



宏太控股有限公司 Wang Tai Holdings Limited

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

股份代號 Stock Code: 1400

年度報告 **2017**
ANNUAL REPORT

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CHAIRMAN'S STATEMENT

主席報告

RESULTS

The domestic textile industry experienced fierce competition in the Year. Customers demanded for diverse and differentiated products. Besides, the Chinese government stepped up enforcement of environmental protection laws, which posed tremendous pressure on dyeing and printing industry players. Some of them had to suspend operation to rectify non-compliance with the environmental protection law and some even had to shut down, and as a result, orders fluctuated for a period of time. This difficult operating environment, while testing for small and medium enterprises under the adverse condition, actually worked in favour of large scale enterprises. Price of production overhead kept high such as the prices of the raw materials of cotton and coal increased significantly. Meanwhile, as the cotton textile market remained very competitive, the Group changed to the chemical fiber textile market during the Year. However, the average selling price of the chemical fiber textile products was much lower than the average selling price of the cotton textile products. In long run, the gross profit margin of the chemical fiber textile products will be better than the gross profit margin of the cotton textile products when the production improved from infant stage to growth stage and the Group could explore higher market niche.

Under these unfavourable market conditions, the Group recorded revenue of approximately RMB271.9 million for the Year, representing a decrease of approximately 65.2% on a year-on-year basis, and the gross loss margin of the Group's products was approximately 6.1%, representing a decrease of approximately 3.4% points over the previous year. Loss attributable to owners of the Company for the Year increased significantly from loss of approximately RMB331.0 million in 2016 to loss of approximately RMB732.8 million in 2017, representing increase of approximately 121.4% over the previous year. Loss per share also increased from loss of RMB21.70 cents in 2016 to loss of RMB47.27 cents per share in 2017, representing an increase of approximately 117.8% as compared with the last year, which was mainly attributable to the substantial increase in general and administrative expenses resulted from impairments made. Sales of fabrics decreased significantly from approximately RMB447.7 million for the year 2016 to approximately RMB271.9 million for the Year. During the Year, the Group reviewed the operations and changed the strategies regularly to strive for survival and look for opportunities to break through the worsening situation. In the future, the Group will continue to enhance the competitive strength and innovation, improve the value added products, upgrade the fabric products and look for breakthrough, continuously extend the channels to improve the profitability.

業績

於本年度，國內紡織行業面對激烈競爭。客戶對多元化及差異化產品有所需求。此外，中國政府加強環境保護法律的執法，對染整及印刷業業者造成巨大壓力。為了修正環境保護法律的違規事項，部分企業須暫停營運，有些甚或要關閉，因此，訂單有一段時間出現波動。如此艱鉅的經營環境，雖然對中小型企業而言是逆境考驗，實際上卻為大型企業創造有利條件。生產開銷價格高企，例如棉花和煤炭原材料價格大幅增加。同時，由於棉紡織市場的競爭仍然十分激烈，本集團於二零一七年轉戰化學纖維紡織市場。然而，化學纖維紡織品的平均售價遠低於棉紡織品的平均售價。長遠而言，當化學纖維紡織品的生產由初始期發展至增長期，其毛利率將優於棉紡織品的毛利率，屆時本集團可開拓更多小眾市場。

在該等不利市場狀況下，本集團於本年度的收益約為人民幣271.9百萬元，同比減少約65.2%。本集團產品的毛損率約為6.1%，同比減少約3.4%。本年度本公司擁有人應佔虧損則由二零一六年虧損約人民幣331.0百萬元大幅增加至二零一七年虧損約人民幣732.8百萬元，較去年增加約121.4%。每股虧損亦由二零一六年虧損人民幣21.70分增加至二零一七年虧損每股人民幣47.27分，較去年增加約117.8%，主要是因為作出減值而造成一般及行政開支大幅增加所致。面料的銷售額由二零一六年約人民幣447.7百萬元大幅減少至年內約人民幣271.9百萬元。年內，本集團定期審閱營運及改變策略，力求生存並尋求機遇突破困境。日後，本集團將繼續提升競爭力及創新性，改善增值產品，改進面料產品及尋找突破，並持續拓寬改善盈利能力的渠道。

OUTLOOK

Looking forward to 2018, despite all the challenges faced by the industry such as uncertainties around the growth of the global economy, lackluster demand in the textile product market, rising production overhead and shortage in quality cotton supply, the Chinese textile product and apparel industry are well posed to maintain an overall stable operation. Specifically, mild recovery is in sight for the European and U.S. economy, while growth-stabilizing policies, especially the advancement of supply-side structural reform, will lend support for the People's Republic of China (the "PRC") economy to maintain growth within the reasonable range. The general trend of steady growth in domestic consumption will also provide primary market support for development of the textile industry. The implementation of measures to stabilize foreign trades will improve the resistance of Chinese textile enterprises to market pressure, and maintain stable performance in exports. Meanwhile, the steady national cotton reserve auction will stabilise the effective supply of cotton raw materials, narrowing the gap between domestic and overseas cotton prices as compared to the previous years, and help to strengthen the export competitiveness of the Chinese textile enterprises.

In 2017, the Group faced difficulties and meet the challenges of all adverse factors including sluggish demand for the textile products; rising cost of production and operating expenses; problem of recoverability of the receivables; and strategic management of the products segment and mixture. Looking forward to 2018, the textile industry is expected to continuously face challenges and uncertainties. The Group will still focus on the revenue generating segments such as production and sales of chemical fiber textile products and diversify the existing fabric product series to improve the profitability of the Group.

展望

展望二零一八年，中國紡織品服裝行業仍面臨著全球經濟增長不確定性、紡織品市場需求乏力、生產開支上升以及優質棉花短缺等多重挑戰，但總體上亦具備保持平穩運行的條件。具體來看，美歐經濟預計溫和復甦，穩增長政策特別是供給側結構性改革的推進將支持中國經濟在合理區間保持增長，中國人民共和國（「中國」）消費穩健增長的大趨勢亦將為紡織行業發展提供首要市場支撐。穩定外貿措施的逐步落實，均有望提升中國紡織企業自主抗壓能力，保持對外出口平穩走勢。同時，穩定的儲備棉競拍客觀上確保了穩定棉花原料有效供給，帶動國內外棉價差較前幾年收窄，有助於提升中國紡織企業出口競爭力。

於二零一七年，本集團面臨種種不利因素挑戰的困境，包括紡織產品需求表現呆滯、生產成本及經營開支上升、應收款項收回能力問題及產品分部及組合的策略管理。展望二零一八年，紡織行業預期持續面向挑戰及不明朗因素。本集團將專注於生產及銷售化纖紡織產品的產生收益分部，並多元化發展其現有面料產品系列以改善本集團盈利能力。

CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive directors

Mr. Li Dongfan

(Chairman appointed on 17 April 2018)

Mr. Tao Tao

(Vice chairman appointed on 17 April 2018)

Mr. Lin Qingxiong (Chairman resigned on 17 April 2018 but still as an executive director)

Ms. Li Jia Yin (Appointed on 29 March 2018)

Mr. Qiu Zhiqiang (Resigned on 17 April 2018)

Mr. Deng Qinghui (Resigned on 5 March 2018)

Mr. Yeung Wing Nam (Appointed on 5 March 2018, tendered resignation on 29 March 2018 but approved by the Board on 3 April 2018)

Independent non-executive directors

Mr. Chan Sui Wa

Mr. Yu Yubin (Resigned on 5 March 2018)

Mr. Ma Chongqi (Resigned on 5 March 2018)

Mr. Tam On Yu, Alfred (Appointed on 5 March 2018, tendered resignation on 29 March 2018 but approved by the Board on 3 April 2018)

Mr. Lo Pak Ho (Appointed on 5 March 2018, tendered resignation on 29 March 2018 but approved by the Board on 3 April 2018)

Mr. Wu Jianxiong (Appointed on 29 March 2018)

Mr. Liu Shungang (Appointed on 29 March 2018)

AUDIT COMMITTEE

Mr. Chan Sui Wa (Chairman)

Mr. Yu Yubin (Resigned on 5 March 2018)

Mr. Ma Chongqi (Resigned on 5 March 2018)

Mr. Tam On Yu, Alfred (Appointed on 5 March 2018, tendered resignation on 29 March 2018 but approved by the Board on 3 April 2018)

Mr. Lo Pak Ho (Appointed on 5 March 2018, tendered resignation on 29 March 2018 but approved by the Board on 3 April 2018)

Mr. Wu Jianxiong (Appointed on 29 March 2018)

Mr. Liu Shungang (Appointed on 29 March 2018)

REMUNERATION COMMITTEE

Mr. Liu Shungang (Chairman appointed on 29 March 2018)

Mr. Ma Chongqi (Resigned on 5 March 2018)

Mr. Chan Sui Wa

Mr. Yu Yubin (Resigned on 5 March 2018)

Mr. Tam On Yu, Alfred (Appointed on 5 March 2018, tendered resignation on 29 March 2018 but approved by the Board on 3 April 2018)

Mr. Lo Pak Ho (Appointed on 5 March 2018, tendered resignation on 29 March 2018 but approved by the Board on 3 April 2018)

Mr. Wu Jianxiong (Appointed on 29 March 2018)

董事會

執行董事

李東凡先生

(主席，於二零一八年四月十七日獲委任)

陶濤先生

(副主席，於二零一八年四月十七日獲委任)

林清雄先生(主席，於二零一八年四月十七日辭任，但仍為執行董事)

李佳音女士(於二零一八年三月二十九日獲委任)

邱志強先生(於二零一八年四月十七日辭任)

鄧慶輝先生(於二零一八年三月五日辭任)

楊永南先生(於二零一八年三月五日獲委任，於二零一八年三月二十九日請辭，但獲董事會於二零一八年四月三日批准)

獨立非執行董事

陳瑞華先生

俞毓斌先生(於二零一八年三月五日辭任)

馬崇啟先生(於二零一八年三月五日辭任)

談安宇先生(於二零一八年三月五日獲委任，於二零一八年三月二十九日請辭，但獲董事會於二零一八年四月三日批准)

盧柏浩先生(於二零一八年三月五日獲委任，於二零一八年三月二十九日請辭，但獲董事會於二零一八年四月三日批准)

吳健雄先生(於二零一八年三月二十九日獲委任)

劉順剛先生(於二零一八年三月二十九日獲委任)

審核委員會

陳瑞華先生(主席)

俞毓斌先生(於二零一八年三月五日辭任)

馬崇啟先生(於二零一八年三月五日辭任)

談安宇先生(於二零一八年三月五日獲委任，於二零一八年三月二十九日請辭，但獲董事會於二零一八年四月三日批准)

盧柏浩先生(於二零一八年三月五日獲委任，於二零一八年三月二十九日請辭，但獲董事會於二零一八年四月三日批准)

吳健雄先生(於二零一八年三月二十九日獲委任)

劉順剛先生(於二零一八年三月二十九日獲委任)

薪酬委員會

劉順剛先生(主席，於二零一八年三月二十九日獲委任)

馬崇啟先生(於二零一八年三月五日辭任)

陳瑞華先生

俞毓斌先生(於二零一八年三月五日辭任)

談安宇先生(於二零一八年三月五日獲委任，於二零一八年三月二十九日請辭，但獲董事會於二零一八年四月三日批准)

盧柏浩先生(於二零一八年三月五日獲委任，於二零一八年三月二十九日請辭，但獲董事會於二零一八年四月三日批准)

吳健雄先生(於二零一八年三月二十九日獲委任)

NOMINATION COMMITTEE

Mr. Wu Jianxiong (*Chairman* appointed on 17 April 2018)
 Mr. Yu Yubin (Resigned on 5 March 2018)
 Mr. Ma Chongqi (Resigned on 5 March 2018)
 Mr. Chan Sui Wa
 Mr. Tam On Yu, Alfred (Appointed on 5 March 2018,
 tendered resignation on 29 March 2018
 but approved by the Board on 3 April 2018)
 Mr. Lo Pak Ho (Appointed on 5 March 2018,
 tendered resignation on 29 March 2018
 but approved by the Board on 3 April 2018)
 Mr. Lin Qingxiong (Appointed on 29 March 2018 and
 resigned on 17 April 2018)
 Mr. Qiu Zhiqiang (Appointed on 29 March 2018 and
 resigned on 17 April 2018)
 Mr. Liu Shungang (Appointed on 17 April 2018)

REGULATORY COMPLIANCE COMMITTEE

Ms. Li Jia Yin (*Chairlady* appointed on 17 April 2018)
 Mr. Qiu Zhiqiang (Resigned on 18 April 2018)
 Mr. Deng Qinghui (Resigned on 5 March 2018)
 Mr. Wu Jianxiong (Appointed on 17 April 2018)
 Mr. Siu Kai Chun

COMPANY SECRETARY

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

AUTHORISED REPRESENTATIVES

Mr. Qiu Zhiqiang (Resigned on 17 April 2018)
 Mr. Li Dongfan (Appointed on 17 April 2018)
 Ms. Li Jia Yin (Alternate to Mr. Li Dongfan)
 (Appointed on 17 April 2018)
 Mr. Siu Kai Chun

AUDITOR

Zhonghui Anda CPA Limited
Certified Public Accountants
 Unit 701, 7/F, Citicorp Centre
 18 Whitfield Road
 Causeway Bay
 Hong Kong

PRINCIPAL BANKERS

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

提名委員會

吳健雄先生(*主席*·於二零一八年四月十七日獲委任)
 俞毓斌先生(於二零一八年三月五日辭任)
 馬崇啟先生(於二零一八年三月五日辭任)
 陳瑞華先生
 談安宇先生(於二零一八年三月五日獲委任·
 於二零一八年三月二十九日請辭·
 但獲董事會於二零一八年四月三日批准)
 盧柏浩先生(於二零一八年三月五日獲委任·
 於二零一八年三月二十九日請辭·
 但獲董事會於二零一八年四月三日批准)
 林清雄先生(於二零一八年三月二十九日獲委任及
 於二零一八年四月十七日辭任)
 邱志強先生(於二零一八年三月二十九日獲委任及
 於二零一八年四月十七日辭任)
 劉順剛先生(於二零一八年四月十七日獲委任)

監管合規委員會

李佳音女士(*主席*·於二零一八年四月十七日獲委任)
 邱志強先生(於二零一八年四月十八日辭任)
 鄧慶輝先生(於二零一八年三月五日辭任)
 吳健雄先生(於二零一八年四月十七日獲委任)
 蕭啟晉先生

公司秘書

蕭啟晉先生(*FCPA, FCCA, FCA*)

授權代表

邱志強先生(於二零一八年四月十七日辭任)
 李東凡先生(於二零一八年四月十七日獲委任)
 李佳音女士(替任李東凡先生)
 (於二零一八年四月十七日獲委任)
 蕭啟晉先生

核數師

中匯安達會計師事務所有限公司
執業會計師
 香港
 銅鑼灣
 威非路道18號
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主要往來銀行

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

CORPORATE INFORMATION 公司資料

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Cayman Islands

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香港聯合交易所有限公司：1400

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

OVERVIEW

During the Year, the Group recorded revenue of approximately RMB271.9 million, representing a decrease of approximately 65.2% as compared with the last year, and loss attributable to owners of the Company increased from loss of approximately RMB331.0 million in 2016 to loss of approximately RMB732.8 million in 2017, representing an increase of approximately 121.4% as compared with last year. The decrease in revenue was mainly attributable to the termination of sales and manufacturing of yarns and PEI trading businesses for the purpose of focusing on the fabric business. The increase in net loss attributable to owners of the Company was mainly due to impairment loss of inventories of approximately RMB1.5 million, impairment of trade receivables of approximately RMB445.5 million, impairment of prepayments of approximately RMB104.6 million.

INDUSTRY REVIEW

During the Year, the PRC economy was at the stage of transformation with structural adjustment, showing increasing downward pressure. The growth of GDP for the year was only 6.9%. Negatively affected by the macro economy, the Chinese textile industry was also under growing pressure, featuring a shift in growth drivers, continuous adjustments and an overall stable performance.

According to the statistics released by the China Cotton Textile Association, the production volume of the yarns increased by 5.6% to approximately 40.50 million tonnes in 2017 whereas the production volume of fabrics decreased by 1.2% to approximately 69.56 billion meters in 2017. This demonstrated a slowing down production volume of textile products in 2017 mainly because of sluggish demand from the garment manufacturing customers.

In terms of the raw materials, as the cotton policy has been reformed by the PRC government drove cotton prices being increasingly market-oriented and narrowed the gap between domestic and overseas prices, coupled with the growth in end-user spending, cotton prices showed an improving trend. According to the Cotton A Index, the average price for cotton in China during the Year was approximately RMB16,218 per ton, representing a year-on-year increase of approximately 2.2%. Overseas cotton prices also increased due to stronger demand. The average global market price for cotton, according to the Cotlook A Index, was approximately US\$83.52 cents per pound, representing a year-on-year increase of approximately 10.4%. In the long run, the narrowing gap between domestic and overseas cotton prices will help improve the overall competitiveness of China's exporting textile manufacturing industry.

概覽

於本年度，本集團錄得收益約人民幣271.9百萬元，較去年減少約65.2%，而本公司擁有人應佔虧損由二零一六年虧損約人民幣331.0百萬元增加至二零一七年虧損約人民幣732.8百萬元，較去年增加約121.4%。收入減少主要歸因於終止紗線銷售及製造及工程塑料買賣業務，以專注於面料業務。本公司擁有人應佔虧損淨額增加則主要由於存貨減值虧損約人民幣1.5百萬元、貿易應收款項減值約人民幣445.5百萬元、預付款項減值約人民幣104.6百萬元所致。

行業回顧

於本年度，中國經濟正處於結構調整的轉型期，經濟下行壓力增大，而年內的GDP增速僅為6.9%。受宏觀經濟環境的負面影響，中國紡織行業發展壓力亦加大，顯現出增長動力轉換、調整持續推進和運行大體平穩的特點。

根據中國棉紡織行業協會的統計數據，二零一七年紗線產量增加5.6%至約40.50百萬噸，而二零一七年面料產量減少1.2%至約695.6億米，表明二零一七年紡織品產量因來自服裝生產客戶的需求薄弱而放緩。

原材料方面，中國政府改革棉花政策改革以來，棉花價格日益市場化，與國際市場逐漸接軌，同時受惠於終端消費增長，棉花價格呈現改善趨勢。年內，中國棉花價格A指數平均約為每噸人民幣16,218元，同比上升約2.2%；外棉價格由於需求強勁而有所增長，國際市場Cotlook A指數平均每磅約為83.52美仙，同比上升約10.4%。長期來看，內外棉價差的持續收窄有利於增強中國出口紡織製造行業整體競爭力。

BUSINESS REVIEW

During 2017, as the domestic cotton price was on a decline path due to weak recovery of the global economy, sluggish textile demand and impact from imported textile products, the selling price of China's textile products decreased accordingly, narrowing down the gross profit margin of textile products of the Group.

Revenue of the Group mainly comprises sales of grey and dyed garment fabrics. During the Year, fabrics continued to be the only product of the Group, which contributed to 100.0% of the Group's total revenue for the Year, amounting to approximately RMB271.9 million, representing a decrease of approximately 65.2% when compared to the revenue of last year. The Group's production capacities were similar to the last year's level whereas the utilisation rate decreased given the decreasing of sales volume. For the year ended 31 December 2017, the production of yarn was hindered by the staged market demand and no revenue was derived from yarn for internal transfer of all yarn products as part of raw materials to manufacture the fabrics products.

The Group changed the nature of textile products from cotton textile to chemical fiber textile. The average selling price of fabrics decreased by approximately 45.7% to RMB7.6 per meter (2016: RMB14.0 per meter) when compared with the last year. The average unit cost of fabrics decreased significantly from RMB13.99 per meter for the year ended 31 December 2016 to RMB8.06 per meters representing a decrease of 42.4% for the year ended 31 December 2017. The gross loss margin for the year ended 31 December 2017 increased from gross loss margin 2.7% in 2016 to gross loss margin of 6.1% in 2017 because of greater decrease in selling price despite of decrease of costs.

Increase in general and administrative expenses was outweighed by decrease in selling and distribution expenses pulled loss attributable to the owners of the Company further decrease to loss of approximately RMB732.8 million for the year ended 31 December 2017 from loss of approximately RMB331.0 million for the year ended 31 December 2016. Significant increase in general and administrative expenses was mainly due to impairment loss of inventories of approximately RMB1.5 million, impairment of prepayments of approximately RMB104.6 million and impairment of trade receivables of approximately RMB445.5 million for the Year.

業務回顧

二零一七年，全球經濟復甦乏力，紡織品需求持續低迷，加上受進口紡織品的衝擊，國內棉花價格處於回落態勢，中國紡織品銷售價格亦隨之下降，導致本集團紡織產品的毛利空間收窄。

本集團之收益主要包括坯布及色布的銷售。於本年內，面料繼續為本集團唯一產品，佔本集團年內總收益100.0%，為約人民幣271.9百萬元，較去年同期收益減少約65.2%。本集團產能與去年相若，惟使用率因銷量減少而有所降低。截至二零一七年十二月三十一日止年度，紗線產量被市場需求壓抑，以致紗線概無產生收益，其主要由於內部轉讓全部紗線產品(作為部分原材料)用以生產面料產品所致。

本集團將紡織產品的性質由棉紡織變為化纖紡織。面料平均售價較去年下降約45.7%至每米人民幣7.6元(二零一六年：每米人民幣14.0元)。面料平均單位成本由截至二零一六年十二月三十一日止年度每米人民幣13.99元大幅減少至截至二零一七年十二月三十一日止年度每米人民幣8.06元減幅為42.4%。截至二零一七年十二月三十一日止年度的毛損率由二零一六年的毛損率2.7%上升至二零一七年的毛損率6.1%，因為即使成本下跌，但售價跌幅更大。

銷售及分銷開支減幅超逾一般及行政開支增幅，使本公司擁有人應佔虧損由截至二零一六年十二月三十一日止年度虧損約人民幣331.0百萬元進一步擴大至截至二零一七年十二月三十一日止年度虧損約人民幣732.8百萬元。一般及行政開支的大幅增長主要由於年內存貨減值虧損約人民幣1.5百萬元、預付款項減值約人民幣104.6百萬元及貿易應收款項減值約人民幣445.5百萬元所致。

PROPOSED VERY SUBSTANTIAL ACQUISITION

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

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

The Acquisition constitutes a very substantial acquisition, a connected transaction and a reverse takeover involving a new listing application to the Company, as such, the Completion is subject to certain conditions precedent including the approval of deemed new listing of the Group including the Target Group and the approval from the independent shareholders of the Company. For details of the Acquisition, please refer to the announcements of the Company dated 26 November 2016, 26 January 2017, 13 March 2017, 21 March 2017, 3 April 2017, 2 May 2017, 2 June 2017, 30 June 2017, 31 July 2017, 31 August 2017, 29 September 2017, 31 October 2017, 30 November 2017, 29 December 2017, 29 January 2018 and 28 February 2018.

On 3 April 2018, the Company released an announcement related to termination of agreement in relation to very substantial acquisition and connected transaction. As a result of the termination, no further follow-up actions will be made for the subsequent procedures of the take-over transactions.

建議非常重大收購

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

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

收購事項構成本公司一項非常重大收購、一項關連交易及一項涉及新上市申請人的反收購，因此，完成須待滿足若干先決條件(包括本集團(包括目標集團)被視為新上市申請批准及本公司獨立股東批准)後，方可作實。有關收購事項詳情，請參閱本公司日期為二零一六年十一月二十六日、二零一七年一月二十六日、二零一七年三月十三日、二零一七年三月三十一日、二零一七年四月三日、二零一七年五月二日、二零一七年六月二日、二零一七年六月三十日、二零一七年七月三十一日、二零一七年八月三十一日、二零一七年九月二十九日、二零一七年十月三十一日、二零一七年十一月三十日、二零一七年十二月二十九日、二零一八年一月二十九日及二零一八年二月二十八日的公告。

於二零一八年四月三日，本公司就終止有關非常重大收購事項及關連交易之協議發佈公告。由於有關終止，將不會就收購交易的後續程序作出進一步跟進行動。

PROSPECT

This is still a fierce competition in the PRC's textile industry, yet the market is immense and highly fragmented. A number of players in the textile industry are consolidated with survival of relatively strong competitive manufacturers in the industry. In 2018, the Group will remain focusing on extending its reach into domestic market, retain the existing market presence and step forward to the overseas trading market. The Group is more determined than ever to enhance its profitability to optimising the existing product portfolio and developing new invented and improved quality products that meet market demand.

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

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

FINANCIAL REVIEW

Turnover

The Group's revenue decreased by 65.2% from approximately RMB780.3 million for the year ended 31 December 2016 to approximately RMB271.9 million for the year ended 31 December 2017. Such decrease in the revenue was mainly due to following factors:

- (i) revenue of our fabrics products decreased from approximately RMB447.7 million in 2016 to approximately RMB271.9 million in 2017. Such decrease in the revenue of our fabric products was primarily due to decline in the average selling price from around RMB14.0 per meter in 2016 to RMB7.6 per meter in 2017 mainly due to change of textile products from cotton in nature to chemical fiber in nature, which the latter has lower selling price;
- (ii) yarn business was terminated in 2017 as the business was unprofitable during the years of 2017 and 2016; and
- (iii) The Group has suspended the trading of PEI products since 2017 because the recoverability of the balance as at 31 December 2016 was very low.

前景

中國紡織市場雖然競爭激烈，但市場規模龐大而且高度分散。紡織行業多家公司進行整合，唯有業內實力雄厚並具競爭力的製造商方可存活。於二零一八年，本集團將會繼續集中擴展其於國內市場的份額、鞏固現時的市場地位及進軍海外貿易市場。本集團將比以往更堅決改良現有產品組合、開發新品及改良可滿足市場需求的產品，藉此提高盈利能力。

誠如上述，本集團目前正進行一項非常重大收購，惟本集團將同時致力改善其營運。

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

財務回顧

營業額

本集團的收益由截至二零一六年十二月三十一日止年度約人民幣780.3百萬元，減少65.2%至截至二零一七年十二月三十一日止年度約人民幣271.9百萬元。收益減少主要由於下列因素：

- (i) 吾等的面料產品收益由二零一六年約人民幣447.7百萬元，減少至二零一七年約人民幣271.9百萬元。吾等的面料產品收益減少主要是由於平均售價由二零一六年約每米人民幣14.0元下降至二零一七年每米人民幣7.6元，主要由於紡織品的性質由棉紡織轉為化纖紡織，而後者的售價較低；
- (ii) 紗線業務於二零一七年終止，因為該業務於二零一七年及二零一六年無利可圖；及
- (iii) 本集團自二零一七年已暫停買賣工程塑料產品，因為於二零一六年十二月三十一日的結餘收回率甚低。

Cost of sales

The cost of sales decreased to approximately RMB288.5 million for the year ended 31 December 2017 from approximately RMB801.2 million for the year ended 31 December 2016, mainly due to less raw materials and consumables used for decline in sales volume.

Gross loss and gross loss margin

The decrease in gross loss by 20.2% from approximately gross loss of RMB20.8 million for the year ended 31 December 2016 to gross loss of approximately RMB16.6 million for the year ended 31 December 2017 was mainly due to decrease in revenue.

The Group changed the nature of textile products from cotton textile to chemical fiber textile. The average selling price of fabrics decreased by approximately 45.7% to RMB7.6 per meter (2016: RMB14.0 per meter) when compared with the last year. The average unit cost of fabrics decreased significantly from RMB13.99 per meter for the year ended 31 December 2016 to RMB8.06 per meters representing a decrease of 42.4% for the year ended 31 December 2017. The gross loss margin for the year ended 31 December 2017 increased from gross loss margin 2.7% in 2016 to gross loss margin of 6.1% in 2017 because of greater decrease in selling price despite of decrease of costs.

Selling and distribution expenses

The decrease in selling and distribution expenses by 52.3% from approximately RMB4.4 million for the year ended 31 December 2016 to approximately RMB2.1 million for the year ended 31 December 2017 was in line with decrease in revenue.

General and administrative expenses

The significant increase in general and administrative expenses by 194.0% from approximately RMB211.5 million for the year ended 31 December 2016 to approximately RMB621.8 million for the year ended 31 December 2017 was mainly due to impairment of inventories of approximately RMB1.5 million, impairment of trade receivables of approximately RMB445.5 million, and impairment of prepayments of approximately RMB104.6 million were made during the Year.

A provision of RMB445.5 million based on the provision policies for trade receivable of the Group, being provision for long outstanding with no settlement up to the date of this report.

The management made effort to collect the prepayments but unsuccessful, so full provision of approximately RMB104.6 million was made for such prepayment amount.

