



葉氏化工集團有限公司
Yip's Chemical Holdings Limited

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

股份代號 Stock Code: 408



Innovating for a
Brighter Future
勇於創新

2018 Annual Report 年報

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概要 Highlights

本公司股東應佔純利
Profit attributable to owners
of the Company

184,805,000

港元HK\$

↑8.4%

營業額
Revenue

12,388,283,000

港元HK\$

↑20.5%

截至2018年12月31日止年度(經審核)
For the year ended 31 December 2018 (audited)

每股盈利
Earnings per share

32.8

港仙HK CENTS

↑8.6%

全年股息
Dividend for the year

16

港仙HK CENTS

↑6.7%

借貸比率*
Gearing ratio*

46.0%

↓5.1 個百分點
% points

*淨銀行借貸佔本公司股東應佔權益的百分比為計算基準

*Measured by net bank borrowings as a percentage of equity attributable to owners of the Company

公司資料 # Corporate Information

董事會

非執行董事

葉志成先生(集團主席)
王旭先生
黃廣志先生*
古遠芬先生*
何百川先生*

* 獨立非執行董事

執行董事

葉子軒先生(副主席兼行政總裁)
葉鈞先生(副行政總裁)
何世豪先生(財務總裁)

高層領導團隊

葉子軒先生
葉鈞先生
何世豪先生
謝憶珠女士

審核委員會

黃廣志先生(委員會主席)
王旭先生
古遠芬先生
何百川先生

薪酬委員會

何百川先生(委員會主席)
王旭先生
黃廣志先生
古遠芬先生

Board of Directors

Non-executive Directors

Mr. Ip Chi Shing (Chairman)
Mr. Wong Yuk
Mr. Wong Kong Chi*
Mr. Ku Yuen Fun*
Mr. Ho Pak Chuen, Patrick*

* Independent Non-executive Directors

Executive Directors

Mr. Yip Tsz Hin (Deputy Chairman and Chief Executive Officer)
Mr. Ip Kwan (Deputy Chief Executive Officer)
Mr. Ho Sai Hou (Chief Financial Officer)

Senior Leadership Team

Mr. Yip Tsz Hin
Mr. Ip Kwan
Mr. Ho Sai Hou
Ms. Tse Yik Chu

Audit Committee

Mr. Wong Kong Chi (Chairman of the committee)
Mr. Wong Yuk
Mr. Ku Yuen Fun
Mr. Ho Pak Chuen, Patrick

Remuneration Committee

Mr. Ho Pak Chuen, Patrick (Chairman of the committee)
Mr. Wong Yuk
Mr. Wong Kong Chi
Mr. Ku Yuen Fun



安全健康環保委員會

古遠芬先生(委員會主席)
王旭先生
黃廣志先生
何百川先生

公司秘書

何世豪先生

核數師

德勤•關黃陳方會計師行
(香港執業會計師)
香港金鐘道八十八號
太古廣場一座三十五樓

律師

香港：
張秀儀 唐滙棟 羅凱栢 律師行
香港港灣道三十號新鴻基中心
五樓五零一室

開曼群島：
Maples and Calder
P.O. Box 309, Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Health, Safety and Environment Committee

Mr. Ku Yuen Fun (Chairman of the committee)
Mr. Wong Yuk
Mr. Wong Kong Chi
Mr. Ho Pak Chuen, Patrick

Company Secretary

Mr. Ho Sai Hou

Auditor

Deloitte Touche Tohmatsu
(Certified Public Accountants)
35/F., One Pacific Place
88 Queensway, Hong Kong

Solicitors

in Hong Kong:
Cheung Tong & Rosa Solicitors
Rooms 501, 5/F., Sun Hung Kai Centre
30 Harbour Road, Hong Kong

in the Cayman Islands:
Maples and Calder
P.O. Box 309, Ugland House
Grand Cayman
KY1-1104
Cayman Islands

公司資料

Corporate Information

主要往來銀行

香港上海滙豐銀行有限公司
恒生銀行有限公司
中國銀行股份有限公司
法國巴黎銀行
瑞穗銀行
三菱UFJ銀行
中國建設銀行
工商銀行
交通銀行

主要股份過戶登記處

SMP Partners (Cayman) Limited
Royal Bank House
3rd Floor, 24 Shedden Road,
P.O. Box 1586,
Grand Cayman KY1-1110
Cayman Islands

香港股份過戶登記處

卓佳秘書商務有限公司
香港
皇后大道東一八三號
合和中心二十二樓

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Bank of China Limited
BNP Paribas
Mizuho Bank, Ltd.
MUFG Bank, Ltd.
China Construction Bank
Industrial and Commercial Bank of China
Bank of Communications

Principal Share Registrar and Transfer Office

SMP Partners (Cayman) Limited
Royal Bank House
3rd Floor, 24 Shedden Road,
P.O. Box 1586,
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Share Registrar and Transfer Office

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



註冊辦事處

P.O. Box 309, Ugland House
Grand Cayman
KY1-1104
Cayman Islands

總辦事處及主要營業地點

香港灣仔
告士打道七十七至七十九號
富通大廈二十七樓

電話：(852) 2675 2288
圖文傳真：(852) 2675 2345
國際互聯網網址：
<http://www.yipschemical.com>

股份代號

408

載於本部份之本公司公司資料只包括於本年報日期。有關於審閱期間本公司董事及不同委員會成員的變動，請參考董事會報告書第44至59頁

Registered Office

P.O. Box 309, Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Head Office and Principal Place of Business

27/F., Fortis Tower
Nos. 77-79 Gloucester Road
Wanchai, Hong Kong

Tel: (852) 2675 2288
Fax: (852) 2675 2345
Internet homepage:
<http://www.yipschemical.com>

Stock Code

408

The information covered in this section only covers corporate information of the Company as at the date of this annual report. For changes in directorship and membership of various committees of the Company during the period under review, please refer to the Directors' Report on pages 44 to 59.

主席報告 — 回顧與展望 Chairman's Statement — Review and Outlook



主席
CHAIRMAN
葉志成先生
Mr. Ip Chi Shing

本人欣然向本公司及其附屬公司（「集團」）全體股東們呈報二零一八年的全年業績。回顧期內，集團的整體業務繼續在溶劑業務規模效應持續突顯，得以強勁增長的帶動下，銷售額再次創下歷史新高，達124億港元，比較去年增長20.5%。銷售量亦同時創下高達139萬噸的佳績，比較去年增長9%。然而在股東應佔純利方面，去年卻是頗令人失望的一年。期內經營大環境嚴峻是近年罕見，特別是下半年以來，中美貿易摩擦不斷升溫，多處地緣政治震盪加劇，導致全球經濟氣氛一片低迷。面對急劇轉變的經營環境，集團準備不足；努力不夠，各核心業務均未能延續上半年良好的開局勢頭，最終僅錄得全年盈利為1.85億港元，比較去年輕微增長8.4%。在財務表現方面，集團繼續秉持審慎理財，發展不忘穩健的原則。期內雖面對嚴峻經營環境，有賴在嚴控信貸方面採取更為嚴謹的有效措施，令整體應收賬齡有所下調，同時呆壞帳率依然控制在正常水平。另一方面，集團繼續致力在廠房效益整合，以及活化固定資產方面取得成效，為集團帶來部份核心業務外的收益，因而令集團期末的借貸比率錄得46.0%，比去年

It is my pleasure to present this Annual Results for the year 2018 to all shareholders of the Company and its subsidiaries (the "Group"). In the period under review, buoyed by strong growth in the solvents business that was brought about by a sustained manifestation of scale effect, the Group set yet again a new record in sales revenue at HK\$12.4 billion, a growth of 20.5% from last year. Sales volume also registered a record of 1.39 million metric tons, up 9% from last year. Profit attributable to owners of the Company, however, was quite disappointing. In the period, the business environment was one of the poorest in recent years. This was particularly so in the second half, during which the escalating tensions in the Sino-US trade row and the intensifying geopolitical shocks in various regions led to depressing global economic sentiments. Faced with such dramatic changes in the business environment, the Group was not sufficiently prepared and not working hard enough. As a result, all core businesses were not able to maintain the good starting momentum in the first half, so much so that profit for the whole year was only HK\$185 million, which showed a slight increase of 8.4% from last year. In financial performance management, the Group continued to uphold the principle of prudence and consistency in developing its businesses. Though business environment was challenging in the period, we had not let down our guard in carrying out strict and effective credit controls, and as a result, the overall account receivables ageing days were reduced and the bad debt rate was still controlled at a normal level. Meanwhile, the Group continued to achieve results

主席報告 — 回顧與展望 Chairman's Statement — Review and Outlook



51.1%有所改善。在考慮集團對業務前景的評估和貫徹一向積極回饋股東的願景後，本公司董事會（「董事會」）建議向集團全體股東派發期末股息每股10港仙，與去年同期持平。連同已派發的中期股息，全年合共派發股息每股16港仙，去年則為每股15港仙。

回顧

去年的整體經營大環境可說是十分嚴峻，期內利率持續上升、人民幣貶值近5%、多處地緣政治動盪、單邊主義復熾，導致國際貿易摩擦不斷，環球經濟增長全面放緩。國內方面，房地產、股票市場低迷，企業普遍性銀根緊絀，業務拓展意欲不振。下半年更受中美貿易摩擦升溫的影響，進出口數據顯著下滑，經濟活力一片低迷。於本業而言，原料價格持續攀升，同時受市場需求減弱和產能過剩，未能消化的困擾，同業間的競爭更是異常激烈，導致整個業界的邊際利潤普遍下降。另一方面，因應政府執法機關對化工行業規範日趨嚴謹，令規模企業必須在廠房整改、揮發性有機化合物監控排放等有關方面作出更大的資本性投放，經營成本上升。於集團而言，因應急劇轉差的經營環境，在下半年開始，對各核心業務作出了綜合和深切的檢視，決心必須加快加大對原有業務重整的行動。部份盈利素質不良、前景不明朗的業務按序剝離，引致個別廠房的停產或局部停產，從而衍生數千萬元的員工遣散和資產報廢，以及呆貨呆帳撥備等等。這些從根本上提昇業務質素的相關舉措，明顯地對集團下半年，乃至於全年的業績表現構成壓力。同時集團也決策以國內汽車維修連鎖品牌「大嘜養車」為嘗試，加快新業務的開拓。其前期的必要投放，短期內也將為集團的盈利貢獻帶來影響。

from its plant consolidating initiatives and fixed asset revitalising efforts, thereby generating profit outside of the Group's core businesses. Consequently, the Group's gearing ratio in the period end was 46.0%, which was an improvement from 51.1% in the previous year. After considering the Group's assessment of business prospects and the ongoing commitment of rewarding shareholders, the board of directors of the Company (the "Board") proposed to declare a final dividend of HK10 cents per share, the same as in the previous year. Together with the interim dividend that had been paid out, total dividend for the full year was HK16 cents per share, as compared to HK15 cents per share in the last year.

Review

The overall business environment last year can best be characterised as extremely grim. Interest rates continued to rise; Renminbi depreciated by nearly 5%; geopolitical turmoil emanated from various regions and, on top of that, the re-emergence of unilateralism had led to incessant conflicts in international trade and a slowdown in the growth of the global economy. In the Mainland, with the downturn in both the real estate market and the equity market, enterprises were generally suffering from a tightening in money supply and had little desire to expand their businesses. In the second half, as the Sino-US trade conflict heated up, import-export figures slid markedly and economic vitality turned sluggish. In the chemical industry, profit margin had fallen across the board as raw material prices rose continuously and competition among industry players became ferocious because demand was weak and overcapacity could not be dwindled down. At the same time, in response to ever-tightening regulations imposed on the chemical industry by various government authorities, large enterprises had to make greater capital investments in areas related to plant upgrading and the monitoring of the release of volatile organic compounds, and thus operating costs rose. In view of the drastically worsening business environment, the Group acted determinedly and conducted a comprehensive, exhaustive review of all core businesses in the second half of the year. The aim was to quicken and deepen the ongoing business restructuring so that businesses with poor profitability and uncertain prospects could be disposed of in an orderly manner. As a result, a number of plants had ceased production totally or partially, incurring tens of millions in severance payments, asset write-offs as well as provision for bad debts and non-moving goods. Obviously, these measures to improve business quality had a negative impact on the Group's performance in the second half or even for the whole year. Meanwhile, we had decided to treat the strategic investment in Damai, a car maintenance chain in China, as an attempt to speed up the Group's effort in diversifying into new businesses. Since investment is necessary at the beginning of such diversification, there will be impact on the Group's profits in the short term.

主席報告 — 回顧與展望

Chairman's Statement — Review and Outlook

展望

本人對二零一九年的業務前景持十分審慎的態度。預期去年對經營環境構成重大不利影響的各項因素，年內不易消除。特別是中美貿易摩擦已逐漸向多方位和深層次轉化，令問題變得更為複雜，影響更為深遠，勢將為中國的民族復興路帶來重大的挑戰。為應對新形勢、新轉變，中國政府方面已相應地在年內不斷推出各項可行性措施，以確保就業均衡、經濟平穩增長，其中擴大內需和銳意發展大灣區的重要國策加速推行和落實，將特別為集團所期盼和寄以厚望。集團深信憑藉實力雄厚，在國內深耕多年，基礎穩固，期望可著先鞭，得以受惠。與此同時，年內集團一方面將繼續致力深化原核心業務的整固工作，特別在如何做「強」方面加大著力，改善盈利水平；另一方面也將更為積極地圍繞在環保化、終端化、服務化的領域中加大投放和拓展新的相關業務。透過對終端客戶群提供優質和配套服務，開辟新的優質盈利來源，可以從根本上提昇集團的整體盈利素質。本人有信心在全體同寅共同不懈的努力下，其效益將可在短期內逐漸得到呈現。藉此謹代表董事會向集團全體員工們的辛勞付出和貢獻；所有持份者對集團的大力支持指導；董事會的領導和高層領導團隊的迎難而上、勇於創新精神，致以衷心的感謝。

Outlook

Looking forward to 2019, I am taking a very prudent view of our businesses. It is expected that all the factors that had a deleterious effect on the business environment last year will not be eliminated easily in the coming year. In particular, the Sino-US trade conflict has gradually turned into clashes in fundamental tenets in multiple areas. This has compounded the problem and constitutes a serious challenge to China's national revitalisation. To deal with such a development, the Central Government had, during the year, rolled out measures to stabilise the employment situation and to ensure steady growth of the economy. The Group, in particular, is looking forward to and pinning high hopes on the institution and implementation of policies to expand domestic demand and to develop the Greater Bay Area. We are convinced that, thanks to our strong business capabilities and our penetration of the Mainland market over the years, we have a firm foundation to make pre-emptive attempts in seeking out business opportunities. Concurrently, the Group will continue to work hard on consolidating its core businesses with an emphasis on strengthening them and enhancing profitability. We will also increase investments in making these core businesses more eco-friendly, more end-user aligned and more service oriented while expanding into new related businesses. We hope that, by delivering high quality packaged services to end-user customer groups, we can open up new and potent income stream and fundamentally improve the profitability of the Group. I am fully confident that, under the concerted efforts of all our employees, the benefits of these efforts will be apparent in the short term. On behalf of the Board, I would like to take this opportunity to convey our gratitude to all employees for their efforts and contributions, to all stakeholders for their unfailing support and guidance, to the Board for its leadership and to our senior leadership team for rising to challenges and being ever ready for innovations.

主席報告 — 回顧與展望 Chairman's Statement — Review and Outlook



董事榮休及最新委任

集團資深非執行董事唐滙棟先生和獨立非執行董事吳紹平先生分別於去年六月五日和今年一月一日榮休。本人謹代表董事會對兩位董事多年來服務集團所作出的貢獻，致以衷心感謝。

集團於去年六月五日委任高階行政人員何百川先生為集團獨立非執行董事，並於今年一月一日分別委任集團前聯席行政總裁、執行董事王旭先生和前企業發展總裁葉鈞先生為集團非執行董事和執行董事。本人代表董事會歡迎三位新董事的加入。

葉志成
主席

二零一九年三月二十日

Retirement and Appointment of Directors

Mr. Tong Wui Tung, an experienced Non-executive Director of the Company, and Mr. Ng Siu Ping, an Independent Non-executive Director of the Company, retired respectively on 5 June 2018 and 1 January 2019. On behalf of the Board, I would like to convey our sincere gratefulness to them for their contributions over the years.

Senior executive Mr. Ho Pak Chuen, Patrick was appointed on 5 June 2018 as an Independent Non-executive Director of the Company. Mr. Wong Yuk, former Co-Chief Executive Officer and Executive Director of the Company and Mr. Ip Kwan, former Chief Corporate Development Officer, were appointed respectively as a Non-executive Director and an Executive Director of the Company on 1 January 2019. On behalf of the Board, I would like to welcome them for joining us.

Ip Chi Shing
Chairman

20 March 2019

行政總裁報告 Report of the Chief Executive Officer



行政總裁
CHIEF EXECUTIVE OFFICER
葉子軒先生
Mr. Yip Tsz Hin

集團截至二零一八年十二月三十一日止年度的業績要項包括：

- 一. 總銷售額再創新高達 124 億港元，主要來自溶劑業務的大幅增長；
- 二. 四項主要業務的營運效果是：溶劑保持旺態；油墨業績稍見回落；塗料、潤滑油兩業務則錄得虧損；
- 三. 物業經營溢利錄得約 1.39 億港元，主要分別來自原上海青浦廠地及香港粉嶺前總部公允值升值以及出售惠州原樹脂廠地收益；

Key aspects of the Group's performance for the year ended 31 December 2018 are as follows:

1. Total sales revenue once again set a new record, reaching HK\$12.4 billion. This is attributable mainly to a substantial growth in the solvents business;
2. The operating results of the four main business segments were as follows: solvents segment remained buoyant; inks segment slipped slightly; losses recorded for coatings and lubricants segments;
3. Operating profit from properties segment was around HK\$139 million, which came mainly from a rise in the fair values of former factory premises at Qingpu, Shanghai and former headquarters at Fanling, Hong Kong, as well as from the earnings derived from selling the lot formerly occupied by the resins plant in Huizhou;

行政總裁報告 Report of the Chief Executive Officer



- | | |
|--|--|
| <p>四. 重整業務及廠房配置，帶來了員工補償費及設備報廢撥備等合共約9,400萬港元的特殊支出；</p> <p>五. 綜合上述因素，本年度集團股東應佔純利達1.85億港元，同比增長8.4%；</p> <p>六. 資金運用大有改善，四生產主業於二零一八年十二月三十一日佔用的營運資金合共約26億港元，比對同期下降近6億港元；</p> <p>七. 借貸比率持續下降至46.0%，同比下降5.1個百分點。</p> | <p>4. Business restructuring and plant replanning entailed a total of approximately HK\$94 million in special expenses such as employee compensation and provision for equipment obsolescence;</p> <p>5. As a result of all the above factors, the Group's profit attributable to owners was HK\$185 million, representing a growth of 8.4% year-on-year;</p> <p>6. The use of working capital improved markedly; as at 31 December 2018, the working capital used by the four manufacturing businesses amounted to around HK\$2.6 billion, down almost HK\$600 million from the previous period;</p> <p>7. Gearing ratio fell continuously to 46.0%, representing a drop of 5.1 percentage points year-on-year.</p> |
|--|--|

集團五大業務回顧及展望如下：

Review and outlook of the Group's five major business segments are as follows:

溶劑

Solvents

本年度銷售大增，受惠於出口、本銷均錄得雙位數字增長，銷售團隊深耕細作，繼續發揮直銷用戶，貼心服務的優良傳統，令本地用戶的客戶量及用量均持續增長。另者，出口銷量達24萬噸，而中美貿易戰對溶劑出口業務影響輕微。

Thanks to a double-digit growth in sales both domestically and overseas, sales in the year rose considerably. As our sales teams developed their territories intensively and conscientiously, and as they kept to the proven practice of selling directly to users and providing services with heart, there was a sustained increase in both the number and the usage volume of local clients. Also, export volume reached 240,000 metric tons, with the export business being minimally affected by the Sino-US trade war.

本年度的經營溢利比對同期下滑12%，是去年原材料持續上升，增長了我們的倉存溢利。而本年度獲利約3.45億港元，仍是過去幾年較佳業績的一年。

The operating profit in the year was down 12% from the last year, and it was the constant rise in raw material prices that pushed up inventory gain last year. Operating profit in the year at about HK\$345 million was nevertheless one of the highest in recent years.

應對國內安環法規日嚴的大勢，本業務本年度兩大舉措，一是自行結束酒精生產業務，二是加快江蘇泰興新醋酸酯生產線的工程。

In view of the increasingly stringent safety and environmental regulations in the Mainland, two major projects were carried out in the year: one was the voluntary winding up of ethanol production, and the other was to accelerate the construction of new acetate production line in the Taixing plant in Jiangsu Province.

行政總裁報告

Report of the Chief Executive Officer

酒精生產線的撥備及華南廠房預提撥備也帶來了合共約5,300萬港元的特殊支出。

展望新的一年，本業務工作重點包括：

- 一. 泰興新生產線有望於二零一九年六月前竣工投入使用，緩解了今天稍見供不應求及業務團隊持續要求增長的需求；
- 二. 徹底改變燒煤供氣的工藝，全面使用天然氣作燃料，達致更環保的生產環境；
- 三. 加大加快科研投入，探索上下游產品組合發展。管理層對本業務的銷售持續增長及穩定收益甚具信心。

塗料

原材料成本高企及競爭白熱化的勢態持續，導致本業務雖然銷售（未計新增的駱駝漆）略有增長，但總體經營業績則錄得約650萬港元的虧損。這包括了匯兌損失、員工補償等因素。

管理層從去年中開始，調整策略，從追求激增銷售調整至追求有素質的銷售，從大削內部費用著手，期望大幅提升本業務的綜合競爭能力。管理層向董事會展示信心、決心，新年度將扭轉塗料業務虧損的局面。

The provisions made for the ethanol production line and the Southern China plant brought about approximately HK\$53 million in special expenses.

The focus of this business segment in the coming year includes:

1. Construction of the new Taixing production line might well be completed and operational by June 2019, allaying the current situation of insufficient supply and the incessant demand of sales teams for volume growth.
2. Use natural gas instead of coal to generate steam comprehensively to achieve a more eco-friendly production environment.
3. Step up research and development to explore expansion into upstream and downstream products. The management is fully confident of the sustained growth of the business and the steady profit coming out of it.

Coatings

Because of the sustained high raw material prices and the ferociously competitive situation, despite a slight growth in sales revenue (exclusive of the newly acquired "Camel" paint), an operating loss of about HK\$6.5 million was recorded. Relevant factors included exchange loss and employee compensation.

Since the middle of last year, the management has been adjusting priorities by switching from seeking sharp increases in sales to seeking good quality sales. It began with a drastic reduction in internal expenses in the hope that the overall competitiveness of this business segment can be substantially raised. The management has already conveyed to the Board that it has the confidence and determination to turn around the loss-making position of the coatings segment in the new financial year.

行政總裁報告 Report of the Chief Executive Officer



本年初收購的駱駝漆業務，經歷一年的磨合、整合，已大致順利過渡，全年業績、效益符合預期。

油墨

本業務的經營狀況與塗料有所類似，同樣是銷售略見增長，毛利沒見改善，但受惠於各項費用控制得宜，仍見錄得經營溢利達4,000萬港元，比對去年同期下降28%。

新年度預算中，本業務作出追求質素銷售，或有機會帶來銷量的輕微下跌，但對業務的持續改善有所幫助，特別是將三間廠房合併為二，使現存的中山、桐鄉兩廠更能充分使用，生產及經營成本持續下降，進一步改善資金回報率。

凹版環保水墨的持續推銷漸見成效，儘管該品種對油墨業務貢獻輕微，且投入較大。管理層相信，油墨水性化、醇溶化乃大勢所趨，今天的投入及努力將有所回報。

潤滑油

本業務的銷售下跌2,300萬港元，毛利比去年少1,100萬港元，導致虧損持續擴大達3,900萬港元，這包括了匯兌損失、呆貨及設備撥備共約1,100萬港元以至新業務大嚙養車的初期虧損約800萬港元等等。

Now that the “Camel” paint business had undergone a year of adaptation and consolidation after it was acquired at the beginning of the year, the transition was successful while its whole-year performance was in line with expectation.

Inks

The operating condition of this business was quite similar to that of the coatings segment — sales grew moderately but gross profit did not improve. Nevertheless, with all types of expenses under appropriate control, the business was still able to register an operating profit of HK\$40 million, which showed a decline of 28% from the same period last year.

In the budget plan of the new financial year, the decision to pursue good quality sales may lead to a slight drop in sales volume. But this decision should help towards the sustained improvement of the business. In particular, the merging of three existing plants into two should allow a fuller utilisation of the remaining Zhongshan and Tongxiang plants, leading to a continuous fall in production and operating costs, thus further improving the return on capital.

Despite the fact that the contribution from eco-friendly gravure water-based inks is inconsequential while investment is relatively high, it is pleasing to see initial success through persistent selling. The management is convinced that water-based and alcohol soluble inks would be the name of the game in the future, and that the investments and efforts made today would yield appropriate returns in the future.

Lubricants

Sales revenue dropped HK\$23 million and gross profit was down HK\$11 million from the previous year, as a result operating loss widened to HK\$39 million, which included a total of around HK\$11 million in exchange loss and provisions made for slow-moving goods and equipment, as well as an initial loss of around HK\$8 million sustained by the new car maintenance business operation of Damai.

行政總裁報告

Report of the Chief Executive Officer

本業務已大幅收縮了工業潤滑油業務線，日後將主要專注汽車機油，特別以成熟的渠道網絡，目標是扭轉虧損局面。

本年度本業務持續投資，增大、擴大了養車業務(大嚟)。管理層深信養車業務是有前景的，可與機油業務產生協同增長的效應。我們明白前期的投入，甚至新店培育用戶需時，我們或有短暫時段的虧損付出。但管理層深信當加大、加深、加快該業務的步伐創造品牌及規模效益時，該業務將可為集團帶來可觀的盈利。

物業

本年物業分類貢獻大增至約1.39億港元。主要受惠於原上海青浦廠地及粉嶺前總部物業增值以及出售惠州原樹脂廠地收益。集團因應市場變化及安環法規要求整合廠房和辦公樓等物業，並將騰空的物業陸續安排出租或出售，預計未來可為集團帶來持續穩定的盈利貢獻。例如集團於二零一九年一月公告已將持有上海青浦廠地的公司股權出讓，預料可於交易完成時錄得稅前溢利約1.6億港元。

With the substantial downsizing of the industrial lubricants business, we will mainly focus on the automotive lubricants business in future, particularly through well-developed sales channels and networks, with the goal to turn around the loss-making position.

In the current year, we will continue to invest, grow and expand the Damai car maintenance business. We believe in the prospects of this business and that it can create synergies with our lubricants business. We fully understand that this business requires investment at the initial stage and that it takes time for the new stores to cultivate their clientele, so we may have to sustain a loss in the short term. Yet, the management is convinced that, in expanding, entrenching and speeding up this business, the Damai brand will be built up and the requisite scale effect will eventually bring about considerable earnings to the Group.

Properties

Contribution from the properties segment soared to about HK\$139 million, attributable mainly to the increase in the values of the former Qingpu plant in Shanghai and the former headquarters building in Fanling, as well as to the earnings derived from selling the former resins plant in Huizhou. The Group has been consolidating plants and office buildings in response to changes in the market and in safety and environmental regulations. As the properties subsequently vacated are successively let or sold, it is expected that the Group will benefit from a steady stream of profits in future. For instance, the Group announced in January 2019 that it has sold the shareholdings of the company holding the Qingpu plant in Shanghai. It is expected that a gain before tax of approximately HK\$160 million will be recorded upon completion of the transaction.

行政總裁報告 Report of the Chief Executive Officer



展望

新的一年本集團管理層頗具信心，業務素質可以持續改善，基於以下幾大因素：

- 一. 溶劑業務持續穩定，預料收益顯著；
- 二. 塗料、油墨材料成本預期趨穩甚而微降，有助改善毛利，而去年集團的深化改革，其效益會逐步體現出來；
- 三. 隨著原上海青浦廠地的交易完成，會帶來近3億港元的資金回歸，將進一步加強集團的現金流狀況；
- 四. 管理層將密切注意市場狀況，有效地配置手上閒置物業，以釋放該等物業的高效潛力，為集團帶來最具效益的回報；
- 五. 進一步加強企業發展部的功能，尋求新的業務機會，力求在穩定既有主業，又兼顧新機會、新投資、新發展的兩線發展。

葉子軒
行政總裁

二零一九年三月二十日

Outlook

Based on the following considerations, the management is very confident that the quality of our businesses will improve continuously in the coming year:

1. The solvents business is growing steadily and is expected to contribute significant earnings;
2. Raw material costs for coatings and inks are expected to stabilise or may even decrease slightly, thus improving gross profit. The benefits of the deep reforms instituted last year by the Group should gradually become apparent;
3. With the completion of the sale of the lot taken up by the former Qingpu plant in Shanghai, there will be receipts of close to HK\$300 million, which will further fortify the Group's cash flow situation;
4. The management will monitor the market situation closely to effectively allocate idle properties on hand so that the high potentials of these properties can be released and bring in the best returns to the Group;
5. The function of the Corporate Development Department will be further strengthened for identifying new business opportunities. The objective is to take a two-pronged approach of maintaining existing key business segments while watching out for new opportunities, new investments and new development.

Yip Tsz Hin
Chief Executive Officer

20 March 2019

集團主要物業 Group's Major Properties



集團主要物業
Group's Major Properties



-  公司總部
Headquarters
-  集團研發中心
Group's R&D Centre
-  溶劑廠房
Solvents plant
-  塗料廠房
Coatings plant
-  油墨廠房
Inks plant
-  潤滑油廠房
Lubricants plant
-  辦公室大樓
Office building

* 集團於二零一九年一月公告已將持有上海青浦廠地的公司股權出讓。
 * The Group announced in January 2019 that it has sold the shareholdings of the company holding the Qingpu plant in Shanghai.
 # 粉嶺前總部物業已予以出租。
 # The former headquarters building in Fanling was leased out.

業務簡介 Business Profiles



溶劑
SOLVENTS



潤滑油
LUBRICANTS



油墨
INKS



塗料
COATINGS

業務簡介 — 溶劑

Business Profiles — Solvents

溶劑是集團最大的核心業務，集團為全球最大的醋酸酯類溶劑生產商。瞄準中國改革開放的發展機會，集團旗下子公司謙信化工發展有限公司於一九九三年與江門市啟盛化工發展有限公司成為合作夥伴，憑藉中外合資的優勢，互相取長補短，聯手打造了超過二十載的輝煌成績。

溶劑業務主要生產工業用的環保型有機溶劑，包括醋酸乙酯、醋酸正丁酯、醋酸混丁酯、乙醇及丙烯酸丁酯，廣泛應用於塗料、製革、醫藥、黏合劑等行業，於華南及華東均設有生產基地。溶劑業務擁有強大的營銷隊伍和覆蓋全國以至世界各地的銷售網絡，並採用直銷主導的經營模式，除了可確保服務貼心到位外，亦可讓銷售團隊更了解客戶的需要，為業務重要優勢之一。

集團一向注重客戶，溶劑業務以客為本的售前及售後服務贏得客戶多年來的信賴及支持。我們與世界級的化工企業合作，採購質量優越穩定的原材料，保障產品質量。

面對中國龐大的市場需求，葉氏化工把握機遇，除了不斷擴大醋酸酯產能，在同業中確保領先優勢外，更致力開拓具有協同效應的相關新產品，以擴大產品組合。

Solvents form the largest part of the Group's core businesses and the Group is the world's largest acetate solvents producer. A major turn of event took place in 1993 when Handsome Chemical Development Limited, a Group subsidiary, set sight on the opportunities made available from the reform and liberalization in China and formed a joint venture with Jiangmen Qisheng Chemical Development Company Limited. By capitalizing on the advantages of a sino-foreign joint venture and by complementing each other, the two partners were able to achieve over 20 years of dazzling performance.

The Group produces mainly eco-friendly industrial organic solvents. These include ethyl acetate, normal butyl acetate, mixed butyl acetate, ethanol and butyl acrylate which are extensively used in the coatings, tannery, medicine and adhesives industries. The solvents division has established production bases in Southern and Eastern China. The business maintains a huge sales force and operates a sales network that covers the whole of China and reaches overseas. By operating mainly on a direct-sales basis, it manages not only in ensuring thorough and satisfactory services, but also in affording its sales team a better understanding of customer needs — a vital edge of the business.

Customers have always been the Group's main concern and the pre- and post-sales customer-oriented services of the solvents business have, over the years, won the trust and support of customers. We cooperate with world-class chemical companies in sourcing for raw materials of superior and stable quality as a way to guarantee product quality.

In view of China's huge market demand, Yip's Chemical grasps full advantage of the opportunity not only by expanding its acetate solvents capacity to ensure its competitive edge in the industry, but also by developing new related products that offer synergic effects in order to expand product portfolio.



業務簡介 — 塗料 Business Profiles — Coatings



紫荊花塗料集團（「塗料集團」）於二零一五年起正式營運，管理葉氏化工旗下於國內的建築塗料、工業塗料及樹脂業務。

建築塗料

建築塗料產品包括內外牆乳膠漆及木器漆。塗料集團銳意成為中國家裝漆市場的領導者，銷售點覆蓋全國大中城市和大部分鄉鎮，深受廣大用戶的好評和信賴。在建築工程界，通過提供專業的產品以及優質的服務，贏得了眾多知名房企的信賴，並結成長期戰略合作夥伴關係，令塗料集團的專業工程項目覆蓋全國各地。

隨著消費者對環保及健康的日益關注，塗料集團不斷創新，推出環保型的新產品，並研發一系列先進的環保技術，致力為消費者提供一個安全健康清新的家居環境。為了滿足塗料業務未來的高速發展需要，塗料集團於上海市金山區精細化工產業園區設有一所年產能接近二十萬噸的塗料產品、配套溶劑及輔料產品生產基地。

The Bauhinia Coatings Group (“the coatings group”) officially commenced operation in 2015 and its business scope covers architectural coatings, industrial coatings and resins in the Mainland.

Architectural Coatings

The architectural coatings products include inner and outer emulsion wall paints and wood paints. The coatings group strives to be the leader in China’s household paints market. With sales outlets covering China’s large and medium-sized cities as well as the majority of townships, the coatings group has won favourable comments and goodwill from innumerable users. In the sector of architecture and construction, professional products and exceptional services of the coatings group have gained the confidence of many well-known property developers. With long term strategic partnership forged with many of these developers, projects using the coatings group’s architectural paints can now be found across the country.

With the growing environmental awareness and health consciousness of consumers, the coatings group has been staying innovative in order to provide consumers with a safe, healthy and refreshing home environment. To this end, it has rolled out a number of new eco-friendly products and developed a range of advanced environmental technologies. In order to ensure that it can meet the needs of its rapid business development in future, the coatings group has set up a production base in Jinshan Fine Chemical Industrial Park in Shanghai. This production base has an annual capacity to produce around 200,000 metric tons of coatings, complementary solvents and associated products.



業務簡介 — 塗料 Business Profiles — Coatings

工業塗料

工業塗料的產品系列廣泛，包括傢俱木器、塑料及防腐塗料。在工業漆市場，塗料集團的工業漆多年來一直保持快速增長，通過專業的產品品質及服務，贏得了新老客戶的口碑和高度信賴。工業塗料旗下實驗室為中國合格評定國家認可委員會認可實驗室，可因應客戶要求提供相應檢測服務，為客戶之產品提供等同由中國商檢局發出的各類型驗證報告書，除了為產品品質提供強力保證外，同時亦大大提升了塗料集團與眾多國際品牌的終端用戶或使用單位的合作空間。

樹脂

塗料集團生產樹脂，並垂直整合至相關塗料成品，以提供更具競爭力之原材料及進一步提升產品質素。塗料集團可以依客戶的要求，開發客戶所需的塗料用樹脂。

葉氏化工於二零一八年初收購「Camel」（駱駝）、「Aquapro」及「Viva」等塗料品牌，及其於香港、澳門及中國內地的建築塗料及工業塗料業務。集團深信此收購將有助鞏固其在南中國的塗料市場地位，並與塗料集團的原本業務在製造、技術、經銷及市場推廣領域創造更大協同效益，為將來在粵港澳大灣區的發展打好基礎。

Industrial Coatings

Industrial coatings consist of a range of products, including coatings for furniture and plastic, as well as anti-corrosive coatings. The industrial paints of the coatings group have been maintaining rapid growth over the years. Its superb product quality and professional services have succeeded in eliciting a high degree of trust from new and old customers alike. Industrial coatings laboratory is an accredited laboratory recognised by China National Accreditation Service for Conformity Assessment ("CNAS"). As such, it can offer testing services upon customer requests. It can also issue various types of testing reports on customer products that have the same validity as those issued by China Commodity Inspection Bureau. This serves not only to provide solid guarantee on product quality, but also substantially expand the room for cooperation between the coatings group and the end users of a host of international brands.

Resins

The coatings group also produces resins, so that vertical integration with the production of finished coating products can be made. This will provide more competitive raw materials and will further raise product quality. The coatings group can develop coating resins in accordance with customers' requirements.

Yip's Chemical acquired coatings brands, "Camel", "Aquapro" and "VIVA" in early 2018, and their respective architectural and industrial coatings businesses in Hong Kong, Macau and Mainland China. The Group believes that the acquisition would help strengthen its market position in Southern China, and will create synergies with the current businesses of the coatings group on areas such as manufacturing, technology, distribution and marketing, building a solid foundation for the development of Guangdong-Hong Kong-Macau Greater Bay Area.



業務簡介 — 油墨 Business Profiles — Inks



葉氏化工的油墨業務始於一九九八年，旗下品牌「洋紫荊」油墨目前已發展為全國最大油墨供應商，並躋身全球頂級油墨企業二十強之列。洋紫荊油墨主要生產塑膠印刷油墨及紙品印刷油墨等產品，應用於食品、飲料、禮品包裝及紙張印刷等行業，在華南及華東地區的策略性據點皆設有生產基地，銷售網絡覆蓋全國。

為符合清潔生產要求，洋紫荊油墨率先採用獨立的無苯車間及管道化生產模式，並配備國內最先進的自控系統，是國內屈指可數的與企業資源管理相連接的油墨生產系統。洋紫荊油墨更是中國油墨行業中首批引入有害物質管理體系的企業，致力保障員工健康及保護環境。

洋紫荊油墨提倡綠色環保理念，無論在環保產品或綠色技術研發都達到行業上的領先水平。洋紫荊油墨除了獲得「優秀環保油墨生產商」稱號外，近年已成功開發揮發性有機化合物(VOC)含量低的水性油墨，其植物油環保型膠印油墨亦憑藉高效的環保性能及清潔的作業方式，獲得「綠色技術大獎」。同時，洋紫荊油墨亦設有為中國合格評定國家認可委員會認可的實驗室，提供專業的產品檢測服務，為產品品質保證提供堅強支持。

Yip's Chemical's inks business was started in 1998. By now it is China's largest supplier of inks under the Bauhinia Variegata brand and one of the top 20 ink enterprises globally. Plastic printing inks and paper printing inks for use in food, drinks, gift packaging and paper printing are the main Bauhinia Variegata products. With manufacturing bases in strategic locations throughout Southern and Eastern China, these products are sold over a countrywide sales network.

In order to fulfill the Group's clean production principle, Bauhinia Variegata takes the lead in establishing separate aromatic-free production plant and introducing fully piped manufacturing mode. The Bauhinia Variegata production system is not only equipped with the most advanced automatic controls, but is also one of the few in China linked to an Enterprise Resources Planning system. In addition, in its effort to protect employee health and the environment, Bauhinia Variegata has also become one of the first companies in the China's inks industry in adopting a hazardous substance process management system.

Bauhinia Variegata is a staunch advocate of environmental protection and is leading the industry in both environmentally friendly products and green technologies. Not only named as "Outstanding Eco-friendly Ink Manufacturer", Bauhinia Variegata successfully develops water-based inks with low volatile organic compounds (VOC) and its eco-friendly vegetable offset printing inks has also won a "Green Technology Award" on the basis of its highly effective environmental properties and clean operation practices. In addition, equipped with a laboratory that has been certified by CNAS, Bauhinia Variegata provides a professional product testing service which gives a strong boost to product quality assurance.



業務簡介 — 潤滑油 Business Profiles — Lubricants

集團的潤滑油生產始於一九九二年，以「力士」為品牌的汽車及相關工業潤滑油產品種類多元化，包括發動機油、不凍液、系統冷卻液、剎車油、潤滑脂、齒輪油、自動排擋油、液壓油等，其研發的甲醇雙燃料發動機專用潤滑油更成功在國家高技術研究發展計劃(863計劃)的攻關項目獲得認可。以「博高」為品牌的高效能工業潤滑油及特種潤滑油，廣泛用於電子、家電、汽車、軸承製造、工程機械、鋼鐵、港口碼頭、水泥、玩具、紡織、金屬加工等行業。

潤滑油業務近年重點重塑「力士」潤滑油品牌和定位，力爭在中國汽車後市場穩佔席位。

Yip's Chemical started engaging in the production of lubricants in 1992. Since then, it has rolled out a wide array of lubricants for use in automobiles and related industries under the Hercules brand name, including engine oils, antifreeze fluids, system coolants, brake oils, lubricating greases, gear oils, automatic gearbox oils, hydraulic oils, etc. The lubricating oil developed specifically for use in methanol dual-fuel engines has been recognised as a key achievement in the National High-tech R&D Programme of China (the "863 Programme"). The Group also produces a range of high-performance industrial lubricants and special lubricants under the Pacoil brand name. Pacoil products are used in various industries including electronics, home appliances, automobiles, bearing manufacturing, engineering machinery, steelworks, port terminals, cement works, toys manufacturing, textiles, metal processing, etc.

The lubricants business has in recent years been focusing on rebuilding and repositioning the Hercules brand with the view of capturing a sizeable share of China's automobile aftermarket.





投資中國汽車保養連鎖品牌 「大嘜養車」

集團於二零一八年以2,152萬元人民幣購入大嘜養車28%股權，二零一九年進一步增資至39%，支持其在全國發展養車連鎖店業務，為車主提供快速及標準化的換油服務。此舉通過完善整個產業鏈，積極探索集團服務化和終端化的嶄新發展方向。

Investment in China's car maintenance chain brand Damai

In 2018, the Group acquired 28% equity interest in Damai for RMB21.52 million and further increased its shareholding in Damai to 39% in 2019 to support its development of car maintenance chain outlets business in China, providing quick and standardised oil-changing service to car owners. The rationale for this investment is to actively explore new ways of moving towards service and end-user oriented through a complete overhaul of the industry chain.

「大嘜養車」店舖網絡 Chain Store Network of Damai

(於二零一八年十二月三十一日)
(As at 31 December 2018)



五年財務概要表

Five Year Financial Summary

		截至十二月三十一日止年度				
		For the year ended 31 December				
		二零一八年	二零一七年	二零一六年	二零一五年	二零一四年
		2018	2017	2016	2015	2014
		千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
業績	Results					
營業額	Revenue	12,388,283	10,280,001	8,555,646	8,584,225	10,255,839
銷售量(千噸)	Sales volume ('000 metric tons)	1,388	1,277	1,191	1,015	974
除稅前溢利	Profit before taxation	412,314	390,955	391,912	162,034	371,248
稅項	Taxation	(157,849)	(136,269)	(148,744)	(74,643)	(100,280)
本年度純利	Profit for the year	254,465	254,686	243,168	87,391	270,968
應佔溢利	Attributable to					
本公司股東	Owners of the Company	184,805	170,560	169,343	47,847	223,182
非控股權益	Non-controlling interests	69,660	84,126	73,825	39,544	47,786
		254,465	254,686	243,168	87,391	270,968
每股資料	Per share data					
每股盈利(港仙)	Earnings per share (HK cents)					
— 基本	— Basic	32.8	30.2	30.0	8.5	39.7
— 攤薄	— Diluted	32.8	30.2	30.0	8.5	39.6
每股股息(港仙)*	Dividend per share (HK cents)*	16.0	15.0	15.0	14.5	25.0

* 二零一五年之每股股息包括特別股息4.5港仙。

* Dividend per share in 2015 included special dividend HK4.5 cents per share.

財務比率		Financial ratios				
平均總資產回報率	Return on average total assets	2.3%	2.2%	2.3%	0.6%	2.7%
平均股東資金回報率	Return on average shareholders' funds	6.4%	6.2%	6.6%	1.7%	7.5%

		於十二月三十一日				
		As at 31 December				
		二零一八年	二零一七年	二零一六年	二零一五年	二零一四年
		2018	2017	2016	2015	2014
		千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
資產及負債	Assets and Liabilities					
資產總值	Total assets	8,320,710	8,068,146	7,137,356	7,439,067	8,282,435
負債總值	Total liabilities	(4,886,284)	(4,516,968)	(4,132,368)	(4,394,868)	(4,881,739)
		3,434,426	3,551,178	3,004,988	3,044,199	3,400,696
本公司股東應佔權益	Equity attributable to owners of the Company	2,836,726	2,978,917	2,529,249	2,594,459	2,951,008
非控股權益	Non-controlling interests	597,700	572,261	475,739	449,740	449,688
		3,434,426	3,551,178	3,004,988	3,044,199	3,400,696
淨銀行借貸對股東 資金比率	Net bank borrowings to shareholders' funds	46%	51%	50%	54%	58%

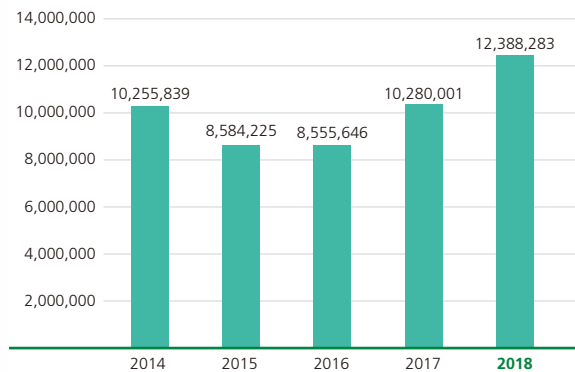
五年財務概要表 Five Year Financial Summary



營業額 (千港元)

Revenue (HK\$'000)

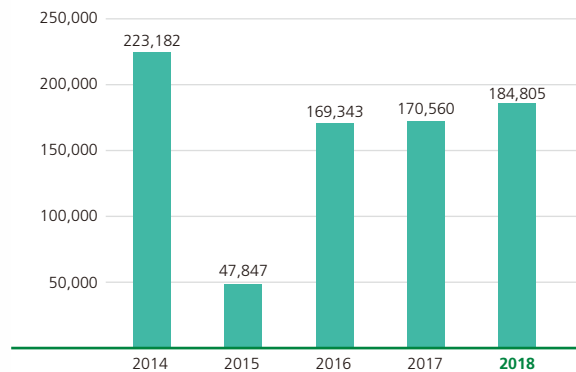
截至十二月三十一日止年度 For the year ended 31 December



本公司股東應佔溢利 (千港元)

Profit attributable to owners of the Company (HK\$'000)

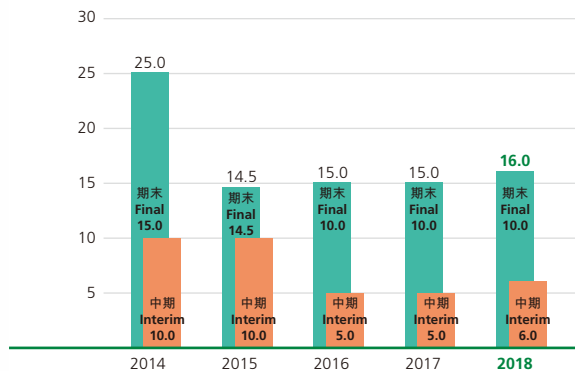
截至十二月三十一日止年度 For the year ended 31 December



每股股息 (港仙)

Dividend per share (HK cents)

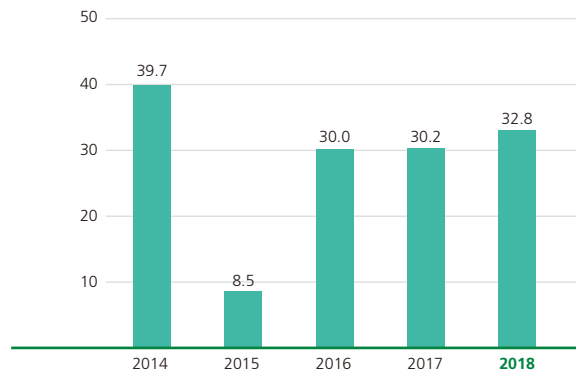
截至十二月三十一日止年度 For the year ended 31 December



每股盈利 (港仙)

Earnings per share (HK cents)

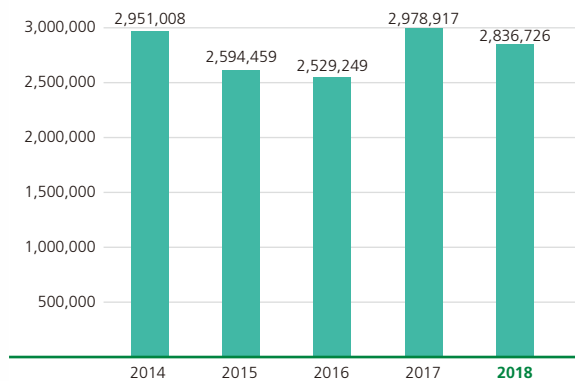
截至十二月三十一日止年度 For the year ended 31 December



本公司股東應佔權益 (千港元)

Equity attributable to owners of the Company (HK\$'000)

於十二月三十一日 As at 31 December



營業額及分類業績之五年分析

Analysis of Revenue and Segment Results for the Past Five Years

營業額

Revenue

截至十二月三十一日止年度
For the year ended 31 December

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000	二零一四年 2014 千港元 HK\$'000
溶劑	Solvents	8,947,624	7,046,878	5,225,315	5,006,792	6,204,174
塗料	Coatings	1,826,230	1,649,626	1,696,080	1,890,989	2,140,393
油墨	Inks	1,474,743	1,409,738	1,431,869	1,492,634	1,666,183
潤滑油	Lubricants	270,569	293,227	327,957	348,388	431,837
物業(附註)	Properties (Note)	11,048	—	N/A	N/A	N/A
交易抵銷	Elimination	(141,931)	(119,468)	(125,575)	(154,578)	(186,748)
總額	Total	12,388,283	10,280,001	8,555,646	8,584,225	10,255,839

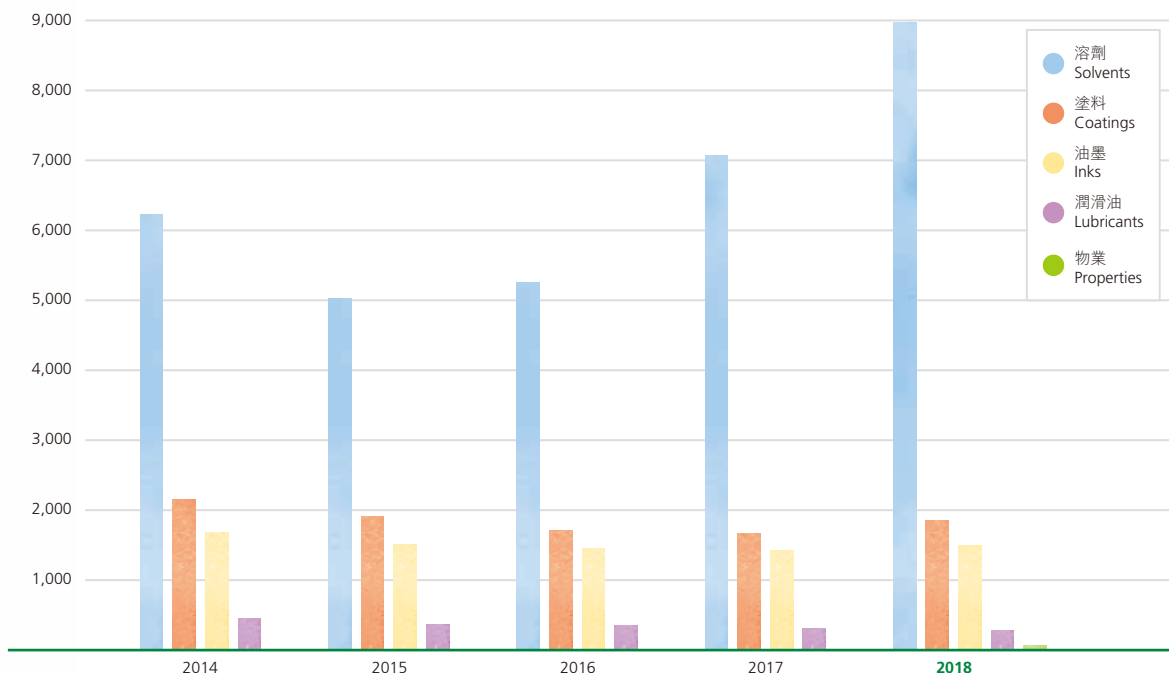
附註：於截至二零一八年十二月三十一日止年度，鑒於物業分類營運之重要性持續增加，本集團修改用於分配資源及評估表現之分類組織，並考慮加入新分類業務——物業。截至二零一七年十二月三十一日止年度之租金收入13,838,000港元並無重列為該年之分類營業額，原因是其金額並不重大。

Note: In view of the continuing significance of the operation of the properties segment, the Group revised the organisation of segments that are used to allocate resources and assess performance, and considered to include a new segment, namely properties, in the year ended 31 December 2018. Rental income of HK\$13,838,000 for the year ended 31 December 2017 was not restated as segment revenue for that year as the amount was not significant.

營業額 (百萬港元)

Revenue (HK\$Million)

截至十二月三十一日止年度 For the year ended 31 December





營業額及分類業績之五年分析 Analysis of Revenue and Segment Results for the Past Five Years

分類業績

Segment Results

截至十二月三十一日止年度
For the year ended 31 December

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000	二零一四年 2014 千港元 HK\$'000
溶劑	Solvents	344,689	393,338	339,892	135,596	238,405
塗料	Coatings	(6,497)	8,291	26,666	60,922	47,095
油墨	Inks	39,569	54,984	100,380	68,857	55,826
潤滑油	Lubricants	(38,660)	(8,405)	1,677	(25,519)	(2,934)
物業(附註)	Properties (Note)	138,697	39,641	N/A	N/A	N/A
交易抵銷	Elimination	278	(197)	(99)	353	180
總額	Total	478,076	487,652	468,516	240,209	338,572

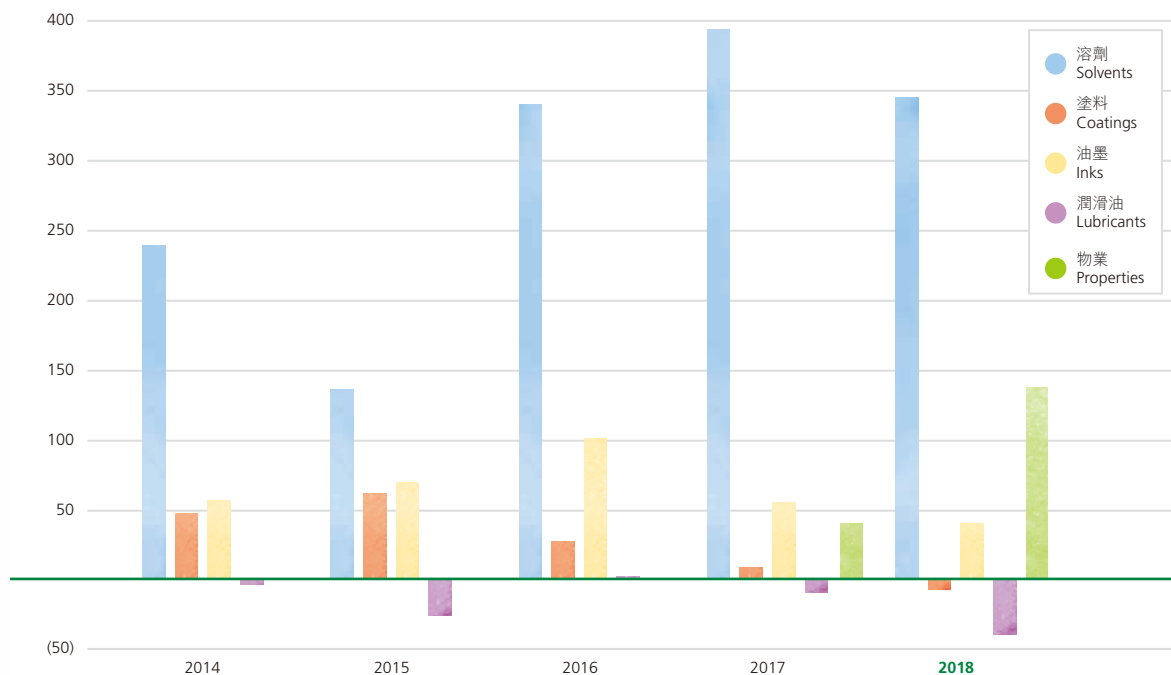
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分類業績 (百萬港元)

Segment Results (HK\$Million)

截至十二月三十一日止年度 For the year ended 31 December



流動資金及財務資源

Liquidity and Financial Resources

於二零一八年十二月三十一日，集團的借貸比率(以淨銀行借貸佔本公司股東應佔權益為計算基準)為46.0%(二零一七年十二月三十一日：51.1%)。與往年比較，本公司股東應佔權益下跌，主要由於人民幣貶值5%，產生折算至呈報貨幣導致的匯兌損失，但由於營運資金控制方面有所改善，令集團淨銀行借貸減少，抵銷上述人民幣貶值之影響後，借貸比率比去年下降5.1個百分點。同時，集團會繼續謹慎管理外匯風險，盡量減低人民幣匯率波動對集團業績之影響。經營業務所產生之現金流量方面，期內集團錄得淨現金流入741,234,000港元(二零一七年：淨現金流入65,583,000港元)，淨現金流入大幅增加的主要因為應付賬款及應計費用增加以及貿易應收賬款及應收票據回款情況理想。

於二零一八年十二月三十一日，集團的銀行總欠款為2,640,377,000港元(二零一七年十二月三十一日：2,468,405,000港元)，扣除短期銀行存款、銀行結餘以及現金1,335,154,000港元(二零一七年十二月三十一日：946,074,000港元)後，淨銀行借貸為1,305,223,000港元(二零一七年十二月三十一日：1,522,331,000港元)。銀行總欠款中，須於一年內清還之短期貸款為1,320,977,000港元(二零一七年十二月三十一日：1,208,148,000港元)，以兩種貨幣定值，其中1,184,357,000港元以港幣定值，136,620,000港元以人民幣定值(二零一七年十二月三十一日：1,136,214,000港元以港幣定值，71,934,000港元以人民幣定值)。此外，一年後到期的長期貸款為1,319,400,000港元(二零一七年十二月三十一日：1,260,257,000港元)，全數以港幣定值(二零一七年十二月三十一日：全數以港幣定值)。短期銀行存款、銀行結餘以及現金使用以下貨幣定值，包括32,278,000港元以港幣定值、978,478,000港元以人民幣定值、324,383,000港元以美元定值、15,000港元以其他貨幣等定值(二零一七年十二月三十一日：72,706,000港元以港幣定值、720,158,000港元以人民幣定值、152,734,000港元以美元定值、476,000港元以其他貨幣等定值)。

As at 31 December 2018, the Group's gearing ratio (measured by net bank borrowings as a percentage of equity attributable to owners of the Company) was 46.0% (31 December 2017: 51.1%). Compared with last year, equity attributable to owners of the Company decreased mainly due to exchange loss stemming from translation of presentation currency as a result of the 5% depreciation of the Renminbi ("RMB"). However, because of improved working capital control, the Group's net bank borrowings declined and, after netting off the effect of RMB depreciation as mentioned above, gearing ratio of the Group decreased by 5.1 percentage points. Meanwhile, the Group will remain prudent in managing foreign exchange exposure, so as to minimise the impact of RMB fluctuation on its results. As for operating cash flow, the Group recorded a net cash inflow of HK\$741,234,000 (2017: net cash inflow of HK\$65,583,000). The substantial increase in operating cash inflow was mainly attributable to the increased payables and accruals as well as satisfactory receipt of trade and bills receivables.

