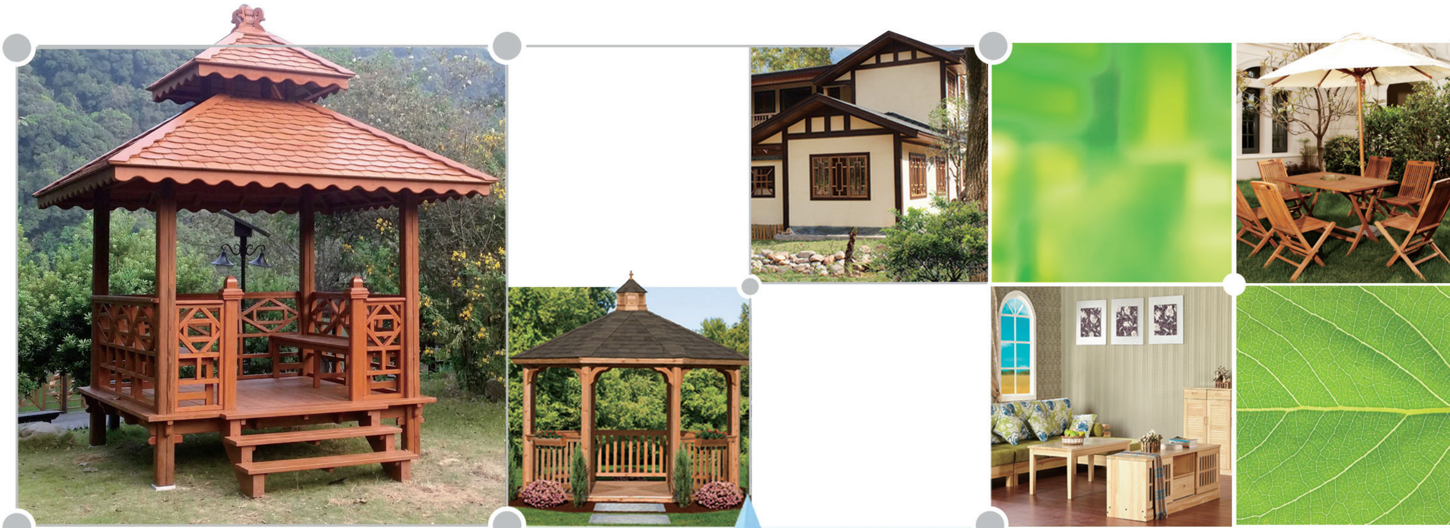
CHINA ENVIRONMENTAL TECHNOLOGY AND BIOENERGY HOLDINGS LIMITED
中科生物控股有限公司

(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：1237



2017
ANNUAL REPORT
年報

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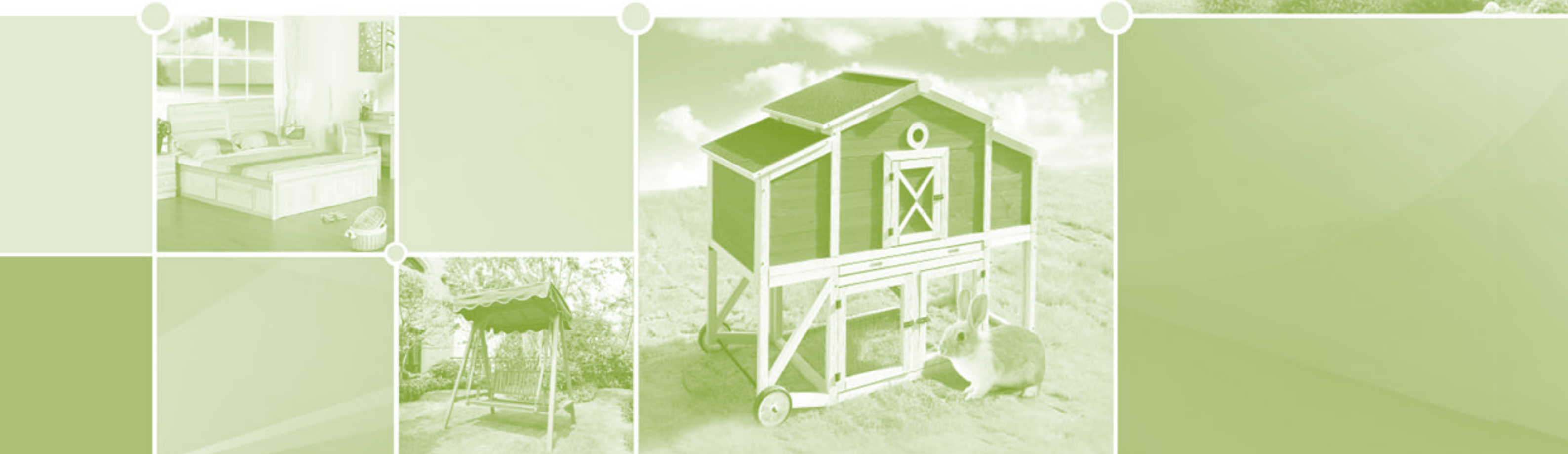


Corporate Information
公司資料

CORPORATE PROFILE

China Environmental Technology and Bioenergy Holdings Limited ("the Company") is a leisure wooden product enterprise in the People's Republic of China (the "PRC") with over 20 years of experience in production and sales of leisure household products and timber houses and their related parts and structures. The Company has established its sales network through distributors as well as its self-operated retail stores network, and has launched a series of leisure wooden products to promote a leisure and natural lifestyle. The Company was listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 2012.

公司簡介

中科生物控股有限公司(「本公司」)為中華人民共和國(「中國」)一家休閒木製品企業，於生產及銷售休閒家居用品、木屋及其相關部件及構件方面擁有逾20年經驗。本公司已透過分銷商及自營零售店網絡建立其銷售網絡，並推出一系列休閒木製品以推廣休閒自然的生活方式。本公司於二零一二年在香港聯合交易所有限公司(「聯交所」)上市。

BOARD OF DIRECTORS

Executive Directors

Ms. Xie Qingmei *(Chairman)*
Mr. Wu Zheyan *(Chief Executive Officer)*

Non-executive Director

Mr. Wu Dongping

Independent Non-executive Directors

Mr. Lam Hin Chi
Prof. Jin Zhongwei
Prof. Su Wenqiang

董事會

執行董事

謝清美女士*(主席)*
吳哲彥先生*(行政總裁)*

非執行董事

吳冬平先生

獨立非執行董事

藍顯賜先生
金重為教授
蘇文強教授

AUDIT COMMITTEE

Mr. Lam Hin Chi *(Chairman)*
Prof. Su Wenqiang
Prof. Jin Zhongwei

審計委員會

藍顯賜先生*(主席)*
蘇文強教授
金重為教授

REMUNERATION COMMITTEE

Prof. Jin Zhongwei *(Chairman)*
Prof. Su Wenqiang
Mr. Lam Hin Chi

薪酬委員會

金重為教授*(主席)*
蘇文強教授
藍顯賜先生

NOMINATION COMMITTEE

Prof. Jin Zhongwei *(Chairman)*
Prof. Su Wenqiang
Mr. Lam Hin Chi

提名委員會

金重為教授*(主席)*
蘇文強教授
藍顯賜先生

Corporate Information *(Continued)*
公司資料*（續）*

RISK MANAGEMENT COMMITTEE

Mr. Lam Hin Chi *(Chairman)*
Prof. Su Wenqiang
Prof. Jin Zhongwei

風險管理委員會

藍顯賜先生*（主席）*
蘇文強教授
金重為教授

COMPANY SECRETARY

Mr. Yu Hok Sum, *FCPA ACIS ACS*

公司秘書

余學深先生，*FCPA ACIS ACS*

AUTHORISED REPRESENTATIVES

Mr. Wu Zheyan
Mr. Yu Hok Sum

授權代表

吳哲彥先生
余學深先生

AUDITORS

BDO Limited
Certified Public Accountants

核數師

香港立信德豪會計師事務所有限公司
執業會計師

LEGAL ADVISOR

Eversheds Sutherland

法律顧問

安睿順德倫國際律師事務所

PRINCIPAL BANKERS

Agricultural Bank of China, Zhangping Branch
China Construction Bank, Zhangping Branch
Bank of China, Zhangping Branch

主要往來銀行

中國農業銀行漳平支行
中國建設銀行漳平支行
中國銀行漳平支行

REGISTERED OFFICE

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

註冊辦事處

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1610
The Metropolis Tower
10 Metropolis Drive
Hunghom
Hong Kong

香港主要營業地點

香港
紅磡
都會道10號
都會大廈
1610室

Corporate Information *(Continued)*
公司資料（續）

HEAD OFFICE IN THE PRC

Fushan Industrial District
Zhangping, Fujian, the PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

WEBSITE

www.merrygardenholdings.com

STOCK CODE

1237

中國總部

中國福建省漳平市
富山工業區

開曼群島主要股份過戶登記處

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
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
灣仔
皇后大道東183號
合和中心
17樓1712–1716號舖

網站

www.merrygardenholdings.com

股份代號

1237

Financial Summary
財務概要

(In RMB'000 unless otherwise stated) *（除另有指示外，以人民幣千元列示）*

Profitability data and ratios	盈利數據及比率	Year ended 31 December 截至十二月三十一日止年度 2017 二零一七年	2016 二零一六年
Revenue	收入	**462,191**	442,328
Timber houses and their related parts and structures	木屋及其相關部件及構件	**302,761**	243,406
Leisure household products	休閒傢俱產品		
Outdoor and indoor furniture	室內外傢俱產品	**17,467**	28,442
Recreational products	遊戲類產品	**9,123**	18,045
Landscape garden products	園藝類產品	**64,556**	67,285
Pet-home designs	寵物屋產品	**19,686**	12,640
Trading of timber	木材貿易	**28,528**	60,005
Renewable energy products	再生能源產品	**20,070**	12,505
Gross profit	毛利	**32,173**	47,822
Gross profit margin	毛利率	**7.0%**	10.8%
Net loss	淨虧損	**(40,556)**	(22,295)
Net profit margin	淨溢利率	**-8.8%**	-5.0%
Loss per share (RMB)	每股虧損（人民幣）	**(0.0134)**	(0.0087)

Financial position data and ratios	財務狀況數據及比率	At 31 December 2017 於二零一七年十二月三十一日	At 31 December 2016 於二零一六年十二月三十一日
Non-current assets	非流動資產	**772,335**	740,752
Current assets	流動資產	**721,148**	882,530
Current liabilities	流動負債	**324,469**	418,778
Non-current liabilities	非流動負債	**38,424**	75,787
Equity attributable to equity shareholders	權益持有人應佔資本	**1,130,590**	1,128,717
Current ratio *(Note 1)*	流動比率*（附註1）*	**2.2:1**	2.1:1
Quick ratio *(Note 2)*	速動比率*（附註2）*	**1.2:1**	1.3:1
Inventory turnover days *(Note 3)* (days)	存貨周轉天數*（附註3）*（天）	**276**	303
Trade receivables turnover days *(Note 4)* (days)	貿易應收款項周轉天數*（附註4）*（天）	**84**	115
Turnover days on prepayment for raw materials *(Note 5)* (days)	原材料預付款周轉天數*（附註5）*（天）	**70**	86
Total borrowings to total assets *(Note 6)*	借貸總額與總資產比率*（附註6）*	**16.7%**	25.5%
Net borrowings to total equity *(Note 7)*	借貸淨額與總權益比率*（附註7）*	**5.1%**	8.2%

Financial Summary *(Continued)*
財務概要*（續）*

(In RMB'000 unless otherwise stated) *（除另有指示外，以人民幣千元列示）*

Operational data	**營運數據**	**Year ended 31 December 截至十二月三十一日止年度**	
		2017 二零一七年	2016 二零一六年
Staff costs	員工成本	**32,607**	38,761
Capital expenditures	資本開支	**95,711**	89,167
Research and development costs	研發成本	**21,049**	16,384
Effect tax rate *(Note 8)*	實際稅率*（附註8）*	**-6.2%**	-7.8%

Notes:

1. Current ratio is the ratio of current assets to current liabilities.
2. Quick ratio is calculated by dividing current assets (excluding inventories) by current liabilities.
3. Inventory turnover days is calculated by dividing average inventories by cost of inventories and multiplying the resulting value by 365 days.
4. Trade receivables turnover days is calculated by dividing average trade receivables (excluding VAT) by turnover and multiplying the resulting value by 365 days.
5. Turnover days on prepayment for raw materials is calculated by dividing average prepayment for raw materials by cost of inventories (excluding staff costs, depreciation and research and development costs) and multiplying the resulting value by 365 days.
6. Total borrowings to total assets is calculated by dividing the total of bank loans and interest-bearing borrowings by total assets.
7. Net borrowings to total equity is calculated by dividing the total of bank loans and interest-bearing borrowings, less cash and cash equivalents and pledged deposits by total equity.
8. Effective tax rate is calculated as income tax divided by loss before taxation.

附註：

1. 流動比率為流動資產對流動負債的比率。
2. 速動比率按流動資產（不包括存貨）除以流動負債計算。
3. 存貨周轉天數按平均存貨除以存貨成本再乘以365天計算。
4. 貿易應收款項周轉天數按平均貿易應收款項（不包括增值稅）除以營業額再乘以365天計算。
5. 原材料預付款周轉天數按平均原材料預付款除以存貨成本（不包括員工成本、折舊及研發成本）再乘以365天計算。
6. 借貸總額與總資產比率按銀行貸款及計息借貸總額除以總資產計算。
7. 借貸淨額與總權益比率按銀行貸款及計息借貸總額，扣除現金及現金等價物及已抵押存款，除以總權益計算。
8. 實際稅率是以所得稅除以除稅前虧損計算。

Financial Summary *(Continued)*
財務概要 *(續)*

(In RMB'000 unless otherwise stated) *（除另有指示外，以人民幣千元列示）*

A summary of the results and the assets, liabilities and equity of the Group for the last five financial years is depicted below:

本集團最近五個財政年度之業績與資產、負債及權益概要列示如下：

RESULTS 業績

		For the year ended 31 December 截至十二月三十一日止年度				
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2014 二零一四年 RMB'000 人民幣千元	2013 二零一三年 RMB'000 人民幣千元
Revenue	收入	**462,191**	442,328	639,999	701,231	475,051
Cost of sales	銷售成本	**(430,018)**	(394,506)	(517,542)	(522,818)	(323,317)
Gross profit	毛利	**32,173**	47,822	122,457	178,413	151,734
Other revenue	其他收入	**15,777**	29,308	32,908	17,888	23,070
Other net (loss)/gain	其他(虧損)╱收益淨額	**(14,884)**	(21,877)	(7,030)	2,172	48,683
Selling and distribution expenses	銷售及分銷開支	**(17,600)**	(20,219)	(22,671)	(21,714)	(13,818)
Administrative expenses	行政開支	**(47,249)**	(46,546)	(55,554)	(56,279)	(46,979)
(Loss)/profit from operations	經營(虧損)╱溢利	**(31,783)**	(11,512)	70,110	120,480	162,690
Share of (losses)/profits of associates	分佔聯營公司(虧損)╱溢利	**(204)**	(129)	20	–	–
Finance costs	融資成本	**(6,216)**	(9,037)	(16,627)	(11,326)	(5,463)
(Loss)/profit before taxation	除税前(虧損)╱溢利	**(38,203)**	(20,678)	53,503	109,154	157,227
Income tax expenses	所得税開支	**(2,353)**	(1,617)	(9,701)	(18,344)	(32,806)
(Loss)/profit for the year	年內(虧損)╱溢利	**(40,556)**	(22,295)	43,802	90,810	124,421
(Loss)/earnings per share — Basic and diluted (RMB)	每股(虧損)╱盈利 — 基本及攤薄 (人民幣)	**(0.01)**	(0.01)	0.03	0.08	0.12

ASSETS, LIABILITIES AND EQUITY 資產、負債及權益

		As at 31 December 於十二月三十一日				
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2014 二零一四年 RMB'000 人民幣千元	2013 二零一三年 RMB'000 人民幣千元
Total Assets	資產總額	**1,493,483**	1,623,282	1,624,667	1,281,732	807,058
Total Liabilities	負債總額	**362,893**	494,565	489,157	484,390	329,886
Total Equity	權益總額	**1,130,590**	1,128,717	1,135,510	797,342	477,172

Chairman's Statement
主席報告

Dear Shareholders,

On behalf of the board ("the Board") of directors ("the Directors") of the Company, I hereby announce the results of the Company and its subsidiaries ("the Group") for the year ended 31 December 2017 ("the Year").

FINANCIAL PERFORMANCE

During the Year, the revenue of the Group amounted to RMB462 million, representing a 4.5% increase as compared with the year ended 31 December 2016. Although the Group recorded a slight increase in revenue, the loss attributable to shareholders during the Year increased to RMB41 million. The Board considered that the increase was mainly attributable to (i) a decrease in gross profit margin caused by stiff competition worldwide; (ii) a loss in the fair value of derivation financial instruments for the Year; and (iii) a decrease in policy subsidies of government received for the Year. The Board recommended not to declare any dividend for the Year.

BUSINESS PERFORMANCE

The world shows a fluctuating and challenging economic picture during the Year. The United States of America (the "US") has raised interest rates thrice and started shrinking the balance sheet. Although the GDP of Germany, our largest market in Europe, is unceasingly growing, the growth rate for permits granted in relation to the building construction for dwelling slowdown a lot after robust growth last year. As for China, the economy continues to show steady progress in the year 2017. During the Year, the Group's slight increase in revenue was contributed by the slight increase in revenue from China market and strong growth in revenue from Australian market due to the newly launched landscape garden products and timber houses and their related parts and structures. However, these increase in revenue is offset by the decrease in the revenue generated from the North America and Europe. As for business segment profit, each shows improvement except for the manufacturing and sales of wooden products, whereas manufacturing and sales of renewable energy products has shown the greatest improvement among all. The decrease in the Group's gross profit margin is attributable to the stiff competition worldwide.

各位股東：

本人謹代表本公司董事(「董事」)會(「董事會」)，向各股東宣佈本公司及其附屬公司(「本集團」)截至二零一七年十二月三十一日止年度(「本年度」)的業績。

財務表現

於本年度，本集團的收入較截至二零一六年十二月三十一日止年度增加4.5%至人民幣462百萬元。儘管本集團收入略有增加，本年度股東應佔虧損增至人民幣41百萬元。董事會認為虧損增加乃主要由於(i)全球競爭激烈導致毛利率減少；(ii)本年度衍生金融工具公平值虧損；及(iii)本年度收取的政府政策性補貼減少。董事會並不建議就本年度宣派任何股息。

業務表現

本年度全球波動及經濟狀況仍面臨挑戰。美利堅合眾國(「美國」)已加息三次，並開始縮減資產負債表。儘管我們於歐洲的最大市場 — 德國的國內生產總值不斷增長，但有關住宅樓宇建設獲授許可的增長率於去年強勁增長後有所放緩。就中國而言，二零一七年度經濟繼續穩步增長。於本年度，由於中國市場的收入略微增加及由新推出的園藝類產品及木屋及其相關部件及構件為澳洲市場帶來強勁增長。然而，該等收入增加被北美洲及歐洲產生的收入減少所抵銷。就業務分部溢利而言，除生產及銷售木製品外，各分部均有所改善，而生產及銷售再生能源產品顯示最大改善。本集團的毛利率下降是由於全球範圍內的激烈競爭所致。

PROSPECTS

In 2017, the US Federal Reserve raised interest rates thrice and started normalizing the balance sheet. This added great uncertainty to the year 2018. Although the economic data of Germany continued to growth, dwelling construction has recorded a slowdown comparing to a robust increment last year. The fluctuation in the exchange rate of EURO make the customers become more cautious in placing orders.

As for China, recent economic data beat expectations and the Group's revenue for the Year from China seems to be stabilized. We envisage that the demand of China and Asia-Pacific region will gradually recover, contributing more revenue to the Group.

During the Year, the Group successfully launched landscape garden products timber houses and their related parts and structures in the Australia and we expect the revenue from the Australian market could become one of our major sales regions in the coming years. This could help developing a more diverse revenue source and customer base for the Group. The Group will continue seeking new business opportunities.

Meanwhile, standing on the well establishment of the Group's self-owned "Merry Garden" brand and the impeccable strategy for the Group in the development of renewable energy products, the Group looks forward to making further breakthroughs and expanding our market shares internationally.

The development during the Year, especially in Australia, has provided a solid foundation for the Group's further growth in the coming years.

APPRECIATION

On behalf of the Board, I would like to extend my sincere thanks for the support and trust from our shareholders and business partners. I would also like to thank our employees for your efforts and contributions to the Group over the Year.

Xie Qingmei
Chairman

展望

二零一七年美國聯邦儲備局已加息三次並已開始令資產負債表正常化。這為二零一八年度增加極大的不確定性。儘管德國經濟數據持續增長，但住宅樓宇建設於去年強勁增長後有所放緩。歐元市場匯率波動令消費者下單態度更加謹慎。

中國近期經濟數據比預期理想，本集團本年度源自中國的收入看似穩定。我們預計中國及亞太地區的需求將逐步復甦，為本集團貢獻更多收入。

於本年度，本集團在澳洲成功推出園藝類產品及木屋及其相關部件及構件，我們預期來自澳洲市場的收入於未來數年可成為本集團的主要銷售區域之一。這可幫助本集團發展更多元化的收入來源及客戶基礎。本集團將繼續物色新商機。

同時，憑藉本集團成熟的自有品牌「美麗家園」以及本集團發展可再生能源產品的完美策略，本集團預期將可在進一步擴大全球市場份額方面獲得突破。

本年度的發展，尤其是澳洲的發展，為本集團未來幾年的增長提供了穩固基礎。

致謝

本人謹此代表董事會衷心感謝一直以來支持及信任本集團的每一位股東及業務夥伴，同時亦感謝每一位員工於本年度為本集團付出的辛勞及貢獻。

謝清美
主席

BUSINESS REVIEW
Our business

業務回顧
我們的業務

Timber houses and related parts and structures
木屋及相關部件及構件

Recreational products
遊戲類產品

Outdoor and indoor furniture
室內外傢俱產品

Landscape garden products
園藝類產品

Pet-home designs
寵物屋產品

Trading of timber
木材貿易

Renewable energy products
再生能源產品

Mode of sales
銷售方式

1. OEM/ODM 代工生產
2. Self-owned brand “Merry Garden” 自有品牌「美麗家園」
3. Trading 貿易

Customers 客戶群

End-users (through self-owned retail outlets and online sales) 終端使用者 (透過自營店及線上銷售)	Retailers / Home Improvement Centres 零售商/ 傢俱連鎖店	Distributors 分銷商	Trading companies and other manufacturers 貿易公司及 其他生產商

BUSINESS REVIEW

Segment review

During the Year, the performance of our business segments are as follows:

業務回顧

分部回顧

於本年度，我們各經營分部之表現如下：

		Segment revenue derived from external customers 源自外部客戶之分部收入		Change 變動	% to total segment revenue derived from external customers 佔源自外部客戶之總分部收入百分比		Reportable segment (loss)/profit *(Note 1)* 可呈報分部(虧損)／溢利*(附註一)*	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	% 百分比	**2017 二零一七年 % 百分比**	2016 二零一六年 % 百分比	**2017 二零一七年 RMB'000 人民幣千元**	2016 二零一六年 RMB'000 人民幣千元
Manufacturing and sales of wooden products	生產及銷售木製品	**436,841**	421,761	3.6%	**94.5%**	95.4%	**(44,515)**	(31,866)
Retail business	零售業務	**5,280**	7,930	-33.4%	**1.2%**	1.8%	**(1,946)**	(2,459)
Projects of outdoor wooden products	戶外木製品項目	**–**	132	-100%	**0.0%**	0.0%	**–**	(162)
Manufacturing and sales of renewable energy products	生產及銷售再生能源產品	**20,070**	12,505	60.5%	**4.3%**	2.8%	**3,541**	1,249
		462,191	442,328		**100.0%**	100.0%	**(42,920)**	(33,238)

During the Year, the Group continued to consolidate its core business into the following segments: manufacturing and sales of wooden products, retail business and projects relating to outdoor wooden products. The Group's relatively new business in the manufacturing and sales of renewable energy products has successfully continued operation for the fourth year since its commencement in 2014. The revenue derived from each of the four business segments during the Year were RMB436,841,000, RMB5,280,000, RMB Nil and RMB20,070,000 (2016: RMB421,761,000, RMB7,930,000, RMB132,000 and RMB12,505,000), representing 94.5%, 1.2%, 0.0% and 4.3% of the total revenue derived (2016: 95.4%, 1.8%, 0.0% and 2.8%) respectively.

本年度，本集團繼續將其核心業務整合為以下分部：即生產及銷售木製品、零售業務以及與戶外木製品有關之項目。本集團於生產及銷售再生能源產品方面的相對較新業務自二零一四年開始營運以來順利持續營運四年。本年度，四個業務分部各自產生的收入分別為人民幣436,841,000元、人民幣5,280,000元、人民幣零元及人民幣20,070,000元（二零一六年：人民幣421,761,000元、人民幣7,930,000元、人民幣132,000元及人民幣12,505,000元），分別佔所源自總收入94.5%、1.2%、0.0%及4.3%。（二零一六年：95.4%、1.8%、0.0%及2.8%）。

Note 1: Reported segment (loss)/profit has excluded the after tax effect of government subsidies.

附註一： 可呈報分部(虧損)／溢利已撇除政府補貼之稅後影響。

Manufacturing and sales of wooden products remains the Group's largest business segment, contributing 94.5% of the Group's revenue. The revenue derived from such business increased by 3.6%. The overall increase in revenue in this segment is due to the growth in timber houses and their related parts and structures market and pet-home designs product in the PRC and Australia, but offset by the decrease in revenue in trading of timber and outdoor and indoor furniture.

生產及銷售木製品仍是本集團最大的業務分部，佔本集團收入的94.5%。此類業務所得收入增加3.6%。該分部收入整體增加是由於中國及澳洲市場的木屋及其相關部件及構件以及寵物屋產品增長，惟被木材貿易以及室內外傢俱產品收入減少所抵銷。

Due to the effect of exchange rate fluctuation and continuing stiff competition erodes the gross profit margin, leading to the overall increase in loss recorded from the manufacturing and sales of wooden products segment by RMB12.6 million. The Group has shown a sign of improvement as demonstrated by slightly increased in revenue by 3.6% in 2017.

由於匯率波動的影響，加上持續激烈競爭導致毛利率下降，令生產及銷售木製品分部錄得的虧損整體增加人民幣12.6百萬元。從二零一七年收入略增3.6%可見本集團已顯示出改善跡象。

The Group's self-owned brand is engaged in the retail of leisure household products. Since its establishment in 2010, its sales network has grown to include major cities in 8 provinces in the PRC with over 50 self-operated stores and distribution points. The Group aims to improve the operation by improving its cost controls.

本集團自有品牌涉及零售休閒傢俱用品。自二零一零年成立以來，其銷售網絡已覆蓋八個中國主要省份的主要城市，並設有50多個自營及分銷網點。本集團致力加強成本控制以改善經營狀況。

As mentioned above, the Group has continued its renewable energy business for the fourth successful year. This aspect of the business involves the recycling of residue, such as leftover sawdust from the production of our wooden products, into biomass pellet fuel. The biomass pellet fuel and its production process, are fully compliant with the national development directions on new energies in the PRC.

如上所述，本集團再生能源業務已順利連續經營4年。該業務涉及回收殘餘物，例如木製品生產過程中產生的廢屑，然後將其轉化為生物質顆粒燃料。有關生物質顆粒燃料及其生產工藝完全符合中國新能源的國家發展方針。

The Group's renewable energy business recorded an increase of 60.5% in revenue to RMB20.1 million and an increase of 183.5% in profit to RMB3.5 million (2016: revenue of RMB12.5 million and profit of RMB1.2 million) during the Year. As the operation becomes more stable, it is expected that this business will generate more profit for the Group in the future.

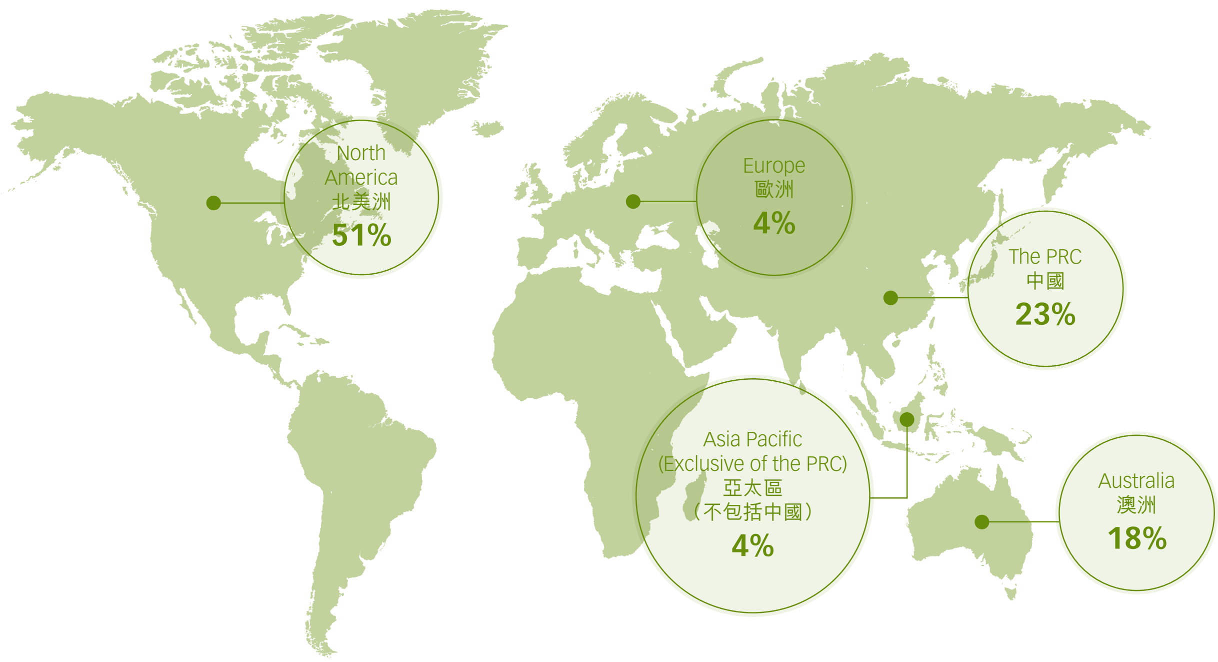
本年度本集團再生能源業務錄得收入上升60.5%至人民幣20.1百萬元及溢利上升183.5%至人民幣3.5百萬元（二零一六年：收入人民幣12.5百萬元及溢利人民幣1.2百萬元）。由於經營日益穩定，預期日後該業務會為本集團創造更多溢利。

Market review

During the Year, the distribution of revenue from our global markets are as follows:

市場回顧

於本年度，我們來自全球市場之收入分佈如下：



		Revenue 收入			% to total revenue 佔總收入百分比	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	Change 變動 % 百分比	**2017 二零一七年 % 百分比**	2016 二零一六年 % 百分比
The PRC	中國	**107,332**	88,019	21.9%	**23%**	20%
North America	北美洲	**236,279**	273,842	-13.7%	**51%**	62%
Europe	歐洲	**18,303**	44,017	-58.4%	**4%**	10%
Asia Pacific (Exclusive of the PRC)	亞太區（不包括中國）	**16,945**	16,160	4.9%	**4%**	4%
Australia	澳洲	**83,332**	20,290	310.7%	**18%**	4%
		462,191	442,328	4.5%	**100%**	100%

The Group's aim is to take advantage of the opportunities within the market to develop the Group's business at a fast pace whilst complying with all relevant laws, rules and regulations.

本集團旨在於遵守所有相關法律、規則及法規的同時利用市場機遇快速發展本集團業務。

Since 2016, the North American market has become the largest market of the Group, contributing 51% (2016: 62%) of the total revenue of the Group. The revenue from the North American market further declined by 13.7% to RMB236.3 million (2016: RMB273.8 million). The US Federal Reserve increased interest rates by a quarter-point, the third time in 2017, setting the target range between 1.25% and 1.5% in December 2017. It is expected to further increase the interest rates in 2018. In addition, the US Federal Reserve also started to shrink the balance sheet. This measures may reduce the investment in fixed assets in the US in 2018, therefore the Group will continue to closely monitor and operate the market through enhancing our products' competitiveness.

自二零一六年起，北美市場成為本集團的最大市場，佔本集團總收入的51%（二零一六年：62%）。北美市場的收入進一步下滑13.7%至人民幣236.3百萬元（二零一六年：人民幣273.8百萬元）。美國聯邦儲備局於二零一七年第三次加息25個基點，並於二零一七年十二月將目標區間設定在1.25%至1.5%之間。預計二零一八年會進一步加息。此外，美國聯邦儲備局亦開始縮減資產負債表。該舉措或會減少二零一八年美國的固定資產投資，因此本集團將通過提高產品競爭力而繼續密切監控及經營市場。

The GDP of the PRC has recorded a growth rate of 6.9% in the year 2017, representing a rise of 0.2% compared with that of 2016. It is the first year that the PRC's growth rate exceeds the preceding year since 2010. Despite the slowdown in the growth of the PRC fixed asset investment during the Year, the Group's revenue from the PRC market increased by 21.9% to RMB107.3 million (2016: RMB88.0 million), representing 23% (2016: 20%) of the total revenue. This is contributed by the stronger sales in following two segments, timber houses and their related parts and structures and pet-home designs products. The Group envisages that the PRC market will become better along with the economy.

中國的國內生產總值於二零一七年錄得6.9%的增長率，較二零一六年上升0.2%。此乃中國自二零一零年以來的首年增長率超過上一年。雖然本年度中國固定資產投資增長放緩，本集團源自中國市場的收入增加21.9%至人民幣107.3百萬元（二零一六年：人民幣88.0百萬元），佔總收入的23%（二零一六年：20%）。此乃得益於兩大分部的強勁銷售，即木屋及其相關部件及構件以及寵物屋產品。本集團預期中國市場將隨著經濟發展而日益改善。

Germany is the largest market in Europe to our Group. Although the GDP of Germany is unceasingly growing, the growth rate for permits granted for dwelling construction has recorded a slowdown comparing to a robust increment last year. The revenue from the European market decreased by 58% to RMB18.3 million (2016: RMB44.0 million). The Group noticed that the customers have been cautious for placing orders, partly due to the great fluctuations in the exchange rate of EUR. The Group will continue to seek opportunity to increase the revenue generated from the European market.

德國是本集團在歐洲的最大市場。儘管德國國內生產總值持續增長，但住宅樓宇建設獲授許可的增長率於去年強勁增長後有所放緩。源自歐洲市場的收入減少58%至人民幣18.3百萬元（二零一六年：人民幣44.0百萬元）。本集團注意到，客戶的下單態度持續謹慎，部分歸因於歐元匯率大幅波動。本集團將繼續尋求機會以增加歐洲市場產生的收入。

The Australian market has become the third-largest market during the Year, contributing 18% (2016: 4%) of the Group's total revenue. The Group recorded a strong growth by 310.7% to RMB83.3 million (2016: RMB20.3 million) due to the successful launch of timber houses and their related parts and structure and landscape garden products in the region. The Group expects that it could continue to grow in the year 2018.

於本年度澳洲市場已成為第三大市場，佔本集團總收入之18%（二零一六年：4%）。由於成功於區內推出木屋及其相關部件及構件以及園藝類產品，本集團錄得強勁增長310.7%至人民幣83.3百萬元（二零一六年：人民幣20.3百萬元）。本集團預期其於二零一八年可繼續增長。

FINANCIAL REVIEW

Revenue and gross profit margin by product category

財務回顧

收入及毛利率（按產品分類劃分）

		Revenue 收入			% to total revenue 佔總收入百分比		Gross margin 毛利率	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	Change 變動 % 百分比	**2017 二零一七年 % 百分比**	2016 二零一六年 % 百分比	**2017 二零一七年 % 百分比**	2016 二零一六年 % 百分比
Timber houses and their related parts and structures	木屋及其相關部件及構件	**302,761**	243,406	24.4%	**65.4%**	55.0%	**4.0%**	10.3%
Leisure household products	休閒傢俱產品							
Outdoor and indoor furniture	室內外傢俱產品	**17,467**	28,442	-38.6%	**3.8%**	6.4%	**11.0%**	13.0%
Recreational products	遊戲類產品	**9,123**	18,045	-49.4%	**2.0%**	4.1%	**20.5%**	7.1%
Landscape garden products	園藝類產品	**64,556**	67,285	-4.1%	**14.0%**	15.2%	**11.7%**	18.3%
Pet-home designs	寵物屋產品	**19,686**	12,640	55.7%	**4.3%**	2.9%	**6.1%**	18.5%
Trading of timber	木材貿易	**28,528**	60,005	-52.5%	**6.2%**	13.6%	**5.9%**	1.3%
Renewable energy products	再生能源產品	**20,070**	12,505	60.5%	**4.3%**	2.8%	**29.1%**	19.2%
Total	**總計**	**462,191**	442,328	4.5%	**100.0%**	100.0%	**7.0%**	10.8%

Sales of timber houses and their related parts and structures remained the largest income stream of the Group by product category in 2017. Revenue from such category increased by 24.4% to RMB302.8 million (2016: RMB243.4 million), representing 65.4% (2016: 55.0%) of total sales for the Year, mainly due to the rebound of domestic sales and the strong growth in the Australian market.

於二零一七年，木屋及具相關部件及構件銷售按產品類別劃分仍是本集團最大收入來源。有關類別收入增加24.4%至人民幣302.8百萬元（二零一六年：人民幣243.4百萬元），佔本年度銷售總額的65.4%（二零一六年：55.0%），主要由於國內銷售反彈及澳洲市場強勁增長。

Among the leisure household products, the revenue of landscape garden products slightly decreased by 4.1% to RMB64.6 million (2016: RMB67.3 million) and continue as the product category generating the second highest income stream for the Group, representing 14.0% (2016: 15.2%) of the total revenue for the Year. The decrease was mainly due to the decline of the North American market offsetting the strong growth in the Australian market.

於休閒傢俱產品中，園藝類產品的收入輕微下降4.1%至人民幣64.6百萬元（二零一六年：人民幣67.3百萬元）及繼續為本集團產生第二高收益的產品類別，佔本年度總收入的14.0%（二零一六年：15.2%）。該減少主要由於北美洲市場下降抵銷了澳洲市場的強勁增長。

The revenue of pet-home designs products has been growing since 2015 from around RMB7 million to RMB19.7 million, the growth was mainly contributed by the sales from the North America and PRC market.

自二零一五年起寵物屋產品的收入一直保持增長，自約人民幣7百萬元增至人民幣19.7百萬元。增長主要由於來自北美洲及中國市場的銷售所致。

During the Year, the recovery of the PRC market and the growth of the Australian market provided strong basis for the Group to grow in terms of revenue. Despite the uncertain and slowly recovering global economy, the Group intends to balance the growth with stability in the foreseeable future.

於本年度，中國市場復甦及澳洲市場增長為本集團收入增長提供了有力的基礎。儘管全球經濟並不確定及緩慢復甦，本集團計劃於可預見未來平衡增長及穩定。

Other revenue

During the Year, our other revenue decreased to RMB15.8 million (2016: RMB29.3 million) mainly due to the decrease in policy subsidies of government amounting to RMB11.4 million (2016: RMB23.0 million).

其他收入

本年度，我們的其他收入減少至人民幣15.8百萬元（二零一六年：人民幣29.3百萬元），主要是由於獲得政府政策性補貼減少至人民幣11.4百萬元（二零一六年：人民幣23.0百萬元）所致。

Other net loss

The Group recorded other net loss of RMB14.9 million for the Year (2016: RMB21.9 million). The decrease in loss were primarily due to the exchange, gain and gain on disposal land use right and equipment. However, the fair value loss of derivative financial instruments has resulted in a net loss.

其他虧損淨額

本集團於本年度錄得其他虧損淨額人民幣14.9百萬元（二零一六年：21.9百萬元）。虧損減少主要是由於匯兌收益及出售土地使用權及設備收益所致。然而，衍生金融工具的公平值虧損導致淨虧損。

Selling and distribution expenses

Our selling and distribution expenses incurred during the Year were RMB17.6 million (2016: RMB20.2 million) which was a result of the stringent cost control during the year.

銷售及分銷開支

由於年內嚴格的成本控制，我們於本年度的銷售及分銷開支為人民幣17.6百萬元（二零一六年：人民幣20.2百萬元）。

Administrative expenses

Our administrative expenses incurred during the Year increased to RMB47.2 million (2016: RMB46.5 million), which was a result of an increase in research and development cost.

行政開支

由於研發成本增加，本年度我們的行政開支增加至人民幣47.2百萬元（二零一六年：人民幣46.5百萬元）。

Finance costs

Our finance costs decreased to RMB6.2 million during the Year (2016: RMB9.0 million), and this was attributable to the active management to the fund.

Income tax expense

Our income tax expense increased to RMB2.4 million (2016: RMB1.6 million), primarily due to the deferred taxation expenses recorded during the Year.

Loss for the Year

As a result of the foregoing factors, loss for the Year is RMB40.6 million (2016: RMB22.3 million). Loss for the Year excluding the after tax effect of government subsidies is RMB50.1 million (2016: RMB41.8 million).

Dividend

The Board does not recommended a final dividend for the Year (2016: Nil).

Liquidity and capital resources

The Group principally meets its working capital and other liquidity requirements through operating cash flows and proceeds from bank borrowings. The Group anticipates that it can sufficiently meet funding needs for working capital and capital expenditure. As at 31 December 2017, the Group had current assets of RMB721.1 million (31 December 2016: RMB882.5 million), of which bank deposits and cash (including pledged deposits) were RMB191.8 million (31 December 2016: RMB321.2 million). To better manage our funds, the Group's cash is generally deposited with banks and denominated mostly in RMB, USD and CHF. As at 31 December 2017, total available banking facilities of the Group amounted to RMB396.1 million (31 December 2016: RMB532.0 million), banking facilities utilized as at 31 December 2017 were RMB233.2 million (31 December 2016: RMB396.4 million) and these were denominated in RMB, EURO and USD. All of the Group's banking facilities were subject to the fulfilment of certain covenants, as are commonly found in lending arrangements with financial institutions. Details of the covenants are set out in note 24(c) to the financial statement.

融資成本

我們的融資成本於本年度下降至人民幣6.2百萬元(二零一六年:人民幣9.0百萬元),此乃由於積極的資金管理所致。

所得稅開支

我們的所得稅開支增加至人民幣2.4百萬元(二零一六年:人民幣1.6百萬元),主要是由於本年度錄得的遞延稅項開支所致。

本年度虧損

基於上述因素,本年度虧損人民幣40.6百萬元(二零一六年:人民幣22.3百萬元)。未計及政府補貼之稅後影響之年內虧損人民幣50.1百萬元(二零一六年:人民幣41.8百萬元)。

股息

董事會不建議派發本年度的末期股息(二零一六年:無)。

流動資金及資本來源

本集團主要透過營運現金流及銀行借款的所得款項滿足營運資金及其他資金需求。本集團預計其可充分滿足營運資金及資本開支之資金需求。於二零一七年十二月三十一日,本集團擁有流動資產人民幣721.1百萬元(二零一六年十二月三十一日:人民幣882.5百萬元),其中銀行存款及現金(包括已抵押存款)為人民幣191.8百萬元(二零一六年十二月三十一日:人民幣321.2百萬元)。為更有效控制資金,本集團的現金一般存置於銀行並大部分以人民幣、美元及瑞士法郎計值。於二零一七年十二月三十一日,本集團的可動用銀行融資總額為人民幣396.1百萬元(二零一六年十二月三十一日:人民幣532.0百萬元)。於二零一七年十二月三十一日,已動用銀行融資額為人民幣233.2百萬元(二零一六年十二月三十一日:人民幣396.4百萬元),並分別以人民幣、歐元及美元計值。本集團所有銀行融資須達成與金融機構所訂借貸安排中常見之契諾。有關契諾詳情載於財務報表附註24(c)。

As at 31 December 2017, the ratio of total borrowings to total assets and net borrowings to total equity of the Group were 16.7% and 5.1% respectively (31 December 2016: 25.5% and 7.2% respectively), current ratio and quick ratio were 2.2:1 and 1.2:1 respectively (31 December 2016: 2.1:1 and 1.3:1 respectively).