銷售成本

截至二零一七年十二月三十一日止年度，銷售成本由截至二零一六年十二月三十一日止年度約人民幣801.2百萬元減少至約人民幣288.5百萬元，主要是因為銷售量減少導致所用原材料及消耗品減少。

毛損及毛損率

毛損由截至二零一六年十二月三十一日止年度毛損人民幣20.8百萬元，減少20.2%至截至二零一七年十二月三十一日止年度毛損約人民幣16.6百萬元，主要由於收益減少所致。

本集團將紡織產品的性質由棉紡織變為化纖紡織。面料平均售價較去年下降約45.7%至每米人民幣7.6元(二零一六年：每米人民幣14.0元)。面料平均單位成本由截至二零一六年十二月三十一日止年度每米人民幣13.99元大幅減少至截至二零一七年十二月三十一日止年度每米人民幣8.06元減幅為42.4%。截至二零一七年十二月三十一日止年度的毛損率由二零一六年的毛損率2.7%上升至二零一七年的毛損率6.1%，因為即使成本下跌，但售價跌幅更大。

銷售及分銷開支

銷售及分銷開支由截至二零一六年十二月三十一日止年度約人民幣4.4百萬元，減少52.3%至截至二零一七年十二月三十一日止年度約人民幣2.1百萬元，與收益減少一致。

一般及行政開支

一般及行政開支由截至二零一六年十二月三十一日止年度約人民幣211.5百萬元，大幅增加194.0%至截至二零一七年十二月三十一日止年度約人民幣621.8百萬元，主要由於在本年度作出的存貨減值約人民幣1.5百萬元、貿易應收款項減值約人民幣445.5百萬元及預付款項減值約人民幣104.6百萬元。

根據撥備政策，就本集團貿易應收款項作出人民幣445.5百萬元之撥備，為就截至本報告日期尚未結付的長期未償還款項計提之撥備。

管理層已盡力收回預付款項，惟成果不然，因此，已就有關預付款項作出約人民幣104.6百萬元之悉數撥備。

Other income

Decrease in other income by 25.9% from approximately RMB11.2 million for the year ended 31 December 2016 to approximately RMB8.3 million for the year ended 31 December 2017 was mainly due to decrease of net foreign exchange gain of approximately RMB7.4 million.

Other losses

Decrease in other losses from approximately RMB9.8 million for the year ended 31 December 2016 to approximately RMB0.2 million for the year ended 31 December 2017 was mainly due to decrease in net loss of disposal of property, plant and equipment of approximately RMB9.5 million.

Finance costs

The increase in finance costs by 8.6% from approximately RMB49.1 million for the year ended 31 December 2016 to approximately RMB53.3 million for the year ended 31 December 2017 was mainly due to increase in the average balance of borrowings in order to meet our needs of working capital.

Share of loss of investment accounted for using equity method

By application of equity method, the Group incurred a share of loss of investment in an associate of approximately RMB15.4 million with comparison of approximately RMB3.1 million for the year ended 31 December 2016, the increase in loss was mainly due to poor market demand for the associate's products.

Income tax (expense)/credit

The Group's income tax expense increased by 290.4% to income tax expense of approximately RMB31.8 million in 2017 from tax credit of approximately RMB16.7 million in 2016. The increase was mainly due to derecognition of deferred tax assets of approximately RMB31.3 million.

Leasehold land, property, plant and equipment

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

其他收入

其他收入由截至二零一六年十二月三十一日止年度約人民幣11.2百萬元，減少25.9%至截至二零一七年十二月三十一日止年度約人民幣8.3百萬元，主要由於外匯收益淨額減少約人民幣7.4百萬元。

其他虧損

其他虧損由截至二零一六年十二月三十一日止年度約人民幣9.8百萬元減少至截至二零一七年十二月三十一日止年度約人民幣0.2百萬元，減少主要由於出售物業、廠房及設備虧損淨額減少約人民幣9.5百萬元所致。

融資成本

融資成本由截至二零一六年十二月三十一日止年度約人民幣49.1百萬元，上升8.6%至截至二零一七年十二月三十一日止年度約人民幣53.3百萬元，主要由於借款平均結餘增加，以配合營運資金需求。

分佔按權益法入賬的投資虧損

本集團按權益法釐定分佔聯營公司的投資虧損約人民幣15.4百萬元，而截至二零一六年十二月三十一日止年度則為約人民幣3.1百萬元，虧損增加乃主要由於聯營公司產品的市場需求弱。

所得稅(開支)/抵免

本集團所得稅開支由二零一六年稅項抵免約人民幣16.7百萬元增加290.4%至二零一七年所得稅開支約人民幣31.8百萬元，該增加主要由於取消確認遞延稅項資產約人民幣31.3百萬元。

租賃土地、物業、廠房及設備

本集團位於石獅及湖北生產設施的租賃土地、物業、廠房及設備為各生產廠房內的土地及多棟建築物。本集團在中國湖北省黃岡市黃梅縣大勝關山工業區擁有兩塊地的100%權益，總建築面積約99,903平方米。

Inventories

Increase in inventories by 4.6% from approximately RMB49.9 million as at 31 December 2016 to approximately RMB52.2 million as at 31 December 2017 was mainly due to increase of finished goods inventories by approximately RMB15.2 million for preparation of higher sales in the early 2018.

Trade and other receivables and prepayments

Decrease in trade and other receivables significantly from approximately RMB686.2 million as at 31 December 2016 to approximately RMB225.8 million as at 31 December 2017 was mainly due to increase in allowance for trade receivables by approximately RMB445.5 million and increase in allowance for prepayments by approximately RMB104.6 million for the year 2017.

The Group has made provision for those trade and bills receivables of approximately RMB445.5 million which are past due/or in default of payments. Such impaired amounts were directly made against trade receivables when there was no expectation of recovering any amount.

The Group has also made provision for prepayment to suppliers for purchase of raw materials of approximately RMB104.6 million which are past due/or in default of receivables. Such impaired amounts were also directly made against the prepayment to suppliers for purchase of raw materials when there was no expectation of recovering any amount.

Cash flows

Net cash used in operating activities amounted to approximately RMB173.6 million, mainly resulted from the net decrease of trade and other receivables amounted to approximately RMB90.7 million, together with the decrease in trade and other payables of approximately RMB23.2 million and the effect of loss before taxation of approximately RMB701.0 million.

Net cash used in investing activities amounting to approximately RMB176,000, mainly resulted from purchase of property, plant and equipment of approximately RMB4.1 million which was partially offset by the proceed from disposal of property, plant and equipment RMB3.8 million.

存貨

存貨由二零一六年十二月三十一日約人民幣49.9百萬元，增加4.6%至二零一七年十二月三十一日約人民幣52.2百萬元，增加主要由於為準備二零一八年初較高的銷售額，致使製成品存貨增加約人民幣15.2百萬元。

貿易及其他應收款項以及預付款項

貿易及其他應收款項由二零一六年十二月三十一日約人民幣686.2百萬元大幅減少至二零一七年十二月三十一日約人民幣225.8百萬元，乃主要由於二零一七年的貿易應收款項撥備增加約人民幣445.5百萬元及預付款項撥備增加約人民幣104.6百萬元。

本集團已就逾期／或拖欠付款的貿易應收款項及應收票據作出約人民幣445.5百萬元的撥備。當預期無法收回任何金額時，於貿易應收款項直接作出有關減值金額。

本集團亦已就購買原材料支付予供應商的預付款項（已逾期／或拖欠收取）作出約人民幣104.6百萬元的撥備。當預期無法收回任何金額時，亦於就購買原材料支付予供應商的預付款項直接作出有關減值金額。

現金流量

經營活動所使用的現金淨額約人民幣173.6百萬元，主要由於貿易及其他收款項淨減少約人民幣90.7百萬元，連同貿易及其他應付款項減少約人民幣23.2百萬元及除稅前虧損的影響約人民幣701.0百萬元。

投資活動使用的現金淨額約人民幣176,000元，主要來自購買物業、廠房及設備約人民幣4.1百萬元，被出售物業、廠房及設備的所得款項約人民幣3.8百萬元抵銷部分。

Net cash generated from financing activities amounted to approximately RMB171.0 million which was mainly attributable to proceeds from borrowings of approximately RMB384.3 million which was partially offset by the repayments from borrowings of approximately RMB208.4 million and interest payment of approximately RMB26.0 million.

Liquidity and financial resources

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

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

融資活動產生的現金淨額約為人民幣171.0百萬元，主要來自借款的所得款項約人民幣384.3百萬元，被償還借款約人民幣208.4百萬元及利息付款約人民幣26.0百萬元所部分抵銷。

流動資金及財務資源

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

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

Net current assets and working capital

The following table sets forth our current assets, current liabilities, current ratio, quick ratio, gearing ratio and debt to equity ratio as at 31 December 2017:

流動資產淨額及營運資金

下表載列於二零一七年十二月三十一日吾等的流動資產、流動負債、流動比率、速動比率、權益負債比率及債務股本比率：

		As at 31 December	
		於十二月三十一日	
		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current assets	流動資產		
Inventories	存貨	52,213	49,937
Trade and other receivables and prepayments	貿易及其他應收款項及預付款項	225,825	686,189
Amount due from an associate	應收聯營公司款項	7,290	–
Bank and cash balances	銀行及現金結餘	1,254	4,082
Restricted bank deposits	受限制銀行存款	–	20,960
Total current assets	流動資產總額	286,582	761,168
Current liabilities	流動負債		
Borrowings	借款	438,324	261,609
Trade and other payables	貿易及其他應付款項	162,806	149,618
Current income tax liabilities	即期所得稅負債	–	986
Total current liabilities	流動負債總額	601,130	412,213
Net current (liabilities)/assets	流動(負債)/資產淨額	(314,548)	348,955
Current ratio	流動比率	47.67%	184.7%
Quick ratio	速動比率	39.00%	172.5%
Gearing ratio	權益負債比率	N/A 不適用	89.4%
Debt to equity ratio	債務股本比率	N/A 不適用	85.2%

Borrowings

Particulars of borrowings of the Company and the Group as at 31 December 2017 are set out in note 24 to this report.

Pledge of assets

As at 31 December 2017, the Group's land use rights and buildings, machinery and equipment with an aggregate net book value of approximately RMB245.2 million were pledged to secure banking facilities for purposes of working capital and purchases of fixed assets for the Group (as at 31 December 2016: approximately RMB265.7 million).

Paid in capital

The total number of issued shares of the Company was kept at 1,550,000,000 as at the date of this report.

Foreign exchange risk

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

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2017, except for disclosed under the heading of "Significant events after the reporting period".

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

The Group did not have any material investment, acquisitions and disposal of subsidiaries and associated companies during the year 2017.

USE OF PROCEEDS AND EXPANSION PLAN

From 25 April 2014 (the "Listing Date") to the date of this report, the Group has been following the pattern of application of the net proceeds as described in the prospectus of the Company dated 10 April 2014 (the "Prospectus"). In addition, the Group does not intend to change its expansion plan as described in the Prospectus save as the reschedule of the second phase of Hubei Production Facilities. As at 31 December 2017, all net proceeds have been utilised.

During the year ended 31 December 2017, all net proceeds from the placing new shares under general mandate with reference to the announcements of the Company dated 17 May 2015 and 17 August 2015 have been utilised. Details in relation to the applications were disclosed in the annual report dated 31 March 2017.

借款

本公司及本集團於二零一七年十二月三十一日的借款詳情載於本報告的附註24。

資產抵押

於二零一七年十二月三十一日，本集團賬面淨值總額約人民幣245.2百萬元的使用權及樓宇、機器及設備已予抵押，以取得用作本集團營運資金及購買固定資產的銀行融資(於二零一六年十二月三十一日：約人民幣265.7百萬元)。

實繳資本

於本報告日期，本公司已發行股份總數維持於1,550,000,000股。

外幣匯兌風險

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

或然負債

除「報告期後的重大事項」所披露者外，於二零一七年十二月三十一日，本集團並無任何重大或然負債。

重大投資、重大收購以及出售附屬公司及聯營公司

於二零一七年，本集團並無任何重大投資、收購及出售附屬公司及聯營公司。

所得款項用途及擴充計劃

於二零一四年四月二十五日(「上市日期」)至本報告日期期間，本集團一直遵從本公司日期為二零一四年四月十日的招股章程(「招股章程」)中所述所得款項淨額用途模式。此外，本集團無意更改招股章程所述擴充計劃，惟湖北生產設施第二期的時間表已重訂則除外。於二零一七年十二月三十一日，已動用全部所得款項淨額。

截至二零一七年十二月三十一日止年度，經參考本公司日期為二零一五年五月十七日及二零一五年八月十七日的公告，根據一般授權配售新股份的全部所得款項淨額均已動用。有關應用的詳情披露於日期為二零一七年三月三十一日的年報。

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**(a) Very substantial acquisition and takeover involving a new listing application**

On 28 February 2018, the Company published an announcement in relation to, among other things, a very substantial acquisition and connected transaction and a proposed reverse takeover involving a new listing application and a whitewash waiver application. The Company published that the new listing application process has been postponed and the Purchaser and Vendor A have agreed to extend the time for (i) submitting the new listing application from a date falling on or before 31 March 2018 (or such other date as may be agreed by the Purchaser and Vendor A) and (ii) issuing and despatching the Circular in accordance with the requirements under the Listing Rules and the Takeovers Code on or before 30 June 2018 (or such other date as may be agreed by the Purchaser and Vendor A). For details, please refer to the announcements of the Company dated 26 November 2016, 26 January 2017, 13 March 2017, 21 March 2017, 3 April 2017, 2 May 2017, 2 June 2017, 30 June 2017, 31 July 2017, 31 August 2017, 29 September 2017, 31 October 2017, 30 November 2017, 29 December 2017, 29 January 2018, and 28 February 2018.

On 3 April 2018, the Company released an announcement related to termination of agreement in relation to very substantial acquisition and connected transaction. As a result of the termination, no further follow-up actions will be made for the subsequent procedures of the take-over transactions.

報告期後的重大事項**(a) 非常重大收購事項及涉及新上市申請的收購**

於二零一八年二月二十八日，本公司刊發公告，內容關於(其中包括)非常重大收購事項及關連交易及建議涉及新上市申請的反向收購及清洗豁免申請。本公司已公佈新上市申請程序已延後，而買方及賣方甲已同意就以下事項延長時限：(i)於二零一八年三月三十一日(或買方與賣方甲可能協定的有關其他日期)或之前提交新上市申請；及(ii)於二零一八年六月三十日(或買方與賣方甲可能協定的有關其他日期)或之前根據上市規則及收購守則的規定刊發及寄送通函。詳情請參閱本公司日期為二零一六年十一月二十六日、二零一七年一月二十六日、二零一七年三月十三日、二零一七年三月二十一日、二零一七年四月三日、二零一七年五月二日、二零一七年六月二日、二零一七年六月三十日、二零一七年七月三十一日、二零一七年八月三十一日、二零一七年九月二十九日、二零一七年十月三十一日、二零一七年十一月三十日、二零一七年十二月二十九日、二零一八年一月二十九日及二零一八年二月二十八日之公告。

於二零一八年四月三日，本公司就終止有關非常重大收購事項及關連交易之協議發佈公告。由於有關終止，將不會就收購交易的後續程序作出進一步跟進行動。

(b) Demand for repayment of borrowings

On 16 January 2018, the Company received demand from Bank of China (Hong Kong) Limited for the repayment to Import Invoice Finance granted under the general banking facilities letter, with its principal amount of approximately US\$423,000, interest payable as at 10 January 2018 of approximately US\$5,000, and further interest accrued from 11 January 2018 to the date of payment at its rate of 10.5% per annum which subject to fluctuation. Up to the date of this report, the Company has settled certain amount and the outstanding amount becomes approximately HK\$1.85 million of which the Company has agreed with Bank of China (Hong Kong) Limited to settle by instalments in the forthcoming three months until June 2018.

On 29 January 2018, the Company received demand from PC Securities Limited, the bondholder, in respect of repayment of the debt or secure or compound for it to the PC Securities Limited's satisfaction, with its principal amount of HK\$84,000,000 and interest of approximately HK\$2,980,000. With respect to the default of the aforesaid bond, another bond with its principal amount of HK\$57,900,000 is regarded as cross default, PC Securities also demands the Company to repay it immediately.

On 13 February 2018, the Company received demand from Zhang Hua, the bondholder, in respect of repayment of the bond principal of HK\$27,000,000, interest payable from 28 December 2017 to 9 January 2018 of approximately HK\$192,000 and daily default interest of approximately HK\$13,000 payable until repayment.

On 13 February 2018, the Company received final demand from Well Honour Investment (Group) Limited, the bondholder, in respect of repayment of the bond principal of HK\$430,000, or otherwise legal actions will be taken.

On 18 April 2018, the Company has reached a settlement agreement with Zhang Hua, the bondholder, to make a repayment schedule of the outstanding bond principal of HK\$27,000,000 with the corresponding interest.

On 19 April 2018, the Company has signed a settlement deed with PC Securities Limited, the bondholder, to make a repayment schedule of the outstanding two bonds with principal amount of HK\$84,000,000 and HK\$57,900,000 respectively with the corresponding interest.

(b) 要求償還借款

於二零一八年一月十六日，本公司接獲中國銀行(香港)有限公司要求償還根據一般銀行融資函授出的進口發票融資，其本金額為約423,000美元及於二零一八年一月十日的應付利息為約5,000美元，並於二零一八年一月十一日起至付款日期止按年利率10.5%(可能波動)另外產生利息。截至本報告日期，本公司已結付若干金額及未償還金額為約1.85百萬港元，就此，本公司已與中國銀行(香港)有限公司協定於未來三個月直至二零一八年六月分期結付。

於二零一八年一月二十九日，本公司接獲債券持有人寶鉅證券有限公司要求償還債務，或為債務提供令寶鉅證券有限公司滿意的抵押或了結，其本金額為84,000,000港元及利息為約2,980,000港元。就拖欠上述債券而言，另一項本金額為57,900,000港元的債券視為交叉違約，寶鉅證券亦要求本公司即時償還該債券。

於二零一八年二月十三日，本公司接獲債券持有人Zhang Hua要求償還債券本金27,000,000港元、於二零一七年十二月二十八日至二零一八年一月九日的應付利息約192,000港元及直至還款前的應付每日違約利息約13,000港元。

於二零一八年二月十三日，本公司接獲債券持有人 Well Honour Investment (Group) Limited的最終要求，有關償還債券本金430,000港元，否則將採取法律行動。

於二零一八年四月十八日，本公司與債券持有人Zhang Hua達成清償協議，以就本金額達27,000,000港元的未償還債券連同相應利息訂立還款時間表。

於二零一八年四月十九日，本公司與債券持有人寶鉅證券有限公司簽立清償契據，以就兩份本金額分別達84,000,000港元及57,900,000港元的未償還債券連同相應利息訂立還款時間表。

(c) Winding up petition against the Company

As disclosed in the announcement of the Company dated 8 and 9 March 2018 in relation to winding up petition against the Company, on 5 March 2018, the Company received a petition (the “Petition”) entitled HCCW56/2018 presented by PC Securities Limited (the “Petitioner”) to the High Court of Hong Kong S.A.R. for winding up of the Company and the hearing of the Petition is fixed for 9 May 2018 before a Master in Court. The Petitioner claimed to be the holder of a bond for the principal amount of HK\$84,000,000 with coupons 7% issued by the Company on 28 January 2015 (the “Bond”). However, according to the register kept by the Registrar, the Bank of New York Depository (Nominees) Limited, the Petitioner is not the registered holder of the Bond. The Company is now making enquiry of the locus standi of the Petitioner and seeking legal advice on the matter.

The Company made an announcement on 19 April 2018, Hongtai Group (Int’l) Holding Limited, a wholly-owned subsidiary of the Company and the Petitioner entered into a settlement deed to settle HK\$92,600,306.38 by instalments with further interests. Upon signing of the settlement deed and following the receipt of the cheques and cashier orders required in the settlement deed and the clearance of the cheque/cashier orders for the first instalment payment, the Petitioner shall enter a Consent Summons to seek leave from the Court to have the Petition withdrawn. For details, please refer to an announcement dated 19 April 2018.

(d) Issue of bond

From the year end date of 31 December 2017 to the date of annual report, the Company issued corporate bonds amounted to approximately HK\$35.0 million for the raising of working capital purpose.

(c) 針對本公司之清盤呈請

誠如本公司日期為二零一八年三月八日及三月九日有關針對本公司之清盤呈請的公告所披露者外，於二零一八年三月五日，本公司接獲寶鉅證券有限公司(「呈請人」)向香港特別行政區高等法院送呈編號HCCW56/2018之呈請(「呈請」)，要求本公司清盤。呈請的聆訊訂於二零一八年五月九日於高等法院進行。呈請人聲稱為本公司於二零一五年一月二十八日所發行債券之持有人，債券本金額為84,000,000港元，另加息票7%(「該債券」)。然而，根據登記處The Bank of New York Depository (Nominees) Limited存置的登記冊，呈請人並非該債券之註冊持有人。本公司正就呈請人的出陳述權進行諮詢，並就此尋求法律意見。

本公司於二零一八年四月十九日發表公告，宏太集團(國際)股份有限公司(本公司全資附屬公司)與呈請人訂立清償契據，以分期清償92,600,306.38港元，連同額外利息。簽立清償契據後及於接獲清償契據所要求的支票/本票並就第一期款項的支票/本票結算後，呈請人將訂立同意傳票，向法庭尋求許可，以撤回呈請。更多詳情請參閱日期為二零一八年四月十九日之公告。

(d) 發行債券

自二零一七年十二月三十一日(年結日)至本年報日期，本公司發行公司債券約為35.0百萬港元，用以籌集營運資金。

ANNUAL GENERAL MEETING (THE “AGM”)

The AGM will be held on 30 May 2018 and a notice convening the AGM will be published and dispatched in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) in due course.

HUMAN RESOURCES

As at 31 December 2017, the Group had a total workforce of 455 (as at 31 December 2016: 516). The Group successfully follows a higher ratio of the number of operating staff to the number of machines to scale down the total workforce. New employees were recruited to cater for the Group’s business expansion during the year. The Group offers its staff competitive remuneration schemes. In addition, discretionary bonuses and share options may also be granted to eligible staff based on individual and Group’s performance. The Group is committed to nurturing a learning and sharing culture in the organization. Heavy emphasis is placed on the training and development of individual staff and team building, as the Group’s success is dependent on the contribution of all functional divisions comprising skilled and motivated staff.

DIVIDEND POLICY

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2017 (2016: Nil). As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year of 2017.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

There was no purchase, sale or redemption of the Company’s shares by the Company or its subsidiaries during the Year.

CORPORATE GOVERNANCE

The Company was committed to maintaining high level of corporate governance and has steered its development and protected the interests of its shareholders in an enlightened and open manner. The Board comprises four executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code (the “Code Provisions”) set out in Appendix 14 to the Listing Rules. Throughout the year 2017, the Company had complied with the Code Provisions.

股東週年大會(「股東週年大會」)

股東週年大會將於二零一八年五月三十日舉行，召開股東週年大會的通告將根據聯交所證券上市規則(「上市規則」)所要求方式於適當時候刊發及寄發。

人力資源

於二零一七年十二月三十一日，本集團員工合共455名(於二零一六年十二月三十一日：516名)。本集團成功提高營運員工對機器數目的比例，以縮減總員工人數。新聘僱員為應付本集團於年度內擴充的業務。本集團向其員工提供具競爭力的酬金計劃。此外，合資格員工亦可按其個人及本集團的表現獲授酌情花紅及購股權。本集團致力於組織內建立學習及分享文化。本集團的成功有賴由技巧純熟且士氣高昂的員工組成各職能部門，故此本集團重視員工的個人培訓及發展，以及建立團隊。

股息政策

董事會已議決不建議就截至二零一七年十二月三十一日止年度派發任何末期股息(二零一六年：無)。由於年內並無應派中期股息，故二零一七年全年將不會派發任何股息。

購買、銷售及贖回本公司的上市證券

本公司或其附屬公司於本年度概無購買、銷售或贖回本公司任何股份。

企業管治

本公司一直致力保持高水平企業管治，以開明和開放的理念維護本集團的發展及保障股東的權益。董事會由四位執行董事及三位獨立非執行董事組成。董事會已採納現時載於上市規則附錄十四的企業管治守則內的守則條文(「守則條文」)。於二零一七年整年內，本公司已一直遵守守則條文。

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct for dealing in securities of the Company by the Directors. After specific enquiry made by the Company, all of the Directors confirmed that they had complied with the required standards set out in the Model Code and the Company's code of conduct regarding the Directors' securities transactions throughout the Year.

AUDIT COMMITTEE

The Audit Committee, comprising of the independent non-executive Directors, has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2017 and discussed with the management of the Company the accounting principles and accounting standards adopted by the Group and matters relating to risk management and internal control systems and financial reporting of the Group.

CLOSURE OF REGISTERED MEMBERS

In order to determine the entitlement to attend the AGM, the register of members of the Company will be closed from 25 May 2018 to 30 May 2018 (both days inclusive), during which period no transfer of Shares can be registered. In order to qualify for attending the AGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by not later than 4:30 p.m. on 24 May 2018.

ACKNOWLEDGEMENT

The Directors would like to take this opportunity to express our sincere thanks to all the shareholders and business associates for their continuous support and the entire staff for their dedication and contribution to the Group during the Year.

董事進行證券交易的標準守則

本公司已採納上市規則附錄十上市發行人董事進行證券交易的標準守則(「標準守則」)作為董事買賣本公司證券的行為守則。經本公司特定查詢後，全體董事確認彼等於本年度整年內，已遵守標準守則內所載的規定準則及本公司有關董事證券交易的行為守則。

審核委員會

審核委員會由獨立非執行董事組成，已審閱本集團截至二零一七年十二月三十一日止年度的合併財務報表，並與本公司管理層商討本集團採納的會計原則及會計準則及關於風險管理及內部監控制度及本集團財務申報的事宜。

暫停辦理股東登記手續

為釐定出席股東週年大會的資格，本公司將於二零一八年五月二十五日至二零一八年五月三十日(包括首尾兩日)暫停辦理股東登記手續，期間不會登記任何股份轉讓。為符合資格出席股東週年大會，所有股份過戶文件連同有關股票須於二零一八年五月二十四日下午四時三十分前送交本公司的香港股份過戶登記分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。

鳴謝

董事藉此機會感謝全體股東及業務夥伴一直以來的鼎力支持，以及感謝本集團全體員工於本年度為本集團付出的努力和貢獻。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Company has adopted the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) as its own code of corporate governance. The manner in which the principles and code provisions in the CG Code are applied and implemented during the year ended 31 December 2017 and up to the date of this annual report (the “Period”) is explained in this Corporate Governance Report.

CORPORATE GOVERNANCE

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

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

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

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

本公司已採納香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)附錄十四所載的企業管治守則(「企業管治守則」)為其企業管治守則。截至二零一七年十二月三十一日止年度至截至本年報日期止(「期間」)企業管治守則內的有關原則及守則條文的應用及實施方式於本企業管治報告內說明。

企業管治

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

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

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

本公司將不時審閱及加強其企業管治常規以確保其持續符合企業管治守則的規定。

DIRECTORS' SECURITIES TRANSACTIONS

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

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

THE BOARD OF DIRECTORS Responsibilities

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

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

Board Composition

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

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

董事的證券交易

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

本公司不知悉僱員於期間有任何違反證券交易守則的行為。

董事會 責任

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

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

董事會組成

董事會目前由七名成員組成，包括四名執行董事及三名獨立非執行董事。

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

The Board comprises the following Directors:

Executive Directors:

Mr. LI Dongfan (*Chairman*)
Mr. TAO Tao (*Vice chairman*)
Mr. LIN Qingxiong
Ms. LI Jia Yin

Independent non-executive Directors:

Mr. CHAN Sui Wa
Mr. LIU Shungang
Mr. WU Jianxiong

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

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

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

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

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

董事會包括下列成員：

執行董事：

李東凡先生(*主席*)
陶濤先生(*副主席*)
林清雄先生
李佳音女士

獨立非執行董事：

陳瑞華先生
劉順剛先生
吳健雄先生

董事履歷詳情載於本年報「董事及高級管理層」一節。

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

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

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

董事會成員之間並無財務、業務、家族或其他重大／相關關係。

Chairman and Chief Executive Officer

As at the date of this annual report, the chairman of the Company, Mr. Li Dongfan, leads the Board in the determination of the strategy of the Group and in the achievement of its objectives. He is responsible for organizing the business of the Board, ensuring its effectiveness and setting agenda but not involved in the day-to-day business of the Group.

