

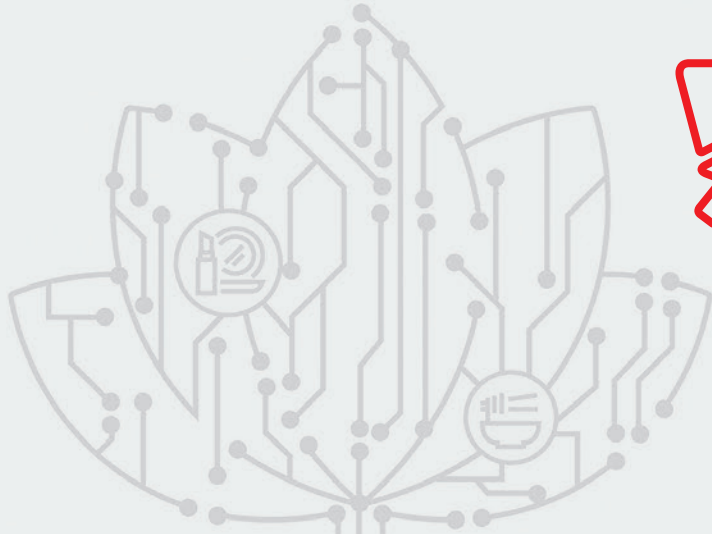


C.P. Lotus Corporation
卜 蜂 蓮 花 有 限 公 司

(Incorporated in the Cayman Islands with Limited liability) Stock Code : 00121
(於開曼群島註冊成立之有限公司) 股份代號 : 00121

2018

ANNUAL REPORT 年報



Have a fresh 在卜蜂蓮花開始

CP Lotus is determined to offer customers with the fresh and pleasurable shopping experience through great variety of high-quality economic merchandise, at a clean, tidy and comfortable environment, as well as warm and friendly services. Each year over hundreds of millions of customers enjoy shopping at CP Lotus.

day at Lotus

新鮮的一天

卜蜂蓮花致力於打造顧客所喜愛的生活購物場所，通過豐富優質優惠的商品、乾淨整潔舒適的環境以及親切友好的服務，為顧客提供新鮮、愉快的購物體驗。每年有過億位顧客在卜蜂蓮花享受愉悅的購物體驗。

Our Company

我們的公司



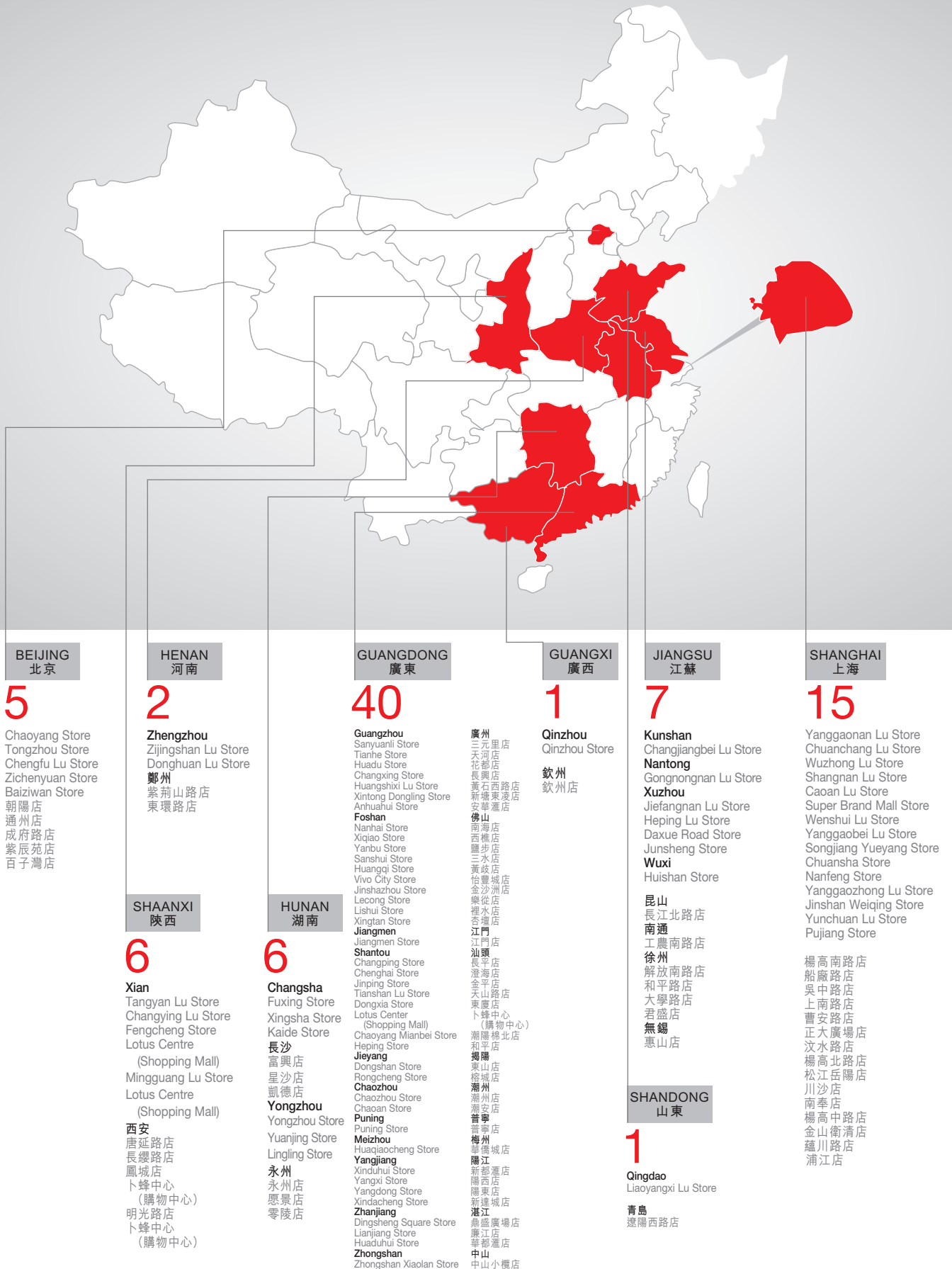
C.P. Lotus Corporation (“CP Lotus” or the “Company”, together with its subsidiaries, the “Group”) is one of the leading retail operators in the People’s Republic of China (“PRC”). CP Lotus owns and operates 80 retail stores and 3 shopping malls under the brand name “Lotus”, offering fresh and pleasurable shopping experience to all families by providing a neat and comfortable environment, an assortment of high-quality and safe merchandise, and warm and friendly services.

Our ultimate controlling shareholder, Charoen Pokphand Group Company Limited (“CP Group”), is one of the leading conglomerates in Asia with over 90 years of operating experience in various industries including agro-industry & food, retail and telecommunication. While the CP Group is headquartered in Thailand, it is one of the largest and oldest foreign investors in China today.

卜蜂蓮花有限公司(「卜蜂蓮花」或「本公司」, 及其附屬公司統稱「本集團」)乃中華人民共和國(「中國」)市場領先的零售商之一。卜蜂蓮花已開設並經營80家以「卜蜂蓮花」命名的零售門店及3所購物中心, 通過整潔舒適的環境、豐富優質且安全的商品和親切友好的服務, 為所有家庭提供新鮮、愉快的購物體驗。

卜蜂蓮花有限公司的最終控股股東Charoen Pokphand Group Company Limited(「卜蜂集團」)是亞洲領先的企業集團之一, 在農牧及食品業、零售業和電訊業等多個領域擁有超過90年的悠久歷史。總部位於泰國的卜蜂集團(在中國稱為「正大集團」)目前是其中一家中國規模最大、歷史最悠久的外資投資方。

Store Network 門店分佈



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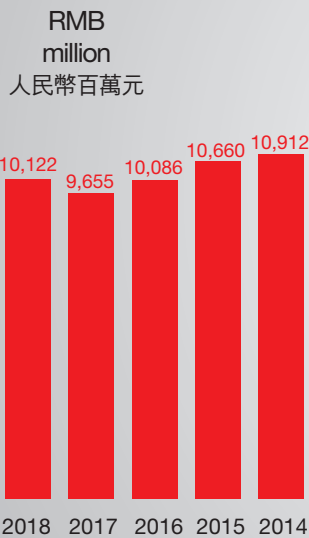
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Financial Highlights

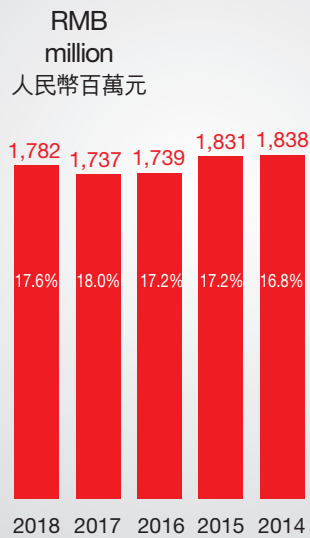
財務摘要

02

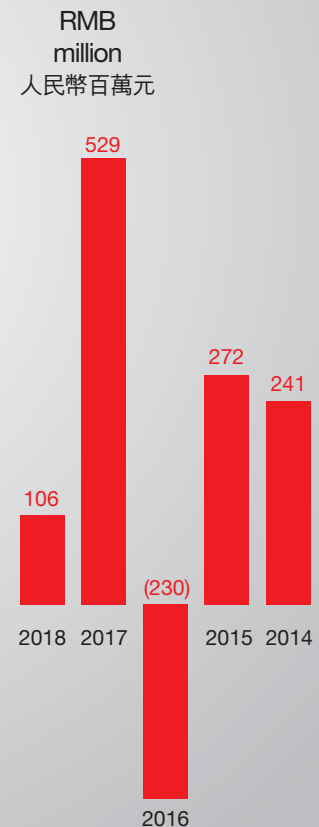
			Revenue 收入	Gross Profit 毛利	(Loss)/Profit for the year 年度 (虧損)/溢利	EBITDA 息稅折舊及 攤銷前損益
2018	RMB million 人民幣 百萬元		10,122.0	1,782.2	(288.4)	106.1
2017	RMB million 人民幣 百萬元		9,655.2	1,736.5	179.0	528.8
	Change 變動		4.8%	2.6%	(261.1%)	(79.9)%



REVENUE TREND
收入趨勢



GROSS PROFIT AND
GP RATIO TREND
毛利及毛利率趨勢



EBITDA TREND
息稅折舊及攤銷前
損益趨勢



Chairman's Statement

董事長報告書

04

I am happy to see that the Group has continued to consolidate its foundation this year to expand its business sectors and achieve profitability at the operating level.

Operating Environment

In 2018, China's GDP exceeded RMB90 trillion for the first time, reaching RMB90.03 trillion. The country's GDP growth rate was 6.6%, and at 0.3% lower than 2017 it met the expected development target of 6.5%. With sustained and steady economic growth, the per capita disposable income of the national residents reached RMB28,000, increased by 6.5%. The national consumer price index and food prices rose by 2.1% and by 1.8% respectively from the previous year. The total retail sales of consumer goods in China was RMB38 trillion, an increase of 9% year-on-year. The national online retail sales amounted to RMB9 trillion, an increase of 23.9% over the previous year. According to the test data of the China National Business Information Center, in the third quarter of 2018, the retail sales of 100 key large-scale retail enterprises nationwide increased by 1.7% year-on-year. Consumption remains the main driving force behind China's economic growth.

Business Review

The Group recorded revenue of approximately RMB10,122.0 million and loss attributable to shareholders of approximately RMB288.4 million (including impairment loss in the amount of RMB401.5 million with respect to goodwill and intangible assets) for the year of 2018, as compared to a profit of RMB179.0 million for the year of 2017. Since the implementation of strategic development transformation in 2016, the Group has adjusted the management structure and consolidate its business foundation in 2017 and achieved breakthroughs in a number of areas in 2018:

In respect of store network, the Group continued to expand into markets and enter into new areas. A total of 11 new stores were opened in 2018 with a total additional sales floor of approximately 54,000 square meters. Among the 11 new stores, three are located in Guangdong Province to continue capturing the Guangdong market; one is located in Guangxi Province marking the first time the Group has entered into the market; for the remaining stores, three are in Hunan Province, two are in Jiangsu Province, one is in Shaanxi Province and one is in Beijing city. The Group currently has a total of 80 retail outlets and three shopping centres.

In terms of development of operating sectors, the Group has transitioned from focusing on hypermarket operations to a more comprehensive multi-sector development of large, medium, small and micro stores, as Lotus stores now including boutique supermarkets Lotus Plus, neighborhood community stores and Lotus Mini stores. In the online-to-offline sector, the Group continued to promote the integration of online and offline channels and upgrade the operating standard of the self-developed e-commerce shopping app "LOTUS-GO", while promoting in-depth cooperation with large e-commerce platform vendors such as JD, TMall and Meituan. Providing consumers with convenient services and multi-channel options has been widely recognised by consumers and has a significant future development prospect and potential.

我很高興的看到集團在今年繼續夯實基礎，拓展業態，在經營層面持續實現盈利。

營運環境

二零一八年，中國國內生產總值首次突破人民幣90萬億元，達到人民幣90.03萬億元，全國國內生產總值增速為6.6%，實現了6.5%的預期發展目標，較二零一七年回落0.3個百分點。隨著經濟持續穩定的增長，全國居民人均可支配收入達人民幣2.8萬元，增長6.5%。全國居民消費價格指數比上年上漲2.1%，食品價格上漲1.8%。中國社會消費品零售總額為人民幣38萬億元，比上年增長9%。全國網上零售額為人民幣9萬億元，比上年增長23.9%。根據中華全國商業信息中心的檢測資料，二零一八年第三季度，全國百家重點大型零售企業零售額同比增長1.7%。消費仍是推動中國經濟增長的主要動力。

業務回顧

本集團二零一八年錄得收入約人民幣101.220億元以及股東應佔虧損約人民幣2.884億元(包括商譽及無形資產減值虧損人民幣4.015億元)，二零一七年錄得人民幣1.790億元溢利。本集團自二零一六年開始實施發展戰略轉型以來，經過二零一七年調整管理架構、夯實業務基礎，二零一八年開始在眾多領域實現突破：

在門店網絡方面，本集團持續拓展市場，並進入新區域，在二零一八年度共開設十一家新店，合計新增銷售面積約54,000平方米。在這十一家新店中，三家位於廣東省，繼續深耕廣東市場；一家位於廣西省，這是本集團首次進軍廣西市場；另外，還有三家位於湖南省，兩家位於江蘇省，一家位於陝西省以及一家位於北京市。本集團目前擁有八十家零售店舖和三家購物中心。

在業態探索方面，本集團從單一的大型超市業態，裂變為全面的大中小微多業態發展，蓮花店舖現包括精品超市Lotus Plus、鄰里便利店及Lotus Mini店。在O2O方面，本集團繼續推進線上與線下渠道的融合，提升自主研發的電商購物APP「LOTUS-GO」的運營水準，同時持續推進與大型電商平台商京東，天貓和美團等深度合作，為消費者提供便捷的服務和多渠道的選擇，得到消費者的廣泛認同，未來的發展空間和潛力顯著。

Chairman's Statement

董事長報告書

05

In terms of operating efficiency, the Group continued to optimise the store structure and products. Through optimisation of store display, the Group increased the proportion of food products as well as the introduction of imported products. Sales of certain imported fruit items were at the forefront of the regional market. The Group also enhanced customer experience using information technology and platform and creative marketing strategies. In light of the development in consumption stratification, the Group implemented strategy to focus on younger customers and has started to see its effectiveness. At the same time, the Group also optimised its employee performance policy, through working with consulting agencies streamlined internal processes, staff structure and ultimately providing the quality for talent retention to the benefit of the Group's future development. During the reporting period, the Group achieved significant improvement in area efficiency and human resources efficiency.

Prospect

In 2019, China's GDP growth rate is expected to maintain a stable level, with an overall focus on quality-improvement development. Consumption is expected to provide steady contribution for China's economic growth. New retail industry driven by the utilisation of artificial intelligence technology will continue to shape consumption patterns and market competition. To this end, we have laid a solid foundation in 2018 which keeps us confident in the future to meet the challenges and capture market opportunities. In 2019, the Group will maintain store opening at a steady pace and continue to explore new business models, create supply chain differentiation through collaboration, focus on creation of core product categories and promote business strategies focused on younger clientele. We aim to further improve digitalising, automating and streamlining of process using AI technology as a core to increase operating efficiency. We will enhance supply chain logistics distribution capabilities, support, and continue multi-sector growth and development, and at the same time focus on sustainable and healthy development of the Group, in particular while maintaining the core corporate value of the Group – to benefit the country, the people and the Group. We believe that our business model and business philosophy will facilitate long-term sustainable development. The Group has an excellent team and a strong foundation, and accordingly I am confident with the Group's performance in 2019.

Acknowledgment

On behalf of the board of directors, I would like to express my heartfelt gratitude to the shareholders, banks and suppliers who have given their trust and support to CP Lotus in the past year, and to each and every employee who has made unremitting efforts and contributions to the development of the Group. Finally, I would like to express my sincere gratitude to all the board members for your guidance and support!

Soopakij Chearavanont
Chairman

27 February 2019

在運營效率方面，本集團持續優化店舖與商品結構，通過陳列佈局的優化，提升商品類比的比重，加大進口商品的引進，進口水果品類銷量在區域市場做到的前列。運用資訊科技與平台，以及創意營銷策略，提升顧客消費體驗，在消費分層升級大背景下的顧客層年輕化策略卓見成效。同時本集團進一步優化人力績效政策，通過與諮詢公司合作，以及內部流程改善，精簡人員，最終為集團實業發展提供優質的人才保障。在本報告期內，本集團在坪效與人效方面獲得大幅提升。

前景

二零一九年中國國內生產總值增速將繼續維持在穩定發展的水平，總體上仍將繼續維持穩健增長，消費仍是推動中國經濟增長的主要動力。新零售將持續改變消費形態及市場格局。為此，我們在二零一八年打下了更紮實的基礎，我們對未來也同樣充滿信心，我們有足夠的能力和基礎來應對未來的挑戰，抓住市場的機會。在二零一九年，本集團將保持穩健的開店節奏，繼續探索新的商業模式，協同打造差異化供應鏈，聚焦核心品類建設，持續推進顧客年輕化的經營策略；我們將以人工智能技術為核心，進一步提高數據化、自動化；我們將提升供應鏈物流配送能力，支撐並繼續多種業務態不斷發展壯大；同時，我們將更加注重新零售的持續健康發展，踐行利國利民利企業的集團價值觀。我們相信，我們的商業模式及經營理念是長期可持續發展的。我們有優秀的團隊和良好的基礎，本人對二零一九年的業績充滿信心。

致謝

本人謹代表董事會，向過去一年中給予卜蜂蓮花信任及大力支持的股東、銀行以及供應商，以及再次向付出不懈努力和為集團進步做出貢獻的每一位員工表示衷心感謝。最後，向一直指導和支持我的各位董事會成員表示衷心感謝！

謝吉人
主席

二零一九年二月二十七日

Management's Discussion and Analysis

管理層討論及分析

Key Performance Indicators (“KPIs”)

KPIs relating to revenue, margin and expenses are detailed in the financial review section. Details of the other key performance indicators relating to business management are provided below:

關鍵表現指標 (「關鍵表現指標」)

收入、利率及費用之關鍵表現指標已詳列於財務回顧部份。其他用於業務管理之關鍵表現指標如下：

Store retail area 零售銷售面積		2018 二零一八年	2017 二零一七年	Change 變動
Store numbers Sq. metres ('000)	店舖數目 平方米(千)	80 859.6	69 788.4*	15.9% 9.0%

* Area excludes two stores which were closed for renovation

* 面積不包括因店舖翻新而停業的兩家店舖

In addition to the amount of sales each year, the Group also measures its network expansion through the increase in area of retail selling space.

除了每年的銷售額外，本集團亦透過零售銷售空間面積增長來計量其網絡擴展。

Retail area is defined as the sales floor area and area sub-leased to others, excluding areas in shopping malls.

銷售面積為銷售樓層面積及分租予他方之面積，但不包括購物中心之面積。

Like-for-like sales growth 同比店舖銷售增長		2018 二零一八年	2017 二零一七年	Change 變動
Sales growth	銷售增長	0.6%	-8.0%	8.6%

Like-for-like store sales is a valuable indicator on individual store performance and the overall financial health of the Company.

同比店舖銷售是個別店舖表現和公司整體財務狀況的重要指標。

Like-for-like store sales growth is calculated by comparing the aggregate sales derived from stores which were had been opened over the 12 full month period for two consecutive years

同比店舖銷售增長以比較於連續兩個年度，已開業超過12個整月之店舖之銷售總額計算

Average customer count per day 每日平均顧客人次		2018 二零一八年	2017 二零一七年	Change 變動
Customer visit	訪店客數	3,933	4,193	-6.2%

By looking at the customer count change and in particular the change in different demographic groups helps the Company to devise more focused marketing strategies.

透過注意顧客人次的變化，特別是不同客戶群中人口統計的變化，有助於本公司設計更加合適的營銷策略。

Average customer count is calculated as total customer count for like-for-like stores divided by 365 days

平均顧客人次以同比店舖之總顧客人次除以365天計算

Management's Discussion and Analysis

管理層討論及分析

07

FINANCIAL REVIEW

C.P. Lotus and its subsidiaries recorded a net loss attributable to equity shareholders of the Company for the year ended 31 December 2018 (the "Reporting Period") of approximately RMB288.4 million (2017: approximately RMB179.0 million profit).

財務回顧

卜蜂蓮花及其附屬公司截至二零一八年十二月三十一日止年度（「報告期間」）錄得本公司股東應佔虧損淨額為約人民幣288,400,000元（二零一七年：約人民幣179,000,000元之溢利）。

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

綜合損益表

For the year ended 31 December 2018

截至二零一八年十二月三十一日止年度

		2018 二零一八年 RMB million 人民幣百萬元	2017 二零一七年 RMB million 人民幣百萬元	Change 變動 RMB million 人民幣百萬元	Change 變動 %
Revenue	收入	10,122.0	9,655.2	466.8	4.8
Gross profit	毛利	1,782.2	1,736.5	45.7	2.6
Other revenue and other net loss	其他收益及其他虧損淨額	224.3	563.8	(339.5)	(60.2)
Distribution and store operating costs	商店配送及營運成本	(1,850.9)	(1,707.1)	(143.8)	8.4
Administrative expenses	行政費用	(260.9)	(266.4)	5.5	(2.1)
Finance costs	融資成本	(117.2)	(101.6)	(15.6)	15.4
Income tax	所得稅	(65.9)	(46.2)	(19.7)	42.6
(Loss)/profit for the year	年度(虧損)/溢利	(288.4)	179.0	(467.4)	(261.1)
(Loss)/profit for the year attributable to:	以下人士應佔年度(虧損)/溢利:				
Equity shareholders of the Company	本公司股東	(288.4)	179.0	(467.4)	(261.1)

Revenue increased by approximately RMB466.8 million, or 4.8%, to approximately RMB10,122.0 million (2017: approximately RMB9,655.2 million). The increase was mainly due to additional revenue from eight hypermarkets, two boutique supermarkets and one neighbourhood store opened in 2018, in addition to an increase of 0.6% in same stores sales when compared with last year, with such increase mainly attributable to growth in sales from fresh food and dry grocery categories.

收入增加約人民幣466,800,000元或4.8%至約人民幣10,122,000,000元（二零一七年：約人民幣9,655,200,000元）。收入增長主要由於二零一八年開設八家大型超市、兩家精品超市及一家鄰里便利店之額外收入，以及生鮮食品及乾雜貨之銷售增長令同比店舖銷售較去年增長0.6%。

Management's Discussion and Analysis

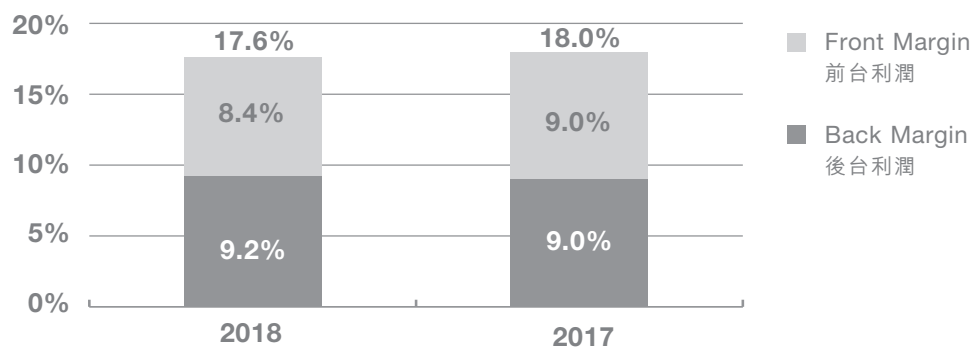
管理層討論及分析

Gross profit margin was 17.6% of sales (2017: 18.0%). Gross profit increased by approximately RMB45.7 million or 2.6%. Gross profit margin comprised front and back margin. Front margin is sales minus direct cost of sales; whereas back margin is discounts, rebates and other fees the Group receives from suppliers. Front margin dropped by 0.6% to 8.4%, and back margin increased by 0.2% to 9.2%. The decline in gross margin was mainly due to the opening of eleven new stores and the development of business-to-business sector, each of which had a relatively lower front margin.

毛利率乃銷售額之17.6%（二零一七年：18.0%）。毛利增加約人民幣45,700,000元或2.6%。毛利率由前台利潤與後台利潤所組成。前台利潤指銷售額減去直接銷售成本；而後台利潤指集團收取的來自供應商之折扣、返利及其他費用。前台利潤減少了0.6%至8.4%及後台利潤增加了0.2%至9.2%。毛利率減少主要是因為開設十一家新店舖及企業對企業業務發展的前台利潤相對較低。

GROSS PROFIT MARGIN

毛利率



Other revenue and other net loss was approximately RMB224.3 million, or 2.2% of sales (2017: approximately RMB563.8 million or 5.8% of sales), comprised mainly lease income received from the leasing of store space. Lease income increased by approximately RMB49.3 million to approximately RMB572.1 million as a result of contribution received from additional leasing space in eight supermarkets opened during the Reporting Period and higher rental charged by the Group upon lease renewal. An exchange loss of approximately RMB60.7 million was recorded as a result of depreciation in the RMB/USD exchange rate of approximately 5.04% during the year in our USD borrowing; however, such loss was partially offset by a gain of approximately RMB20.9 million from the USD non-delivered forward exchange contract entered into by the Group ("USD Forward Contract") which will expire on 23 July 2019. Furthermore, impairment losses of approximately RMB401.5 million was recorded in 2018 with respect to intangible assets and goodwill from the acquisition of Shanghai Lotus Supermarket Chain Store Co., Ltd. ("SLS") in 2008 as the performance did not meet the management's expectation, which was attributable to the challenging market conditions and the lease termination caused by the landlord in breach of the lease agreement for one of the stores in Shanghai.

其他收益及其他虧損淨額為約人民幣224,300,000元或銷售額之2.2%（二零一七年：約人民幣563,800,000元或銷售額之5.8%），主要包括收取出租店舖之收入。租賃收入增加約人民幣49,300,000元至約人民幣572,100,000元，主要原因為於報告期間開設八家大型超市之額外租賃空間及本集團於租賃續期時收取更高之租金所帶來之貢獻。由於本年度人民幣兌美元匯率貶值約5.04%，美元貸款錄得匯兌虧損為約人民幣60,700,000元，然而，該匯兌虧損部份被集團簽訂的美元無本金交割遠期外匯期貨合約（「美元遠期合約」）的溢利約人民幣20,900,000元所抵銷。該合約將於二零一九年七月二十三日到期。此外，由於市場環境具挑戰性及本集團因業主違反租賃協議而終止與其中一間位於上海店舖的租約，導致表現不符合相關管理層的預期，本集團於二零一八年錄得二零零八年收購上海易初蓮花連鎖超市有限公司（「上海蓮花」）之無形資產及商譽減值虧損約人民幣401,500,000元。

Distribution and store operating costs was approximately RMB1,850.9 million or 18.3% of sales (2017: approximately RMB1,707.1 million or 17.7% of sales), and comprised mainly personnel expenses, rental expenses, utility expenses and depreciation and amortization amounting to approximately RMB1,626.4 million or 6.7%, 5.6%, 1.8% and 2.0% of sales respectively. Personnel expenses increased by approximately RMB9.5 million mainly due to the opening of new stores during the year and the annual increase in statutory minimum wage. Rental expenses increased by approximately RMB63.7 million due to the opening of new stores including eight supermarkets, two boutique supermarkets and one neighbourhood store during the Reporting Period and the increase in rental expenses for like-for-like stores.

商店配送及營運成本為約人民幣1,850,900,000元或銷售額之18.3%（二零一七年：約人民幣1,707,100,000元或銷售額之17.7%）。其主要包括人事費用、店舖租賃費用、公用事業費用、折舊及攤銷開支合共約人民幣1,626,400,000元，或分別為銷售額之6.7%、5.6%、1.8%及2.0%。人事費用增加約人民幣9,500,000元乃主要由於年內新店舖開設及年度法定最低工資增加所致。由於報告期內開設新店舖（包括八家大型超市，兩家精品超市及一家鄰里便利店），以及可比店舖的租賃費用增加，租賃費用增加約人民幣63,700,000元。

Management's Discussion and Analysis

管理層討論及分析

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Administrative expenses was approximately RMB260.9 million or 2.6% of sales (2017: approximately RMB266.4 million or 2.8% of sales). It mainly comprised personnel expenses of approximately RMB208.6 million, depreciation and amortization charge of approximately RMB13.8 million, rental expenses of approximately RMB19.1 million and professional fee of approximately RMB11.0 million. The decrease was mainly due to a reduction in personnel expenses of approximately RMB4.4 million following the continued refining of organisation structure and improvement in productivity and work efficiency.

Financial costs was approximately RMB117.2 million, or 1.2% of sales, representing an increase of approximately RMB15.6 million from last year (2017: approximately RMB101.6 million). Included was approximately RMB2.8 million expenses relating to an interest rate swap entered by the Company on 16 July 2018 to reduce the exposure to interest rate fluctuations in the USD loans from the controlling shareholder.

Income tax was approximately RMB65.9 million (2017: approximately RMB46.2 million).

Loss attributable to equity shareholders of the Company was approximately RMB288.4 million (2017: profit of approximately RMB179.0 million). The change from profit to loss was largely attributable to the impairment losses in the amount of approximately RMB401.5 million on goodwill and intangible assets during the Reporting Period.

Capital expenditure was approximately RMB253.1 million for the Reporting Period (2017: RMB330.5 million), mainly applied towards opening of new stores, renovation of existing stores and replacement of equipment. The Group financed its capital expenditure through a combination of cash generated from its operating activities, loans from controlling shareholder and banking facilities.

行政費用為約人民幣260,900,000元或銷售額之2.6% (二零一七年：約人民幣266,400,000元或銷售額之2.8%)。其主要包括人事費用約人民幣208,600,000元、折舊及攤銷開支約人民幣13,800,000元、租賃費用約人民幣19,100,000元及專業費用約人民幣11,000,000元。行政費用減少約人民幣4,400,000元乃由於持續精簡公司架構以及提升生產力和工作效率所致。

財務開支為約人民幣117,200,000元或銷售額之1.2%，對比去年增加了約人民幣15,600,000元 (二零一七年：約人民幣101,600,000元)。其中所包括約人民幣2,800,000元開支乃關於本公司於二零一八年七月十六日簽訂的利率掉期合約以減少控股股東美元貸款產生的利率波動風險。

所得稅為約人民幣65,900,000元 (二零一七年：約人民幣46,200,000元)。

本公司股東應佔虧損為約人民幣288,400,000元 (二零一七年：溢利約人民幣179,000,000元)。由盈轉虧乃主要由於報告期間內商譽及無形資產之減值虧損約人民幣401,500,000元所致。

資本開支於報告期間內為約人民幣253,100,000元 (二零一七年：人民幣330,500,000元)，主要用於開設新店舖、現有店舖翻新及重置設備。本集團從營運業務、控股股東貸款及銀行融資所產生之現金組合提供予其資本開支。

Management's Discussion and Analysis

管理層討論及分析

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況報表

As at 31 December 2018

於二零一八年十二月三十一日

		2018 二零一八年 RMB million 人民幣百萬元	2017 二零一七年 RMB million 人民幣百萬元	Change 變動 RMB million 人民幣百萬元	Change 變動 %
Property, plant and equipment and Interests in leasehold land held for own use under operating leases	物業、房產及設備及 營運租賃之自用土地 租賃權益	1,855.3	1,813.2	42.1	2.3
Goodwill	商譽	2,268.8	2,654.3	(385.5)	(14.5)
Cash and cash equivalents	現金及現金等額	461.4	166.1	295.3	177.8
Pledged bank deposits	已抵押銀行存款	61.9	59.9	2.0	3.3
Inventories	存貨	1,315.0	1,144.7	170.3	14.9
Trade and other receivables	營運及其他應收款項	1,016.6	863.5	153.1	17.7
Other assets	其他資產	131.7	172.4	(40.7)	(23.6)
Total Assets	總資產	7,110.7	6,874.1	236.6	3.4
Loans from controlling shareholder, bank loans and other loans	控股股東貸款、銀行貸款及 其他貸款	1,315.5	1,186.3	129.2	10.9
Trade payables and other liabilities	營運應付款項及其他負債	4,388.1	3,998.2	389.9	9.8
Total liabilities	總負債	5,703.6	5,184.5	519.1	10.0
Net Assets	資產淨額	1,407.1	1,689.6	(282.5)	(16.7)
Share capital	股本	405.7	405.7	-	-
Reserves	儲備	1,001.4	1,283.9	(282.5)	(22.0)
Total Equity	權益總額	1,407.1	1,689.6	(282.5)	(16.7)

Property, plant and equipment & Interests in leasehold land held for own use under operating lease increased to approximately RMB1,855.3 million or 2.3% (2017: approximately RMB1,813.2 million), mainly because of addition in property, plant and equipment of approximately RMB253.1 million following the opening of new stores and other store renovation, and was offset by depreciation and amortization of approximately RMB201.9 million and disposal of property, plant and equipment of approximately RMB9.1 million during the Reporting Period.

物業、房產及設備及營運租賃之自用土地租賃權益增加至約人民幣1,855,300,000元或2.3% (二零一七年：約人民幣1,813,200,000元)，主要因為開設新店與其他店舖翻新而添置物業、房產及設備約人民幣253,100,000元；並於報告期間內被折舊及攤銷費用約人民幣201,900,000元，及物業、房產及設備出售約人民幣9,100,000元所抵銷。

Management's Discussion and Analysis

管理層討論及分析

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Goodwill was approximately RMB2,268.8 million (2017: approximately RMB2,654.3 million), comprising approximately RMB2,141.4 million, RMB124.0 million and RMB3.4 million in the East China Region, the South China Region and North China Region respectively. Impairment test on the goodwill value was carried out annually based on a number of market assumptions including discount rates, forecast growth rates and expected changes to direct prices and selling costs. The Group recognised an impairment loss of approximately RMB385.4 million in 2018 with respect to the goodwill for the East China Region.

Further details of goodwill, including the key basis and assumptions of the impairment test, are set out in note 11 to the financial statements.

Cash and cash equivalents amounted to approximately RMB461.4 million as at 31 December 2018 (2017: approximately RMB166.1 million).

Pledged bank deposits amounted to approximately RMB61.9 million as at 31 December 2018 (2017: approximately RMB59.9 million), mainly representing deposits pledged for the issuance of bank accepted bills for payments to suppliers.

Inventories was approximately RMB1,315.0 million as at 31 December 2018 (2017: approximately RMB1,144.7 million), representing an increase of approximately RMB170.3 million. The average inventory turnover days was 54 days (2017: 53 days).

商譽為約人民幣2,268,800,000元(二零一七年：約人民幣2,654,300,000元)，當中華東地區、華南地區及華北地區分別佔約人民幣2,141,400,000元、人民幣124,000,000元及人民幣3,400,000元。商譽價值之減值測試，為每年根據多項假設(包括貼現率、預測增長率及直接售價與銷售成本之預期改變)進行。本集團於二零一八年確認華東地區商譽減值虧損約人民幣385,400,000元。

商譽詳情(包括減值測試之主要假設)載於財務報表附註11。

現金及現金等額於二零一八年十二月三十一日為約人民幣461,400,000元(二零一七年：約人民幣166,100,000元)。

已抵押銀行存款於二零一八年十二月三十一日為約人民幣61,900,000元(二零一七年：約人民幣59,900,000元)，主要向供應商付款而發出銀行承兌匯票。

存貨於二零一八年十二月三十一日為約人民幣1,315,000,000元(二零一七年：約人民幣1,144,700,000元)，增加人民幣170,300,000元。平均存貨周轉日數為54日(二零一七年：53日)。

Management's Discussion and Analysis

管理層討論及分析

Trade and other receivables increased by approximately RMB153.1 million to approximately RMB1,016.6 million (2017: approximately RMB863.5 million). Included in the balance was approximately RMB407.0 million (2017: approximately RMB383.3 million) of trade receivables, rental deposit, value-added tax recoverable and other debtors. All of the trade and other receivables, apart from the rental deposits of approximately RMB131.6 million (2017: approximately RMB125.5 million), were expected to be recovered within one year and thus no provision was made. Also included in the balance was approximately RMB591.5 million (2017: approximately RMB465.8 million) of receivables from related companies. Credit terms of 30 days to 90 days was offered to related companies and corporate customers with ongoing relationship, and approximately 49% of the trade receivables outstanding had an aging of less than 90 days. Subsequent to the Reporting Period, the Group has recovered approximately RMB315,000,000 trade receivables due from related companies, of which approximately RMB14,679,000 belonged to the 61 to 90 days category and approximately RMB300,321,000 belonged to the over 90 days category in the above ageing analysis. The USD Forward Contract with a net fair value approximately RMB7.1 million (2017: approximately RMB40.1 million, included in trade and other payables) had been recognised as derivative financial assets and included in the trade and other receivables during the Reporting Period.

Other assets was approximately RMB131.7 million (2017: approximately RMB172.4 million), comprising intangible assets of approximately RMB111.9 million and deferred tax assets of approximately RMB19.8 million. Intangible assets included operating lease agreements to which certain current subsidiaries were subject when they were acquired by the Group in 2008 and in 2012. Intangible assets were amortised using straight-line method over the remaining lease terms which vary from 10 to 30 years. As at 31 December 2018, the net book value of the lease interest attributable to the Tianshan Lease Agreement was RMB16.1 million, which was recorded as intangible assets in the financial statements of the Group. Due to the termination of the Tianshan Lease Agreement, the Group also recognised an impairment loss of approximately RMB16.1 million with respect to the intangible assets attributable to the Tianshan Lease Agreement.

營運及其他應收款項增加約人民幣153,100,000元至約人民幣1,016,600,000元(二零一七年:約人民幣863,500,000元)。此數額當中包括營運應收款項、租賃按金、增值稅待抵扣款項及其他應收款項約人民幣407,000,000元(二零一七年:約人民幣383,300,000元)。除了租賃按金約人民幣131,600,000元(二零一七年:約人民幣125,500,000元)外,預期所有營運應收款項及其他應收款項將可於一年內收回及因此並未計提撥備。此數額當中亦包括應收相關企業款項約人民幣591,500,000元(二零一七年:約人民幣465,800,000元),三十至九十日之付款期提供予有持續關係之相關企業及公司客戶。約49%的營運應收款項的賬齡少於九十日。於報告期間後,本集團已收取相關企業之營運應收款項為約人民幣315,000,000元。當中屬於以上賬齡分析中六十一至九十日之賬齡類別款項為約人民幣14,679,000元及超過九十日之賬齡類別款項為約人民幣300,321,000元。美元遠期合約之公允價值淨額約人民幣7,100,000元(二零一七年:約人民幣40,100,000元,已包括在營運及其他應付款項中)已被確認為衍生金融資產,並於報告期間計入營運及其他應收款項。

其他資產為約人民幣131,700,000元(二零一七年:約人民幣172,400,000元),包含無形資產約人民幣111,900,000元及遞延稅項資產約人民幣19,800,000元。無形資產包括本集團於二零零八年及二零一二年收購若干現有附屬公司所經營的經營租賃協議。無形資產按直線法於剩餘租賃期內攤銷,有效期由10年至30年不等。於二零一八年十二月三十一日,天山租賃協議應佔租賃權之賬面淨值為人民幣16,100,000元,並於本集團財務報表中列作無形資產。由於天山租賃協議終止,本集團亦就天山租賃協議應佔的無形資產確認減值虧損約人民幣16,100,000元。

Management's Discussion and Analysis

管理層討論及分析

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Loans from controlling shareholder, bank loans and other loans amounted to approximately RMB1,315.5 million as at 31 December 2018 (2017: approximately RMB1,186.3 million), representing an increase of approximately RMB129.2 million, due to the depreciation in RMB/USD exchange rate against our USD borrowing and the increase of PRC bank loans. Of the RMB1,315.5 million, approximately RMB958.4 million was related to a USD loan extended by C.P. Holdings (BVI) Investment Company Limited ("CPH"), the controlling shareholder of the Company, to the Company and to be repaid on December 2020.

控股股東貸款、銀行貸款及其他貸款於二零一八年十二月三十一日為約人民幣1,315,500,000元（二零一七年：約人民幣1,186,300,000），增加了約人民幣129,200,000元，原因為本集團的美元借款的人民幣兌美元匯率貶值及增加中國的銀行貸款。於人民幣1,315,500,000元當中，約人民幣958,400,000元乃關於一筆被本公司控股股東C.P. Holding (BVI) Investment Company Limited (「CPH」) 延期之貸款，本公司將於二零二零年十二月償還。

LOAN PORTFOLIO

貸款組合

As at 31 December 2018

於二零一八年十二月三十一日

		Bank loans 銀行貸款 RMB million 人民幣百萬元	Loans from controlling shareholder 控股股東 貸款 RMB million 人民幣百萬元	Loans from third parties 第三方提供之 貸款 RMB million 人民幣百萬元	Total 總額 %
Within one year	一年內	311.6	-	-	311.6
Over one year	一年後	-	958.4	45.5	1,003.9
Total	總額	311.6	958.4	45.5	1,315.5

Trade payables and other liabilities was approximately RMB4,388.1 million as at 31 December 2018 (2017: approximately RMB3,998.2 million) of which approximately RMB188.9 million (2017: approximately RMB171.9 million) was with related parties.

營運應付款項及其他負債於二零一八年十二月三十一日為約人民幣4,388,100,000元（二零一七年：約人民幣3,998,200,000元），當中約人民幣188,900,000元（二零一七年：約人民幣171,900,000元）為應付相關人士之款項。

Reserves was approximately RMB1,001.4 million as at 31 December 2018 (2017: approximately RMB1,283.9 million), comprising share premium of approximately RMB1,933.2 million, other reserves of approximately RMB237.3 million and accumulated losses of approximately RMB1,169.1 million.

儲備於二零一八年十二月三十一日為約人民幣1,001,400,000元（二零一七年：約人民幣1,283,900,000元）。此包含股份溢價約人民幣1,933,200,000元、其他儲備約人民幣237,300,000元及累計虧損約人民幣1,169,100,000元。

Management's Discussion and Analysis

管理層討論及分析

Capital structure

The Group obtained its working capital through a combination of funds generated from operations and bank and other borrowings.

Liquidity and finance resources

The Group has been carrying out a restructuring since the end of 2016 in anticipation of the Company's future development and business strategies. The Group continues to benefit from this reform, and cash flow from operating activities has improved. During the year of 2018, net cash generated from operating activities increased by approximately RMB343.1 million to approximately RMB646.9 million (2017: approximately RMB303.8 million). During the Reporting Period, other than the cash generated from operating activities, the Group's sources of funds also came from banking facilities. The increase in net cash and cash equivalents was mainly due to cash generated from operations and additional bank borrowing being less than capital expenditure payments and repayment of bank loans and interest. We expect the Group will continue to benefit from the restructuring in 2016. The cash flow from operating activities in the foreseeable future will continue to improve and the Group will generate sufficient cash to meet its business needs.

資本架構

本集團以營運、銀行及其他貸款共同產生之資金作為其營運資本。

流動性及財務資源

自二零一六年底起，本集團進行架構重組，以配合預期的公司未來發展及經營策略。本集團繼續受惠於此改革，營運業務現金流已有所改善。於二零一八年度，營運業務產生之現金流入淨額增加約人民幣343,100,000元至約人民幣646,900,000元（二零一七年：約人民幣303,800,000元）。於報告期內，除了營運業務產生之現金外，集團亦有銀行融資作為資金來源。現金及現金等價物增加主要由於營運產生之現金及增加銀行貸款少於資本開支與償還銀行貸款及利息。本集團預期將繼續受惠於二零一六年進行架構重組，營運業務現金流將於可預見的未來將繼續改善，本集團將產生充足現金以應付業務所需。

		For the year ended	
		31 December	
		截至十二月三十一日止年度	
		2018	2017
		二零一八年	二零一七年
Cash and cash equivalents (RMB million)	現金及現金等額(人民幣百萬元)	461.4	166.1
Loans from controlling shareholder, bank loans and other loans (RMB million)	控股股東貸款、銀行貸款及其他貸款(人民幣百萬元)	1,315.5	1,186.3
Net cash inflow/(outflow) after effect of foreign exchange rate changes (RMB million)	現金流入/(流出)淨額(經考慮外幣匯率轉變之影響)(人民幣百萬元)	295.3	(20.8)
Current ratio (x)	流動比率(倍)	0.62	0.44
Quick ratio (x)	速動比率(倍)	0.34	0.21
Gearing ratio (x) (defined as loans from controlling shareholder, bank loans and other loans divided by total equity)	資本與負債比率(倍) (以控股股東貸款、銀行貸款及其他貸款除以總權益計算)	0.93	0.70

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During the Reporting Period, our bank loans bore interest at six-month rate of People's Bank of China ("PBOC Rate") multiplied by 1.20, being 5.22% per annum, or fixed interest of 4.79% to 5.31% per annum. The loans from controlling shareholder bore interest at three-month London Interbank Offered Rate ("LIBOR") plus 4.40% to 5.65% per annum. On 16 July 2018, the Company entered into an interest rate swap contract in the notional amount of approximately USD139.8 million to reduce the exposure to interest rate fluctuations in the USD loans from the controlling shareholder. The swap converts variable rate obligations into fixed rate obligations, and accordingly the Group will continue to make interest payments based on fixed rates of 7.40% to 8.65% per annum instead of floating rates of three-month LIBOR plus 4.40% to 5.65% per annum during the term of the loans.

Foreign currency exposure

As the Group's retail operations are all based in the PRC, the Directors consider that the Group is not exposed to significant currency risks in its retail operations.

The Group faces foreign currency risk from controlling shareholder loans and other loans which are denominated in USD. The Company entered into the USD Forward Contract with a notional amount of approximately USD139.8 million, expiring on 23 July 2019. A gain of approximately RMB20.9 million was recorded as of 31 December 2018 from the USD Forward Contract as a result of the depreciation of RMB. The Group does not enter into derivative transactions for speculative purposes.

Employees, training and remuneration policy

The Group employed approximately 10,900 employees as at 31 December 2018, of which approximately 1,400 were head office employees and approximately 9,500 were store employees. The Group's remuneration package to its employees was determined based on performance and experience of the employee and the prevailing market rate. Other employee benefits also include insurance and medical cover, and subsidised trainings.

Charges on assets

As at the end of the Reporting Period, the Group has no material charge on its assets.

Significant investments, material acquisitions and disposals

Save for those disclosed in this annual report, there were no other significant investments nor material acquisitions or disposals during the Reporting Period.

於報告期間內，我們的銀行貸款按六個月中國人民銀行利率（「中國人民銀行利率」），乘以1.20，即年利率5.22%，或固定年利率4.79%至5.31%。本公司控股股東貸款於報告期間內按三個月倫敦銀行同業拆息（「倫敦銀行同業拆息」）加年利率4.40%至5.65%計息。本公司已於二零一八年七月十六日訂立一份名義金額約美金139,800,000元的利率掉期合約，以減低控股股東美元貸款產生的利率波動。掉期將轉換浮動利率債務轉換為固定利率債務，因此本集團在貸款期間將於貸款年期按固定年利率7.40%至8.65%繼續支付利息，取代三個月倫敦銀行同業拆息浮動利率加4.40%至5.65%計算。

外匯風險

本集團之所有零售業務均位於中國，董事認為本集團於其零售業務概無重大之外匯風險。

本集團面對之外匯風險為以美元結算之控股股東貸款及其他貸款。本公司訂立美元遠期合約，其名義本金額為約美金139,800,000元。該合約將於二零一九年七月二十三日到期。截至二零一八年十二月三十一日止年度，由於人民幣貶值，本集團之美元遠期合約錄得約人民幣20,900,000元溢利。本集團沒有進行任何投機目的之衍生交易。

僱員、培訓及酬金政策

於二零一八年十二月三十一日，本集團共聘用約10,900名僱員，當中約1,400名為總部之員工及約9,500名為店舖之員工。本集團根據僱員之表現與經驗及當時之市場薪酬水平，釐訂其薪酬待遇。其他僱員福利包括保險、醫療與資助培訓。

資產抵押

在報告期末，本集團並無任何重大資產抵押。

重大投資、重大收購及出售

除本年報所披露外，本集團在報告期內沒有任何其他重大投資、亦沒有進行任何重大收購或出售。

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BUSINESS REVIEW

New sectors and new areas

The Group opened a total of eleven new stores in 2018, including eight hypermarkets, two boutique supermarkets and one neighbourhood community store. As at 31 December 2018, the Group owned and operated 80 retail stores and three shopping centres and achieved breakthroughs in terms of regions, sectors and commercial models.