於二零一七年十二月三十一日，本集團的借貸總額與總資產比率及借貸淨額與總權益比率分別為16.7%及5.1%（二零一六年十二月三十一日：分別為25.5%及7.2%）。流動比率及速動比率分別為2.2：1及1.2：1（二零一六年十二月三十一日：分別為2.1：1及1.3：1）。

Pledge of assets

As at 31 December 2017, the Group pledged its plant and machinery, lease prepayments and buildings held for own use and construction in progress with net book value of RMB243.0 million (31 December 2016: RMB229.4 million) and deposits with banks of RMB78.3 million (31 December 2016: RMB147.2 million) mainly for the purpose of securing bank loans and financial derivative contracts issued by banks to the Group.

資產抵押

於二零一七年十二月三十一日，本集團已抵押賬面淨值人民幣243.0百萬元（二零一六年十二月三十一日：人民幣229.4百萬元）的廠房及機器、租賃預付款、持作自用樓宇及在建工程以及人民幣78.3百萬元（二零一六年十二月三十一日：人民幣147.2百萬元）的銀行存款，主要用於取得銀行向本集團發出之銀行貸款及金融衍生工具合約。

Capital expenditure

During the Year, the Group's total expenditure in respect of property, plant and equipment and non-current prepayments for acquisitions of property, plant and equipment amounted to RMB95.7 million (2016: RMB89.2 million).

資本開支

於本年度，本集團有關物業、廠房及設備的總開支及有關收購物業、廠房及設備的非即期預付款為人民幣95.7百萬元（二零一六年：人民幣89.2百萬元）。

Capital commitment and contingent liabilities

Save as disclosed in note 28(a) of the consolidated financial statements, there were no significant capital commitments for the Group. There were no significant contingent liabilities for the Group as at 31 December 2017.

資本承擔及或然負債

除綜合財務報表附註28(a)所披露者外，本集團並無任何重大資本承擔。於二零一七年十二月三十一日，本集團概無任何重大或然負債。

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, FUTURE PLANS FOR MATERIAL INVESTMENTS OR ACQUISITION OF CAPITAL ASSETS

During the Year, there were no significant investments, material acquisitions or disposals of subsidiaries by the Company. The Group currently has no plan to make any substantial investments in or acquisitions of capital assets, but will continue to seek out potential investment or acquisition opportunities according to the Group's development needs.

重大投資、重大收購及出售附屬公司、重大投資或收購資本資產的未來計劃

於本年度，本公司並無重大投資、重大收購或出售附屬公司。本集團現時並無計劃作出任何重大投資或收購資本資產，但會按本集團發展需要，繼續物色潛在投資或收購機會。

FOREIGN CURRENCY RISKS

The Group's sales are mainly denominated in USD and RMB while our cost of sales and operating expenses are mainly denominated in RMB. Therefore, the Group's profit margin would be affected if RMB appreciates against USD as the Group may not be able to reflect the appreciation in selling prices to overseas customers that were determined in USD. In response to this, the Group manages fluctuations in the exchange rate of RMB against USD by entering into foreign currency forward contracts mainly denominated in USD and RMB with banks when sales contracts were entered with overseas customers.

With the increasing level of our overseas purchases, the Group also manages foreign exchange risk by matching the cash inflow from our export sales denominated in USD with the cash outflow from our import of timber denominated in USD.

As at 31 December 2017, the Group had net outstanding USD denominated forward foreign currency contracts of USD31.5 million (31 December 2016: USD37.9 million). All the contracts are to be settled within one year.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING, PLACING AND SUBSCRIPTION

The shares of the Company were listed on the Main Board of the Stock Exchange on 6 July 2012. Net proceeds from the global offering were approximately HK$144.3 million (after deducting the underwriting commission and relevant expenses).

On 26 June 2014, the Company issued 200,000,000 new ordinary shares of HK$0.01 each at HK$0.80 per share by way of placing (the "June 2014 Placement"). On 7 October 2014, the Company issued 165,000,000 new ordinary shares of HK$0.01 each at HK$0.93 per share by way of placing (the "October 2014 Placement"). On 5 August 2015, the Company issued 272,600,000 new ordinary shares of HK$0.01 each at HK$0.55 per share by way of placing (the "August 2015 Subscription"). On 21 December 2015, the Company issued 857,945,000 new ordinary shares of HK$0.01 each at HK$0.20 per share by way of Open Offer (the "December 2015 Open Offer"). On 10 February 2017, the Company issued 514,500,000 new ordinary shares of HK$0.01 each at HK$0.13 per share by way of subscription (the "February 2017 Subscription"). The net proceeds from the issue of new shares under the June 2014 Placement, October 2014 Placement, August 2015 Subscription, December 2015 Open Offer, February 2017 Subscription after deducting related transaction costs, were HK$155.0 million, HK$148.0 million, HK$149.7 million, HK$170.0 million, HK$66.7 million respectively.

貨幣風險

本集團的銷售主要以美元及人民幣計值，而銷售成本及經營開支則主要以人民幣計值。由於本集團可能無法在向海外客戶銷售時，將人民幣兑美元的升值反映於以美元釐定的售價中，故如人民幣升值，溢利率將受影響。為此，本集團在與海外客戶訂立銷售合約的同時透過與銀行訂立主要以美元及人民幣計值的遠期外幣合約以管理人民幣兑美元的匯率波動。

隨著本集團的海外採購增加，本集團亦透過以美元計值的出口銷售現金流入配合以美元計值的木材進口現金流出管理外匯風險。

於二零一七年十二月三十一日，本集團有淨值31.5百萬美元(二零一六年十二月三十一日：37.9百萬美元)以美元計值的未結算遠期外幣合約。所有合約將於一年內結算。

全球發售、配售及認購事項所得款項淨額的用途

本公司的股份於二零一二年七月六日在聯交所主板上市。全球發售的所得款項淨額(經扣除包銷佣金及相關開支後)約為144.3百萬港元。

於二零一四年六月二十六日，本公司透過配售方式按每股0.80港元發行200,000,000股每股面值0.01港元的新普通股(「二零一四年六月配售」)。於二零一四年十月七日，本公司透過配售方式按每股0.93港元發行165,000,000股每股面值0.01港元的新普通股(「二零一四年十月配售」)。於二零一五年八月五日，本公司透過配售方式按每股0.55港元發行272,600,000股每股面值0.01港元的新普通股(「二零一五年八月認購事項」)。於二零一五年十二月二十一日，本公司透過公開發售方式按每股0.20港元發行857,945,000股每股面值0.01港元的新普通股(「二零一五年十二月公開發售」)。於二零一七年二月十日，本公司透過認購事項按每股0.13港元發行514,500,000股每股面值0.01港元的新普通股(「二零一七年二月認購事項」)。經扣除相關交易費用後，根據自二零一四年六月配售、二零一四年十月配售、二零一五年八月認購事項、二零一五年十二月公開發售、二零一七年二月認購事項發行新股份的所得款項淨額分別為155.0百萬港元、148.0百萬港元、149.7百萬港元、170.0百萬港元及66.7百萬港元。

As at 31 December 2017, all the unutilised proceeds were deposited in licensed banks in Hong Kong and the PRC. A breakdown of the use of net proceeds is set forth in the table below:

於二零一七年十二月三十一日，所有未動用所得款項已存置於香港及中國的註冊銀行。所得款項淨額之使用情況已列載於下表：

		The financing of the acquisition of automated production machinery and equipment 購置自動化生產機器及設備的融資 HK$' million 百萬港元	Establishing new production facilities 成立新生產設施 HK$' million 百萬港元	Establishing own-brand self-operated store network 成立自有品牌的自營店網絡 HK$' million 百萬港元	Merger and acquisition of small to medium sized companies, other timber processing plants, and/or other resources 合併與收購中小型公司、其他木材加工廠及／或其他資源 HK$' million 百萬港元	Own-brand promotion and other marketing events 宣傳自有品牌及其他市場推廣活動 HK$' million 百萬港元	Increasing and enhancing our research and development activities 提升及加強本公司的研發活動 HK$' million 百萬港元	General working capital 一般營運資金 HK$' million 百萬港元	Total 總額 HK$' million 百萬港元
From global offering	**來自全球發售**								
Amount of net proceeds	所得款項淨額	N/A 不適用	41.8	39.8	27.9	11.1	9.8	13.9	144.3
Percentage to total net proceeds	佔所得款項總淨額百分比	N/A 不適用	29.0%	27.6%	19.3%	7.7%	6.8%	9.6%	100.0%
Utilised amount as at 31 December 2017	於二零一七年十二月三十一日已動用金額	N/A 不適用	41.8	39.8	27.9	11.1	9.8	13.9	144.3
Unutilised amount as at 31 December 2017	於二零一七年十二月三十一日未動用金額	N/A 不適用	–	–	–	–	–	–	–
From June 2014 Placement	**來自二零一四年六月配售**								
Amount of net proceeds	所得款項淨額	N/A 不適用	125.0	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	30.0	155.0
Percentage to total net proceeds	佔所得款項總淨額百分比	N/A 不適用	80.6%	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	19.4%	100.0%
Utilised amount as at 31 December 2017	於二零一七年十二月三十一日已動用金額	N/A 不適用	125.0	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	30.0	155.0
Unutilised amount as at 31 December 2017	於二零一七年十二月三十一日未動用金額	N/A 不適用	–	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	–	–
From October 2014 Placement	**來自二零一四年十月配售**								
Amount of net proceeds	所得款項淨額	N/A 不適用	73.0	N/A 不適用	50.0	N/A 不適用	N/A 不適用	25.0	148.0
Percentage to total net proceeds	佔所得款項總淨額百分比	N/A 不適用	49.3%	N/A 不適用	33.8%	N/A 不適用	N/A 不適用	16.9%	100.0%
Utilised amount as at 31 December 2017	於二零一七年十二月三十一日已動用金額	N/A 不適用	73.0	N/A 不適用	27.3	N/A 不適用	N/A 不適用	25.0	125.3
Unutilised amount as at 31 December 2017	於二零一七年十二月三十一日未動用金額	N/A 不適用	–	N/A 不適用	22.7	N/A 不適用	N/A 不適用	–	22.7
From August 2015 Subscription	**來自二零一五年八月認購事項**								
Amount of net proceeds	所得款項淨額	N/A 不適用	74.9	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	74.8	149.7
Percentage to total net proceeds	佔所得款項總淨額百分比	N/A 不適用	50.0%	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	50.0%	100%
Utilised amount as at 31 December 2017	於二零一七年十二月三十一日已動用金額	N/A 不適用	74.9	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	74.8	149.7
Unutilised amount as at 31 December 2017	於二零一七年十二月三十一日未動用金額	N/A 不適用	–	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	–	–
From December 2015 Open Offer	**來自二零一五年十二月公開發售**								
Amount of net proceeds	所得款項淨額	119.0	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	17.0	34.0	170.0
Percentage to total net proceeds	佔所得款項總淨額百分比	70.0%	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	10.0%	20.0%	100%
Utilised amount as at 31 December 2017	於二零一七年十二月三十一日已動用金額	95.1	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	17.0	34.0	146.1
Unutilised amount as at 31 December 2017	於二零一七年十二月三十一日未動用金額	23.9	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	–	–	23.9

		The financing of the acquisition of automated production machinery and equipment 購置自動化生產機器及設備的融資 HK$' million 百萬港元	Establishing new production facilities 成立新生產設施 HK$' million 百萬港元	Establishing own-brand self-operated store network 成立自有品牌的自營店網絡 HK$' million 百萬港元	Merger and acquisition of small to medium sized companies, other timber processing plants, and/or other resources 合併與收購中小型公司、其他木材加工廠及╱或其他資源 HK$' million 百萬港元	Own-brand promotion and other marketing events 宣傳自有品牌及其他市場推廣活動 HK$' million 百萬港元	Increasing and enhancing our research and development activities 提升及加強本公司的研發活動 HK$' million 百萬港元	General working capital 一般營運資金 HK$' million 百萬港元	Total 總額 HK$' million 百萬港元
From February 2017 Subscription	**來自二零一七年二月認購事項**								
Amount of net proceeds	所得款項淨額	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	27.0	39.7	66.7
Percentage to total net proceeds	佔所得款項總淨額百分比	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	40.5%	59.5%	100%
Utilised amount as at 31 December 2017	於二零一七年十二月三十一日已動用金額	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	24.8	39.7	64.5
Unutilised amount as at 31 December 2017	於二零一七年十二月三十一日未動用金額	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	2.2	-	2.2

HUMAN RESOURCES

As at 31 December 2017, we employed a total of 510 (2016: 547) full time employees, mainly in the PRC and Hong Kong which included management staff, product designers, technicians, salespersons and workers. The Group's total expenses on the remuneration of employees for the Year were RMB32.6 million (2016: RMB38.8 million), representing 7.1% (2016: 8.8%) of the revenue of the Group. The Group has been consistently increasing production process automation, strengthening the training of staff with an emphasis on high-technique processing with a mission on the continuous development and enhancing of competitiveness. The Group offered highly competitive salary packages, as well as discretionary bonuses and contribution to social insurance to its employees.

The Group's emolument policies are formulated based on the performance of individual employee which will be reviewed periodically. Apart from the provident fund scheme (operation in accordance with the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or social insurance (including retirement pension insurance, medical insurance, unemployment insurance, injury insurance and maternity insurance for the PRC employees), discretionary bonuses are also awarded to employees and directors according to the assessment of individual performance. Since the adoption of the share option scheme on 15 June 2012 and up to 31 December 2017, no options have been granted.

人力資源

於二零一七年十二月三十一日，本集團於中國及香港共聘用510名(二零一六年：547名)全職僱員，當中包括管理人員、產品設計人員、技術人員、銷售人員及工人。於本年度，本集團就僱員薪酬的總開支為人民幣32.6百萬元(二零一六年：人民幣38.8百萬元)，佔本集團收入的7.1%(二零一六年：8.8%)。本集團一直透過提高工序自動化，加強員工培訓以及專注高技術加工，維持員工的持續發展及提高員工競爭力。本集團為僱員提供具競爭力的薪酬組合，並有酌情花紅以及會為僱員繳納社會保險供款。

本集團的薪酬政策乃按個別僱員的表現而制訂，並將定期檢討。除公積金計劃(根據強制性公積金計劃條例的條文為香港僱員執行)或社會保險(包括中國僱員的退休養老保險、醫療保險、失業保險、工傷保險及生育保險)外，本集團亦將根據對個別僱員表現的評估向僱員及董事發放酌情花紅。自購股權計劃於二零一二年六月十五日獲採納以來至二零一七年十二月三十一日止，本集團概無授出任何購股權。

EVENTS AFTER THE REPORTING PERIOD

The Group has no material events after the reporting period.

報告期後事項

本集團並無重大報告期後事項。

Corporate Governance Report
企業管治報告

The Board is committed to maintaining a high standard of corporate governance. The Board believes that a high standard of corporate governance will provide a framework for the Company to formulate its business strategies and policies, and manage and lower the associated risks through effective internal control procedures. It will also enhance the transparency of the Company and strengthen the accountability to its shareholders and creditors.

董事會承諾維持高水平的企業管治。董事會相信，高水平的企業管治將為本公司提供框架，以制定其業務策略及政策。以有效的內部監控程序管理及降低相關風險，提高本公司的透明度，並增強對其股東及債權人的問責。

The Company has adopted the code provisions set out in the Corporate Governance Code ("the Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules") and certain recommended best practices. The Company has complied with all the applicable code provisions in the Code throughout the Year except for the deviations disclosed under the sections headed "The Board" and "Accountability and Audit" in this report.

本公司已採納香港聯合交易所有限公司證券上市規則(「上市規則」)附錄14所載的企業管治守則(「守則」)所載的守則條文及若干建議最佳常規。於本年度，本公司一直遵守守則中的所有適用守則條文，惟於本報告「董事會」及「問責及審核」一節披露的偏離者除外。

THE BOARD

董事會

The Board oversees the management of the business and affairs of the Company. The Directors are accountable for making decisions objectively in the best interest of the shareholders as a whole.

董事會監督本公司業務及事務的管理。董事負責作出客觀決定以符合股東整體最佳利益。

The Board is responsible for making decisions on all major aspects of the Company's affairs, including the approval and monitoring of key policy matters, overall strategies, business plans and annual budgets, internal control and risk management systems, material transactions, major capital expenditure, appointment of Directors and other significant financial and operational matters.

董事會負責就本公司所有重大事務作出決策，包括批准及監察主要政策事宜、整體策略、業務計劃及年度預算、內部監控及風險管理系統、重大交易、重大資本支出、委任董事及其他重大財務及營運事宜。

The Board may delegate aspects of its management and administration functions to the management. In particular, the day-to-day management of the Company is delegated to the chief executive officer of the Group, Mr. Wu Zheyan, and his management team.

董事會可向管理層轉授其管理及行政職能。尤其本公司的日常管理已轉授予本集團的行政總裁吳哲彥先生及其管理團隊。

Mr. Wu Dongping is the father of Mr. Wu Zheyan. Save and except this, there is no relationship (including financial, business, family or other material relevant relationship) between Board members and between the Chairman and the Chief Executive Officer.

吳冬平先生為吳哲彥先生的父親。除此之外，董事會成員之間及主席及行政總裁之間概無關係(包括財務、業務、家庭或其他重大相關關係)。

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

本公司於本年度內一直符合上市規則的規定，委任最少三名獨立非執行董事，而其中最少一名獨立非執行董事具備適當專業資格、會計或相關財務管理的專業知識。於本年度內任何時間，獨立非執行董事均佔董事會至少三分之一。

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

董事會須定期舉行會議，並每年至少舉行四次。董事可在彼等認為必要的情況下隨時全面獲得本集團資料及獨立專業意見。

With respect to regular meetings of the Board, the Directors will be given written notice of the meeting at least 14 days in advance and an agenda with supporting Board papers no less than three days prior to the meeting. For other meetings, the Directors are given as much notice as is reasonable and practicable in the circumstances.

就董事會的定期會議而言，董事將於會議前至少14日收到會議的書面通知，並於會議前不少於三日獲得議程及補充董事會文件。就其他會議而言，董事獲得該等情況下屬合理及切實可行的通知。

Details of directors' attendance at Board meetings, Committee meetings and 2016 Annual General Meeting held during the year are set out in the following table:

下表列示各董事於本年度出席董事會會議，各董事委員會會議及二零一六年股東週年大會的詳情：

		Meeting attendance/number of meetings 會議出席次數╱會議次數					
Name of Directors	董事名稱	2016 Annual General Meeting 二零一六年股東週年大會	Board Meeting 董事會會議	Audit Committee Meeting 審計委員會會議	Remuneration Committee Meeting 薪酬委員會會議	Nomination Committee Meeting 提名委員會會議	Risk Management Committee Meeting 風險管理委員會會議
Executive Directors	**執行董事**						
Ms. Xie Qingmei *(Chairman)*	謝清美女士*(主席)*	1/1	9/9	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用
Mr. Wu Zheyan *(Chief Executive Officer)*	吳哲彥先生*(行政總裁)*	0/1	9/9	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用
Non-executive Director	**非執行董事**						
Mr. Wu Dongping	吳冬平先生	0/1	8/9	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用
Independent non-executive Directors	**獨立非執行董事**						
Mr. Lam Hin Chi	藍顯賜先生	1/1	9/9	2/2	2/2	2/2	2/2
Prof. Jin Zhongwei	金重為教授	0/1	9/9	2/2	2/2	2/2	2/2
Prof. Su Wenqiang	蘇文強教授	0/1	9/9	2/2	2/2	2/2	2/2

Pursuant to code provision A.1.1 of the Code, the Board meetings should be held at least four times a year at approximately quarterly intervals. The Board only held two regular meetings during the Year to approve the interim results of 2017 and annual results of 2016 whilst other matters of the Board were dealt with by written resolutions or ad hoc Board meeting.

根據守則之守則條文第A.1.1條，董事會會議應每年召開至少四次，大約每季一次。本年度，董事會僅召開兩次定期會議以批准二零一七年中期業績及二零一六年年度業績，而董事會其他事宜則以書面決議案或臨時董事會會議處理。

CORPORATE GOVERNANCE

The Board has carried out its duties and responsibilities as set out in code provision D.3 in the Code, including the development of policies and practices on corporate governance, monitoring the training and continuous professional development of Directors and senior management, reviewing the compliance with the Code, disclosure in this report and legal and regulatory requirements of the Group.

企業管治

董事會已履行其於守則的守則條文第D.3條所載的職責及責任，包括制定企業管治政策及常規、監察董事及高級管理層的培訓及持續專業發展、檢討本集團對守則、本報告內的披露事項以及法律及監管規定的合規情況。

THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

Ms. Xie Qingmei, an executive director of the Company is the chairman of the Board.

Mr. Wu Zheyan is the chief executive officer of the Company. Further details are disclosed in the section headed "The Board" of this report.

主席及行政總裁

本公司執行董事謝清美女士獲委任為董事會主席。

吳哲彥先生為本公司的行政總裁。有關進一步詳情於本報告「董事會」一節內披露。

DIRECTORS AND DIRECTORS' INDEPENDENCE

As at the date of this report, the Board consists of two executive Directors and four non-executive Directors. Three of the non-executive Directors are independent. Further details of the composition of the Board are disclosed in the section headed "The Board" of this report.

董事及董事的獨立性

於本報告日期，董事會由二名執行董事及四名非執行董事組成。該等非執行董事中三名是獨立人士。董事會組成的進一步詳情於本報告「董事會」一節內披露。

NON-EXECUTIVE DIRECTORS

The non-executive Directors are expected to participate in the activities of the Board, particularly in the establishment of a selection process to ensure a mix of competent directors and officers; adoption of a system of internal checks and balances; scrutiny of the Company's performance in achieving agreed corporate goals and objectives; and ensuring that the exercise of Board authority is within the powers conferred to the Board under its articles of association (the "Articles") and applicable laws, rules and regulations.

非執行董事

非執行董事預期將參加董事會活動，尤其是設立遴選程序，以確保具才幹的董事及高級人員合作無間；採納內部審查及平衡的制度；審閱本公司於達成既定企業目標及目的時的表現；以及確保董事會乃在根據其組織章程細則（「細則」）及適用法律、規則及法規所賦予董事會的職權範圍內行使其權限。

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are highly skilled professionals with a broad range of expertise and experience in the fields of accounting, finance and business. Their skills, expertise and number in the Board ensure that strong independent views and judgement are brought in the Board's deliberations and that such views and judgement carry weight in the Board's decision-making process. Their presence and participation also enable the Board to maintain high standards of compliance in financial and other mandatory reporting requirements, and provide adequate checks and balances to safeguard the interests of shareholders of the Company and the Company.

Each independent non-executive Director gives the Company an annual confirmation of his independence. The Company considers such Directors to be independent under the guidelines set out in Rule 3.13 of the Listing Rules.

Each Director, upon reasonable request, is given access to independent professional advice in circumstances he may deem appropriate and necessary for the discharge of his duties to the Company, at the expense of the Company.

獨立非執行董事

獨立非執行董事均為優秀專業人士，在會計、財務、商業領域擁有廣泛的專業知識及經驗。彼等之技術、專業知識及董事會人數確保給予董事會有力的獨立意見及判斷作細心考慮，而有關意見及判斷在董事會的決策過程中乃舉足輕重。彼等之出席及參與亦有助董事會維持高度遵守財務及其他強制性呈報規定，並提供足夠審查及平衡，以保障本公司股東及本公司的利益。

各獨立非執行董事向本公司發出其獨立性的年度確認書。根據上市規則第3.13條所載之指引，本公司認為有關董事均屬獨立。

各董事於合理要求時可就彼可能認為屬合適及必要的情況取得獨立專業意見，以履行彼於本公司的職責，費用由本公司承擔。

APPOINTMENTS, RE-ELECTION AND ROTATION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from 15 June 2015, which may be terminated by not less than three months' notice in writing served by either party on the other. Each of the non-executive Directors and the independent non-executive Directors have been appointed for a term of three years commencing from 15 June 2015. None of the Directors has entered into a service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

Pursuant to the Articles, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. A retiring Director shall be eligible for re-election.

董事的委任、重選及輪值退任

執行董事已各自與本公司訂立服務合約，自二零一五年六月十五日起計，為期三年，可由一方向另一方發出不少於三個月的書面通知予以終止。非執行董事及獨立非執行董事各自的任期由二零一五年六月十五日起計，為期三年。董事概無與本集團任何成員公司訂立服務合約，惟不包括於一年內屆滿或可由僱主於一年內免付賠償（法定賠償除外）予以終止的合約。

根據細則，於各股東週年大會上，當其時的三分之一董事須輪值退任，惟每名董事須至少每三年於股東週年大會上輪值退任一次。退任董事符合資格膺選連任。

According to the Articles and in the opinion of the Board, Mr. Wu Zheyan, Mr. Wu Dongping and Prof. Su Wenqiang shall retire at the forthcoming annual general meeting. All of the above retiring Directors, being eligible, will offer themselves for re-election at the same meeting.

根據細則及董事會的意見，吳哲彥先生、吳冬平先生及蘇文強教授將於應屆股東週年大會上退任。上述全體退任董事均符合資格且願意在該大會上膺選連任。

Where vacancies arise at the Board, candidates will be proposed and put forward to the Board by the Nomination Committee (as defined below) as set out below under the section headed "Nomination Committee" of this report.

倘董事會出現空缺，提名委員會（定義見下文）將如本報告下文「提名委員會」一節所載向董事會提呈建議的候選人。

REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層的薪酬政策

Remuneration for executive Directors and senior management is determined in accordance with performance, professional experiences and the prevailing market practices. The remuneration of non-executive Directors is subject to regular assessment by the Remuneration Committee (as defined below).

執行董事及高級管理層的薪酬乃根據表現、專業經驗及現行市場慣例釐定。非執行董事的薪酬須由薪酬委員會（定義見下文）定期檢討。

TRAINING, INDUCTION AND CONTINUING DEVELOPMENT OF DIRECTORS

董事的培訓、就任及持續發展

Each newly appointed Director receives comprehensive, formal and tailored induction on the first occasion of his/her appointment so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

各新委任董事於首次獲委任時均會獲全面、正式及為其度身訂做的就任指引，以確保彼適當了解本公司的業務及運作，並全面知悉彼根據上市規則及相關監管規定的職責及責任。

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

根據守則的守則條文第A.6.5條，全體董事均須參加持續專業發展，以發展及更新彼等的知識及技能，以確保彼等向董事會作出知情及恰當的貢獻。本公司須負責安排及資助合適培訓，適當重申董事的角色、職能及職責。

The Directors confirm that they have complied with the relevant code provision. The Company had received from each of the Directors the record of training the Directors received.

董事確認彼等已遵守相關守則條文。本公司已接獲各董事參加培訓的記錄。

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. After making specific enquiry to all the Directors, the Company confirms that all the Directors have complied with the standards as stipulated in the Model Code throughout the Year.

董事進行證券交易

本公司已採納上市規則附錄10所載的上市發行人董事進行證券交易的標準守則(「標準守則」)為本公司董事進行證券交易的行為守則。經向全體董事作出具體查詢後，本公司確認，全體董事於本年度一直遵守標準守則所載的標準。

BOARD COMMITTEES

The Board has set up four Board committees, namely, the audit committee, the remuneration committee, the nomination committee and the risk management committee (collectively the "Board Committees"), for overseeing particular aspects of the Company's affairs.

The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

董事會委員會

董事會已成立四個董事會委員會，分別為審計委員會、薪酬委員會、提名委員會及風險管理委員會(統稱「董事會委員會」)，以監督本公司特定範疇的事宜。

董事會委員會獲提供充足資源以履行其職責及可於適當情況下尋求獨立專業意見，費用由本公司支付。

Audit Committee

The Audit Committee comprises all independent non-executive Directors, namely, Mr. Lam Hin Chi, Prof. Jin Zhongwei and Prof. Su Wenqiang. Mr. Lam Hin Chi is the chairman of the Audit Committee.

Under its terms of reference, the Audit Committee shall assist the Board in fulfilling its corporate governance and overseeing responsibilities in relation to financial reporting, risk management and internal control systems and internal and external audit functions. The Audit Committee is further authorised by the Board to investigate any activity within its terms of reference, and is tasked with recommending to the Board appropriate actions emanating from such investigations. The Audit Committee has unrestricted access to personnel, records, internal and external auditors, risk assessment and assurance and senior management, as may be appropriate in the discharge of its functions.

審計委員會

審計委員會由全體獨立非執行董事組成，包括藍顯賜先生、金重為教授及蘇文強教授。藍顯賜先生為審計委員會主席。

根據其職權範圍，審計委員會將協助董事會履行其企業管治及監督有關財務申報、風險管理及內部監控制度以及內部及外聘核數職能。董事會進一步授權審計委員會按其職權範圍調查任何活動，並負責從有關調查向董事會建議合適行動。審計委員會在履行其職能時可於適當情況下不受限制地接觸員工、記錄、內部及外聘核數師、風險評估及保證及高級管理人員。

During the Year, the Audit Committee discharged its responsibilities by:

(1) making recommendations to the Board on the reappointment of the external auditor and approval of the remuneration and terms of engagement of the external auditor;

(2) monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard, and discussing with the external auditor the nature and scope of the audit and reporting obligations;

(3) implementing the Company's policy on the engagement of an external auditor to supply non-audit services;

(4) reviewing, and monitoring the integrity of, the financial statements of the Company and the Company's interim report to ensure that the information presents a true and balanced assessment of the Company's financial position;

(5) reviewing the Company's financial controls, internal control and risk management systems to ensure that management has discharged its duty to have effective systems;

(6) reviewing the Company's financial and accounting policies and practices;

(7) reviewing the external auditor's management letter, material queries raised by the external auditor to the management, if any, in respect of the accounting records, financial accounts or systems of control and the management's response to such queries; and

(8) reporting to the Board on the matters set out in the Code on the Audit Committee.

The Audit Committee is authorised by the Board to obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary in the performance of its functions. The Audit Committee is provided with sufficient resources by the Company to discharge its duties. The Audit Committee's specific terms of reference are available on request to any shareholder of the Company and are posted on the Stock Exchange's website and the Company's website, www.merrygardenholdings.com.

於本年度內，審計委員會履行其職責如下：

(1) 就外聘核數師的重新委任向董事會提供建議，以及批准外聘核數師的薪酬及聘用條款；

(2) 按適用標準監察外聘核數師是否獨立客觀及核數程序是否有效；與外聘核數師討論核數性質、範疇及有關申報責任；

(3) 執行本公司委聘外聘核數師提供非核數服務的政策；

(4) 審閱本公司的財務報表及本公司的中期報告，並監察其完整性，以確保有關資料真實而平衡地評估本公司的財務狀況；

(5) 檢討本公司的財務監控、內部監控及風險管理制度，以確保管理層已履行職責建立有效的系統；

(6) 檢討本公司的財務、會計政策及實務；

(7) 審閱外聘核數師給予管理層的函件、外聘核數師就會計記錄、財務賬目或監控系統向管理層提出的任何重大疑問（如有）及管理層作出的回應；及

(8) 就守則所載有關審計委員會的事宜向董事會匯報。

審計委員會獲董事會授權，若其認為在履行其職能時有需要，可徵詢外部法律或其他獨立專業意見，並邀請具有相關經驗及專業知識的外部人士出席。審計委員會獲本公司供給充足資源以履行其職責。本公司任何股東均可要求查閱審計委員會的特定職權範圍，而職權範圍已載於聯交所網站及本公司網站，網址為www.merrygardenholdings.com。

During the Year, the Audit Committee together with management has reviewed the Code, the accounting principles and practices adopted by the Group and discussed the Group's internal control and financial reporting matters, including a review of the annual results for the year ended 31 December 2016 and the interim results for the six months ended 30 June 2017, with recommendation to the Board for approval. The Audit Committee has also recommended to the Board that, subject to shareholders' approval at the forthcoming annual general meeting, BDO Limited be re-appointed as the external auditors of the Company.

於本年度內，審計委員會已連同管理層檢討本集團採納的守則、會計原則及慣例，以及討論本集團的內部監控及財務申報事宜，包括審閱截至二零一六年十二月三十一日止年度的年度業績及截至二零一七年六月三十日止六個月的中期業績，並已建議董事會批准。審計委員會亦已建議董事會續聘香港立信德豪會計師事務所有限公司為本公司外聘核數師，惟須經股東於應屆股東週年大會上批准。

Remuneration Committee

The Remuneration Committee comprises all independent non-executive Directors, namely, Mr. Lam Hin Chi, Prof. Jin Zhongwei and Prof. Su Wenqiang. Prof. Jin Zhongwei is the chairman of the Remuneration Committee.

The major duties of the Remuneration Committee are as follows:

(a) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(c) to make recommendations to the Board of the remuneration of non-executive Directors;

(d) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

(e) to review and approve management's remuneration proposals by reference to the Board's corporate goals and objectives;

(f) to review and approve compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

薪酬委員會

薪酬委員會由全體獨立非執行董事組成，包括藍顯賜先生、金重為教授及蘇文強教授。金重為教授為薪酬委員會主席。

薪酬委員會的主要職責如下：

(a) 就本公司全體董事及高級管理層的薪酬政策及架構，以及為制定薪酬政策設立正式及具透明度的程序向董事會提出建議；

(b) 獲授權負責釐定個別執行董事及高級管理層的薪酬待遇，包括實物利益、退休金權利及補償款項（包括因喪失或終止職務或委任應付的任何補償）；

(c) 就非執行董事的薪酬向董事會提出建議；

(d) 考慮同類公司支付的薪金、付出的時間及承擔的責任以及本集團內其他職位的僱用條件；

(e) 參考董事會的企業目標及宗旨，以檢討及批准管理層的薪酬建議；

(f) 檢討及批准向執行董事及高級管理層就任何喪失或終止職務或委任支付的補償，以確保其與合約條款一致，且為公平及不會過量；

(g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

(h) to ensure that no Director or any of his associates is involved in deciding his own remuneration.

The Remuneration Committee's specific terms of reference are available on request to any shareholder of the Company and are posted on the Stock Exchange's website and the Company's website, www.merrygardenholdings.com.

During the Year, the Remuneration Committee has reviewed the remuneration policy and structure of the executive Directors and senior management of the Company, and offered advice on the same to the Board. The Remuneration Committee also resolved to make recommendations to the Board on the remuneration packages of individual executive directors and senior management.

Nomination Committee

The Nomination Committee comprises all independent non-executive Directors, namely, Mr. Lam Hin Chi, Prof. Jin Zhongwei and Prof. Su Wenqiang. Prof. Jin Zhongwei is the chairman of the Nomination Committee.

The major duties of the Nomination Committee are as follows:

(a) to review the structure, size and composition of the Board (including the skills, knowledge and experience) at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(c) to assess the independence of independent non-executive Directors; and

(d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer of the Group.

(g) 檢討及批准因董事行為不當而解除或罷免有關董事職務所涉及的補償安排，以確保其與合約條款一致，且為合理及適當；及

(h) 確保任何董事或其任何聯繫人概無參與釐定彼等本身的薪酬。

本公司任何股東均可要求查閱薪酬委員會的特定職權範圍，而職權範圍已載於聯交所網站及本公司網站，網址為www.merrygardenholdings.com。

於本年度內，薪酬委員會已檢討本公司執行董事及高級管理層的薪酬政策及架構，並就此向董事會提出建議。薪酬委員會亦議決向董事會建議個別執行董事及高級管理人員的薪酬待遇。

提名委員會

提名委員會由全體獨立非執行董事組成，包括藍顯賜先生、金重為教授及蘇文強教授。金重為教授為提名委員會主席。

提名委員會的主要職責如下：

(a) 最少每年檢討董事會的架構、規模及組成（包括技能、知識及經驗），並就任何建議變動向董事會提出建議以配合本公司的企業策略；

(b) 物色合適資格的人選出任董事會成員，並挑選提名出任董事的人選或就挑選提名出任董事的人選向董事會提出建議；

(c) 評估獨立非執行董事的獨立性；及

(d) 就委任或重新委任董事及董事(尤其是本集團主席及行政總裁)的繼任計劃向董事會提出建議。

Where vacancy on the Board exists, the Nomination Committee will carry out a selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations, and select or make recommendations to the Board on the selection of candidates for directorship.

倘董事會出現空缺，提名委員會將進行遴選程序，參考建議候選人的技能、經驗、專業知識、人格及付出的時間、本公司的需求及其他相關法定規定及規例，並挑選董事候選人或就挑選董事候選人向董事會提出建議。

The Nomination Committee's specific terms of reference are available on request to any shareholder of the Company and are posted on the Stock Exchange's website and the Company's website, www.merrygardenholdings.com.

本公司任何股東均可要求查閱提名委員會的特定職權範圍，而職權範圍已載於聯交所網站及本公司網站，網址為www.merrygardenholdings.com。

During the Year, the Nomination Committee has reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board, conducted performance evaluations to assess whether the non-executive Directors have spent enough time in fulfilling their duties, assessed the independence of independent non-executive Directors, and had been keeping under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace. The Nomination Committee has also adopted the following diversity policy on the Board:

於本年度內，提名委員會已檢討董事會的架構、人數及組成（包括技能、知識和經驗方面），進行表現評估以評核非執行董事是否有投放足夠時間履行其職責，評核獨立非執行董事的獨立性，以及不斷檢討組織機構的領導能力需求（包括執行及非執行），以確保組織機構能夠持續在市場有效競爭。提名委員會亦已於董事會採納以下多元化政策：

We embrace and encourage our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our directors unique.

我們接納及鼓勵僱員擁有不同特質，包括年齡、膚色、身心障礙、民族、家庭或婚姻狀況、性別認同或表達、語言、原國籍、身體及心理能力、政治派別、種族、宗教、性取向、社會經濟地位、兵役狀況以及其他特質，讓我們的董事組成獨一無二。

Risk Management Committee

The Risk Management Committee comprises all independent non-executive Directors, namely Mr. Lam Hin Chi, Prof. Jin Zhongwei and Prof. Su Wenqiang. Mr. Lam Hin Chi is the chairman of the Risk Management Committee.

風險管理委員會

風險管理委員會由全體獨立非執行董事藍顯賜先生、金重為教授及蘇文強教授組成。藍顯賜先生為風險管理委員會主席。

The major duties of the Risk Management Committee are as follows:

(a) to review the Group risk, capital and liquidity management framework, the Group's risk appetite, its risk policies and standards, and supporting risk limits, including the parameters used and the methodology adopted, and the processes used for identifying and assessing risks;

(b) to review material risk exposures of the Group, including market, credit, insurance, operational, liquidity, and economic and regulatory capital risks against the Group's risk measurement methodologies and management actions to monitor and control such exposures;

(c) to review the standard for accurate and timely monitoring of large exposures and certain risk types of critical importance, and the Group's capability to identify and manage new risk types;

(d) to receive reports and recommendations from management on the Group's attitude to and tolerance of risk, including financial and non-financial risks;

(e) to oversee the Group's processes and policies for determining risk tolerance and review management's measurement and effectiveness of, and compliance with, approved Group risk tolerance levels and policies and standards, and the resultant action in respect of policy breaches;

(f) to review the risks inherent in strategic transactions and business plans and provide the Board with input on the risk/reward trade offs implicit within those plans; and

(g) to review the Group's capability to identify and manage new risk types, and the Group's stress tests to ensure they are rigorous and the Group responds adequately to the results.

The Risk Management Committee's specific terms of reference are available on request to any shareholder of the Company and are posted on the Stock Exchange's website and the Company's website, www.merrygardenholdings.com.

During the Year, the Risk Management Committee has evaluated and assessed the effectiveness and adequacy of the Terms of Reference of the Risk Management Committee.

風險管理委員會的主要職責如下：

(a) 檢討本集團風險、資金及流動資金管理架構、本集團的風險承受能力、風險政策及標準和相關的風險限制，包括採用的參數及方法以及用於識別及評估風險的程式；

(b) 根據本集團風險計量方法及管理層行動檢討本集團的重大風險狀況，包括市場、信貸、保險、營運、流動資金及經濟及監管資本風險，以監督及控制該等風險；

(c) 檢討準確及時監控重大風險及特定關鍵風險類型的標準及本集團識別及管理新風險類型的能力；

(d) 接收管理層就本集團對風險（包括財務及非財務風險）的態度及承受能力提交的報告及建議；

(e) 監督本集團釐定風險承受能力的程式及政策，檢討本集團核准的風險承受能力水平、政策及標準的管理層指標及成效和遵守情況，以及就違反政策事項採取的相關行動；

(f) 檢討策略性交易及業務計劃固有的風險，並向董事會提供該等計劃所隱含的風險／回報權衡的意見；及

(g) 檢討本集團識別及管理新風險類型的能力及本集團的壓力測試，以確保測試是嚴謹的及對測試結果作出充分回應。

風險管理委員會的特定職權範圍可應本公司股東要求查閱及刊載於聯交所網站及本公司網站(www.merrygardenholdings.com)。

於年內，風險管理委員會已評估風險管理委員會職權範圍的有效性及充足性。

ACCOUNTABILITY AND AUDIT

Financial reporting

The Directors acknowledge their responsibility for the preparation of the financial statements of the Company to ensure that these financial statements give a true and fair presentation in accordance with the International Financial Reporting Standards.

The statement by the auditor about their reporting responsibilities is set out in the independent auditor's report on pages 81 to 88.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Pursuant to Code provision C.1.2, the Management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.

The Company has deviated from C.1.2 in that while the management has updated most of the Directors on a monthly basis about the business operation and performance of the Company, not all the Directors received such updates as the monthly updates were conducted on-site at the Group's factory in China. Members of the Board who did not attend such on-site meetings did not receive the updates. However, the management would provide detailed updates to all the Directors on a half-yearly and yearly basis. In the event there are any significant updates to be provided, the management will update all the Directors as early as practicable for discussion and resolution. The Company also has in place a system for every Director to make enquiries with the senior management about the business operation of the Group and to give suggestions or feedback in the event such Director is not able attend the monthly on-site updates session.

問責及審核

財務報告

董事承認彼等須負責編製本公司的財務報表，以確保此等財務報表已按照國際財務報告準則的規定真實公平地呈列。

核數師的報告責任聲明載於第81至88頁的獨立核數師報告。

董事概不知悉任何與可能導致本公司持續經營能力存疑的事件或情況有關的重大不明朗因素。

根據守則條文第C.1.2條，管理層每月須向董事會全體成員提供最新資料，列載有關發行人表現、狀況及前景的公正及易明的詳細評估，讓董事會全體及各董事可根據上市規則第3.08條及第13章履行職務。

雖然管理層每月向大多數董事提供有關本公司業務營運及表現的更新資料，但由於每月的更新乃於本集團中國的工廠現場進行，因此並非全體董事收到相關更新資料，本公司偏離第C.1.2條。未出席現場會議的董事會成員並無收到更新資料。然而，管理層會每半年及按年向全體董事提供詳細的更新資料。倘需提供任何重要的更新資料，管理層會於可行情況下盡早向全體董事提供更新資料以便進行討論及決議。本公司亦制定制度，如各董事未能出席每月現場更新會議，則須向高級管理層查詢本集團業務營運相關事項並提出建議或反饋。

INDEPENDENT AUDITOR

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

The remuneration paid or payable to the independent auditor of the Company for audit services for the Year were approximately HK$1,260,000.

The remuneration paid or payable to the independent auditor of the Company for non-audit services for the Year were nil.

COMPANY SECRETARY

The company secretary of the Company, Mr. Yu Hok Sum, is a full-time employee of the Group. According to rule 3.29 of the Listing Rules, Mr. Yu Hok Sum has taken no less than 15 hours of relevant professional training for the Year. Please refer to his biographical details as set out on page 80 of this annual report.

