



ANNUAL

REPORT

2018 年報

DAPHNE INTERNATIONAL HOLDINGS LIMITED
達芙妮國際控股有限公司
(Stock code 股票代號 : 210)

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CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive directors

Mr. Chang Chih-Kai (*Chairman & Chief Executive Officer*)
Mr. Chang Chih-Chiao
Mr. Chen Tommy Yi-Hsun

Independent non-executive directors

Mr. Huang Shun-Tsai
Mr. Kuo Jung-Cheng
Mr. Lee Ted Tak Tai

AUDIT COMMITTEE

Mr. Lee Ted Tak Tai (*Chairman*)
Mr. Huang Shun-Tsai
Mr. Kuo Jung-Cheng

NOMINATION COMMITTEE

Mr. Huang Shun-Tsai (*Chairman*)
Mr. Chang Chih-Kai
Mr. Kuo Jung-Cheng
Mr. Lee Ted Tak Tai

REMUNERATION COMMITTEE

Mr. Kuo Jung-Cheng (*Chairman*)
Mr. Chang Chih-Kai
Mr. Huang Shun-Tsai
Mr. Lee Ted Tak Tai

COMPANY SECRETARY

Mr. Cheung Chun Hay

AUTHORISED REPRESENTATIVES

Mr. Chang Chih-Kai
Mr. Cheung Chun Hay

REGISTERED OFFICE

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

董事會

執行董事

張智凱先生 (*主席兼行政總裁*)
張智喬先生
陳怡勳先生

獨立非執行董事

黃順財先生
郭榮振先生
李德泰先生

審核委員會

李德泰先生 (*主席*)
黃順財先生
郭榮振先生

提名委員會

黃順財先生 (*主席*)
張智凱先生
郭榮振先生
李德泰先生

薪酬委員會

郭榮振先生 (*主席*)
張智凱先生
黃順財先生
李德泰先生

公司秘書

張晉熙先生

授權代表

張智凱先生
張晉熙先生

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

17th Floor, Fung House
19-20 Connaught Road Central
Hong Kong
Telephone: (852) 2367 9021
Fax: (852) 2311 3170

OPERATIONAL HEADQUARTERS

3908 Hu Qing Ping Road
Zhao Xiang Town
Qingpu District
Shanghai, China
Telephone: (86) 21 3976 2468
Fax: (86) 21 5975 2698

SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

PRINCIPAL BANKERS

Bank of Shanghai
China Construction Bank
Fubon Bank (China)
Fubon Bank (Hong Kong)
Hang Seng Bank
MUFG Bank

CORPORATE WEBSITES

<http://www.daphneholdings.com>
<http://www.daphne.com.cn>

INVESTOR RELATIONS

ir@daphneholdings.com

香港主要營業地點

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干諾道中19-20號
馮氏大廈17樓
電話：(852) 2367 9021
傳真：(852) 2311 3170

營運總部

中國上海
青浦區
趙巷鎮
滬青平公路3908號
電話：(86) 21 3976 2468
傳真：(86) 21 5975 2698

股份過戶登記處

卓佳秘書商務有限公司
香港
皇后大道東183號
合和中心22樓

核數師

羅兵咸永道會計師事務所
執業會計師

主要往來銀行

上海銀行
中國建設銀行
富邦華一銀行
富邦銀行(香港)
恒生銀行
三菱UFJ銀行

公司網址

<http://www.daphneholdings.com>
<http://www.daphne.com.cn>

投資者關係

ir@daphneholdings.com

FINANCIAL AND OPERATIONAL HIGHLIGHTS

財務及經營摘要

FINANCIAL PERFORMANCE

財務表現

		For the year ended 31 December 截至十二月三十一日止年度		
		2018 二零一八年	2017 二零一七年	Change 變化
Turnover (HK\$' million)	營業額(百萬港元)	4,127.1	5,211.0	-20.8%
Gross profit (HK\$' million)	毛利(百萬港元)	2,061.0	2,753.0	-25.1%
Operating loss (HK\$' million)	經營虧損(百萬港元)	(786.6)	(688.8)	+14.2%
Loss attributable to shareholders (HK\$' million)	股東應佔虧損 (百萬港元)	(994.4)	(734.2)	+35.4%
Gross margin (%)	毛利率(%)	49.9	52.8	-2.9ppt百分點
Operating margin (%)	經營盈利率(%)	-19.1	-13.2	-5.9ppt百分點
Net margin (%)	淨盈利率(%)	-24.1	-14.1	-10.0ppt百分點
Basic loss per share (HK cents)	每股基本虧損(港仙)	(60.3)	(44.5)	+35.5%

KEY FINANCIAL INDICATORS

主要財務指標

		For the year ended 31 December 截至十二月三十一日止年度		
		2018 二零一八年	2017 二零一七年	Change 變化
Average inventory turnover (days) (Note 1)	平均存貨週轉期(日) (附註一)	198	198	-
Average debtors turnover (days) (Note 2)	平均應收賬款週轉期(日) (附註二)	15	14	+1
Average creditors turnover (days) (Note 3)	平均應付賬款週轉期(日) (附註三)	115	121	-6
Cash conversion cycle (days) (Note 4)	現金循環天數(日) (附註四)	98	91	+7
Capital expenditure (HK\$' million)	資本開支(百萬港元)	115.3	123.6	-6.7%

		As at 31 December 於十二月三十一日		
		2018 二零一八年	2017 二零一七年	Change 變化
Cash and bank balances (HK\$' million) (Note 5)	現金及銀行結餘 (百萬港元)(附註五)	363.0	486.3	-25.4%
Bank loans (HK\$' million)	銀行貸款(百萬港元)	192.3	156.3	+23.1%
Equity attributable to shareholders (HK\$' million)	股東應佔權益 (百萬港元)	1,779.8	2,874.9	-38.1%
Current ratio (times) (Note 6)	資產流動比率(倍)(附註六)	2.1	2.5	-16.0%
Net gearing ratio (%) (Note 7)	淨負債比率(%) (附註七)	Net cash 淨現金	Net cash 淨現金	N/A 不適用

FINANCIAL AND OPERATIONAL HIGHLIGHTS

財務及經營摘要

Notes:

1. The calculation of average inventory turnover (days) is based on the average of opening and closing inventory balances divided by the cost of sales and multiplied by number of days in the year.
2. The calculation of average debtors turnover (days) is based on the average of opening and closing balances of trade receivables divided by the turnover and multiplied by number of days in the year.
3. The calculation of average creditors turnover (days) is based on the average of opening and closing balances of trade payables divided by the purchases and multiplied by number of days in the year.
4. The calculation of cash conversion cycle (days) is based on the average inventory turnover (days) plus average debtors turnover (days) minus average creditors turnover (days).
5. Cash and bank balances comprise cash and cash equivalents (including those transferred to assets classified as held-for-sale), bank deposit with maturity over three months and pledged bank deposits.
6. The calculation of current ratio (times) is based on total current assets divided by total current liabilities as at year end.
7. The calculation of net gearing ratio (%) is based on net debt (being bank loans less cash and bank balances) divided by equity attributable to shareholders as at year end.

附註：

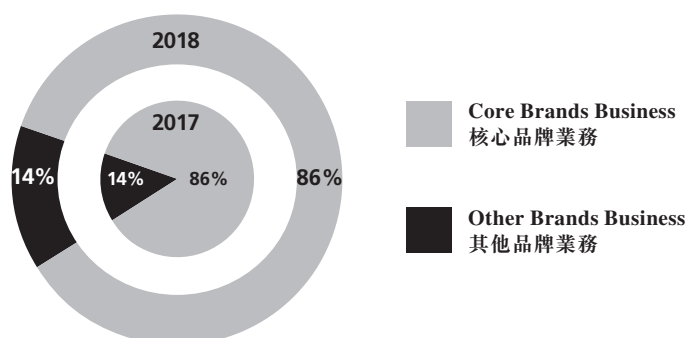
- 一、平均存貨週轉期(日)乃按年初及年末存貨之平均結餘除以銷售成本乘以該年度日數計算。
- 二、平均應收賬款週轉期(日)乃按年初及年末貿易應收賬款平均結餘除以營業額乘以該年度日數計算。
- 三、平均應付賬款週轉期(日)按年初及年末貿易應付賬款平均結餘除以採購額乘以該年度日數計算。
- 四、現金循環天數(日)乃按平均存貨週轉期(日)加平均應收賬款週轉期(日)減平均應付賬款週轉期(日)計算。
- 五、現金及銀行結餘包括現金及現金等價物(包括轉撥至分類為持作出售之資產)、存款期超過三個月之銀行存款及已抵押銀行存款。
- 六、資產流動比率(倍)乃根據於年末之流動資產總額除以流動負債總額計算。
- 七、淨負債比率(%)乃根據於年末之負債淨額(即銀行貸款減現金及銀行結餘)除以股東應佔權益計算。

Turnover Analysis

營業額分析

(For the year ended 31 December)

(截至十二月三十一日止年度)

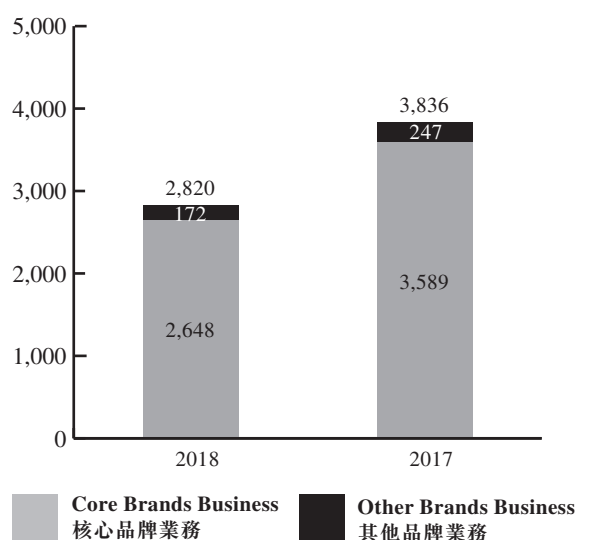


Number of Points-of-Sale

銷售點數目

(As at 31 December)

(於十二月三十一日)



FIVE-YEAR FINANCIAL SUMMARY

五年財務概要

For the years ended 31 December

截至十二月三十一日止年度

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2014 二零一四年 HK\$'000 千港元
Results	業績					
Turnover	營業額	4,127,087	5,210,995	6,501,677	8,379,095	10,355,616
Gross profit	毛利	2,061,029	2,753,036	3,311,673	4,724,729	5,737,558
Operating (loss)/profit	經營(虧損)/盈利	(786,577)	(688,823)	(819,488)	(497,623)	262,396
(Loss)/profit attributable to shareholders	股東應佔(虧損)/盈利	(994,397)	(734,204)	(819,127)	(378,888)	176,031
Basic (loss)/earnings per share (HK cents)	每股基本(虧損)/盈利(港仙)	(60.3)	(44.5)	(49.7)	(23.0)	10.7
Dividend per share (HK cents)	每股股息(港仙)	-	-	-	-	3.5

As at 31 December

於十二月三十一日

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2014 二零一四年 HK\$'000 千港元
Assets and liabilities	資產及負債					
Non-current assets	非流動資產	787,664	1,358,995	1,469,595	1,801,203	1,907,884
Current assets	流動資產	2,181,706	2,794,865	3,583,556	4,961,955	5,752,529
Total assets	總資產	2,969,370	4,153,860	5,053,151	6,763,158	7,660,413
Non-current liabilities	非流動負債	3,850	13,409	30,729	18,184	19,222
Current liabilities	流動負債	1,054,064	1,104,790	1,490,372	2,095,848	2,388,800
Total liabilities	總負債	1,057,914	1,118,199	1,521,101	2,114,032	2,408,022
Total equity	總權益	1,911,456	3,035,661	3,532,050	4,649,126	5,252,391
Attributable to:	以下各方應佔：					
- shareholders	- 股東	1,779,825	2,874,907	3,371,398	4,462,615	5,057,952
- non-controlling interests	- 非控制性權益	131,631	160,754	160,652	186,511	194,439

CHAIRMAN'S STATEMENT

主席報告

Dear Shareholders,

In 2018, China's economic growth slowed, and the situation was exacerbated by the country's trade war with the United States. Such developments dampened China's consumer confidence. Growth in the country's retail sales decelerated to 9.0% in 2018 from 10.2% in 2017. The more difficult business environment hindered the progress of the business transformation of Daphne International Holdings Limited (the "Company", which together with its subsidiaries, is referred to as the "Group") and thus made it even more challenging for the Group to keep up with the intensifying competition and the demand of the increasingly sophisticated consumers.

Nevertheless, the Group forged ahead with the remedial measures under its business transformation strategy, and the resultant improvements made in 2017 and 2018 have laid the groundwork for organic development. Among such remedial measures were the continued endeavour to rationalise the retail network through closure of inefficient, underperforming stores. Such adjustment to its sales channel mix resulted in a streamlined operation and enabled reduction in operating cost.

The Group also conducted stringent inventory management to optimise the inventory mix and restore the inventory to a healthy level. It stepped up the liquidation of aged inventory at substantial discounts. The downsized retail network and the discounts combined to exert downward pressure on the Group's turnover and gross profit, but the temporary pain has to be endured for the long-term development.

Building on its remedial measures, the Group pursued product upgrade, brand revamp and enhancement of customer relationship management to adapt itself to the fast-changing consumer preferences and consumption patterns.

The prospect is clouded by the uncertainty of the global economy and China's economic slowdown. The operating environment will become more challenging as the different segments of the consumer market will become even more divergent at a faster pace on the back of the growing popularity of electronic commerce. To thrive in such a market, the Group will persevere in its business model innovation, which includes enhancing product development capabilities, accelerating supply chain, improving efficiency of sales channels and organisational restructuring.

The Group will step up product research and development with its focus on trendy and comfortable athleisure shoes. The Group will also broaden its product range to target customers with different needs.

親愛的股東，

二零一八年，中國經濟增長放緩，國家與美國的貿易戰加劇了這種情況。這些均抑制了中國的消費者信心。全國零售額增速由二零一七年的10.2%降至二零一八年的9.0%。愈發艱難的經營環境阻礙了達芙妮國際控股有限公司（「本公司」，連同其附屬公司合稱「本集團」）的業務轉型進展，因此對於集團而言，跟上日益複雜的消費者需求及激烈的競爭變得越來越充滿挑戰。

儘管如此，本集團已根據其業務轉型策略推行修復措施，二零一七年及二零一八年的改善為良性發展奠定基礎。這些修復措施包括通過關閉低效且表現欠佳的店舖，持續努力整合零售網絡。銷售渠道組合的諸項調整使營運變得更精簡並降低經營成本。

本集團亦進行嚴格的存貨管理，以優化存貨組合，使存貨恢復至健康水平。它以大幅折扣加快清理過季存貨。收窄後的零售網絡及折扣共同對本集團的營業額及毛利造成下行壓力，但是為了長遠發展，我們不得不承受暫時的痛楚。

在修復措施的基礎上，本集團追求產品升級、品牌革新並加強顧客關係管理，以適應快速變化的消費者偏好和消費模式。

全球經濟的不確定性及中國經濟放緩使前景蒙上陰影。由於電商日益普及，消費者市場的各個板塊將更快的速度分散化，因此經營環境將變得更具挑戰。為了在這樣的市場環境中健康發展，本集團將堅持其商業模式創新，包括加強產品開發能力、供應鏈提速、提升銷售渠道效率及組織架構重組。

本集團將加強產品研發，重點放在時尚、舒適的運動休閒鞋。本集團亦將擴大其產品範圍，以滿足不同需求的顧客。

CHAIRMAN'S STATEMENT

主席報告

To manage its inventory level prudently and adapt to the prevailing trend of fast fashion, the Company will continue to reform and thus accelerate its supply chain. The Group has been sourcing from manufacturers who can reduce lead time so that it can maintain the volume of the orders for different kinds of products at a manageable level within shorter time frames and thus reduce the risk of stocking up on goods to excess because of inaccurate predictions about the demand.

It will also continue to raise the efficiency of its sales channel by rationalising its network of points of sales, adopting a “partnership system” in the retail network to mitigate the business risks associated with the existing “asset heavy” business model, and continue to closely monitor the performance of its self-operated stores with focus on profitability.

To enhance the efficiency of its business management, the Group will further streamline its organisational structure, the internal processes, and build a competitive cost structure through stringent cost control with emphasis on the management of cash flow. Incentive and appraisal programmes will also be introduced to retain the employees and motivate them to do their best at work. All these will give support to the Group's ongoing endeavours to transform its business.

Trying to succeed in the all-around business transformation is arduous. We have never expected it to be a quick fix when we embarked on it. However, I am confident that, as a cohesive group, we can bring the business transformation strategy to fruition and become a stronger company.

I would like to show my deep appreciation to all our customers, business partners, and shareholders for their support for our business transformation. I would also like to express my gratitude to our management team and employees for their hard work and invaluable contribution to our endeavours.

Chang Chih-Kai
Chairman

Hong Kong, 26 March 2019

為了審慎管理其存貨水平，以適應時下流行的快時尚趨勢，公司將繼續改革，並提升供應鏈速度。本集團已開始尋找能夠縮短交貨週期的製造商，以便能夠在較短時間內將不同種類的產品訂單量維持在可管理的水平，從而降低由於對需求的預測偏差而導致存貨積壓的風險。

本集團還將通過整合銷售點網絡，在零售網絡中採用「合夥人制度」，持續提高其銷售渠道效率，以緩解現時「重資產」商業模式帶來的商業風險，並繼續密切監測其直營店舖表現，重點關注盈利能力。

為提升經營管理效率，本集團將進一步精簡其組織架構及內部流程，並通過嚴格的成本控制建立具競爭力的成本結構，重點關注現金流管理。還將引入獎勵考核計劃以留聘員工並激勵他們在工作中發揮最佳表現。所有這些都將為集團正在進行的業務轉型提供支持。

業務成功地全面轉型並非易事。我們從一開始就未曾期望速戰速決。但是，我相信，作為一個有凝聚力的團隊，我們能夠圓滿執行業務轉型策略，並成長為更強大的公司。

我要向所有顧客、業務合作夥伴及股東表示深深的謝意，感謝他們對我們業務轉型的支持。我還要感謝我們的管理團隊和員工的辛勤工作，以及對我們努力奮鬥的寶貴貢獻。

主席
張智凱

香港，二零一九年三月二十六日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

BUSINESS REVIEW

The Group's Performance

In 2018, the Group continued with its strategies for business transformation with the aim of restoring itself to profitability. However, economic headwinds and resultant blow to consumer sentiment hindered the Group's business transformation plan from yielding its full effect on the financial results of the Group for 2018.

The Group's turnover decreased by 20.8% to HK\$4,127.1 million (2017: HK\$5,211.0 million). This was mainly attributable to the decrease in turnover at its Core Brands Business which, in turn, resulted from 26.2% decrease in its number of stores to 2,648 as at 31 December 2018 from 3,589 as at 31 December 2017, and the decline in same-store sales. The Group's gross profit decreased to HK\$2,061.0 million (2017: HK\$2,753.0 million) as a result of the increased proportion of aged inventory in sales mix. Gross margin decreased to 49.9% (2017: 52.8%).

The Group continued to succeed in reducing operating expenses despite the inflationary environment, by 17.1% in 2018. The Group decreased operating cost by closing some underperforming stores and by streamlining its operations.

Operating loss was HK\$786.6 million in 2018 compared with the operating loss of HK\$688.8 million for the previous year. Loss attributable to shareholders of the Company was HK\$994.4 million for the year of 2018 (2017: HK\$734.2 million).

Basic loss per share was 60.3 HK cents (2017: 44.5 HK cents). The board of directors did not recommend payment of a final dividend (2017: Nil).

Notwithstanding the operating loss for the year, the Group maintained a net cash position of HK\$170.7 million (2017: HK\$330.0 million), including those transferred to assets held-for-sale, as at 31 December 2018, which was enough to support its downsized operations.

In face of the deteriorating operating environment, the Group accelerated the pace of closing down loss-making stores to improve its overall operational efficiency. On the other hand, it tried to increase its market penetration through the sales channel of the trendier shopping malls to adapt itself to the fast-changing consumption patterns and consumer preferences. After a net closure of 1,016 points-of-sale ("POS") during the year under review, the Group had a total number of 2,820 POS as at 31 December 2018, of which 2,648 POS were under its Core Brands Business and 172 POS were under its Other Brands Business.

業務回顧

集團表現

二零一八年，本集團繼續實施業務轉型策略，旨在恢復盈利。然而，不利的經濟環境打擊消費意欲，使得本集團業務轉型計劃的效果未能在其二零一八年財務業績中全面反映出來。

本集團營業額下跌20.8%至4,127.1百萬港元（二零一七年：5,211.0百萬港元），這主要是由於其核心品牌業務店舖數目由二零一七年十二月三十一日的3,589個減少26.2%至二零一八年十二月三十一日的2,648個，以及同店銷售下跌，進而導致其銷售額下滑。由於過季存貨在銷售組合中佔比增加，導致本集團毛利減少至2,061.0百萬港元（二零一七年：2,753.0百萬港元）。毛利率下降至49.9%（二零一七年：52.8%）。

儘管仍處在通脹環境中，本集團於二零一八年仍繼續成功將經營費用減省17.1%。本集團通過關閉若干表現欠佳的店舖及精簡業務以降低經營成本。

二零一八年經營虧損為786.6百萬港元，對比前一年經營虧損為688.8百萬港元。二零一八年本公司股東應佔虧損為994.4百萬港元（二零一七年：734.2百萬港元）。

每股基本虧損為60.3港仙（二零一七年：44.5港仙）。董事會不建議派發末期股息（二零一七年：無）。

儘管本年度經營虧損，本集團於二零一八年十二月三十一日仍維持170.7百萬港元（二零一七年：330.0百萬港元）之淨現金狀況（包括轉撥至分類為持作出售之資產），這足以支持其縮減後的業務。

面對日益惡化的經營環境，本集團加速關閉虧損店舖，以提升整體經營效益。另一方面，本集團也試圖通過在更時尚的購物中心的銷售渠道增加其市場滲透率，以適應快速變化的消費模式及消費者偏好。本集團於回顧年度內淨關閉1,016個銷售點，於二零一八年十二月三十一日，本集團擁有銷售點總數為2,820個，包括核心品牌業務銷售點2,648個及其他品牌業務銷售點172個。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Core Brands Business

The Group's Core Brands Business is the business of retailing footwear products and accessories under its own brands, "Daphne" and "Shoebox", in mainland China.

To cope with the difficult operating environment faced by brick-and-mortar retailers, the Group continued with the adjustment to its channel mix by closing down underperforming stores. As a result, the Group ended the year with a net closure of 941 POS (including 899 directly-managed stores and 42 franchised stores), representing a 26.2% reduction in the number of the POS under its Core Brands Business compared with that as at 31 December 2017. As at 31 December 2018, the Group had a total of 2,648 POS under its Core Brands Business, comprising 2,404 directly-managed stores and 244 franchised stores.

Number of POS of Core Brands Business:

		At 31 December 2018 於二零一八年 十二月三十一日		At 31 December 2017 於二零一七年 十二月三十一日		Change 變化	
Directly-managed stores	直營店	2,404	91%	3,303	92%	-899	-27.2%
Franchised stores	加盟店	244	9%	286	8%	-42	-14.7%
Total	合計	2,648	100%	3,589	100%	-941	-26.2%

Number of POS of Core Brands Business by city tier:

		At 31 December 2018 於二零一八年 十二月三十一日		At 31 December 2017 於二零一七年 十二月三十一日		Change 變化	
Tier 1	一線城市	254	10%	364	10%	-110	-30.2%
Tier 2	二線城市	606	23%	877	25%	-271	-30.9%
Tier 3	三線城市	520	20%	680	19%	-160	-23.5%
Tier 4-6	四至六線城市	1,268	47%	1,668	46%	-400	-24.0%
Total	合計	2,648	100%	3,589	100%	-941	-26.2%

The Group continued with a determined effort to upgrade its products with focus on trendiness, comfort and quality. The move started to yield a positive effect on sales, as evidenced by the narrowed year-on-year decline in same-store sales for the second half of 2018. Overall, Core Brands Business recorded a year-on-year decline of 7.6% in the same-store sales for the year of 2018.

Nevertheless, owing to the shrinking sales network and decline in same-store sales, turnover of the Core Brands Business decreased by 19.2% to HK\$3,798.8 million (2017: HK\$4,703.2 million). The segment revenue generated from sales to external customers of the Core Brands Business accounted for 86% (2017: 86%) of the Group's total revenue for 2018.

核心品牌業務

本集團之核心品牌業務，指於中國大陸銷售自有品牌「達芙妮」和「鞋櫃」的鞋類產品及配件之零售業務。

為應對實體零售商面臨的困難的經營環境，本集團繼續調整其渠道組合，關閉表現欠佳的店舖。因此，本集團全年淨關閉941個銷售點（包括899家直營店及42家加盟店），其核心品牌業務銷售點數目與二零一七年十二月三十一日相比減少26.2%。於二零一八年十二月三十一日，本集團核心品牌業務擁有2,648個銷售點，包括2,404家直營店及244家加盟店。

核心品牌業務銷售點數目：

核心品牌業務銷售點按城市級別的分佈：

本集團繼續堅定不移地致力於產品升級，專注時尚、舒適及品質。此舉開始對銷售產生積極影響，由二零一八年下半年同店銷售按年跌幅收窄可見。總體而言，二零一八年全年，核心品牌業務同店銷售錄得按年7.6%之跌幅。

然而，由於銷售網絡收窄及同店銷售下跌，核心品牌業務營業額下跌19.2%至3,798.8百萬港元（二零一七年：4,703.2百萬港元）。二零一八年，核心品牌業務對外客戶的收益佔本集團總營業額86%（二零一七年：86%）。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

The Group continued to liquidate aged inventory at substantial discounts throughout the year. This, coupled with the rising raw material cost, inevitably exerted downward pressure on the gross margin of the Core Brands Business. Consequently, Core Brands Business' gross margin fell by 4.0 percentage points to 45.2% (2017: 49.2%) in 2018. The average selling price ("ASP") saw a slight decrease to RMB155 (2017: RMB159).

Although the operating expenses of the Core Brands Business were reduced by 15.8% year-on-year, such savings were not sufficient to offset the negative impact of the decline in sales and the substantial erosion of gross margin. Thus, the operating loss of the Core Brands Business increased by 19.5% to HK\$797.7 million (2017: HK\$667.6 million).

With respect to brand marketing, the Group continued its collaboration with the U.S. fashion brand "Opening Ceremony" in a crossover project which was aimed at resonating with young consumers. In the first quarter of 2018, spring and summer collections under the crossover project were successfully launched. In the third quarter of the year, the Group joined hands with Disney and Bibi Zhou, a popular Chinese female singer, to launch crossover collections under the theme of "The Most Beautiful Aspiration". The crossover collections are in a variety of chic styles that incorporated classic intellectual property images of Disney and fashion inspiration from Bibi Zhou. A series of integrated marketing campaigns were conducted for the product launch, encompassing events at a pop-up store with a celebrity's presence, social media marketing through key opinion leaders' ("KOL") endorsements and live streaming activities.

The Group made progress in its customer relations management programme during the year. As a customer-centric company, the Group worked with a professional big data company to conduct in-depth analysis of the customer data to keep abreast of the fast-changing consumer preferences and consumption patterns. This helped it enhance product planning and fine-tune its sales strategy. In addition, the Group's customer membership base continued to expand thanks its continued effort to engage with consumers through online platforms and social media.

Other Brands Business

The Group's Other Brands Business mainly consists of its e-commerce business and the operations of mid-range and high-end brands (including the Group's own brands and brands under exclusive distributorships).

In 2018, turnover of the Other Brands Business decreased by approximately 20.6% to HK\$582.5 million (2017: HK\$733.5 million). This is mainly attributable to the challenging retail market and the 30.4% net reduction in the number of 75 POS during the year under review. The Other Brands Business accounted for approximately 14% (2017: 14%) of the Group's total revenue in 2018.

本集團於年內繼續以較大折扣清理過季存貨。加上原材料成本上升，這不可避免地對核心品牌業務的毛利率造成下行壓力。因此，核心品牌業務的毛利率於二零一八年下降4.0百分點至45.2%（二零一七年：49.2%）。平均售價微降至155元人民幣（二零一七年：159元人民幣）。

儘管核心品牌業務的經營費用按年減少15.8%，但該減省不足以抵消銷售下滑及毛利率大幅下跌的負面影響。因此，核心品牌業務經營虧損增加19.5%至797.7百萬港元（二零一七年：667.6百萬港元）。

在品牌營銷方面，本集團繼續與美國潮流品牌「Opening Ceremony」合作開展跨界合作項目，旨在與年輕消費者產生共鳴。於二零一八年第一季度，跨界合作項目成功推出春夏系列產品。於年內第三季度，本集團攜手迪士尼及中國著名女歌手周筆暢，推出以「最美的「七」待」為主題的跨界系列產品。這些跨界系列產品運用多種時尚風格，結合迪士尼經典形象及來自周筆暢的時尚靈感。本集團為產品上市推出一系列整合營銷活動，包括邀請明星出席快閃店活動、關鍵意見領袖背書的社交媒體營銷及線上直播活動。

年內，本集團在其顧客關係管理計劃中取得進展。作為一家以顧客為中心的公司，本集團與專業大數據公司合作，對顧客數據進行深入分析，以跟上快速變化的消費者偏好及消費模式。這有助其提升產品規劃並調整銷售策略。此外，由於本集團不斷積極通過線上平台及社交媒體與消費者互動，本集團持續擴大其會員基礎。

其他品牌業務

本集團之其他品牌業務主要包括其電商業務及中高檔品牌業務（包括本集團的自有品牌及擁有獨家經銷權的品牌）。

二零一八年，其他品牌業務營業額下降約20.6%至582.5百萬港元（二零一七年：733.5百萬港元）。這主要由於充滿挑戰的零售市場環境及於回顧年內淨減少30.4%，即75個銷售點。其他品牌業務分部於二零一八年佔本集團總營業額約14%（二零一七年：14%）。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Due to aggressive clearance of aged inventory and higher contribution from e-commerce business, the gross margin of Other Brands Business decreased by 3.8 percentage points to 54.4% (2017: 58.2%) compared with that for the previous year. This, together with the negative operating leverage, resulted in an operating loss of HK\$26.7 million (2017: HK\$7.1 million) for Other Brands Business.

During the year, the e-commerce business continued to increase its contribution to the Group's turnover and remained profitable. Moreover, its operating profit margin improved despite a slowdown in the online retail market. It was because the Group adopted a policy to stabilise the prices of its products and scaled down its promotional activities. To adapt to the rapidly changing consumer behaviour and consumption patterns, the Group put up more products exclusively for online sales, and deepened its e-commerce business collaboration with emerging social media and e-commerce platforms. The Group also stepped up the integration of its online and offline businesses as part of its "New Retail" strategy. It adopted new information technology solutions to provide customer with an experience of the seamless integration of online and offline shopping in the "New Retail" era.

FINANCIAL REVIEW

Analysis of Results by Business Segment

For the year ended 31 December 2018, the turnover of the Group was HK\$4,127.1 million (2017: HK\$5,211.0 million), a decrease of 20.8% compared to last year. The business performance of individual segments is summarised as follows:

		Core Brands Business 核心品牌業務		Other Brands Business 其他品牌業務		Manufacturing Business 製造業務	
(HK\$ million) (百萬港元)		2018 二零一八年	2017 二零一七年	2018 二零一八年	2017 二零一七年	2018 二零一八年	2017 二零一七年
Revenue from external customers	對外客戶收益	3,544.6	4,477.4	582.5	733.5	-	-
Inter-segment revenue	分部間收益	254.2	225.8	-	-	215.8	199.2
Total segment revenue	分部收益總額	3,798.8	4,703.2	582.5	733.5	215.8	199.2
Segment gross profit	分部毛利	1,715.8	2,314.9	317.1	426.8	12.4	11.6
Segment gross margin	分部毛利率	45.2%	49.2%	54.4%	58.2%	5.8%	5.8%
Segment operating (loss)/profit	分部經營(虧損)/盈利	(797.7)	(667.6)	(26.7)	(7.1)	1.4	(0.1)
Segment operating margin	分部經營盈利率	-21.0%	-14.2%	-4.6%	-1.0%	0.6%	-0.1%

During the year ended 31 December 2018, total segment revenue of the Core Brands Business decreased by 19.2% to HK\$3,798.8 million from HK\$4,703.2 million in last year. It is mainly due to the closure of stores and decline in the same-store sales. Its gross margin dropped from 49.2% to 45.2% as a result of product mix and more clearance of old stocks. The segment recorded an operating loss of HK\$797.7 million compared to that of HK\$667.6 million in last year.

由於積極清理過季存貨及電商業務銷售佔比上升，對比上一年，其他品牌業務毛利率下降3.8百分點至54.4% (二零一七年：58.2%)。加上負面經營槓桿，這導致其他品牌業務經營虧損26.7百萬港元 (二零一七年：7.1百萬港元)。

年內，電商業務繼續增加其對本集團營業額的貢獻並維持盈利。此外，儘管線上零售市場整體放緩，其經營盈利率仍有所改善。這是因為集團採取政策穩定產品售價並減少促銷活動。為了適應快速變化的消費者行為和消費模式，集團為線上銷售推出更多專款，並加強與新興電商及社交平台的合作。本集團亦加速整合其線上及線下業務作為其「新零售」策略的一部分，並採用全新的信息技術解決方案，為顧客提供整合線上及線下的無縫的「新零售」購物體驗。

財務回顧

按業務分部業績分析

截至二零一八年十二月三十一日止年度，本集團錄得營業額4,127.1百萬港元 (二零一七年：5,211.0百萬港元)，較去年減少20.8%。各分部之業務表現載列如下：

截至二零一八年十二月三十一日止年度，核心品牌業務分部收益總額由去年的4,703.2百萬港元減少19.2%至3,798.8百萬港元。這主要由於關閉店舖和同店銷售下降所致。由於產品組合和增加清理過季存貨，其毛利率由49.2%下降至45.2%。此分部錄得經營虧損797.7百萬港元，相對去年則為667.6百萬港元。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

On the other hand, the total segment revenue of Other Brands Business decreased by 20.6% to HK\$582.5 million (2017: HK\$733.5 million) which is also attributable to the closure of stores during the year. The segment recorded an operating loss of HK\$26.7 million compared to HK\$7.1 million last year.

Other Income

Other income decreased by HK\$0.6 million from HK\$43.2 million in last year to HK\$42.6 million for the year ended 31 December 2018. The decrease in other income is mainly due to the reduction in interest income.

Operating Expenses

Overall, the Group's operating expenses (including other losses – net, selling & distribution and general & administrative expenses) decreased by HK\$594.9 million or 17.1% to HK\$2,890.2 million from HK\$3,485.1 million in last year. The drop in operating expenses was generally in line with sales decrease and led mainly by rental cost, depreciation charges and employee benefits expense.

Operating Loss

As a result of the above, the Group incurred an operating loss of HK\$786.6 million in 2018, increased by HK\$97.8 million or 14.2% as compared to HK\$688.8 million in last year.

Income Tax Expense

The Group's income tax expense for the year was HK\$217.1 million (2017: HK\$44.1 million). This is largely attributable to derecognition of deferred income tax assets for certain timing differences and tax losses.

Loss Attributable to Shareholders

For the year ended 31 December 2018, the Group's loss attributable to shareholders also increased by 35.4% to HK\$994.4 million compared to that of HK\$734.2 million in last year. Basic loss per share was 60.3 HK cents (2017: 44.5 HK cents).

Inventories

As at 31 December 2018, the Group's inventories decreased by HK\$254.6 million from HK\$1,246.9 million to HK\$992.3 million. Average inventory turnover during the year was 198 days, at the same level as last year. Included in the inventories, the balance of provision for slow-moving and obsolete items was HK\$197.3 million as at 31 December 2018 (2017: HK\$537.9 million).

Trade Receivables

The amount of trade receivables as at 31 December 2018 decreased by HK\$21.2 million, or 11.7%, to HK\$160.1 million compared to that of HK\$181.3 million in 2017. Average debtors turnover remained stable at 15 days (2017: 14 days).

Trade Payables

As at 31 December 2018, the Group's trade payables decreased by HK\$50.7 million, or 8.7%, to HK\$530.6 million (2017: HK\$581.3 million including those transferred to liabilities directly associated with assets classified as held-for-sale) and the average creditors turnover decreased by 6 days to 115 days (2017: 121 days).

另一方面，其他品牌業務分部收益總額減少20.6%至582.5百萬港元（二零一七年：733.5百萬港元），亦歸因於年內關閉店舖。此分部錄得經營虧損26.7百萬港元，相對去年則為7.1百萬港元。

其他收入

截至二零一八年十二月三十一日止年度，其他收入由去年的43.2百萬港元，減少0.6百萬港元至42.6百萬港元。這主要由於利息收入下降所致。

經營費用

總體而言，本集團之經營費用（包括其他虧損－淨額、銷售及分銷開支以及一般及行政開支）由去年的3,485.1百萬港元減少594.9百萬港元或17.1%至2,890.2百萬港元。經營費用之下跌基本上與銷售跌幅一致，並主要由租金成本、折舊費用及僱員福利開支引致。

經營虧損

基於以上結果，本集團於二零一八年產生經營虧損786.6百萬港元，較去年的688.8百萬港元上升97.8百萬港元或14.2%。

所得稅開支

本集團本年之所得稅開支為217.1百萬港元（二零一七年：44.1百萬港元）。這主要歸因於終止確認有關若干時間性差異及稅項虧損之遞延所得稅項資產。

股東應佔虧損

截至二零一八年十二月三十一日止年度，本集團股東應佔虧損亦上升35.4%至994.4百萬港元，相對去年734.2百萬港元。每股基本虧損為60.3港仙（二零一七年：44.5港仙）。

存貨

於二零一八年十二月三十一日，本集團存貨由1,246.9百萬港元減少254.6百萬港元至992.3百萬港元。平均存貨週轉期為198日，與去年相同。於二零一八年十二月三十一日，包括於存貨中的滯銷及過時存貨撥備餘額為197.3百萬港元（二零一七年：537.9百萬港元）。

貿易應收賬款

於二零一八年十二月三十一日之貿易應收賬款減少21.2百萬港元或11.7%至160.1百萬港元，相對二零一七年的181.3百萬港元。平均應收賬款週轉期穩定維持於15日（二零一七年：14日）。

貿易應付賬款

於二零一八年十二月三十一日，本集團之貿易應付賬款減少50.7百萬港元或8.7%至530.6百萬港元（二零一七年：581.3百萬港元（包括轉撥至與分類為持作出售之資產直接相關的負債）），平均應付賬款週轉期減少6日至115日（二零一七年：121日）。

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Liquidity and Financial Resources

As at 31 December 2018, the Group had cash and bank balances, comprising cash and cash equivalents (including those transferred to assets classified as held-for-sale), bank deposit with maturity over three months and pledged bank deposits, amounting to HK\$363.0 million (2017: HK\$486.3 million), which were denominated mainly in Renminbi.

As at 31 December 2018, the Group's secured short-term bank loans were HK\$192.3 million (2017: HK\$156.3 million) and therefore the Group's net cash amounted to HK\$170.7 million (2017: HK\$330.0 million). These bank loans were denominated in USD, HKD and RMB and at floating rates during the year. The Group did not hedge its exposure to interest rate risks via interest rate swap.

The net decrease in cash and bank balances of HK\$123.3 million (2017: HK\$503.2 million) during the year is analysed as follows:

		For the year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 HK\$'million 百萬港元	2017 二零一七年 HK\$'million 百萬港元
Net cash used in operating activities	經營活動所用的現金淨額	(157.8)	(304.8)
Capital expenditure	資本開支	(115.3)	(123.6)
Proceeds from disposal of fixed assets	出售物業、廠房及設備所得款項	29.5	3.8
Proceeds from disposal of subsidiaries and financial asset	出售附屬公司及金融資產所得款項	74.5	22.5
Net bank interest (paid)/received	(已付)/已收淨利息	(0.5)	12.4
Net bank loans raised/(repaid)	淨銀行貸款籌集/(償還)	35.8	(140.4)
Effect of foreign exchange rate changes	外匯兌換率變動之影響	10.5	26.9
		(123.3)	(503.2)

For the year ended 31 December 2018, the Group's interest expenses on bank loans amounted to HK\$5.7 million compared to last year's HK\$6.0 million. The Group's interest income was HK\$5.2 million (2017: HK\$22.4 million).

As at 31 December 2018, the Group utilised banking facilities amounting to HK\$195.4 million (2017: HK\$163.0 million) and had unutilised banking facility of HK\$45.5 million (2017: Nil). The Group's net gearing ratio was in a net cash (2017: net cash) position. Current ratio was 2.1 times as at 31 December 2018 (2017: 2.5 times). Management closely monitors the Group's financial performance and liquidity position. Taking into consideration of the plans and measures to improve the liquidity position, such as extension of repayment terms with certain suppliers, disposals of certain properties and banking facilities available to the Group, it believes that the Group has sufficient financial resources to meet its obligations as and when they fall due over the next twelve months.

流動資金及財政資源

於二零一八年十二月三十一日，本集團持有現金及銀行結餘(包括現金及現金等價物(包括轉撥至分類為持作出售之資產)、存款期超過三個月之銀行存款及已抵押銀行存款)為363.0百萬港元(二零一七年：486.3百萬港元)，主要以人民幣為結算單位。

於二零一八年十二月三十一日，本集團已擔保短期銀行貸款為192.3百萬港元(二零一七年：156.3百萬港元)，因此本集團之淨現金為170.7百萬港元(二零一七年：330.0百萬港元)。年內，這些銀行貸款主要以美元、港元及人民幣為結算單位並按浮動利率計息。本集團並無透過利率掉期對沖其面對的利率風險。

年內，現金及銀行結餘淨減少123.3百萬港元(二零一七年：503.2百萬港元)的分析如下：

截至二零一八年十二月三十一日止年度，本集團銀行貸款之利息開支為5.7百萬港元，相對去年6.0百萬港元。本集團之利息收入為5.2百萬港元(二零一七年：22.4百萬港元)。

截至二零一八年十二月三十一日止年度，本集團銀行貸款之利息開支為5.7百萬港元，相對去年6.0百萬港元。本集團之利息收入為5.2百萬港元(二零一七年：22.4百萬港元)。於二零一八年十二月三十一日，本集團已使用之銀行融資額度為195.4百萬港元(二零一七年：163.0百萬港元)及未使用的銀行融資額度為45.5百萬港元(二零一七年：無)。本集團之淨負債比率為淨現金(二零一七年：淨現金)。於二零一八年十二月三十一日，資產流動比率為2.1倍(二零一七年：2.5倍)。本集團管理層會密切監察本集團之財務表現及流動資金情況，考慮改善流動資金狀況的計劃及措施，例如延長與若干供應商的還款期限、出售若干物業及本集團可獲得的銀行融資。本集團認為其持有足夠財政資源以應付於未來十二個月到期之債務。

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Foreign Exchange Risk Management

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and the Group may use forward foreign exchange contracts when major fluctuation in the relevant foreign currency is anticipated. During the year ended 31 December 2018, the Group did not enter into any foreign exchange forward contract to hedge the foreign exchange risk exposure on bank loans denominated in USD or HKD. As at 31 December 2018, there were no outstanding forward foreign exchange contracts.

Pledge of Assets

As at 31 December 2018, the Group's pledged bank deposits amounting to HK\$174.2 million (2017: HK\$181.4 million) and investment properties with net book value of HK\$121.3 million (2017: Nil) were pledged for utilising certain banking facilities.

Capital Expenditure

During the year, the Group incurred capital expenditure of HK\$115.3 million (2017: HK\$123.6 million) mainly for retail network expansion and renovation.

Contingent Liabilities

As at 31 December 2018 and 2017, the Group had no significant contingent liabilities.