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

Appointment and Re-election of Directors

Pursuant to Article 84 of the Articles, at each annual general meeting of the Company, one third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Pursuant to Article 83(3) of the Articles, any Director appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.

The following Directors will retire by rotation and offer themselves for re-election in the forthcoming AGM to be held on 30 May 2018:

Mr. Lin Qingxiong

The following Directors appointed by the Board to fill a casual vacancy, will be subject to election by shareholders in the forthcoming AGM to be held on 30 May 2018.

Mr. Li Dongfan
Mr. Tao Tao
Ms. Li Jia Yin
Mr. Wu Jianxiong
Mr. Liu Shungang

主席及行政總裁

於本年報日期，本公司主席李東凡先生領導董事會釐定本集團策略及達成其目標。彼負責組織董事會事務、確保其效率及制定其日常事務，但不參與本集團的日常事務。

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

委任及重選董事

根據細則第84條，於本公司每屆股東週年大會上，當時董事總數三分之一人數（或如人數並非三（3）的倍數，則取最接近的整數，惟不得低於三分之一人數）須輪值告退，惟每名董事須至少每三年輪值告退一次。須輪值告退的董事將包括有意告退且無意膺選連任的董事。任何其他因此退任的董事將為其他董事中自上次重選連任或獲委任以來任期最長而須輪值告退的董事。如有超過一名董事上次乃於同一日重選連任，則會以抽籤方式決定退任者（除非彼等之間另行達成協議）。根據細則第83(3)條，獲董事會委任的任何董事的任期僅至本公司下屆股東大會為止，而彼屆時將符合資格膺選連任。

下列董事將於二零一八年五月三十日舉行的應屆股東週年大會上輪席告退，並表示願意膺選連任：

林清雄先生

下列獲董事會委任以填補臨時空缺的董事將於二零一八年五月三十日舉行之應屆股東週年大會上接受股東選舉。

李東凡先生
陶濤先生
李佳音女士
吳健雄先生
劉順剛先生

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

Induction and Continuing Development of Directors

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

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

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

Board Meetings

Board Practices and Conduct of Meetings

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

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

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

董事的入職及持續發展

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

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

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

董事會會議

董事會會議常規及程序

於期間，董事決議案乃通過書面決議案或由現場會議通過。

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

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

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

Board member	董事會成員	Number of Board meetings attended/held 出席／舉行董事會會議次數
Executive Directors:		
Mr. Lin Qingxiong (<i>Chairman</i>)	林清雄先生(主席)	2/2
Mr. Qiu Zhiqiang	邱志強先生	2/2
Mr. Deng Qinghui	鄧慶輝先生	1/2
Mr. Yeung Wing Nam	楊永南先生	0/2
Mr. Li Dongfan	李東凡先生	0/2
Mr. Tao Tao	陶濤先生	0/2
Ms. Li Jia Yin	李佳音女士	0/2
Independent non-executive Directors:		
Mr. Chan Sui Wa	陳瑞華先生	2/2
Mr. Yu Yubin	俞毓斌先生	1/2
Mr. Ma Chongqi	馬崇啟先生	1/2
Mr. Tam On Yu, Alfred	談安宇先生	0/2
Mr. Lo Pak Ho	盧柏浩先生	0/2
Mr. Liu Shungang	劉順剛先生	1/2
Mr. Wu Jianxiong	吳健雄先生	1/2

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

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

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

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

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

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

BOARD COMMITTEES

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

Nomination Committee

The Nomination Committee comprises three members who are all the independent non-executive Directors, namely Mr. Wu Jianxiong, Mr. Chan Sui Wa and Mr. Liu Shungang. Mr. Wu Jianxiong is the chairman of the Nomination Committee.

Mr. Yu Yubin and Mr. Ma Chongqi resigned on 5 March 2018. Mr. Lo Pak Ho and Mr. Tam On Yu, Alfred were appointed on 8 March 2018, tendered resignation on 29 March 2018 and approved on 3 April 2018. Mr. Lin Qingxiong and Mr. Qiu Zhiqiang were appointed on 29 March 2018 and resigned on 17 April 2018. Mr. Wu Jianxiong and Mr. Liu Shungang were appointed on 17 April 2018.

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

董事委員會

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

提名委員會

提名委員會包括三名成員，即吳健雄先生、陳瑞華先生及劉順剛先生(全部均為獨立非執行董事)。吳健雄先生為提名委員會主席。

俞毓斌先生及馬崇啟先生於二零一八年三月五日辭任。盧柏浩先生及談安宇先生於二零一八年三月八日獲委任，於二零一八年三月二十九日請辭，並於二零一八年四月三日獲批准。林清雄先生及邱志強先生於二零一八年三月二十九日獲委任並於二零一八年四月十七日辭任。吳健雄先生及劉順剛先生於二零一八年四月十七日獲委任。

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

The Nomination Committee shall meet at least once a year. Two committee meetings were held in 2017/18 to review the structure and composition of the Board and the re-election of the retiring Directors and attendance of each member is set out as follows:

提名委員會每年須會面至少一次。於二零一七／一八年曾舉行兩次委員會會議以檢討董事會的結構及組成以及重選退任董事，各成員的出席率載列如下：

Committee member	委員會成員	Number of committee meetings attended/held 出席／舉行委員會會議次數
Mr. Chan Sui Wa	陳瑞華先生	2/2
Mr. Yu Yubin	俞毓斌先生	1/2
Mr. Ma Chongqi	馬崇啟先生	1/2
Mr. Lo Pak Ho	盧柏浩先生	0/2
Mr. Tam On Yu, Alfred	談安宇先生	0/2
Mr. Lin Qingxiong	林清雄先生	1/2
Mr. Qiu Zhiqiang	邱志強先生	1/2
Mr. Liu Shungang	劉順剛先生	0/2
Mr. Wu Jianxiong	吳健雄先生	0/2

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

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

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

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

Remuneration Committee

The Remuneration Committee comprises three members who are all the independent non-executive Directors, namely Mr. Liu Shungang, Mr. Chan Sui Wa and Mr. Wu Jianxiong. Mr. Liu Shungang is the chairman of the Remuneration Committee.

Mr. Yu Yubin and Mr. Ma Chongqi resigned on 5 March 2018. Mr. Tam On Yu, Alfred and Mr. Lo Pak Ho were appointed on 5 March 2018, tendered resignation on 29 March 2018 and approved on 3 April 2018. Mr. Wu Jianxiong and Mr. Liu Shungang were appointed on 29 March 2018.

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

The Remuneration Committee shall meet at least once a year. During the year, two committee meetings were held in 2017/18 to review and discuss the existing policy and structure for the remuneration of Directors, the remuneration packages of both the executive and non-executive Directors and attendance of each member is set out as follows:

Committee member	委員會成員	Number of committee meetings attended/held 出席／舉行委員會會議次數
Mr. Chan Sui Wa	陳瑞華先生	2/2
Mr. Yu Yubin	俞毓斌先生	1/2
Mr. Ma Chongqi	馬崇啟先生	1/2
Mr. Tam On Yu, Alfred	談安宇先生	0/2
Mr. Lo Pak Ho	盧柏浩先生	0/2
Mr. Wu Jianxiong	吳健雄先生	1/2
Mr. Liu Shungang	劉順剛先生	1/2

薪酬委員會

薪酬委員會包括三名成員，即劉順剛先生、陳瑞華先生及吳健雄先生(全部均為獨立非執行董事)。劉順剛先生為薪酬委員會主席。

俞毓斌先生及馬崇啟先生於二零一八年三月五日辭任。談安宇先生及盧柏浩先生於二零一八年三月五日獲委任，於二零一八年三月二十九日請辭，並於二零一八年四月三日獲批准。吳健雄先生及劉順剛先生於二零一八年三月二十九日獲委任。

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

薪酬委員會每年須會面至少一次。於二零一七／一八年曾舉行兩次委員會會議以檢討及討論現行政策，以及執行董事及非執行董事的薪酬方案，各成員的出席率載列如下：

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

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

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the senior management by band for the year ended 31 December 2017 is set out below:

根據企業管治守則的守則條文第B.1.5條，高級管理層於截至二零一七年十二月三十一日止年度之薪酬範圍載列如下：

In the band of	範圍	Number of individuals 人數
Nil to HK\$1,000,000	零至1,000,000港元	1

Audit Committee

The Audit Committee comprises three members who are the independent non-executive Directors, namely Mr. Chan Sui Wa, Mr. Wu Jianxiong and Mr. Liu Shungang. Mr. Chan Sui Wa is the chairman of the Audit Committee.

審核委員會

審核委員會包括三名成員，即陳瑞華先生、吳健雄先生及劉順剛先生(全部均為獨立非執行董事)。陳瑞華先生為審核委員會主席。

Mr. Yu Yubin and Mr. Ma Chongqi resigned on 5 March 2018. Mr. Tam On Yu, Alfred and Mr. Lo Pak Ho were appointed on 5 March 2018, tendered resignation on 29 March 2018 and approved resignation on 3 April 2018. Mr. Wu Jianxiong and Mr. Liu Shungang were appointed on 29 March 2018.

俞毓斌先生及馬崇啟先生於二零一八年三月五日辭任。談安宇先生及盧柏浩先生於二零一八年三月五日獲委任，於二零一八年三月二十九日請辭，並於二零一八年四月三日獲批准。吳健雄先生及劉順剛先生於二零一八年三月二十九日獲委任。

The main duties of the Audit Committee include the following:

審核委員會主要職責包括下列各項：

- To review the financial statements and reports and consider any significant or unusual items raised by the staff responsible for the accounting and financial reporting function, internal auditor or external auditors before submission to the Board.
- To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditors.
- To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.
- 在向董事會提交財務報表及報告前審閱該等財務報表及報告，並考慮由負責會計及財務申報職責的員工、內部核數師或外聘核數師所提出的任何重大或非規項目。
- 在參考核數師所進行之工作、其收費及委聘條款後，檢討與外聘核數師的關係，並就外聘核數師的委任、續聘及罷免向董事會作出建議。
- 審閱本公司的財務申報系統、內部監控系統及風險管理系統以及相關程序的充分性及有效程度。

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

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

CORPORATE GOVERNANCE REPORT 企業管治報告

The Audit Committee shall meet at least twice a year. Two committee meetings were held in 2017/18 and the attendance of each member is set out as follows:

審核委員會每年須會面至少兩次。於二零一七／一八年曾舉行兩次委員會會議，各成員的出席率載列如下：

Committee member	委員會成員	Number of committee meetings attended/held 出席／舉行委員會會議次數
Mr. Chan Sui Wa	陳瑞華先生	4/4
Mr. Yu Yubin	俞毓斌先生	3/4
Mr. Ma Chongqi	馬崇啟先生	3/4
Mr. Tam On Yu, Alfred	談安宇先生	0/4
Mr. Lo Pak Ho	盧柏浩先生	0/4
Mr. Wu Jianxiong	吳健雄先生	1/4
Mr. Liu Shungang	劉順剛先生	1/4

During the meetings held in 2017 and the first quarter of 2018, the Audit Committee had performed the work as summarised below:

於二零一七年及二零一八年第一季度舉行之會議，審核委員會已履行之工作概述如下：

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

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

董事會及審核委員會就甄選、委聘、退任或罷免外聘核數師並無意見分歧。

Regulatory Compliance Committee

The Regulatory Compliance Committee comprises of three members, namely Ms. Li Jia Yin, Mr. Wu Jianxiong and Mr. Siu Kai Chun. Ms. Li Jia Yin is the chairlady of the Regulatory Compliance Committee.

Mr. Deng Qinghui resigned on 5 March 2018. Mr. Qiu Zhiqiang resigned on 17 April 2018. Ms. Li Jia Yin and Mr. Wu Jianxiong were appointed on 17 April 2018.

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

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

監管合規委員會

監管合規委員會包括三名成員，即李佳音女士、吳健雄先生及蕭啟晉先生。李佳音女士為監管合規委員會主席。

鄧慶輝先生於二零一八年三月五日辭任。邱志強先生於二零一八年四月十七日辭任。李佳音女士及吳健雄先生均於二零一八年四月十七日獲委任。

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

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

Committee member	委員會成員	Number of committee meetings attended/held 出席／舉行的委員會會議數目
Mr. Qiu Zhiqiang (Executive director)	邱志強先生(執行董事)	3/3
Mr. Deng Qinghui (Executive director)	鄧慶輝先生(執行董事)	3/3
Mr. Siu Kai Chun (Company Secretary)	蕭啟晉先生(公司秘書)	3/3
Ms. Li Jia Yin (Executive director)	李佳音女士(執行董事)	0/3
Mr. Wu Jianxiong (Independent non-executive director)	吳健雄先生 (獨立非執行董事)	0/3

BOARD DIVERSITY POLICY

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

DELEGATION OF MANAGEMENT FUNCTIONS

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

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

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

董事會多元化政策

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

管理職能之轉授

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

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

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

ACCOUNTABILITY AND AUDIT

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

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

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

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

INTERNAL CONTROL AND RISK MANAGEMENT

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

The annual review of the Group's internal control system was conducted during the Period. The annual review of the effectiveness of the internal control system of the Company including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget and also any non-compliances with the applicable laws and regulations, including bill-financing activities were conducted in the early 2018. The result of the annual review was satisfactory and no exceptions were noted during the review.

AUDITOR'S REMUNERATION

For the year ended 31 December 2017, the remuneration paid/payable to the Company's auditor, Zhonghui Anda CPA Limited, amounted to approximately RMB1.04 million in respect of the annual audit service.

問責及審核

董事確認彼等編製本公司截至二零一七年十二月三十一日止年度財務報表之責任。

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

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

本公司外聘核數師關於本集團合併財務報表的申報責任載於本年報獨立核數師報告。

內部監控及風險管理

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

本公司已於期內對本集團內部監控系統進行年度檢討。本公司內部監控系統效能之年度檢討包括本公司在會計及財務申報職能方面之資源、員工資歷及經驗是否足夠，以及員工所接受之培訓課程及有關預算是否充足以及任何違反適用法律法規事項（包括票據融資活動），年度檢討已於二零一八年初進行。年度檢討結果已獲接納且檢討過程中並無出現異常情況。

核數師薪酬

截至二零一七年十二月三十一日止年度，就本公司核數師中滙安達會計師事務所有限公司提供年度審核服務已付／應付酬金約為人民幣1.04百萬元。

INDEPENDENT AUDITOR

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

COMPANY SECRETARY

The company secretary of the Company, Mr. Siu Kai Chun, is a full-time employee of the Group. Please refer to his biographical details as set out on page 42 of this annual report.

Rights of Shareholders to Convene an Extraordinary General Meeting

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

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

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

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

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

獨立核數師

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

公司秘書

本公司的公司秘書為蕭啟晉先生，彼為本集團全職僱員。有關其履歷詳情，請參閱本年報第42頁。

股東召開股東特別大會的權利

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

向董事會查詢及於股東大會上提呈建議之程序

股東或投資者如欲提出查詢或建議，可透過下列方式聯絡本公司：

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

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

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

SHAREHOLDERS' RIGHTS

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

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

CHANGES TO CONSTITUTIONAL DOCUMENTS

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

與股東之溝通及投資者關係

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

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

股東權利

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

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

章程文件變動

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

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

EXECUTIVE DIRECTORS

Mr. Li Dongfan (李東凡) (“Mr. Li”), aged 32, was an entrepreneur in his early days. He was appointed on the chairman of the Company on 17 April 2018. He started running industrial factories after 2003 and founded Ming and Hang Mechanics and Electrics* (明恒機電) and Minggao Automation* (明高自動化), both were the earliest research, development and production of robotics and artificial intelligence companies in the PRC. He then actively involved in the financial sector through development and exploration. Mr. Li has been engaging in financial sector for years with strong systematic philosophy, innovative mind, ample financial experiences and practical capability gained from work, in addition to his astute insight and analytical skills. Mr. Li has successively planned various major domestic acquisition and restructuring deals that gained him a wealth of guiding experiences in corporate restructuring, mergers, innovation and development. Mr. Li founded Moody Group in 2007 and joined Defu Group as a founder in 2013 serving as the president of investment banking headquarters. Mr. Li was invited to serve as the vice president of the Advisory Committee on Overseas Investment and Education* (海外投資與教育諮詢委員會) of Jiangxi University of Finance and Economics in 2007, and in the same year, he held the positions of executive director and the joint chairman of the board of directors of Blockchain Group Company Limited, a company listed on the Stock Exchange (Stock Code: 364).

Mr. Tao Tao (陶濤) (“Mr. Tao”), aged 34, was appointed as the executive Director and Vice Chairman of the Company on 17 April 2018. He established the Heilongjiang Wolf Spider Network Technology Limited* (黑龍江狼蜘蛛網絡科技有限公司) and acted as its chairman in 2014, and founded the Shenzhen Motorvehicle Investment Internet Financial Services Limited* (深圳駱車投互聯網金融服務有限公司) in 2015. With extensive business experiences and practical capabilities, Mr. Tao was named as one of “China’s Top Ten Business Leaders” and an “Entrepreneur with International Prestigious Brand 2017” in December 2017 and January 2018 respectively.

執行董事

李東凡先生(「李先生」)，32歲，早期為企業家。彼於二零一八年四月十七日獲委任為本公司主席。於二零零三年後開辦實業工廠，先後創立明恒機電、明高自動化，是國內最為早期研發生產及製造機器人及人工智能製造公司，後經過發展同摸索積極投入金融領域。李先生從事金融工作多年，具備強烈的系統理念、創新意識、豐富的金融工作經驗和實戰能力、敏銳的洞察和分析力；曾經先後策劃國內多起重大收購及重組案例，對於企業重組、合併、創新發展都有豐富的指導經驗；李先生於二零零七年創立滿地集團；二零一三年以創始人身份加入德福集團並出任投資銀行總部總裁。李先生於二零零七年受邀出任江西財經大學的海外投資與教育諮詢委員會副主席，同年出任區塊鏈集團有限公司（一家於聯交所上市的公司，股份代號：364）執行董事及董事會聯席主席之職位。

陶濤先生(「陶先生」)，34歲，於二零一八年四月十七日獲委任為本公司執行董事及副主席。彼於二零一四年創立黑龍江狼蜘蛛網絡科技有限公司及出任董事長至今。彼於二零一五年創立深圳駱車投互聯網金融服務有限公司。憑著豐富的企業經驗及實戰能力，陶先生分別於二零一七年十二月及二零一八年一月榮獲「中國經濟十大企業領袖」及「二零一七國際至尊品牌企業家」之稱號。

Mr. Lin Qingxiong (林清雄) (also known as Lin Shiti (林詩體) (“**Mr. Lin**”)), aged 51, is the executive Director. Mr. Lin co-founded Hongtai (China) Co., Ltd (宏太(中國)有限公司) (“Hongtai (China)”) with Mr. Qiu (defined below) and an Independent Third Party in 2004. Mr. Lin is responsible for the overall development and strategy of the Group and has played an important role in establishing the Group’s presence in the PRC textile and clothing industry. Mr. Lin has over 11 years of experience in the textile and clothing industry in the PRC. Prior to founding Hongtai (China) in 2004, Mr. Lin founded Shishi Gang Yi Dyeing Finishing & Wearing Co., Ltd. (石獅市港溢染整織造有限公司) which was engaged in the textile, clothing and dyeing industry, in July 2001, where he acted as the director and vice general manager until April 2009. Shishi Gang Yi Dyeing Finishing & Wearing Co., Ltd. is one of our suppliers since 2006. Mr. Lin disposed of his 27% equity interests in Shishi Gang Yi Dyeing Finishing & Wearing Co., Ltd. in May 2009 to an Independent Third Party because Mr. Lin decided to focus on the business development of the Group. Mr. Lin was appointed as the standing director of the first council of China Chamber of International Commerce Shishi Chamber of Commerce (中國國際商會石獅市商會首屆理事會) in December 2005. In December 2011, he was appointed as the vice standing president of the third council of Shishi Textile & Garments Commerce Chamber (石獅市紡織服裝商會第三屆理事會). Mr. Lin was appointed as the president of the second council of Shishi Hongshan Chamber of Commerce (石獅鴻山商會第二屆理事會) in November 2012 and the vice president of Shishi Federation of Industry & Commerce (石獅市工商業聯合會(總商會)) in May 2013.

Ms. Li Jia Yin (李佳音) (“Ms. Li”), aged 35, was appointed as the executive Director on 29 March 2018. She graduated from Auckland University of Technology, New Zealand with a bachelor’s degree in finance in 2008. She acted as the department head at Le Brun Peirse Limited from 2008 to 2012, and as a senior management personnel at BP Oil Group during 2013. She later joined Moodychina in 2014, serving subsequently as the regional head of Moodychina’s European and North American sector during her tenure. Ms. Li is currently acting as the chief executive officer of Moodychina, being responsible for listed companies management, and as the authorized representative and chairwoman of National Development Fund* (國展基金), member of the Asset Management Association of China* (中國基金協會會員) and a Certified Financial Planner in China. Ms. Li has been committed to seeking after the value maintenance and appreciation of state-owned asset and the combination of industry and finance with several publications. She is a renowned international expert on finance in China.

林清雄先生 (亦稱林詩體)(「**林先生**」), 51歲, 為執行董事。林先生於二零零四年與邱先生(定義見下文)及一名獨立第三方共同創辦宏太(中國)。林先生負責本集團的整體發展及策略, 並在確立本集團在中國紡織及服裝業的地位發揮重要作用。林先生在中國紡織及服裝業積逾11年經驗。於二零零四年創辦宏太(中國)有限公司(「宏太(中國)」)之前, 林先生於二零零一年七月創辦了石獅市港溢染整織造有限公司(從事紡織、服裝及染色行業), 並於該公司擔任董事兼副總經理直至二零零九年四月止。石獅市港溢染整織造有限公司自二零零六年起是我們的供應商之一。於二零零九年五月, 林先生將其於石獅市港溢染整織造有限公司的27%股權售予一名獨立第三方, 原因是林先生決定專注於本集團的業務發展。於二零零五年十二月, 林先生獲委任為中國國際商會石獅市商會首屆理事會的常務理事。於二零一一年十二月, 彼獲委任為石獅市紡織服裝商會第三屆理事會的副常務會長。林先生於二零一二年十一月獲委任為石獅鴻山商會第二屆理事會會長及於二零一三年五月獲委任為石獅市工商業聯合會(總商會)副會長。

李佳音女士(「**李女士**」), 35歲, 於二零一八年三月二十九日獲委任為執行董事。彼於二零零八年畢業於新西蘭奧克蘭理工大學(Auckland University of Technology), 並取得金融學士學位。於二零零八年至二零一二年期間, 彼曾擔任Le Brun Peirse Limited部門負責人; 二零一三年於BP Oil集團任職高級管理人員; 並於二零一四年加入滿地集團, 先後擔任滿地集團歐洲及北美地區的地區負責人。李女士現擔任滿地集團行政總裁職務, 負責上市公司管理工作; 同時亦擔任國展基金法人代表及董事長、中國基金協會會員及中國國家理財規劃師。李女士一直致力探索國有資產保值及增值, 還積極探索產融結合, 先後發表過多篇文章, 是國內知名國際金融學專家。

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Liu Shungang (劉順剛) (“Mr. Liu”), aged 57, was appointed as the independent non-executive Director on 29 March 2018. He served in the 127th Division of the 43rd Corps of the Wuhan Military* (武漢軍區43軍127師) during 1979 to 1989, and as general manager of Guangdong Fenghuang Import and Export Trade Co., Ltd.* (廣東省鳳凰進出口貿易公司) during 1990 to 1999. From 2000 to 2012, he acted as the general manager of Zhongneng (International) Petroleum Exploration Co., Ltd.* (中能(國際)石油勘探有限公司). Mr. Liu has been employed as general manager subsequently at Defu Group and Shenzhen Defu Fund Management Co., Ltd. since 2013. In the meantime, Mr. Liu has acted as the chairman of the supervisory committee of the Tianjin Good Hand Railway Holding Co., Ltd. (stock code: 000594).

Mr. Wu Jianxiong (吳健雄) (“Mr. Wu”), aged 47, was appointed as the independent non-executive Director on 29 March 2018. He graduated from South China Normal University and majored in accounting computerization and human resource management. During the period from 1988 to 2014, he was responsible for the relevant departments and management in General Administration of Quality Supervision. In 2004, he was the chairman of Jianrong Daofu Asset Management Co., Ltd.* (建榮道富資產管理有限公司).

Mr. Chan Sui Wa (陳瑞華) (“Mr. Chan”), aged 43, was appointed as the independent non-executive Director on 27 March 2014. Mr. Chan has over 17 years of experience in auditing, finance, accounting, corporate governance and risk management. Mr. Chan graduated with a bachelor's degree in business administration from the Hong Kong University of Science & Technology in November 1997 and obtained a master's degree in corporate governance from the Hong Kong Polytechnic University in October 2011. Mr. Chan is currently a member of both of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Secretaries and Administrators. Mr. Chan is also a fellow member of Association of Chartered Certified Accountants. Mr. Chan is currently the sole proprietor of S. W. Chan & Co. (陳瑞華會計師事務所), an accounting firm engaging in the provision of assurance, business advisory and tax services.

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

獨立非執行董事

劉順剛先生(「劉先生」)，57歲，於二零一八年三月二十九日獲委任為獨立非執行董事。彼於一九七九年至一九八九年任職於武漢軍區43軍127師；一九九零年至一九九九年於廣東省鳳凰進出口貿易公司擔任總經理；於二零零零年至二零一二年間為中能(國際)石油勘探有限公司總經理。二零一三年至今，劉先生分別於德福集團及深圳德福基金管理有限公司擔任總經理。劉先生同時擔任天津國恒鐵路控股股份有限公司(股票代號：000594)監事會主席。

吳健雄先生(「吳先生」)，47歲，於二零一八年三月二十九日獲委任為獨立非執行董事。彼畢業於華南師範大學，主修會計電算化及人力資源管理專業。一九八八年至二零一四年期間，彼於國家質檢總局擔任相關部門及管理工作。二零零四年於建榮道富資產管理有限公司擔任董事長職位。

陳瑞華先生(「陳先生」)，43歲，於二零一四年三月二十七日獲委任為獨立非執行董事。陳先生在審計、融資、會計、企業管治及風險管理方面積逾17年經驗。陳先生於一九九七年十一月畢業於香港科技大學，取得工商管理學士學位，並於二零一一年十月取得香港理工大學的企業管治碩士學位。陳先生現為香港會計師公會及特許秘書及行政人員公會會員。陳先生亦為特許公認會計師公會資深會員。陳先生現時為陳瑞華會計師事務所唯一擁有人，該公司為從事提供審計、商業諮詢及稅務服務的會計師行。

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

SENIOR MANAGEMENT

Mr. Zhang Wenwang (張文旺) (“Mr. Zhang”), aged 54, joined the group on 23 February 2011. He is the vice general manager of Hongtai (China) and the head of the production department. Mr. Zhang obtained a bachelor’s degree from Tianjin Institute of Textile Science and Technology (天津紡織工學院) (now known as Tianjin Polytechnic University (天津工業大學)) with a major in textile engineering (紡織工程) in July 1983. Prior to joining our Group in 2011, Mr. Zhang had worked as the chief engineer of several enterprises in the PRC. In December 1995, Mr. Zhang was qualified as a senior engineer (高級工程師). Mr. Zhang was a member of Shanxi Province Enterprise Technology Innovation Committee (山西省企業技術創新專家委員會).

Ms. Liu Xuemin (劉學敏) (“Ms. Liu”), aged 57, joined the group on 23 February 2011. She is the chief engineer of Hongtai (China) and the head of the research and development department. Ms. Liu obtained a bachelor’s degree from Tianjin Institute of Textile Science and Technology (天津紡織工學院) (now known as Tianjin Polytechnic University (天津工業大學)) with a major in textile engineering (紡織工程) in July 1983. Prior to joining the Group in 2011, Ms. Liu had worked in the research and product development of several enterprises in the PRC. In December 1995, Ms. Liu was qualified as a senior engineer (高級工程師). Ms. Liu was appointed as a member of China Textile Engineering Society Cotton Textile Professional Committee Wearing Technology Group (中國紡織工程學會棉紡織專業委員會織造學組) in September 2003.

