

BRILLIANT CIRCLE HOLDINGS INTERNATIONAL LIMITED
貴聯控股國際有限公司

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 1008



2018
Annual Report
年報



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Corporate information

公司資料

DIRECTORS

Executive Directors

Mr. Cai Xiao Ming, David (*Chairman*)
Mr. Qin Song (*Vice-Chairman and Chief Executive Officer*)
Mr. Chen Xiao Liang (appointed on 12 March 2019)
Mr. Chen Huapei (appointed on 9 November 2018)

Non-Executive Director

Ms. Li Li

Independent Non-Executive Directors

Mr. Lam Ying Hung, Andy
Mr. Lui Tin Nang
Mr. Siu Man Ho, Simon

COMPANY SECRETARY

Mr. Chung Tat Hung (appointed on 3 April 2018)

AUDIT COMMITTEE

Mr. Lui Tin Nang (*chairman of the audit committee*)
Mr. Lam Ying Hung, Andy
Mr. Siu Man Ho, Simon
Ms. Li Li

REMUNERATION COMMITTEE

Mr. Lam Ying Hung, Andy
(*chairman of the remuneration committee*)
Mr. Siu Man Ho, Simon
Mr. Lui Tin Nang
Mr. Chen Huapei
Ms. Li Li

NOMINATION COMMITTEE

Mr. Siu Man Ho, Simon
(*chairman of the nomination committee*)
Mr. Lam Ying Hung, Andy
Mr. Lui Tin Nang
Mr. Qin Song
Ms. Li Li

AUTHORISED REPRESENTATIVES

Mr. Chen Huapei
Mr. Chung Tat Hung

AUDITOR

Deloitte Touche Tohmatsu

董事

執行董事

蔡曉明先生(主席)
欽松先生(副主席及行政總裁)
陳校良先生(於二零一九年三月十二日獲委任)
陳華培先生(於二零一八年十一月九日獲委任)

非執行董事

李莉女士

獨立非執行董事

林英鴻先生
呂天能先生
蕭文豪先生

公司秘書

鍾達鴻先生(於二零一八年四月三日獲委任)

審核委員會

呂天能先生(審核委員會主席)
林英鴻先生
蕭文豪先生
李莉女士

薪酬委員會

林英鴻先生
(薪酬委員會主席)
蕭文豪先生
呂天能先生
陳華培先生
李莉女士

提名委員會

蕭文豪先生
(提名委員會主席)
林英鴻先生
呂天能先生
欽松先生
李莉女士

授權代表

陳華培先生
鍾達鴻先生

核數師

德勤•關黃陳方會計師行

Corporate information

公司資料

PRINCIPAL BANKERS

Hang Seng Bank Limited
Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
China Construction Bank (Asia) Corporation Limited

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 BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1201A, 12/F
Capital Centre
151 Gloucester Road
Wanchai
Hong Kong

CORPORATE WEBSITE

www.bcghk.cn

STOCK CODE

1008

LISTING DATE

30 March 2009

主要往來銀行

恒生銀行有限公司
中國銀行(香港)有限公司
香港上海滙豐銀行有限公司
中國建設銀行(亞洲)股份有限公司

股份過戶及登記總處

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

香港股份過戶登記分處

卓佳證券登記有限公司
香港
皇后大道東 183 號
合和中心 22 樓

註冊辦事處

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

總部及香港主要營業地點

香港
灣仔
告士打道 151 號
資本中心
12 樓 1201A 室

公司網站

www.bcghk.cn

股份代號

1008

上市日期

二零零九年三月三十日

Chairman's statement

主席報告書

On behalf of the board (the "Board") of directors (the "Directors") of Brilliant Circle Holdings International Limited (the "Company") and its subsidiaries (together the "Group"), I am pleased to present to you the annual results of the Group for the year ended 31 December 2018.

BUSINESS REVIEW

For the year ended 31 December 2018, the Company achieved revenue of approximately HK\$1,366.8 million with profit attributable to owners amounting to approximately HK\$169.4 million and basic earnings per share of approximately HK11 cents.

Putting aside the adjustment as required by the new accounting standard HKFRS 15, the Company achieved revenue of approximately HK\$1,258.7 million with a profit for the year amounting to approximately HK\$133.1 million.

In 2018, the Chinese economy kept facing pressure from the US trade standoff and the impact of a domestic debt cleanup. China's trade conflict with the US was worsened in the second half of 2018 where heat mounted after various rounds of tariff lists exchange between the governments of the world's two biggest economies had come into effect and culminated when the US announced in October 2018 that the initial tariff rate was going to be raised from 10% to 25% before January 2019 and be extended to cover all imports from China if trade truce cannot be reached before March 2019. Fortunately, a full blown trade war had not come to scene yet when a temporary ceasefire and extension of trade truce deadline had been agreed in December 2018 and February 2019 respectively. However, the uncertainty brought had loomed the second half of 2018 and had caused the Chinese economy to grow at its slowest pace in 28 years in 2018, with GDP expanding only 6.6%, down 0.2% from the previous year, according to data recently released by the National Bureau of Statistics of the People's Republic of China.

本人謹代表貴聯控股國際有限公司(「本公司」)及其附屬公司(統稱「本集團」)的董事(「董事」)會(「董事會」)，欣然向閣下呈報本集團截至二零一八年十二月三十一日止年度的年度業績。

業務回顧

截至二零一八年十二月三十一日止年度，本公司實現收益約1,366,800,000港元，而擁有人應佔溢利約達169,400,000港元，每股基本盈利約為11港仙。

撇除香港財務報告準則第15號的新會計準則所規定調整，本公司實現收益約1,258,700,000港元，年度溢利約為133,100,000港元。

於二零一八年，中國經濟面對美國貿易對峙的壓力及受到國內債務清算的影響。中美貿易衝突於二零一八年下半年進一步惡化，該兩個全球最大經濟體政府經過多番互徵關稅後磨擦升溫，最終美國於二零一八年十月宣布，二零一九年一月前將初始關稅稅率由10%提升至25%，倘雙方無法於二零一九年三月前停止貿易戰，關稅將涵蓋所有中國進口產品。幸而雙方分別於二零一八年十二月及二零一九年二月宣布暫時停止貿易戰及延長停戰期限，避免貿易戰全面爆發。然而，由此所帶來不明朗因素於二零一八年下半年開始隱現，導致中國經濟於二零一八年經歷28年來最緩慢增長，根據中華人民共和國國家統計局於近期所發布資料，國內生產總值僅上升6.6%，較去年下跌0.2個百分點。

Chairman's statement

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Due to tax hikes, public smoking bans and tougher advertising rules, sales growth of cigarette products in China increased only very slightly over the past two years. The destocking program launched since 2016 has significantly reduced the inventory level along various stages of cigarette industry which had indirectly dampened the demand for cigarette package products. However, such adverse effect showed strong signs of fading out especially in the last quarter of 2018 where the Group's customers from China National Tobacco Corporation ("CNTC") has already significantly reduced the inventory level to a minimal level while demand for China tobacco products remained rigid.

Printing and Manufacturing of Cigarette Package and Related Materials

The second half of 2018 is still a tough period for this segment especially in terms of the business volume brought by the newly awarded tenders which went shipment later than expected and postponed to first quarter of 2019. However, as the inventory of the Group's CNTC customers has been exhausted after vigorous destocking for two consecutive years since 2016, they had become proactive to award new tenders to and/or orders from the Group either for stock refill or for new brand promotions. Thanks to investment in upgrading the Group's production facilities and adding smart packaging elements in the product design to the product for our conventional customers, the average selling price of cigarette packaging product has bottomed out with slight improvement during the second half of 2018.

To achieve vertical integration of its supply chain and enhance cost competitiveness under mandatory tendering system of China tobacco industry, in July 2018, the Company has completed the acquisition of Shenzhen Jin Sheng Cai Packaging Materials Co., Ltd. (深圳市金升彩包裝材料有限公司) ("Jin Sheng Cai"), a company principally engaged in the manufacture of raw materials required for the printing of cigarette packaging.

Manufacturing of Laminated Papers

The profit of the Group's laminated paper business remained stable while the revenue increased slightly.

由於加稅、公眾場所禁煙及嚴格的廣告規限，中國香煙產品銷售於過去兩年僅僅錄得非常輕微增長。自二零一六年起推出的去庫存計劃大幅減少香煙業不同階段的存貨水平，間接損害香煙包裝產品的需求。然而，有顯著跡象顯示有關不利影響已經減退，特別是於二零一八年最後一季，當時本集團的中國煙草總公司（「CNTC」）客戶已將存貨大幅減少至最低水平，而對中國煙草產品的需求仍然剛性。

印刷及製造香煙包裝及相關材料

二零一八年下半年對此分部而言仍屬艱難時期，就新獲批的投標所帶來業務量尤甚，乃因貨運期遲於預期，更押後至二零一九年第一季度。然而，自二零一六年起連續兩年加緊去庫存後，本集團CNTC客戶的存貨已見底，彼等積極授出新投標及／或發出新訂單予本集團，以補充存貨或宣傳新品牌。有賴於提升本集團生產設施及為傳統客戶增添產品設計方面的智能包裝元素，香煙包裝產品的平均售價已從低處回升，並於二零一八年下半年輕微改善。

為達致供應鏈縱向整合併於中國煙草業強制招標制度下提升成本競爭力，本公司於二零一八年七月完成收購深圳市金升彩包裝材料有限公司（「金升彩」），該公司主要從事製造香煙包裝印刷所需原材料。

製造複合紙

本集團複合紙業務的溢利維持穩定，收益則輕微增加。

Chairman's statement

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Sales of RFID products

On 16 May 2017, Right Tech (China) Limited, a wholly-owned subsidiary of the Company, as purchaser entered into a sale and purchase agreement (the “SPA”) with an independent third party as vendor, in relation to the acquisition of 70% equity interest of Jiangsu HY Link Science & Technology Co., Limited 江蘇聯恒物宇科技有限公司 (the “Target Company”) at the total cash consideration of RMB44,982,000 (equivalent to approximately HK\$51,849,000) or RMB46,410,000 (equivalent to approximately HK\$53,494,000) subject to the financial results of Target Company for the years end 31 December 2017 and 31 December 2018. Such acquisition did not constitute a notifiable transaction to the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

According to the 2017 and 2018 audited results of the Target Company, financial performance as required by the profit guarantee stated in the SPA were both met. The second installment of the consideration had been paid in March 2018 to the seller and the final installment will be paid by the end of March 2019.

The Target Company continued to grow significantly in terms of its sales and profit earned from manufacturing of RFID and NFC tags sold to overseas and local non-cigarette customers.

銷售射頻識別產品

於二零一七年五月十六日，本公司全資附屬公司偉達(中國)有限公司(作為買方)與一名獨立第三方(作為賣方)訂立一項買賣協議(「買賣協議」)，內容有關購入江蘇聯恒物宇科技有限公司(「目標公司」)的70%股權，總現金代價為人民幣44,982,000元(相當於約51,849,000港元)或人民幣46,410,000元(相當於約53,494,000港元)，取決於目標公司截至二零一七年十二月三十一日及二零一八年十二月三十一日止年度的財務業績。有關收購事項並不構成聯交所證券上市規則(「上市規則」)項下本公司的須予公布交易。

根據目標公司的二零一七年及二零一八年經審核業績，已達成買賣協議中溢利保證所要求的財務表現。第二期代價已於二零一八年三月支付予賣方，而最後一期代價將於二零一九年三月底前支付。

目標公司製造射頻識別及近距離無線通訊標籤並售予海外及本地非香煙客戶的銷售額及溢利繼續大幅增長。

Chairman's statement

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PROSPECTS

The Chinese government had just announced in early March 2019 at the National People's Congress that the GDP growth target will be adjusted downward from about 6.5% to a range between 6–6.5%. The deep rooted difference between the two countries is yet to be resolved and is expected to drag on beyond months. Accordingly, China will lower its value-added tax (VAT) rates as part of an RMB2 trillion cost cut package, as the government seeks to reduce costs for businesses amid a slowing economy and tariff dispute with the US. The 16 percent VAT rate, which applies to the manufacturing sector, will be lowered to 13 percent which will provide direct, immediate and broad impetus to the manufacturing sector. Since the cigarette package printing market remains substantially in China and for Mainland consumers, the effect of the trade war with the US is expected to be minimal and indirect.

The business volume of China tobacco market as a whole is still expected to grow at low single digit in 2019. However, as the adverse effect of destocking in China tobacco industry decreases rapidly and the industry inventory depletes to JIT level, the business throughput of the industry will turn more quickly with a volume which finally synchronises with the monthly consumption cycle of Chinese tobacco users. Moreover, the government's proactive stimulus at an unprecedented extent and depth to alleviate the burden of manufacturing sector and encourage employment under the threat of a trade war is expected to spillover to the cigarette packaging industry.

Despite the challenges faced by the Group in recent years, the Group is optimistic about the future as destocking's adverse effect will inevitably come to an end and sales price will improve by adding smart packaging elements into conventional cigarette market.

Driven by spectacular growth in our RFID segment, we had already upgraded our IOT factory in Jiangsu which had been developed into a top player in the industry in terms of both business volume and production technology within China. The construction of new IOT factory is underway and expected to facilitate our growing presence within China and internationally.

前景

中國政府剛於二零一九年三月初於全國人民代表大會宣布將國內生產總值的增長目標由約6.5%調低至6至6.5%之間。中美兩國根深蒂固的分歧尚未解決，預期將延續多月。因此，中國將降低其增值稅率，作為人民幣2萬億元成本緊縮措施的一部分，此乃由於在經濟放緩及與美國關稅糾紛之下，政府尋求減低業務成本。製造業適用的16%增值稅率將降至13%，為製造業提供直接、即時及廣泛的動力。由於中國的香煙包裝印刷市場仍然強大，而對內地消費者而言，預期與美國爆發貿易戰的影響將屬微不足道且間接。

二零一九年中國煙草市場整體業務量預期仍會按單位數幅度緩慢增長。然而，中國煙草業去庫存的不利影響已迅速減輕，行業存貨跌至即時生產(JIT)水平，業內的業務生產週期將會更快速，最終與中國煙草使用者的每月消耗週期同步。此外，政府採取前所未有力度及深度的積極刺激措施，舒緩貿易戰威脅下製造業的負擔及鼓勵就業，預期影響將遍及香煙包裝業。

儘管本集團近年面對重重挑戰，惟本集團對未來仍然保持樂觀，乃因去庫存的不利影響定將結束，而將智能包裝元素加入傳統香煙市場將提高售價。

受射頻識別產品的驕人增長所帶動，我們已提升位於江蘇的物聯網工廠，將其發展為具備中國業內頂尖業務量及生產科技的工廠。新物聯網工廠現正進行建設，預期將促進我們於中國及國際間的地位。

Chairman's statement

主席報告書

To strengthen the Group's foothold in the manufacture, production and sales of paper packaging materials through the newly acquired Jin Sheng Cai, the Group has added production lines to be manufacturer of plastic film under its own facilities and making it a full fledged factory with ability to supply broad range of raw materials to the Group companies and other cigarette package manufacturers.

The smart packaging system developed by the Group is undergoing test-run stage which will be promoted as a separate brand new solution to our conventional cigarette customers and to the new "heat-not-burn" tobacco product market which is expected to grow exponentially in near future. Such system with major modules comprising warehousing management, manufacturing execution, and customer relation management will offer one-stop-solutions to all participants along the whole value chain of the packaging industry including the package manufacturer, business package user, logistic provider, distribution intermediaries and finally the consumer ends.

The Company is exploring various options of optimising the use of its land reserves, including land currently under short term lease after relocation of factory of the Group and land with redevelopment capacity. The feasibility and potential of such options will be evaluated by the Board in a reasonable and prudent manner, with the aim to create new business opportunities for the Group and further its development and growth in the long term.

It is the Group's corporate mission to continue to explore ways to improve its financial performance, to equip the Group with growth momentum, to diversify its operations internationally into new and more profitable businesses and to broaden the sources of revenue within acceptable risk level. Hence, the Company does not rule out the possibility of investing in or diversifying into other profitable business as long as it is in the interests of the Company and its shareholders as a whole.

Looking ahead, the Group will continue to seek investment and business opportunities with a view to achieving a sustainable growth, increasing profitability and ultimately maximising the return to the shareholders of the Company.

為透過新收購金升彩鞏固本集團於製造、生產及銷售紙包裝材料方面的基礎，本集團已增加生產線以利用自有設施製造塑料膜，使其成為完全成熟的工廠，有能力向本集團的公司及其他香煙包裝製造商供應各種原材料。

由本集團開發的智能包裝系統正進行試運階段，將會以一個獨立嶄新的解決方案向我們的傳統香煙客戶推廣，而最新「電子煙」產品市場預期將於可見將來急速增長。該系統含主要業務模組，包括倉庫管理、生產執行及客戶關係管理，將為包裝業內整個價值鏈的所有參與者（包括包裝製造商、業務包裝用戶、物流供應者、分銷中介以至最終用戶）提供一站式解決方案。

本公司正探索優化其土地儲備（包括本集團工廠搬遷後目前屬於短期租賃的土地及具重建能力土地）用途的各種方案。董事會將以合理審慎態度評估該等方案的可行性及潛力，旨在為本集團創造新商機，並促進其發展及長遠增長。

本集團的企業使命一向為持續提升財務表現、推動本集團增長、致力國際化拓展業務至創新及更有利可圖的業務以及在可承受的風險下擴闊收益來源。因此，只要符合本公司及其股東的整體利益，本公司不排除投資於或多元化擴展至其他有利可圖業務的可能性。

展望未來，本集團將繼續尋求投資及業務機會，務求達致可持續增長，提高盈利能力，最終為本公司股東爭取最大回報。

Chairman's statement

主席報告書

APPRECIATION

On behalf of the Group, I would also like to take this opportunity to express my gratitude to our customers, suppliers and shareholders for their continuing support, my fellow directors for their guidance as well as our staff for their dedication and hard work.

Cai Xiao Ming, David

Chairman

26 March 2019

致謝

本人亦謹藉此機會代表本集團對客戶、供應商及股東的長期支持、董事仝人的指導及員工的熱誠及辛勤工作不懈表示致謝。

蔡曉明

主席

二零一九年三月二十六日

Management discussion and analysis

管理層討論及分析

REVENUE

During the year, the revenue of the Group was approximately HK\$1,366.8 million (2017: HK\$1,265.5 million), which represents an increase of approximately HK\$101.3 million or 8.0% as compared with 2017.

Putting aside the adjustment of HKFRS 15, the revenue of the Group was approximately HK\$1,258.7 million, which represents a decrease of approximately HK\$6.8 million or 0.5% as compared with 2017. After HKFRS 15 adjustment, the revenues of our business segment of (1) printing and manufacturing of cigarette package and related materials increased by 4.0% to HK\$1,236.9 million, (2) manufacturing of laminated papers increased by 4.5% to HK\$44.8 million, and (3) sales of RFID products increased by 158.4% to HK\$85.1 million. Putting aside the HKFRS 15 adjustment, the revenues of the segment of printing and manufacturing of cigarette package and related materials decreased by 5.1% to HK\$1,128.7 million while there is no significant difference for the remaining two segments.

The slight decrease in revenue is mainly due to decrease in business volume due to destocking partially offset by slight improvement in average selling price during the year.