The Group actively explores multi-sector mode of development. During the Reporting Period, the Group's strategy shifted from primarily developing the hypermarket sector to a more comprehensive multi-sector development of large, medium, small and micro stores, as Lotus stores now include boutique supermarkets Lotus Plus, neighbourhood stores and Lotus Mini stores. In the online-to-offline sector, the Group continued to promote the integration of online and offline channels and upgrade the operating standard of the self-developed e-commerce shopping app "LOTUS-GO", while promoting in-depth cooperation with large e-commerce platform vendors such as JD, Tmall and Meituan. Providing consumers with convenient services and multi-channel options has been widely recognised by consumers and has a significant future development prospect and potential.

The Group also made breakthroughs in some new regions. For example, we entered into the Guangxi market for the first time and opened a hypermarket in Qinzhou City. The Group also opened a boutique supermarket in Changsha and two hypermarkets in Yongzhou, each located in Hunan Province where the Group has been actively developing. Within the 11-month period from December 2017, the Group has opened three stores in Yongzhou City and achieved our regional strategic layout target.

Improve operating standards and system efficiency

To capture business opportunities and overcome challenges, the Group completed the upgrade of ten stores during the Reporting Period in line with business adjustments, revising the store floor plans, compressed the Lotus store areas, expanded the leasing areas to other lessees, and actively introduced branded merchants to provide customers with a diversified array of products in their shopping experience and create a communal shopping environment. At the same time, we optimised the product display within each store and upgraded the fresh products in line with a business strategy for younger target customers. The key operation indicators such as area efficiency and human resources efficiency have been greatly improved.

業務回顧

新業態 新區域

本集團在二零一八年度共開設新店十一家，包括八家大型超市、兩家精品超市、一家鄰里便利店。截止至二零一八年十二月三十一日，本集團擁有及經營八十家零售店舖及三家購物中心，在區域、業態、商業模式等方面實現了突破發展。

本集團積極探索多業態的發展模式。於報告期內，本集團策略從主要經營大型超市業態，轉變為全面的大中小微店多業態發展，現包括精品超市Lotus Plus、鄰里便利店及Lotus Mini店。在O2O方面，本集團繼續推進線上與線下渠道的融合，提升自主研发的電商購物APP「LOTUS-GO」的運營水準，同時持續推進與大型電商平台京東，天貓和美團等深度合作，為消費者提供便捷的服務和多渠道的選擇，得到消費者的廣泛認同，未來的發展空間和潛力顯著。

本集團在一些新的市場領域也取得了突破。例如，我們首次進軍廣西市場，在欽州市開設了一家大型超市。湖南地區作為本集團大力發展的區域，本集團在湖南省長沙市開設一家精品超市，並在湖南省永州市開設兩家大型超市。至二零一七年十二月起的十一個月內，本集團在永州市連開三家店，實現區域戰略佈局目標。

提升營運水準與系統效率

為把握商機及克服挑戰，配合業務的調整，本集團於報告期內完成十家店舖的升級改造，調整店舖規劃空間，壓縮蓮花店舖面積，擴大商家租賃的面積，積極引進品牌商家，為顧客提供豐富多樣的產品及到店體驗，以創造社區型購物環境。同時，我們優化了店舖陳列，升級生鮮品項，更加契合年輕顧客的經營策略，在坪效、人效等關鍵經營指標也得到大幅度的提升。

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The Group continued to use information technology systems and tools to improve operating standard and system efficiency. We worked with IBM and Oracle to create a new ERP system that is more suitable for multi-sector development, established a data warehouse, conducted big data analysis in the development of precision marketing activities, optimised the product category structure and improved overall operating efficiency. Our extensive application of facial recognition payment technology and “LOTUS-GO” self-service cash register achieved technical advancement and has significantly reduced labor costs and shortened customer queuing time to enhance the customers' shopping experience. For online shopping, the Group steadily promoted function expansion and operation standard of the e-commerce shopping app “LOTUS-GO” while developing in-depth cooperation with large e-commerce platform vendors such as JD, Tmall and Meituan, which further enhanced our online-to-offline integration.

In terms of financial management, the Group completed the establishment of an accounting service sharing centre during the Reporting Period and simultaneously carried out optimisation and improvement of a number of accounting operations, enabling the service sharing centre to undertake additional accounting operations and increasing the financial data management efficiency between the head office and each individual store.

To ensure we retain our reputation for quality products, the Group implemented a strict protocol of product access and inspection verification, and engaged Société Générale de Surveillance S.A., an internationally recognised inspection authority, to conduct food safety assessments and product inspections. During the Reporting Period, the Group conducted quality control assessment for more than 180,000 times on fresh products.

In terms of process efficiency, the Group improved the ISO documentation, simplifying the operating approval process and reducing the amount of forms required to be completed by close to 20% through the use of electronic system operation.

Creating supply chain differentiation through collaboration, focusing on creation of three core product categories and optimising product structure

During the Reporting Year, the Group focused on building three core product categories, optimising our product structure and enhancing our product mix and supply.

In order to create competitive advantage, the Group continued to focus on the development of a differentiated supply chain through coordinated brand building using available resources, expanding distribution channels, strengthening cooperation with suppliers, thereby creating a new collaborative supply chain which offers quality products to consumers.

與此同時，本集團持續利用資訊科技系統及工具提升營運水準和系統效率。我們與IBM和甲骨文公司合作，建立全新的ERP系統，使系統更貼合多業態發展的需求，建立數據倉庫，進行大數據分析以開展精準營銷活動，優化商品品類結構，提升整體運營效率，廣泛應用人臉支付技術與「LOTUS-GO」自助收銀機，實現技術賦能，大幅節省人力成本及縮短顧客排隊時間，提升顧客購物體驗。在線上購物方面，我們繼續穩健推進電商購物APP「LOTUS-GO」的功能拓展和運營水準，同時實現了與國內大型電商平台京東，天貓和美團等的深度合作，進一步加深了線上線下融合。

在財務管理方面，本集團於本報告期內完成了會計共享服務中心的建立，同時在配套上開展了多項會計作業的優化與完善，使共享中心承接更多額外的會計作業，提升總部與各門店之間的財務數據管理效率。

為確保本集團優質商品的商譽，本集團實行嚴格的商品准入及檢測制度，聘請國際知名審查及驗證機構Société Générale de Surveillance S.A.進行門店食品安全評審及商品抽檢，在本報告期內，本集團對生鮮商品進行檢檢，檢測超過180,000次。

在流程效率方面，本集團進一步完善ISO文件，簡化營運審批流程，通過電子化系統操作，減少表單量將近20%。

協同打造差異化供應鏈，聚焦三大核心品類建設，優化商品結構

於本報告年度內，聚焦三大核心品類建設，優化商品結構、強化優勢商品組合及供應。

為形成差異化競爭優勢，我們繼續著手打造差異化的供應鏈，利用現有資源協調品牌建設，拓展分銷渠道，加強供應鏈合作，打造協同新供應鏈為消費者提供高品質的商品。

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Against the backdrop of intensifying consumer stratification, consumer demand for imported goods has increased. The Group continued to strengthen its import capability and adhere to the criteria of “good production location, reputable brand and quality grade” in selecting imported products, in order to continue to provide consumers with high-quality overseas products. During the Reporting Period, the Group’s direct import growth rate reached 130%. Using Lotus Plus boutique supermarket as an example, the proportion of imported product items to total product offering items reached 40%.

At the same time, the Group placed great emphasis on developing fresh product procurement centres with a view to provide consumers with safe, reliable and economic products. The Group took into consideration product originating location and core environmental standard in selecting the fresh product bases, and also placed emphasis on location marking, safety, green qualifications and certifications of the fresh products.

The Group has developed products sold in its own brands and in doing so adhered to the principle of “three goods” – good raw materials, good craftsmanship and good quality – to develop cost-effective and value-driven products of international standards. During the Reporting Period, the Group developed a total of six brands and introduced 100 SKUs, among which the “Taiyoo (泰友)” brand has received exceptional reviews from the consumers.

Improving relationship with suppliers

The Group continues to use data-based solutions to select suppliers and conduct procurement. The Group selects its suppliers on an open, fair and transparent basis, and through joint development of new marketing strategies and marketing to target groups with the use of new media and other channels to continue to strengthen strategic cooperation with its suppliers. Our suppliers are able to receive direct feedback from end users purchasing their products from our stores, and accordingly product research and development strategy can be timely adjusted to enable the Group to offer a diversified product mix that meets the end users’ needs. During the Reporting Period, the Group jointly developed customised products with some of its suppliers to provide consumers with featured products.

To further consolidate a reliable supplier base, the Group launched a supply chain financing project jointly with its strategic cooperative banks and suppliers, utilising the suppliers’ transaction records and credentials with the Group for the suppliers to obtain bank financing. This strategy solved a difficult financing issue faced by many of Group’s upstream suppliers and reduced the overall financing cost in the supply chain, thereby improving settlement between the Group and its suppliers which in turn enhanced the competitiveness of the Group.

在消費分層升級的背景下，消費者對進口商品的需求加大，本集團繼續強化進口能力，在進口商品的選品上我們堅持「名產地、好品牌、優等級」的要求，為消費者源源不斷地提供優質的海外產品，本報告期內，本集團的進口直採增速達130%，以Lotus Plus精品超市為例，進口商品佔所有商品品項數的比例達40%。

同時，為了向消費者提供安全可靠、高性價比的產品，本集團加強生鮮基地發展，圍繞原產地、原生態環境核心準則進行基地選擇，基地商品注重地理標誌及安全、綠色的資質認證。

本集團進一步發展自有品牌，我們秉承好原料、好工藝、好等級的「三好」原則，使用國際標準開發高性價比、價值型商品。在本報告期內，本集團共開發六個自有品牌，引進100個自家品牌商品，其中以「泰友」品牌為代表廣受消費者好評。

改善與供應商之關係

本集團繼續採用數據庫方案選擇供應商和進行採購。本集團以公開、公平和透明方式去選擇供應商，並通過共同制定創新營銷方案，利用新媒體及其他渠道進行精準營銷，繼續加強與供應商的戰略合作。供應商獲得在我們門店消費的終端消費者的及時反饋，從而及時調整產品研發及生產策略，讓本集團提供差異化的商品以滿足終端使用者之需要，在本報告期內，本集團與部份供應商共同開發定制商品，為消費者提供特色商品。

為進一步鞏固的供應商的基礎，本集團與戰略合作銀行及供應商共同推出了供應鏈融資項目，充分利用本集團與供應商優質的交易記錄和憑據使供應商獲得銀行融資，解決了上游供應商融資難、擔保難的問題，降低供應鏈條的整體融資成本，改善了本集團與供應商的資金結算狀況，並提高了本集團的競爭力。

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管理層討論及分析

Optimising supply chain network management

The Group has further enhanced its extensive warehousing and logistics and distribution capabilities and infrastructure. During the Reporting Period, we opened a new warehouse in Guangdong Province to further improve local fresh product warehousing and distribution capacity. At the same time, we built a fruit and vegetable processing centre in anticipation of future structural change in consumer fresh product demand. As of 31 December 2018, the Group has nine large warehouses in the PRC with a total area of 111,400 square metres, consisting of six dry goods distribution centres with a total area of 100,100 square metres and three fresh distribution centres with a total area of 11,300 square metres. The Group's logistics company, Shanghai Litai Logistics Company Limited, has the logistics management experience, supporting equipment and capability of long-distance trunk logistics and urban distribution. Through consolidation and optimisation of operations in 2018, the Group has improved its logistics and distribution capabilities within the supply chain and effectively supported the ongoing development of large, medium, small and micro stores and online-to-offline, business-to-business and business-to-consumer services.

Communicating with customers and brand marketing

During the Reporting Period, the Group engaged Kantar Consulting, a firm specialises in customer research, to conduct customer satisfaction review to optimise and improve the Group's strategy and development direction.

The Group regularly communicates with customers through a wide range of online and offline communication channels to broaden customer reach and uses various popular marketing channels, including social media within neighborhood groups, live webcasts, public news releases, APP push notifications and other multi-channel interactions, to deliver a young and energetic brand image. The Group's customer base is diversified and, excluding wholesale sales to the subsidiaries of Whole Sino Limited ("WSL"), a related party, there is no customer with whom transactions have exceeded 1% of the Group's revenue. In 2018, merchandise sold to the retail stores owned and operated by WSL subsidiaries amounted to approximately RMB836.2 million or 8.3% of Group sales (2017: approximately RMB653.6 million or 6.8%).

In addition, we worked together with major brands to develop precision marketing to match products with target customers using big data analysis and carried out online advertising and coupon promotions to attract customers. Based on the survey "2018 CP Lotus Customer Satisfaction Study" conducted by Kantar Consulting, post-80s and 90s customers constitute more than half of the total customers of the Group in number, and post-70s, 80s and 90s customers are the main users of "LOTUS-GO" platform. The Group will continue to implement strategies which attract young customers.

優化供應鏈網絡管理

本集團進一步提升強大的倉儲及物流配送能力和基礎設施。本報告期內，我們在廣東省新開一個生鮮倉庫，進一步提高區域的生鮮倉儲配送能力，同時我們建立了蔬果加工中心，為加大生鮮品類的結構調整提供硬件。截止至二零一八年十二月三十一日，全國大倉數量達九個，總面積11.14萬平方米。其中乾貨配送中心共六個，總面積10.01萬平方米；生鮮配送中心共三個，總面積1.13萬平方米。本集團下設上海利泰物流有限公司，擁有成熟的物流管理經驗和配套設備，具備長途幹線物流與城市配送的能力。通過二零一八年度的鞏固優化營運，我們提升了供應鏈物流配送能力，有力支撐大中小微、O2O、B2B、B2C多業態的不斷發展。

顧客溝通與品牌營銷

本報告期內，本集團與專注顧客研究的凱度諮詢(Kantar Consulting)合作，進行「顧客滿意度」研究，找到優化改進的策略和發展方向。

本集團通過線上線下豐富多樣的活動與顧客定期溝通接觸更多的顧客，以創新的營銷渠道包括鄰里群社交傳播、網絡直播、公眾號、APP推送等多渠道的互動方式等，展現一個年輕化、充滿活力的品牌形象。本集團的顧客群多元化，不包括向Whole Sino Limited (「WSL」) (本集團的關聯方)之附屬公司提供批發商品，沒有任何顧客的交易超過本集團收入的1%。於二零一八年，由本集團銷售予此等由WSL附屬公司擁有及經營之零售店舖之商品約為人民幣836,200,000元或本集團銷售額的8.3% (二零一七年：約人民幣653,600,000元或6.8%)。

此外，我們與各大品牌商開展精準行銷的合作，通過大數據分析匹配商品和目標顧客，進行線上廣告及優惠券宣傳，更好地吸引顧客。根據凱度諮詢發佈的「2018卜蜂蓮花顧客滿意度研究報告」抽樣結果顯示，80、90後顧客人數超過集團總體顧客人數的一半，70、80和90後是LOTUS-GO電商平台的主流客群，因此本集團將繼續採用吸引年輕顧客的策略。

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Organisation development, employee training and care

In 2018, the Group worked with human resources consulting organisations Korn Ferry Hay Group to improve human resources structure and established a scientific performance evaluation system to promote overall development of the Group.

The Group's improved the professional training regime around a training system which utilised both internal and external training resources to keep up with the latest requirements for talent management. The Group cultivates its talents through C.P. Corporate University and other surrounding universities and institutions based on professional specialties and we also continued to work closely with the CP Group to train our talents. Working with C.P. Leadership Institute, we selected three batches of participants to take part in the "Future Leaders" and the "Business Leadership" training programmes during the Reporting Period.

At the same time, the Group continues to recognise and award teams and individuals who meet the Company's values, who strive to achieve innovation and good practice, and make great contributions to the Company. Our post-90s and 95s employees have become the main labour force within the organisation, and accordingly, the Group continue to develop "Post-90s talent retention and development" workshop, among other retention and incentive programs, to encourage closer communication and exchange among young employees.

To promote mutual assistance and care, the Group supported employees who are in need or facing serious illness and difficulties through "Lotus Charitable Fund".

Promoting corporate sustainable development

The Group is committed to developing into a socially responsible organisation. Under the "Spring Pink" project, a public welfare brand project the Group has been organising since 2009, the Group continued to work with major non-profit organisations and government agencies. In addition, we also hosted more than 2,000 community charity events, attracting 40,000 people to participate in promoting corporate social responsibility.

組織發展、員工培訓與關懷

在二零一八年度，本集團與人力資源諮詢機構光輝合益開展合作，完善人力建設，建立科學的績效評估體系，更好地推動本集團的整體發展。

回應對人才的要求，完善人才培養機制，集團在內外聯合搭建培訓體系。本集團按通過正大企業大學及其他週邊大學和學院培養專業零售人才。我們持續與正大集團緊密合作培訓人才，本報告期內共三批次學員分別參加「未來領導人」計劃及「商業領袖計劃」計劃，赴C.P. Leadership Institute開展學習。

同時，我們繼續對符合公司價值觀、敢於推動創新和實踐、為公司做出巨大貢獻的團隊和個人進行表彰和獎勵。我們的90、95後員工已成為新生代主力軍。本集團持續開展包括「90後人才保留與發展」工作坊等員工保留及激勵計劃，加強與年輕員工的溝通與交流。

發揚互助互愛的精神，通過「蓮花大愛基金」，本集團幫助需要支援的員工共同渡過疾病與困難。

推動企業可持續發展

本集團致力於並努力踐行成為具有社會責任的企業，我們於二零零九年創辦的公益品牌項目「粉紅春天」項目，持續與各大公益組織、政府機構合作。此外，我們還舉辦超過2000場社區公益活動，吸引4萬人參加，用行動詮釋企業社會責任。

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Honors and awards

The Group has been recognised within the industry and by other authorities in the areas of capital management, technological innovation, training innovation, and marketing:

- The Group was awarded Adam Smith Award Asia 2018 - Best Cash Management Solution and The Asset Asian Awards 2018 - Best Cash Management Solution for our financial management performance.
- The "LOTUS-GO Case" was awarded the 2018 CCFA China Retail Technology Innovation Award.
- The "Million Food and Beverage Project" was awarded the 2018 CCFA Excellent Corporate University - Innovation Practice Award.
- The "Lotus Plus KOL Marketing Case" was awarded the CCFA SHOP! Greater China 2018 Award - Silver Award for New Retail Marketing Experience.

Legal and regulatory compliance

The Group strives to comply in all material aspects with the relevant laws and regulations which are regarded as having a significant impact on the Group, and has not come across incidents of material breach or non-compliance during the Reporting Period.

榮譽與獎項

本集團相繼在現金管理、技術創新、培訓創新、市場行銷方面獲得業內外權威機構的認可：

- 本集團通過良好的資金管理表現，榮獲2018亞當·斯密大獎 - 最佳現金管理獎 (Adam Smith Award Asia 2018 - Best Cash Management Solution)、2018 3A大獎 - 最佳現金管理獎 (The Asset Asian Awards 2018 - Best Cash Management Solution)。
- 「LOTUS-GO創新案例」榮獲2018年CCFA創新大會中國零售技術創新獎 (2018 CCFA China Retail Technology Innovation Award)。
- 「百萬餐飲項目」榮獲2018年CCFA優秀企業大學最佳創新實踐獎 (2018 CCFA Excellent Corporate University - Innovation Practice Award)。
- 「Lotus Plus KOL營銷案例」榮獲CCFA SHOP! 大中華區2018大獎賽 - 新零售營銷體驗銀獎。(SHOP! Greater China 2018 Award - Silver Award for New Retail Marketing Experience)。

法律及規例之遵守

本集團致力遵守在各主要方面被視為對本集團有顯著影響之相關法律及規例，並於報告期間內概無重大違反或未能遵守之情況。

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Our Safety, Occupational Health and Environmental ("SHE") Policy

As a responsible employer and store operator, the Group pays great attention to the health and safety of our employees, our customers and our business partners. In addition, we also recognise the responsibility and obligation to reduce the direct impact of our business operations on the natural environment. Our performance in SHE is an integral part of our business activities and a foundation for sustainable development. Our SHE commitment includes:

- Promote SHE culture in the organisation and implement SHE policy and procedures to create sustainable development;
- Improve the environmental quality and ensure that the safety and health of our employees is of top priority;
- Comply with all rules and regulations relating to our business operation;
- Prevent pollution, disease, injury and accidents;
- Continue to train employees to increase awareness and knowledge and encourage participation in SHE activities;
- Explore opportunities through research and new technology to promote energy saving, resource recovery, recycling and re-use of resources; and
- Establish effective communication channels to convey the SHE policy to employees, customers, business partners and the public.

For details of the environmental related activities performed in 2018, please refer Company's 2018 Environmental, Social and Governance Report published on the Company's website and on the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Principal Risks and Uncertainties facing the Group

The Group's business, financial condition, results of operations or growth prospects maybe affected by risks and uncertainties pertaining to the Group's business. Factors set out below are considered to be the principal risks faced by the Group. They do not comprise all of the risks associated with our business and are not set out in any particular order. Additional risks not presently known to management, or currently deemed to be less material, may also have an adverse effect on our business.

安全、職業健康及環境 ("SHE") 政策

作為一個負責任之僱主及店舖經營者，本集團極為注視我們僱員、顧客及商業夥伴之健康及安全。此外，我們亦認同有責任及義務去努力減低我們企業營運對自然環境的直接影響。我們於SHE的表現為構成整體業務活動之部份及可持續發展之基礎。我們之SHE承諾如下：

- 於機構內推廣SHE文化及實施SHE政策及程序以創造可持續之發展；
- 改善工作環境質素及確保我們僱員之安全及健康為優先重點；
- 符合所有關乎我們企業營運之規則及規例；
- 防止污染、疾病、傷害及意外；
- 持續提供僱員培訓以增強對SHE政策的認知度及知識，並鼓勵參與SHE活動；
- 透過研發及以新科技探索機會而推廣節能、資源回收、再造及資源再用；及
- 成立有效溝通渠道向僱員、顧客、商業夥伴及公眾傳遞SHE政策。

有關於2018年本集團參與與環境相關活動的詳情，請參閱透過在本公司及香港聯合交易所有限公司（「聯交所」）網站公佈的2018年環境、社會及管治報告。

本集團面對的主要風險及不明朗因素

本集團之業務、財務狀況、營運業績或增長展望可能受本集團業務相關之風險及不明朗因素影響，以下是本集團面對之主要風險。此等並未包括與我們業務有關之所有風險及並非按任何先次序而排列。以及管理層現時仍未知悉之附加風險，或現時被視為較不重要者，亦可能對我們的業務帶來不利影響。

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Business Risks

Unclear strategy or inability to implement strategy

Our business may suffer if we do not have a clearly defined strategy or if our strategy follows the wrong direction or is not effectively communicated or implemented. The Group is operating in a highly competitive industry and the retail industry itself is undergoing a transformational change in this digital age. An unclear or unsuccessful strategy against the growth of e-commerce as well as against other competitors and failure to compete on areas including price, product range, quality and multichannel service may adversely affect our market share and profitability.

Mitigating measures:

Business strategy is reviewed regularly to determine how sales and profit budgets can be achieved or improved, and business operations made more efficient. This process includes setting of seasonal and annual budgets and longer term financial objectives to identify ways to improve/increase shareholders value. Critical to these processes is the consideration of wider economic and industry specific trends that affect the Group's business, the competitiveness position of the product offer and the financial structure of the Group. In addition, the Audit Committee regularly monitors strategic and operational risk and reports any significant matters to the Board.

Product safety

Concerns regarding safety of the products offered at our stores or safety and quality of our supply chain could cause customers to reduce purchasing from us even if the basis for the concern is beyond our control or whether or not based on fact. These concerns could discourage consumers from buying from us and may have an adverse effect on our turnover and our reputation. Our business may also suffer if we fail to work with our suppliers to ensure our products are designed and delivered to meet a high standard and to ensure we can trace the issue origination.

Mitigating measures:

Product quality and safety are core requirements at all stages of the product's life cycle. The Group guide and assist suppliers based on strict requirement specifications for hygiene and conformity, among other things. Throughout the supply chain, inspections are increased and particular attention is paid to fresh products. Stores perform daily checks on the quality of merchandise and are subject to rigorous analysis and audit procedures.

業務風險

不清晰之策略或未能實行之策略

倘我們沒有一個清晰明確的策略或倘我們的策略隨著錯誤方向，或未能有效地溝通或實行，或會影響我們的業務。本集團於高競爭性行業營運及零售業本身於此數碼化時代經歷轉型改革。一個不清晰或不成功的策略與電子商貿增長競爭及與任何其他競爭對手競爭及於關鍵範疇包括價格、產品種類、質素及多渠道服務競爭之失敗可能對我們的市場佔有率及盈利帶來不利影響。

緩解措施：

定期審查業務策略，以制定如何令銷售和利潤能達標或改善，以及提升業務營運效率。這個過程包括制定季度和年度預算和長期財務目標，以改善／增加股東價值。其中過程關鍵取決於經濟及行業具體趨勢對集團之業務、其提供產品定位的競爭力及本集團的財務結構帶來之影響。此外，審核委員會定期監測策略性和營運風險，並向董事會報告任何重大事項。

產品安全

對於我們店舖提供之產品安全之憂慮或我們供應鏈之安全及品質可引致顧客減少向我們購物（即使該等憂慮基於非我們所能控制或是否基於事實）。此等憂慮可阻礙顧客向我們購買及可能會帶來我們營業額及聲譽之不利影響。倘我們未能與我們的供應商合作以確保我們的產品在設計及配送方面達到高標準及確保我們可追查問題來源，我們的業務也可能受影響。

緩解措施：

產品質量和安全是產品於各個階段的生命週期核心要求。本集團指引和協助供應商（其中包括）對衛生和規格的嚴格要求規範。在整個供應鏈中，本集團特別注意對新鮮產品的檢測。在嚴格的分析和審計程式下，店舖會對商品進行日常質量檢查。

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Distribution centre and logistics

The Group regularly reviews the warehousing and distribution operations that support the business. Risks include business interruptions due to physical damage, access restrictions, breakdowns, capacity storages or IT systems failure, inefficient processes and third party failures.

Mitigating measures:

Planned processes are in place to ensure there is sufficient warehouse handling capacity for expected future volumes over the short and longer terms. In addition, service levels, warehouse handling, inbound logistics and delivery costs are monitored continuously to ensure goods are delivered to our warehouses and our retail stores in a timely and cost-efficient manner.

Retail store network

The Group is primarily engaged in the operation of hypermarkets, and our performance depends on profitably developing the trading space of our store network. Prime retail sites will generally remain in demand, and increased competition for these can result in higher future rents.

Mitigating measures:

The predominately leased portfolio is actively monitored by senior management, with openings, refits and closures based on store profitability and cash payback. The Group will continue to invest in new space where certain financial criteria are met, and will renew and refurbish its existing portfolio where appropriate.

Reliance on key systems

The Group rely heavily on the continued availability and integrity of its IT systems, which must record and process substantial volume of data and conduct inventory management accurately and quickly. Any significant failure in the IT processes of our retail operations in stores or in our supply chain could impact our ability to trade. The damage or interruption of any of the systems can be due to events that are beyond the control of the Group.

Mitigating measures:

System vulnerability and penetration testing, business continuity plans and back up facilities are in place and are tested regularly to ensure that business interruptions are minimised and that data is protected from corruption or unauthorized use. IT risks are also managed through the application of internal policies and response management protocol. Despite having proper procedures in place, the Group cannot fully guarantee our systems are foolproof.

配送中心及物流

為提供業務支援，本集團會為倉庫及配送營運作定期檢討。風險包括業務因實物損壞而造成的中斷、存取限制、裝置故障、容量存儲或資訊科技系統故障、低效流程及第三方造成的損害。

緩解措施：

本集團有規劃流程以確保倉庫有足夠的能力應付未來預計短期及長期的貨品數量。此外，我們不斷監察服務水準、倉庫處理、入庫物流及運輸成本以確保貨物準時和以符合成本效益的方式配送到我們的倉庫及銷售店舖。

銷售店舖網絡

本集團主要從事經營大型超市，業績取決於有利地開發我們的零售銷售空間。優質的銷售地點將維持需求殷切，競爭加劇導致未來租金上調。

緩解措施：

主要租賃協議組合由高級管理人員緊密監察，店舖開業、裝修和關閉基於店舖的盈利能力和現金回流。本集團會在達到某財務上的標準下，將繼續投資新店，並將在適當情況下更新和翻新其現有組合。

倚賴重要系統

本集團倚重資訊科技的持續可用性及其完整性，它必須記錄並處理大量的數據及進行準確快捷的庫存管理。我們店舖或供應鏈內之零售業務之資訊科技程式中的任何重大故障，均可影響我們之交易能力。本集團控制以外之事件可引致任何系統上的損毀或中斷。

緩解措施：

本集團具備系統漏洞和滲透測試、業務持續性計劃及備用設施，並定期測試以確保將業務中斷的影響減至最少及防止貪污舞弊或未經授權使用資料。本集團透過內部的制度及應變管理程式以應付科技風險。即使本集團已具備相應之控制程序，亦未能完全保證系統萬無一失。

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Foreign Exchange and Interest Rate Risks

As the Group's retail operations are all based in the PRC and all of our turnover and substantial portion of our expenditure are denominated in RMB, the Group is therefore not exposed to significant currency risk in its operations. However, as RMB is not freely convertible, the Group is exposed to foreign currency risk from loans from controlling shareholder and other loan which are denominated in USD. The risk that exchange rate volatility may have an adverse effect on our balance sheet or profit and loss account.

The interest rate for the shareholder loan and other loan is based on LIBOR, our profit and loss account maybe adversely affected by rising interest rates.

Mitigating measures:

The Company operates a centralised treasury function which is responsible for managing its liquidity, interest and foreign currency risks. The Group's treasury function operates under a Board-approved policy. This includes approval of counter-party and other limits which are designed to mitigate the Group's exposure to financial risk. However, there can be no guarantee that the Group would be able to compensate or hedge against such adverse effects.

Funding and Liquidity Risks

The Group finances its operations by a combination of funds generated from operating activities, loans from controlling shareholder and banking facilities. Weak performance could put pressure on free cash flow and credit metrics and affect our ability to borrow or increase our cost of our borrowing. In addition, underperformance against expectations may result in impairment of asset values.

Mitigating measures:

The Group has adequate medium and long term financing in place to support its business operations, and the Group's cash position and forecasts are regularly monitored and reported.

People

The Group's continued development relies on the continued service of its senior management and technical personnel, and its ability to attract, retain, develop and motivate the best people with the right capabilities at all levels, failure to do so could limit our ability to succeed.

Mitigating measures:

The Group offers competitive compensation packages as well as subsidised training program, professional courses and seminars, and regular on the job training. Remuneration policies and succession planning are subject to periodic benchmarking to ensure they remain appropriate for the Group.

外幣匯兌及息率風險

本集團之零售業務全部位於中國，而所有我們的收入及我們大部份開支均以人民幣結算，本集團因此於其業務概無重大之外匯風險。但由於人民幣並不能自由兌換，本集團面對之外匯風險為以美元結算之控股股東貸款及其他貸款。兌匯率之不穩定可能因此對我們的資產負債表或損益表產生不利影響。

由於股東貸款及其他貸款息率均以倫敦銀行同業拆息為基礎，我們的損益表可能受息率增加而帶來不利影響。

緩解措施：

本公司以集中財務職能運作，負責管理其流動性、息率及外匯風險。本集團之財務職能按董事會批准政策運作。此包括批准之交易方及其他上限，以減輕本集團面對之財務風險。然而，概無法保證本集團可彌補或對沖該等不利影響。

資金及流動風險

本集團以主要源自營運業務、股東貸款及銀行融資產生之資金作為其營運資本。業績不符合預期將構成自由現金流及信用額度之壓力及影響我們借貸能力或增加借貸成本。此外，業績不符合預期可能導致資產減值。

緩解措施：

本集團擁有足夠的中期及長期融資以支持其業務營運，以及本集團定期監察和匯報其現金狀況及預算。

員工

本集團之持續發展有賴高級管理人員及專業技術人材持續之努力，以及集團吸引、留住、發展員工和激勵優秀的人材的能力，在各階層盡展所長；否則，集團的成功將受到局限。

緩解措施：

集團提供具有競爭力的薪酬福利及培訓計劃津貼、專業課程和研討會及定期的在職訓練。薪酬政策和繼承計劃需要定時進行檢討以確保它們仍然適合本集團。

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LOOKING FORWARD

In 2019, China's economy is expected to remain at a stable growth level. The relatively relaxed monetary policy in 2018 is expected to continue to stimulate consumption in the following years. With further development in consumer stratification, consumption is expected to increase and provide steady contribution to the economy overall in China.

In the retail industry, 2019 is expected to be a year full of new developments and challenges. With wider application of AI technology, the retail industry will need to explore new business models to keep up with the developments and this leads to increased uncertainties. In the last two years, the Group's restructuring has laid a solid foundation for future development which enable us to remain confident to meet future challenges and to capture market opportunities. In 2019, the Group's business will be more comprehensive as we target new store opening in each and every sectors. The Group also expects to launch new stores specifically branded for food, and explore the new opportunity to open specialty areas within a store.

In terms of products, the Group will continue to utilise its available resources to focus on core product categories and build a differentiated and high-quality product mix around younger customers. With this strategy, the Group aims to use AI technology to digitise, automate and streamline work processes, thereby increasing operating efficiency. The Group also aims to enhance supply chain logistics distribution capabilities to support multi-sector growth and development. At the same time, we will continue to focus on sustainable and healthy development of the Group while maintaining the core corporate value of the Group – to benefit the country, the people and the group. We believe that our business model and business philosophy will facilitate long-term sustainable development. Under the continuous improvement of organisational structure and talent cultivation, together with a strong capital management practice, the Group has a solid foundation in terms of human capital, finance and facilities, and accordingly we are confident in our performance in 2019.

展望

二零一九年中國經濟仍將維持在一個穩定增長的發展水平。二零一八年偏寬鬆的貨幣政策將在下一年持續刺激消費，並且隨著消費分層進一步升級，消費仍將為中國整體經濟帶來穩定的增長。

二零一九年對零售行業將是充滿新發展和挑戰的一年。人工智能技術進一步廣泛運用，整個零售市場將需要探索新的業務模式繼續發展，而導致不確定性因素增加。但在過去兩年，本集團架構重組為未來發展打下了紮實的基礎，使得我們對展望未來充滿信心並有足夠的能力和基礎來應對未來的挑戰抓住市場機會。在二零一九年，本集團在各業態都將開設門店的目標下會更加豐富，而本集團也會推出以食品為主打產品的全新門店品牌，以及在探索店內開設專業領域的新模式。

在產品方面，我們將進一步利用現有資源，聚焦核心品類，圍繞年輕顧客群，打造差異化、高品質的商品結構。與之配套的，我們將利用人工智能技術進一步提高數據化、自動化，簡化流程並提高運營效率。我們將提升供應鏈物流配送能力，支撐多種業態不斷發展。同時，我們將更加注重本集團的可持續健康發展，踐行利國利民利企業的核心集團價值。我們相信，我們的商業模式及經營理念是長期可持續發展的，同時在持續的組織架構優化與人才培養及良好的資金管理方法下，本集團在人、財、物各方面都具備良好的基礎，對二零一九年的表現滿懷信心。

Corporate Governance Report

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The Company is committed to maintaining the highest standard of corporate governance that properly protects and promotes the interests of the shareholders as a whole. The Board believes that good corporate governance practice is the cornerstone for a successful business.

CORPORATE GOVERNANCE CODE

The Board regularly reviews the Group's corporate governance guidelines and practices. During the year, the Company has applied the principles and complied with all of the relevant code provisions prescribed in the Corporate Governance Code ("Code Provisions") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

THE BOARD

The Board is accountable to the shareholders for its leadership and control of the Company and is collectively responsible for promoting the success of the Company and its businesses. The Board decides on corporate strategies and oversees the financial performance, management and organisation on behalf of the shareholders.

The independent non-executive directors provide advices, checks and balances and effective and constructive contributions to the Board to safeguard the interests of the shareholders and the Company as a whole.

The Board delegates its authority and responsibility for implementing day-to-day operations, business strategies and management of the Group's businesses to certain executive directors and senior management, and certain specific responsibilities to the Board committees.

Board Composition

As at the date of the annual report, the Board comprises thirteen members, eight of which are executive directors (including a Chairman, an Executive Chairman and three Vice Chairmen) and five of which are independent non-executive directors. Detailed biographies of the directors can be found on pages 37 to 40 of this annual report.

On 28 February 2018, Mr. Chan Yiu-Cheong, Ed resigned as an executive director and Vice Chairman of the Company.

Chairman and Chief Executive Officer ("CEO")

The roles of Chairman and CEO of the Company are separated and the positions are held by separate individuals with a view to maintain effective segregation of duties between management of the Board and day-to-day management of the Group's business. There is no financial, business, family or other material/relevant relationship between the Chairman and CEO.

本公司承諾謹守奉行最高標準之企業管治，以妥善保障及促進全體股東權益。董事會相信良好的企業管治實踐乃成功企業之基石。

企業管治守則

董事會定期監控本集團之企業管治方針及慣例。於年內，本公司已應用原則及遵守香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四所載之《企業管治守則》之所有相關守則條文（「守則條文」）。

董事會

董事會就本公司之領導及監控向股東負責，並共同負責促進本公司及其業務之成果。董事會決定有關企業策略及為股東監督財務表現、管理及組織。

獨立非執行董事向董事會提供意見、核查及制衡，並對維護股東和本公司整體的利益作出有效和建設性的貢獻。

董事會委派若干執行董事及高級管理人員權力及責任處理日常營運事務、業務策略及本集團之業務管理及若干特定責任予董事委員會。

董事會之組成

於本年報日期，董事會共有十三位成員，當中八位為執行董事（包括一位主席、一位執行董事長及三位副董事長）及五位為獨立非執行董事。董事之履歷詳情載於本年報第37至40頁內。

於二零一八年二月二十八日，陳耀昌先生已辭任為本公司的執行董事及副董事長。

主席及首席執行官（「首席執行官」）

本公司主席及首席執行官之職務已明確區分，並分別由兩人擔任，以維持識別董事會管理與本集團業務日常管理職務之有效分工。主席與首席執行官概無任何財務、業務、親屬或其他重大／相關之關係。

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Mr. Soopakij Chearavanont is the Chairman of the Company. He is responsible for overseeing the function of the Board, formulating overall strategies and policies of the Company and providing leadership to the Board so that the Board works efficiently and discharges its responsibilities timely through discussing and addressing all key issues.

Mr. Weng Hai Xin is the CEO of the Company. He is responsible for the day-to-day management of the C.P. Lotus Group's business within the strategic development plans of the Company overseen by Mr. Li Wen Hai, Executive Chairman of the Company.

謝吉人先生為本公司之主席。彼負責監察董事會之功能及制訂本公司整體策略與政策、領導董事會使其有效率地工作及通過適時討論及處理所有重要事項從而履行其職責。

翁海鑫先生為本公司之首席執行官，負責按李聞海先生（執行董事長）監督本公司策略發展計劃內卜蜂蓮花集團業務之日常管理。

Board and Committee Attendance

The Board held eight meetings in 2018. Details of the attendance of each individual director at Board meetings, committee meetings and general meeting during 2018 are set out below:

董事會及委員會之出席率

董事會於二零一八年舉行八次董事會會議，每位董事於二零一八年內出席董事會會議、委員會會議及股東大會之詳情載列如下：

Directors	董事	Shareholder 股東大會	Board 董事會	No. of meetings attended/held 出席／舉行會議之數目				Corporate Governance Committee 企業管治委員會
				Nomination Committee 提名委員會	Remuneration Committee 薪酬委員會	Audit Committee 審核委員會		
Executive Directors								
Mr. Soopakij Chearavanont (Chairman)	謝吉人先生(主席)	1/1	5/8	1/1	1/1	-	-	
Mr. Li Wen Hai	李聞海先生	1/1	7/8	-	-	-	-	
Mr. Narong Chearavanont	謝明欣先生	0/1	6/8	-	-	-	-	
Mr. Chan Yiu-Cheong, Ed (resigned on 28 February 2018)	陳耀昌先生(於二零一八年 二月二十八日辭任)	-	0/1	-	-	-	-	
Mr. Michael Ross	羅家順先生	0/1	4/8	-	-	-	-	
Mr. Yang Xiaoping	楊小平先生	0/1	0/8	-	-	-	-	
Mr. Meth Jiaravanont	謝克俊先生	1/1	3/8	-	-	-	-	
Mr. Suphachai Chearavanont	謝鎔仁先生	0/1	0/8	-	-	-	-	
Mr. Umroong Sanphasitvong	Umroong Sanphasitvong先生	1/1	8/8	-	1/1	3/3*	2/2	
Independent Non-Executive Directors								
Mr. Viroj Sangsnit	Viroj Sangsnit先生	1/1	8/8	1/1	1/1	3/3	2/2	
Mr. Songkitti Jaggabatara	Songkitti Jaggabatara先生	1/1	8/8	-	1/1	3/3	-	
Mr. Itthaporn Subhawong	Itthaporn Subhawong先生	1/1	8/8	-	-	-	-	
Mr. Prasobsook Boondech	Prasobsook Boondech先生	1/1	8/8	-	-	-	2/2	
Mr. Cheng Yuk Wo	鄭毓和先生	1/1	8/8	1/1	1/1	3/3	-	
No. of meetings	會議數目	1	8	1	1	3	2	

* attended on voluntary basis

* 自願參加

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Messrs. Soopakij Chearavanont, Narong Chearavanont and Suphachai Chearavanont are brothers. They are the cousins of Mr. Meth Jiaravanont. Mr. Michael Ross is the brother-in-law of Messrs. Soopakij Chearavanont, Narong Chearavanont and Suphachai Chearavanont and cousin-in-law of Mr. Meth Jiaravanont. Save as disclosed above, there are no family relationships among members of the Board and between the Chairman and the CEO.

Continuous Professional Development

The individual training record of each director of the Company was received for the year ended 31 December 2018. Messrs. Soopakij Chearavanont, Li Wen Hai, Narong Chearavanont, Michael Ross, Yang Xiaoping, Meth Jiaravanont, Suphachai Chearavanont, Umroong Sanphasitvong, Viroj Sangsnit, Songkitti Jaggabatara, Itthaporn Subhawong, Prasobsook Boondech and Cheng Yuk Wo participated in continuous professional development by attending e-seminars and reviewing reading materials.

Securities Transactions by Directors/Officers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by directors. Having made specific enquiry with all of the directors, they confirmed that they have fully complied with the required standards as set out in the Model Code. Officers/employees deemed to be in possession of unpublished price-sensitive or confidential information in relation to the Company or its shares are prohibited from dealing in securities of the Company in accordance with written guidelines.

Appointment, Re-election and Removal

There was no appointment of directors during the year.

All newly appointed directors shall be briefed by the Company's lawyers about their duties and obligations as a director of a listed company in Hong Kong.

The executive directors are not appointed for a specific term. The independent non-executive directors are appointed for a renewable term of one year. All of the directors are subject to retirement by rotation and re-election by shareholders at general meetings of the Company in accordance with the Articles of Association of the Company (the "Articles").

Directors who are appointed by the Board must retire at the following general meeting/annual general meeting after their appointment, but they are eligible for re-election at that general meeting, and such election is separate from the normal retirement of directors by rotation. According to the Articles, at least one-third of the directors who have served the longest on the Board from last re-election are required to retire by rotation at each annual general meeting. The retiring directors are eligible for re-election at the same annual general meeting.

謝吉人先生、謝明欣先生及謝鎔仁先生乃兄弟之關係。彼等乃謝克俊先生之堂弟。羅家順先生乃謝吉人先生、謝明欣先生及謝鎔仁先生之姐夫及謝克俊先生之堂妹夫。除以上披露者外，其他董事會成員之間及主席與首席執行官之間概無任何親屬關係。

持續專業發展

本公司已收到每位董事截至二零一八年十二月三十一日止年度之培訓記錄。謝吉人先生、李聞海先生、謝明欣先生、羅家順先生、楊小平先生、謝克俊先生、謝鎔仁先生、Umroong Sanphasitvong先生、Viroj Sangsnit先生、Songkitti Jaggabatara先生、Itthaporn Subhawong先生、Prasobsook Boondech先生及鄭毓和先生透過參與網上課程及審閱閱讀材料參與持續專業發展。

董事／高級職員之證券交易活動

本公司已採納上市規則附錄十《上市發行人董事進行證券交易的標準守則》（「標準守則」）作為董事證券交易行為之操守守則。經向所有董事作出明確查詢後，彼等確認已完全遵守標準守則所規定之標準。被視為擁有有關本公司或其股份之未公佈的股價敏感或保密資料之高級職員／僱員，須根據書面指引禁止對本公司之證券進行交易。

委任、重選及罷免

於年內，概無董事委任。

任何新委任之董事將獲本公司之律師概述彼等作為香港上市公司董事之職責。

執行董事並無固定任期。獨立非執行董事之任期為一年（可續任）。所有董事須根據本公司之組織章程細則（「細則」）輪席告退及於本公司之股東大會上膺選連任。

獲董事會委任之董事，須在接受委任後的首個股東大會／股東週年大會上退任，但可於該股東大會上膺選連任及該重選並不計入一般董事之輪席告退。根據細則，最少三分之一董事，自彼等上次重選起於董事會之任期最長者，須於每屆股東週年大會上輪席告退。退任董事亦可於同一股東週年大會上膺選連任。

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BOARD AND OTHER COMMITTEES

Audit Committee

The Audit Committee consists of three independent non-executive directors of the Company, Messrs. Cheng Yuk Wo (Chairman), Viroj Sangsnit and Songkitti Jaggabatara, with the purpose of monitoring the integrity of the Group's financial statements and providing assurance to the Board that the financial statements comply with accounting standards and stock exchange and legal requirements in relation to financial reporting. The Audit Committee met three times in 2018 and has reviewed work done by external auditors, reviewed the financial position of the Company, oversaw the financial reporting system, reviewed the effectiveness of the risk management and internal control systems and procedures. The Audit Committee receives regular updates from Internal Audit and has direct dialogue with senior management on their control responsibilities. The written terms of reference of the Audit Committee is published on the Company's website.

During the year under review, the remuneration paid/payable to the Group's external auditors, Messrs. KPMG, is set out as follows:

董事委員會

審核委員會

審核委員會由本公司三位獨立非執行董事：鄭毓和先生（主席）、Viroj Sangsnit先生及Songkitti Jaggabatara先生組成，以監察本集團財務報表之完整性及向董事會提供保證已遵守與財務報告有關之會計準則及聯交所與法律要求。審核委員會於二零一八年舉行三次會議並完成審閱外聘核數師之工作報告、審閱公司財務狀況、監督財務報告系統、風險管理及內部監控系統的有效性與內部監控程序等事宜。審核委員會收取內部審計部門之定期更新並與高級管理人員直接商討彼等之監控責任。審核委員會之職權範圍已載於本公司之網站。

於回顧年度內，本集團已付／應付外聘核數師一畢馬威會計師事務所之酬金載列如下：

Fee Paid/Payable
已付／應付費用
2018
二零一八年
(RMB'000)
(人民幣千元)

Audit Services	審計服務	3,650
Non-audit Services (including tax advisory and agreed upon procedures)	非審計服務 (包括稅務諮詢及執行商定程序)	1,150

Remuneration Committee

The Remuneration Committee consists of three independent non-executive directors of the Company, Messrs. Cheng Yuk Wo (Chairman), Viroj Sangsnit and Songkitti Jaggabatara, and two executive directors of the Company, Messrs. Soopakij Chearavanont and Umroong Sanphasitvong. The main roles and responsibilities of the Remuneration Committee are established by the Board with clearly defined written terms of reference published on the Company's website. The Remuneration Committee is responsible for the formulation of the Group's remuneration policies and for the recommendations of remuneration packages for all of the directors and that its members do not participate in the determination of his own remuneration. The Remuneration Committee also considers and recommends the remuneration of executive directors and senior management, including benefits in kind, fees, salaries, allowances, bonuses, incentive payment, share option, pension right and compensation payment (including any compensation payable for loss or termination of their office or appointment). The Remuneration Committee met once in 2018 to discharge its duties. Details of the directors' emoluments are set out in Note 6 to the financial statements.