Human Resources

As at 31 December 2018, the Group had a workforce of about 8,700 (2017: 13,000) people predominantly in mainland China, Taiwan and Hong Kong. Employee benefits expense, including directors' emoluments, retirement benefit costs and share-based payment expense, for the year was HK\$752.3 million (2017: HK\$833.2 million). The decrease of HK\$80.9 million or 9.7% was mainly due to the reduction in headcount of factories, stores and back office. The Group values its human resources and recognises the importance of retaining high calibre employees. Remuneration packages are generally structured with reference to market conditions and terms as well as individual qualifications. In addition, share options, share appreciation rights and discretionary bonuses are granted to eligible employees based on the performance of the Group and of the individual employee. The Group also provides mandatory provident fund schemes, medical insurance schemes, staff purchase discounts and training programmes to employees.

外匯風險管理

本集團透過定期審閱本集團之外匯風險淨額，管理本集團之外匯風險，本集團於預期相關外幣出現大幅波動時，或會使用遠期外匯合約。截至二零一八年十二月三十一日止年度，本集團未有訂立遠期外匯合約對沖以美元或港元為結算之銀行貸款所產生的外匯風險。於二零一八年十二月三十一日，並無尚未行使之遠期外匯合約。

資產抵押

於二零一八年十二月三十一日，本集團就使用若干銀行融資額度而抵押之已抵押銀行存款為174.2百萬港元(二零一七年：181.4百萬港元)及賬面淨值為121.3百萬港元(二零一七年：無)之投資物業已抵押作使用若干銀行融資額度。

資本開支

年內，本集團的資本開支為115.3百萬港元(二零一七年：123.6百萬港元)，主要用於擴展及裝修分銷網絡。

或然負債

於二零一八年及二零一七年十二月三十一日，本集團並無任何重大或然負債。

人力資源

於二零一八年十二月三十一日，本集團於中國大陸、台灣及香港之僱員人數約為8,700人(二零一七年：13,000人)。年內僱員福利開支(包括董事酬金、退休福利及以股份為基礎之付款開支)為752.3百萬港元(二零一七年：833.2百萬港元)。減少80.9百萬港元或9.7%乃主要由於工廠、店舖及後勤辦公室之僱員人數減少。本集團重視其人力資源並深明留聘優質人才的重要性，所提供之薪酬及福利乃參考市場水平及個人能力而定，並按本集團及個別員工之表現向合資格員工提供購股權、股份增值權及酌情花紅。此外，本集團亦為僱員提供強積金、醫療保障、員工購物折扣及培訓課程。

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AWARDS

The Group continued to improve branding, products and corporate governance, and has won a number of accolades in recognition for such efforts in 2018.

Daphne ranked top for the eighth consecutive year in the “China Brand Power Index 2018” (in the “Women’s Shoes” category). This award reflected the strong awareness of and the customer loyalty to Daphne’s brand in China. This independent annual survey was conducted by “Chnbrand”, an institution funded by the Ministry of Industry and Information Technology of China and recognised as one of the most authoritative brand rating organisations in the country. This survey ranks companies by industry and category based on the findings from the interviews with more than 2.6 million consumers in 40 cities across China about brand awareness and customer loyalty.

In Chnbrand’s “China Net Promoter Score 2018”, Daphne won the second position in the “Women’s Shoes” category in recognition of its good brand reputation among consumers. In the annual survey, over 2 million consumers across 35 cities in China were interviewed about their willingness to recommend branded products that they had used to their friends. The net promoter score examined word-of-mouth reputation and customer loyalty of over 6,500 consumer brands.

Daphne retained its third place in Chnbrand’s “China Customer Satisfaction Index 2018” (“Women’s Shoes” category). The survey polled consumers about their level of satisfaction with a product through face-to-face interviews. Its sample size was over 2.8 million people across 42 cities.

In addition, the Group received a Certificate of Excellence from the Hong Kong Investor Relations Association in “The Fourth Session of Investor Relations Awards” in recognition of its efforts to ensure good corporate governance and to maintain good investor relations.

OUTLOOK

Uncertainty of the global economy and China’s economic slowdown hindered the progress of the Group’s business transformation in 2018, making it even more challenging for the Group to keep up with the intensifying market competition and the demand of the increasingly sophisticated consumers.

However, significant improvements made by the Group with remedial measures in 2017 and 2018 have laid the groundwork for future organic development. Such achievements included aggressive clearance of aged inventory that has optimised the inventory mix and restored the inventory to a healthy level; and the downsizing of the sales network through closure of loss-making stores. In addition, the continued efforts to adjust its brand marketing strategy also resulted in increased proportion of young people in its customer base and gradual growth in both footfall and sales at its stores.

Looking ahead, the Group is ready to proceed to the next stage of its business transformation in which it will innovate a business model to eliminate the bottlenecks in its business operation.

獎項

本集團持續提升品牌、產品及企業管治，並於二零一八年贏得一系列榮譽，以表彰其在這些方面的努力。

達芙妮連續第八年在《二零一八年中國品牌力指數》(女鞋類別)中維持第一的領先地位。該獎項體現了達芙妮品牌在中國強大的知名度和顧客忠誠度。該獨立年度調查由「中國企業品牌研究中心」主辦。「中國企業品牌研究中心」是由中國政府的工業和資訊化部門資助，被譽為是中國最具公信力的品牌評價機構之一。通過採訪全國40個城市合共逾260萬名消費者，這項調查對各行各業的公司進行品牌知名度和顧客忠誠度評審。

在「中國企業品牌研究中心」的《二零一八年中國顧客推薦度指數》中，達芙妮在女鞋類別中獲得第二名，以表彰其在消費者中的良好品牌聲譽。這項年度調查訪問了全國35個城市逾200萬名消費者，以了解他們是否願意向朋友推薦自己使用過的產品。該顧客推薦度指數對超過6,500個消費品品牌的口碑和顧客忠誠度進行評審。

達芙妮在「中國企業品牌研究中心」的《二零一八年中國顧客滿意度指數》的女鞋類別中維持第三的排名。該調查通過面對面訪談的方式調查了消費者對產品的滿意水平。其樣本規模覆蓋全國42個城市共逾280萬人。

此外，本集團於「第四屆投資者關係大獎」中獲得由香港投資者關係協會頒發的卓越證書，以表彰其為確保良好企業管治及維持良好投資者關係的努力。

展望

全球經濟的不確定性及中國經濟放緩阻礙了集團二零一八年業務轉型進展，對於集團而言，跟上加劇的市場競爭及日益複雜的消費者需求變得越來越充滿挑戰。

然而，本集團於二零一七年及二零一八年採取修復措施而帶來的重大改善為未來良性發展奠定基礎。取得的成果包括積極清理過季存貨以優化存貨組合並將存貨恢復至健康水平；以及通過關閉虧損店舖以收縮銷售網絡。此外，繼續努力調整其品牌營銷策略亦提升年輕人在其顧客群中的佔比，年輕顧客的店舖客流量及銷售額逐漸增加。

展望未來，本集團已準備好進入其業務轉型的下一階段，將進行商業模式創新以消除其業務運營中的瓶頸。

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Pressing ahead with Product Upgrade

Product upgrade is one of the key initiatives in the business transformation so the Group will increase investment in product research and development with emphasis on trendiness and comfort. The Group will continue to enrich its portfolio of diverse products with more trendy and athleisure shoes to better serve customers' needs. In addition to launching new products more frequently, the Group will also broaden the product range to seize more business opportunities.

Another key initiative of the business transformation is to build up an efficient supply chain system to meet the requirements of product development and sales at stores. The Group will search for new manufacturers that are capable to carry out quick response manufacturing. Production volume will be determined according to market feedback which can help to reduce the risk of inaccurate predictions and thus to minimise the obsolete inventory. The Group will continue to optimise its logistics and distribution system by adopting an information technology system to realise the automation of inventory replenishment and the integration of regional warehouses to shorten the delivery lead time.

Improving Efficiency of Sales Channels

To expand its market share, the Group will adopt a three-pronged approach to enhancing the efficiency of its sales channel.

Firstly, as the Group's retail network consists mostly of self-operated stores, the business model adopted is inevitably "asset heavy". To mitigate the business risks associated with such business model, the Group will introduce a "partnership system" into its retail network.

Secondly, the Group will closely monitor the performance of its stores so that it can take remedial measures promptly if they underperform.

Thirdly, the e-commerce operation team will work closely with the product design and supply chain departments so that they can launch products that meet the specific demands of customers who shop online. In addition to key online platforms, it will also commit more resources to its cooperation with social media and e-commerce partners with a view to adapting itself better to the fast-changing consumer behavior and consumption patterns. The Group also plans to form strategic partnerships with selected online distributors to maintain and expand the Daphne brand's share of the online retail market for shoes.

Staying in Touch with Customers

The Group is aware that the relationship between its business and customers is no longer merely characterised by the provision of products. The key to growing a business is connecting with its customers.

To effectively track the changing consumer preferences and market trends for more accurate predictions, the Group will continue to cooperate with a big data company. This will enhance the Group's capability to apply the big data analytics so as to identify opportunities effectively on the market and then launch products that can meet with enthusiastic market responses.

不斷進行產品升級

產品升級是業務轉型的關鍵舉措之一，因此本集團將加大對產品研發的投入，重點關注時尚性及舒適性。本集團繼續以更時尚的產品及運動休閒鞋豐富其多元化的產品組合，以更好地滿足顧客需求。除了更頻繁地推出新產品外，本集團亦將擴大產品種類，以抓住更多商機。

業務轉型的另一關鍵舉措是建立一個高效的供應鏈體系，以滿足產品開發及店舖銷售的需求。本集團將尋找能夠實現快速反應生產的新製造商。將根據市場反應而確定生產數量，這有助降低由預測偏差而帶來的風險，從而避免存貨積壓。本集團將繼續優化物流配送系統，採取信息技術系統實現存貨自動化補貨並整合區域倉庫，以縮短交貨時間。

提升銷售渠道效率

為擴大市場份額，本集團將三管齊下，提升其銷售渠道效率。

首先，由於本集團的零售網絡主要由自營店舖組成，所採取的商業模式不可避免地「重資產」。為緩解此商業模式帶來的經營風險，本集團將在其零售網絡中引入「合夥人制度」。

其次，本集團將密切監測其店舖表現，以便在表現欠佳時及時採取補救措施。

再次，電商運營團隊將與產品設計與供應鏈部門緊密合作，以便他們能夠推出滿足網購顧客特定需求的產品。除了關鍵線上平台，還將投入更多資源與社交媒體及電商夥伴合作，以更好地適應快速變化的消費者行為及消費模式。本集團亦計劃精選線上分銷商，與其建立策略夥伴關係，以維持並擴大達芙妮品牌在線上鞋類零售市場的份額。

與顧客保持聯繫

本集團知悉其業務與顧客之間的關係不再僅以提供產品為主，業務發展的關鍵在於與顧客建立聯繫。

為有效追蹤不斷變化的消費者偏好及市場趨勢，以便做出更精準的預測，本集團將繼續與大數據公司合作。這將提升集團應用大數據分析的能力，以便在市場上有效識別機會，並推出能夠得到市場熱烈反響的產品。

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This year, the Group will collaborate with a brand consultancy company in fine-tuning its brand marketing strategy. It will place emphasis on how to strike a chord with young consumers when conducting marketing campaigns on social media and how to keep in close touch with them. The Group will also continue with product placement that can help strengthen its refreshed brand image and help its products gain more exposure in the media. Meanwhile, it will continue to improve its customer relationship management (“CRM”) by introducing upgraded membership activities and benefits to boost customer loyalty and the repeat sales. Leveraging the advanced CRM tools, the Group will be able to provide customers with an experience of the seamless integration of online and offline shopping in the “New Retail” era.

Enhancing Management Efficiency

The Group will further streamline its organisational structure and optimise the internal processes to become a leaner and more efficient organisation. New incentive and appraisal schemes will be introduced to motivate the staff to do its best at work. Meanwhile, the Group aims to build a competitive cost structure through stringent cost control. More attention will be paid to cash flow management to improve its financial condition.

The all-around transformation of our business is not a quick fix so it takes time to yield noticeable results. Nevertheless, the management has been taking an all-out effort to ensure effective execution of the business transformation initiatives. It has a strong conviction that such initiatives will strengthen the Group’s core advantages and enable it to resume growth and achieve a turnaround.

今年，本集團將與一家品牌諮詢公司合作，調整其品牌營銷策略。重點將放在如何在社交媒體上進行營銷活動的同時與年輕消費者達成共鳴，以及如何與他們保持密切聯繫。本集團亦將繼續植入式產品推廣，這有助強化其更新後的品牌形象，並協助其產品在媒體上獲得更多曝光。同時，將通過引入升級後的會員活動及權益，繼續提升其顧客關係管理（「CRM」），從而提升顧客忠誠度及重複銷售。利用先進的CRM工具，本集團將能夠為顧客提供整合線上及線下的無縫的「新零售」購物體驗。

提高管理效率

本集團將進一步精簡其組織架構並優化內部流程，使組織變得更精簡、更高效。本集團將引入全新的獎勵及考核機制，以激勵員工在工作中發揮其最佳表現。同時，本集團旨在通過嚴格的成本控制建立具有競爭力的成本結構。本集團將更加注重現金流管理，以改善其財務狀況。

我們全方位的業務轉型並不能速戰速決，因此需要一段時間才能產生明顯的效果。儘管如此，管理層一直在全力以赴確保有效執行業務轉型計劃。管理層堅信這些舉措將加強集團的核心優勢，使其恢復增長並實現轉虧為盈。

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理人員簡歷

EXECUTIVE DIRECTORS

Mr. CHANG Chih-Kai, aged 38, has been an executive director of the Company since November 2004. He was appointed as the Chairman of the board of the directors in May 2017 and as the Chief Executive Officer (“CEO”) in April 2016. Mr. Chang is responsible for strategic planning and overall management of the Group. He has joined the Group since 2003 and accumulates over 10 years of experience in footwear industry with focus on product development, production, merchandising, as well as general management. He studied a bachelor’s degree of Art in Auckland University after graduated from Pakuranga College in New Zealand. Mr. Chang is the brother of Mr. Chang Chih-Chiao, an executive director, a cousin of Mr. Chen Tommy Yi-Hsun, an executive director. Mr. Chang holds directorships in certain subsidiaries of the Company.

Mr. CHANG Chih-Chiao, aged 36, joined the Group in 2007 and has become an executive director of the Company since June 2009. He is currently responsible for product development and design, and marketing functions. Mr. Chang obtained a bachelor’s degree in Visual Communication from Northumbria University in the United Kingdom. Mr. Chang is the brother of Mr. Chang Chih-Kai, the Chairman and CEO, and a cousin of Mr. Chen Tommy Yi-Hsun, an executive director. Mr. Chang also holds directorships in certain subsidiaries of the Company.

Mr. CHEN Tommy Yi-Hsun, aged 37, has been an executive director of the Company since December 2011 and was responsible for merchandising and supply chain management of the Group. Mr. Chen joined the Group in 2004, and worked in trading and manufacturing of footwear business of the Group. He has over 10 years of experience in footwear manufacturing and supply chain management. Mr. Chen graduated from University of Victoria in Canada with a bachelor’s degree in Economics and obtained an EMBA degree in Taiwan National Chung Hsing University. Mr. Chen is a cousin of Mr. Chang Chih-Kai, the Chairman and CEO, and Mr. Chang Chih-Chiao, an executive director. Mr. Chen also holds directorships in certain subsidiaries of the Company.

執行董事

張智凱先生，38歲，於二零零四年十一月起擔任本公司之執行董事。彼於二零一七年五月獲委任為董事會主席，並於二零一六年四月獲委任為行政總裁（「行政總裁」）。張先生主要負責策略規劃及本集團整體管理工作。彼於二零零三年加入本集團並於鞋類行業累積逾十年經驗，主力集中產品研發、生產、採購以及整體管理工作。彼畢業於紐西蘭帕庫蘭卡學院後，於奧克蘭大學修讀文學學士學位課程。張先生為執行董事張智喬先生之兄長、執行董事陳怡勳先生之表兄。張先生亦於本公司若干附屬公司擔任董事職位。

張智喬先生，36歲，於二零零七年加入本集團，並自二零零九年六月起擔任本公司之執行董事。現時主要負責產品研發及設計，以及市場推廣工作。張先生持有英國諾森比亞大學視覺傳媒學士學位。張先生為主席兼行政總裁張智凱先生之弟弟、執行董事陳怡勳先生之表弟。

陳怡勳先生，37歲，自二零一一年十二月起擔任本公司之執行董事，現時負責本集團採購及供應鏈管理。陳先生於二零零四年加入本集團，並於本集團從事鞋類貿易及生產公司工作。彼在鞋類製造及供應鏈管理方面積逾十年經驗。陳先生畢業於加拿大維多利亞大學，持有經濟學學士學位並取得台灣國立中興大學高級管理人員工商管理碩士學位。陳先生為主席兼行政總裁張智凱先生及執行董事張智喬先生之表兄。陳先生亦於本公司若干附屬公司擔任董事職位。

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理人員簡歷

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. HUANG Shun-Tsai, aged 65, is a director of two health technology companies in Taiwan. He has been active in the health technology field for over 30 years. Mr. Huang has been an independent non-executive director of the Company since 2001.

Mr. KUO Jung-Cheng, aged 68, is a director of a manufacturing and distribution company in China. Mr. Kuo is a former senator of the Legislative Council in Taiwan. He has been serving the community in Taiwan as a representative for over 20 years. Mr. Kuo holds an MBA degree from University of Hawaii. Mr. Kuo has been an independent non-executive director of the Company since 2001.

Mr. LEE Ted Tak Tai, aged 68, has been an independent non-executive director of the Company since September 2011. Mr. Lee is currently the managing director of T Plus Capital Limited which engages in the provision of strategic, financial and business development advisory services in China. Mr. Lee is an independent non-executive director of East West Bank (China) Limited (a wholly-owned China subsidiary of NASDAQ-listed East West Bancorp, Inc.), ENM Holdings Limited (listed on The Stock Exchange of Hong Kong Limited, stock code 128) and COFCO Meat Holdings Limited (listed on The Stock Exchange of Hong Kong Limited, stock code 1610). Mr. Lee is a US certified public accountant (inactive) and has extensive experience in auditing and accounting sectors. He was a senior partner at Deloitte, where he worked for over 30 years both in the United States and Asia. Mr. Lee graduated from California State University, Fresno with a bachelor's degree in Accounting and obtained an MBA degree from University of Southern California.

SENIOR MANAGEMENT

Mr. LIN Che Li, Jerry, aged 51, joined the Group as the Chief Financial Officer ("CFO") in January 2010 and is responsible for the overall corporate and financial planning of the Group. Mr. Lin has over two decades of experience in financial planning and management in an international environment. Prior to joining the Group, Mr. Lin spent almost 20 years with General Motors, including 15 years in the finance department. His financial and operating experience included assignments at its treasury headquarters in New York and Singapore as well as senior financial management and CFO positions in Taipei, Seoul and Shanghai. Mr. Lin holds an MBA degree from Columbia Business School and a bachelor's degree in Electrical Engineering from the University of Rochester in the United States.

獨立非執行董事

黃順財先生，65歲，為台灣兩間健康科技公司之董事，從事健康科技業逾三十年。黃先生自二零零一年起擔任本公司獨立非執行董事。

郭榮振先生，68歲，為中國一間製造及分銷公司之董事。郭先生亦為前任台灣立法院委員，以議員身份服務台灣民眾逾二十年。郭先生持有夏威夷大學工商管理碩士學位。郭先生自二零零一年起擔任本公司獨立非執行董事。

李德泰先生，68歲，於二零一一年九月起擔任為本公司獨立非執行董事。李先生現時為泰伽投資有限公司的董事總經理，該公司於中國從事提供策略、財務及業務發展諮詢服務。李先生正擔任華美銀行(中國)有限公司(於納斯達克上市的美國華美銀行於中國的全資控股附屬公司)、安寧控股有限公司(於香港聯合交易所有限公司上市，股票代號128)及中糧肉食控股有限公司(於香港聯合交易所有限公司上市，股票代號1610)的獨立非執行董事。李先生是一名美國註冊會計師(非執業)並於審計及會計方面擁有豐富經驗。李先生曾是德勤的資深合夥人，於該所美國及亞洲地區工作逾三十年。李先生畢業於加州州立大學弗雷斯諾分校，持有會計學學士學位，並取得南加州大學的工商管理碩士學位。

高級管理人員

林哲立先生，51歲，於二零一零年一月起出任本集團之首席財務官(「首席財務官」)。林先生負責本集團之整體企業及財務之規劃。林先生擁有超過二十年於跨國公司之財務規劃及管理經驗。加入本集團前，林先生曾於美國通用汽車公司服務近二十年，包括於其財政部門工作達十五年。其財務及營運管理經驗包括在此跨國企業位於紐約及新加坡的司庫總部，以及在台北、首爾及上海擔任高級財務營運及首席財務官的職位。林先生持有美國哥倫比亞大學商學院之工商管理碩士學位及美國羅徹斯特大學電機工程學士學位。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Company recognises the vital importance of good corporate governance to the Group's success and sustainability. The Company is committed to achieving a high standard of corporate governance practices as an essential component of high quality and has introduced corporate governance practices appropriate to the operation and growth of its business.

1. CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Throughout the year ended 31 December 2018, the Company complied with all the applicable code provisions set out in the CG Code except for the deviations from code provisions A.2.1 and A.6.7 which are explained under the "Chairman and Chief Executive Officer" section and "Communications with Shareholders and Investors" section on pages 25 and 30 respectively.

The board of directors (the "Board") will continue to enhance its corporate governance practices appropriate to the operation and growth of its business and to review such practices from time to time to ensure that the Company complies with statutory and professional standards and align with the latest development.

2. SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules for dealing in securities of the Company by the directors. Having made specific enquiry with all directors, all directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2018.

The Company also requires relevant officers and employees of the Company are also bound by the Model Code, which prohibits them to deal in securities of the Company at any time when they possess inside information in relation to those securities. No incident of non-compliance of the Model Code by the relevant officers and employees was noted by the Company during the year.

本公司確知良好企業管治對於本集團業務成功及持續性甚為重要。本公司致力實踐高水準之企業管治，作為高質素企業管治之重要元素，並已採納適用於其業務運作及增長之企業管治常規。

1. 企業管治常規

本公司已採用香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄十四所載之企業管治守則（「企業管治守則」）之原則。

截至二零一八年十二月三十一日止年度內，本公司已遵守企業管治守則所載之全部適用之守則條文，惟偏離守則條文第A.2.1條及第A.6.7條之規定，偏離原因已分別於第25頁及第30頁之「主席及行政總裁」及「與股東及投資者之溝通」內作出解釋。

董事會（「董事會」）將繼續加強適合其業務運作及增長之企業管治常規，並不時檢討其企業管治常規，以確保本公司遵守法定及專業標準，並符合最新發展。

2. 董事之證券交易

有關董事進行本公司之證券交易，本公司已遵照上市規則附錄十所載之「上市發行人董事進行證券交易的標準守則」（「標準守則」）。經向全體董事作出具體查詢後，全體董事均已確認，彼等於截至二零一八年十二月三十一日止年度內一直遵守標準守則所載規定。

本公司亦要求相關高級職員及僱員受標準守則規限，於任何時間持有與本公司證券有關的內幕資料時，一概不得買賣該證券。於年內，本公司並無獲悉相關高級職員及僱員有任何違反標準守則的情況。

CORPORATE GOVERNANCE REPORT

企業管治報告

3. THE BOARD OF DIRECTORS

3.1 Board Composition

The Board and Board Committees as at the date of this report comprise:

Members of the Board/Board Committees 董事會/董事會轄下委員會成員	Date of first becoming director 首次出任董事之日期	Audit Committee 審核委員會	Nomination Committee 提名委員會	Remuneration Committee 薪酬委員會
<i>Executive directors 執行董事</i>				
Mr. Chang Chih-Kai (Chairman & CEO) 張智凱先生 (主席兼行政總裁)	22 November 2004 二零零四年十一月二十二日		Member 成員	Member 成員
Mr. Chang Chih-Chiao 張智喬先生	12 June 2009 二零零九年六月十二日			
Mr. Chen Tommy Yi-Hsun 陳怡勳先生	31 December 2011 二零一一年十二月三十一日			
<i>Independent non-executive directors 獨立非執行董事</i>				
Mr. Huang Shun-Tsai 黃順財先生	31 July 2001 二零零一年七月三十一日	Member 成員	Chairman 主席	Member 成員
Mr. Kuo Jung-Cheng 郭榮振先生	31 July 2001 二零零一年七月三十一日	Member 成員	Member 成員	Chairman 主席
Mr. Lee Ted Tak Tai 李德泰先生	1 September 2011 二零一一年九月一日	Chairman 主席	Member 成員	Member 成員

The executive directors draw on a rich and diverse experience from the footwear distribution business while the independent non-executive directors possess appropriate professional qualifications and management expertise. Through active participation in board meetings, taking the lead in managing issues involving potential conflict of interests and serving on board committees, all independent non-executive directors contribute to the effective direction of the Company and to safeguard the interests of the Company and its shareholders.

During the year ended 31 December 2018, the Board was in compliance with the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors (representing at least one-third of the Board), with at least one independent non-executive director possessing appropriate professional qualifications and accounting and related financial management expertise.

Each independent non-executive director gives the Company annual confirmation of his independence to the Company, and the Company considers these directors to be independent pursuant to Rule 3.13 of the Listing Rules. The names, biographies of the directors and relationship among them are set out in the "Biographies of Directors and Senior Management" on pages 19 to 20 of this annual report.

3. 董事會

3.1 董事會組成

截至本報告日期，董事會及董事會轄下委員會由下列人士組成：

執行董事擁有豐富及廣泛的鞋類分銷業務經驗，而獨立非執行董事則具備相關專業資格及管理專門知識。全體獨立非執行董事透過積極參與董事會會議，在管理涉及潛在利益衝突事務時發揮牽頭引導作用及服務於董事會轄下之委員會，從而對本公司作出有效指導以及維護本公司及其股東之利益。

於截至二零一八年十二月三十一日止年度，董事會一直符合上市規則有關委任至少三名獨立非執行董事（佔董事會成員人數至少三分之一），其中最少一名獨立非執行董事須具備合適專業資格及會計及相關財務管理專業知識的規定。

每名獨立非執行董事均有就其獨立性向本公司作出年度確認。根據上市規則第3.13條，本公司認為該等董事均屬獨立人士。各董事之姓名、簡歷及彼此間之關係載於本年報第19至20頁之「董事及高級管理人員簡歷」。

CORPORATE GOVERNANCE REPORT

企業管治報告

3.2 Directors' Responsibilities

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

All directors have full and timely access to all relevant information as well as the advice and service of the company secretary and senior management. Any director may request independent professional advice in appropriate circumstances at the Company's expense, upon making reasonable request to the Board.

3.3 Delegation by the Board

The Board has delegated responsibilities to the executive directors and senior management of the Company, including implementing decisions of the Board and directing and conducting the day-to-day operation and management of the Group. The delegated functions and responsibilities are periodically reviewed by the Board and approval has to be obtained from the Board prior to any significant transactions are entered.

3.4 Appointments, Re-election and Removal of Directors

The appointment of a new director must be approved by the Board. The Board has delegated to the Nomination Committee to select and recommend candidates for directorship including the consideration of referrals and engagement of external recruitment professionals when necessary. The Nomination Committee has established certain guidelines to assess the candidates. These guidelines emphasise appropriate professional knowledge and industry experience, personal ethics, integrity and personal skills, and possible time commitments to the Board and the Company.

All non-executive directors including independent non-executive directors are appointed for a specific term of one to three years. All directors are subject to retirement by rotation at least once every three years and are eligible for re-election at annual general meetings in accordance with the Listing Rules and the articles of association of the Company (the "Articles of Association"). Every director newly appointed by the Board is subject to election at the first general meeting after his/her appointment.

3.2 董事責任

董事會負責本公司之整體管理及監控，包括批准及監督一切政策上之事宜、整體策略及預算、內部監控及風險管理制度、重大交易（尤其是可能涉及利益衝突之重大交易）、財務資料、董事委任及其他重大財務及營運事宜。

全體董事可隨時索取所有相關資訊以及得到公司秘書及高級管理人員之意見及幫助。任何董事於向董事會作出合理要求後，可要求於適當情況下尋求獨立專業意見，費用由本公司承擔。

3.3 董事會授權

董事會已向本公司之執行董事及高級管理人員作出授權，包括執行董事會之決策、指導及操作本集團之日常營運及管理。董事會定期檢討授權之職能及責任，而於進行任何重大交易前必須先取得董事會之批准。

3.4 委任、重選及撤換董事

新董事委任必須經董事會批准。董事會授權提名委員會挑選及推薦董事人選，包括考慮被推薦人選及在有需要時委聘外界招聘專才協助。提名委員會已訂立若干指引評核被推薦董事人選，該等指引著重適當的專業知識及行業經驗、個人操守、誠信及個人技能，以及能向董事會及本公司付出足夠時間的承諾。

所有非執行董事（包括獨立非執行董事）之任期為一年至三年之特定年期。所有董事均須根據上市規則及本公司之組織章程細則（「組織章程細則」）最少每三年於股東週年大會上輪值退任一次，並符合資格膺選連任。每名獲董事會新委任之董事須於其上任後之首個股東大會接受選舉。

CORPORATE GOVERNANCE REPORT

企業管治報告

Mr. Huang Shun-Tsai and Mr. Kuo Jung-Cheng, have served as independent non-executive directors of the Company for more than 9 years. In addition to their confirmations of independence in accordance with Rule 3.13 of the Listing Rules, Mr. Huang and Mr. Kuo continue to demonstrate the attributes of independent non-executive directors and there is no evidence that their tenure have had any impact on their independence. The Board is of the opinion that Mr. Huang and Mr. Kuo remain independent notwithstanding the length of their services and believe that their valuable knowledge and experience continue to generate significant contribution to the Company and the shareholders as a whole.

3.5 Board Practices and Conduct of Meetings

The Board meets regularly throughout the year to formulate overall strategy of the Group, monitor its financial performance and maintain effective oversight over the management. Directors may participate either in person or through electronic means of communications. Notice of regular board meetings is served to all directors at least 14 days prior to the meeting. For other board and committee meetings, reasonable notice is generally given.

Agenda of each board meeting is usually sent to all directors together with the notice of meeting in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting. Board papers together with all appropriate, complete and reliable information are sent to directors at least 3 days before each board meeting to keep the directors apprised of the latest development and financial position of the Group and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

The Chairman and other relevant senior management normally attend regular board and committee meetings, and where necessary, other board and committee meetings to advise on business development, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group. Draft minutes are normally circulated to all directors for comment in due course after each meeting and the final copy, which is kept by the company secretary, is open for directors' inspection.

Any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened board meeting. Except for those circumstances permitted by the Articles of Association, a director who has a material interest in any contract, transaction, arrangement or any other kind of proposal put forward to the Board for consideration abstains from voting on the relevant resolution and such director is not counted for quorum determination purposes.

黃順財先生及郭榮振先生擔任本公司之獨立非執行董事超過九年。除了根據上市規則第3.13條確認彼等之獨立性外，黃先生及郭先生亦一直展示有能力出任獨立非執行董事，而現時並無證據顯示，彼等之任期曾對彼等獨立身份造成任何影響。董事會認為，不論黃先生及郭先生服務年期之長短，彼等亦能維持獨立身份，並相信彼等之寶貴知識及經驗，將可繼續為本公司股東整體帶來重大貢獻。

3.5 董事會常規及會議進程

董事會年內定期舉行會議，以制定本集團之整體策略、監察其財務表現及對管理層作出有效監督。董事可親身出席或透過電子媒介參與會議。定期董事會會議之通知會於會議舉行之前至少十四日送達所有董事。其他董事會及委員會會議一般會發出合理通知。

各董事會會議之議程一般會連同會議通知發送予所有董事，讓彼等有機會將其他事項納入議程中以於會議上討論。董事會文件以及所有合適、完整及可靠之資料均於每次舉行董事會會議前最少三日發送予所有董事，使彼等知悉本集團之最新發展及財務狀況，以便彼等作出知情之決定。董事會及每名董事於有需要時，亦有自行及獨立地接觸高級管理人員之途徑。

主席及其他相關之高級管理人員一般會出席常規董事會及委員會會議，並於有需要時出席其他董事會及委員會會議，就本集團之業務發展、財務及會計事宜、法定合規事宜、企業管治及其他主要方面提供意見。每次會議後，一般會於合理時間內向所有董事發送會議記錄初稿以供審閱，而最後定稿由公司秘書保存，可供董事查閱。

任何涉及主要股東或董事利益衝突之重大交易，將在正式召開之董事會會議上由董事會審議及處理。除組織章程細則允許之情況外，於任何合約、交易、安排或向董事會提呈以供考慮之任何其他類別之建議中擁有重大權益之董事，將須就相關決議案放棄投票，且有關董事不會被計入為決定法定人數之數目內。

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Apart from regular board meetings, the Chairman of the Board also held a meeting with the independent non-executive directors without the presence of the executive directors during the year.

3.6 Directors' and Officers' Liability Insurance

Liability insurance for directors and senior management of the Company was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties. The scope of coverage of the insurance is subject to review annually.

3.7 Directors' Training and Professional Development

All directors should keep abreast of their collective responsibilities and of the conduct and business activities of the Company. The Company is responsible for arranging and funding suitable training for its directors. Accordingly, the Company has put in place a training and development programme for the directors including: (i) induction programme on the laws and regulations in relation to directors and the Company, knowledge and current development of the Company, responsibilities and potential liabilities of directors for newly appointed directors; and (ii) on-going training and professional development programmes for directors.

During the year ended 31 December 2018, all directors of the Company have attended the training sessions arranged by the Company. They also participated in reading newspapers and materials relating to roles and responsibilities of directors, and regulatory updates of the Listing Rules and corporate governance development.

3.8 Chairman and Chief Executive Officer

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chang Chih-Kai, who acted as the Chief Executive Officer of the Company, has also appointed as the Chairman of the Board with effect from 17 May 2017. This was a deviation from code provision A.2.1.

The Board is of the opinion that vesting the roles of both Chairman and CEO in Mr. Chang Chih-Kai has the benefit of ensuring consistent leadership within the Group thus enabling more effective and efficient strategic planning for the Group. The Board also believes that the balance of power and authority will not be compromised and is adequately ensured by the existing Board which comprises experienced and competent individuals with more than one-third of the Board being independent non-executive directors.

除常規董事會會議外，董事會主席亦於年內與非執行董事（包括獨立非執行董事）舉行一次會議，當時無執行董事在場。

3.6 董事及高級人員之責任保險

本公司已為本公司之董事及高級管理人員購買責任保險，就彼等履行職責時可能引起之任何法律責任提供保障。保險之保障範圍須於每年作出檢討。

3.7 董事之培訓及專業發展

所有董事均須瞭解彼等之共同責任以及本公司之行為及業務活動。本公司負責為其董事安排合適之培訓，並提供培訓資金。因此，本公司已就其董事實行一項培訓及發展計劃，包括：(i)為新任董事提供與董事及本公司有關之法律及法規、本公司之認識及目前發展動態、董事之職責及潛在責任之入職培訓；及(ii)為董事提供持續培訓及專業發展計劃。

於截至二零一八年十二月三十一日止年度，本公司所有董事出席本公司安排之培訓課程，或有參與研討會、閱讀與董事之角色及職責有關之參考資料、上市規則及企業管治發展之定期更新資料。

3.8 主席及行政總裁

企業管治守則條文第A.2.1條列明主席及行政總裁的角色應有區分，並不應由一人同時擔任。張智凱先生擔任本公司行政總裁職務，亦於二零一七年五月十七日起獲委任為董事會主席。此乃偏離守則條文第A.2.1條。

董事會認為，授予張智凱先生主席及行政總裁職務有利於確保本集團領導的一致性，從而為本集團帶來更有效及高效率的策略規劃。董事會亦相信，權力制衡並不會受到影響，而現時之董事會由經驗豐富和能幹的人士組成，當中超過三分之一為獨立非執行董事，以確保有足夠的權力制衡。

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3.9 Board Committees

The Board has established three committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee, to assist it in overseeing the Group's affairs. Each committee has its defined and written terms of reference setting out its duties, powers and functions and being posted on the Company's website and the Stock Exchange's website. The board committees report regularly to the Board on their decisions and recommendations and they are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expense.

Audit Committee

The Audit Committee of the Company as of the date of this report consists of the following directors:

Mr. Lee Ted Tak Tai	Independent non-executive director (Chairman)
Mr. Huang Shun-Tsai	Independent non-executive director
Mr. Kuo Jung-Cheng	Independent non-executive director

The primary functions of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, and the compliance with the applicable accounting principles and practices, any applicable laws and the Listing Rules and liaison with external auditors and internal auditors of the Group.

During the financial year, three Audit Committee meetings were held. The executive directors, the management and the independent auditors had attended respective meetings to provide necessary information. The Audit Committee considered the audit plan, terms of engagement and fees of the independent auditors for the Board's approval, reviewed the financial information of the Group including the annual and interim financial statements, the management letters and reports issued by the independent auditor, and the report on the effectiveness of risk management and internal control systems prepared by the Internal Audit Department.

Nomination Committee

The Nomination Committee of the Company has been established since April 2005 and as of the date of this report consists of the following directors:

Mr. Huang Shun-Tsai	Independent non-executive director (Chairman)
Mr. Kuo Jung-Cheng	Independent non-executive director
Mr. Lee Ted Tak Tai	Independent non-executive director
Mr. Chang Chih-Kai	Executive director

3.9 董事會轄下委員會

董事會轄下設有三個委員會，分別為審核委員會、提名委員會及薪酬委員會，以協助監督本集團事務。各委員會均設有明確書面職權範圍並清楚界定其職責、權力及職能，並於本公司網站及聯交所網站刊載。各董事會轄下委員會定期向董事會報告其決定及建議，而其亦獲提供足夠資源以履行其職責，並於作出合理要求後，可在適當情況下尋求獨立專業意見，費用由本公司承擔。

審核委員會

於本報告日期，本公司之審核委員會成員包括下列董事：

李德泰先生	獨立非執行董事 (主席)
黃順財先生	獨立非執行董事
郭榮振先生	獨立非執行董事

審核委員會之主要職能為協助董事會審閱財務資料及匯報程序、風險管理及內部監控系統，以及適用會計原則及慣例、任何適用法規及上市規則之遵從，並聯繫本集團之外聘核數師及內部核數師。

於本財政年內，審核委員會舉行三次會議。執行董事、管理層及獨立核數師均有出席相關會議以提供所需資料。審核委員會考慮獨立核數師之審核計劃、委聘條款及費用，以提呈董事會批准；審閱本集團之財務資料，包括年度及中期財務報表；審閱獨立核數師致管理層之函件及報告，以及內部審計部所編製之風險管理及內部監控系統之效益報告。

提名委員會

本公司之提名委員會於二零零五年四月成立，於本報告日期，成員包括下列董事：

黃順財先生	獨立非執行董事 (主席)
郭榮振先生	獨立非執行董事
李德泰先生	獨立非執行董事
張智凱先生	執行董事

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The Nomination Committee is responsible for recommending suitable candidates to the Board for directorship, after considering the independence and competence of the nominees, to ensure that all nominations are fair and transparent. The Nomination Committee reviews the structure, size and composition (including skills, knowledge and experience) of the Board and assesses the independence of the independent non-executive directors.

The Company has adopted a board diversity policy (the "Policy") which sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board. Pursuant to the Policy, the Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, professional experience, skills, knowledge and length of service. The Board sets measurable objectives to implement the Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee will review the Policy from time to time to ensure its continued effectiveness.

During the financial year, one Nomination Committee meetings were held. The Nomination Committee reviewed the structure, size and diversity of the Board, considered the independence of independent non-executive directors and recommended the re-appointment of retiring directors which were approved by the shareholders at the annual general meeting.

Remuneration Committee

The Remuneration Committee of the Company has been established since April 2005 and as the date of this report consists of the following directors:

Mr. Kuo Jung-Cheng	Independent non-executive director (Chairman)
Mr. Huang Shun-Tsai	Independent non-executive director
Mr. Lee Ted Tak Tai	Independent non-executive director
Mr. Chang Chih-Kai	Executive director

The Company has adopted the model whereby the Remuneration Committee makes recommendations to the Board on the remuneration packages of individual executive director and senior management. The Remuneration Committee is also responsible for making recommendations to the Board on the Company's policy and structure for remuneration of all directors of the Company and senior management of the Group and other matters relating to remuneration. The remuneration of all directors is subject to regular monitoring by the Remuneration Committee to ensure that their remuneration and compensation are reasonable.

提名委員會負責向董事會建議合適人選加入董事會，惟須先考慮被提名人之獨立性及能力，以確保所有提名均為公平及透明。提名委員會審議董事會結構、規模及成員組合，包括技能、知識及經驗，以及評估獨立非執行董事之獨立性。

本公司已採納董事會成員多元化政策（「該政策」），當中載列為達致及維持董事會成員多元化以提升董事會之有效性而採取之方針。根據該政策，本公司擬透過考慮多項因素（包括但不限於性別、年齡、文化及教育背景、專業資格及經驗、技能、知識及服務任期）以達致董事會成員多元化。董事會將考慮制定可計量目標以實施該政策，並不時檢討該等目標以確保其合適度及確定達致該等目標之進度。提名委員會將不時檢討該政策，以確保其持續有效。

於本財政年度，提名委員會曾舉行一次會議。提名委員會審議董事會之結構、規模及成員多元化，考慮獨立非執行董事之獨立性，並建議重選退任董事（經股東在股東週年大會上批准）。

薪酬委員會

本公司薪酬委員會於二零零五年四月成立，於本報告日期，成員包括下列董事：

郭榮振先生	獨立非執行董事 (主席)
黃順財先生	獨立非執行董事
李德泰先生	獨立非執行董事
張智凱先生	執行董事

本公司採納薪酬委員會向董事會建議個別執行董事及高級管理人員之薪酬待遇之模式。薪酬委員會亦負責就本公司全體董事及本集團高級管理人員之薪酬政策及架構及其他有關薪酬事宜，向董事會提供建議。全體董事之薪酬受到薪酬委員會之定期監察，以確保其薪酬及補償為合理。

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During the financial year, one Remuneration Committee meetings was held and the remuneration packages of executive directors and senior management were reviewed and considered. Details of the remuneration paid/payable to individual director and the chief executive officer of the Company and senior management of the Group by band during the year are set out in Notes 36 and 13 to the financial statements, respectively.

於本財政年度，薪酬委員會曾舉行一次會議，審議及考慮執行董事、非執行董事（包括獨立非執行董事）及高級管理人員之薪酬待遇。年內已付／應付本公司個別董事／行政總裁及本集團高級管理人員之薪酬幅度詳情分別載於財務報表附註36及13。

3.10 Meeting Attendance of Board and Board Committee Members

The attendance records of each director at the board meetings, board committee meetings and annual general meeting (“AGM”) of the Company held during the year ended 31 December 2018 is set out in the table below:

3.10 董事會及董事會轄下委員會成員之會議出席情況

於截至二零一八年十二月三十一日止年度，本公司舉行之董事會會議、董事會轄下委員會會議及股東週年大會之個別董事出席情況記錄載列如下：

		Number of meetings attended/Number of meetings held 會議出席次數／舉行會議次數				
		Board 董事會	Audit Committee 審核委員會	Nomination Committee 提名委員會	Remuneration Committee 薪酬委員會	AGM 股東週年大會
<i>Executive directors</i>	<i>執行董事</i>					
Mr. Chang Chih-Kai	張智凱先生	4/4		1/1	1/1	1/1
Mr. Chang Chih-Chiao	張智喬先生	4/4				1/1
Mr. Chen Tommy Yi-Hsun	陳怡勳先生	4/4				1/1
<i>Non-executive director</i>	<i>非執行董事</i>					
Mr. Chen Ying-Chieh*	陳英杰先生*	1/3		1/1	0/1	0/1
<i>Independent non-executive directors</i>	<i>獨立非執行董事</i>					
Mr. Huang Shun Tsai	黃順財先生	1/4	1/3	0/1	1/1	0/1
Mr. Kuo Jung-Cheng	郭榮振先生	4/4	3/3	1/1	1/1	1/1
Mr. Lee Ted Tak Tai	李德泰先生	4/4	3/3	1/1	1/1	1/1

* Mr. Chen Ying-Chieh has resigned as the non-executive director and the member of Nomination Committee and Remuneration Committee with effect from 18 September 2018.

