

LEE & MAN CHEMICAL COMPANY LIMITED

理文化工有限公司

Stock Code 股份代號 : 746



Together We Grow





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Corporate Information

公司資料

BOARD OF DIRECTORS

Executive directors

Ms. Wai Siu Kee (*Chairman*)
Mr. Lee Man Yan (*Chief Executive Officer*)
Professor Chan Albert Sun Chi
Mr. Yang Zuo Ning

Independent non-executive directors

Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron *BBS JP*
Mr. Heng Victor Ja Wai

AUDIT COMMITTEE

Mr. Heng Victor Ja Wei (*Chairman*)
Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron *BBS JP*

REMUNERATION COMMITTEE

Mr. Heng Victor Ja Wei (*Chairman*)
Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron *BBS JP*

NOMINATION COMMITTEE

Ms. Wai Siu Kee (*Chairman*)
Mr. Heng Victor Ja Wei
Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron *BBS JP*

COMPANY SECRETARY

Mr. Cheung Kwok Keung

REGISTERED OFFICE

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

董事會

執行董事

衛少琦女士(*主席*)
李文恩先生(*首席執行官*)
陳新滋教授
楊作寧先生

獨立非執行董事

王啟東先生
尹志強先生*BBS太平紳士*
邢家維先生

審核委員會

邢家維先生(*主席*)
王啟東先生
尹志強先生*BBS太平紳士*

薪酬委員會

邢家維先生(*主席*)
王啟東先生
尹志強先生*BBS太平紳士*

提名委員會

衛少琦女士(*主席*)
邢家維先生
王啟東先生
尹志強先生*BBS太平紳士*

公司秘書

張國強先生

註冊辦事處

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



HONG KONG OFFICE

8th Floor, Liven House
61–63 King Yip Street
Kwun Tong
Kowloon
Hong Kong

PRINCIPAL BANKERS

Hong Kong:

Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Ltd.
Mizuho Bank Ltd., Hong Kong Branch
DBS Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited

PRC:

Bank of China Limited
China Construction Bank Corporation

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

<http://www.leemanchemical.com>

香港辦事處

香港
九龍
觀塘
敬業街61–63號
利維大廈8樓

主要往來銀行

香港：

恒生銀行有限公司
香港上海滙豐銀行有限公司
瑞穗銀行·香港分行
星展銀行(香港)有限公司
中國銀行(香港)有限公司

中國：

中國銀行有限公司
中國建設銀行股份有限公司

核數師

德勤•關黃陳方會計師行
執業會計師

主要股份過戶登記處

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

香港股份過戶登記分處

卓佳秘書商務有限公司
香港
皇后大道東183號
合和中心22樓

網址

<http://www.leemanchemical.com>

Chairman's Statement

主席報告

BUSINESS REVIEW

For the year ended 31 December 2018, the Group recorded a revenue of HK\$3,877 million, representing an increase of 30.4% as compared to last year; and a net profit of HK\$872 million for the year, representing an increase of 24.1% as compared to last year.

The Group recorded a gross profit margin of 46.8% for the year ended 31 December 2018, representing a moderate decrease of 0.3 percentage points as compared to last year; while the net profit margin was recorded at 22.5%, representing a moderate decrease of 1.1 percentage points as compared to last year.

During the year, the expansion of the styrene-acrylic latex surface sizing agent production line at the Jiangsu factory and the expansions of the caustic soda and the hydrogen peroxide production lines of the Jiangxi factory were successfully put into operation. Benefiting from expansions in the national infrastructure, the demand for downstream chemical products remains strong, and the prices of our primary products, including chloromethane products and hydrogen peroxide, have remained at a high level in the first half of 2018. However, due to the cost pressure from rising raw material prices, profit contribution from the increase in unit prices is partially being offset. However, by focusing on continuously optimizing technical processes, coupled with consistently stringent production management, the Group maintains strong cost control that enables the Group to maintain a similar level of profits for the year.

PROSPECTS

Located at Gaolan Port Economic Zone of the Zhuhai City, the new plant for the production of Lithium battery electrolyte additives is under construction and is expected to commence its production by the end of 2019.

The Group continues its development in refined chemical, and commits to investment in the research and development of new energy products and high value-added products. Intelligent management is progressively implemented with most of the Group's operational data is now being integrated with the centralized data platform. Departments and management can obtain accurate and appropriate information through ERP system, to improve its work efficiency and to achieve effective monitoring and cost control.

業務回顧

截至2018年12月31日止年度，本集團錄得總營業額38.77億港元，較去年上升30.4%，而年內溢利為8.72億港元，較去年上升24.1%。

本集團毛利率為46.8%，較去年輕微下跌0.3個百分點；淨利潤率為22.5%，較去年輕微下跌1.1個百分點。

年內本集團位於江蘇工廠的苯丙施膠劑擴充生產線，及江西工廠的燒鹼和雙氧水擴充生產線均順利投產。受惠於國家基礎建設增大，下游化工產品需求仍然殷切，主產品甲烷氯化物和雙氧水等價格於2018年上半年均維持高位。但受到原材料價格上漲帶來的成本壓力所影響，抵銷了部份自量價上升帶來的盈利貢獻。然而，本集團持續著力優化技術工藝，加上一貫的嚴格生產管理，取得良好成本控制，致令本集團得以保持全年相若的利潤水平。

展望

位處珠海市高欄港經濟區生產鋰電池電解液添加劑的新廠房正在建設中，預計將在2019年年底投產。

本集團繼續發展精細化工，致力投資於新能源產品及高附加值產品的研發，而且逐步推行智能化管理，集團大部分營運數據現已整合於中央數據平台，通過ERP系統計算，各部門及管理層能獲取準確而適切的資料，以提高工作效率，做到有效監察和成本控制。



In view of the increasingly strengthening of the safety and environmental protection requirements of the Chinese government, the management will continue to strengthen the production and equipment management in the factories, in order to facilitate the online evaluation of the local environmental protection authorities. At the same time, the Company will strive to promote the concept of green manufacturing, and to practice a clean, efficient and low-carbon development management, so as to be socially responsible through energy conservation and emission reduction.

As always, our management team will leverage our internal technical innovation and scientific research, and to continue its persistent efforts in achieving growth and strengthening the foundation to bring continuous and desirable returns to the shareholders.

APPRECIATION

On behalf of the Board, I would like to extend our sincere gratitude to our shareholders, customers and business partners for their strong support throughout the year. In addition, I would also like to take this opportunity to thank all colleagues and staff for their persistent contribution to the Group.

On behalf of the Board
Wai Siu Kee
Chairman

Hong Kong, 11 March 2019

面對目前國家對安全及環保要求日益嚴格，管理層會繼續加強廠區生產及設備管理，配合當地環保部門進行線上檢測工作。公司同時會致力推行綠色製造理念，踐行清潔、高效、低碳的發展管理，落實節能減排的社會責任。

一如既往，管理層定將努力不懈，穩步求進，結合內部技術創新及科研開發，為股東帶來持續而理想的回報。

鳴謝

本人謹代表董事會，向本集團股東、客戶及業務夥伴於本年度給予的鼎力支持，表示衷心致意。此外，本人亦藉此機會感謝各位員工努力不懈為本集團作出持續貢獻。

代表董事會
衛少琦
主席

香港，2019年3月11日

Management Discussion and Analysis

管理層討論及分析

RESULTS OF OPERATION

Revenue and net profit attributable to equity holders of the Group for the year ended 31 December 2018 was HK\$3,877 million and HK\$872 million respectively, representing an increase of 30.4% and an increase of 24.1%, as compared to HK\$2,974 million and HK\$703 million respectively for the last year. The basic earnings per share was HK105.8 cents for the year ended 31 December 2018 (2017: HK85.2 cents).

Revenue

The Group recorded an increase of approximately HK\$903 million in revenue for the year ended 31 December 2018 as compared to the last year.

As compared to the last year, the average selling price per ton of caustic soda was approximately RMB1,100, decreased slightly by 1%; the average selling price per ton of methylene chloride and chloroform was approximately RMB3,600 and RMB3,100, increased by approximately 27% and 42% respectively; the average selling price per ton of polytetrafluoroethylene was approximately RMB64,000, increased by 14%.

The actual production output of our primary products for the year (including self-consumption) was approximately 310,000 tons for CMS products, 490,000 tons for 100% dry basis caustic soda, 7,000 tons for polytetrafluoroethylene and 220,000 tons for hydrogen peroxide.

Despite the increase in production volume and selling price of our primary products, the production cost of our primary products are also increasing, contributing to the gross profit margin of the Group for the year ended 31 December 2018 to decrease by 0.3 percentage points, from 47.1% of the last year to 46.8% of the current year, and the net profit margin to decrease from 23.6% of the last year to 22.5% of the current year. The Group will improve profit contributions by maintaining its stable and nearly full-load production, and continuing its cost control through optimizing technical processes.

Selling and distribution costs

Selling and distribution costs for the year ended 31 December 2018 was HK\$231 million, increased by approximately HK\$49 million as compared to HK\$182 million for the last year. The increase for the year was mainly due to the proportional increment in transportation and packaging costs arising from increase in sales volume. The selling and distribution costs represented approximately 6.0% of total revenue for the year ended 31 December 2018, comparable to that of 6.1% of the last year.

經營業績

截至2018年12月31日止年度，本集團之收入及股東應佔溢利分別為38.77億港元及8.72億港元，較去年29.74億港元及7.03億港元，分別上升30.4%及上升24.1%。截至2018年12月31日止年度，每股基本盈利為105.8港仙（2017：85.2港仙）。

收入

集團收入截至2018年12月31日止年度錄得比去年增加約9.03億港元。

與去年比較，集團產品燒鹼每噸的平均銷售價約1,100人民幣，微跌1%；二氯甲烷和三氯甲烷每噸的平均銷售價分別約3,600及3,100人民幣，上升了約27%及42%；聚四氟乙烯每噸的平均銷售價約64,000人民幣，上升了約14%。

主要產品的實際生產量（包含自用）為：甲烷氯化物約31萬噸，折百燒鹼約49萬噸，聚四氟乙烯約7千噸及過氧化氫約22萬噸。

雖然主產品的產量和銷售價整體均見提升，但同時間主產品的生產成本亦同樣上漲，截至2018年12月31日止年度，本集團毛利率由去年的47.1%微跌0.3個百分點至今年的46.8%；而純利率則由去年的23.6%下降至今年的22.5%。集團將繼續保持穩定及近滿負荷生產，並持續優化技術工藝以控制生產成本，提升整體利潤貢獻。

銷售及分銷成本

銷售及分銷成本截至2018年12月31日止年度為約2.31億港元，與去年約1.82億港元比較，增加約4,900萬港元。年內費用上升主因是受銷售量增加影響，帶動相關運輸及產品包裝需求。截至2018年12月31日止年度，銷售及分銷成本相對年內總收入的佔比約為6.0%，跟去年的6.1%相若。



Administrative expenses

Administrative expenses for the year ended 31 December 2018 was HK\$226 million, increased by approximately HK\$33 million as compared to HK\$193 million of the last year. The increase for the year mainly attributable to the business expansion, increase of staff salaries, the share option expenses, depreciation of new office and equipment and increase of taxes and surcharges. The administrative expenses represented approximately 5.8% of total revenue for the year, as compared to 6.5% for the last year.

Research and development cost

Research and development costs for the year ended 31 December 2018 were HK\$158 million, representing approximately 4% of the total revenue for the year. During the year, the Company continued to devote its resources to research and development of new products and optimization of technical processes, recruitment of senior scientists and chemical engineers, procurement of equipment and testing materials, so as to maintain the sustainable development of the Group.

Finance costs

The interest expenses incurred for the year ended 31 December 2018 was approximately HK\$94 million, increased by approximately HK\$12 million as compared to HK\$82 million of the last year. The increment was mainly due to the fluctuation of the interest rates and the increased use of trade bills discounting from the banks.

Net exchange loss

The net exchange loss for the year ended 31 December 2018 was approximately HK\$35 million. The net exchange loss of the Group is mainly driven by the depreciation of Renminbi of around 4.7% in 2018.

行政費用

行政費用截至2018年12月31日止年度為約2.26億港元，與去年約1.93億港元比較，增加約3,300萬港元。年內費用上升主要受業務增長，員工工資上漲，購股權攤銷和新增辦公設備折舊及稅金增加所致。行政費用相對年內總收入的佔比約為5.8%，而去年則約為6.5%。

研發成本

研發成本截至2018年12月31日止年度為約1.58億港元，佔年內總收入約4%。年內公司繼續加強投放資源在新產品研發和優化工藝技術，增聘高級及化工專業人員，購置設備和測試物料，保持集團的可持續發展。

融資成本

利息支出截至2018年12月31日止年度為約9,400萬港元，與去年約8,200萬港元比較，增加約1,200萬港元。支出增加主要由於息率波動和增加貼現銀行承兌匯票。

匯兌淨虧損

匯兌淨虧損截至2018年12月31日止年度為約3,500萬港元。主要由於人民幣匯價於2018年貶值了約4.7%，致令本集團產生匯兌淨虧損。

Management Discussion and Analysis

管理層討論及分析

INVENTORIES, DEBTORS' AND CREDITORS' TURNOVER

The inventory turnover of the Group for the year ended 31 December 2018 was 88 days, increased by 12 days as compared to 76 days of the last year.

Due to stringent credit control of the Group, the debtors' turnover days of the Group was controlled at 28 days for the year ended 31 December 2018 as compared to 37 days for the last year, which is in line with the normal credit period of 7 days to 60 days granted to customers of the Group.

The Group's creditors' turnover days was 27 days for the year ended 31 December 2018 as compared to 32 days for the last year, which is in line with the normal credit terms of 7 days to 45 days granted by the suppliers to the Group.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The total shareholders' equity of the Group as at 31 December 2018 was HK\$3,479 million (31.12.2017: HK\$3,094 million). As at 31 December 2018, the Group had current assets of HK\$1,736 million (31.12.2017: HK\$1,530 million) and current liabilities of HK\$1,541 million (31.12.2017: HK\$1,121 million). The current ratio was 1.13 as at 31 December 2018 as compared to 1.36 at 31 December 2017.

The Group generally finances its operations with internally generated cash flow and credit facilities provided by its principal bankers in Hong Kong and the PRC. As at 31 December 2018, the Group had outstanding bank borrowings of HK\$1,874 million (31.12.2017: HK\$2,171 million). These bank loans were secured by corporate guarantees provided by the Company and its certain subsidiaries. As at 31 December 2018, the Group maintained bank balances and cash of HK\$593 million (31.12.2017: HK\$468 million). The Group's net debt-to-equity ratio (total borrowings net of cash and cash equivalents over shareholders' equity) as at 31 December 2018 was 36.83% (31.12.2017: 55.04%).

The Group's liquidity position remains strong and the Group possesses sufficient cash and available banking facilities to meet its commitments, working capital requirements and future investments for expansion.

存貨、應收賬款及應付賬款周轉期

截至2018年12月31日止年度，本集團之存貨周轉期天數為88天，較去年的76天增加了12天。

由於本集團持續採取嚴格信貸控制，截至2018年12月31日止年度本集團之應收賬款周轉天數控制於28天，而去年則為37天，與本集團給予客戶的正常除賬期7天至60天一致。

截至2018年12月31日止年度，本集團之應付賬款周轉天數為27天，而去年則為32天，與供應商給予本集團的正常除賬期7天至45天一致。

流動資金、財務資源及資本結構

於2018年12月31日，本集團的股東權益總額約為34.79億港元(31.12.2017：30.94億港元)。於2018年12月31日，本集團的流動資產約為17.36億港元(31.12.2017：15.30億港元)，而流動負債則約為15.41億港元(31.12.2017：11.21億港元)。於2018年12月31日的流動比率為1.13，而於2017年12月31日則為1.36。

本集團一般以內部產生的現金流，以及中港兩地主要往來銀行提供的信貸備用額作為業務的營運資金。於2018年12月31日，本集團的未償還銀行借款為18.74億港元(31.12.2017：21.71億港元)。該等銀行借款由本公司及其若干附屬公司提供的公司擔保作為抵押。於2018年12月31日，本集團銀行結餘及現金5.93億港元(31.12.2017：4.68億港元)。本集團的淨負債對權益比率(銀行借款總額減現金及現金等價物除以股東權益總額)於2018年12月31日為36.83%(31.12.2017：55.04%)。

本集團保持強勁的流動資金並具備充裕的現金及可供動用的銀行備用額，以應付集團的資本承擔，營運資金需要及未來的投資發展。

HUMAN RESOURCES

At 31 December 2018, the Group had a workforce of around 1,950 people. The Group maintains a good relationship with its employees, and provides them with proper training and competitive compensation and incentives. The staffs are remunerated based on their work performance, professional experience and prevailing market situation. Remuneration packages comprise salary and bonuses based on individual merits.

KEY RISKS AND UNCERTAINTIES

Apart from those stated in the Chairman's Statement and Management Discussion and Analysis sections, the Company is exposed to the following key risks and uncertainties which are required to be disclosed pursuant to the Companies Ordinance (Cap 622 Laws of Hong Kong).

1. Risks Relating to Our Industry

Some of our raw materials and products fall within the category of hazardous chemicals. Any leakage of such chemicals, due to equipment malfunction or wrongful operations, may result in personal injury. The Company regards safety as the top priority. To minimize risks, regular maintenance of our production equipment is conducted. Important equipment is inspected by "Special Equipment Safety Supervision Inspection Institute", to ensure proper management of our equipment and devices. In addition, the company strictly executes safety management standardization. The company regularly conducts safety classes and shares safety management experience to our production teams. Emergency drills are organized twice a year to ensure that our staff members have thorough knowledge in safe production and avoid the occurrence of wrongful operations.

2. Credit Risks Relating to Customers

Exposure to bad debts attributable to customers usually intensifies in a time of weak economic performance. To minimize credit risks, the management of the Group has appointed dedicated staff members to handle procedures for determining credit limits, credit approval and other monitoring procedures, to ensure follow-up with all receivables in a timely manner. In addition, the Group reviews the collectability of receivables at the end of a reporting period, to ensure that sufficient impairment losses are provided for in respect of uncollectible amount.

人力資源

於2018年12月31日，本集團員工約1,950名。本集團與員工關係一向良好，並為員工提供足夠培訓、優厚福利及獎勵計劃。員工酬金乃按彼等之工作表現、專業經驗及當時之市場狀況而釐定，除基本薪金外並按員工表現發放花紅。

主要風險及不明朗因素

除主席報告書及管理層討論及分析提述事宜以外，本公司根據公司條例(香港法例第622章)須予披露所面對的主要風險及不明朗因素如下。

1. 行業風險

公司部分原材料和產品屬危險化學品，如有設備損壞或操作失誤會產生洩漏，對人員造成傷害。公司視安全生產為企業首要目標，為減低風險，公司在生產裝置上定期做好保養維護，重要設備由「特種設備安全監督檢驗研究院」負責檢查，保證設備裝置的完整性管理。此外，公司實行安全管理標準化，一直推行班組會宣傳安全教育，定期分享其他公司的安全管理，並每年安排兩次應急演練，使員工對安全生產有深刻的認識，避免誤操作現象的發生。

2. 客戶的信貸風險

隨著經濟疲弱，客戶壞帳風險相對增加。為減低信貸風險，本集團管理層已委派特定人員負責釐定信貸限額、信貸審批及其他監控程序，以確保及時跟進所有應收帳款。此外，本集團會於報告期末已檢討債項之可收回款額，以確保就不可收回款額作出足夠之減值虧損。

Management Discussion and Analysis

管理層討論及分析

3. Liquidity Risks

In managing liquidity risks, the Group monitors and maintains cash and cash equivalents at a level which is considered by the management as sufficient, to satisfy the needs arising from the Group's operations and to mitigate the effect of fluctuations of cash flow. The management closely monitors the use of borrowings to ensure that relevant covenants relating to loans are complied with.

4. Currency Risks

Debts denominated in foreign currencies expose the Group to foreign exchange risks. The Group closely manages and monitors foreign exchange risks to ensure that appropriate measures are taken in a timely manner. The Group will consider entering into forward contracts in respect of foreign currencies to mitigate relevant risks as and when appropriate. As of 31 December 2018, the Group did not have any outstanding forward contracts in respect of foreign currencies.

5. Interest Rate Risks

The Group's interest rate risks are primarily related to its bank balances and bank borrowings carried at floating interest rates. The management will closely monitor interest rate risks and consider hedging material interest rate fluctuations when necessary.

3. 流動資金風險

管理流動資金風險時，本集團會監察及保持管理層視為足夠水平之現金及現金等值項目，以撥付本集團營運所需及減低現金流量波動之影響。管理層會密切監察借貸之使用情況，確保遵守相關借款契約。

4. 貨幣風險

因有外幣負債，以致本集團承受外幣滙兌風險。本集團會密切管理及監察外匯風險，以確保及時地採取適當措施。本集團會在適當時候考慮訂立外幣遠期合約以降低有關風險。截至2018年12月31日，本集團並沒有已訂立而未到期的外幣遠期合約。

5. 利率風險

本集團之利率風險主要與浮息銀行結存及銀行借貸有關。管理層會密切監控利率風險，並將在有需要時考慮對沖重大利率波動。

Corporate Governance Report

企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance. The Board of the Company believes that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximising shareholders' interests. During the year, the Company has complied with The Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Board is committed to complying with the code provisions as stated in the Code to the extent that the directors of the Company ("Directors") consider it is applicable and practical to the Company.

The objectives of the management structures within the Group, headed by the Board and led by the Chairman, are to deliver sustainable value to Shareholders.

The Chairman provides leadership to and oversees the effective functioning of the Board. With support of the Chief Executive Officer and the Company Secretary, the Chairman approves Board meeting agenda, and ensures Directors have proper briefing, and timely receive adequate and reliable information, on all Board matters.

The role of the Chairman is separate from that of the Chief Executive Officer, and different persons hold the separate offices. Chief Executive Officer heads the management and focuses on the day-to-day operations of the Group.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as a code of conduct regarding Directors' securities transactions in 2005. All the members of the Board have confirmed, following specific enquiry by the Company that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2018. The Model Code also applies to other specified senior management of the Group.

企業管治常規

本公司致力保持高水準之企業管治。本公司董事會相信，對本集團增長及對保障及提高股東權益而言，完善及合理的企業管治常規實在不可或缺。本公司於年內一直遵守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14所載之企業管治守則及企業管治報告（「守則」）。董事局承諾，在本公司董事（「董事」）認為適用於本公司及切實可行的前提下，遵守守則所載的守則條文行事。

本集團內管理架構以主席領導的董事會為首，其目標是持續不斷為股東創造價值。

主席負責領導並監督董事會，使其得以有效發揮功能。在首席執行官及公司秘書的支援下，主席批准董事會會議議程，並確保董事獲給予恰當簡報，且及時就一切有關董事會的事宜發放充足可靠的資料。

主席與首席執行官的職務明確劃分，職務由不同人士擔任。首席執行官負責領導管理層，專門負責本集團的日常營運。

董事之證券交易

本公司已於2005年採納上市規則附錄10所載之上市發行人董事進行證券交易的標準守則（「標準守則」）作為董事進行證券交易之行為守則。本公司經向所有董事作出具體查詢後，全體董事皆確認於截至2018年12月31日止年度內均遵守標準守則所載之規定守則。標準守則亦適用於本集團之特定高級管理層。

Corporate Governance Report

企業管治報告

BOARD OF DIRECTORS

Composition and role

The Board comprises:

Executive Directors

Ms. Wai Siu Kee (*Chairman*)

Mr. Lee Man Yan (*Chief Executive Officer*)

Professor Chan Albert Sun Chi

Mr. Yang Zuo Ning

Independent non-executive Directors

Mr. Wong Kai Tung, Tony

Mr. Wan Chi Keung, Aaron *BBS JP*

Mr. Heng Victor Ja Wei

The Board comprises four executive Directors (one of whom is the Chairman and one of whom is the Chief Executive Officer) and three independent non-executive Directors. The three independent non-executive Directors represent more than one-third of the Board. In addition, three of the independent non-executive Directors possess appropriate legal, professional accounting qualifications and financial management expertise.

The principal focus of the Board is on the overall strategic development of the Group. The Board also monitors the financial performance and the internal controls of the Group's business operations.

The independent non-executive Directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each independent non-executive Director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules. The Company has received from each independent non-executive Director an annual confirmation or confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The independent non-executive Directors are explicitly identified in all of the Company's corporate communications.

董事會

架構及角色

董事會包括：

執行董事

衛少琦女士(*主席*)

李文恩先生(*首席執行官*)

陳新滋教授

楊作寧先生

獨立非執行董事

王啟東先生

尹志強先生*BBS太平紳士*

邢家維先生

董事會包括4位執行董事(其中1位為主席及1位為首席執行官)及3位獨立非執行董事。3位獨立非執行董事佔董事會成員三分之一以上。此外，3位獨立非執行董事分別具適當之法律、專業會計師資格及財務管理經驗。

董事會主要著眼於本集團之整體策略及發展。董事會亦監察本集團之財務表現及經營業務之內部監控。

獨立非執行董事亦在確保及監察有效企業管治之架構中擔當非常重要的角色。董事會相信每一位獨立非執行董事均有其獨立性及判斷力，彼等均合乎上市規則規定之特定獨立準則。本公司已接獲各獨立非執行董事根據上市規則第3.13條規定所作出之年度獨立性確認函。而獨立非執行董事均可在本公司所有企業通訊內明確識別。

The Chairman is primarily responsible for drawing up and approving the agenda for each board meeting in consultation with all Directors. Notice of at least 14 days have been given to all Directors for all regular board meetings and the Directors can include matters for discussion in the agenda if necessary. Agenda and accompanying board papers in respect of regular board meetings are sent out in full to all Directors within reasonable time before the meeting. Draft minutes of all board meetings are circulated to Directors for comment within a reasonable time prior to confirmation.

Minutes of board meetings and meetings of board committees are kept by duly appointed secretaries of the respective meetings and all Directors have access to board papers and related materials, and are provided with adequate information in a timely manner, which enable the Board to make an informed decision on matters placed before it.

During the year, 6 full board meetings were held and the individual attendance of each Director is set out below:

主席經徵詢全體董事，首要負責草擬及審批每次董事會會議之議程。開會通知最少於常務會議14天前發送予各董事，如需要，董事可要求在議程內加插討論事項。召開常務會議時，一套完整議程連同開會文件會在開會前之合理時間內發送予各董事。草擬的會議紀錄亦會於合理時間內送交各董事省閱，方予確認。

董事會及董事委員會之會議紀錄由相關會議所委任之秘書保存，所有董事均有權查閱董事會文件及相關資料及適時地獲提供足夠資料，使董事會可於決策事項前作出有根據的判斷。

於年內，已召開6次全體董事會，各董事出席情況詳列如下：

Name of Director	董事姓名	Number of board meetings attended 出席會議次數
Ms. Wai Siu Kee	衛少琦女士	6
Mr. Lee Man Yan	李文恩先生	6
Professor Chan Albert Sun Chi	陳新滋教授	6
Mr. Yang Zuo Ning	楊作寧先生	5
Mr. Wong Kai Tung, Tony	王啟東先生	6
Mr. Wan Chi Keung, Aaron <i>BBS JP</i>	尹志強先生 <i>BBS太平紳士</i>	6
Mr. Heng Victor Ja Wei	邢家維先生	6

Each newly appointed Director receives comprehensive, formal and tailored induction on his appointment, so as to ensure that he has appropriate understanding of the business and operations of the Group and that he is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements. There are also arrangements in place for providing continuing briefing and professional development to Directors at the Company's expenses whenever necessary.

各新委任董事獲委任時均會獲得一項全面、正規及切合個人需要的入職指引，以確保彼對本集團業務及運作有恰當的了解，並全面知悉其根據上市規則及有關法例規定下之職責及責任。在有需要時，本公司亦會安排向董事提供持續簡介及專業發展，費用由本公司承擔。

The Company provides regular updates and presentations on changes and developments relating to the Group's business and the legislative and regulatory environments to the Directors at Board meetings or through emails.

本公司就本集團業務發展及立法及監管環境之變動，於董事局會議內或通過發送電子郵件向董事提供定期更新及呈列。

Corporate Governance Report

企業管治報告

The Directors are committed to complying with Code Provision A.6.5 of the Code on directors' training. All Directors have participated in continuous professional development to develop and refresh their knowledge and skills and provided a record of training they received for the year ended 31 December 2018 to the Company. The type of training received is summarized below:

董事承諾遵守守則有關董事培訓之守則條文第A.6.5條，截至2018年12月31日止年度，全體董事均有參與發展及更新彼等知識及技能之持續專業發展，並已向本公司提供彼等所接受培訓的類型如下：

Name of Director	董事姓名	Reading regulatory updates 閱讀監管規定更新資料	Attending external seminars/ programmes 參與外界機構舉辦研討會／活動
Executive Directors	執行董事		
Ms. Wai Siu Kee	衛少琦女士	✓	✓
Mr. Lee Man Yan	李文恩先生	✓	✓
Professor Chan Albert Sun Chi	陳新滋教授	✓	✓
Mr. Yang Zuo Ning	楊作寧先生	✓	✓
Independent non-executive Directors	獨立非執行董事		
Mr. Wong Kai Tung, Tony	王啟東先生	✓	✓
Mr. Wan Chi Keung, Aaron <i>BBS JP</i>	尹志強先生 <i>BBS太平紳士</i>	✓	✓
Mr. Heng Victor Ja Wai	邢家維先生	✓	✓

AUDIT COMMITTEE

The Audit Committee was established in 2001 and its current members include:

Mr. Heng Victor Ja Wei (*Chairman*)
Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron *BBS JP*

The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in accounting, business and legal on the Audit Committee. The composition and members of the Audit Committee complies with the requirements under Rule 3.21 of the Listing Rules. The written terms of reference which describe the authority and duties of the Audit Committee were adopted in March 2012 to conform to the provisions of the Code, and revised in January 2019 to reflect the relevant amendments of the Corporate Governance Code. A copy of which is posted on the Company's website.

審核委員會

審核委員會於2001年成立，其現時成員包括：

邢家維先生(主席)
王啟東先生
尹志強先生*BBS太平紳士*

董事會認為各審核委員會成員均具備廣泛營商經驗，審核委員會當中兼備合適之會計、商業及法律專業。審核委員會之架構及成員符合上市規則第3.21條之規定。為符合守則條文，載列審核委員會權限及職責的書面職權範圍已於2012年3月被採納，並已於2019年1月經修訂，以反映企業管治守則之相關修訂。職權範圍全文已刊載於本公司網頁內。

The Audit Committee meets regularly to review the Group's financial reporting and other information to shareholders, the system of internal controls, risk management and the effectiveness and objectiveness of the audit process. The Audit Committee also provides an important link between the Board and the Company's auditors in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the auditors.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the financial statements for the year ended 31 December 2018.

During the year, 3 Audit Committee meetings were held and the individual attendance of each member is set out below:

審核委員會定期開會以檢討本集團之財務匯報及給予股東之其他資料、內部監控系統、風險管理及審核過程之有效性及客觀性。審核委員會並為董事會及公司核數師之間之重要橋樑，在其職權範圍內持續檢討核數師之獨立性及客觀性。

審核委員會已與管理層檢討本集團所採納之會計原則及慣例，並已就內部監控及財務匯報等事項進行討論，其中包括審閱截至2018年12月31日止年度之財務報表。

年內，共召開3次審核委員會會議，個別成員的出席情況詳列如下：

Name of Director	董事姓名	Number of attendance	出席會議次數
Mr. Heng Victor Ja Wei	邢家維先生		3
Mr. Wong Kai Tung, Tony	王啟東先生		3
Mr. Wan Chi Keung, Aaron BBS JP	尹志強先生BBS太平紳士		3

REMUNERATION COMMITTEE

The Remuneration Committee was established in 2005 and its current members include:

Mr. Heng Victor Ja Wei (*Chairman*)
Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron BBS JP

All members of the Remuneration Committee are independent non-executive Directors. The Remuneration Committee advises the Board on the Group's overall policy and structure for the remuneration of Directors and senior management. The Remuneration Committee ensures that no Director or any of his associate is involved in deciding his own remuneration. The terms of reference of the Remuneration Committee were adopted in March 2012 to conform to the provisions of the Code, a copy of which is posted on the Company's website.

In determining the emolument payable to Directors, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and the desirability of performance-based remuneration.

The Remuneration Committee has met during the year to determine the policy for the remuneration of Directors and assess performance of executive Directors and certain senior management and all members have attended in the meeting.

薪酬委員會

薪酬委員會於2005年成立，其現時成員包括：

邢家維先生(主席)
王啟東先生
尹志強先生BBS太平紳士

所有薪酬委員會成員均為獨立非執行董事。薪酬委員會為董事及高級管理層之薪酬之整體政策及架構向董事會作出建議。薪酬委員會確保概無董事或其任何聯繫人參與釐定其本身之薪酬。為符合守則條文，薪酬委員會的職權範圍已於2012年3月被採納，並已刊載於本公司網頁內。

在釐定應付予董事之酬金時，薪酬委員會乃考慮各項因素，包括同業薪金水平，董事所奉獻之時間及其職責，集團內部的僱傭情況及與表現掛鉤之酬金。

薪酬委員會已於本年度開會以釐定董事之酬金政策及評估執行董事及若干高級管理層之表現，所有成員均有出席會議。

Corporate Governance Report

企業管治報告

NOMINATION COMMITTEE

The Nomination Committee was established in March 2012 and its current members include:

Ms. Wai Siu Kee (*Chairman*)
Mr. Heng Victor Ja Wei
Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron *BBS JP*

The majority members are independent non-executive Directors. The principal duties of the Nomination Committee include reviewing the Board 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. The terms of reference of the Nomination Committee were adopted in March 2012 to conform to the provisions of the Code, and revised in August 2013 and January 2019 to reflect the relevant amendments of the Corporate Governance Code. A copy of which is posted on the Company's website.

The Nomination Committee reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. One Nomination Committee meeting was held during the year and all members have attended in the meeting.

Nomination Policy

Objectives

The key objectives of the Nomination Policy (the "Nomination Policy") shall inter-alia include the following:

- to set out the criteria and process for the nomination and appointment of Directors of the Company
- to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business; and
- to ensure the Board's continuity and appropriate leadership at the Board level.

提名委員會

提名委員會於2012年3月成立，現時成員包括：

衛少琦女士(*主席*)
邢家維先生
王啟東先生
尹志強先生*BBS太平紳士*

其大部份成員均為獨立非執行董事。提名委員會主要負責考慮及提名合適人選成為董事會成員，並負責定期檢討董事會構成，及制訂提名及委任董事之有關程序，就董事之委任及繼任計劃向董事會提供推薦意見，以及評估獨立非執行董事之獨立性。為符合守則條文，提名委員會的職權範圍已於2012年3月被採納並已於2013年8月及2019年1月經修訂，以反映企業管治守則之相關修訂。職權範圍全文已刊載於本公司網頁內。

提名委員會已檢討董事會目前之架構、規模及構成，以保證各董事具有適合本公司業務要求的均衡知識、技能及經驗。年內召開會議一次，所有成員均有出席會議。

提名政策

目標

提名政策(「提名政策」)的主要目標應包括(其中包括)以下內容：

- 就提名及委任本公司董事事宜，制定標準及程序；
- 確保董事會具有適用公司業務需要之相應技能、經驗及觀點多樣化的平衡；及
- 確保董事會的連續性及董事會層面的領導質素。

Appointment and Re-appointment of Director

Nomination Committee shall identify and ascertain the integrity, qualification, expertise and experience of the candidate who is considered for being appointed/re-elected as Director and apply due diligence in compliance with all applicable provisions of the laws of the Cayman Islands and the Listing Rules including any amendments thereto from time to time. Also, the Nomination Committee shall consider recommendations for candidates to the Board from shareholders of the Company.

The Nomination Committee shall obtain all applicable declarations and undertaking as provided under the laws of the Cayman Islands and the Listing Rules. In case of independent non-executive Directors, the Nomination Committee shall ensure that the independent non-executive Directors meet the criteria of independence as laid down in the Listing Rules.

While recommending any potential new Board member(s)/ re-appointment of existing member(s) to the Board, the Nomination Committee shall consider the following:

- candidate's character, integrity, qualifications including professional qualifications, skills, knowledge and experience and diversity criteria under the Board Diversity Policy of the Company which are relevant to the Company's business and corporate strategy, other commitments and the like;
- any measurable objectives adopted for achieving diversity on the Board;
- requirement for the Board to have independent Directors in accordance with the Main Board Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- the potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence, gender diversity and diversity of perspectives;
- willingness and ability to devote sufficient time to discharge duties as a member of the Board and/or Board committee(s);
- such other criteria which are appropriate to the Company's business and corporate strategy and the Board's succession plan and, where applicable, which may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of Directors and succession planning;
- any other factors as the Nomination Committee may deem fit to consider in the best interests of the Company and shareholders of the Company.

委任及續聘董事

提名委員會應辨識並確定被委任或重選為董事候選人的誠信、資格、專業知識和經驗，並根據所有適用的開曼群島法例及上市規則包括其不時作出的任何修訂來進行盡職調查。此外，提名委員會應考慮本公司股東向董事會提出的候選人建議。

提名委員會應根據開曼群島法例和上市規則的規定獲得所有適用的聲明和承諾。就獨立非執行董事而言，提名委員會應確保獨立非執行董事符合上市規則所載的獨立性之標準。

在向董事會推薦任何合適的新董事會成員／續聘現有董事會成員時，提名委員會應考慮以下事項：

- 候選人的性格、誠信、資歷包括專業資格、技能、知識、企業經驗、根據公司多元化政策制定的與公司戰略及業務相關的多元化標準及其他承諾等；
- 任何為實現董事會多元化而採取的任何可計量的目標；
- 董事會按上市規則要求設立獨立董事及該候選人是否根據上市規則所載之獨立準則被視為獨立人士；
- 候選人在資歷、技能、經驗、獨立性、多元化性別及多元化觀點方面能為董事會帶來的潛在貢獻；
- 願意並有能力投入足夠的時間履行董事會和／或董事會委員會成員的職責；
- 其他適用於公司業務及公司策略及董事會繼任計畫的準則，以及在適當情況下，董事會及／或提名委員會可不時採納及／或修訂的準則，以提名董事及／或進行繼任計畫；及
- 提名委員會認為對本公司及本公司股東最佳利益的任何其他因素。

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Once the Nomination Committee determines that an additional or replacement Director is required, the Nomination Committee may take such measures that it considers appropriate in connection with its evaluation of a candidate, including inquiry of the person or persons making the recommendation or nomination, engagement of an outside search firm to gather additional information, or reliance on the knowledge of the members of the Nomination Committee, the Board or management.

The Nomination Committee may retain the services of other professional third parties to assist in identifying and evaluating potential candidates.

The Nomination Committee and the Board shall ensure that the composition of the Board is in conformity with the laws of the Cayman Islands, the Listing Rules and all other applicable laws and regulations.

In accordance with the Articles of Association and applicable laws and regulations, Mr. Lee Man Yan and Professor Chan Albert Sun Chi, shall retire by rotation and being eligible, offer themselves for re-election at the next forthcoming annual general meeting.

The Nomination Committee recommended the re-appointment of the Directors standing for re-election at the forthcoming annual general meeting of the Company.

BOARD DIVERSITY

The Company has devised a policy on Board diversity to ensure adequate diversity in its Board, with effect from 1 January 2019.

Vision

The Company believes diversity is important to enhance the Board's effectiveness by encouraging a diversity of perspectives and to maintain high standards of corporate governance. The Company will continue to monitor and develop new objectives for implementing and achieving improved diversity on the Board as and when it considers appropriate with regard to the specific needs of the Company and the market from time to time.

Policy Statement

The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

當提名委員會確定需要增加或替換董事，提名委員會可以採取其認為合適及相關的措施評估候選人包括對提出推薦或提名的人員進行查詢、聘用外間調查公司收集其他信息、或依賴提名委員會、董事會或管理層成員的知識。

提名委員會可以聘用其他專業第三方提供服務以協助辨識和評估合適的候選人。

提名委員會和董事會應確保董事會的組成符合開曼群島法例、上市規則和所有其他適用法律法規。

根據組織章程細則及適用法律法規，李文恩先生及陳新滋教授先生將於應屆股東週年大會上輪值告退，惟符合資格並願意膺選連任。

提名委員會建議重新委任願意於本公司應屆股東週年大會上膺選連任之董事。

董事會多元化

本公司已制定董事會成員多元化政策以確保董事會充分多元化，自2019年1月1日生效。

願景

本公司深信，多元化政策能夠鼓勵不同觀點百花齊放，對提升董事會效能及維持高水平企業管治至關重要。本公司將繼續因應本公司和市場不時的具體需求，在其認為有需要時監察及訂立新目標，藉以提升董事會的多元性。

政策聲明

公司認可到並接納董事會多元化的成效，並將董事會層面的多元化視為保持本公司競爭優勢的一個重要因素。

Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, which will include but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and the like. The ultimate decision will be based on overall contribution that the selected candidates will bring to the Board and the Company.

Review of the Policy

The Nomination Committee will monitor the implementation of the Policy and will from time to time review the Policy, as appropriate, to ensure the effectiveness of the Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

During the year, the Company continued to monitor the board composition with regard to its diversity policy which requires board appointments to be made based on merit and candidates to be considered against an objective criteria, including diversity. In order to maintain an appropriate mix and balance of talent, skills, experience and background on the Board, the Nomination Committee developed measurable objectives to implement this policy and monitored progress towards achieving these objectives during the year ended 31 December 2018.

The current board composition was also evaluated by reference to, among other things, the age, gender, cultural and educational background and professional experience of each director, against the Company's business model and specific needs.

EXTERNAL AUDITOR

For the year ended 31 December 2018, the fee payable to the Company's external auditor in respect of audit and non-audit services provided to the Company and its subsidiaries is set out below:

		HK\$'000 千港元
Audit services	審計服務	1,575
Non-audit services (including review of continued connected transactions and other services)	非審計服務(包括持續關連交易之審閱及其他服務)	225
		<u>1,800</u>

可計量目標

甄選人選將按一系列多元化範疇為基準，當中將包括但不限於性別、年齡、文化及教育背景、專業經驗、技能、知識等。最終將按入選候選人可為本公司及董事會帶來的整體貢獻而定。

政策檢討

提名委員會將監察該政策的執行，並將不時在適當時候檢討該政策，以確保該政策行之有效。提名委員會將會討論任何或需作出的修訂，供董事會考慮及審批。

年內，本公司繼續監察董事會組成的多元化政策，該政策要求董事會委任以用人唯才為原則，並以多元化等客觀條件考慮董事人選。提名委員會為令董事會保持適當的才能、技能、經驗及背景組合及平衡，已訂立可計量目標以實施上述政策，並於截至2018年12月31日止年度監察達成有關目標的進度。

公司亦參照每名董事的年齡、性別、文化及教育背景以及專業經驗等方面，因應本公司的業務模式及具體需求評核現任董事會的組成。

外聘核數師

於截至2018年12月31日止年度，就本公司及其附屬公司獲提供的審計及非審計服務向本公司外聘核數師應付的費用載列如下：

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RISK MANAGEMENT AND INTERNAL CONTROL

The Group's risk management and internal control systems provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage its risks across business operations effectively.

The Group has established a risk management framework, which consists of the Board of Directors, the Audit Committee and the Risk Management Taskforce (i.e. Senior Management). The Board of Directors determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the design, implementation and the overall effectiveness of risk management and internal control systems.

The Group has formulated and adopted Risk Management Policy in providing direction in identifying, evaluating and managing significant risks. At least on an annual basis, the Risk Management Taskforce identifies risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritises the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established and assigned for those risks considered to be significant.

In addition, the Group has engaged an independent professional advisor to provide internal audit services, which assist the Board and the Audit Committee in ongoing monitoring of the risk management and internal control systems of the Group. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remediation actions are taken.

Risk management report and internal control report are submitted to the Audit Committee and the Board of Directors at least once a year. The Board had performed annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to the Group's ability to cope with its business transformation and changing external environment; the scope and quality of management's review on risk management and internal control systems; result of internal audit work; the extent and frequency of communication with the Board in relation to result of risk and internal control review; significant failures or weaknesses identified and their related implications; and status of compliance with the Listing Rules. The Board considers the Group's risk management and internal control systems are effective.

