



泛亞環保集團有限公司 Pan Asia Environmental Protection Group Limited

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

股份代號 stock code : 00556.HK

2017 Annual Report 年報



CREATING A
GREENER FUTURE
開創無污染的未來

Contents 目錄

Corporate Information	2	公司資料	2
Chairman's Statement	4	主席報告書	4
Management Discussion and Analysis	8	管理層討論與分析	8
Corporate Governance Report	14	企業管治報告	14
Directors and Senior Management	29	董事及高級管理層	29
Report of the Directors	33	董事會報告	33
Environmental, Social and Governance Report	47	環境、社會及管治報告	47
Independent Auditor's Report	70	獨立核數師報告	70
Consolidated Statement of Profit or Loss and Other Comprehensive Income	80	綜合損益及其他 全面收益表	80
Consolidated Statement of Financial Position	82	綜合財務狀況表	82
Consolidated Statement of Changes in Equity	84	綜合權益變動表	84
Consolidated Statement of Cash Flows	85	綜合現金流量表	85
Notes to the Financial Statements	87	財務報表附註	87
Financial Summary	228	財務摘要	228



Corporate Information 公司資料

DIRECTORS

Executive Director

Mr. Jiang Xin (*Chairman & Chief Executive Officer*)

Non-executive Director

Mr. Fan Yajun

Independent non-executive Directors

Mr. Lai Wing Lee
Mr. Leung Shu Sun, Sunny
Professor Wang Guozhen

COMPANY SECRETARY

Mr. Wan San Fai, Vincent

AUTHORISED REPRESENTATIVES

Mr. Jiang Xin
Mr. Wan San Fai, Vincent

PRINCIPAL BANKERS

China Construction Bank Corporation
China Merchants Bank Co., Ltd.
Hang Seng Bank Limited

INDEPENDENT AUDITOR

Ascenda Cachet CPA Limited
13F Neich Tower
128 Gloucester Road
Wanchai
Hong Kong

LEGAL ADVISERS

Chiu & Partners
40th Floor
Jardine House
1 Connaught Place
Hong Kong

PUBLIC RELATIONS

Strategic Financial Relations Limited
24/F., Admiralty Centre I
18 Harcourt Road
Hong Kong

董事

執行董事

蔣鑫先生 (*主席兼行政總裁*)

非執行董事

范亞軍先生

獨立非執行董事

賴永利先生
梁樹新先生
王國珍教授

公司秘書

溫新輝先生

授權代表

蔣鑫先生
溫新輝先生

主要往來銀行

中國建設銀行股份有限公司
招商銀行股份有限公司
恒生銀行有限公司

獨立核數師

天健德揚會計師事務所有限公司
香港
灣仔
告士打道128號
祥豐大廈13樓F室

法律顧問

趙不渝 • 馬國強律師事務所
香港
康樂廣場1號
怡和大廈
40樓

公共關係

縱橫財經公關顧問有限公司
香港
夏慤道18號
海富中心第1期24樓

Corporate Information 公司資料

REGISTERED OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 1 Chuanshan Road
Dingshu Town
Yixing City
Jiangsu Province
PRC 214222

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

15/F, Club Lusitano
16 Ice House Street
Central, Hong Kong

WEBSITE

www.paep.com.cn

STOCK CODE

556

註冊辦事處

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

開曼群島股份過戶登記總處

Conyers 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

卓佳證券登記有限公司
香港
皇后大道東183號
合和中心22樓

中國主要營業地點

中國
江蘇省
宜興市
丁蜀鎮
川善公路1號
郵政編號：214222

香港主要營業地點

香港中環
雪廠街16號
西洋會所15樓

網站

www.paep.com.cn

股份代號

556

Chairman's Statement

主席報告書

To Our Shareholders:

On behalf of the Board (the "Board") of Directors (the "Directors"), I am pleased to present the annual report of Pan Asia Environmental Protection Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017.

During the financial year of 2017, the Group continued to consolidate its business in environmental protection ("EP") projects and restructured its business by the disposal of its construction materials business in October 2017. Meanwhile, to achieve sustainability in its business, the Group has further diversified its business portfolio by reaching out to other industries, including the proposed acquisition of 51% of the entire issued share capital of a feminine care product manufacturer in Shandong, the People's Republic of China (the "PRC") in March 2018, and will continue to seek for suitable and profitable investment targets in the future.

The year 2017 was a fruitful year to witness the accomplishment of many EP targets set in the "13th Five-Year Plan" period, especially in terms of prevention and control of atmospheric pollution, water pollution and soil pollution in the PRC. Accumulatively, the country completed the ultra-low emission transformation of coal-fired power plants by 700 million kilowatts, and eliminated more than 20 million yellow-labeled cars and old cars. In the meantime, the rural environment of 138,000 villages was improved. In 2017, the average concentration of particulate matter (PM10) was 22.7% lower than that in 2013 in at least 338 prefectural cities. The average concentration of fine particulate matter in Beijing dropped from 34.8% to 58 micrograms/cubic meter, and the average concentration of fine particulate matter (PM2.5) in the Pearl River Delta has reached the standard for three consecutive years. The proportion of Grade V water quality continued to decline, and the water quality of major rivers and other rivers has steadily been improved. The satisfactory results gained in 2017 have strengthened the government's determination in intensifying pollution control and fighting for EP continuously. It also reinforces the Group's belief that the industry is moving in line with national development objectives, and creates an increasingly significant trend.

致各位股東：

本人謹代表董事（「董事」）會（「董事會」）向各位股東提呈泛亞環保集團有限公司（「本公司」）及其附屬公司（統稱「本集團」）截至二零一七年十二月三十一日止年度之年度報告。

於二零一七財政年度，本集團繼續整合其環保（「環保」）項目業務，並透過於二零一七年十月出售環保建築材料業務進行業務重組。同時，本集團通過擴展至其他行業進一步擴大業務組合，包括於二零一八年三月建議收購於中華人民共和國（「中國」）山東女性護理產品製造商全部已發行股本的51%，並將於未來繼續尋求合適及擁有巨大盈利潛力的投資目標，以達致可持續業務增長。

二零一七年為豐收的一年，中國於年內達致多個《「十三五」環境影響評價改革實施方案計劃》期間訂立的環保目標，尤其是在防治大氣污染、水污染及泥土污染方面的目標。中國累計完成7億千瓦特火電廠的超低排放轉型，並淘汰逾2,000萬台黃標車及舊車輛，同時完成涵蓋了138,000村落的農村環境改善項目。於二零一七年，最少338個地級市的平均懸浮微粒（PM10）濃度較二零一三年下降22.7%。北京的平均細懸浮微粒（PM2.5）濃度由34.8%下降至58微克／立方米，珠江三角洲的平均細懸浮微粒濃度亦連續三年符合標準。V類水質的比例持續下降，而主要河流及其他河流的水質亦穩定改善。二零一七年取得令人滿意的結果加強了政府持續控制污染從而保護環境的決心。本集團亦相信，行業發展方向與國家發展目標逐步一致，形成日益顯著的趨勢。

Chairman's Statement 主席報告書

EP measures proposed in the “13th Five-Year Plan” period which started in 2016 are now in substantial progress. China's President Xi Jinping fully expounded at the 19th Communist Party of China National Congress (the “19th National Congress”) about the strategic plan to accelerate the reform of the ecological civilization system and promote green development, for the aim to build a beautiful China. Detailed guidance has been given to increase environmental governance, speed up the establishment of a long-term mechanism for environmental management and control to improve pollution discharge standards, and comprehensively strengthen institutional innovation for green development so as to promote green products and ecological services.

The environmental protection industry has therefore been elevated to an important strategic position. With the goal of a fundamental improvement in the ecology and environment in the future, the EP industry is expected to enter a new golden age. At the same time, with the pressure from environmental scrutiny, corporate EP reform will be strengthened, and the transformation policies will also promote the further advance of the EP industry.

FINANCIAL REVIEW

For the year ended 31 December 2017, the Group achieved a total revenue from continuing operations of RMB588.5 million, declining by 7.7% as compared to RMB637.8 million (restated) in 2016. Gross profit decreased to about RMB115.9 million (2016: RMB135.2 million (restated)) and gross profit margin was 19.7% (2016: 21.2% (restated)). The Group recorded a net loss of RMB147.4 million (2016: net profit of RMB75.4 million) mainly due to: (i) a decrease in revenue generated from sales of EP construction materials segment during the financial year; (ii) an increase in impairment loss on the trade receivables; (iii) an increase in write down of the Group's inventories relating to the Group's wood wool cement board (“WWCB”) business to net realisable value during the financial year; and (iv) an increase in the amount of replenishment of building panels which increased the cost of sales. The basic loss per share was RMB17.54 cents (2016: basic earnings per share was RMB8.98 cents).

自《「十三五」環境影響評價改革實施方案計劃》期間提出的環保措施於二零一六年展開起，現已取得重大進展。於中國共產黨第十九次全國代表大會（「十九大會議」）上，國家主席習近平詳述中國加快改革生態文明系統及推廣綠色發展的策略計劃，以達到建設美麗中國的目的。已頒佈詳細指南為加強環境管治，加快建立環境管理及控制的長期機制，以改善污染及排放標準，全面加強機構的創新環保發展，以推動綠色產品及生態服務。

因此，環保行業在中國已提升至具策略重要性的地位，以徹底改善未來的生態及環境為目標，此行業將進入全新黃金時期。同時，企業環保改革會因環保監管壓力而加強，政策轉型亦將推動環保行業進一步發展。

財務回顧

於截至二零一七年十二月三十一日止年度，本集團來自持續經營業務總收入為人民幣5.885億元，較二零一六年的人人民幣6.378億元（重列）減少7.7%。毛利下調至約人民幣1.159億元（二零一六年：人民幣1.352億元（重列）），毛利率為19.7%（二零一六年：21.2%（重列））。本集團年內錄得淨虧損人民幣1.474億元（二零一六年：純利人民幣7,540萬元），主要由於：(i)財政年度內環保建築材料銷售業務產生的收入下跌；(ii)應收貿易款項減值虧損增加；(iii)財政年度內有關本集團木絲水泥板業務的存貨撇減至可變現淨值增加；及(iv)增加補充建築板材令銷售成本增加。每股基本虧損為人民幣17.54分（二零一六年：每股基本盈利人民幣8.98分）。

Chairman's Statement 主席報告書

PROSPECTS

EP Construction Engineering Projects Business

According to the report issued by the State Council of the PRC about the government work in 2018, the emissions of sulfur dioxide and nitrogen oxides are required to be reduced by 3% in 2018, the concentration of fine particulate matter (PM2.5) in major cities should continue to decline, and ammonia nitrogen emissions should decrease by 2%. The expected energy consumption per unit of Gross Domestic Product (GDP) in 2018 should be declined by more than 3%. Here, the EP targets and direction are clearly identified. In addition, it is proposed to promote non-electrical power reform and fully implement the treatment of black and odorous water.

Further measures have been stated in more detail for achieving emissions reduction in air pollution. Firstly, to promote ultra-low emissions reforms in steel and other industries. Secondly, to upgrade pollution emission standards and requirements and set deadlines for compliance. Thirdly, to implement special treatment for excessive emissions of diesel trucks. Measures for reducing water pollution have also been similarly set. Firstly, to implement comprehensive treatment of key river basins and sea areas and comprehensively remediate black and odorous water bodies. Secondly, to intensify the construction of sewage treatment facilities and improve the charging and assessment policies.

It is expected that non-electricity labeling, non-electricity and ultra-low emissions reforms, and the management of river basins and black and odorous rivers will become the focus of EP work in 2018. All factories should align their manufacturing standards with the PRC government guidelines and EP targets. The potential market size for the overall procedures involved will exceed RMB65 billion. The Group is privileged to be a participant in the EP industry and anticipate our future business growth in this market will offer such great potentials.

展望

環保建設工程項目業務

根據中國國務院刊發的二零一八年政府工作報告，二氧化硫及一氧化氮的排放須於二零一八年降低3%、主要城市的細懸浮微粒濃度(PM2.5)須持續減少；而氨氮排放亦須減少2%。預期單位國內生產總值(GDP)能耗亦須於二零一八年下降超過3%。在此對環保目標定立明確方向。此外，報告亦提出推廣非電量改革及全面推進黑臭水體整治工作。

報告亦詳細列出減少空氣污染排放的其他措施。第一，推廣鋼鐵行業及其他行業的超低排放改革。第二，提升污染排放標準及規定，並制定遵守限期。第三，特別處理柴油貨車的過量排放。而有關減低水污染亦制定類似措施。第一，全面處理主要流域及海洋污染及改善黑臭水體。第二，加強建設污水處理設施及改善收費和評估政策。

本集團預期非電量標籤、非電量及超低排放改革以及管理流域及黑臭河流將成為二零一八年的環保工作重點。所有工廠的生產標準均須一致符合中國政府指引及環保目標。整個程序的潛在市場規模將超過人民幣650億元。身為環保行業企業之一，本集團預期未來能在環保市場有業務增長，並把握此市場龐大的潛力。

Chairman's Statement 主席報告書

FUTURE INVESTMENTS

The Group will continue reviewing its business structure to identify any redundant businesses that adversely affect its overall performance and will address any related problems with suitable solutions so as to bring the greatest benefits to the Group. Disposal of the EP construction materials segment stopped any further loss incurred from operation in the contracting market while the proceeds thereby gained serves as funding for future investment opportunities.

Achieving synergies arising from potential acquisition of or strategic cooperation with other companies is our top priority when evaluating potential investments, as they would probably bring financial benefits in the short term, and very likely growth opportunities in the long term, which in turn increases the value and performance of all parties involved and realizes a “win-win” situation. It is also a reason for justifying our investment in entering the new business in personal care products and undergoing discussion for potential cooperation with renowned E-Sports leagues. The latter ones could further assist in improving our corporate brand image.

APPRECIATION

Looking ahead to 2018, the Group will continue to adhere to its professional practices and efficient operations to grow our existing businesses, in accordance with environmental governance policies, and through continuous integration of enterprise resources and product innovation. At the same time, we will seize more profitable and industry-related investment opportunities, to generate possible additional revenue and business synergies. We aim to consolidate and expand the Group's competitive advantages, creating long-term and high-value returns for shareholders.

Finally, I would like to take this opportunity to express my heartfelt thanks to the Board of Directors, the management team, business partners and all staff for their contributions.

Jiang Xin
Chairman
Hong Kong, 28 March 2018

未來投資

本集團將繼續檢討其業務架構，找出影響其整體表現的冗餘業務，以及透過合適解決方案應對相關問題，從而為本集團帶來最大利益。出售環保建築材料業務停止因於萎縮的市場經營業務而帶來的進一步虧損，而所得款項可用作為未來投資提供資金。

潛在的收購或與其他公司建立策略合作關係可帶來的協同效益是本集團評估潛在投資的首要任務，原因為有關效益可於短期內帶來財務利益，長遠又可締造增長商機，有助訂約各方提升價值及表現，達致雙贏局面。這也作為集團投資進入個人護理產品新業務的合理理由，並正在與著名的電子競技聯賽進行潛在合作的討論。後者可以進一步幫助改善集團企業品牌形象。

致謝

展望二零一八年，本集團將繼續奉行專業守則及有效營運，並透過遵守環保管治政策、持續整合企業資源及推行產品創新以進一步發展現有業務。同時，本集團將抓緊擁有巨大盈利潛力及與行業相關的投資機遇，以開拓額外收入及締造業務協同效益。本集團會綜合及擴大競爭優勢，以為股東帶來長期高價值回報為目標。

最後，本人謹此衷心感謝董事會、管理團隊、業務夥伴及全體員工所作的努力。

蔣鑫
主席
香港，二零一八年三月二十八日

Management Discussion and Analysis 管理層討論與分析

BUSINESS REVIEW

The Group has restructured its businesses during the year under review, and is now an integrated EP services provider which specializes not only in the provision of EP construction engineering solutions, but also seeks to diversify its business portfolio by investing in related industries that could leverage the Group's expertise for the aim of expanding income sources.

SALES OF EP PRODUCTS AND EQUIPMENT BUSINESS – CONTINUING OPERATION

Sales of EP products and equipment remained as the income contributor of the Group during the year under review. This segment recorded a revenue of RMB588.5 million (2016: RMB637.8 million) and the gross profit amounted to RMB115.9 million (2016: RMB135.2 million), with a gross profit margin of 19.7% (2016: 21.2%). Details of the types of the sales of EP products and equipment are set out below.

Sales of Water Treatment Products and Equipment

Water treatment systems are mainly used for treating industrial and urban waste water. During the year under review, the Group completed 14 water treatment-related sales contracts, and generated a revenue of approximately RMB111.3 million, accounting for approximately 18.9% of the Group's total revenue.

Sales of Flue Gas Treatment Products and Equipment

The Group's comprehensive flue gas treatment supply chain provides related products and equipment. During the year under review, the Group completed 31 projects relating to sales of flue gas treatment equipment and the Group recorded a revenue of approximately RMB477.2 million, accounting for about 81.1% of the Group's total revenue.

EP CONSTRUCTION ENGINEERING PROJECTS BUSINESS – CONTINUING OPERATION

This segment did not record any revenue during the year under review.

業務回顧

於回顧年內，本集團重整其業務，現已成為一家綜合環保服務供應商，在專注提供環保建設工程解決方案的同時，亦透過投資於可借助本集團專業知識而擴充收入來源的相關行業，從而得以多元化發展業務組合。

銷售環保產品及設備業務 – 持續經營業務

於回顧年內，銷售環保產品及設備仍為本集團的收入來源。該分部錄得收入人民幣5.885億元（二零一六年：人民幣6.378億元），毛利達到人民幣1.159億元（二零一六年：人民幣1.352億元），毛利率為19.7%（二零一六年：21.2%）。有關環保產品及設備之銷售類別之詳情載列如下：

銷售水處理產品及設備

本集團的水處理系統主要用於工業廢水及城市污水處理。於回顧年內，本集團完成了14份水處理相關銷售合約，為本集團帶來收入約人民幣1.113億元，佔本集團總收入約18.9%。

銷售煙氣處理產品及設備

本集團擁有完善的煙氣處理產品及設備供應鏈服務。於回顧年內，本集團已完成31個銷售煙氣處理設備的相關項目，本集團錄得收入約人民幣4.772億元，佔本集團總收入約81.1%。

環保建設工程項目業務 – 持續經營業務

於回顧年內，該分部無錄得收入。

Management Discussion and Analysis 管理層討論與分析

MANUFACTURE AND SALES OF EP CONSTRUCTION MATERIALS BUSINESS – DISCONTINUED OPERATION

In view of the slow-paced development of the WWCB market and the technical and implementation issues, particularly the difference in weather in different regions of the PRC which had led to contraction and structural alterations of some building panels after delivery, the Group encountered difficulties in operating this business. As a result, the Group disposed of its subsidiary which owned property, plant and equipment in connection with the manufacture and sales of EP construction materials. After the disposal, the Group will no longer manufacture or sell EP construction materials (mainly the WWCB business). The proceeds from the disposal will be used as general working capital and/or to fund future investment opportunities for the Group as and when appropriate.

PROPOSED BUSINESS SEGMENT – PERSONAL CARE PRODUCTS

The Group has entered into a sales and purchase agreement with an independent third party, Active Light Holdings Limited (the “Vendor”), pursuant to which the Group conditionally agreed to purchase and the Vendor conditionally agreed to sell 51% of the issued share capital of Prospectous Harvest Finance Limited (the “Target Company”) at a consideration of HK\$122,400,000 (subject to downward adjustments). The Target Company and its subsidiary are currently engaged in negotiating and handling customers for the sales of personal care products. The Directors are confident that by leveraging the knowledge, experience and resources of the Target Company and its subsidiary, the Group can diversify its business portfolio by entering the sales of the personal care products market and it can bring a new income stream to the Group. Pursuant to the sales and purchase agreement, the Vendor has undertaken to the Company that the net profit after tax of the Target Company for each of the subsequent five financial years ending 31 December 2022, being the profit guaranteed period, shall not be less than HK\$60,000,000, HK\$69,000,000, HK\$80,000,000, HK\$92,000,000 and HK\$150,000,000, respectively. Up to the date of this report, the conditions precedent in the sales and purchase agreement have not yet been fulfilled. Accordingly, the proposed acquisition has not yet been completed.

製造及銷售環保建築材料業務 – 已終止經營業務

由於木絲水泥板的市場發展步伐緩慢，且在技術應用層面上面對相當的困難，尤其是面對中國國內不同地域的氣候，令部份建築板材在交付後出現收縮及結構變化，故本集團在經營此業務時面臨困難。因此，本集團出售擁有製造及銷售環保建築材料的物業、廠房及設備的附屬公司。出售事項完成後，本集團將不再製造或銷售環保建築材料（主要是木絲水泥板業務）。出售業務所得款項用作一般營運資金並／或在適當時為本集團未來投資機遇提供資金。

建議業務分部 – 個人護理產品

本集團與獨立第三方勤光集團有限公司（「賣方」）訂立買賣協議，據此，本集團有條件同意收購而賣方有條件同意出售鴻豐信貿融資有限公司（「目標公司」）已發行股本的51%，代價為122,400,000港元（可予下調）。目標公司及其附屬公司現時就銷售個人護理產品進行磋商及處理客戶事宜。憑藉目標公司及其附屬公司的知識、經驗及資源，董事有信心透過進軍個人護理產品銷售市場，使本集團得以多元化擴展其業務組合，並為本集團帶來新收入來源。根據買賣協議，賣方向本公司承諾，目標公司於截至二零二二年十二月三十一日止五個財政年度（即溢利保證期間）各年的稅後純利分別不得少於6,000萬港元、6,900萬港元、8,000萬港元、9,200萬港元及1.500億港元。截至本報告日期止，買賣協議之先決條件尚未達成，因此建議收購尚未完成。

Management Discussion and Analysis 管理層討論與分析

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2017, total assets of the Group amounted to RMB1,754.2 million, a decrease of RMB298.0 million as compared with RMB2,052.2 million as at 31 December 2016. The decrease was mainly due to decreases in inventories and trade and other receivables. The Group's total liabilities as at 31 December 2017 amounted to RMB520.5 million, a decrease of RMB152.3 million as compared with RMB672.8 million as at 31 December 2016. The main reason for this decrease in total liabilities was due to the decreases in trade and other payables, and deposits received and receipts in advance. The Group's total equity as at 31 December 2017 was RMB1,233.7 million (2016: RMB1,379.4 million). As at 31 December 2017, the gearing ratio calculated on the basis of total borrowings (including corporate bonds) over total equity was 1.7% (2016: Nil). The Group's cash and cash equivalents amounted to RMB368.2 million as at 31 December 2017 (2016: RMB349.7 million).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group adopts a conservative financial policy. Business transactions and liabilities of the Group are largely denominated in Renminbi and Hong Kong Dollar, with the same or longer periods offered to the Group's customers and so is the majority of the Group's bank balances and deposits. As at 31 December 2017, the Group did not have any foreign currency bank liabilities, foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes. Nevertheless, the management will continue to monitor the Group's foreign exchange exposure and will take relevant measures with prudence as and when appropriate. As at 31 December 2017, the Group did not hold any derivatives for hedging against interest rate and foreign exchange risks.

流動資金及財務資源

於二零一七年十二月三十一日，本集團之資產總值為人民幣17.542億元，較於二零一六年十二月三十一日之人民幣20.522億元減少人民幣2.980億元。資產總值減少主要由於存貨和應收貿易及其他款項減少。於二零一七年十二月三十一日，本集團之負債總額為人民幣5.205億元，較於二零一六年十二月三十一日之人民幣6.728億元減少人民幣1.523億元。負債總額減少之主要因為應付貿易及其他款項和已收按金及預收款減少。於二零一七年十二月三十一日，本集團之權益總額為人民幣12.337億元（二零一六年：人民幣13.794億元）。於二零一七年十二月三十一日，以借貸總額（包括公司債券）除以權益總額之比率計算的權益負債比率為1.7%（二零一六年：無）。於二零一七年十二月三十一日，本集團之現金及現金等值物為人民幣3.682億元（二零一六年：人民幣3.497億元）。

承受匯率波動風險

本集團奉行穩健財務政策，本集團大多數營業交易與負債均以人民幣及港元計值，本集團客戶獲提供同時間或更長時間，本集團大部分銀行結餘及存款亦如此。於二零一七年十二月三十一日，本集團無任何外幣銀行負債、外匯合同、利息或貨幣掉期或其他對沖用途之金融衍生工具。然而，管理層將繼續監察本集團之外匯風險，並在適當時採取審慎措施。於二零一七年十二月三十一日，本集團並無持有對沖利率及外匯風險的任何衍生工具。

Management Discussion and Analysis 管理層討論與分析

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2017, the Group had capital expenditure commitment in respect of the acquisition of property, plant and equipment in the total amount of RMB9.7 million (2016: RMB9.7 million). The Group provides product warranties to its customers for certain EP products and equipment for a period ranging from six months to two years after the products and equipment are delivered. At the same time, the Group enjoys warranties for the work and equipment from its sub-contractors and suppliers with the same or longer periods offered to the Group's customers. The Directors of the Company believe that the amount of warranty liabilities, if any, will be sufficiently covered by the warranties given by sub-contractors and suppliers, and it will not have any adverse material effect on the overall financial position or operating results of the Group.

PLEDGE OF ASSETS

A bank deposit of the Company's subsidiary of approximately RMB6.5 million as at 31 December 2016 (2017: Nil) was pledged to a bank to secure a facility granted to the subsidiary.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSAL OF ASSETS

Save as disclosed in this report, the Group did not have any other significant investments, acquisitions and disposal of assets during the year under review.

資金承擔及或然負債

於二零一七年十二月三十一日，本集團就採購物業、廠房及設備之資本開支承擔總額為人民幣970萬元（二零一六年：人民幣970萬元）。本集團就若干環保產品及設備為其客戶提供產品保養，保修期由產品及設備送遞後計六個月至兩年不等。同時，本集團亦享有其分包商及供應商就所提供之建築工程及設備之保養服務，保養期與本集團客戶獲提供之期間相同或更長。本公司董事相信，分包商及供應商所提供保修將足以充份涵蓋保修負債之金額（如有），不會對本集團整體財務狀況或營運業績造成任何重大不利影響。

資產抵押

於二零一六年十二月三十一日，本公司之附屬公司之銀行存款約人民幣650萬元（二零一七年：無）已抵押予銀行，以作為授予該附屬公司之銀行融資之擔保。

重大投資，收購及出售資產

除本報告所披露外，本集團於回顧年內並無任何其他重大投資，收購及出售資產。

Management Discussion and Analysis

管理層討論與分析

EVENTS AFTER THE REPORTING PERIOD

(a) Completion of Asset Transfer

Wuxi Pan Asia Environmental Protection Technologies Limited ("Wuxi Pan Asia") entered into an asset transfer agreement with Pan Asia Environmental Protection (Jiangsu) Company Limited ("Jiangsu Pan Asia") on 31 October 2017 and Wuxi Pan Asia agreed to sell certain assets associated with the operation of sales of EP products and equipment to Jiangsu Pan Asia. The Asset Transfer was completed on 16 January 2018.

(b) Disposal of a subsidiary

The Group entered into a sales and purchase agreement (the "S&P Agreement") with an independent third party (the "Purchaser") on 31 October 2017, pursuant to which the Group conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire equity interests in Wuxi Pan Asia after the completion of the Asset Transfer at a consideration of RMB44,000,000. The conditions precedent in the S&P Agreement were fulfilled and the Disposal was completed on 16 January 2018.

(c) Proposed acquisition of subsidiaries

As announced by the Company on 1 March 2018, the Company entered into a sale and purchase agreement with the Vendor, pursuant to which the Company conditionally agreed to purchase and the Vendor conditionally agreed to sell 51% of the issued share capital of the Target Company at a consideration of HK\$122,400,000 (subject to downward adjustments). The Target Company and its subsidiary are currently engaged in negotiating and handling customers for the sales of personal care products. Further details of which are set out in the Company's announcement dated 1 March 2018.

Up to the date of this report, the conditions precedent in the sales and purchase agreement have not yet been fulfilled. Accordingly, the proposed acquisition has not yet been completed.

報告期後事項

(a) 完成資產轉讓

於二零一七年十月三十一日，無錫泛亞環保科技有限公司（「無錫泛亞」）與泛亞環保（江蘇）有限公司（「江蘇泛亞」）訂立資產轉讓協議，且無錫泛亞同意向江蘇泛亞出售與環保產品及設備銷售業務相關之若干資產。資產轉讓已於二零一八年一月十六日完成。

(b) 出售一間附屬公司

於二零一七年十月三十一日，本集團與獨立第三方（「買方」）訂立買賣協議（「買賣協議」），據此，本集團有條件同意出售及買方有條件同意於資產轉讓完成後，按代價人民幣44,000,000元收購無錫泛亞所有股權。買賣協議的先決條件已獲達成且出售事項已於二零一八年一月十六日完成。

(c) 建議收購附屬公司

誠如本公司於二零一八年三月一日所宣佈，本公司與賣方訂立買賣協議，據此，本公司有條件同意收購及賣方有條件同意出售目標公司已發行股本的51%，代價為122,400,000港元（可予下調）。目標公司及其附屬公司現時就個人護理產品之銷售進行磋商及處理客戶事宜。進一步詳情載於本公司日期為二零一八年三月一日之公告。

截至本報告日期止，買賣協議之先決條件尚未達成，因此建議收購尚未完成。

Management Discussion and Analysis 管理層討論與分析

RELATIONSHIP WITH EMPLOYEES AND KEY STAKEHOLDERS

As at 31 December 2017, the Group had approximately 120 employees. Salaries of employees were maintained at competitive levels and are reviewed annually, with close reference to the relevant labour market and economic situations. Remuneration of the Directors is determined based on a variety of factors such as market conditions and the specific responsibilities of the individual Director. Apart from the basic remuneration and benefits required by law, the Group also provides discretionary bonuses based on its results and the performance of the individual employee. The Group also has an employee share option scheme in place. Total remuneration costs, including Directors' remuneration, from continuing operations for the year ended 31 December 2017 were RMB11.5 million (2016: RMB11.4 million (restated)). During the year under review, the Group organized professional and vocational trainings for its employees. The Directors believe that the Group has maintained cordial and professional relations with its employees. In addition, the Group understands that in order to achieve its long-term goals, it is important to maintain a good relationship with business partners, shareholders, investors and bankers. Thus, the Group has formulated an investor relations scheme to help in fostering a close relationship with shareholders and investors. Specific activities are organized from time to time to communicate with and rally rapport of key stakeholders.

與僱員及主要持份者之關係

於二零一七年十二月三十一日，本集團僱用約120名員工。僱員之薪酬維持在一個具競爭力之水平，並參考相關人力市場及經濟情況，每年進行檢討。董事之酬金乃根據一系列包括市場狀況及個別董事之特定職責之因素而釐定。除法律規定之基本薪酬及法定福利外，本集團亦根據本身之業績及個別員工之表現，酌情發放花紅。本集團亦已採納員工購股權計劃。截至二零一七年十二月三十一日止年度，來自持續經營業務的薪酬成本總額（包括董事酬金）為人民幣1,150萬元（二零一六年：人民幣1,140萬元（重列））。於回顧期內，本集團為其僱員舉辦專業及職業培訓。董事相信本集團與僱員關係良好。此外，為達成長遠目標，本集團明白與商業夥伴、股東、投資者及銀行保持良好關係非常重要。因此，本集團已制定投資者關係計劃，以與其股東及投資者建立密切的關係，並不時舉辦特別設計的活動，藉此與主要持份者溝通及保持關係融洽。

Corporate Governance Report 企業管治報告

CORPORATE GOVERNANCE PRACTICES

The board of directors is pleased to present the Corporate Governance Report in the Group's annual report for the year ended 31 December 2017.

The Board was committed to achieving high corporate governance standards.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

In the opinion of the Directors, throughout the year ended 31 December 2017, the Company has complied with all applicable code provisions of the CG Code, except for CG Code provision A.2.1, which provides that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual, details of which are set out in the section headed "Board of Directors" of this Corporate Governance Report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding Directors' dealings in the Company's securities (the "Company's Securities Dealing Code") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Company's Securities Dealing Code throughout the year ended 31 December 2017.

企業管治常規

董事會欣然提呈本集團截至二零一七年十二月三十一日止年度年報內的企業管治報告。

董事會致力於達致高水平的企業管治。

本公司的企業管治常規乃根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄十四所載的企業管治守則（「企業管治守則」）所載列的原則及守則條文編製。

董事會認為，高水平的企業管治對於為本集團提供保障股東權益、提升其企業價值、制定其業務策略和政策以及提高其透明度及問責性的框架而言至關重要。

董事認為，於截至二零一七年十二月三十一日止整個年度內，本公司一直遵守企業管治守則的所有適用守則條文，惟守則條文第A.2.1條除外（其訂明主席及行政總裁角色應予區分，不應由同一人擔任），有關詳情載於本企業管治報告「董事會」一節。

董事的證券交易

本公司已就董事買賣本公司證券採納本身的一套嚴格程度不遜於上市規則附錄十所載列的《上市發行人董事進行證券交易之標準守則》（「標準守則」）所訂標準的守則（「本公司證券買賣守則」）。

經向全體董事作出具體查詢後，董事確認彼等於截至二零一七年十二月三十一日止整個年度一直遵守本公司證券買賣守則。

Corporate Governance Report 企業管治報告

The Company's Securities Dealing Code no less exacting than the Model Code for securities transactions also applies to all employees who are likely to be in possession of unpublished price sensitive information of the Company. No incident of non-compliance of the Company's Securities Dealing Code by the employees was noted by the Company.

BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board currently comprises five members including one executive Director, one non-executive Director and three independent non-executive Directors:

Executive Director:

Mr. Jiang Xin, *Chairman, Chief Executive Officer and member of the Nomination Committee and Remuneration Committee*

Non-executive Director:

Mr. Fan Yajun

Independent Non-executive Directors:

Mr. Lai Wing Lee, *chairman of the Nomination Committee and Remuneration Committee and member of the Audit Committee*

Mr. Leung Shu Sun, Sunny, *chairman of the Audit Committee and member of the Nomination Committee and Remuneration Committee*

Professor Wang Guozhen, *member of the Audit Committee, Nomination Committee and Remuneration Committee*

Mr. Jiang Quanlong has resigned as an executive Director and the Chairman of the Company with effect from 15 September 2017. Mr. Jiang Xin has been appointed as the Chairman of the Company with effect from 15 September 2017. Mr. Cho Yu Chung has resigned as an executive Director of the Company with effect from 31 January 2018.

嚴格程度不遜於有關證券交易的標準守則的本公司證券買賣守則同樣適用於所有可能會掌握本公司未公開的價格敏感消息的僱員。據本公司所悉，僱員並無違反本公司證券買賣守則。

董事會

董事會監管本集團的業務、戰略決策及表現且應以本公司最佳利益作出客觀決策。

董事會應定期向本公司檢討董事履行其職責所需作出的貢獻，及董事是否花費足夠時間履行該等職責。

董事會組成

董事會成員現時合共有五名董事，包括一名執行董事、一名非執行董事及三名獨立非執行董事：

執行董事：

蔣鑫先生，*主席、行政總裁兼提名委員會及薪酬委員會成員*

非執行董事：

范亞軍先生

獨立非執行董事：

賴永利先生，*提名委員會兼薪酬委員會主席及審核委員會成員*

梁樹新先生，*審核委員會主席兼提名委員會及薪酬委員會成員*

王國珍教授，*審核委員會、提名委員會及薪酬委員會成員*

蔣泉龍先生已辭任本公司執行董事及主席，自二零一七年九月十五日起生效。蔣鑫先生已獲委任為本公司主席，自二零一七年九月十五日起生效。曹宇頌先生已辭任本公司執行董事，自二零一八年一月三十一日起生效。

Corporate Governance Report

企業管治報告

The biographical information of the Directors are set out in the section headed “Directors and Senior Management” on pages 29 to 32 of the annual report for the year ended 31 December 2017. None of the members of the Board is related to one another.

Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

The Chairman and Chief Executive Officer of the Company are held by Mr. Jiang Xin since 15 September 2017. The Board believes that Mr. Jiang Xin has the requisite experience and knowledge and that vesting in both roles would maintain efficient business operation which is in the best interest of the Group.

Independent Non-executive Directors

During the year ended 31 December 2017, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-election of Directors

The non-executive Director of the Company has entered into a service contract with the Company which is renewable from year to year until terminated by either party with 3 months’ notice in writing served on the other side. Each of the independent non-executive Directors of the Company is appointed under a letter of appointment which is terminable by either party with 3 months’ notice in writing served on the other side.

董事履歷資料載於截至二零一七年十二月三十一日止年度的年報第29至32頁的「董事及高級管理層」一節。概無董事會成員與彼此有關連。

主席及行政總裁

守則條文第A.2.1條訂明，主席及行政總裁角色應予區分，不應由同一人擔任。

自二零一七年九月十五日起，蔣鑫先生擔任本公司主席及行政總裁。董事會相信蔣鑫先生具備所需之經驗及知識，而同時兼任兩個角色將保持業務有效運作，符合本集團之最佳利益。

獨立非執行董事

截至二零一七年十二月三十一日止年度，董事會一直遵守上市規則有關委任至少三名獨立非執行董事並佔董事會人數至少三分之一，而其中一名獨立非執行董事須具備適當專業資格或會計或相關財務管理專業知識的規定。

本公司已收到各獨立非執行董事根據上市規則第3.13條所載獨立性指引就其獨立性發出的年度確認書。本公司認為，全體獨立非執行董事均屬獨立。

董事的委任及重選

本公司非執行董事已與本公司訂立服務合約，每年可予續期，直至任何一方向另一方發出三個月書面通知終止。本公司各獨立非執行董事均根據委任書獲委任，惟該委任可經任何一方向另一方發出三個月的書面通知予以終止。

Corporate Governance Report 企業管治報告

Under the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election.

Responsibilities of the Directors

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Director and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibility to the Company.

根據本公司組織章程細則，於每屆股東周年大會上，當時為數三分之一的董事（如董事人數並非三或三的倍數，則須為最接近但不少於三分之一的董事人數）須輪值退任，惟所有董事（包括獲指定任期的董事）須最少每三年輪值退任一次。退任董事合資格膺選連任。

董事的職責

董事會承擔領導及控制本公司的職責並集體負責指導及監管本公司的事務。

董事會直接（及間接透過其各委員會）領導及指導管理層，其工作包括制定策略及監督管理層執行情況、監控本集團營運及財務表現，以及確保設有完備的內部監控及風險管理系統。

全體董事（包括非執行董事及獨立非執行董事）均為董事會帶來多種領域的寶貴業務經驗、知識及專長，使其高效及有效地運作。

獨立非執行董事須負責確保本公司監管報告具有高標準以及就企業行動及運作提供有效的獨立判斷並為董事會帶來平衡。

全體董事均可全面並及時獲得本公司所有資料，及可在適當情況下經提出要求後尋求獨立專業意見，以向本公司履行其職責，費用由本公司承擔。

董事須向本公司披露彼等所擔任其他職務的詳情，而董事會亦定期檢討各董事向本公司履行其職責所需作出的貢獻。

Corporate Governance Report

企業管治報告

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

The existing Directors are continually updated with the legal and regulatory developments, the market changes and the business activities and development of the Company to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2017, Professor Wang Guozhen had attended a training session for directors of listed company which was organized by a professional solicitor firm. Professor Wang had also read various chapters relating to protection of investors, directors' duties guide and company listing.

Relevant reading materials including legal and regulatory updates and seminar handouts have been provided to the Directors for their reference and studying and the Directors have read the materials.

董事會保留其有關本公司政策事項、策略及預算、內部監控及風險管理、重大交易(尤其是可能涉及利益衝突的交易)、財務資料、委任董事及其他重大營運事項的所有重大事項的決策。有關執行董事會決策、指導及協調本公司日常營運及管理的職責均授權予管理層處理。

本公司已安排適當的董事及主管責任保險，涵蓋董事及高級管理層就企業活動而對彼等產生的法律訴訟責任。該保險範圍將會每年檢討。

董事的持續專業發展

現任董事持續獲得有關法例及監管的发展、市場變化以及本公司業務及发展的最新資料，藉此確保彼等繼續對董事會作出知情及相關貢獻。

每位新獲委任董事均於首次接受委任時獲得正式、全面及專門的入職培訓，以確保該董事對本公司的業務及營運均有適當的理解，並充分知悉彼於上市規則及相關法定規定下的責任及義務。除該等入職培訓外，亦會讓新獲委任董事參觀本公司的主要工廠，並與本公司高級管理層會面。

董事應參與適當的持續專業發展，以發展及更新彼等的知識及技能。本公司將為董事安排內部簡報，並於適當時候向董事提供相關議題的閱讀材料。全體董事均獲鼓勵參加相關培訓課程，費用由本公司承擔。

截至二零一七年十二月三十一日止年度，王國珍教授已參加由專業律師事務所為上市公司董事舉辦之培訓課程。王教授亦已閱讀有關保護投資者、董事職責指引及公司上市之不同章節。

相關閱讀材料包括法例及監管之更新及講座資料已提供予董事參考及研讀，且董事已閱讀該等材料。

Corporate Governance Report 企業管治報告

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Board of Directors" on page 15 of this Corporate Governance Report.

Audit Committee

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditor, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 December 2017, the Audit Committee held three meetings to review the annual financial results and reports in respect of the year ended 31 December 2016 and the interim financial results and reports for the period ended 30 June 2017 and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditor, engagement of non-audit services and relevant scope of works and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditor twice without the presence of the executive Directors.

董事委員會

董事會已設立三個委員會，分別為審核委員會、薪酬委員會及提名委員會，以監察本公司各範疇的具體事務。所有本公司董事委員會的成立均有書面界定其職權範圍，清楚列載各委員會的權力及職責。有關董事委員會職權範圍的資料已刊登於本公司網站及聯交所網站並應股東要求可供查閱。

各董事委員會的主席及成員名單載於本企業管治報告第15頁的「董事會」內。

審核委員會

審核委員會的職權範圍不遜於企業管治守則所載條款。

審核委員會的主要職責為協助董事會檢討本公司的財務資料及報告程序、風險管理及內部監控系統、內部審核功能的效能、審核範疇及委任外部核數師和使本集團員工就本公司財務報告、內部控制或其他事宜的可能不當行為提出舉報的安排。

於截至二零一七年十二月三十一日止年度，審核委員會曾舉行三次會議，以審閱截至二零一六年十二月三十一日止年度的年度財務業績及報告和截至二零一七年六月三十日止期間的中期財務業績及報告，以及有關財務匯報、營運及合規控制、風險管理、內部監控系統及內部審核功能的效能、外部核數師的委任、聘任非審核服務及相關工作範圍以及安排僱員就可能的不當行為提出舉報的重大事宜。

審核委員會亦曾在執行董事不在場的情況下與外部核數師會面兩次。

Corporate Governance Report

企業管治報告

Remuneration Committee

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code.

The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management, and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration.

During the year ended 31 December 2017, the Remuneration Committee held one meeting to review and make recommendation to the Board on the remuneration policy and structure of the Company and the remuneration packages of the executive Directors and senior management and other related matters.

Details of the remuneration of the senior management by band are set out in note 11 to the financial statements for the year ended 31 December 2017.

Nomination Committee

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

薪酬委員會

薪酬委員會的職權範圍不遜於企業管治守則所載條款。

薪酬委員會的主要職責包括審閱及釐定個別執行董事及高級管理層的薪酬待遇、全體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及制定透明的程序藉以確立有關薪酬政策及架構，確保董事或其任何聯繫人不會參與決定其自身薪酬。

截至二零一七年十二月三十一日止年度，薪酬委員會舉行了一次會議，以審閱本公司薪酬政策及架構以及執行董事及高級管理人員薪酬待遇及其他相關事宜，並就此向董事會提出建議。

按組別分類的高級管理層薪酬的詳情載於截至二零一七年十二月三十一日止年度財務報表附註11。

提名委員會

提名委員會的職權範圍不遜於企業管治守則所載條款。

提名委員會主要負責檢討董事會組成，發展及制訂提名及委任董事的有關程序，就董事的委任及繼任計劃向董事會提供推薦意見，以及評估獨立非執行董事的獨立性。

Corporate Governance Report 企業管治報告

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience etc. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the year ended 31 December 2017, the Nomination Committee held one meeting to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, to consider the qualifications of the retiring directors standing for election at the annual general meeting. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the year, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Company's Securities Dealing Code and the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

於評估董事會組成時，提名委員會將考慮本公司董事會多元化政策所載若干方面以及董事會多元化諸多因素，包括但不限於董事的性別、年齡、文化及教育背景、專業資格、技能、知識、行業及地區經驗等。提名委員會將討論及協定達致董事會多元化的度量目標（倘必要）並向董事會推薦以供採納。

在物色及甄選合適的董事候選人時，提名委員會在向董事會提出推薦意見前考慮候選人的品格、資歷、經驗、獨立性及就補充公司策略及達致董事會成員多元化而言屬必要的其他相關準則（倘適用）。

截至二零一七年十二月三十一日止年度，提名委員會舉行了一次會議，以檢討董事會的架構、規模及組成及獨立非執行董事的獨立性、考慮擬於股東周年大會上重選的退任董事的資格。提名委員會認為，董事會組成在多元化方面維持適當平衡。

企業管治職能

董事會負責執行企業管治守則D.3.1條所載的職能。

董事會於年內已檢討本公司的企業管治政策及常規、董事及高級管理層的培訓及持續專業發展、本公司有關遵守法律及監管規定的政策及常規、遵守本公司證券買賣守則及標準守則的情況以及本公司遵守企業管治守則及本企業管治報告中的披露情況。

Corporate Governance Report

企業管治報告

ATTENDANCE RECORDS OF DIRECTORS

The attendance record of each Director at the Board and Board Committee meetings and the general meetings of the Company held during the year ended 31 December 2017 is set out in the table below:

Name of Director	董事姓名	Attendance/Number of Meetings 出席次數／會議次數					Annual General Meeting 股東周年大會
		Board 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會	Nomination Committee 提名委員會		
Jiang Quanlong (resigned on 15 September 2017)	蔣泉龍 (於二零一七年九月十五日辭任)	5/6	N/A不適用	1/1	0/1	1/1	
Jiang Xin	蔣鑫	8/8	N/A不適用	N/A不適用	N/A不適用	0/1	
Cho Yu Chung (resigned on 31 January 2018)	曹宇頌 (於二零一八年一月三十一日辭任)	8/8	N/A不適用	N/A不適用	N/A不適用	0/1	
Fan Yajun	范亞軍	8/8	N/A不適用	N/A不適用	N/A不適用	0/1	
Lai Wing Lee	賴永利	8/8	3/3	1/1	1/1	0/1	
Leung Shu Sun, Sunny	梁樹新	8/8	3/3	1/1	1/1	1/1	
Wang Guozhen	王國珍	8/8	3/3	1/1	1/1	0/1	

Apart from regular Board meetings, the Chairman also held meetings with the non-executive Directors (including independent non-executive Directors) without the presence of executive Directors during the year.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

董事出席記錄

各董事於截至二零一七年十二月三十一日止年度舉行的董事會及董事委員會會議以及本公司股東大會的出席記錄載列如下：

年內，除定期董事會會議外，主席亦曾於執行董事不在場的情況下與非執行董事（包括獨立非執行董事）舉行會議。

風險管理及內部監控

董事會確認知悉其負責風險管理及內部監控系統並檢討其成效之責任。該等系統旨在管理而非消除未能達成業務目標的風險，而且只能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。

董事會全面負責評估及釐定本公司達成策略目標時所願意接納的風險性質及程度，並設立和維持合適而有效的風險管理及內部監控系統。

Corporate Governance Report 企業管治報告

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and leasing, financial reporting, human resources and information technology.

All divisions conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division.

The management, in coordination with division heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2017.