* 陳英杰先生由二零一八年九月十八日起已辭任非執行董事、提名委員會及薪酬委員會成員。

4. CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the corporate governance duties of the Company. Terms of reference adopted by the Board include the duties of the Board on corporate governance functions to develop and review the Group’s policies and practices on corporate governance, to review and monitor the training and continuous professional development of the directors and the senior management and to review the Group’s compliance with the CG Code and disclosure in this report.

4. 企業管治職能

董事會負責履行本公司企業管治職務，董事會之職權範圍包括董事會於企業管治職能之責任，即發展及審閱本集團企業管治政策及常規；審閱及監督董事及高級管理人員之培訓及持續專業發展；及檢討本集團遵守企業管治守則之情況及本報告披露之資料。

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5. ACCOUNTABILITY AND AUDIT

5.1 Financial Reporting

The directors acknowledge their responsibilities for preparing the financial statements of the Group. The Board, supported by the Chief Financial Officer and the Finance Department, is responsible for the preparation of the financial statements of the Group. In the preparation of the financial statements, the Hong Kong Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance have been adopted, the appropriate accounting policies have been consistently applied, and reasonable judgments and estimates are properly made.

The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to shareholders, and make appropriate disclosure and announcements in a timely manner. The directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

5.2 Remuneration of Independent Auditors

The statement of the independent auditor of the Company, PricewaterhouseCoopers, regarding their reporting responsibilities on the financial statements of the Group is set out in the "Independent Auditor's Report" on pages 58 to 65 of this annual report.

The remuneration paid/payable to PricewaterhouseCoopers for the provision of audit and non-audit service for the year ended 31 December 2018 was HK\$4,100,000 (2017: HK\$3,600,000) and HK\$171,000 (2017: HK\$315,000) respectively.

The Audit Committee is responsible for making recommendations to the Board as to the appointment, reappointment or removal of the independent auditors. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the independent auditor of the Company.

5.3 Risk Management and Internal Control

The Board is responsible for risk management and internal control of the Group and for reviewing its effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Procedures have been designed for safeguarding assets against unauthorised use or disposition, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance of applicable laws, rules and regulations.

5. 問責性及審核

5.1 財務報告

董事確認其編製本集團財務報表之責任。董事會於本集團之首席財務官及財務部門之幫助下，負責編製本集團之財務報表。於編製該等財務報表時，已採納香港財務報告準則及香港《公司條例》的披露規定，以及貫徹應用適當的會計政策，並正確地作出合理判斷及估計。

董事會旨在年報及中期報告中，就本集團之表現，向股東呈列一份清晰及平衡之評估，並及時作出適當披露及公告。董事並不知悉與事件或情況相關之任何重大不確定性，從而可能導致對本公司的持續經營能力產生重大疑慮。

5.2 獨立核數師酬金

本公司獨立核數師（羅兵咸永道會計師事務所）有關其對本集團之財務報表之申報責任之聲明，載於本年報第58至65頁之「獨立核數師報告」。

截至二零一八年十二月三十一日止年度，就所提供之審核及非審核服務，已付／應付羅兵咸永道會計師事務所之酬金分別為4,100,000港元（二零一七年：3,600,000港元）及171,000港元（二零一七年：315,000港元）。

審核委員會負責向董事會建議委聘、續聘或撤換獨立核數師。就篩選、委聘、辭任或撤換本公司獨立核數師，董事會及審核委員會之間並無異議。

5.3 風險管理及內部監控

董事會負責本集團之風險管理及內部監控及檢討其效益。該系統的制定為管理，而非消除未能實現經營目標之風險；對重大錯誤陳述或損失，只能提供合理的，而不是絕對的保證。已制定程序保障資產，以防資產被非授權使用或處置，確保正確會計紀錄之保存以提供可靠財務資料作內部用途或刊載，以及確保遵從所適用法例、規則及法規。

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An internal audit department has been established to conduct risk management and internal audit of the Group. It performs risk-based audits to review the effectiveness of the Group's risk management and internal control systems so as to provide assurance that key business and operational risks are identified and managed. The work carried out by the Internal Audit Department reports to the Audit Committee with its findings and makes recommendations. During the year, the Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group.

6. COMPANY SECRETARY

Mr. Cheung Chun Hay has been the Company Secretary of the Company since 24 December 2013. Mr. Cheung is a full time employee of the Group and has day-to-day knowledge of the Company's affairs. During the financial year, Mr. Cheung has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

7. INVESTOR RELATIONS

7.1 Communications with Shareholders and Investors

The Board recognises the importance of good communication with its shareholders and investors. To promote effective communication, the Company maintains websites at "www.daphneholdings.com.cn" and "www.daphneholdings.com" where extensive information and updates on the Group's business development and operation, financial information, corporate governance practices and other information are available to the public. Shareholders and investors may address enquires to the Company's Investor Relations Department by letter, telephone, fax or email. Contact details are listed on page 3 of this annual report.

The Company continues to enhance communication and relationship with its shareholders and investors. The Board designates personnel to maintain regular dialogue with institutional investors and analysts through one-on-one meetings, non-deal roadshows and investor briefings to keep them informed of the Group's developments.

During the year, Mr. Huang Shun-Tsai, the independent non-executive director and Mr. Chen Ying-Chieh, non-executive director, were unable to attend the annual general meeting of the Company held on 24 May 2018 due to their unavoidable business engagements. This was a deviation from code provision A.6.7 of the CG Code.

7.2 Constitutional Documents

There was no change in the Memorandum and Articles of Association of the Company during the year.

本集團設有內部審核部門，以進行本集團風險管理及內部審核。內部審核部進行基於風險的審核，審閱本集團之風險管理及內部監控系統之有效性，以保證主要業務和營運之風險已被識別和管理。內部審核部向審核委員會報告其開展之工作，並提供調查結果及建議。年內，董事會已就本集團之風險管理及內部監控系統之有效性進行檢討。

6. 公司秘書

張晉熙先生由二零一三年十二月二十四日起獲委任為本公司之公司秘書，張先生為本集團全職僱員，並對本公司的日常事務有所認識。於本財政年度，張先生已遵守上市規則第3.29條的相關專業培訓規定。

7. 投資者關係

7.1 與股東及投資者之溝通

董事會深明與股東及潛在投資者維持良好溝通之重要性。為促進有效溝通，本集團設有「www.daphne.com.cn」及「www.daphneholdings.com」網站，其中提供有關本集團業務發展及營運、財務資料、企業管治常規及其他資料之廣泛資料及最新動態，以供公眾查閱。股東及投資者可透過向本公司投資者關係部門寫信、致電、發送傳真或電郵表達對本公司之質詢。聯絡資料詳情載於本年報第3頁。

本公司持續改善與股東及投資者之溝通及關係。董事會指定專門人士，通過一對一會議、非交易路演及投資者簡介會，維持與機構投資者及分析員定期對話，使彼等知悉本集團之發展。

年內，本公司獨立非執行董事黃順財先生及非執行董事陳英杰先生，因業務纏身，無法出席本公司於二零一八年五月二十四日召開之股東週年大會。此乃偏離守則條文第A.6.7條。

7.2 憲章文件

年內本公司組織章程大綱及細則並無變動。

CORPORATE GOVERNANCE REPORT

企業管治報告

For good corporate governance and with an effort to modernise and update the Company's constitutional documents, the Board has proposed to adopt the Second Amended and Restated Articles of Association of the Company. The proposed adoption is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting to be held in May 2019. Once approved, the Company will published the updated Articles of Association on the Company's website and the website of the Stock Exchange.

7.3 Dividend Policy

On 26 March 2019, the Board has approved and adopted a dividend policy (the "Dividend Policy") with effect from 1 January 2019. According to the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the following factors:

1. the general financial condition of the Group;
2. the Group's actual and future operations and liquidity position;
3. the Group's expected working capital requirements and future expansion plans;
4. the Group's debt to equity ratios and the debt level;
5. the retained earnings and distributable reserves of the Company and each of the members of the Group;
6. the shareholders' and the investors' expectation and industry's norm;
7. the general market conditions; and
8. any other factors that the Board deems appropriate.

Dividends may be declared and paid to the shareholders of the Company by way of cash or by other means that the Board considers appropriate. The declaration and payment of dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and the Company's articles of association and any other applicable laws and regulations. The Board will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the Dividend Policy at any time. The Dividend Policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time.

為實現良好的企業管治並致力更新及使公司的憲章文件與時並進，董事會已建議採納本公司的經第二次修訂及重列組織章程細則。建議採納須待本公司股東於二零一九年五月舉行的應屆股東週年大會上批准。一旦獲批准，本公司將於本公司網站及聯交所網站刊發更新的組織章程細則。

7.3 股息政策

於二零一九年三月二十六日，本公司董事會（「董事會」）已批准及採納股息政策（「股息政策」），並由二零一九年一月一日起生效。根據該股息政策，在決定是否建議派發股息及在釐定股息金額時，董事會須考慮下列因素，其中包括：

1. 本集團的一般財務狀況；
2. 本集團的實際和未來營運及流動資金狀況；
3. 本集團預期營運資金需求及未來擴展計劃；
4. 本集團的負債對權益比率及債務水準；
5. 本公司及本集團各成員公司的保留盈餘和可供分派儲備；
6. 股東及投資者的期望及行業的常規；
7. 一般市場情況；及
8. 董事會認為適當的任何其它因素。

股息可以現金方式或董事會認為適當的其他方式宣派及派付予本公司股東。本公司宣派及派付股息亦須遵守開曼群島公司法及本公司組織章程細則及任何其他適用法律法規的任何限制。董事會亦將持續檢討股息政策並保留其唯一及絕對酌情權隨時更新、修訂、修改及／或取消股息政策。股息政策不會以任何方式構成本公司有關其未來股息的具法律約束力承諾及／或不會以任何方式令本公司有責任隨時或不時宣派股息。

CORPORATE GOVERNANCE REPORT

企業管治報告

8. SHAREHOLDERS' RIGHTS

8.1 Convening Extraordinary General Meeting and Putting Forward Proposals at General Meetings

Pursuant to Article 57 of the Articles of Association of the Company, the Board may whenever it thinks fit convene an extraordinary general meeting. Any two or more members holding in aggregate not less than 25% of the paid up capital of the Company can make a written requisition to the Board or the Company Secretary to convene an extraordinary general meeting. If the Second Amended and Restated Articles of Association of the Company is approved and becoming effective, the abovementioned 25% threshold will be reduced to 10%. The written requisition must state the objects of the meeting and must be signed by the relevant shareholders and deposited at the principal place of business of the Company in Hong Kong at 17/F, Fung House, 19-20 Connaught Road Central, Hong Kong.

There are no provisions under the Company's Articles of Association or the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for shareholders to put forward proposals at general meetings other than a proposal of a person for election as director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

8.2 Putting Forward Enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the Investor Relations Department of the Company by letter, telephone, fax or email. Details of the contact information are set out on page 3 of this annual report.

On behalf of the Board

Chang Chih-Kai
Chairman & Chief Executive Officer

Hong Kong, 26 March 2019

8. 股東權利

8.1 召開特別股東大會及於股東大會上提呈建議

根據本公司之組織章程細則第57條，董事會可在其認為適當時召開特別股東大會。任何兩個或以上股東（持有本公司已繳足股本總額不少於25%）可以書面呈請向董事會或公司秘書要求召開特別股東大會。若本公司的經第二次修訂及重列組織章程細則獲得批准並生效，則上述25%的門檻將降至10%。該書面呈請須說明特別股東大會之目的及由有關股東簽署，並遞呈至本公司之香港主要營業地點，地址為香港干諾道中19-20號馮氏大廈17樓。

根據本公司之組織章程細則及開曼群島公司法第22章（1961年第3號法例，經合併及修訂），並無有關股東在股東大會提呈其他建議之程序之條文（提名他人參選董事除外）。股東可就書面呈請所指明的任何事項，遵從上述程序召開特別股東大會。

8.2 向董事會提出查詢

股東可透過向本公司投資者關係部門寫信、致電、發送傳真或電郵發出對董事會之質詢及問題。聯絡資料詳情載於本年報第3頁。

代表董事會

主席兼行政總裁
張智凱

香港，二零一九年三月二十六日

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

1. About this report

Daphne International Holdings Limited (“Daphne” or the “Company”, which together with its subsidiaries, is collectively referred to as the “Group”) hereby presents its Environmental, Social and Governance Report (the “ESG Report”) for the year ended 31 December 2018, in accordance with the requirements of the “Environmental, Social and Governance Reporting Guide” set out in Appendix 27 of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Group principally engages in the business of retailing footwear and accessories under its own brands, “Daphne” and “Shoebox”, and other brands including own brands and brands under exclusive distributorships. As at 31 December 2018, the Group had 2,820 points-of-sale in total, with 2,693 located in mainland China. The Group recorded a total turnover of HK\$4,127.1 million in 2018. Unless otherwise stated, the Report covers the Group’s retail operations in mainland China only which contributes to the majority of the Group’s turnover.

The management and staff of the Group’s different functions were involved in the preparation of the ESG Report. They assisted the Group in reviewing its operations and identifying relevant environmental, social and governance issues. The board of directors (the “Board”) and senior management oversee the Group’s efforts to fulfil its environmental and social responsibility and to comply with relevant laws and regulations to ensure good governance.

The methods used to gather, report and verify information in the ESG Report are based on the Group’s own processes and internationally recognised reporting standards.

The direct and indirect greenhouse gas (“GHG”) emissions were calculated and reported with reference to the Baseline Emission Factors for Regional Power Grids in China published by the Department of Climate Change of National Development and Reform Commission, and the Greenhouse Gas Protocol published by World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI).

Carbon dioxide emissions and equivalents are determined on the basis of measured or estimated energy and fuel usage, multiplied by relevant carbon emission factors.

1. 關於本報告

達芙妮國際控股有限公司（「達芙妮」或「本公司」），與其附屬公司合稱「本集團」根據香港聯合交易所（「交易所」）證券上市規則（「上市規則」）附錄二十七中所列的「環境、社會及管治報告指引」要求，呈列其截至二零一八年十二月三十一日止年度的環境、社會及管治報告（「本報告」）。

本集團主要從事旗下自有品牌「達芙妮」和「鞋櫃」，以及獨家經銷品牌鞋履及配飾的零售業務。於二零一八年十二月三十一日，本集團總計有2,820個銷售點，其中2,693個在中國大陸。於二零一八年，本集團的總營業額為4,127.1百萬港元。除另有說明外，本報告僅涵蓋本集團在中國大陸的零售業務，本集團大部分的營業額來自此業務板塊。

本集團的管理層及各職能的員工均有參與編制本報告，協助本集團審查其業務營運及確定與環境、社會及管治相關的事宜。董事會及高級管理層負責監督本集團在環境、社會及管治方面的治理及合規工作。

有關本報告資料的收集、報告及驗證的方法乃基於本集團內部工作程序及國際認可的報告準則。

直接及間接溫室氣體（「溫室氣體」）排放之計算及匯報參照中國國家發展和改革委員會應對氣候變化司公佈之中國區域電網基準線排放因子及世界企業永續發展協會(WBCSD)與世界資源研究院(WRI)出版之《溫室氣體盤查議定書》。

釐定二氧化碳排放及當量時乃根據測量或估計的能源及燃料使用量乘以相關碳排放係數。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

2. Environmental Protection

As a good corporate citizen, the Group supports environmental protection so it is committed to using resources wisely and efficiently. In addition to its compliance with relevant local laws and regulations governing greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, the Group has also made efforts to minimise the impact of its business on the environment by implementing waste and emission reduction initiatives, adopting energy-efficient operation processes, encouraging its employees to practice environmentally responsible lifestyles, and promoting environmental protection among its suppliers.

2.1 Emissions

In general, the major source of the retail business's direct emissions is the truck fleet distributing products from warehouses to shops across the country. As the Group outsources almost all product deliveries to its logistics suppliers, its GHG emissions are mostly indirect and principally resulted from the electric energy consumption at its offices, warehouses and stores. In 2018, 34,925 tonnes of carbon dioxide equivalent ("tCO₂e") were indirectly generated from the electric energy consumption in the Group's operations (2017: 52,692 tCO₂e).

In 2018, the Group continued the efforts to consolidate its warehouses to enhance its supply chain management. It involved closures of several local warehouses and consolidation of the remaining warehouses. Such actions not just reduced both the overall distance and time for product delivery from warehouses to shops, but also helped reduce carbon footprint of the truck fleet of the Group's logistics suppliers.

The Group is continuing to promote the development of alternative-energy public transport to cut smog and reduce emissions. Of its fleet of buses that provide shuttle service at its headquarters in Shanghai, the majority are electrical vehicles from its service supplier, and as such, the fleet of shuttle buses have much less carbon footprint than conventional diesel buses do and thus help the Group attain sustainable development.

With regard to waste, only non-hazardous waste such as paper, cardboards, used boxes are generated from product packaging, and domestic waste from the Group's stores, warehouses and offices. The Group collects and sorts recyclable waste, and then forwards it to recycling stations for centralised recycling.

In 2018, at its headquarters in Shanghai, the Group forwarded over 34,400 kg of used paper boxes to local agents for recycling (2017: 19,000 kg).

During the year, the Group continued to adopt "Office Automation", which is an online office administration system, and to implement paperless office initiatives, which led to a 15.3% reduction in consumption of A4 paper to 9.4 tonnes in 2018 from 11.1 tonnes in 2017.

2. 環境保護

作為一名優秀的企業公民，本集團支持保護環境，致力於合理而高效地使用資源。本集團除了遵守與廢氣及溫室氣體排放、向水和土地的排污、產生有害和無害廢棄物相關的當地法例及法規，還通過實施措施減廢減排的舉措，採用節能的營運流程，鼓勵員工履行環保責任的生活方式，以及在供應商中推動環保，努力減少其業務經營對環境的影響。

2.1 排放物

總體而言，零售業務的直接排放是將貨物從倉庫運輸至全國各地店鋪的運貨車隊。由於本集團大部分貨物的運輸均外包予物流供應商，故其溫室氣體排放絕大部分是間接性的，並主要由其辦公室、倉庫及店鋪消耗的電力所造成。於二零一八年，本集團由經營用電間接產生了34,925公噸二氧化碳當量。(二零一七年：52,692公噸二氧化碳當量)

二零一八年，本集團繼續努力整合倉庫以提升供應鏈管理。其中包括關閉若干個區域倉庫，並整合其餘的倉庫。此舉不僅縮短了由倉庫到店鋪的產品交付的整體運輸距離、縮短到店時間，還有助減少由本集團物流供應商運貨車隊所產生的碳足跡。

本集團持續推動替代能源的公共交通發展，以減少霧霾及排放物。供應商向本集團上海總部提供班車服務，其中大多數車輛為電動車。因此，班車車隊的碳足跡遠低於傳統柴油巴士，這有助於集團實現可持續發展。

有關廢物方面，僅有由本集團的產品包裝所產生的紙、紙箱和已使用的紙盒等的無害廢物，以及本集團店鋪、倉庫及辦公室所產生的非商業性的家居廢物。本集團收集及分類可循環利用的廢物，並將其送往廢物回收站作集中處理。

於二零一八年，本集團在其上海總部將逾34,400公斤廢紙箱交予當地代理商進行回收(二零一七年：19,000公斤)。

年內，本集團繼續採用「辦公室自動化」在線行政系統，並推行無紙化辦公環境的措施，導致A4紙的消耗量由二零一七年的11.1噸下降15.3%至二零一八年的9.4噸。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

2.2 Use of Resources

The Group's policy is to comply with relevant laws and regulations relating to the efficient use of resources, including energy and water. The Group has also implemented efficiency improvement initiatives in its energy and water consumption, which are listed in the table below.

2.2 資源使用

本集團的政策是在有效利用資源(包括能源和水)方面遵守有關法律法規。本集團亦實施在能源和用水方面的效率提升舉措，如下表所列。

Reduction in Energy Consumption 減少能源消耗	
Offices and Warehouses 辦公室及倉庫	<ul style="list-style-type: none"> Offer shuttle bus service to employees for commutes to city area (at the headquarters) 向僱員提供往返市區的通勤班車(於集團總部) Rearrange seating plan to reduce energy consumption in the office 重新安排座位計劃以減少辦公室的能源消耗 Reduce the number of lifts in operation during off-peak hours 減少非繁忙時間段運行的電梯數目 Put up signs in offices to encourage employees to use stairways instead of taking lifts 在辦公室張貼告示，鼓勵員工走樓梯，減少搭乘電梯 Regulate the use of air conditioning in accordance with the weather 根據季節調節空調恆溫裝置安排 Arrange regular cleaning of air filters of the air conditioning system 安排定期清洗空調系統的過濾網 Relax dress code to adapt to the energy-saving mode of air conditioning (e.g. no formal suit is required in office) 放寬上班服裝要求，以配合空調的節能安排(例如：允許員工不需穿著正式套裝) Switch off non-essential lighting and electronic office equipment, such as personal computers when out of office 關閉不必要的照明及電子辦公設備，例如下班後關閉個人電腦 Control lighting and air conditioning under the zoning system 分區控制照明及空調系統 Adopt energy-saving LED illumination system for showrooms at the headquarters 總部展廳採用節能LED照明系統 All warehouses adopt energy-saving LED lighting 所有倉庫採用節能LED照明 Promote teleconferencing to reduce business travel 提倡電話會議，減少出差 Remind employees by email of environmental practices such as reduction in consumption of water, paper, and energy 向員工發送環境保護的電郵提示，例如節省用水、用紙及用電等
Stores 店舖	<ul style="list-style-type: none"> Most of the stores adopt energy-saving LED lighting 大多數店舖採用LED節能照明 Adjust lighting and air conditioning during off-peak hours 在非繁忙時間調節照明及空調設施
Reduction in Water Consumption 減少耗水	
	<ul style="list-style-type: none"> Toilet flushing system at the headquarters has been modified to improve efficiency of water usage 調整集團總部的廁所沖水系統，以提高用水效率

The main resources used by the Group include electricity (indirect consumption) and water. In 2018, the total electricity consumption by the Group was 55,192,897 kilowatt hours (2017: 69,639,009 kilowatt hours), with an energy intensity of 13,373 kilowatt hours (2017: 13,364 cubic metres) per million dollars of revenue; the total water consumption was 150,063 cubic metres (2017: 146,601 cubic metres), with a water intensity of 36 cubic metres (2017: 28 cubic metres) per million dollars of revenue.

本集團使用的主要資源包括電力(非直接消耗)和水。二零一八年，本集團的能耗總計55,192,897千瓦時(二零一七年：69,639,009千瓦時)，每百萬港元銷售額的能耗密度為13,373千瓦時(二零一七年：13,364千瓦時)；用水總計150,063立方米(二零一七年：146,601立方米)，每百萬港元銷售額的用水密度為36立方米(二零一七年：28立方米)。

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In 2018, the packaging materials used by the Group were mainly shoe boxes, packing papers, carton boxes, reaching a total of 4,148 tonnes (2017: 5,369 tonnes) with an intensity of 0.3 kg of packing materials used per pair of shoes (2017: 0.2 kg).

The Group pledged to reduce excess product packaging by adopting the following measures in recent years:

- Having the warranty card, caring instructions and certificate of quality control directly printed onto shoe boxes
- Shifting from plastic to paper as packing of shoes
- Providing customers with non-woven reusable shopping bags

There were no legal cases of non-compliance or confirmed incidents in relation to environmental protection.

2.3 Environment and Natural Resources

The Group's most significant impact on the environment relates to carbon emissions that resulted from the consumption of electricity at its shops, warehouses and offices. The following are some of the measures adopted by the Group to minimise its impact on the environment and natural resources:

- Adopt "Office Automation", which is an online office administration system, to build a paperless office environment since 2015
- Assign a photocopy metering account to each employee to discourage photocopying
- Default photocopiers to two-sided copying mode and black-and-white printing mode
- Recycle used A4 papers for one-sided printing for internal use
- Use electronic fax
- Promote electronic communication, such as emails and online instant communication tool, as the major communication channel
- Plant more greenery in the open space on the ground floor at the headquarters
- Implement garbage classification and forward the recyclable materials to recycling stations

於二零一八年，本集團所使用的包裝材料主要為鞋盒、包裝紙、紙箱，共使用4,148噸(二零一七年：5,369噸)，每雙鞋所使用的包裝紙密度為0.3公斤(二零一七年：0.2公斤)。

本集團承諾減少過剩的產品包裝，並於近年來採取以下措施：

- 將保修卡、保養說明及合格證直接印在鞋盒上
- 將鞋履的塑料填充包裝物改為紙質
- 向顧客提供可循環使用的無紡布購物袋

本集團於環境保護方面並沒有違規法律案件或經確認的事故發生。

2.3 環境及天然資源

本集團對環境造成最大的影響為其店舖、倉庫及辦公室用電所產生的碳排放。關於本集團為減少對環境和自然資源的影響而採取的措施，具體如下：

- 我們自二零一五年起實施「辦公室自動化」在線行政系統，以建立無紙化的辦公環境
- 為每位員工設置記錄複印數量的賬戶，以減少複印量
- 複印機預設定為黑白打印及雙面打印模式
- 內部循環使用單面打印的A4紙
- 使用電子傳真
- 推廣以電子郵件及線上即時通訊工具等電子通訊方式作為主要溝通渠道
- 為集團總部大樓外的空地進行更多綠化
- 進行垃圾分類制度，將可循環的廢物送至廢物回收站

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3. Social Responsibilities

3.1 Employment

The Group considers its employees as one of its most important assets, and that they are instrumental in the success of the Group's operations and maintaining its leading position in the industry. As at 31 December 2018, the Group had about 8,700 employees, most of whom were working in mainland China.

As an equal opportunity employer, the Group recruits and promotes staff according to such criteria as business needs, personal qualifications, experience and performance, and the decisions will under no circumstances be influenced by an applicant's or employee's race, gender, age, marital status, disability, religious beliefs and nationality. The Group adopts a policy of zero tolerance of any discrimination, harassment or vilification in the workplace in accordance with relevant local laws and regulations. The Group also strives to provide its employees with a safe and healthy working environment and career development opportunities.

The Group endeavours to offer competitive compensation packages and benefits to attract, retain and motivate talents. Working hours, overtime compensations, holidays, statutory paid leaves and related benefits are in line with the local labour laws and regulations, as well as respective employment contracts. Key performance indicators ("KPI") are set for individuals and business units to align staff performance with the Group's goals. Many performance incentives, including sales commissions and bonuses, discretionary performance bonus, share options, share appreciation rights, profit-sharing schemes, and other reward and retention schemes are offered to staff in recognition of their contribution and as motivation for even better performance. The total employee benefits expense of the Group amounted to HK\$752.3 million (2017: HK\$833.2 million) for the financial year 2018.

3. 社會責任

3.1 僱傭

本集團視僱員為最寶貴的資產之一，其對本集團的成功經營及保持行業領先地位尤為重要。於二零一八年十二月三十一日，本集團有僱員約8,700名，絕大部份位於中國大陸。

作為平等機會僱主，本集團在招聘及晉升過程中的決定乃考量業務需求及個人資歷、經驗與表現，不受求職者或僱員的種族、性別、年齡、婚姻狀況、殘疾情況、宗教信仰及國籍所影響。本集團遵循當地相關法律法規，並不容許任何職場上的歧視或騷擾。本集團亦致力為僱員提供安全、健康的工作環境及職業發展機會。

本集團提供具競爭力的薪酬及福利待遇，以吸引、挽留及激勵人才。工作時數、加班報酬、法定假期、帶薪休假及相關待遇均遵循當地勞動法律法規及僱傭合同所訂。集團通過為個人及業務部門制定關鍵績效指標，使員工績效與本集團的目標保持一致。本集團提供多項表現獎勵，包括銷售佣金及花紅、酌情表現花紅、購股權、利潤共享計劃，以及其他獎勵及挽留人才機制，以表彰員工對本集團的貢獻，並激勵其發揮更出色的表現。二零一八財政年度，本集團僱員福利開支共計752.3百萬港元（二零一七年：833.2百萬港元）。

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Staff Welfare and Benefits

The Group spends extra efforts to ensure a safe and healthy workplace for all staff while overtime work is not encouraged. The Group also provides a variety of staff welfare and benefits so that staff can enjoy working with the Group and perform to their best. These include:

- Shuttle bus service (at the headquarters)
- Subsidy to lunch at staff canteens at the headquarters and branch offices
- Staff coupons for purchase of house brand products
- Monthly birthday parties (at the headquarters)
- Organising sports and recreational activities for staff (at the headquarters)

A series of policies, operating manuals, employee handbook and protocols are in place to build a fair and healthy working environment. The Employee Handbook and the Code of Conduct signed by all employees list out policies, guidelines and procedures to ensure mutual respect between the Group and its staff by clarifying the Group's expectation about the staff's conduct, and promote a harmonious working environment. Some of the policies and guidelines which are included in these two documents are:

- Equal opportunities and anti-discrimination policy – to ensure that the workplace is free from discrimination and harassment in any form
- Guideline on confidentiality – to ensure proper handling of the Group's confidential information

The above-mentioned policies, guideline, handbook and code of conduct are reviewed from time to time and updated as necessary by the Group's Human Resources Department, Internal Audit Department and Legal Department.

The Group's policies on human resources comply with applicable legislation on labour, including the Labour Law of the People's Republic of China and Labour Contract Law of the People's Republic of China.

員工福利及待遇

本集團加倍努力，為全體員工提供安全、健康的工作環境，也不鼓勵加班。本集團同時也提供一系列員工福利待遇，使員工樂於在本集團工作，並發揮最佳的工作表現。福利待遇包括：

- 班車服務（於集團總部）
- 集團總部及分公司員工食堂的午餐補貼
- 自有品牌的員工購物券
- 每月員工生日聯歡會（於集團總部）
- 集團組織員工參加體育休閒活動（於集團總部）

本集團已制定了一系列政策、營運指引、員工手冊及守則，以建立公平、健康的工作環境。由僱員簽署的《員工手冊》及《員工操守準則》清晰列明了本集團與員工之間賴以互相尊重的政策、指引及程序，明確了集團對員工行為的期望，並促進員工之間的和諧共處。涵蓋在這兩項文件中的政策和指引包括：

- 平等機會及反歧視政策—使工作場合免除任何形式的歧視和騷擾
- 保密指引—確保妥善處理本集團的機密信息

本集團人力資源、內部審核及法務部門不定時審視以上政策、指引、手冊及操守準則，並於必要時進行更新。

本集團人力資源政策遵守經營所在國家適用的勞動法規，包括《中華人民共和國勞動法》和《中華人民共和國勞動合約法》。

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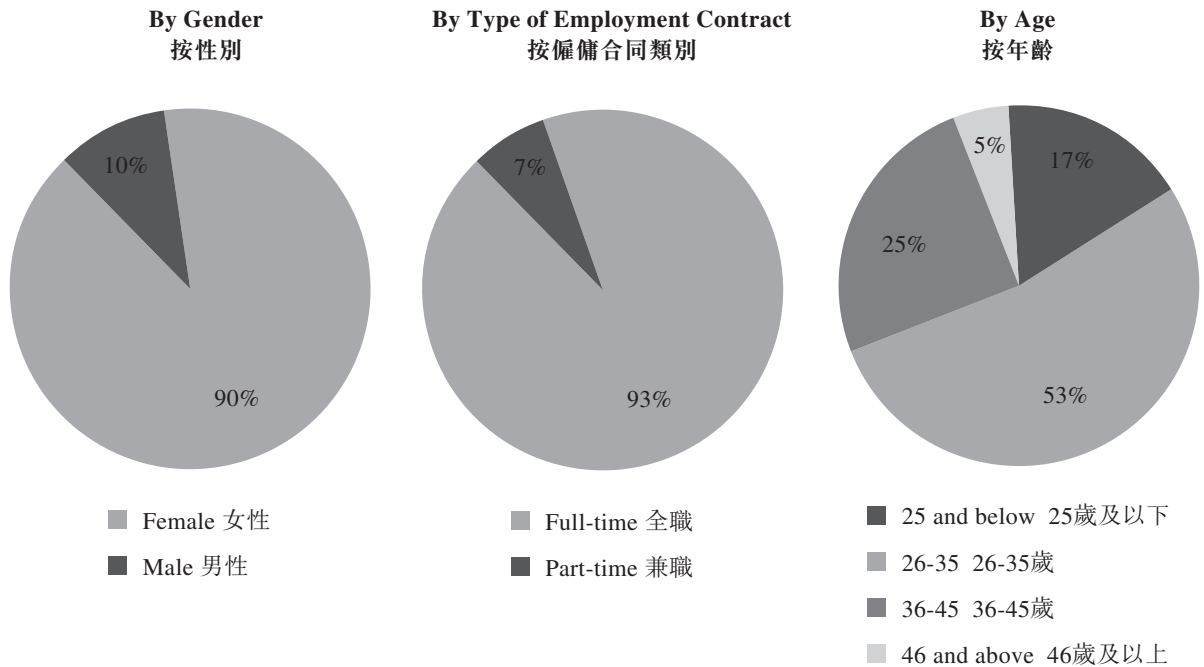
環境、社會及管治報告

Composition of the Workforce at a Glance

(This refers to staff in mainland China as at 31 December 2018)

員工組成概況

(指於二零一八年十二月三十一日位於中國大陸的員工)



3.2 Staff Development and Training

To remain competitive, the Group enhances the staff's capabilities by offering our staff training and opportunities for career development and personal growth. Relevant training courses are tailored to staff members at different levels to help them realise their potential and improve their performance. This has turned them into a major force that supports the Group in its sustainable development.

The Group has formulated a comprehensive training and development programme for its sales staff to ensure that each of them is equipped with adequate product knowledge and perform to their best in order to provide customers with a satisfactory shopping experience.

3.2 員工發展及培訓

本集團通過向其員工提供職業發展及個人成長的培訓與機會，使員工的工作能力得到提升，以維持其競爭力。本集團為不同層級的員工設計相關培訓課程，以使他們的潛能得以發揮並提升表現。這使他們成為支持集團業務可持續發展的重要力量之一。

為了確保每位銷售人員具備充足的產品知識並發揮其最佳表現，本集團為其銷售人員制定了完善的培訓發展計劃，從而為顧客提供令人滿意的購物體驗。

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- New sales staff are required to take a training course via the Group's online training platform and pass the examination within the first month of joining the Company. There are 8, 15 and 23 modules in the training courses for Sales Representatives, Supervisors, and Store Managers respectively. All staff working at stores are required to pass the quarterly assessment to ensure that they have acquired effective sales techniques and can provide satisfactory services.
- Quarterly training in seasonal product knowledge was carried out in 2018 for each of the Group's brands.
- Apart from the traditional training courses, e-learning platform enabled by mobile application was introduced to let staff have immediate access to training materials.
- 每位新入職的銷售員工須在本集團在線培訓平台上修讀培訓課程並於入職一個月內通過考試。店員、副店長及店長分別需要完成8個、15個及23個培訓課程。所有店舖員工均須通過季度考核，以確保店舖的銷售具有效益並提供令人愜意的服務。
- 本集團旗下各品牌於二零一八年開展每季度的季節性產品培訓。
- 除了傳統培訓課程外，還引入移動應用程序版的電子學習平台，使員工能隨時獲取培訓材料。

The Group constantly reviews the support that it gives to the staff's career development so as to align the content and media formats of the training programmes with the talents' needs and to equip them to better serve the increasing sophisticated customers. During the year, over 54,220 hours (2017: 93,000 hours) of training were provided for the Group's frontline and supporting staff.

本集團定期檢討對其員工發展的支持，務求培訓課程在內容及授課方式上可配合員工所需及日益提升的顧客要求。於本財政年度內，本集團向前線及後勤員工提供逾54,220個小時（二零一七年：93,000個小時）的培訓。



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3.3 Health and Safety

The Group ensures compliance with all local employment regulations and labour laws relating to occupational health and safety such as the Law on the Prevention and Control of Occupational Diseases of the People's Republic of China, the Law on the Protection of Production Safety of the People's Republic of China and the Regulation on Work-Related Injury Insurance, and it places emphasis on safeguarding employees' health and safety.

Health and safety statistics for 2018:

- Zero case of fatality due to workplace accidents (2017: zero case)
- 35 cases of work-related injuries (2017: 35 cases)
- 1,891 lost days due to work-related injuries (2017: 1,430 lost days)

In addition to compliance with the fire safety requirements for the office premises, the Group conducts fire drills and training in the use of basic fire-fighting facilities once a year. Posters and notices are posted in warehouses and offices to enhance the staff's awareness of relevant health and safety guidelines. The Group also provides the employees with safety training for moving goods.

3.4 Labour Standards

The Group strictly adheres to the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, Provisions on the Prohibition of Child Labour and the Law of Protection of Minors of the People's Republic of China to prohibit child and forced labour.

Prior to confirmation of employment, the Group's Human Resources Department requires job applicants to provide a valid identity document to verify that the applicants are lawfully employable, and ensures full compliance with relevant laws and regulations that prohibit child and forced labour. Furthermore, staff who have been subjected to unfair treatment can report to the Group according to the whistleblowing policy.

In 2018, the Group had no non-compliance cases reported in relation to labour laws and regulations that prohibit child and forced labour.

3.3 健康與安全

本集團確保恪守當地所有與職業健康及安全相關的僱傭條例及勞動法，包括《中華人民共和國職業病防護法》、《中華人民共和國安全生產法》及《工傷保險條例》，並著重保護僱員的健康安全。

二零一八年健康及安全數據：

- 無因工死亡案例（二零一七年：無）
- 35宗工傷事故（二零一七年：35宗）
- 工傷事故引致的病假天數全年合共為1,891天（二零一七年：1,430天）

除了符合辦公場所的消防安全規定外，本集團還每年進行一次消防演習，及就使用基本消防設施作培訓。倉庫及辦公室均有張貼海報及告示，以提高員工對相關健康及安全方面的注意。本公司亦為員工提供搬運貨物的安全培訓。

3.4 勞工準則

本集團嚴格遵守《中華人民共和國勞動法》、《中華人民共和國勞動合同法》、《禁止使用童工規定》及《中華人民共和國未成年人保護法》，禁止童工及強迫勞工。

在確認聘請前，本集團人力資源部會要求求職者提供有效身份證明文件，以核實求職者合法被僱用的身份，並確保集團全面遵守禁止童工和強迫勞工的相關法律法規。此外，本集團的員工可通過申訴渠道匯報不公平待遇。

二零一八年內，本集團並無任何涉及違反有關禁止童工或強迫勞工法律法規的個案報告。

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3.5 Supply Chain Management

The Group adopts a stringent supplier management system to meet its business goals, achieve sustainable development and fulfil its responsibility as a corporate citizen. The supplier management system includes a careful screening process and comprehensive KPI-based assessment. The KPIs include research and development capability, production flow and scheduling, product cost, reliability of delivery and quality of bulk production. The Group constantly reviews its KPI-based assessment system with the aim of improving the quality of its suppliers.

In addition to the assessment of the suppliers' production capability, the Group also assesses their environmental and social impact as part of the Group's process of selecting suppliers. This is to ensure that the Group's suppliers do not commit serious violations, including but not limited to child labour, forced overtime work, illegal discharge of sewage and hazardous chemicals, illicit and unauthorised reselling.

Most of the Group's suppliers are located in mainland China. The Group maintains close communication with its suppliers through regular meetings. The Group also conducts annual reviews of its suppliers and performs inspections of the suppliers' factories from time to time.

Throughout the years, the Group has established solid and stable relationships with its long-term suppliers.

3.6 Product Responsibility

The Group's products are in compliance with the PRC's laws and regulations relating to health and safety, as well as quality management, including the Product Quality Law of the People's Republic of China and the Consumer Protection Law of the People's Republic of China, and no legal case of the Group's products violating these regulations was recorded in the year under review.

Quality Control

The Group attaches great importance to product safety and quality, which are fundamental to what the Group offers its customers. As part of the Group's commitment to product safety and quality, all its products go through stringent quality control, and those that pass are packed together with certificates. To offer its customers reassurance on the quality of its products, the Group provides warranties and aftersales services such as return of goods, replacement of defective goods, or repair, in line with the local authority's regulations.

3.5 供應商管理

本集團採取嚴謹的供應商管理機制，以符合其業務目標需要、達成可持續發展，並履行企業公民的責任。供應商管理機制包括審慎的篩選流程及全面的關鍵績效指標(KPI)考核。關鍵績效指標包括開發能力、生產流程、產品成本、交貨期的可靠度及批量生產品質。本集團經常審視其關鍵績效指標考核制度，並持續在供應商方面作開拓及改善。

除了對供應商的生產能力方面進行考核，本集團亦會評估供應商對環境及社會所造成之影響，作為本集團供應商篩選流程的一部份。這是為了確保本集團的供應商不會出現嚴重的違規情況，包括但不限於僱用童工、強迫超時工作、非法排放污水和危險化學品以及違禁轉售等。

集團大部份的供應商都位於中國大陸。本集團通過進行定期會議，與其供應商維持緊密的聯繫。本集團亦對其供應商進行年度審核，並不定時審查供應商的工廠。

多年來，本集團已與其長期供應商建立了堅穩的關係。

3.6 產品責任

本集團的產品符合中國有關健康和 safety，以及質量管理的法律法規，包括《中華人民共和國產品質量法》及《中華人民共和國消費者權益保護法》。於回顧年內，本集團的產品並未錄得有違反此類法規的法律案件。

品質控制

本集團非常重視產品安全及質量，這是本集團為顧客提供的基礎。作為本集團產品安全及質量承諾的一部份，所有產品均經過嚴格的品質檢測，合格的產品包裝內附有合格證書。為了向其顧客提供質量保證，本集團遵從當地法規，向顧客提供售後服務，包括包退、包換的產品保證，以至維修服務。

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Regarding the recall of defective products, the Group has formulated a set of standards and procedures and requires its staff who are responsible for quality assurance or sales operations or are working at other related departments to strictly follow the guidelines. The Group believes that under no circumstances should consumers' health and safety be compromised.

No case of product recall related to issues of health and safety was recorded during the year under review.

Customer Service

It is the Group's priority to let customers have an enjoyable shopping experience. It places great emphasis on recognising the needs of its customers, matching them with desirable products, undertaking relevant quality assurance measures and ultimately delivering excellent services.

To ensure that its offerings meet the customers' needs, the Group has established multiple channels to help it anticipate customers' needs and for customers to provide their feedback. These include:

- Social media platforms such as Weibo, WeChat official accounts and internet live-streaming video platforms
- Customer reviews on e-commerce platforms
- Customer questionnaires and customer hotline
- Big data analytics applied to VIP members
- Regular debriefing sessions with frontline staff to collect customer feedback
- Adoption of business intelligence to analyse customer preferences and trends

The Group has established a well-defined customer feedback protocol to allow its customer service centre and sales operation team to respond to and resolve issues in relation to product and service quality in the most appropriate manner and on a timely basis.

A total of 2,289 (2017: 7,567) customer complaints were reported in 2018, representing 0.01% of the Group's sales volume. Nevertheless, the Group will continue to strive for further improvement in its product quality and customer service.