As at 31 December 2018, gross bank borrowings of the Group amounted to HK\$2,640,377,000 (31 December 2017: HK\$2,468,405,000). After the deduction of short-term bank deposits, bank balances and cash amounting to HK\$1,335,154,000 (31 December 2017: HK\$946,074,000), net bank borrowings amounted to HK\$1,305,223,000 (31 December 2017: HK\$1,522,331,000). Of the gross bank borrowings, HK\$1,320,977,000 (31 December 2017: HK\$1,208,148,000) were short-term loans repayable within one year. Such loans were denominated in two currencies, HK\$1,184,357,000 in Hong Kong Dollars and HK\$136,620,000 in RMB (31 December 2017: HK\$1,136,214,000 in Hong Kong Dollars and HK\$71,934,000 in RMB). Long-term loans repayable after one year amounted to HK\$1,319,400,000 (31 December 2017: HK\$1,260,257,000), and they were all denominated in Hong Kong Dollars (31 December 2017: all in Hong Kong Dollars). The short-term bank deposits, bank balances and cash were denominated in the following currencies: HK\$32,278,000 in Hong Kong Dollars, HK\$978,478,000 in RMB, HK\$324,383,000 in US Dollars and HK\$15,000 in other currencies (31 December 2017: HK\$72,706,000 in Hong Kong Dollars, HK\$720,158,000 in RMB, HK\$152,734,000 in US Dollars and HK\$476,000 in other currencies).

流動資金及財務資源 Liquidity and Financial Resources



為延續過往到期的中長期貸款，集團於二零一八年已合共取得810,000,000港元之三至四年長期雙邊貸款。於二零一八年十二月三十一日，中長期貸款（含一年內須償還之部份為750,857,000港元）佔所有銀行貸款的比例為78%。由於集團部份借貸以浮動利率計息，借貸成本受利率波動影響，為減低利率波動對集團融資成本的影響，集團不時與銀行簽訂利率掉期等協議，以固定部分中長期雙邊貸款之借貸利率，對沖貸款利率波動的風險。於二零一八年十二月三十一日，集團以定息安排的貸款分別佔其銀行總借貸及非流動借貸37%和41%。

於二零一八年十二月三十一日，共有20間香港及中國大陸銀行向集團提供合共6,105,736,000港元的銀行額度，足夠應付現時集團營運資金及擴展所需。銀行額度中，64%以港元定值、33%以人民幣定值及3%以美元定值。正如以往報告中提及，集團一直擴充其人民幣貸款組合，以應付人民幣匯率潛在波動及香港利率上升之影響。於二零一八年十二月三十一日，集團人民幣流動貸款額度為690,000,000人民幣（二零一七年十二月三十一日：620,000,000人民幣）及已提取數筆流動貸款合共120,000,000人民幣（二零一七年十二月三十一日：60,000,000人民幣）。另外，集團已與主要銀行成立人民幣跨境現金池，以促進香港與國內之間的資金管理工作。集團將不時在香港和國內以港幣、美元、人民幣或其他外幣構建最理想的銀行貸款組合，繼續在降低借貸成本及控制匯兌風險之間取得理想平衡。

To refinance previous mid-to-long-term loans due for repayment, the Group obtained bilateral long-term (three to four years) loans of HK\$810,000,000 in 2018. As at 31 December 2018, mid-to-long-term loans (including portions repayable within one year of HK\$750,857,000) accounted for 78% of the total bank loans. Since some of the borrowings of the Group carry interest at floating rates, borrowing costs are subject to interest rate fluctuation. To mitigate the impact of interest rate fluctuations on its financing costs, the Group, from time to time, makes arrangements such as interest rate swaps to fix the interest rates of some of its bilateral mid-to-long-term loans with banks to hedge against the risk of such fluctuations. As at 31 December 2018, the Group's loans under fixed rate arrangement made up 37% and 41% of its total and non-current bank borrowings respectively.

As at 31 December 2018, a total of 20 banks in Hong Kong and Mainland China granted banking facilities of HK\$6,105,736,000 to the Group, providing it with sufficient funds to meet its present working capital and expansion requirements. Of these banking facilities, 64%, 33% and 3% were denominated in Hong Kong Dollars, RMB and US Dollars respectively. As explained in previous reports, the Group has been expanding its RMB loan portfolio to address exposure to potential RMB exchange rate fluctuation and impact from interest rate rises in Hong Kong. As at 31 December 2018, the Group's RMB revolving loan facilities totalled at RMB690,000,000 (31 December 2017: RMB620,000,000) and several drawdowns in the total amount of RMB120,000,000 had been made (31 December 2017: RMB60,000,000). The Group has also set up a cross-border RMB cash pool with its major banks to facilitate management of capital flow between Hong Kong and the Mainland. The Group will continue to strike an optimal balance between lowering borrowing costs and minimising currency exposure by structuring a favourable combination of Hong Kong Dollars, US Dollars, RMB or other foreign currency bank loans in Hong Kong and the Mainland.

獎項及榮譽 Awards and Recognitions

香港

《財資》

2018年度企業大獎 — 環境、社會及
企業管治金獎

BDO 環境、社會及管治大獎2018

ESG最佳表現大獎(主板小市值)及
最佳ESG報告大獎(主板小市值)

香港設計委員會

「D-Awards」大獎

香港工業總會

集團副行政總裁葉鈞先生榮獲
2018年香港青年工業家獎

《HR Asia》雜誌

2018年亞洲最理想工作公司

香港生產力促進局

第九屆香港傑出企業公民獎 —
「嘉許標誌」

香港社會服務聯會

10年Plus「商界展關懷」標誌

香港工業總會

3+愛心關懷證書

香港社會福利署

2017義務工作嘉許銅狀

世界綠色組織

「綠色辦公室」及「健康工作間」標誌

Hong Kong

The Asset

The Asset Corporate Awards 2018 — Gold Award for
Environmental, Social and Corporate Governance

BDO ESG Awards 2018

Best in ESG (Small Market Capitalisation) and
Best in Reporting (Small Market Capitalisation)

Design Council of Hong Kong

D-Awards

Federation of Hong Kong Industries

Mr. Ip Kwan, Deputy Chief Executive Officer of the Group,
received Young Industrialist Awards of Hong Kong 2018

HR Asia

Best Company to Work for in Asia 2018

The Hong Kong Productivity Council

The 9th Hong Kong Outstanding Corporate Citizenship Award —
Corporate Citizenship Logo

The Hong Kong Council of Social Service

10 Years Plus “Caring Company” Logo

Federation of Hong Kong Industries

3+ Caring Certificate

Social Welfare Department

Bronze Award for Volunteer Service 2017

World Green Organisation

“Green Office” and “Eco-Healthy Workplace” Labels

獎項及榮譽 Awards and Recognitions



中國內地

社會責任大會組委會

2018年度可持續發展貢獻獎

第8屆中國公益節組委會

2018年度公益踐行獎

《Ink World》雜誌

2018世界油墨20強第14位

《Coatings World》雜誌

2018世界塗料第58位

《北京商報》

2017-2018中國家居十大品牌 —
十大塗料品牌

《中國塗料報》

第九屆中國金漆獎 — 2017年傑出內牆
塗料品牌、2017年傑出木器裝修塗料
品牌及2017年傑出傢俱塗料品牌

中國日用化工協會油墨分會

2017年洋紫荊油墨產量名列行業第一

Mainland China

Social Responsibility Conference Organising Committee

2018 Sustainable Development Contribution Award

The 8th China Charity Festival

2018 Best CSR Practice Award

Ink World

Ranked 14th among The Top 20 International Ink Companies
2018

Coatings World

Ranked 58th among the International Coatings Companies 2018

Beijing Business

Top 10 Household Brands in China 2017-2018 —
Top 10 Coatings Brands

China Coatings News

The 9th Golden Paint Award — Outstanding Interior Wall
Coatings Brand 2017, Outstanding Wood Coatings Brand 2017
and Outstanding Furniture Coatings Brand 2017

China Chemistry Industrial Association — Branch of Inks

Bauhinia Variegata Ink ranked 1st in sales volume in 2017

企業可持續發展 Corporate Sustainability

引領可持續發展是實現集團「百年葉氏」願景不可或缺的一環。集團於業務上，策略性地推動「環保化」、「終端化」和「服務化」，為持續增長奠定了堅實的基礎。因應環境政策及法規逐步收緊，加上持份者對環境、社會和管治議題日益關注，集團非常重視規管要求，務求符合相關標準，並致力於業務流程和價值鏈中，融入可持續發展理念。

隨著集團在可持續發展進程上不斷邁進，集團將為2018年度編制第三份《環境、社會及管治報告》，並根據香港聯合交易所的《環境、社會及管治報告指引》進行披露。一如往年，此獨立成刊的報告闡述了集團在員工、供應鏈、顧客、社區及環保方面等重要議題的管理模式、目標及舉措，其對集團以至有關持份者也有舉足輕重的影響。在這個有系統的匯報框架下，集團可更有效監察和提升可持續發展表現。

Sustainable development is an integral approach to realising the Group's vision of 'A Century of Revered Leadership'. The Group's strategic focus of being environmentally friendly, end-user focused and service-oriented lays a solid foundation for continuous growth. In response to more stringent environmental policies and regulations, and to address increasing stakeholders' concerns in environmental, social and governance ("ESG") issues, the Group puts a strong emphasis in meeting relevant regulatory requirements and is committed to incorporating sustainability elements into its business process and value chain.

As the Group gradually progresses in its sustainability journey, it will issue its third Environmental, Social and Governance Report for 2018 which is prepared in accordance with the Hong Kong Stock Exchange ESG Reporting Guide. Same as the Group did last year, this standalone report details its management approaches, goals and actions under several material aspects to the Group and its stakeholders, namely employees, supply chains, customers, communities and environment. It serves to track and enhance the Group's sustainability performance under a systematic framework.



截至二零一八年十二月三十一日止年度，集團已向中國內地不同省份捐贈了九部配備先進儀器的流動眼科手術車，此為我們的其中一個重點慈善項目，共有約108,000名白內障患者受惠。

For the year ended 31 December 2018, the Group has donated nine well-equipped mobile eye surgery centres, which is one of our signature philanthropic projects, to different provinces in Mainland China, benefiting a total of about 108,000 cataract patients.

人力資源 Human Resources



於二零一八年十二月三十一日，集團之僱員人數合共為3,003人，其中81人來自香港，2,922人來自中國各個省份。

集團對人力資源資本的管理及發展非常重視。除鼓勵所有僱員透過內部、外部培訓課程及崗位轉換不斷自我提升外，集團還提供教育資助計劃讓員工自我增值，提高工作技能及績效，於工作上發揮所長。對於有承擔、有能力的員工，不論背景、地區、學歷，集團均提供合適之發展平台。集團亦會定期識別具發展潛力的員工，為他們制定發展計劃，確保能在職涯上不斷提升。集團現時的管理團隊，在各領域經過不斷的磨練而晉身管理層，負起領導集團發展的責任。除積極在內部提升優秀的員工外，集團亦會從外間直接聘用一些卓越的管理人才，或從香港、內地、及國際間的高等學府招聘有潛質的應屆畢業生加以培育。

集團提供具挑戰性的工作環境，設置多方面的激勵機制，鼓勵員工自強不息，從而不斷提升集團的人才競爭力，推動業務持續發展。集團不時參考市場趨勢檢討薪酬及獎勵政策，提供合理及具競爭力的薪酬與福利，包括底薪及以業績和個人表現為評核目標而發放的花紅，確保有效吸引和挽留人才。

As of 31 December 2018, the Group has total number of 3,003 employees. 81 employees are from Hong Kong while 2,922 are from different provinces in China.

The Group places great emphasis on the management and development of human capital. The employees are encouraged to strive for improvement through internal and external training program, job rotation and participation in the Group's educational subsidy programmes, allowing for self-development in knowledge and skills and to maximize their potential in their work. We offer suitable platform for development of highly committed and capable employees, regardless of their background, geographical region or educational levels. The Group regularly identifies talented employees and tailor-made career plan to support their continuous development. Through versatile experience in challenging roles, the current management team of the Group has come through the ranks to advance to positions of management. Besides the focus of developing employees internally, the Group seeks not only to attract talent from outside but also recruit top graduates from the best tertiary institutions in Hong Kong, Mainland China, and abroad as well as provide them with training and development opportunities.

The Group offers a challenging work environment, sets up different programs for motivating employees to strive for improvement and to upgrade their skills in order to strive for the development of business. From time to time, the Group will make reference to market trends for reviewing its remuneration policy so as to ensure reasonable and competitive compensation and benefits for its employees. These include basic salary and results and individual performance-based bonus to attract and retain talents.

董事及行政管理人員簡介 Directors' and Management Executives' Profiles



葉志成先生
Mr. Ip Chi Shing



葉子軒先生
Mr. Yip Tsz Hin

主席兼非執行董事

葉志成先生，現年七十一歲，為集團主席及聯合創辦人，並於二零一二年轉任為集團主席及本公司之非執行董事。葉先生專注於董事會的領導、集團長遠發展策略和集團人材規劃與傳承等。彼為集團副主席、集團行政總裁、本公司執行董事兼高層領導團隊成員葉子軒先生之兄長，亦為集團副行政總裁、本公司執行董事及高層領導團隊成員葉鈞先生之父親。葉先生於二零零六年成立了「葉志成慈善基金有限公司」，現時致力於中港兩地之慈善工作包括中國助學及幫助香港弱勢社群，積極回饋社會。

Chairman and Non-executive Director

Mr. Ip Chi Shing, aged 71, is the Chairman and the Co-founder of the Group and Mr. Ip was re-designated as the Chairman of the Group and a Non-executive Director of the Company in 2012. Mr. Ip focuses on leading the Board, the Group's long-term development strategy as well as the planning and inheritability of human resources of the Group. He is the brother of Mr. Yip Tsz Hin, the Deputy Chairman of the Group, the Chief Executive Officer of the Group, an Executive Director of the Company as well as a member of the Senior Leadership Team and the father of Mr. Ip Kwan, the Deputy Chief Executive Officer of the Group, an Executive Director of the Company and a member of the Senior Leadership Team. In 2006, Mr. Ip established "Ip Chi Shing Charitable Foundation Limited" with the current objectives of carrying out charity activities in China and Hong Kong including fostering education in China and providing care for the underprivileged groups in Hong Kong and making contributions to society.

執行董事

葉子軒先生，現年六十歲，於一九七七年加入集團。葉先生為集團副主席、集團行政總裁、本公司執行董事及高層領導團隊成員。葉先生在製造及經營石油化工產品方面累積超過四十年經驗。彼為集團主席兼本公司非執行董事葉志成先生之弟。

Executive Directors

Mr. Yip Tsz Hin, aged 60, joined the Group in 1977. Mr. Yip is the Deputy Chairman of the Group, the Chief Executive Officer of the Group, an Executive Director of the Company and a member of Senior Leadership Team. Mr. Yip has over 40 years of experience in the manufacture of and trading in petrochemical products. He is the brother of Mr. Ip Chi Shing, the Chairman of the Group and a Non-executive Director of the Company.

董事及行政管理人員簡介 Directors' and Management Executives' Profiles



葉鈞先生
Mr. Ip Kwan (Francis)



何世豪先生
Mr. Ho Sai Hou

執行董事 (續)

葉鈞先生，現年三十六歲，於二零零七年加入集團。葉先生現為集團副行政總裁、本公司執行董事及高層領導團隊成員。彼曾任集團企業發展總裁、紫荊花塗料集團聯席總裁、紫荊花塗料集團有限公司之總經理及集團董事助理。彼為集團主席兼非執行董事葉志成先生之子。彼持有倫敦經濟學院經濟及政治學士學位。在加入集團前，彼曾任職於投資銀行行業三年。

何世豪先生，現年五十二歲，於二零一零年加入集團。何先生現為集團財務總裁、本公司執行董事、高層領導團隊成員及本公司公司秘書。何先生持有香港大學社會科學系會計學學士學位，並於二零零七年於中歐國際工商學院完成行政工商管理碩士學位。何先生曾於數間香港上市公司任職，為其集團財務總監、執行董事及公司秘書。彼為香港會計師公會會計師及特許公認會計師公會資深會員，彼在會計、財務、稅務及公司秘書方面具備超過二十年相關工作經驗。

Executive Directors (Continued)

Mr. Ip Kwan (Francis), aged 36, joined the Group in 2007. Mr. Ip is currently the Deputy Chief Executive Officer of the Group, an Executive Director of the Company and a member of the Senior Leadership Team. He was previously the Chief Corporate Development Officer of the Group, a Co-President of the Bauhinia Coatings Group, the General Manager of the Bauhinia Coatings Group Limited and an assistant to Director of the Group. He is the son of Mr. Ip Chi Shing, the Chairman of the Group and a Non-executive Director of the Company. He graduated from the London School of Economics with a Bachelor's degree in Government and Economics. Before joining the Group, he had worked in the investment banking industry for three years.

Mr. Ho Sai Hou, aged 52, joined the Group in 2010. Mr. Ho is the Chief Financial Officer of the Group, an Executive Director of the Company, a member of the Senior Leadership Team and the Company Secretary of the Company. Mr. Ho obtained a Bachelor of Social Sciences Degree in Accounting from The University of Hong Kong and completed his EMBA with The China Europe International Business School in 2007. Previously, Mr. Ho had worked for several listed companies in Hong Kong as their chief financial officer, executive director and company secretary. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He has over 20 years of experience in accounting, finance, taxation and company secretarial work.

董事及行政管理人員簡介 Directors' and Management Executives' Profiles



王旭先生
Mr. Wong Yuk



黃廣志先生
Mr. Wong Kong Chi

非執行董事

王旭先生，現年五十五歲，於二零一五年加入集團。王先生現為本公司非執行董事。彼曾任集團聯席行政總裁、本公司執行董事及高層領導團隊成員。王先生畢業於香港大學機械工程系並於一九九二年完成香港中文大學工商管理碩士課程。在加入集團前，彼於全球最大的甲醇公司梅賽尼斯擔任中國策略及投資的董事總經理。彼亦於規殼集團服務超過二十六年並曾擔任殼牌特種油品中國／香港總經理及殼牌公司中國區下游業務的高級代表。王先生於石油化工業擁有三十多年的豐富經驗。

獨立非執行董事

黃廣志先生，現年六十一歲，於一九九三年獲委任為本公司獨立非執行董事。彼為特許公認會計師公會資深會員及香港會計師公會會計師。黃先生從事香港商人銀行業務十多年，並於一九九三年退休。黃先生並無擔任其他上市公司任何董事職位。

Non-executive Director

Mr. Wong Yuk, aged 55, joined the Group in 2015. Mr. Wong is currently a Non-executive Director of the Company. Mr. Wong was previously a Co-Chief Executive Officer of the Group, an Executive Director of the Company and a member of the Senior Leadership Team. Mr. Wong obtained a Bachelor of Science in Mechanical Engineering from The University of Hong Kong and completed a Master in Business Administration with The Chinese University of Hong Kong in 1992. Before joining the Group, he was the Managing Director — China Strategy and Investment of Methanex, a global market leader in methanol. He had also worked with Shell for over 26 years and was its General Manager — Shell Specialities China/Hong Kong and China Local Senior Downstream Representative. Mr. Wong has more than 30 years of extensive experience in the petrochemical industry.

Independent Non-executive Directors

Mr. Wong Kong Chi, aged 61, has been an Independent Non-executive Director of the Company since 1993. He is a fellow member of the Association of Chartered Certified Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Wong retired in 1993 after working in the merchant banking industry for over 10 years. Mr. Wong does not hold any directorship in other listed companies.

董事及行政管理人員簡介 Directors' and Management Executives' Profiles



古遠芬先生
Mr. Ku Yuen Fun



何百川先生
Mr. Ho Pak Chuen, Patrick

獨立非執行董事 (續)

古遠芬先生，現年六十七歲，於二零零八年獲委任為本公司獨立非執行董事。古先生畢業於香港理工學院（現名香港理工大學），及後開始於蜆殼化工集團工作。古先生在大中華區石油化工業務方面擁有豐富經驗。他曾出任香港蜆殼有限公司之董事、商界環保協會之董事局董事及天津國際石油儲運有限公司之主席。古先生並無擔任其他上市公司任何董事職位。

何百川先生，現年六十四歲，於二零一八年獲委任為本公司獨立非執行董事。何先生現為馮氏控股(1937)有限公司集團主席辦公室之執行董事。彼於陶氏化學公司服務四十年並於二零一八年退休。何先生在陶氏化學公司工作期間於化工行業累積豐富經驗。他曾於陶氏總部密歇根州密德蘭擔任化學品和金屬部的全球業務總監，負責環氧乙烷、環氧丙烷以及衍生物業務。彼於一九九八年回歸香港任職陶氏亞太區總裁，環氧產品全球業務副總裁，其後出任陶氏生產、公共及政府事務亞太區副總裁。何先生曾於二零零一年至二零零三年擔任國際化學品製造商協會中國及香港區主席。彼於馮氏集團旗下多間私人公司擔任董事及並無於其他上市公司擔任任何董事職位。何先生畢業於加拿大皇后大學化學工程學士學位。

Independent Non-executive Directors

(Continued)

Mr. Ku Yuen Fun, aged 67, has been an Independent Non-executive Director of the Company since 2008. Mr. Ku graduated from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) and began his career at Shell Chemicals. Mr. Ku has extensive managerial experience in the oil & petrochemical industries in the Greater China region. He was a Director of Shell Hong Kong Limited, a Board Director of the Business Environment Council and the Chairman of Tianjin International Petroleum Storage and Transportation Company Limited. Mr. Ku does not hold any directorship in other listed companies.

Mr. Ho Pak Chuen, Patrick, aged 64, joined the Group as an Independent Non-executive Director in 2018. Mr. Ho is currently Executive Director, Group Chairman Office of Fung (1937) Management Ltd. He was previously with The Dow Chemical Company, and retired in 2018 after 40 years of service. Mr. Ho has extensive experience in the chemical industry while with The Dow Chemical Company. He was global business director for Ethylene Oxide, Propylene Oxide and Derivatives in Chemicals and Metals in Dow headquarter in Midland, Michigan. He returned to Hong Kong in 1998 as President for Dow Chemical, Asia Pacific region, Global Vice President for Epoxy & Specialty Chemicals then Asia Pacific vice president for manufacturing, public & government affairs. Mr. Ho was chairman of Association of International Chemical Manufacturers (AICM) in Hong Kong/China in 2001–2003. He holds directorship in a number of private companies within the Fung Group of companies and not in other listed companies. Mr. Ho obtained a bachelor's degree in Chemical Engineering from Queen's University at Kingston, Canada.

董事及行政管理人員簡介 Directors' and Management Executives' Profiles

行政管理人員

謝憶珠女士，現年四十二歲，於二零零九年加入集團。謝女士現為集團人力資源及企業傳訊總監及高層領導團隊成員。彼持有香港浸會大學傳理系學士學位及愛爾蘭國立大學理學(財務)碩士。加入集團前，彼從事於一家國際石油公司之對外事務工作。謝女士同時積極參與公職，現為勞工及福利局康復諮詢委員會委員、其屬下公眾教育小組委員，民政事務總署「伙伴倡自強」社區協作計劃諮詢委員會委員以及非政府組織創業軒執行委員。

鄭國照先生，現年五十四歲，於一九八七年加入集團。鄭先生現為油墨組之總經理。鄭先生曾任本公司執行董事及高層領導團隊成員。彼持有香港公開大學工商管理碩士學位，並在石油化工的營銷和管理方面累積二十多年的經驗。

馮秉光先生，現年五十五歲，於二零一零年加入集團。馮先生現為紫荊花塗料集團聯席總裁。彼曾任集團高層領導團隊成員及資深人力資源總監。彼持有倫敦大學頒發經濟學學士學位及華威大學獲得工商管理碩士學位。彼同時獲香港中文大學和英國人事和發展協會頒發培訓管理文憑。馮先生擁有廣泛的人力資源專業經驗，包括組織發展，管理發展，人才管理和僱員關係等。他曾在保險、石油化工和醫藥等多個行業的跨國企業公司裏工作。加入集團前，馮先生是香港一家上市公司的集團人力資源總監。

Management Executives

Ms. Tse Yik Chu, aged 42, joined the Group in 2009. Ms. Tse is currently the Director of Group Human Resources and Corporate Communications as well as a member of the Senior Leadership Team. Ms. Tse obtained a Bachelor of Communication from the Hong Kong Baptist University and a Master of Science in Finance from the National University of Ireland. Prior to joining the Group, Ms. Tse engaged in corporate affairs in an international oil company. Ms. Tse also actively involves in public service and she is currently committee members of Rehabilitation Advisory Committee and its sub-committee on Public Education on Rehabilitation under the Labour and Welfare Bureau. She is also a member of Advisory Committee on the Enhancing Self-Reliance Through District Partnership Program under the Home Affairs Department, and an executive member of a non-government organization called Support the Employment of People with Disabilities (SEPD).

Mr. Kwong Kwok Chiu, aged 54, joined the Group in 1987. Mr. Kwong is the General Manager of the Inks Group. Mr. Kwong was previously an Executive Director of the Company and a member of the Senior Leadership Team. He obtained a Master's Degree in Business Administration from The Open University of Hong Kong and has over 20 years of experience in the field of marketing and management of petrochemical industry.

Mr. Fung Ping Kwong, aged 55, joined the Group in 2010. Mr. Fung is a Co-President of the Bauhinia Coatings Group. He was a member of the Senior Leadership Team as well as the Head and Senior Leader of Group Human Resources of the Group. He obtained a Bachelor's Degree in Science (Economics) from The University of London, a Master's Degree in Business Administration from The University of Warwick and a Diploma in Training Management jointly conferred by The Chinese University of Hong Kong and The Institute of Personnel and Development, United Kingdom. Mr. Fung has extensive experience in different human resources areas including organisational development, management development, talent management and employee relations. He worked in a number of multi-national companies from insurance, petrochemical and pharmaceutical industries. Before he joined the Group, he was the Group Human Resources Director of a Hong Kong listed company.

董事及行政管理人員簡介 Directors' and Management Executives' Profiles



行政管理人員 (續)

陳傳生先生，現年四十二歲，於二零零三年加入集團。陳先生現為紫荊花塗料集團聯席總裁。彼曾任集團管委會成員、集團財務總監，以及在集團旗下附屬公司擔任不同的管理職位。彼持有香港中文大學工商管理學士及香港科技大學工商管理碩士學位，亦是香港會計師公會的資深會計師。

趙楚榜先生，現年五十七歲，資深工程師。趙先生於一九九三年加入集團並於二零零五年獲委任為江門謙信化工發展有限公司之董事總經理。彼畢業於華南理工大學。趙先生從事化工業務超過三十年，具有豐富的管理工作經驗。

曾志先生，現年四十八歲，於二零零零年加入集團。曾先生現為集團潤滑油組總經理及彼曾任集團附屬公司葉氏潤滑油(集團)有限公司之財務總監。彼畢業於中南財經大學會計學專業本科。彼亦為中國註冊會計師協會非執業會員。曾先生在石油化工領域有十九年管理經驗。加入集團前，曾先生是一家於深圳證券交易所上市之上市公司物控部經理。

Management Executives (Continued)

Mr. Chan Chuen Sang, aged 42, joined the Group in 2003. Mr. Chan is a Co-President of the Bauhinia Coatings Group. He was a member of the Group Management Committee, Group Financial Controller, and served at various management positions in different subsidiaries of the Group. He obtained a Bachelor's Degree in Business Administration from the Chinese University of Hong Kong and a Master's Degree in Business Administration from the Hong Kong University of Science & Technology and he is also a fellow member of Hong Kong Institute of Certified Public Accountants.

Mr. Zhao Chu Bang, aged 57, is an experienced engineer. Mr. Zhao joined the Group in 1993 and has been the Managing Director of the Jiangmen Handsome Chemical Development Limited since 2005. He graduated from The South China University of Technology. Mr. Zhao has over 30 years of experience in the chemical industry and has extensive experience in management.

Mr. Zeng Zhi, aged 48, joined the Group in 2000. Mr. Zeng is currently the General Manager of the Lubricant Group and he was previously the Financial Controller of Yip's Lubricant Limited, a subsidiary of the Group. He graduated from Zhongnan University of Finance and Economics with a Bachelor's Degree in Accounting. He is also a non-practicing member of the Chinese Institute of Certified Public Accountants. Mr. Zeng has 19 years of experience in the field of petrochemical industry. Before he joined the Group, he was the Product Material Control Manager of a listed company listed in the Shenzhen Stock Exchange.

董事會報告書 Directors' Report

本公司董事(「董事」)提呈集團於截至二零一八年十二月三十一日止年度之報告及經審核綜合財務報告。

主要業務及業務回顧

本公司為一間投資控股公司，其主要附屬公司從事製造及買賣溶劑、塗料、油墨及潤滑油並從事物業投資。於截至二零一八年十二月三十一日止年度，集團的主要業務之性質並無重大改變。

有關公司條例附表5規定於截至二零一八年十二月三十一日止年度內披露之活動詳情，包括對公司業務的中肯審視及連同財務關鍵表現指標(包括集團營業額、銷量及純利以及其業務分類之營業額及經營溢利、投資物業租金回報率及回報率以評估物業投資業務)及對本公司業務未來可能發展之揭示，已詳載於本年報第8至17頁之主席報告及行政總裁報告。該等指標從業務發展及盈利能力方面說明集團在實現其「百年葉氏 引以為傲 備受尊崇」集團宏圖過程中的整體表現及其個別業務的表現。該等指標以及平均總資產回報率及股東資金平均回報率等其他財務指標過往五年的趨勢披露於本年報第28至29頁。如在該財政年度結束後發生的、對公司有影響的重大事件，將載於綜合財務報表附註。集團之流動資金及財務資源詳載於第32至33頁。除上述部份外，其他規定之活動詳情披露如下：

The directors of the Company (the “Directors”) present their annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2018.

Principal Activities and Business Review

The Company is an investment holding company. Its principal subsidiaries are engaged in the manufacture of and trading in solvents, coatings, inks and lubricants as well as engaged in properties investment. There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2018.

Details of the activities during the year ended 31 December 2018 as required by Schedule 5 of the Companies Ordinance including, a fair review of the business of the Group with financial performance indicators including revenue, sales volume and net profit of the Group as well as revenue and operating profit of its business segments, rental yield and return on investment properties and an indication of likely future development in the Company's business are explained in the Chairman's Statement and the Report of the Chief Executive Officer from pages 8 to 17 of this annual report. These indicators illustrate the performance of the Group as a whole and of its individual businesses in terms of business development and profitability in attaining its corporate vision of “Towards a Century of Revered Leadership”. The past five years' trend of these indicators together with other financial ratios of return on average total assets and return on average shareholders' funds are disclosed in pages 28 to 29 of this annual report. Particulars of important events affecting the Group that have occurred since the end of the financial year, if any, can be found in the notes to the consolidated financial statements. The Group's liquidity and financial resources are discussed in pages 32 to 33. Save as the above sections, details of the other activities required to be disclosed are explained as follows:



主要業務及業務回顧 (續)

主要風險及不明朗因素

集團之業務及展望連同財務狀況及營運業績將受一些風險及不明朗因素影響，包括業務風險、營運風險及財務風險。業務風險方面：由於集團所有業務主要集中在中國大陸，故此集團將受到中國之經濟及政治發展及市場情況影響。營運風險方面：因為集團以製造化工產品為主，所以於營運期間需要承受環境、健康及安全方面之風險。財務風險方面：集團之金融工具將有市場風險（外匯風險及利率風險）、信貸風險及流動資金風險。有關減低該等財務風險之政策已詳載於綜合財務報表附註35。

遵守相關法律及法規

就董事會及管理層所知，集團已於各重要方面遵守對集團業務及經營產生重大影響之相關法律及法規。年內，集團概無嚴重違反或不遵守適用法律及法規。

對本公司有重要影響的相關法律及法規其中包括，香港公司法（香港法例第622章），開曼群島公司法及與其業務有關的規例，包括健康、安全及環保、工作環境、僱傭等方面的規例。此外，香港聯合交易所有限公司（「聯交所」）證券上市規則（以最近的修改版本為準）（「上市規則」）適用於本公司。

本公司致力於透過內部監控、風險管理及培訓等多項措施，確保遵守該等規定。

環境政策

集團的環境政策，披露於本年報第36頁的企業可持續發展部份。

Principal Activities and Business Review (Continued)

Principal Risks and Uncertainties

The Group's businesses and prospects as well as financial conditions and results of operations will be affected by a number of risks and uncertainties including business risks, operational risks and financial risks. For business risks, all the Group's businesses are mainly carried out in the Mainland so it will be subject to the economic and political development and market situation of Mainland China. For operational risks, the Group is engaged in manufacturing of chemical products and it is thus exposed to various environmental, health and safety risks in running its operations. For financial risks, there will be market risk (currency risk and interest rate risk) for the Group's financial instruments, and credit risk and liquidity risk associated therewith. Details of the policies on how to mitigate these financial risks are set out in note 35 to the consolidated financial statements.

Compliance with the Relevant Laws and Regulations

As far as the Board and management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

The relevant laws and regulations that have a significant impact on the Company include, among others, the Hong Kong Companies Ordinance (Chapter 622), the Cayman Islands Company Law and the regulations in relation to its business including health, safety and environmental protection, workplace conditions and employment. In addition, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (as amended from time to time) (the "Listing Rules") apply to the Company.

The Company seeks to ensure compliance with these requirements through various measures such as internal control, risk management and trainings.

Environment Policies

The discussions on the Group's environmental policies are contained in Corporate Sustainability section on page 36 of this annual report.

董事會報告書 Directors' Report

主要業務及業務回顧 (續)

與客戶、供應商、員工及其他持份者之關係

集團有大量的客戶和供應商散佈在不同行業和地區。集團與客戶和供應商之關係良好。由於集團五大客戶佔集團總營業額不足5%，且信貸涉及大量交易對手及客戶，本公司董事認為集團概無嚴重的信貸集中風險。關於信貸管理制度及授予客戶的信貸條件的進一步詳情載於綜合財務報表附註24。集團與員工，與投資者和股東的關係已分別詳載於第37頁人力資源部分及第83至84頁企業管治報告。

薪酬政策及長期激勵計劃

集團之薪酬政策概況已載於第37頁「人力資源」部份。

長期激勵計劃主要包括購股權計劃。購股權計劃詳情請參閱本報告第52至54頁及綜合財務報告附註37。

業績及盈利分配

於截至二零一八年十二月三十一日止年度，集團業績及本公司之盈利分配分別載於第92頁之綜合損益及其他全面收益表及綜合財務報告附註11。本年度內已向本公司股東（「股東」）派發中期股息每股6港仙。董事會建議派發期末股息每股10港仙予於二零一九年六月十四日辦公時間結束時名列於股東名冊上之股東，總金額為不少於56,402,000港元，溢利餘額保留於儲備。

Principal Activities and Business Review (Continued)

Relationship with Customers, Suppliers, Employees and other Stakeholders

The Group maintains a large number of customers and suppliers, which spread across diverse industries and geographical areas. The Group maintains good relationships with its customers and suppliers. As the top 5 largest customers of the Group accounted for less than 5% of the Groups' total revenue, the directors of the Company considered that the Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. Further details of the credit control system and credit terms granted to customers are shown in note 24 to the consolidated financial statements. The Group's relationship with its employees and with investors and shareholders are shown in page 37 under the heading of Human Resources and in pages 83 to 84 under the Corporate Governance Report, respectively.

Emolument Policy and Long-term Incentive Plan

The general description of remuneration policy of the Group is shown in page 37 of the section headed "Human Resources".

Long-term incentive plan primarily consists of Share Option Schemes. Please refer to pages 52 to 54 of this report and note 37 to the consolidated financial statements for the details of the Share Option Schemes.

Results and Appropriations

The results of the Group and appropriations of the Company for the year ended 31 December 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 92 and note 11 to the consolidated financial statements, respectively. An interim dividend of HK6 cents per share was paid to the shareholders of the Company ("Shareholders") during the year. The Directors propose the distribution of a final dividend of HK10 cents per share totalling not less than HK\$56,402,000 to Shareholders whose names appear on the Register of Members at the close of business on 14 June 2019 and the retention of the remaining profit in reserves.



已發行股份數目

本公司已發行股份數目於年內之變動詳情已載於綜合財務報告附註31。

股份是根據購股權計劃(定義見「購股權」部份)行使購股權發行。

儲備

集團儲備於年內之變動詳情已載於綜合財務報告第96頁之綜合權益變動表。

本公司可供派發期末股息之儲備指股份溢價、特別儲備及保留溢利。按照開曼群島公司法第22章規定，在受制於本公司之公司組織章程大綱及細則規定之情況下，以及如果在緊接派發股息後，本公司能在正常業務經營期間償還到期債務之情況下，本公司之股份溢價才能用作向股東進行分派或支付股息。按照本公司之公司組織章程細則，從本公司於二零一八年十二月三十一日之股份溢價及保留溢利910,281,000港元(二零一七年：967,602,000港元)中撥款派發股息。

物業、廠房及設備與投資物業

集團物業、廠房及設備與投資物業於年內之變動詳情已分別載於綜合財務報告附註13及15。

附屬公司

本公司於二零一八年十二月三十一日之主要附屬公司詳情已載於綜合財務報告附註42。

Number of Issued Shares

Details of movements in the number of issued shares of the Company during the year are set out in note 31 to the consolidated financial statements.

The shares are issued pursuant to the exercise of the share options under the Share Option Schemes (as defined in the section headed "Share Options").

Reserves

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 96 of the consolidated financial statements.

The Company's reserves available for distribution of the final dividend represent the share premium, special reserve and retained profits. Under Chapter 22 of the Companies Law of the Cayman Islands, the share premium of the Company is available for distribution of or paying dividends to Shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends can be distributed out of the share premium and retained profits of the Company, which amounted to HK\$910,281,000 as at 31 December 2018 (2017: HK\$967,602,000).

Property, Plant and Equipment and Investment Properties

Details of the movements in the property, plant and equipment and investment properties of the Group during the year are set out in notes 13 and 15 to the consolidated financial statements respectively.

Subsidiaries

Details of the Company's principal subsidiaries as at 31 December 2018 are set out in note 42 to the consolidated financial statements.

董事會報告書 Directors' Report

董事及服務合約

年內及於本報告日期董事如下：

主席兼非執行董事

葉志成先生

執行董事

葉子軒先生(副主席兼行政總裁)
(於二零一九年一月一日起轉任行政總裁)
葉鈞先生(副行政總裁)
(由二零一九年一月一日起獲委任)
何世豪先生(財務總裁)
鄭國照先生
(於二零一八年一月一日起辭任職務)

非執行董事

唐滙棟先生
(董事任期至二零一八年六月五日舉行之二零一八年股東週年大會結束止)
王旭先生
(由二零一九年一月一日起轉任為非執行董事)

獨立非執行董事

黃廣志先生
古遠芬先生
吳紹平先生
(由二零一九年一月一日起榮休並辭任)
何百川先生
(由二零一八年六月五日起獲委任)

遵照本公司組織章程細則第95條，於二零一九年一月一日獲委任為執行董事之葉鈞先生，其指定任期為直至其下一次需由本公司股東重選之股東週年大會結束時為止，即即將來臨之股東週年大會(「股東週年大會」)上依章告退，惟彼願膺選連任董事。董事會建議於股東週年大會上選舉葉鈞先生為執行董事。

Directors and Service Contracts

The Directors for the year and as at the date of this report were:

Chairman and Non-executive Director

Mr. Ip Chi Shing

Executive Directors

Mr. Yip Tsz Hin (Deputy Chairman and Chief Executive Officer)
(re-designated as the Chief Executive Officer with effect from 1 January 2019)
Mr. Ip Kwan (Deputy Chief Executive Officer)
(appointed with effect from 1 January 2019)
Mr. Ho Sai Hou (Chief Financial Officer)
Mr. Kwong Kwok Chiu
(resigned from the duty with effect from 1 January 2018)

Non-executive Directors

Mr. Tong Wui Tung
(terms of directorship lasted until the conclusion of 2018 annual general meeting held on 5 June 2018)
Mr. Wong Yuk
(re-designated as a Non-executive Director with effect from 1 January 2019)

Independent Non-executive Directors

Mr. Wong Kong Chi
Mr. Ku Yuen Fun
Mr. Ng Siu Ping
(retired and resigned with effect from 1 January 2019)
Mr. Ho Pak Chuen, Patrick
(appointed with effect from 5 June 2018)

In accordance with article 95 of the Company's Articles of Association, Mr. Ip Kwan, being an Executive Director newly appointed on 1 January 2019, will hold office until the next general meeting of the Company (i.e. the forthcoming annual general meeting) (the "AGM") and shall then be eligible for election. The Board proposed Mr. Ip Kwan to be elected as executive Director at the AGM.

董事會報告書 Directors' Report



董事及服務合約 (續)

遵照本公司組織章程細則第112條，執行董事葉子軒先生及何世豪先生及非執行董事王旭先生將於本公司於二零一九年六月四日即將舉行之股東週年大會上依章告退，惟彼等願膺選連任董事。其餘所有董事則繼續留任。於本年度每位非執行董事及獨立非執行董事已接納其指定任期為直至其下一次需由股東重選之股東週年大會結束時為止。

於股東週年大會上獲提名膺選連任之董事概無與本公司或其附屬公司訂立任何本公司在一年內不可在不予賠償(法定賠償除外)的情況下終止之服務合約。

非執行董事及獨立非執行董事之袍金乃經本公司薪酬委員會建議及由董事會確定。

應付予董事之酬金乃參考其資格及經驗，承擔的責任，對本公司之貢獻及類似職位於現時市場薪酬水平釐定。

Directors and Service Contracts (Continued)

In accordance with article 112 of the Company's Articles of Association, Mr. Yip Tsz Hin and Mr. Ho Sai Hou, being Executive Directors and Mr. Wong Yuk, a Non-executive Director, will retire by rotation at the forthcoming AGM of the Company to be held on 4 June 2019 and, being eligible, will offer themselves for re-election as Directors at the forthcoming AGM. All remaining Directors will continue in office. Each of the Non-executive and Independent Non-executive Directors were appointed for a specific term until the closing of the next annual general meeting at which he is subject to re-election by the Shareholders.

No Director being proposed for re-election at the AGM has a service contract with the Company or its subsidiaries which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

The fees of the Non-executive and Independent Non-executive Directors are recommended by the Remuneration Committee of the Company and determined by the Board.

The emolument payable to the Directors is determined with reference to their qualification and experience, responsibilities undertaken, contribution to the Company and the prevailing market level of remuneration of similar position.

董事會報告書 Directors' Report

董事及最高行政人員於證券之權益及淡倉

盡本公司所知，於二零一八年十二月三十一日，董事及其各自的聯繫人士於本公司股份中的權益（定義見證券及期貨條例（「證券及期貨條例」）第XV部份）須(a)根據證券及期貨條例第XV部份第7及第8部知會本公司及聯交所（包括彼等根據證券及期貨條例之該等條文被假設或視為擁有之權益或淡倉）；或(b)根據證券及期貨條例第352條記載置存之登記冊內的權益；或(c)根據上市發行人董事進行證券交易的標準守則知會本公司及聯交所的權益如下：

好倉

Directors' and Chief Executives' Interests and Short Positions in Securities

To the best of the Company's knowledge, as at 31 December 2018, the interests of the Directors and their respective associates in the shares of the Company (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provision of the SFO); or (b) to be recorded in the register to be kept pursuant to Section 352 of the SFO; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange were as follows:

Long positions

		所持普通股份及相關股份數目 Number of Ordinary Shares and Underlying Shares held				於二零一八年 十二月三十一日 佔本公司 已發行股本 之百分比 Percentage of the Issued Share Capital of the Company as at 31.12.2018	
董事姓名 Name of Directors	股份權益 Interests in Shares	股份權益 Interests in Shares	股份權益 Interests in Shares	購股權權益 ¹ Interests in Share Options ¹	總數 Total		
							個人 Personal
葉志成先生 Mr. Ip Chi Shing	155,042,532	8,802,000 (a)	24,380,000 (b)	—	188,224,532	33.37%	
葉子軒先生 Mr. Yip Tsz Hin	28,540,248	14,000,000 (c)	—	—	42,540,248	7.54%	
王旭先生 Mr. Wong Yuk	—	—	—	—	—	—	
何世豪先生 Mr. Ho Sai Hou	—	—	—	200,000	200,000	0.04%	
黃廣志先生 Mr. Wong Kong Chi	—	100,000 (d)	—	—	100,000	0.02%	
古遠芬先生 Mr. Ku Yuen Fun	20,680	14,000 (e)	—	—	34,680	0.01%	
吳紹平先生 ² Mr. Ng Siu Ping ²	2,532,000	50,000 (f)	—	—	2,582,000	0.46%	
何百川先生 ³ Mr. Ho Pak Chuen, Patrick ³	—	—	—	—	—	—	



董事及最高行政人員於證券之權益及淡倉(續)

好倉(續)

附註：

- (a) 此等股份當中，6,796,000股由葉志成先生與妻子梁碧瑜女士共同持有，2,006,000股則由其妻子持有。
- (b) 此等股份分別由一間葉志成慈善基金有限公司之慈善組織(20,300,000股)和一間葉氏關愛延續基金有限公司(4,080,000股)所持有。葉志成先生於葉志成慈善基金有限公司和葉氏關愛延續基金有限公司的股東大會分別擁有50%(與其妻子共有100%)及60%(與其弟妹共有100%)之投票權，故被視為擁有在該兩間公司持有此等股份之權益。
- (c) 此等股份由葉子軒先生之妻子葉曹家麗女士持有。
- (d) 此等股份由黃廣志先生之妻子詹小慧女士持有。
- (e) 此等股份由古遠芬先生之妻子蘇艷霞女士持有。
- (f) 此等股份由吳紹平先生之妻子蕭靄莉女士持有。
- ¹ 所有購股權為非上市實物結算股本衍生工具。
- ² 吳紹平先生於二零一九年一月一日起榮休並辭任獨立非執行董事。
- ³ 何百川先生於二零一八年六月五日起獲委任為獨立非執行董事。

Directors' and Chief Executives' Interests and Short Positions in Securities (Continued)

Long positions (Continued)

Notes:

- (a) Out of these shares, 6,796,000 shares are jointly held with Madam Liang Bih Yu, the wife of Mr. Ip Chi Shing and 2,006,000 shares are held by his wife.
- (b) These shares are held respectively by Ip Chi Shing Charitable Foundation Limited, a charitable organisation (20,300,000 shares) and Yip's Care Extension Foundation Limited, a limited company, (4,080,000 shares). Mr. Ip Chi Shing controls 50% (together with his wife control 100%) and 60% (together with his younger sister and brother control 100%) of the voting power at the general meetings of Ip Chi Shing Charitable Foundation Limited and Yip's Care Extension Foundation Limited respectively. He is therefore deemed to be interested in these shares held by these two corporations.
- (c) These shares are held by Madam Yip Tso Ka Lai, Brenda, the wife of Mr. Yip Tsz Hin.
- (d) These shares are held by Madam Jim Siu Wai, the wife of Mr. Wong Kong Chi.
- (e) These shares are held by Madam So Yim Ha, the wife of Mr. Ku Yuen Fun.
- (f) These shares are held by Madam Siu Oi Li, Maicy, the wife of Mr. Ng Siu Ping.
- ¹ All the share options are unlisted physically settled equity derivatives.
- ² Mr. Ng Siu Ping retired and resigned as an Independent Non-executive Director with effect from 1 January 2019.
- ³ Mr. Ho Pak Chuen, Patrick was appointed as Independent Non-executive Director with effect from 5 June 2018.

董事會報告書 Directors' Report

董事及最高行政人員於證券之權益及淡倉 (續)

好倉 (續)

董事在本公司購股權計劃(即部分相關股份)下所持有購股權之詳情可見下一節「購股權」。

葉志成先生、葉子軒先生及葉志成先生妻子梁碧瑜女士各持有本公司之附屬公司葉氏恒昌(集團)有限公司之無投票權遞延股一股。

除上文所披露者及董事以本公司或其附屬公司受託人身份持有附屬公司若干代名人股份外，於二零一八年十二月三十一日，各董事、最高行政人員或其聯繫人士均沒有於本公司或其任何聯營公司(按證券及期貨條例)之證券中持有任何權益或淡倉。

購股權

股東於二零一二年五月二十五日舉行之股東週年大會上已批准採納新購股權計劃(「新計劃」)及終止本公司於二零零二年九月三日已採納的舊計劃(「舊計劃」)，連同新計劃，統稱為(「購股權計劃」)，新計劃將於二零二二年五月二十四日到期屆滿。而在舊計劃終止前授出之購股權將繼續生效並可根據舊計劃之規則下行使。而新計劃之主要目的是確定及激勵合資格參與人士作出貢獻、提供獎勵、協助本公司挽留合資格參與人士及招攬額外僱員，並向彼等提供直接經濟利益，以達致本公司之長期業務目標。新計劃之詳情已載於綜合財務報告附註37。

Directors' and Chief Executives' Interests and Short Positions in Securities (Continued)

Long positions (Continued)

Details of the share options held by the Directors under the Company's existing share option scheme (i.e. part of the interests in the underlying shares) are shown in the next section headed "Share Options".

Each of Mr. Ip Chi Shing, Mr. Yip Tsz Hin and Madam Liang Bih Yu, the wife of Mr. Ip Chi Shing, holds one non-voting deferred share of Yip's H.C. (Holding) Limited, a subsidiary of the Company.

Other than as disclosed above and certain nominee shares in subsidiaries held by Directors in trust for the Company or its subsidiaries, as at 31 December 2018, none of the Directors, chief executive nor their associates held any interests or short positions in the securities of the Company or any of its associated corporations as defined in the SFO.

Share Options

The Shareholders at the AGM held on 25 May 2012 approved the adoption of a new share option scheme (the "New Share Option Scheme") and the termination of the old share option scheme which was adopted by the Company on 3 September 2002 (the "Old Share Option Scheme", together with the "New Share Option Scheme", collectively known as "Share Option Schemes"). The New Share Option Scheme will expire on 24 May 2022. Options granted under the Old Share Option Scheme prior to its termination will continue to be valid and exercisable in accordance with the rules thereof. The main purpose of the New Share Option Scheme is to recognise and motivate the contribution of eligible participants, to provide incentives to them, to help the Company retain eligible participants and recruit additional employees and to provide them with a direct economic interest in attaining the long term business objectives of the Company. Particulars of the New Share Option Scheme are set out in note 37 to the consolidated financial statements.

董事會報告書 Directors' Report



購股權 (續)

於截至二零一八年十二月三十一日止年度內，根據本公司購股權計劃已授予若干董事及僱員購股權之變動如下：

Share Options (Continued)

During the year ended 31 December 2018, movements in the number of options which had been granted to certain Directors and employees under the Company's Share Option Schemes are as follows:

授出日期 Date of grant	行使價 Exercise price 港元 HK\$	購股權行使期 Exercise period of share options	購股權數目 Number of Share Options			於二零一八年 十二月三十一日 尚未行使 Outstanding as at 31.12.2018	
			於二零一八年 一月一日 尚未行使 Outstanding as at 1.1.2018	本年內 已行使 Exercised during the year	本年內 已失效/註銷 Lapsed/Cancelled during the year		
董事							
Director							
何世豪先生 Mr. Ho Sai Hou	二零一三年一月十一日 11 January 2013	5.942	二零一五年一月十一日至 二零二三年一月十日 11 January 2015 to 10 January 2023	200,000	—	—	200,000
				200,000	—	—	200,000
若干人士¹							
Eligible Persons¹							
二零零八年十月三十一日 31 October 2008	1.950	二零零八年十月三十一日至 二零一八年十月三十日 31 October 2008 to 30 October 2018	140,000	(140,000)	—	—	—
二零零九年十月五日 5 October 2009	4.536	二零零九年十月五日至 二零一九年十月四日 5 October 2009 to 4 October 2019	640,000	—	(60,000)	580,000	580,000
二零一三年一月十一日 11 January 2013	5.942	二零一五年一月十一日至 二零二三年一月十日 11 January 2015 to 10 January 2023	4,430,000	—	(440,000)	3,990,000	3,990,000
				5,210,000	(140,000)	(500,000)	4,570,000
				5,410,000	(140,000)	(500,000)	4,770,000

¹ 鄺國照先生於二零一八年一月一日辭任執行董事及其購股權數目已由「董事」轉到「若干人士」。

於截至二零一八年十二月三十一日止年度內，並無授出購股權予董事或僱員。有關於年內行使的購股權，其緊接購股權行使日期之前的本公司股份加權平均收市價為2.63港元。

¹ Mr. Kwong Kwok Chiu resigned as Executive Director with effect from 1 January 2018 and his number of share options was transferred from "Director" to "Eligible Persons".

During the year ended 31 December 2018, no share option was granted to Directors or employees. In respect of the share options exercised during the year, weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised was HK\$2.63.

董事會報告書 Directors' Report

購股權 (續)

於本報告日期，若行使全部尚未行使的購股權，可發行本公司股份合共為4,770,000股，佔本公司於本報告日期已發行股本約0.85%。

除上文所披露者外，於年內任何時間，本公司或其任何附屬公司概無參與任何安排，以使董事藉收購本公司或任何其他法人團體之股份或債券而獲益。

除上文所披露者外，於年內各董事或其配偶或十八歲以下之子女均無任何權利以認購本公司之證券，或曾行使任何該等權利。

主要股東

盡本公司所知，於二零一八年十二月三十一日，根據證券及期貨條例第336條規定所存置之登記冊所載或已知會本公司持有本公司股份或相關股份權益之本公司股東(除上文所披露的本公司董事或最高行政人員外)如下：

好倉

主要股東名稱 Name of Substantial Shareholders	身份 Capacity	附註 Notes	所持股份數目 Number of shares held	於二零一八年十二月三十日佔本公司已發行股本之百分比 Percentage of the issued share capital of the Company as at 31.12.2018
葉鳳娟女士 Ms. Ip Fung Kuen	實益擁有人 Beneficial Owner	1	47,547,913	8.43%
FMR LLC	公司權益 Corporate Interest	2	39,640,000	7.03%
FIDELITY PURITAN TRUST	實益擁有人 Beneficial Owner	3	28,220,000	5.00%

Share Options (Continued)

The total number of Shares of the Company that could be issued upon the exercise of all outstanding share options as at the date of this annual report are 4,770,000 Shares, which represents approximately 0.85% of the issued share capital of the Company as at the date of this annual report.