GROSS PROFIT

During the year, gross profit of the Group decreased by approximately HK\$7.7 million or 2.5% to HK\$300.9 million as compared with 2017. The gross profit margin has decreased from 24.4% in 2017 to 22.0% in 2018. Putting aside the adjustment of HKFRS15, the gross profit of the Group was approximately HK\$256.5 million, which represents a decrease of approximately HK\$52.1 million or 16.9% as compared with 2017. The gross profit margin has decreased from 24.4% to 20.4% in 2018. It was mainly due to (i) decrease in business volume brought by destocking of customers; and (ii) decrease in the sub-contracting business to control credit risk with those late paying non-CNTC subcontractors. With the tremendous marketing effort combined with crossing smart packaging solution to the customers, the average selling price has managed to rebound and outweighed part of the adverse impact of a weak volume.

收益

年內，本集團的收益約為1,366,800,000港元(二零一七年：1,265,500,000港元)，較二零一七年增加約101,300,000港元或8.0%。

撇除根據香港財務報告準則第15號作出的調整，本集團的收益約為1,258,700,000港元，較二零一七年減少約6,800,000港元或0.5%。根據香港財務報告準則第15號作出調整後，(1)印刷及製造香煙包裝及相關材料的收益增加4.0%至1,236,900,000港元；(2)製造複合紙的收益增加4.5%至44,800,000港元；及(3)銷售射頻識別產品的收益增加158.4%至85,100,000港元。撇除根據香港財務報告準則第15號作出的調整，印刷及製造香煙包裝及相關材料的部分收益減少5.1%至1,128,700,000港元，餘下兩個分部並無重大差異。

收益輕微減少主要由於去庫存所引致業務量減少部分由年內平均售價輕微改善所抵銷。

毛利

年內，本集團毛利較二零一七年減少約7,700,000港元或2.5%至300,900,000港元。毛利率由二零一七年的24.4%下跌至二零一八年的22.0%。撇除根據香港財務報告準則第15號作出的調整，本集團的毛利約為256,500,000港元，較二零一七年減少約52,100,000港元或16.9%。於二零一八年的毛利率由24.4%減少至20.4%，主要由於(i)客戶去庫存導致業務量減少；及(ii)為控制延遲付款的非CNTC分包商的信貸風險而減少分包業務。憑藉於市場推廣方面的不懈努力，加上向客戶提供智能包裝解決方案，讓平均售價得以反彈，彌補部分業務量疲弱的不利影響。

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OTHER INCOME

Other income decreased by HK\$3.2 million as compared with 2017. The decrease is primarily attributable to (i) decrease in government grant of HK\$8.1 million; (ii) increase in sales of scrap materials of HK\$8.3 million; (iii) decrease in rental income due to lesser idle industrial premises; and (iv) decrease in interest from loan receivable of HK\$1.3 million.

OTHER GAINS AND LOSSES

The net losses increased by HK\$20.1 million to HK\$64.4 million. The increase was mainly due to (i) increase in unrealized foreign exchange loss of HK\$4.1 million associated with the Hong Kong dollar net monetary liabilities; (ii) increase of goodwill impairment losses by HK\$8.0 million to HK\$48.0 million due to downward adjustment of a CGU's business forecast and (iii) losses on disposal of partial equity interest in an associate, offset by the gain from change in fair value of financial assets of HK\$3.4 million.

IMPAIRMENT LOSSES

The assumptions and estimates are stated in note 20 to financial statements. The assumptions and estimates are the same as or similar to those used in prior years and considered by the management to be reasonable and supportable by reference to the historical results save for CGU1.

For CGU1, the assumed year on year growth rate for 2019 sales has been adjusted upward from 6.6% to 13% due to a strong recovery brought by the newly awarded tenders and smart packaging business as compared to 2018. The gross margin is however adjusted downward from 40.9% to 35.8% because of comparatively higher development cost of smart packaging business in near future. These led to a further provision made for impairment losses of HKD48,000,000 in 2018. However, the new sales positioning of CGU1 is expected to yield a rising gross margin gradually up to 38.8%. Such assumptions are considered reasonable and supportable in view of encouraging orders on hand as at 31 December 2018. The impairment provision made on goodwill for CGU1 is considered reasonable based on the valuation by Jones Lang LaSalle, an independent valuer.

The recoverable amounts of the CGUs were determined to be in excess of their respective carrying amounts. The management believes that the reasonable and supportable changes in the key assumptions would not cause the recoverable amount to fall below the carrying value of the respective CGUs.

其他收入

其他收入較二零一七年減少3,200,000港元，主要由於(i)政府補助減少8,100,000港元；(ii)廢料銷售增加8,300,000港元；(iii)因較小閒置工業物業而致租金收入下降；及(iv)應收貸款利息減少1,300,000港元。

其他收益及虧損

虧損淨額增加20,100,000港元至64,400,000港元，主要由於(i)與港元貨幣負債淨額有關的未變現外匯虧損增加4,100,000港元；(ii)下調現金產生單位業務預測導致商譽減值虧損增加8,000,000港元至48,000,000港元；及(iii)出售一間聯營公司部分股權產生虧損，被金融資產公允價值變動收益3,400,000港元所抵銷。

減值虧損

假設及估計載於綜合財務報表附註20。除現金產生單位1外，假設及估計與過往年度所用者相同或相似，而管理層經參考歷史業績認為屬合理可靠。

就現金產生單位1而言，假設二零一九年銷售按年增長率由6.6%上調至13%，原因為新獲得的招標及智能包裝業務較二零一八年強勁復甦。然而，毛利率則由40.9%下調至35.8%，原因為不久將來智能包裝業務的開發成本相對較高。此舉導致須就二零一八年減值虧損48,000,000港元作出進一步撥備。然而，預計現金產生單位1的新銷售定位將令毛利率逐步上升至38.8%。鑑於截至二零一八年十二月三十一日的手頭訂單令人鼓舞，該等假設被視為合理可靠。根據獨立估值師仲量聯行的估值，就現金產生單位1商譽作出的減值撥備被視為合理。

現金產生單位的可收回金額被釐定為超逾其各自的賬面值。管理層認為，主要假設的合理可靠變動不會導致可收回金額低於現金產生單位各自的賬面值。

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SELLING AND DISTRIBUTION EXPENSES

The selling and distribution expenses increased by HK\$17.4 million to HK\$60.4 million. As a result of efforts to expand the packaging business channel, promote the application of RF technology and services and form an independent professional marketing team.

ADMINISTRATIVE EXPENSES AND OTHER EXPENSES

During the year, administrative expenses and other expenses increased by approximately HK\$13.9 million or 15.8% to HK\$102.0 million. The increase was primarily due to the (i) increase in staff cost of HK\$9.8 million because of increase in administration staff cost associated with new subsidiaries and the increased staff bonus; (ii) increase in legal expenses of HK\$8.3 million relating to the merger and acquisitions and lawsuit; and (iii) decrease in depreciation of HK\$5.7 million and increase in rental expenses of HK\$2.9 million mainly associated with sales and leaseback of Hong Kong office premise.

FINANCE COSTS

Finance costs increased by 3.6% to approximately HK\$22.8 million. It was mainly due to interest rate hike of bank borrowings during the year.

SHARE OF PROFITS OF ASSOCIATES

Share of profits of associates increased by approximately HK\$4.3 million to HK\$51.7 million during the year. The increase in net profit of our associates was mainly due to the increase in average selling price brought by improvement in product mix and cost cutting measures of the Group's major associate Changde Goldroc Rotogravure Printing Co. during the year.

TAXATION

The effective tax rate of the Group decreased from 25.9% to 21.2% in 2018. It was primarily due to increase in non-assessable profit related to disposal of subsidiary.

銷售及分銷開支

銷售及分銷開支增加17,400,000港元至60,400,000港元。由於致力拓展包裝業務渠道，推廣射頻技術和服務應用範圍，並組成獨立專業營銷團隊。

行政開支及其他開支

年內，行政開支及其他開支增加約13,900,000港元或15.8%至102,000,000港元，主要由於(i)員工成本增加9,800,000港元，原因為與新附屬公司相關的行政員工成本增加及員工花紅增加；(ii)有關併購及法律訴訟的法律開支增加8,300,000港元；及(iii)折舊減少5,700,000港元及租賃開支增加2,900,000港元，主要涉及售後租回香港辦公物業。

融資成本

融資成本增加3.6%至約22,800,000港元，主要由於年內銀行借貸利率上升所致。

分佔聯營公司溢利

年內分佔聯營公司溢利增加約4,300,000港元至51,700,000港元。聯營公司的純利增加主要由於產品組合改善導致平均售價增加及本集團主要聯營公司常德金鵬印務有限公司年內實施成本削減措施。

稅項

本集團的實際稅率由25.9%減至二零一八年的21.2%，主要原因為與出售附屬公司相關的毋須課稅溢利增加。

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PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to the owners of the Company increased by 22.7% or by HK\$31.4 million to HK\$169.4 million, mainly because of one-off gain of disposal of subsidiary of HK\$91.7 million, earlier recognition of sales profit of HK\$36.3 million due to HKFRS 15 adjustment and increase in impairment loss of goodwill to HK\$48.0 million (2017: HK\$40.0 million). Putting aside the adjustment of HKFRS 15 of HK\$36.3 million, profit for the year attributable to the owners of the Company would be approximately HK\$133.1 million, representing a decrease of approximately HK\$4.9 million. If the effect of impairment of goodwill of HK\$48.0 million (2017: HK\$40.0 million) is also put aside, the profit for the year attributable to the owners of the Company would be approximately HK\$181.1 million, representing a slight increase of approximately 1.7%.

SEGMENT INFORMATION

During the year, revenue was generated from three business segments: (i) the printing and manufacturing of cigarette packages and related materials of approximately HK\$1,236.9 million (2017: HK\$1,189.7 million), (ii) manufacturing of laminated papers of approximately HK\$44.8 million (2017: HK\$42.8 million), and (iii) sales of RFID products of approximately HK\$85.1 million (2017: HK\$32.9 million). The earnings from the printing and manufacturing of cigarette packages and related materials and manufacturing of laminated papers decreased by 11.7% to approximately HK\$259.8 million (2017: HK\$294.3 million) and 0.4% to approximately HK\$10.3 million (2017: HK\$10.4 million) respectively. Earnings from the printing and manufacturing of cigarette packages and related materials accounted for approximately 90.6% of the total segment earnings before unallocated items.

本公司擁有人應佔年度溢利

本公司擁有人應佔溢利增加22.7%或31,400,000港元至169,400,000港元，主要由於出售附屬公司的一次性收益91,700,000港元、由於香港財務報告準則第15號的調整而提早確認銷售溢利36,300,000港元及商譽減值虧損增加至48,000,000港元(二零一七年：40,000,000港元)。撇除根據香港財務報告準則第15號作出的調整36,300,000港元，本公司擁有人應佔年度溢利將約為133,100,000港元，減少約4,900,000港元。若同時撇除商譽減值的影響48,000,000港元(二零一七年：40,000,000港元)，則本公司擁有人應佔年度溢利將約為181,100,000港元，輕微上升約1.7%。

分部資料

年內，收益來自三大業務分部：(i)印刷及製造香煙包裝及相關材料的收益約為1,236,900,000港元(二零一七年：1,189,700,000港元)；(ii)製造複合紙的收益約為44,800,000港元(二零一七年：42,800,000港元)；及(iii)銷售射頻識別產品的收益約為85,100,000港元(二零一七年：32,900,000港元)。來自印刷及製造香煙包裝及相關材料以及製造複合紙的盈利分別減少11.7%至約259,800,000港元(二零一七年：294,300,000港元)及減少0.4%至約10,300,000港元(二零一七年：10,400,000港元)。來自印刷及製造香煙包裝及相關材料的盈利佔剔除未分配項目前分部盈利總額約90.6%。

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FINANCIAL POSITION AND LIQUIDITY

The Group generally finances its operations with internally generated resources and banking facilities. As at 31 December 2018, the Group had net current assets of HK\$287.1 million (2017: HK\$478.5 million), while the Group's cash and cash equivalents amounted to HK\$355.5 million (2017: HK\$292.5 million). As at 31 December 2018, the short-term interest-bearing bank borrowings of the Group amounted to HK\$601.3 million (2017: HK\$621.9 million). Carrying amounts of trade receivables, bank deposits and non-current assets classified as held for sale pledged for securing credit facilities amounted to approximately HK\$Nil (2017: HK\$451.5 million), HK\$11.3 million (2017: HK\$5.5 million) and HK\$Nil (2017: HK\$197.5 million) respectively. As at 31 December 2018, the Group's gearing ratio, represented by the amount of interest-bearing borrowings divided by shareholders equity, was reduced to 22.2% (as at 31 December 2017: 22.8%). As at 31 December 2018, the Group had capital commitments for purchase of property, plant and equipment which amounted to HK\$67.1million (2017: HK\$4.5 million).

CONTINGENT LIABILITIES AND GUARANTEES

Save as disclosed in note 49 to the consolidated financial statements or elsewhere in the annual report, the Group did not provide any guarantees to third party and had no material contingent liabilities as at 31 December 2018.

財務狀況及流動資金

本集團一般以內部產生的資源及銀行融資撥付營運資金。於二零一八年十二月三十一日，本集團的流動資產淨值為287,100,000港元(二零一七年：478,500,000港元)，而本集團的現金及現金等值項目則為355,500,000港元(二零一七年：292,500,000港元)。於二零一八年十二月三十一日，本集團的附息短期銀行借貸為601,300,000港元(二零一七年：621,900,000港元)。為取得信貸融資而質押的貿易應收款項、銀行存款及分類為持有待售的非流動資產的賬面值分別約為零港元(二零一七年：451,500,000港元)、11,300,000港元(二零一七年：5,500,000港元)及零港元(二零一七年：197,500,000港元)。於二零一八年十二月三十一日，本集團按附息借貸除股東權益所得金額計算的資產負債比率減至22.2%(於二零一七年十二月三十一日：22.8%)。於二零一八年十二月三十一日，本集團就收購物業、廠房及設備的資本承擔為67,100,000港元(二零一七年：4,500,000港元)。

或然負債及擔保

除綜合財務報表附註49或本年報其他部分所披露者外，於二零一八年十二月三十一日，本集團並無向第三方提供任何擔保，亦無任何重大或然負債。

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MATERIAL ACQUISITION AND DISPOSAL

On 11 January 2018, the Company, as the vendor, entered into a provisional sale and purchase agreement in relation to the disposal of the entire issued capital of, and the debts due by, Empire Sail Limited and its subsidiary (the “Target Group”) at the cash consideration of HK\$295,000,000, to Lion Capital Investment Limited, as the purchaser. The principal asset of the Target Group is a commercial building property together with three car parking spaces. The completion of the transaction had taken place on 30 April 2018. Details of the transaction can be referred to the announcement of the Company dated 11 January 2018.

On 13 July 2018, Shenzhen Kecai Printing Company Limited (深圳市科彩印務有限公司), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party in relation to the acquisition of the entire equity interest of Jin Sheng Cai at the cash consideration of RMB130,000,000. Details of the transaction can be referred to the announcements of the Company dated 29 June 2018 and 13 July 2018.

Save as disclosed above or elsewhere in the annual report, there was no material acquisition or disposal of subsidiaries or associated companies by the Group during the year ended 31 December 2018.

TREASURY POLICIES

The Group adopted a prudent strategy towards the treasury and funding policies, with strong emphasis on risk control and transactions directly related to the Group’s principal business. Funds, primarily denominated in Renminbi and Hong Kong dollars, are normally placed with banks in short or medium term deposits for working capital of the Group.

重大收購事項及出售事項

於二零一八年一月十一日，本公司（作為賣方）就以現金代價295,000,000港元將帝航有限公司及其附屬公司（「目標集團」）的全部已發行股本及結欠債項出售予獅皇投資有限公司（作為買方）訂立臨時買賣協議。目標集團的主要資產為一幢商業大廈連同三個停車位。交易已於二零一八年四月三十日完成。交易詳情請參閱本公司日期為二零一八年一月十一日的公布。

於二零一八年七月十三日，本公司全資附屬公司深圳市科彩印務有限公司與一名獨立第三方就以現金代價人民幣130,000,000元收購金升彩全部股權訂立買賣協議。交易詳情請參閱本公司日期為二零一八年六月二十九日及二零一八年七月十三日的公布。

除上文或本年報其他部分所披露者外，於截至二零一八年十二月三十一日止年度，本集團概無進行有關附屬公司或聯營公司的重大收購或出售事項。

庫務政策

本集團對庫務及撥資政策採取審慎策略，且非常重視直接牽涉本集團主要業務的風險監控及交易。資本主要以人民幣及港元計值，其通常以短期或中期存款存於銀行，以作本集團營運資金。

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CAPITAL STRUCTURE

The Group's operation was mainly financed by funds generated from its operations and borrowings. As at 31 December 2018, the borrowings were mainly denominated in Hong Kong dollars and Renminbi, while the cash and cash equivalents held by the Group were mainly denominated in Hong Kong dollars and Renminbi. The Group's turnover is denominated in Renminbi, while its costs and expenses are mainly denominated in Hong Kong dollars and Renminbi. In view of the prevailing macro-economic environment and the volatile foreign exchange market, the Group is exposed to the foreign exchange rate risk. An exchange gain has arisen due to the translation of functional currency of Renminbi to presentation currency of Hong Kong dollar during the reporting period when Renminbi depreciated against Hong Kong dollar. However, such translation is a non-cash item in nature and has no practical effect to our daily operation as majority of our revenue and cost are all denominated in Renminbi. The Group will closely monitor the volatility of foreign exchange rate and apply the appropriate hedging strategy if necessary.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2018, assets with carrying amounts of approximately HK\$11.3 million (31 December 2017: HK\$654.4 million) were pledged to banks in respect of banking facilities granted to the Group.

HUMAN RESOURCES

As at 31 December 2018, the Group had 11 (2017: 18) and 1,315 (2017: 1,178) full-time staff based in Hong Kong and the PRC respectively. The Group's remuneration packages are generally structured with reference to market terms and individual merits. The Group participates in a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' base salaries. The Group also made contributions to provident funds, elderly insurance, medical insurance, unemployment insurance and work-related injury insurance in accordance with the applicable laws and regulations in the PRC. The Group has adopted a share option scheme as a reward to eligible high-caliber employees and to attract similar high quality personnel that are valuable to the Group.

資本架構

本集團的營運資金主要來自營運所產生資金及借貸。於二零一八年十二月三十一日，借貸主要以港元及人民幣計值，而本集團持有的現金及現金等值項目則主要以港元及人民幣計值。本集團的營業額以人民幣計值，而其成本及開支則主要以港元及人民幣計值。考慮到當前宏觀經濟環境及外匯市場波動，本集團承受外幣匯率風險。於報告期內的匯兌收益乃源自人民幣(功能貨幣)換算港元(呈報貨幣)，期間人民幣兌港元的匯率貶值。然而，有關換算實質上屬非現金項目，且對日常營運並無實際影響，此乃由於大部分收益及成本均以人民幣計值。本集團將密切監察匯率波幅，適時採用適當對沖策略。

本集團的資產抵押

於二零一八年十二月三十一日，本集團就獲授銀行融資向銀行抵押賬面值約11,300,000港元(二零一七年十二月三十一日：654,400,000港元)的資產。

人力資源

於二零一八年十二月三十一日，本集團分別在香港及中國聘用11名(二零一七年：18名)及1,315名(二零一七年：1,178名)全職員工。本集團的薪酬待遇一般參考市況及個人資歷釐定。本集團根據強制性公積金計劃條例為全體香港僱員營運定額供款退休福利計劃。供款乃按僱員基本薪金的某個百分比計算。本集團亦根據中國適用法律及法規向公積金、養老保險、醫療保險、失業保險及工傷保險供款。本集團已採納購股權計劃，目的為獎賞合資格的優秀僱員及吸引對本集團具價值的類似高質素人員。

Profile of directors and senior management

董事及高級管理層履歷

BOARD OF DIRECTORS

Executive Directors

Mr. CAI Xiao Ming, David (蔡曉明), aged 41, was appointed as an Executive Director on 18 December 2008. He was re-designated as the Chairman of the Board with effect from 31 October 2014 and is responsible for the overall management of the Group. Mr. David Cai is a director of most subsidiaries of the Company. Mr. David Cai has more than 11 years of experience in the packaging and printing industry gained from the management of the Group's business. Mr. David Cai joined the Group in January 2001.