回收有問題的產品方面，本集團制定了一套標準及程序，並要求其品質控制、銷售營運及其他相關部門嚴格遵守該指引。在顧客的健康及安全方面，本集團決不妥協。

於回顧年內，因健康及安全理由而引致的產品回收率為零。

顧客服務

本集團的業務重點是使顧客擁有愉悅的購物體驗。無論是對顧客需求的理解、提供符合顧客期望的產品、採取相關的質量保證措施、以至在提供優質服務各方面，本集團均非常重視。

為確保本集團的產品能切合顧客的需求，本集團一直致力通過多個渠道去了解顧客的需求，並讓他們提供意見，這包括：

- 社交媒體平台：微博、微信公眾號以及在線直播視頻平台
- 電商平台上的顧客評價
- 顧客意見問卷和熱線
- VIP會員大數據分析
- 前線員工定期匯報顧客意見
- 通過商業數據分析顧客購買喜好及市場趨勢

本集團設立了完善的顧客反饋機制，以便其顧客服務中心及銷售營運團隊能及時對產品及服務質量問題作出最恰當的處理

二零一八年合共有2,289宗(二零一七年：7,567宗)顧客投訴，此數字佔集團銷售量的0.01%。然而，本集團將繼續努力進一步提高產品質量及顧客服務。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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A number of programmes are implemented and reinforced to enhance customers' shopping experience:

- **Mystery Shoppers:** VIP members and industry veterans are recruited as the Group's mystery shoppers in this systematic service assessment to identify existing service gaps when it tries to satisfy the customers' changing needs.
- **Shop KPIs:** The scores for customer service are included as part of the KPI-based assessment of all shops.
- **Customer Loyalty Programme:** "United Brands", the Group's VIP members club, serves as a platform for the Group's customer loyalty programme and offers its VIP customers exclusive benefits and incentives, as well as information on the latest products and member activities.
- **Customer Service Competition:** To enhance and ensure the quality of service, the Group has held an annual customer service competition for its frontline staff at all of its stores since 2012. The competition is aimed at cultivating a positive attitude and team spirit among the Group's sales staff and at strengthening their service capabilities through a cross-learning platform.



Protection of Intellectual Property Rights

The Group is committed to protecting and enforcing its intellectual property rights which are crucial in maintaining its industry leadership and sustainable development. The measures that the Group has taken include registration and renewal of the Group's trademarks and filing oppositions to the registration of trademarks which are identical or similar to that of the Group. Regarding work against infringement of copyrights on the internet, a total of approximately 50,000 links to websites about merchandise that have infringed copyrights were removed from Taobao and Tmall of Alibaba in 2018 through the joint efforts of the Group and Alibaba. The Group is also ready to take civil or criminal actions against people who use its trademark without its authorisation. Employees are bound by the Group's Code of Conduct to keep trade secrets confidential and to protect its other proprietary intellectual properties. The Group believes that it has taken effective measures to protect its intellectual property rights.

本集團實施並強化了一系列措施，以提升顧客購物體驗：

- **神秘顧客：**邀請VIP會員及業內資深人士為本集團的神秘顧客，對服務進行系統性評估，以尋找在滿足顧客不斷改變的需求中仍存在的服務不足之處。
- **店舖關鍵績效指標：**顧客服務的評分計入所有店舖關鍵績效指標的一部份。
- **顧客忠誠度計劃：**「有悅無限」是本集團旗下的VIP會員俱樂部，作為本集團顧客忠誠度計劃的平台，向其VIP顧客提供獨家優惠和獎勵，以及最新產品及會員活動的資訊。
- **顧客服務競賽：**為提升並確保服務質素，本集團自二零一二年起每年舉辦顧客服務競賽，所有店舖的前線員工均須參與。這比賽旨在培養集團銷售員工積極的態度及團隊精神，並通過互相學習平台以提升其服務能力。



保護知識產權

本集團致力於保護並執行其知識產權的權利，這對其保持行業領先地位及可持續發展至關重要。本集團已採取積極行動保護其知識產權。這包括對本集團的商標進行註冊及續期，並針對相同或近似商標向政府有關部門提請異議等。關於網絡打假，二零一八年本集團聯同阿里巴巴移除阿里巴巴旗下淘寶及天貓上共計約50,000條侵權產品鏈接。本集團亦在必要時對品牌侵權提請民事或刑事訴訟。僱員亦受集團《員工操守準則》的約束，必須嚴守商業秘密及保密其他專有知識產權。本集團相信已採取有效措施來維護及保護其知識產權。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

Customer Data Protection and Privacy

The Group is committed to abiding by the Law on the Protection of Consumers' Rights and Interests of the People's Republic of China, and endeavours to protect customers' rights, interest and privacy. Customer information collected will only be used for the purposes of the conduct of the Group's business. The Group prohibits the provision of consumers' information to a third party without authorisation from the customers. All collected personal data is kept strictly confidential.

3.7 Anti-corruption Policies

The Group advocates a high standard of business integrity throughout its operations and has no toleration of corruption or bribery in any form. The Group strictly adheres to the laws and regulations on corruption and bribery in all locations where the Group is conducting business such as the Criminal Law of the People's Republic of China, Laws of the People's Republic of China against Unfair Competition, the Interim Provisions on Banning Commercial Bribery. The Group has formulated and strictly enforced its anti-corruption policies as stipulated in the Group's Code of Conduct, such as policy on gifts and entertainment, policy on conflict of interests and guidance on prevention of bribery, to manage possible conflicts of interest and prevent bribery.

Employees are required to abide by the Group's Code of Conduct by signing a statement to acknowledge receipt of the Code of Conduct and agree to abide by its terms. In addition, every new staff member receives anti-corruption training. The Group's management will investigate any suspicious or unlawful conduct involving bribery, extortion, fraud or money laundering to protect the Group's interests.

Furthermore, the Group has set up a whistleblowing policy to enable its employees to lodge complaints or report misconducts and any suspicious activities within the organisation to the designated officer in either verbal or written form. The Group advocates a mechanism of confidentiality to protect the whistle-blowers from retaliation. Where criminality is suspected after investigation, disciplinary actions will be taken, including termination of employment and reporting wrongdoing to the relevant authorities.

There was no legal case reported in regard to bribery, fraud, extortion or money laundering during the year under review.

顧客數據保密及私隱

本集團致力於遵從《中華人民共和國消費者權益保護法》，致力保護顧客的權利、利益及隱私。所收集的顧客信息僅作其收集的用途。本集團嚴禁未經顧客授權向第三方提供任何顧客資料。所有收集的顧客資料均獲嚴格保密。

3.7 反貪污

本集團在其經營過程中倡導高標準的商業誠信，並不容忍任何形式的貪污或賄賂。不論本集團在任何地區經營業務，均嚴謹遵守所有有關反貪污及賄賂的法律法規，包括《中華人民共和國刑法》、《反不正當競爭法》及《關於禁止商業賄賂行為的暫行規定》。本集團已制訂及嚴格執行其反貪污政策，並在集團《員工操守準則》中對相關政策作明文規定，例如對收受禮物及接受款待的規章、對利益衝突的規章及對防止賄賂的指引，從而預防並管理可能發生的利益衝突及行賄。

本集團的僱員均須簽名作實其接受並同意遵守集團《員工操守準則》所列的所有條款。此外，新入職員工須接受反貪污的培訓。本集團的管理層會對任何涉及賄賂、勒索、欺詐或洗黑錢的可疑或非法行為開展調查，以保障本集團的利益。

再者，本集團已設立舉報政策，使僱員可以通過口頭或書面形式向指定的內部職員對任何不當及可疑行為作出申訴或舉報。本集團提倡保密機制以保護舉報人，令其免於遭報復之虞。調查後若涉嫌違法，本集團將會採取紀律行動包括終止僱傭關係以及向有關政府部門舉報。

回顧年內，本集團並無任何與賄賂、欺詐、勒索或洗黑錢相關的法律案件報告。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

3.8 Community Investment

As a corporate citizen in China, the Group is committed to contributing to a brighter future of China by helping the less fortunate in society.

During the year, the Group collaborated with the “Same Sky Public Welfare Foundation” in Shanghai by donating 1,000 pairs of kids’ shoes to the Yi children in the Daliang Mountain, Sichuan Province, in the hope of bringing love and care to them.

Donation made for charitable purposes by the Group for the year of 2018 amounted to approximately HK\$0.6 million (2017: HK\$2.9 million).



3.8 回饋社區

作為中國的企業公民，本集團通過幫助社會中的弱勢社群，致力為中國的光明前景作出貢獻。

年內，本集團與上海「同一蒼穹下」公益基金會合作，向四川省大涼山的彝族兒童捐贈1,000雙童鞋，希望能為他們帶去愛與關懷。

本集團於二零一八年的作慈善用途之捐款約為0.6百萬港元（二零一七年：2.9百萬港元）。



REPORT OF THE DIRECTORS

董事會報告

The directors submit their report together with the audited financial statements of the Company and its subsidiaries (together the “Group”) for the year ended 31 December 2018.

Principal activities

The Company is an investment holding company. The activities of its principal subsidiaries are set out in Note 38 to the financial statements. The Group is principally engaged in the manufacturing, distribution and retailing of footwear and accessories in mainland China.

An analysis of the Group’s performance for the year by reportable segment is set out in Note 5 to the financial statements.

Business review

The business review of the Group for the year ended 31 December 2018 are provided in the Chairman’s Statement, Management Discussion and Analysis, Corporate Governance Report and Environmental, Social and Governance Report of this annual report.

Results and appropriation

The results of the Group for the year ended 31 December 2018 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 66 to 148.

The board of directors did not recommend the payment of a dividend in respect of the year ended 31 December 2018.

Charitable donations

Donations made for charitable purposes by the Group during the year amounted to HK\$591,000 (2017: HK\$2,946,000).

Land use rights, property, plant and equipment and investment properties

Movements in land use rights, property, plant and equipment and investment properties of the Group are set out in Notes 14, 15 and 16 to the financial statements, respectively.

Share capital

Details of the movements in the share capital of the Company during the year are set out in Note 28 to the financial statements.

Distributable reserves

As at 31 December 2018, the distributable reserves of the Company amounted to HK\$735,853,000 (2017: HK\$722,885,000). Movements in the reserves of the Group and of the Company during the year are set out in Notes 30 and 37 to the financial statements, respectively.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company’s Articles of Association and there is no restriction against such rights under the laws of the Cayman Islands.

Equity-Linked agreements

Other than the Company’s share option schemes as disclosed in the “share option scheme” section, no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year.

Five-year financial summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 6 of this annual report.

董事謹此提呈截至二零一八年十二月三十一日止年度之報告，連同本公司及其附屬公司（統稱「本集團」）之經審核財務報表。

主要業務

本公司為一間投資控股公司，其主要附屬公司之業務載於財務報表附註38。本集團主要於中國大陸從事製造、分銷及零售鞋類產品及配件業務。

本集團按可申報分部劃分之表現分析載於財務報表附註5。

業務回顧

截至二零一八年十二月三十一日止年度，本集團之業務回顧載列於本年報之主席報告、管理層討論與分析、企業管治報告和環境、社會及管治報告。

業績及分配

本集團截至二零一八年十二月三十一日止年度之業績，以及本公司及本集團於該日之業務狀況載於第66至148頁之財務報表。

董事會不建議就截至二零一八年十二月三十一日止年度派發股息。

慈善捐款

本集團於年內作慈善用途之捐款為591,000港元（二零一七年：2,946,000港元）。

土地使用權、物業、廠房及設備以及投資物業

本集團之土地使用權、物業、廠房及設備以及投資物業之變動詳情分別載於財務報表附註14、15及16。

股本

本公司股本於年內之變動詳情載於財務報表附註28。

可供分派儲備

於二零一八年十二月三十一日，本公司可供分派之儲備為735,853,000港元（二零一七年：722,885,000港元）。本集團及本公司於年內之儲備變動詳情分別載於財務報表附註30及37。

優先購買權

本公司之組織章程細則並無有關優先購買權之條文及開曼群島法例亦無限制此優先購買權。

股份掛鈎協議

除於「購股權計劃」一節所披露之股份期權計劃外，本公司於本年度內及於本年度終結時並無訂立股份掛鈎協議。

五年財務概要

本集團於過去五個財政年度之各年業績、資產及負債概要載於本年報第6頁。

REPORT OF THE DIRECTORS

董事會報告

Purchase, sale or redemption of shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year.

Directors

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

Executive directors

Mr. Chang Chih-Kai (*Chairman and Chief Executive Officer*)
Mr. Chang Chih-Chiao
Mr. Chen Tommy Yi-Hsun

Non-executive director

Mr. Chen Ying-Chieh (resigned on 18 September 2018)

Independent non-executive directors

Mr. Huang Shun-Tsai
Mr. Kuo Jung-Cheng
Mr. Lee Ted Tak Tai

In accordance with Article 99 of the Company's Articles of Association, Mr. Huang Shun-Tsai and Mr. Kuo Jung-Cheng shall retire from the office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

All the independent non-executive directors have confirmed their independence pursuant to Rule 3.13 of the Listing Rules and based on such confirmation, the Company is of the opinion that the independence status of the independent non-executive directors remains intact as at 31 December 2018.

Mr. Chen Ying-Chieh resigned on 18 September 2018 as non-executive director of the Company. Mr. Chen has confirmed that he has no disagreement with the board of directors and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

Biographies of directors and senior management

Brief biographies of directors and senior management are set out on pages 19 to 20 of this annual report.

Directors' service contracts

The term of directorship of each non-executive director, including independent non-executive directors, is one year to three years and the term will continue for a successive period of one year to three years unless terminated by either party giving not less than one month's notice to the other party.

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' material interests in transactions, arrangements and contracts

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

購買、出售或贖回股份

本公司或其任何附屬公司於年內並無購買、出售或贖回本公司任何股份。

執行董事

本公司於年內及截至本報告日期之董事如下：

執行董事

張智凱先生 (*主席兼行政總裁*)
張智喬先生
陳怡勳先生

非執行董事

陳英杰先生 (於二零一八年九月十八日辭任)

獨立非執行董事

黃順財先生
郭榮振先生
李德泰先生

根據本公司之組織章程細則第99條，黃順財先生及郭榮振先生將於應屆股東週年大會輪值退任，惟彼等符合資格並願意膺選連任。

所有獨立非執行董事已根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）第3.13條，就彼等之獨立性作出確認。基於上述確認，本公司認為，截至二零一八年十二月三十一日，所有獨立非執行董事均為獨立人士。

陳英杰先生在二零一八年九月十八日辭任本公司非執行董事職位。陳先生已確認其與董事會之間並無任何分歧，亦無任何需要提請本公司股東關注與本公司事務有關的事項。

董事及高級管理人員之簡歷

董事及高級管理人員之簡歷載於本年報第19至20頁。

董事之服務合約

每名非執行董事（包括獨立非執行董事）之董事任期為一年至三年，除非由任何一方向另外一方發出不少於一個月通知而終止，否則任期會繼續重續一年至三年。

將於應屆股東週年大會建議膺選連任之董事概無與本公司訂立不可於一年內免付賠償（法定補償除外）予以終止服務之服務合約。

董事於交易、安排及合約之重大權益

本公司之附屬公司概無於本年度年結日或於年內任何時間訂立與本集團業務有關，且本公司董事及其關連人士於其中直接或間接擁有重大權益之重大交易、安排及合約。

REPORT OF THE DIRECTORS

董事會報告

Interests of directors and chief executive

As at 31 December 2018, the interests and short positions of each director and chief executive of the Company in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code were as follows:

Long positions in shares and underlying shares of the Company:

Name of directors	Capacity	Number of shares held	Number of underlying shares	Total interests	Approximate% of total issued shares
董事名稱	身份	持有股份數目	相關股份數目	權益總計	約佔已發行股本百分比
Mr. Chang Chih-Kai 張智凱先生	Personal interest 個人權益	–	6,000,000 (Note 1) (附註一)	6,000,000	0.36
Mr. Chang Chih-Chiao 張智喬先生	Personal interest 個人權益	–	3,000,000 (Note 1) (附註一)	3,000,000	0.18
Mr. Chen Tommy Yi-Hsun 陳怡勳先生	Interests of controlled corporation and personal interest 受控公司之權益及個人權益	176,508,895 (Note 2) (附註二)	3,000,000 (Note 1) (附註一)	179,508,895	10.88

Notes:

- These interests represented the interests in underlying shares of the Company in respect of share options granted to the directors.
- Mr. Chen Tommy Yi-Hsun has beneficial interest in 174,908,895 shares in the Company through Top Glory Assets Limited, a company incorporated in the British Virgin Islands, in which Mr. Chen Tommy Yi-Hsun holds one-half of the equity interest. He also has personal interest in 1,600,000 shares of the Company.

Save as disclosed above and the “share option scheme” section, as at 31 December 2018, none of the directors or chief executive, nor any of their associates (including their spouses and children under 18 years of age), had any interests in, or had been granted, or exercised, any rights to subscribe for shares of the Company, its specified undertakings and its other associated corporations required to be disclosed pursuant to the SFO.

At no time during the year was the Company, any of its subsidiaries or its other associated corporations a party to any arrangement to enable the directors and chief executive of the Company (including their spouses and children under 18 years of age) to hold any interest or short position in shares or underlying shares in, or debentures of, the Company or its specified undertakings or other associated corporations.

董事及主要行政人員之權益

於二零一八年十二月三十一日，按本公司根據證券及期貨條例（「證券及期貨條例」）第352條之規定存置之登記冊所記錄，本公司各董事及主要行政人員於本公司及其相聯法團（定義見證券及期貨條例第XV部）之股份及相關股份中之權益及淡倉，或根據上市規則附錄十「上市發行人董事進行證券交易的標準守則」已知會本公司及聯交所之權益及淡倉如下：

於本公司股份及相關股份之好倉：

Name of directors	Capacity	Number of shares held	Number of underlying shares	Total interests	Approximate% of total issued shares
董事名稱	身份	持有股份數目	相關股份數目	權益總計	約佔已發行股本百分比
Mr. Chang Chih-Kai 張智凱先生	Personal interest 個人權益	–	6,000,000 (Note 1) (附註一)	6,000,000	0.36
Mr. Chang Chih-Chiao 張智喬先生	Personal interest 個人權益	–	3,000,000 (Note 1) (附註一)	3,000,000	0.18
Mr. Chen Tommy Yi-Hsun 陳怡勳先生	Interests of controlled corporation and personal interest 受控公司之權益及個人權益	176,508,895 (Note 2) (附註二)	3,000,000 (Note 1) (附註一)	179,508,895	10.88

附註：

- 該等權益指授予董事之購股權所涉及之本公司相關股份之權益。
- 陳怡勳先生透過Top Glory Assets Limited擁有本公司174,908,895股股份之實益權益。Top Glory Assets Limited乃於英屬處女群島註冊成立之公司，由陳怡勳先生持有一半股權。彼亦擁有1,600,000股本公司股份之個人權益。

除上文及「購股權計劃」一節所披露者外，於二零一八年十二月三十一日，各董事或主要行政人員或彼等之任何聯繫人士（包括彼等之配偶及18歲以下之子女）概無擁有或獲授或行使可認購本公司、其指明企業及其相聯法團之股份之任何權利而須根據證券及期貨條例作出披露。

於年內任何時間，本公司、其任何附屬公司或其他相聯法團概無訂立任何安排，致使本公司董事及主要行政人員（包括彼等之配偶及18歲以下之子女）持有本公司或其指明企業或其他相聯法團之股份、相關股份或債券之權益或淡倉。

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Interests of substantial shareholders

The register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO shows that as at 31 December 2018, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executive.

Long positions in shares and underlying shares of the Company:

主要股東之權益

按本公司根據證券及期貨條例第XV部第336條之規定而須存置之主要股東登記冊所示，於二零一八年十二月三十一日，本公司已獲知會下列主要股東權益及淡倉（即佔本公司已發行股本5%或以上）。此等權益並不包括以上所披露有關董事及主要行政人員之權益。

於本公司股份及相關股份之好倉：

Name of shareholders 股東名稱	Capacity 身份	Total interests 於股份數目 之權益	Approximate % of total issued shares 約佔已發行 股本百分比
Lucky Earn International Limited	Beneficial interests 實益權益	400,719,995 (Note 1) (附註一)	24.30
Top Glory Assets Limited	Beneficial interests 實益權益	174,908,895 (Note 2) (附註二)	10.61
Ms. Chen Jennifer Yi-Chen 陳怡臻女士	Interests of controlled corporation 受控公司之權益	174,908,895 (Note 2) (附註二)	10.61
Mr. Chen Tommy Yi-Hsun 陳怡勳先生	Interests of controlled corporation and personal interest 受控公司之權益及個人權益	179,508,895 (Note 2) (附註二)	10.88
Pushkin Holding Limited	Beneficial interests 實益權益	147,740,920 (Note 3) (附註三)	8.96
Mr. Chen Ying-Che 陳英哲先生	Interests of controlled corporation 受控公司之權益	147,740,920 (Note 3) (附註三)	8.96
Mr. Chen Ying-Tien 陳英典先生	Interests of controlled corporation 受控公司之權益	147,740,920 (Note 3) (附註三)	8.96
Mr. Chen Ying-Chieh 陳英杰先生	Interests of controlled corporation 受控公司之權益	147,740,920 (Note 3) (附註三)	8.96
Wellington Management Group LLP	Investment manager 投資經理	147,986,450	8.97

Notes:

- Mr. Chang Chih-Kai, the Chairman of the board of directors, Chief Executive Officer and an executive director of the Company, and Mr. Chang Chih-Chiao, an executive director of the Company, and their two sisters have beneficial interests of 26%, 26% and 24% each, respectively, in Lucky Earn International Limited, a company incorporated in the British Virgin Islands.
- Mr. Chen Tommy Yi-Hsun, an executive director of the Company, and Ms. Chen Jennifer Yi-Chen have beneficial interests of 50% each in Top Glory Assets Limited, a company incorporated in the British Virgin Islands. By virtue of the SFO, they are deemed to be interested in 174,908,895 shares of the Company held by Top Glory Assets Limited.
- Mr. Chen Ying-Chieh, an ex-director of the Company, and his two brothers, Mr. Chen Ying-Che and Mr. Chen Ying-Tien, each has one-third of the beneficial interests of Pushkin Holding Limited. By virtue of the SFO, they are deemed to be interested in the 147,740,920 shares of the Company held by Pushkin Holding Limited.

附註：

- 公司之董事會主席兼行政總裁兼執行董事張智凱先生及執行董事張智喬先生，與彼等兩名姊妹分別擁有在英屬處女群島註冊成立之Lucky Earn International Limited 26%、26%及各24%之實益權益。
- 陳怡勳先生，本公司之執行董事，及陳怡臻女士各自擁有在英屬處女群島註冊成立之Top Glory Assets Limited 50%的實益權益。根據證券及期貨條例，彼等被視為在Top Glory Assets Limited所持有之174,908,895股本公司股份中擁有權益。
- 公司前董事陳英杰先生及彼之兩名兄弟陳英哲先生及陳英典先生各自擁有Pushkin Holding Limited三分之一的實益權益。根據證券及期貨條例，彼等被視為在Pushkin Holding Limited所持有之147,740,920股本公司股份中擁有權益。

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Saved as disclosed above, as at 31 December 2018, the Company had not been notified by any person (other than directors and chief executive of the Company) of any interest and short position in the shares and underlying shares which were required to be recorded in the register kept under Section 336 of the SFO.

Share option scheme

On 29 May 2003, the Company adopted a share option scheme (the “Old Scheme”), which expired on 28 May 2013. Upon expiry of the Old Scheme, no further share options could be granted under the Old Scheme but, in all other respects, the provisions of the Old Scheme shall remain in force to the extent necessary to give effect to the exercise of any share option granted prior to the expiry of the Old Scheme.

On 27 August 2013, a new share option scheme (the “New Scheme”) was approved by shareholders of the Company and adopted by the Company. Unless otherwise cancelled or amended, the New Scheme will remain in force for 10 years from the date of adoption.

The purpose of the New Scheme is to enable the Company to grant options to eligible participants, including any full-time or part-time employees, executives, officers, executive or non-executive directors of the Group and any advisers, consultants, agents, suppliers, customers, distributors and such other persons at the discretion of the board of directors, as incentives or rewards for their contribution or potential contribution to the Group.

The maximum number of shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company must not exceed 10% of the shares of the Company in issue on 27 August 2013, the date of approval and adoption of the New Scheme unless shareholders’ approval has been obtained. The shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company at any time shall not, in aggregate, exceed 30% of the shares of the Company in issue from time to time.

The total number of shares available for issue under the New Scheme is 152,354,238 which is approximately 9.24% of the issued share capital of the Company as at the date of this annual report.

The total number of shares issuable under the New Scheme and any other share option schemes of the Company to each eligible participant within any 12-month period shall not exceed 1% of the shares of the Company in issue as at the date of grant unless shareholders’ approval has been obtained. Share options granted to a director, chief executive or substantial shareholder of the Company or any of their associates shall be subject to prior approval by the independent non-executive directors. Share options granted to a substantial shareholder or an independent non-executive director of the Company or any of their associates, in excess of 0.1% of the shares of the Company in issue or with an aggregate value in excess of HK\$5 million, within any 12-month period, shall be subject to prior approval by shareholders of the Company.

除上文所披露者外，於二零一八年十二月三十一日，本公司並不知悉有任何人士（本公司董事及主要行政人員除外）於股份及相關股份中擁有任何權益及淡倉而須記錄於根據證券及期貨條例第336條存置之登記冊內。

購股權計劃

於二零零三年五月二十九日，本公司採納購股權計劃（「舊計劃」），該計劃於二零一三年五月二十八日屆滿。於舊計劃屆滿後，舊計劃下不可再授出購股權，惟在所有其他方面，舊計劃的條文仍然具有所須的效力使舊計劃屆滿前已經授出的任何購股權仍能有效行使。

於二零一三年八月二十七日，本公司股東批准一項新的購股權計劃（「新計劃」）並被本公司採納。除被取消或修改外，新計劃將自採納日期起維持十年內有效。

新計劃之宗旨為讓本公司向合資格參與者（包括本集團任何全職或兼職僱員、高級行政人員、高級人員、執行或非執行董事及任何諮詢人、顧問、代理、供應商、客戶、分銷商及董事會酌情釐定之其他人士）授出購股權，作為彼等對本集團作出之貢獻或潛在貢獻之獎勵或回報。

根據新計劃及本公司任何其他購股權計劃所授出之全部購股權獲行使而可能發行之最高股份數目，不得超過批准及採納新計劃日期二零一三年八月二十七日日本公司已發行股份之10%，除非已取得股東批准。根據新計劃及本公司任何其他購股權計劃已授出惟未行使的所有未行使購股權獲行使後可能發行的股份數目合計，不得超過本公司不時之已發行股份之30%。

新計劃下可供發行之股份總數量為152,354,238股，佔本公司於本年報日期已發行股本約9.24%。

根據新計劃及本公司任何其他購股權計劃，於任何12個月期間可向每名合資格參與者發行之股份總數不得超過本公司於授出日期已發行股份之1%，除非已取得股東批准。向本公司董事、主要行政人員或主要股東或彼等任何聯繫人士授出之購股權，須事先獲得獨立非執行董事批准。向本公司主要股東或獨立非執行董事或彼等任何聯繫人士授出超過本公司於任何12個月期間已發行股份之0.1%或總價值超過5百萬港元之購股權，須事先獲本公司股東批准。

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The period within which the shares must be taken up under an option shall be determined by the board of directors and specified in the letter to the grantee, which may be varied by the board of directors in accordance with the terms of the New Scheme, provided that it shall not under any circumstances exceed 10 years from the date of grant of the relevant option. The board of directors may, in its discretion, determine the time or period when the right to exercise the option in respect of all or some of the shares the subject of the option will vest.

The exercise price of the share options is determinable by the board of directors and must not be less than the highest of:

- (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant;
- (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and
- (c) the nominal value of the shares.

The offer of a grant of share options shall be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee.

Share options do not confer rights on the holders to dividends or to vote at shareholders' general meetings.

期權下之股份必須由董事會釐定並在給予承授人信件中指明之期間內接受，有關期間或會因董事會根據新計劃之條款而更改，在任何情況下不得超過授出日期起計十年。董事會可酌情決定相關期權之行使權利歸屬的時間或期間。

購股權之行使價由董事會釐定及不得低於下列最高者：

- (a) 股份於授出日期在聯交所每日報價表所示之收市價；
- (b) 股份在緊接授出日期前五個營業日在聯交所每日報價表所示之平均收市價；及
- (c) 股份面值。

購股權要約可由承授人於要約日期起計30日內經支付合共1港元之象徵性代價後接納。

購股權並不賦予其持有人收取股息或於股東大會上投票之權利。

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During the year, 27,815,000 (2017: 300,000) share options were lapsed but no share options were granted (2017: 28,350,000), cancelled (2017: Nil) or exercised (2017: Nil). Details of movements of the share options granted under the share option scheme during the year are as follows:

年內，分別有27,815,000（二零一七年：300,000）失效，但並無購股權授出（二零一七年：28,350,000）、註銷（二零一七年：無）或行使（二零一七年：無）。年內，根據購股權計劃授出之購股權之變動詳情如下：

Grantees 承授人	Date of grant 授出日期 (yyyy/mm/dd) (年/月/日)	Exercise price per share 每股行使價 HK\$ 港元	Outstanding at 1 January 2018 於二零一八年一月一日尚未行使	Lapsed during the year 年內失效	Outstanding at 31 December 2018 於二零一八年十二月三十一日尚未行使	Exercisable period 行使期間 (yyyy/mm/dd) (年/月/日)
<i>(i) Executive directors 執行董事</i>						
Mr. Chang Chih-Kai 張智凱先生	2017/01/25	0.70	6,000,000	-	6,000,000	2017/01/25 – 2027/01/24 (Note 1) (附註一)
Mr. Chang Chih-Chiao 張智喬先生	2017/01/25	0.70	3,000,000	-	3,000,000	2017/01/25 – 2027/01/24 (Note 1) (附註一)
Mr. Chen Tommy Yi-Hsun 陳怡勳先生	2017/01/25	0.70	3,000,000	-	3,000,000	2017/01/25 – 2027/01/24 (Note 1) (附註一)
<i>(ii) Ex-director 前董事</i>						
Mr. Chen Ying-Chieh 陳英杰先生	2010/01/27	6.19	12,000,000	(12,000,000)	-	2011/01/27 – 2020/01/26 (Note 2) (附註二)
	2014/01/21	4.50	2,000,000	(2,000,000)	-	2016/01/21 – 2024/01/20 (Note 3) (附註三)
<i>(iii) Consultants 顧問</i>						
In aggregate 合計	2010/01/27	6.19	8,400,000	-	8,400,000	2011/01/27 – 2020/01/26 (Note 4) (附註四)
In aggregate 合計	2014/01/21	4.50	1,000,000	(1,000,000)	-	2015/01/21 – 2024/01/20 (Note 5) (附註五)
<i>(iv) Employees 僱員</i>						
In aggregate 合計	2010/01/27	6.19	4,695,000	(915,000)	3,780,000	2011/01/27 – 2020/01/26 (Note 6) (附註六)
In aggregate 合計	2010/07/22	7.61	300,000	-	300,000	2011/04/01 – 2020/07/21 (Note 7) (附註七)
In aggregate 合計	2012/01/11	8.27	700,000	(700,000)	-	2013/01/11 – 2022/01/10 (Note 8) (附註八)
In aggregate 合計	2012/03/20	10.132	2,600,000	(2,600,000)	-	2013/03/20 – 2022/03/19 (Note 6) (附註六)
In aggregate 合計	2014/01/21	4.50	1,820,000	(820,000)	1,000,000	2016/01/21 – 2024/01/20 (Note 3) (附註三)
In aggregate 合計	2014/01/21	4.50	340,000	(80,000)	260,000	2017/01/21 – 2024/01/20 (Note 9) (附註九)
In aggregate 合計	2017/01/25	0.70	15,000,000	(6,750,000)	8,250,000	2017/01/25 – 2027/01/24 (Note 1) (附註一)
In aggregate 合計	2017/01/25	0.70	750,000	(750,000)	-	2018/01/25 – 2027/01/24 (Note 8) (附註八)
In aggregate 合計	2017/01/25	0.70	600,000	(200,000)	400,000	2017/01/25 – 2027/01/24 (Note 10) (附註十)
			62,205,000	(27,815,000)	34,390,000	

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Notes:

1. The share options shall vest one-third each year from the date of grant.
2. 15% of the total of 16,000,000 share options shall vest on each of the five anniversary dates of the date of grant and 25% of the share options shall vest, subject to certain performance targets determined by the board of directors of the Company, on the fifth anniversary of the date of grant.
3. 100% of the share options shall vest after two years from the date of grant.
4. 15% of the total of 12,000,000 share options shall vest on each of the four anniversary dates of the date of grant and 40% of the share options shall vest on the fifth anniversary date of the date of grant.
5. 100% of the share options shall vest after one year from the date of grant.
6. 20% of the share options shall vest on each of the five anniversary dates of the date of grant.
7. One-third of the share options shall vest on each anniversary with the first tranche starting on 1 April 2011.
8. One-third of the share options shall vest on each of the three anniversary dates of the date of grant.
9. 100% of the share options shall vest after three years from the date of grant.
10. 100% of the share options shall vest on the date of grant.

附註：

- 一、 購股權由授出日期起計每年歸屬三分之一。
- 二、 總計16,000,000份的購股權由授出日期起計五個週年日每年歸屬15%，其餘25%須待本公司董事會將予釐定之若干表現目標達成後於授出日期起計第五個週年日歸屬。
- 三、 購股權由授出日期起計兩年後歸屬100%。
- 四、 總計12,000,000份的購股權由授出日期起計四個週年日每年歸屬15%，其餘40%於授出日期起計第五個週年日歸屬。
- 五、 購股權由授出日期起計一年後歸屬100%。
- 六、 購股權由授出日期起計五個週年日每年歸屬20%。
- 七、 購股權由二零一一年四月一日起計每個週年日每年歸屬三分之一。
- 八、 購股權由授出日期起計三個週年日每年歸屬三分之一。
- 九、 購股權由授出日期起計三年後歸屬100%。
- 十、 購股權於授出日期歸屬100%。

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Share appreciation rights plan

The Group implemented a share appreciation rights plan (“SAR Plan”) to motivate and award the directors, employees, advisers, consultants, agents, suppliers, customers, distributors and such other persons of the Company and the Group at the discretion of the board of directors for their contribution or potential contribution to the Group.

Under this SAR Plan, share appreciation rights (“SARs”) are granted in units with each unit representing one ordinary share of the Company. No share will be issued under the SAR Plan. The eligible recipients who are granted with such incentive do not actually hold the shares, and do not have any rights as the shareholders such as voting rights or rights to dividends. Therefore, this does not affect the total number of the shares of the Company outstanding and will not result in any dilution effect on the shares of the Company.

Upon exercise of the SARs, the eligible recipients will receive, subject to any applicable tax, a cash payment amount equal to the product of the number of SARs exercised and the difference between the exercise price and market price of the Company’s shares at the date of exercise. The Company recognises compensation expense of the SARs over the applicable vesting period.

Under the SAR Plan, the exercise price of the SAR shall be determined by the board of directors and must not be less than the highest of:

- (a) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant;
- (b) the average closing price of the shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant; and
- (c) the nominal value of the shares.

The SARs granted pursuant to the SAR Plan is valid for 10 years from the date of grant and upon the expiry of which all unexercised SARs shall automatically lapse.

Under the terms of the grant, the outstanding SARs are subjected to a vesting period of one to three years from the date of grant. The exercise price is from HK\$4.50 to HK\$6.19 per unit.

股份增值權計劃

本集團實施股份增值權計劃（「股份增值權計劃」），由董事會酌情決定本公司及本集團之董事、僱員、諮詢人、顧問、代理、供應商、客戶、分銷商及有關其他人士對本集團之貢獻或潛在貢獻，鼓勵及獎勵該等人士。

根據股份增值權計劃，股份增值權（「股份增值權」）乃多份授出，而每份代表本公司一股普通股股份。概無股份將根據股份增值權計劃發行。合資格接收人在授予此獎勵時並無實質持有股份，及不能擁有跟股東相同之權益，如投票權或收取股息之權利。因此，這對本公司現時股份總數並無影響及對本公司股份沒有攤薄作用。

於行使股份增值權後，合資格接收人將收到相等於所行使股份增值權數目乘以行使價與本公司股份於行使當日之市價之差額之現金款項（須繳納任何適用稅項）。本公司於適用歸屬期間確認股份增值權之補償開支。

股份增值權計劃下，股份增值權之行使價由董事會釐定及不得低於下列最高者：

- (a) 股份於授出日期在聯交所每日報價表所示之收市價；
- (b) 股份在緊接授出日期前五個營業日在聯交所每日報價表所示之平均收市價；及
- (c) 股份面值。

根據股份增值權計劃，授予之股份增值權由授出日起計，有效期為十年，並於有效期屆滿後所有尚未行使之股份增值權將自動失效。

根據授出條款，尚未行使之股份增值權須符合由授出日期起計一至三年之歸屬期，其行使價為每份4.50港元至6.19港元。

REPORT OF THE DIRECTORS

董事會報告

During the year, 130,000 (2017: 140,000) SARs were lapsed and no SARs (2017: Nil) were granted, cancelled or exercised under the SAR Plan. Details of the movements in the SARs granted under the SAR Plan during the year are as follows:

年內，有130,000 (二零一七年：140,000) 份股份增值權失效，且並無 (二零一七年：無) 股份增值權根據股份增值權計劃授出、註銷或行使。年內，根據股份增值權計劃授出之股份增值權之變動詳情如下：

Grantees	Outstanding at 1 January 2018 於二零一八年 一月一日 尚未行使	Lapsed during the year 年內失效	Outstanding at 31 December 2018 於二零一八年 十二月三十一日 尚未行使	
(i) <i>Executive directors:</i>	<i>執行董事：</i>			
Mr. Chang Chih-Kai	張智凱先生	5,475,000	–	5,475,000
Mr. Chang Chih-Chiao	張智喬先生	4,725,000	–	4,725,000
Mr. Chen Tommy Yi-Hsun	陳怡勳先生	2,000,000	–	2,000,000
(ii) <i>Employees:</i>	<i>僱員：</i>			
In aggregate	合計	5,990,000	(130,000)	5,860,000
		18,190,000	(130,000)	18,060,000

Management contracts

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

管理合約

年內，本公司概無訂立或訂有任何涉及本公司整體或任何主要部分業務之管理及行政合約。

Major customers and suppliers

The aggregate sales during the year attributable to the Group's largest and five largest customers were less than 30% of the Group's total turnover.

主要客戶及供應商

年內，本集團最大客戶及五大客戶之銷售總額佔本集團之總營業額少於30%。

The aggregate purchases attributable to the Group's largest and five largest suppliers accounted for approximately 19% and 53%, respectively, of the Group's total purchases for the year.

年內，本集團向最大供應商及五大供應商作出之採購總額分別佔本集團之採購總額約19%及53%。

None of the directors, their associates or any shareholder of the Company, which to the knowledge of the directors owns more than 5% of the Company's share capital, had any beneficial interest in the Group's five largest suppliers.

各董事、彼等之聯繫人士或據董事所知擁有本公司5%以上股本之任何本公司股東，概無擁有本集團五大供應商任何實益權益。

REPORT OF THE DIRECTORS

董事會報告

Permitted Indemnity Provision

Pursuant to the Articles of Association, and subject to the applicable laws and regulations, the directors and officers of the Group shall be indemnified out of the assets and profits of the Company from or against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. Such permitted indemnity provision has been in force during the financial year and up to the date of this report. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

Sufficiency of public float

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company throughout the year ended 31 December 2018 and up to the date of this report, the Company has maintained a sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment. A resolution for re-appointment of PricewaterhouseCoopers as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the board of directors

Chang Chih-Kai

Chairman

Hong Kong, 26 March 2019

獲准許的彌償條文

根據組織章程細則，並受適用法律及法規所規限，本集團董事及高級行政人員基於其職位履行其職務而產生、蒙受或就此蒙受的所有訴訟、費用、收費、損失、損害及開支，有權從本公司資產及盈利中獲得彌償保證。該等獲准許的彌償條文於本財政年度及直至本報告日期一直有效。本公司已為本集團董事及高級行政人員購買合適的董事及行政人員責任保險。

足夠公眾持股量

根據本公司獲得之公開資料及據本公司董事所知，於截至二零一八年十二月三十一日止年度直至本年報日期，本公司已根據上市規則規定，維持公眾持股量佔本公司已發行股本25%以上。

核數師

本財務報表已由羅兵咸永道會計師事務所審核，其將退任，惟符合資格並願意應聘續任。將於本公司應屆股東週年大會上提呈重新委任羅兵咸永道會計師事務所為本公司核數師之決議案。

代表董事會

張智凱

主席

香港，二零一九年三月二十六日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DAPHNE INTERNATIONAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Daphne International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 66 to 148, which comprise:

- the consolidated balance sheet as at 31 December 2018;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

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 ("HKSAAs") 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

獨立核數師報告 致達芙妮國際控股 有限公司股東

(於開曼群島註冊成立的有限公司)

意見

我們已審計的內容

達芙妮國際控股有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第66至148頁的綜合財務報表,包括:

- 於二零一八年十二月三十一日的綜合資產負債表;
- 截至該日止年度的綜合收益表;
- 截至該日止年度的綜合全面收益表;
- 截至該日止年度的綜合權益變動表;
- 截至該日止年度的綜合現金流量表;及
- 綜合財務報表附註,包括主要會計政策概要。

我們的意見

我們認為,該等綜合財務報表已根據香港會計師公會頒布的《香港財務報告準則》真實而中肯地反映了貴集團於二零一八年十二月三十一日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量,並已遵照香港《公司條例》的披露規定妥為擬備。

意見的基礎

我們已根據香港會計師公會頒布的《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」部分中作進一步闡述。

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。

獨立性

根據香港會計師公會頒布的《專業會計師道德守則》(以下簡稱「守則」),我們獨立於貴集團,並已履行守則中的其他專業道德責任。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- (i) Assessment of going concern assumption in preparing the consolidation financial statements
 - (ii) Provisions for impairment of inventories
 - (iii) Recognition of deferred income tax assets
- (i) Assessment of going concern assumption in preparing the consolidated financial statements**

Nature of the Key Audit Matter

Refer to Note 2.1(i) to the consolidated financial statements

The Group reported a loss for the year of HK\$1,010,193,000 (2017: HK\$742,029,000) and a net cash outflow from operations of HK\$157,781,000 (2017: HK\$304,791,000) for the year ended 31 December 2018. As at 31 December 2018, the Group had cash and cash equivalents of HK\$186,521,000 (2017: HK\$299,830,000) and bank loans of HK\$192,309,000 (2017: HK\$156,274,000) (out of which HK\$158,154,000 (2017: HK\$156,274,000) was secured by the pledged bank deposits of HK\$174,248,000 (2017: HK\$181,403,000)).

To support the going concern basis in preparing the consolidated financial statements, management prepared a cash flow projection of the Group covering a period not less than twelve months from 31 December 2018. Based on the cash flow projection which has been prepared after taking into account various measures undertaken by the Group to alleviate its liquidity pressure, management concluded that there will be sufficient financial resources for the Group to finance its future operations and enable it to meet its financial obligations as and when they fall due in the next twelve months from 31 December 2018.

Management considered the Group's ability to generate adequate cash flows from its operation, the reasonably possible changes in the operational performance, the impact of the extended repayment terms of certain suppliers, the estimated cash inflow to be generated from disposals of certain non-core properties and the availability of banking facilities in their assessment. These involved consideration of future events and application of significant judgments and estimates; therefore we determined this area as an audit focus.