高級管理層

張文旺先生(「張先生」)，54歲，於二零一一年二月二十三日加盟本集團。彼為宏太(中國)的副總經理兼生產部主管。張先生於一九八三年七月取得天津紡織工學院(現稱為天津工業大學)的學士學位，主修紡織工程。於二零一一年加盟本集團之前，張先生曾於中國多家企業擔任總工程師。張先生於一九九五年十二月取得高級工程師資格。張先生曾出任山西省企業技術創新專家委員會委員。

劉學敏女士(「劉女士」)，57歲，於二零一一年二月二十三日加盟本集團。彼為宏太(中國)的總工程師兼研發部主管。劉女士於一九八三年七月取得天津紡織工學院(現稱為天津工業大學)的學士學位，主修紡織工程。於二零一一年加盟本集團之前，劉女士曾於中國多家企業從事產品研發工作。劉女士於一九九五年十二月取得高級工程師資格。劉女士曾於二零零三年九月獲委任為中國紡織工程學會棉紡織專業委員會織造學組委員。

DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層

Mr. Siu Kai Chun (蕭啟晉) (formerly Siu Kwok Yee (蕭國義) (“Mr. Siu”), aged 49, is the chief financial officer and company secretary of the Group. Mr. Siu joined the Group in May 2013 and is primarily responsible for the overall financial management, corporate governance, investors relationship and financial operations of the Group. Mr. Siu has over 18 years of experience in auditing, finance and accounting. Mr. Siu graduated from the City University of Hong Kong with a bachelor’s degree in business studies in December 1994, completed the executive master of business administration programme at Lingnan (University) College, Sun Yat-sen University (中山大學嶺南(大學)學院), Guangzhou, China in November 2003 and obtained the master of science degree in Finance from the University College Dublin, The National University of Ireland in October 2016. Mr. Siu is currently a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Institute of Chartered Accountants in England and Wales. Prior to joining the Group, Mr. Siu was a senior manager at Ernst & Young Transactions Limited from June 2012 to May 2013. Mr. Siu was the financial controller from June 2003 to March 2005 and the chief financial officer from April 2005 to March 2012 at CHT (Holdings) Ltd., a company engaging in the manufacture and sale of adhesive tapes, respectively. Mr. Siu also worked as a senior auditor at Ernst & Young from 2000 to 2003, a senior accountant at Debbie Morgan Trading Limited in 1999 and a tax accountant and auditor at PricewaterhouseCoopers from 1994 to 1998. Mr. Siu is currently an independent non-executive director of China Nonferrous Metals Company Limited (HKEX: 8306), a company listed in the Stock Exchange of Hong Kong.

蕭啟晉先生(前稱蕭國義)(「蕭先生」), 49歲, 為本集團財務總監兼公司秘書。蕭先生於二零一三年五月加盟本集團, 主要負責本集團的整體財務管理、企業管治、投資者關係及財務運作。蕭先生在審計、融資及會計方面積逾18年經驗。蕭先生於一九九四年十二月畢業於香港城市大學, 取得商業學學士學位, 於二零零三年十一月完成中國廣州中山大學嶺南(大學)學院的工商管理行政人員碩士課程, 並於二零一六年十月取得愛爾蘭國立都柏林大學金融學理學碩士。蕭先生現為香港會計師公會、特許公認會計師公會及英格蘭及威爾斯特許會計師公會資深會員。加盟本集團之前, 蕭先生曾於二零一二年六月至二零一三年五月在安永企業財務服務有限公司任高級經理。蕭先生曾先後於二零零三年六月至二零零五年三月及二零零五年四月至二零一二年三月出任中國華夏科技控股有限公司(一家從事膠帶生產及銷售的公司)財務總監。蕭先生亦曾於二零零零年至二零零三年在安永任高級核數師, 於一九九九年在Debbie Morgan Trading Limited任高級會計師, 及於一九九四年至一九九八年在羅兵咸永道會計師事務所任稅務會計師及核數師。蕭先生現時為一家香港聯交所上市公司的中國有色金屬有限公司(HKEX: 8306)的獨立非執行董事。

REPORT OF THE DIRECTORS

董事會報告書

The Directors of the Company (the “Directors”) are pleased to present the annual report of the Company with the audited consolidated financial statements of the Group for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The Group is engaged in the design, manufacturing and sales of fabrics and yarns in the People’s Republic of China. The principal activity of the Company is investment holding. The Group commenced the trading of polyetherimide during the year ended 31 December 2016. Details of the principal activities of its principal subsidiaries are set out in note 35 to the consolidated financial statements.

BUSINESS SEGMENTS

The Group is engaged in the manufacturing and sale of fabrics and yarns. Business analysis of sales, segment results, total assets and capital expenditure are set out in note 9 to the accompanying financial statements.

GEOGRAPHICAL SEGMENTS

The Group operates in two main geographical areas, the Mainland China and Hong Kong. Geographical analysis of sales, segment results, total assets, and capital expenditure are set out in note 9 to the accompanying financial statements.

BUSINESS REVIEW

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

本公司董事(「董事」)欣然提呈截至二零一七年十二月三十一日止年度的本公司年報及本集團經審核合併財務報表。

主要業務

本集團主要在中華人民共和國從事面料及紗線的設計、製造及銷售。本公司主要業務為投資控股。本集團於截至二零一六年十二月三十一日止年度開始買賣工程塑料。其主要附屬公司的主要業務詳情載於合併財務報表附註35。

業務分類

本集團主要製造及銷售面料及紗線。營業額、分類業績、資產總額及資本開支業務分析載於隨附之財務報表附註9。

地區分類

本集團主要於中國大陸及香港這二個地區經營業務。營業額、分類業績、資產總額及資本開支之地區分析載於隨附之財務報表附註9。

業務回顧

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

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

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

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

The Group will issue a separate environmental, social and governance report for the year ended 31 December 2017 in due course with the relevant requirements of the Listing Rules.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2017 are set out in the consolidated financial statements of this annual report.

The Directors do not recommend the payment of a dividend for the year ended 31 December 2017 (2016: Nil).

RESERVES

Details of movement in the reserves of the Group for the year ended 31 December 2017 are set out in note 28 to the consolidated financial statements and in the consolidated statement of changes in equity.

As at 31 December 2017, there was approximately RMB500.7 million reserve of the Company available for distribution (2016: RMB500.7 million).

DONATIONS

The Group did not make any charitable and other donations during the year (2016: Nil).

環境、社會及企業責任

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

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

本集團將於適當時候按照上市規則的有關規定另行發佈截至二零一七年十二月三十一日止年度之環境、社會及管治報告。

業績及撥款

本集團於截至二零一七年十二月三十一日止年度的業績載於本年報合併財務報表。

董事不建議就截至二零一七年十二月三十一日止年度派發股息(二零一六年：無)。

儲備

有關本集團截至二零一七年十二月三十一日止年度的儲備變動詳情，載於合併財務報表附註28及合併權益變動表。

於二零一七年十二月三十一日，本公司可供分派的儲備約為人民幣500.7百萬元(二零一六年：人民幣500.7百萬元)。

捐款

於年內，本集團並無作出任何慈善捐款及其他捐獻(二零一六年：無)。

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of and reasons for movements in the share capital of the Company during the year under review are set out in note 27 to the consolidated financial statements.

TAX RELIEF

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

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 123–124 of this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

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

AUDITOR

PricewaterhouseCoopers ("PwC") resigned as the auditor of the Company with effect from 14 November 2017. The Board has appointed ZHONGHUI ANDA CPA Limited ("Zhonghui") with effect from 21 November 2017 to fill the casual vacancy following the resignation of PwC. Zhonghui will retire and, being eligible, offer themselves for reappointment at the forthcoming annual general meeting of the Company on 30 May 2018.

物業、廠房及設備

本集團的物業、廠房及設備詳情載於合併財務報表附註15。

股本

於回顧年度內本公司的股本變動詳情及原因載於合併財務報表附註27。

稅務減免

本公司並不知悉任何因持有本公司證券而提供予本公司股東之稅務寬減或減免。

財務摘要

本集團過去五個財政年度的業績以及資產及負債概要載於本年報第123至124頁。

購買、出售或購回上市證券

於截至二零一七年十二月三十一日止年度內，本公司或其任何附屬公司概無購買、出售或購回本公司上市證券。

優先購買權

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

核數師

羅兵咸永道會計師事務所(「羅兵咸」)於二零一七年十一月十四日辭任本公司核數師。董事會已委任中匯安達會計師事務所有限公司(「中匯」)，由二零一七年十一月二十一日起生效，以填補羅兵咸辭任留下的臨時空缺。於二零一八年五月三十日舉行之本公司應屆股東週年大會上，中匯將退任及符合資格，將提呈膺選連任。

DIRECTORS

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

Executive Directors

Mr. Li Dongfan (*Chairman* appointed on 17 April 2018)
Mr. Tao Tao (*Vice chairman* appointed on 17 April 2018)
Mr. Lin Qingxiong (*Chairman* resigned on 17 April 2018 but still as an executive Director)
Ms. Li Jia Yin (Appointed on 29 March 2018)
Mr. Yeung Wing Nam (Appointed on 5 March 2018, tendered resignation on 29 March 2018 but approved by the Board on 3 April 2018)
Mr. Qiu Zhiqiang (Resigned on 17 April 2018)
Mr. Deng Qinghui (Resigned on 5 March 2018)

Independent non-executive Directors

Mr. Ma Chongqi (Resigned on 5 March 2018)
Mr. Yu Yubin (Resigned on 5 March 2018)
Mr. Chan Sui Wa
Mr. Tam On Yu, Alfred (Appointed on 5 March 2018, tendered resignation on 29 March 2018 but approved by the Board on 3 April 2018)
Mr. Lo Pak Ho (Appointed on 5 March 2018, tendered resignation on 29 March 2018 but approved by the Board on 3 April 2018)
Mr. Wu Jianxiong (Appointed on 29 March 2018)
Mr. Liu Shungang (Appointed on 29 March 2018)

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

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

董事

於年內及截至本報告日期的本公司董事如下：

執行董事

李東凡先生(*主席*，於二零一八年四月十七日獲委任)
陶濤先生(*副主席*，於二零一八年四月十七日獲委任)
林清雄先生(*主席*，於二零一八年四月十七日辭任，但仍為執行董事)
李佳音女士(於二零一八年三月二十九日獲委任)
楊永南先生(於二零一八年三月五日獲委任，於二零一八年三月二十九日請辭，但獲董事會於二零一八年四月三日批准)
邱志強先生(於二零一八年四月十七日辭任)
鄧慶輝先生(於二零一八年三月五日辭任)

獨立非執行董事

馬崇啟先生(於二零一八年三月五日辭任)
俞毓斌先生(於二零一八年三月五日辭任)
陳瑞華先生
談安宇先生(於二零一八年三月五日獲委任，於二零一八年三月二十九日請辭，但獲董事會於二零一八年四月三日批准)
盧柏浩先生(於二零一八年三月五日獲委任，於二零一八年三月二十九日請辭，但獲董事會於二零一八年四月三日批准)
吳健雄先生(於二零一八年三月二十九日獲委任)
劉順剛先生(於二零一八年三月二十九日獲委任)

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

董事履歷詳情載列於「董事及高級管理層」一節。

DIRECTORS' SERVICE CONTRACTS

Pursuant to Article 84 of the Articles, at each annual general meeting of the Company, one third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Pursuant to Article 83(3) of the Articles, any Director appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election. None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

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

Pursuant to the service contracts entered into by each of executive directors as disclosed in the paragraph headed "Directors' services contracts" above, each of Mr. Li Dongfan, Mr. Tao Tao, Ms. Li Jia Yin and Mr. Lin Qingxiong is entitled to a monthly salary of HK\$40,000, HK\$40,000, HK\$40,000 and HK\$40,000, respectively. In addition, pursuant to the above service contracts, each of them is also entitled to a management bonus in respect of each financial year in such sum as the Board may in its absolute discretion determine aggregate amount of management bonuses payable to all directors.

PERMITTED INDEMNITY PROVISION

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

董事服務合約

根據細則第84條，於本公司每屆股東週年大會上，當時董事總數三分之一人數（或如人數並非三（3）的倍數，則取最接近的整數，惟不得低於三分之一人數）須輪值告退，惟每名董事須至少每三年輪值告退一次。須輪值告退的董事將包括有意告退且無意膺選連任的董事。任何其他因此退任的董事將為其他董事中自上次重選連任或獲委任以來任期最長而須輪值告退的董事。如有超過一名董事上次乃於同一日重選連任，則會以抽籤方式決定退任者（除非彼等之間另行達成協議）。根據細則第83(3)條，獲董事會委任的任何董事的任期僅至本公司下屆股東大會為止，而彼屆時將符合資格膺選連任。概無董事與本公司或其任何附屬公司訂立任何在毋須作出賠償（法定賠償除外）的情況下本集團不可於一年內終止的服務合約。

根據上市規則第13.51B(1)條作出之披露

根據上文「董事服務合約」一段披露各執行董事各自訂立之服務合約，李東凡先生、陶濤先生、李佳音女士及林清雄先生分別有權獲得月薪港幣40,000元、港幣40,000元、港幣40,000元及港幣40,000元。此外，根據上述服務合約，彼等各人亦有權就各財政年度獲得管理層花紅，董事會可全權酌情釐定應付全體董事的管理層花紅總額。

獲准許的彌償條文

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

獨立非執行董事之獨立性

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

EMOLUMENT POLICY

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

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

As at 31 December 2017, the Group had an aggregate of 455 full-time employees (as at 31 December 2016: 516). Employee costs including directors' emoluments totalled RMB23.6 million for the year of 2017 (2016: 26.1 million). The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees including the Directors with reference to individual performance and current market salary scale.

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

Details of Directors' remuneration are set out in note 13 to the financial statements.

薪酬政策

本集團僱員的薪酬政策乃由管理層根據彼等表現、資歷及能力制訂。

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

於二零一七年十二月三十一日，本集團共有455名全職僱員（於二零一六年十二月三十一日：516名）。二零一七年的僱員成本（包括董事酬金）共計人民幣23.6百萬元（二零一六年：人民幣26.1百萬元）。本集團根據個人能力及發展潛力聘請及提升僱員。本集團根據個人表現及當前市場薪資水平釐定所有僱員（包括董事）的薪酬待遇。

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

董事酬金詳情載於財務報表附註13。

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

As at 31 December 2017, the interests and/or short positions of the Directors of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once the shares are listed, will be as follows:

Interests in the Company:

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

Name of Director	Capacity/Nature of interest	Number of shares held in the Company	Approximate percentage of shareholding in the Company 佔本公司股權概約百分比
董事姓名	身份／權益性質	所持本公司股份數目	
Mr. Lin Qingxiong	Interest of a controlled corporation	279,600,000 shares (note) (long position)	18.04%
林清雄先生	受控法團權益	279,600,000股(附註) (好倉)	
	Beneficial owner	10,840,000 shares (long position)	0.70%
	實益擁有人	10,840,000股(好倉)	
Mr. Qiu Zhiqiang	Beneficial owner	126,840,000 shares (long position)	8.18%
邱志強先生	實益擁有人	126,840,000股(好倉)	

Note:

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

於證券中的權益披露**A. 董事於本公司股份中的權益**

於二零一七年十二月三十一日，本公司董事在股份上市後於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)的股份、相關股份或債權證中，擁有須根據證券及期貨條例第XV部第7及8分部知會本公司及聯交所的權益及／或淡倉(包括彼等根據證券及期貨條例上述條文被當作或視作擁有的權益及淡倉)；或根據證券及期貨條例第352條須登記於根據該條例須存置的登記冊的權益及／或淡倉；或根據上市規則《上市發行人董事進行證券交易的標準守則》在股份上市後須知會本公司及聯交所的權益及／或淡倉如下：

於本公司權益：

- (a) 本公司每股面值0.01港元的普通股

附註：

該等股份乃由德利投資有限公司持有，其全部已發行股本由林清雄先生擁有。

Interests in the associated corporation of the Company:

於本公司相聯法團權益：

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

Save as disclosed above, as at 31 December 2017, none of the directors of the Company had any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations.

除上文披露者外，於二零一七年十二月三十一日，概無本公司董事於本公司或其任何相關法團的任何股份及相關股份中擁有任何權益或淡倉。

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

As at 31 December 2017, so far as the Directors are aware, the following persons (not being a Director of the Company) had an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 5% or more of the Company's issued share capital:

B. 主要股東於本公司股份中的權益

就董事所知，於二零一七年十二月三十一日，下列人士(並非本公司董事)擁有根據證券及期貨條例第XV部第2及3分部的規定須向本公司及聯交所披露的股份或相關股份的權益或淡倉，或直接或間接於本公司5%或以上的已發行股本中擁有權益：

Name of shareholder	Capacity/Nature of interest	Number of shares	Approximate percentage of shareholding in the Company 佔本公司股權概約百分比
股東名稱	身份／權益性質	股份數目	
Merit Lead Investments Limited (note)	Beneficial owner	279,600,000 shares (long position)	18.04%
德利投資有限公司(附註)	實益擁有人	279,600,000股(好倉)	

Note:

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

Save as disclosed above, as at 31 December 2017, the directors of the Company are not aware of any other persons (other than the directors of the Company whose interests are set out in the section "Directors' interests in the shares of the Company" above) who held any interests or short positions in the shares, or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEME

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

As at 31 December 2015 and 2016, 50,000,000 share options and 50,000,000 share options were granted and exercised, respectively, representing maximum number of shares to be granted under the Share Option Scheme. For details of the share option scheme, please refer to page 57 to 58 of the 2016 annual report and page 44 to 45 of the 2015 annual report, respectively.

附註：

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

除上文披露者外，於二零一七年十二月三十一日，本公司董事概不知悉有任何其他人士(除彼等之權益已載於上文「董事於本公司股份中的權益」一節的本公司董事外)於本公司的股份或相關股份中，擁有已記入根據證券及期貨條例第336條規定須存置的登記冊的權益或淡倉。

購買股份或債券的安排

於年內任何時間，本公司、其控股公司或其任何附屬公司概無訂立任何安排，以令本公司董事可透過獲得本公司或任何其他法團的股份或債券而獲得利益。

購股權計劃

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

於二零一五年及二零一六年十二月三十一日，分別有50,000,000份購股權及50,000,000份購股權已獲授出及行使，即根據購股權計劃可授出的股份數目上限。關於購股權計劃的詳情，請分別參閱二零一六年年報第57至58頁及二零一五年年報第44至45頁。

Share options granted

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

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

CONTRACTS OF SIGNIFICANCE

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

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, the aggregate sales attributable to the Group's largest and five largest customers were 15% and 51% of the Group's total sales respectively (2016: 15.4% and 49.7%). The aggregate purchases attributable to the Group's largest and five largest suppliers were 11% and 34% of the Group's total purchases respectively during the year under review (2016: 24.3% and 49.6%).

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

授予的購股權

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

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

重大合約

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

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

主要客戶及供應商

於回顧年度，來自本集團最大及五大客戶的總銷售額分別佔本集團總銷售額的15%及51%(二零一六年：15.4%及49.7%)，於回顧年度，來自本集團最大及五大供應商的總採購額分別佔本集團總採購額的11%及34%(二零一六年：24.3%及49.6%)。

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

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

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

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

MANAGEMENT CONTRACTS

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

CONNECTED TRANSACTIONS

No connected transactions were incurred during the year ended 31 December 2017.

SUFFICIENCY OF PUBLIC FLOAT

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

DIVIDEND POLICY

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2017 (2016: Nil). As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year at 2017.

BOARD COMMITTEES

The Company comprises the Nomination Committee, the Remuneration Committee, the Audit Committee and the Regulatory Compliance Committee as described from page 28 to 33 of this annual report.

與僱員、顧客及供應商的重要關係

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

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

本集團與其供應商關係良好，每年對供應商進行公平及嚴格審核。

管理合約

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

關連交易

截至二零一七年十二月三十一日止年度，概無發生關連交易。

公眾持股量之充足程度

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

股息政策

董事會不建議就截至二零一七年十二月三十一日止年度派發任何末期股息(二零一六年：無)。由於年內並無應派中期股息，故二零一七年全年將不會派發股息。

董事委員會

本公司包括提名委員會、薪酬委員會、審核委員會及監管合規委員會，在本年報第28至33頁詳列。

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

NON-COMPETITION UNDERTAKINGS BY THE CONTROLLING SHAREHOLDERS

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

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

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

LITIGATION

As disclosed in the announcement of the Company dated 8 and 9 March 2018 in relation to winding up petition against the Company, on 5 March 2018, the Company received a petition (the "Petition") entitled HCCW56/2018 presented by PC Securities Limited (the "Petitioner") to the High Court of Hong Kong S.A.R. for winding up of the Company and the hearing of the Petition is fixed for 9 May 2018 before a Master in Court. The Petitioner claimed to be the holder of a bond for the principal amount of HK\$84,000,000 with coupons 7% issued by the Company on 28 January 2015 (the "Bond"). However, according to the register kept by the Registrar, the Bank of New York Depository (Nominees) Limited, the Petitioner is not the registered holder of the Bond. The Company is now making enquiry of the locus standi of the Petitioner and seeking legal advice on the matter.

董事於競爭業務之權益

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

控股股東作出之不競爭承諾

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

獨立非執行董事毋須在本期間檢討有關遵守及執行不競爭契約的任何事宜。

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

訴訟

誠如本公司日期為二零一八年三月八日及三月九日有關針對本公司之清盤呈請的公告所披露者外，於二零一八年三月五日，本公司接獲寶鉅證券有限公司(「呈請人」)向香港特別行政區高等法院送呈編號HCCW56/2018之呈請(「呈請」)，要求本公司清盤。呈請的聆訊訂於二零一八年五月九日於高等法院進行。呈請人聲稱為本公司於二零一五年一月二十八日所發行債券之持有人，債券本金額為84,000,000港元，另加息票7%(「該債券」)。然而，根據登記處The Bank of New York Depository (Nominees) Limited存置的登記冊，呈請人並非該債券之註冊持有人。本公司正就呈請人的出庭陳述權進行諮詢，並就此尋求法律意見。

The Company made an announcement on 19 April 2018, Hongtai Group (Int'l) Holding Limited, a wholly-owned subsidiary of the Company and the Petitioner entered into a settlement deed to settle HK\$92,600,306.38 by instalments with further interests. Upon signing of the settlement deed and following the receipt of the cheques and cashier orders required in the settlement deed and the clearance of the cheque/cashier orders for the first instalment payment, the Petitioner shall enter a Consent Summons to seek leave from the Court to have the Petition withdrawn. For details, please refer to an announcement dated 19 April 2018.

SUBSEQUENT EVENTS

(a) Very substantial acquisition and takeover involving a new listing application

On 28 February 2018, the Company published an announcement in relation to, among other things, a very substantial acquisition and connected transaction and a proposed reverse takeover involving a new listing application and a whitewash waiver application. The Company published that the new listing application process has been postponed and the Purchaser and Vendor A have agreed to extend the time for (i) submitting the new listing application from a date falling on or before 31 March 2018 (or such other date as may be agreed by the Purchaser and Vendor A) and (ii) issuing and despatching the Circular in accordance with the requirements under the Listing Rules and the Takeovers Code on or before 30 June 2018 (or such other date as may be agreed by the Purchaser and Vendor A). For details, please refer to the announcements of the Company dated 26 November 2016, 26 January 2017, 13 March 2017, 21 March 2017, 3 April 2017, 2 May 2017, 2 June 2017, 30 June 2017, 31 July 2017, 31 August 2017, 29 September 2017, 31 October 2017, 30 November 2017, 29 December 2017, 29 January 2018, and 28 February 2018.

On 3 April 2018, the Company released an announcement related to termination of agreement in relation to very substantial acquisition and connected transaction. As a result of the termination, no further follow-up actions will be made for the subsequent procedures of the take-over transactions.

本公司於二零一八年四月十九日發表公告，宏太集團(國際)股份有限公司(本公司全資附屬公司)與呈請人訂立清償契據，以分期清償92,600,306.38港元，連同額外利息。簽立清償契據後及於接獲清償契據所要求的支票/本票並就第一期款項的支票/本票結算後，呈請人將訂立同意傳票，向法院尋求許可，以撤回呈請。更多詳情請參閱日期為二零一八年四月十九日之公告。

結算日後事項

(a) 非常重大收購事項及涉及新上市申請的收購

於二零一八年二月二十八日，本公司刊發公告，內容關於(其中包括)非常重大收購事項及關連交易及建議涉及新上市申請的反向收購及清洗豁免申請。本公司已公佈新上市申請程序已延後，而買方及賣方甲已同意就以下事項延長時限：(i)於二零一八年三月三十一日(或買方與賣方甲可能協定的有關其他日期)或之前提交新上市申請；及(ii)於二零一八年六月三十日(或買方與賣方甲可能協定的有關其他日期)或之前根據上市規則及收購守則的規定刊發及寄送通函。詳情請參閱本公司日期為二零一六年十一月二十六日、二零一七年一月二十六日、二零一七年三月十三日、二零一七年三月二十一日、二零一七年四月三日、二零一七年五月二日、二零一七年六月二日、二零一七年六月三十日、二零一七年七月三十一日、二零一七年八月三十一日、二零一七年九月二十九日、二零一七年十月三十一日、二零一七年十一月三十日、二零一七年十二月二十九日、二零一八年一月二十九日及二零一八年二月二十八日之公告。

於二零一八年四月三日，本公司就終止有關非常重大收購事項及關連交易之協議發佈公告。由於有關終止，將不會就收購交易的後續程序作出進一步跟進行動。

(b) Demand for repayment of borrowings

On 16 January 2018, the Company received demand from Bank of China (Hong Kong) Limited for the repayment to Import Invoice Finance granted under the general banking facilities letter, with its principal amount of approximately US\$423,000, interest payable as at 10 January 2018 of approximately US\$5,000, and further interest accrued from 11 January 2018 to the date of payment at its rate of 10.5% per annum which subject to fluctuation. Up to the date of this report, the Company has settled certain amount and the outstanding amount becomes approximately HK\$1.85 million of which the Company has agreed with Bank of China (Hong Kong) Limited to settle by instalments in the forthcoming three months until June 2018.

On 29 January 2018, the Company received demand from PC Securities Limited, the bondholder, in respect of repayment of the debt or secure or compound for it to the PC Securities Limited's satisfaction, with its principal amount of HK\$84,000,000 and interest of approximately HK\$2,980,000. With respect to the default of the aforesaid bond, another bond with its principal amount of HK\$57,900,000 is regarded as cross default, PC Securities also demands the Company to repay it immediately.

On 13 February 2018, the Company received demand from Zhang Hua, the bondholder, in respect of repayment of the bond principal of HK\$27,000,000, interest payable from 28 December 2017 to 9 January 2018 of approximately HK\$192,000 and daily default interest of approximately HK\$13,000 payable until repayment.

On 13 February 2018, the Company received final demand from Well Honour Investment (Group) Limited, the bondholder, in respect of repayment of the bond principal of HK\$430,000, or otherwise legal actions will be taken.

On 18 April 2018, the Company has reached a settlement agreement with Zhang Hua, the bondholder, to make a repayment schedule of the outstanding bond principal of HK\$27,000,000 with the corresponding interest.

On 19 April 2018, the Company has signed a settlement deed with PC Securities Limited, the bondholder, to make a repayment schedule of the outstanding two bonds with principal amount of HK\$84,000,000 and HK\$57,900,000 respectively with the corresponding interest.

(b) 要求償還借款

於二零一八年一月十六日，本公司接獲中國銀行(香港)有限公司要求償還根據一般銀行融資函授出的進口發票融資，其本金額為約423,000美元及於二零一八年一月十日的應付利息為約5,000美元，並於二零一八年一月十一日起至付款日期止按年利率10.5%(可能波動)另外產生利息。截至本報告日期，本公司已結付若干金額及未償還金額為約1.85百萬港元，就此，本公司已與中國銀行(香港)有限公司協定於未來三個月直至二零一八年六月分期結付。

於二零一八年一月二十九日，本公司接獲債券持有人寶鉅證券有限公司要求償還債務，或為債務提供令寶鉅證券有限公司滿意的抵押或了結，其本金額為84,000,000港元及利息為約2,980,000港元。就拖欠上述債券而言，另一項本金額為57,900,000港元的債券視為交叉違約，寶鉅證券亦要求本公司即時償還該債券。

於二零一八年二月十三日，本公司接獲債券持有人Zhang Hua要求償還債券本金27,000,000港元、於二零一七年十二月二十八日至二零一八年一月九日的應付利息約192,000港元及直至還款前的應付每日違約利息約13,000港元。

於二零一八年二月十三日，本公司接獲債券持有人Well Honour Investment (Group) Limited的最終要求，有關償還債券本金430,000港元，否則將採取法律行動。

於二零一八年四月十八日，本公司與債券持有人Zhang Hua達成清償協議，以就本金額達27,000,000港元的未償還債券連同相應利息訂立還款時間表。

於二零一八年四月十九日，本公司與債券持有人寶鉅證券有限公司簽立清償契據，以就兩份本金額分別達84,000,000港元及57,900,000港元的未償還債券連同相應利息訂立還款時間表。

(c) Winding up petition against the Company

As disclosed in the announcement of the Company dated 8 and 9 March 2018 in relation to winding up petition against the Company, on 5 March 2018, the Company received a petition (the "Petition") entitled HCCW56/2018 presented by PC Securities Limited (the "Petitioner") to the High Court of Hong Kong S.A.R. for winding up of the Company and the hearing of the Petition is fixed for 9 May 2018 before a Master in Court. The Petitioner claimed to be the holder of a bond for the principal amount of HK\$84,000,000 with coupons 7% issued by the Company on 28 January 2015 (the "Bond"). However, according to the register kept by the Registrar, the Bank of New York Depository (Nominees) Limited, the Petitioner is not the registered holder of the Bond. The Company is now making enquiry of the locus standi of the Petitioner and seeking legal advice on the matter.