The Company has engaged external professional firm for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit function examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

審核委員會協助董事會開展管理工作並監督董事會設計、實施及監管風險管理及內部監控系統。

本公司已制定及採納多項風險管理程序及指引，並通過明晰關鍵業務流程及部門職能（包括項目管理、銷售及租賃、財務匯報、人力資源及信息技術）訂明操作權責。

各部門均定期進行內部監控評測，以識別可能影響本集團業務及包括主要營運及財務流程、監管合規及信息安全在內多個方面的潛在風險。各部門亦每年進行自我評估，以確保妥當遵守控制政策。

管理層與各部門領導相互配合，評估發生風險事件的可能性並提供應對計劃及監控風險管理程序，並就一切有關結果及該系統的效能向審核委員會及董事會作出報告。

管理層已就風險管理及內部監控系統於截至二零一七年十二月三十一日止年度之成效向董事會及審核委員會作出報告。

本公司已委聘外部專業公司提供內部審核功能並就風險管理及內部監控系統是否足夠及其成效進行獨立審核。內部審核功能已就有關會計常規及所有重大控制審核重大問題，及向審核委員會提供其審核結果及改進推薦意見。

Corporate Governance Report 企業管治報告

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2017, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

Arrangements are in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2017.

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.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 70 to 79.

董事會參考管理層報告以及內部審核結果，在審核委員會的協助下就截至二零一七年十二月三十一日止年度之風險管理及內部監控系統（包括財務、營運及合規控制）作出檢討，並認為此等系統有效及足夠。年度審核亦已涵蓋財務匯報及內部審核功能以及員工資歷、經驗及相關資源。

本公司已設立方便其僱員就本公司財務匯報、內部監控或其他事項可能出現的不適當行為而以保密形式表達關注的安排。

本公司已制定披露政策，為本公司董事、職員、高級管理層及相關僱員提供處理機密資料、監察資料披露及回應查詢的常規指引。

公司已制定監控措施，嚴禁任何未經授權獲取及使用內幕資料。

董事對財務報表的責任

董事確認彼等編製本公司截至二零一七年十二月三十一日止年度財務報表的責任。

董事並不知悉有關可能會令本公司按持續基準經營的能力備受質疑的事件或狀況的任何重大不確定因素。

本公司獨立核數師有關其對財務報表的申報責任的聲明載於第70至79頁獨立核數師報告內。

Corporate Governance Report 企業管治報告

AUDITOR'S REMUNERATION

An analysis of the remuneration paid to the external auditor of the Company in respect of audit services and non-audit services for the year ended 31 December 2017 is set out below:

Service Category	服務類別	Fees Paid/ Payable 已付 / 應付費用 HK\$ 港元
Audit Services	審計服務	1,430,000
Non-audit Services	非審計服務	
– Review of accounts for the period ended 30 June 2017	– 審閱截至二零一七年六月三十日止期間賬目	430,000
– Agreed upon procedures on preliminary results announcement	– 初步業績公告之商定執行情序	50,000
– Agreed upon procedures in respect of a potential acquisition of a company	– 有關潛在收購一間公司之商定執行情序	670,000
– Review of accounts of a subsidiary for the period ended 30 September 2017	– 審閱一間附屬公司截至二零一七年九月三十日止期間之賬目	100,000
		2,680,000

核數師薪酬

截至二零一七年十二月三十一日止年度向本公司外聘核數師支付有關審計服務及非審計服務的酬金分析如下：

COMPANY SECRETARY

The Board appoints Mr. Wan San Fai, Vincent as its Company Secretary in accordance with the Company's Articles of Association and in compliance with the requirements of the Listing Rules. Mr. Wan has complied with the professional training requirement as set out in Rule 3.29 of the Listing Rules during the year ended 31 December 2017.

公司秘書

董事會根據本公司組織章程細則並在遵守上市規則規定之前提下委任溫新輝先生為公司秘書。截至二零一七年十二月三十一日止年度，溫先生已遵守上市規則第3.29條載列的專業培訓規定。

SHAREHOLDERS' RIGHTS

The Company engages with shareholders through various communication channels and a shareholders' communication policy is in place to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

股東權利

本公司以各種溝通渠道與股東接觸，股東通訊政策亦得到落實，確保股東意見及關注事宜得到妥善解決。該政策定期檢討，以確保行之有效。

Corporate Governance Report

企業管治報告

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting by Shareholders

Pursuant to Article 64 of the Articles of Association of the Company, extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the Secretary for the purpose of requiring an Extraordinary General Meeting to be called by the Directors for the transaction of any business specified in such requisition. If within twenty-one (21) days of such deposit the Directors do not 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) shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

For proposal of a person for election as Director, pursuant to Article 113 of the Articles of Association of the Company, no person, other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Company's Head Office at 15/F, Club Lusitano, 16 Ice House Street, Central, Hong Kong or at the Company's Registration Office at Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong at least seven (7) clear days before the date of the general meeting and the period for lodgement of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and shall be at least seven (7) clear days in length.

為保障股東權益及權利，各實質上獨立的事宜（包括推選個別董事）應以獨立決議案形式於股東大會上提呈。於股東大會上提出的所有決議案將根據上市規則以投票表決方式進行表決，而投票結果將於每次股東大會舉行後於本公司及聯交所網站刊登。

股東召開股東特別大會

根據本公司組織章程細則第64條，股東特別大會可應於遞呈請求當日持有不少於有權於股東大會上投票的本公司繳足股本十分之一的一位或以上股東要求予以召開。有關請求須以書面形式向董事或秘書提出，述明要求董事召開股東特別大會以處理請求內訂明的任何事項。如於遞呈請求書日期起二十一(21)日內董事未能召開該大會，請求人自身可以同一方式召開大會，請求人因董事未能召開大會而產生的所有合理開支須由本公司補償予請求人。

於股東大會上提出議案

關於推選董事人選的議案，根據本公司組織章程細則第113條，除非一項有意提名選舉該位人士為董事的書面通知以及一項該位被推選人士簽發表明其願意膺選的書面通知已呈交至本公司總辦事處（地址為香港中環雪廠街16號西洋會所15樓）或本公司過戶登記處卓佳證券登記有限公司（地址為香港皇后大道東183號合和中心22樓），否則概無人士（退任董事除外）有權在任何股東大會上膺選出任董事職位（除非由董事推選）。提交該等通知的期間須由不早於指定進行該推選的股東大會通告寄發翌日起計，及不遲於該股東大會舉行日期前七(7)個整日結束，而向本公司發出該等通知的最短期間須為最少七(7)個整日。

Corporate Governance Report 企業管治報告

Shareholders who wish to put forward other proposals at general meetings may follow the procedures in “Convening an Extraordinary General Meeting by Shareholders” set out above to convene an extraordinary general meeting for business specified in the written requisition.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 15/F, Club Lusitano, 16 Ice House Street, Central, Hong Kong
(For the attention of the Board of Directors)
Fax: (852) 3747-8047
Email: info@paep.com.cn

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, apart from other specified office of the Company, if any, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

擬於股東大會上提呈其他建議的股東可跟隨上述「股東召開股東特別大會」所載的程序，為該書面要求所載的任何事務召開股東特別大會。

向董事會作出查詢

股東如欲向本公司董事會作出任何查詢，可將查詢內容以書面形式寄送至本公司。本公司一般不會處理口頭或匿名的查詢。

聯絡詳情

股東可將上述查詢或請求發送至下列地址：

地址：香港中環雪廠街16號西洋會所15樓
(註明董事會收啟)
傳真：(852) 3747-8047
電郵：info@paep.com.cn

為免生疑，股東須向上述地址（除本公司的其他指定地址（如有）外）送交及發出正式簽署的書面請求、通知或聲明或查詢（視情況而定）的正本，並提供彼等全名、聯絡詳情及身份，以使之生效。股東資料或會根據法律規定予以披露。

Corporate Governance Report 企業管治報告

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

During the year under review, the Company has not made any changes to its Articles of Association. An up to date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

與股東及投資者的溝通

本公司認為，與股東有效溝通對促進投資者關係及讓投資者了解本集團業務表現及策略而言至關重要。本公司致力於維持與股東的持續溝通，尤其是透過股東周年大會及其他股東大會。董事（或彼等的代表，如適用）將出席股東周年大會，與股東會面並解答股東疑問。

於回顧年度內，本公司並無對其組織章程細則作出任何修訂。本公司組織章程細則的最新版本於本公司網站及聯交所網站可供查閱。

Directors and Senior Management 董事及高級管理層

BOARD OF DIRECTORS

Executive Director

Mr. Jiang Xin, aged 33, is the Chairman of the Board, an executive Director and Chief Executive Officer. He was appointed as an executive Director and Chief Executive Officer of the Company in December 2016. He was also appointed as the Chairman of the Company in September 2017. He is also a member of the Nomination Committee and the Remuneration Committee. He is currently the general manager of China Rare Earth Holdings Limited ("China Rare Earth") (Stock Code: 769) (the shares of which are listed on the Main Board of the Stock Exchange). He joined China Rare Earth in August 2008 and was promoted to the present position of general manager in August 2012. Mr. Jiang Xin obtained a bachelor's degree in arts majoring in international business, finance and economics from University of Manchester in June 2006 and a bachelor's degree in arts majoring in business studies from University of Wales in July 2008.

Non-Executive Director

Mr. Fan Yajun, aged 50, is a non-executive Director. He was appointed as an executive Director in March 2007 and was re-designated as a non-executive Director on 12 April 2016. Mr. Fan has more than 20 years of experience in business management. He joined the Group in July 2002 and has been responsible for the overall administration and business management. He completed a Master of Business Administration course at Southeast University in July 2004. For the period between August 1999 and August 2005, he was an executive director of China Rare Earth, the shares of which are listed on the Main Board of the Stock Exchange.

董事會

執行董事

蔣鑫先生，33歲，為董事會主席、執行董事及行政總裁。彼於二零一六年十二月獲委任為本公司執行董事及行政總裁。彼亦於二零一七年九月獲委任為本公司之董事會主席。彼同時為提名委員會及薪酬委員會之成員。彼現任中國稀土控股有限公司（「中國稀土」）（股份代號：769）（其股份於聯交所主板上市）之總經理。彼於二零零八年八月加入中國稀土，並於二零一二年八月晉升至現職（總經理）。蔣鑫先生於二零零六年六月自英國曼徹斯特大學取得文學士學位，主修國際商業、金融及經濟，並於二零零八年七月自威爾斯大學取得文學士學位，主修商業研究。

非執行董事

范亞軍先生，50歲，為非執行董事。彼於二零零七年三月獲委任為執行董事，並於二零一六年四月十二日調任為非執行董事。范先生擁有逾20年之企業管理經驗。彼於二零零二年七月加入本集團，負責本集團之整體行政及業務管理。彼於二零零四年七月完成東南大學工商管理碩士課程。彼於一九九九年八月至二零零五年八月期間為中國稀土（其股份於聯交所主板上市）之執行董事。

Directors and Senior Management 董事及高級管理層

Independent Non-Executive Directors

Mr. Lai Wing Lee, aged 78, has been appointed as an independent non-executive Director since December 2007. He is the Chairman of the Nomination Committee and the Remuneration Committee and also a member of the Audit Committee. He has been the managing director of Shenzhen Beishen Environmental Packaging Development Co., Limited, which is mainly engaged in the sales and manufacture of EP packaging products, since August 2005. He graduated from the South China Institute of Technology (now known as South China University of Technology) in 1965. He has over 30 years of experience in enterprise management.

Mr. Leung Shu Sun, Sunny, aged 55, has been appointed as an independent non-executive Director since December 2007. He is the Chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee. He has over 20 years' working experience in, among others, accounting, treasury management, budgeting and corporate finance. He graduated from Hong Kong Polytechnic University with a professional diploma in Accountancy and obtained a master's degree in business administration from the University of South Australia. He is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants and a member of Certified General Accountants' Association of Canada. From 2005 to 2007, he served as the financial controller, qualified accountant and company secretary of Xiwang Sugar Holdings Company Limited (now known as Xiwang Property Holdings Company Limited) (Stock Code: 2088), the shares of which are listed on the Main Board of the Stock Exchange. From 2001 to date, he has been a director of a company providing accounting, tax and corporate finance services. From 1999 to 2001, he held key financial position in a listed company in Hong Kong. From 1998 to 1999, he was a finance director of a company principally engaged in the provision of network infrastructure solutions. From 1993 to 1998, he was the financial controller of a company principally engaged in property investment, trading and securities. From 1987 to 1990, he worked in international accounting firms handling audit, tax and accounting matters. Mr. Leung has been an independent non-executive director of Xiwang Special Steel Company Limited (Stock Code: 1266), the shares of which are listed on the Main Board of the Stock Exchange since February 2012. He was appointed as an independent non-executive director of China Art Financial Holdings Limited (Stock Code: 1572), the shares of which are listed on the Main Board of the Stock Exchange on 14 October 2016.

獨立非執行董事

賴永利先生，78歲，自二零零七年十二月起獲委任為獨立非執行董事。彼為提名委員會及薪酬委員會之主席，並同時為審計委員會之成員。彼自二零零五年八月起出任深圳市北深環保包裝發展有限公司之董事總經理，該公司主要從事環保包裝產品之銷售及生產。彼於一九六五年畢業於華南理工學院（現稱為華南理工大學）。彼於企業管理方面擁有逾30年經驗。

梁樹新先生，55歲，自二零零七年十二月起獲委任為獨立非執行董事。彼為審計委員會之主席，並為提名委員會及薪酬委員會之成員。彼在會計、財資管理、預算及企業融資方面，還有其他方面，擁有逾20年工作經驗。彼以會計專業文憑畢業於香港理工大學，並在澳洲國立南澳洲大學獲得工商管理碩士學位。彼為英國特許公認會計師公會資深會員、香港會計師公會會員及加拿大註冊會計師協會會員。彼於二零零五年至二零零七年期間擔任西王糖業控股有限公司（現稱為西王置業控股有限公司）（股份代號：2088）（其股份於聯交所主板上市）之財務總監、合資格會計師及公司秘書。彼自二零零一年至今，於一家提供會計、稅務及企業融資服務之公司擔任董事。彼自一九九九年至二零零一年期間，於一家香港上市公司擔任主要財務職位。彼自一九九八年至一九九九年期間，於一家主要從事提供網絡基建解決方案業務之公司擔任財務董事。彼自一九九三年至一九九八年期間，為一家主要從事物業投資、貿易及證券之公司之財務總監。彼自一九八七年至一九九零年期間，曾於國際會計師行工作，負責處理審計、稅務及會計事宜。梁先生自二零一二年二月起為西王特鋼有限公司（股份代號：1266）（其股份於聯交所主板上市）之獨立非執行董事。彼於二零一六年十月十四日獲委任為中國藝術金融控股有限公司（股份代號：1572）（其股份於聯交所主板上市）之獨立非執行董事。

Directors and Senior Management 董事及高級管理層

Professor Wang Guozhen, aged 82, has been appointed as an independent non-executive Director since December 2007. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee. Since October 1980, Professor Wang was the chairperson of the Environment Protection Specialist Commission of the Chinese Society of Rare Earths and he became a consultant afterwards. He was, from 1994 to 2005, a member of the Rare Earth Expert Group of China State Planning and Development Commission, and the team leader of the Industry Division. Professor Wang was appointed as an expert of the Expert Group of the Association of China Rare Earth Industry on 8 April 2014. He graduated from the Department of Chemical Engineering of Tianjin University with a major in physical chemistry of metals. He was an independent director of the State-owned Gansu Rare Earth Group Co., Ltd. from 2005 to December 2012. On 1 August 2012, Professor Wang was appointed as an independent non-executive director of China Rare Earth, the shares of which are listed on the Main Board of the Stock Exchange. From 1 December 2012 to 10 September 2015, he was appointed as an independent director of Lianyungang Ligang Rare Earth Industrial Co., Ltd. On 26 January 2013, Professor Wang was appointed as an independent director of Shenghe Resources Holding Co. Ltd (Stock Code: 600392), the shares of which are listed on the Shanghai Stock Exchange. On 13 March 2015, he was appointed as senior expert consultant of rare earth projects of China Enfi Engineering Corporation for a period of three years. Since December 2016, he was appointed as a honorary director of the 6th Council of The Chinese Society of Rare Earths.

王國珍教授，82歲，自二零零七年十二月起獲委任為獨立非執行董事。彼為審計委員會、提名委員會及薪酬委員會之成員。自一九八零年十月起，王教授為中國稀土學會環保專業委員會之主任委員，其後出任為顧問。彼於一九九四年至二零零五年期間為中國國家計劃和發展委員會稀土專家組之成員，並擔任產業組組長。王教授於二零一四年四月八日獲委任為中國稀土行業協會專家組專家。彼畢業於天津大學化學工程系，主修金屬物理化學。彼自二零零五年起至二零一二年十二月出任國有企業甘肅稀土新材料股份有限公司之獨立董事。於二零一二年八月一日，王教授獲委任為中國稀土（其股份於聯交所主板上市）之獨立非執行董事。自二零一二年十二月一日至二零一五年九月十日，彼獲委任為連雲港麗港稀土實業有限公司之獨立董事。於二零一三年一月二十六日，王教授獲委任為盛和資源控股股份有限公司（股票代碼：600392）（其股份於上海證券交易所上市）之獨立董事。於二零一五年三月十三日，彼獲委任為中國恩菲工程技術有限公司稀土項目之高級專家顧問，為期三年。自二零一六年十二月起，彼獲委任為中國稀土學會第六屆理事會名譽理事。

Directors and Senior Management 董事及高級管理層

SENIOR MANAGEMENT

Mr. Wan San Fai, Vincent, aged 44, is the chief financial officer and company secretary of the Company. He joined the Group in March 2007 and is responsible for the corporate finance function of the Group. He oversees matters relating to financial administration, and compliance and reporting obligations of the Group. Mr. Wan has more than 20 years' experience in auditing, accounting and financial management. Prior to joining the Group, Mr. Wan has worked for a company listed on the Singapore Stock Exchange as its financial controller from 2005 to 2007. Mr. Wan is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Wan holds a Bachelor of Arts degree in Accountancy from the Hong Kong Polytechnic University.

Mr. Ji Hongwei, aged 47, is the vice general manager of Jiangsu Pan Asia. He has more than 10 years of experience in sales and project management. He joined the Group in 2003 and is responsible for project management of EP projects. Before joining the Group, he was a sales manager of Yixing Xingda Catalyst Factory. He graduated from Dapu Middle School in Yixing City.

Mr. Wu Dongping, aged 35, is the financial controller of Jiangsu Pan Asia. He has about 10 years of experience in financial management. He joined the Group in May 2014. Before joining the Group, he was a finance manager of Yixing AGC Ceramics Company Limited. He graduated from the Huaiyin Institute of Technology, majoring in accountancy.

高級管理層

溫新輝先生，44歲，本公司之財務總監兼公司秘書。彼於二零零七年三月加入本集團，負責本集團之企業融資部門。彼監督財務管理相關事宜及負責本集團之合規事宜及履行呈報責任。溫先生在審核、會計及財務管理方面擁有逾20年經驗。於加入本集團前，溫先生於二零零五年至二零零七年在一家於新加坡證券交易所上市之公司任財務總監。溫先生現為香港會計師公會之會員。溫先生持有香港理工大學會計學文學士學位。

季紅偉先生，47歲，江蘇泛亞副總經理。彼在銷售及工程管理領域擁有逾十年經驗，彼於二零零三年加入本集團，負責環保項目之項目管理。於加入本集團前，彼為宜興市興達催化劑廠銷售經理。彼畢業於宜興市大浦中學。

吳冬萍先生，35歲，江蘇泛亞財務總監。彼在財務管理方面擁有約十年經驗。彼於二零一四年五月加入本集團。於加入本集團前，彼為宜興旭硝子工業陶瓷有限公司財務經理。彼畢業於淮陰工學院會計專業。

Report of the Directors 董事會報告

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

PRINCIPAL PLACE OF BUSINESS

The Company is incorporated in the Cayman Islands and has its principal place of business in the PRC at No. 1 Chuanshan Road, Dingshu Town, Yixing City, Jiangsu Province, PRC 214222 and its principal place of business in Hong Kong at 15/F, Club Lusitano, 16 Ice House Street, Central, Hong Kong.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the sales of EP products and equipment, as well as undertaking of EP construction engineering projects in the PRC.

BUSINESS REVIEW

A business review of the Group is set out in the sections headed "Management Discussion and Analysis" on pages 8 to 13 and "Environmental, Social and Governance Report" on pages 47 to 69 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the major customers and suppliers of the Group during the financial year is as follows:

The largest customer	最大客戶
Five largest customers in aggregate	五大客戶總計
The largest supplier	最大供應商
Five largest suppliers in aggregate	五大供應商總計

None of the Directors, their close associates (as defined in the Listing Rules) or any shareholders of the Company (which to the knowledge of the Directors owned more than 5% of the Company's share capital) had a beneficial interest in the Group's five largest customers and suppliers.

董事會欣然提呈彼等之年報連同本集團之截至二零一七年十二月三十一日止年度之經審核綜合財務報表。

主要營業地點

本公司乃一家於開曼群島註冊成立之公司，其位於中國之主要營業地點為中國江蘇省宜興市丁蜀鎮川善公路1號（郵政編號：214222），其於香港之主要營業地點為香港中環雪廠街16號西洋會所15樓。

主要業務

本集團主要於中國從事銷售環保產品及設備，以及承接環保建設工程項目。

業務回顧

本集團之業務回顧載於本年報第8至13頁「管理層討論與分析」及47至69頁「環境、社會及企業管治」章節。

主要客戶及供應商

於財政年度內有關本集團主要客戶及供應商之資料如下：

	Percentage of the Group's total 佔本集團總額之百分比	
	Revenue 收入	Purchases 採購額

The largest customer	最大客戶	25.9%	—
Five largest customers in aggregate	五大客戶總計	70.6%	—
The largest supplier	最大供應商	—	24.0%
Five largest suppliers in aggregate	五大供應商總計	—	60.9%

概無董事、彼等之緊密聯繫人士（定義見上市規則）或本公司任何股東（據董事所知擁有本公司股本5%以上）於本集團五大客戶及供應商擁有實益權益。

Report of the Directors

董事會報告

FINANCIAL STATEMENTS

The profits of the Group for the financial year ended 31 December 2017 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 80 to 227.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil) as the capital will be reserved for the development of the Group's business operations.

DISTRIBUTABLE RESERVES

Loss attributable to equity holders of the Company, before dividends, of RMB147,359,000 (2016: profit of RMB75,443,000) have been transferred to reserves. Other movements in reserves are set out in note 30 to the financial statements.

As at 31 December 2017, the distributable reserve of the Company amounted to approximately RMB576,144,000 (2016: RMB752,009,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the financial year are set out in note 15 to the financial statements.

CORPORATE BONDS

Details of movement in corporate bonds issued by the Company during the year are set out in note 25 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the financial year are set out in note 29 to the financial statements.

GEARING RATIO

As at 31 December 2017, the gearing ratio of the Group, based on total borrowings (including corporate bonds) to the equity (including all capital and reserves) was 1.6% (2016: Nil).

財務報表

本集團於截至二零一七年十二月三十一日止財政年度之溢利及本公司及本集團於該日之狀況載於財務報表第80至第227頁。

末期股息

董事會不建議派發截至二零一七年十二月三十一日止年度之末期股息(二零一六年：無)，以保留充裕資金發展本集團各項業務。

可分發儲備

本公司權益持有人應佔虧損(未計股息)為人民幣147,359,000元(二零一六年：溢利人民幣75,443,000元)已轉撥至儲備。儲備之其他變動載於財務報表附註30。

於二零一七年十二月三十一日，本公司可分發儲備大約為人民幣576,144,000元(二零一六年：人民幣752,009,000元)。

物業、廠房及設備

本集團於財政年度內之物業、廠房及設備之變動詳情載於財務報表附註15。

公司債券

本公司本年度發行公司債券之變動詳情載於財務報表附註25。

股本

本公司股本於財政年度內之變動詳情載於財務報表附註29。

權益負債比率

於二零一七年十二月三十一日，本集團之權益負債比率根據借貸總額(包括公司債券)除以權益(包括所有股本及儲備)為1.6%(二零一六年：零)。

Report of the Directors 董事會報告

DIRECTORS

The Directors during the financial year were:

Executive Directors

Mr. Jiang Quanlong (*Chairman*)
(Resigned on 15 September 2017)
Mr. Jiang Xin (*Chairman and Chief Executive Officer*)
(Appointed as Chairman on 15 September 2017)
Mr. Cho Yu Chung
(Resigned on 31 January 2018)

Non-executive Director

Mr. Fan Yajun

Independent Non-executive Directors

Mr. Lai Wing Lee
Mr. Leung Shu Sun, Sunny
Professor Wang Guozhen

Mr. Lai Wing Lee and Mr. Leung Shu Sun, Sunny shall retire from the offices as independent non-executive Directors at the forthcoming Annual General Meeting in accordance with article 108(A) of the Articles of Association.

CONFIRMATION OF INDEPENDENCE

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

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming Annual General Meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' PERMITTED INDEMNITY PROVISION

Under the Company's Articles of Association, every Director or officer of the Company acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs and damages which he may incur or sustain in the execution of the duties of his office or otherwise in relation thereto. Such provision is in force during the year under review and as of the date of this annual report.

董事

於財政年度內之董事為：

執行董事

蔣泉龍先生 (*主席*)
(於二零一七年九月十五日辭任)
蔣鑫先生 (*主席及行政總裁*)
(於二零一七年九月十五日獲委任為主席)
曹宇頌先生
(於二零一八年一月三十一日辭任)

非執行董事

范亞軍先生

獨立非執行董事

賴永利先生
梁樹新先生
王國珍教授

賴永利先生及梁樹新先生將根據組織章程細則第108(A)條於應屆股東周年大會上退任獨立非執行董事之職務。

確認獨立性

本公司已接獲各獨立非執行董事根據上市規則第3.13條作出之年度獨立性確認書，並認為全體獨立非執行董事均為獨立人士。

董事之服務合約

概無擬於應屆股東周年大會重選之董事訂有未到期服務合約，而本公司或其任何附屬公司在一年內不支付賠償（一般法定賠償除外）不可終止。

董事獲允許的彌償保證條文

根據本公司的組織章程細則，就本公司任何事務行事的本公司各董事或主管人員，可就其執行職務而產生或承受或因其職務而以其他方式產生或承受的所有行動、費用及損害，從本公司的資產及利潤中獲得彌償並免受損害。有關條文於回顧年度內及截至本年報日期一直有效。

Report of the Directors

董事會報告

DIRECTORS'/CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save for the information disclosed in “Material Related Party Transactions” in note 34 to the financial statements, no transaction, arrangement or contract of significance in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of 2017, and there was no contract of significance between the Company or a subsidiary of the Company with the controlling shareholder or any of its subsidiaries during the year under review.

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

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

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

As at 31 December 2017, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong (“SFO”)) as recorded in the register of interests maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

董事／控股股東於重大合約中之權益

除於財務報表附註34「重大有關連人士交易」所披露之資料外，於二零一七年年內或年底概無存在董事或與董事有關連的實體直接或間接擁有重大權益的交易、安排或重大合約，且於回顧年內本公司或本公司附屬公司與控股股東或其任何附屬公司概無任何重大合約。

購入、出售或贖回本公司之上市證券

於截至二零一七年十二月三十一日止年度，本公司或其附屬公司概無購入、出售或贖回本公司之任何上市證券。

足夠之公眾持股量

根據截至本年報日期，本公司可公開取得之資料及據董事所知，本公司一直維持上市規則項下規定之公眾持股量。

董事及最高行政人員於本公司或其相聯法團的股份、相關股份及債券中之權益及淡倉

於二零一七年十二月三十一日，本公司董事及最高行政人員於本公司及其相聯法團（定義見香港證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份或債券中擁有須記錄於本公司根據證券及期貨條例第352條保存之權益登記冊或根據標準守則須知會本公司及聯交所之權益及淡倉如下：

Report of the Directors 董事會報告

Interests in shares and underlying shares of the Company

於本公司股份及相關股份之權益

Name of Director 董事姓名	Nature of interest 權益性質	Number of shares held 持有股份數目 (Note 1) (附註1)	Equity derivatives (share option) 股本衍生工具 (購股權) (Notes 1 and 3) (附註1及3)	Approximate percentage of issued share capital 佔已發行股本 之概約百分比
Mr. Jiang Xin 蔣鑫先生	Interest of controlled corporation 受控制法團權益	356,568,000 (L) (Note 2) (附註2)		42.45%
		346,568,000 (S)		41.26%
	Beneficial interest 實益權益	2,000,000 (L)		0.24%
Mr. Fan Yajun 范亞軍先生	Beneficial interest 實益權益		5,000,000 (L)	0.60%
Mr. Lai Wing Lee 賴永利先生	Beneficial interest 實益權益		1,000,000 (L)	0.12%
Mr. Leung Shu Sun, Sunny 梁樹新先生	Beneficial interest 實益權益		1,000,000 (L)	0.12%
Professor Wang Guozhen 王國珍教授	Beneficial interest 實益權益		1,000,000 (L)	0.12%

Notes:

- The letter "L" denotes the Director's long position in the shares/underlying shares. The letter "S" denotes the person's short position in the shares/underlying shares.
- These 356,568,000 shares were registered in the name of and beneficially owned by Praise Fortune Limited. The total number of issued shares in Praise Fortune Limited as at 31 December 2017 was 601 shares of US\$1 each. Mr. Jiang Xin held 361 shares being approximately 60.07% in Praise Fortune Limited and was deemed to be interested in the Shares held by Praise Fortune Limited under the SFO.
- These interests represent the interests in underlying shares in respect of share options granted by the Company to these Directors as beneficial owners, the details of which are set out in the Share Option Scheme section stated below.

Save as disclosed above, as at 31 December 2017, so far as was known to any Director or chief executive of the Company, neither the Directors nor the chief executive had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

附註：

- 字母「L」代表董事於股份／相關股份之好倉。字母「S」指有關人士於股份／相關股份之淡倉。
- 該等356,568,000股股份以Praise Fortune Limited之名義登記並由其實益擁有。Praise Fortune Limited於二零一七年十二月三十一日之已發行股份總數為601股，每股面值1美元。蔣鑫先生擁有361股股份（即約佔Praise Fortune Limited全部已發行股份之60.07%）。根據證券及期貨條例，被視為擁有Praise Fortune Limited所持有之股份權益。
- 該等權益指本公司向有關董事（作為實益持有人）授出購股權所涉及的相關股份權益，有關詳情載於下文購股權計劃。

除上述披露外，於二零一七年十二月三十一日，就本公司任何董事或最高行政人員所知，概無董事或最高行政人員於本公司或任何其相聯法團（定義見證券及期貨條例第XV部）之任何股份、相關股份或債券中擁有任何權益或淡倉。

Report of the Directors

董事會報告

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme"), details of which are set out in note 31 to the financial statements. Details of the share options granted under the Share Option Scheme and their movements during the year ended 31 December 2017 were as follows:

購股權計劃

本公司採納一項購股權計劃（「購股權計劃」），詳情載於財務報表附註31。根據購股權計劃授出之購股權之詳情及其在截至二零一七年十二月三十一日止年度之變動載列如下：

Directors 董事	Date of Grant 授出日期	Exercise Price per share 每股 行使價 HK\$ 港元	Vesting Period 歸屬期	Exercise Period 行使期間	Number of Share Options 購股權數目			
					Balance as at 1/1/2017 於 二零一七年 一月一日 之結餘	Granted during the year 於年內 已授出	Exercised/ Cancelled/ Lapsed during the year 於年內 已行使/ 已註銷/ 已失效	Balance as at 31/12/2017 於 二零一七年 十二月 三十一日 之結餘
Mr. Jiang Quanlong (Resigned on 15 September 2017) 蔣泉龍先生 (於二零一七年九月十五日辭任)	14/5/2008	2.81	14/5/2008 to 13/5/2009	14/5/2009 to 13/5/2018	400,000	-	(400,000)	-
Mr. Fan Yajun 范亞軍先生	14/5/2008	2.81	14/5/2008 to 13/5/2009	14/5/2009 to 13/5/2018	2,500,000	-	-	2,500,000
	11/6/2012	0.83	11/6/2012 to 10/6/2013	11/6/2013 to 10/6/2022	2,500,000	-	-	2,500,000
Mr. Lai Wing Lee 賴永利先生	14/5/2008	2.81	14/5/2008 to 13/5/2009	14/5/2009 to 13/5/2018	500,000	-	-	500,000
	11/6/2012	0.83	11/6/2012 to 10/6/2013	11/6/2013 to 10/6/2022	500,000	-	-	500,000
Mr. Leung Shu Sun, Sunny 梁樹新先生	14/5/2008	2.81	14/5/2008 to 13/5/2009	14/5/2009 to 13/5/2018	500,000	-	-	500,000
	11/6/2012	0.83	11/6/2012 to 10/6/2013	11/6/2013 to 10/6/2022	500,000	-	-	500,000

Report of the Directors

董事會報告

Directors 董事	Date of Grant 授出日期	Exercise Price per share 每股 行使價 HK\$ 港元	Vesting Period 歸屬期	Exercise Period 行使期間	Number of Share Options 購股權數目			Balance as at 31/12/2017 於 二零一七年 十二月 三十一日 之結餘
					Balance as at 1/1/2017 於 二零一七年 一月一日 之結餘	Granted during the year 於年內 已授出	Exercised/ Cancelled/ Lapsed during the year 於年內 已行使/ 已註銷/ 已失效	
Professor Wang Guozhen 王國珍教授	14/5/2008	2.81	14/5/2008 to 13/5/2009	14/5/2009 to 13/5/2018	500,000	-	-	500,000
	11/6/2012	0.83	11/6/2012 to 10/6/2013	11/6/2013 to 10/6/2022	500,000	-	-	500,000
					<u>8,400,000</u>	<u>-</u>	<u>(400,000)</u>	<u>8,000,000</u>
Continuous contract employees 長期合約僱員	14/5/2008	2.81	14/5/2008 to 13/5/2009	14/5/2009 to 13/5/2018	6,400,000	-	-	6,400,000
	11/6/2012	0.83	11/6/2012 to 10/6/2013	11/6/2013 to 10/6/2022	28,500,000	-	-	28,500,000
					<u>34,900,000</u>	<u>-</u>	<u>-</u>	<u>34,900,000</u>
Total 總計					<u>43,300,000</u>	<u>-</u>	<u>(400,000)</u>	<u>42,900,000</u>

DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES

Other than the Share Option Scheme disclosed above, at no time during the year was the Company or any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in or debentures of, the Company or any other body corporate.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme disclosed above, no equity-linked agreements were entered into by the Company, or existed during the year under review.

董事收購股份及債券之權利

除上述購股權計劃所披露者外，於本年內任何時間，本公司或其控股公司或附屬公司或同系附屬公司並無訂立任何安排，使董事可透過收購本公司或任何其他法人團體之股份或債券而獲益。

股票掛鈎協議

除上文披露之購股權計劃外，於回顧年度內本公司概無訂立任何股票掛鈎協議，亦無存在有關協議。

Report of the Directors

董事會報告

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

So far as was known to the Directors and chief executive of the Company, as at 31 December 2017, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Interests in the shares and underlying shares of the Company

Name 名稱	Nature of interest 權益性質	Number of shares held 所持股份數目 (Note 1) (附註1)	Equity derivatives (share option) 股本衍生工具 (購股權) (Note 1) (附註1)	Approximate percentage of issued share capital 佔已發行股本之概約百分比
Praise Fortune Limited	Beneficial interest	356,568,000 (L)		42.45%
	實益權益	346,568,000 (S)		41.26%
Caitong International Asset Management Co., Limited (Note 2) (附註2)	Investment manager 投資經理	250,000,000 (L)		29.76%
Caitong Securities Co., Limited (Note 3) 財通證券股份有限公司 (附註3)	Security interest 保證權益	346,568,000 (L)		41.26%
	Interest of controlled corporation 受控制法團權益	250,000,000 (L)		29.76%
Ministry of Finance of Zhejiang Province, the PRC (Note 3) 中華人民共和國浙江省財政廳 (附註3)	Security interest 保證權益	346,568,000 (L)		41.26%
	Interest of controlled corporation 受控制法團權益	250,000,000 (L)		29.76%

主要股東於本公司股份及相關股份之權益及淡倉

於二零一七年十二月三十一日，據本公司董事及最高行政人員所知，下列人士（本公司董事或最高行政人員除外）於本公司之股份或相關股份中擁有須根據證券及期貨條例第336條存置之權益登記冊內之權益或淡倉如下：

於本公司股份及相關股份之權益

Report of the Directors 董事會報告

Notes:

1. The Letter “L” denotes the person’s long position in the shares/ underlying shares. The Letter “S” denotes the person’s short position in the shares/ underlying shares.
2. These 250,000,000 shares were beneficially owned by Caitong Strategic SPC (formerly known as “Avenue Multi-Strategy Fund SPC”) on behalf of CTI Environmental Protection Industrial Fund SP (formerly known as “Avenue Multi-Strategy Fund Segregated Portfolio 1”). Caitong International Asset Management Co., Limited was interested in these 250,000,000 shares in the capacity of investment manager.
3. The 346,568,000 shares were beneficially owned by Caitong Securities (Hong Kong) Co., Limited. Caitong Securities (Hong Kong) Co., Limited is wholly owned by Caitong Securities Co., Limited which is owned as to 36.60% by Zhejiang Province Financial Holdings Co., Ltd. Zhejiang Province Financial Holdings Co., Ltd is wholly owned by Zhejiang Province Financial Development Limited which is in turn wholly owned by Ministry of Finance of Zhejiang Province, the PRC. Accordingly, Caitong Securities Co., Limited, Zhejiang Province Financial Holdings Co., Ltd, Zhejiang Province Financial Development Limited and Ministry of Finance of Zhejiang Province, the PRC are deemed to be interested in the same number of shares in which Caitong Securities (Hong Kong) Co., Limited is interested under the SFO.

Save as disclosed above, as at 31 December 2017, the Company has not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short position in the shares or underlying shares of the Company.

附註：

1. 字母「L」指有關人士於股份／相關股份之好倉。字母「S」指有關人士於股份／相關股份之淡倉。
2. 該等250,000,000股股份乃由Caitong Strategic SPC（前稱「Avenue Multi-Strategy Fund SPC」）代表CTI Environmental Protection Industrial Fund SP（前稱「Avenue Multi-Strategy Fund Segregated Portfolio 1」）實益擁有。財通國際資產管理有限公司以投資經理身份於該等250,000,000股股份中擁有權益。
3. 該等346,568,000股股份乃由財通證券（香港）有限公司實益擁有。財通證券（香港）有限公司乃由財通證券股份有限公司全資擁有，而財通證券股份有限公司則由浙江省金融控股有限公司擁有36.60%股權；浙江省金融控股有限公司乃由浙江省財務開發公司全資擁有，而浙江省財務開發公司則由中華人民共和國浙江省財政廳全資擁有。因此，根據證券及期貨條例，財通證券股份有限公司、浙江省金融控股有限公司、浙江省財務開發公司及中華人民共和國浙江省財政廳被視為擁有財通證券（香港）有限公司所持有之相同數量之股份權益。

除上述披露外，截至二零一七年十二月三十一日，本公司概不知悉有任何人士（本公司董事或最高行政人員除外）於本公司股份或相關股份中擁有權益或淡倉。

Report of the Directors

董事會報告

MANAGEMENT CONTRACTS

No contracts, other than the service contracts of the Directors or any person engaged in the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

COMPETING BUSINESS INTERESTS OF DIRECTORS

Non-Competition Undertaking

Under the restrictive covenants of a share purchase agreement dated 1 December 2007 executed among (i) YY Holdings as vendor, (ii) Praise Fortune Limited, Mr. Jiang Quanlong, Ms. Qian Yuanying, Mr. Jiang Lei and Mr. Jiang Xin as covenantors, and (iii) the Company as the purchaser, each of Praise Fortune Limited, Ms. Qian Yuanying, Mr. Jiang Quanlong, Mr. Jiang Lei and Mr. Jiang Xin (collectively the "Covenantors") has undertaken that he/she/it will not and shall procure his/her/its close associates will not:

- (a) at any time disclose to any person, or himself/herself/itself use for any purpose, and shall use his/her/its best endeavours to prevent the publication or disclosure of, any information concerning the business, accounts or finances of any Group company, or any of its clients', suppliers' or customers' transactions or affairs, which may, or may have, come to his/her/its knowledge;
- (b) at any time during which the Company is listed on the Stock Exchange and for so long as each of the Covenantors and their respective close associates collectively hold, whether individually or taken together, 30% or more of the issued shares or is regarded as the controlling shareholder(s) of the Company under the Listing Rules or for a period of two years from the date of the Listing, whichever is the longest period of time:
 - (i) directly or indirectly solicit, interfere with, employ or endeavour to entice away from any Group company with a view to competing with the Group any person who, to his/her/its knowledge, is now, or has during the 12 months preceding the date of the share purchase agreement been, a client, customer, supplier or employee of, or has been in the habit of dealing with, any Group company;

管理合約

除本公司董事或任何全職人士之服務合約外，年內概無訂立或存在有關本公司整體業務或其中任何重要部分之管理及行政合約。

董事於競爭業務之權益

不競爭承諾

根據由(i) YY Holdings (賣方)、(ii) Praise Fortune Limited、蔣泉龍先生、錢元英女士、蔣磊先生及蔣鑫先生(承諾人)與(iii)本公司(買方)於二零零七年十二月一日訂立之購股協議之限制性條款，Praise Fortune Limited、錢元英女士、蔣泉龍先生、蔣磊先生及蔣鑫先生(統稱為「承諾人」)分別承諾，其將不會且將促使其緊密聯繫人士亦不會：

- (a) 於任何時間向任何人士透露或其本人因任何目的利用就其所知可能涉及本集團任何公司之業務、賬目或財務之資料，或其客戶、供應商或客戶之交易或事務，並將竭盡所能防止該等資料交易或事務被公開或透露；
- (b) 於本公司在聯交所上市期間內，及根據上市規則或自上市之日起計兩年期間內(以最長者為準)任何時間，共同持有(無論單獨或視作共同持有)30%或以上已發行股份或被視為本公司控股股東之各承諾人及彼等各自緊密聯繫人士：
 - (i) 直接或間接誘使、干預、聘用或試圖誘使就其所知現時或於購股協議訂立日期前十二個月期間為本集團任何公司之客戶、顧客、供應商或僱員或慣常與本集團任何成員公司進行交易之任何人士離開本集團任何公司以與本集團競爭；

Report of the Directors 董事會報告

- (ii) at any time use the name or trading style of any Group company, or any trademarks or logos or device similar in appearance to any trademarks, in the PRC, Hong Kong or any other part of the world, or represent himself as carrying on or continuing or being connected with any Group company or its business for any purposes whatsoever; and/or
- (iii) directly or indirectly carry on or be engaged or concerned or interested in the businesses of (i) the production of water treatment and flue gas treatment and solid waste treatment equipment and components and pipes; (ii) the sale and installation of water treatment and flue gas treatment and solid waste treatment equipment and pipes; and (iii) the contracting of water treatment and flue gas treatment and solid waste treatment projects, being the current principal businesses of the Group.

Each of the Covenantors has undertaken in favour of the Company under the share purchase agreement to procure the provision to the Company of all information necessary for the enforcement of the above undertaking. Each of the Covenantors further undertakes in favour of the Company to make a statement in the annual report of the Company confirming compliance by it and its affiliates with the terms of the non-competition undertaking in the share purchase agreement. The Company has received the confirmation in relation to compliance by them and their affiliates with the terms of the non-competition undertaking in the share purchase agreement for the year ended 31 December 2017.

Each of the Covenantors has confirmed that he/she/it is not currently engaged in any business, which directly or indirectly competes or may compete with the Group's business.

- (ii) 於任何時間，在中國、香港或任何其他國家或地區使用本集團任何公司之名稱或經營模式或與彼等任何商標之外觀相似之任何商標、圖標或圖案，或不論任何目的代表其本身開展或繼續從事與本集團任何公司或其業務有關之業務；及／或
- (iii) 直接或間接開展、從事或涉及本集團現有主要業務或於其中擁有權益，即：(i)生產水處理及煙氣處理及固體廢棄物處理設備及元件及管材；(ii)水處理及煙氣處理及固體廢棄物處理設備及管材銷售及安裝；及(iii)承包水處理及煙氣處理及固體廢棄物處理工程（為本集團目前之主要業務）。

各承諾人均已根據購股協議作出以本公司為受益人之承諾，以促使向本公司提供執行上述承諾所需之全部資料。各承諾人進一步作出以本公司為受益人之承諾，將於本公司年報中作出聲明，確認其及其聯屬公司將遵守購股協議內不競爭承諾之條款。本公司已收到確認，彼等及彼等之聯屬公司已於截至二零一七年十二月三十一日止年度遵守購股協議內之不競爭承諾條款。

各承諾人均已確認，彼等現時並無從事與本集團業務直接或間接構成競爭或可能構成競爭之任何業務。

Report of the Directors

董事會報告

Benxi Fanya Environmental Heat & Power Co., Ltd. (“Benxi Fanya”) is owned as to 49% by Asia Global Tech Group Limited (“AGT (HK)”), and as to 51% by Benxi (Asia) Thermal Technology Company Limited (“Benxi Asia”) (beneficially owned as to 90% and 10% by Ms. Qian Yuanying (the spouse of Mr. Jiang Quanlong) and Mr. Fan Xinyang (son of Mr. Fan Yajun)). AGT (HK) is beneficially owned as to 54%, 18%, 18% and 10% by Ms. Qian Yuanying, Mr. Jiang Lei, Mr. Jiang Xin (both of whom are sons of Mr. Jiang Quanlong) and Mr. Fan Xinyang respectively. The permitted business scope on the business licence of Benxi Fanya includes, among others, heat supply, electricity generation, operation and construction of pipeline. As at the date of this annual report, Benxi Fanya was principally engaged in generating electricity and heat, and was not engaged or interested in any businesses which compete with the current principal businesses of the Group. Jiangsu Tianyuan Technologies Limited (“Jiangsu Tianyuan”) is owned by the associates of Mr. Fang Guohong, a former executive Director of the Company who resigned on 25 March 2009. The permitted business scope on the business licence of Jiangsu Tianyuan includes, among others, research and development of denitrification EP equipment and technology, manufacture of FGD EP equipment, desulphurization absorption tower and flue glass flake anticorrosive material and denitrification EP equipment. As at the date of this annual report, Jiangsu Tianyuan was principally engaged in the business of producing thermal insulation components, and was not engaged or interested in any businesses which compete with the current principal businesses of the Group. The permitted scope of business of each of Benxi Fanya and Jiangsu Tianyuan is relatively wide, but it is not unusual for a corporate entity to provide for a broader scope of business in its corporate documents to allow for flexibility. At present, neither Benxi Fanya nor Jiangsu Tianyuan has any plan to vary their respective business licences to exclude or alter the permitted activities as set out therein.

Under the restrictive covenants of several service agreements dated 1 December 2007 between the Company and each of the executive Directors, the executive Directors gave undertakings similar to the wordings stated in paragraph (b) above of the said share purchase agreement.