Other than as disclosed above, at no time during the year was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Other than as disclosed above, none of the Directors, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

Substantial Shareholders

To the best of the Company's knowledge, as at 31 December 2018, the following Shareholders (other than the Directors or chief executives of the Company disclosed above) had interest in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company:

Long positions



主要股東 (續)

好倉 (續)

附註：

1. 持有股份數目之計算為(i)葉女士根據證券及期貨條例披露持有本公司已發行股份之權益為47,592,000股；(ii)葉女士於二零一二年六月購買955,913股股份及(iii)葉女士於二零一五年三月出售1,000,000股股份。
2. FMR LLC透過FMR Co., Inc.間接持有39,640,000股本公司股份。FMR Co., Inc.由FMR LLC之全資附屬公司Fidelity Management & Research Company全資擁有。本公司獲通知於上述由FMR Co., Inc.持有之39,640,000股本公司股份中，3,710,000股本公司股份為FMR LLC全資擁有之Fidelity Management Trust Company持有，而7,536,000股本公司股份為FMR LLC若干僱員及股東最終擁有之Fidelity Investments Canada ULC持有。該等FMR LLC僱員及股東擁有Fidelity Canada Investors LLC之100%股權，而Fidelity Canada Investors LLC擁有483A Bay Street Holdings LP之64%股權。483A Bay Street Holdings LP擁有BlueJay Lux 1 S.a.r.l.之100%股權，而BlueJay Lux 1 S.a.r.l.擁有FIC Holdings ULC之100%股權，繼而FIC Holdings ULC擁有Fidelity Investments Canada ULC之100%股權。
3. Fidelity Puritan Trust直接持有28,220,000股本公司股份，本公司獲告知該股份視為FMR LLC名下之權益。

除上文所披露外，於二零一八年十二月三十一日，除了以上一節「董事及最高行政人員於證券之權益及淡倉」已披露之權益外，概無人士通知本公司指彼等在本公司股份中的權益或淡倉需根據證券及期貨條例第336條登記。

Substantial Shareholders (Continued)

Long positions (Continued)

Notes:

1. The calculation of the number of shares held takes into account (i) the interests of Ms. Ip in the issued share capital of the Company disclosed under the SFO (i.e. 47,592,000); (ii) the acquisition of 955,913 shares by Ms. Ip in June 2012 and (iii) the disposal of 1,000,000 shares by Ms. Ip in March 2015.
2. FMR LLC held 39,640,000 shares of the Company indirectly through FMR Co., Inc. FMR Co., Inc. is wholly owned by Fidelity Management & Research Company, which is a wholly-owned subsidiary of FMR LLC. The Company was notified that of the above mentioned 39,640,000 shares of the Company held by FMR Co., Inc., 3,710,000 shares of the Company were held for Fidelity Management Trust Company, which is wholly-owned by FMR LLC, while 7,536,000 shares of the Company were held for Fidelity Investments Canada ULC, which is ultimately owned by certain employees and shareholders of FMR LLC. Those employees and shareholders of FMR LLC own 100% equity interest in Fidelity Canada Investors LLC, which owns 64% equity interest in 483A Bay Street Holdings LP. 483A Bay Street Holdings LP owns 100% equity interest in BlueJay Lux 1 S.a.r.l., which owns 100% equity interest in FIC Holdings ULC, which in turn owns 100% equity interest in Fidelity Investments Canada ULC.
3. 28,220,000 shares of the Company were held directly by Fidelity Puritan Trust and the Company were notified that such shares are deemed interest of FMR LLC.

Save as disclosed above, as at 31 December 2018, no person, other than the interests disclosed above in the section "Directors' and Chief Executives' Interests and Short Positions in Securities", had notified the Company of an interest or short position in the shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

董事會報告書 Directors' Report

購買、出售或贖回本公司之上市證券

於截至二零一八年十二月三十一日止年度內，本公司或其任何附屬公司概無購買、出售或贖回本公司之任何上市證券。

主要供應商及客戶

在截至二零一八年十二月三十一日止年度內，集團前五名客戶之營業總額佔集團總營業額少於30%。

集團前五名供應商之購貨總額佔集團總購貨額少於30%。

於二零一八年十二月三十一日，各董事、其聯繫人士或就董事所知擁有本公司股本5%以上之股東概無在集團前五名供應商中擁有任何權益。

公司管治

本公司之企業管治報告詳情載於本年報第60至84頁之「企業管治報告」。

公眾持股量

根據本公司所得的公開資料及董事所知，在截至二零一八年十二月三十一日止年度及於本報告日期，公眾人士持有之股份百分比按上市規則不少於本公司已發行股份25%之足夠公眾持股量。

股票掛鈎協議

除上文所披露之新購股權計劃及舊購股權計劃外，於年內或年末，本公司概無訂立將會或可導致本公司發行股份之股票掛鈎協議，或要求本公司訂立任何協議將會或可導致本公司發行股份之股票掛鈎協議。

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 December 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Major Suppliers and Customers

During the year ended 31 December 2018, the aggregate sales attributable to the Group's five largest customers accounted for less than 30% of the Group's total turnover.

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

As at 31 December 2018, none of the Directors, their associates or any Shareholders (which to the best knowledge of the Directors own more than 5% of the Company's share capital) had any interest in the Group's five largest suppliers.

Corporate Governance

Report on the Company's corporate governance is set out in "Corporate Governance Report" on pages 60 to 84 of this annual report.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the year ended 31 December 2018 and at the date of this report, there is sufficient public float of not less than 25% of the Company's total issued shares capital as required under the Listing Rules.

Equity-linked Agreements

Other than the New Share Option Scheme and the Old Share Option Scheme as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.



捐款

在截至二零一八年十二月三十一日止年度內，集團作出慈善及其他捐款合共約1,127,000港元。

獲准許之彌償條文

根據本公司之組織章程細則，本公司每位董事、核數師或其他人員有權作為本公司董事、核數師或其他人員於抗辯任何訴訟（不論是民事或刑事）就任何法律訴訟（不論是民事或刑事）抗辯而獲判勝訴或獲裁定無罪，其所導致或蒙受之一切損失或責任從本公司資產中獲得彌償。

本公司已就其董事及行政人員可能面對因企業活動產生之法律訴訟、為董事及行政人員之職責作適當之投保安排。

有關獲准許之彌償條文已於回顧年度內一直生效，並於本報告獲批准時目前生效。

關連交易及董事之合約權益

本集團於截至二零一八年十二月三十一日止年度內訂立之關連人士交易於綜合財務報表附註40披露。下列各有關連人士交易，根據上市規則第十四A章之定義構成符合最低豁免水平的交易，並按第14A.76(1)條豁免關連交易要求。

- (a) 在截至二零一八年十二月三十一日止年度內，集團分別支付960,000港元（二零一七年：960,000港元）及350,000港元（二零一七年：600,000港元）之租金予港德投資有限公司及嘉捷投資有限公司，董事葉志成先生（本公司控股股東及董事）及葉子軒先生（董事）分別於該兩間公司持有實益權益。

Donations

During the year ended 31 December 2018, the Group made charitable and other donations amounting to HK\$1,127,000.

Permitted Indemnity Provision

The Articles of Association of the Company provides that each Director, auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director, Auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

The Company has arranged for appropriate insurance to cover Director's and officer's liabilities in respect of legal actions against its Directors and officers arising out of corporate activities.

Such permitted indemnity provisions have been in force throughout the year under review and is currently in force at the time of the approval of this report.

Connected Transactions and Directors' Interests in Contracts

The related party transactions entered into by the Group during the year ended 31 December 2018 are disclosed in note 40 to the consolidated financial statements. Each of the following related party transaction constitutes de minimis transaction under Chapter 14A of the Listing Rules and is exempt from the connected transaction requirements under rule 14A.76(1).

- (a) During the year ended 31 December 2018, the Group paid rent of HK\$960,000 (2017: HK\$960,000) and HK\$350,000 (2017: HK\$600,000) to Goldex Investments Limited and Galsheer Investments Limited respectively in which Mr. Ip Chi Shing (the controlling shareholder of the Company and a Director) and Mr. Yip Tsz Hin (a Director) have beneficial interests respectively.

董事會報告書 Directors' Report

關連交易及董事之合約權益 (續)

- (b) 年內，集團收取葉志成慈善基金有限公司的租金及使用費為501,000港元(二零一七年：400,000港元)及服務費收入為53,000港元(二零一七年：41,000港元)，葉志成先生為本公司董事並擁有上述公司控股權益。
- (c) 主要管理人員為本公司董事及行政管理人員。支付給他們的薪酬詳情載於綜合財務報告附註6。

除以上所披露者外，於本年度年終時或年內任何時間並不存在本公司或其任何附屬公司有份參與本公司董事、與董事關連之實體及控股股東或其附屬公司擁有重大直接或間接權益之重大合約。

須予披露交易 收購資產及業務

於二零一八年一月二日，葉氏駱駝(香港)有限公司(前稱「葉氏塗料(香港)有限公司」)及恒昌塗料(惠陽)有限公司(統稱「買方」)(兩者均為本公司之全資附屬公司)與德家朗駱駝國際有限公司、德家朗駱駝(香港)有限公司、德家朗駱駝塗料(東莞)有限公司、德家朗駱駝塗料(上海)有限公司(統稱「賣方」)連同賣方擔保人DuluxGroup (Investments) Pty Limited及國民製煉漆油有限公司訂立資產出售協議(該「協議」)。據該協議，買方已同意購買，而賣方已同意出售該等資產及該業務(定義載於已於二零一八年一月二日刊發之公告內)。上述資產及業務收購已於二零一八年二月一日完成。

收購該等資產及該業務後，葉氏駱駝(香港)有限公司之全年業績、效益符合集團預期。

Connected Transactions and Directors' Interests in Contracts (Continued)

- (b) During the year, the Group received rent and license fee of HK\$501,000 (2017: HK\$400,000) and service fee income of HK\$53,000 (2017: HK\$41,000) from Ip Chi Shing Charitable Foundation Limited in which Mr. Ip Chi Shing, the controlling shareholder of the Company and a Director, has controlling interest.
- (c) The key management personnel are the Directors and the management executives of the Company. The details of the remuneration paid to them are set out in note 6 to the consolidated financial statements.

Other than disclosed above, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director, an entity connected with a director, and a controlling shareholder of the Company or its subsidiary companies had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Discloseable Transaction Acquisition of assets and business

On 2 January 2018, Yip's Camel (Hong Kong) Limited (formerly known as "Yip's Coatings (Hong Kong) Limited") and 恒昌塗料(惠陽)有限公司 (Hang Cheung Coatings (Hui Yang) Limited#) (collectively the "Purchasers"), both wholly-owned subsidiaries of the Company, entered into an agreement for sale of assets ("Agreement") with DGL Camel International Limited, DGL Camel (Hong Kong) Limited, 德家朗駱駝塗料(東莞)有限公司 (DGL Camel Coatings (Dongguan) Limited#), 德家朗駱駝塗料(上海)有限公司 (DGL Camel Coatings (Shanghai) Limited#) (collectively the "Vendors"), as well as DuluxGroup (Investments) Pty Limited and The National Lacquer and Paint Products Company Limited, being the Vendors' guarantors. Under the Agreement, the Purchasers agreed to purchase and the Vendors agreed to sell the Assets and the Business (as defined in the published announcement dated 2 January 2018). The said acquisition of Assets and Business was completed on 1 February 2018.

After the acquisition of Assets and Business, the whole-year performance and development of Yip's Camel (Hong Kong) Limited was in line with the Group's expectation.



須予披露交易 (續)

出售全部股份權益

於二零一九年一月十八日，大中漆廠有限公司(「大中漆」)與上海重固新雲尚置業有限公司(「上海重固」)連同上海重固之擔保人上海青浦重固資產經營有限公司及上海重固儲御實業發展有限公司訂立股權收購協議(「收購協議」)。據收購協議，上海重固已同意購買，而大中漆已同意出售紫荊花製漆(上海)有限公司全數股份權益，而紫荊花製漆(上海)有限公司為中國上海市青浦區重固鎮北青公路6511號的業權的持有人，代價為人民幣269,946,938.64元(相當於約307,335,000港元)。交易詳情已載於二零一九年一月十八日於聯交所網頁刊登之公告。

管理及行政合同

除與本公司董事及全職僱員所訂立之僱員合約，於年內年本公司並沒有就公司全部或主要業務之管理及行政訂立合同或支付費用。

優先購買權

本公司之公司組織章程細則及開曼群島公司法概無有關優先購買權之條文，規定本公司須向現有股東提出按照彼等所持股份比例發售新股之建議。

核數師

截至二零一八年十二月三十一日止年度之財務報告已由德勤•關黃陳方會計師行審計，核數師的任期將在公司即將舉行之股東週年大會屆滿，惟合資格並願意應聘連任。有關重新委聘德勤•關黃陳方會計師行為本公司核數師之決議案將於本公司即將舉行之股東週年大會上提呈。

承董事會命
葉志成
主席

香港，二零一九年三月二十日

Discloseable Transaction (Continued)

Disposal of entire equity interests

On 18 January 2019, Bauhinia Paints Manufacturing Limited ("BPM") entered into a share purchase agreement ("S/P Agreement") with 上海重固新雲尚置業有限公司 ("上海重固"), as well as 上海青浦重固資產經營有限公司 and 上海重固儲御實業發展有限公司, being guarantors of 上海重固. Under the S/P Agreement, 上海重固 agreed to purchase and BPM agreed to sell the entire equity interest in 紫荊花製漆(上海)有限公司, which was the owner of a premise situated at 中國上海市青浦區重固鎮北青公路6511號 (6511, Beiqing Highway, Chonggu Town, Qingpu Area, Shanghai, People's Republic of China) at a consideration of RMB269,946,938.64 (equivalent to approximately HK\$307,335,000). The details of the transaction were disclosed in the announcement published on the Stock Exchange's website on 18 January 2019.

For identification purposes only

Contracts Concerning Management and Administration

Save for employment contracts with Directors and full time employees of the Company, no contracts concerning the management and administration of the whole or any principal business of the Company were entered into or subsisted during the year.

Pre-emptive Rights

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

Auditor

The consolidated financial statements for the year ended 31 December 2018 have been audited by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, who shall retire and, being eligible, will offer themselves for re-appointment at the forthcoming AGM. A resolution will be submitted to the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board
Ip Chi Shing
Chairman

Hong Kong, 20 March 2019

企業管治報告

Corporate Governance Report

遵例聲明

本公司致力維持高水準之企業管治，以達到集團對僱員、顧客、供應商、商業夥伴和股東們所得之價值實現最大化及保障他們的權益兩大目標。本公司在截至二零一八年十二月三十一日止年度內，除並無設立提名委員會外，本公司均遵守上市規則附錄十四之「企業管治守則及企業管治報告」(「守則」)。本公司並無設立提名委員會的原因已於下述一節「董事會組成」載列。(守則條文第A5.1項至A5.4項)

上市公司董事進行證券交易的標準守則

本公司已採納上市規則有關上市公司董事證券交易的附錄十所載的標準守則(「標準守則」)作為董事進行證券交易行為的標準。在作出特定查詢後，本公司所有董事確認在截至二零一八年十二月三十一日止年度已遵守標準守則規定的標準。

Statement of Compliance

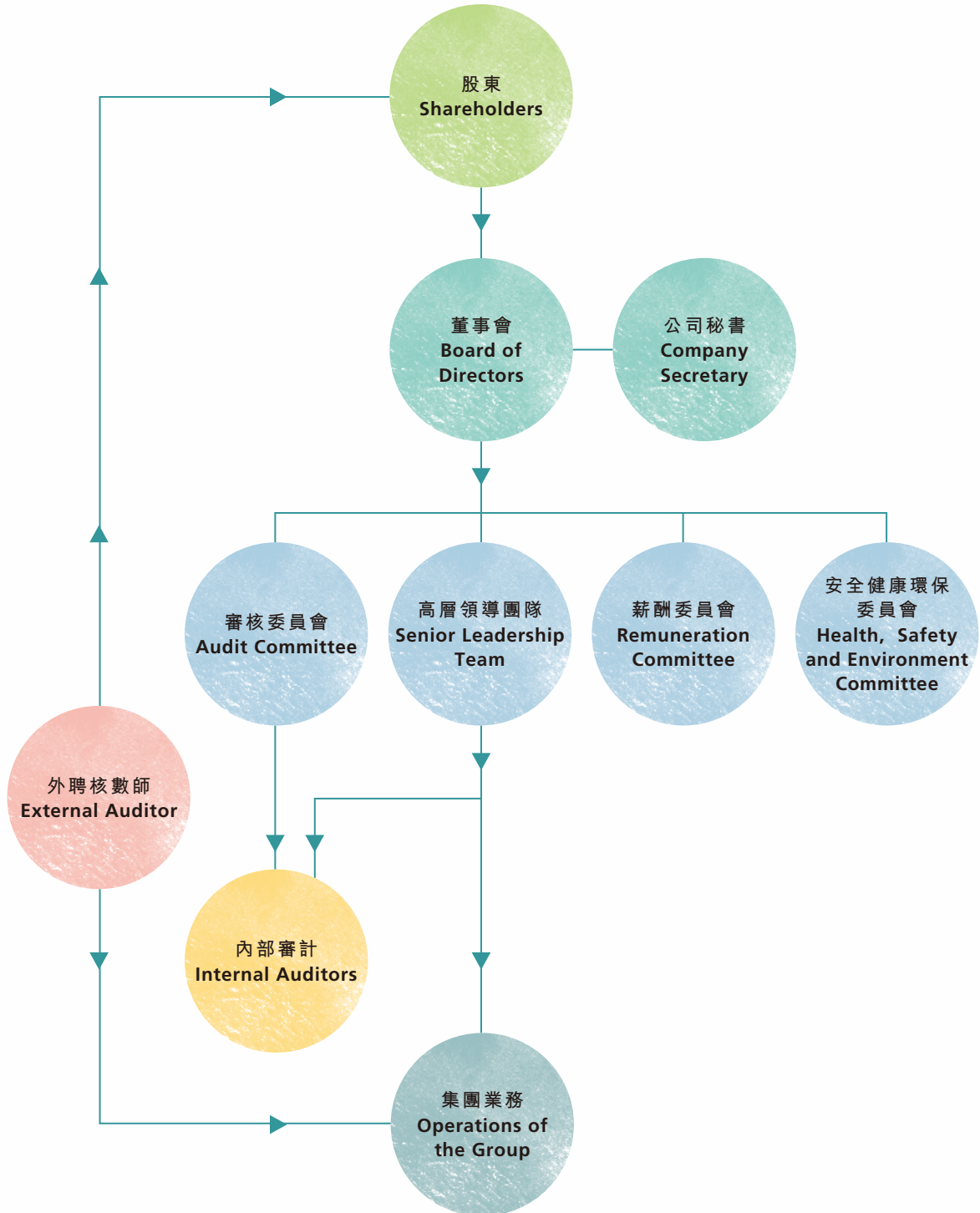
The Company is committed to maintaining high standards of corporate governance so as to achieve the Group's objectives of maximizing values for its employees, customers, suppliers, business partners and Shareholders, and safeguarding their interests. The Company has complied with all code provisions of the "Corporate Governance Code and Corporate Governance Report" (the "CG Code") contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2018 except that the Company does not have a nomination committee on the ground as stated under the section headed "Composition of the Board" (CG Code provisions A.5.1 to A.5.4).

Model Code for 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 as its own code of conduct regarding Directors' securities transactions. After making specific enquiries, all Directors have confirmed that they have fully complied with the required standard as set out in the Model Code during the year ended 31 December 2018.



企業管治架構圖
Corporate Governance Structure



企業管治報告 Corporate Governance Report

董事會

董事會主要職責為制定集團政策、監察該等政策的落實執行、並向管理層就集團的整體管理提供監督及協助。

董事會組成

於本年報日期，集團主席為葉志成先生，董事會共由八位董事組成，包括三位執行董事、兩位非執行董事及三位獨立非執行董事。獨立非執行董事的數目按上市規則第3.10A條規定佔董事會成員人數超過三分之一。本公司每位非執行董事及獨立非執行董事的指定任期為直至本公司下一個股東週年大會需由股東重選為止。列明董事會成員職位及職能的名單已登載於本公司及聯交所網站內。

鄭國照先生已於二零一八年一月一日辭任本公司執行董事及繼續擔任油墨集團總經理。

唐滙棟先生之非執行董事任期至二零一八年六月五日舉行之二零一八年股東週年大會結束後止，及何百川先生於同日獲委任本公司獨立非執行董事。

於二零一九年一月一日起，吳紹平先生榮休及辭任本公司的獨立非執行董事，葉子軒先生及王旭先生亦分別轉任集團行政總裁及本公司非執行董事。王旭先生亦辭任集團聯席行政總裁。葉鈞先生獲委任為集團副行政總裁及本公司執行董事。

The Board

The Board's principal duties are setting policies, monitoring the execution of such policies, and providing supervision and assistance to the overall management of the Group.

Composition of the Board

As of the date of this annual report, the Board is chaired by Mr. Ip Chi Shing and comprised a total of eight Directors, namely, three Executive Directors, two Non-executive Directors and three Independent Non-executive Directors. The number of Independent Non-executive Directors represents more than one-third of the Board which fulfill the requirement under Rule 3.10A of the Listing Rules. Each of the Non-executive Directors and Independent Non-executive Directors is appointed for a specific term until the closing of the relevant annual general meeting at which he is eligible for re-election by the Shareholders. The list of Directors with their roles and functions is available on the websites of the Company and the Stock Exchange.

With effect from 1 January 2018, Mr. Kwong Kwok Chiu resigned as an Executive Director of the Company and remains as the General Manager of the Inks Group.

The term of directorship of Mr. Tong Wui Tung as a Non-executive Director of the Company lasted until the conclusion of the 2018 AGM held on 5 June 2018 and Mr. Ho Pak Chuen, Patrick was appointed as an Independent Non-Executive Director of the Company on the even day.

With effect from 1 January 2019, Mr. Ng Siu Ping retired and resigned as an Independent Non-executive Director of the Company, while Mr. Yip Tsz Hin and Mr. Wong Yuk were re-designed as the Chief Executive Officer of the Group and a Non-executive Director of the Company respectively. Mr. Wong Yuk resigned as a Co-Chief Executive Officer as well. Mr. Ip Kwan was appointed as the Deputy Chief Executive Officer of the Group and an Executive Director of the Company.

企業管治報告 Corporate Governance Report



董事會 (續)

各董事之履歷載於第38至第41頁董事及行政管理人員簡介。主席葉志成先生為集團行政總裁、本公司執行董事及高層領導團隊(「領導團隊」)成員葉子軒先生之兄長、以及集團副行政總裁、本公司執行董事及領導團隊成員葉鈞先生之父親。除上述披露外，董事之間概無其他關係。

本公司確認已經根據上市規則第3.13條收到三位獨立非執行董事就其獨立性而作出的年度確認函，並認為獨立非執行董事是獨立的。其中一名獨立非執行董事具備專業會計資格及相關財務管理經驗。

董事會不時就其組成及成員作出檢討，確保董事會具備集團業務要求的多元化技能、經驗及才能，以便有效履行職責。目前，董事會負責新董事之提名及委任工作。本公司認為由整個董事會履行提名委員會的職能更為有利及高效。

The Board (Continued)

Biographic details of the Directors are set out in the section of Directors' and Management Executives' Profiles on pages 38 to 41. Mr. Ip Chi Shing, the Chairman, is the brother of Mr. Yip Tsz Hin who is a Chief Executive Officer of the Group, an Executive Director of the Company and a member of the Senior Leadership Team (the "SLT"), and the father of Mr. Ip Kwan, who is the Deputy Chief Executive Officer of the Group, an Executive Director of the Company and a member of the SLT. Save as disclosed above, the Directors are not otherwise related to each other.

The Company has received annual confirmations from all three Independent Non-executive Directors in respect of their independence as set out in Rule 3.13 of the Listing Rules and still considers the Independent Non-executive Directors to be independent. One of the Independent Non-executive Director possess the appropriate professional accounting qualifications and related financial management experience.

The Board regularly reviews its composition and membership to ensure that it has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business to discharge its responsibilities effectively. Currently, the Board is responsible for the nomination and appointment of new Directors. The Company considers it is more beneficial and efficient for the full Board to perform the functions of the nomination committee.

企業管治報告 Corporate Governance Report

董事會 (續)

董事會已制定了三個政策包括董事會成員多元化政策、提名政策及股息政策。

(i) 董事會成員多元化政策以制訂達致董事會成員多元化的方法，其撮要如下：

- 甄選人選將按一系列多元化範疇為基準，包括但不限於包括但不限於性別、年齡、文化及教育背景、專業經驗、技術、知識及服務年期。最終將按人選的長處及可為董事會提供的貢獻而作決定
- 董事會將匯報董事會在多元化層面的組成，並監督董事會成員多元化政策的執行

董事會將在適當時候檢討董事會成員多元化政策，以確保本政策行之有效。

(ii) 提名政策以列明甄選、委任及重新委任本公司董事的準則及程序，其撮要如下：

- 董事會根據以下考慮因素甄選人選或重新委任現任董事會成員：
 - (a) 誠信信譽
 - (b) 於化工或石油化工工業尤其是溶劑、塗料、油墨、潤滑油及其他相關市場的成就及經驗
 - (c) 可投入的時間及代表相關界別的利益
 - (d) 董事會成員多元化政策內述之多元化層面

The Board (Continued)

The Board adopted three policies including Board Diversity Policy, Nomination Policy and Dividend Policy.

(i) The Board Diversity Policy which sets out the approach to achieve diversity on the Board and is summarized as follows:

- the selection of candidates of the Board will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board
- The Board will report on the Board's composition under diversified perspectives and monitor the implementation of the Board Diversity Policy

The Board will review the Board Diversity Policy at appropriate times so as to ensure its effectiveness.

(ii) The Nomination Policy which sets out the criteria and procedures for the selection, appointment/re-appointment of directors of the Company and is summarized as follows:

- the selection of candidates or re-appointment of any existing member(s) of the Board will be based on the following criteria:
 - (a) reputation for integrity
 - (b) accomplishment and experience in the chemical or petrochemical industry, in particular, in the solvents, coatings, inks, lubricants and other related markets
 - (c) commitment in respect of available time and relevant interest
 - (d) diversity perspectives as mentioned in the Board Diversity Policy

企業管治報告 Corporate Governance Report



董事會 (續)

- (e) 根據上市規則定義之獨立非執行董事之獨立性
 - (f) 董事會可能不時釐定的任何其他相關因素
 - (g) 平衡執行董事在不同管理領域的比例
 - (h) 平衡執行董事、非執行董事及獨立非執行董事在董事會的比例
- 提名及甄選程序如下：
 - (a) 董事會應檢討董事會之規模、組成及架構，最少每五年一次及考慮繼任計劃。
 - (b) 建議人選將被要求提交所需個人資料，以供董事會按照上述甄選準則評估有關人選是否合適。
 - (c) 董事會任何現任成員須根據本公司組織章程細則重選連任時，董事會須就重新任命建議人選時應用上述甄選準則。
 - (d) 董事會於進行提名、甄選及委任／重新委任程序時，須確保不時遵守本公司組織章程細則、開曼群島法例及上市規則。

董事會每八年或在適當時候檢討提名政策以確保其能有效地執行。

The Board (Continued)

- (e) independence for the independent non-executive directors as defined in Listing Rules
 - (f) any other relevant factors as may be determined by the Board from time to time
 - (g) balanced representation of different management domain of executive directors
 - (h) balanced representation on the Board by executive directors, non-executive directors and independent non-executive directors
- The nomination and selection procedures are:
 - (a) The Board shall conduct, at least once every five years, a review of the size, composition and structure of the Board and consider the Board succession plan.
 - (b) Proposed candidate(s) will be asked to submit the necessary personal information in order for the Board to assess the suitability of the candidate(s) based on the above listed criteria.
 - (c) When any existing member(s) of the Board is subject to re-election according to the articles of association of the Company, the Board shall apply the above listed criteria to the proposed candidate(s) on his/her/their re-appointment.
 - (d) The Board shall ensure the procedures of nomination, selection and appointment/re-appointment to comply with the articles of association of the Company, the law of the Cayman Islands and the Listing Rules from time to time.

The Board will review the Nomination Policy at once every eight years or at appropriate times so as to ensure its effectiveness.

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董事會 (續)

(iii) 股息政策於二零零八年採納並於二零一七年修訂，及董事會會根據股息政策考慮應否派發股息予股東。股息政策撮要如下：

- 集團盈利狀況與派息比率：一般情況，集團的派息比率約在40%至60%之間(除特殊情況外)。
- 經營環境：假如集團認為不明朗的經營環境因素對集團未來的盈利狀況構成不利的影響，集團可耐量削減派息比率以保留現金作流動資金。
- 集團的現金流與資本及營運開支：無論在任何情況下，集團必須保留足夠的現金流以應付中港兩地日常營運開支所需。
- 除現金外，股息亦可以公司股票、認股權證或其他類似形式派發。
- 一般而言，中期股息應約佔預計全年預測股息的最多30%至40%。
- 在特殊情況下，集團可考慮派發特別股息。

董事會每六年或在適當時候檢討股息政策以確保其能有效地執行。

在截至二零一八年十二月三十一日止年度，董事會已審閱需經股東決議案通過的事項清單。

本公司已購買董事及高級職員責任及公司補償保險。

The Board (Continued)

(iii) The Dividend Policy was adopted in 2008 and amended in 2017 as well as the Board considers if the dividends should be paid to Shareholders in according to the dividend policy. The Dividend Policy is summarized as follows:

- The Group's profitability and dividend payout ratio: In general, the Group's dividend payout ratio is between 40% and 60% (except in special circumstances).
- Operating environment: If the Group believes that uncertain operating environment factors adversely affect the Group's future profitability, the Group may adjust the dividend payout ratio to retain cash flows.
- The Group's cash flows and capital and operation expenditures: In all circumstances, the Group must maintain sufficient cash flows to meet the daily operation expenditures of both China and Hong Kong.
- In addition to cash, dividends may also be distributed in company stocks, warrants or other similar forms.
- In general, the interim dividend should be approximately 30% to 40% of the projected full-year projected dividend.
- In special circumstances, the Group may consider issuing a special dividend.

The Board will review the Dividend Policy at once every six years or at appropriate times so as to ensure its effectiveness.

During the year ended 31 December 2018, the Board reviewed the checklist of resolutions that should be approved by the Shareholders.

Directors and officers liability and company reimbursement insurance coverage has also been arranged by the Company.

**董事會** (續)**董事會運作**

在截至二零一八年十二月三十一日止年度，董事會共舉行了五次董事會常規會議、十一次其他會議及一次非執行董事會議。各董事於有關會議之出席次數載列如下：

The Board (Continued)**Operation of the Board**

During the year ended 31 December 2018, five regular Board meetings, eleven other Board meetings and a Non-executive Directors meeting were held. The attendance of each Director at these meetings is shown in the table below:

		董事會常規 會議出席率 Regular Board Meetings Attendance	董事會其他 會議出席率 Other Board Meetings Attendance
執行董事	Executive Directors		
葉子軒先生	Mr. Yip Tsz Hin	4/5	11/11
王旭先生 ¹	Mr. Wong Yuk ¹	5/5	7/11
何世豪先生	Mr. Ho Sai Hou	5/5	11/11
		董事會常規 會議出席率 Regular Board Meetings Attendance	非執行董事 會議出席率 Directors Meetings Attendance
非執行董事	Non-executive Directors		董事會其他 會議出席率 Other Board Meetings Attendance
葉志成先生(主席)	Mr. Ip Chi Shing (Chairman)	5/5	1/1
唐滙棟先生 ²	Mr. Tong Wui Tung ²	3/5	0/1
		董事會常規 會議出席率 Regular Board Meetings Attendance	非執行董事 會議出席率 Directors Meetings Attendance
獨立非執行董事	Independent Non-executive Directors		董事會其他 會議出席率 Other Board Meetings Attendance
黃廣志先生	Mr. Wong Kong Chi	5/5	1/1
古遠芬先生	Mr. Ku Yuen Fun	5/5	1/1
吳紹平先生 ³	Mr. Ng Siu Ping ³	5/5	1/1
何百川先生 ⁴	Mr. Ho Pak Chuen, Patrick ⁴	2/5	1/1

¹ 王旭先生於二零一九年一月一日起轉任非執行董事。

¹ Mr. Wong Yuk was re-designated as Non-executive Director with effect from 1 January 2019.

² 唐滙棟先生之董事任期至二零一八年六月五日舉行之二零一八年度股東週年大會結束止。

² The term of directorship of Mr. Tong Wui Tung lasted until the conclusion of the 2018 AGM held on 5 June 2018.

³ 吳紹平先生於二零一九年一月一日起榮休及辭任獨立非執行董事。

³ Mr. Ng Siu Ping retired and resigned as an Independent Non-executive Director with effect from 1 January 2019.

⁴ 何百川先生於二零一八年六月五日起獲委任獨立非執行董事。

⁴ Mr. Ho Pak Chuen, Patrick was appointed as Independent Non-executive Director on 5 June 2018.

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董事會 (續)

董事會運作 (續)

在二零一八年十二月三十一日止年度內，舉行了五次董事會常規會議，親身出席與會董事均有積極參與。除舉行董事常規會議外，董事會於二零一八年度亦召開了十一個其他董事會會議，以批准日常事務或討論董事會當時任何有需要注意之事宜。董事會主席與非執行及獨立非執行董事舉行了一次並無執行董事出席的會議。

在截至二零一八年十二月三十一日止年度內，本公司之公司秘書（「公司秘書」），確保（當中包括）各董事可獲得其所需要的資料及遵循所有董事會程序。同時公司秘書亦負責為各董事提供持續專業發展之機會，以發展及更新彼等的知識及技巧，確保彼等向董事會作出知情及恰當之貢獻。董事亦獲提供本公司表現、財務狀況及前景的每月更新資料，以便董事會整體及各董事履行其職務。公司秘書何世豪先生為本公司全職僱員。於本年度，何先生確認其已接受不少於十五小時的相關專業培訓。

董事培訓及專業發展

在截至二零一八年十二月三十一日止年度，何百川先生作為本公司新獨立非執行董事於委任後已獲提供全面、正式及特為其安排的就任需知培訓。

本公司不時地為董事安排內部培訓，形式包括講座、工作坊及閱覽有關法律、規則及監管的最新發展、管理、財務及商業等資料，以便各董事提高及更新自身的知識和技巧。

The Board (Continued)

Operation of the Board (Continued)

During the year ended 31 December 2018, five regular Board meetings were held which involved the active participation in person by all the attending Directors. Besides these regular Board meetings, 11 other Board meetings were convened during 2018 to approve routine business or discuss any matters that required the Board's timely attention. The Chairman of the Board held a meeting with all Non-executive Directors and Independent Non-executive Directors without the presence of Executive Directors.

During the year ended 31 December 2018, the role of the company secretary of the Company ("Company Secretary") included, amongst others, ensuring that the Directors have access to all necessary information and that all Board procedures were followed. The Company Secretary was also responsible for offering opportunities of continuing professional development to all Directors to develop and refresh their knowledge and skills to help ensure that their contribution to the Board remains informed and relevant. Directors were also provided with monthly updates on the Company's performance, financial position and prospects to enable the Board as a whole and each Director to discharge their duties. The Company Secretary, Mr. Ho Sai Hou, is a full time employee of the Company. Mr. Ho confirmed that he fulfilled the requirement of taking no less than 15 hours of relevant professional training during the year under review.

Directors' Training and Professional Development

During the year ended 31 December 2018, Mr. Ho Pak Chuen, Patrick, a newly appointed Independent Non-executive Director, is offered comprehensive, formal and tailored induction upon his appointment.

The Company, from time to time, provides in-house trainings for the Directors in the form of seminars, workshops and reading materials on the latest development of applicable laws, rules and regulations, management, financial and business issues to develop and refresh their knowledge and skills.

**董事會** (續)**董事培訓及專業發展** (續)

另外，本公司鼓勵各董事參與相關專業培訓研討會及課程。根據董事所提供的記錄，董事截至二零一八年十二月三十一日止年度所接受的培訓概要如下：

The Board (Continued)**Directors' Training and Professional Development** (Continued)

In addition, all Directors are encouraged to participate in various professional development seminars and courses. A summary of training received by Directors during the year ended 31 December 2018 according to the records provided by the Directors is as follows:

董事	Directors	培訓類別		
		內部培訓 In-house training	講座及／或 會議及／或 研討會 Seminars and/or conferences and/of forums	閱讀材料及 網上學習 Reading and on-line studying
葉志成先生(主席)	Mr. Ip Chi Shing (Chairman)			✓
唐滙棟先生 ¹	Mr. Tong Wui Tung ¹		✓	✓
葉子軒先生	Mr. Yip Tsz Hin			✓
王旭先生 ²	Mr. Wong Yuk ²			✓
何世豪先生	Mr. Ho Sai Hou	✓	✓	✓
黃廣志先生	Mr. Wong Kong Chi			✓
古遠芬先生	Mr. Ku Yuen Fun			✓
吳紹平先生 ³	Mr. Ng Siu Ping ³		✓	
何百川先生 ⁴	Mr. Ho Pak Chuen, Patrick ⁴		✓	✓

¹ 唐滙棟先生之董事任期至二零一八年六月五日舉行之二零一八年度股東週年大會結束止。

² 王旭先生於二零一九年一月一日起轉任非執行董事。

³ 吳紹平先生於二零一九年一月一日起榮休及辭任獨立非執行董事。

⁴ 何百川先生於二零一八年六月五日起獲委任獨立非執行董事。

¹ The term of directorship of Mr. Tong Wui Tung lasted until the conclusion of the 2018 AGM held on 5 June 2018.

² Mr. Wong Yuk was re-designated as Non-executive Director with effect from 1 January 2019.

³ Mr. Ng Siu Ping retired and resigned as an Independent Non-executive Director with effect from 1 January 2019.

⁴ Mr. Ho Pak Chuen, Patrick was appointed as Independent Non-executive Director with effect from 5 June 2018.

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董事會 (續)

董事會授權

董事會為本公司的最高權力實體，集體負責領導、策劃及監控集團，及履行企業管治責任和職能，相關工作內容在需由董事會作出決定的事項內有詳細說明。在截至二零一八年十二月三十一日止年度內，董事會主席一職由葉志成先生擔任，葉子軒先生及王旭先生同時擔任集團聯席行政總裁。於二零一八年一月一日起，鄺國照先生辭任本公司執行董事。唐滙棟先生之非執行董事任期至二零一八年六月五日舉行之二零一八年股東週年大會結束後止，及何百川先生於同日獲委任本公司獨立非執行董事。於二零一九年一月一日起，王旭先生轉任非執行董事及辭任集團聯席行政總裁，葉子軒先生轉任集團行政總裁及葉鈞先生獲委任為集團副行政總裁及本公司執行董事。於二零一九年一月一日起，吳紹平先生榮休並辭任本公司獨立非執行董事。

如下部所述，本公司成立了領導團隊，在截至二零一八年十二月三十一日止年度內，葉子軒先生及王旭先生負責監察集團領導團隊及其他高層管理人員之工作。於二零一九年一月一日起，由葉子軒先生及葉鈞先生擔任上述工作。以上之架構是為了清楚明確的分別主席管理董事會的職責以及管理層監督集團整體內部運作的職責。

董事會已授權給領導團隊，而該等職責包括但不限於制定和推行政策及業務發展策略，以及對集團不同業務單位的表現作出監控。領導團隊現有成員合共四位成員，當中包括三位本公司執行董事葉子軒先生、葉鈞先生及何世豪先生。領導團隊的三名成員於二零一八年一月一日辭任領導團隊職務，包括鄺國照先生、馮秉光先生及邱靜雯女士。領導團隊的另一名成員王旭先生於二零一九年一月一日辭任領導團隊職務。

The Board (Continued)

Delegation by the Board

The Board, as the highest governing body, is collectively responsible for leading, planning and controlling the businesses of the Group, and also for performing the corporate governance duties and functions as more specifically set out in the list of matters reserved for the Board. During the year ended 31 December 2018, the position of the Chairman of the Board was held by Mr. Ip Chi Shing, and the positions of Co-Chief Executive Officers were held by Mr. Yip Tsz Hin and Mr. Wong Yuk. With effect from 1 January 2018, Mr. Kwong Kwok Chiu resigned as an Executive Director of the Company. The term of directorship of Mr. Tong Wui Tung as a Non-executive Director of the Company lasted until the conclusion of the 2018 AGM held on 5 June 2018 and Mr. Ho Pak Chuen, Patrick was appointed as an Independent Non-Executive Director of the Company on the even day. With effect from 1 January 2019, Mr. Wong Yuk was re-designated as a Non-executive Director of the Company and resigned as a Co-Chief Executive Officer, Mr. Yip Tsz Hin was re-designated as the Chief Executive Officer of the Group as well as Mr. Ip Kwan was appointed as the Deputy Chief Executive Officer of the Group and an Executive Director of the Company. With effect from 1 January 2019, Mr. Ng Siu Ping retired and resigned as an Independent Non-executive Director of the Company.

As disclosed in the section below, the Company established the SLT. During the year ended 31 December 2018, Mr. Yip Tsz Hin and Mr. Wong Yuk oversaw the work of SLT and other senior management of the Group. With effect from 1 January 2019, Mr. Yip Tsz Hin and Mr. Ip Kwan take the aforesaid responsibility. The above structure is to ensure a clear distinction between Chairman's duty to manage the Board and the management's duty to oversee the overall internal operation of the Group.

The Board has delegated to the SLT with broad management responsibilities including, but not limited to, formulating and implementing policies and business strategies, as well as supervising the performance of the Group's different business segments. The SLT currently comprises a total of four members, three of them are Executive Directors of the Company, namely, Mr. Yip Tsz Hin, Mr. Ip Kwan and Mr. Ho Sai Hou. Three members of the SLT resigned from the SLT with effect from 1 January 2018, namely Mr. Kwong Kwok Chiu, Mr. Fung Ping Kwong and Ms. Yau Ching Man. Another member of the SLT, Mr. Wong Yuk, resigned from the SLT with effect from 1 January 2019.



董事會 (續)

董事會授權 (續)

本公司設有一份指定須由董事會作出決定事項之正式清單，並會定期檢討該清單。該等重要事項包括：

- 制定長期目標及策略
- 批准初步業績公告
- 批准年度預算
- 批准主要資本開支、收購及出售
- 制定風險管理政策
- 批准須予公佈的交易及關連交易
- 建議及宣派股息
- 委任新董事
- 成立董事會轄下的委員會
- 檢討及監察內部監控及風險管理
- 檢討及監察企業管治政策及法律與法規及企業管治守則之務實遵守
- 批准重要政策及指引

The Board (Continued)

Delegation by the Board (Continued)

A formal schedule of matters reserved for the Board is maintained and is subject to regular review. The more important matters include:

- setting long term objectives and strategies
- approving preliminary results announcements
- approving annual budgets
- approving major capital expenditure, acquisitions and disposals
- establishing risk management policies
- approving notifiable transactions and connected transactions
- declaring and recommending the payment of dividends
- appointing new Directors
- establishing Board committees
- reviewing and monitoring of internal control and risk management
- reviewing and monitoring the policies and practices on compliance with legal and regulatory requirement and practices on corporate governance and compliance with CG Code
- approving major policies and guidelines

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董事會 (續)

高層領導團隊

年內及於本報告日期領導團隊成員如下：

葉子軒先生
葉鈞先生
王旭先生
(於二零一九年一月一日起辭任職務)
何世豪先生
鄭國照先生
(於二零一八年一月一日起辭任職務)
馮秉光先生
(於二零一八年一月一日起辭任職務)
邱靜雯女士
(於二零一八年一月一日起辭任職務)
謝憶珠女士

領導團隊之職務及責任

- 協助董事會制定政策和策略
- 執行並實施董事會制定的政策與策略計劃
- 管治及監控子集團業務
- 協助及協調子集團的運作，為集團爭取最佳效益

目前，董事會有三個委員會，分別為薪酬委員會、審核委員會及安全健康環保委員會。所有董事委員會根據其職權範圍書由董事會授權。

The Board (Continued)

Senior Leadership Team

The SLT members during the year and as at the date of this report were:

Mr. Yip Tsz Hin
Mr. Ip Kwan
Mr. Wong Yuk
(resigned from the duty with effect from 1 January 2019)
Mr. Ho Sai Hou
Mr. Kwong Kwok Chiu
(resigned from the duty with effect from 1 January 2018)
Mr. Fung Ping Kwong
(resigned from the duty with effect from 1 January 2018)
Ms. Yau Ching Man
(resigned from the duty with effect from 1 January 2018)
Ms. Tse Yik Chu

Duties and responsibilities of SLT

- assist the Board in setting policies and strategies
- execute the policies and strategic plans set by the Board
- supervise the businesses of the subsidiaries
- assist and co-ordinate the operations of subsidiaries, and maximize the benefits for the Group

Currently, there are three committees, namely the Remuneration Committee, the Audit Committee and the Health, Safety and Environment Committee. All the Board committees are empowered by the Board under their own terms of reference.



薪酬委員會及董事及高級管理層之薪酬

薪酬委員會於二零零五年六月成立，在截至二零一八年十二月三十一日止年度內，由四位獨立非執行董事組成，吳紹平先生為薪酬委員會主席。於二零一八年六月五日起，唐滙棟先生辭任薪酬委員會成員，何百川先生於同日獲委任薪酬委員會成員。於二零一九年一月一日起，吳紹平先生辭任薪酬委員會主席及何百川先生獲委任為薪酬委員會主席，而王旭先生亦獲委任為薪酬委員會成員。薪酬委員會主要角色及功能如下：

- 設立正規而具透明度的程序制訂集團薪酬政策
- 向董事會建議集團所有董事及高級管理層之薪酬政策及結構
- 釐定各執行董事及高級管理層之薪酬待遇
- 就非執行董事的薪酬向董事會提出建議

董事會於二零一八年十二月十八日修訂薪酬委員會之職權範圍書並將修訂版登載於本公司及聯交所網站內，亦可向公司秘書要求提供查閱。

The Remuneration Committee and Remuneration of Directors and Senior Management

The Remuneration Committee was formed in June 2005. During the year ended 31 December 2018, the Remuneration Committee consisted of four Independent Non-executive Directors. Mr. Ng Siu Ping was the chairman of the Remuneration Committee. With effect from 5 June 2018, Mr. Tong Wui Tung resigned as a member of the Remuneration Committee and Mr. Ho Pak Chuen, Patrick was appointed as a member of the Remuneration Committee. With effect from 1 January 2019, Mr. Ng Siu Ping resigned as the Chairman of the Remuneration Committee and Mr. Ho Pak Chuen, Patrick was appointed as the Chairman of the Remuneration Committee while Mr. Wong Yuk was appointed as a member of the Remuneration Committee. Major roles and functions of the Remuneration Committee include:

- establishing a formal and transparent procedure for developing the Group's remuneration policy
- making recommendation to the Board on the Group's policy and structure for the remuneration of Directors and senior management
- determining the remuneration packages of all individual Executive Directors and senior management
- making recommendations to the Board on the remuneration of Non-executive Directors

The Board amended the terms of reference of the Remuneration Committee on 18 December 2018 and the amended version is available on the Company's website and the Stock Exchange's website and from the Company Secretary upon request.

企業管治報告 Corporate Governance Report

薪酬委員會及董事及高級管理層之薪酬(續)

截至二零一八年十二月三十一日止年度，薪酬委員會舉行了四次正式會議，各成員於有關會議之出席次數載列如下：

成員	Members	出席率 Attendance
吳紹平先生 ¹	Mr. Ng Siu Ping ¹	4/4
唐滙棟先生 ²	Mr. Tong Wui Tung ²	1/4
黃廣志先生	Mr. Wong Kong Chi	4/4
古遠芬先生	Mr. Ku Yuen Fun	4/4
何百川先生 ³	Mr. Ho Pak Chuen, Patrick ³	3/4

¹ 吳紹平先生於二零一九年一月一日辭任薪酬委員會主席。

² 唐滙棟先生於二零一八年六月五日辭任薪酬委員會成員。

³ 何百川先生於二零一八年六月五日獲委任薪酬委員會成員，並於二零一九年一月一日獲委任薪酬委員會主席。

於該等會議上，薪酬委員會：

- 審批執行董事及高級管理人員二零一九年的調薪幅度
- 檢討二零一八年高級管理人員獎勵方案的成效及討論二零一九年度的獎勵方案
- 討論長期激勵方案以挽留人才，尤其是對公司長遠發展具影響力的高級管理層

董事酬金包括因管理本公司及其附屬公司事務而付給董事之款項。在截至二零一八年十二月三十一日止年度支付予本公司各董事及高級管理層的數額詳列於綜合財務報告附註6。

The Remuneration Committee and Remuneration of Directors and Senior Management (Continued)

During the year ended 31 December 2018, the Remuneration Committee held four meetings and the attendance of each member at these meeting is shown in the table below:

Members	Attendance
Mr. Ng Siu Ping ¹	4/4
Mr. Tong Wui Tung ²	1/4
Mr. Wong Kong Chi	4/4
Mr. Ku Yuen Fun	4/4
Mr. Ho Pak Chuen, Patrick ³	3/4

¹ Mr. Ng Siu Ping resigned as the Chairman of the Remuneration Committee on 1 January 2019.

² Mr. Tong Wui Tung resigned as a member of the Remuneration Committee on 5 June 2018.

³ Mr. Ho Pak Chuen, Patrick was appointed as a member of the Remuneration Committee on 5 June 2018 and was appointed as the Chairman of the Remuneration Committee on 1 January 2019.

In these meetings, the Remuneration Committee:

- reviewed and approved the salary adjustment for Executive Directors and senior management for the year 2019
- reviewed the effectiveness of the reward scheme for senior management for the year 2018 and discuss the reward scheme for the year 2019
- discussed the long-term incentive scheme in order to retain talents, in particular, the management who have impacts on the long-term development of the Group

Directors' emoluments consisted of payments to Directors in connection with the management of the affairs of the Company and its subsidiaries. The fees paid to each Director and senior management for the year ended 31 December 2018 are set out in Note 6 to the consolidated financial statements.



審核委員會

審核委員會於一九九八年十一月成立，在截至二零一八年十二月三十一日止年度內，由四位獨立非執行董事組成，主席為黃廣志先生。於二零一八年六月五日起，唐滙棟先生辭任審核委員會成員及何百川先生獲委任審核委員會成員。於二零一九年一月一日起，吳紹平先生辭任審核委員會成員，王旭先生於同日獲委任審核委員會成員。審核委員會主要職責如下：

- 審閱集團財務資料
- 監管集團財務申報制度、風險管理及內部監控系統
- 監察集團與外聘核數師的關係

審核委員會之職權範圍已登載於本公司及聯交所網站內，並可向公司秘書要求提供查閱。

審核委員會於截至二零一八年十二月三十一日止年度舉行了五次會議，各成員於有關會議之出席次數載列如下：

成員	Members	出席率
吳紹平先生 ¹	Mr. Ng Siu Ping ¹	5/5
黃廣志先生	Mr. Wong Kong Chi	5/5
古遠芬先生	Mr. Ku Yuen Fun	5/5
唐滙棟先生 ²	Mr. Tong Wui Tung ²	2/5
何百川先生 ³	Mr. Ho Pak Chuen, Patrick ³	2/5

¹ 吳紹平先生於二零一九年一月一日辭任審核委員會成員。

² 唐滙棟先生於二零一八年六月五日辭任審核委員會成員。

³ 何百川先生於二零一八年六月五日獲委任審核委員會成員。

The Audit Committee

The Audit Committee was formed in November 1998. During the year ended 31 December 2018, the Audit Committee comprised four Independent Non-executive Directors and was chaired by Mr. Wong Kong Chi. With effect from 5 June 2018, Mr. Tong Wui Tung resigned as a member of the Audit Committee and Mr. Ho Pak Chuen, Patrick was appointed as a member of the Audit Committee. With effect from 1 January 2019, Mr. Ng Siu Ping resigned as a member of the Audit Committee and Mr. Wong Yuk was appointed as a member of the Audit Committee. Major duties of the Audit Committee include:

- reviewing financial information of the Group
- overseeing the Group's financial reporting system, risk management and internal control procedures
- monitoring the relationship between the Group and its external auditor

The terms of reference of the Audit Committee is available on the Company's website and the Stock Exchange's website and from the Company Secretary upon request.

The Audit Committee held five meetings during the year ended 31 December 2018 and the attendance of each member at these meetings is shown in the table below:

¹ Mr. Ng Siu Ping resigned as a member of the Audit Committee on 1 January 2019.

² Mr. Tong Wui Tung resigned as a member of the Audit Committee on 5 June 2018.

³ Mr. Ho Pak Chuen, Patrick was appointed as a member of the Audit Committee on 5 June 2018.

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審核委員會 (續)

在該等會議中，審核委員會：

- 在集團二零一七年年及二零一八年中中期業績提交董事會批准前對其進行審閱。在進行審閱的過程中，審核委員會專注於集團表現與上年業績之重大偏差，以及判斷、選擇及應用會計政策之主要範圍及遵守法律規定及監管規定
- 審閱內部審計部之報告、與內部審計主管就重大發現進行討論，檢討內部審計部的資源是否足夠及內部審計功能之有效性並批准內部審計計劃
- 按已設有之指引及程序審閱集團之風險管理及內部監控系統並進行檢討
- 與集團之外聘核數師就核數計劃進行討論、按其保持獨立性之政策就其獨立性進行評估，以及檢討其所提供之非核數服務範圍
- 檢討集團在會計、內部審計及財務報告方面的資源、員工資歷及經驗是否足夠，以及員工所接受的培訓課程及有關預算是否足夠
- 批核集團之外聘核數師的酬金

審核委員會已於二零一九年三月十四日之審核委員會會議上審閱集團截至二零一八年十二月三十一日止年度的經審核綜合財務報告。

The Audit Committee (Continued)

In these meetings, the Audit Committee:

- reviewed the 2017 annual and 2018 interim results before submitting the same to the Board for approval and in doing so, the committee focused on material deviations of the Group's performance from past year's results, major areas of judgment, selection and application of accounting policies and compliance with legal and regulatory requirements
- received reports from the internal audit department, discussed material findings with the head of internal audit, reviewed the adequacy of resources of the internal audit department and effectiveness of the internal audit function and approved the internal audit plan
- reviewed the effectiveness of the Group's risk management and internal control systems in accordance with established guidelines and procedures
- discussed the audit plan with the Group's external auditor and assessed its independence with reference to its policies for maintaining independence and reviewed the extent of non-audit services provided
- considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting function
- approved the audit fees paid to the Group's external auditor

An Audit Committee meeting was held on 14 March 2019 to review the Group's audited consolidated financial statements for the year ended 31 December 2018.



安全健康環保委員會

安全健康環保委員會(「安委會」)於二零一二年一月成立，以提高集團對健康、安全及環保工作的重視。在截至二零一八年十二月三十一日止年度內，安委會由四位獨立非執行董事組成，主席由古遠芬先生出任。何百川先生於二零一八年六月五日起獲委任為安委會成員。自二零一九年一月一日起，吳紹平先生辭任安委會成員及王旭先生獲委任為安委會成員。安委會主要職責包括：

- 集團的「安全健康環保政策」的採納及更新
- 集團對健康、安全及環保的風險胃納的釐定
- 管理集團就「健康安全環保」的監控環境(包括組織架構、獎懲制度、資源投放、作業文化等)

安委會之職權範圍已登載於本公司網站內，並可向公司秘書要求提供查閱。

安委會於截至二零一八年十二月三十一日止年度舉行了四次會議，各成員於有關會議之出席次數載列如下：

成員	Members	出席率 Attendance
古遠芬先生	Mr. Ku Yuen Fun	4/4
黃廣志先生	Mr. Wong Kong Chi	4/4
吳紹平先生 ¹	Mr. Ng Siu Ping ¹	4/4
何百川先生 ²	Mr. Ho Pak Chuen, Patrick ²	2/4

¹ 吳紹平先生於二零一九年一月一日辭任安委會成員。

² 何百川先生於二零一八年六月五日獲委任安委會成員。

Health, Safety and Environment Committee

The Health, Safety and Environment (“HSE”) Committee was established in January 2012 in order to enhance the importance of the health, safety and environmental protection works to the Group. During the year ended 31 December 2018, the HSE Committee comprised four Independent Non-executive Directors members and was chaired by Mr. Ku Yuen Fun. With effect from 5 June 2018, Mr. Ho Pak Chuen, Patrick was appointed as a member of the HSE Committee. With effect from 1 January 2019, Mr. Ng Siu Ping resigned as a member of the HSE Committee and Mr. Wong Yuk was appointed as a member of the HSE Committee. Major duties of the HSE Committee include:

- the adoption and renewal of the Group’s health, safety and environment policies
- determining the Group’s appetite for health, safety and environment risk
- managing the Group’s monitoring environment for health, safety and environment matters, including organization structure, reward and punishment systems, resource inputs, operation culture, etc.

The terms of reference of the HSE Committee is available on the Company’s website and from the Company Secretary upon request.

During the year ended 31 December 2018, the HSE Committee held four meetings and the attendance of each member at these meetings is shown in the table below:

¹ Mr. Ng Siu Ping resigned as a member of the HSE Committee on 1 January 2019.

² Mr. Ho Pak Chuen, Patrick was appointed as a member of the HSE Committee on 5 June 2018.

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安全健康環保委員會 (續)

在該等會議中，安委會：

- 檢討集團於二零一七年度健康、安全及環保表現及審視集團二零一八年度健康、安全及環保計劃
- 議定集團健康、安全及環保管理系統建立時間表
- 滙報各廠房健康、安全及環保項目進度
- 檢討各廠房健康、安全及環保部門人力組織架構

問責及核數

董事及核數師需承擔的責任

董事承認彼等編製集團財務報表及彼等向股東發佈公告之責任，並承諾就集團之表現、狀況及前景作出均衡、清晰及全面之評估。董事會並不知悉任何可能對集團繼續作持續經營之能力產生嚴重懷疑之重大不確定因素。

核數師之報告責任於第85至91頁之獨立核數師報告內陳述。

風險管理及內部監控

董事會確認其對集團風險管理及內部監控系統負責。系統旨在管理而非消除未能達成業務目標的風險，而且只能就重大失實陳述或損失作出合理而非絕對的保證。

Health, Safety and Environment Committee (Continued)

In these meetings, the HSE Committee:

- reviewed the Group's HSE performance in 2017 and overview the Group's 2018 HSE plan
- planned the schedule of setting up the Group's HSE Management System
- reported the progress of HSE projects of operation sites
- reviewed the organisation of HSE functions in operation sites

Accountability and Audit

Directors' and Auditor's responsibilities

The Directors acknowledge their responsibilities for preparing the financial statements of the Group and their announcements to shareholders and commit to the presentation of a balanced, clear and comprehensive assessment of the Group's performance, position and prospects. The Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

The Auditor's reporting responsibilities are stated in the Independent Auditor's Report on pages 85 to 91.