The Company made an announcement on 19 April 2018, Hongtai Group (Int'l) Holding Limited, a wholly-owned subsidiary of the Company and the Petitioner entered into a settlement deed to settle HK\$92,600,306.38 by instalments with further interests. Upon signing of the settlement deed and following the receipt of the cheques and cashier orders required in the settlement deed and the clearance of the cheque/cashier orders for the first instalment payment, the Petitioner shall enter a Consent Summons to seek leave from the Court to have the Petition withdrawn. For details, please refer to an announcement dated 19 April 2018.

(d) Issue of bond

From the year end date of 31 December 2017 to the date of annual report, the Company issued corporate bonds amounted to approximately HK\$35.0 million for the raising of working capital purpose.

AUDITOR

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

On behalf of the Board

Lin Qingxiong
Chairman

Hong Kong, 29 March 2018

(c) 針對本公司之清盤呈請

誠如本公司日期為二零一八年三月八日及三月九日有關針對本公司之清盤呈請的公告所披露者，於二零一八年三月五日，本公司接獲寶鉅證券有限公司(「呈請人」)向香港特別行政區高等法院送呈編號HCCW56/2018之呈請(「呈請」)，要求本公司清盤。呈請的聆訊訂於二零一八年五月九日於高等法院進行。呈請人聲稱為本公司於二零一五年一月二十八日所發行債券之持有人，債券本金額為84,000,000港元，另加息票7%(「該債券」)。然而，根據登記處The Bank of New York Depository (Nominees) Limited存置的登記冊，呈請人並非該債券之註冊持有人。本公司正就呈請人的出庭陳述權進行諮詢，並就此尋求法律意見。

本公司於二零一八年四月十九日發表公告，宏太集團(國際)股份有限公司(本公司全資附屬公司)與呈請人訂立清償契據，以分期清償92,600,306.38港元，連同額外利息。簽立清償契據後及於接獲清償契據所要求的支票/本票並就第一期款項的支票/本票結算後，呈請人將訂立同意傳票，向法院尋求許可，以撤回呈請。更多詳情請參閱日期為二零一八年四月十九日之公告。

(d) 發行債券

自二零一七年十二月三十一日(年結日)至本年報日期，本公司發行公司債券約為35.0百萬港元，用以籌集營運資金。

核數師

財務報表已經由中匯安達會計師事務所有限公司審核。即將舉行的股東週年大會將會提出一項就關於重新委任中匯安達會計師事務所有限公司的動議。

代表董事會

主席
林清雄

香港，二零一八年三月二十九日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



TO THE SHAREHOLDERS OF WANG TAI HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Wang Tai Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 62 to 122, 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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

致宏太控股有限公司股東

(於開曼群島註冊成立的有限公司)

不發表意見

吾等獲委任審核第62頁至122頁所載宏太控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的合併財務報表，包括於二零一七年十二月三十一日的合併財務狀況表，及截至該日期止年度的合併損益及其他全面收益表、合併權益變動表及合併現金流量表，以及合併財務報表附註，包括重大會計政策概要。

吾等不就 貴集團合併財務報表發表任何意見。由於吾等於不發表意見的基準所述事宜的重大性，吾等未能獲取充足及適當的審核證據，作為就該等合併財務報表發表審核意見的依據。在所有其他方面，吾等認為，合併財務報表已遵照香港公司條例的披露規定妥善編製。

BASIS FOR DISCLAIMER OF OPINION**1. Trade and other receivables**

Included in trade and other receivables as at 31 December 2017 were trade receivables of approximately RMB92,471,000 which had been overdue with no settlement up to the date of this report. Furthermore, included in trade and other receivables as at 31 December 2016 were trade receivables and prepayments to suppliers of approximately RMB445,544,000 and RMB104,603,000, respectively, which had been long outstanding with no settlement up to the date of this report. Accordingly, impairment losses of trade receivables of approximately RMB445,544,000 and impairment losses of prepayments of approximately RMB104,603,000 were recognised for the year ended 31 December 2017. In addition, impairment losses of trade receivables of approximately RMB129,888,000 and impairment losses of prepayments of approximately RMB54,887,000 were recognised for the year ended 31 December 2016. We have been unable to obtain sufficient and appropriate audit evidence to satisfy ourselves whether the aforesaid balances of trade receivables and prepayments were fairly stated as at 31 December 2017 and 31 December 2016 and whether the related impairment losses were properly recorded for the years ended 31 December 2017 and 2016.

2. Investment accounted for using equity method

We have not yet obtained sufficient and appropriate audit evidence to satisfy ourselves as to (i) the recoverability of investment accounted for using equity method of approximately RMB71,506,000 and RMB86,856,000 as at 31 December 2017 and 2016, respectively; (ii) whether the share of loss of investment accounted for using equity method of approximately RMB15,350,000 and RMB3,144,000 were properly recorded for the years ended 31 December 2017 and 2016, respectively; (iii) whether the impairment for investment accounted for using equity method of RMB60,000,000 for the year ended 31 December 2016 was properly recorded; (iv) the recoverability of the amount due from an associate of approximately RMB7,290,000 as at 31 December 2017; and (v) the related disclosure of the investment accounted for using equity method disclosed in note 18 to the consolidated financial statements.

不發表意見的基準**1. 貿易及其他應收款項**

二零一七年十二月三十一日的貿易及其他應收款項包括貿易應收款項約人民幣92,471,000元，其已逾期，直至本報告日期並未清還。此外，二零一六年十二月三十一日的貿易及其他應收款項包括貿易應收款項及向供應商支付的預付款項分別約人民幣445,544,000元及人民幣104,603,000元，為尚未清還已久的款項，直至本報告日期並未清還。故此，截至二零一七年十二月三十一日止年度，貿易應收款項減值虧損約人民幣445,544,000元及預付款項減值虧損約人民幣104,603,000元已獲確認。此外，截至二零一六年十二月三十一日止年度，貿易應收款項減值虧損約人民幣129,888,000元及預付款項減值虧損約人民幣54,887,000元已獲確認。吾等未能取得充足合適的審核憑證，使吾等信納上述貿易應收款項及預付款項的結餘於二零一七年十二月三十一日及二零一六年十二月三十一日是否已公平列明，以及截至二零一七年及二零一六年十二月三十一日止年度相關減值虧損是否已妥善記錄。

2. 採用權益法入賬之投資

吾等尚未取得足夠合適審核憑證以令吾等信納(i)於二零一七年及二零一六年十二月三十一日採用權益法入賬之投資分別約人民幣71,506,000元及人民幣86,856,000元的可收回性；(ii)截至二零一七年及二零一六年十二月三十一日止年度應佔採用權益法入賬之投資虧損分別約人民幣15,350,000元及人民幣3,144,000元是否妥善記錄；(iii)截至二零一六年十二月三十一日止年度採用權益法入賬之投資減值約人民幣60,000,000元是否已妥善記錄；(iv)於二零一七年十二月三十一日應收一間聯營公司款項約人民幣7,290,000元的可收回性；及(v)誠如合併財務報表附註18所披露採用權益法入賬之投資的相關披露。

BASIS FOR DISCLAIMER OF OPINION (continued)

3. Deferred income tax

We have not yet obtained sufficient and appropriate audit evidence to satisfy ourselves as to (i) the recoverability of deferred income tax assets of approximately RMB31,351,000 as at 31 December 2016; and (ii) whether the income tax expense of approximately RMB31,351,000 and income tax credit of approximately RMB16,703,000 are properly recorded for the years ended 31 December 2017 and 2016, respectively.

Any adjustments to the figures as described above might have a significant consequential effect on the Group's financial performance and cash flows for the years ended 31 December 2017 and 2016 and the financial positions of the Group as at 31 December 2017 and 2016, and the related disclosures thereof in the consolidated financial statements.

4. Material uncertainty related to going concern

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss of approximately RMB732,765,000 for the year ended 31 December 2017, and as at 31 December 2017, the Group had net current liabilities and net liabilities of approximately RMB314,548,000 and RMB129,032,000, respectively. Furthermore, as at 31 December 2017, the Group's bank borrowings of approximately RMB195,991,000 were overdue and its bonds of approximately RMB186,563,000 are subject to renewal or to be fully repaid within the next twelve months as disclosed in note 24 to the consolidated financial statements. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon that the Group will be able to successfully renew or extend the existing borrowings or complete debt financing to meet its liabilities as they fall due in the foreseeable future. The consolidated financial statements do not include any adjustments that would result from the failure to meet in full its financial obligations in the foreseeable future. We consider that the material uncertainty has been adequately disclosed in the consolidated financial statements. However, in view of the extent of the uncertainty relating to the continued support of the Group's bankers and bondholders, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

不發表意見的基準(續)

3. 遞延所得稅

吾等尚未取得充足合適的審核憑證，使吾等信納(i)於二零一六年十二月三十一日之遞延所得稅資產約人民幣31,351,000元的可收回性；及(ii)截至二零一七年及二零一六年十二月三十一日止年度之所得稅開支及所得稅抵免分別約人民幣31,351,000元及約人民幣16,703,000元是否已妥善記錄。

如對上文所述的數字作出任何調整，或會對 貴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財務表現及現金流量、貴集團於二零一七年及二零一六年十二月三十一日之財務狀況及合併財務報表內的相關披露產生重大後續影響。

4. 有關持續經營的重大不明朗因素

務請注意合併財務報表附註2所述 貴集團於截至二零一七年十二月三十一日止年度產生虧損約人民幣732,765,000元，及於二零一七年十二月三十一日，貴集團的流動負債淨額及負債淨額分別約為人民幣314,548,000元及人民幣129,032,000元。此外，於二零一七年十二月三十一日，貴集團的銀行借款約人民幣195,991,000元已逾期，而其債券約人民幣186,563,000元可予重續或如合併財務報表附註24所披露於未來十二個月內悉數償還。該等情況說明存在重大不明朗因素，可能對 貴集團的持續經營能力造成重大疑問。合併財務報表按持續經營基準編製，其有效性取決於 貴集團將能成功重續或延長現有借款或完成債務融資，以於可見將來償清還其到期負債。合併財務報表並不包括於可見將來未能全面履行其財務責任所導致的任何調整。吾等認為重大不明朗因素已於合併財務報表充分披露。然而，鑒於 貴集團獲得銀行及債券持有人持續支持的不明朗因素的程度，吾等不就持續經營基準的重大不明朗因素發表意見。

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

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.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Sze Lin Tang
Audit Engagement Director
Practising Certificate Number P03614

Hong Kong, 29 March 2018

董事對合併財務報表的責任

董事負責根據國際會計準則理事會發佈的國際財務報告準則(「國際財務報告準則」)以及香港公司條例的披露規定編製真實及公平的合併財務報表，並負責董事認為必要的內部控制，以令合併財務報表的編製不存在重大錯誤陳述(不論是否因欺詐或錯誤所引致)。

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

核數師對審核合併財務報表的責任

吾等的責任是遵循香港會計師公會(「香港會計師公會」)發佈的香港核數準則對 貴集團的合併財務報表執行審核工作並發表核數師報告。然而，由於吾等之報告不發表意見的基準章節所述事宜，吾等未能取得充足及適當的審核證據，作為就該等合併財務報表發表審核意見的依據。

根據香港會計師公會的專業會計師道德守則(「守則」)，吾等與 貴集團互為獨立，吾等亦根據守則履行其他道德責任。

中匯安達會計師事務所有限公司
執業會計師
施連燈
審計項目董事
執業證書編號P03614

香港，二零一八年三月二十九日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

合併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	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		
Revenue	收益	7	271,858	780,310
Cost of sales	銷售成本		(288,462)	(801,153)
Gross loss	毛損		(16,604)	(20,843)
Other income	其他收入	8	8,345	11,153
Other losses	其他虧損		(211)	(9,820)
Selling and distribution costs	銷售及分銷成本		(2,090)	(4,425)
General and administrative expenses	一般及行政開支		(621,788)	(211,537)
Loss from operation	營運虧損		(632,348)	(235,472)
Share of loss of investment accounted for using equity method	分佔按權益法入賬的投資虧損		(15,350)	(3,144)
Impairment for investment accounted for using equity method	按權益法入賬的投資減值		–	(60,000)
Finance costs – net	融資成本—淨額	10	(53,253)	(49,146)
Loss before tax	除稅前虧損		(700,951)	(347,762)
Income tax (expense)/credit	所得稅(開支)/抵免	11	(31,814)	16,739
Loss and total comprehensive loss for the year attributable to owners of the Company	年內本公司擁有人應佔虧損及全面虧損總額	12	(732,765)	(331,023)
Loss per share	每股虧損			
Basic and diluted (RMB cents)	基本及攤薄(人民幣分)	14	(47.27)	(21.70)

The notes on pages 68 to 122 are an integral part of these consolidated financial statements.

第68頁至122頁的附註為該等合併財務報表必不可少的組成部分。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

合併財務狀況表

As at 31 December 2017
於二零一七年十二月三十一日

			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
	Note 附註			
Non-current assets		非流動資產		
Property, plant and equipment	15	物業、廠房及設備	396,372	405,430
Leasehold land and land use right	16	租賃土地及土地使用權	23,781	24,338
Available-for-sale financial assets	17	可供出售金融資產	-	4,500
Investment accounted for using equity method	18	按權益法入賬的投資	71,506	86,856
Deferred income tax assets	26	遞延所得稅資產	-	29,746
			491,659	550,870
Current assets		流動資產		
Inventories	19	存貨	52,213	49,937
Trade and other receivables	20	貿易及其他應收款項	225,825	686,189
Amount due from an associate	18	應收聯營公司款項	7,290	-
Restricted bank deposits	21	受限制銀行存款	-	20,960
Bank and cash balances	22	銀行及現金結餘	1,254	4,082
			286,582	761,168
Current liabilities		流動負債		
Trade and other payables	23	貿易及其他應付款項	162,806	149,618
Current income tax liabilities		即期所得稅負債	-	986
Borrowings	24	借款	438,324	261,609
			601,130	412,213
Net current (liabilities)/assets		流動(負債)/資產淨額	(314,548)	348,955
Total assets less current liabilities		資產總額減流動負債	177,111	899,825

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 合併財務狀況表

As at 31 December 2017

於二零一七年十二月三十一日

			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
		Note 附註		
Non-current liabilities	非流動負債			
Borrowings	借款	24	287,337	277,988
Deferred income	遞延收入	25	17,237	18,104
Deferred income tax liabilities	遞延所得稅負債	26	1,569	–
			306,143	296,092
NET (LIABILITIES)/ASSETS	(負債)／資產淨額		(129,032)	603,733
Capital and reserves	資本及儲備			
Share capital	股本	27	124,010	124,010
Reserves	儲備	28	(253,042)	479,723
TOTAL (DEFICIT)/EQUITY	(虧絀)／權益總額		(129,032)	603,733

The notes on pages 68 to 122 are an integral part of these consolidated financial statements.

第68頁至122頁的附註為該等合併財務報表必不可少的組成部分。

The financial statements on pages 62 to 122 were approved by the Board of Directors on 29 March 2018 and were signed on its behalf.

第62頁至122頁的財務報表已於二零一八年三月二十九日獲董事會批准，並已代其簽署。

Lin Qingxiong
林清雄
Director
董事

Qiu Zhiqiang
邱志強
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

合併權益變動表

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						Total
		Share capital	Share premium account	Capital reserve	Share-based compensation reserve	Statutory reserves	Retained profits/ (accumulated losses)	Total
		股本	股份溢價帳	資本儲備	股份基礎報酬儲備	法定儲備	保留溢利/ (累計虧損)	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2016	於二零一六年一月一日	119,745	478,743	113,510	-	24,151	172,340	908,489
Total comprehensive loss for the year	年內全面虧損總額	-	-	-	-	-	(331,023)	(331,023)
Share-based compensation	股份基礎報酬	-	-	-	4,942	-	-	4,942
Share issued for share-based compensation	就股份基礎報酬發行的股份	4,265	22,002	-	(4,942)	-	-	21,325
At 31 December 2016	於二零一六年十二月三十一日	124,010	500,745	113,510	-	24,151	(158,683)	603,733
At 1 January 2017	於二零一七年一月一日	124,010	500,745	113,510	-	24,151	(158,683)	603,733
Total comprehensive loss for the year	年內全面虧損總額	-	-	-	-	-	(732,765)	(732,765)
At 31 December 2017	於二零一七年十二月三十一日	124,010	500,745	113,510	-	24,151	(891,448)	(129,032)

The notes on pages 68 to 122 are an integral part of these consolidated financial statements.

第68頁至122頁的附註為該等合併財務報表必不可少的組成部分。

CONSOLIDATED STATEMENT OF CASH FLOWS

合併現金流量表

For the year ended 31 December 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
Cash flows from operating activities	經營活動所得現金流量		
Loss before tax	除稅前虧損	(700,951)	(347,762)
Adjustments for:	就下列各項作出調整：		
Finance costs – net	融資成本－淨值	53,499	53,268
Interest income	利息收入	(246)	(4,122)
Depreciation	折舊	33,657	42,256
Amortisation of leasehold land and land use right	租賃土地及土地使用權攤銷	557	557
Amortisation of deferred income	遞延收入攤銷	(867)	(2,144)
Gain on disposal of available-for-sale financial assets	出售可供出售金融資產收益	(300)	–
Share of loss of investment accounted for using equity method	分攤使用權益法入賬的投資虧損	15,350	3,144
Impairment loss of inventories	存貨減值虧損	1,529	–
Impairment loss of trade receivables	貿易應收款項減值虧損	445,544	129,888
Impairment loss of prepayments	預付款項減值虧損	104,603	54,887
Impairment loss of property, plant and equipment	物業、廠房及設備減值虧損	–	15,533
Impairment for investment accounted for using equity method	使用權益法入賬的投資減值	–	60,000
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	459	9,541
Operating cash flows before working capital changes	營運資本變動前經營現金流量	(47,166)	15,046
Change in inventories	存貨變動	(3,805)	14,082
Change in trade and other receivables	貿易及其他應收款項變動	(90,679)	(397,802)
Change in due from an associate	應收一間聯營公司款項變動	(7,290)	–
Change in trade and other payables	貿易及其他應付款項變動	(23,186)	(57,091)
Cash used in operations	經營所用的現金	(172,126)	(425,765)
Income tax paid	已付所得稅	(1,485)	–
Net cash used in operating activities	經營活動所用現金淨額	(173,611)	(425,765)
Cash flows from investing activities	投資活動所得現金流量		
Purchase of property, plant and equipment	購買物業、廠房及設備	(4,138)	(7,453)
Investment in an associate	於一間聯營公司的投資	–	(70,000)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備的所得款項	3,716	8
Net decrease in time deposit	定期存款減少淨額	–	319,582
Interest received	已收利息	246	4,122
Net cash (used in)/generated from investing activities	投資活動(所用)/所得現金淨額	(176)	246,259

CONSOLIDATED STATEMENT OF CASH FLOWS 合併現金流量表

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
Cash flows from financing activities	融資活動所得現金流量		
Proceeds from borrowings	借款所得款項	384,308	234,358
Repayments for borrowings	償還借款	(208,356)	(99,827)
Decrease in restricted bank deposits	受限制銀行存款減少	20,960	2,408
Proceeds from shares issued for share-based compensation	就股份基礎報酬發行股份的 所得款項	-	21,325
Interest paid	已付利息	(25,953)	(30,077)
Net cash generated from financing activities	融資活動所得現金淨額	170,959	128,187
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(2,828)	(51,319)
Cash and cash equivalents at beginning of year	年初現金及現金等價物	4,082	55,401
Cash and cash equivalents at end of year	年末現金及現金等價物	1,254	4,082

The notes on pages 68 to 122 are an integral part of these consolidated financial statements.

第68頁至122頁的附註為該等合併財務報表必不可少的組成部分。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

For the year ended 31 December 2017

截至二零一七年十二月三十一日止年度

1. GENERAL INFORMATION

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

The Company is an investment holding company and its subsidiaries (together the “Group”) are principally engaged in the design, manufacturing and sales of fabrics and yarns and trading of polyetherimide (“PEI”).

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

These consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand unless otherwise stated.

2. GOING CONCERN BASIS

The Group incurred a loss of approximately RMB732,765,000 for the year ended 31 December 2017 and as at 31 December 2017, the Group had net current liabilities and net liabilities of approximately RMB314,548,000 and RMB129,032,000, respectively. Furthermore, as at 31 December 2017, the Group’s bank borrowings of approximately RMB195,991,000 were overdue and its bonds of approximately RMB186,563,000 are subject to renewal or to be fully repaid within the next twelve months as disclosed in note 24. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on going concern basis. These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon that the Group will be able to successfully negotiate and agree with the creditors to renew or extend the existing borrowings or complete debt financing to meet its liabilities as they fall due.

1. 一般資料

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

本公司是一家投資控股公司及其附屬公司(統稱「本集團」)主要從事面料及紗線的設計、製造及銷售以及買賣工程塑料(「工程塑料」)。

本公司股份自二零一四年四月二十五日起在香港聯合交易所有限公司上市。

除另有指明外，該等合併財務報表乃以人民幣(「人民幣」)呈列，且所有數額已湊整至最接近的千元。

2. 持續經營基準

於截至二零一七年十二月三十一日止年度，本集團產生虧損約人民幣732,765,000元，而於二零一七年十二月三十一日，本集團分別有流動負債淨額及負債淨額約人民幣314,548,000元及人民幣129,032,000元。此外，於二零一七年十二月三十一日，本集團約人民幣195,991,000元的銀行借款已到期，而約人民幣186,563,000元的債券須重續或於未來十二個月內悉數償付(誠如附註24所披露)。此等狀況表示存在重大不確定因素，可能對本集團按持續經營基準經營的能力構成重大疑慮。因此，本集團可能無法於日常業務過程中變現資產及償還負債。

本公司董事認為，按持續經營基準編製合併財務報表乃合宜之舉。該等合併財務報表乃按持續經營基準編製，其有效程度視乎本集團能否與債權人順利磋商，並同意重續或延長現有借款，或完成債務融資以滿足到期的債務。

2. GOING CONCERN BASIS (continued)

Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements, to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards (the "IFRSs") issued by the International Accounting Standards Board that are relevant to its operations and effective for its accounting year beginning on 1 January 2017. IFRSs comprise International Financial Reporting Standards; International Accounting Standards and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the consolidated financial statements and amounts reported for the current and prior years.

The Group has not applied the new IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new IFRSs but is not yet in a position to state whether these new IFRSs would have a material impact on its results of operations and financial position.

2. 持續經營基準(續)

倘本集團無法持續經營，則須於合併財務報表作出調整以將資產價值撇減至可收回金額，以為可能進一步產生的負債作出撥備，並將非流動資產及非流動負債分別重新分類至流動資產及流動負債。此等調整的影響尚未反映於合併財務報表內。

3. 應用新訂及經修訂國際財務報告準則

於年內，本集團已採納國際會計準則理事會頒佈與其營運相關，並於二零一七年一月一日會計年度起生效的所有新訂及經修訂國際財務報告準則（「國際財務報告準則」）。國際財務報告準則包括國際財務報告準則、國際會計準則及詮釋。採納該等新訂及經修訂國際財務報告準則並無導致於本年度及過往年度本集團的會計政策、合併財務報表之呈列方式及所呈報金額出現重大變動。

本集團尚未採納已頒佈但尚未生效之新訂國際財務報告準則。本集團已著手評估該等新訂國際財務報告準則之影響，但尚無法確定該等新訂國際財務報告準則是否會對其經營業績及財務狀況產生重大影響。

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4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with IFRSs, the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets which are carried at their fair value.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of key assumptions and estimates. It also requires the directors to exercise their judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 5.

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

Consolidation

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

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

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

4. 主要會計政策

該等合併財務報表乃根據國際財務報告準則香港聯合交易所有限公司證券上市規則及香港公司條例規定的適用披露編製。

該等合併財務報表乃根據歷史成本慣例編製，惟經按公平值列賬的可供出售金融資產修訂。

編製符合國際財務報告準則的合併財務報表需要使用關鍵假設及估算。這亦需要董事在應用會計政策過程中作出判斷。涉及批判性判斷的範疇以及涉及對合併財務報表屬重大假設及估算的範疇，在附註5中披露。

以下為編製該等合併財務報表所應用的主要會計政策。

合併入賬

合併財務報表包括本公司及其附屬公司截至十二月三十一日止之財務報表。附屬公司指本集團擁有控制權之實體。當本集團承受或享有參與實體所得之可變回報，且有能透過其對實體之權力影響該等回報時，則其控制該實體。當本集團之現有權力賦予其目前掌控有關業務（即大幅影響實體回報之業務）之能力時，則本集團對該實體擁有權力。

在評估控制權時，本集團會考慮其潛在投票權以及其他人士持有之潛在投票權，以釐定其是否擁有控制權。僅在持有人能實際行使潛在投票權之情況下，方會考慮該權利。

附屬公司之賬目由其控制權轉至本集團當日起合併入賬，直至控制權終止之日起不再合併入賬。

4. SIGNIFICANT ACCOUNTING POLICIES (continued) Consolidation (continued)

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

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

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

Associates

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

4. 主要會計政策(續) 合併入賬(續)

集團內公司間之交易、結餘及未變現溢利予以對銷。除非交易提供已轉讓資產出現減值之憑證，否則未變現虧損亦予以對銷。附屬公司之會計政策在必要時會作出更改，以確保與本集團所採納之政策一致。

非控股權益指本公司不直接或間接應佔之附屬公司權益。非控股權益乃於合併財務狀況表及合併權益變動表之權益內呈列。於合併損益及其他全面收益表內，非控股權益呈列為年內損益及全面收益總額在非控股股東與本公司擁有人之間之分配。

損益及其他全面收益各成份歸屬於本公司擁有人及非控股股東，即使會導致非控股權益出現虧拙結餘。

聯營公司

聯營公司為本集團對其有重大影響力的實體。重大影響力乃於有關實體的財務及營運政策的決策擁有參與權而非控制或共同控制權。包括其他實體持有的潛在投票權在內的現時可行使或可兌換的潛在投票權的存在及影響將於評估本集團有否重大影響力時予以考慮。在評估一項潛在投票權有否重大影響力時，不會考慮持有者是否有意及在財務上是否有能力行使或兌換該項權利。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Associates (continued)

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

The Group's share of an associate's post-acquisition profits or losses is recognised in profit or loss, and its share of the post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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

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

4. 主要會計政策(續)

聯營公司(續)

於聯營公司的投資乃採用權益法於合併財務報表列賬，並按成本作出初步確認。所收購聯營公司的可識別資產及負債乃按其於收購當日的公平值計算。倘收購成本超出本集團攤分聯營公司的可識別資產及負債的公平淨值，則差額將以商譽列賬，而該商譽將列入投資的賬面值，並在有客觀證據顯示投資出現減值時連同於各報告期末的投資一併進行減值測試。倘本集團攤分可識別資產及負債的公平淨值高於收購成本，則有關差額將於損益確認。

本集團應佔一間聯營公司收購後損益於損益確認，而其應佔收購後儲備變動則於儲備確認。累計收購後變動就投資的賬面值作出調整。倘本集團應佔一間聯營公司虧損等於或多於其於該聯營公司的權益，包括任何其他無抵押應收款項，則本集團不會進一步確認虧損，除非其已產生負債或代聯營公司付款。倘聯營公司其後報收溢利，則本集團僅於其應佔溢利等於其應佔未確認的虧損後恢復確認其應佔的該等溢利。

出售一間聯營公司而導致失去重大影響力的收益或虧損乃指(i)出售代價公平值連同於該聯營公司任何保留投資公平值與(ii)本集團應佔該聯營公司的資產淨值(加關於該聯營公司的任何餘下商譽)以及任何相關累計外幣匯兌儲備兩者間差額。如果在一間聯營公司的投資成為一間合營企業中的投資，本集團繼續採用權益法而不重新計量保留權益。

對銷本集團與其聯營公司間交易的未實現溢利乃以本集團於聯營公司的權益為限。除非交易提供已轉讓資產出現減值之憑證，否則未變現虧損亦予以對銷。附屬公司之會計政策在必要時會作出更改，以確保與本集團所採納之政策一致。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)
Foreign currency translation

(a) Functional and presentation currency

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

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

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

(c) Translation on consolidation

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position ;
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates) ; and
- All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on disposal.