Mr. QIN Song (欽松), aged 46, is an Executive Director, the Chief Executive Officer and a member of the Nomination Committee of the Company. He was appointed as the Vice Chairman of the Group with effect from 3 December 2015. Mr. Qin joined the Group in May 2002, and worked, among other positions, as the Office Administrator of the Group and General Manager of various subsidiaries of the Company. Since September 2005, Mr. Qin serves as the Deputy Director of the market committee of the Company and since February 2006, a Vice President of the Company. From May 2010 to October 2011, he also served as the General Manager of Bengbu Jinhuangshan Rotogravure Printing Company Limited in addition to his then existing duties. Mr. Qin holds a Bachelor's degree in Economics and Management Administration.

董事會

執行董事

蔡曉明先生，41歲，於二零零八年十二月十八日獲委任為執行董事。彼於二零一四年十月三十一日調任董事會主席，負責本集團的整體管理。蔡曉明先生為本公司大部分附屬公司的董事。蔡曉明先生自管理本集團業務獲取逾11年包裝及印刷業經驗。蔡曉明先生於二零零一年一月加入本集團。

欽松先生，46歲，為本公司執行董事、行政總裁及提名委員會成員。彼於二零一五年十二月三日獲委任為本集團副主席。欽先生於二零零二年五月加入本集團，彼曾出任的職務包括本集團辦公室主任及本公司多家附屬公司的總經理。自二零零五年九月起，欽先生出任本公司市場委員會副總監及自二零零六年二月起，出任本公司副總裁。自二零一零年五月至二零一一年十月，除當時的職務外，彼亦出任蚌埠金黃山凹版印刷有限公司的總經理。欽先生持有經濟學及工商管理學士學位。

Profile of directors and senior management

董事及高級管理層履歷

Mr. Chen Xiao Liang (陳校良) Mr. Chen, aged 60, has over 20 years of extensive experience in the property investment and development industry. He was the Chairman of Merryeard (Holdings) Limited (香港廣銀集團有限公司) from 1985 to 1995. He has been the Chairman of a number of corporations in mainland China, namely, Shenzhen Guangyin Building Industry Co., Limited* (深圳廣銀大廈實業有限公司) since 1995; Shenzhen Hongta Industry Co., Limited* (深圳紅塔實業有限公司) since November 2002 (in which he has also been acting as a general manager); Shenzhen Hongding Asset Management Co., Limited* (深圳市紅鼎資產管理有限公司) since February 2010; and Shenzhen Hongding Property Development Co., Limited* (深圳市紅鼎房地產開發有限公司) since June 2010. Mr. Chen is the father-in-law of Mr. Cai Xiao Ming, David (an executive Director and the Chairman of the Board). Mr. Chen has been appointed as an executive Director with effect from 12 March 2019.

Mr. Chen Huapei (陳華培) Mr. Chen, aged 44, has been appointed as the Group's Vice President since October 2018. With extensive experience in financial audit management, Mr. Chen is responsible for managing the financial and auditing systems of the Group. Mr. Chen joined the Group in October 1997 and has served in various subsidiaries of the Group. He has served as the chief cost accountant at the Group's Head Office, finance manager of Bengbu Jinhuangshan Rotogravure Printing Co., Limited, finance director of Shenzhen Kecai Printing Co., Limited, deputy general manager of Changde Goldroc Printing Co., Limited and assistant to Group's CEO. Mr. Chen graduated from Yangzhou University with a major in economic information management and he is currently pursuing a master's degree at Xian University of Technology. Mr. Chen has been appointed as an executive Director with effect from 9 November 2018.

陳校良先生，60歲，在物業投資及發展行業擁有逾20年豐富經驗。彼於一九八五年至一九九五年擔任香港廣銀集團有限公司的主席。他曾於中國內地擔任多家公司的主席，包括自一九九五年起於深圳廣銀大廈實業有限公司；自二零零二年十一月起於深圳紅塔實業有限公司（亦曾擔任總經理）；自二零一零年二月起於深圳市紅鼎資產管理有限公司；及自二零一零年六月起於深圳市紅鼎房地產開發有限公司。陳先生為蔡曉明先生（執行董事兼董事會主席）的岳父。陳校良先生自二零一九年三月十二日起獲委任為執行董事。

陳華培先生，44歲，自二零一八年十月起獲委任為本集團副總裁。憑藉於財務審核管理之豐富經驗，陳先生負責管理本集團之財務及審核制度。陳先生於一九九七年十月加盟本集團，效力本集團多家附屬公司。彼擔任本集團總辦事處之總成本會計師、蚌埠金黃山凹版印刷有限公司之財務經理、深圳市科彩印務有限公司之財務總監、常德金鵬印務有限公司之副總經理及本集團行政總裁助理。陳先生於揚州大學畢業，主修經濟資訊管理。彼現正於西安理工大學修讀碩士學位。陳華培先生自二零一八年十一月九日起獲委任為執行董事。

* The English names are not official names and are provided for identification purpose only

Profile of directors and senior management

董事及高級管理層履歷

Non-Executive Director

Ms. LI Li (李莉), aged 47, was appointed as a non-executive Director on 22 July 2015. Ms. Li is a Chairman of the board of directors of Masterwork Group Co., Ltd. (天津長榮科技集團股份有限公司) (“Masterwork” together with its subsidiaries, the “Masterwork Group”), a company whose issued shares are listed on the Shenzhen Stock Exchange (Stock code: 300195). She is also a director of certain subsidiaries of the Masterwork Group Co., Ltd. and Tianjin Ming Xuan Investment Limited Company* (天津名軒投資有限公司). Ms. Li is qualified as a senior economist in the People’s Republic of China. She has extensive management experience in the printing and packaging companies.

Independent Non-Executive Directors

Mr. LAM Ying Hung, Andy (林英鴻), aged 55, was appointed as an Independent Non-Executive Director on 4 March 2009. Mr. Lam is the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Mr. Lam has over 25 years of experience in accounting, banking and finance sectors. Mr. Lam is the Managing Consultant of Lontreprise Consulting Limited. Mr. Lam is an associate member of various professional organisations, namely The Institute of Chartered Secretaries and Administrators, The Hong Kong Institute of Company Secretaries and The Hong Kong Institute of Bankers. Mr. Lam is also a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant of Hong Kong Institute of Certified Public Accountants (“HKICPA”). Mr. Lam is an Independent Non-Executive Director of Xingfa Aluminium Holdings Limited and Synertone Communication Corporation and Weiye Holdings Limited, all of them are companies listed on the Main Board of the Stock Exchange. Mr. Lam received his Master of Professional Accounting and Master of Science in E-commerce for Executives both from The Hong Kong Polytechnic University.

非執行董事

李莉女士，47歲，於二零一五年七月二十二日獲委任為非執行董事。李女士為天津長榮科技集團股份有限公司（「長榮」，連同其附屬公司統稱「長榮集團」）的董事會主席，該公司的已發行股本於深圳證券交易所上市（股份代號：300195）。彼亦為長榮科技集團股份有限公司若干附屬公司及天津名軒投資有限公司的董事。李女士具備中華人民共和國高級經濟師資格。彼於印刷及包裝公司擁有豐富管理經驗。

獨立非執行董事

林英鴻先生，55歲，於二零零九年三月四日獲委任為獨立非執行董事。林先生為本公司薪酬委員會主席及審核委員會及提名委員會成員。林先生於會計、銀行及金融業擁有逾25年經驗，現為Lontreprise Consulting Limited的首席顧問，另為多個專業組織（特許秘書及行政人員公會、香港公司秘書公會及香港銀行家學會）的會員。林先生亦為英國特許公認會計師公會資深會員及香港會計師公會（「香港會計師公會」）執業會計師。林先生為聯交所主板上市公司興發鋁業控股有限公司，協同通信集團有限公司及偉業控股有限公司的獨立非執行董事。林先生持有香港理工大學專業會計碩士及電子商貿（行政人員）理學碩士學位。

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Profile of directors and senior management

董事及高級管理層履歷

Mr. LUI Tin Nang (呂天能), aged 61, was appointed as an Independent Non-Executive Director on 4 March 2009. Mr. Lui is the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee of the Company. Mr. Lui has a Bachelor degree in Science from the University of Leeds, a Master Degree in Business Administration from the University of Bradford in United Kingdom and a Postgraduate Diploma in insolvency from HKICPA. He is a fellow member of the HKICPA (Practicing), the Institute of Chartered Accountants in England & Wales, the Taxation Institute of Hong Kong, and The Society of Chinese Accountants and Auditors. He is also a member of the Chartered Institute of Management Accountant, Institute of Certified Public Accountants in Australia and the Certified Tax Adviser. He has years of experience in accounting, auditing, taxation, corporate finance and business advisory. Mr. Lui is also an Independent Non-Executive Director of Noble House (China) Holdings Limited which listed on the GEM of the Stock Exchange.

呂天能先生，61歲，於二零零九年三月四日獲委任為獨立非執行董事。呂先生為本公司審核委員會主席及薪酬委員會及提名委員會成員。呂先生持有英國 University of Leeds 理學士學位、英國 University of Bradford 工商管理碩士學位及香港會計師公會破產管理文憑。彼為香港會計師公會(執業)、英格蘭及威爾斯特許會計師公會、香港稅務學會及華人會計師公會資深會員。他亦是英國特許管理會計師協會、澳洲會計師公會會員及香港註冊稅務師。彼於會計、核數、稅務、企業融資及業務諮詢等方面累積多年經驗。呂先生亦為聯交所 GEM 上市公司名軒(中國)控股有限公司的獨立非執行董事。

Profile of directors and senior management

董事及高級管理層履歷

Mr. SIU Man Ho, Simon (蕭文豪), aged 45, is a practising solicitor of the High Court of Hong Kong. He obtained a Bachelor of Laws degree from the University of Hong Kong in 1996 and is a partner of a Hong Kong law firm, namely Sit, Fung, Kwong & Shum Solicitors. Mr. Siu is also a China Appointed Attesting Officer appointed by the Ministry of Justice of the PRC. His areas of practice include corporate finance, capital markets, securities, mergers and acquisitions, joint ventures and general commercial matters. Mr. Siu is also an independent non-executive director of Wai Yuen Tong Medicine Holdings Limited (stock code 897), Shuang Yun Holdings Limited (stock code 1706) and HKE Holdings Limited (stock code 1726), all of which are companies listed on the Main Board of the Stock Exchange. Moreover, he was appointed as the independent non-executive director of Weiye Holdings Limited (stock code 1570) in March 2016 and resigned from the position in December 2018. He also actively participates in charitable and social services in Hong Kong. He was previously appointed as the director of Hong Kong Pok Oi Hospital. He is acting as the legal adviser for United Hearts Youth Foundation, VQ Foundation and Hong Kong Taekwondo Association as well as the school manager of The Association of Directors and Former Directors of Pok Oi Hospital Ltd. Leung Sing Tak College. He is also a member of the Committee of the Chinese People's Political Consultative Conference in Yangjiang City of Guangdong Province, the PRC. Mr. Siu is the chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee of the Company.

蕭文豪先生，45歲，為香港高等法院執業律師，於一九九六年取得香港大學法律學士學位，現為薛馮鄺岑律師行合夥人。蕭先生亦為中國司法部委任的中國委託公證人，其專業包括企業融資、資本市場、證券、合併及收購、合營及一般商業事宜。蕭先生亦為聯交所主板上市公司位元堂藥業控股有限公司(股份代號897)、雙運控股有限公司(股份代號1706)及HKE Holdings Limited(股份代號1726)的獨立非執行董事。此外，他曾於二零一六年三月獲委任為偉業控股有限公司(股份代號1570)的獨立非執行董事，並於二零一八年十二月辭任。蕭先生同時積極參與香港的慈善及社會服務，曾擔任香港博愛醫院總理。他現時擔任雁心會樂幼基金、願景基金會及香港跆拳道協會的法律顧問，並擔任博愛醫院歷屆總理聯誼會梁省德中學校董。他亦是中國廣東省陽江市中國人民政治協商會議委員。蕭先生為本公司提名委員會主席及審核委員會及薪酬委員會成員。

Profile of directors and senior management

董事及高級管理層履歷

SENIOR MANAGEMENT

Mr. JIANG Xiang Yu (蔣祥瑜), aged 63, is the General Manager of Bengbu Jinhuangshan Rotogravure Printing Co., Limited. He joined the Group in 1999 and has over 15 years of experience in the cigarette package industry.

Mr. YAN Feng (嚴峰), aged 61, is the Vice President of the Group since March 2016 responsible for the Group infrastructure advancement, equipment management and investment, policy research and technology management. Mr. Yan joined the Group in 2000 and has more than 20 years of experience in the cigarette package industry and he also has experience in printing of books services. Between May 2000 to April 2001, he served as the design director and marketing manager in the headquarter of the Group. Between November 2003 to November 2006, he served as Deputy General Manager of Xiangfan Jinfeihuan Colour Packing Company Limited ("Xiangfan Jinfeihuan"). Between April 2009 to May 2010, he served as the General Manager of the Group responsible for the printing of paper products. Between November 2010 to December 2012, he served as the Deputy General Manager of CD Goldroc. Between May 2013 to March 2016, he served as General Manager of Xiangfan Jinfeihuan.

Ms. ZHENG Jinghui (鄭靜慧), aged 41, is the Vice President of the Group since March 2016 responsible for the management of the Group's strategy, human resources, office administration. Ms. Zheng graduated from Beihang University, specializing in computer application, Zhejiang University specializing in human resources management. She joined the Group in 2000 and has served in various role as information technology manager, operations manager, human resources manager, vice president and assistant to CEO of the Group.

Ms. AI Ping (艾萍) aged 44, joined the Group in July 2001 and has been appointed as the Group's Vice President since June 2018. With extensive experience in market development and business management, Ms. Ai Ping is responsible for the expansion of some of the Group's business markets and concurrently serves as the general manager of the subsidiary Xiangyang Jinfeihuan Color Package Co., Ltd.

高級管理層

蔣祥瑜先生，63歲，為蚌埠金黃山凹版印刷有限公司的總經理。彼於一九九九年加盟本集團，於香煙包裝業積逾15年經驗。

嚴峰先生，61歲。自二零一六年三月起出任集團副總裁，負責集團基建技改、設備管理及投資、政策研究及技術管理。嚴先生於二零零零年加入本集團，於香煙包裝業務積逾二十年經驗，彼也有書刊業務管理經驗。自二零零零年五月至二零零一年四月先後擔任集團總部設計部主任和營銷經理。二零零三年十一月至二零零六年十一月，彼出任襄陽金飛環彩色包裝有限公司（「襄陽金飛環」）副總經理。二零零九年四月至二零一零年五月出任集團的紙品印刷廠總經理。二零一零年十一月至二零一二年十二月出任常德金鵬印務有限公司副總經理。二零一三年五月至二零一六年三月出任襄陽金飛環彩色包裝有限公司總經理。

鄭靜慧女士，41歲，自二零一六年三月出任本集團副總裁，負責本集團戰略管理、人力資源管理、行政管理。鄭女士畢業於北京航空航天大學電腦應用專業、浙江大學人力資源管理專業，彼於二零零零年加入本集團，歷任資訊經理、營運經理、人力資源經理、副總經理、總裁助理。

艾萍女士，44歲，於二零零一年七月加盟本集團，自二零一八年六月起獲委任為本集團副總裁。憑藉於市場拓展、企業經營管理的豐富經驗，艾萍女士負責本集團部分業務市場的拓展工作，並兼任子公司襄陽金飛環彩色包裝有限公司總經理。

Profile of directors and senior management

董事及高級管理層履歷

Mr. CHUNG Tat Hung (鍾達鴻), aged 51, is the Chief Financial Officer and Company Secretary of the Group. Mr. Chung had worked in various companies as finance manager and accounting manager, and was previously an accountant of an international accounting firm. Mr. Chung joined the Group in October 2003 until February 2013 and served as the Finance Manager of the Group. He rejoined the Group in March 2014. Mr. Chung is a fellow member of HKICPA and a certified practicing accountant of Australian Society of Certified Practising Accountants. Mr. Chung received his Master of Business Administration jointly offered by the University of Sydney and the University of New South Wales in Australia in 2002 and Bachelor of Commerce from the Australian National University in 1991.

鍾達鴻先生，51歲，為本集團財務總監兼公司秘書。鍾先生曾於多間公司擔任財務經理及會計經理，並曾在一間跨國會計事務所擔任會計師。鍾先生於二零零三年十月加盟本集團，擔任本集團的財務總監直至二零一三年二月為止，後於二零一四年三月再次加入本集團。鍾先生為香港會計師公會的資深會員及澳洲執業會計師公會的執業會計師。鍾先生於二零零二年獲得澳洲悉尼大學及新南威爾斯大學聯合頒授的工商管理碩士學位，及於一九九一年獲得澳洲國立大學頒授的商業學士學位。

Report of the directors

董事會報告書

The Directors are pleased to present their report together with the audited financial statements of the Group for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries of the Company are set out in note 50 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the business of the Group for the year ended 31 December 2018 and the future development of the Group's business is set out in the section headed "Chairman's Statement" on pages 4 to 9 of this annual report. Financial and business performance analysis is disclosed in the section headed "Management Discussion and Analysis" on pages 10 to 16 and note 6 to the consolidated financial statements. The principal risks and uncertainties affecting the Group's results and business can be found in notes 4, 40 to 41 to the consolidated financial statements.

The PRC cigarette industry is closely monitored and controlled by the PRC government and our customers are concentrated on a limited number of state-owned cigarette manufacturers. The Group's success depends on the support from key stakeholders which comprise shareholders, regulators, customers, employees, local communities and business partners etc. and we have maintained good and strong business relationship with our customers through joint venture and other co-operations. During the year ended 31 December, 2018 and up to the date of this annual report, we have complied with all the relevant rules, laws and regulations in the PRC that have a significant impact on the Group. Further details about the environmental and social responsibility will be published in separate report to be uploaded on the websites of the Company and the Hong Kong Stock Exchange.