Risk Management and Internal Control

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



風險管理及內部監控 (續)

此外，董事會透過以下架構及程序持續監督集團的風險管理及內部監控系統：

- 成立不同董事委員會並制訂清晰的委員會職權範圍，以監控風險及控制主要業務活動。董事委員會定期直接與集團高層管理人員溝通，並向董事會匯報重大發現及就提升集團風險管理及內部監控系統的有效性提出建議。
- 董事會授權集團管理人員進行業務活動，同時推行集團政策及建立集團權限，以確保有關活動審慎進行並於風險與回報之間取得平衡。根據集團政策及集團權限，集團管理人員需定期向董事會匯報主要營運風險及在進行重大交易前取得董事會審批。

董事會每年：

- 接收各董事委員會提交的年度報告，該等報告總結各董事委員會過往一年的業務及來年的重點工作；
- 每年檢討集團風險管理及內部監控系統的有效性，檢討方向包括：
 - 重大風險及其改變；
 - 財務匯報程序；
 - 上市規則遵守情況；
 - 重大監控失誤及不足之處；及
 - 集團財務及內審功能於資源、員工的資歷及經驗、人員培訓及預算方面是否足夠

Risk Management and Internal Control

(Continued)

Furthermore, the Board oversees the Group's risk management and internal control systems on an ongoing basis through the following structures and processes:

- Various Board sub-committees are set up with clear terms of reference to monitor risks and controls of key business activities. These Board sub-committees engage directly with senior management of the Group regularly and report to the Board on material findings and make recommendations to improve the effectiveness of the Group's risk management and internal control systems.
- Whilst the Board delegates wide powers to the management to conduct business activities, it also promulgates Group Policies (GPs) and establishes Group Authorization Limits (GAs) to ensure that such activities are conducted prudently and that proper balance is maintained between risks and rewards. Under these GPs and GAs, management is required to report to the Board regularly on major operational risks and to seek Board's specific approval on material transactions.

Annually, the Board:

- Receives annual reports from each of its sub-committees which summarize the businesses covered during the past year and major work focus for the following year.
- Conducts an annual review of the effectiveness of the Group's risk management and internal control systems regarding:
 - significant risks and their changes;
 - financial reporting procedures;
 - Listing Rule compliance;
 - significant control failings and weaknesses; and
 - adequacy of resources, staff qualifications and experience, training and budget of the Group's financial and internal audit functions.

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風險管理及內部監控 (續)

董事會認為風險管理及內部監控系統均為有效及足夠。

董事會於二零一三年採納集團資訊政策及處理內部資訊指引，並於二零一六年十二月一日修訂上述政策及指引。集團已成立團隊以管理及控制內幕消息（「內幕消息團隊」）。內幕消息團隊成員包括任何董事會成員、集團財務總裁、公司秘書部代表及任何授權人員。內幕消息團隊成員審查及監督集團的活動以識別是否存在任何內幕消息，並於有需要時作出準確及充分的披露。

本公司設有內部審計功能。內部審計部於一九九七年成立，獨立地監察內部監控程序之實施及符合集團政策，並就內部監控系統之有效性提出建議。內審部主管同時向集團何世豪先生（集團財務總裁、本公司執行董事及公司秘書及領導團隊成員）及審核委員會匯報。

核數師之酬金

截至二零一八年十二月三十一日止年度，已付予／應付予集團外聘核數師德勤•關黃陳方會計師行之費用如下：

所提供之服務	Services rendered	付／應付酬金 Fee paid/payable 千港元 HK\$'000
審核服務	Audit services	3,100
非審核服務	Non-audit services	
審閱中期報告	Interim review	800
其他	Others	390

股東權益

本公司只有一個類別的股份。所有股份有相同的投票權及有權獲得宣派的股息。股東權益（除其他事項外）已列載於本公司的重列組織章程細則（「重列章程細則」）及開曼群島公司法。

Risk Management and Internal Control

(Continued)

The Board considers the risk management and internal control systems are effective and adequate.

The Board adopted “the Group Information Policy and Guidelines for Handling Inside Information” in 2013 and revised the aforesaid policy and guidelines on 1 December 2016. The Group formed a team to manage and control the inside information (the “IS Team”). The IS Team members include any Board members, the Chief Financial Officer, a representative from the Company Secretarial Department and any authorised persons. The IS Team members review and monitor the Group’s activities to identify if there is any inside information and if so to make accurate and adequate disclosure timely.

The Company has an internal audit function. The internal audit department was set up in 1997 to monitor independently the implementation of the internal control procedures, compliance with group policies and to make recommendations on the effectiveness of the internal control systems. The head of internal audit reports jointly to Mr. Ho Sai Hou (the Chief Financial Officer of the Group, an Executive Director and the Company Secretary of the Company and a member of SLT) and to the Audit Committee.

Auditor’s Remuneration

For the year ended 31 December 2018, the fee paid/payable to the Group’s external auditor, Messrs. Deloitte Touche Tohmatsu, is set out as follows:

Shareholders’ Rights

The Company has only one class of shares. All shares have the same voting rights and are entitled to all dividends declared. The rights of the Shareholders are set out in, amongst others, the restated articles of association of the Company (the “Restated Articles”) and the Companies Law of the Cayman Islands.



股東召開股東大會的權利與程序

根據重列章程細則第68條，股東大會可應本公司兩名或以上股東之書面要求而召開，有關要求須送達本公司於香港之主要營業地點（或倘本公司不再設置上述主要營業地址，則為註冊辦事處），當中列明大會之主要商議事項並由請求人簽署，惟該等請求人於送達要求之日須持有本公司不少於十分之一附帶於本公司股東大會投票權之繳足股本。

股東大會亦可應本公司任何一名股東（彼為一間認可結算所（或其代理人））之書面要求而召開，有關要求須送達本公司於香港之主要營業地點（或倘本公司不再設置上述主要營業地址，則為註冊辦事處），當中列明大會之主要商議事項並由請求人簽署，惟該請求人於送達要求之日須持有本公司不少於十分之一附帶於本公司股東大會投票權之繳足股本。

倘董事會於送達要求之日起計二十一日內並無按既定程序於往後的二十八日內召開大會，則請求人自身或代表彼等所持全部投票權50%以上之任何請求人可按盡量接近董事會召開大會之相同方式召開股東大會，惟按上述方式召開之任何大會不得於送達有關要求之日起計三個月屆滿後召開，且本公司須向請求人償付因應董事會未有召開大會而致使彼等須召開大會所合理產生之所有開支。

Rights and Procedures for Shareholders to convene a General Meeting

Pursuant to Article 68 of the Restated Articles, a general meeting shall be convened on the written requisition of any two or more Shareholders deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company which carries the rights of voting at the general meeting.

A general meeting may also be convened on the written requisition of any one Shareholder which is a recognized clearing house (or its nominee) deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitioner, provided that such requisitioner held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at the general meeting of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 28 days, the requisitioner(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

企業管治報告 Corporate Governance Report

股東召開股東大會的權利與程序 (續)

根據重列章程細則第116條，概無任何退任董事外之人士(除非獲董事會推薦)有資格於股東大會上參選董事一職，除非於一段為期最少七日之期間(須不早於寄發指定進行選舉之大會之通告後一日開始，且不遲於有關大會日期前七日結束)內，由一名有權出席有關通告所指之大會並於會上投票之本公司股東(並非獲建議參選之人士)向公司秘書發出其有意建議該名人士參選之書面通知，而該名獲建議參選之人士亦發出書面簽署通知表明其參選之意願。

於股東大會上提呈建議

有關遞呈必須列明會議目的，並由遞呈要求人士按上述「股東召開股東大會的權利與程序」指引簽署及將相關文件送到本公司位於香港的總部及主要營業地點，且可由多份相類似之文件(各文件須由一名或多名遞呈要求人士簽署)組成。

向董事會提出詢問

股東可以書面形式向董事會提出詢問。股東可將相關書面詢問郵寄到公司位於香港的總部及主要營業地點，或透過本公司網頁(www.yipschemical.com)的「聯絡我們」以電郵方式提出。

Rights and Procedures for Shareholders to convene a General Meeting (Continued)

Pursuant to Article 116 of the restated Articles, no person other than a retiring Director shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least 7 days, commencing no earlier than the day after the dispatch of the notice of the meeting appointed for such election and ending no later than 7 days prior to the date of such meeting, there has been given to the Company Secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

Putting Forward Proposals at Shareholders' Meeting

The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the head office and Hong Kong principal place of business of the Company, and may consist of several documents in like form each signed by one or more requisitionists.

Right to put enquiries to the Board

Shareholders may send their written enquiries to the Company by post to the head office and Hong Kong principal place of business of the Company or via e-mail through the Company's website (please refer to "Contact Us" at www.yipschemical.com).

企業管治報告 Corporate Governance Report



股東會議

董事會致力與股東維持溝通，為此本公司透過週年股東大會及其他股東大會與股東直接交流。

二零一八年週年股東大會於二零一八年六月五日舉行。各董事於是次會議之出席情況載列如下：

Shareholders' Meetings

The Board strives to maintain an on-going dialogue with the Shareholders and in particular, through annual general meeting to communicate with Shareholders directly.

The 2018 AGM was held on 5 June 2018. The attendance of each Director at this meeting is shown in the table below:

執行董事	Executive Directors	週年股東大會 出席率 AGM Attendance
葉子軒先生	Mr. Yip Tsz Hin	1/1
王旭先生 ¹	Mr. Wong Yuk ¹	1/1
何世豪先生	Mr. Ho Sai Hou	1/1

¹ 王旭先生於二零一九年一月一日轉任非執行董事。

¹ Mr. Wong Yuk was re-designated as a Non-executive Director on 1 January 2019.

非執行董事	Non-executive Directors	週年股東大會 出席率 AGM Attendance
葉志成先生	Mr. Ip Chi Shing	1/1
唐滙棟先生 ²	Mr. Tong Wui Tung ²	1/1

² 唐滙棟先生於二零一八年六月五日辭任非執行董事。

² Mr. Tong Wui Tung resigned as a Non-executive Director on 5 June 2018.

獨立非執行董事	Independent Non-executive Directors	週年股東大會 出席率 AGM Attendance
黃廣志先生	Mr. Wong Kong Chi	1/1
古遠芬先生	Mr. Ku Yuen Fun	1/1
吳紹平先生 ³	Mr. Ng Siu Ping ³	1/1

³ 吳紹平先生於二零一九年一月一日辭任獨立非執行董事。

³ Mr. Ng Siu Ping resigned as an Independent Non-executive Director on 1 January 2019.

截至二零一八年十二月三十一日止年度，本公司的組織章程文件並無重大變動。重列組織章程細則更新版本已登載於本公司及聯交所網站內，並可向公司秘書要求提供查閱。

During the year ended 31 December 2018, there is no change in the Company's constitutional documents. The latest version of the Restated Articles of the Company is available on the Company's and the Stock Exchange's website and from the Company Secretary upon request.

企業管治報告 Corporate Governance Report

投資者關係及股東通訊

集團致力在業務上每個環節維持高水平企業管治，適時向投資者及股東提供準確及具透明度的資訊，力求與持份者保持良好的雙向溝通。

集團深明與投資者和股東保持適時溝通之重要性。因此，集團投資者關係及企業傳訊部定期與投資者和股東會面，透過持續性的對話，建立長期的良好關係。集團每年在公佈中期及全年業績後隨即舉行大型投資者簡介會或電話會議，並且其後安排網上錄播，讓關注集團業績的香港、國內及海外的投資者及股東能適時了解集團的營運表現及重大的企業發展。集團亦會在公佈業績後，與投資者及股東安排一對一會面或電話會議，由管理層解答問題，確保他們對公司的業績及發展有透徹的了解。集團每年舉辦股東週年大會，通過直接和公開的對話，與股東保持良好的互動溝通。

二零一八年集團投資者關係及企業傳訊部定期與本地、國內及海外股東、機構投資者、基金經理及研究分析員進行面對面會議或電話會議。該部門亦會根據需要安排投資者及股東參觀集團的廠房，讓他們親身了解各業務的生產流程及營運情況。

除了與機構投資者會面，集團亦重視與零售投資者的溝通。因此，於年內舉辦了傳媒溝通會及經紀簡介會，向媒體更新集團最新的發展情況，藉此提升集團於零售投資者層面的知名度。為確保集團的重要資訊能夠適時及公平地發佈，集團廣泛利用集團網站上載中期及全年財務報告、公告、新聞稿和簡報等資料，讓投資者和股東可方便快捷地於網站內查閱及下載所需資料，讓各界緊貼集團的最新業務發展。集團亦建立葉氏化工面書(Facebook)專頁及微信(WeChat)訂閱號，定期發放集團的最新資訊，亦藉此兩社交平台增加與本地、國內及海外持份者的交流。

Investor Relations and Communication with Shareholders

The Group strives to maintain a high level of corporate governance in every facet of its business; to provide investors and Shareholders with accurate, transparent and timely information; and to seek good two-way communication with stakeholders.

The Group fully understands the importance of maintaining timely communication with investors and Shareholders. In this regard, the Group's Investor Relations and Corporate Communications Department regularly holds meetings with investors and Shareholders so as to build a good long-term relationship through continuing dialogues. Immediately after the announcement of interim and annual results every year, the Group will hold an investor briefing or audio conference. A webcast or recorded audio conference will also be hosted subsequently so that investors and Shareholders from Hong Kong, the Mainland or the overseas will be able to learn timely of the Group's operating performance and major development. After the results announcements, the Group will also arrange meetings or teleconferences with investors and Shareholders where the management will answer their questions to ensure that they have a thorough understanding of the results and development. In the annual general meeting of Shareholders every year, the Group is able to maintain good interactive communication with Shareholders through direct and open dialogues.

In 2018, the Investor Relations and Corporate Communications Department arranged regular meetings or teleconferences with Shareholders, institutional investors, fund managers and analysts from Hong Kong, the Mainland and the overseas. In case of need, it would also arrange visits of the Group's plants for investors and Shareholders so that they can understand the production process of each of the businesses and gain a better grasp of its operational situation.

In addition to meeting with institutional investors, the Group also values its communication with retail investors. Therefore media briefings and broker presentation were held in the year to update the media the Group's latest development and to raise the Group's profile at the retail investor level. To ensure the timely and fair announcement of important information about the Group, the Group is extensively using its corporate website for uploading interim and annual financial statements, announcements, press releases and presentation materials. Investors and Shareholders can thus quickly and easily browse or download the information they need so that they can keep abreast of the latest development of the Group. The Group has also set up Yip's Chemical Facebook page and WeChat subscription page for posting the Group's latest information regularly. The Group expects to enhance constructive and engaging conversations with various stakeholders from Hong Kong, the Mainland and the overseas through these social media platforms.

獨立核數師報告 Independent Auditor's Report

Deloitte.

德勤

致葉氏化工集團有限公司
(於開曼群島註冊成立之有限公司)
股東

TO THE SHAREHOLDERS OF
YIP'S CHEMICAL HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

意見

本核數師行已審核刊載於第92頁至第256頁有關葉氏化工集團有限公司(「貴公司」)及其附屬公司(統稱為「貴集團」)之綜合財務報告，此綜合財務報告包括於二零一八年十二月三十一日之綜合財務狀況表及截至該日止年度之綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報告附註，包括主要會計政策概要。

本行認為，該等綜合財務報告已根據香港會計師公會頒佈之香港財務報告準則真實而中肯地反映 貴集團於二零一八年十二月三十一日之綜合財務狀況及 貴集團於截至該日止年度之綜合財務表現及綜合現金流量，並已按照香港公司條例之披露規定妥為編製。

意見之基礎

本行已根據香港會計師公會頒佈之香港核數準則進行審核。本行就該等準則承擔之責任在本報告核數師就審核綜合財務報告須承擔之責任一節作進一步闡述。根據香港會計師公會之專業會計師道德守則(「守則」)，本行獨立於 貴集團，並已按照守則履行其他道德責任。本行相信，本行所獲得之審核憑證充足及適當地為本行之意見提供基礎。

Opinion

We have audited the consolidated financial statements of Yip's Chemical Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 92 to 256, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

獨立核數師報告 Independent Auditor's Report

關鍵審核事項

關鍵審核事項是根據本行之專業判斷，認為對審核本期綜合財務報告最為重要之事項。該等事項在本行審核整體綜合財務報告及出具意見時處理，而本行不會對該等事項提供單獨意見。

關鍵審核事項	本行之審核如何處理關鍵審核事項
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貿易應收款項之減值估計

本行識別貿易應收款項之減值估計為關鍵審核事項，原因是貿易應收款項對貴集團之綜合財務狀況而言屬重大，且於評估貴集團貿易應收款項於報告期末之預期信貸損失涉及主觀判斷及管理層估算。

於二零一八年十二月三十一日，貴集團之貿易應收款項淨額約為1,592,381,000港元，佔貴集團總資產約19.1%，當中約341,759,000港元已逾期。

誠如綜合財務報告附註4所披露，貴集團管理層於考慮每筆貿易應收款項之還款紀錄及逾期情況後，將具有類似損失模式之不同應收賬款分組，並按照據此得出之撥備矩陣估算貿易應收款項全期預期信貸損失金額。估計損失率乃以歷史觀察所得違約率除以應收賬款預期年期計算得出，並就前瞻性資料調整。此外，出現信貸減值之貿易應收款項獨立評估預期信貸損失。於考慮預期未來信貸損失時，出現信貸減值之貿易應收款項之損失撥備金額按資產賬面金額與估計未來現金流量現值兩者之差額計量。

誠如綜合財務報告附註35所披露，貴集團本年已確認貿易應收款項之額外減值9,017,000港元，而貴集團於二零一八年十二月三十一日貿易應收款項之全期預期信貸損失約為65,162,000港元。

本行就貿易應收賬款之減值估計採用之程序包括：

- 了解管理層估算貿易應收款項損失撥備時採用之主要控制；
- 抽樣測試管理層制訂撥備矩陣所用資料之可信性，包括於二零一八年一月一日及二零一八年十二月三十一日之賬齡分析，方法為將個別分析項目比對相關支持文件；
- 質疑管理層釐定於二零一八年一月一日及二零一八年十二月三十一日貿易應收款項信貸損失撥備之基準及判斷，包括對出現信貸減值貿易應收款項之識別、管理層將其餘貿易應收賬款分類至撥備矩陣不同類別之合理程度，以及每個撥備矩陣類別應用之估計損失率之基準（參照歷史違約率及前瞻性資料）；及
- 評價綜合財務報告附註35所載貿易應收款項減值評估之披露事項。

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 matter	How our audit address the key audit matter
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Impairment assessment of trade receivables

We identified impairment assessment of trade receivables as a key audit matter due to the significance of trade receivables to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit losses ("ECL") of the Group's trade receivables at the end of the reporting period.

As at 31 December 2018, the Group's net trade receivables amounting to approximately HK\$1,592,381,000, which represented approximately 19.1% of total assets of the Group and out of these trade receivables of approximately HK\$341,759,000 were past due.

As disclosed in note 4 to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade receivables based on provision matrix through grouping of various debtors that have similar loss patterns, after considering repayment history and past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. In addition, trade receivables that are credit-impaired are assessed for ECL individually. The loss allowance amount of the credit-impaired trade receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses.

As disclosed in note 35 to the consolidated financial statements, the Group recognised an additional amount of HK\$9,017,000 of impairment of trade receivables for the year and the Group's lifetime ECL on trade receivables as at 31 December 2018 amounted to approximately HK\$65,162,000.

Our procedures in relation to impairment assessment of trade receivables included:

- Understanding key controls on how the management estimates the loss allowance for trade receivables;
- Testing the integrity of information used by management to develop the provision matrix, including trade receivables aging analysis as at 1 January 2018 and 31 December 2018, on a sample basis, by comparing individual items in the analysis with the relevant supporting documents;
- Challenging management's basis and judgement in determining credit loss allowance on trade receivables as at 1 January 2018 and 31 December 2018, including their identification of credit-impaired trade receivables, the reasonableness of management's grouping of the remaining trade debtors into different categories in the provision matrix, and the basis of estimated loss rates applied in each category in the provision matrix (with reference to historical default rates and forward-looking information); and
- Evaluating the disclosures regarding the impairment assessment of trade receivables in note 35 to the consolidated financial statements.

獨立核數師報告 Independent Auditor's Report

關鍵審核事項 (續)

關鍵審核事項	本行之審核如何處理關鍵審核事項
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存貨撥備

本行識別存貨撥備為關鍵審核事項，原因是存貨撥備以管理層於報告期末後對陳舊或過時存貨之識別，以及估計製成品售價之判斷為依據作出。存貨撥備乃以管理層經考慮存貨之估計完成成本、當前市況、賬齡分析及其後售價後之可變現淨值評估為依據。

請參閱綜合財務報告附註23。

本行之審核如何處理關鍵審核事項

本行就存貨撥備採用之程序包括：

- 了解 貴集團之存貨撥備政策及管理層對存貨撥備之評估；
- 評價 貴集團之存貨撥備政策之合理程度；
- 抽樣測試支持文件內之存貨賬齡分析；及
- 抽樣測試支持文件內之存貨後續銷售或用途。

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
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Allowance for inventories

We identified the allowance for inventories as a key audit matter as the allowance for inventories is made based on management's identification of aged or obsolete inventories and estimation and judgement on estimating selling prices of finished goods subsequent to the end of reporting period. Allowance is applied to inventories based on assessment of net realisable value by management, by considering the estimated costs of completion, current market conditions, aging analysis and subsequent selling prices of the inventories.

Refer to note 23 to the consolidated financial statements.

Our procedures in relation to allowance for inventories included:

- Obtaining an understanding of the Group's provision policy on inventory and management's assessment on the allowance for inventories;
- Evaluating the reasonableness of the Group's provision policy on inventories;
- Testing the aging analysis of inventories, on a sample basis, to the supporting documents; and
- Testing the subsequent sales or usage of inventories, on a sample basis, to the supporting documents.

獨立核數師報告 Independent Auditor's Report

其他資料

貴公司董事須對其他資料負責。其他資料包括年報內之所有資料，但不包括綜合財務報告及本行之相關核數師報告。

本行對綜合財務報告之意見並不涵蓋其他資料，本行亦不對該等其他資料發表任何形式之鑒證結論。

就本行審核綜合財務報告之工作而言，本行有責任閱讀其他資料，而在此過程中，本行會考慮其他資料是否與綜合財務報告或本行在審核過程中之所知情況存在重大抵觸或者似乎存在重大錯誤陳述之情況。基於本行已執行之工作，如果本行之結論為其他資料存在重大錯誤陳述，本行需要報告該事實。在這方面，本行沒有任何報告。

董事及管治層就綜合財務報告須承擔之責任

貴公司董事須負責根據香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定編製真實而中肯之綜合財務報告，並對其認為使綜合財務報告之編製不存在由於欺詐或錯誤而導致之重大錯誤陳述所需之內部控制負責。

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

管治層須負責監督貴集團的財務報告過程。

Other Information

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

獨立核數師報告 Independent Auditor's Report

核數師就審核綜合財務報告須承擔之責任

本行之目標，是對綜合財務報告整體是否不存在由於欺詐或錯誤而導致之重大錯誤陳述取得合理保證，並按照本行所協定之應聘條款僅向閣下(作為整體)出具包括本行意見之核數師報告，除此之外，本報告別無其他目的。本行不會就本報告之內容向任何其他人士負上或承擔任何責任。合理鑒證是高水平之鑒證，但不能保證按照香港核數準則進行之審核，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，且倘合理預期該錯誤陳述(個別或整體)影響綜合財務報告使用者之經濟決策，則被視為重大錯誤陳述。

在根據香港核數準則進行審核之過程中，本行運用了專業判斷，保持了專業懷疑態度。本行亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報告存在重大錯誤陳述之風險，設計及執行審核程序以應對這些風險，以及獲取充足和適當之審核憑證，作為本行意見之基礎。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之重大錯誤陳述之風險高於未能發現因錯誤而導致之重大錯誤陳述之風險。
- 了解與審核相關之內部控制，以設計適當之審核程序，但目的並非對貴集團內部控制之有效性發表意見。

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

獨立核數師報告 Independent Auditor's Report

核數師就審核綜合財務報告須承擔之責任 (續)

- 評價董事所採用會計政策之恰當性及作出會計估計及相關披露之合理性。
- 對董事採用持續經營會計基礎之恰當性作出結論。根據所獲取之審核憑證，確定是否存在與事件或情況有關之重大不確定性，導致可能對貴集團之持續經營能力產生重大疑慮。如果本行總結存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報告中之相關披露，或假若有關披露不足，則修訂本行之意見。本行之結論是基於核數師報告日止所取得之審核憑證。然而，未來事件或情況可能導致貴集團不能持續經營。
- 評價綜合財務報告之整體列報方式、結構和內容，包括披露，以及綜合財務報告是否中肯地呈列相關交易和事件。
- 就貴集團內公司或業務活動之財務資料獲取充足、適當之審核憑證，以便對綜合財務報告發表意見。本行負責集團審核之方向、監督和執行。本行為審核意見承擔全部責任。

本行與管治層溝通(其中包括)審核之計劃範圍及時間以及重大審核發現，包括本行在審核中識別出內部控制之任何重大不足。

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

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

獨立核數師報告 Independent Auditor's Report

核數師就審核綜合財務報告須承擔之責任(續)

本行亦向管治層提交聲明，表明本行已符合有關獨立性之相關專業道德要求，並與彼等溝通可能合理被認為會影響本行獨立性之所有關係及其他事項，以及在適用情況下之相關防範措施。

從與管治層溝通之事項中，我們確定哪些事項對本期綜合財務報告之審核最為重要，因而構成關鍵審核事項。我們在核數師報告中描述該等事項，除非法律法規不允許公開披露該等事項，或在極端罕見之情況下，如果合理預期在我們報告中溝通某事項造成之負面後果超過產生之公眾利益，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之審核項目合夥人是曾志偉。

德勤•關黃陳方會計師行
執業會計師
香港

二零一九年三月二十日

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

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

The engagement partner on the audit resulting in the independent auditor's report is Tsang Chi Wai.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

20 March 2019

綜合損益及其他全面收益表

Consolidated Statement of Profit or Loss and Other Comprehensive Income

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

			二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
		附註 NOTES		
營業額	Revenue	5	12,388,283	10,280,001
銷售成本	Cost of sales		(10,855,134)	(8,739,490)
毛利	Gross profit		1,533,149	1,540,511
其他收入	Other income		55,622	55,316
其他收益及虧損	Other gains and losses	7	104,593	18,218
銷售及經銷費用	Selling and distribution expenses		(449,763)	(422,161)
一般及行政費用	General and administrative expenses		(762,576)	(744,660)
財務費用	Finance costs	8	(67,512)	(56,269)
應佔一間聯營公司業績	Share of result of an associate		(1,199)	—
除稅前溢利	Profit before taxation	9	412,314	390,955
稅項	Taxation	10	(157,849)	(136,269)
本年純利	Profit for the year		254,465	254,686
其他全面(支出)收益：	Other comprehensive (expense) income:			
不會重新分類為損益之項目：	Items that will not be reclassified to profit or loss:			
因折算至呈列貨幣而產生之匯兌差額	Exchange differences arising on translation to presentation currency		(252,290)	350,697
按公允值計入其他全面收益之權益工具之公允值變動	Fair value changes on equity instruments at fair value through other comprehensive income		(4,187)	—
轉入投資物業時重估物業、廠房及設備之盈餘	Surplus on revaluation of property, plant and equipment upon transfer to investment property		—	31,702
			(256,477)	382,399
其後可重新分類為損益之項目：	Items that may be reclassified subsequently to profit or loss:			
現金流對沖中對沖工具之公允值變動	Fair value changes on hedging instruments in cash flow hedge			
— 利率掉期合約	— Interest rate swap contracts		(231)	(1,379)
— 遠期合約	— Forward contracts		—	88
因折算海外業務而產生之匯兌差額	Exchange differences arising on translation of foreign operations		(13,226)	24,443
本年其他全面(支出)收益	Other comprehensive (expense) income for the year		(269,934)	405,551
本年全面(支出)收益總額	Total comprehensive (expense) income for the year		(15,469)	660,237

綜合損益及其他全面收益表

Consolidated Statement of Profit or Loss and Other Comprehensive Income

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
	附註 NOTE		
本年純利應佔份額：	Profit for the year attributable to:		
本公司股東	Owners of the Company	184,805	170,560
非控股權益	Non-controlling interests	69,660	84,126
		254,465	254,686
本年全面(支出)收益總額	Total comprehensive (expense) income for		
應佔份額：	the year attributable to:		
本公司股東	Owners of the Company	(52,236)	534,100
非控股權益	Non-controlling interests	36,767	126,137
		(15,469)	660,237
每股盈利	Earnings per share		
— 基本	— Basic	HK32.8 cents 港仙	HK30.2 cents港仙
— 攤薄	— Diluted	HK32.8 cents 港仙	HK30.2 cents港仙

綜合財務狀況表

Consolidated Statement of Financial Position

於二零一八年十二月三十一日 At 31 December 2018

		附註 NOTES	二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
非流動資產	Non-current assets			
物業、廠房及設備	Property, plant and equipment	13	1,558,088	1,688,920
預付土地租金	Prepaid lease payments	14	232,436	261,017
投資物業	Investment properties	15	252,561	332,771
於一間聯營公司之 權益	Interest in an associate	16	23,289	—
可供出售投資	Available-for-sale investment	18	—	3,992
按公允值計入其他全 面收益之權益工具	Equity instruments at fair value through other comprehensive income	19	11,750	—
商譽	Goodwill	20	112,776	69,574
無形資產	Intangible assets	21	71,299	488
已付購買物業、廠房 及設備之訂金	Deposits paid for acquisition of property, plant and equipment		102,328	31,865
其他非流動資產	Other non-current asset	22	—	4,600
衍生金融工具	Derivative financial instruments	28	3,086	3,449
			2,367,613	2,396,676
流動資產	Current assets			
存貨	Inventories	23	831,485	914,032
貿易應收款項及應收 票據	Trade and bills receivables	24	3,185,746	3,444,933
其他應收賬款及預付 款項	Other debtors and prepayments	24	386,416	352,994
預付土地租金	Prepaid lease payments	14	6,333	7,179
衍生金融工具	Derivative financial instruments	28	3,654	3,592
短期銀行存款 — 於三個月內到期	Short-term bank deposits — with original maturity within three months	25	208,046	57,723
銀行結餘及現金	Bank balances and cash	25	1,127,108	888,351
			5,748,788	5,668,804
分類為持作出售之資產	Assets classified as held for sale	17	204,309	2,666
			5,953,097	5,671,470

綜合財務狀況表

Consolidated Statement of Financial Position

於二零一八年十二月三十一日 At 31 December 2018

		附註 NOTES	二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
流動負債	Current liabilities			
應付賬款及應計費用	Creditors and accrued charges	26	2,077,436	1,917,464
合約負債	Contract liabilities	27	25,695	—
應付稅款	Taxation payables		61,446	88,720
衍生金融工具	Derivative financial instruments	28	—	68
借貸 — 一年內到期	Borrowings — amount due within one year	29	1,320,977	1,208,148
			3,485,554	3,214,400
與分類為持作出售之資產相關之負債	Liabilities associated with assets classified as held for sale	17	70,162	—
			3,555,716	3,214,400
流動資產淨值	Net current assets		2,397,381	2,457,070
總資產減流動負債	Total assets less current liabilities		4,764,994	4,853,746
非流動負債	Non-current liabilities			
衍生金融工具	Derivative financial instruments	28	—	2
借貸 — 一年後到期	Borrowings — amount due after one year	29	1,319,400	1,260,257
遞延稅項負債	Deferred tax liabilities	30	11,168	42,309
			1,330,568	1,302,568
			3,434,426	3,551,178
股本及儲備	Capital and reserves			
股本	Share capital	31	56,403	56,389
儲備	Reserves		2,780,323	2,922,528
本公司股東應佔權益	Equity attributable to owners of the Company		2,836,726	2,978,917
非控股權益	Non-controlling interests		597,700	572,261
			3,434,426	3,551,178

董事會已於二零一九年三月二十日批准及授權刊發第92頁至第256頁的綜合財務報告，並由以下董事代表簽署：

The consolidated financial statements on pages 92 to 256 were approved and authorised for issue by the Board of Directors on 20 March 2019 and are signed on its behalf by:

葉志成先生
董事

葉子軒先生
董事

Mr. Ip Chi Shing
DIRECTOR

Mr. Yip Tsz Hin
DIRECTOR

綜合權益變動表

Consolidated Statement of Changes in Equity

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

		歸屬於本公司股東										非控股		
		Attributable to owners of the Company										Non-		
		股本	股份溢價	購股權儲備	不可分派儲備	對沖儲備	匯兌儲備	法定儲備	資本回購儲備	物業重估儲備	保留溢利	合計	權益	合計
		Share capital	Share premium	Share option reserve	Non-distributable reserve	Hedging reserve	Translation reserve	Legal reserve	Capital redemption reserve	Property revaluation reserve	Retained profits	Total	Non-controlling interests	Total
		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	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(附註a)				(附註b)						
				(Note a)				(Note b)						
於二零一七年一月一日	At 1 January 2017	56,381	504,744	5,935	67,666	8,298	(114,667)	118,207	5,416	85,969	1,791,300	2,529,249	475,739	3,004,988
本年純利	Profit for the year	—	—	—	—	—	—	—	—	—	170,560	170,560	84,126	254,686
因折算呈列貨幣而產生不會重新分類為損益之匯兌差額	Exchange differences arising on translation to presentation currency that will not be reclassified to profit or loss	—	—	—	—	—	308,722	—	—	—	—	308,722	41,975	350,697
因折算淨外業務而產生可能會重新分類為損益之匯兌差額	Exchange differences arising on translation of foreign operations that may be reclassified to profit or loss	—	—	—	—	—	24,443	—	—	—	—	24,443	—	24,443
現金流對沖中對沖工具之公允價值變動	Fair value change on hedging instruments in cash flow hedge	—	—	—	—	(1,327)	—	—	—	—	—	(1,327)	36	(1,291)
轉入投資物業時重估物業、廠房及設備之盈餘	Surplus on revaluation of property, plant and equipment upon transfer to investment property	—	—	—	—	—	—	—	—	31,702	—	31,702	—	31,702
本年全面(支出)收益總額	Total comprehensive (expense) income for the year	—	—	—	—	(1,327)	333,165	—	—	31,702	170,560	534,100	126,137	660,237
小計	Sub-total	56,381	504,744	5,935	67,666	6,971	218,498	118,207	5,416	117,671	1,961,860	3,063,349	601,876	3,665,225
因購股權行使而以溢價發行之股份	Shares issued at premium upon exercise of share options	8	159	(15)	—	—	—	—	—	—	—	152	—	152
因發行股份而產生之成本	Cost incurred in connection with issue of shares	—	(1)	—	—	—	—	—	—	—	—	(1)	—	(1)
取消購股權及轉入保留溢利	Share options cancelled and transfer to retained profits	—	—	(640)	—	—	—	—	—	—	640	—	—	—
一間附屬公司銷毀註冊時撥回轉賬	Release upon deregistration of a subsidiary	—	—	—	—	—	(2,711)	—	—	—	2,711	—	—	—
已付本公司股東股息	Dividends paid to owners of the Company	—	—	—	—	—	—	36,249	—	—	(36,249)	—	—	—
已付附屬公司非控股股東股息	Dividends paid to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	(84,583)	(84,583)	—	(84,583)
於二零一七年十二月三十一日	At 31 December 2017	56,389	504,902	5,280	67,666	6,971	215,787	154,456	5,416	117,671	1,844,379	2,978,917	572,261	3,551,178

綜合權益變動表

Consolidated Statement of Changes in Equity

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

		歸屬於本公司股東													
		Attributable to owners of the Company													
		股本	股份溢價	購股權儲備	不可分派儲備	對沖儲備	投資重估儲備	匯兌儲備	法定儲備	資本回購儲備	物業重估儲備	保留溢利	合計	非控股權益	合計
		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	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
本年純利	Profit for the year	-	-	-	-	-	-	-	-	-	-	184,805	184,805	69,660	254,465
因折算呈列貨幣而產生不會重新分類為權益之匯兌差額	Exchange differences arising on translation to presentation currency that will not be reclassified to profit or loss	-	-	-	-	-	-	(219,397)	-	-	-	-	(219,397)	(32,893)	(252,290)
因折算海外業務而產生可能重新分類為權益之匯兌差額	Exchange differences arising on translation of foreign operations that may be reclassified to profit or loss	-	-	-	-	-	-	(13,226)	-	-	-	-	(13,226)	-	(13,226)
現金流對沖中對沖工具之公允價值變動	Fair value change on hedging instruments in cash flow hedge	-	-	-	-	(231)	-	-	-	-	-	-	(231)	-	(231)
按公允價值計入其他全面收益之權益工具之公允價值變動	Fair value changes on equity instruments at fair value through other comprehensive income	-	-	-	-	-	(4,187)	-	-	-	-	-	(4,187)	-	(4,187)
本年全面(支出)收益總額	Total comprehensive (expense) income for the year	-	-	-	-	(231)	(4,187)	(232,623)	-	-	-	184,805	(52,236)	36,767	(15,469)
小計	Sub-total	56,389	504,902	5,280	67,666	6,740	(4,187)	(16,836)	154,456	5,416	117,671	2,029,184	2,926,681	609,028	3,535,709
因購股權獲行使而以溢價發行之股份	Shares issued at premium upon exercise of share options	14	287	(28)	-	-	-	-	-	-	-	-	273	-	273
因發行股份而產生之成本	Cost incurred in connection with issue of shares	-	(1)	-	-	-	-	-	-	-	-	-	(1)	-	(1)
取消購股權及轉入保留溢利	Share options cancelled and transfer to retained profits	-	-	(490)	-	-	-	-	-	-	-	490	-	-	-
轉賬	Transfer	-	-	-	-	-	-	8,313	-	-	-	(8,313)	-	-	-
已付本公司股東股息	Dividends paid to owners of the Company	-	-	-	-	-	-	-	-	-	-	(90,227)	(90,227)	-	(90,227)
已付附屬公司非控股股東股息	Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(11,328)	(11,328)
於二零一八年十二月三十一日	At 31 December 2018	56,403	505,188	4,762	67,666	6,740	(4,187)	(16,836)	162,769	5,416	117,671	1,931,134	2,836,726	597,700	3,434,426

附註：

Notes:

- (a) 不可分派儲備指若干於中華人民共和國(「中國」)成立的附屬公司將保留溢利撥充資本，用於該等附屬公司的資本再投資及用作以下各項之資金：
(i)彌補以往年度虧損或(ii)擴大生產運作。
- (b) 不可分派之法定儲備為香港以外附屬公司根據有關註冊地點之法定要求撥入之溢利。
- (a) The non-distributable reserve represents capitalisation of retained profits of certain subsidiaries established in the People's Republic of China (the "PRC") for capital re-investment in these subsidiaries and funds shall be used to (i) make up prior year losses or (ii) expand production operations.
- (b) The legal reserve is non-distributable and represents the transfer of profits of a subsidiary outside Hong Kong pursuant to the legal requirements in the relevant place of registration.

綜合現金流量表

Consolidated Statement of Cash Flows

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
經營業務所產生之現金流	Cash flows from operating activities		
除稅前溢利	Profit before taxation	412,314	390,955
經以下調整：	Adjustments for:		
無形資產攤銷	Amortisation of intangible assets	2,061	740
預付土地租金攤銷	Release of prepaid lease payments	6,744	6,903
物業、廠房及設備之折舊	Depreciation of property, plant and equipment	181,158	198,615
投資物業公允值變動之 收益	Gain on fair value change of investment properties	(115,771)	(44,079)
出售一間附屬公司之收益	Gain on disposal of a subsidiary	(28,406)	—
出售持作出售之資產之 收益	Gain on disposal of assets held for sale	(2,727)	—
出售其他非流動資產之 收益	Gain on disposal of other non-current asset	(6,460)	—
財務費用	Finance costs	67,512	56,269
利息收入	Interest income	(11,408)	(9,478)
出售／註銷物業、廠房及 設備之虧損淨額	Net loss on disposals/written off of property, plant and equipment	30,893	8,487
可供出售投資之減值虧損	Impairment loss on available-for-sale investment	—	1,971
商譽之減值虧損	Impairment loss on goodwill	642	—
應佔一間聯營公司業績	Share of result of an associate	1,199	—
貿易應收款項之已確認 減值虧損淨額	Net impairment loss recognised on trade receivables	9,017	17,596
滯銷存貨撥備(撥回)	Allowance for (reversal of) slow-moving inventories	5,801	(1,249)
註銷存貨	Written off of inventories	16,807	12,310
匯率變動對往來公司賬戶 結餘所產生之影響	Effect of foreign exchange rate changes on intra-group balances	25,271	(15,267)
未計營運資金變動前之經營業 務現金流	Operating cash flows before movements in working capital	594,647	623,773
存貨增加	Increase in inventories	(8,295)	(50,833)
貿易應收款項及應收票據減少 (增加)	Decrease (increase) in trade and bills receivables	75,672	(433,534)
其他應收賬款及預付款項 (增加)減少	(Increase) decrease in other debtors and prepayments	(68,574)	28,882
應付賬款及應計費用增加	Increase in creditors and accrued charges	322,740	20,321
合約負債減少	Decrease in contract liabilities	(28,733)	—
營運所產生之現金	Cash generated from operations	887,457	188,609
已付中國所得稅	PRC Income Tax paid	(146,223)	(123,026)
經營業務所產生之淨現金	Net cash from operating activities	741,234	65,583

綜合現金流量表

Consolidated Statement of Cash Flows

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
		附註 NOTES	
投資業務所用之現金流	Cash flows used in investing activities		
已付購買物業、廠房及設備之訂金	Deposits paid for acquisition of property, plant and equipment		(35,522)
收購業務之淨現金流出	Net cash outflow of acquisition of business	32	—
購買物業、廠房及設備	Purchase of property, plant and equipment		(145,383)
購入於一間聯營公司之權益	Acquisition of interest in an associate		—
購入按公允值計入其他全面收益之權益工具	Acquisition of equity instruments at fair value through other comprehensive income		—
增添預付土地租金	Addition to prepaid lease payments		—
購入無形資產	Acquisition of intangible assets		—
出售一間附屬公司之所得款項淨額	Net proceeds from disposal of a subsidiary	33	—
已收利息	Interest received		9,478
出售其他非流動資產之所得款項	Proceeds from disposal of other non-current asset		—
出售分類為持作出售之非流動資產之資產之所得款項	Proceeds from disposal of assets classified as non-current assets held for sale		—
出售物業、廠房及設備之所得款項	Proceeds from disposal of property, plant and equipment		1,003
購買投資物業	Purchase of investment properties		(17,961)
購入可供出售投資	Acquisition of available-for-sale investment		(5,753)
投資業務所用之淨現金	Net cash used in investing activities		(194,138)

綜合現金流量表

Consolidated Statement of Cash Flows

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
融資業務所產生之	Cash flows from financing activities		
現金流			
新增借貸	Borrowings raised	1,870,704	1,380,188
發行股份之所得款項	Proceeds from issue of shares	273	152
償還借貸	Repayment of borrowings	(1,698,732)	(1,158,102)
已付股息	Dividends paid	(90,227)	(84,583)
已付利息	Interest paid	(67,512)	(56,269)
已付附屬公司非控股股東股息	Dividends paid to non-controlling shareholders of subsidiaries	(11,328)	(29,615)
已付股份發行成本	Share issue cost paid	(1)	(1)
融資業務所產生之淨現金	Net cash from financing activities	3,177	51,770
現金及現金等額淨增加(減少)	Net increase (decrease) in cash and cash equivalents	410,395	(76,785)
年初之現金及現金等額	Cash and cash equivalents at beginning of the year	946,074	971,103
轉入分類為持作出售之資產之現金	Cash transferred to assets classified as held for sale	(135)	—
匯率變動所產生之影響	Effect of foreign exchange rate changes	(21,180)	51,756
年末之現金及現金等額	Cash and cash equivalents at end of the year	1,335,154	946,074
現金及現金等額結餘分析	Analysis of balances of cash and cash equivalents		
於三個月內到期之短期銀行存款	Short-term bank deposits with original maturity within three months	208,046	57,723
銀行結餘及現金	Bank balances and cash	1,127,108	888,351
		1,335,154	946,074

綜合財務報告附註

Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

1. 一般資料

本公司為一間在開曼群島註冊成立之獲豁免公司，其股份於香港聯合交易所有限公司（「聯交所」）上市。本公司之註冊辦事處地址及主要營業地點於本年報公司資料內披露。

綜合財務報告以港元呈列，而本公司之功能貨幣為人民幣。本公司選擇港元作為其呈報貨幣之原因，是基於本公司為一間股份於聯交所上市之公眾公司，而且大部分投資者位於香港。

本公司為一間投資控股公司，其主要附屬公司從事製造及買賣溶劑、塗料、油墨及潤滑油，物業投資及持有業務。

1. GENERAL

The Company is an exempted company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

The consolidated financial statements are presented in Hong Kong dollars while the functional currency of the Company is Renminbi (“RMB”). The reason for selecting Hong Kong dollars as its presentation currency is because the Company is a public company with the shares listed on the Stock Exchange, where most of its investors are located in Hong Kong.

The Company is an investment holding company. Its principal subsidiaries are engaged in the manufacture of and trading in solvents, coatings, inks and lubricants, property investment and holding.

綜合財務報告附註 Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

2. 應用新訂香港財務報告準則及香港財務報告準則之修訂

於本年度，本集團已首次應用以下由香港會計師公會頒佈之新訂香港財務報告準則及香港財務報告準則之修訂：

香港財務報告準則第9號	金融工具
香港財務報告準則第15號	客戶合約營業額及相關修訂
香港(國際財務報告詮釋委員會)－詮釋第22號	外幣交易及預收預付代價
香港財務報告準則第2號之修訂	以股份為基礎付款交易之分類及計量
香港財務報告準則第4號之修訂	於香港財務報告準則第4號「保險合約」下應用香港財務報告準則第9號「金融工具」
香港會計準則第28號之修訂	作為香港財務報告準則二零一四年至二零一六年週期之年度改進之一部分
香港會計準則第40號之修訂	轉入／轉出投資物業

除下述者外，於本年度應用新訂香港財務報告準則及香港財務報告準則之修訂對本集團本年及過往年度之財務表現及狀況及／或本綜合財務報告所載之披露事項並無重大影響。

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

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

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

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

綜合財務報告附註
Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

2. 應用新訂香港財務報告準則及香港財務報告準則之修訂 (續)

2.1 香港財務報告準則第15號「客戶合約營業額」

於本年度，本集團已首次應用香港財務報告準則第15號。香港財務報告準則第15號取代香港會計準則第18號「營業額」、香港會計準則第11號「建築合約」及相關詮釋。

本集團已追溯應用香港財務報告準則第15號，而初始應用該準則之累計影響於二零一八年一月一日初始應用當日確認。於初始應用日期之任何差異於年初保留溢利(或其他權益組成部分(如適當))確認而並無重列比較資料。再者，按照香港財務報告準則第15號之過渡條文，本集團選擇僅對於二零一八年一月一日尚未完成之合約追溯應用該準則。因此，若干比較資料未必與根據香港會計準則第18號「營業額」、香港會計準則第11號「建築合約」及相關詮釋編製之比較資料可資比較。

本集團確認來自以下因客戶合約而產生之主要來源之營業額：

- 溶劑銷售
- 塗料銷售
- 油墨銷售
- 潤滑油銷售
- 物業租金收入

有關本集團履約責任的資料及應用香港財務報告準則第15號所涉及的會計政策分別於附註5及3披露。

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

2.1 HKFRS 15 “Revenue from Contracts with Customers”

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

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

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Sales of solvents
- Sales of coatings
- Sales of inks
- Sales of lubricants
- Rental income from properties

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

綜合財務報告附註
Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

2. 應用新訂香港財務報告準則及香港財務報告準則之修訂 (續)

2.1 香港財務報告準則第15號「客戶合約營業額」

(續)

初始應用香港財務報告準則第15號所產生之影響概要

於二零一八年一月一日之綜合財務狀況表確認之金額已作下列調整。並不包括不受變動影響之項目。

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

2.1 HKFRS 15 “Revenue from Contracts with Customers” (Continued)

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	先前呈報於 二零一七年 十二月三十一日 之賬面金額 Carrying amounts previously reported at 31 December 2017 千港元 HK\$'000	重新分類	根據香港財務 報告準則第15號 於二零一八年 一月一日之 賬面金額*
		Reclassification	Carrying amounts under HKFRS 15 at 1 January 2018*
		千港元 HK\$'000	千港元 HK\$'000
流動負債	Current liabilities		
應付賬款及應計費用	Creditors and accrued charges	1,917,464	1,863,036
合約負債	Contract liabilities	—	54,428

於二零一八年一月一日，先前計入應付賬款及應計費用有關銷售合約之客戶墊款54,428,000港元已重新分類為合約負債。

* 此欄之金額未計應用香港財務報告準則第9號之調整。

As at 1 January 2018, advances from customers of HK\$54,428,000 in respect of sales contracts previously included in creditors and accrued charges were reclassified to contract liabilities.

* The amounts in this column are before the adjustments from the application of HKFRS 9.

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截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

2. 應用新訂香港財務報告準則及香港財務報告準則之修訂 (續)

2.1 香港財務報告準則第15號「客戶合約營業額」

(續)

初始應用香港財務報告準則第15號所產生之影響概要 (續)

應用香港財務報告準則第15號對本集團於二零一八年一月一日之保留溢利並無重大影響。

下表概述應用香港財務報告準則第15號對本集團於二零一八年十二月三十一日之綜合財務狀況表及綜合現金流量表內各個受影響項目之影響。並不包括不受變動影響之項目。

對綜合財務狀況表之影響

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

2.1 HKFRS 15 “Revenue from Contracts with Customers” (Continued)

Summary of effects arising from initial application of HKFRS 15 (Continued)

The application of HKFRS 15 has had no material impact on the Group’s retained profits as at 1 January 2018.

The following tables summarise the impacts of applying HKFRS 15 on the Group’s consolidated statement of financial position as at 31 December 2018 and its consolidated statement of cash flows for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	經呈報	調整	如無應用香港財務報告準則第15號前之金額
	As reported	Adjustments	Amounts without application of HKFRS 15
	千港元	千港元	千港元
	HK\$’000	HK\$’000	HK\$’000
流動負債			
應付賬款及應計費用	2,077,436	25,695	2,103,131
合約負債	25,695	(25,695)	—
	2,103,131	—	2,103,131

綜合財務報告附註
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2. 應用新訂香港財務報告準則及香港財務報告準則之修訂 (續)

2.1 香港財務報告準則第15號「客戶合約營業額」

(續)

初始應用香港財務報告準則第15號所產生之影響概要 (續)

對綜合現金流量表之影響

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

2.1 HKFRS 15 “Revenue from Contracts with Customers” (Continued)

Summary of effects arising from initial application of HKFRS 15 (Continued)

Impact on the consolidated statement of cash flows

	經呈報	調整	如無應用香港財務報告準則第15號前之金額
	As reported	Adjustments	Amounts without application of HKFRS 15
	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
經營業務			
Operating activities			
應付賬款及應計費用增加	322,740	(28,733)	294,007
合約負債減少	(28,733)	28,733	—
	294,007	—	294,007

綜合財務報告附註
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2. 應用新訂香港財務報告準則及香港財務報告準則之修訂 (續)

2.2 香港財務報告準則第9號「金融工具」

於本年度，本集團已應用香港財務報告準則第9號「金融工具」及其他香港財務報告準則之相關相應修訂。香港財務報告準則第9號引入1)金融資產及金融負債之分類和計量、2)金融資產之預期信貸損失及3)一般對沖會計之新規定。

本集團已按照香港財務報告準則第9號所載之過渡條文應用香港財務報告準則第9號，即對於二零一八年一月一日(初始應用日期)尚未終止確認之工具追溯應用分類及計量規定(包括預期信貸損失模型下之減值)，以及並無對於二零一八年一月一日已終止確認之工具應用該等規定。於二零一七年十二月三十一日之賬面金額與於二零一八年一月一日之賬面金額兩者之差額相對於年初保留溢利及其他權益組成部分並不重大，而並無重列比較資料。

因此，若干比較資料未必與根據香港會計準則第39號「金融工具：確認及計量」編製之比較資料可資比較。

此外，本集團已按前瞻性基準應用對沖會計法。

應用香港財務報告準則第9號所涉及的會計政策於附註3披露。

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

2.2 HKFRS 9 “Financial Instruments”

In the current year, the Group has applied HKFRS 9 “Financial Instruments” and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses (“ECL”) for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are not material to the opening retained profits and other components of equity and no restatement was made for comparative information.

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

In addition, the Group applied the hedge accounting prospectively.

Accounting policies resulting from application of HKFRS 9 are disclosed in note 3.

綜合財務報告附註
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2. 應用新訂香港財務報告準則及香港財務報告準則之修訂 (續)

2.2 香港財務報告準則第9號「金融工具」(續)

初始應用香港財務報告準則第9號所產生之影響概要

下表說明於初始應用日期(二零一八年一月一日)，金融資產及金融負債以及其他須應用預期信貸損失之項目根據香港財務報告準則第9號及香港會計準則第39號進行之分類及計量(包括減值)。

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

2.2 HKFRS 9 “Financial Instruments” (Continued)

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

		可供出售投資	按公允值計入 其他全面收益 之權益工具 Equity instruments at fair value through other comprehensive income ("FVTOCI")
		Available- for-sale ("AFS") investment	Investment at fair value through other comprehensive income ("FVTOCI")
		千港元 HK\$'000	千港元 HK\$'000
於二零一七年十二月三十一日之年末結餘	Closing balance at 31 December 2017		
— 香港會計準則第39號	— HKAS 39		
		3,992	—
初始應用香港財務報告準則第9號所產生之影響	Effect arising from initial application of HKFRS 9		
由可供出售投資重新分類	Reclassification from AFS investment	(3,992)	3,992
於二零一八年一月一日之年初結餘	Opening balance at 1 January 2018	—	3,992

綜合財務報告附註
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2. 應用新訂香港財務報告準則及香港財務報告準則之修訂 (續)

2.2 香港財務報告準則第9號「金融工具」 (續)

由可供出售投資重新分類為按公允值計入其他全面收益之權益工具

本集團選擇於其他全面收益呈列先前分類為可供出售投資之所有股本投資之公允值變動。該等投資並非持作買賣，且預期不會於可見未來出售。於初始應用香港財務報告準則第9號當日，3,992,000港元已由可供出售投資重新分類為按公允值計入其他全面收益之權益工具，當中3,992,000港元與先前根據香港會計準則第39號按成本減去減值計量之無報價股本投資有關。並無就該先前按成本減去減值列賬之無報價股本投資作出對於二零一八年一月一日按公允值計入其他全面收益之權益工具及投資重估儲備有關的公允值調整，原因為根據香港會計準則第39號計量之賬面值大致等於二零一八年一月一日之公允值。

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

2.2 HKFRS 9 “Financial Instruments”

(Continued)

From AFS investment to equity instruments at FVTOCI

The Group elected to present in other comprehensive income (“OCI”) for the fair value changes of all its equity investments previously classified as AFS investment. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK\$3,992,000 were reclassified from AFS investment to equity instruments at FVTOCI, of which HK\$3,992,000 related to unquoted equity investments previously measured at cost less impairment under HKAS 39. No fair value adjustment relating to this unquoted equity investment previously carried at cost less impairment was adjusted to equity instruments at FVTOCI and investment revaluation reserve as at 1 January 2018 because carrying value under HKAS 39 was materially equal to the fair value as at 1 January 2018.

綜合財務報告附註 Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

2. 應用新訂香港財務報告準則及香港財務報告準則之修訂 (續)

2.2 香港財務報告準則第9號「金融工具」(續)

預期信貸損失模型下之減值

就金融資產之減值而言，香港財務報告準則第9號規定按預期信貸損失模型計算，而非根據香港會計準則第39號按已產生信貸損失模型計算。預期信貸損失模型規定公司於各報告日期將預期信貸損失及其變動入賬，以反映信貸風險自初始確認以來之變動。換言之，毋須再待發生信貸事件後方確認信貸損失。

於本期間，本集團應用香港財務報告準則第9號之簡化方法計量預期信貸損失，即就貿易應收款項使用全期預期信貸損失。除根據香港會計準則第39號釐定為出現信貸減值者及已個別評估而擁有大額未償還結餘之貿易應收款項外，餘額乃基於共同信貸風險特點歸類。

按攤銷成本計量之其他金融資產（主要包括應收票據、其他應收賬款、短期銀行存款及銀行結餘）之損失撥備按12個月預期信貸損失基準計量，且信貸風險自初始確認以來並無顯著增加。

本公司董事認為，於二零一八年一月一日根據預期信貸損失模型計量之額外預期信貸損失撥備並不重大。

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

2.2 HKFRS 9 “Financial Instruments”

(Continued)

Impairment under ECL model

In relation to the impairment of financial assets, HKFRS 9 requires an ECL model, as opposed to an incurred credit loss model under HKAS 39. The ECL model requires an entity to account for ECL and changes in those ECL at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

In the current period, the Group applied the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables. Except for those which had been determined as credit-impaired under HKAS 39 and trade receivables with outstanding significant balances which have been assessed individually, the remaining balances are grouped based on shared credit risk characteristics.