INVESTOR RELATIONS

There are no significant changes in the Articles and the memorandum of association of the Company during the Year.

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

獨立核數師

審計委員會檢討及監察獨立核數師的獨立性、客觀性及審核過程的效率。其每年接獲獨立核數師的函件，確認彼等的獨立性及客觀性，並會與獨立核數師的代表開會，審議審核範圍、批准費用，以及將由彼提供的非審核服務（如有）的範圍及適當性。審計委員會亦就獨立核數師的委任及留任向董事會提出建議。

就本公司於本年度所獲的審計服務已付或應付本公司獨立核數師的薪酬約為1,260,000港元。

就本年度非核數服務已付或應付予本公司獨立核數師之薪酬為零。

公司秘書

本公司的公司秘書為余學深先生，彼為本集團全職僱員。根據上市規則第3.29條，余學深先生於本年度已接受不少於15個小時的相關專業培訓。有關履歷詳情請參閱本年報第80頁。

投資者關係

本公司的細則及組織章程大綱於本年度並無重大變動。

根據細則第58條，股東於任何時間內均有權向董事會或本公司的公司秘書遞交請求書，要求董事會就處理請求書所述任何事宜召開股東特別大會，惟股東於遞交請求書之日須持有不少於本公司已繳足資本之十分之一（於本公司股東大會上具表決權者），而該大會須於請求書遞交日期後兩個月內舉行。如董事會於請求書遞交日期起計21日內未有召開該大會，則該等請求者可按相同方式自行召開大會，而本公司須向請求者償付因董事會未能召開大會令請求者須支付的所有合理開支。

RISK MANAGEMENT AND INTERNAL CONTROL

During the Year, the Board complied with the Code provisions on risk management and internal control as set out in the Code. The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems for the Group. The systems are designed to manage the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The management of the Company has established a set of comprehensive policies, standards and procedures in areas of operational, financial and risk controls for safeguarding assets against unauthorized use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information to achieve a satisfactory level of assurance against the likelihood of the occurrence of fraud and errors.

The Board has overseen the Company's risk management and internal control systems on an ongoing basis. A year end review of the effectiveness of the Company's and its subsidiaries' risk management and internal control systems has been conducted annually and the systems are considered to be effective and adequate. The Company also has an internal audit function to carry out the analysis and independent appraisal of the adequacy and effectiveness of the systems, and has procedures in place to keep information confidential and manage actual or potential conflicts of interest. Stringent internal structures have been designed to prevent the misuse of inside information and avoid conflicts of interest.

SENDING ENQUIRIES TO THE BOARD AND PROCEDURES FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

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

Contact Person:	Mr. Yu Hok Sum, Company Secretary
Tel:	(852) 3904 1867
Postal Address:	Unit 1610, The Metropolis Tower, 10 Metropolis Drive, Hunghom, Hong Kong

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

風險管理及內部監控

於本年度，董事會已遵守守則所載有關風險管理及內部控制的守則條文。董事會有整體責任評估及釐定為達致本集團戰略目標所願承擔的風險性質及程度，並維持本集團合適及有效的風險管理及內部監控制度。該等制度乃為管理未能達致業務目標的風險而設，並僅可就不會有重大的失實陳述或損失作出合理而非絕對的保證。

本公司管理層已於營運、財務及風險監控領域設立一套全面政策、準則及程序，以保障資產不會在未經授權的情況下被使用或處置；妥善保存會計記錄；及確保財務資料的可靠性，從而達致滿意程度的保證，防止發生欺詐及錯誤事宜。

董事會一直持續監察本公司的風險管理及內部監控制度，每年對本公司及其附屬公司的風險管理及內部監控制度是否有效進行年末審閱，並認為該等制度有效運作及足夠。本公司亦具備內部審核職能，以分析及獨立評估該等制度是否足夠及有效，並設有程序以確保資料保密及管理實質或潛在的利益衝突。本公司已設計嚴密的內部架構，防止不當使用內幕資料及避免利益衝突。

向董事會查詢及於股東大會上提呈動議之程序

股東或投資者如欲提出查詢或建議，可透過下列方式聯絡本公司：

聯絡人：	余學深先生，公司秘書
電話：	(852) 3904 1867
郵寄地址：	香港紅磡都會道10號都會大廈1610室

股東如欲於股東大會上提呈動議，須將有關動議的書面通知連同詳細聯絡資料遞交本公司上述主要營業地點，註明由本公司的公司秘書接收。

Environmental, Social and Governance Report
環境、社會及管治報告

SCOPE AND REPORTING PERIOD

China Environmental Technology and Bioenergy Holdings Limited (the "Company", stock code: 1237) is pleased to present the Environmental, Social, and Governance (the "ESG") report (the "Report") of the Company and its subsidiaries (collectively referred to as the "Group" or "We"), the purposes of which are to present to the stakeholders the Group's ESG system development and performance during 2017.

The Report discloses the ESG work and performance of the Group during 2017. All revenue of the Group is derived from our operations in the People's Republic of China (the "PRC" or "China"). The Report covers our four major business operations in Mainland China, namely, manufacturing and sales of wooden products, retail business, projects relating to outdoor wooden products and manufacture and sales of renewable energy products. For details of our business, please refer to the Management Discussion and Analysis.

範圍及報告期

中科生物控股有限公司(「本公司」)(股份代號：1237)欣然發佈本公司及其附屬公司(統稱「集團」或「我們」)的環境、社會及管治報告(「本報告」)。本報告旨在向權益人展示集團於2017年度在環境、社會及管治方面的制度建設及績效表現。

本報告披露了集團於2017年內，在環境、社會及管治領域的工作與表現。本集團的所有收入都來自中華人民共和國(「中國」)的營運，本報告涵蓋集團在中國內地的四大主營業務，包括生產及銷售木製品、零售業務、戶外木製品項目及生產及銷售再生能源產品方面。關於集團業務詳情，請參閱管理層討論與分析。

REPORTING STANDARD

The preparation of the Report is in strict compliance with the requirements under Appendix 27: Environmental, Social and Governance Reporting Guide (the "ESG Guide") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In accordance with the requirements of the ESG Guide, the Group is engaged in stakeholder activities by engaging internal and external stakeholders in the materiality assessment of ESG issues, and determines the disclosure scope to be covered in the Report by taking into consideration concerns raised by the stakeholders.

報告標準

本報告嚴格按照香港聯合交易所有限公司證券上市規則附錄二十七闡述的《環境、社會及管治報告指引》的規定編製。

依照《環境、社會及管治報告指引》要求，集團開展了權益人參與活動，邀請內外部權益人參與環境、社會及管治報告重要性議題評估，就權益人關心的內容，選定本報告覆蓋的披露範疇。

STAKEHOLDER ENGAGEMENT

The stakeholder engagement plays a core role in the sustainability of the Group. We recognizes the mechanism for ongoing communications established with the stakeholders by building online and offline communications channels, as well as providing the stakeholders with timely reports on the strategic planning and performance regarding sustainability of the Group. In addition, we consult all stakeholders on their recommendations and propositions to ensure our business practices to meet the expectations of the stakeholders.

權益人的參與

權益人參與是集團可持續發展工作的核心部分。我們注重與權益人建立常態化溝通機制，設立了線上及線下的溝通渠道，及時向權益人匯報集團可持續發展戰略規劃與績效表現，諮詢各方的意見與訴求，以使集團的業務常規達到權益人的期望。

Our stakeholders include the Board, employees, government/regulatory authorities, customers, suppliers, communities, shareholders/institutions and individual investors, media and non-governmental organizations. We will engage in discussions with the stakeholders about the relevant issues through various channels. Set out below are communications channels between the stakeholders and the Group, as well as the expectations and demands of our stakeholders:

集團的權益人群體包括董事會、員工、政府／監管機構、客戶、供應商、社區、股東／機構及個人投資者、傳媒及非政府組織。我們會就議題內容透過不同渠道與權益人進行溝通。權益人與本集團的溝通渠道及權益人對本集團的期望與要求如下：

Stakeholder **權益人**	**Engagement Channel** **參與渠道**	**Expectation And Demand** **期望與要求**
The Board 董事會	Regular board meetings 定期進行董事會會議 Daily communications and reports 日常溝通及滙報	Compliant operations 合規經營 Financial results 財務業績 Corporate sustainability 企業可持續發展
Employees 員工	Training activities 培訓活動 Team building activities 團建活動 Regular performance assessment 定期績效考核 Staff meetings 員工大會 Daily communications and reporting 日常溝通及滙報	Career development 職業發展 Health and safety 健康與安全 Remuneration and benefits 薪酬與福利 Equal opportunities 平等機會

Stakeholder 權益人	Engagement Channel 參與渠道	Expectation And Demand 期望與要求
Government/regulatory authorities 政府／監管機構	Daily communications and reporting 日常溝通與匯報	Implementation of policies 政策執行
	Compliant management 合規管理	Compliance with rules and laws 遵紀守法
	Fulfillment of taxation obligations 主動納稅	Tax payment as required by law 依法納稅
	Disclosure of information 信息披露	Business ethics 商業道德
	Written communications, wherever appropriate 有需要時以書面形式溝通	Community engagement 社區參與
Customers 客戶	Customer activities 客戶活動	Customer information and privacy protection 客戶信息及私隱保護
	Satisfaction questionnaire 滿意度調查	Business integrity and ethics 商業誠信和道德
	Telephone and face-to-face meetings 電話及當面會議	
Suppliers 供應商	Meetings 會議	Fair competition 公平競爭
	On-site inspection 實地考察	Business ethics and reputation 商業道德與信譽
	Regular assessment 定期評估	Product quality 產品質量
	Exchanges and mutual visits 交流互訪	Cooperation with mutual benefits 合作共贏

Stakeholder **權益人**	**Engagement Channel** **參與渠道**	**Expectation And Demand** **期望與要求**
Community 社區	Promoting employment 促進就業 Community activities 社區活動 Investments and donations 投資與捐助	Compliant operations 合規經營 Promoting community development 促進社區發展 Environmental protection 環境保護
Shareholders/institutions and individual investors 股東／機構及個人投資者	Annual general meeting and notices 股東週年大會及通知 Regular corporate publications (including financial statements) 定期的公司刊物(包括財務報表) Circulars and announcements, wherever necessary 於需時發出通函及公告 Corporate website 公司網站	Compliant operations 合規經營 Financial results 財務業績 Corporate sustainability 企業可持續發展
Media 傳媒	Corporate website 公司網站 Circulars and announcements 通函及公告	Compliant operations 合規經營 Promoting community development 促進社區發展 Environmental protection 環境保護 Business ethics 商業道德 Health and safety 健康與安全
Non-governmental organization 非政府組織	Corporate website 公司網站 Circulars and announcements 通函及公告	Promoting community development 促進社區發展 Environmental protection 環境保護 Health and safety 健康與安全

MATERIALITY ASSESSMENT

Identification of issues: with reference to the disclosable scope as required under the ESG Guide, as well as taking into consideration the corporate business characteristics, we identified and determined 26 issues, which cover environmental and employment practices, occupational health and safety, labour standards, supply chain management, product responsibility, anti-corruption, and community investments.

Assessment of issues: through various engagement channels, we engaged internal and external stakeholders in rating the materiality with respect to the 26 issues, as well as determining the materiality orders of 26 issues.

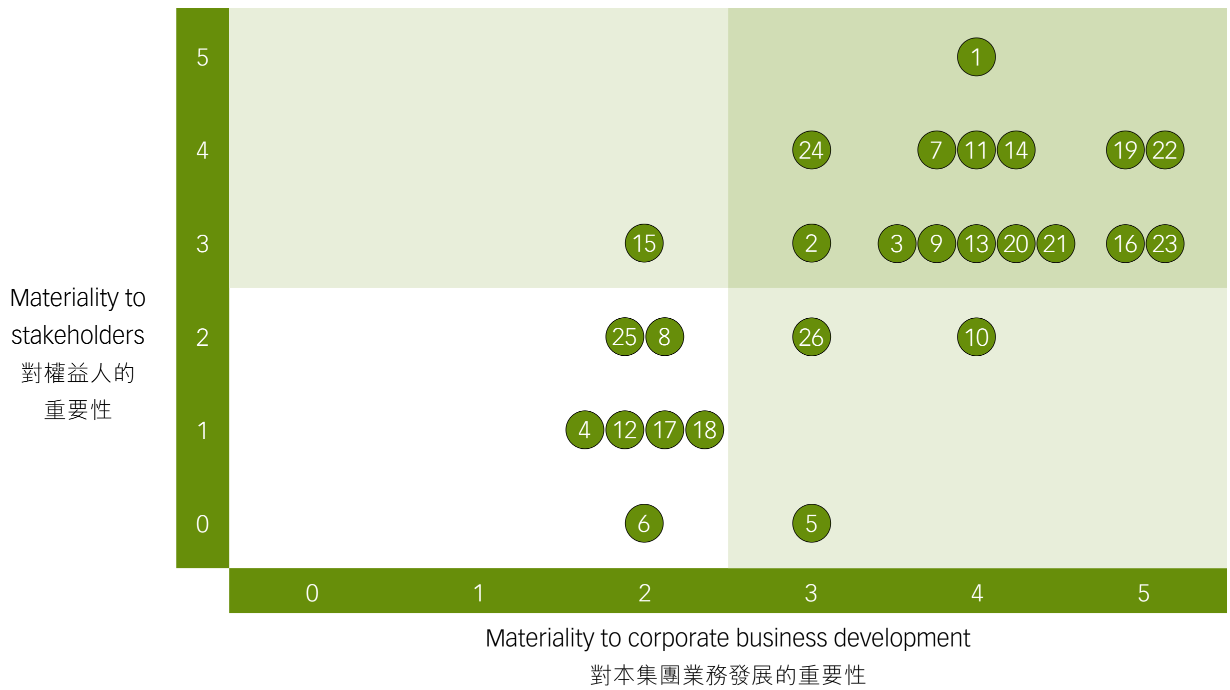
Selection of material issues: by analyzing materiality rating, as well as considering the key business developments and industrial disclosure, the Group summarized the key materiality issues in the Report, and created the matrix of materiality issues (see Figure 1 for details).

重要性議題評估

議題識別：參考《環境、社會及管治報告指引》規定的披露範疇，結合本集團業務特點，識別並確定了26項議題。議題涵蓋環境、僱傭常規、職業健康與安全、勞工準則、供應商管理、產品責任、反貪污及社區投資等方面。

議題評估：通過不同形式的參與渠道，邀請內外部權益人就26項議題對其的重要程度進行打分，進而確定26項議題的重要性評分排序。

重要性議題篩選：通過分析重要性評分，綜合考慮集團業務發展重點及行業披露情況，總結得出本報告的重點披露議題，形成重要性議題矩陣(詳見圖1)。



Item 項數	Description 描述
1	Exhaust emission 廢氣排放
2	Greenhouse gas emission 溫室氣體排放
3	Harmful waste disposal 有害廢棄物處理
4	General waste disposal 一般廢棄物處理
5	Waste sewage treatment 污水處理
6	Recycle and use of waste 廢物回收及利用
7	Power consumption 電資源使用
8	Water consumption 水資源使用
9	Use of packaging materials 包裝材料使用
10	Impacts on environmental and natural resources 對環境及天然資源的影響
11	Employee remuneration and benefits 員工薪酬待遇及福利
12	Employee composition 僱員的組成
13	Occupational health and safety 職業健康及安全
14	Employee development and training 員工發展及培訓
15	Prevention of child or forced labour 防止童工或強制勞工
16	Supply chain management 供應商品質管理
17	Suppliers' environmental issues 供應商環保情況
18	Suppliers' labour issues 供應商勞工情況
19	Health and safety related to products 產品的健康及安全
20	Advertising and labeling of products 產品的廣告及標籤
21	Customer information and privacy 客戶的資料及私隱
22	Customer satisfaction 客戶的滿意度
23	Product quality inspection 產品質量檢定
24	Prevention of bribery, blackmail, fraud and money laundering 防止賄賂、勒索、欺詐及洗黑錢
25	Anti-corruption and whistleblower policy 舉報貪污機制
26	Community investment 社區投資

In addition to compliance with the ESG Guide, we will include more details regarding the issues to which the stakeholders pay greater attention in the Report. Meanwhile, the materiality assessment results will provide the Group with guidance on formulating strategic objectives and plans to resolve the ESG issues for the coming year, as well as on continuing to push forward its sustainability development.

在符合《環境、社會及管治報告指引》披露要求的基礎上，我們會在本報告中對權益人更加關注的議題進行更為詳細的匯報。同時，重要性評估結果將用於指導集團制定下一年度的環境、社會及管治戰略目標及計劃，持續推進可持續發展進程。

In 2018, to better understand the issues concerning the stakeholders, as well as further enhancing the substantiality and relevance of the Report, we will maintain close communications with the stakeholders, and, wherever necessary, gradually expand our questionnaire scope and the number of participants.

在2018年，我們將保持與權益人的密切溝通，有需要時逐步擴大問卷調查範圍及參與人數，以更全面地了解權益人的關注事項，進一步提升本報告的實質性與針對性。

1. Environment

(A1) Emission management

In addition to introducing the ISO14001 environmental management system in July 2014, the Group has always implemented the "sound system, cherish resources, treat the earth well, and sustainable development" policy, while observing environmental laws and regulations of the nation and industry as well as industry standards, norms and local regulations. In addition, the Group sets up the control procedures for identification and evaluation of environmental factors to identify the exhaust gas emissions, pollutants discharged into water, soil pollutants, solid waste, and other pollutants. Furthermore, the Group formulates and strictly executes the energy management regulations, waste control procedures, and hazardous waste management systems to monitor the emission of various exhaust gas, greenhouse gas and waste water, as well as generation of hazardous and non-hazardous waste, which are in compliance with the Integrated Emission Standard of Air pollutants, the Emission Standard of Air Pollutants for Boilers, the Integrated Wastewater Discharge Standard, the Standard for Pollution Control on Hazardous Waste Storage, the Hazardous Chemicals Management Regulations and the Precursor Chemicals Management Regulations of the People's Republic of China and other national standards.

A. 環境

(A1) 排放物管理

本集團於2014年7月引入了ISO14001環境管理體系，一直貫徹「健全體系、珍惜資源、善待地球、持續發展」的方針，遵守國家和行業的環境法律法規和行業標準、規範和地方法規。本集團設有環境因素識別與評價控制程序，識別向大氣排放的污染物、向水體排放的污染物、土地污染、固體廢棄污染物等。本集團制定並嚴格執行能源管理規定、廢棄物控制程序及危險廢物管理制度，監控各類廢氣及溫室氣體排放、污水排放、有害及無害廢棄物的產生，符合中華人民共和國《大氣污染物綜合排放標準》、《鍋爐大氣污染物排放標準》、《污水綜合排放標準》、《危險廢物儲存污染控制標準》、《危險化學品管理條例》、《易製毒化學品管理條例》等國家標準。

During the year, the Group slightly exceeded the noise emission standard for its machinery, and had paid the fees to the local government authorities for the portion that exceeded the standard. Except that, the Group had complied with all relevant laws and regulations relating to air and greenhouse gas emission, discharges into water and land, and generation of hazardous and non-hazardous waste.

於本年度內，本集團機械的噪聲輕微超出標準。本集團已經向當地政府部門交付超出標準的費用。除此以外，本集團遵守了所有相關廢氣及溫室氣體排放、向水及土地的排污、有害及無害廢棄物的法律法規。

i. *Exhaust gas emissions*

The Group's production line is located in Zhangping, Fujian Province, which generates sawdust during the wood cutting process and may require adjustments to the humidity of materials used for boilers. This may discharge exhaust gases, including nitrogen oxides, sulfur dioxides and particle matters. As our customers come to transport cargoes by themselves or appointing a third-party transportation company at our factory premises, our vehicles are only reserved for transportation purposes and generate a small amount of emissions. Set forth below are our major emissions and statistics:

i. *廢氣排放*

本集團生產線設於福建省漳平市，生產過程中切割木料時會產生鋸沫，有需要時會以鍋爐調整材料的濕度，主要廢氣排放包括氮氧化物、二氧化琉和顆粒物。由於客人到工廠自行提貨或委託第三方安排運輸，本集團的車輛只作接送用途，只會產生少量排放。主要的排放物及數據如下：

Type of emission 排放物種類	**Amount (tonnes) 排放量（噸）**
Nitrogen oxides 氮氧化物	3.6
Sulfur dioxide 二氧化琉	4.5
Particulate matter 顆粒物	7.6

ii. Greenhouse gas emission

Besides greenhouse gas directly emitted from burning fuels inside boilers, the machinery and equipment at the plants indirectly generate greenhouse gas emissions for their power consumption. Apart from the production process, paper used for administrative purposes may also generate greenhouse gas emissions. Set forth below is the statistics of major greenhouse gas emissions:

ii. 溫室氣體排放

除了鍋爐燃燒燃料會直接產生溫室氣體外，廠房的機器設備使用電力時亦會間接產生溫室氣體。除生產過程外，行政管理用紙也會產生溫室氣體。主要溫室氣體排放數據如下：

Greenhouse Gas (GHG) Emissions **溫室氣體排放**	**Amount** **排放量**
Direct emissions (Scope 1) (tCO_2e) (such as combustion from burning wood trim and saw dust) 直接排放(範圍一)(噸二氧化碳等量)(如燃燒木邊料及鋸沫)	5,238
Indirect emissions (Scope 2) (tCO_2e) (such as purchase of electricity) 間接排放(範圍二)(噸二氧化碳等量)(如購買電力)	6,005
Indirect emissions (Scope 3) (tCO_2e) (such as consumption of paper) 間接排放(範圍三)(噸二氧化碳等量)(如消耗紙張)	17
Total GHG emissions (Scope 1, 2 and 3) (tCO_2e) 溫室氣體排放總量(範圍一、二及三)(噸二氧化碳等量)	11,260
Total GHG emissions intensity (tonnes/m^3 of products) 溫室氣體排放總量密度(噸／立方米產品)	0.14

iii. *Hazardous waste*

Waste paint buckets, waste wood chips used to absorb waste paint during the spray process and other hazardous waste come from our production processes. Set forth below is the total amount of hazardous waste:

iii. *有害廢棄物*

生產過程產生廢油漆桶、噴塗工段用於吸附廢棄塗料的廢木屑等危險廢物，有害廢棄物總量如下：

Total hazardous waste produced 產生有害廢棄物總量	**Amount 排放量**
Total hazardous waste produced (tonnes) 產生有害廢棄物總量（噸）	0.5
Total hazardous waste produced intensity (tonnes/m^3 of products) 產生有害廢棄物總量密度（噸／立方米產品）	0.001

iv. *General waste*

Scraps and sawdust generated from the wood processing process, after being collected, will be used as boiler fuel and to produce biomass energy, and thus no waste is generated. In addition, boiler slags, precipitator dust and liquid residue of dust removal, after being collected, are used as modified soil fertilizer for resales, and thus no waste is generated either. Non-hazardous waste only comes from domestic waste, which is mainly comprised of paper used for administrative purposes. Set forth below is the total amount of non-hazardous waste:

iv. *無害廢棄物*

木材加工過程中產生的邊角料、木屑等收集後作為自身使用的鍋爐燃料及製作生物質能源，因此沒有廢棄物產生。鍋爐爐渣、除塵灰及除塵水沉渣收集後作為改良土壤的肥料外賣，也沒有廢棄物產生。無害廢棄物排放只有生活垃圾，主要是行政管理中用紙。無害廢棄物總量如下：

Total non-hazardous waste produced 產生無害廢棄物總量	**Amount 排放量**
Total non-hazardous waste produced (tonnes) 產生無害廢棄物總量（噸）	3.5
Total non-hazardous waste produced intensity (tonnes/m^3 of products) 產生無害廢棄物總量密度（噸／立方米產品）	0.001

V. Measure to mitigate emissions

In line with the concept of energy conservation, the Group has been actively committed to the integrated transformation of energy-saving system, to promote low-carbon recycle and pollution reduction in environmental protection facilities. Scraps and sawdust generated from the wood processing process, after being collected, will be used as boiler fuel and to produce biomass energy; after the operation of the biomass wood pellet fuel production line with an annual output of 50,000 tons, wood residue and other wastes generated from the wood processing will be made full use of to make wood pellet fuel, making an integrated utilization rate of 99%. The total production and sales of biomass wood particles amounted to 27,295 tons (2016: 14,639 tons) and 27,295 tons (2016: 14,652 tons), respectively in 2017, 86% and 86% increase over last year. Biomass pellet fuel, which does not contain sulfur phosphorus, will not corrode the boiler and can extend the service life of the boiler, from which the enterprise will benefit. It will neither lead to acid rain, nor will it pollute the atmosphere or the environment.

The Group selects comparatively premier wood as raw materials to reduce the use of boilers to adjust the humidity of materials, thus minimizing exhaust gas emissions. During the year, the Group reduced exhaust gas emissions and greenhouse gas emissions by more than 40% and 4%, respectively.

V. 減低排放量的措施

本著節約能源的觀念，本集團積極致力於能源系統節能整合改造，促低碳迴圈綜合利用，環保設施促減污。木材加工過程中產生的邊角料、木屑等收集後作為鍋爐燃料自身使用及製作生物質能源；年產5萬噸生物質木顆粒燃料生產線建成投產後，充分利用木材加工後的木屑等三剩廢棄物，製成木顆粒燃料，使本集團木材的綜合利用率達99%，2017年分別生產和銷售生物質木顆粒27,295噸（2016年：14,639噸）及27,295噸（2016年：14,652噸），比去年增加86%及86%。生物質顆粒燃料不含硫磷，不僅不腐蝕鍋爐，可延長鍋爐的使用壽命，企業將受益匪淺不含硫磷，而且不會導致酸雨產生，不污染大氣，不污染環境。

本集團選用較優質的木材作為原材料，減少使用鍋爐調整材料的濕度，從而減低廢氣排放。本年度的廢氣排放量減少超過40%，溫室氣體排放量減少4%。

vi. Hazardous and non-hazardous wastes treatment methods

The chemical containers are kept by the Group in accordance with the supplier agreement and are regularly recycled by the suppliers for reuse to reduce waste.

Waste paint bucket and spray section for the adsorption of waste wood chips of waste paint and other hazardous wastes, shall not be mixed with other solid wastes, and must be stored in hazardous wastes reservoir pool constructed strictly in accordance with the relevant requirements under the "Pollution Control Standards for Hazardous Wastes Storage" GB18597-2001. The disposal, collection, temporary storage and management of hazardous solid wastes should be implemented according to relevant provisions of "Hazardous Chemicals Management Regulations" and "Precursor Chemicals Management Regulations". The "Hazardous Waste Management System" should be formulated and all such hazardous wastes should be entrusted to qualified third parties for disposal.

During the Year, 477.6kg of hazardous waste was disposed of, which is 9% less than last year.

vi. 有害及無害廢棄物處理方法

化學品容器跟供應商協議，由集團保存容器，定時由供應商回收再用，減少浪費。

廢油漆桶、噴塗工段用於吸附廢棄塗料的廢木屑等有害廢棄物不得與其他固體廢物混放，須嚴格按照《危險廢物儲存污染控制標準》GB18597–2001有關規定，建設危險廢物貯存庫，危險固廢的處置、收集、暫存與管理按《危險化學品管理條例》、《易製毒化學品管理條例》的相關規定執行，訂立《危險廢物管理制度》，所產生的有害廢棄物委託合資格的第三方進行處理。

本年度處理的有害廢棄物為477.6公斤，比去年減少9%。

All departments and employees that generate solid wastes should take measures to collect and store solid wastes, and each department carries out a clear identification of the container or designated location used to collect solid waste. Recyclable solid wastes should be classified for centralized storage and recycling upon reaching a certain amount. Daily non-recyclable production and household garbage should be collected by the qualified contractor for processing. The harmless wastes generated mainly include waste paper, such as office paper and marketing materials. In order to reduce the impact on the carbon footprint and the environment, the Group has implemented the following actions to enhance the use of paper:

- set most of the network printers to double-sided printing mode;
- remind employees to take wise measures when photocopying;
- encourage employees to use both sides of the paper;
- separate paper from other waste for recycling; and
- place a cardboard box and paper tray next to the copier to collect single-sided paper for recycling.

The Group's implementation of conservation initiatives has reduced paper consumption.

所有產生固體廢物的部門和員工，應當採取措施對固體廢物進行分類收集、存放，各部門對用來收集固體廢物的容器或指定地點進行明確的標識。可回收固體廢物分類集中存放，一定數量後進行回收處理。不可回收生產垃圾、生活垃圾每日由合格承包方收集處理。所產生的無害廢棄物主要包括廢紙，如辦公室用紙及營銷物料。為減低對碳足跡及環境的影響，本集團實施以下行動以提升用紙效益：

- 將大部分網絡印表機預設為雙面列印模式；
- 提醒員工影印時採取明智措施；
- 鼓勵員工使用紙張的兩面；
- 將紙張與其他廢棄物分隔以方便回收；及
- 於影印機旁放置紙箱及紙盤收集單面紙張以供循環再用。

本集團實施節約措施令用紙量減少。

(A2) Resources consumption

The Group formulates the energy management regulations, which regulate and control in-house water and power consumption level for the purposes of reducing waste and conserving water and power. Our human resources and administrative center is generally responsible for promoting the awareness of water and power conservation, as well as conducting regular inspections over water and power conservation at various departments. All principals in charge of various departments are responsible for promoting, supervising, and inspecting water and power conservation by our employees. The major departments that consume water and power-driven equipment shall be responsible for repairing and maintaining the equipment.

The Group provides waste knowledge to the public through bulletin board, corporate communications and dispatches the same to our staff to raise the environment protection consciousness, to effectively control and reduce the generation of harmful and hazardous wastes. Through a series of control measures, the Group's environmental protection work was highly recognized by environmental protection, forestry and other relevant departments.

The major raw material of the Group is wood. The policies on the efficient use of wood stated under section A1 part v "measure to mitigate emissions" of this report.

i. *Energy consumption management*

Our processing technique mainly consumes electricity, and few other forms of energy are used. Set forth below is the statistics about power consumption:

(A2) 資源使用

本集團訂立能源管理規定，對內部用水、電進行規範管理，減少浪費，節約用水用電。人事行政中心總體負責節約用水、用電的意識宣傳，定期檢查各部門節約用水、用電執行的情況。各部門主管負責要部門員工節約用水、用電的宣傳、督促與檢查。主要用水用電設備使用部門負責使用設備的維護與保養。

本集團通過宣傳欄、公司通訊及向員工發文等形式向公眾宣傳廢棄物知識，提高環境保護意識。為有效控制並減少有害及有無害廢棄物的產生。通過一系列的管控措施，集團的環保工作得以環保、林業等相關部門的高度認可。

本集團主要的原材料是木材，有關有效使用木材的政策在本報告的第A1節第v部分「減低排放量的措施」陳述。

i. *能源使用管理*

加工過程主要使用電力，甚少使用其他能源。使用電力的數據如下：

Energy consumption 能源耗量	Usage 使用量
Power (kWh in '000) 電力(千千瓦時)	10,891
Power intensity (kWh/m³ of products) 產生無害廢棄物總量密度(千瓦時／立方米產品)	131

ii. *Water consumption management*

The Group's use of water resources mainly comprise water used for boiler and domestic purposes. With respect to boiler water, the boiler steam condensate recovery system not only saves fuels, but also effectively improves the recycle level of reusable water. We do not heavily rely on demand for water resources, and domestic water consumption also has a limited impact on the Group. As such, we are unable to provide concrete data on water consumption.

iii. *Efficient Energy Initiatives*

In accordance with the energy management regulations of the Group, lighting equipment, if deemed as unnecessary for long-term operation, shall be turned off when no employee is around. In addition, energy-saving lighting fixtures will be introduced gradually. Our air-conditioning equipment will only be turned on when the temperature reaches more than 28 Celsius degrees during summer with an air-conditioning temperature not lower than 28 Celsius degrees. During winter, only when the room temperature falls below 15 Celsius degrees, the air-conditioning equipment will be turned on with a room temperature no higher than 22 Celsius degrees. The air-conditioning equipment will be turned off by 09:00 p.m., and it will not be running if the overtime is less than three hours. Regular inspection will be conducted for our production equipment to minimize energy consumption. When our production ceases, all production equipment must be turned off to prevent excessive power consumption.

During the year, each production unit saved 8% of power consumption.

ii. *水資源使用管理*

本集團水資源使用主要是鍋爐用水和生活用水。在鍋爐用水方面，鍋爐的蒸汽冷凝水回收系統不僅可節省燃料，還可有效提高水的迴圈利用。我們並無過度倚賴水資源，生活用水也對本集團的影響輕微。因此，我們無法提供總耗水量的具體數據。

iii. *能源使用效益計劃*

按本集團訂立的能源管理規定，照明設備非必要長期開啟的設備，執行「人走燈關」，並逐步使用節能燈管。空調設備夏天室溫28度以上才開啟空調，設定溫度為不低28度。冬天當室溫低於15度時，開啟空調。設定溫度為不高22度。空調機最遲至21:00關機，加班人員少於3人時不開空調。生產設備要做定期檢查，以降低能源消耗。生產停止時，必須停止生產設備運轉，避免電力浪費。

於本年度，每生產單位用電下降8%。

iv. Water Efficiency Initiatives

The Group has no issue in sourcing water that is fit for purpose. To further save and recycle of water resources, the Group actively advocated group employees to establish the concept of water conservation. Regarding the domestic sewage treatment, the Group has built a domestic sewage treatment system, and treated domestic sewage can be discharged after reaching the standard for discharge for irrigation. In addition, a large number of slogans relating to water conservation have been posted on wash basins, commodes and kitchen sinks to fulfilling "turning off the faucet while leaving".

The Group's implementation of conservation initiatives has reduced water consumption.

iv. *提升用水效益計劃*

本集團在求取適用水源上沒有任何問題。為進一步節約和迴圈利用水資源,本集團積極宣導集團員工樹立節約用水的觀念。在生活污水處理方面,本集團自建生活污水處理系統,處理後的生活污水可達標排放,用於農田灌溉。另於洗手台、洗眼台、洗碗池等處大量張貼關於節約用水標語,要求做到「人走水關」。

本集團實施節約措施令用水量減少。

v. *Management of use of packaging materials*

The Group's major products include leisure household products and timber houses and their related parts. The major packaging materials are Poly velvet, cartons and plastic materials. Without affecting sales, the Group actively reduce secondary pollution caused by excessive use of packaging. Total packaging materials used are as follows:

v. *包裝材料使用管理*

本集團的主要產品有休閒家居用品及木屋及其相關部件。主要包裝材料有保麗絨、紙箱及塑膠物料。本集團在不影響銷售的情況下,積極減少因為使用過多的包裝物而造成二次污染。使用包裝物料的總用量如下:

Total packaging materials used

包裝物料的總用量

		2017 二零一七年				
		Poly velvet 保麗絨 (tonnes) (噸)	**Carton 紙箱 (tonnes) (噸)**	**Plastic bags 塑料袋 (tonnes) (噸)**	**Other packaging materials 其他包裝物 (tonnes) (噸)**	**Woven bags 編織袋 (tonnes) (噸)**
Timber houses and their related parts and structures	木屋及其相關部件及構件	**9.9**	**94.9**	**5.2**	**82.1**	**–**
Outdoor and indoor furniture	室內外傢俱產品	**0.5**	**4.5**	**0.2**	**3.5**	**–**
Recreational products	遊戲類產品	**0.7**	**4.7**	**0.2**	**2.8**	**–**
Landscape garden products	園藝類產品	**3.9**	**28.6**	**1.5**	**19.1**	**–**
Pet-home designs products	寵物屋產品	**1.1**	**8.2**	**0.4**	**5.8**	**–**
Renewable energy products	再生能源產品	**–**	**–**	**–**	**–**	**32.7**

Per unit produced (tonnes/m³, unless stated otherwise) are as follows:

每生產單位估量(噸/每立方米,除註明外)如下:

		Poly velvet 保麗絨	Carton 紙箱	Plastic bags 塑料袋	Other packaging materials 其他包裝物	Woven bags (tonnes/tonnes) 編織袋(噸/噸)
		2017 二零一七年				
Timber houses and their related parts and structures	木屋及其相關部件及構件	0.00016	0.00156	0.00009	0.00135	–
Outdoor and indoor furniture	室內外傢俱產品	0.00021	0.00175	0.00009	0.00137	–
Recreational products	遊戲類產品	0.00035	0.00239	0.00012	0.00145	–
Landscape garden products	園藝類產品	0.00029	0.00211	0.00011	0.00142	–
Pet-home designs products	寵物屋產品	0.00026	0.00198	0.00011	0.00140	–
Renewable energy products	再生能源產品	–	–	–	–	0.00120

`The Group successfully reduced per unit produced in 2017 and is expected to maintain the amount of packaging material per unit produced.

本集團在2017年成功減少每生產單位估量。2018年目標可以保持包裝物料對每生產單位估量。

(A3) Care for matters on environmental and natural resources

The Group mainly produces wooden products. Our stringent selecting process for wood sources will help minimize impacts on the environment and natural resources. Wood used by the Group for our products are provided by qualified suppliers along with the compliance certification, which shall be certified by the Forest Stewardship Council (FSC) and The Programme for the Endorsement of Forest Certification. This will safeguard the legitimate and sustainable sources of wood without sacrificing forest resources, or damaging the ecosystem or affecting the communities. The Group is committed to promoting environmental protection, reducing waste of resources, and fully utilizing wood by recycling and processing scraps and sawdust generated from our production processes into wood-based fuels.

(A3) 關注環境及天然資源事宜

本集團生產木製品為主,通過嚴格挑選木材來源,減少對環境及天然資源的影響。本集團規定產品所使用的木材均需由評價合格的供應商提供,附有供應商出具的合格證書,並通過FSC森林管理委員會和PEFC森林管理體系認證,確保木材的合法及可持續來源,不以犧牲森林資源、生態系統或影響社區為代價。本集團致力推行環保,減少資源浪費,生產過程中產生的邊角料、木屑等會回收加工再製成木顆粒燃料循環再用,充份利用木材。

B. Society

The Group's business contacts with global shareholders, customers, employees, suppliers, business partners and local communities were based on the responsibility to the community. The Group has formulated policies and practices on a range of topics such as human rights, anti-discrimination and social responsibility, demonstrating its commitment to social responsibility.

(B1) Human Resources

The Group has developed a comprehensive and well-established human resources management system, which clearly stipulates our requirements and operational norms on interviews, evaluation, background checks and admission notice in the recruitment process of staff. With respect to the training, there are not only trainings on pre-job corporate systems and on-job requirements, but also special trainings for on-job management skills improvement and business skills enhancement.

The Group attracted many talented people to serve the Group with its perfect remuneration and a lucrative and flexible welfare system. All employees of the Group have more than two promotion or salary promotion opportunities each year by virtue of their monthly assessment results. In addition, all managers can receive more than 2 times the year-end bonus by virtue of the annual assessment results. In addition, the Group provided house purchase subsidy, car subsidies, oil subsidies, phone subsidies and subsidies for meals for excellent management and technical staff, and more than 85% of the management staff are enjoying this treatment.

It is the Group's norms and targeted talents development policy of "selection, cultivation and retention" that attracted many outstanding people to serve the Group and cultivated a large number of splendid talents and leadership.

B. 社會

本集團與全球股東、客戶、僱員、供應商、業務夥伴及各地社區的往來，均本著對社會大眾負責任的態度。本集團就人權、反歧視及社會責任等一系列課題擬訂相應政策與常規，體現對社會責任的承諾。

(B1) 人力投資

本集團制定了一套齊全而又完善的人力資源管理制度，其中明確規定了集團在人員招聘過程中面試、測評、背景調查、錄取通知書等相關要求及操作規範。就培訓方面，不僅有崗前公司制度、本崗位任職要求的培訓，更有崗中管理技能提升、業務技能提升的專項培訓。

本集團以其完善的薪酬和豐厚靈活的福利制度吸引眾多有才之人到本集團服務。本集團所有的員工一年均有兩次以上憑藉每月考核結果得以崗位晉升或者薪資晉級的機會。此外，所有管理人員均可憑藉當年度的考核結果獲發2倍以上的年終獎金。不僅如此，集團特為優秀的管理技術人員制定了購房補貼、購車補貼、油費補貼、話費補貼，餐費補貼等福利待遇，目前現有85%以上的管理人員享受此待遇。

正是基於集團規範而又針對性的「優選育留」人才培政策，使得眾多優秀人員願意到本集團任職，同時也培育了大批潛力優秀的人才和領導層。

During the Year, the Group complied with all relevant labor laws and regulations in relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

於本年度內，本集團遵守了所有有關薪酬及解僱、招聘及晉升、工作時數、假期、平等機會、多元化、反歧視以及其他待遇及福利的勞動法律法規。

(B2) Health and Safety

The Group is committed to providing employees with a healthy and safe working environment and protecting the social environment. The Group has always put our employee's occupational health and safety and environmental protection in the first place, and firmly believe that the excellent environment, health and safety performance will bring sustainable growth for the Group. We have set following goals:

1. to create a healthy and safe working environment and further control the occurrence of occupational hazards;
2. all exhaust, sewage and waste residues meet respective standard of discharge.

The Group attaches great importance to the protection of work environment of the staff and the social environment. In respect to providing employees with a healthy and safe environment, the Group has developed a sound quality/environment/occupational health and safety management manual in accordance with GB/T19001–2016/ISO9001: 2015, GB/T24001–2016/ISO14001: 2015 and GB/T28001–2011/OHSAS18001: 2007 standards, including issuing compliance labor insurance products on a monthly basis and requiring relevant personnel to wear the specified respirators, earplugs, goggles and other protection supplies with reference to relevant laws and regulations. In addition, the Group has launched corresponding reward and punishment mechanism, and established supervision branch to check and supervise. The company also invested in the construction of the central dust removal system, to avoid the secondary pollution and noise pollution caused by the dust, creating the cleanest operating environment.

(B2) 健康及安全

本集團致力於為員工提供健康安全的工作環境和對社會環境的保護。本集團一直將員工的職業健康安全和環境保護放在首位，也堅信透過卓越的環境、健康及安全表現能為本集團帶來可持續的增長。設立目標如下：

1. 創造健康安全的工作環境，進一步控制職業病危害因素產生；
2. 所有廢氣廢水廢渣均達標排放。

本集團高度重視員工的工作環境和社會環境的保護工作。就為員工提供健康和安全環境方面，依據GB/T19001–2016/ISO9001：2015，GB/T24001–2016/ISO14001：2015，GB/T28001–2011/OHSAS18001：2007標準制定了完善的質量／環境／職業健康安全管理手冊，本集團參照相關法律法規每月發放合規勞保用品，並要求相關人員按規定佩戴指定的口罩、耳塞、護目鏡等防護用品。同時也出台了相應的獎罰機制，並成立監察科進行檢查和督導。此外，本集團投資建設中央除塵系統，避免了粉塵帶來的二次污染和雜訊的污染，創造了最清潔的作業環境。

In order to maintain the air quality of the workplace and safeguard the health of employees, all the central processing plants of the Group are equipped with a central dust removal system to effectively reduce dust concentration, noise level and exhaust emission. Establishing closed spray device has protected staff from exposing to exhaust and ensure the safety of the working environment.