本溪泛亞環保熱電有限公司(「本溪泛亞」)由Asia Global Tech Group Limited(「AGT (HK)」)擁有49%及本溪亞洲熱能科技有限公司(「本溪亞洲」)(分別由錢元英女士(蔣泉龍先生之配偶)持有90%及范欣暘先生(范亞軍先生之子)持有10%)擁有51%。AGT (HK)分別由錢元英女士、蔣磊先生、蔣鑫先生(均為蔣泉龍先生之子)及范欣暘擁有54%、18%、18%及10%。本溪泛亞之營業執照所列許可經營範圍涵蓋(其中包括)供熱、發電、熱力管網的配套建設與經營。於本年報日期,本溪泛亞主要從事電力及熱能生產,而並無從事與本集團現有主要業務構成競爭之任何業務或於其中擁有權益。江蘇天元科技有限公司(「江蘇天元」)由本公司前任執行董事方國洪先生(彼於二零零九年三月二十五日辭任)之聯繫人士擁有。江蘇天元營業執照所列許可經營範圍涵蓋(其中包括)脫硝環保設備及技術的研發;煙氣脫硫環保設備、脫硫吸收塔、煙道玻璃鱗片防腐材料、脫硝環保設備之製造。於本年報日期,江蘇天元主要從事生產熱絕緣元件之業務,而並無從事與本集團現有主要業務構成競爭之任何業務或於其中擁有權益。本溪泛亞與江蘇天元之獲許可經營範圍相對較廣。但為保持靈活性,一間公司實體往往會於其公司文件中設定較廣之業務範圍。目前,本溪泛亞與江蘇天元並無計劃更換其各自之營業執照,以去除或修改其中載明之獲許可業務。

根據本公司與每位執行董事於二零零七年十二月一日訂立之若干服務協議之限制性承諾,執行董事均作出與上文所述購股協議(b)段措詞類似之承諾。

Report of the Directors 董事會報告

The independent non-executive Directors shall review, at least on an annual basis, the compliance with the non-competition undertaking by each of such persons on their existing or future competing business and the Company shall disclose the result of such review either through the annual report of the Company, or by way of announcement to the public. The independent non-executive Directors have reviewed and confirmed the compliance by each of such persons with the non-competition undertaking for the year ended 31 December 2017.

As the controlling shareholders namely, Praise Fortune Limited, Mr. Jiang Lei and Mr. Jiang Xin and Mr. Jiang Quanlong as a director of Praise Fortune Limited have given non-competition undertakings in favour of the Company and none of them has interests in other business that compete or are likely to compete with the business of the Group, the management and operation of the operating entities are independent from each other. The Directors are of the view that the Group is capable of carrying on its business independently of the controlling shareholders.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

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 228 of the annual report.

RETIREMENT BENEFIT COSTS

The retirement schemes of the Company and its subsidiaries are primarily in form of contributions to the Hong Kong mandatory provident fund and China statutory public welfare fund. Particulars of these retirement schemes are set out in note 9 to the financial statements.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the shareholders of the Company are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the shares, they are advised to consult an expert.

獨立非執行董事須至少每年檢討各有關人士於彼等之現有或日後競爭業務遵守不競爭承諾方面之守規情況，而本公司將透過本公司年報或公告向公眾人士披露有關檢討結果。獨立非執行董事已審閱並已確認各有關人士已於截至二零一七年十二月三十一日止年度遵守不競爭承諾。

由於控股股東即Praise Fortune Limited、蔣磊先生及蔣鑫先生及蔣泉龍先生(Praise Fortune Limited之董事)已給予以本公司為受益人之不競爭承諾，且彼等概無於與本集團業務競爭或可能與本集團業務競爭之其他業務中擁有權益，各經營實體之管理及營運相互獨立，因此董事認為本集團有能力獨立於控股股東經營本集團業務。

優先購買權

本公司組織章程細則或開曼群島法律均無有關強制本公司按比例向其現有股東發售新股份之優先購買權之規定。

財務摘要

本集團在過去五個財政年度之業績及資產與負債摘要載於年報第228頁。

退休福利成本

本公司及其附屬公司之退休計劃主要以香港強制性公積金及中國法定公積金供款之形式。此等退休計劃之詳情載於財務報表附註9。

建議之專業稅務意見

如本公司股東未能確定購買、持有、出售、處理或行使有關股份之任何權利之稅務影響，謹請彼等諮詢專業人士。

Report of the Directors 董事會報告

CHANGES IN DIRECTORS' INFORMATION

Changes in information of Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

1. Mr. Jiang Xin was appointed as the Chairman of the Company and member of the Nomination Committee and the Remuneration Committee with effect from 15 September 2017.

AUDITOR

Ascenda Cachet CPA Limited was appointed as auditor of the Company with effect from 24 January 2017. The consolidated financial statements for the year ended 31 December 2017 have been audited by Ascenda Cachet CPA Limited. Ascenda Cachet CPA Limited will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Ascenda Cachet CPA Limited as auditor of the Company will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board
Jiang Xin
Chairman

Hong Kong, 28 March 2018

董事資料的變動

根據上市規則第13.51B(1)條須予披露的董事資料的變動載列如下：

1. 蔣鑫先生獲委任為本公司之主席以及提名委員會及薪酬委員會之成員，自二零一七年九月十五日起生效。

核數師

天健德揚會計師事務所有限公司獲委任為本公司核數師，自二零一七年一月二十四日起生效。截至二零一七年十二月三十一日止年度之綜合財務報表已經由天健德揚會計師事務所有限公司審核。天健德揚會計師事務所有限公司將退任惟合資格獲重新聘任。重新聘任天健德揚會計師事務所有限公司為本公司之核數師之決議案將於應屆股東周年大會上提呈。

代表董事會
蔣鑫
主席

香港，二零一八年三月二十八日

Environmental, Social and Governance Report

環境、社會及管治報告

1. ABOUT THIS REPORT

Pan Asia Environmental Protection Group Limited and its subsidiaries (collectively “The Group”) focus on its core business in environmental protection (“EP”) services and provision of green construction materials. This Environmental, Social, and Governance (“ESG”) Report outlines our approaches, commitment and strategies to sustainability and highlights our environmental and social performance during the reporting period is from January 1, 2017 to December 31, 2017. We have followed the ESG Reporting Guide under Appendix 27 of the Main Listing Rules Chapter 13.91 of The Hong Kong Exchanges and Clearing Limited. Additional information in relation to the Group's corporate governance and financial performance can be referred to our Annual Report 2017.

This ESG Report covers the ESG performance of our operating plants and offices in Yixing, Jiangsu Province, the People Republic of China (“PRC”) and the headquarters in Hong Kong. Throughout this report, we focus on the aspects that are material to stakeholders including clients, communities, employees, institutions, governments, non-governmental organizations, shareholders, subcontractors, suppliers and industry associations, who are critical to the Group's access. The Group is working to create sustainable growth for the benefit of all our stakeholders. Those aspects and key performance indicators (“KPI”) defined in the ESG Reporting Guide which are considered to be relevant and material to the Group's business and operation will be presented under the four subject areas: Environmental Protection, Employment and Labour Practices, Operational Practices and Community Investment. A complete list of index in compliance with the ESG Reporting Guide is also available at the end of this Report.

We are committed to maintaining a long-term partnership with our stakeholders and are actively engaged in addressing their concerns with follow-up actions. If you, as one of our stakeholders, have any questions about the content of the ESG Report or comments on the Group's sustainability issues, please feel free to contact us via newbuildingmaterials@paep.cn.

1. 關於本報告

泛亞環保集團有限公司及其附屬公司（統稱「本集團」）專注從事提供環保（「環保」）服務及綠色建材之核心業務。本份環境、社會及管治（「環境、社會及管治」）報告概述我們在可持續性方面的方針、承諾及策略，並重點突出我們於報告期內由二零一七年一月一日至二零一七年十二月三十一日的環境及社會績效。我們已遵守香港交易及結算有限公司主板上市規則附錄二十七所載《環境、社會及管治報告指引》及第13.91條。有關本集團企業管治及財務業績的額外資料，可參閱我們的二零一七年年報。

本環境、社會及管治報告涵蓋我們在中華人民共和國（「中國」）江蘇省宜興市所經營廠房及辦公室以及香港總部的環境、社會及管治績效。於本報告中，我們通篇關注對客戶、社區、僱員、機構、政府、非政府組織、股東、分包商、供應商及行業協會等對權益人屬重大的有關層面，而該等權益人對本集團的成功至關重要。本集團正竭力為全體權益人之利益實現可持續增長。《環境、社會及管治報告指引》所界定的被視為與本集團業務及營運相關及就此而言屬重大的有關層面及關鍵績效指標（「關鍵績效指標」）將分四個主要範疇予以呈報：環保、僱傭及勞工常規、營運慣例及社區投資。遵守《環境、社會及管治報告指引》的一份完整索引清單亦提供於本報告最後部分。

我們致力與權益人維持長期夥伴關係，並積極採取後續行動回應彼等之關切。權益人如對環境、社會及管治報告的內容有任何疑問，或對本集團可持續性事宜有任何意見，請隨時電郵至 newbuildingmaterials@paep.cn 聯繫我們。

Environmental, Social and Governance Report

環境、社會及管治報告

2. “GO GREEN” BUSINESS

The Group is principally engaged in the business to provide tailor-made EP solutions to customers who have specific requirements of water or air treatment systems based on their industry standards. We are dedicated to assist our clients to achieve their goals of significant reduction of greenhouse gases and other pollutants. In response to “The Thirteen Five-Year Plan” initiated by the Central Government of the People's Republic of China (the “PRC”) (the “Central Government”), the Group continues its effort to support the vision of a greater reduction in emissions of pollutants and improvement in water and air quality. Since the EP industry is one of the strategic emerging industries highlighted in the “Thirteen Five-Year Plan”, the Group, as a pioneer service provider in the EP industry, believes that these strategies will accelerate the development of the EP industry in China.

With the goal of “leading the industrial industry forward, saving social resources and providing favorable living environment”, the Group has introduced exclusive state-of-the-art technology and equipment and put into operation lines of Wood Wool Cement Boards (“WWCB”) which are environmental friendly, energy-saving, sound absorbing and insulating, and fire-resistant. As a type of new “green” low-tech sustainable construction materials, WWCB are made from eco-friendly, fast-growing timber, non-toxic additives and cement. They can be reused and recycled several times over a long lifecycle of more than 400 years, and be readily converted back to fundamental elements at the end of lifecycle for recycling.

The physical properties of WWCB include:

- Good thermal insulation
- Excellent heat buffering capacity
- Wet and dry rot resistance
- Fire resistance
- Termite/Vermin resistance
- Good sound absorption
- Excellent base for stucco and plaster
- Light weight to handle
- Easy to process in construction
- Relative low energy consumption to produce
- No fossil fuel or binders used
- Limited impact on local natural resources
- No waste product at end of life cycle
- Nice and attractive 'natural look' visual appearance

2. 「綠色先行」業務

本集團主要從事業務為根據行業標準向對水或氣體處理系統有特定要求的客戶提供定製環保解決方案。我們致力協助客戶達致顯著降低溫室氣體及其他污染物排放之目標。為響應中華人民共和國（「中國」）之中央政府（「中央政府」）出台的「第十三個五年規劃」，本集團持續努力及支持加大污染物減排力度，改善水氣質量的遠景。由於環保行業為「第十三個五年規劃」中強調的戰略性新興產業，作為環保行業的一流服務提供商，本集團相信該等戰略將加速中國環保行業的發展。

為實現「引領行業發展、節約社會資源及營造舒適生活環境」的目標，本集團已推出獨家頂尖技術及設備，並將其用於木絲水泥板（「木絲水泥板」），而木絲水泥板具備環保、節能、吸音、隔熱及阻燃等特性。作為新型「綠色」低技術可持續建築材料，木絲水泥板由環保速生林木材、無毒添加劑及水泥製成。木絲水泥板的生命週期長達400餘年，可多次重複使用及回收利用，並可於生命週期完結時隨時轉化為基本元素以供回收利用。

木絲水泥板的物理特性包括：

- 良好的隔熱性
- 一流的熱緩衝能力
- 防潮及防腐
- 阻燃
- 抗白蟻／害蟲性
- 良好的吸音性
- 粉刷及抹灰打底的理想材料
- 重量輕易處理
- 建設時易於加工
- 生產能耗較低
- 不使用化石燃料或粘合劑
- 對當地自然資源的影響有限
- 於生命週期完結時不產生廢料
- 視覺外觀良好且極具「自然氣息」

Environmental, Social and Governance Report

環境、社會及管治報告

While the Central Government has placed a high priority for EP and green building materials accompanied with continuous active dissemination, the Group is devoted to build a sustainable future together with the clients.

3. ENVIRONMENTAL PROTECTION

The Group considers that a healthy environment is the most valuable asset for the well-being of human beings and every one of our society, through providing the foundation of a sustainable economy. As such, we believe we are accountable for protecting this planet and building a sustainable future for our generations and their generations through better thinking and smarter investment.

In accordance with our environmental vision, the Group is committed to upholding high environmental standards to fulfil relevant requirements under applicable laws or ordinances during the operation of the business.

3.1 Energy Efficiency Management

While we are producing eco-friendly building materials, we recognized that electricity consumption is the major contribution to our greenhouse gas emission and energy footprints throughout our operation. The Group as a result adopted a number of energy-saving initiatives and efficiency practices in offices and workplaces to reduce greenhouse gas emission and conserve energy usage, encompassing:

- maximizing the passage of natural sunlight into warehouses for the lighting purpose by installing transparent rooftops,
- installing LED lighting system in the offices,
- encouraging the employees to turn off the IT devices when not in use,
- setting office machines such as copiers and TV monitors to turn off automatically after office hours,
- maintaining an indoor temperature at an optimal level for comfort,
- putting up signage emphasizing the importance of energy saving,
- encouraging employees to make the best use of the video conference facilities so as to avoid unnecessary travel arrangement.

在中央政府已將環保及綠色建材擺在重要優先位置並不斷積極傳播的背景下，本集團致力於與客戶打造可持續發展的未來。

3. 環境保護

透過提供可持續經濟之根基，本集團認為健康的環境對人類的福祉及我們社會的每個人而言是最具價值的資產。因此，我們相信我們有責任保護這顆星球，透過更佳的思維及更智慧的投資，為子孫後代打造可持續發展的未來。

按照我們的環保遠景，本集團在業務營運中秉持高度的環境標準，以達致適用法律或條例的相關規定。

3.1 能源效率管理

在我們生產環保建材的同時，我們了解到電力消耗為我們整體營運中產生溫室氣體排放及能源足印的主要來源。本集團因此在辦公室及車間實施多項節能措施及效率常規，以減少溫室氣體排放及能源使用，包括：

- 通過安裝透明屋頂，於倉庫最大限度增加自然光照的使用，
- 於辦公室安裝LED照明系統，
- 鼓勵員工關閉未使用的資訊設備，
- 設定辦公室內的機器（如影印機及顯示器）自動在辦公時段後關機，
- 將室溫維持在舒適的最佳水平，
- 設置告示強調節能的重要性，
- 鼓勵員工多加利用視訊會議設施以避免非必要的出差。

Environmental, Social and Governance Report

環境、社會及管治報告

3.2 Non-Hazardous Waste Management

The Group is as committed as ever to conserving precious resources by adopting environmental-friendly measures to reduce disposal of non-hazardous waste throughout our operation.

We have encouraged paperless solution throughout the operation, such as documents storage, material sharing or internal administrative documents. When using paper, employees are encouraged to use double-sided paper, black and white or recycled papers when printing or photocopying documents. It considerably improves operational efficiency while helping create a paperless operation system.

In general, our operation generates some minor non-hazardous wastes such as wood fabrics and trimmed edges of products. As a result, we have established a workshop to convert these wastes into building bricks for our internal uses such as road maintenance.

During the reporting period, the Group has generated approximately 22.2 tons of non-hazardous waste.

3.2 無害廢棄物管理

本集團如以往承諾保護珍貴資源，在我們整體營運中採納環保措施減少無害廢棄物之處置。

我們已在整體營運中倡導無紙化政策，如檔案儲存、材料共享或內部行政檔案。使用紙張時，鼓勵僱員在列印或影印時用雙面影印、印黑白色或用回收紙。這顯著改善營運效率並有助創造無紙化營運系統。

我們的營運過程會產生少許無害廢棄物，如木屑及產品邊角料。因此，我們已設立一個車間，用於將該等廢棄物轉換為建築用磚，用於路面維護等內部用途。

於報告期內，本集團已產生約22.2噸無害廢棄物。

Environmental, Social and Governance Report

環境、社會及管治報告

3.3 Environmental Performance

In accordance with the ESG Reporting Guide set out by the Hong Kong Stock Exchange, our environmental performance of “Energy Use” and “Emissions” during the reporting period are presented as below.

Table 1 – Energy Use and Emissions

Energy Use and Emissions 能源使用及排放	Unit 單位	2017 二零一七年
Electricity 電	kWh 千瓦特小時	2,925
Unleaded petrol 無鉛汽油	L 升	34,477
Greenhouse gas emissions 溫室氣體排放量	CO ₂ e (tonne) 二氧化碳當量 (噸)	96
Nitrogen Oxides (NO _x) 氮氧化物	g 克	252,725
Sulphur Oxides (SO _x) 硫氧化物	g 克	507
Particulate Matter (PM) 懸浮粒子	g 克	24,216

Table 2 – Use of Resources

Resources Use 使用物料	Unit 單位	2017 二零一七年
Water 水	m ³ 立方米	N/A 不適用

Integrating our business into sustainable development, the Group will continue to strengthen the environmental protection and strive to build a green and healthy environment to fulfil our responsibilities as a responsible corporate citizen.

3.3 環境績效

根據香港聯交所列出的《環境、社會及管治報告指引》，於報告期內我們「能源使用」及「排放」之環境績效呈列如下。

表1 – 能源使用及排放

能源使用及排放	單位	2017 二零一七年
Electricity 電	kWh 千瓦特小時	2,925
Unleaded petrol 無鉛汽油	L 升	34,477
Greenhouse gas emissions 溫室氣體排放量	CO ₂ e (tonne) 二氧化碳當量 (噸)	96
Nitrogen Oxides (NO _x) 氮氧化物	g 克	252,725
Sulphur Oxides (SO _x) 硫氧化物	g 克	507
Particulate Matter (PM) 懸浮粒子	g 克	24,216

表2 – 物料使用

物料使用	單位	2017 二零一七年
Water 水	m ³ 立方米	N/A 不適用

依憑將業務融入可持續發展，本集團將繼續加強環境保護，致力營造綠色健康的環境，以履行我們作為企業公民的責任。

Environmental, Social and Governance Report

環境、社會及管治報告

4. EMPLOYMENT AND LABOUR PRACTICES

4.1 Employment and Labour

At the Group, we owe much of our success to a team of dedicated and talented workforce, considering human capital as the most important asset and foundation for our long-term operation and business development. We are determined to provide a desirable workplace, continuous training and prospective career opportunities to our employees, focusing on getting the very best from the staff-members and helping them achieve their goals throughout their career path while maintaining a robust business performance.

During the reporting period, we continue to strictly follow the relevant laws and regulations and our employment policies to select employee candidates based on skillsets, experience and expertise. Equality and diversity is highly respected in our corporate philosophy during the process of employment, remuneration, promotion and termination.

Our employees are mainly located in Hong Kong and the PRC. The Group safeguards the rights of our employees by strictly complying with the requirements of the Labour Law of Hong Kong and the Labour Law of the PRC as well as regulations related to child labour and force labour.

In the PRC, we have participated in welfare schemes concerning pension insurance, unemployment insurance, maternity insurance, occupational injury insurance and medical insurance in accordance with the Social Insurance Law of the PRC (中華人民共和國社會保險法), as well as housing provident fund contributions and other local regulations of the PRC. In Hong Kong, we provide medical insurance, disability and invalidity coverage, maternity leave, incentive and bonus to all our full-time employees. We have also participated in the Mandatory Provident Fund (MPF) Scheme, prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Law of Hong Kong).

4. 僱傭及勞工常規

4.1 僱傭及勞工

本集團認為我們的成功歸功於敬業及有才華的員工，將人力資本視為其長期營運及業務發展的最重要資產及根基。我們決心向僱員提供理想的工作場所、持續培訓及富有前景的職業機會，專注於從員工獲得最好的成果，幫助他們在整個職業生涯中實現目標，並同時維持強健的業務表現。

於報告期內，我們持續嚴格遵循相關法律法規及僱傭政策，根據技能、經驗和專業知識選擇員工。在就業、薪酬、晉升及終止僱傭的過程中，我們的企業理念尊重平等及多樣性。

我們的僱員主要位於香港及中國。本集團嚴格遵守香港勞動法及中國勞動法的相關規定，以及童工及勞動力方面的規例，以保障僱員的權利。

在中國，我們已根據《中華人民共和國社會保險法》以及住房公積金供款及其他中國地方法規參與養老保險、失業保險、生育保險、工傷保險及醫療保險等方面的福利計劃。在香港，我們向所有全職僱員提供醫療保險、傷殘保險、生育假期、獎金及花紅等。我們亦參加香港法例第485章《強制性公積金計劃條例》規定的強制性公積金（強積金）計劃。

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

In accordance with the ESG Reporting Guide set out by the Hong Kong Stock Exchange, details of the Group's workforce during the reporting period are tabulated as well as presented in graphs below.

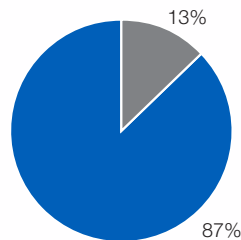
根據香港聯交所列出的《環境、社會及管治報告指引》，於報告期內本集團僱員之詳情列載於下表。

Table 3 – Our Workforce

表3 – 我們的僱員

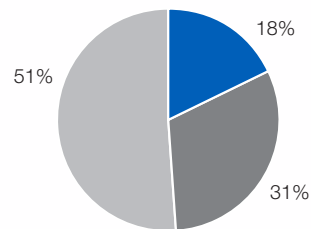
		2016 二零一六年	2017 二零一七年
Total Number of Full-Time Employees	全職員工總數	134	98
Turnover rate by Age Group (%)	僱員流失比率按年齡組別劃分 (百分比)		
Under 30 years old	30歲以下	19.40	24.53
30 – 50 years old	30-50歲	9.70	24.00
Over 50 years old	50歲以上	2.99	4.76
Turnover rate by Geographic Region (%)	僱員流失比率按地區劃分 (百分比)		
Hong Kong	香港	0	11.11
China	中國	32.09	21.74

Total Workforce By Gender in 2017
2017年員工總數按性別劃分



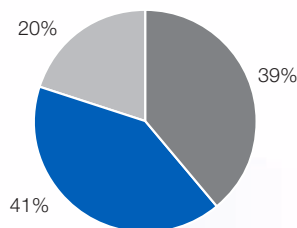
■ Male 男性 ■ Female 女性

Total Workforce By Employment Type in 2017
2017年員工總數按僱傭類型劃分



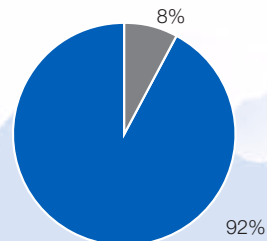
■ Senior level 高級員工
■ Middle level 中級員工
■ Entry level 初級員工

Total Workforce By Age Group in 2017
2017年員工總數按年齡組別劃分



■ Under 30 years old 30歲以下
■ Between 30 and 50 years old 30至50歲
■ Above 50 years old 50歲以上

Total Workforce By Geographical Region in 2017
2017年員工總數按地區劃分



■ The People's Republic of China 中華人民共和國
■ Hong Kong 香港

Environmental, Social and Governance Report

環境、社會及管治報告

4.2 Development and Training

Believing that one of the major elements which drives our long-term success is the invaluable workforce, we pledge to offer our employees a safe, fair, discrimination-free, diverse and harmonious work atmosphere as well as rewarding career path. To equip our staff with appropriate professional skill and knowledge required for their position, we provide a wide range of professional skill trainings and personal development programmes, including in-house training courses and external training workshops so that our staff members can elevate their personal qualities, reinforce their skill-set and keep up with the most updated professional knowledge. We believe that the competence, work experience and skill-sets of our staff play an important role in maintaining our operation efficiency.

The Group aims to uphold a fair and equitable human resource policy, in which quality and merit of the candidates are the most important elements during the recruitment and promotion processes. We provide equal opportunities to our employees regardless of race, ethnic background, sexual orientation, political affiliation, gender identify, religion, marital status, age, nationality or disability. We also comply strictly with the Laws of the PRC on the Protection of Rights and Interests of Women.

4.2 發展及培訓

我們認為僱員的付出是推動我們長期成功的其中一項不可缺少的主要因素，我們承諾向僱員提供安全、公平、無歧視、多樣化及和諧的工作環境以及有益的職業道路。為使我們的僱員具備彼等職位所需的合適專業技能及知識，我們提供廣泛專業技能培訓及個人發展項目，包括內部培訓課程及外部培訓班。藉此幫助僱員提升個人質素、加強技能組合及緊跟最新的專業知識。我們認為，僱員的能力、工作經驗及技能組合在維持我們營運效率方面扮演重要角色。

本集團旨在秉持公平公正的人力資源政策，據此，於招募及晉升過程中，應聘者的質素及品德為最重要因素。我們向僱員提供公平機會，不會考慮僱員的膚色、種族、背景、性取向、政治面貌、性別認同、宗教信仰、婚姻狀況、年齡、國籍或身體缺陷。我們亦嚴格遵守《中華人民共和國婦女權益保障法》。

Environmental, Social and Governance Report

環境、社會及管治報告

4.3 Health and Work Safety

Bearing in mind that the operational efficiency of an enterprise and the maintenance of a healthy and safe working environment are closely related, the Group has been attaching great importance to a comfortable and safe working environment for our employees which protect them from any potential occupational hazards.

The Group continues, as in the past, to organize available resource and effort to address the health and safety needs of our employees, subcontractors and clients, including:

- We have developed health and safety policies including prohibition of smoking in workplace, abuse of alcohol and drugs, identification and prevention of risks and hazards in the working area, and emergency actions for accidents or personal injuries.
- We have developed occupation safety guidelines for employee reference.
- Proper working postures and posters of proper lifting method were made accessible on the intranet and were put up at appropriate locations in offices respectively to raise the safety awareness among employees.
- We offer adjustable chairs and monitor screens for eye protection for individual workstations.
- We ensure ample space between workstations and clean and tidy common space such as corridors and pantry.
- Sufficient ventilation and lighting system are supplied in the offices.
- Risk assessment is continuously conducted for our warehouses.
- Safety induction is provided to all new joiners whereas safety workshops are held from time to time to raise the safety awareness among employees.
- Caution signals and operation instructions are put up in the warehouse.

We at all time require our employees to strictly adhere to and comply with those policies, which are set out in our employee handbook. Together with our employees, we create a safe and healthy workplace.

4.3 健康及安全工作環境

本集團謹記一間企業之營運效率與維持健康及安全的工作環境緊密相連，因此高度重視提供我們僱員舒適及安全的工作環境，以保護他們免於任何潛在的職業危害。

本集團如過往持續運用可得資源，致力於滿足僱員、分包商及客戶之健康及安全需求，包括：

- 我們已建立健康及安全政策，包括禁止於工作場所抽菸、酗酒及濫用藥物、辨識及預防工作區域之風險及危害，以及為事故及個人傷害設立緊急行動計畫。
- 我們已建立職業安全指南供僱員查閱。
- 提升僱員安全意識，分別在內部網路提供、在辦公室適合地點貼上正確工作姿勢之知識及舉重物正確方法的海報。
- 於個別工作區提供可調整的椅子及顯示器以保護眼睛。
- 確保工作區間有充足的空間，公共區域如走廊及茶水間保持乾淨整潔。
- 於辦公室提供足夠的通風及照明系統。
- 持續對我們的倉庫進行風險評估。
- 提供所有新進員工入職安全教育，並不時舉辦安全講座，以提高僱員的安全意識。
- 於倉庫張貼警告信號及作業指示。

我們一直要求僱員嚴格遵循及遵守這些政策，且將之載列於僱員手冊中，與僱員共同創造健康及安全的工作環境。

Environmental, Social and Governance Report

環境、社會及管治報告

Strong cohesion is achieved by good and continuous communication between employees at all level of operations of the Group. We promote direct channel of communication among our employees and managers and to keep them informed of the Group's development and strategies. We also organise a broad range of leisure programmes to promote work life balance and to enhance the team spirit among the Group.

During the reporting period, the Group has achieved zero work-related fatalities and lost days due to work injury.

5. OPERATING PRACTICES

5.1 Supply Chain Management

As a responsible corporate citizen, we believe the value in ethics, honesty and integrity, operating in compliance with applicable laws and regulations. We encourage our business partners to adopt the best environmental and social practices and to disseminate the pursuit of sustainability into the core business.

One of our major raw materials, eco-friendly fast-growing timber, is sourced from suppliers who support local farmers particularly in the Subei Region of the northern part of Jiangsu Province where our factories are located. Through these suppliers, we contribute our goodwill back to the local community.

During the reporting period, the Group has in total 88 suppliers and contractors which are all located in the PRC. We require our suppliers to comply with all the applicable laws and regulations to follow the principles of proper social, environmental and ethical conduct. Products and services with environmentally friendly and socially responsible features will be given a higher technical score during our assessment process. We perform internal assessment annually to review the track records of those regular suppliers. In addition, the Group encourages all business partners to develop energy-saving and consumption-reducing policies in order to work together in our pursuit of sustainable development.

本集團各營運部門僱員維持良好持續溝通，形成強大凝聚力。我們推動僱員與經理之間直接溝通，並隨時告知彼等集團的發展情況及策略。我們亦舉辦廣泛的休閒活動，以促進工作生活平衡，進而增強本集團內部的團隊精神。

於報告期內，本集團因工作關係而死亡的人數及因工傷損失之工作日數為零。

5. 營運慣例

5.1 供應鏈管理

身為負責任的企業公民，我們在營運中遵守適當的法律法規；堅持良好的道德、誠實及廉正為我們的核心價值。我們鼓勵業務夥伴採納最佳的環境及社會常規，並將對可持續性之追求傳播至核心業務。

我們的主要原材料之一環保速生林木材乃自支持地方農戶（尤其是我們工廠所處江蘇省北部蘇北地區的農戶）的供應商採購。透過該等供應商，我們返惠予地方社區。

於報告期內，本集團共有88名供應商及承包商（全部位於中國）。我們要求供應商遵守所有適用法律法規以遵從適當社會、環境及道德原則。我們於評估過程中對於環保及具備社會責任功效的產品及服務會給予較高的技術分，並進行年度內部評估以檢討該等固定供應商之往績記錄。此外，本集團鼓勵所有業務夥伴制定節能降耗政策，以一同實現可持續發展的願景。

Environmental, Social and Governance Report

環境、社會及管治報告

5.2 Anti-Corruption

The Group is committed to upholding a high standard of business ethics, developing a series of policy of anti-fraud, anti-bribery, anti-extortion and anti-money laundering with reference to the Prevention of Bribery Ordinance (Cap 201 of the laws of Hong Kong). These policies apply to all members of the Group, and we also encourage all of our business partners to abide by the principles of the policies.

The Group emphasizes the principle of “Commitment, Assurance of High Quality, Fair Deals and Faithfulness” such that all employees perform their duties with utmost level of good faith, determination and professionalism, and ensure that the reputation of the Group will not be tarnished because of misconduct and corruption behavior.

The Group conducts periodic and systematic fraud risk assessments and will effectively communicate its anti-fraud policy and procedures to all levels of employees. The Group continues to identify and monitor the effectiveness and deficiencies of its risk control in collaboration with external parties. During the reporting period, we comply with the corporate policy of anti-corruption and no cases of anti-corruption have been concluded.

5.3 Intellectual Property Rights

The Group strives to safeguard the confidentiality of all customers and warrants that the customer's information is properly protected throughout our operation, requiring our employees to strictly follow full procedures of handling company confidential information set out in our confidentiality management policy handbook.

5.2 反貪污

本集團致力秉持高度的商業道德，已參考香港法例第201章《防止賄賂條例》制定一系列反欺詐、反賄賂、反勒索及反洗黑錢政策。該等政策適用於本集團所有成員，我們亦鼓勵所有我們的業務夥伴遵守這些政策的原則。

本集團強調「承諾、保證高質素、公平交易及誠信」的原則，以便全體僱員以最真誠、堅定及專業的態度履行職責，確保本集團聲譽不會因瀆職及貪污行為而受損。

本集團進行定期及系統性欺詐風險評估，並將對所有層級的員工有效傳達其反欺詐政策及程序。本集團與外部人士合作，持續辨識及監察其風險控制之效率及缺失。於報告期內，我們遵守企業反貪污政策且概無結案的反貪污案件。

5.3 知識產權

本集團致力於保障所有客戶的機密，並擔保客戶的資訊在我們整體營運中均受到適當的保護，並要求我們的僱員嚴格遵守載列於我們機密管理政策手冊中，處理公司機密資料之全部程序。

Environmental, Social and Governance Report

環境、社會及管治報告

6. COMMUNITY INVESTMENT

The Group is committed to improving the society through continuous community involvement. As a part of the community that we cherish, the Group have put our best effort in helping the local communities and people in needs in the society and contributing to the well-being of a community beyond financial support. We encourage our employees to participate in charity activities and hope to apply the concept of social responsibility and practice throughout our routine operation.

6. 社區投資

本集團致力透過持續的社區參與貢獻社會。身為我們珍惜的社區之一員，本集團已盡我們最大努力幫助地方社區及社會上有需要的人群，在提供財務支援外為社區之福祉做出貢獻。我們鼓勵員工參與慈善活動，並希望在我們整體例行營運中應用社會責任及常規之觀念。

Environmental, Social and Governance Report

環境、社會及管治報告

7. HKEX ESG GUIDE CONTENT INDEX

7. 聯交所《環境、社會及管治報告指引》內容索引

Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標

Description 描述

Relevant Section in ESG Report 環境、社會及管治報告中的相關章節

Remarks 備註

Aspect A1: Emissions
層面A1：排放物

General Disclosure
一般披露

Information on:

- (a) the policies; and
- (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste

有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產生等的：

- (a) 政策；及
- (b) 遵守對發行人有重大影響的相關法律及規例的資料

Environmental Protection
環境保護

KPI A1.1
關鍵績效指標A1.1

Types of emissions and respective emissions data
排放物種類及相關排放數據

Environmental Protection
環境保護

KPI A1.2
關鍵績效指標A1.2

Greenhouse gas emissions in total and, where appropriate, intensity
溫室氣體總排放量及（如適用）密度

Environmental Protection
環境保護

Environmental, Social and Governance Report

環境、社會及管治報告

Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
KPI A1.3 關鍵績效指標A1.3	Total hazardous waste produced and, where appropriate, intensity 所產生有害廢棄物總量及(如適用)密度	–	The Group has not identified any hazardous wastes that were produced by our core business 本集團尚未發現核心業務產生任何有害廢棄物
KPI A1.4 關鍵績效指標A1.4	Total non-hazardous waste produced and intensity 所產生無害廢棄物總量及密度	Environmental Protection 環境保護	No significant non-hazardous wastes were produced by our core business 核心業務並不產生任何重大無害廢棄物
KPI A1.5 關鍵績效指標A1.5	Description of measures to mitigate emissions and results achieved 減低排放量的措施及所得成果的描述	Environmental Protection 環境保護	
KPI A1.6 關鍵績效指標A1.6	Description of how hazardous and non – hazardous wastes are handled, reduction initiatives and results achieved 處理有害及無害廢棄物的方法、減低產生量的措施及所得成果的描述	Environmental Protection 環境保護	
Aspect A2: Use of Resources 層面A2：資源使用			
General Disclosure 一般披露	Policies on efficient use of resources including energy, water and other raw materials 有效使用資源(包括能源、水及其他原材料)的政策	Environmental Protection 環境保護	
KPI A2.1 關鍵績效指標A2.1	Direct and/or indirect energy consumption by type in total and intensity 按類型劃分的直接及/或間接能源總耗量及密度	Environmental Protection 環境保護	

Environmental, Social and Governance Report

環境、社會及管治報告

Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
KPI A2.2 關鍵績效指標A2.2	Water consumption in total and intensity 總耗水量及密度	Environmental Protection 環境保護	
KPI A2.3 關鍵績效指標A2.3	Description of energy use efficiency initiatives and results achieved 能源使用效益計劃及所得成果的描述	Environmental Protection 環境保護	
KPI A2.4 關鍵績效指標A2.4	Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved 求取適用水源上可有任何問題，以及提升用水效益計劃及所得成果的描述	-	The Group believes that our water consumption is mainly used for domestic purpose and no issues have been addressed at this moment. 本集團認為，耗水量主要用於日常辦公，且目前尚未發現任何問題。
KPI A2.5 關鍵績效指標A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced 製成品所用包裝材料的總量及(如適用)每生產單位佔量	-	Use of packaging material is not applicable to our core business 包裝材料的使用不適用於本集團核心業務
Aspect A3: The Environment and Natural Resources 層面A3：環境及天然資源			
General Disclosure 一般披露	Policies on minimizing the issuer's significant impact on the environment and natural resources 減低發行人對環境及天然資源造成重大影響的政策	Environmental Protection 環境保護	

Environmental, Social and Governance Report

環境、社會及管治報告

Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
KPI A3.1 關鍵績效指標A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them 業務活動對環境及天然資源的重大影響及已採取管理有關影響的行動的描述	Environmental Protection 環境保護	
Aspect B1: Employment 層面B1：僱傭	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare 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：	Employment and Labour Practices 僱傭及勞工常規	
General Disclosure 一般披露	(a) 政策；及 (b) 遵守對發行人有重大影響的相關法律及規例的資料		

Environmental, Social and Governance Report

環境、社會及管治報告

Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
KPI B1.1 關鍵績效指標B1.1	Total workforce by gender, employment type, age group and geographical region 按性別、僱傭類型、年齡組別及地區劃分的僱員總數	Employment and Labour Practices 僱傭及勞工常規	
KPI B1.2 關鍵績效指標B1.2	Employee turnover rate by gender, age group and geographical region 按性別、年齡組別及地區劃分的僱員流失比率	Employment and Labour Practices 僱傭及勞工常規	
Aspect B2: Health and Safety 層面B2：健康與安全	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards</p> <p>有關提供安全工作環境及保障僱員避免職業性危害的：</p> <p>(a) 政策；及</p> <p>(b) 遵守對發行人有重大影響的相關法律及規例的資料</p>	Employment and Labour Practices 僱傭及勞工常規	
KPI B2.1 關鍵績效指標B2.1	Number and rate of work-related fatalities 因工作關係而死亡的人數及比率	Employment and Labour Practices 僱傭及勞工常規	No work-related fatalities occurred during the reporting period. 於報告期內並無任何因工作關係而死亡的記錄。

Environmental, Social and Governance Report

環境、社會及管治報告

Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
KPI B2.2 關鍵績效指標B2.2	Lost days due to work injury 因工傷損失工作日數	Employment and Labour Practices 僱傭及勞工常規	No lost days due to work injury were recorded during the reporting period 於報告期內並無因工傷而損失工作日數的記錄。
KPI B2.3 關鍵績效指標B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored 所採納的職業健康與安全措施，以及相關執行及監察方法的描述	Employment and Labour Practices 僱傭及勞工常規	
Aspect B3: Development and Training 層面B3：發展及培訓			
General Disclosure 一般披露	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities 有關提升僱員履行工作職責的知識及技能的政策。描述培訓活動	Employment and Labour Practices 僱傭及勞工常規	
KPI B3.1 關鍵績效指標B3.1	The percentage of employees trained by gender and employee category 按性別及僱員類別劃分的受訓僱員百分比	–	Non-disclosure 不披露
KPI B3.2 關鍵績效指標B3.2	The average training hours completed per employee by gender and employee category 按性別及僱員類別劃分，每名僱員完成受訓的平均時數	–	Non-disclosure 不披露

Environmental, Social and Governance Report

環境、社會及管治報告

Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
Aspect B4: Labour Standards 層面B4：勞工準則	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Employment and Labour Practices 僱傭及勞工常規	
General Disclosure 一般披露	有關防止童工或強制勞工的： (a) 政策；及 (b) 遵守對發行人有重大影響的相關法律及規例的資料	Employment and Labour Practices 僱傭及勞工常規	
KPI B4.1 關鍵績效指標B4.1	Description of measures to review employment practices to avoid child and forced labour 檢討招聘慣例的措施以避免童工及強制勞工的描述	Employment and Labour Practices 僱傭及勞工常規	No such incidents were reported during the reporting period. 於報告期內並無呈報有關事件。
KPI B4.2 關鍵績效指標B4.2	Description of steps taken to eliminate child and forced labour practices when discovered 在發現違規情況時消除童工及強制勞工情況所採取的步驟的描述	Employment and Labour Practices 僱傭及勞工常規	No such incidents were reported during the reporting period. 於報告期內並無呈報有關事件。

Environmental, Social and Governance Report

環境、社會及管治報告

Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
Aspect B5: Supply Chain Management 層面B5：供應鏈管理	Policies on managing environmental and social risks of the supply chain 管理供應鏈的環境及社會風險政策	Operating Practices 營運慣例	
General Disclosure 一般披露	Policies on managing environmental and social risks of the supply chain 管理供應鏈的環境及社會風險政策	Operating Practices 營運慣例	
KPI B5.1 關鍵績效指標B5.1	Number of suppliers by geographical region 按地區劃分的供應商數目	Operating Practices 營運慣例	88 suppliers, solely from China, were contracted for the core business during the reporting period 於報告期內已與88名供應商（均來自中國）就核心業務訂約
KPI B5.2 關鍵績效指標B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored 有關聘用供應商的慣例，向其執行有關慣例的供應商數目、以及有關慣例的執行及監察方法的描述	Operating Practices 營運慣例	

Environmental, Social and Governance Report

環境、社會及管治報告

Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
Aspect B6: Product Responsibility 層面B6：產品責任			
General Disclosure 一般披露	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress</p>	Go-Green Business 「綠色先行」業務	
KPI B6.1 關鍵績效指標B6.1	<p>有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：</p> <p>(a) 政策；及</p> <p>(b) 遵守對發行人有重大影響的相關法律及規例的資料</p> <p>Percentage of total products sold or shipped subject to recalls for safety and health reasons 已售或已運送產品總數中因安全與健康理由而須回收的百分比</p>	-	Not identified as material aspect 不被定義為重大議題
KPI B6.2 關鍵績效指標B6.2	<p>Number of products and service related complaints received and how they are dealt with 接獲關於產品及服務的投訴數目以及應對方法</p>	-	Not identified as material aspect 不被定義為重大議題

Environmental, Social and Governance Report

環境、社會及管治報告

Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
KPI B6.3 關鍵績效指標B6.3	Description of practices relating to observing and protecting intellectual property rights 與維護及保障知識產權有關的慣例的描述	–	Not identified as material aspect 不被定義為重大議題
KPI B6.4 關鍵績效指標B6.4	Description of quality assurance process and recall procedures 質量檢定過程及產品回收程序的描述	–	Not identified as material aspect 不被定義為重大議題
KPI B6.5 關鍵績效指標B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored 消費者資料保障及私隱政策，以及相關執行及監察方法的描述	–	Not identified as material aspect 不被定義為重大議題
Aspect B7: Anti-corruption 層面B7：反貪污			
General Disclosure 一般披露	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering 有關防止賄賂、勒索、欺詐及洗黑錢的： (a) 政策；及 (b) 遵守對發行人有重大影響的相關法律及規例的資料	Operating Practices 營運慣例	

Environmental, Social and Governance Report

環境、社會及管治報告

Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
KPI B7.1 關鍵績效指標B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases 於報告期內對發行人或其僱員提出並已審結的貪污訴訟案件的數目及訴訟結果	Operating Practices 營運慣例	No concluded legal cases regarding corruption practices were brought against the issuer or its employees during the reporting cases. 於報告期內概無就貪污行為而對發行人或其僱員提起的已審結法律案件。
KPI B7.2 關鍵績效指標B7.2	Description of preventive measures and whistle – blowing procedures, how they are implemented and monitored 防範措施及舉報程序，以及相關執行及監察方法的描述	Operating Practices 營運慣例	
Aspect B8: Community Investment 層面B8：社區投資			
General Disclosure 一般披露	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests 有關以社區參與來了解營運所在社區需要和確保其業務活動會考慮社區利益的政策	Community Investment 社區投資	
KPI B8.1 關鍵績效指標B8.1	Focus areas of contribution 專注貢獻範疇	–	Non-disclosure 不披露
KPI B8.2 關鍵績效指標B8.2	Resources contributed to the focus areas 在專注範疇所動用資源	–	Non-disclosure 不披露

Independent Auditor's Report 獨立核數師報告



13F Neich Tower
128 Gloucester Road
Wanchai Hong Kong
香港灣仔
告士打道128號
祥豐大廈13樓

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAN ASIA ENVIRONMENTAL PROTECTION GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Pan Asia Environmental Protection Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 80 to 227, 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 Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

致泛亞環保集團有限公司全體股東之 獨立核數師報告

(於開曼群島註冊成立之有限公司)

意見

本核數師已審核第80至227頁所載泛亞環保集團有限公司(「貴公司」)及其附屬公司(以下統稱「貴集團」)之綜合財務報表，包括二零一七年十二月三十一日之綜合財務狀況表及截至該日止年度之綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

本核數師認為，綜合財務報表已根據香港會計師公會頒佈的香港財務報告準則真實而中肯地反映了貴集團於二零一七年十二月三十一日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港公司條例的披露規定妥為編製。

意見基準

本核數師之審核工作按照香港會計師公會頒佈之香港審計準則(「香港審計準則」)進行。本核數師就該等準則承擔的責任在本報告「核數師審核綜合財務報表之責任」部份中進一步闡述。根據香港會計師公會的專業會計師道德守則(「守則」)，本核數師獨立於貴集團，並已履行守則中的其他職業道德責任。本核數師相信，本核數師所獲得的審核憑證能充足及適當地為本核數師的意見提供基礎。

Independent Auditor's Report 獨立核數師報告

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

關鍵審核事項

關鍵審核事項為本核數師之專業判斷中，審核本期綜合財務報表中最重要的事項。該等事項於本核數師審核整體綜合財務報表及出具意見時進行處理。本核數師不會對該等事項提供單獨意見。就下文各事項而言，有關吾等審核時處理此等事項的描述僅適用於此等情況。

本核數師已履行本報告「核數師審核綜合財務報表之責任」一節所述之責任，包括有關該等事項之責任。因此，本核數師的審核包括程序的執行，該等程序乃為應對本核數師對綜合財務報表重大錯誤陳述風險的評估而設計。本核數師的審核程序結果（包括為處理以下事項而執行的程序）為本核數師就隨附綜合財務報表的審核意見提供了基礎。

Independent Auditor's Report

獨立核數師報告

Valuation of the Group's inventories

貴集團的存貨估值

Refer to notes 2(h) and 39(a) to the consolidated financial statements for the directors' disclosures of the related accounting policies, judgement and estimates and note 19 to the consolidated financial statements for further information.

董事就有關會計政策、判斷及估計的披露請參閱綜合財務報表附註2(h)及39(a)，進一步資料請參閱綜合財務報表附註19。

Key Audit Matter

關鍵審核事項

The carrying amount of the Group's inventories was approximately RMB46,579,000 as at 31 December 2017.

Management determined the net realisable value of the inventories by using the estimated selling prices in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, which involved significant estimates and assumptions.

The determination of the basis of write down is a significant judgement based on historical experience of stock losses and expected future sales prices.

於二零一七年十二月三十一日，本集團存貨之賬面值約人民幣46,579,000元。

管理層使用日常業務過程中之估計售價減估計完成之成本及進行銷售所需之估計成本（涉及大量估計及假設）釐定存貨之可變現淨值。

撇減基準的釐定乃基於存貨虧損之過往經驗及預期未來售價的重大判斷。

How our audit addressed the Key Audit Matter

本核數師的審核如何處理關鍵審核事項

Our procedures in relation to management's assessment of the valuation of the Group's inventories included, among others, the followings:

- Obtaining an understanding of how management estimated the net realisable value of inventories and evaluating the historical accuracy of the allowance estimation by management;
- Discussing with management and assessing the basis of the management's estimation of subsequent selling prices, costs to completion and costs necessary to make the sales;

本核數師就管理層對貴集團存貨估值的評估執行的程序包括（其中包括）：

- 瞭解管理層如何估計存貨可變現淨值並評估管理層撥備估計的過往準確性；
- 與管理層討論並評估管理層估計後續售價、完成之成本及進行銷售所需之成本的基準；

Independent Auditor's Report 獨立核數師報告

Valuation of the Group's inventories (Continued) 貴集團的存貨估值(續)

Key Audit Matter 關鍵審核事項

The Group carried out the inventory review as at 31 December 2017 and provided allowances of approximately RMB19,984,000 to write down inventories to their net realisable value during the year ended 31 December 2017.