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。

我們在審計中識別的關鍵審計事項概述如下：

- (i) 擬備綜合財務報表中持續經營假設的評估
- (ii) 存貨減值撥備
- (iii) 遞延所得稅項資產之確認

(i) 擬備綜合財務報表中持續經營假設的評估

關鍵審計事項之性質

請參閱綜合財務報表附註2.1(i)

截至二零一八年十二月三十一日止年度，貴集團年內虧損1,010,193,000港元（二零一七年：742,029,000港元）及經營活動所用之現金淨額157,781,000港元（二零一七年：304,791,000港元）。於二零一八年十二月三十一日，貴集團擁有現金及現金等價物186,521,000港元（二零一七年：299,830,000港元）及銀行貸款192,309,000港元（二零一七年：156,274,000港元）（其中158,154,000港元（二零一七年：156,274,000港元）以已抵押銀行存款174,248,000港元（二零一七年：181,403,000港元）作抵押）。

為了支持擬備綜合財務報表中的持續經營基準，管理層編製了涵蓋從二零一八年十二月三十一日起計不少於十二個月期間的貴集團現金流量預測。根據已經考慮貴集團採取多項減輕其流動資金壓力的措施而準備的現金流量預測，管理層得出結論認為貴集團有充足的財政資源支持其未來的營運，並使其可以應付二零一八年十二月三十一日起未來十二個月內到期的財務責任。

管理層在評估中考慮了貴集團營運產生足夠現金流的能力、其經營表現合理可能的變化、若干供應商延長還款期的影響、出售若干非核心物業所產生的現金流入估算，以及銀行融資是否可以動用。此涉及對未來事件的考慮以及對重大判斷和估計的應用；因此我們認為此範疇是審計的關注點。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS (CONTINUED)

(i) Assessment of going concern assumption in preparing the consolidated financial statements (continued)

How our audit addressed the Key Audit Matter

In assessing the appropriateness of the going concern assumption and disclosure by management, we have performed the following procedures:

- We obtained the cash flow projection prepared by management and discussed with senior management to understand their current operation and future operation plan, the expected performance of the Group and the key drivers, the planned capital expenditure and the Group's future source of financing in the forecast period;
- We assessed the basis of preparation of the cash flow projection and compared the key assumptions used, including estimated retail store number, gross profit, headcount, capital expenditure and operating expenses, with historical trend and data of the Group and external economic data to assess the reasonableness of the basis and key assumptions adopted by management in the forecast period;
- We agreed the Group's projected settlement of trade payables in the cash flow projection with reference to the agreements with the relevant suppliers for extension of payment terms and obtained independent confirmations from the relevant suppliers to confirm the details of the agreements. We also interviewed the senior management of the relevant suppliers to understand the rationale of the arrangements and their background and relationship with the Group;
- We assessed management's plan of disposals of non-core properties and compared the estimated cash inflow generated from the disposals to available market price of similar properties in nearby areas. We have also checked to sale and purchase agreements for sales of properties concluded after year end;
- We confirmed the availability of the banking facilities as at year end by circularisation of bank confirmation as well as by interview with a bank representative;
- We confirmed the availability of the banking facilities arranged by the Chairman of the Company by examining the facility letter and letter of intent as well as by interview with a bank representative;
- We tested the mathematical accuracy of the projection and evaluated the sensitivity analysis prepared by management around the key assumptions of the cash flow projection to ascertain the extent and likelihood of such changes in assumptions have been appropriately considered; and
- We considered whether the disclosures prepared by management relating to going concern included in the consolidated financial statements are appropriate.

We found the basis and key assumptions used in the management's cash flow projection were supported by available evidence and the result of assessment was consistent with the disclosures made in the consolidated financial statements based on procedures performed.

關鍵審計事項(續)

(i) 擬備綜合財務報表中持續經營假設的評估(續)

我們的審計如何處理關鍵審計事項

在評估管理層就持續經營的假設及披露是否適當時，我們進行了以下程序：

- 我們取得了管理層編製的現金流量預測，並與高級管理人員討論，以了解其當前的營運狀況與未來的營運計劃、貴集團在預測期間內的預期表現及其關鍵驅動因素、計劃的資本性開支以及貴集團未來的資金來源；
- 我們評估現金流量預測的編製基準，並把當中使用的重要假設(包括估計零售店舖數量、毛利、人員數目、資本性開支和營運開支)與貴集團過往的趨勢和數據以及外部經濟數據比較，以評估管理層所採用預測期間內的基準及重要假設是否合理。
- 我們參考與相關供應商就延長還款期的協議，核對了集團在現金流量預測中關於貿易應付賬款的還款預測，並取得了相關供應商的獨立詢證函以確認該協議的細節。我們也對相關供應商的高級管理人員進行訪問，以了解該安排的原因、他們的背景以及與貴集團的關係。
- 我們評估了管理層出售非核心物業的計劃，並把出售產生的現金流入估算與鄰近區域相似物業可得的市場價格比較。我們也檢查了在年終後簽訂出售物業的買賣合同。
- 我們通過取得銀行詢證函以及訪問一名銀行代表，確認年終時的銀行融資可以動用。
- 我們通過檢查融資信函和意向書，以及訪問一名銀行代表，確認了本公司主席安排的銀行融資可以動用。
- 我們測試了現金流量預測的計算是否準確，並評估了管理層對於現金流量預測的重要假設所作的敏感性測試，以確定假設出現變化的程度和可能性已作適當考慮。
- 我們考慮了管理層在綜合財務報表中擬備的關於持續經營的披露是否適當。

根據所進行的程序，我們認為現有證據足以支持管理層現金流量預測中的基準和重要假設，而該評估的結果與綜合財務報表中的披露一致。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS (CONTINUED)

(ii) Provisions for impairment of inventories

Nature of the Key Audit Matter

Refer to Notes 4 and 20 to the consolidated financial statements

At 31 December 2018, the Group held inventories of HK\$992,314,000, which were carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses. In the determination of these estimates, the directors applied judgment based upon a detailed analysis of aged inventories, historical experience of selling similar products and their future sales plans where possible changes in customer taste and competitor actions in response to changes in industry conditions are considered.

We focused on this area due to the significance of the balance and significant management judgment and estimates involved.

How our audit addressed the Key Audit Matter

Our procedures in relation to management's estimation and judgment applied in calculating the amount of the inventory provisions included:

- Understanding the key inventory controls operating across the Group, including the procedures on periodic review of inventory provisions, and validating their effectiveness on a sample basis.
- Testing, on a sample basis, the accuracy of stock aging report.
- Performing analysis on inventory balance and movement data and comparing, on a sample basis, the carrying amount of inventory items against its selling price during the year and subsequent to the year end to identify slow-moving stock and stock with net realisable value lower than its cost.
- Assessing the historical realisation of sales plans and inventory provisioning by comparing the sales results of prior years against the budgets.
- Evaluating the future sales plans with reference to historical sales performance of similar products through different sales channels, external market data and the Group's business strategies identified through meeting with management.
- Examining management's sensitivity analysis over the key assumptions in the future sales plans.

Based upon the above, we considered that the management's estimation and judgment applied in respect of the inventory provisions were supportable by available evidence.

關鍵審計事項(續)

(ii) 存貨減值撥備

關鍵審計事項之性質

請參閱綜合財務報表附註4及20

於二零一八年十二月三十一日，貴集團持有存貨992,314,000港元，按成本值或可變現淨值兩者之較低者列賬。可變現淨值為按日常業務過程中之估計售價減估計銷售開支。於釐定該等估計時，董事根據過季存貨之詳細分析、出售相似產品之過往經驗及其未來銷售計劃（當中已考慮顧客品味可能轉變及競爭對手就行業情況轉變所作出之行動）而作出判斷。

我們關注此領域乃由於其結餘金額重大以及涉及重大的管理層判斷及估計。

我們的審計如何處理關鍵審計事項

對於管理層在計算存貨撥備金額中所運用的估計及判斷，我們的程序包括：

- 了解貴集團應用之關鍵存貨控制，包括存貨撥備之定期審閱程序，及以抽樣方式驗證其有效性。
- 以抽樣方式測試存貨貨齡報告之準確性。
- 對存貨結餘和變動數據進行分析，並以抽樣方式比較存貨項目的賬面價值與其在年內及年末之後的銷售價格，以識別滯銷存貨及可變現淨值低於其成本之存貨。
- 通過比較過往年度的銷售結果與預算，評估過往銷售計劃和存貨撥備的實現。
- 參考相似產品在不同銷售渠道的過往銷售業績、外部市場數據，以及通過與管理層會面所得悉的貴集團業務策略，評估未來的銷售計劃。
- 查閱管理層對未來銷售計劃中的關鍵假設所作的敏感性分析。

基於以上所述，我們認為現有證據足以支持管理層就存貨撥備所運用的估計和判斷。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS (CONTINUED)

(iii) Recognition of deferred income tax assets

Nature of the Key Audit Matter

Refer to Notes 4 and 31 to the consolidated financial statements

The Group recorded deferred income tax assets in the consolidated financial statements resulting from unutilised tax losses carried forward and deductible temporary differences of HK\$47,705,000. During the year, the Group derecognised previously recognised deferred income tax assets of HK\$206,105,000. The Group recognised these deferred income tax assets to the extent that it is probable that future taxable profits will be available for the utilisation of these tax losses and deductible temporary differences. The recognition is impacted by the uncertainties such as the amount and timing of future taxable profits which are estimated by the management based upon their business plans and market forecasts.

We focused on this area due to the significance of the balance and significant management judgment and estimates involved.

How our audit addressed the Key Audit Matter

Our procedures in relation to management's estimation and judgment applied in recognition of deferred income tax assets included:

- Obtaining detailed tax computation prepared by management and examining the computation of tax losses carried forward and deductible temporary differences.
- Tracing and comparing the tax losses arising from last year to the annual tax filing.
- Evaluating management's assumptions adopted in the forecast for determination of future taxable profits, such as revenue composition, gross margin, cost structure, and retail market forecasts in mainland China as well as other relevant industry data and historical trend.
- Comparing the past performance against budgets used by management to assess their forecasting process and examining management's sensitivity analysis to assess the potential impact of a range of possible outcomes.

Based upon the above, we considered that the management's estimation and judgment applied in respect of the recognition of deferred income tax assets were supportable by available evidence.

關鍵審計事項(續)

(iii) 遞延所得稅項資產之確認

關鍵審計事項之性質

請參閱綜合財務報表附註4及31

貴集團已於綜合財務報表中記錄由未動用稅務虧損結轉及可抵扣暫時差額所產生的遞延所得稅項資產47,705,000港元。在年內，貴集團終止確認過往已確認之遞延所得稅項資產206,105,000港元。貴集團已按可能出現可用作抵銷該等稅務虧損及可抵扣暫時差額之未來應課稅盈利之程度來確認該等遞延所得稅項資產。該項確認受到未來應課稅盈利的金額和時間等不確定性的影響，管理層乃根據其業務計劃和市場預測作出估計。

我們關注此領域乃由於其結餘金額重大以及涉及重大的管理層判斷及估計。

我們的審計如何處理關鍵審計事項

對於管理層在確認遞延所得稅項資產中所運用的估計及判斷，我們的程序包括：

- 取得管理層擬備的詳細稅務計算，並查閱稅務虧損結轉和可抵扣暫時差額的計算。
- 追溯和比較去年所產生的稅務虧損至年度報稅表。
- 評估用於確定未來應課稅盈利的業務預測中管理層所採用的假設，例如收入構成、毛利率、成本結構和中國大陸的零售市場預測，以及其他相關行業數據和過往趨勢。
- 將過去表現與管理層使用的預算進行比較，以評估其預測流程，並查閱管理層的敏感性分析，以評估一系列可能結果的潛在影響。

基於以上所述，我們認為現有證據足以支持管理層就遞延所得稅項資產的確認所運用的估計和判斷。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of 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 DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee assists the directors in discharging their responsible for overseeing the Group's financial reporting process.

其他信息

貴公司董事須對其他信息負責。其他信息包括年報內的所有信息，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。

董事及審核委員會就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒布的《香港財務報告準則》及香港《公司條例》的披露規定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的重大錯誤陳述所需的內部控制負責。

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

審核委員會協助董事履行其監督貴集團財務報告過程的責任。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion 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 judgment 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.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向閣下（作為整體）報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴綜合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：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險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控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 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。
- 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。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

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

We communicate with 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.

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

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 Mr. Yuen Kwok Kin Andrew.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2019

核數師就審計綜合財務報表承擔的責任 (續)

- 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，我們與審核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控制的任何重大缺陷。

我們還向審核委員會提交聲明，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。

從與審核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袁國健先生。

羅兵咸永道會計師事務所
執業會計師

香港，二零一九年三月二十六日

CONSOLIDATED INCOME STATEMENT

綜合收益表

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

		Note 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Turnover	營業額	5	4,127,087	5,210,995
Cost of sales	銷售成本		(2,066,058)	(2,457,959)
Gross profit	毛利		2,061,029	2,753,036
Other income	其他收入	6	42,599	43,221
Other losses – net	其他虧損 – 淨額	7	(22,223)	(13,327)
Selling and distribution expenses	銷售及分銷開支		(2,565,009)	(3,159,322)
General and administrative expenses	一般及行政開支		(302,973)	(312,431)
Operating loss	經營虧損	8	(786,577)	(688,823)
Finance costs	財務成本	9	(5,660)	(6,042)
Share of losses of associates and joint ventures	應佔聯營公司及合營企業之 虧損	17, 18	(868)	(3,108)
Loss before income tax	除所得稅前虧損		(793,105)	(697,973)
Income tax expense	所得稅開支	10	(217,088)	(44,056)
Loss for the year	年內虧損		(1,010,193)	(742,029)
Attributable to:	以下各方應佔：			
Shareholders	股東		(994,397)	(734,204)
Non-controlling interests	非控制性權益		(15,796)	(7,825)
			(1,010,193)	(742,029)
Loss per share, basic and diluted (HK cents)	每股基本及攤薄虧損 (港仙)	11	(60.3)	(44.5)

The notes on pages 72 to 148 are an integral part of these consolidated financial statements. 第72至148頁之附註為本綜合財務報表之組成部份。

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

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 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Loss for the year	年內虧損	(1,010,193)	(742,029)
Other comprehensive (loss)/income	其他全面(虧損)/收益		
Items that may be reclassified subsequently to profit or loss:	可於其後重新分類至損益的項目：		
Currency translation differences	匯兌差額	(129)	1,445
Change in fair value of an available-for-sale financial asset	可出售金融資產之公平價值變動	-	3,375
Items that will not be reclassified subsequently to profit or loss:	不可於其後重新分類至損益的項目：		
Currency translation differences	匯兌差額	(105,905)	234,112
Change in fair value of an equity investment at fair value through other comprehensive income	按公平價值計入其他全面收益之權益投資之公平價值變動	(70)	-
Total comprehensive loss for the year	年內全面虧損總額	(1,116,297)	(503,097)
Attributable to:	以下各方應佔：		
Shareholders	股東	(1,096,267)	(502,487)
Non-controlling interests	非控制性權益	(20,030)	(610)
		(1,116,297)	(503,097)

The notes on pages 72 to 148 are an integral part of these consolidated financial statements.

第72至148頁之附註為本綜合財務報表之組成部份。

CONSOLIDATED BALANCE SHEET

綜合資產負債表

AS AT 31 DECEMBER 2018 於二零一八年十二月三十一日

		Note 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Non-current assets	非流動資產			
Land use rights	土地使用權	14	39,803	47,769
Property, plant and equipment	物業、廠房及設備	15	463,650	859,290
Investment properties	投資物業	16	173,092	67,481
Interests in associates	於聯營公司之權益	17	1,868	1,803
Interests in joint ventures	於合營企業之權益	18	1,949	2,487
Available-for-sale financial asset	可供出售金融資產		–	3,698
Intangible assets	無形資產	19	–	20,741
Long-term rental deposits and prepayments	長期租金按金及預付款項		59,597	85,590
Deferred income tax assets	遞延所得稅項資產	31	47,705	270,136
			787,664	1,358,995
Current assets	流動資產			
Inventories	存貨	20	992,314	1,246,878
Trade receivables	貿易應收賬款	21	160,100	181,310
Other receivables, deposits and prepayments	其他應收賬款、按金及預付款項	22	526,163	827,337
Pledged bank deposits	已抵押銀行存款	23	174,248	181,403
Bank deposit with maturity over three months	存款期超過三個月之銀行存款		–	4,785
Cash and cash equivalents	現金及現金等價物	24	186,521	299,830
			2,039,346	2,741,543
Assets classified as held-for-sale	分類為持作出售之資產	25	142,360	53,322
			2,181,706	2,794,865
Current liabilities	流動負債			
Trade payables	貿易應付賬款	26	530,629	581,157
Other payables and accrued charges	其他應付賬款及應計費用		312,859	362,601
Contract liabilities	合約負債		9,717	–
Current income tax liabilities	即期所得稅負債		7,558	4,511
Bank loans	銀行貸款	27	192,309	156,274
			1,053,072	1,104,543
Liabilities directly associated with assets classified as held-for-sale	與分類為持作出售之資產直接相關的負債	25	992	247
			1,054,064	1,104,790
Net current assets	流動資產淨值		1,127,642	1,690,075
Total assets less current liabilities	總資產減流動負債		1,915,306	3,049,070

CONSOLIDATED BALANCE SHEET**綜合資產負債表**

AS AT 31 DECEMBER 2018 於二零一八年十二月三十一日

		Note 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Equity attributable to shareholders	股東應佔權益			
Share capital	股本	28	164,914	164,914
Reserves	儲備	30	1,614,911	2,709,993
			1,779,825	2,874,907
Non-controlling interests	非控制性權益		131,631	160,754
Total equity	總權益		1,911,456	3,035,661
Non-current liabilities	非流動負債			
Deferred income tax liabilities	遞延所得稅項負債	31	3,850	13,409
			3,850	13,409
Total equity and non-current liabilities	總權益及非流動負債		1,915,306	3,049,070

Approved by the board of directors on 26 March 2019.

已獲董事會於二零一九年三月二十六日批准。

CHANG CHIH-KAI張智凱
Director
董事**CHANG CHIH-CHIAO**張智喬
Director
董事

The notes on pages 72 to 148 are an integral part of these consolidated financial statements.

第72至148頁之附註為本綜合財務報表之組成部份。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

		Attributable to shareholders 股東應佔			Non- controlling interests 非控制 權益	Total 總計
		Share capital 股本 HK\$'000 千港元	Reserves 儲備 HK\$'000 千港元			
	Note 附註			HK\$'000 千港元	HK\$'000 千港元	
At 1 January 2017	於二零一七年一月一日	164,914	3,206,484	160,652	3,532,050	
Loss for the year	年內虧損	-	(734,204)	(7,825)	(742,029)	
Revaluation of an available- for-sale financial asset	重估可出售金融資產	-	3,375	-	3,375	
Currency translation differences	匯兌差額	-	228,342	7,215	235,557	
Total comprehensive loss	全面虧損總額	-	(502,487)	(610)	(503,097)	
Capital injection by a non-controlling interest	非控制性權益注資	-	-	712	712	
Share option scheme: Value of grantee services	購股權計劃： 承授人服務價值	30	5,996	-	5,996	
Total transactions with shareholders	與股東交易總額	-	5,996	712	6,708	
At 31 December 2017	於二零一七年十二月三十一日	164,914	2,709,993	160,754	3,035,661	
Loss for the year	年內虧損	-	(994,397)	(15,796)	(1,010,193)	
Change in fair value of an equity investment at fair value through other comprehensive income	按公平價值計入 其他全面收益之 股權投資之 公平價值變動	-	(70)	-	(70)	
Currency translation differences	匯兌差額	-	(101,800)	(4,234)	(106,034)	
Total comprehensive loss	全面虧損總額	-	(1,096,267)	(20,030)	(1,116,297)	
Disposal of subsidiaries	出售附屬公司	-	-	(9,093)	(9,093)	
Share option scheme: Value of grantee services	購股權計劃： 承授人服務價值	30	1,185	-	1,185	
Total transactions with shareholders	與股東交易總額	-	1,185	(9,093)	(7,908)	
At 31 December 2018	於二零一八年十二月三十一日	164,914	1,614,911	131,631	1,911,456	

The notes on pages 72 to 148 are an integral part of these consolidated financial statements. 第72至148頁之附註為本綜合財務報表之組成部份。

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

		Note 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Operating activities	經營活動			
Cash used in operations	營運所用之現金	32	(153,336)	(292,186)
Income tax paid	已付所得稅		(4,445)	(12,605)
Net cash used in operating activities	經營活動所用之現金淨額		(157,781)	(304,791)
Investing activities	投資活動			
Interest received	已收利息		5,173	18,403
Acquisition of land use rights and property, plant and equipment	購置土地使用權及物業、廠房及設備		(115,323)	(123,555)
Proceeds from disposal of land use rights	出售土地使用權收款		4,450	-
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備收款		25,057	3,777
Proceeds from disposal of subsidiaries	出售附屬公司收款		70,848	22,485
Proceeds from disposal of an available-for-sale financial asset	出售可出售金融資產收款		3,624	-
Decrease/(increase) in pledged bank deposits	已抵押銀行存款減少/(增加)		7,155	(181,403)
Decrease in bank deposit with maturity over three months	存款期超過三個月之銀行存款減少		4,785	11,936
Net cash generated from/(used in) investing activities	投資活動產生/(所用)之現金淨額		5,769	(248,357)
Financing activities	融資活動			
Interest paid	已付利息		(5,660)	(6,042)
Proceeds from bank loans	銀行貸款之收款		128,905	156,274
Repayment of bank loans	償還銀行貸款		(93,149)	(296,694)
Capital injection by a non-controlling interest	非控制性權益注資		-	712
Net cash generated from/(used in) financing activities	融資活動產生/(所用)之現金淨額		30,096	(145,750)
Decrease in cash and cash equivalents	現金及現金等價物減少		(121,916)	(698,898)
Cash and cash equivalents as at 1 January	於一月一日之現金及現金等價物		300,114	972,769
Effect of foreign exchange rate changes	匯率變動影響		10,550	26,243
Cash and cash equivalents as at 31 December	於十二月三十一日之現金及現金等價物	24	188,748	300,114

The notes on pages 72 to 148 are an integral part of these consolidated financial statements.

第72至148頁之附註為本綜合財務報表之組成部份。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

1 GENERAL INFORMATION

Daphne International Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in the manufacturing, distribution and retailing of footwear and accessories in mainland China.

The Company was incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) unless otherwise stated.

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and disclosure requirements of Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(i) Going concern basis

The Group reported a loss for the year of HK\$1,010,193,000 (2017: HK\$742,029,000) and a net cash outflow from operations of HK\$157,781,000 (2017: HK\$304,791,000) for the year ended 31 December 2018. As at 31 December 2018, the Group had cash and cash equivalents of HK\$186,521,000 (2017: HK\$299,830,000) and bank loans of HK\$192,309,000 (2017: HK\$156,274,000) (out of which HK\$158,154,000 (2017: HK\$156,274,000) was secured by the pledged bank deposits of HK\$174,248,000 (2017: HK\$181,403,000)).

1 一般資料

達芙妮國際控股有限公司(「本公司」)及其附屬公司(統稱「本集團」)主要於中國大陸從事製造、分銷及零售鞋類產品及配件業務。

本公司為於開曼群島註冊成立之有限公司，其股份於香港聯合交易所有限公司上市。本公司之註冊辦事處位於Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands。

除另有註明外，此綜合財務報表以港元列值。

2 主要會計政策

編製此綜合財務報表時所採用之主要會計政策載於下文。除另有註明外，該等政策貫徹應用於全部列示之年份。

2.1 編製基準

綜合財務報表乃按照香港會計師公會頒佈之所有適用香港財務報告準則(「香港財務報告準則」)和香港公司條例第622章的披露要求編製。綜合財務報表乃按歷史成本法編製，並就重估按公平價值計入其他全面收益之金融資產作出調整。

編製符合香港財務報告準則之財務報表需要運用若干關鍵會計估計。管理層亦須在應用本集團之會計政策時作出判斷。涉及較高程度判斷或複雜性的領域，或假設及估計對綜合財務報表具有重大意義的領域於附註4披露。

(i) 持續經營的基準

截至二零一八年十二月三十一日止年度，本集團錄得年內虧損1,010,193,000港元(二零一七年：742,029,000港元)及經營現金淨流出157,781,000港元(二零一七年：304,791,000港元)。於二零一八年十二月三十一日，本集團擁有現金及現金等價物186,521,000港元(二零一七年：299,830,000港元)及銀行貸款192,309,000港元(二零一七年：156,274,000港元)(其中158,154,000港元(二零一七年：156,274,000港元)以已抵押銀行存款174,248,000港元(二零一七年：181,403,000港元)作抵押)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(i) Going concern basis (Continued)

The Group's net cash outflow from operations was mainly attributable to the challenging business environment in which the Group's branded business is facing. The Group's revenue dropped while having operating costs remained at a high level and there were high pressure to realise the inventories at lower margin. Despite the difficult business environment, the Group had continued to make payment to suppliers of merchandise and landlords for leasing of retail premises according to predetermined schedule as well as making scheduled repayment of bank loans.

In view of the above, management of the Company have given careful consideration of the future liquidity requirements and operating performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The management have taken into account the following plans and measures in preparing the cash flow projections to ensure the Group will have sufficient working capital in the foreseeable future:

- (i) In March 2019, the Group agreed in writing with certain major suppliers to extend the repayment period on certain purchases of merchandises amounting to HK\$172,189,000. Based on the agreements with the suppliers, the relevant amount of trade payables will be due for repayment in April 2020; and these balances are unsecured and interest free.
- (ii) Subsequent to year end and up to the date of this report, the Group disposed of certain properties with a carrying value of HK\$37,700,000 at a total consideration of HK\$54,830,000, out of which HK\$43,445,000 has been collected, the balance of the consideration of HK\$11,385,000 is expected to be collected by the Group in April 2019. The Group also intends to further dispose certain of its non-core properties with a carrying value of approximately HK\$102,424,000 in 2019 in an effort to enhance its liquidity position.
- (iii) As at 31 December 2018, the Group had unutilised banking facility of HK\$45,540,000 which is secured by an investment property of the Group with a carrying value of HK\$121,264,000. Based on the latest discussion with the bank, management are confident that the existing banking facility will be renewed upon its expiry in August 2019.

2 主要會計政策 (續)

2.1 編製基準 (續)

(i) 持續經營的基準 (續)

本集團之經營現金淨流出主要歸因於本集團品牌業務所面臨的具有挑戰性的經營環境。本集團營業額下降，而經營成本則繼續維持高水平，以及以較低利潤率兌現存貨的壓力沉重。儘管經營環境艱難，本集團仍繼續根據預定時間表向產品供應商和租賃零售物業的業主支付款項，以及按期償還銀行貸款。

鑑於上述情況，本公司管理層已仔細考慮本集團未來的流動資金需求及經營表現及其可用融資來源，以評估本集團是否有足夠財務資源繼續作為持續經營。管理層在編制現金流量預測時已考慮以下計劃及措施，以確保本集團於可見將來擁有足夠營運資金：

- (i) 於二零一九年三月，本集團與若干主要供應商訂立書面協議，延長部分購買商品的還款期，金額為172,189,000港元。根據與供應商的協議，相關的貿易應付款項將於二零二零年四月償還，這些金額乃無擔保和免息。
- (ii) 年終日期之後及截至本報告日期，本集團出售若干物業，其賬面值為37,700,000港元，總代價為54,830,000港元，其中已收取43,445,000港元，代價餘額11,385,000港元預期本集團將於二零一九年四月收取。本集團亦擬於二零一九年進一步出售若干非核心物業，賬面值約為102,424,000港元，以提升其流動資金狀況。
- (iii) 於二零一八年十二月三十一日，本集團的未動用銀行融資為45,540,000港元，由本集團一項投資物業作抵押，賬面值為121,264,000港元。根據與銀行的最新討論，管理層有信心現有銀行融資將於二零一九年八月屆滿時可以續期。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(i) Going concern basis (Continued)

(iv) The Group continued its efforts to implement measures to improve operating results and strengthen its working capital position by accelerating the closure of certain under-performing stores, streamlining of its operations and organisation structure, continuing with its efforts in realising aged inventory and implementing measures to further control capital and operating expenditures.

(v) On 25 March 2019, the Group obtained a committed facility from a bank of approximately HK\$28,361,000 for a term of one year, which is secured by personal guarantee and collaterals provided by the Chairman of the Company. In addition, the Chairman has also confirmed his intention to arrange or provide another loan facility to the Group for a term of up to one year amounting to approximately HK\$50,000,000 on or before 25 August 2019.

As a result of these plans and measures, management are confident that the Group will have sufficient working capital to fund its operations, financing and capital expenditure requirements and remain as a going concern at least in the next twelve months from 31 December 2018.

Notwithstanding the above, whether management are able to achieve its plans and measures as described above, which incorporate assumptions about future events and conditions, are subject to inherent uncertainties. In particular, whether the Group will be able to continue as a going concern would depend upon (i) continuous availability of the extended credit and support from the suppliers, (ii) successful disposal of non-core properties and collection of sales proceeds in the expected timeframe, (iii) successful renewal of the existing banking facility, (iv) successful implementation of the above-mentioned measures on improvement of operating results and cash flows of the Group including but not limited to store and inventory rationalisation; and restructuring of operation and organisation; and (v) draw down of the financial support from the Chairman as mentioned above, as and when necessary.

2 主要會計政策(續)

2.1 編製基準(續)

(i) 持續經營的基準(續)

(iv) 本集團繼續努力實施措施，通過加快關閉某些表現不佳的店鋪，精簡業務和組織架構，繼續努力兌現過季存貨和實施措施進一步控制資本和營運支出，以改善經營業績，強化營運資金狀況。

(v) 於二零一九年三月二十五日，本集團從銀行獲得承諾融資約28,361,000港元，為期一年，並以本公司主席提供的個人擔保及抵押品作抵押。另外，主席亦確認彼願意於二零一九年八月二十五日或之前安排或提供貸款融資予本集團，金額約為50,000,000港元，為期不超過一年。

由於採取了這些計劃和措施，管理層有信心本集團將有足夠的營運資金為其營運、融資及資本開支需求提供資金，並至少在二零一八年十二月三十一日的未來十二個月內繼續持續經營。

儘管如此，管理層是否能夠實現上述計劃和措施，其中包含有關未來事件和條件的假設，受到固有的不確定性的影響。特別是，本集團是否能夠持續經營將取決於(i)持續向供應商取得延長信貸及支持，(ii)預期時間表內成功賣出非核心物業及收取出售所得款項，(iii)成功續訂現有銀行貸款融資，(iv)成功實施上述改善本集團經營業績及現金流量的措施，包括但不限於店鋪及存貨合理化、以及經營和組織的重組，(v)在有需要時提取上述由主席提供的財政支持。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(i) Going concern basis (Continued)

The directors of the Company, after due consideration of the basis of management's plans and measures as well as the reasonable possible downside changes to the cash flow assumptions, are confident that the Group will have sufficient working capital to meet its financial obligations as and when they fall due at least in the next twelve months from 31 December 2018. Accordingly, the directors considered it appropriate to prepare the consolidated financial statements of the Group on a going concern basis.

(ii) New and amended standards adopted by the Group

The Group has applied the following standards, amendments to standards and interpretation for the first time for their annual reporting period commencing 1 January 2018:

Amendments to HKFRS 1 and HKAS 28	Annual improvements 2014–2016 cycle
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions
Amendments to HKFRS 4	Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts
HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers
Amendments to HKFRS 15	Clarifications to HKFRS 15
Amendments to HKAS 40	Transfers of investment property
HK(IFRIC)-Int 22	Foreign currency transactions and advance consideration

Detailed impact of the adoption of HKFRS 9 and HKFRS 15 are disclosed in Note 2.2. The adoption of the other amended standards has no material impact on the results and financial statements of the Group.

2 主要會計政策(續)

2.1 編製基準(續)

(i) 持續經營的基準(續)

在充分考慮管理層的計劃和措施基礎，以及現金流量假設的合理可能下行變動後，本公司董事有信心本集團將有足夠的營運資金以應付至少由二零一八年十二月三十一日後的未來十二個月內到期的財務責任。因此，董事認為按持續經營基準編制本集團的綜合財務報表是適當的。

(ii) 本集團採納之新準則及準則之修訂

本集團已於二零一八年一月一日開始之年度報告期間首次應用下列準則、準則之修訂及詮釋：

香港財務報告準則第1號及香港會計準則第28號之修訂	二零一四年至二零一六年週期之年度改進
香港財務報告準則第2號之修訂	以股份為基礎付款交易的分類與計量
香港財務報告準則第4號之修訂	連同香港財務報告準則第4號保險合約一併應用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	金融工具
香港財務報告準則第15號	與客戶合約之收入
香港財務報告準則第15號之修訂	香港財務報告準則第15號的釐清
香港會計準則第40號之修訂	轉移投資物業
香港(國際財務報告詮釋委員會)詮釋第22號	外匯交易及墊付代價

採納香港財務報告準則第9號及香港財務報告準則第15號的影響詳情於下文附註2.2披露，採納其他準則之修訂概不會對本集團之業績及財務狀況產生重大影響。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(iii) New and amended standards and interpretation not yet adopted

Certain new accounting standards, amendments to standards and interpretation have been published that are not mandatory for 31 December 2018 reporting period and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Amendments to Annual Improvements Project	Annual improvements 2015-2017 cycle ¹
Amendments to HKFRS 9	Prepayment features with negative compensation ¹
Amendments to HKAS 19	Plan amendment, curtailment or settlement ¹
Amendments to HKAS 28	Long-term interests in associates and joint ventures ¹
HKFRS 16	Leases ¹
HKFRS 17	Insurance contracts ³
HK(IFRIC)-Int 23	Uncertainty over income tax treatments ¹
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting ²
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ⁴

¹ Effective for accounting periods beginning on or after 1 January 2019

² Effective for accounting periods beginning on or after 1 January 2020

³ Effective for accounting periods beginning on or after 1 January 2021

⁴ Effective date to be determined

2 主要會計政策(續)

2.1 編製基準(續)

(iii) 尚未採納之新訂準則、準則之修訂及詮釋

本集團並沒有提早採納已頒佈但於二零一八年十二月三十一日報告期間尚未強制生效之若干新訂會計準則、準則之修訂及詮釋。本集團對該等新訂準則及詮釋的影響之評估載列如下。

年度改進項目之修訂	二零一五年至二零一七年週期之年度改進 ¹
香港財務報告準則第9號之修訂	具有負補償之預付款特性 ¹
香港會計準則第19號之修訂	計劃修正、縮減或清償 ¹
香港會計準則第28號之修訂	於聯營公司及合營企業的長期權益 ¹
香港財務報告準則第16號	租賃 ¹
香港財務報告準則第17號	保險合約 ³
香港(國際財務報告詮釋委員會)－詮釋第23號	所得稅待遇之不確定性 ¹
二零一八年財務報告之概念框架	財務報告之經修訂概念框架 ²
香港財務報告準則第10號及香港會計準則第28號之修訂	投資者與其聯營公司或合營企業之間的資產出售或注資 ⁴

¹ 於二零一九年一月一日或之後開始之會計期間生效

² 於二零二零年一月一日或之後開始之會計期間生效

³ 於二零二一年一月一日或之後開始之會計期間生效

⁴ 生效日期有待宣佈

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(iii) New and amended standards and interpretation not yet adopted (Continued)

HKFRS 16 'Leases'

Nature of change

HKFRS 16 will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. In the consolidated income statement, rental expenses are not recognised while amortisation arising from the right-of-use assets and interest expense on the lease liabilities are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK\$716,747,000 (Note 33(b)). Based on management's initial assessment, the initial adoption of HKFRS 16 will result in an increase in the right-of-use assets and the lease liabilities, which is expected to result in a significant increase in both assets and liabilities in the consolidated balance sheet. The adoption will also front-load the expense recognition in the consolidated income statement over the period of the leases, as a result of the combination of the interest expenses arising from the lease liabilities and the amortisation of the right-of-use assets as compared to the rental expenses under existing standard.

Date of adoption by the group

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2 主要會計政策 (續)

2.1 編製基準 (續)

(iii) 尚未採納之新訂準則、準則之修訂及詮釋 (續)

香港財務報告準則第16號「租賃」

變動性質

由於經營租賃及融資租賃的區別被移除，香港財務報告準則第16號將導致絕大部分租賃在資產負債表上確認。根據新準則，資產（租賃項目的使用權）及繳納租金的金融負債均獲確認。在綜合收益表中，租金費用不會被確認，然而來自使用權資產的攤銷及租賃負債的利息支出會被確認。惟僅短期及低值租賃則在此豁免。

出租人的會計將不會有重大變動。

影響

此準則將主要影響本集團經營租賃的會計處理。於報告日期，本集團有不可取消的經營租賃承擔為716,747,000港元（附註33(b)）。根據管理層的初步評估，首次採納香港財務報告準則第16號將導致使用權資產及租賃負債增加，預期將導致綜合資產負債表中資產及負債大幅增加。對比現行標準下的租金費用，由於租賃負債產生的利息支出與使用權資產的攤銷相結合，採用新準則也將在租賃期內將費用確認提早計入綜合收益表中。

本集團之採納日期

本集團將於二零一九年一月一日的強制採用日期起應用該準則。本集團擬採用簡化過渡法，並不會重述首次採用前的年度的比較金額。

概無其他尚未生效的準則，且預期對本集團於本報告期間或未來報告期間，及可預見未來交易造成重大影響。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Change in accounting policies

This note explains the impact of the adoption of HKFRS 9 and HKFRS 15 on the Group's financial statements.

The Group elected to adopt HKFRS 9 and HKFRS 15 without restating comparatives. The reclassifications and the adjustments are therefore not reflected in the consolidated balance sheet as at 31 December 2017, but are recognised in the opening consolidated balance sheet on 1 January 2018.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

2 主要會計政策(續)

2.2 會計政策變動

本附註解釋採納香港財務報告準則第9號及香港財務報告準則第15號對本集團財務報表之影響。

本集團選擇採納香港財務報告準則第9號及香港財務報告準則第15號，毋須重述比較數字。因此，重分類及調整並未於二零一七年十二月三十一日反映在綜合資產負債表中，而是於二零一八年一月一日，在期初綜合資產負債表中確認。

下表顯示了為每行項目確認的調整項。未包含未受更改影響的項目。因此，所披露的小計和總數不能從提供的數字中重新計算。以下會按準則詳細解釋該調整。

		31 December 2017 as originally presented 二零一七年 十二月三十一 日按原來呈列 HK\$'000 千港元	Effects of the adoption of HKFRS 9 採納香港財務 報告準則 第9號之影響 HK\$'000 千港元	Effects of the adoption of HKFRS 15 採納香港財務 報告準則 第15號之影響 HK\$'000 千港元	1 January 2018 as restated 二零一八年 一月一日 經重述 HK\$'000 千港元
Consolidated balance sheet (extract)					
Non-current assets					
Available-for-sale financial asset	非流動資產 可出售金融資產	3,698	(3,698)	-	-
Financial asset at fair value through other comprehensive income	按公平價值計入 其他全面收益之 金融資產	-	3,698	-	3,698
Current liabilities					
Other payables and accrued charges	非流動負債 其他應付賬款及應計費用	362,601	-	(6,044)	356,557
Contract liabilities	合約負債	-	-	6,044	6,044

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Change in accounting policies (Continued)

(i) HKFRS 9 “Financial Instruments” – Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

(a) Classification and measurement

On 1 January 2018 (the date of initial application of HKFRS 9), the Group’s management has assessed which business models apply to the financial assets held by the Group and has classified its financial assets into the appropriate HKFRS 9 categories. The main effects resulting from this classification are as follows:

Equity investments previously classified as available-for-sale financial assets

The Group elected to present changes in the fair value of its equity investment previously classified as available-for-sale financial asset in other comprehensive income (“OCI”). As a result, assets with a fair value of HK\$3,698,000 were reclassified from available-for-sale financial asset to financial asset at fair value through other comprehensive income (“FVOCI”) on 1 January 2018.

The Group subsequently measures all equity investments at fair values. Where the Group’s management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to consolidated income statement following the derecognition of the investment. Dividends from such investments continue to be recognised in consolidated income statement as other income when the Group’s right to receive payments is established.

Other than that, there were no changes to the classification and measurement of financial instruments.

2 主要會計政策 (續)

2.2 會計政策變動 (續)

(i) 香港財務報告準則第9號「金融工具」— 採納之影響

香港財務報告準則第9號取代香港會計準則第39號有關金融資產及金融負債的確認、分類及計量、終止確認金融工具、金融資產減值及對沖會計處理的條文。

(a) 分類及計量

於二零一八年一月一日 (首次應用香港財務報告準則第9號之日期)，本集團之管理層已評估本集團所持有應用於金融資產的業務模式，並將金融工具分類至香港財務報告準則第9號中相似類別。這種分類產生的主要影響如下：

以前分類為可供出售金融資產的股權投資

本集團選擇在其他全面收益 (「其他全面收益」) 中呈列其先前分類為可供出售金融資產的股權投資的公平價值變動。因此，於二零一八年一月一日，公平價值為3,698,000港元的資產從可供出售金融資產重新分類為按公平價值計入其他全面收益 (「按公平價值計入其他全面收益」) 之金融資產。

本集團其後按公平值計量所有股權投資。倘本集團管理層已選擇在其他全面收益中呈列股本投資的公平值收益及虧損，則於終止確認投資後，不會將公平價值收益及虧損重新分類至綜合收益表。當本集團收取付款的權利確立時，此類投資的股息繼續在綜合收益表中確認為其他收入。

除此之外，金融工具的分類和計量沒有變化。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Change in accounting policies (Continued)

(i) HKFRS 9 “Financial Instruments” – Impact of adoption (Continued)

(b) Impairment of financial assets

The Group has two types of financial assets that are subject to HKFRS 9’s new expected credit loss model:

- Trade receivables; and
- Other financial assets carried at amortised cost.

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets.

While other receivables, pledged bank deposits, short-term bank deposits and cash and cash equivalents are also subject to the impairment requirement of HKFRS 9, the identified impairment losses were immaterial.

Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade receivables. To measure the expected credit losses, receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for provision for impairment allowance. Expected credit losses are also estimated by grouping the remaining receivables based on shared credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the customer, its geographical location and its ageing category, and applying expected credit loss rates to the respective gross carrying amounts of the receivables. The expected credit loss rates are determined based on historical credit losses experienced from the past 3 years and are adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables. Management has closely monitored the credit qualities and the collectability of the trade receivables. The adoption of the simplified expected credit loss approach under HKFRS 9 has not resulted in any material additional impairment loss for trade receivables as at 1 January 2018.

2 主要會計政策(續)

2.2 會計政策變動(續)

(i) 香港財務報告準則第9號「金融工具」— 採納之影響(續)

(b) 金融資產減值

本集團有兩類金融資產須遵守香港財務報告準則第9號的新預期信貸虧損模式：

- 貿易應收款項；和
- 其他金融資產按攤銷成本列賬。

本集團須就每類資產按香港財務報告準則第9號修訂其減值方法。

雖然其他應收款項、已抵押銀行存款、短期銀行存款及現金及現金等價物亦須遵守香港財務報告準則第9號的減值要求，但已知識別的減值虧損並不重大。

應收貿易賬款

本集團採用簡化方法提供香港財務報告準則第9號所規定的預期信貸虧損，允許使用所有貿易應收款項的存續期間的預期虧損。為計量預期信貸虧損，與已知財務困難或對應收款項收款存在重大疑問的客戶有關的應收款項將單獨評估減值準備撥備。預期信用損失也是通過將剩餘應收款項基於共享信用風險特徵分組並綜合評估回收可能性來估算的，同時考慮到客戶的性質，其地理位置和賬齡類別，並將預期的信用損失率應用於各應收款項的賬面總額。預期信貸損失率乃根據過往三年經歷的歷史信貸虧損釐定，並經調整以反映當前及前瞻性資料，例如影響客戶清償應收款項能力的宏觀經濟因素。管理層密切監察貿易應收款項的信貸質素及可收回性。根據香港財務報告準則第9號採納簡化預期信貸虧損法並未導致於二零一八年一月一日之貿易應收款項產生任何重大的額外減值虧損。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Change in accounting policies (Continued)

(i) HKFRS 9 “Financial Instruments” – Impact of adoption (Continued)

(b) Impairment of financial assets (Continued)

Other financial assets carried at amortised cost

For other financial assets carried at amortised cost, the expected credit loss is based on the 12-month expected credit loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the impairment will be based on the lifetime expected credit loss. Management has closely monitored the credit qualities and the collectability of the other financial assets at amortised cost and considers that the expected credit loss is immaterial.