The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

風險管理及內部監控

本集團的風險管理及內部監控系統透過清晰的管治架構、政策及程序及彙報機制，有效地管理本集團各業務範疇的風險。

本集團已成立風險管理組織架構，由董事會、審核委員會及風險管理小組（集團管理層）組成。董事會負責評估及釐定本集團達成策略目標時所願意接納的風險性質及程度，並確保本集團設立及維持合適及有效的風險管理及內部監控系統。董事會亦全權負責監督風險管理及內部監控系統的設計、實施及監察其整體有效性。

本集團亦已制定及採納企業風險管理制度，提供有效的辨認、評估及管理重大風險的政策。風險管理小組至少每年一次對影響集團實現業務目標的風險事項進行識別，並通過規範的機制進行評估及排序，對主要風險制定風險緩解計畫及指定風險負責人。

此外，本集團外聘獨立專業機構提供內部審計服務，以協助董事會及審計委員會持續監督本集團的風險管理及內部監控系統，識別內部控制設計及運行中的缺陷並提出適當的改進意見。如發現嚴重的內部監控缺失，會及時向審核委員會及董事會彙報確保採取及時補救措施。

風險管理報告和內部審計報告均至少每年提交審核委員會及董事會。董事會已就本集團的風險管理及內部監控系統是否有效進行年度檢討，包括但不限於集團應付其業務轉變及外在環境轉變的能力、管理層持續監察風險管理及內部監控系統的工作範疇及素質、內部審計工作結果、向董事會傳達風險及內部監控結果的詳盡程度及次數、期內發生的重大監控失誤或發現的重大監控弱項以及有關影響、集團就上市規則的遵守情況等，並確認現有的風險管理及內部監控系統的有效性。

上述風險管理及內部監控系統旨在管理而非消除未能達成業務目標的風險。因此，該等系統只能就不會有重大的失實陳述或損失作出合理而非絕對的保證。

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group complies with requirements of Securities & Futures Ordinance (“SFO”) and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the Safe Harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

DIRECTORS’ RESPONSIBILITY STATEMENT

The directors are responsible for the preparation of accounts for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 31 December 2018, the directors have selected suitable accounting policies and applied them consistently adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards made adjustments and estimates that are prudent and reasonable and have prepared the accounts on the going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

SHAREHOLDERS’ RIGHTS

The Company has only one class of shares. All shares have the same voting rights and are entitled to the dividend declared. The rights of the shareholders of the Company (“Shareholders”) are set out in Company’s Articles or Association.

Shareholders of the Company can: (i) convene an extraordinary general meeting (ii) forward enquiries to the board of directors (iii) forward proposals at shareholders’ meetings and (iv) nominate Directors for election. Details of relevant procedures are available on the Company’s website.

處理及發放內幕消息的程式和內部監控措施

本集團遵循證券及期貨條例和上市規則的規定，於知悉任何內幕消息後，在合理地切實可行的範圍內，會儘快向公眾披露該消息，除非有關消息屬於證券及期貨條例下任何安全港條文的範圍。本集團在向公眾全面披露有關消息前，會確保該消息絕對保密。若本集團認為無法保持所需的機密性，或該消息可能已外洩，會即時向公眾披露該消息。本集團亦致力確保公告中所載的資料不得在某事關重要的事實方面屬虛假或具誤導性，或因遺漏某事關重要的事實而屬虛假或具誤導性，以清晰及均衡方式對正面及反面事實作出披露。

董事的職責

董事須負責編製各財政期間能真實與公正地反映本集團之財政狀況及該期間之業績及現金流量之賬目。在編製截至2018年12月31日止年度之賬目時，董事已貫徹採用合適之會計政策，採納合適的香港財務報告準則及香港會計準則，作出審慎及合理的調整及評估，及在持續進行有關業務之基準而編製。董事亦須負責保存適當之會計紀錄，以能合理準確地披露本集團在任何時候之財務狀況。

股東權利

本公司僅擁有一類股份，所有股份均擁有相同的投票權並可獲派已宣派之股息。本公司股東（「股東」）的權利載於本公司細則。

本公司股東可以(i)召開股東特別大會；(ii)向董事會提出查詢；及(iii)在股東大會上提出建議；及(iv)提名候選董事；相關程序詳情可於本公司網站查閱。

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INVESTOR RELATIONS AND COMMUNICATION

The Board is committed to providing clear and full information about the Group's performance to shareholders through the publication of interim results and annual results in a timely manner. In addition to dispatching circulars, notices and financial reports to shareholders, additional information is also available to shareholders on the website of the Company.

The annual general meeting provides a useful platform for shareholders to raise comments and exchange views with the Board. Shareholders are encouraged to attend annual general meetings for which the Company gives at least 21 days' notice. The Chairman and Directors and external auditors are available to answer questions on the Company's businesses at the meeting.

Separate resolutions are proposed at the general meetings on each substantially separate issue, including the election of individual directors. In addition, poll voting procedure is included in the circular to shareholders dispatched together with the annual report.

Dividend Policy

The Board considers sustainable returns to shareholders to be one of the main objectives of the Company. Stable dividend payment to shareholders is the primary objective of the Company.

Under the applicable laws of the Cayman Islands and the Articles of Association of the Company, all of the shareholders have equal rights to dividends and distributions. The Board determines the interim dividend and recommends the final dividend which requires the approval of shareholders. In addition to cash, dividends may be distributed in the form of shares. Any distribution of shares also requires the approval of shareholders.

與投資者交流及溝通

董事會致力透過刊發中期業績及年度業績，適時地將本集團之表現清晰及全面地提供予股東。除發送通函、通告及財務報告予股東外，股東亦可透過本公司網頁獲取額外資訊。

股東週年大會提供一個良好的平台讓股東向董事會發表及交流意見。本公司發出不少於21天之通告以鼓勵股東出席股東週年大會。主席、董事及外聘核數師均會列席會議以便回答本公司業務上之提問。

各重大獨立事項(包括個別董事之選任)均會於股東週年大會上單獨提呈決議案。此外，載有投票表決程序之通函會與年報一併寄發予股東。

股息政策

董事會認為可持續的股東回報是主要目標之一。向股東支付穩定的股息是本公司的主要方針。

根據開曼群島的適用法律及本公司的組織章程細則，所有股東享有股息及分派的平等權利。董事會所釐定之中期股息及建議末期股息需要股東批准。除現金外，股息可以股份形式分派，任何股份分派亦需要股東批准。



Retained surplus can be used to achieve growth in corporate value. The Board has been making effective use of retained surplus to strengthen the operating base and the development of businesses. According to the dividend policy adopted by the Company on 1 January 2019, the Board takes into account the following factors when considering the declaration and payment of dividends:

- financial results;
- cash flow situation;
- availability of distributable profits;
- business conditions and strategies;
- future operations and earnings;
- development plans;
- cash requirements;
- capital requirements and expenditure plans;
- interests of shareholders as a whole;
- any restrictions on declaration and/or payment of dividends; and
- any other factors the Board may deem relevant.

In practice, the Company will not declare any dividend(s) where:

- there are reasonable grounds for believing that the Company is or would be, after a dividend payment, unable to pay its liabilities or discharge its obligations as and when they become due;
- pursuant to dividend decision date, the Company is insolvent or bankrupt or where, as a result of paying dividends, the Company would be rendered insolvent or bankrupt; or
- there is any other case set forth by any law.

CONSTITUTIONAL DOCUMENTS

There was no significant change in the Company's constitutional documents for the year ended 31 December 2018.

保留溢利能用於實現企業價值增長。董事會一直有效地運用保留溢利以鞏固業務基礎和發展業務。根據公司於2019年1月1日所採納的股息政策，董事會在考慮宣派及派付股息時，會考慮以下因素：

- 財務業績；
- 現金流情況；
- 可分配利潤的可用情況
- 經營環境和策略；
- 未來經營和收益；
- 發展企劃；
- 現金需求；
- 資本要求及支出計劃；
- 股東的整體利益；
- 任何就股息宣派和／或支付的限制；及
- 董事會可能認為相關的任何其他因素。

在實踐過程中，本公司在以下情況下將不會宣派任何股息：

- 有合理理由相信本公司在支付股息後出現或將會出現無法償還其債務或無法履行其責任；
- 根據股息釐定日期，本公司無力償債或破產、或因支付股息而導致本公司無力償債或破產；或
- 任何法律規定之任何其他情況。

組織章程文件

本公司之組織章程文件於截至2018年12月31日止年度並無重大變動。

Environmental, Social and Governance (ESG) Report

環境、社會及管治報告



With the growing concern of society about corporate social responsibility and to allow various stakeholders to better understand the environmental, social and governance policies and measures of Lee & Man Chemical Company Limited (“Lee & Man Chemical”, “Group”, “the Group” or “We”) and their effectiveness, the Group has, in accordance with requirements of Appendix 27 “Environmental, Social and Governance Reporting Guide” to the Main Board Listing Rules of Hong Kong Stock Exchange (HKEX), prepared this ESG Report (the “report”).

The report covers the Group’s main business relating to manufacture of chemical products in the People’s Republic of China (the “PRC”) during 1 January 2018 to 31 December 2018 (the “reporting period”).

The Board of the Group is responsible for overseeing the strategies, policies and measures of the Group in environmental, social and governance areas, while the management is responsible for the implementation thereof, so as to ensure the effectiveness of the Group’s risk management and corresponding internal control system in environment, society and governance, and facilitate the Group’s sustainable development.

To ensure that the content and information of the report meets the expectations of various stakeholders, the Group has invited the respective management and general staff of different departments to participate in the preparation of the report. By inspecting the Group’s operations,

隨著社會各界對企業社會責任愈趨關注，為了讓各持份者更加瞭解理文化工有限公司(下稱「理文化工」、「集團」、「本集團」或「我們」)在環境、社會及管治方面的政策、措施以及績效，本集團按照香港交易所主版上市規則附錄二十七《環境、社會及管治報告指引》的要求編製了本環境、社會及管治報告(下稱「本報告」)。

本報告覆蓋集團於2018年1月1日至2018年12月31日期間(下稱「報告期間」)在中國與生產化工產品有關的主營業務。

本集團之董事會負責監督集團於環境、社會及管治範疇中的策略、政策及措施，管理層則負責執行，確保集團在環境、社會及管治方面的風險管理及相應的內部監控系統之有效性，促進集團的可持續發展。

為使本報告內容及資訊能夠符合各持份者的期望，集團邀請了各部門的管理層及員工參與報告編製。通過檢視集團運作，瞭解環境、社會及管治範疇內的業務以及分析該類

they can understand the Group's business in environmental, social and governance sense and analyze their importance to stakeholders. We have formulated the following reporting areas for this report:

業務對持份者的重要性，我們為本報告制定了以下匯報範疇：

Areas under “Environmental, Social and Governance Reporting Guide” of HKEX

港交所「環境、社會及管治報告指引」範疇

Key Environmental, Social and Governance Areas of the Group

本集團重要的環境、社會及管治範疇

A. Environment
環境

A1. Emissions 排放物	<ul style="list-style-type: none"> • Treatment of emissions • Gas emission • Greenhouse gases emission • Hazardous exhaust emission • General waste • Emission reduction measures and results achieved • Measures for treating hazardous waste and results achieved 	<ul style="list-style-type: none"> • 對排放物的整治 • 氣體排放 • 溫室氣體排放 • 有害廢物排放 • 一般廢棄物 • 減排措施及所得成果 • 處理有害廢棄物措施及所得成果
A2. Use of Resources 資源使用	<ul style="list-style-type: none"> • Policies on the use of resources • Energy consumption • Water use • Packaging materials • Energy use efficiency initiatives and results achieved • Water use efficiency Enhancement and results achieved 	<ul style="list-style-type: none"> • 對資源使用政策 • 能源耗量 • 水源使用 • 包裝物料 • 能源使用效益計劃及所得成果 • 提升用水效益及所得成果
A3. The Environment and Natural Resources 環境及天然資源	<ul style="list-style-type: none"> • Noise protection 	<ul style="list-style-type: none"> • 噪音防護

B. Social
社會

B1. Employment 僱傭	<ul style="list-style-type: none"> • Employment relations 	<ul style="list-style-type: none"> • 僱傭勞資關係
B2. Health and Safety 健康與安全	<ul style="list-style-type: none"> • Health and safety 	<ul style="list-style-type: none"> • 健康與安全
B3. Development and Training 發展及培訓	<ul style="list-style-type: none"> • Development and training 	<ul style="list-style-type: none"> • 發展及培訓
B4. Labour Standards 勞工準則	<ul style="list-style-type: none"> • Labour standards 	<ul style="list-style-type: none"> • 勞工準則

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本集團重要的環境、社會及管治範疇

B5.	Supply Chain Management 供應鏈管理	• Supply chain management	• 供應鏈管理
B6.	Product Responsibility 產品責任	• Product quality control and responsibility	• 產品質量管控和責任
B7.	Anti-corruption 反貪污	• Anti-corruption standards	• 反貪污準則
B8.	Community Investment 社區投資	• Care for Community	• 關愛社區

A. ENVIRONMENTAL PROTECTION

The Group is committed to environmental protection and has adopted various measures and monitoring methods to fulfil its environmental protection obligations. A safety and environment department has setup, with dedicated management personnel for handling safety and environmental protection issues. They continually follow up with relevant environmental laws and regulations and keep themselves abreast of relevant updates, ensuring that various departments of the Company also perform according to the requirements of the government on environmental protection and eliminating any behaviors which are in violation of environmental laws and regulations.

Aspect A1 Treatment of Emissions

The two factories in the PRC, namely Jiangsu Lee & Man Chemical Limited (“Jiangsu L&M Chemical”) and Jiangxi Lee & Man Chemical Limited (“Jiangxi L&M Chemical”), strictly follow the “Montreal Protocol” and “Vienna Convention for the Protection of the Ozone Layer”. Chloromethane production is equipped with devices for conversion of carbon tetrachloride into chloroform, transforming all greenhouse gases into products of the Company and effectively achieving zero emission of carbon tetrachloride.

Smoke and gas emissions from power stations of Jiangxi L&M Chemical are in compliance with GB13223-2011 Standard. In 2018, the average emission values of the power stations during normal operation were as follows: sulphur dioxide 20.46mg/m³, nitrogen oxide 68.85mg/m³, smoke and dust 9.17mg/m³, all meeting emission standards. At Jiangxi L&M Chemical, we execute 24-hour monitoring of smoke and gas emissions and real-time data are transmitted to the website of the municipal environmental protection bureau.

A. 環境保護

本集團一直致力環境保護，並採取多項措施及監控方法履行對保護環境的責任。公司成立安環部，配備專職安全、環保管理人員，持續跟進相關環保法律，瞭解規定的更新條文，並確保公司各部門執行政府對環保提出的所有要求，杜絕任何違反環保法律及規定的行為。

層面A1 對排放物的整治

國內兩廠(江蘇理文化工有限公司(下稱「江蘇理文化工」)和江西理文化工有限公司(下稱「江西理文化工」)嚴格按照《蒙特利爾議定書》和維也納保護臭氧層公約，在甲烷氯化物生產同時配置有四氯化碳轉氯仿裝置，把溫室氣體全部生產為公司的產品，有效完全實現四氯化碳零排放。

江西理文化工電站煙氣排放符合GB13223-2011標準，在2018年年度，正常運行時電站平均排放數值為二氧化硫：20.46mg/m³，氮氧化物68.85mg/m³，煙塵9.17mg/m³，均達標排放。在江西理文化工，煙氣24小時在綫，實時傳送至市環保局網站。

In 2018, Jiangsu L&M Chemical put into use an in-house developed system, with an incinerator of raffinate and tail gas for carbon tetrachloride conversion, whose final emissions are harmless and are in compliance with GB31571-2015 and DB32/3151-2016 standards. The average values of major emissions during normal operation were as follows: hydrogen chloride 2.29mg/m³, sulphur acid mist 0.2mg/m³, non-methane hydrocarbon 1.78mg/m³, all meeting emission standards. At Jiangsu L&M Chemical, we also execute 24-hour monitoring of smoke and gas emissions and real-time data are transmitted to the website of the municipal environmental protection bureau.

The two factories in the PRC have their environmental protection targets on a yearly basis. Through technological innovation and enhancement of control, we ensure that the Company's environmental protection efforts meet or outperform government requirements. Some key performance indicators (KPIs) of 2018 are set out in the table below:

江蘇理文化工在2018年年度投入使用一個四氯化碳殘液及尾氣進行無害化焚燒，最終排放符合GB31571-2015和DB32/3151-2016標準，正常運行時，主要排放物平均值為氯化氫：2.29mg/m³，硫酸霧：0.2mg/m³，非甲烷總烴：1.78mg/m³，均達標排放。在江蘇理文化工亦做到24小時在綫，實時傳送至市環保局網站。

國內兩廠每年都會訂下環境保護目標，通過技術革新，提高管理力度，確保公司環保事務符合併滿足或高於政府的要求，其中2018年度的一些主要關鍵績效指標(關鍵績效指標)見下表：

Key Performance Indicators (KPIs)

關鍵績效指標	Name	名稱	Unit 單位	Year of 2018 2018年	Year of 2017 2017年
A1.1 ^①	Nitrogen oxide (NO _x) emissions	氮氧化物排放量(NO _x)	Ton 噸	430.3	477.8
	Sulphur dioxide (SO ₂) emissions	二氧化硫排放量(SO ₂)	Ton 噸	128.2	348.4
	Particulate emission (in terms of smoke and dust)	粒狀物總量排放量 (以煙塵計)	Ton 噸	57.5	124.7
A1.2	Total carbon dioxide emission (CO _{2e}) from power plants	來自發電廠的二氧化碳總 量(CO _{2e})排放	kTon 千噸	2,300.6	1,983.8
	Chemical carbon dioxide emission	屬於化工的二氧化碳 排放	kTon 千噸	910.0	811.6
	Intensity of carbon dioxide emission from power generator (electricity supply)	發電組合(供電)的 二氧化碳排放強度	kg/kwh 千克/千瓦時	0.9	1
A1.3 ^②	Total hazardous waste	有害廢物產量	Ton 噸	2,341.4	1,565.1
A1.4 ^③	Total general waste	一般廢物產量	Ton 噸	212,419.2	263,072.0

Note:

註：

- ① Reduction of sulphur dioxide, smoke and dust emissions is due to the transformation and operation of the ultra-low-emissive desulfurizing tower for the power stations of Jiangxi L&M Chemical.
- ② Increase in the hazardous waste is due to the increase in content of waste containing activated aluminium oxide after the expansion of production, and the Company has properly disposed of such waste with external qualified entities.
- ③ Reduction of general waste is due to improvement of coal quality caused by ultra-low emission transformation of boilers. The average ash content of coal purchased in 2018 is also lower than that in 2017, therefore, the production of general solid waste, such as coal ash and cinder, declined.

- ① 二氧化硫、煙塵排放減少是因江西理文化工電站脫硫塔超低排放改造完成並投入使用。
- ② 有害廢物增加是因擴產後增加廢活性氧化鋁的產生，公司已與有資質單位妥善處理該等廢棄物。
- ③ 一般廢物量減少因鍋爐超低排放改造對煤質量提高，2018年採購的燃燒煤平均灰分亦比2017年降低，因而一般固廢煤灰煤渣的產生量下降。

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KPI A1.5 DESCRIPTION OF MEASURES TO MITIGATE EMISSIONS AND RESULTS ACHIEVED

關鍵績效指標 A1.5 減低排放量的措施及 所得成果

1. Measures to mitigate emissions

With due regards to the prevention and control of atmospheric pollutants, Jiangsu L&M Chemical ensures that the emission of atmospheric pollutants is up to standards by stepping up investments in environmental protection and implementation of technological upgrade plan for environmental protection. Supported by Foreign Cooperation Center for Environmental Protection of the Ministry of Ecological Environment, Jiangsu L&M Chemical implemented a technical improvement project of carbon tetrachloride raffinate disposal facility (500t/year) in 2018, which incinerated the raffinate produced by chloromethane workshop in a harmless way, so that all raffinate could be disposed in the plant to avoid the environmental risks occurred during transfer and disposal. While achieving standard-compliant emission, implementation of the project will lead to emission reduction of 36.82 tons/year (equivalent to 84.4% decrease), which can effectively contribute to improving the cleanliness of atmospheric environment. The project received a financial award from Changshu Economic Development Zone of Jiangsu Province.

In 2018, Jiangsu L&M Chemical and Jiangxi L&M Chemical further improved online monitoring system for wastewater and waste gas. All emitting sources of waste gas and wastewater were equipped with online monitoring equipment and linked to the environmental protection bureau 24 hours a month, so that a comprehensive emission monitoring system could be formed to ensure a stable and up-to-standard emission.

The Company has established management system of the leak detection and repair ("LDAR"), which can find out the leaking point of production equipment through regular detection and then deal with it, so as to control the leakage loss of the VOCs and reduce the pollution to environment.

Flash evaporation device for wastewater has been built in chloromethane workshop by the two factories. By means of such device, organic compounds, namely methylene chloride, chloroform and carbon tetrachloride, in wastewater can be evaporated and recycled by means of the difference in boiling point, where the boiling point of organic compound is lower than that of water. Therefore, it ensures that emission of organic compounds in wastewater is up to standard while improving economic benefits can be augmented.

1、減排措施

江蘇理文化工高度重視大氣污染物的防治工作，通過加強環保投入及環保技術改造方案的實施確保大氣污染物達標排放。江蘇理文化工得到生態環境部環境保護對外合作中心的支持，在2018年實施了四氯化碳殘液處置設施500噸/年的技改項目，對甲烷氯化物車間產生的殘液進行無害化焚燒處置，實現全部廠內自行處置，規避了殘液轉移處置過程的環境風險。項目實施後在滿足達標排放的前提下可實現VOCs減排36.82噸/年(相當於可減排達84.4%)，可有效提升大氣環境潔淨度。該項目獲得了江蘇省常熟經濟開發區的資金獎勵。

在2018年，江蘇理文化工和江西理文化工兩廠進一步完善廢水、廢氣的線上監測系統，所有廢氣、廢水排放源均安裝線上監控設備並與環保局聯網全月24小時監控，形成全方位的排放監控體系，確保穩定達標排放。

公司建立了洩漏檢測與修復管理體系("LDAR")，通過定期檢測查找出生產裝置的密封洩漏點並及時處理，控制揮發性有機物(VOCs)物料洩漏損失，減少對環境造成污染。

兩廠在甲烷氯化物車間建設廢水閃蒸裝置通過有機物(二氯甲烷、氯仿、四氯化碳)與水的沸點不同(有機物沸點低)，將廢水中有機物蒸出回用。提升了經濟效益的同時確保了廢水中有機物的達標排放。

With regard to energy consumption in production and manufacturing, we adhere to standardized and regulated high-standard management of energy-saving. As the leading energy efficiency enterprise in Jiangsu Province, unit energy consumption of one of our main products, chloride methane, is approximately 228kgce/t (national advanced value is 235kgce/t and national average value is 260 kgce/t), and that of the sodium hydroxide products is about 313kgce/t (national advanced value is 315kgce/t and national average value is 329 kgce/t), outperforming industry standard.

In 2018, Jiangxi L&M Chemical completed the ultra-low emission transformation for boiler 1# and established "Demonstration Center of Circulating Fluidized Bed Boiler with Ultra-low Emission" with qualified suppliers. Boilers #2 and #3 are currently undergoing ultra-low emission transformation. It is expected that all boiler ultra-low emission transformation will be completed by 2020, which will reduce pollutant emissions more effectively and achieve energy-saving effects.

In advocacy of the spirit of the Ministry of Environmental Protection, the Company has carried out specific actions for environmental improvement, completed post-assessment on environmental impact and technological upgrade plan for environmental protection, and reduced discharge of pollutant by upgrading to more stringent benchmarks. Meanwhile, an "Implementation Plan for Rainwater System Improvement" has been devised by Factory Affairs Department to strengthen control over the rainwater system of the factory and improve the capability of resisting environmental risks.

2. Results achieved

The two factories in the PRC have taken the initiative to embark upon a system of clean production and energy management to encourage and augment energy saving and emission reduction.

The clean production system of Jiangsu L&M Chemical has been accepted and verified by Changshu Municipal Commission of Economic and Information Technology and Environmental Protection Bureau; its energy management system has also passed the evaluation conducted by Jiangsu Economic and Information Technology Commission. While the clean production system of Jiangxi L&M Chemical has been accepted by Environmental Protection Agency of Jiujiang, and its energy management system has passed ISO50001 verification.

在生產製造能耗方面，公司堅持規範節能高標準的管理，是江蘇省能效領跑企業，主產品甲烷氯化物的單位元能耗約在228kgce/t(國家先進值235kgce/t，全國平均值260 kgce/t)。燒鹼產品的單位能耗約在313kgce/t(國家先進值315kgce/t，全國平均值329 kgce/t)，優於同業標準。

江西理文化工熱電車間在2018年完成對1#鍋爐進行超低排放改造，並與有資質的供應商成立「超低排放循環流化床鍋爐示範中心」，2#、3#鍋爐目前正在進行超低排放改造，預計可在2020年之前提前完成所有鍋爐超低排放改造，可更有效減少污染物排放，實現節能效果。

公司積極鼓勵環保部精神，開展了環保整治專項行動，完成了環境影響後評價及環保技術改造方案，通過提標改造減少了污染物的排放。廠務部同時制定了「雨水系統整改實施方案」，加強了對廠區雨水系統的管理，提升了環境風險防範能力。

2、取得成果

國內兩廠積極開展清潔生產和能源管理體系，鼓勵和提升公司節能減排水平。

江蘇理文化工通過常熟市經信委及環保局的清潔生產驗收和認證，亦通過江蘇省經信委對能源管理體系的評價。江西理文化工的清潔生產通過九江市環保局的驗收，能源管理體系通過ISO50001驗證。

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Jiangsu L&M Chemical won "Green Enterprise Management Award in 2018" granted by the Council of China Environment News at the end of 2018. See below left picture.



江蘇理文化工在2018年年底取得由中國環境報社授予的「2018年度環保社會責任企業」。見左下圖片。



In August 2018, Jiangsu L&M Chemical passed the verification conducted by China Quality Certification Centre and obtained Verification Statement of Greenhouse Gas Emission, reaching the reasonable level of assurance which was prior negotiated. See above right picture.

江蘇理文化工在2018年8月取得溫室氣體核査陳述，通過中國品質認證中心的認證，達到預先商定的合理保證等級。見右上圖片。

Jiangxi L&M Chemical implemented the "Beautiful Factory Construction Action Plan", aiming to build a green and beautiful factory, and to achieve operation of an intelligent chemical factory.

江西理文化工實施了「美麗工廠建設行動計畫」，旨在建設綠色化工，美麗工廠，目的達至智慧化工廠的操作。

Attaining 100% rate for the treatment of hidden danger and being named a typical demonstration enterprise in Jiangxi Province, the Company was recognized as a "Superior Enterprise in Hidden Danger Investigation and Control" by Ruichang Municipal Safety Production Committee. See below left picture.

公司在隱患治理率達到100%，成為江西省典型示範企業，取得了由瑞昌市安全生產委員會授予的「隱患排查治理工作優勝企業」。見左下圖片。



The power station was honoured with “Demonstration Center of Circulating Fluidized Bed Boiler with Ultra-low Emission”. Please see above right picture.

動力發電站取得「超低排放循環流化床鍋爐示範中心」的榮譽。見右上圖片。

Jiangxi L&M Chemical – a scene of the green factory

江西理文化工－綠色廠區的現場



KPI A1.6

Description of how hazardous wastes are handled, reduction initiatives and results achieved

Different types of hazardous wastes of Jiangsu L&M Chemical, as well as Jiangxi L&M Chemical, are processed in strict accordance with the requirements of environmental laws and regulations by external qualified entities. We exercise whole – process control over compliance in the course of production, collection, storage, transfer and subsequent disposal of different types of hazardous wastes. Concurrently, we have enhanced our source management. Through optimizing production techniques, we gradually realize recycling and re-utilization and reduction in exhaust generation.

關鍵績效指標 A1.6

處理有害廢棄物方法，減低產生量的措施及所得成果

江蘇理文化工和江西理文化工兩廠對各類有害廢棄物均嚴格按照環保法律法規的要求，委託有資質單位進行無害化處置。公司對各類有害廢棄物從產生、收集、貯存、轉移和後續處置的合規性進行全過程管理。同時公司加強源頭管理，通過優化生產工藝，逐步實現循環再利用，減少廢棄物產生。

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ASPECT A2 POLICIES ON THE USE OF RESOURCES

Production at the two factories in the PRC involves such fuels as raw coal, liquefied natural gas (used in hydrogen fluoride production equipment), diesel and industrial water. We emphasize and encourage saving and efficient use of resources and have strengthened recycling and re-utilization to avoid wastage of resources. Some key performance indicators (KPIs) of 2018 are listed below:

層面A2 對資源使用的政策

在國內兩廠生產運營中，能源品種有原煤、液化天然氣(經用於氟化氫生產裝置)、柴油和工業水。本公司重視並鼓勵節約、高效利用資源，並加強回收循環利用，防止資源浪費。其中2018年度的一些主要關鍵績效指標(關鍵績效指標)見下表：

HK ESG

Guide

香港ESG

指引	Name	名稱	Unit 單位	Year of 2018 2018年	Year of 2017 2017年
A2.1	Total coal consumption	煤消耗總量	TJ 兆兆焦耳	18,300.3	14,529.4
	Coal consumption (for electricity supply)	煤消耗量(用於供電)	TJ 兆兆焦耳	11,834.8	9,875.6
	Total chemical coal consumption	屬於化工煤消耗總量	TJ 兆兆焦耳	9,664.7	8,549.7
	Chemical coal consumption (for electricity supply)	屬於化工煤消耗量 (用於供電)	TJ 兆兆焦耳	7,599.7	6,895.8
	Natural gas consumption (for electricity generation)	天然氣消耗量(用於發電)	TJ 兆兆焦耳	0	0
	Fuel consumption for boil fire ignition and diesel motor power generation	燃油消耗量 (用於熱電鍋爐 點火與柴油機發電)	TJ 兆兆焦耳	11.9	8.6
A2.2	Water discharge	水排放量	Cubic meter 立方米	232,359.0	262,723.0
A2.5	Total amount of packaging materials	成品用包裝材料總量	Ton 噸	33,982.8	19,000.6

Note: Increase in the total amount of packaging materials was mainly due to addition of styrene acrylic surface sizing agent and CPVC finished product packaging.

註：成品包裝材料總量增加主要為新增苯丙表面施膠劑及氯化聚氯乙烯成品包裝。

KPI A2.3 DESCRIPTION OF ENERGY USE EFFICIENCY INITIATIVES AND RESULTS ACHIEVED

關鍵績效指標A2.3 能源使用效益計劃及所得成果

The two factories in the PRC have achieved the following results in energy efficiency:

國內兩廠在能源效益上有以下成果：

- In places with high temperature reactive gas (e.g. chlorinated reactive gas from chlorinated methane device) and burning tail gas (e.g. high temperature pyrolysis gas of tetrafluoroethylene device, incinerator tail gas, tail gas from anhydrous hydrogen fluoride device and hot-blast stove), residual heat boiler or heat exchanger are installed for recycling steam or hot water so as to enhance energy use efficiency and lower energy consumption.
- Circulating fluidized bed boiler is adopted and heat efficiency reaches above 87%.

- 在有高溫反應氣(如甲烷氯化物裝置氯化反應氣)及燃燒尾氣(四氯乙烯裝置高溫裂解氣、焚燒爐尾氣、無水氟化氫裝置熱風爐尾氣等)的地方安裝餘熱鍋爐或換熱器回收蒸汽或熱水，提高能源利用效率以降低能耗。
- 鍋爐採用循環流化床鍋爐，鍋爐效率達87%以上。

- | | |
|--|---|
| <p>3. Circulating water of chloralkali plants and fluoride plants is reasonably allocated. Water pumps at circulating water stations are modified to reduce hydraulic head and lower electricity consumption for circulating water.</p> <p>4. Recycling tower of chloromethane workshop has been modified to reduce heat dissipation and improve efficiency of energy utilization.</p> <p>5. Oxidized tail gas turboexpander refrigerating generator set at the hydrogen peroxide workshop is connected with the photovoltaic power generation system distributed on the roof of Office Building 800 in the factory area.</p> <p>6. Circulating water pump for public works and chloromethane compressor have been equipped with frequency conversion control to reduce the energy consumption of the equipment.</p> <p>7. LED has replaced the high pressure sodium lamps for device lighting and road lamps in the factory area, so as to reduce cost by saving power and prolonging service life.</p> <p>8. Residual heat produced by the tail gas incinerator at the chloromethane workshop has been utilized to produce 0.8Mpa steam for self-use, reducing outsourcing heat.</p> | <p>3. 合理分配氯鹼廠、氟化廠循環水，將循環水站循環水泵改造以降低泵揚程，節約循環水用電。</p> <p>4. 甲烷氯化物裝置再循環塔改造，降低熱能消耗，提高能源利用效率。</p> <p>5. 雙氧水車間氧化尾氣渦輪膨脹製冷發電機組及生產廠區800辦公樓屋面分布式光伏發電系統並網運行。</p> <p>6. 公用工程循環水泵及氯甲烷壓縮機等設備加裝變頻控制，降低設備運行能耗。</p> <p>7. 裝置照明及廠區路燈將高壓鈉燈改為LED，節約電能，延長使用週期，降低成本。</p> <p>8. 甲烷氯化物車間尾氣焚燒裝置餘熱利用，副產0.8Mpa蒸汽自用，減少外購熱力。</p> |
|--|---|

KPI A2.4 ENHANCEMENT OF WATER USE EFFICIENCY AND RESULTS ACHIEVED

At Jiangsu L&M Chemical, we have formulated a stringent management system as well as assessment indicators for water consumption and water conservation. Per-unit water consumption is assessed on a daily basis. We continually explore potential aspects where saving on water consumption is possible and have adopted numerous water-saving measures. We also have made continuous efforts to promote the recycling efficiency of the wastewater. By reusing the inorganic wastewater produced by sodium hydroxide workshop in the salt treatment process, discharge of wastewater was reduced from 400 tons/day to 200 days/day. According to the water balance tests for the whole factory that we regularly conduct, water reuse rate for the whole factory is 98.62%; indirect chilled water recycling rate is 99.30%; and steam condensed water recycling rate is 94.32%. Below picture shows we were awarded the "Water-saving Enterprise in Jiangsu Province" title.

關鍵績效指標 A2.4 提升用水效益及所得成果

江蘇理文化工制定了嚴格的用水、節水管理制度及考核指標，將產品用水單耗考核落實到每一天，持續挖掘節水潛力，實施了多項節水措施。廠區持續加強廢水的循環利用，將燒鹼車間產生的無機廢水回用於化鹽工序，大幅度降低廢水的外排量，廢水排放量由原先400噸/天降低至200噸/天。定期進行全廠水平衡測試，全廠用水重複利用率達到98.62%，間接冷卻水循環率達到99.30%，蒸汽冷凝水回用率達到94.32%。下圖為公司榮獲「江蘇省節水型企業」稱號。



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At Jiangxi L&M Chemical, we also actively optimize production techniques, with a circulated water use rate of 99.23% and repeated water use rate of 98.58%. We also obtained two utility model patents, namely “retention basin used for recycling resin tower reused wastewater” and “disintegration basin used for recycling polymerized wastewater”.

江西理文化工同樣積極優化工藝，水循環利用率達到99.23%，水重複利用率達到98.58%。並取得了《一種用於回收樹脂塔再生廢水的調節池》和《一種用於回收聚合廢水的分離池》兩項實用新型專利。

ASPECT A3 THE ENVIRONMENT AND NATURAL RESOURCES

層面A3 環境及天然資源

The environment and natural resources:

環境及天然資源：

The Company emphasizes and encourages conservation and the efficient use of resources. Through the improvement of environmental friendly techniques in production, we have achieved continual reduction of pollutant emissions and avoided resources wastage through recycling and reuse. Concurrently, through establishing an energy management system and ISO14001 environmental management system, we have incorporated the ideas of environmental protection and energy saving in our daily operation and production, in advocacy of green office and production environment.

公司重視並鼓勵節約、高效利用資源。通過對生產環保工藝的改進，持續降低污染物的排放，通過循環回收利用，防止資源浪費。同時公司通過建立能源管理體系和ISO14001環境管理體系，將環境保護和節約能源資源的意識融入日常生產運營管理中，推廣綠色辦公及生產環境。

Jiangsu L&M Chemical was awarded as “Advanced Collective in Energy-Saving and Circular Economy” by Changshu Economic & Technological Development Zone in 2018.

江蘇理文化工在2018年，被常熟經濟開發區評為「節能與循環經濟工作先進集體」。

Jiangsu L&M Chemical – a scene of the green factory

江蘇理文化工－綠色廠區的現場



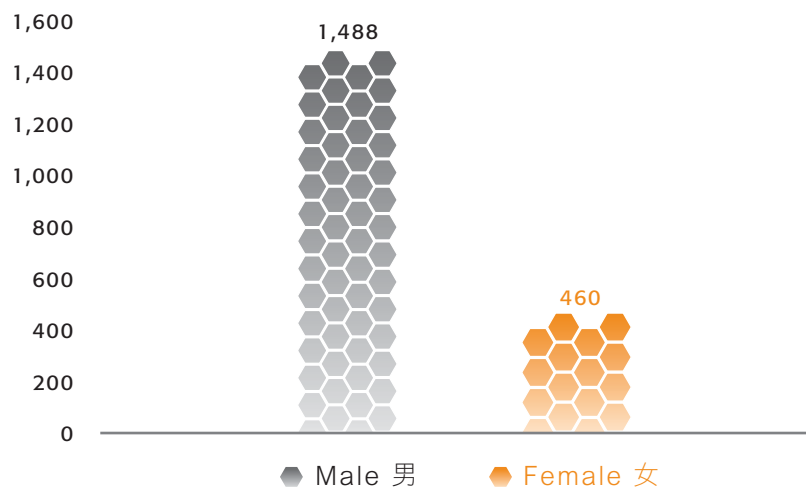
Noise Protection:

We have adopted "low noise" equipment and reduced noise at its sources through installing vibration proof pads. In addition, we have set up greenbelts near noise sources and factory boundaries based on reasonable noise sources layout. Indoor sound insulation doors and windows have been installed to ensure that noise at factory boundaries meets the requirements of the Atmospheric Noise Emission Standard For Factory Areas of Industrial Enterprises.

We provide employees exposed to noises with protective devices such as anti-noise earplugs and ear protective devices and shorten their working duration at noise sources so as to ensure their physical and mental well-being. The safety and environment department of the two factories also conduct period testing of noise levels on a monthly basis and showcase results on-site so as to ensure factory noise meets relevant standards.

B. SOCIETY**Aspect B1 Employment relations:**

Talent is the key to corporate development, especially for a chemical enterprise. As of 31 December 2018, the Group had approximately 1,948 full-time employees and KPI B1.1 is as follows:

Total Workforce by Gender**噪音防護：**

公司選用低噪聲設備，並通過安裝防震墊等措施，從源頭降低噪聲。廠區通過合理的噪聲源佈局，在噪聲源和廠界周邊設置綠化隔離帶，對於噪聲源採取室內安裝、做隔聲門窗，確保廠界噪聲達到《工業企業廠界環境噪聲排放標準》要求。

公司為噪音崗位員工配發防噪耳塞和護耳器等防護裝備，減少員工在高噪聲源區域的作業時間，以保障員工的身心健康。兩廠安環部每月亦定期檢測噪聲度並現場公示，以確保廠界噪聲達標。

B. 社會**層面B1僱傭勞資關係：**

人才是企業發展的關鍵，在化工企業中更尤為關鍵。截至2018年12月31日，本集團有約1,948名全職員工，關鍵績效指標B1.1具體如下：

公司人數性別分佈

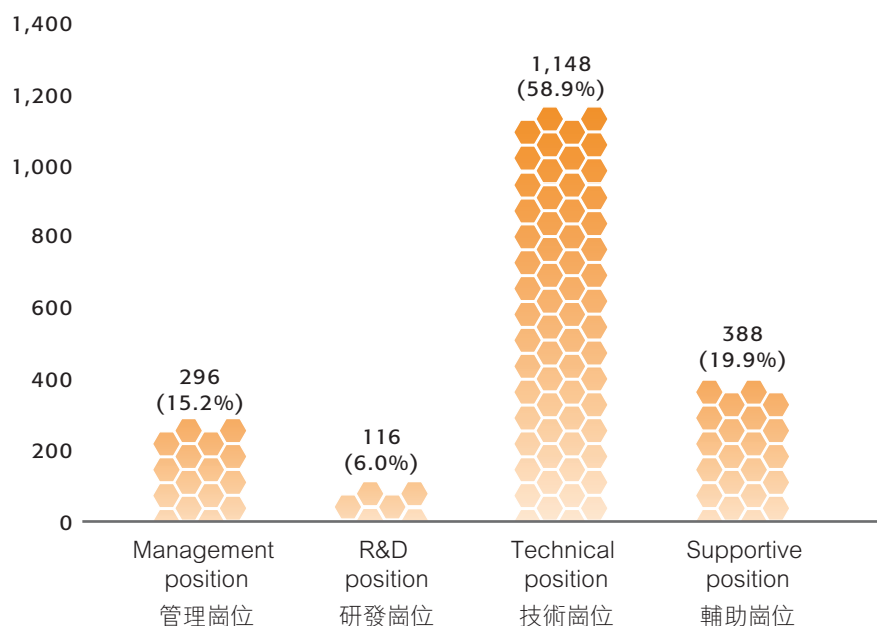
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Both of the two factories in the PRC provide accommodation and transportation pick-up service for the staff. Keeping track of the conditions in the labour market and trends of economic development, the Group makes reasonable adjustments to staff remuneration every year to keep it at a competitive level. Year-end bonuses are distributed based on the performance of individual employees and of the Group profit. Factory areas are equipped with modern equipment and hardware to create a comfortable and clean environment for employees. In 2015, the Group established a research institute, comprising a research and development team led by academicians of Chinese Academy of Sciences and a number of professors, in support of maintaining our status as a high-tech enterprise and our future development. A breakdown of our employees by positions and academic qualifications is set out below:

國內兩廠皆提供員工宿舍，交通接送，每年集團留意有關勞工市場及經濟市況趨勢，合理調整僱員薪酬於具競爭力水準，並按員工表現及本集團盈利發放年終花紅。廠區擁有現代化的設備及硬體，為員工營造了一個舒適、整潔的環境。集團於2015年成立研究院，以中科院院士、多名教授帶領為首的研發團隊，對維持高新科技企業和未來發展提供支援。下面列出按崗位和學歷的僱員比例：

Total Workforce by Positions

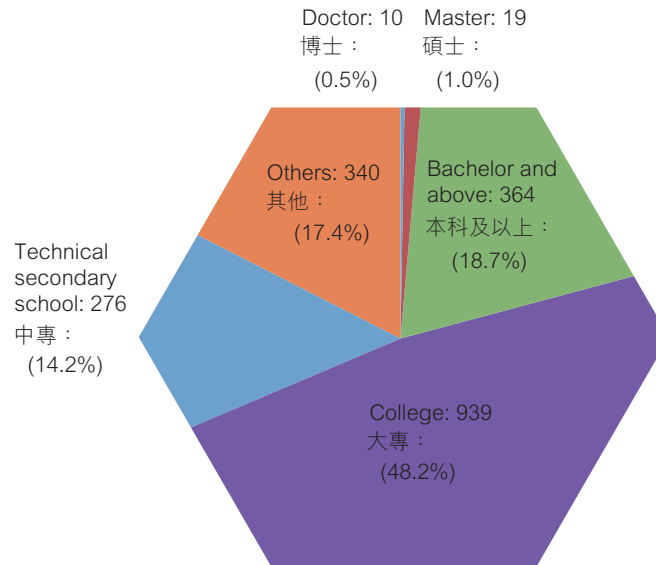


崗位人數分佈



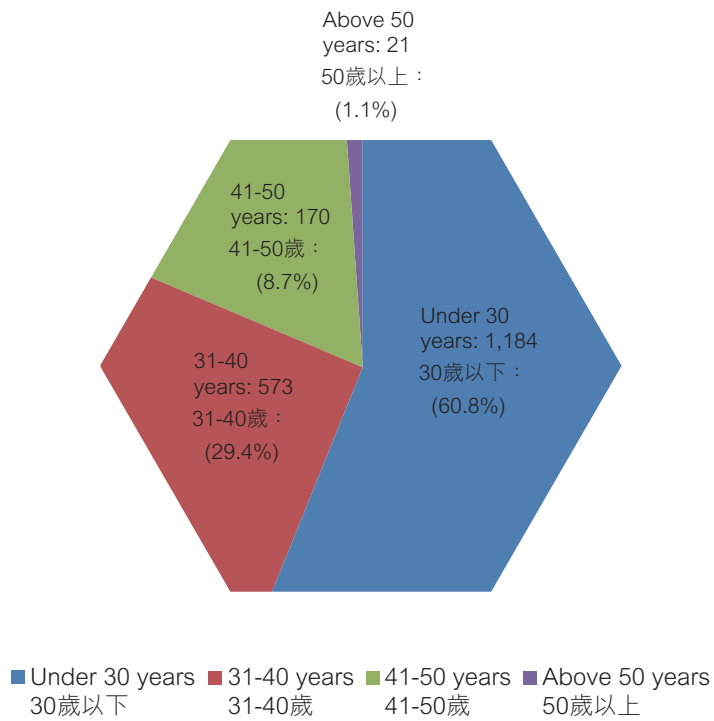
Academic Qualifications Distribution Chart

學歷水準分佈圖



Distribution Chart of Age Groups

年齡層次分佈圖



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At Jiangxi L&M Chemical, we have set up a “Home of Staff” equipped with recreational amenities as basketball court, indoor badminton court, table tennis court, billiards, yoga studio. There is also a library equipped with board games to enable staffs to enrich their knowledge and broaden their horizons after work. Home of Staff of Lee & Man Chemical was awarded the honorary title of “Model Home of Staff” from Jiangxi Federation of Trade Unions in 2018.