Based on the management's determination of the net realisable value of the inventories, the management concluded that the valuation of the Group's inventories was appropriate as at 31 December 2017.

貴集團於二零一七年十二月三十一日進行存貨檢討，並計提撥備約人民幣19,984,000元，以就截至二零一七年十二月三十一日止年度存貨撇減至可變現淨值。

根據管理層釐定的存貨可變現淨值，管理層認為，於二零一七年十二月三十一日，貴集團的存貨估值屬適當。

How our audit addressed the Key Audit Matter

本核數師的審核如何處理關鍵審核事項

- Assessing the methodology and assumptions used in the calculation of the net realisable value of the inventories; and recalculating the allowance for write down or write off of inventories;
- Checking, on a sample basis, the accuracy and relevance of the selling prices of the inventories subsequent to year-end, the costs to completion and the costs necessary to make the sales; and
- Assessing the sufficiency of allowance where the estimated net realisable value was lower than the cost as at 31 December 2017.
- 評估計算存貨可變現淨值採用的方法及假設；及重新計算撇減或撇銷存貨的撥備；
- 運用抽樣基準，檢查年末後存貨售價、完成之成本及進行銷售所需之成本的準確性及相關性；及
- 倘估計可變現淨值低於二零一七年十二月三十一日之成本，評估撥備是否充足。

Independent Auditor's Report

獨立核數師報告

Impairment of the Group's trade and other receivables

貴集團應收貿易及其他款項減值

Refer to notes 2(g), 2(j) and 39(a) to the consolidated financial statements for the directors' disclosures of the related accounting policies, judgements and estimates and note 20 to the consolidated financial statements for further information.

董事就有關會計政策、判斷及估計的披露請參閱綜合財務報表附註2(g)、2(j)及39(a)，進一步資料請參閱綜合財務報表附註20。

Key Audit Matter

關鍵審核事項

The carrying amount of the Group's trade and other receivables was approximately RMB620,439,000 as at 31 December 2017.

The impairment of trade and other receivables is estimated by the management through the application of judgment and use of assumptions. The Group's policy for recognition of impairment on trade and other receivables is based on the evaluation of collectibility, ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor.

The Group performed the impairment assessment on trade and other receivables as at 31 December 2017 and provided impairment loss on trade receivables and other receivables amounting to approximately RMB152,293,000 and RMB2,335,000, respectively, during the year ended 31 December 2017. The Group also reversed impairment loss on trade receivables amounting to approximately RMB9,376,000 during the year ended 31 December 2017.

於二零一七年十二月三十一日，貴集團之應收貿易及其他款項賬面值約為人民幣620,439,000元。

管理層通過應用判斷及假設估計應收貿易及其他款項減值。貴集團應收貿易及其他款項減值確認的政策乃基於可收回性評估、賬目賬齡分析及管理層判斷。評估該等應收款項的最終變現需要大量判斷，包括各債務人的現時信譽及過往收回歷史。

貴集團對二零一七年十二月三十一日之應收貿易及其他款項進行減值評估，並於截至二零一七年十二月三十一日止年度對應收貿易及其他款項減值虧損分別計提撥備約人民幣152,293,000元及人民幣2,335,000元。截至二零一七年十二月三十一日止年度，貴集團亦就應收貿易回撥減值虧損約人民幣9,376,000元。

How our audit addressed the Key Audit Matter

本核數師的審核如何處理關鍵審核事項

Our procedures in relation to management's impairment assessment on the Group's trade and other receivables included, among others, the followings:

- Obtaining an understanding of how management estimated the impairment loss on trade and other receivables and evaluating the historical accuracy of the allowance estimation by management;
- Reviewing the ageing analysis of trade and other receivables throughout the year to understand the settlement patterns by the debtors;

本核數師就管理層對貴集團應收貿易及其他款項的減值評估執行的程序包括（其中包括）：

- 瞭解管理層如何估計應收貿易及其他款項減值虧損，並評估管理層撥備估計的過往準確性；
- 檢討整個年度之應收貿易及其他款項賬齡分析，以瞭解債務人的清償模式；

Independent Auditor's Report 獨立核數師報告

Impairment of the Group's trade and other receivables (Continued)

貴集團應收貿易及其他款項減值(續)

Key Audit Matter

關鍵審核事項

Based on the management's assessment on the impairment of trade and other receivables, the management concluded that the impairment loss on trade and other receivables was adequate as at 31 December 2017.

根據管理層對應收貿易及其他款項減值的評估，管理層認為，於二零一七年十二月三十一日之應收貿易及其他款項減值虧損屬適當。

How our audit addressed the Key Audit Matter

本核數師的審核如何處理關鍵審核事項

- Testing the key controls of the Group relating to preparation of the ageing analysis of trade and other receivables and carrying out testing on the ageing analysis, on a sample basis, to the source documents;
- Assessing the basis of management's assessment of recoverability of trade and other receivables with reference to the management's evaluation of debtors' creditworthiness, debtors' credit history including default or delay in payments, debtors' settlement records, subsequent settlements from debtors and ageing analysis of each individual debtor; and
- Recalculating the amount of impairment loss on trade and other receivables and assessing the sufficiency of the allowances as at 31 December 2017.
- 測試 貴集團有關編製應收貿易及其他款項賬齡分析的主要監控及運用抽樣基準對原文檔進行賬齡分析測試；
- 參照管理層對債務人信譽、債務人信貸歷史(包括違約或延期付款)、債務人結付記錄、債務人隨後之結付及各個人債務人賬齡分析評估管理層對應收貿易及其他款項可收回性的評估基準；及
- 重新計算應收貿易及其他款項減值虧損金額，及評估二零一七年十二月三十一日的撥備是否充足。

Independent Auditor's Report 獨立核數師報告

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 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.

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

其他資料

貴公司董事對其他資料負責。其他資料包括年報所載資料，惟不包括綜合財務報表及本核數師就此發出的核數師報告。

本核數師對綜合財務報表的意見並不涵蓋其他資料，本核數師亦不對其他資料發表任何形式的鑒證結論。

就本核數師審核綜合財務報表而言，本核數師的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或本核數師在審核過程中所瞭解的情況有重大不一致，或似乎有重大錯誤陳述。基於本核數師已執行的工作，倘本核數師認為其他資料有重大錯誤陳述，本核數師需要報告該事實。本核數師就此並無任何事項須報告。

董事及管治層編製綜合財務報表之責任

貴公司董事須遵照香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定，負責編製真實公平的綜合財務報表以及董事認為需要之有關內部監控，以確保綜合財務報表之編製並不存在由於欺詐或錯誤而導致的重大錯誤陳述。

於編製綜合財務報表時，貴公司董事負責評估貴集團根據持續經營基準經營的能力，披露（倘適用）有關持續經營的事項及採用持續經營會計基準，惟貴公司董事擬清算貴集團或終止營運或除此之外並無其他實際選擇除外。

管治層負責監督貴集團的財務報告程序。

Independent Auditor's Report 獨立核數師報告

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 solely to you, as a body, in accordance with our agreed terms of 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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

核數師審核綜合財務報表之責任

本核數師的目標是對整體綜合財務報表是否不存在由於欺詐或錯誤而導致的任何重大錯誤陳述取得合理保證，並出具包括本核數師意見的核數師報告。本核數師僅向閣下（作為整體）按照協定的委聘條款報告，除此之外本報告別無其他目的。本核數師不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按香港審計準則進行的審核在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，若合理預期彼等個別或共同可能影響綜合財務報表使用者所作出的經濟決策，則有關錯誤陳述可被視作重大。

作為根據香港審計準則進行審核的一部份，本核數師在審核過程中運用了專業判斷，保持了職業懷疑態度。本核數師亦：

- 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，設計及執行審核程序以應對該等風險，以及取得充足和適當的審核憑證，作為本核數師意見的基準。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險較因錯誤而導致的重大錯誤陳述的風險為高。
- 瞭解與審核相關的內部控制，以設計情形適當的審核程序，但目的並非為對貴集團內部控制的有效性發表意見。
- 評估董事所採用會計政策的適當性及作出會計估計和相關披露的合理性。

Independent Auditor's Report

獨立核數師報告

- 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.
- 對董事採用持續經營會計基礎的適當性作出結論。根據所得的審核憑證，決定是否存在與事件或情況有關的重大不確定性，而可能對貴集團根據持續經營基準經營的能力構成重大疑慮。倘本核數師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垂注綜合財務報表中的相關披露資料。若有關披露資料不足，則本核數師須修改意見。本核數師的結論乃基於截至核數師報告日止所取得的審核憑證。然而，未來事件或情況可能導致貴集團不能根據持續經營基準經營。
- 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公允地反映有關交易及事項。
- 就貴集團中實體或業務活動的財務資料獲取充分、適當的審核憑證，以對綜合財務報表發表意見。本核數師負責指導、監督及執行集團審核。本核數師對審核意見承擔全部責任。

We communicate with those charged with governance 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.

本核數師與管治層溝通了(其中包括)計劃的審核範圍、審核時間及重大審核發現，包括本核數師在審核期間識別出內部控制的任何重大缺陷。

We also provide those charged with governance 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.

本核數師亦向管治層提交聲明，說明本核數師已符合有關獨立性的相關職業道德要求，並與彼等溝通所有合理地被認為會影響本核數師獨立性的關係及其他事項，以及相關的防範措施(倘適用)。

Independent Auditor's Report 獨立核數師報告

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

The engagement director on the audit resulting in this independent auditor's report is Sze Wing Chun.

從與管治層溝通的事項中，本核數師確定對本期綜合財務報表的審核最為重要的事項，因而構成關鍵審核事項。本核數師會在核數師報告中描述該等事項，除非法律或法規不允許對某個事項作出公開披露，或在極端罕見的情況下，若有合理預期在本核數師報告中溝通某事項而造成的負面後果將會超過其產生的公眾利益，本核數師將不會在此等情況下在報告中溝通該事項。

本獨立核數師報告的審計項目董事是施永進。

Ascenda Cachet CPA Limited
Certified Public Accountants
Hong Kong, 28 March 2018

Sze Wing Chun
Practising Certificate Number P06035

天健德揚會計師事務所有限公司
執業會計師
香港，二零一八年三月二十八日

施永進
執業證書編號P06035

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

	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 (Restated) (重列)
Continuing operations:			
Revenue	4	588,549	637,846
Cost of sales		(472,642)	(502,628)
Gross profit		115,907	135,218
Other income	4	6,005	16,669
Other net loss	4	(3,089)	(802)
Selling and distribution expenses		(274)	(286)
General and administrative expenses		(31,436)	(33,156)
Other operating expenses		(62,112)	(43,100)
Finance costs	6(b)	(314)	-
Profit before taxation	6	24,687	74,543
Income tax credit/(expenses)	8(a)	11,416	(16,859)
Profit for the year from continuing operations		36,103	57,684
Discontinued operation:			
(Loss)/profit for the year from discontinued operation	7	(183,462)	17,759
(Loss)/profit for the year attributable to owners of the Company		(147,359)	75,443
Other comprehensive income/(loss) for the year (after tax and reclassification adjustments)			
<i>Item that will not be reclassified to profit or loss:</i>			
- Exchange differences on translation of financial statements to presentation currency		1,593	(583)
Total comprehensive (loss)/income for the year attributable to owners of the Company		(145,766)	74,860

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

	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 (Restated) (重列)
(Loss)/profit for the year attributable to owners of the Company arises from:			
– Continuing operations		36,103	57,684
– Discontinued operation		(183,462)	17,759
		(147,359)	75,443
		RMB cents 人民幣分	RMB cents 人民幣分
(LOSS)/EARNINGS PER SHARE			
Basic (loss)/earnings per share	13		
– From continuing operations		4.30	6.87
– From discontinued operation		(21.84)	2.11
		(17.54)	8.98
Diluted (loss)/earnings per share			
– From continuing operations		4.30	6.77
– From discontinued operation		(21.84)	2.09
		(17.54)	8.86

The notes on pages 87 to 227 form part of these financial statements.

第87頁至第227頁之附註屬本財務報表之一部份。

Consolidated Statement of Financial Position

綜合財務狀況表

As at 31 December 2017
於二零一七年十二月三十一日

	Note	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
	附註		
NON-CURRENT ASSETS			
非流動資產			
Prepaid lease payments	14	49,767	50,958
Property, plant and equipment	15	187,364	399,098
Available-for-sale financial asset	16	-	-
Prepayments for consultation, marketing and promotional services	17	-	43,700
Trade receivables with extended credit terms	20	-	17,876
Deferred tax assets	26(b)	160	1,328
		237,291	512,960
CURRENT ASSETS			
流動資產			
Prepaid lease payments	14	1,191	1,191
Inventories	19	46,579	197,984
Trade and other receivables	20	620,439	908,984
Pledged bank deposits	33	-	6,543
Tax recoverable	26(a)	-	74,796
Cash and bank balances	21	368,213	349,740
		1,036,422	1,539,238
Assets of a disposal company classified as held for sale	28	480,477	-
		1,516,899	1,539,238
CURRENT LIABILITIES			
流動負債			
Trade and other payables	22	51,370	270,844
Deposits received and receipts in advance		1,091	365,656
Tax payable	26(a)	11,125	10,888
		63,586	647,388
Liabilities directly associated with the assets classified as held for sale	28	436,489	-
		500,075	647,388
NET CURRENT ASSETS		1,016,824	891,850
TOTAL ASSETS LESS CURRENT LIABILITIES		1,254,115	1,404,810
流動資產淨值			
資產總值減流動負債			

Consolidated Statement of Financial Position 綜合財務狀況表

As at 31 December 2017
於二零一七年十二月三十一日

		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 LIABILITIES	非流動負債			
Corporate bonds	公司債券	25	20,440	-
Deferred tax liabilities	遞延稅項負債	26(b)	-	21,976
Deferred government grants	遞延政府補助	27	-	3,393
			20,440	25,369
NET ASSETS	資產淨值		1,233,675	1,379,441
CAPITAL AND RESERVES	股本及儲備			
Share capital	股本	29	78,073	78,073
Reserves	儲備	30	1,155,602	1,301,368
TOTAL EQUITY	權益總額		1,233,675	1,379,441

The consolidated financial statements on pages 80 to 227 were approved and authorised for issue by the board of directors on 28 March 2018 and were signed on its behalf by:

經董事會於二零一八年三月二十八日批准及授權刊發第80頁至第227頁之綜合財務報表並由下列董事代表簽署：

Jiang Xin
Director

蔣鑫
董事

Fan Yajun
Non-executive Director

范亞軍
非執行董事

The notes on pages 87 to 227 form part of these financial statements.

第87頁至第227頁之附註屬本財務報表之一部份。

Consolidated Statement of Changes in Equity

綜合權益變動表

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

		Attributable to owners of the Company 本公司擁有人應佔								
		Share capital	Share premium	Special reserve	Enterprise expansion reserve	Statutory surplus reserve	Translation reserve	Share option reserve	Retained profits	Total
		股本	股份溢價	特別儲備	擴展儲備	盈餘儲備	匯兌儲備	購股權儲備	保留溢利	總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(Note 29)	(Note 30(i))	(Note 30(ii))	(Note 30(iii))	(Note 30(iv))	(Note 30(v))	(Note 30(vi))	(Note 30(vii))	(Note 30(viii))
		(附註29)	(附註30(i))	(附註30(ii))	(附註30(iii))	(附註30(iv))	(附註30(v))	(附註30(vi))	(附註30(vii))	(附註30(viii))
As at 1 January 2016	於二零一六年一月一日	78,073	466,844	94,225	61,319	70,592	(8,494)	17,592	524,430	1,304,581
Profit for the year	年內溢利	-	-	-	-	-	-	-	75,443	75,443
Other comprehensive loss	其他全面虧損									
- Exchange differences on translation of financial statements to presentation currency	- 換算財務報表至呈列貨幣產生之匯兌差額	-	-	-	-	-	(583)	-	-	(583)
Total comprehensive income for the year	年內全面收益總額	-	-	-	-	-	(583)	-	75,443	74,860
Transfer to retained profits upon lapse of share options	於購股權失效後轉撥至保留溢利	-	-	-	-	-	-	(2,332)	2,332	-
Transfer to reserves	轉撥至儲備	-	-	-	7,788	7,788	-	-	(15,576)	-
As at 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	78,073	466,844	94,225	69,107	78,380	(9,077)	15,260	586,629	1,379,441
Loss for the year	年內虧損	-	-	-	-	-	-	-	(147,359)	(147,359)
Other comprehensive income	其他全面收益									
- Exchange differences on translation of financial statements to presentation currency	- 換算財務報表至呈列貨幣產生之匯兌差額	-	-	-	-	-	1,593	-	-	1,593
Total comprehensive loss for the year	年內全面虧損總額	-	-	-	-	-	1,593	-	(147,359)	(145,766)
Transfer to retained profits upon lapse of share options	於購股權失效後轉撥至保留溢利	-	-	-	-	-	-	(311)	311	-
Transfer to reserves	轉撥至儲備	-	-	-	2,385	2,385	-	-	(4,770)	-
As at 31 December 2017	於二零一七年十二月三十一日	78,073	466,844	94,225	71,492	80,765	(7,484)	14,949	434,811	1,233,675

The notes on pages 87 to 227 form part of these financial statements.

第87頁至第227頁之附註屬本財務報表之一部份。

Consolidated Statement of Cash Flows 綜合現金流量表

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

			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 (Restated) (重列)
	Notes 附註			
Operating activities		經營活動		
(Loss)/profit before taxation		除稅前(虧損)/溢利		
– from continuing operations		– 來自持續經營業務	24,687	74,543
– from discontinued operation	7	– 來自已終止經營業務	(183,363)	21,370
			(158,676)	95,913
Adjustments for:		調整：		
Amortisation of prepaid lease payments	6(c)&7	攤銷預付租賃款項	1,191	1,191
Depreciation of property, plant and equipment	6(c)&7	物業、廠房及設備 之折舊	26,322	26,215
(Gain)/loss on disposals of property, plant and equipment	4&7	出售物業、廠房及設備 之(收益)/虧損	(149)	3,831
Government grants	7	政府補助	(658)	(658)
Allowance for write down of inventories	7	存貨撇減撥備	19,984	–
Impairment loss on trade receivables	6(c)&7	應收貿易款項之減值虧損	152,293	47,131
Impairment loss on other receivables	6(c)&7	其他應收款項之減值虧損	2,335	4,911
Interest expenses	6(b)	利息開支	314	–
Interest income	4	利息收入	(1,093)	(1,223)
Gain on early settlement of trade receivables with extended credit terms	4	提早結付獲延長信貸期之 應收貿易款項之增益	–	(5,004)
Imputed interest on trade receivables with extended credit terms	4	獲延長信貸期之應收貿易 款項之估算利息	(4,397)	(10,249)
Reversal of impairment loss on trade receivables	4&7	應收貿易款項之減值 虧損撥回	(9,376)	(130)
Reversal of impairment loss on other receivables	4&7	其他應收款項之減值 虧損撥回	–	(90)
			28,090	161,838
Changes in working capital		營運資金變動		
Decrease in inventories		存貨減少	26,026	40,621
Increase in trade receivables with normal credit terms		正常信貸期之應收貿易 款項增加	(89,026)	(262,453)
Decrease in trade receivables with extended credit terms		獲延長信貸期之應收貿易 款項減少	20,150	136,301
Decrease/(increase) in other receivables		其他應收款項減少/(增加)	133,252	(120,349)
Decrease in prepayments for consultation, marketing and promotional services		諮詢、市場推廣及宣傳 服務預付款減少	39,600	42,457
(Decrease)/increase in trade and other payables		應付貿易及其他款項 (減少)/增加	(62,342)	82,598
(Decrease)/increase in deposits received and receipts in advance		已收按金及預收款 (減少)/增加	(87,793)	34,327

Consolidated Statement of Cash Flows

綜合現金流量表

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

		Note 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元 (Restated) (重列)
Cash generated from operations	經營業務產生之現金		7,957	115,340
PRC Enterprises Income Tax paid	已付中國企業所得稅	26(a)	(11,173)	(42,527)
Net cash (used in)/generated from operating activities	經營活動(所用)/產生之現金淨額		(3,216)	72,813
Investing activities	投資活動			
Interest received	已收利息		1,093	1,223
Payments for acquisition of property, plant and equipment	購買物業、廠房及設備付款		(20)	(288)
Proceeds from disposals of property, plant and equipment	出售物業、廠房及設備所得款項		188	-
Net cash generated from investing activities	投資活動產生之現金淨額		1,261	935
Financing activities	融資活動			
Proceeds from issuance of corporate bonds	發行公司債券之所得款項	25	21,278	-
Direct issuance costs paid	已付直接發行成本	25	(772)	-
Net cash generated from financing activities	融資活動產生之現金淨額		20,506	-
Net increase in cash and cash equivalents	現金及等同現金項目增加淨額		18,551	73,748
Cash and cash equivalents at beginning of the year	年初之現金及等同現金項目		349,740	275,964
Effect of foreign exchange rate changes, net	外匯匯率變動之影響淨額		(78)	28
Cash and cash equivalents at end of the year	年終之現金及等同現金項目		368,213	349,740
Analysis of the balance of cash and cash equivalents	現金及等同現金項目結存分析			
Cash and bank balances	現金及銀行結餘	21	368,213	349,740

The notes on pages 87 to 227 form part of these financial statements.

第87頁至第227頁之附註屬本財務報表之一部份。

Notes to the Financial Statements

財務報表附註

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

1. GENERAL INFORMATION

Pan Asia Environmental Protection Group Limited (the “Company”) was incorporated as an exempted company and registered in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to this annual report.

The Company and its subsidiaries (together the “Group”) are principally engaged in the sales of environmental protection (“EP”) products and equipment, undertaking of EP construction engineering projects, and manufacture and sales of EP construction materials in the People’s Republic of China (the “PRC”), and investment holding.

The Group’s manufacture and sales of EP construction materials business was discontinued during the current year. Details of which are set out in note 7.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance (“CO”). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). Significant accounting policies adopted by the Group are disclosed below.

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

1. 一般資料

泛亞環保集團有限公司（「本公司」）於開曼群島註冊成立為一間獲豁免有限公司，其股份於香港聯合交易所有限公司（「聯交所」）上市。本公司之註冊辦事處及主要營業地點地址披露於本年報「公司資料」一節。

本公司及其附屬公司（統稱「本集團」）主要在中華人民共和國（「中國」）從事環保（「環保」）產品及設備之銷售、承接環保建設工程項目，以及製造及銷售環保建築材料以及投資控股。

本集團之製造及銷售環保建築材料業務於本年度終止，有關詳情載於附註7。

2. 主要會計政策

a) 守規聲明

此等財務報表已根據香港會計師公會（「香港會計師公會」）頒佈之所有適用香港財務報告準則（「香港財務報告準則」）（此乃包括所有適用之個別香港財務報告準則、香港會計準則（「香港會計準則」）及詮釋之統稱）、香港普遍採納會計原則及適用的香港公司條例（「公司條例」）之適用披露規定而編製。此等財務報表亦遵守聯交所證券上市規則（「上市規則」）之適用披露規定。本集團採納之主要會計政策披露如下。

香港會計師公會已頒佈若干新訂及經修訂香港財務報告準則，均於本集團之本會計期間首次生效或可供提早採納。附註3提供了有關首次應用該等發展而導致的本財務報表內所反映的本集團於本會計期間及過往會計期間的任何會計政策變動的資料。

Notes to the Financial Statements

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2017 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for certain financial instruments, which are stated at their fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs 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 believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying amounts 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 HKFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 39.

2. 主要會計政策 (續)

b) 財務報表之編製基準

截至二零一七年十二月三十一日止年度綜合財務報表包括本公司及其附屬公司之財務報表。

財務報表之編製乃以歷史成本作計量基準，惟若干金融工具以公平值計量除外（見下文會計政策所闡釋）。

編製符合香港財務報告準則之財務報表，管理層需作出判斷、估計和假設，該等判斷、估計及假設對會計政策之應用以及所呈報資產、負債、收入和支出之金額構成影響。該等估計及有關假設乃根據過往經驗及被認為在該情況下屬合理之多項其他因素而作出，其結果便成為判斷資產及負債賬面值之基礎，而該賬面值顯然無法從其他來源取得。實際結果可能有別於該等估計。

該等估計及相關假設會按持續基準進行檢討。對會計估計進行修訂時，倘修訂僅影響該期間，則修訂會於修訂估計之期間確認；或倘有關修訂同時影響即期及未來期間，則會於修訂期間及未來期間確認。

管理層在應用對本財務報表構成重大影響之香港財務報告準則時所作出之判斷，以及估計不確定性之主要來源，將在附註39內討論。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Subsidiaries and non-controlling interests

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

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

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

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

2. 主要會計政策 (續)

c) 附屬公司及非控制權益

附屬公司指受本集團控制之實體。當本集團承受或享有由參與實體所得不定回報時，且有能力透過其對實體之權力影響該等回報時，則本集團控制該實體。於評估控制權時，惟本集團及其他人士持有之實質性權利計算在內。

於附屬公司之投資將由控制權開始至控制權終止之期間計入綜合財務報表。集團內部往來之餘額、交易及現金流以及由集團內部交易產生之任何未變現溢利，均在編製綜合財務報表時全數抵銷。集團內部交易所產生之未變現虧損，其抵銷方法與抵銷未變現收益之方法相同，但抵銷額只限於沒有證據顯示已出現減值之部份。

非控股權益指並非本公司直接或間接應佔附屬公司之權益。就該等權益，本集團並未與該等權益持有人協定任何額外條款，使本集團整體就該等權益而負上符合金融負債定義之合約責任。

非控股權益在綜合財務狀況表內列入權益，但與本公司擁有人應佔權益分開列示。非控股權益於本集團業績中所佔之權益，在綜合損益及其他全面收益表內以非控股權益與本公司擁有人各佔本年度損益總額及全面收益總額之方式列示。非控股權益持有人之貸款及其他有關該等持有人之合約責任，於綜合財務狀況表列為金融負債。

Notes to the Financial Statements

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Subsidiaries and non-controlling interests (Continued)

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset, or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(g)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

d) Other investments in equity securities

The Group's policies for investments in equity securities, other than investments in subsidiaries, 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.

2. 主要會計政策 (續)

c) 附屬公司及非控制權益 (續)

本集團於一間附屬公司之權益變動(並無導致失去控制權)列作權益交易,並對合併權益中的控股及非控股權益金額作出調整,以反映有關權益的變動,惟概無對商譽作出任何調整及並無確認任何損益。

倘本集團失去一間附屬公司的控制權,將列作出售其於該附屬公司的全部權益,因此產生的收益或虧損於損益中確認。於失去控制權當日仍保留於前附屬公司的任何權益乃按公平值確認,而該款項將視為於初步確認金融資產時或(如適用)就於聯營公司或合營企業之投資進行初步確認時之成本之公平值。

在本公司財務狀況表中,附屬公司之投資以成本減任何減值虧損列賬(見附註2(g)),除非該投資被列為持作出售(或計入分類為持作出售之出售組別)。

d) 其他股本證券投資

本集團之股本證券投資(除附屬公司投資外)政策如下:

股本證券投資初步按公平值(即其交易價格)列賬;但如可根據一項變數只包括可觀察市場數據之估值方法更可靠地估計出公平值則除外。成本包括應佔交易成本;惟下文所述者除外。此等投資其後因應所屬分類入賬如下。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Other investments in equity securities (Continued)

Investments in 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 or interest earned on these investments as these are recognised in accordance with the policies set out in notes 2(s)(iv) and 2(s)(iii).

Investments in securities which do not fall into securities held for trading or held-to-maturity securities are classified as available-for-sale financial assets. 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 be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(g)). Dividend income from equity securities is recognised in profit or loss in accordance with the policy set out in note 2(s)(iv).

When the investments are derecognised or impaired, 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.

2. 主要會計政策 (續)

d) 其他股本證券投資 (續)

持作貿易用途之證券投資被歸類為流動資產，任何應佔交易成本於產生時在損益表中確認。於各報告期末，會重新計量公平值，所得之收益或虧損於損益表中確認。在損益表中確認之收益或虧損淨額並不包括從此等投資賺取所得之任何股息或利息，因為有關股息或利息會按附註2(s)(iv)及2(s)(iii)所載政策確認。

不屬於持作買賣證券或持有至到期證券之證券投資分類為可供出售金融資產。公平值於各報告期末重新計量，由此產生之任何收益或虧損於其他全面收益中確認，並於公平值儲備權益中單獨累積。例外情況包括，倘股本證券投資於活躍市場並無就相同工具之報價及其公平值無法可靠計量，則該等投資在財務狀況表中以成本值減去耗損虧損確認入賬（見附註2(g)）。股本證券產生之股息收入根據附註2(s)(iv)所載政策於損益內確認。

倘不再確認該等投資或減值，權益內之累計收益或虧損將重新確認至損益內。該等投資於本集團承諾購買／出售投資當日或投資到期日確認／終止確認。

Notes to the Financial Statements

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated in the consolidated statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses (see note 2(g)).

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

Buildings	Over the shorter of the term of the lease and 20 years
Furniture, fixtures and equipment	5 years
Leasehold improvements	1 year to 5 years
Motor vehicles	5 years
Molding	1 year
Machineries	10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

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

2. 主要會計政策 (續)

e) 物業、廠房及設備

物業、廠房及設備(在建工程除外)概以成本減任何累積折舊及任何累積減值虧損於綜合財務狀況表列賬(見附註2(g))。

物業、廠房及設備項目乃使用直線法按其估計可使用年期減彼等之估計剩餘價值(如有)以撇銷其成本值計算折舊。

樓宇	租期及二十年之較短者
傢俬、裝置及設備	五年
租賃物業裝修	一至五年
汽車	五年
模具	一年
機器	十年

當一項物業、廠房及設備之各部份有不同之可使用年期，此項目各部份之成本將按合理基礎分配，而每部份將作個別折舊。資產之可使用年期及其剩餘價值(如有)會每年進行檢討。

因報廢或出售物業、廠房及設備項目而產生之收益或虧損乃釐定為出售所得款項淨額與該項目之賬面值間之差額，並於報廢或出售之日於損益內確認。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) 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, except for land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

2. 主要會計政策 (續)

f) 租賃資產

如本集團能確定某項安排賦予有關人士權利，可透過付款或支付一系列款項而於協定期間內使用特定資產，有關安排（包括一項交易或一系列交易）即屬或包含租賃。本集團之結論乃基於有關安排之細節評估而作出，並不論有關安排是否具備租賃之法律形式。

i) 本集團租用之資產之分類

就本集團根據租賃持有之資產而言，如有關租賃把絕大部份擁有權之風險及利益轉移至本集團，則有關資產被分類為根據融資租賃持有之資產。不會轉移絕大部份擁有權之風險及利益予本集團之租賃乃分類為經營租賃；惟根據經營租賃持作自用之土地而言，如其公平值不能夠與訂立租賃時已建於其上之樓宇之公平值分開計量，則將當作根據融資租賃持有者入賬；惟如有關樓宇亦是根據經營租賃確實持有則除外。就此而言，訂立租賃之時指本集團首次訂立租賃之時，或自前度承租人接收之時。

Notes to the Financial Statements

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leased assets (Continued)

ii) Operating lease charges

Where the Group has the use of assets 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 as expenses in the accounting period in which they are incurred.

iii) Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is finance lease.

2. 主要會計政策 (續)

f) 租賃資產 (續)

ii) 經營租賃支出

如屬本集團根據經營租賃使用所持資產之情況，則根據租賃作出之付款會在租賃期所涵蓋之會計期間內，以等額分期付款方式計入損益中；惟如有其他基準能更清楚地反映租賃資產所產生之收益模式則除外。已收取之租賃獎勵在損益中確認為總租賃付款淨額的一部份。或然租金於產生之會計期間作費用註銷。

iii) 租賃土地及樓宇

當本集團就物業權益付款(包括土地及樓宇部份)，本集團根據對附於各部份所有權之絕大部份風險及回報是否已轉移本集團之評估，分別對各部份之分類進行評估，惟在該兩部份均明顯為經營租賃之情況下，整項物業則以經營租賃入賬。具體而言，全部代價(包括任何一筆過預付款項)於初始確認時按租賃土地部份及樓宇部份中之租賃權益相對公平值比例於土地與樓宇部份間分配。

在相關款項可靠分配之情況下，被列為經營租賃之租賃土地權益於綜合財務狀況表中呈列為「預付租賃款項」，並於租賃期內按直線基準攤銷。倘若無法在租賃土地與樓宇部份之間可靠分配付款，則整項物業一般會在猶如租賃土地為融資租賃的情況下作分類。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment of assets

i) *Impairment of investments in equity securities and other receivables*

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale financial asset 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. 主要會計政策 (續)

g) 資產減值

i) *股本證券投資及其他應收款項之減值*

按成本或攤銷成本列賬或分類為可供出售金融資產的股本證券投資及其他流動及非流動應收款項，會在各報告期末作檢討以決定是否有客觀減值證據。客觀減值證據包括本集團注意到以下一項或多項虧損事項之可觀察數據：

- 債務人有重大財政困難；
- 違反合約，如逾期或拖欠償還利息或本金；
- 債務人可能破產或進行其他財務重組；
- 科技、市場、經濟或法律環境有重大改變，並對債務人有不利影響；及
- 股本工具投資之公平值大幅或長期下跌至低於其成本值。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment of assets (Continued)

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

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

- 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. 主要會計政策 (續)

g) 資產減值 (續)

i) *股本證券投資及其他應收款項之減值 (續)*

若有任何上述證據存在，將按以下方式釐定及確認減值虧損：

- 就按成本值列賬之非上市股本證券而言，如貼現之影響屬重大，減值虧損以金融資產之賬面值與以同類金融資產當時之市場回報率貼現之預計未來現金流量間之差額計量。按成本值列賬之股本證券之減值虧損不可撥回。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment of assets (Continued)

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

- For trade receivables and other current receivables and other financial assets 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.

2. 主要會計政策 (續)

g) 資產減值 (續)

i) *股本證券投資及其他應 收款項之減值 (續)*

- 就按已攤銷成本列賬之應收貿易款項及其他流動應收款項及其他金融資產而言，如貼現之影響屬重大，減值虧損以資產之賬面值與以金融資產原有實際利率（即在初步確認有關資產時計算之實際利率）貼現預計未來現金流量現值間之差額計量。倘該等金融資產具備類似之風險特徵，例如類似之逾期情況及並未單獨被評估為減值，則有關之評估會集體進行。被集體為減值作評估之金融資產之未來現金流量會根據與該組被評估資產具有類似信貸風險特徵之資產之過往虧損情況進行。

Notes to the Financial Statements

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment of assets (Continued)

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

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

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of debtors 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 debtors 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.

2. 主要會計政策 (續)

g) 資產減值 (續)

i) *股本證券投資及其他應收款項之減值 (續)*

如減值虧損於往後期間減少，且客觀上與減值虧損確認後發生之事件有關，則於損益撥回減值虧損。減值虧損撥回後資產之賬面值不能超逾倘其在過往年度並無確認任何減值虧損而應已釐定之數額。

減值虧損直接撇銷相應資產，惟有關應收貿易及其他款項內之應收款項已確認減值虧損除外，因其可收回性被視為可疑但並非微乎其微。在此情況下，呆賬之減值虧損以撥備賬記錄。倘本集團確認能收回應收貿易款項之機會微乎其微，則被視為不可收回之金額會直接撇銷應收款項，而在撥備賬中就該債務保留之任何金額會被撥回。倘之前計入撥備賬之款項在其後收回，則有關款項於撥備賬撥回。撥備賬之其他變動及其後收回先前直接撇銷之款項均於損益內確認。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment of assets (Continued)

ii) *Impairment of other assets*

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

- property, plant and equipment;
- prepaid lease payments; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

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

2. 主要會計政策 (續)

g) 資產減值 (續)

ii) *其他資產減值*

於各報告期末，內部及外部資料會予檢討，以識別有否跡象顯示以下資產已出現減值，或之前已確認之減值是否已不存在或減少：

- 物業、廠房及設備；
- 預付租賃款項；及
- 本公司財務狀況表內之於附屬公司之投資。

倘若存在任何有關跡象，則會估計資產之可收回金額。

- 計算可收回金額

資產之可收回金額以其公平值減出售成本和使用價值計算，以兩者較高值為準。於評估使用價值時，估計未來現金流量乃以能反映現時市場評估資金時間值及資產特定風險之稅前貼現率貼現至其現值。倘資產不可在大致上獨立於其他資產之情況下產生現金流量，則可收回價值以能獨立地產生現金流量之最小組別資產（即現金產生單位）計算。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment of assets (Continued)

ii) Impairment of other assets (Continued)

– Recognition of impairment losses

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

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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.

2. 主要會計政策 (續)

g) 資產減值 (續)

ii) 其他資產減值 (續)

– 確認減值虧損

每當資產或其所屬之現金產生單位之賬面值超過其可收回金額時，於損益內確認減值虧損。就現金產生單位確認之減值虧損，首先會分配予現金產生單位（或一組單位）以減少其所獲分配之任何商譽賬面值，其後再按比例減少單位（或一組單位）其他資產之賬面值，惟資產賬面值不會減少至低於其本身之公平值減出售成本（若能計量）或使用價值（若能釐定）。

– 撥回減值虧損

倘用以釐定可收回數額之估計出現有利轉變，則撥回減值虧損。

撥回減值虧損僅限於倘過往年度並未確認減值虧損而釐定之資產之賬面值。撥回減值虧損乃於確認撥回之年度計入損益。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment of assets (Continued)

iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 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(g)(i) and 2(g)(ii)).

Impairment losses recognised in an interim period in respect of available-for-sale financial asset 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 financial asset 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.

h) 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.

2. 主要會計政策 (續)

g) 資產減值 (續)

iii) 中期財務報告及減值

根據上市規則，本集團須遵照香港會計準則第34號「中期財務報告」編製有關財政年度首六個月之中期財務報告。於中期期末，本集團採用與本財政年度末相同之減值測試、確認及撥回標準（見附註2(g)(i)及2(g)(ii)）。

按成本列賬之可供出售金融資產及非上市股本證券於中期確認之減值虧損不會於往後期間撥回。即使在該中期所屬之財政年度末評估減值並確認沒有虧損，或虧損屬輕微，亦不會撥回減值虧損。因此，倘一項可供出售金融資產之公平值於剩餘會計期間或隨後任何期間增加，增幅於其他全面收益而非損益內確認。

h) 存貨

存貨按成本或可變現淨值兩者之較低者列賬。成本以加權平均成本方程式計算，包括使存貨達致目前地點及狀況而產生之購買成本、兌換成本及其他成本。

可變現淨值乃按日常業務過程中之估計售價減完成之估計成本及進行銷售所需之估計成本計算。

Notes to the Financial Statements

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Inventories (Continued)

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

i) 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(s)(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. Where 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.

Construction contracts in progress at the end of the reporting period are recorded at the net amount of costs incurred plus recognised profits less recognised losses and progress billings, and are presented in the consolidated statement of financial position as the “Amounts due from customers for contract work” (as an asset) or the “Amounts due to customers for contract work” (as a liability), 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 “Deposits received and receipts in advance”.

2. 主要會計政策 (續)

h) 存貨 (續)

所出售存貨的賬面金額在相關收入獲確認的期間內列為支出。存貨金額撇減至可變現淨值及存貨的所有虧損，均在出現減值或虧損的期間內列為支出。存貨的任何減值撥回之金額在出現撥回期間內已確認作為扣除已列作開支的存貨金額。

i) 建造合約

倘客戶能夠指定設計的主要結構性元素，建造合約為與客戶就建造資產或一組資產而特別磋商的合約。合約收入之會計政策載列於附註2(s)(ii)。倘能夠可靠地估計建造合約之成果，則合約成本會參照報告期末之合約完成程度確認為支出。如合約總成本有可能超過合約總收入，便會即時將預期虧損確認為支出。倘不能可靠地估計工程合約之成果，則合約成本於產生期間確認為支出。

於報告期末尚在進行中之工程合約，按已產生之成本加上已確認之盈利，再減去已確認之虧損及按進度開列之款項入賬，並於綜合財務狀況表中呈列為「應收客戶合約工程款項」(作為資產)或「應付客戶合約工程款項」(作為負債)(視何者適用)。客戶尚未支付之進度款項在「應收貿易及其他款項」入賬。相關工程進行前之已收取款項在「已收按金及預收款」。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) 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, 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(g)).

k) Prepayments for consultation, marketing and promotional services

Prepayments for consultation, marketing and promotional services are charged to profit or loss when the services are rendered by the service providers.

l) Interest-bearing borrowings

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

m) Trade and other payables

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

2. 主要會計政策 (續)

j) 應收貿易及其他款項

應收貿易及其他款項初步按公平值確認，其後則採用實際利息法按已攤銷成本減呆賬減值撥備列賬，惟應收款項為免息、無固定償還期限或折現時並無重大影響之有關連人士貸款則除外。在該等情況下，應收款項按成本減呆賬減值虧損撥備列賬（見附註2(g)）。

k) 諮詢、市場推廣及宣傳服務預付款

諮詢、市場推廣及宣傳服務預付款於服務供應商提供服務時計入損益。

l) 計息借貸

計息借貸初步按公平值減應佔交易成本確認。初步確認後，計息借貸以攤銷成本列賬，而首次確認金額與贖回價值間之任何差額連同任何利息及應付費用，按實際利息法在借貸期間於損益內確認。

m) 應付貿易及其他款項

應付貿易及其他款項均於初期按公平值確認。其後按攤銷成本列賬，惟倘貼現之影響並不重大，則按成本列賬。

Notes to the Financial Statements

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) 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. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

o) Share capital

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

p) Employee benefits

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

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

2. 主要會計政策 (續)

n) 現金及等同現金項目

現金及等同現金項目包括銀行及手頭現金，銀行及其他金融機構之活期存款，以及可隨時轉換為已知數額現金，並於購入時起計三個月內到期且幾乎不受價值變動風險所影響之短期高度流通投資項目。就綜合現金流量表而言，須應要求償還且構成本集團現金管理中組成部份之銀行透支亦已作為現金及等同現金項目計算在內。

o) 股本

普通股分類為權益。發行新普通股或購股權增加的直接應佔成本於權益中列為所得款項的扣減項目。

p) 僱員福利

i) *短期僱員福利及定額供款退休計劃供款*

薪金、年度花紅、有薪年假、界定供款退休計劃供款及非貨幣福利成本，乃於僱員提供有關服務之年度計算。倘款項支付或清付須遞延處理且其影響屬重大，則該等金額以其現值列賬。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Employee benefits (Continued)

ii) *Share-based payments*

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

2. 主要會計政策 (續)

p) 僱員福利 (續)

ii) *股份基礎付款*

授予僱員之購股權公平值會確認為僱員成本，並會相應增加權益內之購股權儲備。公平值於授出當日採用二項式期權定價模式釐定，並會考慮購股權之授出條款及條件。倘僱員須於無條件獲授購股權前達成歸屬條件，則購股權之估計公平總值會在歸屬期內攤分，並會考慮購股權歸屬的可能性。

Notes to the Financial Statements

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Employee benefits (Continued)

ii) Share-based payments (Continued)

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

iii) Termination benefits

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

2. 主要會計政策 (續)

p) 僱員福利 (續)

ii) 股份基礎付款 (續)

於歸屬期內會檢討預期歸屬之購股權數目。於過去年度確認之累計公平值而產生之任何調整，乃於審核年度於損益扣除／計入，惟合資格確認為資產之原本僱員開支則除外，並對購股權儲備作相應調整。於歸屬日，確認為開支之款額會予以調整，以反映歸屬購股權之實際數目（並對購股權儲備作相應調整），惟因並無達致與本公司股份市值相關之歸屬條件才沒收之購股權除外。權益款額乃於購股權儲備內確認，直至購股權獲行使（當其轉撥至已發行股份之股本）或購股權到期（直接撥入保留溢利時）為止。

iii) 離職福利

離職福利於本集團不能再撤回該等福利時以及於本集團確認重組成本所涉及離職福利付款時，於上述兩者之間較早發生時確認。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Income tax

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

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

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

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 differences 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. 主要會計政策 (續)

q) 所得稅

本年度所得稅包括即期稅項及遞延稅項資產及負債之變動。即期稅項及遞延稅項資產及負債之變動均在損益內確認，惟彼等有關於其他全面收益或權益確認之項目除外，在該等情況下，有關稅款分別於其他全面收益確認或於權益直接確認。

即期稅項乃按年內應課稅收入根據在各報告期末已執行或實質上已執行之稅率計算之預期應付稅項，加上過往年度應付稅項之任何調整。

遞延稅項資產及負債分別由可扣稅及應課稅暫時差異產生，即資產及負債就財務呈報之賬面值與其課稅基礎值之差異。遞延稅項資產亦可由未動用稅項虧損及未動用稅項抵免產生。

除若干有限之例外情況外，所有遞延稅項負債和遞延稅項資產（以未來可能有應課稅溢利可予抵銷之資產為限）均予以確認。支持確認由可抵扣暫時差異所產生之遞延稅項資產之未來應課稅溢利包括因撥回目前存在之應課稅暫時差異而產生之數額；但此等撥回之差異必須與同一稅務機關及同一應課稅實體有關，並預期在可抵扣暫時差異預計撥回之同一期間或遞延稅項資產所產生可抵扣虧損可向後期或向前期結轉之期間內撥回。在決定目前存在之應課稅暫時差異是否足以支持確認由未動用稅項虧損和稅項抵免所產生之遞延稅項資產時，亦會採用同一準則，即差異是否與同一稅務機關及同一應課稅實體有關，並是否預期在能夠使用未動用稅項虧損和稅項抵免撥回之同一期間內撥回。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Income tax (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided 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 the 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.

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

2. 主要會計政策 (續)

q) 所得稅 (續)

該等確認遞延稅項資產及負債之有限例外情況，包括首次確認但並不影響會計溢利及應課稅溢利之資產或負債（惟其不可為企業合併之部份）、以及有關於附屬公司投資所引致之暫時差異（如為應課稅差異，只限於本集團可控制回撥之時間，並且不大可能在可見未來回撥之差異；或如為可予扣減差異，則只限於可能在未來回撥之差異）。

已確認之遞延稅項數額乃按照資產及負債賬面值之預期變現或清償方式，以於報告期末實施或實際上已實施之稅率計算。遞延稅項資產及負債均無作折現計算。

遞延稅項資產之賬面值會在各報告期末予以審閱，若日後不再可能有足夠應課稅溢利用以抵扣相關稅項利益，則扣減遞延稅項資產賬面值。若日後可能有足夠應課稅溢利用以抵扣，則撥回所扣減之數額。

股息分派產生之額外所得稅於支付相關股息之負債獲確認時予以確認。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) 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 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 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.

2. 主要會計政策 (續)

q) 所得稅 (續)

即期稅項結餘和遞延稅項結餘及其變動額將各自列示，並不予抵銷。即期稅項資產及遞延稅項資產只會在本集團有合法可強制執行權利以即期所得稅項資產抵銷即期所得稅項負債時，並且符合以下附帶條件之情況下，方可分別抵銷即期及遞延稅項負債：

- 即期稅項資產及負債：本集團計劃按淨額基準結算，或同時變現該資產及清償該負債；或
- 遞延稅項資產和負債：此等資產及負債必須與同一稅務機關就以下其中一項徵收之所得稅有關：
 - 同一應課稅實體；或
 - 不同之應課稅實體，該等實體預期在日後每個預計有大額遞延稅項負債需要清償或大額遞延稅項資產可以收回之期間內，按淨額基準變現即期稅項資產及清償即期稅項負債，或同時變現該資產及清償該負債。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when 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.