董事欣然呈列其報告連同本集團截至二零一八年十二月三十一日止年度的經審核財務報表。

主要業務

本公司的主要業務為投資控股。本公司主要附屬公司的主要業務載於綜合財務報表附註50。

業務回顧

本集團截至二零一八年十二月三十一日止年度的業務回顧及本集團業務的日後發展載於本年度報告第4至9頁「主席報告書」一節。財務及業務表現分析於第10至16頁「管理層討論及分析」一節及綜合財務報表附註6內披露。影響本集團業績及業務的主要風險及不明朗因素載於綜合財務報表附註4、40至41。

中國香煙行業受中國政府嚴密監控，客戶集中為少數國有香煙生產商。本集團的成功有賴股東、監管機構、客戶、僱員、本地社區及業務夥伴等主要權益相關者的支持，而本集團一直透過合營企業及其他合作方式與客戶保持良好穩健的業務關係。於截至二零一八年十二月三十一日止年度及截至本年報日期，本集團一直遵守所有對本集團有重大影響的中國相關法規、法例及規例。有關環境及社會責任的進一步詳情將於獨立報告刊載，並於本公司及香港聯交所的網站登載。

Report of the directors

董事會報告書

RESULTS AND DIVIDEND

The results of the Group are set out in the consolidated statement of profit or loss and other comprehensive income on pages 61 to 62. The Board does not recommend the payment of a dividend for the year ended 31 December 2018 (2017: Nil). During 2018, the special dividend of HK12.75 cents in respect of the year ended 31 December 2017, amounting to approximately HK\$199,905,000 has been paid to shareholders.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2019 annual general meeting, the register of members of the Company will be closed from 30 May 2019 to 5 June 2019 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2019 annual general meeting, all transfer of shares of the Company accompanied by the relevant share certificate(s) and appropriate transfer form(s) must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 29 May 2019.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales to the Group's five largest customers accounted for approximately 51.1% of the Group's turnover and sales to the Group's largest customer was approximately 27.7% of the Group's total revenue. During the year, the aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 43.0% of the Group's total purchases, and the purchases attributable to the Group's largest supplier was approximately 22.9% of the Group's total purchases.

None of the Directors, their close associates (within the meaning of the Listing Rules) or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had interests in the Group's five largest customers or suppliers.

業績及股息

本集團的業績載於第61至62頁的綜合損益及其他全面收益報表。董事會不建議派付截至二零一八年十二月三十一日止年度的股息(二零一七年：無)。於二零一八年，已向股東派付截至二零一七年十二月三十一日止年度的特別股息12.75港仙，合共約199,905,000港元。

暫停辦理股份過戶登記

為釐定出席二零一九年股東週年大會並於會上投票的資格，本公司將由二零一九年五月三十日至二零一九年六月五日(包括首尾兩天)暫停辦理股份過戶登記，在此期間將不會登記本公司股份轉讓。為符合資格出席二零一九年股東週年大會並於會上投票，所有本公司股份過戶文件連同有關股票及適用轉讓表格須於二零一九年五月二十九日下午四時三十分前送交本公司香港股份過戶登記分處卓佳證券登記有限公司辦理股份過戶登記手續，地址為香港皇后大道東183號合和中心22樓。

主要客戶及供應商

年內，對本集團五大客戶作出的銷售總額佔本集團營業額約51.1%，而對本集團最大客戶作出的銷售額則佔本集團總收入約27.7%。年內，本集團五大供應商所佔採購總額佔本集團採購總額約43.0%，而本集團最大供應商所佔採購額則佔本集團採購總額約22.9%。

概無董事、彼等的緊密聯繫人(定義見上市規則)或任何股東(據董事所知，擁有本公司已發行股本5%以上)於本集團五大客戶或供應商中擁有權益。

Report of the directors

董事會報告書

PROPERTY, PLANT AND EQUIPMENT

Details of the movement in property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 37 to the consolidated financial statements.

RESERVES

At 31 December 2018, the Company's reserves available for distribution amounted to approximately HK\$843 million. Under the Companies Law of the Cayman Islands, the share premium of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the distribution or dividend is proposed to be distributed, the Company shall be able to pay its debts as they fall due in the ordinary course of business. Details of the movements in reserves of the Group and the Company are set out in the consolidated statement of changes in equity.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands.

TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders by reason of their holding of the Company's shares.

FINANCIAL SUMMARY

A summary of the consolidated results of the Group for the last five financial years and of its consolidated assets and liabilities as at the end of the last five financial years is set out on pages 235 to 236.

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

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

物業、廠房及設備

本集團物業、廠房及設備的變動詳情載於綜合財務報表附註17。

股本

本公司股本的詳情載於綜合財務報表附註37。

儲備

於二零一八年十二月三十一日，本公司可供分派的儲備約為843,000,000港元。根據開曼群島公司法，本公司的股份溢價乃可供分派予股東，惟於緊隨建議分派或派息當日後，本公司須有能力償還其於日常業務過程中到期的債項。本集團及本公司儲備變動的詳情載於綜合權益變動表。

優先購買權

本公司的公司組織章程大綱及細則或開曼群島法例並無有關優先購買權的條文。

稅務減免

本公司並不知悉有股東因持有本公司股份而獲減免任何稅項。

財務概要

本集團於過往五個財政年度的綜合業績及其於過往五個財政年度年末的綜合資產及負債載於第235至236頁。

購買、出售或贖回本公司的上市證券

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

Report of the directors

董事會報告書

SHARE OPTION SCHEME

On 4 March 2009, the shareholders of the Company had approved and adopted a share option scheme (the “Share Option Scheme”). Key terms of the Share Option Scheme are summarized below:

- (i) The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest.
- (ii) Qualifying participants of the Share Option Scheme include any employee, executive and non-executive Directors, customer or supplier of goods or services to any member of the Group, consultant, adviser, manager, officer or entity that provide research, development or other technological support to the Group or its member(s).
- (iii) The total number of shares in respect of which options may be granted under the Share Option Scheme is 40,000,000 shares, being 10% of the total number of shares in issue as at 30 March 2009, being the date of listing of the shares of the Company on the Stock Exchange as adjusted by the share subdivision effective on 11 June 2013, or about 2.55% of the total number of shares in issue as at 31 December 2018.
- (iv) The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company, must not, in aggregate, exceed 30% of the total number of shares in issue from time to time.
- (v) Unless approved by shareholders in general meeting, the total number of shares issued and to be issued upon exercise of all options granted to any eligible participant under the Share Option Scheme in the 12-month period up to and including such further grant must not exceed 1% of the total number of shares in issue.

購股權計劃

於二零零九年三月四日，本公司股東批准並採納購股權計劃（「購股權計劃」）。購股權計劃的主要條款概述如下：

- (i) 購股權計劃的目的為鼓勵或獎賞合資格人士對本集團所作出的貢獻及／或促使本集團聘請及留聘優秀僱員及吸納對本集團或任何本集團持有其任何股權的實體具價值的人力資源。
- (ii) 購股權計劃的合資格參與者包括任何僱員、執行及非執行董事、本集團任何成員公司的任何客戶或商品或服務供應商、向本集團或其成員公司提供研究、開發或其他技術支援的任何顧問、諮詢人士、經理、高級職員或實體。
- (iii) 根據購股權計劃可予授出的購股權所涉及股份總數為40,000,000股股份，相當於二零零九年三月三十日（即本公司股份於聯交所上市當日）已發行股份總數的10%，經二零一三年六月十一日生效的股份分拆調整，或相當於二零一八年十二月三十一日的已發行股份總數約2.55%。
- (iv) 根據購股權計劃及本公司任何其他購股權計劃所授出而尚未行使的全部購股權獲行使而可能發行的股份最高數目合共不得超過不時已發行股份總數的30%。
- (v) 除非獲股東於股東大會上批准，否則因於直至進一步授出日期（包括該日）止12個月期間根據購股權計劃向任何合資格參與者授予的全部購股權獲行使而發行及將予發行的股份總數不得超過已發行股份總數的1%。

Report of the directors

董事會報告書

- (vi) The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Share Option Scheme, after which period no further option shall be granted.
- (vii) A non-refundable consideration of HK\$1 is payable on acceptance of the offer of grant of an option. An offer of grant of an option may be accepted by an eligible person within the date as specified in the offer letter issued by the Company, being a date not later than 21 business days from the date offer is made.
- (viii) An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period (which may not expire later than 10 years from the date of the grant) to be notified by the Board at its sole discretion. There is no performance target that has to be achieved before the exercise of any option.
- (ix) The subscription price must be at least the higher of (1) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant; (2) the average of the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (3) the nominal value of a Company's share.
- (x) The Board is entitled at any time within 10 years between 4 March 2009 and 3 March 2019 to offer the grant of an option to any qualifying participants.
- (vi) 購股權計劃的有效期為自購股權計劃獲採納當日起計10年，其後不會進一步授出購股權。
- (vii) 於接納授出購股權要約時，承授人須支付1港元作為不可退還的代價。授出購股權的要約可由合資格人士於本公司發出的要約函件所訂明的日期前接納，即不遲於該要約函件發出日期起計21個營業日的日子。
- (viii) 購股權可根據購股權計劃的條款於董事會全權酌情知會的期間內(屆滿日不得超過授出日期起計10年後)隨時行使。於購股權行使前毋須達致任何表現目標。
- (ix) 認購價必須最少為下列三者中的最高者：(1)本公司股份於授予日期於聯交所每日報價表所報的收市價；(2)本公司股份緊接授出日期前五個交易日於聯交所每日報價表所報的收市價的平均數；及(3)本公司股份的面值。
- (x) 董事會有權於二零零九年三月四日至二零一九年三月三日止10年內隨時向任何合資格參與者授予購股權。

Up to the date of this report, no option under the Share Option Scheme has been granted by the Board and the Share Option Scheme has expired.

直至本報告日期，董事會概無根據購股權計劃授予任何購股權，而購股權計劃已屆滿。

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

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

購買股份或債券的安排

除上文所披露購股權計劃外，本年度內本公司或其任何附屬公司並無參與任何安排，使董事因取得本公司或任何其他公司的股份或債券而獲益。

Report of the directors

董事會報告書

SUBSIDIARIES

Details of the Company's subsidiaries as at the date of this report are set out in note 50 to the consolidated financial statements.

RETIREMENT BENEFIT SCHEME

The Group participates in a provident fund scheme as defined in the Mandatory Provident Fund Schemes Ordinance, Chapter 485 of the laws of Hong Kong (the "MPF Scheme"). The MPF Scheme was a defined contribution scheme and the assets of the MPF Scheme were managed by a trustee.

The MPF Scheme is available to all employees aged 18 to 64 and with at least 60 days of service under the employment of the Group in Hong Kong. Contributions were made by the Group at 5% based on the staff's relevant income. The maximum relevant income for contribution purpose is HK\$30,000 per month. Staff members were entitled to 100% of the Group's contributions together with accrued returns irrespective of their length of service with the Group, but the benefits were required by law to be preserved until the retirement age of 65.

The employees of the Company's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme are to meet the required contributions under the scheme.

The Group's cost for the schemes charged to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018 amounted to approximately HK\$14,096,000 (2017: HK\$11,117,000).

附屬公司

本公司附屬公司於本報告日期的詳情載於綜合財務報表附註50。

退休福利計劃

本集團參與香港法例第485章強制性公積金計劃條例所界定的公積金計劃(「強積金計劃」)。強積金計劃為定額供款計劃，強積金計劃的資產由受託人管理。

強積金計劃提供予所有18至64歲在香港受僱於本集團最少60日的僱員。本集團根據員工的有關收入作出5%的供款。就供款而言，有關收入上限為每月30,000港元。不論員工於本集團的服務年期，均獲享本集團作出100%的供款連同應計回報，惟根據法例，有關福利將保留至退休年齡65歲方可領取。

本公司於中國成立的附屬公司的僱員為地方市政府所設立中央退休金計劃的成員。該等附屬公司須向中央退休金計劃貢獻僱員基本薪金的若干百分比以為其退休福利提供資金。地方市政府承擔該等附屬公司的所有現有及未來退休僱員的退休福利責任。該等附屬公司就中央退休金計劃承擔的唯一責任為符合計劃項下要求的供款。

本集團於截至二零一八年十二月三十一日止年度就該等計劃在綜合損益及其他全面收益報表扣除的費用約為14,096,000港元(二零一七年：11,117,000港元)。

Report of the directors

董事會報告書

DIRECTORS

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

Executive Directors:

Mr. Cai Xiao Ming, David (*Chairman*)
Mr. Qin Song (*Chief Executive Officer and Vice-Chairman*)
Mr. Chen Xiao Liang (appointed on 12 March 2019)
Mr. Chen Huapei (appointed on 9 November 2018)

Non-Executive Director:

Ms. Li Li

Independent Non-Executive Directors:

Mr. Lam Ying Hung, Andy
Mr. Lui Tin Nang
Mr. Siu Man Ho, Simon

According to article 84(1) of the Articles of Association of the Company, one-third of the Directors for the time being shall retire from office by rotation at the annual general meeting of the Company but shall then be eligible for re-election.

Details of the Directors subject to rotation and re-election are contained in the circular despatched together with this annual report.

In compliance with Rule 3.10(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the Board currently comprises three independent non-executive Directors, representing more than one-third of the Board. Pursuant to paragraph 12B of Appendix 16 of the Listing Rules, each of the independent non-executive Directors has confirmed by annual confirmation that he has complied with the independence criteria set out in Rule 3.13 of the Listing Rules. The Company considers that all three independent non-executive Directors are independent under these independence criteria and are capable to effectively exercise independent judgement.

董事

於年內及直至本報告日期的董事如下：

執行董事：

蔡曉明先生(主席)
欽松先生(行政總裁兼副主席)
陳校良先生(於二零一九年三月十二日獲委任)
陳華培先生(於二零一八年十一月九日獲委任)

非執行董事：

李莉女士

獨立非執行董事：

林英鴻先生
呂天能先生
蕭文豪先生

根據本公司的組織章程細則第84(1)條，三分之一董事須於本公司股東週年大會輪值退任，惟屆時將合資格重選連任。

須輪值退任及重選的董事詳情載於連同本年報一併寄發的通函內。

為遵守聯交所證券上市規則(「上市規則」)第3.10(1)條，董事會現時有三名獨立非執行董事在任，佔董事會超過三分之一。根據上市規則附錄16第12B段，各獨立非執行董事均已以年度確認書確認，彼符合上市規則第3.13條所載獨立身分標準。本公司認為，根據此等獨立身分標準，全部三名獨立非執行董事均為獨立人士，能有效作出獨立判斷。

Report of the directors

董事會報告書

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 17 to 23.

DIRECTORS' SERVICE CONTRACTS

Mr. Chen Xiao Liang has entered into a service agreement with the Company for an initial term of two years commencing from 12 March 2019, and will continue thereafter until terminated by not less than three months' notice in writing served by either party. Mr. Chen Huapei has entered into a service agreement with the Company for an initial term of three years commencing from 9 November 2018, and will continue thereafter until terminated by not less than three months' notice. Ms. Li Li has entered into a service agreement with the Company for an initial term of three years commencing from 22 July 2015, and will continue thereafter until terminated by not less than three months' notice in writing served by either party. Each of Mr. David Cai and Mr. Qin Song has entered into a service agreement with the Company for a term of three years commencing from 30 March 2018 and will continue thereafter until terminated by not less than three months' notice in writing served by either party. Each of Mr. Lam Ying Hung, Andy, Mr. Lui Tin Nang and Mr. Siu Man Ho, Simon has renewed their appointment for a fixed term of three years commencing from 30 March 2018.

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

董事及高級管理層的履歷詳情

董事及高級管理層履歷詳情摘要載於第17至23頁。

董事的服務合約

陳校良先生已與本公司訂立服務協議，自二零一九年三月十二日起計初步為期兩年，並將於其後延續，直至其中一方發出不少於三個月的書面通知終止為止。陳華培先生已與本公司訂立服務協議，自二零一八年十一月九日起計初步為期三年，並將於其後延續，直至其中一方發出不少於三個月的書面通知終止為止。李莉女士已與本公司訂立服務協議，由二零一五年七月二十二日起計初步為期三年，並將於其後延續，直至其中一方發出不少於三個月的書面通知終止為止。蔡曉明先生及欽松先生已各自與本公司訂立服務協議，由二零一八年三月三十日開始起計為期三年，並將於其後延續，直至其中一方發出不少於三個月的書面通知終止為止。林英鴻先生、呂天能先生及蕭文豪先生已重續任期，固定任期為自二零一八年三月三十日起為期三年。

除上文所述者外，擬於應屆股東週年大會上重選連任的董事概無與本公司訂立不可由本公司於一年內終止而毋須支付賠償(法定賠償除外)的服務合約。

Report of the directors

董事會報告書

DIRECTORS' INTERESTS IN CONTRACTS

Details of the related party transactions entered into during the year were disclosed in note 48 to the consolidated financial statements. Save as those disclosed under the paragraph headed "Continuing Connected Transactions" below, these related party transactions either did not constitute connected transactions under the Listing Rules or were exempted connected transactions under the Listing Rules. Save as the transactions aforementioned, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director, an entity connected with a Director or the controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year, and there was no contract of significance for the provision of services to the Group by the controlling shareholder of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

MANAGEMENT CONTRACTS

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

PERMITTED INDEMNITY PROVISION

Subject to the applicable laws, every Director and other officers of the Company shall be entitled to be indemnified by the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur in the execution and discharge of his or her duties or in relation thereto pursuant to the Company's Articles of Association. Such provisions were in force during the course of the financial year ended 31 December 2018 and remained in force as of the date of this report.

The Group has also taken out and maintained liability insurance for Directors and officers throughout the year.

董事於合約的權益

年內進行的關聯方交易詳情，載於綜合財務報表附註48。除下文「持續關連交易」一段披露者外，該等關聯方交易並不構成上市規則界定的關連交易，或屬於上市規則的獲豁免關連交易。除上文所述的交易外，概無有關本集團業務而本公司或其任何附屬公司為訂約方及董事、與董事有關連的實體或本公司控股股東於其中直接或間接擁有重大權益且於年末或本年度任何時間存續的重大交易、安排或合約，亦無就本公司的控股股東向本集團提供服務而訂立任何重要合約。

董事於競爭業務的權益

概無董事或彼等各自的任何聯繫人從事對本集團業務構成或可能構成競爭的業務或與本集團有任何其他利益衝突。

管理合約

年內並無訂立或存在任何有關本集團全部或任何主要部分業務的管理及行政合約。

許可彌償條文

在適用法律規限下，本公司每名董事及其他高級職員有權根據本公司的組織章程細則就彼等或彼等任何成員於執行及履行職責時所產生或與之有關的一切訴訟、成本、費用、損失、損害及開支而獲得彌償。有關條文於截至二零一八年十二月三十一日止財政年度內生效及於本報告日期維持生效。

本集團亦全年為董事及高級職員投購責任保險。

Report of the directors

董事會報告書

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2018, the following Directors or the chief executives of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Listing Rules:

The Company

Name of Director 董事姓名	Capacity 身份	Number of shares/ underlying shares held 所持股份/ 相關股份數目	Position 持倉	Approximate percentage of issued share capital 佔已發行股本 概約百分比
Mr. Cai Xiao Ming, David 蔡曉明先生	Interest of controlled corporation (note 1) 受控制法團權益(附註1)	851,456,892	Long 好倉	54.3%
Mr. Qin Song 欽松先生	Beneficial owner 實益擁有人	15,321,062	Long 好倉	1.0%
Mr. Chen Huapei 陳華培先生	Beneficial owner 實益擁有人	1,022,000	Long 好倉	0.07%
Ms. Li Li 李莉女士	Interest of controlled corporation 受控制法團權益	250,551,964	Long 好倉	16.0%

Note:

- 274,325,278 shares are held by Profitcharm Limited and 577,131,614 shares are held by Sinorise International Limited, the entire issued share capitals of them are wholly and beneficially owned by Mr. Cai Xiao Ming, David.