為保持工作場所的空氣品質及保證從業人員的健康，本集團所有的加工車間全部安裝中央除塵系統，可以有效降低粉塵的濃度和雜訊的分貝，減少廢氣的排放。通過建立封閉式噴塗裝置，使尾氣不會外露以保障員工安全的工作環境。

The Group has actively taken the following measures to ensure the occupational health and safety of employees:

1. to provide staff with a seven-day pre-job safety training and on-job special safety production operations training from time to time;
2. to organize the corporate compulsory fire brigade to purchase professional fire emergency rescue facilities, including fire engines, automatic sprinkler systems, automatic alarm system and other fire facilities and equipment; to hold fire evacuation exercises twice a year to provide all employees safety awareness and conduct monthly fire training targeted to key fire positions;
3. to supervise and urge staff to wear protective equipment as required;
4. to use prevention and anti-occupational injury device in the production process: by using active protective devices, fixed protective device or a variety of protective devices;
5. to strengthen troubleshooting, implementation and rectification of production safety accident, fulfilling corporate obligations to protect employees' health and safety;
6. to arrange shuttle bus for staff and purchase accident insurance to ensure the traffic safety of staff;

本集團積極採取了如下措施以保障員工的職業健康安全：

1. 員工入職前提供為期7天的崗前安全培訓及崗中不定期的進行專項安全生產操作培訓；
2. 組建公司義務消防隊，購置專業消防應急救援設施，含消防車、自動噴淋系統、自動報警系統等消防設施及設備；集團每年舉辦2次全員消防疏散演習，提供全體職工的安全意識。另針對關鍵消防崗位，每月定期進行專項消防訓練；
3. 監督員工按要求佩戴防護用品；
4. 生產過程中使用預防和控制職業傷害裝置：採用活動式防護裝置、固定式防護裝置多種防護裝置相結合；
5. 強化現場生產安全事故隱患排查與落實整改，落實企業責任，保護員工健康安全；
6. 安排廠車接送員工上下班，為員工購買意外險，保障員工的交通安全；

7. to stick eye-catching reflective stripe on overalls to ensure the traffic safety at night;

8. staff canteens designate main ingredients brand or suppliers and conduct assessment and acceptance on suppliers on a regular basis;

9. Employees are offered free physical examination per year and commissioned third parties for the issuance of a Review (Test) Report for the Status of Occupational Disease Hazard (《職業病危害現狀評價檢測報告》), all of which comply with the Architectural Lighting Design Standards (GB50034-2013), Occupational Exposure Limits for Hazardous Agents in the Workplace Part 1: Physical agents (GBZ2.1-2007) and Occupational Exposure Limits for Hazardous Agents in the Workplace Part 2: Physical Agents (GBZ 2.2-2007).

During the Year, the Group complied with all relevant labor laws and regulations in providing a healthy and safe working environment for its employees. No cases of occupational hazards were reported during fiscal year 2017.

(B3) Development and training

To enable all our employees to further enhance their management skills and expertise, the Group has conducted and organized various types of training activities targeted to production technical.

The Group has also organized targeted business skills training based on the actual job requirements, such as the IP management system training, Fsc management system training, occupational health management system-internal auditor training and national forestry standardization training, enabling the staff to give full play effect.

7. 於廠服上製作醒目的放光條，保障夜間行走交通安全；

8. 員工食堂對主要的食材指定品牌或者供應商，並對供應商定期進行評估、驗收；

9. 員工可以每年免費做身體檢查，並為委託第三方進行《職業病危害現狀評價檢測報告》，全部合乎GB50034–2013《建築照明設計標准》、GBZ 2. 1-2007《工作場所有害因素職業接觸限值第1部分：化學有害因素》及GBZ 2. 2-2007《工作場所有害因素職業接觸限值第2部分：物理因素》。

於本年度內，本集團遵守了所有相關勞動法律法規，為員工提供一個健康、安全的工作環境。在2017財務年度期間，無發生職業病危害案例。

(B3) 發展及培訓

為本集團所有員工均可進一步提升管理技能和專項業務知識，本集團針對生產技術開展和組織不同類型的培訓活動。

本集團針對實際的崗位要求，組織針對性的業務技能培訓，例如智慧財產權管理體系培訓、Fsc管理體系培訓、職業健康管理體系內審員培訓、國家林業標準化培訓，使得在崗人員充分發揮作用。

(B4) Labour standard

The Group complies with and also requires its suppliers to comply with the guiding principles of ILO Declaration on Fundamental Principles and Rights at Work and the United Nations Guiding Principles on Business and Human Rights, which include freedom of association, collective bargaining, the elimination of the use of child labor, the abolition of all types of forced or compelled labor or workplace discrimination and other relevant principles. During the Year, the Group abided by national labour laws and regulations including but not limited to the prohibition of employment of child and forced labour.

(B4) 勞工準則

根據採購條款及條件，本集團遵守及亦要求其供應商須遵守國際勞工組織《關於工作基本原則和權利宣言》及聯合國《工商企業與人權指導原則》的指導原則，包括結社自由、集體談判權、杜絕使用童工、廢除所有類型的強迫或強制勞動或職場歧視及其他有關原則。於本年度內，本集團遵守國家勞動法律法規，包括但不限於禁止僱佣童工及強迫勞動。

(B5) Supply Chain Management

In the selection of suppliers, the Group shall, after checking the relevant qualifications, conduct a on-spot inspection and divide the suppliers into three classes, namely: A-class, B-class and C-class three classes according to their production scale, production capacity, production environment, staffing, safety management organization, quality control system and other indicators. Purchasing department regularly organizes the production department, the department of administration and other relevant departments to conduct an integrated assessment on the safety management and performance and product after-sales service of qualified suppliers to choose the fittest ones. For a small number of suppliers with high security requirements, dedicated staff can be arranged to conduct on-site assessment if necessary.

(B5) 供應鏈管理

本集團在選擇供應商時，核查具備相關資質後，須到實地考察，根據其生產規模、生產能力、生產環境、人員配備、安全管理組織機構、品質管制制度等指標，劃分A級、B級及C級三個等級供應商。採購部定期組織生產部、行政部等相關部門，對合格供應商安全管理及表現以及產品售後服務等綜合情況進行評價考核，考核結果實行優勝劣汰。對少數供應商安全管理要求較高的，必要時可組織專人到供應商現場進行考核。

(B6) Product Responsibility

To ensure that customers are offered with the highest quality products, the Group has developed a set of strict quality control system, covering supplier selection, material testing, production process control, product factory inspection, third-party inspection and certification, after-sales service, product quality tracking and other processes. The management system of "survival with records, flow traceability, information accessibility and quality retroactivity", the quality inspection mechanism of first inspection, self-inspection, line inspection, cross inspection and final inspection, the abnormal reporting and correction system and the regular quality analysis mechanism for export products have been set up and implemented. Publicity and promotion meetings, training sessions, site-meetings and seminars were organized on a regular basis to organize staff to learn relevant laws, regulations and rules, building the concept that "quality is the life of a company, who is the first responsible person for the quality", and developing a professional team responsible for quality management through strict product quality training assessment, thereby enhancing our staff's main responsibilities for quality and safety and quality control awareness.

The Group conducts annual satisfaction surveys on key client, focusing on the satisfaction of new customers and customers with large purchases.

(B6) 產品責任

為確保給客戶提供最高品質的產品，本集團制訂了一套嚴密的品質管制體系，覆蓋從供應商選擇、材料檢驗、生產程序控制、產品出廠檢驗、協力廠商檢查認證、售後服務、產品品質追蹤等過程。建立實施出口產品品質「生存有記錄、流向可追蹤、資訊可查詢、品質可追溯」的溯源管理制度。建立實施首檢自檢線檢互檢終檢的品質監督機制。建立實施異常情況報告和糾偏制度。建立實施出口產品品質定期分析機制。定時召開宣傳推進會議、培訓會、現場會、座談會，組織員工學習相關的法律法規和規章，樹立「品質就是企業生命，企業就是品質第一責任人」的思想，並通過嚴格產品品質崗位培訓考核，培育一支專職品管專業隊伍，從而提升公司員工的品質安全主體責任和品質管制意識。

本集團對重點客戶每年都會進行滿意度調查報告，重點分析新客戶及購買量大的客戶對產品的滿意度。

Products are made from woods which are from all over the world and certified by the FSC and PEFC forest management systems. Both are provided by qualified suppliers and should be accompanied by a certificate issued by the supplier and require a sample inspection record for traceability. Such materials should be sent to CNAS approved laboratory at least once a year to test the content of heavy metals (such as lead, cadmium, mercury and chromium), free formaldehyde and other toxic and hazardous substances. All the wood used for the production have accepted epidemic prevention treatment and each batch of finished product subject to approval by the quality control department, while samples selected at random should be sent to the inspection room for testing before delivery.

產品所用木材來自全球各地並通過FSC和PEFC森林管理體系認證，均需由評價合格的供應商提供，同時應附有供應商出具的合格證書，並要求進行抽樣檢驗記錄，以便追溯。集團每年至少一次送樣至經過CNAS認可實驗室檢測重金屬(鉛、鎘、汞、鉻)、游離甲醛等有毒有害物質含量。所有用於生產的木材都經過烤房烘乾的防疫處理，每一批成品需經品管部檢驗合格，同時隨機抽取樣品送檢測室檢測合格方可發貨。

In 2017, the Group was awarded certificate of "Excellent Enterprise in Fujian Furniture Industry in 2017" by Fujian Furniture Association and certificate of "National Green Wood Model Enterprise" by Timber Conservation Development Center. The Group was also a "National Standardized Model Enterprise of the Forestry Industry" during the Period, indicating external recognition of the Group's products and production.

於2017年間，本集團獲福建省家具協會頒贈「福建省家具行業2017年優秀企業」榮譽證書、木材節約發展中心頒贈「全國綠色木業示範單位」證書等証書，期內集團的生產中心也是「國家林業標準化示範企業」，可見外界到本集團產品及生產的認同。

During the Year, the Group complied with all relevant laws and regulations relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.

於本年度內，本集團遵守了所有相關所提供產品和服務的健康與安全、廣告、標籤及私隱事宜以及補救方法的法律法規。

(B7) Anti-corruption

The Group has been committed to establishing and continuing to improve the internal control system to prevent corruption and fraud. The Group's audit committee and management must not tolerate corruption and fraud. Honesty, impartiality, transparency and accountability are all reflected in the Group's policies and operating procedures.

In conclusion, the Group's firm stance on anti-corruption and fraud is an important part of the overall corporate governance and fully protects our shareholders' assets and interests.

During the Year, the Group complied with all relevant laws and regulations relating to bribery, extortion, fraud and money laundering and no incidents of corruption were identified.

(B8) Contribution to the community

The Group has been actively participating in the charity and social welfare undertakings. The Group endowed RMB300,000 per year since the establishment of the "King Wood Education Fund" in Zhangping Charity Federation in 2008. The "King Wood Education Fund" is a social welfare undertaking which was established to fund schools to build teaching facilities and donating piano, computer and other teaching equipment, supporting underdeveloped countryside for road construction over the years. The Group also makes donations to affected areas suffered from disasters.

In 2017, the Group donated a total of RMB374,000 (2016: RMB833,000).

(B7) 反貪污

本集團一直致力於建立並持續完善內部控制體系以防止貪污和欺詐行為出現。本集團審計委員會及管理層絕對不能容忍貪污和欺詐。誠實、公正、透明及負責任等均反映在集團的有關政策及營運程式上。

總括而言，集團對反貪污和欺詐的堅定立場，是整體企業管治的重要部分，充分保障股東的資產和利益。

於本年度內，本集團遵守了所有相關防止賄賂、勒索、欺詐及洗黑金的法律法規，也未發現貪腐事件。

(B8）貢獻社區

本集團一直積極熱心參會慈善事業及社會公益事業，2008年在漳平市慈善總會設立了「木村助學基金」，每年捐助30萬元延續至今。「木村助學基金」為社會公益事業，歷年來資助向學校捐資建設教學設施、捐贈鋼琴、電腦等教學設備，資助貧困鄉村道路建。當遇上重大災害時，集團還會向受災地區捐贈。

於2017年，集團總捐助人民幣374,000元(2016年：人民幣833,000元)。

Directors' Report
董事會報告

The Directors have pleasure in submitting their annual report together with the audited financial statements for the Year.

董事欣然提呈年報連同本年度的經審核財務報表。

PRINCIPAL ACTIVITIES

The principal activity of Company is investment holding and the principal activities of its subsidiaries are set out in note 17 to the financial statements.

主要業務

本公司的主要業務為投資控股，而其附屬公司的主要業務則載於財務報表附註17。

BUSINESS REVIEW

A fair review of the Group's business and its outlook are set out in the sections of Chairman's Statement and Management Discussion and Analysis. Certain financial key performance indicators are provided in the section of Financial Summary. The Group has no material important event affecting the Company that have occurred since the end of the Year.

The Group complies with the requirements under the Companies Ordinance, the Listing Rules and the Securities and Futures Ordinance (the "SFO") for the disclosure of information and corporate governance. The Group also complies with the requirements of Employment Ordinance and ordinances relating to occupational safety for the interest of employees of the Group.

The Group respects the environment and is committed to minimizing its carbon footprint as a socially responsible enterprise. Carbon footprint is defined as the total amount of direct and indirect emissions of Green House Gases (GHGs) expressed in terms of the equivalent amount of Carbon Dioxide of (CO_2) emission. Non-hazardous wastes produced from the Group mainly consist of used paper such as office papers and marketing materials. To minimize the impact on carbon footprint and the environment, the Group implements the following practices to use paper efficiently:

- Duplex printing is set as the default mode for most network printers;
- Employees are reminded to practice photocopying wisely;
- Employees are encouraged to use both sides of paper;
- Paper is separated from other waste for easier recycling; and
- Boxes and trays are placed beside photocopiers as containers to collect single-sided paper for reuse purpose.

業務回顧

本集團業務及其前景的公平回顧載於主席報告及管理層討論與分析一節。若干財務主要表現指標載於財務概要一節。自年末本集團並無重大已發生影響本公司的重要事件。

本集團遵守公司條例、上市規則及證券及期貨條例(「證券及期貨條例」)下有關資料披露及企業管治的規定。本集團亦遵守僱傭條例及有關基於本集團僱員利益的職業安全條例。

作為香港一間社會責任企業，本集團尊重環境並致力減低碳足跡。碳足跡的定義為直接及間接排放的溫室氣體(GHGs)總量，以二氧化碳(CO_2)排放等量為單位表示。本集團所產生的無害廢棄物主要包括廢紙，如辦公室用紙及營銷物料。為減低對碳足跡及環境的影響，本集團實施以下行動以提升用紙效益：

- 將大部分網絡印表機預設為雙面列印模式；
- 提醒員工影印時採取明智措施；
- 鼓勵員工使用紙張的兩面；
- 將紙張與其他廢棄物分隔以方便回收；及
- 於影印機旁放置紙箱及紙盤收集單面紙張以供循環再用。

Electricity consumption is identified as having an adverse impact on the environment and natural resources. A typical commercial building uses more energy for lighting than for other electric equipment. The Group is determined to reduce energy consumption and implement conservation practices to reduce the effect of carbon footprint. Air conditioning and light zone arrangements reduce unnecessary electricity usage; employees enforce good practices in maintenance of lighting and electric equipment to ensure they are kept in good and proper condition to maximize efficiency.

電力消耗被視為可對環境及天然資源造成負面影響。一般商業樓宇的照明耗電量較其他電力設備為高。本集團致力減少能源消耗及推行保護為本的行動，從而減低對碳足跡的影響。空調及照明區安排可減少不必要的耗電量；僱員遵循良好做法維修照明及電力設備以確保設備維持良好正常狀態，繼而發揮最大效能。

Key Risk Factors

The following lists out the key risks and uncertainties facing the Group.

主要風險因素

本集團面臨的主要風險及不確定因素載列如下。

Impact of Local and International Regulations

The business operation of the Group is also subject to government policy, relevant regulations and guidelines established by the regulatory authorities. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of the business operation by the authorities. The Group closely monitors changes in government policies, regulations and markets as well as conducting studies to assess the impact of such changes. As far as the Board and management are aware, the Group has complied with all related laws and regulations in all material aspects which may have significant impact on the Group during the Year.

本地及海外法規的影響

本集團的業務營運亦須遵守政府政策規定、監管機構所制訂的相關法規及指引。倘本集團未能遵守有關規則及規定，則可能引致監管機構懲處、修訂或暫停業務營運。本集團密切監察政府政策、法規及市場的變動以及就評估該等變動的影響進行研究。據董事會及管理層知悉，本集團於本年度已於所有重大方面遵守所有可能對本集團產生重大影響的相關法律法規。

Third-Party Risks

The Group has been relying on third-party service providers in parts of business to improve performance and efficiency of the Group. While gaining the benefits from external service providers, the management realizes that such operational dependency may pose a threat of vulnerability to unexpected poor or lapses in service including reputation damage, business disruption and monetary losses. To address such uncertainties, the Group engages only reputed third-party providers and closely monitors their performance.

第三方風險

本集團部分業務一直倚賴第三方服務供應商，從而改善本集團的表現及提升效率。儘管本集團受惠於外聘服務供應商，惟管理層認為，該營運上的倚賴或會令本集團易受突如其來的劣質服務或服務出現失誤所影響，包括聲譽受損、業務中斷及蒙受金錢損失。為解決該等不明朗因素，本集團僅聘用聲譽良好的第三方服務供應商，並密切監察其表現。

Key Relationships with Employees, Customers and Suppliers

The Group recognizes the accomplishment of the employees by providing comprehensive benefit packages career development opportunities and internal training appropriate to individual needs. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents occurred during the Year.

The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The departments work closely to make sure the tendering and procurement process is conducted in an open, fair and just manner. The Group's requirements and standards are also well-communicated to suppliers before the commencement of a project.

The Group values the views and opinions of all customers through various means and channels, including usage of market research to understand customer trends and needs and regular analyze on customer feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products and services are offered to the customers.

與僱員、客戶及供應商的主要關係

本集團為僱員提供全面優厚福利、事業發展機會及就個別需要提供適當的內部培訓，以表揚僱員的貢獻。本集團為所有僱員提供一個健康而安全的工作環境。於本年度，概無出現罷工或因職場意外而導致的個案。

本集團與供應商建立合作關係，有效及高效地滿足我們客戶的需要。雙方部門緊密合作，確保招標及採購過程公開、公平及公正。本集團於開展項目前已向供應商清楚說明本集團的規定及標準。

本集團重視所有客戶的觀點及意見，並通過不同方法及渠道（包括運用市場研究）了解客戶趨勢及需要，並定期分析客戶反饋。本集團亦進行全面測試及檢驗，以確保向客戶提供優質產品及服務。

RESULTS & DIVIDENDS

Results of the Group for the Year are set out in the consolidated statement of profit or loss on page 89. Other movements in reserves are set out in the consolidated statement of changes in equity on page 93.

The Board does not recommend the payment of a final dividend for the Year (2016: Nil).

業績及股息

本集團本年度的業績載於第89頁的綜合損益表。其他儲備變動則載於第93頁的綜合權益變動表。

董事會不建議派發本年度的末期股息（二零一六年：無）。

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 7 of this annual report.

財務概要

本集團過往五個財政年度的業績及資產與負債概要載於本年報第7頁。

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 27(b) to the financial statements.

股本

本公司於本年度的股本變動詳情載於財務報表附註27(b)。

DISTRIBUTABLE RESERVES

As at 31 December 2017, the Company's aggregate amounts of reserves available for distribution were approximately RMB670,527,000 (2016: RMB670,814,000), of which nil (2016: Nil) has been proposed as a final dividend for the year.

可供分派儲備

於二零一七年十二月三十一日，本公司可供分派儲備合共約為人民幣670,527,000元(二零一六年：人民幣670,814,000元)，其中並無金額(二零一六年：無)已獲建議作為年內末期股息。

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or applicable laws of the Cayman Islands where the Company was incorporated.

優先購買權

細則或開曼群島(本公司註冊成立所在地)的適用法例內概無載列任何有關優先購買權的條文。

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are set out in note 11 to the financial statements.

物業、廠房及設備

物業、廠房及設備的變動載於財務報表附註11。

BANK LOANS AND DEBENTURES

Details of the Group's bank loans and debentures are set out in notes 24 and 26 to the financial statements.

銀行貸款及債券

本集團的銀行貸款及債券詳情載於財務報表附註24及26。

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the Group's five largest customers accounted for approximately 43.4% (2016: 49.1%) of the Group's total revenue and the Group's largest customer for the year accounted for approximately 15.2% (2016: 15.3%) of the Group's total revenue. The Group's five largest suppliers accounted for approximately 55.3% (2016: 55.4%) of the Group's total purchases, while the largest supplier for the year accounted for approximately 17.9% (2016: 16.1%) of the Group's total purchases.

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

主要客戶及供應商

本年度，本集團五大客戶佔本集團總收入約43.4%(二零一六年：49.1%)，而本年度最大客戶佔本集團總收入約15.2%(二零一六年：15.3%)。本集團五大供應商佔本集團總採購額約55.3%(二零一六年：55.4%)，而本年度最大供應商佔本集團總採購額約17.9%(二零一六年：16.1%)。

就各董事所知，概無任何董事或彼等各自的緊密聯繫人或任何擁有5%以上本公司已發行股本的本公司股東於本集團五大客戶或供應商中擁有任何權益。

EMPLOYEES

僱員

As at 31 December 2017, the Group had 510 (2016: 547) employees in total. The table below shows a breakdown of the Group's employees by their responsibilities:

於二零一七年十二月三十一日，本集團共有510名僱員(二零一六年：547名)。下表為按職責劃分的本集團僱員明細：

		2017 二零一七年
Management, Finance & Administration	管理、財務及行政	**40**
Sales & Marketing	銷售及營銷	**55**
Design, Research & Development	設計及研發	**75**
Production	生產	**310**
Quality Control	品質監控	**30**
Total	總計	**510**

Total staff costs for the Year amounted to approximately RMB32,607,000 (2016: RMB38,761,000) and the details are set out in note 6(b) to the financial statements. Remuneration for employees is based upon their qualification, experience, job nature, performance and market condition.

於本年度的總員工成本約為人民幣32,607,000元(二零一六年：人民幣38,761,000元)，詳情載於財務報表附註6(b)。僱員薪酬乃基於彼等的資歷、經驗、工作性質、表現及市況而釐定。

The Group has established various welfare plans including the provision of pension funds, medical insurance, unemployment insurance and other relevant insurance for employees who are employed by the Group pursuant to the rules and regulations of the PRC and the existing policy requirements of the local government. The Group also maintains the employee short-term health insurance and unforeseen injury insurance. In addition, the Group provides staff quarters to its employees.

本集團已遵照中國規章及法規以及地方政府現行政策規定，為本集團聘用的僱員設立多項福利計劃，包括提供養老金、醫療保險、失業保險及其他相關保險。本集團亦購有僱員短期健康保險及不可預見的工傷保險。此外，本集團為其僱員提供員工宿舍。

Directors and qualified employees of the Company may be granted share options to subscribe for shares in the Company in accordance with the terms and conditions of the Share Option Scheme (as defined below).

根據購股權計劃(定義見下文)的條款及條件，本公司董事及合資格僱員可能獲授購股權以認購本公司股份。

DIRECTORS

Throughout the Year, the composition of the Board was as follows:

Executive Directors:

Ms. Xie Qingmei
Mr. Wu Zheyan

Non-executive Director:

Mr. Wu Dongping

Independent Non-executive Directors:

Mr. Lam Hin Chi
Prof. Jin Zhongwei
Prof. Su Wenqiang

A description of the Directors is set out in the section headed "Board of Directors and senior management" in this annual report.

Indemnity of Directors

The Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year.

董事

於本年度內，董事會的成員如下：

執行董事：

謝清美女士
吳哲彥先生

非執行董事：

吳冬平先生

獨立非執行董事：

藍顯賜先生
金重為教授
蘇文強教授

董事的詳情載於本年報「董事會及高級管理層」一節。

董事彌償

本公司有為董事及職員安排適當的董事及職員責任保險及基於董事利益的獲准許彌償條文目前生效及於年內生效。

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2017, the interests and short positions of the Directors or the chief executive 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 SFO) which would have to be notified to the Company and the Stock Exchange pursuant to divisions 7 and 8 of part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules, will be as follows:

董事及高級行政人員於股份、相關股份及債券的權益及淡倉

於二零一七年十二月三十一日，董事或本公司高級行政人員在本公司及其相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份及債券中擁有根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所的權益及淡倉（包括根據證券及期貨條例的有關條文其將被當作或視為擁有的權益及淡倉），或根據證券及期貨條例第352條須記入該條所述登記冊或根據上市規則附錄10所載上市發行人董事進行證券交易的標準守則須知會本公司及聯交所的權益及淡倉如下：

Interest in shares

股份權益

Name of Director 董事姓名	Capacity/Nature of interest 身份／權益性質	Number of shares 股份數目	Approximate percentage of shareholding interest (%) 持股概約百分比(%)
Mr. Wu Zheyan 吳哲彥先生	Interest in controlled corporation/ Long position *(Note)* 受控制法團的權益／好倉（*附註*）	449,647,412	14.56%
	Beneficial owner/Long position 實益擁有人／好倉	11,002,940	0.36%
Ms. Xie Qingmei 謝清美女士	Beneficial owner/Long position 實益擁有人／好倉	9,633,380	0.31%

Note: Mr. Wu Zheyan is deemed to be interested in the shares held by Green Seas Capital Limited, his wholly-owned company.

附註： 吳哲彥先生被視為於其全資擁有的公司Green Seas Capital Limited持有的股份中擁有權益。

Save as disclosed above, none of the Directors and chief executive of the Company had interests or in short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any associated corporation defined under the SFO which would have to be notified to the Company and the Stock Exchange pursuant to divisions 7 and 8 of part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules as at 31 December 2017.

除上述披露者外，於二零一七年十二月三十一日，董事及本公司高級行政人員概無於本公司或任何相聯法團（定義見證券及期貨條例）的股份、股本衍生工具相關股份或債券中擁有根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所的權益或淡倉（包括根據證券及期貨條例的有關條文其將被當作或視為擁有的權益及淡倉），或根據證券及期貨條例第352條須記入該條所述登記冊或根據上市規則附錄10所載上市發行人董事進行證券交易的標準守則須知會本公司及聯交所的權益或淡倉。

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company, its holding company, or any of its subsidiaries was a party and in which a Director or the Controlling Shareholders (as defined below) of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the Year.

董事及控股股東於重大合約的權益

於本年度或年末，概不存在由本公司、其控股公司或其任何附屬公司作為訂約方，而本公司董事或控股股東（定義見下文）直接或間接擁有重大權益的重大合約。

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or their respective close associates has any competing interests which need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

董事於競爭業務的權益

概無董事或彼等各自的緊密聯繫人擁有任何根據上市規則第8.10條須予披露的競爭權益。

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2017, the following persons (other than a director or chief executive of the Company), who had interests or short positions in the shares or the underlying shares of the Company which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

主要股東於本公司股份及相關股份的權益及淡倉

於二零一七年十二月三十一日，下列人士(並非董事或本公司高級行政人員)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及第3分部條文須予披露的權益或淡倉，或根據證券及期貨條例第336條須記入該條所述登記冊的權益或淡倉：

Interest in shares

股份權益

Name 名稱／姓名	Capacity/Nature of interest 身份／權益性質	Number of shares 股份數目	Approximate percentage of shareholding interest (%) 持股概約百分比(%)
Green Seas Capital Limited	Beneficial owner/Long position *(Note 1)* 實益擁有人／好倉(*附註1*)	449,647,412	14.56%
Hong Kong Run De Holdings Limited 香港潤得控股有限公司	Beneficial owner/Long position *(Note 2)* 實益擁有人／好倉(*附註2*)	430,000,000	13.92%
福建沃若石油化工有限公司	Interest in controlled corporation/Long position *(Note 2)* 受控制法團的權益／好倉(*附註2*)	430,000,000	13.92%
Mr. Lin Jian 林健先生	Interest in controlled corporation/Long position *(Note 2)* 受控制法團的權益／好倉(*附註2*)	430,000,000	13.92%
Hong Kong Guoyuan Group Capital Holdings Limited 香港國元集團金融控股有限公司	Beneficial owner/Long position *(Note 3)* 實益擁有人／好倉(*附註3*)	689,130,000	22.31%

Name 名稱／姓名	Capacity/Nature of interest 身份／權益性質	Number of shares 股份數目	Approximate percentage of shareholding interest (%) 持股概約百分比(%)
上海荊勳工業設備控股有限公司	Interest in controlled corporation/ Long position *(Note 3)* 受控制法團的權益／好倉（附註3）	689,130,000	22.31%
Mr. Wang Xin 汪新先生	Interest in controlled corporation/ Long position *(Note 3)* 受控制法團的權益／好倉（附註3）	689,130,000	22.31%

Note:

1. The entire issued share capital of Green Seas Capital Limited is legally and beneficially owned by Mr. Wu Zheyan, who is deemed to be interested in the Shares held by Green Seas Capital Limited.

2. The entire issued share capital of Hong Kong Run De Holdings Limited is legally and beneficially owned by 福建沃若石油化工有限公司. The 98% issued share capital of 福建沃若石油化工有限公司 is legally and beneficially owned by Mr. Lin Jian, who is deemed to be interested in the shares held by Hong Kong Run De Holdings Limited.

3. The entire issued share capital of Hong Kong Guoyuan Group Capital Holdings Limited is legally and beneficially owned by 上海荊勳工業設備控股有限公司. The 98% issued share capital of 上海荊勳工業設備控股有限公司 is legally and beneficially owned by Mr. Wang Xin, who is deemed to be interested in the shares held by Hong Kong Guoyuan Group Capital Holdings Limited.

附註：

1. Green Seas Capital Limited的全部已發行股本由吳哲彥先生合法及實益擁有，吳哲彥先生被視為於Green Seas Capital Limited持有的股份中擁有權益。

2. 香港潤得控股有限公司的全部已發行股本由福建沃若石油化工有限公司合法及實益擁有，福建沃若石油化工有限公司的98%已發行股本由林健先生合法及實益擁有，林健先生被視為於香港潤得控股有限公司持有的股份中擁有權益。

3. 香港國元集團金融控股有限公司的全部已發行股本由上海荊勳工業設備控股有限公司合法及實益擁有，上海荊勳工業設備控股有限公司的98%已發行股本由汪新先生合法及實益擁有，汪新先生被視為於香港國元集團金融控股有限公司持有的股份中擁有權益。

Save as disclosed above, the Directors are not aware of any person, other than the Directors whose interests are set out in the section "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, who had an interest or short positions in the shares or underlying shares that were required to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or recorded pursuant to Section 336 of Part XV of the SFO as of 31 December 2017.

除上文披露者外，於二零一七年十二月三十一日，董事概不知悉任何人士（權益已於上文「董事及高級行政人員於股份、相關股份及債券的權益及淡倉」一節載列的董事除外）於股份或相關股份中擁有根據證券及期貨條例第XV部第2及第3分部條文須予披露，或須根據證券及期貨條例第XV部第336條登記的權益或淡倉。

SHARE OPTION SCHEME

Pursuant to a resolution passed by all the shareholders on 15 June 2012, the Company has conditionally adopted the share option scheme (the "Share Option Scheme") for the purpose of recognising and acknowledging the contributions the eligible participants had or may have made to the Group. The Board may, at its discretion, grant options pursuant to the Share Option Scheme to the Directors (including executive Directors, non-executive Directors and independent non-executive Directors), the directors of the Company's subsidiaries and employees of the Group and any other persons (including consultants or advisers) whom the Board considers, in its absolute discretion, have contributed or will contribute to the Group. The Directors were authorised to grant options to subscribe for shares of the Company and to allot, issue and deal with the ordinary shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such steps as may be necessary and/or desirable to implement and give effect to the Share Option Scheme. The maximum number of shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue immediately following completion of the Global Offering (as defined in the Company's prospectus dated 25 June 2012), being 100,000,000 shares, excluding any shares that may be issued under the options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company), unless otherwise approved by the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time.

購股權計劃

根據全體股東於二零一二年六月十五日通過的決議案，本公司已有條件採納一項購股權計劃(「購股權計劃」)，以肯定及嘉許曾經或可能對本集團作出貢獻的合資格參與人士。根據購股權計劃，董事會可酌情向董事(包括執行董事、非執行董事及獨立非執行董事)、本公司附屬公司之董事、本集團僱員及董事會全權酌情認為曾經或將對本集團作出貢獻的任何其他人士(包括專家顧問或顧問)授出購股權。董事獲授權授出購股權以認購本公司股份，及配發、發行及處置根據購股權計劃所授出購股權獲行使而發行的普通股，以及採取對實行購股權計劃及使之生效而言為必需及/或合宜的一切步驟。根據購股權計劃及任何其他本公司購股權計劃而可授予的購股權的最高股份數目，合共不得超過緊隨全球發售(定義見本公司日期為二零一二年六月二十五日的招股章程)完成後已發行股份總數的10%，即100,000,000股股份，不包括任何根據購股權計劃(或本公司任何其他購股權計劃)的條款已失效的購股權而可發行的股份，惟獲本公司股東在股東大會上另行批准及/或上市規則不時另有其他規定者除外。

Unless otherwise approved by the shareholders of the Company in general meeting, the number of shares that may be granted to an eligible participant under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not exceed 1% of the shares in issue of the Company within any 12-month period. Any grant of options to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by our independent non-executive Directors. Unless otherwise approved by the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules, the number of shares that may be granted to a substantial shareholder or any independent non-executive Director or their respective associates under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not exceed 0.1% of the shares in issue, having an aggregate value in excess of HK$5 million, within any 12-month period.

除非獲本公司股東於股東大會上另行批准，否則可基於購股權計劃及任何其他本公司購股權計劃向一名合資格參與者授出的股份數目（包括已行使及未行使購股權），不得超過本公司在任何一個12個月期間的已發行股份的1%。任何向董事、本公司高級行政人員或主要股東（定義見上市規則）或其任何各自的聯繫人（定義見上市規則）授予的購股權須獲獨立非執行董事的批准。除非本公司股東在股東大會上另行批准及╱或上市規則另有規定，否則根據購股權計劃及任何其他本公司購股權計劃可授予主要股東或任何獨立非執行董事或其各自的聯繫人的股份數目（包括已行使及未行使購股權），不得超過任何一個12個月期間已發行股份的0.1%或合共價值超過5百萬港元。

There is no minimum period for which an option must be held before it can be exercised, and the period during which an option may be exercised will be determined by the Board in its absolute discretion, however, no options shall be exercised 10 years after they have been granted. The subscription price of a share in respect of a particular option shall be not less than the highest of (a) the official closing price of the shares on the daily quotation sheet of the Stock Exchange; (b) the average official closing price of the shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a share. The Share Option Scheme shall take effect from the date it is adopted and shall remain effective within a period of 10 years from that date.

概無訂有購股權在行使前必須持有的最短期限，而購股權可行使的期間將由董事會全權酌情決定，然而，購股權於授出10年後便不得行使。有關特定購股權的認購價不得低於下列最高者：(a)於聯交所每日報價表所報的官方股份收市價；(b)緊接授出日期前五個營業日聯交所每日報價表所報的官方股份平均收市價；及(c)股份面值。購股權計劃將自其獲採納日期起生效並將自該日起10年期間內一直有效。

From the date that the Share Option Scheme became effective and unconditional and up to the date of this annual report, no share options were granted under the Share Option Scheme.

自購股權計劃生效及成為無條件起直至本年報日期，概無根據購股權計劃授出購股權。

As at the date of this annual report, the total number of ordinary shares available for issue under the Share Option Scheme is 100,000,000, representing 3.24% of the issued shares of the Company.

於本年報日期，購股權計劃項下可供發行的普通股份總數為100,000,000股，佔本公司已發行股份的3.24%。

Save as the Share Option Scheme, at no time during the Year was the Company, its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement to enable Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or and other body corporate.

除購股權計劃外，本公司、其附屬公司、控股公司或同系附屬公司均於本年度內任何時間，概無參與任何安排使董事可透過購買本公司或其他法人團體股份或債權證而獲取利益。

Other than the Share Option Scheme as disclosed in this report, no equity-linked agreements that will or may result in the Company issuing shares, or that require the Company to enter into any agreement that will or may result in the Company issuing shares, here entered into by the Company during the Year or subsisted at the end of the Year.

除本報告所披露的購股權計劃外，本公司於本年度並無訂立且於年度結束時並無存在任何股本掛鈎協議將或可能導致本公司發行股份，或需要本公司訂立任何將會或可能導致本公司發行股份的協議。

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

購買、出售或贖回已上市證券

Save and except the subscription below, neither the Company nor any of its subsidiaries had purchase, sold or redeemed any of the Company's listed securities during the Year.

除下文所述之認購事項外，於本年度，本公司及其任何附屬公司概無購買、出售或贖回任何本公司已上市證券。

SUBSCRIPTION

認購事項

For the purpose of raising capital and broadening the shareholder base and capital base of the Company, the Company entered into an agreement with the subscribers for the subscription of shares of the Company on 24 January 2017 ("Subscription Agreement").

為籌集資金及拓闊本公司股東基數及資本基礎，本公司於二零一七年一月二十四日與認購人就認購本公司股份訂立協議（「認購協議」）。

Pursuant to the Subscription Agreement, the subscribers conditionally agreed to subscribe for ("Subscription") and the company conditionally agreed to allot and issue a total of 514,500,000 ordinary shares of 0.01 each ("Subscription Shares") at the subscription price of HK$0.13 per Subscription Share ("Subscription Price"). The closing price per ordinary share as quoted on the Stock Exchange on 23 January 2017, being the date of the Subscription Agreement was HK$0.144. The net subscription price was HK$0.1296 per Subscription Share.

根據與認購協議，認購人有條件同意認購及本公司已有條件同意按每股認購股份0.13港元的認購價（「認購價」）配發及發行合共514,500,000股每股面值0.01港元普通股認購股份（「認購股份」）（「認購事項」）。每股普通股於二零一七年一月二十三日（即認購協議日期）在聯交所所報收市價為0.144港元。淨認購價為每股認購股份0.1296港元。

The completion was conditional upon the fulfilment of (i) the Listing Committee granting listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked); and (ii) there being no breach of warranties which is material in the context of the Subscription.

完成須待達成以下條件後方可作實：(i)上市委員會批准認購股份上市及買賣，且批准隨後並未撤銷；及(ii)並無違反就認購事項而言屬重大之保證。

There are not less than six and not more than 10 Subscribers in number subscribing for the Subscription Shares. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, all the subscribers (including the ultimate beneficial owner of the Subscriber which is a corporation) are independent third parties as at the date of the announcement and upon completion, Hong Kong Run De Holdings Limited became a substantial shareholder and connected person of the Company.

認購認購股份之認購人數目不少於六名及不超過十名。據董事於作出一切合理查詢後所深知、全悉及確信，於本公告日期及完成時，所有認購人（包括身為法團之認購人之最終實益擁有人）均為獨立第三方，於完成後香港潤得控股有限公司成為本公司的主要股東及關連人士。

The aggregate gross and net proceeds from the Subscription were approximately HK$66,885,000 and approximately HK$66,695,000 respectively. The Company retained the net proceeds of the Subscription for research and development expenditure to enhance research and product competitiveness of the Group and as general working capital of the Group.

認購事項的所得款項總額及淨額合共分別約為66,885,000港元及約66,695,000港元。本公司保留認購事項所得款項淨額用作研發開支以提升本集團的研發及產品競爭力，並用作本集團的一般營運資金。

The Directors consider that the Subscription represented opportunities to raise additional funding for the Group's business operation and strengthen the financial position for the Group's business developments and broaden the Shareholders base of the Company. The Directors also considered the Subscription as a preferred method of fund raising as compared with other equity fund raising exercises based on the time and costs involved.

董事認為認購事項是為本集團業務營運籌集額外資金的機會，其亦將增強本集團業務發展的財務狀況及擴大本公司的股東基數。此外，董事認為，根據所用時間及成本，與其他股本集資方法相比，認購事項是集資的優選方案。

The Subscription was completed on 10 February 2017 and 514,500,000 ordinary shares were issued and allotted.

認購事項於二零一七年二月十日完成，514,500,000股普通股獲發行及配發。

The usage of the net proceeds raised under the subscription above are disclosed in the section headed "Management Discussion and Analysis — Financial Review — Use of Net Proceeds from the Global Offering, Placing and Subscription" in this report.

根據上述認購事項籌集的所得款項淨額的用途披露於本報告「管理層討論與分析 — 財務回顧 — 全球發售、配售及認購事項所得款項淨額的用途」一節。

PUBLIC FLOAT

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of an issuer's total issued share capital must at all times be held by the public. Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficiency of public float at all times during the Year.

公眾持股量

上市規則第8.08(1)(a)條規定，公眾必須在任何時間內持有發行人的已發行股本總額至少25%。基於本公司可公開取得的資料及就董事所知，本公司於本年度內一直維持足夠的公眾持股量。

CONTINUING CONNECTED TRANSACTIONS

During the Year, there is no transaction of the Group constituted non-exempt continuing connected transaction for the Company under the Listing Rules (2016: Nil).

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken in the normal course of business are provided under note 30 to the financial statements, and none of which constitutes a discloseable connected transaction as defined under the Listing Rules.

DISCLOSEABLE TRANSACTION

During the Year, a wholly-owned subsidiary of the Company entered into an agreement with Fujian Wancheng Property Development Limited* to dispose of the land use rights in relation to two parcels of land located in Zhangping at a consideration of RMB30,000,000.

The Directors consider that the disposal would allow the Group to unlock the value of its investment in the land use rights and to realise cash resources in improving the liquidity and strengthening the financial position of the Group.

DEED OF NON-COMPETITION

The Company entered into a deed of non-competition (the "Deed of Non-Competition") with Mr. Wu Zheyan and Green Seas Capital Limited (collectively referred to as the "Controlling Shareholders") on 15 June 2012 so as to better safeguard the Group from any potential competition and to formalise the principles for the management of potential conflicts between them and to enhance our corporate governance in connection with the listing of the Company's shares on the Stock Exchange.

The independent non-executive Directors have reviewed compliance by the Controlling Shareholders and confirm that based on confirmations and information provided by each of the Controlling Shareholders, they were in compliance with the Deed of Non-Competition during the Year.

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

* For identification purpose only

持續關連交易

根據上市規則，於本年度，本集團概無交易構成本公司不獲豁免的持續關連交易（二零一六年：無）。

關聯方交易

在日常業務過程中進行重大關聯方交易的詳情載於財務報表附註30，當中概無交易構成上市規則所界定的須予披露關連交易。

須予披露交易

於本年度，本公司的全資附屬公司與福建萬成房地產開發有限公司訂立協議出售位於漳平的兩幅地塊的土地使用權，代價為人民幣30,000,000元。

董事認為，出售事項將令本集團得以釋放其於土地使用權的投資價值及從中套取現金資源用以改善本集團的流動資金及鞏固財務狀況。

不競爭契據

本公司已於二零一二年六月十五日與吳哲彥先生及Green Seas Capital Limited（統稱「控股股東」）訂立不競爭契據（「不競爭契據」），以更好地保障本集團免受任何潛在競爭，並規範針對彼等之間潛在衝突的管理原則，以及就本公司股份於聯交所上市加強本集團的企業管治。

獨立非執行董事已審閱控股股東的合規情況，並確認基於各控股股東所提供的確認書及資料，彼等於本年度內已遵守不競爭契據。

獨立非執行董事毋須在本年度內審閱有關遵守及執行不競爭契據的任何事宜。

MANAGEMENT CONTRACTS

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

管理合約

本年度，本集團概無就全部或任何主要部分業務的管理訂立管理合約。

DONATIONS

During the Year, the Group supported a wide variety of charitable activities in Hong Kong and the PRC. Donations of approximately RMB374,000 (2016: RMB833,000) were made by the Group to various charitable organisations.

捐贈

本年度，本集團為中港兩地的多項慈善活動提供資助，向各慈善組織捐贈約人民幣374,000元(二零一六年：人民幣833,000元)。

TAX RELIEF AND EXEMPTION

The Company is not aware that any holders of securities of the Company are entitled to any tax relief or exemption by reason of their holding of such securities.

稅務減免

本公司並不知悉本公司證券之任何持有人因其持有有關證券而享有任何稅務減免。

AUDITOR

KPMG resigned as auditors of the Company on 16 November 2016 and BDO Limited has been appointed as the auditors of the Company on 8 December 2016.