Loss allowances for other financial assets at amortised cost mainly comprise of bills receivables, other debtors, short-term bank deposits and bank balances, and are measured on 12-month ECL (“12m ECL”) basis and there had been no significant increase in credit risk since initial recognition.

The directors of the Company considered the additional ECL allowance as at 1 January 2018 measured under the ECL model is insignificant.

綜合財務報告附註
Notes to the Consolidated Financial Statements

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2. 應用新訂香港財務報告準則及香港財務報告準則之修訂 (續)

2.2 香港財務報告準則第9號「金融工具」 (續)

對沖會計法

本集團按前瞻性基準應用香港財務報告準則第9號之對沖會計規定。按照香港會計準則第39號符合對沖會計法資格之對沖關係，倘計及在過渡期間對沖關係之任何重整後亦符合香港財務報告準則第9號下之所有合資格條件，則會於初始應用日期被視為持續對沖關係。

於本年度初始應用香港財務報告準則第9號對本綜合財務報告所呈報之金額及／或所載列有關本集團對沖工具之披露事項並無重大影響。

除上述者外，於本年度應用香港財務報告準則之修訂本對本綜合財務報告所呈報之金額及／或所載列之披露事項並無重大影響。

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

2.2 HKFRS 9 “Financial Instruments”

(Continued)

Hedge accounting

The Group applies the hedge accounting requirements of HKFRS 9 prospectively. At the date of the initial application, hedging relationships that qualified for hedge accounting in accordance with HKAS 39 are regarded as continuing hedging relationship if all qualifying criteria under HKFRS 9 are met, after taking into account any rebalancing of the hedging relationship on transition.

The initial application of HKFRS 9 in the current year has had no material effect on the amounts reported and/or disclosures relating to the Group’s hedging instruments as set out in these consolidated financial statements.

Except as described above, the application of amendments to HKFRSs in the current year has had no material effect on the amounts reported and/or disclosures set out in these consolidated financial statements.

綜合財務報告附註 Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

2. 應用新訂香港財務報告準則及香港財務報告準則之修訂 (續)

2.3 應用全部新準則所產生對年初綜合財務狀況表之影響

基於上述本集團會計政策之變動，本集團須重列年初綜合財務狀況表。下表顯示就各獨立項目確認之調整。

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

2.3 Impacts on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Group’s accounting policies above, the opening consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each individual line item.

		二零一七年 十二月 三十一日 31 December 2017 千港元 HK\$’000	香港財務 報告準則 第15號 HKFRS 15 千港元 HK\$’000	香港財務 報告準則 第9號 HKFRS 9 千港元 HK\$’000	二零一八年 一月一日 1 January 2018 千港元 HK\$’000 (經重列) (Restated)
可供出售投資	AFS investment	3,992	—	(3,992)	—
按公允值計入其他 全面收益之 權益工具	Equity instruments at FVTOCI	—	—	3,992	3,992
應付賬款及應計費用	Creditors and accrued charges	1,917,464	(54,428)	—	1,863,036
合約負債	Contract liabilities	—	54,428	—	54,428

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截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

2. 應用新訂香港財務報告準則及香港財務報告準則之修訂 (續)

2.4 已頒佈但尚未生效之新訂香港財務報告準則及香港財務報告準則之修訂

本集團並無提早應用下列已頒佈但尚未生效之新訂香港財務報告準則及香港財務報告準則之修訂：

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 ²
香港(國際財務報告詮釋委員會)–詮釋第23號	所得稅處理之不確定性 ¹
香港財務報告準則第3號之修訂	業務之定義 ⁴
香港財務報告準則第9號之修訂	具有負補償之提前還款特性 ¹
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出售或貢獻資產 ³
香港會計準則第1號及香港會計準則第8號之修訂	重大之定義 ⁵
香港會計準則第19號之修訂	計劃修訂、縮減或結算 ¹
香港會計準則第28號之修訂	於聯營公司及合營企業之長期權益 ¹
香港財務報告準則之修訂	香港財務報告準則二零一五年至二零一七年週期之年度改進 ¹

1	就二零一九年一月一日或之後開始之年度期間生效。
2	就二零二一年一月一日或之後開始之年度期間生效。
3	就某待定日期或之後開始之年度期間生效。
4	就收購日期為於二零二零年一月一日或之開始之首個年度期間初或之後之業務合併生效。
5	就二零二零年一月一日或之後開始之年度期間生效。

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

2.4 New and amendments to HKFRSs in issue but not yet effective

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

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

1	Effective for annual periods beginning on or after 1 January 2019.
2	Effective for annual periods beginning on or after 1 January 2021.
3	Effective for annual periods beginning on or after a date to be determined.
4	Effective for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
5	Effective for annual periods beginning on or after 1 January 2020.

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2. 應用新訂香港財務報告準則及香港財務報告準則之修訂 (續)

2.4 已頒佈但尚未生效之新訂香港財務報告準則及香港財務報告準則之修訂 (續)

除下述新訂香港財務報告準則及香港財務報告準則之修訂外，本公司董事預計應用所有其他新訂香港財務報告準則及香港財務報告準則之修訂於可見將來將不會對綜合財務報告產生重大影響。

香港財務報告準則第16號 「租賃」

香港財務報告準則第16號為識別出租人及承租人之租賃安排及會計處理方法引入一個綜合模型。香港財務報告準則第16號於生效後將取代香港會計準則第17號「租賃」及相關詮釋。

香港財務報告準則第16號以所識別資產是否由客戶控制為基準區分租賃及服務合約。除短期租賃及低值資產租賃外，經營租賃與融資租賃之差異自承租人會計處理方法中剔除，並以承租人須就所有租賃確認使用權資產及相應負債之模型取代。

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

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

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 16 “Leases”

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

HKFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

綜合財務報告附註
Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

2. 應用新訂香港財務報告準則及香港財務報告準則之修訂 (續)

2.4 已頒佈但尚未生效之新訂香港財務報告準則及香港財務報告準則之修訂 (續)
香港財務報告準則第16號「租賃」(續)

使用權資產初始按成本計量，而其後則按成本(設有若干例外情況)減累計折舊及減值虧損計量，並就租賃負債任何重新計量調整。租賃負債初始按並非於該日支付之租賃付款之現值計量。其後，租賃負債就利息及租賃付款以及(其中包括)租賃修訂之影響調整。就現金流分類而言，本集團現時將前期預付土地租金呈列有關與自用租賃土地及分類為投資物業之租賃土地之投資現金流，而其他經營租賃付款則呈列為經營現金流。應用香港財務報告準則第16號後，有關租賃負債之租賃付款將分配為本金及利息部分，而本集團會將該等利息部分呈列為經營現金流。

根據香港會計準則第17號，本集團若為承租人，則已確認租賃土地之預付土地租金。應用香港財務報告準則第16號可能導致該等資產之分類發生變動，其分類視乎本集團是將使用權資產單獨呈列，或是按猶如本集團擁有有關資產時之呈列方式，呈列於相應有關資產之同一項目內。

除同時適用於出租人之若干規定外，香港財務報告準則第16號大致上傳承香港會計準則第17號之出租人會計處理規定，並繼續要求出租人將租賃分類為經營租賃或融資租賃。

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

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

HKFRS 16 “Leases” (Continued)

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

Under HKAS 17, the Group has already recognised prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 will result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

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

綜合財務報告附註 Notes to the Consolidated Financial Statements

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2. 應用新訂香港財務報告準則及香港財務報告準則之修訂 (續)

2.4 已頒佈但尚未生效之新訂香港財務報告準則及香港財務報告準則之修訂 (續)

香港財務報告準則第16號「租賃」(續)

再者，香港財務報告準則第16號亦要求作出廣泛披露。

誠如附註39所披露，於二零一八年十二月三十一日，本集團有不可撤銷之經營租賃承擔84,383,000港元。初步評估顯示該等安排將符合租賃之定義。於應用香港財務報告準則第16號後，除非租賃符合資格作為低值或短期租賃，否則本集團將就所有該等租賃確認使用權資產及相應負債。

此外，本集團現時將已付可退回租賃按金2,202,000港元及已收可退回租賃按金2,393,000港元視為租賃下之權利及責任(香港會計準則第17號適用)。基於香港財務報告準則第16號下租賃付款之定義，該等按金並非與使用相關資產之權利有關之付款，因此，該等按金之賬面金額可能調整至攤銷成本。對已付可退回租賃按金之調整將被視為額外租賃付款，並計入使用權資產之賬面金額。對已收可退回租賃按金之調整將被視為預收租賃付款。

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

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

HKFRS 16 “Leases” (Continued)

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of HK\$84,383,000 as disclosed in note 39. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK\$2,202,000 and refundable rental deposits received of HK\$2,393,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

綜合財務報告附註
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2. 應用新訂香港財務報告準則及香港財務報告準則之修訂 (續)

2.4 已頒佈但尚未生效之新訂香港財務報告準則及香港財務報告準則之修訂 (續)

香港財務報告準則第16號「租賃」(續)

應用新規定將導致上述計量、呈列及披露方式有變。本集團擬選擇可行權宜方法，就先前應用香港會計準則第17號及香港(國際財務報告詮釋委員會)－詮釋第4號「釐定安排是否包括租賃」識別為租賃之合約應用香港財務報告準則第16號，而並無對先前應用香港會計準則第17號及香港(國際財務報告詮釋委員會)－詮釋第4號並未識別為包括租賃之合約應用該準則。因此，本集團將不會重新評估合約是否租賃或是否包括於初始應用日期前已存在之租賃。再者，本集團(作為承租人)擬選擇經修改追溯法應用香港財務報告準則第16號，並將初始應用之累計影響於年初保留溢利內確認，而並無重列比較資料。

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

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

HKFRS 16 “Leases” (Continued)

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

綜合財務報告附註 Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

3. 主要會計政策

綜合財務報告乃按照香港會計師公會所頒佈之香港財務報告準則編製。此外，綜合財務報告包括聯交所證券上市規則（「上市規則」）及香港公司條例所規定之適用披露事項。

綜合財務報告乃按歷史成本法編製，惟如下文所載會計政策所闡述按公允值計量之若干金融工具及投資物業除外。

歷史成本一般以交換貨品及服務所付代價之公允值為基礎。

公允值為於市場參與者之間在計量日進行之有序交易中出售一項資產所收取或轉移一項負債所支付之價格，無論該價格為直接觀察到之結果或是採用其他估值技術作出之估計。在估計資產或負債公允值時，本集團會計及在市場參與者於計量日為該資產或負債定價時將會考慮之資產或負債特徵。在本綜合財務報告作計量及／或披露用途之公允值乃按此基準釐定，惟香港財務報告準則第2號「以股份為基礎付款」範圍內之以股份為基礎付款交易、香港會計準則第17號範圍內之租賃交易、以及與公允值類似但並非公允值之計量（如香港會計準則第2號「存貨」中之可變現淨值或香港會計準則第36號「資產減值」中之使用價值）除外。

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties that are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

綜合財務報告附註 Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

3. 主要會計政策 (續)

此外，就財務報告而言，公允值計量基於公允值計量之輸入數據可觀察程度及公允值計量之輸入數據對其整體之重要性分類為第一級、第二級或第三級，詳情如下：

- 第一級輸入數據為公司於計量日可取得相同資產或負債之活躍市場報價(未經調整)；
- 第二級輸入數據為就資產或負債可直接或間接觀察之輸入數據(第一級包括之報價除外)；及
- 第三級輸入數據為資產或負債之不可觀察輸入數據。

主要會計政策載列如下。

綜合基準

綜合財務報告包含本公司及由本公司及其附屬公司控制之公司之財務報告。取得控制權乃指本公司：

- 對被投資方擁有權力；
- 因參與被投資方業務而承受或有權獲得可變回報；及
- 有能力行使其權力以影響其回報。

倘事實及情況顯示上列三項控制權因素其中一項或多項改變，則本集團會重估是否仍然控制被投資方。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

綜合財務報告附註 Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

3. 主要會計政策 (續)

綜合基準 (續)

本集團於取得附屬公司之控制權時開始將該附屬公司綜合入賬，並於失去附屬公司之控制權時停止將該附屬公司綜合入賬。具體而言，年內收購或出售之附屬公司之收入及支出由本集團取得控制權當日起計入綜合損益及其他全面收益表，直至本集團終止控制該附屬公司當日為止。

損益及其他全面收益各項目歸屬於本公司股東及非控股權益。附屬公司之全面收益總額歸屬於本公司股東及非控股權益，即使此舉會導致非控股權益出現虧絀結餘。

本集團會在必要時對附屬公司之財務報告作出調整，以令其會計政策與本集團者一致。

與本集團成員公司間交易有關之所有集團內公司間之資產及負債、權益、收入、支出及現金流於綜合賬目時完全抵銷。

於附屬公司之非控股權益與本集團於其中之權益分開呈列，其指賦予持有人權利於清盤時按比例分佔相關附屬公司淨資產之目前所有權權益。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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

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

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

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

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

綜合財務報告附註 Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

3. 主要會計政策 (續)

業務合併

收購業務利用收購法入賬。於業務合併中轉讓之代價按公允值計量，而公允值乃按本集團為交換被收購方控制權轉讓之資產、本集團向被收購方前擁有人產生之負債及本集團發行之股本權益於收購日之公允值總和計算。收購相關成本一般於產生時在損益確認。

於收購日，所收購可識別資產及所承擔負債乃按公允值確認，惟以下情況除外：

- 遞延稅項資產或負債及僱員福利安排相關資產或負債分別按照香港會計準則第12號「所得稅」及香港會計準則第19號「僱員福利」確認及計量；
- 有關被收購方以股份為基礎付款安排或為取代被收購方以股份為基礎付款安排訂立之本集團以股份為基礎付款安排之負債或權益工具，於收購日按照香港財務報告準則第2號「以股份為基礎付款」計量（見有關以股份為基礎付款交易之會計政策）；及
- 按照香港財務報告準則第5號「持作出售之非流動資產及已終止經營業務」分類為持作出售之資產（或出售組別）按照該準則計量。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations

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

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

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

綜合財務報告附註 Notes to the Consolidated Financial Statements

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3. 主要會計政策 (續)

業務合併 (續)

商譽按所轉讓代價、被收購方任何非控股權益金額與收購方以往所持被收購方股本權益之公允值(如有)之總和，超出所收購可識別資產及所承擔負債於收購日之淨額之差額計量。倘經重新評估後，所收購可識別資產與所承擔負債於收購日之淨額高於所轉讓代價、被收購方任何非控股權益金額與收購方以往所持被收購方權益之公允值(如有)之總和，則差額即時於損益確認為議價收購收益。

非控股權益(屬於目前擁有權益及於進行清盤時賦予持有人權利按比例分佔相關附屬公司淨資產)初始按非控股權益佔被收購方可識別淨資產已確認金額之比例或公允值計量。計量基準乃按個別交易選取。其他類別之非控股權益按公允值計量。

當本集團於業務合併中轉讓之代價包括或然代價安排時，或然代價乃按收購日之公允值計量，並計入作為於業務合併中轉讓之代價之一部分。合資格作計量期間調整之或然代價之公允值變動會追溯調整。計量期間調整為於「計量期間」(不得超過由收購日起計一年)因取得於收購日已存在事件及環境之額外資料而作出之調整。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair values.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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3. 主要會計政策 (續)

業務合併 (續)

不符合作為計量期間調整之或然代價之其後會計處理，取決於或然代價如何分類。分類為權益之或然代價於其後報告日期不會重新計量，其後結算於權益入賬。分類為資產或負債之或然代價於其後報告日期重新計量至公允值，而相應收益或虧損乃於損益確認。

商譽

收購業務產生之商譽按於業務收購日(請參閱有關業務合併之會計政策)之成本減累計減值虧損(如有)列賬。

為進行減值測試，商譽會分配至本集團各個(或各組)預期因合併協同效應而得益之現金產生單位，而該個或該組單位指就內部管理目的監控商譽之最低水平且不超過經營分類。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

The subsequent accounting for the contingent consideration that does not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

Goodwill

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

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

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3. 主要會計政策 (續)

商譽 (續)

各個(或各組)獲分配商譽之現金產生單位每年或於有減值跡象時更頻密地測試減值。就於某報告期因收購而產生之商譽，獲分配商譽之現金產生單位(或現金產生單位組別)於該報告期末前測試減值。倘現金產生單位之可收回金額低於賬面金額，則減值虧損會先作分配以減低任何分配至該單位之商譽之賬面金額，其後則按該個(或該組)單位內各資產賬面金額之比例分配至單位內其他資產。

當出售相關現金產生單位或相關現金產生單位組別內任何現金產生單位時，商譽之應佔金額會於釐定出售損益之金額時計算在內。當本集團出售現金產生單位(或某組現金產生單位內之現金產生單位)內之一項經營時，所出售商譽之金額基於所出售之經營(或現金產生單位)及該個(或該組)所保留現金產生單位之部分相對價值計量。

本集團有關收購聯營公司產生之商譽之會計政策於下文描述。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill (Continued)

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

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

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

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3. 主要會計政策 (續)

於聯營公司之權益

聯營公司為本集團對其擁有重大影響力之公司。重大影響力為參與決定被投資方財務及經營政策之權力，但非對該等政策之控制權或共同控制權。

聯營公司之業績及資產與負債利用權益會計法列入本綜合財務報告。聯營公司之財務報告利用與本集團於類似情況下就同類交易及事件採用之相同會計政策編製。根據權益法，於聯營公司之投資初始於綜合財務狀況報表按成本確認，並於其後就確認本集團應佔該聯營公司溢利或虧損及其他全面收益調整。聯營公司淨資產之變動（損益及其他全面收益除外）不予入賬，除非該等變動導致本集團所持擁有權權益有變。當本集團應佔一間聯營公司之虧損超出本集團於該聯營公司之權益（包括實質上構成本集團於聯營公司淨投資一部分之任何長期權益）時，本集團會終止確認其應佔之進一步虧損。額外虧損僅於本集團已產生法定或推定責任或代表該聯營公司付款時方予確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates

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

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

綜合財務報告附註 Notes to the Consolidated Financial Statements

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3. 主要會計政策 (續)

於聯營公司之權益 (續)

於一間聯營公司之權益自被投資方成為聯營公司當日起利用權益法入賬。收購於一間聯營公司之權益時，投資成本超出本集團應佔被投資方可識別資產及負債公允淨值之任何差額乃確認為商譽，並計入該項投資之賬面金額內。本集團應佔可識別資產及負債公允淨值超出投資成本之任何差額經重新評估後，即時於收購該項投資之期間在損益確認。

本集團會評估是否有客觀證據顯示於一間聯營公司之權益可能出現減值。當存在任何客觀證據時，該項投資(包括商譽)之全部賬面金額會按照香港會計準則第36號以單一資產方式測試減值，方法是比較其可收回金額(使用價值與公允值減處置成本之較高者)與其賬面金額。任何已確認之減值虧損構成該項投資賬面金額之一部分。有關減值虧損之任何撥回乃於該項投資之可收回金額其後增加時按照香港會計準則第36號確認。

當某集團公司與本集團一間聯營公司進行交易時，在本集團之綜合財務報告確認之與該聯營公司進行交易所產生之損益，僅限於與本集團無關之聯營公司權益。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates (Continued)

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

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

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

綜合財務報告附註 Notes to the Consolidated Financial Statements

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3. 主要會計政策 (續)

客戶合約營業額 (於 按照附註2之過渡安排 應用香港財務報告 準則第15號後)

根據香港財務報告準則第15號，本集團會於履約責任達成時 (或隨着履約責任達成) 確認營業額，即當特定履約責任相關貨品或服務之「控制權」轉移至客戶時。

履約責任指一項或一組明確貨品或服務或一系列大致相同之明確貨品或服務。

倘符合下列其中一項條件，則控制權乃隨時間轉移，而營業額會參照全面達成相關履約責任之進度隨時間確認：

- 隨着本集團履約，客戶同時收取及耗用本集團履約所帶來之利益；
- 隨着本集團履約，本集團履約創建及提升客戶所控制之資產；或
- 本集團履約並無產生對本集團有替代用途之資產，且本集團享有可強制執行權利收回迄今已履約部分之款項。

否則，營業額於客戶取得明確貨品或服務之控制權時確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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3. 主要會計政策 (續)

客戶合約營業額(於 按照附註2之過渡安排 應用香港財務報告 準則第15號後) (續)

合約負債指本集團向客戶轉移貨品或服務之責任，而本集團已就此向該客戶收取代價(或代價已到期收取)。

在某一時間點確認營業額： 全面達成履約責任的計量

根據香港財務報告準則第15號之控制權轉移方法，產品銷售營業額一般於獲客戶接受時(即客戶有能力指示產品使用並取得產品絕大部分餘下利益之時間點)確認。

保用

倘客戶有權選擇單獨購買保用，則本集團將保用入賬列為單獨履約責任，並將部分交易價分配至該履約責任。倘客戶無權選擇單獨購買保用，則本集團按照香港會計準則第37號「撥備、或然負債及或然資產」將保用入賬，除非保用為客戶提供保證產品符合協定規格以外之服務(即服務類保用)。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

A point in time revenue recognition: measurement of complete satisfaction of a performance obligation

Under the transfer-of-control approach in HKFRS 15, revenue from sales of product is generally recognised when customer acceptance has been obtained, which is the point of time when the customer has the ability to direct the use of the product and obtain substantially all of the remaining benefits of the product.

Warranties

If a customer has the option to purchase a warranty separately, the Group accounts for the warranty as a separate performance obligation and allocates a portion of the transaction price to that performance obligation. If a customer does not have the option to purchase a warranty separately, the Group accounts for the warranty in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" unless the warranty provides the customer with a service in addition to the assurance that the product complies with agreed-upon specifications (i.e. service-type warranties).

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3. 主要會計政策 (續)

營業額之確認 (於二零一八年一月一日前)

營業額按已收或應收代價之公允值計量。營業額已就估計客戶退貨、回扣及其他類似撥備扣減。

當營業額金額能可靠地計量時；當未來經濟利益可能流入本集團且達成本集團各業務之特定標準時，本集團會確認營業額。

貨品銷售營業額於已送交貨品及移交所有權時確認，屆時下列所有條件已達成：

- 本集團已將貨品擁有權之重大風險及回報轉移予買方；
- 本集團並無持續參與一般與已售貨品擁有權相關之管理，亦無擁有已售貨品之實際控制權；
- 營業額之金額能可靠地計量；
- 與交易相關之經濟利益可能流入本集團；及
- 已經或將會就交易產生之成本能可靠地計量。

利息收入參照未償還本金及適用實際利率以時間基準累算，有關利率為於金融資產預期年期內將估計日後現金收款精確貼現至該資產於初始確認時之賬面淨額之利率。

本集團有關確認經營租賃營業額之會計政策載於下文有關租賃之會計政策。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (prior to 1 January 2018)

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

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3. 主要會計政策 (續)

物業、廠房及設備

物業、廠房及設備(包括用於生產或提供貨品或服務或作行政用途之樓宇及租賃土地(分類為融資租賃)(下述在建物業除外))於綜合財務狀況表按成本減其後累計折舊及其後累計減值虧損(如有)列賬。

正在建造以作生產、供應或行政用途之物業按成本減任何已確認之減值虧損列賬。成本包括專業費用及(就合資格資產而言)按照本集團會計政策撥充資本之借貸成本。該等物業於完成及可作擬定用途時分類為適當物業、廠房及設備類別。此等資產之折舊基準與其他物業資產相同，乃於資產可作擬定用途時開始計算。

除在建工程外，本集團會確認折舊，以於資產之估計可使用年期内利用直線法註銷扣除估計剩餘價值後之資產成本。估計可使用年期、剩餘價值及折舊方法於各報告期末檢討，而任何估計變動之影響按前瞻性基準入賬。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment including buildings and leasehold land (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

3. 主要會計政策 (續)

物業、廠房及設備 (續)

倘物業、廠房及設備項目因結束業主自用令用途改變而變為投資物業，則該項目(包括相關預付土地租金)賬面金額與公允值之任何差額於轉移日在其他全面收益確認及於物業重估儲備累計。相關重估儲備將於日後資產出售或報廢時直接轉入保留溢利。

物業、廠房及設備項目於處置時或當繼續使用該資產預期不會產生未來經濟利益時終止確認。因處置或報廢物業、廠房及設備項目而產生之任何收益或虧損按該資產之出售所得款項與賬面金額之差額釐定並於損益確認。

將來供業主自用之發展中樓宇

當樓宇正在發展過程中以作生產或行政用途時，預付土地租金於建築期之攤銷撥備列入作為在建樓宇成本之一部分。在建樓宇按成本減任何已識別減值虧損列賬。當樓宇可供使用時(即當樓宇已建於所在地點，並符合所需條件以管理層計劃之方式營運)，本集團會開始折舊。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant prepaid lease payments) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Buildings under development for future owner-occupied purpose

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

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3. 主要會計政策 (續)

投資物業

投資物業為持作賺取租金及／或資本增值之物業。投資物業包括持作未落實未來用途之土地，而該土地被視作持作資本增值用途。

投資物業初始按成本(包括任何直接引起之開支)計量。於初始確認後，投資物業按公允值計量。根據經營租賃持有以賺取租金或實現資本增值之所有本集團物業權益入賬列為投資物業並利用公允值模型計量。投資物業公允值變動產生之收益或虧損於產生期間計入損益。

投資物業於處置或永久不再使用及預期其處置不會產生未來經濟利益時終止確認。因終止確認該物業而產生之任何收益或虧損按該資產之處置所得款項淨額與賬面金額之差額計算，並於該物業終止確認期間計入損益。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

綜合財務報告附註 Notes to the Consolidated Financial Statements

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3. 主要會計政策 (續)

持作出售之非流動資產

非流動資產如將主要透過出售交易而非持續使用收回賬面金額，則分類為持作出售。只有當資產可按現狀即時出售，並只受出售有關資產之一般及慣常條款所限，且極有機會售出時，方會被視為已符合上述條件。管理層必須致力實行出售計劃，而出售預期應可於由分類日起計一年內符合確認為已完成出售之資格。

當本集團承諾實行涉及失去附屬公司控制權之出售計劃時，若符合上述標準，則該附屬公司之所有資產及負債乃分類為持作出售，不論本集團於進行出售後會否保留相關附屬公司之非控股權益。

當本集團承諾實行涉及處置於聯營公司或合營企業之投資或其部分投資之出售計劃時，若符合上述標準，則將予處置之投資或其部分之投資乃分類為持作出售，而本集團將由該項投資(或其部分之投資)分類為持作出售之時起終止就分類為持作出售之部分使用權益法。

分類為持作出售之非流動資產(及出售組別)按過往之賬面金額及公允值減出售成本兩者之較低者計量，惟繼續按照相應各節所載之會計政策計量之投資物業除外。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to a plan for the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for investment properties which continue to be measured in accordance with the accounting policies as set out in respective sections.

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3. 主要會計政策 (續)

無形資產

分開收購之無形資產

分開收購且具有限定可使用年期之無形資產按成本減累計攤銷及任何累計減值虧損列賬。具有限定可使用年期之無形資產於估計可使用年期内以直線法確認攤銷。估計可使用年期及攤銷方法於各報告期末審閱，而任何估計變動之影響乃按前瞻性基準入賬。獨立收購且具有不限定可使用年期之無形資產按成本減任何其後累計減值虧損列賬。

於業務合併中收購之無形資產

於業務合併中收購之無形資產與商譽分開確認，並初始按於收購日之公允值(被視為成本)確認。

於初始確認後，於業務合併中收購且具有限定可使用年期之無形資產按成本減累計攤銷及任何累計減值虧損列報，基準與分開收購之無形資產相同。於業務合併中收購且具有不限定可使用年期之無形資產按成本減任何其後累計減值虧損列賬。

無形資產於處置或使用或處置預期不會產生未來經濟利益時終止確認。因終止確認無形資產而產生之收益或虧損按該資產之處置所得款項淨額與賬面金額之差額計量，並於該資產終止確認時在損益確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that acquired separately are carried at costs less accumulated amortisation and any accumulated impairment loss. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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3. 主要會計政策 (續)

有形資產及無形資產 (商譽除外)之減值

於報告期末，本集團檢討其具有有限可使用年期之有形及無形資產之賬面金額，以確定有否跡象顯示該等資產出現減值虧損。倘若有該等跡象，本集團會估計資產之可收回金額以釐定減值虧損之程度(如有)。有形及無形資產之可收回金額乃個別估計；當不大可能個別估計資產之可收回金額時，本集團會估計該資產所屬現金產生單位之可收回金額。當可識別合理及一致之分配基準時，公司資產亦會分配至個別現金產生單位，或於其他情況下，按可識別之合理及一致分配基準分配至現金產生單位之最小組合。

倘減值虧損其後撥回，則資產(或現金產生單位)之賬面金額會調高至其經修訂之估計可收回金額，惟增加後之賬面金額不得超過往年度假設並無就資產(或現金產生單位)確認減值虧損下釐定之賬面金額。減值虧損撥回會即時於損益確認。

存貨

存貨以成本及可變現淨值兩者之較低者列賬。存貨成本按加權平均法釐定。可變現淨值指存貨估計售價減成交之所有估計成本及銷售所需成本。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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3. 主要會計政策 (續)

金融工具

金融資產及金融負債於集團公司成為工具合約條文之訂約方時確認。所有按常規途徑進行之金融資產買賣按結算日基準確認及終止確認。常規買賣指須於市場規例或慣例訂立之時限內交付資產之金融資產買賣。

金融資產及金融負債初始按公允值計量，惟自二零一八年一月一日初始按照香港財務報告準則第15號計量之客戶合約所產生貿易應收款項除外。收購或發行金融資產及金融負債直接引起之交易成本(按公允值計入損益之金融資產或金融負債除外)乃於初始確認時加入金融資產或金融負債之公允值或自金融資產或金融負債之公允值扣除(如合適)。收購按公允值計入損益之金融資產或金融負債直接引起之交易成本即時於損益確認。

實際利率法為計算金融資產或金融負債攤銷成本及於相關期間內分配利息收入及利息支出之方法。實際利率為於金融資產或金融負債預期年期或(如適用)更短期間內將估計日後現金收款及付款(包括所有構成實際利率組成部分之已付或已收費用及款項、交易成本及其他溢價或折讓)精確貼現至於初始確認時之賬面淨額之利率。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 January 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

綜合財務報告附註 Notes to the Consolidated Financial Statements

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3. 主要會計政策 (續)

金融工具 (續)

金融資產

金融資產之分類及其後計量(於按照附註2之過渡安排應用香港財務報告準則第9號後)

金融資產如符合以下條件，則其後以按攤銷成本計量：

- 該金融資產於旨在收取合約現金流之業務模型內持有；及
- 合約條款於特定日期產生現金流，而該現金流僅為支付本金及未償還本金利息。

金融資產如符合以下條件，則其後以按公允值計入其他全面收益計量：

- 該金融資產於旨在收取合約現金流及出售之業務模型內持有；及
- 合約條款於特定日期產生現金流，而該現金流僅為支付本金及未償還本金利息。

所有其他金融資產其後以按公允值計入損益之方式計量，惟於初始應用／初始確認金融資產日期，本集團或會不可撤回地選擇於其他全面收益呈列股本投資(倘其既非持作買賣亦非收購方於香港財務報告準則第3號「業務合併」適用範圍內之業務合併中確認之或然代價)之其後公允值變動。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

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3. 主要會計政策 (續)

金融工具 (續)

攤銷成本及利息收入

其後按攤銷成本計量之金融資產之利息收入利用實際利率法確認。利息收入透過對金融資產之賬面總額應用實際利率計算，惟其後出現信貸減值之金融資產除外(見下文)。對於其後出現信貸減值之金融資產，利息收入透過自下一個報告期起對金融資產之攤銷成本應用實際利率確認。倘出現信貸減值之金融工具之信貸風險改善，使金融資產不再出現信貸減值，則利息收入透過釐定金融資產不再出現信貸虧損後之報告期初起對該資產之賬面總額應用實際利率確認。

指定按公允值計入其他全面收益之權益工具

於按公允值計入其他全面收益之權益工具之投資其後按公允值計量，公允值變動產生之收益及虧損於其他全面收益確認並於投資重估儲備累計；且無須進行減值評估。累積收益或虧損將不會於股本投資處置時重新分類至損益，並將轉撥至保留溢利。

當本集團收取股息之權利確立時，來自此等於權益工具之投資之股息會於損益確認，除非股息明確代表收回部分投資成本。股息計入損益內之「其他收入」分項。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

綜合財務報告附註 Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

3. 主要會計政策 (續)

金融工具 (續)

金融資產減值(於按照附註2之過渡安排應用香港財務報告準則第9號後)

本集團就須根據香港財務報告準則第9號計提減值之金融資產(包括貿易應收款項及應收票據、其他應收賬款、短期銀行存款以及銀行結餘)之預期信貸損失確認虧損撥備。預期信貸損失金額於各報告日期更新，以反映信貸風險自初始確認以來之變動。

全期預期信貸損失指於相關工具之預期可使用年期內所有可能發生之違約事件產生之預期信貸損失。相反，12個月預期信貸損失指預期於報告日期後12個月內可能發生之違約事件導致之全期預期信貸損失部分。評估乃基於本集團之歷史信貸損失經驗進行，並就債務人之特定因素、整體經濟狀況以及對於報告日期當前狀況之評估以及對未來狀況之預測調整。

本集團一直就貿易應收款項(並無重大融資組成部分)確認全期預期信貸損失。本集團就結餘重大之應收賬款個別評估及/或利用具有適當分組之撥備矩陣集體評估貿易應收款項之預期信貸損失。

就所有其他工具而言，本集團計量之損失撥備等於12個月預期信貸損失，除非信貸風險自初始確認以來顯著增加，本集團會確認全期預期信貸損失。對應否確認全期預期信貸損失之評估乃基於自初始確認以來發生違約之可能性或風險顯著增加。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 including trade and bills receivables, other debtors, short-term bank deposits and bank balances. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables without significant financing component. The ECL on trade receivables are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

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截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

3. 主要會計政策 (續)

金融工具 (續)

金融資產減值 (於按照附註2之過渡安排應用香港財務報告準則第9號後) (續)

(i) 信貸風險顯著增加

於評估自初始確認以來信貸風險是否已顯著增加時，本集團會比較於報告日期金融工具發生違約之風險與於初始確認日期金融工具發生違約之風險。在進行該評估時，本集團會考慮合理且具理據支持之定量及定性資料，包括歷史經驗及無需付出不必要成本或努力即可獲得之前瞻性資料。

尤其是，在評估信貸風險是否已顯著增加時會考慮以下資料：

- 金融工具之外部 (如能獲得) 或內部信貸評級實際或預期會顯著惡化；
- 信貸風險之外部市場指標顯著惡化，如信貸息差大幅增加、債務人之信貸違約掉期價格；
- 預計會導致債務人履行其債務義務之能力大幅下降之業務、財務或經濟狀況之現有或預測不利變化；

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

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Notes to the Consolidated Financial Statements

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3. 主要會計政策 (續)

金融工具 (續)

金融資產減值(於按照附註2 之過渡安排應用香港財務 報告準則第9號後) (續)

(i) 信貸風險顯著增加 (續)

- 債務人之經營業績實際或預期顯著惡化；
- 導致債務人履行其債務義務之能力大幅下降之債務人監管、經濟或技術環境之實際或預期之重大不利變化。

不論上述評估之結果如何，本集團假定，當合約付款逾期超過180天時，自初始確認以來信貸風險已顯著增加，除非本集團另有合理且具理據支持之資料證明有其他狀況則作別論。

本集團定期監察識別信貸風險有否大幅增加時所用標準之成效，並作出適當修訂，以確保該等標準足以於款項逾期前識別顯著增加之信貸風險。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

(i) Significant increase in credit risk (Continued)

- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 180 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

綜合財務報告附註 Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

3. 主要會計政策 (續)

金融工具 (續)

金融資產減值 (於按照附註2 之過渡安排應用香港財務 報告準則第9號後) (續)

(ii) 違約之定義

就內部信貸風險管理而言，本集團認為，當內部編製或來自外界資料來源之資料顯示債務人不大可能向債權人 (包括本集團) 清償所有款項 (不計本集團持有之任何抵押品) 時，即發生違約事件。

不論上述結果如何，本集團認為，當某項金融資產逾期超過180天時，即出現違約，除非本集團有合理且具理據支持之資料顯示延遲違約標準更為恰當。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

綜合財務報告附註
Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

3. 主要會計政策 (續)

金融工具 (續)

金融資產減值(於按照附註2 之過渡安排應用香港財務 報告準則第9號後) (續)

(iii) 出現信貸減值之金融資產

當發生一項或多項違約事件，對某項金融資產之估計未來現金流構成不利影響時，該項金融資產已出現信貸減值。金融資產出現信貸減值之證據包括與以下事件有關之可觀察數據：

- (a) 發行人或借款人出現重大財政困難；
- (b) 違反合約，例如欠付或拖欠事件；
- (c) 基於與借款人財政困難有關之經濟或合約理由，借款人之一名或多名貸款人給予借款人在其他情況下不會考慮之優惠；
- (d) 借款人有可能面臨破產或其他財務重組；或
- (e) 該金融資產因財政困難而失去活躍市場。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

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截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

3. 主要會計政策 (續)

金融工具 (續)

金融資產減值(於按照附註2之過渡安排應用香港財務報告準則第9號後) (續)

(iv) 註銷政策

當有資料顯示交易對方面對嚴重財政困難，且無實際收回希望(例如交易對方已遭清盤或進入破產程序)時，本集團會註銷金融資產。本集團仍可能在適當情況下考慮法律意見，然後根據其收回程序就已註銷之金融資產採取強制執行行動。註銷構成終止確認事件。任何其後收回乃於損益確認。

(v) 預期信貸損失之計量及確認

預期信貸損失之計量為違約概率、違約損失(即違約時之損失程度)及違約時風險敞口之函數。違約概率及違約損失之評估乃基於歷史數據並就前瞻性資料調整。預期信貸損失之估計反映中肯地就發生各種違約風險之概率加權釐定之金額。

一般而言，預期信貸損失為按照合約應付本集團之所有合約現金流與本集團預期收取之所有現金流之差額(按初始確認時釐定之實際利率貼現)。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account of legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

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3. 主要會計政策 (續)

金融工具 (續)

金融資產減值(於按照附註2之過渡安排應用香港財務報告準則第9號後) (續)

(v) 預期信貸損失之計量及確認 (續)

倘集體計量預期信貸損失或未能取得個別工具之證據，則按以下基準對金融工具分組：

- 金融工具之性質(即本集團之貿易應收款項及應收票據以及其他應收賬款各自作為一個組別評估)；
- 逾期情況；
- 債務人之性質、規模及行業；及
- 外部信貸評級(如可獲得)。

管理層定期檢討分組，確保各組合中之項目繼續具備類似之信貸風險特徵。

利息收入基於金融資產之賬面總額計算，除非金融資產出現信貸減值，在此情況下，利息收入基於金融資產之攤銷成本計算。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

(v) Measurement and recognition of ECL (Continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the basis below:

- Nature of financial instruments (i.e. the Group's trade and bills receivables and other debtors are each assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

綜合財務報告附註 Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

3. 主要會計政策 (續)

金融工具 (續)

金融資產之分類及其後計量 (於二零一八年一月一日 應用香港財務報告準則 第9號前)

本集團之金融資產主要分為貸款及應收款項以及可供出售金融資產。分類取決於金融資產之性質及目的，並於初始確認時釐定。所有按常規途徑進行之金融資產買賣按交易日基準確認及終止確認。常規買賣指須於市場規例或慣例訂立之時限內交付資產之金融資產買賣。

貸款及應收款項

貸款及應收款項乃並無活躍市場報價之固定或可釐定付款之非衍生金融資產。於初始確認後，貸款及應收款項(包括貿易應收款項及應收票據、其他應收賬款、短期銀行存款、銀行結餘及現金)利用實際利率法計算按攤銷成本減任何減值虧損計量。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018)

The Group's financial assets are mainly loans and receivables and AFS financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and bills receivables, other debtors, short-term bank deposits, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment losses.

綜合財務報告附註
Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

3. 主要會計政策 (續)

金融工具 (續)

金融資產之分類及其後計量
(於二零一八年一月一日
應用香港財務報告準則
第9號前) (續)

可供出售金融資產

可供出售金融資產乃指定為可供出售或未有分類為(a)貸款及應收款項、(b)持至到期投資或(c)按公允值計入損益之金融資產之非衍生工具。

當本集團收取可供出售權益工具股息之權利確立時，本集團於損益確認該等股息。可供出售金融資產賬面金額之其他變動於其他全面收益確認並於投資重估儲備項下累計。當投資被處置或釐定為減值，先前於投資重估儲備累計之累積收益或虧損會重新分類至損益。

並無活躍市場報價且公允值不能可靠計量之可供出售股本投資於各報告期末按成本減任何已識別減值虧損計量。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018) (Continued)

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured at cost less any identified impairment losses at the end of each reporting period.

綜合財務報告附註 Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

3. 主要會計政策 (續)

金融工具 (續)

金融資產之分類及其後計量 (於二零一八年一月一日 應用香港財務報告準則 第9號前) (續)

金融資產減值(於二零一八年 一月一日應用香港財務報告 準則第9號前)

金融資產於各報告期末評估，以釐定有否減值跡象。倘出現客觀證據顯示因金融資產初始確認後發生之一項或多項事件令金融資產之估計未來現金流受到影響，則金融資產會被視為出現減值。

就可供出售股本投資而言，證券公允值大幅或長期下跌至成本以下被視為減值之客觀證據。

就其他金融資產而言，減值之客觀證據可包括：

- 發行人或交易對方出現重大財政困難；或
- 違反合約，如拖欠或無力支付利息或本金；或
- 借款人有可能面臨破產或財務重組。

應收賬款組合出現減值之客觀證據可包括本集團過往收款經驗、組合內逾期超過所授出平均信貸期之延遲還款宗數上升及國家或地區經濟狀況出現明顯變動導致拖欠應收賬款。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018) (Continued)

Impairment of financial assets (before application of HKFRS 9 on 1 January 2018)

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contracts, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period granted, and observable changes in national or local economic conditions that correlate with default on receivables.

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3. 主要會計政策 (續)

金融工具 (續)

金融資產之分類及其後計量 (於二零一八年一月一日 應用香港財務報告準則 第9號前) (續)

金融資產減值(於二零一八年 一月一日應用香港財務報告 準則第9號前) (續)

就按攤銷成本列賬之金融資產而言，已確認減值虧損之金額為資產賬面金額與按金融資產原始實際利率貼現之估計未來現金流現值之差額。

本集團就所有金融資產直接於金融資產之賬面金額中扣減減值虧損，惟貿易應收款項除外，其賬面金額會透過撥備賬扣減。撥備賬賬面金額之變動於損益確認。貿易應收款項於被視為不可收回時在撥備賬註銷。其後收回之已註銷款項乃計入損益。

當可供出售金融資產被視為已減值時，先前於其他全面收益確認之累積收益或虧損乃於該期間重新分類至損益。

就按攤銷成本計量之金融資產而言，倘於隨後期間減值虧損之數額減少，而此可客觀地與確認減值虧損後發生之事件聯繫，則先前確認之減值虧損會透過損益撥回，惟於撥回減值當日之投資賬面金額不得超逾在未確認減值時之攤銷成本。

就可供出售股本投資而言，先前於損益確認之減值虧損不會透過損益撥回。公允值於減值虧損後之任何增加會於其他全面收益確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018) (Continued)

Impairment of financial assets (before application of HKFRS 9 on 1 January 2018) (Continued)

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

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3. 主要會計政策 (續)

金融工具 (續)

金融負債及權益工具

由集團公司發行之債務及權益工具乃按照合約安排之實質內容與金融負債及權益工具之定義分類為金融負債或權益。

權益工具

權益工具為證明擁有本集團資產剩餘權益(經扣除其所有負債)之任何合約。本集團發行之權益工具按已收所得款項(經扣除直接發行成本後)確認。

按攤銷成本計量之金融負債

其他金融負債(包括應付賬款及其他應付賬款以及借貸)其後利用實際利率法按攤銷成本計量。

衍生金融工具

衍生工具初始按衍生工具合約訂立當日之公允值確認，其後按報告期末之公允值重新計量。所產生之收益或虧損即時於損益確認，除非該衍生工具是指定而有效之對沖工具，在此情況下，於損益確認之時間取決於對沖關係之性質。

不符合對沖會計法之衍生工具被視為持作買賣之金融資產或持作買賣之金融負債。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Debts and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Other financial liabilities (including creditors and other payables and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair values at the date when derivative contracts are entered into and are subsequently remeasured to their fair values at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship.

Derivatives that do not qualify for hedge accounting are deemed as financial assets held for trading or financial liabilities held for trading.

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3. 主要會計政策 (續)

金融工具 (續)

對沖會計法

本集團指定若干衍生工具(即利率掉期合約)為浮息銀行借貸現金流之對沖。

於對沖關係開始時，本集團記錄對沖工具與被對沖項目之關係，連同其風險管理目標及其進行各類對沖交易之策略。再者，於對沖開始及進行期間，本集團記錄對沖工具是否能高度有效地對銷被對沖項目因被對沖風險而引致之現金流變動。

對沖關係之評估及成效(自二零一八年一月一日起根據香港財務報告準則第9號)

就對沖成效評估而言，本集團於對沖關係符合以下所有對沖成效要求時，考慮對沖工具是否有效對銷被對沖風險所引起之被對沖項目之公允值或現金流變動：

- 被對沖項目與對沖工具間存在經濟關係；
- 信貸風險之影響不主導因該經濟關係而引起之價值變動；及
- 對沖關係之對沖比率與本集團實際對沖之被對沖項目數目以及公司實際用於對沖被對沖項目數目之對沖工具數量之間之對沖比率相同。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Hedge accounting

The Group designates certain derivatives as hedges of the cash flow of floating-rate bank borrowings (i.e. interest rate swap contracts).

At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

Assessment of hedging relationship and effectiveness (under HKFRS 9 since 1 January 2018)

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

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3. 主要會計政策 (續)

金融工具 (續)

對沖會計法 (續)

對沖關係之評估及成效 (自二零一八年一月一日起根據香港財務報告準則第9號) (續)

倘對沖關係不再符合有關對沖比率之對沖成效要求，但指定之對沖關係風險管理目標保持不變，則本集團會調整對沖關係之對沖比率（即重新平衡對沖），以再次符合合資格標準。

對沖關係之評估及成效 (於二零一八年一月一日應用香港財務報告準則第9號前)

僅倘下列兩項條件均達成，對沖方會被視為高度有效：

- 預期對沖於開始時及其後期間為高度有效；及
- 對沖之實際結果介乎80%至125%。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Hedge accounting (Continued)

Assessment of hedging relationship and effectiveness (under HKFRS 9 since 1 January 2018) (Continued)

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Assessment of hedging relationship and effectiveness (before application of HKFRS 9 on 1 January 2018)

A hedge is regarded as highly effective only if both of the following conditions are met:

- at the inception and in subsequent periods, the hedge is expected to be highly effective; and
- the actual results of the hedge are within a range of 80 to 125 per cent.

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3. 主要會計政策 (續)

金融工具 (續)

現金流對沖

指定及符合現金流對沖之衍生工具公允值變動之有效部分於其他全面收益確認及於對沖儲備項下累計。與無效部分有關之收益或虧損即時於損益確認及計入「其他收益及虧損」分項。

先前於其他全面收益確認及於權益累計之金額於被對沖項目在損益確認時重新分類至損益，一併列於已確認之被對沖項目。然而，當被對沖之預測交易導致確認非金融資產或非金融負債時，先前於其他全面收益確認及於現金流對沖儲備累計之收益及虧損自現金流對沖儲備內轉出，並計入非金融資產或非金融負債成本之初始計量中。

當本集團解除對沖關係、對沖工具已屆滿、售出、終止、行使或不再符合對沖會計法時，對沖會計法會被終止。當時於其他全面收益確認及於權益累計之任何收益或虧損會保留於權益，並在預測交易最終於損益確認時確認。當預測交易預期不再發生時，於權益累計之收益或虧損會即時於損益確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in OCI and accumulated under the heading of hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the “other gains and losses” line item.

Amounts previously recognised in OCI and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI and accumulated in the cash flow hedging reserve are transferred from the cash flow hedging reserve and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in OCI and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

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3. 主要會計政策 (續)

金融工具 (續)

終止確認

本集團僅於收取資產現金流之合約權利屆滿時，或向另一公司轉讓金融資產及資產擁有權絕大部分風險及回報時終止確認金融資產。本集團如無轉讓或保留所有權之絕大部分風險及回報並繼續控制所轉讓資產，則會確認其於資產之保留權益及其可能須支付金額之相關負債。倘本集團保留已轉讓金融資產擁有權之絕大部分風險及回報，則本集團繼續確認該金融資產，亦就已收取之所得款項確認已抵押借貸。

於終止確認整項金融資產時，資產賬面金額與已收及應收代價及已於其他全面收益確認及於權益累計之累積收益或虧損總和之差額，會於損益確認。

當且僅當本集團之責任獲解除、註銷或已到期時，本集團方會終止確認金融負債。已終止確認之金融負債賬面金額與已付及應付代價之差額會於損益確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

綜合財務報告附註 Notes to the Consolidated Financial Statements

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3. 主要會計政策 (續)

租賃

每當租賃條款將擁有權之絕大部分風險及回報轉移予承租人時，租賃會分類為融資租賃。所有其他租賃均分類為經營租賃。

本集團作為出租人

經營租賃之租金收入於相關租賃年期內以直線法在損益確認。

本集團作為承租人

經營租賃付款(包括收購根據經營租賃持有之土地之成本)於相關租賃年期內以直線法確認為支出。根據經營租賃產生之或然租金於產生期間確認為支出。

就訂立經營租賃收取之租賃獎勵會確認為負債。獎勵之利益總額按直線法確認為租金支出扣減。

租賃土地及樓宇

當租賃同時包括土地及樓宇部分時，本集團基於對各部分之擁有權所附帶之絕大部分風險及回報是否已轉讓予本集團之評估，分開將各部分評估分類為融資租賃或經營租賃，除非兩個部分明顯為經營租賃，在此情況下，整項租賃分類為經營租賃。具體而言，最低租賃付款(包括任何一次支付之前期款項)按租賃土地部分及樓宇部分於租賃開始時之租賃權益相對公允值比例於土地及樓宇部分之間分配。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments, including the cost of acquiring land held under operating lease, are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land and building

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

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3. 主要會計政策 (續)

租賃 (續)

租賃土地及樓宇 (續)

在租賃付款能可靠分配之範圍內，入賬列為經營租賃之租賃土地權益於綜合財務狀況表中呈列為「預付土地租金」，並於租賃年內按直線法攤銷。當租賃付款無法於土地及樓宇部分可靠分配時，整項租賃一般被分類為融資租賃。

外幣

於編製各個別集團公司之財務報告時，以該公司功能貨幣以外之貨幣(外幣)進行之交易按交易日之通行匯率確認。於報告期末，以外幣定值之貨幣項目按該日之通行匯率重新折算。按公允值列賬並以外幣定值之非貨幣項目按於公允值釐定當日之通行匯率重新折算。按外幣過往成本計量之非貨幣項目不予重新折算。

結算貨幣項目及重新折算貨幣項目所產生之匯兌差額於產生之期間在損益確認，惟因既無計劃亦不大可能發生結算之應收或應付海外業務之貨幣項目(因此構成於海外業務淨投資之一部分)之匯兌差額除外，該等匯兌差額初始於其他全面收益確認，並於處置或部分處置本集團權益時自權益重新分類至損益。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

Leasehold land and building (Continued)

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests.

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3. 主要會計政策 (續)

外幣 (續)

就呈列綜合財務報告而言，本集團海外業務之資產及負債按於報告期末之通行匯率折算為本集團之呈列貨幣(即港元)。收入及支出按該期間之平均匯率折算，除非匯率於該期間內大幅波動，於此情況下，則採用於交易日之通行匯率。所產生之匯兌差額(如有)於其他全面收益確認及於權益內的匯兌儲備項下累計(歸屬於非控股權益，如適用)。

處置海外業務(即處置本集團於海外業務之全部權益，或涉及喪失對包括海外業務在內之附屬公司控制權之處置事項)時，就本公司股東應佔該項業務於權益累計之所有匯兌差額會重新分類至損益。此外，就處置部分附屬公司但未導致本集團失去對該附屬公司之控制權而言，其按比例應佔累計匯兌差額重新歸屬於非控股權益，且不會於損益確認。

於二零零五年一月一日或之後，於收購海外業務時就所收購可識別資產產生之商譽及公允值調整乃視為該海外經營業務之資產及負債處理，並按於報告期末之通行匯率折算。所產生之匯兌差額於其他全面收益確認。

於二零零五年一月一日前，於收購海外業務時就所收購可識別資產產生之商譽及公允值調整乃視為收購方之非貨幣外幣項目處理，並以收購日之歷史成本入賬。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in other comprehensive income.

Goodwill and fair value adjustments on identifiable assets acquired arising on acquisition of foreign operations before 1 January 2005 are treated as non-monetary foreign currency items of the acquirer and reported using the historical cost prevailing at the date of the acquisition.

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3. 主要會計政策 (續)

借貸成本

收購、建造或生產合資格資產(為需耗用長時間以達致擬定用途或可供出售之資產)之直接應佔借貸成本計入該等資產之成本，直至該等資產大致可達致擬定用途或可供出售時為止。

特定借貸在等候作合資格資產開支前，用作短期投資所得之投資收入會從合資格撥充資本之借貸成本中扣除。

所有其他借貸成本於產生之期間在損益確認。

政府補助金

於有合理保證本集團將會符合政府補助金所附條件及收取補助金前，本集團不會確認政府補助金。

補償已產生支出或虧損或為向本集團提供即時財務資助而不涉及日後相關費用之應收政府補助金，於成為應收之期間在損益確認。

稅項

稅項指當期應課稅額與遞延稅項之總和。

當期應課稅額以本年應課稅溢利為基礎。應課稅溢利有別於綜合損益及其他全面收益表內呈報之除稅前溢利，乃由於在其他年度應課稅或可扣減之收入及支出，以及永不課稅及扣減之項目。本集團現行稅項按報告期末時已執行或實質上已執行之稅率計算。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

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

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income and expense that are taxable or deductible in other years and items that are never taxable and deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

綜合財務報告附註 Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

3. 主要會計政策 (續)

稅項 (續)

本集團就綜合財務報告內資產及負債賬面金額與計算應課稅溢利時使用之相應稅基之暫時差異確認遞延稅項。本集團一般就所有應課稅暫時差異確認遞延稅項負債，並一般在日後可能有應課稅溢利可供使用可扣減暫時差異之情況下就所有可扣減暫時差異確認遞延稅項資產。如暫時差異來自既不影響應課稅溢利亦不影響會計溢利之交易中初始確認(業務合併除外)其他資產或負債，則本集團不會確認該等遞延資產及負債。此外，倘暫時差異來自初始確認商譽，則本集團不會確認遞延稅項負債。

本集團按與於附屬公司及聯營公司之投資相關之應課稅暫時差異確認遞延稅項負債，惟倘本集團可控制暫時差異之撥回及暫時差異有可能未必於可見將來撥回則作別論。僅在很可能取得足夠應課稅溢利可供使用暫時差異之利益，且暫時差異預期於可見未來撥回之情況下，本集團方會確認與該等投資相關之可扣稅暫時差異所產生之遞延稅項資產。

遞延稅項資產之賬面金額會於每個報告期末檢討，並在不大可能有足夠應課稅溢利以供收回全部或部分資產時扣減。

計量遞延稅項資產及負債之稅率乃預期於清償負債或變現資產之期間應用之稅率(以報告期末已執行或實質上已執行之稅率(及稅法)為基礎)。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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3. 主要會計政策 (續)

稅項 (續)

遞延稅項負債及資產之計量反映本集團於報告期末預期收回資產或清償負債之賬面金額之方式所導致之稅務後果。

為計量利用公允值模型計量之投資物業之遞延稅項負債或遞延稅項資產，該等物業之賬面金額乃假定透過銷售全數收回，除非該假定被推翻。當投資物業可予折舊及以於旨在隨時間而非透過銷售耗用投資物業所含絕大部分經濟利益之業務模型內持有時，有關假定會被推翻。

當本集團擁有可依法強制執行權利對銷現行稅項資產與現行稅項負債，且當遞延稅項資產及負債與由同一稅務機關徵收之所得稅有關，且本集團有意按淨額基準結算現行稅項資產與負債時，本集團會對銷遞延稅項資產及負債。

當期稅項及遞延稅項會於損益確認，惟當其與其他全面收益或直接於權益確認之項目相關時，當期稅項及遞延稅項亦分別於其他全面收益或直接於權益確認。倘因對業務合併進行初始會計處理而產生當期稅項或遞延稅項，則稅務影響乃計入業務合併之會計處理。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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3. 主要會計政策 (續)

退休福利成本

當僱員已提供服務賦予彼等權利獲得供款時，向約定供款退休福利計劃作出之付款會確認為支出。

短期僱員福利

短期僱員福利按預期於僱員提供服務時支付之福利之未貼現金額確認。所有短期僱員福利會確認為支出，除非另一項香港財務報告準則規定或允許將福利計入資產成本。

於扣除任何已付金額後，本集團就僱員累算福利(如工資及薪金以及年假)確認負債。

以股份為基礎付款交易

以權益結算以股份為基礎付款交易

授予僱員之購股權

向僱員及其他提供類似服務之人士作出之以權益結算以股份為基礎付款按權益工具於授出日期之公允值計量。

所獲服務之公允值參考購股權於授出當日之公允值釐定，並於授出之購股權立即歸屬時在授出日期全數確認為支出，並相應增加權益(購股權儲備)。

當購股權獲行使時，以往於購股權儲備確認之金額將轉撥至股份溢價。當購股權於歸屬日後被沒收或於屆滿日仍未獲行使時，以往於購股權儲備確認之金額將轉撥至保留溢利。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as expenses when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share option reserve).