薪酬委員會

薪酬委員會由本公司三位獨立非執行董事：鄭毓和先生（主席）、Viroj Sangsnit先生及Songkitti Jaggabatara先生，及本公司兩位執行董事：謝吉人先生與Umroong Sanphasitvong先生組成。薪酬委員會之職權由董事會釐定及職權範圍已載於本公司之網站。薪酬委員會負責就本集團之薪酬政策及批准所有董事之薪酬待遇提出建議，而其成員不可參與釐定其各自之薪酬。薪酬委員會考慮並向董事會建議執行董事及高級管理人員之薪酬，包括非現金利益、費用、薪金、津貼、花紅、獎金、購股權、退休金權利及賠償金額（包括喪失或終止職務或委任之任何應付賠償）。薪酬委員會於二零一八年舉行一次會議以履行其職責。董事薪酬詳情載於財務報表附註6。

Corporate Governance Report

企業管治報告書

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Nomination Committee

The Nomination Committee consists of one executive director of the Company, Mr. Soopakij Chearavanont (Chairman), and two independent non-executive directors of the Company, Messrs. Viroj Sangsnit and Cheng Yuk Wo. The main roles and responsibilities of the Nomination Committee include determining and reviewing the nomination policy and the diversity policy of the Board, making recommendations to the structure, size and composition of the Board at least annually, to the appointment and re-appointment of the directors, as well as determining the suitability of the directors and assessing the independence of the independent non-executive directors. The Nomination Committee met once in 2018 to review the Board composition and assess the independency of independent non-executive directors under the guidelines of the Listing Rules. The written terms of reference of the Nomination Committee is posted on the Company's website.

Corporate Governance Committee

The Corporate Governance Committee consists of two independent non-executive directors of the Company, Messrs. Prasobsook Boondech (Chairman) and Viroj Sangsnit, and one executive director of the Company, Mr. Umroong Sanphasitvong. The main roles and responsibilities of the Corporate Governance Committee include reviewing the Company's corporate governance policies and practices and reviewing and monitoring the training and continuous professional development of the directors, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and written employee guidelines, and the compliance with the Code Provisions. The Corporate Governance Committee met twice in 2018 to discharge the its duties. The written terms of reference of the Corporate Governance Committee is posted on the Company's website.

SUMMARY OF BOARD CORPORATE GOVERNANCE POLICIES

Board Diversity Policy

According to the Board diversity policy of the Company, selection of candidates will be based on a range of diversity perspectives, including but not limited to, gender, age, culture and educational background, ethnicity, professional experience, skills, knowledge and length of service in the Company etc. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. Steady progress was made on achieving those objectives.

Nomination Policy

The nomination policy adopted by the Company on 17 December 2018 is set out below.

1. Purpose

1.1 The Nomination Committee has the primary responsibility of identifying and nominating suitably qualified candidates to become directors (to fill casual vacancies and as new Board members).

提名委員會

提名委員會由本公司一位執行董事：謝吉人先生（主席），及本公司兩位獨立非執行董事：Viroj Sangsnit先生與鄭毓和先生組成。提名委員會之主要職能包括至少每年釐定及檢討提名政策及董事會多元化政策、就董事會之架構、人數及組成、委任及重新委任董事提出建議及確認彼等之合適性，並評核獨立非執行董事之獨立性。提名委員會於二零一八年舉行一次會議，按上市規則指引檢討董事會的組成及評核獨立非執行董事之獨立性。提名委員會之職權範圍已載於本公司之網站。

企業管治委員會

企業管治委員會由本公司兩名獨立非執行董事，Prasobsook Boondech先生（主席）及 Viroj Sangsnit先生及本公司一名執行董事 Umroong Sanphasitvong先生組成。企業管治委員會的主要角色和職能包括檢討本公司之企業管治政策及常規，及檢討及監察董事之培訓及持續專業發展、遵守法律及監管規定方面之政策及常規、遵守根據標準守則及僱員指引及本公司遵守企業管治守則之情況。企業管治委員會於二零一八年舉行兩次會議以履行其職責。企業管治委員會的職權範圍已載於本公司之網站。

董事會企業管治政策概要

董事會多元化政策

根據本公司之董事會多元化政策，揀選候選人將根據一系列多元化觀點，包括但不限於，性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及於本公司之服務年期。最終決定取決於揀選之候選人將為董事會帶來之優勢及貢獻。達標之進度平穩。

提名政策

本公司於二零一八年十二月十七日採納提名政策如下。

1. 目的

1.1 提名委員會主要負責物色及提名合適資格候選人成為董事以填補臨時空缺和成為新董事會成員。

Nomination Policy (continued)

1.2 The nomination policy sets out the approach with respect to the selection and nomination of candidates for directorship of the Company so as to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business for the Board to consider and, if appropriate, appoint as additional Directors or as Directors to fill casual vacancies, as the case may be, or make recommendations to the shareholders of the Company for election as Directors at general meetings.

2. Selection Criteria, Eligibility and Documentary Requirement

2.1 The Nomination Committee may select suitably qualified candidates to nominate to the Board from such resources as the Nomination Committee considers appropriate, including through referrals by members of the Board, by the management of the Company and by external professional agencies and other resources.

2.2 The Nomination Committee shall consider the factors listed below, together with any other factors as the Nomination Committee may consider appropriate, in assessing the suitability of any candidate:

- character, reputation and integrity;
- qualifications, accomplishments and experience;
- capacity to devote sufficient time to discharge duties amidst other significant commitments;
- effect on the diversity of the Board, including but not limited to gender, age, cultural and educational background, professional and industry experience, skills and expertise knowledge;
- (where the proposed candidate is being considered as a candidate for an Independent Non-executive Director position) ability to fulfil the independence requirements under the Listing Rules; and
- potential contributions to the Board and any other relevant factors.

The list of factors stated above is for reference only and not intended to be exhaustive or definitive. The Nomination Committee shall assess all relevant factors with a view to achieve the Company's corporate strategy and organisational needs and has the discretion to nominate any person as it considers appropriate.

2.3 The candidates shall timely provide such information and documents relating to their nomination as the Nomination Committee or the Board may request, including but not limited to any such information as is required for disclosure under the Listing Rules and their written consent to be elected as Directors and to the public disclosure of their information.

提名政策(續)

1.2 提名政策制定有關甄選和提名候選人擔任本公司董事職位的方針，以確保董事會在技能、經驗和適合本公司業務要求多元化觀點方面取得平衡，由董事會(如適用)考慮新增董事或委任董事以填補臨時空缺(視乎情況而定)，或於股東大會向本公司股東提呈建議選舉為董事。

2. 甄選準則、適任和文件要求

2.1 提名委員會可從提名委員會認為適當的來源中(包括董事會成員、本公司管理層以及外聘專業機構和其他來源的轉介)選出合適資格候選人向董事會提名。

2.2 提名委員會在評估任何候選人的適合性時，須考慮下列因素(連同提名委員會認為合適的任何其他因素)：

- 品格、聲譽和誠信；
- 資格、成就和經驗；
- 有能力在其他重要承諾中投入足夠時間履行職責；
- 董事會多元化的影響，包括但不限於性別，年齡，文化和教育背景，專業和行業經驗，技能和專業知識；
- (建議候選人被考慮成為獨立非執行董事職位的人選)能達到上市規則的獨立性規定；和
- 對董事會潛在的貢獻和任何其他相關因素。

上述因素列表僅供參考，並非詳盡或具決定性。提名委員會應以實現公司的企業策略和組織需求評估所有相關因素和酌情提名其認為合適的任何人士。

2.3 候選人應及時提供提名委員會或董事會可能要求有關其提名的資料和文件，包括但不限於根據上市規則需要披露的任何資料及其同意被選舉為董事及公開披露其資料。

Corporate Governance Report

企業管治報告書

Nomination Policy (continued)

3. Nomination Rules and Procedures

- 3.1 The Secretary of the Nomination Committee shall call a meeting of the Nomination Committee and in advance of the meeting invite nomination of candidates from members of the Board, if any, for consideration by the Nomination Committee. The Nomination Committee may put forward other candidates irrespective of whether such candidates have been nominated by members of the Board.
- 3.2 The Nomination Committee shall, upon receipt of all necessary information relating to the candidates, evaluate each of such candidates at the meeting based on the criteria set out in section 2 above to determine whether to make a nomination to the Board.
- 3.3 The number of candidates nominated by the Nomination Committee may exceed the number of casual vacancies or vacancies for Director's appointment by the Board or at the general meeting.
- 3.4 The Board shall have the final decision on all matters relating to the appointment of candidates as Directors and its recommendation of candidates to stand for election at any general meeting.
- 3.5 Any proposed candidate is entitled to withdraw his/her candidature at any time before the meeting of the Board at which his appointment is to be considered or the general meeting at which he/she is to stand for election by serving a notice in writing to the Company.

4. Confidentiality

Unless required by law or any regulatory authority, under no circumstances may a member of the Nomination Committee disclose any information to the public with regard to any nomination or candidature whilst such information has not been disclosed by the Company to the public.

5. Review

The Nomination Committee will review the nomination policy from time to time, as appropriate, and discuss any revisions that may be considered appropriate, including to ensure that it remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice, and recommend them to the Board for approval.

6. Disclosure of Policy

The nomination policy may be disclosed in such manner as the Board considers appropriate and in compliance with any applicable regulatory requirements or guidelines.

提名政策(續)

3. 提名規則和程序

- 3.1 提名委員會秘書須召開提名委員會會議，並於開會前邀請董事會成員提名候選人(如有)以供提名委員會考慮。提名委員會可提名其他候選人，不論該等候選人是否已獲董事會成員提名。
- 3.2 提名委員會在收到有關候選人所有必需的資料後，應在會議上根據上文第2節所列的準則評估每位候選人，以決定是否向董事會提名。
- 3.3 提名委員會提名的候選人人數可以超過由董事會或於股東大會任命董事的臨時空缺或空缺數目。
- 3.4 董事會應就所有有關任命候選人為董事的事項和就其建議於任何股東大會上參選的候選人的事項作出最終決定。
- 3.5 任何建議候選人有權在審議其任命的董事會會議之前或在其參加競選的股東大會之前任何時間以書面形式通知本公司撤回其候選人資格。

4. 保密

除非法律或任何監管機構要求，否則在任何情況下，提名委員會成員均不得於公司尚未向公眾披露該信息時向公眾披露有關任何提名或候選人的任何信息。

5. 審查

提名委員會將不時(如適合)審查提名政策，並討論可能認為是適合的任何修訂，包括確保政策與公司需求保持相關及反映當前監管的要求和良好企業管治的常規，並提呈給董事會審批。

6. 披露政策

提名政策可根據董事會認為適當的方式和遵守任何適用監管的要求或指引作出披露。

Corporate Governance Report

企業管治報告書

INTERNAL CONTROL, RISK MANAGEMENT AND FINANCIAL REPORTING

內部監控、風險管理及財務報告

The Board is responsible for managing business and operational risks and maintaining proper and effective systems of risk management and internal controls to safeguard the shareholders' interests as a whole and the Group's assets against unauthorized use or disposition. The Board acknowledges it is responsible for the risk management and internal control systems and review of the effectiveness, and has through the Audit Committee conducted a review of the effectiveness of the risk management and internal control systems of the Company and its subsidiaries. The Group has adopted comprehensive procedures with duly assigned levels of authority in areas of financial, operational controls, and risk management to ensure that its assets and resources remain secure at all times.

The Audit Committee is responsible for, through dialogue with management and the use of risk management and internal audit functions, reviewing the effectiveness of the risk management and internal control systems annually and reporting to the Board any significant risks and issues.

The risk management function is responsible for analyzing possible risks that may affect the Group's business operations and finding measures to eliminate, prevent and control risks. The Group has invested in distribution centers and information technology systems such as the store management system and the distribution center system. Information technology has played a major role in assisting the Group to achieve higher efficiency in data storage and analysis. Any error or problem in the information technology systems may affect the Group's ability to manage store operation on a normal basis and negatively affect the Group's operation performance.

The internal audit department is fully independent of business operations. It has full and complete access to any of the Group's records, physical properties and personnel relevant to a review. Deriving its authority from the Audit Committee, the internal audit department reports administratively to the CEO and functionally to the Audit Committee.

The Group developed the "Enterprise Risk Management System" in 2016 as an on-going process for increasing the efficiency in identifying, evaluating and managing the significant risks associated with the business of the Group, which alerts any such risk to the management team and prevent significant financial or operating losses to the Group. The System has designated responsible personnel of the relevant business unit to identify, assess, manage relevant risks with respect to material control areas including financial, operational and compliance and execute mitigation measures accordingly. Results of risk evaluation are reported to the Audit Committee semi-annually through risk management function which continuously oversees the effectiveness of the risk management system and ensures that the relevant control measures are properly implemented within prescribed timeline. A risk management policy which sets out the framework, guideline, procedures and action plans was adopted by the Board as recommended by the Audit Committee.

董事會致力管理業務與營運風險，並維持合適而有效之風險管理及內部監控系統，以保障股東之整體利益及本集團之資產免遭未經授權挪用或處置。董事會承認其須對風險管理及內部監控系統負責並已透過審核委員會已對本公司及其附屬公司之風險管理及內部監控系統之有效性進行檢討。本集團已採納全面之程序，就財務與營運監控及風險管理範疇制定適當之授權架構，確保本集團資產及資源一直得到保障。

審核委員會負責透過與管理層之對話，及履行其風險管理及內部審核職能，以每年度檢討風險管理及內部監控系統之成效並向董事會匯報任何重大風險及問題。

風險管理職能負責分析可能影響本集團業務營運之潛在風險及找出消除、預防及監控風險之措施。本集團已投資於配送中心及資訊科技系統，如店舖管理系統及配送中心系統。資訊科技對本集團達到更高之數據儲存及分析效率有極大幫助。任何資訊科技系統之錯誤或問題，可能會影響本集團於日常運作中管理店舖營運之能力，並對本集團之營運表現造成負面影響。

內部審核部門完全獨立於業務營運。其可全面而完整地接觸任何與檢討工作有關之本集團記錄、實物財產及人員。該部門之權力由審核委員會界定，在行政方面向首席執行官匯報及在職能方面向審核委員會匯報。

本集團於二零一六年制訂了一套「企業風險管理制度」，作為確定、評估和管理本集團業務上重大風險之持續過程，以提高相關效率，該制度會向管理團隊發出相關風險之提示，並防止對本集團造成重大財務或營運損失。該制度已指定有關業務單位的負責人負責確定、評估，管理相關風險（涵蓋所有重要的監控，包括財務監控、運作監控及合規監控）及執行緩解措施。負責人透過風險管理職能將評估結果每半年向審核委員會報告，風險管理職能會不斷監督風險管理措施之有效性及確保相關控制措施在指定時間內正確地執行。董事會根據審核委員會的建議，通過及採納了風險管理政策，其制訂框架、準則、程序和行動方案。

Corporate Governance Report

企業管治報告書

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The Group engaged an external professional firm which expertized in inventory physical count process to provide an independent transparency, accuracy and time efficiency of store inventory physical count management to the Group. The firm further provided analysis and suggestion the effectiveness of inventory management prevention risk in the stores to the Group. During 2018, the Group conducted an inventory physical count process in all of its stores.

The internal audit function of the Group carried out internal control review on a regular basis on the internal control procedures to ensure individual continuing connected transactions are conducted in accordance with the pricing policies or applicable mechanism under the relevant framework agreements. The internal audit function is also responsible for evaluating the effectiveness of procedures in relation to risk management and internal control systems and submits the reports on its findings to the Audit Committee annually. The Board regularly receives and reviews updates to undergo overall assessment of the Company's business performance.

The Audit Committee provides independent review on the effectiveness of the risk management and internal control systems of the Group and makes appropriate recommendations to the Board. The Board then reviews the internal audit report and approves applicable policies and procedures designed by the management. The Board believes that the existing risk management and internal control systems are adequate and effective. The Board is satisfied with the adequacy of the resources, qualification and experience of staff of the Group's accounting and financial reporting function and their training schemes and budget upon its review.

The Board acknowledges its responsibility for the preparation of financial statements which give a true and fair view of the Group's state of affairs. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the auditor of the Company about responsibilities on the financial statement of the Group is set out in the Independent Auditor's Report section on page 66 to 69 of the annual report.

Regarding the procedures and internal control for the handling and dissemination of inside information, the Company is aware of and has complied with its disclosure obligations under the Listing Rules and Part XIVA of the Securities and Futures Ordinance (the "Disclosure of Inside Information") through establishing internal procedures to ensure inside information is escalated to the senior level and disseminated as soon as possible. Any information required to be disclosed under Rule 13.09 of the Listing Rules and/or the Disclosure of Inside Information would be announced timely.

本集團聘請外部庫存盤點專業機構提供盤點服務，盤點專業機構是向集團提供獨立且具透明度、準確性及有效率的店舖庫存實物盤點管理。該機構進一步對庫存管理的有效性提供分析和建議及預防本集團有可能出現的風險。二零一八年，本集團對全店進行一次實地盤點工作。

本集團之內部審核職能已定期進行內部監控審查及審查內部監控程序，以確保個別持續關連交易已按照有關框架協議的定價政策或適用的機制進行。內部審核職能負責評估風險管理和內部監控制度的有效性，並每年向審核委員會提交其調查結果報告。董事會定期收到並審閱更新，來對本公司業績表現進行全面評估。

審核委員會對本集團風險管理和內部監控制度的有效性進行獨立審查，並向董事會提出合適的建議。董事會負責審核內部審核報告及審批管理層在制定適用的政策和程序。董事會認為，現有的風險管理及內部監控制度充分而且有效。董事會已審核本集團會計及財務報告職能人員的資源、資格及經驗以及彼等的培訓方案及預算，並對上述的充足性感到滿意。

董事會確認負責編製旨在能真實及公平地反映本集團業務狀況之財務報表。董事並不知悉任何關於事件或情況之重大不明朗因素而可對本集團之持續經營能力構成重大疑問。

本公司核數師關於本集團財務報表責任之聲明載於年報第66至69頁之獨立核數師報告中。

就處理及發佈內幕消息之程序及內部監控方面，本公司透過內部程序確保內幕消息盡快傳遞到高層及盡快傳達，本公司已知悉及已符合其於上市規則以及證券及期貨條例第XIVA部（「披露內幕消息」）項下之披露責任。而任何須根據上市規則第13.09條及／或披露內幕消息規定予以披露之資料適時作出公佈。

SHAREHOLDERS' RIGHTS

Pursuant to Article 72 and 73 of the Articles, general meetings can be convened on the written requisition of any two members of the Company deposited at the registered office specifying the objects of the meeting and signed by the requisitionists.

Any extraordinary general meeting called for the passing of a special resolution shall be called by notice in writing of not less than a period which is the longer of twenty-one days and ten clear business days, and any other extraordinary general meeting shall be called by notice in writing of not less than a period which is the longer of fourteen days and ten clear business days. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting and, in case of special business (as defined in Article 75 of the Articles), particulars of the resolutions to be considered at the meeting, and shall be given in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting to such persons as are, under these Articles, entitled to receive such notices from the Company provided that a meeting of the Company notwithstanding that it is called by shorter notice than that specified in this Article be deemed to have been duly called if it is so agreed by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent in nominal value of the shares giving that right.

Shareholders' enquiries put to the Board or any proposals to be put forward at general meetings can be emailed to contact@cplotuscorp.com or by mail to:

C.P. Lotus Corporation
21/F., Far East Finance Centre
16 Harcourt Road, Hong Kong

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

Effective communication with shareholders and investors and the provision of high standards of disclosure and financial transparency have always been one of the Group's priorities. A number of formal communication channels are available to shareholders for the performance of the Group including annual and interim report, press release and announcements. Annual general meeting and other general meetings provide a useful opportunity for the Board to maintain a constructive dialogue with our shareholders.

The Group is committed to maintain continuing open dialogue with institutional investors and analysts as a mean of developing their understanding of our strategy, operations, management and plans and raising any issues they may have and provide the Group with valuable feedbacks and insights.

The Company has its company website <http://www.cplotuscorp.com> which provides additional channel for shareholders and interested parties to access the Group's information.

CONSTITUTIONAL DOCUMENTS

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

股東權利

根據細則第72及73條，本公司之任何兩名股東可以書面申請召開股東大會，並須於說明會議目的之書面申請上簽署及交至註冊辦事處。

任何通過一項特別決議案之股東特別大會須發出不少於二十一日及十個完整營業日(以較長期間者為準)之書面通告，及任何其他股東特別大會須發出不少於十四日及十個完整營業日(以較長期間者為準)之書面通告。通告並不包括送達或被視為送達之日期及不包括發出日期，並應說明會議的地點、日期及時間，並在特別業務(按細則第75條之定義)之情況下，說明會議上將考慮的決議案之明細，並應按細則指明或以本公司在股東大會上規定的其他方式(如有)，向根據細則有權收到本公司通告之人士發出，惟本公司會議，即使以較細則所規定的通知期短通告召開，倘獲有權與會並在會上投票表決的大多數股東贊成，大多數乃指持有不少於授予該表決權的股份面值百分之九十五，會議被視作適當召開。

股東向董事會提出查詢或在股東大會提出任何建議，可電郵至contact@cplotuscorp.com或郵寄至：

卜蜂蓮花有限公司
香港夏愨道十六號
遠東金融中心二十一樓

與股東及投資者之溝通

與股東及投資者之有效溝通及提供高水平之披露與財務透明度乃本集團一貫重點之一。若干正式之溝通渠道可讓股東掌握本集團之表現，包括年度及中期報告、新聞稿及公告。股東週年大會及其他股東大會為董事會與股東提供建設性交流之有效機會。

本集團致力與機構投資者及分析員維持持續開放交流讓彼等對本集團之策略、營運、管理及計劃作進一步了解，並為彼等提出任何意見及為本集團提供寶貴信息及灼見之平台。

本公司之網站為<http://www.cplotuscorp.com>，提供額外渠道使股東及有興趣人士獲取本集團之資料。

組織章程文件

於截至二零一八年十二月三十一日止之年度內，本公司之組織章程文件概無重大變更。

Biographical Details of Directors

董事履歷詳情

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Mr. Soopakij Chearavanont, aged 55, is an Executive Director and the Chairman of the Company and has been an Executive Director since 2000. Mr. Chearavanont has been a member of the Remuneration Committee of the Company and the Chairman of the Nomination Committee of the Company since 1 April 2012. He obtained a Bachelor of Science degree from the College of Business and Public Administration of New York University, USA and has extensive multinational investment and management experience in various industries. Mr. Chearavanont is an executive director and the Vice Chairman of C.P. Pokphand Co. Ltd., a non-executive director and the Chairman of Chia Tai Enterprises International Limited (each a company listed on the Main Board of The Stock Exchange of Hong Kong Limited). He is also a non-executive director of Ping An Insurance (Group) Company of China, Ltd. (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange). Mr. Chearavanont is a director of True Corporation Public Company Limited and CP ALL Public Company Limited (each a company listed on The Stock Exchange of Thailand). He is also the Chairman of True Visions Public Company Limited and the Chairman of Charoen Pokphand Group Company Limited. Mr. Chearavanont was previously a director of Siam Makro Public Company Limited (a company listed on The Stock Exchange of Thailand).

Mr. Li Wen Hai, aged 61, has been an Executive Director of the Company since September 2006. He was re-designated as the Vice Chairman of the Company with effect from 18 April 2008 and as the Senior Vice Chairman and the Chief Executive Officer of the Company with effect from 22 October 2013. He ceased to be the Senior Vice Chairman and the Chief Executive Officer and was re-designated as the Executive Chairman of the Company with effect from 1 December 2015. Mr. Li obtained a Master degree in Business Administration from Huazhong Normal University, PRC and is a senior economist. He has extensive experience in retail business.

Mr. Narong Chearavanont, aged 54, has been an Executive Director of the Company since 2001. He was re-designated as the Vice Chairman of the Company in September 2006. He obtained a Bachelor of Science degree in Business Administration from New York University, USA, a Certificate of Advance Management Program in Transforming Proven Leaders into Global Executives from Harvard Business School, Harvard University, USA and an Honorary Doctorate degree of Business Administration from Ramkhamhaeng University, Thailand. Mr. Chearavanont has extensive experience in the retail and trading industries. He is a director of True Corporation Public Company Limited, CP ALL Public Company Limited and Siam Makro Public Company Limited (each a company listed on The Stock Exchange of Thailand).

謝吉人先生，55歲，為本公司之執行董事及主席及自二零零零年出任為執行董事。謝先生自二零一二年四月一日為本公司之薪酬委員會成員及本公司之提名委員會主席。彼持有美國紐約大學商業及公共管理學院之理學士學位，並擁有跨國性投資及管理不同行業之資深經驗。謝先生現為卜蜂國際有限公司之執行董事及副董事長、正大企業國際有限公司之非執行董事及董事長（均為香港聯合交易所有限公司主板上市之公司）。彼亦為中國平安保險（集團）股份有限公司之非執行董事（一家於香港聯合交易所有限公司主板及上海證券交易所上市之公司）。謝先生為 True Corporation Public Company Limited 及 CP ALL Public Company Limited 之董事（均為泰國證券交易所上市之公司）。彼亦為 True Visions Public Company Limited 及 Charoen Pokphand Group Company Limited 之主席。謝先生曾擔任 Siam Makro Public Company Limited（一家在泰國證券交易所上市的公司）的董事。

李聞海先生，61歲，自二零零六年九月出任為本公司之執行董事。彼於二零零八年四月十八日調任為本公司之副董事長及於二零一三年十月二十二日調任為本公司之資深副董事長兼首席執行官。彼於二零一五年十二月一日不再擔任本公司之資深副董事長兼首席執行官，並調任為執行董事長。李先生乃中國華中師範大學工商管理系之碩士研究生及高級經濟師。彼擁有零售業務之資深經驗。

謝明欣先生，54歲，自二零零一年出任為本公司之執行董事。彼於二零零六年九月調任為本公司之副董事長。彼持有美國紐約大學工商管理系之理學士學位、美國哈佛大學哈佛商學院進階管理證書（Certificate of Advance Management Program in Transforming Proven Leaders into Global Executives）及泰國Ramkhamhaeng University工商管理系之榮譽博士學位。謝先生擁有零售及貿易業務之資深經驗。彼為True Corporation Public Company Limited、CP ALL Public Company Limited及Siam Makro Public Company Limited之董事（均為泰國證券交易所上市之公司）。

Mr. Michael Ross, aged 54, has been an Executive Director of the Company since September 2006. He was re-designated as the Executive Vice Chairman of the Company from 1 May 2008 to 1 September 2010. Mr. Ross has been re-designated as the Vice Chairman of the Company with effect from 1 January 2012. He obtained a Master degree in Science from University of Salford, United Kingdom and a Bachelor degree in Hospitality Management from The Hong Kong Polytechnic University, Hong Kong. He completed an Executive Program at the Kennedy School of Government of Harvard University in USA in 2009. He has extensive experience in retail business. Since joining Lotus Supercenter in 1999, he had served major key positions in Business Development, Operations and Merchandising. During this period, Mr. Ross had also served as the Regional President in the Southern Region & Eastern Region of Lotus. Mr. Ross has been a member of the Chinese People's Political Consultative Conference (CPPCC) Shanghai Pudong New Area Committee since June 2013.

Mr. Yang Xiaoping, aged 55, has been an Executive Director of the Company since April 2000. He was re-designated as the Vice Chairman of the Company from 14 May 2007 to 1 September 2010. Mr. Yang was again re-designated as the Vice Chairman of the Company with effect from 1 January 2012. He has more than 20 years of extensive experience in international trading and investment in the PRC and has good contact with central, provincial and municipal governors. Mr. Yang is a non-executive director of Ping An Insurance (Group) Company of China, Ltd. (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange), CITIC Limited and Honma Golf Limited (each a company listed on the Main Board of The Stock Exchange of Hong Kong Limited), and Tianjin Binhai Teda Logistics (Group) Corporation Limited (a company listed on the GEM Board of The Stock Exchange of Hong Kong Limited). Mr. Yang is currently the co-chairman of the board of directors of China Minsheng Investment Group.

Mr. Meth Jiaravanont, aged 60, has been an Executive Director of the Company since 2005. He obtained a Bachelor of Arts degree in Economics from Occidental College, California, USA and a Master degree in Business Administration from New York University, USA. Mr. Jiaravanont has extensive experience in investment, finance, banking and strategic business development in Asia and USA. He is currently a non-executive director of C.P. Pokphand Co. Ltd., (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited). He is also the Senior Executive Assistant to the Chairman-Finance of Charoen Pokphand Group Company Limited and a director of CPPC Public Company Limited.

羅家順先生，54歲，自二零零六年九月出任為本公司之執行董事。彼於二零零八年五月一日至二零一零年九月一日調任為本公司之執行副董事長。羅先生於二零一二年一月一日調任為本公司之副董事長。彼持有英國University of Salford科學系之碩士學位及香港理工大學酒店管理系學士學位。於二零零九年，彼取得美國哈佛大學肯尼迪學院政府公共管理課程研修證書。彼擁有零售業務之資深經驗。自一九九九年加入易初蓮花以來，彼於事業發展部、營運部及商品部擔任過重要職位。於此期間內，羅先生還曾任職易初蓮花華南區項目總監及華東區項目總監。羅先生自二零一三年六月為中國人民政治協商會議上海市浦東新區政協委員。

楊小平先生，55歲，自二零零零年四月出任為本公司之執行董事。彼於二零零七年五月十四日至二零一零年九月一日調任為本公司之副董事長。楊先生於二零一二年一月一日再度調任為本公司之副董事長。彼擁有超過二十年於國際貿易之資深經驗及在中國市場之投資經驗，並與中央、省及縣領導人建立良好聯繫。楊先生現為中國平安保險(集團)股份有限公司(一家於香港聯合交易所有限公司主板及上海證券交易所上市之公司)、中國中信股份有限公司及本間高爾夫有限公司(均為香港聯合交易所有限公司主板上市之公司)及天津濱海泰達物流集團股份有限公司(一家於香港聯合交易所有限公司創業板上市之公司)之非執行董事。楊先生現擔任中國民生投資集團董事局聯席主席。

謝克俊先生，60歲，自二零零五年出任為本公司之執行董事。彼持有美國加州Occidental College之經濟學文學士學位及美國紐約大學工商管理碩士學位。謝先生擁有於亞洲及美國之投資、金融、銀行及策略性業務發展之資深經驗。彼現為卜蜂國際有限公司(一家於香港聯合交易所有限公司主板上市之公司)之非執行董事。彼現亦為Charoen Pokphand Group Company Limited之董事長(財務)資深執行助理及CPPC Public Company Limited之董事。

Biographical Details of Directors

董事履歷詳情

Mr. Suphachai Chearavanont, aged 52, has been an Executive Director of the Company since 2000. He obtained a Bachelor of Science degree in Business Administration from Boston University in USA, majoring in Financial Management. Mr. Chearavanont has extensive experience in the telecommunication and broadcasting industries. He is an executive director of C.P. Pokphand Co. Ltd. (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited), a director of True Corporation Public Company Limited (a company listed on The Stock Exchange of Thailand). Mr. Chearavanont is a director and the Chief Executive Officer of True Visions Public Company Limited and True Move Company Limited. He is also the Chief Executive Officer of Charoen Pokphand Group Company Limited. Mr. Chearavanont was previously a director of Siam Makro Public Company Limited (a company listed on The Stock Exchange of Thailand).

Mr. Umroong Sanphasitvong, aged 66, has been an Executive Director of the Company since 2005. He was appointed as a member of the Remuneration Committee and the Corporate Governance Committee of the Company in December 2006 and August 2016, respectively. He obtained a Bachelor degree and a Master degree in Accounting from Thammasat University, Thailand and has extensive experience in financial management. Mr. Sanphasitvong is currently a director of True Corporation Public Company Limited, CP ALL Public Company Limited and Siam Makro Public Company Limited (each a company listed on The Stock Exchange of Thailand), and of CPPC Public Company Limited. He is also the Deputy Group Chief Financial Officer of Charoen Pokphand Group Company Limited.

Mr. Viroj Sangsnit, aged 83, has been an Independent Non-Executive Director of the Company and a member of the Audit Committee of the Company since 1999. He has been a member of the Remuneration Committee of the Company since September 2005. He was appointed as a member of the Nomination Committee and the Corporate Governance Committee of the Company with effect from 1 April 2012 and 20 August 2016 respectively. Mr. Sangsnit was the Deputy Minister of Transport from 1991 to 1992 and the Deputy of Minister of Defense in 1996 in Thailand.

Mr. Songkitti Jaggabatara, aged 68, has been an Independent Non-Executive Director and a member of the Audit Committee and the Remuneration Committee of the Company since 1 April 2012. He obtained a Bachelor of Science degree from the Chulachomklao Royal Military Academy, Thailand and graduated from National Defence College of Thailand. Mr. Jaggabatara served in the Royal Thai Armed Forces for 39 years and was appointed as the Chief of Defence Forces of the Royal Thai Armed Forces in 2008. He retired from the Royal Thai Armed Forces on 30 September 2011. Mr. Jaggabatara is currently an Advisor to Kasetphand Industry Co., Ltd., a subsidiary of Charoen Pokphand Group Company Limited.

謝鏞仁先生，52歲，自二零零零年出任為本公司之執行董事。彼持有美國波士頓大學工商管理系之理學士學位，並主修金融管理。謝先生擁有電訊及廣播業務之資深經驗。彼現為卜蜂國際有限公司（一家於香港聯合交易所有限公司主板上市之公司）之執行董事及 True Corporation Public Company Limited（於泰國證券交易所上市之公司）之董事。謝先生為 True Visions Public Company Limited 及 True Move Company Limited 之董事及首席執行官。彼亦為 Charoen Pokphand Group Company Limited 之首席執行官。謝先生曾擔任 Siam Makro Public Company Limited（一家在泰國證券交易所上市之公司）的董事。

Umroong Sanphasitvong 先生，66歲，自二零零五年出任為本公司之執行董事。彼分別於二零零六年十二月及二零一六年八月獲委任為本公司之薪酬委員會及企業管治委員會成員。彼持有泰國 Thammasat University 會計系之學士及碩士學位，擁有金融管理之資深經驗。Sanphasitvong 先生現為 True Corporation Public Company Limited、CP ALL Public Company Limited、Siam Makro Public Company Limited（所有均為泰國證券交易所上市之公司）及 CPPC Public Company Limited 之董事。彼亦為 Charoen Pokphand Group Company Limited 之集團副首席財務長。

Viroj Sangsnit 先生，83歲，自一九九九年出任為本公司之獨立非執行董事及本公司之審核委員會成員。彼亦自二零零五年九月為本公司之薪酬委員會成員。彼分別於二零一二年四月一日及二零一六年八月二十日獲委任為本公司之提名委員會及企業管治委員會之成員。Sangsnit 先生於一九九一至一九九二年出任泰國運輸部副部長及於一九九六年出任泰國國防部副部長。

Songkitti Jaggabatara 先生，68歲，自二零一二年四月一日出任為本公司之獨立非執行董事及本公司之審核委員會與薪酬委員會成員。彼持有泰國 Chulachomklao Royal Military Academy 之理學士學位，並畢業於泰國 National Defence College。Jaggabatara 先生於 Royal Thai Armed Forces 服役39年，並於二零零八年獲委任為 Royal Thai Armed Forces 之三軍總長。彼於二零一一年九月三十日退役 Royal Thai Armed Forces。Jaggabatara 先生現為 Kasetphand Industry Co., Ltd.（Charoen Pokphand Group Company Limited 之一家附屬公司）之顧問。

Biographical Details of Directors

董事履歷詳情

Mr. Itthaporn Subhawong, aged 67, has been an Independent Non-Executive Director of the Company since 31 December 2012. He graduated from National Defence College of Thailand. Mr. Subhawong served in the Royal Thai Air Force (“RTAF”) for 37 years and was appointed as Air Chief Marshal of the RTAF in 2007. He was appointed the 21st Commander-in-Chief of the RTAF on 1 October 2008. Mr. Subhawong retired as Commander-in-Chief of the RTAF on 30 September 2012.

Mr. Prasobsook Boondech, aged 73, has been an Independent Non-Executive Director of the Company since 31 December 2012. He was appointed as the Chairman of the Corporate Governance Committee with effect from 20 August 2016. He has been an independent director of CP ALL Public Company Limited (a company listed on The Stock Exchange of Thailand). He obtained a Bachelor of Law degree from Thammasat University, Thailand. Mr. Boondech was admitted as Barrister-at-Law, Institute of Legal Education, Thai Bar Association, Thailand in 1967 and Barrister-at-Law, Lincoln’s Inn, England in 1972. He has extensive experience in the legal field and is a lecturer on Family Law, Faculty of Law, Chulalongkorn University and Institute of Legal Education, Thai Bar Association, Thailand. Mr. Boondech was the President of the Senate of Thailand from 2008 to 2011.

Mr. Cheng Yuk Wo, aged 58, has been an Independent Non-Executive Director of the Company and the Chairman of the Audit Committee of the Company since 2004. He was a member of the Remuneration Committee of the Company and became the Chairman on 1 April 2012, at the same time when he became a member of the Nomination Committee of the Company. Mr. Cheng obtained a Master of Science (Economics) degree, majoring in Accounting and Finance from London School of Economics, England and a Bachelor of Arts (Honours) degree in Accounting from University of Kent, England. He is a Fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants, and a member of the Chartered Professional Accountants of Canada. Mr. Cheng has over 20 years of expertise in accounting, finance and corporate advisory services.

Mr. Cheng is currently an independent non-executive director of Chia Tai Enterprises International Limited, CSI Properties Limited, Chong Hing Bank Limited, HKC (Holdings) Limited, Goldbond Group Holdings Limited, CPMC Holdings Limited, DTXS Silk Road Investment Holdings Company Limited, Top Spring International Holdings Limited, Liu Chong Hing Investment Limited, Kidsland International Holdings Limited and Miricor Enterprises Holdings Limited, all of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. He is also an independent non-executive director of Somerley Capital Holdings Limited, a company listed on the GEM Board of The Stock Exchange of Hong Kong Limited.

Itthaporn Subhawong先生，67歲，自二零一二年十二月三十一日出任為本公司之獨立非執行董事。彼畢業於泰國National Defence College。Subhawong先生於Royal Thai Air Force (「RTAF」)服役37年，並於二零零七年獲委任為RTAF之空軍上將。彼於二零零八年十月一日獲委任為RTAF之第二十一任總司令。Subhawong先生於二零一二年九月三十日退任RTAF之總司令一職。

Prasobsook Boondech先生，73歲，自二零一二年十二月三十一日出任為本公司之獨立非執行董事。於二零一六年八月二十日獲委任為企業管治委員會主席。彼亦為CP ALL Public Company Limited (一家在泰國證券交易所上市的公司)之獨立董事。彼持有泰國Thammasat University法律系之學士學位。Boondech先生於一九六七年認許為泰國Institute of Legal Education, Thai Bar Association之大律師及於一九七二年認許為英國Lincoln’s Inn之大律師。彼擁有於法律方面之資深經驗及為泰國Chulalongkorn University法律系與Institute of Legal Education, Thai Bar Association家庭法之講師。Boondech先生於二零零八至二零一一年曾為泰國上議院主席。

鄭毓和先生，58歲，自二零零四年出任為本公司之獨立非執行董事及本公司之審核委員會主席。彼曾為本公司之薪酬委員會成員及於二零一二年四月一日成為本公司之薪酬委員會主席及同時成為本公司之提名委員會成員。鄭先生持有英國倫敦大學經濟學院科學(經濟)碩士(主修會計及金融)及英國肯特大學會計系之榮譽文學士學位。彼乃英格蘭及威爾斯特許會計師公會及香港會計師公會之資深會員，亦為加拿大特許會計師公會之會員。鄭先生擁有逾二十年於會計、金融及企業顧問服務之專業知識。

鄭先生現為正大企業國際有限公司、資本策略地產有限公司、創興銀行有限公司、香港建設(控股)有限公司、金榜集團控股有限公司、中糧包裝控股有限公司、大唐西市絲路投資控股有限公司、萊蒙國際集團有限公司、廖創興企業有限公司、凱知樂國際控股有限公司及卓珈控股集團有限公司之獨立非執行董事(所有均為香港聯合交易所有限公司主板上市之公司)。鄭先生亦為新百利融資控股有限公司(於香港聯合交易所有限公司創業板上市之公司)之獨立非執行董事。

Report of the Directors

董事報告書

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Through its subsidiaries, the Company is principally engaged in the operation of large scale hypermarket stores located in the northern, southern and eastern parts of China.

BUSINESS REVIEW

The business review of the Group (including discussions on principal risks and uncertainties, environmental policies, legal and regulatory compliance and key relationship with suppliers, customers and employees), KPIs and future development of the Group for the year ended 31 December 2018 is set out in “Management’s Discussion and Analysis” of this annual report.

Save for those disclosed in this annual report, the directors are not aware of any important events affecting the Group since the end of the financial year under review.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2018 are set out in the consolidated statement of profit or loss on page 70 of the financial statements.

The directors do not recommend the payment of a dividend in respect of the year (2017: Nil).

SHARE CAPITAL

Details of the share capital of the Company are set out in note 25 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2018, the aggregate amount of reserves available for distribution to equity shareholders of the Company was HK\$1,682,699,000 (equivalent to RMB1,459,741,000) (2017: HK\$2,226,537,000, equivalent to RMB1,828,576,000) as computed in accordance with the Companies Law of the Cayman Islands.

董事謹提呈彼等之年報及截至二零一八年十二月三十一日止年度之經審核財務報告。

主要業務

本公司乃一家投資控股公司。本公司透過其附屬公司主要於華北、華南及華東地區經營大型超市。

業務回顧

本集團截至二零一八年十二月三十一日止年度的業務回顧(包括討論主要風險和不確定因素、環境政策、法律規例之遵守以及與供應商、顧客和僱員的主要關係)，關鍵績效指標和集團未來發展載於「管理層討論及分析」。

除本年報所披露外，自回顧財政年度結束以來，董事並不知悉任何影響本集團的重大事件。

業績及股息

本集團於截至二零一八年十二月三十一日止年度之業績載於財務報表第70頁之綜合損益表內。

董事不建議派發本年度之股息(二零一七年：無)。

股本

本公司之股本詳情載於財務報表附註25。

可供分派儲備

於二零一八年十二月三十一日，根據開曼群島之公司法計算，累計之可供分派予本公司股東之儲備為1,682,699,000港元(相等於人民幣1,459,741,000元)(二零一七年：2,226,537,000港元，相等於人民幣1,828,576,000元)。

DIVIDEND POLICY

The dividend policy adopted by the Company on 17 December 2018 is set out below.

1. The dividend policy sets out the approach of the Company on the declaration and payment of dividends to shareholders of the Company.
2. The Board is responsible for considering and, if appropriate, declaring any interim dividend or recommending any final dividend to the Shareholders for approval every year. Any approved dividends must not exceed the amount recommended by the Board.
3. The declaration or recommendation of any dividend will take into consideration the Company's results of operations and financial conditions, business strategy and future development and any other factors that the Board may deem relevant. No dividend shall be declared or paid except out of the Company's profits and reserves lawfully available for distribution. The payment of dividend is also subject to applicable laws and regulations, including any applicable restrictions under the Company's Articles of Association.
4. The future declarations or recommendations of dividends may or may not reflect the Company's historical declarations or recommendations of dividends and will be at the absolute discretion of the Board.
5. The dividend policy is subject to review of the Board and may be amended by the Board.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate purchases attributable to the Group's five largest suppliers accounted for less than 30% of the Group's total purchases for the year.

The aggregate sales attributable to the Group's five largest customers accounted for less than 30% of the Group's total revenue for the year.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to RMB14,000 (2017: RMB11,000).

股息政策

本公司於二零一八年十二月十七日採納股息政策如下。

1. 股息政策制定本公司向股東宣派和支付股息的方針。
2. 董事會負責考慮及(如適用)宣派任何中期股息或每年向股東建議批准任何末期股息。任何批准的股息不得超過董事會建議的金額。
3. 任何股息的宣派或建議將會考慮本公司的經營業績和財務狀況、業務策略和未來發展以及董事會認為相關的任何其他因素。除本公司的利潤和儲備金合法可供分配外，公司不應宣派或支付任何股息。支付股息亦須遵守適用的法律和法規，包括本公司組織章程細則下的任何適用限制。
4. 未來股息的宣派或建議可能會或可能不會反映本公司過去股息的宣派或建議，並由董事會全權酌情決定。
5. 股息政策須經董事會審閱，並可由董事會修訂。

主要顧客及供應商

本集團於本年度向五大供應商之累計採購額，佔本集團總採購額少於30%。

本集團於本年度向五大顧客之累計銷售額，佔本集團總收入少於30%。

慈善捐款

本集團於年內之慈善捐款為人民幣14,000元(二零一七年：人民幣11,000元)。

Report of the Directors

董事報告書

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DIRECTORS

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

Executive Directors:

Mr. Soopakij Chearavanont
Mr. Li Wen Hai
Mr. Narong Chearavanont
Mr. Chan Yiu-Cheong, Ed (Resigned on 28 February 2018)
Mr. Michael Ross
Mr. Yang Xiaoping
Mr. Meth Jiaravanont
Mr. Suphachai Chearavanont
Mr. Umroong Sanphasitvong

Independent Non-Executive Directors:

Mr. Viroj Sangsnit
Mr. Songkitti Jaggabatara
Mr. Itthaporn Subhawong
Mr. Prasobsook Boondech
Mr. Cheng Yuk Wo

In accordance with Article 116 of the Company's Articles of Association, Messrs. Meth Jiaravanont, Michael Ross, Suphachai Chearavanont, Umroong Sanphasitvong and Viroj Sangsnit, will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting ("AGM"). Details of the directors proposed to be re-elected at the forthcoming AGM are set out in the relevant circular to be despatched to the shareholders of the Company.

The independent non-executive directors of the Company are appointed for a renewable term of one year and are subject to retirement by rotation and re-election at the AGM of the Company in accordance with the Company's Articles of Association.

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, and considers that all of the independent non-executive directors are independent.

DIRECTORS' EMOLUMENTS

Details of directors' emoluments are set out in note 6 to the financial statements.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

董事

於年內及截至本報告日，本公司之董事如下：

執行董事：

謝吉人先生
李聞海先生
謝明欣先生
陳耀昌先生（於二零一八年二月二十八日辭任）
羅家順先生
楊小平先生
謝克俊先生
謝鎔仁先生
Umroong Sanphasitvong先生

獨立非執行董事：

Viroj Sangsnit先生
Songkitti Jaggabatara先生
Itthaporn Subhawong先生
Prasobsook Boondech先生
鄭毓和先生

根據本公司之組織章程細則第116條，謝克俊先生、羅家順先生、謝鎔仁先生、Umroong Sanphasitvong先生及Viroj Sangsnit先生將輪值告退，並表示願意於應屆股東週年大會（「股東週年大會」）上膺選連任。建議於應屆股東週年大會重選之董事資料載於將寄發予本公司股東之有關通函內。

本公司之獨立非執行董事之任期為一年（可續任），並須按本公司之組織章程細則於本公司之股東週年大會上輪值告退及膺選連任。

本公司已收到每位獨立非執行董事按上市規則第3.13條之年度確認函，及確認所有獨立非執行董事均為獨立人士。

董事酬金

董事酬金詳情載於財務報表附註6。

董事服務合約

概無建議於應屆股東週年大會重選之董事與本集團簽訂由本集團於一年內終止而須作出任何賠償（法定賠償除外）之服務合約。

Report of the Directors

董事報告書

DIRECTORS' MATERIAL INTERESTS IN TRANSACTION, ARRANGEMENT AND CONTRACT

Save for the transactions as disclosed in the section headed "Continuing Connected Transactions" below and the material related party transactions as disclosed in note 30 to the financial statements of the annual report, none of the directors had any material interests, either directly or indirectly, in any transaction, arrangement and contract of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries and fellow subsidiaries was a party during the year ended 31 December 2018.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2018, the directors were not aware that any of the directors had interests in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the business of the Group which falls to be disclosed under the Listing Rules.