BDO Limited will retire and, being eligible, offer themselves for re-appointment. A resolution for the reappointment of BDO Limited as auditor of the Company is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Xie Qingmei
Chairman

Hong Kong, 26 March 2018

核數師

畢馬威已於二零一六年十一月十六日辭任本公司核數師以及香港立信德豪會計師事務所有限公司已於二零一六年十二月八日獲委任為本公司核數師。

香港立信德豪會計師事務所有限公司將會退任，並符合資格且願意應聘連任。續聘香港立信德豪會計師事務所有限公司為本公司核數師的決議案將於應屆股東週年大會上提呈。

代表董事會

主席
謝清美

香港，二零一八年三月二十六日

Board of Directors and Senior Management
董事會及高級管理層

Biographies of each member of the board of directors and senior management team of the Company during the Year and/or as at the date of this report are set out below:

於本年度內及／或本報告日期本公司各董事會及高級管理層成員的履歷如下：

EXECUTIVE DIRECTORS

Wu Zheyan (Mr. Wu), aged 38, is an executive Director and chief executive officer of the Company. Mr. Wu was appointed as a Director on 17 October 2011. He joined Fujian Zhangping Kimura Forestry Products Co. Ltd ("Zhangping Kimura") as a workshop director since 1997 and obtained knowledge and experiences in the timber products industry including the production process, research and development works and the invention process of new timber products. Mr. Wu became the general manager in May 2000 and the director and legal representative of Zhangping Kimura in January 2006.

Mr. Wu graduated from Sichuan University in June 2009 with a Diploma in business administration (Distance education). Mr. Wu is the visiting professor of Central South University of Forestry and Technology and Fujian Agriculture and Forestry University. Mr. Wu is a son of Mr. Wu Dongping.

Xie Qingmei (Ms. Xie), aged 50, was appointed as an executive Director on 15 June 2012 and as the Chairman on 23 May 2016. Ms. Xie is primarily responsible for procurement matters in respect of the Group. She has over 15 years of experience in corporate management and procurement. Ms. Xie joined the Group in 1999, and she has been a deputy general manager of Zhangping Kimura since 2001 and a director of Zhangping Kimura since 2006. Ms. Xie was in charge of the sales department of Zhangping Kimura as well as supervising procurement from June 1999 to December 2000, and has been running the procurement department of Zhangping Kimura since 2003.

執行董事

吳哲彥（吳先生），38歲，本公司執行董事兼行政總裁。吳先生於二零一一年十月十七日獲委任為董事。彼自一九九七年起加入福建省漳平木村林產有限公司（「漳平木村」）擔任車間主任，並獲得木材產品行業（包括生產流程、研發工程及新木材產品的開發流程）的知識及經驗。吳先生於二零零零年五月擔任總經理，並於二零零六年一月擔任漳平木村的董事兼法人代表。

吳先生於二零零九年六月畢業於四川大學，獲得工商管理文憑（遠距教育）。吳先生為中南林業科技大學及福建農林大學客座教授。吳先生為吳冬平先生之子。

謝清美（謝女士），50歲，於二零一二年六月十五日獲委任為執行董事及於二零一六年五月二十三日獲委任為主席。謝女士主要負責本集團的採購事宜，彼在企業管理及採購方面擁有逾15年的豐富經驗。謝女士於一九九九年加入本集團，分別自二零零一年及二零零六年起一直擔任漳平木村副總經理及漳平木村董事。謝女士自一九九九年六月起至二零零零年十二月止負責漳平木村銷售部並兼管採購事宜，且自二零零三年開始負責管理漳平木村的採購部門。

NON-EXECUTIVE DIRECTOR

Wu Dongping, aged 63, is a non-executive Director of the Company since 15 June 2012 and is also the founder of our Group. Mr. Wu Dongping was the chief engineer of Zhangping Kimura from February 2006 to November 2010. Before the founding of the Group, Mr. Wu Dongping was the chairman and the general manager of Zhangping Kimura from December 1995 to January 2006 and the director of Zhangping Textile Machinery Factory in Fujian (福建省漳平市紡織器材廠) from December 1992 to November 1995, respectively. Mr. Wu Dongping has been a member of the Technical Committee of Structural Use of Wood under the National Committee of Standardisation Technology of Timber (全國木材標準化技術委員會結構用木材分技術委員會). He was elected as a member of The 4th Preservation Committee of Wood Industry Institute, Chinese Society of Wood Industry (中國林學會木材工業分會木材研究所保護研究會第四屆委員會) in April 2007 and was elected to the position of vice president of the China Wood Preservation Industry Association (中國木材保護工業協會) in October 2011. Mr. Wu Dongping has over 21 years of experience in the fields of wood processing, preservation and timber structures. Mr. Wu Dongping has participated in, on behalf of our Group, the drafting of two PRC national and forestry industry standards, and has been involved in the reviewing of PRC national and forestry industry standards.

Mr. Wu Dongping is the father of Mr. Wu.

非執行董事

吳冬平，63歲，本集團的創辦人，自二零一二年六月十五日起為本公司非執行董事。吳冬平先生自二零零六年二月起至二零一零年十一月止於漳平木村擔任總工程師一職。在創立本集團前，吳冬平先生曾分別自一九九五年十二月起至二零零六年一月止期間擔任漳平木村董事長兼總經理，並自一九九二年十二月起至一九九五年十一月止期間擔任福建省漳平市紡織器材廠廠長。吳冬平先生為全國木材標準化技術委員會結構用木材分技術委員會委員。彼於二零零七年四月當選中國林學會木材工業分會木材研究所保護研究會第四屆委員會委員，並於二零一一年十月當選為中國木材保護工業協會副會長。吳冬平先生在木材加工、保護及木結構技術領域擁有超過21年的經驗。吳冬平先生曾兩次代表本集團參與起草國家行業標準及林業行業標準，並參與國家行業標準及林業行業標準的審議工作。

吳冬平先生為吳先生的父親。

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lam Hin Chi (Mr. Lam), aged 54, was appointed as an independent non-executive Director of the Company since 15 June 2012. Mr. Lam is a fellow member of The Association of Chartered Certified Accountants, and associates member of The Chartered Institute of Management Accountants, The Institute of Chartered Accountants in England and Wales and The Hong Kong Institute of Certified Public Accountants, respectively. Mr. Lam graduated from The Hong Kong Polytechnic University with a Professional Diploma in Management Accountancy and a Bachelor of Arts degree (Honours) in Accountancy. Mr. Lam has over 29 years of experience in finance, audit and accounting. Mr. Lam was a senior personnel of a number of companies listed on the Main Board of the Stock Exchange.

Mr. Lam is currently an independent non-executive director of VSTECS Holdings Limited (stock code: 856), which is listed on the Main Board of the Stock Exchange.

獨立非執行董事

藍顯賜(藍先生)，54歲，自二零一二年六月十五日起獲委任為本公司獨立非執行董事。藍先生分別為英國特許公認會計師公會資深會員，亦為英國特許管理會計師公會、英格蘭及威爾斯特許會計師公會及香港會計師公會會員。藍先生畢業於香港理工大學，獲管理會計學專業文憑及會計學(榮譽)文學士學位。藍先生在財務、審計及會計範疇有超過29年經驗。藍先生曾為多間在聯交所主板上市的公司的高級人員。

藍先生現為偉仕佳杰控股有限公司(股份代號：856)之獨立非執行董事，該公司於聯交所主板上市。

Professor Jin Zhongwei (Professor Jin), aged 80, was appointed as an independent non-executive Director of the Company since 15 June 2012. He is an expert in wood preservation with over 40 years of experience in wood preservation. Professor Jin graduated from Nanjing Forestry College in 1961 and majored in forestry products chemical processing. He studied wood preservation and modification technologies in the United States as a government-appointed scholar from 1981 to 1983, and was a visiting scholar at Oregon State University and Mississippi State University from 1994 to 1995 respectively.

金重為教授（金教授），80歲，自二零一二年六月十五日起獲委任為本公司獨立非執行董事。彼為木材保護領域專家，在木材保護研究領域擁有逾40年的經驗。金教授於一九六一年畢業於南京林業學院，主修林業產品化學加工。彼曾於一九八一年至一九八三年期間以公派學者身份赴美國進修學習木材保護與改性技術，於一九九四年至一九九五年分別擔任美國俄勒崗州立大學和密西西比州立大學訪問學者。

Professor Su Wenqiang (Professor Su), aged 62, was appointed as an independent non-executive Director of the Company since 15 June 2012. Professor Su has more than 34 years of experience in the research of forestry and timber products. Professor Su was awarded as Model Member of the Communist Party (優秀共產黨員) from 2006 to 2007, and was appointed as various positions in timber industry, e.g., council member of Standing Committee of the Heilongjiang Province Chemistry Society (黑龍江省化工學會理事會) (in December 2004), committee member of Wood Science Institute of the Chinese Society of Forestry (中國林學會木材科學分會) (in April 2010), member of Board of Experts of Standardisation Committee of China Timber and Wood Products Distribution Association Wood Preservation Committee (中國木材與木製品流通協會木材防腐專業委員會專家指導委員會) (in December 2009), member of Board of Experts Committee of Standardisation Committee of China Wood Preservation Industry Association (中國木材保護工業協會專家委員會) (in October 2011), committee member of the Wood Preservation Research Committee of the Wood Science Institute of the Chinese Society of Forestry (中國林學會木材科學分會木材保護研究會委員會) (in April 2007) and editor of editorial committee of Biomass Chemical Engineering published by Institute of Chemical Industry of Forest Products (中國林業科學研究院林產化學工業研究所《生物質化學工程》) (in December 2010). Professor Su graduated from Northeast Forestry University in July 1982, major in professional chemical processing of forestry products (林產化學加工工程專業), and obtained a Doctorate Degree in December 2008.

蘇文強教授（蘇教授），62歲，於二零一二年六月十五日起獲委任為本公司的獨立非執行董事。蘇教授於林學及木製產品研究領域有超過34年資歷。蘇教授於二零零六年至二零零七年期間，榮獲優秀共產黨員的稱號，並獲委任木材行業的多個職位，例如黑龍江省化工學會理事會理事（於二零零四年十二月）、中國林學會木材科學分會委員會委員（於二零一零年四月）、中國木材與木製品流通協會木材防腐專業委員會專家指導委員會委員（於二零零九年十二月）、中國木材保護工業協會專家委員會委員（於二零一一年十月）、中國林學會木材科學分會木材保護研究會委員會委員（於二零零七年四月）及中國林業科學研究院林產化學工業研究所《生物質化學工程》編輯委員會編委（於二零一零年十二月）。蘇教授於一九八二年七月畢業於東北林業大學，主修林產化學加工工程專業，並於二零零八年十二月獲得博士學位。

SENIOR MANAGEMENT

Chen Tianfu (Mr. Chen), aged 52, is the chief financial officer of our Group. Since joining our Group in 2009, Mr. Chen has been responsible for our Group's accounting and financial management affairs. Prior to joining our Group, Mr. Chen was in charge of the financial departments of Jiangxi Sanhua Real Estate Co. Ltd. (江西三華置業有限公司) and Fujian Dufeng Sugar Factory (福建省度峰糖廠) respectively. Mr. Chen has over 22 years of experience in corporate financial management and possesses the qualifications of an accountant in the PRC. Mr. Chen graduated from Fujian Quanzhou Supply and Sales School (福建省泉州供銷學校) in 1986 majoring in financial accounting with a secondary vocational school diploma.

Yu Hok Sum (Mr. Yu), aged 34, joined our Group in October 2015, is the group financial controller and company secretary of the Group. Mr. Yu is responsible for our Group's accounting and financial management. Mr Yu has over 11 years of experience in finance, accounting and auditing. Prior to joining the Company, Mr. Yu had worked for one of the big four international accounting firms and an international valuation consultancy company. Mr. Yu holds a Master of Corporate Governance degree from The Hong Kong Polytechnic University. He is a fellow member of Hong Kong Institute of Certified Public Accountants, a member of the Hong Kong Institute of Company Secretaries and the Institute of Chartered Secretaries and Administrators.

高級管理層

陳天福（陳先生），52歲，為本集團首席財務官。陳先生自二零零九年起加入本集團至今，一直負責本集團的會計及財務管理事務。陳先生在加入本集團前，曾於江西三華置業有限公司及福建省度峰糖廠擔任財務部門負責人職務。陳先生在企業財務管理方面擁有逾22年經驗，擁有中國會計師資格。陳先生於一九八六年畢業於福建省泉州供銷學校主修財務會計，並取得中專文憑。

余學深（余先生），34歲，於二零一五年十月加入本集團，為本集團的集團財務總監及公司秘書。余先生負責本集團的會計及財務管理。余先生於金融、會計及審計方面擁有逾十一年經驗。於加入本公司前，余先生在其中一間四大國際會計師事務所及一間國際評估諮詢公司工作。余先生持有香港理工大學的企業管治碩士學位。彼為香港會計師公會資深會員、香港公司秘書公會及英國特許秘書及行政人員公會會員。

Independent Auditor's Report
獨立核數師報告

TO THE SHAREHOLDERS OF CHINA ENVIRONMENTAL TECHNOLOGY AND BIOENERGY HOLDINGS LIMITED
(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Environmental Technology and Bioenergy Holdings Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 89 to 192, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), 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.

致中科生物控股有限公司股東

(於開曼群島註冊成立的有限公司)

意見

吾等已審核載列於第89至192頁中科生物控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表，該等綜合財務報表包括於二零一七年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表的附註，包括主要會計政策概要。

吾等認為，綜合財務報表已根據國際財務報告準則(「國際財務報告準則」)真實而公平地反映 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要求妥為編製。

意見的基礎

吾等根據香港會計師公會(「香港會計師公會」)頒佈的香港審計準則(「香港審計準則」)進行審核。在該等準則下，吾等的責任在吾等的報告內「核數師就審核綜合財務報表須承擔的責任」一節進一步闡述。根據香港會計師公會的「國際職業會計師道德守則」(「守則」)吾等獨立於 貴集團，並已遵循守則履行其他道德責任。吾等相信，吾等所獲得的審核憑證能充足及適當地為吾等的審核意見提供基礎。

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.

關鍵審核事項

根據吾等的專業判斷，關鍵審核事項為吾等審核於本期間的綜合財務報表中最重要的事項。吾等在審核綜合財務報表及就此達致意見時處理此等事項，而不會就此等事項單獨發表意見。

Key Audit Matter 關鍵審核事項	How our audit addressed the Key Audit Matter 吾等在審核中如何處理關鍵審核事項
Impairment of property, plant and equipment ***物業、廠房及設備減值*** *The carrying amount of the Group's property, plant and equipment as at 31 December 2017 amounted to RMB 631,169,000. The loss before taxation of RMB 38,203,000 incurred by the Group indicates that these assets may be impaired. Accordingly, the Group subjected its property, plant and equipment to an impairment test during the year.* Management determined the recoverable amounts based on the higher of fair value less costs to sell and value in use. This matter is significant to our audit due to the material size of the production assets' carrying amounts and the judgement involved in the impairment assessment. The assessment of recoverable amount involves management exercising significant judgement and making assumptions about future market and economic conditions. The disclosure of the above significant estimates is provided in Note 3(v) to the financial statements, and further information related to the property, plant and equipment is provided in Note 11 to the financial statements. 貴集團於2017年12月31日的物業、廠房及設備為人民幣631,169,000元。 貴集團產生除税前虧損人民幣38,203,000元表明該等資產可能減值。因此， 貴集團令其物業、廠房及設備於年內進行減值測試。 管理層釐定可收回金額乃基於較高公平值減銷售成本及使用價值。由於大規模生產資產之賬面值及減值評估所涉及判斷，該事項對吾等審核至關重要。評估可收回金額要求管理層進行重大判斷及作出有關日後市場及經濟狀況假設。 上述重大估計披露載於財務報表附註3(v)，有關物業、廠房及設備進一步資料載於財務報表附註11。	Our response: — We evaluated the valuation methodology adopted by the independent valuer and considered their independence, qualifications and experience. — The key assumptions used in the independent valuer's model included revenue and cost projections, long term growth rates and discount rates. We involved our internal specialists to assess the appropriateness of the valuation methodology and reasonableness of certain assumptions used by the management and the independent valuer in their valuation process by comparing to acceptable market parameters and data. — Assessing the appropriateness of the methodology used by management. — Checking the arithmetical accuracy of the impairment computation. 吾等之應對： — 吾等評估獨立估值師採納之估值方法及考慮彼等獨立性、資格及經驗。 — 獨立估值師模型使用關鍵假設包括收入及成本推算、長期增長率及折現率。吾等委聘內部專家透過比較可接受市場參數及數據評估估值方法之適當性及管理層及獨立估值師於彼等估值過程中使用若干假設之合理性。 — 評估管理層使用方法之適當性。 — 檢查減值計算之算術準確性。

Key Audit Matter 關鍵審核事項	How our audit addressed the Key Audit Matter 吾等在審核中如何處理關鍵審核事項
Valuation of inventories ***存貨估值*** The Group held inventories amounting to RMB 331,118,000 as at 31 December 2017. Inventories are carried at the lower of cost and net realisable value. The cost of inventories may not be recoverable if those inventories are aged and damaged, if they have become obsolete, or if their selling prices have declined. Management has carried out inventory review at the end of the reporting period in accordance with the Group's accounting policies. Management has concluded that there is write-down of RMB 2,354,000 in respect of the inventories for the year ended 31 December 2017. This conclusion was based on inventories are carried at the lower of cost and net realisable value. We have identified valuation of inventories as a key audit matter because of its significance to the consolidated financial statements and the determining the net realisable values involved significant management judgement. (Refer to note 2 to the consolidated financial statements and the Group's critical accounting estimates and assumptions in relation to the net realisable value of inventories set out in notes 3(i)) 貴集團於2017年12月31日持有存貨人民幣331,118,000元。存貨按成本與可變現淨值之較低者列賬。倘該等存貨破舊、過時，或彼等售價下降，則存貨成本可能不可收回。 根據　貴集團會計政策，管理層於報告期末進行存貨審閱。管理層作出結論，就於截至2017年12月31日止年度存貨撇減人民幣2,354,000元。該結論乃基於按成本與可變現淨值的較低者列賬。 吾等已因存貨估值對綜合財務報表之重要性而將其識別為關鍵審核事項，並釐定可變現淨值涉及重大管理層判斷。（請參閱綜合財務報表附註2及附註3(i)所載　貴集團有關存貨可變現淨值之關鍵會計估計及假設）	Our response: — Assessing and evaluating the inventory ageing analysis of the Group at year end, and subsequent usage and sales of inventory after year end; — Testing inventories to assess if they are stated at the lower of cost or net realisable value by comparing the actual sales value to the book value for a selected samples of finished goods and raw material; and — Assessing the sufficiency of the write down on inventories made by management with reference to the inventory ageing analysis and the subsequent transaction prices of the inventories, on a sample basis. 吾等之應對： — 評核及評估　貴集團於年末之存貨賬齡分析及於年末後存貨之後續使用及銷售； — 透過比較製成品及原材料經選擇樣本之實際銷售價值及賬面值，測試存貨以評估彼等是否按成本或可變現淨值之較低者列賬；及 — 評估管理層按樣本基礎經參考存貨賬齡分析及存貨後續交易價格作出撇減存貨之充足性。

Key Audit Matter 關鍵審核事項	How our audit addressed the Key Audit Matter 吾等在審核中如何處理關鍵審核事項
Recoverability of trade receivables ***貿易應收款項的可回收*** *Some customers having higher outstanding days than the Group's average trade receivables aging date, increasing their inherent exposure to credit risk. As outlined in note 20b, there were trade receivables as at 31 December 2017 more than 12 months past due.* The inherent subjectivity involved in the management making judgements in relation to credit risk exposures. The collectability of the Group's trade receivables and the valuation of the allowance for impairment of trade receivables is a key audit matter due to the significant management judgment involved. *(Refer to note 20 to the consolidated financial statements and the Group's critical accounting estimates and assumptions in relation to the impairment of trade receivables set out in notes 3(ii)* *若干客戶擁有較　貴集團平均貿易應收款項賬齡日期更長的未償還天數，增加其固有信貸風險。如附註20b概述，於二零一七年十二月三十一日有貿易應收款項超過12個月逾期。* 管理層就信貸風險作出判斷涉及固有主觀性。　貴集團貿易應收款項的可回收性及貿易應收款項減值撥備估值為關鍵審核事項，因其涉及重大管理層判斷。*（請參閱綜合財務報表附註20及附註3(ii)所載　貴集團就貿易應收款項的減值作出的重要會計估計及假設）*	Our response: — Enquiring management's knowledge of any recognised bad debts and assessing the appropriateness of the provision of impairment recognised with evidence; — Testing the aging of the trade receivables and assessing the recoverability of long outstanding trade receivable balances by comparing management's views of recoverability of amounts outstanding to historical patterns of collection; and — Checking to the subsequent settlement of the trade receivables after year end. 吾等之應對： — 查管理層對任何已確認壞賬的知悉情況及評估已確認的有跡象減值撥備的適宜性； — 測試貿易應收款項的賬齡，並透過比較管理層對未償還款項的回收情況的看法與過往收款模式，評估長期未償還貿易應收款項結餘的可回收性；及 — 檢查年末後貿易應收款項的後續結算。

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

年報之其他資料

董事須對其他資料承擔責任。其他資料包括載於　貴集團年報的資料，惟不包括綜合財務報表及吾等的核數師報告。

吾等對綜合財務報表作出的意見並無涵蓋其他資料，而吾等不會對其他資料發表任何形式的核證結論。

就吾等審核綜合財務報表而言，吾等的責任為閱讀其他資料，從而考慮其他資料是否與綜合財務報表或吾等在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。倘若吾等基於已進行的工作認為其他資料出現重大錯誤陳述，吾等須報告有關事實。就此，吾等毋須作出報告。

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRSs 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 directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據國際財務報告準則及香港公司條例的披露要求，編製真實而公平地反映情況的綜合財務報表，及董事釐定對編製綜合財務報表屬必要的有關內部監控，以使該等綜合財務報表不會存在由於欺詐或錯誤而導致的重大錯誤陳述。

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

董事亦負責監督　貴集團財務報告流程。審計委員會協助董事就此履行彼等職責。

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

核數師就審核綜合財務報表須承擔的責任

吾等的目標為合理確定此等綜合財務報表整體而言不會存在由於欺詐或錯誤而導致的重大錯誤陳述，並發出載有吾等意見的核數師報告，並按照委聘之條款僅向整體股東報告，不作其他用途。吾等概不就本報告的內容對任何其他人士負責或承擔任何責任。

合理確定屬高層次的核證，惟根據香港審計準則進行的審核工作不能保證總能察覺所存在的重大錯誤陳述。錯誤陳述可因欺詐或錯誤產生，倘個別或整體在合理預期情況下可影響使用者根據綜合財務報表作出的經濟決定時，則被視為重大錯誤陳述。

在根據香港審計準則進行審計的過程中，吾等運用專業判斷，保持專業懷疑態度。吾等亦：

- 識別及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、設計及執行審計程序以應對該等風險以及獲取充足和適當的審計憑證，作為吾等意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部監控的情況，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。

- 了解與審計相關的內部監控，以設計適當的審計程序，惟並非旨在對　貴集團內部監控的有效性發表意見。

- 評估董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

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

We also provide 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.

- 對董事採用持續經營會計基礎的恰當性作出結論，並根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對　貴集團的持續經營能力產生重大疑慮。倘吾等認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。倘有關披露不足，則修訂吾等意見。吾等結論乃基於截至核數師報告日期止所取得的審計憑證。然而，未來事項或情況可能導致　貴集團無法持續經營。

- 評估綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否中肯反映相關交易和事項。

- 就　貴集團內實體或業務活動的財務資料獲取充足及適當的審計憑證，以便對綜合財務報表發表意見。吾等負責集團審計的方向、監督和執行。吾等為審核意見承擔全部責任。

吾等與審計委員會就（其中包括）審計的計劃範圍、時間安排及重大審計發現溝通，該等發現包括吾等在審計過程中識別的內部監控的任何重大缺失。

吾等亦向審計委員會作出聲明，指出吾等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吾等獨立性的所有關係及其他事宜，以及相關防範措施（如適用）。

From the matters communicated with the directors, 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.

從與董事溝通的事項中，吾等釐定對本期間綜合財務報表的審計至關重要的事項，因而構成關鍵審核事項。吾等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，倘合理預期在吾等報告中溝通某事項造成的負面後果超出產生的公眾利益，則吾等決定不應在報告中傳達該事項。

BDO Limited
Certified Public Accountants

Wan Che Bun
Practising Certificate No. P05804

Hong Kong, 26 March 2018

香港立信德豪會計師事務所有限公司
執業會計師

尹子斌
執業證書編號P05804

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
(Expressed in Renminbi) *（以人民幣列示）*

		Note 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Revenue	**收入**	4	**462,191**	442,328
Cost of sales	銷售成本		**(430,018)**	(394,506)
Gross profit	**毛利**		**32,173**	47,822
Other revenue	其他收入	5(a)	**15,777**	29,308
Other net loss	其他虧損淨額	5(b)	**(14,884)**	(21,877)
Selling and distribution expenses	銷售及分銷開支		**(17,600)**	(20,219)
Administrative expenses	行政開支		**(47,249)**	(46,546)
Loss from operations	**經營虧損**		**(31,783)**	(11,512)
Finance costs	融資成本	6(a)	**(6,216)**	(9,037)
Share of losses of associates	分佔聯營公司虧損		**(204)**	(129)
Loss before taxation	**除稅前虧損**	6	**(38,203)**	(20,678)
Income tax expense	所得稅開支	7(a)	**(2,353)**	(1,617)
Loss for the year	**年內虧損**		**(40,556)**	(22,295)
			RMB 人民幣元	RMB 人民幣元
Loss per share	**每股虧損**			
Basic and diluted	基本及攤薄	10	**(0.0134)**	(0.0087)

The notes on pages 96 to 192 form part of these consolidated financial statements.

第96頁至第192頁的附註為本綜合財務報表的一部分。

Consolidated Statement of Profit or Loss and Other Comprehensive Income
綜合損益及其他全面收益表

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

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Loss for the year	**年內虧損**	**(40,556)**	(22,295)
Other comprehensive income for the year, net of tax	**年內其他全面收益（扣除稅項）**		
Item that may be reclassified subsequently to profit or loss:	*其後可能重新分類至損益表的項目：*		
Exchange differences on translation of financial statements of foreign operations	換算海外業務財務報表產生的匯兑差額	**(16,649)**	15,502
Total comprehensive income for the year	**年內全面收益總額**	**(57,205)**	(6,793)

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
(Expressed in Renminbi) *（以人民幣列示）*

		Note 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Non-current assets	**非流動資產**			
Property, plant and equipment	物業、廠房及設備	*11*	**631,169**	548,043
Lease prepayments	租賃預付款	*12*	**73,650**	98,096
Non-current prepayments for acquisitions of property, plant and equipment	收購物業、廠房及設備的非即期預付款	*13*	**34,603**	64,167
Interests in associates	於聯營公司的權益	*14*	**24,434**	23,355
Other financial assets	其他金融資產	*16*	**2,495**	2,495
Deferred tax assets	遞延税項資產	*18*	**5,984**	4,596
			772,335	740,752
Current assets	**流動資產**			
Inventories	存貨	*19*	**331,118**	319,500
Current portion of lease prepayments	租賃預付款的即期部分	*12*	**1,664**	1,966
Trade and other receivables	貿易及其他應收款項	*20*	**196,604**	239,886
Pledged deposits	已抵押存款	*21*	**78,261**	147,192
Cash and cash equivalents	現金及現金等價物	*22(a)*	**113,501**	173,986
			721,148	882,530
Current liabilities	**流動負債**			
Trade and other payables	貿易及其他應付款項	*23*	**64,153**	33,329
Bank loans	銀行貸款	*24*	**233,187**	340,072
Debentures	債券	*26*	**–**	17,890
Current portion of deferred income	遞延收入的即期部分	*25*	**1,163**	1,163
Current taxation	即期税項		**25,966**	26,324
			324,469	418,778
Net current assets	**流動資產淨值**		**396,679**	463,752

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
(Expressed in Renminbi) *(以人民幣列示)*

		Note 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Total assets less current liabilities	**總資產減流動負債**		**1,169,014**	1,204,504
Non-current liabilities	**非流動負債**			
Bank loans	銀行貸款	*24*	**–**	56,290
Debentures	債券	*26*	**16,790**	–
Non-current portion of deferred income	遞延收入的非即期部分	*25*	**16,038**	17,201
Deferred tax liabilities	遞延稅項負債	*18*	**5,596**	2,296
			38,424	75,787
NET ASSETS	**資產淨值**		**1,130,590**	1,128,717
Equity	**權益**			
Share capital	資本	*27(b)*	**25,544**	20,987
Reserves	儲備		**1,105,046**	1,107,730
TOTAL EQUITY	**權益總額**		**1,130,590**	1,128,717

Approved and authorised for issue by the board of directors on 26 March 2018.

於二零一八年三月二十六日獲董事會批准及授權刊發。

Wu Zheyan
吳哲彥
Chief Executive Officer
行政總裁

Xie Qingmei
謝清美
Chairman
主席

Consolidated Statement of Changes in Equity
綜合權益變動表

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

		Attributable to equity holders of the Company 本公司權益持有人應佔					
		Share capital 股本 RMB'000 人民幣千元 *(note 27(b))* *（附註27(b)）*	**Share premium 股份溢價** RMB'000 人民幣千元 *(note 27(c)(i))* *（附註27(c)(i)）*	**Exchange reserve 匯兌儲備** RMB'000 人民幣千元 *(note 27(c)(ii))* *（附註27(c)(ii)）*	**Statutory reserve 法定儲備** RMB'000 人民幣千元 *(note 27(c)(iii))* *（附註27(c)(iii)）*	**Retained profits 保留溢利** RMB'000 人民幣千元	**Total equity 總額** RMB'000 人民幣千元
At 1 January 2016	**於二零一六年一月一日**	20,987	622,784	7,893	52,401	431,445	1,135,510
Changes in equity for 2016:	**二零一六年權益變動：**						
Loss for the year	年內虧損	–	–	–	–	(22,295)	(22,295)
Other comprehensive income	其他全面收益	–	–	15,502	–	–	15,502
Total comprehensive income	全面收益總額	–	–	15,502	–	(22,295)	(6,793)
Appropriations to statutory reserve	撥往法定儲備	–	–	–	1,264	(1,264)	–
		–	–	–	1,264	(1,264)	–
At 31 December 2016 and 1 January 2017	**於二零一六年十二月三十一日及二零一七年一月一日**	20,987	622,784	23,395	53,665	407,886	1,128,717
Changes in equity for 2017:	**二零一七年權益變動：**						
Loss for the year	年內虧損	–	–	–	–	(40,556)	(40,556)
Other comprehensive income	其他全面收益	–	–	(16,649)	–	–	(16,649)
Total comprehensive income	全面收益總額	–	–	(16,649)	–	(40,556)	(57,205)
Issue of shares upon subscription	認購時發行股份	4,557	54,521	–	–	–	59,078
Appropriations to statutory reserve	撥往法定儲備	–	–	–	1,119	(1,119)	–
		4,557	54,521	–	1,119	(1,119)	59,078
At 31 December 2017	於二零一七年十二月三十一日	25,544	677,305	6,746	54,784	366,211	1,130,590

Consolidated Cash Flow Statement
綜合現金流量表

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

		Note *附註*	**2017** **二零一七年** **RMB'000** **人民幣千元**	2016 二零一六年 RMB'000 人民幣千元
Operating activities	**經營活動**			
Cash generated from operations	經營業務所得現金	*22(b)*	**48,318**	89,357
Income tax paid	已付所得税		**(802)**	(101)
Net cash generated from operating activities	**經營活動所得現金淨額**		**47,516**	89,256
Investing activities	**投資活動**			
Payment for the purchase of property, plant and equipment	就購買物業、廠房及設備付款		**(89,355)**	(89,167)
Payment for the purchase of lease prepayment	支付購買租賃預付款		**(6,356)**	–
Interest received	已收利息		**3,405**	5,687
Payment for investment in associates	支付於聯營公司的投資		**(1,350)**	(9,450)
Dividend income received	已收股息收入		**354**	283
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項		**–**	12
Proceeds from disposal of lease prepayment	出售租賃預付款所得款項		**30,000**	–
Net cash used in investing activities	**投資活動所用現金淨額**		**(63,302)**	(92,635)

Consolidated Cash Flow Statement *(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
(Expressed in Renminbi) （以人民幣列示）

		Note 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Financing activities	**融資活動**			
Proceeds from new bank loans	新增銀行貸款所得款項		**459,902**	731,255
Repayments of bank loans	償還銀行貸款		**(625,129)**	(737,926)
Increase in pledged deposits	已抵押存款增加		**65,678**	(10,108)
Advance from associates	聯營公司墊款		**22,517**	–
Interest paid	已付利息		**(14,318)**	(17,582)
Proceeds from issue of shares upon placing, net of issuing costs	配售時發行股份的所得款項，扣除發行開支		**59,246**	–
Subscription shares expense	認購股份開支		**(168)**	–
Net cash used in financing activities	**融資活動所用現金淨額**		**(32,272)**	(34,361)
Net decrease and cash equivalents	**現金及現金等價物減少淨額**		**(48,058)**	(37,740)
Cash and cash equivalents at 1 January	**於一月一日的現金及現金等價物**		**173,986**	196,901
Effect of foreign exchange rate changes	**匯率變動的影響**		**(12,427)**	14,825
Cash and cash equivalents at 31 December	**於十二月三十一日的現金及現金等價物**	*22(a)*	**113,501**	173,986

1 GENERAL INFORMATION

China Environmental Technology and Bioenergy Holdings Limited ("the Company") was incorporated in the Cayman Islands on 17 October 2011 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company was listed on the Stock Exchange on 6 July 2012.

The consolidated financial statements for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as "the Group"). The consolidated financial statements were authorised for issue by the Directors on 26 March 2018.

1 一般資料

中科生物控股有限公司(「本公司」)於二零一一年十月十七日根據開曼群島法例第22章公司法(一九六一年法例第3號，經綜合及修訂)在開曼群島註冊成立為獲豁免有限公司。本公司於二零一二年七月六日在聯交所上市。

截至二零一七年十二月三十一日止年度的綜合財務報表包括本公司及其附屬公司(統稱「本集團」)。綜合財務報表獲董事於二零一八年三月二十六日授權刊發。

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) 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 financial statements.

2 重大會計政策

(a) 合規聲明

此等財務報表乃按照一切適用國際財務報告準則(「國際財務報告準則」)以及香港公司條例規定編製，國際財務報告準則為國際會計準則委員會(「國際會計準則委員會」)頒佈的一切適用個別國際財務報告準則、國際會計準則(「國際會計準則」)及詮釋。此等財務報表亦符合香港聯合交易所有限公司證券上市規則(「上市規則」)的適用披露條文。本集團採納的重大會計政策摘要載列如下。

國際會計準則委員會已頒佈若干新訂及經修訂國際財務報告準則，且於本集團及本公司的本會計期間首次生效或可供提早採用。首次應用與本集團相關的此等新訂及經修訂國際財務報告準則所引致本會計期間及過往會計期間的任何會計政策變動已於此等財務報表內反映，有關資料載列於附註2(c)。

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation of the financial statements

These consolidated financial statements are presented in RMB, rounded to the nearest thousand. The measurement basis used in the preparation of the financial statements is the historical cost basis except that derivative financial instruments are stated at their fair value (see note 2(i)).

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

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

Judgements made by management in the application of IFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 3.

2 重大會計政策(續)

(b) 財務報表編製基準

此等綜合財務報表乃以人民幣呈報，並四捨五入至最接近千元。編製財務報表所採用的計量基準為歷史成本法，惟衍生金融工具乃以公平值列賬(見附註2(i))。

根據國際財務報告準則，於編製財務報表時，管理層必須作出影響政策應用及資產、負債、收入及費用呈報金額的判斷、估計及假設。該等估計及相關假設乃根據過往經驗及在各種情況下被視為合理的各種其他因素為基礎，有關結果作為對無法自其他來源獲得的資產及負債的賬面值作出判斷的依據。實際結果可能有別於該等估計。

該等估計及相關假設會持續予以審閱。如會計估計的修訂僅對作出修訂的期間產生影響，則有關修訂僅會在該期間內確認；如會計估計的修訂對現時及未來期間均產生影響，則會在作出該修訂期間和未來期間內確認。

管理層採納國際財務報告準則時所作對綜合財務報表有重大影響的判斷以及估計不明朗因素的主要來源在附註3中討論。

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Adoption of new/revised IFRSs — effective 1 January 2017

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group and the Company:

Amendments to IAS 7	Statement of Cash Flows: Disclosure Initiative
Amendments to IAS 12	Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses
Annual Improvements 2014–2016 Cycle	Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 重大會計政策（續）

(c) 採納新訂／經修訂國際財務報告準則 — 二零一七年一月一日生效

國際會計準則委員會已頒佈以下於本集團及本公司的本會計期間首次生效的國際財務報告準則修訂本：

國際會計準則第7號（修訂本）	現金流量表：披露動議
國際會計準則第12號（修訂本）	所得税：對未實現損失確認遞延所得税資產
二零一四年至二零一六年週期的年度改進	國際財務報告準則第12號（修訂本）在其他主体中權益的披露：對國際財務報告準則第12號中披露規定範圍的澄清

該等發展情況並無對集團於本期間或過往期間已編製或呈報的業績及財務狀況造成任何重大影響。本集團並無應用於本會計期間尚未生效的任何新標準或詮釋。

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

2 重大會計政策（續）

(d) 業務合併及綜合基準

綜合財務報表包括本集團之財務報表。集團公司間交易及內部公司結餘以及未實現之溢利於編制綜合財務報表時悉數對銷。未實現虧損亦作對銷，除非是項交易提供資產轉移減值證據，亦在損益中確認虧損。

年內已購入或出售的附屬公司業績分別由收購之日起或直至出售之日（倘適用）計入綜合全面收益表。如必要，則會對附屬公司的財務報表作出調整，以使其會計政策與本集團其他成員公司所使用者一致。

附屬公司或業務收購採用收購法入賬。收購成本按所轉讓資產、所產生負債及本集團（作為收購方）所發行股權於收購日期的公平值總額計量。所收購可識別資產及所承擔負債則主要按收購日期的公平值計量。本集團先前所持被收購方的股權以收購日期的公平值重新計量，而所產生收益或虧損則於損益確認。本集團可按每宗交易選擇按公平值或按應佔被收購方可識別資產淨值的比例計量代表目前於附屬公司所有權權益的非控股權益。除非香港財務報告準則規定須採用其他計量基準，否則所有其他非控股權益均以公平值計量。所產生收購相關成本將予支銷，除非該等成本於發行權益工具時產生，在此情況下，則自權益扣除相關成本。

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Business combination and basis of consolidation *(Continued)*

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

2 重大會計政策*(續)*

(d) 業務合併及綜合基準*(續)*

將由收購方轉讓之任何或然代價按收購日期之公平值確認。其後對代價之調整於調整源自於計量期(最長為收購日期起計12個月)內所取得有關於收購日期之公平值之新資料時，方於商譽確認。被分類為資產或負債之或然代價所有其他其後調整乃於損益中確認。

當本集團失去對一家附屬公司的控制權，出售溢利或虧損為按以下兩者間的差額計算：(i)已收代價公平值與任何保留權益公平值的總額；及(ii)資產(包括商譽)過往賬面值以及附屬公司及任何非控股權益負債。先前於其他全面收益確認與附屬公司有關的金額按在相關資產或負債已出售情況下所規定的相同方式列賬。

收購後，代表目前於附屬公司所有權權益的非控股權益賬面值為初步確認時的該等權益金額，另加有關非控股權益其後應佔的權益變動。全面收入總額撥歸有關非控股權益，即使此會導致該等非控股權益出現虧絀結餘。

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Subsidiaries

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

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(m)).

(f) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

2 重大會計政策(續)

(e) 附屬公司

附屬公司指本集團控制的實體。當本集團對參與該實體業務的浮動回報承擔風險或享有權利以及能透過對該實體行使權力影響該等回報時,即本集團對該實體擁有控制權。於評估本集團是否擁有該權力時,僅會考慮本集團或其他人士持有的實質權力。

於附屬公司的投資自控制權開始當日計入綜合財務報表,直至控制權終止當日為止。集團內公司間的結餘、交易及現金流量,以及集團內公司間交易所產生的任何未變現溢利,在編製綜合財務報表時均全數抵銷。集團內公司間交易所產生的未變現虧損則僅在無出現減值證據的情況下以與抵銷未變現溢利的相同的方法抵銷。

於本公司的財務狀況表中,於附屬公司的投資按成本減減值虧損列賬(見附註2(m))。

(f) 聯營公司

聯營公司指本集團或本公司擁有重大影響力,但並無單獨或共同控制其管理事宜(包括參與財務及營運決策)之實體。

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Associates *(Continued)*

An investment in an associate is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(m)(i)). Any acquisition-date excess over cost, the Group's share of the post- acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the Group's statement of financial position, investments in associates are stated at cost less impairment losses (see note 2(m)).

2 重大會計政策*(續)*

(f) 聯營公司*(續)*

於聯營公司的投資在綜合財務報表中以權益法入賬。根據權益法，投資初步按成本入賬，並就本集團應佔被投資公司收購當日可識別資產淨值之公平值超出投資成本的部分(如有)作出調整。此後，該投資因本集團所佔被投資公司資產淨值份額於收購後的變動及與投資有關之任何減值虧損作出調整(見附註2(m)(i))。收購當日超出成本的任何部分、本集團年內應佔被投資公司收購後的稅後業績以及任何減值虧損於綜合損益表確認，而本集團應佔被投資公司收購後的稅後其他全面收益項目於綜合損益及其他全面收益表內確認。

當本集團應佔聯營公司的虧損超出應佔權益時，本集團的權益將調減至零，並且不再確認其他虧損，惟倘本集團須承擔法定或推定責任，或代表被投資公司付款則除外。就此而言，本集團的權益是按權益法計算的投資賬面值加上實質上屬於本集團對聯營公司投資淨額一部分的本集團長期權益。

本集團與其聯營公司交易所產生的未變現損益，以本集團所佔被投資公司的權益為限抵銷，惟倘有證據顯示未變現虧損是由於所轉讓資產出現減值所致，則即時於損益確認。

於本集團的財務狀況表，於聯營公司的投資乃按成本減減值虧損(見附註2(m))基準列賬。

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Goodwill

Goodwill represents the excess of:

(i) The aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the group's previously held equity interest in the acquiree; over

(ii) The net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

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

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(m)).

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

2 重大會計政策（續）

(g) 商譽

商譽乃指以下差額：

(i) 轉讓代價的公平值、於被收購方的任何非控股權益數額與集團先前所持被收購方股權的公平值的總和；與

(ii) 於收購日期計量的被收購方可識別資產及負債的公平淨值。

當第(ii)項大於第(i)項，則此差額即時於損益賬按溢價收購收益確認。

商譽按成本減累計減值虧損列賬。業務合併產生的商譽被分配至預期透過合併的協同效應獲利的各現金產生單位或現金產生單位組別，並每年進行減值測試（見附註2(m)）。

於年內的現金產生單位出售時，計算出售損益時計及已收購商譽的任何應佔金額。

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries and associates are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in equity securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends earned on these investments as these are recognised in accordance with the policies set out in note 2(w).

Investments in equity securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the consolidated statement of financial position at cost less impairment losses (see note 2(m)). Dividend income from equity securities are recognised in profit or loss in accordance with the policies set out in note 2(w)(v).

