (c) Term loan facility of HK\$40 million (the "2nd TL Facility"). The purpose of the 2nd TL Facility is to finance the Group's working capital expenditures with a loan period of 36 months from the date of the 2nd TL Facility being made available.

根據香港聯合交易所有限公司證券上市規則(「上市規則」)第13.21條之披露

根據上市規則第13.21條之規定，董事會匯報下列於截至二零一七年十二月三十一日止年度及截至本報告日期止任何時間存在並附帶對本公司控股股東施加特定履約責任契諾之貸款融資詳情。

- (i) 於二零一七年九月二十二日，本公司之間接全資附屬公司嘉瑞製品有限公司(「借方」)與一間銀行訂立融資協議，當中包括下列向借方提供整體限額為160,000,000港元之融資：
- (a) 貿易相關融資及循環貸款融資總額最高為80,000,000港元，另有下列次限額：(i)20,000,000港元為循環貸款融資；及(ii)使用以中國增值稅發票作為進口發票融資之未償還總額40,000,000港元。該等融資並無特定期限，惟銀行有權要求隨時償還；
- (b) 定期貸款融資40,000,000港元(「第一項定期貸款融資」)。借方自二零一五年五月七日起根據第一項定期貸款融資已提取40,000,000港元，於二零一七年十二月三十一日之未償還貸款結餘約為5,700,000港元。第一項定期貸款融資並無特定期限，惟銀行有權要求隨時償還；及
- (c) 定期貸款融資40,000,000港元(「第二項定期貸款融資」)。第二項定期貸款融資之目的是為本集團營運資本支出提供資金，貸款期限由取得第二項定期貸款融資日期起計為期36個月。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

The facility agreement contains a specific performance obligation that Mr. Lee, a controlling shareholder (as defined in the Listing Rules) and an executive director of the Company, shall remain as the single largest shareholder of the Company. A breach of the aforesaid specific performance obligation will constitute an event of default under the facility agreement. If an event of default under the facility agreement occurs, the bank may terminate the facility agreement and liabilities payable under the facility agreement and the relevant security documents shall become immediately due and payable.

- (ii) On 2 January 2015, the Borrower entered into the facility agreement with a bank to finance the Group's capital expenditures for a term loan facility up to HK\$150 million consisting of two tranches, both repayable by sixteen equal quarterly instalments commencing the 15th month after the first utilisation date. The facility agreement contains a specific performance obligation that Mr. Lee must at all times maintain substantial shareholdings (directly or indirectly) interest in the Borrower. A breach of the aforesaid specific performance obligation will constitute an event of default under the facility agreement. If an event of default under the facility agreement occurs, the bank may terminate the facility agreement and liabilities payable under the facility agreement and the relevant security documents shall become immediately due and payable.
- (iii) On 9 November 2015, the Borrower entered into the facility agreement with a bank to refinance its existing facilities for a term loan facility up to HK\$50 million repayable by eleven equal quarterly instalments commencing the 6th month after the first utilisation date. The facility agreement contains a specific performance obligation that Mr. Lee must at all times maintain substantial shareholdings (directly or indirectly) interest in the Borrower. A breach of the aforesaid specific performance obligation will constitute an event of default under the facility agreement. If an event of default under the facility agreement occurs, the bank may terminate the facility agreement and liabilities payable under the facility agreement and the relevant security documents shall become immediately due and payable.

融資協議載有須履行之特定責任，規定本公司控股股東(定義見上市規則)及執行董事李先生須繼續為本公司之單一最大股東。違反上述特定責任將構成融資協議項下之違約事件。如融資協議違約事件出現，銀行可終止融資協議，而融資協議及相關擔保文件項下之應付貸款隨即到期支付。

- (ii) 於二零一五年一月二日，借方與一間銀行訂立融資協議，取得定期貸款融資達至150,000,000港元，就本集團之資本支出提供資金。有關融資包括兩期，均由首次提取日期起計第15個月開始分十六期按季等額償還。融資協議載有須履行之特定責任，規定李先生須於任何時候維持於借方之主要控股權益(直接或間接)。違反上述特定責任將構成融資協議項下之違約事件。如融資協議違約事件出現，銀行可終止融資協議，而融資協議及相關擔保文件項下之應付貸款隨即到期支付。
- (iii) 於二零一五年十一月九日，借方與一間銀行訂立融資協議，就其由首次提取日期起計第6個月開始分十一期按季等額償還之定期貸款融資達至50,000,000港元，為現有貸款進行再融資。融資協議載有須履行之特定責任，規定李先生須於任何時候維持於借方之主要控股權益(直接或間接)。違反上述特定責任將構成融資協議項下之違約事件。如融資協議違約事件出現，銀行可終止融資協議，而融資協議及相關擔保文件項下之應付貸款隨即到期支付。

(iv) On 20 June 2017, the Borrower entered into the facility agreement with a bank to finance its working capital for a term loan facility up to HK\$130 million repayable by 36 months after the first utilisation date. The facility agreement contains a specific performance obligation that Mr. Lee (including shares under his family trust) must maintain as the major shareholder (with at least 50% shareholding) of the Company. A breach of the aforesaid specific performance obligation will constitute an event of default under the facility agreement. If an event of default under the facility agreement occurs, the bank may terminate the facility agreement and liabilities payable under the facility agreement and the relevant security documents shall become immediately due and payable.

Save as disclosed above, the directors are not aware of any circumstances which would give rise to a disclosure obligation pursuant to the requirements under Rule 13.18 of the Listing Rules as at 31 December 2017 and as at the date of this report.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the directors and the top five highest paid individuals of the Group are set out in notes 15 and 16 to the consolidated financial statements.

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

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")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 to 9 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Listing Rules were as follows:

(iv) 於二零一七年六月二十日，借方與一間銀行訂立融資協議，取得定期貸款融資金額達至130,000,000港元，就其營運資金提供資金。有關融資須於首次提取日期起計36個月內償還。融資協議載有須履行之特定責任，規定李先生(包括其家族信託下之股份)須維持成為本公司之主要股東(即持股量為50%或以上)。違反上述特定責任將構成融資協議項下之違約事件。如融資協議違約事件出現，銀行可終止融資協議，而融資協議及相關擔保文件項下之應付貸款隨即到期支付。

除上文披露者外，於二零一七年十二月三十一日及於本報告日期，董事並不知悉有任何其他事項須根據上市規則第13.18條之規定作出披露。

董事及五名最高薪酬人士之薪酬

本集團董事及五名最高薪酬人士之薪酬詳情載於綜合財務報表附註15及16。

董事及主要行政人員於本公司及其相聯法團之股份、相關股份及債券的權益及短倉

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)之股份、相關股份及債券中，擁有根據證券及期貨條例第XV部第7至第9分部須知會本公司及香港聯合交易所有限公司(「聯交所」)之權益及短倉(包括根據證券及期貨條例該等條文被當作或被視為擁有之任何權益及短倉); 或根據證券及期貨條例第352條須記錄在該條所述登記冊之權益及短倉; 或根據上市規則上市公司董事進行證券交易的標準守則(「標準守則」)須知會本公司及聯交所之權益及短倉如下:

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

Long Positions in the Shares

股份之長倉

Name of Directors	Capacity	Number of Shares	Approximate percentage of interest in the Company
董事姓名	身份	股份數目	佔本公司權益概約百分比
Executive Directors			
執行董事			
Mr. Lee 李先生	Interest in controlled company ⁽¹⁾ 受控制公司權益 ⁽¹⁾	480,000,000	53.71%
	Founder of a discretionary trust ⁽²⁾ 全權信託之創立人 ⁽²⁾	127,980,000	14.32%
Mr. Wong Wing Chuen 黃永銓先生	Beneficial owner 實益擁有人	11,050,000	1.24%
Independent Non-Executive Directors			
獨立非執行董事			
Mr. Andrew Look 陸東先生	Beneficial owner 實益擁有人	8,800,000	0.98%
Dr. Lo Wai Kwok SBS, MH, JP 盧偉國博士SBS, MH, 太平紳士	Beneficial owner 實益擁有人	1,000,000	0.11%

Note:

- Mr. Lee holds the entire issued share capital of Precisefull Limited ("Precisefull"). As such, Mr. Lee is deemed to have a controlling interest in Precisefull and is therefore deemed to be interested in the interests of Precisefull in the Company.
- The 127,980,000 shares, in which 77,980,000 shares and 50,000,000 shares are held by Beautiful Crystal Development Limited ("Beautiful Crystal") and Beautiful Colour Assets Limited ("Beautiful Colour") respectively (both companies are wholly-owned by YF Lee Family Trust). YF Lee Family Trust is a discretionary trust set up by Mr. Lee as settlor and UBS TC (Jersey) Limited ("UBS TC") as trustee on 20 February 2014. The discretionary objects are family members of Mr. Lee. Mr. Lee is the settlor of YF Lee Family Trust and is deemed to be interested in the 127,980,000 shares held by Beautiful Crystal and Beautiful Colour under the SFO.

附註:

- 李先生持有Precisefull Limited(「Precisefull」)全部已發行股本。因此，李先生被視為擁有Precisefull的控制性權益，並因此而被視為擁有Precisefull於本公司所持有之權益。
- 該127,980,000股股份分別由Beautiful Crystal Development Limited(「Beautiful Crystal」)及Beautiful Colour Assets Limited(「Beautiful Colour」)持有77,980,000及50,000,000股股份，此等公司由YF Lee Family Trust全資擁有。YF Lee Family Trust乃由李先生作為信託委託人及UBS TC (Jersey) Limited(「UBS TC」)作為受託人於二零一四年二月二十日成立之全權信託，其受益對象為李先生之家族成員。李先生作為YF Lee Family Trust之信託委託人，根據證券及期貨條例，彼被視為於Beautiful Crystal及Beautiful Colour所持有之127,980,000股股份中擁有權益。

Save as disclosed above, as at 31 December 2017, none of the directors and chief executives of the Company had any interests or short positions in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 to 9 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code in the Listing Rules. In addition, save as disclosed above, at no time during the year ended 31 December 2017 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2017, the following persons, other than the directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 to 5 of Part XV of the SFO or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

除上文所披露者外，於二零一七年十二月三十一日，概無本公司董事及主要行政人員於本公司及其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及債券中擁有任何根據證券及期貨條例第XV部第7至第9分部須知會本公司及聯交所之權益或短倉(包括彼等根據證券及期貨條例該等條文被當作或視為擁有之權益及短倉)；或根據證券及期貨條例第352條須記錄於該條所述之登記冊之權益及短倉；或根據標準守則須知會本公司及聯交所之權益及短倉。此外，除上述披露外，本公司或其任何附屬公司於截至二零一七年十二月三十一日止整年內概無訂立任何安排，令本公司董事或彼等之配偶或未滿十八歲之子女可藉購入本公司或其他法團之股份或債權證而獲益。

主要股東於本公司及其相聯法團之股份、相關股份及債券的權益及短倉

於二零一七年十二月三十一日，下列人士(本公司董事或主要行政人員除外)於本公司股份或相關股份中，擁有根據證券及期貨條例第XV部第2至第5分部須向本公司披露之權益或短倉，或直接或間接擁有可於任何情況下在本公司股東大會投票之任何類別股本面值5%或以上之權益或短倉，或擁有根據證券及期貨條例第336條須記錄在該條所述登記冊之權益或短倉：

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

Long Positions in the Shares

股份之長倉

Name	Capacity	Number of Shares	Approximate percentage of interest in the Company
名稱	身份	股份數目	佔本公司權益概約百分比
Precisefull	Beneficial owner ⁽¹⁾ 實益擁有人 ⁽¹⁾	480,000,000	53.71%
Beautiful Crystal	Beneficial owner ⁽²⁾ 實益擁有人 ⁽²⁾	77,980,000	8.73%
Beautiful Colour	Beneficial owner ⁽²⁾ 實益擁有人 ⁽²⁾	50,000,000	5.59%
UBS TC	Trustee ⁽²⁾ 受託人 ⁽²⁾	127,980,000	14.32%

Note:

1. Mr. Lee holds the entire issued share capital of Precisefull. As such, Mr. Lee is deemed to have a controlling interest in Precisefull and is therefore deemed to be interested in the interests of Precisefull in the Company.
2. 77,980,000 shares and 50,000,000 shares are held by Beautiful Crystal and Beautiful Colour respectively (both companies are wholly owned by YF Lee Family Trust). The YF Lee Family Trust is a discretionary trust set up by Mr. Lee as settlor and UBS TC as trustee on 20 February 2014.

Save as disclosed above, at no time during the year, the directors and the chief executive of the Company were aware of any other persons (other than the directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 to 5 of Part XV of the SFO, or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

附註:

1. 李先生持有Precisefull全部已發行股本。因此，李先生被視為擁有Precisefull的控制性權益，並因此視為擁有Precisefull所持有的本公司權益。
2. Beautiful Crystal及Beautiful Colour分別持有77,980,000及50,000,000股股份，此等公司由YF Lee Family Trust全資擁有。YF Lee Family Trust乃由李先生作為信託委託人及UBS TC作為受託人於二零一四年二月二十日成立之全權信託。

除上文所披露者外，於本年度內，本公司董事及主要行政人員並不知悉任何其他人士(本公司董事或主要行政人員除外)於本公司之股份及相關股份中擁有須根據證券及期貨條例第XV部第2至第5分部披露之權益或短倉，或直接及間接擁有可於任何情況下在本公司股東大會投票之任何類別股本面值5%或以上權益，或擁有根據證券及期貨條例第336條須記錄在該條所述登記冊之權益或短倉。

SHARE OPTION SCHEME

A share option scheme (the "2007 Share Option Scheme") was adopted pursuant to the written resolutions passed by the shareholders of the Company on 2 June 2007. The 2007 Share Option Scheme has been terminated upon adoption of a new share option scheme ("New Share Option Scheme") by ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 19 May 2017. Upon termination of the 2007 Share Option Scheme, no further options of the 2007 Share Option Scheme can be offered thereunder but the provisions of the scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior to its termination and options granted prior to such termination shall continue to be valid and exercisable.

The purpose of the New Share Option Scheme is to provide incentives and rewards to selected eligible persons for their contributions to the Group. The New Share Option Scheme will remain valid until 18 May 2027 and the amount payable on acceptance of all options granted is HK\$10.

The participants of the New Share Option Scheme may include directors, employees, consultants, professionals, customers, suppliers, agents, partners, advisors and contractors of the Group or a company in which the Group holds an interest or a subsidiary of such company.

The maximum number of shares which may be issued upon the exercise of all options to be granted under the New Share Option Scheme and under any other share option scheme(s) adopted by the Company must not in aggregate exceed 10% of the shares in issue as at the date of approval of the New Share Option Scheme. In addition, the maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other schemes involving the issue or grant of share options by the Company must not, in aggregate, exceed 30% of the shares in issue from time to time.

購股權計劃

一項購股權計劃(「二零零七年購股權計劃」)於二零零七年六月二日根據本公司股東通過之書面決議案獲採納。於二零一七年五月十九日舉行的本公司股東週年大會上本公司股東以普通決議案方式批准採納新購股權計劃(「新購股權計劃」)後，二零零七年購股權計劃已予終止。二零零七年購股權計劃終止後，不得根據二零零七年購股權計劃再授出購股權，但該計劃的條文將繼續有效，以落實於計劃終止前所授出任何購股權的行使，而於終止前授出的購股權將繼續有效及可予行使。

新購股權計劃旨在向選定人士提供作為彼等對本集團所作出貢獻之獎勵或獎賞。新購股權計劃將一直有效至二零二七年五月十八日及接納全部購股權須付10港元。

新購股權計劃之參與者包括本集團或本集團持有權益公司或該公司的附屬公司之董事、僱員、顧問、專業人士、客戶、供應商、代理商、合作伙伴、諮詢人及承辦商。

根據新購股權計劃及本公司所採納之其他購股權計劃將予授出之購股權獲悉數行使時可能發行之股份數目，最高不得超過批准新購股權計劃當日已發行股份之10%。此外，根據新購股權計劃及任何涉及發行或授出本公司購股權的購股權計劃已授出但尚未行使或將予行使之購股權獲行使時可能發行之股份數目，合共不得超過本公司不時已發行股本之30%。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

The total number of shares issued and to be issued upon exercise of the options already granted or to be granted to each participant under the New Share Option Scheme and any other share option scheme(s) of the Company (including exercised and outstanding share options) in any 12-month period up to and including the date of such grant should not exceed 1% aggregate of the shares in issue as at the date of such grant. Any grant of further options above this 1% limit shall be subject to approval of the shareholders of the Company at general meetings, with such participant and his associates abstaining from voting.

The total number of shares in respect of which options may be granted under the New Share Option Scheme shall be 89,376,140 shares, representing approximately 10.0% of the issued share capital of the Company as at the date of this annual report.

The period within which the options must be exercised will be specified by the Board at the time of the offer of grant, and must expire no later than 10 years from the date of grant. There is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the New Share Option Scheme.

The subscription price for any share under the New Share Option Scheme will be a price determined by the Board and will be not less than the highest of:

- (i) the closing price of a share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a business day;
- (ii) an amount equivalent to the average closing price of a share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant option; and
- (iii) the nominal value of a share on the date of the grant.

根據新購股權計劃及本公司所採納之其他購股權計劃向各參與者已授出或將予授出之購股權(包括已行使及尚未行使之購股權)獲行使而於任何12個月期間(包括授予當日)已發行及將予發行之股份總數,不得超過授出日期已發行股份總數之1%。任何進一步授予超過1%上限之購股權必須於股東大會上獲股東批准,而有關參與者及其聯繫人士須放棄投票。

根據新購股權計劃可能授出的購股權所涉及的股份總數為89,376,140股,相當於本年報日期本公司已發行股本約10.0%。

董事會將於授出購股權要約時指明購股權須予行使的期限,必須不遲於購股權授出起計十年。新購股權計劃之條款下並無有關必須持有購股權之最短期限或可行使購股權而必須達到之表現目標之一般規定。

新購股權計劃項下股份的認購價將由董事會決定,惟該價格不得低於以下最高者:

- (i) 授出有關購股權日期(須為營業日)聯交所每日報價表所列股份收市價;
- (ii) 緊接授出有關購股權日期前五個營業日聯交所每日報價表所列股份平均收市價;及
- (iii) 授出日期股份之面值。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

On 13 March 2008, the Company granted 20,102,000 share options to the Group's employees under the 2007 Share Option Scheme at an exercise price of HK\$0.415 per share. A summary of movements of share options of the Company during the year is set out as below:

於二零零八年三月十三日，本公司根據二零零七年購股權計劃向本集團僱員授出20,102,000份購股權，行使價為每股0.415港元。於本年度內，本公司購股權之變動概述如下：

Category of Grantee/Name	Date of grant	Exercise		As at 01/01/2017	Number of share options			Outstanding as at 31/12/2017
		Price (HK\$)	Exercise Period		Granted during the year	Exercised during the year	Lapsed/Cancelled during the year	
承授人類別／姓名	授出日期	行使價(港元)	行使期	於二零一七年一月一日	於年內授出	於年內行使	於年內失效/註銷	於二零一七年十二月三十一日尚未行使
Employees 僱員	13/03/2008	0.415	13/03/2009–12/03/2018	40,800	–	–	–	40,800
Employees 僱員	13/03/2008	0.415	13/03/2010–12/03/2018	20,600	–	–	–	20,600
Employees 僱員	13/03/2008	0.415	13/03/2011–12/03/2018	40,600	–	–	–	40,600
Total 總數				102,000	–	–	–	102,000

Note:

- The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- The closing price of the share immediately before the date of grant was HK\$0.415.
- The fair values of options granted and the respective accounting policy adopted are set out in note 35 to the consolidated financial statements.

附註：

- 購股權歸屬期間為自授出日期起至行使期開始日期止。
- 在緊接購股權授出日期之前的收市價為0.415港元。
- 已授出的購股權公平值及其採取之會計政策載於綜合財務報表附註35。

There were no options granted under the New Share Option Scheme since its adoption on 19 May 2017.

自新購股權計劃於二零一七年五月十九日獲採納以來，並無授出購股權。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

SHARE AWARD SCHEME

On 10 January 2013 (the "Adoption Date"), the Board adopted a share award scheme (the "Share Award Scheme") under which the shares of the Company (the "Awarded Shares") may be awarded to selected persons to recognise the contributions by certain employees and persons to the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. The Share Award Scheme will be valid and effective for a term of ten years commencing on the Adoption Date until 9 January 2023.

The participants of the Share Award Scheme may include executives, officers, employees, directors of the Company or any of its subsidiary, any business or joint venture partner, investor, consultant, adviser or agent of any member of the Group.

The Share Award Scheme shall be subject to the administration of the Administration Committee in accordance with the rules of the Share Award Scheme and the terms of the Trust Deed.

Pursuant to the Share Award Scheme, the Board shall select the eligible persons for participation in the Share Award Scheme and determine the number of shares to be awarded. Shares will be acquired by an independent trustee at the cost of the Company or shares will be allotted to the independent trustee under the general mandate granted or to be granted by the shareholders of the Company at general meetings from time to time and be held in trust for the awarded persons until the end of each vesting period. Vested shares will be transferred at no cost to the awarded persons.

Where any Awarded Shares are proposed to be offered to a connected person of the Company (as defined under Chapter 14A of the Listing Rules), such offer of Awarded Shares has to be first approved by the independent non-executive directors of the Company and the Company will comply with the applicable requirements of Chapter 14A of the Listing Rules in respect of such offer (including but not limited to the obtaining of independent Shareholders' approval if necessary).

股份獎勵計劃

於二零一三年一月十日(「採納日期」)，董事會採納股份獎勵計劃(「股份獎勵計劃」)。據此，本公司股份(「獎勵股份」)可授予經甄選人士以表彰本集團若干僱員及人士之貢獻，並給予獎勵以挽留該等僱員及人士為本集團之持續經營和發展而努力，亦為本集團進一步發展吸引合適之人才。股份獎勵計劃將由採納日期起生效，有效期為十年至二零二三年一月九日。

股份獎勵計劃之參與者包括本公司或其任何附屬公司之行政人員、高級職員、僱員、董事、本集團之任何業務或合營夥伴、投資者、顧問、諮詢人或代理。

股份獎勵計劃會依據股份獎勵計劃之規則及信託契據之條款，由行政管理委員會管理。

根據股份獎勵計劃，董事會將甄選合資格人士參與股份獎勵計劃，並釐定予以獎勵股份之數目。股份將由獨立受託人購入，成本由本公司支付，或股份將根據於股東大會上不時由本公司股東授予或將授予的一般授權分配予獨立受託人，並以信託方式為獲獎勵人士持有，直至各歸屬期完結止。歸屬股份將無償轉讓予獲獎勵人士。

倘擬向本公司之關連人士(定義見上市規則第14A章)授予任何獎勵股份，該授予獎勵股份之建議須事先經本公司獨立非執行董事批准，且本公司將就有關建議遵守上市規則第14A章之適用規定(包括但不限於在需要時取得獨立股東批准)。

Based on the 890,435,400 Shares in issue as at the adoption date, the maximum number of Awarded Shares under the Share Award Scheme would be 44,521,770 shares and the maximum number of shares which may be awarded to an awarded person under the Share Award Scheme would be 8,904,354 shares.

For the year ended 31 December 2017, no Awarded Share was granted pursuant to the Share Award Scheme.

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. Lee and Precisefull (the controlling shareholders (within the meaning of the Listing Rules) of the Company) has provided a written confirmation, which has been reviewed and confirmed by the independent non-executive directors of the Company, confirming that they have complied with the terms of a Deed of Non-competition entered into between them and the Company for the year ended 31 December 2017.

CONTINUING CONNECTED TRANSACTIONS

On 7 December 2015, the Group entered into a renewed master agreement (the "Renewed Master Agreement") with Chit Shun Machinery Limited ("Chit Shun") for a term of three years commencing from 1 January 2016 to 31 December 2018, in relation to the purchase of equipment, machineries and parts (together with the maintenance services). Chit Shun is a limited liability company incorporated in Hong Kong and beneficially owned by Mr. Lee and an independent third party, in equal share. Mr. Lee has nominated a director to the board of Chit Shun. Since Mr. Lee is a director and controlling shareholder of Chit Shun, Chit Shun is a connected person of the Company (as defined in the Listing Rules). Accordingly, the transactions between the Group and Chit Shun constitute continuing connected transactions (the "Chit Shun Transactions") of the Group. At the board meeting held on 7 December 2015, the Board had approved (i) the Renewed Master Agreement and the transactions contemplated thereunder; and (ii) the proposed annual caps for each of the three years ending 31 December 2018.

根據於採納日期已發行890,435,400股股份計算，股份獎勵計劃可授出之獎勵股份數目上限為44,521,770股股份及股份獎勵計劃可獎勵予每名獲獎勵人士之股份數目上限為8,904,354股股份。

於截至二零一七年十二月三十一日止年度，概無按股份獎勵計劃授出獎勵股份。

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)李先生及Precisefull各自已提供書面確認，並由本公司獨立非執行董事審閱及確認，彼等於截至二零一七年十二月三十一日止年度內已遵守本公司與彼等所訂立之不可競爭契據之條款。

持續關連交易

於二零一五年十二月七日，本集團與捷迅機械設備有限公司(「捷迅」)就購買設備、機器與零件(連同相關保養服務)訂立經更新總協議(「經更新總協議」)，年期由二零一六年一月一日起至二零一八年十二月三十一日止，為期三年。捷迅為香港註冊成立的有限公司，由李先生及一名獨立第三方按等額權益實益擁有。李先生曾向捷迅董事會提名董事人選。因李先生為捷迅之董事兼控權股東，故捷迅為本公司的關連人士(定義見上市規則)。故此，本集團與捷迅之交易構成本集團之持續關連交易(「捷迅交易」)。於二零一五年十二月七日舉行之董事會會議上，董事會已批准(i)經更新總協議及其項下擬進行之交易；及(ii)截至二零一八年十二月三十一日止三個年度各年之建議年度上限。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

For the year ended 31 December 2017, Chit Shun Transactions totalled approximately HK\$5,088,000 (2016: HK\$2,417,000).

The independent non-executive directors of the Company have reviewed the Chit Shun Transactions, assessed the adequacy and effectiveness of the Company's internal control procedures in relation to them, and confirmed that they have been 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 on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "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 auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 41 and 42 of this report 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.

CONNECTED TRANSACTION

On 24 October 2016, The Group entered into an equity transfer agreement with Forever International Development Limited (the "Purchaser"), pursuant to which the Group had conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the entire equity interest of MG Technology (Shenzhen) Company Limited ("MG Technology"), the Group's wholly-owned subsidiary, at a consideration of HK\$290,000,000. As of the date of the relevant agreement, since the Purchaser was wholly-owned by Mr. Lee, a controlling shareholder and an executive director of the Company, the Purchaser was a connected person of the Company. Accordingly, the disposal constituted a connected transaction of the Company under the Listing Rules.

截至二零一七年十二月三十一日止年度，捷迅交易之總額約為5,088,000港元(二零一六年：2,417,000港元)。

本公司獨立非執行董事已審閱捷迅交易，評估對適用於該等交易的公司內部監控系統的有效性，並確認該等交易：

1. 在本集團的日常業務中訂立；
2. 按照一般商務條款或更佳條款進行；及
3. 根據監管該等交易之有關協議條款進行，而條款公平合理，並且符合本公司股東的整體利益。

本公司核數師已獲聘根據香港會計師公會頒佈的《香港核證工作準則》第3000號(經修訂)「審核或審閱歷史財務資料以外的核證工作」及參照實務說明第740號「關於香港《上市規則》所述持續關連交易的核數師函件」報告本集團的持續關連交易。核數師已根據上市規則第14A.56條發出無保留函件，而該函件載有核數師對有關本集團在本報告第41及42頁披露的持續關連交易的發現及結論。本公司已將核數師函件副本送呈聯交所。

關連交易

於二零一六年十月二十四日，本集團與恆星國際發展有限公司(「買方」)訂立股權轉讓協議，據此，本集團已有條件同意出售及買方已有條件同意購買本公司之全資附屬公司創金美科技(深圳)有限公司(「創金美科技」)之全部股本權益，代價為290,000,000港元。於有關協議日期，由於買方由控股股東兼執行董事李先生全資擁有，故買方為本公司之關連人士。因此，根據上市規則，出售事項構成本公司之關連交易。

Details of this transaction were disclosed in the Company's announcement dated 24 October 2016 and the circular dated 22 November 2016 (the "Circular"). As stated in the Circular, the directors are of the view that the disposal of the entire equity interest of MG Technology (the "Disposal") will allow the Group to consolidate its production facilities, improve its operational efficiency, achieve cost savings due to lower labour costs in the Huizhou area, reduce operating costs by integrating production facilities within the Huizhou Industrial Complex, reduce the Group's leverage and enhance the Group's financial position by repaying part of its bank borrowings, realise the fair value of the Group's investment in the land and property with a gain, and enjoy a premium based on the consideration to be received by the Company for the Disposal. The transaction was approved by the independent shareholders of the Company at the extraordinary general meeting held on 7 December 2016.

On 12 July 2017, the Company completed the Disposal. Upon completion, MG Technology has ceased to be a subsidiary of the Company and the financial results of MG Technology will no longer be consolidated into the consolidated financial statements of the Group.

The Board confirms that the Company has complied with the disclosure requirements as required by the Listing Rules in relation to the aforementioned connected/continuing connected transactions.

Apart from the aforesaid continuing connected transactions and connected transaction, related-party transactions entered into by the Group during the year ended 31 December 2017 which do not constitute connected transactions or continuing connected transactions under the Listing Rules are disclosed in Note 39 to the consolidated financial statements.

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float required under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the directors.

此交易之詳情已於本公司日期為二零一六年十月二十四日之公佈及二零一六年十一月二十二日之通函(「該通函」)中披露。誠如通函所述，董事認為出售創金美科技之全部股本權益(「出售事項」)有助集團整合其生產設施、提升運營效率、在惠州地區較低之勞工成本下實現成本節省、透過重整惠州工業園內之生產設施降低運營成本、減少集團之負債比率以及透過償還部分銀行借款改善集團之財務狀況、實現集團於投資土地及物業公允值所得之收益，並根據公司就出售事項將收取之代價享有溢價。此交易已於二零一六年十二月七日舉行之股東特別大會中獲本公司獨立股東通過。

於二零一七年七月十二日，本公司完成出售事項。於完成後，創金美科技已不再為本公司之附屬公司，而創金美科技的財務業績亦將不再於本集團之綜合財務報表綜合入賬。

就上述的關連交易／持續關連交易，董事會確認本公司已符合上市規則的披露規定。

除上述持續關連交易及關連交易外，本集團於截至二零一七年十二月三十一日止年度進行之關聯人士交易(並不構成上市規則項下關連交易或持續關連交易)於綜合財務報表附註39披露。

公眾持股量

於本報告日，根據本公司可以得悉之公開資料及本公司董事亦知悉之情況下，本公司已按上市規則之要求，維持足夠公眾持股量。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

EVENTS AFTER THE REPORTING PERIOD

On 26 March 2018, the Board has recommended the payment of a final dividend of HK1.0 cent per share (2016: HK1.0 per share) for the year ended 31 December 2017 to the shareholders whose names appear on the register of members of the Company on Friday, 8 June 2018. Subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be held on Monday, 28 May 2018, the final dividend will be paid on or about Friday, 15 June 2018.

AUDITOR

At the Company's last general meeting, RSM Hong Kong was re-appointed as auditor of the Company.

RSM Hong Kong shall retire and being eligible, offer themselves for re-appointment, and a resolution to this effect will be proposed at the forthcoming annual general meeting.

OTHER CHANGES IN DIRECTORS' INFORMATION

Other changes in directors' information since the date of 2017 Interim Report are set out below:

1. Mr. Kong Kai Chuen, Frankie, an independent non-executive director of the Company, was appointed as the Chief Financial Officer and Joint Company Secretary of Futong Technology Development Holdings Limited (Stock code: 465), a company listed on the Hong Kong Stock Exchange, on 16 October 2017 and 17 November 2017 respectively.

Save as the information disclosed above, there is no change in directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

By order of the Board

Lee Yuen Fat

Chairman

Hong Kong, 26 March 2018

報告期間完結後事項

於二零一八年三月二十六日，董事會建議向於二零一八年六月八日(星期五)名列本公司股東名冊之股東派付截至二零一七年十二月三十一日止年度之末期股息每股1.0港仙(二零一六年：每股1.0港仙)。待本公司股東在二零一八年五月二十八日(星期一)舉行之應屆股東週年大會批准後，末期股息將於二零一八年六月十五日(星期五)或前後派付。

核數師

於本公司上次股東週年大會，中瑞岳華(香港)會計師事務所獲重聘為本公司之核數師。

中瑞岳華(香港)會計師事務所將退任，惟願意膺選連任，而重聘彼等之有關決議案於即將舉行之股東週年大會上提呈。

董事資料的其他變更

自二零一七年年中期報告日期以來的董事資料其他變更載列如下：

1. 本公司獨立非執行董事江啟銓先生分別於二零一七年十月十六日及二零一七年十一月十七日獲委任為香港聯交所上市公司富通科技發展控股有限公司(股份代號：465)的首席財務總監及聯席公司秘書。

除上文所披露資料外，概無任何董事變更資料須根據上市規則第13.51B(1)條之規定予以披露。

承董事會命

李遠發

主席

香港，二零一八年三月二十六日

The board of directors of the Company (the “Board”) believes that good corporate governance practices are essential for promoting investors’ confidence and maximising shareholders’ returns. The Board is committed to maintaining a high standard of corporate governance and reviews its corporate governance practices on a regular basis.

With the above in mind, the Company has applied the principles and adopted corporate governance practices as set out in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in its corporate governance. For the year ended 31 December 2017, the Board is of the view that Company is in compliance with all the applicable code provisions of the CG Code.

THE BOARD

The Board is collectively responsible for formulating the Group’s overall business strategies, monitoring and evaluating its operating and financial performance and reviewing the corporate governance standard of the Company. The day-to-day management, administration and operation of the Company are led by the chief executive officer of the Company. The Board has delegated a series of responsibilities to the senior management of the Company, which include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board, formulating and monitoring the production and operating plans and budgets, and supervising and monitoring the control systems. The Board has the full support of the senior management to discharge its responsibilities.

As at 31 December 2017, the Board comprised seven members as follows:

Executive Directors

Mr. Lee Yuen Fat (*Chairman*)
Mr. Wong Wing Chuen (*Vice Chairman*)
Dr. Wong Cheong Yiu (*Chief Executive Officer*)

本公司董事會(「董事會」)相信良好之企業管治守則對於提高投資者的信心和增加股東的回報至為重要。董事會一向致力維持高水平的企業管治及定期檢討本公司之企業管治守則。

基於上述情況，本公司已應用此等原則並採納香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)附錄十四《企業管治守則》(「企業管治守則」)所載之企業管治守則於其企業管治。於截至二零一七年十二月三十一日止年度，董事會認為本公司已遵守企業管治守則中所載適用的守則條文。

董事會

董事會共同負責制訂本集團之整體業務策略，及監管和評估本集團其營運與財務上之表現，並檢討本公司之企業管治水平。本公司的日常管理、行政及營運均由本公司行政總裁領導。董事會已將一系列職責轉授予本公司高級管理層，包括執行董事會的決策、依照董事會批准的管理策略及計劃對本公司日常運作及管理作出協調及指揮、制定及監察生產和營運計劃及預算，以及監督及監察監控制度。董事會亦獲高級管理層全力支持履行其職責。

於二零一七年十二月三十一日，董事會包括下列七名成員：

執行董事

李遠發先生(*主席*)
黃永銓先生(*副主席*)
黃昌耀博士(*行政總裁*)

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

Independent Non-executive Directors

Professor Sun Kai Lit Cliff, BBS, JP
Ir Dr. Lo Wai Kwok, SBS, MH, JP
Mr. Andrew Look
Mr. Kong Kai Chuen, Frankie

Biographical details of the directors of the Company ("Directors") as at the date of this report are set out on pages 19 to 24 of this annual report.

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

Each of the independent non-executive Directors has confirmed in writing his independence from the Company in accordance with Rule 3.13 of the Listing Rules. On this basis, the Company considers all such Directors to be independent.

All the independent non-executive Directors were appointed for a specific term of two years and are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles of Association of the Company. To further strengthen the standard of corporate governance, the Company follows the CG Code and requires any re-appointment of an independent non-executive Director who has served on the Board for over nine years to be subject to a separate resolution to be approved by shareholders. In such cases, the Board will set out in the annual report or circular the reasons why it considers such Director to continue to be independent and should be re-elected.

The Board conducts four regular scheduled meetings a year on a quarterly basis and ad hoc meetings are convened when circumstances require. Notice of at least 14 days is given to all Directors for all regular Board meetings and all Directors are given opportunity to include matters for discussion in the agenda. Draft minutes of Board meetings are circulated to all Directors for comments. Minutes of Board meetings with details of matters considered by the Board and decision reached are kept by the Company Secretary and open for inspection by the Directors.

獨立非執行董事

孫啟烈教授BBS，太平紳士
盧偉國博士SBS, MH，太平紳士
陸東先生
江啟銓先生

於本報告日，本公司董事之個人資料詳情載於本年報第19至第24頁。

各董事會成員之間並沒有財務、業務、親屬或其他重大或相關之關係。

各獨立非執行董事已根據上市規則第3.13條就其獨立性以書面確認；因此，本公司認為該等董事確屬獨立人士。

所有獨立非執行董事之指定任期為兩年。彼等須按照本公司組織章程細則的條文在本公司之股東週年大會上輪值告退及膺選連任。為進一步提高企業管治水平，本公司依照企業管治守則，已要求凡服務董事會超過九年之獨立非執行董事，須獲得股東以獨立決議案方式批准，方可連任。如有此情況，董事會將在年報或通告函中向股東列明其認為該董事仍屬獨立人士以及應獲重選之原因。

董事會於年內舉行四次定期會議，約每季度一次，並於情況需要時召開特別會議。董事會的所有定期會議通知最少在會議前十四天發給所有董事，所有董事均可提出討論事項列入會議議程。董事會會議紀錄初稿會發送予全體董事以表達意見。董事會會議紀錄詳細紀錄董事局考慮之事項及達致的決定，由公司秘書備存，董事可隨時查閱。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

During the year, four Board meetings and one annual general meeting were held and details of attendance of individual Directors are set out in the table on page 50 of this annual report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to Code Provision A.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The roles of chairman and chief executive officer of the Company are segregated and are not performed by the same individual. Mr. Lee Yuen Fat, the Chairman, is responsible for the leadership and effective running of the Board while Dr. Wong Cheong Yiu, the Chief Executive Officer, is responsible for the overall management and supervision of the execution of the overall business strategies of the Group.

LIABILITY INSURANCE FOR THE DIRECTORS

The Company has in force appropriate insurance coverage on Directors' and officers' liabilities arising from the Group's business. The Company reviews the extent of insurance coverage on an annual basis.