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.

s) 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) Sales of goods

Revenue is recognised when goods are delivered which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax and other sales taxes and is after deduction of any goods returns and trade discounts.

2. 主要會計政策 (續)

r) 撥備及或然負債

當本集團因過往事件而須負上法定或推定責任，而履行該責任很可能導致經濟效益流出及能夠就此作出可靠估計時，方為未確定時間或金額之其他負債確認撥備。當數額涉及重大之時間價值時，則會按預期用以履行責任之開支之現值作出撥備。

倘不一定需要流出經濟效益履行責任或未能可靠估計金額，則該等責任將作為或然負債予以披露，惟出現經濟效益流出之可能性極微則除外。可能出現之責任（僅於一項或多項未來事件發生或不發生之情況下確定其是否存在）亦作為或然負債予以披露，惟出現經濟效益流出之可能性極微則除外。

s) 收入確認

收入按已收或應收代價之公平值列賬。倘其可能為流向本集團之經濟利益，且收入及成本（倘合適）能夠可靠計量，則收入於損益確認如下：

i) 貨品銷售

收入乃於交付貨品及其所有權相關風險及回報已由客戶接納時確認。收入不包括增值稅及其他銷售稅，並經扣除任何退貨及貿易折扣。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Revenue recognition (Continued)

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.

iii) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

iv) Dividends

Dividend income from unlisted investments is recognised when the shareholder's rights to receive payment is established.

2. 主要會計政策 (續)

s) 收入確認 (續)

ii) 合約收入

當建造合約之結果能可靠估計，則固定造價合約之收入根據完工百分比法確認，其參照迄今已發生之合約成本佔合約預計總成本之百分比計量。

倘建造合約之結果不能被可靠估計，則僅已產生可收回之合約成本方可確認為收入。

iii) 利息收入

來自金融資產之利息收入於經濟利益有可能流入本集團而收入的金額能可靠地計量時確認。利息收入按時間基準，根據未償還本金額及適用的實際利率確認，而實際利率乃將估計未來現金收入透過金融資產的預計使用期完全貼現至資產於初步確認的賬面淨值之利率。

iv) 股息

未上市投資所得股息收入乃於建立可收取有關款項之股東權利後予以確認。

Notes to the Financial Statements

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Revenue recognition (Continued)

v) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to deferred government grants account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

vi) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

vii) Imputed interest income

When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the prevailing rate for a similar instrument of an issuer with a similar credit rating. The difference between the fair value and the nominal amount of the consideration at initial recognition is recognised in profit or loss. Imputed interest income is accrued on a time basis, by reference to the principal outstanding and at the imputed rate of interest.

2. 主要會計政策 (續)

s) 收入確認 (續)

v) 政府補助

政府補助在合理肯定能收到補助且符合所有附帶條件的情況下按公平值確認。當補助涉及開支項目時，於其擬補償的成本支銷期間按系統基準確認為收入。當補貼涉及某項資產時，公平值計入遞延政府補助賬目，並按有關資產的預期可使用年期每年等額撥至損益。

vi) 經營租賃之租金收入

經營租賃之應收租金收入在租賃期所涵蓋期間內，以等額在損益中確認；但如有其他基準能更清楚地反映租賃資產所產生之收益模式則除外。所獲租賃減免在損益確認為應收淨租金付款總額一部份。或然租金將於其產生之會計期間確認為收入。

vii) 估算利息收入

當安排實際上構成融資交易時，有關代價之公平值乃使用估算利率貼現所有未來收入而釐定。估算利率為具有類似信貸評級之發行人之類似工具的適用利率。代價公平值及面值之間的差異於初步確認時確認為損益。估算利息收入按時間基準，根據未償還本金額及估算利率累計。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) Translation of foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand except for per share data, which is different from the Company's functional currency of Hong Kong dollars ("HK\$") as the majority of the Group's transactions is denominated in RMB.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

2. 主要會計政策 (續)

t) 外幣換算

本集團旗下各實體之財務報表所列項目均以該實體經營所在主要經濟環境之通行貨幣(「功能貨幣」)計量。該等綜合財務報表以人民幣(「人民幣」)(已湊整至最接近千位數(惟每股數據除外)與本公司之功能貨幣港元(「港元」)不同呈列,因本集團大部份交易乃以人民幣計值。

於本年度之外幣交易均按交易當日之適用匯率換算。以外幣計值之貨幣資產及負債則按報告期末之外幣匯率換算。匯兌盈虧則於損益中確認,惟用於對沖海外業務淨投資之外幣借款所產生之匯兌盈虧,則在其他全面收益中確認。

以歷史成本計量之外幣非貨幣資產及負債,按交易日之匯率換算。以公平值列賬而以外幣計值之非貨幣資產及負債,按計量公平值當日之外幣匯率進行換算。

Notes to the Financial Statements

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) Translation of foreign currencies (Continued)

The results of those entities within the Group which have a functional currency other than RMB are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve.

On the disposal of any of such entities, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

u) 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. 主要會計政策 (續)

t) 外幣換算 (續)

以人民幣以外之貨幣作為功能貨幣之本集團內之實體之業績使用期內之匯率(按交易當日之相若外幣匯率)換算成人民幣金額，財務狀況表項目按報告期末之收市外幣匯率換算為人民幣金額。所產生之匯兌差異於其他全面收益確認及個別累計於匯兌儲備權益。

於出售任何該等實體時，倘出售之損益確認，與海外業務有關之匯兌差異之累計金額從權益中重新分類為損益。

u) 借貸成本

購買、建造或生產就其擬作用途或銷售而需要相當長時間的資產所直接涉及之借貸成本列作該等資產成本之一部份。其他借貸成本於產生期間支銷。

當發生資產開支、產生借貸成本及正進行就其擬作用途或銷售而須準備資產的活動時，則借貸成本開始資本化為合資格資產成本之一部份。倘就其擬作用途或銷售而須準備合資格資產的大部份活動中斷或完成，則借貸成本暫停或終止資本化。

Notes to the Financial Statements

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) Non-current assets held for sale and discontinued operation

a) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the consolidated financial statements of the Group are concerned are deferred tax assets and financial assets (other than investments in subsidiaries, associates and joint ventures). These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

2. 主要會計政策 (續)

v) 持作出售之非流動資產及已終 止經營業務

a) 持作出售之非流動資產

倘一項非流動資產 (或出售組別) 之賬面值極有可能透過銷售交易而非持續使用收回，且該資產 (或出售組別) 可以其現況出售，則其會被分類為持作出售。出售組別為一筆單獨交易中將作為一個組別一起出售之資產，及與將於該交易中獲轉讓資產直接相關之負債。

當本集團致力於涉及失去附屬公司控制權之出售計劃時，上述分類為持作出售之標準獲滿足後，該附屬公司所有資產及負債即會被分類為持作出售，不論本集團於出售後是否將於附屬公司中保留非控股權益。

緊接於分類為持作出售之前，非流動資產 (及出售組別中所有獨立資產及負債) 之計量於分類前將根據會計政策反映最新情況。接著，於初步分類為持作出售及直至出售前，非流動資產 (除下列解釋之若干資產外) 或出售組別將以其賬面值與公平值減銷售成本中之較低者確認。就本集團綜合財務報表而言，本計量政策的主要例外為遞延稅項資產及財務資產 (不包括於附屬公司、聯營公司及合營企業之投資)。該等資產即使持作出售，仍將持續根據載於附註2別處之政策進行計量。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) Non-current assets held for sale and discontinued operation (Continued)

a) Non-current assets held for sale (Continued)

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non current asset is not depreciated or amortised.

b) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (a) above), if earlier. It also occurs if the operation is abandoned.

When an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss and other comprehensive income, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

2. 主要會計政策 (續)

v) 持作出售之非流動資產及已終止經營業務 (續)

a) 持作出售之非流動資產 (續)

初步分類為持作出售及持作出售期間後續重新計量後之減值虧損已在損益中確認。只要非流動資產分類為持作出售或包括於分類為持作出售之出售組別中，則非流動資產不會予以折舊或攤銷。

b) 已終止經營業務

已終止經營業務為本集團業務之組成部份，其營運及現金流量可與本集團其餘業績清楚區分，並為按業務或地區劃分之獨立主要業務，或屬於出售按業務或經營地區劃分之獨立主要業務之單一統籌計劃之一部份，或屬於僅為轉售而購入之附屬公司。

一項業務於出售時或符合條件列為持作銷售（見上文 (a) 時（以較早者為準），或被廢止時，會分類為已終止經營業務。

當一項業務分類為已終止經營，則會以單一數額於綜合損益及其他全面收益表內呈列，當中包括下列各項：

- 已終止經營業務之除稅後溢利或虧損；及
- 於計量已終止經營業務之公平值減銷售成本，或於出售構成已終止經營業務之資產或出售集團時確認之除稅後盈虧。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

w) 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 entity and the other entity is an associate of the third entity.

2. 主要會計政策 (續)

w) 有關連人士

- a) 倘屬以下人士，則該人士或該人士之近親與本集團有關連：
- i. 控制或共同控制本集團；
 - ii. 對本集團有重大影響力；或
 - iii. 為本集團或本集團母公司之主要管理層成員。
- b) 倘符合下列任何條件，則該實體與本集團有關連：
- i. 該實體與本集團屬同一集團之成員公司（即各母公司、附屬公司及同系附屬公司彼此間有關連）。
 - ii. 一間實體為另一實體之聯營公司或合營企業（或另一實體為集團旗下成員公司之聯營公司或合營企業之成員公司）。
 - iii. 兩間實體均為同一第三方之合營企業。
 - iv. 一間實體為第三方實體之合營企業，而另一實體為該第三方實體之聯營公司。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

w) Related parties (Continued)

- b) An entity is related to the Group if any of the following conditions applies: (Continued)
- v. The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - vi. The entity is controlled or jointly controlled by a person identified in note 2(w)(a).
 - vii. A person identified in note 2(w)(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.

2. 主要會計政策 (續)

w) 有關連人士 (續)

- b) 倘符合下列任何條件，則該實體與本集團有關連：(續)
- v. 該實體為本集團或與本集團有關連之實體就僱員利益設立之離職福利計劃。
 - vi. 該實體受附註2(w)(a)內所定義人士控制或共同控制。
 - vii. 附註2(w)(a)(i)內所定義人士對實體有重大影響力或屬該實體(或該實體之母公司)之主要管理層成員。
 - viii. 向本集團或本集團之母公司提供主要管理人員服務之實體或其所屬集團之任何成員。

任何人士之近親是指與該實體交易時預期可影響該名人士或受該人士影響的家庭成員。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

x) Research and development costs

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

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2. 主要會計政策 (續)

x) 研發成本

研發活動之支出於其產生期間確認為開支。

僅當所有下列事項已獲證實，則由開發或從內部項目之開發階段產生之內部生成無形資產予以確認：

- 在技術可行性上能完成無形資產以供使用或出售；
- 有意完成無形資產及使用或出售資產；
- 使用或出售無形資產之能力；
- 無形資產日後產生經濟利益之方式；
- 可動用適當科技、財務及其他資源完成開發及使用或出售無形資產；及
- 可於開發期間可靠計算無形資產應佔之開支時之能力。

就內部產生之無形資產而初步確認之金額指從無形資產首次符合上文所列之確認條件日期起所發生之總金額。倘不能確認內部產生之無形資產，則開發開支會於發生期間內於損益確認。

初步確認之後，內部產生之無形資產乃按成本減累計攤銷及累計減值虧損，按個別收購之無形資產之相同基準予以呈報。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

y) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's Chief Executive Officer, who is the Group's chief operating decision maker ("CODM"), 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.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these amendments have any material impact on the accounting policies of the Group. However, additional disclosure has been included in note 42 to satisfy the new disclosure requirements introduced by the Amendments to HKAS 7 "Statement of Cash Flows: Disclosure Initiative", which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year.

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

2. 主要會計政策 (續)

y) 分部報告

於綜合財務報表之營運分部及各分部項目之金額乃自定期向本集團之行政總裁，即本集團之首席營運決策人（「首席營運決策人」）提供以分配資源及評估本集團各業務類別之表現及地域位置之財務資料中確認。

就財務報告而言，除非分部具備相似的經濟特徵與產品及服務性質、生產工序性質、客戶類型或類別、用作分派產品或提供服務之方法及監管環境之性質方面相似，否則各個重大營運分部不會進行合算。個別非重大之營運分部，倘符合上述大部份標準，則可進行合算。

3. 會計政策變動

香港會計師公會已頒佈多項香港財務報告準則之修訂本，其於本集團當前會計期間首次生效。該等修訂概無對本集團的會計政策造成重大影響。然而，額外披露已載於附註42，以遵守香港會計準則第7號（修訂本）「現金流量表：披露計劃」所引入的新披露規定，該修訂本要求實體提供披露，以供財務報表使用者可評估於融資活動所產生之負債的變動，包括現金流所產生的變動及非現金變動。為符合該等修訂的過渡條文，本集團並無披露過往年度的比較資料。

本集團並未就本會計期間應用尚未生效的任何新訂準則或詮釋。

Notes to the Financial Statements

財務報表附註

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

4. REVENUE, OTHER INCOME AND OTHER NET LOSS

From continuing operations:

Revenue

Revenue from continuing operations represents the fair value of the amounts received and receivable for goods sold, and revenue from EP construction engineering projects, which excludes value-added and other sales taxes, and is after deduction of any goods returns and trade discounts.

The amount of each category of revenue recognised in revenue from continuing operations during the year is as follow:

4. 收入、其他收益及其他淨虧損

來自持續經營業務：

收入

來自持續經營業務之收入指因銷售產品及來自環保建設工程項目之收入所產生之已收及應收款項的公平值，惟不包括增值稅及其他銷售稅，並經扣除任何退貨及貿易折扣。

年內來自持續經營業務之收入內確認之各項類別收入金額如下：

		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 (Restated) (重列)
Sales of EP products and equipment	環保產品及設備之銷售	588,549	637,846
Revenue from EP construction engineering projects	來自環保建設工程項目之收入	-	-
		588,549	637,846

Notes to the Financial Statements

財務報表附註

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

4. REVENUE, OTHER INCOME AND OTHER NET LOSS (Continued)

4. 收入、其他收益及其他淨虧損 (續)

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元 (Restated) (重列)
From continuing operations:	來自持續經營業務：		
Other income	其他收益		
Interest income on bank deposits	銀行存款利息收入	1,093	1,223
Total interest income on financial assets not at fair value through profit or loss	並非按公平值於損益入賬之金融資產之利息收入總額	1,093	1,223
Gain on early settlement of trade receivables with extended credit terms (Note 20(b))	提早結付獲延長信貸期之應收貿易款項之增益 (附註20(b))	-	5,004
Imputed interest on trade receivables with extended credit terms (Note 20(b))	獲延長信貸期之應收貿易款項之估算利息 (附註20(b))	4,397	10,249
Rental income from operating lease	經營租賃之租金收入	53	103
Reversal of impairment loss on trade receivables (Note 20(a))	應收貿易款項減值虧損撥回 (附註20(a))	462	-
Reversal of impairment loss on other receivables (Note 20(c))	應收其他款項之減值虧損撥回 (附註20(c))	-	90
		6,005	16,669

Notes to the Financial Statements 財務報表附註

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

4. REVENUE, OTHER INCOME AND OTHER NET LOSS (Continued)

4. 收入、其他收益及其他淨虧損 (續)

From continuing operations:

來自持續經營業務：

Other net loss

其他淨虧損

Loss from litigation claim (Note 5)
Compensation of loss from indemnity (Note 5)

訴訟申索虧損 (附註5)
彌償保證虧損賠償 (附註5)

Net exchange gain/(loss)
Gain on disposals of property, plant and equipment

匯兌收益/(虧損)淨額
出售物業、廠房及設備之收益

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 (Restated) (重列)
(3,783)	(46,641)
-	46,641
(3,783)	-
545	(802)
149	-
(3,089)	(802)

5. LOSS FROM LITIGATION CLAIM AND COMPENSATION OF LOSS FROM INDEMNITY, NET

5. 訴訟申索虧損及彌償保證虧損賠償淨額

In 2007, Wuxi Pan Asia, an indirect wholly-owned subsidiary of the Company, undertook several sales of EP products and equipment to Guannan County Government (灌南縣人民政府). It was agreed that Guannan County Government would grant a specified area of land to Wuxi Pan Asia as settlement for the trade receivables arising from the sales of EP products and equipment. In anticipation of the grant of the land, Wuxi Pan Asia established two companies in the PRC, namely 連雲港泛亞置業有限公司 (Lianyungang Pan Asia Properties Limited) ("Pan Asia Properties") and 連雲港民心置業有限公司 (Lianyungang Minxin Properties Limited) ("Minxin Properties") for the purpose of transfer of the land. On 16 October 2007, Wuxi Pan Asia entered into an agreement (the "Agreement") with two independent third parties (the "Plaintiffs"), with an aim to carry out a property development project on certain area of the land (the "First Land"). Under the Agreement, Wuxi Pan Asia was obliged to contribute the First Land to Pan Asia Properties as capital injection.

於二零零七年，本公司間接全資附屬公司無錫泛亞曾數次向灌南縣人民政府銷售環保產品及設備。經議定，灌南縣人民政府將向無錫泛亞出讓指定面積的一幅地塊，以償付環保產品及設備銷售所產生的應收貿易款項。由於預計會出讓該幅地塊，無錫泛亞在中國設立兩間公司，分別為連雲港泛亞置業有限公司（「泛亞置業」）及連雲港民心置業有限公司（「民心置業」），以便轉讓該幅地塊。於二零零七年十月十六日，無錫泛亞與兩名獨立第三方（「原告」）訂立一份協議（「協議」），旨在於該幅地塊若干區域（「第一幅地塊」）開展一項物業開發項目。根據協議，無錫泛亞須向泛亞置業提供第一幅地塊作為注資。

Notes to the Financial Statements

財務報表附註

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

5. LOSS FROM LITIGATION CLAIM AND COMPENSATION OF LOSS FROM INDEMNITY, NET (Continued)

However, Wuxi Pan Asia failed to receive the First Land as specified in the Agreement from Guannan County Government and another parcel of land (the “Second Land”) was then granted by Guannan County Government to Wuxi Pan Asia. As the Second Land was not within the scope of the Agreement and with the view that the Agreement had no legal binding effect on the Second Land, Wuxi Pan Asia assigned the Second Land to Minxin Properties (the “Assignment”) on 28 December 2009. According to the Assignment, Minxin Properties should undertake, among other things, to compensate any loss Wuxi Pan Asia may incur in consequence of breaching the Agreement. On the same day, Wuxi Pan Asia disposed of its entire equity interests in Minxin Properties to an independent third party.

In 2014, a civil case was brought against Wuxi Pan Asia by the Plaintiffs for breach of the Agreement (the “Litigation”). After subsequent proceedings and appeals, the case was finally adjudicated by the Jiangsu Higher People’s Court (江蘇省高級人民法院). With reference to the Jiangsu Higher People’s Court’s judgment dated 26 December 2016, Wuxi Pan Asia was liable for a total claimed amount of approximately RMB70,754,000 (the “Claimed Amount”).

Part of the Claimed Amount amounting to approximately RMB24,113,000 was accrued by the Group as “other payables” and included in trade and other payables in the consolidated statement of financial position in previous years and was reclassified as “payable for legal fees and liabilities arising from litigation claim” and included in trade and other payables in the consolidated statement of financial position as at 31 December 2016. The remaining balance of the Claimed Amount amounting to approximately RMB46,641,000 was provided for as “payable for legal fees and liabilities from litigation claim” and a loss from litigation claim amounting to approximately RMB46,641,000 was recognised in profit or loss during the year ended 31 December 2016.

5. 訴訟申索虧損及彌償保證虧損賠償淨額 (續)

然而，無錫泛亞未能從灌南縣人民政府收到協議指定的第一幅地塊，而灌南縣人民政府其後已向無錫泛亞出讓另一幅地塊（「第二幅地塊」）。由於第二幅地塊並不在協議規定範圍，且協議對第二幅地塊不具法律約束力，無錫泛亞於二零零九年十二月二十八日向民心置業轉讓第二幅地塊（「轉讓」）。根據轉讓，民心置業應承擔（其中包括）就無錫泛亞因違反協議而可能產生的任何虧損作出補償。同日，無錫泛亞向一名獨立第三方出售其於民心置業的全部股權。

於二零一四年，原告以無錫泛亞違反協議為理據提起民事訴訟（「訴訟」）。經後續訴訟及上訴後，該案件已由江蘇省高級人民法院作出最終判決。根據江蘇省高級人民法院於二零一六年十二月二十六日的判決，無錫泛亞須承擔總額約人民幣70,754,000元的賠償金（「賠償金」）。

部份賠償金約人民幣24,113,000元已由本集團計作「其他應付款項」，並計入過往年度綜合財務狀況表的應付貿易及其他款項及重新分類為「訴訟申索產生的應付法律費用及債項」，並已計入於二零一六年十二月三十一日之綜合財務狀況表的應付貿易及其他款項。餘下之賠償金約人民幣46,641,000元，已作為「訴訟申索產生的應付法律費用及債項」計提撥備及訴訟申索產生的虧損約人民幣46,641,000元已於截至二零一六年十二月三十一日止年度在損益中確認。

Notes to the Financial Statements

財務報表附註

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

5. LOSS FROM LITIGATION CLAIM AND COMPENSATION OF LOSS FROM INDEMNITY, NET (Continued)

In accordance with the Assignment, Minxin Properties was to compensate the loss of approximately RMB46,641,000 arising from the Litigation. On 28 December 2016, Minxin Properties signed an agreement with Wuxi Pan Asia and agreed to compensate the loss of approximately RMB46,641,000 arising from the Litigation, which was credited against the loss from the litigation claim in profit or loss and a receivable of compensation of loss from indemnity (Note 20) was recorded by the Group as at 31 December 2016. Minxi Properties subsequently settled the full amount to Wuxi Pan Asia on 27 March 2017.

On 24 September 2017, Wuxi Pan Asia entered into settlement agreement for the Litigation with the Plaintiffs and agreed to settle the Claimed Amount of approximately RMB70,754,000 together with additional costs and interests of approximately RMB3,783,000 (totaling RMB74,537,000). The additional costs and interests amounting to RMB3,783,000 was recognised as a loss from litigation claim during the year ended 31 December 2017. Wuxi Pan Asia settled the first instalment of approximately RMB17,012,000 in September 2017 and the remaining balance of approximately RMB57,525,000 was settled in March 2018.

5. 訴訟申索虧損及彌償保證虧損賠償淨額 (續)

根據轉讓，民心置業需承擔訴訟產生的虧損賠償約人民幣46,641,000元。於二零一六年十二月二十八日，民心置業與無錫泛亞簽立一份協議，同意負責訴訟產生的約人民幣46,641,000元的虧損賠償，該款項已於訴訟申索損益中扣減，而本集團已於二零一六年十二月三十一日記錄彌償保證虧損賠償應收款項(附註20)。民心置業其後已於二零一七年三月二十七日向無錫泛亞悉數結付有關款項。

於二零一七年九月二十四日，無錫泛亞與原告就訴訟訂立和解協議，並同意賠償金約人民幣70,754,000元連同額外成本及利息約人民幣3,783,000元(總額人民幣74,537,000元)。截至二零一七年十二月三十一日止年度，額外成本及利息人民幣3,783,000元已確認為訴訟申索虧損。無錫泛亞已於二零一七年九月結付第一期還款約人民幣17,012,000元，並於二零一八年三月結付餘額約人民幣57,525,000元。

Notes to the Financial Statements

財務報表附註

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

6. PROFIT BEFORE TAXATION

Profit before taxation from continuing operations is arrived at after charging the following:

6. 除稅前溢利

來自持續經營業務之除稅前溢利已扣除下列各項：

	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 (Restated) (重列)
a) Staff costs (including directors' emoluments) (Note):		
– Contributions to defined contribution retirement plans (Note 9)	475	665
– Salaries, wages and other benefits	10,991	10,781
	11,466	11,446
b) Finance costs:		
Interest expenses on corporate bonds	314	–
c) Other items:		
Amortisation of prepaid lease payments	59	59
Auditors' remuneration		
– audit services	1,237	1,152
– other services	1,082	416
Cost of inventories (Note)	472,642	502,628
Depreciation of property, plant and equipment	3,536	3,361
Impairment loss on trade receivables* (Note 20(a))	61,168	38,129
Impairment loss on other receivables* (Note 20(c))	–	4,911
Operating lease charges		
– leasing of properties	1,530	1,528
– leasing of director's quarter	208	–
– leasing of equipment	8	9
a) 員工成本 (包括董事酬金) (附註):		
– 定額供款退休計劃供款 (附註9)	475	665
– 工資、薪金及其他福利	10,991	10,781
	11,466	11,446
b) 融資成本:		
公司債券利息開支	314	–
c) 其他項目:		
預付租賃款項之攤銷	59	59
核數師酬金		
– 審計服務	1,237	1,152
– 其他服務	1,082	416
存貨成本 (附註)	472,642	502,628
物業、廠房及設備之折舊	3,536	3,361
應收貿易款項之減值虧損* (附註20(a))	61,168	38,129
其他應收款項之減值虧損* (附註20(c))	–	4,911
經營租賃費用		
– 租用物業	1,530	1,528
– 租用董事宿舍	208	–
– 租用設備	8	9

Notes to the Financial Statements 財務報表附註

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

6. PROFIT BEFORE TAXATION (Continued)

- * These items are included in other operating expenses in the consolidated statement of profit or loss and other comprehensive income.

Note:

During the year ended 31 December 2017, cost of inventories includes approximately RMB852,000 (2016: RMB922,000) relating to staff costs and depreciation, which amount is also included in the respective total amounts disclosed separately above.

7. DISCONTINUED OPERATION

On 31 October 2017, Wuxi Pan Asia entered into an asset transfer agreement with Jiangsu Pan Asia, which is an indirect wholly-owned subsidiary of the Company, pursuant to which Wuxi Pan Asia agreed to sell certain assets associated with the operation of sales of EP products and equipment to Jiangsu Pan Asia at a consideration of approximately RMB1,231,008,000 (the "Asset Transfer"). After completion of the Asset Transfer, Wuxi Pan Asia will only retain the assets and liabilities associated with the operation of manufacture and sales of EP construction materials. The Asset Transfer was completed on 16 January 2018.

On 31 October 2017, the Group entered into a sale and purchase agreement (the "S&P Agreement") with an independent third party (the "Purchaser"), pursuant to which the Group conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire equity interests in Wuxi Pan Asia after the completion of the Asset Transfer at a consideration of RMB44,000,000 (the "Disposal").

6. 除稅前溢利 (續)

- * 該等項目計入綜合損益及其他全面收益表之其他經營開支。

附註：

截至二零一七年十二月三十一日止年度，存貨成本包括有關員工成本及折舊約人民幣852,000元（二零一六年：人民幣922,000元），而該金額亦已計入上文分開披露之總金額內。

7. 已終止經營業務

於二零一七年十月三十一日，無錫泛亞與江蘇泛亞，本公司之間接全資附屬公司，訂立資產轉讓協議，據此，無錫泛亞同意以代價約人民幣1,231,008,000元向江蘇泛亞出售與環保產品及設備銷售業務相關之若干資產（「資產轉讓」）。於資產轉讓完成後，無錫泛亞僅將保留與製造及銷售環保建築材料相關業務之資產及負債。資產轉讓已於二零一八年一月十六日完成。

於二零一七年十月三十一日，本集團與一名獨立第三方（「買方」）訂立買賣協議（「買賣協議」），據此，本集團有條件同意出售而買方有條件同意於資產轉讓完成後，按代價人民幣44,000,000元購買無錫泛亞所有股權（「出售事項」）。

Notes to the Financial Statements

財務報表附註

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

7. DISCONTINUED OPERATION (Continued)

Details of the Asset Transfer and the Disposal are set out in the Company's announcements dated 31 October 2017, 14 November 2017 and 18 January 2018.

Subject to the fulfillment of the two conditions precedent in the S&P Agreement which include (a) the Group and the Purchaser having obtained all necessary consents or approvals from relevant government authorities or regulatory authorities (if required) and (b) the completion of the Asset Transfer, the directors of the Company are of the opinion that the Disposal is highly probable because the Company's board of directors has formally approved the Disposal and there is no need to obtain the approval from the Company's shareholders as the Disposal constituted a disclosable transaction under Chapter 14 of the Listing Rules. In addition, the conditions precedent under the S&P Agreement have been fulfilled on 16 January 2018 and the Disposal was completed on 16 January 2018 accordingly. The directors of the Company are of the view that the disposal company constituted a separate major line of the Group's business and accordingly, the Group's operation of manufacture and sales of EP construction materials is classified as a discontinued operation.

The results and cash flows from the discontinued operation are analysed as follows. The comparative figures in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows have been restated to present the operation of manufacture and sales of EP construction materials as a discontinued operation.

7. 已終止經營業務 (續)

資產轉讓及出售事項之詳情載於本公司日期為二零一七年十月三十一日、二零一七年十一月十四日及二零一八年一月十八日之公告。

受到買賣協議中兩項先決條件須獲達成所規限，先決條件包括(a)本集團及買方已取得一切所需同意或來自有關政府部門或監管當局(如有需要)的批准及(b)完成資產轉讓，本公司董事認為，出售事項極有可能發生，因為本公司董事會已正式批准出售事項，且由於出售事項根據上市規則第14章構成須予披露交易，故毋須取得本公司股東批准。此外，買賣協議項下之先決條件已於二零一八年一月十六日獲達成，而出售事項已於二零一八年一月十六日完成。因此本公司董事認為，出售公司構成本集團業務中獨立的主要業務，因此，本集團製造及銷售環保建築材料的業務已分類為已終止經營業務。

已終止經營業務的業績及現金流量分析如下。綜合損益及其他全面收益表及綜合現金流量表中的比較數字已重列，以呈現製造及銷售環保建築材料的業務已分類為已終止經營業務。

Notes to the Financial Statements

財務報表附註

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

7. DISCONTINUED OPERATION (Continued)

7. 已終止經營業務 (續)

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Results from discontinued operation:	來自已終止經營業務之業績：		
Revenue	收入	18,249	176,500
Cost of sales	銷售成本	(58,017)	(100,417)
Gross (loss)/profit	(毛虧)／毛利	(39,768)	76,083
Other income	其他收益	9,572	788
Other loss	其他虧損	-	(3,831)
Selling and distribution expenses	銷售及分銷開支	(38,281)	(38,438)
General and administrative expenses	一般及行政開支	(1,442)	(1,535)
Other operating expenses	其他經營開支	(113,444)	(11,697)
(Loss)/profit before taxation	除稅前 (虧損)／溢利	(183,363)	21,370
Income tax expenses	所得稅開支	(99)	(3,611)
(Loss)/profit for the year from discontinued operation attributable to owners of the Company	本公司擁有人應佔年內來自已終止經營業務之 (虧損)／溢利	(183,462)	17,759

Notes to the Financial Statements

財務報表附註

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

7. DISCONTINUED OPERATION (Continued)

Taxation relating to discontinued operation in the results from discontinued operation represents:

Current tax:

PRC Enterprise Income Tax
– Provision for the year (Note 26(a))

Deferred tax:

Origination and reversal of temporary differences (Note 26(b))
Effect on change in tax rate (Note 26(b))

Income tax expenses

即期稅項：

中國企業所得稅
– 本年度撥備
(附註26(a))

遞延稅項：

暫時差異之產生
及撥回 (附註26(b))
稅率變動之影響
(附註26(b))

所得稅開支

7. 已終止經營業務 (續)

於已終止經營業務之業績內有關已終止經營業務之稅項指：

	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
	–	3,107
	99	99
	–	405
	99	504
	99	3,611

Notes to the Financial Statements

財務報表附註

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

7. DISCONTINUED OPERATION (Continued)

(Loss)/profit before taxation from discontinued operation is arrived at after charging/(crediting) the following:

7. 已終止經營業務 (續)

來自已終止經營業務之除稅前(虧損)/溢利已扣除/(計入)下列各項:

		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
Allowance for write down of inventories ⁵	存貨減值撥備 ⁵	19,984	-
Amortisation of prepaid lease payments	預付租賃款項之攤銷	1,132	1,132
Cost of inventories (Note)	存貨成本 (附註)	58,017	100,417
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	22,786	22,854
Government grants ¹	政府補助 ¹	(658)	(658)
Impairment loss on trade receivables ⁵ (Note 20(a))	應收貿易款項之減值虧損 ⁵ (附註20(a))	91,125	9,002
Impairment loss on other receivables ⁵ (Note 20(c))	其他應收款項之減值虧損 ⁵ (附註20(c))	2,335	-
Loss on disposals of property, plant and equipment ³	出售物業、廠房及設備之 虧損 ³	-	(3,831)
Marketing and promotional expenses ⁴ (Note 17(b))	市場推廣及宣傳開支 ⁴ (附註17(b))	37,358	37,358
Reversal of impairment loss on trade receivables ² (Note 20(a))	回撥應收貿易款項之 減值虧損 ² (附註20(a))	(8,914)	(130)
Research and development expenses ⁵ (Note 17(b))	研發開支 ⁵ (附註17(b))	-	2,695
Staff costs	員工成本		
- Contributions to defined contribution retirement plans (Note 9)	- 定額供款退休計劃的供款 (附註9)	327	357
- Salaries, wages and other benefits	- 薪金、工資及其他福利	2,807	3,607
		3,134	3,964
Cash flows from discontinued operation:	來自已終止經營業務之 現金流量:		
Net cash (outflows)/inflows from operating activities	來自經營活動之現金 (流出)/流入淨額	(8,109)	86,366
Net cash outflows from investing activities	來自投資活動之現金流出淨額	-	(246)
Net cash (outflows)/inflows from discontinued operation	來自已終止經營業務之 現金(流出)/流入淨額	(8,109)	86,120

Notes to the Financial Statements 財務報表附註

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

7. DISCONTINUED OPERATION (Continued)

(Loss)/profit before taxation from discontinued operation is arrived at after charging/(crediting) the following:
(Continued)

- 1 The amount represents the government grants of approximately RMB658,000 (2016: RMB658,000) relating to the subsidies from the PRC government for acquisition of property, plant and equipment which was released from deferred government grants to profit or loss during the year ended 31 December 2017, and the amount is included in other income in the results from discontinued operation as disclosed above.
- 2 The item is included in other income in the results from discontinued operation as disclosed above.
- 3 This item is included in other loss in the results from discontinued operation as disclosed above.
- 4 This item is included in selling and distribution expenses in the results from discontinued operation as disclosed above.
- 5 These items are included in other operating expenses in the results from discontinued operation as disclosed above.

Note:

During the year ended 31 December 2017, cost of inventories includes approximately RMB24,411,000 (2016: RMB24,967,000) relating to staff costs and depreciation, which amount is also included in the respective total amounts disclosed separately above.

7. 已終止經營業務 (續)

來自已終止經營業務之除稅前(虧損)/溢利已扣除/(計入)下列各項:(續)

- 1 該金額指與來自中國政府就收購物業、廠房及設備而作出的約人民幣658,000元(二零一六年:人民幣658,000元)的政府補助,其於截至二零一七年十二月三十一日止年度自遞延政府補助撥至損益,且該金額計入如上述披露來自已終止經營業務之業績之其他收益。
- 2 該項目計入如上述披露來自已終止經營業務之業績之其他收益。
- 3 該項目計入如上述披露來自已終止經營業務之業績之其他虧損。
- 4 該項目計入如上述披露來自已終止經營業務之業績之銷售及分銷開支。
- 5 該等項目計入如上述披露來自已終止經營業務之業績之其他經營開支。

附註:

截至二零一七年十二月三十一日止年度,存貨成本包括有關員工成本及折舊約人民幣24,411,000元(二零一六年:人民幣24,967,000元),而該金額亦已計入上文分開披露之總金額內。

Notes to the Financial Statements

財務報表附註

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

8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

- a) Taxation relating to continuing operations in the consolidated statement of profit or loss and other comprehensive income represents:

Current tax:

PRC Enterprise Income Tax
– Provision for the year
(Note 26(a))

Deferred tax:

Origination and reversal of temporary differences (Note 26(b))
Effect on change in tax rate
(Note 26(b))

Income tax (credit)/expenses

即期稅項：

中國企業所得稅
– 本年度撥備
(附註26(a))

遞延稅項：

暫時差異之產生及撥回 (附註26(b))
稅率變動之影響
(附註26(b))

所得稅 (抵免)/開支

- i) The Company and its subsidiaries incorporated in the British Virgin Islands are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.
- ii) PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profits of the Company's subsidiaries established in the PRC during the years ended 31 December 2017 and 2016.
- iii) Pursuant to the relevant tax laws and regulations in the PRC, Wuxi Pan Asia is classified as foreign invested "High and New Technology Enterprises" and is entitled to a preferential income tax rate of 15% for a period of three years from 1 January 2016.

8. 於綜合損益及其他全面收益表之所得稅

- a) 於綜合損益及其他全面收益表內有關持續經營業務之稅項指：

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 (Restated) (重列)
8,683	14,628
(20,099)	3,180
-	(949)
(20,099)	2,231
(11,416)	16,859

- i) 本公司及其於英屬處女群島註冊成立之附屬公司根據彼等各自註冊成立之國家之規則及規例毋須繳付任何所得稅。
- ii) 中國企業所得稅乃根據本公司於中國成立之附屬公司於截至二零一七年及二零一六年十二月三十一日止年度之估計應課稅溢利按稅率25%計算。
- iii) 根據中國相關稅法及法規，無錫泛亞獲分類為外商投資之「高新技術企業」，並有權於二零一六年一月一日起三年期間享有優惠所得稅率15%。

Notes to the Financial Statements

財務報表附註

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

8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

- a) Taxation relating to continuing operations in the consolidated statement of profit or loss and other comprehensive income represents: (Continued)
- iv) No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2017 and 2016 as the Group did not have assessable profits arising in Hong Kong during both years.
- v) The PRC Enterprise Income Tax Law also requires withholding tax of 10% upon distribution of profits by the subsidiaries established in the PRC since 1 January 2008 to its overseas shareholders.
- b) Reconciliation between tax expenses and accounting profit at applicable tax rates is as follows:

8. 於綜合損益及其他全面收益表之所得稅 (續)

- a) 於綜合損益及其他全面收益表內有關持續經營業務之稅項指：(續)
- iv) 由於本集團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源自香港之應課稅溢利，故於該兩個年度並無就香港利得稅作出撥備。
- v) 中國企業所得稅法亦規定，自二零零八年一月一日起，中國附屬公司向其海外股東所作溢利分派須按10%的稅率繳納預扣稅。
- b) 按適用稅率計算之稅項支出與會計溢利之對賬如下：

		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 (Restated) (重列)
Profit before taxation from continuing operations	來自持續經營業務之除稅前溢利	24,687	74,543
Notional tax on profit before taxation calculated at the statutory rates applicable to respective tax jurisdictions	按適用於在各自司法權區之法定稅率計算除稅前溢利之名義稅項	7,471	19,836
Tax effect of non-deductible expenses	不可扣稅開支之稅務影響	2,959	2,312
Tax effect of unused tax losses not recognised	未確認尚未動用稅項虧損之稅務影響	183	382
Tax effect of utilisation of tax losses previously not recognised	動用過往未確認稅項虧損之稅務影響	(673)	-
Tax effect of concessionary tax rate granted to a subsidiary	授予一間附屬公司優惠稅率之稅務影響	(598)	(8,927)
Decrease in opening deferred tax liabilities resulting from decrease in applicable tax rate of a subsidiary	一間附屬公司的適用稅率調降引致年初遞延稅項負債減少	-	(3,021)
Decrease in opening deferred tax assets resulting from decrease in applicable tax rate of a subsidiary	一間附屬公司的適用稅率調降引致年初遞延稅項資產減少	-	2,072
Tax effect of withholding tax at 10% on distributable profits of the subsidiaries established in the PRC	於中國成立之附屬公司可分派溢利按10%預扣稅之稅務影響	(20,758)	4,205
Income tax (credit)/expenses	所得稅 (抵免)/支出	(11,416)	16,859

Notes to the Financial Statements 財務報表附註

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

9. RETIREMENT BENEFITS COSTS

Defined contribution retirement plan

The Group has arranged for its Hong Kong employees employed under the jurisdiction of the Hong Kong Employment Ordinance to join the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance and Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan managed by independent trustees. Under the MPF Scheme, the Group (the employer) and its employees makes monthly contributions to the scheme at 5% of the employees' relevant income as defined under the Mandatory Provident Fund Schemes Ordinance. The contributions from each of the employer and employees are subject to a cap of HK\$1,500 per month and thereafter contributions are voluntary. Contributions to the plan vest immediately.

The employees of the Company's subsidiaries established in the PRC are members of a state-sponsored retirement plan operated by the local government in the PRC and these subsidiaries make mandatory contributions to the state-sponsored retirement plan to fund the employees retirement benefits. The retirement contributions paid by these subsidiaries are based on a certain percentage of the relevant portion of the payroll of all qualifying employees in accordance with the relevant regulations in the PRC and are charged to profit or loss as incurred. The Group discharges its retirement obligations upon payment of the retirement contributions to the state-sponsored retirement plan operated by the local governments in the PRC.

9. 退休福利成本

定額供款退休計劃

根據香港強制性公積金計劃條例及香港僱傭條例規定，本集團已安排其根據香港僱傭條例管轄下所僱用的香港僱員參與強制性公積金計劃（「強積金計劃」）。強積金計劃乃由獨立受託人管理之定額供款退休計劃。根據強積金計劃，本集團（作為僱主）及其僱員須每月各自按僱員相關收入（定義見強制性公積金計劃條例）之5%向該計劃作出供款。僱主及僱員每月各自之供款以1,500港元為上限，另可自願額外供款。對該計劃之供款即時歸屬。

本公司於中國成立之附屬公司之僱員均參與中國當地政府運作並由國家資助之退休福利計劃，該等附屬公司向該項國家資助之退休福利計劃強制性供款以為僱員之退休福利提供資金。該等中國附屬公司之退休金供款乃基於所有合資格僱員薪酬之有關部份之特定百分比，及根據中國之有關規定，並按照所發生之金額計入損益表。本集團在向由中國地方政府運作並由國家資助之退休金計劃供款之後即為已履行其於僱員退休福利方面之責任。

Notes to the Financial Statements

財務報表附註

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

9. RETIREMENT BENEFITS COSTS (Continued)

Defined contribution retirement plan (Continued)

The Group's contributions to defined contribution retirement plans for the years ended 31 December 2017 and 2016 are as follows:

Contributions to defined contribution retirement plans	定額供款退休計劃供款
- from continuing operations (Note 6(a))	- 來自持續經營業務 (附註6(a))
- from discontinued operation (Note 7)	- 來自已終止經營業務 (附註7)

9. 退休福利成本 (續)

定額供款退休計劃 (續)

本集團截至二零一七年及二零一六年十二月三十一日止年度之定額供款退休計劃供款如下：

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
475	665
327	357
802	1,022

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The directors of the Company are members of the senior management of the Group during the years ended 31 December 2017 and 2016. Directors' emoluments 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) Regulations are as follows:

10. 董事及最高行政人員酬金

截至二零一七年及二零一六年十二月三十一日止年度，本公司董事亦為本集團高級管理層成員。根據香港公司條例第383(1)條及公司(披露董事利益資料)規例2部所披露之董事酬金如下：

Fees	袍金
Salaries, allowances and other benefits	薪金、津貼及其他利益
Contributions to defined contribution retirement plans	定額供款退休計劃供款

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
1,653	928
460	1,451
5	28
2,118	2,407

Notes to the Financial Statements

財務報表附註

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

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

10. 董事及最高行政人員酬金 (續)

Name of director	董事姓名	Year ended 31 December 2017 截至二零一七年十二月三十一日止年度			Total 總計 RMB'000 人民幣千元
		Fees 袍金 RMB'000 人民幣千元	Salaries, allowances and other benefits 薪金、津貼及 其他利益 RMB'000 人民幣千元	Contributions to defined contribution retirement plans 定額供款 退休計劃供款 RMB'000 人民幣千元	
Executive directors 執行董事					
Mr. Jiang Xin (Notes (i) & (vi))	蔣鑫先生 (附註(i)及(vi))	104	208	-	312
Mr. Jiang Quanlong (Note (ii))	蔣泉龍先生 (附註(ii))	73	252	5	330
Mr. Cho Yu Chung (Note (iii))	曹宇頌先生 (附註(iii))	1,081	-	-	1,081
Non-executive director 非執行董事					
Mr. Fan Yajun (Note (v))	范亞軍先生 (附註(v))	104	-	-	104
Independent non-executive directors 獨立非執行董事					
Mr. Lai Wing Lee	賴永利先生	52	-	-	52
Mr. Leung Shu Sun, Sunny	梁樹新先生	187	-	-	187
Professor Wang Guozhen	王國珍教授	52	-	-	52
		1,653	460	5	2,118

Notes to the Financial Statements

財務報表附註

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

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

10. 董事及最高行政人員酬金 (續)

Name of director	董事姓名	Year ended 31 December 2016 截至二零一六年十二月三十一日止年度			Total 總計
		Fees 袍金 RMB'000 人民幣千元	Salaries, allowances and other benefits 薪金、津貼及 其他利益 RMB'000 人民幣千元	Contributions to defined contribution retirement plans 定額供款 退休計劃供款 RMB'000 人民幣千元	
Executive directors	執行董事				
Mr. Jiang Xin (Note (i))	蔣鑫先生 (附註(i))	–	–	–	–
Mr. Jiang Quanlong (Note (ii))	蔣泉龍先生 (附註(ii))	104	356	6	466
Mr. Jiang Lei (Note (iv))	蔣磊先生 (附註(iv))	104	1,095	22	1,221
Mr. Cho Yu Chung (Note (iii))	曹宇頌先生 (附註(iii))	325	–	–	325
Non-executive director	非執行董事				
Mr. Fan Yajun (Note (v))	范亞軍先生 (附註(v))	104	–	–	104
Independent non-executive directors	獨立非執行董事				
Mr. Lai Wing Lee	賴永利先生	52	–	–	52
Mr. Leung Shu Sun, Sunny	梁樹新先生	187	–	–	187
Professor Wang Guozhen	王國珍教授	52	–	–	52
		<u>928</u>	<u>1,451</u>	<u>28</u>	<u>2,407</u>

Notes to the Financial Statements 財務報表附註

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

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Notes:

- (i) Mr. Jiang Xin was appointed as the Chief Executive Officer and executive director of the Company with effect from 22 December 2016 and was appointed as the Chairman of the Company with effect from 15 September 2017.
- (ii) Mr. Jiang Quanlong resigned as the Chairman and executive director of the Company on 15 September 2017.
- (iii) Mr. Cho Yu Chung was appointed as an executive director of the Company with effect from 28 September 2016 and resigned as executive director of the Company on 31 January 2018.
- (iv) Mr. Jiang Lei resigned as the Chief Executive Officer and executive director of the Company with effect from 22 December 2016.
- (v) Mr. Fan Yajun, previously an executive director of the Company, was re-designated as a non-executive director of the Company with effect from 12 April 2016.
- (vi) During the year ended 31 December 2017, the Group provided director's quarter accommodation amounting to approximately RMB208,000 (2016: Nil) to Mr. Jiang Xin.

As at 31 December 2017 and 2016, the directors of the Company held share options under the Company's share option scheme. Details of which are disclosed in note 31.

During the years ended 31 December 2017 and 2016, no directors received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office. No directors has waived or agreed to waive any emoluments during both years.