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

4. 主要會計政策 (續)
外幣匯兌

(a) 功能及呈列貨幣

本集團各實體財務報表內所包括項目，均利用該實體經營的主要經濟環境的貨幣（「功能貨幣」）計量。合併財務資料以人民幣呈列，人民幣為本集團之呈列貨幣及本公司及其主要營運附屬公司的功能貨幣。

(b) 於各個實體的財務報表中的交易及結餘

外幣交易於初始確認時使用交易日期之通行匯率換算為功能貨幣。以外幣為單位之貨幣資產及負債按各報告期末之匯率換算。此換算政策產生之盈虧於損益內確認。

(c) 合併換算

功能貨幣與本集團呈列貨幣不同的所有集團實體的業績及財務狀況，均按以下方法換算為本集團的呈列貨幣：

- 呈列於每份財務狀況表的資產及負債，均以該財務狀況表的收市匯率換算；
- 收入及支出均按平均匯率換算（惟該平均值並非有關交易日通行匯率累積影響的合理近似值則作別論，在此情況收入及支出均按交易日匯率換算）；及
- 所有最終匯兌差額於外幣匯兌儲備確認。

於合併賬目時，換算境外實體之投資淨額及借貸所產生之匯兌差額於外幣匯兌儲備內確認。當境外業務被出售時，有關匯兌差額作為出售之盈利或虧損之一部份於損益內確認。

收購一間海外實體所產生的商譽及公平值被視為海外實體的資產及負債，並按收市匯率換算。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Buildings comprise mainly factories and offices. Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss.

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

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

Buildings	20 years
Machinery and equipment	10 years
Office equipment, furniture and vehicles	5 years

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

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

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

Operating leases

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

4. 主要會計政策(續)

物業、廠房及設備

建築物主要包括工廠及辦公室。物業、廠房及設備乃以成本減累計折舊及減值虧損列值。

其後成本只有在與該資產有關的未來經濟利益有可能流入本集團，而該項目的成本能可靠計量時，才包括在項目的賬面值或確認為獨立資產(按適用)。所有其他維修及保養成本在產生的期間內於損益內確認。

物業、廠房及設備的折舊乃按足以在其估計可使用年期內撇銷其成本減剩餘價值的折舊率以直線法計算。可使用年期列載如下：

建築物	20年
機器及設備	10年
辦公室設備、傢俱及汽車	5年

剩餘價值、可使用年期及折舊方法在各報告期末進行檢討及在適當情況下調整。

在建工程指在建的建築物及有待安裝的廠房及機器，按成本減減值虧損列值。有關資產可供使用時開始折舊。

出售物業、廠房及設備的收益或虧損指出售所得款項淨額與有關資產的賬面值的差額，並確認於損益。

經營租賃

資產擁有權之所有風險及回報並沒有實質上轉移至本集團之租賃列為經營租賃。租賃款項在扣除自出租人收取之任何獎勵金後，於租約期內以直線法確認為一項開支。

4. SIGNIFICANT ACCOUNTING POLICIES (continued) Inventories

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

Recognition and derecognition of financial instruments

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

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

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

4. 主要會計政策(續) 存貨

存貨乃按成本與可變現淨值兩者之中較低者列賬。成本使用加權平均成本法釐定。製成品及在製品的成本包括原料、直接人工及適當比例的所有生產雜項開支及分包開支(如適用)。可變現淨值為日常業務過程中的估計售價減去估計完成生產的成本及銷售所需的估計成本。

確認及終止確認金融工具

金融資產及金融負債於本集團成為工具合約條文的訂約方時於合併財務狀況表內確認。

倘自資產收取現金流量的合約權利屆滿；本集團轉移資產所有權的絕大部分風險及回報；或本集團概無轉讓亦不保留資產所有權的絕大部分風險及回報但無保留對資產的控制權，則終止確認金融資產。於終止確認金融資產時，資產賬面值與已收代價連同已於其他全面收益確認的累計盈虧總和之間的差額於損益內確認。

倘相關合約訂明的責任獲解除、取消或屆滿，則終止確認金融負債。已終止確認的金融負債的賬面值與已付代價的差額於損益內確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued) Available-for-sale financial assets

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

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale financial assets are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in profit or loss if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

4. 主要會計政策(續) 可供出售金融資產

可供出售的金融資產是非衍生金融資產，並不歸類於應收貿易賬款及其他應收款項、持有到期投資或按公平值記入損益之金融資產。可供出售之金融資產其後按公平值計量。因該等投資的公平值變動而產生之收益或虧損在其他全面收益中確認，直至該等投資出售或確定出現減值為止，屆時，先前在其他全面收益中確認的累計收益或虧損會在損益中確認。使用實際利率法計算的利息於損益中確認。

就分類為可供出售金融資產的股本投資而在損益中確認的減值虧損其後不會透過損益撥回。倘金融工具的公平值增加能夠在客觀上與於確認減值虧損後發生的事項有聯繫，則分類為可供出售的金融資產的債務工具而在損益中確認的減值虧損其後撥回並可於損益中確認。

貿易及其他應收款項

貿易及其他應收款項為無活躍市場報價而附帶固定或可釐定付款的非衍生金融資產，初步按公平值確認，其後則以實際利率法按攤銷成本扣除減值撥備計量。貿易及其他應收款項的減值撥備於有客觀證據顯示本集團將無法按應收款項的原有條款收回所有到期金額時作出。撥備金額為應收款項賬面值與估計未來現金流量現值(按初步確認時計算所得的實際利率貼現計算)兩者間的差額。撥備金額於損益內確認。

於往後期間，倘應收款項的可收回金額增加可與確認減值後所發生事項客觀相連，則撥回減值虧損並於損益內確認，惟應收款項於減值撥回日期的賬面值不應超過並無確認減值情況下的攤銷成本。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

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

Financial liabilities and equity instruments

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

Borrowings

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

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

Trade and other payables

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

Equity instruments

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

4. 主要會計政策(續)

現金及現金等價物

就合併現金流量表而言，現金及現金等價物指銀行及手頭現金、銀行及其他金融機構的活期存款、以及可隨時兌換為已知數額現金且並無明顯變值風險的短期高流通性投資。須按要求償還並構成本集團現金管理組成部分的銀行透支亦入賬列作現金及現金等價物的一部分。

金融負債及股本工具

金融負債及股本工具按所訂立合約安排的內容及國際財務報告準則中金融負債和股本工具的定義分類。股本工具為證明本集團的資產於扣除其所有負債後的剩餘權益的任何合約。下文載列就特定金融負債及股本工具採納的會計政策。

借貸

借貸初步按公平值扣除所產生之交易成本確認，並其後以實際利率法按攤銷成本值計算。

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

貿易及其他應付款項

貿易及其他應付款項按公平值初始確認，其後使用實際利率法按攤銷成本計量，除非貼現影響不大，在該情況下以成本列賬。

股本工具

本集團所發行的股本工具按已收所得款項(扣除直接發行成本)入賬。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

Revenue from the sales of goods is recognised when the risk and reward of the goods has been transferred to the customer, which is usually when the customer has picked up the products from the Group's warehouse or the Group has delivered the products to the customer's warehouse, the collectability of the related receivables is reasonably assumed and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

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

Employee benefits

(a) Employee leave entitlements

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

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

(b) Pension obligations

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

(c) Termination benefits

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

4. 主要會計政策(續)

收入確認

收入按已收或應收代價的公平值計量，並於經濟效益可能會流入本集團且收入金額能可靠計量時予以確認。

貨品銷售收入於貨品的風險及回報轉交客戶時確認，通常指客戶已從本集團貨倉領取產品或本集團已向客戶已將產品送交客戶的貨倉、能合理假定可收回有關應收款項，以及不存在可能影響客戶接收產品的未履行義務時。

利息收入按時間比例採用實際利率法確認。

僱員福利

(a) 僱員應享假期

僱員的年假及長期服務假期於僱員應享有時予以確認。截至報告期末，因僱員所提供的服務而產生的年假及長期服務假期的估計負債已計提撥備。

僱員享有的病假及產假於僱員休假時方會確認。

(b) 退休金責任

本集團向為所有僱員提供的定額供款退休計劃進行供款。本集團及僱員對計劃的供款根據僱員基本薪金的百分比計算。在損益內扣除的退休福利計劃成本指本集團須向基金支付的供款。

(c) 離職福利

離職福利於本集團不能取消提供該等福利時及本集團確認重組成本並涉及支付離職福利時(以較早者為準)予以確認。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)
Share-based payments

The Group issues equity-settled share-based payments to certain directors and employees.

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

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

4. 主要會計政策(續)
以股份為基礎的付款

本集團向若干董事及僱員發行按股本結算以股份為基礎的付款。

向董事及僱員作出的按股本結算以股份為基礎的付款乃於授出日期按股本工具的公平值計量(不包括非市場歸屬條件的影響)。按股本結算以股份為基礎的付款於授出日期釐定的公平值，乃根據本集團對最終將歸屬股份的估計及就非市場歸屬條件的影響作出調整，於歸屬期內以直線法支銷。

向顧問作出的按股本結算以股份為基礎的付款乃按所提供服務的公平值計量，或倘無法可靠計量所提供服務的公平值，則按所授出股本工具的公平值計量。公平值乃於本集團取得服務當日計量，並確認為開支。

借貸成本

直接歸屬於收購、興建或生產合資格資產(指必須經一段長時間處理以作其預定用途或銷售的資產)的一般及特定借貸成本，加入該等資產的成本內，直至資產大致上備妥供其預定用途或銷售為止。在特定借貸撥作合資格資產的支出前暫時用作投資所賺取的投資收入，須從合資格資本化的借貸成本中扣除。

以一般性借入資金用於獲取一項合資格資產為限，可撥充資本之借貸成本數額乃透過該項資產之支出所採用之資本化率而釐定。資本化率乃適用於本集團借貸(於有關期間內尚未償還)之借貸成本之加權平均數，惟特別為獲取合資格資產而作出之借貸則除外。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to the purchase of assets are recorded as deferred income and recognised in profit or loss on a straight-line basis over the useful lives of the related assets.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. 主要會計政策(續) 政府補助金

當能合理確定本集團將遵守補助金的附帶條件並將收到政府的補助金時，則補助金會予以確認。

與收入相關的政府補助金將遞延並於損益內根據與獲補償之成本作相對性的期間確認。

作為已承擔開支或虧損的補償或向本集團提供即時財務援助而可收取(並無日後相關成本)的政府補助金，乃於其成為可收取的期間於損益內確認。

與購買資產相關的政府補助金記錄為遞延收入及以直線法按相關資產的可使用年期於損益確認。

稅項

所得稅指即期稅項及遞延稅項的總額。

即期應付稅項按本年度應課稅溢利計算。應課稅溢利與於損益內確認的溢利有所不同，原因是其不包括其他年度的應課稅或可扣稅收入或開支項目，亦不包括免稅或不可扣稅項目。本集團有關即期稅項的負債採用於報告期末前已實行或實際已實行的稅率計算。

遞延稅項就合併財務報表內資產及負債的賬面值與計算應課稅溢利所採用相應稅基之間的差額予以確認。遞延稅項負債一般就所有應課稅暫時差額確認，而遞延稅項資產則會在預期應課稅溢利可供作抵銷可扣減暫時差額、未動用稅項虧損或未動用稅項抵免時確認。倘暫時差額乃因商譽或初步確認一項既不影響應課稅溢利亦不影響會計溢利的交易(業務合併除外)中的其他資產及負債而產生，則不會確認有關資產及負債。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4. 主要會計政策(續)

稅項(續)

遞延稅項負債就於附屬公司及聯營公司投資而產生的應課稅暫時差額予以確認，惟倘本集團可控制暫時差額的撥回，且該暫時差額可能不會於可見將來撥回者除外。

遞延稅項資產之賬面值於各報告期末進行檢討，並在不可能再有足夠應課稅溢利以收回全部或部份遞延稅項資產時予以減少。

遞延稅項根據於報告期末前已實行或實際已實行的稅率，按預期在負債償還或資產變現期間適用的稅率計算。遞延稅項於損益內確認，惟倘遞延稅項與其他全面收益內確認或直接於權益中確認的項目有關，則遞延稅項亦於其他全面收益內確認或直接於權益中確認。

遞延稅項資產及負債的計量反映按照本集團預期於報告期末收回或結算其資產及負債賬面值的方式而產生的稅務影響。

當合法執行權利許可將即期稅項資產與即期稅項負債抵銷，並且當與同一稅務機關所徵收的所得稅有關且本集團擬按淨額基準結算其即期稅項資產及負債時，遞延稅項資產及負債可予以對銷。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A related party is a person or entity that is related to the Group.

- (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 Company or of a parent of the Company.
- (b) An entity is related to the Group (reporting entity) if any of the following conditions applies:
 - (i) The entity and the Company 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.
 - (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. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

4. 主要會計政策(續)

關連人士

關連人士為與本集團有關連之人士或實體。

- (a) 倘屬以下人士，即該人士或該人士的近親為本集團的關連方：
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響力；或
 - (iii) 為本公司或本公司母公司主要管理人員的其中一名成員。
- (b) 倘符合下列任何條件，即該實體與本集團(報告實體)有關連：
 - (i) 該實體與本公司屬同一集團的成員公司(即各母公司、附屬公司及同系附屬公司彼此間有關連)。
 - (ii) 一間實體為另一實體的聯營公司或合營公司(或另一實體為成員公司的集團旗下成員公司的聯營公司或合營公司)。
 - (iii) 兩間實體均為同一第三方的合營公司。
 - (iv) 一間實體為第三方實體的合營公司，而另一實體為該第三方實體的聯營公司。
 - (v) 實體為本集團或與本集團有關連的實體就僱員利益設立的離職福利計劃。如果本集團本身便是該計劃，提供資助的僱主亦與本集團有關聯。
 - (vi) 實體受上文(a)所識別人士控制或受共同控制。
 - (vii) 受上文(a)(i)所識別人士對實體有重大影響力或屬該實體(或該實體的母公司)主要管理層成員。
 - (viii) 該實體或其所屬的集團的任何成員公司向本公司或本公司母公司提供主要管理人員服務。

4. SIGNIFICANT ACCOUNTING POLICIES (continued) 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 most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

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.

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of 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.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

4. 主要會計政策(續) 分部呈報

營運分部及合併財務報表內所呈報的各分部項目金額，取自就本集團各項業務分配資源及評估表現而定期向本集團最高行政管理層提供的財務資料。

個別重大營運分部不會為方便財務報告而合併，除非相關分部具有類似的經濟特徵，且產品及服務性質、生產流程性質、客戶類型或類別、分銷產品或提供服務所用方法及監管環境的性質相似。符合上述多數標準的非個別重大營運分部可合併。

資產減值

於各報告期末，本集團審閱其有形及無形資產的賬面值，以釐定是否有任何跡象顯示該等資產已出現減值虧損。倘存在任何該等跡象，則估計資產的可收回金額以釐定減值虧損程度。倘無法估計個別資產的可收回金額，則本集團會估計資產所屬現金產生單位的可收回金額。

可收回金額為公平值減出售成本與使用價值兩者中之較高者。於評估使用價值時，估計未來現金流量按反映金額時間價值的現行市場評估及資產特定風險的稅前貼現率，貼現至其現值。

倘若估計資產或現金產生單位的可收回金額低於其賬面值，則資產或現金產生單位的賬面值會減至其可收回金額。減值虧損即時於損益內確認，除非相關資產按重估金額列賬，於此情況下，減值虧損被視為重估減值。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

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

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

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. 主要會計政策(續)

資產減值(續)

倘減值虧損於其後撥回，資產或現金產生單位的賬面值會增加至其經重新估計的可收回金額，惟已增加賬面值不得超過假設於過往年度並無確認資產或現金產生單位減值虧損而應釐定的賬面值(扣除攤銷或折舊)。減值虧損撥回即時於損益內確認，除非相關資產按重估金額列賬，於此情況下，減值虧損被視為重估增值。

撥備及或然負債

倘本集團因過往事件須承擔現有法律或推定責任，而履行責任有可能導致經濟利益流出，並能夠作出可靠估計時，須對時間或金額不確定的負債確認撥備。倘金額的時間價值重大，則撥備按預期用於履行該責任的支出現值列賬。

倘經濟利益流出的可能性較低，或金額無法可靠估計，則責任披露為或然負債，除非流出的可能性極低則另作別論。可能出現的責任(其存在與否僅取決於一項或多項未來事件的發生與否)亦披露為或然負債，除非流出的可能性極低則另作別論。

報告期後事項

提供本集團於報告期末之額外資料或顯示持續經營假設並不適當之報告期後事項為調整事項，並反映於財務報表。並非調整事項之報告期後事項，如屬重大時乃於合併財務報表附註披露。

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) *Going concern basis*

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon that the Group will be able to successfully negotiate and agree with the creditors to renew or extend the existing borrowings or complete debt financing to meet its liabilities as they fall due in the foreseeable future. Details are explained in note 2.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) *Property, plant and equipment and depreciation*

The Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) *Impairment of property, plant and equipment*

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds their recoverable amount. The recoverable amount is determined with reference to the fair value less costs of disposal. Where the fair value less costs of disposal are less than expected or there are unfavourable events and change in facts and circumstance which result in revision of fair value less costs of disposal, a material impairment loss may arise.

5. 重要判斷及主要估計

應用會計政策的重要判斷

於應用會計政策的過程中，本集團已作出以下對合併財務報表中所確認金額有重大影響的判斷。

(a) *持續經營基準*

此等合併財務報表乃按持續經營基準編製，其有效性取決於本集團將可成功與債權人磋商及協定重續或延展現有借款或完成債務融資，以於可見將來，其債務到期時償還負債。詳情於附註2闡述。

估計不確定性之主要來源

下文詳述有關未來的主要假設及於報告期末的其他主要不確定估計來源，而該等假設及不確定估計存在導致下一財政年度的資產及負債賬面值須作出重大調整的重大風險。

(a) *物業、廠房及設備及折舊*

本集團釐定物業、廠房及設備的估計可使用年期、剩餘價值以及相關折舊開支。該等估計乃根據性質及功能相近的物業、廠房及設備實際可使用年期及剩餘價值的過往經驗而作出。當可使用年期及剩餘價值與原先估計者不同時，本集團會對折舊開支進行相應調整，或將已報廢或出售之技術過時或非策略資產註銷或撇減。

(b) *物業、廠房及設備之減值*

每當事件或情況變化表明資產的賬面價值超過其可收回金額時，對物業、廠房和設備進行減值測試。可收回金額參照公平值減出售成本確定。倘公平值減出售成本少於預期情況或者有不利用事件及變故導致對修訂公平值減出售成本，可能產生重大的減值損失。

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5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (continued)

Key sources of estimation uncertainty (continued)

(c) Impairment of trade and other receivables

The Group makes impairment for trade and other receivables based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

(d) Allowance for slow-moving inventories and net value of inventories

Allowance for slow-moving inventories is made based on the aging and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the year in which such estimate has been changed.

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycles. The Group will reassess the estimates by the end of each reporting period.

5. 重要判斷及主要估計(續)

估計不確定性之主要來源(續)

(c) 貿易及其他應收款項減值

本集團根據對應收貿易及其他應收款項的可收回性作出的評估，包括各債務人的現時借貸能力及過往收回記錄，就應收貿易及其他應收款項作出減值。倘事件或情況變動顯示餘款或會無法收回，將產生減值。發現呆壞賬需要使用判斷及估計。倘實際結果與原有估計存在差異，相關差異將影響相關估計變動所在年度的貿易及其他應收款項的賬面值及呆賬開支。

(d) 滯銷存貨撥備及存貨淨值

滯銷存貨撥備乃以存貨貨齡及估計可變現淨值為基準計算。評估撥備金額涉及判斷及估計。倘日後之實際結果有別於原來估計，該等差額將影響上述估計出現變動年度存貨賬面值及撥備開支／撥回。

存貨的可變現淨值按日常業務過程中的估計售價減估計完成成本及銷售開支計算。該等估計乃基於當前市況以及製造及銷售類型性質產品的過往經驗作出，可因客戶的喜好變動及競爭者回應激烈行業周期的活動而大幅變動。本集團將於各報告期間重新評估該等估計。

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (continued)

Key sources of estimation uncertainty (continued)

(e) Impairment of investment accounted for using equity method

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

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the respective group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2017, if RMB had weakened/strengthened by 5% against the United States dollar and the Hong Kong dollar ("HK\$") with all other variables held constant, the Group's loss after tax for the year would have been approximately RMB4,319,000 (2016: RMB4,287,000) lower/higher, arising mainly as a result of the foreign exchange gain/loss on translation of bank and cash balances, trade and other receivables, trade and other payables and borrowings.

5. 重要判斷及主要估計(續)

估計不確定性之主要來源(續)

(e) 使用權益法入賬的投資的減值

本集團管理層於各報告日期釐定是否有客觀證據，反映於一間聯營公司的投資已減值。倘如此，本集團計算減值金額，即聯營公司的可收回金額與賬面值的差額，並於合併損益及其他全面收益表「應佔使用權益法入賬的投資的虧損」內一併確認金額。

6. 財務風險管理

本集團經營活動面臨各種金融風險，包括外幣風險、格價風險、信貸風險、流動性風險及利率風險。本集團的整體風險管理乃專注於不可預測的金融市場，並努力降低對本集團財務表現的潛在不利影響。

(a) 外幣風險

本集團所面對的外幣風險極輕微，因為其大部分業務交易、資產及負債主要以各集團實體的功能貨幣計值。本集團現時並無就外幣資產及負債制訂外幣對沖政策。本集團將密切留意外幣風險，並將於有需要時考慮對沖重大外幣風險。

於二零一七年十二月三十一日，倘人民幣兌美元及港元(「港元」)貶值/升值5%，而所有其他可變因素維持不變，本集團年內的除稅後虧損將約減少/增加人民幣4,319,000元(二零一六年：人民幣4,287,000元)，主要源於銀行及現金結餘、貿易及其他應收款項、貿易及其他應付款項及借款的外匯收益/虧損。

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6. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade and other receivables, amount due from an associate and deposits at banks. At 31 December 2017, the Group had certain concentration of credit risk as approximately 18% (2016: 23%) and 73% (2016: 69%) of the Group's trade and other receivables were due from the Group's largest customer and the five largest customers, respectively. In order to minimise credit risk, the management review the recoverable amount of each individual receivable regularly to ensure that adequate impairment losses are recognised for irrecoverable receivables. In this regard, the management consider that the Group's credit risk is significantly reduced.

6. 財務風險管理(續)

(b) 信貸風險

倘對手方未能於報告期末履行對各類別已確認金融資產的責任，本集團之最大信貸風險乃合併財務狀況表所列該等資產的賬面值。本集團之信貸風險主要來自貿易及其他應收款項、應收一間聯營公司款項及銀行存款。於二零一七年十二月三十一日，本集團有若干信貸風險集中的情況，因為本集團的貿易及其他應收款約18%（二零一六年：23%）及73%（二零一六年：69%）乃分別對本集團最大客戶及五大客戶產生。為盡量減低信貸風險，董事會於各報告期末檢討各個別貿易應收款項的可收回金額，以確保就不可收回款項作出適當的減值虧損。就此，管理層認為本集團的信貸風險已大幅降低。

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6. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and availability of facility credit lines to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Group's financial liabilities is as follows:

6. 財務風險管理(續)

(c) 流動性風險

流動性風險指本集團於其即期責任到期時未能履行的風險。

本集團之政策為定期監察目前及預期流動資金需要，以確保其維持足夠現金儲備及可供使用融資信貸額，應付其短期及較長期之流動資金需要。

本集團金融負債的分析列載如下：

		Total contractual undiscounted cash flow 合約未貼現現金流量總額				
		Total	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
		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
At 31 December 2017	於二零一七年 十二月三十一日					
Trade and other payables	貿易及其他應付款項	131,244	131,244	-	-	-
Interest portion of borrowings	借款的利息部分	69,932	31,007	13,992	20,679	4,254
Principal portion of borrowings	借款的本金部分	926,493	443,805	93,442	118,231	271,015
		1,127,669	606,056	107,434	138,910	275,269
At 31 December 2016	於二零一六年 十二月三十一日					
Trade and other payables	貿易及其他應付款項	100,197	100,197	-	-	-
Interest portion of borrowings	借款的利息部分	64,494	28,447	13,227	20,300	2,520
Principal portion of borrowings	借款的本金部分	667,216	261,609	149,027	97,160	159,420
		831,907	390,253	162,254	117,460	161,940

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6. FINANCIAL RISK MANAGEMENT (continued)

(d) Interest rate risk

Except for restricted bank deposits and cash at banks, the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact resulted from changes in interest rates on interest bearing assets.

The Group's interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. At 31 December 2017, approximately 99% (2016: 98%) of the Group's borrowings were at fixed rates and the remaining were at floating rates. The Group does not hedge its cash flow and fair value interest rate risk. The interest rates and terms of repayments of borrowings are disclosed in note 24.

(e) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

(f) Financial instruments by category

The carrying amounts of each of the category of the Group's financial instruments at the end of the reporting period are as follows:

6. 財務風險管理(續)

(d) 利率風險

除受限制銀行存款及銀行現金外，本集團並無重大計息資產。本集團的收入及經營現金流大部分獨立於市場利率變動。管理層並不預期計息資產的利率變動會產生重大影響。

本集團因借款產生利率風險。以浮息借入的借款使本集團面對現金流量利率風險。按定息借入的借款使本集團面對公平值利率風險。於二零一七年十二月三十一日，本集團借款中約99%（二零一六年：98%）按定息計息，餘下則按浮息計息。本集團並無對沖其現金流量及公平值利率風險。借款的利率及還款條款於附註24披露。

(e) 公平值

於合併財務狀況表所反映本集團之金融資產及金融負債之賬面值與各自之公平值相若。

(f) 按類別劃分的金融工具

於報告期末，本集團各類別的金融工具的賬面值列載如下：

		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
Financial assets	金融資產		
Available-for-sale financial assets	可供出售金融資產	—	4,500
Loans and receivables (including cash and cash equivalents)	貸款及應收款項(包括現金及現金等價物)	214,157	560,465
		214,157	564,965
Financial liabilities	金融負債		
Financial liabilities at amortised cost	按攤銷成本計值的金融負債	882,014	652,269

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7. REVENUE

The Group's revenue recognised during the year represents sales of fabrics and yarns and trading of PEI. An analysis of the Group's revenue for the year is as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Sales of fabrics and yarns	面料及紗線銷售	271,858	447,717
Trading of PEI	工程塑料買賣	-	332,593
		271,858	780,310

7. 收益

年內，本集團確認的收益指面料及紗線銷售以及工程塑料買賣。本集團的年內收益分析如下：

8. OTHER INCOME

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Net foreign exchange gain	外匯收益淨額	-	7,410
Government grants received	已收政府補貼	7,158	1,599
Amortisation of deferred income of government grants relating to assets	資產相關政府補貼遞延收入攤銷	867	2,144
Gain on disposal of available-for-sale financial assets	出售可供出售金融資產收益	300	-
Others	其他	20	-
		8,345	11,153

8. 其他收入

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9. SEGMENT INFORMATION

The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and marketing strategies. The Group has three reportable segments: (i) sales of fabrics; (ii) sales of cotton yarns; and (iii) trading of PEI.

The accounting policies of the operating segments are the same as those described in note 4. Segment profit or loss do not include other income, other losses, selling and distribution costs, general and administrative expenses, finance costs – net, share of loss of investment accounted for using equity method and related impairment. Segment assets do not include deferred income tax assets, restricted bank deposits and bank and cash balances. Segment liabilities do not include current and deferred income tax liabilities and borrowings.