CONTINUOUS PROFESSIONAL DEVELOPMENT

The Directors are regularly briefed on the amendments to or updates on the Listing Rules, corporate governance practices, applicable regulatory regimes and the business development of the Group. To keep abreast of the responsibilities of the Directors and infuse them with new knowledge, an in-house seminar was conducted during the year and all Directors attended the seminar. Apart from what the Company had arranged, some of the Directors also attended other external training seminars.

AUDIT COMMITTEE

The Company established the Audit Committee in June 2007. The primary duties of the Audit Committee are to review the Company's financial reports, make recommendations on the appointment, removal and remuneration of independent auditor, approve audit and audit-related services, supervise the Company's internal financial reporting procedures and management policies, and review the Company's risk management and internal control systems as well as the internal audit function. The Audit Committee comprises four independent non-executive Directors, namely Mr. Kong Kai Chuen, Frankie, Professor Sun Kai Lit, Cliff BBS, JP, Ir Dr. Lo Wai Kwok SBS, MH, JP and Mr. Andrew Look and is chaired by Mr. Kong Kai Chuen, Frankie, a qualified accountant with extensive experience in financial reporting and controls.

於本年度內，本公司已舉行四次董事會會議及一次股東周年大會，個別董事之出席資料詳載於本年報第50頁。

主席及行政總裁

根據企業管治守則之守則條文第A.2.1條，主席與行政總裁的角色應有區分，並不應由一人同時兼任。本公司主席及行政總裁之角色已分開及不是由同一人出任。李遠發先生為本公司主席，負責領導及有效地管理董事會；而黃昌耀博士為本公司行政總裁，負責本集團的整體管理及監督整體業務策略的執行。

董事責任保險

本公司已就董事及行政人員因本集團業務而引起之責任購買適當保險，本公司每年檢討保險所保障之範圍。

持續專業發展

董事亦定期獲簡介有關上市規則、企業管治常規、相關法例之修訂及本集團的業務發展。為使董事瞭解其職責及灌輸新的知識，於本年度內已舉行了一次內部研討會，所有董事均有參加。除由本公司作出之安排外，若干董事亦有參加其他外部培訓研討會。

審核委員會

本公司於二零零七年六月成立審核委員會。審核委員會之主要職責為審閱本公司之財務報告、就委任及罷免獨立核數師以及其薪酬提供推薦建議、批准審計及審計相關服務、監管本公司內部財務匯報程序及管理政策，和檢討本公司之風險管理及內部監控系統，以及內部審核職能。審核委員會由四名獨立非執行董事組成，分別為江啟銓先生、孫啟烈教授BBS，太平紳士、盧偉國博士SBS, MH, 太平紳士及陸東先生，而江啟銓先生為審核委員會之主席，彼為合資格會計師，於財務報告及控制擁有豐富經驗。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

During 2017, the Audit Committee held two meetings to review the financial statements of the Group, review the Group's financial controls, risk management and internal control systems and to make recommendation to the Board on the re-appointment of the auditors of the Company.

NOMINATION COMMITTEE

The Nomination Committee was set up in June 2007 and is mainly responsible for reviewing the structure, size and the composition of the Board and making recommendations on any proposed change to the Board to complement the Company's corporate strategy; assessing the independence of independent non-executive Directors; making recommendations to the Board on the appointment of Directors and succession planning for Directors. The members of the Nomination Committee are Professor Sun Kai Lit, Cliff BBS, JP, Ir Dr. Lo Wai Kwok SBS, MH, JP, Mr. Andrew Look, Mr. Kong Kai Chuen, Frankie and Dr. Wong Cheong Yiu. Professor Sun Kai Lit, Cliff BBS, JP is the Chairman of the Nomination Committee.

During the year, the Nomination Committee held one meeting to review the structure, size and the composition of the Board.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "Board Diversity Policy") during the year as required by the CG Code which sets out the approach to achieve diversity on the Board. The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity when selecting candidates from a number of perspectives through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Nomination Committee will review and monitor the implementation of the Board Diversity Policy to ensure its effectiveness as appropriate.

於二零一七年，審核委員會舉行了兩次會議，審閱本集團之財務報表，審閱本公司之財務監控、風險管理與內部監控系統及就本公司核數師之重新委任向董事會提供推薦建議。

提名委員會

提名委員會於二零零七年六月成立，主要負責檢討董事會的架構、人數及組成與就任何為配合本公司企業策略而擬對董事會作出的變動提出建議；評核獨立非執行董事的獨立性；就委任董事及董事繼任計劃向董事會提供意見。提名委員會之成員包括孫啟烈教授BBS, 太平紳士、盧偉國博士SBS, MH, 太平紳士、陸東先生、江啟銓先生及黃昌耀博士，而孫啟烈教授BBS, 太平紳士為提名委員會之主席。

於本年度，提名委員會舉行了一次會議，檢討董事會之架構、規模及組成。

董事會成員多元化政策

根據企業管治守則要求，董事會於年內採納董事會成員多元化政策（「董事會成員多元化政策」），該政策載列達致董事會成員多元化之途徑。本公司了解董事會層面日益多元化將為達成本公司策略目標和可持續發展提供支持。在遴選董事候選人時，本公司藉考慮多項因素，包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技術、知識及任職年期，務求達致董事會成員多元化。本公司在決定董事會最佳成員組合時，亦會考慮其本身之業務模式及具體需要。

提名委員會會適時檢討及監察董事會成員多元化政策的執行以確保其有效性。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

REMUNERATION COMMITTEE

The Company established the Remuneration Committee in June 2007. The major duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for the remuneration of Directors and senior management. It also reviews and determines the terms of remuneration packages, the award of bonuses and other compensation payable to individual Directors and senior management with reference to the Board's corporate goals and objectives. The Remuneration Committee consists of Professor Sun Kai Lit, Cliff BBS, JP, Ir Dr. Lo Wai Kwok SBS, MH, JP, Mr. Andrew Look, Mr. Kong Kai Chuen, Frankie and Dr. Wong Cheong Yiu. The Chairman of the Remuneration Committee is Professor Sun Kai Lit, Cliff BBS, JP, an independent non-executive Director.

During 2017, the Remuneration Committee held two meetings to review the bonus and salary adjustment of the executive Directors and senior management of the Company.

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

	Number of individuals 人數
HK\$500,001–HK\$1,000,000	1
HK\$1,000,001–HK\$1,500,000	3
HK\$1,500,001–HK\$2,000,000	1

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for the corporate governance functions with the following duties:

- to develop and review the Company's policies and practices on corporate governance and make recommendations on changes and updating;
- to review and monitor the training and continuous professional development of Directors;

薪酬委員會

本公司於二零零七年六月成立薪酬委員會。薪酬委員會之主要職責為就本公司董事及高級管理人員之薪酬政策及架構向董事會推薦意見，並因應董事會之企業方針及目標而檢討及釐定個別董事及高級管理人員之薪酬待遇、花紅獎賞及其他報酬。薪酬委員會由孫啟烈教授BBS，太平紳士、盧偉國博士SBS, MH, 太平紳士、陸東先生、江啟銓先生及黃昌耀博士組成。薪酬委員會之主席為獨立非執行董事孫啟烈教授BBS，太平紳士。

於二零一七年，薪酬委員會舉行了兩次會議，檢討本公司執行董事及高級管理人員之花紅及薪酬調整。

於截至二零一七年十二月三十一日止年度按薪酬組別劃分之高級管理人員薪酬載列如下：

企業管治職能

董事會負責企業管治職能，並有下列職責：

- 制訂及檢討本公司的企業管治政策及常規，並就變動及更新提出建議；
- 檢討及監察董事的培訓及持續專業發展；

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
 - to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
 - to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.
- 檢討及監察本公司在遵守法律及監管規定方面的政策及常規；
 - 制訂、檢討及監察適用於僱員及董事的操守守則及合規手冊(如有)；及
 - 檢討本公司遵守企業管治守則的情況及於企業管治報告中作出的披露。

ATTENDANCE OF MEETINGS

A summary of attendance of Board meetings, committee meetings and general meetings in 2017 are detailed in the following table:

出席會議

下表載列於二零一七年董事會會議、委員會會議及股東大會之出席率摘要：

	Number of attendance/Number of meetings 出席次數/會議次數				
	Board meeting 董事會會議	Audit Committee meeting 審核委員會會議	Nomination Committee meeting 提名委員會會議	Remuneration Committee meeting 薪酬委員會會議	Annual General Meeting 股東週年大會

Executive Directors

執行董事

Mr. Lee Yuen Fat 李遠發先生	4/4	—	—	—	1/1
Mr. Wong Wing Chuen 黃永銓先生	4/4	—	—	—	1/1
Dr. Wong Cheong Yiu 黃昌耀博士	4/4	—	1/1	2/2	1/1

Independent Non-Executive

Directors

獨立非執行董事

Professor Sun Kai Lit, Cliff BBS, JP 孫啟烈教授BBS, 太平紳士	4/4	1/2	1/1	2/2	1/1
Ir Dr. Lo Wai Kwok SBS, MH, JP 盧偉國博士SBS, MH, 太平紳士	3/4	2/2	1/1	2/2	0/1
Mr. Andrew Look 陸東先生	4/4	2/2	1/1	2/2	1/1
Mr. Kong Kai Chuen, Frankie 江啟銓先生	4/4	2/2	1/1	2/2	1/1

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code throughout the year under review.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the financial statements of the Company for the year ended 31 December 2017. The statement of the external auditor of the Company in relation to their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 91 and 93.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for maintaining and reviewing the effectiveness of the risk management and internal control systems of the Group in order to safeguard the Group's assets and shareholders' investments. The systems of risk management and internal control of the Group are designed to manage rather than eliminate the risk of failure to achieve corporate objectives and only provide reasonable but not absolute assurance against material misstatement or loss.

The Audit Committee assists the Board in fulfilling its role in reviewing the Group's financial, operational and compliance controls and reviewing the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions, and the adequacy and effectiveness of the Group's internal control procedures on the continuing connected transactions.

The management assists the Board in the implementation of the Group's policies, procedures and limits within the Board's approved risk appetite by identifying and assessing the risks faced and monitoring the design and operation of the relevant internal control measures to mitigate and control these risks.

董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載之董事進行證券交易的標準守則(「標準守則」)。經向全體董事作出具體查詢後確認，彼等於回顧年度內一直全面遵守標準守則所載規定準則。

董事就財務報表所承擔之責任

董事確認彼等對編制本公司截至二零一七年十二月三十一日止年度財務報表之責任。本公司之外聘核數師就其對本集團財務報表之申報責任而發出之聲明，載於第91及第93頁之獨立核數師報告內。

風險管理及內部監控

董事會全權負責維持及檢討本集團風險管理及內部監控系統之成效，以保障本集團資產及股東之投資。本集團之風險管理及內部監控系統旨在管理而非消除未能達成業務目標之風險，並只提供合理而非絕對保證無重大錯誤陳述或損失。

審核委員會協助董事會履行其於本集團財務、營運及合規監控方面之監察職責，並檢討本集團會計、內部審核及財務匯報職能方面之資源、員工資歷及經驗、培訓課程及預算之充足性，以及本集團內部監控系統就持續性關連交易的監控的足夠性及有效性。

管理層通過識別及評估所面對之風險，協助董事會執行本集團之政策、程序以及董事會批准之風險消納範圍內之限制，並監察相關內部監控措施之設計及運作，以減少及控制此等風險。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

During the year, the Group has engaged an external independent professional firm to review its internal control system covering all relevant financial, operational and compliance control functions within an established framework. Reports prepared by this firm are submitted to the Audit Committee of the Company twice a year for review to ensure that an effective and adequate internal control system is in place.

The Group has also engaged an independent professional consultant to identify, evaluate and prioritise the significant risks exposed to the Group through reviewing the implemented system and procedures, including areas covering financial, operational and legal compliance controls and risk management functions. In addition, a structured approach to risk management was adopted and a risk-based three-year internal audit plan was introduced through restructuring of internal control system in order to address the significant risks identified and assessed by the Group.

During the year, the Board has conducted a review on the effectiveness of risk management and internal control systems through the Audit Committee and the outsourced internal auditor. The scope of review was previously determined and approved by the Audit Committee.

For the year ended 31 December 2017, the Board considered that the Company's internal control and risk management systems are adequate and effective and the Company has complied with the code provisions on internal control and risk management of the CG Code.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

Foreign Exchange Risk

Most of the Group's transactions were conducted in US dollars, Renminbi or Hong Kong dollars. As such, the Group is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between US dollars, Renminbi and Hong Kong dollars. The Group will closely monitor its overall foreign exchange exposure with a view to safeguarding the Group from exchange rate risks.

年內，本集團已聘用外間獨立專業機構檢討其內部監控系統，包括已建立的架構內的所有相關財務、營運及依從規例監控效能。該機構每年兩次把所編制之報告提呈本公司之審核委員會審閱，以確保有效及足夠之內部監控系統已存在。

本集團已經聘用獨立專業顧問透過檢討已實行的制度及程序，範圍涵蓋財務、營運及法律合規監控及風險管理功能方面，以識別、評估及排序本集團面對之重大風險。再者，本集團採納具結構化的風險管理方法，並透過重組內部監控系統引入以風險為導向的內部審核三年規劃，以應對本集團已被識別和評估之重大風險。

年內，董事會透過審核委員會及外聘內部審計師對本集團的風險管理及內部監控系統之成效完成相關檢討。檢討範圍事先由審核委員會決定及批准。

截至二零一七年十二月三十一日止年度，董事會認為本公司的內部監控及風險管理制度乃充足及有效，而本公司亦已遵守企業管治守則有關內部監控及風險管理的守則條文。

本公司所面對主要風險及不明朗因素

外匯風險

本集團的大部分交易均以美元、人民幣或港元進行。因此，本集團已注意到美元、人民幣及港元匯率的波動可能引起的潛在外匯風險。本集團將密切監察其整體外匯風險以避免本集團遭受匯率風險所帶來之影響。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

Competition Risk

Competition risk arises from the emergence of a number of competitors in the industry. Price cut from competitors intensifies the risk. The Group believes that the provision of quality products and after sales service to customers are the only way to gain and maintain customer confidence and loyalty.

PROCEDURES AND INTERNAL CONTROLS FOR HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The handling and dissemination of inside information of the Group is strictly controlled to avoid unauthorised use of inside information. All staff are required to sign the employee confidentiality agreement and access to inside information is restricted to employees on a need to-know basis. In addition, the Group also set out procedures for inside information identification, reporting and disclosure. The Group will review the effectiveness of the current procedures from time to time to ensure the compliance of the relevant regulatory requirements.

AUDITOR'S REMUNERATION

The total auditor's remuneration in relation to statutory audit work and non-audit services of the Group payable to the Company's external auditor, RSM Hong Kong, is set out as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Statutory audit	法定審核	1,750	1,660
Non-audit services ⁽¹⁾	非審核服務 ⁽¹⁾	443	399
Total	總數	2,193	2,059

Note:

1. Non-audit services mainly include agreed-upon procedures on interim results and tax advisory services.

競爭風險

競爭風險來自行業湧現大量競爭對手。競爭對手降價令風險加劇。本集團相信，向客戶提供優質產品及售後服務乃獲得及維持客戶信心及忠誠之唯一途徑。

處理及發佈內幕消息的程序及監控措施

本集團嚴格控制處理及發佈本集團內幕消息，以避免未經授權使用內幕消息。所有員工均需要簽署僱員保密協議及限制員工按須知基準取得內幕消息。再者，本集團也設置內幕消息識別、報告及披露程序。本集團將不時檢討目前程序的有效性，以確保遵守相關監管規定。

核數師之酬金

本集團應付予外聘獨立核數師中瑞岳華(香港)會計師事務所有關法定審核及非審核服務的核數師酬金如下：

附註：

1. 非審核服務主要包括中期業績之約定程序及稅務諮詢服務。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

COMPANY SECRETARY

The Company Secretary of the Company is a full time employee of the Company. For the year ended 31 December 2017, the Company Secretary has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Procedures for convening extraordinary general meeting on requisition

Pursuant to Article 64 of the Company's Articles of Association, an extraordinary general meeting may 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 Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board 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 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedure for putting forward proposals at general meeting

A shareholder shall make a written requisition to the Board or the Company Secretary at the Company's office in Hong Kong, specifying the shareholding information of the shareholder, contact details and the proposal he/she intends to put forward at the general meeting regarding any specified business and its supporting documents.

公司秘書

本公司之公司秘書為本公司之全職僱員。截至二零一七年十二月三十一日止年度，公司秘書已遵守上市規則第3.29條的相關專業培訓規定。

股東之權利

請求召開股東特別大會之程序

根據本公司組織章程細則第64條，股東特別大會亦可由一名或多名持有股東要求召開，該等股東於提出要求當日須持有本公司實繳股本不少於十分之一並有權在股東大會上投票。有關要求須以書面形式向董事會或公司秘書提出，藉以要求董事會就處理有關要求所指明之任何事務而召開股東特別大會。有關會議須在遞交該請求書後兩個月內召開。如董事會在請求書遞交日期起計二十一日內未有進行安排召開有關會議，則請求人(或多名請求人)可用相同方式自行召開會議，且請求人因董事會未有妥為召開會議而招致的所有合理費用，須由本公司償還請求人。

於股東大會上提呈建議之程序

股東須致函本公司香港辦事處向本公司之董事會或公司秘書提出書面要求，當中須列明該股東的股權資料、其詳細聯絡資料，以及擬就任何具體的事務而於股東大會上提呈的建議及其有關文件。

Shareholders' enquiries

Shareholders should direct their questions in relation to their shareholdings to the Company's share registrar. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Shareholders may send written enquiries to the Board by writing to the Company Secretary at the Company's Hong Kong office at Room A, 29th Floor, Tower B, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.

Constitutional Documents

There is no change in the Company's constitutional documents during the year ended 31 December 2017.

股東提問

股東應向本公司股份過戶登記處提出有關其股權之疑問。股東可隨時要求索取有關本公司之公開資料。股東亦可致函公司秘書向董事會作出查詢，本公司香港辦事處之地址為香港九龍九龍灣宏光道一號億京中心B座29樓A室。

組織章程文件

於截至二零一七年十二月三十一日止年度，本公司之組織章程文件並無任何變動。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會與管治報告

Ka Shui International Holdings Limited (“Ka Shui” or the “Company”), as a leading company specialising in magnesium, aluminium and zinc alloy die casting, and plastic injection moulding, understands that a sustainable business must be both environmentally and socially responsible. To achieve this goal, we have continued our commitments to sustainable business development, and prepared the Environmental, Social & Governance (“ESG”) report covering the period from 1 January 2017 to 31 December 2017 (the “Reporting Period”). This is also the first time for us to disclose environmental key performance indicators (“KPIs”), marking significant step in our sustainability performance tracking.

The ESG Report was prepared in accordance with Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, and has been reviewed and approved by the Board of Directors. The scope of the ESG report is confined to the Company and its major subsidiaries (collectively, the “Group”), and is as listed below:

- Ka Shui International Holdings Limited
- Ka Fung Industrial Technology (Huizhou) Company Limited
- Ka Yi Technology (Huizhou) Company Limited
- Ka Shui Technology (Huizhou) Company Limited (“Ka Shui Technology”)

Looking ahead, Ka Shui will continue to invest for sustainable growth, and work towards our vision to develop into a leading green and high-tech enterprise. If you have any feedback or suggestions, please send them through email at enquiry@kashui.com. Your valuable feedback and suggestion would greatly help us to continuously improve our sustainable performance.

作為一家專注於鎂、鋁和鋅合金壓鑄及塑膠注塑的領先公司，嘉瑞國際控股有限公司（「嘉瑞」或「本公司」）明瞭可持續發展的企業務必具有環境和社會責任。為了實現此目標，我們已繼續對可持續企業發展的承諾，編制了涵蓋二零一七年一月一日至二零一七年十二月三十一日期間（「報告期間」）的環境、社會與管治（「環境、社會與管治」）報告。這更是我們首次披露環境表現的關鍵績效指標（「關鍵績效指標」），標誌著我們於追蹤可持續發展表現踏出重要的一步。

我們根據香港聯合交易所有限公司證券上市規則附錄27編制環境、社會與管治報告，並經由董事會審閱及批准。環境、社會與管治報告的範圍以本公司及其主要附屬公司（統稱「本集團」）為限，並列示如下：

- 嘉瑞國際控股有限公司
- 嘉豐工業科技(惠州)有限公司
- 嘉宜科技(惠州)有限公司
- 嘉瑞科技(惠州)有限公司（「嘉瑞科技」）

展望未來，嘉瑞將會繼續投資以取得可持續增長，並致力向著我們的願景前進，發展成為一家領先的綠色高科技企業。若有任何意見或建議，敬請發送電郵至enquiry@kashui.com。您的寶貴意見及建議對繼續提升我們的可持續表現將有莫大幫助。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

STAKEHOLDERS ENGAGEMENT AND MATERIALITY ASSESSMENT

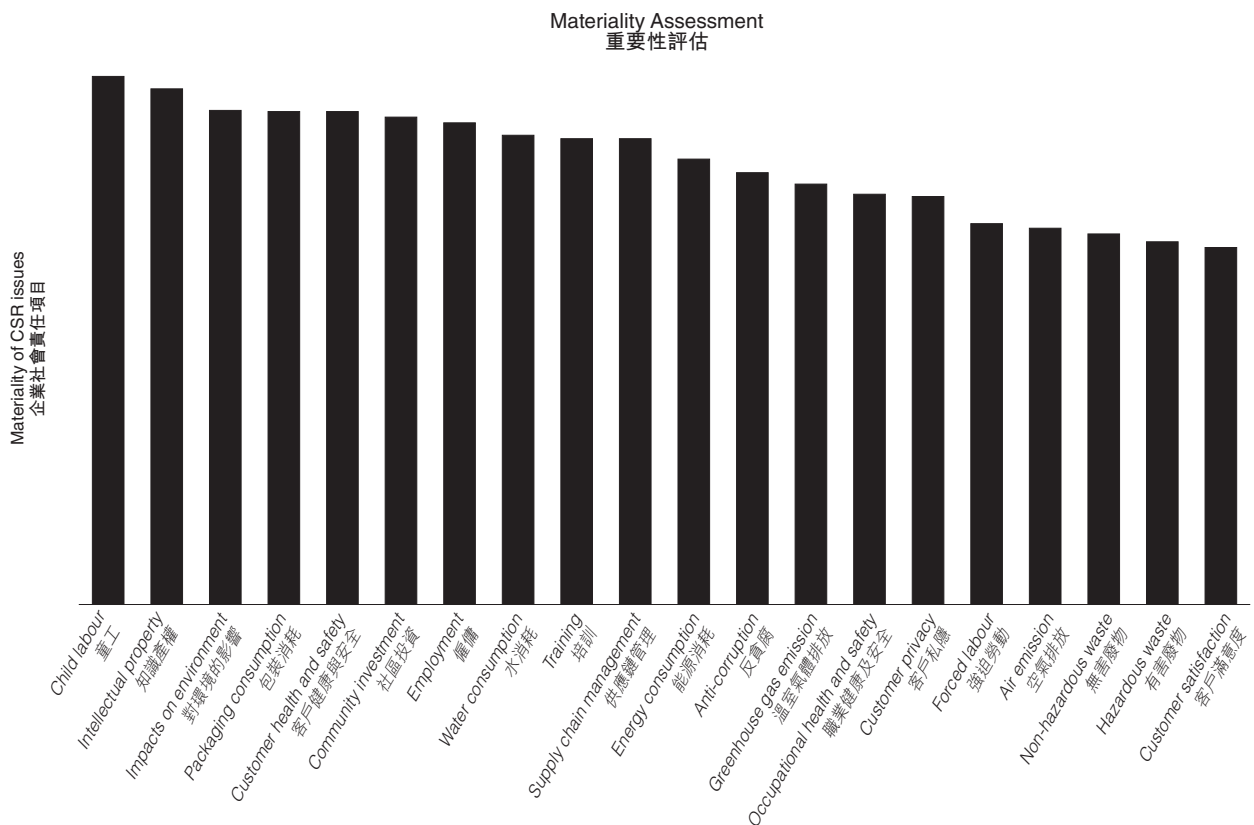
Realising stakeholders' importance in the whole ESG management, we value the process of stakeholders engagement and materiality assessment in order to gather information to refine our strategies. We have conducted an online survey to gather views from our key stakeholders, including employees, suppliers, customers and non-governmental organisations, to identify issues that are most important to our business, as well as having the highest concerns from our stakeholders.

Through the survey, 20 corporate social responsibility ("CSR") issues were rated by stakeholders and the result is presented below. The top 5 material issues identified are child labour, intellectual property, impacts on environment, packaging consumption and customer health and safety. With the results in mind, we will continue to improve our ESG performance, and engage with our stakeholders so as to meet their expectations.

持份者參與重要性評估

意識到持份者在整個環境、社會與管治管理中之重要性，為了蒐集資料來優化我們的策略，我們重視持份者參與重要性評估的過程。我們以網上調查方式收集我們主要持份者，包括員工、供應商、客戶及非政府組織的意見，識別對業務最重要的問題，以及我們主要持份者高度關注的議題。

通過調查，持份者選出二十個企業社會責任（「企業社會責任」）問題，結果載列如下。據所識別的五大重要問題是童工、知識產權、對環境的影響、包裝消耗及客戶健康與安全。以此結果為鑑，我們將繼續提升環境、社會與管治的表現，並與持份者一同參與以達到他們的期望。



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

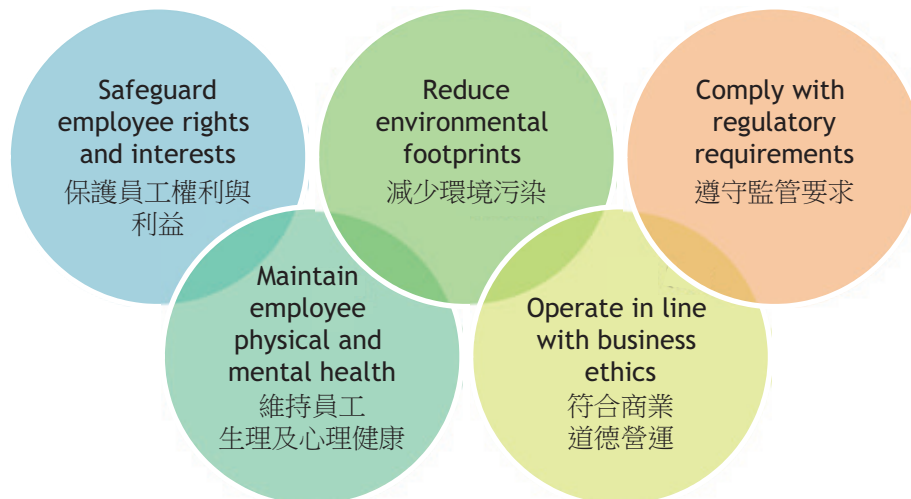
環境、社會與管治報告(續)

CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT

“Respecting people, honouring customers, fostering innovation, and supporting continuous improvement” are Ka Shui’s key operating principles. With the vision of pursuing sustainability, we have formulated a group-level CSR Policy with five core commitments: safeguarding employees’ rights and interests, maintaining employee physical and mental health, reducing environmental footprints, complying with regulatory requirements, and operating in line with business ethics.

企業社會責任管理

「以人為本、以客為尊、科技創新及持續改善」是嘉瑞的主要經營原則。懷著追求可持續發展的願景，我們制定了集團層面的企業社會責任政策，當中有五個核心承諾：保護員工權利與利益、維持員工生理及心理健康、減少環境污染、遵守監管要求及符合商業道德營運。



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Guided by this management framework, we incorporate these corporate values into our daily practices. Various tools, including CSR Code of Conduct and 7S Management, are developed at the subsidiary level with reference to international and industry-specific standards, such as Social Accountability International SA 8000, Electronic Industry Citizenship Coalition (“EICC”) Code of Conduct, relevant ISO standards and Forest Stewardship Council (“FSC”).

The 7S Management

The 7S Management has been originated from the 5S management, and its building blocks are the most powerful lean manufacturing tools. The 5S come from Japanese terms beginning with the letter “S” — Seiri, Seiton, Seiso, Seiketsu and Shitsuke, and together with two additional phrases — “Safety” and “Save” to complete our management approach. It is particularly used for successfully guiding our employees over the years to maintain a healthy and safe workplace to manufacture quality products and to conserve resources through behavioural changes.

A. BUSINESS ETHICS

Pursuing Excellence in Business

Whilst providing quality production and service, we aim to go one step further by practising ethical business and sustainable value creation with our business partners and the community. Complying with all applicable laws and regulations in our operation, we strive to pursue excellence in our business.

按照此管理架構，我們將這些企業價值觀融合在日常營運中，並在附屬公司層面借鑒國際和行業標準(如SA 8000社會責任國際標準、電子行業公民聯盟(「EICC」)行為準則、相關的ISO標準和森林管理委員會(「FSC」)，制定了各種政策，包括企業社會責任行為準則及7S管理。

7S管理

7S管理源於5S管理，而每一個詞語均是其中一個最強大的精益生產方法。5S來自開頭字母為「S」的日語 — Seiri「整理」、Seiton「整頓」、Seiso「清掃」、Seiketsu「清潔」及Shitsuke「素養」，而另外兩個詞語是Safety「安全」和Save「節約」，這7個詞語反映了我們的管理方法。這個方法尤其用於成功地指導我們的員工多年來維持一個健康和安全的工作場所，從而生產出高品質的產品及通過行為改變而節約資源。

A. 商業道德

追求卓越

在提供高質素產品和服務的同時，我們致力於踏出多一步，與我們的業務合作夥伴和社區一同實踐道德企業及可持續性價值創建。在營運中符合所有適用的法律和監管，我們致力追求卓越。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Anti-Corruption

Ka Shui upholds the principle of “Compliance, Integrity, Fairness, and Anti-corruption” seriously and stands against any forms of bribery in order to do business ethically and responsibly. To implement this strong commitment, we strictly prohibit our employees from receiving, directly or indirectly, any forms of benefits such as presents and money by stating clearly in our anti-corruption policy and staff handbook. Whistling-blowing channels are also set up for reporting any suspicious case of corruption.

Externally, we have established strict rules for all our business partners which are detailed in our code of conduct and anti-corruption policy. We require all suppliers to follow the content stated in the declaration of integrity; otherwise, they will be blacklisted and may be subject to legal prosecution. During the Reporting Period, there was no violation of relevant laws and regulations relating to bribery, extortion, fraud or money laundering.

Intellectual Property Rights

We value and respect intellectual property rights. At Ka Shui, there are patents and trademarks held for our technologies and developed materials. As the owner of these patents, we understand the importance of intellectual property to business. Therefore, we strictly adhere to our confidentiality and data protection policy, by clearly specifying in our employee handbook and the employment agreement the need for all employees to strictly follow all the rules and regulations related to intellectual property rights within the Group, striving to best protect the Group and our customers' interests in intellectual properties.

反貪腐

嘉瑞認真貫徹「奉公守法、誠信廉潔、公平公正、禁止腐敗」原則，反對任何形式的賄賂，以實現經營道德及責任。為履行這堅定承諾，我們嚴格禁止我們的員工直接或間接收取任何形式的利益，包括禮物和金錢，並已於我們的反貪腐政策及員工手冊中清楚例明。此外，我們也設立舉報渠道供舉報任何懷疑反貪腐案件。

對外方面，我們對所有業務合作夥伴制定了嚴格的規章制度，這些規章制度詳列於我們的行為準則和反腐政策中。我們要求所有供應商遵循誠信宣言中所規定的內容；否則，他們將被列入黑名單，並可能受到法律起訴。於報告期間，並無違反與賄賂、敲詐勒索、詐騙或洗黑錢有關的相關法例及監管。

知識產權

我們非常重視和尊重知識產權。嘉瑞持有一些技術和已開發材料的專利和商標。作為專利擁有者，我們明白知識產權對一個企業的重要性。因此，我們嚴格遵守我們的保密和數據保護政策，亦於我們的員工手冊及僱傭合約中清楚例明所有員工須嚴格遵守所有本集團內有關知識產權的規則及監管，以致力保護本集團及我們客戶知識產權的利益。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Customer Satisfaction

As a provider of one-stop service backed by our strong technology and innovation expertise, it is our primary goal to deliver value-added services and products to our customers. Aiming to satisfy our client's expectations and identify room for continuous improvement, we conduct customer satisfaction surveys twice a year. In case of any dissatisfaction or return of product from customers, we will investigate the reasons and set up improvement plans on our production and service. Constant follow-ups procedures are implemented to prevent recurrence of the same deficiency.

Customer Privacy

Strict rules are set up to ensure proper handling of any confidential information of clients and the Group. For example, we sign confidentiality and non-disclosure agreements ("NDAs") with our clients to protect all customers' confidential business information and product information.

Product Responsibility

Ka Shui aims to satisfy customers' expectations and comply with all applicable laws and regulations. To achieve this goal, we have established quality management systems certified with the international standard ISO 9001. We actively take the lead in ensuring the safeness and quality of our products by setting up procedures to identify and evaluate risk factors of our services and products; and thus effectively control those risks. All of our employees are devoted to working according to their job responsibilities defined in the quality system and do the best to satisfy our customers.

Supply Chain Management

In addition to our internal operation, we hope to convey our CSR values to business partners that we interact with and build mutual trust. All new suppliers are required to go through a thorough supplier assessment which consists of not only criteria linked to product quality, but also a wide range of CSR-related aspects, such as environmental protection, Occupational Health and Safety ("OHS"), intellectual property rights, privacy, and labour standard and welfares.

客戶滿意度

作為一站式服務提供者，我們有強大的科技及創新專業為後盾，提供增值服務及產品予客戶是我們的主要目標。為了滿足客戶的期望，並尋找持續改善空間，我們一年進行兩次客戶滿意度調查。客戶如有任何不滿或退貨，我們會調查原因，並制定改善我們的生產和服務之計劃。我們實施持續跟進流程，以防止再次出現相同的缺陷。

客戶私隱

我們訂立了嚴格的規則，確保客戶和本集團的任何保密信息得到妥善處理。例如，我們與我們的客戶簽署保密及不披露協議（「保密及不披露協議」）來保護客戶的機密商業信息和產品信息。

產品責任

嘉瑞旨在滿足客戶的期望，並遵守所有適用的法律及監管。為了達到此目標，我們已建立經ISO 9001國際標準認證的品質管理體系。透過設定程序以識別及評估我們的服務及產品的風險因素，我們主動帶頭確保我們產品的安全及品質；再而有效地控制該等風險。我們所有員工均按照品質系統內闡明的工作責任投入工作，而且盡他們所能滿足我們的客戶。

供應鏈管理

除我們的內部營運以外，我們希望將我們的企業社會價值傳達給與我們有交流的業務合作夥伴，並建立相互信任關係。所有新的供應商必須通過一個全面的供應商評估制度，不僅包括與產品品質有關的標準，也包括與企業社會責任相關的所有方面，如環境保護、職業健康與安全（「職業健康與安全」）、知識產權、隱私權、勞工標準和福利。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Suppliers have to sign the Supplier Environmental Agreement to ensure they understand our CSR policy and are committed to accomplishing our expectations according to ISO 14001 Environmental Managing System. Since we strictly follow the RoHS and REACH standards, suppliers are required to declare that their supplying materials are complying with the standards, and also to submit testing reports performed by third-party for verification of the compliance. For instance, chemical suppliers are required to submit Material Safety Data Sheet (“MSDS”) to disclose the health and safety hazard information of the chemicals and corresponding health and safety measures. We will request improvement plans in case of discovery of violation. Ka Shui may terminate the business relationship if no corrective or preventive actions are taken.

Apart from managing our suppliers, we also look closely at the ethicality of our procurement activities. For raw materials, minerals such as tantalum, tin, tungsten, and gold in particular, we do not source minerals from whose extraction and trade in unstable regions affected by armed groups such as the Democratic Republic of Congo or adjoining countries, which have been known for perpetrating human right abuses.

B. EMPLOYEE

Respecting Our People

Ka Shui upholds the values of “Respect, Passion, Integrity, Teamwork and Initiative”. They have been major elements in our business philosophy since the beginning of our business back in 1980, and is one of the key reasons to the success of our business. We believe that people can bring us continuous innovation and improved productivity. Our employees, in particular, are whom we profoundly respect as they are the backbone supporting the growth of Ka Shui. With this in mind, it is our goal to create a harmonious workplace and a mutual relationship with our employees.

供應商必須簽署一份供應商環境協議，以確保他們瞭解我們企業社會責任政策，並承諾依照ISO 14001環境管理系統達到我們的期望。由於我們嚴格遵循《使用有害物質限制》(「RoHS」)和《化學品的註冊、評估、授權和限制法規》(「REACH」)標準，供應商須申報其所提供材料符合標準，而且須要提交由第三方檢測的報告，以驗證是否合規。例如，化工供應商須提交的材料安全數據表(「MSDS」)，披露化工產品的健康和安全隐患信息及相應的健康和安全措施。若發現違規行為，我們將會要求改善之計劃。如沒有進行改正或預防行動，嘉瑞將可能暫停與其之業務關係。

除管理我們的供應商外，我們亦密切關注我們採購行為是否合符道德。原材料方面，礦物特別是鈮、錫、鎢和黃金，我們不會採購在受到武裝團體影響的不穩定地區(如剛果民主共和國或毗鄰國家)提取和貿易的礦物，因為那些地區踐踏人權。

B. 員工

尊重員工

嘉瑞秉承「尊重、熱情、廉正、團結及主動」的價值。自1980年開展我們的業務開始，這些價值觀一直成為我們業務座右銘的要素，亦是本業務成功的其中一個重要原因。我們深信，員工可以為我們帶來不間斷的創新與提升生產力。我們的員工是我們尤其尊重的，因為他們是嘉瑞發展的骨幹。有鑑於此，我們的目標是建立一個和諧的工作環境，並與我們的員工建立相互信任的關係。

Employment

A successful business should maintain a motivated environment at work. Our people are remunerated with attractive wages, fixed working hours, comprehensive insurance coverage, and statutory holidays, which are in line with national regulations and also other standards including SA8000 and EICC code of conduct. We also provide incentives to employees with outstanding achievements and performance in various aspects of work.

Beyond these, we nurture our corporate culture “Praise, Home & Love” with the aim to turn Ka Shui into a workplace treasured as a second home by our employees. Our regular publication “Window of Ka Shui” serves literally as the window of the home, in which we advocate the four values (Learn, Operate, Value, and Effective) by not only announcing company’s latest news in the publication, but also sharing knowledge regarding health, working skills or any interesting stories to our people.

僱傭

一個成功的企業應該維持一個積極的工作環境。我們的員工享有具吸引力的工資、固定的工作時間、全面的保險範圍和法定假期，這些都是按照國家規定及其他標準如SA8000標準和EICC行為準則。我們還獎勵在工作多方面有突出成就和表現的員工。

除此之外，我們培育我們的企業文化「讚美、家庭和愛」，旨在把嘉瑞的工作場所變成我們員工的第二個家。我們定期發佈「嘉瑞之窗」，字面意義就是家庭之窗，在這方面，我們提倡四個價值觀「學習、執行、價值和績效」。「嘉瑞之窗」不僅公佈公司最新消息，也與員工分享健康方面的知識、工作技能或任何有趣的故事。



“Window of Ka Shui” used to nurture our corporate culture “Praise, Home & Love” into our workplace

「嘉瑞之窗」在工作場所培育我們的企業文化 — 讚美、家庭和愛

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Equal Opportunity

The Group is committed to providing a working environment that is free from discrimination. We grant fair and equal employment opportunities based on the qualifications and abilities of employees. In respect of recruitment, promotion, performance evaluation, and salary management, we will not take unfair and differentiated treatment due to differences on the ground of nationality, age, gender, sexual orientation, gender identity, ethnicity, disability, pregnancy, political inclination, and/or other forms of difference that is unrelated to the job requirements.