When the share options are exercised, the amount previously recognised in the share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

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4. 估計不明朗因素之 主要來源

於應用附註3所詳述之本集團會計政策時，管理層已作出以下估計，該等估計對於綜合財務報告確認之金額產生重大影響。

以下乃於報告期末就未來所作出之主要假設及其他估計不明朗因素之主要來源，具有導致對下一個財政年度之資產及負債賬面金額產生重大調整之重大風險。

商譽及具有無限可使用 年期之無形資產之估計 減值

釐定商譽及具有無限可使用年期之無形資產有否減值須估計獲分配商譽及具有無限可使用年期之無形資產之現金產生單位之使用價值。在計算使用價值時，本集團須估計該現金產生單位預期產生之未來現金流，並以適當之貼現率計算現值。於二零一八年十二月三十一日，商譽及具有無限可使用年期之無形資產之賬面金額分別為112,776,000港元及35,377,000港元(二零一七年：69,574,000港元及無)。可收回金額計算方法之詳情於附註20及21披露。

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies detailed in note 3, management has made the following estimation that have significant effect on the amounts recognised in the consolidated financial statements.

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

Estimated impairment of goodwill and intangible assets with indefinite useful lives

Determining whether goodwill and intangible assets with indefinite useful lives are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and intangible assets with indefinite useful lives have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. As at 31 December 2018, the carrying amount of goodwill and intangible assets with indefinite useful lives were HK\$112,776,000 and HK\$35,377,000, respectively, (2017: HK\$69,574,000 and nil). Details of the recoverable amount calculation are disclosed in notes 20 and 21.

綜合財務報告附註 Notes to the Consolidated Financial Statements

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4. 估計不明朗因素之 主要來源 (續)

貿易應收款項之減值評估 (於按照附註2之過渡 安排應用香港財務報告 準則第9號後)

本集團使用撥備矩陣計算貿易應收款項之預期信貸損失。撥備率以具有類似損失模式之不同應收賬款分組下貿易應收款項之還款歷史及逾期狀況為基礎。撥備矩陣建基於本集團之歷史違約率，並會考慮無需付出不必要成本或努力而可取得之合理且可支持前瞻性資料。本集團在各報告日期重估歷史觀察所得違約率，並會考慮前瞻性資料之變動。此外，已出現信貸減值之貿易應收款項進行個別預期信貸損失評估。預期信貸損失撥備對估計變動敏感。有關預期信貸損失及本集團貿易應收款項之資料於附註35及24披露。

貿易應收款項之減值評估 (於二零一八年一月 一日應用香港財務報告 準則第9號前)

本集團根據貿易應收款項可回收性之評估計提呆賬撥備。於釐定是否需要作出信貸損失撥備時，本集團考慮客戶之信貸記錄、結算模式、其後付款及貿易應收款項之賬齡分析。倘貿易應收款項之預期可回收性不同於原來估計，則該差異將對影響估計變動期間之貿易應收款項之賬面值及信貸損失撥備。於二零一七年十二月三十一日，貿易應收款項之賬面金額為1,786,024,000港元(已扣除信貸損失撥備73,564,000港元)。

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment assessment of trade receivables (upon application of HKFRS 9 with transitions in accordance with note 2)

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on repayment history and past due status of respective trade receivables as grouping of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with credit-impaired are assessed for ECL individually. The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 35 and 24 respectively.

Impairment assessment of trade receivables (before application of HKFRS 9 on 1 January 2018)

The Group made allowance for doubtful debts based on assessment on the recoverability of trade receivables. In determining whether an allowance for credit losses is required, the Group took into consideration of the customers' credit history, settlement patterns, subsequent settlements and aged analysis of the trade receivables. Where the expectation of the recoverability of trade receivables was different from the original estimate, such difference would impact the carrying value of trade receivables and allowance for credit losses in the period in which such estimate had changed. As at 31 December 2017, the carrying amount of trade receivables was HK\$1,786,024,000 (net of allowance for credit losses of HK\$73,564,000).

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4. 估計不明朗因素之 主要來源 (續)

估計存貨撥備

本集團管理層於各報告期末審閱賬齡分析，並對已確定為不再適用於運營之已過時及滯銷存貨項目計提撥備。可變現淨值之估計建基於估計完成成本、賬齡分析、最近發票價格及當前市況。倘可變現淨值低於賬面金額，則可能產生減值虧損。於二零一八年十二月三十一日，存貨之賬面金額約為831,485,000港元(已扣除滯銷存貨撥備22,168,000港元)(二零一七年：914,032,000港元(已扣除滯銷存貨撥備21,684,000港元))。

公允值計量及估值過程

就財務報告而言，本集團部分資產及負債按公允值計量。本集團管理層負責釐定公允值計量之適當估值技術及輸入數據。

在估計資產或負債之公允值時，本集團盡可能使用現有可觀察市場數據。本集團亦可能委聘第三方合資格估值師進行估值。本集團管理層與合資格外聘估值師緊密合作設立適用估值技術及對模型之輸入數據，並向本公司董事會彙報估值結果以解釋資產及負債公允值波動之原因。

於估計若干類別資產及金融工具之公允值時，本集團採用包括並非建基於可觀察市場數據之輸入數據之估值技術。有關釐定各種資產及負債公允值所用估值技術、輸入數據及主要假設之詳細資料載於附註15、17、19、28及35。

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Estimated allowance for inventories

The management of the Group reviews an aged analysis at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in operation. Estimation of net realisable value are based on estimated costs of completion, aging analysis, latest invoice prices and current market condition. Where the net realisable value is less than the carrying amount, impairment loss may arise. As at 31 December 2018, the carrying amount of inventories is approximately HK\$831,485,000 (net of allowance for slow-moving inventories of HK\$22,168,000) (2017: HK\$914,032,000 (net of allowance for slow-moving inventories of HK\$21,684,000)).

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The management of the Group is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. The Group may engage third party qualified valuers to perform the valuation. The management of the Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model, and will report the valuation findings to the board of directors of the Company to explain the cause of fluctuations in the fair value of the assets and liabilities.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of assets and financial instruments. Notes 15, 17, 19, 28 and 35 provide detail information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

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截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

5. 營業額及分類資料

營業額

營業額指年內就向客戶銷售貨品已收及應收之款項(扣除折扣及銷售相關稅項)以及已收及應收租戶之租金收入。

分類資料

為進行管理，本集團於香港財務報告準則第8號下之可呈報經營分類包括五個業務分部，即(i)溶劑、(ii)塗料、(iii)油墨、(iv)潤滑油及(v)物業。

於本年度，鑒於物業分類營運之重要性日增，本集團已修訂用於分配資源及評估表現之分類組織，並考慮加入新分類—物業。分類業績之計量基準已因加入該等物業應佔之分類業績而改變。

本集團可呈報分類之主要業務如下：

溶劑	—	製造及買賣單體溶劑及相關產品
塗料	—	製造及買賣塗料及相關產品
油墨	—	製造及買賣油墨及相關產品
潤滑油	—	製造及買賣潤滑油產品
物業	—	物業投資及持有本集團並非用作生產廠房、研發、中央行政辦公室亦不用作其他經營分類之物業，包括但不限於供出租之物業

5. REVENUE AND SEGMENT INFORMATION

Revenue

Revenue represents the amount received and receivable for goods sold to customers during the year, net of discounts and sales related taxes, and rental income received and receivable from tenants during the year.

Segment information

For management purposes, the Group's reportable operating segments under HKFRS 8 included five business divisions, namely (i) solvents, (ii) coatings, (iii) inks, (iv) lubricants and (v) properties.

During the current year, in view of the continuing significance of the operation of the properties segment, the Group revised the organisation of segments that are used to allocate resources and assess performance, and considered to include a new segment, namely properties. The basis of measurement of segment results has been changed by including the segment results attributable to these properties.

Principal activities of the Group's reportable segments are as follows:

Solvents	—	manufacture of and trading in raw solvents and related products
Coatings	—	manufacture of and trading in coatings and related products
Inks	—	manufacture of and trading in inks and related products
Lubricants	—	manufacture of and trading in lubricants products
Properties	—	property investment and holding of the Group's properties not used for production plants, research and development, central administration office, and not used for other operating segments, including but not limited to properties for rental

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截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

5. 營業額及分類資料 (續)

分類資料 (續)

於達致本集團之可呈報分類時並無合併計算經營分類。

經營分類之會計政策與附註3所述之本集團會計政策相同。

分類溢利或虧損指本年各分類在分配利息收入、衍生金融工具之公允值變動、中央行政費用、財務費用及未分配其他收入前賺取之溢利或產生之虧損。此乃向本公司行政總裁(本集團之主要營運決策者)呈報之資料，旨在作出資源分配及表現評估。

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

No operating segments have been aggregated in arriving at the reporting segments of the Group.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3.

Segment profit or loss represents the profit earned or loss incurred for the year by each segment without allocation of interest income, fair value change on derivative financial instruments, central administration costs, finance costs and unallocated other income. This is the information reported to the Chief Executive Officer of the Company, the Group's chief operating decision maker, for the purposes of resource allocation and performance assessment.

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5. 營業額及分類資料 (續)

分類資料 (續)

(a) 分類營業額及業績

本集團於回顧年度按可呈報及經營分類劃分之營業額及業績分析如下：

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

(a) Segment revenue and results

An analysis of the Group's revenue and results by reportable and operating segments for the year under review is as follows:

		溶劑	塗料	油墨	潤滑油	物業	可呈報 分類總計 Reportable segment total	抵銷 Elimination	綜合 Consolidated
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
截至二零一八年 十二月三十一日止年度	Year ended 31 December 2018								
分類營業額	Segment revenue								
客戶合約營業額 — 於某一時間點確認	Revenue from contracts with customers — recognised at a point of time								
對外銷售	External sales	8,806,956	1,826,136	1,474,084	270,499	—	12,377,675	—	12,377,675
分類間銷售	Inter-segment sales	140,668	94	659	70	—	141,491	(141,491)	—
對外租金收入	External rental income	—	—	—	—	10,608	10,608	—	10,608
分類間租金收入	Inter-segment rental income	—	—	—	—	440	440	(440)	—
總額	Total	8,947,624	1,826,230	1,474,743	270,569	11,048	12,530,214	(141,931)	12,388,283
業績	Results								
分類業績	Segment results	344,689	(6,497)	39,569	(38,660)	138,697	477,798	278	478,076
未分配收入	Unallocated income								21,784
未分配費用	Unallocated expenses								(20,034)
財務費用	Finance costs								(67,512)
除稅前溢利	Profit before taxation								412,314

綜合財務報告附註 Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

5. 營業額及分類資料 (續)

分類資料 (續)

(a) 分類營業額及業績 (續)

		溶劑	塗料	油墨	潤滑油	物業	可呈報 分類總計	抵銷	綜合
		Solvents 千港元 HK\$'000	Coatings 千港元 HK\$'000	Inks 千港元 HK\$'000	Lubricants 千港元 HK\$'000	Properties 千港元 HK\$'000	Reportable segment total 千港元 HK\$'000	Elimination 千港元 HK\$'000	Consolidated 千港元 HK\$'000
截至二零一七年	Year ended								
十二月三十一日止年度	31 December 2017								
分類營業額	Segment revenue								
對外銷售	External sales	6,935,222	1,642,351	1,409,261	293,167	—	10,280,001	—	10,280,001
分類間銷售	Inter-segment sales	111,656	7,275	477	60	—	119,468	(119,468)	—
總額	Total	7,046,878	1,649,626	1,409,738	293,227	—	10,399,469	(119,468)	10,280,001
業績	Results								
分類業績	Segment results	393,338	8,291	54,984	(8,405)	39,641	487,849	(197)	487,652
未分配收入	Unallocated income								9,897
未分配費用	Unallocated expenses								(50,325)
財務費用	Finance costs								(56,269)
除稅前溢利	Profit before taxation								390,955

附註：截至二零一八年十二月三十一日止年度，本集團已修訂分類組織，並顯示物業分類。租金收入11,048,000港元現呈列為截至二零一八年十二月三十一日止年度之分類營業額。截至二零一七年十二月三十一日止年度之租金收入13,838,000港元並無重列為該年之分類營業額，原因是其金額並不重大。

收取分類間銷售／租金收入與收取對外銷售／租金收入之條款相近。

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

(a) Segment revenue and results (Continued)

Note: During the year ended 31 December 2018, the Group revised the organisation of segments and properties segment was shown. Rental income of HK\$11,048,000 was now presented as segment revenue for the year ended 31 December 2018. Rental income of HK\$13,838,000 for the year ended 31 December 2017 was not restated as segment revenue for that year as the amount was not significant.

Inter-segment sales/rental income are charged at the similar terms as external sales/rental income.

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截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

5. 營業額及分類資料 (續)

分類資料 (續)

(b) 其他資料

於計量分類損益或分類資產時包括下列金額：

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

(b) Other information

Amounts included in the measurement of segment profit or loss or segment assets:

		溶劑	塗料	油墨	潤滑油	物業	可呈報 分類總計 Reportable segment total	企業	綜合
		Solvents	Coatings	Inks	Lubricants	Properties	total	Corporate	Consolidated
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
截至二零一八年 十二月三十一日止年度	Year ended 31 December 2018								
非流動資產添置(附註)	Additions to non-current assets (note)	164,527	146,670	39,784	29,129	—	380,110	1,433	381,543
物業、廠房及設備之折舊	Depreciation of property, plant and equipment	87,606	39,491	39,952	5,090	594	172,733	8,425	181,158
釋出預付土地租金	Release of prepaid lease payments	1,491	2,750	945	—	174	5,360	1,384	6,744
無形資產攤銷	Amortisation of intangible assets	—	1,742	319	—	—	2,061	—	2,061
貿易應收款項之已確認 減值虧損淨額	Net impairment loss recognised on trade receivables	13,941	(4,157)	(1,289)	522	—	9,017	—	9,017
滯銷存貨撥備(撥回)	Allowance for (reversal of) slow-moving inventories	4,069	(1,775)	(103)	3,610	—	5,801	—	5,801
註銷存貨	Written off of inventories	5,420	4,065	4,081	3,241	—	16,807	—	16,807
商譽之減值虧損	Impairment loss of goodwill	642	—	—	—	—	642	—	642
出售/註銷物業、廠房及 設備之虧損淨額	Net loss on disposal/ written off of property, plant and equipment	22,431	2,569	4,138	144	1,611	30,893	—	30,893
應佔一間聯營公司業績	Share of result of an associate	—	—	—	1,199	—	1,199	—	1,199
出售其他非流動資產之收益	Gain on disposal of other non-current asset	—	—	—	—	—	—	(6,460)	(6,460)
投資物業公允值變動之收益	Gain on fair value change of investment properties	—	—	—	—	(115,771)	(115,771)	—	(115,771)

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截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

5. 營業額及分類資料 (續)

分類資料 (續)

(b) 其他資料 (續)

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

(b) Other information (Continued)

	溶劑	塗料	油墨	潤滑油	物業	可呈報 分類總計 Reportable segment total	企業	綜合
	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
截至二零一七年 十二月三十一日止年度	Year ended 31 December 2017							
非流動資產添置(附註)	30,835	16,439	22,140	1,741	—	71,155	133,464	204,619
物業、廠房及設備之折舊	112,837	36,700	34,531	4,841	1,605	190,514	8,101	198,615
釋出預付土地租金	1,428	2,666	915	—	554	5,563	1,340	6,903
無形資產攤銷	501	—	227	—	—	728	12	740
貿易應收款項之已確認減值 虧損淨額	3,611	10,662	3,883	(560)	—	17,596	—	17,596
滯銷存貨撥備(撥回)	—	(2,475)	200	1,026	—	(1,249)	—	(1,249)
註銷存貨	5,421	2,826	2,582	1,481	—	12,310	—	12,310
出售/註銷物業、廠房及 設備之虧損淨額	2,602	2,990	2,386	428	69	8,475	12	8,487
可供出售投資之減值虧損	—	—	—	—	—	—	1,971	1,971
投資物業公允值變動之收益	—	—	—	—	(44,079)	(44,079)	—	(44,079)

附註：非流動資產不包括金融工具。

Note: Non-current assets excluded financial instruments.

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截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

5. 營業額及分類資料 (續)

分類資料 (續)

- (c) 本集團按可呈報及經營分類劃分的分類資產及分類負債分析如下：

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

- (c) An analysis of the Group's segment assets and segment liabilities by reportable and operating segments is as follows:

		溶劑 Solvents 千港元 HK\$'000	塗料 Coatings 千港元 HK\$'000	油墨 Inks 千港元 HK\$'000	潤滑油 Lubricants 千港元 HK\$'000	物業 Properties 千港元 HK\$'000	綜合 Consolidated 千港元 HK\$'000
於二零一八年	At 31 December 2018						
十二月三十一日							
資產	Assets						
可呈報分類資產	Reportable segment assets	3,095,182	1,375,517	1,567,502	220,318	456,992	6,715,511
其他未分配資產	Other unallocated assets						1,605,199
綜合總資產	Consolidated total assets						<u>8,320,710</u>
負債	Liabilities						
可呈報分類負債	Reportable segment liabilities	1,262,621	421,224	351,307	44,824	73,438	2,153,414
應付稅款	Taxation payables						61,446
遞延稅項負債	Deferred tax liabilities						11,168
其他未分配負債	Other unallocated liabilities						2,660,256
綜合總負債	Consolidated total liabilities						<u>4,886,284</u>
於二零一七年	At 31 December 2017						
十二月三十一日							
資產	Assets						
可呈報分類資產	Reportable segment assets	3,221,620	1,357,893	1,670,853	146,872	351,085	6,748,323
其他未分配資產	Other unallocated assets						1,319,823
綜合總資產	Consolidated total assets						<u>8,068,146</u>
負債	Liabilities						
可呈報分類負債	Reportable segment liabilities	1,003,468	432,762	403,786	48,051	6,623	1,894,690
應付稅款	Taxation payables						88,720
遞延稅項負債	Deferred tax liabilities						42,309
其他未分配負債	Other unallocated liabilities						2,491,249
綜合總負債	Consolidated total liabilities						<u>4,516,968</u>

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5. 營業額及分類資料 (續)

分類資料 (續)

(d) 為監控分類表現及分配資源至各分類：

- 除短期銀行存款、銀行結餘及現金、其他非流動資產、衍生金融工具、可供出售投資、按公允值計入其他全面收益之權益工具及其他未分配資產外，所有資產分配至經營分類；及
- 除應付稅款、遞延稅項負債、衍生金融工具、借貸及其他未分配負債外，所有負債分配至經營分類。

地區資料

截至二零一八年十二月三十一日止年度，本集團對外客戶之營業額，絕大部分來自中華人民共和國（「中國」）的客戶（取得營業額之集團公司所在地方），其金額為10,200,624,000港元（二零一七年：9,201,039,000港元）。本集團絕大部分非流動資產（不包括衍生金融工具）亦位於中國（持有該等資產之集團公司所在地方），其金額為1,861,924,000港元（二零一七年：2,009,148,000港元）。

主要客戶

於兩個報告期間，本集團沒有個別客戶貢獻本集團營業額超過百分之十。

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

(d) For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than short-term bank deposits, bank balances and cash, other non-current asset, derivative financial instruments, AFS investment, equity instruments at FVTOCI and other unallocated assets; and
- all liabilities are allocated to operating segments other than taxation payables, deferred tax liabilities, derivative financial instruments, borrowings and other unallocated liabilities.

Geographical information

The Group's revenue from external customers for the year ended 31 December 2018 was substantially generated from customers located in the People's Republic of China (the "PRC") (place of domicile of the group entities that derive revenue) amounting to HK\$10,200,624,000 (2017: HK\$9,201,039,000). Substantially all of the Group's non-current assets excluding derivative financial instruments were also located in the PRC (place of domicile of the group entities that hold such assets) amounting to HK\$1,861,924,000 (2017: HK\$2,009,148,000).

Major customers

No individual customer of the Group has contributed over 10% of the revenue of the Group for both reporting periods.

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6. 董事薪酬及僱員酬金

已付或應付予9名(二零一七年: 9名)董事各自之酬金如下:

6. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the 9 (2017: 9) directors were as follows:

	執行董事			非執行董事			獨立非執行董事			合計	行政管理人員
	Executive directors			Non-executive directors			Independent non-executive directors				
	葉子軒	王旭 [†]	何世豪	葉志成	唐滙棟 [®]	吳紹平 [®]	黃廣志	古遠芬	何百川 [^]		
	Yip Tsz Hin	Wong Yuk [†]	Ho Sai Hou	Ip Chi Shing	Tong Wui Tung [®]	Ng Siu Ping [®]	Wong Kong Chi	Ku Yuen Fun	Chuen, Patrick [^]		Management
	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	千港元
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(附註c)	(附註c)									
	(note c)	(note c)									
截至二零一八年十二月三十一日止年度	Year ended 31 December 2018										
袍金	400	400	400	—	137	200	500	300	115	2,452	—
其他酬金	Other emoluments										
薪金及其他福利(附註a)	3,344	2,656	1,908	1,436	—	—	—	—	—	9,344	10,878
酌情花紅(附註b)	47	47	47	—	—	—	—	—	—	141	1,831
退休福利計劃供款	235	100	176	—	—	—	—	—	—	511	678
酬金總額	4,026	3,203	2,531	1,436	137	200	500	300	115	12,448	13,387

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6. 董事薪酬及僱員酬金
(續)

6. DIRECTORS' REMUNERATION AND
EMPLOYEES' EMOLUMENTS (Continued)

		執行董事				非執行董事		獨立非執行董事			合計	行政管理人員
		Executive directors				Non-executive directors		Independent non-executive directors				
		葉子軒	王旭*	何世豪	鄭國照*	葉志成	唐滙棟*	吳紹平*	黃廣志	古遠芬		
		Yip	Wong	Ho	Kwong	Ip	Tong	Ng	Wong	Ku		Management
		Tsz Hin	Yuk*	Sai Hou	Kwok Chiu*	Chi Shing	Wui Tung*	Siu Ping*	Kong Chi	Yuen Fun	Total	executives
		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	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(附註c)	(附註c)									
		(note c)	(note c)									
截至二零一七年	Year ended											
十二月三十一日	31 December 2017											
止年度												
袍金	Fees	400	400	400	400	—	320	200	500	300	2,920	—
其他酬金	Other emoluments											
薪金及其他福利	Salaries and other											
(附註a)	benefits (note a)	3,228	2,546	1,843	1,537	1,432	—	—	—	—	10,586	10,714
酌情花紅	Discretionary bonus											
(附註b)	(note b)	—	—	71	—	—	—	—	—	—	71	1,819
退休福利計劃供款	Retirement											
	benefit scheme											
	contributions	224	97	170	142	—	—	—	—	—	633	634
酬金總額	Total emoluments	3,852	3,043	2,484	2,079	1,432	320	200	500	300	14,210	13,167

以上所示執行董事之酬金主要涉及彼等就管理本公司及本集團事務提供之服務。以上所示非執行董事及獨立非執行董事之酬金主要涉及彼等作為本公司董事提供之服務。

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The emoluments of the non-executive directors and independent non-executive directors shown above were mainly for their services as directors of the Company.

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6. 董事薪酬及僱員酬金

(續)

附註：

- (a) 截至二零一八年十二月三十一日止年度，以上所載董事之薪金及其他福利包括經營租賃租金1,310,000港元(二零一七年：1,560,000港元)。
- (b) 酌情花紅乃參考年度經營業績、個人表現及可比市場統計數據決定。
- (c) 葉子軒先生及王旭先生為本公司之聯席行政總裁，上文所披露彼等之酬金包括彼等作為行政總裁所提供服務之酬金。
- # 於二零一九年一月一日調任本公司非執行董事。
- ⊙ 董事任期至二零一八年六月五日舉行之二零一八年度股東週年大會結束止。
- * 已辭任本公司執行董事，於二零一八年一月一日生效。
- % 已退任及辭任本公司獨立非執行董事，於二零一九年一月一日生效。
- ^ 已獲委任為本公司獨立非執行董事，於二零一八年六月五日生效。

6. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS (Continued)

Notes:

- (a) The directors' salaries and other benefits above included operating leases rentals of HK\$1,310,000 (2017: HK\$1,560,000) for the year ended 31 December 2018.
- (b) The discretionary bonus is determined with reference to the operating results, individual performance and comparable market statistics during the year.
- (c) Mr. Yip Tsz Hin and Mr. Wong Yuk were the Co-Chief Executive Officers of the Company, and their emoluments disclosed above included those for services rendered by them as the Chief Executive.
- # Re-designated as a non-executive director of the Company on 1 January 2019.
- ⊙ Terms of directorship lasted until the conclusion of 2018 annual general meeting held on 5 June 2018.
- * Resigned as an executive director of the Company with effect from 1 January 2018.
- % Retired and resigned as an independent non-executive director of the Company with effect from 1 January 2019.
- ^ Appointed as an independent non-executive director of the Company with effect from 5 June 2018.

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6. 董事薪酬及僱員酬金

(續)

本集團5位酬金最高人士中3位(二零一七年:4位)為本公司董事,彼等之酬金詳情已於上文披露。其餘2位(二零一七年:1位)人士之酬金如下:

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
薪金及其他福利	Salaries and other benefits	3,566	2,298
酌情花紅	Discretionary bonus	2,904	1,819
退休福利	Retirement benefits	83	—
		6,553	4,117

在兩個報告期間,本集團並無向5位最高薪人士(包括董事)支付吸引其加入或當其加入時之酬金或離職賠償。此外,沒有董事在兩個報告期間內放棄任何酬金。

其餘2位(二零一七年:1位)人士之酬金範圍如下:

		二零一八年 2018 僱員人數 No. of employees	二零一七年 2017 僱員人數 No. of employees
2,000,001港元至2,500,000港元	HK\$2,000,001 to HK\$2,500,000	1	—
4,000,001港元至4,500,000港元	HK\$4,000,001 to HK\$4,500,000	1	1
		2	1

6. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS (Continued)

Of the five individuals with the highest emoluments in the Group, three (2017: four) were directors of the Company whose emoluments are disclosed above. The emoluments of the remaining two (2017: one) individuals were as follows:

During both reporting periods, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, no director waived any emoluments during both reporting periods.

The emoluments of the remaining two (2017: one) individuals were within the following bands:

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6. 董事薪酬及僱員酬金

(續)

行政管理人員(不包括本公司董事)之酬金範圍如下:

6. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS (Continued)

The emoluments of the management executives (excluding the directors of the Company) were within the following bands:

		二零一八年 2018 僱員人數 No. of employees	二零一七年 2017 僱員人數 No. of employees
零港元至1,000,000港元	HK\$0 to HK\$1,000,000	1	—
1,000,001港元至1,500,000港元	HK\$1,000,001 to HK\$1,500,000	2	4
1,500,001港元至2,000,000港元	HK\$1,500,001 to HK\$2,000,000	1	1
2,000,001港元至2,500,000港元	HK\$2,000,001 to HK\$2,500,000	2	1
4,000,001港元至4,500,000港元	HK\$4,000,001 to HK\$4,500,000	1	1
		7	7

7. 其他收益及虧損

本集團之其他收益(虧損)包括:

7. OTHER GAINS AND LOSSES

The Group's other gains (losses) comprise:

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
因其他外幣結餘及交易而產生之淨匯兌(虧損)收益	Net exchange (loss) gain arising from other foreign currency balances and transactions	(8,219)	2,193
貿易應收款項之已確認減值虧損淨額	Net impairment losses recognised on trade receivables	(9,017)	(17,596)
商譽之減值虧損	Impairment loss on goodwill	(642)	—
可供出售投資之減值虧損	Impairment loss on AFS investment	—	(1,971)
出售/註銷物業、廠房及設備之虧損淨額	Net loss on disposal/written off of property, plant and equipment	(30,893)	(8,487)
出售持作出售之資產之收益	Gain on disposal of assets held for sale	2,727	—
出售一間附屬公司之收益(附註33)	Gain on disposal of a subsidiary (note 33)	28,406	—
投資物業公允值變動之收益(附註5)	Gain on fair value change of investment properties (note 5)	115,771	44,079
出售其他非流動資產之收益	Gain on disposal of other non-current asset	6,460	—
		104,593	18,218

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8. 財務費用

8. FINANCE COSTS

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
銀行借貸之利息	Interest on bank borrowings	68,391	49,843
指定為浮息債務現金流對 沖之利率掉期產生之 (收益)虧損淨額	Net (gain) loss arising on interest rate swaps designated as cash flow hedges of floating rate debts	(879)	6,426
		67,512	56,269

9. 除稅前溢利

9. PROFIT BEFORE TAXATION

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
除稅前溢利乃於扣除下列 各項後達致：	Profit before taxation has been arrived at after charging:		
物業、廠房及設備之折舊	Depreciation of property, plant and equipment	181,158	198,615
減：於存貨中撥充資本	Less: capitalised in inventories	(105,844)	(100,215)
		75,314	98,400
員工成本，包括董事薪酬 (附註6)	Staff costs, including directors' remuneration (note 6)	659,473	629,518
減：於存貨中撥充資本	Less: capitalised in inventories	(209,324)	(214,530)
		450,149	414,988
租賃物業之經營租賃付款	Operating lease payments in respect of rented premises	19,518	19,881
預付土地租金攤銷	Release of prepaid lease payments	6,744	6,903
無形資產攤銷	Amortisation of intangible assets	2,061	740
核數師酬金	Auditor's remuneration	3,100	3,830
滯銷存貨撥備	Allowance for slow-moving inventories	5,801	—
確認為開支之存貨成本	Cost of inventories recognised as an expense	10,855,134	8,739,490
註銷存貨	Written off of inventories	16,807	12,310
並計入下列各項：	and after crediting:		
滯銷存貨撥備撥回	Reversal of allowance for slow-moving inventories	—	1,249
利息收入	Interest income	11,408	9,478
已確認之政府補助金	Government grants recognised	13,600	15,794

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10. 稅項

10. TAXATION

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
即期稅項 — 中國	Current tax — PRC		
本年度	Current year	96,987	108,724
預扣稅	Withholding tax	25,229	29,273
		122,216	137,997
遞延稅項(附註30)	Deferred taxation (note 30)		
香港	Hong Kong	1,573	(1,060)
中國	PRC	34,060	(668)
		35,633	(1,728)
		157,849	136,269

根據中國企業所得稅法及企業所得稅法實施條例，中國附屬公司之稅率自二零零八年一月一日起為25%。

本公司若干於中國經營之附屬公司符合資格作為高新技術企業或設於中國西部地區之鼓勵類產業企業，有權享有15%之所得稅率。中國企業所得稅已於計入該等稅務優惠後計提撥備。

預扣稅指就根據中國企業所得稅法實施條例從若干中國附屬公司自二零零八年一月一日起賺取之溢利中分派之股息確認之稅項。中國企業所得稅法實施條例規定向股東分派有關溢利時須按5%至10%之稅率繳納預扣稅。截至二零一八年十二月三十一日止年度，本集團根據企業所得稅法按10%之稅率就轉讓一間中國附屬公司之收益確認預扣稅約1,498,000港元(二零一七年：18,625,000港元)。

於其他司法權區產生之稅項乃按有關司法權區之通行稅率計算。

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in the PRC is 25% from 1 January 2008 onwards.

Certain of the Group's subsidiaries operating in the PRC are either eligible as High and New Technology Enterprise or operating in encouraged industries in Western Region of China, and are entitled to an income tax rate of 15%. EIT of the PRC has been provided for after taking these tax incentives into account.

The withholding tax represented taxation recognised in respect of the dividends to be distributed from profits earned by certain subsidiaries in the PRC starting from 1 January 2008 under the Implementation Regulation of the EIT Law of the PRC that requires withholding tax with tax rate ranging from 5% to 10% upon the distribution of such profits to the shareholders. During the year ended 31 December 2018, the Group recognised the withholding tax of approximately HK\$1,498,000 (2017: HK\$18,625,000) in respect of the gain on transfer of a subsidiary in the PRC with tax rate of 10% under the EIT Law.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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10. 稅項 (續)

本年支出與除稅前溢利之對賬如下：

10. TAXATION (Continued)

The charge for the year can be reconciled to the profit before taxation as follows:

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
除稅前溢利	Profit before taxation	412,314	390,955
按本地所得稅稅率25% (二零一七年：25%) 計算之稅項支出	Tax charge at the domestic income tax rate of 25% (2017: 25%)	103,079	97,739
不可扣稅開支之稅務 影響	Tax effect of expenses not deductible for tax purposes	29,279	29,263
無須課稅收入之稅務 影響	Tax effect of income not taxable for tax purposes	(19,516)	(12,213)
未確認稅項虧損之稅務 影響	Tax effect of tax losses not recognised	74,883	61,599
使用之前未確認稅項 虧損之稅務影響	Tax effect of utilisation of tax losses previously not recognised	(11,877)	(11,934)
若干附屬公司之優惠稅率 對所得稅之影響	Effect of income tax on concessionary rates for certain subsidiaries	(42,102)	(57,751)
對未分派溢利之預扣稅 之影響	Effect of withholding tax on undistributed profits	21,655	10,345
轉讓一間附屬公司之 收益之預扣稅影響	Effect of withholding tax on gain on transfer of a subsidiary	1,498	18,625
其他	Others	950	596
本年稅項	Taxation for the year	157,849	136,269

本地所得稅稅率乃使用本集團絕大部分業務所在司法權區之稅率。

The domestic income tax rate is a tax rate in the jurisdiction where the operation of the Group is substantially based.

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11. 股息

11. DIVIDENDS

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
年內確認為派發之股息：	Dividends recognised as distribution during the year:		
二零一八年中中期股息： 每股6.0港仙（二零一 七年：5.0港仙）	Interim dividend for 2018 of HK6.0 cents (2017: HK5.0 cents) per share	33,838	28,194
二零一七年期末股息： 每股10.0港仙（二零一 六年：10.0港仙）	Final dividend for 2017 of HK10.0 cents (2016: HK10.0 cents) per share	56,389	56,389
		90,227	84,583

董事建議就截至二零一八年十二月三十一日止年度派發相等於每股10港仙之期末股息，總金額不少於56,402,000港元。股息待股東在應屆股東週年大會上批准。

Final dividend equivalent to HK10 cents per share totalling not less than HK\$56,402,000, in respect of the year ended 31 December 2018 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

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12. 每股盈利

本公司股東應佔每股基本及攤薄盈利乃基於下列數據計算：

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
本公司股東應佔本年純利以及用於計算每股基本及攤薄盈利之盈利	Profit for the year attributable to owners of the Company and earnings for the purposes of calculating basic and diluted earnings per share	184,805	170,560
		股份數目 Number of shares	
		千股 '000	千股 '000
用於計算每股基本盈利之加權平均股數	Weighted average number of shares for the purpose of calculating basic earnings per share	563,933	563,874
可能對普通股產生之攤薄影響：	Effect of dilutive potential ordinary shares:		
購股權	Share options	30	59
用於計算每股攤薄盈利之加權平均股數	Weighted average number of shares for the purpose of calculating diluted earnings per share	563,963	563,933

計算每股攤薄盈利時並無假設本公司之購股權按4.050港元、4.536港元及5.942港元之行使價獲行使，原因是二零一八年及二零一七年該等購股權之行使價高於股份之平均市價。

The computation of diluted earnings per share does not assume the exercise of the Company's options at exercise prices of HK\$4.050, HK\$4.536 and HK\$5.942 because the exercise prices of those options were higher than the average market price for shares for both 2018 and 2017.

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13. 物業、廠房及設備

13. PROPERTY, PLANT AND EQUIPMENT

		在建工程	租賃土地 及樓宇	傢俬、裝置 及辦公室設備	汽車	廠房及機器	合計
		Construction in progress	Leasehold land and buildings	Furniture, fixtures and office equipment	Motor vehicles	Plant and machinery	Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000 (附註) (Note)	千港元 HK\$'000
成本值	COST						
於二零一七年一月一日	At 1 January 2017	46,656	872,967	159,308	36,792	1,234,699	2,350,422
貨幣調整	Currency realignment	3,622	68,990	10,107	2,776	104,094	189,589
添置	Additions	264	115,826	25,817	1,752	39,041	182,700
出售/註銷	Disposals/written off	(2,098)	(1,363)	(2,023)	(2,704)	(20,780)	(28,968)
轉入投資物業產生之重估 盈餘	Surplus on revaluation arising from transfer to investment properties	—	31,702	—	—	—	31,702
轉入投資物業	Transfer to investment properties	—	(38,333)	—	—	—	(38,333)
重新分類為持作出售	Reclassified as held for sale	—	(4,263)	—	—	—	(4,263)
於二零一七年十二月 三十一日	At 31 December 2017	48,444	1,045,526	193,209	38,616	1,357,054	2,682,849
貨幣調整	Currency realignment	(3,151)	(46,925)	(7,503)	(1,754)	(71,595)	(130,928)
重新分類	Reclassifications	(9,409)	98	9,311	—	—	—
添置	Additions	7,323	509	10,280	3,876	132,802	154,790
出售/註銷	Disposals/written off	—	(2,298)	(2,944)	(6,303)	(68,040)	(79,585)
收購業務時購入(附註32)	Acquired on acquisition of business (note 32)	—	—	—	—	993	993
出售一間附屬公司(附註33)	Disposal of a subsidiary (note 33)	—	(7,739)	—	—	—	(7,739)
重新分類為持作出售 (附註17)	Reclassified as held for sale (note 17)	—	(4,340)	(2,492)	—	(11,525)	(18,357)
於二零一八年十二月 三十一日	At 31 December 2018	43,207	984,831	199,861	34,435	1,339,689	2,602,023
折舊及減值	DEPRECIATION AND IMPAIRMENT						
於二零一七年一月一日	At 1 January 2017	—	183,629	107,423	27,991	433,449	752,492
貨幣調整	Currency realignment	—	13,366	6,150	2,360	45,754	67,630
本年折舊	Depreciation for the year	—	32,906	18,160	2,848	144,701	198,615
出售/註銷時抵銷	Eliminated on disposals/written off	—	(1,014)	(1,737)	(2,112)	(14,615)	(19,478)
轉入投資物業時抵銷	Elimination on transfer to investment properties	—	(3,733)	—	—	—	(3,733)
重新分類為持作出售	Reclassified as held for sale	—	(1,597)	—	—	—	(1,597)
於二零一七年 十二月三十一日	At 31 December 2017	—	223,557	129,996	31,087	609,289	993,929

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13. 物業、廠房及設備 (續)

13. PROPERTY, PLANT AND EQUIPMENT

(Continued)

	在建工程	租賃土地 及樓宇	傢俬、裝置 及辦公室設備	汽車	廠房及機器	合計
	Construction in progress	Leasehold land and buildings	Furniture, fixtures and office equipment	Motor vehicles	Plant and machinery	Total
	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000 (附註) (Note)	千港元 HK\$'000
折舊及減值	DEPRECIATION AND IMPAIRMENT					
貨幣調整	—	(13,054)	(5,564)	(1,459)	(41,051)	(61,128)
本年折舊	—	32,845	17,126	2,095	129,092	181,158
出售/註銷時抵銷	—	(277)	(2,402)	(5,109)	(38,888)	(46,676)
出售一間附屬公司時抵銷 (附註33)	—	(7,325)	—	—	—	(7,325)
重新分類為持作出售 (附註17)	—	(2,883)	(2,059)	—	(11,081)	(16,023)
於二零一八年十二月 三十一日	—	232,863	137,097	26,614	647,361	1,043,935
賬面值	CARRYING VALUES					
於二零一八年十二月 三十一日	43,207	751,968	62,764	7,821	692,328	1,558,088
於二零一七年十二月 三十一日	48,444	821,969	63,213	7,529	747,765	1,688,920

以上所述之物業、廠房及設備項目(不包括在建工程)乃以直線法按以下年率折舊:

租賃土地	以租賃之尚餘年期計算
樓宇	以租賃之尚餘年期或 2.5%，以較短者計算
傢俬、裝置及 辦公室設備	4.5%至25%
汽車	9%至25%
廠房及機器	5%至20%

附註: 截至二零一七年十二月三十一日止年度, 本公司董事審閱若干廠房及機器之估計可使用年期, 並認為該等廠房及機器原本之平均估計可使用年期已由11年變為6年。於過往年度, 該等廠房及機器之估計可使用年期變化之影響按前瞻性基準入賬並確認為額外折舊開支約59,030,000港元。

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Leasehold land	Over the remaining term of the lease
Buildings	Over the shorter of the remaining term of the lease or 2.5%
Furniture, fixtures and office equipment	4.5% to 25%
Motor vehicles	9% to 25%
Plant and machinery	5% to 20%

Note: During the year ended 31 December 2017, the directors of the Company reviewed the estimated useful life of certain plant and machinery and considered the average original estimated useful life of these plant and machinery had been changed from 11 years to 6 years. The effect of change in estimated useful life of these plant and machinery were accounted for on a prospective basis and was recognised as additional depreciation expense of approximately HK\$59,030,000 in the prior year.

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14. 預付土地租金

14. PREPAID LEASE PAYMENTS

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
本集團之預付土地租金 包括： 於中國持有之租賃土地	The Group's prepaid lease payments comprise: Leasehold land located in the PRC	238,769	268,196
作報告用途分析：	Analysed for reporting purposes as:		
非流動資產	Non-current assets	232,436	261,017
流動資產	Current assets	6,333	7,179
		238,769	268,196

攤銷預付土地租金之租賃年期介乎20年至50年。

The lease term over which the prepaid lease payments are amortised ranged from 20 years to 50 years.

15. 投資物業

15. INVESTMENT PROPERTIES

		千港元 HK\$'000
公允值	FAIR VALUE	
於二零一七年一月一日	At 1 January 2017	226,330
貨幣調整	Currency realignment	6,142
添置	Additions	21,620
自物業、廠房及設備轉入 (附註)	Transfer from property, plant and equipment (note)	34,600
公允值增加	Increase in fair value	44,079
於二零一七年十二月三十一日	At 31 December 2017	332,771
貨幣調整	Currency realignment	(3,574)
公允值增加	Increase in fair value	115,771
重新分類為持作出售 (附註17)	Reclassified as held for sale (note 17)	(192,407)
於二零一八年十二月三十一日	At 31 December 2018	252,561

本集團投資物業於二零一八年十二月三十一日之公允值乃按與本集團並無關連之獨立合資格專業估值師於報告期末進行之估值釐定。

The fair values of the Group's investment properties as at 31 December 2018 have been arrived at on the basis of valuations carried out at the end of the reporting period by an independent qualified professional valuer, which is not connected with the Group.

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截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

15. 投資物業 (續)

估值乃使用直接比較法釐定，並假設這些物業均經參照有關市場上可資比較銷售交易在現況下交吉出售，或使用收入法釐定，並計及當前轉移物業權益之市場租金，及就任何潛在復歸收入計提適當撥備。直接比較法建基於類似地點之類似物業近期市場可觀察交易。收入法建基於類似地點之類似物業近期市場可觀察租金收入。於估計物業之公允值時，物業之最高及最佳用途為目前用途。

本集團位於香港及中國之投資物業之公允值分類為公允值級別第三級。年內概無轉入或轉出第三級。

附註：截至二零一七年十二月三十一日止年度，本集團變更其部分物業、廠房及設備之用途，並將其租賃予獨立第三方以獲取租金收入。轉入投資物業後，該等物業已重估，並錄得重估收益約31,702,000港元。

15. INVESTMENT PROPERTIES (Continued)

The valuation was arrived at by using direct comparison approach assuming sale of the properties in their existing states with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market, or by using income approach taking into account the current market rent passing of the property interest with due provision for any reversionary income potential. The direct comparison approach is based on market observable recent transactions of similar properties in similar location. The income approach is based on market observable recent rental income of similar properties in similar properties in similar locations. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The fair value of the Group's investment properties situated in Hong Kong and in the PRC is classified as Level 3 of the fair value hierarchy. There were no transfers into or out of Level 3 during the year.

Note: During the year ended 31 December 2017, the Group changed the use of certain of its property, plant and equipment and had leased them out to independent third parties for rental income. Upon the transfer to investment properties, these properties were revalued with a gain on revaluation of approximately HK\$31,702,000.

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截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

15. 投資物業 (續)

下表載列於二零一八年及二零一七年十二月三十一日有關如何釐定該等投資物業之公允值(尤其是所使用之估值技術及輸入數據), 以及公允值計量按照其輸入數據之可觀察程度進行分類之公允值級別之資料。

於綜合財務狀況表內
本集團所持投資物業之

賬面值
Carrying value of investment
properties held by the Group
in the consolidated statement of
financial position

公允值級別
Fair value
hierarchy

估值技術及主要輸入數據
Valuation technique(s)
and key input(s)

重大無法觀察輸入數據
Significant unobservable
input(s)

無法觀察輸入數據與
公允值之關係
Relationship of unobservable
inputs to fair value

於二零一八年十二月三十一日
At 31 December 2018

香港葉氏化工大廈整棟樓連同4個貨車停車位及4個私家車停車位 230,000,000港元	第三級	收入法, 經計及物業現有租賃所得及/或當前市場可達致之租金收入淨額, 及就租賃之潛在復歸收入計提適當撥備。	每平方米市場租金(採用市場直接可資比較數據, 並計及地點及其他個別因素(例如大小、樓宇設施、樓層、樓齡等))介乎15.00港元至17.00港元及資本化比率4.0%。	每平方米市場租金微升或資本化比率微跌將大幅提高公允值。
The whole of Yip's Chemical Building together with 4 lorry parking spaces and 4 private car parking spaces in Hong Kong HK\$230,000,000	Level 3	Income approach taking into account the net rental income of the property derived from the existing lease and/or achievable in the existing market with due allowance for the reversionary income potential of the lease.	Market rent per square feet, using market direct comparables and taking into account of location and other individual factors such as size, building facilities, levels, age of building, etc., which is ranging from HK\$15.00/sq.ft to HK\$17.00/sq.ft and capitalisation rate is 4.0%.	A slight increase in the market rent per square feet or a slight decrease in the capitalisation rate used will increase significantly the fair value.

綜合財務報告附註
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15. 投資物業 (續)

15. INVESTMENT PROPERTIES (Continued)

於綜合財務狀況表內

本集團所持投資物業之

賬面值

 Carrying value of investment
 properties held by the Group
 in the consolidated statement of
 financial position

公允值級別

估值技術及主要輸入數據

重大無法觀察輸入數據

 無法觀察輸入數據與
 公允值之關係

Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
香港富通大廈27樓若干部分 22,561,000港元	第三級 直接比較法，假設在現況下銷售及經參照有關市場上可供查閱之可資比較銷售交易。	每平方米價格(採用市場直接可資比較數據，並計及地點及其他個別因素(例如大小、樓宇設施、樓層、樓齡等))介乎24,500港元至26,500港元。	每平方米價格微升將大幅提高公允值。
A certain portion of the 27th Floor of Fortis Tower in Hong Kong HK\$22,561,000	Level 3 Direct comparison method assuming sale in their existing states and by reference to comparable sales transactions as available in the relevant market.	Price per square feet, using market direct comparables and taking into account of location and other individual factors such as size, building facilities, levels, age of building, etc., which is ranging from HK\$24,500/sq.ft to HK\$26,500/sq.ft.	A slight increase in the price per square feet will increase significantly the fair value.
於二零一七年十二月三十一日 At 31 December 2017			
香港葉氏化工大廈整棟樓連同4個貨車停車位及4個私家車停車位 218,000,000港元	第三級 投資法，經計及當前轉移物業權益之市場租金，及就任何潛在復歸收入計提適當撥備。	每平方米市場租金(採用市場直接可資比較數據，並計及地點及其他個別因素(例如大小、樓宇設施、樓層、樓齡等))介乎13.20港元至15.10港元及資本化比率3.6%。	每平方米市場租金微升或資本化比率微跌將大幅提高公允值。
The whole of Yip's Chemical Building together with 4 lorry parking spaces and 4 private car parking spaces in Hong Kong HK\$218,000,000	Level 3 Investment approach taking into account the current market rent passing of the property interest with due provision for any reversionary income potential.	Market rent per square feet, using market direct comparables and taking into account of location and other individual factors such as size, building facilities, levels, age of building, etc., which is ranging from HK\$13.20/sq.ft to HK\$15.10/sq.ft and capitalisation rate is 3.6%.	A slight increase in the market rent per square feet or a slight decrease in the capitalisation rate used will increase significantly the fair value.

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15. 投資物業 (續)

於綜合財務狀況表內
本集團所持投資物業之
賬面值

Carrying value of investment
properties held by the Group
in the consolidated statement of
financial position

公允值級別

估值技術及主要輸入數據

重大無法觀察輸入數據

無法觀察輸入數據與
公允值之關係

15. INVESTMENT PROPERTIES (Continued)

Carrying value of investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
香港富通大廈27樓若干部分 21,647,000港元	第三級	直接比較法，假設在現況下銷售及經參照有關市場上可供查閱之可資比較銷售交易。	每平方米價格(採用市場直接可資比較數據，並計及地點及其他個別因素(例如大小、樓宇設施、樓層、樓齡等))介乎18,810港元至22,900港元。	每平方米價格微升將大幅提高公允值。
A certain portion of the 27th Floor of Fortis Tower in Hong Kong HK\$21,647,000	Level 3	Direct comparison method assuming sale in their existing states and by reference to comparable sales transactions as available in the relevant market.	Price per square feet, using market direct comparables and taking into account of location and other individual factors such as size, building facilities, levels, age of building, etc., which is ranging from HK\$18,810/sq.ft to HK\$22,900/sq.ft.	A slight increase in the price per square feet will increase significantly the fair value.
於中國上海青浦區之工業開發項目 93,124,000港元	第三級	直接比較法，假設在現況下銷售及經參照有關市場上可供查閱之可資比較銷售交易。	每平方米價格(採用市場直接可資比較數據，並計及地點及其他個別因素(例如大小、樓宇設施、樓層、樓齡等))介乎人民幣4,000元至人民幣4,830元。	每平方米價格微升將大幅提高公允值。
An industrial development in Qingpu District, Shanghai, the PRC HK\$93,124,000	Level 3	Direct comparison method assuming sale in their existing states and by reference to comparable sales transactions as available in the relevant market.	Price per square meter, using market direct comparables and taking into account of location and other individual factors such as size, building facilities, levels, age of building, etc., which is ranging from RMB4,000/sq.m. to RMB4,830/sq.m.	A slight increase in the price per square meter will increase significantly the fair value.

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16. 於一間聯營公司之
權益

16. INTERESTS IN AN ASSOCIATE

		二零一八年 2018 千港元 HK\$'000
一間非上市聯營公司投資成本	Cost of investment in an associate, unlisted	24,501
應佔收購後虧損及其他全面 支出	Share of post-acquisition loss and other comprehensive expense	(1,199)
貨幣調整	Currency realignment	(13)
		23,289

於報告期末，本集團聯營公司之
詳情如下：

Details of the Group's associate at the end of the reporting
period are as follows:

聯營公司名稱 Name of associate	註冊成立國家 Country of incorporation	主要營業地點 Principal place of business	本集團持有股本 權益之百分比 Percentage of equity interest held by the Group		主要業務 Principal activity
			二零一八年 2018	二零一七年 2017	
			河北大麥汽車維修 服務有限公司 (「河北大麥」)	中國 PRC	

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17. 分類為持作出售之資產／與分類為持作出售之資產相關之負債

於二零一八年十二月五日，董事議決出售本公司一間中國間接全資附屬公司紫荊花製漆(上海)有限公司(「紫荊花製漆」)之全部權益。預計將於十二個月內出售之資產及負債已分類為一個持作出售之出售組別，並於綜合財務狀況表分開呈列(見下文)。出售所得款項淨額預計將超過相關資產及負債之賬面淨額，因此，概無確認減值虧損。

分類為持作出售之紫荊花製漆之資產及負債如下：

17. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

On 5 December 2018, the directors resolved to dispose of the entire interest in an indirect wholly-owned subsidiary of the Company, Bauhinia Paints Manufacturing (Shanghai) Company Limited ("Bauhinia Paints"), in the PRC. The assets and liabilities, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position (see below). The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised.

The assets and liabilities of Bauhinia Paints classified as held for sale are as follows:

		二零一八年 2018 千港元 HK\$'000
物業、廠房及設備	Property, plant and equipment	2,334
投資物業	Investment properties	192,407
預付土地租金	Prepaid lease payments	3,701
其他應收賬款	Other receivables	5,732
銀行結餘及現金	Bank balances and cash	135
分類為持作出售之資產總值	Total assets classified as held for sale	204,309
其他應付款項	Other payables	(2,301)
應付稅款	Taxation payables	(2,933)
遞延稅項負債	Deferred tax liabilities	(64,928)
與分類為持作出售之資產相關之負債總額	Total liabilities associated with assets classified as held for sale	(70,162)

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17. 分類為持作出售之資產／與分類為持作出售之資產相關之負債

(續)

於綜合財務狀況表內本集團所持
分類為持作出售之投資物業之

賬面值

Carrying value of investment
properties classified as held for
sale held by the Group

in the consolidated statement of
financial position

公允值級別

Fair value
hierarchy

估值技術及主要輸入數據

Valuation technique(s)
and key input(s)

重大無法觀察輸入數據

Significant unobservable
input(s)

無法觀察輸入數據與
公允值之關係

Relationship of
unobservable inputs
to fair value

於中國上海青浦區之工業開發項目
192,407,000港元

An industrial development in Qingpu
District, Shanghai, the PRC
HK\$192,407,000

第三級

Level 3

直接比較法，假設在現況下銷售及經參照有關市場上可供查閱之可資比較銷售交易。

Direct comparison method assuming sale in their existing states and by reference to comparable sales transactions as available in the relevant market.

每平方米價格(採用市場直接可資比較數據，並計及地點及其他個別因素(例如大小、樓宇設施、樓層、樓齡等))介乎人民幣7,500元至人民幣10,000元。

Price per square meter, using market direct comparables and taking into account of location and other individual factors such as size, building facilities, levels, age of building, etc., which is ranging from RMB7,500/sq.m. to RMB10,000/sq.m.

每平方米價格微升將大幅提高公允值。

A slight increase in the price per square meter will increase significantly the fair value.

於二零一七年十二月十三日，本公司一間附屬公司與一名獨立第三方訂立臨時買賣協議，以出售一處位於中國之辦公室物業。本公司董事已評估是否符合香港財務報告準則第5號「持作出售之非流動資產及已終止經營業務」所載之持作出售標準。經計及(a)該標的物業可供即時出售，及(b)協議條款所載令出售得以完成將須符合之條件，出售於二零一八年一月完成，因此相關物業於二零一七年十二月三十一日分類為持作出售。

On 13 December 2017, a subsidiary of the Company had entered into a provisional agreement for sale and purchase with an independent third party to dispose of an office premise located in the PRC. The directors of the Company assessed whether the held-for-sale criteria set out in HKFRS 5 "Non-current assets held for sale and discontinued operations" are met. Taking into account (a) the fact that the subject property is immediately available for sale, and (b) the conditions to be met to complete the disposal as set out in the terms of the agreement, the disposal was completed in January 2018 and accordingly the relevant property was classified as held for sale as at 31 December 2017.

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18. 可供出售投資

18. AVAILABLE-FOR-SALE INVESTMENT

二零一七年

2017

千港元

HK\$'000

可供出售投資包括：	AFS investment comprises:	
非上市股本證券，按成本值減 已確認減值虧損	Unlisted equity securities, at cost less impairment loss recognised	3,992

於報告期末，非上市股本證券按成本值減去減值計量，原因是合理公允值估計範圍重大，以致本公司董事認為公允值不能可靠計量。

截至二零一七年十二月三十一日止年度內，本集團與一名獨立第三方訂立買賣協議，以收購深圳市補優優網絡科技有限公司（一間於中國註冊成立之公司）註冊資本中3.33%股本權益，現金代價為人民幣5,000,000元（相當於5,753,000港元）。投資對象之主要業務為提供室內裝修及保養服務。

誠如附註2所詳述，於二零一八年一月一日採用香港財務報告準則第9號後，本集團於二零一七年十二月三十一日之可供出售投資已重新分類為按公允值計入其他全面收益之權益工具。

The unlisted equity securities were measured at cost less impairment at the end of the reporting period because the ranges of reasonable fair value estimates were so significant that the directors of the Company were of the opinion that the fair values could not be measured reliably.

During the year ended 31 December 2017, the Group entered into a sale and purchase agreement with an independent third party to acquire 3.33% equity interest in the registered capital of 深圳市補優優網絡科技有限公司, a company incorporated in the PRC, at a cash consideration of RMB5,000,000 (equivalent to HK\$5,753,000). The principal activity of the investee is providing indoor renovation and maintenance services.

As detailed in note 2, the Group's AFS investment as at 31 December 2017 has been reclassified as equity instruments at FVTOCI upon adoption of HKFRS 9 on 1 January 2018.