(ii) HKFRS 15 “Revenue from Contracts with Customers” – Impact of adoption

HKFRS 15 replaces HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. Under the new standard, revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The impacts of the adoption of HKFRS 15 are as follows:

Presentation of contract liabilities

“Receipt in advance from customers” and “deferred revenue” which were previously included in other payables and accrued charges, amounting to HK\$5,798,000 and HK\$246,000 respectively as at 1 January 2018, are now included under contract liabilities to reflect the terminology of HKFRS 15.

Timing of revenue recognition

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from sales of goods.

2 主要會計政策 (續)

2.2 會計政策變動 (續)

(i) 香港財務報告準則第9號「金融工具」— 採納之影響 (續)

(b) 金融資產減值 (續)

其他金融資產按攤銷成本列賬

就按攤銷成本列賬的其他金融資產而言，預期信貸虧損乃基於十二個月預期信貸虧損計算。這是金融工具違約事件導致的存續期間的預期信用損失的一部分，可能在報告日期後的十二個月內發生。然而，當初始確認後信用風險顯著增加時，減值將基於存續期間的預期信用損失。管理層已按攤銷成本密切監察其他金融資產的信貸質素及可收回性，並認為預期信貸虧損並不重大。

(ii) 香港財務報告準則第15號與「客戶合約之收入」— 採納之影響

香港財務報告準則第15號取代涵蓋商品與服務合同之香港會計準則第18號及涵蓋建造合同之香港會計準則第11號。根據新準則，當客戶獲得商品或服務的控制權，因此能夠管理使用並從商品或服務中獲得利益時，收入即被確認。

採納香港財務報告準則第15號的影響如下：

合同負債之表述

於二零一八年一月一日，先前已包括在其他應付款項及應計費用中的「預收客戶款項」及「遞延收入」分別為5,798,000港元及246,000港元，現列入合約負債以反映香港財務報告準則第15號的術語。

收入確認之時間

採納香港財務報告準則第15號對本集團確認銷售貨品收入的時間並無重大影響。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.3 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December.

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provided evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to former shareholders of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs. Acquisition-related costs are expensed as incurred.

2 主要會計政策(續)

2.3 綜合賬目

綜合財務報表包括本公司及其所有附屬公司截至十二月三十一日止之財務報表。

(i) 附屬公司

附屬公司為所有本集團擁有控制權之實體(包括結構性實體)。當本集團通過干預該實體以得到不同的回報,及通過對該實體的權力影響該等回報時,本集團則對該實體擁有控制權。

附屬公司由其控制權轉讓予本集團之日起全面綜合入賬,並由該控制權終止之日起終止綜合入賬。

集團內公司之間的交易、結餘及未變現收益予以對銷。未變現虧損亦予以撇除,除非該交易提供所轉讓資產減值的證據。附屬公司的會計政策已按需要變更,以確保與本集團採用的政策符合一致。

本集團採用會計收購法計算業務合併。收購附屬公司的轉讓代價為所轉讓資產、對被收購方原股東所產生負債及本集團所發行股本權益的公平價值。所轉讓代價包括或然代價安排產生的任何資產或負債的公平價值。於業務合併時所收購的可辨別資產及所承擔的負債及或然負債,初步按收購日的公平價值計量。本集團按逐項收購基準確認任何被收購方之非控制性權益。當被收購方之非控制性權益為現存擁有權權益並賦予其持有人於清盤時按相應比例分配該實體之資產淨值,本集團以公平價值或現存擁有權權益按比例應佔被收購方已確認可辨別資產淨值,計量被收購方之非控制性權益。所有其他非控制性權益的組件以其收購日公平價值計量,除非香港財務報告準則另有規定。收購相關成本於產生時列為開支。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.3 Consolidation (Continued)

(i) Subsidiaries (Continued)

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the shareholders in their capacity as shareholders of the subsidiary. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(ii) Associates and joint arrangements

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

2 主要會計政策 (續)

2.3 綜合賬目 (續)

(i) 附屬公司 (續)

所轉讓代價及非控制性權益公平價值之總和超出所收購之可辨別資產及所承擔負債之淨值的差額初步計量為商譽。倘該代價低於所收購附屬公司資產淨值之公平價值，則有關差額將於損益內確認。

與非控制性權益進行未導致喪失控制權的交易視為股本交易，即與以附屬公司股東身份與股東進行的交易。所支付的任何代價的公平價值與所收購的附屬公司資產淨值賬面值的相關應佔部分的差額，於權益中入賬。向非控制性權益進行出售所產生的盈虧亦於權益入賬。

倘本集團不再擁有控制權，其於該實體之任何保留權益按其失去控制權日期的公平價值重新計量，而賬面值變動則於損益中確認。就保留權益列作聯營公司、合營企業或金融資產之其後入賬，以該公平價值作初始賬面值。此外，先前於其他全面收益內確認與該實體有關之任何金額按猶如本集團已直接出售有關資產或負債之方式入賬。這可能意味著先前在其他全面收益內確認之金額重新分類至損益。

(ii) 聯營公司及合營安排

聯營公司指本集團可對該公司行使重大影響力但並無控制權之公司，一般持有佔其投票權20%至50%之股權。於聯營公司之投資按權益會計法入賬。根據權益法，投資初步按成本值確認，賬面值將會增減以確認投資者在收購日期後佔被投資方損益的比例。本集團於聯營公司投資包括在收購時所識別的商譽。

倘於聯營公司之所有權權益減少，而重大影響力獲保留，則先前於其他全面收益內確認之金額僅有一定比例部分重新分類至損益 (如適用)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.3 Consolidation (Continued)

(ii) Associates and joint arrangements (Continued)

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each balance sheet date whether there is any objective evidence that the investments in the associates and joint arrangements are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint arrangement and its carrying value and recognises the amount adjacent to "share of losses of associates and joint ventures" in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

2 主要會計政策(續)

2.3 綜合賬目(續)

(ii) 聯營公司及合營安排(續)

本集團應佔收購後盈利或虧損乃於綜合收益表確認，而應佔收購後其他全面收益變動則連同對投資賬面值作出的相應調整於其他全面收益內確認。倘本集團應佔聯營公司之虧損相等於或超出其於該聯營公司之權益(包括任何其他無抵押應收賬款)，則本集團不會再繼續確認虧損，除非本集團已代表該聯營公司承擔法定或推定責任或已替該聯營公司付款。

本集團於每個報告日釐定是否有任何客觀證據顯示於聯營公司及合營安排之投資減值。如存在該情況，本集團將減值金額計算為聯營公司或合營安排可收回金額與其賬面值的差額及在綜合收益表內毗鄰「應佔聯營公司及合營企業虧損」確認相關金額。

因本集團與其聯營公司之間的上游及下游交易而產生的損益在本集團綜合財務報表內確認，僅以非相關投資者於聯營公司的權益為限。未變現虧損予以撇除，除非該交易提供所轉讓資產減值的證據。聯營公司的會計政策在需要時已予變動，以確保與本集團採納的政策一致。

聯營公司股權攤薄的收益或虧損於綜合收益表內確認。

根據香港財務報告準則第11號，於合營安排之投資視乎各位投資者的合約權利及義務分類為合營業務或合營企業。本集團已評估合營安排的性質及將合營安排釐定為合營企業。合營企業使用權益法入賬。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.3 Consolidation (Continued)

(ii) Associates and joint arrangements (Continued)

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK\$, while the Company's functional currency is Renminbi ("RMB").

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

2 主要會計政策 (續)

2.3 綜合賬目 (續)

(ii) 聯營公司及合營安排 (續)

根據會計權益法，於合營企業之權益初步按成本值確認及其後調整，以確認本集團應佔收購後損益及其他全面收益變動。當本集團應佔合營企業虧損等於或超過其於合營企業之權益（包括實質上構成本集團於合營企業之投資淨額一部份的任何長期權益），本集團並不再繼續確認虧損，除非已產生責任或代表合營企業作出付款。

本集團與合營企業之間交易的未變現收益予以撇除，以本集團於合營企業權益為限。未變現虧損亦予撇除，除非該交易提供所轉讓資產減值之證據。合營企業的會計政策在需要時已予變動，以確保與本集團採納的政策一致。

2.4 獨立財務報表

於附屬公司的投資乃以成本減去減值的方法入賬。成本亦包括投資的直接應佔費用。附屬公司之業績由本公司按已收及應收股息入賬。

如股息超過股息宣派期間附屬公司全面收益總額或如於獨立財務報表之投資賬面值超過綜合財務報表內被投資方資產淨值（包括商譽）的賬面值，則須於收取該等投資股息時對附屬公司投資進行減值測試。

2.5 外幣換算

(i) 功能及列賬貨幣

本集團各實體之財務報表內包括之項目乃以有關實體業務所在主要經濟環境之貨幣（「功能貨幣」）計量。綜合財務報表以港元列值，而本公司之功能貨幣為人民幣（「人民幣」）。

(ii) 交易及結餘

外幣交易乃以交易或估值（如項目重新計量）日期之匯率換算為功能貨幣。結算該等交易及按年結日之匯率換算以外幣計值之貨幣資產及負債產生之匯兌收益及虧損會於綜合收益表確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising from foreign operations may be reclassified subsequently to profit or loss while exchange differences arising from non-foreign operations are not reclassified subsequently to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions.

2.7 Land use rights

Land use rights are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Cost represents consideration paid for the rights to use the land on which various plants and buildings are situated for periods of between 20 to 50 years. Amortisation of land use rights is calculated on a straight-line basis over the period of the rights.

2 主要會計政策(續)

2.5 外幣換算(續)

(iii) 集團公司

功能貨幣有別於呈報貨幣之所有集團實體(並不涉及嚴重通脹經濟體系之貨幣)之業績及財務狀況會按以下方式換算為呈報貨幣:

- 各資產負債表所呈報資產及負債按該資產負債表日期之收市匯率換算;
- 各收益表內之收入及開支按平均匯率換算(除非該項平均值並非交易日匯率累計影響的合理概約值,在該情況下收益及開支按於各交易日期之匯率換算);及
- 所有由此產生之匯兌差額於其他全面收益內確認。

由海外業務產生之匯兌差額可能隨後被重新分類至損益,而非海外業務產生之匯兌差額則不會隨後被重新分類至損益。

收購海外實體產生之商譽及公平價值調整均列作該海外實體之資產及負債,並按收市匯率換算。所產生之貨幣換算差額於其他全面收益內確認。

2.6 分部報告

經營分部之申報方式與向主要經營決策者(「主要經營決策者」)提供之內部報告一致。本公司執行董事已獲辨識為負責分配資源及評估經營分部表現的主要經營決策者,並作出策略性決定。

2.7 土地使用權

土地使用權按成本值減累計攤銷及累計減值虧損(如有)列賬。成本值指就廠房及樓宇所在地之土地使用權而已支付之代價,而有關土地使用權為期20至50年。攤銷土地使用權乃於使用權期間以直線法計算。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment

Property, plant and equipment other than construction-in-progress are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values, where appropriate, over their estimated useful lives, as follows:

Buildings	20 to 50 years
Leasehold improvements	1 to 3 years
Plant and machinery, furniture, fixtures and equipment and motor vehicles	5 to 10 years

Construction-in-progress represents buildings, plant and machinery under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings and the costs of plant and machinery. No depreciation is charged on construction-in-progress until such time as the relevant assets are completed and are ready for intended use. When the assets concerned are brought to use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy stated above.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

Gains or losses on disposals of property, plant and equipment are the difference between the net sales proceeds and the carrying amount of the relevant assets and are recognised in the consolidated income statement.

2.9 Investment properties

Investment properties, comprising buildings, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group.

Investment properties are initially measured at cost, including related transaction costs. After initial recognition, the investment properties are stated at historical costs less accumulated depreciation and provision for impairment loss.

2 主要會計政策(續)

2.8 物業、廠房及設備

在建工程以外物業、廠房及設備按歷史成本值減累計折舊及累計減值虧損(如有)列賬。歷史成本值包括收購有關項目之直接應佔開支。

本集團僅於資產未來可能產生之經濟利益將流入本集團以及能可靠計量該項目成本時,將其後成本列入資產賬面值或確認為獨立資產(視情況而定)。更換部分之賬面值會解除確認。所有於財政期間產生之其他維修及保養費用在綜合收益表列支。

物業、廠房及設備之折舊按其估計可使用年期以直線法將成本分攤至其剩餘價值計算如下:

樓宇	20至50年
租賃物業裝修	1至3年
廠房及機器、傢俱、固定裝置及設備及汽車	5至10年

在建工程指興建中及有待安裝之樓宇、廠房及機器,乃按成本值減累計減值虧損(如有)列賬。成本值包括樓宇之建造成本及廠房及機器之成本。於有關資產完工及可作擬定用途前,不會就在建工程作出折舊。當有關資產可予使用時,成本值將根據上述政策轉撥為物業、廠房及設備及計提折舊。

於各個結算日,本集團會檢討資產之剩餘價值及可使用年期,並作出適當調整。倘資產之賬面值超過其估計可收回金額,則即時撇減其賬面值至其可收回金額(附註2.11)。

出售物業、廠房及設備之收益或虧損為出售收款淨額與有關資產賬面值之差額,並會於綜合收益表內確認。

2.9 投資物業

投資物業(包括樓宇)為獲得長期租金收益或資本升值或同時獲得兩者而持有但並非由本集團佔用之物業。

投資物業初步按成本(包括相關交易成本)計量。於初步確認後,投資物業按歷史成本值減累計折舊及累計減值虧損列賬。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.9 Investment properties (Continued)

Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent expenditure is charged to the carrying amount of the asset only when it is probable that future economic benefits associated with the property will flow to the Group and the cost of the property can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to write off the cost over the estimated useful lives to their estimated residual values. Estimated useful lives of buildings are from 20 to 50 years.

The residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying amounts of assets are reviewed regularly. An investment property's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

Gains or losses on disposals are determined as the difference between the net sales proceeds and the carrying amounts of the relevant assets and are recognised in the consolidated income statement.

2.10 Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred and the fair value of the non-controlling interest in the acquiree over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2 主要會計政策(續)

2.9 投資物業(續)

歷史成本值包括收購該等資產直接應佔開支。僅於與有關物業有關連的未來經濟利益將可能流入本集團以及能可靠地計量有關物業成本時，其後成本才會包括入資產賬面值。所有其他維修及保養費用於其產生的財務期間，於綜合收益表列支。

折舊按其估計可使用年期以直線法將成本分攤至其剩餘價值。樓宇之估計可使用年期為20至50年。

於各個結算日，本集團會檢討剩餘價值及可使用年期，並作出適當調整，並定期檢討資產之賬面值。倘一項投資物業之賬面值超過其估計可收回金額，則即時撇減其賬面值至其可收回金額(附註2.11)。

出售之收益或虧損為出售收款淨額與有關資產賬面值之差額，並會於綜合收益表內確認。

2.10 無形資產

(i) 商譽

商譽因收購附屬公司、聯營公司及合營企業而產生及指所轉讓代價及被收購方非控制性權益之公平價值超過本集團於被收購方可識別資產、負債及或然負債淨額之權益之公平價值淨額的差額。

就減值測試而言，於業務合併中收購的商譽分配至預期受益於合併協同效益的每個現金產生單位(「現金產生單位」)或現金產生單位組別。被分配商譽的各個單位或單位組別指實體內最低層面，當中商譽予以監控作為內部管理目的。商譽按經營分部層面予以監控。

商譽減值審閱每年進行一次，如有事件或情況變動顯示潛在減值，則進行更多頻次的商譽減值審閱。包含商譽之現金產生單位之賬面值與可收回金額進行比較，可收回金額為使用價值及公平價值減出售成本兩者之較高者。任何減值即時確認為一項開支及其後不予撥回。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets (Continued)

(ii) License rights

Separately acquired license rights are stated at historical cost. License rights acquired in a business combination are recognised at fair value at the acquisition date. License rights have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated using the straight-line method to allocate the cost of license rights over their estimated useful lives of between 5 to 30 years.

(iii) Trademarks

Separately acquired trademarks are stated at historical cost. Trademarks acquired in a business combination are recognised initially at fair value at the acquisition date and subsequently carried at the amount initially recognised less accumulated amortisation and accumulated impairment losses, if any. Amortisation of trademarks that have definite useful lives is calculated using the straight-line method to allocate the costs of acquired trademarks over their estimated useful lives of 20 years.

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet ready for use are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

2.12 Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment properties that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

2 主要會計政策 (續)

2.10 無形資產 (續)

(ii) 特許使用權

單獨收購的特許使用權按歷史成本列賬。業務合併中收購的特許使用權按收購日的公平價值確認。擁有有限可使用年期的特許使用權按成本減累計攤銷及累計減值虧損(如有)列賬。攤銷使用直線法計算,於特許使用權5至30年之估計可使用年期內攤分特許使用權的成本。

(iii) 商標

單獨收購的商標按歷史成本列賬。於企業合併時所收購的商標最初按於收購日的公平價值列值,其後按其初始列值數額扣除累計攤銷及累計減值虧損(如有)列值。有特定使用年限的商標的攤銷以直線法計算,於20年的估計可使用年期內攤分所收購商標的成本。

2.11 非金融資產減值

具無限可用年期或尚未可供使用之資產毋須攤銷,惟每年進行一次減值測試。資產於出現顯示可能無法收回賬面值之事件或狀況變動時進行檢討。倘資產賬面值超出其可收回金額,則會按該款額確認減值虧損。可收回金額為資產公平價值減出售成本及使用價值(以較高者為準)。評估減值時,資產乃按可個別識別現金流量(現金產生單位)之最低層次組合。已出現減值之非金融資產(除商譽外)於各結算日檢討是否可能撥回減值。

2.12 持作出售的非流動資產(或出售組別)

非流動資產(或出售組別)如果其賬面金額主要通過銷售交易而非持續使用收回且被視為極有可能出售,則歸類為持作出售。除按遞延稅項資產,僱員福利產生的資產,金融資產及投資物業等按公平值列賬的資產及保險合約項下的合約權利外,按賬面值及公平價值減銷售成本的較低者計量,特別豁免此要求。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.12 Non-current assets (or disposal groups) held-for-sale (Continued)

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held-for-sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale continue to be recognised.

Non-current assets classified as held-for-sale and the assets of a disposal group classified as held-for-sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held-for-sale are presented separately from other liabilities in the balance sheet.

2.13 Investments and other financial assets

(i) Accounting policies applied from 1 January 2018

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurements categories: those to be measured subsequently at fair value either through OCI or through profit or loss and those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrecoverable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

2 主要會計政策(續)

2.12 持作出售的非流動資產(或出售組別) (續)

非流動資產(包括屬於出售組別的資產)在分類為持作出售時不會折舊或攤銷。分類為持作出售的出售組別的負債所產生的利息及其他開支繼續確認。

分類為持有待售的非流動資產和分類為持有待售的出售組別的資產與資產負債表中的其他資產分開列示。分類為持有待售的出售組別的負債與資產負債表中的其他負債分開列示。

2.13 投資和其他金融資產

(i) 自二零一八年一月一日起應用之會計政策 分類

自二零一八年一月一日起,本集團將其金融資產分類為以下計量類別:按公平價值計入其他全面收益或計入損益的金融資產,以及按攤餘成本計量的金融資產。分類取決於實體管理金融資產的業務模式和現金流的合同條款。

對於以公平價值計量的資產,收益和損失將記入損益或其他全面收益。對於非持作買賣的權益工具的投資,這將取決於本集團在初始確認時是否已進行不可恢復的選擇,按公平價值計入其他全面收益(按公平價值計入其他全面收益)之股權投資。當且僅當其管理這些資產的業務模式發生變化時,本集團才會對債務投資進行重新分類。

確認及終止確認

金融資產之常規買賣於買賣日期確認,買賣日期即本集團承諾買賣資產之日期。自投資收取現金流量之權利屆滿或轉讓,且本集團已轉讓所有權絕大部分風險及回報時,將會解除確認金融資產。

計量

於初步確認時,本集團按其公平價值計量金融資產,如果金融資產並非按公平價值計入損益(按公平價值計入損益),則加上直接歸屬於收購該金融資產的交易成本。按公平價值計入損益列賬的金融資產的交易成本於損益中列支。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.13 Investments and other financial assets (Continued)

(i) Accounting policies applied from 1 January 2018 (Continued)

Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classified its debt instruments as financial assets at amortised cost.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other losses – net" together with foreign exchange gains and losses.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gains/losses in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2 主要會計政策 (續)

2.13 投資和其他金融資產 (續)

(i) 自二零一八年一月一日起應用之會計政策 (續)

計量 (續)

債務工具

債務工具的後續計量取決於本集團管理資產的業務模式及資產的現金流量特徵。本集團將其債務工具分類為按攤銷成本計量的金融資產。

為收取合同現金流而持有的資產，如果該等現金流僅代表本金和利息的支付，則按攤銷成本計量。這些金融資產的利息收入採用實際利率法計入財務收入。終止確認產生的任何收益或虧損直接計入損益，並以「其他虧損－淨額」連同匯兌收益及虧損列賬。

權益工具

本集團其後按公平價值計量所有股權投資。倘本集團管理層已選擇呈列股權投資的公平價值收益及虧損在其他全面收益，則於終止確認投資後，概無將公平價值損益重新分類至損益。當本集團收取付款的權利確立時，此類投資的股息繼續在損益中確認為其他收入。

按公平價值計入損益之金融資產之公平價值變動計入綜合收益表其他收益／虧損中。按公平價值計入其他全面收益之股權投資的減值損失（以及減值損失的轉回）不與其他公平價值變動分開呈報。

減值

本集團以前瞻性基準評估與按攤銷成本列賬的債務工具相關的預期信貸虧損。所採用的減值方法取決於信貸風險是否顯著增加。

就貿易應收款項而言，本集團採用香港財務報告準則第9號所准許的簡化方法，該方法規定預期終身虧損將於初步確認應收款項時確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.13 Investments and other financial assets (Continued)

(ii) Accounting policies applied until 31 December 2017

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Classification

Until 31 December 2017, the Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the Group's financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables comprise trade receivables and other receivables, pledged bank deposits, bank deposit with maturity over three months, and cash and cash equivalents in the balance sheet.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

2 主要會計政策(續)

2.13 投資和其他金融資產(續)

(ii) 直至二零一七年十二月三十一日止應用之會計政策

本集團已追溯應用香港財務報告準則第9號，但已選擇不重述比較資料。因此，所提供的比較信息繼續按照本集團以前的會計政策進行核算。

分類

截至二零一七年十二月三十一日，本集團將其金融資產分類為：按公平價值計入損益、貸款及應收賬款，以及可出售金融資產。分類視乎購入金融資產之目的而定。管理層於初步確認時釐定本集團金融資產之分類。

按公平價值計入損益之金融資產

按公平價值計入損益之金融資產為持作買賣金融資產。倘收購旨在於短期內出售，則分類為此金融資產類別。除非指定作對沖用途，否則衍生工具分類為持作買賣類別。如預期於十二個月內結清，屬於此類別之資產分類為流動資產；否則分類為非流動資產。

貸款及應收賬款

貸款及應收賬款為並無於活躍市場掛牌而有固定或可釐定款額之非衍生金融資產。貸款及應收賬款計入流動資產，惟到期日為結算日起計超過十二個月的，則分類為非流動資產。貸款及應收賬款包括資產負債表之貿易應收賬款及其他應收賬款、已抵押銀行存款、存款期超過三個月之銀行存款及現金及現金等價物。

可出售金融資產

可出售金融資產為指定列入此類別或並無分類為任何其他類別之非衍生工具。除非管理層有意於結算日起計十二個月內出售投資，否則可出售金融資產計入非流動資產。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.13 Investments and other financial assets (Continued)

(ii) Accounting policies applied until 31 December 2017

(Continued)

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the consolidated income statement within “other losses – net” in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other income when the Group’s right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as gains or losses from available-for-sale financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the Group’s right to receive payments is established.

2 主要會計政策 (續)

2.13 投資和其他金融資產 (續)

(ii) 直至二零一七年十二月三十一日止應用之會計政策 (續)

確認及計量

金融資產之常規買賣於買賣日期確認，買賣日期即本集團承諾買賣資產之日期。所有非按公平價值計入損益之金融資產投資初步以公平價值加交易成本確認。按公平價值計入損益之金融資產初步按公平價值確認，而交易成本則於綜合收益表支銷。自投資收取現金流量之權利屆滿或轉讓，且本集團已轉讓所有權絕大部分風險及回報時，將會解除確認金融資產。可出售金融資產及按公平價值計入損益之金融資產其後按公平價值列賬。貸款及應收賬款其後以實際利率法按攤銷成本列賬。

由被分類為「按公平價值計入損益之金融資產」之公平價值變動而產生之收益或虧損，均於產生期間在綜合收益表列作「其他虧損-淨額」。按公平價值計入損益之金融資產之股息收入於確立本集團收取款項之權利時，在綜合收益表確認為其他收入之一部分。

分類為可出售的貨幣及非貨幣證券的公平價值變動於其他全面收益內確認。

當分類為可出售的證券出售或減值時，在權益內確認的累計公平價值調整作為可出售金融資產的收益或虧損列入綜合收益表內。

使用實際利率法計算的可出售證券利息在綜合收益表內確認，作為其他收入的一部份。可出售股本工具之股息於確立本集團收取款項之權利時，在綜合收益表確認為其他收入之一部分。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.13 Investments and other financial assets (Continued)

(ii) Accounting policies applied until 31 December 2017 (Continued)

Recognition and measurement (Continued)

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2 主要會計政策(續)

2.13 投資和其他金融資產(續)

(ii) 直至二零一七年十二月三十一日止應用之會計政策(續)

確認及計量(續)

本集團於每個結算日評估有否客觀證據顯示金融資產或金融資產組別已減值。僅因初步確認資產後發生的一個或多個事件(「虧損事件」)而存在減值客觀證據時及該虧損事件對金融資產或金融資產組別之估計未來現金流量產生影響並能可靠地估計下，則金融資產或金融資產組別予以減值並產生減值虧損。

減值證據可能包括債務人或一組債務人發生重大財務困難、違約或拖欠利息或本金，極有可能進入破產或其他財務重組，及可觀察數據顯示估計未來現金流量有可計量的減值，如與違約相關的拖欠情況或經濟狀況變動的跡象。

就貸款及應收賬款而言，虧損金額計量為資產賬面值與按金融資產的原有實際利率折現的估計未來現金流量(不包括尚未發生未來信貸虧損)之現值之間的差額。資產賬面值予以減少及虧損金額在綜合收益表內確認。如貸款為可變利率，計量任何減值虧損的折現率為根據合約釐定的即期實際利率。作為實際權宜之計，本集團可按工具基於可觀察市場價格的公平價值計量減值。

如於其後期間減值虧損金額減少及該項減少乃客觀上與確認減值後發生的事件(如債務人信貸評級提高)有關，則在綜合收益表內確認先前已確認減值虧損的撥回。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.13 Investments and other financial assets (Continued)

(ii) Accounting policies applied until 31 December 2017 (Continued)

Recognition and measurement (Continued)

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.15 Inventories

Inventories comprise raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost, calculated on the weighted average basis, comprises materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) and excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.16 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 2.13 for further information about the Group's accounting for trade and other receivables for a description of the Group's impairment policies.

2 主要會計政策 (續)

2.13 投資和其他金融資產 (續)

(ii) 直至二零一七年十二月三十一日止應用之會計政策 (續)

確認及計量 (續)

就分類為可出售之股本投資而言，若證券之公平價值大幅或長期降至低於其成本值，則顯示資產有減值跡象。倘可出售金融資產出現任何該等跡象，累計虧損（按收購成本與現行公平價值之差額減早前於損益中確認之金融資產任何減值虧損計量）自權益中剔除及於損益中確認。於綜合收益表確認之股本工具減值虧損，不會透過綜合收益表回撥。

2.14 抵銷金融工具

倘有抵銷已確認金額的法定可執行權力，且有意按淨額基準結算或變現資產並同時結算負債時，則金融資產與負債將相互抵銷，淨額於資產負債表內呈報。這法定可執行權力不能取決於將來發生之事件，但必須執行於日常業務及當本集團或交易方出現違約、無力償還或破產事件。

2.15 存貨

存貨包括原材料、在製品及製成品，按成本值或可變現淨值兩者之較低者入賬。成本值按加權平均法計算，包括物料成本、直接工資、其他直接成本及有關生產之經常開支（根據一般營運能力），惟不包括借貸成本。可變現淨值按日常業務之估計售價減適用之不定額銷售開支釐定。

2.16 貿易及其他應收賬款

貿易應收款項是指客戶在正常業務過程中銷售的貨品或提供服務的款項。

貿易及其他應收款項初步按無條件代價金額確認，除非其包含重大融資成分，並按公平值確認。本集團持有貿易及其他應收款項，目的是收取合約現金流量，因此採用實際利率法按攤銷成本計量。有關本集團貿易及其他應收款項會計處理的進一步資料，以及本集團減值政策的描述，請參閱附註2.13。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.17 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions with original maturities of three months or less.

2.18 Share capital

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

2.19 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.20 Borrowings and borrowing costs

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

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

(ii) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to the consolidated income statement in the period in which they are incurred.

2.21 Current and deferred income taxes

The income tax for the year comprises current and deferred tax. Income tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

2 主要會計政策(續)

2.17 現金及現金等價物

現金及現金等價物包括手頭現金、原訂於三個月或以內到期之金融機構活期存款。

2.18 股本

普通股分類為權益。發行新股份或購股權所增加之直接成本(扣除稅項)於權益中列為所得款項之扣減項目。

2.19 貿易及其他應付賬款

貿易及其他應付賬款首先按公平價值確認，其後以實際利率法按攤銷成本計量。

2.20 借貸及借貸成本

(i) 借貸

借貸初步以公平價值確認(扣除所產生交易成本)。借貸其後以攤銷成本列賬；收款(扣除交易成本)與贖回價值之間之差額，乃以實際利率法於借貸期間在綜合收益表確認。

借貸歸類為流動負債，除非本集團有無條件權利將債項還款期延長至結算日起計最少十二個月後則除外。

(ii) 借貸成本

直接歸屬於收購、建設或生產合資格資產(即必須佔用大量時間以準備就緒以供擬定使用或出售之資產)的一般及特定借貸成本將加到該等資產的成本之上，直至該等資產已大致準備就緒，以供擬定使用或出售。所有其他借貸成本在產生期間在綜合收益表內列支。

2.21 即期及遞延所得稅項

本年度所得稅包括即期及遞延稅項。所得稅於綜合收益表確認，除與其他全面收益或直接或間接於權益確認之項目相關。在該情況下，稅項分別於其他全面收益或直接或間接於權益中確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.21 Current and deferred income taxes (Continued)

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the places where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

2 主要會計政策 (續)

2.21 即期及遞延所得稅項 (續)

(i) 即期所得稅

即期所得稅開支按本集團經營所在及產生應課稅收入之地方於結算日已實施或大致上實施之稅法計算。管理層定期評估就適用稅項法規有待詮釋的情況的稅項申報情況，並在適當情況下按預期將支付予稅務機構的款額為基準確定撥備。

(ii) 遞延所得稅項

內部差額

遞延所得稅項乃就資產與負債之稅基及其於綜合財務報表中之賬面值兩者之暫時差額，以負債法確認。然而，如在初步確認商譽時產生的遞延所得稅負債，不予確認；倘遞延所得稅項乃產生自於（業務合併除外）初步確認資產或負債之交易，而交易當時並無影響會計或應課稅盈利或虧損，則不會列賬。遞延所得稅項乃以於結算日已實施或大致上實施之稅率及法例釐定，並預期於變現相關遞延所得稅資產或結算遞延所得稅項負債時適用。

遞延所得稅項資產按可能出現可用作抵銷暫時差額之日後應課稅盈利之程度來確認。

外部差額

本集團就於附屬公司、聯營公司及合營安排之投資所產生之應課稅暫時差額作出遞延所得稅項負債撥備，除非本集團可控制撥回暫時差額之時間，且暫時差額不大可能於可預見將來撥回之遞延所得稅負債則屬例外。一般而言，本集團無法控制聯營公司暫時差額之撥回。僅當訂有協議讓本集團於可預見將來有能力控制暫時差額之撥回，否則因聯營公司未分派盈利所產生之應課稅暫時差額相關之遞延所得稅項負債將不被確認。

因於附屬公司、聯營公司及合營安排之投資產生之可扣減暫時差額而確認之遞延所得稅項資產，僅以暫時差額極有可能於未來撥回及有充足的應課稅盈利可供用作對沖可利用的暫時差額為限。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.21 Current and deferred income taxes (Continued)

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.22 Employee benefits

(i) Bonus plans

The Group recognises a liability and an expense for bonuses with reference to a number of factors including the Group's operating results, individual and market performance and directors' discretion. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(ii) Pension obligations

The Group participates in various defined contribution retirement schemes which are established by governments or separately administered funds. A defined contribution plan is a pension plan under which the Group pays fixed contributions to separately administered funds on a mandatory, contractual or voluntary basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group's contributions are recognised as employee benefits expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 主要會計政策(續)

2.21 即期及遞延所得稅項(續)

(iii) 抵銷

當有法定可執行權力將當期稅項資產與當期稅務負債抵銷，且遞延所得稅項資產和負債涉及由同一稅務機關對應課稅實體或不同應課稅實體徵稅，並有意向以淨額基準結算所得稅結餘時，則可將遞延所得稅項資產與負債互相抵銷。

2.22 僱員福利

(i) 花紅計劃

本集團參考多項因素就花紅確認負債及開支，包括本集團之經營業績、個人及市場表現及董事之酌情決定。於出現合約責任或過往慣例引致推定責任時，本集團即確認撥備。

(ii) 退休金責任

本集團參與由政府或獨立管理基金成立的多項定額供款退休計劃。定額供款計劃為本集團按強制、合約或自願方式向獨立管理基金作出定額供款之退休金計劃。如基金並無足夠資產支付所有僱員於本期間及過往期間提供服務而享有之有關僱員服務福利，本集團亦無法定或推定責任再次支付供款。於到期支付時，本集團供款確認為僱員福利開支及以可全數取得供款前已退出該計劃之僱員供款扣減。預付供款確認為資產，惟以現金退款或日後付款扣減為限。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.22 Employee benefits (Continued)

(iii) Share-based compensation

Equity-settled share-based payment transactions

The Group operates two equity-settled share-based compensation plans under which the Group receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, including any market performance conditions and the impact of any non-vesting conditions, and excluding the impacts of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest based on non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

If an equity award is cancelled by forfeiture, when the vesting conditions (other than market conditions) have not been met, any expense not yet recognised for that award, as at the date of forfeiture, is treated as if it had never been recognised. At the same time, any expense previously recognised on such cancelled equity awards are reversed from the accounts effective as at the date of forfeiture.

2 主要會計政策(續)

2.22 僱員福利(續)

(iii) 以股份為基礎之補償

以權益結算以股份為基礎之付款交易

本集團推行兩項以權益結算以股份為基礎之補償計劃，據此，僱員向本集團提供服務以作為獲授本集團股本工具(購股權)之代價。授出購股權而取得僱員服務之公平價值乃確認為開支。於歸屬期內列作開支之總金額乃參照已授出購股權之公平價值釐定，包括任何市場表現狀況及任何非歸屬條件之影響，並不包括任何服務及非市場表現歸屬條件之影響。非市場歸屬條件包括在預期可予歸屬之購股權數目之假設。支銷總金額於歸屬期間內確認，即達成所有規定歸屬條件之期間。於各結算日，本集團會根據非市場歸屬條件修訂可予歸屬之購股權數目之估計，並於綜合收益表確認修訂原來估計數字(如有)之影響，以及對權益作相應調整。

當購股權獲行使時，已收之收款扣除任何直接應佔交易成本，乃計入股本(面值)及股份溢價中。

如註銷股本結算獎勵，該項獎勵視為猶如已於註銷日期歸屬，並隨即確認該獎勵尚未確認的任何開支。然而，如新的獎勵取代已註銷獎勵並於授出日期被指定為替代獎勵，已註銷及新獎勵視為猶如原有獎勵的修訂。

如以沒收方式註銷股本獎勵，當並未達成歸屬條件(市場條件除外)，該項獎勵於沒收日期尚未確認的任何開支視為猶如從未確認。同時，就該項已註銷股本獎勵於先前確認的任何開支於沒收日期從賬目撥回。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.22 Employee benefits (Continued)

(iii) Share-based compensation (Continued)

Equity-settled share-based payment transactions (Continued)

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Cash-settled share-based payment transactions

For cash-settled share-based payment transactions, the Group measures the services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

(v) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

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

2 主要會計政策(續)

2.22 僱員福利(續)

(iii) 以股份為基礎之補償(續)

以權益結算以股份為基礎之付款交易 (續)

未行使購股權的攤薄影響(如有)反映為計算每股盈利的額外股份攤薄。

以現金結算以股份為基礎之付款交易

就以現金結算以股份為基礎之付款交易，本集團以已獲得之服務及所產生之負債之公平價值計量有關負債。直至負債結算前，本集團於每報告期結束日及負債結算日重新計量負債之公平價值，公平價值之任何變動則確認於有關期間之損益中。

(iv) 辭退福利

當本集團在正常退休日期前終止僱傭，或當僱員接納自願冗員裁減以換取該等利益時產生應付辭退福利。本集團於下列日期(以較早者為準)確認辭退福利：(a)當本集團不再撤回該等利益之要約；及(b)當本集團確認屬於香港會計準則第37號範圍之內並涉及支付辭退福利之重組成本。如屬鼓勵自願冗員裁減而作出之要約，根據預期接納要約的僱員人數計算辭退福利。在結算日後十二個月以後到期的福利折現至現值。

(v) 僱員假期權利

僱員享有年假的權利在該等假期向僱員累算時確認。就僱員於直至結算日所提供的服務而產生的年假之估計負債作出撥備。

直至放取假期時才確認僱員享有病假及產假的權利。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.23 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of economic resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions for restructuring comprise lease termination penalties, employee termination payments and anticipated loss on disposal of relevant assets. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow of economic resources will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligations using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.24 Revenue recognition

(i) Sale of goods – wholesale

Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

The goods are often sold with sales discounts. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. No element of financing is deemed present.

(ii) Sale of goods – retail

Revenue from the sale of goods is recognised when the Group sells a product to the customer. Payment of the transaction price is due immediately when the customer purchases the goods.

2.25 Government incentives

Government incentives are recognised at their fair value where there is reasonable assurance that the incentives will be received and all attaching conditions will be complied with.

2 主要會計政策 (續)

2.23 撥備

倘本集團因過往事件而須承擔現有法定或推定責任，而履行該責任時有可能涉及經濟資源流失，並能可靠地衡量涉及金額，則確認有關撥備。重組撥備包括租賃終止罰款、僱員離職付款及出售相關資產之預期虧損。不會就未來經營虧損確認撥備。

倘有多項類似責任，於釐定履行有關責任而引致經濟資源流出之可能性時，會整體考慮該等責任類別。即使同一責任類別所包含任何一個項目之資源流出之可能性極低，仍須確認撥備。

撥備乃按履行該責任預計所需開支以除稅前貼現率計算之現值計量，有關貼現率反映當時市場對貨幣時間值及該責任特定風險之評估。因時間流逝而增加之撥備確認為利息支出。

2.24 收入確認

(i) 銷售貨品—批發

銷售貨品之控制權轉移時確認，即貨品送抵客戶，而客戶對產品銷售之渠道及價格有完全決定權，且不存在可能影響客戶對產品接收的未履行義務時予以確認。

產品銷售通常有銷售折扣。銷售收入是根據合同約定的價格扣除於銷售時估計的銷扣後確認，並排除融資成分的存在。

(ii) 銷售貨品—零售

銷售貨品收入會在本集團出售貨品予客戶時確認，當顧客購買貨品時，交易金額之款項需立即支付。

2.25 政府補貼

政府補貼於有合理保證會收到補貼並且所有附加條件均獲遵守之情況下按其公平價值確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.26 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.27 Franchise and royalty income

Franchise and royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

2.28 Rental income

Rental income under operating leases is recognised on a straight-line basis over the lease periods.

2.29 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.30 Operating leases

(i) Accounting by lessee

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Payments made under operating leases (net of any incentives received from the lessor), including upfront payment made for leasehold land use rights, are charged to the consolidated income statement on a straight-line basis over the lease periods.

(ii) Accounting by lessor

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

When assets are leased out under an operating lease, the asset is included in the consolidated balance sheet based on the nature of the asset. Lease income on operating leases is recognised over the term of the lease on a straight-line basis.

2.31 Dividend distribution

Dividend distribution to the shareholders of the Company is recognised as a liability in the Company's and the Group's financial statements in the period in which the dividends are approved by the board of directors and the shareholders of the Company, where appropriate.

2 主要會計政策(續)

2.26 利息收入

利息收入按實際利率法按時間比例確認。當一筆應收款項出現減值時，本集團將賬面金額減至其可收回金額，即按該金融工具原實際利率貼現的估計未來現金流量，並繼續將折現解除作為利息收入。減值貸款的利息收入按原實際利率確認。

2.27 專營權及特許權收入

專營權及特許權收入根據有關協議規定按累算基準確認。

2.28 租金收入

經營租賃租金收入於租賃期內按直線法確認。

2.29 股息收入

股息收入於收取股息之權利確立時確認。

2.30 經營租賃

(i) 承租人之入賬

凡有關資產擁有權之絕大部分風險及回報由出租人保留之租賃均以經營租賃方式入賬。經營租賃之付款減任何自出租人獲取之優惠(包括就租賃土地使用權支付之首期款項)在租賃期內以直線法在綜合收益表中支銷。

(ii) 出租人之入賬

租賃為一份同意書，當中出租人給予承租人於所同意的期間使用一項資產的權利，以換取一次款項或一系列之款項。

當資產按經營租賃租出，該資產根據其性質包括於綜合資產負債表中。經營租賃之租賃收入在租賃期內以直線法確認。

2.31 股息分派

向本公司股東分派之股息乃於董事會及本公司股東(如適用)批准股息之期間內在本公司及本集團財務報表確認為負債。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, cash flow and fair value interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The use of financial derivatives to manage certain risk exposures is approved by the board of directors.

(i) Foreign exchange risk

The Group mainly operates in mainland China with transactions primarily settled in RMB, HK\$ and United States dollars ("US\$"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in currencies other than the functional currency of the Group's entities to which they relate. The Group is exposed to foreign exchange risk from various currencies, primarily with respect to HK\$ and US\$.

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and the Group may use forward foreign exchange contracts when major fluctuation in the relevant foreign currency is anticipated.

As at 31 December 2018, if the RMB had strengthened/weakened by 5% against the HK\$ or the US\$ with all other variables held constant, the loss for the year would have decreased/increased by approximately HK\$7,502,000 (2017: HK\$5,515,000) as a result of the translation of HK\$ and US\$ denominated cash and bank balances, payables and bank loans.

(ii) Cash flow and fair value interest rate risk

The Group is exposed to cash flow interest rate risk mainly arising from bank deposits and short-term bank loans bearing interest at floating rates. The Group is exposed to fair value interest rate risk arising from short-term bank loans bearing interest at fixed rates. Management intend to draw short-term bank loans as to increase flexibility in financing. The Group will review whether bank loans bearing fixed or floating rates should be drawn from time to time with reference to the trend of changes in interest rates. The Group did not enter into any interest rate swaps to hedge its exposure to interest rate risks.

As at 31 December 2018, if the interest rate had increased/decreased by 100 basis points with all other variables held constant, the loss for the year would have decreased/increased by approximately HK\$1,685,000 (2017: HK\$3,300,000).