江西理文化工設立「職工之家」，宿舍區設有籃球場、室內羽毛球場、乒乓球場、檯球、瑜伽室等康樂休閒設施；並設有圖書館，配備棋類益智思維，使員工在工作之餘豐富自己的知識文化，開闊視野。理文化工職工之家在2018年被江西省總工會授予「模範職工之家」榮譽稱號。



Aspect B2 Health and Safety

“Safety Production Commitment” of Lee & Man Chemical stipulates that we shall seek to achieve the best business performance of zero occurrence of major incidents and no damage to employees’ health or to the environment, and shall actively promote the corporate culture of safety production and create a safety production atmosphere.

Safety Performance of Lee & Man Chemical in 2018

KPI

關鍵績效
指標

Name	名稱	Year of 2018 Year of 2017	
		2018年	2017年
B2.1 Mortality	死亡	0	1
Mortality rate	死亡率	0	0.053%
Number of traffic accident	交通事故數量	0	0
B2.2 Work-related injury cases	工傷起數	1	5
Working days lost due to work-related injury	因工傷損失工作日數	0	0
Injury rate/million working hours	百萬工時傷害率	0.36	1.26
Incidence of occupational diseases	職業病發病率	0	0
Ratio of employees accepting medical examination	接受健康檢查的僱員比例	100%	100%

層面B2 健康與安全

理文化工《安全生產承諾書》指出，要求實現不發生重大事故、不損壞員工健康、不破壞環境的企業為最佳業績，積極弘揚公司安全文化，營造安全生產氛圍。

2018年理文化工安全表現



According to national specifications on construction design of fire control and other relevant laws and regulations, fire detection and alarm systems as well as other fire services systems are available to cover the production equipment and office space of the Company. The existing fire safety design ensures personal and property safety of all staff members. Throughout the process design, equipment and material selection, layout and fire services access of the company, various fire protection measures are in place, including lightning protection grounding, emergency lighting, emergency communication, fire alarm, video monitoring, etc.

公司生產裝置及辦公區均根據國家建設設計防火規範及其他相關法規設有消防檢測、警報系統及其他滅火系統。公司現有消防安全設計能夠確保所有員工的人身及財產安全。公司流程設計、設備及材料選擇、佈局及消防通道設有各種消防防護措施，包括防雷接地、應急照明、應急通訊、火災警報、視頻監控等。

Right picture shows a special coverage in the press of the Company being interviewed for the achievements on the safety management of L&M Chemical.

右圖為公司在報刊中的一篇專題報導，國內記者採訪理文化工安全管理工作成果。



Jiangsu L&M Chemical makes ongoing efforts in putting in place production safety standards. It is a grade 2 standard-compliant enterprise under production safety standardization.

江蘇理文化工持續推行安全生產標準化建設，公司屬於安全標準化二級達標企業。

Jiangxi L&M Chemical has applied for production safety standardization and the review is in progress.

江西理文化工已申請安全生產標準化，審核工作正在進行中。

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KPI B2.3

The Group strictly follows relevant national laws and regulations relating to occupational health. We provide free-of-charge body checkup, once a year, at hospitals qualified for occupational disease examination, to ensure our staff's physical well-being.

Aspect B3 Development and Training

The Group emphasizes staff safety training, skill training and career development education. A comprehensive training system is in place and improvement measures are formulated according to training results so as to continually enhance training effectiveness. In addition, in terms of technical positions, each newly hired employee will receive pre-employment technical training to improve his/her professional skills required for the job.

Staff training provided by the two factories of the Group free of charge in 2018:

1. Provided special operation work permit training in 35 areas, including pressure pipeline inspection and maintenance, gasification process, safety management personnel and pressure vessel, etc., for 913 employees.
2. Conducted specialized technical training in production skills in the form of 'team gathering' for all production staff every month.
3. Conducted departmental skill training in at least 2 areas.

The followings are pictures of the in-service employees attending training courses organized by external professional entities.



關鍵績效指標 B2.3

在員工健康方面，集團嚴格按照國家職業衛生的相關法規政策，在擁有職業病體檢資質的醫院，每年為員工提供一次免費體檢，保障每位員工的身體健康。

層面B3 發展與培訓

集團非常重視員工的安全培訓、崗位技能培訓、職業發展教育等，建立了完善的培訓體系，並根據培訓效果制定改進措施，以不斷提高培訓成效。此外，就技術職位而言，每位新聘僱員均會接受職前技術培訓，以提高工作所需的專業技能。

2018年集團兩廠免費為員工提供的培訓計劃：

1. 組織913名員工參與了壓力管道巡檢維護、氯化工藝、安全生產管理人員、壓力容器等35項特種作業證培訓。
2. 每月以副班會的形式組織全體生產員工進行生產技能等專項培訓。
3. 部門技能教育訓練達2項以上。

以下為在職員工參加由外間專業單位舉辦的培訓課程圖片




KPI B3.1 & B3.2 Training Performance of Lee & Man Chemical

關鍵績效指標B3.1及B3.2 理文化工培訓表現

Categories 分類		Number of people 人數	Year of 2018 (2017) 2018年(2017)	
			Percent of total staff number 佔總人數比例	Average training hours per person 人均培訓課時
Position 職級	Above Supervisor 主管以上	178 (166)	9.1% (8.9%)	74 (74)
	Below Supervisor 主管以下	1,563 (1,502)	80.2% (80.1%)	74 (74)
Gender 分類	Male 男	1,343 (1,290)	68.9% (68.8%)	74 (74)
	Female 女	398 (378)	20.4% (20.2%)	74 (74)

* Figures in brackets are correlation data in 2017.

* 括弧內為2017年的對比資料

Part of the training content in 2018
2018年度部分培訓內容

Department 部門	Needs of Training 培訓需求	Target 培訓對象
Production workshop 生產車間	1. Process specification 工藝規程	Workshop staff & worker 車間職員工
	2. Specialized knowledge of equipment 設備專業知識	Workshop staff & worker 車間職員工
	3. Labor protective equipment & wearing standard 勞動防護用品規範穿戴	All factory staff & worker 工廠內全員
	4. Knowledge of laws and regulations 法律法規知識	Staff at supervisor level or above 主任級別或以上員工
	5. Special operation electrolysis process, chlorination process 特種作業電解工藝、氯化工藝	Workshop staff & worker 車間職員工
	6. Special equipment operation pressure vessel, pressure pipeline 特種設備作業壓力容器、壓力管道	Workshop staff & worker 車間職員工
	7. Special operation high voltage electrician, low voltage electrician 特種作業高壓電工、低壓電工	Workshop staff & worker 車間職員工
	8. "6S" Management "6S"管理	All factory staff & worker 工廠內全員

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Department 部門	Needs of Training 培訓需求	Target 培訓對象
Office 辦公室	<ol style="list-style-type: none"> 1. Corporate culture, work etiquette 企業文化、工作禮儀 2. ERP computer system operation ERP 電腦系統操作 3. ISO9000/14000 Training ISO9000/14000培訓 4. Financial system and tax regulations 財務制度和稅務的法規 5. Procurement process and system 採購流程及制度 6. Safety standardization specification 安全標準化規範 	<p>All staff 全體員工</p> <p>Responsible operator 負責操作人員</p> <p>All staff 全體員工</p> <p>Finance Department and related departments 財務部及相關部門</p> <p>Procurement department and related departments 採購部及相關部門</p> <p>All staff 全體員工</p>

Aspect B4 Labor Standards

Pursuant to laws and regulations such as *Labour Law and Regulation on Work-Related Injury Protection*, the Group has established a comprehensive remuneration system, recruitment procedure and staff career development plan, etc. We provide social security and welfare packages (5 insurances and housing fund), annual leave, festival subsidy and free meals on working days. Furthermore, birthday gift has been added and seniority allowance has been increased in 2018. The Group has also formulated appropriate *Staff Manual* and policies to clearly put forward Lee & Man Chemical's 7 corporate spirits: Integrity, fairness, attitude, efficiency, perseverance, innovation and team spirit, creating sound and harmonious labor relations for our staff.

We act in accordance with international human rights standards as stipulated in The United Nations *Convention on the Rights of the Child and the Universal Declaration of Human Rights*, including prohibition of employing child labor and protecting minors, prohibition of forced labor, safety and health, freedom of forming labor organizations, prohibition of discrimination, prohibition of unfair punishment, working hours and wage standards, etc.

Regarding staff complaints, the Group has established a comprehensive system. Staff can provide their feedback through the general manager's mailbox, e-mails and 'DingTalk' and such feedback are to be dealt with and resolved in a timely manner.

層面B4 勞工準則

依照國家勞動法、工傷保護條例等法則，集團建立完善的薪酬制度、招聘流程、員工職業晉升規劃等，提供五險一金、年假、節日津貼、免費工作餐等員工福利，且於2018年新增員工生日禮金、提高工齡補貼等員工福利。集團亦制定合適的《員工手冊》和政策，明確提出理文化工的七點企業精神：誠信、公平、態度、效率、毅力、創新、團隊，為僱員創建一個融洽的良好勞資關係。

按照聯合國《兒童權利公約》及《世界人權宣言》中所述之國際人權標準原則為基準，包括禁止使用童工並保護未成年人、禁止強迫性勞工、健康與安全、組織工會的自由、禁止歧視，禁止不公平懲戒、工作時間及工資標準等。

集團針對員工的投訴，制定了一個完善的體系，員工可以通過總經理信箱、郵件、釘釘等多種途徑進行反饋，並及時跟進、解決。

Aspect B5 Supply Chain Management

A comprehensive supply chain management program has been built, and all of our suppliers undergo stringent entry assessment and in-service supervision. The Group assesses the background, qualification, service quality control of similar types in the past, contract performance, project team professionalism, corporate integrity and social responsibility of its cooperative suppliers and grades them according to the assessment results every year. Well-performed suppliers are more preferred when we place orders, while those that do not pass the aforesaid evaluation are named under a list of unqualified suppliers.

The suppliers of dangerous chemicals have to undergo on-site random check every year to be conducted by departments that are respectively in charge of quality, quality control, procurement and production. Suppliers are required to correct the problems identified on site within a fixed period of time. Those who fail the assessment shall be eliminated. All incoming raw materials are tested and stored in specific places according to pre-set standards, guaranteeing that every batch of raw materials used for production is controllable and traceable.

In case of quality irregularity on raw materials, our procurement department, quality control department and production workshop will assign staff members to communicate with suppliers to identify and solve problems promptly, so that production can continue under the pre-set process parameters and is not interrupted.

At present, the suppliers of main raw materials, such as raw salt, methanol and fluorite, have cooperated with the Company for many years, therefore, the company has great advantages in terms of price and supply guarantee. We have established a solid strategic partnership with the suppliers of main raw materials, so as to provide a stable guarantee for the Company's continuous production.

With regard to the logistics and transport of products, only qualified transport companies will be employed by the Group to transport the hazardous chemicals. Transport companies, drivers, handling technicians and escorts have received safety education and logistics personnel from the sales department will conduct a rigorous review and evaluation to them. Vehicles must be inspected and maintained regularly to void leakage during the transportation.

層面B5 供應鏈管理

集團建立了完整的供應鏈管理程式，對於供應商都進行了嚴格的進入評審和過程監督，嚴格執行供應商准入審批制度，集團每年都對合作供應商進行考核，主要包括評估供應商的背景、資歷、過去相近類型服務質素控制、合約履約、項目團隊的專業性、企業誠信及社會責任等。並按考核結果進行評級，對優秀供應商優先給予訂單，若考核不合格者將列入不合格供應商名錄。

對於重點危化品，供應商每年安排品質、品管、採購、生產等多部門進行現場抽查，對於現場發現的問題要求供應商限期整改，於考核不通過的供應商進行淘汰。所有進廠的原材料都按照規定的標準進行檢測，合格後存放於指定位置，保證生產使用的每一批次原料可控、可追溯。

一旦發生原料品質異常，採購部、品管部、生產車間會派員與供應商進行協商，確認問題根源，及時解決，保障生產能按規定的工藝流程參數進行，不受影響。

目前原鹽、甲醇、螢石等主要原料供應商，都與公司合作多年，無論從價格和供應保證上均有很大優勢。主要原料供應商均建立了穩固的戰略合作關係，為公司持續生產提供穩定保障。

在產品物流運輸方面，本集團只聘用合資格的運輸公司運送有害化學品。運輸公司、駕駛員、裝卸技術人員和押運員有接受過安全教育，銷售部物流會對其進行嚴格審查和評估。車輛必須定期檢修，確保運送途中不會出現滴漏。

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The Group possesses a comprehensive management system and undergoes annual assessment of its quality environment system and certificate renewal assessment by SGS-CSTC Standards Technical Services Co., Ltd. regularly every year. In addition, pursuant to national requirements, we have obtained safety, production and operation permit relating to hazardous chemicals and regularly undergo random testing and inspection by relevant government departments, attaining a random inspection pass rate of 100%.

集團有完整的體系管理，每年定期接受SGS通標公司對我司質量環境體系進行年度審核和換證審核的認證，並按照國家規定取得危化品相關的安全、生產、經營等的許可證，並定期接受政府相關部門的抽檢、抽查，抽檢合格率100%。

Aspect B6 Product Quality Control and Responsibility

層面B6 產品質量管控和責任

The two factories of Lee & Man Chemical have passed the certification of quality and environment management system ISO9001:2015 and ISO14001:2015, as well as Occupational Health and Safety Management System ISO45001:2018.

理文化工兩廠均通過了ISO9001：2015、ISO14001：2015質量環境管理體系的認證和ISO45001：2018職業健康安全管理体系的認證。

The certificate of ISO9001: 2015 previously obtained by Jiangsu L&M Chemical is shown below:

The certificate of ISO45001: 2018 obtained by Jiangxi L&M Chemical in 2018 is shown below:

下圖為江蘇理文化工在先前已取得的ISO9001: 2015認證書：

下圖為2018年江西理文化工取得的ISO45001：2018認證書：





The Company has comprehensive product execution standards and possesses advanced testing equipment (including ICP, gas chromatograph, liquid chromatograph, ion chromatograph, Karl Fischer moisture titrator, potentiometric titrator, total gas analyzer, near infrared spectrum, etc), ensuring that chemical products meet the requirements under relevant production indicators and enterprise indicators in various aspects including raw materials, program control and finished products inspection.

Before delivery, every batch of products will undergo testing in accordance with our corporate standards and national standards and qualified products will undergo differential storage. Every batch of products for sale will be delivered together with a product testing report as well as hazardous chemicals SDS, emergency contact telephone number etc, to ensure traceability of product safe use, timely support from our sales department and convenient enquiry in case of after-sale problems.

Many advanced devices have been provided for the production of two polymer materials to help improve the product quality.

Analysis room of polytetrafluoroethylene (PTFE) produced by Jiangxi L&M Chemical has been equipped with total organic carbon (TOC) analyzer, which is used for the detection of TOC in ultra-pure water to ensure that the water quality meets the requirements. The Company has introduced new PTFE products according to demands of market and customers. So far, special materials for dispersion, 213X and 213T, and modified dispersion resins, 201 and 202, have been developed for the production of high-end products such as extruded tubes, fibers, wires and capillaries. The company's polytetrafluoroethylene resin was awarded the title of "Famous Product in Jiangxi in 2018".

Laboratory of chlorinated polyvinyl chloride (CPVC) produced by Jiangsu L&M Chemical has also been provided with advanced equipment, including total chlorine analyzer, impact pendulum tester, thermal deformation vicat tester, etc., to meet requirements for various types of detection and control. CPVC blend compound products have passed UL product certification in 2018.

The factory has introduced new types of products, such as various types of CPVC tubes and sheets, in the existing CPVC resin production capacity. The CPVC pressure piping element of the Company has obtained Manufacture License of Special Equipment for Pressure Piping Element (certificate no.: TS271097T-2022) issued by State Administration for Market Regulation. Please see below left picture below

公司有完整的產品執行標準，擁有先進的檢測設備(如ICP、氣相色譜、液相色譜、離子色譜、卡爾費休水分儀、電位滴定儀、總氯分析儀、近紅外光譜等)，來保證化學產品在原料、程式控制、成品檢測等各個環節符合生產指標、企業標準的要求。

產品出貨前每一批次都按照企標、國標規定的項目、指標進行檢測，合格後區分存儲。每批次銷售出去的產品隨運輸車輛附帶產品檢驗分析報告單以及危化品SDS、緊急聯繫電話等信息，保證客戶對於各批次的產品安全使用可追溯性及遇到售後問題有銷售部負責同事協助及時解決，便於諮詢。

對於生產高分子材料的兩款產品配備了很多先進的設備，以助提升產品品質。

江西理文化工生產的聚四氟乙烯(PTFE)，分析室配備了有機碳測定儀(TOC)，用於超純水TOC的檢測，確保水質符合要求。公司按市場和客戶所需，推出新PTFE產品，至今開發了213X、213T分散專用料和201、202分散改性樹脂，用於擠出管、纖維、線纜料、毛細管等高端產品的生產。公司聚四氟乙烯樹脂榮獲「2018年江西名牌產品」稱號。

江蘇理文化工生產的氯化聚氯乙烯(CPVC)，實驗室同樣配備了先進的設備，包括總氯分析儀、衝擊擺錘試驗機、熱變形維卡測定儀等，滿足各類檢測控制的要求。CPVC共混料產品在2018年通過了美國UL產品認證。

工廠在現有的CPVC樹脂生產能力上，推出新類型產品，如各類CPVC管材和板材。公司CPVC壓力管道產品取得了國家市場監督總局頒發的壓力管道元件特種設備製造許可證(證書編號：TS271097T-2022)。見左下圖

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Measurement management system built by Jiangsu L&M Chemical has passed examination conducted by Jiangsu Measurement Assurance Association, and obtained “Jiangsu Measurement Assurance Confirmation Certificate” and was honoured with the title of “Measurement Assurance Confirmation Unit in Jiangsu Province”.

In addition, both factories of L&M Chemical have obtained Food Production License for Sodium Hydroxide, and “Administrative Permit for Imported Products Related to Health and Safety of Drinking Water” for sodium hypochlorite solution.

Aspect B7 Anti-corruption Standards

The Group adheres to business integrity, abides by business ethics and resolutely resists corruption and bribery. According to the Staff Manual prepared by Lee & Man Chemical, new employees will receive training documents before their admission. Money extortion, bribery and gift or reward used for bribery will be penalized by way of terminating labor contract. The general manager’s mailbox has been made available and it is opened at least once a week by specific personnel. Such arrangement is considered an effective tool for preventing corruption and bribery acts. For the year ended 31 December 2018, the Group had no corruption complaint cases.

Aspect B8 Care for Community

As well-known local enterprises, the two factories of L&M Chemical in the PRC undertake social responsibilities in their production activities, taking the initiative to participate in various social activities.

江蘇理文化工建立計量管理體系，通過江蘇省計量協會審核，獲得「江蘇省計量保證確認證書」及「江蘇省計量保證確認單位」稱號。

此外，理文化工兩廠均取得食品添加劑氫氧化鈉的《食品生產許可證》，以及次氯酸鈉溶液的《涉及飲用水衛生安全產品衛生許可批件》。

層面B7 反貪污準則

集團堅守誠信經營，恪守商業道德，堅決抵制貪污受賄行為。在理文化工制訂的《員工手冊》內，新員工入職前都會收到培訓文件，此外，規定了勒索金錢、賄賂、不正當的禮物或報酬將受到解除勞動合同的處罰；集團建立了總經理信箱，指定人員每週至少開啟一次，此舉有力地杜絕了貪污受賄行為的發生。截至2018年12月31日過去一年期間，集團並無發生貪污投訴案件。

層面B8 關愛社區

理文化工在國內兩廠，皆屬當地知名企業，在做好生產建設的同事，肩負社會責任，積極參與各種社區關懷活動。

In June 2018, a charitable social activity under the theme of "Vital Life, Safe Development" was held at Jiangnan Yinxiang of Changshu Economic & Technological Development Zone by the Company. We explained our concept of safety and environmental protection by putting up posters and playing promotion video of the Company. By scanning the QR code of WeChat and following the WeChat official account, people can understand the achievements in safety and environmental protection of Lee & Man Chemical.

Company staffs at charitable social function:



In June 2018, the opening ceremony of Student's Social Practice Base of Changshu Xupu Senior High School was held in Jiangsu L&M Chemical. LEE Man Yan, CEO of Lee & Man Chemical, and Mr. Feng, principal of the school, and other faculty members attended the ceremony and executed an agreement on practice base, providing a good practice platform to the students. By doing this, we not only provide the students with the foundation for study and employment in the future, but also help teachers and students of Xupu Senior High School better understand Lee & Man Chemical, so as to attract more talents to join us.

In August 2018, during the hot Summer time, Jiangsu L&M Chemical visited fire prevention squadron at the chemical concentration area of Changshu Economic & Technological Development Zone, and brought fire-fighters, who serve the public in the hot summer, new air conditioners and washing machines.

在2018年6月份，公司在常熟經濟開發區江南印象組織了主題為「生命至上，安全發展」安全社區公益活動，現場擺放宣傳海報、播放公司宣傳視頻，講解公司安全、環保理念，參與活動的人員通過微信掃描二維碼，關注公司微信公眾號，從而瞭解理文化工綠色工廠在安全、環保方面做出的好成績。

員工在公益活動場上：



2018年6月份，常熟市滄浦高級中學學生社會實踐基地揭牌儀式在江蘇理文化工隆重舉行。理文化工首席執行官李文恩先生與該校馮校長等教職員參加了揭牌儀式，並簽訂了實習基地協議書，給在校學生提供良好的實踐平台，為以後的學習及就業提供基礎，亦增進滄浦中學師生對理文化工的瞭解，從而吸引更多的人才進入到理文化工。

2018年8月份，正值炎夏季節，江蘇理文化工有限公司到了常熟經濟技術開發區化工集中區消防中隊，給予服務大眾的消防官兵炎夏的支持和問候，並為部隊送上新的空調和洗衣機。

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In November 2018, the International Half Marathon was held at Shanghu Lake of Changshu as scheduled. The employees of Jiangsu L&M Chemical, one of the sponsors, participated in the competition actively. "We are not running for places, but for the joy of group participation and doing exercise", they said.

2018年11月份，國際半程馬拉松在常熟尚湖如期舉行，江蘇理文化工是活動贊助企業之一，公司員工積極參與，熱情比賽，大家紛紛表示，跑馬拉松的意義不在於名次，而在於團體參與的歡樂，和鼓勵鍛煉身體。

A group photo before a sprint rase organised by the Company

公司舉辦短跑比賽，在活動前的合照



A group photo in a social activity held by the Company

公司探訪周邊社區，在聯誼活動中合照



In December 2018, an activity for promoting friendship between the Group and Wushi Subdistrict Office was held by trade union of Jiangsu L&M Chemical. The community residents better understand and trust Lee & Man Chemical through this activity under the theme of "making a green tour with a will to protect the environment".

2018年12月份江蘇理文化工工會組織企業進社區，理文化工和吳市辦事處聯誼活動。通過此次「懷揣環保心、綠色鄉村行」的周邊地方活動，使社區居民更加認識和瞭解理文化工，得到群众的信任。

In order to support and promote local poverty alleviation in Ruichang City, solve problems of poor people and embody corporate social responsibility, Jiangxi L&M Chemical invested in sponsoring the project of "camellia oleifera base of Wanquan Village". Feasible with clear operation idea, the project makes good use of resources to help villagers become richer, bringing concrete and positive effects to people.

在江西理文化工，為了支援和發展當地瑞昌市扶貧事業，解決百姓生活難等問題，體現企業社會責任，公司投資了幫扶「萬泉村油茶基地」專案。油茶基地專案可行，運作思路清晰，能充分利用資源給村民致富，為百姓做好事、謀實事，帶領百姓發家致富。

During the "National Energy Saving Publicity Week" in June 2018, a signature activity with the theme of "I am a participant for Making a Beautiful China" was organized in June 13, "the National Low Carbon Day", by Production Technical Department of Jiangxi L&M Chemical. We keep the theme in mind by affixing signature and will take action. Lee & Man Chemical makes a commitment today and will fulfill it tomorrow! Government officials attended this activity. Leaders of energy conservation supervision from Industry and Information Technology Commission of three levels, namely, of Ruichang City, Jiujiang City and Jiangxi Province, praised our energy saving achievement after the event.

在2018年6月「全國節能宣傳周」中，江西理文化工生產技術部組織在6月13日「全國低碳日」當天開展了「美麗中國·我是行動者」簽名活動。大家通過簽名讓主題記在腦海，落實到行動中，今天理文化工做出承諾，明天我們要用實際行動來踐行承諾！該組織的簽名活動，得到政府領導親臨現場參加，江西省、九江市、瑞昌市三級工信委節能監察領導在活動後對我司的節能工作給以高度贊許。

The picture below shows a group photo of representatives from Lee & Man Chemical and leaders from Industry and Information Technology Commission.

下圖為理文化工代表和工信委領導合影



A large scale activity to promote environmental protection with the theme of "I am a participant for Making a beautiful China" was held in downtown and Matou Town of Ruichang City by Jiangxi L&M Chemical. This activity aimed to help the public gain knowledge about environmental protection and spread our concept of environmental protection, namely, to implement the corporate social responsibility by building a beautiful factory, so as to protect lucid waters and lush mountains and make our skies blue again.

In November 2018, at the site of the quality month activity in Ruichang City, quality control department of Jiangxi L&M Chemical introduced to the public in details the Company's operation objective, "a Beautiful Factory Construction" and "Manufacturing Green Products", and distributed the product publicity brochures so that the public can have a better understanding of our concept and corporate culture, and have a new understanding of the chemical enterprises.

Company's representatives are distributing environmental leaflets to citizen who come up visit

公司代表在向參觀單位的市民派發環保傳單



江西理文化工走進瑞昌市區、碼頭鎮上舉行「美麗中國·我是行動者」大型環保宣傳活動。旨在為民眾普及環保理論知識、宣傳公司環保理念：建設美麗工廠，打贏藍天保衛戰，護衛綠水青山，落實企業的社會責任。

2018年11月份，江西理文化工品管部在瑞昌市品質月活動現場，給市民詳細介紹公司「美麗工廠建設」及「打造綠色產品」的經營目標，並發放公司產品宣傳手冊，讓社會大眾對理文化工經營的理念及企業文化有進一步的瞭解，他們對化工企業有了新的認識。

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Ball games and group activities, such as football game, basketball game, tug-of-war, etc., were held by trade union of the two factories. The employees participated actively in such games and activities. The pictures attached show mini-seven team football match organised by Jiangsu L&M Chemical and the "Lee & Man Chemical Cup" Men's Basketball Game held by Jiangxi L&M Chemical:

兩廠工會組織員工球類及群體活動，包括足球，籃球和拔河等等，職員工皆踴躍參加。附圖為江蘇理文化工舉辦小型七人足球賽和江西理文化工舉辦「理文化工杯」男子籃球賽：



Profile of Directors and Senior Management

董事及高級管理層簡介

EXECUTIVE DIRECTOR

Ms. WAI Siu Kee, aged 74, Chairman of the Company who joined the Group since its establishment in 1976. Ms. Wai has more than 53 years of experience in the manufacturing industry. She is responsible for the development of corporate strategies, corporate planning and overall management of the Group and in particular the marketing and development of the business of the Group. Ms. Wai is the honorary permanent president of the Hong Kong Baptist University Foundation. Ms. Wai is the mother of Mr. Lee Man Yan, the Executive Director and Chief Executive Officer of the Group.

Mr. LEE Man Yan, aged 41, the member of Chinese People's Political Consultative Committee of Jiangxi and Chief Executive Officer of the Group. He joined the Group in 2000. Mr. Lee is in charge of the corporate and strategic planning of the Group, and is responsible for the management operations, procurement of mechanical materials, staff management and public relations in the PRC of the business. He graduated from the University of British Columbia, Canada with a Bachelor's Degree in Commerce. Mr. Lee was awarded Young Industrialist Award of Hong Kong 2013 and Young Entrepreneur Award 2013. He is appointed as member of the Departmental Advisory Committee for the Department of Chemistry of City University of Hong Kong and Committee Member of Hong Kong Young Industrialists Council. Mr. Lee is a son of Ms. Wai Siu Kee, the Group's Chairman.

Professor CHAN Albert Sun Chi, aged 68, CPPCC National Committee, JP, an Executive Director and Chief Strategist of the Group. He joined the Group in 2016. He is a world-renowned organic chemist, Member of the Chinese Academy of Sciences and President Emeritus of Hong Kong Baptist University. He is responsible for the planning of the Group's overall business and long term strategies, formulating new product development directions, leading the Group's research and development team for enhancement of scientific research technology, commercializing its research results and introducing new products into the market. Professor Chan received his bachelor degree from International Christian University in Japan in 1975 and his MSc and PhD degrees from the University of Chicago respectively in 1976 and 1979. Upon graduation from the University of Chicago, he started an industrial career at the Monsanto Corporate Research Laboratories where he had worked for 13 years, rising through the ranks of Senior Research Chemist, Research Specialist, Senior Research Specialist and finally Monsanto Fellow. Since joining the Hong Kong Polytechnic University in 1994, Professor Chan had served as Chair Professor and Head of the Department of Applied Biology and Chemical Technology, Dean of the Faculty of Applied Science and Textiles, and Vice President (Research Development). He was the 4th President and Vice-Chancellor of Hong Kong Baptist University in 2010–2015. Professor Chan's research areas include the application of chiral catalysts in asymmetric syntheses and their industrial applications, development of pharmaceutical products and related processes, pharmaceutical and nutritional products based on Chinese medicines, new organic chemical processes and their industrial applications, research and industrial applications of green sciences, novel material discovery and development, etc. Elected as Member of the Chinese Academy of Sciences in 2001, Professor Chan has received numerous prestigious awards including State Natural Science Award of China (second class), Lectureship Award by The Society of Synthetic Organic Chemistry, Japan and Invitation Fellowship of Japan Society for the Promotion of Science.

執行董事

衛少琦女士，74歲，本集團主席，於本公司在1976年成立時加入。衛女士於製造業積逾53年經驗。彼負責本集團的企業策略、企業策劃及集團整體管理的發展，尤其是本集團業務的市場推廣及發展。衛女士現擔任香港浸會大學基金永遠榮譽主席。衛女士為本集團執行董事及首席執行官李文恩先生之母。

李文恩先生，41歲，江西省政協委員會委員及本集團首席執行官。彼於2000年加入本集團。李先生負責本集團之整體策略規劃，並負責日常營運管理，機械物料採購，人事管理及維繫與國內政府機構關係工作。彼畢業於加拿大英屬哥倫比亞大學，持有商學士學位。李先生獲頒為2013年香港青年工業家及2013年青年企業家。彼現獲委任為城市大學化學系諮詢委員會委員及香港青年工業家協會執委會成員。李先生為本集團主席衛少琦女士之兒子。

陳新滋教授，68歲，全國政協委員，太平紳士，本集團執行董事及總參謀。彼於2016年加入本集團。陳教授是世界著名的有機化學家、中國科學院院士及香港浸會大學榮休校長。彼之主要職務涉及本集團整體業務及長遠策略規劃、制定新產品研發方向、帶領本集團研發團隊，增強科研技術、將其研究成果商品化及將新產品推出市場。陳教授於1975年在日本國際基督教大學取得學士學位，並於1976年及1979年先後獲美國芝加哥大學頒授碩士和博士學位，畢業後在美國孟山都公司任職了十三年，從高級化學研究師逐步晉升至孟山都院士。自1994年起受聘於香港理工大學，陳教授先後擔任應用生物及化學科技學系講座教授兼系主任、應用科學及紡織學院院長和副校長(科研發展)職位。他曾於2010至2015年間擔任香港浸會大學第四任校長。陳教授的研究範疇包括不對稱合成催化劑及其工業應用、醫藥產品及其相關程式的開發、以中藥為基礎的醫藥及營養產品、新有機化學程式及其工業應用、綠色科學的研究及其工業應用、新型材料的發現和開發等。陳教授於2001年榮膺中國科學院院士，並曾獲得多項獎項包括中國國家自然科學獎(二等)、日本有機合成化學會Lectureship Award和日本科學振興會邀請學人獎。

Profile of Directors and Senior Management

董事及高級管理層簡介

Mr. YANG Zuo Ning, aged 57, an Executive Director of the Group and General Manager of Jiangxi Lee & Man Chemical Limited. He joined the Group in 2006. He is a national acclaimed senior engineer and has 36 years of production experience in chlor-alkali industries. He is responsible for the strategic planning, general management and advisory of production engineering to the Group.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. WONG Kai Tung, Tony, aged 76, an Independent Non-Executive Director of the Group. He has been a practicing lawyer in Hong Kong since 1968 and has also been admitted as a solicitor in England and Wales. He is currently a consultant at Messrs. Hastings & Co., Solicitors and Notaries. He is also an independent non-executive director of Lee & Man Paper Manufacturing Limited (Stock Code: 2314).

Mr. WAN Chi Keung, Aaron BBS, JP, aged 69, an Independent Non-Executive Director of the Group. He holds a Master's Degree in Business Administration of the Chinese University of Hong Kong and a Master's Degree in Buddhist Studies of the University of Hong Kong. He is also an associate of the Institution of Business Agents, a member of the Land Institute (London), an associate of the Chartered Institute of Arbitrators, a fellow of The Institute of Administrative Accounting and a fellow of The Royal Institution of Chartered Surveyors. He is engaged in the business of property and chattel valuation and auction and has over 35 years of related experience. Mr. Wan serves as an independent non-executive director in CNC Holdings Limited (Stock Code: 8356) and Universe Printshop Holdings Limited (Stock Code: 8448).

Mr. HENG Victor Ja Wei, aged 41, an Independent Non-Executive Director of the Group. He is a partner of Morison Heng, Certified Public Accountants. He holds a Master of Science Degree of the Imperial College of Science, Technology and Medicine, the University of London. He is a fellow of The Association of Chartered Certified Accountants and member of The Hong Kong Institute of Certified Public Accountants. Mr. Heng serves as an independent non-executive director in CIMC-TianDa Holdings Company Limited (formerly: China Fire Safety Enterprise Group Limited) (Stock Code: 0445), Matrix Holdings Limited (Stock Code: 1005), SCUD Group Limited (Stock Code: 1399) and Best Food Holding Company Limited (Stock Code: 1488). He also serves as the company secretary and authorized representative of China Life Insurance Company Limited (Stock Code: 2628).

SENIOR MANAGEMENT

Mr. LAM Hiu Fung, aged 48, Financial Controller of the Group. He joined the Group in 2005 and has 25 years of experience in financial management. He holds a Bachelor's Degree in Accountancy from City University of Hong Kong and a Master's Degree in International Business from the Chinese University of Hong Kong. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He is responsible for the supervision on the financial matters, tax issues and general management.

楊作寧先生，57歲，本集團執行董事及江西理文化工有限公司總經理。彼於2006年加入本集團。彼持有國家高級工程師職稱，擁有36年氯鹼化工生產技術之經驗。彼負責本集團、策略策劃，日常管理工作及提供生產技術建議。

獨立非執行董事

王啟東先生，76歲，本集團獨立非執行董事。彼自1968年以來為香港之執業律師，亦為英格蘭及威爾斯執業事務律師。彼現任希仕廷律師行之顧問。彼亦為理文造紙有限公司(股份代號：2314)之獨立非執行董事。

尹志強先生BBS，太平紳士，69歲，本集團獨立非執行董事。彼持有香港中文大學工商管理碩士學位及香港大學佛學碩士學位。彼亦為英國商業經紀學會會員、英國倫敦土地學會會員、英國皇家仲裁學會會員、英國管理會計師學會之資深會員及英國皇家特許測量師院士。彼從事物業及動產估值及拍賣業務，並具有超過35年相關經驗。尹先生於中國新華電視控股有限公司(股份代號：8356)及環球印館控股有限公司(股份代號：8448)出任獨立非執行董事。

邢家維先生，41歲，本集團獨立非執行董事。彼為華利信會計師事務所的合夥人。彼擁有英國倫敦大學帝國理工學院理學碩士學位。彼為英國特許公認會計師公會資深會員及香港會計師公會會員。邢先生於中集天達控股有限公司(前稱：中國消防企業集團有限公司)(股份代號：0445)、美力時集團有限公司(股份代號：1005)、飛毛腿集團有限公司(股份代號：1399)及百福控股有限公司(股份代號：1488)出任獨立非執行董事。彼並於中國人壽保險股份有限公司(股份代號：2628)擔任公司秘書及授權代表。

高級管理層

林曉峰先生，48歲，本集團之財務總監。彼於2005年加入本集團，擁有25年財務管理經驗。彼持有香港城市大學會計學學士及香港中文大學國際商業碩士學位。彼為英國特許公認會計師公會之資深會員，亦為香港會計師公會會員。彼負責財務監督，稅務及日常管理工作。

Mr. XIA Xu Dong, aged 44, Deputy General Manager of Jiangsu Lee & Man Chemical Limited. He joined the Group in 2006 and has 22 years of production experience in chlor-alkali industries. He is responsible for the supervision and general management of production of Jiangsu Lee & Man Chemical Limited.

Dr. TSE Man Kin, aged 47, Executive Dean of Research & Development of the Group. He joined the Group in 2008 and has 24 years of experience in chemical research and research management. He holds a Ph.D in Chemistry from the Chinese University of Hong Kong and is a member of the American Chemical Society. He is responsible for the research and development of the Group.

Mr. WU Zeng Long, aged 49, Deputy General Manager of Jiangsu Lee & Man Chemical Limited. He joined the Group in 2007 and has 26 years of experience in sales, marketing and business development. He holds a Bachelor's Degree in Applied Chemistry. He is responsible for sales and logistics activities of Jiangsu Lee & Man Chemical Limited.

Mr. WAI Hiu Yu, aged 33, Deputy General Manager of Jiangxi Lee & Man Chemical Limited. He joined the Group in 2008 and has 10 years of management experience in manufacturing industry. He holds a Bachelor's Degree in Engineering from The University of British Columbia, Canada. He is responsible for developing of Jiangxi Lee & Man Chemical Limited sales strategies, exploring potential markets and logistics management.

Mr. CHEAH Ming Huat, aged 46, Deputy General Manager of Jiangxi Lee & Man Chemical Limited. He joined the Group in 2011 and has 21 years of experience in financial management. He is a fellow member of the Association of Chartered Certified Accountants and chartered accountant of Malaysian Institute of Accountants. He is responsible for the supervision on the financial matters, treasury management, internal control, tax issues and general management.

Mr. ZHOU Ai Hua, aged 43, Deputy General Manager of Jiangxi Lee & Man Chemical Limited. He joined the Group in 2006 and has 21 years of production engineering experience in refined chemicals and chlor-alkali industries. He is responsible for the production of fluorochemical and chlor-alkali chemical and general management of Jiangxi Lee & Man Chemical Limited.

Mr. QIU Yi Lin, aged 46, Deputy General Manager of Jiangxi Lee & Man Chemical Limited. He joined the Group in 2006. He acquired qualification of mechanical engineer in 2003 and has 22 years of management experience in power station and electrical and mechanical equipment. He is responsible for the operation and general management of power station as well as facility maintenance of Jiangxi Lee & Man Chemical Limited.

Mr. WONG Hon Ho, aged 44, Director of Information Technology of the Group. He joined the Group in 2008 and has 22 years of experience in strategic planning of information technology. He holds a Bachelor's Degree in Engineering and a Master's Degree in Philosophy from The University of Hong Kong. He is responsible for the strategic planning and execution of information technology related matters of the Group.

夏旭東先生，44歲，江蘇理文化工有限公司副總經理。彼於2006年加入本集團，擁有22年氯鹼行業生產技術之經驗。彼負責江蘇理文化工有限公司生產之監督及日常管理工作。

謝文健博士，47歲，本集團研發部執行院長。彼於2008年加入本集團，擁有24年化學研究及研發管理經驗。彼持有香港中文大學化學博士學位及為美國化學學會成員。彼負責本集團之研發工作。

吳增龍先生，49歲，江蘇理文化工有限公司副總經理。彼於2007年加入本集團，擁有近26年銷售管理、市場推廣、業務發展工作經驗。彼持有應用化學學士學位。彼負責江蘇理文化工有限公司之銷售及物流工作。

衛曉宇先生，33歲，江西理文化工有限公司副總經理。彼於2008年加入本集團，擁有10年製造業的管理經驗。彼持有加拿大英屬哥倫比亞大學工程學學士學位。彼負責江西理文化工有限公司之銷售策略、業務拓展及物流管理工作。

謝銘軒先生，46歲，江西理文化工有限公司副總經理。彼於2011年加入本集團，擁有21年財務管理經驗。彼為英國特許會計師公會之資深會員及馬來西亞會計師公會之註冊會計師資格。彼負責財務監督、資金管理、內部監控、稅務及日常管理工作。

周愛華先生，43歲，江西理文化工有限公司副總經理。彼於2006年加入本集團，擁有21年的精細化工及氯鹼行業生產技術經驗。彼負責江西理文化工有限公司之氟化工及氯鹼化工的生產及日常管理工作。

邱奕淋先生，46歲，江西理文化工有限公司副總經理。彼於2006年加入本集團。彼於2003年取得機械工程師資格，擁有22年的發電站及機電設備管理經驗。彼負責江西理文化工有限公司之發電站運作及日常管理和設備保養工作。

黃漢浩先生，44歲，本集團之資訊科技部總監。彼於2008年加入本集團，擁有22年資訊科技策劃管理經驗。彼持有香港大學工學士學位及哲學碩士學位。彼負責整個集團資訊科技策略規劃及執行的相關事宜。

Directors' Report

董事會報告

The directors present their annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the Group is principally engaged in the manufacture and sale of chemical products.

The principal activities of its principal subsidiaries are set out in note 41 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 73.

An interim dividend of HK23 cents per share amounting to HK\$189,750,000 in aggregate was paid to the shareholders during the year.

The directors now recommend the payment of a final dividend of HK15 cents per share to the shareholders whose names appear on the register of members on 16 May 2019, amounting to HK\$123,750,000 in total, subject to the approval of the shareholders at the forthcoming annual general meeting.

DISTRIBUTABLE RESERVES

As at 31 December 2018, the Company's reserves available for distribution to shareholders represented the aggregation of the share premium and retained profits of HK\$395,154,000 (2017: HK\$801,790,000).

FIVE YEAR 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 187.

董事會謹此提呈本公司截至2018年12月31日止之年度報告及經審核綜合財務報表。

主要業務

本公司為一間投資控股公司，而本集團主要從事生產及銷售化工產品。

其主要附屬公司之主要業務載於綜合財務報表附註41。

業績及分派

本集團截至2018年12月31日止年度之業績載於第73頁之綜合損益及其他全面收益表。

年內已向股東支付中期股息每股23港仙總額為189,750,000港元。

董事現建議派發末期股息每股15港仙予於2019年5月16日名列股東名冊之股東，總額為123,750,000港元，惟須待股東於應屆股東週年大會上批准。

可供分派儲備

於2018年12月31日，本公司可供分派給股東之儲備代表股份溢價及保留溢利合共395,154,000港元(2017:801,790,000港元)。

五年財務概要

本集團近五個財政年度之業績及資產負債概要載於第187頁。

DIRECTORS

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

Executive directors

Ms. Wai Siu Kee (*Chairman*)
Mr. Lee Man Yan (*Chief Executive Officer*)
Mr. Yang Zuo Ning
Professor Chan Albert Sun Chi

Independent non-executive directors

Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron *BBS JP*
Mr. Heng Victor Ja Wei

In accordance with the provisions of the Company's Articles of Association, Mr. Lee Man Yan and Professor Chan Albert Sun Chi will retire at the forthcoming annual general meeting and being eligible, will offer themselves for re-election.