9. 分部資料

本集團的可呈報分部為提供各種產品的策略業務單位。由於各業務需要不同的技術及營銷策略，故策略業務單位各自獨立管理。本集團有三個可呈報分部：(i) 面料銷售；(ii) 及棉線銷售；及(iii) 工程塑料買賣。

營運分部的會計政策與附註4所述者相同。分部損益不包括其他收入、其他虧損、銷售及分銷成本、一般及行政開支、融資成本—淨額及分佔按權益法入賬的投資虧損及相關減值。分部資產不包括遞延所得稅資產、受限制銀行存款以及銀行及現金結餘。分部負債不包括即期及遞延所得稅負債及借款。

		Fabrics 面料 RMB'000 人民幣千元	Yarns 紗線 RMB'000 人民幣千元	PEI 工程塑料 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Segment results	分部業績				
Year ended 31 December 2017:	截至二零一七年十二月三十一日止年度：				
Reportable segment revenue	可呈報分部收益	365,783	-	-	365,783
Inter-company revenue	公司間收益	(93,925)	-	-	(93,925)
Reportable segment revenue derived from external customers	來自外部客戶的可呈報分部收益	271,858	-	-	271,858
Reportable segment loss	可呈報分部虧損	(16,604)	-	-	(16,604)
Other operating expenses	其他經營開支				(623,878)
Other income and other losses – net	其他收入及其他虧損—淨額				8,134
Finance costs – net	融資成本—淨額				(53,253)
Share of loss of investment accounted for using equity method	分佔按權益法入賬的投資虧損				(15,350)
Loss before tax	除稅前虧損				(700,951)
Income tax expense	所得稅開支				(31,814)
Loss for the year	年內虧損				(732,765)
Other segment items	其他分部項目				
Capital expenditure	資本開支	28,774	-	-	28,774
Amortisation of leasehold land and land use right	租賃土地及土地使用權攤銷	557	-	-	557
Depreciation of property, plant and equipment	物業、廠房及設備折舊	32,158	1,499	-	33,657
Impairment losses	減值虧損	242,071	-	309,605	551,676

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9. SEGMENT INFORMATION (continued)

9. 分部資料(續)

		Fabrics 面料 RMB'000 人民幣千元	Yarns 紗線 RMB'000 人民幣千元	PEI 工程塑料 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Year ended 31 December 2016:	截至二零一六年十二月三十一日止年度：				
Reportable segment revenue	可呈報分部收益	622,161	48,923	332,593	1,003,677
Inter-company revenue	公司間收益	(174,444)	(48,923)	-	(223,367)
Reportable segment revenue derived from external customers	來自外部客戶的可呈報分部收益	447,717	-	332,593	780,310
Reportable segment (loss)/profit	可呈報分部(虧損)/溢利	(25,327)	(15,533)	20,017	(20,843)
Other operating expenses	其他經營開支				(215,962)
Other income and other losses – net	其他收入及其他虧損—淨額				1,333
Finance costs – net	融資成本—淨額				(49,146)
Share of loss of and impairment for investment accounted for using equity method	分佔按權益法入賬的投資虧損及減值				(63,144)
Loss before tax	除稅前虧損				(347,762)
Income tax credit	所得稅抵免				16,739
Loss for the year	年內虧損				(331,023)
Other segment items	其他分部項目				
Capital expenditure	資本開支	7,453	-	-	7,453
Amortisation of leasehold land and land use right	租賃土地及土地使用權攤銷	495	62	-	557
Depreciation of property, plant and equipment	物業、廠房及設備折舊	35,464	6,792	-	42,256
Impairment losses	減值虧損	244,775	15,533	-	260,308

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9. SEGMENT INFORMATION (continued)

9. 分部資料(續)

		Fabrics 面料 RMB'000 人民幣千元	Yarns 紗線 RMB'000 人民幣千元	PEI 工程塑料 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Segment assets and liabilities	分部資產及負債				
At 31 December 2017:	於二零一七年 十二月三十一日：				
Segment assets	分部資產	776,987	-	-	776,987
Unallocated assets	未分配資產				1,254
Total assets	資產總額				778,241
Segment liabilities	分部負債	177,423	2,620	-	180,043
Unallocated liabilities	未分配負債				727,230
Total liabilities	負債總額				907,273
At 31 December 2016:	於二零一六年 十二月三十一日：				
Segment assets	分部資產	896,041	28,616	332,593	1,257,250
Unallocated assets	未分配資產				54,788
Total assets	資產總額				1,312,038
Segment liabilities	分部負債	163,474	3,908	340	167,722
Unallocated liabilities	未分配負債				540,583
Total liabilities	負債總額				708,305

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9. SEGMENT INFORMATION (continued)

Geographical information:

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods delivered.

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
The People's Republic of China (the "PRC")	中華人民共和國(「中國」)	192,974	219,912
Hong Kong	香港	78,884	560,398
Consolidated revenue	合併收益	271,858	780,310

9. 分部資料(續)

地區資料：

下表載列本集團來自外部客戶收益的地理位置資料。客戶的地理位置以貨品的交付地點為基準。

Revenue from major customers:

來自主要客戶的收益：

		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
Customer A	客戶A	—*	120,283
Customer B	客戶B	—*	83,228
Customer C	客戶C	—*	84,769
Customer D	客戶D	40,723	—*
Customer E	客戶E	29,334	—*

* Revenue from these customers did not exceed 10% of total revenue for the year. These amounts were shown for comparative purpose.

* 來自該等客戶的收益不超過年內總收益的10%。該等金額乃供比較用途而列示。

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10. FINANCE COSTS – NET

10. 融資成本－淨值

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Interest income on bank deposits	銀行存款的利息收入	(246)	(4,122)
Interest expense on bank borrowings	銀行借款的利息開支	18,625	19,049
Interest expense on bonds	債券的利息開支	50,053	23,503
Net foreign exchange (gain)/loss	匯兌(收益)/虧損淨額	(15,991)	9,508
Bank charges	銀行手續費	812	1,208
		53,253	49,146

11. INCOME TAX EXPENSE/(CREDIT)

11. 所得稅開支/(抵免)

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Current tax:	即期稅：		
– Hong Kong Profits Tax under-provision in prior years	– 過往年度香港利得稅撥備不足	232	–
– PRC Enterprise Income Tax under-provision in prior years	– 過往年度中國企業所得稅撥備不足	267	–
		499	–
Deferred tax	遞延稅項	31,315	(16,739)
		31,814	(16,739)

The Group is not subject to any taxation in the Cayman Islands and the British Virgin Islands.

本集團毋須繳納任何開曼群島及英屬處女群島稅項。

No provision for Hong Kong Profits Tax is required since the Group did not generate any assessable profits raising in Hong Kong during the year (2016: Nil).

由於本集團年內並無在香港產生任何應課稅溢利，故毋須就香港利得稅作出撥備(二零一六年：零)。

11. INCOME TAX EXPENSE/(CREDIT) (continued)

In accordance with an additional payment of Hong Kong Profits Tax issued by Hong Kong Inland Revenue Department for the year of assessment of 2014/2015, the Group is obliged to pay an amount of approximately RMB232,000 based on the revised assessable profits for the year of assessment.

In accordance with an additional assessment of Corporate Income Tax Law (the "CIT Law") issued by State Administration of Taxation of PRC for the year of assessment of 2014, the Group is obliged to pay an amount of approximately RMB267,000 based on the revised assessable profits for the year of assessment.

In accordance with the CIT Law of the PRC, subsidiaries of the Group established in the PRC are subject to Corporate Income Tax at rate of 25% (2016: 25%) during the year.

According to the New CIT Law, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding company established out of the PRC when their PRC subsidiary declares dividends out of their profits earned after 1 January 2008. A lower withholding tax rate of 5% may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding company.

As at 31 December 2017, due to the accumulated losses in subsidiaries in the PRC, there is no need to calculate deferred income tax liabilities for unremitted earnings of the PRC subsidiaries.

As at 31 December 2017, the Group has unused tax losses of approximately RMB173,709,000 (2016: RMB102,836,000) available for offset against future assessable profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams of the respective entities.

11. 所得稅開支／(抵免)(續)

根據香港稅務局就二零一四／二零一五評稅年度頒佈的香港利得稅額外付款，本集團須支付的金額約人民幣232,000元乃按該評稅年度經修訂應課稅溢利計算。

根據中國國家稅務總局頒佈的企業所得稅法(「企業所得稅法」)截至二零一四評稅年度的額外評稅，本集團須支付的金額約人民幣267,000元乃按該評稅年度經修訂應課稅溢利計算。

根據中國企業所得稅法，年內於中國成立的本集團附屬公司須繳納企業所得稅，稅率為25%(二零一六年：25%)。

根據新企業所得稅法，從二零零八年一月一日開始，當中國境外成立的直接控股公司的中國附屬公司自二零零八年一月一日後以所賺取的利潤宣派股息，該等直接控股公司將被徵收10%預扣稅。如果中國與該海外直接控股公司所屬的司法權區訂有稅務優惠安排，則可以應用5%的較低預扣稅率。

於二零一七年十二月三十一日，由於中國附屬公司錄得累計虧損，故毋須就中國附屬公司未匯出盈利計算遞延所得稅負債。

於二零一七年十二月三十一日，本集團有未動用稅項虧損約人民幣173,709,000元(二零一六年：人民幣102,836,000元)可供抵銷未來應課稅溢利。由於有關實體的未來溢利來源不可預計，故無就稅項虧損確認遞延稅項資產。

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11. INCOME TAX EXPENSE/(CREDIT) (continued)

The reconciliation between income tax expense/(credit) and loss before tax are as follows:

11. 所得稅開支／(抵免)(續)

所得稅開支／(抵免)及除稅前虧損的對賬如下：

		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
Loss before tax	除稅前虧損	(700,951)	(347,762)
Notional tax on loss before taxation, calculated at the rates applicable in the tax jurisdictions concerned	除稅前國內稅虧損，按相關稅務司法權區的適用稅率計算	(137,264)	(99,245)
Tax effect of income not taxable and expenses not deductible	不應課稅收益及不可扣稅開支之稅務影響	46,005	89
Impairment provision for which no deferred tax assets was recognised	未確認遞延稅項資產的減值撥備	103,864	38,946
Tax effect of tax losses not recognised	未確認稅項虧損之稅務影響	18,710	43,471
Under-provision in prior years	過往年度撥備不足	499	–
Income tax expense/(credit)	所得稅開支／(抵免)	31,814	(16,739)

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12. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

12. 年內虧損

本集團的年內虧損經扣除/(計入)下列項目後得出：

		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
Auditor's remuneration	核數師薪酬	1,041	1,717
Raw materials and consumables used	所用原材料及消耗品	246,826	716,268
Change of inventories of finished goods and work in progress	製成品及在製品的存貨變動	(4,530)	1,728
Depreciation	折舊	33,657	42,256
Amortisation of leasehold land and land use right	租賃土地及土地使用權攤銷	557	557
Minimum lease payments under operating leases in respect of office premises	有關辦公處所經營租賃的最低租賃款項	946	944
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	459	9,541
Gain on disposal of available-for-sale financial assets	出售可供出售金融資產收益	(300)	-
Net foreign exchange loss included in general and administrative expenses	匯兌虧損淨額(計入一般及行政開支)	31,338	-
Impairment loss of inventories	存貨減值虧損	1,529	-
Impairment loss of trade receivables	貿易應收款項之減值虧損	445,544	129,888
Impairment loss of prepayments	預付款項之減值虧損	104,603	54,887
Impairment loss of property, plant and equipment	物業、廠房及設備之減值虧損	-	15,533
Staff costs (including directors' remuneration – note 13):	員工成本(包括董事薪酬—附註13):		
Salaries, bonuses and other benefits	薪金、紅利及其他福利	16,745	23,679
Contributions to defined contribution retirement schemes	界定供款退休計劃之供款	6,811	2,374

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13. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS 13. 董事及五名最高薪酬人士之薪酬

The emoluments of each director are as follows:

各名董事的薪酬如下：

			Fees	Salaries, bonuses and other benefits	Retirement benefit scheme contributions	Total
	Note	酬金	薪金、花紅及其他福利	退休福利計劃供款	總計	
	附註	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	
Executive Directors	執行董事					
Mr. Lin Qingxiong (Chief Executive)	林清雄先生 (行政總裁)	-	1,291	12	1,303	
Mr. Qiu Zhiqiang	邱志強先生	-	163	12	175	
Mr. Deng Qinghui	鄧慶輝先生 (i)	-	129	12	141	
Independent Non-executive Directors	獨立非執行董事					
Mr. Yu Yubin	俞毓斌先生 (i)	104	-	-	104	
Mr. Ma Chongqi	馬崇啟先生 (i)	104	-	-	104	
Mr. Chan Sui Wa	陳瑞華先生	104	-	-	104	
Total for the year ended 31 December 2017	截至二零一七年十二月三十一日止年度總計	312	1,583	36	1,931	

Note:

(i) Resigned as director on 5 March 2018

附註：

(i) 於二零一八年三月五日辭任董事

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13. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS (continued) 13. 董事及五名最高薪酬人士之薪酬 (續)

		Fees	Salaries, bonuses and other benefits	Retirement benefit scheme contributions	Total
		酬金	薪金、花紅及其他福利	退休福利計劃供款	總計
		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
Executive Directors	執行董事				
Mr. Lin Qingxiong (Chief Executive)	林清雄先生 (行政總裁)	–	164	10	174
Mr. Qiu Zhiqiang	邱志強先生	–	164	10	174
Mr. Deng Qinghui	鄧慶輝先生	–	129	10	139
Independent Non-executive Directors	獨立非執行董事				
Mr. Yu Yubin	俞毓斌先生	107	–	–	107
Mr. Ma Chongqi	馬崇啟先生	107	–	–	107
Mr. Chan Sui Wa	陳瑞華先生	107	–	–	107
Total for the year ended 31 December 2016	截至二零一六年十二月 三十一日止年度總計	321	457	30	808

The five highest paid employees during the year included two (2016: three) directors, details of whose remuneration are set out above. Details of the remuneration of the remaining three (2016: two) non-director, highest paid employees for the year are as follows:

於年內，五名最高薪酬人士包括兩名(二零一六年：三名)董事，其薪酬的詳情載於上表。年內其餘三名(二零一六年：兩名)非董事最高薪酬人士的薪酬如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Salaries, bonuses and other benefits	薪金、花紅及其他福利	1,380	1,489
Retirement benefit scheme contributions	退休福利計劃供款	16	36
		1,396	1,525

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13. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS (continued)

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

		Number of employees	
		僱員數目	
		2017	2016
		二零一七年	二零一六年
Emolument band:	酬金範圍：		
Nil – HK\$1,000,000	零至1,000,000港元	3	2

During the years ended 31 December 2017 and 2016, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join the Group or as compensation for loss of office other than those disclosed above. In addition, no directors waived any emoluments during the years ended 31 December 2017 and 2016.

14. LOSS PER SHARE Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately RMB732,765,000 (2016: RMB331,023,000) and the weighted average of 1,550,000,000 (2016: 1,525,792,000) ordinary shares in issue during the year.

Diluted loss per share

No diluted loss per share is presented as the Group did not have any dilutive potential ordinary shares during the years ended 31 December 2017 and 2016.

13. 董事及五名最高薪酬人士之薪酬 (續)

於年內，薪酬介乎下列範圍的非董事最高薪酬人士數目如下：

截至二零一七年及二零一六年十二月三十一日止年度，本集團概無向五名最高薪酬人士（包括董事）支付酬金，作為加盟本集團的獎金或上文所披露者以外的離職補償。此外，概無董事於截至二零一七年及二零一六年十二月三十一日止年度豁免任何酬金。

14. 每股虧損 每股基本虧損

每股基本虧損乃基於本公司擁有人應佔虧損約人民幣732,765,000元（二零一六年：人民幣331,023,000元）及年內已發行普通股之加權平均數1,550,000,000（二零一六年：1,525,792,000）計算得出。

每股攤薄虧損

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概無任何潛在攤薄普通股，故無呈列每股攤薄虧損。

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15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

		Buildings 樓宇 RMB'000 人民幣千元	Machinery and equipment 機器及設備 RMB'000 人民幣千元	Office equipment, furniture and vehicles 辦公室設備、 傢具及車輛 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cost	成本					
At 1 January 2016	於二零一六年一月一日	294,805	259,515	5,132	76,230	635,682
Additions	添置	-	248	65	2	315
Disposals	出售	-	(26,848)	-	-	(26,848)
Transfer	轉撥	76,232	-	-	(76,232)	-
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	371,037	232,915	5,197	-	609,149
Additions	添置	-	6,274	-	22,500	28,774
Disposals	出售	-	(35,458)	(407)	-	(35,865)
At 31 December 2017	於二零一七年 十二月三十一日	371,037	203,731	4,790	22,500	602,058
Accumulated depreciation and impairment	累計折舊及減值					
At 1 January 2016	於二零一六年一月一日	55,891	100,921	1,417	-	158,229
Charge for the year	年內支出	16,590	24,856	810	-	42,256
Disposals	出售	-	(12,299)	-	-	(12,299)
Impairment	減值	-	15,533	-	-	15,533
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	72,481	129,011	2,227	-	203,719
Charge for the year	年內支出	16,590	16,515	552	-	33,657
Disposals	出售	-	(31,365)	(325)	-	(31,690)
At 31 December 2017	於二零一七年 十二月三十一日	89,071	114,161	2,454	-	205,686
Carrying amounts	賬面值					
At 31 December 2017	於二零一七年 十二月三十一日	281,966	89,570	2,336	22,500	396,372
At 31 December 2016	於二零一六年 十二月三十一日	298,556	103,904	2,970	-	405,430

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15. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2017, buildings of the Group with net book value of approximately RMB186,733,000 (2016: RMB198,351,000) and machinery and equipment of the Group with net book value of approximately RMB34,689,000 (2016: RMB43,025,000) were pledged as collateral for certain bank borrowings of the Group (note 24).

The Group has carried out a review of the recoverable amount of its property, plant and equipment as at 31 December 2017 with reference to the independent valuation performed by an independent valuer, Castores Magi (Hong Kong) Limited. The recoverable amount is assessed based on fair value less cost of disposal by using replacement cost basis under level 3 fair value measurement. No impairment loss is recognised for the year ended 31 December 2017 as the recoverable amount of the subject property, plant and equipment is larger than and close to its carrying amount as at 31 December 2017.

16. LEASEHOLD LAND AND LAND USE RIGHT

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
At 1 January	於一月一日	24,338	24,895
Amortisation for the year	年內攤銷	(557)	(557)
At 31 December	於十二月三十一日	23,781	24,338

Leasehold land and land use right represent the net book amount of prepaid operating lease payments. All land use right is located in the PRC.

As at 31 December 2017, the Group's leasehold land and land use right with carrying amount of approximately RMB23,781,000 (2016: RMB24,338,000) were pledged as collateral for certain bank borrowings of the Group (note 24).

15. 物業、廠房及設備(續)

於二零一七年十二月三十一日，本集團賬面淨值約人民幣186,733,000元(二零一六年：人民幣198,351,000元)的樓宇以及本集團賬面淨值約人民幣34,689,000元(二零一六年：人民幣43,025,000元)的機器及設備已抵押作本集團若干銀行借款的抵押品(附註24)。

本集團已參考獨立估值師嘉漫(香港)有限公司進行的獨立估值，審閱其於二零一七年十二月三十一日的物業、廠房及設備的可收回金額。可收回金額使用第三級公平值計量下的重置成本基準，以公平值減出售成本作評估。由於在二零一七年十二月三十一日，目標物業、廠房及設備的可收回金額高於及接近其賬面值，因此概無就截至二零一七年十二月三十一日止年度確認減值虧損。

16. 租賃土地及土地使用權

租賃土地及土地使用權指預付經營租賃款項賬面淨值。所有土地使用權位於中國。

於二零一七年十二月三十一日，本集團賬面淨值約為人民幣23,781,000元(二零一六年：人民幣24,338,000元)的租賃土地及土地使用權已抵押作本集團若干銀行借款的抵押品(附註24)。

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17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

17. 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 securities	非上市股本證券	-	4,500

The unlisted equity securities represent a 10% equity interest in a financial institution in Hubei, the PRC. The unlisted equity securities were denominated in RMB.

非上市股本證券指於中國湖北一間金融機構的10%股本權益。該等非上市股本證券以人民幣計值。

18. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

18. 按權益法入賬的投資

		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 investments:	非上市投資：		
Share of net assets of an associate	分佔聯營公司資產淨值	70,597	85,947
Goodwill	商譽	60,909	60,909
		131,506	146,856
Impairment loss	減值虧損	(60,000)	(60,000)
		71,506	86,856

The following table shows information of the Group's associate. The associate is accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the financial statements of the associate.

下表載列本集團聯營公司的資料。該聯營公司使用權益法於合併財務報表入賬。財務資料概要乃根據聯營公司的財務報表呈列。

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18. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD (continued) 18. 按權益法入賬的投資(續)

Name 名稱	Baixin (China) Co., Ltd. 百鑫(中國)有限公司
Principal place of business/country of incorporation 主要營業地點/註冊成立國家	The PRC 中國
Principal activities 主要業務	Manufacturing and sales of yarn and cotton fabric products 製造及銷售棉紗及棉質面料產品
% of ownership interests/voting rights held by the Group 擁有權權益%/本集團所持投票權	50%/50%

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
At 31 December:	於十二月三十一日：		
Non-current assets	非流動資產	313,178	328,953
Current assets	流動資產	130,402	137,290
Non-current liabilities	非流動負債	(106,920)	(126,251)
Current liabilities	流動負債	(193,750)	(166,382)
Net assets	資產淨值	142,910	173,610
Year ended 31 December:	截至十二月三十一日止年度：		
Revenue	收益	122,988	68,143
Loss before tax	除稅前虧損	(30,700)	(7,590)
Income tax credit	所得稅抵免	-	1,302
Loss for the year	年內虧損	(30,700)	(6,288)

As at 31 December 2017, the bank and cash balances of the Group's associate in the PRC denominated in RMB amounted to approximately RMB4,309,000 (2016: RMB3,617,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

The amount due from an associate is unsecured, interest-free and repayable within one year.

於二零一七年十二月三十一日，本集團中國聯營公司以人民幣計值的銀行及現金結餘為約人民幣4,309,000元(二零一六年：人民幣3,617,000元)。將人民幣兌換為外幣須受中國外匯管制條例規管。

應收聯營公司款項為無抵押、免息並須於一年內償還。

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19. INVENTORIES

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
Raw materials	原材料	6,601	7,327
Work in progress	在製品	7,209	19,373
Finished goods	製成品	38,403	23,237
		52,213	49,937

As at 31 December 2017, the Group's inventories with carrying amount of approximately RMB14,138,000 (2016: Nil) were pledged as collateral for certain bank borrowings of the Group (note 24).

於二零一七年十二月三十一日，本集團賬面值為約人民幣14,138,000元(二零一六年：零)的存貨已抵押作本集團若干銀行借款的抵押品(附註24)。

20. TRADE AND OTHER RECEIVABLES

20. 貿易及其他應收款項

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Trade receivables	貿易應收款項	731,359	660,134
Less: allowance for trade receivables	減：貿易應收款項的撥備	(575,432)	(129,888)
		155,927	530,246
Prepayments to suppliers for purchase of raw materials	就購買原材料向供應商支付的預付款項	181,716	207,295
Less: allowance for prepayments	減：預付款項的撥備	(163,990)	(59,387)
		17,726	147,908
Bills receivable	應收票據	-	100
Receivables for disposal of machinery and equipment	出售機器及設備應收款項	-	5,000
Others (note)	其他(附註)	52,172	2,935
		225,825	686,189

Note:

Included in the balance is other loan receivable of RMB49,594,000 (2016: Nil) from an independent third party which is unsecured and interest-bearing at 12% per annum. Up to the date of this report, other loan receivable had been fully settled.

附註：

結餘包括來自一名獨立第三方的其他應收貸款人民幣49,594,000元(二零一六年：零)，為無抵押及按年利率12%計息。直至本報告日期，其他應收貸款已全數結清。

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20. TRADE AND OTHER RECEIVABLES (continued)

Trade and bills receivables are normally due within 90–120 (2016: 90–270) days from the date of billing. The Group also offers revolving credit to its customers. The revolving credit, which provides for a maximum credit limit that may be outstanding at any one time, is determined based on factors such as the customers' credit history and current ability to pay. The following is an aging analysis of trade and bills receivables, presented based on the invoice date, at the end of the reporting period.

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within 6 months	6個月內	103,998	330,141
Over 6 months but less than 12 months	6個月以上但少於12個月	51,929	73,074
Over 12 months	12個月以上	–	127,131
		155,927	530,346

Allowance for trade receivables

The movements in allowance for trade receivables are as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
At beginning of the reporting period	於報告期初	129,888	–
Allowance for the year	年內撥備	445,544	129,888
At end of the reporting period	於報告期末	575,432	129,888

The allowance for trade receivables represents individual impaired trade receivables with a total of approximately RMB575,432,000 (2016: RMB129,888,000) which are past due or in default of payments. The Group does not hold any collateral over these balances. Impaired amounts were directly written off against trade receivables when there was no expectation of recovering any amount.

20. 貿易及其他應收款項(續)

貿易應收款項及應收票據一般於開票日期起計90至120日(二零一六年: 90至270日)內到期。本集團亦向客戶提供週轉額度。該週轉額度規定客戶於任何一段時間內的最高欠款金額, 乃根據客戶的信用記錄及現行付款能力等因素釐定。以下為於報告期末根據發票日期呈列的貿易應收款項及應收票據賬齡分析。

貿易應收款項的撥備

貿易應收款項的撥備變動如下:

貿易應收款項撥備指總額約人民幣575,432,000元(二零一六年: 人民幣129,888,000元)之個別已減值貿易應收款項, 其已逾期或拖欠付款。本集團並無就該等結餘持有任何抵押品。已減值款項已在預期不會收回任何金額時直接與貿易應收款項撇銷。

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20. TRADE AND OTHER RECEIVABLES (continued)

Trade and bills receivables that are not impaired

The aging analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Neither past due nor impaired	未逾期亦未減值	58,186	530,346
Less than 6 months past due	逾期少於6個月	75,755	–
Over 6 months but less than 12 months past due	逾期6個月以上但少於12個月	21,986	–
		155,927	530,346

Trade and bills receivables that were not past due relate to a number of customers who have no recent history of default. The Group does not hold any collateral over these balances.

尚未逾期的貿易應收款項及應收票據與多名近期並無違約記錄的客戶有關。本集團並無就該等結餘持有任何抵押品。

21. RESTRICTED BANK DEPOSITS

As at 31 December 2016, bank deposits of approximately RMB20,960,000 were pledged as security for bills payable issued by the Group (note 23).

21. 受限制銀行存款

於二零一六年十二月三十一日，銀行存款約人民幣20,960,000元已抵押作為由本集團發行的應付票據的擔保(附註23)。

22. BANK AND CASH BALANCES

At the end of reporting period, bank and cash balances of the Group amounted to approximately RMB373,000 (2016: RMB3,937,000) are denominated in RMB. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

22. 銀行及現金結餘

於報告期末，本集團的銀行及現金結餘約為人民幣373,000元(二零一六年：人民幣3,937,000元)，以人民幣計值。將人民幣兌換為外幣須受中國外匯管制條例規管。

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23. TRADE AND OTHER PAYABLES

23. 貿易及其他應付款項

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Trade payables	貿易應付款項	59,270	66,969
Bills payable	應付票據	-	25,600
Advance payments from customers	客戶墊款	6,453	6,991
Payables for purchase of property, plant and equipment	購買物業、廠房及設備應付款項	26,845	7,470
Salary payable	應付薪酬	23,783	14,646
Interest payable	應付利息	25,109	12,475
Other payables and accruals	其他應付款項及應計費用	21,346	15,467
		162,806	149,618

(a) An aging analysis of trade and bills payables at the end of the reporting period, based on the invoice date, is as follows:

(a) 於報告期末根據發票日期的貿易應付款項及應付票據賬齡分析如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within 3 months	3個月內	4,203	33,906
Over 3 months but less than 12 months	3個月以上但少於12個月	8,505	48,486
Over 12 months	12個月以上	46,562	10,177
		59,270	92,569

(b) As at 31 December 2016, bills payable of approximately RMB25,600,000 were secured by pledged bank deposits (note 21).

(b) 於二零一六年十二月三十一日，約人民幣25,600,000元的應付票據已由已抵押銀行存款作抵押(附註21)。

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24. BORROWINGS

24. 借款

			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
		Note 附註		
Current:	流動：			
Secured bank borrowings	有抵押銀行借款	(a)	227,475	228,281
Unsecured bank borrowings	無抵押銀行借款	(a)	24,286	33,328
Unsecured bonds	無抵押債券	(b)	186,563	–
			438,324	261,609
Non-current:	非流動：			
Unsecured bonds	無抵押債券	(b)	287,337	277,988
			725,661	539,597

(a) Bank borrowings

All bank borrowings are repayable on demand or within one year.

As at 31 December 2017, bank borrowings amounted to approximately RMB195,991,000 (2016: Nil) were overdue by the Group due to temporary shortage of funds. As a result, the Group is subject to a penalty interest expense during the overdue period.

The Group's bank borrowings of approximately RMB227,475,000 (2016: RMB228,281,000) were secured by its property, plant and equipment (note 15), leasehold land and land use right (note 16) and inventories (note 19).