We respect diversity and freedom of association, and we prohibit any forms of discrimination, harassment, and victimisation at the workplace. At the same time, to build unity and mutual trust, we operate an anonymous whistle-blowing system to encourage the reporting of misconduct while respecting the privacy of the whistle-blowers.

Labour Rights

Ka Shui cares about children's health, safety, education, and development; therefore, we strictly prohibit child labour in all our subsidiaries by checking staff's identification documents and having regular investigations. We have remedy procedures in place in case we discover child labour in our factories. We will send the children back home, followed by providing medical health check and sufficient living expenses until they are 16 years old. We aim to offer as much assistance as possible and alleviate potential negative impacts on them. In addition, we also ensure our staff work consensually, and are free from any forced labour in the workplace. During the Reporting Period, the Group does not have any non-compliance with relevant laws and regulations that have a significant impact relating to preventing child and forced labour.

平等機會

本集團承諾提供一個零歧視的工作環境。我們因應員工的資格和能力給予公平及平等的就業機會。有關招聘、晉昇、表現評估及資酬管理，我們不會因為不同國籍、年齡、性別、性取向、性別身份、種族、殘疾、懷孕、政治傾向、及／或不存在與工作要求無關的其他形式的差異而作出不公平及另類的對待。

我們尊重多樣性和結社自由，而且我們禁止在工作場所內任何形式的歧視、騷擾和傷害。同時，為了建立團結互信關係，我們建立一個匿名舉報制度，鼓勵舉報不當行為，同時尊重舉報人的隱私。

勞工權利

嘉瑞關心兒童的健康、安全、教育及發展，因此，我們在所有附屬公司嚴厲禁止僱用童工，我們會檢查職員的身份證明文件與及作出定期的調查。一旦發現我們的工廠僱用童工，我們已制定相應的補救措施。我們會送孩子回家，然後提供醫療健康檢查和充足的生活費用，直到他們16歲。我們的目標是提供盡可能的援助，並減輕對他們潛在的負面影響。此外，我們亦確保我們的職員在雙方同意下工作，並且在工作場所是沒有任何強迫勞工。於報告期間，本集團並無任何不符合有關防止童工和強迫勞工有重大影響的法律及監管。

Occupational Health and Safety

Ka Shui takes full responsibility to provide a healthy and safe workplace for our employees. We have taken effective OHS protection measures such as organising physical examination for all staff every year and for newly recruited employees. Comprehensive OHS training is also provided to our staff to enrich their knowledge on occupational health, and the correct ways of using protective equipment. Based on employees' job natures and needs, we provide extra training to ensure their complete acknowledgment to all the potential hazards and dangers in their own workplace, and are competent to safely perform all activities.

As a company with manufacturing processes such as metal alloys die casting and plastic injection moulding, there are probable work-related hazards that have the potential to cause injury, illness, or other adverse health effects. We have therefore set up our health and safety policy and a safety management system to control these OHS risks. Apart from complying with all relevant regulations and laws, we are committed to identifying, monitoring, and controlling the risks through conducting regular occupational hazard factor inspection, and formulate suitable action plans to mitigate the corresponding risks.

Accidents, however, may still happen even with all the preventive measures in place. We therefore have first-aiders in the subsidiaries as required in related legal provisions for any immediate first-aid support. In order to cope with emergency situations, we have developed an emergency procedure plan. Drills for fire and other emergency situations are also periodically conducted and reviewed to increase staff's safety awareness and response efficiency in case of emergency events.

職業健康與安全

嘉瑞負上全責為員工提供一個健康及安全的工作場所。我們已實施有效的職業健康與安全保護措施，例如每年為所有職員及新聘員工安排身體檢查。我們也向我們的員工提供全面的職業健康與安全培訓，以豐富他們在職業安全上的知識與使用防護工具的正確方法。基於員工的工作性質和需要，我們提供額外培訓，以確保他們在自己的工作場所對所有潛在的危害物和危險有完整的認知，並能安全地進行一切活動。

作為一家涉及金屬合金壓鑄和塑膠注塑等生產過程的公司，有可能存有與工作有關可引起傷害、疾病或其他不良健康影響的危害物。因此，我們制定了健康安全政策和安全管理體系，以控制這些職業健康與安全風險。除遵守所有相關法規和法律外，我們致力於通過定期進行職業危害因素檢查以識別、監測和控制這些風險，並制定相應的行動計劃，以減輕相應的風險。

但是，即使所有的預防措施存在，事故仍然可能發生。因此，我們根據任何即時急救支援相關之法律規定，在附屬公司設立急救人員。為了應付緊急情況，我們制定了緊急程序計劃。我們也定期進行消防和其他緊急情況演習和檢討，以提高員工的安全意識和在發生緊急事件時的反應。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Staff Development

We always view the talents of our employees as our most valuable asset. To let our people fully understand the Group's core values and business principles, we provide a series of training programmes based on industry-wide standard EICC requirements, covering issues related to reinforcement of labour rights, ethics, as well as OHS, so that these concepts can be internalised and contribute to building of unity and mutual trust within the Group.

Since 2005, our Ka Shui Enterprise Academy has contributed significantly to enhance the quality and skills of our employees and promote corporate culture exchange. The academy collects the demand of training from each department and formulates an annual training plan for individual employees accordingly. Through lectures and relationship-building activities, our people at different job positions and levels can have chances to nurture our rich corporate culture and develop in both personal and professional domains.

員工發展

我們一直把員工的才能視為我們最寶貴的財富。為了讓我們的員工能充分瞭解本集團的核心價值觀和經營理念，我們提供一系列基於行業標準EICC要求的培訓課程，內容包括強化勞工權利、倫理、以及職業健康與安全，令這些概念潛移默化，並有助於本集團建立內部團結和相互信任。

自2005年，嘉瑞企業學院為提升員工的質素和技能，以及宣揚企業文化交流作出重大的貢獻。學院從各部門收集了培訓的需求，從而為各員工制定週年培訓計劃。透過講座和建立關係活動，我們的員工於不同工作崗位和階層都可以培養豐富企業文化及在個人和專業領域發展的機會。



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

The Group also established an apprenticeship programme to train and develop our technical personnel, as well as to enhance the sense of belonging among employees. Experienced mentors are assigned to help and guide new employees in terms of job skills, professional ethics, and personal development.

本集團亦建立了師帶徒計劃以培訓和發展技術人員，以及加強員工之間的歸屬感。經驗豐富的導師被分配作幫助和指導新員工的工作技能、專業道德及個人發展。



Ka Shui's efforts has been recognised by the "Learning Enterprise Award" by the Professional Validation Council of Hong Kong Industries and the Hong Kong Polytechnic University for two consecutive years. This award demonstrates our commitments and outstanding performances in pursuing to be an innovative, knowledge-based, talent-based, and sustainable enterprise.

嘉瑞連續兩年獲得香港工業專業評審局和香港理工大學頒發的「學習型企業獎」，肯定了我們的努力。這個獎項證明我們在追求成為一家創新、知識型、專才型和可持續發展企業的承諾及出色的表現。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Employee Relationships

We strive to maintain a harmonious working environment and good relationship with our employees by setting up a multi-channel communication system for staff, union, and the management. By means of meetings, forums, sports competitions, and other activities, we are committed to strengthening the interactions between management and employees, and improving employee satisfaction. We listen to their voices and complaints via placing an internal opinion box, and has committed to handling them timely and impartially.

In addition, a wide range of recreational and relationship building activities are organised to nurture a strong sense of belonging to the Group among the employees, such as monthly birthday parties, basketball and singing competitions as well as Chinese New Year gathering and Mid-Autumn Lantern Carnival, on a regular basis. We also provide physical fitness rooms, library, internet rooms, and badminton courts in workplaces to foster work-life balance. These, all together, can give our staff's mind the necessary rest from daily stress and re-energised them for upcoming tasks.

員工關係

我們致力於維持一個和諧的工作環境和與員工之間良好的關係，為員工、工會及管理層建立一個多渠道溝通系統。通過會議、討論區、運動比賽和其他活動，我們承諾加強管理層與員工之間的互動，並改善員工的滿意度。我們透過設立內部意見箱聆聽他們的聲音和投訴，而且承諾適時及公平地處理。

另外，我們定期舉行了很多康樂及建立關係的活動，培養員工對本集團強大的歸屬感，如每月生日聚會、定期之籃球和歌唱比賽，以及春節聚會和中秋彩燈嘉年華。我們還在工作場所提供健身室、圖書館、互聯網室和羽毛球場以提倡工作與生活平衡。此等可以讓我們的員工得到適當的休息，釋放壓力，為即將到來的工作重新輸入能量。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)



Ka Shui New Year Concert
嘉瑞新年晚會



Birthday Party
生日聚會



Ka Shui Labour Union organized staff tour to boost team-spirit
嘉瑞工會組織員工旅行
增強團隊精神



Ka Shui organized party to celebrate the Chinese New Year with staff as well as express appreciation to staff
嘉瑞舉辦聯歡會
與員工一同慶賀新春
並向員工的付出表示謝意

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)



Ka Shui Labour Union distributed herbal tea to staff
嘉瑞工會向員工派發涼茶

C. ENVIRONMENT

Group Environmental Policy

- observe all applicable national and local laws and regulations strictly
- establish, implement and strengthen our environmental management system, as well as setting of goals for environmental achievements
- introduce cleaner production in steps; striving to conserve resource uses and reduce waste/effluent
- provide trainings and education to promote the idea of sustainable development across the supply chain
- provide channels for relevant interested parties and the public to get access to our environmental performance tracking

C. 環境

集團的環境政策

- 嚴格觀察所有適用的國家及地區法例及規定
- 設立、執行和加強我們的環境管理系統，以及訂立環境成就的目標
- 逐步引入清潔生產；致力於節省資源使用和減少廢物／污水
- 提供培訓和教育以提倡生產鏈之中可持續發展的概念
- 為有關的權益方及公眾提供渠道，讓他們可以接觸到我們環境表現的追蹤

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Protecting the Environment

As a leading green and high-tech manufacturer, we try our best to achieve sustainable development in our business, and integrate environmental protection as our core duty. We have an indivisible bond with the natural environment, as from which we strongly rely on the natural resources to manufacture our products, and thus it is our core responsibility to protect and conserve our environment. Apart from implementing all green measures across our operations within our offices and factories, additionally, we proactively explore opportunities to achieve our environmental goals and reduce our carbon footprints by following RoHS and REACH standard strictly, as well as maintaining our environmental management system which is certified to the international recognised ISO 14001 Environmental Management System Certification.

保護環境

作為一家領先的綠色高科技製造商，我們盡己所能使我們的業務達致可持續發展，並以融合環境保護為我們的核心義務。我們與自然環境有一個不可分割的紐帶，我們強烈依賴自然資源來生產我們的產品，因此保護及保育環境是我們之核心責任。除了在辦公室和工廠的營運中執行所有綠色措施外，我們更積極主動地發掘達到我們環境目標的機會，亦嚴格遵循 RoHS和 REACH標準以減少碳排放量，以及維持我們的環境管理系統。該系統是由國際公認的ISO 14001環境管理系統鑒定認可。



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED) 環境、社會與管治報告(續)

With limited amount of resources and increasing environmental pollution issues on our planet, Ka Shui places high importance on reducing the environmental footprints of our products to create values for our customers and other stakeholders. We strive to look for opportunities to deliver quality products that bring less impact to the environment.

Apart from instilling the culture of environmental protection within the Group, we strive to step forward to exert influences on and raise awareness of other parties associated with Ka Shui, in order to further minimise the impacts on the environment and natural resources. Related parties, including transportation providers, waste collectors, raw material suppliers, chemical suppliers, and canteen operators, are all required to comply with our “Environmental Requirements of Related Party”. For example, raw material suppliers are required to use recyclable packaging as far as possible and waste collectors are required to obtain relevant permits and qualifications. In case of violation, Ka Shui will follow the issues seriously and may terminate the business relationship if there are no improvements.

As a one-stop service provider, we also engage in research and development of the best environmentally friendly materials and technologies applied in the industry so as to create green values for our stakeholders. Apart from the pursuit of quality, we also aim to foster innovation on the use of materials, products and technologies, leading to higher energy efficiency for the end products, higher resource utilisation efficiency in the manufacturing process, and less impact to the environment.

全球環境污染問題日益增加，但資源有限，因此，嘉瑞高度重視減少產品對環境的污染，從而為我們的客戶和其他持份者創造價值。我們努力尋找機會，提供對環境影響較小的優質產品。

除灌輸本集團內部的環境保護文化外，我們努力主動向嘉瑞的其他相關方施加影響及提高其意識，以進一步減低環境和天然資源的影響。關聯人士包括運輸商、廢物收集商、原材料供應商、化學品供應商和食堂營辦商必須遵守我們的「關聯人士的環境要求」。例如，原材料供應商必須盡可能使用可回收包裝，廢物收集商必須取得相關的許可證和資格。如有任何違規，嘉瑞將嚴格跟進問題，如無任何改進，或可能終止業務關係。

作為一站式服務提供者，我們還從事行業中使用的最佳保護環境的材料和技術的研究和開發工作，從而為我們的持份者創造綠色價值觀。除了追求品質之外，我們亦致力在使用材料、產品和技術中提倡創新，以提高最終產品的能源效率，在生產過程中提高資源利用效率，及減少對環境的影響。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED) 環境、社會與管治報告(續)

The Group promotes sustainable technology and innovation so as to achieve sustainable growth. We collaborated with Nano and Advanced Materials Institute Limited (“NAMI”) on the research of the biocide-free germ-repellent plastic polyethylene resin, which was awarded the Gold Medal in the 45th International Exhibition of Inventions in Geneva and Gold Medal in 2017 Chinese International Invention Expo. It is an advanced material technology and is able to prevent antimicrobial germs from adsorbing and colonising on the surface to avoid cross-transmission of germs. The awarded plastic is bleach-free, non-toxic, and will not give rise to drug-resistant “superbugs”. This is a testament of the research and innovation capability of the Group.

本集團提倡可持續科技及創新，並達致可持續增長。我們與納米及先進材料研發院有限公司合作研發斥菌聚乙烯樹脂塑料，並在日內瓦第45屆國際發明展中獲得金獎，以及2017年世界華人發明博覽會中獲得金獎。該項先進材料科技可以防止微生物附在塑料表面或形成菌落，避免使用者受病菌傳播感染。此得獎物料已被證實是無漂白、無毒性，並不會產生抗藥性的「超級細菌」。由此可證明本集團研發及創新的能力。



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Waste Management

We strive to minimise our environmental footprints and we reduce our waste generation and disposal with our three waste management actions: reduce, recycle, and dispose. “Reduce” refers to the reduction of raw and office material consumption by increasing their efficiency, and is the most preferable option in our waste management. We continuously improve on the efficiency of the production process in order to lower the demand on raw materials and reduce product failures.

Separation of waste is important for proceeding into “Recycle” and “Dispose”. We separate waste into three categories — valuable waste, hazardous waste, and non-hazardous waste — by placing them in different bins with clear labels. This is a vital step in the management to isolate hazardous waste which requires different approaches to handle, and to scavenge the valuable waste for recycling.

“Recycle” refers to the recycling of valuable waste such as metals from the leftover in production, which can be recycled back into the production. “Dispose” refers to the disposal of waste to landfill. Although this is the least preferable option in waste management, there is some waste which unavoidably ends up with being disposed of. Only qualified collectors are appointed to handle the waste as it is our duty to ensure that waste, especially hazardous waste, is disposed of in strict compliance with national laws and regulations.

廢物管理

我們努力減少我們的環境污染，和透過採用我們的三項廢物管理措施：減少、回收和處置，來減少廢物生產和處置。「減少」指通過提高效率來減少使用生產原材料和辦公材料，是我們廢物管理中最可取的選擇。我們不斷提高生產過程之效率，以降低對原材料的需求及減少不合格產品。

廢物分類對「回收」和「處置」非常重要。我們將廢物分為三類：有價值的廢物、有害廢物和無害廢物，將它們分門別類放入已有不同標籤的垃圾桶。這是管理過程中的一個重要步驟，分開需要採用不同方法來處理的有害廢物，及回收有價值的廢物。

「回收」指從生產中的剩餘物中回收有價值的廢物如金屬，其可以回收再用於生產。「處置」指廢物填埋處置。雖然這是廢物管理中最不可取的選擇，但有些廢物不可避免地須處置。只有合資格的回收商會被委派處理這些剩餘物，因為確保嚴格遵守國家法例及規定處置廢物(尤其是有害廢物)是我們的責任。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Regarding hazardous waste, each department records its generation quantity monthly, as a basis for continuous improvement. During the Reporting Period, the Group disposed of a total of 348.65 tonnes of hazardous waste and 902.81 tonnes of non-hazardous waste, and the breakdown is as follows:

有關有害廢物，每個部門均每月記錄其生產數量，以作為不斷改善的基礎。於報告期間，本集團錄得總共348.65公噸有害廢物和902.81公噸無害廢物，分類如下：

Type of Waste 廢物種類	Quantity 數量	Unit 單位
Hazardous waste 有害廢物		
Chemical waste 化學廢料	346.37	tonnes 公噸
Other 其他	2.28	tonnes 公噸
Total 總計	348.65	tonnes 公噸
Intensity (per million HKD revenue) 強度(每百萬港元收入)	0.28	tonnes per million HKD revenue 公噸／每百萬港元收入
Intensity (per million pieces of product) 強度(每百萬件產品)	0.37	tonnes per million pieces of product 公噸／每百萬件產品
Non-hazardous waste 無害廢物		
Domestic waste 家用廢物	902.81	tonnes 公噸
Total 總計	902.81	tonnes 公噸
Intensity (per million HKD revenue) 強度(每百萬港元收入)	0.71	tonnes per million HKD revenue 公噸／每百萬港元收入
Intensity (per million pieces of product) 強度(每百萬件產品)	0.96	tonnes per million pieces of product 公噸／每百萬件產品

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Air & Greenhouse Gas Emissions

There is a certain amount of air pollutants produced in our manufacturing processes such as exhausts from moulding and dust from scrapping. To reduce our emissions, we have installed filtering devices for our major air pollutants, such as volatile organic compound (“VOC”) and particulate matter (“PM”), along our production chain to ensure the emission level complies with the national regulations. Monitoring of the air quality is conducted by third parties regularly to ensure the level of pollutants are controlled properly and does not exceed the threshold limit. The Group’s emissions where we have available records during the Reporting Period are as follows:

空氣及溫室氣體排放

在我們的生產過程中會產生一定的空氣污染物，如塑模時排放的廢氣和銷毀時的塵埃。為了減少排放量，我們已經在我們的生產鏈安裝了過濾設備，過濾我們生產的主要空氣污染物，包括揮發性有機化合物（「揮發性有機化合物」）和顆粒物（「顆粒物」），以確保排放水準符合國家規定。我們聘請第三方定期進行空氣品質監測，以確保污染物濃度適當地受控及不超過限值。於報告期間，本集團已記錄的排放量如下：

Air Pollutants 空氣污染物	Emission 排放量	Unit 單位
VOCs 揮發性有機化合物	4,719.60	kg 公斤
PM 顆粒物	2,067.00	kg 公斤
Nitrogen oxides 二氧化碳	1,241.02	kg 公斤
Dust 塵埃	262.53	kg 公斤
Benzene 苯	37.87	kg 公斤
Hydrogen chloride 氯化氫	457.00	kg 公斤
Toluene and xylene 甲苯和二甲苯	2,649.60	kg 公斤
Total 總計	11,434.62	kg 公斤

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

In view of the challenge due to climate change, we pay special attentions to the Group's greenhouse gas ("GHG") emission and are committed to reducing our impact on the environment by implementing various policies and measures. We have conducted a GHG emission assessment to understand the Group's emission pattern and we found that the consumption of natural gas, gasoline, refrigerant, and electricity are the major contributors of our GHG emissions. During the Reporting Period, the total amount of GHG emission is 37,530.46 tCO₂e, which the breakdown is as follows:

鑑於氣候變化的挑戰，我們特別注意本集團的溫室氣體排放，並且承諾透過執行各樣政策和措施以減低對環境的影響。我們亦已進行溫室氣體排放評估，以瞭解本集團的排放模式。我們發現我們的溫室氣體排放主要來自天然氣、汽油、制冷劑和電力消耗。於報告期間，總溫室氣體排放量是37,530.46公噸二氧化碳當量，分類如下：

Greenhouse Gases 溫室氣體排放	Emission 排放量	Unit 單位
Scope 1 範圍一		
Stationary fuel 固定燃料	3,982.54	tCO ₂ e 公噸二氧化碳當量
Vehicle fuel 車輛燃料	121.86	tCO ₂ e 公噸二氧化碳當量
Refrigerant 制冷劑	461.66	tCO ₂ e 公噸二氧化碳當量
Scope 2 範圍二		
Electricity 電力	32,964.40	tCO ₂ e 公噸二氧化碳當量
Total 總計	37,530.46	tCO₂e 公噸二氧化碳當量
Intensity (per million HKD revenue) 強度(每百萬港元收入)	29.69	tCO ₂ e per million HKD revenue 公噸二氧化碳當量／每百萬港元收入
Intensity (per million pieces of product) 強度(每百萬件產品)	39.82	tCO ₂ e per million pieces of product 公噸二氧化碳當量／每百萬件產品

To reduce our carbon footprints, the Group is working on the setting of reduction targets based on our emission data and is committed to implementing corresponding measures in the future.

為減少我們的碳排放量，本集團現正根據我們的排放數據設立減排目標，並承諾未來執行相關的措施。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Use of Resources

To effectively manage our resources and energy use, we have set up the Energy and Resource Consumption Control Procedure. It clearly outlines the responsibility of each department on managing each resource type, including electricity, fuel, water, raw materials, and packaging materials.

Energy Use

The main types of energy resource consumed are electricity, natural gas for boilers, and gasoline for vehicles. During the Reporting Period, the Group consumed a total of 38,022,918.59 kWh of electricity, 2,106,545.10 m³ of natural gas and 45,814.49 litres of gasoline which the details are as follows:

資源利用

為了有效地管理我們的資源和能源利用，我們已設定能源及資源消耗控制程序。該程序清晰地概述每個部門於管理每項資源的責任，包括電力、燃料、水、原材料和包裝材料。

能源利用

能源消耗的主要種類有電力、用於鍋爐的天然氣和用於汽車的汽油。於報告期間，本集團消耗了總共38,022,918.59千瓦小時電力、2,106,545.10立方米天然氣和45,814.49升汽油，分類如下：

Type of Resources 資源種類	Consumption 消耗量	Unit 單位
Electricity 電力	38,022,918.59	kWh 千瓦小時
Intensity (per million HKD revenue) 強度(每百萬港元收入)	30,077.25	kWh per million HKD revenue 千瓦小時／每百萬港元收入
Intensity (per million pieces of product) 強度(每百萬件產品)	40,347.30	kWh per million pieces of product 千瓦小時／每百萬件產品
Natural gas 天然氣	2,106,545.10	m ³ 立方米
Intensity (per million HKD revenue) 強度(每百萬港元收入)	1,666.34	m ³ per million HKD revenue 立方米／每百萬港元
Intensity (per million pieces of product) 強度(每百萬件產品)	2,235.32	m ³ per million pieces of product 立方米／每百萬件產品
Gasoline 汽油	45,814.49	litres 升
Intensity (per million HKD revenue) 強度(每百萬港元收入)	36.24	litres per million HKD revenue 升／每百萬港元收入
Intensity (per million pieces of product) 強度(每百萬件產品)	48.62	litres per million pieces of product 升／每百萬件產品

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED) 環境、社會與管治報告(續)

We are committed to utilising energy efficiently and thus to reduce our greenhouse gas emissions by monitoring our energy usage. Our production facilities are installed with electricity meters at specified locations to record the electricity use, and hence we can understand the pattern of energy use and can identify areas for further improvement.

Apart from monitoring, we always look for feasible opportunities to lower our energy usage. Beginning from procurement, we tend to purchase machineries and electrical appliances which are certified with energy-saving labels. In the office context, while meeting the operation needs of lighting and air conditioning, reminders are placed next to power switches to remind staff members to avoid unnecessary consumption of electricity. Staff are reminded to switch off electrical equipment, such as computers, printers, and shredders when not in use.

For vehicle fuel, we conduct regular maintenance and annual inspection to ensure vehicles are always operating in good condition.

我們承諾有效地利用能源，因此我們透過監測我們的能源耗用量減少我們的溫室氣體排放。我們的生產設施已在特定的位置安裝電錶記錄電力使用情況，從而瞭解能源利用的模式並識別進一步改進的方面。

除了監測之外，我們也一直在尋求可行的機會降低我們的能源耗用量。從採購開始，我們傾向購買有節約能源標籤的機器和電器。在辦公室環境裡，當營運時需要使用電燈和冷氣，我們在開關制旁邊張貼提示，提醒員工避免不必要的電力消耗。我們還作出指引，提醒員工在不使用時關閉電力設備如電腦、打印機和碎紙機。

至於車輛燃料方面，我們實行定期修理和年度檢查以確保車輛時刻在良好狀態下運作。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Water Resources

We endeavour to implement an effective water management through efficient water use and water recycling. Our primary goal is to reduce the water consumption by monitoring our water use, inspecting water pipes constantly to prevent any water leakage, and promoting water-saving behaviours to all staff. In case of water leakage, maintenance will be conducted timely to avoid wastage. For domestic water use, “water saving” signs are placed near water taps to remind our staff to treasure water resources. In addition, we strive to reuse and recycle our water resources as much as possible such that employees are encouraged to propose water-saving initiatives. During the Reporting Period, the Group consumed a total of 309,067.31 m³ of water.

水資源

我們致力於通過有效的用水和水循環來實現有效的水資源管理。我們的主要目標是通過監測用水量、經常檢查水管防止任何漏水以及向所有員工宣傳節水行為，以減少水的消耗。在漏水的情況下，將會進行適時維修以免造成浪費。在家用水方面，我們在水龍頭附近貼上「節約用水」的標誌，提醒我們的員工珍惜水資源。此外，我們努力盡量重用和回收水資源，為此我們亦鼓勵員工提議節水方案。於報告期間，本集團總共消耗了309,067.31立方米的

Type of Resources 資料種類	Consumption 消耗量	Unit 單位
Water 水	309,067.31	m ³ 立方米
Intensity (per million HKD revenue) 強度(每百萬港元收入)	244.48	m ³ per million HKD revenue 立方米／每百萬港元收入
Intensity (per million pieces of product) 強度(每百萬件產品)	327.96	m ³ per million pieces of product 立方米／每百萬件產品

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Through our strict control on production and domestic wastewater, we ensure that the discharge of wastewater complies with relevant laws and regulations, as well as the requirements of local environmental protection authorities. We also made efforts on water reclamation, for example, a wastewater treatment system was installed at Ka Shui Technology's factory to process industrial wastewater, and 60% of the treated water is successfully recycled in our manufacturing process. The total quantity of wastewater discharged during the Reporting Period is 61,788.81 m³.

透過我們嚴格控制生產和家用廢水，我們確保廢水排放合符相關的法例及規定，以及地區環境保護部門的要求。我們致力於水回收，例如在嘉瑞科技的工廠安裝廢水處理系統處理工業廢水。我們成功把60%經處理的水再用於生產階段。於報告期間廢水排放總量為61,788.81立方米。



Wastewater treatment system in Ka Shui Technology's factory
嘉瑞科技廠區內之廢水處理系統

Discharge 排放量		Unit 單位
Wastewater 廢水	61,788.81	m ³ 立方米
Intensity (per million HKD revenue) 強度(每百萬港元收入)	48.88	m ³ per million HKD revenue 立方米／每百萬港元收入
Intensity (per million pieces of product) 強度(每百萬件產品)	65.57	m ³ per million pieces of product 立方米／每百萬件產品

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Raw Materials

We aim to use sustainable raw materials which bring less harm to the environment and human throughout the product life cycle; therefore, we strictly manage the raw materials of our product in compliance with international standards, including RoHS and REACH to govern the use of the regulated hazardous substances and chemicals in production. In addition, we also follow the FSC standard as requested from our clients to ensure the wooden material we use in production are sourced from sustainable origins.

The major types of raw material consumed are plastic, magnesium alloy, aluminium alloy, and zinc alloy. Our approaches to reduce raw material usage include upgrading production equipment, optimising the production process, offering training to our employees, recycling scrapped products, and better strategic planning to control and minimise the occurrence of unqualified products. During the Reporting Period, the Group consumed a total of 530,489.81 tonnes of raw materials and details are as follows:

原材料

我們的目標是利用可持續發展的原材料，在整個產品週期循環減少對環境和人類的傷害；因此，我們根據國際標準(包括RoHS及REACH)，嚴格管理產品的原材料，從而在生產中管理使用有害物質及化工產品。此外，我們還應客戶請求，按照FSC標準，保證我們的生產過程中使用的木質材料都來自可持續發展來源。

原材料的主要種類有塑膠、鎂合金、鋁合金和鋅合金。我們減少原材料使用量的方法包括提升生產設備、優化生產過程、向員工提供培訓、回收已報廢產品，以及訂立更佳策略計劃控制及減低不合格產品的出現。於報告期間，本集團消耗了總共530,489.81公噸原材料，分類如下：

Type of raw material 原材料種類	Consumption 消耗量	Unit 單位
Plastic 塑膠	10,534.61	tonnes 公噸
Magnesium alloy 鎂合金	2.70	tonnes 公噸
Aluminium alloy 鋁合金	1,234.50	tonnes 公噸
Zinc alloy 鋅合金	518,718.00	tonnes 公噸
Total 總計	530,489.81	tonnes 公噸
Intensity (per million HKD revenue) 強度(每百萬港元收入)	419.32	tonnes per million HKD revenue 公噸／每百萬港元收入
Intensity (per million pieces of product) 強度(每百萬件產品)	562.92	tonnes per million pieces of product 公噸／每百萬件產品

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Packaging Materials

Our operations include the use of various packaging materials for containment and protection of products. The types and amounts of the majority packaging materials that we have utilised during the Reporting Period are summarised as follows:

Type of packaging material 包裝材料種類	Consumption 消耗量	Unit 單位
Carton box 紙箱	171.95	tonnes 公噸
Plastic 塑膠	39.07	tonnes 公噸
Sticker 貼紙	27.18	tonnes 公噸
Other 其它	26.25	tonnes 公噸
Wood 木材	58.95	tonnes 公噸
Total 總計	323.40	tonnes 公噸
Intensity (per million HKD revenue) 強度(每百萬港元收入)	0.26	tonnes per million HKD revenue 公噸／每百萬港元收入
Intensity (per million pieces of product) 強度(每百萬件產品)	0.34	tonnes per million pieces of product 公噸／每百萬件產品

Noise Generation

During our operation, noise is generated from vehicles and machineries such as generators and compressors. To reduce the noise level and nuisance to the surroundings, we strive to opt for high-efficient machineries to reduce the operation time and conduct regular maintenance to ensure the equipment is in good condition. By the above means, we strictly comply with the noise standards set by the government.

包裝材料

我們的營運包括使用多樣包裝材料包緊和保護產品。於報告期間我們已使用的大部分包裝材料的種類和數量概括如下：

噪音

在營運中，車輛和機器如發電機和壓縮機會產生噪音。為減低噪音等級和對周邊的滋擾，我們致力於選用高效能的機器減少生產時間，亦進行定期修理以確保設備在良好的狀態。通過以上的方法，我們嚴格遵守政府訂下的噪音標準。

D. COMMUNITY

Engaging Our Community

We are committed to giving back to our community and have made substantial and increasing contributions to the community throughout the years. We always encourage our staff to involve in the community by establishing a volunteer team which arranges activities continuously. We have actively participated in community education projects, poverty and disaster relief initiatives as well as charity events, as supporting the people in need is one of our prime objectives in community investment.

As a leader in developing special alloys, vehicle weight reduction, renewable energy, and green applications, we hope to make good use of our industry knowledge to support local education projects. To support the development of renewable energies, we have been sponsoring students of the Hong Kong Institute of Vocational Education (“IVE”) to develop a solar-powered vehicle since 2015. In the World Solar Challenge 2017, the total weight of the sixth generation of solar-powered vehicle (“SOPHIE VI”), the solar-powered vehicle developed by IVE students, has been reduced by 1/4 compared with the previous generation. It is the first time to apply rare-earth magnesium alloy in car suspension system which was sponsored and made by Ka Shui. This reduces the vehicle weight for power efficiency and also provides stronger suspension system with better corrosion resistance.

D. 社區

回饋我們的社區

我們承諾回饋我們的社區，多年來，我們已為社區作出巨大和不斷增加的貢獻。我們一直鼓勵員工參與社區活動，通過建立一支志願者隊伍，不斷參與各種活動。我們亦主動地參與社區教育項目、扶貧和賑災行動，以及慈善活動，因為幫助有需要人士是我們在社區投資的首要目標。

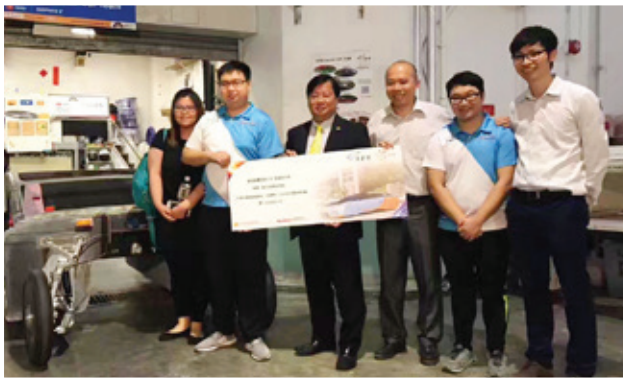
作為發展特種合金、縮減車輛重量、再生能源和綠色應用，我們希望可以善用我們的行業知識幫助地區教育項目。為了支持可再生能源的發展，自二零一五年起我們贊助香港專業教育學院的學生發展太陽能車輛。於二零一七年世界太陽能車挑戰賽，由香港專業教育學院學生研發第六代的太陽能電動車「SOPHIE VI」，其總重量比以往減少四分之一。這是首次將稀土鎂合金應用於在嘉瑞贊助和製造的汽車懸架系統。此減少了車輛重量以提升動力效率，並且提供更耐抵抗腐蝕性而且更強的懸架系統。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)



Ka Shui sponsored IVE's "SOPHIE VI" in the World Solar Challenge 2017
嘉瑞贊助香港專業教育學院之「SOPHIE VI」出戰《世界太陽能車挑戰賽2017》



Application of rare-earth magnesium alloy in car suspension system of "SOPHIE VI"
應用稀土鎂合金於「SOPHIE VI」之汽車懸掛系統



Ka Shui supported the Youth Programme, which aims to let students understand industrial development trends in Mainland, organised by The Professional Validation Council of Hong Kong Industries and Vocational Training Council.



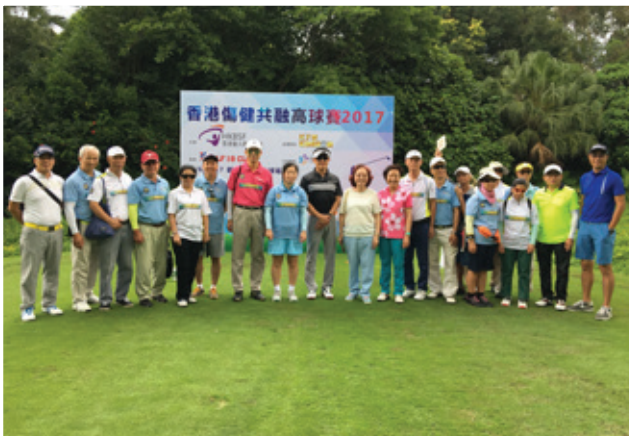
嘉瑞支持由香港工業專業評審局及職業訓練局舉辦的青少年計劃，旨在讓學生瞭解內地的工業發展趨勢。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)



Ka Shui volunteer team participated in “New Year Couplets Writing Activity”
嘉瑞義工隊參與新春寫揮春活動



Ka Shui sponsored “2017 Hong Kong Golf Tournament for All” organised by Hong Kong Blind Sports Federation
嘉瑞贊助由香港盲人體育總會舉辦的「2017年香港傷健共融高爾夫球賽」



Industry Training Advisory Committees of Qualifications Framework Hong Kong organised the “Experience Day” activity for high-school students to visit Ka Shui Technology Park
香港資歷架構之行業培訓諮詢委員會為高中生舉辦了「體驗日」，到訪嘉瑞科技園

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



RSM

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TO THE SHAREHOLDERS OF KA SHUI INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Ka Shui International Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 94 to 215, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

致嘉瑞國際控股有限公司 全體股東

(於開曼群島公司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94頁至215頁嘉瑞國際控股有限公司(「貴公司」)及其附屬公司(以下統稱「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之綜合財務狀況表，與截至該日止年度的綜合損益表及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(包括主要重大會計政策概要)。

我們認為，綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的《香港財務報告準則》(「香港財務報告準則」)真實而公平地反映貴集團於二零一七年十二月三十一日的綜合財務狀況以及其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》的披露規定妥善編制。

意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》進行審核。我們就該等準則承擔的責任將在本報告「核數師就審核綜合財務報表承擔的責任」部分中闡述。根據香港會計師公會的《專業會計師道德守則》(以下簡稱「守則」)，我們獨立於貴集團，並已履行守則中的其他職業道德責任。我們相信，我們所獲得的審核憑證能充分及適當地為我們的審核意見提供基礎。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

KEY AUDIT MATTERS

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

1. Fair value measurement of land
2. Allowance for inventories

Key Audit matter 關鍵審核事項

1. Fair value measurement of land
土地公平值的計量

Refer to notes 5(e), 7 and 19 to the consolidated financial statements.
參閱綜合財務報告附註5(e)、7及19。

The Group measures its land at fair value using a market approach. The valuation is a level 3 fair value measurement as it involves adjustments to market comparables to reflect the particular characteristics of the land, including location and plot sizes, which are based on unobservable inputs that are subjective. The value of land is sensitive to these inputs. In order to determine an appropriate fair value of the land, the Group appointed an independent professional valuer to perform the assessment.