董事及主要行政人員於本公司或其相聯法團的股份、相關股份或債券的權益及淡倉

於二零一八年十二月三十一日，本公司以下董事或主要行政人員於本公司及其相聯法團（定義見香港法例第571章證券及期貨條例（「證券及期貨條例」）第XV部）的股份、相關股份或債券中，擁有或被視為擁有(i)根據證券及期貨條例第XV部第7及8分部（包括根據證券及期貨條例該等條文彼等被當作或視為擁有的權益或淡倉）須知會本公司及聯交所的權益或淡倉；或(ii)根據證券及期貨條例第352條須記入該條所述登記冊的權益或淡倉；或(iii)須根據上市規則所載上市公司董事進行證券交易的標準守則（「標準守則」）知會本公司及聯交所的權益或淡倉：

本公司

Number of shares/ underlying shares held 所持股份/ 相關股份數目	Position 持倉	Approximate percentage of issued share capital 佔已發行股本 概約百分比
851,456,892	Long 好倉	54.3%
15,321,062	Long 好倉	1.0%
1,022,000	Long 好倉	0.07%
250,551,964	Long 好倉	16.0%

附註：

- 創益有限公司持有274,325,278股股份及振華國際有限公司持有577,131,614股股份，兩者全部已發行股本均由蔡曉明先生全資實益擁有。

Report of the directors

董事會報告書

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN AND/OR SHORT POSITIONS

So far as is known to the Directors and chief executives of the Company, as at 31 December 2018, the following persons (not being a Director or chief executive of the Company) had, or were deemed to have, interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

主要股東的權益及／或淡倉

據本公司董事及主要行政人員所知，於二零一八年十二月三十一日，以下人士（並非本公司的董事或主要行政人員）於本公司股份或相關股份中擁有或被視為擁有根據證券及期貨條例第XV部第2及3分部須向本公司披露的權益或淡倉：

Name of shareholder	Notes	Capacity	Number of shares/ underlying shares held	Position	Approximate percentage of issued share capital
股東名稱	附註	身份	所持股份／ 相關股份數目	持倉	佔已發行股本 概約百分比
Profitcharm Limited 創益有限公司	1	Beneficial owner 實益擁有人	274,325,278	Long 好倉	17.5%
Sinorise International Limited 振華國際有限公司	2	Beneficial owner 實益擁有人	577,131,614	Long 好倉	36.8%
Masterwork Group Co., Ltd. 天津長榮科技集團股份有限公司		Interest of controlled corporation 受控制法團權益	250,551,964	Long 好倉	16.0%
Masterwork Machinery (H.K.) Limited 長榮股份(香港)有限公司		Beneficial owner 實益擁有人	250,551,964	Long 好倉	16.0%
Partners Group Holding AG Partners Group Holding AG		Beneficial owner 實益擁有人	103,555,231	Long 好倉	7.0%
Tianjin Dehou Investment Management Partnership (Limited Partnership) Tianjin Dehou Investment Management Partnership (Limited Partnership)		Interest of controlled corporation 受控制法團權益	103,555,231	Long 好倉	7.0%

Notes:

- Profitcharm Limited is a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. Cai Xiao Ming, David.
- Sinorise International Limited is a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. Cai Xiao Ming, David.

附註：

- 創益有限公司為一間於英屬處女群島註冊成立的有限公司，由蔡曉明先生全資實益擁有。
- 振華國際有限公司為於英屬處女群島註冊成立的有限公司，由蔡曉明先生全資實益擁有。

Report of the directors

董事會報告書

CONTINUING CONNECTED TRANSACTION

Transactions with Masterwork Group

On 22 December 2017, the Company entered into a master sale and purchase agreement (the “Master Sale and Purchase Agreement”) with Masterwork Group Co., Ltd (“Masterwork Group”), pursuant to which the Group will (i) purchase post-press and packaging machineries from Masterwork Group or its subsidiaries and/or (ii) sell old machineries, purchased from Masterwork Group or otherwise, to Masterwork Group or its subsidiaries and related services from time to time to/for a term commencing on 1 January 2018 and expiring on 31 December 2020. The annual caps in relation to the purchase of post-press and packaging machineries by the Company for each of the three years ending 31 December 2020 are RMB50 million, RMB50 million and RMB50 million respectively. The annual caps in relation to the sale of old machineries, purchased from Masterwork Group or otherwise, to Masterwork Group or its subsidiaries and related services for each of the three years ending 31 December 2020 are RMB10 million, RMB10 million and RMB10 million respectively.

There is no minimum sale and purchase amount under the Master Sale and Purchase Agreement and the Group is not contractually bound to (i) purchase post-press and packaging machineries from Masterwork Group or its subsidiaries and/or (ii) sell old machineries, purchased from Masterwork Group or otherwise, to Masterwork Group or its subsidiaries. The Group is entitled to source such machineries from other suppliers or dispose such old machineries to other purchasers. The post-press and packaging machineries and related services to be supplied by Masterwork Group or its subsidiaries to the Group will be in accordance with the specifications provided by the Group on a case by case basis. The old machineries to be sold by the Group will be subject to acceptance by Masterwork Group depending on the type, condition and price of the old machineries to be decided on a case by case basis. The exact quantity, specifications and price of the post-press and packaging machineries and the old machineries, settlement terms and date of delivery will be set out in the sale and purchase orders to be issued by the Group to Masterwork Group.

持續關連交易

與長榮集團的交易

於二零一七年十二月二十二日，本公司與天津長榮科技集團股份有限公司（「長榮集團」）訂立總買賣協議（「總買賣協議」），據此，本集團將(i)不時向長榮集團或其附屬公司購買印後及包裝機器及／或(ii)不時出售從長榮集團或以其他方式購買的舊有機器及相關服務予長榮集團或其附屬公司，年期自二零一八年一月一日起並於二零二零年十二月三十一日屆滿。截至二零二零年十二月三十一日止三個年度各年，有關本公司購買印後及包裝機器的年度上限分別為人民幣50,000,000元、人民幣50,000,000元及人民幣50,000,000元。截至二零二零年十二月三十一日止三個年度各年，有關出售從長榮集團或以其他方式購買的舊有機器及相關服務予長榮集團或其附屬公司的年度上限分別為人民幣10,000,000元、人民幣10,000,000元及人民幣10,000,000元。

總買賣協議項下並無最低買賣額，本集團亦無合約責任(i)向長榮集團或其附屬公司購買印後及包裝機器及／或(ii)出售從長榮集團或以其他方式購買的舊有機器予長榮集團或其附屬公司。本集團有權向其他供應商採購該等機器或出售有關舊有機器予其他買家。長榮集團或其附屬公司將根據本集團提供的規格按個別情況向本集團供應印後及包裝機器及相關服務。本集團將會視乎長榮集團按個別情況決定舊有機器的種類、條件及價格接納後，方會出售有關舊有機器。印後及包裝機器以及舊有機器的確切數量、規格及價格、結算條款及交付日期將於本集團向長榮集團發出的買賣訂單內載列。

Report of the directors

董事會報告書

The actual purchase amount incurred under the Master Sale and Purchase Agreement for the year ended 31 December 2018 was approximately HK\$3.7 million. There was no sale of old machinery to Masterwork Group during the year ended 31 December 2018.

Masterwork Group, being a substantial shareholder of the Company interested in 16.0% of the issued share capital of the Company, is a connected person under the Listing Rules and the transactions contemplated under the Master Sale and Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of the Master Sale and Purchase Agreement were set out in the announcement of the Company dated 22 December 2017.

Compliance with Disclosure Requirements

Save for the “Purchase of printing and packing machineries” during the year as shown in note 48(a) to the consolidated financial statements which constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules, all other transactions as shown in note 48 are continuing connected transactions exempted from announcement, reporting, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the above continuing connected transactions.

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that the continuing connected transactions were entered into:

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms or better; and
- (c) in accordance with Master Sale and Purchase Agreement governing them on terms that are fair and reasonable and in the interests of shareholders of the Company as a whole.

截至二零一八年十二月三十一日止年度總買賣協議產生的實際購買金額約為3,700,000港元。截至二零一八年十二月三十一日止年度，概無向長榮集團銷售舊機器。

長榮集團（即本公司主要股東，於本公司已發行股本中擁有16.0%權益）根據上市規則為關連人士，故總買賣協議項下擬進行的交易構成上市規則第14A章項下的本公司持續關連交易。總買賣協議詳情載於本公司日期為二零一七年十二月二十二日的公布。

遵守披露規定

除綜合財務報表附註48(a)所載於年內進行的「購買印刷及包裝的機器」根據上市規則第14A章構成本公司的持續關連交易外，附註48所載所有其他交易均為獲豁免遵守上市規則第14A章的公布、報告、年度審閱及獨立股東批准規定的持續關連交易。本公司已就上述持續關連交易遵守上市規則第14A章的披露規定。

獨立非執行董事已審閱上述持續關連交易，並確認訂立持續關連交易：

- (a) 於本集團一般正常業務中進行；
- (b) 按一般商業條款或更佳條款；及
- (c) 根據管轄交易的總買賣協議，按公平合理且符合本公司股東整體利益的條款進行。

Report of the directors

董事會報告書

In addition, the Company has engaged its auditor to report on the continuing connected transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements. Other than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued unqualified letter containing the conclusion in respect of the continuing connected transactions set out above which is in compliance with the Rule 14A.56 of the Listing Rules.

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the Corporate Governance Report section set out on pages 39 to 52.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of 25% of the Company’s issued shares as required under the Listing Rules.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

During 2015, the Company has been offered a four-year term loan facility of HK\$340,000,000 from a local bank, additional term loan facilities from an existing local bank of HK\$150 million and HK\$83 million repayable within 4 and 6 years respectively, and a revolving loan facilities of HK\$170 million, all of which the Company has undertaken, among other matters, that Mr. Cai Xiao Ming, David shall maintain at least 50% beneficial shareholding interest in the Company at all times during the life of the above banking facilities (the “Undertaking”). The breach of such Undertaking may result in the loan becoming immediately due and repayable. Such Undertaking also exists in other revolving banking facilities made available to the Group from other banks in the total amount of HK\$170 million.

此外，本公司已委聘核數師，以根據香港會計師公會所頒佈的香港核證委聘準則第3000號「歷史財務資料審核或審閱以外的核證委聘」以及參照實務說明第740號「關於香港上市規則所述持續關連交易的核數師函件」就本集團的持續關連交易作出報告。核數師已發出載有彼等對上述持續關連交易結論的無保留意見函件，因此已符合上市規則第14A.56條的規定。

企業管治

本公司採納的主要企業管治條例載於第39至52頁企業管治報告書一節。

公眾持股量

根據本公司公開獲得的資料及就董事所知，於本報告日期，本公司已發行股份有25%的足夠公眾持股量，乃符合上市規則的規定。

根據上市規則第13.21條披露

於二零一五年，本公司獲一間本地銀行提供為數340,000,000港元的四年期貸款融資。目前一間本地銀行提供為數150,000,000港元及83,000,000港元的額外有期貸款融資（分別須於4年及6年內償還）以及為數170,000,000港元的循環貸款融資，本公司已悉數承諾（其中包括）蔡曉明先生將於上述銀行融資年期內任何時間於本公司維持最少50%的實益股權（「承諾」）。違反有關承諾可能導致有關貸款即時到期及須予償還。其他銀行向本集團提供為數合共170,000,000港元的其他循環銀行融資亦存在同類承諾。

Report of the directors

董事會報告書

AUDITOR

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

On behalf of the Board
Brilliant Circle Holdings International Limited

Cai Xiao Ming, David
Chairman

Hong Kong, 26 March 2019

核數師

本公司將於股東週年大會上提呈一項決議案，以重新聘任德勤•關黃陳方會計師行為本公司核數師。

代表董事會
貴聯控股國際有限公司

蔡曉明
主席

香港，二零一九年三月二十六日

Corporate governance report

企業管治報告書

OVERVIEW

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the “Code”) contained in Appendix 14 of the Listing Rules. For the year ended 31 December 2018, the Company has complied in general with the Code, except code provisions A.6.7 and E.1.2 of the Code as Mr. Peng Guoyi (the then executive Director who resigned on 9 November 2018) and Ms. Li Li (the non-executive Director) were unable to attend the annual general meeting of the Company held on 1 June 2018 due to their other business engagement.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding Directors’ securities transactions for the year ended 31 December 2018.

THE BOARD OF DIRECTORS

The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of overall business strategies, internal control and risk management systems, and monitoring the performance of the senior management. The management is responsible for the daily operations of the Group under the leadership of Chief Executive Officer. The Directors have the responsibility to act objectively in the interests of the Company.

概覽

董事意識到在本集團管理架構及內部監控程序引進良好企業管治的重要性，以便達致有效的問責性。

企業管治

本公司已採納上市規則附錄十四所載企業管治守則(「守則」)。截至二零一八年十二月三十一日止年度，本公司一般已遵守守則，惟守則第A.6.7及E.1.2條守則條文除外，原因為彭國意先生(於二零一八年十一月九日辭任的當時執行董事)及李莉女士(非執行董事)因其他既定事務而未能出席於二零一八年六月一日舉行的本公司股東週年大會。

遵守董事進行證券交易的標準守則

本公司已採納上市條例附錄十所載的標準守則，作為董事進行證券交易的準則。本公司已特別向全體董事查詢，且全體董事確認，截至二零一八年十二月三十一日止年度，彼等一直符合標準守則及其有關董事進行證券交易操守守則規定的準則。

董事會

董事會負責監督本公司所有重要事宜，包括制定及批准整體業務策略、內部監控及風險管理系統及監察高級管理層的表現。管理層在行政總裁領導下負責本集團的日常營運。董事有責任以本公司利益按客觀標準行事。

Corporate governance report

企業管治報告書

Currently, the Board comprises eight Directors, including four executive Directors namely Mr. Cai Xiao Ming, David, Mr. Qin Song, Mr. Chen Xiao Liang and Mr. Chen Huapei, one non-executive Director namely Ms. Li Li, and three independent non-executive Directors namely Mr. Lam Ying Hung, Andy, Mr. Lui Tin Nang and Mr. Siu Man Ho, Simon. Save and except that Mr. Chen Xiao Liang is the father-in-law of Mr. Cai Xiao Ming, David, there is no financial, business, family or other material or relevant relationship among the Directors. The names and biographical details of the Directors are set in the section entitled “Profile of Directors and Senior Management” in this annual report.

In compliance of Rule 3.10(1) of the Listing Rules, the Board currently comprises three independent non-executive Directors representing more than one-third of the Board. Pursuant to paragraph 12B of Appendix 16 of the Listing Rules, each of the independent non-executive Directors has confirmed by annual confirmation that he has complied with the independence criteria set out in Rule 3.13 of the Listing Rules. The Directors consider that all three independent non-executive Directors are independent under these independence criteria and are capable to effectively exercise independent judgement. Amongst the three independent non-executive Directors, both Mr. Lam Ying Hung, Andy and Mr. Lui Tin Nang have the appropriate professional qualifications and accounting and related financial management expertise required under Rule 3.10(2) of the Listing Rules.

The Board has delegated various responsibilities to the Board committees including the audit committee (the “Audit Committee”), the remuneration committee (the “Remuneration Committee”) and the nomination committee (the “Nomination Committee”) (collectively, the “Board Committees”). Further details of these committees are set out below.

董事會現時由八名董事組成，包括四名執行董事（即蔡曉明先生、欽松先生、陳校良先生及陳華培先生）、一名非執行董事李莉女士及三名獨立非執行董事（即林英鴻先生、呂天能先生及蕭文豪先生）。除陳校良先生為蔡曉明先生的岳父外，董事間概無財務、業務、家族或其他重要或相關關係。董事的名稱及履歷詳情載於本年報內「董事和高級管理人員履歷」一節。

遵照上市規則第3.10(1)條，董事會現時由三名獨立非執行董事組成，佔董事會超過三分之一。根據上市規則附錄十六第12B段，各獨立非執行董事已發出年度確認函確認，彼等符合上市規則第3.13條所載獨立性準則。董事認為，根據獨立性準則，三名獨立非執行董事均為獨立身份，能有效行使獨立判斷。在三名獨立非執行董事中，林英鴻先生及呂天能先生均具備上市規則第3.10(2)條所需的合適專業資格及會計及相關財務管理專才。

董事會已委派審核委員會（「審核委員會」）、薪酬委員會（「薪酬委員會」）及提名委員會（「提名委員會」）（統稱「董事委員會」）履行特定的職責。有關該等委員會的進一步詳情載於下文。

Corporate governance report

企業管治報告書

BOARD MEETINGS

Seven Board meetings were held during the year ended 31 December 2018. Ad-hoc meetings will also be convened if necessary to discuss the overall strategy as well as the operation and financial performance of the Group. Notice of Board meeting was sent to all Directors at least 14 days prior to a regular board meeting. Reasonable notices will be given to the Directors for ad-hoc board meetings. Directors may participate either in person or through electronic means of communications.

All relevant materials were sent to all the Directors relating to the matters brought before the meetings. All the Directors have been provided with sufficient resources to discharge their duties, and, upon reasonable request, the Directors will be able to seek independent professional advice in appropriate circumstances, at the Company's expenses. All Directors will have the opportunity to include matters in the agenda for Board meetings. Details of individual attendance of Directors are set out in the table on page 48 of this annual report.

APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for a specific term of two or three years. All of their appointments are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

All of the independent non-executive Directors and the non-executive Director were appointed for a term of three years, and are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

董事會會議

截至二零一八年十二月三十一日止年度曾舉行七次董事會會議。需要時亦會召開臨時會議，商討整體策略以及本集團的營運及財務表現。全體董事於舉行定期董事會會議前最少14天獲發董事會會議通告，而臨時董事會會議通告則於合理時間內事先派發予董事。董事可選擇親身或以電子通訊的方式出席會議。

所有董事於會議前獲寄發有關會上討論事項的資料。所有董事將獲得充份資源以履行其職責，並在合理要求下，可按合適情況尋求獨立專業意見，費用由本公司承擔。所有董事有機會於董事會會議上將其關注的事宜加入議程。董事個別出席會議次數的詳情載於本年報第48頁的一覽表內。

委任、重選及罷免董事

各執行董事與本公司已訂立服務合約，為期兩或三年。根據本公司組織章程細則，彼等的委任均須遵守輪值告退及重選的規定。

全部獲委任的獨立非執行董事及非執行董事任期均為三年，須根據本公司的組織章程細則輪值告退並接受重選。

Corporate governance report

企業管治報告書

Nomination Policy

The responsibilities and authority for selection and appointment of Directors is delegated to the Nomination Committee but the ultimate responsibility for selection and appointment of Directors of the Company rests with the entire Board. In evaluating and selecting any candidate for directorship, among other things, the following criteria will be considered:

- Character and integrity.
- Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the board diversity policy that are relevant to the Company's business and corporate strategy.
- Any measurable objectives adopted for achieving diversity on the Board.
- Requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules.
- Any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity.
- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company.
- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

The Nomination Committee and/or the Board will evaluate the candidates based on the criteria as set out above to determine whether such candidates are qualified for directorship. The Nomination Committee will also consider recommendations for candidates made by shareholders of the Company.

提名政策

有關甄選及委任董事的職責授予提名委員會執行，惟甄選及委任本公司董事的最終責任由全體董事承擔。在評估及甄選候選人擔任董事時，將考慮(其中包括)以下準則：

- 品格及誠信。
- 資格，包括專業資格、技能、知識及與本公司業務及策略相關的經驗，以及董事會成員多元化政策所提述的多元化因素。
- 為達致董事會成員多元化而採納的任何可計量目標。
- 根據上市規則，董事會須包括獨立非執行董事的規定，以及參考上市規則內列明候選人是否被視為獨立的指引。
- 候選人的專業資格、技能、經驗、獨立性及性別多元化方面可為董事會帶來的任何潛在貢獻。
- 是否願意及是否能夠投放足夠時間履行身為董事會成員及擔任董事會轄下委員會的委員的職責。
- 其他適用於本公司業務及繼任計劃的觀點，董事會及／或提名委員會可於適用時因應提名董事及繼任規劃不時採納及／或修訂有關觀點。

提名委員會及／或董事會將根據上文所載準則評估候選人，以釐定有關候選人是否合資格擔任董事職務。提名委員會亦考慮本公司股東所提出的候選人推薦建議。

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Regular reviews will be conducted by the Nomination Committee on the structure, size and composition of the Board and the policy on nomination of Directors of the Company and where appropriate, the Nomination Committee will make recommendations on changes to the Board to complement the Company's corporate strategy and business needs.