The term of office of each of the other independent non-executive directors is the period up to his retirement as required by the Company's Articles of Association.

DIRECTORS' SERVICE CONTRACTS

Ms. Wai Siu Kee has entered into a service agreement with the Company on 1 September 2017 for a period of three years, which will continue thereafter unless and until terminated by either party by three months' prior written notice.

Mr. Lee Man Yan has entered into a service agreement with the Company for an initial period of three years commencing 16 August 2016, which will continue thereafter unless and until terminated by either party by three months' prior written notice.

Mr. Yang Zuo Ning has renewed into a service agreement with the Company for a fixed term of three year commencing 27 June 2016, which may be terminated by either party by three months' prior written notice.

Professor Chan Albert Sun Chi has entered into a service agreement with the Company for a fixed term of three years commencing 9 May 2016, which will continue thereafter unless and until terminated by either party by three months prior notice.

董事

於本年度及截至本報告日止，本公司之董事為：

執行董事

衛少琦女士(主席)
李文恩先生(首席執行官)
陳新滋教授
楊作寧先生

獨立非執行董事

王啟東先生
尹志強先生*BBS太平紳士*
邢家維先生

根據本公司組織章程細則，李文恩先生及陳新滋教授須於應屆股東週年大會告退，惟彼等均有資格並願意膺選連任。

獨立非執行董事之任期，直至其須根據本公司組織章程細則之規定退任為止。

董事之服務合約

衛少琦女士於2017年9月1日與本公司訂立服務協議，為期3年，此後一直存續，除非及直至任何一方向另一方發出三個月事前書面通知予以終止為止。

李文恩先生已與本公司訂立服務協議，年期由2016年8月16日起計為期3年，此後一直存續，除非及直至任何一方向另一方發出三個月事前書面通知予以終止為止。

楊作寧先生已與本公司重新訂立服務協議，固定年期由2016年6月27日起計為期3年，而任何一方向另一方發出三個月事前書面通知可予以終止。

陳新滋教授已與本公司訂立服務協議，年期由2016年5月9日起計為期3年，此後一直存續，除非及直至任何一方向另一方發出三個月事前書面通知予以終止為止。

Directors' Report

董事會報告

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 December 2018, the interests and short positions of directors and chief executives of the Company and their associates in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) which have been notified of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(a) Long positions in shares of the Company

Ordinary shares of HK\$0.10 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
董事姓名	身份	所持已發行普通股數目	佔本公司已發行股本百分比
Mr. Lee Man Yan 李文恩先生	Beneficial owner 實益擁有人	495,000,000	60%

(b) Share options

Name of director	Capacity	Number of ordinary shares subject to options granted	Percentage of the issued share capital of the Company
董事姓名	身份	授出的購股權所涉及的普通股數目	佔本公司已發行股本百分比
Mr. Lee Man Yan 李文恩先生	Beneficial owner 實益擁有人	82,500,000	10%

Other than disclosed above, none of the directors or the chief executive, or any of their associates, had any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations, which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

董事於股份及相關股份中之權益

於2018年12月31日，本公司各董事及最高行政人員及彼等之聯繫人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)的股份及相關股份中，擁有並須根據證券及期貨條例第XV部第7及8分部已知會本公司及香港聯合交易所有限公司(「聯交所」)的有關權益或淡倉，或已記錄乃根據證券及期貨條例第352條須存置之登記冊，或已根據聯交所證券上市規則(「上市規則」)之上市公司董事進行證券交易之標準守則(「標準守則」)知會本公司及聯交所之權益及淡倉如下：

(a) 於本公司股份之好倉

本公司每股0.1港元之普通股

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
董事姓名	身份	所持已發行普通股數目	佔本公司已發行股本百分比
Mr. Lee Man Yan 李文恩先生	Beneficial owner 實益擁有人	495,000,000	60%

(b) 購股權

Name of director	Capacity	Number of ordinary shares subject to options granted	Percentage of the issued share capital of the Company
董事姓名	身份	授出的購股權所涉及的普通股數目	佔本公司已發行股本百分比
Mr. Lee Man Yan 李文恩先生	Beneficial owner 實益擁有人	82,500,000	10%

除上文所披露外，概無董事或最高行政人員或彼等之聯繫人於本公司或其任何相聯法團之股份及相關股份中，擁有根據證券及期貨條例第XV部第7及8分部已知會本公司及聯交所、或根據證券及期貨條例第352條須記錄於該條例所指之登記冊、或根據標準守則須知會本公司及聯交所之任何權益或淡倉。

SHARE OPTIONS

A share option scheme was adopted by the Company on 14 July 2017, under which the directors or the chief executive of the Company or their associates may be granted options to subscribe for shares in the Company.

Details of the share option scheme and movement of the share options during the year are set out in note 34 to the consolidated financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the share option scheme disclosed above, at no time during the year was the 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.

SUBSTANTIAL SHAREHOLDERS

At 31 December 2018, shareholders (other than directors and chief executive of the Company) who had interests and short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long positions

Ordinary shares of HK\$0.10 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
股東姓名	身份	普通股數目	佔已發行股本百分比
Ms. Kwok Ching Yee Lorinda 郭靜怡女士	Interest of Spouse 配偶權益	495,000,000	60%
Dr. Lee Wan Keung Patrick 李運強博士	Beneficial Owner 實益擁有人	123,750,000	15%
Value Partners Group Limited (note)(附註)	Held by controlled person (note) 由受控法團持有(附註)	42,778,000	5.19%
Value Partners High Dividend Stock Fund (note)(附註)	Beneficial Owner (note) 實益擁有人(附註)	41,674,000	5.05%

note: Out of 42,778,000 shares held by Value Partners Group Limited in the Company, 41,674,000 shares were held by Value Partners High-Dividend Stocks Fund.

購股權

本公司於2017年7月14日採納一項購股權計劃，據此本公司之董事或最高行政人員或彼等之聯繫人可獲授予購股權以認購本公司股份。

於年內購股權計劃及購股權變動之詳情載於綜合財務報表附註34。

購買股份或債券之安排

本公司或其任何附屬公司於本年度任何時間內，概無參與任何安排，使本公司董事藉購入本公司或任何其他法人團體之股份或債券而獲得利益。

主要股東

於2018年12月31日，股東(本公司董事及最高行政人員除外)於本公司之股份及相關股份中，擁有根據證券及期貨條例第XV部第2及3分部已向本公司披露、或已記錄乃根據證券及期貨條例第336條須由本公司存置之登記冊之權益及淡倉如下：

好倉

本公司每股0.1港元之普通股

附註：在Value Partners Group Limited持有的42,778,000股股份中，Value Partners High-Dividend Stocks Fund持有41,674,000股股份。

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Other than disclosed above, as at 31 December 2018, the Company has not been notified by any persons (other than directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

CONNECTED TRANSACTIONS

Related parties transactions

During the year ended 31 December 2018, the Company and its subsidiaries (collectively, the "Group") entered into certain transactions with parties regarded as "related parties" under the applicable accounting principles. Details of the related party transactions undertaken are set out in note 39 to the consolidated financial statements.

The following related parties transactions are also connected transaction and continuing connected transactions under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company had complied with the disclosure requirements of such connected transaction and continuing connected transactions in accordance with Chapter 14A of the Listing Rules at the relevant time.

Continuing connected transactions and connected transaction

The names of the parties to the discloseable continuing connected transactions and connected transaction are as follows:

Jiangsu Chemical	Jiangsu Lee & Man Chemical Limited, a wholly foreign-owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
Jiangsu Paper	Jiangsu Lee & Man Paper Manufacturing Company Limited, a wholly foreign-owned enterprise established in the PRC and an indirect wholly-owned subsidiary of LMP
Jiangxi Chemical	Jiangxi Lee & Man Chemical Limited, a wholly foreign-owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
LMP	Lee & Man Paper Manufacturing Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
LMP Group	LMP and its subsidiaries

除上文所披露外，於2018年12月31日，概無任何人士（本公司董事及最高行政人員除外）通知本公司，指其在本公司之股份或相關股份中，擁有任何根據證券及期貨條例第XV部第2及3分部須向本公司披露、或已記錄乃根據證券及期貨條例第336條須由本公司存置之登記冊之權益及淡倉。

關連交易

關連人士交易

於截至2018年12月31日止年度，本公司及其附屬公司（統稱「本集團」）與根據適用會計準則被視為關連人士的訂約方訂立若干交易。該等關連人士交易的進一步詳情載於綜合財務報表附註39。

以下關連人士交易根據香港聯合交易所有限公司證券上市規則（「上市規則」）亦為關連交易及持續關連交易。本公司已於有關時間根據上市規則第14A章遵守該等關連交易及持續關連交易的披露要求。

持續關連交易及關連交易

須予披露的持續關連交易訂約方的名稱如下：

江蘇化工	江蘇理文化工有限公司，於中國成立之外商獨資企業，為本公司之間接全資附屬公司；
江蘇造紙	江蘇理文造紙有限公司，於中國成立之外商獨資企業，為理文造紙之間接全資附屬公司；
江西化工	江西理文化工有限公司，於中國成立之外商獨資企業，為本公司之間接全資附屬公司；
理文造紙	理文造紙有限公司，於開曼群島註冊成立之公司，其股份於聯交所上市；
理文造紙集團	理文造紙及其附屬公司

Details of the continuing connected transactions and connected transaction are set out below:

持續關連交易及關連交易之詳情載列如下：

New Jiangsu Steam and Electricity Agreement

新江蘇蒸氣及發電協議

Date of agreement 28 March 2018

協議日期 二零一八年三月二十八日

Parties

(i) Jiangsu Paper (as supplier)

(ii) Jiangsu Chemical (as purchaser)

訂約方

(i) 江蘇造紙(作為供應方)

(ii) 江蘇化工(作為購買方)

Nature of transaction and purpose

Jiangsu Paper will generate and supply steam and electricity to Jiangsu Chemical.

交易性質及目的

江蘇造紙將向江蘇化工提供蒸氣及發電服務。

The electricity to be generated and supplied shall be charged at RMB0.0684 (excluding VAT) per kWh. The steam to be generated and supplied shall be charged at RMB25.641 (excluding VAT) per ton measured by Jiangsu Paper's meter.

提供發電服務之收費將按每千瓦時人民幣0.0684元(不包括增值稅)計算。提供蒸氣服務之收費將按江蘇造紙氣量錶計算，每噸人民幣25.641元(不包括增值稅)。

Term of agreement 3 years commencing from 1 January 2018 up to and including 31 December 2020

協議年期

自二零一八年一月一日起生效至二零二零年十二月三十一日(包括該日)止，為期三年

Annual caps

For the year ended 31 December 2018: RMB80,000,000 (approximately HK\$100,000,000)

年度上限

截至二零一八年十二月三十一日止年度：人民幣80,000,000元(約100,000,000港元)

For the year ending 31 December 2019: RMB80,000,000 (approximately HK\$100,000,000)

截至二零一九年十二月三十一日止年度：人民幣80,000,000元(約100,000,000港元)

For the year ending 31 December 2020: RMB80,000,000 (approximately HK\$100,000,000)

截至二零二零年十二月三十一日止年度：人民幣80,000,000元(約100,000,000港元)

The actual transaction amount for the year ended 31 December 2018 was HK\$74,997,000.

截至二零一八年十二月三十一日止年度止的實際交易金額為74,997,000港元。

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New Jiangxi Steam and Electricity Agreement

新江西蒸氣及發電協議

Date of agreement 28 March 2018

協議日期 二零一八年三月二十八日

Parties (i) Jiangxi Chemical (as supplier)
(ii) LMP (as purchaser)

訂約方 (i) 江西化工(作為供應方)
(ii) 理文造紙(作為購買方)

Nature of transaction and purpose Jiangxi Chemical will generate and supply steam and electricity to LMP (or any other member of the LMP Group).

交易性質及目的 江西化工將向理文造紙(或理文造紙集團任何其他成員公司)提供蒸氣及發電服務。

The electricity to be generated and supplied shall be charged at RMB0.0684 (excluding VAT) per kWh. The steam to be generated and supplied shall be charged at RMB25.641 (excluding VAT) per ton measured by Jiangxi Chemical's meter.

提供發電服務之收費將按每千瓦時人民幣0.0684元(不包括增值稅)計算。提供蒸氣服務之收費將按江西化工氣量錶計算，每噸人民幣25.641元(不包括增值稅)。

Term of agreement 3 years commencing from 1 January 2018 up to and including 31 December 2020

協議年期 自二零一八年一月一日起生效至二零二零年十二月三十一日(包括該日)止，為期三年

Annual caps For the year ended 31 December 2018: RMB90,000,000 (approximately HK\$112,500,000)

年度上限 截至二零一八年十二月三十一日止年度：人民幣90,000,000元(約112,500,000港元)

For the year ending 31 December 2019: RMB90,000,000 (approximately HK\$112,500,000)

截至二零一九年十二月三十一日止年度：人民幣90,000,000元(約112,500,000港元)

For the year ending 31 December 2020: RMB90,000,000 (approximately HK\$112,500,000)

截至二零二零年十二月三十一日止年度：人民幣90,000,000元(約112,500,000港元)

The actual transaction amount for the year ended 31 December 2018 was HK\$72,247,000.

截至二零一八年十二月三十一日止年度止的實際交易金額為72,247,000港元。

New Jiangsu Lease Agreement**Date of agreement** 28 March 2018**Parties** (i) Jiangsu Paper (as lessor)
(ii) Jiangsu Chemical (as lessee)**Nature of transaction and purpose** Jiangsu Paper (as lessor) will lease to Jiangsu Chemical (as lessee) certain properties located at Lee & Man Road, Yan Jiang Industrial Park, Changshu Economic Development Zone, Jiangsu Province, the PRC. Such properties comprise:-

- 1) third floor office space (at a monthly rate of RMB7,520)
- 2) staff quarters (at a monthly rate of RMB581 per room)
- 3) guestrooms (to be determined based on actual daily usage at a daily rate of RMB36 per room)

Term of agreement 3 years commencing from 1 January 2018 up to and including 31 December 2020**Annual caps** For the year ended 31 December 2018: RMB5,000,000 (approximately HK\$6,250,000)

For the year ending 31 December 2019: RMB5,000,000 (approximately HK\$6,250,000)

For the year ending 31 December 2020: RMB5,000,000 (approximately HK\$6,250,000)

The actual transaction amount for the year ended 31 December 2018 was HK\$1,939,000.

新江蘇租賃協議**協議日期** 二零一八年三月二十八日**訂約方** (i) 江蘇造紙(作為出租人)
(ii) 江蘇化工(作為承租人)**交易性質及目的** 江蘇造紙(作為出租人)將出租位於中國江蘇省常熟經濟開發區沿江工業園理文路若干物業予江蘇化工(作為承租人)使用。該等物業包括：

- 1) 三樓辦公室(月租人民幣7,520元)
- 2) 員工宿舍(每個房間月租人民幣581元)
- 3) 客房(根據按每個房間日租人民幣36元的實際每日使用量釐定)

協議年期 自二零一八年一月一日起生效至二零二零年十二月三十一日(包括該日)止，為期三年**年度上限** 截至二零一八年十二月三十一日止年度：人民幣5,000,000元(約6,250,000港元)

截至二零一九年十二月三十一日止年度：人民幣5,000,000元(約6,250,000港元)

截至二零二零年十二月三十一日止年度：人民幣5,000,000元(約6,250,000港元)

截至二零一八年十二月三十一日止年度止的實際交易金額為1,939,000港元。

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New Jiangxi Lease Agreement

新江西租賃協議

Date of agreement 28 March 2018

協議日期 二零一八年三月二十八日

Parties

(i) Jiangxi Chemical (as lessor)

(ii) LMP (as lessee)

訂約方

(i) 江西化工(作為出租人)

(ii) 理文造紙(作為承租人)

Nature of transaction and purpose

Jiangxi Chemical (as lessor) will lease to LMP (or any other member of the LMP Group) (as lessee) certain properties located at Ma Tou Industrial City, Ma Tou Town, Rui Chang City, Jiangxi Province, the PRC. Such properties comprise:-

交易性質及目的

江西化工(作為出租人)將出租位於中國江西省瑞昌市碼頭鎮碼頭工業城若干物業予理文造紙(或理文造紙集團任何其他成員公司)(作為承租人)使用。該等物業包括：

- 1) staff quarters (at a monthly rate ranging from RMB581 to RMB1,566 per room)
- 2) guestrooms (to be determined based on actual daily usage at a daily rate of RMB36 per room).

- 1) 員工宿舍(每個房間月租介乎人民幣581元至人民幣1,566元)
- 2) 客房(根據按每個房間日租人民幣36元的實際每日使用量釐定)。

Term of agreement 3 years commencing from 1 January 2018 up to and including 31 December 2020

協議年期 自二零一八年一月一日起生效至二零二零年十二月三十一日(包括該日)止,為期三年

Annual caps For the year ended 31 December 2018: RMB5,000,000 (approximately HK\$6,250,000)

年度上限 截至二零一八年十二月三十一日止年度:人民幣5,000,000元(約6,250,000港元)

For the year ending 31 December 2019: RMB5,000,000 (approximately HK\$6,250,000)

截至二零一九年十二月三十一日止年度:人民幣5,000,000元(約6,250,000港元)

For the year ending 31 December 2020: RMB5,000,000 (approximately HK\$6,250,000)

截至二零二零年十二月三十一日止年度:人民幣5,000,000元(約6,250,000港元)

The actual transaction amount for the year ended 31 December 2018 was HK\$2,524,000.

截至二零一八年十二月三十一日止年度止的實際交易金額為2,524,000港元。

New Chemicals Purchase Agreement**Date of agreement** 28 March 2018**Parties** (i) LMP (as purchaser)
(ii) the Group (as supplier)**Nature of transaction and purpose** LMP (or any other member of the LMP Group) will purchase various industrial chemical products from the Group (or any other member of the Group) at a price based on the prevailing market price per ton at the time an order is placed.

The Group will be responsible for the transportation of the industrial chemical products to the LMP Group while the transportation costs will be borne by the LMP Group.

There is no minimum amount of industrial chemical products required to be purchased by the LMP Group.

Term of agreement 3 years commencing from 1 January 2018 up to and including 31 December 2020**Annual caps** For the year ended 31 December 2018: RMB110,000,000 (approximately HK\$137,500,000)

For the year ending 31 December 2019: RMB110,000,000 (approximately HK\$137,500,000)

For the year ending 31 December 2020: RMB110,000,000 (approximately HK\$137,500,000)

The actual transaction amount for the year ended 31 December 2018 was HK\$108,796,000.

新化工採購協議**協議日期** 二零一八年三月二十八日**訂約方** (i) 理文造紙(作為購買方)
(ii) 本集團(作為供應方)**交易性質及目的** 理文造紙(或理文造紙集團任何其他成員公司)將向本集團(或本集團任何其他成員公司)購買多種工業化工產品，價格按發出訂單時之當前每噸市價釐定。

本集團負責將工業化工產品運抵理文造紙集團，而運輸費用將由理文造紙集團承擔。

理文造紙集團購買工業化工產品並無最低金額要求。

協議年期 自二零一八年一月一日起生效至二零二零年十二月三十一日(包括該日)止，為期三年**年度上限** 截至二零一八年十二月三十一日止年度：人民幣 110,000,000 元 (約 137,500,000 港元)

截至二零一九年十二月三十一日止年度：人民幣 110,000,000 元 (約 137,500,000 港元)

截至二零二零年十二月三十一日止年度：人民幣 110,000,000 元 (約 137,500,000 港元)

截至二零一八年十二月三十一日止年度止的實際交易金額為108,796,000港元。

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LMP and its subsidiaries is a group beneficially owned and controlled by the family members of Mr. Lee Man Yan, the ultimate controlling shareholder of the Company. The above transactions constitute continuing connected transactions of the Company accordingly.

For further details of the above transactions, please refer to the joint announcement of the Company and LMP dated 28 March 2018.

In accordance with Rule 14A.55 of the Listing Rules, the independent non-executive directors of the Company reviewed the continuing connected transactions disclosed in this report and confirmed that the transactions were entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) according to the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued a letter to the Company's directors confirming nothing has come to the auditor's attention that causes the auditor to believe that the continuing connected transactions disclosed in this report:

- (i) have not been approved by the Company's board of directors;
- (ii) for transactions involving the provision of goods or services by the Group, the transactions were not, in all material respects, in accordance with the pricing policies of the Company;
- (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; or
- (iv) have exceeded the annual cap as set by the Company.

Save as disclosed above, there were no other transactions which need to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

理文造紙及其附屬公司是一個由李文恩先生，即本公司的最終控股股東，之家族成員實益擁有及控制的集團。因此以上交易均構成本公司的持續關連交易。

以上交易的進一步詳情，請參閱本公司及理文造紙日期為二零一八年三月二十八日的聯合公布。

根據上市規則第14A.55條，本公司獨立非執行董事檢討本報告所披露的持續關連交易，並確認有關交易：

- (i) 乃於本集團一般及日常業務過程中訂立；
- (ii) 按一般或更優惠的商業條款訂立；及
- (iii) 根據規管有關交易之相關協議及按公平合理且符合本公司及股東整體利益之條款訂立。

根據上市規則第14A.56條，本公司核數師獲委聘根據香港會計師公會發佈的香港鑒證業務準則3000號(經修訂)「歷史財務資料審核或審閱以外的鑒證工作」並參考實務說明第740號「香港上市規則規定的持續關連交易的核數師函件」就本集團之持續關連交易進行報告。該核數師已向本公司董事發出一份函件，確認概無任何事宜使彼等注意而導致彼等認為本報告所披露的持續關連交易：

- (i) 未獲本公司董事會批准；
- (ii) 就涉及由本公司提供貨品或服務的交易，概無於所有重大方面按照本集團的定價政策進行；
- (iii) 概無於所有重大方面根據相關協議訂立；或
- (iv) 超過本公司設定的年度上限。

除上文所披露外，並無任何其他交易須按上市規則之要求須予披露為關連交易。



DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Other than as disclosed under the heading "Connected transactions", no transactions, arrangements and contracts of significance to which the Company or subsidiaries was a party and in which a director or a connected entity of a director of the Company had a material interest, whether directly and indirectly, subsisted at the end of the year or at any time during the year.

BUSINESS REVIEW AND PERFORMANCE

A review and outlook of the business of the Company and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the Chairman's Statement and Management Discussion and Analysis sections respectively from pages 4 to 5 and pages 6 to 10 of this Annual Report.

KEY RISKS AND UNCERTAINTIES

The key risks and uncertainties facing the Company as required to be disclosed pursuant to the Companies Ordinance (Chapter 622 of the laws of Hong Kong) are disclosed in Management Discussion and Analysis pages 6 to 10 of this Annual Report.

GROUP'S ENVIRONMENTAL POLICIES

The Group commits to environmental protection and adopts various measures to ensure its duties of protecting the environment. The Company has established HSE department, filled with well qualified personnel, to continually follow-up on relevant environment-related laws and provisions, and to ensure that all departments within the Company comply these regulations without any violation. Particulars of the Group's environmental policies and performance are set out in the Environmental, Social and Governance Report on pages 24 to 50 of this Annual Report.

董事於重大合約中之權益

除「關連交易」一段所披露外，本公司、其控股公司或其任何同系附屬公司及附屬公司於年終或年內任何時間概無參與訂立與本公司董事有直接或間接重大權益的合約。

業務回顧及表現

於年內本公司業務回顧及前景以及本集團業績表現及財務狀況之相關重要因素的探討和分析，分別載列於本年報第4至5頁的主席報告書及第6至10頁的管理層討論及分析。

主要風險及不明朗因素

根據「公司條例」(香港法例第622章)需予披露本公司所面對的主要風險及不明朗因素，已在本年報「管理層討論及分析」第6至10頁披露。

本集團的環境政策

本集團一直致力環境保護，並採取多項措施及監控方法履行對保護環境的責任。公司成立安環部，部門成員乃合資格專材，持續跟進相關環保法律，了解規定的更新條文，並確保公司各部門執行政府對環保提出的所有要求，杜絕任何違反環保法律及規定的行為。本集團之環保政策及表現詳情載列於本年報第24頁至第50頁之環境、社會及管治報告。

Directors' Report

董事會報告

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers were less than 20% of total turnover.

The aggregate purchases during the year attributable to the Group's five largest suppliers were approximately 48% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 23% of the Group's total purchases.

None of the directors, their associates or any shareholders which, to the knowledge of the directors, owned more than 5% of the Company's issued share capital had any interest in the share capital of any of the five largest customers of the Group.

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

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

PRE-EMPTIVE RIGHTS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

主要客戶及供應商

年內，本集團五大客戶之累計銷售少於總營業額之20%。

年內本集團之五大供應商之累計購貨約佔本集團總購貨48%，而本集團最大供應商之購貨佔本集團總購貨約23%。

概無董事、彼等之聯繫人或董事所知擁有本公司已發行股本5%或以上之任何股東，擁有本集團五大客戶任何股本權益。

購買、出售或贖回本公司之上市證券

本公司及其任何附屬公司於年內概無購買、出售或贖回本公司之上市證券。

優先購股權

本公司之組織章程細則或開曼群島法例均無有關優先購股權之條文，規定本公司須按持股比例向現有股東發售新股份。

獨立非執行董事

根據上市規則第3.13條，每名獨立非執行董事已向本公司確認其年度之獨立性，本公司認為所有獨立非執行董事確屬獨立人士。



EMOLUMENT POLICY

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

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees. Details of the scheme are set out in note 34 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float throughout the year ended 31 December 2018.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Ms. Wai Siu Kee
Chairman
Hong Kong
11 March 2019

酬金政策

本集團僱員之酬金政策由薪酬委員會設立，乃按僱員之功績、專業資格及才能而釐定。

本公司董事之酬金由薪酬委員會按本公司之經營業績、其個人之工作表現及相對之市場狀況而釐定。

本公司已採納一項購股權計劃，作為董事及合資格僱員之獎勵，計劃詳情載於綜合財務報表附註34。

足夠公眾持股量

按本公司可以得悉之公開資料所示及就董事所知悉，本公司於截至2018年12月31日止整個年度內皆保持足夠公眾持股量。

獲准許彌償條文

本公司就其董事及高級管理人員可能面對因企業活動產生之法律訴訟已作適當之投保安排。基於董事利益的獲准許彌償條文根據公司條例(香港法例第622章)的規定生效。

核數師

有關續聘德勤·關黃陳方會計師行為本公司核數師之決議案將於股東週年大會上提呈。

代表董事會

衛少琦
主席
香港，2019年3月11日

Independent Auditor's Report

獨立核數師報告

Deloitte.

德勤

**TO THE SHAREHOLDERS OF
LEE & MAN CHEMICAL COMPANY LIMITED**
(incorporated in the Cayman Islands with limited liability)

致理文化工有限公司股東
(於開曼群島註冊成立之有限公司)

OPINION

意見

We have audited the consolidated financial statements of Lee & Man Chemical Company Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 73 to 186, which comprise the consolidated statement of financial position as at 31 December 2018, 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.

本核數師行已審核列載於第73至第186頁內之理文化工有限公司(「貴公司」)及其附屬公司(以下合稱為「貴集團」)之綜合財務報表，此綜合財務報表包括於2018年12月31日之綜合財務狀況表，載至該日止年度之綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表以及綜合財務報表附註，包括主要會計政策概要。

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

本行認為，綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒布之香港財務報告準則(「香港財務報告準則」)真實而公平地反映 貴集團於2018年12月31日的綜合財務狀況及 貴集團於截至該日止年度的綜合財務表現及綜合現金流量，並已按照香港公司條例的披露規定妥善編製。

BASIS FOR OPINION

意見的基礎

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

本行已根據香港會計師公會頒布的香港審計準則(「香港審計準則」)進行審核。本行在該等準則下承擔的責任已在本報告核數師就審核綜合財務報表承擔的責任部分中作進一步闡述。根據香港會計師公會頒布的專業會計師道德守則(「守則」)，本行獨立於 貴集團，並已履行守則中的其他專業道德責任。本行相信，本行所獲得的審核憑證能充足及適當地為本行的審計意見提供基礎。

KEY AUDIT MATTER

Key audit matter is those matters that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter**關鍵審核事項****關鍵審核事項**

關鍵審核事項是指根據本行的專業判斷，認為對本期綜合財務報表的審核最為重要的事項。這些事項是在本行審核整體綜合財務報表及出具意見時進行處理的。本行不會對這些事項提供單獨的意見。

How our audit addressed the key audit matter**本審計如何處理關鍵審核事項*****Valuation of the intangible assets for technical knowhow and property, plant and equipment for manufacturing a new chemical product (the "Project")***

就製造新化工產品(「項目」)相關的物業、廠房及設備及技術知識的估值

We identified the valuation of the intangible assets and property, plant and equipment for manufacturing a new chemical product, which is an individual cash generating unit ("CGU") as a key audit matter due to significant estimation uncertainty involved in the determination of the recoverable amount of the CGU and the significance of the carrying amounts of the CGU to the consolidated financial statements.

本行將對屬於 貴集團項目的無形資產及物業、廠房及設備(「現金產生單位」)之減值評估確認為關鍵審核事項，原因為於減值評估時已行使重大判斷及現金產生單位賬面值對綜合財務報表的重要性。

As detailed in notes 4 and 18 to the consolidated financial statements, for the purpose of the impairment assessment, the carrying amounts of intangible assets and property, plant and equipment amounted to HK\$99,294,000 and HK\$151,141,000, respectively, as at 31 December 2018.

如綜合財務報表附註4及18所披露，就減值評估而言，於2018年12月31日，無形資產及物業、廠房及設備的賬面值分別為99,294,000港元及151,141,000港元。

The management of the Group performed impairment assessment and concluded that no impairment loss was required to be recognised for the CGU. This impairment assessment was based on a value in use calculation that required significant estimation with respect to the underlying cash flows and discount rate.

貴集團之管理層就現金產生單位進行減值評估，並總結無需確認減值虧損。該減值評估基於使用價值計算，需要對相關現金流量和貼現率進行重大估計。

Our procedures in relation to the impairment assessment on intangible assets and property, plant and equipment relating to the Project included:

本行就項目之無形資產及物業、廠房及設備作出減值評估之程序包括：

- Understanding the Group's impairment assessment process, including the valuation model adopted and key assumptions made by the management; 瞭解 貴集團之減值評估程序，包括 貴集團所採用之估值模式及所使用之關鍵假設；
- Evaluating the appropriateness of the model used to calculate the recoverable amount; 評估用於計算可收回金額之模式之合適性；
- Evaluating the reasonableness of the discount rate, terminal growth rate, budgeted sales, budgeted costs and gross margin of the CGU by considering the historical results of the CGU, the approved financial budgets and the available industry and market data; 透過考慮現金產生單位之過往業績、經批准之財務預算以及可用行業及市場數據，評估就現金產生單位所產生之折現率、永久增長率、預算銷售、預算銷售成本及毛利率之合理性；
- Evaluating the historical accuracy of the financial budgets prepared by management by comparing the historical financial budgets with the actual performance and understanding the causes for any significant variances; and 透過比較過往財務預算與實際表現，並瞭解任何重大差異產生之原因，評估由管理層所編製之財務預算之歷史準確性；及
- Checking the mathematical accuracy of the value in use calculation. 檢查使用價值計算的準確性。

Independent Auditor's Report

獨立核數師報告

OTHER INFORMATION

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

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

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

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

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

In preparing the consolidated financial statements, the directors 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.

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

其他資料

貴公司董事須對其他資料負責。其他資料包括刊載於年報內的全部資料，但不包括綜合財務報表及本行的核數師報告。

本行對綜合財務報表的意見並不涵蓋其他資料，本行亦不對該等其他資料發表任何形式的鑒證結論。

結合本行對綜合財務報表的審計，本行的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或本行在審計過程中所了解的情況存在重大抵觸，或者似乎存在重大錯誤陳述的情況。基於本行已執行的工作，如果本行認為其他資料存在重大錯誤陳述，本行需要報告該事實。在這方面，本行沒有任何報告。

董事及負責管治人員就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒布的香港財務報告準則及香港公司條例之披露規定編製真實而公平的綜合財務報表，以及董事釐為必須的內部監控，以使編製的綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

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

負責管治人員須履行監督貴集團的財務報告過程的責任。

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

核數師就審核綜合財務報表承擔的責任

本行的目標，是對綜合財務報表整體是否存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括本行意見的核數師報告，根據協定的聘用條款僅向整體股東報告而非用作其他用途。本行概不就本報告的內容，對任何其他人士承擔任何責任及債務。合理保證是高水平的保證，但不能保證按照香港審計準則進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響綜合財務報表使用者依據財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據香港審計準則進行審核的過程中，本行運用了專業判斷並保持了專業懷疑態度。本行亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審核憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部監控之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審核相關的內部監控，以設計適當的審計程序，但目的並非對貴集團內部監控的有效性發表意見。
- 評估董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審核憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果本行認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。倘有關披露不足，則本行應當發表非無保留意見。本行的結論是基於核數師報告日止所取得的審核憑證。然而，未來事項或情況可能導致貴集團不能持續經營。

Independent Auditor's Report

獨立核數師報告

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partner on the audit resulting in the independent auditor's report is Ip Chiu Yin.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

11 March 2019

核數師就審核綜合財務報表承擔的責任 (續)

- 評估綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否公平反映交易和事項。
- 就 貴集團內實體或業務活動的財務信息獲取充足、適當的審核憑證，以便對綜合財務報表發表意見。本行負責指導、監督和執行集團審核。本行為審核意見承擔全部責任。

本行與 貴公司負責管治人員溝通，當中包括計劃的審核範圍、時間安排、重大審核發現等，包括本行在審核中識別出內部監控的任何重大缺陷。

本行亦向 貴公司負責管治人員提交聲明，說明本行已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響本行獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

從與 貴公司負責管治人員溝通的事項中，本行確定哪些事項對本期綜合財務報表的審核最為重要，因而構成關鍵審核事項。本行在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在本行報告中溝通某事項造成的負面後果超過產生的公眾利益，本行決定不應在報告中溝通該事項。

出具本獨立核數師報告的審核項目合夥人是葉超然。

德勤 • 關黃陳方會計師行

執業會計師

香港

2019年3月11日

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益表

For the year ended 31 December 2018 截至2018年12月31日止年度

		Notes 附註	2018 HK\$'000 千港元	2017 HK\$'000 千港元
Revenue	收入	5 & 6	3,876,777	2,973,747
Cost of sales	銷售成本		(2,061,551)	(1,574,570)
Gross profit	毛利		1,815,226	1,399,177
Other income	其他收入	7	75,921	47,664
Other gains and losses	其他收益及虧損	8	9,974	6,235
Selling and distribution costs	銷售及分銷成本		(231,445)	(181,804)
General and administrative expenses	行政費用		(225,873)	(192,558)
Research and development cost	研發成本		(158,005)	(125,025)
Finance costs	融資成本	10	(93,530)	(81,809)
Net exchange (loss) gain	匯兌淨(虧損)收益		(35,445)	59,314
Share of profit (loss) of joint ventures	應佔合營企業溢利(虧損)		14	(228)
Share of profit (loss) of an associate	應佔聯營企業溢利(虧損)		96	(5)
Profit before taxation	除稅前溢利		1,156,933	930,961
Income tax expense	所得稅支出	9	(284,558)	(227,940)
Profit for the year	年內溢利	10	872,375	703,021
Other comprehensive (expense) income	其他全面(支出)收益			
<i>Items that will not be reclassified to profit or loss:</i>	<i>其後不會重新分類至損益之項目：</i>			
Exchange differences arising on translation	因換算而產生的匯兌差額		(153,140)	136,618
Share of other comprehensive (expense) income of joint ventures and an associate	應佔合營及聯營企業其他全面(支出)收益		(792)	992
Other comprehensive (expense) income for the year	年內其他全面(支出)收益		(153,932)	137,610
Total comprehensive income for the year	年內全面收益總額		718,443	840,631
Profit (loss) for the year attributable to:	年度溢利(虧損)歸屬於：			
Owners of the Company	本公司擁有人		872,641	703,053
Non-controlling interests	非控股權益		(266)	(32)
			872,375	703,021
Total comprehensive income (expense) for the year attributable to:	年度全面收益(支出)總額歸屬：			
Owners of the Company	本公司擁有人		719,044	840,535
Non-controlling interests	非控股權益		(601)	96
			718,443	840,631
Earnings per share	每股盈利：	11		
Basic (HK cents)	基本(港仙)		105.8	85.2
Diluted (HK cents)	攤薄(港仙)		104.3	85.2

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2018 於2018年12月31日

		NOTES 附註	2018 HK\$'000 千港元	2017 HK\$'000 千港元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	15	3,847,762	3,825,753
Prepaid lease payments	預付租賃款項	16	143,511	155,023
Intangible assets	無形資產	17	100,618	108,833
Deposits paid for the acquisition of property, plant and equipment	購置物業、廠房及設備之已付訂金		67,958	93,131
Interests in joint ventures	合營企業之權益	19	16,665	17,445
Interests in an associate	聯營企業之權益	20	18,552	1,162
Loan to a joint venture	合營企業之貸款	21	97,755	96,865
Deferred tax assets	遞延稅項資產	9	23,233	24,893
Goodwill	商譽	22	2,682	2,809
			4,318,736	4,325,914
CURRENT ASSETS	流動資產			
Inventories	存貨	23	585,919	424,217
Properties under development for sale	待出售的發展中物業	24	145,842	89,298
Prepaid lease payments	預付租賃款項	16	4,259	4,462
Trade and other receivables	應收貿易及其他款項	25	266,143	512,133
Bills receivable	應收票據	26	113,020	–
Amount due from a joint venture	應收合營企業款項	21	14,946	16,214
Amount due from an associate	應收聯營企業款項	21	526	–
Amounts due from related companies	應收關連公司款項	27	12,115	15,731
Bank balances and cash	銀行結餘及現金	28	593,074	467,506
			1,735,844	1,529,561
CURRENT LIABILITIES	流動負債			
Trade and other payables	應付貿易及其他款項	29	377,799	478,706
Bills payable	應付票據		84,377	–
Contract liabilities	合約負債	30	50,690	–
Amount due to a related company	應付關連公司款項	27	757	–
Taxation payable	應付稅項		100,845	41,243
Bank borrowings – due within 1 year	銀行借款 – 1年內到期	31	926,519	601,182
			1,540,987	1,121,131
Net current assets	流動資產淨值		194,857	408,430
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		4,513,593	4,734,344

		NOTES 附註	2018 HK\$'000 千港元	2017 HK\$'000 千港元
NON-CURRENT LIABILITIES	非流動負債			
Other payables	應付其他款項	29	47,659	28,494
Deferred tax liabilities	遞延稅項負債	9	39,576	41,815
Bank borrowings – due after 1 year	銀行借款 – 1年後到期	31	947,693	1,569,601
			1,034,928	1,639,910
NET ASSETS	資產淨值		3,478,665	3,094,434
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	32	82,500	82,500
Reserves	儲備		3,396,165	2,999,873
Equity attributable to owners of the Company	本公司擁有人應佔權益		3,478,665	3,082,373
Non-controlling interests	非控股權益		–	12,061
TOTAL EQUITY	權益總額		3,478,665	3,094,434

The consolidated financial statements on pages 73 to 186 were approved and authorised for issue by the Board of Directors on 11 March 2019 and are signed on its behalf by:

第73頁至第186頁所載之綜合財務報表已於2019年3月11日經董事會通過及授權刊發並由下列董事代表簽署：

Wai Siu Kee
衛少琦
CHAIRMAN
主席

Lee Man Yan
李文恩
CHIEF EXECUTIVE OFFICER
首席執行官

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2018 截至2018年12月31日止年度

		Equity attributable to owners of the Company 本公司擁有人應佔權益											
		Share capital	Share premium	Non-distributable reserve	Safety fund reserve	Translation reserve	Share options reserve	Special reserve	Other reserve	Accumulated profits	Sub-Total	Non-controlling interests	Total
		股本	股份溢價	不可分派儲備	基金儲備	匯兌儲備	購股權儲備	特別儲備	其他儲備	累計溢利	合計	非控股權益	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
				(note i) (附註i)	(note iii) (附註iii)			(note ii) (附註ii)	(note iv) (附註iv)				
At 1 January 2017	於2017年1月1日	82,500	20,307	333,446	14,427	(105,453)	-	(97,362)	-	2,094,160	2,342,025	-	2,342,025
Other comprehensive income for the year	年內其他全面收益	-	-	-	-	137,482	-	-	-	-	137,482	128	137,610
Profit (loss) for the year	年內溢利(虧損)	-	-	-	-	-	-	-	-	703,053	703,053	(32)	703,021
Total comprehensive income for the year	年內全面收益總額	-	-	-	-	137,482	-	-	-	703,053	840,535	96	840,631
Cash dividends recognized as distribution	已確認之現金股息分派	-	-	-	-	-	-	-	-	(115,500)	(115,500)	-	(115,500)
Transfer to non-distributable reserve	轉入不可分派儲備	-	-	82,694	-	-	-	-	-	(82,694)	-	-	-
Transfer from safety fund reserve	釋出安全基金儲備	-	-	-	(11,972)	-	-	-	-	11,972	-	-	-
Recognition of equity-settled share based payments	確認以股份結算之付款	-	-	-	-	-	15,313	-	-	-	15,313	-	15,313
Acquisition of a subsidiary	收購一間子公司	-	-	-	-	-	-	-	-	-	-	11,965	11,965
At 31 December 2017	於2017年12月31日	82,500	20,307	416,140	2,455	32,029	15,313	(97,362)	-	2,610,991	3,082,373	12,061	3,094,434
Other comprehensive expense for the year	年內其他全面支出	-	-	-	-	(153,597)	-	-	-	-	(153,597)	(335)	(153,932)
Profit (loss) for the year	年內溢利(虧損)	-	-	-	-	-	-	-	-	872,641	872,641	(266)	872,375
Total comprehensive (expense) income for the year	年內全面(支出)收益總額	-	-	-	-	(153,597)	-	-	-	872,641	719,044	(601)	718,443
Cash dividends recognized as distribution	已確認之現金股息分派	-	-	-	-	-	-	-	-	(354,750)	(354,750)	-	(354,750)
Transfer to non-distributable reserve	轉入不可分派儲備	-	-	115,474	-	-	-	-	-	(115,474)	-	-	-
Transfer from safety fund reserve	釋出安全基金儲備	-	-	-	(1,242)	-	-	-	-	1,242	-	-	-
Recognition of equity-settled share based payments	確認以股份結算之付款	-	-	-	-	-	32,684	-	-	-	32,684	-	32,684
Changes in ownership interests in subsidiaries without change of control (note iv)	獲取附屬公司之額外權益 (附註iv)	-	-	-	-	-	-	-	(686)	-	(686)	(11,460)	(12,146)
At 31 December 2018	於2018年12月31日	82,500	20,307	531,614	1,213	(121,568)	47,997	(97,362)	(686)	3,014,650	3,478,665	-	3,478,665

Notes:

附註:

- According to the relevant laws in the People's Republic of China ("PRC"), wholly foreign-owned enterprises in the PRC are required to transfer at least 10% of their net profits after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of a dividend to equity owners. The non-distributable reserve can be used to offset the previous years' losses, if any. The non-distributable reserve is non-distributable other than upon liquidation.
- The special reserve of the Group represents the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital of the subsidiaries acquired pursuant to a group reorganisation in December 2001.
- Pursuant to the relevant regulation in the PRC, certain subsidiaries of the Company are required to provide for safety reserve based on revenue.
- In November 2018, the Group acquired the remaining 30% equity interests in a subsidiary from its non-controlling shareholder at a consideration of RMB10,500,000 (equivalent to approximately HK\$12,146,000). The difference between the carrying amount of the net assets acquired and the fair value of the consideration has been recognised directly to equity as "other reserve".
- 根據中華人民共和國(「中國」)相關法律，在中國的外資企業須結轉最少10%除稅後溢利(根據中國會計規定釐定)至不可分派儲備，直至儲備結餘達到註冊資本50%。必須在分派股息給股東前結轉該儲備。不可分派儲備可用作抵銷過往年度虧損(如有)。除清盤外，不可分派儲備是不得分派。
- 本集團之特別儲備乃本公司透過2001年12月之集團重組所收購之附屬公司之股本面值與本公司已發行股本面值之差額。
- 根據中國相關政策，部份本公司之子公司需根據收入計提安全基金儲備。
- 於2018年11月，本集團向一家附屬公司之非控股股東收購該間附屬公司餘下30%股權，總代價為人民幣10,500,000元(約等於12,146,000港元)。所收購資產淨值之賬面金額超出所付代價之公平值之數額已直接於權益中確認。

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2018 截至2018年12月31日止年度

		2018	2017
		HK\$'000	HK\$'000
		千港元	千港元
OPERATING ACTIVITIES	經營業務		
Profit before taxation	除稅前溢利	1,156,933	930,961
Adjustments for:	調整：		
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	36,237	31,865
Gain from change in fair value of an investment property	投資物業公平值變動收益	-	(6,920)
Finance costs	融資成本	93,530	81,809
Amortisation of prepaid lease payments	預付租賃款項之攤銷	3,485	2,739
Amortisation of intangible assets	無形資產之攤銷	3,598	1,627
Loss on disposal of property, plant and equipment	處置物業、廠房及設備損失	4,311	673
Net (gain) loss from fair value changes of financial assets at fair value through profit or loss	按公平值計入損益之金融資產公平值變動之淨(收益)虧損	(14,285)	12
Interest income	利息收入	(7,055)	(5,247)
Share-based payment expense	股權支付款項開支	32,684	15,313
Share of (profit) loss of an associate	應佔聯營企業(溢利)虧損	(96)	5
Share of (profit) loss of joint ventures	應佔合營企業(溢利)虧損	(14)	228
Operating cash flows before movements in working capital	營運資金變動前之經營業務現金流量	1,309,328	1,053,065
Decrease in inventories	存貨減少	150,802	83,370
Increase in properties under development for sale	待出售的發展中物業增加	(56,544)	(16,679)
Increase in trade and other receivables	應收貿易及其他款項增加	(38,657)	(55,058)
Decrease (increase) in amounts due from related companies	應收關連公司款項減少(增加)	3,616	(15,731)
Decrease in bills receivable	應收票據減少	171,742	-
(Decrease) increase in trade and other payables	應付貿易及其他款項(減少)增加	(5,771)	55,212
Increase in bills payable	應付票據增加	84,377	-
Decrease in contract liabilities	合約負債減少	(37,434)	-
Increase (decrease) in amounts due to related companies	應付關連公司款項增加(減少)	757	(2,602)
Cash generated from operations	經營業務所得現金	1,582,216	1,101,577
Income tax paid	已付所得稅金	(220,109)	(195,219)
NET CASH FROM OPERATING ACTIVITIES	經營業務所得現金淨額	1,362,107	906,358

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2018 截至2018年12月31日止年度

		2018	2017
		HK\$'000	HK\$'000
		千港元	千港元
INVESTING ACTIVITIES	投資活動		
Purchase of property, plant and equipment	購置物業、廠房及設備	(281,046)	(415,663)
Deposits paid for acquisition of property, plant and equipment	購置物業、廠房及設備之已付訂金	(243,088)	(228,305)
Capital injection into/acquisition of interests in an associate	向一間聯營公司增資／收購一間聯營公司	(17,292)	(1,155)
Advance to an associate	聯營公司之借款	(526)	-
Purchase of intangible assets	購置無形資產	(201)	-
Repayment from (advance to) joint ventures	合營企業之還款(借款)	378	(1,500)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	1,191	283
Interest received	已收利息	7,055	5,247
Net proceeds from disposal of financial assets at fair value through profit or loss	出售按公平值計入損益之金融資產所得款項淨額	14,285	-
Payment for prepaid lease payments	支付預付租賃款項	-	(39,914)
Other deposits paid	其他已付訂金	-	(9,031)
Acquisition of a subsidiary	收購一間子公司	-	730
NET CASH USED IN INVESTING ACTIVITIES	投資活動所用現金淨額	(519,244)	(689,308)
FINANCING ACTIVITIES	融資活動		
Bank borrowings raised	新籌集銀行借款	526,040	763,295
Repayment of bank borrowings	償還銀行借款	(779,211)	(554,914)
Dividends paid	已付股息	(354,750)	(115,500)
Interest paid	已付利息	(93,823)	(82,731)
Settlement of derivative financial instruments under hedge accounting	衍生金融工具於對沖會計法下結算	-	(32)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	融資活動(所用)所得現金淨額	(701,744)	10,118
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物增加	141,119	227,168
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	年初之現金及現金等價物	467,506	228,091
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE	匯率變動之影響	(15,551)	12,247
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	年末之現金及現金等價物，即銀行結餘及現金	593,074	467,506

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands under the Companies Law (Revised) Chapter 22 of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is disclosed in the section "Corporate Information" to the annual report.