貴集團使用市場法，按公平值計量其土地。估值為第三層公平值計量，因為當中涉及就市場可資比較資料進行調整，以反映土地的具體特性，包括地方及地段大小，乃以主觀不可觀察的參數為基礎。土地之價值對該等參數敏感。為釐定該土地的恰當公平值，貴集團委任獨立專業估值師進行評估。

關鍵審核事項

關鍵審核事項是根據我們的專業判斷，對本期間綜合財務報表的審核最為重要的事項。這些事項是在我們審核整體綜合財務報表及出具意見時進行處理的，而我們不會對這些事項提供單獨的意見。我們識別出的關鍵審核事項包括：

1. 土地公平值的計量
2. 存貨撥備

How our audit addressed the Key Audit matter 我們在審核中對關鍵審核事項的處理方式

Our procedures in relation to the fair value measurement of land included:

我們就土地公平值的計量進行的程序包括：

- Evaluation of the independent external valuer's competence, capabilities and objectivity;
評估獨立估值師的資格、能力及客觀性；
- Assessing the valuation methodologies used and the appropriateness of the key assumptions and comparables;
評估所用估值方法以及主要假設及可資比較資料是否恰當；
- Checking the accuracy of the observable inputs;
檢查可觀察參數是否準確；
- Reviewing the appropriateness of those adjustments which were based on unobservable inputs; and
檢討按不可觀察參數所作調整是否恰當；及
- Assessing the adequacy of the disclosures in respect of the fair value of land.
評估就土地公平值所作披露是否足夠。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

KEY AUDIT MATTERS (Continued)

關鍵審核事項(續)

Key Audit matter 關鍵審核事項

How our audit addressed the Key Audit matter 我們在審核中對關鍵審核事項的處理方式

2. Allowance for inventories 存貨撥備

Refer to notes 5(a) and 24 to the consolidated financial statements.
參閱綜合財務報告附註5(a)及24。

Our procedures in relation to the allowance for inventories included:

我們就存貨撥備進行的程序包括：

At the end of the reporting period, the Group identifies obsolete and slow-moving inventory items that are not probable for use in future production or to be sold out. It also identifies any other inventories with net realisable value below cost. The identification is based on forecasts of customers' future orders and future market conditions, and involves subjective estimation. The allowance has impact on the carrying amount of inventories and the profit or loss for the year.

於報告期末，貴集團識別不可能用作未來生產或售出的過時及滯銷存貨項目。彼亦識別可變現淨值低於成本的任何其他存貨。該識別是以預測客戶未來訂單及未來市場狀況為基礎，並涉及主觀估計。有關撥備對年內存貨賬面值及損益有影響。

- Reviewing inventory ageing analysis to identify obsolete or slow-moving inventories;
審閱存貨賬齡分析，識別過時或滯銷存貨；
- Testing whether the net realisable value of major items of inventories exceeded cost by reviewing sales after the reporting date; and
審閱報告日期後的銷售，測試主要存貨項目的可變現淨值是否低於成本；及
- Reviewing the appropriateness of the allowance for inventories by reference to information about subsequent sales or usage.
參考有關其後銷售或使用的資料，審閱存貨撥備是否恰當。

OTHER INFORMATION

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the 2017 annual report of the Company 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.

其他資料

董事需對其他資料負責。其他資料包括貴公司二零一七年年報所載列的全部資料(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的意見並不涵蓋其他資料及我們亦不對其他資料發表任何形式的保證結論。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

OTHER INFORMATION (Continued)

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

If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS 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 HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

其他資料(續)

在我們審核綜合財務報表時，我們的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或我們在審核過程中所了解的情況有重大抵觸，或者似乎有重大錯誤陳述。

基於我們已執行的工作，如果我們認為其他資料有重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事就綜合財務報表須承擔的責任

董事須負責根據香港會計師公會頒布的《香港財務報告準則》及《香港公司條例》的披露規定擬備真實而公平的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所必需的內部控制負責。

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

審核委員會協助董事履行監督 貴集團財務報告過程的責任。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

核數師就審核綜合財務報表承擔的責任

我們的目標，是對整體綜合財務報表是否不存在由於欺詐或錯誤而導致的任何重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向閣下(作為整體)報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

合理保證是高水平的保證，但不能保證按《香港審計準則》進行的審核工作總能發現所有存在的重大錯誤陳述。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們個別或滙總起來可能影響綜合財務報表使用者所作出的經濟決定，則可被視作重大錯誤陳述。

在根據《香港審計準則》進行審核的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審核程序以應對這些風險，以及獲取充足和適當的審核憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制，因此未能發現因欺詐而導致的重大錯誤陳述的風險比較因錯誤而導致的重大錯誤陳述的風險為高。
- 了解與審核相關的內部控制，以設計適當審核程序，但目的並非對貴集團內部控制的有效性發表意見。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

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

- 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.

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.

核數師就審核綜合財務報表承擔的責任(續)

- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露資料的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審核憑證，決定是否存在與事件或情況有關的重大不確定性，而可能對貴集團持續經營的能力構成重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提醒使用者對綜合財務報表中的相關披露資料的關注。假若有關的披露資料不足，則修改我們的意見。我們的結論是基於截至核數師報告日止所取得的審核憑證。然而，未來事件或情況可能導致貴集團不能繼續持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露資料，以及綜合財務報表是否公允反映相關交易和事項。
- 就貴集團內各實體或業務活動的財務資料獲得充足適當的審核憑證，以就綜合財務報表發表意見。我們負責指導、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。

我們與審核委員會溝通了審核計劃範圍及時間安排以及重大審核發現等事項，包括我們在審核期間識別出內部控制的任何重大缺失。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Liu Eugene.

RSM HONG KONG

Certified Public Accountants
Hong Kong
26 March 2018

核數師就審核綜合財務報表承擔的責任(續)

我們亦向審核委員會作出聲明，指出我們已符合有關獨立性的相關道德要求，並與彼等溝通可能被合理認為會影響我們獨立性的所有關係及其他事宜，以及相關防範措施(如適用)。

從與審核委員會溝通的事項中，我們釐定對本期綜合財務報表的審核至關重要的事項，因而構成關鍵審核事項。我們在核數師報告中描述該等事項，除非法律或法規不允許公開披露該等事項，或在極端罕見的情況下，倘合理預期在我們報告中溝通某事項造成的負面後果超出產生的公眾利益，則我們決定不應在報告中傳達該事項。

出具本獨立核數師報告的審核項目合夥人是廖於勤先生。

中瑞岳華(香港)會計師事務所

執業會計師
香港
二零一八年三月二十六日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

綜合損益表

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

		Note 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Revenue	收入	8	1,738,738	1,742,476
Cost of sales	銷售成本		(1,428,969)	(1,350,744)
Gross profit	毛利		309,769	391,732
Other income	其他收入	9	16,670	25,677
Selling and distribution expenses	銷售及分銷開支		(30,465)	(29,318)
General and administrative expenses	一般及行政開支		(271,500)	(262,526)
Other operating expenses and income	其他營運開支及收入	11	(22,052)	(3,157)
Profit from operations	經營溢利		2,422	122,408
Finance costs	融資成本	12	(16,115)	(17,489)
Gain on disposal of a subsidiary	出售附屬公司收益	36(b)	96,011	—
Gain on deemed disposal of subsidiaries	視作出售附屬公司收益	36(c)	—	4,635
Share of loss of associates	攤分聯營公司虧損	22	(325)	(3,400)
Profit before tax	除稅前溢利		81,993	106,154
Income tax expense	所得稅開支	13	(45,862)	(46,252)
Profit for the year	年內溢利	14	36,131	59,902
Attributable to:	以下人士應佔權益：			
Owners of the Company	本公司權益持有人		33,998	59,243
Non-controlling interests	非控股權益		2,133	659
			36,131	59,902
			HK Cents	HK Cents
			港仙	港仙
Earnings per share	每股盈利	18		
Basic	基本		3.80	6.63
Diluted	攤薄		3.80	6.55

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

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Profit for the year	年內溢利	36,131	59,902
Other comprehensive income: <i>Items that will not be reclassified to profit or loss:</i>	其他全面收益： 將不會重新分類至損益之項目：		
Surplus on revaluation of leasehold land	租賃土地價值重估之盈餘	15,017	45,146
Income tax on items that will not be reclassified to profit or loss	不會重新分類至損益之項目之所得稅	(1,576)	(8,184)
		13,441	36,962
<i>Items that may be reclassified to profit or loss:</i>	<i>可重新分類至損益之項目：</i>		
Exchange differences on translating foreign operations	換算海外業務產生之匯兌差額	48,061	(62,402)
Share of translation reserve of associates	攤分聯營公司匯兌儲備	(16)	—
Exchange differences reclassified to profit or loss on deemed disposal of foreign operations	重新分類至損益之視作出售海外業務之匯兌差額	—	(37)
Exchange differences reclassified to profit or loss on disposal of a foreign operation	重新分類至損益之視作出售海外業務之匯兌差額	6,118	—
		54,163	(62,439)
Other comprehensive income for the year, net of tax	年內除稅後其他全面收益	67,604	(25,477)
Total comprehensive income for the year	年內全面收益總額	103,735	34,425
Attributable to:	以下人士應佔權益：		
Owners of the Company	本公司權益持有人	97,081	34,248
Non-controlling interests	非控股權益	6,654	177
		103,735	34,425

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2017 於二零一七年十二月三十一日

		Note	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
		附註		
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	19	770,592	834,389
Club membership	會所會籍	21	718	718
Investments in associates	於聯營公司之投資	22	1,336	1,678
Available-for-sale financial assets	可供出售金融資產	23	—	—
Deposits paid for acquisition of property, plant and equipment	預付購買物業、機器及設備之按金		10,569	6,635
Deferred tax assets	遞延稅項資產	31	310	373
			783,525	843,793
Current assets	流動資產			
Inventories	存貨	24	252,406	196,162
Trade receivables	貿易應收款項	25	415,392	457,414
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項		69,545	66,069
Due from associates	應收聯營公司款項	22	—	2,346
Current tax assets	即期稅項資產		—	2,391
Restricted bank balances	有限制銀行存款	26	3,234	1,564
Bank and cash balances	銀行及現金結餘	26	243,994	296,008
			984,571	1,021,954
Current liabilities	流動負債			
Trade payables	貿易應付款項	27	367,394	313,088
Deposits received	已收按金		12,615	41,519
Other payables and accruals	其他應付款項及應計費用	27	83,069	87,364
Due to associates	應付聯營公司款項	22	617	636
Due to a related company	應付關聯公司款項	28	4,465	2,020
Bank borrowings	銀行借款	29	326,611	458,708
Current tax liabilities	即期稅項負債		31,253	27,537
			826,024	930,872
Net current assets	流動資產淨值		158,547	91,082

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

綜合財務狀況表(續)

At 31 December 2017 於二零一七年十二月三十一日

			2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
		Note 附註		
Total assets less current liabilities	資產總值減流動負債		942,072	934,875
Non-current liabilities	非流動負債			
Bank borrowings	銀行借款	29	41,667	107,244
Deferred tax liabilities	遞延稅項負債	31	33,762	56,124
			75,429	163,368
NET ASSETS	資產淨值		866,643	771,507
Capital and reserves	資本及儲備			
Share capital	股本	32	89,376	89,376
Reserves	儲備	34	761,946	673,803
Equity attributable to owners of the Company	本公司權益持有人應佔權益		851,322	763,179
Non-controlling interests	非控股權益		15,321	8,328
TOTAL EQUITY	權益總額		866,643	771,507

Approved by the Board of Directors on 26 March 2018
and are signed on its behalf by:

經董事會於二零一八年三月二十六日批准，並
由以下董事代表簽署：

Lee Yuen Fat
李遠發
Director
董事

Wong Cheong Yiu
黃昌耀
Director
董事

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

		Attributable to owners of the Company 本公司權益持有人應佔權益											
		Share capital 股本 HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	Retained earnings 保留盈利 HK\$'000 千港元	Capital reserve 資本儲備 HK\$'000 千港元	Merger reserve 合併儲備 HK\$'000 千港元	Foreign currency translation reserve 匯兌儲備 HK\$'000 千港元	Share option reserve 購股權儲備 HK\$'000 千港元	Statutory reserve 法定儲備 HK\$'000 千港元	Land revaluation reserve 土地重估儲備 HK\$'000 千港元	Non-controlling interests 非控股權益		Total equity 權益總額 HK\$'000 千港元
											Total	interests	
At 1 January 2016	於二零一六年一月一日	89,376	204,650	276,256	2,115	(9,931)	14,461	37	7,723	144,244	728,931	2,569	731,500
Total comprehensive income for the year	年內全面收益總額	-	-	59,243	-	-	(61,957)	-	-	36,962	34,248	177	34,425
Effect of deemed disposal of subsidiaries	視作出售附屬公司之影響	-	-	(6,559)	6,586	-	-	(27)	-	-	-	(2,355)	(2,355)
Adjustment of non-controlling interest arising from the issue of shares of a subsidiary for the settlement of contingent consideration	收購附屬公司配發股份作支付或然代價導致非控股權益調整	-	-	-	-	-	-	-	-	-	-	5,966	5,966
Transfer to statutory reserve	轉移至法定儲備	-	-	(17,429)	-	-	-	-	17,429	-	-	-	-
Capital contribution from non-controlling interests	來自非控股權益之資本投入	-	-	-	-	-	-	-	-	-	-	1,971	1,971
Changes in equity for the year	年內權益變動	-	-	35,255	6,586	-	(61,957)	(27)	17,429	36,962	34,248	5,759	40,007
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	89,376	204,650	311,511	8,701	(9,931)	(47,496)	10	25,152	181,206	763,179	8,328	771,507
Total comprehensive income for the year	年內全面收益總額	-	-	33,998	-	-	49,642	-	-	13,441	97,081	6,654	103,735
Reclassification of reserve upon disposal of a subsidiary	於出售附屬公司時儲備重新分類	-	-	92,225	-	-	-	-	(25,094)	(67,131)	-	-	-
2016 final dividend paid	支付二零一六年末期股息	-	-	(8,938)	-	-	-	-	-	-	(8,938)	-	(8,938)
Capital contribution from non-controlling interests	來自非控股權益之資本投入	-	-	-	-	-	-	-	-	-	-	339	339
Changes in equity for the year	年內權益變動	-	-	117,285	-	-	49,642	-	(25,094)	(53,690)	88,143	6,993	95,136
At 31 December 2017	於二零一七年十二月三十一日	89,376	204,650	428,796	8,701	(9,931)	2,146	10	58	127,516	851,322	15,321	866,643

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

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

	Note 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
NET CASH GENERATED FROM OPERATING ACTIVITIES			
經營業務所得現金淨額	36(a)	24,282	82,990
CASH FLOWS FROM INVESTING ACTIVITIES			
投資活動之現金流量			
Decrease in pledged bank deposits		—	194
Settlement of cash component of contingent consideration		—	(1,200)
Disposal of a subsidiary	36(b)	219,814	—
Deemed disposal of subsidiaries	36(c)	—	(1,630)
Deposit received for the disposal of a subsidiary	39(d)	—	40,000
Interest received		354	868
Proceeds from disposals of property, plant and equipment		494	255
Purchase of property, plant and equipment		(60,020)	(33,461)
Repayment to a former subsidiary for purchase of property, plant and equipment other than land and buildings		(22,810)	—
Increase in amount due to a related company		2,042	—
Deposit paid for the acquisition of property, plant and equipment		(10,245)	(2,641)
Net cash generated from investing activities		129,629	2,385
CASH FLOWS FROM FINANCING ACTIVITIES			
融資活動之現金流量			
Dividend paid		(8,938)	—
Capital contribution from non-controlling interest		339	1,971
Net short term bank loans (repaid)/ raised		(184,221)	73,741
Advance to associates		(530)	(1,788)
Repayment of long term bank loans		(150,190)	(123,714)
Long term bank loans raised		134,603	13,369

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

綜合現金流量表(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

		Note 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Net cash used in financing activities	融資活動所耗之現金淨額		(208,937)	(36,421)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	現金及等同現金項目(減少)/增加淨額		(55,026)	48,954
CASH AND CASH EQUIVALENTS AT 1 JANUARY	於一月一日的現金及等同現金項目		296,008	263,130
Effect of foreign exchange rate changes	匯率變動影響		3,012	(16,076)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	於十二月三十一日的現金及等同現金項目		243,994	296,008
ANALYSIS OF CASH AND CASH EQUIVALENTS	現金及等同現金項目分析			
Bank and cash balances	銀行及現金結餘	26	243,994	296,008

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands. The address of its principal place of business is Room A, 29/F., Tower B, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 20 to the consolidated financial statements.

In the opinion of the directors of the Company, as at 31 December 2017, Precisefull Limited, a company incorporated in the British Virgin Islands ("BVI"), is the ultimate parent and Mr. LEE Yuen Fat ("Mr. Lee") is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

1. 公司資料

本公司根據開曼群島公司法在開曼群島註冊成立為受豁免有限公司。其註冊辦事處地點為Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands。其主要營業地點為香港九龍九龍灣宏光道一號億京中心B座29樓A室。本公司之股份在香港聯合交易所有限公司(「聯交所」)主板上市。

本公司為一家投資控股公司。其附屬公司的主要業務載於本綜合財務報表附註20。

本公司董事認為，於二零一七年十二月三十一日，Precisefull Limited(一間於英屬處女群島註冊成立之公司)為最終母公司，李遠發先生(「李先生」)為本公司之最終控股方。

2. 編制基準

此等綜合財務報表乃根據適用之由香港會計師公會(「香港會計師公會」)所頒佈香港財務報告準則(「香港財務報告準則」)編制。香港財務報告準則包括香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋。此等綜合財務報表也遵從適用之聯交所證券上市規則(「上市規則」)之披露守則及香港公司條例(第622章)之披露要求。本集團所採納之主要會計政策如下文披露。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

2. BASIS OF PREPARATION (Continued)

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

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

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 January 2017. Of these, the following new or revised HKFRSs are relevant to the Group:

Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided this information in note 36(e).

2. 編制基準(續)

香港會計師公會已頒佈若干於本集團本會計期間首次生效或可供提早採納之新訂及經修訂香港財務報告準則。在該等綜合財務報表中反映之因初次應用該等與本集團有關的頒佈而引致之本年度或過往會計期間會計政策之任何變動詳述於綜合財務報表附註3。

3. 採納新訂及經修訂香港財務報告準則

(a) 運用新訂及經修訂香港財務報告準則

香港會計師公會已頒佈若干新訂及經修訂的香港財務報告準則，並於二零一七年一月一日或之後的年度首次生效。其中，新訂及經修訂的香港財務報告準則與本集團有關：

香港會計準則第7號現金流量表(修訂)：主動披露

該等修訂要求實體提供有關其負債因融資活動所產生之變動(包括因現金流量所產生之變動及非現金變動(如外匯收益或虧損))之披露。本集團已在附註36(e)中提供該等資料。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

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

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2017. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
HKFRS 16 Leases	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards 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 impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for 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 that interim financial report.

3. 採納新訂及經修訂香港財務報告準則(續)

(b) 已頒佈但尚未生效之新訂及經修訂香港財務報告準則

本集團並無提早應用已頒佈但尚未於二零一七年一月一日開始的財政年度起生效的新訂及經修訂香港財務報告準則。這些新訂及經修訂的香港財務報告準則包括以下可能與本集團相關的事項：

	於下列 會計期間 開始或 之後生效
香港財務報告準則第9號金融工具	二零一八年 一月一日
香港財務報告準則第15號來自客戶合約的收入	二零一八年 一月一日
香港財務報告準則第16號租賃	二零一九年 一月一日

本集團正在評估該等修訂及新訂準則預期於首次應用期間的影響。截至目前，本集團已識別新訂準則之若干範疇可能對綜合財務報表產生影響。有關預期影響之進一步詳情於下文討論。儘管有關香港財務報告準則第9號及香港財務報告準則第15號之評估已大致完成，惟首次採納該等準則時產生之實際影響可能有所不同，因為至今完成之評估乃根據本集團現時可得資料作出，而於首次應用該等準則前可能會識別其他影響。在準則最初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有進一步的影響。本集團亦可能變更其會計政策選擇(包括過渡選擇)，直至首次應用該等準則於中期財務報告。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

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

(b) New and revised HKFRSs in issue but not yet effective (Continued)

HKFRS 9 Financial Instruments

HKFRS 9 will replace HKAS 39 Financial Instruments: Recognition and Measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, new rules for hedge accounting and a new impairment model for financial assets.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to adopt the new standard on the required effective date and will not restate comparative information.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of HKFRS 9 to the Group's consolidated financial statements as follows:

(i) Classification and measurement

The Group expects to irrevocably designate those unlisted equity securities currently classified as available-for-sale as at fair value through other comprehensive income.

3. 採納新訂及經修訂香港財務報告準則(續)

(b) 已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

香港財務報告準則第9號金融工具

香港財務報告準則第9號將取代香港會計準則第39號金融工具：確認及計量。香港財務報告準則第9號引入金融資產分類及計量之新規定、對沖會計之新規則以及金融資產之新減值模式。

香港財務報告準則第9號按追溯基準於二零一八年一月一日或之後開始之年度期間生效。本集團計劃於規定生效日期採納新準則且將不會重列比較資料。

根據本集團於二零一七年十二月三十一日之金融資產及金融負債分析(按照該日存在之事實及情況得出)，本公司董事已評估香港財務報告準則第9號對本集團綜合財務報表之影響如下：

(i) 分類及計量

本集團預期將不可撤回地將非上市股本證券指定為可供銷售，並以公平值計入其他全面收益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

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

(b) New and revised HKFRSs in issue but not yet effective (Continued)

HKFRS 9 Financial Instruments (Continued)

(i) Classification and measurement (Continued)

Fair value gains and losses on these instruments will no longer be recycled to profit or loss on disposal. Impairment losses on equity securities will no longer be recognised in profit or loss but rather in other comprehensive income. In addition, the Group currently measures certain unlisted equity securities at cost less impairment. Under HKFRS 9 these instruments will be measured at fair value. The Group expected that such change will not have significant impact to the consolidated financial statements since the available-for sale investment has been fully impaired due to the fact that the investee has already ceased business.

(ii) Impairment

HKFRS 9 requires the Group to recognise and measure either a 12-month expected credit loss or lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects to apply the simplified approach and record lifetime expected credit losses on all trade and other receivables. The lifetime expected credit losses is estimated based on the historical default rate and forward-looking estimates. According to a preliminary assessment, the impact of the adoption of HKFRS 9 to the consolidated financial statements is immaterial.

3. 採納新訂及經修訂香港財務報告準則(續)

(b) 已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

香港財務報告準則第9號金融工具(續)

(i) 分類及計量(續)

該等工具之公平值收益及虧損將不再於出售時回撥至損益。股本證券之減值虧損將不再於損益內確認，而是於其他全面收益內確認。此外，本集團現時按成本減去減值計算若干非上市股本證券。根據香港財務報告準則第9號，該等工具將按公平值計量。本集團預期此等變動將不會對綜合財務報表產生重大影響，因為由於投資對象已停止營業，所以可供出售投資已全面減值。

(ii) 減值

香港財務報告準則第9號要求本集團確認及計量12個月內的預期信貸虧損或整個期限的預期信貸虧損，視乎資產以及事實及情況而定。本集團預期將應用簡化方法及記錄壽命於所有貿易及其他應收款項的預期信用虧損。預期信用虧損壽命是基於歷史違約率 and 前瞻性的預測估計。根據初步評估，採納香港財務報告準則第9號對綜合財務報表之影響不大。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

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

(b) New and revised HKFRSs in issue but not yet effective (Continued)

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

Based on the assessment completed to date, the Group has identified the following areas which are expected to be affected:

(i) Timing of revenue recognition

Currently, revenue from the sale of manufactured goods is generally recognised when the risks and rewards of ownership have passed to the customers.

3. 採納新訂及經修訂香港財務報告準則(續)

(b) 已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

香港財務報告準則第15號來自客戶合約的收入

香港財務報告準則第15號建立了一個確認客戶合約收入之綜合框架。香港財務報告準則第15號將取代現有收入準則香港會計準則第18號收入(涵蓋銷售商品及提供服務產生之收入)及香港會計準則第11號建造合約(規定了長期合約收入之會計處理)。

香港財務報告準則第15號於二零一八年一月一日或之後開始之年度期間生效。該準則允許運用全面追溯性或修改追溯性方法採納準則。本集團擬採用修改追溯性方法採納準則，該方法指採納之累積影響將於截至二零一八年一月一日之保留盈利內確認且將不會重列比較資料。

根據至今完成之評估，本集團已識別下列預期將受影響之方面：

(i) 收入確認之時點

目前，銷售產品產生之收入通常在所有權風險及回報轉移至客戶時確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

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

(b) New and revised HKFRSs in issue but not yet effective (Continued)

HKFRS 15 Revenue from Contracts with Customers (Continued)

(i) Timing of revenue recognition (Continued)

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies three situations in which control of the promised good or service is regarded as being transferred over time:

- (a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- (b) 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; and
- (c) 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.

If the contract terms and the entity's activities do not fall into any of these three situations, then under HKFRS 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.

3. 採納新訂及經修訂香港財務報告準則(續)

(b) 已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

香港財務報告準則第15號來自客戶合約的收入(續)

(i) 收入確認之時點(續)

根據香港財務報告準則第15號，收入於客戶獲得合約中承諾商品或服務之控制權時確認。香港財務報告準則第15號確定了對承諾商品或服務之控制權被視為隨時間轉移的三種情況：

- (a) 當客戶同時取得及消耗實體履約行為所提供之利益時；
- (b) 實體之履約行為創造或改良了客戶在資產被創造或改良時就控制的資產(如施工中工程)；及
- (c) 實體之履約行為並未創造一項可被實體用於替代用途之資產，且實體具有就迄今為止已完成之履約部份獲得客戶付款之可執行權利。

倘合約條款及實體之活動並不屬於任何該三種情況，則根據香港財務報告準則第15號，實體於某一時間點(即控制權轉移時)就銷售該商品或服務確認收入。所有權風險及回報之轉移僅為於釐定控制權轉移發生時將考慮的其中一項指標。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

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

(b) New and revised HKFRSs in issue but not yet effective (Continued)

HKFRS 15 Revenue from Contracts with Customers (Continued)

(i) Timing of revenue recognition (Continued)

For contracts with customers in which the sale of manufactured goods is generally expected to be the only performance obligation, adoption of HKFRS 15 is not expected to have any impact on the Group's revenue or profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(ii) Warranty obligations

The Group generally provides for warranties for repairs to any defective products and does not provide extended warranties in its contracts with customers. As such, most existing warranties will be assurance-type warranties under HKFRS 15, which will continue to be accounted for under HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its current practice.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

3. 採納新訂及經修訂香港財務報告準則(續)

(b) 已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

香港財務報告準則第15號來自客戶合約的收入(續)

(i) 收入確認之時點(續)

就一般預期銷售已製造貨品為唯一履約責任之客戶合約而言，預期採納香港財務報告準則第15號將不會對本集團之收入或損益構成任何影響。本集團預期於資產控制權轉移至客戶之時點（一般於交付貨品時）進行收入確認。

(ii) 擔保責任

本集團一般會就任何缺陷產品之保養維修計提供擔保及不會於其客戶合約中提供進一步擔保。因此，大部份現有擔保將為香港財務報告準則第15號項下之保證型擔保，將按其現有慣例繼續根據香港會計準則第37號撥備、或然負債及或然資產入賬。

香港財務報告準則第16號租賃

香港財務報告準則第16號取代香港會計準則第17號租賃及其相關詮釋。該新訂準則引入有關承租人的單一會計處理模式。承租人無需區分營運和融資租賃，但需就全部租賃確認使用權資產及租賃負債（短期租賃及低價值資產之租賃可獲選擇性豁免）。香港財務報告準則第16號大致保留香港會計準則第17號有關出租人的會計處理規定。因此，出租人需繼續將租賃分類為營運租賃或融資租賃。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

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

(b) New and revised HKFRSs in issue but not yet effective (Continued) HKFRS 16 Leases (Continued)

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's leases of office premises, factories, warehouses, staff quarters and office equipment are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

As disclosed in note 37, the Group's future minimum lease payments under non-cancellable operating leases for its office premises, factories, warehouses, staff quarters and office equipment amounted to HK\$16,728,000 as at 31 December 2017. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

3. 採納新訂及經修訂香港財務報告準則(續)

(b) 已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

香港財務報告準則第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。本集團擬採用簡化過渡法且將不會就首次採納前年度重列比較金額。

根據初步評估，該準則將主要影響本集團營運租賃之會計處理。本集團之辦公室、廠房、倉庫、員工宿舍及辦公室設備租賃現分類為營運租賃及租賃款項(扣除出租人給予之任何優惠)於租期內按直線法確認為開支。根據香港財務報告準則第16號，本集團可能需就該等租賃按未來最低租賃款項之現值確認及計量負債，並確認其相應使用權資產。租賃負債之利息開支及使用權資產之折舊將於損益中確認。因此，本集團之資產及負債將增加且開支確認之時間亦會受到影響。

誠如附註37披露，於二零一七年十二月三十一日，本集團租賃辦公室、廠房、倉庫、員工宿舍及辦公室設備之不可撤銷營運租賃之未來最低租賃付款為16,728,000港元。預期該等租賃將於採納香港財務報告準則第16號後確認為租賃負債及相應的使用權資產。該等金額將根據折讓影響及本集團可用的過渡安排進行調整。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. leasehold land that are measured at fair value).

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

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

(a) Consolidation

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

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

4. 主要會計政策

除按下列會計政策外(以公平值計量之租賃土地),此等綜合財務報表乃按歷史成本作為編制基準。

編制符合香港財務報告準則的綜合財務報表須使用若干重要會計估計,亦需要管理層於應用會計政策的過程中作出判斷。對此等綜合財務報表涉及高度之判斷及具複雜性及屬重大的假設及估計的範疇於綜合財務報表附註5中披露。

編制此等綜合財務報表所採用的主要會計政策載列如下:

(a) 綜合賬目

綜合財務報表包括本公司及其附屬公司截至十二月三十一日止的財務報表。附屬公司為本集團擁有控制權的實體。當本集團透過其能力影響另一實體之回報,並從參予該實體之運作而得到或有權利得到可變動之回報,則視為本集團對該實體擁有控制權。當本集團現有權利令其目前有能力主導相關活動(即對實體回報構成重大影響的活動),則本集團對該實體擁有權力。

在評估本集團是否擁有控制權時,本集團會考慮潛在表決權以及其他各方所持潛在表決權。潛在表決權僅於持有人擁有實質能力可行使該項權利時方予考慮。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation (Continued)

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

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

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

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

4. 主要會計政策(續)

(a) 綜合賬目(續)

附屬公司於控制權轉移至本集團當日全面綜合計算，並於控制權終止當日不再作綜合處理。

因出售一間附屬公司而導致失去控制權的盈虧指(i)出售代價公平值加上於該附屬公司任何保留投資公平值與(ii)本公司應佔該附屬公司資產淨值加上與該附屬公司有關的任何餘下商譽以及與該附屬公司有關之任何相關累計匯兌儲備兩者間的差額。

集團間的交易、結餘及未變現溢利會予以對銷。未變現虧損亦會予以對銷，除非交易有證據顯示所轉讓資產出現減值則除外。附屬公司的會計政策已於有需要時作出變動，以確保與本集團所採納的政策貫徹一致。

非控股權益指並非本公司直接或間接應佔之附屬公司權益。非控股權益於綜合財務狀況表及綜合權益變動表之權益內呈列。非控股權益於綜合損益表及綜合損益及其他全面收益表呈列為本公司非控股股東與擁有人應佔溢利或虧損及年內全面收益總額之分配。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation (Continued)

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

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

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

4. 主要會計政策(續)

(a) 綜合賬目(續)

即使會導致非控股權益出現赤字結餘，損益及其他全面收益各部分仍歸屬於本公司擁有人及非控股股東。

本公司於不會導致失去控制權之附屬公司之擁有權權益變動計入權益交易(即以擁有人身分與擁有人進行之交易)。控股權益及非控股權益之賬面值已經調整，以反映其於附屬公司之相關權益變動。非控股權益之調整金額與已付或已收代價之公平值兩者間之任何差額直接於權益確認，並由本公司擁有人分佔。

於本公司之財務狀況表內，於附屬公司之投資按成本扣除減值虧損撥備列賬，除非該投資被分類為持作銷售(或包括在被分類為持作銷售之出售組別)。

(b) 業務合併及商譽

於業務合併中收購附屬公司乃按收購會計法處理。於業務合併中轉移之代價按交易日所交付資產、所發行股本工具、所產生或承擔之負債及或然代價之公平值計算。與收購有關之成本於產生成本及獲得服務之期間確認為開支。所收購附屬公司之可識別資產及負債按收購當日之公平值計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Business combination and goodwill (Continued)

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

4. 主要會計政策(續)

(b) 業務合併及商譽(續)

轉移之代價總和超出本集團攤分附屬公司可識別資產及負債之公平淨值之差額將以商譽列賬。本公司攤分可識別資產及負債之公平淨值高於收購成本之差額將於綜合損益表內確認為本集團應佔之議價收購收益。

分階段進行業務合併時，過往持有之附屬公司股本權益按收購日期之公平值重新計算，據此產生之損益則於綜合損益確認。公平值將計入代價總和，以計算商譽。

附屬公司之非控股權益初步以非控股股東於收購日在附屬公司中可識別資產及負債之公平值之股權比例計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Business combination and goodwill (Continued)

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (“CGUs”) or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(c) Associates

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

4. 主要會計政策(續)

(b) 業務合併及商譽(續)

經初步計量後，商譽以成本減累計減值虧損計量。就減值測試而言，於業務合併中收購的商譽將分配各個或各組預期將自該業務合併所產生之協同效應獲益的現金產生單位。各個或各組獲分配商譽的現金產生單位相當於本集團內最低層，其商譽就內部管理目的而受監察。商譽減值檢討每年進行一次，倘發生任何事件或情況有變顯示潛在減值風險，檢討將更為頻密。載有商譽之現金產生單位的賬面值將與其可收回金額(即其使用價值或其公平值減出售成本之較高者)比較。任何減值將即時確認為開支並不可於其後撥回。

(c) 聯營公司

聯營公司為本集團對其有重大影響之實體。重大影響乃於有關實體之財務及營運決策擁有參與權而非控制或共同控制權。包括其他實體持有之潛在投票權在內的現時可行使或可兌換之潛在投票權，其存在及影響將於評估本集團有否重大影響力時予以考慮。在評估潛在投票權有否重大影響時，持有人行使或兌換該權力之意圖及財務能力不會考慮在內。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Associates (Continued)

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

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

4. 主要會計政策(續)

(c) 聯營公司(續)

於聯營公司之投資乃採用權益會計法於綜合財務報表列賬，並按成本作出初步確認。所收購聯營公司之可識別資產及負債乃按其於收購當日之公平值計量。倘投資成本超出本集團應佔聯營公司之可識別資產及負債之公平淨值，則差額將以商譽列賬。該商譽列入投資之賬面值內，並於有客觀證據顯示投資已減值時於各報告期末與投資一併進行減值測試。倘本集團應佔可識別資產及負債之公平淨值高於收購成本，則有關差額將於綜合損益內確認。

本集團應佔聯營公司之收購後損益及其他全面收益於綜合收益表及其他全面收益表內確認。倘本集團應佔聯營公司虧損相等於或超逾其於聯營公司之權益(包括實際上構成本集團於該聯營公司投資淨值一部分之任何長期權益)，則本集團不會進一步確認虧損，除非本集團已代聯營公司承擔負債或支付款項。倘聯營公司其後報收溢利，則本集團僅於其應佔溢利等於其應佔未確認之虧損後恢復確認其應佔之該等溢利。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Associates (Continued)

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

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

(d) Foreign currency translation

(i) **Functional and presentation currency**
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the Company's functional and presentation currency.

4. 主要會計政策(續)

(c) 聯營公司(續)

因出售聯營公司而導致其失去重大影響之盈虧為(i)出售代價之公平值加任何保留於該聯營公司之投資之公平值及(ii)本集團應佔該聯營公司全部賬面值(包括商譽)及任何有關累計匯兌儲備兩者間之差額。倘於聯營公司之投資成為於合營企業投資,本集團繼續採用權益法而不重新計量保留權益。

對銷本集團與其聯營公司間交易之未變現溢利乃以本集團於聯營公司之權益為限。未變現虧損亦會對銷,除非該交易有證據顯示所轉讓資產出現減值則作別論。聯營公司之會計政策已按需要變更,以確保與本集團所採納政策貫徹一致。

(d) 外幣換算

(i) 功能及呈列貨幣

本集團各實體的財務報表所納入的項目乃按實體經營業務所在主要經濟環境的貨幣(「功能貨幣」)計算。綜合財務報表以港元呈列,而港元為本公司的功能及呈列貨幣。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation (Continued)

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

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

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

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

(iii) Translation on consolidation

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

4. 主要會計政策(續)

(d) 外幣換算(續)

(ii) 各實體財務報表內的交易及結餘

外幣交易以交易日期適用的匯率換算為基本確認之功能貨幣。以外幣計值的貨幣資產及負債按每個報告期間完結時適用的匯率換算。該換算政策所產生的收益及虧損列入損益內。

按公平值以外幣計算的非貨幣項目以決定公平值當天之匯率換算。

當非貨幣項目的收益或虧損於全面收益中確認，任何該收益或虧損之匯兌部份於其他全面收益中確認。當非貨幣項目的收益或虧損於損益中確認，任何該收益或虧損之匯兌部份於損益中確認。

(iii) 綜合賬目時的換算

本集團內所有功能貨幣與本公司呈列貨幣有別的實體，其業績及財務狀況乃按下列方式換算為本公司的呈列貨幣：

- 各財務狀況表所呈列的資產及負債均按結算日的收市匯率換算；

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation (Continued)

(iii) Translation on consolidation (Continued)

- Income and expenses are translated at average exchange rates for the period (unless this average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

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

4. 主要會計政策(續)

(d) 外幣換算(續)

(iii) 綜合賬目時的換算(續)

- 期內的收入及開支按平均匯率換算(除非該平均匯率並非為交易日期的適用匯率累計影響的合理約數,在該情況下,收入及開支按交易日期的匯率換算);及
- 所產生的全部匯兌差額於其他全面收益內確認及於外幣匯兌儲備內累計。

綜合賬目時,換算海外實體投資淨額所產生的現金項目匯兌差額於外幣匯兌儲備內確認及於匯兌儲備內累計。當海外業務被出售,該匯兌差額於綜合損益中重新分類至出售溢利或虧損的一部分。

收購海外實體所產生的商譽及公平值調整被視作海外實體的資產及負債,並按收市匯率換算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment

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

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

Leasehold land held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

4. 主要會計政策(續)

(e) 物業、機器及設備

就生產用途或供應貨品或服務或行政目的持有之物業、機器及設備(不包括租賃土地(分類為融資租約)及下述在建物業),乃按成本減其後累計折舊及其後累計減值虧損(如有)於綜合財務狀況表入賬。

只有在與項目相關的未來經濟效益有可能流入本集團,並能夠可靠地計量項目成本的情況下,本集團才會將其後成本計入為資產賬面值之一部分或確認為獨立資產項目(如適用)。所有其他維護及保養費用均需於產生時於該財務期間之損益確認。

就生產用途或供應貨品或服務或行政目的持有之租賃土地乃按彼等的重估金額(即於重估日期之公平值減任何其後累計折舊及其後累計減值虧損)於綜合財務狀況表入賬。重估每隔若干適當時間進行,以確保賬面值與於各報告期末以公平值釐定的數值不會出現重大偏差。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment (Continued)

Any revaluation increase arising on the revaluation of such land is recognised in other comprehensive income and accumulated in land revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the land revaluation reserve relating to a previous revaluation of that asset.