10. 董事及最高行政人員酬金 (續)

附註：

- (i) 蔣鑫先生獲委任為本公司行政總裁及執行董事，自二零一六年十二月二十二日起生效，並獲委任為本公司主席，自二零一七年九月十五日起生效。
- (ii) 蔣泉龍先生於二零一七年九月十五日辭任本公司主席及執行董事。
- (iii) 曹宇頌先生獲委任為本公司執行董事，自二零一六年九月二十八日起生效，並於二零一八年一月三十一日辭任本公司執行董事。
- (iv) 蔣磊先生辭任本公司行政總裁及執行董事，自二零一六年十二月二十二日起生效。
- (v) 范亞軍先生先前為本公司執行董事，獲調任為本公司非執行董事，自二零一六年四月十二日起生效。
- (vi) 截至二零一七年十二月三十一日止年度，本集團提供蔣鑫先生董事宿舍住宿約人民幣208,000元（二零一六年：零）。

於二零一七年及二零一六年十二月三十一日，本公司董事根據本公司購股權計劃持有購股權。有關購股權詳情載於附註31。

截至二零一七年及二零一六年十二月三十一日止年度，概無董事已自本集團收取任何酬金作為促使加入或於加入本集團時之獎金或離職之賠償。概無董事於該兩個年度放棄或同意放棄任何酬金。

Notes to the Financial Statements

財務報表附註

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

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Five highest paid individuals

Of the five individuals with the highest emoluments, one (2016: two) are directors of the Company whose emoluments are disclosed in note 10. The aggregate of the emoluments in respect of the remaining four (2016: three) individuals from the continuing operations are as follows:

Salaries, allowances and other benefits	薪金、津貼及其他利益
Contributions to defined contribution retirement plans	定額供款退休計劃供款

During the years ended 31 December 2017 and 2016, no emoluments were paid or payable by the Group to the five highest paid individuals as inducement to join or upon joining the Group or as compensation for loss of office during both years.

The emoluments of the above four (2016: three) individuals with the highest emoluments are within the following bands:

Bands:	組別:
Nil to HK\$1,000,000	零至1,000,000港元
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元

11. 最高酬金人士及高級管理人員酬金

(a) 五名最高薪人士

五位最高酬金人士包括一位(二零一六年:兩位)本公司董事,其酬金詳情披露於附註10。餘下來自持續經營業務之四位(二零一六年:三位)人士之酬金合計如下:

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
3,206	2,308
76	42
3,282	2,350

截至二零一七年及二零一六年十二月三十一日止年度,本集團概無向五位最高酬金人士支付或應付任何酬金作為於兩個年度促使加入或於加入本集團時之獎金或離職之賠償。

上述四位(二零一六年:三位)最高酬金人士之酬金組別如下:

Number of individuals 人數	
2017 二零一七年	2016 二零一六年
3	2
1	1
4	3

Notes to the Financial Statements 財務報表附註

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

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(b) Senior management's emoluments

The emoluments paid or payable to senior management are within the following bands:

Bands:	組別：
Nil to HK\$1,000,000	零至1,000,000港元
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元

Note: The total numbers of individuals included one (2016: one) individual of senior management from the discontinued operation whose emolument was within "Nil to HK\$1,000,000" band during the year ended 31 December 2017.

12. DIVIDENDS

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

11. 最高酬金人士及高級管理人員酬金 (續)

(b) 高級管理人員酬金

已付或應付予高級管理人員之酬金組別如下：

Number of individuals 人數

2017 二零一七年	2016 二零一六年
5	5
1	1
6	6

附註：截至二零一七年十二月三十一日止年度，高級管理人員之總人數包括一位（二零一六年：一位）來自已終止經營業務而其酬金歸入於「零至1,000,000港元」之組別。

12. 股息

本公司董事不建議派付截至二零一七年十二月三十一日止年度之末期股息（二零一六年：無）。

Notes to the Financial Statements

財務報表附註

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

13. (LOSS)/EARNINGS PER SHARE

From continuing and discontinued operations:

The calculation of the basic and diluted (loss)/earnings per share attributable to owners of the Company is based on the following data:

Earnings

(Loss)/profit for the year attributable to owners of the Company for the purposes of basic and diluted (loss)/earnings per share

盈利

就計算每股基本及攤薄(虧損)/盈利而言的本公司擁有人應佔年內(虧損)/溢利

Number of shares

Weighted average number of ordinary shares for the purposes of calculating basic (loss)/earnings per share

股份數目

就計算每股基本(虧損)/盈利而言的普通股加權平均數

Add: Effects of dilutive potential ordinary shares from share options

加：購股權的潛在攤薄普通股影響

Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share

就計算每股攤薄盈利而言的普通股加權平均數

Diluted loss per share for the year ended 31 December 2017 was RMB17.54 cents per share which was the same as the basic loss per share for the year because the exercise of the Company's outstanding share options would have anti-dilutive effect.

13. 每股(虧損)/盈利

來自持續經營及已終止經營業務：

本公司擁有人應佔每股基本及攤薄(虧損)/盈利乃按以下數據計算：

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 (Restated) (重列)
(147,359)	75,443
2017 二零一七年	2016 二零一六年
840,000,000	840,000,000
	11,455,388
	851,455,388

由於行使本公司尚未行使購股權具有反攤薄影響，故截至二零一七年十二月三十一日止年度之每股攤薄虧損為每股人民幣17.54分與年內每股基本虧損相同。

Notes to the Financial Statements

財務報表附註

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

13. (LOSS)/EARNINGS PER SHARE (Continued)

From continuing operations:

The calculation of the basic and diluted (loss)/earnings per share from continuing operations attributable to owners of the Company is based on the following data:

Earnings figures are calculated as follows:

(Loss)/profit for the year attributable to owners of the Company from continuing and discontinued operations	本公司擁有人應佔年內來自持續經營及已終止經營業務之(虧損)/溢利
Adjusted for: Loss/(profit) for the year from discontinued operation attributable to owners of the Company	調整: 本公司擁有人應佔年內來自已終止經營業務之虧損/(溢利)
Earnings for the purposes of basic and diluted earnings per share from continuing operations	就計算每股基本及攤薄盈利而言的來自持續經營業務之盈利

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share from continuing and discontinued operations.

13. 每股(虧損)/盈利(續)

來自持續經營業務:

本公司擁有人應佔來自持續經營業務之每股基本及攤薄(虧損)/盈利乃按以下數據計算:

盈利數字計算如下:

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 (Restated) (重列)
(147,359)	75,443
183,462	(17,759)
36,103	57,684

來自持續經營及已終止經營業務之每股基本及攤薄(虧損)/盈利所使用之分母均與上文所詳述者相同。

Notes to the Financial Statements

財務報表附註

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

13. (LOSS)/EARNINGS PER SHARE (Continued)

From discontinued operation:

Basic (loss)/earnings per share

Basic (loss)/earnings per share from discontinued operation for the year ended 31 December 2017 was RMB(21.84) cents (2016: basic earnings of RMB2.11 cents) per share, based on the loss for the year from discontinued operation attributable to owners of the Company amounting to approximately RMB183,462,000 (2016: profit of RMB17,759,000) during the year and the denominators detailed above for basic (loss)/earnings per share from continuing and discontinued operations.

Diluted (loss)/earnings per share

Diluted loss per share from discontinued operation for the year ended 31 December 2017 was RMB21.84 cents per share which was the same as the basic loss per share from discontinued operation because the exercise of the Company's outstanding share options would have anti-dilutive effect.

Diluted earnings per share from discontinued operation for the year ended 31 December 2016 was RMB2.09 cents per share, based on the profit for that year from discontinued operation attributable to owners of the Company amounting to approximately RMB17,759,000 during that year and the denominators detailed above for diluted earnings per share from continuing and discontinued operations.

13. 每股(虧損)/盈利(續)

來自已終止經營業務：

每股基本(虧損)/盈利

截至二零一七年十二月三十一日止年度，來自已終止經營業務之每股基本(虧損)/盈利為每股人民幣(21.84)分(二零一六年：基本盈利人民幣2.11分)，乃根據該年度本公司擁有人應佔年內來自已終止經營業務之虧損約人民幣183,462,000元(二零一六年：溢利人民幣17,759,000元)及上文就來自持續經營及已終止經營業務之每股基本(虧損)/盈利所詳述的分母計算。

每股攤薄(虧損)/盈利

由於行使本公司尚未行使購股權具有反攤薄影響，故截至二零一七年十二月三十一日止年度來自已終止經營業務之每股攤薄虧損為每股人民幣21.84分與年內來自已終止經營業務之每股基本虧損相同。

截至二零一六年十二月三十一日止年度，來自已終止經營業務之每股攤薄盈利為每股人民幣2.09分，乃根據該年度本公司擁有人應佔年內來自已終止經營業務之溢利約人民幣17,759,000元及上文就來自持續經營及已終止經營業務之每股攤薄盈利所詳述的分母計算。

Notes to the Financial Statements

財務報表附註

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

14. PREPAID LEASE PAYMENTS

Carrying amount:	賬面值：
As at 1 January	於一月一日
Amortisation for the year	年內攤銷
As at 31 December	於十二月三十一日
Analysed by:	分析如下：
Non-current portion	非流動部份
Current portion	流動部份
Total	總計

The prepaid lease payments represent prepayments of lease premium for lands situated in the PRC under medium-term leases. The amortisation charge for the year is included in “general and administrative expenses” in the consolidated statement of profit or loss and other comprehensive income.

The Group is in the process of obtaining the land use right certificate for a leasehold land with carrying amount of RMB13,201,000 as at 31 December 2017 (2016: RMB13,508,000).

14. 預付租賃款項

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
52,149	53,340
(1,191)	(1,191)
50,958	52,149
49,767	50,958
1,191	1,191
50,958	52,149

預付租賃款項指根據中期租賃條款支付之位於中國之預付土地租金。本年度攤銷費用計入綜合損益及其他全面收益表之「一般及行政開支」內。

本集團正就於二零一七年十二月三十一日的賬面值為人民幣13,201,000元（二零一六年：人民幣13,508,000元）的租賃土地獲取土地使用權證。

Notes to the Financial Statements

財務報表附註

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

15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

		Buildings	Furniture, fixtures and equipment	Leasehold improvements	Machineries	Motor vehicles	Molding	Construction in progress	Total
		樓宇	傢俬、裝置及設備	租賃物業裝修	機器	汽車	模具	在建工程	總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(Note)							
		(附註)							
Cost:	成本：								
As at 1 January 2016	於二零一六年一月一日	189,574	3,659	24,122	186,161	8,803	15,473	130,283	558,075
Additions	添置	-	42	-	-	-	-	246	288
Transfers	轉撥	-	-	3,982	919	-	-	(4,901)	-
Disposals	出售	-	-	(4,552)	-	-	-	-	(4,552)
Exchange adjustments	匯兌調整	-	19	17	-	40	-	-	76
As at 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	189,574	3,720	23,569	187,080	8,843	15,473	125,628	553,887
Additions	添置	-	20	-	-	-	-	-	20
Disposals	出售	-	-	-	-	(580)	-	-	(580)
Write-off	撇銷	-	(269)	(259)	-	-	-	-	(528)
Transfer to assets classified as held for sale (Note 28)	轉撥至分類為持作出售之資產 (附註28)	-	-	-	(167,251)	-	(15,473)	(96,804)	(279,528)
Exchange adjustments	匯兌調整	-	(12)	(8)	-	(41)	-	-	(61)
As at 31 December 2017	於二零一七年十二月三十一日	189,574	3,459	23,302	19,829	8,222	-	28,824	273,210
Accumulated depreciation:	累計折舊：								
As at 1 January 2016	於二零一六年一月一日	38,814	2,129	2,834	63,488	6,552	15,422	-	129,239
Charge for the year	本年度開支	8,529	364	1,251	15,376	644	51	-	26,215
Eliminated on disposals	出售時減除	-	-	(721)	-	-	-	-	(721)
Exchange adjustments	匯兌調整	-	18	17	-	21	-	-	56
As at 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	47,343	2,511	3,381	78,864	7,217	15,473	-	154,789
Charge for the year	本年度開支	8,526	330	1,331	15,460	675	-	-	26,322
Eliminated on disposals	出售時減除	-	-	-	-	(541)	-	-	(541)
Eliminated on write-off	撇銷時減除	-	(269)	(259)	-	-	-	-	(528)
Transfer to assets classified as held for sale (Note 28)	轉撥至分類為持作出售之資產 (附註28)	-	-	-	(78,675)	-	(15,473)	-	(94,148)
Exchange adjustments	匯兌調整	-	(9)	(9)	-	(30)	-	-	(48)
As at 31 December 2017	於二零一七年十二月三十一日	55,869	2,563	4,444	15,649	7,321	-	-	85,846
Carrying amounts:	賬面值：								
As at 31 December 2017	於二零一七年十二月三十一日	133,705	896	18,858	4,180	901	-	28,824	187,364
As at 31 December 2016	於二零一六年十二月三十一日	142,231	1,209	20,188	108,216	1,626	-	125,628	399,098

Note:

All the buildings are situated in the PRC and are situated on lands held under medium-term leases.

附註：

所有樓宇均位於中國及位於根據中期租賃條款持有之土地上。

Notes to the Financial Statements

財務報表附註

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

16. AVAILABLE-FOR-SALE FINANCIAL ASSET

16. 可供出售金融資產

		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
Unlisted equity investment in the PRC, at cost	按成本計算之於中國 非上市股本投資	9,000	9,000
Less: Impairment losses recognised	減：已確認之減值虧損	(9,000)	(9,000)
		<u> -</u>	<u> -</u>

The unlisted equity investment represents 5% equity interest in a private entity established in the PRC. The unlisted equity investment, which is not held for short-term trading, is carried at cost less accumulated impairment losses as the investment does not have a quoted price in an active market and the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be measured reliably. As at 31 December 2017, the Group does not intend to dispose of the investment in the near future.

非上市股本投資為在中國成立之私人實體之5%股權。並非為短期買賣而持有之非上市股本投資，由於並無活躍市場所報價格且其合理公平價值估計的範圍太大因而本公司董事認為其公平值不能可靠地計量，故按成本減累計減值虧損列賬。於二零一七年十二月三十一日，本集團並不擬於不久將來出售該投資。

Notes to the Financial Statements

財務報表附註

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

17. PREPAYMENTS FOR CONSULTATION, MARKETING AND PROMOTIONAL SERVICES

- (a) Movements of prepayments for consultation, marketing and promotional services, based on estimated dates of services rendered, during the year are as follows:

As at 1 January	於一月一日	
Utilised and charged to profit or loss	已動用及計入損益	
Transfer to assets classified as held for sale (Note 28)	轉撥至分類為持作出售之資產 (附註28)	
As at 31 December	於十二月三十一日	
Analysed for reporting purposes as follows:	就呈報分析如下:	
Non-current portion	非流動部份	
Current portion (included in trade and other receivables (Note 20))	流動部份 (計入應收貿易及其他款項 (附註20))	
Total	總計	

The outstanding balance of the prepayments at the end of each reporting period represents the followings:

Prepayments for marketing and promotional services	市場推廣及宣傳服務預付款
--	--------------

17. 諮詢、市場推廣及宣傳服務預付款

- (a) 年內諮詢、市場推廣及宣傳服務預付款根據所提供服務的估計日期之變動如下:

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
83,300	125,757
(39,600)	(42,457)
(43,700)	-
-	83,300
-	43,700
-	39,600
-	83,300

於各報告期末的未償還預付款結餘呈列如下:

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
-	83,300

Notes to the Financial Statements

財務報表附註

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

17. PREPAYMENTS FOR CONSULTATION, MARKETING AND PROMOTIONAL SERVICES (Continued)

- (b) The analysis of the carrying amount of prepayments for consultation, marketing and promotional services which will be charged to profit or loss is as follows:

Within one year	一年內	-
After one year but less than two years	一年後但兩年內	-
After two years but less than five years	兩年後但五年內	-

Prepayments for consultation, marketing and promotional services represent the prepayments made by the Group to several independent architectural research and design institutes and universities in the PRC (the "Parties") for providing consultation services to set up and establish industry standards and national criteria with respect to applications of wood wool cement board ("WWCB") related materials on different aspects, and for providing marketing and promotional services to the Group.

During the year ended 31 December 2014, the Group entered into several agreements (the "Service Agreements") with the Parties for the purpose of (i) providing consultation services to the Group so as to set up and establish industry standards and national criteria for applications of WWCB related materials in the PRC and (ii) rendering marketing and promotional services to the Group for enhancing the development of the Group's WWCB related materials and market penetration in the PRC during the years from 2015 to 2019. The total consideration of the Service Agreements is RMB266,000,000 of which RMB230,500,000 was paid by the Group during the year ended 31 December 2014. Pursuant to the Service Agreements, the Group has reserved the rights to recall part of or all of the prepayments already made to the Parties if the Parties cannot fulfill the conditions as stated in the Service Agreements.

17. 諮詢、市場推廣及宣傳服務預付款 (續)

- (b) 將計入損益的諮詢、市場推廣及宣傳服務預付款之賬面值分析如下：

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
-	39,600
-	39,600
-	4,100
-	83,300

諮詢、市場推廣及宣傳服務預付款指本集團就向本集團提供有關為木絲水泥板(「木絲水泥板」)相關物料於不同方面之應用及編製行業標準及國家準則的諮詢服務，以及市場推廣及宣傳服務而向中國多家獨立建築設計及研究機構及大學(「訂約方」)作出的預付款。

於截至二零一四年十二月三十一日止年度，本集團與訂約方就(i)於中國為木絲水泥板相關物料之應用及編製行業標準及國家準則而向本集團提供諮詢服務；及(ii)於二零一五年至二零一九年在中國為促進本集團木絲水泥板相關物料的發展及市場滲透率向本集團提供市場推廣及宣傳服務而訂立若干協議(「該等服務協議」)。該等服務協議的總代價為人民幣266,000,000元，其中人民幣230,500,000元已由本集團於截至二零一四年十二月三十一日止年度支付。根據該等服務協議，倘訂約方未能滿足該等服務協議所述條件，本集團保留收回已向訂約方支付的部份或全部預付款的權利。

Notes to the Financial Statements

財務報表附註

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

17. PREPAYMENTS FOR CONSULTATION, MARKETING AND PROMOTIONAL SERVICES (Continued)

- (b) The analysis of the carrying amount of prepayments for consultation, marketing and promotional services which will be charged to profit or loss is as follows: (Continued)

During the year ended 31 December 2017, the expenses for marketing and promotional services of approximately RMB39,600,000 (net of tax of approximately RMB37,358,000) (2016: RMB39,600,000 (net of tax of approximately RMB37,358,000)) were recognised as “marketing and promotional expenses” in the results from discontinued operation as disclosed in note 7.

During the year ended 31 December 2016, the expenses for consultation services of approximately RMB2,857,000 (net of tax of approximately RMB2,695,000) (2017: Nil) were recognised as “research and development expenses” in the results from discontinued operation as disclosed in note 7.

17. 諮詢、市場推廣及宣傳服務預付款 (續)

- (b) 將計入損益的諮詢、市場推廣及宣傳服務預付款之賬面值分析如下：(續)

截至二零一七年十二月三十一日止年度，市場推廣及宣傳服務開支約人民幣39,600,000元(經扣除稅項約人民幣37,358,000元)(二零一六年：人民幣39,600,000元(扣除稅項約人民幣37,358,000元))已於已終止經營業務之業績確認為「市場推廣及宣傳開支」，如附註7所披露。

於截至二零一六年十二月三十一日止年度，諮詢服務開支約人民幣2,857,000元(經扣除稅項約人民幣2,695,000元)(二零一七年：無)已於已終止經營業務之業績確認為「研發開支」，如附註7所披露。

Notes to the Financial Statements 財務報表附註

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

18. INVESTMENTS IN SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2017 are as follows:

18. 於附屬公司之投資

於二零一七年十二月三十一日，本公司之附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment and type of legal entity 註冊成立/ 成立地點及 法律實體性質	Issued and fully paid share capital/ registered capital 已發行及繳足 股本 / 註冊股本	Proportion of ownership interest 擁有權比例			Principal activities and place of operations 主要業務及經營地點
			The Group's effective interest 本集團 實際權益	Held by the Company 由本公司 持有	Held by a subsidiary 由附屬公司 持有	
Pan Asia Environmental Protection Technologies Limited	British Virgin Islands, limited liability company 英屬處女群島， 有限公司	US\$200/ Ordinary Share 200美元 / 普通股	100%	100%	-	Investment holding/ Hong Kong 投資控股 / 香港
Dragon Commend Limited	British Virgin Islands, limited liability company 英屬處女群島， 有限公司	US\$1/ Ordinary Share 1美元 / 普通股	100%	100%	-	Not yet commenced business 暫無營業
Pan Asia Environmental Protection (Jiangsu) Company Limited (Note i) 泛亞環保(江蘇)有限公司 (附註i)	The PRC, wholly-foreign- owned enterprise 中國， 外商獨資企業	N/A (Note ii) 不適用 (附註ii)	100%	-	100%	Sales of EP products and equipment, and undertaking of EP construction engineering projects/ the PRC 銷售環保產品及設備， 及承接環保建設工程 項目 / 中國

Notes to the Financial Statements

財務報表附註

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

18. INVESTMENTS IN SUBSIDIARIES (Continued)

18. 於附屬公司之投資 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment and type of legal entity 註冊成立/ 成立地點及 法律實體性質	Issued and fully paid share capital/ registered capital 已發行及繳足 股本/註冊股本	Proportion of ownership interest 擁有權比例			Principal activities and place of operations 主要業務及經營地點
			The Group's effective interest 本集團 實際權益	Held by the Company 由本公司 持有	Held by a subsidiary 由附屬公司 持有	
Pan Asia Environmental Protection (China) Company Limited (Note i) 泛亞環保(中國)有限公司 (附註i)	The PRC, wholly- foreign-owned enterprise 中國·外商獨資企業	HK\$100,000,000/ Registered Capital 100,000,000港元/ 註冊股本	100%	-	100%	Sales of EP products and equipment, and undertaking of EP construction engineering projects/ the PRC 銷售環保產品及設備, 及承接環保建設工程 項目/中國
Lianyungang Minxin Investment Limited (Note i) 連雲港民心投資有限公司 (附註i)	The PRC, domestic- invested limited liability company 中國·境內投資 有限公司	RMB10,000,000/ Registered Capital 人民幣10,000,000元/ 註冊股本	100%	-	100%	Undertaking of EP construction engineering projects/ the PRC 承接環保建設工程項目/ 中國

Notes to the Financial Statements 財務報表附註

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

18. INVESTMENTS IN SUBSIDIARIES (Continued)

None of the subsidiaries had any debt securities subsisting at the end of the year or within any time during the year.

Notes:

- (i) The English names for these companies which were established in the PRC are not officially registered but included here as a translation for identification purpose.
- (ii) As at 31 December 2017, the registered capital of this company was not yet injected by the Group.
- (iii) The Group had no subsidiaries which have material non-controlling interests during the years ended 31 December 2017 and 2016.

19. INVENTORIES

Raw materials	原材料
Work-in-progress	在製品
Finished goods	製成品

During the year ended 31 December 2017, the Group's inventories with carrying amount of approximately RMB19,984,000 (2016: Nil) were written down to net realisable value.

18. 於附屬公司之投資 (續)

於年末或本年度任何時間內概無附屬公司有任何債務證券存續。

附註：

- (i) 於中國成立之公司之英文名稱並非正式註冊登記之名稱，本報告中所載英文名稱均為翻譯所得，供識別之用。
- (ii) 於二零一七年十二月三十一日，該公司註冊股本尚未由本集團注入。
- (iii) 截至二零一七年及二零一六年十二月三十一日止年度，本集團並無附屬公司擁有重大非控股權益。

19. 存貨

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
-	614
35,309	66,370
11,270	131,000
46,579	197,984

截至二零一七年十二月三十一日止年度，本集團賬面值約人民幣19,984,000元（二零一六年：無）之存貨已撇減至可變現淨值。

Notes to the Financial Statements

財務報表附註

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

20. TRADE AND OTHER RECEIVABLES

20. 應收貿易及其他款項

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Trade receivables with normal credit terms (Note a)	正常信貸期之應收貿易款項 (附註a)	583,696	597,273
Trade receivables with extended credit terms (Note b)	獲延長信貸期之應收貿易款項 (附註b)	79,533	95,286
		663,229	692,559
Total trade receivables	應收貿易款項總額	(119,367)	(78,323)
Less: Allowance for doubtful debts	減：呆賬撥備		
		543,862	614,236
Total trade receivables, net of allowance for doubtful debts	應收貿易款項總額，經扣除呆賬撥備		
Less: Non-current portion of trade receivables with extended credit terms	減：獲延長信貸期之應收貿易款項之非流動部份	-	(17,876)
		543,862	596,360
Current portion of trade receivables	應收貿易款項之流動部份		
Other receivables (Note c)	其他應收款項 (附註c)	18,247	27,871
Less: Allowance for doubtful debts	減：呆賬撥備	(4,331)	(7,605)
		13,916	20,266
Receivable of compensation of loss from indemnity (Note 5)	彌償保證虧損賠償應收款項 (附註5)	-	46,641
Retention receivables (Note d)	應收質保款項 (附註d)	43,166	88,582
Loans and receivables	貸款及應收款項	600,944	751,849
Prepayments for consultation, marketing and promotional services (Note 17)	諮詢、市場推廣及宣傳服務預付款 (附註17)	-	39,600
Prepayments and deposits	預付款及按金	19,468	47,845
Other tax recoverables	其他可收回稅項	27	69,690
		620,439	908,984

Notes to the Financial Statements

財務報表附註

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

20. TRADE AND OTHER RECEIVABLES (Continued)

The Group generally allows credit period ranging from 0 to 365 days to its trade customers with normal credit terms and credit period up to three years to its trade customers with extended credit terms which is based on the contractual repayment schedule. Further details on the Group's credit policy are set out in note 38(b)(i).

The following is an ageing analysis of trade receivables with normal credit terms and trade receivables with extended credit terms, net of allowance for doubtful debts, respectively, presented based on the invoice date at the end of the reporting period which approximated the respective revenue recognition dates:

20. 應收貿易及其他款項 (續)

本集團一般給予其貿易客戶0至365日的正常信貸期，並會根據合約訂明的還款時間表，給予其貿易客戶長達三年之延長信貸期。有關本集團信貸期政策之進一步詳情，載於附註38(b)(i)。

以下為具正常信貸期的應收貿易款項及獲延長信貸期的應收貿易款項，各自根據於報告期末的發票日期（與有關收入的確認日期相若）並經扣除呆賬撥備之賬齡分析：

	Normal credit terms 正常信貸期		Extended credit terms 獲延長信貸期		Total 總計	
	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
Less than six months 六個月內	40,274	354,668	-	-	40,274	354,668
After six months but less than one year 六個月後但 一年內	119,513	78,382	-	-	119,513	78,382
After one year but less than two years 一年後但 兩年內	235,369	85,900	-	95,286	235,369	181,186
Over two years 兩年以上	69,173	-	79,533	-	148,706	-
	464,329	518,950	79,533	95,286	543,862	614,236

Notes to the Financial Statements

財務報表附註

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

20. TRADE AND OTHER RECEIVABLES (Continued)

a) Trade receivables with normal credit terms

The ageing analysis of trade receivables with normal credit terms that are neither individually nor collectively considered to be impaired is as follows:

Neither past due nor impaired	未逾期亦未減值
Less than six months past due	逾期少於六個月
More than six months but less than one year past due	逾期超過六個月但少於一年
More than one year past due	逾期超過一年

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

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.

Impairment losses in respect of trade receivables with normal credit terms are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 2(g)).

20. 應收貿易及其他款項 (續)

a) 具正常信貸期之應收貿易款項

並無個別或共同視作減值的具正常信貸期之應收貿易款項之賬齡分析如下：

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
-	181,846
67,137	301,864
119,513	35,240
277,679	-
464,329	518,950

既未逾期亦未減值之應收款項與多名近期無拖欠還款記錄之客戶有關。

已逾期但未減值之應收款項與多名擁有與本集團有良好往績記錄之獨立客戶有關。基於過往經驗，由於信貸質素並無重大變化且該等餘額仍被視為可全數收回，故管理層相信毋須就有關餘額作出減值撥備。本集團並無持有該等餘額之任何抵押品。

具正常信貸期之應收貿易款項之減值虧損乃於撥備賬中確認，除非本集團相信收回該金額之可能性很低，則該減值虧損會直接於應收貿易款項中撇銷（見附註2(g)）。

Notes to the Financial Statements

財務報表附註

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

20. TRADE AND OTHER RECEIVABLES (Continued)

a) Trade receivables with normal credit terms (Continued)

The movement in the allowance for doubtful debts of trade receivables with normal credit terms during the year, including both specific and collective loss components, is as follows:

As at 1 January	於一月一日	
Impairment loss recognised	已確認減值虧損	
– from continuing operations (Note 6(c))	– 來自持續經營業務 (附註6(c))	
– from discontinued operation (Note 7)	– 來自已終止經營業務 (附註7)	
Reversal of impairment loss	減值虧損撥回	
– from continuing operations (Note 4)	– 來自持續經營業務 (附註4)	
– from discontinued operation (Note 7)	– 來自已終止經營業務 (附註7)	
Transfer to assets held for sale	轉撥至持作出售資產	
As at 31 December	於十二月三十一日	

Reversal of impairment loss on trade debtors represents the recovery of debts due from these debtors previously considered to be impaired. An allowance for these receivable amounts that had been made in previous years was reversed back accordingly.

As at 31 December 2017, trade receivables with normal credit terms of approximately RMB119,367,000 (2016: RMB78,323,000) were individually determined to be impaired. These individually impaired receivables were outstanding for over one year as at the end of the reporting period or were due from debtors with financial difficulties. The Group does not hold any collateral over these balances.

20. 應收貿易及其他款項 (續)

a) 具正常信貸期之應收貿易款項 (續)

年內具正常信貸期的應收貿易款項之呆賬撥備變動(包括特定及整體虧損部份)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
As at 1 January	78,323	31,322
Impairment loss recognised		
– from continuing operations (Note 6(c))	61,168	38,129
– from discontinued operation (Note 7)	91,125	9,002
	152,293	47,131
Reversal of impairment loss		
– from continuing operations (Note 4)	(462)	–
– from discontinued operation (Note 7)	(8,914)	(130)
	(9,376)	(130)
Transfer to assets held for sale	(101,873)	–
As at 31 December	119,367	78,323

應收貿易賬款減值虧損撥回指之前被視為減值的應收該等債務人的債項獲收回。於過往年度就該等應收款項作出撥備之金額已作出相應撥回。

於二零一七年十二月三十一日，具正常信貸期的應收貿易款項約人民幣119,367,000元(二零一六年：人民幣78,323,000元)已個別釐定為減值。該等個別減值之應收款項於報告期末逾期超過一年，或由陷入財政困難之債務人欠付。本集團對該等結餘並無持有任何抵押物。

Notes to the Financial Statements

財務報表附註

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

20. TRADE AND OTHER RECEIVABLES (Continued)

b) Trade receivables with extended credit terms

The amount represented the carrying amount of trade receivables arising from the sales of EP products and equipment to certain government authorities in the PRC during the year ended 31 December 2015. At initial recognition, the consideration to be received by the Group was RMB237,050,000 which will be settled by several instalments as stipulated in the sale contracts in which the last settlement date will be on or before 31 October 2018.

The movements of trade receivables with extended credit terms during the year are as follows:

20. 應收貿易及其他款項 (續)

b) 獲延長信貸期之應收貿易款項

該金額指截至二零一五年十二月三十一日止年度內向中國若干政府機關銷售環保產品及設備所產生的應收貿易款項之賬面值。於初始確認時，本集團將收取之代價為人民幣237,050,000元，將按銷售合約內訂明的數個還款期清繳，其中最後一個付款日期將為二零一八年十月三十一日或之前。

獲延長信貸期的應收貿易款項於年內之變動如下：

		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
As at 1 January	於一月一日	95,286	216,334
Imputed interest recognised during the year (Note 4)	年內確認之估算利息 (附註4)	4,397	10,249
Gain on early settlement of trade receivables with extended credit terms (Note 4)	提早結付獲延長信貸期之應收貿易款項之增益 (附註4)	-	5,004
Settlement from customers (including the portion of early settlement of trade receivables)	客戶結付 (包括應收貿易款項的提早結付部份)	(20,150)	(136,301)
As at 31 December	於十二月三十一日	79,533	95,286
Less: Amounts due within one year included in trade receivables – current	減：計入應收貿易款項之一年內到期款項 – 即期	(79,533)	(77,410)
Amounts shown under non-current assets	在非流動資產項下所示之金額	-	17,876

Notes to the Financial Statements

財務報表附註

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

20. TRADE AND OTHER RECEIVABLES (Continued)

b) Trade receivables with extended credit terms (Continued)

At the end of the reporting period, the Group has trade receivables with extended credit terms which fall due as follows:

Within one year	一年內
After one year but less than two years	一年後但兩年內

As at 31 December 2017 and 2016, no allowance for doubtful debts was provided for trade receivables with extended credit terms.

The ageing analysis of trade receivables with extended credit terms that are neither individually nor collectively considered to be impaired is as follows:

Neither past due nor impaired	未逾期亦未減值
Less than six months past due	逾期少於六個月

As at 31 December 2017, the trade receivables with extended credit terms of approximately RMB79,533,000 (2016: RMB95,286,000) were due from certain government authorities in the PRC which will be settled by several instalments up to three years.

20. 應收貿易及其他款項 (續)

b) 獲延長信貸期之應收貿易款項 (續)

於報告期末，本集團的獲延長信貸期之應收貿易款項之到期情況如下：

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
79,533	77,410
-	17,876
79,533	95,286

於二零一七年及二零一六年十二月三十一日，並無就獲延長信貸期之應收貿易款項作出呆賬撥備。

並無個別或共同視作減值之獲延長信貸期之應收貿易款項之賬齡分析如下：

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
59,383	95,286
20,150	-
79,533	95,286

於二零一七年十二月三十一日，獲延長信貸期之應收貿易款項約為人民幣79,533,000元(二零一六年：人民幣95,286,000元)，乃應收中國若干政府機關款項，將在最多三年內分數期清繳。

Notes to the Financial Statements

財務報表附註

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

20. TRADE AND OTHER RECEIVABLES (Continued)

c) Other receivables

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

As at 1 January	於一月一日
Impairment loss recognised	已確認減值虧損
– from continuing operations (Note 6(c))	– 來自持續經營業務 (附註6(c))
– from discontinued operation (Note 7)	– 來自已終止經營業務 (附註7)
Reversal of impairment loss	減值虧損撥回
– from continuing operations (Note 4)	– 來自持續經營業務 (附註4)
Transfer to assets held for sale	轉撥至持作出售資產
As at 31 December	於十二月三十一日

Reversal of impairment loss on other receivables represents the recovery of debts due from these debtors previously considered to be impaired. An allowance for these receivable amounts that had been made in previous years was reversed back accordingly.

At at 31 December 2017, other receivables of approximately RMB4,331,000 (2016: RMB7,605,000) were individually determined to be impaired. These individually impaired receivables were outstanding for over one year as at the end of the reporting period or were due from debtors with financial difficulties. The Group does not hold any collateral over these balances.

d) Retention receivables

Retention receivables (generally 5% to 10% of the total contracted value) are amounts which are not paid by the customers until fulfilment of warranty period of generally one to two years specified in the contracts for the payment of such amounts. The amount of retentions are expected to be recovered through its normal operating cycle.

20. 應收貿易及其他款項 (續)

c) 其他應收款項

年內之呆賬撥備變動(包括特定及整體虧損部份)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
7,605	2,784
-	4,911
2,335	-
2,335	4,911
-	(90)
(5,609)	-
4,331	7,605

其他應收款項減值虧損撥回指之前被視為減值的應收該等債務人的債項獲收回。於過往年度就該等應收款項作出撥備之金額已作出相應撥回。

於二零一七年十二月三十一日，其他應收款項約人民幣4,331,000元(二零一六年：人民幣7,605,000元)個別釐定為已減值。於報告期末，該等個別減值應收款項尚未收回超過一年或應收自財務困難的債務人。本集團並無就該等結餘持有任何抵押品。

d) 應收質保款項

應收質保款項指客戶尚未支付之金額(一般為合約總價值之5%至10%)，有關款項將於履行合約訂明之擔保期(一般為一至兩年)後方予支付。預期有關質保款項可於其一般營運週期內收回。

Notes to the Financial Statements

財務報表附註

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

21. CASH AND BANK BALANCES

Cash and bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. As at 31 December 2017, the bank balances and deposits carried interests at the prevailing market interest rate which ranged from 0% to 0.3% (2016: 0% to 0.3%) per annum.

As at 31 December 2017, the Group had bank balances and cash denominated in RMB that were either not freely convertible or were subject to exchange controls in the PRC, amounting to approximately RMB366,589,000 (2016: RMB349,075,000).

21. 現金及銀行結餘

現金及銀行結餘包括本集團持有之現金及原定到期日為三個月或以下之短期銀行存款。於二零一七年十二月三十一日，銀行結餘及存款按現行市場年利率介乎零至0.3%（二零一六年：零至0.3%）計息。

於二零一七年十二月三十一日，本集團持有不能於中國自由兌換或受外匯管制影響之以人民幣計值之銀行結餘及現金約為人民幣366,589,000元（二零一六年：人民幣349,075,000元）。

22. TRADE AND OTHER PAYABLES

22. 應付貿易及其他款項

		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 a)	應付貿易款項 (附註a)	32,555	109,609
Accruals and other payables	應計費用及其他應付款項	12,035	51,281
Amount due to a former director (Note 23)	應付前董事款項 (附註23)	1,200	2,512
Amounts due to related companies (Note 24)	應付關連公司款項 (附註24)	4,163	34,363
Payable for legal fees and liabilities from litigation claim (Note 5)	訴訟申索產生的應付法律費用及債項 (附註5)	-	70,754
Financial liabilities measured at amortised cost	以攤銷成本計量的金融負債	49,953	268,519
Other PRC tax payables	其他應付中國稅項	1,417	2,325
		51,370	270,844

Notes to the Financial Statements

財務報表附註

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

22. TRADE AND OTHER PAYABLES (Continued)

a) Ageing analysis of trade payables

The ageing analysis of trade payables at the end of each reporting period based on invoice date is as follows:

Less than six months	六個月內
After six months but less than one year	六個月後但一年內
After one year but less than two years	一年後但兩年內
Over two years	兩年以上

22. 應付貿易及其他款項 (續)

a) 應付貿易款項之賬齡分析

應付貿易款項於各報告期末按發票日期之賬齡分析如下：

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
3,570	40,025
25,670	4,557
-	47,330
3,315	17,697
32,555	109,609

23. AMOUNT DUE TO A FORMER DIRECTOR

Mr. Jiang Quanlong

蔣泉龍先生

The amount due to a former director was unsecured, interest-free and repayable on demand.

23. 應付前董事款項

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
1,200	2,512

應付前董事款項乃無抵押、免息及須按要求償還。

Notes to the Financial Statements

財務報表附註

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

24. AMOUNTS DUE TO RELATED COMPANIES

24. 應付關連公司款項

Name of related company 關連公司名稱	Relationship with the Group 與本集團關係	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
Praise Fortune Limited	The Company's immediate and ultimate controlling party 本公司之直接及最終控制方	4,163	29,920
Yixing Silver Mile Fluorescent Materials Co., Ltd. (Note) 宜興銀茂熒光材料有限公司 (附註)	A company of which Mr. Jiang Quanlong, a former director of the Company, is also a director of this company 本公司前董事蔣泉龍先生亦為該公司之董事	-	4,443
		4,163	34,363

The amounts due to related companies were unsecured, interest-free and repayable on demand.

Note:

The English name for this company which was established in the PRC is not officially registered but included here as a translation for identification purpose.

應付關連公司款項乃無抵押、免息及須按要求即時還款。

附註：

於中國成立之公司之英文名稱並非正式註冊登記之名稱，本報告中所載英文名稱均為翻譯所得，供識別之用。

Notes to the Financial Statements

財務報表附註

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

25. CORPORATE BONDS

During the year ended 31 December 2017, the Company issued five tranches of 3 years to 7.5 years corporate bonds with aggregate principal amount of HK\$25,000,000 (equivalent to approximately RMB21,278,000) which will be matured during the period from October 2020 to May 2025. The corporate bonds are unlisted, unsecured and interest bearing at a fixed interest rate of 6% per annum with interest payable annually in arrears. The effective interest rates of the corporate bonds is ranged from approximately 6.3% to 11.6%.

Mr. Jiang Xin, the executive director of the Company, and Mr. Jiang Quanlong, a former executive director of the Company, subscribed 4 years corporate bonds with principal amount of HK\$10,500,000 each (equivalent to approximately RMB8,944,000 each) which will be matured in October 2021. The rest of three tranches of 3 years to 7.5 years corporate bonds with aggregate principal amount of HK\$4,000,000 (equivalent to approximately RMB3,390,000) were subscribed by three independent third parties which will be matured during the period from October 2020 to May 2025.

Movements of the corporate bonds during the year are as follows:

		RMB'000 人民幣千元
At 1 January 2016, 31 December 2016 and 1 January 2017	於二零一六年一月一日、 二零一六年十二月三十一日及 二零一七年一月一日	-
Issuance of corporate bonds	發行公司債券	21,278
Direct issuance costs	直接發行成本	(772)
Effective interest expenses	有效利息開支	314
Exchange adjustments	匯兌調整	(380)
		<hr/>
At 31 December 2017	於二零一七年十二月三十一日	<u>20,440</u>

Carrying amount repayable (based on the scheduled repayable dates set out in the subscription agreements):

償還之賬面值(根據認購協議所載之安排償還日期):

		RMB'000 人民幣千元
More than two years but not more than five years	超過兩年但不超過五年	19,086
More than five years	超過五年	1,354
		<hr/>
Amounts shown under non-current liabilities	在非流動負債下所示之金額	<u>20,440</u>

25. 公司債券

截至二零一七年十二月三十一日止年度，本公司發行五期3年至7.5年公司債券，本金總額為25,000,000港元(相等於約人民幣21,278,000元)，將於二零二零年十月起至二零二五年五月期間到期。公司債券未上市、無抵押且利息按固定年利率6%計算，連同每年延後收取之應付利息。公司債券之有效利率介乎約6.3%至11.6%。

蔣鑫先生(本公司執行董事)及蔣泉龍先生(本公司前執行董事)各認購4年公司債券，每份本金額為10,500,000港元(相等於每份約人民幣8,944,000元)，將於二零二一年十月到期。餘下三份本金總額4,000,000港元(相等於約人民幣3,390,000元)之3年至7.5年公司債券已由三名獨立第三方人士認購，該等債券將於二零二零年十月起至二零二五年五月期間到期。

公司債券於年內之變動如下：

Notes to the Financial Statements

財務報表附註

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

26. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- a) The movement of tax payable/(recoverable) in the consolidated statement of financial position during the year are as follows:

As at 1 January	於一月一日
Provision for the year	年內撥備
– PRC Enterprise Income Tax	– 中國企業所得稅
– from continuing operations (Note 8(a))	– 來自持續經營業務 (附註8(a))
– from discontinued operation (Note 7)	– 來自已終止經營業務 (附註7)
Income tax paid during the year	年內已付所得稅
Tax recoverable transferred to assets classified as held for sale (Note 28)	轉撥至分類為持作出售 資產之可收回稅項 (附註28)
As at 31 December	於十二月三十一日
Represented by:	代表：
Tax payable	應付稅項
Tax recoverable	可收回稅項
Net tax payable/(recoverable)	應付／(可收回) 稅項淨額

26. 綜合財務狀況表內之所得稅

- a) 綜合財務狀況表所列之應付／(可收回) 稅項於年內之變動如下：

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
(63,908)	(39,116)
8,683	14,628
–	3,107
8,683	17,735
(11,173)	(42,527)
77,523	–
11,125	(63,908)
11,125	10,888
–	(74,796)
11,125	(63,908)

Notes to the Financial Statements

財務報表附註

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

26. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

b) Deferred taxation

The components of deferred tax liabilities/(assets) recognised in the consolidated statement of financial position and the movements during the year are as follows:

26. 綜合財務狀況表內之所得稅 (續)

b) 遞延稅項

年內於綜合財務狀況表確認之遞延稅項負債／(資產)之組成部份及變動如下：

		Withholding tax on undistributed earnings	Depreciation allowances in excess of related depreciation	Fair value adjustment on trade receivables with extended credit terms and others 獲延長信貸期 之應收貿易 款項的公平值 調整及其他	Total
		未分派盈利 之預扣稅 RMB'000 人民幣千元	超出相關折舊 之折舊撥備 RMB'000 人民幣千元	RMB'000 人民幣千元	總計 RMB'000 人民幣千元
As at 1 January 2016	於二零一六年一月一日	16,553	7,552	(6,192)	17,913
Charged/(credited) to profit or loss	在損益支銷／(計入)				
- from continuing operations (Note 8(a))	— 來自持續經營業務 (附註8(a))	4,205	(3,313)	2,288	3,180
- from discontinued operation (Note 7)	— 來自已終止經營業務 (附註7)	-	-	99	99
		4,205	(3,313)	2,387	3,279
Effect on change in tax rate of a subsidiary	一間附屬公司的稅率變動之影響				
- from continuing operations (Note 8(a))	— 來自持續經營業務 (附註8(a))	-	(3,021)	2,072	(949)
- from discontinued operation (Note 7)	— 來自已終止經營業務 (附註7)	-	-	405	405
		-	(3,021)	2,477	(544)
As at 31 December 2016	於二零一六年十二月三十一日	20,758	1,218	(1,328)	20,648

Notes to the Financial Statements

財務報表附註

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

26. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

26. 綜合財務狀況表內之所得稅 (續)

b) Deferred taxation (Continued)

b) 遞延稅項 (續)

		Withholding tax on undistributed earnings	Depreciation allowances in excess of related depreciation	Fair value adjustment on trade receivables with extended credit terms and others	Total
		未分派盈利之預扣稅	超出相關折舊之折舊撥備	獲延長信貸期之應收貿易款項的公平值調整及其他	總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
As at 1 January 2017	於二零一七年一月一日	20,758	1,218	(1,328)	20,648
Charged/(credited) to profit or loss	在損益支銷/(計入)				
- from continuing operations (Note 8(a))	- 來自持續經營業務 (附註8(a))	(20,758)	-	659	(20,099)
- from discontinued operation (Note 7)	- 來自已終止經營業務 (附註7)	-	-	99	99
		(20,758)	-	758	(20,000)
Transfer to assets classified as held for sale (Note 28)	轉撥至分類為持作出售之資產 (附註28)	-	-	410	410
Transfer to liabilities classified as held for sale (Note 28)	轉撥至分類為持作出售之負債 (附註28)	-	(1,218)	-	(1,218)
As at 31 December 2017	於二零一七年十二月三十一日	-	-	(160)	(160)

Notes to the Financial Statements 財務報表附註

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

26. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

b) Deferred taxation (Continued)

The following is the analysis of the deferred tax balances for financial reporting purposes:

Deferred tax assets	遞延稅項資產
Deferred tax liabilities	遞延稅項負債

Pursuant to the Enterprise Income Tax Laws of the PRC (the "New EIT Laws"), a 10% withholding tax is levied on dividends declared to foreign investors from foreign investment enterprise established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax arrangement between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable tax rate is 10%. The Group is therefore liable to withholding taxes on dividend distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008 onwards. The Group recognised deferred tax liabilities in respect of expected distributable earnings from its subsidiaries established in the PRC since 1 January 2008 with reference to the Group's dividend policy, no matter whether any dividends have been declared out of such earnings by the subsidiaries at the reporting date. The directors of the Company will review the funding requirements of the Group from time to time and revise the dividend policy of its subsidiaries as appropriate.