The functional currency of the Company is Renminbi ("RMB"), while the consolidated financial statements are presented in Hong Kong dollars ("HK dollars") as the Company is listed in Hong Kong.

The Company acts as an investment holding company and the principal activities of its principal subsidiaries are set out in note 41.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs and an Interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 15	Revenue from Contracts with Customers
HKFRS 9	Financial Instruments
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the above new and amendments to HKFRSs and the Interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

1. 一般資料

本公司根據開曼群島公司法(經修訂)第22章於開曼群島註冊成立為一家上市有限公司，其股份於香港聯合交易所有限公司(「聯交所」)上市。本公司註冊辦事處地點於年報「公司資料」中披露。

本公司的功能貨幣為人民幣。由於本公司股份在聯交所上市，故綜合財務報表乃以港元呈列。

本公司為一間投資控股公司。其主要附屬公司之主要業務載於附註41。

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)

本年度強制生效之的新訂及經修訂之香港財務報告準則

於本年度，本集團首次應用以下由香港會計師公會(「香港會計師公會」)頒佈之新訂及經修訂之香港財務報告準則及詮釋：

香港財務報告準則第15號	來自客戶合約的收入及相關修訂
香港財務報告準則第9號	金融工具
香港(國際財務報告詮釋委員會) – 詮釋第22號	外幣交易及預付代價
香港財務報告準則第2號(修訂本)	股份支付款項交易之分類及計量
香港財務報告準則第4號(修訂本)	採用香港財務報告準則第4號保險合約時一併應用
香港會計準則第28號(修訂本)	作為2014年至2016年週期香港財務報告準則的年度改進的一部分
香港會計準則第40號(修訂本)	投資物業的轉撥

除下文所述外，在本年度應用新訂及經修訂之香港財務報告準則及詮釋，對集團本年度及過往年度的財務表現及狀況及／或對該等綜合財務報表所載的披露並無重大影響。

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綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, i.e. 1 January 2018. Any difference at the date of initial application is recognised in the opening accumulated profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

Considering the nature of the Group’s principal activities (i.e. manufacture and sale of chemical products), the adoption of HKFRS 15 does not have material impact on the Group’s revenue recognition.

Information about the Group’s performance obligation and accounting policies resulting from application of HKFRS 15 are disclosed in notes 5 and 3 respectively.

2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)(續)

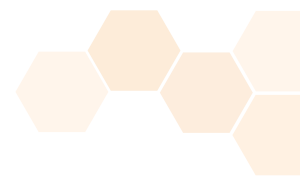
香港財務報告準則第15號客戶合同收入

本集團已於本年度首次應用香港財務報告準則第15號。香港財務報告準則第15號取代香港會計準則第18號收入、香港會計準則第11號建築合約及相關詮釋。

本集團已追溯應用香港財務報告準則第15號，而初始應用該準則的累計影響於初始應用日期，即2018年1月1日，確認。初始應用日期的任何差額於期初累計溢利中(或權益的其他組成部分，倘適用)確認，而並無重列比較資料。此外，根據香港財務報告準則第15號的過渡條文，本集團已選擇僅將該準則追溯用於在2018年1月1日尚未完成的合約。因此，若干比較資料未必與根據香港會計準則第18號收入及香港會計準則第11號建築合約及相關詮釋編製的比較資料具可比性。

鑒於本集團主要業務活動(即製造及銷售化學產品)之性質，採納香港財務報告準則第15號不會對本集團的收入確認產生重大影響。

有關本集團履行香港財務報告準則第15號所產生的履約義務及會計政策的資料分別載於附註5及3。



2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

HKFRS 15 Revenue from Contracts with Customers (Continued)

Summary of effects arising from initial application of HKFRS 15

As at 1 January 2018, advances from customers of HK\$88,124,000 in respect of customer contracts previously included in trade and other payables were reclassified to contract liabilities. The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)(續)

香港財務報告準則第15號客戶合同收入 (續)

首次應用香港財務報告準則第15號產生的影響概要

於2018年1月1日，先前計入應付貿易及其他款項的與客戶合同有關的預收客戶款項88,124,000港元重新分類為合同負債。對於2018年1月1日的綜合財務狀況表確認的金額作出以下調整。不受變動影響之項目並不包括在內。

		Carrying amounts previously reported at 31 December 2017	Reclassification	Carrying amounts under HKFRS 15 at 1 January 2018
		先前於 2017年 12月31日 呈報的賬面值 HK\$'000 千港元	重新分類 HK\$'000 千港元	於2018年 1月1日， 香港財務報告 準則第15號 項下的賬面值 HK\$'000 千港元
Current liabilities	流動負債			
Trade and other payables	應付貿易及其他款項	478,706	(88,124)	390,582
Contract liabilities	合同負債	–	88,124	88,124

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綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

HKFRS 9 Financial Instruments

In the current year, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses (“ECL”) model for financial assets.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018, if any, are recognised in the opening accumulated profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

Information about accounting policy resulting from application of HKFRS 9 are disclosed in note 3.

2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)(續)

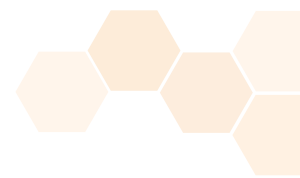
香港財務報告準則第9號金融工具

於本年度，本集團已應用香港財務報告準則第9號金融工具及對其他香港財務報告準則的相應修訂。香港財務報告準則第9號就 1) 金融資產及金融負債的分類及計量及 2) 金融資產的預期信貸損失 (「預期信貸損失」) 模式引入新規定。

本集團已根據香港財務報告準則第9號所載的過渡條文，向於2018年1月1日(初始應用日期)尚未解除確認的工具追溯應用香港財務報告準則第9號(即應用分類及計量規定(包括預期信用損失項下的減值))，而並無應用該等規定至於2018年1月1日已解除確認的工具。於2017年12月31日的賬面值與2018年1月1日的賬面值之間的差額(如有)於期初累計溢利及其他權益部分確認，並無重列比較資料。

因此，若干比較資料或許不能用作比較，原因為比較資料乃根據香港會計準則第39號金融工具：確認及計量編製。

有關應用香港財務報告準則第9號的會計政策的資料載於附註3。



2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

HKFRS 9 Financial Instruments (Continued)

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities under HKFRS 9 and HKAS 39 at 1 January 2018.

2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)(續)

香港財務報告準則第9號金融工具(續)

初始應用香港財務報告準則第9號產生的影響概要

下表顯示金融資產及金融負債於2018年1月1日根據香港財務報告準則第9號及香港會計準則第39號的分類及計量。

		Debt instruments at fair value through other comprehensive income (“Debt instruments at FVTOCI”)	Financial assets at amortised cost (previously classified as loans and receivables)
		按公平值 計入其他全面 收益之 債務工具 HK\$'000 千港元	按攤銷成本 列賬之金融 資產(先前 分類為貸款 及應收賬款) HK\$'000 千港元
Closing balance at 31 December 2017 – HKAS 39	於2017年12月31日之期末結餘 – 香港會計準則第39號	–	987,387
Effect arising from initial application of HKFRS 9:	初始應用香港財務報告準則 第9號產生之影響：		
Reclassification From loans and receivables to debts instruments at FVTOCI	重新分類 自貸款及應收賬款至按公平值 計入其他全面收益之債務工具	284,762	(284,762)
Opening balance at 1 January 2018	於2018年1月1日的期初結餘	284,762	702,625

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綜合財務報表附註

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2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

HKFRS 9 Financial Instruments (Continued)

Summary of effects arising from initial application of HKFRS 9 (Continued)

Loans and receivables

As part of the Group’s cash flow management, the Group has the practice of discounting some of the bills received from debtors to financial institutions before the bills are due for payment and derecognises bills discounted on the basis that the Group has transferred substantially all risks and rewards to the relevant counterparties. At 31 December 2017, bills receivable of HK\$284,762,000 was accounted for as financial assets at amortised cost and included in “trade and other receivables” in the consolidated statement of financial position. After considering the business model of the Group upon the adoptions of HKFRS 9, these bills receivable were reclassified as debt instruments at fair value through other comprehensive income and presented in the consolidated statement of financial position separately under the heading of “bills receivable”. The fair value of bills receivable approximately to their face values and no adjustment was made as at 1 January 2018.

Expected credit loss

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with an ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises credit losses earlier than under the “incurred loss” model in HKAS 39.

The application of HKFRS 9 has had no significant impact on impairment under ECL model for financial assets of the Group.

2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)(續)

香港財務報告準則第9號金融工具(續)

初始應用香港財務報告準則第9號產生的影響概要(續)

貸款及應收賬款

作為本集團現金流量管理的一部分，本集團的做法是在票據到期之前將部分從債務人收到的票據貼現至金融機構，並因為本集團已轉移了大量所有風險和回報給相關的交易對手而終止貼現票據。於2017年12月31日，應收票據284,762,000港元列作按攤銷成本入賬之金融資產，且計入綜合財務狀況表中的「貿易及其他應收款項」。於採納香港財務報告準則第9號時經考慮本集團的業務模式後，該等應收票據已重新分類為按公平值計入其他全面收益之債務工具，並在綜合財務狀況表中單獨列示為「應收票據」。應收票據的公平值與彼等之賬面值相若，於2018年1月1日並未作出調整。

預期信貸損失模式下的減值

香港財務報告準則第9號的預期信貸損失模式將取締香港會計準則第39號的已發生的信貸損失模式。預期信貸損失模式要求持續計量與金融資產相關的信貸風險，因此確認信貸損失早於香港會計準則第39號的項已發生的信貸損失模式。

應用香港財務報告準則第9號對本集團按攤銷成本計量的金融資產在預期信貸損失模式項下之減值並無重大影響。

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and an interpretation that have been issued but are not yet effective.

HKFRS 16	Leases ¹
HKFRS 17	Insurance Contracts ³
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments ¹
Amendments to HKFRS 3	Definition of a Business ⁵
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 1 and HKAS 8	Definition of Material ²
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2019.

² Effective for annual periods beginning on or after 1 January 2020.

³ Effective for annual periods beginning on or after 1 January 2021.

⁴ Effective for annual periods beginning on or after a date to be determined.

⁵ Effective for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)(續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則

本集團並無提早應用以下已頒佈但尚未生效之新訂及經修訂之香港財務報告準則及詮釋：

香港財務報告準則第16號	租賃 ¹
香港財務報告準則第17號	保險合約 ³
香港(國際財務報告詮釋委員會) – 詮釋第23號	所得稅處理的不確定性 ¹
香港財務報告準則第3號(修訂本)	業務的定義 ⁵
香港財務報告準則第9號(修訂本)	具不賠償條款的預付款 ¹
香港財務報告準則第10號及香港會計準則第28號(修訂本)	投資者與其聯營或合營企業之間的資產出售或注資 ⁴
香港會計準則第1號及香港會計準則第8號(修訂本)	重大的定義 ²
香港會計準則第19號(修訂本)	計劃修正、縮減或清償 ¹
香港會計準則第28號(修訂本)	於聯營及合營企業的長期權益 ¹
香港財務報告準則(修訂本)	2015年至2017年週期香港財務報告準則的年度改進 ¹

¹ 於2019年1月1日或之後開始之年度期間生效。

² 於2020年1月1日或之後開始之年度期間生效。

³ 於2021年1月1日或之後開始之年度期間生效。

⁴ 於待定期日或之後開始之年度期間生效。

⁵ 自收購日期於2020年1月1日或之後開始的年度報告期內之業務合併生效。

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2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

New and amendments to HKFRSs in issue but not yet effective (Continued)

Except for the new HKFRS mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and the Interpretation will have no material impact on the Group’s consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance lease are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term lease and lease of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interests and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flow. Upon the application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and interest portion which will be presented as financing and operating cash flows, respectively.

2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)(續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

除以下所述的新訂之香港財務報告準則外，本公司董事預期應用其他新訂及經修訂香港財務報告準則及詮釋對本集團的綜合財務報表並無重大影響。

香港財務報告準則第16號租賃

香港財務報告準則第16號為識別出租人及承租人的租賃安排及會計處理引入一項綜合模式。香港財務報告準則第16號生效時將取代香港會計準則第17號租賃及相關詮釋。

香港財務報告準則第16號根據所識別資產是否由客戶控制來區分租賃及服務合同。此外，香港財務報告準則第16號規定售後租回交易根據香港財務報告準則第15號有關轉讓相關資產是否應作為銷售入賬的規定而釐定。香港財務報告準則第16號亦包括有關分租及租賃修訂的規定。

除短期租賃及低值資產租賃外，經營租賃及融資租賃的差異自承租人會計處理中撤銷，並由承租人須就所有租賃確認使用權資產及相應負債的模式替代。

使用權資產起始按成本計量，其後按成本(惟若干例外情況則除外)減累計折舊及減值虧損計量，並就租賃負債的任何重新計量作出調整。租賃負債起始按該日尚未支付的租賃款項現值計量。其後，租賃負債就利息及租賃款項以及(其中包括)租賃修訂的影響作出調整。就現金流量分類而言，本集團現時將經營租賃款項列作經營現金流量。應用香港財務報告準則第16號後，有關租賃負債的租賃款項將會分配至本金及利息部分，該本金及利息將分別列作融資及經營現金流量。



2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

HKFRS 16 Leases (Continued)

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is a lessee. The application of HKFRS 16 will not result in any changes in classification of these assets.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of HK\$7,757,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK\$32,000 as rights under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amount of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)(續)

香港財務報告準則第16號租賃(續)

根據香港會計準則第17號，本集團作為承租人，已就融資租賃安排確認資產及相關融資租賃負債。應用香港財務報告準則第16號將不會導致該等資產之分類產生任何變動。

除亦適用於出租人的若干規定外，香港財務報告準則第16號大致保留香港會計準則第17號內出租人的會計要求，並繼續要求出租人將租賃分類為經營租賃或融資租賃。

此外，香港財務報告準則第16號要求更詳盡的披露。

於2018年12月31日，本集團的不可註銷經營租賃承擔為7,757,000港元。初步評估顯示該等安排將符合租賃的定義。於應用香港財務報告準則第16號後，本集團將就所有該等租賃確認使用權資產及相應負債，除非該等租賃符合低值或短期租賃的性質。

此外，本集團現時將已付可退還租金按金32,000港元視為香港會計準則第17號所適用的租賃項下的權利。根據香港財務報告準則第16號項下租賃款項的定義，有關按金並非與相關使用權資產有關的付款，因此，有關按金的賬面值可調整至攤銷成本。已付可退還租金按金的調整將會被視為額外租賃款項，且將會計入使用權資產的賬面值。

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2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

HKFRS 16 Leases (Continued)

The application of new requirements will result changes in measurement, presentation and disclosure as indicated above. The Group will elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK (IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK (IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group will elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)(續)

香港財務報告準則第16號租賃(續)

應用新規定將導致上文所示的計量、呈列及披露出現變動。本集團將選用可行及適宜之方法，就先前應用香港會計準則第17號及香港(國際財務報告詮釋委員會)－詮釋第4號釐定安排是否包括租賃識別為租賃的合同應用香港財務報告準則第16號，而對於先前應用香港會計準則第17號及香港(國際財務報告詮釋委員會)－詮釋第4號並非識別為包括租賃的合同，則不應用該準則。因此，本集團不會重新評估合同是否為或包括於首次應用日期前已存在的租賃。此外，本集團作為承租人，將選用追溯調整法以應用香港財務報告準則第16號並將確認首次應用對期初保留利潤的累計影響，惟不會重列比較資料。

3. 主要會計政策

綜合財務報表乃根據會計師公會頒布之香港財務報告準則編製。此外，綜合財務報表載有聯交所證券上市規則(「上市規則」)及香港公司條例規定之適用披露事項。

綜合財務報表乃按歷史成本基準編製，惟若干按各報告期末之公平值計算之金融工具則除外，其會計政策於下文解釋。歷史成本均按交易貨品時之代價公平值。

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transferred at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. 主要會計政策(續)

公平值是於計量日市場參與者於有秩序交易中出售資產可收取或轉讓負債須支付之價格，而不論該價格是否可直接觀察或使用其他估值方法估計。於估計資產或負債之公平值時，本集團會考慮市場參與者於計量日對資產或負債定價時所考慮之資產或負債特點。該等綜合財務報表中作計量及／或披露用途之公平值乃按此基準釐定，惟於香港財務報告準則第2號以股份為基礎之付款範圍內之以股份為基礎付款交易、於香港會計準則第17號租賃範圍內之租賃交易及與公平值類似但並非公平值之計量（如香港會計準則第2號存貨中之可變現淨值或香港會計準則第36號資產減值之使用價值）除外。

非金融資產公平值之計量計及市場參與者可透過按該資產之最高及最佳用途使用該資產，或將該資產售予另一可按該資產之最高及最佳用途使用該資產之市場參與者，從而產生經濟利益之能力。

對於以公平值及以輸入可觀察的數據估值技術計量其後期間的公平值轉讓金融工具及投資物業，估值技術是經過校準的，以便得出結果是估值技術等於交易價格。

此外，就財務匯報而言，公平值計量根據公平值計量輸入數據之可觀察程度及輸入數據對公平值整體計量之重要性被分類為第1、第2或第3級，載述如下：

- 第1級輸入數據為實體於計量日期可取得之相同資產或負債於活躍市場之報價（未經調整）；
- 第2級輸入數據為就資產或負債直接或間接可觀察之輸入數據，包括於第一級內之報價除外；及
- 第3級輸入數據為資產或負債之不可觀察輸入數據。

主要會計政策載列於下文。

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綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. 主要會計政策(續)

綜合基準

本綜合財務報表包含本公司以及由本公司及其附屬公司控制之實體之財務報表。取得控制權指本公司：

- 對被投資方行使權力；
- 因參與被投資方之業務而獲得或有權獲得可變回報；及
- 有能力行使其權力以影響該等回報。

倘事實及情況反映上文所列三項控制因素其中一項或多項改變，則本公司將重估是否仍然控制被投資方。

當本集團取得附屬公司之控制權，便開始將該附屬公司綜合入賬；當本集團失去附屬公司之控制權，便停止將該附屬公司綜合入賬。具體而言，年內收購或出售之附屬公司之收入及支出會於本集團取得控制權當日起計入綜合損益及其他全面收益表，直至本集團對該附屬公司之控制權終止當日為止。

損益及其他全面收益各項目乃歸於本公司擁有人及非控股權益。附屬公司之全面收益總額乃歸於本公司擁有人及非控股權益，儘管此導致非控股權益產生虧絀結餘。

如有需要，附屬公司之財務報表將作出調整，以使其會計政策與本集團之會計政策一致。

所有集團內成員間有關資產及負債、權益、收入、支出及現金流之交易均於綜合入賬時全數對銷。

附屬公司的非控股權益與本集團的權益分開呈列，而該等權益代表其持有人於清盤時有權按相關附屬公司的淨資產比例分配的現有所有權權益。



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

3. 主要會計政策(續)

本集團於現有附屬公司之權益之變動

本集團於現有附屬公司之權益之變動(而並無導致本集團失去對附屬公司之控制權)當作股本交易入賬。本集團權益之相關部份及非控股權益之賬面值均予以調整,以反映於附屬公司之相對權益之變動,包括按照本集團與非控股權益之權益比例,將本集團與非控股權益之間之相關儲備重新歸屬。

非控股權益之調整額與所支付或收取代價公平值之間之任何差額,均直接於權益中確認,並歸屬於本公司擁有人。

業務合併

收購業務採用收購法入賬。於業務合併中所轉讓之代價按公平值計量,乃按本集團所轉讓資產,本集團向被收購方前擁有人產生之負債及本集團為換取被收購方控制權發行之股本權益於收購日期之公平期總和而計算。收購相關成本一般於產生時在損益中確認。

於收購日期,所收購之可識別資產及負債乃按公平值確認,除了以下:

- 遞延稅項資產或負債,以及與僱員福利安排有關的資產或負債分別根據香港會計準則第12號所得稅及香港會計準則第19號僱員福利的確認及計量;
- 負債或被收購方以股份支付相關的負債或權益工具或以本集團訂立股份支付的安排取代被收購方以股份為基礎之付款安排需於購買日期根據香港財務報告準則第2號以股份為基礎之付款計量(見下面的會計政策);和
- 根據香港財務報告準則第5號持作出售及終止經營的非流動資產分類為持作出售的資產(或出售組別)按該準則計量。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If recoverable amount of the unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

3. 主要會計政策(續)

業務合併(續)

商譽乃以所轉讓代價、被收購方所佔之任何非控股權益金額及收購方以往持有之被收購方股權公平值(如有)之總和超出所收購可識別資產及所承擔負債於收購日期之淨值之部份計量。倘經過重新評估後，所收購可識別資產及所承擔負債之淨值超出所轉讓代價、被收購方所佔之任何非控股權益金額以及收購方以往持有之被收購方權益公平值(如有)之總和，則超出部份即時於損益確認為議價收購收益。

屬現時擁有權權益且於清盤時賦予其持有人按比例分佔有關附屬公司資產淨值之非控股權益，可初步按非控股權益應佔被收購方可識別資產淨值之已確認金額比例計量。

商譽

因收購業務而產生的商譽，按於收購業務當日之成本(見上述會計政策)減累計減值虧損(如有)計值。

就減值測試而言，商譽會分配至預期可從該組合的協同效應中獲益的本集團各現金產生單位(或現金產生單位組別)，而該組合的協同效益代表商譽受內部管理監控的最低級別，且不大於經營分部。

已分配商譽的現金產生單位(或現金產生單位組別)每年會進行減值測試，或在有跡象顯示該單位可能出現減值時更頻密地進行減值測試。就於報告期內收購產生的商譽而言，已分配商譽的現金產生單位(或現金產生單位組別)於該報告期末前會進行減值測試。倘該單位之可收回金額低於其賬面值，則減值虧損首先被分配以減少任何商譽的賬面值，然後根據該單位(或現金產生單位組別)各項資產的賬面值按比例減值至其他資產。

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill (Continued)

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal (or any of the cash-generating unit within group of cash-generating units in which the Group monitors goodwill).

The Group's policy for goodwill arising on the acquisition of an associate and joint ventures is described below.

Investments in an associate and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the joint arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of an associate and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of an associate and joint ventures used for equity method purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint ventures other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that an associate or joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in an associate or a joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. 主要會計政策(續)

商譽(續)

於出售有關現金產生單位時，會包括商譽應佔金額之確定出售事項之損益金額（或本集團監控商譽之現金產生單位組別內之任何現金產生單位）。

下文描述本集團收購一間聯營企業及合營企業產生的商譽政策。

於聯營企業及合營企業之投資

聯營企業乃指本集團對其具有重大影響力之一個實體。重大影響力乃指有權力參與被投資方財務及營運政策決定，但不能控制或共同控制該等政策。

合營企業乃指一項聯合安排，而對該聯合安排擁有聯合控制之各方擁有該項聯合安排的淨資產的權利。聯合控制是指按照合同約定分享對安排的控制權，只有在相關活動的決定需要共享控制權的各方一致同意時才存在。

聯營企業及合營企業之業績及資產及負債乃以權益法計入綜合財務報表。以權益法處理之聯營企業及合營企業財務報表乃按本集團就於類似情況下之交易及事件所採用者相同之會計政策編製。根據權益法，於聯營企業或合營企業的投資最初按成本於綜合財務狀況表確認，並於其後作出調整，以確認本集團應佔聯營企業或合營企業的損益及其他全面收益。聯營企業／合營企業淨資產變動（損益及其他全面收益除外）不會入賬，除非該等變動導致本集團持有的所有權益出現變動。倘本集團分佔聯營企業或合營企業之虧損超過本集團於該聯營企業及合營企業之權益（包括實質上構成本集團於聯營企業或合營企業投資淨額一部分之任何長期權益），本集團不再確認其分佔進一步虧損。額外虧損僅在本集團產生法定或推定責任或代表聯營企業或合營企業付款的情況下確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in an associate and joint ventures (Continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. 主要會計政策(續)

於聯營企業及合營企業之投資(續)

於被投資方成為一家聯營企業或合營企業當日，對聯營企業或合營企業之投資採用權益法入賬。於收購一間聯營企業或合營企業之投資時，投資成本超過本集團分佔該被投資方可識別資產及負債公平值淨額之任何部分乃確認為商譽，並計入投資之賬面值。倘本集團所佔可識別資產及負債於重新評估後之公平值淨額高於投資成本，則會於收購投資之期間即時在損益確認。

本集團評估是否有客觀證據證明聯營企業或合營企業的權益可能出現減值。當存在任何客觀證據時，投資的整個賬面值(包括商譽)將根據香港會計準則第36號資產減值作為單項資產進行減值測試，方法是比較其可收回金額(使用價值與公平值減去出售成本之較高者)及其賬面金額。確認的任何減值虧損構成投資賬面金額的一部分。而該減值虧損的任何撥回乃根據香港會計準則第36號確認，惟按投資的可收回金額隨後增加幅度為限。

當本集團降低其於聯營企業或合營企業的所有權權益，但本集團繼續使用權益法時，本集團將先前於其他全面收益中確認的收益或虧損的比例重分類至損益，如果該收益或虧損將在出售相關資產或負債時重新分類至損益，所有權權益將會被減少。

當集團實體與本集團的聯營企業或合營企業進行交易時，與聯營企業或合營企業進行交易所產生的利潤及虧損於本集團的綜合財務報表中確認，但僅限於與本集團無關的聯營企業或合營企業的權益。



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest in a joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

3. 主要會計政策(續)

於合營業務之權益

合營業務乃指一項聯合安排，而對該安排擁有聯合控制之各方(即共同經營者)擁有該項聯合安排的資產權利和負債義務。聯合控制是指按照合同約定分享對安排的控制權，只有在相關活動的決定需要共享控制權的各方一致同意時才存在。

本集團根據適用於特定資產，負債，收入及開支的香港財務報告準則，計入與其合營業務權益有關的資產，負債，收入及開支。

當集團實體與集團實體作為共同經營者的合營業務進行交易時(如銷售或注入資產)，本集團被視作與合營業務的其他各方進行交易，交易所產生的收益或虧損於本集團的綜合財務報表中確認，但僅限於與合營業務的其他各方的權益。

當集團實體與集團實體作為共同經營者的合營業務進行交易時(如購入資產)，本集團並不確認其損益份額，直至其將該等資產轉售予第三方為止。

客戶合約收入(按照附註2之過渡條文應用香港財務報告準則第15號之後)

根據香港財務報告準則第15號，當履約責任獲履行時，即當特定履約責任相關之商品或服務之「控制權」轉移予客戶時，本集團確認收入。

履約責任是指一項不同的商品或服務(或一籃子商品或服務)，或一系列基本相同的不同商品或服務。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2) (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

3. 主要會計政策(續)

客戶合約收入(按照附註2之過渡條文應用香港財務報告準則第15號之後)(續)

倘滿足以下任何一個標準，控制權是為隨著時間轉移，參照滿足相關履約責任的進度而於一段時間內確認收入：

- 客戶同時接收及消耗本集團履約時所提供的利益；
- 本集團履約時創造並增強客戶控制的資產；或
- 本集團履約時不會產生對本集團有替代用途的資產，而本集團對於已完成之履約具有可執行的付款權利。

否則，於客戶取得不同商品或服務之控制權時之時間點確認收入。

合約資產代表本集團為已轉讓予客戶的貨品或服務予但未成為無條件的代價之權利。其須根據香港財務報告準則第9號進行減值評估。相反，應收款項代表本集團的無條件的代價之權利，即只待時間推移該代價即會到期。

合約負債指就本集團已自客戶收取代價(或代價已到期)時本集團須向客戶轉讓商品或服務之責任。

與同一合約有關的合約資產和合約負債按淨額入賬並列報。



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2) (Continued)

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

The Group recognises revenue under the following accounting policies:

- (i) Revenue from sale of chemical product is recognised at a point in time when the customer obtains control of goods; and
- (ii) Revenue from supply of steam and electricity is recognised at a point in time upon transition steam and electricity to users.

3. 主要會計政策(續)

客戶合約收入(按照附註2之過渡條文應用香港財務報告準則第15號之後)(續)

具有多個履約責任之合約(包括交易價格之分配)

就包含一個以上履約責任之合約而言，本集團按相對單獨銷售價格基準向每個履約責任分配交易價格，惟折扣之分配除外。

每個履約責任相關之不同商品或服務之單獨售價於合約訂立開始釐定，其指本集團將會向客戶單獨出售承諾之商品或服務之價格。倘單獨售價不可直接觀察，本集團會使用適當技術進行估計，以致最終分配予任何履約責任之交易價格反映本集團為換取轉讓已向客戶承諾之商品或服務而預期享有權益之代價金額。

本集團按以下會計政策確認收入：

- (i) 來自銷售化工產品之收入於客戶取得貨品的控制權時按一個時間點確認；及
- (ii) 來自供應蒸氣及電力之收入於傳送蒸氣及電力予用家時按一個時間點確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (prior to 1 January 2018)

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset.

3. 主要會計政策(續)

收入確認(於2018年1月1日之前)

收入按已收或應收代價之公平值計量，即日常業務過程中已提供貨物或服務扣除折扣及銷售有關稅項後之應收款項。

收入乃當收入金額能夠可靠地計量時確認，當將來的經濟利益很可能流入本集團及符合本集團各業務的具體標準時確認，載述如下。

貨物銷售於貨物付運及擁有權轉移時確認。

符合以上收入確認要求之前已向買家收取的按金及分期付款於綜合財務狀況表之流動負債列報。

利息收入乃以時間為基準按未償還本金及適用實際利率累計，而實際利率為透過金融資產之預期可用年期將估計日後所收現金實際折讓至該資產之賬面淨值之比率。

租賃

凡租賃之條款規定擁有權所附帶之一切風險及回報實質上轉移至承租人者，該租賃即歸類為融資租賃。其他租賃全部列作經營租賃。

本集團作為出租人

融資租賃承租人應收款項按本集團租賃淨投資額確認為應收款項。融資租賃收入分配至會計期間，以反映本集團就該等租賃的未償還投資淨額的固定回報率。

經營租賃的租金收入在相關租賃期內按直線法在損益內確認。談判和安排經營租賃時產生的初始直接費用計入租賃資產的賬面金額。除按公平值模式計量的投資物業外，該等成本於租期內按直線法確認為開支。



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (Continued)

The Group as lessee

Operating lease payments, including the cost of acquiring/and held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land and building

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

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

3. 主要會計政策(續)

租賃(續)

集團作為承租人

經營租賃，包括收購和持有經營租賃的成本，款項乃按租賃年期以直線法確認為費用。

當訂立經營租賃時收到租賃優惠，該等優惠被確認為負債。各項優惠以直線法確認為遞減租金開支。

租賃土地及樓宇

當租賃包括土地及樓宇部份時，本集團以評估與各部份擁有權有關的絕大部份風險及回報是否已轉移至本集團為基礎，評估如何將各部份分類為融資或經營租賃，除非肯定兩部分均為經營租賃，則於該情況下，整項租賃乃分類為經營租賃。尤其，最低租賃款項(包括任何一次性預付款項)乃以租約開始時，於土地及樓宇部份之間進行分配，比例為以租賃權益於土地部份及樓宇部份的相對公平值而定。

倘租賃款項能夠可靠分配時，則入賬列作經營租賃的租賃土地權益乃於綜合財務狀況表列作「預付租賃款項」，並以直線法於租期內攤銷。當租賃款項無法於土地及樓宇部份之間可靠分配時，則整份租賃一般分類為融資租賃。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on settlement of the monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates/joint ventures.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operation are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

3. 主要會計政策(續)

外幣

編製各個別集團實體之財務報表時，以該實體功能貨幣以外之貨幣(外幣)進行之交易按其各自之功能貨幣於交易日期之適用匯率入賬。於報告期末，以外幣計值之貨幣項目按該日期之適用匯率重新換算。以外幣計值並按公平值列賬之非貨幣項目乃按釐定公平值當日之適用匯率重新換算。以外幣歷史成本計量之非貨幣項目不會重新換算。

結算及重新換算貨幣項目所產生之匯兌差額於其產生期間於損益內確認，惟源自其結算並無計劃及不大可能出現的應收或應付境外業務之貨幣項目的匯兌差額(因此組成境外業務淨投資之一部分)除外，該差額初步於其他全面收益表確認及當出售或部分出售本集團之聯營／合營企業權益時重新由權益分類至損益。

就呈列綜合財務報表而言，本集團海外經營業務之資產及負債乃按於報告期末之適用匯率換算為本公司之列賬貨幣(即港元)，而收入及支出乃按該年度之平均匯率進行換算，除非匯率於該期間內出現大幅波動則作別論。於此情況下，則採用於換算當日之適用匯率。所產生之匯兌差額(如有)於匯兌儲備項下為其他全面收益及累計於權益中確認。



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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 added to 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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. 主要會計政策(續)

外幣(續)

由出售海外業務時(出售本集團海外業務所有權益或出售附屬公司而失去控制權, 並包括海外業務, 出售共同合作公司之部分權益且保留權益為財務資產並包括海外業務), 所有累計於權益之匯兌差額且與本公司擁有人應佔權益乃重新分類至損益。

此外, 有關出售部份附屬公司且不會引致本集團失去附屬公司控制權, 按比例份額之累計匯兌差額會再分配到非控股權益及不會於損益中確認。所有其他部分出售(聯營企業或合營企業之部份出售且不引致本集團失去聯營企業重大影響或合營企業控制), 按比例份額之累計匯兌差額會重新分類至損益。

借貸成本

直接源自收購、建造或生產的合資格資產, 而有關資產需要一段長時間方可供作擬定用途或出售之借貸成本會計入該等資產成本部分, 直至該資產大致上可供作擬定用途或出售為止。

尚未用於合資格資產之特定借貸作短期投資賺取之投資收入, 於合資格資本化之借貸成本中扣除。

所有其他借貸成本均於產生期間在損益內確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income/a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are 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 are reasonably certain to become receivable.

Retirement benefit costs and termination benefits

Payments to the Mandatory Provident Fund Scheme and national statutory social security insurance scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

3. 主要會計政策(續)

政府補貼

在合理地保證本集團會遵守政府補助的附帶條件以及收到補助後，政府補助方會予以確認。

政府補貼於本集團確認有關成本為開支期間有系統地於損益內確認，該補貼擬用於補償相關成本。尤其是政府補貼之主要條件是指本集團購買、建設或收購非流動資產並確認於綜合財務狀況表中的相關資產之賬面值中延遲收入扣除及按有關資產之使用期限有系統及理性地轉移至損益內。

作為補償已產生開支或虧損或旨在為本集團提供實時財務資助(而無未來相關成本)之應收政府補貼，乃於應收期間確認為損益。

退休福利成本和終止合約福利

向強制性公積金計劃和國家法定社會保障保險計劃支付的費用在員工提供服務使其有權獲得供款時確認為費用。

當本集團不能再提取離職福利及已確認為相關重組成本，離職福利的負債需及早確認。

短期員工福利

短期員工福利於預期支付福利和僱員提供服務時以未折現金額確認。除非其他香港財務報告準則要求或准許福利包括在資產的成本內之外，所有短期員工福利會確認為支出。

提供給員工的福利(如工資及薪金、年假及病假)扣除已付的金額後會確認為負債。

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Share-based payment arrangements***Equity-settled share-based payment transactions**Share options granted to a director*

Equity-settled share-based payments to a director are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity under the heading of "share options reserve". At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options 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 be transferred to accumulated profits.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

3. 主要會計政策(續)

以股份為基礎的付款安排

以權益結算以股份為基礎的付款交易

授予一位董事之購股權

向本公司董事及本集團其他僱員作出的以權益結算以股份為基礎的付款交易乃按權益工具於授出日期之公平值計量。

以授出當日(並無考慮非市場性質的歸屬條件)之公平值來釐定的以權益結算股份支付款項,按集團估計權益工具將會最終歸屬的期間以直線法支銷,並於權益中(以股份支付款項儲備內)作相應增加。於報告期末,就附帶非市場表現歸屬條件之購股期權,集團會根據所有相關非市場性質的歸屬條件的評估,修正其預計歸屬購股期權數量之估算。從修改原有估算產生在歸屬期內之影響(如有者)於損益內確認,其累計開支反映已修正之估算,而以股份支付款項儲備亦作相應調整。就可於授權當日即時行駛的購股權,該購股權需以公平值以費用形式在損益反映。

當購股權獲行使時,先前於購股權儲備確認的款額將轉撥至股份溢價。當購股權於歸屬日期後被沒收或於到期日仍未行使,先前於購股權儲備確認的款額將轉撥至累計溢利。

稅項

所得稅開支指即期應付稅項及遞延稅項的總和。

即期應付稅項根據該年度的應課稅溢利計算。應課稅溢利有別於綜合損益及全面收益表內所呈報的除稅前溢利,此乃由於其並無計入其他年度的應課稅或可扣稅收支項目,亦無計入日後的毋須課稅及不可扣稅的項目。本集團的即期稅項負債乃按已於各報告期末訂定或大致訂定的稅率計算。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such defined assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, and interests in joint ventures and an associate, 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets 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.

3. 主要會計政策(續)

稅項(續)

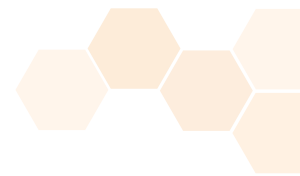
遞延稅項乃就綜合財務報表內的資產與負債賬面值與計算應課稅溢利所採用的相應稅基間的暫時性差額確認。遞延稅項負債一般就所有應課稅暫時性差額予以確認，而遞延稅項資產則於可能動用應課稅溢利以抵銷可扣稅的暫時性差額予以確認。倘因初步確認一項既不影響應課稅溢利亦不影響會計溢利的交易的商譽或其他資產與負債而產生暫時性差額，則有關資產與負債不予確認。

遞延稅項負債乃就附屬公司投資及合營企業和聯營企業之權益所產生的應課稅暫時性差額確認，惟倘本集團能控制暫時性差額的撥回以及暫時性差額有機會不會於可見將來撥回除外。與該等投資及權益相關之可扣稅暫時差額所產生之遞延稅項資產僅於可能有足夠應課稅溢利可以使用暫時差額之益處且預計於可見將來可以撥回時確認。

遞延稅項資產的賬面值乃於各報告期末進行檢討，並於不大可能動用足夠應課稅溢利以收回全部或部分資產時予以扣減。

遞延稅項按預期於清償負債或變現資產的期間內應用的稅率，以報告期末已生效或實質上已生效之稅率(及稅法)為基準計算。

遞延稅項負債及資產的計算，反映了本集團於報告期末所預期對收回或償還其資產及負債之賬面值的方式所產生的稅務結果。



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

For the purposes of measuring deferred taxes for investment properties that are measured using the fair value model, the carrying amounts of investment properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production of goods or for administrative purposes (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties, plant and machinery in the course of construction for production or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

3. 主要會計政策(續)

稅項(續)

為了測量使用公平值模式計量的投資物業的遞延稅項，該投資物業的賬面金額假設通過銷售完全收回，除非該假設被推翻。當投資物業可折舊時，該推定被推翻，並在商業模式中持有，其目的是隨著時間的推移而不是通過銷售消耗投資物業的所有經濟利益。

當有法定可強制執行權利將即期稅項資產抵銷即期稅項負債時，以及當彼等乃與同一稅務機關徵收之所得稅有關且本集團擬按淨額基準清償即期稅項資產及負債，遞延所得稅資產及負債均予以對銷。

現時及遞延稅項於損益內確認，惟倘遞延稅項涉及於其他全面收益或直接在權益確認項目，則現時及遞延稅項亦會分別於其他全面收益或直接於權益內確認。

物業、廠房及設備

物業、廠房及設備，包括持作生產或作行政用途之建築物及租賃土地(在建工程除外)按成本減其後累計折舊及其後累計減值虧損(如有)於綜合財務狀況表呈列。

為生產或行政用途而建的在建物業、廠房及設備按成本減任何已確認減值虧損列值。成本包括專業費用及就合資格資產而言根據本集團會計政策資本化的借款成本。該等物業於完成及可供作擬定用途時分類為適當類別的物業、廠房及設備。該等資產於資產可投入擬定用途時開始按與其他物業資產相同的基準計算折舊。

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綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment loss. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. 主要會計政策(續)

物業、廠房及設備(續)

折舊乃利用直線法確認以撇銷資產(在建工程除外)成本，減去資產於其估計可使用年期的剩餘價值。估計可使用年期、剩餘價值及折舊方法於各報告期末作檢討，相關估計之任何變動影響於日後反映。

物業、廠房及設備項目於出售時或當預期繼續使用該資產不會產生任何日後經濟利益時解除確認。出售或報廢物業、廠房及設備項目產生的收益或虧損乃按出售該資產所得款項與賬面值間的差額釐定並於損益中確認。

無形資產

單獨收購的無形資產

單獨收購且具有限可使用年期的無形資產按成本減累計攤銷及任何累計減值虧損入賬。具有限可使用年期的無形資產的攤銷於其估計可使用年期內按直線基準確認。估計可使用年期及攤銷法於各報告期末檢討，而相關估計之任何變動影響於日後反映。

無形資產於出售時或預期使用或出售不會產生未來經濟利益時解除確認。解除確認無形資產所產生的收益及虧損，其按出售所得款項淨額與資產賬面值之間的差額計量，於解除確認資產時於損益中確認。



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Properties under development for sale

Properties under development for sale are stated at the lower of cost and net realisable value. Cost includes the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses. Net realisable value represents the estimated selling price, based on prevailing market conditions, less estimated costs of completion and costs to be incurred in selling the property.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date/settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 January 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. 主要會計政策(續)

存貨

存貨乃按成本及可變現淨值之較低者列賬。存貨成本按先入先出法釐定。可變現淨值指存貨估計售價減估計完成所需之全部成本以及銷售所需成本。

待出售的發展中物業

待出售的發展中物業按成本與可變現淨值兩者中較低者列賬。成本包括土地購置成本，開發總成本，材料和用品，工資和其他直接開支。可變現淨值乃根據現行市況釐定估計售價，扣除估計完成成本及出售物業所產生成本。

金融工具

當集團實體成為工具合約條文之訂約方，則確認金融資產及金融負債。所有日常購買或出售之財務資產均按交易日／結算日基準確認及解除確認。日常購買或出售指按於市場規則或慣例確立之時限內交付資產之財務資產購買或出售。

金融資產及金融負債初步按公平值計量，惟自2018年1月1日起按照香港財務報告準則第15號初步計量之客戶合約產生之貿易應收賬款除外。因收購或發行金融資產及金融負債(不包括按公平值透過損益列賬之金融資產及金融負債)而直接產生之交易成本，於初次確認時加入金融資產或金融負債(如適用)之公平值，或自金融資產或金融負債(如適用)之公平值扣除。收購按公平值透過損益列賬之金融資產或金融負債時，直接產生之交易成本即時於損益確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest/dividend income which are derived from the Group's ordinary course of business are presented as revenue under output method.