3 財務風險管理

3.1 財務風險因素

本集團業務面對多項財務風險：外匯風險、現金流量及公平價值利率風險、信貸風險及流動資金風險。本集團之整體風險管理計劃針對金融市場之難以預測性，並尋求減低對本集團財務表現構成之潛在不利影響。使用金融衍生工具管理若干風險已獲董事會批准。

(i) 外匯風險

本集團主要於中國大陸營運，交易主要以人民幣、港元及美元結算。外匯風險來自未來商業交易及以本集團實體相關功能貨幣以外之貨幣計值之已確認資產與負債。本集團承擔來自多個貨幣（主要為港元及美元）的外匯風險。

本集團透過定期審閱本集團之外匯風險淨額，管理本集團之外匯風險，本集團於預期相關外幣出現大幅波動時或會使用遠期外匯合約。

於二零一八年十二月三十一日，若人民幣兌港元或美元升值／減值5%，在所有其他可變動因素維持不變下，由於換算港元及美元計值之現金及銀行結餘、應付賬款及銀行貸款，年內虧損將減少／增加約7,502,000港元（二零一七年：5,515,000港元）。

(ii) 現金流量及公平價值利率風險

本集團所承擔之現金流量利率風險主要來自按浮動利率計息之銀行存款及短期銀行貸款。本集團面臨以固定利率計息之短期銀行貸款產生的公平價值利率風險。本集團所承擔之公平價值利率風險乃來自按固定利率計息之短期銀行貸款。管理層擬提取短期銀行貸款以增加資金之靈活性。本集團將不時參考利率變動趨勢以檢討應提取按固定利率或浮動利率計息之銀行貸款。本集團並無訂立任何利率掉期以對沖所承擔之利率風險。

於二零一八年十二月三十一日，倘利率增加／減少100基點，而所有其他可變動因素維持不變，年內虧損將減少／增加約1,685,000港元（二零一七年：3,300,000港元）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(iii) Credit risk

The Group has no significant concentration of credit risk. The carrying amounts of trade receivables, other receivables, rental deposits and bank deposits stated in the consolidated balance sheet represent the Group's maximum exposure to credit risk in relation to its financial assets.

The majority of the Group's trade and other receivables arose from credit sales to trading customers. The Group has policies in place to evaluate and monitor the credit terms and payment history of its customers to ensure recoverability of trade debts. The Group also reviews the balance of trade receivables at each balance sheet date to ensure that adequate provision for uncollectible receivables is made.

Rental deposits are mainly placed with various landlords in mainland China, Taiwan and Hong Kong and are due to refund upon the expiry of the tenancy agreements and handover of the leased premises. During the year, the Group did not experience significant defaults by the landlords.

As at 31 December 2018 and 31 December 2017, substantially all the Group's bank deposits, including pledged bank deposits, bank deposit with maturity over three months and cash and cash equivalents, are placed with registered financial institutions located in mainland China, Taiwan and Hong Kong which are of acceptable credit quality based on management's assessment. The Group has a policy to limit the credit exposure to any financial institution and management do not expect any significant loss arising from non-performance of these counterparties.

Impairment of financial assets

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

3 財務風險管理(續)

3.1 財務風險因素(續)

(iii) 信貸風險

本集團並無高度集中之信貸風險。本集團有關其金融資產之最大信貸風險反映於綜合資產負債表所載貿易應收賬款、其他應收賬款、租金按金及銀行存款之賬面值。

本集團大部分貿易及其他應收賬款來自貿易客戶之信貸銷售。本集團已有政策評估及監控客戶之信貸期及付款記錄，以確保收回貿易應收賬款。本集團亦於各結算日審視貿易應收賬款之結餘，確保就未能收回之應收款項作出充足撥備。

租金按金主要給予中國大陸、台灣及香港之多名業主，並於租賃協議屆滿及交還租賃物業時可予退還。年內，本集團並無遭遇重大業主違約事件。

於二零一八年十二月三十一日及二零一七年十二月三十一日，本集團絕大部份銀行存款，包括已抵押銀行存款、存款期超過三個月之銀行存款及現金及現金等價物乃存放於中國大陸、台灣及香港之註冊金融機構，而根據管理層之評估，該等機構之信貸質素屬可接納。本集團有政策限制其承受任何金融機構之信貸風險，管理層並不預期會承擔該等交易對手不履約所產生的任何損失。

金融資產減值

本集團採用香港財務報告準則第9號簡化法計量預期信貸虧損，即對所有貿易應收款項確認整個存續期間的預期虧損撥備。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

3 FINANCIAL RISK MANAGEMENT
(CONTINUED)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

Impairment of financial assets (Continued)

To measure the expected credit losses, trade receivables has been grouped based on the ageing and shared credit risk characteristics.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forwardlooking information on macroeconomic factors affecting the ability of the customers to settle the receivables. As at 31 December 2018 and 1 January 2018, the loss allowances determined on that basis were not material.

Movement in loss allowances for trade receivables are as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
At 1 January	於一月一日	5,231	1,698
Exchange adjustment	匯率調整	(434)	247
Increase in loss allowance recognised in profit or loss during the year	年內在損益中確認的損失準備增加	4,935	4,970
Unused amount reversed	未使用的金額抵銷	(71)	(1,684)
At 31 December	於十二月二十一日	9,661	5,231

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Management monitor rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed banking facilities.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(iii) 信貸風險 (續)

金融資產減值 (續)

為計量預期信貸虧損，貿易應收款項已根據賬齡和共同信貸風險特徵分組。

預期信用損失率基於二零一八年十二月三十一日或二零一八年一月一日前36個月內銷售的支付情況以及期間發生的相應歷史信用損失確定。歷史信用損失率已作出調整，以反映影響客戶支付應收款能力的當前和前瞻性宏觀經濟因素資訊。於二零一八年十二月三十一日及二零一八年一月一日，據此確認的損失準備並不重大。

貿易應收款項的損失準備變動如下：

(iv) 流動資金風險

審慎的流動資金風險管理意味著維持足夠之現金及從充足的承諾信貸額度獲得資金。

管理層監控本集團流動資金需求的滾動預測，以確保其擁有足夠現金以應付業務需求，同時維持其未動用承諾銀行融資的足夠淨額。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(iv) Liquidity risk (Continued)

The Group reported a loss for the year of HK\$1,010,193,000 (2017: HK\$742,029,000) and a net cash outflow from operations of HK\$157,781,000 (2017: HK\$304,791,000) for the year ended 31 December 2018. As at 31 December 2018, the Group had cash and cash equivalents of HK\$186,521,000 (2017: HK\$299,830,000) and bank loans of HK\$192,309,000 (2017: HK\$156,274,000) (out of which HK\$158,154,000 (2017: HK\$156,274,000) was secured by the pledged bank deposits of HK\$174,248,000 (2017: HK\$181,403,000)).

In view of the above, management of the Company have given careful consideration of the future liquidity requirements and operating performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The plans and measures undertaken to mitigate the liquidity pressure and to improve the financial position of the Group are summarised in Note 2.1(i).

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

		Within 1 year 一年內 HK\$'000 千港元	Between 1 and 5 years 一至五年 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 31 December 2018	於二零一八年十二月三十一日			
Trade payables	貿易應付賬款	530,629	–	530,629
Other payables	其他應付賬款	298,020	–	298,020
Bank loans	銀行貸款	195,290	–	195,290
		1,023,939	–	1,023,939
At 31 December 2017	於二零一七年十二月三十一日			
Trade payables	貿易應付賬款	581,301	–	581,301
Other payables	其他應付賬款	342,723	–	342,723
Bank loan	銀行貸款	157,738	–	157,738
		1,081,762	–	1,081,762

3 財務風險管理(續)

3.1 財務風險因素(續)

(iv) 流動資金風險(續)

截至二零一八年十二月三十一日止年度，本集團錄得年內虧損1,010,193,000港元(二零一七年：742,029,000港元)及經營現金淨流出157,781,000港元(二零一七年：304,791,000港元)。於二零一八年十二月三十一日，本集團擁有現金及現金等價物186,521,000港元(二零一七年：299,830,000港元)及銀行貸款192,309,000港元(二零一七年：156,274,000港元)(其中158,154,000港元(二零一七年：156,274,000港元)以已抵押銀行存款174,248,000港元(二零一七年：181,403,000港元)作抵押)。

鑑於以上情況，本公司管理層已仔細考慮本集團未來的流動資金需求及經營表現及其可用融資來源，以評估本集團是否有足夠財務資源繼續作為持續經營。為緩解流動資金壓力及改善本集團的財務狀況所採取的計劃及措施概述於附註2.1(i)。

下表根據於結算日至合約到期日之剩餘期間，將本集團金融負債分析為相關到期組別。該表披露之金額乃合約非貼現現金流量。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Fair value estimation of financial instruments

Financial instruments carried at fair value are measured according to the levels of the fair value hierarchy defined as follows:

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- (iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

At 31 December 2017, the Group's available-for-sale financial asset was measured by level 1 of fair value hierarchy.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Details of the fair value of the investment properties are disclosed in Note 16.

3.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern as well as maximising returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, obtain new bank borrowings or issue new shares.

The Group monitors capital using debt-to-equity ratio, calculated on the basis of total bank loans divided by total equity. As at 31 December 2018, debt-to-equity was 10.1% (2017: 5.1%) and the Group has a net cash position (the aggregate balances of all bank deposits and cash and cash equivalents (including assets classified as held-for-sale) exceeded the balance of bank loans by approximately HK\$170,687,000 (2017: HK\$330,028,000)).

3 財務風險管理 (續)

3.2 金融工具之公平價值估計

按公平價值列賬之金融工具乃根據以下界定之公平價值層級計量：

- (i) 第一層－相同資產或負債於活躍市場的報價(未作調整)；
- (ii) 第二層－為第一層報價以外，其他直接(即價格)或間接(即從價格推衍)可觀察的有關資產或負債的資料；及
- (iii) 第三層－並非根據可觀察的市場數據的資產或負債的資料(即無法觀察的資料)。

於二零一七年十二月三十一日，本集團之可出售金融資產按第一層公平價值層級計量。

倘金融工具(例如場外交易衍生工具)之市場並不活躍，本集團以估值方法確定公平價值，該等估值方法盡量採用現有的可觀察市場數據及盡可能減少依賴個別實體而定之估計。如公平價值所需的所有重大數據為可觀察的，該工具納入第二層。

投資物業之公平價值詳情載列於附註16。

3.3 資本風險管理

本集團資本管理之主要目標為保障本集團之持續經營能力及盡量提高股東回報及其他持份者之利益。

本集團管理其資本架構，並就經濟狀況變動作出調整。本集團可能調整向股東派發之股息、取得新銀行借貸或發行新股份以維持或調整資本結構。

本集團採用淨負債比率(即淨債務(銀行貸款減銀行存款及現金及現金等價物總額)除以股東應佔權益)監察資本。於二零一八年十二月三十一日，淨負債比率為10.1%(二零一七年：5.1%)，本集團擁有淨現金狀況(所有銀行存款和現金及現金等價物(包括分類為持作出售之資產)的總結餘超過銀行貸款結餘約170,687,000港元(二零一七年：330,028,000港元))。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments 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 Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated selling expenses. These estimates are based on the current market condition and historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in economic conditions in places where the Group operates and changes in customer taste and competitor actions in response to changes in industry conditions. Management reassesses these estimates at each balance sheet date.

4.2 Income tax

The Group is subject to income taxes in several jurisdictions. Judgment is required in determining the provision for income taxes. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to temporary differences and tax losses are recognised when management consider it is probable that future taxable profits will be available against the temporary differences or tax losses can be utilised. Deferred income tax liabilities on temporary differences relating to undistributed profits of the Group's subsidiaries in mainland China are recognised to the extent that profits are expected to be distributed as the Company controls and pre-determines the dividend policy of these subsidiaries and management expects it is probable that profits will be partly retained and not distributed from these subsidiaries to their foreign holding companies in the foreseeable future. Management reassess its expectation at each balance sheet date.

4 重要會計估計及判斷

本集團基於過往經驗及其他因素，包括經考慮有關情況後合理預期日後將發生之事件，持續評估估計及判斷。

本集團會對未來作出估計及假設。誠如其界定涵義，所產生之會計估計甚少與有關之實際結果相同。有重大風險會對下個財政年度之資產及負債之賬面值造成大幅調整之估計及假設論述如下。

4.1 存貨之可變現淨值

存貨之可變現淨值乃於日常業務過程中之估計售價減估計出售開支。此等估計乃根據現時市況及製造及出售性質類似產品之過往經驗而作出，可能會因本集團經營地點之經濟狀況轉變及因客戶品味改變及競爭對手就行業情況轉變所作出之行動而有重大變化。管理層於各結算日重新評估有關估計。

4.2 所得稅

本集團須繳納數個司法權區之所得稅，決定所得稅撥備時須作出判斷。日常業務中有多項無法確定最終稅項之交易及計算。倘最終稅務結果與初步記錄款額有別，差額將影響作出確定期間之即期及遞延所得稅項撥備。

倘管理層考慮可能出現日後應課稅盈利而須動用暫時差額或稅項虧損，即會確認與暫時差額及稅項虧損相關之遞延所得稅項資產。本集團並已就中國大陸附屬公司之未分派盈利，在將於可見未來分派盈利之情況下，確認暫時差額之遞延所得稅項負債，因本公司可控制及預先制定該等附屬公司之股息政策，管理層預期該等附屬公司在可見將來將保留部分盈利，而非向其海外控股公司分派盈利。管理層於各結算日重新評定其預期。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.3 Consolidation of some stores operating under franchise arrangement and some limited liability companies in mainland China

Some stores in mainland China are operated under franchise and other relevant contractual agreements with franchisees. Management considered the nature of its relationship with these franchisees and also how they interact with the Group, e.g. financing reliance and business relationships, etc. and determined that the Group has the ability to direct these franchisees to act on the Group's behalf. The Group considered the decision-making rights of these franchisees and its indirect exposure, or rights, to variable returns through these franchisees together with its own and hence determined it has control over the operation of these stores. The applicable tax of these stores is calculated based on the tax rates applicable to the respective entities.

The Group also appointed a number of limited liability companies to provide certain day-to-day operational and administrative services to its stores in mainland China. Pursuant to the terms in the service agreements and the nature of relationship with these companies, management considered the Group has the power to direct the relevant activities of these companies and it has the ability to use its power over these companies to affect its exposure to returns.

5 SEGMENT INFORMATION

The Group is principally engaged in the manufacturing, distribution and retailing of footwear and accessories.

The CODM has been identified as the executive directors. The CODM assesses the performance of the business from a business unit perspective, i.e. core brands business, other brands business and manufacturing business and allocate resources accordingly.

The CODM assesses the performance of the operating segments based on a measure of segment results before finance costs, amortisation and impairment of intangible assets and unallocated corporate income and expenses. Certain corporate overhead expenses, including management fee, rental and utilities were reallocated among individual segments based on estimated consumption.

Revenue from external customers is arrived at after elimination of inter-segment revenue. Inter-segment revenue is charged in accordance with terms as determined and agreed mutually by relevant parties. Revenue from external customers of core brands business and other brands business is mainly derived from mainland China and Taiwan. None of the customers accounted for 10% or more of the total turnover of the Group for each of the two years ended 31 December 2018 and 2017.

4 重要會計估計及判斷(續)

4.3 於中國大陸根據專營權安排經營之若干店舖及若干有限責任公司的綜合入賬

於中國大陸的部份店舖乃按照特許經營及其他相關之約訂協議由特許經營商戶營運。管理層考慮本集團與該等特許經營商戶的關係性質，及其對本集團的相互影響如財政依靠、商業關係等，確定本集團具有能力支配該等特許經營商戶代其作為。本集團認為其對該等特許經營商戶具有決定權，及對其擁有改變該等店舖之收益的間接影響或權利，因此認定對此等店舖營運具有控制權。此等店舖之適用稅項乃按照各家實體之適用稅率計算。

本集團亦聘用若干有限責任公司對中國大陸之店舖提供若干日常經營及行政管理服務。根據服務協議內的條款及與該等公司之關係之性質，管理層認為，本集團擁有指示該等公司相關活動的權力及能夠利用其對該等公司的權力影響其對收益的承擔。

5 分部資料

本集團主要從事製造、分銷及零售鞋類產品及配件業務。

已認定執行董事為主要經營決策者。主要經營決策者按業務分部，即核心品牌業務、其他品牌業務及製造業務評核業務表現，並將資源作相應分配。

主要經營決策者根據分部業績(未計入財務成本、無形資產攤銷及減值和未分配企業收入及開支)之計量，評核經營分部之業務表現。若干企業經常開支(包括管理費、租金及水電開支)乃根據估計使用量於各分部間重新分配。

對外客戶收益乃於抵銷分部間收益後達成。分部間之收益乃按經雙方釐定及同意之條款支取。核心品牌業務及其他品牌業務之對外客戶收益主要來自中國大陸及台灣。於截至二零一八年及二零一七年十二月三十一日止兩個年度，各年概無客戶佔本集團總營業額10%或以上。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

5 SEGMENT INFORMATION (CONTINUED)

The Group's non-current assets, excluding deferred income tax assets, are mainly located in mainland China.

The following is an analysis of the Group's revenue and results by reportable segment as reviewed by the CODM:

5 分部資料(續)

本集團之非流動資產(遞延所得稅項資產除外)主要位於中國大陸。

以下為由主要經營決策者審閱之本集團按可申報分部之收益及業績分析：

		Year ended 31 December 2018 截至二零一八年十二月三十一日止年度				
		Core brands business 核心 品牌業務 HK\$'000 千港元	Other brands business 其他 品牌業務 HK\$'000 千港元	Manufacturing business 製造業務 HK\$'000 千港元	Inter-segment elimination 分部間 抵銷 HK\$'000 千港元	Group 集團 HK\$'000 千港元
Revenue from external customers	對外客戶收益	3,544,599	582,488	-	-	4,127,087
Inter-segment revenue	分部間收益	254,167	-	215,757	(469,924)	-
Total segment revenue	總分部收益	3,798,766	582,488	215,757	(469,924)	4,127,087
Segment results	分部業績	(797,720)	(26,740)	1,398	15,684	(807,378)
Amortisation of intangible assets	無形資產攤銷					(303)
Impairment of intangible assets	無形資產減值					(20,371)
Corporate income	企業收入					49,675
Corporate expenses	企業開支					(8,200)
Operating loss	經營虧損					(786,577)
Finance costs	財務成本					(5,660)
Share of losses of associates and joint ventures	應佔聯營公司及 合營企業之虧損					(868)
Loss before income tax	除所得稅前虧損					(793,105)
Other information for disclosure:	其他披露資料：					
Amortisation of intangible assets	無形資產攤銷	-	303	-	-	303
Amortisation of land use rights	土地使用權攤銷	738	-	904	-	1,642
Depreciation of investment properties	投資物業折舊	3,285	-	1,959	-	5,244
Depreciation of property, plant and equipment	物業、廠房及設備折舊	115,758	7,164	12,823	-	135,745
Impairment of intangible assets	無形資產減值	15,079	5,292	-	-	20,371
Impairment of property, plant and equipment	物業、廠房及設備減值	10,640	-	-	-	10,640
Capital expenditure	資本開支	97,245	1,614	16,464	-	115,323

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財務報表附註

5 SEGMENT INFORMATION (CONTINUED) 5 分部資料 (續)

		Year ended 31 December 2017 截至二零一七年十二月三十一日止年度				
		Core brands business 核心 品牌業務 HK\$'000 千港元	Other brands business 其他 品牌業務 HK\$'000 千港元	Manufacturing business 製造業務 HK\$'000 千港元	Inter-segment elimination 分部間 抵銷 HK\$'000 千港元	Group 集團 HK\$'000 千港元
Revenue from external customers	對外客戶收益	4,477,461	733,534	-	-	5,210,995
Inter-segment revenue	分部間收益	225,768	-	199,208	(424,976)	-
Total segment revenue	總分部收益	4,703,229	733,534	199,208	(424,976)	5,210,995
Segment results	分部業績	(667,630)	(7,137)	(146)	566	(674,347)
Amortisation of intangible assets	無形資產攤銷					(295)
Corporate income	企業收入					8,034
Corporate expenses	企業開支					(22,215)
Operating loss	經營虧損					(688,823)
Finance costs	財務成本					(6,042)
Share of losses of associates and joint ventures	應佔聯營公司及 合營企業之虧損					(3,108)
Loss before income tax	除所得稅前虧損					(697,973)
Other information for disclosure:	其他披露資料:					
Amortisation of intangible assets	無形資產攤銷	-	295	-	-	295
Amortisation of land use rights	土地使用權攤銷	1,097	-	1,101	-	2,198
Depreciation of investment properties	投資物業折舊	1,015	-	2,439	-	3,454
Depreciation of property, plant and equipment	物業、廠房及 設備折舊	155,885	7,707	12,508	-	176,100
Capital expenditure	資本開支	114,258	4,691	4,606	-	123,555

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

5 SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's assets and liabilities by reportable segment as reviewed by the CODM:

5 分部資料(續)

以下為由主要經營決策者審閱之本集團按可申報分部之資產及負債分析：

		As at 31 December 2018 於二零一八年十二月三十一日			
		Core brands business 核心 品牌業務 HK\$'000 千港元	Other brands business 其他 品牌業務 HK\$'000 千港元	Manufacturing business 製造業務 HK\$'000 千港元	Group 集團 HK\$'000 千港元
Segment assets	分部資產	2,306,533	159,133	118,085	2,583,751
Goodwill	商譽	-	-	-	-
Other intangible assets	其他無形資產	-	-	-	-
		2,306,533	159,133	118,085	2,583,751
Investment properties	投資物業				173,092
Interests in associates	於聯營公司之權益				1,868
Interests in joint ventures	於合營企業之權益				1,949
Deferred income tax assets	遞延所得稅項資產				47,705
Assets classified as held-for-sale	分類為持作出售之資產				142,360
Corporate assets	企業資產				18,645
Total assets	總資產				2,969,370
Segment liabilities	分部負債	718,223	117,392	45,771	881,386
Deferred income tax liabilities	遞延所得稅項負債				3,850
Liabilities directly associated with assets classified as held-for-sale	與分類為持作出售之資產 直接相關的負債				992
Corporate liabilities	企業負債				171,686
Total liabilities	總負債				1,057,914

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財務報表附註

5 SEGMENT INFORMATION (CONTINUED) 5 分部資料(續)

		As at 31 December 2017 於二零一七年十二月三十一日			
		Core brands business 核心 品牌業務 HK\$'000 千港元	Other brands business 其他 品牌業務 HK\$'000 千港元	Manufacturing business 製造業務 HK\$'000 千港元	Group 集團 HK\$'000 千港元
Segment assets	分部資產	3,390,977	157,634	105,377	3,653,988
Goodwill	商譽	15,079	–	–	15,079
Other intangible assets	其他無形資產	–	5,662	–	5,662
		3,406,056	163,296	105,377	3,674,729
Investment properties	投資物業				67,481
Interests in associates	於聯營公司之權益				1,803
Interests in joint ventures	於合營企業之權益				2,487
Available-for-sale financial asset	可出售金融資產				3,698
Deferred income tax assets	遞延所得稅項資產				270,136
Assets classified as held-for-sale	分類為持作出售之資產				53,322
Corporate assets	企業資產				80,204
Total assets	總資產				4,153,860
Segment liabilities	分部負債	800,344	86,988	46,719	934,051
Deferred income tax liabilities	遞延所得稅項負債				13,409
Liabilities directly associated with assets classified as held-for-sale	與分類為持作出售之 資產直接相關的負債				247
Corporate liabilities	企業負債				170,492
Total liabilities	總負債				1,118,199

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6 OTHER INCOME

6 其他收入

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Franchise and royalty income	特許權及專營權收入	243	1,932
Government subsidies	政府補貼	19,068	2,390
Gross rental income	租金收入總額	11,794	8,574
Interest income	利息收入	5,173	22,378
Others	其他	6,321	7,947
		42,599	43,221

7 OTHER LOSSES – NET

7 其他虧損－淨額

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Fair value loss on derivative financial instruments	衍生金融工具之公平價值虧損	–	(14,699)
Gain on disposal of land use rights	出售土地使用權收益	2,670	–
Gain on disposal of subsidiaries	出售附屬公司收益	34,290	797
Impairment of intangible assets	無形資產減值	(20,371)	–
Impairment of property, plant and equipment	物業、廠房及設備減值	(10,640)	–
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	(17,488)	(15,164)
Net exchange (loss)/gain	匯兌(虧損)/收益－淨額	(10,684)	15,739
		(22,223)	(13,327)

NOTES TO THE FINANCIAL STATEMENTS

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8 OPERATING LOSS

Operating loss is stated after charging the following:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Amortisation of land use rights	土地使用權攤銷	1,642	2,198
Amortisation of license rights	特許使用權攤銷	303	295
Auditors' remuneration	核數師酬金	5,021	4,155
Cost of inventories sold, including reversal of provision for slow-moving inventories of HK\$314,724,000 (2017: HK\$25,802,000)	售出存貨成本，包括滯銷存貨撥備撥回314,724,000港元 (二零一七年：25,802,000港元)	1,972,268	2,358,490
Depreciation of investment properties	投資物業折舊	5,244	3,454
Depreciation of property, plant and equipment	物業、廠房及設備折舊	135,745	176,100
Employee benefits expense (Note 13)	僱員福利開支(附註13)	752,252	833,176
Net impairment loss on financial assets (Note)	金融資產減值虧損淨額(附註)	4,982	-
Net provision for impairment of trade receivables	貿易應收賬款減值撥備淨額	-	3,286
Operating lease rentals (including concessionaire fees) in respect of land and buildings	土地及樓宇的經營租賃租金 (包括商場特許銷售費)	1,227,314	1,594,524

Note:

With effective from 1 January 2018, the loss allowance on trade and other receivables is separately disclosed as "net impairment loss on financial assets".

8 經營虧損

經營虧損已扣除下列各項：

附註：

由二零一八年一月一日起生效，貿易及其他應收賬款虧損撥備單獨披露為「金融資產之減值虧損淨額」。

9 FINANCE COSTS

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Interest on bank loans	銀行貸款利息	5,660	6,042

9 財務成本

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

10 INCOME TAX EXPENSE

10 所得稅開支

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current income tax	即期所得稅稅項	7,932	11,106
Over-provision in prior years	過往年度超額撥備	(222)	(22,246)
Deferred income tax (Note 31)	遞延所得稅稅項(附註31)	209,378	55,196
		217,088	44,056

The income tax on the Group's loss before income tax differs from the theoretical amount that would arise using the applicable domestic tax rates of the Group entities as follows:

本集團有關除所得稅前虧損之所得稅與假若採用本集團實體之適用當地稅率而計算之理論稅項之差額如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Loss before income tax	除所得稅前虧損	(793,105)	(697,973)
Add: share of losses of associates and joint ventures	加：應佔聯營公司及合營企業虧損	868	3,108
		(792,237)	(694,865)
Income tax calculated at applicable domestic tax rates	適用之當地稅率計算之所得稅	193,868	171,157
Income not subject to tax	毋須繳稅收入	15,895	7,707
Expenses not deductible for tax purposes	不可扣稅開支	(11,600)	(12,117)
Tax losses for which no deferred tax asset was recognised	未確認遞延稅項資產之稅項虧損	(210,884)	(121,805)
Derecognition of previously recognised deferred income tax assets	終止確認過往已確認之遞延所得稅項資產	(206,105)	(88,015)
Other temporary differences not recognised	未確認之其他暫時差異	1,786	(15,058)
Utilisation of previously unrecognised tax losses	動用過往未確認之稅項虧損	900	866
Over provision in prior years	過往年度超額撥備	222	22,246
Withholding taxes on royalties, management fee and profits appropriated by subsidiaries in mainland China	對中國大陸子公司的特許權使用費，管理費和利潤徵收預扣稅	(1,170)	(9,037)
Income tax expense	所得稅開支	(217,088)	(44,056)

The weighted average domestic tax rate is 24% (2017: 25%).

加權平均地方稅率為24% (二零一七年：25%)。

The applicable rate of Hong Kong profits tax is 16.5% (2017: 16.5%). No provision for Hong Kong profits tax has been made in the financial statements as the Group does not have any assessable profit arising in Hong Kong during the years ended 31 December 2018 and 2017.

香港利得稅適用稅率為16.5% (二零一七年：16.5%)。由於本集團於截至二零一八年及二零一七年十二月三十一日止兩個年度內並無於香港產生任何應課稅盈利，故財務報表內並無就香港利得稅作出撥備。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

10 INCOME TAX EXPENSE (CONTINUED)

Provision for China corporate income tax is calculated based on the statutory tax rate of 25% (2017: 25%) on the assessable income of each of the Group's entities. Income tax on overseas (other than Hong Kong and mainland China) profits has been calculated on the estimated assessable profits for the year at the applicable rates of income tax prevailing in the places where the Group operates.

Pursuant to the China corporate income tax laws, 10% withholding tax is levied on all foreign investors, except that only 5% is levied for foreign investors which are incorporated in Hong Kong, in respect of dividend distributions arising from a foreign investment enterprise's profit earned after 31 December 2007. Withholding tax at a reduced rate of 7% (2017: 7%) by treaty is applied to the Group's entities incorporated in Hong Kong for royalties received or receivable net with value-added tax.

11 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to shareholders of HK\$994,397,000 (2017: HK\$734,204,000) by the weighted average number of 1,649,142,384 (2017: 1,649,142,384) shares in issue during the year.

For each of the two years ended 31 December 2018 and 2017, basic and diluted loss per share are the same as there was no dilutive potential share.

12 DIVIDENDS

The board of directors did not recommend the payment of a dividend in respect of the year ended 31 December 2018 (2017: Nil).

13 EMPLOYEE BENEFITS EXPENSE

Employee benefits expense, including directors' emoluments, represents:

10 所得稅開支(續)

中國企業所得稅乃就本集團旗下各實體的應課稅收入按法定稅率25% (二零一七年: 25%) 計算撥備。海外(香港及中國大陸以外地區) 盈利之所得稅乃就本年度之估計應課稅盈利按本集團經營所在地之現行適用所得稅稅率計算。

根據中國企業所得稅法, 所有海外投資者須就外資企業於二零零七年十二月三十一日後所賺取盈利之股息分派, 繳納10%之預扣稅, 惟於香港註冊成立之海外投資者則僅須繳納5%之預扣稅。本集團於香港註冊成立之實體, 須就已扣除增值稅之已收或應收專營權費按經條約寬減之7% (二零一七年: 7%) 稅率繳納預扣稅。

11 每股虧損

每股基本虧損乃根據股東應佔虧損994,397,000港元(二零一七年: 734,204,000港元) 除以年內已發行股份之加權平均數1,649,142,384股(二零一七年: 1,649,142,384股) 計算。

截至二零一八年及二零一七年十二月三十一日止兩個年度各年, 因無潛在攤薄作用股份, 每股基本及攤薄虧損相同。

12 股息

董事會不建議就截至二零一八年十二月三十一日止年度派發股息(二零一七年: 無)。

13 僱員福利開支

僱員福利開支(包括董事酬金)指:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Wages, salaries, allowances and bonuses	工資、薪金、津貼及花紅	692,510	766,647
Defined contribution pension costs (Note (a))	定額供款退休金成本(附註(a))	58,557	60,531
Share-based payment expense	以股份為基礎之付款開支	1,185	5,998
		752,252	833,176

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

13 EMPLOYEE BENEFITS EXPENSE (CONTINUED)

(a) Defined contribution pension costs

During the year, unvested benefits amounting to HK\$159,000 (2017: Nil) were utilised by the Group to reduce the level of contributions. As at 31 December 2018, there are unvested benefits amounting to HK\$64,000 (2017: Nil) available to be utilised in future years.

(b) Five highest paid individuals

The five highest paid individuals for the year include two (2017: three) directors whose emoluments are reflected in the analysis shown in Note 36. The emoluments of the remaining three (2017: two) individuals are as follows:

13 僱員福利開支(續)

(a) 定額供款退休金成本

年內，本集團利用未歸屬的利益159,000港元(二零一七年：無)減少供款。於二零一八年十二月三十一日，未來年度可利用未歸屬的利益為64,000港元(二零一七年：無)。

(b) 五名最高薪人士

年內，五名最高薪人士包括兩名(二零一七年：三名)董事，其酬金反映於附註36的分析。其餘三名(二零一七年：兩名)人士之酬金如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Salaries, allowances and bonuses	薪金、津貼及花紅	8,389	7,048
Share-based payment expense	以股份為基礎之付款開支	128	1,332
		8,517	8,380

		Number of individuals 人數	
Emolument bands	薪金幅度	2018 二零一八年	2017 二零一七年
HK\$2,000,001 to HK\$3,000,000	2,000,001港元至3,000,000港元	2	-
HK\$3,000,001 to HK\$4,000,000	3,000,001港元至4,000,000港元	1	1
HK\$4,000,001 to HK\$5,000,000	4,000,001港元至5,000,000港元	-	1
		3	2

No emoluments have been paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. No directors or the five highest paid individuals waived or has agreed to waive any emoluments during the year.

本集團並無向董事或五名最高薪人士支付任何酬金，作為吸引彼等加入本集團，或作為加入本集團時獎勵或離職補償。年內，各董事或五名最高薪人士均無放棄或同意放棄任何酬金。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

14 LAND USE RIGHTS

14 土地使用權

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Cost	成本值		
At 1 January	於一月一日	75,914	103,077
Exchange adjustment	匯兌調整	(3,652)	7,523
Additions	添置	-	969
Disposal	出售	(2,317)	-
Transfer to assets classified as held-for-sale	轉撥至分類為持作 出售之資產	(2,411)	(31,253)
Disposal of subsidiaries	出售附屬公司	-	(4,402)
At 31 December	於十二月三十一日	67,534	75,914
Accumulated amortisation	累計攤銷		
At 1 January	於一月一日	28,145	30,510
Exchange adjustment	匯兌調整	(1,097)	1,813
Amortisation	攤銷	1,642	2,198
Disposal	出售	(537)	-
Transfer to assets classified as held-for-sale	轉撥至分類為持作 出售之資產	(422)	(5,189)
Disposal of subsidiaries	出售附屬公司	-	(1,187)
At 31 December	於十二月三十一日	27,731	28,145
Net book value	賬面淨值		
At 31 December	於十二月三十一日	39,803	47,769
At 1 January	於一月一日	47,769	72,567

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

15 PROPERTY, PLANT AND EQUIPMENT

15 物業、廠房及設備

		Buildings	Leasehold improvements	Construction-in-progress	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
		樓宇	租賃物業裝修	在建工程	廠房及機器	傢俱、固定裝置及設備	汽車	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
Cost	成本值							
At 1 January 2017	於二零一七年一月一日	742,806	669,520	7,954	37,216	350,303	23,634	1,831,433
Exchange adjustment	匯兌調整	53,107	45,269	582	2,902	23,490	1,781	127,131
Additions	添置	2,385	121,216	-	674	10,850	866	135,991
Transfer to investment properties	轉撥至投資物業	(31,065)	-	-	-	-	-	(31,065)
Transfer to assets classified as held-for-sale	轉撥至分類為持作出售之資產	-	-	(8,416)	-	-	-	(8,416)
Disposals	出售	(515)	(227,726)	-	(12,266)	(50,632)	(3,590)	(294,729)
Disposal of subsidiaries	出售附屬公司	(14,491)	-	-	(90)	-	-	(14,581)
At 31 December 2017	於二零一七年十二月三十一日	752,227	608,279	120	28,436	334,011	22,691	1,745,764
Exchange adjustment	匯兌調整	(31,218)	(23,383)	(1)	(1,778)	(14,737)	(1,070)	(72,187)
Additions	添置	16,379	58,382	-	48	6,471	1,026	82,306
Transfer to investment properties	轉撥至投資物業	(139,264)	-	(119)	-	-	-	(139,383)
Transfer to assets classified as held-for-sale	轉撥至分類為持作出售之資產	(161,990)	-	-	-	-	-	(161,990)
Disposals	出售	(14,173)	(196,749)	-	(70)	(24,268)	(4,266)	(239,526)
At 31 December 2018	於二零一八年十二月三十一日	421,961	446,529	-	26,636	301,477	18,381	1,214,984
Accumulated depreciation and impairment	累計折舊及減值							
At 1 January 2017	於二零一七年一月一日	111,370	517,799	-	25,242	254,300	20,610	929,321
Exchange adjustment	匯兌調整	8,965	34,470	-	2,228	17,822	1,517	65,002
Depreciation	折舊	18,726	117,234	-	3,701	35,180	1,259	176,100
Transfer to investment properties	轉撥至投資物業	(3,975)	-	-	-	-	-	(3,975)
Disposal	出售	(129)	(210,436)	-	(12,265)	(49,553)	(3,405)	(275,788)
Disposal of subsidiaries	出售附屬公司	(4,096)	-	-	(90)	-	-	(4,186)
At 31 December 2017	於二零一七年十二月三十一日	130,861	459,067	-	18,816	257,749	19,981	886,474
Exchange adjustment	匯兌調整	(6,445)	(18,724)	-	(1,528)	(12,358)	(947)	(40,002)
Depreciation	折舊	17,191	83,845	-	4,208	28,375	2,126	135,745
Transfer to investment properties	轉撥至投資物業	(10,098)	-	-	-	-	-	(10,098)
Transfer to assets classified as held-for-sale	轉撥至分類為持作出售之資產	(34,444)	-	-	-	-	-	(34,444)
Provision for impairment	減值撥備	-	10,640	-	-	-	-	10,640
Disposals	出售	(3,494)	(168,222)	-	(29)	(21,283)	(3,953)	(196,981)
At 31 December 2018	於二零一八年十二月三十一日	93,571	366,606	-	21,467	252,483	17,207	751,334
Net book value	賬面淨值							
At 31 December 2018	於二零一八年十二月三十一日	328,390	79,923	-	5,169	48,994	1,174	463,650
At 31 December 2017	於二零一七年十二月三十一日	621,366	149,212	120	9,620	76,262	2,710	859,290

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

16 INVESTMENT PROPERTIES

16 投資物業

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Cost	成本值		
At 1 January	於一月一日	123,729	122,964
Exchange adjustment	匯兌調整	(11,120)	10,150
Transfer from property, plant and equipment	轉撥自物業、廠房及設備	139,383	31,065
Transfer to assets classified as held-for-sale	轉撥至分類為持作 出售之資產	(13,689)	(40,450)
At 31 December	於十二月三十一日	238,303	123,729
Accumulated depreciation and impairment	累計折舊及減值		
At 1 January	於一月一日	56,248	71,444
Exchange adjustment	匯兌調整	(3,279)	5,500
Depreciation	折舊	5,244	3,454
Transfer from property, plant and equipment	轉撥自物業、廠房及設備	10,098	3,975
Transfer to assets classified as held-for-sale	轉撥至分類為持作 出售之資產	(3,100)	(28,125)
At 31 December	於十二月三十一日	65,211	56,248
Net book value	賬面淨值		
At 31 December	於十二月三十一日	173,092	67,481
At 1 January	於一月一日	67,481	51,520

Investment properties are situated in mainland China and rented out under operating leases. Rental income arising from the investment properties amounting to HK\$10,664,000 (2017: HK\$7,337,000) is included in the "other income" in the consolidated income statement.

As at 31 December 2018, the fair values of the investment properties are approximately HK\$231,498,000 (2017: HK\$130,132,000). The fair values of the investments properties were estimated by management using income approach. The fair value of investment property is a level 3 fair value measurement.

The carrying amount of investment properties pledged as security for certain bank loans was HK\$121,264,000 (2017: Nil).

投資物業位於中國大陸，並以經營租賃租出。投資物業產生的租金收入為10,664,000港元（二零一七年：7,337,000港元），並計入綜合收益表「其他收入」中。

於二零一八年十二月三十一日，投資物業的公平價值約為231,498,000港元（二零一七年：130,132,000港元）。投資物業的公平價值由管理層採用收入法估計。投資物業的公平價值屬第三級公平價值計量。

作為若干銀行貸款抵押品的投資物業賬面值為121,264,000港元（2017年：無）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

17 INTERESTS IN ASSOCIATES

17 於聯營公司之權益

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
At 1 January	於一月一日	1,803	1,801
Exchange adjustment	匯兌調整	209	104
Share of losses	應佔虧損	(144)	(102)
At 31 December	於十二月三十一日	1,868	1,803

Details of the associates as at 31 December 2018 are as follows:

於二零一八年十二月三十一日，聯營公司之詳情如下：

Name 名稱	Place of incorporation and operation 註冊成立及營運地點	Particulars of paid-up capital 已繳足股本詳情	Interest held indirectly 所持間接權益	Principal activities 主要業務
Hanjiang Dayong Shoe Material Co., Ltd., Putian City 莆田市涵江大永鞋業有限公司	China 中國	RMB5,457,000 5,457,000元人民幣	30%	Manufacture of shoe materials 製造鞋類物料
Hanjiang Jinxing Shoe Industrial Co., Ltd., Putian City 莆田市涵江金星鞋業有限公司	China 中國	US\$4,900,000 4,900,000美元	30%	Manufacture of footwear products 製造鞋類產品

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

18 INTERESTS IN JOINT VENTURES

18 於合營企業之權益

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
At 1 January	於一月一日	2,487	353
Exchange adjustment	匯兌調整	186	(61)
Contributions by way of loans to joint ventures	通過貸款方式向合營企業投資	-	5,201
Share of losses	應佔虧損	(724)	(3,006)
At 31 December	於十二月三十一日	1,949	2,487

Details of the joint ventures as at 31 December 2018 are as follows:

於二零一八年十二月三十一日，合營企業之詳情如下：

Name 名稱	Place of incorporation/ operation 註冊成立／營運地點	Particulars of paid-up capital 已繳足股本詳情	Interest held indirectly 所持間接權益	Principal activities 主要業務
Marlow House Asia Limited	British Virgin Islands/ Malaysia 英屬處女群島／ 馬來西亞	2 shares of US\$1 each 2股每股面值 1美元之股份	50%	Distribution of footwear and accessories and investment holding 分銷鞋類產品及 配件以及投資 控股
Ondul Investment Limited 圓漾投資有限公司	Hong Kong 香港	100,000 ordinary shares of HK\$100,000 100,000港元分為 100,000股普通股	50%	Holding of trademarks 持有商標

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

19 INTANGIBLE ASSETS

19 無形資產

		Goodwill 商譽 HK\$'000 千港元 (Note) (附註)	License rights 特許 使用權 HK\$'000 千港元	Trademarks 商標 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Cost	成本值				
At 1 January 2017	於二零一七年一月一日	26,698	42,941	73,585	143,224
Exchange adjustment	匯兌調整	-	527	-	527
At 31 December 2017	於二零一七年十二月三十一日	26,698	43,468	73,585	143,751
Exchange adjustment	匯兌調整	-	(373)	-	(373)
At 31 December 2018	於二零一八年十二月三十一日	26,698	43,095	73,585	143,378
Accumulated amortisation and impairment	累計攤銷及減值				
At 1 January 2017	於二零一七年一月一日	11,619	37,379	73,585	122,583
Exchange adjustment	匯兌調整	-	132	-	132
Amortisation	攤銷	-	295	-	295
At 31 December 2017	於二零一七年十二月三十一日	11,619	37,806	73,585	123,010
Exchange adjustment	匯兌調整	-	(306)	-	(306)
Amortisation	攤銷	-	303	-	303
Impairment	減值	15,079	5,292	-	20,371
At 31 December 2018	於二零一八年十二月三十一日	26,698	43,095	73,585	143,378
Net book value	賬面淨值				
At 31 December 2018	於二零一八年十二月三十一日	-	-	-	-
At 31 December 2017	於二零一七年十二月三十一日	15,079	5,662	-	20,741

Amortisation of HK\$303,000 (2017: HK\$295,000) is included in the "general and administrative expenses" in the consolidated income statement.

303,000港元(二零一七年: 295,000港元)攤銷包括於綜合收益表的「一般及行政開支」。

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19 INTANGIBLE ASSETS (CONTINUED)

Note:

Goodwill is allocated to the Group's CGU identified according to the operating segment. The Group performs impairment tests on goodwill annually, or more frequently if there is any indication that it may be impaired, by comparing the recoverable amount to the carrying amount as at the balance sheet date.