Chairman and Chief Executive Officer

Under provision A.2.1 of the Code, the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual. During the year ended 31 December 2018, Mr. David Cai is the Chairman who provides leadership to the Board but he would not be involved in the day-to-day management of the Group's business. Mr. Qin Song, was appointed as the Vice- Chairman and the Chief Executive Officer of the Company and his role is to oversee the overall management of the Group.

Training for Directors

The Company continuously updates Directors on the latest developments and changes to the Listing Rules and other applicable regulatory requirements and provides training to develop and refresh the Directors' knowledge and skills. The Company provides Directors with monthly updates on the performance, position and prospects of the Company.

Directors are encouraged to participate in continuing professional development to develop and refresh their knowledge and skills. The Company has prepared a training record in order to assist the Directors to record the training undergone by each of them.

The company secretary reports from time to time the latest changes and development of the Listing Rules and other corporate governance requirements with written materials. Individual Director had also attended seminars and/or conferences or workshops or forums relevant to his profession and duties as directors. All Directors have provided the Company with their respective training records in compliance with Code A.6.5 of the Code.

提名委員會將定期審閱董事會的架構、規模及組成以及本公司董事提名政策，並在適當情況下，提名委員將就董事會變動提出推薦建議，以補充本公司的企業策略及業務需求。

主席及行政總裁

根據守則第A.2.1條，主席及行政總裁的角色應分立，不應由同一人擔任。截至二零一八年十二月三十一日止年度，蔡曉明先生為主席，領導董事會的工作，但彼不會參與本集團日常的業務管理。欽松先生獲委任為本公司副主席兼行政總裁，職責為監管本集團的整體管理。

董事培訓

本公司持續向董事提供有關上市規則和其他適用監管規定的最新發展概況，並提供培訓以增進及重溫董事的知識和技能。本公司向董事提供有關本公司表現、狀況及前景的每月更新資料。

公司鼓勵董事參加持續專業發展，以增進並重溫董事的知識和技能。本公司已備有培訓記錄，以協助董事記錄彼等各自接受的培訓。

公司秘書不時匯報上市規則及其他企業管治規定的最新變動及發展，並附上書面資料。個別董事亦已參加有關其專業和董事職務的座談會及／或會議或工作坊或論壇。所有董事均已遵守守則第A.6.5條守則向本公司提供彼等各自的培訓記錄。

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Below is a summary of the training the Directors had received during the year: 於年內，董事所接受的培訓概要如下：

Name of Directors 董事姓名	Type of trainings 培訓類型
Mr. Cai Xiao Ming, David 蔡曉明先生	B B
Mr. Qin Song 欽松先生	A & B A 及 B
Mr. Peng Guoyi (resigned on 9 November 2018) 彭國意先生(於二零一八年十一月九日辭任)	B B
Ms. Li Li 李莉女士	A & B A 及 B
Mr. Lam Ying Hung, Andy 林英鴻先生	A & B A 及 B
Mr. Lui Ting Nang 呂天能先生	A & B A 及 B
Mr. Siu Man Ho, Simon 蕭文豪先生	A & B A 及 B

A: attending seminars/conferences/workshops/forums

A: 出席座談會／會議／工作坊／論壇

B: reading newspapers, journals and updates relating to the economy, environmental protection business or director's duties and responsibilities etc.

B: 閱讀有關經濟、環保業務或董事職責等的報章、期刊及更新資料

Remuneration of Directors and Senior Management

The remuneration of the members of the senior management by band for the year ended 31 December 2018 is set out below:

董事及高級管理層薪酬

截至二零一八年十二月三十一日止年度高級管理層的薪酬組別如下：

Remuneration bands 薪酬組別	Number of persons 人數
Up to HK\$1,000,000 最多達 1,000,000 港元	12
HK\$1,000,001 to HK\$2,000,000 1,000,001 港元至 2,000,000 港元	2
Above HK\$2,000,001 2,000,001 港元以上	NIL 無

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企業管治報告書

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 13 and 14 to the financial statements, respectively.

COMPANY SECRETARY

During the year ended 31 December 2018, Mr. Chung Tat Hung was the company secretary of the Company.

The company secretary of the Company reports to the Chairman of the Board and the Chief Executive Officer. He is responsible for advising the Board on governance matters. For the year ended 31 December 2018, Mr. Chung has taken not less than 15 hours of relevant professional training.

BOARD COMMITTEES

Audit Committee

The Company established the Audit Committee which consists of the three independent non-executive Directors, namely Mr. Lam Ying Hung, Andy, Mr. Lui Tin Nang and Mr. Siu Man Ho, Simon, and one non-executive Director, namely Ms. Li Li, and Mr. Lui Tin Nang is the chairman of the Audit Committee. The primary duties of the Audit Committee are, among other matters, to review and monitor the financial reporting process, internal control and risk management of the Group, and to report to the Board on matters relating to the corporate governance as stated in the Code. During the year ended 31 December 2018, the Audit Committee held two meetings and has reviewed, among other matters, the Company's financial statements and the Group's combined financial statements for the year ended 31 December 2017 and for the six months ended 30 June 2018, including the accounting principles and practices adopted by the Company and the Group. The Board has not taken a different view from that of the Audit Committee regarding the selections, appointment, resignation or dismissal of the external auditors.

The terms of reference of the Audit Committee are disclosed on the websites of the Company and the Stock Exchange.

根據上市規則附錄十六須予披露有關董事酬金以及五名最高薪僱員的進一步詳情，分別載於財務報表附註13及14。

公司秘書

截至二零一八年十二月三十一日止年度，鍾達鴻先生為本公司的公司秘書。

本公司的公司秘書向董事會主席及行政總裁匯報。彼負責就管治事宜向董事會提供建議。於截至二零一八年十二月三十一日止年度，鍾先生已接受不少於15小時的相關專業培訓。

董事委員會

審核委員會

本公司成立審核委員會，審核委員會由三名獨立非執行董事（即林英鴻先生、呂天能先生及蕭文豪先生）及一名非執行董事（即李莉女士）組成，而呂天能先生是審核委員會的主席。審核委員會的主要職責是（其中包括）審閱及監督本集團的財務報告程序、內部監控及風險管理程序，並就有關守則所載的企業管治事宜向董事會匯報。截至二零一八年十二月三十一日止年度內，審核委員會曾舉行兩次會議以及審閱（其中包括）截至二零一七年十二月三十一日止年度及截至二零一八年六月三十日止六個月的本公司財務報表及本集團的合併財務報表，包括本公司及本集團採納的會計原則及常規。董事會對審核委員會揀選、委任、辭任或解僱外聘核數師並無異議。

審核委員會的職權範圍已於本公司及聯交所的網站披露。

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Remuneration Committee

The Company established the Remuneration Committee pursuant to a resolution of the Directors passed on 4 March 2009. The Remuneration Committee consists of five members (including the three independent non-executive Directors, namely Mr. Lam Ying Hung, Andy, Mr. Lui Tin Nang and Mr. Siu Man Ho, Simon, one non-executive Director, namely Ms. Li Li and Mr. Chen Huapei, an executive Director) and Mr. Lam Ying Hung, Andy was the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are, among other matters, to make recommendations to the Board on the remuneration of executive Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration.

The terms of reference of the Remuneration Committee are disclosed on the websites of the Company and the Stock Exchange.

During the year, the Remuneration Committee held two meetings and reviewed the remuneration policy, assessed performance of executive Directors and approved the remuneration packages of the Directors and senior management.

薪酬委員會

本公司根據董事於二零零九年三月四日通過的決議案成立薪酬委員會。薪酬委員會由五名成員(包括三名獨立非執行董事(即林英鴻先生、呂天能先生及蕭文豪先生)、一名非執行董事(即李莉女士)及執行董事陳華培先生)組成,而林英鴻先生是薪酬委員會的主席。薪酬委員會的主要職責是(其中包括)就執行董事及高級管理人員的薪酬,並就發展該等薪酬政策設立正式及高透明度的程序,向董事會作出推薦意見。

薪酬委員會的職權範圍已於本公司及聯交所的網站披露。

於年內,薪酬委員會曾舉行兩次會議及審議薪酬政策、評估執行董事表現及批准董事及高級管理人員的薪酬待遇。

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企業管治報告書

Nomination Committee

The Company established a Nomination Committee pursuant to a resolution of the Directors passed on 4 March 2009. The Nomination Committee consists of five members (including the three independent non-executive Directors, namely Mr. Lam Ying Hung, Andy, Mr. Lui Tin Nang and Mr. Siu Man Ho, Simon, one non-executive Director, namely Ms. Li Li and Mr. Qin Song, an executive Director) and Mr. Siu Man Ho, Simon is the chairman of the Nomination Committee. The primary duties of the Nomination Committee are, among other matters, to review the structure, size and composition of the Board on a regular basis and to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors. According to the board diversity policy adopted by the Nomination Committee, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service etc. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service etc. The final decision will be based on merit and contribution that the selected candidates will bring to the Board.

The terms of reference of the Nomination Committee are disclosed on the websites of the Company and the Stock Exchange.

During the year, the Nomination Committee held two meetings and discussed and reviewed the structure, size and composition of the Board.

提名委員會

本公司根據董事於二零零九年三月四日通過的決議案成立提名委員會。提名委員會由五名成員(包括三名獨立非執行董事(即林英鴻先生、呂天能先生及蕭文豪先生)、一名非執行董事(即李莉女士)及執行董事欽松先生)組成,而蕭文豪先生是提名委員會的主席。提名委員會的主要職責是(其中包括)定期審閱董事會的架構、規模與組成,並就有關委任及再度委任董事及董事接任計劃的事宜向董事會提出推薦意見。根據提名委員會採納的董事會成員多元化政策,董事會成員多元化已從多個方面考慮,包括但不限於性別、年齡、文化及教育背景、專業經驗、技能、知識及服務年資等。所有董事會委任將基於實際能力,及將以客觀標準考慮候選人,以適當地顧及董事會成員多元化的裨益。候選人的選擇將基於一系列多元化觀點,包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及服務年資等。最終決定將基於選定的候選人對董事會作出的功績及貢獻而釐定。

提名委員會的職權範圍已披露於本公司及聯交所的網站內。

於年內,提名委員會已舉行兩次會議,討論及檢討董事會的架構、規模及組成。

Corporate governance report

企業管治報告書

Attendance of meetings

The attendance of each Director at Board meetings, Board Committees meetings and general meetings during the year ended 31 December 2018 was as follows:

會議出席次數

截至二零一八年十二月三十一日止年度，各董事於董事會會議、董事委員會會議及股東大會的出席情況如下：

Attendance out of number of meetings 相對會議數目的出席次數

Name of director 董事姓名	Board 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會	Nomination Committee 提名委員會	Annual general meeting (Note 1) 股東週年大會 (附註1)
<i>Executive Directors</i> 執行董事					
Cai Xiao Ming, David (Chairman) 蔡曉明(主席)	1/7	–	–	–	1/1
Qin Song 欽松	7/7	–	–	2/2	1/1
Peng Guoyi (resigned on 9 November 2018) 彭國意 (於二零一八年十一月九日辭任)	1/7	–	0/2	–	0/1
Chen Huapei (appointed on 12 March 2019) 陳華培 (於二零一九年三月十二日獲委任)	1/1	–	1/1	–	–
Chen Xiao Liang (appointed on 9 November 2018) 陳校良 (於二零一八年十一月九日獲委任)	–	–	–	–	–
<i>Non-Executive Director</i> 非執行董事					
Li Li 李莉	5/7	2/2	2/2	2/2	0/1
<i>Independent Non-Executive Directors</i> 獨立非執行董事					
Lam Ying Hung, Andy 林英鴻	7/7	2/2	2/2	2/2	1/1
Lui Tin Nang 呂天能	7/7	2/2	2/2	2/2	1/1
Siu Man Ho, Simon 蕭文豪	6/7	2/2	2/2	2/2	1/1

Note:

1. The annual general meeting was held on 1 June 2018.

附註：

1. 股東週年大會於二零一八年六月一日舉行。

Corporate governance report

企業管治報告書

FINANCIAL REPORTING, INTERNAL CONTROL AND RISK MANAGEMENT

Financial Reporting

The Board is responsible for the preparation of the financial statements of the Company and the Group. In the preparation of financial statements, Hong Kong Financial Reporting Standards have been adopted and the appropriate accounting policies and statutory requirements have been consistently complied with. The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to the shareholders, and make appropriate disclosure and announcements in a timely manner.

External Auditors

During the year ended 31 December 2018, the fee paid/payable to the external auditors of the Company amounted to approximately HK\$3.8 million, all for statutory audit services.

Internal controls

The Board is responsible for the internal control of the Group and for reviewing its effectiveness. Procedures have been designed to ensure maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, ensure compliance of applicable laws, rules and regulations. The Group has an internal audit department primarily responsible for reviewing the internal control function of the Group.

During the year ended 31 December 2018, the Group has appointed Deloitte Touche Tohmatsu ("Deloitte") to review the internal control system. Improvements in internal control and risk management measures as recommended were adopted. Based on the findings from Deloitte, the Board considers that the internal control system is effective and adequate for the Group as a whole.

財務報告、內部監控及風險管理

財務報告

董事會負責編製本公司及本集團的財務報表。本公司在編製財務報表時，已採納香港財務報告準則，並貫徹遵從適當的會計政策及法規。董事會的目的是在致股東的年報及中期報告中，對本集團的業績作出清晰平衡的評估，並適時作出合適披露及公佈。

外聘核數師

截至二零一八年十二月三十一日止年度，就法定審核服務已付／應付本公司外聘核數師的費用約為3,800,000港元。

內部監控

董事會負責本集團的內部監控，檢討監控的成效。本公司已設計程序，確保保存適當的會計記錄，以便提供可靠的財務資料，以供內部使用或刊印發行，亦確保符合相關法律、規則及規例。本集團設有內部審核部門，主要負責審閱本集團的內部監控功能。

截至二零一八年十二月三十一日止年度，本集團已委任德勤•關黃陳方會計師行(「德勤」)審閱內部監控制度。本集團已採用有關所建議的內部監控改進及風險管理措施。根據德勤目前的發現，董事會認為該內部監控制度就本集團整體而言乃有效及充足。

Corporate governance report

企業管治報告書

Risk management

The Board is also responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management system.

During the year ended 31 December 2018, the Group has reviewed the risk management system. The Board considers that the risk management system is effective and adequate for the Group as a whole.

The Board further considers that (i) there was no issue relating to the material controls, including financial, operational and compliance controls and risk management functions, of the Group; and (ii) that there were adequate staff with appropriate qualifications and experience, resources and budget of its accounting and financial reporting function, and adequate training programmes have been provided for the year ended 31 December 2018.

Directors' responsibility on the consolidated financial statements

The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year ended 31 December 2018, which were prepared in accordance with applicable accounting standards. The reporting responsibilities of the external auditor of the Company on the consolidated financial statements of the Company are set out in the independent auditor's report on pages 53 to 60.

GOING CONCERN

There are no material uncertainties relating to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

CONSTITUTIONAL DOCUMENTS

During the year, there was no change in the Company's constitutional documents.

風險管理

董事會亦負責評估並釐定其在實現本公司策略目標時願意承擔的風險的性質及程度，並確保本公司建立及維持適當及有效的風險管理制度。

截至二零一八年十二月三十一日止年度，本集團已審閱風險管理制度。董事會認為，風險管理制度對本集團整體而言屬有效及充足。

董事會亦認為，截至二零一八年十二月三十一日止年度，(i)概無任何有關本集團的重大監控問題，包括財務、營運以及合規控制及風險管理職能方面；及(ii)已有足夠具備適當資歷與經驗的人員以及資源及預算處理其會計及財務申報工作，並已提供足夠培訓課程。

董事對綜合財務報表的責任

董事知悉，彼等須按照適用的會計準則，編製截至二零一八年十二月三十一日止年度的綜合財務報表。本公司外聘核數師對本公司綜合財務報表的申報責任，載於第53至60頁的獨立核數師報告。

持續經營

概無任何涉及可對本公司持續經營能力構成重大疑慮的事件或情況的重大不明朗因素。

章程文件

於年內，本公司的章程文件並無變動。

Corporate governance report

企業管治報告書

DIVIDEND POLICY

In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. There is no pre-determined dividend payout ratio and the declaration and distribution of dividends shall be determined at the sole discretion of the Board taking into account, among others, the financial results, cashflow situation, future operations and earnings, capital requirements and expenditure plans and any other factors that the Board may consider relevant. The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate. The declaration and distribution of dividends shall also be subject to the articles of the association of the Company and all applicable laws and regulations. The Board will review the policy from time to time and make relevant amendments as necessary.

COMMUNICATION WITH SHAREHOLDERS

The Company aims to maintain regular, effective and fair communication with shareholders and is committed to conveying important and relevant information to shareholders on a timely basis. In compliance with the Listing Rules, at least 20 clear business days' notice will be given to the shareholders for annual general meeting and at least 10 clear business days' notice will be given for all other meetings. All general meetings of the Company have been conducted by way of poll and detailed procedures for conducting a poll were explained at the commencement of the meeting. Results on all general meetings will be published by way of an announcement immediately following the relevant general meeting.

股息政策

在建議或宣派股息時，本公司將維持足夠現金儲備，以應付其營運資金需求、未來增長以及其股東價值。本公司並無任何預定派息比率，而宣派或分派股息將由董事會計及（其中包括）財務業績、現金流量狀況、未來營運及盈利、資本需求及支銷計劃以及董事會可能認為相關的任何其他因素後全權酌情釐定。本公司可以現金或以股代息方式或董事會認為適當的其他方式宣派及派付股息。宣派或分派股息亦須受本公司章程細則以及所有適用法律及法規所規限。董事會將不時審閱政策，並於適當時候作出相關推薦建議。

與股東通訊

本公司旨在與股東維持定期、有效及公平通訊，並承諾按時向股東提供重要及有關資料。為遵守上市規則，舉行股東週年大會時將向股東發出最少20個完整營業日通知，而舉行所有其他大會時將發出最少10個完整營業日通知。本公司所有股東大會均以投票方式進行，而進行投票的詳細程序於大會開始時解釋。所有股東大會的結果將於緊接有關股東大會後以公佈方式刊發。

Corporate governance report

企業管治報告書

SHAREHOLDERS' RIGHTS

In accordance with the Article 58 of the Articles of Association of the Company, one or more shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to the requisitionists by the Company.

If a shareholder wishes to nominate a person to be elected as a Director, the following documents must be validly served to the Company at the Company's principal place of business in Room 1201A, 12/F, Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong: (i) his/her notice of intention to propose a resolution at the general meeting; and (ii) a notice executed by the nominated candidate of his/her willingness to be appointed together with his/her information as required to be disclosed under Rule 13.51(2) of the Listing Rules, within the period commencing on the day after the dispatch of the notice of the general meeting appointed for such election and ending on the date falling seven days after the dispatch of the said notice of the general meeting.

Any Shareholder may direct their enquires and proposal either by mail to the Board at the Company's principal place of business in Room 1201A 12/F, Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong, by fax at (852) 3915 7800 or by email at enquiry@brilliantcircle.com.