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

As at 31 December 2018, the interests and short positions of the directors and chief executive of the Company in shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Long positions in shares of the Company

Name of directors	董事名稱	Number of shares held 持有股份數目	Approximate percentage of shareholding 持股量 概約百分比
Mr. Soopakij Chearavanont	謝吉人先生	183,240,198	1.66%
Mr. Narong Chearavanont	謝明欣先生	183,240,198	1.66%
Mr. Yang Xiaoping	楊小平先生	183,240,198	1.66%
Mr. Meth Jiaravanont	謝克俊先生	61,080,066	0.55%
Mr. Suphachai Chearavanont	謝鎔仁先生	122,160,132	1.11%
Mr. Umroong Sanphasitvong	Umroong Sanphasitvong先生	61,080,066	0.55%

董事於交易、安排及合約中的重大權益

除下文「持續關連交易」一節所披露之交易及年報內財務報表附註30披露之重大相關人士之交易外，於截至二零一八年十二月三十一日止年度內，概無董事於本公司或其任何控股公司、附屬公司和同系附屬公司所訂立的任何對本集團業務而言的交易、安排或重大合約中直接或間接擁有任何重大權益。

董事於競爭業務之權益

於二零一八年十二月三十一日，董事概不知悉任何董事持有與本集團業務以外直接或間接構成競爭或可能構成競爭之任何業務，而須按上市規則披露。

董事及最高行政人員於股份、相關股份及債權證中擁有之權益及淡倉

於二零一八年十二月三十一日，本公司之董事及最高行政人員根據證券及期貨條例（「證券條例」）第352條須予備存之登記冊所記錄者；或根據標準守則已通知本公司及聯交所於本公司或任何相聯法團（定義見證券條例第XV部）之股份、相關股份及債權證中擁有之權益及淡倉如下：

(i) 於本公司好倉之股份

Report of the Directors

董事報告書

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

(ii) Long positions in shares of associated corporations

Name of directors 董事名稱	Name of associated corporations 相聯法團名稱	Number of shares held 持有股份數目	Approximate percentage of shareholding 持股量概約百分比
Mr. Li Wen Hai 李聞海先生	Kinghill Limited	171,428	0.05%
Mr. Yang Xiaoping 楊小平先生	Kinghill Limited	171,428	0.05%

Save as disclosed above, as at 31 December 2018, none of the directors and chief executive of the Company had any interest or short positions in shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2018, the interests and short positions of the substantial shareholders and other persons, other than a director or chief executive of the Company, in shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in shares of the Company:

Name of shareholders 股東名稱	Note 附註	Number of shares held 持有股份數目	Approximate percentage of shareholding 持股量概約百分比
C.P. Holding (BVI) Investment Company Limited ("CPH")	(1)	18,083,521,003	164.11%
Worth Access Trading Limited ("Worth Access")	(1)	18,083,521,003	164.11%
CPG Overseas Company Limited ("CPG Overseas")	(1)	18,083,521,003	164.11%
Charoen Pokphand Group Company Limited ("CPG")	(1)	18,450,001,399	167.44%

董事及最高行政人員於股份、相關股份及債權證中擁有之權益及淡倉(續)

(ii) 於相聯法團好倉之股份

除以上披露者外，於二零一八年十二月三十一日，概無本公司之董事及高級行政人員根據證券條例第352條須予備存之登記冊所記錄者；或根據標準守則規定已通知本公司及聯交所於本公司或任何相聯法團(定義見證券條例第XV部)之股份、相關股份及債權證中擁有之權益及淡倉。

大股東及其他人士於股份及相關股份中持有之權益及淡倉

於二零一八年十二月三十一日，大股東及本公司董事或最高行政人員以外之其他人士根據證券條例第336條須予備存之登記冊所記錄者於本公司之股份及相關股份中擁有之權益及淡倉如下：

於本公司好倉之股份：

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

Note:

- (1) Worth Access had declared an interest in the same 18,083,521,003 shares in which CPH had declared an interest by virtue of Worth Access' shareholding in CPH. CPG Overseas had declared an interest in the same 18,083,521,003 shares by virtue of its shareholding in Worth Access. CPG had declared an interest in the same 18,083,521,003 shares by virtue of its shareholding in CPG Overseas and an interest in 366,480,396 shares by virtue of its shareholding in a subsidiary.

Save as disclosed above, as at 31 December 2018, none of the substantial shareholders and other persons, other than a director or chief executive of the Company, had any interest or short positions in shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

SIGNIFICANT CONTRACT

Save for the transactions as disclosed in the section headed "Continuing Connected Transactions" below and the material related party transactions as disclosed in note 30 to the financial statements of the annual report, there were no contract of significance between the Company or any of its subsidiaries and a controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries during the year ended 31 December 2018.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (whether made by the Company or otherwise) was in force for the year ended 31 December 2018.

Pursuant to the Company's Articles of Association, every director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. There is appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the year ended 31 December 2018.

大股東及其他人士於股份及相關股份中持有之權益及淡倉(續)

附註：

- (1) Worth Access公佈因擁有CPH之股權而同樣擁有CPH已公佈之18,083,521,003股股份權益。CPG Overseas公佈因擁有Worth Access之股權而同樣擁有18,083,521,003股股份權益。CPG公佈因擁有CPG Overseas之股權而同樣擁有該18,083,521,003股股份權益及因擁有一家附屬公司之股權而同樣擁有其366,480,396股股份權益。

除以上披露者外，本公司於二零一八年十二月三十一日概無大股東及本公司董事或最高行政人員以外之其他人士根據證券條例第336條須予備存之登記冊所記錄者於本公司股份及相關股份中擁有之權益及淡倉。

重大合約

除下文「持續關連交易」一節所披露之交易及年報內財務報表附註30披露之重大相關人士之交易外，於截至二零一八年十二月三十一日止年度內，本公司或其任何附屬公司概無與本公司或其任何附屬公司的控股股東（定義見上市規則）訂立重大合約。

獲准許的彌償條文

截至二零一八年十二月三十一日止年度，獲准許的彌償條文（不論是否由本公司訂立）正有效。

根據本公司之組織章程細則，每位董事有權就其任期內，或因執行其職務而可能遭致或發生與此相關之一切損失或責任從本公司資產中獲得賠償。本公司已為本集團董事及高級職員購買適當的董事及高級職員責任保險作為保障。

管理合約

截至二零一八年十二月三十一日止年度，概無就本公司全部或任何重大部份業務之管理及行政訂立任何合約。

Report of the Directors

董事報告書

EMOLUMENT POLICY

The Group's emolument policy and long-term incentive schemes of the Group are set out in "Employees, training and remuneration policy" on page 15 of this annual report.

The emolument payable to any director of the Company was determined with reference to his duties and responsibilities within the Group and his anticipated time and effort to be spent on the Company's matters.

SHARE OPTION SCHEME

The Company operates a share option scheme ("Share Option Scheme") which was adopted by the shareholders of the Company in the annual general meeting held on 22 June 2012. The Share Option Scheme will remain in force for 10 years from that date unless otherwise cancelled or amended.

The Share Option Scheme was established for the purpose of providing incentives and rewards to eligible persons who contribute to the success of the Group's operations. Eligible persons of the Share Option Scheme include the Company's directors and employees of the Group and those persons that, in the opinion of the Directors, have contributions or potential contributions to the Group.

The total number of ordinary shares of the Company which may be issued upon exercise of all options to be granted under the Share Option Scheme must not in aggregate exceed 10% of the ordinary shares of the Company in issue as at the date of adoption of the Share Option Scheme, being 979,624,307 ordinary shares of the Company, based on 9,796,243,070 issued ordinary shares of the Company as at the date of adoption of the Share Option Scheme in 2012. Such maximum number of ordinary shares issuable upon exercise of all the share options which may be granted under the Share Option Scheme now represents 8.89% of the issued ordinary shares of the Company as at the date of this report.

The maximum number of ordinary shares issuable upon exercise of the share options granted to each eligible person under the Share Option Scheme and any other share option schemes of the Company within any 12-month period is limited to 1% of the ordinary shares of the Company in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in advance in a general meeting.

薪酬政策

本集團之薪酬政策及本集團之長期獎勵計劃載於本年報第15頁之「僱員、培訓及酬金政策」。

支付予本公司任何董事之薪酬參照彼於本集團之職責及彼於處理本公司事務預期所需之時間及努力而釐定。

購股權計劃

本公司運作的一個購股權計劃（「該購股權計劃」），乃本公司股東於二零一二年六月二十二日舉行的股東週年大會上獲採納。除另行取消或修訂外，該購股權計劃自該日起持續有效十年。

成立該購股權計劃之目的為鼓勵及獎賞對本集團運作具貢獻之人士。合資格參與購股權計劃之人士包括本公司之董事及本集團僱員及董事認為對本集團具貢獻或潛在貢獻之人士。

根據該購股權計劃將可授出之購股權在悉數行使時可予發行之本公司普通股股份總數，不得超過採納該購股權計劃當日本公司已發行普通股股份之10%，即979,624,307股本公司普通股，該股數乃根據於二零一二年採納該購股權計劃當日本公司已發行之9,796,243,070股普通股計算。於本報告書日期，根據該購股權計劃授出的購股權在悉數行使時可予發行本公司普通股之最高數目為現時本公司已發行之普通股股份8.89%。

在任何12個月內就每名該購股權計劃及其他購股權計劃的合資格參與人士獲授的購股權可發行的普通股股份不得超過本公司已發行股份的1%。若再授出購股權超過此限額，則須預先獲股東於股東大會上批准。

SHARE OPTION SCHEME

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the ordinary shares of the Company in issue and with an aggregate value (based on the closing price of the Company's ordinary shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer (including the date of offer granted), upon payment of a nominal consideration of HK\$10 in total by grantee.

The exercise period of the share options granted is determinable by the Directors but shall commence after the grant and end on a date which is not later than 10 years from the date of grant of the share options.

The exercise price of the share options is determinable by the Board, but shall be at least the highest of (i) the Stock Exchange closing price of the Company's ordinary shares on the date the share option is offered; and (ii) the average Stock Exchange closing price of the Company's ordinary shares for the five trading days immediately preceding the date of grant and (iii) the nominal value of the ordinary share of the Company.

As of the date of this report, there were no share options granted, exercised, cancelled or lapsed under the Share Option Scheme.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section "Share Option Scheme" above, neither the Company nor any of its holding companies or any of its subsidiaries was a party to any arrangement 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 at the end of the year or at any time during the year ended 31 December 2018.

購股權計劃

凡向本公司董事、主要行政人員或主要股東或彼等各自之聯繫人士授予購股權必須事先獲得獨立非執行董事之批准。此外，倘向本公司之主要股東或獨立非執行董事或彼等各自之聯繫人士就該購股權計劃及其他購股權計劃獲授予購股權，如任何12個月內行使時須發行及將發行之普通股股份合共超過本公司已發行普通股股份之0.1%及按普通股股份於每次授出購股權當日之市價計算之總值超逾五百萬港元，則須預先取得股東於股東大會上之批准。

授出購股權之要約可於提出該要約日期起計21日(包括作出要約當日)內獲接納，而購股權承授人須支付10港元作代價。

授予之購股權行使期由董事決定，並以授予購股權日起至授予日後之10年內。

購股權之行使價由董事會釐定，惟至少高於(i)本公司股份於購股權要約之日期於聯交所之普通股收市價；及(ii)本公司股份於授予當日前五個交易日於聯交所之普通股平均收市價；及(iii)本公司普通股股份之面值。

於本報告書日期，概無根據該購股權計劃已授出、行使、註銷或失效的購股權。

購入股份或債權證之安排

除上述「購股權計劃」一節所披露外，於截至二零一八年十二月三十一日止年度之年終或年內之任何時間，本公司、其任何控股公司或其任何附屬公司概無作為任何安排下之一方，而使本公司之董事能藉購入本公司或任何其他法人團體之股份或債權證而獲取利益。

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EQUITY-LINKED AGREEMENTS

The Company has not entered into any equity-linked agreement during the reporting period.

As at 31 December 2018, the total convertible preference shares of the Company in issue included 1,518,807,075 Series A convertible preference shares, 3,897,110,334 Series B convertible preference shares, 3,671,509,764 Series C convertible preference shares and 2,211,382,609 Series D convertible preference shares.

1,518,807,075 Series A convertible preference shares were issued on 31 October 2008 pursuant to the Acquisition Agreement dated 17 May 2007 as part of the consideration for the acquisition of subsidiaries. Details are set out in the circular dated 29 June 2007.

3,897,110,334 Series B convertible preference shares were issued on 30 June 2010 pursuant to the Agreement dated 16 March 2010 to redeem the convertible bonds issued by the Company at the aggregate principle amount of HK\$1,519,873,031. Details are set out in the circular dated 1 April 2010.

3,673,765,764 Series C convertible preference shares were issued on 23 December 2011 pursuant to the Underwriting Agreement dated 14 October 2011 and the Open Offer as set out in the prospectus dated 2 December 2011. Net proceeds from the issue of Series C convertible preference shares amounted to HK\$805,056,000. Up to 31 December 2016, a total of 2,256,000 Series C convertible preference shares were converted to ordinary shares.

2,211,382,609 Series D convertible preference shares were issued on 1 January 2012 pursuant to the Acquisition Agreement dated 14 October 2011 as the consideration for the acquisition of subsidiaries. Details are set out in the circular dated 1 November 2011.

The holders of these preference shares have the right to convert any preference share into the Company's ordinary shares at any time at the conversion ratio of 1 to 1, each subject to the minimum public float requirement under the Listing Rules. Adjustments to the conversion price are only made upon dilutive and other events which are related to the Company issuing new shares or convertible debts.

Save as disclosed above and in the section "Share Option Scheme", no equity-linked agreement was entered into or subsisted during the year ended 31 December 2018.

股票掛鈎協議

於報告期內，本公司尚未訂立任何股票掛鈎協議。

於二零一八年十二月三十一日，本公司之已發行可換股優先股總數分別包括1,518,807,075股A系列可換股優先股、3,897,110,334股B系列可換股優先股、3,671,509,764股C系列可換股優先股及2,211,382,609股D系列可換股優先股。

於二零零八年十月三十一日，本公司根據二零零七年五月十七日之收購協議發行1,518,807,075股A系列可換股優先股，作為收購附屬公司之部份代價。詳情載於二零零七年六月二十九日之通函內。

於二零一零年六月三十日，本公司根據二零一零年三月十六日之協議發行3,897,110,334股B系列可換股優先股以贖回累計本金額1,519,873,031港元之本公司已發行可換股債券。詳情載於二零一零年四月一日之通函內。

於二零一一年十二月二十三日，本公司根據二零一一年十月十四日之包銷協議及載於二零一一年十二月二日有關公開發售之章程發行3,673,765,764股C系列可換股優先股。發行C系列可換股優先股所得款項淨額為805,056,000港元。截至二零一六年十二月三十一日，合共2,256,000股C系列可換股優先股已兌換為普通股。

於二零一二年一月一日，本公司根據二零一一年十月十四日之收購協議發行2,211,382,609股D系列可換股優先股，作為收購附屬公司之代價。詳情載於二零一一年十一月一日之通函內。

此等優先股持有人享有於任何時間以每1對1的比率兌換任何優先股為本公司普通股之權利，但須符合上市規則維持最低公眾持股量之規定。兌換價之調整只限於攤薄及其他與本公司發行新股或可換股債務之事項。

除上述及「購股權計劃」一節所披露外，截至二零一八年十二月三十一日止之年度內，概無訂立或存在之股票掛鈎協議。

CONNECTED TRANSACTION

During the Reporting Period, the Group entered into the following connected transaction that is subject to the reporting requirement under the Listing Rules for disclosure in the annual report.

SAP System License

On 29 October 2018, SLS, an indirect wholly-owned subsidiary of the Company, entered into the software license agreement (the “Software License Agreement”) with CPF IT Center Company Limited (“CPF IT”), pursuant to which CPF IT had (i) irrevocably granted a non-transferable perpetual license to the SAP User Group for up to 950 users to use the SAP system, and (ii) agreed to provide maintenance services (including regular updates of the SAP system) to the subsidiaries of the Company during 1 October 2018 to 30 September 2021.

SLS would pay CPF IT a one-off license fee in the amount of USD1,327,020.76 (equivalent to RMB9,175,000) and maintenance service fee for 1 October 2018 to 30 September 2021 in the aggregate amount of USD1,073,751.21 (equivalent to RMB7,369,000).

As at the date of the announcement, CPG was interested in approximately 64.93% and 49.11% of the issued share capital of the Company and of Charoen Pokphand Foods Public Company Limited (“CPF”) respectively. CPF IT as a wholly-owned subsidiary of CPF was a connected person of the Company. The transaction under Software License Agreement therefore constituted a connected transaction of the Company and subject to reporting and announcement requirements but was exempt from circular (including independent financial advice) and shareholders’ approval requirements under the Listing Rules. Details of the abovementioned connected transaction are set out in the announcement dated 29 October 2018.

CONTINUING CONNECTED TRANSACTIONS

Purchase Agreements

On 4 November 2016, the Company entered into the 2017 Purchase Agreement with High Orient Enterprises Limited (“HOEL”) to purchase certain merchandise from HOEL or any of the HOEL Related Entities (as defined in that agreement) for the term from 1 January 2017 to 31 December 2019.

Leases and Sub-leases

On 26 May 2008, Kunshan Tailian Supermarket Co., Ltd. (“Kunshan Tailian”) and Kunshan Xinmin Property Co., Ltd. (昆山莘閔房地產有限公司) (“Kunshan Ximin”) entered into a lease (the “Kunshan Lease”) in relation to a property located at West side of North Changjiang Road, Zhoushi Town, Kunshan, the PRC, with an area of approximately 29,466 square meters for the term from 26 May 2008 to 24 November 2024. On 15 December 2014, Shanghai Kinghill Ltd. (上海帝泰發展有限公司) (“Shanghai Kinghill”) acquired 100% equity interest in Kunshan Xinmin.

關連交易

於報告期內，本集團已進行下列關連交易並須根據上市規則的申報規定與年報披露。

SAP軟件許可

於二零一八年十月二十九日，本公司間接全資附屬公司上海蓮花與 CPF IT Center Company Limited (「CPF IT」) 簽訂了軟件許可協議 (「軟件許可協議」)，據此CPF IT(i)不可撤銷地授予SAP用戶組可容納950名用戶使用SAP系統不可轉讓永久許可使用權，及(ii)同意在二零一八年十月一日至二零二一年九月三十日期間向SAP用戶組提供維修保養服務 (包括定期更新SAP系統)。

上海蓮花將向CPF IT支付一次性特許使用權費美金1,327,020.76元 (相等於人民幣9,175,000元) 及由二零一八年十月一日至二零二一年九月三十日的維修保養費總共美金1,073,751.21元 (相等於人民幣7,369,000元)。

於交易公告日當日，CPG 分別持有本公司已發行股本約64.93%權益及Charoen Pokphand Foods Public Company Limited (「CPF」) 已發行股本約49.11%。而CPF IT作為CPF全資擁有的附屬公司是本公司的關連人士。軟件許可協議項下的交易因此根據上市規則構成本公司之關連交易及須符合有關申報及公告之規定，但豁免遵守通函 (包括獨立財務意見) 及股東批准的規定。上述之關連交易詳情載於二零一八年十月二十九日之公告內。

持續關連交易

採購協議

於二零一六年十一月四日，本公司與High Orient Enterprises Limited (「HOEL」) 訂立二零一七年採購協議以向HOEL或任何HOEL相關企業 (按該協議之定義) 採購若干商品，年期自二零一七年一月一日起至二零一九年十二月三十一日止。

租賃協議與分租協議

於二零零八年五月二十六日，昆山泰蓮超市有限公司 (「昆山泰蓮」) 與昆山莘閔房地產有限公司 (「昆山莘閔」) 就位於中國昆山市周市鎮長江北路西側 (面積約29,466平方米) 之物業訂立租賃協議 (「昆山租賃協議」)，年期自二零零八年五月二十六日起至二零二四年十一月二十四日止。於二零一四年十二月十五日，上海帝泰發展有限公司 (「上海帝泰」) 收購昆山莘閔100%股本權益。

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CONTINUING CONNECTED TRANSACTIONS (Continued)

Leases and Sub-leases (Continued)

On 31 October 2008, Hefei Ailian Supermarket Co., Ltd. (“Hefei Ailian”) and Tongshan Development & Management (Hefei) Co., Ltd. (桐山實業開發管理(合肥)有限公司) (“Tongshan Enterprise”) entered into a lease (the “Hefei Lease”) in relation to a property located at Southeast Corner, Junction of He’an Road and Furong Road, Hefei Economic & Technological Development Area, Hefei, the PRC, with an area of approximately 23,100 square meters for the term from 1 November 2008 to 17 March 2025. The Hefei Lease Assignment Agreement taken effect from 1 April 2014 was entered into among Hefei Ailian, Tongshan Enterprise and Anhui Zhengtong Enterprises Co., Ltd. (安徽正桐實業有限公司) (“Anhui Zhengtong”) to assign the Hefei Lease from Tongshan Enterprise to Anhui Zhengtong.

Shantou Lotus Supermarket Chain Store Co., Ltd. (“Shantou Lotus”) and Ping An Trust Co., Ltd. (平安信託有限責任公司) (“Ping An Trust”) entered into a lease (the “Shantou Lease”) in relation to a property located at Feng Ze Zhuang, Changping Road, Longhu District, Shantou, the PRC, with an area of approximately 20,400 square meters for the term from 12 December 2005 to 11 December 2025. The Shantou Lease was subsequently revised and assumed by 汕頭市信平投資諮詢有限公司 (“Xinping Investment”) as lessor on 1 December 2013. On 5 March 2015, Shanghai Kinghill acquired 100% equity interest in Xinping Investment.

On 15 December 2017, SLS and Shanghai Kinghill entered into a lease (the “2018 Super Brand Mall Lease”) in relation to a portion of the Super Brand Mall situated at No. 168 Lujiuzui Xi Road, Pudong New District, Shanghai, the PRC, with a total floor area of approximately 13,500 square meters for the monthly rental of RMB1,500,000, equivalent to an annual rental of RMB18,000,000 for the term from 1 January 2018 to 31 December 2018.

On 15 December 2017, SLS and Chia Tai Commercial Real Estate Management Co., Ltd. (正大商業房地產管理有限公司) (“CTCREM”) entered into a sub-lease (the “2018 SLS Sub-Lease”), for the term from 1 January 2018 to 31 December 2018, for a monthly rent of RMB555,750 for the period from 1 January 2018 to 30 April 2018; and RMB583,312 for the period from 1 May 2018 to 31 December 2018, equivalent to an annual rent of RMB6,889,496 for the financial year ended 31 December 2018, plus (i) a commission of 5% on the excess of subletting rental income received by CTCREM over the rent receivable by SLS under the 2018 SLS Sub-Lease; and (ii) a commission of 15% on the advertising and promotion income received by CTCREM derived from the property located at No. 2128 Yang Gao Zhong Lu, Pudong New District, Shanghai, the PRC, with an area of approximately 6,527 square meters.

持續關連交易(續)

租賃協議與分租協議(續)

於二零零八年十月三十一日，合肥愛蓮超市有限公司(「合肥愛蓮」)及桐山實業開發管理(合肥)有限公司(「桐山實業」)就位於中國合肥市合肥經濟開發區合安路與芙蓉路交口東南角(面積約23,100平方米)之物業訂立租賃協議(「合肥租賃協議」)，年期自二零零八年十一月一日起至二零二五年三月十七日止。合肥愛蓮、桐山實業及安徽正桐實業有限公司(「安徽正桐」)已訂立於二零一四年四月一日生效之合肥租賃主體變更協議以由桐山實業變更合肥租賃協議之主體至安徽正桐。

汕頭易初蓮花連鎖超市有限公司(「汕頭蓮花」)及平安信託有限責任公司就位於中國汕頭市龍湖區長平路豐澤莊(面積約20,400平方米)之物業訂立租賃協議(「汕頭租賃協議」)，年期自二零零五年十二月十二日至二零二五年十二月十一日止。汕頭租賃協議隨後於二零一三年十二月一日被修訂及汕頭市信平投資諮詢有限公司(「信平投資」)承接為出租方。於二零一五年三月五日，上海帝泰收購信平投資100%股本權益。

於二零一七年十二月十五日，上海蓮花與上海帝泰就位於中國上海市浦東新區陸家嘴西路168號正大廣場之部份(總樓房面積約13,500平方米之租賃)訂立租賃協議(「二零一八年正大廣場租賃協議」)，每月租金為人民幣1,500,000元，相等於每年租金人民幣18,000,000元，年期自二零一八年一月一日起至二零一八年十二月三十一日止。

於二零一七年十二月十五日，上海蓮花與正大商業房地產管理有限公司(「正大商房」)訂立分租協議(「二零一八年上海蓮花分租協議」)，於二零一八年一月一日至二零一八年四月三十日期間，每月租金為人民幣555,750元；及二零一八年五月一日起至二零一八年十二月三十一日止期間，每月租金為人民幣583,312元，於截至二零一八年十二月三十一日止財政年度相等於每年租金人民幣6,889,496元，加上(i)正大商房分租收入減去於二零一八年上海蓮花分租協議下上海蓮花應收租金差額後5%之佣金；及(ii)正大商房自有位於中國上海市浦東新區楊高中路2128號之物業(面積約6,527平方米)之廣告及推廣收入15%之佣金。

CONTINUING CONNECTED TRANSACTIONS (Continued)

Transaction Related Details

Kunshan Tailian, Hefei Ailian, Shantou Lotus and SLS are wholly-owned subsidiaries of the Company established in the PRC.

CPG is interested in approximately 64.93% of the issued share capital of the Company, and is therefore the controlling shareholder of the Company.

As each of Anhui Zhengtong, Kunshan Xinmin, Shanghai Kinghill, CTCREM and HOEL is also an indirect subsidiary of CPG, Anhui Zhengtong, Kunshan Xinmin, Shanghai Kinghill, CTCREM and HOEL are connected persons of the Company for the purposes of the Listing Rules.

The transactions contemplated under each of the Kunshan Lease, the Hefei Lease, the Shantou Lease, the 2018 Super Brand Mall Lease and the 2018 SLS Sub-Lease constituted continuing connected transactions exempt from independent shareholders' approval but were subject to reporting and announcement requirements under the Listing Rules.

The transactions contemplated under the 2017 Purchase Agreement constituted non-exempt continuing connected transactions for the Company within the meaning of the Listing Rules and were approved by the independent shareholders of the Company on 16 December 2016.

Details of the abovementioned continuing connected transactions are set out in the announcements dated 25 November 2013, 14 March 2014, 15 December 2014, 6 March 2015, 4 November 2016 and 15 December 2017 and the circular dated 25 November 2016.

持續關連交易(續)

相關交易細節

昆山泰蓮、合肥愛蓮、汕頭蓮花及上海蓮花均為本公司於中國成立之全資附屬公司。

CPG持有本公司已發行股本約64.93%權益，並因此為本公司之控股股東。

由於安徽正桐、昆山莘閔、上海帝泰、正大商房及HOEL乃CPG之間接附屬公司，根據上市規則，安徽正桐、昆山莘閔、上海帝泰、正大商房及HOEL乃本公司之關連人士。

昆山租賃協議、合肥租賃協議、汕頭租賃協議、二零一八年正大廣場租賃協議及二零一八年上海蓮花分租協議項下之交易構成上市規則下獲豁免獨立股東批准規定之持續關連交易及只須符合上市規則有關申報及公告之規定。

二零一七年採購協議項下之交易構成上市規則下本公司不獲豁免持續關連交易，並已於二零一六年十二月十六日獲本公司之獨立股東批准。

上述之持續關連交易詳情載於二零一三年十一月二十五日、二零一四年三月十四日、二零一四年十二月十五日、二零一五年三月六日、二零一六年十一月四日及二零一七年十二月十五日之公告及二零一六年十一月二十五日之通函內。

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CONTINUING CONNECTED TRANSACTIONS (Continued)

Transaction Related Details (Continued)

The actual transactions and approved annual caps for the abovementioned continuing connected transaction agreements during the year from 1 January 2018 to 31 December 2018 are as follows:

		Actual Transactions	Approved Annual Caps
		實際交易	獲批年度
		RMB'000	上限
		人民幣千元	RMB'000
			人民幣千元
<i>Non-exempt continuing connected transaction agreements:</i>	<i>不獲豁免持續關連交易協議:</i>		
2017 Purchase Agreement	二零一七年採購協議	54,510	134,700
<i>Exempt continuing connected transaction agreements:</i>	<i>獲豁免持續關連交易協議:</i>		
Kunshan Lease	昆山租賃協議	7,808	N/A
Shantou Lease	汕頭租賃協議	15,978	N/A
2018 Super Brand Mall Lease	二零一八年正大廣場租賃協議	18,000	18,000
2018 SLS Sub-Lease	二零一八年上海蓮花分租協議	7,401	8,500

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements (HKSAE) 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 auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Company in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The independent non-executive directors of the Company have reviewed the continuing connected transactions and confirmed that the transactions were entered into:

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

持續關連交易 (續)

相關交易細節 (續)

上述持續關連交易協議於二零一八年一月一日至二零一八年十二月三十一日之年度內之實際交易與獲批年度上限如下：

本公司核數師已獲聘根據香港會計師公會頒佈之香港核證工作準則第3000號(經修訂)「審核或審閱歷史財務資料以外之核證工作」及參照實務說明第740號「關於香港上市規則所述持續關連交易之核數師函件」報告本集團之持續關連交易。核數師已根據上市規則第14A.56條發出無保留意見函件，當中載有核數師對有關本公司披露以上持續關連交易之調查結果及結論。本公司已將核數師函件副本送呈聯交所。

本公司之獨立非執行董事已審閱持續關連交易及確認此等交易：

- (a) 在本集團之日常業務中訂立；
- (b) 按一般商務條款或更佳條款進行；及
- (c) 根據有關交易之協議進行，條款公平合理，並且符合本公司股東之整體利益。

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist under the Company's Articles of Association or laws of the Cayman Islands where the Company is incorporated.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters, including the review of the financial statements for the year ended 31 December 2018.

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.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITORS

Messrs. KPMG will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Messrs. KPMG as auditors of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

Soopakij Chearavanont
Director

Hong Kong, 27 February 2019

優先購買權

根據本公司之組織章程細則及開曼群島(本公司之成立地點)之法例,概無優先購買權。

審核委員會

審核委員會之成員包括本公司之三位獨立非執行董事。審核委員會與管理層已檢討本集團採納之會計準則及規例,並討論內部監控及財務報告事項,包括審閱截至二零一八年十二月三十一日止年度之財務報表。

購買、出售或贖回本公司之上市證券

於年內,本公司及其任何附屬公司概無購買、出售或贖回本公司之任何上市證券。

足夠公眾持股量

於本報告日,根據本公司所得之公眾資料及本公司董事知悉,本公司已按上市規則規定維持所述之公眾持股量。

核數師

畢馬威會計師事務所將退任,並願意膺選連任。重選畢馬威會計師事務所為本公司核數師之決議案將於應屆股東週年大會上提呈。

承董事會命

謝吉人
董事

香港,二零一九年二月二十七日

Independent Auditor's Report

獨立核數師報告書

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Independent auditor's report to the shareholders of C.P. Lotus Corporation

(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of C.P. Lotus Corporation ("the Company") and its subsidiaries ("the Group") set out on pages 70 to 161, which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 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.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

致卜蜂蓮花有限公司 股東之獨立核數師報告書

(於開曼群島註冊成立之有限責任公司)

意見

本核數師(以下簡稱「我們」)已審核列載於第70至第161頁卜蜂蓮花有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表,此財務報表包括於二零一八年十二月三十一日之綜合財務狀況報表與截至該日止年度之綜合損益表、綜合損益及其他全面收益報表、綜合權益變動報表與綜合現金流量報表,及主要會計政策概要。

我們認為,該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)真實而中肯地反映了貴集團於二零一八年十二月三十一日之綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量,並已遵照香港公司條例之披露要求妥為編製。

意見的基礎

我們已根據香港會計師公會頒佈的香港審計準則(「香港審計準則」)進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部份中作進一步闡述。根據香港會計師公會頒佈的專業會計師道德守則(以下簡稱「守則」)以及與我們對開曼群島綜合財務報表的審計相關的道德要求,我們獨立於貴集團,並已履行這些道德要求以及守則中的其他專業道德責任。我們相信,我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷,認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

Independent Auditor's Report

獨立核數師報告書

Key audit matters (Continued)

關鍵審計事項(續)

Assessment of the Group's ability to continue as a going concern 評估 貴集團持續經營能力	
Refer to note 1(b) to the consolidated financial statements. 請參閱綜合財務報表附註1(b)。	
The Key Audit Matter 關鍵審計事項	How the matter was addressed in our audit 我們的審計如何處理該事項
<p>The Group had net current liabilities of RMB1,723.2 million as at 31 December 2018. 於二零一八年十二月三十一日，貴集團的流動負債淨額為人民幣1,723,200,000元。</p> <p>The Group finances its operations and expansion plans through a combination of operating cash flows generated from sales of merchandise and leasing store premises and loans from banks and its controlling shareholder. 貴集團以商品銷售、租賃店舖物業共同產生的營運資金與銀行及控股股東貸款作為營運和擴張計劃之資本。</p> <p>Based on the Group's 2019 business plan and cash flow forecast and unused shareholder loan facilities on hand, the directors believe the Group will generate sufficient cash flows to meet its liabilities as and when they fall due in the next twelve months. 根據 貴集團二零一九年之業務計劃及現金流量預報及現有未用控股股東貸款信貸額，貴集團董事相信 貴集團將會產生充足現金流以應付其於未來十二個月內到期之債務。</p> <p>In view of the above, the directors consider that the Group will generate sufficient financial resources for its working capital and capital expenditure requirements and that it will be able to meet its financial obligations as when they fall due. Accordingly, the consolidated financial statements have been prepared on a going concern basis. 鑑於上文所述，貴集團董事認為本集團將擁有充足財務資源以應付其營運資金及資本開支要求，並能應付其到期之財務責任。據此，本綜合財務報表以持續經營基準而編製。</p>	<p>Our audit procedures to assess 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 include the following: 我們在評價可能導致對 貴集團持續經營能力產生重大疑慮的事項或情況是否存在重大不確定性時執行了以下審計程序：</p> <ul style="list-style-type: none"> walking through the business planning process and assessing the design, implementation and operating effectiveness of management's key internal controls over the assessment of going concern, including the preparation of cash flow forecasts; 對業務規劃流程實施穿行檢查，並評價持續經營(包括編製現金流量預報)時的關鍵內部控制在設計、實施和操作上的有效性； comparing the future expected cash flows in the cash flow forecast with the Group's business plan approved by the board of directors; 將現金流量預測中的未來預期現金流量與 貴集團董事會批准的業務計劃作對比； comparing the key assumptions adopted by management in preparing the cash flow forecast, including revenue and lease income, turnover days for inventories and trade payables, store opening plans and relevant capital expenditure, with historical data and assessing whether any material variations were consistent with our expectations based on our understanding of the Group's business; 將管理層在編製現金流量預報時採用的關鍵假設(包括收入和租金收入、庫存和應付賬款周轉天數、開店計劃和相關資本支出)，與歷史數據作比較，並根據我們對 貴集團業務的了解，評估有關重大差異是否符合我們的預期；

Independent Auditor's Report

獨立核數師報告書

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Key audit matters (Continued)

關鍵審計事項(續)

Assessment of the Group's ability to continue as a going concern (Continued) 評估 貴集團持續經營能力(續)	
The Key Audit Matter 關鍵審計事項	How the matter was addressed in our audit 我們的審計如何處理該事項
<p>We identified the assessment of the Group's ability to continue as a going concern as a key audit matter because the assessment is dependent upon certain management assumptions and judgements, in particular in relation to the future cash flows to be generated from operations and the ability of the Group to renew or obtain financing facilities as and when necessary.</p> <p>我們將評估 貴集團持續經營能力識別為關鍵審計事項，因為評估取決於某些管理層的假設和判斷，尤其是有關營運活動產生之未來現金流量以及 貴集團於需要時續期或取得融資信貸之能力。</p>	<ul style="list-style-type: none">• assessing the sensitivities of the cash flow forecast by considering plausible changes to the key assumptions adopted by management and considering the resulting impact on the going concern assumption;• 經考慮管理層採納的關鍵假設的合理變動，評估現金流預報的敏感度，並考慮對持續經營假設產生的影響；• obtaining written confirmations from banks and related parties in respect of the existence and terms of existing debt facilities available during the twelve-month period ending 31 December 2019; and• 就截至二零一九年十二月三十一日止十二個月期間內現有可用之債務融資及條款，向銀行和相關人士取得書面確認；及• considering the disclosures in the consolidated financial statements in respect of the directors' assessment of the Group's ability to continue as a going concern with reference to the requirements of the prevailing accounting standards.• 參照現行會計準則的要求，考慮董事於綜合財務報表中有關 貴集團以持續經營基準為營運能力之評估的披露。

Independent Auditor's Report

獨立核數師報告書

Key audit matters (Continued)

關鍵審計事項(續)

Assessing potential impairment of goodwill 商譽潛在減值的評估	
Refer to note 11 and the accounting policies set out in notes 1(g) and 1(l)(iii) to the consolidated financial statements. 請參閱綜合財務報表附註11及附註1(g)與1(l)(iii)所載的會計政策。	
The Key Audit Matter 關鍵審計事項	How the matter was addressed in our audit 我們的審計如何處理該事項
<p>As at 31 December 2018, the Group's goodwill, which amounted to RMB2,268.8 million, was allocated to three groups of cash-generating units ("CGUs"), representing the East, South, and North China Regions. 於二零一八年十二月三十一日，貴集團之商譽為人民幣2,268,800,000元，分配至華東、華南及華北地區之三個現金產生單位（「現金產生單位」）組。</p> <p>An annual impairment assessment of goodwill is performed by management. The recoverable amounts of the assets allocated to each group of CGUs are determined by management based on value in use calculations. The expected performance of the Group's business operation in the East China Region did not meet the original forecast. This is attributable to the challenging market conditions and the termination of a store lease in Shanghai caused by the breach of the lease agreement by the landlord. The Group recognised impairment of goodwill allocated to the East China Region of RMB385.4 million for the year ended 31 December 2018.</p> <p>管理層對商譽進行年度減值評估。管理層根據分配予每組現金產生單位之資產的使用價值而釐定其可收回數額。由於市場環境具挑戰性及貴集團因業主違反租賃協議而終止與其中一間位於上海店舖的租約，導致貴集團華東地區商業運作的預期表現不符合原始預測。截至二零一八年十二月三十一日止年度，貴集團確認分配至華東地區的商譽減值為人民幣385,400,000元。</p>	<p>Our audit procedures to assess potential impairment of goodwill included the following: 我們於評估商譽潛在減值時所執行以下審計程序包括：</p> <ul style="list-style-type: none"> evaluating management's identification of CGUs and the amounts of goodwill and assets allocated to each group of CGUs; 評估管理層對現金產生單位的識別以及分配至每個現金產生單位組的商譽和資產金額； using our internal valuation specialists to assist us in evaluating the methodology used by management in the preparation of the discounted cash flow forecasts with reference to the requirements of the prevailing accounting standards; 我們在內部估值專家的協助下參照現行會計準則之規定，評估管理層在編製貼現現金流量預報時使用的方法； comparing the significant inputs used in the discounted cash flow forecasts, including future revenue, future gross profit margins and future store operating and administrative expenses with the relevant data in the financial budgets approved by the board of directors, industry reports and agreements signed subsequent to the reporting date; 將貼現現金流量預報中使用的關鍵輸入值（包括未來收入、未來毛利率和未來營運及管理費用）與董事會批准的財務預算、行業報告和報告日期後簽訂的協議作對比； comparing the significant inputs used in discounted cash flow forecasts prepared in the prior year with the current year's performance to assess how accurate the prior year's discounted cash flow forecasts were and making enquiries of management as to the reasons for any significant variations identified; 將往年編製貼現現金流量預報所使用的關鍵輸入值與本年度業績作對比，以評估往年貼現現金流量預報的準確程度，並向管理層詢問顯著差異的原因；

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獨立核數師報告書

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Key audit matters (Continued)

關鍵審計事項(續)

Assessing potential impairment of goodwill (Continued) 商譽潛在減值的評估(續)	
The Key Audit Matter 關鍵審計事項	How the matter was addressed in our audit 我們的審計如何處理該事項
<p>The value in use was estimated by the discounted cash flow forecasts prepared by management. The preparation of discounted cash flow forecasts involves the exercise of significant management judgement, in particular in forecasting future revenue, future gross profit margins and future store operating and administrative expenses and in determining the long-term growth rates and discount rates applied.</p> <p>使用價值是通過管理層編製的貼現現金流量預報來估算的。貼現現金流量預報的編製涉及管理層重大的判斷，特別是在預測未來收入、未來毛利率和未來店舖營運和管理費用，以及確定長期增長率和貼現率。</p> <p>We identified assessing potential impairment of goodwill as a key audit matter because the impairment assessment prepared by management is complex and involves a significant degree of judgement in determining the assumptions, particularly the long term growth rates and the discount rates applied, and could be subject to management bias.</p> <p>我們將評估 貴集團持續經營能力識別為關鍵審計事項，因為評估 貴集團持續經營能力取決於某些管理層的假設和判斷，尤其是長期增長率和貼現率的確定，且可能受管理層的偏向左右。</p>	<ul style="list-style-type: none"> assessing the long-term growth rate and discount rate used in the discounted cash flow forecasts by benchmarking against other similar retailers; 透過對比其他同類零售商的標準，評估貼現現金流量預報中使用的長期增長率和貼現率； obtaining a sensitivity analyses of the key assumptions adopted in the discounted cash flow forecasts prepared by management and considering the resulting impact on the impairment charges for the year and whether there were any indicators of management bias; and 取得管理層在編製貼現現金流量預報時對所採用的關鍵假設準備的敏感性分析，並考慮由此對本年度減值數額所產生的影響以及是否存在管理層偏向的跡象；及 considering the disclosures in the consolidated financial statements in respect of the impairment assessment of goodwill, including the key assumptions and sensitivities to changes in such assumptions, with reference to the requirements of the prevailing accounting standards. 參照現行會計準則之規定，考慮綜合財務報表中有關商譽減值評估的披露，包括關鍵假設及對該等假設變動的敏感性分析。

Independent Auditor's Report

獨立核數師報告書

Key audit matters (Continued)

關鍵審計事項(續)

Potential impairment of property, plant and equipment and intangible assets of certain of the Group's stores 若干店舖的物業、房產和設備以及無形資產的潛在減值的評估	
Refer to notes 9 and 10 and the accounting policies set out in notes 1(i), 1(j) and 1(l)(iii) to the consolidated financial statements. 請參閱綜合財務報表附註9及10以及附註1(i)、1(j)與1(l)(iii)所載的會計政策。	
The Key Audit Matter 關鍵審計事項	How the matter was addressed in our audit 我們的審計如何處理該事項
<p>Certain stores of the Group have sustained losses from operations or have experienced decreasing store turnover or decreasing gross cash flows from operations. 貴集團若干店舖持續經營虧損，或業務營業額減少或總現金流減少。</p> <p>Management considers that these factors are the indicators of potential impairment whereby there is a risk that the carrying value of property, plant and equipment and intangible assets (which represent favourable lease interests) of certain of the Group's stores may not be recoverable in full through the future cash flows to be generated from trading operations of these stores or from disposal of these assets. 管理層認為此乃潛在減值的跡象，據此，該等店舖之物業、房產及設備及無形資產(為有利租賃權益)的賬面價值，存有可能無法通過該等店舖運營或資產出售所產生的未來現金流量得以全數收回的風險。</p> <p>Management reviews the performance of individual stores at the end of each reporting period to identify stores for which indicators of impairment exist. 於每個報告期末，管理層檢討各家店舖的業績，以識別有減值跡象之店舖。</p> <p>For those stores where indicators of impairment were identified, the recoverable amount of property, plant and equipment and intangible assets attributable to these stores is determined by management based on value in use calculations on a store-by-store basis. In determining the value in use of these assets, discounted cash flow forecasts were prepared by management for each store for which indicators of impairment were identified. 就已識別有減值跡象之店舖，管理層會根據每家相關店舖的使用價值計算物業、房產及設備以及無形資產的可收回數額。管理層為每家已識別有減值跡象之店舖編製貼現現金流量預報，以釐定其使用價值。</p>	<p>Our audit procedures to assess potential impairment of property, plant and equipment and intangible assets of certain of the Group's stores included the following: 我們於評估 貴集團若干店舖的物業、房產和設備以及無形資產的潛在減值時所執行的審計程序包括：</p> <ul style="list-style-type: none"> challenging the Group's impairment assessment model by assessing the impairment indicators identified by management and considering whether the discounted cash flow forecasts on a store-by-store basis supported the carrying value of the relevant assets; 透過評估管理層識別的減值跡象及考慮每家相關店舖作出的貼現現金流量預測是否支持相關資產的賬面價值，對 貴集團的減值評估模式提出質疑。 using our internal valuation specialists to assist us in evaluating the methodology used by management in the preparation of the discounted cash flow forecasts with reference to the requirements of the prevailing accounting standards; 我們在內部估值專家的協助參照現行會計準則之規定，評估管理層在編製貼現現金流量預報時所使用的方法； comparing the most significant inputs used in the discounted cash flow forecasts, including future growth rates in revenue, future gross margins and future store operating and administrative expenses, with the historical performance of these stores, store budgets approved by store management, industry reports and agreements signed subsequent to the reporting date; 將貼現現金流量預報中使用的關鍵輸入值(包括未來收入增長率、未來毛利率和未來店舖營運和管理費用)與該等店舖的過往表現、管理層批准的財務預算、行業報告和報告期後簽訂的協議作對比；

Independent Auditor's Report

獨立核數師報告書

Key audit matters (Continued)

關鍵審計事項(續)

Potential impairment of property, plant and equipment and intangible assets of certain of the Group's stores (Continued) 若干店舖的物業、房產和設備以及無形資產的潛在減值的評估(續)	
The Key Audit Matter 關鍵審計事項	How the matter was addressed in our audit 我們的審計如何處理該事項
<p>The preparation of discounted cash flow forecasts involves the exercise of significant management judgement, particularly in estimating future growth rates in revenue, future gross margins and future store operating and administrative expenses and in determining the discount rates applied.</p> <p>貼現現金流量預報的編製涉及管理層重大的判斷，尤其是在估計未來收入增長率、未來毛利率、未來店舖營運與管理費用，以及確定適用的貼現率。</p> <p>We identified the potential impairment of property, plant and equipment and intangible assets of certain of the Group's stores as a key audit matter because determining the indicators of impairment and the level of impairment, if any, involves a significant degree of management judgement, particularly in forecasting future cash flows and estimating the recoverable amounts of these assets, both of which are inherently uncertain and could be subject to management bias.</p> <p>我們將集團若干店舖的物業、房產和設備以及無形資產的潛在減值識別為關鍵審計事項，因為在確定減值跡象和減值水平(如有)時，涉及到管理層高度的判斷能力，尤其是預測未來現金流量和估計該等資產的可收回數額，兩者俱為內在不確定性的，且可能受管理層的偏向左右。</p>	<ul style="list-style-type: none"> comparing the most significant inputs used in the discounted cash flow forecasts prepared in the prior year with the current year's performance of these stores to assess the accuracy of the prior year's discounted cash flow forecasts and enquiring of management for any significant variations identified; 比較往年編製的貼現現金流量預測中使用的關鍵輸入值與該等店舖當年的業績，以評估往年貼現現金流預測的準確性，並向管理層詢問任何重大差異的原因； assessing the discount rates used in the discounted cash flow forecasts, by benchmarking against other similar retailers; 透過對比其他同類零售商的標準，評估貼現現金流量預報中使用的貼現率； obtaining a sensitivity analysis of the key assumptions adopted in the discounted cash flow forecasts prepared by management and considering the resulting impact on the impairment charge for the year and whether there were any indicators of management bias; and 取得管理層對於編製的貼現現金流量預報採用的關鍵假設進行敏感性分析，並考慮由此對年度內減值數額的影響以及是否存在管理層偏見的跡象；及 considering the disclosures in the consolidated financial statements in respect of the impairment assessment of property, plant and equipment and intangible assets of certain of the Group's stores, including the key assumptions and sensitivities to changes in such assumptions, with reference to the requirements of the prevailing accounting standards. 參照現行會計準則之規定，考慮綜合財務報表中就有關 貴集團若干店舖的物業、房產和設備以及無形資產的潛在減值評估的披露，包括關鍵假設及對此等假設變動的敏感性分析。

Independent Auditor's Report

獨立核數師報告書

Key audit matters (Continued)

關鍵審計事項(續)

Supplier arrangements 供應商安排	
<i>Refer to the accounting policy set out in note 1(m) to the consolidated financial statements.</i> 請參閱綜合財務報表附註1(m)所載的會計政策。	
The Key Audit Matter 關鍵審計事項	How the matter was addressed in our audit 我們的審計如何處理該事項
<p>The Group has agreements with suppliers with several types of different arrangements. 貴集團與供應商就各種安排訂立協議。</p> <p>The arrangements vary in nature and size and include trade or volume discounts and rebates that are earned when the goods are purchased, and reimbursement of costs incurred by the Group to sell the goods, such as costs incurred for marketing campaigns, warehousing and deliveries. 該等安排於性質與規模上各有不同，類型包括因商品採購之批量而獲得的交易折扣和返利，和退還 貴集團銷售商品所產生的費用，例如營銷活動、倉儲和發送所產生的費用。</p> <p>Volume based discounts and rebates are recognised as a deduction from the cost of purchase of merchandise when the performance obligations associated with them are met. These performance conditions generally require the Group to meet certain volume thresholds. Trade discounts and rebates that are earned after the related goods are sold are recognised as a deduction from the cost of sales. 按量釐定的折扣和返利在符合相關績效條件達成情況下被確認為商品採購成本的扣減額。此等績效條件通常要求貴集團達到特定的數量閾值。銷售相關商品後賺取的折扣和返利被確認為銷售成本的扣減額。</p>	<p>Our audit procedures to assess the recognition of supplier rebates and fees included the following: 我們於評估供應商返利和收費確認時所執行的審計程序包括：</p> <ul style="list-style-type: none"> understanding and evaluating the design, implementation and operating effectiveness of management's key internal controls in place within the process relating to supplier arrangements; 了解和評估管理層於確認供應商安排有關的過程中所採用的關鍵內部控制在設計、實施和操作上的有效性； assessing the accounting treatment in respect of the supplier arrangements by inspecting the terms and obligations set out in each type of standard agreement used with suppliers with reference to the requirements of the prevailing accounting standards; 審查與供應商使用的各類型標準協議中載列的條款和責任，以評估就供應商安排的會計處理是否參照現行會計準則之規定； evaluating, on a sample basis, the inputs to the information technology applications which calculate volume based discounts and rebates by comparing the inputs with underlying documentation, including sales and purchase volume data and discount and rebate rates in the respective agreements, and performing recalculations of the volume based discounts and rebates to which the Group is entitled based on the above inputs; 透過抽樣審閱按量釐定折扣和返利的資訊科技應用程式之輸入值，並將該等資料與相關文件(包括銷售和採購數據以及各份協議中載列的折扣和返利率)作對比，並用上述輸入值重新計算 貴集團有權獲得按量釐定的折扣和返利；