As at 31 December 2018, the recoverable amount of the CGU was determined based on value-in-use calculations. These calculations used cash flow projections based on financial budgets approved by management covering a 5-year period. The key assumptions used in the value-in-use calculations, including budgeted annual revenue growth rate, gross profit margin and net profit margin, were determined by the management for the CGU based on past performance and its expectations for market development. Based on these calculations, an impairment loss against goodwill was recognised amounting to HK\$15,079,000 (2017: Nil) for the year ended 31 December 2018. Such impairment charge arose as a result of the less than satisfactory past and expected performance of the core brands business. The impairment loss is included in "other losses – net".

20 INVENTORIES

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Raw materials	原材料	6,403	7,063
Work-in-progress	在製品	13,240	13,234
Finished goods	製成品	972,671	1,226,581
		992,314	1,246,878

Inventories as at 31 December 2018 are stated net of provisions of HK\$197,348,000 (2017: HK\$537,911,000).

19 無形資產(續)

附註：

商譽分配至根據經營分部識別的本集團現金產生單位。本集團每年對商譽進行減值測試，如果有跡象表明其可能出現減值，則通過比較資產負債表日的可收回金額與賬面金額進行減值測試。

於二零一八年十二月三十一日，現金產生單位之可收回金額乃按使用價值而釐定。該計算乃使用根據管理層批准之五年財政預算之現金流量預測計算。用於計算使用價值的關鍵假設(包括預算年度收入增長率，毛利率和淨利潤率)由現金產生單位管理層根據過往表現及其對市場發展的預期確定。根據該計算，截至二零一八年十二月三十一日止年度確認商譽減值虧損為15,079,000港元(二零一七年：無)。該減值開支乃由於過往及預期表現欠佳的核心品牌業務而產生。減值損失計入「其他損失－淨額」。

20 存貨

於二零一八年十二月三十一日，存貨乃按扣除撥備197,348,000港元(二零一七年：537,911,000港元)後列賬。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

21 TRADE RECEIVABLES

21 貿易應收賬款

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Trade receivables	貿易應收賬款	169,761	186,541
Loss allowance	虧損撥備	(9,661)	(5,231)
Trade receivables – net	貿易應收賬款－淨額	160,100	181,310

The ageing analysis of trade receivables based on invoice date is as follows:

按發票日期計算之貿易應收賬款賬齡分析如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
0 – 30 days	0至30日	92,858	109,753
31 – 60 days	31至60日	39,538	47,884
61 – 90 days	61至90日	10,933	14,449
91 – 180 days	91至180日	11,128	6,243
181 – 360 days	181至360日	5,643	2,934
Over 360 days	360日以上	–	47
		160,100	181,310

The carrying amounts of trade receivables are denominated in the following currencies:

貿易應收賬款之賬面值以下列貨幣計值：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
RMB	人民幣	144,224	166,103
New Taiwan dollar (“NTD”)	新台幣(「新台幣」)	12,174	14,004
US\$	美元	3,702	1,203
		160,100	181,310

The carrying values of trade receivables approximate their fair values. The Group generally allows an average credit period of 30 to 90 days to its trade customers other than major and long standing customers with whom specific extended terms will be agreed between the Group and the relevant counter parties.

貿易應收賬款之賬面值與其公平價值相若。本集團一般給予購貨客戶平均30至90日信貸期，惟主要及長期客戶之特別延長信貸期則由本集團與有關客戶雙方協定。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

22 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Other receivables, deposits and prepayments mainly comprise rental prepayments, value-added tax recoverables, rental and utility deposits and prepayments to suppliers.

23 PLEDGED BANK DEPOSITS

The Group's pledged bank deposits were placed with banks to secure certain corporate banking facilities granted to the Group. The weighted average effective interest rate of these deposits is 1.3% (2017: 3.8%) per annum.

The carrying amounts of the balances are denominated in the following currencies:

22 其他應收賬款、按金及預付款項

其他應收賬款、按金及預付款項主要包括預付租金、可收回增值稅金、租金及水電按金及預付供應商款項。

23 已抵押銀行存款

本集團之已抵押銀行存款乃就擔保授予本集團的若干企業銀行融資而存放。該等存款之加權平均實際利率為每年1.3厘(二零一七年: 3.8厘)。

給餘之賬面值以下列貨幣計值：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
RMB	人民幣	171,117	181,403
US\$	美元	3,131	-
		174,248	181,403

24 CASH AND CASH EQUIVALENTS

24 現金及現金等價物

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Cash at banks and in hand	銀行存款及手頭現金	182,625	140,692
Deposits with banks within three months of maturity	存款期為三個月以內之銀行存款	6,123	159,422
		188,748	300,114
Less: Transfer to assets classified as held-for-sale	減：轉撥至分類為持作出售之資產	(2,227)	(284)
		186,521	299,830

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

24 CASH AND CASH EQUIVALENTS (CONTINUED)

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
RMB	人民幣	166,364	230,871
US\$	美元	11,615	51,045
NTD	新台幣	8,893	11,685
HK\$	港元	1,876	6,513
		188,748	300,114

As at 31 December 2018, the weighted average effective interest rate of the Group's bank deposits within three months of maturity is 2.3% (2017: 1.7%) per annum.

RMB is not a freely convertible currency in the international market. The conversion of RMB into foreign currencies and remittance of RMB out of mainland China is subject to the rules and regulations of exchange control promulgated by the government of mainland China.

25 ASSETS CLASSIFIED AS HELD-FOR-SALE

- (a) The following non-current assets were reclassified as held-for-sale as at 31 December 2018:

24 現金及現金等價物(續)

現金及現金等價物之賬面值以下列貨幣計值：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
RMB	人民幣	166,364	230,871
US\$	美元	11,615	51,045
NTD	新台幣	8,893	11,685
HK\$	港元	1,876	6,513
		188,748	300,114

於二零一八年十二月三十一日，本集團存款期為三個月以內之銀行存款之加權平均實際年利率為2.3厘(二零一七年：1.7厘)。

人民幣不可於國際市場自由兌換。將人民幣兌換為外幣及匯出中國大陸須受中國政府頒佈之外匯管制規則及法規限制。

25 分類為持作出售之資產

- (a) 於二零一八年十二月三十一日，以下分類為待出售之非流動資產：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Assets classified as held-for-sale:	分類為持作出售之資產：		
Property, plant and equipment	物業、廠房及設備	111,840	-
Investment properties	投資物業	10,589	-
		122,429	-

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

25 ASSETS CLASSIFIED AS HELD-FOR-SALE
(CONTINUED)

(b) The following assets and liabilities of disposal group were reclassified as held-for-sale as at 31 December 2018:

25 分類為持作出售之資產(續)

(b) 於二零一八年十二月三十一日，以下分類為待出售之出售組別之資產及負債：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Assets classified as held-for-sale:	分類為持作出售之資產：		
Land use rights	土地使用權	1,989	26,064
Property, plant and equipment	物業、廠房及設備	15,706	8,416
Investment properties	投資物業	-	12,325
Deferred income tax assets	遞延所得稅項資產	-	5,603
Other receivables, deposits and prepayments	其他應收賬款、按金及預付款項	9	630
Cash and cash equivalents	現金及現金等價物	2,227	284
Total assets of disposal group classified as held-for-sale	分類為持作出售之出售組別之資產合計	19,931	53,322
Liabilities directly associated with assets classified as held-for-sale:	與分類為持作出售之資產直接相關之負債：		
Trade payables	貿易應付賬款	-	144
Other payables and accrued charges	其他應付賬款及應計費用	186	103
Deferred income tax liabilities	遞延所得稅項負債	806	-
Total liabilities of disposal group classified as held-for-sale	分類為持作出售之出售組別之負債合計	992	247

Cumulative loss recognised in other comprehensive income relating to disposal group classified as held-for-sale is as follows:

與分類為持作出售之出售組別有關，並於其他全面收益確認的累計虧損如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Currency translation differences	匯兌差額	105	508

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

26 TRADE PAYABLES

The ageing analysis of trade payables based on invoice date is as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
0 – 30 days	0至30日	171,866	272,888
31 – 60 days	31至60日	106,575	91,435
61 – 90 days	61至90日	161,221	207,666
91 – 180 days	91至180日	86,121	5,745
181 – 360 days	181至360日	118	513
Over 360 days	360日以上	4,728	3,054
		530,629	581,301
Less: Transfer to liabilities directly associated with assets classified as held-for-sale	減：轉撥至與分類為持作出售之資產直接相關之負債	–	(144)
		530,629	581,157

26 貿易應付賬款

按發票日期計算之貿易應付賬款賬齡分析如下：

27 BANK LOANS

As at 31 December 2018 and 2017, the Group's short-term bank loans were repayable within one year and denominated in the following currencies:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
RMB	人民幣	34,155	–
HK\$	港元	94,750	–
US\$	美元	63,404	156,274
		192,309	156,274

27 銀行貸款

於二零一八年及二零一七年十二月三十一日，本集團短期銀行貸款須於一年內償還及以下列貨幣計值：

The carrying values of the bank loans approximate their fair value and the effective interest rate of the bank loans is 3.9% (2017: 2.6%) per annum. As at 31 December 2018, the bank loans were secured by pledged bank deposits amounting to HK\$174,248,000 (2017: HK\$174,645,000) and investment properties with a carrying amount of HK\$121,264,000 (2017: Nil).

銀行貸款之賬面值與其公平價值相若及銀行貸款的實際年利率為3.9厘(二零一七年：2.6厘)。於二零一八年十二月三十一日，為銀行貸款抵押174,248,000港元銀行存款(二零一七年：174,645,000港元)，及121,264,000港元投資物業之賬面值(二零一七年：無)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

28 SHARE CAPITAL

28 股本

		2018 二零一八年		2017 二零一七年	
		Number of ordinary shares of HK\$0.10 each 每股面值 0.10港元之 普通股數目	HK\$'000 千港元	Number of ordinary shares of HK\$0.10 each 每股面值 0.10港元之 普通股數目	HK\$'000 千港元
Authorised: At 1 January and 31 December	法定： 於一月一日及 十二月三十一日	10,000,000,000	1,000,000	10,000,000,000	1,000,000
Issued and fully paid: At 1 January and 31 December	已發行及繳足： 於一月一日及十 二月三十一日	1,649,142,384	164,914	1,649,142,384	164,914

29 SHARE-BASED PAYMENT
TRANSACTIONS

29 以股份為基礎之付款交易

(a) Equity-settled share-based payment transactions

On 29 May 2003, the Company adopted a share option scheme (the "Old Scheme"), which was amended on 7 December 2009 and expired on 28 May 2013. Upon expiry of the Old Scheme, no further share options could be granted under the Old Scheme but, in all other respects, the provisions of the Old Scheme shall remain in force to the extent necessary to give effect to the exercise of any share option granted prior to the expiry of the Old Scheme.

On 27 August 2013, a new share option scheme (the "New Scheme") was approved by shareholders of the Company and adopted by the Company. Unless otherwise cancelled or amended, the New Scheme will remain in force for 10 years from the date of adoption.

(a) 以權益結算以股份為基礎之付款交易

於二零零三年五月二十九日，本公司採納購股權計劃（「舊計劃」），該計劃於二零零九年十二月七日修訂及於二零一三年五月二十八日屆滿。於舊計劃屆滿後，舊計劃下不可再授出購股權，惟在所有其他方面，舊計劃的條文仍然具有所須的效力使舊計劃屆滿前已經授出的任何購股權能有效行使。

於二零一三年八月二十七日，本公司股東批准一項新的購股權計劃（「新計劃」）並被本公司採納。除被取消或修改外，新計劃將自採納日期起維持十年內有效。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

29 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

(a) Equity-settled share-based payment transactions (Continued)

The share options are generally valid for a period of ten years and will lapse if the grantees leave the Group before the share options are exercisable. The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

Movements in the number of share options outstanding and their weighted average exercise prices are as follows:

29 以股份為基礎之付款交易(續)

(a) 以權益結算以股份為基礎之付款交易(續)

購股權有效期一般為十年，而倘承授人於購股權可行使前不再任職於本集團，購股權即告失效。本集團並無法定或推定責任以現金購回或結清購股權。

尚未行使之購股權數目及其加權平均行使價之變動如下：

		2018 二零一八年		2017 二零一七年	
		Weighted average exercise price 加權平均 行使價 HK\$ 港元	Number of share options 購股權數目	Weighted average exercise price 加權平均 行使價 HK\$ 港元	Number of share options 購股權數目
At 1 January	於一月一日	3.74	62,205,000	6.29	34,155,000
Lapsed	已失效	4.85	(27,815,000)	6.19	(300,000)
Granted	已授出	-	-	0.70	28,350,000
At 31 December	於十二月三十一日	2.84	34,390,000	3.74	62,205,000
Exercisable at 31 December	於十二月三十一日可行使	3.37	27,640,000	5.06	43,455,000

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

29 SHARE-BASED PAYMENT
TRANSACTIONS (CONTINUED)(a) Equity-settled share-based payment transactions
(Continued)

There were no share options exercised during the year (2017: Nil). The total expense recognised for the options granted was HK\$1,185,000 (2017: HK\$5,996,000) for the year ended 31 December 2018.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

29 以股份為基礎之付款交易 (續)

(a) 以權益結算以股份為基礎之付款交易
(續)

年內，概無購股權獲行使(二零一七年：無)。截至二零一八年十二月三十一日止年度，就已授出購股權而確認的費用為1,185,000港元(二零一七年：5,996,000港元)。

在年終尚未行使之購股權的到期日及行使價如下：

Grant date 授出日	Expiry date 到期日	2018 二零一八年		2017 二零一七年	
		Exercise price 行使價 HK\$ 港元	Number of share options 購股權數目	Exercise price 行使價 HK\$ 港元	Number of share options 購股權數目
27 January 2010 二零一零年一月二十七日	26 January 2020 二零二零年一月二十六日	6.19	12,180,000	6.19	25,095,000
22 July 2010 二零一零年七月二十二日	21 July 2020 二零二零年七月二十一日	7.61	300,000	7.61	300,000
11 January 2012 二零一二年一月十一日	10 January 2022 二零二二年一月十日	8.27	–	8.27	700,000
20 March 2012 二零一二年三月二十日	19 March 2022 二零二二年三月十九日	10.132	–	10.132	2,600,000
21 January 2014 二零一四年一月二十一日	20 January 2024 二零二四年一月二十日	4.50	1,260,000	4.50	5,160,000
25 January 2017 二零一七年一月二十五日	24 January 2027 二零二七年一月二十四日	0.70	20,650,000	0.70	28,350,000
			34,390,000		62,205,000

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

29 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

(b) Cash-settled share-based payment transactions

The Company has granted share appreciation rights (“SARs”) to certain directors of the Company and certain employees of the Group. Under the terms of grant, the outstanding SARs are subject to a vesting period of one to three years from the date of grant. The exercise price is from HK\$4.50 to HK\$6.19 per unit.

As at 31 December 2018, 18,060,000 (2017: 18,190,000) units of the outstanding SARs were exercisable. Movements in the number of SARs outstanding during the year ended 31 December 2018 are as follows:

29 以股份為基礎之付款交易(續)

(b) 以現金結算以股份為基礎之付款交易

本公司向本公司若干董事及本集團若干僱員授出股份增值權(「股份增值權」)。根據授出條款，尚未行使之股份增值權須符合由授出日期起計一至三年之歸屬期，其行使價為每份4.50港元至6.19港元。

於二零一八年十二月三十一日，18,060,000(二零一七年：18,190,000)份尚未行使的股份增值權可被行使。截至二零一八年十二月三十一日止年度，尚未行使股份增值權之數目變動如下：

		Number of SARs 股份增值權數目	
		2018 二零一八年	2017 二零一七年
At 1 January	於一月一日	18,190,000	18,330,000
Lapsed	已失效	(130,000)	(140,000)
At 31 December	於十二月三十一日	18,060,000	18,190,000

There were no material expenses or liabilities in relation to the SARs.

並無與股份增值權有關的重大費用或負債。

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30 RESERVES

30 儲備

		Share premium	Capital redemption reserve	Capital reserve	Merger reserve	Revaluation reserve	Share-based payment reserve	Currency translation reserve	Statutory reserves	Retained profits	Total
		股份溢價	股本贖回儲備	股本儲備	合併儲備	重估儲備	以股份為基礎之 付款儲備	匯兌儲備	法定儲備	保留盈利	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
			(Note (a))		(Note (b))				(Note (c))		
			(附註(a))		(附註(b))				(附註(c))		
At 1 January 2017	於二零一七年一月一日	120,281	2,882	(197)	322	-	79,008	(29,654)	161,474	2,872,368	3,206,484
Revaluation of an available-for-sale financial asset	重估可出售金融資產	-	-	-	-	3,375	-	-	-	-	3,375
Currency translation differences:	匯兌差額：										
Group	本集團	-	-	-	-	-	-	228,299	-	-	228,299
Associates and a joint venture	聯營公司及合營企業	-	-	-	-	-	-	43	-	-	43
Disposal of subsidiaries	出售附屬公司	-	-	-	-	-	-	(7,186)	(3,034)	10,220	-
Profit appropriations	盈利分配	-	-	-	-	-	-	-	27,534	(27,534)	-
Loss for the year	年內虧損	-	-	-	-	-	-	-	-	(734,204)	(734,204)
Share option scheme:	購股權計劃：										
Value of grantee services	承授人服務價值	-	-	-	-	-	5,996	-	-	-	5,996
Transfer upon lapse of share options	於購股權失效時轉撥	-	-	-	-	-	(676)	-	-	676	-
At 31 December 2017	於二零一七年十二月三十一日	120,281	2,882	(197)	322	3,375	84,328	191,502	185,974	2,121,526	2,709,993
Currency translation differences:	匯兌差額：										
Group	本集團	-	-	-	-	-	-	(102,195)	-	-	(102,195)
Associates and a joint venture	聯營公司及合營企業	-	-	-	-	-	-	395	-	-	395
Change in fair value of an equity investment at FVOCI	按公平價值計入其他全面 收益之股權投資之 公平價值變動	-	-	-	-	(70)	-	-	-	-	(70)
Disposal of an equity investment at FVOCI	按公平價值計入其他全面 收益之股權投資之出售	-	-	-	-	(3,305)	-	191	-	3,114	-
Disposal of subsidiaries	出售附屬公司	-	-	-	-	-	-	(3,730)	(12,967)	16,697	-
Loss for the year	年內虧損	-	-	-	-	-	-	-	-	(994,397)	(994,397)
Share option scheme:	購股權計劃：										
Value of grantee services	承授人服務價值	-	-	-	-	-	1,185	-	-	-	1,185
Transfer upon lapse of share options	於購股權失效時轉撥	-	-	-	-	-	(51,240)	-	-	51,240	-
At 31 December 2018	於二零一八年十二月三十一日	120,281	2,882	(197)	322	-	34,273	86,163	173,007	1,198,180	1,614,911

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30 RESERVES (CONTINUED)

Notes:

- (a) The capital redemption reserve represents the nominal amount of shares repurchased by the Company in 1999.
- (b) The merger reserve represents the difference between the aggregate nominal amount of the share capital of the subsidiaries at the date on which they were acquired by the Company and the nominal amount of the share capital issued by the Company as consideration for the acquisition pursuant to the corporate reorganisation in 1995.
- (c) As stipulated by regulations in mainland China, the Company's subsidiaries established and operated in mainland China are required to appropriate a portion of their after-tax profit (after offsetting prior year losses) to the statutory reserves and enterprise expansion fund, at rates determined by their respective boards of directors. The statutory reserves can be utilised to offset prior year losses or be utilised for the issuance of bonus shares, whilst the enterprise expansion fund can be utilised for the development of business operations. When the statutory reserves reach an amount equal to 50% of the registered capital of the Company's subsidiaries, further appropriation is optional.

31 DEFERRED INCOME TAX

The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

30 儲備 (續)

附註：

- (a) 股本贖回儲備指本公司於一九九九年購回股份之面值。
- (b) 合併儲備指附屬公司於被本公司收購當日之股本面值總額與本公司根據一九九五年公司重組作為收購代價所發行股本面值兩者之差額。
- (c) 根據中國大陸法規，本公司於中國大陸成立及經營之附屬公司須將其稅後盈利(經抵銷上一年度虧損後)之一部份撥入法定儲備及企業發展基金，撥款比例由附屬公司各自之董事會釐定。法定儲備可用作抵銷上一年度虧損或用作發行紅股，而企業發展基金可用作發展業務營運。法定儲備達到本公司附屬公司註冊資本50%後，可選擇不再撥款。

31 遞延所得稅項

經適當抵銷後釐定並列入綜合資產負債表之金額如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Net deferred income tax assets	遞延所得稅項資產淨額	47,705	275,739
Less: Transfer to disposal group classified as held-for-sale	減：轉撥至分類為持作出售的出售組別	-	(5,603)
		47,705	270,136
Net deferred income tax liabilities	遞延所得稅項負債淨額	(4,656)	(13,409)
Less: Transfer to disposal group classified as held-for-sale	減：轉撥至分類為持作出售的出售組別	806	-
		(3,850)	(13,409)
		43,855	256,727

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31 DEFERRED INCOME TAX (CONTINUED)

Deferred income tax is calculated on temporary differences under the liability method using the applicable tax rates.

The movement in net deferred income tax assets is as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
At 1 January	於一月一日	256,727	298,487
Exchange adjustment	匯兌調整	(4,300)	20,117
Charged to consolidated income statement	扣除自綜合收益表	(209,378)	(55,196)
Transfer to disposal group classified as held-for-sale	轉撥至分類為持作出售之出售組別	806	(5,603)
Disposal of subsidiaries	出售附屬公司	-	(1,078)
At 31 December	於十二月三十一日	43,855	256,727

31 遞延所得稅項(續)

遞延所得稅項採用負債法就暫時差額按適用稅率計算。

遞延所得稅項資產淨值之變動如下：

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

年內，遞延稅項資產及負債(在同一徵稅司法權區之結餘抵銷前)之變動如下：

		Provisions		Decelerated tax depreciation		Tax losses		Others		Total	
		撥備		減速稅項折舊		稅項虧損		其他		總計	
		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Deferred income tax assets	遞延所得稅項資產										
At 1 January	於一月一日	130,903	147,145	12,868	10,015	128,027	168,087	6,953	3,969	278,751	329,216
Exchange adjustment	匯兌調整	(5,861)	9,119	(792)	809	1,898	11,332	(208)	210	(4,963)	21,470
(Charged)/credited to consolidated income statement	(計入)/扣除自綜合收益表	(77,961)	(25,359)	3,380	2,072	(129,492)	(41,396)	(3,962)	2,774	(208,035)	(61,909)
Transfer to disposal group classified as held-for-sale	轉撥至分類為持作出售之出售組別	-	-	-	-	(37)	(7,733)	-	-	(37)	(7,733)
Disposal of subsidiaries	出售附屬公司	-	(2)	-	(28)	-	(2,263)	-	-	-	(2,293)
At 31 December	於十二月三十一日	47,081	130,903	15,456	12,868	396	128,027	2,783	6,953	65,716	278,751

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31 DEFERRED INCOME TAX (CONTINUED)

31 遞延所得稅項(續)

Deferred income tax liabilities 遞延所得稅項負債	Accelerated tax depreciation 加速稅項折舊		Withholding tax on undistributed profits 未分派盈利預扣稅		Others 其他		Total 總計	
	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
At 1 January 於一月一日	4,838	20,756	8,182	8,182	9,004	1,791	22,024	30,729
Exchange adjustment 匯兌調整	(258)	966	-	-	(405)	387	(663)	1,353
(Credited)/charged to consolidated income statement (扣除自)/計入綜合收益表	333	(13,539)	(8,182)	-	9,192	6,826	1,343	(6,713)
Transfer to disposal group classified as held-for-sale 轉撥至分類為持作出售之 出售組別	(843)	(2,130)	-	-	-	-	(843)	(2,130)
Disposal of subsidiaries 出售附屬公司	-	(1,215)	-	-	-	-	-	(1,215)
At 31 December 於十二月三十一日	4,070	4,838	-	8,182	17,791	9,004	21,861	22,024

The expiry of unrecognised tax losses are as follows:

未確認稅項虧損之屆滿情況如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Tax losses expiring in 5 years	五年內屆滿之稅項虧損	2,590,854	1,307,075
Tax losses expiring after 5 years	五年後屆滿之稅項虧損	25,303	8,471
Tax losses without expiry date	無屆滿日期之稅項虧損	75,406	73,852
At 31 December 於十二月三十一日		2,691,563	1,389,398

As at 31 December 2018, the potential deferred income tax assets in respect of the above unrecognised tax losses amounted to HK\$661,681,000 (2017: HK\$337,752,000).

於二零一八年十二月三十一日，與上述未確認稅項虧損相關之潛在遞延所得稅項資產金額為661,681,000港元(二零一七年：337,752,000港元)。

Deferred income tax liabilities of HK\$46,897,000 (2017: HK\$82,072,000), in respect of unremitted earnings of approximately HK\$926,431,000 as at 31 December 2018 (2017: HK\$1,623,896,000), have not been recognised for the withholding tax as the Group controls the dividend policy of these subsidiaries.

本集團並未就若干附屬公司未匯出盈利之應付預扣稅46,897,000港元(二零一七年：82,072,000港元)確認遞延所得稅項負債，原因為本集團控制該等附屬公司之股息政策。於二零一八年十二月三十一日，未匯出盈利約為926,431,000港元(二零一七年：1,623,896,000港元)。

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32 CASH USED IN OPERATIONS

Reconciliation of operating loss to cash used in operations is as follows:

32 營運所用之現金

經營虧損與營運所用之現金之對賬如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Operating loss	經營虧損	(786,577)	(688,823)
Amortisation	攤銷	1,945	2,493
Depreciation	折舊	140,989	179,554
Derivative financial instruments – forward foreign exchange contracts	衍生金融工具—遠期外匯合約	–	14,699
Gain on disposal of land use rights	出售土地使用權產之收益	(2,670)	–
Gain on disposal of subsidiaries	出售附屬公司之收益	(34,290)	(797)
Impairment of intangible assets	無形資產減值	20,371	–
Impairment of property, plant and equipment	物業、廠房及設備減值	10,640	–
Interest income	利息收入	(5,173)	(22,378)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	17,488	15,164
Share-based payment expense	以股份為基礎之付款開支	1,185	5,998
Operating cash flows before working capital changes	營運資金變動前之經營現金流量	(636,092)	(494,090)
Decrease in inventories	存貨減少	194,419	274,932
Decrease in trade receivables, other receivables, deposits and prepayments	貿易應收賬款、其他應收賬款、按金及預付款項減少	299,612	256,460
Decrease in trade payables, other payables, accrued charges and contract liabilities	貿易應付賬款、其他應付賬款、應計費用及合約負債減少	(11,275)	(329,488)
Cash used in operations	營運所用之現金	(153,336)	(292,186)

33 COMMITMENTS

(a) Capital commitments for purchase of land use rights and property, plant and equipment

33 承擔

(a) 購買土地使用權及物業、廠房及設備之資本承擔

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Contracted but not provided for	已訂約但未撥備	634	2,621

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33 COMMITMENTS (CONTINUED)

(b) Commitments under operating leases

As at 31 December 2018, the Group had future aggregate minimum lease payments in respect of various production plants and facilities, warehouses, offices and distribution outlets under non-cancellable operating leases as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Not later than one year	一年內	446,594	725,365
Later than one year and not later than five years	一年後及五年內	268,647	543,338
Later than five years	五年後	1,506	7,030
		716,747	1,275,733

Payment obligations in respect of operating leases on properties with contingent rent vary with respect to gross revenues are not included as future minimum lease payments.

33 承擔(續)

(b) 經營租賃承擔

於二零一八年十二月三十一日，本集團就各種生產工廠及設備、倉庫、辦公室及分銷店之不可撤銷經營租賃之未來最低付款總額如下：

就收入總額收取或然租金之物業經營租賃之應付租金，並未計入未來最低付款總額內。

34 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

	金融資產	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Financial assets at amortised cost	以攤銷成本計量的金融資產		
Trade receivables	貿易應收賬款	160,100	181,310
Other receivables excluding non-financial assets	其他應收賬款 (扣除非金融資產)	116,431	171,754
Pledged bank deposits	已抵押銀行存款	174,248	181,403
Bank deposits with maturity over three months	存款期超過三個月之 銀行存款	-	4,785
Cash and cash equivalents	現金及現金等價物	188,748	300,114
Available-for-sale financial assets	可出售金融資產	-	3,698
Total	合計	639,527	843,064

Financial liabilities

	金融負債	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Financial liabilities at amortised cost	以攤銷成本計量的金融負債		
Trade payables	貿易應付賬款	530,629	581,301
Other payables and accrued charges excluding non-financial liabilities	其他應付賬款及應計費用 (扣除非金融負債)	298,020	342,723
Bank loans	銀行貸款	192,309	156,274
Total	合計	1,020,958	1,080,298

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35 RELATED PARTY TRANSACTIONS AND BALANCES

The Group entered into the following related party transactions during the year:

(a) Transactions with related companies

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Sales of goods to a joint venture	向合營企業銷售貨品	7,839	4,635

Sales of goods to a joint venture are conducted in the normal course of the Group's business. The terms of transactions are determined and agreed between the Group and the counter party.

(b) Year-end balances with related companies

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Trade receivables from a joint venture	應收合營企業款項	6,158	2,742

Trade receivables from a joint venture arise mainly from the sales of goods. The balance was unsecured, interest-free and repayable according to the trade terms.

(c) Key management personnel compensation

Remuneration for key management personnel of the Group, including amounts paid/payable to the directors of the Company are as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Salaries, allowances and bonuses	薪金、津貼及花紅	17,173	16,357
Share-based payment expense	以股份為基礎之付款開支	639	3,837
		17,812	20,194

35 關聯方交易及結餘

本集團於年內曾進行下列關聯方交易：

(a) 與關聯公司之交易

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Sales of goods to a joint venture	向合營企業銷售貨品	7,839	4,635

向合營企業銷售貨品乃於本集團日常業務過程中進行。交易條款乃經本集團與交易方協定及同意後釐定。

(b) 與關聯公司之年末結餘

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Trade receivables from a joint venture	應收合營企業款項	6,158	2,742

應收合營企業款項主要由銷售貨品產生。餘額為無抵押、免息，並按貿易條款償還。

(c) 主要管理人員之薪酬

本集團主要管理人員之薪酬(包括已付/應付本公司董事之款項)如下：

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財務報表附註

36 BENEFITS AND INTERESTS OF DIRECTORS

(a) Emoluments of directors and chief executive officer (“CEO”)

The remuneration of each director and the CEO of the Company for the year ended 31 December 2018 is set out below:

36 董事利益及權益

(a) 董事及行政總裁（「行政總裁」）酬金

截至二零一八年十二月三十一日止年度，本公司各董事及行政總裁之酬金如下：

		Fees	Salaries	Share-based payment expense 以股份為 基礎之 付款開支	Total
		袍金 HK\$'000 千港元 (Note (i)) (附註(i))	薪金 HK\$'000 千港元 (Note (ii)) (附註(ii))	以股份為 基礎之 付款開支 HK\$'000 千港元 (Note (ii)) (附註(ii))	總計 HK\$'000 千港元
2018	二零一八年				
Mr. Chang Chih-Kai (CEO)	張智凱先生 (行政總裁)	-	3,528	255	3,783
Mr. Chang Chih-Chiao	張智喬先生	-	2,225	128	2,353
Mr. Chen Tommy Yi-Hsun	陳怡勳先生	-	1,851	128	1,979
Mr. Chen Ying-Chieh (Note (iii))	陳英杰先生 (附註(iii))	430	-	-	430
Mr. Huang Shun-Tsai	黃順財先生	150	-	-	150
Mr. Kuo Jung-Cheng	郭榮振先生	150	-	-	150
Mr. Lee Ted Tak Tai	李德泰先生	450	-	-	450
		1,180	7,604	511	9,295
2017	二零一七年				
Mr. Chang Chih-Kai (CEO)	張智凱先生 (行政總裁)	-	3,824	1,254	5,078
Mr. Chang Chih-Chiao	張智喬先生	-	2,076	626	2,702
Mr. Chen Tommy Yi-Hsun	陳怡勳先生	-	2,076	626	2,702
Mr. Chen Ying-Chieh	陳英杰先生	600	-	-	600
Mr. Huang Shun-Tsai	黃順財先生	150	-	-	150
Mr. Kuo Jung-Cheng	郭榮振先生	150	-	-	150
Mr. Lee Ted Tak Tai	李德泰先生	433	-	-	433
		1,333	7,976	2,506	11,815

Notes:

- (i) The emoluments paid or payable to the directors of the Company were in respect of their respective services as a director of the Company or its subsidiaries.
- (ii) The emoluments paid or payable to the directors of the Company were in respect of directors' other services in connection with the management of the affairs of the Company or its subsidiary undertakings.
- (iii) Mr. Chen Ying-Chieh resigned as non-executive director of the Company on 18 September 2018.

附註：

- (i) 已付或應付本公司董事之酬金乃根據彼等向本公司或其附屬公司提供之相關董事服務。
- (ii) 已付或應付本公司董事之酬金乃根據彼等就管理本公司或其附屬企業事務而提供的其他服務。
- (iii) 自二零一八年九月十八日起，陳英杰先生辭任非執行董事職位。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

36 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

- (b) **Retirement benefits of directors**
For each of the two years ended 31 December 2018 and 2017, no retirement benefits were paid or payable to the directors.
- (c) **Termination benefits of directors, and consideration provided to third parties for making available directors' services**
For each of the two years ended 31 December 2018 and 2017, no termination benefit was paid or payable to any director of the Company. No consideration was paid or payable to any third party for making available any director's services.
- (d) **Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors**
As at 31 December 2018 and 2017, no loan, quasi-loan or other dealing was entered into by the Company or any of its subsidiary undertakings in favour of any director of the Company, any controlled body corporate by or connected entity with any director of the Company.
- (e) **Directors' material interests in transactions, arrangements or contracts**
No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

36 董事利益及權益(續)

- (b) **董事退休福利**
截至二零一八年及二零一七年十二月三十一日止兩個年度，概無已付或應付董事退休福利。
- (c) **終止僱傭福利，及就作出董事服務向第三方提供的代價**
截至二零一八年及二零一七年十二月三十一日止兩個年度，概無向本公司任何董事已付或應付終止僱傭福利，亦無就作出董事服務向任何第三方已付或應付代價。
- (d) **有關以董事、該等董事的受控制法人團體及關聯實體為受益人的貸款、準貸款及其他交易的資料**
於二零一八年及二零一七年十二月三十一日，本公司及其任何附屬企業概無訂立貸款、準貸款及其他交易以本公司任何董事、任何受控制法人團體或本公司任何董事之關聯實體為受益人。
- (e) **董事於交易、安排或合約之重大權益**
本公司概無於本年度年結日或於年內任何時間訂立與本集團業務有關，且本公司董事於其中直接或間接擁有重大權益之重大交易、安排或合約。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

37 本公司資產負債表及儲備變動

Balance sheet of the Company

本公司資產負債表

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Non-current assets	非流動資產		
Investments in subsidiaries	於附屬公司之投資	368,822	368,822
Current assets	流動資產		
Other receivables	其他應收賬款	333	329
Amount due from a subsidiary	應收附屬公司賬款	663,633	674,727
Cash and cash equivalents	現金及現金等價物	1,529	1,546
		665,495	676,602
Current liabilities	流動負債		
Other payables and accrued charges	其他應付賬款及應計費用	4,467	5,090
Bank loans	銀行貸款	158,154	156,274
		162,621	161,364
Net current assets	流動資產淨值	502,874	515,238
Total assets less current liabilities	總資產減流動負債	871,696	884,060
Equity	權益		
Share capital	股本	164,914	164,914
Reserves	儲備	706,782	719,146
Total equity	總權益	871,696	884,060

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

37 本公司資產負債表及儲備變動(續)

Reserve movement of the Company

本公司儲備變動

		Share premium	Capital redemption reserve	Contributed surplus	Share-based payment reserve	Currency translation reserve	Retained profits	Total
		股份溢價	股本贖回儲備	繳入盈餘	以股份為基礎之付款儲備	匯兌儲備	保留盈利	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
			(Note 30) (附註30)	(Note (a)) (附註(a))				
At 1 January 2017	於二零一七年一月一日	120,281	2,882	152,891	79,008	(43,612)	427,362	738,812
Currency translation differences	匯兌差額	-	-	-	-	36,991	-	36,991
Loss for the year	年內虧損	-	-	-	-	-	(62,653)	(62,653)
Share option scheme:	購股權計劃:							
Value of grantee services	承授人服務價值	-	-	-	5,996	-	-	5,996
Transfer upon lapse of share options	於購股權失效時轉撥	-	-	-	(676)	-	676	-
At 31 December 2017	於二零一七年十二月三十一日	120,281	2,882	152,891	84,328	(6,621)	365,385	719,146
Currency translation differences	匯兌差額	-	-	-	-	(25,332)	-	(25,332)
Profit for the year	年內盈利	-	-	-	-	-	11,783	11,783
Share option scheme:	購股權計劃:							
Value of grantee services	承授人服務價值	-	-	-	1,185	-	-	1,185
Transfer upon lapse of share options	於購股權失效時轉撥	-	-	-	(51,240)	-	51,240	-
At 31 December 2018	於二零一八年十二月三十一日	120,281	2,882	152,891	34,273	(31,953)	428,408	706,782

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Reserve movement of the Company (Continued)

Notes:

- (a) The contributed surplus of the Company represents the difference between the aggregate net assets of the subsidiaries acquired by the Company under the corporate reorganisation in 1995 and the nominal amount of the Company's shares issued for the acquisition.
- (b) The Company's reserves available for distribution to its shareholders of the Company comprise share premium, contributed surplus, share-based payment reserve and retained profits. Under the Companies Law (Revised) of the Cayman Islands, the Company's reserve is available for paying distributions or dividends to shareholders subject to the provisions of its Articles of Association and provided that immediately following the distribution or the payment of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. The share premium may also be distributed in the form of fully paid bonus shares. In accordance with the Company's Articles of Association, dividends shall be payable out of the profits or other reserves, including the share premium, of the Company.

38 SUBSIDIARIES

The following is a list of the principal subsidiaries as at 31 December 2018:

Name 名稱	Place of incorporation ^(c) 註冊成立地點 ^(c)	Particulars of issued/paid-up capital 已發行/繳足股本詳情	Interest held 所持權益	Principal activities 主要業務
Aee International Ltd. ^(a) 愛意精品鞋業(上海)有限公司 ^(a)	China 中國	US\$8,580,000 8,580,000美元	59.96%	Distribution of footwear and accessories 分銷鞋類產品及配件
Bright Crown Holdings Limited 亮峰控股有限公司	British Virgin Islands 英屬處女群島	1 share of US\$1 each 1股每股面值 1美元之股份	100%	Investment holding 投資控股
Colossus Asia Limited 鉅實亞洲有限公司	Hong Kong 香港	100 ordinary shares of HK\$100 100港元分為 100股普通股	59.96%	Retailing of footwear and accessories 零售鞋類產品及配件

37 本公司資產負債表及儲備變動(續)

本公司儲備變動(續)

附註：

- (a) 本公司之繳入盈餘指本公司根據一九九五年公司重組收購附屬公司之資產淨值總額與本公司因收購而發行之股份面值兩者之差額。
- (b) 本公司可供分派予本公司股東之儲備包括股份溢價、繳入盈餘、以股份為基礎之付款儲備及保留盈利。根據開曼群島公司法(經修訂)，本公司之儲備可用作向股東分派或支付股息，惟須受組織章程細則之條文所規限，而緊隨作出分派或派付股息後，本公司必須能於日常業務過程中償還到期債項。股份溢價亦可以繳足紅股形式分派。根據本公司之組織章程細則，股息須以本公司之盈利或其他儲備(包括股份溢價)支付。

38 附屬公司

下表載列於二零一八年十二月三十一日之主要附屬公司：

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

38 SUBSIDIARIES (CONTINUED)

38 附屬公司(續)

Name 名稱	Place of incorporation ^(c) 註冊成立地點 ^(c)	Particulars of issued/paid-up capital 已發行/繳足股本詳情	Interest held 所持權益	Principal activities 主要業務
Daphne Footwear (Sichuan) Co., Ltd. ^(a) 達芙妮(四川)鞋業有限公司 ^(a)	China 中國	RMB87,300,000 87,300,000元人民幣	100%	Manufacture of footwear 製造鞋類產品
Daphne Investment (Group) Co., Ltd. ^(a) 達芙妮投資(集團)有限公司 ^(a)	China 中國	US\$30,000,000 30,000,000美元	100%	Distribution of footwear and accessories and investment holding 分銷鞋類產品及配件以及投資控股
Full Pearl International Limited 富珍國際有限公司	British Virgin Islands 英屬處女群島	3,294 shares of US\$1 each 3,294股每股面值 1美元之股份	59.96%	Investment holding and trading of footwear and accessories 投資控股及買賣鞋類產品及配件
Gentlefit Trading Limited 祥田貿易有限公司	Hong Kong 香港	100 ordinary shares of HK\$100; 13,055,667 non-voting deferred shares of HK\$13,055,667 ^(d) 100港元分為 100股普通股; 13,055,667港元分為 13,055,667股 無投票權遞延股份 ^(d)	100%	Investment and trademark holding 投資控股及持有商標
Prime Success (BVI) Limited	British Virgin Islands 英屬處女群島	5,000,000 shares of US\$0.01 each 5,000,000股每股面值 0.01美元之股份	100%	Investment holding 投資控股
Shanghai Aixie Information Technology Co., Ltd. ^(a) 上海愛攜信息科技有限公司 ^(a)	China 中國	RMB1,000,000 1,000,000元人民幣	100%	Operation of e-commerce business 經營電子商務業務
Shoebox Commerce Co., Ltd. ^(a) 鞋櫃商貿有限公司 ^(a)	China 中國	RMB460,000,000 460,000,000元人民幣	96.46%	Distribution of footwear and accessories 分銷鞋類產品及配件
Shoebox Holdings Limited 鞋櫃控股有限公司	Hong Kong 香港	14,111 ordinary shares of HK\$381,470,740 381,470,740港元分為 14,111股普通股	96.46%	Investment and trademark holding 投資控股及持有商標
Victoria Success (Shanghai) Limited ^(a) 永恩實業(上海)有限公司 ^(a)	China 中國	US\$23,000,000 23,000,000美元	100%	Property holding 持有物業

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

38 SUBSIDIARIES (CONTINUED)

Notes:

- (a) These companies were established in China in the form of wholly foreign-owned enterprises.
- (b) Other than investments in Full Pearl International Limited and Prime Success (BVI) Limited which are held directly by the Company, all subsidiaries shown above are held indirectly by the Company.
- (c) Other than Bright Crown Holdings Limited, Full Pearl International Limited and Prime Success (BVI) Limited which operate in Hong Kong, all subsidiaries shown above operate in the same place in which they were incorporated, respectively.
- (d) The non-voting deferred shares practically carry no rights to dividends, nor rights to receive notice, nor rights to attend and vote at any general meeting of the respective companies, nor rights to participate in any distribution on winding up.
- (e) None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.
- (f) The English names of the subsidiaries established in mainland China represent the best effort by the directors in translating their Chinese names as they do not have official English names.

38 附屬公司(續)

附註：

- (a) 該等公司為於中國成立之全外資企業。
- (b) 除於富珍國際有限公司及Prime Success (BVI) Limited之投資由本公司直接持有外，上列所有附屬公司均由本公司間接持有。
- (c) 除亮峰控股有限公司，富珍國際有限公司及Prime Success (BVI) Limited於香港營運外，以上列示的所有附屬公司分別於其註冊成立地點營運。
- (d) 無投票權遞延股份實際上無權收取有關公司之股息或接收該公司任何股東大會通告或出席股東大會並於會上投票。於有關公司清盤時亦無權參與任何分派。
- (e) 各附屬公司於年終或年內任何時間概無任何未償還債務證券。
- (f) 於中國大陸成立之附屬公司的英文名稱為董事盡力翻譯其中文名稱所得，因為該等附屬公司並沒有正式的英文名稱。

DAPHNE INTERNATIONAL HOLDINGS LIMITED

達芙妮國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)