The effective interest rates on bank borrowings were ranging from 5.75% to 10.16% (2016: 7.42% to 9%) per annum for the year ended 31 December 2017.

(a) 銀行借款

所有銀行借款須按要求或於一年內償還。

於二零一七年十二月三十一日，基於臨時資金短缺，本集團約人民幣195,991,000元(二零一六年：零)的銀行借款已逾期。因此，本集團須於逾期期間繳付罰息開支。

本集團銀行借款約人民幣227,475,000元(二零一六年：人民幣228,281,000元)由其物業、廠房及設備(附註15)、租賃土地及土地使用權(附註16)及存貨(附註19)作抵押。

截至二零一七年十二月三十一日止年度銀行借款的實際年利率介乎5.75%至10.16%(二零一六年：7.42%至9%)。

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24. BORROWINGS (continued)

(b) Unsecured bonds

As at 31 December 2017, the Company issued a number of HK\$-denominated bonds with an aggregate principal of approximately HK\$431,936,000 (2016: HK\$163,000,000). The bonds are unsecured, bearing interest rates at a range of 1.5% – 14% (2016: 5% – 8%) per annum, and repayable during the period from January 2018 to June 2026. The interest expenses are calculated using the effective interest method by applying the effective rates at a range of 8.96% – 43.86% (2016: 11% – 25%). The maturity profile of the carrying amount of the bonds is analysed as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within one year	一年以內	186,563	–
In the second year	第二年內	77,613	123,638
In the third to fifth years, inclusive	第三至第五年(包括首尾兩年)	89,996	65,558
After five years	五年後	119,728	88,792
		473,900	277,988

25. DEFERRED INCOME

		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
Government grants relating to leasehold land and land use right	與租賃土地及土地使用權有關的政府補助	14,035	14,254
Government grants relating to plant and equipment	與廠房及設備有關的政府補助	3,202	3,850
		17,237	18,104

24. 借款(續)

(b) 無抵押債券

於二零一七年十二月三十一日，本公司發行多份以港元計值的債券，本金總額約431,936,000港元(二零一六年：163,000,000港元)。該等債券為無抵押、按年利率介乎1.5%至14%(二零一六年：5%至8%)計息並須於二零一八年一月至二零二六年六月期間償還。利息開支乃按實際利率介乎8.96%至43.86%(二零一六年：11%至25%)以實際利率法計算。該等債券的賬面值的到期情況分析如下：

25. 遞延收入

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25. DEFERRED INCOME (continued)

The movements of deferred income during the year are as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
At beginning of the reporting period	於報告期初	18,104	19,232
Granted during the year	年內獲授	-	1,016
Amortised as income	攤銷為收入	(867)	(2,144)
At the end of the reporting period	於報告期末	17,237	18,104

25. 遞延收入(續)

遞延收入於年內的變動載列如下：

26. DEFERRED TAX

The following are the major deferred tax assets/(liabilities) recognised by the Group.

26. 遞延稅項

以下為本集團確認的主要遞延稅項資產／(負債)。

		Capitalised interest 資本化利息 RMB'000 人民幣千元	Accrued payroll 應計工資 RMB'000 人民幣千元	Deferred income 遞延收入 RMB'000 人民幣千元	Impairment provision of assets 資產減值撥備 RMB'000 人民幣千元	Tax losses 稅項虧損 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2016	於二零一六年一月一日	(1,641)	3,549	515	1,125	9,459	13,007
- Credited/(charged) to profit or loss	- 於損益中計入/ (扣除)	36	1,220	(500)	18,883	(2,900)	16,739
At 31 December 2016 and 1 January 2017	於二零一六年十二月 三十一日及 二零一七年一月一日	(1,605)	4,769	15	20,008	6,559	29,746
- Credited/(charged) to profit or loss	- 於損益中計入/ (扣除)	36	(4,769)	(15)	(20,008)	(6,559)	(31,315)
At 31 December 2017	於二零一七年十二月 三十一日	(1,569)	-	-	-	-	(1,569)

In respect of the deterioration of the Group's operating performance, the directors of the Company considered (i) to write back the deferred tax assets recognised in relation to the accrued payroll, deferred income, impairment provision of assets and tax losses recognised in the past; and (ii) not to recognise any deferred tax assets for the current year due to the unpredictability of future profit stream.

就本集團的營運表現惡化而言，本公司董事考慮：(i)撥回過去就應計工資、遞延收入、資產減值撥備及稅項虧損確認的遞延稅項資產；及(ii)由於難以預測未來溢利流，並無就本年度確認任何遞延稅項資產。

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27. SHARE CAPITAL

27. 股本

		Number of shares 股份數目 (thousands) (千股)	Amount 金額 HK\$'000 千港元
Authorised:	法定：		
Ordinary shares of HK\$0.10 each	每股0.10港元的普通股		
At 1 January 2016,	於二零一六年一月一日、		
31 December 2016,	二零一六年十二月三十一日、		
1 January 2017 and	二零一七年一月一日及		
31 December 2017	二零一七年十二月三十一日	10,000,000	1,000,000

		2017 二零一七年		2016 二零一六年	
		Number of shares 股份數目 (thousands) (千股)	Amount 金額 HK\$'000 千港元	Number of shares 股份數目 (thousands) (千股)	Amount 金額 HK\$'000 千港元
Issued and fully paid:	已發行及繳足：				
Ordinary shares of HK\$0.10 each at beginning of reporting period	於報告期初每股0.10港元的普通股	1,550,000	155,000	1,500,000	150,000
Shares issued under share option scheme	根據購股權計劃發行的股份	-	-	50,000	5,000
At 31 December	於十二月三十一日	1,550,000	155,000	1,550,000	155,000
Equivalent to RMB'000	相等於(人民幣千元)		124,010		124,010

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 maximise the returns to shareholders through the optimisation of the debt and equity balance and benefits for other stakeholders, by pricing products and services commensurate with the level of risk and by securing access to financing at a reasonable cost.

The Group 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 adjustment to the capital structure in light of changes in economic conditions affecting the Group.

In order to maintain or adjust the capital structure, the Group may issue new shares, raise new debts, redeem existing debts or sell assets to redeem debt.

資本管理

本集團在資本管理上的首要目標為保障本集團有能力繼續營運，透過優化債務及股本結餘及因應風險水平為產品及服務定價及按合理成本取得融資以繼續為股東提供最大回報及為其他利益相關人士帶來利益。

本集團積極及定期審閱及管理其資本架構，以在較高股東回報情況下可能伴隨的較高借款水平與良好的資本狀況帶來的好處及保障之間取得平衡，並因應影響本集團經濟狀況的變動調整資本架構。

為維持或調整資本架構，本集團可發行新股、募集新債務、贖回現有的債務或出售資產以減少債務。

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28. RESERVES

(a) The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Reserves of the Company

28. 儲備

(a) 本集團儲備金額及其變動於合併損益及其他全面收益表及合併權益變動表內呈列。

(b) 本公司之儲備

		Share premium 股份溢價 RMB'000 人民幣千元	Share-based compensation reserve 股份基礎報酬儲備 RMB'000 人民幣千元	Retained earnings/ (accumulated losses) 保留盈利/ (累計虧損) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2016	於二零一六年一月一日	720,225	-	5,747	725,972
Total comprehensive income	全面收益總額	-	-	70,887	70,887
Share-based compensation	股份基礎報酬	-	4,942	-	4,942
Share issued for share-based compensation	就股份基礎報酬發行的股份	17,060	(4,942)	-	12,118
At 31 December 2016	於二零一六年十二月三十一日	737,285	-	76,634	813,919
At 1 January 2017	於二零一七年一月一日	737,285	-	76,634	813,919
Total comprehensive loss	全面虧損總額	-	-	(1,175,024)	(1,175,024)
At 31 December 2017	於二零一七年十二月三十一日	737,285	-	(1,098,390)	(361,105)

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28. RESERVES (continued)

(c) Nature and purpose of reserves of the Group

(i) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company.

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Capital reserve

The capital reserve of the Group mainly represents the reserve arising from the Group reorganisation. In June 2013, Mr. Lin, Mr. Qiu and Mr. Cai waived the considerations payable by the Group's companies to them as the owners of the Group for the acquisition of the companies now comprising the Group during the reorganisation.

(iii) Share-based compensation reserve

The share-based compensation reserve represents the fair value of the actual or estimated number of unexercised share options granted to certain employees of the Company and selected customers and suppliers of the Company recognised in accordance with the accounting policy adopted for equity-settled share-based payments.

(iv) Statutory reserves

Statutory reserves shall only be used to make up losses of the corresponding subsidiaries, to expand the corresponding subsidiaries' production operations, or to increase the capital of the corresponding subsidiaries. Upon approval by resolutions of the corresponding subsidiaries' shareholders in general meetings, the corresponding subsidiaries may convert their statutory reserves into registered capital and issue bonus capital to existing owners in proportion to their existing ownership structure.

28. 儲備(續)

(c) 本集團之儲備性質及用途

(i) 股份溢價

股份溢價指本公司股份面值與本公司發行股份獲得的所得款項之間的差額。

根據開曼群島公司法，本公司股份溢價賬的金額可供分派予本公司股東，惟緊隨建議分派股息之日，本公司能夠於日常業務過程中償付其到期的債務。

(ii) 資本儲備

本集團資本儲備主要指集團重組產生的儲備。於二零一三年六月，林先生、邱先生及蔡先生(作為本集團的擁有人)免除本集團的公司就重組期間收購本集團目前旗下公司應向彼等支付的代價。

(iii) 股份基礎報酬儲備

股份基礎報酬儲備指就以股權結算的股份付款採納之會計政策所確認之授予本公司若干僱員及本公司經挑選客戶及供應商之未行使購股權之實際或估計數目之公平值。

(iv) 法定儲備

法定儲備僅可用於抵銷相關附屬公司虧損、擴充相關附屬公司生產經營或增加相關附屬公司股本。獲得相關附屬公司股東於股東大會上以決議案批准通過後，相關附屬公司則可將其法定儲備轉換成註冊資本，並按現有擁有權架構比例向現有擁有人發行紅股。

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29. SUMMARISED FINANCIAL POSITION OF THE COMPANY 29. 本公司財務狀況概要

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Non-current assets	非流動資產		
Investments in subsidiaries	於附屬公司投資	243,211	241,413
Due from subsidiaries	應收附屬公司款項	-	985,151
		243,211	1,226,564
Current assets	流動資產		
Bank and cash balances	銀行及現金結餘	738	9
		738	9
Current liabilities	流動負債		
Other payables	其他應付款項	7,144	10,656
Borrowings	借款	186,563	-
		193,707	10,656
Net current liabilities	流動負債淨額	(192,969)	(10,647)
Non-current liabilities	非流動負債		
Borrowings	借款	287,337	277,988
		287,337	277,988
NET (LIABILITIES)/ASSETS	(負債)／資產淨額	(237,095)	937,929
Capital and reserves	資本及儲備		
Share capital	股本	124,010	124,010
Reserves	儲備	(361,105)	813,919
TOTAL (DEFICIT)/EQUITY	(虧絀)／權益總額	(237,095)	937,929

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30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

		Borrowings	Total liabilities from financing activities
		借款	融資活動所產生的負債總額
		RMB'000	RMB'000
		人民幣千元	人民幣千元
At 1 January 2017	於二零一七年一月一日	539,597	539,597
Changes in cash flows	現金流量變動	149,999	149,999
Non-cash changes	非現金變動		
– Interest charged	– 已計利息	56,856	56,856
– Settled by available-for-sale financial assets	– 由可供出售金融資產結付	(4,800)	(4,800)
– Exchange difference	– 匯兌差額	(15,991)	(15,991)
At 31 December 2017	二零一七年十二月三十一日	725,661	725,661

(b) Major non-cash transaction

During the year, a bank borrowing of RMB4,800,000 was settled by available-for-sale financial assets of RMB4,500,000.

During the year, addition of construction in progress of RMB22,500,000 has not yet paid by the Group.

30. 合併現金流量表附註

(a) 融資活動所產生的負債變動

下表列示年內本集團融資活動所產生的負債變動：

(b) 主要非現金交易

年內，銀行借款人民幣4,800,000元由可供出售金融資產人民幣4,500,000元結付。

年內，本集團尚未支付在建工程添置人民幣22,500,000元。

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31. CONTINGENT LIABILITIES

Except for those disclosed in note 36, the Group did not have any significant contingent liabilities as at 31 December 2017 (2016: Nil).

32. LEASE COMMITMENTS

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases in respect of certain office premises and machineries are analysed as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within one year	於一年內	1,145	244
In the second to fifth year inclusive	第二年至第五年(包括首尾兩年)	859	–
		2,004	244

33. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備		
Contracted but not provided for	已訂約但未撥備	45,749	12,772

34. RELATED PARTY TRANSACTIONS Key management personnel remuneration

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Salaries, wages and bonuses	薪資、工資及分紅	2,844	2,588
Pension costs	退休金開支	52	81
Other benefits	其他福利	–	69
		2,896	2,738

31. 或然負債

除附註36所披露者外，本集團於二零一七年十二月三十一日並無任何重大或然負債(二零一六年：無)。

32. 租賃承擔

於報告期末，不可撤銷經營租賃下有關若干物業及機器的未來最低租賃款項總額分析如下：

33. 資本承擔

本集團於報告期末的資本承擔如下：

34. 關聯方交易 主要管理人員薪酬

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35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The table below lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the financial position of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Particulars of the Company's principal subsidiaries at the end of the reporting period are as follows:

35. 本公司主要附屬公司詳情

下表列載董事認為該等公司對本集團本年度業績有重大影響或佔本集團財務狀況之重大部分的本公司附屬公司。董事認為，列出其他附屬公司詳情，將導致篇幅過於冗長。

於報告期末本公司主要附屬公司之詳情如下：

Name	Place of incorporation/ registration	Issued/paid-up capital	Percentage of the Company's direct ownership interest	Percentage of the Company's indirect ownership interest	Principal activities
名稱	註冊成立/註冊地點	已發行/已繳足股本	本公司直接擁有權所佔百分比	本公司間接擁有權所佔百分比	主要業務
Potent Union Holdings Limited 康匯控股有限公司	The British Virgin Islands 英屬處女群島	US\$100 100美元	100%	-	Investment holding 投資控股
Hongtai Group (Int'l) Holding Limited 宏太集團(國際)股份有限公司	Hong Kong 香港	Ordinary shares of HK\$10,000 普通股10,000港元	-	100%	Investment holding and trading of PEI 投資控股及銷售工程塑料
Hongtai (China) Co., Ltd. (i) 宏太(中國)有限公司(i)	The PRC 中國	Registered capital of HK\$593,000,000 註冊資本593,000,000港元	-	100%	Design, manufacturing and sales of fabrics and cotton 設計、生產及銷售面料及棉花
Hongshen (Hubei) Textile Co., Ltd. (i) 宏晟(湖北)紡織有限公司(i)	The PRC 中國	Registered capital of RMB50,000,000 註冊資本人民幣50,000,000元	-	100%	Manufacturing and sales of fabrics and cotton yarns 生產及銷售面料及棉紗線
Hongtai (Hubei) Sales Co., Ltd. (i) 宏太(湖北)營銷有限公司(i)	The PRC 中國	Registered capital of RMB2,000,000 註冊資本人民幣2,000,000元	-	100%	Sales of fabrics and cotton yarns 銷售面料及棉紗線
Shishi Hongtai Supply Chain Management Co., Ltd. (i) 石獅市宏太供應鏈管理公司(i)	The PRC 中國	Registered capital of RMB1,000,000 註冊資本人民幣1,000,000元	-	100%	Dormant 無業務活動
Coral Pearl International Ltd. 寶瑚國際有限公司	The British Virgin Islands 英屬處女群島	US\$100 100美元	-	100%	Dormant 無業務活動

(i) The English translation of the company names is for reference only. The official names of these companies are in Chinese. The companies are registered as limited liability companies under the PRC law.

(i) 公司名稱之英文翻譯僅供識別。該等公司的官方名稱為中文。該等公司根據中國法律註冊為有限公司。

36. EVENTS AFTER THE REPORTING PERIOD**(a) Very substantial acquisition and reverse takeover involving a new listing application**

On 28 February 2018, the Company published an announcement in relation to, among other things, a very substantial acquisition and connected transaction and a proposed reverse takeover involving a new listing application and a whitewash waiver application. The Company published that the new listing application process has been postponed and the Purchaser and Vendor A have agreed to extend the time for (i) submitting the new listing application from a date falling on or before 31 March 2018 (or such other date as may be agreed by the Purchaser and Vendor A) and (ii) issuing and despatching the Circular in accordance with the requirements under the Listing Rules and the Takeovers Code on or before 30 June 2018 (or such other date as may be agreed by the Purchaser and Vendor A). For details please refer to the announcements of the Company dated 26 November 2016, 26 January 2017, 13 March 2017, 21 March 2017, 3 April 2017, 2 May 2017, 2 June 2017, 30 June 2017, 31 July 2017, 31 August 2017, 29 September 2017, 31 October 2017, 30 November 2017, 29 December 2017, 29 January 2018, 28 February 2018.

(b) Demand for repayment of borrowings

On 16 January 2018, the Company received demand from Bank of China (Hong Kong) Limited for the repayment of Import Invoice Finance granted under the general banking facilities letter, with its principal amount of approximately US\$423,000, interest payable as at 10 January 2018 of approximately US\$5,000, and further interest accrued from 11 January 2018 to the date of payment at its rate of 10.5% per annum which subject to fluctuation.

On 29 January 2018, the Company received demand from PC Securities Limited, the bond holder, in respect of repayment of the debt or secure or compound for it to the PC Securities Limited's satisfaction, with its principal amount of HK\$84,000,000 and interest of approximately HK\$2,980,000. With respect to the default of the aforesaid bond, another bond with its principal amount of HK\$57,900,000 is regarded as cross default, PC Securities also demands the Company to repay it immediately.

36. 報告期後的重大事項**(a) 非常重大收購事項及涉及新上市申請的反向收購**

於二零一八年二月二十八日，本公司刊發公告，內容關於(其中包括)非常重大收購事項及關連交易及建議涉及新上市申請的反向收購及清洗豁免申請。本公司已公佈新上市申請程序已延後，而買方及賣方甲已同意就以下事項延長時限：(i)於二零一八年三月三十一日(或買方與賣方甲可能協定的有關其他日期)或之前提交新上市申請；及(ii)於二零一八年六月三十日(或買方與賣方甲可能協定的有關其他日期)或之前根據上市規則及收購守則的規定刊發及寄送通函。詳情請參閱本公司日期為二零一六年十一月二十六日、二零一七年一月二十六日、二零一七年三月十三日、二零一七年三月二十一日、二零一七年四月三日、二零一七年五月二日、二零一七年六月二日、二零一七年六月三十日、二零一七年七月三十一日、二零一七年八月三十一日、二零一七年九月二十九日、二零一七年十月三十一日、二零一七年十一月三十日、二零一七年十二月二十九日及二零一八年二月二十八日之公告。

(b) 要求償還借款

於二零一八年一月十六日，本公司接獲中國銀行(香港)有限公司要求償還根據一般銀行融資函授出的進口發票融資，其本金額為約423,000美元及於二零一八年一月十日的應付利息為約5,000美元，並於二零一八年一月十一日起至付款日期止按年利率10.5%(可能波動)另外產生利息。

於二零一八年一月二十九日，本公司接獲債券持有人寶鉅證券有限公司要求償還債務，或為債務提供令寶鉅證券有限公司信納的抵押或了結，其本金額為84,000,000港元及利息為約2,980,000港元。就拖欠上述債券而言，另一項本金額為57,900,000港元的債券視為交叉違約，寶鉅證券亦要求本公司即時償還該債券。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 合併財務報表附註

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. EVENTS AFTER THE REPORTING PERIOD

(continued)

(b) Demand for repayment of borrowings

(continued)

On 13 February 2018, the Company received demand from Zhang Hua, the bond holder, in respect of repayment of the bond principal of HK\$27,000,000, interest payable from 28 December 2017 to 9 January 2018 of approximately HK\$192,000 and daily default interest of approximately HK\$13,000 payable until repayment.

On 13 February 2018, the Company received final demand from Well Honour Investment (Group) Limited, the bond holder, in respect of repayment of the bond principal of HK\$430,000, or otherwise legal actions will be taken.

(c) Winding up petition against the Company

On 5 March 2018, the Company received a petition (“Petition”) entitled HCCW 56/2018 presented by PC Securities Limited (“Petitioner”) to the High Court of Hong Kong S.A.R. for winding up of the Company and the hearing of the Petition is fixed for 9 May 2018 before a Master in Court. The Petitioner claimed to be the holder of a bond for the principal amount of HK\$84,000,000 with coupons 7% issued by the Company on 28 January 2015 (the “Bond”). However, according to the register kept by the Registrar, the Bank of New York Depository (Nominees) Limited, the Petitioner is not the registered holder of the Bond. The Company is now making enquiry of the locus standi of the Petitioner and seeking legal advice on the matter.

37. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 March 2018.

36. 報告期後的重大事項(續)

(b) 要求償還借款(續)

於二零一八年二月十三日，本公司接獲債券持有人Zhang Hua要求償還債券本金27,000,000港元、於二零一七年十二月二十八日至二零一八年一月九日的應付利息約192,000港元及直至還款前的應付每日違約利息約13,000港元。

於二零一八年二月十三日，本公司接獲債券持有人Well Honour Investment (Group) Limited的最終要求，有關償還債券本金430,000港元，否則將採取法律行動。

(c) 針對本公司之清盤呈請

於二零一八年三月五日，本公司接獲寶鉅證券有限公司(「呈請人」)向香港特別行政區高等法院送呈編號HCCW 56/2018之呈請(「呈請」)，要求本公司清盤。呈請的聆訊訂於二零一八年五月九日於高等法院進行。呈請人聲稱為本公司於二零一五年一月二十八日所發行債券之持有人，債券本金額為84,000,000港元，另加息票7%(「該債券」)。然而，根據登記處The Bank of New York Depository (Nominees) Limited存置的登記冊，呈請人並非該債券之註冊持有人。本公司正就呈請人的出庭陳述權進行諮詢，並就此尋求法律意見。

37. 批准財務報表

合併財務報表已於二零一八年三月二十九日獲董事會批准並授權刊發。

FINANCIAL SUMMARY

財務摘要

OPERATING RESULTS

經營業績

		Year ended 31 December 截至十二月三十一日止年度				
		2017 二零一七年	2016 二零一六年	2015 二零一五年	2014 二零一四年	2013 二零一三年
Revenue	收益					
– From continuing business (RMB'000)	– 來自持續經營業務 (人民幣千元)	271,858	780,310	670,255	810,795	791,518
Gross (loss)/profit	毛(損)/利					
– From continuing business (RMB'000)	– 來自持續經營業務 (人民幣千元)	(16,604)	(20,843)	8,396	149,306	148,154
Gross (loss)/profit margin	毛(損)/利率					
– From continuing business	– 來自持續經營業務	(6.1%)	(2.7%)	1.3%	18.4%	18.7%
(Loss)/Profit and total comprehensive (loss)/income attributable to owners of our Company (RMB'000)	本公司擁有人應佔 (虧損)/溢利及全面 (虧損)/收益總額 (人民幣千元)	(732,765)	(331,023)	(23,317)	66,402	74,974
Net (loss)/profit margin	(淨虧損)/純利率					
– From continuing business	– 來自持續經營業務	(269.5%)	(42.4%)	(3.5%)	8.2%	9.5%

CONSOLIDATED BALANCE SHEET

The following table sets forth our assets/liabilities position as at 31 December 2013, 2014, 2015, 2016 and 2017:

合併資產負債表

下表載列我們於二零一三年、二零一四年、二零一五年、二零一六年及二零一七年十二月三十一日的資產/負債狀況：

		As at 31 December 於十二月三十一日				
		2017 二零一七年	2016 二零一六年	2015 二零一五年	2014 二零一四年	2013 二零一三年
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Current assets	流動資產	286,582	761,168	877,676	501,925	323,596
Current liabilities	流動負債	601,130	412,213	240,696	288,455	428,036
Net current assets/(liabilities)	流動資產淨值/ (負債淨額)	(314,548)	348,955	636,980	213,470	(104,440)
Net (liabilities)/assets	(負債)/資產淨值	(129,032)	603,733	908,489	480,460	266,918

FINANCIAL INDICATORS

財務指標

		Year ended 31 December 截至十二月三十一日止年度				
		2017 二零一七年	2016 二零一六年	2015 二零一五年	2014 二零一四年	2013 二零一三年
Return on equity (%) (Note 1)	股本回報率%(附註1)	N/A 不適用	(54.8)	(2.6)	13.8	28.1
Return on assets (%) (Note 2)	資產回報率%(附註2)	(94.2)	(25.2)	(1.6)	6.6	9.1
Interest coverage (Note 3)	利息覆蓋率(附註3)	(11.8)	(4.4)	(1.0)	4.8	7.0

		As at 31 December 於十二月三十一日				
		2017 二零一七年	2016 二零一六年	2015 二零一五年	2014 二零一四年	2013 二零一三年
Current ratio (%) (Note 4)	流動比率%(附註4)	47.7	184.7	364.6	174.0	75.6
Quick ratio (%) (Note 5)	速動比率%(附註5)	39	172.5	338.0	150.4	57.9
Debt to equity ratio (%) (Note 6)	債務股本比率%(附註6)	N/A 不適用	114.2	44.6	68.2	103.5
Gearing ratio (%) (Note 7)	權益負債比率%(附註7)	N/A 不適用	110.0	0.7	27.8	46.1

Notes:

- Return on equity for the years ended 31 December 2013, 2014, 2015, 2016 and 2017 was calculated based on our total comprehensive (loss)/income for the respective year divided by the total equity of the respective year and multiplied by 100%.
- Return on assets for the years ended 31 December 2013, 2014, 2015, 2016 and 2017 was calculated based on our total comprehensive (loss)/income for the respective year divided by our total assets of the respective year and multiplied by 100%.
- Interest coverage ratio for the years ended 31 December 2013, 2014, 2015, 2016 and 2017 was calculated based on our operating (loss)/profit for the respective year divided by our finance costs for the respective year.
- Current ratio as at 31 December 2013, 2014, 2015, 2016 and 2017 were calculated based on our current assets of the respective date divided by our current liabilities of the respective date and multiplied by 100%.
- Quick ratio as at 31 December 2013, 2014, 2015, 2016 and 2017 were calculated based on our current assets minus inventories as at the respective date divided by our current liabilities as at the respective date and multiplied by 100%.
- Debt to equity ratio as at 31 December 2013, 2014, 2015, 2016 and 2017 were calculated based on our total debts (being sum of our total borrowings and amounts due to related parties and third parties) as at the respective date divided by total equity as at the respective year and multiplied by 100%.
- Gearing ratio as at 31 December 2013, 2014, 2015, 2016 and 2017 were calculated based on our net debts (being total debts net of cash and cash equivalents and restricted bank deposits) as at the respective date divided by total equity as at the respective year and multiplied by 100%.

附註:

- 截至二零一三年、二零一四年、二零一五年、二零一六年及二零一七年十二月三十一日止年度的股本回報率，乃按有關年度全面(虧損)/收益總額除以有關年度權益總額再乘以100%計算。
- 截至二零一三年、二零一四年、二零一五年、二零一六年及二零一七年十二月三十一日止年度的資產回報率，乃按有關年度全面(虧損)/收益總額除以有關年度資產總額再乘以100%計算。
- 截至二零一三年、二零一四年、二零一五年、二零一六年及二零一七年十二月三十一日止年度的利息覆蓋率，乃按有關年度經營(虧損)/溢利除以有關年度的融資成本計算。
- 於二零一三年、二零一四年、二零一五年、二零一六年及二零一七年十二月三十一日的流動比率，乃按有關日期的流動資產除以有關日期的流動負債再乘以100%計算。
- 於二零一三年、二零一四年、二零一五年、二零一六年及二零一七年十二月三十一日的速動比率，乃按有關日期的流動資產減去存貨後除以有關日期的流動負債再乘以100%計算。
- 於二零一三年、二零一四年、二零一五年、二零一六年及二零一七年十二月三十一日的債務股本比率，乃按有關日期的債務總額(即借款總額與應付關聯方及第三方款項的總和)除以有關年度總權益再乘以100%計算。
- 於二零一三年、二零一四年、二零一五年、二零一六年及二零一七年十二月三十一日的權益負債比率，乃按有關日期的債務淨額(即債務總額扣除現金及現金等價物以及受限制銀行存款)除以有關年度總權益再乘以100%計算。



宏太控股有限公司 Wang Tai Holdings Limited

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

股份代號 Stock Code: 1400