26. 綜合財務狀況表內之所得稅 (續)

b) 遞延稅項 (續)

以下為就財務申報目的而對遞延稅項結餘之分析：

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
(160)	(1,328)
-	21,976
(160)	20,648

根據中國企業所得稅法（「新企業所得稅法」），在中國成立的外資企業向外國投資者所宣派的股息須繳交10%預扣稅。此規定自二零零八年一月一日起生效，適用於二零零七年十二月三十一日後的盈利。倘中國與外國投資者所屬司法權區訂有稅務安排，或可按較低稅率繳交預扣稅。就本集團而言，適用稅率為10%。因此，本集團須就於中國成立的附屬公司於二零零八年一月一日以後產生的盈利所分派的股息繳納預扣稅。就自二零零八年一月一日以後在中國成立的附屬公司的預期可分配盈利而言，本集團根據其股息政策，確認遞延稅項負債，無論附屬公司於報告日是否已自該等盈利派發任何股息。本公司董事將不時檢討本集團的資金要求，於適當時修改其附屬公司股息政策。

Notes to the Financial Statements 財務報表附註

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

26. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

b) Deferred taxation (Continued)

As at 31 December 2016, the Group recognised deferred tax liabilities of approximately RMB20,758,000 in relation to the withholding tax on expected distributable earnings from its subsidiaries established in the PRC with reference to the Group's dividend policy. During the year ended 31 December 2017, the Group revised the dividend policy of its subsidiaries after reviewing the funding requirement of the Group. The Group will not expect its subsidiaries to declare any dividends from their distributable earnings in the foreseeable future, and accordingly, the deferred tax liabilities of approximately RMB20,758,000 in relation to the withholding tax on expected distributable earnings from its subsidiaries was released to profit or loss during the year ended 31 December 2017.

As at 31 December 2017, the Group has unrecognised deferred tax liabilities of approximately RMB2,344,000 (2016: RMB19,353,000) in relation to withholding tax on undistributed earnings of approximately RMB23,444,000 (2016: RMB193,528,000) due to the retention of undistributed earnings by the subsidiaries established in the PRC as determined by the directors of the Company.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

26. 綜合財務狀況表內之所得稅 (續)

b) 遞延稅項 (續)

於二零一六年十二月三十一日，就在中國成立的附屬公司的預期可分派盈利之預扣稅而言，本集團根據其股息政策，確認遞延稅項負債約人民幣20,758,000元。於截至二零一七年十二月三十一日止年度，在檢討本集團之資金要求後，本集團修訂其附屬公司之股息政策。本集團不預期其附屬公司在可見未來宣派來自其可分派盈利之任何股息，因此，與來自其附屬公司預期可分派盈利之預扣稅有關的遞延稅項負債約人民幣20,758,000元於截至二零一七年十二月三十一日止年度撥入損益。

於二零一七年十二月三十一日，本集團與未分派盈利約人民幣23,444,000元(二零一六年：人民幣193,528,000元)之預扣稅有關的未確認遞延稅項負債為約人民幣2,344,000元(二零一六年：人民幣19,353,000元)，乃由於本公司董事決定由在中國成立的附屬公司保留未分配盈利所致。

本公司向其股東支付之股息並無附帶所得稅影響。

Notes to the Financial Statements 財務報表附註

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

26. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

b) Deferred taxation (Continued)

As at 31 December 2017, deductible temporary differences in respect of tax losses not recognised in these financial statements were approximately RMB23,198,000 (2016: RMB26,017,000). No deferred tax asset has been recognised in respect of such deductible temporary differences due to the unpredictability of future profit streams. Included in the above are tax losses of approximately RMB23,198,000 (2016: RMB26,017,000) which can only be carried forward for a maximum period of five years.

27. DEFERRED GOVERNMENT GRANTS

As at 1 January	於一月一日
Released to profit or loss	撥入損益
Transfer to liabilities classified as held for sale (Note 28)	轉撥至分類為持作出售之負債 (附註28)
As at 31 December	於十二月三十一日

The deferred government grants are the subsidies received from the PRC government for acquisition of property, plant and equipment.

26. 綜合財務狀況表內之所得稅 (續)

b) 遞延稅項 (續)

於二零一七年十二月三十一日，未於本財務報表確認的稅項虧損的可抵扣暫時差異約人民幣23,198,000元（二零一六年：人民幣26,017,000元）。由於未來利潤流難以預計，本集團並未就該等可抵扣暫時差異確認遞延稅項資產。上述項目包括稅項虧損約人民幣23,198,000元（二零一六年：人民幣26,017,000元），僅可最多結轉為期五年。

27. 遞延政府補助

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
3,393	4,051
(658)	(658)
(2,735)	-
-	3,393

遞延政府補助來自中國政府就收購物業、廠房及設備的補助。

Notes to the Financial Statements

財務報表附註

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

28. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

As disclosed in note 7, the directors of the Company are of the opinion that the Disposal is highly probable and is expected to be completed in next twelve months from the end of the reporting period. The Group will cease to have control over Wuxi Pan Asia upon completion of the Disposal. The Disposal was completed on 16 January 2018. The assets and liabilities attributable to Wuxi Pan Asia after the completion of the Asset Transfer, have been classified as a disposal company held for sale and are presented separately in the consolidated statement of financial position as at 31 December 2017. The consideration of the Disposal is expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised during the year ended 31 December 2017.

The major classes of assets and liabilities comprising the assets and liabilities of a disposal company classified as held for sale as at 31 December 2017 are as follows:

28. 分類為持作出售之資產及負債

誠如附註7所披露，本公司董事認為出售事項極有可能發生，並預期出售事項將於報告期後十二個月內完成。於出售事項完成後，本集團將不再擁有對無錫泛亞的控制權。出售事項已於二零一八年一月十六日完成。於資產轉讓完成後，無錫泛亞應佔資產及負債已分類至持作出售的出售公司，並於二零一七年十二月三十一日的綜合財務狀況表獨立呈列。出售事項的代價預期將超越相關資產及負債的賬面淨值，因此，於截至二零一七年十二月三十一日止年度概無確認減值虧損。

於二零一七年十二月三十一日，包括分類為持作出售之出售公司之資產及負債的主要資產及負債類別如下：

Assets held for sale

Property, plant and equipment	Prepayments for consultation, marketing and promotional services	Investment in a subsidiary	Deferred tax assets	Inventories	Trade and other receivables	Pledged bank deposits	Tax recoverable
-------------------------------	--	----------------------------	---------------------	-------------	-----------------------------	-----------------------	-----------------

持作出售之資產

物業、廠房及設備	諮詢、市場推廣及宣傳服務預付款	於附屬公司之投資	遞延稅項資產	存貨	應收貿易及其他款項	已抵押銀行存款	可收回稅項
----------	-----------------	----------	--------	----	-----------	---------	-------

Liabilities held for sale

Trade and other payables	Deposits received and receipts in advance	Deferred tax liabilities	Deferred government grants
--------------------------	---	--------------------------	----------------------------

持作出售之負債

應付貿易及其他款項	已收按金及預收款	遞延稅項負債	遞延政府補助
-----------	----------	--------	--------

The Group 本集團 RMB'000 人民幣千元	The Company 本公司 RMB'000 人民幣千元
185,380	-
43,700	-
-	12,538
410	-
105,395	-
61,526	-
6,543	-
77,523	-
480,477	12,538
155,764	-
276,772	-
1,218	-
2,735	-
436,489	-

Notes to the Financial Statements

財務報表附註

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

29. SHARE CAPITAL

Authorised and issued share capital

Ordinary shares of HK\$0.1 each 每股面值0.1港元普通股

Authorised:

As at 1 January and 31 December 於一月一日及十二月三十一日

Issued and fully paid:

As at 1 January and 31 December 於一月一日及十二月三十一日

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

29. 股本

法定及已發行股本

2017 and 2016
二零一七年及二零一六年

Number of shares 股份數目 '000 千股	Amount 金額 HK\$'000 千港元
4,000,000	400,000
840,000	84,000
	(Equivalent to approximately RMB78,073,000) (相等於約人民幣 78,073,000元)

普通股持有人有權收取不時宣派之股息並有權於本公司大會上以每股一票投票。全部普通股對本公司剩餘資產而言屬同等。

Notes to the Financial Statements

財務報表附註

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

30. RESERVES

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:

30. 儲備

本集團的綜合權益各組成部份之年初及年終結餘之對賬載於綜合權益變動表。本公司權益的個別組成部份於年初及年終之間的變動詳情載列如下：

		Attributable to owners of the Company 本公司擁有人應佔						
		Share capital 股本	Share premium 股份溢價	Contributed surplus 繳入盈餘	Translation reserve 匯兌儲備	Share option reserve 購股權儲備	Accumulated losses 累計虧損	Total 總額
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
		(Note 29) (附註29)	(Note (i)) (附註(i))	(Note (iii)) (附註(iii))	(Note (vi)) (附註(vi))	(Note (vii)) (附註(vii))		
As at 1 January 2016	於二零一六年一月一日	78,073	466,844	372,178	(88,432)	17,592	(76,770)	769,485
Loss for the year	年內虧損	-	-	-	-	-	(12,575)	(12,575)
Other comprehensive income	其他全面收益							
- Exchange difference on translation of financial statements to presentation currency	- 換算財務報表至呈列貨幣產生之匯兌差額	-	-	-	51,666	-	-	51,666
Total comprehensive income for the year	年內全面收益總額	-	-	-	51,666	-	(12,575)	39,091
Transfer to accumulated losses upon lapse of share options	於購股權失效後轉撥至累計虧損	-	-	-	-	(2,332)	2,332	-
As at 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	78,073	466,844	372,178	(36,766)	15,260	(87,013)	808,576
Loss for the year	年內虧損	-	-	-	-	-	(176,176)	(176,176)
Other comprehensive loss	其他全面虧損							
- Exchange difference on translation of financial statements to presentation currency	- 換算財務報表至呈列貨幣產生之匯兌差額	-	-	-	(47,005)	-	-	(47,005)
Total comprehensive loss for the year	年內全面虧損總額	-	-	-	(47,005)	-	(176,176)	(223,181)
Transfer to accumulated losses upon lapse of share options	於購股權失效後轉撥至累計虧損	-	-	-	-	(311)	311	-
As at 31 December 2017	於二零一七年十二月三十一日	<u>78,073</u>	<u>466,844</u>	<u>372,178</u>	<u>(83,771)</u>	<u>14,949</u>	<u>(262,878)</u>	<u>585,395</u>

Notes to the Financial Statements

財務報表附註

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

30. RESERVES (Continued)

Share premium and reserves

i) Share premium

Under the Companies Law (Revised) of the Cayman Islands, the share premium of the Company is distributable to the owners of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

ii) Special reserve

The special reserve of the Group represents the difference between the nominal value and share premium of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition of these subsidiaries at the time of group reorganisation immediately prior to the listing of the Company's shares on 1 December 2007.

30. 儲備 (續)

股份溢價及儲備

i) 股份溢價

根據開曼群島公司法(經修訂)，本公司之股份溢價可分派予本公司擁有人，惟緊隨建議分派股息當日之後，本公司須有能力償還於日常業務過程中到期之債項。

ii) 特別儲備

本集團之特別儲備指所收購附屬公司之面值及股份溢價與緊接本公司股份於二零零七年十二月一日上市前本公司於集團重組時就收購該等附屬公司所發行股份之面值之差額。

Notes to the Financial Statements 財務報表附註

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

30. RESERVES (Continued)

Share premium and reserves (Continued)

iii) *Contributed surplus*

The contributed surplus represents the difference between the nominal value of the ordinary shares issued by the Company and the net assets value of subsidiaries acquired through an exchange of shares pursuant to the group reorganisation.

iv) *Enterprise expansion reserve and statutory surplus reserve*

Statutory surplus reserve and enterprise expansion reserve are set up by the Company's subsidiaries established in the PRC by way of appropriation from the profit for the year in accordance with the relevant laws and regulations in the PRC. These subsidiaries are required to allocate certain percent of its net profit for the year as reported in their PRC statutory accounts to the statutory surplus reserve and enterprise expansion reserve until such reserves reach 50% of registered capital. These reserves are non-distributable. The statutory surplus reserve can be used to make up prior year losses of these subsidiaries, if any, and can be applied in conversion into capital by means of capitalisation issues. The enterprise expansion reserve is used for expanding the capital base of these subsidiaries by means of capitalisation issue.

30. 儲備 (續)

股份溢價及儲備 (續)

iii) 繳入盈餘

繳入盈餘指本公司已發行普通股之面值與根據集團重組透過換股所收購附屬公司之資產淨值的差額。

iv) 企業擴展儲備及法定盈餘儲備

法定盈餘儲備及企業擴展儲備乃於中國成立之本公司附屬公司根據相關中國法律法規透過分撥年度溢利設立。該等附屬公司必須分配其中國法定賬目中所呈報之若干百分比年度純利至法定盈餘儲備及企業擴展儲備，直至有關儲備達至註冊資本之50%。該等儲備不可分派。法定盈餘儲備可用於彌補過往年度該等附屬公司之虧損(如有)及可以資本化發行之方式轉換為資本。企業擴展儲備將用於以資本化發行之方式擴大該等附屬公司之資本基礎。

Notes to the Financial Statements

財務報表附註

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

30. RESERVES (Continued)

Share premium and reserves (Continued)

v) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the entities within the Group whose functional currency is other than RMB. The reserve is dealt with in accordance with the accounting policies set out in note 2(t).

vi) Share option reserve

The share option reserve arose upon on the grant of share options of the Company and is dealt with in accordance with the accounting policies set out in note 2(p)(ii).

Distributable reserves of the Company

Under the Companies Law (Revised) of the Cayman Islands, share premium and contributed surplus are distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of share premium and contributed surplus if (i) it is, or would after the payment be unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its share capital account.

As at 31 December 2017, the Company's reserves available for distribution to shareholders amounted to approximately RMB576,144,000 (2016: RMB752,009,000), computed in accordance with the Companies Law (Revised) of the Cayman Islands and the Company's articles of association. This includes the Company's share premium of approximately RMB466,844,000 (2016: RMB466,844,000) and contributed surplus of approximately RMB372,178,000 (2016: RMB372,178,000), less accumulated losses of approximately RMB262,878,000 (2016: RMB87,013,000), which are available for distribution.

30. 儲備 (續)

股份溢價及儲備 (續)

v) 匯兌儲備

匯兌儲備包括換算其功能貨幣非人民幣之本集團實體之財務報表產生之所有外匯差額。本公司根據附註2(t)所載會計政策處理儲備。

vi) 購股權儲備

購股權儲備乃因授出本公司之購股權而產生，及按附註2(p)(ii)所載會計政策處理。

本公司之可分派儲備

根據開曼群島公司法(經修訂)，股份溢價及繳入盈餘可分派予股東，惟倘本公司支付有關款項後(i)將不能償還到期之債項；或(ii)可變現資產值將低於負債及股本賬合計之數額，則不得宣派或支付股息，或從股份溢價及繳入盈餘作出分派。

於二零一七年十二月三十一日，根據開曼群島公司法(經修訂)及本公司組織章程細則計算，本公司可供分派予股東之儲備約為人民幣576,144,000元(二零一六年：人民幣752,009,000元)。該數額包括本公司股份溢價約人民幣466,844,000元(二零一六年：人民幣466,844,000元)及繳入盈餘約人民幣372,178,000元(二零一六年：人民幣372,178,000元)減累計虧損約人民幣262,878,000元(二零一六年：人民幣87,013,000元)，可作出分派。

Notes to the Financial Statements

財務報表附註

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

31. SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on 1 December 2007. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contributions to the Group. Under the Share Option Scheme, the directors of the Company may grant options to the following eligible participants:

- i) any employee (whether full-time or part-time, including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity ("Invested Entity") in which the Group holds an equity interest;
- ii) any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity;
- iii) any supplier of goods or services to any member of the Group or any Invested Entity;
- iv) any customer of the Group or any Invested Entity;
- v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;
- vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- vii) any advisor (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

31. 購股權計劃

本公司之購股權計劃(「購股權計劃」)乃根據於二零零七年十二月一日通過之決議案獲採納。購股權計劃旨在促使本公司授予經甄選參與者購股權，作為彼等為本集團作出貢獻之獎勵或獎賞。根據購股權計劃，本公司董事可向下列合資格參與者授出購股權：

- i) 本公司、其任何附屬公司或本集團持有其股權之任何實體(「投資實體」)之任何僱員(不論全職或兼職，包括任何執行董事，但不包括任何非執行董事)；
- ii) 本公司、其任何附屬公司或任何投資實體之任何非執行董事(包括獨立非執行董事)；
- iii) 向本集團任何成員公司或任何投資實體提供貨品或服務之任何供應商；
- iv) 本集團或任何投資實體之任何客戶；
- v) 為本集團或任何投資實體提供研究、開發或其他科技支持之任何人士或實體；
- vi) 本集團任何成員公司或任何投資實體之任何股東或由本集團任何成員公司或任何投資實體發行之任何證券之任何持有人；
- vii) 本集團任何成員公司或任何投資實體之任何業務範疇或業務發展之任何諮詢人(不論是否專業人士)或顧問；及
- viii) 透過合營企業、業務聯盟或對本集團之發展及增長作出其他業務安排而作出或可能作出貢獻之任何其他團體或類別之參與者。

Notes to the Financial Statements

財務報表附註

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

31. SHARE OPTION SCHEME (Continued)

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue on the day on which trading of the shares commenced on the Main Board of the Stock Exchange (“General Scheme Limit”). The total number of shares available for issue under the Share Option Scheme is 80,000,000 (including those granted but yet to be exercised), representing 9.5% of the issued shares of the Company as at 31 December 2017 (2016: 9.5%).

The maximum number of shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 30% of the shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any participant is not permitted to exceed 1% of the shares of the Company in issue during the 12-month period before the date of grant without prior approval from the Company’s shareholders. Any grant of options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined under the Listing Rules) must be approved by the independent non-executive directors of the Company. In addition, any grant of options to a substantial shareholder or an independent non-executive director or any of their respective associates in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company’s shares at the date of grant) in excess of HK\$5 million within any 12-month period must be approved by shareholders of the Company in general meeting.

Unless otherwise determined by the directors of the Company and stated in the offer of the grant of options to a grantee, there is one year vesting period required under the Share Option Scheme for the holding of an option before it can be exercised.

31. 購股權計劃 (續)

因行使根據購股權計劃及本集團任何其他購股權計劃所授出之全部購股權而可能發行之股份總數合共不得超過股份開始在聯交所主板買賣當日已發行股份之10% (「一般計劃限額」)。根據購股權計劃可供發行之股份總數為80,000,000股 (包括已授出但尚未行使者)，佔本公司於二零一七年十二月三十一日之已發行股份9.5% (二零一六年：9.5%)。

根據購股權計劃可予授出之購股權涉及之股份數目最多不超過本公司不時已發行股份總數之30%。未經本公司股東批准，任何參與者於授出日期前十二個月期間獲授之購股權所涉及之股份數目不得超過本公司已發行股份1%。根據購股權計劃向本公司董事、最高行政人員或主要股東或彼等各自之任何聯繫人士 (定義見上市規則) 授出任何購股權，須由本公司之獨立非執行董事批准。此外，於任何十二個月內向主要股東或獨立非執行董事或彼等各自之任何聯繫人士授出超過本公司已發行股份0.1%及總值 (根據本公司股份於授出日期之收市價計算) 超過5,000,000港元之購股權，須獲得本公司股東在股東大會上批准。

除非本公司董事另行決定及在向承授人提呈授出購股權要約時表明，否則購股權計劃規定在行使前需持有購股權一年之歸屬期限。

Notes to the Financial Statements

財務報表附註

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

31. SHARE OPTION SCHEME (Continued)

An offer for the grant of options to a grantee shall be accepted by no later than 21 days from the date of offer. HK\$1 per grant of options is payable on the acceptance of the grant of options. Options may be exercised in accordance with the terms of the Share Option Scheme and expiring in accordance with the terms of the Share Option Scheme or upon the expiry of the tenth anniversary of the Share Option Scheme, whichever is the earlier.

The exercise price is determined by the directors of the Company, and shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheets of the Stock Exchange on the date of the offer of grant; (ii) the average closing price of the Company's shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Company's share.

a) **The terms and conditions of the share options granted to directors and employees are as follows:**

		Number of share options granted 授出 購股權數目	Vesting conditions 歸屬條件	Contractual life of options 購股權 合約年期
Granted to directors:	授予董事之購股權：			
– on 14 May 2008	– 二零零八年 五月十四日	5,800,000	one year 一年	10 years 十年
– on 11 June 2012	– 二零一二年 六月十一日	5,000,000	one year 一年	10 years 十年
Granted to employees:	授予僱員之購股權：			
– on 14 May 2008	– 二零零八年 五月十四日	12,000,000	one year 一年	10 years 十年
– on 11 June 2012	– 二零一二年 六月十一日	30,000,000	one year 一年	10 years 十年
Total number of share options granted	授出購股權總數	52,800,000		

31. 購股權計劃 (續)

向獲授人作出的授出購股權要約須不遲於要約日期後21日內接納。接納獲授之購股權時須就每份購股權支付1港元。購股權可根據購股權計劃之條款行使，並根據購股權計劃之條款或於購股權計劃滿十週年時失效（以較早者為準）。

行使價由本公司董事釐定，而且不得低於(i)授出要約日期聯交所每日報價表所載本公司股份之收市價；(ii)緊接授出購股權日期前五個營業日聯交所每日報價表所載本公司股份之平均收市價；及(iii)本公司股份面值（以最高者為準）。

a) **授予董事及僱員購股權之條款及條件如下：**

Notes to the Financial Statements

財務報表附註

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

31. SHARE OPTION SCHEME (Continued)

- a) The terms and conditions of the share options granted to directors and employees are as follows: (Continued)

On 14 May 2008, 17,800,000 share options were granted for HK\$1 consideration per offer to directors, senior management and employees of the Group under the Company's Share Option Scheme. Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 each of the Company. These share options vested on 14 May 2009, and are exercisable until 13 May 2018. The exercise price is HK\$2.81 per share. As at 31 December 2017, the outstanding share options granted and accepted by directors and employees was 10,400,000 (2016: 10,800,000).

On 11 June 2012, 39,000,000 share options were granted to directors, senior management and employees of the Group under the Company's Share Option Scheme at a consideration of HK\$1 for each offer of which 35,000,000 share options were accepted in July 2012. Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 each of the Company. These share options vested on 11 June 2013, and will be exercisable until 10 June 2022. The exercise price is HK\$0.83 per share. As at 31 December 2016, the outstanding share options granted and accepted by directors and employees was 32,500,000 (2016: 32,500,000).

During the year ended 31 December 2017, 400,000 share options (2016: 3,000,000 share options) were lapsed.

No share options were exercised during the years ended 31 December 2017 and 2016.

31. 購股權計劃 (續)

- a) 授予董事及僱員購股權之條款及條件如下：(續)

於二零零八年五月十四日，根據本公司之購股權計劃以每份1港元的代價向本集團董事、高級管理人員及僱員授出17,800,000份購股權。每份購股權賦予持有人認購本公司一股每股面值為0.1港元之普通股的權利。該等購股權於二零零九年五月十四日歸屬，並可於二零一八年五月十三日之前行使。行使價為每股2.81港元。於二零一七年十二月三十一日，已授出且獲董事及僱員接納之尚未行使購股權為10,400,000份(二零一六年：10,800,000份)。

於二零一二年六月十一日，根據本公司之購股權計劃以每份1港元的代價向本集團董事、高級管理人員及僱員授出39,000,000份購股權，其中35,000,000份購股權於二零一二年七月獲接納。每份購股權賦予持有人認購本公司一股每股面值為0.1港元之普通股的權利。該等購股權已於二零一三年六月十一日歸屬，並可於二零二二年六月十日之前行使。行使價為每股0.83港元。於二零一六年十二月三十一日，已授出且獲董事及僱員接納之尚未行使購股權為32,500,000份(二零一六年：32,500,000份)。

截至二零一七年十二月三十一日止年度，400,000份購股權(二零一六年：3,000,000份購股權)已失效。

截至二零一七年及二零一六年十二月三十一日止年度，概無購股權獲行使。

Notes to the Financial Statements 財務報表附註

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

31. SHARE OPTION SCHEME (Continued)

- b) The number and weighted average exercise price of share options granted and accepted by directors and employees are as follows:

		2017 二零一七年		2016 二零一六年	
		Weighted average exercise price 加權平均 行使價	Number of share options 購股權數目	Weighted average exercise price 加權平均 行使價	Number of share options 購股權數目
Outstanding at beginning of the year	年初尚未行使	HK\$1.32港元	43,300,000	HK\$1.42港元	46,300,000
Lapsed during the year	年內失效	HK\$2.81港元	(400,000)	HK\$2.81港元	(3,000,000)
Outstanding at end of the year	年終尚未行使	<u>HK\$1.31港元</u>	<u>42,900,000</u>	<u>HK\$1.32港元</u>	<u>43,300,000</u>
Exercisable at end of the year	年終可予行使	<u>HK\$1.31港元</u>	<u>42,900,000</u>	<u>HK\$1.32港元</u>	<u>43,300,000</u>

The options outstanding as at 31 December 2017 had an exercise price of HK\$2.81 or HK\$0.83 (2016: HK\$2.81 or HK\$0.83) and had a weighted average remaining contractual life of 3.455 years (2016: 4.207 years).

31. 購股權計劃 (續)

- b) 已授出以及董事及僱員已接納之購股權之數目及加權平均行使價如下：

於二零一七年十二月三十一日尚未行使購股權之行使價為2.81港元或0.83港元(二零一六年：2.81港元或0.83港元)，加權平均剩餘合約年限為3.455年(二零一六年：4.207年)。

Notes to the Financial Statements

財務報表附註

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

31. SHARE OPTION SCHEME (Continued)

c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Binomial Option Pricing Model. The contractual life of the share option is used as an input into this model.

Fair value of share options and assumptions	購股權之公平值及假設
Fair value at measurement date	於計量日期之公平值
Share price	股價
Exercise price	行使價
Expected volatility (expressed as weighted average volatility used in the modeling under the Binomial Option Pricing Model)	預期波幅（以「二項式」期權定價模式內採用的加權平均波幅表示）
Option life (expressed as weighted average life used in the modeling under the Binomial Option Pricing Model)	購股權年期（以「二項式」期權定價模式內採用的加權平均年期表示）
Expected dividends	預期股息
Risk-free interest rate (based on Exchange Fund Notes)	無風險利率 (根據外匯基金票據)

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

There were one year vesting period associated with the share options granted.

31. 購股權計劃（續）

c) 購股權之公平值及假設

以授出購股權而獲得之服務之公平值按獲授購股權之公平值計量。獲授購股權之估計公平值按「二項式」期權定價模式計算。購股權之合約年期為此模式之一項輸入參數。

Share options granted on 授出之購股權

11 June 2012 二零一二年 六月十一日	14 May 2008 二零零八年 五月十四日
HK\$0.25港元 至 HK\$0.27港元	HK\$0.881港元
HK\$0.83港元 HK\$0.83港元	HK\$2.79港元 HK\$2.81港元
54%	40%
10 years 十年	10 years 十年
4.82%	3%
1.13%	3.21%

預期波幅乃根據歷史波幅計算（以購股權之加權平均剩餘年期計算），再基於公眾所知的資料就未來波幅之預期變動調整。預期股息乃根據過往股息釐定。所採用主觀輸入參數假設之變動可對公平值之估計構成重大影響。

已授出之購股權附帶一年歸屬期限。

Notes to the Financial Statements

財務報表附註

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

32. SEGMENT REPORTING

The Group manages its business by divisions and all those divisions are located in the PRC. In a manner consistent with the way in which information is reported internally to the Group's CODM for the purposes of resources allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Sales of EP products and equipment: this segment involves the sales of EP products and equipment to external customers.
- EP construction engineering projects: this segment undertakes the EP construction engineering projects for external customers.

An operating segment regarding the manufacture and sales of EP construction materials was discontinued during the year ended 31 December 2017. The segment information reported in this note does not include any amounts for the discontinued operation, which are described in more details in note 7.

32. 分部報告

本集團按部門劃分管理其業務，所有該等部門均位於中國。為了與就資源分配及表現評估向本集團之首席營運決策人內部呈報之資料方式更為一致，本集團呈列以下兩個可呈報分部。並無將任何經營分部合併以構成以下之可呈報分部。

- 環保產品及設備之銷售：本分部向外部客戶銷售環保產品及設備。
- 環保建設工程項目：此分部從事外部客戶環保建設工程營建項目。

有關製造及銷售環保建築材料的經營分部已於截至二零一七年十二月三十一日止年度終止經營。本附註所呈報的分部資料不包括有關已終止經營業務的任何款額，更多詳情載於附註7。

Notes to the Financial Statements 財務報表附註

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

32. SEGMENT REPORTING (Continued)

a) Segment revenue, profit or loss, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all tangible and intangible assets, and current assets with the exception of tax recoverable, unallocated cash and bank balances, investments in financial assets and other corporate assets. Segment liabilities include trade and other payables, deposits received and receipts in advance attributable to individual segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated and services rendered by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Inter-segment assistance provided by one segment to another is not measured.

The measure used for reporting segment profit is "adjusted EBITDA" that is, "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' emoluments, auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, the Group's CODM is provided with segment information concerning revenue, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

32. 分部報告 (續)

a) 分部收入、溢利或虧損、資產及負債

就評估分部表現及分部間分配資源而言，本集團之首席營運決策人按以下基準監察各可呈報分部之業績、資產及負債：

分部資產包括所有有形、無形及流動資產(可收回稅項、未分配現金及銀行結餘、金融資產及其他公司資產之投資除外)。分部負債包括個別分部應佔的應付貿易及其他款項、已收按金及預收款。

收益及支出乃經參考該等分部產生之銷售額及提供之服務，以及所產生之支出或該等分部應佔之資產折舊或攤銷產生之支出分配予該等分部。分部間提供之支持不計算在內。

用於呈報分部溢利的方法為「經調整EBITDA」，即「經調整之未計利息、稅項、折舊及攤銷前的溢利」，其中「利息」包括投資收入，而「折舊及攤銷」包括非流動資產之減值虧損。為達至「經調整EBITDA」，本集團之盈利乃對並未指定屬於個別分部之項目作出進一步調整，如董事薪酬及核數師之酬金及其他總部或公司行政成本。

除收到有關經調整EBITDA之分部資料外，本集團之首席營運決策人獲提供有關收入、折舊、攤銷及減值虧損以及非流動分部資產添置之分部資料。分部間銷售乃經參考就類似訂單向外部人士收取之價格而進行定價。

Notes to the Financial Statements

財務報表附註

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

32. SEGMENT REPORTING (Continued)

a) Segment revenue, profit or loss, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2017 and 2016 is set out below:

From continuing operations:	來自持續經營業務：	Sales of EP products and equipment 環保產品及設備之銷售		EP construction engineering projects 環保建設工程項目		Total 總計	
		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 (Restated) (重列)
Reportable segment revenue from external customers	來自外部客戶之可呈報分部收入	588,549	637,846	-	-	588,549	637,846
Inter-segment revenue	分部間收入	-	-	-	-	-	-
Reportable segment revenue	可呈報分部收入	<u>588,549</u>	<u>637,846</u>	<u>-</u>	<u>-</u>	<u>588,549</u>	<u>637,846</u>
Reportable segment profit (adjusted EBITDA)	可呈報分部溢利(經調整之EBITDA)	<u>58,812</u>	<u>107,490</u>	<u>-</u>	<u>-</u>	<u>58,812</u>	<u>107,490</u>
Depreciation and amortisation	折舊及攤銷	(61)	(61)	-	-	(61)	(61)
Impairment loss on trade receivables	應收貿易款項之減值虧損	(61,168)	(38,129)	-	-	(61,168)	(38,129)
Impairment loss on other receivables	其他應收款項之減值虧損	-	(4,911)	-	-	-	(4,911)
Reversal of impairment loss on trade receivables	應收貿易款項減值虧損撥回	462	-	-	-	462	-
Reversal of impairment loss on other receivables	應收其他款項之減值虧損撥回	-	90	-	-	-	90
Reportable segment assets	可呈報分部資產	<u>649,851</u>	<u>745,883</u>	<u>6</u>	<u>18,606</u>	<u>649,857</u>	<u>764,489</u>
Reportable segment liabilities	可呈報分部負債	<u>29,240</u>	<u>470,468</u>	<u>10,520</u>	<u>14,162</u>	<u>39,760</u>	<u>484,630</u>

Note:

There were no additions to non-current segment assets to both reportable segments during the years ended 31 December 2017 and 2016.

32. 分部報告 (續)

a) 分部收入、溢利或虧損、資產及負債 (續)

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而向本集團首席營運決策人提供之本集團可呈報分部資料載列如下：

附註：

於截至二零一七年及二零一六年十二月三十一日止年度，可呈報分部均無添置非流動分部資產。

Notes to the Financial Statements

財務報表附註

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

32. SEGMENT REPORTING (Continued)

b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

From continuing operations:

Revenue

Reportable segment revenue
Elimination of intra-group transactions

Consolidated revenue

Profit

Reportable segment profit derived from external customers
Depreciation and amortisation
Unallocated head office and corporate income
Unallocated head office and corporate expenses

Consolidated profit before taxation

Assets

Reportable segment assets
Tax recoverable
Unallocated cash and bank balances
Unallocated head office and corporate assets
Assets of a disposal company classified as held for sale
Assets in relation to discontinued operation

Consolidated total assets

Liabilities

Reportable segment liabilities
Corporate bonds
Tax payable
Deferred tax liabilities
Unallocated head office and corporate liabilities
Liabilities directly associated with the assets classified as held for sale
Liabilities in relation to discontinued operation

Consolidated total liabilities

來自持續經營業務：

收入

可呈報分部收入
對銷集團間交易

綜合收入

溢利

源自外部客戶的可呈報分部溢利
折舊及攤銷
未分配總部及企業收益
未分配總部及企業開支

除稅前綜合溢利

資產

可呈報分部資產
可收回稅項
未分配現金及銀行結餘
未分配總部及企業資產
分類為持作出售之出售公司之資產
有關已終止經營業務之資產

綜合總資產

負債

可呈報分部負債
公司債券
應付稅項
遞延稅項負債
未分配總部及企業負債
與分類為持作出售資產直接相關之負債
有關已終止經營業務之負債

綜合總負債

32. 分部報告 (續)

b) 可呈報分部收入、溢利或虧損、資產及負債之對賬

	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 (Restated) (重列)
	588,549	637,846
	-	-
	588,549	637,846
	58,812	107,490
	(3,595)	(3,420)
	1,838	1,416
	(32,368)	(30,943)
	24,687	74,543
	649,857	764,489
	-	74,796
	368,213	349,740
	255,643	163,504
	480,477	-
	-	699,669
	1,754,190	2,052,198
	39,760	484,630
	20,440	-
	11,125	10,888
	-	21,976
	12,701	119,652
	436,489	-
	-	35,611
	520,515	672,757

Notes to the Financial Statements

財務報表附註

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

32. SEGMENT REPORTING (Continued)

c) Information about major customers

Revenue from external customers individually contributing 10% or more of the Group's total revenue from continuing operations is as follows:

Customer A	客戶甲
Customer B	客戶乙
Customer C	客戶丙
Customer D	客戶丁
Customer E	客戶戊

Revenue from the above customers during the years ended 31 December 2017 and 2016 are generated from sales of EP products and equipment.

d) Geographical information

(i) Revenue from external customers

The following table sets out information about the geographical location of the Group's revenue from external customers arising from continuing operations. The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

Mainland China (place of domicile)	中國大陸(註冊地)
---------------------------------------	-----------

32. 分部報告(續)

c) 有關主要客戶之資料

個別地貢獻本集團來自持續經營業務的總收入10%或以上之來自外部客戶之收入如下：

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 (Restated) (重列)
152,162	-
84,316	149,829
79,701	75,213
-	141,385
-	84,444

截至二零一七年及二零一六年十二月三十一日止年度，來自上述客戶的收入從銷售環保產品及設備產生。

d) 地區資料

(i) 來自外部客戶之收入

下表載列有關本集團來自持續經營業務外部客戶之收入的所在地區之資料。客戶所在地區按提供服務或貨品付運地點劃分。

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 (Restated) (重列)
588,549	637,846

Notes to the Financial Statements

財務報表附註

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

32. SEGMENT REPORTING (Continued)

d) Geographical information (Continued)

(ii) Specified non-current assets

The Group's specified non-current assets comprise property, plant and equipment, prepaid lease payments, and prepayments for consultation, marketing and promotional services.

The geographical location of these specified non-current assets is based on (i) the physical location of the assets, in the case of property, plant and equipment and prepaid lease payments, and (ii) the location of the service providers, in the case of prepayments for consultation, marketing and promotional services.

The following table sets out information about the geographical location of the specified non-current assets.

Mainland China (place of domicile)	中國大陸 (註冊地)
Hong Kong	香港

32. 分部報告 (續)

d) 地區資料 (續)

(ii) 指定非流動資產

本集團之指定非流動資產，包括物業、廠房及設備，預付租賃款項，及諮詢、市場推廣及宣傳服務預付款。

該等指定非流動資產的所在地區乃根據(i)就物業、廠房及設備及預付租賃款項而言，資產的實際所在地，及(ii)就諮詢、市場推廣及宣傳服務預付款而言，服務供應商的地點。

下表載列有關指定非流動資產的所在地區之資料。

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
237,013	493,507
118	249
237,131	493,756

33. PLEDGE OF ASSETS

As at 31 December 2016, a bank deposit of the Company's subsidiary of approximately RMB6,543,000 was pledged to a bank to secure a banking facility granted to this subsidiary.

33. 資產抵押

於二零一六年十二月三十一日，本公司一間附屬公司之銀行存款約人民幣6,543,000元已抵押，以作為該附屬公司獲授之銀行融資之擔保。

Notes to the Financial Statements

財務報表附註

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

34. MATERIAL RELATED PARTY TRANSACTIONS

a) Transaction with related parties

In addition to the transactions and balances disclosed elsewhere in these financial statements, the directors of the Company considered that the followings were the material related party transactions entered into by the Group during the years ended 31 December 2017 and 2016:

Name of related party 有關連人士名稱	Relationship with related party 與有關連人士之關係	Nature of transaction 交易性質
Wuxi Xin Wei High Temperature Ceramics Co., Ltd. (Note) ("Wuxi Xin Wei") 無錫新威高溫陶瓷有限公司 (附註) 〔無錫新威〕	A company of which Mr. Jiang Quanlong, a former director of the Company, is also a director of its holding company 本公司前董事蔣泉龍先生亦為該控股公司之董事	Receipt of rental income 收取租金收入

The directors of the Company are of the opinion that the above transactions were entered into under normal course of business and in accordance with the terms of the agreements governing these transactions.

Note:

The English name for this company which was established in the PRC is not officially registered but included here as a translation for identification purpose.

34. 重大有關連人士交易

a) 與有關連人士交易

除於此等財務報表其他部份所披露之交易及結餘外，本公司董事認為本集團於截至二零一七年及二零一六年十二月三十一日止年度內所訂立之重大有關連人士交易如下：

	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
	53	53

本公司董事認為上述該等交易是在日常業務過程中且根據規管該等交易之協議條款訂立。

附註：

於中國成立之公司之英文名稱並非正式註冊登記之名稱，本報告中所載英文名稱均為翻譯所得，供識別之用。

Notes to the Financial Statements

財務報表附註

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

34. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

b) Transactions with key management personnel

Remuneration for key management personnel of the Group representing the amounts paid to the Company's directors as disclosed in note 10 and the highest paid employees and senior management as disclosed in note 11 is as follows:

Short-term employee benefits	短期僱員福利
Post-employment benefits	離職福利

34. 重大有關連人士交易 (續)

b) 與主要管理層成員交易

本集團主要管理人員之薪酬 (即附註10所披露之付予本公司董事及附註11所披露之最高酬金人士及高級管理人員之金額) 載列如下:

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
4,201	4,482
53	74
4,254	4,556

Notes to the Financial Statements

財務報表附註

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

35. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted but not provided for in the financial statements:	有關下列各項之已訂約但未於財務報表作出撥備之資本開支：
– in respect of the acquisition of property, plant and equipment	– 購買物業、廠房及設備

(b) Operating lease commitments

As lessee

At the end of each reporting period, the Group had operating lease commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises, factory premises and equipment which fall due as follows:

Within one year	一年內
After one year but within five years	一年後但五年內

Leases and rentals are negotiated and fixed for periods of three years. None of the leases includes contingent rentals.

35. 承擔

(a) 資本承擔

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
9,680	9,680

(b) 經營租賃承擔

作為承租人

於各報告期末，本集團就辦公室物業、工廠物業及設備根據不可撤銷經營租賃而須於未來支付最低租賃款額之經營租賃承擔到期情況如下：

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
1,532	1,477
650	635
2,182	2,112

租約及租金乃通過磋商釐定，為期三年。概無租約包括或然租金。

Notes to the Financial Statements

財務報表附註

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

35. COMMITMENTS (Continued)

(b) Operating lease commitments (Continued)

As lessor

The Group had contracted with a tenant for a lease term of 5 years. The following is the non-cancellable future minimum lease payments to be received by the Group:

Within one year	一年內
After one year but within five years	一年後但五年內

Included in the above is future minimum lease payments receivable from Wuxi Xin Wei, a related company, of approximately RMB18,000 (2016: RMB71,000) and the non-cancellable future minimum lease payments receivables is as follows:

Within one year	一年內
After one year but within five years	一年後但五年內

The related company is a company of which Mr. Jiang Quanlong, a former director of the Company, is also a director of its holding company.

35. 承擔 (續)

(b) 經營租賃承擔 (續)

作為出租人

本集團已與一名租戶訂立租期五年的合約。以下為本集團將收取的不可撤銷未來最低租金付款：

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
18	53
-	18
18	71

上述經營租賃承擔包括約人民幣18,000元(二零一六年：人民幣71,000元)之一間關連公司無錫新威未來最低租賃應收款項及不可撤銷未來最低租賃應收款項如下：

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
18	53
-	18
18	71

本公司前董事蔣泉龍先生亦為該關連公司的控股公司之董事。

Notes to the Financial Statements

財務報表附註

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

36. CONTINGENT LIABILITIES

The Group has provided product warranties to its customers in respect of construction work completed and certain of its EP products sold for a warranty period ranging from six months to two years after project completion or product delivery. At the same time, the Group has also received warranties in respect of those construction work and equipment supplied from its sub-contractors and suppliers. The directors of the Company believe that the amount of crystallised warranty liabilities will not have a material adverse effect on the overall financial position or financial performance of the Group.

37. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, and to generate sufficient profit to maintain growth and provide a satisfactory return to its shareholders.

The management actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure through the amount of dividend payment to shareholders or raise new debt financing. No changes were made in the objectives or policies during the year.

The management monitors the Group's capital structure on the basis of a net debt-to-equity ratio. For this purpose, the Group defines net debt as total debt (which includes trade and other payables, deposits received and receipts in advance, and corporate bonds) minus cash and bank balances.

36. 或然負債

本集團就已竣工建築工程及其售出之若干環保產品為其客戶提供產品保養，保養期由工程結束後或產品送遞後計六個月至兩年不等。同時，本集團亦享有其分包商及供應商就所提供之建築工程及設備之保養服務。本公司董事相信保養負債之實際金額將不會對本集團整體財務狀況或財務表現造成重大不利影響。

37. 資本管理

本集團管理資本之首要目標乃保障本集團能夠繼續根據持續經營基準經營，以及產生足夠盈利以維持增長，及為股東賺取滿意之回報。

管理層積極及定期對資本架構進行檢討及管理，以在較高股東回報情況下可能伴隨之較高借貸水平與穩健之資本狀況帶來之好處及保障之間取得平衡，並透過對股東派發股息或進行新債務融資就資本架構作出調整。年內，概無就該等目標及政策作出任何變動。

管理層按債權比率淨值基準密切監察本集團之資本結構。為此，本集團界定債務淨額為債務總額（包括應付貿易及其他款項、已收按金及預收款及公司債券）減現金及銀行結餘。

Notes to the Financial Statements

財務報表附註

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

37. CAPITAL MANAGEMENT (Continued)

The net debt-to-equity ratio as at 31 December 2017 and 2016 was as follows:

Current liabilities:	流動負債：
Trade and other payables	應付貿易及其他款項
Deposits received and receipts in advance	已收按金及預收款
Non-current liabilities:	非流動負債：
Corporate bonds	公司債券
Sub-total	小計
Less: Cash and bank balances	減：現金及銀行結餘
Net (cash)/debt balance	(現金)／負債結餘淨額
Total equity	權益總額
Net debt-to-equity ratio	淨負債與權益比率

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

37. 資本管理 (續)

於二零一七年及二零一六年十二月三十一日之債權比率淨值如下：

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
51,370	270,844
1,091	365,656
52,461	636,500
20,440	—
72,901	636,500
(368,213)	(349,740)
(295,312)	286,760
1,233,675	1,379,441
N/A 不適用	20.79%

本公司或任何其附屬公司概無受外部實施之資本規定限制。

Notes to the Financial Statements

財務報表附註

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

38. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

Financial assets

Trade receivables
Other receivables
Receivable of compensation of
loss from indemnity
Retention receivables
Pledged bank deposits
Cash and bank balances

Loans and receivables

Available-for-sale financial asset

Financial liabilities measured at amortised cost

Trade and other payables
Corporate bonds

金融資產

應收貿易款項
其他應收款項
彌償保證虧損賠償
應收款項
應收質保款項
已抵押銀行存款
現金及銀行結餘

貸款及應收款項

可供出售金融資產

以攤銷成本計量的金融負債

應付貿易及其他款項
公司債券

38. 金融工具

a) 金融工具分類

	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
	543,862	614,236
	13,916	20,266
	-	46,641
	43,166	88,582
	-	6,543
	368,213	349,740
	969,157	1,126,008
	-	-
	49,953	268,519
	20,440	-
	70,393	268,519

b) Financial risk management objective and policies

Exposure to credit, interest rate, liquidity and currency risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

b) 金融風險管理目標及政策

本集團在日常業務中須承受信貸、利率、流動資金及貨幣風險。本集團透過下文所述財務管理政策及常規管理該等風險。

本集團有關金融工具或其管理及計量風險之方式之承擔類別並無變動。

Notes to the Financial Statements

財務報表附註

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

38. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

i) Credit risk

As at 31 December 2017, 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's credit risk is primarily attributable to trade receivables, retention receivables, receivable of compensation of loss from indemnity, and other receivables which are disclosed elsewhere in these financial statements. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group generally allows credit period ranging from 0 to 365 days to its trade customers with normal credit terms and credit period up to three years to its trade customers with extended credit terms which is based on the contractual repayment schedule. Normally, the Group does not obtain collateral from its customers.

38. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

i) 信貸風險

於二零一七年十二月三十一日，最大的信貸風險承擔為綜合財務狀況表中各金融資產之賬面值（經扣除任何減值撥備）。

本集團之信貸風險主要來自於此等財務報表其他部份披露之應收貿易款項、應收質保款項、彌償保證虧損賠償應收款項及其他應收款項。管理層設定了既定之信貸政策，並持續監察該等信貸風險。

信貸風險指對手方在其合約責任的失責以致本集團蒙受財務損失的風險。本集團已採取只與信譽良好對手方交易及獲取充足抵押品（如有需要）之政策，以減低違約產生之財務虧損風險。

就應收貿易款項而言，本集團對要求一定金額以上信貸之所有客戶個別進行信貸評估。評估主要根據客戶之歷史交易記錄及現時之償付能力，並考慮特定客戶之信用特徵及其所處之經濟環境。本集團一般給予貿易客戶0至365日的正常信貸期，並會根據合約訂明的還款時間表，給予其貿易客戶長達三年之延長信用期。在一般情況下，本集團不會自客戶獲取抵押品。

Notes to the Financial Statements 財務報表附註

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

38. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

i) Credit risk (Continued)

In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Taking into account the creditworthiness of the Group's customers, the credit risk measures and the historical levels of the bad debts, the directors of the Company consider that such concentration of credit risk would result in significant credit default exposure to the Group. At the end of the reporting period, 6.76% (2016: 5.20%) and 35.56% (2016: 34.56%) of trade receivables were due from the Group's largest customer and the five largest customers, respectively, arose from the sales of EP products and equipment segment.