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19. 按公允值計入其他
全面收益之權益工具

19. EQUITY INSTRUMENTS AT
FAIR VALUE THROUGH OTHER
COMPREHENSIVE INCOME

		二零一八年 2018 千港元 HK\$'000
非上市投資：	Unlisted investments:	
— 股本證券	— Equity securities	11,750

非上市股本投資指本集團於若干在香港及中國成立之私人公司之股本權益，本公司董事已選擇指定該等投資為按公允值計入其他全面收益之權益工具，原因是本集團擬持有該等股本投資作長期戰略用途。

於二零一八年十二月三十一日，股本工具之公允值11,750,000港元乃從近期投資交易中之股份市值得出。

The unlisted equity investments represent the Group's equity interest in private entities established in Hong Kong and the PRC and the directors of the Company have elected to designate these investments in equity instruments at FVTOCI as the Group intends to hold these equity investments for long term strategic purposes.

As at 31 December 2018, the fair value of the equity instruments of HK\$11,750,000 was derived from market value of the shares in recent investment transactions.

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20. 商譽

20. GOODWILL

		千港元 HK\$'000
成本值	COST	
於二零一七年一月一日及 二零一七年十二月 三十一日	At 1 January 2017 and 31 December 2017	71,462
收購業務時產生(附註32)	Arising on acquisition of business (note 32)	43,844
於二零一八年十二月三十一日	At 31 December 2018	115,306
減值	IMPAIRMENT	
於二零一七年一月一日及 二零一七年十二月 三十一日	At 1 January 2017 and 31 December 2017	1,888
減值	Impairment	642
於二零一八年十二月三十一日	At 31 December 2018	2,530
賬面值	CARRYING VALUES	
於二零一八年十二月三十一日	At 31 December 2018	112,776
於二零一七年十二月三十一日	At 31 December 2017	69,574

於業務合併收購之商譽已於收購時分配至預期將從該業務合併中受惠之現金產生單位。商譽之賬面金額已分配如下：

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGU"s) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
製造及買賣溶劑	Manufacture of and trading in solvents	57,671	59,479
製造及買賣塗料	Manufacture of and trading in coatings	55,105	10,095
		112,776	69,574

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截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

20. 商譽 (續)

現金產生單位之可收回金額乃基於使用價值計算法釐定。使用價值計算法之主要假設涉及年內之貼現率、增長率及預期銷售價及直接成本變動。管理層以反映市場現時對貨幣時值之評估及現金產生單位所面對特定風險之稅前比率估算貼現率。增長率建基於對行業之增長預測。銷售價及直接成本變動以過往慣例及預期日後市場之變化為基礎。

為評估減值，本集團按照獲管理層批准之各現金產生單位之最近期未來五年(二零一七年：五年)財務預算得出之現金流預測，並使用反映市場現時對貨幣時值之評估及現金產生單位所面對特定風險之貼現率介乎4.2%至13.1%(二零一七年：4.61%)對商譽進行減值審閱。根據本集團之行業增長預測，年度增長率介乎0%至5%(溶劑)及0%至3%(塗料)(二零一七年：0%至10%(溶劑)及6%至24%(塗料))。五年期後之現金流乃使用穩定增長率2%至3%(二零一七年：2%至3%)(溶劑及塗料)推算。此增長率建基於對相關行業之增長預測，並不超過相關行業之長期平均增長率。年內確認商譽之減值虧損642,000港元(二零一七年：無)源於其中一項溶劑業務已終止。

20. GOODWILL (Continued)

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

For impairment assessment purpose, the Group performed impairment review for goodwill based on cash flow forecasts derived from the most recent financial budgets for the next five years (2017: five years) for each CGUs approved by management using a discount rate ranging from 4.2% to 13.1% (2017: 4.61%) which reflects current market assessments of the time value of money and the risks specific to the CGUs. The growth rates per annum range from 0% to 5% for solvents and 0% to 3% for coatings (2017: 0% to 10% for solvents and 6% to 24% for coatings) in light of the Group's industry growth forecasts. The cash flows beyond the five year period is extrapolated using a steady 2% to 3% (2017: 2% to 3%) growth rate for solvents and coatings. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. During the year, an impairment loss on goodwill of HK\$642,000 (2017: nil) is recognised due to the termination of one of the business lines of solvents.

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21. 無形資產

21. INTANGIBLE ASSETS

		技術知識	不競爭契諾	商標及 專利品牌	客戶關係	合計
		Technical knowhow	Non- competition covenants	Trademarks and patent brands	Customer relationship	Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
成本值	COST					
於二零一七年一月一日	At 1 January 2017	5,417	17,327	1,952	—	24,696
貨幣調整	Currency realignment	105	1,205	—	—	1,310
於二零一七年十二月三十一日	At 31 December 2017	5,522	18,532	1,952	—	26,006
貨幣調整	Currency realignment	(76)	(835)	—	—	(911)
業務收購(附註32)	Acquisition of business (note 32)	—	—	35,377	36,102	71,479
添置	Addition	—	—	—	1,386	1,386
於二零一八年十二月三十一日	At 31 December 2018	5,446	17,697	37,329	37,488	97,960
攤銷及減值	AMORTISATION AND IMPAIRMENT					
於二零一七年一月一日	At 1 January 2017	5,375	16,836	1,268	—	23,479
貨幣調整	Currency realignment	104	1,195	—	—	1,299
年內撥備	Provided for the year	43	501	196	—	740
於二零一七年十二月三十一日	At 31 December 2017	5,522	18,532	1,464	—	25,518
貨幣調整	Currency realignment	(76)	(835)	—	(7)	(918)
年內撥備	Provided for the year	—	—	195	1,866	2,061
於二零一八年十二月三十一日	At 31 December 2018	5,446	17,697	1,659	1,859	26,661
賬面值	CARRYING VALUES					
於二零一八年十二月三十一日	At 31 December 2018	—	—	35,670	35,629	71,299
於二零一七年十二月三十一日	At 31 December 2017	—	—	488	—	488

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21. 無形資產 (續)

無形資產乃採用直線法於下列年期攤銷：

技術知識	5–10年
不競爭契諾	10年
客戶關係	10–19年
商標及專利品牌 (具有有限可使用年期)	10年
商標及專利品牌 (具有無限可使用年期)	不攤銷

技術知識指向獨立第三方收購之若干絕緣清漆、油墨及絲網產品生產技術知識及技巧。

不競爭契諾指於收購公司後，限制資產出售方或收購對象於10年之特定年期內從事相同業務之權利。

客戶關係指年內作為業務合併一部分所收購之客戶關係(詳情載於附註32)。客戶關係指與駱駝漆品牌名稱下塗料產品有關之客戶名單。

商標及專利品牌指所收購之品牌名稱，於市場內獲高度認可及具知名度。

透過收購業務(詳情載於附註32)新收購之商標及專利品牌35,377,000港元乃具有無限可使用年期之無形資產，原因為本公司董事認為本集團可以且有能持續使用該商用名稱。因此，本集團管理層認為該等商標及專利品牌具有無限可使用年期，原因為該等商標及專利品牌預計可無限期地貢獻現金流入淨額。於確定有限之可使用年期前，該等商標及專利品牌不會攤銷。然而，該等商標及專利品牌將每年及每當有跡象顯示可能出現減值時進行減值測試。

21. INTANGIBLE ASSETS (Continued)

Intangible assets are amortised on a straight-line basis over the following periods:

Technical knowhow	5–10 years
Non-competition covenants	10 years
Customer relationship	10–19 years
Trademarks and patent brands (with finite useful life)	10 years
Trademarks and patent brands (with indefinite useful life)	Not amortised

Technical knowhow represents technical knowledge and techniques acquired from independent third parties to manufacture certain insulating varnish, ink and screening products.

Non-competition covenants represent the right to restrict the vendors of assets or acquirees, after acquisition of the entities, to carry on the same business for specific periods for 10 years.

Customer relationship represents the customer relationship acquired by the Group as part of a business combination during the year (details are set out in note 32). Customer relationship represents the customer list related to coating products under the brand name Camel.

Trademarks and patent brands represent the brand names acquired which have high recognition and awareness in the market.

The newly acquired trademarks and patent brands through acquisition of business (details are set out in note 32) amounting HK\$35,377,000 is an intangible asset with indefinite useful life as the directors of the Company are of opinion that the Group could use the trade name continuously and has the ability to do so. As a result, the trademarks and patent brands are considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademarks and patent brands will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

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21. 無形資產 (續)

為進行減值測試，以上所載具有無限可使用年期之商標及專利品牌已分配至一個現金產生單位組別，包括塗料分類中之若干附屬公司。於二零一八年十二月三十一日分配之商標及專利品牌賬面金額如下：

製造及買賣塗料

Manufacture of and trading in coatings

二零一八年
2018
千港元
HK\$'000

35,377

現金產生單位之可收回金額乃基於使用價值計算法釐定。使用價值計算法之主要假設涉及年內之貼現率、增長率及預期銷售價及直接成本變動。管理層以反映市場現時對貨幣時值之評估及現金產生單位所面對特定風險之稅前比率估算貼現率。增長率建基於對行業之增長預測。銷售價及直接成本變動以過往慣例及預期日後市場之變化為基礎。

為評估減值，本集團按照獲管理層批准之各現金產生單位之最近未來五年財務預算得出之現金流預測，並使用反映市場現時對貨幣時值之評估及現金產生單位所面對特定風險之13.1%貼現率對商標及專利品牌進行減值審閱。根據本集團之行業增長預測，年度增長率介乎0%至3%。五年期後之現金流乃使用穩定增長率3%推算。此增長率建基於對相關行業之增長預測，並不超過相關行業之長期平均增長率。截至二零一八年十二月三十一日止年度，本集團並無確認減值虧損。

21. INTANGIBLE ASSETS (Continued)

For the purposes of impairment testing, trademarks and patent brands with indefinite useful lives set out per above has been allocated to a group of CGUs, comprising certain subsidiaries in the coatings segment. The carrying amounts of trademarks and patent brands so allocated to as at 31 December 2018 are as follows:

The recoverable amount of the CGU has been determined based on a value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

For impairment assessment purpose, the Group performed impairment review for trademarks and patent brands based on cash flow forecasts derived from the most recent financial budgets for the next five years for each CGUs approved by the management using a discount rate 13.1% which reflects current market assessments of time value of money and the risks specific to the CGUs. The growth rates per annum range from 0% to 3% in light of the Group's industry growth forecasts. The cash flows beyond the five year period is extrapolated using a steady 3% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. No impairment loss has been recognised by the Group for the year ended 31 December 2018.

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22. 其他非流動資產

於二零一七年十二月三十一日，此金額指本集團所持會所債券之成本，乃按成本值減累計減值虧損(如有)計量。本集團年內已出售會所債券，收益為6,460,000港元。

22. OTHER NON-CURRENT ASSET

As at 31 December 2017, the amount represented the cost of club debenture held by the Group and was measured at cost less accumulated impairment losses, if any. During the year, the Group disposed of the club debenture with a gain of HK\$6,460,000.

23. 存貨

原料	Raw materials
在製品	Work in progress
製成品	Finished goods

年內，已註銷及滯銷存貨撥備約22,608,000港元(二零一七年：11,061,000港元)已確認並計入銷售成本。

23. INVENTORIES

二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
524,936	540,567
24,396	22,636
282,153	350,829
831,485	914,032

During the year, allowance for slow-moving inventories and written off of approximately HK\$22,608,000 (2017: HK\$11,061,000) has been recognised and included in cost of sales.

24. 貿易應收款項及應收票據、其他應收賬款及預付款項

貿易應收款項	Trade receivables
減：信貸損失撥備	Less: Allowance for credit losses
應收票據	Bills receivables

24. TRADE AND BILLS RECEIVABLES, OTHER DEBTORS AND PREPAYMENTS

二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
1,657,543	1,859,588
(65,162)	(73,564)
1,592,381	1,786,024
1,593,365	1,658,909
3,185,746	3,444,933

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24. 貿易應收款項及應收
票據、其他應收賬款
及預付款項(續)

貿易應收款項

於報告期末，貿易應收款項(經扣除信貸損失撥備)基於發票日期呈列之賬齡分析如下：

零至三個月	0-3 months
四至六個月	4-6 months
六個月以上	Over 6 months

本集團容許向貿易客戶提供介乎30天至90天之信貸期。本集團或會給予付款紀錄良好之大額或長期客戶較長信貸期。

在接納任何新客戶前，本集團之內部信貸控制系統會評估潛在客戶之信貸質素，而董事會已授權管理層負責為客戶釐定信貸限額及信貸審批。本集團會定期審閱客戶之限額。

於二零一八年十二月三十一日，約79%(二零一七年：78%)之貿易應收款項既無逾期亦無出現減值，其原因為根據本集團所採用之信貸控制系統，該等貿易應收款項獲評為具有良好信貸評級。

24. TRADE AND BILLS RECEIVABLES,
OTHER DEBTORS AND
PREPAYMENTS (Continued)

Trade receivables

An aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date at the end of the reporting period is as follows:

	二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
零至三個月	1,332,750	1,479,359
四至六個月	209,019	241,779
六個月以上	50,612	64,886
	1,592,381	1,786,024

The Group allows a credit period ranging from 30 to 90 days to its trade customers. A longer credit period may be granted to large or long established customers with good payment history.

Before accepting any new customers, the Group has an internal credit control system to assess the potential customers' credit quality and the board of directors has delegated the management to be responsible for determination of credit limits and credit approvals for customers. Limits attributed to customers are reviewed periodically.

As at 31 December 2018, approximately 79% (2017: 78%) of the trade receivables are neither past due nor impaired as they were assessed to be of good credit rating attributable under the credit control system used by the Group.

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截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

24. 貿易應收款項及應收票據、其他應收賬款及預付款項 (續)

貿易應收款項 (續)

於二零一八年十二月三十一日，本集團貿易應收款項結餘包括於報告日期已逾期之應收賬款，賬面總額為341,759,000港元。

於二零一七年十二月三十一日，本集團貿易應收款項包括已逾期之應收賬款，賬面總額為393,080,000港元。根據過往經驗，本集團認為該等已逾期但無計提減值虧損撥備之應收賬款具有良好信貸質素，並預期可予收回。本集團並無就該等結餘持有任何抵押品。

於二零一七年十二月三十一日已逾期但無出現減值之貿易應收款項按發票日期之賬齡分析如下：

24. TRADE AND BILLS RECEIVABLES, OTHER DEBTORS AND PREPAYMENTS (Continued)

Trade receivables (Continued)

As at 31 December 2018, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$341,759,000 which are past due as at the reporting date.

As at 31 December 2017, included in the Group's trade receivables were past due debtors with aggregate carrying amount of HK\$393,080,000. Based on historical experience, the Group considered the amounts of past due debtors which impairment loss had not been provided for to be of good credit quality and they were expected to be recoverable. The Group did not hold any collateral over these balances.

The following was an aged analysis of trade receivables, which were past due but not impaired at 31 December 2017 based on the invoice date:

		二零一七年 2017 千港元 HK\$'000
零至三個月	0-3 months	220,332
四至六個月	4-6 months	130,561
六個月以上	Over 6 months	42,187
		393,080

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24. 貿易應收款項及應收票據、其他應收賬款及預付款項 (續)

貿易應收款項 (續)

在釐定貿易應收款項之可收回性時，本集團自授出信貸起至報告日期止一直監察貿易應收款項信貸質素之任何變動。本公司董事認為，本集團並無重大集中信貸風險，有關風險分散於大量對手方及客戶。

呆賬撥備：

24. TRADE AND BILLS RECEIVABLES, OTHER DEBTORS AND PREPAYMENTS (Continued)

Trade receivables (Continued)

In determining the recoverability of the trade receivables, the Group monitors any change in the credit quality of the trade receivables since the credit was granted and up to the reporting date. The directors of the Company considered that the Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Allowance for doubtful debts:

		二零一七年 2017 千港元 HK\$'000
年初	At beginning of the year	68,075
貨幣調整	Currency realignment	5,907
已確認減值虧損淨額	Net impairment losses recognised	17,596
註銷	Write-offs	(18,014)
年末	At end of the year	<u>73,564</u>

於二零一七年十二月三十一日，處於清盤或面對重大財困之貿易應收款項已予減值。本集團並無就該等結餘持有任何抵押品。

As at 31 December 2017, impairment was made for trade receivables that had been placed under liquidation or in severe financial difficulties. The Group did not hold any collateral over these balances.

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截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

24. 貿易應收款項及應收票據、其他應收賬款及預付款項 (續)

應收票據

應收票據指國內銀行承兌及擔保付款之銀行承兌匯票，屬遠期匯票。本集團按個別情況接受客戶以國內銀行承兌之銀行承兌匯票結清貿易應收款項。

該等出具或背書給本集團之銀行承兌匯票一般於出具日後不超過十二個月內到期。銀行承兌匯票將主要由國內有銀行或商業銀行或金融機構於該等銀行承兌匯票到期日支付。

於二零一八年十二月三十一日，本集團向債權人背書若干銀行承兌匯票，金額達1,064,173,000港元(二零一七年：793,511,000港元)，以向彼等結清貿易應付款項。因此，本集團繼續將該等已背書之銀行承兌匯票全額計入應收票據，並確認應付債權人之相關款項，直至已背書銀行承兌匯票之到期日。

截至二零一八年十二月三十一日止年度貿易應收款項及應收票據以及其他應收賬款之減值評估詳情載於附註35。

24. TRADE AND BILLS RECEIVABLES, OTHER DEBTORS AND PREPAYMENTS (Continued)

Bills receivables

Bills receivables represent 銀行承兌匯票 (“banker’s acceptances”), i.e. time drafts accepted and guaranteed for payment by the PRC banks. The Group accepts the settlement of trade receivables by customers using banker’s acceptances accepted by the PRC banks on a case by case basis.

These banker’s acceptances are issued to or endorsed to the Group and with maturity date in general not longer than twelve months from the date of issuance. The banker’s acceptances will be settled by the banks, which are state-owned banks or commercial banks or financial institutions in the PRC, on the maturity date of such banker’s acceptances.

At 31 December 2018, the Group endorsed certain banker’s acceptances with an amount of HK\$1,064,173,000 (2017: HK\$793,511,000) to creditors to settle the trade payables to them. Accordingly, the Group continued to include the full amount of these endorsed banker’s acceptances under bills receivables and recognised the relevant payable to creditors until the maturity date of the endorsed banker’s acceptances.

Details of impairment assessment of trade and bills receivables and other debtors for the year ended 31 December 2018 are set out in note 35.

綜合財務報告附註
Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

24. 貿易應收款項及應收
票據、其他應收賬款
及預付款項(續)

轉讓金融資產

以下為背書予供應商並具有全面追索權之本集團應收票據。由於本集團並無轉讓有關該等應收款項的重大風險及回報，其繼續悉數確認應收款項之賬面金額。該等應收款項按攤銷成本列入本集團之綜合財務狀況表。

24. TRADE AND BILLS RECEIVABLES,
OTHER DEBTORS AND
PREPAYMENTS (Continued)

Transfer of financial assets

The following were the Group's bills receivables that were endorsed to suppliers with full recourse. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables. These receivables are carried at amortised cost in the Group's consolidated statement of financial position.

背書予供應商並具有全面追索權
之應收票據

Bills receivables endorsed to
suppliers with full recourse

	二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000	
已轉讓資產之賬面金額	Carrying amount of transferred assets	1,064,173	793,511
相關負債之賬面金額	Carrying amount of associated liabilities	(1,064,173)	(793,511)

其他應收賬款及預付
款項

其他應收賬款及預付款項主要包括墊付供應商款項、應收供應商佣金及可收回增值稅。

貿易應收款項及應收票據以及其他應收賬款包括下列以有關集團公司功能貨幣以外之貨幣定值之款項：

Other debtors and prepayments

Other debtors and prepayments mainly consist of payments in advance to suppliers, commission receivable from suppliers and value-added tax recoverable.

Included in trade receivables and bill receivables and other debtors are the following amounts denominated in currencies other than the functional currency of the group entities to which they relate:

	二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000	
港元	HK\$	3,100	2,298
美元	United States dollars ("USD")	91,011	33,247

綜合財務報告附註 Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

25. 短期銀行存款、銀行結餘及現金

短期銀行存款以及銀行結餘及現金包括下列以有關集團公司功能貨幣以外之貨幣定值之款項：

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
美元	USD	324,383	152,734
港元	HK\$	3,451	5,333
人民幣	RMB	209,300	889

所有銀行存款及銀行結餘按介乎0.001%至5.01%(二零一七年：0.001%至6%)之市場年利率計息。

25. SHORT-TERM BANK DEPOSITS, BANK BALANCES AND CASH

Included in short-term bank deposits and bank balances and cash are the following amounts denominated in currencies other than the functional currencies of the group entities to which they relate:

All bank deposits and bank balances were carrying interest at market rates ranging from 0.001% to 5.01% (2017: 0.001% to 6%) per annum.

26. 應付賬款及應計費用

於報告期末，應付賬款及應計費用結餘包括貿易應付賬款1,697,230,000港元(二零一七年：1,483,112,000港元)。餘額主要包括應付員工薪金及福利、銷售佣金、應付倉儲及運費以及其他應付款項。

於報告期末，貿易應付賬款基於發票日期之賬齡分析如下：

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
零至三個月	0-3 months	1,357,137	1,171,286
四至六個月	4-6 months	324,770	295,793
六個月以上	Over 6 months	15,323	16,033
		1,697,230	1,483,112

26. CREDITORS AND ACCRUED CHARGES

At the end of the reporting period, the balance of creditors and accrued charges included trade creditors of HK\$1,697,230,000 (2017: HK\$1,483,112,000). Remaining balances mainly consist of payables of staff salaries and benefits, sales commission, payable of storage and transportation and other payables.

An aged analysis of trade creditors at the end of the reporting period based on the invoice date is as follows:

綜合財務報告附註
Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

26. 應付賬款及應計費用

(續)

應付賬款包括下列以有關集團公司功能貨幣以外之貨幣定值之款項：

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
美元	USD	131,388	77,984

27. 合約負債

27. CONTRACT LIABILITIES

		二零一八年 十二月三十一日 31.12.2018 千港元 HK\$'000	二零一八年 一月一日* 1.1.2018* 千港元 HK\$'000
銷售溶劑、塗料、油墨及 潤滑油之合約負債	Contract liabilities on sales of solvents, coatings, inks and lubricants	25,695	54,428

* 本欄金額已於應用香港財務報告準則第15號後作出調整(詳情載於附註2)。

於二零一八年一月一日之合約負債已於本年度全數確認為營業額。

當本集團於開始生產活動前收到按金時，會於合約開始時產生合約負債。

* The amounts in this column are after the adjustments upon the application of HKFRS 15 (details are set out in note 2).

The contract liabilities at 1 January 2018 were fully recognised as revenue in the current year.

When the Group receives a deposit before the commencement of the production activity, this will give rise to contract liabilities at the start of a contract.

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截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

28. 衍生金融工具

28. DERIVATIVE FINANCIAL INSTRUMENTS

	流動 Current		非流動 Non-current	
	二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
以對沖會計法處理之衍生金融資產 Derivatives financial assets under hedge accounting				
利率掉期合約 Interest rate swap contracts	3,654	3,592	3,086	3,449
以對沖會計法處理之衍生金融負債 Derivatives financial liabilities under hedge accounting				
利率掉期合約 Interest rate swap contracts	—	68	—	2

以現金流對沖之利率掉期合約

本集團與多間商業銀行訂立多項利率掉期合約，通過將浮動利率轉換為固定利率，將若干港元浮息銀行貸款之現金流變動風險降至最低。該等合約之條款經磋商後與所對沖銀行貸款之條款一致（即面額與銀行貸款之本金額、幣值及利率指標相同）。董事認為利率掉期合約屬高效對沖工具，並根據對沖會計法指定該等工具為現金流對沖工具。

就對沖利率波動之現金流風險而言，對沖為高度有效。截至二零一八年十二月三十一日止年度，以現金流對沖之對沖工具之公允值變動虧損231,000港元（二零一七年：虧損1,379,000港元）已於其他全面收益確認及於對沖儲備內累計。董事預期累計總和將於報告期後未來到期間中之不同日期撥回損益。

Interest rate swap contracts under cash flow hedges

The Group entered into a number of interest rate swap contracts with the commercial banks to minimise its exposure to cash flow changes of its floating-rate Hong Kong dollars bank loans from banks by swapping floating interest rates to fixed interest rates. The terms of these contracts were negotiated to match with those of the hedged bank loans with the same notional amounts to principal amounts of bank loans, currency and interest rate index. The directors consider that the interest rate swap contracts are highly effective hedging instruments and have designated them as cash flow hedging instruments for hedge accounting purpose.

The hedges were highly effective in hedging cash flow exposure to interest rate movements. Fair value change on hedging instruments in cash flow hedge of loss of HK\$231,000 for the year ended 31 December 2018 (2017: loss of HK\$1,379,000) have been recognised in OCI and accumulated in hedging reserve. The directors expected the accumulated sum is to be released to profit or loss at various dates in the coming maturity periods after the reporting period.

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28. 衍生金融工具 (續)

以現金流對沖之利率 掉期合約 (續)

於報告期末，附註29所披露之借貸包括現金流對沖項下之銀行貸款821,507,000港元(二零一七年：1,108,971,000港元)，而以現金流對沖之利率掉期合約之主要條款如下：

28. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Interest rate swap contracts under cash flow hedges (Continued)

Included in borrowings as disclosed in note 29 were bank loans of HK\$821,507,000 (2017: HK\$1,108,971,000) which were under cash flow hedges and the major terms of the interest rate swap contracts under cash flow hedges at the end of the reporting period are as follows:

面額 Notional amount	到期日 Maturity	收取浮息 Receive floating	支付定息 Pay fixed
於二零一八年十二月三十一日 At 31 December 2018			
42,857,000港元 HK\$42,857,000	二零一九年五月三十日 30.5.2019	港元一個月HIBOR* HK\$1-month HIBOR*	3.05厘 3.05%
11,200,000港元 HK\$11,200,000	二零一九年三月三十一日 31.3.2019	港元一個月HIBOR HK\$1-month HIBOR	2.22厘 2.22%
25,000,000港元 HK\$25,000,000	二零一九年十月二十九日 29.10.2019	港元一個月HIBOR HK\$1-month HIBOR	3.20厘 3.20%
12,500,000港元 HK\$12,500,000	二零一九年一月二日 2.1.2019	港元一個月HIBOR HK\$1-month HIBOR	2.85厘 2.85%
150,000,000港元 HK\$150,000,000	二零二零年四月一日 1.4.2020	港元一個月HIBOR HK\$1-month HIBOR	2.82厘 2.82%
111,200,000港元 HK\$111,200,000	二零二零年三月三十一日 31.3.2020	港元一個月HIBOR HK\$1-month HIBOR	1.94厘 1.94%
218,750,000港元 HK\$218,750,000	二零二一年四月十九日 19.4.2021	港元一個月HIBOR HK\$1-month HIBOR	2.44厘 2.44%
250,000,000港元 HK\$250,000,000	二零二二年四月二十九日 29.4.2022	港元一個月HIBOR HK\$1-month HIBOR	3.46厘 3.46%

* HIBOR指香港銀行同業拆息。

* HIBOR represents Hong Kong Interbank Offered Rate.

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截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

28. 衍生金融工具 (續)

以現金流對沖之利率
掉期合約 (續)

面額 Notional amount	到期日 Maturity	收取浮息 Receive floating	支付定息 Pay fixed
於二零一七年十二月三十一日 At 31 December 2017			
22,300,000港元 HK\$22,300,000	二零一八年五月二十三日 23.5.2018	港元一個月HIBOR HK\$1-month HIBOR	2.54厘 2.54%
90,000,000港元 HK\$90,000,000	二零一八年六月十三日 13.6.2018	港元一個月HIBOR HK\$1-month HIBOR	3.22厘 3.22%
128,571,000港元 HK\$128,571,000	二零一九年五月三十日 30.5.2019	港元一個月HIBOR HK\$1-month HIBOR	3.05厘 3.05%
55,600,000港元 HK\$55,600,000	二零一九年三月三十一日 31.3.2019	港元一個月HIBOR HK\$1-month HIBOR	2.22厘 2.22%
50,000,000港元 HK\$50,000,000	二零一九年十月二十九日 29.10.2019	港元一個月HIBOR HK\$1-month HIBOR	3.20厘 3.20%
62,500,000港元 HK\$62,500,000	二零一九年一月二日 2.1.2019	港元一個月HIBOR HK\$1-month HIBOR	2.85厘 2.85%
250,000,000港元 HK\$250,000,000	二零二零年四月一日 1.4.2020	港元一個月HIBOR HK\$1-month HIBOR	2.82厘 2.82%
200,000,000港元 HK\$200,000,000	二零二零年三月三十一日 31.3.2020	港元一個月HIBOR HK\$1-month HIBOR	1.94厘 1.94%
250,000,000港元 HK\$250,000,000	二零二一年四月十九日 19.4.2021	港元一個月HIBOR HK\$1-month HIBOR	2.44厘 2.44%

28. DERIVATIVE FINANCIAL
INSTRUMENTS (Continued)

Interest rate swap contracts under
cash flow hedges (Continued)

綜合財務報告附註 Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

28. 衍生金融工具 (續)

外匯遠期合約

於二零一七年十二月三十一日，該等合約之公允值變動收益88,000港元(二零一八年：無)於其他全面收益內確認及於對沖儲備累計。該等合約大部分為可交收遠期合約。本集團訂立此等合約作為本集團司庫運作之一部分，旨在透過訂立每份皆配對金額及到期日相若之美元購入合約，捕捉現貨與遠期外匯市場間之價差。本集團於簽定每一項此類安排時均將鎖定美元／人民幣匯率。因此，儘管於各合約期間之特定日期對該等個別外匯遠期合約進行估值可能會產生收益或虧損，但該等收益或虧損最終絕大部分均會透過此等安排抵銷。於二零一七年十二月三十一日，本集團訂立之全部外匯遠期合約均已到期。截至二零一七年十二月三十一日止年度，董事認為遠期合約屬高效對沖工具，並就對沖會計目的指定該等工具為現金流對沖工具。

上述衍生工具按公允值計量。於二零一八年十二月三十一日，上述衍生工具之計量分類為公允值級別中之第二級(詳情見附註35)。

28. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Foreign exchange forward contracts

As at 31 December 2017, the change in fair value of these contracts recorded a gain of HK\$88,000 (2018: Nil) and was recognised in OCI and accumulated in hedging reserve. The majority of these contracts were deliverable forward contracts. Such contracts were entered into as part of the Group's treasury operation for the purpose of capturing the price differential between the spot and forward foreign currency exchange markets by entering into purchase contracts that were denominated in USD with the similar amounts and maturity dates on a one by one basis. Each of these arrangements, when contracted by the Group, will lock USD/RMB exchanges rate. Accordingly, although the valuation of each of these foreign exchange forward contracts might give rise to a gain or loss at a particular date within the term of the respective contract, such gain or loss will eventually be substantially offset by each of these arrangements. The Group entered into a number of foreign exchange forward contracts and those foreign exchange contracts were all expired as at 31 December 2017. The directors consider that the forward contracts are highly effective hedging instruments and have designated them as cash flow hedging instruments for hedge accounting purpose for the year ended 31 December 2017.

The above derivatives are measured at fair value. The classification of the measurement of the above derivatives at 31 December 2018 is level 2 under the fair value hierarchy (see note 35 for details).

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截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

29. 借貸

29. BORROWINGS

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
借貸包括銀行貸款：	Borrowings included bank loans:		
銀行貸款	Bank loans	2,640,377	2,468,405
無抵押	Unsecured	2,640,377	2,468,405
銀行貸款需於以下 年期償還*：	The bank loans are repayable as follows*:		
一年內	Within one year	1,320,977	1,208,148
一年後至兩年內	More than one year but not exceeding two years	587,100	668,357
兩年後至五年內	More than two years but not more than five years	732,300	591,900
		2,640,377	2,468,405
減：一年內到期並歸納為 流動負債之借貸	Less: Borrowings due within one year shown under current liabilities	(1,320,977)	(1,208,148)
歸納為非流動負債之借貸	Borrowings shown under non-current liabilities	1,319,400	1,260,257

* 到期金額按借貸協議中載列之計劃償還日期計算。

* The amounts due are based on scheduled repayment dates set out in the borrowing agreements.

本集團銀行貸款之年利率為香港銀行同業拆息加0.5厘至香港銀行同業拆息加2.05厘(二零一七年：香港銀行同業拆息加0.5厘至香港銀行同業拆息加2.05厘)，以及經公佈之中國人民銀行貸款基準利率加一個固定息差(二零一七年：經公佈之中國人民銀行貸款基準利率減一個固定息差)。利率一般每一周至一個月(二零一七年：每兩周至一個月)重定。

The Group's bank loans carry annual interests at the range of HIBOR plus 0.5% to HIBOR plus 2.05% (2017: HIBOR plus 0.5% to HIBOR plus 2.05%) and at the quoted lending rate of People's Bank of China plus a fixed margin (2017: quoted lending rate of People's Bank of China minus a fixed margin). Interest is repriced in the period from one week up to one month (2017: two weeks up to one month).

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29. 借貸 (續)

29. BORROWINGS (Continued)

		二零一八年 2018	二零一七年 2017
實際利率	Effective interest rates		
定息借貸	Fixed-rate borrowings	2.32厘至4.95厘 2.32% to 4.95%	2.03厘至4.35厘 2.03% to 4.35%
浮息借貸	Variable-rate borrowings	3.29厘至4.29厘 3.29% to 4.29%	1.57厘至3.24厘 1.57% to 3.24%

借貸包括589,120,000港元(二零一七年：165,934,000港元)定息借貸，合約到期日為一年內。

Included in borrowings are HK\$589,120,000 (2017: HK\$165,934,000) at fixed-rate borrowings with the contractual maturity dates within 1 year.

借貸包括以下以有關集團公司功能貨幣以外之貨幣定值之款項：

Included in borrowings are the following amounts denominated in currency other than the functional currency of the group entities to which they relate:

		二零一八年 2018	二零一七年 2017
		千港元 HK\$'000	千港元 HK\$'000
港元	HK\$	261,200	77,900

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30. 遞延稅項負債

以下為本集團已確認之主要遞延稅項負債(資產)及其於本年度及過往年度內之變動：

		加速 稅項折舊	稅項虧損	未分派溢利 之預扣稅	物業重估	其他	合計
		Accelerated tax depreciation	Tax losses	Withholding tax on undistributed profits	Revaluation of properties	Others	Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
						(附註) (note)	
於二零一七年一月一日	At 1 January 2017	3,848	(761)	8,423	28,411	1,891	41,812
於分派時撥回預扣稅	Reversal of withholding tax upon distribution	—	—	(10,648)	—	—	(10,648)
(計入)扣自損益	(Credit) charge to profit or loss	(254)	(806)	10,345	—	(365)	8,920
外匯結算差額	Currency realignment	—	—	—	2,225	—	2,225
於二零一七年十二月三十一日	At 31 December 2017	3,594	(1,567)	8,120	30,636	1,526	42,309
於分派時撥回預扣稅	Reversal of withholding tax upon distribution	—	—	(23,731)	—	—	(23,731)
(計入)扣自損益	(Credit) charge to profit or loss	(107)	713	21,655	36,138	965	59,364
重新分類為與持作出售之 資產相關之負債(附註17)	Reclassified to liabilities associated with assets held for sale (note 17)	—	—	—	(64,928)	—	(64,928)
外匯結算差額	Currency realignment	—	—	—	(1,846)	—	(1,846)
於二零一八年十二月三十一日	At 31 December 2018	3,487	(854)	6,044	—	2,491	11,168

附註：其他主要代表於收購附屬公司時按公允值調整被收購資產(即無形資產、預付土地租金以及物業、廠房及設備)而產生之遞延稅項負債。

Note: Others mainly represent deferred tax liabilities arising from fair value adjustments on assets acquired (i.e. intangible assets, prepaid lease payments and property, plant and equipment) on acquisition of subsidiaries.

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30. 遞延稅項負債 (續)

於二零一八年十二月三十一日，本集團有未使用稅項虧損約1,319,061,000港元(二零一七年：1,071,362,000港元)可供抵銷未來溢利。於二零一八年十二月三十一日，已確認稅項虧損5,173,000港元(二零一七年：9,497,000港元)為遞延稅項資產。由於未能預計未來溢利流量，故未有為餘下1,313,888,000港元(二零一七年：1,061,865,000港元)確認遞延稅項資產。未確認稅項虧損中1,146,397,000港元(二零一七年：979,936,000港元)可無限期轉結，餘額將於二零二三年或之前的多個日期到期。

本集團已根據中國企業所得稅法實施條例規定，經計及將從中國若干附屬公司自二零零八年一月一日起賺取之溢利中分派之股息後，就附屬公司未分派溢利確認遞延稅項。中國企業所得稅法實施條例規定股東分派有關溢利須按5%至10%之稅率繳納預扣稅。由於董事認為本集團可控制撥回暫時差異之時間，而暫時差異於可預見將來可能不會撥回，故本集團並無就中國附屬公司自二零零八年一月一日起賺取之若干未分派保留溢利1,600,198,000港元(二零一七年：1,753,566,000港元)確認遞延稅項。

30. DEFERRED TAX LIABILITIES (Continued)

At 31 December 2018, the Group had unused tax losses of approximately HK\$1,319,061,000 (2017: HK\$1,071,362,000) available to offset against future profits. As at 31 December 2018, a deferred tax asset has been recognised in respect of such losses amounted to HK\$5,173,000 (2017: HK\$9,497,000). No deferred tax asset has been recognised in respect of the remaining HK\$1,313,888,000 (2017: HK\$1,061,865,000) due to the unpredictability of future profit streams. Included in the unrecognised tax losses, HK\$1,146,397,000 (2017: HK\$979,936,000) may be carried forward indefinitely and the remaining balance will expire at various dates up to and including year 2023.

Deferred taxation on undistributed profits of subsidiaries has been recognised taking into accounts the dividends to be distributed from profits earned by certain subsidiaries in the PRC starting from 1 January 2008 under the Implementation Regulation of the EIT Law of the PRC that requires withholding tax with tax rate ranging from 5% to 10% upon the distribution of such profits to the shareholders. Deferred taxation has not been recognised in respect of certain undistributed retained profits earned by the subsidiaries in the PRC starting from 1 January 2008 amounting to HK\$1,600,198,000 (2017: HK\$1,753,566,000) as the directors are of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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31. 股本

31. SHARE CAPITAL

	法定 Authorised	已發行及繳足 Issued and fully paid	
		二零一八年 及二零一七年 2018 & 2017	二零一七年 2017
	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
每股面值0.10港元 之股份	Shares of HK\$0.10 each 80,000	56,403	56,389

年內本公司之已發行股本有以下
變動：

Movements in the issued share capital of the Company
during the year are as follows:

		股份數目	金額
		Number of shares 千股 '000	Amount 千港元 HK\$'000
於二零一七年一月一日	At 1 January 2017	563,811	56,381
行使購股權(附註a)	Exercise of share options (note a)	78	8
於二零一七年 十二月三十一日	At 31 December 2017	563,889	56,389
行使購股權(附註b)	Exercise of share options (note b)	140	14
於二零一八年 十二月三十一日	At 31 December 2018	564,029	56,403

附註：

Notes:

- (a) 於截至二零一七年十二月三十一日止年度內，共有78,000份購股權獲行使，引致本公司發行78,000股每股面值0.10港元之股份，每股作價1.950港元。
- (b) 於截至二零一八年十二月三十一日止年度內，共有140,000份購股權獲行使，引致本公司發行140,000股每股面值0.10港元之股份，每股作價1.950港元。

- (a) During the year ended 31 December 2017, 78,000 share options were exercised, resulting in the issue of 78,000 shares of HK\$0.10 each in the Company at a price of HK\$1.950 per share.
- (b) During the year ended 31 December 2018, 140,000 share options were exercised, resulting in the issue of 140,000 shares of HK\$0.10 each in the Company at a price of HK\$1.950 per share.

所有已發行股份均在所有方面與
當時之現有已發行股份享有同等
權益。

All shares issued rank pari passu with the then existing
shares in issue in all respects.

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32. 業務收購

於二零一八年一月二日，本公司兩間間接全資附屬公司與若干獨立第三方（其主要業務活動為製造、銷售、分銷及營銷塗料）訂立一份協議，以按現金代價人民幣111,741,000元（相等於136,813,000港元）收購業務（「駱駝漆業務」）（「駱駝漆收購事項」）。業務收購已於二零一八年二月一日完成並已使用收購法入賬。因收購事項而產生之商譽金額為43,844,000港元。

收購相關成本817,000港元已自駱駝漆收購事項之成本中撇除並於本年度確認為開支，計入綜合損益及其他全面收益表內之「一般及行政費用」項目。

於收購日期收購之資產及確認之負債如下：

32. ACQUISITION OF BUSINESS

On 2 January 2018, two indirect wholly-owned subsidiaries of the Company, entered into an agreement with certain independent third parties, of which principal business activities are manufacture, sale, distribution and marketing of coatings, to acquire the business (“Camel”) at a cash consideration of RMB111,741,000 (equivalent to HK\$136,813,000) (“Camel Acquisition”). The acquisition of business was completed on 1 February 2018 and has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was HK\$43,844,000.

Acquisition-related costs amounting to HK\$817,000 have been excluded from the cost of Camel Acquisition and have been recognised as an expense in the current period, and included in the “general and administrative expenses” line item in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

		千港元 HK\$'000
物業、廠房及設備	Property, plant and equipment	993
無形資產	Intangible assets	71,479
存貨	Inventories	7,191
貿易應收款項	Trade receivables	13,306
		<u>92,969</u>

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32. 業務收購 (續)

已轉讓代價：

		千港元 HK\$'000
已支付購買代價	Purchase consideration paid	125,181
或然代價安排 (附註)	Contingent consideration arrangement (note)	11,632
		<u>136,813</u>

附註：於收購日期，董事認為應付駱駝漆業務賣方之或然代價估計約為人民幣9,500,000元（相等於約11,632,000港元），當中已參考駱駝漆業務之估計銷售表現預測及可能結算未償付合約責任。或然代價安排規定，倘賣方已履行於完成日期前累計之彼等對客戶之未償付合約責任，則本集團須參考駱駝漆業務之經營表現向駱駝漆業務之賣方付款。

因收購而產生之商譽：

		千港元 HK\$'000
已轉讓代價	Consideration transferred	136,813
減：已收購淨資產	Less: net assets acquired	(92,969)
因收購而產生之商譽	Goodwill arising on acquisition	<u>43,844</u>

已收購可識別淨資產之公允值採用收入法估計。釐定公允值所用之主要模型輸入數據為假設貼現率13.1%以及香港及國內業務之假設長期可持續增長率分別1.36%及3.0%。

32. ACQUISITION OF BUSINESS (Continued)

Consideration transferred:

		千港元 HK\$'000
已支付購買代價	Purchase consideration paid	125,181
或然代價安排 (附註)	Contingent consideration arrangement (note)	11,632
		<u>136,813</u>

Note: At the date of acquisition, the directors consider that the contingent consideration payable to the vendors of Camel is estimated to be probably at approximately RMB9,500,000 (equivalent to approximately HK\$11,632,000) with reference to the estimated sales performance forecast of Camel and possible settlement of the outstanding contractual obligations. The contingent consideration arrangement requires the Group to pay the vendors of Camel by reference to the operating performance of Camel, and if the vendors have fulfilled their outstanding contractual obligation to customers accrued prior to the completion date.

Goodwill arising on acquisition:

		千港元 HK\$'000
已轉讓代價	Consideration transferred	136,813
減：已收購淨資產	Less: net assets acquired	(92,969)
因收購而產生之商譽	Goodwill arising on acquisition	<u>43,844</u>

The fair value of the identified net assets acquired was estimated by applying an income approach. The key model inputs used in determining the fair value were assumed discount rate of 13.1% and assumed long-term sustainable growth rates of 1.36% and 3.0% for the businesses in Hong Kong and the PRC, respectively.

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32. 業務收購 (續)

貿易應收款項於收購日期之公允值為13,306,000港元。該等已收購貿易應收款項於收購日期之合約總金額為33,263,000港元。本公司董事認為，預期無法收回之合約現金流於收購日期之最佳估計為19,957,000港元。

收購產生商譽是由於合併成本包括控制溢價。此外，就合併支付之代價實際上包括與駱駝漆業務預期協同效應、營業額增長、未來市場發展及集合之人員有關之裨益金額。由於該等裨益不符合可識別無形資產之確認條件，因此並無與商譽分開確認。

33. 出售一間附屬公司

於二零一八年三月一日，本集團向一名獨立第三方出售其間接全資附屬公司億澤發展有限公司（「億澤」）之全部股權，總現金代價約為4,911,000美元（相等於約38,305,000港元）。億澤持有一幅位於中國之土地之預付土地租金。

32. ACQUISITION OF BUSINESS (Continued)

The fair value of trade receivables at the date of acquisition amounted to HK\$13,306,000. The gross contractual amount of those trade receivables acquired amounted to HK\$33,263,000 at the date of acquisition. The directors of the Company considered the best estimate at acquisition date of the contractual cash flows not expected to be recoverable amounted to HK\$19,957,000.

Goodwill arose in the acquisition because the cost of the combination includes a control premium. In addition, the consideration paid for the combination effectively included an amount in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Camel. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

33. DISPOSAL OF A SUBSIDIARY

On 1 March 2018, the Group disposed of the entire equity interest of its indirect wholly-owned subsidiary, Base Rich Development Limited (“Base Rich”), to an independent third party at a total cash consideration of approximately USD4,911,000 (equivalent to approximately HK\$38,305,000). Base Rich held the prepaid lease payments of a land located in the PRC.

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33. 出售一間附屬公司 (續)

億澤於出售日期之淨資產如下：

33. DISPOSAL OF A SUBSIDIARY (Continued)

The net assets of Base Rich at the date of disposal were as follows:

		千港元 HK\$'000
預付土地租金	Prepaid lease payments	9,451
物業、廠房及設備	Property, plant and equipment	414
銀行結餘及現金	Bank balances and cash	24
其他應付款項	Other payables	(24)
已出售淨資產	Net assets disposed of	<u>9,865</u>
出售一間附屬公司之收益：	Gain on disposal of a subsidiary:	
已收代價	Consideration received	38,305
已出售淨資產	Net assets disposed of	(9,865)
出售交易成本	Transaction cost for disposal	(34)
出售收益	Gain on disposal	<u>28,406</u>
出售產生之淨現金流入：	Net cash inflow arising on disposal:	
已收現金代價	Cash consideration received	38,305
已出售銀行結餘及現金	Bank balances and cash disposed of	(24)
		<u>38,281</u>

34. 資本風險管理

本集團管理其資本以確保通過優化債務與權益平衡，使本集團旗下公司能夠持續經營，並為股東爭取最高回報。本集團整體策略與過往年度相同。

本集團之資本結構包括債務，主要為於附註29披露之借貸及本公司股東應佔權益(含已發行股本及儲備(包括保留溢利))。

本公司董事定期審閱資本結構。作為審閱一部分，董事考慮資本成本及與資本有關之風險。按董事建議，本集團通過支付股息、發行新股及發行新債或者贖回現有債項，以平衡本集團整體資本結構。

34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, which mainly include the borrowings disclosed in note 29, and equity attributable to owners of the Company, comprising issued share capital and reserves including retained profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debts or the redemption of existing debts.

綜合財務報告附註
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截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

35. 金融工具

金融工具類別

35. FINANCIAL INSTRUMENTS

Categories of financial instruments

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
金融資產	Financial assets		
按攤銷成本計量 之金融資產	Financial assets at amortised cost	4,574,670	—
貸款及應收賬款(包括現金及現金等額)	Loans and receivables (including cash and cash equivalents)	—	4,432,525
衍生金融工具：	Derivative financial instruments:		
— 指定為對沖工具	— designated as hedging instruments	6,740	7,041
按公允值計入其他全面 收益之權益工具	Equity instruments at FVTOCI	11,750	—
可供出售投資	AFS investment	—	3,992
金融負債	Financial liabilities		
按攤銷成本計量 之金融負債	Financial liabilities at amortised cost	4,415,864	4,056,457
衍生金融工具：	Derivative financial instruments:		
— 指定為對沖工具	— designated as hedging instruments	—	70

財務風險管理目標與政策

本集團金融工具包括貿易應收款項及應收票據、其他應收賬款、衍生金融工具、短期銀行存款、銀行結餘及現金、按公允值計入其他全面收益之權益工具、可供出售投資、應付賬款及其他應付款項以及借貸。該等金融工具詳情於各附註披露。與該等金融工具相關之風險包括市場風險(外匯風險及利率風險)、信貸風險及流動資金風險。降低該等風險之政策載列如下。管理層管理及監控該等風險，以確保及時有效地採取適當措施。本集團所面對之市場風險或其管理及計量該風險之方式概無重大變動。

Financial risk management objectives and policies

The Group's financial instruments include trade and bills receivables, other debtors, derivative financial instruments, short-term bank deposits, bank balances and cash, equity instruments at FVTOCI, AFS investment, creditors and other payables and borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no significant change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

綜合財務報告附註 Notes to the Consolidated Financial Statements

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35. 金融工具 (續)

財務風險管理目標與 政策 (續)

市場風險

外匯風險

本公司若干附屬公司以外幣進行銷售及採購，令本集團面對外幣風險。本集團約17% (二零一七年：11%)之銷售以相關進行銷售之集團公司之功能貨幣以外之貨幣定值，而約82% (二零一七年：83%)之採購以相關集團公司之功能貨幣定值。

本集團以外幣定值之貨幣資產及負債於報告期末之賬面金額於相關附註披露。

於截至二零一七年十二月三十一日止年度，本集團已訂立若干外匯遠期合約，以減低因美元定值應付賬款之外匯變動而產生之外幣風險潛在波動。訂立該等合約乃本集團司庫運作之一部分，利用每份合約配對金額及到期日相類似之美元定值採購合約，捕捉現貨與遠期外匯市場間之價差。所有尚未結算外匯遠期合約已於截至二零一八年十二月三十一日止年度結算。管理層持續監控外匯風險，並將於有需要時考慮對沖重大外幣風險。

35. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk

Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 17% (2017: 11%) of the Group's sales are denominated in currencies other than the functional currency of the relevant group entities making the sale, whilst almost 82% (2017: 83%) of purchases are denominated in the relevant group entities' functional currency.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are disclosed in respective notes.

During the year ended 31 December 2017, the Group entered into certain foreign exchange forward contracts to reduce its exposure in potential variability of foreign currency risk arising from changes in foreign exchange exposure in USD denominated creditors. Such contracts were entered into as part of the Group's treasury operation for the purpose of capturing the price differential between the spot and forward foreign currency exchange markets by entering into purchase contracts that were denominated in USD with the similar amounts and maturity dates on a one by one basis. All the outstanding foreign exchange forward contracts were settled during the year ended 31 December 2018. The management continuously monitors the foreign exchange exposure and will consider hedging significant foreign currency risk should the need arise.

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35. 金融工具 (續)

財務風險管理目標與政策 (續)

市場風險 (續)

敏感度分析

本集團主要面對美元、人民幣及港元之外匯風險。下表詳述各集團公司之功能貨幣兌相關外幣升跌5% (二零一七年：5%) 之本集團敏感度。5% (二零一七年：5%) 為管理層對外幣匯率可能出現之合理變動評估所採用之敏感度率。敏感度分析僅包括尚未結算以外幣定值之貨幣項目，並於期末按外幣匯率5% (二零一七年：5%) 變動調整其換算。敏感度分析包括貿易應收款項及應收票據、銀行結餘、應付賬款及借貸。就淨負債而言，下列正數指功能貨幣兌相關外幣轉強5% (二零一七年：5%) 時，除稅後溢利有所增加，反之亦然。當功能貨幣兌相關外幣轉弱5% (二零一七年：5%) 時，將對除稅後溢利有同等相反影響。

35. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Sensitivity analysis

The Group is mainly exposed to currency risk of USD, RMB and HK\$. The following table details the Group's sensitivity to a 5% (2017: 5%) increase and decrease in functional currency of respective group entities against the relevant foreign currencies. 5% (2017: 5%) is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% (2017: 5%) change in foreign currency rates. The sensitivity analysis includes trade and bills receivables, bank balances, creditors as well as borrowings. A positive number below indicates an increase in profit after taxation where functional currency strengthens 5% (2017: 5%) against the relevant foreign currency for net liability position and vice versa. For a 5% (2017: 5%) weakening of functional currency against the relevant foreign currency, there would be an equal and opposite impact on the profit after taxation.

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
美元	USD	(11,333)	(4,201)
人民幣	RMB	(8,742)	(37)
港元	HK\$	10,654	2,964

綜合財務報告附註 Notes to the Consolidated Financial Statements

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35. 金融工具 (續)

財務風險管理目標與政策 (續)

市場風險 (續)

敏感度分析 (續)

本集團亦面對關於應收／應付集團公司款項之外匯風險，該等款項以相關集團公司功能貨幣以外之貨幣定值。當人民幣兌相關外幣轉強5%（二零一七年：5%）時，本集團除稅後溢利將增加11,334,000港元（二零一七年：增加1,388,000港元），反之亦然。

管理層認為，由於年末風險並不反映年內風險，故敏感度分析並不代表內在外匯風險。

利率風險

本集團面對與定息銀行存款及銀行貸款（該等借貸詳情見附註29）有關之公允值利率風險。然而，因銀行存款及大部分定息銀行貸款將於一年內到期，管理層認為此項風險對本集團而言並不重大。

本集團亦面對與按現行市場存款利率計息之銀行存款及浮息銀行貸款（詳情見附註25及29）有關之現金流量利率風險。為維持本集團之銀行貸款為固定利率，本集團訂立利率掉期以對沖部分銀行貸款現金流量變動之風險。該等利率掉期之主要條款與被對沖銀行貸款之主要條款相同。利率掉期乃指定為有效之對沖工具，並已使用對沖會計法（詳情見附註28）。

本集團之現金流量利率風險主要集中在銀行結餘之利率及與本集團之港元定值借貸有關的香港銀行同業拆息波動。

35. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Sensitivity analysis (Continued)

The Group is also exposed to currency risk concerning the amounts due from/to group entities, which are denominated in currencies other than the functional currency of the relevant group entities. When RMB strengthens 5% (2017: 5%) against the relevant foreign currency, profit after taxation of the Group will increase by HK\$11,334,000 (2017: increase by HK\$1,388,000) and vice versa.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits and bank loans (see note 29 for details of these borrowings). However, since the bank deposits and the majority of the fixed-rate bank loans will mature within one year, the management considers the risk is insignificant to the Group.

The Group is also exposed to cash flow interest rate risk in relation to bank deposits carried interest at prevailing market deposit rate and floating-rate bank loans (see notes 25 and 29 for details). In order to keep the Group's bank loans at fixed rates, the Group entered into interest rate swaps to hedge against its exposures to changes in cash flows of certain bank loans. The critical terms of these interest rate swaps are the same to those of hedged bank loans. Interest rate swaps are designated as effective hedging instruments and hedge accounting is used (see note 28 for details).

The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and HIBOR arising from the Group's HK\$ denominated borrowings.

綜合財務報告附註 Notes to the Consolidated Financial Statements

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35. 金融工具 (續)

財務風險管理目標與政策 (續)

市場風險 (續)

利率風險 (續)

由於銀行結餘之現行市場利率波動，本集團之銀行結餘面對現金流量利率風險。董事認為，由於計息銀行結餘於短期內到期，本集團原到期日為三個月以內之短期銀行存款及銀行結餘所面對之利率風險並不重大，故不包括於敏感度分析內。

敏感度分析

下列敏感度分析乃基於報告期末為非衍生工具面對之利率風險釐定。就原到期日為三個月後之計息銀行存款及借貸而言，分析之編製假設乃於報告期末未結算之資產及負債款項於全期均未結算。所採用之50個基點(二零一七年：50個基點)升跌乃管理層對利率可能合理變動之評估。

倘計息借貸(不包括現金流對沖下之銀行貸款821,507,000港元(二零一七年：1,108,971,000港元))利率上升/下跌50個基點(二零一七年：50個基點)，而所有其他變數不變，截至二零一八年十二月三十一日止年度之除稅後溢利將減少/增加約5,134,000港元(二零一七年：減少/增加約3,918,000港元)。此主要歸因於本集團承受計息短期銀行存款及浮息借貸之利率風險，於報告期末並無對沖所承受之現金流量利率風險。

35. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk (Continued)

The Group's bank balances have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The directors consider the Group's exposure of the short-term bank deposits with original maturity of less than three months and bank balances to interest rate risk is not significant as interest bearing bank balances are within short maturity period and thus it is not included in sensitivity analysis.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For interest bearing bank deposits with original maturity of more than three months and borrowings, the analysis is prepared assuming the amount of assets and liabilities outstanding at the end of the reporting period were outstanding for the whole period. A 50 basis points (2017: 50 basis points) increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates.

If interest rates on interest bearing borrowings (excluding bank loans under cash flow hedges of HK\$821,507,000 (2017: HK\$1,108,971,000)) had been 50 basis points (2017: 50 basis points) higher/lower and all of other variables were held constant, the profit after taxation for the year ended 31 December 2018 would decrease/increase by approximately HK\$5,134,000 (2017: decrease/increase by approximately HK\$3,918,000). This is mainly attributable to the Group's exposure to interest rates on its interest bearing short-term bank deposits and variable-rate borrowings which are not hedged against their exposures to cash flow interest rate risk at the end of the reporting period.