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獨立核數師報告書

Key audit matters (Continued)

關鍵審計事項(續)

Supplier arrangements (Continued) 供應商安排(續)	
The Key Audit Matter 關鍵審計事項	How the matter was addressed in our audit 我們的審計如何處理該事項
<p>Reimbursements from suppliers of selling costs incurred by the Group are offset against the representative costs incurred when the costs relate to a marketing campaign initiated by the supplier or carried out in collaboration with the supplier. Any surplus from the reimbursement over the expenses incurred is recognised as a reduction of the cost of sales. 當費用與供應商發起市場推廣或與供應商開展合作相關時，退還 貴集團供應商的銷售費用應與相關費用抵消。退還金額超過實際費用之盈餘被確認為銷售成本的扣減額。</p> <p>Fees earned for services that are separate from the purchase of goods are recognised as other income when the services are delivered. 通過提供服務而非採購商品所收取的費用，於提供服務時被確認為其他收入。</p> <p>We identified the treatment of supplier arrangements as a key audit matter because of the complexity and volume of the arrangements and because for some arrangements judgement is required in determining the period over which the reduction in cost of sales should be recognised, requiring both a detailed understanding of the contractual arrangements themselves as well as complete and accurate source data to apply the arrangements to. 我們將供應商安排的處理方法確定為關鍵審計事項，因為安排的複雜性及數量規模，在確定應確認銷售成本減少的期間時，需要作出判斷，此等判斷要求對合同安排本身的詳細了解以及完整和準確的源數據以應用於安排中。</p>	<ul style="list-style-type: none"> testing, on a sample basis, the recognition of trade discounts and rebates which are not directly relating to the volume of purchase, reimbursement of costs to sell the goods and service fees earned by inspecting underlying documentation, including supplier confirmations of the billings in respect of the fulfilment of the respective obligations; 透過抽樣審閱相關文件(包括供應商確認履行各自責任的賬單)以測試與採購量不直接相關的折扣和返利、銷售商品退還和所收取服務費用是否已確認； comparing, on a sample basis, the amount of discount and rebates and reimbursements earned from suppliers for the year with that confirmed by the respective supplier through the "invoice-tracking system", which is an on-line platform accessible by both the suppliers and the Group and tax information systems, where available; and 透過抽樣比較 貴集團於本年度收取供應商之返利和費用金額，與相關供應商通過「發票追蹤系統」(供應商及 貴集團均可登錄的線上平台)和稅務信息系統(如有)所確認之金額；和 testing on a sample basis any material fees for services that are separate from the purchase of goods that are recognised in other income by inspecting underlying documentation and comparing the amount of the consideration to the fair value of the services provided. 透過抽樣審閱相關文件及將對價金額與所提供服務的公允值進行比較，以測試任何重大非因採購商品所收取之服務費是否已確認為其他收入。

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獨立核數師報告書

Key audit matters (Continued)

關鍵審計事項(續)

Valuation of inventories 存貨估值	
Refer to note 13 and the accounting policy set out in note 1(m) to the consolidated financial statements. 請參閱綜合財務報表附註13及附註1(m)所載的會計政策。	
The Key Audit Matter 關鍵審計事項	How the matter was addressed in our audit 我們的審計如何處理該事項
<p>Inventories are carried at the lower of cost and net realisable value. 存貨乃按成本及可變現淨額兩者中之較低者列賬。</p> <p>Management reviews the status of inventories on hand on a regular basis to identify slow moving items and may determine either to provide markdowns or to return certain items to suppliers at cost after deduction of unearned supplier income. 管理層定期檢查現有存貨的狀況，以識別滯銷貨品，並決定是否需要撥備，或在扣除未賺取的供應商收入後按供應商原始成本向其退回部份貨品。</p> <p>The provision for inventories is calculated based on an inventory ageing analysis, actual sales and purchase data and management experience and judgement regarding estimated markdowns as well as the current inventory profile. 存貨之撥備，乃根據存貨庫齡分析、實際銷售與採購數據和管理層對估計降價以及當前存貨狀況的經驗和判斷而計算的。</p> <p>No provision is provided for inventories where the respective purchase agreements indicate that they are returnable to suppliers at their original cost. 對於根據特定採購協議所載條款按原始成本退回供應商的存貨，不予計提撥備。</p>	<p>Our audit procedures to assess the valuation of inventories included the following: 我們於評估存貨估值時所執行的審計程序包括：</p> <ul style="list-style-type: none"> understanding and evaluating the design, implementation and operating effectiveness of management's key internal controls over inventory management, including the purchase of inventories and review of inventory status; 了解和評估管理層於存貨管理(包括購買存貨和審閱存貨狀態)所採用的關鍵內部控制在設計、實施和操作上的有效性； assessing whether the provision for inventories at the year end date was consistent with the Group's inventory provision policy by recalculating the provision for inventories based on the percentages and other parameters in the Group's inventory provision policy and considering the Group's inventory provision policy with reference to the requirements of the prevailing accounting standards; 透過 貴集團存貨撥備政策下的各項百分比和其他參數重新計算存貨撥備，以評估 貴集團於年末之存貨撥備是否與存貨撥備政策一致；及考慮 貴集團的存貨撥備政策是否符合現行會計準則的要求； assessing, on a sample basis, whether items in the inventory shrinkage report were classified within the appropriate shrinkage bracket by checking the inputs such as sales records for the selected sample; 透過抽樣審核於存貨縮減報告中所列項目是否被劃分在適當的縮減區間內，並將該等貨品項目與相應的採購記錄作對比；

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獨立核數師報告書

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Key audit matters (Continued)

關鍵審計事項(續)

Valuation of inventories (Continued) 存貨估值(續)	
The Key Audit Matter 關鍵審計事項	How the matter was addressed in our audit 我們的審計如何處理該事項
<p>We identified the valuation of inventories as a key audit matter because determining an appropriate provision for inventories involves significant management judgement in determining the markdowns necessary to sell slow moving inventories which cannot be returned to suppliers.</p> <p>我們識別存貨估值為關鍵審計事項，因於釐定適當的存貨撥備時，管理層需就銷售不能退回供應商的滯銷貨品之降價金額，作出重大判斷。</p>	<ul style="list-style-type: none">performing a retrospective review on the Group's inventory provision policy by comparing the actual sales or return of inventories during the year with management's estimations at the end of the prior year; and透過將實際庫存的銷售或回報，與管理層去年末預測數據作對比，作出追溯檢討以評估 貴集團的存貨撥備政策；和attending cycle counts at the Group's stores and distribution centres throughout the year, on a sample basis, performing sample counts and evaluating the results of the cycle counts performed by management throughout the year to assess management's estimation of the shrinkage rate.按樣本基準透過參與 貴集團店舖和配送中心全年執行的週期循環盤點工作，和評估管理層全年執行的週期循環盤點結果，藉以評估管理層對損耗率的估計。

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獨立核數師報告書

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

綜合財務報表及其核數師報告以外之信息

董事需對其他信息負責。其他信息包括刊載於年報內的全部信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們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。

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

董事就綜合財務報表須承擔之責任

董事須負責根據香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露要求擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致之重大錯誤陳述所需的內部監控負責。

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之事項，以及使用持續經營為會計基礎，除非董事有意將 貴集團清盤或停止經營，或別無其他實際的替代方案。

審計委員會協助董事履行監督 貴集團的財務報表過程的責任。

Independent Auditor's Report

獨立核數師報告書

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

核數師就審計綜合財務報表承擔之責任

我們的目標，是對綜合財務報表整體是否不存在由於舞弊或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向整體股東報告。除此以外，我們的報告不可用作其他用途。我們概不就本報告的內容，對任何其他人士負責或承擔法律責任。

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。錯誤陳述可以由舞弊或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴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計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於舞弊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計憑證，作為我們意見的基礎。由於舞弊可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部監控之上，因此未能發現因舞弊而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部監控，以設計適當的審計程序，但目的並非對貴集團內部監控的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

Independent Auditor's Report

獨立核數師報告書

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

核數師就審計綜合財務報表承擔之責任(續)

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

除其他事項外，我們與審計委員會溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部監控的任何重大缺陷。

Independent Auditor's Report

獨立核數師報告書

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Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wai Ka Lun.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

27 February 2019

核數師就審計綜合財務報表承擔之責任(續)

我們還向審計委員會提交聲明，說明我們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我們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。

從與審計委員會溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們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，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們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計項目合夥人是韋家倫。

畢馬威會計師事務所
執業會計師
香港中環
遮打道十號
太子大廈八樓

二零一九年二月二十七日

Consolidated Statement of Profit or Loss

綜合損益表

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For the year ended 31 December 2018 (Expressed in Renminbi Yuan)
截至二零一八年十二月三十一日止年度(以人民幣元為單位)

		Note 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Revenue	收入	2	10,122,022	9,655,191
Cost of sales	銷售成本	13	(8,339,802)	(7,918,689)
Gross profit	毛利		1,782,220	1,736,502
Other revenue	其他收益	3	672,440	605,349
Other net loss	其他虧損淨額	3	(448,118)	(41,531)
Distribution and store operating costs	商店配送及營運成本		(1,850,939)	(1,707,119)
Administrative expenses	行政費用		(260,874)	(266,395)
(Loss)/profit from operations	經營(虧損)/溢利		(105,271)	326,806
Finance costs	融資成本	4(a)	(117,228)	(101,554)
(Loss)/profit before taxation	除稅前(虧損)/溢利	4	(222,499)	225,252
Income tax	所得稅	5	(65,860)	(46,212)
(Loss)/profit for the year attributable to the equity shareholders of the Company	本公司股東應佔年度內(虧損)/溢利		(288,359)	179,040
(Loss)/earnings per share	每股(虧損)/溢利	8		
Basic (RMB cents)	基本(人民幣分)		(1.29)	0.80
Diluted (RMB cents)	攤薄(人民幣分)		(1.29)	0.80

The notes on pages 77 to 161 form part of these financial statements. 第77至161頁之附註乃本財務報表之部份。

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益報表

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For the year ended 31 December 2018 (Expressed in Renminbi Yuan)
截至二零一八年十二月三十一日止年度(以人民幣元為單位)

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
(Loss)/profit for the year attributable to the equity shareholders of the Company	本公司股東應佔年度內(虧損)/溢利	(288,359)	179,040
Other comprehensive income for the year (after tax and reclassification adjustments)	年度內其他全面收益(除稅及重分類調整後)		
Item that may be reclassified subsequently to profit or loss:	其後可重分類至損益之項目：		
Exchange differences on translation of financial statements of entities outside the People's Republic of China ("PRC")	換算中華人民共和國(「中國」)以外公司財務報表之匯兌差額	5,958	(12,398)
Total comprehensive income for the year attributable to the equity shareholders of the Company	本公司股東應佔年度內全面收益總額	(282,401)	166,642

The notes on pages 77 to 161 form part of these financial statements. 第77至161頁之附註乃本財務報表之部份。

Consolidated Statement of Financial Position

綜合財務狀況報表

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As at 31 December 2018 (Expressed in Renminbi Yuan)
於二零一八年十二月三十一日 (以人民幣元為單位)

		Note	31 December 2018 二零一八年 十二月 三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年 十二月 三十一日 RMB'000 人民幣千元 (Note) (附註)
Non-current assets	非流動資產			
Property, plant and equipment	物業、房產及設備	9	1,738,851	1,690,445
Interests in leasehold land held for own use under operating leases	營運租賃之自用土地租賃權益	9	116,476	122,771
			1,855,327	1,813,216
Intangible assets	無形資產	10	111,934	137,455
Goodwill	商譽	11	2,268,814	2,654,252
Trade and other receivables	營運及其他應收款項	14	6,804	10,303
Deferred tax assets	遞延稅項資產	24(b)	19,757	34,972
			4,262,636	4,650,198
Current assets	流動資產			
Inventories	存貨	13	1,315,011	1,144,710
Trade and other receivables	營運及其他應收款項	14	1,009,760	853,183
Pledged bank deposits	已抵押銀行存款	15	61,922	59,865
Cash and cash equivalents	現金及現金等額	16	461,406	166,115
			2,848,099	2,223,873
Current liabilities	流動負債			
Trade and other payables	營運及其他應付款項	17	3,856,125	3,786,001
Contract liabilities	合約負債	18	357,819	-
Bank loans	銀行貸款	19	311,595	229,946
Loans from controlling shareholder	應付控股股東貸款	20	-	913,009
Other loans	其他貸款	21	-	43,402
Obligations under finance leases	融資租賃責任	22	14,243	12,909
Current taxation	即期稅項	24(a)	24,241	27,237
Provisions	撥備	23	7,295	7,978
			4,571,318	5,020,482
Net current liabilities	流動負債淨額		(1,723,219)	(2,796,609)
Total assets less current liabilities	總資產減流動負債		2,539,417	1,853,589

The notes on pages 77 to 161 form part of these financial statements. 第77至161頁之附註乃本財務報表之部份。

Consolidated Statement of Financial Position

綜合財務狀況報表

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As at 31 December 2018 (Expressed in Renminbi Yuan)
於二零一八年十二月三十一日 (以人民幣元為單位)

		Note 附註	31 December 2018 二零一八年 十二月 三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年 十二月 三十一日 RMB'000 人民幣千元 (Note) (附註)
Non-current liabilities	非流動負債			
Loans from controlling shareholder	應付控股股東貸款	20	944,965	–
Other loans	其他貸款	21	45,494	–
Obligations under finance leases	融資租賃責任	22	115,287	129,530
Deferred tax liabilities	遞延稅項負債	24(b)	26,502	34,489
			1,132,248	164,019
NET ASSETS	資產淨額		1,407,169	1,689,570
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	25(c)	405,726	405,726
Reserves	儲備		1,001,443	1,283,844
TOTAL EQUITY	權益總額		1,407,169	1,689,570

Approved and authorised for issue by the board of directors on 27 February 2019.

於二零一九年二月二十七日獲董事會批准及授權刊發。

Note: The Group has initially applied HKFRS 9 and HKFRS 15 at 1 January 2018. Under the transition method chosen, comparative information is not restated. Further details are disclosed in note 1(e) of this report.

附註：於二零一八年一月一日，本集團首次採納香港財務報告準則第9號及第15號。就採用過渡期方法，比較資料將不予重列。進一步詳情於本報告附註1(e)披露。

Soopakij Chearavanont

謝吉人
Director
董事

Umroong Sanphasitvong

Director
董事

The notes on pages 77 to 161 form part of these financial statements.

第77至161頁之附註乃本財務報表之部份。

Consolidated Statement of Changes in Equity

綜合權益變動報表

For the year ended 31 December 2018 (Expressed in Renminbi Yuan)
截至二零一八年十二月三十一日止年度(以人民幣元為單位)

Attributable to equity shareholders of the Company
本公司股東應佔

		Share capital 股本 (note 25(c)) (附註25(c)) RMB'000 人民幣千元	Share premium 股份溢價 (note 25(d)) (附註25(d)) RMB'000 人民幣千元	Revaluation reserve 重估儲備 (note 25(d)) (附註25(d)) RMB'000 人民幣千元	Exchange reserve 匯兌儲備 (note 25(d)) (附註25(d)) RMB'000 人民幣千元	Accumulated losses 累計虧損 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日	405,726	1,933,161	(9,166)	253,003	(1,059,796)	1,522,928
Profit for the year	年度溢利	-	-	-	-	179,040	179,040
Other comprehensive income	其他全面收益	-	-	-	(12,398)	-	(12,398)
Total comprehensive income for the year	年度全面收益總額	-	-	-	(12,398)	179,040	166,642
At 31 December 2017	於二零一七年十二月三十一日	405,726	1,933,161	(9,166)	240,605	(880,756)	1,689,570
At 1 January 2018	於二零一八年一月一日	405,726	1,933,161	(9,166)	240,605	(880,756)	1,689,570
Loss for the year	年度虧損	-	-	-	-	(288,359)	(288,359)
Other comprehensive income	其他全面收益	-	-	-	5,958	-	5,958
Total comprehensive income for the year	年度全面收益總額	-	-	-	5,958	(288,359)	(282,401)
At 31 December 2018	於二零一八年十二月三十一日	405,726	1,933,161	(9,166)	246,563	(1,169,115)	1,407,169

The notes on pages 77 to 161 form part of these financial statements. 第77至161頁之附註乃本財務報表之部份。

Consolidated Cash Flow Statement

綜合現金流量報表

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For the year ended 31 December 2018 (Expressed in Renminbi Yuan)
截至二零一八年十二月三十一日止年度(以人民幣元為單位)

	Note 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Operating activities			
(Loss)/profit before taxation		(222,499)	225,252
Adjustments for:			
Depreciation of property, plant and equipment	4(c)	195,645	187,614
Amortisation of land lease premium	4(c)	6,295	6,293
Amortisation of intangible assets	4(c)	9,419	8,113
Impairment losses		401,540	-
Net loss on disposal of property, plant and equipment	3	6,811	10,902
Finance costs	4(a)	117,228	101,554
Interest income	3	(3,945)	(2,273)
Net foreign exchange loss/(gain)		42,125	(73,049)
(Gain)/loss on the forward foreign exchange contracts	3	(20,940)	103,678
Operating profit before changes in working capital		531,679	568,084
(Increase)/decrease in inventories		(170,301)	95,834
Increase in bank deposits pledged for inventory purchases and guarantees to landlords		(2,057)	(320)
Increase in trade and other receivables		(145,980)	(56,764)
Increase in contract liabilities		16,319	-
Increase/(decrease) in trade and other payables		478,896	(264,573)
Cash generated from operations		708,556	342,261
PRC income tax paid	24(a)	(61,628)	(38,476)
Net cash generated from operating activities		646,928	303,785

The notes on pages 77 to 161 form part of these financial statements. 第77至161頁之附註乃本財務報表之部份。

Consolidated Cash Flow Statement

綜合現金流量報表

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For the year ended 31 December 2018 (Expressed in Renminbi Yuan)
截至二零一八年十二月三十一日止年度(以人民幣元為單位)

	Note	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Investing activities			
Payment for purchases of property, plant and equipment		(281,009)	(225,768)
Interest received		3,945	2,273
Proceeds from disposal of property, plant and equipment		2,271	2,135
Net cash used in investing activities		(274,793)	(221,360)
Financing activities			
Proceeds from bank loans	16(b)	432,102	329,549
Proceeds from loans from controlling shareholder	16(b)	80,185	-
Repayment of bank loans	16(b)	(350,453)	(304,503)
Repayment of shareholder loans	16(b)	(80,110)	-
Capital element of finance leases paid	16(b)	(12,909)	(11,345)
Interest element of finance leases paid	16(b)	(13,496)	(14,690)
Interest on bank loans paid	16(b)	(10,878)	(10,268)
Interest on other loans and loans from controlling shareholder paid	16(b)	(77,226)	(66,084)
Interest on issuance of bank accepted bills		(395)	(495)
Loan arrangement and guarantee fees paid	16(b)	(16,396)	(1,889)
Cash paid on settlement of the forward foreign exchange contracts	16(b)	(28,993)	(22,355)
Net cash used in financing activities		(78,569)	(102,080)
Net increase/(decrease) in cash and cash equivalents		293,566	(19,655)
Effect of foreign exchange rate changes		1,725	(1,150)
Cash and cash equivalents at 1 January		166,115	186,920
Cash and cash equivalents at 31 December	16(a)	461,406	166,115

The notes on pages 77 to 161 form part of these financial statements. 第77至161頁之附註乃本財務報表之部份。

Notes to the Financial Statements

財務報表附註

77

For the year ended 31 December 2018 (Expressed in Renminbi Yuan unless otherwise indicated)
截至二零一八年十二月三十一日止年度(除另有說明外,以人民幣元為單位)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1(e) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the “Group”).

As the Group’s hypermarket stores are all located in the PRC and most of the Group’s transactions are conducted and denominated in Renminbi (“RMB”), which is the functional currency of the Company’s operating subsidiaries in the PRC, the consolidated financial statements are presented in RMB, rounded to the nearest thousand, unless otherwise stated. The functional currency of the Company is Hong Kong Dollars (“HK\$”).

The Group incurred a loss of approximately RMB288.4 million for the year ended 31 December 2018 (2017: net profit of RMB179.0 million). As at 31 December 2018, the Group had net current liabilities of approximately RMB1,723.2 million (2017: RMB2,796.6 million).

In view of this circumstance, the directors of the Company (the “Directors”) have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

1 主要會計政策

(a) 合規聲明

本財務報表已根據香港會計師公會(「香港會計師公會」)所頒佈之所有適用香港財務報告準則(「香港財務報告準則」),此統稱包括所有適用之個別香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋、香港公認會計原則及香港公司條例之披露規定編製。本財務報表亦符合香港聯合交易所有限公司證券上市規則(「上市規則」)之適用披露條文。下文載列本集團採納之主要會計政策概要。

香港會計師公會已頒佈若干首次生效或可供本集團及本公司於即期會計期間提早採納之新訂及經修訂香港財務報告準則。附註1(e)提供有關於首次應用此等發展導致與本集團即期及過往會計期間有關,並反映於本財務報表會計政策之任何變動資料。

(b) 財務報表編製基準

截至二零一八年十二月三十一日止年度之綜合財務報表包括本公司及其附屬公司(統稱「本集團」)。

由於本集團之大型超市全部位於中國及本集團大部份交易均以人民幣(「人民幣」)(本公司營運附屬公司之功能貨幣)進行及結算,本財務報表以人民幣呈列,除另有說明外,計算至最接近千位。本公司之功能貨幣為港元(「港元」)。

截至二零一八年十二月三十一日止年度內,本集團錄得虧損約人民幣288,400,000元(二零一七年:淨利潤約為人民幣179,000,000元)。於二零一八年十二月三十一日,本集團之流動負債淨額約為人民幣1,723,200,000元(二零一七年:人民幣2,796,600,000元)。

鑑於此情況,本公司董事(「董事」)對本集團之未來流動資金與業績及其可能之資金來源以評估本集團是否將有充足財務資源繼續持續經營已作出仔細考慮。

Notes to the Financial Statements

財務報表附註

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For the year ended 31 December 2018 (Expressed in Renminbi Yuan unless otherwise indicated)
截至二零一八年十二月三十一日止年度(除另有說明外,以人民幣元為單位)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

The Directors note that despite the loss from operations of RMB105.3 million for the year ended 31 December 2018, which includes impairment losses over intangible assets and goodwill of approximately RMB401.5 million, the Group generated net cash from operating activities of approximately RMB646.9 million during the year (2017: RMB303.8 million). With the continuing efforts taken to expand store network, optimise merchandise and sales space, enhance relationship with suppliers and improve operation efficiency, the Directors believe this will improve the performance and operating cash flows of the Group in future periods.

As disclosed in note 20, as at 31 December 2018, the Group has loans from its controlling shareholder, C.P. Holding (BVI) Investment Company Limited ("CPH"), amounting to approximately USD139.8 million (equivalent to RMB958.4 million), which are repayable in December 2020. In addition, the Group still has unused loan facilities from the controlling shareholder amounting to USD48.0 million (equivalent to RMB329.4 million), which will expire in December 2020.

Based on the Group's 2019 business plan and cash flow forecast and unused shareholder loan facilities on hand, the Directors believe the Group will generate sufficient cash flows to meet its liabilities as and when they fall due in the next twelve months. In preparing the cash flow forecast, the Directors have also assumed the Group's ultimate holding company will continue to support the Group to the extent necessary.

In view of the above, the Directors consider that the Group will generate sufficient financial resources for its working capital and capital expenditure requirements and that it will be able to meet its financial obligations as when they fall due. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

(c) Basis of measurement

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the derivative financial instruments are stated at their fair value as explained in note 1(h).

1 主要會計政策(續)

(b) 財務報表編製基準(續)

董事注意到儘管截至二零一八年十二月三十一日止年度內,營運虧損為約人民幣105,300,000元,其中包括無形資產及商譽的減值虧損約人民幣401,500,000元,於本年度內,本集團產生經營活動所得現金淨額約為人民幣646,900,000元(二零一七年:約人民幣303,800,000元)。隨著不斷努力擴大店舖網絡,優化商品和銷售空間,加強與供應商的關係及提高運營效率,董事相信此舉將會在未來期間改善本集團表現及經營現金流。

如附註20所披露,本集團於二零一八年十二月三十一日取得由控股股東, C.P. Holding (BVI) Investment Company Limited (「CPH」) 借出於二零二零年十二月到期的貸款,金額約為美金139,800,000元(相等於約人民幣958,400,000元)。此外,本集團仍有來自控股股東的未使用貸款融資,金額為美金48,000,000元(相等於人民幣329,400,000元),將於二零二零年十二月到期。

根據本集團二零一九年之業務計劃及現金流量預報及現有未用控股股東貸款信貸額,董事相信本集團將會產生充足現金流以應付其於未來十二個月內到期之債務。於編製現金流量預報時,董事亦已假設本集團之最終控股公司在所需程度上將繼續支持本集團。

鑑於上文所述,董事認為本集團將擁有充足財務資源以應付其營運資金及資本開支要求,並能應付其到期之財務責任。據此,本綜合財務報表以持續經營基準而編製。

(c) 計量基準

除已於附註1(h)解釋衍生金融工具乃按公允值列賬外,編製本財務報表所採用之計量基準為歷史成本法。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Use of estimation and judgement

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 34.

(e) Change in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 9, *Financial instruments*
- HKFRS 15, *Revenue from contracts with customers*
- HK (IFRIC) 22, *Foreign currency transactions and advance consideration*

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

(i) HKFRS 9, *Financial instruments*

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The adoption of HKFRS 9 does not have any material impact on the consolidated financial position or the consolidated financial results of the Group.

1 主要會計政策(續)

(d) 使用估計及判斷

編製符合香港財務報告準則之財務報表需要管理層作出影響採納政策及資產、負債、收入及開支之報告金額之判斷、估計及假設。該等估計及相關假設以過往經驗及在若干情況下屬合理之不同其他因素作依據,所得結果構成未能從其他來源得出之資產及負債賬面值之判斷基準。實際結果或會有別於該等估計。

本集團會持續檢討該等估計及相關假設。倘會計估計之修訂僅影響當期,將於該段期間確認有關修訂;或倘修訂影響當期及未來期間,將於修訂當期及未來期間確認有關修訂。

有關管理層在應用香港財務報告準則時所作出對財務報表有重大影響之判斷,及不明確估計之主要來源,已於附註34詳述。

(e) 會計政策之變動

香港會計師公會已頒佈多項新訂之香港財務報告準則(「香港財務報告準則」)及香港財務報告準則之修訂本,於本集團即期會計期間首次生效。惟以下發展與本集團之財務報表相關:

- 香港財務報告準則第9號, *金融工具*
- 香港財務報告準則第15號, *客戶合約之收益*
- 香港(國際財務報告詮釋委員會)第22號, *外幣交易及墊付對價*

本集團於即期會計期間並未採納任何尚未生效之新準則或詮釋。

(i) 香港財務報告準則第9號, *金融工具*

香港財務報告準則第9號取代香港會計準則第39號, *金融工具: 確認及計量*。當中規定了識別和計量金融資產, 金融負債和一些買賣非金融項目的合同的要求。

本集團已根據過渡要求追溯應用香港財務報告準則第9號於二零一八年一月一日存在的項目。應用香港財務報告準則第9號對本集團的綜合財務狀況或綜合財務業績並無任何重大影響。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Change in accounting policies (Continued)

(i) HKFRS 9, Financial instruments

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

a. Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

Because the significant financial assets of the Group subject to HKFRS 9 at 1 January 2018 were cash and cash equivalents and trade and other receivables, there is no material impact on the carrying amounts of the assets on adoption of HKFRS 9.

For an explanation of how the Group classifies and measures financial assets and recognises related gains and losses under HKFRS 9, see the respective accounting policy notes in notes 1(h), (l) (i), (o) and (p).

The measurement categories for all financial liabilities remain the same, except for financial guarantee contracts, if any. The carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 January 2018.

1 主要會計政策(續)

(e) 會計政策之變動(續)

(i) 香港財務報告準則第9號, 金融工具

有關以往會計政策變更的性質和影響以及過渡方法的進一步詳情列示如下:

a 金融資產和金融負債的分類

香港財務報告準則第9號將金融資產分為三個主要分類類別:按攤銷成本,按公允值計入其他全面收益(「FVOCI」)及按公允值計入損益(「FVPL」)。這些取代香港會計準則第39號的持有至到期投資,貸款及應收款項,可供出售金融資產及按FVPL計量的金融資產類別。根據香港財務報告準則第9號,金融資產的分類乃基於管理金融資產的業務模式及其合約現金流量特徵。

根據香港財務報告準則第9號,當合約中的嵌入衍生品之主體為本準則範圍內的金融資產時,無須與主體分開確認。相反,應以混合投資工具整體評估進行分類。

由於本集團於二零一八年一月一日須遵守香港財務報告準則第9號的重大金融資產為現金及現金等價物、營運及其他應收款項,因此採納香港財務報告準則第9號對資產的賬面值並無重大影響。

有關本集團如何分類及計量金融資產及根據香港財務報告準則第9號確認相關收益及虧損的解釋,請參閱附註1(h)、(l)(i)、(o)及(p)的會計政策附註。

除財務擔保合同外(如有),所有金融負債的計量類別保持不變。所有金融負債於二零一八年一月一日的賬面值並未受香港財務報告準則第9號的首次應用而有所影響。

本集團於二零一八年一月一日並未指定或取消任何金融資產或金融負債為FVPL。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Change in accounting policies (Continued)

(i) HKFRS 9, Financial instruments (Continued)

b. Credit losses

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

The Group applies the new ECL model to financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables). As the Group’s credit risk is limited by the nature of its retail sales model, this change in accounting policy does not have a significant impact to the financial position or the financial results of the Group.

For further details on the Group’s accounting policy for credit losses, see note 1 (l) (i).

(ii) HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the cumulative effect transition method. Comparative information has not been restated and continues to be reported under HKAS 11 and HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

1 主要會計政策(續)

(e) 會計政策之變動(續)

(i) 香港財務報告準則第9號, 金融工具(續)

b 信貸虧損

香港財務報告準則第9號以預期信貸虧損(「ECL」)模式取代香港會計準則第39號「已產生虧損」模式。ECL模式要求持續計量與金融資產相關的信用風險,因此比香港會計準則第39號「已產生虧損」的會計模式更早地確認ECL。

本集團將新ECL模式應用於按攤銷成本(包括現金及現金等價物、及營運及其他應收款項)計量的金融資產。由於本集團的信貸風險受其零售銷售模式的性質限制,因此該會計政策變動並未對本集團之財務狀況或財務業績產生重大影響。

有關本集團信貸虧損會計政策的進一步詳情,請參閱附註1(l)(i)。

(ii) 香港財務報告準則第15號, 客戶合約之收益

香港財務報告準則第15號建立了一個全面的框架,用於確認客戶合約的收入和若干成本。香港財務報告準則第15號取代香港會計準則第18號,收入(其中包括銷售商品和提供服務所產生的收入)及香港會計準則第11號,建築合同,(其中規定建築合同的會計處理方法)。

香港財務報告準則第15號亦引入額外的定性及定量披露規定,旨在讓財務報表使用者更了解客戶合約的性質、金額、時間、收入及現金流的不確定因素。

本集團已選擇採用累積效應的過渡方法。比較資料尚未重列,並繼續根據香港會計準則第11號及香港會計準則第18號呈報。根據香港財務報告準則第15號許可範圍內,本集團僅就於二零一八年一月一日之前尚未完成的合約應用新規定。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Change in accounting policies (Continued)

(ii) HKFRS 15, Revenue from contracts with customers (Continued)

Further details of the nature and effect of the changes on previous accounting policies are set out below:

(A) Timing of revenue recognition

Previously, revenue arising from provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognised revenue.

1 主要會計政策(續)

(e) 會計政策之變動(續)

(ii) 香港財務報告準則第15號, 客戶合約之收益(續)

有關以往會計政策變動的性質及影響的進一步詳情載列如下:

(A) 收入確認時間

以往,提供服務的收入是隨著時間的推移而確認的,而貨物銷售收入一般在貨品擁有權附帶的風險和利益轉移給客戶的時間點確認。

根據香港財務報告準則第15號,收入於客戶取得從合約中承諾商品或服務的控制權時確認。這可以在某一時間點或隨著時間推移而確認。香港財務報告準則第15號指出以下三種情況,其中承諾的商品或服務的控制權被視為隨時間推移:

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

倘合約條款及實體之活動並不屬於上述三種情況下任何情況,則根據香港財務報告準則第15號,實體於某一時間點(即控制權轉移時)就銷售該商品或服務確認收益。擁有權風險及回報之轉移僅為釐定控制權轉移發生時予以考慮的其中一項指標。

採納香港財務報告準則第15號對本集團何時確認收入並無重大影響。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Change in accounting policies (Continued)

- (ii) HKFRS 15, Revenue from contracts with customers
(Continued)

(B) Presentation of contract assets and contract liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

To reflect these changes in presentation, the Group classified “Advance receipts from customers” amounting to RMB341.5 million as at 1 January 2018, which were mainly related to sales of prepaid cards and previously included in trade and other payables as a separate line item as contract liabilities on the face of the consolidated statement of financial position. The estimated related VAT payable of RMB54.6 million is classified under other creditors and accrued charges.

Except for the disclosures above related to redemptions of prepaid cards, the Group applies the practical expedient in paragraph 121 of HKFRS 15 for other sales contracts and does not disclose information about remaining performance obligations that have original expected duration of one year or less.

1 主要會計政策(續)

(e) 會計政策之變動(續)

- (ii) 香港財務報告準則第15號, 客戶合約之收益(續)

(B) 合約資產及合約負債的呈列

根據香港財務報告準則第15號, 當能無條件取得對價時, 本集團才確認應收款項。如本集團在無條件享有合同中承諾的商品和服務的對價之前確認相關收入, 那麼取得上述對價的權利須歸類為合同資產。同樣, 在本集團確認相關收入之前, 當客戶支付對價或合約要求支付對價且金額已到期時, 須確認為合約負債而非應付款項。對於與客戶的單一合同, 須呈列淨合同資產或淨合同負債。對於多份合同, 無關合同的合同資產和合同負債不能以淨額呈列。

為了反映這些變化, 本集團將「預收客戶之款項」, 於二零一八年一月一日的金額為約人民幣341,500,000元, 其主要與預付卡銷售有關且以前計入營運及其他應付款項, 以獨立項目於綜合財務狀況表上列示為合約負債。其估計的相關應付增值稅約人民幣54,600,000元被分類至其他應付款項及預提費用下。

除上述有關贖回預付卡的披露外, 本集團實用的權宜之計應用了香港財務報告準則第15號中第121段於其他銷售合同, 以及並未披露有關原始預期為一年或更短剩餘履約義務的信息。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Change in accounting policies (Continued)

- (ii) *HKFRS 15, Revenue from contracts with customers (Continued)*

(C) Other impacts

The Group's assessment is that the impact of HKFRS 15 in other areas including customer rights of return, principal vs agent arrangements, customer financing is not significant as the respective volume of transactions are either not material or the new standard has not led to a change in accounting treatment.

- (iii) *HK(IFRIC) 22, Foreign currency transactions and advance consideration*

This interpretation provides guidance on determining “the date of the transaction” for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The interpretation clarifies that “the date of the transaction” is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC) 22 does not have any material impact on the financial position and the financial result of the Group.

1 主要會計政策(續)

(e) 會計政策之變動(續)

- (ii) *香港財務報告準則第15號, 客戶合約之收益(續)*

(C) 其他影響

本集團評估香港財務報告準則第15號對其他領域的影響,包括客戶退貨權利,委託人和代理人的安排,客戶融資因為相對的交易量並不重大,或新準則並沒有導致會計處理產生變化,影響並不重大。

- (iii) *香港(國際財務報告詮釋委員會)第22號, 外幣交易及墊付對價*

該詮釋為確定「交易日期」提供了指引,目的是確定於初始確認實體收取或支付外幣預付對價交易而產生的相關資產,費用或收入(或其中部份)時使用的匯率。

該詮釋澄清,「交易日期」是初始確認因支付或收到預付對價而產生的非貨幣性資產或負債的日期。如果在識別相關項目之前有多筆付款或收據,實體則應以這種方式確定每筆付款或收據的交易日期。採納香港(國際財務報告詮釋委員會)第22號對本集團的財務狀況及財務業績並無任何重大影響。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Subsidiaries and non-controlling interests

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

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

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

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(l)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

1 主要會計政策(續)

(f) 附屬公司及非控股權益

附屬公司乃本集團控制之企業。當本集團通過參與一家企業之經營以承擔可變動回報的風險或取得相應權利,以及有運用權力影響該等回報金額的能力,均視有控制權。於評估本集團是否有權力時,惟由本集團及其他人士持有的實質性權力才被考慮。

於一家附屬公司之投資於擁有控制權日期起綜合至綜合財務報表,直至該控制權終止為止。集團內部之結餘與交易和現金流及因內部交易而產生之任何未實現溢利,均於編製綜合財務報表時全數抵銷。在沒有跡象出現減值之情況下,集團內部交易所產生之未實現虧損,按與未實現溢利相同之方法抵銷。

本集團於附屬公司之權益變動,如不會導致喪失控制權,便會按權益交易列賬,並在綜合權益項目中調整控股及非控股權益之數額,以反映相關權益之變動,惟不會調整商譽及不會確認損益。

當本集團失去於附屬公司之控制權時,按出售有關附屬公司之全部權益列賬,由此產生溢利或虧損在損益中確認。在失去控制權日所保留有關前附屬公司之權益,按公允值確認,此數額在該權益初始確認於金融資產時當作其公允值,或(如適用)在初始確認於聯營公司或合營企業之投資時當作成本。

於本公司之財務狀況報表內,於一家附屬公司之投資按成本扣除減值虧損列示(見附註1(l)),惟有關投資被分類為待出售(或計入分類為待出售之出售組合)除外。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

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

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit ("CGU"), or groups of CGUs, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(l)(iii)).

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

(h) Derivative financial instruments

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

(i) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(l)):

- buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease (see note 1(k)); and
- other items of plant and equipment.

1 主要會計政策(續)

(g) 商譽

收購附屬公司所產生之商譽乃(i)轉讓代價之公允值,被收購方之任何非控股權益額及本集團先前持有被收購方之股本權益公允值之總和,超逾(ii)被收購方於收購日之可辨別資產及負債之公允值淨額。

當(ii)大於(i),此超出額將即時在損益中確認為議價收購之溢利。

商譽按成本扣減累計減值虧損列賬。業務合併產生之商譽會分配至預期於合併中獲益的每個現金產生單位(「現金產生單位」)或現金產生單位組,並每年進行減值測試(見附註1(l)(iii))。

於年內出售之現金產生單位,應佔之已收購商譽之任何相關金額均於出售時計入損益內。

(h) 衍生金融工具

衍生金融工具初始時按公允值確認,並於每個報告期間時重新計量公允值。重新計量公允值所產生之溢利或虧損將即時在損益內確認。

(i) 物業、房產及設備

以下物業、房產及設備之項目按成本扣減累計折舊及減值虧損(見附註1(l))列賬:

- 位於租賃土地之持有作自用之樓宇,於建立租賃時,樓宇之公允值可與租賃土地之公允值分開計算(見附註1(k));及
- 其他房產及設備項目。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Property, plant and equipment (Continued)

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(y)).

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

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

- Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of the lease and their estimated useful lives, being no more than 30 years after the date of completion.
 - Leasehold improvements 13 - 20 years or over the remaining term of the lease, whichever is shorter
 - Furniture, fixtures and equipment 3 - 8 years
 - Motor vehicles 3 - 8 years

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

Stores under fit out represent the cost of leasehold improvements and other fit out costs incurred to date. Stores under fit out are transferred to leasehold improvements and the relevant other asset categories when the stores are substantially ready for their intended use. No depreciation is provided in respect of stores under fit out.

1 主要會計政策(續)

(i) 物業、房產及設備(續)

自建物業、房產及設備的成本包括材料成本、直接人工、初步估計於原址拆除和遷移物品以及恢復現場的費用(如有),及以適當比例攤分的間接生產費用和借貸成本(見附註1(y))。

報廢或出售物業、房產及設備項目所產生之損益以出售所得款項淨額與項目賬面值之差額釐定,並於報廢或出售日確認於損益內。

物業、房產及設備之項目之折舊以直線法在以下其各自估計使用年內沖銷其成本(已扣除估計餘值(如有))計算如下:

- 位於租賃土地之樓宇按未屆滿租賃期及其估計使用年期(即完成日起計不超過30年)之較短者計算折舊。
 - 租賃裝修 13-20年或租賃剩餘年期之較短者
 - 傢俬、裝置及設備 3-8年
 - 汽車 3-8年

如物業、房產及設備項目之組成部份有不同使用年期,有關項目之成本會按照合理基準分配至各個部份,而每個部份會獨立計算折舊。一項資產之使用年期及其餘值(如有)每年均予以檢討。

裝修中之店舖乃截至現時之租賃裝修成本及其他裝修成本。如店舖已預備投入其預計用途,裝修中之店舖將轉移至租賃裝修及相關之其他資產類別。裝修中之店舖概無計算折舊。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Intangible assets (other than goodwill)

Intangible assets represent the favourable aspect of operating leases relative to market terms acquired in business combinations, where the acquiree is the lessee. These intangible assets are recognised and measured at fair value upon acquisition. The fair value is determined based on a comparison of the market and contractual rental rates at the date of acquisition.

Intangible assets associated with favourable aspects of operating leases acquired in a business combination are stated at cost less accumulated amortisation and impairment losses (see note 1(l)). Amortisation is charged to profit or loss on a straight-line basis over the remaining lease term.

(k) Leased assets

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

(i) Classification of assets leased to the Group

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

1 主要會計政策(續)

(j) 無形資產(商譽除外)

無形資產乃當業務合併時,被收購方為承租人,所得之營運租賃較市場條款有利。此等無形資產於收購時被確認並以公允值計量。公允值按收購日之市場及合約租金比較而釐定。

於業務合併中所收購之有利營運租賃之無形資產,以成本扣除累計攤銷及減值虧損(見附註1(l))列示。攤銷以直線法於餘下租賃期於損益中列支。

(k) 租賃資產

倘本集團決定於協定期內通過一項交易或一連串交易以一筆或一連串付款為代價取得一項或多項特定資產之使用權之安排,則該項安排屬於或包含租賃。該項決定乃按安排之實質而評估,而不論該項安排是否採取租賃之法律形式。

(i) 本集團租賃資產之分類

本集團以租賃方式持有之資產,而租賃使與所有權相關之絕大部份風險及回報已轉移至本集團,有關之資產便會分類為以融資租賃持有;如租賃不會使與相關所有權之絕大部份風險和回報轉移至本集團,便會分類為營運租賃。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leased assets (Continued)

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 1(i). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(l). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges

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

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

1 主要會計政策(續)

(k) 租賃資產(續)

(ii) 以融資租賃收購之資產

若本集團以融資租賃收購資產之使用權,以租賃資產之公允值數額或最低租賃付款之現值之較低者,包括於物業、房產及設備,同時,相關負債(扣除融資費用),列作融資租賃責任。折舊乃於相關租賃期間或資產使用期間(若本集團將取得資產所有權),按撇銷資產成本或估值之比率計算(見附註1(i))。減值虧損按附註1(l)所載之會計政策計算。租賃付款所包含之融資費用將於租賃期間於損益中列支,使各會計期間對責任結餘以相若之固定期間比率扣減。或然租金將於產生之會計期間於損益中列支。

(iii) 營運租賃費用

若本集團以營運租賃持有資產之使用權,根據租賃作出之付款在租期所涵蓋之會計期間內,以等額在損益中列支;惟其他基準能更有代表性反映租賃資產所產生之收益模式除外。租賃所收取之獎勵作為累計租賃付款淨額之組成部份在損益中確認。或然租金將於產生之會計期間於損益中列支。

以營運租賃收購土地之成本按直線法在租期內攤銷。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Credit losses and impairment of assets

- (i) Credit losses from financial instruments, contract assets and lease receivables

(A) Policy applicable from 1 January 2018

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

- Financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables);
- Contract assets as defined in HKFRS 15; and
- Lease receivable.

Financial assets measured at fair value, including derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- Fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- Variable-rate financial assets: current effective interest rate;
- Lease receivables: discount rate used in the measurement of the lease receivable.

1 主要會計政策(續)

(I) 信貸虧損及資產減值

- (i) 金融工具、合約資產和應收租賃款項的信貸虧損

(A) 自二零一八年一月一日適用之政策

本集團就下列項目確認預期信貸虧損ECLs的損失準備:

- 按攤銷成本(包括現金及現金等價物、營運及其他應收款項)計量的金融資產;
- 香港財務報告準則第15號定義下的合約資產;和
- 租賃應收款項

以公允價值計量的金融資產(包括衍生金融資產)毋須受ECL的評估。

ECLs計量

ECLs乃以概率加權估計的信貸虧損。信貸虧損以所有預期現金短缺(即根據合約應付予本集團的現金流量及本集團預期收取的現金流量之間的差額)的現值計量。

倘貼現影響屬重大,預期短缺現金將使用以下貼現率貼現:

- 固定利率金融資產、營運及其他應收款項及合約資產: 初始確認釐定時的實際利率或其近似值;
- 浮動利率金融資產: 當前實際利率;
- 租賃應收款項: 租賃應收款項使用的折現率計量。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

(A) Policy applicable from 1 January 2018 (Continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

1 主要會計政策(續)

(I) 信貸虧損及資產減值(續)

(i) 金融工具、合約資產和應收租賃款項的信貸虧損(續)

(A) 自二零一八年一月一日適用之政策(續)

於估計ECLs時考慮的最長期間為本集團承受信貸風險的最長合約期間

在計量ECLs時,本集團考慮合理及有理據而毋須付出不必要的成本或努力獲得的資料。這包括過去事件、當前狀況和未來經濟狀況預測等資料。

ECLs基於下列其中一個基準計量:

- 12個月預期ECLs: 預期於報告日期後12個月內可能發生的違約事件而導致的虧損;及
- 整個存續期的ECLs: 預期於採用ECLs模式的項目在預期年限內所有可能發生的違約事件而導致的虧損。

營運應收款項、租賃應收款項及合約資產的虧損撥備一般乃按等同於整個存續期的ECLs的金額計量。這些金融資產的ECLs是利用基於本集團過往信貸虧損經驗的撥備矩陣進行估算,並按於報告日期債務人的個別因素及對當前及預測整體經濟狀況的評估進行調整。

對於所有其他金融工具,集團確認相當於12個月ECLs虧損的虧損撥備,除非自初始確認以來金融工具的信用風險顯著增加,在這種情況下,虧損撥備計量等於整個存續期的ECLs的金額。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

(A) Policy applicable from 1 January 2018 (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. 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 since initial recognition:

- Failure to make payments of principal or interest on their contractually due dates;
- An actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- An actual or expected significant deterioration in the operating results of the debtor; and
- Existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

1 主要會計政策(續)

(I) 信貸虧損及資產減值(續)

(i) 金融工具、合約資產和應收租賃款項的信貸虧損(續)

(A) 自二零一八年一月一日適用之政策(續)

信貸風險大幅上升

在評估金融工具的信貸風險自初始確認以來有否大幅上升時,本集團會比較於報告日期及於初始確認日期評估的金融工具發生違約的風險。作出該重新評估時,本集團認為,倘(i)借款人不大可能在本集團無追索權採取變現抵押(如持有)等行動的情況下向本集團悉數支付其信貸承擔;或(ii)金融資產已逾期90日,則發生違約事件。本集團會考慮合理可靠的定量及定性資料,包括過往經驗及在無需付出過多成本或努力下即可獲得的前瞻性資料。

具體而言,評估信貸風險自初始確認以來有否大幅上升時會考慮以下資料:

- 未能按合約到期日期支付本金或利息;
- 金融工具外部或內部信貸測評的實際或預期顯著惡化(如有);
- 債務人經營業績的實際或預期顯著惡化;及
- 科技、市場、經濟或法律環境的目前或預期變動對債務人履行其對集團責任的能力有重大不利影響。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Credit losses and impairment of assets (Continued)

- (i) *Credit losses from financial instruments, contract assets and lease receivables (Continued)*

- (A) Policy applicable from 1 January 2018
(Continued)

Significant increases in credit risk (Continued)

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with note 1(w)(v) 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 the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

1 主要會計政策(續)

(I) 信貸虧損及資產減值(續)

- (i) *金融工具、合約資產和應收租賃款項的信貸虧損(續)*

- (A) 自二零一八年一月一日適用之政策(續)

信貸風險大幅上升(續)

取決於金融工具的性質,信貸風險大幅上升的評估乃按個別基準或共同基準進行。倘評估為按共同基準進行,金融工具則按共同的信貸風險特徵(如逾期狀況及信貸風險評級)進行分組。

ECLs於各報告日期進行重新計量以反映金融工具自初始確認以來的信貸風險變動。ECL的任何變動均於損益中確認為減值收益或虧損。本集團就所有金融工具確認減值收益或虧損,並通過虧損撥備賬對彼等之賬面值作出相應調整,惟於按公平值計入其他全面收益計量(可劃轉)之債務證券之投資除外。有關投資之虧損撥備於其他全面收益內確認並於公平值儲備中累計(可劃轉)。

計算利息收益的基準

按附註1(w)(v)確認的利息收入乃根據金融資產之總賬面值計算,除非該金融資產出現信貸減值,在此情況下,利息收入乃根據金融資產之攤銷成本(即總賬面值減虧損撥備)計算。

於各報告日期,本集團評估金融資產是否出現信貸減值。當發生一項或多項對金融資產估計未來現金流量有不利影響的事件時,金融資產出現信貸減值。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

(A) Policy applicable from 1 January 2018 (Continued)

Basis of calculation of interest income (Continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

1 主要會計政策(續)

(I) 信貸虧損及資產減值(續)

(i) 金融工具、合約資產和應收租賃款項的信貸虧損(續)

(A) 自二零一八年一月一日適用之政策(續)

計算利息收益的基準(續)

金融資產出現信貸減值的證據包括以下可觀察事件:

- 債務人有重大財務困難;
- 違約,例如拖欠或未能償還利息或本金;
- 借款人可能破產或進行其他財務重組;
- 技術、市場、經濟或法律環境出現重大變動而對債務人造成不利影響;或
- 由於發行人出現財務困難,證券活躍市場消失。

撇銷政策

若日後實際上不可收回款項,則會撇銷(部分或全部)金融資產、租賃應收款項或合約資產的總賬面值。該情況通常出現在本集團確定債務人沒有資產或可產生足夠現金流量的收入來源來償還應撇銷的金額。

隨後收回先前撇銷之資產於收回期間在損益內確認為減值撥回。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Credit losses and impairment of assets (Continued)

- (i) *Credit losses from financial instruments, contract assets and lease receivables (Continued)*

(B) Policy applicable prior to 1 January 2018

Prior to 1 January 2018, an “incurred loss” model was used to measure impairment losses on financial assets not classified as at FVPL (e.g. trade and other receivables, available-for-sale investments and held-to-maturity debt securities). Under the “incurred loss” model, an impairment loss was recognised only when there was objective evidence of impairment.