Depreciation of revalued land is recognised in profit or loss. On the subsequent sale or retirement of a revalued land, the attributable revaluation surplus remaining in the land revaluation reserve is transferred directly to retained earnings.

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

Buildings	5 to 20 years or over the unexpired term of lease
Leasehold land	over the unexpired term of lease
Leasehold improvements	over the shorter of 3 years and the unexpired term of the lease
Plant and machinery	5 to 10 years
Computer equipment	3 to 5 years
Furniture, fixtures and office equipment	3 to 5 years
Motor vehicles	3 to 5 years

4. 主要會計政策(續)

(e) 物業、機器及設備(續)

重估有關土地產生之重估增值會於其他全面收益內確認，並累計列入土地重估儲備。倘若某一資產之重估增值可抵銷同一資產過往於損益確認之重估減值，則該部份增值會以之前支出之減額為限計入損益。重估有關土地產生之賬面減值會於損益內確認，至其超過與該資產過往重估有關之土地重估儲備內之結餘(如有)為止。

經重估土地的折舊於損益確認。已重估土地其後出售或報廢時，留存於土地重估儲備的應佔重估盈餘乃直接轉撥至保留盈利。

物業、機器及設備之折舊乃於估計可使用年期內，以直線法按適當比率計算以撇銷其成本或重估金額減其剩餘價值。主要可用年期如下：

樓宇	5至20年或尚餘租賃年期
租賃土地	尚餘租賃年期
租賃物業裝修	3年或尚餘租賃年期(以較短者為準)
機器及設備	5至10年
電腦設備	3至5年
傢俬、固定裝置及辦公室設備	3至5年
汽車	3至5年

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment (Continued)

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

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

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

(f) Leases

The Group as lessee

(i) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

The Group as lessor

(i) Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(g) Research and development expenditure

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

4. 主要會計政策(續)

(e) 物業、機器及設備(續)

剩餘價值、可使用年期及折舊方法於各報告期末進行檢討及調整(如適用)。

在建工程指建設中的樓宇及待安裝的設備，按成本減減值虧損列賬。當有關資產可供使用時，折舊即開始。

出售物業、機器及設備的收益或虧損指出售所得款項淨額與有關資產賬面值兩者間的差額，並於損益內確認。

(f) 租約

本集團為承租人

(i) 經營租約

將資產擁有權的所有風險及回報不會大部份轉移至本集團的租約列為經營租約。租約款項在扣除自出租人收取的任何獎勵金後，於租約期內以直線法確認費用。

本集團作為出租人

(i) 經營租約

將資產擁有權的所有風險及回報不會大部份轉移至承租人的租賃列為經營租賃。經營租賃的租金收入按相關租賃期以直線法確認。

(g) 研究及開發支出

研究活動的支出於產生的期間作為開支確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Club membership

Club membership with indefinite useful life is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the club membership has suffered an impairment loss.

(i) Inventories

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

(j) Recognition and derecognition of financial instruments

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

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

4. 主要會計政策(續)

(h) 會所會籍

具無限可使用年期的會所會籍按成本減任何減值虧損列賬。會所會籍每年及當有跡象顯示出現減值虧損時，將進行減值檢討。

(i) 存貨

存貨按成本與可變現淨值兩者中的較低者入賬。成本乃按加權平均基準計量。製成品及在製品的成本包括原材料、直接勞工及所有生產經常性開支及分包開支(如適用)。可變現淨值按一般業務過程中的估計銷售價格減去估計完成成本及估計銷售所需費用計算。

(j) 確認及終止確認金融工具

金融資產及金融負債於本集團成為工具合約條文的訂約方時，將於綜合財務狀況表內確認。

倘從資產收取現金流的合約權利已到期，或本集團已將其於資產擁有的絕大部份風險及回報轉移，或本集團並無轉移及保留其於資產擁有的絕大部份風險及回報但沒有保留對資產的控制權，則金融資產將被終止確認。於終止確認金融資產時，資產的賬面值與已收代價及已直接於其他全面收益內確認的累計盈虧兩者總和的差額，將於損益內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Recognition and derecognition of financial instruments (Continued)

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

(k) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an financial asset is under a contract whose terms require delivery of the financial assets within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

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

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade and other receivables, bank balances and cash are classified in this category.

4. 主要會計政策(續)

(j) 確認及終止確認金融工具(續)

倘於有關合約的特定責任獲解除、取消或到期，則金融負債將被終止確認。終止確認的金融負債的賬面值與已付代價的差額將於損益內確認。

(k) 金融資產

金融資產乃按交易日基準(即購買或出售投資之合約條款所規定及經由所屬市場設定的時限交付該項投資之日)確認及終止確認，並初步按公平值加上直接應佔交易成本計量，惟按公平值計入損益賬的金融資產則除外。

本集團的金融資產歸為以下類別：貸款及應收款項以及可供出售。有關分類取決於收購金融資產的目的。管理層於初步確認時釐定其金融資產的分類。

(i) 貸款及應收款項

貸款及應收款項指提供固定或可釐定付款之非衍生工具金融資產，其並無活躍市場報價。該等資產按攤銷成本以實際利率法(利息極低的短期應收款項除外)減任何減值削減或不可收回款項計算。一般應收賬項及其他應收款項、銀行結餘及現金乃分類為此類別。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Financial assets (Continued)

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and receivables or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less impairment losses.

(l) Trade and other receivables

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

4. 主要會計政策(續)

(k) 金融資產(續)

(ii) 可供出售金融資產

可供出售金融資產指並非分類為貸款及其他應收款項的非衍生金融資產或透過損益以公平值列賬的金融資產。可供出售金融資產其後按公平值計量。因該等投資的公平值變動而產生的收益或虧損於其他全面收益確認及於投資重估儲備內累計，直至出售該等投資或有客觀證據顯示投資出現減值為止，屆時之前於其他全面收益確認的累計收益或虧損會重新由權益分類至損益。利息按實際利率法計算。可供出售股本投資之股息於損益中確認。

投資於並無活躍市場的市價報價且其公平值未能可靠計量的股本投資，及與該等無報價股本工具掛鈎及以其作結算的衍生工具，按成本值減減值虧損計算。

(l) 應收賬款及其他應收款項

應收賬款為在日常業務過程中因出售商品或提供服務而應收客戶之款項。倘應收賬款及其他應收款項預計將在一年或以內收回(或屬正常業務經營週期(倘較長)內)，則分類為流動資產。否則，則呈列為非流動資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Trade and other receivables (Continued)

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

(m) Cash and cash equivalents

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

(n) Financial liabilities and equity instruments

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

(i) Borrowings

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

4. 主要會計政策(續)

(l) 應收賬款及其他應收款項(續)

應收賬款及其他應收款項初步按公平值確認，其後以實際利率法按攤銷成本減除減值撥備計算。

(m) 現金及現金等價物

就現金流量表而言，現金及現金等價物指銀行及手頭現金、存放於銀行及其他財務機構的活期存款以及可隨時兌換為已知數額現金且所承受價值變動風險不大的短期高度流通投資。須按要求償還並構成本集團現金管理主要部分的銀行透支亦計入為現金及現金等價物一部分。

(n) 金融負債及股本工具

金融負債及股本工具乃根據所訂立的合約安排性質及根據香港財務報告準則對金融負債及股本工具的定義而分類。股本工具為證明於本集團經扣除其所有負債後的資產中所剩餘權益的任何合約。就特定金融負債及股本工具而採納的會計政策載於下文。

(i) 借貸

借貸初步按公平值扣除所產生的交易成本確認，其後則以實際利率法按攤銷成本值計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Financial liabilities and equity instruments (Continued)

(i) Borrowings (Continued)

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

(ii) Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair value and are subsequently measured at the higher of:

- the amount of the obligations under the contracts, as determined in accordance with HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets”; and
- the amount initially recognised less cumulative amortisation recognised in profit or loss on a straight-line basis over the terms of the guarantee contracts.

(iii) Trade and other payables

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

(iv) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. 主要會計政策(續)

(n) 金融負債及股本工具(續)

(i) 借貸(續)

除非本集團擁有無條件權利，可將負債的償還日期遞延至報告期間完結後至少十二個月，否則借貸被分類為流動負債。

(ii) 財務擔保合約負債

財務擔保合約負債最初按其公平值計量，其後則按以下兩者中較高者計量：

- 根據香港會計準則第37號「撥備、或然負債及或然資產」確定之合約承擔金額；及
- 初步確認之金額減去於擔保合約期限內按直線基準於損益內確認之累計攤銷。

(iii) 貿易及其他應付款項

貿易及其他應付款項初步按公平值列賬，其後則以實際利率法按攤銷成本值計量，貼現影響微少則作別論，在該情況下，則按成本值列賬。

(iv) 股本工具

本公司發行的股本工具按已收的所得款項，扣除直接發行費用列賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Revenue recognition

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

Revenue from the sales of manufactured goods and trading of raw materials is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Interest income is recognised on a time-proportion basis using the effective interest method.

Rental income is recognised on a straight-line basis over the lease term.

(p) Employee benefits

(i) Employee leave entitlements

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

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

4. 主要會計政策(續)

(o) 收入確認

收入乃按已收或應收代價的公平值計量，並於經濟利益有可能流入本集團且收益金額能可靠計量時確認。

銷售生產的貨品及原材料貿易的收入於擁有權的大部分風險及回報轉讓時確認。所有權轉讓通常與貨品交付及業權轉讓予客戶的時間相同。

利息收入按時間比例用實際利息法確認。

租金收入按租賃期內以直線法確認。

(p) 僱員福利

(i) 僱員享有的假期

僱員年假及長期服務假於僱員享有時確認，並已就僱員因截至報告期間完結時止所提供服務享有的年假及長期服務假的估計負債作出撥備。

僱員病假及產假於放假時始確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Employee benefits (Continued)

(ii) Pension obligations

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

(iii) Termination benefits

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

(q) Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

4. 主要會計政策(續)

(p) 僱員福利(續)

(ii) 退休金承擔

本集團向定額供款退休金計劃作出供款，全體僱員均可參與該計劃。供款由本集團及僱員按僱員基本薪金的百分比作出。自損益扣除的退休福利計劃成本指本集團應向該基金支付的供款。

(iii) 離職福利

離職福利於本集團不再撤回福利邀約與本集團確認重組成本及涉及支付離職福利當日(以較早者為準)確認。

(q) 以股權結算之款項

本集團向若干僱員發行以股權結算以股份支付的款項。以股權結算以股份支付的款項乃於授出當日按股本工具的公平值(不包括非市場歸屬條件的影響)計量。於按股權結算以股份支付的款項授出當日釐定的公平值，根據本集團所估計最終就非市場歸屬條件歸屬及調整的股份，按歸屬期以直線法支銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

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

(s) Government grants

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

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

4. 主要會計政策(續)

(r) 借貸成本

直接源自收購、建造或生產合資格資產，而有關資產需要一段長時間方可供作擬定用途或出售的借貸成本，會撥充該等資產成本部分，直至該資產大致上可供作擬定用途或出售為止。尚未用於合資格資產的特定借貸作短期投資賺取的投資收入，會於合資格資本化的借貸成本中扣除。

對於一般性借入資金用於獲取一項合資格的資產，可予資本化的借貸成本乃以在該資產的支出應用一個資本化比率釐定。資本化比率為期內適用於本集團尚未償還借款(用於獲取一項合資格的資產的借貸除外)的借貸成本的加權平均值。

所有借貸成本乃於其產生期間在損益中確認。

(s) 政府補助金

如有合理保證本集團將收取政府補助金，且所有附帶條件將獲遵守，則確認政府補助金。

與收入有關之政府補助金就其與擬補償成本配對之所需期間於損益遞延及確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Government grants (Continued)

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(t) Taxation

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

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

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

4. 主要會計政策(續)

(s) 政府補助金(續)

作為開支或已承受的虧損的補償或為本集團提供即時財務資助而可收取(並無日後相關成本)的政府補助金，乃於其成為可收取的期間於損益確認為收入。

(t) 稅項

所得稅為即期稅項與遞延稅項的總和。

即期稅項乃按本年度應課稅溢利計算。應課稅溢利與損益中所確認的溢利不同，因應課稅溢利不包括在其他年度應課稅收入或可扣減開支項目，而且不包括永遠毋須課稅及不可扣稅項目。本集團的即期稅項負債乃按報告期間完結前已頒佈或實質頒佈的稅率計算。

遞延稅項乃就綜合財務報表中資產及負債的賬面值與用作計算應課稅溢利的相應稅基間的差額確認。遞延稅項負債通常會就所有應課稅暫時差異確認，遞延稅項資產僅於可能會有應課稅溢利而動用暫時性差異、未動用稅項虧損或未動用稅項資產可予以抵銷時方予以確認。於一項交易中，倘因商譽或其他資產及負債之初步確認(業務合併除外)而產生的暫時差異且不影響應課稅溢利及會計溢利時，則該等資產及負債不會予以確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

4. 主要會計政策(續)

(t) 稅項(續)

遞延稅項負債乃就投資於附屬公司及聯營公司而產生的應課稅暫時差異予以確認，惟倘本集團能控制撥回暫時差異以及暫時差異在可見將來不會被撥回則作別論。

遞延稅項資產的賬面值於各報告期間完結時均會作出檢討，並在預期不再有足夠應課稅溢利可令全部或部分資產變現時作出相應減值。

遞延稅項乃以預期於償還負債或變現資產即期應用的稅率並基於報告期間完結前頒佈或實質頒佈的稅率計算。遞延稅項會於損益中確認，惟遞延稅項與已於其他全面收益中或直接於權益中確認的相關聯者則除外，在此情況下，遞延稅項亦會於其他全面收益中或直接於權益中確認。

遞延稅項資產及負債之計量反映本集團於報告期間結束時預計收回或結算資產及負債賬面值之方式而引致之稅務後果。

倘有法定可行使權利可以即期稅項資產抵銷即期稅項負債，且彼等為關乎同一稅務機構徵收的所得稅，且本集團擬按淨額基準結算即期稅項資產及負債，則遞延稅項資產與負債會予以抵銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the CGU.

Value in use is the present value of the estimated future cash flows of the asset/CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/CGU whose impairment is being measured.

Impairment losses for CGUs are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. 主要會計政策(續)

(u) 非金融資產減值

非金融資產之賬面值於各報告日期檢討有無減值跡象，倘資產已減值，則透過綜合損益表以開支撇減至其估計可收回金額，惟倘有關資產乃按重估金額列賬，則減值虧損按重估減少處理。可收回金額乃就個別資產釐定，惟倘資產並無產生大部分獨立於其他資產或資產組合之現金流入，則可收回金額就資產所屬之現金產生單位釐定。可收回金額為個別資產或現金產生單位之使用價值與其公平值減出售成本兩者中之較高者。

使用價值為資產／現金產生單位估計未來現金流量之現值。現值按反映貨幣時間值及資產／現金產生單位(已計量減值)之特有風險之稅前貼現率計算。

現金產生單位之減值虧損首先用於抵銷單位商譽，然後於現金產生單位的其他資產之間按比例分配。隨後估計變動導致的可收回金額增長計入損益，直至撥回減值。惟倘有關資產乃按重估金額列賬，則減值虧損的撥回按重估增加處理。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Impairment of financial assets

At the end of each reporting period, the Group assesses whether its financial assets (other than those at fair value through profit or loss) are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

In addition, for trade receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

4. 主要會計政策(續)

(v) 金融資產減值

於各報告期末，本集團均會根據客觀證據(即(一組)金融資產之估計未來現金流量由初步確認後發生之一項或多項事件而受到影響)評估其金融資產(按公平值計入損益的金融資產除外)有否減值。

此外，就單獨評估並無減值之應收賬項而言，本集團將根據本集團之過往收款經驗、投資組合內延遲還款之增加、與應收款項違約情況有連帶關係之經濟狀況出現明顯改變等共同評估有否減值。

僅應收賬項之賬面值會使用撥備賬扣減，而其後收回之前已撇銷之數額乃計入撥備賬。撥備賬之賬面值變動於損益中確認。

就所有其他金融資產而言，賬面值會直接按減值虧損作出扣減。

就按攤銷成本計量的金融資產而言，倘減值虧損之金額於其後期間減少，而該減少可以客觀地與確認減值後發生之一項事件有關，則先前已確認之減值虧損透過損益撥回(直接或藉著調整應收賬項之撥備賬)。然而，撥回不得導致賬面值高於假使並無確認減值該項金融資產於撥回減值當日之攤銷成本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Provisions and contingent liabilities

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

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

(x) Events after the reporting period

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

4. 主要會計政策(續)

(w) 撥備及或然負債

倘本集團因過往事件承擔現有法定或推定責任而可能需要經濟利益流出以履行有關責任並可作出可靠估計，便會就無確定時間或金額的負債確認撥備。倘款項的時間價值重大，撥備會以履行責任預期所需開支的現值列報。

倘不大可能需要經濟利益流出，或有關款額不能可靠估量，有關責任則按或然負債披露，除非導致經濟利益流出的可能性極低，則作別論。可能承擔的責任(其存在與否僅藉一項或多項未來事件的發生與否而確定)亦按或然負債披露，除非導致經濟利益流出的可能性極低，則作別論。

(x) 報告期間完結後事項

報告期間完結後事項提供本集團於報告期間完結時狀況的額外資料，此等為調整事項並反映於財務報表。如屬非調整事項的報告期間完結後事項，倘屬重大時，則於綜合財務報表附註內披露。

5. 估計不明朗因素的主要來源

下文討論有關未來之主要假設及於報告期間完結時之其他主要不確定估計來源，而該等假設及不確定估計可能導致下一個財政年度資產及負債賬面值須作出重大調整之重大風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(a) Allowance for inventories

The directors identify obsolete and slow-moving inventory items that are no longer probable for use in production or to be sold out at the end of each reporting period. The directors estimate the net realisable value for such inventories based primarily on the latest selling prices and costs of completion and selling expenses estimated at current operation conditions. The directors carry out an inventory review on a product-by-product basis at the end of each reporting period and makes allowance for obsolete items.

Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimates have been changed.

The allowance on inventories as at 31 December 2017 was approximately HK\$18,564,000 (2016: HK\$22,774,000).

(b) Property, plant and equipment and depreciation

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

The carrying amount of property, plant and equipment as at 31 December 2017 was approximately HK\$770,592,000 (2016: HK\$834,389,000).

5. 估計不明朗因素的主要來源(續)

(a) 存貨撥備

董事於各報告期間完結時識別一些不再適合生產的過時及滯銷存貨項目。董事主要根據最新售價及現時經營狀況下的銷售開支及預計完成成本估計該等存貨的可變現淨值。董事於每個報告期間完結時對存貨逐一進行檢查，並對過時項目作出撥備。

倘實際結果或日後預期與原定估計有差異，則該等差異將影響存貨賬面值及期間的撥備／撥回值。

於二零一七年十二月三十一日，存貨撥備約為18,564,000港元(二零一六年：22,774,000港元)。

(b) 物業、機器及設備以及折舊

本集團釐定本集團之物業、機器及設備的估計可使用年限、剩餘價值及相關折舊開支。此等估算乃根據類似性質及功能的物業、機器及設備的實際可使用年期及剩餘價值的過往經驗作出。當可使用年限及剩餘價值與先前估算不同時，本集團將修訂折舊開支或將已棄用在技術上過時或屬非策略性的資產撇銷或撇減。

於二零一七年十二月三十一日，物業、機器及設備賬面值為數約770,592,000港元(二零一六年：834,389,000港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(c) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts, in particular of a loss event, requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

The allowance on trade receivables as at 31 December 2017 were approximately HK\$764,000 (2016: HK\$Nil). No allowance was made on other receivables as at 31 December 2017 (2016: HK\$Nil).

(d) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year, HK\$45,862,000 (2016: HK\$46,252,000) of income tax was charged to profit or loss based on the estimated profit from operations.

5. 估計不明朗因素的主要來源(續)

(c) 呆壞賬的減值虧損

本集團根據對貿易及其他應收款項的可收回性評估(包括各債務人的現時信譽及過往還款記錄)就呆壞賬作出減值虧損。減值於發生事件或情況出現轉變,顯示或不能夠收回結餘時產生。識別呆壞賬(尤其是虧損事項)須運用判斷及估計。倘實際結果有別於原先估計,則有關差異將會影響年內貿易及其他應收款項以及呆賬開支的賬面值。

於二零一七年十二月三十一日,貿易應收款項撥備約764,000港元(二零一六年:零港元)。於二零一七年十二月三十一日沒有為其他應收賬款作出撥備(二零一六年:零港元)。

(d) 所得稅

本集團須在多個司法權區繳納所得稅。於釐定所得稅撥備時須作出重要估計。在日常業務過程中有多項交易及計算方式,均會導致不能確定最終稅項。倘若該等事情最終所得之稅項與最初錄得之款額有所差異,有關差額將影響作出有關釐定期間之所得稅及遞延稅項撥備。於本年度,根據經營業務的估計溢利計入損益的所得稅為45,862,000港元(二零一六年:46,252,000港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(d) Income taxes (Continued)

Recognition of deferred tax assets, which principally relates to deductible temporary differences and tax losses, depends on whether it is probable that future taxable profits or taxable temporary differences will be available against which deferred tax assets can be utilised. In cases where the actual future taxable profits or taxable temporary differences generated are less than expected, a reversal of deferred tax assets may arise, which will be recognised in profit or loss for the period in which such a reversal takes place. The directors considered that, based on the profit forecast of the group companies with tax losses, it is probable that the tax losses can be utilised in the foreseeable future. The profit forecast required the use of judgement and estimates.

The carrying amount of deferred tax assets with respect to tax losses as at 31 December 2017 was approximately HK\$1,109,000 (2016: HK\$1,032,000).

(e) Fair value of leasehold land

The Group appointed an independent professional valuer to assess the fair value of the leasehold land. In determining the fair value, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

The carrying amount of leasehold land as at 31 December 2017 was approximately HK\$202,030,000 (2016: HK\$244,474,000).

5. 估計不明朗因素的主要來源(續)

(d) 所得稅(續)

確認遞延稅項資產主要與可扣減暫時差異及稅項虧損有關，視乎是否很可能獲得可利用遞延稅項資產來抵扣之未來應課稅溢利或應課稅暫時差異而定。倘所產生之未來實際應課稅溢利或應課稅暫時差異少於預期數額，則該遞延稅項資產可能予以撥回，並會於有關撥回發生期間之損益內確認。董事認為，根據錄得稅項虧損之集團公司之溢利預測，稅項虧損很可能在可見將來動用。溢利預測需要運用判斷及估計。

於二零一七年十二月三十一日，有關稅項虧損之遞延稅項資產之賬面值約為1,109,000港元(二零一六年：1,032,000港元)。

(e) 租賃土地的公平值

本集團委任獨立專業估值師評估租賃土地的公平值。於釐定公平值時，估值師利用的估值方法涉及若干估計。董事已行使判斷，並信納估值方法反映現行市況。

於二零一七年十二月三十一日，租賃土地的賬面值為數約202,030,000港元(二零一六年：244,474,000港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HK\$, United States dollars ("USD") and Renminbi ("RMB"). The Group currently does not have a foreign currency hedging policy in respect of other foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2017, if HK\$ had weakened 0.5 per cent (2016: 0.5 per cent) against USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$1,521,000 (2016: HK\$1,350,000) higher, arising mainly as a result of the foreign exchange gain on trade receivables and bank balances denominated in USD, but partly offset by the foreign exchange loss on trade and other payables denominated in USD (2016: foreign exchange gain on trade receivables and bank balances denominated in USD, but partly offset by the foreign exchange loss on trade and other payables and bank borrowings denominated in USD). If HK\$ had strengthened 0.5 per cent (2016: 0.5 per cent) against USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$1,521,000 (2016: HK\$1,350,000) lower, arising mainly as a result of the foreign exchange loss on trade receivables and bank balances denominated in USD, but partly offset by the foreign exchange gain on trade and other payables denominated in USD (2016: foreign exchange loss on trade receivables and bank balances denominated in USD, but partly offset by the foreign exchange gain on trade and other payables and bank borrowings denominated in USD).

6. 財務風險管理

本集團因經營業務而承受多項財務風險：外匯風險、信貸風險、流動資金風險及利率風險。本集團的整體風險管理計劃集中在金融市場的不可預測性，故務求降低本集團財務表現所受到的潛在負面影響。

(a) 外匯風險

由於本集團大部分商務交易、資產及負債主要以港元、美元(「美元」)及人民幣(「人民幣」)列值，故本集團面對若干外匯風險。本集團現時並無就外匯交易、資產及負債採取外匯對沖政策。本集團將密切監察其外匯風險，並將考慮於需要時對沖重大外匯風險。

於二零一七年十二月三十一日，倘港元兌美元貶值0.5% (二零一六年：0.5%)，而其他所有變數維持不變，則年內除稅後綜合溢利將增加約1,521,000港元(二零一六年：1,350,000港元)，主要由於以美元計值的貿易應收款項及銀行結餘產生外匯收益所致，惟部份影響被以美元計值之貿易和其他應付款項產生外匯虧損所抵銷(二零一六年：以美元計值的貿易應收款項及銀行結餘產生外匯收益所致，惟部份影響被以美元計值之貿易和其他應付款項及銀行借款產生外匯虧損所抵銷)。倘港元兌美元升值0.5% (二零一六年：0.5%)，而其他所有變數維持不變，則年內除稅後綜合溢利將減少約1,521,000港元(二零一六年：1,350,000港元)，主要由於以美元計值的貿易應收款項及銀行結餘產生外匯虧損所致，惟部份影響被以美元計值之貿易和其他應付款項產生外匯收益所抵銷(二零一六年：以美元計值的貿易應收款項及銀行結餘產生外匯虧損所致，惟部份影響被以美元計值之貿易和其他應付款項及銀行借款產生外匯收益所抵銷)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

6. FINANCIAL RISK MANAGEMENT (Continued)

(a) Foreign currency risk (Continued)

At 31 December 2017, if HK\$ had weakened 5 per cent (2016: 5 per cent) against RMB with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$4,220,000 (2016: HK\$1,027,000) lower, arising mainly as a result of the foreign exchange loss on trade receivables and bank balances denominated in HK\$ held by the subsidiaries operating in the People's Republic of China (the "PRC"), but partly offset by the foreign exchange gain on bank balances denominated in RMB held by the Hong Kong subsidiaries (2016: foreign exchange loss on trade receivables and bank balances denominated in HK\$ held by the subsidiaries operating in the PRC, but partly offset by the foreign exchange gain on other receivables and bank balances denominated in RMB held by the Hong Kong subsidiaries). If HK\$ had strengthened 5 per cent (2016: 5 per cent) against RMB with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$4,220,000 (2016: HK\$1,027,000) higher, arising mainly as a result of the foreign exchange gain on trade receivables and bank balances denominated in HK\$ held by the subsidiaries operating in the PRC, but partly offset by the foreign exchange loss on bank balances denominated in RMB held by the Hong Kong subsidiaries (2016: foreign exchange gain on trade receivables and bank balances denominated in HK\$ held by the subsidiaries operating in the PRC, but partly offset by the foreign exchange loss on other receivables and bank balances denominated in RMB held by the Hong Kong subsidiaries).

6. 財務風險管理(續)

(a) 外匯風險(續)

於二零一七年十二月三十一日，倘港元兌人民幣貶值5%(二零一六年：5%)，而其他所有變數維持不變，則年內除稅後綜合溢利將減少約4,220,000港元(二零一六年：1,027,000港元)，主要由於於中華人民共和國(「中國」)營運之附屬公司以港元計值之應收款項及銀行結餘產生外匯虧損所致，惟部份影響被以於香港營運之附屬公司以人民幣計值之銀行結餘產生之外匯收益所抵銷(二零一六年：於中國營運之附屬公司以港元計值之貿易應收款項及銀行結餘產生外匯虧損，惟部份影響被以於香港營運之附屬公司以人民幣計值之其他應收款項及銀行結餘產生之外匯收益所抵銷)。倘港元兌人民幣升值5%(二零一六年：5%)，而其他所有變數維持不變，則年內除稅後綜合溢利將增加約4,220,000港元(二零一六年：1,027,000港元)，主要由於於中國營運之附屬公司以港元計值之貿易應收款項及銀行結餘產生外匯收益所致，惟部份影響被以於香港營運之附屬公司以人民幣計值之銀行結餘產生之外匯虧損所抵銷(二零一六年：於中國營運之附屬公司以港元計值之貿易應收款項及銀行結餘產生之外匯收益所致，惟部份影響被以於香港營運之附屬公司以人民幣計值之其他應收款項及銀行結餘產生之外匯虧損所致)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

6. FINANCIAL RISK MANAGEMENT (Continued)

(a) Foreign currency risk (Continued)

At 31 December 2017, if RMB had weakened 5 per cent (2016: 5 per cent) against USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$515,000 (2016: HK\$265,000) lower, arising mainly as a result of the foreign exchange loss on trade payables of the PRC subsidiaries denominated in USD (2016: foreign exchange loss on trade payables of the PRC subsidiaries denominated in USD). If RMB had strengthened 5 per cent (2016: 5 per cent) against USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$515,000 (2016: HK\$265,000) higher, arising mainly as a result of the foreign exchange gain on trade payables of the PRC subsidiaries denominated in USD (2016: foreign exchange gain on trade payables of the PRC subsidiaries denominated in USD).

(b) Credit risk

The percentage of trade receivables due from the Group's largest customer and due from the Group's five largest customers in aggregate to the Group's total trade receivables are as follows:

		2017 二零一七年 % 百分比	2016 二零一六年 % 百分比
Due from the Group's largest customer	應收本集團最大客戶款項	32	19
Due from the Group's five largest customers	應收本集團五大客戶款項	64	67

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

6. 財務風險管理(續)

(a) 外匯風險(續)

於二零一七年十二月三十一日，倘人民幣兌美元貶值5%(二零一六年：5%)，而其他所有變數維持不變，則年內除稅後綜合溢利將減少約515,000港元(二零一六年：265,000港元)，主要由於於中國營運之附屬公司以美元計值之貿易應付款項產生外匯虧損所致(二零一六年：於中國營運之附屬公司以美元計值之貿易應付款項產生外匯收益所致)。倘人民幣兌美元升值5%(二零一六年：5%)，而其他所有變數維持不變，則年內除稅後綜合溢利將增加約515,000港元(二零一六年：265,000港元)，主要由於於中國營運之附屬公司以美元計值之貿易應付款項產生外匯收益所致(二零一六年：於中國營運之附屬公司以美元計值之貿易應付款項產生外匯收益所致)。

(b) 信貸風險

本集團最大客戶及本集團五大客戶的貿易應收款項總值佔本集團貿易應收款項總額的百分比如下：

本集團訂有政策，以確保只向信貸記錄良好的客戶銷售產品。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

The credit risk on restricted bank balance and bank and cash balances is limited because the counterparties are well-recognised banks in Hong Kong and the PRC and licensed banks in the United States of America (the "USA").

(c) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements, its compliance with lending covenants and its relationship with its bankers to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's bank borrowings and other financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates currently at the end of the reporting period) and the earliest date the Group can be required to pay.

Specifically, for bank loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other financial liabilities is prepared based on the scheduled repayment dates.

6. 財務風險管理(續)

(b) 信貸風險(續)

由於交易對手方均為於香港及中國廣泛認同的銀行和美利堅合眾國(「美國」)的持牌銀行，故有限制銀行存款及銀行及現金結餘的信貸風險有限。

(c) 流動資金風險

本集團之政策為定期監察其流動資金需要、其遵守借款契諾及其與銀行之關係，以確保其維持足以應付短期及較長遠之重要融資需要之現金儲備及可隨時變現有價證券以及資金之已承諾額度。

下表列示按未折現現金流量(包括按合約利率或(如為浮息)按報告期末的現行利率計算的利息金額)及本集團可能須還款的最早日期呈列的本集團於報告期末的銀行借款及其他金融負債的餘下合約期限。

具體而言，對於銀行可全權酌情行使的按要求償還條款的銀行貸款，有關分析按可能須還款的最早期間(即倘貸款人擬行使其無條件權利要求即時償還貸款)呈列現金流量，其他金融負債的到期日分析則按預定還款期編制。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

6. FINANCIAL RISK MANAGEMENT (Continued)

6. 財務風險管理(續)

(c) Liquidity risk (Continued)

(c) 流動資金風險(續)

		2017 二零一七年					
		Maturity Analysis – Undiscounted cash outflows 到期日分析 – 未折現現金流出					
		On demand	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total undiscounted cash outflows
		按要求	一年內	一年以上 但少於兩年	兩年以上 但少於五年	五年以上	未折現現金 流出總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Trade payables	貿易應付款項	89,059	278,335	–	–	–	367,394
Other payables and accruals	其他應付款項及 應計費用	3	68,119	–	–	–	68,122
Due to associates	應付聯營公司款項	617	–	–	–	–	617
Due to a related company	應付關聯公司款項	4,465	–	–	–	–	4,465
Bank borrowings	銀行借款	189,575	141,616	27,634	15,191	–	374,016
		283,719	488,070	27,634	15,191	–	814,614

		2016 二零一六年					
		Maturity Analysis – Undiscounted cash outflows 到期日分析 – 未折現現金流出					
		On demand	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total undiscounted cash outflows
		按要求	一年內	一年以上 但少於兩年	兩年以上 但少於五年	五年以上	未折現現金 流出總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Trade payables	貿易應付款項	98,795	214,293	–	–	–	313,088
Other payables and accruals	其他應付款項及 應計費用	3	79,576	–	–	–	79,579
Due to associates	應付聯營公司款項	636	–	–	–	–	636
Due to a related company	應付關聯公司款項	2,020	–	–	–	–	2,020
Bank borrowings	銀行借款	380,680	83,747	58,884	53,114	–	576,425
		482,134	377,616	58,884	53,114	–	971,748

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

The following table summarises the maturity analysis of bank borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the “on demand” time band in the maturity analysis contained above.

6. 財務風險管理(續)

(c) 流動資金風險(續)

下表概述根據附有按要求償還條款的銀行借款按貸款協議載列的議定還款日期的到期日分析。該等金額包括按合約利率計算的利息款項。因此，該等金額較上文所載到期日分析中「按要求」時間範圍內披露的金額為高。

Maturity Analysis – bank borrowings subject to a repayment on demand clause based on scheduled repayments
到期日分析 – 按預定還款期附有按要求償還條款的銀行借貸

		More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total undiscounted cash outflows
		一年以上 但少於兩年	兩年以上 但少於五年	五年以上	未折現現金 流出總額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
31 December 2017	二零一七年 十二月三十一日				
Bank borrowings	銀行借款	161,812	23,090	7,353	—
					192,255
31 December 2016	二零一六年 十二月三十一日				
Bank borrowings	銀行借款	338,980	26,490	19,698	—
					385,168

(d) Interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits, short term and long term borrowings. These deposits and borrowings bear interests at variable rates varied with the then prevailing market condition.

(d) 利率風險

本集團的利率風險來自其銀行存款、短期及長期借款。該等存款及借款按跟隨當時市場狀況而變動的不同利率計息。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

6. FINANCIAL RISK MANAGEMENT (Continued)

(d) Interest rate risk (Continued)

At 31 December 2017, if interest rates at that date had been 10 basis points (2016: 10 basis points) lower with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$152,000 (2016: HK\$320,000) higher, arising mainly as a result of lower interest expenses on bank borrowings but partly offset by lower interest income on bank balances. If interest rates had been 100 basis points (2016: 100 basis points) higher, with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$1,524,000 (2016: HK\$3,201,000) lower, arising mainly as a result of higher interest expenses on bank borrowings but partly offset by higher interest income on bank balances.

(e) Categories of financial instruments at 31 December 2017

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Financial assets:	金融資產：		
Loans and receivables (including cash and cash equivalents)	貸款及應收款項 (包括現金及等同現金項目)	680,568	772,466
Financial liabilities:	金融負債：		
Financial liabilities at amortised cost	按攤銷成本計算之金融負債	808,876	961,275

(f) Fair values

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

6. 財務風險管理(續)

(d) 利率風險(續)

於二零一七年十二月三十一日，倘利率下跌10個基點(二零一六年：10個基點)，而其他所有變數維持不變，則年內除稅後綜合溢利將增加約152,000港元(二零一六年：320,000港元)，主要由於銀行借款的利息開支減少所致，惟部份影響會由銀行結餘的利息收入減少所抵銷。倘利率上升100個基點(二零一六年：100個基點)，而其他所有變數維持不變，則年內除稅後綜合溢利將減少約1,524,000港元(二零一六年：除稅後綜合虧損增加3,201,000港元)，主要由於銀行借款的利息開支增加所致，惟部份影響會由銀行結餘的利息收入增加所抵銷。

(e) 於二零一七年十二月三十一日 金融工具之分類

(f) 公平值

本集團之金融資產及金融負債於綜合財務狀況表反映之賬面值概若相等於各自之公平值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset and liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

7. 公平值計量

公平值指市場參與者之間於計量日期在有序交易中出售資產將收取或轉讓負債將支付的價格。下文披露使用公平值等級計量的公平值，用作計量公平值的估值方法參數據此分為三個級別：

第1層：本集團可於計量日期獲得之相同資產及負債於活躍市場之報價(未經調整)。

第2層：第一層所包括於報價以外，資產及負債直接或間接觀察得出之參數。

第3層：資產或負債不可觀察之參數。

本集團的政策為確認截至事件或變化日期導致轉讓的任何三個級別轉入及轉出情況。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

7. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy:

Description	項目	Fair value measurement using: 公平值計量利用：			Total 總數 2017 二零一七年 HK\$'000 千港元
		Level 1 第1層 HK\$'000 千港元	Level 2 第2層 HK\$'000 千港元	Level 3 第3層 HK\$'000 千港元	
Recurring fair value measurements:					
Leasehold land					
Commercial – Hong Kong	租賃土地 商業 – 香港	—	—	55,630	55,630
Commercial – the PRC	商業 – 中國	—	—	146,400	146,400
Total	合計	—	—	202,030	202,030

7. 公平值計量(續)

(a) 公平值等級架構披露：

Description	項目	Fair value measurement using: 公平值計量利用：			Total 總數 2016 二零一六年 HK\$'000 千港元
		Level 1 第1層 HK\$'000 千港元	Level 2 第2層 HK\$'000 千港元	Level 3 第3層 HK\$'000 千港元	
Recurring fair value measurements:					
Leasehold land					
Commercial – Hong Kong	租賃土地 商業 – 香港	—	—	37,860	37,860
Commercial – the PRC	商業 – 中國	—	—	206,772	206,772
Total	合計	—	—	244,632	244,632

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

7. FAIR VALUE MEASUREMENTS (Continued)

7. 公平值計量(續)

(b) Reconciliation of assets/(liabilities) measured at fair value based on level 3:

(b) 根據第三層公平值計量的資產/ (負債)對賬:

		Properties held for own use — Leasehold land 持作自用物業 — 租賃土地 HK\$'000 千港元	2017 Total 二零一七年 總計 HK\$'000 千港元
At beginning of year	年初	244,474	244,474
Additions	添置	15,380	15,380
Disposal of a subsidiary	出售附屬公司	(76,116)	(76,116)
Recognised in profit or loss:	於損益中確認:		
Depreciation charge for the year recognised in cost of sales and general and administrative expenses	年內於銷售成本及一 般及行政開支中確 認之折舊開支	(5,882)	(5,882)
Deficit in revaluation of leasehold land	租賃土地價值重估之 虧損	(578)	(578)
Recognised in other comprehensive income:	於其他全面收益中 確認:		
Exchange differences on translating foreign operations	換算海外業務產生之 匯兌差額	9,735	9,735
Surplus on revaluation of leasehold land	租賃土地價值重估之 盈餘	15,017	15,017
At end of year	年末	202,030	202,030

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

7. FAIR VALUE MEASUREMENTS (Continued)

(b) Reconciliation of assets/(liabilities) measured at fair value based on level 3: (Continued)

7. 公平值計量(續)

(b) 根據第三層公平值計量的資產/ (負債)對賬:(續)

		Properties held for own use — Leasehold land 持作自用物 業—租賃土地 HK\$'000 千港元	Contingent consideration payable 應付或然代價 HK\$'000 千港元	2016 Total 二零一六年 總計 HK\$'000 千港元
At beginning of year	年初	215,900	(7,166)	208,734
Settlements	償付	—	7,166	7,166
Recognised in profit or loss:	於損益中確認:			
Depreciation charge for the year recognised in cost of sales and general and administrative expenses	年內於銷售成本及一 般及行政開支中確 認之折舊開支	(5,862)	—	(5,862)
Recognised in other comprehensive income:	於其他全面收益中 確認:			
Exchange differences on translating foreign operations	換算海外業務產生之 匯兌差額	(10,710)	—	(10,710)
Surplus on revaluation of leasehold land	租賃土地價值重估 之盈餘	45,146	—	45,146
At end of year	年末	244,474	—	244,474

The total gains or losses recognised in other comprehensive income are presented in surplus on revaluation of leasehold land and exchange differences on translating foreign operations in the consolidated statement of profit or loss and other comprehensive income.