綜合財務報告附註 Notes to the Consolidated Financial Statements

截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

35. 金融工具 (續)

財務風險管理目標與 政策 (續)

信貸風險及減值評估

於二零一八年及二零一七年十二月三十一日，本集團因交易方未能履行責任而招致財務損失所面對之最高信貸風險，乃源自綜合財務狀況表內所有有關已確認金融資產之賬面金額。

為盡量減低信貸風險，本集團管理層任命專責人員制定信貸額度、信貸審批及其他監控程序，以確保作出跟進行動收回逾期債務。此外，本集團於報告期末審閱每項個別貿易債項及其他債項之可收回金額，以確保為不可收回金額撥出充足之減值虧損。就此，本公司董事認為本集團之信貸風險已顯著降低。

由於交易方主要為獲國際信貸評級機構評級為高信貸評級之銀行，故流動資金之信貸風險有限。

應收票據之信貸風險有限，因本集團訂有程序及政策，以確保應收票據由可接納信貸質素之銀行或金融機構出具。

除存放於若干高信貸評級銀行之流動資金及主要由中國具良好聲譽之銀行出具之應收票據所承受之集中信貸風險外，本集團並無有關貿易應收款項及其他應收賬款之任何其他重大集中信貸風險。貿易應收款項包括分佈於不同行業及地區之大量客戶。

35. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

As at 31 December 2018 and 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties are arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated the responsible personnel for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt and other debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are mainly banks with high credit ratings assigned by international credit-rating agencies.

In respect of bills receivables, the credit risk is limited as the Group has procedures and policies in place to ensure they are from banks or financial institutions with acceptable credit quality.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings and bills receivables mainly from banks with good reputation in the PRC, the Group does not have any other significant concentration of credit risk on trade and other debtors. Trade receivables consist of a large number of customers, which spread across diverse industries and geographical areas.

綜合財務報告附註
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35. 金融工具 (續)

財務風險管理目標與政策 (續)

信貸風險及減值評估 (續)

於二零一八年一月一日採納香港財務報告準則第9號後，本集團應用簡化方法按香港財務報告準則第9號之規定計提預期信貸損失，即允許就貿易應收款項使用全期預期損失撥備。

管理層認為，逾期180天以上之貿易應收款項並無出現違約，且由於與該等客戶維持長期／持續關係，且該等客戶具有良好還款紀錄，故該等結餘仍被視為可全數收回。

本集團信貸風險管理其中一環，乃使用應收賬款賬齡評估製造及買賣溶劑、塗料、油墨及潤滑油業務客戶之減值，原因在於該等客戶包含大量具共同風險特性之小型客戶，而該等特性反映客戶按照合約條款支付所有到期款項之能力。下表載列有關於二零一八年十二月三十一日全期預期信貸損失(並非已出現信貸減值)內貿易應收款項之信貸風險及預期信貸損失之資料。

35. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Upon adoption of HKFRS 9 on 1 January 2018, the Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables.

The management is of the opinion that there has been no default occurred for trade receivables pass due over 180 days and the balances are still considered fully recoverable due to long term/on-going relationship and good repayment record from these customers.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation of manufacturing and trading in solvents, coatings, inks and lubricants because these customers consist of a large number of small customers with common risk characteristic that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk and ECL for trade receivables as at 31 December 2018 within lifetime ECL (not credit-impaired).

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截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

35. 金融工具 (續)

財務風險管理目標與 政策 (續)

信貸風險及減值評估 (續)

35. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

(Continued)

		總賬面 金額 Gross carrying amount 千港元 HK\$'000	平均 損失率 Average loss rate	淨損失 撥備 Net loss allowance 千港元 HK\$'000	賬面金額 Carrying amount 千港元 HK\$'000
貿易應收款項	Trade receivables				
即期(未逾期)	Current (not past due)	1,250,840	0.02%	(218)	1,250,622
逾期1至90天	1-90 days past due	257,900	0.60%	(1,544)	256,356
逾期90天以上	Over 90 days past due	114,492	25.41%	(29,089)	85,403
		<u>1,623,232</u>		<u>(30,851)</u>	<u>1,592,381</u>

估計損失率乃基於應收賬款預期年期內之歷史觀察違約率估算，並就無需過多成本或努力可得之前瞻性資料調整。該等前瞻性資料由本集團管理層用於評估於報告期之即期市況及預測市況指向。分組由本集團管理層定期審閱，以確保特定應收賬款之相關資料獲得更新。

下表顯示根據簡化方法已就貿易應收款項確認之全期預期信貸損失之變動。

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. Such forward-looking information is used by the management of the Group to assess both the current as well as the forecast direction of conditions at the reporting date. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

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35. 金融工具 (續)

財務風險管理目標與 政策 (續)

信貸風險及減值評估 (續)

35. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

(Continued)

		全期預期信貸 損失(並無出現 信貸減值) Lifetime ECL (not credit- impaired) 千港元 HK\$'000	全期預期信貸 損失(已出現 信貸減值) Lifetime ECL (credit- impaired) 千港元 HK\$'000	總計 Total 千港元 HK\$'000
於二零一八年一月一日	As at 1 January 2018	42,237	31,327	73,564
(已撥回)已確認減值 虧損淨額	Net impairment losses (reversed) recognised	(4,601)	13,618	9,017
註銷為不可收回金額	Amounts written off as uncollectible	(6,618)	(7,713)	(14,331)
外匯結算差額	Currency realignment	(167)	(2,921)	(3,088)
於二零一八年 十二月三十一日	As at 31 December 2018	30,851	34,311	65,162

當有資料顯示債務人存在嚴重財困，並無收回款項之實際願景(例如債務人已在清盤或已進行破產程序)，則本集團註銷貿易應收款項。

於釐定應收票據及其他應收賬款之預期信貸損失時，本集團管理層已考慮歷史違約經驗及前瞻性資料(視乎適當情況而定)，例如本集團已考慮付款持續低企之歷史違約率，並總結本集團未結算應收票據或其他應收賬款之內在信貸風險並不重大。

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

In determining the ECL for bills receivables and other debtors, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate, for example, the Group has considered the consistently low historical default rate in connection with payments, and concluded that credit risk inherent in the Group's outstanding bills receivables or other debtors are insignificant.

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35. 金融工具 (續)

財務風險管理目標與 政策 (續)

信貸風險及減值評估 (續)

本集團管理層認為，短期銀行存款及存放於高信貸評級金融機構之銀行結餘乃低信貸風險之金融資產。本集團管理層認為，短期銀行存款及銀行結餘屬短期性質，基於高信貸評級發行人關係可無視違約之可能性，因此損失撥備被視為並不重大。

流動資金風險

本集團為管理流動資金風險，監控現金及現金等額的水平，將其維持於管理層認為合適之水平，為本集團業務融資，並減低現金流量波動之影響。管理層監控銀行借貸之使用情況及確保符合貸款契約。

本集團依賴銀行貸款作為流動資金之主要來源。於二零一八年十二月三十一日，本集團未動用之可動用銀行信貸額度約3,218,371,000港元(二零一七年：2,949,614,000港元)。

下表詳述本集團金融負債之餘下合約到期情況。就非衍生金融負債而言，該列表乃根據本集團須支付金融負債最早之日之非貼現現金流量編製。列表包括利息及本金現金流量。按淨額基準結算之衍生工具呈報其非貼現現金流出淨額情況。

35. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

(Continued)

The management of the Group considers the short-term bank deposits and bank balances that are deposited with the financial institutions with high credit rating to be low credit risk financial assets. The management of the Group considers the short-term bank deposits and bank balances are short-term in nature and the probability of default is negligible on the basis of high-credit-rating issuers, and accordingly, loss allowance was considered as insignificant.

Liquidity risk

In management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensure compliance with loan covenants.

The Group relies on bank loans as a significant source of liquidity. As at 31 December 2018, the Group had available unutilised bank facilities of approximately HK\$3,218,371,000 (2017: HK\$2,949,614,000).

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. For derivative instruments settled on a net basis, undiscounted net cash outflows are presented.

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35. 金融工具 (續)

金融工具之公允值計量

本集團部分金融資產及金融負債於各報告期末按公允值計量。下表提供有關如何釐定該等金融資產及金融負債之公允值(尤其是所使用之估值技術及輸入數據), 以及公允值計量基於公允值計量輸入數據之可觀察程度分類之公允值級別(第一至三級)之資料。

35. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

金融資產/金融負債 Financial assets/financial liabilities	於下列日期之公允值 Fair value as at		級別 Hierarchy	公允值估值技術及主要輸入數據 Fair value valuation techniques and key input(s)	重大不可觀察輸入數據 Significant unobservable inputs
	二零一八年 十二月三十一日 31.12.2018	二零一七年 十二月三十一日 31.12.2017			
	分類為衍生金融工具之利率掉期合約	資產(根據對沖會計法) — 6,740,000港元			
Interest rate swap contracts classified as derivative financial instruments	負債(根據對沖會計法) — 無	負債(根據對沖會計法) — 70,000港元			
	Assets (under hedge accounting) — HK\$6,740,000	Assets (under hedge accounting) — HK\$7,041,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at an applicable discount rate taking into account the credit risk of the counter-parties and of the Group as appropriate.	N/A
	Liabilities (under hedge accounting) — Nil	Liabilities (under hedge accounting) — HK\$70,000			

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35. 金融工具 (續)

金融工具之公允值計量

(續)

金融資產/金融負債 Financial assets/financial liabilities	於下列日期之公允值 Fair value as at		級別 Hierarchy	公允值估值技術及主要輸入數據 Fair value valuation techniques and key input(s)	重大不可觀察輸入數據 Significant unobservable inputs
	二零一八年 十二月三十一日 31.12.2018	二零一七年 十二月三十一日 31.12.2017			
按公允值計入其他全面收益之 金融資產—按公允值計入其他 全面收益之無報價權益工具	於深圳市補優網絡科 技有限公司之3.33% 權益工具 —無；及	不適用	第三級	已使用貼現現金流方法，以獲得將源自該等投資之 擁有權之預期未來經濟利益之現值。	貼現率，已計及資本之加 權平均成本7.78% 貼現率愈高，公允值愈 低，反之亦然
Financial assets at FVTOCI — unquoted equity instruments at FVTOCI	3.33% equity instruments in 深圳市補優網絡科 技有限公司 — Nil; and	N/A	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investments.	Discount rate, taking into account of weighted average cost of capital of 7.78% The higher the discount rate, the lower the fair value and vice versa
	於Common Good (Cayman) Holdings Limited之3.29% 權益工具 — 11,750,000港元	不適用	第二級	從近期投資交易中Common Good (Cayman) Holdings Limited股份之市值得出之公允值。	不適用
	3.29% equity instruments in Common Good (Cayman) Holdings Limited — HK\$11,750,000	N/A	Level 2	Fair value derived from market value of the shares of Common Good (Cayman) Holdings Limited in recent investment transactions.	N/A

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截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

35. 金融工具 (續)

金融工具之公允值計量

(續)

其他金融資產及金融負債之公允值乃按照基於貼現現金流分析之公認定價模型釐定。本公司董事認為，此等按攤銷成本記賬之金融資產及金融負債之賬面金額與公允值相若。

涉及抵銷、可強制執行總互抵銷安排及類似協議之金融資產及負債

本集團就其衍生金融工具訂立國際掉期及衍生產品協會總協議。由於本集團並無就衍生交易質押現金抵押品，故就該等衍生金融工具確認之金額並不符合於本集團綜合財務狀況表抵銷之標準。

35. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

The fair value of other financial assets and financial liabilities are determined in accordance with general accepted pricing models based on discounted cash flow analysis. The directors of the Company consider that the carrying amounts of these financial assets and financial liabilities recorded at amortised cost approximate their fair values.

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

The Group entered into International Swaps and Derivatives Association (“ISDA”) Master Agreements for its derivatives financial instruments. The amounts recognised for the derivatives financial instruments do not meet the criteria for offsetting in the Group’s consolidated statement of financial position since there is no cash collateral pledged in respect of the Group’s derivative transactions.

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36. 融資業務產生之負債對賬

下表載列有關本集團自融資業務產生之負債變動詳情，包括現金及非現金變動。自融資業務產生之負債乃現金流曾於或將於本集團之綜合現金流量表內分類為「融資業務所產生之現金流」之負債。

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

		借貸	應付利息	應付股息	總計
		Borrowings	Interest payable	Dividend payable	Total
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
於二零一七年一月一日	At 1 January 2017	2,246,319	—	—	2,246,319
融資現金流	Financing cash flow	222,086	(56,269)	(114,198)	51,619
財務費用	Finance costs	—	56,269	—	56,269
已宣派股息	Dividends declared	—	—	114,198	114,198
於二零一七年十二月三十一日 及二零一八年一月一日	At 31 December 2017 and 1 January 2018	2,468,405	—	—	2,468,405
融資現金流	Financing cash flows	171,972	(67,512)	(101,555)	2,905
財務費用	Finance costs	—	67,512	—	67,512
已宣派股息	Dividends declared	—	—	101,555	101,555
於二零一八年十二月三十一日	At 31 December 2018	2,640,377	—	—	2,640,377

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37. 購股權計劃

於二零一二年五月二十五日，本公司股東在股東週年大會上批准採納新購股權計劃（「新購股權計劃」），同時終止本公司於二零零二年九月三日已採納之舊購股權計劃（「舊購股權計劃」）。在舊購股權計劃終止前據此授出之購股權將繼續有效並可根據舊購股權計劃之規則行使。新購股權計劃將於二零二二年五月二十四日到期以符合上市規則第十七章之條款。新購股權計劃之目的為表揚及激勵參與人士作出貢獻，並提供動力及直接經濟利益以達致本公司之長期業務目標。新購股權計劃之主要條款與舊購股權計劃相似，董事會可授出購股權予本集團任何合資格僱員，包括本公司或其附屬公司之董事，本集團之法律、財務、管理及技術顧問及諮詢人、主要客戶以及原料及機械供應商，以認購本公司之股份。授出之購股權之行使期自授出日期起計不得超過十年，且董事會於購股權可行使期內可對行使購股權實施限制。接納獲授之購股權時應支付1港元之象徵式代價。購股權股份之認購價須不少於以下三者之較高者：(i)股份於授出日期之收市價；(ii)股份於緊接授出日期前五個交易日之平均收市價；及(iii)股份之面值。可授出之購股權所涉及之股份數目上限，不得超過於批准新購股權計劃當日本公司之已發行股本10%之面值金額。然而，因行使所有尚未行使購股權而可能發行之股份數目上限總數不得超過不時已發行股本之30%。在未獲得本公司股東事先批准之情況下，在任何一年內授予任何個人之購股權股份數目，不得超過本公司不時已發行股份之1%。

37. SHARE OPTION SCHEME

On 25 May 2012, the shareholders of the Company at the annual general meeting approved the adoption of a new share option scheme (the "New Share Option Scheme") and the termination of the old share option scheme (the "Old Share Option Scheme") which was adopted by the Company on 3 September 2002. Options granted under the Old Share Option Scheme prior to such termination will continue to be valid and exercisable in accordance with the rules of the Old Share Option Scheme. The New Share Option Scheme will expire on 24 May 2022 in order to comply with the terms of Chapter 17 of the Listing Rules. The purpose of the New Share Option Scheme is to recognise and motivate the participants and to provide incentives and a direct economic interest in attaining the long term business objectives of the Company. The principal terms of the New Share Option Scheme are similar to those of the Old Share Option Scheme, the Board may grant options to any eligible employees of the Group, including directors of the Company or its subsidiaries, legal, financial, management and technical advisers and consultants, major customers and raw material and machinery suppliers of the Group, to subscribe for shares of the Company. The exercise period of options granted shall not be more than ten years from the date of grant and the Board may impose restrictions on the exercise of options during the period options may be exercised. A nominal consideration of HK\$1 is payable on acceptance of the grant of options. The subscription price of the option share is not less than the higher of (i) the closing price of the shares on the date of grant; (ii) the average closing prices of the shares on the five trading days immediately preceding the date of grant; and (iii) the nominal value of the shares. The maximum number of shares in respect of which options may be granted may not exceed in nominal amount of 10% of the issued share capital of the Company at the date of approval of the New Share Option Scheme. However, the total maximum number of shares which may be issued upon exercise of all outstanding shares options must not exceed 30% of the issued share capital from time to time. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue from time to time, without prior approval from the Company's shareholders.

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37. 購股權計劃 (續)

過往根據舊購股權計劃授出之購股權即時歸屬並將繼續有效，可根據舊購股權計劃之規則行使。

本公司購股權計劃下之尚未行使購股權於各報告期間之變動及其相關加權平均行使價概列如下：

截至二零一八年十二月三十一日止年度

37. SHARE OPTION SCHEME (Continued)

The share options granted before under the Old Share Option Scheme vest immediately and will continue to be valid and exercisable in accordance with the rules of the Old Share Option Scheme.

A summary of the movements of the outstanding options and their related weighted average exercise prices during each of the reporting periods under the Company's share option scheme is as follows:

For the year ended 31 December 2018

	授出日期 Date of grant	購股權數目 Number of share options					
		於二零一八年 一月一日		於二零一八年 十二月三十一日			
		行使價 Exercise price 港元 HK\$	尚未行使 Outstanding at 1.1.2018	年內授出 Granted during the year	年內行使 Exercised during the year	年內註銷 Cancelled during the year	尚未行使 Outstanding at 31.12.2018
舊購股權計劃 Old Share Option Scheme	二零零八年十月三十一日 31.10.2008	1.950	140,000	—	(140,000)	—	—
	二零零九年十月五日 5.10.2009	4.536	640,000	—	—	(60,000)	580,000
			780,000	—	(140,000)	(60,000)	580,000
新購股權計劃 New Share Option Scheme	二零一三年一月十一日 11.1.2013	5.942	4,630,000	—	—	(440,000)	4,190,000
			港元 HK\$	港元 HK\$	港元 HK\$	港元 HK\$	港元 HK\$
每股加權平均行使價 Weighted average exercise price per share		5.672	—	1.950	5.773	5.771	

綜合財務報告附註 Notes to the Consolidated Financial Statements

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37. 購股權計劃 (續)

截至二零一七年十二月三十一日
止年度

37. SHARE OPTION SCHEME (Continued)

For the year ended 31 December 2017

	授出日期 Date of grant	行使價 Exercise price 港元 HK\$	購股權數目 Number of share options				
			於二零一七年 一月一日 尚未行使 Outstanding at 1.1.2017	年內授出 Granted during the year	年內行使 Exercised during the year	年內註銷 Cancelled during the year	於二零一七年 十二月三十一日 尚未行使 Outstanding at 31.12.2017
舊購股權計劃 Old Share Option Scheme	二零零七年四月三日 3.4.2007	4.050	152,000	—	—	(152,000)	—
	二零零八年十月三十一日 31.10.2008	1.950	220,000	—	(78,000)	(2,000)	140,000
	二零零九年十月五日 5.10.2009	4.536	710,000	—	—	(70,000)	640,000
			1,082,000	—	(78,000)	(224,000)	780,000
新購股權計劃 New Share Option Scheme	二零一三年一月十一日 11.1.2013	5.942	5,140,000	—	—	(510,000)	4,630,000
			港元 HK\$	港元 HK\$	港元 HK\$	港元 HK\$	港元 HK\$
每股加權平均行使價 Weighted average exercise price per share			5.594	—	1.950	5.405	5.672

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37. 購股權計劃 (續)

已包括於上表內董事所持購股權之詳情如下：

截至二零一八年十二月三十一日止年度

	授出日期 Date of grant	購股權數目 Number of share options				
		於二零一八年 一月一日 行使價 尚未行使	年內重新分類 Reclassified during the year (附註) (note)	年內行使 年內行使 during the year	於二零一八年 十二月三十一日 尚未行使	
		Exercise price at 1.1.2018 港元 HK\$	Outstanding at 1.1.2018		during the year	Outstanding at 31.12.2018
新購股權計劃 New Share Option Scheme	二零一三年一月十一日 11.1.2013	5.942	400,000	(200,000)	—	200,000

截至二零一七年十二月三十一日止年度

	授出日期 Date of grant	購股權數目 Number of share options				
		於二零一七年 一月一日 行使價 尚未行使	年內重新分類 Reclassified during the year	年內行使 年內行使 during the year	於二零一七年 十二月三十一日 尚未行使	
		Exercise price at 1.1.2017 港元 HK\$	Outstanding at 1.1.2017		during the year	Outstanding at 31.12.2017
新購股權計劃 New Share Option Scheme	二零一三年一月十一日 11.1.2013	5.942	400,000	—	—	400,000

附註： 鄭國照先生已辭任執行董事，自二零一八年一月一日起生效，其購股權數目已重新分類為非董事購股權類別。

37. SHARE OPTION SCHEME (Continued)

Details of the options held by the directors included in the above table are as follows:

For the year ended 31 December 2018

	授出日期 Date of grant	購股權數目 Number of share options				
		於二零一八年 一月一日 行使價 尚未行使	年內重新分類 Reclassified during the year (附註) (note)	年內行使 年內行使 during the year	於二零一八年 十二月三十一日 尚未行使	
		Exercise price at 1.1.2018 港元 HK\$	Outstanding at 1.1.2018		during the year	Outstanding at 31.12.2018
新購股權計劃 New Share Option Scheme	二零一三年一月十一日 11.1.2013	5.942	400,000	(200,000)	—	200,000

For the year ended 31 December 2017

	授出日期 Date of grant	購股權數目 Number of share options				
		於二零一七年 一月一日 行使價 尚未行使	年內重新分類 Reclassified during the year	年內行使 年內行使 during the year	於二零一七年 十二月三十一日 尚未行使	
		Exercise price at 1.1.2017 港元 HK\$	Outstanding at 1.1.2017		during the year	Outstanding at 31.12.2017
新購股權計劃 New Share Option Scheme	二零一三年一月十一日 11.1.2013	5.942	400,000	—	—	400,000

Note: Mr. Kwong Kwok Chiu resigned as executive director with effect from 1 January 2018 and his number of share options was reclassified as share option to non-director.

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截至二零一八年十二月三十一日止年度 For the year ended 31 December 2018

37. 購股權計劃 (續)

緊接行使購股權日期前本公司股份之加權平均收市價為2.630港元(二零一七年:3.237港元)。於年末尚未行使購股權之加權平均剩餘合約年期為3.63年(二零一七年:4.53年)。

根據舊購股權計劃授出之所有購股權於授出當日即時歸屬，行使期自授出日期起計十年。根據新購股權計劃授出之購股權於授出日期起計兩年後歸屬，該等購股權自二零一五年一月十一日起至二零二三年一月十日止可予行使。

37. SHARE OPTION SCHEME (Continued)

The weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised was HK\$2.630 (2017: HK\$3.237). The options outstanding at the end of the year have a weighted average remaining contract life of 3.63 years (2017: 4.53 years).

All share options granted under the Old Share Option Scheme vested immediately at the dates of grant with the exercisable period of ten years from the dates of grant. The share options granted under the New Share Option Scheme were vested over two years from the dates of grant and they are exercisable commencing from 11 January 2015 to 10 January 2023.

38. 資本承擔

38. CAPITAL COMMITMENTS

	二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
有關收購物業、廠房及設備之資本開支已訂約但未於綜合財務報告撥備	89,365	42,012
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements		

39. 經營租賃承擔

本集團作為承租人

於報告期末，本集團就於下列年期屆滿之租賃物業之不可撤銷經營租賃而須承擔繳付未來最低租賃付款：

39. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rented properties which fall due as follows:

	二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
一年內	18,206	16,417
第二至第五年(首尾兩年包括在內)	49,389	50,600
五年後	16,788	17,677
	84,383	84,694
Within one year		
In the second to fifth year inclusive		
After five years		

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39. 經營租賃承擔 (續)

根據本集團訂立之租約，租期及租金按一至二十年釐定。

本集團作為出租人

於報告期末，本集團與租戶就下列未來最低租賃付款訂立合約：

39. OPERATING LEASE COMMITMENTS

(Continued)

Under the leases entered into by the Group, the lease terms and rentals are fixed from one year to twenty years.

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
一年內	Within one year	9,541	10,466
第二至第五年(首尾兩年 包括在內)	In the second to fifth year inclusive	112	13,371
		9,653	23,837

持有之物業已有約定之租戶，租期介乎一至五年。

The properties held have committed tenants ranging from one year to five years.

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40. 關連人士交易

- (a) 年內，本集團分別支付 960,000 港元(二零一七年：960,000 港元)及 350,000 港元(二零一七年：600,000 港元)之租金予港德投資有限公司(「港德」)及嘉捷投資有限公司(「嘉捷」)，本公司之董事葉志成先生及葉子軒先生分別於港德及嘉捷持有控股權益。
- (b) 年內，本集團收到葉志成慈善基金有限公司之租金及使用費用 501,000 港元(二零一七年：400,000 港元)及服務費用收入 53,000 港元(二零一七年：41,000 港元)，葉志成先生為本公司董事並擁有該公司控股權益。
- (c) 年內，本集團與旗下一間聯營公司訂立為數 465,000 港元(二零一七年：無)之銷售合約及 1,432,000 港元(二零一七年：無)之購買合約。
- (d) 主要管理人員為本公司董事及本公司行政管理人員。付予彼等之薪酬詳情載於附註 6。

40. RELATED PARTY TRANSACTIONS

- (a) During the year, the Group paid rent of HK\$960,000 (2017: HK\$960,000) and HK\$350,000 (2017: HK\$600,000) to Goldex Investments Limited (“Goldex”) and Galsheer Investments Limited (“Galsheer”) respectively in which Mr. Ip Chi Shing and Mr. Yip Tsz Hin, directors of the Company, have controlling interests over Goldex and Galsheer respectively.
- (b) During the year, the Group received rent and license fee of HK\$501,000 (2017: HK\$400,000) and service fee income of HK\$53,000 (2017: HK\$41,000) from Ip Chi Shing Charitable Foundation Limited in which Mr. Ip Chi Shing, director of the Company, has controlling interest over it.
- (c) During the year, the Group entered sales contracts of HK\$465,000 (2017: nil) and purchase contracts of HK\$1,432,000 (2017: nil) with an associate of the Group.
- (d) The key management personnel are the directors of the Company and the management executives of the Company. The details of the remuneration paid to them are set out in note 6.

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41. 退休福利計劃

本集團參與根據職業退休計劃條例登記之定額供款計劃(「職業退休計劃」)及根據強制性公積金計劃條例於二零零零年十二月成立之強制性公積金計劃(「強積金計劃」)。該等計劃之資產與本集團之資產分開持有，由受託人管理之信託基金所持有。在強積金計劃成立之前，原為職業退休計劃成員之僱員可選擇繼續參與職業退休計劃或轉至強積金計劃，而所有於二零零零年十二月一日或以後新入職本集團之僱員則須參與強積金計劃。

本集團於中國之附屬公司僱員乃由中國政府運作之國家監管退休福利計劃之成員。此等附屬公司之供款為僱員薪金之特定百分比，作為該退休福利計劃之資金。本集團之唯一責任為向該退休福利計劃提供特定供款。

於損益扣除之成本為47,234,000港元(二零一七年：47,727,000港元)，代表本集團按計劃規則訂明之比率於本會計期間向該等計劃支付或應付之供款。於二零一八年十二月三十一日，就報告期間應付之供款461,000港元(二零一七年：446,000港元)仍未付予該等計劃。該等款項已於報告期末後支付。

41. RETIREMENT BENEFIT PLAN

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Schemes Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The costs charged to profit or loss of HK\$47,234,000 (2017: HK\$47,727,000) represent contributions paid or payable to these plans by the Group at rates specified in the rules of the plans in respect of the current accounting period. As at 31 December 2018, contributions of HK\$461,000 (2017: HK\$446,000) due in respect of the reporting period had not been paid over to the plans. The amounts were paid over subsequent to the end of the reporting period.

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42. 主要附屬公司

本公司主要附屬公司之詳情如下：

42. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries are as follows:

附屬公司名稱 Name of subsidiary	註冊成立／註冊地點 Place of incorporation/ registration	已發行股本之面值／ 註冊資本 Nominal value of issued share capital/ registered capital	本集團持有已發行股本 面值／註冊資本之百分比 Proportion of nominal value of issued share capital/registered capital held by the Group		主要業務 Principal activities
			二零一八年 2018	二零一七年 2017	
億澤發展有限公司 Base Rich Development Limited	香港 Hong Kong	普通股 — 2港元 普通股 — HK\$2	— (附註a) — (note a)	100% 100%	物業投資 Property investment
紫荊花化工(上海)有限公司 Bauhinia Chemical (Shanghai) Company Limited	中國 — 獨資外資企業 PRC — wholly owned foreign enterprise	資本貢獻 — 人民幣2,000,000元 Capital contribution — RMB2,000,000	100% 100%	100% 100%	買賣塗料 Trading in coatings
紫荊花塗料集團有限公司 Bauhinia Coatings Group Limited	香港 Hong Kong	普通股 — 149,665港元 遞延股 — 335港元 普通股 — HK\$149,665 遞延股 — HK\$335	100% (附註b) 100% (note b)	100% (附註b) 100% (note b)	投資控股 Investment holding
紫荊花塗料(上海)有限公司 Bauhinia Coatings Manufacturing (Shanghai) Co., Limited	中國 — 獨資外資企業 PRC — wholly owned foreign enterprise	資本貢獻 — 40,800,000美元 Capital contribution — USD40,800,000	100% 100%	100% 100%	製造及買賣塗料 Manufacture of and trading in coatings
Bauhinia Paints Limited	英屬處女群島 British Virgin Islands	普通股 — 1,000港元 普通股 — HK\$1,000	100% 100%	100% 100%	投資控股 Investment holding
紫荊花製漆(成都)有限公司 Bauhinia Paints Manufacturing (Chengdu) Company Limited	中國 — 獨資外資企業 PRC — wholly owned foreign enterprise	資本貢獻 — 人民幣28,000,000元 Capital contribution — RMB28,000,000	100% 100%	100% 100%	製造及買賣塗料 Manufacture of and trading in coatings
大中漆廠有限公司 Bauhinia Paints Manufacturing Limited	香港 Hong Kong	普通股 — 20港元 遞延股 — 600,000港元 普通股 — HK\$20 遞延股 — HK\$600,000	100% (附註b) 100% (note b)	100% (附註b) 100% (note b)	投資控股 Investment holding
紫荊花製漆(上海)有限公司 Bauhinia Paints Manufacturing (Shanghai) Company Limited	中國 — 獨資外資企業 PRC — wholly owned foreign enterprise	資本貢獻 — 6,100,000美元 Capital contribution — USD6,100,000	100% 100%	100% 100%	物業投資 Property investment

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42. 主要附屬公司 (續)

42. PRINCIPAL SUBSIDIARIES (Continued)

附屬公司名稱 Name of subsidiary	註冊成立/註冊地點 Place of incorporation/ registration	已發行股本之面值/ 註冊資本 Nominal value of issued share capital/ registered capital	本集團持有已發行股本 面值/註冊資本之百分比 Proportion of nominal value of issued share capital/registered capital held by the Group		主要業務 Principal activities
			二零一八年 2018	二零一七年 2017	
紫荊花製漆(深圳)有限公司	中國 — 獨資外資企業	資本貢獻 — 28,800,000港元	100%	100%	買賣塗料
Bauhينيا Paints Manufacturing (Shenzhen) Company Limited	PRC — wholly owned foreign enterprise	Capital contribution — HK\$28,800,000	100%	100%	Trading in coatings
洋紫荊油墨(河北)有限公司	中國 — 獨資外資企業	資本貢獻 — 人民幣88,000,000元	100%	100%	製造及買賣油墨
Bauhينيا Variiegata Ink & Chemicals (Hebei) Limited	PRC — wholly owned foreign enterprise	Capital contribution — RMB88,000,000	100%	100%	Manufacture of and trading in inks
洋紫荊油墨(浙江)有限公司	中國 — 獨資外資企業	資本貢獻 — 40,000,000美元	100%	100%	製造及買賣油墨
Bauhينيا Variiegata Ink & Chemicals (Zhejiang) Limited	PRC — wholly owned foreign enterprise	Capital contribution — USD40,000,000	100%	100%	Manufacture of and trading in inks
洋紫荊油墨(中山)有限公司	中國 — 獨資外資企業	資本貢獻 — 180,000,000港元	100%	100%	製造及買賣油墨
Bauhينيا Variiegata Ink & Chemicals (Zhongshan) Limited	PRC — wholly owned foreign enterprise	Capital contribution — HK\$180,000,000	100%	100%	Manufacture of and trading in inks
凌志潤滑油有限公司	香港	普通股 — 2港元	100%	100%	投資控股
Best Lubricant Blending Limited	Hong Kong	Ordinary — HK\$2	100%	100%	Investment holding
百興投資(香港)有限公司	香港	普通股 — 1港元	100%	—	投資控股
Best Prospect Investments (Hong Kong) Limited	Hong Kong	Ordinary — HK\$1	100%	—	Investment holding
大勇投資有限公司	香港	普通股 — 10,000港元	100%	100%	物業投資
Big Youth Investments Limited	Hong Kong	Ordinary — HK\$10,000	100%	100%	Property investment
Brandway Limited	英屬處女群島 British Virgin Islands	普通股 — 1美元	100%	100%	投資控股
		Ordinary — USD1	100%	100%	Investment holding
協和化工倉儲有限公司	香港	普通股 — 160,000港元	75%	75%	投資控股及買賣溶劑
Concord Chemical Storing Limited	Hong Kong	Ordinary — HK\$160,000	75%	75%	Investment holding and trading in solvents

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42. 主要附屬公司 (續)

42. PRINCIPAL SUBSIDIARIES (Continued)

附屬公司名稱 Name of subsidiary	註冊成立／註冊地點 Place of incorporation/ registration	已發行股本之面值／ 註冊資本 Nominal value of issued share capital/ registered capital	本集團持有已發行股本 面值／註冊資本之百分比 Proportion of nominal value of issued share capital/registered capital held by the Group		主要業務 Principal activities
			二零一八年 2018	二零一七年 2017	
大昌樹脂(惠州)有限公司 Da Chang Polymers (Huizhou) Limited	中國 — 獨資外資企業 PRC — wholly owned foreign enterprise	資本貢獻 — 24,500,000港元 Capital contribution — HK\$24,500,000	100%	100%	買賣樹脂 Trading in resins
東莞太平洋博高潤滑油有限公司 Dongguan Pacoil Lubricant Company Limited	中國 — 獨資外資企業 PRC — wholly owned foreign enterprise	資本貢獻 — 50,000,000港元 Capital contribution — HK\$50,000,000	100%	100%	製造及買賣潤滑油 Manufacture of and trading in lubricants
金畔有限公司 Goldchain Limited	香港 Hong Kong	普通股 — 2港元 Ordinary — HK\$2	100%	100%	投資控股 Investment holding
萬潤有限公司 Great Success Limited	薩摩亞 Samoa	普通股 — 1美元 Ordinary — USD1	100%	100%	投資控股 Investment holding
謙信化工發展有限公司 Handsome Chemical Development Limited	香港 Hong Kong	普通股 — 600,000港元 Ordinary — HK\$600,000	100%	100%	投資控股及買賣溶劑 Investment holding and trading in solvents
謙信化工服務有限公司 Handsome Chemical Services Limited	香港 Hong Kong	普通股 — 60,000港元 Ordinary — HK\$60,000	100%	100%	提供司庫服務 Provision of treasury services
恒昌塗料(惠陽)有限公司 Hang Cheung Coatings (Hui Yang) Limited	中國 — 獨資外資企業 PRC — wholly owned foreign enterprise	資本貢獻 — 20,000,000美元 Capital contribution — USD20,000,000	100%	100%	製造及買賣塗料 Manufacture of and trading in coatings

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42. 主要附屬公司 (續)

42. PRINCIPAL SUBSIDIARIES (Continued)

附屬公司名稱 Name of subsidiary	註冊成立／註冊地點 Place of incorporation/ registration	已發行股本之面值／ 註冊資本 Nominal value of issued share capital/ registered capital	本集團持有已發行股本 面值／註冊資本之百分比 Proportion of nominal value of issued share capital/registered capital held by the Group		主要業務 Principal activities
			二零一八年 2018	二零一七年 2017	
Hang Cheung Petrochemical (International) Limited	英屬處女群島 British Virgin Islands	普通股 — 1美元 Ordinary — USD1	100% 100%	100% 100%	投資控股 Investment holding
恒昌石油化工有限公司 Hang Cheung Petrochemical Limited	香港 Hong Kong	普通股 — 800,000港元 Ordinary — HK\$800,000	100% 100%	100% 100%	投資控股 Investment holding
Hang Cheung (W.S.) Limited	薩摩亞 Samoa	普通股 — 1美元 Ordinary — USD1	100% 100%	100% 100%	投資控股 Investment holding
惠州盛達化工有限公司	中國 — 獨資外資企業	資本貢獻 — 人民幣15,000,000元	75%	75%	製造及買賣溶劑
Huizhou Shengda Chemical Company Limited	PRC — wholly owned foreign enterprise	Capital contribution — RMB15,000,000	75%	75%	Manufacture of and trading in solvents
江門謙信化工發展有限公司	中國 — 合資合營企業	資本貢獻 — 289,000,000港元	75%	75%	製造及買賣溶劑
Jiangmen Handsome Chemical Development Limited	PRC — equity joint venture	Capital contribution — HK\$289,000,000	75%	75%	Manufacture of and trading in solvents
江門天誠溶劑製品有限公司	中國 — 獨資外資企業	資本貢獻 — 53,000,000港元	75%	75%	製造及買賣溶劑
Jiangmen Thansome Solvents Production Limited	PRC — wholly owned foreign enterprise	Capital contribution — HK\$53,000,000	75%	75%	Manufacture of and trading in solvents
金江化工貿易有限公司 Jinjiang Chemical Trading Limited	香港 Hong Kong	普通股 — 160,000港元 Ordinary — HK\$160,000	75% 75%	— —	買賣溶劑 Trading of solvents
Prophet Investments Limited	英屬處女群島 British Virgin Islands	普通股 — 1美元 Ordinary — USD1	100% 100%	100% 100%	投資控股 Investment holding
Radiant New Limited	英屬處女群島 British Virgin Islands	普通股 — 1美元 Ordinary — USD1	100% 100%	100% 100%	物業投資 Property investment

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42. 主要附屬公司 (續)

42. PRINCIPAL SUBSIDIARIES (Continued)

附屬公司名稱 Name of subsidiary	註冊成立／註冊地點 Place of incorporation/ registration	已發行股本之面值／ 註冊資本 Nominal value of issued share capital/ registered capital	本集團持有已發行股本 面值／註冊資本之百分比 Proportion of nominal value of issued share capital/registered capital held by the Group		主要業務 Principal activities
			二零一八年 2018	二零一七年 2017	
泰興金江化學工業有限公司 Taixing Jinjiang Chemical Industry Company Limited	中國 — 獨資外資企業 PRC — wholly owned foreign enterprise	資本貢獻 — 723,980,000港元 Capital contribution — HK\$723,980,000	75%	75%	製造及買賣溶劑 Manufacture of and trading in solvents
騰邁集團(香港)有限公司 TM Holding (Hong Kong) Limited	香港 Hong Kong	普通股 — 2港元 Ordinary — HK\$2	100%	100%	持有商標 Holding of trademark
TM Holding Limited	英屬處女群島 British Virgin Islands	普通股 — 1港元 Ordinary — HK\$1	100%	100%	持有商標 Holding of trademark
葉氏駱駝(香港)有限公司 (前稱葉氏塗料(香港)有限公司) Yip's Camel (Hong Kong) Limited (formerly known as Yip's Coatings (Hong Kong) Limited)	香港 Hong Kong	普通股 — 1港元 Ordinary — HK\$1	100%	100%	買賣塗料 Trading in coatings
Yip's Chemical (BVI) Limited	英屬處女群島 British Virgin Islands	普通股 — 500港元 Ordinary — HK\$500	100%	100%	投資控股 Investment holding
葉氏化工研發(上海)有限公司 Yip's Chemical Research & Development (Shanghai) Company Limited	中國 — 獨資外資企業 PRC — wholly owned foreign enterprise	資本貢獻 — 17,000,000美元 Capital contribution — USD17,000,000	100%	100%	研究及開發 Research and development
葉氏恆昌(集團)有限公司 Yip's H.C. (Holding) Limited	香港 Hong Kong	普通股 — 999,500港元 遞延股 — 500港元 Ordinary — HK\$999,500 Deferred — HK\$500	100% (附註b)	100% (附註b)	投資控股及提供服務 Investment holding and provision of services

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42. 主要附屬公司 (續)

42. PRINCIPAL SUBSIDIARIES (Continued)

附屬公司名稱 Name of subsidiary	註冊成立／註冊地點 Place of incorporation/ registration	已發行股本之面值／ 註冊資本 Nominal value of issued share capital/ registered capital	本集團持有已發行股本 面值／註冊資本之百分比 Proportion of nominal value of issued share capital/registered capital held by the Group		主要業務 Principal activities
			二零一八年 2018	二零一七年 2017	
葉氏工業控股有限公司 Yip's Industrial Holdings Limited	香港 Hong Kong	普通股 — 10,000港元 Ordinary — HK\$10,000	75% 75%	75% 75%	投資控股及買賣溶劑 Investment holding and trading in solvents
葉氏油墨(集團)有限公司 Yip's Ink & Chemicals (Group) Limited	香港 Hong Kong	普通股 — 2港元 Ordinary — HK\$2	100% 100%	100% 100%	投資控股及買賣油墨 Investment holding and trading in inks
葉氏潤滑油(集團)有限公司 Yip's Lubricant Limited	香港 Hong Kong	普通股 — 290,000港元 Ordinary — HK\$290,000	100% 100%	100% 100%	投資控股及買賣潤滑油 Investment holding and trading in lubricants
Yip's Pacific Limited	英屬處女群島 British Virgin Islands	普通股 — 36,251,000港元 Ordinary — HK\$36,251,000	100% 100%	100% 100%	投資控股 Investment holding
葉氏潤滑油(上海)有限公司	中國 — 獨資外資企業 PRC — wholly owned foreign enterprise	資本貢獻 — 250,000美元 Capital contribution — USD250,000	100% 100%	100% 100%	買賣潤滑油 Trading in lubricants
德慶華彩合成樹脂有限公司	中國 — 合資合營企業 PRC — equity joint venture	普通股 — 9,300,000美元 Ordinary — USD9,300,000	60% 60%	60% 60%	製造及買賣樹脂 Manufacture of and trading in resins
葉氏信息科技(深圳)有限公司	中國 — 獨資外資企業 PRC — wholly owned foreign enterprise	資本貢獻 — 人民幣1,000,000元 Capital contribution — RMB1,000,000	100% 100%	100% 100%	提供服務 Provision of services
東莞市大嘜趣車汽車服務有限公司	中國 — 獨資外資企業 PRC — wholly owned foreign enterprise	資本貢獻 — 人民幣1,000,000元 Capital contribution — RMB1,000,000	100% 100%	100% 100%	提供汽車服務 Provision of car services

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42. 主要附屬公司 (續)

附註：

- (a) 該附屬公司其後已於二零一八年三月一日出售。詳情請參閱附註33。
- (b) 非由本集團持有之遞延股份無權收取股息或任何該公司股東大會之通告或出席任何該公司股東大會或在會上投票。在清盤時，倘普通股持有人(即本集團)已獲全數退還就該等股份支付之資本及總額合共100,000,000,000港元，則遞延股份持有人方有權從該公司剩餘資產中獲退還就無投票權遞延股份支付之資本。

除Yip's Chemical (BVI) Limited由本公司直接持有外，所有其他附屬公司均為間接持有。除無具體營業地點之投資控股公司外，所有上述附屬公司之主要營業地點均為其各自註冊成立／註冊之地點。

上表所列本集團之附屬公司乃董事認為會影響本集團業績或資產或負債之主要附屬公司。董事認為列載其他附屬公司之詳情將過於冗長累贅。

各附屬公司於二零一八年十二月三十一日或年內任何時間概無任何債務證券。

42. PRINCIPAL SUBSIDIARIES (Continued)

Notes:

- (a) The subsidiary is subsequently disposed on 1 March 2018. Please refer to note 33 for details.
- (b) The deferred shares, which are not held by the Group, carry no right to dividend or to receive notice of or to attend or vote at any general meeting of the company. On a winding-up, the holders of the deferred shares are entitled out of the surplus assets of the company to a return of capital paid up on the non-voting deferred shares but only when holders of ordinary shares, namely, the Group, have received in full the return of capital paid on them and, in aggregate, a total sum of HK\$100,000,000,000.

Except for Yip's Chemical (BVI) Limited which is held directly by the Company, all other subsidiaries are indirectly held. Except for the investment holding companies which have no specific place of operation, all the above subsidiaries operate principally in their respective place of incorporation/registration.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities subsisting at 31 December 2018 or at any time during the year.

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42. 主要附屬公司 (續)

下表顯示擁有重大非控股權益之本集團非全資附屬公司之詳情：

42. PRINCIPAL SUBSIDIARIES (Continued)

The table below shown details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

附屬公司名稱 Name of subsidiary	註冊成立地點及主要營業地點 Place of incorporation and principal place of business	非控股權益持有之 所有權權益及投票權比例 Proportion of ownership interests and voting rights held by non-controlling interests		分配予非控股權益之溢利 Profits allocated to non-controlling interests		累計非控股權益 Accumulated non-controlling interests	
		二零一八年 2018	二零一七年 2017	二零一八年 2018	二零一七年 2017	二零一八年 2018	二零一七年 2017
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
江門謙信化工發展有限公司及其附屬公司(「江門謙信集團」) Jiangmen Handsome Chemical Development Limited and its subsidiary (the "Jiangmen Handsome Group")	中國 PRC	25%	25%	59,641	70,533	356,442	336,728
協和化工倉儲有限公司及其附屬公司(「協和集團」) Concord Chemical Storing Limited and its subsidiaries (the "Concord Group")	香港 Hong Kong	25%	25%	5,219	10,365	213,774	212,012

附註：泰興金江化學工業有限公司於二零一七年自協和集團轉讓至江門謙信集團。於轉讓前後，非控股權益持有之所有權權益及投票權比例概無變動。其經營業績相應分配至江門謙信集團。

Note: Taixing Jinjiang Chemical Industry Company Limited was transferred from the Concord Group to the Jiangmen Handsome Group during the year of 2017. There was no change in proportion of ownership interests and voting rights held by non-controlling interests before and after the transfer. This respective operating results are allocated to the Jiangmen Handsome Group accordingly.

有關擁有重大非控股權益之本集團附屬公司之財務資料(根據香港財務報告準則編製)概要載列如下。以下財務資料概要為抵銷集團間交易前之數額。

Summarised financial information, which is prepared in accordance with HKFRSs, in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before elimination of intragroup transactions.

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42. 主要附屬公司 (續)

42. PRINCIPAL SUBSIDIARIES (Continued)

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
江門謙信集團	Jiangmen Handsome Group		
營業額	Revenue	8,924,881	6,922,068
支出	Expenses	(8,686,319)	(6,639,935)
本年純利	Profit for the year	238,562	282,133
本年全面收益總額	Total comprehensive income for the year	124,167	406,230
非流動資產	Non-current assets	596,608	564,417
流動資產	Current assets	3,011,481	2,953,283
流動負債	Current liabilities	(2,180,901)	(2,167,769)
非流動負債	Non-current liability	(1,423)	(3,020)
總權益	Total equity	1,425,765	1,346,911
經營業務所產生之現金 流入(流出)淨額	Net cash inflow (outflow) from operating activities	608,164	(10,191)
投資業務所產生之現金 流出淨額	Net cash outflow from investing activities	(155,577)	(533,329)
融資業務所產生之現金 (流出)流入淨額	Net cash (outflow) inflow from financing activities	(226,618)	740,153
現金流入淨額	Net cash inflow	225,969	196,633
已付非控股權益股息	Dividends paid to non-controlling interests	(11,328)	—

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Notes to the Consolidated Financial Statements

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42. 主要附屬公司 (續)

42. PRINCIPAL SUBSIDIARIES (Continued)

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
協和集團	Concord Group		
營業額	Revenue	162,804	250,510
支出	Expenses	(141,930)	(209,047)
本年純利	Profit for the year	20,874	41,463
本年全面收益總額	Total comprehensive income for the year	7,049	81,299
非流動資產	Non-current assets	15,955	21,590
流動資產	Current assets	875,480	859,252
流動負債	Current liabilities	(36,134)	(32,784)
非流動負債	Non-current liabilities	(203)	(9)
總權益	Total equity	855,098	848,049
經營業務所產生之現金流入淨額	Net cash inflow from operating activities	40,656	22,335
投資業務所產生之現金流入淨額	Net cash inflow from investing activities	328	516,618
融資業務所產生之現金流出淨額	Net cash outflow from financing activities	(13,664)	(627,918)
現金流入(流出)淨額	Net cash inflow (outflow)	27,320	(88,965)
已付非控股權益股息	Dividends paid to non-controlling interests	—	(29,615)

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43. 報告期後事件

- a) 於二零一九年一月十八日，本集團與一名獨立第三方訂立買賣協議，據此本集團將會出售本公司一家間接全資附屬公司紫荊花製漆(上海)有限公司(「紫荊花製漆」)之全部權益，現金代價約為人民幣269,947,000元(相當於約307,335,000港元)。紫荊花製漆持有位於中國之一幅土地及一項工業物業。該交易於本報告日期尚未完成。
- b) 於二零一九年一月二十五日，本集團訂立一份協議，收購河北大麥汽車維修服務有限公司(本集團擁有27.75%權益之聯營公司)之額外股本權益，現金代價約為人民幣29,987,000元(相當於約34,140,000港元)。於交易完成後，本集團持有該聯營公司之股本權益已增至38.58%。該交易於本報告日期已完成。

43. EVENTS AFTER THE REPORTING PERIOD

- a) On 18 January 2019, the Group entered into a sale and purchase agreement with an independent third party, pursuant to which, the Group will dispose of the entire interest in an indirect wholly-owned subsidiary of the Company, Bauhinia Paints Manufacturing (Shanghai) Company Limited ("Bauhinia Paints"), at a cash consideration amounting approximately RMB269,947,000 (equivalent to approximately HK\$307,335,000). Bauhinia Paints is holding of a land and an industrial property located in the PRC. The transaction was not completed at the date of this report.
- b) On 25 January 2019, the Group entered into an agreement to acquire additional equity interest of 河北大麥汽車維修服務有限公司, being a 27.75% associate of the Group, at cash consideration amounting approximately RMB29,987,000 (equivalent to approximately HK\$34,140,000). The equity interest of the associate held by the Group was then increased to 38.58% upon completion of the transaction. The transaction was completed before the date of this report.

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44. 本公司財務狀況表

44. STATEMENT OF FINANCIAL
POSITION OF THE COMPANY

		二零一八年 2018 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000
非流動資產	Non-current assets		
於附屬公司之投資	Investment in subsidiaries	426,688	445,808
應收一間附屬公司 款項	Amount due from a subsidiary	818,848	837,174
		1,245,536	1,282,982
流動資產	Current assets		
其他應收賬款及預付 款項	Other receivables and prepayments	145	180
應收一間附屬公司 款項	Amount due from a subsidiary	—	12,843
銀行結餘及現金	Bank balances and cash	483	630
		628	13,653
流動負債	Current liabilities		
其他應付賬款及應計 費用	Other creditors and accrued charges	701	3,618
應付一間附屬公司 款項	Amount due to a subsidiary	66,911	—
衍生金融工具	Derivative financial instruments	2,525	6,203
		70,137	9,821
流動(負債)資產淨值	Net current (liabilities) assets	(69,509)	3,832
資產淨值	Net assets	1,176,027	1,286,814
股本及儲備	Capital and reserves		
股本	Share capital	56,403	56,389
儲備	Reserves	1,119,624	1,230,425
總權益	Total equity	1,176,027	1,286,814

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44. 本公司財務狀況表 (續)

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

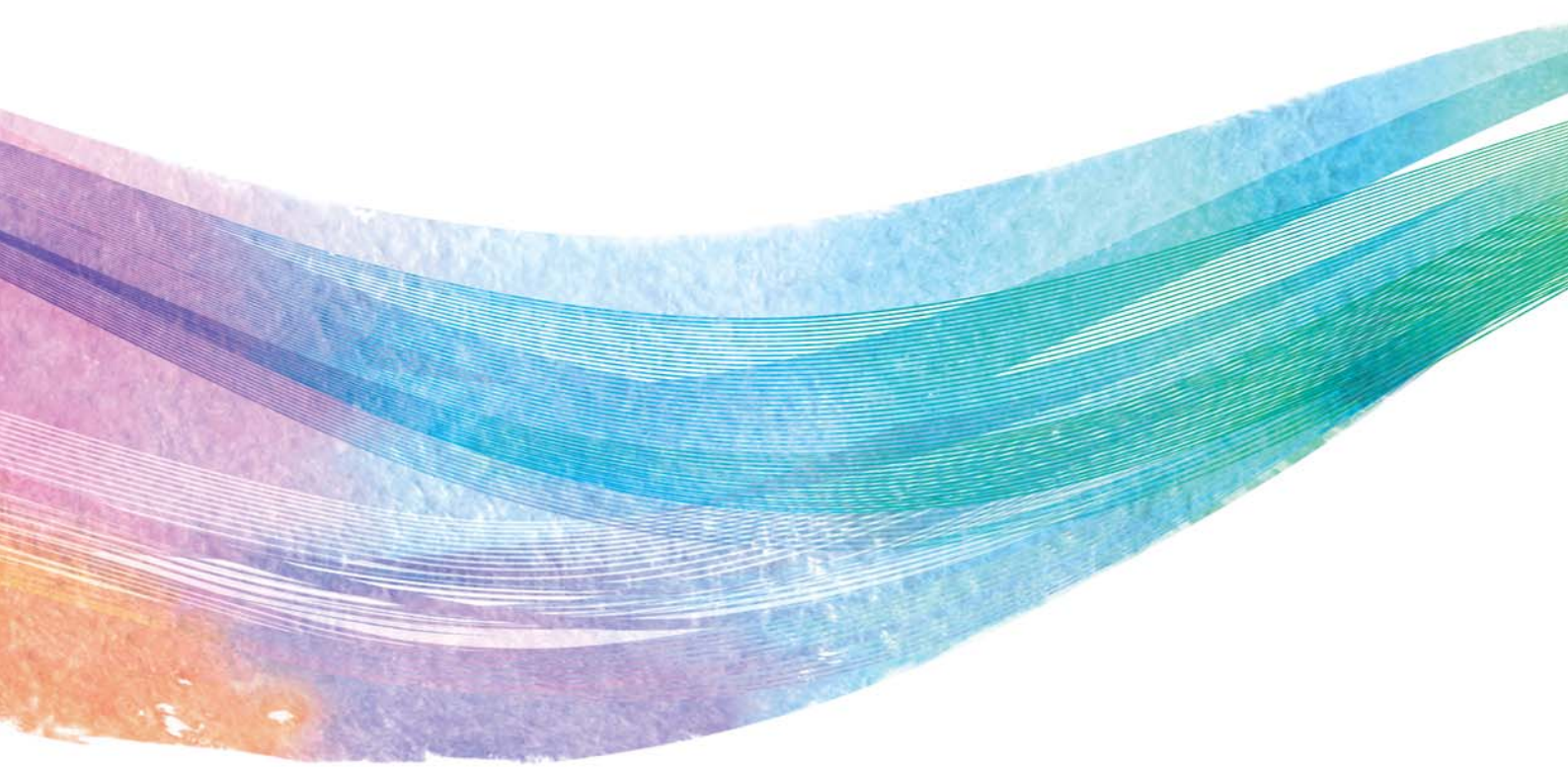
儲備變動

Movement of reserves

		股份溢價	購股權儲備	其他儲備	匯兌儲備	資本回購儲備	保留溢利	合計
		Share premium	Share options reserve	Other reserve	Translation reserve	Capital redemption reserve	Retained profits	Total
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
於二零一七年一月一日	At 1 January 2017	504,744	5,935	77,700	82,753	5,416	412,642	1,089,190
本年純利	Profit for the year	—	—	—	—	—	134,001	134,001
因折算至呈列貨幣而產生之匯兌差額	Exchange difference arising on translation to presentation currency	—	—	—	91,674	—	—	91,674
本年全面收益總額	Total comprehensive income for the year	—	—	—	91,674	—	134,001	225,675
因購股權獲行使而以溢價發行之股份	Share issued at premium upon exercise of share options	159	(15)	—	—	—	—	144
因發行股份而產生之成本	Cost incurred in connection with issue of shares	(1)	—	—	—	—	—	(1)
取消購股權及轉賬至保留溢利	Share options cancelled and transfer to retained profits	—	(640)	—	—	—	640	—
已付股息	Dividends paid	—	—	—	—	—	(84,583)	(84,583)
於二零一七年十二月三十一日	At 31 December 2017	504,902	5,280	77,700	174,427	5,416	462,700	1,230,425
本年純利	Profit for the year	—	—	—	—	—	39,202	39,202
因折算至呈列貨幣而產生之匯兌差額	Exchange difference arising on translation to presentation currency	—	—	—	(60,034)	—	—	(60,034)
本年全面收益總額	Total comprehensive income for the year	504,902	5,280	77,700	114,393	5,416	501,902	1,209,593
因購股權獲行使而以溢價發行之股份	Share issued at premium upon exercise of share options	287	(28)	—	—	—	—	259
因發行股份而產生之成本	Cost incurred in connection with issue of shares	(1)	—	—	—	—	—	(1)
取消購股權及轉賬至保留溢利	Share options cancelled and transfer to retained profits	—	(490)	—	—	—	490	—
已付股息	Dividends paid	—	—	—	—	—	(90,227)	(90,227)
於二零一八年十二月三十一日	At 31 December 2018	505,188	4,762	77,700	114,393	5,416	412,165	1,119,624

附註：其他儲備指因一九九一年集團重組而產生之儲備。

Note: Other reserve represents the reserve arising from group reorganisation in 1991.



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