2 重大會計政策*(續)*

(h) 其他股本證券投資

本集團及本公司股本證券投資(於附屬公司及聯營公司的投資除外)的政策如下：

股本證券投資最初以公平值(亦即其交易價格)列賬，除非確定於初始確認時的公平值有別於交易價格，且該公平值以相同資產或負債在活躍市場的報價作依據，或採用僅輸入可觀察市場數據的估值技術。成本包括應佔交易成本，惟並不包括以下所述情況。該等投資其後將根據其分類按下列方式列賬：

持作買賣股本證券的投資分類為流動資產。任何應佔交易成本均於產生時於損益表確認。公平值於各報告期間結束時重新計量，而任何所得損益均於損益表內確認。損益表內所確認的收益或虧損淨額並無計及該等投資所賺取的任何股息，是因為該等盈虧乃根據附註2(w)載述的政策進行確認。

如於股本證券的投資並不屬於任何上述類別，則其分類為可供出售證券。公平值於各報告期間結束時重新計量，而任何所得損益均於其他全面收益內確認及於權益內的公平值儲備分開累計。除此之外，相同工具於活躍市場並無報價且其公平值無法可靠計量的股本證券投資乃按成本減減值虧損後於綜合財務狀況表內確認(見附註2(m))。股本證券的股息收入根據附註2(w)(v)所載政策於損益內確認。

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Other investments in equity securities *(Continued)*

When the investments are derecognised or impaired (see note 2(m)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(i) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(j) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(m)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(y)).

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

2 重大會計政策*(續)*

(h) 其他股本證券投資*(續)*

當投資遭終止確認或減值時(見附註2(m))，於權益確認的累計盈虧會重新分類至損益。投資乃於本集團承諾購買／銷售投資當日或有關投資到期時確認／終止確認。

(i) 衍生金融工具

衍生金融工具初步按公平值確認。公平值於各報告期末重新計量。重新計量至公平值所產生的損益即時於損益表內確認。

(j) 物業、廠房及設備

物業、廠房及設備按成本減累計折舊及減值虧損列賬(見附註2(m)(ii))。

物業、廠房及設備的自建項目成本包括材料成本、直接工資、拆卸及搬遷項目以及恢復資產所在地原貌的成本的初步估計(如有關)及適當比例的生產間接費用及借貸成本(見附註2(y))。

物業、廠房及設備項目報廢或出售時產生的盈虧乃按出售所得款項淨額與項目的賬面值之間的差額釐定，盈虧於報廢或出售日期於損益表內確認。

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Property, plant and equipment (Continued)

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

— Buildings	The shorter of the unexpired term of lease and their estimated useful lives, being no more than 20 years after the date of completion
— Leasehold improvement	Over the unexpired term of lease but no more than 5 years
— Plant and machinery	10 years
— Furniture, fittings and equipment	5 years
— Motor vehicles	5 years

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

(k) Construction in progress

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is stated at cost less impairment losses (see note 2(m)(ii)). Cost comprises direct costs of construction and installation during the construction period. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use.

No depreciation is provided in respect of the construction in progress until it is substantially completed and ready for its intended use.

2 重大會計政策(續)

(j) 物業、廠房及設備(續)

於下述估計可使用年期內使用直線法計算折舊，以撇銷物業、廠房及設備項目的成本減其估計剩餘價值(如有)計算：

— 樓宇	以未滿租約期與估計可使用年期較短者計算(即於竣工日期後不超過20年)
— 租賃物業裝修	以未滿租賃期限但不超過5年計算
— 廠房及機器	10年
— 傢俬、裝置及設備	5年
— 汽車	5年

資產的可使用年期及其剩餘價值(如有)每年均被檢討一次。

(k) 在建工程

在建工程指建造中的物業、廠房及設備以及待安裝的設備，按成本扣除減值虧損列賬(見附註2(m)(ii))。成本包括建造期間的直接建造及安裝成本。在資產大致上可作擬定用途時，該等成本將停止資本化，在建工程則撥入物業、廠房及設備項目內。

在建工程在大致竣工及可作擬定用途前，並不計提任何折舊。

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

2 重大會計政策（續）

(l) 租賃資產

倘本集團決定有關一項或一連串交易的安排將特定資產的使用權按協定期間轉移以換取一筆或多筆款項，則有關安排屬或包含租賃。有關決定乃按評估安排的性質作出，而不論有關安排是否屬法定形式的租賃。

(i) 租予本集團的資產的分類

本集團根據租約持有的資產，且租約使所有權的絕大部分風險和回報均轉移至本集團，則有關資產會分類為根據融資租賃持有。不會轉移所有權的絕大部分風險和回報至本集團的租約乃分類為經營租賃。

(ii) 經營租賃費用

當本集團使用經營租賃資產，除非有其他更具代表性的基準以衡量從該等經營租賃資產獲得利益的模式，否則租賃付款按該租賃期所涵蓋的會計年期以等額分期自損益扣除。收到的租賃優惠均在損益表中確認為租賃淨付款總額的組成部分。或有租金在其產生的會計期內自損益扣除。

以經營租賃持有的土地的收購成本按直線法在租賃期內攤銷。

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of assets

(i) Impairment of trade and other receivables and investment in equity securities

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

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

2 重大會計政策（續）

(m) 資產減值

(i) 貿易及其他應收款項及股本證券投資的減值

貿易及其他應收款項及以成本或攤銷成本列賬或分類為可供出售證券的股本證券投資，會在每個報告期間結束時檢閱，以確定有否客觀減值證據。減值的客觀證據包括以下一項或多項引起本集團注意的虧損事件的可觀察資料：

- 債務人出現重大財務困難；
- 違反合約，例如拖欠或逾期償還利息或本金；
- 債務人很可能破產或進行其他財務重組；
- 技術、市場、經濟或法律環境的重大改變對債務人有不利影響；及
- 於股本工具的投資的公平值大幅或長期下跌至低於其成本。

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Impairment of assets *(Continued)*

(i) Impairment of trade and other receivables and investment in equity securities *(Continued)*

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

- For investment in associates accounted for under the equity method in the consolidated financial statements (see note 2(f)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(m)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(m)(ii).

- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

2 重大會計政策（續）

(m) 資產減值（續）

(i) 貿易及其他應收款項及股本證券投資的減值（續）

倘有證據顯示出現減值，則會按下列方法釐定及確認任何減值虧損：

- 就綜合財務報表之以權益法確認之於聯營公司投資（見附註2(f)），減值虧損乃根據附註2(m)(ii)以該項投資之可收回金額與其賬面值比較予以計量。倘用以釐定可收回金額之估計發生有利變化，則減值虧損可根據附註2(m)(ii)予以撥回。

- 就以成本列賬的非上市股本證券而言，減值虧損根據金融資產的賬面值與（如貼現的影響屬重大）按同類金融資產的當時市場回報率貼現的估計未來現金流量兩者間的差額計量。按成本列賬的股本證券的減值虧損不予撥回。

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Impairment of assets *(Continued)*

(i) Impairment of trade and other receivables and investment in equity securities *(Continued)*

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

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

- For other receivables carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated recoverable amount.

2 重大會計政策*（續）*

(m) 資產減值*（續）*

(i) 貿易及其他應收款項及股本證券投資的減值*（續）*

- 就按攤銷成本列賬的貿易及其他應收款項而言，減值虧損根據資產的賬面值與（如貼現的影響屬重大）按金融資產原有實際利率（即在首次確認該等資產時計算的實際利率）貼現的估計未來現金流量現值兩者間的差額計量。倘該等金融資產具備類似風險特徵，例如類似的逾期情況，且並無個別評估為減值，則有關評估會一同進行。一同評估減值的金融資產的未來現金流量基於與該類資產具有類似信貸風險特徵的資產的過往虧損經驗。

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

- 就按成本列賬的其他應收款項而言，減值虧損按金融資產賬面值與估計可收回金額的差額計量。

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Impairment of assets *(Continued)*

(i) Impairment of trade and other receivables and investment in equity securities *(Continued)*

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

(ii) Impairment of other assets

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

- property, plant and equipment;
- lease prepayments;
- goodwill;
- non-current prepayments for acquisitions of property, plant and equipment; and
- investments in subsidiaries in the Company's statement of financial position.

2 重大會計政策*(續)*

(m) 資產減值*(續)*

(i) 貿易及其他應收款項及股本證券投資的減值*(續)*

減值虧損從相應的資產中直接撇銷，惟就可收回性被視為可疑但並非甚微的計入貿易及其他應收款項中的貿易應收款項確認的減值虧損除外。在此情況下，呆賬的減值虧損以撥備賬記錄。倘本集團確認收回的機會甚微，則視為不可收回金額會直接從貿易應收款項中撇銷，而在撥備賬中就該債務保留的任何金額會被撥回。倘之前自撥備賬扣除的款項在其後收回，則有關款項於撥備賬撥回。撥備賬的其他變動及其後收回先前直接撇銷的款項均於損益表中確認。

(ii) 其他資產的減值

本集團於每個報告期間結束時檢討內外資料來源，以鑒定以下資產可有減值或原已確認的減值虧損不再存在或可有減少的跡象(惟就商譽而言則除外)：

- 物業、廠房及設備；
- 租賃預付款；
- 商譽；
- 收購物業、廠房及設備的非即期預付款；及
- 於本公司財務狀況表內的於附屬公司的投資。

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Impairment of assets *(Continued)*

(ii) Impairment of other assets *(Continued)*

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- *Calculation of recoverable amount*

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

- *Recognition of impairment losses*

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

2 重大會計政策*(續)*

(m) 資產減值*(續)*

(ii) 其他資產的減值*(續)*

倘若任何此等跡象存在，則會估計有關資產的可收回金額。另外，不論商譽是否出現減值跡象，每年均會對可收回金額作出估算。

- *計算可收回金額*

  資產的可收回金額為其公平值減去銷售成本與其使用價值兩者中的較高者。評估使用價值時，本集團以除稅前的貼現率計算估計未來現金流量的現值，而該貼現率反映當時市場對貨幣時間價值及該項資產的特有風險的評估。如某項資產產生的現金流入不能基本獨立於其他資產所產生的現金流入，則可收回金額按可獨立產生現金流入的最小資產組合(即現金產生單位)計算。

- *確認減值虧損*

  每當資產(或其所屬的現金產生單位)的賬面值超過其可收回金額，即會在損益表內確認減值虧損。就現金產生單位確認的減值虧損而言，按比例分配減少現金產生單位(或單位組別)獲分配的任何商譽的賬面值，其後減少單位(或單位組別)其他資產的賬面值，惟資產賬面值不會減少至低於其本身的公平值減銷售成本(若能計量)或使用價值(若能釐定)。

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

- *Reversals of impairment losses*

  In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with IAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(m)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

2 重大會計政策（續）

(m) 資產減值（續）

(ii) 其他資產的減值（續）

- *減值虧損回撥*

  就除商譽以外的資產而言，當釐定可收回金額時採納的估計有正面改變時，減值虧損將會回撥。商譽減值虧損不予回撥。減值虧損的回撥金額以假設過往年度並無確認減值虧損情況下本應釐定的資產賬面值為限。減值虧損的回撥於確認回撥當年計入損益表。

(iii) 中期財務報告及減值

根據上市規則，本集團須按國際會計準則第34號中期財務報告編製財政年度首六個月的中期財務報告。本集團於中期期末採用與財政年度年末相同的減值測試、確認及撥回標準（見附註2(m)(i)及(ii)）。

於中期期間就按成本列賬的商譽、可供出售股本證券及非上市股本證券確認的減值虧損不會於往後期間撥回（即使在與該中期期間相關的財政年度年末時並無或只有少數減值虧損需要確認的情況下）。因此，可供出售股本證券的公平值倘於同一年度餘下期間或在任何其他往後的期間有所增加，則該增加須於其他全面收益而非於損益中確認。

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Inventories

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

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

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

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

(o) Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in note 2(w)(ii). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

2 重大會計政策(續)

(n) 存貨

存貨以成本及可變現淨值的較低者列賬。

成本乃按加權平均成本公式計算，並包括所有採購成本、加工成本及其他使存貨達致其現時地點及狀況而產生的成本。

可變現淨值指正常業務過程中的估計售價減估計完成成本及估計銷售費用。

於售出存貨時，該等存貨的賬面值在相關收入確認的期間確認為成本。任何撇減存貨至可變現淨值的金額及存貨的所有虧損於撇減或出現虧損的期間內確認為成本。回撥任何撇減存貨的金額於出現回撥的期間確認為存貨成本的減額。

(o) 工程合約

工程合約乃就一項或一組資產的工程而與一名客戶特定協商的合約，客戶可特別指明設計的主要構架組成元素。合約收入的會計政策載於附註2(w)(ii)。倘若能可靠地估計工程合約的結果，便根據合約於各報告期間結束時的完成程度將合約成本確認為支出。倘若合約總成本可能超過合約總收入，預計的虧損便會即時確認為支出。倘若無法可靠地估計工程合約的結果，合約成本便會在發生期間確認為支出。

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Construction contracts *(Continued)*

Construction contracts in progress at the end of each reporting period are recorded at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the consolidated statement of financial position as the "Gross amount due from customers for contract work" (as an asset) under "Trade and other receivables" or the "Gross amount due to customers for contract work" (as a liability) under "Trade and other payables", as applicable. Progress billings not yet paid by the customer are included under "Trade and other receivables". Amounts received before the related work is performed are presented as "Receipts in advance" under "Trade and other payables".

(p) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(m)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 2(m)(i)).

(q) Interest-bearing borrowings

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

2 重大會計政策（續）

(o) 工程合約（續）

於各報告期間結束時尚在進行中的工程合約，乃按已產生的成本加上已確認的溢利，再減去已確認的虧損及進度款項後的淨額列賬，並呈列於綜合財務狀況表作為「貿易及其他應收款項」下的「應收客戶的合約工程總額」（作為資產）或「貿易及其他應付款項」下的「應付客戶的合約工程總額」（作為負債）（倘適用）。客戶尚未支付的進度款項乃計入「貿易及其他應收款項」內。於相關工程進行前所收取的金額乃計入「貿易及其他應付款項」下的「預收款項」內。

(p) 貿易及其他應收款項

貿易及其他應收款項以及委託貸款先按公平值確認，其後採用實際利息法按攤銷成本減呆賬減值撥備入賬（見附註2(m)(i)），但如應收款項為向關聯方提供的並無固定償還期的免息貸款或其貼現影響並不重大則除外。在該等情況下，應收款項將按成本減呆賬減值撥備入賬（見附註2(m)(i)）。

(q) 計息借貸

計息借貸初步按公平值減應佔交易成本的方式確認。在初步確認後，計息借貸以攤銷成本連同初步確認金額與於借款期內在損益表內確認的贖回價值之間的差額，以及用實際利息法計算的任何利息及應付費用列賬。

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Trade and other payables

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

(s) Cash and cash equivalents

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

(t) Employee benefits

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

(u) Income tax

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

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

2 重大會計政策(續)

(r) 貿易及其他應付款項

貿易及其他應付款項按公平值初始確認,其後按攤銷成本入賬,但如貼現影響並不重大,則按成本入賬。

(s) 現金及現金等價物

現金及現金等價物包括銀行結餘及手頭現金、銀行及其他金融機構活期存款,以及可即時轉換為已知金額現金的短期及高流通性投資,其價值變動風險並不重大,並在購入起計三個月內到期。

(t) 僱員福利

工資、年度花紅、帶薪年假、定額供款退休計劃的供款及非貨幣福利成本於僱員提供相關服務年度內計付。倘推延付款或結算且影響重大時,則按有關金額的現值列賬。

(u) 所得稅

年內所得稅包括即期稅項及遞延稅項資產及負債的變動。即期稅項及遞延稅項資產及負債的變動乃於損益表內確認,惟與於其他綜合收益確認或直接於權益確認的項目有關者則除外,在該等情況下有關稅額分別於其他綜合收益確認或直接於權益確認。

即期稅項乃年內應課稅收入的預期應繳稅項(稅率為於報告期間結束時已頒佈或實質頒佈的稅率)及以往年度應繳稅項的任何調整。

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Income tax *(Continued)*

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

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

2 重大會計政策*（續）*

(u) 所得稅*（續）*

遞延稅項資產及負債分別源自可扣稅及應課稅暫時差額，即財務申報的資產及負債的賬面值與彼等稅基的差額。遞延稅項資產亦源自未動用稅項虧損及未動用稅項抵免。

除若干少數例外情況外，將於可能有日後應課稅溢利抵銷可動用資產時確認所有遞延稅項負債及遞延稅項資產。在現有可扣稅暫時差額有關同一稅務主管機構及同一課稅實體，並預期在可扣稅暫時差額預計撥回的同一期間或遞延稅項資產所產生稅項虧損可撥回或結轉的期間撥回的情況下，可支持因可扣稅暫時差額而產生的遞延稅項資產的未來應課稅溢利，會包括由現有應課稅暫時差額撥回而產生的部分。如該等差額與相同稅務機關及相同稅務實體有關，並預期可於動用稅項虧損或稅項抵免期間撥回，則釐定現有應課稅暫時差額是否足以確認源自未動用稅項虧損及稅項抵免的遞延稅項資產時，亦採納相同準則。

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Income tax *(Continued)*

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided that they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

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

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

2 重大會計政策*(續)*

(u) 所得税*(續)*

確認遞延税項資產及負債的少數例外情況包括就税項目的不可扣減商譽、不影響會計或應課税溢利的資產或負債的初次確認所產生的暫時差異(如不屬於業務合併的一部分)以及有關於附屬公司投資的暫時性差異，如屬應課税差異，則僅限於本集團可以控制撥回的時間且在可預見的將來不大可能撥回的差異，如屬可扣税差異，則僅限於很可能在將來撥回的差異。

已確認的遞延税項金額乃按照資產及負債賬面值的預期變現或清償方式，根據於報告期間結束時已頒佈或實質頒佈的税率計算。遞延税項資產及負債不予貼現。

遞延税項資產的賬面值會於各報告期間結束時進行檢討，並在不再可能產生足夠的應課税溢利以使用有關的税務利益時作調減。若可能存在足夠的應課税溢利供利用，則任何該等扣減將被撥回。

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Income tax *(Continued)*

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

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(v) Provisions and contingent liabilities

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

2 重大會計政策（續）

(u) 所得稅（續）

即期稅項結餘及遞延稅項結餘與其變動將分開列示，且不會對銷。倘本公司或本集團有法定行使權以即期稅項資產抵銷即期稅項負債，且符合下列附帶條件，則即期稅項資產及遞延稅項資產可分別抵銷即期稅項負債及遞延稅項負債：

- 對於即期稅項資產及負債，本公司或本集團計劃按淨額結算或同時變現資產及清償負債；或

- 對於遞延稅項資產及負債，則該等資產及負債須與同一稅務機關就以下其中一項徵收的所得稅有關：

  - 同一課稅實體；或

  - 計劃在預期須清償或收回大額遞延稅項負債或資產的每個未來期間，按淨額或同時變現即期稅項資產與清償即期稅項負債的不同課稅實體。

(v) 撥備及或然負債

當本公司或本集團因過往事件而須承擔法律或推定責任，而履行該責任可能會導致經濟利益外流，並可作出可靠的估計時，則須就該等時間或數額不定的負債計提撥備。倘金額涉及重大時間價值，則有關撥備按履行責任的預期開支的現值列賬。

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Provisions and contingent liabilities *(Continued)*

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

(w) Revenue recognition

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

(i) Sale of goods

Revenue is recognised when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Contract revenue

When the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

2 重大會計政策（續）

(v) 撥備及或然負債（續）

倘不大可能發生經濟利益流出，或相關金額未能可靠估計，則須披露有關責任為或然負債，惟不可能發生經濟利益流出者除外。當潛在責任須視乎一項或多項未來事件是否發生方可確定是否存在，則該等責任亦披露為或然負債，惟經濟利益流出發生機會甚微者除外。

(w) 收入確認

收入乃按已收或應收代價的公平值計量。倘本集團可能獲得經濟利益，且收入及成本（如適用）能可靠計量，則按下列方式於損益表內確認收入：

(i) 銷售貨品

收入於客戶接受貨物及所有權的有關風險及回報時確認。收入不包括增值税或其他銷售税，且須扣除任何貿易折讓。

(ii) 合約收入

當工程合約的結果能可靠估計，來自固定價格合約的收入採用完工比例法確認，按當時已產生合約成本對合約的估計合約成本總額的比例計量。

當工程合約的結果無法可靠估計，則僅按有可能收回的已產生合約成本確認收入。

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Revenue recognition (Continued)

(iii) Interest income

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

(iv) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset. An unconditional government grant is recognised in profit or loss as other revenue when the grant becomes receivable.

(v) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(x) Translation of foreign currencies

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

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

2 重大會計政策(續)

(w) 收入確認(續)

(iii) 利息收入

銀行存款的利息收入按實際利息法累計確認。

(iv) 政府補助金

倘可合理保證本集團將收取政府補助金且符合其附帶條件，則政府補助金會首先於財務狀況表確認。補償本集團產生開支的補助金於相關開支產生的相同期間有系統地於損益表中認為收益。補償本集團資產成本的補助金於資產可使用年期內有系統地於損益表確認為遞延收入。無條件政府補助金乃於收取時在損益中確認為其他收入。

(v) 股息

未上市投資的股息收入乃於股東有權收取有關款項時確認。

(x) 外幣兑換

期內進行的外幣交易乃按適用於交易日期的匯率換算。以外幣計值的貨幣資產及負債乃按適用於報告期間結束時的匯率換算。匯兑收益及虧損於損益表內確認。

以外幣按歷史成本計量的非貨幣資產及負債乃按適用於交易日期的匯率換算。

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(x) Translation of foreign currencies *(Continued)*

The results of operations with functional currency other than Renminbi are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of transactions. Statement of financial position items including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Renminbi at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of an operation with functional currency other than Renminbi, the cumulative amount of the exchange differences relating to that operation with functional currency other than Renminbi is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(y) Borrowing costs

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

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2 重大會計政策（續）

(x) 外幣兑換（續）

功能貨幣並非人民幣的經營業績乃按與於交易日期的匯率相若的匯率換算為人民幣。財務狀況表項目（包括於二零零五年一月一日或之後合併海外業務產生的商譽）乃按於報告期間結束時匯率換算為人民幣。有關匯兑差額於其他綜合收入確認及於匯兑儲備的權益內獨立累計。

在出售以人民幣以外的功能貨幣計值的業務時，與該業務有關的匯兑差額累計金額乃於確認出售損益時由權益重新分類為損益。

(y) 借貸成本

直接涉及收購、建造及生產資產（即必須於一定時間後方能投入作擬定用途或出售的資產）的借貸成本均會資本化作為該資產的部分成本。其他借貸成本於其產生期間確認為開支。

借貸成本乃於產生資產的開支、產生借貸成本及有關籌備資產作其擬定用途或出售所需的活動進行時資本化作為達標資產的部分成本。當所有有關籌備達標資產作其擬定用途或出售所需的活動大致上中斷或完成時，即暫時中止或停止資本化借貸成本。

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Related parties

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

i. has control or joint control over the Group;

ii. has significant influence over the Group; or

iii. is a member of the key management personnel of the Group or the Group's parent.

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

i. The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

iii. Both entities are joint ventures of the same third party.

iv. One entity is a joint venture of a third party and the other entity is an associates of the third party or vice versa.

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

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

2 重大會計政策（續）

(z) 關聯方

(a) 倘一名人士符合下列條件，則該名人士或其近親與本集團有關聯：

i. 控制或共同控制本集團；

ii. 對本集團有重大影響；或

iii. 為本集團或本集團母公司的主要管理層成員。

(b) 倘一間實體符合下列任何條件，則該實體與本集團有關聯：

i. 該實體與本集團屬同一集團的成員公司（即各母公司、附屬公司及同系附屬公司彼此間有關聯）。

ii. 一間實體為另一實體的聯營公司或合營企業（或另一實體為成員公司的集團旗下成員公司的聯營公司或合營企業）。

iii. 兩間實體均為同一第三方的合營企業。

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

v. 實體為本集團或與本集團有關聯的實體就僱員福利設立的離職福利計劃。

vi. 實體受(a)所述人士控制或受共同控制。

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(z) Related parties *(Continued)*

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

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

i. that person's children and spouse or domestic partner;

ii. children of that person's spouse or domestic partner; and

iii. dependents of that person or that person's spouse or domestic partner.

2 重大會計政策（續）

(z) 關聯方（續）

(b) 倘一間實體符合下列任何條件，則該實體與本集團有關聯：（續）

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

viii. 實體或構成集團一部分的任何集團成員公司為集團或集團母公司提供主要管理人員服務。

某名人士的近親指在與該實體進行交易的過程中預計會影響該名人士或受其影響的家庭成員並包括：

i. 該人士的子女及配偶或同居夥伴；

ii. 該名人士的配偶或同居夥伴的子女；及

iii. 該名人士或該名人士的配偶或同居夥伴的家屬。

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(aa) Segment reporting

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

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

2 重大會計政策（續）

(aa) 分部呈報

經營分部及財務報表所呈報的各分部項目金額，乃根據就分配資源予本集團各業務及地區分部及評估其表現而定期提供予本集團最高層管理人員的財務資料而確定。

就財務申報而言，個別重要營運分部不會聚合呈報，除非有關分部具有類似經濟特徵以及在產品及服務性質、生產程序性質、客戶類型或類別、分銷產品或提供服務所採用的方式及監管環境性質方面類似。倘獨立而言並非屬重要的營運分部共同擁有上述大部分特徵，則可聚合呈報。

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Key sources of estimation uncertainty

The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the consolidated financial statements.

(i) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and distribution expenses. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles or changes in market conditions. Management reassesses these estimations at the end of the reporting period to ensure inventory is shown at the lower of cost and net realisable value.

(ii) Impairment of trade receivables

Management determines the impairment of trade receivables on a regular basis. This estimate is based on the credit history of its debtors and current market conditions. If the financial conditions of the customers were to deteriorate, actual write-off would be higher than estimated. Management reassesses the impairment of trade receivables at the end of the reporting period.

(iii) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The management reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

3 會計判斷及估計

估計不明朗因素的主要來源

本集團相信，下列關鍵會計政策涉及編製綜合財務報表所用的最重大判斷及估計。

(i) 存貨可變現淨值

存貨可變現淨值為日常業務過程中的估計售價減估計完工成本及分銷成本。該等估計乃基於現行市況及銷售類似性質產品的過往經驗進行。其可能因競爭對手為應對重大的產業週期或市況變動而作出的行動發生重大變動。管理層於報告期間結束時重新評估該等估計，以確保存貨以成本及可變現淨值中的較低者列賬。

(ii) 貿易應收款項的減值

管理層會定期釐定貿易應收款項的減值。該等估計乃基於其債務人的信譽記錄及現行市況作出。倘客戶的財務狀況惡化，則實際銷賬將高於估計。管理層會於報告期間結束時重估貿易應收款項的減值。

(iii) 折舊

物業、廠房及設備項目乃經計及估計剩餘價值後於資產的估計使用年期內按直線基準折舊。管理層會定期審閱資產的估計使用年期，以釐定任何報告期間內所記錄的折舊開支金額。使用年期乃根據本集團的類似資產的過往經驗及經計及預計技術變動計算。倘實際情況與過往估計存在重大差異，則會調整未來期間的折舊開支。

3 ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(iv) Income tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. Management carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of these transactions are reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets, if any, are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(v) Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgments and estimates.

3 會計判斷及估計(續)

估計不明朗因素的主要來源(續)

(iv) 所得稅

釐定所得稅撥備涉及對若干交易未來稅項優惠的判斷。管理層會審慎評估交易的稅項影響及相應建立的稅項撥備。該等交易的稅項優惠會定期被檢視，以計及稅務法的所有變更。遞延稅項資產乃就可扣除暫時差額作出確認。由於該等遞延稅項資產僅可在可能獲得未來應課稅溢利時確認，故管理層須評估未來應課稅溢利的可能性。倘未來應課稅溢利可能有助於遞延稅項資產收回，則會不斷審閱管理層評估及確認額外遞延稅項資產(如有)。

(v) 物業、廠房及設備減值

倘有事件或情況變動顯示賬面值可能不可收回時， 貴集團會審閱物業、廠房及設備的減值。可收回金額已按使用價值計算或公平值減銷售成本釐定。該等計算要求使用判斷及估計。

3 ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(v) Impairment of property, plant and equipment *(Continued)*

Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to profit or loss.

3 會計判斷及估計*（續）*

估計不明朗因素的主要來源*（續）*

(v) 物業、廠房及設備減值*（續）*

管理層須判斷資產減值範疇，尤其是評估：(i)是否已發生可能顯示有關資產價值或不可收回的事件；(ii)可收回金額（即公平值減出售成本及按於業務中持續使用資產估計的未來現金流量淨現值兩者中的較高者）能否支持該項資產的賬面值；及(iii)於編製現金流量預測中應用的適當主要假設，包括該等現金流量預測是否使用適當貼現率貼現。倘管理層用以評估減值的假設（包括現金流量預測中採用的貼現率或增長率假設）改變，則可能會對減值測試中所使用的淨現值產生重大影響，因而影響　貴集團的財務狀況及經營業績。若預計表現及相應未來現金流量預測出現重大不利變動，則可能須在損益中扣除減值開支。

3 ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(vi) Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures a number of items at fair value:

- Financial instruments (note 31(f)(i)).

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

3 會計判斷及估計（續）

估計不明朗因素的主要來源（續）

(vi) 公平值計量

計入本集團財務報表之多項資產及負債須按公平值計量，及／或作出公平值披露。

本集團金融及非金融資產及負債之公平值計量盡可能使用市場可觀察輸入數據及數值。釐定公平值計量所使用之輸入數據乃基於於估值方法中所使用輸入數據的可觀察程度分為不同的等級（「公平值等級」）：

- 第一級： 相同項目於活躍市場所報價格（未經調整）；
- 第二級： 第一級輸入數據以外直接或間接可觀察輸入數據；
- 第三級： 不可觀察輸入數據（即無法自市場數據衍生）。

分類為上述等級的項目乃基於所使用對該項目公平值計量產生重大影響之最低等級輸入數據確定。等級之間項目轉撥於其產生期間確認。

本集團按公平值計量多個項目：

- 金融工具（附註31(f)(i)）。

有關上述項目公平值計量的更多詳細資料，請參閱適用附註。

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are manufacturing and sales of outdoor wooden products, engaging in projects of outdoor wooden products including the provision of design and installation services, retail sales of outdoor wooden products through self-operated retail shops and manufacturing and sales of renewable energy products.

Revenue represents

(i) the sales value of goods sold to customers less returns, discounts, and value added taxes and other sales tax; and

(ii) contract revenue derived from projects of outdoor wooden products including the provision of design and installation services.

The amount of each significant category of revenue recognised in revenue is analysed as follows:

4 收入及分部呈報

(a) 收入

本集團的主要業務為生產及銷售戶外木製品、從事戶外木製品項目(包括提供設計及安裝服務)、透過自營零售店零售戶外木製品以及生產及銷售再生能源產品。

收入指

(i) 售予客戶貨品的銷售價值減退貨、折扣及增值稅與其他銷售稅項；及

(ii) 從事戶外木製品項目(包括提供設計及安裝服務)所得的合約收入。

於收入內確認的各重大類別收入的金額分析如下：

		2017 **二零一七年** **RMB'000** **人民幣千元**	2016 二零一六年 RMB'000 人民幣千元
Sales of outdoor wooden products	銷售戶外木製品	**436,841**	421,761
Retail sales of wooden products	零售木製品	**5,280**	7,930
Contract revenue derived from projects of outdoor wooden products including the provision of design and installation services	從事戶外木製品項目(包括提供設計及安裝服務)所得的合約收入	**–**	132
Sales of renewable energy products	銷售再生能源產品	**20,070**	12,505
		462,191	442,328

4 REVENUE AND SEGMENT REPORTING *(Continued)*

(a) Revenue *(Continued)*

Information about major customers

For the year ended 31 December 2017, revenues from a customer of the Group's sales of outdoor wooden products amounted to RMB70,325,000, which represent 10% or more of the Group's revenues.

Two customers accounted for 10% or more of the Group's revenue for the year ended 31 December 2016.

Details of concentrations of credit risk arising from these customers are set out in note 31(a). Further details regarding the Group's principal activities are disclosed below.

Geographic information of revenue

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods were delivered or the services were provided.

4 收入及分部呈報(續)

(a) 收入(續)

有關主要客戶的資料

截至二零一七年十二月三十一日止年度，來自本集團銷售戶外木製品的一名客戶的收入為人民幣70,325,000元，佔本集團收入的10%或以上。

截至二零一六年十二月三十一日止年度，兩名客戶佔本集團收入的10%或以上。

有關該等客戶導致的集中信貸風險的詳情載於附註31(a)。有關本集團主要業務的進一步詳情披露如下。

收入之地域資料

下表載列有關本集團源自外部客戶收入的地理位置的資料。客戶的地理位置以貨品交付地點或服務提供地點為準。

		2017 **二零一七年** **RMB'000** **人民幣千元**	2016 二零一六年 RMB'000 人民幣千元
The PRC (place of domicile)	中國(住所地)	**107,332**	88,019
North America	北美洲	**236,279**	273,842
Europe	歐洲	**18,303**	44,017
Asia Pacific (exclusive of the PRC)	亞太區(不包括中國)	**16,945**	16,160
Australia	澳洲	**83,332**	20,290
		354,859	354,309
		462,191	442,328

4 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting

In a manner consistent with how the Group manages its business and the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified four reportable segments, namely Manufacturing and sales of wooden products, Retail business, Projects of outdoor wooden products and Manufacturing and sales of renewable energy products. No operating segments have been aggregated to form the above reportable segments.

- Manufacturing and sales of wooden products: manufacturing and sales of outdoor wooden products to both domestic and overseas customers, and trading of timber.
- Retail business: retail sales of outdoor wooden products through self-operated retail shops.
- Projects of outdoor wooden products: engaged in projects of outdoor wooden products including the provision of design and installation services to domestic customers.
- Manufacturing and sales of renewable energy products: manufacturing and sales of biomass pellet fuel to both domestic and overseas customers.

4 收入及分部呈報（續）

(b) 分部呈報

按照與本集團管理其業務一致的方式，及與就資源分配及表現評估向本集團最高管理層內部呈報資料一致的方式，本集團已確定四個可呈報分部，即生產及銷售木製品、零售業務、戶外木製品項目以及生產及銷售再生能源產品。本集團並無聚合經營分部以構成上述可呈報分部。

- 生產及銷售木製品：向國內外客戶生產及銷售戶外木製品及木材貿易。
- 零售業務：透過自營零售店零售戶外木製品。
- 戶外木製品項目：從事戶外木製品項目，包括向本地客戶提供設計及安裝服務。
- 生產及銷售再生能源產品：生產及銷售生物質顆粒燃料予國內外客戶。

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Reportable segment revenue represents the revenue derived from the Group's external customers by Manufacturing and sales of wooden products, Retail business, Projects of outdoor wooden products and Manufacturing and sales of renewable energy products, respectively.

The measure used for reportable segment (loss)/profit is "(loss)/profit after taxation (excluding the after tax effect of government subsidies)" of Manufacturing and sales of wooden products, Retail business, Projects of outdoor wooden products and Manufacturing and sales of renewable energy products, respectively.

A measurement of segment assets and liabilities is not provided regularly to the Group's most senior executive management and accordingly, no segment assets or liabilities information is presented.

4 收入及分部呈報(續)

(b) 分部呈報(續)

(i) 分部業績

為評估分部表現及於各分部間分配資源,本集團高級管理層按下列基準監察來自各可呈報分部的業績:

可呈報分部收入分別指生產及銷售木製品、零售業務、戶外木製品項目以及生產及銷售再生能源產品而自本集團外部客戶所得的收入。

就可呈報分部(虧損)/溢利採用的計量單位為生產及銷售木製品、零售業務、戶外木製產品項目以及生產及銷售再生能源產品的「除稅後(虧損)/溢利(不包括政府補貼之稅後影響)」。

分部資產及負債的計量乃不定期向本集團最高管理層提供,故並無呈報分部資產或負債資料。

4 REVENUE AND SEGMENT REPORTING *(Continued)*

4 收入及分部呈報（續）

(b) Segment reporting *(Continued)*

(b) 分部呈報（續）

(i) Segment results *(Continued)*

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2017 and 2016 is set out below:

(i) 分部業績（續）

於截至二零一七年及二零一六年十二月三十一日止年度，就資源分配及分部表現評估向本集團最高管理層提供的有關本集團可呈報分部的資料載列如下：

		2017 二零一七年				
		Manufacturing and sales of wooden products 生產及銷售木製品 RMB'000 人民幣千元	Retail business 零售業務 RMB'000 人民幣千元	Projects of outdoor wooden products 戶外木製品項目 RMB'000 人民幣千元	Manufacturing and sales of renewable energy products 生產及銷售再生能源產品 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Revenue derived from the Group's external customers	源自本集團外部客戶的收入	436,841	5,280	–	20,070	462,191
Inter-segment revenue	分部間收入	17,629	–	–	3,105	20,734
Reportable segment revenue	可呈報分部收入	454,470	5,280	–	23,175	482,925
Reportable segment (loss)/profit ((loss)/profit after taxation (excluding the after tax effect of government subsidies))	可呈報分部（虧損）╱溢利（除稅後（虧損）╱溢利（不包括政府補貼之稅後影響））	(44,515)	(1,946)	–	3,541	(42,920)
Depreciation and amortisation	折舊及攤銷	(23,736)	(1,234)	–	(507)	(25,477)
Changes in fair value of derivative financial instruments — unrealised	衍生金融工具公平值變動 — 未變現	(12,307)	–	–	–	(12,307)
Impairment of property plant and equipment	物業、廠房及設備減值	(2,323)	–	–	–	(2,323)
Written-off of inventories	存貨撇銷	(2,354)	–	–	–	(2,354)

4 REVENUE AND SEGMENT REPORTING (Continued)

4 收入及分部呈報(續)

(b) Segment reporting (Continued)

(b) 分部呈報(續)

(i) Segment results (Continued)

(i) 分部業績(續)

		2016 二零一六年				
		Manufacturing and sales of wooden products 生產及銷售木製品 RMB'000 人民幣千元	Retail business 零售業務 RMB'000 人民幣千元	Projects of outdoor wooden products 戶外木製品項目 RMB'000 人民幣千元	Manufacturing and sales of renewable energy products 生產及銷售再生能源產品 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Revenue derived from the Group's external customers	源自本集團外部客戶的收入	421,761	7,930	132	12,505	442,328
Inter-segment revenue	分部間收入	17,453	–	–	–	17,453
Reportable segment revenue	可呈報分部收入	439,214	7,930	132	12,505	459,781
Reportable segment (loss)/profit ((loss)/profit after taxation (excluding the after tax effect of government subsidies))	可呈報分部(虧損)/溢利(除税後(虧損)/溢利(不包括政府補貼之税後影響))	(31,866)	(2,459)	(162)	1,249	(33,238)
Depreciation and amortisation	折舊及攤銷	(23,369)	(1,239)	(11)	(477)	(25,096)
Impairment of goodwill	商譽減值	(4,300)	–	–	–	(4,300)
Changes in fair value of derivative financial instruments — unrealised	衍生金融工具公平值變動—未變現	1,869	–	–	–	1,869
Written-off of inventories	存貨撇銷	(8,656)	–	–	–	(8,656)

4 REVENUE AND SEGMENT REPORTING *(Continued)*

4 收入及分部呈報*（續）*

(b) Segment reporting *(Continued)*

(b) 分部呈報*（續）*

(ii) Reconciliations of reportable segment revenue and reportable segment loss

(ii) 可呈報分部收入與可呈報分部虧損的對賬

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Revenue	**收入**		
Reportable segment revenue	可呈報分部收入	**482,925**	459,781
Elimination of inter-segment revenue	抵銷分部間收入	**(20,734)**	(17,453)
Consolidated revenue	綜合收入	**462,191**	442,328
Loss	**虧損**		
Reportable segment loss derived from the Group's external customers	源自本集團外部客戶的可呈報分部虧損	**(42,920)**	(33,238)
Government subsidies (net of tax)	政府補貼（扣除稅項）	**9,589**	19,458
Unallocated head office and corporate expenses	未分配總辦事處及公司開支	**(7,225)**	(8,515)
Consolidated loss after taxation	綜合除稅後虧損	**(40,556)**	(22,295)

(iii) Geographical information

No geographical segment information is presented as all the Group's revenue is derived from operations in the People's Republic of China (the "PRC") and most of the Group's non-current assets are all located in the PRC.

(iii) 地域資料

本集團的所有收入都來自中華人民共和國（「中國」）的營運，並且本集團大部分的非流動資產位於中國，因此沒有地域分部的資料呈現。

5 OTHER REVENUE AND OTHER NET LOSS 5 其他收入及其他虧損淨額

(a) Other revenue (a) 其他收入

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Interest income on bank deposits	銀行存款利息收入	**3,405**	5,687
Government subsidies	政府補貼	**11,418**	23,029
Dividend income	股息收入	**354**	283
Rental income	租金收入	**204**	–
Others	其他	**396**	309
		15,777	29,308

The Group received unconditional government subsidies of RMB10,255,000 (2016: RMB21,866,000) for the year ended 31 December 2017. These government subsidies were granted to Fujian Zhangping Kimura Forestry Products Co, Ltd. ("Zhangping Kimura"). There were no unfulfilled conditions or contingencies attaching to these government grants.

截至二零一七年十二月三十一日止年度，本集團收取無條件政府補貼人民幣10,255,000元（二零一六年：人民幣21,866,000元）。福建省漳平木村林產有限公司（「漳平木村」）獲授此等政府補貼。該等政府補貼並無未滿足的條件或或有事項。

The Group recognised government subsidies as deferred income which compensates the Group for the cost of its land use right and the cost of infrastructure development. RMB1,163,000 government subsidies (deferred income) (2016: RMB1,163,000) were recognised as other revenue for the year ended 31 December 2017, which is on a systematic basis over the useful life of the relevant assets (note 25).

本集團確認政府補貼為遞延收入作為補償本集團土地使用權成本及基建設施開發成本。截至二零一七年十二月三十一日止年度，政府補貼（遞延收入）人民幣1,163,000元（二零一六年：人民幣1,163,000元）已確認為其他收入，此乃按有關資產的可使用年期有系統地確認（附註25）。

5 OTHER REVENUE AND OTHER NET LOSS (Continued) 5 其他收入及其他虧損淨額(續)

(b) Other net loss (b) 其他虧損淨額

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Net foreign exchange gain/(loss)	匯兑收益／(虧損)淨額	**8,966**	(8,127)
Change in fair value of derivative financial instruments — realised	衍生金融工具公平值變動—已變現	**(3,448)**	(1,479)
Changes in fair value of derivative financial instruments — unrealised	衍生金融工具公平值變動—未變現	**(12,307)**	1,869
Gain on disposal of land use right	出售土地使用權收益	**580**	–
Gain on disposal of property, plant and equipment	出售物業、廠房及設備收益	**105**	–
Impairment of goodwill	商譽減值	**–**	(4,300)
Impairment of property, plant and equipment	物業、廠房及設備減值	**(2,323)**	–
Impairment of trade and other receivables	貿易及其他應收款項減值	**(3,493)**	–
Written-off of inventories	存貨撇銷	**(2,354)**	(8,656)
Others	其他	**(610)**	(1,184)
		(14,884)	(21,877)

6 LOSS BEFORE TAXATION 6 除税前虧損

Loss before taxation is arrived at after charging:

除税前虧損經扣除下列各項後得出：

(a) Finance costs (a) 融資成本

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Interest expense on bank loans and debentures	銀行貸款及債券的利息開支	**14,501**	17,582
Less: Interest expense capitalised into construction in progress*	減：撥入在建工程的已資本化利息開支*	**(8,285)**	(8,545)
		6,216	9,037

* The borrowing costs have been capitalised at a rate of 3.01% (2016: 3.80%) per annum for the year ended 31 December 2017.

* 截至二零一七年十二月三十一日止年度的借貸成本已按3.01%(二零一六年：3.80%)的年率資本化。

6 LOSS BEFORE TAXATION (Continued) 6 除税前虧損（續）

(b) Staff costs (b) 員工成本

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Salaries, wages and other benefits	薪金、工資及其他福利	**30,862**	35,866
Contributions to defined contribution retirement schemes	定額供款退休計劃供款	**1,745**	2,895
		32,607	38,761

Pursuant to the relevant labour rules and regulations in the PRC, the Group's entities in the PRC participate in defined contribution retirement benefit schemes (the "Schemes") organised by the local authorities whereby the entities are required to make contributions to the Schemes based on a percentage of the eligible employees' salaries during the years ended 31 December 2017 and 2016. Contributions to the Schemes vest immediately. Under the Schemes, retirement benefits of existing and retired employees are payable by the relevant scheme administrators and the Group has no further obligations beyond the annual contributions.