The total gains or losses recognised in profit or loss are presented in cost of sales, general and administrative expenses and other operating expenses and income (2016: the total gains or losses recognised in profit or loss are presented in cost of sales and general and administrative expenses) in the consolidated statement of profit or loss.

於其他全面收益中確認之總收益或虧損乃於綜合損益及其他全面收益表中之租賃土地價值重估之盈餘及換算海外業務產生之匯兌差額呈列。

於損益內確認之總收益或虧損乃於綜合損益表中之銷售成本以及一般及行政開支(二零一六年:銷售成本及一般及行政開支)呈列。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

7. FAIR VALUE MEASUREMENTS (Continued)

(b) Reconciliation of assets/(liabilities) measured at fair value based on level 3: (Continued)

All the gains or losses recognised in profit or loss for the year were attributable the unrealised gain and loss of the leasehold land (2016: all the gains or losses recognised in profit or loss for the year were attributable the unrealised gain and loss of the leasehold land) held at the end of the reporting period.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2017:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Key unobservable inputs used in level 3 fair value measurements are mainly adjusted accommodation value/price per square metre/square feet of the PRC and Hong Kong leasehold land estimated based on recent market transactions.

7. 公平值計量(續)

(b) 根據第三層公平值計量的資產／(負債)對賬：(續)

所有於年內損益內確認的收益或虧損均由於報告期末所持之租賃土地之未實現收益及虧損所致(二零一六年：所有於年內損益內確認的收益或虧損均由租賃土地之未實現收益及虧損所致)。

(c) 於二零一七年十二月三十一日本集團所採用的估值程序及公平值計量所採用的估值方法及參數的披露：

本集團的財務總監負責就財務報告進行所需的資產及負債的公平值計量(包括第3層公平值計量)。財務總監就此等公平值計量直接向董事會匯報。財務總監與董事會每年至少兩次檢討討論估值程序及有關結果。

就第三層公平值計量而言，本集團一般委聘具備認可專業資格且有近期估值經驗的外聘估值專家。

第三層公平值計量所用主要不可觀察參數主要包括根據最近的市場交易估計中國及香港租賃土地的已調整每平方米樓面價格／每平方米／平方呎價格。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

7. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2017: (Continued)

Level 3 fair value measurements

7. 公平值計量(續)

(c) 於二零一七年十二月三十一日本集團所採用的估值程序及公平值計量所採用的估值方法及參數的披露：(續)

第三層公平值計量

Description 項目	Valuation technique 估值方法	Unobservable inputs 不可觀察的參數	Range 範圍	Effect on fair value for increase of inputs 參數增加對公平值的影響	Fair value 公平值	
					2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Land use rights in Egongling Village, Pinghu Town, Shenzhen City, the PRC 中國深圳市平湖鎮鵝公嶺村的土地使用權	Direct comparison approach 直接比較法	Adjusted accommodation value per square metre taking into account the differences from the comparables with respect to location, quantum, and tenure 經考慮可比較土地之地點、面積及使用年期差異的每平方米經調整樓面價格	RMB1,527/square metre – RMB1,743/square metre (2016: RMB1,185/square metre – RMB1,494/square metre) 每平方米人民幣1,527元至每平方米人民幣1,743元(二零一六年：每平方米人民幣1,185元至每平方米人民幣1,494元)	Increase 增加	14,400	11,200
Land use rights in Phoenix Avenue, Pinghu Town, Shenzhen City, the PRC 中國深圳市平湖鎮鳳凰大道的土地使用權	Direct comparison approach 直接比較法	Adjusted accommodation value per square metre taking into account the differences from the comparables with respect to location, quantum, facilities, and tenure 經考慮可比較土地之地點、面積、設施及使用年期差異的每平方米經調整樓面價格	Nil (2016: RMB1,753/square metre – RMB1,844/square metre) 無(二零一六年：每平方米人民幣1,753元至每平方米人民幣1,844元)	Increase 增加	–	72,972

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

7. FAIR VALUE MEASUREMENTS (Continued)

7. 公平值計量(續)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2017: (Continued)

Level 3 fair value measurements (Continued)

(c) 於二零一七年十二月三十一日本集團所採用的估值程序及公平值計量所採用的估值方法及參數的披露：(續)

第三層公平值計量(續)

Description 項目	Valuation technique 估值方法	Unobservable inputs 不可觀察的參數	Range 範圍	Effect on fair value for increase of inputs 參數增加對公平值的影響	Fair value 公平值	
					2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Land use rights in Western District of Daya Bay, Huizhou City, the PRC 中國惠州大亞灣西區的土地使用權	Direct comparison approach 直接比較法	Adjusted price per square metre (2016: Adjusted accommodation value per square metre) taking into account the differences from the comparables with respect to location, quantum, and tenure 經考慮可比較土地之地點、面積及使用年期差異的每平方米經調整價格(二零一六年：每平方米經調整樓面價格)	RMB522/square metre – RMB535/square metre (2016: RMB221/square metre – RMB503/square metre) 每平方米人民幣522元至每平方米人民幣535元(二零一六年：每平方米人民幣221元至每平方米人民幣503元)	Increase 增加	125,600	116,700
Land use rights in Wuhu City, Anhui Province, the PRC 中國安徽省蕪湖市的土地使用權	Direct comparison approach 直接比較法	Adjusted price per square metre (2016: Adjusted accommodation value per square metre) taking into account the differences from the comparables with respect to location, quantum, and tenure 經考慮可比較土地之地點、面積及使用年期差異的每平方米經調整價格(二零一六年：每平方米經調整樓面價格)	RMB144/square metre – RMB180/square metre (2016: RMB132/square metre – RMB173/square metre) 每平方米人民幣144元至每平方米人民幣180元(二零一六年：每平方米人民幣132元至每平方米人民幣173元)	Increase 增加	6,400	5,900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

7. FAIR VALUE MEASUREMENTS (Continued)

7. 公平值計量(續)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2017: (Continued)

(c) 於二零一七年十二月三十一日本集團所採用的估值程序及公平值計量所採用的估值方法及參數的披露：(續)

Level 3 fair value measurements (Continued)

第三層公平值計量(續)

Description 項目	Valuation technique 估值方法	Unobservable inputs 不可觀察的參數	Range 範圍	Effect on fair value for increase of inputs 參數增加對公平值的影響	Fair value 公平值	
					2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Land use rights in Billion Centre, Kowloon Bay, Hong Kong 香港九龍灣億京中心的土地使用權	Direct comparison approach 直接比較法	Adjusted price per square feet taking into account the differences from the comparables with respect to location and quantum 經可比較土地之地點及面積差異的每平方呎經調整價格	HK\$11,480/square feet – HK\$13,906/square feet (2016: HK\$9,224/square feet – HK\$15,365/square feet) 每平方呎11,480港元至每平方呎13,906港元(二零一六年：每平方呎9,224港元至每平方呎15,365港元)	Increase 增加	39,930	37,860
Land use rights in Kinetic Centre, Kowloon Bay, Hong Kong 香港九龍灣興力工業中心的土地使用權	Direct comparison approach 直接比較法	Adjusted price per square feet (2016: Nil) taking into account the differences from the comparables with respect to location and quantum 經可比較土地之地點及面積差異的每平方呎經調整價格(二零一六年：無)	HK\$4,856/square feet – HK\$6,689/square feet (2016: Nil) 每平方呎4,856港元至每平方呎6,689港元(二零一六年：無)	Increase 增加	15,700	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

7. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2017: (Continued)

Level 3 fair value measurements (Continued)

The fair value of leasehold land held for own use located in the PRC and Hong Kong is determined using direct comparison approach by reference to recent sales price of comparable leasehold land on an accommodation value per metre or price per square metre/square feet basis, adjusted for a premium or a discount specific to the quality of the Group's leasehold land compared to the recent sales. Higher premium for higher quality land will result in a higher fair value measurement.

During the two years, there were no changes in the valuation techniques used.

8. REVENUE

The Group is principally engaged in the sale and manufacture of zinc, magnesium and aluminium alloy die casting and plastic injection products and components, trading of lighting products and home appliances.

Revenue represents the net amounts received and receivable for goods sold, net of returns and allowances to customers during the year.

7. 公平值計量(續)

(c) 於二零一七年十二月三十一日本集團所採用的估值程序及公平值計量所採用的估值方法及參數的披露：(續)

第三層公平值計量(續)

位於中國及香港持有作自用的租賃土地的公平值乃使用直接比較法釐定，當中已參考可比較租賃土地近期銷售的每平方米樓面價格或每平方米／平方呎價格，並按本集團租賃土地的質量與最近銷售比較所引致的溢價或折讓作出調整。高質量土地可享有較高溢價，並可產生較高的公平值計量數值。

於兩個年度，所使用的估值方法並無變動。

8. 收入

本集團主要從事生產及銷售鋅、鎂及鋁合金壓鑄、塑膠注塑產品和零部件、照明產品和家居器具貿易。

收入指於年內銷售貨品的已收及應收款項淨額(已扣除退貨及給予客戶的折扣)。

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Sales of goods	銷售貨品	1,738,738	1,742,476

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

9. OTHER INCOME

9. 其他收入

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Exchange differences	匯兌差額	—	9,095
Interest income on bank deposits	銀行存款利息收入	354	868
Rental income	租金收入	140	789
Reimbursement from customers	客戶報銷收回	9,955	8,023
Sales of scrap materials	廢料銷售	1,565	615
Government grants	政府補助金	3,260	3,967
Others	其他	1,396	2,320
		16,670	25,677

Government grants mainly comprised unconditional support for subsidising the Group's research and development.

政府補助金主要包括無條件支援本集團之研發之資助。

10. SEGMENT INFORMATION

For management purposes, the Group's operation is currently categorised into six (2016: five) operating divisions — zinc, magnesium, aluminium alloy die casting, plastic injection products and components, as well as trading of lighting products and home appliances. These divisions are the basis of the Group's five reportable segments. The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and different cost measurement.

The Group's other operating segments include trading of lighting products and home appliances. None of these segments meets any of the quantitative thresholds for determining reportable segments. The information of these other operating segments is included in the 'others' column.

10. 分部資料

為方便管理，本集團現時業務分為六個(二零一六年：五個)營運部門— 鋅、鎂及鋁合金壓鑄、塑膠注塑產品和零部件以及照明產品和家居器具貿易。該等部門是本集團五個呈報分部資料的基準。本集團之呈報分部為提供不同產品之的策略業務單位。由於有關業務需要不同技術及有不同成本計量方式，故該等分部乃獨立管理。

本集團的其他經營分部包括照明產品和家具器具的貿易。此等分部均未達到決定可呈報分部的任何量化門檻。其他經營分部的資料載於「其他」一欄。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

10. SEGMENT INFORMATION (Continued)

Segment profits or losses do not include interest income, corporate income, gain or loss from derivative instruments, gain on disposal of a subsidiary, gain on deemed disposal of subsidiaries, share of loss of associates, corporate expenses, finance costs and income tax expense.

Information about reportable segment profit or loss:

		Zinc alloy die casting 鋅合金壓鑄 HK\$'000 千港元	Magnesium alloy die casting 鎂合金壓鑄 HK\$'000 千港元	Aluminium alloy die casting 鋁合金壓鑄 HK\$'000 千港元	Plastic injection 塑膠注塑 HK\$'000 千港元	Others 其他 HK\$'000 千港元	Total 總數 HK\$'000 千港元
Year ended 31 December 2017	截至二零一七年十二月三十一日止年度						
Revenue from external customers	來自外來客戶的收入	203,685	588,843	201,928	712,210	32,072	1,738,738
Segment profit/(loss)	分部溢利/(虧損)	6,476	(24,566)	2,149	41,362	(3,110)	22,311
Depreciation and amortisation	折舊及攤銷	5,297	33,970	6,319	39,576	277	85,439
Restructuring expenses (note)	重組費用(附註)	—	25,696	—	—	—	25,696
Impairment loss on property, plant and equipment	物業、機器及設備減值虧損	—	8,752	—	—	—	8,752

		Zinc alloy die casting 鋅合金壓鑄 HK\$'000 千港元	Magnesium alloy die casting 鎂合金壓鑄 HK\$'000 千港元	Aluminium alloy die casting 鋁合金壓鑄 HK\$'000 千港元	Plastic injection 塑膠注塑 HK\$'000 千港元	Lighting products 照明產品 HK\$'000 千港元	Total 總數 HK\$'000 千港元
Year ended 31 December 2016	截至二零一六年十二月三十一日止年度						
Revenue from external customers	來自外來客戶的收入	230,614	691,194	195,763	601,267	23,638	1,742,476
Segment profit/(loss)	分部溢利/(虧損)	16,737	30,377	5,404	78,663	(11,005)	120,176
Depreciation and amortisation	折舊及攤銷	8,538	38,717	7,969	33,730	190	89,144

Note: The amount was included in general and administrative expenses which is one-off in nature.

10. 分部資料(續)

分部溢利或虧損不包括利息收入、企業收益、來自衍生工具之損益、出售附屬公司收益、視作出售附屬公司收益、攤分聯營公司虧損、企業開支、融資成本及所得稅開支。

呈報分部溢利或虧損之資料如下：

附註：該一次性款項已計入一般及行政開支中。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

10. SEGMENT INFORMATION (Continued)

10. 分部資料(續)

Reconciliation of reportable segment revenue, profit or loss:

呈報分部收入、溢利或虧損之對賬：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Revenue	收入		
Total revenue of reportable segments	呈報分部之總收入	1,738,738	1,742,476
Unallocated amounts	不分類數目	—	—
Consolidated revenue	綜合收入	1,738,738	1,742,476
		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Profit or loss	溢利或虧損		
Total profit of reportable segments	呈報分部總溢利	22,311	120,176
Unallocated amounts:	不分類數目：		
Gain on deemed disposal of subsidiaries	視作出售附屬公司收益	—	4,635
Gain on disposal of a subsidiary	出售附屬公司收益	96,011	—
Share of loss of associates	攤分聯營公司虧損	(325)	(3,400)
Interest income	利息收入	354	868
Gain on financial liabilities at fair value through profit or loss	按公平值計入損益賬的金融負債之收益	—	14,767
Finance costs	融資成本	(16,115)	(17,489)
Income tax expense	所得稅開支	(45,862)	(46,252)
Corporate income	企業收入	86	9,262
Corporate expenses	企業開支	(20,329)	(22,665)
Consolidated profit for the year	年內綜合溢利	36,131	59,902

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

10. SEGMENT INFORMATION (Continued)

10. 分部資料(續)

Reconciliation of reportable segment revenue, profit or loss: (Continued)

呈報分部收入、溢利或虧損之對賬： (續)

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Other material items – depreciation and amortisation	其他重大項目 – 折舊及攤銷		
Total depreciation and amortisation of reportable segments	呈報分部總折舊及攤銷	85,439	89,144
Unallocated amounts:	不分類數目：		
Depreciation of property, plant and equipment for corporate use	企業用物業、機器及設備折舊	1,735	1,356
Consolidated depreciation and amortisation	綜合折舊及攤銷	87,174	90,500

Geographical information:

地區資料：

		Revenue 收入	
		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Hong Kong	香港	264,145	307,492
The PRC except Hong Kong	中國(香港除外)	705,186	822,741
Japan	日本	34,891	23,063
USA	美國	587,384	472,291
Others	其他	147,132	116,889
Consolidated total	綜合總數	1,738,738	1,742,476

In presenting the geographical information, revenue is based on the locations of the customers.

呈列地區資料時，收入是以客戶的地區為基準。

The Group's non-current assets by geographical areas are not presented as the aggregate amount of the geographical segments other than the PRC is less than 10% (2016: less than 10%) of the aggregate amount of all segments.

因為除中國外之地區分部之非流動資產總金額佔所有分部之總額少於10%(二零一六年：少於10%)，所以本集團沒有按地區呈列。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

10. SEGMENT INFORMATION (Continued)

10. 分部資料(續)

Revenue from major customers:

來自主要客戶之收入：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Zinc alloy die casting segment	鋅合金壓鑄分部		
Customer a	客戶a	103,742	117,678
Customer b	客戶b	39,066	55,394
Customer c	客戶c	2,367	4,518
Magnesium alloy die casting segment	鎂合金壓鑄分部		
Customer c	客戶c	87,378	256,053
Customer e	客戶e	253,514	144,177
Aluminium alloy die casting segment	鋁合金壓鑄分部		
Customer a	客戶a	114,663	110,367
Customer e	客戶e	2,265	7,814
Customer c	客戶c	—	145
Plastic injection segment	塑膠注塑分部		
Customer b	客戶b	106,196	115,718
Customer a	客戶a	1,177	1,120
Customer d	客戶d	518,229	408,833

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

11. OTHER OPERATING EXPENSES AND INCOME

11. 其他經營開支及收入

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Allowance for inventories	存貨撥備	415	12,110
Allowance for amounts due from associates	應收聯營公司款項撥備	2,934	—
Bad debts written off	壞賬撇銷	61	275
Gain on financial liabilities at fair value through profit or loss	按公平值計入損益之金融負債收益	—	(14,767)
Impairment loss on property, plant and equipment	物業、機器及設備之減值虧損	8,752	1,122
Gain on disposal of property, plant and equipment	出售物業、機器及設備之收益	(84)	(45)
Deficit in revaluation of land	土地價值重估之虧損	578	—
Property, plant and equipment written off	物業、機器及設備撇銷	8,632	4,515
Allowance for/(Reversal of allowance for) doubtful debts	呆賬撥備/(撥回)	764	(53)
		22,052	3,157

12. FINANCE COSTS

12. 融資成本

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Interest expenses on bank borrowings	總借貸成本	16,115	17,933
Amount capitalised	資本化金額	—	(444)
		16,115	17,489

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

12. FINANCE COSTS (Continued)

The analysis shows the finance costs of bank borrowings including bank borrowings which contain a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the loan agreements. For the years ended 31 December 2017 and 2016, the interest on bank borrowings which contain a repayment on demand clause before the capitalisation of borrowing costs amounted to approximately HK\$9,347,000 and HK\$10,392,000 respectively.

The weighted average capitalisation rate on funds borrowed generally is at a rate of Nil% (2016: 3.2%) per annum.

12. 融資成本(續)

有關分析列示銀行借款的融資成本，包括根據貸款協議所載的議定預定還款期之附有按要求償還條款的銀行借款。截至二零一七年及二零一六年十二月三十一日止年度，附有按要求償還條款的銀行借款及在資本化前的利息分別約為9,347,000港元及10,392,000港元。

借貸資金之加權平均資本化年利率普遍為零(二零一六年：3.2%)。

13. INCOME TAX EXPENSE

13. 所得稅開支

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Current tax — Hong Kong	即期稅項 —		
Profits Tax	香港利得稅		
Provision for the year	本年度撥備	16,936	7,653
Under/(Over)-provision in prior years	過往年度撥備不足/ (超額撥備)	294	(1,723)
Current tax — Income tax outside Hong Kong	即期稅項 — 香港以外 所得稅		
Provision for the year	本年度撥備	11,435	14,770
Capital gain tax arising from disposal of a subsidiary	由出售附屬公司產生 之資本增值稅	13,727	—
Withholding tax arising from dividend payment of a disposed subsidiary	由出售附屬公司支付 股息產生之預提稅	3,118	—
Under/(Over)-provision in prior years	過往年度撥備不足/ (超額撥備)	265	(833)
Deferred tax (note 31)	遞延稅項(附註31)	87	26,385
Income tax expense	所得稅開支	45,862	46,252

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

13. INCOME TAX EXPENSE (Continued)

Hong Kong Profits Tax has been provided at a rate of 16.5% (2016: 16.5%) on the estimated assessable profits of Hong Kong incorporated subsidiaries for the year ended 31 December 2017.

Under the PRC Enterprise Income Tax (the "EIT") Law, the statutory tax rate for the Group's subsidiaries established and operating in Mainland China is 25% (2016: 25%). One of the Group's subsidiaries has been recognised as a "New and High Technology Enterprise" in the PRC for the year ended 31 December 2016 and was therefore subject to a preferential tax rate of 15% for that year.

Income tax on overseas profit has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing on the overseas countries in which the Group operates.

According to the PRC EIT Law, withholding income tax at a rate of 10% would be imposed on dividend payment relating to profits earned from year 2008 onwards to foreign investors for the companies established in the PRC. Such tax rate may be further reduced by applicable tax treaties or arrangements.

Capital gain tax of the PRC was charged at a withholding tax rate of 10% based on the surplus of the sales proceed from the disposal of a subsidiary over the investment cost of that subsidiary.

13. 所得稅開支(續)

截至二零一七年十二月三十一日止年度之香港利得稅根據香港註冊附屬公司之估計應課稅溢利以稅率16.5%(二零一六年: 16.5%)作出撥備。

根據中國企業所得稅法，本集團於中國大陸成立及營運之附屬公司之法定稅率為25%(二零一六年: 25%)。但是截至二零一六年十二月三十一日止年度，本集團其中一間附屬公司獲確定為中國「高新技術企業」，因此其在該年度可享有15%之優惠稅率。

海外溢利之所得稅根據年內估計應課稅溢利以本集團有營運之海外國家之現行稅率計算。

根據中國企業所得稅法，外國投資者由二零零八年起自於中國成立之公司賺取利潤相關之股息支付將被施加10%預提所得稅。該稅率有可能按適用稅務條例或安排進一步降低。

根據出售附屬公司的銷售收入盈餘以該附屬公司的投資成本計算，中國的資本增值稅按10%的預提稅率計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

13. INCOME TAX EXPENSE (Continued)

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

13. 所得稅開支(續)

所得稅開支與除稅前溢利乘以香港利得稅稅率計算所得結果的對賬如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Profit before tax	除稅前溢利	81,993	106,154
Tax at Hong Kong Profits Tax rate at 16.5% (2016: 16.5%)	按香港利得稅稅率16.5% (二零一六年：16.5%) 計算的稅項	13,529	17,515
Tax effect of expenses that are not deductible	不可扣稅開支的稅務影響	12,847	8,893
Tax effect of income that is not taxable	毋須課稅收入的稅務影響	(6,102)	(4,113)
Tax effect of temporary differences not recognised	未確認暫時差異的稅務影響	(354)	(290)
Tax effect of share of loss of associates	攤分聯營公司虧損之稅務影響	54	561
Tax effect of tax losses not recognised	未確認稅項虧損之稅務影響	35,446	16,605
Utilisation of tax losses not previously recognised	動用先前未確認之稅項虧損之影響	(4,678)	(6,973)
Withholding tax arising from dividend payment/undistributed profits of a PRC subsidiary	來自中國附屬公司支付股息／未分配利潤所產生之預提所得稅	3,118	15,852
Under/(Over)-provision in prior years	過往年度撥備不足／(超額撥備)	559	(2,556)
Over-provision for current year	本年度超額撥備	1,027	157
Effect of different tax rates of subsidiaries	附屬公司稅率不同的稅務影響	(9,584)	601
Income tax expense	所得稅開支	45,862	46,252

In addition to the amount charged to profit or loss, deferred tax relating to the revaluation of the Group's leasehold land during the year has been charged to other comprehensive income.

除在損益表列賬外，於年內本集團之租賃土地重估之有關遞延稅項已在其他全面收益中列賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

14. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

14. 年內溢利

本集團年內之溢利已扣除/(計入)下列各項：

	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Allowance for inventories (note (a))	415	12,110
Allowance for amounts due from associates (note (a))	2,934	—
Allowance for doubtful debts (note (a))	764	—
Auditor's remuneration	1,750	1,660
Bad debts written off (note (a))	61	275
Cost of inventories sold (note (b))	1,360,457	1,288,458
Deficit in revaluation of land (note (a))	578	—
Depreciation of property, plant and equipment	87,174	90,500
Gain on financial liabilities at fair value through profit or loss (note (a))	—	(14,767)
Impairment loss on property, plant and equipment (note (a))	8,752	1,122
Net exchange loss/(gain)	2,038	(9,095)
Net gain on disposal of property, plant and equipment (note (a))	(84)	(45)
Property, plant and equipment written off (note (a))	8,632	4,515
Operating lease charges in respect of land and buildings	7,487	8,860
Other fees paid to the auditor of the Company	443	399
Research and development expenditure (note (c))	8,479	23,994
Restructuring expenses (note (d))	25,696	—
Reversal of allowance for doubtful debts (note (a))	—	(53)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

14. PROFIT FOR THE YEAR (Continued)

Note:

- (a) These amounts were included in other operating expenses and income.
- (b) Cost of inventories sold includes staff costs and depreciation of approximately HK\$408,098,000 (2016: HK\$421,952,000), which are included in the amounts disclosed separately above and in note 15.
- (c) Research and development expenditure includes staff costs of approximately HK\$2,267,000 (2016: HK\$11,828,000), which are included in the amounts disclosed separately in note 15.
- (d) The amount was included in general and administrative expenses which is one-off in nature.

14. 年內溢利(續)

附註：

- (a) 該等款項已計入其他營運開支及收入內。
- (b) 已售存貨成本包括員工成本及折舊約408,098,000港元(二零一六年：421,952,000港元)，彼等已各自分別於上文及附註15披露。
- (c) 研究及開發支出中包括於附註15獨立披露的員工成本約2,267,000港元(二零一六年：11,828,000港元)。
- (d) 該一次性款項已計入一般及行政開支中。

15. EMPLOYEE BENEFITS EXPENSE

15. 僱員福利開支

	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Employee benefits expense (excluding directors' emoluments):		
Salaries, bonuses and allowances	437,643	434,674
Retirement benefit scheme contributions	30,973	28,655
Other benefits	33,783	35,566
	502,399	498,895

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

15. EMPLOYEE BENEFITS EXPENSE (Continued)

Five highest paid individuals

The five highest paid individuals in the Group during the year included three (2016: three) directors whose emoluments are reflected in the analysis presented in note 16. The emoluments of the remaining two (2016: two) individuals for the year ended 31 December 2017 are set out below:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Basic salaries and allowances	基本薪酬及津貼	2,935	2,807
Discretionary bonus	酌情花紅	—	194
Retirement benefits scheme contributions	退休福利計劃供款	36	36
		2,971	3,037

The emoluments fell within the following bands:

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

During the year, no emoluments were paid by the Group to any of these highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. 僱員福利開支(續)

五名最高薪酬人士

本集團的五名最高薪酬人士包括三名(二零一六年: 三名)董事, 有關酬金詳情載於附註16的分析。於截至二零一七年十二月三十一日止年度餘下兩名(二零一六年: 兩名)最高薪酬人士的酬金如下:

酬金介乎以下範圍:

年內, 本集團並無向該等最高薪酬人士支付任何作為加盟本集團時或之後的獎勵或離職的補償之酬金。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

16. BENEFITS AND INTEREST OF DIRECTORS

16. 董事福利及利益

(a) Emoluments of directors

The emoluments of each director were as follows:

(a) 董事酬金

各董事的酬金如下：

Name of director	董事姓名	Fees	Salaries and allowances	Discretionary bonus	Estimated money value of other benefits	Retirement benefits contributions	Total
		袍金	薪金及津貼	酌情花紅	其他福利的估計貨幣價值	退休福利計劃供款	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
					(note iii)		
					(附註iii)		
Year ended 31 December 2017	截至二零一七年十二月三十一日						
Executive directors	執行董事						
Mr. Lee	李先生	—	3,003	—	199	18	3,220
Dr. WONG Cheong Yiu (note ij)	黃昌耀博士(附註i)	—	2,175	—	—	37	2,212
Mr. WONG Wing Chuen	黃永銓先生	—	1,614	—	139	18	1,771
Independent non-executive directors	獨立非執行董事						
Professor SUN Kai Lit, Cliff BBS, JP	孫啟烈教授BBS、太平紳士	180	—	—	—	—	180
Ir Dr. LO Wai Kwok SBS, MH, JP	盧偉國博士SBS, MH、太平紳士	180	—	—	—	—	180
Mr. KONG Kai Chuen, Frankie	江啟銓先生	180	—	—	—	—	180
Mr. Andrew LOOK	陸東先生	180	—	—	—	—	180
Total for 2017	二零一七年總計	720	6,792	—	338	73	7,923
Year ended 31 December 2016	截至二零一六年十二月三十一日						
Executive directors	執行董事						
Mr. Lee	李先生	—	2,955	209	206	18	3,388
Dr. WONG Cheong Yiu (note ij)	黃昌耀博士(附註i)	—	2,140	146	—	37	2,323
Mr. WONG Wing Chuen	黃永銓先生	—	1,588	109	92	18	1,807
Mr. CHAN Tat Cheong, Alan (note ij)	陳達昌先生(附註ii)	—	654	—	—	6	660
Independent non-executive directors	獨立非執行董事						
Professor SUN Kai Lit, Cliff BBS, JP	孫啟烈教授BBS、太平紳士	180	—	—	—	—	180
Ir Dr. LO Wai Kwok SBS, MH, JP	盧偉國博士SBS, MH、太平紳士	180	—	—	—	—	180
Mr. KONG Kai Chuen, Frankie	江啟銓先生	180	—	—	—	—	180
Mr. Andrew LOOK	陸東先生	180	—	—	—	—	180
Total for 2016	二零一六年總計	720	7,337	464	298	79	8,898

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

16. BENEFITS AND INTEREST OF DIRECTORS (Continued)

(a) Emoluments of directors (Continued)

Note:

- (i) Dr. Wong Cheong Yiu is also the chief executive of the Company and his emoluments disclosed above include those services rendered by him as chief executive.
- (ii) Mr. Chan Tat Cheong, Alan was resigned as an executive director of the Company on 23 May 2016.
- (iii) Estimated money values of other benefits include cars of the Group used by the directors.

There were no arrangements under which a director waived or agreed to waive any emoluments during the year (2016: Nil).

During the year, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) Directors' material interests in transactions, arrangement or contracts

Save as the continuing connected transactions as disclosed in note 39 to the consolidated financial statements, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

17. DIVIDENDS

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2017 of HK1.0 cent (2016: HK1.0 cent) per share has been proposed by the Board of Directors of the Company and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

16. 董事福利及利益(續)

(a) 董事酬金(續)

附註:

- (i) 黃昌耀博士亦為本公司行政總裁，上文所披露之薪酬包括彼作為行政總裁提供服務的酬金。
- (ii) 陳達昌先生於二零一六年五月二十三日退任本公司執行董事。
- (iii) 其他福利的估計貨幣價值包括董事使用的本集團汽車。

董事於本年內概無作出放棄或同意放棄任何酬金的安排(二零一六年：無)。

年內，本集團並無向任何董事支付任何作為加盟本集團時或之後的獎勵或離職補償的酬金。

(b) 董事於交易、安排或合約中的重大權益

除載列於綜合財務報表附註39之持續關連交易所披露者外，於年終或年內任何時間，本公司概無訂立任何與本集團業務有關而本公司董事及其關連人士於當中直接或間接擁有重大權益的重大交易、安排及合約。

17. 股息

於報告期間完結後，本公司董事會建議宣派截至二零一七年十二月三十一日止年度之末期股息每股1.0港仙(截至二零一六年十二月三十一日止年度末期股息：1.0港仙)，此股息有待本公司股東於應屆股東週年大會上批准。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

18. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

18. 每股盈利

每股基本及攤薄盈利按下列計算：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Earnings	盈利		
Profit attributable to the owners of the Company, used in the basic earnings per share calculation	用於計算每股基本盈利之本公司權益持有人應佔溢利	33,998	59,243
Effect of profit attributable to the non-controlling interest assuming 300 shares of a subsidiary, Katchon Precision Holdings Company Limited ("Katchon") were issued to the seller of Goodly Precision Industrial Limited ("Goodly"), pursuant to the contingent consideration arrangement of the business combination	收購業務中或其代價安排，假設已發行附屬公司嘉昌精密控股有限公司(「嘉昌」)之300股股份來抵銷卓研精密工業有限公司(「卓研」)之賣家對非控股權益應佔溢利之影響	—	(664)
Profit attributable to owners of the Company, used in the diluted earnings per share calculation	用於計算攤薄每股基本盈利之本公司權益持有人應佔溢利	33,998	58,579
Number of shares	股份數目		
Weighted average number of ordinary shares used in basic earnings per share calculation	用於計算每股基本盈利之加權平均普通股股數	893,761,400	893,761,400
Effect of dilutive potential ordinary shares arising from share options	購股權導致潛在攤薄普通股之影響	27,931	30,353
Weighted average number of ordinary shares used in diluted earnings per share calculation	用於計算每股攤薄盈利之加權平均普通股股數	893,789,331	893,791,753

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

19. PROPERTY, PLANT AND EQUIPMENT

19. 物業、機器及設備

		Leasehold land	Buildings	Leasehold improvements	Plant and machinery	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
		租賃土地	樓宇	租賃物業裝修	機器及設備	電腦設備	傢俬、固定裝置及辦公室設備	汽車	在建工程	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Cost or valuation	成本或估值									
At 1 January 2016	於二零一六年一月一日	215,900	347,432	173,249	609,955	9,343	11,905	15,481	10,008	1,393,273
Transfer	轉移	—	2,559	2,036	—	—	320	—	(4,915)	—
Additions	添置	—	—	15,541	19,543	292	522	194	885	36,977
Surplus on revaluation	重估盈餘	45,146	—	—	—	—	—	—	—	45,146
Depreciation eliminated against cost	於成本減去折舊	(5,511)	—	—	—	—	—	—	—	(5,511)
Disposal/write off	出售/撇銷	—	(7,857)	—	(2,250)	(37)	(34)	(640)	—	(10,818)
Exchange differences	匯兌差額	(10,903)	(20,584)	(9,824)	(33,820)	(113)	(663)	(687)	(420)	(77,014)
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	244,632	321,550	181,002	593,428	9,485	12,050	14,348	5,558	1,382,053
Transfer	轉移	—	—	324	—	—	—	—	(324)	—
Additions	添置	15,380	5,274	9,496	29,867	820	3,030	1,534	863	66,264
Surplus on revaluation	重估盈餘	15,017	—	—	—	—	—	—	—	15,017
Deficit in revaluation	重估虧損	(578)	—	—	—	—	—	—	—	(578)
Depreciation eliminated against cost	於成本減去折舊	(6,169)	—	—	—	—	—	—	—	(6,169)
Disposal/write off	出售/撇銷	—	—	(21,128)	(15,020)	(704)	(1,726)	(6,966)	(16)	(45,560)
Disposal of a subsidiary	出售附屬公司	(76,116)	(34,672)	—	—	—	—	—	—	(110,788)
Exchange differences	匯兌差額	9,864	20,138	10,705	37,793	206	754	391	435	80,286
At 31 December 2017	於二零一七年十二月三十一日	202,030	312,290	180,399	646,068	9,807	14,108	9,307	6,516	1,380,525
Accumulated depreciation and impairment	累計折舊及減值									
At 1 January 2016	於二零一六年一月一日	—	66,726	84,334	317,881	8,113	5,765	11,419	—	494,238
Charge for the year	年內扣除	5,862	14,696	23,287	43,524	664	1,104	1,363	—	90,500
Disposal/write off	出售/撇銷	—	(3,536)	—	(1,869)	(19)	(29)	(640)	—	(6,093)
Adjustment on revaluation	重估調整	(5,511)	—	—	—	—	—	—	—	(5,511)
Impairment	減值	—	—	—	—	—	—	—	1,122	1,122
Exchange differences	匯兌差額	(193)	(4,478)	(4,592)	(16,354)	(143)	(297)	(486)	(49)	(26,592)
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	158	73,408	103,029	343,182	8,615	6,543	11,656	1,073	547,664
Charge for the year	年內扣除	5,882	13,898	24,375	40,304	456	1,287	972	—	87,174
Disposal/write off	出售/撇銷	—	—	(17,748)	(10,390)	(835)	(1,579)	(5,966)	—	(36,518)
Disposal of a subsidiary	出售附屬公司	—	(22,250)	—	—	—	—	—	—	(22,250)
Adjustment on revaluation	重估調整	(6,169)	—	—	—	—	—	—	—	(6,169)
Impairment	減值	—	—	—	4,557	—	—	—	4,195	8,752
Exchange differences	匯兌差額	129	4,273	5,800	20,102	135	300	290	251	31,280
At 31 December 2017	於二零一七年十二月三十一日	—	69,329	115,456	397,755	8,371	6,551	6,952	5,519	609,933
Carrying amount	賬面值									
At 31 December 2017	於二零一七年十二月三十一日	202,030	242,961	64,943	248,313	1,436	7,557	2,355	997	770,592
At 31 December 2016	於二零一六年十二月三十一日	244,474	248,142	77,973	250,246	870	5,507	2,692	4,485	834,389

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綜合財務報表附註(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

19. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Group's leasehold land was revalued on 31 December 2017, 12 July 2017, 31 December 2016 and 30 September 2016 respectively using the direct comparison approach by reference to market evidence of recent transactions for similar properties by independent surveyors.

The carrying amount of the Group's leasehold land would have been approximately HK\$54,091,000 (2016: HK\$44,893,000) had it been stated at cost less accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment pledged as security for the Group's banking facilities amounted to approximately HK\$44,326,000 (2016: HK\$42,405,000).