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. 主要會計政策(續)

金融工具(續)

實際利率法為計算金融資產或金融負債的攤銷成本以及在有關期間內分配利息收入及利息開支的方法。實際利率是將估計未來現金收支(包括已支付或收取並構成實際利率組成部分之所有費用和貼息、交易費以及其他溢價或折讓)透過金融資產或金融負債的預計年期或(倘適用)更短期間準確折現至初步確認時的賬面淨值的利率。

來自本集團日常業務之利息/股息收入根據產出法列報為收益。

金融資產

金融資產之分類及其後計量(按照附註2之過渡條文應用香港財務報告準則第9號之後)

符合下列條件之金融資產其後按攤銷成本計量：

- 在其目標為收回合約現金流之業務模式內持有之金融資產；及
- 合約條款為僅於特定日期產生支付本金及未償付本金之利息之現金流。

符合下列條件之金融資產其後按公平值計入其他全面收益(「按公平值計入其他全面收益」)計量：

- 在其目標為收回合約現金流及出售之業務模式內持有之金融資產；及
- 合約條款為僅於特定日期產生支付本金及未償付本金之利息之現金流。



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2) (Continued)

All other financial assets are subsequently measured at fair value through profit and loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term;
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產之分類及其後計量(按照附註2之過渡條文應用香港財務報告準則第9號之後)(續)

所有其他金融資產其後按公平值計入損益(「按公平值計入損益」)，惟於初步應用/初步確認金融資產日期，倘該股本投資既非持作買賣亦非由收購方按香港財務報告準則第3號業務合併適用之業務合併內確認之或然代價，本集團則不可撤銷地選擇將股本投資公平值之其後變動呈列在其他全面收益(「其他全面收益」)內。

若符合下列情況之一，金融資產將歸類為持作買賣：

- 收購金融資產之目的主要為於近期內出售；
- 於初步確認時，該金融資產為由本集團共同管理之已識別金融工具組合之一部份，並且最近有可短期獲利之實際模式；或
- 其為一種未被指定而又不足有效為對沖工具之衍生工具。

此外，倘如此可消除或大幅減少會計錯配，本集團可以不可撤銷地將須按攤銷成本或須按公平值計入其他全面收益之金融資產指定為按公平值計入損益之金融資產。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments (Continued)****Financial assets (Continued)**

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2) (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Debt instruments/receivables measured as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments/receivables measured as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments/receivables. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments/receivables had been measured at amortised cost. When these debt instruments/receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

3. 主要會計政策(續)**金融工具(續)****金融資產(續)**

金融資產之分類及其後計量(按照附註2之過渡條文應用香港財務報告準則第9號之後)(續)

(i) 攤銷成本及利息收入

就其後按攤銷成本計量之金融資產及其後按公平值計入其他全面收益之債務工具／應收賬款使用實際利息法確認利息收入。就購買或原始之信貸減值金融資產以外的金融工具而言，利息收入透過對金融資產總賬面值應用實際利率而計算，惟其後成為信貸減值之金融資產除外(參見下文)。就其後成為信貸減值之金融資產而言，利息收入透過對金融資產自下一報告期起計之攤銷成本應用實際利率予以確認。倘信貸減值金融工具之信貸風險改善以致金融資產不再信貸減值，利息收入將於對金融資產在釐定資產不再信貸減值後之報告期開始起按總賬面值應用實際利率予以確認。

(ii) 按公平值計入其他全面收益之債務工具／應收賬款

因使用實際利息法計算利息收入而產生之按公平值計入其他全面收益之債務工具／應收賬款賬面值之其後變動於損益內確認。減值撥備於損益內確認，並相應調整其他全面收益，而毋須減少該等債務工具／應收賬款之賬面值。於損益內確認之金額與倘該等債務工具／應收賬款按攤銷成本計量原本於損益內確認之金額相同。當該等債務工具／應收賬款解除確認時，先前於其他全面收益內確認之累計收益或虧損重新分類至損益。

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments (Continued)***Financial assets (Continued)*

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2) (Continued)

(iii) Financial assets measured at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the heading of "other gains and losses".

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, loan to a joint venture, amounts due from a joint venture/related companies and bank balances and cash). The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

3. 主要會計政策(續)**金融工具(續)****金融資產(續)**

金融資產之分類及其後計量(按照附註2之過渡條文應用香港財務報告準則第9號之後)(續)

(iii) 按公平值計入損益之金融資產

對並不符合按攤銷成本列賬或按公平值計入其他全面收益或指定按公平值計入其他全面收益之金融資產按公平值計入損益。

按公平值計入損益之金融資產按每個報告期末之公平值計量，並在損益內確認任何公平值收益或虧損。在損益內確認之收益或虧損淨額不包括任何股息或金融資產賺取之利息及計入單列項目「其他收益及虧損」內。

金融資產減值(根據附註2內之過渡條文應用香港財務報告準則第9號之後)

本集團就受根據香港財務報告準則第9號減值規限之金融資產(包括貿易應收賬款，其他應收賬款，合營企業之貸款，應收合營企業／關連公司款項及銀行結餘及現金)確認預期信貸虧損之虧損撥備。預期信貸虧損金額於每個報告期末予以更新，以反映自初步確認後信貸風險之變動。

終身預期信貸虧損指因有關工具預期年內所有可能違約事件造成的預期信貸虧損。相比之下，12個月預期信貸虧損指預期可能於報告日期後12個月內可能發生之違約事件而產生的終身預期信貸虧損部分。根據本集團之過往信貸虧損經驗並調整應收賬款特有的因素，一般經濟條件及評估報告日期之現時條件以及預測未來條件進行評估。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(根據附註2內之過渡條文應用香港財務報告準則第9號之後)(續)

本集團就貿易應收賬款總是確認終身預期信貸虧損。該等資產之預期信貸虧損乃為重大應收賬款結餘單獨評估或使用具有適當組別的一個撥備矩陣集體評估。

就所有其他工具而言，本集團計量相等於12個月之預期信貸虧損之虧損撥備，除非自初步確認起信貸風險出現顯著增加，則本集團確認終身預期信貸虧損。評估是否確認終身預期信貸虧損乃基於自初步確認以來發生違約風險可能性之大幅增加。

(i) 信貸風險之顯著增加

在評估自初步確認以來信貸風險是否顯著增加時，本集團將報告日期金融工具發生之違約風險與初步確認日期之金融工具發生之違約風險進行比較。在作出此項評估時，本集團考慮合理及可支持之定量及定性資料，包括過往經驗及無需過度成本或精力之前瞻性資料。

尤其在評估信貸風險是否顯著增加時會考慮下列資料：

- 金融工具之外部(如有)或內部信貸評級之實際或預期顯著惡化；
- 信貸風險外部市場指標之顯著惡化，如信貸利差，應收賬款之信貸違約掉期價格之大幅上升；
- 預期造成債務人清償債務能力大幅下跌之業務、財務或經濟條件之現有或預期不利變動；

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments (Continued)***Financial assets (Continued)*

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

(i) Significant increase in credit risk (Continued)

- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. 主要會計政策(續)**金融工具(續)****金融資產(續)**

金融資產減值(根據附註2內之過渡條文應用香港財務報告準則第9號之後)(續)

(i) 信貸風險之顯著增加(續)

- 債務人經營業績之實際或預期顯著惡化；
- 造成債務人清償債務能力大幅下降之債務人之政策、經濟或技術環境之實際或預期重大不利變動。

不論上述評估之結果，本集團假定當約定付款逾期30日以上時，則為自初步確認以來信貸風險顯著增加，除非本集團另有其他合理及可支持資料。

儘管有以上所述，如債務工具於報告日期的信貸風險釐定為偏低，則本集團假定債務工具之信貸風險自初步確認以來尚未顯著增加。倘 i)其違約之風險偏低，ii)借款人擁有於近期清償其合約現金流承擔之雄厚能力及iii)長期經濟及商業條件之不利變動或會但不一定降低借款人履行合約現金流義務的能力，則債務工具被釐定為於報告日期信貸風險較低。當其擁有全球理解之定義為「投資等級」之內部或外部信貸評級時，本集團將債務工具視為擁有偏低之信貸風險。

本集團定期監察用作識別是否信貸風險存在大幅增加標準之有效性及將其修訂(如適用)以確保該標準能夠在款項逾期之前識別信貸風險之大幅增加。

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綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(根據附註2內之過渡條文應用香港財務報告準則第9號之後)(續)

(ii) 違約之定義

就內部信貸風險管理而言，當內部制訂或自外部來源取得之資料顯示債務人不大可能悉數償付其債權人(包括本集團)時(本集團並無持有任何抵押品)，本集團視為違約事件發生。

不計以上所述，當金融資產逾期90日以上時，本集團視為違約發生，除非本集團有合理及可支持資料顯示更滯後的違約標準乃屬適當。

(iii) 信貸減值金融資產

當對金融資產之估計未來現金流量產生損害影響之一個或多個違約事件發生時，該金融資產為信貸減值，證明金融資產信貸減值的證據包括有關下列事件之可觀察數據：

- (a) 發行人或借款人遇到嚴重財務困難；
- (b) 違反合約，例如拖欠或逾期事件；
- (c) 借款人之貸款人因借款人財務困難相關之經濟或合約理由，已向借款人授出貸款人原本不會另外考慮之優惠；
- (d) 借款人有可能破產或進行其他財務重組；或
- (e) 由於財務困難而導致該金融資產之活躍市場消失。



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised directly in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, the loss given default (i.e. the magnitude of loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(根據附註2內之過渡條文應用香港財務報告準則第9號之後)(續)

(iv) 撇銷政策

當有資料顯示交易對手處於嚴重財務困難及概無復蘇的現實前景，例如，當交易對手已處於清盤當中或進入破產程序，則本集團撇銷金融資產。經考慮法律意見後，如適用，已撇銷之金融資產可能根據本集團之收款程序而繼續法律行動。撇銷構成一項解除確認事件。任何其後之收回在損益內確認。

(v) 預期信貸虧損之計量及確認

預期信貸虧損的計量為違約可能性、違約虧損率(即出現違約時的損失幅度)及違約風險的函數。違約可能性及違約虧損率的評估乃按照歷史數據進行，並就前瞻性資料作出調整。預期信貸虧損的估計反映無偏頗並已計及按各個違約風險的或然加權金額。

一般而言，預期信貸虧損乃根據合約應付本集團之所有合約現金流量與本集團預期收取之現金流之間之差額，於初步確認時釐定之實際利率進行折現。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

(v) Measurement and recognition of ECL (Continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for ECL on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(根據附註2內之過渡條文應用香港財務報告準則第9號之後)(續)

(v) 預期信貸虧損之計量及確認(續)

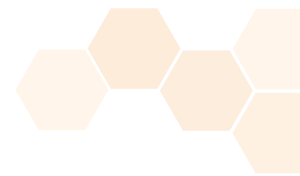
當預期信貸虧損按集體基準計量或迎合個別工具層級之證據可能尚不適用之個案時，金融工具按以下基準分組：

- 金融工具之性質(如本集團之貿易及其他應收賬款及應收客戶款項均為按獨立組別各自評估。關連人士之貸款按個別基準評估預期信貸虧損)；
- 逾期狀態；
- 債務人之性質、規模及行業；及
- 外部信貸評級(如適用)。

管理層定期審閱分組，以確保每個組別之組成繼續分享相若之信貸風險特徵。

利息收入乃按金融資產之總賬面值計算，除非金融資產已信貸減值，在該情況下，利息收入按該金融資產之攤銷成本計算。

就金融擔保合約而言，按照根據香港財務報告準則第9號釐定之虧損撥備金額及初步確認之金額減去於整個擔保期確認之累計收入金額(如適用)之較高者確認虧損撥備。



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

(v) Measurement and recognition of ECL (Continued)

For undrawn loan commitments, the loss allowances are the present value of the difference between:

- (a) the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan; and
- (b) the cash flows that the Group expects to receive if the loan is drawn down.

Except for debt instruments/receivables that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the FVTOCI reserve without reducing the carrying amount of these debt instruments/receivables.

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018)

Financial assets are classified into the following specified categories: financial assets at FVTPL ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date/settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(根據附註2內之過渡條文應用香港財務報告準則第9號之後)(續)

(v) 預期信貸虧損之計量及確認(續)

就未提款之貸款承擔而言，虧損撥備為以下兩者差額之現值：

- (i) 倘貸款承擔之持有人提取貸款，應付本集團之合約現金流；
- (ii) 倘貸款被提取，本集團預期收取之現金流。

除按公平值計入其他全面收益之債務工具／應收賬款外，本集團就所有金融工具於損益內確認減值收益或虧損，並調整其賬面值，惟貿易應收賬款除外，其會透過確認虧損撥備賬戶作出相應調整。就按公平值計入其他全面收益之債務工具投資而言，虧損撥備乃於其他全面收益內確認及於公平值透過其他全面收益儲備內累計，毋須減低該等債務工具／應收賬款之賬面值。

金融資產之分類及其後計量(於2018年1月1日應用香港財務報告準則第9號之前)

財務資產劃分為以下所述類別：按公平值透過損益列賬之財務資產、貸款及應收賬款。該分類取決於財務資產之性質及用途，並於初始確認時釐定。所有一般性購買或出售之財務資產均按交易日／結算日基準確認及解除確認。一般性購買或出售指按於市場規管或慣例確立之時限內交付資產之財務資產購買或出售。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018) (Continued)

(i) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading or (ii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading (or contingent consideration that may be received by an acquirer as part of a business combination) may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產之分類及其後計量(於2018年1月1日應用香港財務報告準則第9號之前)(續)

(i) 按公平值透過損益列賬之財務資產

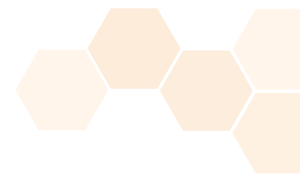
當財務資產(i)持作買賣；或(ii)指定按公平值透過損益列賬時，則分類為按公平值透過損益列賬之財務資產。

若符合下列情況之一，財務資產將歸類為持作買賣財務資產：

- 收購財務資產之目的主要為於近期內出售；或
- 於初步確認時，該財務資產為由本集團共同管理之已識別金融工具組合之一部份，並且最近有可短期獲利之實際趨勢；或
- 該財務資產並非被指定為有效對沖工具之衍生工具。

金融資產(持作交易用途的金融資產除外)在下列情況下可於初步確認時指定為按公平值透過損益列賬：

- 所作指定會消除或大幅降低在其他情況下可能出現的計量或確認不一致現象；或
- 金融資產根據本集團之書面風險管理策略或投資策略管理，並構成一組金融資產或金融負債或二者兼具，同時按公平值評估其業績，亦按該基準向公司內部提供相關組別資料；或
- 其構成載有一種或以上嵌入式衍生工具的合約之一部分，而香港會計準則第39號允許所有經合併合約(資產或負債)指定為按公平值透過損益列賬。



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018) (Continued)

(i) Financial assets at FVTPL (Continued)

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the "other gains and losses" line item.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, loan to a joint venture, amounts due from a joint venture/an associate/related companies and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產之分類及其後計量(於2018年1月1日應用香港財務報告準則第9號之前)(續)

(i) 按公平值透過損益列賬之財務資產(續)

按公平值透過損益列賬之財務資產按公平值列示，因重新計量而產生之任何盈虧於損益中確認。於損益中確認之盈虧淨額包括財務資產所賺取之任何股息或利息，並計入「其他收益及虧損」單列項目。

(ii) 貸款及應收款項

貸款及應收款項為附帶固定或可釐定付款的非衍生金融資產，而其在活躍市場並無報價。於初步確認後的每個報告期末，貸款及應收款項(包括應收貿易及其他款項、合營企業之貸款、應收合營企業/聯營企業/關連公司款項及銀行結餘及現金)採用實際利息法按攤銷成本減任何已識別減值虧損入賬。

利息收入採用實際年利率確認，除了確認該利息後沒有重大影響之短期應收款項。

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For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (before application of HKFRS 9 on 1 January 2018)

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period ranged 7 to 60 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(於2018年1月1日應用香港財務報告準則第9號之前)

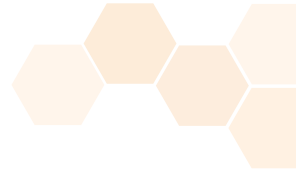
金融資產(不包括按公平值計入損益之金融資產)乃於各報告期末評估減值跡象。若金融資產於初次確認後發生一項或多項事件而導致有客觀證據證明金融資產之估計未來現金流受到影響，則被認為出現減值。

就其他所有金融資產而言，減值之客觀證據可包括：

- 發行人或對手方遇到嚴重財務困難；或
- 違反合約，例如逾期或拖欠利息或本金支付；或
- 借款人有可能破產或進行財務重組。

應收款項組合出現的客觀減值證據，可能包括本集團過往的付款記錄、組合內超過信貸期7-60日逾期還款數目上升，以及國家或地方經濟狀況出現明顯變動導致拖欠應收款項。

就按攤銷成本計值之金融資產而言，減值虧損金額乃按資產賬面值與按原有實際利率貼現之估計未來現金流量現值之差額確認。



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (before application of HKFRS 9 on 1 January 2018) (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(於2018年1月1日應用香港財務報告準則第9號之前)(續)

所有金融資產的減值虧損會直接於金融資產的賬面值中作出扣減，惟貿易應收賬款除外，其賬面值會透過撥備賬作出扣減。撥備賬內的賬面值變動會於損益中確認。當貿易應收賬款被視為不可收回時，其將於撥備賬內撇銷。於其後收回先前已撇銷的款項將計入損益。

就以攤銷成本計值的金融資產而言，倘於隨後期間減值虧損的數額減少，而此項減少可客觀地與確認減值虧損後的某一事件聯繫，則先前確認的減值虧損於損益中予以撥回，惟於撥回減值當日的資產賬面值不得超逾未確認減值時的攤銷成本。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument measured at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

解除確認金融資產

只有當從財務資產收取現金流之合約權利到期，或本集團轉讓財務資產，而資產所有權之絕大部份風險及回報已轉移至另一實體時，本集團才會解除確認財務資產。倘本集團並無轉移或保留所有權之絕大部份風險及回報並繼續控制所轉讓資產，則本集團確認其於資產之保留權益及就其可能須支付金額確認相關負債。倘本集團保留所轉讓財務資產所有權之絕大部份風險及回報，則本集團繼續確認該財務資產，亦就已收取之款項確認有抵押借貸。

當解除確認按攤銷成本列賬之財務資產時，資產賬面值與已收及應收代價之差額須於損益中確認。

當解除確認按公平值計入損益之債務工具投資時，先前於按公平值計入損益儲備中積累的累計收益或虧損將重新分類至損益。

金融負債及權益

分類為負債或權益

由集團實體發行的債務及權益工具乃按所訂立的合約安排性質，以及金融負債及權益工具的定義而分類為金融負債或權益。



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

3. 主要會計政策(續)

金融工具(續)

金融負債及權益(續)

權益工具

權益工具為證明本集團經扣除所有負債之後資產的剩餘權益的任何合約。本集團所發行的權益工具乃按已收款項(扣除直接發行成本)確認。

本公司購回本身股本工具予以確認並直接於權益內扣除。購買、出售、發行或註本公司本身股本工具概無於損益內確認收益或虧損。

金融負債

本集團的所有金融負債均以實際利率法按攤銷成本或按公平值透過損益列賬計量。

按公平值計入損益之財務負債

倘財務負債為(i)持作買賣；(ii)指定為按公平值透過損益列賬；或(iii)收購方可能支付之或然代價(作為香港財務報告準則第3號適用之業務合併之一部份)之財務負債，則有關財務負債分類為按公平值透過損益列賬。

若符合下列情況之一，財務負債將歸類為持作買賣：

- 取得負債之目的主要為於近期內購回；或
- 於最初確認時，該財務負債為由本集團共同管理之可識別金融工具組合之一部份，並且最近有可短期獲利之實際趨勢；或
- 該財務負債為金融擔保合約或被指定為有效對沖工具之衍生工具以外之衍生工具。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL (Continued)

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9/HKAS 39 permits the entire combined contract to be designated as at FVTPL.

Upon application of HKFRS 9, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

Prior to application of HKFRS 9 on 1 January 2018, financial liabilities designated at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest paid on the financial liability and is included in the "other gains and losses" line item.

3. 主要會計政策(續)

金融工具(續)

金融負債及權益(續)

按公平值計入損益之財務負債(續)

若符合下列情況之一，持作買賣財務負債以外之財務負債或收購方可能支付之或然代價(作為業務合併之一部份)可於首次確認時指定為按公平值透過損益列賬之財務負債：

- 該指定抵銷或大幅減低可能出現之計量或確認不一致之情況；或
- 財務負債組成一組財務資產或財務負債各部份或兩者，並根據本集團既定風險管理或投資策略，按公平值基準管理及評估其表現，而經營分類則按該基準由內部提供；或
- 財務負債組成包含一種或以上隱含衍生工具之合約部份，而香港財務報告準則第9號／香港會計準則第39號允許整份合併合約(資產或負債)指定為按公平值透過損益列賬。

於應用香港財務報告準則第9號後，就指定按公平值透過損益列賬之金融負債而言，歸屬於金融負債信貸風險變動之該項負債公平值變動金額於其他全面收益內確認。除非確認該負債於其他全面收益內之信貸風險變動之影響將會產生或加大於損益內之會計錯配。已於其他全面收益內確認之歸屬於金融負債信貸風險變動之公平值變動其他並不重新分類至損益；相反，彼等於金融負債解除確認後轉撥至保留溢利。

於2018年1月1日應用香港財務報告準則第9號之前，指定按公平值透過損益列賬金融負債按公平值列賬，公平值變動產生之任何收益或虧損益內確認。於損益內確認之收益或虧損淨額包括就金融負債支付之利息並計入「其他收益及虧損」單列項目內。



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, amounts due to related companies and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives 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 relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of tangible and intangible assets are estimated individually, when 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. 主要會計政策(續)

金融工具(續)

金融負債及權益(續)

按攤銷成本列賬之財務負債

財務負債(包括貿易及其他應付賬款、應付關連公司款項及銀行借款)乃隨後採用實際利率法按攤銷成本計量。

衍生金融工具

衍生工具初步按訂立衍生工具合約日期的公平值確認及其後於各報告期末重新計量至公平值。由此產生的收益或虧損即時於損益內確認，除非衍生工具被指定為有效對沖工具，在此情況下，於損益內確認的時間取決於對沖關係的性質。

有形及無形資產減值

本集團於報告期末檢討其具有有限可使用年期之有形及無形資產之賬面值，判斷是否有任何跡象顯示該等資產蒙受任何減值虧損。倘存在任何該等跡象，將估計資產之可收回價值，以釐定減值虧損之程度(如有)。

倘不可估計個別資產之可收回金額，則本集團估計該資產歸屬之現金產生單位的可收回金額。倘可確定進行合理持續分配之基準，公司資產亦須分配予個別現金產生單位，或分配予可確定進行合理持續分配之基準的現金產生單位最小組別。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment losses on tangible and intangible assets (Continued)

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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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 had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. 主要會計政策(續)

有形及無形資產減值(續)

可收回金額指公平值減出售成本與使用價值之較高者。於評估使用價值時，估計日後現金流量按反映貨幣時間價值之當前市場評估及未調整日後現金流量估計之特定資產風險稅前折現率折現至現值。

倘估計資產(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)的賬面值減至其可收回金額。於分配減值虧損時，減值虧損首先被分配以減少任何商譽(如適用)的賬面值，然後根據該單位各項資產的帳面值按比例減值至其他資產。資產的賬面價值不低於其公平值減去處置成本(如可計量)，其使用價值(如可確定)和零的最高值。本應分配至資產的減值損失金額按比例分配至該單位的其他資產。減值虧損即時於損益確認。

倘減值虧損其後撥回，則該資產(或現金產生單位)之賬面值須增加至其經修訂之估計可收回價值，惟所增加之賬面值不得超過就該資產(或現金產生單位)於過往年度並無確認任何減值虧損下而釐定之賬面值。減值虧損撥回會即時確認於損益內。

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

Recoverable amount of the intangible assets and property, plant and equipment for manufacturing a new chemical product (the "Project")

Determining whether intangible assets and property, plant and equipment under the Project, which is an individual cash generating unit ("CGU") of the Group, are impaired requires an estimation of recoverable amount of the CGU to which these assets have been allocated, which is based on the value in use of that CGU. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. The key assumptions used for the discounted cash flow projections include discount rate, terminal growth rate, budgeted sales, budgeted costs and gross margin of the CGU. The discount rate applied was determined by using the weighted average cost of capital plus specific risk premium and the growth rate applied was determined based on the expected long-term inflation in the People's Republic of China (the "PRC"), while other key assumptions relating to the estimation of cash inflows/outflows were determined by taking into account the financial budgets approved by the directors of the Company, past performance of the CGU and management expectation on the market development.

4. 重要會計判斷和估計不確定性的主要來源

在應用本集團於附註3所述的會計政策時，本公司董事須就其他來源不明顯的資產及負債賬面值作出判斷，估計及假設。估計和相關假設是基於歷史經驗和其他被認為相關的因素。實際結果可能與這些估計有所不同。

估計和相關假設會持續檢討的。如果修訂僅影響該期間，則會計估計的修訂在修訂估計的期間內確認，如果修訂同時影響當期和未來期間，則在修訂期間和未來期間確認。

估計不確定性的關鍵來源

以下是關於未来的主要假設，以及報告期末估計不確定性的其他主要來源，可能在下個財政年度內有重大風險導致資產和負債賬面金額發生重大調整。

用於製造新化工產品的無形資產和物業，廠房和設備(「項目」)的可收回金額

為確定項目，其作為本集團的個別現金產生單位(「現金產生單位」)，所屬的無形資產及物業，廠房及設備是否已減值，需要估計已獲分配該等資產的現金產生單位，其基於該現金產生單位的使用價值的可收回金額。使用價值之計算要求本集團估計預期從該現金產生單位產生的未來現金流及合適的貼現率以計算現值。用於該現金產生單位的折現現金流量預測的主要假設包括折現率，永續增長率，預算銷售額，預算成本和毛利率。所採用的折現率乃使用加權平均資金成本加特定風險溢價釐定，而所應用的增長率乃根據中華人民共和國(「中國」)的預期長期通脹釐定，而其他與有關現金流入／流出估計的主要假設則經考慮本公司董事批准的財務預算，現金產生單位的過往表現及管理層對市場發展的預期而釐定。

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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Recoverable amount of the intangible assets and property, plant and equipment for manufacturing a new chemical product (the "Project") (Continued)

Further details are set out in Note 18. Where the actual cash flows are less than expected or there are changes in facts and circumstances which result in downward revision of future cash flows, a material impairment loss may arise. As at 31 December 2018, the carrying amounts of intangible assets for technical knowhow and property, plant and equipment relating to the Project are approximately HK\$99,294,000 and HK\$151,141,000, respectively.

Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in note 43 and 25.

Useful life of intangible assets

The Group determines the estimated useful lives for its intangible assets with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the amortisation charge where useful lives are materially different from those previously estimated. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in the period over which the related costs are amortised and therefore amortisation expenses in the future periods.

4. 重要會計判斷和估計不確定性的主要來源(續)

估計不確定性的關鍵來源(續)

用於製造新化工產品的無形資產和物業，廠房和設備(「項目」)的可收回金額(續)

進一步詳情載於附註18。倘實際現金流量低於預期或導致未來現金流量向下修訂的實際情況，則可能產生重大減值虧損。於2018年12月31日，與項目有關的技術知識的無形資產及物業，廠房及設備賬面值分別約為99,294,000港元及151,141,000港元。

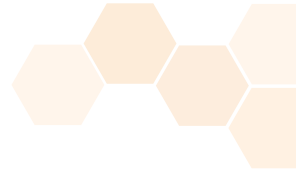
應收貿易賬款預期信貸虧損撥備

本集團就應收貿易賬款採用撥備矩陣計算預期信貸虧損。撥備率根據具備類似虧損模式的不同債務人組合作內部信貸評級。撥備矩陣為本集團根據過往的違約率並考慮合理且可支持並無須花費不必要的成本和努力的前瞻性資料。於每一報告日期，會再次評估過往觀測的違約率並考慮前瞻性資料的變化。此外，具重大結餘及信貸減值的應收貿易賬款會被個別評估預期信貸虧損。

預期信貸虧損撥備對估計的變化相當敏感。有關預期信貸虧損及本集團應收貿易賬款的資料於附註43及25。

無形資產的使用壽命

本集團參照本集團擬從使用該等資產中取得未來經濟利益的估計期間釐定其無形資產的估計使用壽命。當使用壽命與先前估計有重大出入，管理層將修改攤銷費用。實際經濟壽命可能與估計使用壽命不同。定期檢討可能會導致相關成本攤銷的期間發生變化，而導致未來期間攤銷費用的變化。



4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Impairment loss on trade receivables

The assessment of the impairment loss on trade receivables of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness of each customer. If the financial conditions of the Group's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. As at 31 December 2018, the carrying value of trade receivables (net of impairment loss) was approximately HK\$103,288,000 (2017: HK\$95,724,000).

Write-down of inventories

Management reviews the inventories listing at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in operation. Estimation of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. Where the net realisable value is less than the cost, a material write down may arise. As at 31 December 2018, the carrying amount of inventories (net of allowances) was approximately HK\$585,919,000 (2017: HK\$424,217,000).

5. REVENUE

All the Group's revenue for the year is derived from manufacture and sale of chemical products.

4. 重要會計判斷和估計不確定性的主要來源(續)

估計不確定性的關鍵來源(續)

貿易應收款項減值虧損

本集團貿易應收款項減值虧損的評估乃根據賬目的可收回性及賬齡分析評估及管理層的判斷。在評估這些應收賬款的最終變現時需要大量的判斷，包括每個客戶當前的信譽。倘本集團客戶的財務狀況惡化，導致其付款能力減值，則可能需要額外撥備。於2018年12月31日，貿易應收款項(扣除減值虧損)賬面值約為103,288,000港元(2017: 95,724,000港元)。

存貨減值

管理層在每個報告期末檢閱存貨表情況，並考慮為過時及慢銷庫存和不再適用於運營的庫存物品作出撥備。估計可變現淨值根據估計時提供的最可靠的證據，預計存貨實現的金額。倘可變現淨值低於成本，則可能會出現重大減值。於2018年12月31日，存貨賬面值(扣除撥備)約為585,919,000港元(2017: 424,217,000港元)。

5. 收入

本集團年內所有收入均源自製造及銷售化工產品。

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5. REVENUE (CONTINUED)

5. 收入(續)

A For the year ended 31 December 2018

截至2018年12月31日止年度

(i) Disaggregation of revenue

收入分類

		HK\$'000 千港元
Types of goods or service	產品與服務種類	
Manufacture and sale of chemical products	製造和銷售化工產品	
Caustic soda	燒鹼	1,684,170
Chloromethane products	甲烷氯化物	949,344
Polymers	高分子材料	477,405
Hydrogen peroxide	過氧化氫	334,085
Fluorochemical products	氟化工產品	196,247
Styrene acrylic latex surface sizing agent	苯丙施膠劑	68,123
Others	其他	167,403
Total	合計	3,876,777

(ii) Performance obligations for contracts with customers

與客戶合約之履約義務

Manufacture and sale of chemical products with product delivery services

製造和銷售化工產品附帶產品交付服務

The Group manufactures and sells chemical products directly to customers. Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specified location (delivery). The normal credit term is 7 to 60 days upon delivery.

本集團製造及直接銷售化工產品予客戶。當產品運抵客戶指定地點(交付)，產品的控制權即獲轉移而收入即被確認。正常賒賬期為自交付後7至60天。

B For the year ended 31 December 2017

截至2017年12月31日止年度

An analysis of the Group's revenue from its major products was as follows:

本集團主要產品收入分析如下：

		HK\$'000 千港元
Caustic soda	燒鹼	1,515,580
Chloromethane products	甲烷氯化物	662,833
Polymers	高分子材料	390,066
Hydrogen peroxide	過氧化氫	159,976
Fluorochemical products	氟化工產品	129,623
Styrene acrylic latex surface sizing agent	苯丙施膠劑	36,735
Others	其他	78,934
		2,973,747



6. SEGMENT INFORMATION

(a) Operating segments

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (“CODM”), being the Chairman of the Company, in order to allocate resources to segments and to assess their performance. The CODM reviews the Group’s profit as a whole, which is generated solely from the manufacture and sale of chemical products and determined in accordance with the Group’s accounting policies, for performance assessment. Therefore no separate segment information is prepared by the Group.

(b) Geographical information

The Group’s operations are located in the PRC. Most of the non-current assets are located in the PRC. All the Group’s revenue from external customers is derived from the PRC for both years.

(c) Information about major customers

No customer contributed over 10% of the total revenue of the Group in both years.

6. 分部資料

(a) 經營分部

香港財務報告準則第8號規定經營分部應以內部報告有關本集團的構成要素作分類，而本集團主要營運決策人（「主要營運決策人」），即本公司主席定期檢閱內部報告，以作出資源分配及評核分部表現。主要營運決策人檢討本集團的整體溢利，而本集團溢利僅來自生產及銷售化工產品，並按照本集團的會計政策評估表現。因此，本集團並無編製任何單獨的分部資料。

(b) 地區資料

本集團的業務位於中國。本集團大部分非流動資產均位於中國。本集團於兩個年度內所有來自外部客戶之收入均源自中國。

(c) 有關主要客戶資料

於兩個年度內概無客戶貢獻超過本集團總收入超過10%。

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7. OTHER INCOME

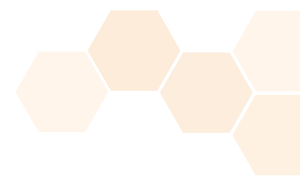
7. 其他收入

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Bank interest income	銀行利息收入	6,567	4,774
Interest income from a joint venture	合營公司之利息收入	488	473
Government grants	政府補貼	27,544	14,317
Scrap sales	廢品收入	7,266	6,040
Electricity and steam income	提供電力及蒸氣收入	29,537	19,592
Rental income	租金收入	2,526	2,139
Others	其他	1,993	329
		75,921	47,664

8. OTHER GAINS AND LOSSES

8. 其他收益及虧損

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Net gain (loss) from changes in fair value of financial assets at fair value through profit or loss	按公平值計入損益之金融資產公平值變動之淨收益(虧損)	14,285	(12)
Loss on disposal of property, plant and equipment	處置物業、廠房及設備損失	(4,311)	(673)
Gain from change in fair value of an investment property	投資物業公平值變動之收益	-	6,920
		9,974	6,235



9. INCOME TAX EXPENSE

9. 所得稅支出

		2018	2017
		HK\$'000	HK\$'000
		千港元	千港元
The charge comprises:	支出包括：		
Current tax	本期稅項		
PRC Enterprise Income Tax ("EIT")	中國企業所得稅	202,044	149,004
PRC withholding tax on dividend income	股息收入預扣稅	90,869	60,120
Overprovision in prior years – EIT	以前年度多提中國企業所得稅	(8,563)	(14,631)
Deferred tax	遞延稅項		
Current year	本年度遞延稅項	208	33,447
		284,558	227,940

The Group's major business is in the PRC. Under the Law of the PRC on EIT and its Implementation Regulation, the tax rate of the PRC subsidiaries is 25%.

For the years ended 31 December 2017 and 2018, Jiangsu Lee & Man Chemical Limited ("Jiangsu L&M") was entitled to a reduced EIT rate of 15% as they have been qualified as High and New Technology Enterprise. Starting November 2017 and for the year ended 31 December 2018, Jiangxi Lee & Man Chemical Limited ("Jiangxi L&M") was entitled to a reduced EIT rate of 15% as it has been qualified as a High and New Technology Enterprise.

Taxation arising in other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

No provision for Hong Kong Profits Tax is made for both years since there is no assessable profit for both years.

本集團的主要業務位於中國。根據中國企業所得稅法及企業所得稅法實施條例，中國附屬公司之稅率為25%。

於截至2017年12月31日止及2018年12月31日止年度，因江蘇理文化工有限公司取得高新科技企業資格，所以享有較低之15%企業所得稅率。自2017年11月起及於截至2018年12月31日止年度，因江西理文化工有限公司取得高新科技企業資格，所以享有較低之15%企業所得稅率。

其他司法權區之稅項乃按有關司法權區之課稅率而計算。

由於該兩個年度並無應評稅利潤，故無提撥香港利得稅。

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9. INCOME TAX EXPENSE (CONTINUED)

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

		2018	2017
		HK\$'000	HK\$'000
		千港元	千港元
Profit before taxation	除稅前溢利	1,156,933	930,961
Tax at the domestic income tax rate of 25% (2017: 25%)	按本地所得率25%之稅項 (2017: 25%)	289,233	232,740
The PRC land appreciation tax	中國土地增值稅	-	3,176
Tax effect of share of profit/loss of joint ventures and an associate	應佔合營企業和聯營企業溢利/虧損之稅務影響	(28)	58
Tax effect of expenses not deductible in determining taxable profit	釐定應課稅溢利時不可扣稅支出之稅務影響	122,070	49,897
Tax effect of income not taxable in determining taxable profit	釐定應課稅溢利時毋須應課稅收入之稅務影響	(3,006)	(5,622)
Effect of concessionary rate granted to PRC subsidiaries	中國附屬公司獲優惠稅率之影響	(216,850)	(102,154)
Effect of different tax rate of subsidiaries operating in other jurisdictions	其他司法權區的稅率差異之影響	10,833	4,356
Overprovision in respect of prior year	以前年度多提	(8,563)	(14,631)
Withholding tax on dividend income	股息收入預扣稅	90,869	60,120
Income tax expense for the year	年內所得稅支出	284,558	227,940

9. 所得稅支出(續)

年內稅項開支與綜合損益及其他全面收益表所列除稅前利潤對賬如下：

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. At the end of the reporting period, the Group has accumulated profits of the PRC subsidiaries amounting to HK\$825,904,000 (2017: HK\$1,688,430,000). Deferred tax liabilities has been recognised in respect of HK\$568,182,000 (2017: HK\$602,324,000) of such accumulated profits. No deferred tax liabilities has been recognised in respect of the remaining HK\$257,722,000 (2017: HK\$1,086,106,000) of such accumulated profits as it is the intention of the Directors of the Group to retain certain earnings within these subsidiaries.

根據中國企業所得稅法，自2008年1月1日起，就中國附屬公司所賺取的溢利所宣派的股息徵收預扣稅。於報告期末，本集團之中國附屬公司的累計溢利計有825,904,000港元(2017: 1,688,430,000港元)。其已就該等累計溢利中的568,182,000港元(2017: 602,324,000港元)確認遞延稅項負債。由於本集團董事有意留存若干盈利於該等附屬公司，故並無就該等累計溢利中之剩餘部份257,722,000港元(2017: 1,086,106,000港元)確認遞延稅項負債。

9. INCOME TAX EXPENSE (CONTINUED)

The following is the analysis of the deferred tax balances for financial reporting purposes:

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Deferred tax assets	遞延稅項資產	23,233	24,893
Deferred tax liabilities	遞延稅項負債	(39,576)	(41,815)
		(16,343)	(16,922)

9. 所得稅支出(續)

以下為遞延稅項餘額分析：

The following are the major deferred tax liabilities (assets) recognised and movement thereon during the current and prior reporting period:

以下為主要遞延稅項負債(資產)於年內及去年期間確認及變動：

		Revaluation of investment property 投資物業 之重估 HK\$'000 千港元 (note) (附註)	Unrealised profit in respect of unsold inventories transferred between subsidiaries of the Group 關於集團附屬 公司間未出售 存貨之未 實現利潤 HK\$'000 千港元	Deferred income in respect of subsidy received for acquisition of prepaid lease payments 關於預付租地 款收取補貼之 遞延收益 HK\$'000 千港元	Undistributable profits of the PRC subsidiaries 中國子公司之 未分配利潤 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2017	於2017年1月1日	8,008	(1,483)	(21,834)	-	(15,309)
Charged (credited) to profit or loss	扣除(計入)至損益	3,176	1,500	(1,704)	30,475	33,447
Exchange realignment	匯兌調整	515	(17)	(1,355)	(359)	(1,216)
At 31 December 2017	於2017年12月31日	11,699	-	(24,893)	30,116	16,922
Charged (credited) to profit or loss	扣除(計入)至損益	-	-	554	(346)	208
Exchange realignment	匯兌調整	(532)	-	1,106	(1,361)	(787)
At 31 December 2018	於2018年12月31日	11,167	-	(23,233)	28,409	16,343

note: During the year ended 31 December 2017, the investment property with carrying amount of HK\$72,619,000 was transferred to properties under development for sale.

附註：截至2017年12月31日，賬面值72,619,000港元之投資物業已調撥至待出售的發展中物業。

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For the year ended 31 December 2018 截至2018年12月31日止年度

10. PROFIT FOR THE YEAR

10. 年內溢利

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Profit for the year has been arrived at after charging (crediting):	年內溢利已扣除(計入):		
Directors' emoluments (note 13)	董事薪酬(附註13)	52,489	32,897
Other staff costs:	其他職員成本:		
Salaries and other benefits (excluding directors)	薪金及其他福利(董事除外)	233,034	201,490
Retirement benefit schemes contributions (excluding directors)	退休福利計劃供款(董事除外)	15,286	12,711
Total staff costs	員工成本總額	300,809	247,098
Finance costs:	融資成本:		
Interest on bank borrowings	利息支出—須於五年內全部償還之銀行借款	93,823	83,047
Less: amounts capitalised to property, plant and equipment (note)	減: 於物業、廠房及設備資本化之金額(附註)	(293)	(1,238)
		93,530	81,809
Auditors' remuneration	核數師酬金:		
– Audit services	– 審計服務	1,575	1,575
– Non-audit services	– 非審計服務	225	225
Cost of inventories recognised as expenses	已確認為支出的存貨成本	2,061,551	1,574,570
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	348,730	288,955
Amortisation of prepaid lease payments	預付租賃款項攤銷	3,485	2,739
Amortisation of intangible assets	無形資產攤銷	3,598	1,627
Total depreciation and amortisation	折舊及攤銷合計	355,813	293,321
Capitalised in inventories	已計入存貨之金額	(312,493)	(257,090)
		43,320	36,231

note: During the year ended 31 December 2018, certain borrowing costs capitalised arose from the general borrowings and were calculated by applying a capitalisation rate of 4.75% per annum to expenditures on qualifying assets (2017: 4.75%).