Objective evidence of impairment included:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

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

1 主要會計政策(續)

(I) 信貸虧損及資產減值(續)

- (i) *金融工具、合約資產和應收租賃款項的信貸虧損(續)*

(B) 於二零一八年一月一日前之政策

於二零一八年一月一日前,「已產生虧損」模式用於計量除分類為按公允價值計入損益之外的金融資產(例如營運及其他應收款項、可供出售投資及持有至到期日之債務證券)的減值虧損。根據「已產生虧損」模式,減值虧損僅於有客觀證據證明時方予確認。

減值的客觀證據包括:

- 債務人陷入重大財政困難;
- 違約,如拖欠或未能到期支付利息或本金;
- 借款人有可能破產或進行其他財務重組;及
- 技術、市場、經濟或法律環境出現重大變動而對債務人造成不利影響。

就按攤銷成本列賬的營運及其他應收款項及其他金融資產而言,如有相關證據存在,減值虧損乃按資產賬面值與估計未來現金流量現值的差額計量(如該資產已於前期按實際利率貼現計算確認)倘貼現影響屬重大,則按金融資產原來實際利率貼現。倘該等金融資產具備類似風險特徵(例如類似逾期情況)及並未單獨被評估為減值,則該等資產會進行集體評估。集體評估為減值的金融資產的未來現金流量會根據與集體組別具有類似信貸風險特徵資產的過往虧損情況釐定。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Credit losses and impairment of assets (Continued)

- (i) *Credit losses from financial instruments, contract assets and lease receivables (Continued)*

- (B) Policy applicable prior to 1 January 2018
(Continued)

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

When the recovery of a trade debtor or other financial assets carried at amortised cost was considered doubtful but not remote, associated impairment losses were recorded using an allowance account. When the Group was satisfied that recovery was remote, the amount considered irrecoverable was written off against the gross carrying amount of those assets directly. Subsequent recoveries of amounts previously charged to the allowance account were reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly were recognised in profit or loss.

- (ii) *Credit loss from financial guarantees issued*

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

1 主要會計政策(續)

(I) 信貸虧損及資產減值(續)

- (i) 金融工具、合約資產和應收租賃款項的信貸虧損(續)

- (B) 於二零一八年一月一日前
之政策(續)

倘減值虧損金額於其後期間減少,且該減少可客觀地與減值虧損確認後發生的事件聯繫,則減值虧損會透過損益撥回。減值虧損的撥回以未導致資產的賬面值超過該資產於過往年度如並無確認任何減值虧損而釐定的賬面值為限確認。

倘就以攤銷成本列賬的應收賬款或其他金融資產的可收回性被認為難以預料而並非微乎其微,則有關的減值虧損以撥備賬入賬。倘集團確認可收回性微乎其微,則視為不可收回的金額直接於該等資產的賬面總值中撇銷。先前在撥備賬中計提的金額如其後被收回,其從撥備賬中撥回。撥備賬的其他變動及其後收回先前直接撇銷的金額均於損益中確認。

- (ii) 已發出財務擔保之信貸虧損

財務擔保指當特定債務人到期不能按照債務工具條款償付債務時,要求發出人(即擔保人)向蒙受損失的擔保受益人(「持有人」)賠付特定金額的合約。

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財務報表附註

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Credit losses and impairment of assets (Continued)

(ii) Credit loss from financial guarantees issued (Continued)

Financial guarantee issued are initially recognised with “trade and other payables” at fair value, which is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

(A) Policy applicable from 1 January 2018

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in “trade and other payables” in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 1(I)(i) apply.

1 主要會計政策(續)

(I) 信貸虧損及資產減值(續)

(ii) 已發出財務擔保之信貸虧損 (續)

已發出的財務擔保初步於「營運及其他應付款項」中按公平值確認,而該等公平值乃經比較貸方於有擔保下收取的實際利率與於如並無擔保下貸方應收取的估計利率(倘關資料可作出可靠估計)後,參考類似服務的公平交易中所收取的費用(於可獲得該等資料時)或利率差異而釐定。倘於發出該擔保時收取或可收取代價,該代價則根據本集團適用於該類資產的政策而予確認。倘有關代價尚未收取或應予收取,即時開支於損益中確認。

於初始確認後,初始確認為遞延收入的金額於擔保期內於損益中攤銷為已發出財務擔保的收入。

(A) 自二零一八年一月一日適用之政策

本集團監察特定債務人違約的風險,並當財務擔保的ECLs確定為高於擔保的「營運及其他應付款項」中的金額(即初始確認金額減累計攤銷)時確認撥備。

為釐定ECLs,本集團會考慮指定債務人自發出擔保以來的違約風險變動,並會計量12個月的ECL,惟在指定債務人自發出擔保以來的違約風險大幅增加的情況下除外,在此情況下,則會計量整個存續期的ECL。附註1(I)(i)所述的相同違約定義及信貸風險大幅增加的相同評估標準適用於此。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Credit losses and impairment of assets (Continued)

(ii) Credit loss from financial guarantees issued (Continued)

(A) Policy applicable from 1 January 2018 (Continued)

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(B) Policy applicable prior to 1 January 2018

Prior to 1 January 2018, a provision would be recognised if and when it became probable that (i) the holder of the guarantee would call upon the Group under the guarantee and (ii) the amount of the claim on the Group was expected to exceed the amount carried in "trade and other payables" in respect of the guarantee.

(iii) Impairment of other non-current assets

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

- property, plant and equipment;
- interests in leasehold land held for own use under operating leases;
- intangible assets;
- goodwill;
- prepaid lease payments for premises; and
- investments in subsidiaries in the Company's statement of financial position

1 主要會計政策(續)

(I) 信貸虧損及資產減值(續)

(ii) 已發出財務擔保之信貸虧損 (續)

(A) 自二零一八年一月一日適 用之政策(續)

由於本集團僅須於根據獲擔保工具的條款指定債務人違約時作出付款,故ECL虧損乃按預期就補償持有人產生的信貸虧損而作出的付款,減本集團預期從擔保持有人(指定債務人或任何其他人士)收取的任何款項估計。有關金額其後將使用現時的無風險利率貼現,並就現金流量的特定風險作出調整。

(B) 於二零一八年一月一日前 之政策

於二零一八年一月一日之前,倘(i)擔保持有人可能根據擔保要求本集團還款及(ii)預期本集團的索賠金額將超過擔保的「營運及其他應付款項」所載金額,則撥備將予以確認。

(iii) 其他非流動資產之減值

本集團於每個報告期末審閱內部及外來之信息來源,以確定以下資產是否出現減值迹象(惟商譽除外),或是以往確認之減值虧損已不再存在或可能已經減少:

- 物業、房產及設備;
- 營運租賃之自用土地租賃權益;
- 無形資產;
- 商譽;
- 預付物業租賃費;及
- 於本公司財務狀況報表附屬公司之投資

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Credit losses and impairment of assets (Continued)

(iii) Impairment of other non-current assets (Continued)

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

- Calculation of recoverable amount

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

- Recognition of impairment losses

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

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

1 主要會計政策(續)

(I) 信貸虧損及資產減值(續)

(iii) 其他非流動資產之減值(續)

如出現任何此類迹象,便需估計資產之可收回數額。此外,就商譽而言,不論是否有任何減值迹象存在,亦於每年估計其可收回數額。

- 計算可收回數額

一項資產之可收回數額乃其公允價值減處置成本與使用價值之較高者。在評估使用價值時,預計未來現金流會按照能反映當時市場對貨幣時間值及資產特定風險之評估之稅前貼現率貼現至其現值。如資產未能產生主要獨立於其他資產所產生之現金流入,以獨立產生現金流入之最小資產組別(即現金產生單位)釐定可收回數額。

- 確認減值虧損

當一項資產或所屬現金產生單位之賬面值高於其可收回數額,便會於損益中確認減值虧損。就現金產生單位確認之減值虧損會首先分配予減少已分配至該現金產生單位(或該組單位)之任何商譽之賬面值,然後按比例減少該單位(或該組單位)內其他資產之賬面值;惟一項資產之賬面值不得減少至低於其個別公允值扣減出售成本後所得數額或其使用價值(如能釐定)。

- 撥回減值虧損

就商譽以外之資產而言,如用以釐定可收回數額之估計出現正面之變化,有關之減值虧損便會撥回;惟商譽之減值虧損不可回撥。

所回撥之減值虧損以假設在以往年度沒有確認任何減值虧損而釐定之資產賬面值為限。回撥之減值虧損在確認回撥之年度內計入損益。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Credit losses and impairment of assets (Continued)

(iv) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(l)(i) and (iii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(m) Inventories

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

Cost is calculated using the moving weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, after deducting discounts and payments from suppliers, except where such payments represent a reimbursement of identifiable expenditures incurred by the Group which provide identifiable benefits to the suppliers separate from the Group's purchase of the supplier's goods. Supplier payments include cash or its equivalent in form (e.g, free goods, credits applied to future purchase).

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

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

1 主要會計政策(續)

(l) 信貸虧損及資產減值(續)

(iv) 中期財務報告及減值

根據上市規則,本集團須根據香港會計準則第34號,《中期財務報告》就財政年度首六個月編製中期財務報告。於中期完結時,本集團採用於財務年度完結時採用之同一減值測試、確認及回撥條件(見附註1(l)(i)及1(iii))。

於中期內就商譽所確認之減值虧損不可在往後期間回撥。假設在中期相關之財政年度完結時才評估減值,此時即使沒確認虧損或確認較少虧損,亦不會回撥減值虧損。

(m) 存貨

存貨以成本及可變現淨額兩者中之較低者入賬。

成本以移動加權平均成本法計算,並包括所有採購成本、變換成本及將存貨達致其現時地點及狀況所產生之其他成本,扣除供應商之折扣和付款後,除該等付款為償付本集團為供應商提供與本集團購買供應商之貨物獨立之可識別收益而產生之認可支出外。供應商付款包括現金或其等價物(例如:免費商品、用於未來採購之抵免)。

可變現淨額以日常業務過程中之估計售價扣減估計完成成本及銷售所需之估計成本後所得數額。

出售存貨後,該等存貨之賬面值於相關收入獲確認之期間確認為支出。存貨數額之任何撇減至可變現淨額與存貨之所有虧損均於出現撇減或虧損之期間內確認為支出。可變現淨額增加產生之任何存貨撇減值回撥,將於回撥出現之期間確認為支出之存貨額減少。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 1(w)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in note 1(l)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 1(o)). A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 1(w)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 1(o)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(w)).

Policy prior to 1 January 2018

In the comparative period, amounts received from customers before the related revenue was recognised were presented as “advance receipts from customers” under “trade and other payables”. These balances have been reclassified on 1 January 2018 as shown in note 18 (see note 1(e)(ii)).

(o) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 1(n)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 1(l)(i)).

1 主要會計政策(續)

(n) 合約資產及合約負債

合約資產於本集團根據合約所載付款條款有無條件享有對價後確認收益(見附註1(w))時確認。合約資產乃根據附註1(l)(i)說明的政策對預期信貸虧損(ECL)作評估,並且尚可無條件取得相關對價時,重新分類為應收款項(見附註1(o))。合約負債乃於客戶在本集團確認相關收益前支付代價時確認(見附註1(w))。倘本集團於本集團確認相關收益前有無條件接納代價的權利,則合約負債亦將予以確認。於此情況下,相應的應收款項亦將予以確認(見附註1(o))。

對於與客戶的單一合約,以淨合約資產或淨合約負債呈報。而對於多份合約,無關的合約資產和合約負債不以淨額列報。

當合約包含重大融資成分時,合約餘額包括按實際利率法計算的利息(見附註1(w))。

於二零一八年一月一日前之政策

於比較期間,確認相關收入前從客戶收取的金額於「營運及其他應付款項」項下呈列為「預收客戶之款項」。該等結餘已於2018年1月1日重新分類,如附註18所示(見附註1(e)(ii))。

(o) 營運及其他應收款項

應收款項是於當本集團擁有無條件地取得對價的權利時確認。若在支付該對價到期之前只需要經過一段時間,則取得對價的權利是無條件的。倘若在集團無條件取得對價的權利之前確認收入,則該金額作為合約資產列報(見附註1(n))。

應收款項採用實際利率法減信貸虧損準備,按攤餘成本列賬(見附註1(l)(i))。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 1(l)(i).

(q) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 1(l)(ii), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(r) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 1(y)).

(s) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends on preference share capital classified as equity are recognised as distributions within equity.

1 主要會計政策(續)

(p) 現金及現金等額

現金及現金等額包括銀行存款及現金、存放於銀行和其他財務機構之活期存款,及短期與高流動性之投資,該等投資可隨時換算為已知數額之現金(價值變動風險不大),並在購入後三個月內到期。就編製綜合現金流量報表而言,現金及現金等額亦包括須按要求償還、並構成本集團現金管理一部份之銀行透支。現金及現金等額的預計信貸虧損「ECL」是根據附註1(l)(i)政策評估。

(q) 營運及其他應付款項

營運及其他應付款項按公允價值初始確認。除根據附註1(l)(ii)計算之財務擔保負債外,營運及其他應付款項其後按攤餘成本入賬,惟若貼現影響並不重大,則按成本入賬。

(r) 附息借貸

附息借貸按公允價值扣減應佔交易成本初始計算。初始確認後,附息借貸以實際利率法攤餘成本列賬。利息費用根據本集團借貸成本的會計政策確認(見附註1(y))。

(s) 優先股本

優先股本如不能贖回,或惟根據本公司意願贖回,及任何股息均隨意,將被分類為權益。分類為權益之優先股本之股息確認為權益內可分派部份。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Employee benefits

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

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

- (ii) *Share-based payments*

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

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

1 主要會計政策(續)

(t) 僱員福利

- (i) *短期僱員福利及定額供款退休計劃之供款*

薪金、年度花紅、有薪年假、定額供款退休計劃之供款及非貨幣福利成本於僱員提供相關服務之年度內列為開支。如延遲付款或結算會造成重大之影響,此等數額會以現值列賬。

- (ii) *以股份為基礎支付*

授予僱員之購股權以公允值確認為僱員成本,同時相應增加於權益中之購股權儲備。公允值於授出日使用二項模式計量,並考慮授出購股權時之條款及條件。當僱員於無條件獲授購股權前,應先符合歸屬條件。根據考慮購股權歸屬之可能性,估計之購股權公允值總額按歸屬期分攤。

於歸屬期內,將檢討預期歸屬之購股權數目。任何對過往年度確認的累計公允值所作之任何最終調整將於檢討年度在損益中列支/抵扣,相應之調整於購股權儲備反映,惟初始僱員開支符合資格於一項資產中確認除外。在歸屬日,確認為支出之數額將作出調整,以反映歸屬的實際購股權數目(於購股權儲備作出相應之調整),惟因本公司之股份市價致使歸屬情況未能達到而引致作廢除外。權益金額確認為購股權儲備,直至購股權獲行使(在此情況下將轉至股份溢價帳)或購股權到期屆滿(在此情況下將直接回撥保留溢利/累計虧損內)。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Employee benefits (Continued)

(iii) Termination benefits

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

(u) Income tax

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

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

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

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

1 主要會計政策(續)

(t) 僱員福利(續)

(iii) 合約終止補償

合約終止補償會於當本集團不能再撤回該等補償提議時,或於其確認重組成本涉及支付合約終止補償時,之較早者時候受確認。

(u) 所得稅

本年度所得稅包括即期所得稅及遞延稅項資產及負債之變動。即期所得稅及遞延稅項資產及負債之變動均在損益內確認,惟其他全面收益或直接或間接於權益確認之項目除外,此等相關稅項數額分別於其他全面收益或直接或間接於權益中確認。

即期所得稅乃年度應課稅收入,根據在報告期末已執行或實質上已執行之稅率計算之預期應付稅項,及過往年度應付稅項之任何調整。

遞延稅項資產及負債分別由可抵扣及應課稅暫時差額產生。暫時差額指資產及負債就財務報表而言之賬面值與此等資產及負債之稅基之差額。遞延稅項資產亦可由未動用之可抵扣稅務虧損及未動用之稅務抵免產生。

除了若干有限之例外情況,所有遞延稅項負債和遞延稅項資產(只以未來可能有應課稅溢利予以抵銷之資產為限)均予以確認。支持確認由可抵扣暫時差額所產生之遞延稅項資產之未來應課稅溢利(包括因回撥目前之應課稅暫時差額而產生之數額;但此等回撥之差額必須與同一稅務機關及同一應課稅實體有關,並預期在可抵扣暫時差額預計回撥之同一期間或遞延稅項資產所產生可抵扣稅務虧損可向後期或向前期之期間內回撥)。在決定目前存在之應課稅暫時差額是否足以支持確認由未動用稅務虧損與稅務抵免所產生之遞延稅項資產時,亦會採用同一準則,即差額是否與同一稅務機關及同一應課稅實體有關,及是否預期在能夠使用未動用稅務虧損與稅務抵免回撥之同一期間內回撥。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Income tax (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

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

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

1 主要會計政策(續)

(u) 所得稅(續)

確認為遞延稅項資產及負債之有限例外情況乃產生自不可抵扣稅項之商譽之暫時差額,資產或負債之初始確認不影響會計或應課稅溢利(不可為業務合併之一部份);以及投資附屬公司之暫時差額(如屬應課稅差額,只限於本集團可控制回撥之時間,而且在可預見之將來不大可能回撥之暫時差額;或如屬可抵扣差額,則只限於可能在將來回撥之差額)。

遞延稅項乃按照資產及負債賬面值之預期實現或清償方式,根據在報告日已執行或實質上已執行之稅率確認。遞延稅項資產及負債均不予貼現。

遞延稅項資產之賬面值於每個報告日評估。預期不再可能獲得足夠之應課稅溢利以抵扣相關之稅務利益時,該遞延稅項資產之賬面值便會調低;但如日後有可能獲得足夠之應課稅溢利,有關減額便會回撥。

股息分派產生之額外所得稅於確認支付相關股息負債時確認。

即期與遞延稅項結餘及其變更將各自列示且不予抵銷。即期及遞延稅項資產只會在本公司或本集團有合法可強制執行權利,並且符合以下附帶條件之情況下,方可分別以即期稅項資產抵扣即期稅項負債、以遞延稅項資產抵扣遞延稅項負債:

- 即期稅項資產及負債:本公司或本集團計劃按淨額基準結算,或同時變現該資產及償還該負債;或

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Income tax (Continued)

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(v) Provisions and contingent liabilities

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

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

(w) Revenue

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

1 主要會計政策(續)

(u) 所得稅(續)

- 遞延稅項資產及負債:此等資產及負債必須與同一稅務機關就以下其中一項徵收之所得稅有關:
 - 同一應課稅實體;或
 - 不同之應課稅實體:此等實體預期在未來每個有重大遞延稅項負債需償還或重大遞延稅項資產可收回之期間內,按淨額基準實現即期稅項資產及償還即期稅項負債,或同時實現該資產及清償該負債。

(v) 撥備及或然負債

撥備乃本集團因過往事項而產生之法定或推定責任,並將需以經濟利益流出以完成責任及作出可靠估計。若貨幣時間值屬重大,撥備需按預期完成責任之支出現值入賬。

若流出經濟利益之可能性較低,或數額未能作出可靠估計時,該責任將披露為或然負債,惟流出經濟利益之可能性極低者除外。僅由於一項或多項未來事項之發生或不發生而確認是否存在之可能責任亦需披露為或然負債,惟流出經濟利益之可能性極低者除外。

(w) 收入

於本集團日常業務過程中,收入是由銷售貨品、提供服務或其他人使用本集團的租賃資產所產生的收益並分類為收入。

當產品或服務的控制權轉移予客戶,或承租人有權使用該資產時,按照本集團預期有權獲得的承諾對價金額確認收入(不包括本集團代表第三方收取的金額)。收入不包括增值稅或其他稅銷售稅項,並扣除任何貿易折扣。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Revenue (Continued)

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue recognition policies are as follows:

(i) Sale of goods

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

In the comparative period, revenue from sales of goods was recognised when the goods were delivered to the customers' premises, which was taken to be the point in time when the customer had accepted the goods and the related risks and rewards of ownership.

1 主要會計政策(續)

(w) 收入(續)

倘合同中包含的融資成分為客戶提供超過十二個月的重大融資利益,則收入按應收金額的現值計量(以與客戶獨立融資交易中反映的貼現率貼現),而利息收入按實際利率法單獨計提。倘合同包含為集團提供重大融資利益的融資部分,則根據該合同確認的收入包括按實際利率法計算合同負債所產生的利息費用。本集團採用香港財務報告準則第15號第63段的實際權宜法,並不會就融資期限為十二個月或更短的重大融資成分的任何影響調整代價。

本集團收入確認政策的進一步詳情如下:

(i) 銷售貨品

收入於客戶擁有並接受貨品時確認。倘貨品是履行部分涵蓋其他貨品和/或服務的合同,金額則按該合同交易總價的適當比例確認為收入,即於相對獨立銷售價格基礎上在合同承諾的所有貨品和服務之間分配。

於比較期間,貨品銷售收入是在商品交付予客戶時確認,即為客戶接受貨品以及擁有權的相關風險和回報的時點。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Revenue (Continued)

(ii) Rental income from operating leases

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

(iii) Service income

Service income is recognised when the services are rendered.

(iv) Dividend income

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

(v) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 1(l)(i)).

(vi) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

1 主要會計政策(續)

(w) 收入(續)

(ii) 營運租賃之租賃收入

營運租賃之應收租賃收入在租賃期所涵蓋之會計期間內以等額在損益中確認;惟其他基準能更有代表性地反映使用租賃資產所產生之收益模式除外。租賃獎勵均在損益中確認為累計應收租賃款項淨額之主要部份。或然租金在其賺取之會計期間內確認為收入。

(iii) 服務收入

服務收入於提供服務時確認。

(iv) 股息收入

非上市投資之股息收入於股東收取款項之權利確立時確認。

(v) 利息收入

利息收入按實際利率法計算確認。對於以攤銷成本或非信用減值的FVOCI(轉入損益)計量的金融資產,實際利率適用於資產的總賬面金額。就信貸減值金融資產而言,實際利率適用於資產的攤銷成本(即扣除損失準備的總賬面值)(見附註1(l)(i))。

(vi) 政府補助

政府補助於本集團能夠合理確認將會收取及將遵守附帶條件的情況下初始計入財務狀況報表。補償本集團已產生之開支補助將於損益中於費用發生的相同期間系統確認為收入。補償本集團資產成本之補助,在相關資產賬面值中扣除,其後於該資產的可使用年期內以減少折舊開支方式於損益確認。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Revenue (Continued)

(vii) Income from financial guarantees issued

Income from financial guarantees issued is recognised over the term of the guarantees (see 1(l)(ii)).

(x) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Except as noted below, exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of entities outside the PRC are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. The assets and liabilities of entities outside the PRC are translated into RMB at the closing foreign exchange rates at the end of reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

Exchange differences arising from monetary items that in substance form part of the net investment in foreign operations are recognised in other comprehensive income in the consolidated financial statements.

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

1 主要會計政策(續)

(w) 收入確認(續)

(vii) 發出財務擔保收入

已發出的財務擔保收入在擔保期內確認(見附註1(l)(ii))。

(x) 外幣換算

年內之外幣交易按交易日之外幣匯率換算。以期末外幣計值之貨幣資產及負債按報告日之外幣匯率換算。除以下所示,匯兌盈虧在損益中確認。

以歷史成本計量之外幣非貨幣資產及負債按交易日之外幣匯率換算。交易日期是本公司最先確認此等非貨幣資產或負債之日期。以外幣為計值並以公允值列賬之非貨幣資產及負債按釐定公允值當日之外幣匯率換算。

中國以外公司之業績按與交易日之外幣匯率相若之匯率換算為人民幣。中國以外公司之資產及負債則按報告期末之外幣匯率換算為人民幣。產生之匯兌差額確認於其他全面收益,並獨立累計於匯兌儲備之權益中。

實質上構成海外業務投資淨額的貨幣項目產生之匯兌差額,計入綜合財務報表之其他全面收益。

出售海外業務時,如出售之溢利或虧損被確認,與海外業務有關之累計匯兌差額之數額由權益重新分類至損益。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset, which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(z) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

1 主要會計政策(續)

(y) 借貸成本

借貸成本若與收購、建造或生產資產直接相關,並需長時間投入擬定用途或銷售,將予以資本化作為該資產之成本。其他借貸成本於產生期間列支。

於資產的開支產生、借貸成本產生及預備資產投入擬定用途或銷售所必須的準備工作進行時,借貸成本將開始資本化為合資格資產之成本部份。當預備資產投入擬定用途或銷售所必須的準備工作終止或完成時,借貸成本資本化將停止或完結。

(z) 相關人士

- (a) 一名人士,或該人士之一名近親,被視為與本集團相關:
- (i) 該人士對本集團有控制權或共同控制權;
 - (ii) 該人士重大影響本集團;或
 - (iii) 該人士為本集團或本集團母公司之主要管理層成員。
- (b) 一家企業被視為與本集團相關,倘以下任何條件相符:
- (i) 該企業與本集團為同一集團之成員(即指母公司、附屬公司及同系附屬公司與對方相關)。
 - (ii) 一家企業乃另一家企業之聯營公司或合資企業(或集團成員之聯營公司或合資企業,而另一家企業為成員)。
 - (iii) 兩家企業均為同一第三方之合資企業。
 - (iv) 一家企業為一家第三方企業之合資企業,而另一家企業為該第三方業之聯營公司。

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Related parties (Continued)

- (b) An entity is related to the Group if any of the following conditions applies: (Continued)
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(aa) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various operations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

1 主要會計政策(續)

(z) 相關人士(續)

- (b) 一家企業被視為與本集團相關,倘以下任何條件相符:(續)
- (v) 該企業為本集團或一家與本集團相關之企業之僱員受益退休福利計劃。
- (vi) 該企業由上文(a)所述之一名人士控制或共同控制。
- (vii) 上文(a)(i)所述之一名人士對該企業有重大影響或為該企業(或該企業之母公司)之主要管理層成員。
- (viii) 該企業(或任何該企業所屬集團之企業成員)向本集團或本集團母公司提供主要管理層成員服務。

一名人士之近親乃於處理該企業之事務時預期可影響該人士或受該人士影響之家庭成員。

(aa) 分部報告

營運分部及財務報表內報告各分部項目之金額,乃取自向本集團最高資深行政管理層定期提供用作向本集團若干業務分配資源及評估表現之財務資料。

個別重大之營運分部不會為財務報告目的而合計,惟有關分部具有類似經濟特性,並且具有類似之產品及服務性質、客戶類型或類別、分銷產品或提供服務方法,以及監管環境性質除外。個別非重大之營運分部倘符合上述大多數準則可予合計。

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2 REVENUE AND SEGMENT INFORMATION 2 收入及分部資料

The principal activity of the Group is the operation of hypermarket stores in the PRC. Revenue represents the net amounts received and receivable for goods sold by the Group to external customers, less returns, discounts and value added taxes.

The Group's customer base is diversified and there is no customer with whom transactions have exceeded 10% of the Group's revenue.

All revenue from external customers are generated in the PRC and all significant operating assets of the Group are located in the PRC. Accordingly, the Group has a single operating and reportable segment - operation of hypermarket stores in the PRC.

本集團之主要業務乃於中國經營大型超市。收入乃本集團向外來顧客銷售貨品收取或應收之淨額扣除退貨、折扣及增值稅。

本集團之顧客基礎多樣化,概無顧客與本集團之交易佔本集團收入超過10%。

所有外來顧客之收入來自於中國及本集團所有重大營運資產位於中國。因此,本集團僅有一個業務及報告分部—於中國經營大型超市。

3 OTHER REVENUE AND OTHER NET LOSS 3 其他收益及其他虧損淨額

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Other revenue	其他收益		
Leasing of store premises	店舖物業租賃收入	572,100	522,828
Other promotion and service income	其他推廣及服務收入	88,664	68,131
Interest income on financial assets measured at amortised cost	按攤銷成本計算的金融資產 利息收入	3,945	2,273
Government grants	政府補助	7,731	12,117
		672,440	605,349
Other net loss	其他虧損淨額		
Net foreign exchange (loss)/gain	匯兌(虧損)/溢利淨額	(60,707)	73,049
Gain/(loss) on the forward foreign exchange contracts (note 16(b) and 26(d))	遠期外匯期貨合約之溢利/ (虧損)(附註16(b)及26(d))	20,940	(103,678)
Impairment losses	減值虧損		
– intangible assets	– 無形資產	(16,102)	–
– goodwill	– 商譽	(385,438)	–
Net loss on disposal of property, plant and equipment	出售物業、房產及設備之 虧損淨額	(6,811)	(10,902)
		(448,118)	(41,531)

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4 (LOSS)/PROFIT BEFORE TAXATION

4 除稅前(虧損)/溢利

(Loss)/profit before taxation is arrived at after charging:

除稅前(虧損)/溢利自列支後產生:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
(a) Finance costs:	(a) 融資成本:		
Interest on borrowings:	貸款利息:		
– Bank loans (note 16(b))	– 銀行貸款(附註16(b))	10,878	10,268
– Other loans and loans from controlling shareholder (note 16(b))	– 其他貸款及控股股東貸款(附註16(b))	77,226	66,084
Interest rate swap	利息掉期交易	2,775	–
Finance charges on obligations under finance leases (notes 16(b) and 22)	融資租賃責任之融資費用(附註16(b)及22)	13,496	14,690
Interest on issuance of bank accepted bills	銀行發出之承兌匯票利息	395	495
Total interest expense on financial liabilities not at fair value through profit or loss	非按公允值計入損益之金融負債之總利息費用	104,770	91,537
Loan arrangement and guarantee fees (note 16(b))	貸款安排及擔保費用(附註16(b))	12,458	10,017
		117,228	101,554
(b) Staff costs:	(b) 僱員成本:		
Salaries, wages and other benefits	薪金、工資及其他福利	788,657	775,155
Contributions to defined contribution retirement plans (note 29)	定額供款退休計劃之供款(附註29)	85,745	84,385
Termination benefits (note 23)	合約終止補償(附註23)	–	7,086
		874,402	866,626
(c) Other items:	(c) 其他項目:		
Depreciation (note 9(a))	折舊(附註9(a))	195,645	187,614
Operating lease charges	營運租賃費用		
– minimum lease payments	– 最少租賃付款	556,388	491,227
Amortisation	攤銷		
– land lease premium (note 9(a))	– 土地租賃價款(附註9(a))	6,295	6,293
– intangible assets (note 10)	– 無形資產(附註10)	9,419	8,113
Auditors' remuneration	核數師酬金		
– audit services	– 審計服務	3,650	3,450
Donations	捐款	14	11
Cost of inventories (note 13)	存貨成本(附註13)	8,339,802	7,918,689

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5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

5 於綜合損益表之所得稅

(a) Taxation in the consolidated statement of profit or loss represents:

(a) 於綜合損益表之稅項乃：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Current tax - PRC	即期稅項－中國		
Provision for the year	年度撥備	61,367	53,657
Over-provision in respect of prior years	往年度超額撥備	(2,735)	(5,767)
		58,632	47,890
Deferred tax	遞延稅項		
Origination and reversal of temporary differences (note 24(b))	產生及回撥暫時差額 (附註24(b))	7,228	(1,678)
		65,860	46,212

Income tax is calculated at the rates prevailing in the relevant jurisdictions.

No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries did not generate any assessable profits in Hong Kong during the year.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Pursuant to the Corporate Income Tax Law ("CIT law") of the PRC, subsidiaries of the Group established in the PRC are subject to PRC income tax at 25% (2017: 25%) on their assessable profits as determined in accordance with the CIT law.

Further, under the CIT law, 10% withholding tax is levied on the foreign investor in respect of dividend distributions arising from a foreign invested enterprise's profit earned after 1 January 2008. As at 31 December 2018, the PRC subsidiaries of the Group had accumulated losses and therefore no deferred tax liabilities were recognised in this regard.

所得稅按相關司法權區之現行稅率計算。

由於本公司及其附屬公司概無於香港產生任何應課稅溢利，故於本年度內未就香港利得稅作出撥備。

根據開曼群島及英屬維爾京群島之法例及法規，本集團概無於開曼群島及英屬維爾京群島產生任何所得稅。

根據中國企業所得稅法（「企業所得稅法」），本集團於中國成立之附屬公司之應評稅溢利稅率按企業所得稅法為25%（二零一七年：25%）。

此外，於企業所得稅法下，就外商投資企業就其於二零零八年一月一日後所賺取之溢利向其海外投資者分派股息，徵收10%有關股息分派之預扣稅。於二零一八年十二月三十一日，本集團之中國附屬公司產生累計虧損，因此，概無對此確認遞延稅項負債。

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5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

5 於綜合損益表之所得稅(續)

(b) Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates:

(b) 稅項費用與會計(虧損)/溢利按適用稅率計算之對賬如下:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
(Loss)/profit before taxation	除稅前(虧損)/溢利	(222,499)	225,252
Notional tax on (loss)/profit before taxation, calculated at 25% (2017: 25%) (note)	以25%計算之除稅前(虧損)/溢利假設稅項(二零一七年: 25%)(附註)	(55,625)	56,313
Over-provision in prior years	往年度超額撥備	(2,735)	(5,767)
Tax effect of non-deductible impairment loss for goodwill	不可扣除商譽減值虧損之稅務影響	96,360	-
Tax effect of other non-deductible expenses	其他不可扣除開支之稅務影響	13,719	32,276
Tax effect of non-taxable income	非課稅收入之稅務影響	(5,235)	(2,644)
Tax effect of tax losses not recognised	未確認稅務虧損之稅務影響	44,914	22,312
Tax effect of prior year's unrecognised temporary differences utilised	使用往年未確認之其他暫時差額之稅務影響	(1,083)	(13,784)
Tax effect of prior year's unrecognised tax losses utilised	使用往年未確認稅務虧損之稅務影響	(23,261)	(28,135)
Tax effect of prior year's unrecognised tax losses recognised	確認往年未確認稅務虧損之稅務影響	(1,194)	(14,359)
Actual tax expense	實際稅項費用	65,860	46,212

Note: The PRC Corporate Income Tax rate of 25% (2017: 25%) is used as the operations of the Group are substantially based in the PRC.

附註: 由於本集團主要於中國營運,故以25%(二零一七年: 25%)之中國企業所得稅稅率計算。

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6 DIRECTORS' REMUNERATION

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended 31 December 2018:

6 董事酬金

根據香港公司條例第383(1)條及《公司(披露董事利益資料)規例》第2部披露之董事酬金如下:

截至二零一八年十二月三十一日止年度:

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonus	Retirement benefit scheme contributions	Sub-total	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Executive directors							
Mr. Soopakij Chearavanont	-	4,938	-	15	4,953	-	4,953
Mr. Li Wen Hai	-	5,985	-	15	6,000	-	6,000
Mr. Narong Chearavanont	-	3,580	-	-	3,580	-	3,580
Mr. Chan Yiu-Cheong, Ed (resigned on 28 February 2018)	-	3,490	-	1	3,491	-	3,491
Mr. Michael Ross	-	-	-	-	-	-	-
Mr. Yang Xiaoping	-	-	-	-	-	-	-
Mr. Meth Jiaravanont	-	791	-	-	791	-	791
Mr. Suphachai Chearavanont	-	-	-	-	-	-	-
Mr. Umroong Sanphasitvong	-	-	-	-	-	-	-
Independent non-executive directors							
Mr. Viroj Sangsrit	203	-	-	-	203	-	203
Mr. Songkitti Jaggabatara	203	-	-	-	203	-	203
Mr. Itthaporn Subhawong	203	-	-	-	203	-	203
Mr. Prasobsook Boondech	203	-	-	-	203	-	203
Mr. Cheng Yuk Wo	203	-	-	-	203	-	203
Total							
	1,015	18,784	-	31	19,830	-	19,830

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6 DIRECTORS' REMUNERATION (Continued)

6 董事酬金(續)

For the year ended 31 December 2017:

截至二零一七年十二月三十一日止年度:

	Directors' fees	Salaries, allowances and benefits in kind 薪金、津貼及非現金利益	Discretionary bonus 酌定之花紅	Retirement benefit scheme contributions 退休金供款	Sub-total	Share-based payments 以股份為基礎支付	Total
	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Executive directors							
Mr. Soopakij Chearavanont 謝吉人先生	-	5,053	-	16	5,069	-	5,069
Mr. Li Wen Hai 李聞海先生	-	6,003	-	16	6,019	-	6,019
Mr. Narong Chearavanont 謝明欣先生	-	3,598	-	-	3,598	-	3,598
Mr. Chan Yiu-Cheong, Ed 陳耀昌先生	-	2,146	-	1	2,147	-	2,147
Mr. Michael Ross 羅家順先生	-	-	-	-	-	-	-
Mr. Yang Xiaoping 楊小平先生	-	-	-	-	-	-	-
Mr. Meth Jiaravanont 謝克俊先生	-	809	-	-	809	-	809
Mr. Suphachai Chearavanont 謝鏞仁先生	-	-	-	-	-	-	-
Mr. Umroong Sanphasitvong Umroong Sanphasitvong先生	-	-	-	-	-	-	-
Independent non-executive directors							
Mr. Viroj Sangsrit Viroj Sangsrit先生	208	-	-	-	208	-	208
Mr. Songkitti Jaggabatara Songkitti Jaggabatara先生	208	-	-	-	208	-	208
Mr. Itthaporn Subhawong Itthaporn Subhawong先生	208	-	-	-	208	-	208
Mr. Prasobsook Boondech Prasobsook Boondech先生	208	-	-	-	208	-	208
Mr. Cheng Yuk Wo 鄭毓和先生	208	-	-	-	208	-	208
Total							
	1,040	17,609	-	33	18,682	-	18,682

During the years ended 31 December 2018 and 2017, there were no amounts paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, no director waived any emoluments for the years ended 31 December 2018 and 2017.

截至二零一八年及二零一七年十二月三十一日止之年度內,本集團概無向董事支付或應付金額作為邀請加入本集團或於加入時之報酬或離職之賠償。此外,於截至二零一八年及二零一七年十二月三十一日止之年度內,概無董事放棄任何酬金。

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7 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, four (2017: four) are directors whose emoluments are disclosed in note 6. The emoluments in respect of the other one (2017: one) individual is as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Salaries and other emoluments	薪金及其他酬金	5,161	4,919
Discretionary bonuses	酌定之花紅	-	-
Share-based payments	以股份為基礎支付	-	-
Retirement scheme contributions	退休金供款	71	66
		5,232	4,985

7 最高薪酬僱員

在五位最高薪酬僱員中,四位(二零一七年:四位)為董事,其酬金已於附註6披露。餘下之一位(二零一七年:一位)僱員之累計酬金詳情如下:

8 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share is based on the following data:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
(Loss)/profit for the year attributable to equity shareholders of the Company	本公司股東應佔年度內(虧損)/溢利	(288,359)	179,040

8 每股(虧損)/溢利

(a) 每股基本(虧損)/溢利

每股基本(虧損)/溢利按下列資料計算:

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8 (LOSS)/EARNINGS PER SHARE (Continued)

(a) Basic (loss)/earnings per share (Continued)

The weighted average number of shares is calculated based on the following data:

At 1 January and 31 December

		2018 二零一八年	2017 二零一七年
Number of ordinary shares in issue	已發行之 普通股股數	11,019,072,390	11,019,072,390
Number of Series A convertible preference shares in issue	已發行之A系列可換股 優先股股數	1,518,807,075	1,518,807,075
Number of Series B convertible preference shares in issue	已發行之B系列可換股 優先股股數	3,897,110,334	3,897,110,334
Number of Series C convertible preference shares in issue	已發行之C系列可換股 優先股股數	3,671,509,764	3,671,509,764
Number of Series D convertible preference shares in issue	已發行之D系列可換股 優先股股數	2,211,382,609	2,211,382,609
Total	總額	22,317,882,172	22,317,882,172

As set out in note 25(c), the holders of the convertible preference shares are entitled to receive the same dividends as the holders of ordinary shares.

根據附註25(c),可換股優先股持有人可享有與普通股持有人收取相同股息之權利。

(b) Diluted (loss)/earnings per share

The diluted (loss)/earnings per share for the years ended 31 December 2018 and 2017 were the same as the basic (loss)/earnings per share, respectively, and there were no dilutive potential ordinary or convertible preference shares outstanding during the years.

(b) 每股攤薄(虧損)/溢利

於截至二零一八年及二零一七年十二月三十一日之年度,由於本公司於年度內並無任何具潛在攤薄效應之普通或可換股優先股,因此每股攤薄(虧損)/溢利分別與每股基本(虧損)/溢利相同。

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9 PROPERTY, PLANT AND EQUIPMENT AND LEASEHOLD LAND

9 物業、房產及設備及租賃土地

(a) Reconciliation of carrying amount

(a) 賬面值之對賬

		Buildings	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Stores under fit out	Sub-total	Interests in leasehold land held for own use under operating leases	Total
		樓宇	租賃裝修	傢俬、裝置及設備	汽車	裝修中之店舖	小計	營運租賃之自用土地租賃權益	總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Cost:	成本:								
At 1 January 2017	於二零一七年一月一日	234,324	1,743,383	709,112	26,754	87,903	2,801,476	201,042	3,002,518
Exchange adjustments	匯兌調整	-	-	(174)	(348)	-	(522)	-	(522)
Additions	添置	-	51,640	15,649	4,603	258,576	330,468	-	330,468
Transfer	轉移	-	98,039	145,394	1,453	(244,886)	-	-	-
Disposals	出售	-	(48,080)	(56,416)	(4,132)	-	(108,628)	-	(108,628)
At 31 December 2017	於二零一七年十二月三十一日	234,324	1,844,982	813,565	28,330	101,593	3,022,794	201,042	3,223,836
At 1 January 2018	於二零一八年一月一日	234,324	1,844,982	813,565	28,330	101,593	3,022,794	201,042	3,223,836
Exchange adjustments	匯兌調整	-	-	119	225	-	344	-	344
Additions	添置	-	5,538	27,859	2,288	217,429	253,114	-	253,114
Transfer	轉移	-	148,591	153,899	1,988	(304,478)	-	-	-
Disposals	出售	-	(14,023)	(25,225)	(5,015)	-	(44,263)	-	(44,263)
At 31 December 2018	於二零一八年十二月三十一日	234,324	1,985,088	970,217	27,816	14,544	3,231,989	201,042	3,433,031
Accumulated depreciation and impairment losses:	累計折舊及減值虧損:								
At 1 January 2017	於二零一七年一月一日	123,011	823,616	281,815	12,363	-	1,240,805	71,978	1,312,783
Exchange adjustments	匯兌調整	-	-	(172)	(307)	-	(479)	-	(479)
Charge for the year	年度內確認	11,405	90,504	82,647	3,058	-	187,614	6,293	193,907
Written back on disposal	出售之回撥	-	(39,837)	(52,522)	(3,232)	-	(95,591)	-	(95,591)
At 31 December 2017	於二零一七年十二月三十一日	134,416	874,283	311,768	11,882	-	1,332,349	78,271	1,410,620
At 1 January 2018	於二零一八年一月一日	134,416	874,283	311,768	11,882	-	1,332,349	78,271	1,410,620
Exchange adjustments	匯兌調整	-	-	119	206	-	325	-	325
Charge for the year	年度內確認	11,404	90,321	91,989	1,931	-	195,645	6,295	201,940
Written back on disposal	出售之回撥	-	(11,457)	(19,260)	(4,464)	-	(35,181)	-	(35,181)
At 31 December 2018	於二零一八年十二月三十一日	145,820	953,147	384,616	9,555	-	1,493,138	84,566	1,577,704
Net book value:	賬面值:								
At 31 December 2018	於二零一八年十二月三十一日	88,504	1,031,941	585,601	18,261	14,544	1,738,851	116,476	1,855,327
At 31 December 2017	於二零一七年十二月三十一日	99,908	970,699	501,797	16,448	101,593	1,690,445	122,771	1,813,216

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9 PROPERTY, PLANT AND EQUIPMENT AND LEASEHOLD LAND (Continued)

(b) The analysis of net book value of properties is as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
In the PRC – medium-term leases	於中國內 – 中期租賃	204,980	222,679
<i>Representing:</i> Buildings	分別為: 樓宇	88,504	99,908
Interests in leasehold land held for own use under operating leases	營運租賃之自用土地 租賃權益	116,476	122,771
		204,980	222,679

(c) Assets held under finance leases

At 31 December 2018, the net book value of buildings held under finance leases of the Group was RMB76,853,000 (2017: RMB86,098,000). The leases do not include contingent rentals. The buildings are situated in the PRC and held under medium-term land use rights.

10 INTANGIBLE ASSETS

9 物業、房產及設備及租賃土地(續)

(b) 物業之賬面值分析如下:

(c) 融資租賃持有之資產

於二零一八年十二月三十一日,本集團融資租賃樓宇之賬面值為人民幣76,853,000元(二零一七年:人民幣86,098,000元)。此租賃並不包括或然租金。樓宇位於中國,並以中期土地使用權持有。

10 無形資產

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cost: At 1 January and 31 December	成本: 於一月一日及十二月三十一日	237,250	237,250
Accumulated amortisation and impairment losses: At 1 January	累計攤銷及減值虧損: 於一月一日	99,795	91,682
Charge for the year	年度內確認	9,419	8,113
Impairment losses	減值虧損	16,102	–
At 31 December	於十二月三十一日	125,316	99,795
Net book value:	賬面值:	111,934	137,455

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10 INTANGIBLE ASSETS (Continued)

Intangible assets relate to operating lease agreements acquired in the acquisition of subsidiaries in 2008 and 2012. The fair value on the favorable lease interest was determined based on a valuation report prepared by independent third party valuers and comparison of the market rental rates at the dates of acquisition and the estimated present value of payments due under the lease contracts entered into by the acquired subsidiaries. The intangible assets are amortised using the straight-line method over the remaining lease terms which vary from 10 to 30 years.

The amortisation charge for the year is included in “Distribution and store operating costs” in the consolidated statement of profit or loss.

Impairment losses

As at 31 December 2018, due to the termination of a store lease in Shanghai caused by the breach of the lease agreement by the landlord, the intangible assets used by the store was stated net of impairment losses of RMB16,102,000, to write down the carrying amount of the assets in full. The impairment losses were recognised in “other net loss” for the year.