20. INVESTMENTS IN SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2017 are as follows:

Name 名稱	Place and date of incorporation 成立地點及日期	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/註冊資本	Percentage of ownership interest/voting power/profit sharing 應佔權益/投票權/溢利百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Ka Shui (Holdings) Company Limited 嘉瑞集團有限公司	BVI 英屬處女群島	US\$36,909 36,909美元	100%	—	Investment holding 投資控股
Ample Wealth Developments Limited 富豐發展有限公司	BVI 英屬處女群島	US\$1 1美元	—	100%	Investment holding 投資控股
Ka Fung Metal Manufactory Company Limited 嘉豐金屬製品廠有限公司	Hong Kong 香港	HK\$74,487,660 74,487,660港元	—	100%	Sale of plastic injection products and components 銷售塑膠注塑產品及零部件
Ka Shui Manufactory Co., Limited 嘉瑞製品有限公司	Hong Kong 香港	HK\$10,000 10,000港元	—	100%	Sale of zinc, magnesium and aluminium alloy die casting and plastic injection products and components 銷售鋅、鎂及鋁合金壓鑄和塑膠注塑產品及零部件

19. 物業、機器及設備(續)

本集團之租賃土地分別於二零一七年十二月三十一日、二零一七年七月十二日、二零一六年十二月三十一日及二零一六年九月三十日由獨立估值師按直接比較法價值參考市場類似物業之最近交易證據重估。

若按成本減累計折舊及減值虧損列賬，本集團租賃土地的賬面值約為54,091,000港元(二零一六年：44,893,000港元)。

本集團賬面值為數約44,326,000港元(二零一六年：42,405,000港元)的物業、機器及設備已質押作為本集團銀行信貸的抵押。

20. 於附屬公司的投資

於二零一七年十二月三十一日，附屬公司之詳情如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

20. INVESTMENTS IN SUBSIDIARIES (Continued)

Particulars of the subsidiaries as at 31 December 2017 are as follows: (Continued)

20. 於附屬公司的投資(續)

於二零一七年十二月三十一日，附屬公司之詳情如下：(續)

Name 名稱	Place and date of incorporation 成立地點及日期	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/註冊資本	Percentage of ownership interest/voting power/profit sharing 應佔權益/投票權/溢利百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Ka Shui Technology (Huizhou) Company Limited* 嘉瑞科技(惠州)有限公司	The PRC 中國	Registered capital HK\$430,000,000 註冊資本430,000,000港元	—	100%	Sale and manufacture of magnesium alloy die casting products and components 銷售及生產鎂合金壓鑄產品及零部件
Elegant Shine Investments Limited 雅輝投資有限公司	BVI 英屬處女群島	US\$1 1美元	—	100%	Investment holding 投資控股
Ample Wealth Property Developments (Huizhou) Limited* 富豐物業開發(惠州)有限公司	The PRC 中國	Registered capital HK\$6,800,000 註冊資本6,800,000港元	—	100%	Inactive 暫無業務
Ka Shui Technology Limited 嘉瑞科技有限公司	Hong Kong 香港	HK\$10,000 10,000港元	—	100%	Investment holding 投資控股
Wing Yu (Far East) Industries Company Limited 永裕(遠東)實業有限公司	Hong Kong 香港	HK\$6,900,000 6,900,000港元	—	100%	Investment holding 投資控股
Huizhou Wing Yu Metal and Plastic Manufactory Company Limited* 惠州市永裕五金塑料製品有限公司	The PRC 中國	Registered capital HK\$4,500,000 註冊資本4,500,000港元	—	100%	Provision of surface finishing treatment services and sale and manufacture of zinc alloy die casting products and components 提供表面處理服務及銷售及生產鋅合金壓鑄產品及零部件
Ka Yi Technology (Huizhou) Company Limited* 嘉宜科技(惠州)有限公司	The PRC 中國	Registered capital HK\$20,000,000 註冊資本20,000,000港元	—	100%	Sale and manufacture of zinc and aluminium alloy die casting products and components 銷售及生產鋅及鋁合金壓鑄產品及零部件
Ka Fung Industrial Technology (Huizhou) Company Limited* 嘉豐工業科技(惠州)有限公司	The PRC 中國	Registered capital HK\$132,000,000 註冊資本132,000,000港元	—	100%	Sale and manufacture of products and components with plastic contents 銷售及生產含塑膠部件之產品及零部件

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

20. INVESTMENTS IN SUBSIDIARIES (Continued)

Particulars of the subsidiaries as at 31 December 2017 are as follows: (Continued)

20. 於附屬公司的投資(續)

於二零一七年十二月三十一日，附屬公司之詳情如下：(續)

Name 名稱	Place and date of incorporation 成立地點及日期	Issued and fully paid up share capital/ registered capital 已發行及繳足 股本/註冊資本	Percentage of ownership interest/ voting power/profit sharing		Principal activities 主要業務
			應佔權益/ 投票權/溢利百分比		
			Direct 直接	Indirect 間接	
Alphalite Company Limited 嘉能照明有限公司	Hong Kong 香港	HK\$1 1港元	—	100%	Trading and marketing of LED and plasma lighting products 從事LED及等離子照明產品之貿易及市場推廣
Ka Shui Metal Manufactory (Shenzhen) Company Limited* 嘉瑞金屬製品(深圳)有限公司	The PRC 中國	Registered capital HK\$40,000,000 註冊資本40,000,000港元	—	100%	Sale and manufacture of zinc, magnesium and aluminium alloy die casting products and component 銷售及生產鋅、鎂及鋁合金壓鑄產品及零部件
Alphalite Incorporation	USA 美國	US\$100 100美元	—	100%	Trading and marketing of LED and plasma lighting products 從事LED及等離子照明產品之貿易及市場推廣
Ka Shui (USA) Incorporation	USA 美國	US\$5,000 5,000美元	—	100%	Marketing of zinc, magnesium and aluminium alloy die casting and plastic injection products and components, trading of LED and home appliance products 從事鋅、鎂及鋁合金壓鑄及塑膠注塑產品及零部件之市場推廣以及LED及家居器具之貿易
Kalok Technology Investment Limited 嘉樂科技投資有限公司	BVI 英屬處女群島	US\$50,000 50,000美元	—	100%	Investment holding 投資控股
Wuhu Lenka Technologies Company Limited ("Wuhu Lenka")* 蕪湖聯嘉工業科技有限公司(「蕪湖聯嘉」)	The PRC 中國	Registered capital RMB50,000,000 註冊資本人民幣50,000,000元	—	100%	Sale and manufacture of magnesium alloy die casting products and components 銷售及生產鎂合金壓鑄產品及零部件
Ka Shui Metal Company Limited 嘉瑞金屬有限公司	Hong Kong 香港	HK\$100,000 100,000港元	—	100%	Sale of magnesium alloy die casting products and components 銷售鎂合金壓鑄產品及零部件
Katchon 嘉昌	BVI 英屬處女群島	US\$1,000 1,000美元	—	70%	Investment holding 投資控股

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

20. INVESTMENTS IN SUBSIDIARIES (Continued)

Particulars of the subsidiaries as at 31 December 2017 are as follows: (Continued)

Name 名稱	Place and date of incorporation 成立地點及日期	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/註冊資本	Percentage of ownership interest/ voting power/profit sharing 應佔權益/投票權/溢利百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Ka Shui Plastic Technology Company Limited (formerly known as Katchon Industrial Company Limited) 嘉瑞塑膠科技有限公司 (前稱「嘉昌工業有限公司」)	Hong Kong 香港	HK\$1 1港元	—	100%	Inactive 暫無業務
Goodly 卓研	Hong Kong 香港	HK\$50,000 50,000港元	—	70%	Investment holding 投資控股
Goodly Precision (Suzhou) Industrial Limited ("Goodly Suzhou")* 卓研精密工業(蘇州)有限公司(「卓研蘇州」)	The PRC 中國	Registered capital US\$5,000,000 註冊資本5,000,000美元	—	70%	Research, manufacture and sale of plastic injection moulding and components of car-related products 汽車相關產品之塑膠注塑及零部件之研發、生產及銷售
Qiqihaer Northern Ka Shui Light Alloy Technology Company Limited* 齊齊哈爾北方嘉瑞輕體合金科技有限公司	The PRC 中國	Registered capital RMB12,000,000 註冊資本人民幣12,000,000元	—	51%	Research and development, trading of aluminium related products 鋁相關產品之研發及銷售
Huizhou Ka May New Material Technology Company Limited* 惠州嘉錕新材料科技有限公司	The PRC 中國	Registered capital RMB1,000,000 註冊資本人民幣1,000,000元	—	70%	Inactive 暫無業務

* English translation of the name is for identification purpose only.

* 名稱之英文翻譯只供識別。

Ka Shui Technology (Huizhou) Company Limited, Ample Wealth Property Developments (Huizhou) Limited, Ka Yi Technology (Huizhou) Company Limited, Ka Fung Industrial Technology (Huizhou) Company Limited, Ka Shui Metal Manufactory (Shenzhen) Company Limited, Huizhou Wing Yu Metal and Plastic Manufactory Company Limited and Goodly Suzhou are wholly-foreign owned enterprises established in the PRC. Wuhu Lenka, Qiqihaer Northern Ka Shui Light Alloy Technology Company Limited and Huizhou Ka May New Material Technology Company Limited are registered as a company with limited liability under the law of the PRC.

嘉瑞科技(惠州)有限公司、富豐物業開發(惠州)有限公司、嘉宜科技(惠州)有限公司、嘉豐工業科技(惠州)有限公司、嘉瑞金屬製品(深圳)有限公司、惠州市永裕五金塑料製品有限公司及卓研蘇州為於中國成立之外商獨資企業。蕪湖聯嘉、齊齊哈爾北方嘉瑞輕體合金科技有限公司及惠州嘉錕新材料科技有限公司按中國法律成立之有限責任公司。

As at 31 December 2017, the bank and cash balances and restricted bank deposits of the Group's subsidiaries in the PRC denominated in RMB amounted to approximately HK\$130,612,000 (2016: HK\$123,272,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

於二零一七年十二月三十一日，本集團於中國以人民幣計值的附屬公司的銀行及現金結餘及有限制銀行存款約為130,612,000港元(二零一六年：123,272,000港元)。將人民幣兌換為外幣須根據中國的《外匯管制條例》及《結匯、售匯及付匯管理規定》進行。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

20. INVESTMENTS IN SUBSIDIARIES (Continued)

The following table shows information on the subsidiary that has non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

20. 於附屬公司的投資(續)

下表顯示所擁有非控股權益(「非控股權益」)對本集團而言屬重大之附屬公司之資料。財務資料概要反映公司間抵銷前金額。

		Goodly Suzhou 卓研蘇州	
Name 名稱		2017 二零一七年	2016 二零一六年
Principal place of business/country of incorporation	主要營業地點／註冊成立國家	PRC/PRC 中國／中國	PRC/PRC 中國／中國
% of ownership interest/voting right held by NCI	非控股權益所持擁有權／投票權百分比	30%/30%	30%/30%
		HK\$'000 千港元	HK\$'000 千港元
At 31 December:	於十二月三十一日：		
Non-current assets	非流動資產	16,358	12,930
Current assets	流動資產	45,094	33,280
Current liabilities	流動負債	(14,491)	(9,937)
Net assets	淨資產	46,961	36,273
Accumulated NCI	累計非控股權益	14,088	10,882
Year ended 31 December:	截至十二月三十一日止年度：		
Revenue	收入	71,748	55,199
Profit	溢利	7,675	5,421
Total comprehensive income	全面收益總額	10,688	3,067
Profit allocated to NCI	分配予非控股權益之溢利	2,303	927
Dividends paid to NCI	派付予非控股權益之股息	—	—
Net cash generated from operating activities	經營業務所得現金淨額	2,743	4,512
Net cash used in investing activities	投資業務所用現金淨額	(5,883)	(2,196)
Net cash used in financing activities	融資活動所用現金淨額	(276)	(860)
Net (decrease)/increase in cash and cash equivalents	現金及等同現金項目(減少)／增加淨額	(3,416)	1,456

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

21. CLUB MEMBERSHIP

21. 會所會籍

HK\$'000
千港元

Cost

At 31 December 2016 and 2017

成本值

於二零一六年及二零一七年
十二月三十一日

718

The Group's club membership of HK\$718,000 (2016: HK\$718,000) at 31 December 2017 is assessed as having indefinite useful life because there is no time limit that the Group can enjoy the services provided by that club.

本集團於二零一七年十二月三十一日之會所會籍價值718,000港元(二零一六年: 718,000港元)已評定為具無限可使用年期,原因是本集團享用該會所提供服務之時間並無限制。

22. INVESTMENTS IN ASSOCIATES

22. 於聯營公司之投資

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Unlisted investments:	非上市投資:		
Share of net assets	攤分淨資產	704	1,046
Goodwill	商譽	632	632
		1,336	1,678

The amounts due from/to associates are unsecured, interest free and repayable on demand.

應收/應付聯營公司款項為無抵押、免息及須在要求時即時償還。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

22. INVESTMENTS IN ASSOCIATES (Continued)

Details of the Group's associates at 31 December 2017 are as follows:

Name 名稱	Place of incorporation/ registration 註冊/登記地點	Issued and fully paid up share capital/registered capital 已發行及繳足 股本/註冊資本	Percentage of ownership interest/voting power/profit sharing 應佔權益/投票權/ 溢利百分比	Principal activities 主要業務
Topanga Asia Limited ("Topanga Asia") 勁亮嘉科技有限公司(「勁亮嘉」)	Hong Kong 香港	HK\$127,373,638 127,373,638港元	38.9%	Inactive 暫無業務
Topanga USA Inc.	USA 美國	US\$1 1美元	38.9%	Inactive 暫無業務
Topanga Technology (Huizhou) Limited* 勁亮嘉科技(惠州)有限公司	The PRC 中國	Registered capital HK\$6,500,000 註冊資本6,500,000港元	38.9%	Inactive 暫無業務

* English translation of the name is for identification purpose only.

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

22. 於聯營公司之投資(續)

於二零一七年十二月三十一日本集團之聯營公司資料如下：

* 名稱之英文翻譯只供識別。

下表載列本集團以權益會計法入賬之所有個別非重要聯營公司攤分金額總數：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
At 31 December: Carrying amounts of interests	於十二月三十一日： 權益賬面值	1,336	1,678
Year ended 31 December: Loss from operations	於十二月三十一日 完結之年度： 經營虧損	(325)	(3,400)
Other comprehensive income	其他全面收益	(16)	—
Total comprehensive income	全面收益總額	(341)	(3,400)

As at 31 December 2017, the bank and cash balances of the Group's associates in the PRC denominated in RMB amounted to approximately HK\$65,000. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

於二零一七年十二月三十一日，本集團於中國以人民幣計值的聯營公司的銀行及現金結餘約為65,000港元。將人民幣兌換為外幣須根據中國的《外匯管制條例》及《結匯、售匯及付匯管理規定》進行。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

23. 可供出售金融資產

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Unlisted equity, at cost	非上市股本(按成本計算)	8,303	8,303
Impairment loss	減值虧損	(8,303)	(8,303)
		—	—

Unlisted equity is carried at cost. The investee company has ceased business and the management has made full impairment loss for the investment.

非上市股本投資乃按成本入賬。被投資公司已終止業務及管理層已對此項投資作出全數減值虧損。

24. INVENTORIES

24. 存貨

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Raw materials	原材料	48,908	54,451
Consumables supplies and spare parts	消耗品及備用零部件	10,984	10,240
Work in progress	在製品	101,673	64,593
Finished goods	製成品	109,405	89,652
		270,970	218,936
Less: Allowance for inventories	減：存貨撥備	(18,564)	(22,774)
		252,406	196,162

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

25. TRADE RECEIVABLES

During the year 2016 and 2017, the Group obtained finance for part of its trade debtors with full recourse from financial institutions. In the event of default by the debtors, the Group is still obliged to pay the financial institutions the amount in default. As at 31 December 2016, interest is charged on average at 2.64% per annum on the proceeds received from the financial institutions until the date the debtors pay. The Group is therefore exposed to the risks of credit losses and late payment in respect of the secured debts. All such bank borrowings were repaid as at 31 December 2017.

The trade receivables in respect of the financed transactions do not meet the de-recognition conditions in HKAS 39 as the Group retains substantially all of the risks and rewards of ownership of the financed trade debts. At 31 December 2016, trade debts of approximately HK\$95,076,000 continue to be recognised in the Group's consolidated financial statements. The proceeds of the financed transactions are included in borrowings as asset-backed financing (note 29) until the trade debts are collected and the Group settles the borrowings to the financial institutions. At 31 December 2016, the asset-backed financing liability amounted to HK\$92,675,000.

25. 貿易應收款項

於二零一六年及二零一七年，本集團向金融機構貼現具有完全追索權的部分貿易應收賬款。倘若有關債務人違約，本集團須向金融機構支付違約金額。於二零一六年十二月三十一日，有關利息按自金融機構獲得的有關款項的平均2.64%年利率計算，直至有關債務人支付該等賬款。因此，本集團就貼現債務承擔信貸虧損及延期支付風險。於二零一七年十二月三十一日，所有該等銀行借款已償還。

有關貿易應收款項之貼現交易並不符合香港會計準則第39號有關取消確認金融資產的規定，因為本集團保留貼現貿易應收賬款所有權的大多數風險及回報。於二零一六年十二月三十一日，貿易應收賬款約為95,076,000港元繼續於本集團綜合財務報表中確認。貼現交易的所得款項作為資產抵押融資(附註29)列入借貸，直至收回貿易債務及本集團結清金融機構之借貸。於二零一六年十二月三十一日，資產抵押融資負債為92,675,000港元。

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綜合財務報表附註(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

25. TRADE RECEIVABLES (Continued)

The Group's trading terms with customers are mainly on credit. The credit terms generally ranged from 30 to 120 days (2016: 30 to 120 days) after the end of the month in which the invoices issued. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors. The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is stated as follows:

25. 貿易應收款項(續)

本集團與客戶之交易主要以信貸形式進行。信貸期一般介乎開票當月結束後30至120天(二零一六年：30至120天)。每名客戶有最高信貸限額。本集團致力嚴格控制未償還應收款項，由董事定期檢討過期未付結餘。應收賬款(扣除撥備)按發票日期之賬齡分析載列如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
0 to 30 days	0至30日	173,319	147,131
31 to 60 days	31至60日	108,282	145,047
61 to 90 days	61至90日	46,714	63,980
91 to 180 days	91至180日	86,705	93,794
Over 180 days	180日以上	372	7,462
		415,392	457,414

At 31 December 2017, an allowance was made for estimated irrecoverable trade receivables of approximately HK\$764,000 (2016: HK\$Nil).

於二零一七年十二月三十一日，就估計不可收回貿易應收賬款作出撥備約764,000港元(二零一六年：零港元)。

Reconciliation of allowance for trade receivables:

貿易應收款項撥備之對賬：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
At 1 January	於一月一日	—	53
Allowance for the year charged to profit or loss	於年內撥備支賬至損益	764	—
Reversal upon write off of bad debts	於撇銷壞賬時回撥	—	(53)
At 31 December	於十二月三十一日	764	—

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綜合財務報表附註(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

25. TRADE RECEIVABLES (Continued)

As of 31 December 2017, trade receivables of approximately HK\$64,022,000 (2016: HK\$84,721,000) were past due but not impaired. These relate to a number of independent customers for whom there are no recent history of default. The ageing analysis of these trade receivables, based on the due date, is as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Up to 3 months	3個月以內	63,521	76,580
4 to 6 months	4至6個月	254	6,703
Over 6 months	6個月以上	247	1,438
		64,022	84,721

The carrying amount of the Group's trade receivables is denominated in the following currencies:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
HK\$	港元	31,653	29,769
USD	美元	332,159	371,108
RMB	人民幣	48,341	54,126
Others	其他	3,239	2,411
		415,392	457,414

25. 貿易應收款項(續)

於二零一七年十二月三十一日，約64,022,000港元(二零一六年：84,721,000港元)的貿易應收款項為逾期但無減值撥備。該等款項與眾多最近並無拖欠紀錄的獨立客戶有關。該等逾期貿易應收款項根據到期日的賬齡分析如下：

本集團貿易應收款項的賬面值以下列貨幣列值：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

26. RESTRICTED BANK BALANCES AND BANK AND CASH BALANCES

The Group's restricted bank balances represent:

- (a) Balance of RMB950,000 (equivalent to approximately HK\$1,140,000) (2016: RMB1,400,000 (equivalent to approximately HK\$1,564,000)) to guarantee for the use of natural gas in the PRC (2016: guarantee for the use of natural gas in the PRC);
- (b) Balance of RMB1,744,000 (equivalent to approximately HK\$2,094,000) (2016: Nil) to guarantee to the customs office in the PRC (2016: Nil).

The cash at banks earned interest at floating interest rates ranging from 0.01% to 0.25% per annum (2016: 0.01% to 0.54% per annum).

The carrying amounts of bank and cash balances are denominated in the following currencies:

26. 有限制銀行存款與銀行及現金結餘

本集團的有限制銀行存款指：

- (a) 人民幣950,000元(相等於約1,140,000港元)(二零一六年：人民幣1,400,000元(相等於約1,564,000港元))作為於中國使用天然氣之擔保(二零一六年：於中國使用天然氣之擔保)；
- (b) 人民幣1,744,000元(相等於約2,094,000港元)(二零一六年：零)用作向中國海關的擔保(二零一六年：無)。

銀行存款按每年0.01厘至0.25厘(二零一六年：每年0.01厘至0.54厘)的浮動利率賺取利息。

銀行及現金結餘之賬面值以下列貨幣為單位：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
HK\$	港元	21,035	79,923
USD	美元	92,495	93,925
RMB	人民幣	128,877	122,062
EURO	歐元	1,529	59
Others	其他	58	39
		243,994	296,008

Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

根據中國的《外匯管制條例》及《結匯、售匯及付匯管理規定》，本集團獲允許可透過獲授權開展外匯業務的銀行以人民幣兌換外幣。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

27. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
0 to 30 days	0至30日	102,808	66,692
31 to 60 days	31至60日	85,317	66,520
61 to 90 days	61至90日	69,284	64,974
91 to 180 days	91至180日	104,211	103,265
Over 180 days	180日以上	5,774	11,637
		367,394	313,088

The carrying amount of the Group's trade payables is denominated in the following currencies:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
HK\$	港元	7,797	7,645
USD	美元	60,929	51,489
RMB	人民幣	298,596	253,225
Others	其他	72	729
		367,394	313,088

27. 貿易應付款項、其他應付款項及應計費用

貿易應付款項按收貨日期計算的賬齡分析如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
0 to 30 days	0至30日	102,808	66,692
31 to 60 days	31至60日	85,317	66,520
61 to 90 days	61至90日	69,284	64,974
91 to 180 days	91至180日	104,211	103,265
Over 180 days	180日以上	5,774	11,637
		367,394	313,088

本集團貿易應付款項賬面值以下列貨幣為單位：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
HK\$	港元	7,797	7,645
USD	美元	60,929	51,489
RMB	人民幣	298,596	253,225
Others	其他	72	729
		367,394	313,088

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

27. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS (Continued)

Other payables and accruals comprise the following:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Accrued wages	應計工資	34,519	33,374
Other accrued expenses	其他應計費用	18,075	27,165
Other payables	其他應付款項	30,475	26,825
		83,069	87,364

The carrying amount of the Group's other payables and accruals is denominated in the following currencies:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
HK\$	港元	5,351	7,757
USD	美元	16,042	6,236
RMB	人民幣	61,652	73,354
Others	其他	24	17
		83,069	87,364

28. DUE TO A RELATED COMPANY

Particulars of the amount due to a related company are as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Chit Shun Machinery Limited	捷迅機械設備有限公司	4,465	2,020

The amount due to a related company is of trade nature and is unsecured, interest free and repayable on demand. Mr. Lee has joint control in the related company.

27. 貿易應付款項、其他應付款項及應計費用(續)

其他應付款項及應計費用包括以下各項：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Accrued wages	應計工資	34,519	33,374
Other accrued expenses	其他應計費用	18,075	27,165
Other payables	其他應付款項	30,475	26,825
		83,069	87,364

本集團其他應付款項及應計費用的賬面值按以下貨幣列值：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
HK\$	港元	5,351	7,757
USD	美元	16,042	6,236
RMB	人民幣	61,652	73,354
Others	其他	24	17
		83,069	87,364

28. 應付關聯公司款項

應付關聯公司款項詳情如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Chit Shun Machinery Limited	捷迅機械設備有限公司	4,465	2,020

應付關聯公司的款項為業務性質及並無抵押、免息及須在要求時即期償還。李先生在關聯公司擁有共同控制。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

29. BANK BORROWINGS

The analysis of the carrying amount of bank borrowings is as follows:

29. 銀行借款

銀行借款的賬面值分析如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Current liabilities			
	流動負債		
Portion of bank borrowings due for repayment within one year	須於一年內到期償還的銀行貸款部分	245,364	321,088
Portion of bank borrowings due for repayment after one year which contains a repayment on demand clause	須於一年後到期償還的包含按要償還條款的銀行貸款部分	81,247	44,945
Asset-backed financing (note (a))	資產抵押融資(附註(a))	—	92,675
		326,611	458,708
Non-current liabilities			
	非流動負債		
Portion of bank borrowings due for repayment after one year which do not contain repayment on demand clause	須於一年後到期償還的不包含按要償還條款的銀行貸款部分	41,667	107,244

The interest-bearing bank borrowings, including the bank borrowings repayable on demand, are carried at amortised cost. None of the portion of bank borrowings due for repayment after one year which contain a repayment on demand clause that is classified as current liabilities is expected to be settled within one year.

計息銀行貸款(包括須按要償還的銀行貸款)乃按攤銷成本列賬。須於一年後到期償還的包含按要償還條款且分類為流動負債的銀行貸款部分預期毋須於一年內清償。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

29. BANK BORROWINGS (Continued)

At 31 December 2017, interest-bearing bank loans were due for repayment as follows:

29. 銀行借款(續)

於二零一七年十二月三十一日，到期償還的計息銀行貸款如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Portion of bank borrowings due for repayment within one year	須於一年內到期償還的銀行貸款部分	245,364	321,088
Asset-backed financing (note (a))	資產抵押融資(附註(a))	—	92,675
		245,364	413,763
Portion of bank borrowings due for repayment after one year which contains a repayment on demand clause (note (b)):	須於一年後到期償還(包含按要求的償還條款)的銀行貸款部分(附註(b)):		
After 1 year but within 2 years	一年之後但兩年之內	59,905	25,608
After 2 years but within 5 years	兩年之後但五年之內	21,342	19,337
		81,247	44,945
Portion of bank borrowings due for repayment after one year which do not contain a repayment on demand clause:	須於一年後到期償還(不包含按要求的償還條款)的銀行貸款部分:		
After 1 year but within 2 years	一年之後但兩年之內	26,667	55,682
After 2 years but within 5 years	兩年之後但五年之內	15,000	51,562
		41,667	107,244
		368,278	565,952

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

29. BANK BORROWINGS (Continued)

Note:

- (a) The asset-backed financing represents the amount of financing obtained in invoice financing transactions which do not meet the de-recognition requirement in HKAS 39. The corresponding assets are included in trade receivables (note 25).
- (b) The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

Seven (2016: eight) of the bank facilities are subject to the fulfillment of covenants relating to certain of the Group's financial ratios, as are commonly found in lending arrangements with financial institutions. Should the Group breach the covenants, the drawn down facilities would become repayable on demand. In addition, some of the Group's bank loan agreements contain clauses which give the lenders the right at their sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with these covenants, and is up to date with the scheduled repayments of the bank borrowings. Further details of the Group's management of liquidity risk are set out in note 6(c). There have been no breaches in the financial covenants of any interest-bearing borrowings for the years ended 31 December 2016 and 2017.

29. 銀行借款(續)

附註：

- (a) 資產抵押融資指透過不符合香港會計準則第39號的取消確認規定之發票融資交易而獲得的融資金額。有關資產列入貿易應收賬款(附註25)。
- (b) 結欠款項乃按貸款協議所載的預定還款期為基準，並無計及任何按要求償還條款的影響。

七個(二零一六年：八個)銀行融資額度需符合有關本集團若干財務比率之契諾，該等契諾通常於與金融機構訂立之貸款安排中出現。倘本集團違反有關契諾，則已動用之融資額度須按要求償還。此外，本集團若干銀行貸款協議之條款中給予貸款人全權酌情決定隨時要求即時償還貸款的權利，而無論本集團是否遵守契諾及符合預定償還職責。

本集團定期監控此等契諾之遵守，並根據銀行貸款的預定還款期作出償還。本集團控制流動資金風險的進一步詳情載於附註6(c)。於截至二零一六年及二零一七年十二月三十一日止年度，概無違反任何計息借款之財務契諾。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

29. BANK BORROWINGS (Continued)

All bank borrowings were arranged at floating interest rate. The range of the interest rates per annum at 31 December 2017 was as follows:

		2017 二零一七年 % per annum 每年	2016 二零一六年 % per annum 每年
Floating rate	浮動利率	2.9% to 4.5%	2.1% to 5.3%

The carrying amount of the bank borrowings is denominated in the following currencies:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
HK\$	港元	332,264	517,060
RMB	人民幣	36,014	26,546
USD	美元	—	22,346
Total	總計	368,278	565,952

30. BANKING FACILITIES

As at 31 December 2017, the Group had available banking facilities of approximately HK\$799,000,000 (2016: HK\$788,000,000), which were utilised to the extent of approximately HK\$368,000,000 (2016: HK\$566,000,000). These banking facilities were secured by the following:

- (a) corporate guarantees provided by the Company and certain subsidiaries of the Group;
- (b) a property situated in Hong Kong owned by the Group; and
- (c) all monies assignment of rental over the property situated in Hong Kong owned by the Group.

29. 銀行借款(續)

所有銀行借款乃按浮動利率計息。於二零一七年十二月三十一日的年利率範圍如下：

		2017 二零一七年 % per annum 每年	2016 二零一六年 % per annum 每年
Floating rate	浮動利率	2.9% to 4.5%	2.1% to 5.3%

銀行借款賬面值以下列貨幣為計算單位：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
HK\$	港元	332,264	517,060
RMB	人民幣	36,014	26,546
USD	美元	—	22,346
Total	總計	368,278	565,952

30. 銀行信貸

於二零一七年十二月三十一日，本集團可動用的銀行信貸約為799,000,000港元(二零一六年：788,000,000港元)，而已動用的數額約為368,000,000港元(二零一六年：566,000,000港元)。此等銀行信貸以下列項目作為抵押：

- (a) 本公司及本集團某些附屬公司提供的公司擔保；
- (b) 本集團擁有的一項香港物業；及
- (c) 本集團在香港擁有之物業由租金轉讓之所有金額。

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綜合財務報表附註(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

31. DEFERRED TAX ASSETS/LIABILITIES

The following is the deferred tax liabilities and assets recognised by the Group, and the movements thereon, during the year:

Deferred tax liabilities:

31. 遞延稅項資產／負債

以下為本集團於年內已確認的遞延稅項負債及資產與相關變動：

遞延稅項負債：

		Undistributed earnings of a subsidiary 附屬公司 未分派盈利 HK\$'000 千港元	Revaluation of leasehold land 租賃土地 價值重估 HK\$'000 千港元	Accelerated tax depreciation 加速稅項 折舊 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2016	於二零一六年 一月一日	—	35,217	31	35,248
Charge to other comprehensive income for the year	於年內支賬至其他 全面收益	—	8,184	—	8,184
Charge/(Credit) to profit or loss for the year (note 13)	於年內支賬／(入賬) 至損益(附註13)	15,852	(208)	(31)	15,613
Exchange differences	匯兌差額	—	(1,889)	—	(1,889)
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	15,852	41,304	—	57,156
Disposal of a subsidiary	出售附屬公司	—	(10,006)	—	(10,006)
Withholding tax paid	繳付預提稅	(15,852)	—	—	(15,852)
Charge to other comprehensive income for the year	於年內支賬至其他 全面收益	—	1,576	—	1,576
Exchange differences	匯兌差額	—	1,997	—	1,997
At 31 December 2017	於二零一七年 十二月三十一日	—	34,871	—	34,871

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

31. DEFERRED TAX ASSETS/LIABILITIES (Continued)

Deferred tax assets:

		Tax losses	Financial liabilities at fair value through profit or loss	Fair value adjustment on business combination	Total
		稅項虧損	按公平值計入損益之金融負債	業務合併的公平值調整	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
At 1 January 2016	於二零一六年一月一日	—	11,756	526	12,282
Credit/(Charge) to profit or loss for the year (note 13)	於年內入賬/(支賬)至損益(附註13)	1,080	(11,756)	(96)	(10,772)
Exchange differences	匯兌差額	(48)	—	(57)	(105)
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	1,032	—	373	1,405
Charge to profit or loss for the year (note 13)	於年內支賬至損益(附註13)	—	—	(87)	(87)
Exchange differences	匯兌差額	77	—	24	101
At 31 December 2017	於二零一七年十二月三十一日	1,109	—	310	1,419

The following is the analysis of the deferred tax balances (after offset) for consolidated statement of financial position purposes:

就綜合財務狀況表而言，遞延稅項結餘(抵銷後)之分析如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Deferred tax liabilities	遞延稅項負債	33,762	56,124
Deferred tax assets	遞延稅項資產	(310)	(373)
Total	總計	33,452	55,751

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

31. DEFERRED TAX ASSETS/LIABILITIES (Continued)

At 31 December 2017, the Group had unused tax losses of approximately HK\$295,415,000 (2016: HK\$150,142,000) which are available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$4,437,000 (2016: HK\$4,130,000) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses due to the unpredictability of future profit streams. Included in the unrecognised tax losses are losses of approximately HK\$11,361,000 (2016: HK\$17,174,000) which may be carried forward indefinitely. The remaining unrecognised tax losses of approximately HK\$279,617,000 (2016: HK\$128,838,000) will expire as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Year 2018	二零一八年	145	135
Year 2019	二零一九年	22,876	21,615
Year 2020	二零二零年	51,473	47,908
Year 2021	二零二一年	54,958	51,381
Year 2022	二零二二年	142,698	—
Year 2034	二零三四年	1,561	2,030
Year 2035	二零三五年	2,955	2,837
Year 2036	二零三六年	2,951	2,932
		279,617	128,838

At 31 December 2017, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries operated in the PRC is approximately HK\$214,404,000 (2016: HK\$345,435,000). No liability has been recognised in respect of temporary differences of approximately HK\$214,404,000 (2016: HK\$186,913,000) because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not be reversed in the foreseeable future.

31. 遞延稅項資產／負債(續)

於二零一七年十二月三十一日，本集團有未動用稅項虧損約295,415,000港元(二零一六年：150,142,000港元)可供抵銷未來溢利。就該等虧損約4,437,000港元(二零一六年：4,130,000港元)確認為遞延稅項資產。概無就該等剩餘稅項虧損確認為遞延稅項資產，因為未能確定未來溢利流入。未確認稅項虧損中包括虧損約11,361,000港元(二零一六年：17,174,000港元)，可無限期結轉。餘下之未確認稅項虧損約279,617,000港元(二零一六年：128,838,000港元)將於下列期間到期：

於二零一七年十二月三十一日，與中國營運之附屬公司之未分派盈利有關之暫時差額合共約214,404,000港元(二零一六年：345,435,000港元)。本集團並無就暫時差額約214,404,000港元(二零一六年：186,913,000港元)確認負債，原因為本集團能控制暫時差額的回撥時間，而該差額將不可能於可見未來回撥。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

32. SHARE CAPITAL

32. 股本

	Number of shares 股份數目	Amount 金額 HK\$'000 千港元
<p>Authorised:</p> <p>Ordinary shares of HK\$0.1 each At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017</p>	<p>法定：</p> <p>每股面值0.1港元的普通股 於二零一六年一月一日、二 零一六年十二月三十一 日、二零一七年一月一日 及二零一七年十二月 三十一日</p>	5,000,000,000 500,000
<p>Issued and fully paid:</p> <p>Ordinary shares of HK\$0.1 each At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017</p>	<p>已發行及繳足：</p> <p>每股面值0.1港元的普通股 於二零一六年一月一日、二 零一六年十二月三十一 日、二零一七年一月一日 及二零一七年十二月 三十一日</p>	893,761,400 89,376

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

本集團管理其資本以確保本集團內之實體將可持續經營，而持份者亦可透過優化債務及權益結餘取得最大回報。本集團的整體策略與去年無異。

The capital structure of the Group consists of cash and cash equivalents and total equity, comprising issued share capital, reserves, retained earnings and non-controlling interests. The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

本集團的資本架構包括現金及等同現金項目及權益總額，包括已發行股本、儲備、保留盈利及非控股權益。本公司董事每半年檢討一次資本架構。於進行檢討時，董事考慮資本成本及有關各類資本的風險。根據董事的建議，本集團將透過派付股息、發行新股及購回股份以及發行新債項或贖回現有債項，藉以平衡其整體資本架構。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

32. SHARE CAPITAL (Continued)

The net gearing ratio at the year end is as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Debt (note (a))	負債(附註(a))	368,278	565,952
Less: Restricted bank deposits	減：有限制銀行存款	(3,234)	(1,564)
Bank and cash balances	銀行及現金結餘	(243,994)	(296,008)
Net debt	負債淨額	121,050	268,380
Equity (note (b))	權益(附註(b))	866,643	771,507
Net debt to equity ratio	負債淨額與權益比率	14.0%	34.8%

Note:

- (a) Debt is defined as bank borrowings as detailed in note 29 to the consolidated financial statements.
- (b) Equity includes all capital and reserves of the Group.

The only externally imposed capital requirements for the Group are (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of its shares, and (ii) to meet financial covenants attached to the interest-bearing borrowings. The Group receives reports from major shareholders and other connected persons on any changes in shares held by them to ensure the continuing compliance with the 25% limit throughout the year. As at 31 December 2017, 29.64% (2016: 29.64%) of the shares were in public hands. There have been no breaches in the financial covenants of any interest-bearing borrowings as at 31 December 2016 and 2017.