Shareholders should direct any questions about their shareholdings to the Company's Hong Kong branch share registrar: Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

股東的權利

根據本公司組織章程細則第58條，任何一名或多名本公司股東於提交請求當日持有附帶權利可在本公司股東大會上投票的本公司繳足股本不少於十分之一，有權於任何時間向董事會或公司秘書發出書面請求，要求董事會召開股東特別大會處理該請求載列的任何事宜，而有關大會須於送遞該請求後兩(2)個月內召開。倘提出請求後二十一(21)日內董事會未有召開大會，則提出請求的人士可自行以相同方式召開大會，而本公司須向提出請求的人士補償因董事會未有召開大會而自行召開大會產生的所有合理開支。

倘股東欲提名個別人士參選董事，則須於寄發指定就有關選舉召開的股東大會的通告翌日起至寄發上述股東大會通告後七日止期間，將以下文件有效送達本公司香港主要營業地點(地址為香港灣仔告士打道151號資本中心12樓1201A室)：(i)股東於股東大會提呈決議案的意向通知；及(ii)獲提名候選人所簽立確認願意接受委任的通知，連同根據上市規則第13.51(2)條規定須予披露有關彼的資料。

任何股東均可透過郵寄至本公司香港主要營業地點香港灣仔告士打道151號資本中心12樓1201A室，或以傳真(852) 3915 7800或電郵enquiry@brilliantcircle.com的方式，向董事會提出查詢或建議。

股東可就任何有關彼等持股權的問題向本公司香港股份過戶登記分處作出查詢：卓佳證券登記有限公司，地址為香港皇后大道東183號合和中心22樓。

Independent auditor's report

獨立核數師報告

Deloitte.

德勤

**To the Members of Brilliant Circle Holdings
International Limited**

貴聯控股國際有限公司

(incorporated in the Cayman Islands with limited liability)

致貴聯控股國際有限公司各股東

(於開曼群島註冊成立的有限公司)

OPINION

We have audited the consolidated financial statements of Brilliant Circle Holdings International Limited (the “Company”) and its subsidiaries (collectively referred to as “the Group”) set out on pages 61 to 234, 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 (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

意見

吾等已審核載列於第61至234頁貴聯控股國際有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表，該等綜合財務報表包括於二零一八年十二月三十一日的綜合財務狀況報表與截至該日止年度的綜合損益及其他全面收益報表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

吾等認為，綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)真實而公平地反映 貴集團於二零一八年十二月三十一日的綜合財務狀況以及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港公司條例的披露規定妥為編製。

意見的基礎

吾等根據香港會計師公會頒佈的香港審計準則(「香港審計準則」)進行審核。在該等準則下，吾等的責任在吾等的報告內「核數師就審核綜合財務報表須承擔的責任」一節進一步闡述。根據香港會計師公會的國際職業會計師道德守則(「守則」)，吾等獨立於 貴集團，並已遵循守則履行其他道德責任。吾等相信，吾等所獲得的審核憑證能充足及適當地為吾等的意見提供基礎。

Independent auditor's report

獨立核數師報告

KEY AUDIT MATTERS

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

關鍵審計事項

關鍵審計事項是根據吾等的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。該等事項乃於吾等審計整體綜合財務報表及出具意見時處理。吾等不會對該等事項提供單獨的意見。

Key audit matter 關鍵審計事項

How our audit addressed the key audit matter 吾等在審計中的處理方法

Estimated impairment of goodwill and intangible assets

商譽及無形資產估計減值

We identified the impairment of goodwill and intangible assets as a key audit matter due to significant judgement and estimations exercised by the Group's management in impairment assessment.

吾等識別商譽及無形資產減值為關鍵審計事項，原因為 貴集團管理層在進行減值評估時須作出重大判斷及估計。

Our procedures in relation to the impairment of goodwill and intangible assets assessment included: 吾等就商譽減值及無形資產評估進行的程序包括：

- Discussing with the Group's management on their approach to impairment assessment;
- 與 貴集團管理層討論減值評估的方法；
- Evaluating the appropriateness of the impairment models and checking their mathematical accuracy;
- 評估減值模式是否恰當及檢查其計算是否準確；
- Reviewing the valuation report provided by the independent valuer on the discount rate adopted in the discounted cash flow forecast model and evaluating its reasonableness;
- 就折現現金流量預測模式所採納折現率審閱管理層所提供的估值報告，並評估其是否合理；

Independent auditor's report

獨立核數師報告

KEY AUDIT MATTERS (continued)

關鍵審計事項(續)

Key audit matter

關鍵審計事項

How our audit addressed the key audit matter

吾等在審計中的處理方法

Estimated impairment of goodwill and intangible assets (continued)

商譽及無形資產估計減值(續)

The Group had a goodwill of HK\$1,050,965,000 as at 31 December 2018 relating to the acquisition of printing businesses in 2009, 2012 and 2018 and the acquisition of sales of radio frequency products businesses in 2017 which are subject to impairment assessment in accordance with the Hong Kong Accounting Standard 36 "Impairment of Assets" ("HKAS 36") issued by the HKICPA. As detailed in note 20 to the consolidated financial statements, in determining whether goodwill and is impaired requires an estimation of the recoverable amount, which is the higher of its fair value less costs of disposal and its value in use of the cash-generating units to which goodwill has been allocated. Significant judgements, estimations and assumptions were required by management of the Group in assessing the recoverable amounts of cash-generating units. The value in use of the cash-generating units is determined based on the discounted cash flow forecast model which requires estimation on certain assumptions, including the discount rate, terminal growth rate, gross margin and sales growth rate.

於二零一八年十二月三十一日，貴集團就於二零零九年、二零一二年及二零一八年收購印刷業務及於二零一七年收購射頻產品銷售業務產生商譽1,050,965,000港元，須根據香港會計師公會頒佈的香港會計準則第36號「資產減值」(「香港會計準則第36號」)進行減值評估。誠如綜合財務報表附註20所詳述，釐定商譽是否減值須估計可收回金額，即公允價值減出售成本與獲分配商譽產生單位的使用價值兩者中的較高者。在評估現金產生單位的可收回金額時，貴集團管理層須作出重大判斷、估計及假設。現金產生單位的使用價值乃按折現現金流量預測模式釐定，當中須就若干假設(包括折現率、最終增長率、毛利率及銷售增長率)作出估計。

- Evaluating the reasonableness of the key assumptions and inputs adopted in the discounted cash flow forecast model including the terminal growth rate, gross margin and sales growth rate by comparing the management's expectations for the market development to relevant industry growth forecasts and past performance, as appropriate; and
- 透過比較管理層有關市場發展對相關行業增長預測及過去表現(視適當情況而定)的期望，評估折現現金流量預測模式所採納的主要假設及輸入收據(包括最終增長率、毛利率及銷售增長率)是否合理；及
- Reviewing the sensitivity analyses performed by the management to evaluate the potential impacts on the recoverable amount and impairment.
- 審閱由管理層進行的敏感度分析，以評估對可收回金額及減值的潛在影響。

Independent auditor's report

獨立核數師報告

KEY AUDIT MATTERS (continued)

關鍵審計事項(續)

Key audit matter 關鍵審計事項

How our audit addressed the key audit matter 吾等在審計中的處理方法

Estimated recognition of revenue from printing of cigarette packages and manufacturing of laminated papers over time

估計隨時間確認印刷香煙包裝及製造複合紙的收益

We identified the recognition of revenue from printing of cigarette packages and manufacturing of laminated papers as a key audit matter due to significant judgement exercised by the Group's management in assessing the enforceable right to payment.

吾等識別確認印刷香煙包裝及製造複合紙的收入為關鍵審計事項，原因為 貴集團管理層在評估強制執行付款權時須作出重大判斷。

As disclosed in note 5 to the consolidated financial statements, the management recognises revenue from printing of cigarette packages and manufacturing of laminated papers approximately HK\$1,175,388,000 and HK\$44,776,000 respectively. Under HKFRS 15 "Revenue from Contracts with Customers", control is transferred over time when 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. Significant judgment is required in determining whether the Group's contracts with customers in relation to printing of cigarette packages and manufacturing of laminated papers with no alternative use create an enforceable right to payment for the Group.

誠如綜合財務報表附註5所披露，管理層分別確認印刷香煙包裝及製造複合紙的收益約1,175,388,000港元及44,776,000港元。根據香港財務報告準則第15號「客戶合約收益」，倘 貴集團的履約並未產生對 貴集團有替代用途的資產，且 貴集團有強制執行權以收取迄今已履約部分的款項，則控制權隨時間轉移。釐定 貴集團有關印刷香煙包裝及製造複合紙的客戶合約是否並無為 貴集團創造強制付款權的其他用途時須作出重大判斷。

Our procedures in relation to the assessment of the enforceable right to payment included:

吾等就評估強制付款權進行的程序包括：

- Understanding and evaluating management's procedures in identifying and classifying sales contracts with or without right to payment;
- 了解及評價管理層對識別及分類附帶或不附帶付款權銷售合約程序的評估；
- Reviewing the key terms of significant sales contracts to assess the right to payment based on the contract terms;
- 審閱若干銷售合約樣本的關鍵條款，從而根據合約條款評估付款權；
- Obtaining and reviewing the opinion of the external legal counsel, in particular, the legal counsel's interpretation of the applicable laws and their implication on the assessment of the enforceability of the right to payment; and
- 獲取及審閱外部法律顧問的意見，特別是法律顧問對適用法例的詮釋及其對評估強制付款權的涵義；及
- Assessing the competence, experience and objectivity of the legal counsel engaged by the management.
- 評估管理層所委聘法律顧問的能力、經驗及客觀性。

Independent auditor's report

獨立核數師報告

OTHER INFORMATION

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

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

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

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

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

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

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

其他資料

貴公司董事須對其他資料承擔責任。其他資料包括載於年報的資料，惟不包括綜合財務報表及吾等的相關核數師報告。

吾等對綜合財務報表作出的意見並無涵蓋其他資料，而吾等不會對其他資料發表任何形式的核證結論。

就吾等審核綜合財務報表而言，吾等的責任為閱讀其他資料，從而考慮其他資料是否與綜合財務報表或吾等在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。倘若吾等基於已進行的工作認為其他資料出現重大錯誤陳述，吾等須報告有關事實。就此，吾等毋須作出報告。

董事及治理層就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例的披露規定編製真實而公平地反映情況的綜合財務報表，及董事釐定對編製綜合財務報表屬必要的有關內部監控，以使該等綜合財務報表不會存在由於欺詐或錯誤而導致的重大錯誤陳述。

在編製綜合財務報表時，董事須負責評估貴集團持續經營的能力，並披露與持續經營有關的事項（如適用）。除非董事擬將貴集團清盤或停止營運，或除此之外並無其他實際可行的辦法，否則須採用以持續經營為基礎的會計法。

治理層負責監督貴集團的財務報告流程。

Independent auditor's report

獨立核數師報告

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

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

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

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

核數師就審核綜合財務報表須承擔的責任

吾等的目標為合理確定綜合財務報表整體而言不會存在由於欺詐或錯誤而導致的重大錯誤陳述，並根據吾等協定的委聘條款向閣下（作為整體）出具包括吾等意見的核數師報告，除此之外不作其他用途。吾等概不就本報告的內容對任何其他人士負責或承擔任何責任。合理確定屬高層次的核證，惟根據香港審計準則進行的審核工作不能保證總能察覺所存在的重大錯誤陳述。錯誤陳述可因欺詐或錯誤產生，倘個別或整體在合理預期情況下可影響使用者根據綜合財務報表作出的經濟決定時，則被視為重大錯誤陳述。

在根據香港審計準則進行審計的過程中，吾等運用專業判斷，保持專業懷疑態度。吾等亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險、設計及執行審計程序以應對該等風險，以及獲取充足和適當的審計憑證，作為吾等意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部監控的情況，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部監控，以設計適當的審計程序，惟並非旨在對貴集團內部監控的有效性發表意見。
- 評估董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

Independent auditor's report

獨立核數師報告

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

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

We communicate with 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.

核數師就審核綜合財務報表須承擔的責任(續)

- 對董事採用持續經營會計基礎的恰當性作出結論，並根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。倘吾等認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。倘有關披露不足，則修訂吾等意見。吾等的結論乃基於截至核數師報告日期止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團無法持續經營。
- 評估綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否中肯反映相關交易和事項。
- 就 貴集團內實體或業務活動的財務資料獲取充足及適當的審計憑證，以便對綜合財務報表發表意見。吾等負責集團審計的方向、監督和執行。吾等為審核意見承擔全部責任。

吾等與治理層就(其中包括)審計的計劃範圍、時間安排及重大審計發現溝通，該等發現包括吾等在審計過程中識別的內部監控的任何重大缺失。

Independent auditor's report

獨立核數師報告

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 Lee Ka Kei.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 March 2019

核數師就審核綜合財務報表須承擔的責任(續)

吾等亦向治理層作出聲明，指出吾等已符合有關獨立性的相關道德要求，並與彼等溝通可能被合理認為會影響吾等獨立性的所有關係及其他事宜，以及相關防範措施（如適用）。

從與治理層溝通的事項中，吾等釐定對本期間綜合財務報表的審計至關重要的事項，因而構成關鍵審計事項。吾等在核數師報告中描述該等事項，除非法律或法規不允許公開披露該等事項，或在極端罕見的情況下，倘合理預期在吾等報告中溝通某事項造成的負面後果超出產生的公眾利益，則吾等決定不應在報告中傳達該事項。

出具本獨立核數師報告的審計項目合夥人是李嘉琪。

德勤•關黃陳方會計師行
執業會計師
香港
二零一九年三月二十六日

Consolidated statement of profit or loss and other comprehensive income

綜合損益及其他全面收益報表

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

		NOTES 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Revenue	收益	5	1,366,753	1,265,515
Cost of sales	銷售成本		(1,065,863)	(956,917)
Gross profit	毛利		300,890	308,598
Other income	其他收入	7	32,244	35,486
Other gains and losses	其他收益及虧損	8	(64,357)	(44,283)
Impairment losses on financial assets and contract assets, net of reversal	金融資產及合約資產減值虧損(扣除撥回)	9	(6,218)	(930)
Selling and distribution expenses	銷售及分銷開支		(60,426)	(43,022)
Administrative expenses	行政開支		(98,572)	(79,988)
Other expenses	其他開支		(3,396)	(8,103)
Finance costs	融資成本	10	(22,776)	(21,988)
Share of profits of associates	分佔聯營公司溢利	22	51,669	47,334
Share of profit (loss) of a joint venture	分佔一間合營企業溢利(虧損)	23	623	(274)
Gain on disposal of subsidiaries	出售附屬公司的收益	39	91,681	–
Profit before taxation	除稅前溢利		221,362	192,830
Taxation	稅項	11	(46,930)	(50,023)
Profit for the year	年度溢利	12	174,432	142,807
Other comprehensive (expense) income:	其他全面(開支)收益：			
Item that will not be reclassified to profit or loss:	其後不會重新分類至損益的項目：			
Exchange differences arising on translation to presentation currency	因換算為呈報貨幣而產生匯兌差額		(132,393)	195,918
Total comprehensive income for the year	年度全面收益總額		42,039	338,725

Consolidated statement of profit or loss and other comprehensive income

綜合損益及其他全面收益報表

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

	NOTES 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Profit for the year attributable to:	以下人士應佔年度溢利：		
Owners of the Company	本公司擁有人	169,383	138,025
Non-controlling interests	非控股權益	5,049	4,782
		174,432	142,807
Total comprehensive income for the year attributable to:	以下人士應佔全面收益總額：		
Owners of the Company	本公司擁有人	39,408	329,959
Non-controlling interests	非控股權益	2,631	8,766
		42,039	338,725
		2018	2017
		二零一八年	二零一七年
		HK\$	HK\$
		港元	港元
Earnings per share	每股盈利		
Basic and diluted	基本及攤薄	0.11	0.09
	15		

Consolidated statement of financial position

綜合財務狀況報表

At 31 December 2018 於二零一八年十二月三十一日

		NOTES 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Non-current Assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	17	790,586	729,865
Prepaid lease payments	預付租賃款項	18	100,434	82,095
Investment properties	投資物業	19	25,703	57,136
Goodwill	商譽	20	1,050,965	1,044,293
Intangible assets	無形資產	21	163,765	193,875
Interests in associates	於聯營公司的權益	22	460,604	535,072
Interest in a joint venture	於一間合營企業的權益	23	8,755	8,586
Amount due from a related party	應收一名關連方款項	28	9,422	–
Deferred tax assets	遞延稅項資產	36	200	–
Deposits paid for acquisition of property, plant and equipment	就物業、廠房及設備支付的按金		16,235	8,675
Deposits paid for acquisition of prepaid lease payments	就收購預付租賃款項支付的訂金		2,289	–
			2,628,958	2,659,597
Current Assets	流動資產			
Inventories	存貨	24	163,766	167,892
Prepaid lease payments	預付租賃款項	18	2,425	2,292
Trade receivables	貿易應收款項及應收票據	25	544,637	796,248
Contract assets	合約資產	26	165,385	–
Other receivables, prepayments and refundable deposits	其他應收款項、預付款項及可退還按金	27	59,904	56,562
Amount due from a related party	應收關連方款項	28	–	9,866
Tax recoverable	可收回稅項		3,129	3,267
Financial assets at fair value through profit or loss	按公允價值計入損益的金融資產	29	–	7,193
Pledged bank deposits	已抵押銀行存款	30	11,250	5,455
Bank balances and cash	銀行結餘及現金	30	355,508	292,511
			1,306,004	1,341,286
Assets classified as held for sale	分類為持有待售的資產		–	197,623
			1,306,004	1,538,909

Consolidated statement of financial position

綜合財務狀況報表

At 31 December 2018 於二零一八年十二月三十一日

		NOTES 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current Liabilities	流動負債			
Trade payables	貿易應付款項	31	229,676	265,364
Other payables and accruals	其他應付款項及應計費用	32	116,545	115,539
Purchase consideration payable for acquisition	就收購事項所須支付購買代價	33	12,776	11,103
Amounts due to non-controlling interests of subsidiaries	應付附屬公司非控股權益款項	28	8,154	4,983
Bank borrowings	銀行借貸	34	601,334	621,916
Bank overdrafts	銀行透支	30	19,897	–
Income tax payable	應付所得稅		30,489	41,483
			1,018,871	1,060,388
Liabilities associated with assets classified as held for sale	與分類為持有待售的資產有關的負債		–	39
			1,018,871	1,060,427
Net Current Assets	流動資產淨值		287,133	478,482
Total Assets less Current Liabilities	總資產減流動負債		2,916,091	3,138,079
Non-current Liabilities	非流動負債			
Government grants	政府補助金	35	30,175	34,441
Bank borrowings	銀行借貸	34	18,750	56,250
Deferred tax liabilities	遞延稅項負債	36	68,565	55,133
Purchase consideration payable for acquisition	就收購事項所須支付購買代價	33	–	11,745
			117,490	157,569
Net assets	資產淨值		2,798,601	2,980,510

Consolidated statement of financial position

綜合財務狀況報表

At 31 December 2018 於二零一八年十二月三十一日

		NOTE	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
		附註		
Capital and Reserves	資本及儲備			
Share capital	股本	37	7,839	7,839
Share premium and reserves	股份溢價及儲備		2,755,824	2,909,793
Equity attributable to owners of the Company	本公司擁有人應佔權益		2,763,663	2,917,632
Non-controlling interests	非控股權益		34,938	62,878
Total Equity	權益總額		2,798,601	2,980,510