10 無形資產(續)

無形資產與於二零零八年及二零一二年收購附屬公司所收購之營運租賃協議相關。有利的租賃權益之公允值按獨立第三方估值師編製之估價報告與收購日之市值租金比較及所收購附屬公司簽訂租賃合同應付款項之估計現值而釐定。無形資產以直線法按餘下租賃期(由10至30年不等)攤銷。

於年內之攤銷費用包括於綜合損益表內之「商店配送及營運成本」。

減值虧損

於二零一八年十二月三十一日,因業主違反租賃協議而終止與其中一間位於上海店舖的租約,該店之無形資產減值虧損為人民幣16,102,000元以全額扣減成本。於年內之減值虧損已確認於「其他虧損淨額」。

11 GOODWILL

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cost:	成本:		
At 1 January and 31 December	於一月一日及十二月三十一日	2,962,782	2,962,782
Accumulated impairment losses:	累計減值虧損:		
At 1 January	於一月一日	(308,530)	(308,530)
Impairment losses	減值虧損	(385,438)	-
At 31 December	於十二月三十一日	(693,968)	(308,530)
Carrying amount:	賬面值:		
At 31 December	於十二月三十一日	2,268,814	2,654,252

11 商譽

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11 GOODWILL (Continued)

Impairment tests for CGUs containing goodwill

Goodwill is allocated to the following three groups of CGUs, identified according to region of operation of the Group:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
East China Region	華東地區	2,141,409	2,526,847
South China Region	華南地區	124,007	124,007
North China Region	華北地區	3,398	3,398
		2,268,814	2,654,252

The impairment assessment was carried out by the Group's corporate finance team. The recoverable amount of each of the above groups of CGUs is determined based on value in use calculations. The key assumptions for the value in use calculations are those relating to the discount rate, long-term growth rates, and the expected changes to gross margin and store operating and administrative expenses.

These calculations use cash flow projections based on financial budgets approved by management covering a two-year period, which are extrapolated up to the following eight years. In calculating the recoverable amount in respect of the group of CGUs of East China Region, using estimated growth rates of 0.0% to 3.0% per annum (2017: -0.1% to 3.0% per annum) for the East China Region, the growth rates for South China Region is 4.0% to 5.0% per annum (2017: 4.0% to 5.0% per annum). The forecasts are extrapolated beyond ten years based on estimated long-term growth rates of 2.0% (2017: 2.0%) per annum. The growth rates used do not exceed the long-term growth rates for the business in which the CGU operates. The pre-tax discount rate of 13.5% (2017: 13.5%) used in the projections reflects the current market assessment of the time value of money and the risks specific to the CGUs. Changes in gross margin and store operating and administrative expenses are based on historical results and expectations of future market developments.

11 商譽(續)

包含商譽之現金產生單位減值測試

商譽之分配乃根據本集團營運區域分類為以下三個組別現金產生單位:

減值評估由集團的公司財務部團隊計算,上述每個個別現金產生單位組別之可收回數額之計算基於使用價值。計算使用價值之主要假設乃有關之貼現率、長期增長率、毛利及商店經營與管理費用之預期改變。

此等計算使用基於管理層批准的兩年期財務預算的現金流量預測,並推算到接下來的八年。在計算華東地區之可收回現金產生單位組數額時,華東地區以每年0.0%至3.0%(二零一七年:每年-0.1%至3.0%)之估計增長率,而華南地區之估計增長率為4.0%至5.0%(二零一七年:每年4.0%至5.0%)。超過十年的預測乃基於估計每年2.0%(二零一七年:2.0%)的長期增長率而推斷。所採用的增長率為不超出現金產生單位所在行業的長期增長率。稅前貼現率為13.5%(二零一七年:13.5%)反映現在市場評估現金產生單位之金額時間值及現金產生單位特有之風險。毛利、商店經營與管理費用之變更基於過往慣例及預期將來之市場改變。

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11 GOODWILL (Continued)

Impairment tests for CGUs containing goodwill (Continued)

Following an impairment review on the goodwill of the Group in December 2018, an impairment loss of approximately RMB385,438,000 with respect to the goodwill for the East China Region was recognised due to adjustments made to the future net cash flows forecast of the East China Region to take into account the following developments during the financial year: (i) the performance of the East China Region for the first ten months in 2018 fell below the budget for that period mainly due to intensifying competition, and (ii) a lease agreement relating to the Tianshan store (the “Tianshan Lease Agreement”) located within the East China Region was effectively terminated due to a wrongful breach of agreement by the landlord. The Tianshan Lease Agreement was suspended from March 2014 when the Tianshan store was temporarily returned to the landlord at the landlord’s request to facilitate the re-development of the entire property, but the landlord failed to return the leased premises to the Group according to the schedule agreed by both parties. As a result, the Group has also adjusted the calculations, including the exclusion of net cash inflows from the Tianshan store, in assessing the future net cash flows forecast of the East China Region.

In accordance with the Hong Kong Accounting Standard 36, an impairment loss would need to be recognised for the CGU, or group of CGUs, if the recoverable amount of the CGU, or group of CGUs, is less than its carrying amount. Based on the Group’s assessment, the recoverable amount with respect to the relevant assets attributable to the East China Region was approximately RMB2,755,322,000, which resulted in an impairment loss of approximately RMB385,438,000, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

No impairment losses of goodwill were recognised for the year ended 31 December 2017 as the recoverable amounts of the respective CGUs so determined were higher than their carrying amounts.

11 商譽(續)

包含商譽之現金產生單位減值測試(續)

於二零一八年十二月,本集團考慮到華東地區於本財政年度的以下發展:(i)華東地區二零一八年前十個月的表現低於該期間的預算,主要是由於競爭加劇,及(ii)位華東地區內天山店有關的租賃協議(「天山租賃協議」)因業主違反協議而切實終止,因而就華東地區未來現金流量預測做出調整,並於商譽減值審閱後,確認華東地區商譽減值虧損約人民幣385,438,000元。天山租賃協議按業主要求於二零一四年三月暫停及暫時退還業主,以協助重新發展整個物業,但業主未能按照雙方同意的時間表將物業歸還本集團。本集團因此調整華東地區未來的現金流量預測評估的計算,包括剔除天山店的現金流入淨額。

根據香港會計準則第36號,如現金產生單位或現金產生單位組的可收回金額低於其帳面值時,則現金產生單位或現金產生單位組需要確認有關減值虧損。根據本集團的評估,相關資產歸屬於華東地區的可收回金額約為人民幣2,755,322,000元,產生約人民幣385,438,000元的減值虧損,於計算可收回數額所用之假設有任何不利改變,將導致進一步減值虧損。

截至二零一七年十二月三十一日止之年度內,由於個別現金產生單位所釐定之可收回數額較其賬面值高,概無商譽減值虧損之確認。

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12 INTERESTS IN SUBSIDIARIES

12 附屬公司權益

The following list contains only the particulars of the Group's subsidiaries which principally affected the results, assets or liabilities of the Group. The Group's effective interest in the entities below are all held by subsidiaries of the Company. The entities below are all companies established in the PRC with limited liability.

以下列表僅包含主要影響本集團業績,資產或負債之本集團附屬公司資料。本集團於以下企業之有效權益全部由本公司之附屬公司持有。以下企業均為於中國成立之有限責任公司。

Name of companies 公司名稱	Registered and paid up capital 註冊及已繳股本		Group's effective interest 本集團之有效權益	
	2018	2017	2018	2017
	二零一八年	二零一七年	二零一八年 %	二零一七年 %
北京易初蓮花連鎖超市有限公司 Beijing Lotus Supermarket Chain Store Co., Ltd.	USD25,000,000美元 (note 1)(附註1)	USD25,000,000美元	100	100
西安易初蓮花連鎖超市有限公司 Xian Lotus Supermarket Chain Store Co., Ltd.	RMB人民幣19,000,000元 (note 1)(附註1)	RMB人民幣19,000,000元	100	100
鄭州易初蓮花連鎖超市有限公司 Zhengzhou Lotus Supermarket Chain Store Co., Ltd.	USD5,000,000美元/ USD4,922,924美元 (note 1)(附註1)	USD5,000,000美元/ USD4,922,924美元	100	100
青島易初蓮花連鎖超市有限公司 Qingdao Lotus Supermarket Chain Store Co., Ltd.	USD6,500,000美元 (note 1)(附註1)	USD6,500,000美元	100	100
廣州易初蓮花連鎖超市有限公司 Guangzhou Lotus Supermarket Chain Store Co., Ltd.	USD48,000,000美元 (note 1)(附註1)	USD48,000,000美元	100	100
汕頭易初蓮花連鎖超市有限公司 Shantou Lotus Supermarket Chain Store Co., Ltd.	USD12,000,000美元 (note 3)(附註3)	USD12,000,000美元	100	100
佛山市南海區華南通商貿易發展有限公司 Foshan Nanhai Hua Nan Tong Trading Development Co., Ltd.	RMB人民幣3,000,000元 (note 1)(附註1)	RMB人民幣3,000,000元	100	100
廣東華南通商貿易發展有限公司 Guangdong Hua Nan Tong Trading Development Co., Ltd.	RMB人民幣29,500,000元 (note 1)(附註1)	RMB人民幣29,500,000元	100	100
上海易初蓮花連鎖超市有限公司 Shanghai Lotus Supermarket Chain Store Co., Ltd.	USD180,000,000美元/ USD137,200,000美元 (note 1)(附註1)	USD180,000,000美元/ USD137,200,000美元	100	100
上海長發購物中心有限公司 Shanghai Changfa Shopping Centre Co., Ltd.	RMB人民幣25,000,000元 (note 1)(附註1)	RMB人民幣25,000,000元	100	100
上海怡蓮超市有限公司 Shanghai Yilian Supermarket Co., Ltd.	RMB人民幣10,000,000元 (note 4)(附註4)	RMB人民幣10,000,000元	100	100
上海采蓮超市有限公司 Shanghai Cailian Supermarket Co., Ltd.	RMB人民幣60,000,000元 (note 4)(附註4)	RMB人民幣60,000,000元	100	100
南通通蓮超市有限公司 Nantong Tonglian Supermarket Co., Ltd.	RMB人民幣500,000元 (note 4)(附註4)	RMB人民幣500,000元	100	100
昆山泰蓮超市有限公司 Kunshan Tailian Supermarket Co., Ltd.	RMB人民幣10,000,000元 (note 4)(附註4)	RMB人民幣10,000,000元	100	100

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12 INTERESTS IN SUBSIDIARIES (Continued)

12 附屬公司權益(續)

Name of companies 公司名稱	Registered and paid up capital 註冊及已繳股本		Group's effective interest 本集團之有效權益	
	2018 二零一八年	2017 二零一七年	2018 二零一八年 %	2017 二零一七年 %
上海雅蓮超市有限公司 Shanghai Yalian Supermarket Co., Ltd.	RMB人民幣13,500,000元 (note 1)(附註1)	RMB人民幣13,500,000元	100	100
上海佳蓮超市有限公司 Shanghai Jialian Supermarket Co., Ltd.	RMB人民幣13,500,000元 (note 1)(附註1)	RMB人民幣13,500,000元	100	100
佛山市卜蜂蓮花管理諮詢有限公司 Foshan C.P. Lotus Management Consulting Co., Ltd.	RMB人民幣8,949,000元 (note 4,5)(附註4、5)	RMB人民幣8,949,000元	100	100
卜蜂蓮花企業管理有限公司 C. P. Lotus Corporate Management Co., Ltd.	USD16,800,000美元 (note 1,5)(附註1、5)	USD16,800,000美元	100	100
上海蓮源物流有限公司 Shanghai Lianyuan Logistics Co., Ltd.	RMB人民幣1,000,000元 (note 2,5)(附註2、5)	RMB人民幣1,000,000元	100	100
無錫愛蓮連鎖超市有限公司 Wuxi Ailian Supermarket Chain Store Co., Ltd.	RMB人民幣14,500,000元 (note 1)(附註1)	RMB人民幣14,500,000元	100	100
合肥愛蓮超市有限公司 Hefei Ailian Supermarket Co., Ltd.	RMB人民幣14,500,000元 (note 1)(附註1)	RMB人民幣14,500,000元	100	100
長沙初蓮超市有限公司 Changsha Chulian Supermarket Co., Ltd.	RMB人民幣14,500,000元 (note 1)(附註1)	RMB人民幣14,500,000元	100	100
徐州雅蓮連鎖超市有限公司 Xuzhou Yalian Supermarket Chain Store Co., Ltd.	RMB人民幣6,000,000元 (note 4)(附註4)	RMB人民幣6,000,000元	100	100
湛江卜蜂蓮花超市有限公司 Zhanjiang Lotus Supermarket Co., Ltd.	RMB人民幣10,000,000元 (note 4)(附註4)	RMB人民幣10,000,000元	100	100
廣州卜蜂蓮花超市有限公司 Guangzhou C.P. Lotus Supermarket Co., Ltd.	RMB人民幣3,000,000元/ RMB人民幣0元 (note 4)(附註4)	RMB人民幣3,000,000元/ RMB人民幣0元	100	100
汕頭金平東廈卜蜂蓮花超市有限公司 Shantou Jinping Dongxia C.P. Lotus Supermarket Co., Ltd.	RMB人民幣20,000,000元/ RMB人民幣0元 (note 4)(附註4)	RMB人民幣20,000,000元/ RMB人民幣0元	100	100
汕頭潮陽棉北卜蜂蓮花超市有限公司 Shantou Chaoyang Mianbei C.P. Lotus Supermarket Co., Ltd.	RMB人民幣3,000,000元/ RMB人民幣0元 (note 4)(附註4)	RMB人民幣3,000,000元/ RMB人民幣0元	100	100
陽江卜蜂蓮花超市有限公司 Yangjiang C.P. Lotus Supermarket Co., Ltd.	RMB人民幣10,000,000元/ RMB人民幣0元 (note 4)(附註4)	RMB人民幣10,000,000元/ RMB人民幣0元	100	100
汕頭市卜蜂蓮花管理諮詢有限公司 Shantou C.P. Lotus Management Consulting Co., Ltd.	RMB人民幣3,500,000元/ RMB人民幣0元 (note 4,5)(附註4、5)	RMB人民幣3,500,000元/ RMB人民幣0元	100	100

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12 INTERESTS IN SUBSIDIARIES (Continued)

12 附屬公司權益(續)

Name of companies 公司名稱	Registered and paid up capital 註冊及已繳股本		Group's effective interest 本集團之有效權益	
	2018 二零一八年	2017 二零一七年	2018 二零一八年 %	2017 二零一七年 %
長沙卜蜂超市有限公司 Changsha C.P. Supermarket Co., Ltd.	RMB人民幣3,000,000元/ RMB人民幣0元 (note 4) (附註4)	RMB人民幣3,000,000元/ RMB人民幣0元	100	100
永州卜蜂超市有限公司 Yongzhou C.P. Supermarket Co., Ltd.	RMB人民幣3,000,000元/ RMB人民幣0元 (note 4) (附註4)	RMB人民幣3,000,000元/ RMB人民幣0元	100	100
佛山市順德卜蜂蓮花超市有限公司 Foshan Shunde C.P. Lotus Supermarket Co., Ltd.	RMB人民幣10,000,000元/ RMB人民幣0元 (note 4) (附註4)	RMB人民幣10,000,000元/ RMB人民幣0元	100	100
長沙市卜蜂蓮花管理諮詢有限公司 Changsha C.P. Lotus Management Consulting Co., Ltd.	RMB人民幣700,000元/ RMB人民幣0元 (note 4, 5) (附註4、5)	RMB人民幣700,000元/ RMB人民幣0元	100	100
西安卜蜂蓮花超市有限責任公司 Xian C.P. Lotus Supermarket Co., Ltd.	RMB人民幣10,000,000元/ RMB人民幣0元 (note 4) (附註4)	RMB人民幣10,000,000元/ RMB人民幣0元	100	100
徐州盛蓮連鎖超市有限公司 Xuzhou Shenglian Supermarket Chain Store Co., Ltd.	RMB人民幣6,000,000元/ RMB人民幣0元 (note 4) (附註4)	-	100	-
永州市零陵區卜蜂超市有限公司 Yongzhou Lingling C.P. Supermarket Co., Ltd.	RMB人民幣3,000,000元/ RMB人民幣0元 (note 4) (附註4)	-	100	-
欽州卜蜂蓮花超市有限公司 Qinzhou C.P. Supermarket Co., Ltd.	RMB人民幣3,000,000元/ RMB人民幣0元 (note 4) (附註4)	-	100	-
湛江經濟技術開發區卜蜂蓮花超市有限公司 Zhanjiang Economic and Technological Development Zone C.P. Supermarket Co., Ltd.	RMB人民幣3,000,000元/ RMB人民幣0元 (note 4) (附註4)	-	100	-
陽江市江城區卜蜂蓮花超市有限公司 Yangjiang Jiangchen C.P. Supermarket Co., Ltd.	RMB人民幣3,000,000元/ RMB人民幣0元 (note 4) (附註4)	-	100	-
長沙市岳麓區卜蜂超市有限公司 Changsha Yuelu C.P. Supermarket Co., Ltd.	RMB人民幣3,000,000元/ RMB人民幣0元 (note 4) (附註4)	-	100	-

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12 INTERESTS IN SUBSIDIARIES (Continued)

Notes:

- (1) These are wholly-foreign-owned enterprises.
- (2) The equity interests of this company are held by individual nominees on behalf of the Company. This company is domestic enterprise in the PRC legally owned by PRC nationals. Pursuant to the various agreements in place between the Group and the nominees, the Group operates the business owned by this nominee company and in return is entitled to all the profit or loss from the operation of this nominee company. As the Group bears the risks and rewards of its operation of this nominee company, the directors of the Company, after taking legal advice, consider that the Group has effective control over this enterprise. Therefore the financial results and positions of the enterprise have been consolidated into the Group since its dates of establishment.
- (3) This is a Sino-foreign joint venture established in the PRC.
- (4) These are domestic enterprises in the PRC. Xuzhou Shenglian Supermarket Chain Store Co., Ltd., Yongzhou Lingling C.P. Supermarket Co., Ltd., Qinzhou C.P. Supermarket Co., Ltd., Zhanjiang Economic and Technological Development Zone C.P. Supermarket Co., Ltd., Yangjiang Jiangchen C.P. Supermarket Co., Ltd. and Changsha Yuelu C.P. Supermarket Co., Ltd. are newly established in the PRC in 2018.
- (5) C.P. Lotus Corporate Management Co., Ltd. is engaged in the provision of management services to subsidiaries within the Group. Shanghai Lianyuan Logistics Co., Ltd., Foshan C.P. Lotus Management Consulting Co., Ltd., Shantou C.P. Lotus Management Consulting Co., Ltd. and Changsha C.P. Lotus Management Consulting Co., Ltd. are engaged in the provision of logistic services. All other companies listed above are involved in the operation of hypermarket stores in the PRC.

13 INVENTORIES

All inventories as at 31 December 2018 and 2017 are trading merchandise. The analysis of the amount of inventories recognised as an expense is as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Carrying amount of inventories sold	售出存貨之賬面值	8,327,148	7,903,494
Write-down of inventories	存貨之減值	12,654	15,195
		8,339,802	7,918,689

12 附屬公司權益(續)

附註:

- (1) 此等為外商獨資企業。
- (2) 此家公司之股本權益由受託代理人代本公司持有。此公司由中國自然人合法持有之中國本地企業。根據本集團與代理人已訂立之若干協議,本集團經營由代理公司持有之業務及因此應得代理公司營運之所有溢利或虧損。由於本集團承擔所有其營運代理公司之風險及收益,本公司董事經考慮法律意見後,認為本集團擁有有效控制權於此企業,因此,此企業之財務業績及狀況自其各自之成立日綜合於本集團內。
- (3) 此為於中國成立之中外合資企業。
- (4) 此等為於中國之本地企業。徐州盛蓮連鎖超市有限公司、永州市零陵區卜蜂超市有限公司、欽州卜蜂蓮花超市有限公司、湛江經濟技術開發區卜蜂蓮花超市有限公司、陽江市江城區卜蜂蓮花超市有限公司及長沙市岳麓區卜蜂超市有限公司為二零一八年於中國成立之新公司。
- (5) 卜蜂蓮花企業管理有限公司,為本集團旗下之附屬公司提供管理服務。上海蓮源物流有限公司、佛山市卜蜂蓮花管理諮詢有限公司、汕頭市卜蜂蓮花管理諮詢有限公司及長沙市卜蜂蓮花管理諮詢有限公司從事物流服務。所有其他上列之公司均於中國經營大型超市業務。

13 存貨

所有於二零一八年及二零一七年十二月三十一日之存貨均為貿易商品。確認為支出之存貨數額分析如下:

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14 TRADE AND OTHER RECEIVABLES

14 營運及其他應收款項

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Non-current	非流動		
Prepaid lease payments for premises	預付物業租賃費	6,804	10,303
Current	流動		
Trade receivables	營運應收款項	82,589	80,333
Amounts due from related companies (note 30(b))	應收相關企業款項 (附註30(b))	591,524	465,782
Value-added tax recoverable	增值稅待抵扣款項	125,924	114,908
Rental deposits	租賃按金	131,576	125,547
Other debtors	其他應收款項	66,960	62,514
Prepaid lease payments for premises	預付物業租賃費	4,089	4,099
Derivative financial assets (note 26(d))	衍生金融資產(附註26(d))	7,098	-
		1,009,760	853,183
Total	總額	1,016,564	863,486

All of the trade and other receivables apart from rental deposits of the Group amounting to RMB131,576,000 (2017: RMB125,547,000) and prepayments for lease amounting to RMB10,893,000 (2017: RMB14,402,000) are expected to be recovered or recognised as expenses within one year. Rental deposits may be offset against future rentals due to landlords of hypermarket premises by the Group in accordance with the relevant lease agreements.

At 31 December 2018, the Group had a USD non-delivered forward exchange contract with a notional amount of USD139,770,000 (2017: USD139,770,000). At 31 December 2018, the fair value of the derivative financial assets in respect of this forward exchange contract was RMB7,098,000 (2017: derivative financial liabilities of RMB40,084,000(see note 17)). The forward exchange contract will expire on 23 July 2019. The fair value of the derivative financial instruments at the end of the reporting period is determined based on the valuation techniques disclosed in note 26(e).

Sales to retail customers are mainly paid for by cash or credit cards. Credit terms of 30 to 90 days are offered to related companies and corporate customers with ongoing relationship. Further details of the Group's credit policy are set out in note 26(a).

除租賃按金人民幣131,576,000元(二零一七年:人民幣125,547,000元)及預付租賃費人民幣10,893,000元(二零一七年:人民幣14,402,000元)外,所有本集團之營運及其他應收款項預期於一年內收回。根據相關租賃協議,本集團大型超市物業之業主可將租賃按金抵消未來應付的租金。

於二零一八年十二月三十一日,本集團之美元無本金交割遠期外匯期貨合約,名義本金額為美金139,770,000元(二零一七年:美金139,770,000元)。於二零一八年十二月三十一日,此美元遠期合約的衍生金融資產的公允值為人民幣7,098,000元(二零一七年:衍生金融負債的公允值為人民幣40,084,000元(見附註17))。此美元遠期合約將於二零一九年七月二十三日到期。截至報告期末,衍生金融工具之公允價值乃按附註26(e)所披露之估值技術而釐定。

零售顧客之銷售主要以現金或信用卡交易。三十至九十日之付款期提供予有持續關係之相關企業及公司客戶。有關本集團信貸政策的進一步詳情載於附註26(a)。

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14 TRADE AND OTHER RECEIVABLES (Continued)

At the end of the reporting period, the ageing analysis of trade receivables due from third parties and related companies, based on the invoice date (or date of revenue recognition, if earlier) and net of allowance for doubtful debts, is as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within 30 days	三十日內	177,916	177,742
31 to 60 days	三十一日至六十日	47,301	59,646
61 to 90 days	六十一日至九十日	62,620	58,942
Over 90 days (note)	超過九十日(附註)	301,786	148,059
		589,623	444,389

Note: Subsequent to 31 December 2018, the Group has received RMB315,000,000 (2017: RMB158,850,000) trade receivables due from related companies, of which RMB14,679,000 belonged to the 61 to 90 days category and RMB300,321,000 belonged to the over 90 days category in the above ageing analysis.

Included in the Group's above trade receivables are debtors with aggregate carrying amount of RMB302,609,000 (2017: RMB149,665,000) which are past due at the reporting date with ageing analysis as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
<i>Overdue</i>	<i>逾期</i>		
Within 30 days	三十日內	101,047	69,783
31 to 60 days	三十一日至六十日	85,199	57,381
61 to 90 days	六十一日至九十日	70,956	21,689
Over 90 days	超過九十日	45,407	812
		302,609	149,665

The directors consider no impairment provision is required in respect of the above trade receivables as they are due from either related companies controlled by the ultimate controlling shareholder or counterparties that have a good track record with the Group.

14 營運及其他應收款項(續)

來自第三者及相關企業之營運應收款項扣除呆壞賬之撥備,按發票日期(或以收入確認日期,若較早),於報告期末之賬齡分析如下:

附註:於二零一八年十二月三十一日後,本集團已收取相關企業之營運應收款項為人民幣315,000,000元(二零一七年:人民幣158,850,000元),當中屬於以上賬齡分析中六十一至九十日之賬齡類別款項為人民幣14,679,000元及超過九十日之賬齡類別款項為人民幣300,321,000元。

本集團上述之營運應收款項包括已逾期應收款額合共人民幣302,609,000元(二零一七年:人民幣149,665,000元),於報告日之賬齡分析如下:

董事認為無需對上述營運應收款項計提減值撥備,因此等數額乃自最終控股股東控制之相關企業或與本集團有良好往績紀錄之交易方之應收款項。

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15 PLEDGED BANK DEPOSITS

At 31 December 2018, the Group's bank deposits of RMB31,313,000 (2017: RMB32,852,000) were pledged to banks as guarantees for the issuance of bank accepted bills for payments to suppliers.

In addition, at 31 December 2018, the Group's bank deposits of RMB30,609,000 (2017: RMB27,013,000) were pledged to banks for the issuance of letters of guarantee to landlords of certain subsidiaries.

16 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cash at bank and in hand and cash and cash equivalents in the consolidated statement of financial position and consolidated cash flow statement	於綜合財務狀況報表及綜合現金流量報表之銀行結存及現金與現金及現金等額	461,406	166,115

Cash and cash equivalents of the Group amounting to RMB13,443,000 (2017: RMB13,722,000) are non-interest bearing.

15 已抵押銀行存款

於二零一八年十二月三十一日,本集團之銀行存款為人民幣31,313,000元(二零一七年:人民幣32,852,000元)已抵押予銀行作為向供應商付款而發出銀行承兌匯票之擔保。

此外,於二零一八年十二月三十一日,人民幣30,609,000元(二零一七年:人民幣27,013,000元)之本集團銀行存款已抵押予銀行以向若干附屬公司之房東發出擔保函件。

16 現金及現金等額

(a) 現金及現金等額包括:

本集團無附息之現金及現金等額為人民幣13,443,000元(二零一七年:人民幣13,722,000元)。

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16 CASH AND CASH EQUIVALENTS (Continued)

16 現金及現金等額(續)

(b) Reconciliation of liabilities arising from financing activities

(b) 融資業務產生的負債對賬

		Bank loans 銀行貸款 RMB'000 人民幣千元 (Note 19) (附註19)	Other loans 其他貸款 RMB'000 人民幣千元 (Note 21) (附註21)	Loans from controlling shareholder 控股股東貸款 RMB'000 人民幣千元 (Note 20) (附註20)	Finance leases 融資租賃 RMB'000 人民幣千元 (Note 22) (附註22)	Derivative financial instruments 衍生金融工具 RMB'000 人民幣千元 (Notes 14 and 17) (附註14及17)	Total 總額 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	229,946	43,402	913,009	142,439	40,084	1,368,880
Changes from financing cash flows	融資現金流量值變動						
Proceeds from bank loans	銀行貸款之款項	432,102	-	-	-	-	432,102
Proceeds from shareholder loans	股東貸款之款項	-	-	80,185	-	-	80,185
Repayment of bank loans	銀行貸款之還款	(350,453)	-	-	-	-	(350,453)
Repayment of shareholder loans	股東貸款之還款	-	-	(80,110)	-	-	(80,110)
Capital element of finance lease rentals paid	支付融資租賃租金之本金部份	-	-	-	(12,909)	-	(12,909)
Interest element of finance lease rentals paid	支付融資租賃租金之利息部份	-	-	-	(13,496)	-	(13,496)
Interest paid	支付利息	(10,878)	(1,712)	(75,514)	-	-	(88,104)
Loan arrangement and guarantee fee paid	支付貸款安排及擔保費用	-	-	(16,176)	(220)	-	(16,396)
Cash paid on settlement of the forward foreign exchange contracts	遠期外匯期貨合約結算時所支付之現金	-	-	-	-	(28,993)	(28,993)
Total changes from financing cash flows	融資現金流量之變動總額	70,771	(1,712)	(91,615)	(26,625)	(28,993)	(78,174)
Exchange adjustments	匯兌調整	-	2,092	35,819	-	-	37,911
Other changes:	其他變動:						
Finance charges on obligations under finance leases (note 4(a))	融資租賃責任之融資費用(附註4(a))	-	-	-	13,496	-	13,496
Interest expenses (note 4(a))	利息(附註4(a))	10,878	1,712	75,514	-	-	88,104
Loan arrangement and guarantee fees (note 4(a))	貸款安排及擔保費用(附註4(a))	-	-	12,238	220	-	12,458
Gain on the interest rate swap contracts	利息掉期合約之溢利	-	-	-	-	2,775	2,775
Loss on the forward foreign exchange contracts	遠期外匯期貨合約之虧損	-	-	-	-	(20,940)	(20,940)
Total other changes	其他變動總額	10,878	1,712	87,752	13,716	(18,165)	95,893
At 31 December 2018	於二零一八年十二月三十一日	311,595	45,494	944,965	129,530	(7,074)	1,424,510

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16 CASH AND CASH EQUIVALENTS (Continued)

16 現金及現金等額(續)

(b) Reconciliation of liabilities arising from financing activities (Continued)

(b) 融資業務產生的負債對賬(續)

		Bank loans 銀行貸款 RMB'000 人民幣千元 (Note 19)	Other loans 其他貸款 RMB'000 人民幣千元 (Note 21)	Loans from controlling shareholder 控股股東貸款 RMB'000 人民幣千元 (Note 20)	Finance leases 融資租賃 RMB'000 人民幣千元 (Note 22)	Derivative financial instruments 衍生金融工具 RMB'000 人民幣千元 (Notes 14 and 17)	Total 總額 RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日	204,900	46,446	971,877	153,784	(41,239)	1,335,768
Changes from financing cash flows	融資現金流量值變動						
Proceeds from bank loans	銀行貸款之款項	329,549	-	-	-	-	329,549
Repayment of bank loans	銀行貸款之還款	(304,503)	-	-	-	-	(304,503)
Capital element of finance lease rentals paid	支付融資租賃租金之本金部份	-	-	-	(11,345)	-	(11,345)
Interest element of finance lease rentals paid	支付融資租賃租金之利息部份	-	-	-	(14,690)	-	(14,690)
Other borrowing costs paid	支付其他借款費用	(12,652)	(1,268)	(64,816)	-	-	(78,736)
Loan arrangement and guarantee fees paid	支付貸款安排及擔保費用	-	-	(8,128)	-	-	(8,128)
Cash paid on settlement of the forward foreign exchange contracts	遠期外匯期貨合約結算時所支付之現金	-	-	-	-	(22,355)	(22,355)
Total changes from financing cash flows	融資現金流量之變動總額	12,394	(1,268)	(72,944)	(26,035)	(22,355)	(110,208)
Exchange adjustments	匯兌調整	-	(3,044)	(58,868)	-	-	(61,912)
Other changes:	其他變動:						
Finance charges on obligations under finance leases (note 4(a))	融資租賃責任之融資費用(附註4(a))	-	-	-	14,690	-	14,690
Interest expenses (note 4(a))	利息(附註4(a))	10,268	1,268	64,816	-	-	76,352
Loan arrangement and guarantee fees (note 4(a))	支付貸款安排及擔保費用(附註4(a))	1,889	-	8,128	-	-	10,017
Interest on issuance of bank accepted bills (note 4(a))	銀行發出之承兌匯票利息(附註4(a))	495	-	-	-	-	495
Loss on the forward foreign exchange contracts	遠期外匯期貨合約之虧損	-	-	-	-	103,678	103,678
Total other changes	其他變動總額	12,652	1,268	72,944	14,690	103,678	205,232
At 31 December 2017	於二零一七年十二月三十一日	229,946	43,402	913,009	142,439	40,084	1,368,880

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17 TRADE AND OTHER PAYABLES

17 營運及其他應付款項

		31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	1 January 2018 二零一八年 一月一日 RMB'000 人民幣千元	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Notes payable	應付票據	93,610	97,668	97,668
Trade creditors	營運應付款項	2,677,113	2,209,069	2,209,069
Advance receipts from customers (note 18)	預收客戶之款項 (附註18)	-	-	396,141
Construction costs payable	工程應付款項	238,985	266,881	266,881
Other creditors and accrued charges	其他應付款項及應付費用	657,526	658,895	604,255
Amounts due to related companies (note 30(b))	應付相關企業款項 (附註30(b))	188,867	171,903	171,903
Derivative financial liabilities (notes 14, 26(c) and (d))	衍生金融負債 (附註14、26(c)及(d))	24	40,084	40,084
		3,856,125	3,444,500	3,786,001

Advance receipts from customers mainly represented the unutilised balance of prepaid cards sold by the Group. As a result of the adoption of HKFRS 15, these balances are classified as contract liabilities and are shown as a separate line on the consolidated statement of financial position (note 1(e)).

As 31 December 2018, the Group had an interest rate swap contract with a notional amount of USD139,770,000 (2017: nil). As 31 December 2018, the fair value of derivative financial liabilities in respect of this interest rate swap contract was RMB24,000 (2017: nil). The interest rate swap will expire on 24 December 2020.

All of the trade and other payables are expected to be settled within one year.

The above balances with related parties are unsecured, non-interest bearing and repayable on demand.

Included in the Group's trade and other payables are trade creditors and notes payable of RMB2,770,723,000 (2017: RMB2,306,737,000) with the following ageing analysis, based on the invoice date as at the end of the reporting period:

預收客戶之款項主要為未使用的本集團出售之預繳卡。由於採用香港財務報告準則第15號,此筆餘額被分類為合約負債並獨立呈列於綜合財務狀況報表(附註1(e))。

截至二零一八年十二月三十一日,本集團有一份名義金額為美金139,770,000元的利率掉期合約(二零一七年:無)。於二零一八年十二月三十一日,該利率掉期合約的衍生金融負債的公允價值為人民幣24,000元(二零一七年:無)。此利率掉期合約將於二零二零年十二月二十四日到期。

所有營運及其他應付款項預期於一年內償還。

以上所有與相關人士有關之數額均為無抵押、不付息及按要求償還。

本集團之營運及其他應付款項包括營運應付款項及應付票據人民幣2,770,723,000元(二零一七年:人民幣2,306,737,000元),於報告期末之賬齡根據發票日期分析如下:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Uninvoiced purchases	未開具發票之採購	943,246	877,391
Within 30 days	三十日內	1,382,145	1,073,575
31 to 60 days	三十一至六十日	143,936	180,619
61 to 90 days	六十一至九十日	53,952	32,394
More than 90 days	超過九十日	247,444	142,758
		2,770,723	2,306,737

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18 CONTRACT LIABILITIES

18 合約負債

	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	1 January 2018 二零一八年 一月一日 RMB'000 人民幣千元	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Advance receipts from customers 預收客戶之款項	357,819	341,501	-

The Group has initially applied HKFRS 15 using the cumulative effect method and adjusted the opening balance at 1 January 2018.

Upon the adoption of HKFRS 15, sales of prepaid cards previously included as "Advance receipts from customers" under "Trade and other payables" (note 17) were reclassified to contract liabilities.

Revenue is recognised when customers accept the products, so revenue from prepaid cards is recognised when the prepaid cards are redeemed by customers or when the likelihood of future utilisation can be determined with sufficiently high degree of probability as being remote. Based on recent trends in redemption by customers of the prepaid cards, it is expected that most of the prepaid cards will be redeemed within one year from purchase.

Movements in contract liabilities:

本集團已採用累積影響法首次應用香港財務報告準則第15號,並於二零一八年一月一日調整期初結餘。

採納香港財務報告準則第15號後,以前包括在「營運及其他應付款項」(附註17)下的「預收客戶之款項」的預付卡銷售額已重新分類為合約負債。

收入在客戶接受產品時確認,因此,預付卡的收入在客戶兌換預付卡或當未來利用的可能性被視為具有足夠低的概率時確認。根據近期客戶兌換預付卡的趨勢,預計大部份的預付卡均將在購買後一年內兌換。

合約負債之變動:

	2018 二零一八年 RMB'000 人民幣千元
Balance at 1 January 於一月一日結餘	341,501
Decrease in contract liabilities as a result of recognising revenue that was included in the contract liabilities at the beginning of the year 包括在年度期初的合約負債被確認為收入導致合約負債減少	(151,890)
Increase in contract liabilities excluding amounts recognised as revenue during the year 合約負債增加,不包括年度內確認之收入款項	168,208
Balance at 31 December 於十二月三十一日結餘	357,819

Except for the disclosures above related to redemptions of prepaid cards, the Group applies the practical expedient in paragraph 121 of HKFRS 15 for other sales contracts and does not disclose information about remaining performance obligations that have original expected duration of one year or less.

除上述有關贖回預付卡的披露外,本集團採用香港財務報告準則第15號第121段的實際權宜法用於其他銷售合約,且並無披露有關原有預計持續時間為一年或更短的剩餘履約責任的資料。

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19 BANK LOANS

At 31 December 2018 and 2017, all the bank loans were unsecured and repayable within one year.

As at 31 December 2018, the Group has drawn down bank loans of RMB311,595,000 (2017: RMB229,946,000), bearing interest at six-month rate of People's Bank of China ("PBOC Rate") multiplied by 1.20, being 5.22% per annum (2017: six-month PBOC Rate multiplied by 1.20, being 5.22% per annum) or bearing fixed interest at 4.79% to 5.31% per annum (2017: 4.70% to 5.22% per annum).

20 LOANS FROM CONTROLLING SHAREHOLDER

At 31 December 2018, the Group has borrowed floating rate loans of USD139,770,000 (equivalent to RMB958,356,000) (2017: USD139,770,000 (equivalent to RMB913,009,000)) from its controlling shareholder, CPH, bearing interest at three-month London Interbank Offered Rate ("LIBOR") plus 4.40% to 5.65% per annum, being 7.21% per annum (2017: three-month LIBOR plus 4.4% to 5.65% per annum being 6.02% per annum). The amount of loans from controlling shareholders was presented after being offset by an unamortised loan arrangement fee amounting to RMB13,391,000 (2017: nil). In addition, the Group still has unused loan facility from the controlling shareholder amounting to USD48,000,000 (equivalent to RMB329,433,000), which will expire in December 2020. The loans from the controlling shareholder are unsecured and repayable in December 2020.

21 OTHER LOANS

At 31 December 2018, other loans were repayable as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within 1 year	一年內	-	43,402
After 1 year but within 2 years	一年後但兩年內	45,494	-
		45,494	43,402

At 31 December 2018, third-party loans of USD6,656,000 (equivalent to RMB45,494,000) (2017: USD6,656,000 (equivalent to RMB43,402,000)) are unsecured and bear interest at three-month LIBOR plus 1.5% per annum (2017: three-month LIBOR plus 1.5%). Other loans are repayable in December 2020.

19 銀行貸款

於二零一八年及二零一七年十二月三十一日,所有銀行貸款為無抵押及於一年內償還。

於二零一八年十二月三十一日,本集團已提取銀行貸款約人民幣311,595,000元(二零一七年:約人民幣229,946,000元),年利率為六個月中國人民銀行利率(「中國人民銀行利率」)乘以1.20,即年利率5.22%(二零一七年:年利率為六個月中國人民銀行利率乘以1.20,即年利率5.22%)或固定年利率介乎4.79%至5.31%(二零一七年:年利率介乎4.70%至5.22%)。

20 應付控股股東貸款

於二零一八年十二月三十一日,本集團已取得由控股股東CPH提供的浮動利率貸款為美金139,770,000元(相等於人民幣958,356,000元)(二零一七年:美金139,770,000元,相等於人民幣913,009,000元),按三個月倫敦銀行同業拆息(「倫敦銀行同業拆息」)加年利率4.40%至5.65%計息,即年利率7.21%(二零一七年:三個月倫敦銀行同業拆息加年利率4.40%至5.65%,即年利率6.02%)。應付控股股東貸款為已抵銷未攤銷的貸款安排費用為人民幣13,391,000元(二零一七年:無)的金額。此外,本集團的未使用貸款,來自控股股東的貸款融資額為美金48,000,000元(相等於人民幣329,433,000元),將於二零二零年十二月到期。此控股股東貸款為無抵押及於二零二零年十二月到期。

21 其他貸款

於二零一八年十二月三十一日,其他貸款之還款期如下:

於二零一八年十二月三十一日,獨立第三方之貸款為美金6,656,000元(相等於人民幣45,494,000元)(二零一七年:美金6,656,000元(相等於人民幣43,402,000元))並無抵押,按三個月倫敦銀行同業拆息加年利率1.50%(二零一七年:三個月倫敦銀行同業拆息加1.50%)。此等第三方貸款於二零二零年十二月到期。

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22 OBLIGATIONS UNDER FINANCE LEASES 22 融資租賃責任

At 31 December 2018, the Group had obligations under finance leases repayable as follows:

於二零一八年十二月三十一日,本集團之應付融資租賃責任如下:

		2018 二零一八年		2017 二零一七年	
		Present value of the minimum lease payments 最低租賃 付款現值 RMB'000 人民幣千元	Total minimum lease payments 最低租賃 付款總額 RMB'000 人民幣千元	Present value of the minimum lease payments 最低租賃 付款現值 RMB'000 人民幣千元	Total minimum lease payments 最低租賃 付款總額 RMB'000 人民幣千元
Within 1 year	一年內	14,243	26,405	12,909	26,405
After 1 year but within 2 years	一年後但兩年內	16,156	26,832	14,243	26,405
After 2 years but within 5 years	兩年後但五年內	60,983	82,079	54,495	81,258
After 5 years	五年後	38,148	41,292	60,792	68,945
		115,287	150,203	129,530	176,608
		129,530	176,608	142,439	203,013
Less: Total future interest expenses	減: 未來利息開支總額		(47,078)		(60,574)
Present value of lease obligations	租賃責任之現值		129,530		142,439

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23 PROVISIONS

Provisions have been made for the directors' best estimate of the expected costs associated with terminations benefits, disputes with certain suppliers, cancellation of certain store opening projects and store closures. Provisions are summarised as follows:

		Termination benefits 合約終止補償 RMB'000 人民幣千元	Supplier claims 供應商索賠 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日	14,463	7,249	6,357	28,069
Provision incurred/(reversed)	撥備之產生/(回撥)	7,086	2,393	(4,520)	4,959
Provision utilised	撥備之使用	(20,999)	(2,214)	(1,837)	(25,050)
At 31 December 2017	於二零一七年十二月三十一日	550	7,428	-	7,978
At 1 January 2018	於二零一八年一月一日	550	7,428	-	7,978
Provision incurred/(reversed)	撥備之產生/(回撥)	-	4,004	225	4,229
Provision utilised	撥備之使用	(550)	(4,137)	(225)	(4,912)
At 31 December 2018	於二零一八年十二月三十一日	-	7,295	-	7,295

The provision balance at 31 December 2018 is expected to be utilised within one year.

於二零一八年十二月三十一日之撥備餘額預期將於一年內使用。

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Balance at the beginning of the year	年度期初結餘	27,237	17,823
Over-provision in respect of prior years	往年度超額撥備	(2,735)	(5,767)
Provision for PRC income tax for the year	年度內中國所得稅撥備	61,367	53,657
PRC income tax paid	已付中國稅項	(61,628)	(38,476)
		24,241	27,237

24 綜合財務狀況報表內之所得稅

(a) 綜合財務狀況報表內之即期稅項乃：

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24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

24 綜合財務狀況報表內之所得稅(續)

(b) Deferred tax assets and liabilities recognised

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

(b) 已確認之遞延稅項資產及負債

於年內已確認於綜合財務狀況報表之遞延稅項資產/(負債)之構成部份及其轉變如下:

		Tax losses	Property plant and equipment	Interests in leasehold land held for own use under operating leases	Intangible assets	Others	Total
		稅項虧損 RMB'000 人民幣千元	物業、房產及設備 RMB'000 人民幣千元	營運租賃之自用土地租賃權益 RMB'000 人民幣千元	無形資產 RMB'000 人民幣千元	其他 RMB'000 人民幣千元	總額 RMB'000 人民幣千元
Deferred tax arising from:	遞延稅項產生自:						
At 1 January 2017	於二零一七年一月一日	15,629	4,708	(8,417)	(36,392)	23,277	(1,195)
(Charged)/credited to profit or loss (note 5(a))	(列支)/計入至損益(附註5(a))	(1,270)	(382)	942	2,030	358	1,678
At 31 December 2017	於二零一七年十二月三十一日	14,359	4,326	(7,475)	(34,362)	23,635	483
At 1 January 2018	於二零一八年一月一日	14,359	4,326	(7,475)	(34,362)	23,635	483
(Charged)/credited to profit or loss (note 5(a))	(列支)/計入至損益(附註5(a))	(10,549)	(312)	942	6,379	(3,688)	(7,228)
At 31 December 2018	於二零一八年十二月三十一日	3,810	4,014	(6,533)	(27,983)	19,947	(6,745)

An analysis of the net deferred tax assets and liabilities is set out as follows:

遞延稅項資產及負債淨額之分析如下:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Net deferred tax assets	遞延稅項資產淨額	19,757	34,972
Net deferred tax liabilities	遞延稅項負債淨額	(26,502)	(34,489)
		(6,745)	483

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24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

24 綜合財務狀況報表內之所得稅(續)

(c) Deferred tax assets not recognised

Deferred tax assets have not been recognised in respect of the items below as it is not probable that future taxable profits against which these items can be utilised will be available in the relevant tax jurisdictions and entities.

(c) 未確認之遞延稅項資產

上述項目相關之遞延稅項資產項目尚未確認,因不太可能獲得有關稅務司法權區及企業可用於抵銷上述項目未來應課稅之溢利。

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Tax losses	稅項虧損	583,263	602,765
Deductible temporary differences	可抵扣之暫時差額	218,157	222,488
		801,420	825,253

Excluding the tax losses of the Company which do not expire, the tax losses of its subsidiaries established in the mainland China can be carried forward up to five years from the year in which the loss originated, and will expire in the following years:

除本公司之稅項虧損沒有到期日外,稅項虧損可於虧損產生年度起之以後五年內使用,並於下列年期到期:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
2018	二零一八年	-	180,456
2019	二零一九年	122,708	123,700
2020	二零二零年	100,283	116,677
2021	二零二一年	63,646	63,646
2022	二零二二年	86,531	89,246
2023	二零二三年	179,656	-
		552,824	573,725

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25 CAPITAL, RESERVES AND DIVIDENDS

25 股本、儲備及股息

(a) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

		Share premium 股份溢價 (Note (d)) (附註(d)) RMB'000 人民幣千元	Exchange reserve 匯兌儲備 (Note (d)) (附註(d)) RMB'000 人民幣千元	Retained earnings 保留溢利 (Note (b)) (附註(b)) RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日	1,933,161	8,051	161,948	2,103,160
Loss for the year	年度虧損	-	-	(113,946)	(113,946)
Other comprehensive income	其他全面收益	-	(160,638)	-	(160,638)
Total comprehensive income for the year	年度全面收益總額	-	(160,638)	(113,946)	(274,584)
At 31 December 2017	於二零一七年十二月三十一日	1,933,161	(152,587)	48,002	1,828,576
At 1 January 2018	於二零一八年一月一日	1,933,161	(152,587)	48,002	1,828,576
Loss for the year	年度虧損	-	-	(459,593)	(459,593)
Other comprehensive income	其他全面收益	-	90,758	-	90,758
Total comprehensive income for the year	年度全面收益總額	-	90,758	(459,593)	(368,835)
At 31 December 2018	於二零一八年十二月三十一日	1,933,161	(61,829)	(411,591)	1,459,741

(a) 權益構成部份之變動

本集團之綜合權益的每個組成部份的期初與期末結餘之間的調節, 載於綜合權益變動報表。本公司之權益的各個組成部份年初與年末之變動詳情載列如下:

(b) Dividends

No dividend was paid or proposed during the years ended 31 December 2018 and 2017, nor has any dividend been proposed since the reporting date.

(b) 股息

截至二零一八年及二零一七年十二月三十一日止之年度內, 概無派發或建議派發股息, 並自報告日起無建議派發任何股息。

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25 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

25 股本、儲備及股息(續)

(c) Authorised and issued share capital (Continued)

All the convertible preference shares are non-voting shares. The holders of these shares are entitled to receive the same dividends as the holders of ordinary shares. In addition, the holders of these shares have the right to convert any preference shares into the Company's ordinary shares at any time at the conversion price at the rate of 1 to 1 each subject to the minimum public float requirement as set out under the Listing Rules being maintained. Adjustments to the conversion price are only made upon dilutive and other events which are related to the Company issuing new shares or convertible debts.

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands.