32. 股本(續)

於年終的淨借貸比率如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Debt (note (a))	負債(附註(a))	368,278	565,952
Less: Restricted bank deposits	減：有限制銀行存款	(3,234)	(1,564)
Bank and cash balances	銀行及現金結餘	(243,994)	(296,008)
Net debt	負債淨額	121,050	268,380
Equity (note (b))	權益(附註(b))	866,643	771,507
Net debt to equity ratio	負債淨額與權益比率	14.0%	34.8%

附註：

- (a) 債務乃界定為銀行借款，有關詳情載於綜合財務報表附註29。
- (b) 權益包括本集團所有資本及儲備。

本集團唯一向外承擔之資本規定為(i)於聯交所之上市地位及具有不少於25%之公眾持股量；及(ii)遵守附於計息借款之財務契約。本集團從主要股東及其他關連人士收取有關彼等所持有的股份之任何變動的報告，以確保年內持續遵守25%的限制。於二零一七年十二月三十一日，29.64% (二零一六年：29.64%) 之股份由公眾持有。於截至二零一六年及二零一七年十二月三十一日止年度，概無違反任何計息借款之財務契約。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

33. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

33. 本公司財務狀況表及儲備變動

(a) Statement of financial position of the Company

(a) 本公司財務狀況表

	Note 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Non-current assets			
Investments in subsidiaries		84,282	75,179
Current assets			
Prepayments, deposits and other receivables		50	50
Due from subsidiaries		373,277	373,277
Bank and cash balances		181	179
		373,508	373,506
Current liabilities			
Other payables and accruals		8	8
Due to subsidiaries		93,180	83,081
Financial guarantee contracts liabilities		29,477	28,501
		122,665	111,590
Net current assets		250,843	261,916
NET ASSETS		335,125	337,095
Capital and reserves			
Share capital		89,376	89,376
Reserves	33(b)	245,749	247,719
TOTAL EQUITY		335,125	337,095

Approved by the Board of Directors on 26 March 2018 and are signed on its behalf by:

經董事會於二零一八年三月二十六日批准，並由以下董事代表簽署：

Lee Yuen Fat
李遠發
Director
董事

Wong Cheong Yiu
黃昌耀
Director
董事

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

33. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

33. 本公司財務狀況表及儲備變動(續)

(b) Reserve movement of the Company

(b) 本公司之儲備變動

		Share premium 股份溢價 HK\$'000 千港元	Share option reserve 購股權儲備 HK\$'000 千港元	Retained earnings 保留盈利 HK\$'000 千港元	Total 總數 HK\$'000 千港元
At 1 January 2016	於二零一六年 一月一日	204,650	10	30,482	235,142
Profit for the year	年內溢利	—	—	12,577	12,577
At 31 December 2016	於二零一六年十二月 三十一日	204,650	10	43,059	247,719
At 1 January 2017	於二零一七年 一月一日	204,650	10	43,059	247,719
Profit for the year	年內溢利	—	—	6,968	6,968
Dividend paid	已付股息	—	—	(8,938)	(8,938)
At 31 December 2017	於二零一七年 十二月三十一日	204,650	10	41,089	245,749

34. RESERVES

34. 儲備

(a) The Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statements of changes in equity.

(a) 本集團

本集團的儲備款項及相關變動均於綜合損益及其他全面收益表及綜合權益變動表呈列。

(b) Nature and purpose of reserves

(i) Share premium

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share. Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company 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 ordinary course of business.

(b) 儲備之性質及目的

(i) 股份溢價

股份溢價乃指因按高於每股面值的價格發行股份而產生的溢價。根據開曼群島公司法，本公司的股份溢價賬的資金乃可分派予本公司的股東，惟緊隨股息建議分派之日後，本公司須有能力償還於日常業務過程中到期的債務。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

34. RESERVES (Continued)

(b) Nature and purpose of reserves (Continued)

(ii) Merger reserve

The merger reserve represents the aggregate of (i) the nominal value of the shares issued by Ka Fung Metal Manufactory Company Limited on 18 January 2005 in exchange for the business of Ka Fung Metal Manufactory, an unincorporated partnership established in Hong Kong and controlled by Mr. Lee; and (ii) the nominal value of the shares issued by the Company in exchange for the entire shareholdings of Ka Shui (Holdings) Company Limited.

(iii) Capital reserve

The capital reserve represents (i) the amount of minority interests in Ka Fung Metal Manufactory Company Limited and Ka Fung Metal Manufactory acquired by the Group, (ii) the adjustment of non-controlling interest arising from further acquisition of the equity interest up to 79.7% in Topanga Asia and up to 100% in Wuhu Lenka during the year ended 31 December 2015, and (iii) the adjustment of non-controlling interest arising from the deemed disposal of Topanga Asia.

(iv) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(d)(iii) to the consolidated financial statements.

34. 儲備(續)

(b) 儲備之性質及目的(續)

(ii) 合併儲備

合併儲備指以下兩項的總和：
(i)嘉豐金屬製品廠有限公司於二零零五年一月十八日為換取嘉豐金屬製品廠(一間非按公司法註冊成立的合夥公司，在香港成立，並由李先生控制)之業務而發行的股份面值；及
(ii)本公司為換取嘉瑞集團有限公司的全部股權而發行的股份面值。

(iii) 資本儲備

資本儲備指(i)本集團收購嘉豐金屬製品廠有限公司及嘉豐金屬製品廠少數股東權益的款額；(ii)於截至二零一五年十二月三十一日止年度因進一步收購勁亮嘉至79.7%及蕪湖聯嘉至100%股權而產生之非控股權益調整；及(iii)由視作出售勁亮嘉而導致非控股權益之調整。

(iv) 匯兌儲備

匯兌儲備包括來自換算海外業務財務報表時產生的所有匯兌差額。該等儲備根據綜合財務報表附註4(d)(iii)所示會計政策處理。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

34. RESERVES (Continued)

(b) Nature and purpose of reserves (Continued)

(v) Share option reserve

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4(q) to the consolidated financial statements.

(vi) Statutory reserve

The statutory reserve comprises the PRC statutory reserve fund which is non-distributable.

As stipulated by the relevant laws and regulations for foreign investment enterprises in the PRC, the Company's PRC subsidiaries are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the statutory reserve fund reaches 50% of their registered capital. The statutory surplus reserve fund can be used to make up prior year losses or applied in conversion into capital.

(vii) Land revaluation reserve

The land revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for leasehold land in note 4(e) to the consolidated financial statements.

34. 儲備(續)

(b) 儲備之性質及目的(續)

(v) 購股權儲備

購股權儲備指根據綜合財務報表附註4(q)所載按股權結算以股份支付的款項而採納的會計政策確認的授予本集團僱員的未行使購股權的實際或估計數目的公平值。

(vi) 法定儲備

法定儲備包括不可分派的中國法定儲備基金。

中國規管外商投資企業的相關法律及條例規定，本公司的中國附屬公司須根據中國會計法例及條例計算的除稅後溢利10%轉撥至法定儲備基金，直至累計法定儲備基金總額達到註冊資本的50%為止。法定盈餘儲備基金可用來填補過往年度虧損或撥入資本。

(vii) 土地重估儲備

設立土地重估儲備乃根據綜合財務報表附註4(e)所載有關租賃土地而採納之會計政策。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

35. SHARE-BASED PAYMENTS

(a) Share Option Scheme

(i) Share option scheme adopted in 2007

Pursuant to written resolutions of all the shareholders passed on 2 June 2007, a share option scheme ("2007 Scheme") was approved. The purpose of the 2007 Scheme is to recognise and acknowledge the contributions that eligible participants had made or may make to the Group. Eligible participants include (i) employees, directors, consultants, professionals, customers, suppliers, agents, partners or advisors of or contractors to the Group or a company in which the Group holds an interest or a subsidiary of such company ("Affiliate"), or (ii) companies beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate. The 2007 Scheme became effective on 2 June 2007 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon the exercise of all outstanding share options granted and yet to be exercised under the 2007 Scheme or any other schemes involving the grant of options over shares of the Company must not, in aggregate, exceed 30% of the shares of the Company in issue at anytime. The maximum number of shares issuable under share options to each eligible participant in the 2007 Scheme within any 12 month period, is limited to 1% of the shares of the Company in issue at anytime. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

35. 以股權結算之款項

(a) 購股權計劃

(i) 於二零零七年採納之購股權計劃

根據全體股東於二零零七年六月二日通過的書面決議案，購股權計劃（「二零零七購股權計劃」）已獲採納。購股權計劃目的在於認可或酬謝合資格參與者已經或可能對本集團作出的貢獻。合資格參與者包括(i)本集團或本集團持有權益公司或該公司之附屬公司（「聯屬公司」）的僱員、董事、顧問、專業人士、客戶、供應商、代理商、夥伴或諮詢人或承包商，或(ii)由本集團或聯屬公司的任何董事、僱員、顧問、專業人士、客戶、供應商、代理商、夥伴、諮詢人或承包商實益擁有的公司。購股權計劃於二零零七年六月二日起生效，除非另行註銷或修訂，購股權計劃將自該日起十年內有效。

因行使所有根據二零零七購股權計劃或任何其他涉及授出本公司股份期權的計劃已授出而尚未行使購股權而可發行的最高股份數目，合共不得超過本公司不時已發行股份30%。根據二零零七購股權計劃，於任何十二個月期間，可發行予該購股權計劃各合資格參與者的最高股份數目上限為本公司不時已發行股份的1%。進一步授出超過該上限的購股權須獲股東於股東大會上批准。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

35. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

(i) Share option scheme adopted in 2007 (Continued)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK\$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options shall remain open for acceptance by the eligible participant concerned for a period of not less than three business days from the date of offer, except for any offer which is made within the last three business days of the life of this scheme, the offer shall remain open for acceptance on a business day by the eligible participant concerned for a period of not longer than the remaining life of this scheme. An offer cannot be accepted by an eligible participant who ceases to qualify as an eligible participant after the offer has been made. No offer shall be capable of or open for acceptance after the expiry of 10 years for the effective date of this scheme.

35. 以股權結算之款項(續)

(a) 購股權計劃(續)

(i) 於二零零七年採納之購股權計劃(續)

向本公司董事、行政總裁或主要股東或彼等各自的任何聯繫人士授出購股權，須待獨立非執行董事事先批准後方可進行。此外，於任何十二個月期間內向本公司主要股東或獨立非執行董事或彼等的任何聯繫人士授予的任何購股權，倘超過本公司不時已發行股份的0.1%或總值(按授出日期本公司股份收市價計算)超過5,000,000港元者，須待股東於股東大會上批准後方可進行。

授出購股權的邀約須於邀約日期起計不少於三個營業日的期限內可供合資格參與者接納，惟於該計劃年期的最後三個營業日內作出的任何邀約除外，邀約須於不超過該計劃餘下年期期限內可供合資格參與者於任何營業日接納。作出邀約後，不再為合資格參與者的參與者不得接納該項邀約。於該計劃生效日期10年屆滿後，不得提出邀約，亦不可供接納邀約。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

35. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

(i) Share option scheme adopted in 2007 (Continued)

The offer of a grant of share options may be accepted upon payment of a nominal consideration of HK\$10 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period as determined by directors at each grant and ends on a date which is not later than ten years from the date of the offer of the share options.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

35. 以股權結算之款項(續)

(a) 購股權計劃(續)

(i) 於二零零七年採納之購股權計劃(續)

承授人支付合共10港元的象徵式代價後，授出購股權的繳約便屬獲得接納。獲授購股權的行使期由董事釐定，並由董事於各授出日期釐定的若干歸屬期後開始，而屆滿日期不得遲於提出購股權繳約日期起計10年。

購股權的行使價由董事釐定，惟不得低於(i)提出購股權繳約之日本公司股份在聯交所的收市價；(ii)緊接繳約日期前五個交易日本公司股份在聯交所的平均收市價；及(iii)日本公司股份於繳約日期的面值(以較高者為準)。

購股權持有人無權獲派股息或於股東大會上投票。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

35. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

(i) Share option scheme adopted in 2007 (Continued)

Details of the specific categories of options are as follows:

Category of grantee	Date of grant	Vesting date	Exercise period	Fair value at grant date 於授出日期之公平值	Exercise price 行使價	Number of share options outstanding 尚餘購股權數目	
承授人類別	授出日期	歸屬日期	行使期	HK\$ 港元	HK\$ 港元	2017 二零一七年	2016 二零一六年
Junior staff 初級職員	13 March 2008 二零零八年三月十三日	13 March 2009 二零零九年三月十三日	13 March 2009 to 12 March 2018 二零零九年三月十三日至 二零一八年三月十二日	0.11	0.415	40,800	40,800
Junior staff 初級職員	13 March 2008 二零零八年三月十三日	13 March 2010 二零一零年三月十三日	13 March 2010 to 12 March 2018 二零一零年三月十三日至 二零一八年三月十二日	0.12	0.415	20,600	20,600
Junior staff 初級職員	13 March 2008 二零零八年三月十三日	13 March 2011 二零一一年三月十三日	13 March 2011 to 12 March 2018 二零一一年三月十三日至 二零一八年三月十二日	0.12	0.415	40,600	40,600

The fair values of the options were determined at the dates of grant using the Black-Scholes option pricing model.

The following assumptions were used to calculate the fair values of shares options:

Share price	HK\$0.400
Exercise price	HK\$0.415
Expected life	3.5–6.5 years
Expected volatility	55.42%
Dividend yield	5.25%
Risk-free interest rate	2.005%–2.176%

Expected volatility was determined by calculating the historical volatility of share prices of comparable companies with shares listed on the Stock Exchange and engaged in the similar business of the Group. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

35. 以股權結算之款項(續)

(a) 購股權計劃(續)

(i) 於二零零七年採納之購股權計劃(續)

購股權的具體類別詳情如下：

購股權的公平值於授出日期使用柏力克－舒爾斯期權定價模式釐定。

下列假設已用於計算購股權的公平值：

股價	0.400港元
行使價	0.415港元
預計年期	3.5–6.5年
預計波幅	55.42%
股息回報率	5.25%
無風險利率	2.005%–2.176%

預計波幅乃透過計算股份於聯交所上市且所從業務與本集團類似的可比較公司的股價的過往波幅釐定。就非轉讓性、行使限制及行為考慮而言，使用該模式的預計年期已根據本集團的最佳估計作出調整。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

35. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

(i) Share option scheme adopted in 2007 (Continued)

Details of the share option movements during the year and share options outstanding at the end of the year under the 2007 Scheme are as follows:

		2017 二零一七年		2016 二零一六年	
		Number of share options 購股權數目	Weighted average exercise price 加權平均 行使價 HK\$ 港元	Number of share options 購股權數目	Weighted average exercise price 加權平均 行使價 HK\$ 港元
Outstanding at the beginning of the year	年初未行使	102,000	0.415	102,000	0.415
Forfeited during the year	年內沒收	—	0.415	—	0.415
Exercised during the year	年內行使	—	0.415	—	0.415
Outstanding at the end of the year	年終未行使	102,000	0.415	102,000	0.415
Exercisable at the end of the year	年終可行使	102,000	0.415	102,000	0.415

No (2016: No) share options were exercised during the year. The options outstanding at the end of the year have a weighted average remaining contractual life of 0.3 years (2016: 1.3 years) and the exercise price of HK\$0.415 (2016: HK\$0.415).

Save as disclosed above, no further options were granted under the 2007 Scheme.

35. 以股權結算之款項(續)

(a) 購股權計劃(續)

(i) 於二零一七年採納之購股權計劃(續)

二零一七年購股權計劃於年內購股權之變動及於年末尚未行使購股權之詳情如下：

年內無購股權獲行使(二零一六年：無)。年終未行使購股權的加權平均剩餘合約年期為0.3年(二零一六年：1.3年)，及行使價為0.415港元(二零一六年：0.415港元)。

除上文所披露者外，概無根據二零一七年購股權計劃授出任何其他購股權。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

35. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

(ii) Share option scheme adopted in 2017

Pursuant to a resolution passed in the annual general meeting of the Company held on 19 May 2017, a new share option scheme (“2017 Scheme”) was adopted. The 2007 Scheme has been terminated upon the adoption of 2017 Scheme, except that the provisions in relation to the exercise of any options granted under the 2007 Scheme prior to its termination shall remain in force and such options shall continue to be valid and exercisable.

The purpose of the 2017 Scheme is to (i) motivate the eligible participants to optimise their performance and efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain ongoing business relationship with the eligible participants whose contributions are, will or expected to be beneficial to the Group. Eligible participants of the 2017 Scheme include (i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company (the “Affiliate”); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate. The 2017 Scheme became effective on 19 May 2017 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

35. 以股權結算之款項(續)

(a) 購股權計劃(續)

(ii) 於二零一七年採納之購股權計劃

根據於二零一七年五月十九日舉行之本公司股東週年大會上通過之決議案，採納新購股權計劃(「二零一七購股權計劃」)。二零一七購股權計劃於採納二零一七購股權計劃時終止，惟行使二零一七購股權計劃終止前按此計劃已授出的任何購股權的相關條款仍然有效，此等購股權將繼續有效及可行使。

二零一七購股權計劃的目的乃(i)推動合資格參與者提升其表現及效率，以符合本集團利益；及(ii)吸引及挽留合資格參與者或以其他方式與彼等保持持續業務關係，彼等的貢獻乃有利於、將會或預期將有利於本集團。二零一七購股權計劃的合資格參與者包括(i)本集團或本集團持有權益之公司或該公司之附屬公司(「聯屬公司」)任何董事、僱員、顧問、專業人士、客戶、供應商、代理、合夥人或諮詢人或承辦商；或(ii)任何信託或任何全權信託(其受益人或全權對象包括本集團或聯屬公司之任何董事、僱員、顧問、專業人士、客戶、供應商、代理、合夥人或諮詢人或承辦商)之受託人；或(iii)本集團或聯屬公司之任何董事、僱員、顧問、專業人士、客戶、供應商、代理、合夥人、諮詢人或承辦商實益擁有之公司。二零一七購股權計劃自二零一七年五月十九日起生效，除非以其他方式取消或修訂，否則將由該日起計十年內保持有效。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

35. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

(ii) Share option scheme adopted in 2017 (Continued)

The maximum number of unexercised share options currently permitted to be granted under the 2017 Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the 2017 Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

35. 以股權結算之款項(續)

(a) 購股權計劃(續)

(ii) 於二零一七年採納之購股權計劃(續)

現時可根據二零一七購股權計劃授出之未行使購股權獲行使時所涉及之股份數目，最多相當於本公司任何時間已發行股份之10%。於任何十二個月期間根據購股權可發行予各二零一七購股權計劃項下合資格參與者之股份數目，最多不得超過本公司任何時間已發行股份1%。進一步授出超出此項限額之購股權須在股東大會徵得股東批准。

向本公司董事、行政總裁或主要股東或彼等任何聯繫人士批授購股權須徵得獨立非執行董事批准。此外，於任何十二個月期間，倘若向本公司主要股東或獨立非執行董事或彼等任何聯繫人士授出之任何購股權涉及之股份總數，超過本公司任何時間已發行股份0.1%或按本公司股份於授出日期的價格計算之總價值超過5,000,000港元，則須事先在股東大會徵得股東批准。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

35. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

(ii) Share option scheme adopted in 2017 (Continued)

The offer of a grant of share options may be accepted within 30 days from the date of the offer, upon payment of a nominal consideration of HK\$10 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after meeting certain performance targets or certain vesting period that may be set by the directors, and ends on a date which is not later than ten years from the date of the offer of the share options or the expiry date of the 2017 Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer, when applicable.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

No share options have been granted under the 2017 Scheme since its adoption.

35. 以股權結算之款項(續)

(a) 購股權計劃(續)

(ii) 於二零一七年採納之購股權計劃(續)

授出購股權之邀約，可於提出邀約當日起計30日內獲接納，承授人接納邀約時須支付象徵式代價合共10港元。已授出購股權之行使期由董事釐定，並於由董事釐定須達致若干表現目標或若干歸屬期後開始及不遲於購股權的邀約日期起計十年內或二零一七購股權計劃屆滿日期(以較早者為準)結束。

購股權之行使價由董事釐定，惟不得低於以下最高者：(i)提出購股權邀約當日本公司股份於聯交所之收市價；(ii)緊接邀約當日前五個交易日本公司股份於聯交所之平均收市價；及(iii)於邀約當日本公司股份的面值(如適用)。

購股權並無賦予持有人獲派股息或於股東大會表決之權利。

自二零一七購股權計劃獲採納以來，並無根據其授出任何購股權。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

35. SHARE-BASED PAYMENTS (Continued)

(b) Share Award Scheme

The Company adopted a share award scheme (the “Share Award Scheme”) on 10 January 2013 (“Adoption Date”) for a period of 10 years. The purpose and objective of the Share Award Scheme are to recognise the contributions by certain employees and persons of the Group and to provide them with incentives in order to retain them for the continued operation and development of the Group and to attract suitable personnel for further development of the Group. The Company has set up a Share Award Scheme Trust. Pursuant to the Share Award Scheme, new awarded shares may be allotted and issued to the independent trustee under general mandates granted or to be granted by the shareholders at general meetings of the Company from time to time and be held in trust for relevant participants until such shares are vested with the relevant participants in accordance with the provisions of the Share Award Scheme.

Subject to any early termination as may be determined by the Board of the Company, the Share Award Scheme shall be valid and effective for a period of ten years commencing on the Adoption Date.

The maximum number of shares awarded under the Share Award Scheme shall not exceed 5% of the issued share capital of the Company as at the Adoption Date.

The maximum number of shares which may be awarded to a selected person under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date.

35. 以股權結算之款項(續)

(b) 股份獎勵計劃

本公司於二零一三年一月十日(「採納日期」)採納股份獎勵計劃(「股份獎勵計劃」)，為期十年。股份獎勵計劃之目的及目標在表彰本集團若干僱員及人士之貢獻，並給予獎勵以挽留該等僱員及人士為本集團之持續經營和發展而努力，亦為本集團進一步發展吸引合適之人才。本公司已設立一個股份獎勵計劃信託。根據股份獎勵計劃，可根據股東於本公司之股東大會上已授出或不時授出之一般授權向獨立受託人配發及發行新獎勵股份，並以信託形式代有關參與者持有，直至有關股份根據股份獎勵計劃的條文歸屬於有關參與者為止。

在本公司董事會可決定提早終止的規限下，股份獎勵計劃將由採納日期起十年期間有效及生效。

根據股份獎勵計劃授出的股份最高數目不得超過於採納日期本公司已發行股本的5%。

根據股份獎勵計劃向一名經甄選人可能授出的股份最高數目不得超過於採納日期本公司已發行股本的1%。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

35. SHARE-BASED PAYMENTS (Continued)

(b) Share Option Scheme (Continued)

On 28 April 2014, the Company granted 210,000 shares to an eligible participant pursuant to the Share Award Scheme. The shares were vested immediately. The Company has recognised a share-based payment of approximately HK\$292,000 and credited the share capital and share premium of approximately HK\$21,000 and HK\$271,000 respectively, representing the fair value of the shares awarded. The fair values of the awarded shares were measured by reference to the closing market price of the shares at grant date. Subsequent to this grant of awarded shares, no awarded share was granted pursuant to the Share Award Scheme.

35. 以股權結算之款項(續)

(b) 股份獎勵計劃(續)

於二零一四年四月二十八日，本公司已根據股份獎勵計劃向一名合資格參加者授出210,000股股份。該等股份已即時歸屬。本公司已確認一項以股份結算之款項約292,000港元，並將約21,000港元及約271,000港元分別計入股本及股份溢價，相當於獎勵股份之公平值。獎勵股份之公平值參考股份於授出日期之收市價計量。於此次授出獎勵股份後，概無按股份獎勵計劃授出獎勵股份。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

36. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

36. 綜合現金流量表附註

(a) Cash flows from operating activities

(a) 經營業務之現金流量

	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Profit from operations	2,422	122,408
Adjustments for:		
Interest income	(354)	(868)
Allowance for/(Reversal of allowance for) doubtful debts	764	(53)
Bad debt written off	61	275
Allowance for inventories	415	12,110
Net gain on financial assets/liabilities at fair value through profit or loss	—	(14,767)
Gain on disposal of property, plant and equipment	(84)	(45)
Property, plant and equipment written off	8,632	4,515
Impairment loss on property, plant and equipment	8,752	1,122
Allowance for amounts due from associates	2,934	—
Deficit in revaluation of land	578	—
Depreciation of property, plant and equipment	87,174	90,500
Operating profit before movements in working capital	111,294	215,197
Increase in inventories	(57,181)	(33,453)
(Increase)/Decrease in restricted bank balance	(2,257)	2,714
Decrease/(Increase) in trade receivables	25,945	(96,220)
Increase in prepayments, deposits and other receivables	(8,960)	(827)
Increase in trade payables	74,467	87,062
Increase in deposits received, other payables and accruals	30,951	625
Decrease in amounts due from associates	—	1,175
Repayment to a former fellow subsidiary	(78,583)	—
Increase in amount due to a related company	403	125
Payment for financial liabilities at fair value through profit or loss	—	(56,435)
Cash generated from operations	96,079	119,963
Income tax paid	(55,682)	(19,040)
Interest paid	(16,115)	(17,933)
Net cash generated from operating activities	24,282	82,990

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

36. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Disposal of a subsidiary

On 24 October 2016, the Group entered into an equity transfer agreement with a company controlled by Mr. Lee to dispose of the Group's 100% entire equity interest in MG Technology (Shenzhen) Company Limited ("MG Technology"). MG Technology was principally engaged in sale and manufacture of magnesium and aluminium alloy die casting products and components. The disposal was completed on 12 July 2017.

Net assets at the date of disposal were as follows:

36. 綜合現金流量表附註(續)

(b) 出售附屬公司

於二零一六年十月二十四日，本集團與李先生控制的公司訂立股權轉讓協議，以出售創金美科技(深圳)有限公司(「創金美科技」)之100%全部股本權益。創金美科技主要從事銷售及生產鎂及鋁合金壓鑄產品及零部件。出售事項已於二零一七年七月十二日完成。

於出售日期的淨資產如下：

		HK\$'000 千港元
Property, plant and equipment	物業、機器及設備	88,538
Trade receivables	貿易應收款項	16,079
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	5,484
Due from related companies	應收關聯公司款項	138,428
Restricted bank balances	有限制銀行存款	508
Cash and cash equivalents	現金及等同現金項目	29,106
Trade payables	貿易應付款項	(20,161)
Other payables and accruals	其他應付款項及應計費用	(24,150)
Due to related companies	應付關聯公司款項	(37,035)
Deferred tax liabilities	遞延稅項負債	(10,006)
Net assets disposed of	出售淨資產	186,791
Expenses incurred for the disposal	出售產生開支	1,080
Gain on disposal of a subsidiary	出售附屬公司收益	96,011
Release of foreign currency translation differences	匯兌差額釋出	6,118
Total consideration	總代價	290,000
Consideration satisfied by:	代價以下列方式支付：	
Cash	現金	250,000
Deposit received in previous year	去年已收訂金	40,000
		290,000
Net cash inflow arising on disposal:	由出售導致之淨現金流入：	
Cash consideration received	已收現金代價	250,000
Less: Bank balances and cash disposed of	減：出售銀行結餘及現金	(29,106)
Expenses incurred for the disposal	出售產生的開支	(1,080)
		219,814

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

36. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

36. 綜合現金流量表附註(續)

(c) Deemed disposal of subsidiaries

On 5 February 2016, the Group entered into a share purchase agreement, according to which a total of 1,912,069 shares were allotted to a third party and a non-controlling shareholder of Topanga Asia, representing 51.1% of Topanga Asia immediately after the share allotment. The Group's equity interest in Topanga Asia was diluted to 38.9% after the allotment, and resulted in a loss of control in and deemed disposal of Topanga Asia.

Net assets at the date of deemed disposal were as follows:

(c) 視作出售附屬公司

於二零一六年二月五日本集團訂立股份購買協議，據此配發1,912,069股股份予一名第三者及勁亮嘉非控股股東，佔勁亮嘉於緊隨股份配發後51.1%權益。配發後本集團於勁亮嘉之權益攤薄至38.9%，並因此失去控制權及視作出售勁亮嘉。

於視作出售日期之淨資產載列如下：

Net assets disposed:		HK\$'000
出售淨資產：		千港元
Inventories	存貨	2,603
Trade receivables	貿易應收款項	551
Other receivables, prepayment and deposit paid	其他應收款項、預付款項及按金	1,283
Amount due from a related company	應收關聯公司款項	589
Bank and cash balances	銀行及現金結餘	1,630
Trade payables	貿易應付款項	(42)
Amount due to a holding company	應付控股公司款項	(1,686)
Other payables and accruals	其他應付款項及應計費用	(2,093)
Net assets disposed of	出售淨資產	2,835
Fair value of the equity interest retained in Topanga Asia	於勁亮嘉剩餘股權之公平值	5,078
Net assets disposed of	出售淨資產	(2,835)
Non-controlling interests	非控股權益	2,355
Release of foreign currency translation reserve	匯兌儲備釋出	37
Gain on deemed disposal	視作出售收益	4,635
Net cash outflow arising on disposal:	由出售導致之淨現金流出：	
Cash and cash equivalents disposed of	出售現金及等同現金項目	1,630

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

36. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(d) Major non-cash transaction

Included in the additions of property, plant and equipment was an amount of approximately HK\$6,244,000 (2016: HK\$3,072,000) which was transferred from deposits paid for acquisition of property, plant and equipment.

(e) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

36. 綜合現金流量表附註(續)

(d) 主要非現金交易

計入添置物業、機器及設備約為6,244,000港元(二零一六年: 3,072,000港元), 乃由預付購買物業、機器及設備的按金所轉入。

(e) 融資活動產生的負債對賬

下表詳述本集團融資活動所產生的負債變動(包括現金及非現金變動)。融資活動所產生的負債已經或將會於本集團綜合現金流量表內分類為融資活動現金流量。

	1 January 2017	Cash Flows (Note)	Interest expenses	Impairment	Exchange differences	31 December 2017
	二零一七年 一月一日	現金流量 (附註)	利息開支	減值	匯兌差額	二零一七年 十二月 三十一日
	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Bank borrowings (note 29) 銀行借款(附註29)	565,952	(215,923)	16,115	—	2,134	368,278
Due from associates 應收聯營公司款項	(2,346)	(511)	—	2,934	(77)	—
Due to associates 應付聯營公司款項	636	(19)	—	—	—	617
	564,242	(216,453)	16,115	2,934	2,057	368,895

Note: Included in cash flows was interest paid which was included in cash flows from operating activities.

附註: 現金流量包含計入經營活動現金流量的已付利息。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

37. OPERATING LEASE COMMITMENTS

The Group as lessor

The Group leases its property under operating lease arrangements, with leases negotiated for a term of one year (2016: one year). The terms of the leases generally provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2017, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Within one year	一年內	8	85
In the second to fifth year, inclusive	第二年至第五年 (包括首尾兩年)	—	76
		8	161

The Group as lessee

At 31 December 2017, total future minimum lease payments of the Group under non-cancellable operating leases are payable as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Within one year	一年內	4,927	5,512
In the second to fifth year, inclusive	第二年至第五年 (包括首尾兩年)	11,801	6,523
After five years	五年後	—	35,522
		16,728	47,557

37. 經營租約承擔

本集團作為出租人

本集團按經營租約安排出租其物業，租期為一年(二零一六年：一年)。租約提供一般以現行市場情況作定期租金調整之條款。

於二零一七年十二月三十一日，本集團根據不可撤銷經營租約而於下列期間到期的應收未來最低租賃款總額如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Within one year	一年內	8	85
In the second to fifth year, inclusive	第二年至第五年 (包括首尾兩年)	—	76
		8	161

本集團作為承租人

於二零一七年十二月三十一日，本集團根據不可撤銷經營租約的應付未來最低租賃款總額如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Within one year	一年內	4,927	5,512
In the second to fifth year, inclusive	第二年至第五年 (包括首尾兩年)	11,801	6,523
After five years	五年後	—	35,522
		16,728	47,557

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

37. OPERATING LEASE COMMITMENTS (Continued)

The Group as lessee (Continued)

Operating lease payments represent rentals payable by the Group for certain of its office premises, factories, warehouses, staff quarters and office equipment. Leases for office premises, factories, warehouses, staff quarters and office equipment and except one warehouse and certain factory premises are negotiated, and rentals are fixed, for an average term of 1 to 5 years. As at 31 December 2016, lease for certain factory premises are fixed with a term of 34 years.

Lease arrangement of one warehouse (2016: one) has been subject to contingent rent by reference to monthly usage throughout the lease period.

The lease payments recognised as expenses are as follows:

37. 經營租約承擔(續)

本集團作為承租人(續)

經營租約付款指本集團須就若干辦公室物業、工廠、貨倉、員工宿舍及辦公室設備支付的租金。辦公室物業、工廠貨倉、員工宿舍及辦公室設備的租約(一間貨倉及若干工廠物業除外)經協商而訂立，租金為固定而租期平均為一至五年。於二零一六年十二月三十一日，工廠物業的租約協定的年期為三十四年。

一間(二零一六年：一間)倉庫的租賃安排為參考租賃期間內的每月使用情況支付或然租金。

租賃款項確認為支出，如下所示：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Minimum lease payments	最低租賃款項	7,412	8,848
Contingent rent	或然租金	75	12
		7,487	8,860

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

38. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

38. 資本承擔

於報告期間完結日，本集團的資本承擔如下：

	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Commitment in respect of acquisition of property, plant and equipment (note (a)) 收購物業、機器及設備承擔(附註(a))	23,914	15,611
Other commitment (note (b)) 其他承擔(附註(b))	11,044	—

Note:

- (a) The amount represents the unpaid contractual commitment for the acquisition of property, plant and equipment after netting off with the deposits paid for acquisition of property, plant and equipment included in the consolidated statement of financial position.
- (b) Pursuant to an agreement dated 29 November 2017 entered into by the Group and two other parties, a new company in which the Group has 46% equity interest was set up in January 2018. The amount of commitment represents the capital that is required to be injected by the Group to the new company according to the agreement.

附註：

- (a) 該款項為收購物業、機器及設備的未付合約承擔，並經扣除已計入綜合財務狀況表中就收購物業、機器及設備的已付按金。
- (b) 根據本集團與其他兩個訂約方訂立的日期為二零一七年十一月二十九日的協議，本集團擁有46%股本權益的新公司已於二零一八年一月成立。承擔款項為本集團根據該協議須向新公司注資的資本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

39. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Rental income from associates 自聯營公司租金收入	—	331
Rental expenses paid to an associate 付聯營公司租金支出	1,318	1,727
Purchase of machinery and machinery parts from and maintenance cost to a related company, Chit Shun Machinery Limited (note (i)) 向關聯公司捷迅機械設備有限公司購買機器、機器零部件及維修成本 (附註(i))	5,088	2,417
Amount due to a related company, Chit Shun Machinery Limited (note (i)) 應付關聯公司捷迅機械設備有限公司款項 (附註(i))	4,465	2,020
Deposit paid to a related company, Chit Shun Machinery Limited (note (i)) 向關聯公司捷迅機械設備有限公司支付按金 (附註(i))	6,331	—

Note:

- (i) Mr. Lee has joint control in the related company. These transactions are made between the Company's subsidiaries and the related company under a master agreement dated 7 December 2015 between the related company and the Company, and are continuing connected transactions under the Listing Rules.

- (b) The above transactions were entered with the related parties on terms mutually agreed by individual parties. In the opinion of the directors of the Group, these related party transactions were conducted on normal commercial terms and in the ordinary and usual course of the Group's business.

39. 關聯人士交易

- (a) 除於綜合財務報表其他部份所披露的關聯人士交易及結餘外，年內本集團曾與關聯人士進行以下交易：

附註：

- (i) 李先生對此關聯公司有共同控制。此等交易由本公司之附屬公司及關聯公司按二零一五年十二月七日由關聯公司及本公司訂立之總協議而進行，並構成上市規則之持續關連交易。

- (b) 上述交易均與關連人士按照各方互相協定的條款進行。本集團董事認為，該等關聯交易乃根據一般商業條款於本集團日常業務過程中進行。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(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

39. RELATED PARTY TRANSACTIONS (Continued)

- (c) During the year, compensation paid by the Group to the key management personnel, which were the directors of the Company, was disclosed in note 16 to the consolidated financial statements.
- (d) On 24 October 2016, the Group disposed of entire interest of a subsidiary (as set out in note 36(b)) to a company controlled by Mr. Lee at a consideration of HK\$290,000,000. The consideration was paid by three instalments, of which HK\$40,000,000 was received before year ended 31 December 2016 and was included in deposits received in the consolidated statement of financial position as at 31 December 2016. The remaining was received during the year ended 31 December 2017. The transaction was a connected transaction under the Listing Rules and was approved by independent shareholders in an extraordinary general meeting held on 7 December 2016. The transaction was completed on 12 July 2017 and a gain of approximately HK\$96,011,000 was recorded in the consolidated statement of profit or loss for the year ended 31 December 2017.

40. EVENTS AFTER THE REPORTING PERIOD

On 26 March 2018, the Board of Directors proposed to declare a final dividend of HK1.0 cent (2016: HK1.0 cent) per ordinary share to its shareholders, as further disclosed in note 17 to the consolidated financial statements.

41. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 26 March 2018.

39. 關聯人士交易(續)

- (c) 年內，本集團已付主要管理人員(為本公司董事)酬金乃於綜合財務報表附註16披露。
- (d) 於二零一六年十月二十四日，本集團出售一附屬公司之全部股權(載於附註36(b))予李先生控制之公司，代價為290,000,000港元。代價分三期支付，其中40,000,000港元已於截至二零一六年十二月三十一日止年度前收取及已於截至二零一六年十二月三十一日止年度綜合財務狀況表中入賬為已收訂金。餘款已於截至二零一七年十二月三十一日止年度內收取。按上市規則此交易為關連交易及於二零一六年十二月七日之股東特別大會獲獨立股東通過。此交易已於二零一七年七月十二日完成，並於截至二零一七年十二月三十一日止年度之綜合損益表中錄得96,011,000港元之收益。

40. 報告期後事項

於二零一八年三月二十六日，董事會建議宣派每股普通股1.0港仙(二零一六年：1.0港仙)之末期股息，其詳情載於綜合財務報表附註17。

41. 批准綜合財務報表

本綜合財務報表已於二零一八年三月二十六日獲董事會批准並授權刊發。

FIVE-YEAR FINANCIAL SUMMARY

五年財務概要

		Year ended 31 December 截至十二月三十一日止年度				2017
		2013	2014	2015	2016	2017
		二零一三年	二零一四年	二零一五年	二零一六年	二零一七年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
RESULTS	業績					
Revenue	收入	1,806,585	1,582,333	1,539,344	1,742,476	1,738,738
Profit/(Loss) before tax	除稅前溢利／ (虧損)	90,651	86,059	(71,756)	106,154	81,993
Income tax expense	所得稅開支	(34,539)	(26,707)	(5,410)	(46,252)	(45,862)
Profit/(Loss) for the year	年內溢利／ (虧損)	56,112	59,352	(77,166)	59,902	36,131
Attributable to	以下人士應佔 權益：					
— Owners of the Company	— 本公司權益持 有人	60,542	77,246	(63,489)	59,243	33,998
— Non-controlling interests	— 非控股權益	(4,430)	(17,894)	(13,677)	659	2,133
		56,112	59,352	(77,166)	59,902	36,131
		As at 31 December 於十二月三十一日				2017
		2013	2014	2015	2016	2017
		二零一三年	二零一四年	二零一五年	二零一六年	二零一七年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
ASSETS AND LIABILITIES	資產及負債					
Total assets	總資產	1,700,608	1,829,980	1,791,602	1,865,747	1,768,096
Total liabilities	總負債	(847,045)	(980,437)	(1,060,102)	(1,094,240)	(901,453)
Net assets	淨資產	853,563	849,543	731,500	771,507	866,643

The logo features the word "Ka Shui" in a bold, red, italicized sans-serif font. To the right of "Shui" is the year "1980" in a smaller, gold-colored font. The background of the logo is a circular graphic composed of concentric lines and dots, resembling a stylized globe or a digital interface.

Ka Shui 1980

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