附註: 截至2018年12月31日, 部分資本化的借貸成本由指定借款產生及採用符合資本化條件的資產支出按每年資本化率4.75%計算。截至2017年12月31日, 部分資本化的借貸成本由一般借款產生及採用符合資本化條件的資產支出按每年資本化率4.75%計算。

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the profit for the year attributable to owners of the Company of HK\$872,641,000 (2017: HK\$703,053,000) and 825,000,000 (2017: 825,000,000) shares in issue during the year.

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company and the weighted average number of ordinary shares in issue after adjusting for the potential dilutive effect caused by the share options granted under the share option scheme.

Weighted average number of ordinary shares (diluted)

Weighted average number of ordinary shares as at 31 December	於12月31日 加權平均普通股股數	825,000	825,000
Effect of deemed issue of shares under the Company's share option scheme	根據本公司的購股權計劃 被視作為已發行股份之影響	11,071	—
Weighted average number of ordinary shares (diluted) as at 31 December	於12月31日 加權平均普通股股數(已攤薄)	836,071	825,000

The computation of diluted earnings per share for 2017 did not assume the exercise of the Company's share options because the adjusted exercise price of those options was higher than the average market price for shares in that year.

11. 每股盈利

每股基本及攤薄盈利乃按本公司擁有人之年內溢利872,641,000港元(2017: 703,053,000港元)及825,000,000股(2017: 825,000,000股)作計算。

每股攤薄盈利計算乃根據本公司股東應佔溢利及已發行加權平均普通股股數，再就根據購股權計劃授出的購股權所造成的潛在攤薄影響作出調整。

加權平均普通股股數(已攤薄)

2018 '000 Shares 千股	2017 '000 Shares 千股
825,000	825,000
11,071	—
836,071	825,000

2017年每股攤薄盈利的計算並不假設行使本公司的購股權，因為該等期權的行使價高於當年股份的平均市價。

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12. DIVIDENDS

12. 股息

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Dividends recognised as distributions during the year:	年內已確認分派之股息：		
Final dividend of HK20 cents per share for the year ended 31 December 2017	截至2017年12月31日止年度 末期股息每股20港仙	165,000	—
Interim dividend of HK23 cents per share for the year ended 31 December 2018	截至2018年12月31日止年度 中期股息每股23港仙	189,750	—
Final dividend of HK4 cents per share for the year ended 31 December 2016	截至2016年12月31日止年度 末期股息每股4港仙	—	33,000
Interim dividend of HK10 cents per share for the year ended 31 December 2017	截至2017年12月31日止年度 中期股息每股10港仙	—	82,500
		354,750	115,500

A final dividend of HK15 cents (2017: HK20 cents) per share amounting to HK\$123,750,000 (2017: HK\$165,000,000) in respect of the year ended 31 December 2018 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

董事會已建議派發截至2018年12月31日止年度之末期股息每股15港仙(2017: 20港仙)共123,750,000港元(2017: 165,000,000港元)，惟須待股東於即將舉行之週年大會上批准。

13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS

Directors' and chief executives' emoluments for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

13. 董事及主要行政人員薪酬

董事及主要行政人員於本年度之薪酬根據適用上市規則及香港公司條例披露如下：

		Fees	Salaries and other benefits	Contributions to retirement benefit schemes	Discretionary bonus payments	Share-based performance related incentive	Total
		袍金	薪金及其他福利	退休福利計劃供款	酌情獎金支付	基於股份的績效相關獎勵	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
					(note)	(note 34)	
					(附註)	(附註34)	
Year ended 31.12.2018	截至2018年12月31日止年度						
<i>Executive directors</i>	<i>執行董事</i>						
Wai Siu Kee	衛少琦	960	1,200	-	8,724	-	10,884
Lee Man Yan ("Mr. Lee")*	李文恩	1,200	1,163	-	-	32,684	35,047
Yang Zuo Ning	楊作寧	-	994	25	-	-	1,019
Chan Albert Sun Chi	陳新滋	-	5,032	-	-	-	5,032
<i>Independent non-executive directors</i>	<i>獨立非執行董事</i>						
Wan Chi Keung, Aaron JP	尹志強	169	-	-	-	-	169
Wong Kai Tung, Tony	王啟東	169	-	-	-	-	169
Heng Victor Ja Wei	邢家維	169	-	-	-	-	169
		2,667	8,389	25	8,724	32,684	52,489

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13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS (CONTINUED) 13. 董事及主要行政人員薪酬(續)

	Fees 袍金 HK\$'000 千港元	Salaries and other benefits 薪金及 其他福利 HK\$'000 千港元	Contributions to retirement benefit schemes 退休福利 計劃供款 HK\$'000 千港元	Discretionary bonus payments 酌情 獎金支付 HK\$'000 千港元 (note) (附註)	Share-based performance related incentive 基於股份的 績效相關獎勵 HK\$'000 千港元 (note 34) (附註34)	Total 合計 HK\$'000 千港元
Year ended 31.12.2017	截至2017年12月31日止年度					
<i>Executive directors</i>	<i>執行董事</i>					
Wai Siu Kee	960	1,200	–	7,030	–	9,190
Lee Man Yan ("Mr. Lee")*	960	1,113	–	–	15,313	17,386
Yang Zuo Ning	–	898	19	–	–	917
Chan Albert Sun Chi	–	4,954	–	–	–	4,954
<i>Independent non-executive directors</i>	<i>獨立非執行董事</i>					
Wan Chi Keung, Aaron JP	150	–	–	–	–	150
Wong Kai Tung, Tony	150	–	–	–	–	150
Heng Victor Ja Wei	150	–	–	–	–	150
	<u>2,370</u>	<u>8,165</u>	<u>19</u>	<u>7,030</u>	<u>15,313</u>	<u>32,897</u>

* Mr. Lee is also the chief executive officer of the Company

The chief executives of the Company are also the executive directors and the emoluments disclosed above include those services rendered by them as chief executives.

The executive directors' and non-executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group and for their services as directors of the Company respectively.

Note:

Other performance related incentive payments were determined with regards to individual performance. None of the directors waived any emoluments in both years.

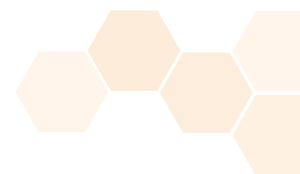
* 李先生同時亦為本公司之行政總裁

本公司之主要行政人員同時亦為執行董事，上文披露之薪酬包括彼等作為主要行政人員所提供之服務。

上述執行董事及獨立非執行董事之酬金主要就他們分別為本公司及本集團管理事務及作為本公司董事的服務酬金。

附註：

根據個人績效確定其他與績效相關的獎勵支付。所有董事均沒有在該兩年內放棄任何薪酬。



14. FIVE HIGHEST PAID INDIVIDUALS

Of the five highest paid individuals of the Group during the year, four (2017: three) were directors of the Company, details of whose remuneration are set out in note 13 above. Details of the remuneration for the year of the remaining one (2017: two) highest paid employee who is neither a director nor chief executive of the Company are as follows:

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	1,254	2,118

Their remuneration fell within the following bands: 其薪酬於以下範圍：

		2018 Number of individuals 人數	2017 Number of individuals 人數
Not exceeding HK\$1,000,000	不超過HK\$1,000,000	-	1
HK\$1,000,001 to HK\$1,500,000	HK\$1,000,001至HK\$1,500,000	1	1
		1	2

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15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

		Leasehold land and buildings and leasehold improvements 租賃土地及 樓宇和 租賃物業裝修	Furniture fixtures and equipment 傢俬、裝置 及設備	Motor vehicles 汽車	Plant and machinery 廠房及機器	Construction in progress 在建工程	Total 合計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
COST	成本						
At 1 January 2017	於2017年1月1日	437,268	24,123	14,648	3,484,859	314,866	4,275,764
Exchange realignment	匯兌調整	26,902	1,595	906	217,477	17,954	264,834
Acquisition of a subsidiary (note 44)	添置(附註44)	3,744	137	4	17,811	1,865	23,561
Additions	出售	–	7,856	2,680	40,955	522,184	573,675
Disposals	註銷	–	(255)	(936)	(1,209)	–	(2,400)
Transfer	轉撥	69,524	1,166	–	699,649	(770,339)	–
		<u>537,438</u>	<u>34,622</u>	<u>17,302</u>	<u>4,459,542</u>	<u>86,530</u>	<u>5,135,434</u>
At 31 December 2017	於2017年12月31日	537,438	34,622	17,302	4,459,542	86,530	5,135,434
Exchange realignment	匯兌調整	(28,566)	(1,937)	(810)	(203,165)	(11,042)	(245,520)
Acquisition of a subsidiary (note 44)	收購一間子公司(附註44)	–	–	–	–	23	23
Additions	添置	–	6,810	2,537	39,732	497,710	546,789
Disposals	出售	–	(458)	(1,514)	(10,923)	–	(12,895)
Transfer	轉撥	154	743	–	38,110	(39,007)	–
		<u>509,026</u>	<u>39,780</u>	<u>17,515</u>	<u>4,323,296</u>	<u>534,214</u>	<u>5,423,831</u>
At 31 December 2018	於2018年12月31日	509,026	39,780	17,515	4,323,296	534,214	5,423,831
DEPRECIATION	折舊						
At 1 January 2017	於2017年1月1日	52,883	10,093	8,622	884,498	–	956,096
Provided for the year	本年撥備	20,311	4,288	2,120	262,236	–	288,955
Exchange realignment	匯兌調整	3,796	727	571	60,980	–	66,074
Elimination on disposal	出售時對銷	–	(230)	(607)	(607)	–	(1,444)
		<u>76,990</u>	<u>14,878</u>	<u>10,706</u>	<u>1,207,107</u>	<u>–</u>	<u>1,309,681</u>
At 31 December 2017	於2017年12月31日	76,990	14,878	10,706	1,207,107	–	1,309,681
Provided for the year	本年撥備	24,146	6,035	1,884	316,665	–	348,730
Exchange realignment	匯兌調整	(5,864)	(914)	(471)	(67,700)	–	(74,949)
Elimination on disposal	出售時對銷	–	(406)	(1,247)	(5,740)	–	(7,393)
		<u>95,272</u>	<u>19,593</u>	<u>10,872</u>	<u>1,450,332</u>	<u>–</u>	<u>1,576,069</u>
At 31 December 2018	於2018年12月31日	95,272	19,593	10,872	1,450,332	–	1,576,069
CARRYING VALUE	賬面值						
At 31 December 2018	於2018年12月31日	<u>413,754</u>	<u>20,187</u>	<u>6,643</u>	<u>2,872,964</u>	<u>534,214</u>	<u>3,847,762</u>
At 31 December 2017	於2017年12月31日	<u>460,448</u>	<u>19,744</u>	<u>6,596</u>	<u>3,252,435</u>	<u>86,530</u>	<u>3,825,753</u>

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings and leasehold improvements	5% – 7.5%
Furniture, fixtures and equipment	20%
Motor vehicles	25%
Plant and machinery	5% – 20%

As at 31 December 2018, the Group's leasehold land and buildings represent buildings on land use rights in the PRC and leasehold land and building located in Hong Kong amounted to HK\$407,852,000 and HK\$5,902,000 (2017: HK\$453,951,000 and HK\$6,497,000) respectively.

As at 31 December 2018, the buildings include an amount of HK\$15,430,000 (2017: HK\$17,175,000) shared from a joint operation as set out in note 33 to the consolidated financial statements.

16. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise leasehold land in the PRC.

Analysed for reporting purposes as: 分析呈報如下：

Non-current asset	非流動資產
Current asset	流動資產

Note: As at 31 December 2018, government grants in respect of acquisition of prepaid lease payments with an aggregate amount of HK\$84,482,000 (2017: HK\$122,391,000) was deducted from the carrying amount of prepaid lease payments.

As at 31 December 2018, the prepaid lease payments include an amount of HK\$2,310,000 (2017: HK\$2,476,000) shared from a joint operation as set out in note 33 to the consolidated financial statement.

15. 物業、廠房及設備(續)

上述物業、廠房及設備項目乃以直線法按下列年率折舊：

租賃土地及樓宇及租賃物業裝修	5% – 7.5%
傢俬、裝置及設備	20%
汽車	25%
廠房及機器	5% – 20%

本集團的租賃土地及樓宇代表中國土地使用權上的樓宇，位於香港的租賃土地及樓宇分別為407,852,000港元及5,902,000港元(2017：453,951,000港元及6,497,000港元)。

於2018年12月31日，樓宇之賬面金額包括了合營業務中應佔之15,430,000港元(2017：17,175,000港元)，詳情載於綜合財務報表附註33。

16. 預付租賃款項

本集團之預付租賃款項是指中國境內之中期租賃土地。

		2018	2017
		HK\$'000	HK\$'000
		千港元	千港元
Analysed for reporting purposes as:			
Non-current asset		143,511	155,023
Current asset		4,259	4,462
		147,770	159,485

附註：於2018年12月31日，政府補貼有關收購之預付租賃款項總額為84,482,000港元(2017年：122,391,000港元)已由預付租賃賬面值中扣除。

截至2018年12月31日止，預付租賃款項之賬面金額包括了合營業務中應佔之2,310,000港元(2017：2,476,000港元)詳情載於綜合財務報表附註33。

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17. INTANGIBLE ASSETS

17. 無形資產

		Technical knowhow 技術知識 HK\$'000 千港元	Software 軟件 HK\$'000 千港元	Total 合計 HK\$'000 千港元
COST	成本			
At 1 January 2017	於2017年1月1日	10,955	–	10,955
Reclassification from other deposit	從其他訂金調入	106,811	–	106,811
Exchange realignment	匯兌調整	1,955	–	1,955
		<u>119,721</u>	<u>–</u>	<u>119,721</u>
At 31 December 2017	於2017年12月31日	119,721	–	119,721
Additions	添置	–	201	201
Exchange realignment	匯兌調整	(5,442)	(9)	(5,451)
		<u>114,279</u>	<u>192</u>	<u>114,471</u>
At 31 December 2018	於2018年12月31日	114,279	192	114,471
AMORTISATION	攤銷			
At 1 January 2017	於2017年1月1日	8,701	–	8,701
Provided for the year	本年度攤銷	1,627	–	1,627
Exchange realignment	匯兌調整	560	–	560
		<u>10,888</u>	<u>–</u>	<u>10,888</u>
At 31 December 2017	於2017年12月31日	10,888	–	10,888
Provided for the year	本年度攤銷	3,565	33	3,598
Exchange realignment	匯兌調整	(632)	(1)	(633)
		<u>13,821</u>	<u>32</u>	<u>13,853</u>
At 31 December 2018	於2018年12月31日	13,821	32	13,853
CARRYING VALUE	賬面值			
At 31 December 2018	於2018年12月31日	<u>100,458</u>	<u>160</u>	<u>100,618</u>
At 31 December 2017	於2017年12月31日	<u>108,833</u>	<u>–</u>	<u>108,833</u>

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Technical knowhow	10 to 39 years
Software	5 years

上述無形資產有既定使用年限。該等無形資產乃按直線法於以下年期內予以攤銷：

技術知識	10 至 39 年
軟件	5 年



18. IMPAIRMENT TESTING ON INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

For the purposes of impairment testing, certain intangible assets set out in note 17 and property, plant and equipment in note 15 have been allocated to the Project, which is an individual CGU.

No impairment for the intangible assets and property, plant and equipment has been recognised as at 31 December 2018.

The basis of the recoverable amount of the above CGU and the major underlying assumptions are summarised below.

The recoverable amount of this CGU of HK\$359,680,000 is determined based on its value in use. The value in use of this CGU is assessed by the management of the Group based on valuation performed by the Group. The calculation uses cash flow projections based on the financial budgets approved by the Directors, and discount rate of 12.70% that is determined by the Weighted Average Cost of Capital plus specific risk premium for new projects, which is within level 3 fair value hierarchy. The cash flows beyond the three-year period are extrapolated using a terminal growth rate of 1% per annum. This growth rate is determined based on the expected long-term inflation in the PRC. Other key assumptions relate to the estimation of cash inflows/outflows which include budgeted sales, budgeted cost and gross margin generated from the CGU, is determined based on the past performance of the CGU and management's expectations on the market development.

18. 無形資產及物業、廠房及設備之減值測試

就減值測試而言，附註17所載列之若干無形資產以及附註15所載列之若干物業、廠房及設備已被分配至該項目，其為個別現金產生單位。

於2018年12月31日，無形資產以及物業、廠房及設備並無出現減值。

上述現金產生單位可收回金額之基準及主要相關假設概述如下：

該現金產生單位之可收回金額359,680,000港元乃按照使用價值計算釐定。計算採用以董事所批准財務預算為依據之現金流量預測並屬於公平值架構第三級範圍內之折現率12.70%。三年期間外之現金流量乃採用永續年增長率1%進行推算。此增長率根據中國之預期長期通脹而釐定。其他主要假設與現金流入／流出(包括預算銷售額、預算成本及現金產生單位產生之毛利率)估計有關，該估計乃基於現金產生單位之過往表現及管理層對市場發展之預期而釐定。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

19. INTERESTS IN JOINT VENTURES

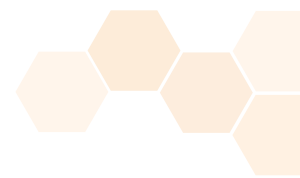
19. 合營企業之權益

	2018 HK\$'000 千港元	2017 HK\$'000 千港元
Cost of unlisted investments in joint ventures 非上市合營企業之投資成本	24,177	24,177
Exchange realignment 匯兌調整	(1,730)	(936)
Share of loss and other comprehensive expense 應佔虧損及其他全面支出	(5,782)	(5,796)
	16,665	17,445

Details of each of the Group's joint ventures at the end of the reporting period are as follows:

截至報告期末，本集團於每間合營企業的詳情載列如下：

Name of entity 實體名稱	Form of entity ventures 合營企業 實體之形式	Place of establishment/ incorporation 成立地點	Class of shares held 所持股票 類型	Proportion of ownership interest held by the Group 本集團 間接持有的已發行及 繳足資本比例		Principal activity 主要業務
				2018	2017	
常熟東港置業有限公司	Limited incorporated 有限公司成立	PRC 中國	Registered capital 註冊資本	40%	40%	Provision of port facilities 提供港口設施
Southern Hill Company Limited 南峰有限公司	Limited incorporated 有限公司成立	Hong Kong 香港	Ordinary 普通股	50%	50%	Investment holding 投資控股
<i>Wholly owned subsidiary of Southern Hill Company Limited: 其全資附屬公司</i>						
Ruichang Lee & Man Logistics Company Limited ("Ruichang L&M") 瑞昌理文物流有限公司	Limited incorporated 有限公司成立	PRC 中國	Registered capital 註冊資本	50%	50%	Provision of port facilities 提供港口設施



19. INTERESTS IN JOINT VENTURES (CONTINUED)

The joint ventures are accounted for using the equity method in the consolidated financial statements.

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

常熟東港置業有限公司

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Current assets	流動資產	8,358	6,046
Non-current assets	非流動資產	64,605	71,918
Current liabilities	流動負債	(31,300)	(34,351)

The above amounts of assets and liabilities include the following:

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Cash and cash equivalents	現金及等價物	7,997	4,102
Current financial liabilities (excluding trade and other payables and provisions)	流動財務負債(不包括應付貿易及其他款項及撥備)	(28,409)	(29,762)

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Revenue	收入	10,942	8,734
Profit (loss) for the year	年內溢利(虧損)	36	(569)
Other comprehensive (expense) income for the year	年內其他全面(支出)收入	(1,986)	2,449
Total comprehensive (expense) income for the year	年內全面(支出)收入	(1,950)	1,880

19. 合營企業之權益(續)

合營企業乃以權益法計入綜合財務報表。

有關本集團每個重大投資合營企業之財務資料，概述如下。以下財務資料代表合營企業財務報表之金額是按香港財務準則編製。

常熟東港置業有限公司

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Current assets	流動資產	8,358	6,046
Non-current assets	非流動資產	64,605	71,918
Current liabilities	流動負債	(31,300)	(34,351)

以上資產及負債金額包括以下：

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Cash and cash equivalents	現金及等價物	7,997	4,102
Current financial liabilities (excluding trade and other payables and provisions)	流動財務負債(不包括應付貿易及其他款項及撥備)	(28,409)	(29,762)

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Revenue	收入	10,942	8,734
Profit (loss) for the year	年內溢利(虧損)	36	(569)
Other comprehensive (expense) income for the year	年內其他全面(支出)收入	(1,986)	2,449
Total comprehensive (expense) income for the year	年內全面(支出)收入	(1,950)	1,880

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19. INTERESTS IN JOINT VENTURES (CONTINUED)

常熟東港置業有限公司(Continued)

The above profit (loss) for the year includes the following:

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Depreciation	折舊	(4,530)	(4,002)
Interest income	利息收入	140	38

Reconciliation of the above summarised financial information to the carrying amount of the interest in 常熟東港置業有限公司 recognised in the consolidated financial statements:

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Net assets of 常熟東港置業有限公司	常熟東港置業有限公司之淨資產	41,663	43,613
Proportion of the Group's ownership interest in 常熟東港置業有限公司	本集團持有常熟東港置業有限公司擁有權之部份	40%	40%
Carrying amount of the Group's interest in 常熟東港置業有限公司	本集團投資於常熟東港置業有限公司之賬面金額	16,665	17,445

Southern Hill Company Limited

南峰有限公司

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Current assets	流動資產	6,297	4,023
Non-current assets	非流動資產	224,926	216,347
Current liabilities	流動負債	(247,249)	(227,171)

19. 合營企業之權益(續)

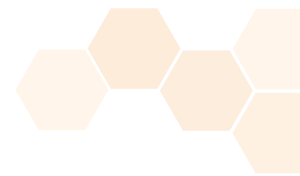
常熟東港置業有限公司(續)

上述年內溢利(虧損)包括以下：

	2018 HK\$'000 千港元	2017 HK\$'000 千港元
Depreciation	(4,530)	(4,002)
Interest income	140	38

以上有關常熟東港置業有限公司之權益賬面金額的財務資料計入綜合財務報表之對賬：

	2018 HK\$'000 千港元	2017 HK\$'000 千港元
Net assets of 常熟東港置業有限公司	41,663	43,613
Proportion of the Group's ownership interest in 常熟東港置業有限公司	40%	40%
Carrying amount of the Group's interest in 常熟東港置業有限公司	16,665	17,445



19. INTERESTS IN JOINT VENTURES (CONTINUED)

Southern Hill Company Limited (Continued)

The above amounts of assets and liabilities include the following:

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Cash and cash equivalents	現金及等價物	1,492	420
Current financial liabilities (excluding trade and other payables and provisions)	流動財務負債(不包括應付貿易及其他款項及撥備)	(247,054)	(226,517)
		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Revenue	收入	-	-
Loss for the year	年內虧損	(1,973)	(1,003)
Other comprehensive (expense) income for the year	年內其他全面(支出)收入	(7,252)	8,273
Total comprehensive (expense) income for the year	年內全面(支出)收入	(9,225)	7,270

The above loss for the year include the following:

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Depreciation and amortisation	折舊及攤銷	(34)	(33)
Interest income	利息收入	1	-

19. 合營企業之權益(續)

南峰有限公司(續)

以上資產及負債金額包括以下：

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Cash and cash equivalents	現金及等價物	1,492	420
Current financial liabilities (excluding trade and other payables and provisions)	流動財務負債(不包括應付貿易及其他款項及撥備)	(247,054)	(226,517)
		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Revenue	收入	-	-
Loss for the year	年內虧損	(1,973)	(1,003)
Other comprehensive (expense) income for the year	年內其他全面(支出)收入	(7,252)	8,273
Total comprehensive (expense) income for the year	年內全面(支出)收入	(9,225)	7,270

上述年內虧損包括以下：

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Depreciation and amortisation	折舊及攤銷	(34)	(33)
Interest income	利息收入	1	-

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19. INTERESTS IN JOINT VENTURES (CONTINUED)

Southern Hill Company Limited (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Southern Hill Company Limited recognised in the consolidated financial statements:

19. 合營企業之權益(續)

南峰有限公司(續)

以上有關的財務資料計入於南峰有限公司之權益賬面金額確認於綜合財務報表之對賬：

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Net liabilities of Southern Hill Company Limited	南峰有限公司之淨負債	(16,026)	(6,801)
Proportion of the Group's ownership interest in Southern Hill Company Limited	本集團持有南峰有限公司擁有權之部份	50%	50%
Unrecognised share of loss and other comprehensive income	未確認年內應佔虧損	(8,013)	(3,401)
Carrying amount of the Group's interest in Southern Hill Company Limited	本集團投資於南峰有限公司之賬面金額	8,013	3,401
		—	—
		2018 HK\$'000 千港元	2017 HK\$'000 千港元
The unrecognised share of loss and other comprehensive income of a joint venture for the year	未確認年內應佔合營企業虧損	4,612	3,635
Cumulative unrecognised share of loss of a joint venture	累計應佔合營企業虧損	8,013	3,401

20. INTERESTS IN AN ASSOCIATE

20. 聯營企業之權益

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Cost of unlisted investment in an associate	非上市合營企業之投資成本	18,445	1,153
Exchange realignment	匯兌調整	16	14
Share of profit (loss) and other comprehensive income (expense)	應佔溢利(虧損)及其他全面收入(支出)	91	(5)
		18,552	1,162

Details of the Group's associate at the end of the reporting period are as follows:

截止本報告期間，本集團之聯營企業之詳細資料如下：

Name of entity 實體名稱	Form of entity 實體形式	Place of establishment 成立地點	Class of shares held 所持股票類型	Proportion of ownership interest held by the Group 本集團所佔的權益比例		Principal activity 主要業務
				2018	2017	
瑞昌市碼頭熱力有限公司	Limited incorporated 有限公司成立	PRC 中國	Registered capital 註冊資本	49%	49%	Sale of steam, construction and maintenance of steam pipelines, sale of heat-supply equipment and appliance 銷售蒸汽，建造及維護蒸汽管道，銷售提供熱力之設備及器具

The associate is accounted for using the equity method in these consolidated financial statements.

聯營企業乃以權益法計入綜合財務報表。

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

有關本集團聯營企業之財務資料、概述如下。以下財務資料代表聯營企業財務報表之金額是按香港財務準則編製。

瑞昌市碼頭熱力有限公司

瑞昌市碼頭熱力有限公司

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Current assets	流動資產	8,015	2,093
Non current assets	非流動資產	30,440	457
Current liabilities	流動負債	(594)	(179)

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20. INTERESTS IN AN ASSOCIATE (CONTINUED)

20. 聯營企業之權益(續)

The above amounts of assets and liabilities included the followings:

以上資產及負債金額包括以下：

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Cash and cash equivalents	現金及等價物	4,304	2,093
Current financial liabilities (excluding trade and other payables and provisions)	流動財務負債(不包括應付貿易及其他款項及撥備)	-	-
Revenue	收入	2,032	-
Profit for the year	年度溢利	196	10
Other comprehensive income (expense) for the year	年度其他全面收入(支出)	4	(28)
Total comprehensive income for the year	年度全面收入	200	18

Reconciliation of the above summarised financial information to the carrying amount of the interest in 瑞昌市碼頭熱力有限公司 recognised in the consolidated financial statements:

以上有關瑞昌市碼頭熱力有限公司之權益賬面金額的財務資料計入綜合財務報表之對賬：

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Net assets of 瑞昌市碼頭熱力有限公司	瑞昌市碼頭熱力有限公司之淨資產	37,861	2,371
Proportion of the Group's ownership interest in 瑞昌市碼頭熱力有限公司	本集團持有瑞昌市碼頭熱力有限公司擁有權之部份	49%	49%
Carrying amount of the Group's interest in 瑞昌市碼頭熱力有限公司	本集團投資於瑞昌市碼頭熱力有限公司之帳面金額	18,552	1,162



21. LOAN TO A JOINT VENTURE/AMOUNT DUE FROM A JOINT VENTURE/AN ASSOCIATE

The loan to a joint venture represented shareholder's loan to Southern Hill Company Limited. As at 31 December 2017 and 2018, the amount was unsecured and interest-free. The management expects majority of the loan will be repaid after one year after the reporting period. The loan is denominated in US dollars which is a currency other than the functional currency of the relevant group entity.

As at 31 December 2018 and 2017, the amount due from a joint venture represented the loan to 常熟東港置業有限公司 for construction of a pier. As at 31 December 2017, the amount was unsecured, interest-bearing and repayable in October 2018. The loan agreement was renewed in 2018 and as at 31 December 2018 the loan is unsecured, interest-bearing and repayable in October 2019.

The amount due from an associate is unsecured, interest-free and repayable on demand.

For the year ended 31 December 2018, the Group performed impairment assessment on loan to a joint venture, amount due from a joint venture and an associate and concluded that the probability of defaults of the counterparties is insignificant and accordingly no allowance for credit losses is provided.

21. 合營企業之貸款／應收合營企業／聯營企業款項

該合營企業貸款是股東向南峰有限公司的貸款。於2017年及2018年12月31日，該金額為無抵押及無利息，而大部份貸款金額將於報告期一年後償還。貸款以美元計價，是相關集團實體功能貨幣以外的貨幣。

於2018年及2017年12月31日，應收合營企業款項為常熟東港置業有限公司的借款。於2017年12月31日，該金額為無抵押，計息及於2018年10月償還。貸款協議於2018年續期，截至2018年12月31日，該貸款無抵押，計息及在2019年10月償還。

應收聯營公司款項為無抵押，免息及按要求償還。

截至2018年12月31日止年度，本集團對合營企業貸款，應收合營企業及聯營企業款項進行減值評估，並認為交易對手違約概率並不重大，故未為信貸損失作出提撥。

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22. GOODWILL**22. 商譽**

		HK\$'000 千港元
COST AND CARRYING VALUES	成本及賬面值	
At 1 January 2017	在2017年1月1日	—
Arising on acquisition of a subsidiary (note 44)	收購一間子公司所產生(附註44)	2,776
Exchange realignment	匯兌調整	33
		<hr/>
At 31 December 2017	在2017年12月31日	2,809
Exchange realignment	匯兌調整	(127)
		<hr/>
At 31 December 2018	於2018年12月31日	2,682

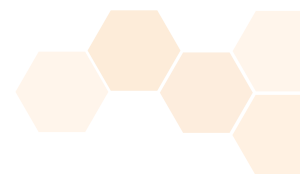
23. INVENTORIES**23. 存貨**

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Raw materials and consumables	原材料及耗用品	388,544	272,957
Work in progress	在製品	40,938	28,299
Finished goods	製成品	156,437	122,961
		<hr/>	<hr/>
		585,919	424,217

24. PROPERTIES UNDER DEVELOPMENT FOR SALE**24. 待出售的發展中物業**

The properties under development for sale are located in the PRC, and expected to be completed after more than one year from the end of the reporting period.

待出售的發展中物業位於中國及預期在報告期末的一年之後完成。



25. TRADE AND OTHER RECEIVABLES

The Group generally allows its trade customers a credit period ranged from 7 to 60 days.

Included in the balance are trade receivables of HK\$103,288,000 (2017: HK\$95,724,000), and the ageing analysis of trade receivables based on invoice date at the end of the reporting period is as follows:

25. 應收貿易及其他款項

本集團一般給予貿易客戶之賒賬期為7至60天。

應收貿易及其他款項包括應收貿易賬款為103,288,000港元(2017: 95,724,000港元)，應收貿易賬款於報告期末按發票日之賬齡分析如下：

		2018	2017
		HK\$'000	HK\$'000
		千港元	千港元
Not exceeding 30 days	不超過30天	94,910	83,108
31–60 days	31至60天	7,107	10,173
61–90 days	61至90天	477	1,819
91–120 days	91至120天	184	60
Over 120 days	超過120天	610	564
		103,288	95,724
Bills receivable	應收票據	–	284,762
Prepayments	預付款	101,798	77,817
Deposits to suppliers	付供應商訂金	23,401	7,954
Value-added tax receivables	應收增值稅項	20,885	35,291
Other receivables	其他應收款	16,771	10,585
Total trade and other receivables	應收貿易及其他款項合計	266,143	512,133

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綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

Before accepting any new customer, the Group assesses the potential customer's credit quality by investigating its historical credit record and then defines its credit limit. Trade receivables that are neither past due nor impaired are considered to be recovered based on historical experience.

Details of impairment assessment are set out in note 43. At 31 December 2018, trade receivables of HK\$12,546,000 (2017: HK\$nil) was past due. The Group does not hold any collateral over the overdue balance.

Ageing of trade receivables which are past due but not impaired:

1–30 days	1至30天
31–60 days	31至60天
61–90 days	61日至90天
more than 90 days	超過90天

25. 應收貿易及其他款項(續)

於接納任何新客戶前，本集團透過調查客戶之過往信貸記錄評估其潛在信貸質量並隨後界定其信貸額度。按過往經驗，既無過期亦無減值之應收貿易賬款會被視作可收回。

減值測試詳見附註43。於2018年12月31日，計有12,546,000港元(2017：無)應收貿易賬款逾期。本集團並無就逾期結餘持有任何抵押品。

已到期的應收貿易賬款但沒有做撥備之賬齡：

		2018	2017
		HK\$'000	HK\$'000
		千港元	千港元
		10,616	—
		659	—
		477	—
		794	—
		12,546	—

26. BILLS RECEIVABLES

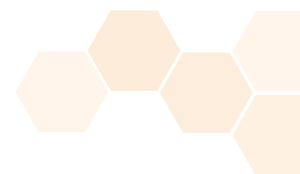
Bills receivables	應收票據
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Details of impairment assessment are set out in note 43.

26. 應收票據

	2018	2017
	HK\$'000	HK\$'000
	千港元	千港元
	113,020	—

減值評估詳情載於附註43。



27. AMOUNTS DUE FROM (TO) RELATED COMPANIES

		2018	2017
		HK\$'000	HK\$'000
		千港元	千港元
Amounts due from Lee & Man Paper Manufacturing Limited and its subsidiaries ("LMP Group")	應收理文造紙有限公司及其附屬公司(「理文造紙」)	12,115	15,731
Amount due to LMP Group	應付理文造紙	(757)	-

note: LMP Group is beneficially owned and controlled by Mr. Lee's family member. The amount represents a trade balance which is unsecured, interest-free bearing and aged within 90 days.

For the year ended 31 December 2018, the Group performed impairment assessment on amount due from related companies and concluded that the probability of defaults of the counterparties is insignificant and accordingly no allowance for credit losses is provided.

28. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short term bank deposits with an original maturity of three months or less. The deposits carry prevailing market interest rates which range from 0.26% to 3.90% (2017: 0.30% to 4.10%) per annum.

For the year ended 31 December 2018, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly no allowance for credit losses is provided.

27. 應收(應付)關連公司款項

附註: 理文造紙由李先生家族成員實益擁有和控制。款項為貿易餘額，無抵押，免息並於90天內到期。

截至2018年12月31日止年度，本集團對應收關連公司款項進行減值評估，並認為交易對手違約概率並不重大，故未為信貸損失作出提撥。

28. 銀行結餘及現金

銀行結餘及現金包括本集團持有之現金及原本為3個月或少於3個月到期之短期銀行存款。該等存款按市場年息率0.26%至3.90%(2017: 0.30%至4.10%)計息。

截至2018年12月31日止年度，本集團對銀行結餘進行減值評估，並認為交易對手違約概率並不重大，故未為信貸損失作出提撥。

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29. TRADE AND OTHER PAYABLES

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The credit period obtained for trade purchases is 7 to 45 days.

Included in trade and other payables is trade payables of HK\$121,102,000 (2017: HK\$124,909,000). The aged analysis of trade payables based on the invoice date at the end of the reporting period is as follows:

29. 應付貿易及其他款項

應付貿易及其他款項主要包括貿易購貨及持續開支成本之未付款項。貿易購貨之除賬期為7至45天。

應付貿易及其他款項包括應付貿易賬款為121,102,000港元(2017: 124,909,000港元)，應付貿易賬款於報告期末按發票日之賬齡分析如下：

		2018	2017
		HK\$'000	HK\$'000
		千港元	千港元
Not exceeding 30 days	不超過30天	69,264	79,610
31–60 days	31至60天	26,261	18,230
61–90 days	61至90天	6,977	4,447
Over 90 days	90天以上	18,600	22,622
		121,102	124,909
Receipt in advance	預收賬款	–	88,124
Construction costs payables and accruals	應付工程款及預提費用	109,268	140,761
Value-added tax accruals	應付增值稅項	40,741	25,594
Other payables	其他應付款	108,265	96,897
Other accruals	其他預提費用	46,082	30,915
		425,458	507,200
Total trade and other payables	應付貿易及其他款項合計	425,458	507,200
Analysed for reporting purposes as:	作報告分析用途		
Non-current liabilities	非流動負債	47,659	28,494
Current liabilities	流動負債	377,799	478,706
		425,458	507,200

29. TRADE AND OTHER PAYABLES (CONTINUED)

As at 31 December 2018, the balance of other payables included a non-current deferred income, amounting to HK\$35,728,000 (2017: HK\$28,494,000), received from the PRC government for an innovative technology project. The amounts will be utilised to the relevant research and development expenses.

As at 31 December 2018, the balance of other payable included the consideration of RMB10,500,000 (equivalent to HK\$11,931,000) on acquisition of the remaining 30% equity interest in a subsidiary and the amount was repayable after one year after the reporting period.

30. CONTRACT LIABILITIES

Receipts in advance

預收賬款

Contract liabilities represent receipts in advance from customers for incompleting performance obligations on sale of chemical products and are recognized as revenue when the Group performs its obligations under the contracts. Performance obligation is expected to be satisfied within one year from the inception of contracts.

The amounts are after the adjustments from the application of HKFRS 15.

The following table shows how much of the revenue recognized in the current year relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

Revenue recognised that was included in the contract liabilities balance at the beginning of the year

包括在合約負債年初結餘之收入確認

2018
HK\$'000
千港元

79,582

29. 應付貿易及其他款項(續)

於2018年12月31日，收取了中國政府給予之創新科技項目金額為35,728,000港元(2017：28,494,000港元)之非流動遞延收入已包含在其他應付款中。這筆款項將用於相應的研發費用。

於2018年12月31日，其他應付款包含本集團向一家附屬公司之非控股股東收購該間附屬公司餘下30%股權，總代價為人民幣10,500,000元(約等於11,931,000港元)，該款項在報告期後一年後償還。

30. 合約負債

31 December 2018 2018年 12月31日 HK\$'000 千港元	1 January 2018 2018年 1月1日 HK\$'000 千港元
50,690	88,124

合約負債指來自化工產品銷售客戶對未完成履約責任之預收賬款，並當本集團完成合約的履約責任時確認收入。履約責任預期在合約起始的一年內完成。

該等金額乃於應用香港財務報告準則第15號後作出調整。

下表列示於本年度之收入確認中，有多少屬合約負債結轉及有多少屬過往期間已完成之履約責任。

Notes to the Consolidated Financial Statements

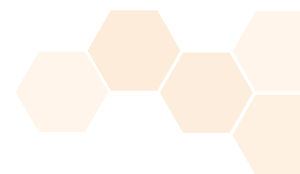
綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

31. BANK BORROWINGS

31. 銀行借款

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Unsecured bank loans	無抵押銀行借款	1,874,212	2,170,783
Carrying amount of bank borrowings based on scheduled repayment dates set out in the loan agreements:	按借款協議所列預計還款日期之銀行借款的賬面值：		
Within one year	一年內	926,519	601,182
More than one year, but not exceeding two years	超出一年但不超出兩年	857,641	854,945
More than two years but not more than five years	超出兩年但不超出五年	90,052	714,656
		1,874,212	2,170,783
Less: Amounts due within one year shown under current liabilities	減：一年內到期的金額於流動負債下列示	(926,519)	(601,182)
Amounts shown under non-current liabilities	於非流動負債下列示	947,693	1,569,601



31. BANK BORROWINGS (CONTINUED)

The exposure of the Group's borrowings are as follows:

		2018	2017
		HK\$'000	HK\$'000
		千港元	千港元
Fixed-rate borrowings	固定利率借款	853,178	984,484
Variable-rate borrowings	浮動利率借款	1,021,034	1,186,299
		1,874,212	2,170,783

The ranges of effective interest rates per annum on the Group's borrowings are as follows:

		2018	2017
Effective interest rate:	實際利率：		
Fixed-rate borrowings	固定利率借款	4.71% to 4.82%	4.55% to 4.60%
Variable-rate borrowings	浮動利率借款	1% to 2.2% over HIBOR 香港銀行 同業拆息上浮	1% to 2.2% over HIBOR 香港銀行 同業拆息上浮

The following amounts of bank borrowings are denominated in currency other than the functional currency of the relevant group entities.

		2018	2017
		HK\$'000	HK\$'000
		千港元	千港元
HK dollars	港元	1,021,034	1,186,299

31. 銀行借款(續)

本集團之固定利率借款及合約到期日如下：

本集團借款之實際年利率範圍如下：

以下金額的銀行借款以相關集團實體的功能貨幣以外的貨幣計值。

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32. SHARE CAPITAL

32. 股本

		Number of ordinary shares 普通股份數目	Amount 金額 HK\$'000 千港元
Ordinary shares of HK\$0.10 each:	每股面值0.1港元之普通股：		
Authorised:	法定：		
At 1 January 2017, 31 December 2017 and 31 December 2018	於2017年1月1日、2017年12月31日及 2018年12月31日	5,000,000,000	500,000
Issued and fully paid:	發行及繳足：		
At 1 January 2017, 31 December 2017 and 31 December 2018	於2017年1月1日、2017年12月31日及 2018年12月31日	825,000,000	82,500

There was no movement in the Company's share capital for both years.

本公司之股本於該兩個年度內並無變動。

33. INVESTMENT IN A JOINT OPERATION

33. 合營業務投資

The joint operation was constituted from 50% shareholding of Hong Kong Baptist University Investment Limited operating a research center located in Changshu City, Jiangsu Province, the PRC.

本合營業務由香港浸大投資50%股權組成，於中國常熟市營運一個研究中心。

At 31 December 2018 and 2017, the aggregate amounts of assets and expenses recognised in the consolidated financial statements relating to the Group's interests in this joint operation are as follows:

於2018年及2017年12月31日，本集團就有關合營業務之權益在綜合財務報表確認的資產及費用總金額如下：

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Property	物業	15,430	17,175
Prepaid lease payments	預付租賃款項	2,310	2,476
		17,740	19,651
Expenses	費用	1,066	1,437

34. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 14 July 2017 for the purpose of providing incentives to directors and eligible persons (the "Participants"). The Scheme has a term of 10 years from the date which the Board of Directors resolved to offer the options to the Participants, i.e. 13 June 2017, and therefore it expires on 12 June 2026. On 14 July 2017, 82,500,000 share options with an aggregate market value of HK\$154,200,000 were granted and the provision of the Scheme shall remain in full force and the holder of all options granted under the Scheme prior to such termination shall be entitled to exercise the outstanding options pursuant to the terms of the Scheme until expiry of the said options.

The purpose of the Scheme is to reward the Participants who has contributed or will contribute to the Group and to encourage the Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Scheme expressly provides that the Board of Directors may, with respect to each grant of options, determine the subscription price, the minimum period (if any) for which an option must be held before it can be exercised, performance targets (if any) and other conditions that apply to the options.

The options granted on 14 July 2017 will vest on 1 April 2022. They will be exercisable by Mr. Lee during the period from 1 April 2022 to 31 March 2027 if the Group achieves the following performance targets:

- (i) all the 82,500,000 options will be exercisable from 1 April 2022 to 31 March 2027 (both dates inclusive) if the net profit for the Group's financial year ending 31 December 2021 equals or exceeds 150% of the net profit for the Group's financial year ended 31 December 2016 of HK\$216,195,000; or
- (ii) if the net profit for the Group's financial year ending 31 December 2021 cannot be achieved as per (i) above, the 82,500,000 options will be exercisable from 1 April 2023 to 31 March 2027 (both dates inclusive) if the net profit for the Group's financial year ending 31 December 2022 equals or exceeds 160% of the net profit for the Group's financial year ended 31 December 2016 of HK\$216,195,000.