根據中國的有關勞動法則及法規，本集團位於中國的實體參加地方當局籌辦的定額供款退休福利計劃(「該計劃」)，據此，有關實體須於截至二零一七年及二零一六年十二月三十一日止年度按合資格僱員薪酬的一定百分比向該計劃作出供款。對該計劃作出的供款即時歸屬。根據有關計劃，現有及退休僱員的退休福利由相關計劃管理機構支付，除年度供款外，本集團無進一步責任。

(c) Other items (c) 其他項目

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Cost of inventories# *(note 19(b))*	存貨成本#（附註19(b)）	**430,018**	394,506
Depreciation of property, plant and equipment *(note 11)*	物業、廠房及設備折舊（附註11）	**23,756**	23,160
Amortisation of lease prepayments *(note 12)*	租賃預付款攤銷（附註12）	**1,732**	1,936
Operating lease charges for properties	物業經營租約支出	**593**	680
Research and development costs	研發成本	**21,049**	16,384
Auditors' remuneration	核數師酬金	**1,089**	1,114

\# Cost of inventories includes RMB37,090,000 (2016: RMB40,180,000) for the year ended 31 December 2017 relating to staff costs, depreciation and research and development costs, which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

\# 截至二零一七年十二月三十一日止年度，存貨成本包括人民幣37,090,000元(二零一六年：人民幣40,180,000元)是涉及員工成本、折舊及研發成本，有關金額亦已計入於上文或附註6(b)就每類該等開支單獨披露的總金額內。

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

7 綜合損益表內的所得稅

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

(a) 綜合損益表內的稅項指：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Current tax — PRC corporate income tax	**即期稅項 — 中國企業所得稅**		
Provision for the year	年內撥備	**441**	684
Over-provision in respect of prior years	與過往年度有關的超額撥備	**–**	(3)
Deferred tax	**遞延稅項**		
Origination and reversal of temporary differences *(note 18)*	產生及轉回暫時差異（*附註18*）	**1,912**	936
		2,353	1,617

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

7 綜合損益表內的所得稅(續)

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

(b) 按適用稅率計算的稅項開支與會計溢利的對賬:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Loss before taxation	除稅前虧損	**(38,203)**	(20,678)
National tax on loss before taxation calculated at the rates applicable in the tax jurisdictions concerned *(note (i))*	除稅前虧損的名義稅項,按有關稅務司法權區適用的稅率計算(附註(i))	**(10,290)**	(1,348)
Effect of PRC tax concession *(note (ii))*	中國稅務優惠的影響(附註(ii))	**–**	(1,083)
Effect of non-taxable income	毋須課稅收入之影響	**(3,030)**	–
Effect of income reduction *(note (iv))*	收入減少的影響(附註(iv))	**(580)**	(313)
Effect of deductible temporary differences not recognised	未確認可扣減臨時差額的影響	**7,281**	(151)
Effect of non-deductible expenses	非扣減支出之稅項影響	**5,069**	6,563
Effect of research and development expense bonus deduction *(note (iii))*	研發開支加計扣除額的影響(附註(iii))	**(2,631)**	(2,048)
Tax loss not recognised	未確認之稅項虧損	**6,534**	–
Over provision in prior years	過往年度超額撥備	**–**	(3)
Actual tax expense	實際稅項支出	**2,353**	1,617

Notes:

i. The Group's PRC subsidiaries are subject to PRC corporate income tax at the statutory rate of 25% unless otherwise specified.

Taxation for subsidiaries in other jurisdictions is charged at the appropriate current rates of taxation ruling in relevant jurisdictions respectively.

No provision was made for Hong Kong Profits Tax as the Group did not earn any assessable profits subject to Hong Kong Profits Tax during the years ended 31 December 2017 and 2016.

附註:

i. 本集團的中國附屬公司須按25%法定稅率繳納中國企業所得稅,另有指明者除外。

於其他司法權區的附屬公司的稅項分別按有關司法權區的現行適當稅率計算。

截至二零一七年及二零一六年十二月三十一日止年度,本集團並無賺取須繳納香港利得稅的任何應課稅溢利,故並無就香港利得稅計提撥備。

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

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

Notes: (Continued)

ii. Zhangping Kimura applied and was approved for the High and New Technology Entities ("HNTE") qualification under the PRC Corporate Income Tax Law and its relevant regulations during 2016, and therefore is entitled to the preferential income tax rate of 15% for a period of three years from 2016 to 2018.

iii. According to the PRC Corporate Income Tax Law and its relevant regulations, qualified research and development expenses are subject to income tax deductions at 150% on the amount actually incurred.

iv. Income reduction as stated in Article 33 of the Enterprise Income Tax Law shall refer to the treatment that where an enterprise uses the resources stipulated in the Catalogue for Comprehensive Utilization of Resources Qualified for Enterprise Income Tax Preferential Treatment as its major raw materials to produce products that are not restricted or prohibited by the State and satisfy the relevant State and industrial criteria and only 90% of the income derived shall be calculated in its total income.

v. According to the PRC Corporate Income Tax Law and its relevant regulations, dividends receivable by non-PRC resident corporate investors from PRC resident enterprises are subject to withholding income tax at 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008.

Since the Group can control the quantum and timing of distribution of profits of the Group's subsidiaries in the PRC, deferred tax liabilities are only recognized to the extent that such profits are expected to be distributed through dividend payment by the Group's PRC subsidiaries in the foreseeable future. As at 31 December 2017, temporary differences relating to the undistributed profits of the Group's PRC subsidiaries to overseas holding company amounted to RMB317,501,000 (2016: RMB342,353,000) and deferred tax liabilities of RMB31,750,000 (2016: RM34,235,000) have not been recognised.

7 綜合損益表內的所得税*(續)*

(b) 按適用税率計算的税項開支與會計溢利的對賬：*(續)*

附註：(續)

ii. 漳平木村已於二零一六年根據中國企業所得税法及其相關法規申請並獲得高新技術企業(「高新技術企業」)的認證資格，故於二零一六年至二零一八年三年期間有權享有15%的優惠所得税税率。

iii. 根據中國企業所得税法及其相關法規，合資格研發開支可按實際產生金額的150%扣除所得税。

iv. 《企業所得税法》第33條所述的應課税收入寬減指企業以《資源綜合利用企業所得税優惠目錄》規定的資源作為主要原材料，生產國家非限制及禁止並符合國家及行業相關標準的產品取得的收入，僅按90%計入收入總額。

v. 根據中國企業所得税法及其相關法規，非中國居民投資者從中國居民企業源自二零零八年一月一日起賺取的溢利的應收股息須按10%的税率繳納預扣税，惟税務條約或安排作出減免則另作別論。

由於本集團可控制分派本集團於中國的附屬公司的溢利的金額及時間，故遞延税項負債僅以預期於可見將來透過本集團中國附屬公司支付股息而分派的有關溢利為限確認。於二零一七年十二月三十一日，本集團的中國附屬公司與海外控股公司的未分配溢利暫時差額為人民幣317,501,000元(二零一六年：人民幣342,353,000元)以及遞延税項負債人民幣31,750,000元(二零一六年：人民幣34,235,000元)並無確認。

8 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

8 董事薪酬

根據香港公司條例第383(1)節及公司(披露董事利益資料)規例第2部披露規定,董事薪酬如下:

		2017 二零一七年				
		Directors' fees 董事袍金 RMB'000 人民幣千元	Salaries, allowances and benefits in kind 薪金、津貼及實物利益 RMB'000 人民幣千元	Discretionary bonuses 酌情花紅 RMB'000 人民幣千元	Retirement scheme contributions 退休計劃供款 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Executive directors	**執行董事**					
Wu Zheyan	吳哲彥	1,138	4	3	4	1,149
Xie Qingmei	謝清美	96	4	3	4	107
		1,234	8	6	8	1,256
Non-executive director	**非執行董事**					
Wu Dongping	吳冬平	144	-	-	-	144
Independent non-executive directors	**獨立非執行董事**					
Lam Hin Chi	藍顯賜	104	-	-	-	104
Jin Zhongwei	金重為	98	-	-	-	98
Su Wenqiang	蘇文強	98	-	-	-	98
		300	-	-	-	300
		1,678	8	6	8	1,700

8 DIRECTORS' REMUNERATION (Continued) 8 董事薪酬(續)

		2016 二零一六年				
		Directors' fees 董事袍金 RMB'000 人民幣千元	Salaries, allowances and benefits in kind 薪金、津貼及實物利益 RMB'000 人民幣千元	Discretionary bonuses 酌情花紅 RMB'000 人民幣千元	Retirement scheme contributions 退休計劃供款 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Executive directors	**執行董事**					
Wang Jingjun	王竟軍	82	–	–	–	82
Wu Zheyan	吳哲彥	1,903	–	2,210	8	4,121
Wu Qingshan	吳青山	–	–	–	7	7
Xie Qingmei	謝清美	144	–	10	8	162
		2,129	–	2,220	23	4,372
Non-executive director	**非執行董事**					
Wu Dongping	吳冬平	144	–	12	–	156
Independent non-executive directors	**獨立非執行董事**					
Lam Hin Chi	藍顯賜	103	–	–	–	103
Jin Zhongwei	金重為	98	–	–	–	98
Su Wenqiang	蘇文強	98	–	–	–	98
		299	–	–	–	299
		2,572	–	2,232	23	4,827

During the years ended 31 December 2017 and 2016, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2017 and 2016.

於截至二零一七年及二零一六年十二月三十一日止年度,本集團概無向董事或下文附註9所載的任何最高薪酬人士支付或應付任何款項,作為吸引彼等加盟本集團或於加盟本集團後的獎金,或作為離職補償。於截至二零一七年及二零一六年十二月三十一日止年度,董事概無根據任何安排放棄或同意放棄任何薪酬。

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2016: three) are directors for the year ended 31 December 2017, whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other three (2016: two) individuals are as follows:

9 最高薪酬人士

截至二零一七年十二月三十一日止年度,五名最高薪酬人士中,兩名(二零一六年:三名)為董事,彼等的薪酬於附註8披露。餘下三名(二零一六年:兩名)人士的薪酬總額如下:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Salaries and other emoluments	薪金及其他薪酬	**998**	791
Discretionary bonuses	酌情花紅	**152**	65
Retirement scheme contributions	退休計劃供款	**32**	24
		1,182	880

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

三名(二零一六年:兩名)最高薪酬人士的薪酬介乎下列範圍:

		2017 二零一七年 Number of individuals 人數	2016 二零一六年 Number of individuals 人數
Nil to RMB1,000,000	零至人民幣1,000,000元	**3**	2
		3	2

10 LOSS PER SHARE

The calculation of basic loss per share for the year ended 31 December 2017 is based on the loss attributable to equity shareholders of the Company of RMB40,556,000 (2016: RMB22,295,000) and weighted average of 3,030,542,000 shares (2016: 2,573,835,000 shares) in issue during the year ended 31 December 2017, calculated as follows:

10 每股虧損

截至二零一七年十二月三十一日止年度的每股基本虧損乃按截至二零一七年十二月三十一日止年度的本公司權益持有人應佔虧損人民幣40,556,000元（二零一六年：人民幣22,295,000元），以及3,030,542,000股已發行股份（二零一六年：2,573,835,000股股份）的加權平均數計算，載列如下：

Weighted average number of ordinary shares

普通股加權平均數

		Number of shares 股份數目	
		2017 二零一七年 '000 千股	2016 二零一六年 '000 千股
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	就每股基本及攤薄虧損而言的普通股加權平均數	**3,030,542**	2,573,835

There were no potential dilutive ordinary shares during the years ended 31 December 2017 and 2016 and, therefore, diluted loss per share are the same as the basic loss per share.

由於截至二零一七年及二零一六年十二月三十一日止年度並無潛在攤薄普通股，故每股攤薄虧損與每股基本虧損相同。

11 PROPERTY, PLANT AND EQUIPMENT

11 物業、廠房及設備

		Buildings 樓宇 RMB'000 人民幣千元	Leasehold improvement 租賃物業裝修 RMB'000 人民幣千元	Plant and machinery 廠房及機器 RMB'000 人民幣千元	Furniture, fittings and equipment 傢俬、裝置及設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cost:	**成本:**							
At 1 January 2016	於二零一六年一月一日	201,421	5,946	104,863	6,014	7,175	199,992	525,411
Additions	添置	-	858	6,487	138	946	96,372	104,801
Disposal	出售	-	(965)	-	(14)	(88)	-	(1,067)
Transfers	轉撥	-	-	1,678	-	-	(1,678)	-
At 31 December 2016	於二零一六年十二月三十一日	201,421	5,839	113,028	6,138	8,033	294,686	629,145
At 1 January 2017	於二零一七年一月一日	201,421	5,839	113,028	6,138	8,033	294,686	629,145
Additions	添置	–	–	6,410	136	24	105,908	112,478
Disposal	出售	–	–	(5,694)	–	–	–	(5,694)
Transfers	轉撥	319,057	–	21,565	–	–	(340,622)	–
At 31 December 2017	於二零一七年十二月三十一日	520,478	5,839	135,309	6,274	8,057	59,972	735,929
Accumulated depreciation:	**累計折舊:**							
At 1 January 2016	於二零一六年一月一日	27,074	4,071	20,450	2,942	4,373	-	58,910
Charge for the year	年內支出	9,319	1,438	10,792	682	929	-	23,160
Elimination on disposal	於出售時抵銷	-	(883)	-	(1)	(84)	-	(968)
At 31 December 2016	於二零一六年十二月三十一日	36,393	4,626	31,242	3,623	5,218	-	81,102
At 1 January 2017	於二零一七年一月一日	36,393	4,626	31,242	3,623	5,218	-	81,102
Charge for the year	年內支出	9,814	1,106	11,373	608	855	–	23,756
Elimination on disposal	於出售時抵銷	–	–	(2,421)	–	–	–	(2,421)
Impairment losses	減值虧損	–	–	2,323	–	–	–	2,323
At 31 December 2017	於二零一七年十二月三十一日	46,207	5,732	42,517	4,231	6,073	–	104,760
Net book value:	**賬面淨值:**							
At 31 December 2017	於二零一七年十二月三十一日	474,271	107	92,792	2,043	1,984	59,972	631,169
At 31 December 2016	於二零一六年十二月三十一日	165,028	1,213	81,786	2,515	2,815	294,686	548,043

Buildings which are held for own use are situated in the PRC. At 31 December 2017, buildings with net book value of RMB97,045,000 (2016: RMB82,278,000), plant and machinery with net book value of RMB74,701,000 (2016: RMB32,054,000) and construction in progress with net book value of RMB2,266,000 (2016: RMB14,969,000) were pledged to banks for certain banking facilities granted to the Group (see note 24(c)).

位於中國的樓宇持有作自用。於二零一七年十二月三十一日,賬面淨值為人民幣97,045,000元(二零一六年:人民幣82,278,000元)的樓宇、賬面淨值為人民幣74,701,000元(二零一六年:人民幣32,054,000元)的廠房及機器以及賬面淨值為人民幣2,266,000元(二零一六年:人民幣14,969,000元)的在建工程已抵押予銀行作為本集團的若干銀行融資的抵押(請見附註24(c))。

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

During the year, one of the subsidiaries of the Group had no operation and the plant and machinery relating to production were obsolete. An impairment loss of RMB2,323,000 was recognised in other net loss to write the carrying amount of the plant and machinery down to its recoverable amount of RMB3,936,000.

The recoverable amount was based on the fair value less cost of disposal of the plant and machinery estimated by reference to the cost to reproduce or replace in new condition the plant and machinery being valued in accordance with current market prices for similar plant and machinery, with allowance for accrued depreciation as evidenced by observed condition or obsolescence present, whether arising from physical, functional or economic causes. The obsolescence rate in measuring the amount of fair value was 15% in relation to plant and machinery. Based on the fair value estimation, management is of the view that impairment losses of RMB2,323,000 is required in respect of plant and machinery, which are used in the Group's manufacturing and sales of wooden products segment. The fair value less cost of disposal of the plant and machinery is classified as a level 3 measurement.

11 物業、廠房及設備(續)

於本年度，本集團其中一間附屬公司並無經營業務及有關生產之廠房及機器已報廢。減值虧損人民幣2,323,000元於其他虧損淨額中確認，以將廠房及機器賬面值撇減至其可收回金額人民幣3,936,000元。

可收回金額乃經參考根據同類廠房及機器當時之市場價格將該廠房及機器按新狀況下重新興建或重置之估值成本以公平值減出售廠房及機器成本估計，並經減去參照可觀察之條件或陳舊狀況(不論是外在、功能或經濟方面之陳舊)所得之應計折舊。計量廠房及機器使用價值金額的折現率為15%。基於公平值估計，管理層認為須就用於本集團生產及銷售木製品分部的廠房及機器計提減值虧損人民幣2,323,000元。公平值減廠房及機器出售成本分類為第三級計量。

12 LEASE PREPAYMENTS

12 租賃預付款

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Cost:	**成本：**		
At 1 January	於一月一日	**106,861**	106,861
Additions	添置	**6,356**	–
Disposal	出售	**(30,015)**	–
At 31 December	於十二月三十一日	**83,202**	106,861
Accumulated amortisation:	**累計攤銷：**		
At 1 January	於一月一日	**6,799**	4,863
Charge for the year	年內支出	**1,732**	1,936
Disposal	出售	**(643)**	–
At 31 December	於十二月三十一日	**7,888**	6,799
Net book value:	**賬面淨值：**		
At 31 December	於十二月三十一日	**75,314**	100,062
Represented by:	**即：**		
Current portion	即期部分	**1,664**	1,966
Non-current portion	非即期部分	**73,650**	98,096
		75,314	100,062

The lease prepayments represent costs of obtaining the land use rights in respect of land located in the PRC and the capitalised costs relating to dredging and leveling of land. These leases expire between 2047 and 2083.

At 31 December 2017, land use rights with an aggregate carrying amount of RMB68,969,000 (2016: RMB100,062,000) were pledged as securities for certain banking facilities granted to the Group (see note 24(c)).

租賃預付款指為取得位於中國的土地的土地使用權而產生的成本，以及有關土地挖掘及平整的資本化成本。此等租賃於二零四七年至二零八三年屆滿。

於二零一七年十二月三十一日，賬面總值為人民幣68,969,000元(二零一六年：人民幣100,062,000元)的土地使用權已就本集團的若干銀行融資抵作抵押物(見附註24(c))。

13 NON-CURRENT PREPAYMENTS FOR ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT

The amount mainly represented prepayments for construction in progress and buildings. An analysis of non-current prepayments for acquisitions of property, plant and equipment is as follows:

13 收購物業、廠房及設備的非即期預付款

該金額主要指在建工程及樓宇預付款。收購物業、廠房及設備的非即期預付款分析如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Prepayment for construction of manufacturing complex	建造綜合製造廠的預付款	**13,245**	10,077
Prepayment for other constructions and property, plant and equipment	其他建築以及物業、廠房及設備的預付款	**21,358**	54,090
		34,603	64,167

14 INTERESTS IN ASSOCIATES

14 於聯營公司權益

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Share of net assets	應佔資產淨值	**24,434**	23,355

Details of the Group's interest in the associates are as follows:

本集團於聯營公司的權益詳情如下:

Name of associate 聯營公司名稱	Place of establishment and operation 成立及經營地點	Proportion of ownership interest 所有權權益比例 Group's effective interest 本集團的實際權益	Proportion of ownership interest 所有權權益比例 Held by a subsidiary 由附屬公司持有	Principal activity 主要活動
Jiangxi Lvyuan Trading Co., Ltd. ("Lvyuan") 江西綠源貿易有限公司(「綠源」)	The PRC 中國	45%	45%	Trading of imported timber 買賣進口木材
Longyan Deliyuan Biomass Energy Co., Ltd. ("Deliyuan") 龍岩市得利源生物能源有限公司(「得利源」)	The PRC 中國	45%	45%	Research & development and sales of biomass energy 生物質能源的研發及銷售
Xiamen Zhonglisheng Trading Co., Ltd. ("Zhonglisheng") 廈門中利盛貿易有限公司(「中利盛」)	The PRC 中國	45%	45%	Whole sale of forestry products and building material 林業產品及建材批發
Fujian Longyan Zhangping Weston Wood Component and Material Company Limited ("Weston Wood") 福建省龍岩市漳平威斯頓木結構材料有限公司(「威斯頓」)	The PRC 中國	45%	45%	Manufacture and sale of wooden products 木製品製造及銷售

Note:

(i) On 24 October 2017, the Group contributed capital of RMB1,350,000 to Weston Wood.

附註:

(i) 於二零一七年十月二十四日,本集團向威斯頓注資人民幣1,350,000元。

Lvyuan, Deliyuan, Zhonglisheng and Weston Wood are accounted for using the equity method in the consolidated financial statements.

綠源、得利源、中利盛及威斯頓於綜合財務報表內採用權益法入賬。

14 INTERESTS IN ASSOCIATES (Continued)

14 於聯營公司權益(續)

Summary of financial information of the associates:

該聯營公司的財務資料摘要：

		Lvyuan 綠源		Deliyuan 得利源		Zhonglisheng 中利盛		Weston Wood 威斯頓
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	**2017 二零一七年 RMB'000 人民幣千元**	2016 二零一六年 RMB'000 人民幣千元	**2017 二零一七年 RMB'000 人民幣千元**	2016 二零一六年 RMB'000 人民幣千元	**2017 二零一七年 RMB'000 人民幣千元**
Non-current assets	非流動資產	**108**	115	**–**	–	**–**	–	**2,991**
Current assets	流動資產	**5,968**	7,022	**9,987**	10,000	**10,121**	10,119	**4,440**
Non-current liabilities	非流動負債	**–**	–	**–**	–	**–**	–	**–**
Current liabilities	流動負債	**(35)**	(683)	**(2)**	(7)	**(115)**	(114)	**(4,304)**
Net assets	資產淨值	**6,041**	6,454	**9,985**	9,993	**10,006**	10,005	**3,127**
Group's share of net assets of the associates	本集團應佔聯營公司的資產淨值	**2,719**	2,905	**4,493**	4,497	**4,503**	4,502	**1,407**
Revenue	收入	**3,335**	4,201	**109**	209	**82**	405	**12,606**
Profit or loss from continuing operations	持續經營的損益	**(376)**	(286)	**(7)**	(6)	**(1)**	5	**126**

15 GOODWILL

15 商譽

		RMB'000 人民幣千元
Cost:	**成本：**	
At 1 January 2017 and 31 December 2017	於二零一七年一月一日及二零一七年十二月三十一日	4,300
Accumulated impairment losses:	**累計減值虧損：**	
At 1 January 2017 and 31 December 2017	於二零一七年一月一日及二零一七年十二月三十一日	(4,300)
Carrying amount:	**賬面值：**	
At 31 December 2017	**於二零一七年十二月三十一日**	–
At 31 December 2016	於二零一六年十二月三十一日	–

16 OTHER FINANCIAL ASSETS

16 其他金融資產

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Available-for-sale equity securities:	**可供出售股本證券：**		
Unlisted equity securities, at cost	未上市股本證券，按成本	**2,495**	2,495

The above financial assets represent investment in equity securities of a PRC local bank in Zhangping City, Fujian Province. The investment does not have a quoted price in an active market for an identical instrument and whose fair value cannot be reliably measured.

上述金融資產指於中國福建省漳平市地方銀行的股本證券投資。該投資對於相同工具而言於活躍市場並無報價及其公平值無法可靠計量。

17 INTERESTS IN SUBSIDIARIES

17 於附屬公司的權益

Details of the subsidiaries are set out below. The class of shares held is ordinary unless otherwise stated.

有關附屬公司的詳情載列如下。除另有註明外，所持有的股份均為普通股。

Name of company 公司名稱	Place and date of incorporation/establishment 註冊成立／成立地點及日期	Particulars of issued and paid up/registered capital 已發行及繳足資本／註冊資本的詳情	Attributable equity interest held by the Company 本公司所持應佔股權 Direct 直接	 Indirect 間接	Principal activities 主要業務
Green Oceans Investment Holdings Limited	The British Virgin Islands ("BVI") 7 November 2011	10 shares of USD1 each	100%	–	Investment holding
Green Oceans Investment Holdings Limited	英屬處女群島（「英屬處女群島」）二零一一年十一月七日	10股每股1美元的股份			投資控股
King Wood (Hong Kong) Holding Limited	Hong Kong 5 August 2010	10,000 shares of HK$1 each	–	100%	Sales of outdoor wooden products
木村（香港）控股有限公司	香港 二零一零年八月五日	10,000股每股1港元的股份			銷售戶外木製品

(Expressed in Renminbi unless otherwise indicated) （除另有指示外，以人民幣列示）

17 INTERESTS IN SUBSIDIARIES (Continued) 17 於附屬公司的權益（續）

Name of company 公司名稱	Place and date of incorporation/establishment 註冊成立╱成立地點及日期	Particulars of issued and paid up/registered capital 已發行及繳足資本╱註冊資本的詳情	Attributable equity interest held by the Company 本公司所持應佔股權 Direct 直接	Indirect 間接	Principal activities 主要業務
Fujian Zhangping Kimura Forestry Products Co. Ltd *(notes (i) and (iii))*	The PRC 17 December 1995	Registered capital of RMB380,000,000	–	100%	Manufacturing and sales of outdoor wooden products
福建省漳平木村林產有限公司 *（附註(i)及(iii)）*	中國 一九九五年十二月十七日	註冊資本 人民幣380,000,000元			生產及銷售戶外木製品
Zhangping Kimura Merry Garden Wooden Structure Design and Installation Co., Ltd. *(notes (ii) and (iii))*	The PRC 12 June 2010	Registered capital of RMB1,000,000	–	100%	Engaged in projects of outdoor wooden products including the provision of design and installation services
漳平市木村美麗家園木結構設計安裝有限公司 *（附註(ii)及(iii)）*	中國 二零一零年六月十二日	註冊資本 人民幣1,000,000元			從事戶外木製品項目，包括提供設計及安裝服務
Merry Garden (Shanghai) Household Co., Ltd. *(notes (ii) and (iii))*	The PRC 24 February 2012	Registered capital of RMB1,000,000	–	100%	Retail sales of outdoor wooden products through self-operated retail shops
美麗家園(上海)家居有限公司 *（附註(ii)及(iii)）*	中國 二零一二年二月二十四日	註冊資本 人民幣1,000,000元			透過自營零售店零售戶外木製品
Merry Garden (Xiamen) Household Co., Ltd. *(notes (ii) and (iii))*	The PRC 14 November 2012	Registered capital of RMB5,000,000	–	100%	Retail sales of outdoor wooden products through self-operated retail shops
美麗家園(廈門)家居有限公司 *（附註(ii)及(iii)）*	中國 二零一二年十一月十四日	註冊資本 人民幣5,000,000元			透過自營零售店零售戶外木製品

(Expressed in Renminbi unless otherwise indicated) （除另有指示外，以人民幣列示）

17 INTERESTS IN SUBSIDIARIES (Continued) 17 於附屬公司的權益（續）

Name of company 公司名稱	Place and date of incorporation/establishment 註冊成立／成立地點及日期	Particulars of issued and paid up/registered capital 已發行及繳足資本／註冊資本的詳情	Attributable equity interest held by the Company 本公司所持應佔股權 Direct 直接	 Indirect 間接	Principal activities 主要業務
Merry Garden (US) Inc. *(note (vi))*	The United States of America 10 January 2013	100 share of USD1 each	–	100%	Sales of outdoor wooden products
Merry Garden (US) Inc. *（附註(vi)）*	美利堅合眾美國 二零一三年一月十日	100股 每股1美元的股份			銷售戶外木製品
Zhangping Merry Garden Import and Export Co. Ltd. ("MG Import and Export") *(note (ii) and (iii))*	The PRC 27 February 2013	Registered capital of RMB30,000,000	–	100%	Trading of timber and sales of outdoor wooden products
漳平市美麗家園進出口有限公司（「美麗家園進出口」）*（附註(ii)及(iii)）*	中國 二零一三年二月二十七日	註冊資本 人民幣30,000,000元			木材貿易及銷售戶外木製品
Merry Garden Holdings Limited *(note (v))*	Hong Kong 3 August 2016	1 share of HK$1 each	–	100%	Investment holding
美麗家園控股有限公司 *（附註(v)）*	香港 二零一六年八月三日	1股每股1港元的股份			投資控股
Merry Garden Biomass Energy Holdings Limited	Hong Kong 10 October 2014	1 share of HK$1 each	–	100%	Investment holding
美麗家園生物質能源控股有限公司	香港 二零一四年十月十日	1股每股1港元的股份			投資控股
Zhangping Merry Garden Biomass Energy Development Ltd. *(notes (ii) and (iv))*	The PRC 31 March 2014	Registered capital of RMB80,000,000	–	100%	Manufacturing and sales of renewable energy products
漳平市美麗家園生物質能源開發有限公司 *（附註(ii)及(iv)）*	中國 二零一四年三月三十一日	註冊資本 人民幣80,000,000元			生產及銷售再生能源產品

(Expressed in Renminbi unless otherwise indicated) （除另有指示外，以人民幣列示）

17 INTERESTS IN SUBSIDIARIES (Continued) 17 於附屬公司的權益（續）

Name of company 公司名稱	Place and date of incorporation/ establishment 註冊成立／成立地點及日期	Particulars of issued and paid up/ registered capital 已發行及繳足資本／註冊資本的詳情	Attributable equity interest held by the Company 本公司所持應佔股權 Direct 直接	 Indirect 間接	Principal activities 主要業務
Unicreed Holdings Limited 揚帆同創集團有限公司	Hong Kong 20 January 2011 香港 二零一一年一月二十日	10,000 shares of HK$5,653.39 each 10,000股每股5,653.39港元的股份	–	100%	Investment holding 投資控股
Unicreed Industry & Trade Co., Ltd. (formerly known as Unicreed (China) Electronics Company Limited) *(notes (i) and (iii))* 揚帆同創工貿有限公司（前稱揚帆同創（中國）電子有限公司）*（附註(i)及(iii)）*	The PRC 10 June 2011 中國 二零一一年六月十日	Registered capital of USD7,850,000 註冊資本7,850,000美元	–	100%	Manufacture and sales of electronics products 生產及銷售電子產品

Notes:

(i) These entities are wholly foreign-owned enterprises established in the PRC.

(ii) These entities are limited liability companies established in the PRC and are wholly-owned subsidiaries of Zhangping Kimura.

(iii) The English translation of the company names is for reference only. The official names of these companies are in Chinese.

(iv) This entity is a limited liability company established in the PRC and is a wholly-owned subsidiary of MG Import and Export.

(v) This entity is a limited liability company established in Hong Kong and is a wholly-owned subsidiary of King Wood (Hong Kong) Holding Limited.

(vi) The entity was a limited liability company established in the USA and was deregistered on 7 November 2017.

附註：

(i) 該等實體為於中國成立的外商獨資企業。

(ii) 該等實體為於中國成立的有限公司及漳平木村的全資附屬公司。

(iii) 該等公司的英譯名稱僅供參考，其正式名稱以中文為準。

(iv) 該實體為一間於中國成立之有限公司且為美麗家園進出口的全資附屬公司。

(v) 該實體為於香港成立的有限公司及木村（香港）控股有限公司的全資附屬公司。

(vi) 該實體為於美國成立之有限公司並於二零一七年十一月七日註銷。

18 DEFERRED TAXATION

Deferred tax assets and liabilities recognised

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

18 遞延稅項

已確認的遞延稅項資產及負債

年內於綜合財務狀況表中已確認的遞延稅項資產／(負債)部分及變動如下：

		Deferred income 遞延收入 RMB'000 人民幣千元	Unrealised profits on inventories 存貨的未變現溢利 RMB'000 人民幣千元	Unrealised gain on derivative financial instruments 衍生金融工具的未變現收益 RMB'000 人民幣千元	PRC dividend withholding tax 中國股息預扣稅 RMB'000 人民幣千元	Interest capitalisation 利息資本化 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Deferred tax arising from:	**遞延稅項來自：**						
At 1 January 2016	於二零一六年一月一日	4,881	81	307	(1,707)	(326)	3,236
(Charged)/credited to profit or loss *(note 7(a))*	(扣自)／計入損益表 *(附註7(a))*	(290)	(76)	(587)	–	17	(936)
At 31 December 2016	於二零一六年十二月三十一日	4,591	5	(280)	(1,707)	(309)	2,300
At 1 January 2017	於二零一七年一月一日	4,591	5	(280)	(1,707)	(309)	2,300
(Charged)/credited to profit or loss *(note 7(a))*	(扣自)／計入損益表 *(附註7(a))*	(290)	–	1,958	–	(3,580)	(1,912)
At 31 December 2017	**於二零一七年十二月三十一日**	4,301	5	1,678	(1,707)	(3,889)	388

18 DEFERRED TAXATION *(Continued)*

Deferred tax assets and liabilities recognised *(Continued)*

Reconciliation to consolidated statement of financial position:

18 遞延税項*（續）*

已確認的遞延税項資產及負債*（續）*

於綜合財務狀況表中對賬如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Net deferred tax asset recognised in the consolidated statement of financial position	於綜合財務狀況表中確認的遞延税項資產淨值	**5,984**	4,596
Net deferred tax liabilities recognised in the consolidated statement of financial position	於綜合財務狀況表中確認的遞延税項負債淨值	**(5,596)**	(2,296)
		388	2,300

19 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

19 存貨

(a) 於綜合財務狀況表中的存貨包括：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Raw materials	原材料	**174,856**	167,927
Work in progress	在製品	**29,298**	43,691
Finished goods	製成品	**126,964**	107,882
		331,118	319,500

19 INVENTORIES *(Continued)*

19 存貨（續）

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

(b) 已確認為開支並計入損益的存貨額分析如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Carrying amount of inventories sold	已售存貨的賬面值	**430,018**	394,506

20 TRADE AND OTHER RECEIVABLES

20 貿易及其他應收款項

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Trade and bills receivables	貿易應收款項及應收票據	**110,650**	128,400
Trade receivable from associates	應收聯營公司的貿易款項	**1,478**	3,510
Total trade receivables	貿易應收款項總額	**112,128**	131,910
Prepayment for raw materials	原材料預付款	**63,927**	86,497
Derivative financial instruments *(note 31 (f)(ii))*	衍生金融工具 *（附註31(f)(ii)）*	**–**	9,561
Gross amount due from customers for contract work *(note (i))*	應收客戶合同工程總額 *（附註(i)）*	**–**	708
Amount due from a related company *(note 30 (c))*	應收關聯公司款項 *（附註30(c)）*	**67**	–
Amount due from associates	應收聯營公司款項	**3,968**	–
Other receivables	其他應收款項	**16,514**	11,210
		196,604	239,886

20 TRADE AND OTHER RECEIVABLES *(Continued)*

20 貿易及其他應收款項*(續)*

Note:

附註：

(i) This balance includes retention receivables at 31 December 2017 of RMB708,000 (2016: RMB708,000), of which RMB708,000 was impaired for the year ended 31 December 2017.

(i) 此結餘包括於二零一七年十二月三十一日的應收保留金人民幣708,000元(二零一六年：人民幣708,000元)，其中人民幣708,000元於截至二零一七年十二月三十一日止年度已減值。

All of the trade and other receivables, apart from those balances specified in (i) above, are expected to be recovered or recognised as expense within one year.

除上文(i)指明的該等結餘外，預計所有貿易及其他應收款項將於一年內收回或確認為開支。

(a) Ageing analysis

(a) 賬齡分析

As at 31 December 2017, the ageing analysis of trade and bills receivables (which are included in trade and other receivables), based on invoice date and net of allowances of doubtful debts, is as follows:

於二零一七年十二月三十一日，按發票日期並扣除呆賬備抵的貿易應收款項及應收票據(已計入貿易及其他應收款項)賬齡分析如下：

		2017 **二零一七年** **RMB'000** **人民幣千元**	2016 二零一六年 RMB'000 人民幣千元
Within 1 month	於1個月內	**38,776**	36,499
1 to 2 months	1至2個月	**25,738**	23,305
2 to 3 months	2至3個月	**11,560**	13,181
Over 3 months	超過3個月	**36,054**	58,925
		112,128	131,910

Trade and bills receivables are normally due within 90 days to 180 days from the date of billing. Further details of the Group's credit policy are set out in note 31(a).

貿易應收款項及應收票據一般於出具發票日期起計90日至180日內到期。有關本集團信貸政策的進一步詳情載於附註31(a)。

20 TRADE AND OTHER RECEIVABLES (Continued)

(b) Trade debtors that are not impaired

The ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

20 貿易及其他應收款項(續)

(b) 不作減值的貿易應收賬款

並無個別或共同視作減值的貿易應收款項及應收票據賬齡分析如下：

		2017 **二零一七年** **RMB'000** **人民幣千元**	2016 二零一六年 RMB'000 人民幣千元
Current	即期	**90,005**	77,526
Less than 1 month past due	逾期少於1個月	**6,223**	2,059
1 to 3 months past due	逾期1至3個月	**1,542**	896
More than 3 months but less than 12 months past due	逾期超過3個月但少於12個月	**9,587**	41,024
More than 12 months past due	逾期超過12個月	**4,771**	10,405
Amounts past due	逾期款項	**22,123**	54,384
		112,128	131,910

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

未逾期或減值的應收款項涉及多個近期並無違約記錄的客戶。

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

逾期但並無減值的應收款項涉及一批與本集團具良好往績記錄的獨立客戶。根據過往經驗，由於信貸質素並無重大轉變，且認為該等結餘仍可悉數收回，故管理層相信毋須就該等結餘作出減值準備。本集團並無就該等結餘持有任何抵押品。

20 TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Trade debtors that are not impaired *(Continued)*

The below table reconciled the impairment loss of trade and other receivables for the year:

20 貿易及其他應收款項（續）

(b) 不作減值的貿易應收賬款（續）

下表為本年度貿易及其他應收款項的減值虧損對賬：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
At 1 January	於一月一日	**–**	–
Impairment loss recognised	已確認減值虧損	**3,493**	–
At 31 December	於十二月三十一日	**3,493**	–

21 PLEDGED DEPOSITS

Pledged deposits with banks have been placed as security for banking facilities and derivative financial instruments issued by banks to the Group (see note 24(c)).

21 已抵押存款

抵押予銀行的存款已用作銀行向本集團發出銀行融資及衍生金融工具的抵押（見附註24(c)）。

22 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents in the consolidated statement of financial position and consolidated cash flow statement comprise:

22 現金及現金等價物

(a) 於綜合財務狀況表及綜合現金流量表內的現金及現金等價物包括：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Deposits with banks and other financial institutions	銀行及其他金融機構存款	**75,702**	121,194
Cash at bank and in hand	銀行及手頭現金	**37,799**	52,792
		113,501	173,986

At 31 December 2017, cash and cash equivalents in the amount of RMB91,424,000 (2016: RMB142,178,000) are denominated in RMB and are deposited in the PRC in the ordinary course of business. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

於二零一七年十二月三十一日，為數人民幣91,424,000元（二零一六年：人民幣142,178,000元）的現金及現金等價物乃以人民幣計值，並於日常業務過程中存放於中國。人民幣並非可自由兑換的貨幣，從中國匯出資金須受中國政府頒佈的外匯管制法例及法規所限制。

22 CASH AND CASH EQUIVALENTS (Continued) 22 現金及現金等價物(續)

(b) Reconciliation of profit before taxation to cash generated from operations: (b) 除稅前溢利與經營業務所得現金對賬:

		Note 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Loss before taxation	除稅前虧損		**(38,203)**	(20,678)
Adjustments for:	就以下各項作出調整:			
Interest expense	利息開支	6(a)	**6,216**	9,037
Depreciation	折舊	6(c)	**23,756**	23,160
Amortisation of lease prepayments	租賃預付款攤銷	6(c)	**1,732**	1,936
Amortisation of deferred income	遞延收入攤銷	25	**(1,163)**	(1,163)
Net foreign exchange loss	外匯虧損淨值		**1,869**	4,245
Changes in fair value of derivative financial instruments	衍生金融工具公平值變動		**12,307**	–
Interest income	利息收入	5(a)	**(3,405)**	(5,687)
Dividend income	股息收入		**(354)**	(283)
Net (gain)/loss on disposal of property, plant and equipment	出售物業、廠房及設備(收益)/虧損淨額		**(105)**	88
Gain on disposal of land use rights	出售土地使用權收益		**(580)**	–
Share of losses of associates, net of tax	應佔聯營公司虧損,扣除稅項		**271**	65
Impairment of goodwill	商譽減值	15	**–**	4,300
Impairment of property, plant and equipment	物業、廠房及設備減值		**2,323**	–
Impairment of trade and other receivables	貿易及其他應收款項減值		**3,493**	–
Changes in working capital:	營運資金變動:			
(Increase)/decrease in inventories	存貨(增加)/減少		**(11,618)**	16,944
Decrease in trade and other receivables	貿易及其他應收款項減少		**47,963**	60,094
Increase/(Decrease) in trade and other payables	貿易及其他應付款項增加/(減少)		**3,816**	(2,701)
Cash generated from operations	經營業務所得現金		**48,318**	89,357

23 TRADE AND OTHER PAYABLES 23 貿易及其他應付款項

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Trade payables *(note 23(a))*	貿易應付款項（*附註23(a)*）	**3,769**	6,892
Receipt in advance	預收款項	**10,094**	3,138
Amounts due to associates	應付聯營公司款項	**22,416**	230
Derivative financial instruments *(note 31(f)(ii))*	衍生金融工具（*附註31(f)(ii)*）	**12,307**	7,692
Amount due to a director	應付一名董事款項	**12**	17
Amount due to a related company *(note 30(c))*	應付關聯公司款項（*附註30(c)*）	**283**	283
Other payables and accruals *(note i)*	其他應付款項及應計費用（*附註i*）	**15,272**	15,077
		64,153	33,329

Note:

i. Balance mainly represents salaries, wages, bonus and other accrued benefits, and payables for the purchase of property, plant and equipment.

附註：

i. 結餘主要指薪金、工資、花紅及其他應計福利以及購買物業、廠房及設備的應付款項。

All of the above balances are expected to be settled within one year or repayable on demand.

所有上述結餘預計將於一年內償付或按要求償還。

(a) A maturity analysis of the trade payables is as follows:

As at 31 December 2017, the maturity analysis of the trade payables balance is as follows:

(a) 貿易應付款項的到期日分析如下：

於二零一七年十二月三十一日，貿易應付款項的到期日分析如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Due within 1 month or on demand	1個月內到期償付或按要求償付	**3,169**	4,410
Due after 1 month but within 3 months	1個月後但3個月內到期償付	**600**	2,482
		3,769	6,892

24 BANK LOANS

24 銀行貸款

(a) At 31 December 2017, the bank loans were repayable as follows:

(a) 於二零一七年十二月三十一日，須償還的銀行貸款如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within 1 year or on demand	一年內或按要求	**233,187**	340,072
After 1 year but within 2 years	一年後但兩年內	**–**	56,290
After 2 years but within 5 years	兩年後但五年內	**–**	–
		–	56,290
		233,187	396,362

(b) At 31 December 2017, the bank loans were secured as follows:

(b) 於二零一七年十二月三十一日，有抵押銀行貸款如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Bank loans *(note 24(c))*	銀行貸款 *(附註24(c))*		
— secured	— 有抵押	**232,005**	371,362
— unsecured	— 無抵押	**1,182**	25,000
		233,187	396,362

24 BANK LOANS (Continued)

(c) The amounts of banking facilities available to the Group and the utilisation at 31 December 2017 are set out as follows:

24 銀行貸款（續）

(c) 於二零一七年十二月三十一日，本集團可獲取的銀行融資及其動用情況如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Banking facilities available	可獲取的銀行融資		
— secured	— 有抵押	**394,939**	507,021
— unsecured	— 無抵押	**1,182**	25,000
		396,121	532,021
Amounts utilised	已動用金額		
— bank loans	— 銀行貸款	**233,187**	396,362

The secured banking facilities were secured by the following assets with carrying values as follows:

有抵押銀行融資以下列資產的賬面值作抵押：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Pledged deposits *(note 21)*	已抵押存款*（附註21）*	**78,261**	140,515
Buildings *(note 11)*	樓宇*（附註11）*	**97,045**	82,278
Plant and machinery *(note 11)*	廠房及機器*（附註11）*	**74,701**	32,054
Construction in progress *(note 11)*	在建工程*（附註11）*	**2,266**	14,969
Lease prepayments *(note 12)*	租賃預付款*（附註12）*	**68,969**	100,062
		321,242	369,878

24 BANK LOANS *(Continued)*

(c) The amounts of banking facilities available to the Group and the utilisation at 31 December 2017 are set out as follows: *(Continued)*

During 2017 and 2016, all of the Group's banking facilities were subject to the fulfilment of certain covenants, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants.