The credit risk on the Group's trade receivables with extended credit terms is limited because the counterparties are certain government authorities in the PRC having no default payment history.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 20.

Retention receivables, receivable of compensation of loss from indemnity, and other receivables are regularly monitored by the Group and follow up actions are taken to recover these balances in the case of any risk of default.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation and high credit ratings.

38. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

i) 信貸風險 (續)

就應收貿易款項而言，本集團之信貸風險主要受每個客戶之個別情況所影響。考慮到本集團客戶之信譽、信貸風險措施及過往之壞賬水平，本公司董事認為，此種集中信貸風險會對本集團構成重大信貸拖欠風險。於報告期末，來自銷售環保產品及設備分部之應收本集團最大客戶及五大客戶分別佔應收貿易款項6.76% (二零一六年：5.20%) 及35.56% (二零一六年：34.56%)。

本集團獲延長信貸期的應收貿易款項之信貸風險有限，因為對手方為並無拖欠還款記錄之中國若干政府機構。

有關本集團面臨之應收貿易款項產生之信貸風險之更多量性披露載於附註20。

應收質保款項、彌償保證虧損賠償應收款項及其他應收款項會定期由本集團監察以及本集團就任何拖欠風險採取跟進行動以收回該等結餘。

流動資金信貸風險有限，因為對手方為具有良好信譽及高信貸評級的銀行。

Notes to the Financial Statements

財務報表附註

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

38. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to corporate bonds with fixed interest rate (see note 25). The management monitors interest rate exposure and will consider repayment of the corporate bonds when significant interest rate exposure is anticipated.

The Group's cash flow interest rate risk relates primarily to variable-rates of pledged bank deposits and bank balances.

The Group does not anticipate significant interest rate risk because the interest rates of these balances are not expected to change significantly.

i) Interest rate profile

The following table details the interest rate profile of the Group's variable-rates pledged bank deposits and bank balances at the end of the reporting period:

		2017 二零一七年		2016 二零一六年	
		Effective interest rate 實際利率%	RMB'000 人民幣千元	Effective interest rate 實際利率%	RMB'000 人民幣千元
Bank balances	銀行結餘	0%-0.3%	368,188	0%-0.3%	349,719
Pledged bank deposits	已抵押銀行存款	N/A不適用	-	1.5%	6,543
Total balance	總結餘		368,188		356,262

38. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

ii) 利率風險

本集團面臨有關固定利率公司債券(見附註25)的公平值利率風險。管理層監測利率風險並將於預期面臨重大利率風險時考慮償還公司債券。

本集團之現金流量利率風險主要與已抵押銀行存款及銀行結餘之浮動利率有關。

本集團並無預期重大利率風險，因為該等結餘的利率預計無重大變化。

i) 利率概況

下表詳述本集團的已抵押銀行存款及銀行結餘之浮動利率於本報告期末的利率概況：

Notes to the Financial Statements 財務報表附註

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

38. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

ii) 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 increase/decrease the Group's profit after tax from continuing operations and increase/decrease the Group's retained profits by approximately RMB3,094,000 (2016: RMB3,028,000). Other components of equity would not be affected by the changes in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The analysis is performed on the same basis for year 2016.

38. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

ii) 利率風險 (續)

ii) 敏感度分析

於二零一七年十二月三十一日，據估計，在所有其他變數維持不變之情況下，利率普遍上升／下降100個基點將令本集團持續經營業務之除稅後溢利增加／減少及本集團之保留溢利增加／減少約人民幣3,094,000元（二零一六年：人民幣3,028,000元）。權益之其他部份將不會受利率變動之影響。

上述敏感度分析乃假設利率變動已於報告期末發生，並已應用於該日存在之非衍生金融工具須承受之利率風險。100個基點之增幅或跌幅為管理層就直至下個報告期末期間利率之合理可能變動所作之評估。二零一六年的分析是以相同的基準進行。

Notes to the Financial Statements

財務報表附註

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

38. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset as they fall due. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Group'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 can be required to pay.

38. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

iii) 流動資金風險

流動資金風險乃指本集團於履行有關以現金交付方式或其他金融資產結算到期之金融負債義務時遇到困難的風險。本集團之政策為定期監控目前及預期之流動資金需求及其遵守貸款契據之情況，以確保本集團維持充裕現金儲備及獲往來銀行承諾提供足夠資金，以應付其短期及較長期之流動資金需求。

下表為詳列本集團之非衍生金融負債於報告期末之餘下合約期限。此乃基於合約所定未貼現現金流（包括根據合約利率（或倘為浮動利率，則基於報告期末的現行利率）計算之利息付款）及本集團可能須付款之最早日期計算。

Notes to the Financial Statements

財務報表附註

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

38. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

iii) Liquidity risk (Continued)

38. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

iii) 流動資金風險 (續)

Non-derivative financial liabilities

Trade and other payables
Corporate bonds

非衍生金融負債

應付貿易及其他款項
公司債券

2017 二零一七年						2016 二零一六年		
Contractual undiscounted cash flow 合約所定未貼現現金流						Contractual undiscounted cash flow 合約所定未貼現現金流		
Carrying amount 賬面值	on demand 一年內或 按要求償還	More than one year but less than two years 超過一年但少於兩年	More than two years but less than five years 超過兩年但少於五年	Over five years 超過五年	Total 總額	Carrying amount 賬面值	on demand 一年內或 按要求償還	Total 總額
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元				
49,953	49,953	-	-	-	49,953	268,519	268,519	268,519
20,440	1,254	1,254	22,034	1,722	26,264	-	-	-
70,393	51,207	1,254	22,034	1,722	76,217	268,519	268,519	268,519

Notes to the Financial Statements

財務報表附註

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

38. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

iv) Currency risk

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure if necessary.

i) Exposure to currency risk

The following table details the Group's exposure at the end of each reporting period to currency risk arising from recognised assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of exposure are shown in RMB, translated using the spot rate at the end of the reporting period.

38. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

iv) 貨幣風險

本集團涉及之貨幣風險主要來自與以業務所涉及功能貨幣以外之貨幣計值之買賣交易有關之風險。本集團目前並無外幣對沖政策。然而，管理層會監控外匯風險，並將在需要時考慮對沖重大外匯風險。

i) 面臨貨幣風險

下表詳列本集團於各報告期末面臨之貨幣風險，有關風險乃因以實體經營有關之功能貨幣以外之貨幣計值之已確認資產及負債而產生。就呈報目的而言，該等風險金額乃以人民幣表示，並以報告期末之即期利率換算。

Exposure to currency risk (expressed in RMB'000)
所承擔的貨幣風險 (以人民幣千元列示)

	2017 二零一七年		2016 二零一六年	
	Hong Kong Dollars 港元	United States Dollars 美元	Hong Kong Dollars 港元	United States Dollars 美元
Amounts due to related companies	(4,995)	-	(12,702)	-
Cash and bank balances	-	7	-	2,418
Overall exposure	(4,995)	7	(12,702)	2,418

Notes to the Financial Statements 財務報表附註

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

38. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

iv) Currency risk (Continued)

ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax from continuing operations for the year and retained profits and other components of equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

38. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

iv) 貨幣風險 (續)

ii) 敏感度分析

下表顯示於報告期末本集團持續經營業務之年內除稅後溢利及保留溢利及權益其他部份在本集團面臨重大風險之外幣匯率合理及可能變動下之概約變動。

		2017 二零一七年			2016 二零一六年				
		Increase/ (decrease) in foreign exchange rates 外幣匯率 上升/(下跌)	Effect on profit after tax 溢利之影響 RMB'000 人民幣千元	Effect on retained profits 之影響 RMB'000 人民幣千元	Effect on other components of equity 對權益其他 部份之影響 RMB'000 人民幣千元	Increase/ (decrease) in foreign exchange rates 外幣匯率 上升/(下跌)	Effect on profit after tax 溢利之影響 RMB'000 人民幣千元	Effect on retained profits 之影響 RMB'000 人民幣千元	Effect on other components of equity 對權益其他 部份之影響 RMB'000 人民幣千元
Hong Kong									
Dollars	港元	1%	(51)	(51)	-	1%	(108)	(108)	-
		(1%)	51	51	-	(1%)	108	108	-
United States									
Dollars	美元	1%	-	-	-	1%	21	21	-
		(1%)	-	-	-	(1%)	(21)	(21)	-

Notes to the Financial Statements

財務報表附註

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

38. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

iv) Currency risk (Continued)

ii) Sensitivity analysis (Continued)

The sensitivity analysis above has been determined assuming that the change in foreign exchange rate had occurred at the end of the reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date. The stated changes represent management's assessment of reasonably possible changes in foreign exchanges rates over the period until the end of the next reporting period. The analysis is performed on the same basis for year 2016.

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not affect the exposure during the year.

38. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

iv) 貨幣風險 (續)

ii) 敏感度分析 (續)

以上敏感度分析基於假設外幣匯率變動發生於報告期末，且已應用於本集團就當天存在的金融工具所面臨的貨幣風險。上述變動是管理層對直至今下個報告期末止期間外幣匯率合理及有可能的變動的評估，二零一六年的分析是以相同的基準進行。

管理層認為，敏感度分析未能代表固有之外幣匯率風險，乃由於年結日風險並不影響年內風險。

Notes to the Financial Statements 財務報表附註

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

38. FINANCIAL INSTRUMENTS (Continued)

c) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of the following financial instruments.

i) *Loan and receivables and financial liabilities at amortised cost*

For financial assets and financial liabilities that are liquid or having a short-term maturity, it is assumed that the carrying amounts approximate their fair values. The assumption is applied to trade receivables with normal credit terms, other receivables, trade and other payables, pledged bank deposits and bank balances without a specific maturity. For other financial instruments (including trade receivables with extended credit terms and corporate bonds), the fair values are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

38. 金融工具 (續)

c) 公平值估計

以下概述以下金融工具的估計公平值所用之主要方法及假設。

i) *貸款及應收款項以及以攤銷成本計量的金融負債*

流動性或到期日短之金融資產及金融負債乃假設其賬面值與公平值相若。該假設適用於無特定到期日之具正常信貸期的應收貿易款項、其他應收款項、應付貿易及其他款項、已抵押銀行存款以及銀行結餘。至於其他金融工具(包括獲延長信貸期的應收貿易款項及公司債券)，其公平值根據公認定價模型釐定並以貼現現金流分析為基準。

Notes to the Financial Statements

財務報表附註

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

39. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY

a) Key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumption 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 revision affects both current and future period.

i) *Useful lives and residual values of property, plant and equipment and prepaid lease payments*

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment and prepaid lease payments in accordance with the Group's accounting policies stated in notes 2(e) and 2(f) respectively. The Group will revise the depreciation charge and the amortisation expense where useful lives and residual values are different from previous estimates, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

39. 關鍵會計判斷及估計不明朗因素主要來源

a) 不明朗估計之主要來源

誠如附註2所披露，在應用本集團會計政策時，本公司董事須判斷顯然無法從其他來源取得之資產及負債賬面值。該等估計及有關假設乃根據過往經驗及被認為在屬相關之其他因素而作出。實際結果可能有別於該等估計。

該估計及相關假設會按持續基準進行檢討。對會計估計進行修訂時，倘修訂僅影響該期間，則修訂會於修訂估計之期間確認；或倘有關修訂同時影響即期及未來期間，則會於修訂期間及未來期間確認。

i) *物業、廠房及設備以及預付租賃款項之可使用年期及剩餘價值*

管理層根據附註2(e)及2(f)分別所載之本集團會計政策釐定本集團物業、廠房及設備以及預付租賃款項之估計可使用年期及剩餘價值。本集團將修訂折舊支出及攤銷開支（如可使用年期及剩餘價值與先前估計不同），或撇銷或撇減已被棄用或出售之在技術上過時或屬非策略性之資產。

Notes to the Financial Statements 財務報表附註

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

39. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY (Continued)

a) Key sources of estimation uncertainty (Continued)

ii) *Impairment of property, plant and equipment and prepaid lease payments*

If circumstances indicate that the carrying value of an item of the property, plant and equipment and prepaid lease payments may not be recoverable, the asset may be considered “impaired”, and an impairment loss may be recognised in profit or loss in accordance with the accounting policy for impairment of property, plant and equipment and prepaid lease payments as described in note 2(g)(ii). The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

39. 關鍵會計判斷及估計不明朗 因素主要來源 (續)

a) 不明朗估計之主要來源 (續)

ii) *物業、廠房及設備以及 預付租賃款項之減值*

倘有跡象顯示物業、廠房及設備項目及預付租賃款項之賬面值不能收回，則資產可能視為「已減值」，並按附註2(g)(ii)所述有關物業、廠房及設備及預付租賃款項減值之會計政策於損益確認減值虧損。資產賬面值會定期進行檢討以評估可收回金額有否降至低於賬面值。倘有事件或情況轉變顯示資產入賬之賬面值可能無法收回，即會對有關資產進行減值測試。若出現有關減值情況，則會將賬面值減至可收回金額。

Notes to the Financial Statements

財務報表附註

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

39. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY (Continued)

a) Key sources of estimation uncertainty (Continued)

ii) *Impairment of property, plant and equipment and prepaid lease payments (Continued)*

The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to the level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operation costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods. As at 31 December 2017, the carrying amount of the Group's prepaid lease payments, and property, plant and equipment are approximately RMB50,958,000 (2016: RMB52,149,000) and RMB187,364,000 (2016: RMB399,080,000), respectively.

39. 關鍵會計判斷及估計不明朗因素主要來源 (續)

a) 不明朗估計之主要來源 (續)

ii) *物業、廠房及設備以及預付租賃款項之減值 (續)*

可收回金額乃公平值減出售成本與使用價值之較高者。釐定使用價值時，會將資產產生之預期未來現金流量折現至其現值，此需要對收益水平及經營成本金額作出重大判斷。本集團利用所有可得資料(包括基於合理及有力假設之估計以及對收益水平及經營成本金額之預測)，釐定可收回金額之合理近似金額。該等估計之變動可能對資產賬面值產生重大影響，並可能導致於未來期間之額外減值支出或撥回減值。於二零一七年十二月三十一日，本集團之預付租賃款項以及物業、廠房及設備賬面值分別約為人民幣50,958,000元(二零一六年：人民幣52,149,000元)及人民幣187,364,000元(二零一六年：人民幣399,080,000元)。

Notes to the Financial Statements 財務報表附註

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

39. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY (Continued)

a) Key sources of estimation uncertainty (Continued)

iii) *Net realisable value of inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of manufacturing and selling products of similar nature. Management will reassess the estimates at the end of each reporting period. The carrying amount of the Group's inventories as at 31 December 2017 is approximately RMB46,579,000 (2016: RMB197,984,000).

iv) *Trade and other receivables*

The Group's management determines the provision for impairment of trade and other receivables based on the evaluation of collectibility, ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. Management reassesses the provision at the end of each reporting period. The carrying amount of the Group's loans and receivables (included in current and non-current trade and other receivables) as at 31 December 2017 is approximately RMB600,944,000 (2016: RMB769,725,000).

39. 關鍵會計判斷及估計不明朗 因素主要來源 (續)

a) 不明朗估計之主要來源 (續)

iii) *存貨之可變現淨值*

存貨之可變現淨值乃估計於日常業務過程中之銷售價格，減去估計之完成成本及進行銷售所需之估計成本。該等估計乃基於當前之市場狀況及生產及銷售同類產品之以往經驗。管理層將於各報告期末重新評估該等估計。於二零一七年十二月三十一日，本集團存貨之賬面值約為人民幣46,579,000元（二零一六年：人民幣197,984,000元）。

iv) *應收貿易及其他款項*

應收貿易及其他款項減值撥備由本集團之管理層根據可收回性評估、賬目賬齡分析及管理層判斷決定。評估該等應收款項的最終變現能力需要進行大量判斷，包括各債務人的現時信譽及過往收回歷史。管理層將於各報告期末重新評估該等撥備。於二零一七年十二月三十一日，本集團之貸款及應收款項（計入流動及非流動應收貿易及其他款項）之賬面值約為人民幣600,944,000元（二零一六年：人民幣769,725,000元）。

Notes to the Financial Statements

財務報表附註

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

39. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY (Continued)

a) Key sources of estimation uncertainty (Continued)

v) *Warranty provisions*

As explained in note 36, the Group does not make provision for product warranties arising from sales of its EP products and equipment, and provision of EP construction engineering projects, taking into account the Group's recent claim experience as the Group has also received warranties in respect of those construction work and equipment supplied from its sub-contractors and suppliers. It is not indicative of future claims that it will receive in respect of past sales.

39. 關鍵會計判斷及估計不明朗因素主要來源 (續)

a) 不明朗估計之主要來源 (續)

v) 保養撥備

誠如附註36所闡釋，由於本集團獲其分包商及供應商就相關建設工程及設備提供之保養服務，故經考慮近期之索賠經驗，本集團並無就其銷售環保產品及設備所提供之產品保養而作出撥備，亦無就環保建設工程項目作出撥備。這並不表明其日後將因過往銷售而遭受索賠。

Notes to the Financial Statements 財務報表附註

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

39. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY (Continued)

b) Critical accounting judgements in applying the Group's accounting policies

In determining the carrying amounts of certain assets and liabilities, the Group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of each reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

i) *Income taxes*

The Group is subject to income tax in Hong Kong and various taxes in the PRC. Significant judgement is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

39. 關鍵會計判斷及估計不明朗 因素主要來源 (續)

b) 應用本集團之會計政策當中作出之重要判斷

在釐定若干資產及負債之賬面值時，本集團就不確定的未來事件對各報告期末資產及負債之影響作出假設。有關估計涉及對現金流量及所用折現率之假設。本集團根據過往經驗及對未來事件之預計作出估計及假設，並定期檢討。除對未來事件之假設及估計外，本集團在應用會計政策時亦作出判斷。

i) *所得稅*

本集團在香港須繳付所得稅，而在中國須繳付不同稅項。於釐定稅項撥備時須作出重大判斷。於一般業務過程中存有頗多交易及計算，使得最終稅務釐定存在不確定性。本集團根據對是否須繳納額外稅項之估計就預期稅務事宜確認負債。倘上述事宜之最終稅務結果與最初記錄之金額有所不同，有關差額將影響作出有關釐定期間之所得稅及遞延稅項撥備。

Notes to the Financial Statements

財務報表附註

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

39. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY (Continued)

b) Critical accounting judgements in applying the Group's accounting policies (Continued)

ii) *Withholding tax on the distributable profits of the Company's subsidiaries established in the PRC*

On 16 March 2007, National People's Congress approved the New EIT Laws which was effective from 1 January 2008. According to the relevant regulations of the New EIT Laws, when a foreign investment enterprise distributes dividends out of the profits earned from 1 January 2008 onwards to its foreign investors, they are subject to the PRC Enterprise Income Tax. The applicable income tax rate varies with the origin of the overseas investors.

The Group has made provision for withholding tax on dividends expected to be remitted from the subsidiaries established in the PRC, based on the Group's general dividend policy for the profits generated by these subsidiaries after 1 January 2008. The Group provided withholding tax for such undistributed profits as deferred tax liabilities. The directors of the Company will regularly review the dividend distribution policy of these subsidiaries from time to time.

39. 關鍵會計判斷及估計不明朗因素主要來源 (續)

b) 應用本集團之會計政策當中作出之重要判斷 (續)

ii) *本公司在中國成立的附屬公司的可分派溢利預扣稅*

於二零零七年三月十六日，全國人民代表大會通過了新企業所得稅法，並於二零零八年一月一日起生效。根據新企業所得稅法之有關規定，中國國內之外商投資企業向境外投資者分派自二零零八年一月一日起產生之溢利作為股息，需要徵收中國企業所得稅，並根據外商投資者所處之不同地區適用不同之所得稅率。

本集團已根據有關本集團中國附屬公司自二零零八年一月一日後產生的溢利之一般股息政策就預期自該等中國成立之附屬公司匯寄之股息計提預扣稅撥備。本集團就相關未分派溢利計提預扣稅撥備，作為遞延稅項負債。本公司董事將會定期檢討該等附屬公司不時制訂之股息分派政策。

Notes to the Financial Statements

財務報表附註

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

40. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

40. 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			
Equipment	設備		118	249
Investments in subsidiaries	於附屬公司之投資	18	340,771	588,871
			340,889	589,120
CURRENT ASSETS	流動資產			
Other receivables	其他應收款項		764	1,124
Amount due from a subsidiary	應收一間附屬公司的款項		262,281	280,526
Cash and bank balances	現金及銀行結餘		1,559	625
			264,604	282,275
Assets classified as held for sale	分類為持作出售之資產	28	12,538	–
			277,142	282,275
CURRENT LIABILITIES	流動負債			
Other payables	其他應付款項		12,196	18,488
Amounts due to subsidiaries	應付附屬公司的款項		–	44,331
			12,196	62,819
NET CURRENT ASSETS	流動資產淨值		264,946	219,456
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		605,835	808,576
NON-CURRENT LIABILITIES	非流動負債			
Corporate bonds	公司債券	25	(20,440)	–
NET ASSETS	資產淨值		585,395	808,576
CAPITAL AND RESERVES	股本及儲備			
Share capital	股本	29	78,073	78,073
Reserves	儲備	30	507,322	730,503
TOTAL EQUITY	權益總額		585,395	808,576

Notes to the Financial Statements

財務報表附註

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

41. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The directors of the Company consider the immediate and ultimate controlling party of the Group to be Praise Fortune Limited, which was incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details the changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

41. 直接及最終控制方

本公司董事認為，本集團之直接及最終控制方為於英屬處女群島註冊成立之公司Praise Fortune Limited。該實體並無編製可供公眾查閱之財務報表。

42. 融資活動所產生負債之對賬

下表詳列本集團融資活動所產生負債之變動，包括現金及非現金變動。融資活動所產生負債指融資活動之現金流已經或未來現金流將會於綜合現金流量表分類為融資活動產生的現金流。

		Corporate bonds 公司債券 (Note 25) (附註25) RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日	-
Changes from financing cash flows:	融資現金流之變動：	
Proceeds from issuance of corporate bonds	發行公司債券之所得款項	21,278
Direct issuance costs paid	已付直接發行成本	(772)
Total changes from financing cash flows	融資現金流之變動總額	20,506
Effect of changes in foreign exchange rates	匯率變動之影響	(380)
Other changes:	其他變動：	
Effective interest expenses	實際利息開支	314
At 31 December 2017	於二零一七年十二月三十一日	<u>20,440</u>

Notes to the Financial Statements

財務報表附註

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

43. EVENTS AFTER THE REPORTING PERIOD

The following significant events took place subsequent to 31 December 2017:

a) Completion of Asset Transfer

As disclosed in note 7, Wuxi Pan Asia entered into asset transfer agreement with Jiangsu Pan Asia on 31 October 2017 and Wuxi Pan Asia agreed to sell certain assets associated with the operation of sales of EP products and equipment to Jiangsu Pan Asia. The Asset Transfer was completed on 16 January 2018.

b) Disposal of a subsidiary

As disclosed in notes 7 and 28, the Group entered into the S&P Agreement with the Purchaser on 31 October 2017, pursuant to which the Group conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire equity interests in Wuxi Pan Asia after the completion of the Asset Transfer at a consideration of RMB44,000,000. The conditions precedent in the S&P Agreement were fulfilled and the Disposal was completed on 16 January 2018.

i) Consideration received

Consideration received

43. 報告期後事項

下述重大事項發生於二零一七年十二月三十一日之後：

a) 完成資產轉讓

誠如附註7所披露，於二零一七年十月三十一日，無錫泛亞與江蘇泛亞訂立資產轉讓協議，且無錫泛亞同意向江蘇泛亞出售與環保產品及設備銷售業務相關之若干資產。資產轉讓已於二零一八年一月十六日完成。

b) 出售一間附屬公司

誠如附註7及28所披露，於二零一七年十月三十一日，本集團與買方訂立買賣協議，據此，本集團有條件同意出售及買方有條件同意於資產轉讓完成後，按代價人民幣44,000,000元收購無錫泛亞所有股權。買賣協議的先決條件已獲達成且出售事項已於二零一八年一月十六日完成。

i) 已收代價

RMB'000
人民幣千元

已收代價

44,000

Notes to the Financial Statements

財務報表附註

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

43. EVENTS AFTER THE REPORTING PERIOD (Continued)

b) Disposal of a subsidiary (Continued)

ii) Analysis of assets and liabilities over which control was lost

Property, plant and equipment	物業、廠房及設備	185,380
Prepayments for consultation, marketing and promotional services	諮詢、市場推廣及宣傳服務預付款	43,700
Deferred tax assets	遞延稅項資產	410
Inventories	存貨	105,395
Trade and other receivables	應收貿易及其他款項	61,526
Pledged bank deposits	已抵押銀行存款	6,543
Tax recoverable	可收回稅項	77,523
Trade and other payables	應付貿易及其他款項	(155,764)
Deposits received and receipts in advance	已收按金及預收款	(276,772)
Deferred tax liabilities	遞延稅項負債	(1,218)
Deferred government grants	遞延政府補助	(2,735)

Net assets disposed of

物業、廠房及設備	185,380
諮詢、市場推廣及宣傳服務預付款	43,700
遞延稅項資產	410
存貨	105,395
應收貿易及其他款項	61,526
已抵押銀行存款	6,543
可收回稅項	77,523
應付貿易及其他款項	(155,764)
已收按金及預收款	(276,772)
遞延稅項負債	(1,218)
遞延政府補助	(2,735)

出售之淨資產

RMB'000
人民幣千元

185,380
43,700
410
105,395
61,526
6,543
77,523
(155,764)
(276,772)
(1,218)
(2,735)

43,988

iii) Gain on disposal of a subsidiary

Consideration received	已收代價	44,000
Less: Net assets disposed of	減：出售之淨資產	(43,988)

Gain on disposal of a subsidiary

43. 報告期後事項 (續)

b) 出售一間附屬公司 (續)

ii) 失去控制權的資產及負債之分析

物業、廠房及設備	185,380
諮詢、市場推廣及宣傳服務預付款	43,700
遞延稅項資產	410
存貨	105,395
應收貿易及其他款項	61,526
已抵押銀行存款	6,543
可收回稅項	77,523
應付貿易及其他款項	(155,764)
已收按金及預收款	(276,772)
遞延稅項負債	(1,218)
遞延政府補助	(2,735)

出售之淨資產

iii) 出售附屬公司之收益

已收代價	44,000
減：出售之淨資產	(43,988)

出售附屬公司之收益

RMB'000
人民幣千元

44,000
(43,988)

12

Notes to the Financial Statements 財務報表附註

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

43. EVENTS AFTER THE REPORTING PERIOD (Continued)

c) Proposed acquisition of subsidiaries

As announced by the Company on 1 March 2018, the Company entered into a sales and purchase agreement with an independent third party (the “Vendor”), pursuant to which the Company conditionally agreed to purchase and the Vendor conditionally agreed to sell 51% of the issued share capital of Prospectous Harvest Finance Limited (the “Target Company”) at a consideration of HK\$122,400,000 (subject to downward adjustments). The Target Company and its subsidiary are currently engaged in negotiating and handling customers for the sales of personal care products. Further details of which are set out in the Company’s announcement dated 1 March 2018.

Up to the date of this report, the conditions precedent in the sales and purchase agreement have not yet been fulfilled. Accordingly, the proposed acquisition has not yet been completed,

43. 報告期後事項 (續)

c) 建議收購附屬公司

如本公司於二零一八年三月一日宣佈，本公司與獨立第三方(「賣方」)訂定買賣協議，據此本公司有條件同意購買及賣方有條件同意出售鴻豐信貿融資有限公司(「目標公司」)已發行股本的51%，代價為122,400,000港元(可予下調)。目標公司及其附屬公司現時就個人護理產品之銷售從事磋商及處理客戶事宜。進一步詳情載於本公司日期為二零一八年三月一日之公告。

截至本報告日期止，買賣協議之先決條件尚未達成，因此建議收購尚未完成。

Notes to the Financial Statements

財務報表附註

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

44. 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 issuance of these financial statements, the HKICPA 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 these financial statements. These include the following which may be relevant to the Group.

44. 已頒佈但於截至二零一七年十二月三十一日止年度尚未生效之修訂本、新準則及詮釋之可能影響

截至此等財務報表刊發日期，香港會計師公會已頒佈若干於截至二零一七年十二月三十一日止年度尚未生效且並無於此等財務報表中採納的修訂本及新準則。其中包括以下可能與本集團有關者。

	<i>Effective for accounting periods beginning on or after</i>		<i>於下列日期 或之後開始 之會計期間 生效</i>
Amendments to HKFRS 2 "Share-based Payment: Classification and Measurement of Share-based Payment Transactions"	1 January 2018	香港財務報告準則第2號(修訂本) 「以股份為基礎付款： 以股份為基礎付款 交易的分類及計量」	二零一八年 一月一日
HKFRS 9 "Financial Instruments"	1 January 2018	香港財務報告準則第9號「金融工具」	二零一八年 一月一日
Amendments to HKFRS 9 "Prepayment Features with Negative Compensation"	1 January 2019	香港財務報告準則第9號(修訂本) 「負值補償之預付特點」	二零一九年 一月一日
HKFRS 15 "Revenue from Contracts with Customers"	1 January 2018	香港財務報告準則第15號「來自客戶合約之收益」	二零一八年 一月一日
Amendments to HKFRS 15 "Classifications to HKFRS 15"	1 January 2018	香港財務報告準則第15號(修訂本) 「對香港財務報告準則第15號進行分類」	二零一八年 一月一日
HKFRS 16 "Leases"	1 January 2019	香港財務報告準則第16號「租賃」	二零一九年 一月一日
HK(IFRIC) – INT 22 "Foreign Currency Transactions and Advance Consideration"	1 January 2018	香港(國際財務報告詮釋委員會)– 詮釋第22號「外幣 交易及預付代價」	二零一八年 一月一日
HK(IFRIC) – INT 23 "Uncertainty over Income Tax Transactions"	1 January 2019	香港(國際財務報告詮釋委員會)– 詮釋第23號「所得稅 處理之不確定性」	二零一九年 一月一日

Notes to the Financial Statements 財務報表附註

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

44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ending 30 June 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that financial report.

HKFRS 9 "Financial Instruments"

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39 "Financial instruments: Recognition and measurement". HKFRS 9 introduces new requirements for classification and measurement of financial assets, including the measurement of impairment for financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification and measurement of financial liabilities.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity as at 1 January 2018.

44. 已頒佈但於截至二零一七年 十二月三十一日止年度尚未 生效之修訂本、新準則及詮 釋之可能影響 (續)

本集團正就預期首次應用此等修訂、新準則及新詮釋期間造成之影響進行評估。迄今本集團已確定新訂準則之若干方面可能會對綜合財務報表構成重大影響。有關預期影響之進一步詳情於下文論述。儘管有關香港財務報告準則第9號及香港財務報告準則第15號之評估已大致完成，首次採納該等準則後產生之實際影響可能有所不同，原因為至今已完成之評估乃根據本集團目前可得的資料作出，而於本集團截至二零一八年六月三十日止六個月之中期財務報告首次應用該等準則前可能會識別進一步影響。此外，於上述中期財務報告首次應用該等準則前，本集團亦可能變更其會計政策選擇（包括過渡性條文選擇）。

香港財務報告準則第9號「金融工具」

香港財務報告準則第9號將取代有關金融工具會計處理方法的現有準則香港會計準則第39號「金融工具：確認及計量」。香港財務報告準則第9號引入分類及計量金融資產的新規定，包括計量金融資產減值及對沖會計。另一方面，香港財務報告準則第9號納入香港會計準則第39號有關確認及終止確認金融工具以及金融負債分類及計量的規定，且並無大幅變動。

香港財務報告準則第9號按追溯基準於二零一八年一月一日或之後開始的年度期間生效。本集團計劃使用重列比較資料的豁免，並將確認就於二零一八年一月一日的期初股權結餘作出的任何過渡調整。

Notes to the Financial Statements

財務報表附註

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

44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

HKFRS 9 “Financial Instruments” (Continued)

Expected impacts of the new requirements on the Group's consolidated financial statements are as follows:

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (i) amortised cost, (ii) fair value through profit or loss (“FVTPL”) and (iii) fair value through other comprehensive income (“FVTOCI”):

- The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI, the interest revenue, impairment and gains/losses on disposal will be recognised in profit or loss.
- For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI, only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

44. 已頒佈但於截至二零一七年十二月三十一日止年度尚未生效之修訂本、新準則及詮釋之可能影響 (續)

香港財務報告準則第9號「金融工具」(續)

新規定對本集團綜合財務報表的預期影響如下：

(a) 分類及計量

香港財務報告準則第9號包括金融資產的三個主要分類方法：(i)按攤銷成本；(ii)按公平值於損益入賬（「按公平值於損益入賬」）；及(iii)按公平值於其他全面收益入賬（「按公平值於其他全面收益入賬」）計量：

- 債務工具之分類乃基於實體管理金融資產的業務模式及該資產的合約現金流特點而釐定。倘債務工具分類為按公平值於其他全面收益入賬計量，則利息收入、減值及出售收益／虧損將於損益內確認。
- 就股本證券而言，不論實體採用何種業務模式均分類為按公平值於損益入賬計量，惟股本證券並非持作買賣及該實體不可撤回地選擇指定該證券為按公平值於其他全面收益入賬計量則例外。倘股本證券獲指定為按公平值於其他全面收益入賬計量，則僅該證券的股息收入將於損益內確認。該證券之收益、虧損及減值將於其他全面收益內確認且不可撥回。

Notes to the Financial Statements 財務報表附註

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

44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

HKFRS 9 “Financial Instruments” (Continued)

(a) Classification and measurement (Continued)

The Group has assessed that its financial assets currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of HKFRS 9.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement will not have any impact on the Group on adoption of HKFRS 9.

44. 已頒佈但於截至二零一七年 十二月三十一日止年度尚未 生效之修訂本、新準則及詮 釋之可能影響 (續)

香港財務報告準則第9號「金融工具」 (續)

(a) 分類及計量 (續)

本集團已評估其現時按攤銷成本及按公平值於損益入賬計量之金融資產將於採納香港財務報告準則第9號後繼續其各自之分類及計量。

香港財務報告準則第9號有關金融負債之分類及計量規定與香港會計準則第39號相較基本保持不變，惟香港財務報告準則第9號規定因指定為按公平值於損益入賬計量之金融負債信貸風險有變而導致其公平值變動之部份乃於其他全面收益內確認（不會重新分類至損益）。本集團現時並無任何指定為按公平值於損益入賬計量之金融負債，因此於採納香港財務報告準則第9號時，該新規定將不會對本集團造成任何影響。

Notes to the Financial Statements

財務報表附註

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

44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

HKFRS 9 “Financial Instruments” (Continued)

(b) Impairment

The new impairment model in HKFRS 9 replaces the “incurred loss” model in HKAS 39 with an “expected credit loss” model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either a 12-month expected credit loss or a lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses.

Based on the assessment by the directors of the Company, if the expected credit model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at 1 January 2018 would be slightly increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit provision on trade and other receivables. Such further impairment recognised under expected credit loss model would reduce the opening accumulated losses as at 1 January 2018.

44. 已頒佈但於截至二零一七年十二月三十一日止年度尚未生效之修訂本、新準則及詮釋之可能影響 (續)

香港財務報告準則第9號「金融工具」(續)

(b) 減值

香港財務報告準則第9號之新減值模式以「預期信貸虧損」模式取代香港會計準則第39號項下的「已產生虧損」模式。根據預期信貸虧損模式，毋須再待發生虧損事件方確認減值虧損。相反，實體須根據資產以及事實及情況確認及計量預期信貸虧損為12個月預期信貸虧損或永久預期信貸虧損。本集團預期應用預期信貸虧損模式會導致提早確認信貸虧損。

根據本公司董事的評估，倘預期信貸虧損模式獲本集團應用，於二零一八年一月一日本集團確認減值虧損之累計金額會較以香港會計準則第39號確認的累計金額微幅增加，主要原因是貿易及其他應收款項預期信貸撥備。以預期信貸虧損模式確認的有關進一步減值於二零一八年一月一日會減少期初累計虧損。

Notes to the Financial Statements 財務報表附註

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

44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

HKFRS 9 “Financial Instruments” (Continued)

(c) Hedge accounting

HKFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under HKAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. The Group currently does not have any hedge and therefore this new requirement may not have any impact on the Group on adoption of HKFRS 9.

HKFRS 15 “Revenue from Contracts with Customers”

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18 “Revenue”, which covers revenue arising from sale of goods and rendering of services, and HKAS 11 “Construction contracts”, which specifies the accounting for revenue from construction contracts. Based on the assessment completed to date, the Group has identified the following areas which are expected to be affected:

(a) Timing of revenue recognition

The Group’s revenue recognition policies are disclosed in note 2(s). Currently, revenue from sales of goods is generally recognised when the goods are delivered which is taken to be the point in time when the risks and rewards of ownership have passed to the customers. Revenue from construction contracts are recognised over time.

44. 已頒佈但於截至二零一七年 十二月三十一日止年度尚未 生效之修訂本、新準則及詮 釋之可能影響 (續)

香港財務報告準則第9號「金融工具」 (續)

(c) 對沖會計處理

香港財務報告準則第9號並無從根本上改變香港會計準則第39號項下有關計量及確認無效性的規定。然而，符合資格進行對沖會計處理的交易類別獲引入更大靈活性。由於本集團目前並無進行任何對沖，故此項新規定不會在採納香港財務報告準則第9號時對本集團產生任何影響。

香港財務報告準則第15號「來自客戶 合約之收益」

香港財務報告準則第15號建立了確認來自客戶合約收益的全面框架。香港財務報告準則第15號將取代現有收益準則，即香港會計準則第18號「收益」(包括銷售貨物及提供服務所產生的收益)及香港會計準則第11號「建造合約」(訂明建造合約收益的會計處理方法)。根據至今完成之評估，本集團已識別以下預期受影響之方面：

(a) 收益確認之時間

本集團之收益確認政策披露於附註2(s)。目前，售貨所得收益則通常於貨物送達時確認，即於所有權風險及回報轉移予客戶時確認。源自建築合約之收益隨時間確認。

Notes to the Financial Statements

財務報表附註

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

44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

HKFRS 15 “Revenue from Contracts with Customers” (Continued)

(a) Timing of revenue recognition (Continued)

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

- (i) When the customer simultaneously receives and consumes the benefits provided by the entity’s performance, as the entity performs;
- (ii) When the entity’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- (iii) When the entity’s performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity’s activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs. The Group has assessed that the new revenue standard is not likely to have significant impact on how it recognises revenue from sales of goods, and revenue from construction contracts.

44. 已頒佈但於截至二零一七年十二月三十一日止年度尚未生效之修訂本、新準則及詮釋之可能影響 (續)

香港財務報告準則第15號「來自客戶合約之收益」(續)

(a) 收益確認之時間 (續)

根據香港財務報告準則第15號，收益於客戶獲得合約之承諾貨物或服務之控制權時確認。香港財務報告準則第15號確定了以下對承諾貨物或服務之控制權被視為隨時間轉移之三種情況：

- (i) 當客戶於實體履約時同時接受及使用實體履約所提供之利益時；
- (ii) 當實體履約創造或增強一項於資產被創造或增強時由客戶控制之資產時；
- (iii) 當實體之履約並無創造對實體而言具替代用途之資產，且該實體對迄今完成之履約付款具有可執行權利時。

倘合約條款及實體活動並不屬於任何該等三種情況，則根據香港財務報告準則第15號，實體於某一時間點（即控制權轉移時）就銷售貨物或服務確認收益。所有權風險及回報之轉移僅為於釐定控制權轉移發生時將考慮的其中一項指標。本集團已評估新收益標準不太可能對其確認銷售貨物及來自建造合約收益之方式產生顯著影響。

Notes to the Financial Statements 財務報表附註

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

44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

HKFRS 15 “Revenue from Contracts with Customers” (Continued)

(b) Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears.

Currently, the Group would only apply such a policy when payments are significantly deferred, which is currently not common in the Group’s arrangements with its customers.

(c) Sales with a right of return

Currently when the customers are allowed to return the Group’s products, the Group estimates the level of expected returns and makes an adjustment against revenue and cost of sales. The Group has assessed that the adoption of HKFRS 15 will not materially affect how the Group recognises revenue and cost of sales when the customers have a right of return.

However, the new requirement to recognise separately a return asset for the products expected to be returned will impact the presentation in the consolidated statement of financial position as the Group currently adjusts the carrying amounts of inventory for the expected returns, instead of recognising a separate asset.

Based on the existing available information, the directors of the Company have preliminarily assessed that the application of HKFRS 15 may only result in more disclosures instead of having material impact on the timing and amounts of revenue recognised in the respective reporting periods.

44. 已頒佈但於截至二零一七年 十二月三十一日止年度尚未 生效之修訂本、新準則及詮 釋之可能影響 (續)

香港財務報告準則第15號「來自客 戶合約之收益」(續)

(b) 重大融資部份

香港財務報告準則第15號要求實體於合約包含重大融資部份時就貨幣時間價值調整交易價格，而不管來自客戶之付款將大部份提前收取或延後收取。

目前，本集團僅於付款大幅遞延時（目前本集團與其客戶間之安排中並不常見）採納此政策。

(c) 具退貨權之銷售

目前，當客戶被允許退回本集團產品時，本集團會估計預期回報水平並就收益及銷售成本作出調整。本集團已評估採納香港財務報告準則第15號將不會對本集團於客戶有退貨權時確認收益及銷售成本之方式造成重大影響。

然而，由於本集團目前就預期退貨對存貨賬面值進行調整而非另行確認資產，因此另行就預期將被退回之產品確認退回資產之新規定將影響於綜合財務狀況表之呈列。

根據現有可得資料，本公司董事初步評估應用香港財務報告準則第15號僅可能引致更多披露，而不會對於各報告期間所確認收益之時間及金額造成重大影響。

Notes to the Financial Statements

財務報表附註

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

44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

HKFRS 16 “Leases”

As disclosed in note 2(f), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group has entered into some leases as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding “right-of-use” asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

44. 已頒佈但於截至二零一七年十二月三十一日止年度尚未生效之修訂本、新準則及詮釋之可能影響（續）

香港財務報告準則第16號「租賃」

誠如附註2(f)所披露，本集團現時將租賃分類為融資租賃及經營租賃，並根據租賃的分類對租賃安排進行不同列賬。本集團（作為承租人）已訂立若干租賃。

預期香港財務報告準則第16號將不會大幅影響出租人根據租賃將彼等權利及義務入賬的方式。然而，一旦採納香港財務報告準則第16號，承租人將不再區分融資租賃及經營租賃。相反，受可行權宜方法的規限，承租人將按與現有融資租賃會計處理方法類似的方式將所有租賃入賬，即於租賃開始日期，承租人將按日後最低租賃付款的現值確認及計量租賃負債，及將確認相應的「使用權」資產。於初步確認該資產及負債後，承租人將確認租賃負債結餘所產生的利息開支及使用權資產折舊，而非根據現有政策於租期內按系統基準確認根據經營租賃所產生的租賃開支。作為一項可行權宜方法，承租人可選擇不將此會計模式應用於短期租賃（即租期為12個月或以下）及低價值資產的租賃，於該等情況下，租金開支將繼續於租期內按系統基準確認。

Notes to the Financial Statements

財務報表附註

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

44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

HKFRS 16 “Leases” (Continued)

HKFRS 16 will primarily affect the Group’s accounting as a lessee of leases for property, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss over the period of the lease. As disclosed in note 35(b), as at 31 December 2017, the Group’s future minimum lease payments under non-cancellable operating leases amounted to approximately RMB2,182,000 for lease of properties and equipment. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard offers different transition options and practical expedients, including the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. If this practical expedient is chosen, the Group will apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. If the practical expedient is not chosen, the Group will need to reassess all of its decisions about which existing contracts are, or contain, leases, using the new definition. Depending on whether the Group elects to adopt the standard retrospectively or follow a modified retrospective method of recognising a cumulative-effect adjustment to the opening balance of equity at the date of initial application, the Group may or may not need to restate comparative information for any changes in accounting resulting from the reassessment.

44. 已頒佈但於截至二零一七年十二月三十一日止年度尚未生效之修訂本、新準則及詮釋之可能影響 (續)

香港財務報告準則第16號「租賃」(續)

香港財務報告準則第16號將主要影響本集團作為租賃承租人就物業、廠房及設備(現時分類為經營租賃)的會計處理方法。預期應用新會計模式將導致資產及負債均有所增加，及影響租賃期間於綜合損益表確認開支的時間。誠如附註35(b)所披露，於二零一七年十二月三十一日，本集團於不可撤銷經營租賃項下就租賃物業及設備的日後最低租賃付款達約人民幣2,182,000元。因此，一旦採納香港財務報告準則第16號，若干該等款項可能須確認為租賃負債，並附帶相應使用權資產。經考慮可行權宜方法的適用性及就現時與採納香港財務報告準則第16號期間已訂立或終止的任何租約及貼現影響作出調整後，本集團將須進行更為詳細的分析以釐定於採納香港財務報告準則第16號時經營租賃承擔所產生的新資產及負債的金額。

香港財務報告準則第16號於二零一九年一月一日起或之後之年度期間生效。準則提供不同的過渡選擇及可行權宜方法，包括融入先前評估的可行權宜方法，當中現有安排為(或包含)租賃。倘選擇此可行權宜方法，本集團將香港財務報告準則第16號對租賃的新定義，僅應用於初次應用日期或之後訂立的合約。倘本集團並未選擇可行權宜方法，則須重新評估其應用新定義下，哪些現有合約為(或包含)租賃而作的所有決定。視乎本集團選擇以追溯方式選擇採納準則，或遵循經修訂可追溯方式確認對初次應用日期權益期初結餘的累計影響調整，本集團未必需要重列因重新評估而引致任何會計變動的比較資料。

Financial Summary

財務摘要

The following is a summary of the consolidated results and the consolidated assets and liabilities of the Group for the last five financial years.

下表為本集團過往五個財政年度之綜合業績及綜合資產與負債摘要。

CONSOLIDATED RESULTS

綜合業績

		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 (Restated) (重列)	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
Continuing operations:	持續經營業務：					
Revenue	收入	588,549	637,846	1,068,593	577,533	587,980
Profit/(loss) before taxation	除稅前溢利／(虧損)	24,687	74,543	99,293	62,497	(18,026)
Income tax credit/(expenses)	所得稅抵免／(開支)	11,416	(16,859)	(32,472)	(22,901)	(3,371)
Profit/(loss) for the year from continuing operations	年內來自持續經營業務之溢利／(虧損)	36,103	57,684	66,821	39,596	(21,397)
Discontinued operations:	已終止經營業務：					
(Loss)/profit for the year from discontinued operations	年內來自已終止經營業務之(虧損)／溢利	(183,462)	17,759	1,996	(16,193)	-
(Loss)/profit for the year	年內(虧損)／溢利	(147,359)	75,443	68,817	23,403	(21,397)

CONSOLIDATED ASSETS AND LIABILITIES

綜合資產與負債

		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 non-current assets	非流動資產總值	237,291	512,960	683,218	644,029	429,876
Total current assets	流動資產總值	1,516,899	1,539,238	1,179,289	1,157,929	1,096,053
Total assets	資產總值	1,754,190	2,052,198	1,862,507	1,801,958	1,525,929
Total liabilities	負債總值	(520,515)	(672,757)	(557,926)	(561,941)	(360,032)
Net assets	資產淨值	1,233,675	1,379,441	1,304,581	1,240,017	1,165,897



泛亞環保集團有限公司
Pan Asia Environmental Protection Group Limited

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

股份代號 stock code : 00556.HK