34. 購股權計劃

本公司之購股權計劃(「計劃」)乃根據於2017年7月14日通過之決議案採納，旨在為董事及合資格人士(「參與者」)提供獎勵。該計劃自董事會決議向參與者提供期權(即2017年6月13日)起計10年，因此於2026年6月12日屆滿。於2017年7月14日，82,500,000購股權以市值154,200,000港元已獲授出，而該計劃的條款將繼續全面生效，而於終止前根據該計劃授出的所有購股權持有人有權根據計劃條款行使尚未行使購股權，直至該等計劃屆滿為止選項。

該計劃旨在獎勵曾經或將為本集團作出貢獻之參與者，並鼓勵參與者為本公司及其股東之整體利益，致力於提升本公司及其股份之價值。該計劃明確訂明，就每次授出購股權而言，董事會可釐定認購價(遵照上市規則第17.03(9)條)，於購股權可予行使前必須持有購股權之最短期限(如有)，表現目標(如有)及適用於購股權之其他條件。

於2017年7月14日授出的購股權將於2022年4月1日歸屬。倘本集團達致以下表現目標，該等購股權將可由李先生於2022年4月1日至2027年3月31日期間內予以行使：

- (i) 倘本集團截至2021年12月31日止財政年度之淨利潤等於或超過本集團截至2016年12月31日止財政年度淨利潤216,195,000港元之150%，則82,500,000份購股權將可由2022年4月1日至2027年3月31日(首尾兩天包括在內)獲悉數行使；或
- (ii) 倘本集團截至2021年12月31日止財政年度之淨利潤無法按上文(i)所述達致，則若本集團截至2022年12月31日止財政年度之淨利潤等於或超過本集團截至2016年12月31日止財政年度淨利潤216,195,000港元之160%，則82,500,000份購股權將可由2023年4月1日至2027年3月31日(首尾兩天包括在內)獲行使。

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34. SHARE OPTION SCHEME (CONTINUED)

The exercise price of the options granted to Mr. Lee is HK\$3.72, which was determined at the Board meeting on 13 June 2017 by reference to the highest of (i) HK\$0.1, being the par value of a share in the Company, (ii) HK\$3.72, being the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of the above Board meeting approving the exercise price and the grant, and (iii) the average closing price of the shares in the Company as stated in the daily quotations sheets issued by the Stock Exchange for the five trading days immediately preceding the date of the above Board meeting approving the exercise price and the grant.

The following table discloses movements of the Company's share options during the years ended 31 December 2018 and 2017:

Director 董事	Date of grant 授出日期	Exercise price 行使價 HK\$ 港元	Exercisable period 行使期
Mr. Lee 李先生	14.7.2017	3.72	1.4.2022–31.3.2027

34. 購股權計劃(續)

有條件授予李先生之購股權之行使價為3.72港元，已於2017年6月13日的董事會會議上參考下列三者之價格(以最高者為準)釐定：(i) 0.1港元，即股份面值，(ii) 於批准行使價及有關授出之上述董事會會議當日在聯交所發出之每日報價表所列之股份收市價3.72港元，及(iii) 於緊接就批准行使價及有關授出而召開上述董事會會議當日前五個交易日在聯交所發出之每日報價表所列之股份平均收市價。

截至2018年及2017年12月31日止年度內，本公司購股權變動呈列如下：

		2018		2017	
		Weighted average exercise price 加權平均行使價	Number of share options 購股權數目 '000 千股	Weighted average exercise price 加權平均行使價	Number of shares options 購股權數目 '000 千股
Outstanding at the beginning of the year	年初結餘	HK\$3.72	82,500	–	–
Granted during the year	年內授出	–	–	HK\$3.72	82,500
Exercised during the year	年內行使	–	–	–	–
Lapsed during the year	年內失效	–	–	–	–
Outstanding at the end of the year	年末結餘	HK\$3.72	82,500	HK\$3.72	82,500
Exercisable at the end of the year	於年末可予行使	–	–	–	–



34. SHARE OPTION SCHEME (CONTINUED)

The estimated fair value of the share options granted under the Scheme on 14 July 2017 was approximately HK\$154,200,000, calculated using the Binomial Model (the "Model"). The inputs into the Model at the date of grant were as follows:

Share price at date of grant	於授出日期股價	HK\$4.44
Exercise price	行使價	HK\$3.72
Expected volatility	預期波幅(每年)	44.29% per annum
Expected life of share options	購股權預期年期	9.7 years
Expected dividend yield	預期股息率	3.24%
Risk-free rate	無風險利率	1.52%
Fair value of share option	購股權之公平值	HK\$1.87

Fair values of the share options were with reference to the valuation carried out by an independent firm of professional valuers.

Expected volatility was determined by using the historical volatility of the Company's share price. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The risk free interest rate was estimated based on the yield of 5-year exchange fund note issued by the Hong Kong Monetary Authority as of the grant date.

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group recognises the total expense of HK\$32,684,000 for the year ended 31 December 2018 (2017: HK\$15,313,000) in relation to share options granted by the Company.

34. 購股權計劃(續)

於2017年7月14日所授出購股權之估算公平價值為154,200,000港元，乃採用二項式模型(「模型」)釐定。模型的輸入數據如下：

Share options
with an exercisable
period from
購股權
之行使期由
1.4.2022 to
31.3.2027

購股權之公平價值乃參考由專業獨立估值師之評估。

預期波幅按過去五年公司股價之歷史波幅釐定。模式所採用預期年期已就不可轉讓、行使限制及行行為考慮之影響按管理層最佳估計調整。

無風險利率按香港金融管理局之五年期外匯基金債券率於授出日期估計。

變數及假設用作計算購股權之公平價值乃按董事最佳估計。購股權價值由若干主觀假設之不同變數而變更。

就本公司授出之購股權，截至2018年12月31日止年度本集團已確認32,684,000港元之費用(2017：15,313,000港元)。

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35. OPERATING LEASES

35. 經營租約

		2018	2017
		HK\$'000	HK\$'000
		千港元	千港元
Minimum lease payments paid under operating leases in respect of office premises during the year	年內有關辦公室物業經營租約之最低租賃付款	6,022	3,235

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

於報告期末，本集團承諾不可撤銷的未來最低租賃付款額到期如下：

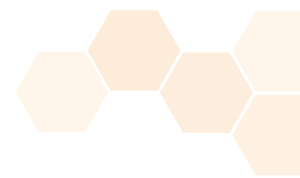
		2018	2017
		HK\$'000	HK\$'000
		千港元	千港元
Within one year	一年內	4,551	2,192
In the second to fifth year inclusive	第二至第五年	3,206	156
		7,757	2,348

Included in the commitments above, HK\$3,707,000 (2017: HK\$97,000) is related to commitment for future minimum lease payments under non-cancellable operating leases with LMP Group (note 39).

在上述承諾中，與理文造紙所訂立不可撤銷經營租約之未來最低租賃付款為3,707,000港元(2017：97,000港元)(附註39)。

The commitments for operating lease payments represent rentals payable by the Group for office properties. Leases are negotiated for an average term of one year (2017: one year). Rentals are based on the terms specified in the lease agreements.

經營租賃付款承擔指本集團就其辦公室物業應付之租金。租賃之平均租期為一年(2017：一年)，租金乃根據租賃協議內之指定條款釐定。



36. CAPITAL COMMITMENTS

Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment

已訂約但未於綜合財務報表中撥備之資本性支出
用作購置物業、廠房及設備

2018	2017
HK\$'000	HK\$'000
千港元	千港元

337,526	274,847
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37. OTHER COMMITMENT

At the end of the reporting period, the Group had contractual commitments for acquisition of land use rights of HK\$22,152,000 (2017: HK\$2,381,000). It also had commitments for granting shareholder's loan of HK\$27,045,000 (2017: HK\$27,135,000) to Southern Hill Company Limited to cover the initial costs and expenses of undertaking the pier construction in Jiangxi Province, the PRC.

38. RETIREMENT BENEFIT SCHEMES

Defined contribution scheme

The Group operates the Mandatory Provided Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes monthly the lower of HK\$1,500 or 5% of the relevant monthly payroll costs to the MPF Scheme, which contribution is matched by employees.

The employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefit schemes operated by the government of the PRC. The PRC subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

The total cost charged to profit or loss of HK\$15,311,000 (2017: HK\$12,722,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

36. 資本承擔

37. 其他承擔

於報告期末，本集團已訂約以22,152,000港元(2017：2,381,000港元)購入土地使用權。彼亦承諾給予27,045,000港元(2017：27,135,000港元)的股東貸款予南峰有限公司用作承擔興建江西碼頭至今之最初成本及支出。

38. 退休福利計劃

界定供款計劃

本集團為所有合資格的僱員設立一項強積金計劃(「強積金計劃」)。強積金計劃之資產與本集團之資產分開持有，並由受託人控制。本集團向強積金計劃供款1,500港元或有關每月薪酬成本之5%(以較低者為準)，而僱員之供款比率相同。

本集團之中國附屬公司之僱員均為中國政府管理之國營退休福利計劃之成員，該等中國附屬公司須按薪酬開支之若干百分比向退休福利計劃供款，本集團對有關退休福利計劃之責任是作出指定之供款。

於會計年度內，本集團在這些計劃中的應付供款額為15,311,000港元(2017：12,722,000港元)，總費用已在損益中列賬。

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39. RELATED PARTY TRANSACTIONS AND BALANCES

39. 關連交易及結餘

Apart from the balances with related parties as set out in notes 21 and 27, the Group had significant transactions with related parties during the year as follows:

除附註21及27所列表載之關連人士結餘外，本集團與關連人士於年內所進行之重大交易如下：

Name of related party 關連方名稱	Relationship 關係	Nature of transactions 交易性質	2018 HK\$'000 千港元	2017 HK\$'000 千港元
LMP Group 理文造紙	A Group beneficially owned and controlled by Mr. Lee's family members 由李先生家族成員實益擁有及控制之公司	Electricity and steam fee paid 已付發電及蒸氣費	74,997	66,843
		Rental expense paid 已付租金費用	1,939	1,747
		Sale of chemical products 銷售化工產品	108,796	57,526
		Electricity and steam fee received 已收發電及蒸氣費	72,247	48,291
		Rental income received 已收租金收入	2,524	2,109
常熟東港置業有限公司	A joint venture 合營企業	Management fee paid 已收管理費	4,282	3,975
		Interest received 已收利息	488	473
瑞昌市碼頭熱力有限公司	An associate 聯營企業	Steam fee received 已收蒸氣費	1,812	—

39. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Except for the related party transactions and balances described above, the Group has entered into a joint venture arrangement with LMP Group. Details of the joint venture and the commitment to the joint venture are set out in notes 19, 21 and 37 respectively.

The remuneration of directors and other members of key management during the year was as follows:

Short-term employee benefits	短期員工福利
Post-employment benefits	退休福利

39. 關連交易及結餘(續)

除上文所述關連人士交易及結餘外，本集團與理文造紙訂立合營企業安排。合營企業及對合營企業之其他資本承擔詳情分別載於附註19、21及37。

董事及其他主要管理層成員於年內之酬金如下：

2018	2017
HK\$'000	HK\$'000
千港元	千港元
58,991	37,829
236	122
59,227	37,951

40. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2018, the Group's acquisition of property, plant and equipment of HK\$265,450,000 (2017: HK\$255,685,000) was settled through transfer of deposits paid in the prior years.

During the year ended 31 December 2017, the Group's additions in intangible assets and properties under development of HK\$106,811,000 and HK\$72,619,000 were transferred from other deposit and investment property, respectively.

In November 2018, the Group acquired the remaining 30% equity interest in a subsidiary from its non-controlling shareholder at a consideration of RMB10,500,000 (equivalent to HK\$12,146,000) which is to be settled after one year after the ending of the reporting period.

40. 主要非現金交易

截至2018年12月31日止年度，本集團通過轉讓過往年度已付按金而收購物業，廠房及設備265,450,000港元（2017：255,685,000港元）。

截至2017年12月31日止年度，本集團無形資產增加106,811,000港元是由其他按金轉入。本集團增加發展中物業72,619,000港元已由投資物業轉撥。

於2018年11月，本集團向一家附屬公司之非控股股東收購該間附屬公司餘下30%股權，總代價為人民幣10,500,000元（約12,146,000港元），並於報告期後一年後償還。

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41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY 41. 本公司主要附屬公司

Particulars of the Company's principal subsidiaries at 31 December 2018 and 2017 are as follows:

於2018年及2017年12月31日本公司之主要附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation 註冊成立地點	Nominal value of issued and fully paid share capital/paid-in capital 已發行及繳足股本 面值/實繳股本	Attributable equity interest 所佔權益		Principal activities* 主要業務*
			2018	2017	
Jiangsu L&M (note) 江蘇理文化工有限公司(附註)	PRC 中國	Paid-in capital – US\$78,750,000 實繳股本 – 78,750,000美元	100%	100%	Manufacture and sale of industrial chemical products 生產及銷售工業化工產品
Jiangxi L&M (note) 江西理文化工有限公司(附註)	PRC 中國	Paid-in capital – US\$285,190,000 實繳股本 – 285,190,000美元	100%	100%	Manufacture and sale of industrial chemical products 生產及銷售工業化工產品
Lee & Man (International) Investment Limited 理文(國際)投資有限公司	Hong Kong 香港	Ordinary shares – HK\$100 普通股 – 100港元	100%	100%	Investment holding 投資控股
Lee & Man Chemical Investment Limited 理文化工投資有限公司	British Virgin Islands 英屬處女群島	Share – US\$1 股份 – 1美元	100%	100%	Investment holding 投資控股
Changshu Yunhong Realty Limited 常熟運鴻置業有限公司	PRC 中國	Paid-in capital – RMB120,000,000 實繳股本 – 人民幣120,000,000元	100%	100%	Property development 物業發展
Guangzhou Lee & Man Technology Company Limited 廣州理文科技有限公司	PRC 中國	Paid-in capital – RMB11,000,000 實繳股本 – 人民幣11,000,000元	100%	100%	Research and product development 科研及產品開發

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED) 41. 本公司主要附屬公司(續)

Name of subsidiary 附屬公司名稱	Place of incorporation 註冊成立地點	Nominal value of issued and fully paid share capital/paid-in capital 已發行及繳足股本 面值/實繳股本	Attributable equity interest 所佔權益		Principal activities# 主要業務*
			2018	2017	
Zhuhai Lee & Man Materials Science Company Limited 珠海理文新材料有限公司	PRC 中國	Paid-in capital – RMB74,022,000 (2017: RMB37,438,000) 實繳股本 – 人民幣74,022,000元 (2017 : 人民幣37,438,000元)	100%	100%	Manufacture and sale of industrial chemical products 生產及銷售工業化工產品
Ruichang Liwen Xingchang Environmental Protection Co. Ltd 瑞昌理文興昌環保有限公司 ("Xingchang")	PRC 中國	Paid-in capital – RMB35,000,000 實繳股本 – 人民幣35,000,000元	100%	70%	Manufacture and sale of industrial chemical products 生產及銷售工業化工產品

* The principal place of operation of each company is the same as its place of incorporation unless otherwise stated.

note: These companies are registered in the form of wholly-owned foreign investment enterprise.

Only Lee & Man Chemical Investment Limited is directly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results and/or net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the year.

* 除非另有說明，否則每家公司的主要營業地點與其註冊地點相同。

附註： 該等公司均以外商獨資企業形式註冊。

只有理文化工投資有限公司是由本公司直接持有。

董事認為上表載列之本公司附屬公司，乃主要影響本集團之業績或資產之公司。董事認為若提供其他附屬公司之詳情將導致篇幅冗長。

概無附屬公司於年終或年內任何時間持有任何未贖回之債務證券。

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42. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the bank borrowings disclosed in note 31, net of bank balances and cash, and equity attributable to owners of the Company, comprising issued share capital and various reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as issue of new debts.

42. 資本風險管理

本集團進行資本管理，以確保本集團旗下各實體能夠持續經營業務，同時透過優化債務及股本結餘爭取股東最大回報。本集團的整體策略自上年度保持不變。

本集團的資本結構包括淨負債(其中包括附註31所披露的銀行借款並扣除銀行結餘及現金)及本公司權益持有人應佔權益(包含已發行股本及各項儲備)。

本公司董事定時檢討資本架構。作為是項檢討的一部分，董事會考慮資本成本及各類資本的相關風險。根據董事的建議，本集團將透過派付股息、發行新股以及發行新債以平衡其整體資本架構。

43. FINANCIAL INSTRUMENTS

43a. Categories of financial instruments

<i>Financial assets</i>	金融資產
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)
Financial assets at amortised cost	按攤銷成本之金融資產
Debt instruments at FVTOCI	按公平值計入其他全面收益之債務工具
<i>Financial liabilities</i>	金融負債
Financial liabilities at amortised cost	按攤銷成本之金融負債

43. 金融工具

43a. 金融工具之類別

	2018 HK\$'000 千港元	2017 HK\$'000 千港元
	–	987,387
	838,475	–
	113,020	–
	2,262,253	2,462,223

43. FINANCIAL INSTRUMENTS (CONTINUED)**43b. Financial risk management objectives and policies**

The Group's major financial instruments include trade and other receivables, bills receivable, loan to a joint venture, amounts due from (to) a joint venture, an associate, related companies, bank balances and cash, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk**(i) Currency risk**

The Group mainly operates in the PRC and the exposure in exchange rate risks mainly arises from fluctuations of foreign currencies, including HK dollars and US dollars against the functional currency of the relevant group entities. Material transactions and balances that are not denominated in the functional currency of the relevant entities give rise to foreign currency exposure as follows:

- (i) US dollars – in terms of loan to a joint venture and bank balances and cash.
- (ii) HK dollars – in terms of bank balances and cash and bank borrowings.

Exchange rate fluctuations and market trend have always been the concern of the Group. Management will monitor the foreign currency exposure closely and consider the use of hedging instruments when the need arises.

43. 金融工具(續)**43b. 財務風險管理目標及政策**

本集團之主要金融工具包括應收貿易及其他款項、應收票據、合營企業貸款、合營企業、聯營企業及關連公司之應收(應付)款項、銀行結餘及現金、應付貿易及其他款項及銀行借款。該等金融工具詳情於相關附註披露。該等金融工具的相關風險包括市場風險(貨幣風險及利率風險)、信貸風險及流動資金風險。下文載列如何降低該等風險之政策。管理層管理及監控該等風險，以確保及時及有效地採取適當之措施。

市場風險**(i) 貨幣風險**

本集團主要於中國經營業務，匯率風險主要由外幣(包括美元及港元)兌換相關集團實體功能貨幣波動時所產生。並非以相關實體功能貨幣列值之重大交易及結餘產生之外幣風險如下：

- (i) 美元—於合營企業之貸款及銀行結餘及現金。
- (ii) 港元—於銀行結餘及現金及銀行借款。

本集團一向關注匯率波動及市場趨勢。管理層會密切監控外匯風險並適時採用對沖工具。

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43. FINANCIAL INSTRUMENTS (CONTINUED)

43b. Financial risk management objectives and policies

(Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Non-derivative foreign currency financial assets and financial liabilities

At the end of the reporting period, the carrying amount of the Group's financial assets and financial liabilities denominated in currencies other than the functional currency of the relevant group entities are as follows:

43. 金融工具(續)

43b. 財務風險管理目標及政策(續)

市場風險(續)

(i) 貨幣風險(續)

非衍生外幣金融資產及金融負債

於報告期末，本集團除以相關實體功能貨幣以外之貨幣記賬的金融資產及金融負債，其賬面值如下：

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Assets	資產		
HK dollars	港元	216,087	15,515
US dollars	美元	111,155	112,636
Liabilities	負債		
HK dollars	港元	1,021,034	1,186,299

43. FINANCIAL INSTRUMENTS (CONTINUED)**43b. Financial risk management objectives and policies***(Continued)***Market risk (Continued)****(i) Currency risk (Continued)**

Non-derivative foreign currency financial assets and financial liabilities (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% appreciation and depreciation in the functional currency of the relevant group entities (i.e. RMB and HK dollars) against the above foreign currencies. 5% is the sensitivity rate and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis adjusts their translation at the period end for a 5% change in foreign currency rates. A strengthening of the functional currency of the relevant group entities against the above foreign currencies would give rise to the following impact to post-tax profit for the year and vice versa.

	2018	2017
	HK\$'000	HK\$'000
	千港元	千港元
Financial assets and liabilities:		
Increase (decrease) on post-tax profit for the year		
– HK dollars	40,247	58,539
– US dollars	(5,558)	(5,632)

貨幣性資產及負債：
年度除稅後
溢利增加(減少)
– 港元
– 美元

43. 金融工具(續)**43b. 財務風險管理目標及政策(續)****市場風險(續)****(i) 貨幣風險(續)**

非衍生外幣金融資產及金融負債(續)

敏感性分析

下表詳細載列就本集團內相關集團實體功能貨幣(即人民幣及港元)兌換上述外幣時上升及下降5%之敏感度。5%的敏感度亦代表管理層評估外幣匯率的合理可能變化。在期末時5%的外幣匯率轉變，有關的匯兌差額將在敏感性分析中作出調整。當相關集團實體之功能貨幣兌換上述外幣處強勢時，將令年度除稅後溢利有所影響，反之亦然。

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43. FINANCIAL INSTRUMENTS (CONTINUED)

43b. Financial risk management objectives and policies

(Continued)

Market risk (Continued)

(ii) Interest rate risk

Non-derivative financial assets and liabilities

The Group's cash flow interest rate risks mainly relate to its variable rate borrowings (see note 31 for details of these borrowings). It is the Group's policy to keep its borrowings at floating rate so as to minimise the cash flow interest rate risk. The Group's bank balances also have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances.

The Group is exposed to fair value interest rate risk in relation to fixed rate bank borrowings (see note 31 for detail of these borrowings). The Group aims at keeping borrowings at variable rates.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's HK dollars denominated borrowings.

43. 金融工具(續)

43b. 財務風險管理目標及政策(續)

市場風險(續)

(ii) 利率風險管理

非衍生金融資產及負債

本集團之現金流利率風險主要與其浮息借款有關(該等借款詳情見附註31)。本集團之政策是維持借款的固定利率，以將現金流利率風險減至最少。本集團的銀行結餘亦因應市場銀行結餘利率波動，而須面對現金流利率風險。

本集團面對利率風險之公允值乃由於固定利率之銀行借貸(該等借款詳情見附註31)本集團期望銀行借貸維持不同利率。

本集團對金融負債利率的風險詳見本附註的流動性風險管理部分。本集團現金流量利率風險主要集中於本集團港元及美元計值借款產生的香港銀行同業拆息及外幣拆借利率波動。

43. FINANCIAL INSTRUMENTS (CONTINUED)**43b. Financial risk management objectives and policies***(Continued)**Market risk (Continued)*(ii) Interest rate risk *(Continued)**Non-derivative financial assets and liabilities (Continued)*Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative financial instruments at the end of the reporting period. For variable rate bank borrowings, to the extent that they are not hedged by effective instruments, and bank balances, the analysis is prepared assuming the stipulated change taking place at the beginning of the financial year and held constant throughout both years in the case of instruments that have floating rates. 10 (2017: 10) basis point and 50 (2017: 50) basis point increase or decrease are used by the management for the assessment of the possible change in interest rates of variable rate bank balances and variable rate borrowings, respectively.

If interest rates had been 10 basis point higher or lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2018 would increase or decrease by HK\$372,000 (2017: HK\$450,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate bank balances.

If interest rates had been 50 basis point higher or lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2018 would decrease or increase by HK\$5,105,000 (2017: HK\$5,932,000). This is mainly attributable to the Group's exposure to interest rates on its bank borrowings.

43. 金融工具(續)**43b. 財務風險管理目標及政策(續)***市場風險(續)*

(ii) 利率風險管理(續)

*非衍生金融資產及負債(續)*敏感性分析

以下敏感性分析是根據非衍生金融工具於本報告期末之利率風險釐定。就浮息銀行借款而言，倘並無透過有效工具及銀行結餘進行對沖，分析將按假設於財務年度開始時已出現所訂明之變動並於兩年內維持不變(如屬以浮動利率計息之工具)而編製。10(2017: 10)基點及50(2017: 50)基點的增減是管理層作分別對浮動利率的銀行存款及借款有關利率變動可能性的評估時使用。

倘利率增加或減少10個基點且所有其他可變因素維持不變，則本集團截至2018年12月31日止年度之除稅後溢利將增加或減少372,000港元(2017: 450,000港元)，此乃由於附帶浮動利息銀行結餘而令本集團面對利率風險。

倘利率增加或減少50個基點且所有其他可變因素維持不變，則本集團截至2018年12月31日止年度之除稅後溢利將減少或增加5,105,000港元(2017: 5,932,000港元)。此乃由於銀行借款附帶浮動利息而令本集團面對利率風險。

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43. FINANCIAL INSTRUMENTS (CONTINUED)

43b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

As at 31 December 2018 and 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Trade receivables arising from contracts with customers and bills receivable

In order to minimise the credit risk, the directors of the Company have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2017: incurred loss model) on trade balances and bills receivables individually or based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Other receivables/amounts due from related parties

The Group assessed the impairment for its other receivables and amounts due from related parties individually based on internal credit rating and ageing of these debtors which, in the opinion of the directors of the Company, have no significant increase in credit risk since initial recognition. ECL is estimated based on historical observed default rates over the expected life of debtors and is adjusted for forward-looking information that is available without undue cost or effort. No 12m ECL was made for other receivables and amounts due from related parties as at 1 January 2018 and 31 December 2018 as the amounts involved were insignificant.

Bank balances and cash

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

43. 金融工具(續)

43b. 金融風險管理目標及政策(續)

信貸風險及減值評估

於2018年及2017年12月31日，本集團所面對的可導致本集團綜合財務狀況表的每類金融資產賬面值產生財務虧損之最大信貸風險乃是交易對手或債務人未能履行責任。

客戶合約產生之貿易應收賬款及應收票據

為了最大程度地降低信貸風險，本公司董事會已經委派一個團隊負責釐定信貸限額、信貸批准及其他監控規程，以確保後續措施可以收回逾期債務。此外，本集團在採用香港財務報告準則第9號(2017：已發生虧損模式)之後，根據預期信貸虧損模式對貿易結餘及應收票據個別或基於撥備矩陣進行減值評估。在此方面，本公司董事會認為，本集團的信貸風險已經明顯地減低。

其他應收款／應收關連公司款項

本集團基於內部信貸評級及該等應收款之賬齡個別地評估其他應收款及應收關連公司款項及金額，本公司董事會認為，此舉自初始確認之後並未造成信貸風險的明顯增加。預期信貸虧損乃基於在債務人之預期年期觀察到的過往違約率進行估計並調整毋須過度成本或精力之適用前瞻性資料。於2018年1月1日及2018年12月31日，其他應收款／應收關連公司款項所作的12個月預期信貸虧損並無計提，因為所涉及的金額不大。

銀行結餘及現金

流動資金之信貸風險有限，因為交易對手是信貸評級較高的銀行。

除了信貸風險集中於存在信用評級較高的幾家銀行的流動資金之外，本集團並無任何其他信貸風險顯著集中。

43. FINANCIAL INSTRUMENTS (CONTINUED)**43b. Financial risk management objectives and policies**
(Continued)**Credit risk and impairment assessment** (Continued)

The Group has concentration of credit risk as 17% (2017: 16%) and 48% (2017: 48%) of the total trade receivables was due from the Group's largest customer and the five largest customers, respectively.

The Group's internal credit risk grading assessment comprises the following categories:

Category 類別	Description 概述	Trade receivables 貿易應收賬款	Other financial assets 其他金融資產
Performing 履約	The counterparty has a low and have no past due amounts 交易對手擁有偏低及並無逾期款項	Lifetime ECL – not credit-impaired 終身預期信貸虧損 – 非信貸減值	12m ECL 12個月預期信貸虧損
Doubtful 可疑	There has been a significant increase in credit risk since initial recognition 信貸風險自初始確認以來大幅增加	Lifetime ECL – not credit-impaired 終身預期信貸虧損 – 非信貸減值	Lifetime ECL – not credit-impaired 終身預期信貸虧損 – 非信貸減值
In default 違約	There is evidence indicating that the asset is credit-impaired 有證據指出該資產出現信貸減值	Lifetime ECL – not credit-impaired 終身預期信貸虧損 – 非信貸減值	Lifetime ECL – not credit-impaired 終身預期信貸虧損 – 非信貸減值
Write-off 撇銷	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery 有證據指出債務人正面對嚴重財政困難且本集團並無實際把握收回款項	Amounts are written off 撇賬金額	Amounts are written off 撇賬金額

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. Based on the impairment assessment performed by the Group, the management of the Group considers the loss allowance for trade receivables within lifetime ECL (neither credit-impaired nor not credit-impaired) as at 31 December 2018 was insignificant and accordingly no allowance for credit losses is provided.

The estimated loss rates are estimated based on historical observed defaulted rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort the grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

43. 金融工具(續)**43b. 金融風險管理目標及政策(續)****信貸風險及減值評估(續)**

由於本集團大部份銷售收入由有限客戶產生，本集團須面對信貸集中之風險。本集團最大客戶佔應收賬款總額約17%(2017: 16%)及首五位客戶佔應收賬款總額約48%(2017: 48%)。

本集團內部信貸風險評級等級評估包括以下各個類別：

作為本集團信貸風險管理之一部分，本集團應用內部信貸評級向客戶作出評估。基於本集團執行之減值評估，本集團管理認為，終身信貸虧損(既非信貸減值亦非信貸不減值)之內貿易應收賬款於2018年12月31日之虧損撥備尚不重大，因而並無計提信貸虧損撥備。

估計虧損率乃基於應收賬款於預期年期的過往觀察所得的違約率估計，並按毋需花費過多成本或精力可取得的前瞻性資料調整，管理層定期審閱組別，以確保特定債務人之有關資料獲得更新。

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43. FINANCIAL INSTRUMENTS (CONTINUED)

43b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

Liquidity risk

In the management of the Group's liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows. The Group also has available unutilised banking facilities (note 31) of approximately HK\$4,041,153,000 (2017: HK\$1,462,884,000) to meet its short-term working capital requirements. The management monitors the utilisation of bank borrowings and ensure compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent the interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative financial instruments that settle on a net basis. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

43. 金融工具(續)

43b. 財務風險管理目標及政策(續)

信貸風險及減值評估(續)

當有資料顯示交易對手處於嚴重財務困難及金額無可收回的現實前景，例如，當交易對手已處於清盤當中或進入破產程序，或貿易應收賬款逾期兩年以上(無論遲早發生)時，則本集團撇銷項貿易應收賬款。

流動資金風險

在管理本集團流動資金風險時，本集團監控及維持管理層認為足夠的現金及現金等價物水平，為本集團的業務營運提供資金並減輕現金流量波動的影響。本集團亦有可動用之銀行備用信貸額(附註31)約4,041,153,000港元(2017: 1,462,884,000港元)，以應付短期營運資金需求。管理層監控銀行借款的使用狀況及確保遵守貸款契約。

下表詳列本集團非衍生金融負債的餘下合約到期日，乃根據本集團可能被要求還款的最早日期金融負債的未折現現金流量編製。具體而言，載有按要求償還條文之銀行貸款，被包括在最早時限之內，不論銀行是否選擇行使其權利。其他非衍生金融負債之到期日根據議定的還款日期計算。該表皆包括利息及本金之現金流量。於報告期末，某程度上其利息流為浮動利率，而其未折現金額則根據利率計算。

此外，下表詳列本集團衍生金融工具之流動資金分析。該表乃按淨額計算之衍生金融工具之未折現合約現金(流入)及流出淨額編製。當應付款項並未固定，所披露款項已參照報告期末現有收益率曲線所示之預計利率釐定。由於管理層認為合約到期日對理解衍生工具之現金流量之期限至關重要，本集團衍生金融工具之流動資金分析乃根據合約到期日編製。

43. FINANCIAL INSTRUMENTS (CONTINUED)

43. 金融工具(續)

43b. Financial risk management objectives and policies

43b. 財務風險管理目標及政策(續)

(Continued)

Liquidity risk (Continued)

流動資金風險(續)

	Weighted average effective interest rate	On demand or 0-30 days	31-60 days	61-90 days	91-365 days	Over 365 days	Total undiscounted cash flows	Carrying amount
	實際利率	應要求或	31-60天	61-90天	91-365天	超過	現金流量總計	賬面值
	加權平均數	0-30天	31-60天	61-90天	91-365天	365天	現金流量總計	賬面值
	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	%	千港元	千港元	千港元	千港元	千港元	千港元	千港元
As at 31 December 2018								
<i>Non-derivative financial liabilities</i>								
Non-interest bearing	-	266,817	26,261	6,977	76,055	11,931	388,041	388,041
Fixed interest rate instrument	4.80%	45,628	3,435	-	433,962	411,565	894,590	853,178
Variable interest rate instrument	3.14%	-	55,005	103,320	312,183	585,430	1,055,938	1,021,034
		312,445	84,701	110,297	822,200	1,008,926	2,338,569	2,262,253
	Weighted average effective interest rate	On demand or 0-30 days	31-60 days	61-90 days	91-365 days	Over 365 days	Total undiscounted cash flows	Carrying amount
	實際利率	應要求或	31-60天	61-90天	91-365天	超過	現金流量總計	賬面值
	加權平均數	0-30天	31-60天	61-90天	91-365天	365天	現金流量總計	賬面值
	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	%	千港元	千港元	千港元	千港元	千港元	千港元	千港元
As at 31 December 2017								
<i>Non-derivative financial liabilities</i>								
Non-interest bearing	-	127,914	136,443	4,513	22,570	-	291,440	291,440
Fixed interest rate instruments	4.61	28,399	59,062	24,729	71,948	843,886	1,028,024	984,484
Variable interest rate instruments	2.74	-	-	19,557	412,883	786,197	1,218,637	1,186,299
		156,313	195,505	48,799	507,401	1,630,083	2,538,101	2,462,223

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43. FINANCIAL INSTRUMENTS (CONTINUED)

43c. Fair value measurements of financial instruments

Fair value of financial instruments that are recorded at amortized cost

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values at the end of the reporting period, except for the derivative financial instrument measured at fair value through profit or loss, of which the directors of the Company are of the opinion that the fair value cannot be measured reliably because the range of reasonable fair value estimates is so significant.

44. ACQUISITION OF A SUBSIDIARY

On 2 November 2017, Jiangxi L&M acquired 70% of the issued shares of Xingchang for consideration of HK\$30,694,000 (the "Acquisition") through the subscription of Xingchang's shares. The Acquisition has been accounted for using the purchase method. The amount of goodwill arising as a result of the Acquisition was HK\$2,776,000. Xingchang is engaged in the manufacture and sales of industrial chemical products by using the by products produced by Jiangxi L&M. Xingchang was acquired for the Group's strategic development of vertical expansion. The Acquisition was completed on 2 November 2017 (the "Completion Date").

Assets acquired and liabilities recognised at the Completion Date are as follows:

		HK\$'000 千港元
Property, plant and equipment	物業、廠房及設備	23,561
Other receivables	其他應收款	5,845
Inventories	存貨	4,851
Bank balances and cash	銀行結餘及現金	730
Trade and other payables	貿易及其他應付款	(21,128)
Short-term loan from Jiangxi L&M	來自江西理文之短期借款	(4,670)
Total identifiable net assets at fair value	按公平值計的可識別淨資產總額	9,189

43. 金融工具(續)

43c. 金融工具的公平值計量

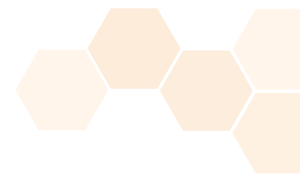
以成本攤銷入賬的金融工具的公平值

本公司董事認為，於綜合財務報表中按攤銷成本列賬的金融資產及金融負債的賬面值與報告期末的公平值相若，惟按公平值計入損益的衍生金融工具除外，本公司董事認為其公平值不能可靠地計量，因為合理公平值估計的範圍如此重大。

44. 收購一間子公司

在2017年11月2日，江西理文斥資30,694,000港元收購興昌70%的股份(「收購」)。此項投資是通過直接購買的方式獲得，所產生的商譽為2,776,000港元。興昌主要是利用江西理文的產品作為生產及銷售下游的工業化工產品。此項收購迎合集團的縱向擴張戰略，並在2017年11月2日完成(「完成日期」)。

於完成日期收購的資產及已確認的負債如下：



44. ACQUISITION OF A SUBSIDIARY (CONTINUED)

44. 收購一間子公司(續)

Goodwill arising on acquisition:

收購所產生的商譽：

		HK\$'000 千港元
Non-controlling interests	非控股權益	11,965
Less: net assets acquired	減：已收購的淨資產	(9,189)
Goodwill arising on acquisition (note 22)	收購所產生的商譽(附註22)	<u>2,776</u>

Cash inflow on acquisition of Xingchang

收購興昌的現金流入

		HK\$'000 千港元
Cash and cash equivalents acquired	獲得現金及現金等價物	<u>730</u>

Had the Acquisition taken place at the beginning of the reporting period, the revenue and the profit for the year ended 31 December 2017 of the Group would have been approximately HK\$2,974,995,000 and HK\$701,771,000 respectively. The pro forma information is for illustrative purposes only and is not necessary an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the reporting period, nor is it intended to be a projection of future results.

假設此收購發生在報告期初，則本集團截至2017年12月31日的收入和溢利則分別大約為2,974,995,000港元和701,771,000港元。此備考信息僅作為演示之用，它並不象徵著本集團在同期間實際發生的經營收入和溢利，也不代表未來業績的預測。

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45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

45. 由融資活動所產生負債之對賬

下表詳述本集團來自融資活動的負債變動，包括現金及非現金變動。融資活動產生的負債是現金流量或未來現金流量將在本集團綜合現金流量表中分類為融資活動現金流量的負債。

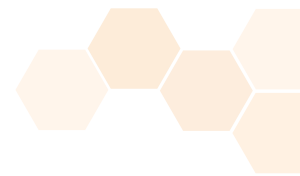
		Bank borrowings 銀行借貸 HK\$'000 千港元	Accrued interest 已計提利息 HK\$'000 千港元	Derivative financial instruments 衍生金融工具 HK\$'000 千港元	Dividend payables 應付股息 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2017	於2017年1月1日	1,969,030	-	20	-	1,969,050
Financing cash flows	融資現金流	208,381	(82,731)	(32)	(115,500)	10,118
Dividends recognised as distribution	已確認之股息分派	-	-	-	115,500	115,500
Finance costs recognised	已確認之財務費用	-	81,809	-	-	81,809
Finance costs capitalised in construction in progress	在建工程資本化之財務費用	-	922	-	-	922
Exchange realignment	匯兌調整	(6,628)	-	-	-	(6,628)
Net loss from fair value change on derivative financial instruments	衍生金融工具公平值變化之損失	-	-	12	-	12
At 31 December 2017	於2017年12月31日	2,170,783	-	-	-	2,170,783
Financing cash flows	融資現金流	(253,171)	(93,823)	-	(354,750)	(701,744)
Dividends recognised as distribution	已確認之股息分派	-	-	-	354,750	354,750
Finance costs recognised	已確認之財務費用	-	93,530	-	-	93,530
Finance costs capitalised in construction in progress	在建工程資本化之財務費用	-	293	-	-	293
Exchange realignment	匯兌調整	(43,400)	-	-	-	(43,400)
At 31 December 2018	於2018年12月31日	1,874,212	-	-	-	1,874,212

46. COMPARATIVE FIGURES

Certain comparative figures have been reclassified and represented to conform with the current year presentation.

46. 比較數字

若干比較數字已重新分類及重列以符合本期間之呈列方式。



47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

A summarised information statement of financial position of the Company as at 31 December 2018 and 31 December 2017 is as follows:

47. 本公司財務狀況表

本公司於2018年12月31日及2017年12月31日之財務狀況表概述如下：

		2018	2017
		HK\$'000	HK\$'000
		千港元	千港元
ASSETS	資產		
Investments in a subsidiary	附屬公司投資	55,022	57,642
Prepayments	預付款項	370	270
Bank balances	銀行結餘	1,662	223
Amounts due from subsidiaries	應收附屬公司款項	382,560	751,847
		439,614	809,982
LIABILITIES	負債		
Other payables	其他應付款	9,883	7,625
Amount due to a subsidiary	應付附屬公司款項	28	-
		9,911	7,625
		429,703	802,357
Capital and reserves	資本及儲備		
Share capital	股本	82,500	82,500
Reserves	儲備	347,203	719,857
		429,703	802,357

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED) 47. 本公司財務狀況表(續)

Movement of the reserves

儲備變動

		Share premium 股份溢價 HK\$'000 千港元	Contributed surplus 實繳盈餘 HK\$'000 千港元	Translation reserve 匯兌儲備 HK\$'000 千港元	Share options reserve 購股權儲備 HK\$'000 千港元	Retained profits 累計溢利 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2017	於2017年1月1日	20,307	(102,808)	1,424	-	42,789	(38,288)
Profit for the year	年內溢利	-	-	-	-	854,194	854,194
Exchange differences arising from translation	因換算而產生之匯兌差額	-	-	4,138	-	-	4,138
Total comprehensive income for the year	年內全面收益總款	-	-	4,138	-	854,194	858,332
Dividends	股息	-	-	-	-	(115,500)	(115,500)
Recognition of equity-settled share based payments	確認以股份結算之付款	-	-	-	15,313	-	15,313
At 31 December 2017	於2017年12月31日	20,307	(102,808)	5,562	15,313	781,483	719,857
Loss for the year	年內虧損	-	-	-	-	(51,886)	(51,886)
Exchange differences arising from translation	因換算而產生之匯兌差額	-	-	1,298	-	-	1,298
Total comprehensive expense for the year	年內全面支出總款	-	-	1,298	-	(51,886)	(50,588)
Dividends	股息	-	-	-	-	(354,750)	(354,750)
Recognition of equity-settled share based payments	確認以股份結算之付款	-	-	-	32,684	-	32,684
At 31 December 2018	於2018年12月31日	20,307	(102,808)	6,860	47,997	374,847	347,203

The contributed surplus of the Company represents the difference between the aggregate net tangible assets of the subsidiaries acquired by the Company pursuant to a group reorganisation in December 2001 and the nominal value of the Company's shares issued for the acquisition.

本公司之實繳盈餘乃本公司於2001年12月之集團重組所收購之附屬公司之有形資產淨值總和與本公司因該收購而發行股本面值之差額。

Financial Summary

財務概要

		Year ended 31 December 截至十二月三十一日止年度				2018
		2014	2015	2016	2017	HK\$'000
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	千港元
		千港元	千港元	千港元	千港元	千港元
RESULTS	業績					
Revenue	收入	1,560,028	1,705,879	1,813,851	2,973,747	3,876,777
Profit before taxation	除稅前溢利	411,470	355,944	339,950	930,961	1,156,933
Income tax expenses	所得稅支出	(81,359)	(86,266)	(123,755)	(227,940)	(284,558)
Profit for the year	年內溢利	330,111	269,678	216,195	703,021	872,375
		At 31 December 於十二月三十一日				2018
		2014	2015	2016	2017	HK\$'000
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	千港元
		千港元	千港元	千港元	千港元	千港元
ASSETS AND LIABILITIES	資產及負債					
Total assets	資產總額	4,714,045	4,622,040	4,752,065	5,855,475	6,054,580
Total liabilities	負債總額	(2,416,082)	(2,275,762)	(2,410,040)	(2,761,041)	(2,575,915)
		2,297,963	2,346,278	2,342,025	3,094,434	3,478,665
Equity attributable to owners of the Company	本公司擁有人應佔權益	2,297,963	2,346,278	2,342,025	3,082,373	3,478,665
Non-controlling interests	非控股權益	—	—	—	12,061	—
		2,297,963	2,346,278	2,342,025	3,094,434	3,478,665

Schedule of Property

物業資料

PROPERTIES UNDER DEVELOPMENT FOR SALE

待出售的發展中物業

Location 地點	Area 面積	Existing Land use 現時土地用途	Stage of Completion 完成階段	Anticipated completion 預期完成日
No.156 Jiangnan Avenue, No. 9 Jiangang Road, Changshu Economic Development Zone, Jiangsu, PRC	16,606M ²	Commercial/ Residential	Foundation works completed	December 2020
中國江蘇省常熟經濟技術 開發區江南大道 156號，金港路9號	16,606平方米	商業／住宅	地基完成	二零二零年十二月

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