The Group has seven secured bank loans with carrying amounts of RMB104,218,000 with maturity date during 2018. The loan agreements contain certain covenants on profit for which the profit making requirement during year 2017.

The Company complies with its obligation to pay and will repay the principals when they fall due. The Bank considered it not necessary at present to exercise its rights given by the loan agreements upon the Group not meeting the abovementioned covenant prior to the respective maturity dates of the loans in 2017.

Except for the above, the Company has fulfilled the covenants relating to drawn down facilities during 2017 and 2016. Details of the Group's management of liquidity risk are set out in note 31(b).

24 銀行貸款*（續）*

(c) 於二零一七年十二月三十一日，本集團可獲取的銀行融資及其動用情況如下：*（續）*

於二零一七年及二零一六年，本集團的所有銀行融資均受履行與金融機構訂立的借貸安排中一般常見的若干契約所規限。倘本集團違反契約，則已支取的信貸將須按要求償還。本集團定期監控確保其遵守有關契約。

本集團擁有於二零一八年到期的七筆有抵押銀行貸款，其賬面值為人民幣104,218,000元。貸款協議載有若干關於二零一七年利潤要求的有關利潤的契約。

本公司遵守其付款責任並將於本金到期時進行償還。儘管本集團於二零一七年未能於有關貸款到期日前達成前述契約，但銀行認為目前毋須行使貸款協議賦予其的權利。

除上述者外，於二零一七年及二零一六年，本公司已達成有關提取融資的契約。有關本集團管理流動資金風險的詳情載於附註31(b)。

25 DEFERRED INCOME

25 遞延收入

The movements of deferred income are as follows:

遞延收入變動如下：

		2017 **二零一七年** **RMB'000** **人民幣千元**	2016 二零一六年 RMB'000 人民幣千元
Balance at 1 January	於一月一日的結餘	**18,364**	19,527
Government grant recognised in profit or loss as other revenue *(note 5(a))*	於損益表確認為其他收入的政府補助金（*附註5(a)*）	**(1,163)**	(1,163)
Balance at 31 December	於十二月三十一日的結餘	**17,201**	18,364
Represented by:	**即：**		
Current portion	即期部分	**1,163**	1,163
Non-current portion	非即期部分	**16,038**	17,201
		17,201	18,364

Deferred income represented government subsidies that compensated the Group for the cost of its land use right and the cost of infrastructure development which are recognised in profit or loss on a systematic basis over the useful life of the assets.

遞延收入指政府補貼，用於賠償本集團的土地使用權成本及基礎設施發展成本，於資產的可使用年期內有系統地於損益表內確認。

There were no unfulfilled conditions or contingencies attaching to these government grants.

政府補助金並無附帶未完成條件或或然事項。

26 DEBENTURES

26 債券

The Group has entered into agreements with two individual third parties issuing unsecured debentures with principal amounting to HK$20,000,000. The debentures are bearing interest at 5% per annum, unsecured and repayable on 29 August 2017.

本集團已與兩名第三方個人訂立協議，發行本金額20,000,000港元的無抵押債券。相關債券按年息5%計算，為無抵押且應於二零一七年八月二十九日償還。

The debentures agreements with the above two individual third parties were renewed and are bearing interest at 3% per annum, unsecured and repayable on 29 August 2022.

與上述兩名第三方個人訂立的債券協議已經更新，按年息3%計算，為無抵押且應於二零二二年八月二十九日償還。

27 CAPITAL, RESERVES AND DIVIDENDS

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

27 資本、儲備及股息

有關本集團綜合權益各部分的期初及期末餘額對賬載列於綜合權益變動表。本公司權益單獨部分於年初及年末的變動詳情如下:

(a) Movements in components of equity

(a) 權益部分的變動

The Company

本公司

		Share capital 股本 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Exchange reserve 匯兌儲備 RMB'000 人民幣千元	Accumulated losses 累計虧損 RMB'000 人民幣千元	Total equity 權益總額 RMB'000 人民幣千元
Balance at 1 January 2016	**於二零一六年一月一日的結餘**	20,987	624,211	24,985	(17,574)	652,609
Changes in equity for 2016:	**二零一六年的權益變動:**					
Loss for the year	年內虧損	–	–	–	(4,685)	(4,685)
Other comprehensive income	其他全面收益	–	–	43,877	–	43,877
Total comprehensive income for the year	年內全面收益總額	–	–	43,877	(4,685)	39,192
Balance at 31 December 2016 and 1 January 2017	**於二零一六年十二月三十一日及二零一七年一月一日的結餘**	20,987	624,211	68,862	(22,259)	691,801
Changes in equity for 2017:	**二零一七年的權益變動:**					
Loss for the year	年內虧損	–	–	–	(6,372)	(6,372)
Other comprehensive income	其他全面收益	–	–	(48,436)	–	(48,436)
Total comprehensive income for the year	年內全面收益總額	–	–	(48,436)	(6,372)	(54,808)
Issue of shares upon subscription	認購時發行股份	4,557	54,521	–	–	59,078
Balance at 31 December 2017	**於二零一七年十二月三十一日的結餘**	25,544	678,732	20,426	(28,631)	696,071

27 CAPITAL, RESERVES AND DIVIDENDS (Continued)

27 資本、儲備及股息(續)

(b) Share capital

(b) 股本

Authorised and issued share capital

法定及已發行股本

		2017 二零一七年 Number of shares 股份數目 '000 千股	Amount 金額 HK$'000 千港元	2016 二零一六年 Number of shares 股份數目 '000 千股	Amount 金額 HK$'000 千港元
Authorised:	**法定:**				
Ordinary shares of HK$0.01 each at 1 January and 31 December	於一月一日及十二月三十一日每股面值0.01港元的普通股	**10,000,000**	**100,000**	10,000,000	100,000

		2017 二零一七年 Number of shares 股份數目 '000 千股	Amount 金額 HK$'000 千港元	2016 二零一六年 Number of shares 股份數目 '000 千股	Amount 金額 HK$'000 千港元
Ordinary shares, issued and fully paid:	**普通股、發行及繳足:**				
At 1 January	於一月一日	**2,573,835**	**25,738**	2,573,835	25,738
Issue of shares upon subscription on 10 February 2017 *(note (i))*	於二零一七年二月十日認購時發行股份*(附註(i))*	**514,500**	**5,145**	–	–
		3,088,335	**30,883**	2,573,835	25,738
Equivalent to (RMB'000)	相當於(人民幣千元)		**25,544**		20,987

Notes:

(i) On 10 February 2017, an aggregate of 514,500,000 ordinary shares of HK$0.01 each were conditionally issued to not less than six placees, who and whose ultimate beneficial owners are independent third parties, at a price of HK$0.13 per share. The net proceeds would be retained for research and development expenditure to enhance research and product competitiveness of the Group and as general working capital of the Group. The shares issued rank pari passu with other shares in issue in all respects.

附註:

(i) 於二零一七年二月十日,合共514,500,000股每股面值0.01港元的普通股已按每股0.13港元的價格有條件發行予不少於六名承配人(彼等及彼等之最終實益擁有人均為獨立第三方)。所得款項淨額將保留用作研發開支以加強研究及提升本集團產品的競爭力以及作為本集團的一般營運資金。已發行股份於所有方面與已發行其他股份享有同等地位。

27 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Nature and purpose of reserves

(i) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issue of the shares of the Company.

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Exchange reserve

The exchange reserve comprises all foreign currency differences arising from the translation of the financial statements of the entities with functional currency other than Renminbi. The reserve is dealt with in accordance with the accounting policy set out in note 2(x).

(iii) Statutory reserve

Transfers from retained profits to PRC statutory reserve are made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC and were approved by the respective boards of directors.

The subsidiaries in the PRC are required to appropriate 10% of its after-tax profit, as determined in accordance with the PRC accounting rules and regulations, to statutory general reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory general reserve can be used to make good prior years' losses, if any, and may be converted into paid-up capital provided that the balance after such conversion is not less than 25% of the registered capital.

27 資本、儲備及股息(續)

(c) 儲備性質及目的

(i) 股份溢價

股份溢價指本公司的股份面值與發行本公司股份所收取所得款項之間的差額。

根據開曼群島公司法,本公司股份溢價賬內的基金可供分派予本公司的股東,惟緊隨建議分派股息日期後,本公司須能夠償付一般業務過程中到期的債務。

(ii) 匯兑儲備

匯兑儲備包括以人民幣以外的功能貨幣換算各間實體財務報表所產生的所有外幣差額。該儲備乃根據附註2(x)所載的會計政策處理。

(iii) 法定儲備

自保留盈利轉撥至中國法定儲備乃根據相關中國規則及規例以及本公司在中國成立的附屬公司的組織章程細則進行,並已獲相關董事會批准。

中國的附屬公司須撥出10%的除税後溢利(其乃根據中國會計規則及規例釐定)至一般法定儲備,直至儲備結餘達註冊資本的50%為止。轉撥至儲備須在向股東分派股息前進行。

一般法定儲備可用於補償過往年度虧損(如有),並可轉換至繳足股本,惟有關轉換後的結餘不得低於註冊資本的25%。

27 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Distributable reserves

The aggregate amounts of reserves available for distribution to equity shareholders of the Company were RMB670,527,000 (2016: RMB670,814,000).

After the end of the reporting period, the directors proposed no final dividend (2016: proposed no final dividend).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurate with the level of risk and by securing access to financing at a reasonable cost.

The Group defined "capital" as including all components of equity. Trade balances and short-term bank loans that arise in the course of ordinary business are not regarded by the Group as capital. On this basis, the amount of capital employed by the Group at 31 December 2017 were RMB1,255,417,000 (2016: RMB1,132,291,000).

The Group manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustment to the capital structure in light of changes in economic conditions affecting the Group.

Except for the banking facilities which require the fulfilment of certain covenants as disclosed in note 24(c), neither the Company nor any of the subsidiaries are subject to externally imposed capital requirements in either prior or current year.

27 資本、儲備及股息*（續）*

(d) 可分派儲備

可向本公司權益持有人分派之儲備總額為人民幣670,527,000元（二零一六年：人民幣670,814,000元）。

於報告期間結束後，董事並無建議派發末期股息（二零一六年：不建議派發末期股息）。

(e) 資本管理

本集團管理資本的主要目標是透過與風險程度匹配的產品及服務定價及透過按合理成本取得融資，保障本集團持續經營的能力，以便其能繼續為股東帶來回報及為其權益持有者帶來利益。

本集團將「資本」定義為包括所有權益部分。本集團在一般業務過程中產生的貿易結餘及短期銀行貸款不被視為資本。按此基準，本集團於二零一七年十二月三十一日擁有的資本金額為人民幣1,255,417,000元（二零一六年：人民幣1,132,291,000元）。

本集團管理其資本架構，以維持更高股東回報間的結餘，該等回報可能具有更高的借貸及健全資本狀況所具有的優勢及保障，並就影響本集團的經濟狀況變動對資本架構進行調整。

除須達成附註24(c)所披露的若干契約的銀行信貸外，於去年度或本年度，本公司或任何附屬公司均毋須在外部施加資本需求。

28 COMMITMENTS

28 承擔

(a) Capital commitments outstanding at 31 December 2017 not provided for in these consolidated financial statements were as follows:

(a) 於此等綜合財務報表內未作出撥備且於二零一七年十二月三十一日尚未償還的資本承擔如下:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Contracted for *(note (i))*	已訂約(*附註(i)*)	**26,228**	23,402
		26,228	23,402

Note:

(i) Capital commitments are mainly related to construction of factories for Zhangping Kimura and Unicreed and purchase of equipment.

附註:

(i) 資本承擔主要有關為漳平木村及楊帆同創建設廠房以及購買設備。

(b) At 31 December 2017, the total future minimum lease payments under non-cancellable operating leases in respect of rental of offices and retail shops are repayable as follows:

(b) 於二零一七年十二月三十一日,有關辦公室及零售店租金的不可撤銷經營租約項下須償還的未來最低租賃付款總額如下:

Operating lease commitments as lessee

經營租賃承擔(作為承租人)

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within 1 year	一年內	**398**	398
After 1 year but within 5 years	一年後但於五年內	**86**	478
		484	876

The leases typically run for an initial period of one to five years, with an option to renew when all terms are renegotiated. None of the leases include contingent rentals.

租約一般初步為期一年至五年不等,可選擇於所有條款重新磋商時續期。該等租約均不包括或然租金。

28 COMMITMENTS *(Continued)*

Operating lease commitments as lessor

The Group leases out certain held for own use properties under operating leases. The leases run for an initial period of 1 year. None of these leases include contingent rental. As at 31 December 2017, the total future minimum lease payments receivable under non-cancellable operating leases in respect of investment properties are as follows:

28 承擔（續）

經營租賃承擔（作為出租人）

本集團出租若干根據經營租約持作自用的物業。該等租約初始期限為一年，概不包括或然租金。於二零一七年十二月三十一日，於不可撤銷經營租約下可就投資物業收取的未來最低租賃款項總額如下：

		2017 **二零一七年** **RMB'000** **人民幣千元**	2016 二零一六年 RMB'000 人民幣千元
Within 1 year	一年內	**66**	–
After 1 year but within 5 years	一年後但於五年內	**–**	–
		66	–

29 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in Group's liabilities arising from financing activities.

29 融資活動產生的負債之對賬

下表詳述本集團融資活動產生的負債之變化。

		Bank loans **銀行貸款** (note 24) （附註24） RMB'000 人民幣千元	**Debentures** **債券** (note 26) （附註26） RMB'000 人民幣千元	**Total** **總計** RMB'000 人民幣千元
At 1 January 2017	**於二零一七年一月一日**	396,362	17,890	414,252
Cash flows	現金流量	(165,227)	–	(165,227)
Non-cash flows	非現金流量			
— Interest expenses	— 利息開支	–	183	183
— Effects of foreign exchange	— 匯兑影響	2,052	(1,283)	769
At 31 December 2017	**於二零一七年十二月三十一日**	233,187	16,790	249,977

Note: The cash flows from borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the consolidated statements of cash flows.

附註： 在綜合現金流量表中，來自借款的現金流量補足借款所得款項淨額及償還借款。

30 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed in notes 8, 9, 14, 20 and 23 of these consolidated financial statements, the Group entered into the following significant related party transactions during the years presented.

(a) Name and relationship with related parties

During the years presented, the directors are of the view that related parties of the Group include the following entity:

30 重大關聯方交易

除此等綜合財務報表附註8、9、14、20及23所披露的關聯方資料外，本集團於所示年度訂立下列重大關聯方交易。

(a) 關聯方名稱及與關聯方的關係

於所示年度，董事認為，本集團的關聯方包括下列實體：

Name of party **關聯方名稱**	**Relationships** **關係**
Zhangping Jiupengxi Ecological Tourism* Development Company Limited ("Jiupengxi") 漳平市九鵬溪生態旅遊發展有限責任公司(「九鵬溪」)	A private company controlled by Wu Zheyan. Wu Zheyan is a director of the Company. 吳哲彥控制的私營公司。吳哲彥為本公司董事。
Green Sea Capital Limited Green Sea Capital Limited	A private company controlled by Wu Zheyan. Wu Zheyan is a director of the Company. 吳哲彥控制的私營公司。吳哲彥為本公司董事。
Jiangxi Lvyuan Trading Co., Ltd.* 江西綠源貿易有限公司	An associate of the Group. 本集團之聯營公司。
Longyan Deliyuan Biomass Energy Co., Ltd.* 龍岩市得利源生物能源有限公司	An associate of the Group. 本集團之聯營公司。
Xiamen Zhonglisheng Trading Co., Ltd.* 廈門中利盛貿易有限公司	An associate of the Group. 本集團之聯營公司。
Fujian Longyan Zhangping Weston Wood Component and Material Company Limited* 福建省龍岩市漳平威斯頓木結構材料有限公司	An associate of the Group. 本集團之聯營公司。

* For identification purpose only

* 僅供識別

30 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

30 重大關聯方交易（續）

(b) Significant related party transactions

(b) 重大關聯方交易

Particulars of significant related party transactions during the years presented are as follows:

所示年度內重大關聯方交易的詳情如下：

		2017 **二零一七年** **RMB'000** **人民幣千元**	2016 二零一六年 RMB'000 人民幣千元
Sales of wooden products to Lvyuan	向綠源銷售木製品	**1,757**	4,616
Sales of wooden products to Deliyuan	向得利源銷售木製品	**–**	272
Sales of wooden products to Zhonglisheng	向中利盛銷售木製品	**–**	472
Sales of wooden products to Weston Wood	向威斯頓銷售木製品	**5,365**	–
Other revenue from Weston Wood	來自威斯頓的其他收益	**321**	–
Purchase of raw materials from Weston Wood	向威斯頓採購原材料	**9,622**	–

The directors confirm that the above sales and purchase transactions are entered into with trading terms similar to those with third parties.

董事確認，上述買賣交易乃以與彼等與第三方訂立的類似交易條款訂立。

(c) Amounts due from/(to) related companies

(c) 應收╱(付)關聯公司款項

		RMB'000 人民幣千元
Amount due to Jiupengxi	**應付九鵬溪款項**	
Balance at	結餘於	
— 1 January 2016	一二零一六年一月一日	1,007
— 31 December 2016 and 1 January 2017	一二零一六年十二月三十一日及二零一七年一月一日	(283)
— 31 December 2017	一二零一七年十二月三十一日	(283)
Maximum balance outstanding	最高未償還結餘	
— during 2016	一於二零一六年	1,007

The amount due to a related company was arisen from normal sales transactions. It was unsecured, interest-free and expected to be settled according to credit term which is similar to that with third parties.

應付關聯公司款項乃源自一般銷售交易。該等款項為無抵押、免息及預期將根據其與第三方類似的信用條款償付。

30 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

30 重大關聯方交易（續）

(c) Amounts due from/(to) related companies *(Continued)*

(c) 應收／（付）關聯公司款項（續）

		RMB'000 人民幣千元
Amount due from Green Seas Capital Limited	**應收Green Seas Capital Limited款項**	
Balance at	結餘於	
– 1 January 2016	一二零一六年一月一日	–
– 31 December 2016 and 1 January 2017	一二零一六年十二月三十一日及二零一七年一月一日	–
– 31 December 2017	一二零一七年十二月三十一日	67
Maximum balance outstanding	最高未償還結餘	
— during 2017	一於二零一七年	67
— during 2016	一於二零一六年	–

The amount due from a related company was unsecured, interest-free and repayable on demand.

應收關聯公司款項為無抵押、免息及按要求償還。

(d) Key management personnel remuneration

(d) 主要管理層人員薪酬

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

本集團主要管理層人員薪酬（包括附註8及附註9分別披露的已付本公司董事及若干最高薪僱員的款項）如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Short-term employee benefits	短期僱員福利	**2,572**	5,613
Retirement scheme contributions	退休計劃供款	**27**	47
		2,599	5,660

Total remuneration was included in "staff costs" (see note 6(b)).

總薪酬乃計入「員工成本」（見附註6(b)）。

(e) Applicability of the Listing Rules relating to connected transactions

(e) 關連交易適用之上市規則

None of the above related party transactions fall under the definition of connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

上述關聯方交易均不屬於上市規則第14A章所界定的關連交易或持續關連交易。

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate, currency and commodity price arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and cash and cash equivalents. Management has a credit policy in place and the exposure to these credit risks is monitored on an ongoing basis.

In respect of cash and cash equivalents, the Group only places deposits with major financial institutions, which management believe are of high credit rating.

In respect of trade and other receivables, the Group usually requires upfront payment for sales of goods to new customers. For export sales, the Group generally requests settlement by letter of credit issued by financial institutions or by wire transfer for certain customers with good trading history. Individual credit evaluations are performed on all new customers requiring credit over a certain amount and are also performed on existing customers on a periodic basis. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and may take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group offers 90 days of credit to export sales customers with good trading history and offers 180 days of credit to the existing domestic sales customers. Generally, debtors with significant overdue balances are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

31 金融風險管理及公平值

在本集團的正常業務過程中會產生信貸風險、流動資金風險、利率風險、貨幣風險及商品價格風險。

本集團所承擔的此等風險及本集團管理此等風險所採用金融風險管理政策及慣例於下文闡述。

(a) 信貸風險

本集團的信貸風險主要來自貿易及其他應收款項以及現金及現金等價物。管理層已制訂信貸政策,並持續監察所面對的此等信貸風險。

本集團的現金及現金等價物僅存於管理層認為擁有高信貸評級的主要金融機構。

就貿易及其他應收款項而言,本集團通常要求新客戶就銷售貨物支付預付款。就出口銷售而言,本集團通常要求以金融機構開具的信用證或電匯(就若干經營歷史良好的客戶而言)結算。本集團對所有要求若干信貸額度的新客戶均會進行個別信用評估,亦定期對現有客戶進行個別信用評估。此等評估專注於客戶過往的到期支付記錄以及當前的支付能力,或會考慮客戶特定資料以及客戶經營所在地的經濟環境。本集團向具良好貿易記錄的出口銷售客戶授出90日的信貸期及對現有國內銷售客戶授出180日的信貸期。一般而言,結餘嚴重逾期者,須首先結清應收款項的所有未償還結餘,才會獲授進一步的信貸。一般而言,本集團並無自客戶處取得抵押品。

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(a) Credit risk (Continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2017, 5% (2016: 1%), of the total trade and other receivables was due from the Group's largest customer and 32% (2016: 15%), was due from the five largest customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance. The Group does not provide any guarantees which would expose it to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 20.

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

31 金融風險管理及公平值(續)

(a) 信貸風險(續)

本集團所面對的信貸風險,主要受各客戶的個別特徵所影響,而並非來自客戶所經營的行業或所在的國家,因此當本集團面對個別客戶的重大風險時,將產生高度集中的信貸風險。於二零一七年十二月三十一日,貿易及其他應收款項總額中有5%(二零一六年:1%)為應收本集團最大客戶的款項,而32%(二零一六年:15%)則為應收五大客戶的款項。

所承受的最大信貸風險指經扣除任何減值撥備後,各項金融資產於綜合財務狀況表中的賬面值。本集團並無作出任何令其承擔信貸風險的擔保。

有關本集團因貿易應收款項承受的信貸風險的進一步量化披露,載於附註20。

(b) 流動資金風險

本集團的政策為定期監察其流動資金需求,確保符合貸款契約的規定,以確保本集團維持足夠的現金儲備及從主要金融機構取得充足的承諾貸款額,進而滿足其短期及長期流動資金所需。

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(b) Liquidity risk (Continued)

The following table details the remaining contractual maturities at 31 December 2017 of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company are required to settle these liabilities.

31 金融風險管理及公平值(續)

(b) 流動資金風險(續)

下表詳列本集團及本公司非衍生金融負債於二零一七年十二月三十一日的剩餘合約到期日，該金融負債乃基於合約未貼現現金流量(包括使用合約利率或(倘浮動)於報告期間結束時現行利率計算的利息付款)以及本集團及本公司被要求結算此等負債的最早日期而計算。

2017 二零一七年

		Within 1 year or on demand 一年內或按要求 RMB'000 人民幣千元	More than 1 year but less than 2 years 超過一年但少於二年 RMB'000 人民幣千元	More than 2 years but less than 5 years 超過二年但少於五年 RMB'000 人民幣千元	Total contractual undiscounted cash flow 訂約未貼現現金流量總額 RMB'000 人民幣千元	Carrying amount at 31 December 於十二月三十一日的賬面值 RMB'000 人民幣千元
Bank loans	銀行貸款	**236,847**	**–**	**–**	**236,847**	**233,187**
Debentures	債券	**676**	**504**	**18,130**	**19,310**	**16,790**
Trade and other payables	貿易及其他應付款項	**64,153**	**–**	**–**	**64,153**	**64,153**
		301,676	**504**	**18,130**	**320,310**	**314,130**

2016 二零一六年

		Within 1 year or on demand 一年內或按要求 RMB'000 人民幣千元	More than 1 year but less than 2 years 超過一年但少於二年 RMB'000 人民幣千元	More than 2 years but less than 5 years 超過二年但少於五年 RMB'000 人民幣千元	Total contractual undiscounted cash flow 訂約未貼現現金流量總額 RMB'000 人民幣千元	Carrying amount at 31 December 於十二月三十一日的賬面值 RMB'000 人民幣千元
Bank loans	銀行貸款	346,443	57,865	–	404,308	396,362
Debentures	債券	18,470	–	–	18,470	17,890
Trade and other payables	貿易及其他應付款項	33,329	–	–	33,329	33,329
		398,242	57,865	–	456,107	447,581

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's total borrowings at 31 December 2017:

31 金融風險管理及公平值(續)

(c) 利率風險

本集團的利率風險主要來自借款。按浮動利率及固定利率計息的借款分別為本集團帶來現金流量利率風險及公平值利率風險。如管理層所監察，本集團的利率狀況載於下文(i)。

(i) 利率狀況

下表詳列於二零一七年十二月三十一日本集團借款總額的利率狀況：

		2017 二零一七年		2016 二零一六年	
		Effective interest rate 實際利率 %	**Amount 金額 RMB'000 人民幣千元**	Effective interest rate 實際利率 %	Amount 金額 RMB'000 人民幣千元
Fixed rate borrowings:	**定息借款：**				
RMB, EUR and USD bank loans	人民幣、歐元及美元銀行貸款	**0.66%–5.58%**	**163,941**	0.15%–6.31%	264,790
Unsecured debentures	無抵押債券	**3.13%**	**16,790**	5%	17,890
Variable rate borrowings:	**浮息借款：**				
RMB, EUR and USD bank loans	人民幣、歐元及美元銀行貸款	**1.31%–7.27%**	**69,246**	0.72%–7.04%	131,572
Total net borrowings	總借款淨額		**249,977**		414,252
Net fixed rate borrowings as a percentage of total net borrowings	定息借款淨額佔總借款淨額的百分比		**72%**		68%

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(c) Interest rate risk *(Continued)*

(ii) Sensitivity analysis

At 31 December 2017, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB589,000 (2016: RMB1,118,000). Other components of equity would not be affected by the changes in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re- measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis at 31 December 2016 has been performed on the same basis.

31 金融風險管理及公平值*(續)*

(c) 利率風險*(續)*

(ii) 敏感度分析

於二零一七年十二月三十一日，在所有其他變數保持不變的情況下，利率整體上升／下降100個基點估計會導致本集團的除税後溢利及保留溢利減少／增加約人民幣589,000元(二零一六年：人民幣1,118,000元)。權益的其他部分將不受利率變動的影響。

上述敏感度分析指出本集團的除税後溢利(及保留溢利)將產生的即時變動。敏感度分析假設利率變動於報告期間結束時已經發生，並已用於重新計量本集團所持有並於報告期間結束時使本集團面臨公平值利率風險的該等金融工具。就本集團於報告期間結束時持有的浮息非衍生工具產生的現金流量利率風險而言，對本集團除税後溢利(及保留溢利)的年度化影響以因利率變動而產生的利息支出或收入作出估計。於二零一六年十二月三十一日，該分析已按相同基準進行。

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in USD and EURO, currencies other than the functional currency of the entity to which they relate.

The Group is also exposed to currency risk associated with the bank borrowings as the Group's borrowings are denominated in RMB, USD, HKD and EURO.

During the years presented, the Group entered into foreign currency forward contracts with major state-owned banks in the PRC mainly to acquire RMB to mitigate against currency risk on receivables denominated in USD, HKD and EURO. All of the forward exchange contracts have maturities of less than one year.

At 31 December 2017, the Group had foreign currency forward contracts with their fair values recognised as derivative financial instruments (assets) of RMB Nil (2016: RMB9,561,000) and derivative financial instruments (liabilities) of RMB12,307,000 (2016: RMB7,692,000) and are included within "Trade and other receivables" (note 20) and "Trade and other payables" (note 23) respectively. The changes in fair value of the foreign currency forward contracts were recognised in the consolidated statement of profit or loss (note 5(b)).

31 金融風險管理及公平值(續)

(d) 貨幣風險

本集團面對的貨幣風險，主要為以實體功能貨幣以外與其相關的貨幣(美元及歐元)計值的銷售及採購(產生應收款項、應付款項及現金結餘)而衍生的貨幣風險。

由於本集團的借款乃以人民幣、美元、港元及歐元計值，因此本集團亦面臨銀行借款相關的貨幣風險。

所示年度內，本集團與中國的大型國有銀行訂立外幣遠期合約買入人民幣以降低以美元、港元及歐元計值的應收賬款的貨幣風險。所有遠期外匯合約的到期時間均為一年以內。

於二零一七年十二月三十一日，本集團外幣遠期合約的公平值按衍生金融工具(資產)人民幣零元(二零一六年：人民幣9,561,000元)及衍生金融工具(負債)人民幣12,307,000元(二零一六年：人民幣7,692,000元)確認，並分別計入「貿易及其他應收款項」(附註20)及「貿易及其他應付款項」(附註23)。外幣遠期合約的公平值變動乃於綜合損益表中確認(附註5(b))。

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

31 金融風險管理及公平值*（續）*

(d) Currency risk *(Continued)*

(d) 貨幣風險*（續）*

(i) Exposure to currency risk

The following table details the Group's exposure at 31 December 2017 to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the end of reporting period. Differences resulting from the translation of the financial statements of the entities with functional currency other than RMB into the Group's presentation currency are excluded.

The Company does not have any significant financial assets or liabilities denominated in currencies other than its functional currency and it is not exposed to significant currency risk.

(i) 貨幣風險

下表詳列本集團於二零一七年十二月三十一日因實體以功能貨幣以外的貨幣計值相對應的已確認資產或負債而產生的貨幣風險。為方便呈列，風險額以人民幣列示，使用報告期間結束時的利率換算，惟將以人民幣以外的功能貨幣列賬的實體財務報表換算成本集團的呈列貨幣產生的差額則除外。

本公司並無任何重大金融資產或負債以其功能貨幣以外的貨幣計值，亦無承受重大貨幣風險。

		2017 二零一七年						2016 二零一六年					
		USD 美元 RMB'000 人民幣千元	**Euros 歐元 RMB'000 人民幣千元**	**AUD 澳元 RMB'000 人民幣千元**	**CHF 瑞士法郎 RMB'000 人民幣千元**	**JPY 日圓 RMB'000 人民幣千元**	**RMB 人民幣 RMB'000 人民幣千元**	USD 美元 RMB'000 人民幣千元	Euros 歐元 RMB'000 人民幣千元	AUD 澳元 RMB'000 人民幣千元	CHF 瑞士法郎 RMB'000 人民幣千元	JPY 日圓 RMB'000 人民幣千元	RMB 人民幣 RMB'000 人民幣千元
Trade and other receivables	貿易及其他應收款項	**33,587**	**-**	**4,351**	**-**	**-**	**101**	35,455	-	-	-	-	-
Cash and cash equivalents	現金及現金等價物	**40,709**	**184**	**1,447**	**-**	**1**	**217**	29,727	2	-	-	-	289
Pledged deposits	已抵押存款	**21,563**	**13,849**	**-**	**40,849**	**-**	**-**	-	-	-	-	-	-
Bank loan	銀行貸款	**(17,107)**	**(62,418)**	**-**	**-**	**-**	**-**	(57,770)	(78,767)	-	-	-	-
Trade and other payables	貿易及其他應付款項	**(11,159)**	**-**	**(1)**	**-**	**-**	**-**	(422)	-	-	-	-	-
Gross exposure arising from recognised assets and liabilities	已確認資產及負債產生的風險總額	**67,593**	**(48,385)**	**5,797**	**40,849**	**1**	**318**	6,990	(78,765)	-	-	-	289

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

31 金融風險管理及公平值(續)

(d) Currency risk (Continued)

(d) 貨幣風險(續)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. Other components of equity would not be affected by changes in the foreign exchange rates.

(ii) 敏感度分析

下表列示所有其他風險變數不變的情況下，本集團的除稅後溢利(及保留溢利)因報告期間結束時匯變動(本集團須就此變動承受重大風險)而產生的即時變動。權益的其他部分將不受外幣匯率變動的影響。

		2017 二零一七年		2016 二零一六年	
		Increase/(decrease) in foreign exchange rates 外幣匯率上升╱(下降)	**Increase/(decrease) in profit after tax and retained profits 除稅後溢利及保留溢利上升╱(下降) RMB'000 人民幣千元**	Increase/(decrease) in foreign exchange rates 外幣匯率上升╱(下降)	Increase/(decrease) in profit after tax and retained profits 除稅後溢利及保留溢利上升╱(下降) RMB'000 人民幣千元
USD	美元	**5%**	**2,873**	5%	297
		(5)%	**(2,873)**	(5)%	(297)
EURO	歐元	**5%**	**(2,056)**	5%	(3,348)
		(5)%	**2,056**	(5)%	3,348
AUD	澳元	**5%**	**246**	5%	–
		(5)%	**(246)**	(5)%	–
CHF	瑞士法郎	**5%**	**1,736**	5%	–
		(5)%	**(1,736)**	(5)%	–
RMB against HK$	人民幣兌港元	**5%**	**13**	5%	12
		(5)%	**(13)**	(5)%	(12)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(d) Currency risk *(Continued)*

(ii) Sensitivity analysis *(Continued)*

Results of the analysis as presented above represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to remeasure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis at 31 December 2016 has been performed on the same basis.

(e) Commodity price risk

The major raw materials used in the production of the Group's products include, fir and pinewood. The Group is exposed to fluctuations in the prices of these raw materials which are influenced by the global market as well as regional supply and demand conditions. Fluctuations in the prices of raw materials could adversely affect the Group's financial performance. The Group historically has not entered into any commodity derivative instruments to hedge the potential commodity price changes. The Group monitors its commodity price risk by widening its supply base and performs bulk purchase when the price of raw materials is low.

31 金融風險管理及公平值（續）

(d) 貨幣風險（續）

(ii) 敏感度分析（續）

上文呈列的分析結果指本集團各實體的除稅後溢利及權益以各自的功能貨幣計值於為呈列目的而按報告期間結束時的匯率兑換成人民幣後的即時影響總額。

敏感度分析假設外幣匯率變動已應用至重新計算本集團持有的金融工具，而該等金融工具使本集團於報告期間結束時面對外匯風險。分析不包括兑換海外業務財務報表至本集團呈列貨幣時可能出現的差額。於二零一六年十二月三十一日，分析已按相同的基準進行。

(e) 商品價格風險

用於生產本集團產品所用主要原材料包括杉木及松木。本集團面臨該等原材料價格波動的風險，而該等原材料的價格受全球市場及區域性供求狀況的影響。原材料價格的波動可能對本集團的財務表現產生不利影響。本集團不曾訂立任何商品衍生工具對沖潛在商品價格變動。本集團透過拓寬供應基礎及在原材料價格較低時進行批量採購的方式監管商品價格風險。

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(f) Fair values

(i) Financial instruments not measured at fair value

Financial instruments not measured at fair value include loans and receivables, cash and cash equivalents, trade and other receivables, pledged deposits, trade payables and other payables, debentures and bank loans.

Due to their short term nature, the carrying value of cash and cash equivalents, trade and other receivables, pledged deposits, trade payables and other payables, debentures and bank loans approximates fair value.

(ii) Financial instruments carried at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

31 金融風險管理及公平值(續)

(f) 公平值

(i) 未按公平值計量的金融工具

未按公平值計量的金融工具包括貸款及應收款項、現金及現金等價物、貿易及其他應收款項、已抵押存款、貿易及其他應付款項、債券及銀行貸款。

基於其短期性質，現金及現金等價物、貿易及其他應收款項、已抵押存款、貿易及其他應付款項、債券及銀行貸款之賬目值與其公平值相若。

(ii) 按公平值列賬的金融工具

公平值等級制度

下表呈列本集團金融工具於報告期間結束時按經常性基準計量的公平值，並分類為香港財務報告準則第13號：公平值計量定義的三級公平值架構。將公平值計量分類的等級乃經參考如下估值方法所用輸入數據的可觀察性及重要性後釐定：

- 第一級估值：僅使用第一級輸入數據(即於計量日同類資產或負債於活躍市場之未經調整報價)計量的公平值

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(f) Fair values (Continued)

(ii) Financial instruments carried at fair value *(Continued)*

Fair value hierarchy (Continued)

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

As at 31 December 2017 the Group's derivative financial instruments assets and liabilities amounting to RMBNil and RMB12,307,000 respectively (2016: assets and liabilities of RMB9,561,000 and RMB7,692,000 respectively) (notes 20 and 23) were carried at fair value, and these instruments fall into Level 2 of the fair value hierarchy described above.

During the years ended 31 December 2017 and 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

31 金融風險管理及公平值（續）

(f) 公平值（續）

(ii) 按公平值列賬的金融工具（續）

公平值等級制度（續）

- 第二級估值：使用第二級輸入數據（即未能達到第一級的可觀察輸入數據）且並未使用重大不可觀察輸入數據計量的公平值。不可觀察輸入數據為無市場數據的輸入數據

- 第三級估值：採用重大不可觀察數據計量的公平值

於二零一七年十二月三十一日，本集團的衍生金融工具資產及負債分別為人民幣零元及人民幣12,307,000元（二零一六年：資產及負債分別為人民幣9,561,000元及人民幣7,692,000元）（附註20及23）按公平值列賬，該等工具屬於上述第二級公平值等級。

截至二零一七年及二零一六年十二月三十一日止年度，第一級與第二級工具間並無轉移，亦無轉入第三級或自第三級轉出。本集團的政策為於公平值等級的各級在報告期間結束時發生轉移時確認有關轉移。

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(f) Fair values *(Continued)*

(ii) Financial instruments carried at fair value *(Continued)*

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of forward exchange contracts in Level 2 is determined by discounting the contractual forward price and deducting the current spot rate. The discount rate used is derived from the relevant government yield curve as at the end of reporting period plus an adequate constant credit spread.

There were no other financial assets or liabilities carried at fair value as at 31 December 2017 and 31 December 2016.

(iii) Fair value of financial assets and liabilities not carried at fair value

The carrying values of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2017 and 31 December 2016.

31 金融風險管理及公平值(續)

(f) 公平值(續)

(ii) 按公平值列賬的金融工具(續)

第二級公平值計量使用的估值技術及輸入數據

第二級的遠期外匯合約公平值乃透過貼現合約遠期價格及扣除現有即期利率而釐定。所使用貼現率按於報告期間結束時相關政府債券孳息率加足夠固定信貸息差而計算得出。

於二零一七年十二月三十一日及二零一六年十二月三十一日，概無其他按公平值列賬的金融資產或負債。

(iii) 未按公平值列賬的金融資產及負債的公平值

本集團按成本或攤銷成本列賬的金融工具賬面值與彼等於二零一七年十二月三十一日及二零一六年十二月三十一日的公平值並無重大差異。

32 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

32 公司層面財務狀況表

		Note 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Non-current assets	**非流動資產**			
Interests in subsidiaries	於附屬公司的權益	17	**712,674**	676,257
Current assets	**流動資產**			
Deposits and other prepayments	按金及其他預付款		**439**	400
Amounts due from subsidiaries	應收附屬公司款項		**33**	33,927
Cash and cash equivalents	現金及現金等價物		**1,496**	785
			1,968	35,112
Current liabilities	**流動負債**			
Other payables	其他應付款項		**1,781**	1,678
Debentures	債券	26	**–**	17,890
			1,781	19,568
Net current assets	**流動資產淨值**		**187**	15,544
Total assets less current assets	**資產總值減流動資產**		**712,861**	691,801
Non-current liabilities	**非流動負債**			
Debentures	債券	26	**16,790**	–
NET ASSETS	**資產淨值**		**696,071**	691,801
Equity	**權益**	27(a)		
Share capital	資本		**25,544**	20,987
Reserves	儲備		**670,527**	670,814
TOTAL EQUITY	**權益總額**		**696,071**	691,801

Approved and authorised for issue by the board of directors on 26 March 2018.

於二零一八年三月二十六日獲董事會批准及授權刊發。

Wu Zheyan
吳哲彥
Chief Executive Officer
行政總裁

Xie Qingmei
謝清美
Chairman
主席

(Expressed in Renminbi unless otherwise indicated) （除另有指示外，以人民幣列示）

33 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2017, the directors consider the immediate and ultimate controlling party of the Group to be Green Seas Capital Limited, which is incorporated in BVI. This entity does not produce financial statement available for public use.

33 直接及最終控股方

董事認為，於二零一七年十二月三十一日，本集團直接及最終控股方為Green Seas Capital Limited，該公司於英屬處女群島註冊成立。此實體並無編製公開財務報表。

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

Up to the date of issue of these consolidated financial statements, the IASB has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2017 and which have not been adopted in the consolidated financial statements. These include the following which may be relevant to the Group.

34 截至二零一七年十二月三十一日止年度已頒佈尚未生效的修訂、新訂準則及詮釋的可能影響

截至此等綜合財務報表頒佈之日，國際會計準則理事會已頒佈多項修訂及新訂準則，其於截至二零一七年十二月三十一日止年度尚未生效，且並未於綜合財務報表內採納，當中包括下列可能與本集團有關的各項。

	Effective for accounting periods beginning on or after 於下列日期開始或之後的會計期間生效
Share-Based Payment (Amendments to IFRS 2) 以股份為基礎的付款（國際財務報告準則第2號修訂本）	1 January 2018 二零一八年一月一日
IFRS 9, Financial Instruments 國際財務報告準則第9號，金融工具	1 January 2018 二零一八年一月一日
IFRS 15, Revenue from Contracts with Customers 國際財務報告準則第15號，客戶合約收益	1 January 2018 二零一八年一月一日
Revenue from Contracts with Customers (Amendments to IFRS 15) 客戶合約收益（國際財務報告準則第15號修訂本）	1 January 2018 二零一八年一月一日
Transfers of Investment Property (Amendments to IAS 40) 投資物業轉讓（國際會計準則第40號修訂本）	1 January 2018 二零一八年一月一日
IFRIC 22, Foreign Currency Transactions and Advance Consideration 國際財務報告準則詮釋委員會第22號，外幣交易及預付代價	1 January 2018 二零一八年一月一日
IFRIC 23, Uncertainty over Income Tax Treatments 國際財務報告準則詮釋委員會第23號，所得稅處理的不確定性	1 January 2019 二零一九年一月一日
IFRS 16, Leases 國際財務報告準則第16號，租賃	1 January 2019 二零一九年一月一日
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to HKFRS 10 and HKAS 28) 投資者與其聯營公司或合營企業之間的資產出售或出資（國際財務報告準則第10號及國際會計準則第28號修訂本）	To be determined* 待定*

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 *(Continued)*

Note:

* The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

34 截至二零一七年十二月三十一日止年度已頒佈尚未生效的修訂、新訂準則及詮釋的可能影響（續）

附註：

* 修訂本原定擬於二零一七年一月一日或之後開始的期間生效。生效日期現已延後／撤銷。提早採納有關修訂仍獲允許。

本集團尚未能確定該等新宣佈是否將會導致本集團之會計政策及財務報表出現重大變動。

美丽家园
MERRY GARDEN

CHINA ENVIRONMENTAL TECHNOLOGY AND BIOENERGY HOLDINGS LIMITED
中科生物控股有限公司

Stock Code 股份代號:1237

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