Under the Companies Law of the Cayman Islands, share premium is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

(ii) Revaluation reserve

The revaluation reserve represents the difference between the Group's share of the fair value of the associate's net assets and the Group's interest in associate at the date the associate became a subsidiary of the Group.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of entities outside the PRC. The reserve is dealt with in accordance with the accounting policy set out in note 1(x).

(e) Distributability of reserves

At 31 December 2018, the aggregate amount of reserves available for distribution to equity shareholders of the Company was HK\$1,682,699,000 (equivalent to RMB1,459,741,000) (2017: HK\$2,226,537,000 (equivalent to RMB1,828,576,000)) as computed in accordance with the Company Law of the Cayman Islands.

(c) 法定及已發行股本(續)

所有可換股優先股乃不享有投票權之股份。此等股份之持有人享有與普通股持有人收取相同股息之權利。此外,此等股份之持有人可享有於任何時間以兌換價以每1對1的比率轉換任何優先股為本公司普通股之權利,但須符合上市規則維持最低公眾持股量之規定。兌換價之調整只限於攤薄及其他與本公司發行新股或可換股債務之事項。

(d) 儲備之性質及目的

(i) 股份溢價

股份溢價賬之應用需參照開曼群島之公司法。

根據開曼群島之公司法,股份溢價可分派予本公司之股東,惟於緊隨建議分派股息後,本公司將有能力償還因正常業務而產生之到期債項。

(ii) 重估儲備

重估儲備乃於聯營公司成為本集團之一家附屬公司當日,本集團於聯營公司所佔之資產淨額公允值與本集團於該聯營公司之權益差額。

(iii) 匯兌儲備

匯兌儲備包含所有因換算中國以外地區企業業務之財務報表而產生之匯兌差額。儲備根據載列於附註1(x)之會計政策處理。

(e) 儲備之分派性

於二零一八年十二月三十一日,根據開曼群島之公司法計算,累計之可供分派予本公司股東之儲備為1,682,699,000港元(相等於人民幣1,459,741,000元)(二零一七年:2,226,537,000港元(相等於人民幣1,828,576,000元))。

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25 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(f) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that it can provide returns for equity holders and benefits for other stakeholders and secure access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher equity holder's return that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. The Group also monitors capital on the basis of the gearing ratio which is calculated by dividing loans from controlling shareholder, bank loans and other loans by total equity.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's credit risk is primarily attributable to trade and other receivables. Management monitors the exposures to these credit risks on an ongoing basis.

Credit risk in respect of trade receivables is limited as the balances mainly arise from credit card sales. Credit terms of 30 to 90 days are offered to corporate customers with ongoing relationship. The Group grants 90 days to WSL and its related entities for store merchandise sales to them.

25 股本、儲備及股息(續)

(f) 資本管理

本集團於管理資本之目的乃保證本集團繼續以持續經營基準營運之能力,致使為其股東提供回報及為其他有利益關係之人士帶來益處,並確保以一個合理成本融資。

本集團積極及定期對資本結構進行檢討和管理,以在較高股東回報情況下可能伴隨之較高借貸水平與穩健的資本狀況帶來的好處和保障之間取得平衡,並因應經濟環境的變化對資本結構作出調整。本集團亦以資本與負債比率(以控股股東貸款、銀行貸款及其他貸款除以總權益計算)作為監控資本之基準。

26 金融風險管理及公允值

本集團正常業務過程中涉及信用、流動資金、利率及外匯風險。

本集團承擔之此等風險及本集團採納之財務風險管理政策及慣例以管理此等風險詳情載列如下。

(a) 信用風險

信用風險指交易對手違約其合約責任導致本集團財務虧損的風險。

本集團之信用風險主要來自營運及其他應收款項。管理層持續監察此等信貸風險。

營運應收款項之信貸風險主要來自信用咭銷售應收款。三十至九十日付款期提供予有持續關係之公司客戶。本集團就其店舖商品之銷售給予WSL及其相關企業九十日付款期。

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26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(a) Credit risk (Continued)

As set out in note 30(b), the Group had receivables due from WSL and its related entities and other subsidiaries and associates of Charoen Pokphand Group Company Limited ("CPG"), the ultimate holding company, amounting to approximately RMB591.5 million (2017: RMB465.8 million) as at 31 December 2018, which represents approximately 58.2% (2017: 53.9%) of the Group's total trade and other receivables. Given CPG is the Company's ultimate holding company, the directors consider that these amounts are fully recoverable.

Except for the above, the Group has no other significant concentration of credit risk on trade and other receivables. Cash and deposits are placed with banks which the directors consider have sound credit ratings.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The Group does not provide any guarantees which would expose the Group to credit risk.

(b) Liquidity risk

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflow from operations and obtain adequate finance from external parties or its ultimate holding company to meet its debt obligations and committed future capital expenditures as and when they fall due.

As at 31 December 2018, the Group had net current liabilities of approximately RMB1,723.2 million (2017: RMB2,796.6 million).

In preparing the financial statements, the directors have considered the cash flow forecast of the Group for the twelve months ending 31 December 2019, which was prepared based on historical cash requirements of the Group which may impact the operations of the Group during the next twelve-month period. The directors are of the opinion that the assumptions which are included in the cash flow forecast are reasonable. However, as with all assumptions in regard to future events, these are subject to inherent limitations and uncertainties and some or all of these assumptions may not be realised.

Based on the cash flow forecast prepared and unused shareholder loan facilities on hand(note 1(b)), the directors have determined that adequate liquidity exists to finance the working capital and capital expenditure requirements of the Group for the forthcoming year.

26 金融風險管理及公允值(續)

(a) 信用風險(續)

根據附註30(b)所載,於二零一八年十二月三十一日,本集團向WSL及其相關企業及Charoen Pokphand Group Company Limited(「CPG」)(最終控股公司)之其他附屬公司及聯營公司應收之款項約為人民幣591,500,000元(二零一七年:人民幣465,800,000元),此等數額佔本集團之營運及其他應收款項總額約58.2%(二零一七年:53.9%)。由於CPG乃本公司之最終控股公司,董事認為此等款項將可全數收回。

除以上述者外,本集團之營運及其他應收款項概無其他重大信貸過度集中之風險。現金及存款存放於董事認為擁有高信貸評級之銀行。

承擔之最高信貸風險乃財務狀況報表內各金融資產之賬面值。本集團概無提供任何擔保而使本集團承擔信貸風險。

(b) 流動資金風險

本集團之流動資金狀況主要取決於其業務能維持足夠營運現金流入及取得外方或其最終控股公司之足夠融資以應付到期之債務及未來已承擔之資本開支之能力。

於二零一八年十二月三十一日,本集團之流動負債淨額約為人民幣1,723,200,000元(二零一七年:人民幣2,796,600,000元)。

於編製財務報表時,董事已考慮本集團截至二零一九年十二月三十一日止十二個月之現金流量預報,此乃根據本集團過往現金需求而可能影響本集團未來十二個月期間之營運而編製。董事認為包括於現金流量預報之假設屬合理。然而,所有有關未來項目之假設(根據現存之限制及未知之數),若干或全部此等假設或不會實現。

根據已編製之現金流量預報及現有未使用的股東貸款融資額(附註1(b)),董事認為本集團之流動資金足以應付來年之營運資金及資本開支要求。

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26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

26 金融風險管理及公允值(續)

(b) Liquidity risk (Continued)

(b) 流動資金風險(續)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

以下乃金融負債之契約期限,包括估計利息付款及撇除結算協議之影響:

		Contractual undiscounted cash outflow 契約非貼現現金流出					Carrying amount 賬面值 RMB'000 人民幣千元
		Within 1 year or 一年內或 已到期 RMB'000 人民幣千元	More than 1 year but less than 2 years 一年後但 兩年內 RMB'000 人民幣千元	More than 2 years but less than 5 years 兩年後但 五年內 RMB'000 人民幣千元	More than 5 years 五年後 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元	
31 December 2018	二零一八年十二月三十一日						
Non-derivative financial liabilities	非衍生工具之金融負債						
Bank loans	銀行貸款	(324,296)	-	-	-	(324,296)	311,595
Loans from controlling shareholder	應付控股股東貸款	(62,062)	(1,027,327)	-	-	(1,089,389)	944,965
Other loans	其他貸款	(1,141)	(46,827)	-	-	(47,968)	45,494
Notes payable, creditors and accrued charges	應付票據、應付款項及 應付未付費用	(3,667,234)	-	-	-	(3,667,234)	3,667,234
Amounts due to related companies	應付相關企業款項	(188,867)	-	-	-	(188,867)	188,867
Obligations under finance leases	融資租賃責任	(26,405)	(26,832)	(82,079)	(41,292)	(176,608)	129,530
		(4,270,005)	(1,100,986)	(82,079)	(41,292)	(5,494,362)	5,287,685
Derivative financial liabilities	衍生工具之金融負債						
Derivative financial liabilities	衍生工具之金融負債	(24)	-	-	-	(24)	24
		(4,270,029)	(1,100,986)	(82,079)	(41,292)	(5,494,386)	5,287,709
31 December 2017	二零一七年十二月三十一日						
Non-derivative financial liabilities	非衍生工具之金融負債						
Bank loans	銀行貸款	(238,502)	-	-	-	(238,502)	229,946
Loans from controlling shareholder	應付控股股東貸款	(976,064)	-	-	-	(976,064)	913,009
Other loans	其他貸款	(44,582)	-	-	-	(44,582)	43,402
Notes payable, creditors and accrued charges	應付票據、應付款項及 應付未付費用	(3,574,014)	-	-	-	(3,574,014)	3,574,014
Amounts due to related companies	應付相關企業款項	(171,903)	-	-	-	(171,903)	171,903
Obligations under finance leases	融資租賃責任	(26,405)	(26,405)	(81,258)	(68,945)	(203,013)	142,439
		(5,031,470)	(26,405)	(81,258)	(68,945)	(5,208,078)	5,074,713
Derivative financial liabilities	衍生工具之金融負債						
Derivative financial liabilities	衍生工具之金融負債	(40,084)	-	-	-	(40,084)	40,084
		(5,071,554)	(26,405)	(81,258)	(68,945)	(5,248,162)	5,114,797

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26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

26 金融風險管理及公允值(續)

(c) Interest rate risk

(i) Interest rate profile

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

The Group's exposure to changes in interest rates relates primarily to the Group's cash and cash equivalents, pledged bank deposits, bank loans, loans from controlling shareholder, other loans, and obligations under finance leases.

The following table details the interest rate profile of the Group's net borrowings (interest-bearing liabilities less interest-bearing financial investments excluding cash held for short-term working capital purposes) at the end of the reporting period.

		2018 二零一八年		2017 二零一七年	
		Effective interest rate 有效利率	Carrying value 賬面值 RMB'000 人民幣千元	Effective interest rate 有效利率	Carrying value 賬面值 RMB'000 人民幣千元
Variable rate instruments:	浮動利率工具:				
Pledged bank deposits	已抵押之銀行存款	0.49%	61,922	0.50%	59,865
Cash and cash equivalents	現金及現金等額	0.34%	447,963	0.28%	152,393
Bank loans	銀行貸款	5.22%	(67,313)	5.22%	(69,946)
Loans from controlling shareholder	應付控股股東貸款	7.21%	(944,965)	6.02%	(913,009)
Other loans	其他貸款	3.76%	(45,494)	2.50%	(43,402)
			(547,887)		(814,099)
Fixed rate instruments:	固定利率工具:				
Bank loans	銀行貸款	4.79% - 5.31%	(244,282)	4.70% - 5.22%	(160,000)
Obligations under finance leases	融資租賃責任	9.8% - 10.03%	(129,530)	9.8% - 10.03%	(142,439)
			(373,812)		(302,439)

The Group is exposed to interest risk from loans from controlling shareholder, which bearing variable interest rate. At 31 December 2018, the relevant loans amounted to USD139,770,000. The Group used an interest rate swap contract to economically hedge the currency risk of the above loans.

(c) 利率風險

(i) 利率概況

利率風險是指金融工具未來現金流量的公允值因市場利率變動而波動的風險。

本集團承擔之利率波動風險,主要關乎本集團之現金及現金等額、已抵押之銀行存款、銀行貸款、應付控股股東貸款、其他貸款及融資租賃責任。

下表詳列本集團於報告期末之借貸淨額(附息負債扣減附息財務投資(撇除作為短期營運資金目的所持有之現金))之利率概況。

本集團面臨來自控股股東貸款的利率風險,該貸款為浮動利率。截至二零一八年十二月三十一日,相關貸款為美金139,770,000元。本集團使用利率掉期合約以經濟方式對沖上述貸款的貨幣風險。

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26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

26 金融風險管理及公允值(續)

(c) Interest rate risk (Continued)

(c) 利率風險(續)

(ii) Sensitivity analysis

(ii) 敏感度分析

At 31 December 2018, it is estimated that a change of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's net loss and retained profits by the amounts shown below:

於二零一八年十二月三十一日,估計息率之100個基點變更(其他所有可變因素維持不變)將增加/減少本集團之虧損淨額及保留溢利數額如下:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Variable rate instrument:	浮動利率工具:		
100 basis point increase	增加100個基點	4,109	6,106
100 basis point decrease	減少100個基點	(4,109)	(6,106)

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the reporting date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The analysis is performed on the same basis for 2017.

告日變更及於當日已存在之金融工具應用利率風險。分析與二零一七年之基準相同。

(d) Currency risk

(d) 外匯風險

The directors consider that as the Group's retail operations are all based in the PRC, the Group is not exposed to significant currency risk in its retail operations.

董事認為本集團之零售業務全部位於中國,本集團於其零售業務概無重大外匯風險。

The Group is exposed to foreign currency risk from loans from controlling shareholder held by certain PRC subsidiaries, which are denominated in USD. At 31 December 2018, the relevant loans amounted to USD108,170,000 (2017: USD120,170,000). The Group used a forward exchange contract to economically hedge the currency risk of the above loans. Changes in the fair value of the forward exchange contract are recognised in profit or loss. At 31 December 2018, the fair value of the derivative financial assets in respect of the forward exchange contract was RMB7,098,000 (2017: derivative financial liabilities of RMB40,084,000). The forward exchange contract has maturity of less than one year after the end of the reporting period.

本集團之外匯風險主要源自若干中國附屬公司以美元為結算單位之應付控股股東貸款。於二零一八年十二月三十一日,相關之貸款為美金108,170,000元(二零一七年:美金120,170,000元)。本集團使用一項外匯遠期合約經濟地對沖上述貸款之外匯風險。外匯遠期合約公允值之變動確認於損益內。於二零一八年十二月三十一日,外匯遠期合約的衍生金融資產的公允淨值為人民幣7,098,000元(二零一七年:衍生金融負債為人民幣40,084,000元)。此外匯遠期合約於報告期末結束後少於一年內到期。

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26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(d) Currency risk (Continued)

RMB is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent the Group from satisfying sufficient foreign currency demand and the Group may not be able to pay dividends in foreign currencies to its shareholders.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

At 31 December 2018, the Group has certain derivative financial instruments – exchange forward contract, which is measured at fair value. When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2: inputs other than quoted prices included in level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

The fair value of interest rate swap as at 31 December 2018 is categorised into Level 2 fair value measurement and is estimated as the amount that the Group would receive or pay to terminate the swap at the end of the reporting period, taking into account current interest rates and the current credit worthiness of the swap counterparties.

The fair value measurement of the forward exchange contract as at 31 December 2018 is categorised into Level 2 fair value measurement and is determined by discounting the difference between the contractual exercise price and the market forward price as at 31 December 2018 offered by the issuance bank. Except for the forward exchange contract and interest rate swap contract, the Group did not hold any other financial assets and liabilities carried at fair value as at 31 December 2018 and 2017.

26 金融風險管理及公允值(續)

(d) 外匯風險(續)

人民幣並非自由滙兌貨幣及中國政府於未來或考慮限制現時會計交易以外幣進行。外幣滙兌控制系統之改變或妨礙本集團滿足足夠外匯需求及本集團或未能向其股東以外幣派發股息。

(e) 公允值之計量

(i) 按公允值計量之金融資產及負債

於二零一八年十二月三十一日,本集團之若干衍生金融工具—外匯遠期合約,以公允值計量。當計量一項資產或一項負債的公允值時,本集團盡可能採用市場可觀察的數據。公允值是根據以下估值方法的資料運用被劃分為不同等級:

- 第一級: 在計量日有相同資產或負債於活躍市場上未經調整的報價。
- 第二級: 除包含於第一級報價外,其他直接(即價格)或間接(即源自價格者)可觀察的有關資產或債務的資料。
- 第三級: 重大不可觀察的資料。不可觀察的資料為無法獲得的市場數據。

於二零一八年十二月三十一日,利率掉期合約之公允值計量被劃分為第二級公允值計量合約,及為本集團在報告期末終止掉期合約所需的或支付的估計金額,同時考慮到當前利率和掉期合約交易對手目前的信譽。

於二零一八年十二月三十一日,外匯遠期合約之公允值計量被劃分為第二級公允值計量,及由貼現發行銀行提供於二零一八年十二月三十一日的合同行使價格與市場遠期外匯價格之間的差額而確定。於二零一八年及二零一七年十二月三十一日,除外匯遠期合約和利率掉期合約外,本集團並無其他按公允值列賬之金融資產及負債。

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26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(e) Fair value measurement (Continued)

- (ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values as at 31 December 2018 and 2017.

During the years ended 31 December 2018 and 2017, there were no transfers between level 1 and level 2, or transfer into or out of level 3.

26 金融風險管理及公允值(續)

(e) 公允值之計量(續)

- (ii) 按非公允值計量之金融資產及負債的公允值

於二零一八年及二零一七年十二月三十一日,本集團之金融資產及負債按成本或攤餘成本入賬之賬面值與其公允值並無重大差異。

截至二零一八年及二零一七年十二月三十一日止之年度內,概無第一級與第二級之間的轉移,或轉入或轉出第三級。

27 OPERATING LEASE COMMITMENTS

As lessee

At 31 December 2018, total future minimum lease payments under non-cancellable operating leases are payable as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within 1 year	一年內	709,686	632,684
After 1 year but within 5 years	一年後但五年內	947,474	514,617
After 5 years	五年後	321,260	6,020
		1,978,420	1,153,321

The Group is the lessee in respect of a number of office and store premises held under operating leases. The leases typically run for period up to 20 years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually increased every 1 to 7 years to reflect market rentals. The store leases typically provide the Group with the ability to cancel the leases within the lease period on payment of a penalty and/or after a minimum period of leasing.

In addition to the minimum rental payments disclosed above, certain leases provide for contingent rentals based on a percentage of the turnover. Contingent rental payables are not included in the above commitment.

27 營運租賃之承擔

為承租人

於二零一八年十二月三十一日,不可取消之營運租賃之未來最低租賃應付款項總額如下:

本集團乃若干辦公室及店舖物業之營運租賃承租人。租賃一般為期可達至二十年,並於再商議所有條款時有權選擇續租。租賃付款通常每一至七年增加以反映市場租務狀況。店舖租賃通常讓本集團於租賃期內以支付罰款及/或於最低租賃期後可取消租賃。

除上述披露的最低租賃付款外,若干租賃是根據銷售額的百分比提供或然租金。上述承擔中不包括或然租賃應付款。

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27 OPERATING LEASE COMMITMENTS (Continued)

As lessor

Property rental income earned net of negligible outgoings from subletting of the Group's leased properties during the year amounted to approximately RMB572,100,000 (2017: RMB522,828,000).

At 31 December 2018, the total future minimum lease payments under non-cancellable operating leases are receivable as follows:

Within 1 year	一年內
After 1 year but within 5 years	一年後但五年內
After 5 years	五年後

The leases typically run for an initial period of 3 months to 2 years, with an option to renew the lease when all terms are renegotiated. In addition to the minimum rental payments disclosed above, the tenants have commitments to pay additional rent of a proportion of turnover for certain sub-leased properties if the turnover generated from those sub-leased properties exceeds the predetermined levels. Contingent rentals are not included in the above commitments as it is not possible to estimate the amounts which may be payable.

27 營運租賃之承擔(續)

為出租人

於年內,本集團之租賃物業租金收入於扣減分租輕微開支後約為人民幣572,100,000元(二零一七年:人民幣522,828,000元)。

於二零一八年十二月三十一日,不可取消之營運租賃之未來最低應收租賃款項總額如下:

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within 1 year	280,879	257,874
After 1 year but within 5 years	349,214	288,991
After 5 years	47,053	58,716
	677,146	605,581

租賃一般之初始期為三個月至兩年,並於再商議所有條款時有權選擇續租。除上述披露之最低租賃付款外,若干分租物業當其產生之營業額超過預定之水平時,租戶承諾按營業額之若干部份繳付額外之租金。由於未能評估承租人應付金額,以上之承擔並未包括或然租金。

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28 CAPITAL COMMITMENTS

Capital commitments outstanding at 31 December 2018 not provided for in the consolidated financial statements were as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Contracted for	已訂約	38,277	17,581
Authorised but not contracted for	已批准但未訂約	667,519	740,304
		705,796	757,885

All of the above capital commitments were made in respect of the establishment of new hypermarket stores and renovation work on existing stores.

28 資本承擔

於二零一八年十二月三十一日,於綜合財務報表尚未撥備之資本承擔如下:

上述所有資本承擔均為成立新大型超市及為現有店舖之翻新工程而設。

29 EMPLOYEE RETIREMENT BENEFITS

The Group has arranged for its Hong Kong employees to join a Mandatory Provident Fund (the "MPF scheme"), a defined contribution scheme managed by an independent trustee. Under the rules of the MPF scheme, each of the Group and the employee make monthly contributions to the scheme at 5% of the employees' gross earnings, subject to a maximum of HK\$1,500 per month per employee. The only obligation of the Group with respect to the MPF scheme is to make the required contributions under the scheme.

Employees of the Group in the PRC participate in several defined contribution retirement schemes organised separately by PRC municipal governments in regions where the major operations of the Group are located. The Group is required to contribute to these schemes at rates ranging from 13% to 20% (2017: 13% to 20%) of salary costs including certain allowances. A member of the retirement schemes is entitled to retirement benefits equal to a fixed proportion of the salary at the retirement date. The retirement benefit obligations of all existing and future retired staff of the Group are assumed by these schemes.

29 僱員退休福利

本集團安排香港之僱員參與強制性公積金(「強積金計劃」),一個由獨立信託人管理之供款計劃。根據強積金計劃規例,本集團及僱員每月各按僱員總收入之5%對計劃供款,最高供款額為每僱員每月1,500港元。本集團對強積金計劃之唯一責任乃按計劃繳付所需供款。

本集團在中國之僱員參與於集團主要經營地區,由中國地區政府分別管理之若干退休供款計劃。本集團需為此等計劃按薪金成本(包括若干津貼)繳付13%至20%(二零一七年:13%至20%)之供款。退休計劃成員享有於退休日以其薪金之固定部份作為退休福利。本集團透過此等計劃履行其對所有現在及未來退休僱員之退休福利責任。

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30 MATERIAL RELATED PARTY TRANSACTIONS

30 重大相關人士之交易

(a) In addition to obtaining loans from controlling shareholder as disclosed in note 20, the Group entered into the following material transactions with entities controlled by, or related to, the ultimate holding company, CPG, during the year.

(a) 除附註20所披露取得控股股東之貸款外,本集團於年內與由最終控股公司CPG控制/相關之企業之重大交易如下。

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Continuing related party transactions (note (i))		
Store merchandise purchased from High Orient Enterprises Limited ("HOEL") and its related entities	54,510	81,637
Rental income from Chia Tai Commercial Real Estate Management Co., Ltd. ("CTCREM") and its subsidiary	7,401	7,195
Rental expenses to		
– Shanghai Kinghill Limited ("SKL")	18,000	18,000
– Kunshan Xinmin Property Co., Ltd.	7,808	7,808
– Shantou Xinping Investment Consultation Co., Ltd.	15,978	14,999
Master trademark fee payable to CPG	1,094	1,119
Logistic services income from CPG and its related entities	1,154	1,773
Other related party transactions		
Store merchandise sold to WSL and its related entities	836,187	653,577
Interest expenses charged by CPH (note (ii))	75,510	64,816
Training expenses paid to Leadership Development Charoen Pokphand Group Co., Ltd. ("CPLI") (note (ii))	1,888	–
Loan arrangement fee payable to CPH (note (ii))	16,176	–
Reimbursement of staff costs (note (iii))	22,243	15,207
Allocation of administrative expenses at cost to WSL and its related entities (note (iii))	–	2,893
Guarantee fee payable to Zheng Xin Bank Co., Ltd. (note (ii))	150	600
Software license fee payable to CPF IT Center Company Limited ("CPF IT") (note (iv))	9,175	–
Maintenance service fee payable to CPF IT (note (iv))	619	–

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30 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

30 重大相關人士之交易(續)

(a) (Continued)

Notes:

- (i) These related party transactions constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules and the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. In addition, master trademark fee paid to CPG and logistic services income from CPG and its related entities are exempt from the disclosure requirements under Chapter 14A of the listing rules.
- (ii) These related party transactions constitute connected transactions as defined in Chapter 14A of the Listing Rules, however, they are exempt from the disclosure requirements under Chapter 14A of the Listing Rules.
- (iii) The employment contracts of certain individuals who previously worked for the Group but now work for WSL and its related entities on a full-time basis remained with the Group. The employment costs of such individuals were reimbursed by WSL and its related entities to the Group. Total staff costs disclosed in note 4(b) are stated net of such reimbursement.

Further, following the organisation restructuring in 2013, the Group shares certain administrative services with WSL and its related entities. The Group charges the costs applicable to WSL and its related entities on a cost basis.

- (iv) These related party transactions constitute connected transactions as defined in Chapter 14A of the Listing Rules and the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

(a) (續)

附註:

- (i) 此等相關人士之交易構成上市規則第14A章定義下之持續關連交易及本公司已遵守根據上市規則第14A章之披露規定。此外,支付予CPG之主商標費用及物流服務收入自CPG及其相關企業於上市規則第14A章下獲豁免披露。
- (ii) 此等相關人士之交易構成上市規則第14A章定義下之關連交易,然而,於上市規則第14A章下獲豁免披露。
- (iii) 若干曾於本集團工作但現為WSL及其相關企業全職工作之人士之僱傭合約仍保留於本集團。每位員工之僱傭成本由WSL及其相關企業退還予本集團。於附註4(b)披露之僱員成本總額已撇除該退還。

此外,緊隨於二零一三年之架構重組,本集團與WSL及其相關企業分享若干行政服務。本集團以成本價格收取應用於WSL及其相關企業之費用。

- (iv) 此等相關人士之交易構成上市規則第14A章定義下之關連交易及本公司已遵守根據上市規則第14A章之披露規定。

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30 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

30 重大相關人士之交易(續)

(b) The Group had the following balances with related companies:

In addition to the loans from controlling shareholder disclosed in note 20, the Group had other balances with related companies as follows.

(b) 本集團與相關企業之結餘如下:

除附註20所披露之應付控股股東貸款外,本集團與其他相關企業之結餘如下:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Due from related companies	應收相關企業款項		
- WSL and its related entities	- WSL及其相關企業	588,134	463,165
- HOEL and its related entities	- HOEL及其相關企業	83	345
- CTCREM and its subsidiary	- 正大商房及其附屬公司	3,307	2,272
		591,524	465,782
Due to related companies	應付相關企業款項		
- CPG	- CPG	1,134	1,082
- WSL and its related entities	- WSL及其相關企業	81,100	99,109
- HOEL and its related entities	- HOEL及其相關企業	23,085	13,157
- SKL and its subsidiaries	- 上海帝泰及其附屬公司	74,156	58,434
- Other related companies	- 其他相關企業	9,392	121
		188,867	171,903

(c) Key management personnel remuneration

Remuneration of key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 6, is as follows:

(c) 主要管理人員酬金

本集團主要管理人員之酬金,包括附註6披露之支付予本公司董事之金額如下:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Short-term employee benefits	短期僱員福利	24,999	23,606
Post-employment benefits	受僱期後福利	32	32
Termination benefits	合約終止補償	-	-
Equity compensation benefits	權益代價福利	-	-
		25,031	23,638

Total remuneration is included in "staff costs" (see note 4(b)).

酬金總額包括於「僱員成本」(見附註4(b))內。

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31 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

31 本公司財務狀況報表

		31 December 2018 二零一八年 十二月 三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年 十二月 三十一日 RMB'000 人民幣千元
Non-current assets	非流動資產		
Property, plant and equipment	物業、房產及設備	324	530
Interests in subsidiaries	附屬公司權益	1,929,690	2,278,770
Other long-term prepayments	其他長期預付款項	938	-
		1,930,952	2,279,300
Current assets	流動資產		
Trade and other receivables	營運及其他應收款項	215,688	207,088
Cash and cash equivalents	現金及現金等額	40,929	16,500
		256,617	223,588
Current liabilities	流動負債		
Trade and other payables	營運及其他應付款項	89,129	124,565
Other loans	其他貸款	17,009	16,227
Loans from controlling shareholder	應付控股股東貸款	-	127,794
		106,138	268,586
Net current assets/(liabilities)	流動資產/(負債)淨額	150,479	(44,998)
Total assets less current liabilities	總資產減流動負債	2,081,431	2,234,302
Non-current liability	非流動負債		
Loans from controlling shareholder	應付控股股東貸款	215,964	-
		215,964	-
NET ASSETS	資產淨額	1,865,467	2,234,302
CAPITAL AND RESERVES	資本及儲備		
Share capital	股本	405,726	405,726
Reserves	儲備	1,459,741	1,828,576
		1,865,467	2,234,302
TOTAL EQUITY	權益總額	1,865,467	2,234,302

Approved and authorised for issue by the board of directors on
27 February 2019.

於二零一九年二月二十七日獲董事會批准
及授權刊發。

Soopakij Chearavanont

謝吉人
Director
董事

Umroong Sanphasitvong

Director
董事

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32 COMPARATIVE FIGURES

The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 1(e).

33 IMMEDIATE AND ULTIMATE HOLDING COMPANIES

At 31 December 2018, the directors consider the immediate holding company to be C.P. Holding (BVI) Investment Company Limited, which is incorporated in the British Virgin Islands, and the ultimate holding company to be Charoen Pokphand Group Company Limited, which is incorporated in the Kingdom of Thailand. None of these entities produces financial statements available for public use.

34 ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the consolidated financial statements. Notes 9, 10 and 11 contain information about the assumptions and their risk factors relating to impairment assessment of property, plant and equipment, intangible assets and goodwill. Other key sources of estimation uncertainty are as follows:

(a) Going concern

The directors of the Company have given careful consideration to the future liquidity of the Group in light of the Group's net current liabilities of approximately RMB1,723.2 million. The directors consider that it is appropriate to prepare the financial statements using a going concern basis. Further details are set out in notes 1(b) and 26(b). Should the Group be unable to continue as a going concern, all of the Group's assets and liabilities would have to be stated at their net realisable value. In particular, the non-current assets and the non-current liabilities would have to be reclassified as current assets and current liabilities respectively and provision for contingent liabilities may be required as a result.

32 比較數字

本集團已於二零一八年一月一日初次應用香港財務報告準則第15號及香港財務報告準則第9號。根據過渡方法的選擇,比較資料不予重列。有關會計政策變動的進一步詳情披露於附註1(e)。

33 直接及最終控股公司

於二零一八年十二月三十一日,董事認為本公司之直接控股公司為於英屬維爾京群島註冊成立之C.P. Holding (BVI) Investment Company Limited,及最終控股公司為於泰國註冊成立之Charoen Pokphand Group Company Limited。此等公司概無為公眾人士而編製之財務報表。

34 會計估計及判斷

估計及判斷會被持續評估,並根據過往經驗及其他因素進行,包括在某些情況下對未來事件之預測認為合理。在審閱綜合財務報表時,所考慮之因素包括重要會計政策之選擇、影響該等政策應用之判斷及其他不明朗因素,及報告結果對條件及假設變更之敏感度。附註9、10及11包括有關物業、房產及設備、無形資產與商譽減值評估之假設及其各自風險因素之資料。其他估計不明朗因素之主要來源如下:

(a) 持續經營

本公司之董事對本集團之未來流動資金(有關本集團之流動負債淨額約人民幣1,723,200,000元)已作出仔細考慮。董事認為以持續經營基準編製財務報表屬合適。進一步詳情載於附註1(b)及26(b)。倘本集團無法繼續持續經營,本集團之所有資產及負債需按可變現淨額列示。尤其是非流動資產及非流動負債分別重分類至流動資產及流動負債,並可能需因此撥備或然負債。

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34 ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

34 會計估計及判斷(續)

(b) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews annually the estimated useful lives of the assets and their residual values, if any. The useful lives are based on the Group's historical experience with similar assets. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(c) Impairment

If circumstances indicate that the carrying value of property, plant and equipment, leasehold land, goodwill and other non-current assets may not be recoverable, these assets may be considered "impaired", and an impairment loss may be recognised in accordance with HKAS 36, "Impairment of assets". The carrying amounts of these assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable, except for goodwill which is tested annually for impairment. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling prices because quoted market prices for the Group's assets are not readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and amount of operating costs.

(b) 物業、房產及設備折舊

物業、房產及設備經計及估計餘值後,按估計使用年期以直線法折舊。本集團每年審閱資產之估計使用年期及其餘值(如有)。使用年期乃根據本集團對類似資產之過往經驗釐定。倘過往估計出現重大變更時,未來期間之折舊開支會予以調整。

(c) 減值

倘情況顯示於物業、房產及設備、租賃土地、商譽及其他非流動資產之賬面值可能無法收回時,此等資產或會被視為「減值」,而減值虧損可按香港會計準則第36號,「資產減值」而確認。此等資產之賬面值會定期審閱,以評估可收回數額是否已跌至低於賬面值。當有事件或變動顯示此等資產之記錄賬面值可能無法收回時,此等資產會進行減值測試,惟每年進行減值測試之商譽除外。在出現減值時,賬面值會減至可收回數額。釐定商譽有否減值須估計商譽分配予之現金產生單位之使用價值。可收回數額為售價淨額或使用價值之較高者。由於並未取得本集團資產之市場報價,因此難於準確估計銷售價。於釐定使用價值時,資產產生之預期現金流按其現值貼現,而此需要就收益及營運成本金額作出重大判斷。本集團利用所有現有資料釐定可收回數額之合理概約金額,包括基於收益及營運成本金額之合理及有支持之假設與預測而作出估計。

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34 ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(d) Income tax

Determination of income tax provision and recognition of certain deferred tax assets involve judgement regarding the future tax treatment of certain transactions and the future profitability of certain subsidiaries. The Group carefully evaluates tax implications of transactions and tax provision are set up accordingly. In assessing the need to recognise a deferred tax asset, management considers all available evidence, including projected future taxable income, tax planning strategies, historical taxable income, and the expiration period of the losses carried forward. In cases where the actual future taxable profits are less than expected, a reversal of a deferred tax asset may arise, which will be recognised in profit or loss in the period in which such a reversal takes place.

35 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2018

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2018 and have not been adopted in these financial statements. These include the following which may be relevant to the Group.

34 會計估計及判斷(續)

(d) 所得稅

確定所得稅準備和若干遞延稅項資產之確認涉及對若干交易之未來稅收和若干子公司之未來盈利能力的判斷。本集團仔細評估交易的稅務影響,並相應地設定稅項撥備。於評估確認一項遞延稅項資產時,管理層考慮所有可得之證據,包括預期未來應課稅收入、稅務計劃策略、過往應課稅收入,及虧損結轉之屆期。當實際未來應課稅溢利低於預期,一項遞延稅項資產回撥可能出現,並將於該回撥出現之期間確認於損益。

35 已頒佈惟尚未於截至二零一八年十二月三十一日止年度生效之修訂、新準則及詮釋之可能影響

直至刊發本財務報表之日期為止,香港會計師公會已頒佈多項修訂、新準則及詮釋,惟尚未於截至二零一八年十二月三十一日止年度生效及並未於本財務報表內採納。其中包括可能與本集團相關之以下內容。

Effective for accounting periods beginning on or after 於會計期間開始或以後生效

HKFRS 16, <i>Leases</i>	香港財務報告準則第16號, <i>租賃</i>	1 January 2019	二零一九年一月一日
HK(IFRIC) 23, <i>Uncertainty over income tax treatments</i>	香港(國際財務報告詮釋委員會)詮釋第23號, <i>所得稅處理的不確定性</i>	1 January 2019	二零一九年一月一日
Annual Improvements to HKFRSs 2015-2017 Cycle	二零一五年至二零一七年週期的香港財務報告準則年度改進	1 January 2019	二零一九年一月一日
Amendments to HKAS 28, <i>Long-term interest in associates and joint ventures</i>	香港會計準則第28號的修訂, <i>聯營公司及合營企業的長期權益</i>	1 January 2019	二零一九年一月一日

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35 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2018 (Continued)

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 16, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six-month period ending 30 June 2019. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that financial report.

HKFRS 16, *Leases*

As disclosed in note 1(k), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

35 已頒佈惟尚未於截至二零一八年十二月三十一日止年度生效之修訂、新準則及詮釋之可能影響(續)

本集團正在評估此等修訂、新準則及詮釋於首次應用期間之影響。迄今本集團已確定新準則在某些方面可能對綜合財務報表產生重大影響。有關預期影響之進一步詳情於下文論述。雖然香港財務報告準則第16號之評估已大致完成,由於迄今為止完成的評估是基於目前現有的信息,最初採納此等準則的實際影響可能會有不同,並且在準則應用於本集團截至二零一九年六月三十日止六個月中期財務報表前可能發現進一步的影響。本集團也可能會改變其會計政策選擇,包括過渡選項,直至此等準則初次在財務報表應用。

香港財務報告準則第16號, *租賃*

誠如附註1(k)所披露,本集團目前將租賃分類為融資租賃和營運租賃,並根據租賃的分類對租賃安排作出不同的會計處理。本集團作為出租人訂立若干租賃,而其他則作為承租人。

預期香港財務報告準則第16號將不會對出租人於租賃下的權利和責任的會計模式產生重大影響。然而,一旦採用香港財務報告準則第16號,承租人將不再區分融資租賃與營運租賃。相反,受實際權益方法的規限,承租人將以現有融資租賃之會計模式處理所有租賃,即於租賃生效日期開始,承租人將按未來最低租賃付款之現值確認和計量租賃負債,同時,將確認相關「使用權」資產。於初始確認該資產和負債後,承租人將根據尚未償還結餘確認應付之利息費用,及確認使用權資產之折舊,而非以現有營運租賃會計模式按系統基準確認租賃期內的租賃費用。作為實際的權益方法,承租人可選擇不將此會計模式應用於短期租賃(即租賃期為12個月或以下)及低價值資產的租賃,而繼續按系統基準於租賃期內確認租賃費用。

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35 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2018 (Continued)

HKFRS 16, *Leases* (Continued)

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the Group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets.

The Group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 with optional practical expedients that the right-of-use asset is measured at an amount equal to the lease liability (subject to certain adjustments).

As at 31 December 2018, the Company's future contractual minimum lease payments under non-cancellable operating leases to third parties amounted to RMB1,978,420,000, on an undiscounted basis (see note 27). When taking into account of the early termination option that are reasonably certain to not to be exercised, the future minimum lease payments amount to RMB7,950,581,000 (within one year: RMB701,699,000, between one and five years: RMB2,403,702,000 and after 5 years RMB4,845,180,000), on an undiscounted basis.

35 已頒佈惟尚未於截至二零一八年十二月三十一日止年度生效之修訂、新準則及詮釋之可能影響(續)

香港財務報告準則第16號, *租賃*(續)

香港財務報告準則第16號將主要影響本集團作為物業、房產及設備租賃之承租人以現有營運租賃模式的會計模式。預期採用新會計模式將導致資產和負債均有所增加,並影響在租賃期內損益表中費用確認的時間。

香港財務報告準則第16號於二零一九年一月一日或之後開始之年度期間生效。在香港財務報告準則第16號允許的情況下,本集團計劃使用融入先前評估的實際權宜方法,當中現有安排為(或包含)租賃。本集團僅將香港財務報告準則第16號對租賃的新定義應用於首次應用日期或之後訂立的合約。此外,本集團計劃選擇不採用新會計模式的短期租賃和低價值資產租賃的實際權宜之計。

本集團將計劃選擇使用經修訂追溯方式採納香港財務報告準則第16號,採用可選擇的實際權宜方法,即使用權資產的金額等於租賃負債(可進行若干調整)。

截至二零一八年十二月三十一日,本公司於第三方不可撤銷租賃項下的未來最低租賃付款按未貼現基準計算為人民幣1,978,420,000元(見附註27)。當考慮合理確定不會行使的提前終止選擇權時,未來最低租賃付款額按未貼現基準計算為人民幣7,950,581,000元(一年內:人民幣701,699,000元、一至五年期間:人民幣2,403,702,000元及五年後:人民幣4,845,180,000元)。

Summary of Financial Information

財務資料概要

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(Expressed in Renminbi Yuan)
(以人民幣元為單位)

A summary of results, assets and liabilities of the Group for the last five financial years is as follows:

本集團過去五個財政年度之業績、資產及負債概要如下：

		2014 二零一四年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
RESULTS	業績					
Revenue	收入	10,911,966	10,660,452	10,085,679	9,655,191	10,122,022
(Loss)/profit before taxation	除稅前(虧損)/溢利	(23,472)	153	(514,711)	225,252	(222,499)
Income tax	所得稅	(34,972)	(18,224)	(22,889)	(46,212)	(65,860)
(Loss)/profit for the year	年度(虧損)/溢利	(58,444)	(18,071)	(537,600)	179,040	(288,359)
Attributable to:	以下人士應佔：					
Equity shareholders of the Company	本公司股東	(58,428)	(17,958)	(537,587)	179,040	(288,359)
Non-controlling interests	非控股權益	(16)	(113)	(13)	-	-
(Loss)/profit for the year	年度(虧損)/溢利	(58,444)	(18,071)	(537,600)	179,040	(288,359)
ASSETS AND LIABILITIES	資產及負債					
Total assets	總資產	6,945,156	7,127,637	6,886,213	6,874,071	7,110,735
Total liabilities	總負債	(4,935,041)	(5,077,616)	(5,363,285)	(5,184,501)	(5,703,566)
NET ASSETS	資產淨額	2,010,115	2,050,021	1,522,928	1,689,570	1,407,169
CAPITAL AND RESERVES	資本及儲備					
Total equity attributable to equity shareholders of the Company	本公司股東應佔權益總額	2,008,378	2,048,397	1,522,928	1,689,570	1,407,169
Non-controlling interests	非控股權益	1,737	1,624	-	-	-
TOTAL EQUITY	權益總額	2,010,115	2,050,021	1,522,928	1,689,570	1,407,169

Corporate Information

公司資料

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Executive Directors

Mr. Soopakij Chearavanont (*Chairman*)
Mr. Li Wen Hai (*Executive Chairman*)
Mr. Narong Chearavanont (*Vice Chairman*)
Mr. Chan Yiu-Cheong, Ed (*Vice Chairman*)
(Resigned on 28 February 2018)
Mr. Michael Ross (*Vice Chairman*)
Mr. Yang Xiaoping (*Vice Chairman*)
Mr. Meth Jiaravanont
Mr. Suphachai Chearavanont
Mr. Umroong Sanphasitvong

Independent Non-Executive Directors

Mr. Viroj Sangsnit
Mr. Songkitti Jaggabatara
Mr. Itthaporn Subhawong
Mr. Prasobsook Boondech
Mr. Cheng Yuk Wo

Audit Committee

Mr. Cheng Yuk Wo (*Chairman*)
Mr. Viroj Sangsnit
Mr. Songkitti Jaggabatara

Remuneration Committee

Mr. Cheng Yuk Wo (*Chairman*)
Mr. Soopakij Chearavanont
Mr. Viroj Sangsnit
Mr. Songkitti Jaggabatara
Mr. Umroong Sanphasitvong

Nomination Committee

Mr. Soopakij Chearavanont (*Chairman*)
Mr. Viroj Sangsnit
Mr. Cheng Yuk Wo

Corporate Governance Committee

Mr. Prasobsook Boondech (*Chairman*)
Mr. Viroj Sangsnit
Mr. Umroong Sanphasitvong

Company Secretary

Mr. Liu Shek David

Authorized Representatives

Mr. Umroong Sanphasitvong
Mr. Liu Shek David

Registered Office

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

執行董事

謝吉人先生 (*主席*)
李聞海先生 (*執行董事長*)
謝明欣先生 (*副董事長*)
陳耀昌先生 (*副董事長*)
(於二零一八年二月二十八日辭任)
羅家順先生 (*副董事長*)
楊小平先生 (*副董事長*)
謝克俊先生
謝鎔仁先生
Umroong Sanphasitvong先生

獨立非執行董事

Viroj Sangsnit先生
Songkitti Jaggabatara先生
Itthaporn Subhawong先生
Prasobsook Boondech先生
鄭毓和先生

審核委員會

鄭毓和先生 (*主席*)
Viroj Sangsnit先生
Songkitti Jaggabatara先生

薪酬委員會

鄭毓和先生 (*主席*)
謝吉人先生
Viroj Sangsnit先生
Songkitti Jaggabatara先生
Umroong Sanphasitvong先生

提名委員會

謝吉人先生 (*主席*)
Viroj Sangsnit先生
鄭毓和先生

企業管治委員會

Prasobsook Boondech先生 (*主席*)
Viroj Sangsnit先生
Umroong Sanphasitvong先生

公司秘書

廖碩先生

授權代表

Umroong Sanphasitvong先生
廖碩先生

註冊辦事處

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

Corporate Information

公司資料

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Principal Place of Business

21st Floor
Far East Finance Centre
16 Harcourt Road
Hong Kong

Auditors

Messrs. KPMG
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

Principal Bankers

Standard Chartered Bank (Hong Kong) Limited
The Siam Commercial Bank Public Company Limited

Share Registrars

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

Cayman Islands

Maples Corporate Services Limited
P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Share Listing

The Stock Exchange of Hong Kong Limited
Stock Code: 00121

Company Website

<http://www.cplotuscorp.com>

主要營業地點

香港夏愨道十六號
遠東金融中心二十一樓

核數師

畢馬威會計師事務所
香港中環
遮打道十號
太子大廈八樓

主要往來銀行

渣打銀行(香港)有限公司
The Siam Commercial Bank Public Company Limited

股份過戶登記處

香港
卓佳廣進有限公司
香港皇后大道東一百八十三號
合和中心二十二樓

開曼群島

Maples Corporate Services Limited
P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

股份上市地點

香港聯合交易所有限公司
股份代號：00121

公司網站

<http://www.cplotuscorp.com>

Financial Calendar and Shareholder Information

財務曆程及股東資料

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FINANCIAL CALENDAR 2019 二零一九年財務曆程

Annual Results announced 已公佈之年度業績	27 February 2019 二零一九年二月二十七日
Annual General Meeting 股東週年大會	May 2019 二零一九年五月
2019 Interim Results 二零一九年中期業績	August 2019 二零一九年八月
Financial year end 財務年度終結日	31 December 十二月三十一日

SHAREHOLDER INFORMATION 股東資料

Share Capital 股本	Nominal value 面值 HK\$ 港元	Number of shares 股數	HK\$'000 千港元
As at 31 December 2018 於二零一八年十二月三十一日			
Ordinary Shares 普通股			
Authorised 法定	0.02	34,000,000,000	680,000
Issued and Fully Paid-up 已發行及繳足	0.02	11,019,072,390	220,381
Series A Convertible Preference Shares A系列可換股優先股			
Authorised 法定	0.02	2,000,000,000	40,000
Issued and Fully Paid-up* 已發行及繳足*	0.02	1,518,807,075	30,376
Series B Convertible Preference Shares B系列可換股優先股			
Authorised 法定	0.02	4,000,000,000	80,000
Issued and Fully Paid-up* 已發行及繳足*	0.02	3,897,110,334	77,942
Series C Convertible Preference Shares C系列可換股優先股			
Authorised 法定	0.02	4,500,000,000	90,000
Issued and Fully Paid-up** 已發行及繳足**	0.02	3,671,509,764	73,430
Series D Convertible Preference Shares D系列可換股優先股			
Authorised 法定	0.02	2,500,000,000	50,000
Issued and Fully Paid-up* 已發行及繳足*	0.02	2,211,382,609	44,228

* Held by C.P. Holding (BVI) Investment Company Limited

* 由C.P. Holding (BVI) Investment Company Limited持有

** Held by C.P. Holding (BVI) Investment Company Limited & Public

** 由C.P. Holding (BVI) Investment Company Limited及公眾持有

Shareholding 持股量

As at 31 December 2018 於二零一八年十二月三十一日	Number of shares 股數	% of issued share capital 已發行股本 之百分比
C.P. Holding (BVI) Investment Company Limited	6,788,319,021	61.61%
Public & Others 公眾及其他	4,230,753,369	38.39%
TOTAL 總數	11,019,072,390	100%

Stock Code 股份代號

Hong Kong Stock Exchange	香港聯交所	00121
Reuters	Reuters	0121 HK
Bloomberg	Bloomberg	121 HK

Request for Feedback

請求意見

Please email to contact@cplotuscorp.com for any comments on our public announcements and disclosures.

如對本公司之公告及披露有任何意見，請電郵至 contact@cplotuscorp.com。



C.P. Lotus Corporation
卜蜂蓮花有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 00121