The consolidated financial statements on pages 61 to 234 were approved and authorised for issue by the Board of Directors on 26 March 2019 and are signed on its behalf by:

第61至234頁的綜合財務報表已於二零一九年三月二十六日獲董事會批准及授權發佈，並由下列人士代表簽署：

Mr. Cai Xiao Ming, David
蔡曉明先生
DIRECTOR
董事

Mr. Qin Song
欽松先生
DIRECTOR
董事

Consolidated statement of changes in equity

綜合權益變動表

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

		Attributable to owners of the Company 本公司擁有人應佔							Non-controlling interests		Total equity
		Share capital	Share premium	Statutory reserves	Other reserves	Dividend reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity
		股本	股份溢價	法定儲備	其他儲備	股息儲備	匯兌儲備	保留溢利	總計	非控股權益	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
				(Note a) (附註 a)	(Note b) (附註 b)						
At 1 January 2017	於二零一七年一月一日	7,839	4,936,913	166,590	(2,904,334)	239,886	(141,553)	523,627	2,828,968	46,192	2,875,160
Profit for the year	年度溢利	-	-	-	-	-	-	138,025	138,025	4,782	142,807
Other comprehensive expense for the year	年內其他全面開支	-	-	-	-	-	191,934	-	191,934	3,984	195,918
Total comprehensive (expense) income for the year	年內全面(開支)收益總額	-	-	-	-	-	191,934	138,025	329,959	8,766	338,725
Dividends recognised as distribution (note 16)	確認為分派的股息(附註 16)	-	-	-	-	(239,886)	-	-	(239,886)	-	(239,886)
Dividends declared to non-controlling interests	向非控股權益宣派股息	-	-	-	-	-	-	-	-	(1,148)	(1,148)
Acquisition of a subsidiary	收購一間附屬公司	-	-	-	-	-	-	-	-	17,437	17,437
Acquisition of additional equity interest in a subsidiary	收購一間附屬公司的額外股本權益	-	-	-	(1,409)	-	-	-	(1,409)	(8,369)	(9,778)
Transfer	轉撥	-	-	22,635	-	-	-	(22,635)	-	-	-
At 31 December 2017	於二零一七年十二月三十一日	7,839	4,936,913	189,225	(2,905,743)	-	50,381	639,017	2,917,632	62,878	2,980,510
Adjustments (note 2)	調整(附註 2)	-	-	-	-	-	-	6,063	6,063	-	6,063
At 1 January 2018 (restated)	於二零一八年一月一日(經重列)	7,839	4,936,913	189,225	(2,905,743)	-	50,381	645,080	2,923,695	62,878	2,986,573
Profit for the year	年度溢利	-	-	-	-	-	-	169,383	169,383	5,049	174,432
Other comprehensive expense for the year	年內其他全面開支	-	-	-	-	-	(129,975)	-	(129,975)	(2,418)	(132,393)
Total comprehensive income for the year	年內全面收益總額	-	-	-	-	-	(129,975)	169,383	39,408	2,631	42,039
Dividends recognised as distribution (note 16)	確認為分派的股息(附註 16)	-	-	-	-	-	-	(199,905)	(199,905)	-	(199,905)
Dividends declared to non-controlling interests	向非控股權益宣派股息	-	-	-	-	-	-	-	-	(23,920)	(23,920)
Acquisition of additional equity interest in a subsidiary (note 38(b))	收購一間附屬公司的額外股本權益(附註 38(b))	-	-	-	465	-	-	-	465	(6,651)	(6,186)
At 31 December 2018	於二零一八年十二月三十一日	7,839	4,936,913	189,225	(2,905,278)	-	(79,594)	614,558	2,763,663	34,938	2,798,601

Consolidated statement of changes in equity

綜合權益變動表

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

Notes:

- (a) As stipulated by the relevant laws and regulations for enterprises in the People's Republic of China (the "PRC"), the Company's PRC subsidiaries are required to maintain statutory reserves. Appropriation to such reserve is made out of profit after taxation as reflected in the statutory financial statements of the PRC subsidiaries while the amounts and allocation basis are decided by its board of directors annually. The appropriation to statutory surplus reserve may cease if the balance of the statutory surplus reserve has reached 50% of the PRC subsidiaries' registered capital. The statutory reserves can be used to make up prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue.
- (b) Other reserves comprised (i) the merger reserve of HK\$79,000 which arose from the difference between the nominal value and premium of shares of subsidiaries acquired over the nominal value of the shares issued by the Company in exchange thereof; (ii) issue of 480,000,000 shares of the Company with fair value of HK\$4,267,200,000 at 14 April 2011 to Mr. Tsoi Tak, the former controlling shareholder of the Company in exchange of its entire equity interests in Brilliant Circle Group Holdings Limited (formerly known as Brilliant Circle Holdings International Limited) which were acquired by Mr. Tsoi Tak, that former controlling shareholder at 10 September 2009 using cash and certain listed shares held by him with fair value of HK\$1,781,817,000 in aggregate; (iii) an amount of HK\$516,437,000 resulting from the acquisition of additional equity interests in Bengbu Jinhuangshan Rotogravure Printing Company Limited, a non-wholly owned subsidiary of the Company; (iv) an amount of HK\$81,223,000 resulting from the acquisition of additional equity interests in Giant Sino Investments Limited, a non-wholly owned subsidiary of the Company in December 2014; (v) an amount of HK\$119,000 resulting from the change of equity interests of non-controlling shareholders from 0.69% to 0.51% in Shenzhen Kecai Printing Com., Ltd in November 2015, (vi) an amount of HK\$1,409,000 resulting from the acquisition of additional equity interests in Xiangyang Jinfeihuan Colour Packing Co., Ltd, a non-wholly owned subsidiary of the Company in August 2017, and (vii) an amount of HK\$465,000 resulting from the acquisition of additional equity interests in Zhaotong Antong Package Material Co., Ltd, a non-wholly owned subsidiary of the Company, in August 2018.

附註：

- (a) 根據針對中華人民共和國(「中國」)企業的有關法律及法規所規定，本公司的中國附屬公司須設立法定儲備。分配至該儲備的撥款乃從中國附屬公司法定財務報表的除稅後溢利中撥付，而金額及分配基準則由董事會每年決定。倘法定儲備結餘已達到中國附屬公司註冊資本的50%，則可不再轉撥至法定盈餘儲備。法定儲備可用作彌補上一年度的虧損(如有)，亦可透過資本化發行轉換為資本。
- (b) 其他儲備包括(i)合併儲備79,000港元，乃產生自所收購附屬公司股份的面值及溢價相對於本公司所發行用於交換的股份的面值的差額；(ii)本公司於二零一一年四月十四日向本公司前控股股東蔡得先生發行的480,000,000股股份，公允價值為4,267,200,000港元，以換取前控股股東蔡得先生於二零零九年九月十日以現金及所持若干上市股份收購的貴聯集團控股有限公司(前稱貴聯控股國際有限公司)全部股權，相關公允價值合共為1,781,817,000港元；(iii)收購本公司非全資附屬公司蚌埠金黃山凹版印刷有限公司額外股權所產生的款項516,437,000港元；(iv)於二零一四年十二月收購本公司非全資附屬公司鉅華投資有限公司額外股權所產生的款項81,223,000港元；(v)於二零一五年十一月非控股股東於深圳市科彩印務有限公司的股權由0.69%變為0.51%所產生的款項119,000港元；(vi)於二零一七年八月收購本公司非全資附屬公司襄陽金飛環彩色包裝有限公司額外股權所產生的款項1,409,000港元；及(vii)於二零一八年八月收購本公司非全資附屬公司昭通安通包裝材料有限公司額外股權所產生的款項465,000港元。

Consolidated statement of cash flows

綜合現金流量表

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

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
OPERATING ACTIVITIES	經營活動		
Profit before taxation	除稅前溢利	221,362	192,830
Adjustments for:	調整：		
Share of profits of associates	分佔聯營公司溢利	(51,669)	(47,334)
Share of (profit) loss of a joint venture	分佔一間合營企業(溢利) 虧損	(623)	274
Finance costs	融資成本	22,776	21,988
Depreciation of property, plant and equipment	物業、廠房及設備折舊	93,122	82,578
Release of prepaid lease payments	解除預付租賃款項	2,263	2,214
Depreciation of investment properties	投資物業折舊	2,017	6,084
Impairment losses on financial assets and contract assets, net of reversal	減值虧損(扣除撥回)	6,218	930
Amortisation of intangible assets	無形資產攤銷	46,759	45,694
Interest income	利息收入	(1,157)	(1,321)
Interest income on long-term receivables	長期應收款項的利息收入	-	(1,290)
Gain from changes in fair value of financial assets at FVTPL	金融資產公允價值變動 收益	(3,379)	(2,008)
Loss from changes in fair value of financial liabilities at FVTPL	金融負債公允價值變動 虧損	482	-
Government grants for acquisition of property, plant and equipment	收購物業、廠房及設備的 政府補助金	(2,634)	(2,577)
Losses (gains) on disposal of property, plant and equipment	出售物業、廠房及設備的 虧損(收益)	39	(142)
Recognition (reversals) of write-down on obsolete inventories	確認(撥回)過時存貨撇減	592	(988)
Recognition of impairment on goodwill	確認商譽減值	48,000	40,000
Gain on disposal of subsidiaries	出售附屬公司的收益	(91,681)	-
Loss on disposal of partial equity interest in an associate	出售一間聯營公司部分 股權的虧損	8,536	-
Unrealised net exchange losses (gains)	未變現匯兌虧損(收益)淨額	10,519	(4,891)

Consolidated statement of cash flows

綜合現金流量表

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

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Operating cash flows before movements in working capital	營運資金變動前的經營業務現金流量	311,542	332,041
Increase in inventories	存貨增加	(10,197)	(8,184)
Decrease in trade receivables	貿易應收款項減少	239,777	168,788
Decrease (increase) in other receivables, prepayments and refundable deposits	其他應收款項、預付款項及可退還訂金減少(增加)	14,001	(8,855)
Increase in contract assets	合約資產增加	(114,886)	-
Decrease in trade payables	貿易應付款項減少	(52,292)	(82,347)
Decrease in other payables and accruals	其他應付款項及應計費用減少	(4,561)	(25,916)
Cash generated from operations	經營產生現金	383,384	375,527
Income taxes paid	已付所得稅	(43,512)	(74,866)
Interest paid	已付利息	(24,417)	(21,922)
NET CASH FROM OPERATING ACTIVITIES	經營活動產生現金淨額	315,455	278,739

Consolidated statement of cash flows

綜合現金流量表

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

			2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
	NOTES 附註			
INVESTING ACTIVITIES		投資活動		
Purchase of structured deposits		購入結構性存款	(965,470)	(1,094,231)
Redemption of structured deposits		贖回結構性存款	975,951	1,089,289
Deposits paid for and acquisition of property, plant and equipment		就收購物業、廠房及設備支付的訂金	(186,833)	(47,277)
Acquisition of a subsidiary	38	收購一間附屬公司	(144,145)	(28,513)
Placement of pledged bank deposits		存置已抵押銀行存款	(55,057)	(24,761)
Withdrawal of pledged bank deposits		提取已抵押銀行存款	48,748	26,507
Payments for prepaid lease payments		購入預付租賃款項	(28,259)	-
Dividend received from an associate, net of withholding tax		自一間聯營公司收取股息(扣除預扣稅)	73,844	98,177
Proceeds on disposal of subsidiaries in prior year		就過往年度出售附屬公司所得款項	-	28,000
Dividend received from a previously disposed subsidiary		自一間過往出售的附屬公司收取股息	-	5,877
Proceeds from disposal of property, plant and equipment		出售物業、廠房及設備所得款項	8,371	3,058
Interest received		已收利息	1,157	1,321
(Increase) decrease in amount due from a related company		應收一間關連公司款項(增加)減少	(54)	2,056
Proceeds from disposal of subsidiaries	39	出售附屬公司所得款項	295,000	-
NET CASH FROM INVESTING ACTIVITIES		投資活動產生現金淨額	23,253	59,503

Consolidated statement of cash flows

綜合現金流量表

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

	NOTES 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
FINANCING ACTIVITIES 融資活動			
New bank borrowings raised	新增銀行借貸	521,098	404,557
Advance from a non-controlling interest	來自非控股權益的墊款	3,356	821
Repayment of bank borrowings	償還銀行借貸	(574,376)	(416,802)
Dividends paid to non-controlling interests	已付非控股權益股息	(23,920)	–
Dividends paid	已付股息	(199,905)	(239,886)
Acquisition of non-controlling interest of a subsidiary	收購一間附屬公司的非控股權益	(6,186)	(9,778)
NET CASH USED IN FINANCING ACTIVITIES 融資活動使用現金淨額		(279,933)	(261,088)
NET INCREASE IN CASH AND CASH EQUIVALENTS 現金及現金等值項目增加淨額		58,775	77,154
CASH AND CASH EQUIVALENTS AT 1 JANUARY 於一月一日的現金及現金等值項目		292,511	199,694
Effect of foreign exchange rate changes	外幣匯率變動的影響	(15,675)	15,663
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by 於十二月三十一日的現金及現金等值項目，代表		335,611	292,511
Bank balances and cash	銀行結餘及現金	355,508	292,511
Bank overdrafts	銀行透支	(19,897)	–
		335,611	292,511

Notes to the consolidated financial statements

綜合財務報表附註

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

1. GENERAL

Brilliant Circle Holdings International Limited (the “Company”) was incorporated in the Cayman Islands on 11 November 2008 as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its ultimate controlling party is Mr. Cai Xiao Ming, David (the “Controlling Shareholder”). The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Room 1201A, 12th Floor, Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are engaged in provision of the printing of cigarette packages, manufacturing of paper packaging materials, manufacturing of laminated papers, manufacturing and sale of radio frequency identification (“RFID”) products, printing of packages and decoration matters, research and development on printing technology, wholesale, import and export of the packaging products and other related services.

The Company’s functional currency is Renminbi (“RMB”). For the convenience of the financial statements users, the consolidated financial statements are presented in Hong Kong dollars (“HK\$”) as the Company’s shares are listed on Stock Exchange.

1. 一般資料

貴聯控股國際有限公司(「本公司」)於二零零八年十一月十一日於開曼群島註冊成立為獲豁免有限公司，其股份於香港聯合交易所有限公司(「聯交所」)主板上市。其最終控股方為蔡曉明先生(「控股股東」)。本公司的註冊辦事處地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands，主要營業地點位於香港灣仔告士打道151號資本中心12樓1201A室。

本公司為投資控股公司。本公司及其附屬公司(統稱為「本集團」)的主要業務為提供香煙包裝印刷、製造複合紙、製造及銷售射頻識別產品、包裝裝潢印刷品印刷、印刷技術研究及開發、包裝產品的批發及進出口以及其他相關服務。

本公司的功能貨幣為人民幣(「人民幣」)。為方便使用財務報表的人士，綜合財務報表以港元(「港元」)呈列，原因為本公司股份於聯交所上市。

Notes to the consolidated financial statements

綜合財務報表附註

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

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

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

The Group has applied the following new and amendments to HKFRSs 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 HKFRS4 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.

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂本

於本年度強制生效的新訂香港財務報告準則及其修訂本

於本年度，本集團已首次應用以下由香港會計師公會(「香港會計師公會」)頒佈的新訂香港財務報告準則及其修訂本：

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	客戶合約收益及相關修訂本
香港(國際財務報告詮釋委員會) – 詮釋第22號	外幣交易及預付代價
香港財務報告準則第2號(修訂本)	以股份為基礎付款的交易的分類及計量
香港財務報告準則第4號(修訂本)	應用香港財務報告準則第4號保險合約時一併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(修訂本)	作為香港財務報告準則二零一四年至二零一六年週期的年度改進一部分
香港會計準則第40號(修訂本)	轉讓投資物業

除下文所述者外，於本年度應用新訂香港財務報告準則及其修訂本對本年度及過往年度本集團的財務表現及狀況及／或該等綜合財務報表所載披露資料概無重大影響。

Notes to the consolidated financial statements

綜合財務報表附註

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

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 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” the related interpretations.

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

- (1) provision of printing of cigarette packages;
- (2) Manufacturing of paper packaging materials;
- (3) manufacturing of laminated papers; and
- (4) manufacturing and sale of radio frequency identification (“RFID”) products.

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.

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂本(續)

2.1 香港財務報告準則第15號「客戶合約收益」

本集團於本年度首次應用香港財務報告準則第15號。香港財務報告準則第15號取代香港會計準則第18號「收益」、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，首次應用是項準則的累計影響於首次應用日期二零一八年一月一日確認。於首次應用日期產生的任何差額於期初保留溢利確認，惟並無重列比較資料。此外，根據香港財務報告準則第15號的過渡條文，本集團只選擇將是項準則追溯應用於二零一八年一月一日尚未完成的合約。因此，由於比較資料乃根據香港會計準則第18號「收益」及香港會計準則第11號「建築合約」以及相關詮釋編製，若干比較資料可能無從比較。

本集團自下列主要來源確認客戶合約收益：

- (1) 提供香煙包裝印刷；
- (2) 製造紙包裝材料；
- (3) 製造複合紙；及
- (4) 製造及銷售射頻識別(「射頻識別」)產品。

有關本集團履約責任及應用香港財務報告準則第15號所產生會計政策的資料分別於附註5及3披露。

Notes to the consolidated financial statements

綜合財務報表附註

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

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 table summarises the impact of transition to HKFRS 15 on retained profits at 1 January 2018.

		HK\$'000 千港元
Retained profits	保留溢利	639,017
Made-to-order products with no alternative use recognised over time	隨時間確認並無替代用途的定制產品	18,105
Tax effects	稅務影響	(2,553)
Impact at 1 January 2018	於二零一八年一月一日的影響	654,569

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

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂本(續)

2.1 香港財務報告準則第15號「客戶合約收益」(續)

首次應用香港財務報告準則第15號的影響摘要

下表概列於二零一八年一月一日過渡至香港財務報告準則第15號對保留溢利的影響。

於二零一八年一月一日對綜合財務狀況報表內確認的金額作出以下調整，不包括未受變動影響的項目。

Notes to the consolidated financial statements

綜合財務報表附註

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

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)

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂本(續)

2.1 香港財務報告準則第15號「客戶合約收益」(續)

首次應用香港財務報告準則第15號的影響摘要(續)

			Carrying amount previously reported at 31 December 2017	Reclassification	Remeasurement	Carrying amount under HKFRS15 at 1 January 2018*
	Notes 附註	過往於 二零一七年 十二月三十一日 呈報的賬面值 HK\$'000 千港元	重新分類 HK\$'000 千港元	重新計量 HK\$'000 千港元	於二零一八年 一月一日 根據香港財務 報告準則 第15號得出 的賬面值* HK\$'000 千港元	
Non-current asset	非流動資產					
Interests in associates	(c)	535,072	-	1,086	536,158	
Current assets	流動資產					
Contract assets	(a)	-	-	64,905	64,905	
Inventories	(a)	167,892	-	(47,886)	120,006	
Current liabilities	流動負債					
Contract liabilities	(b)	-	857	-	857	
Other payables and accruals	(b)	115,539	(857)	-	114,682	
Non-current liability	非流動負債					
Deferred tax liabilities	(a)	55,133	-	2,553	57,686	
Capital and Reserves	資本及儲備					
Retained profits	(a)	639,017	-	15,552	654,569	

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

* 本欄所載金額未就應用香港財務報告準則第9號作出調整。

Notes to the consolidated financial statements

綜合財務報表附註

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

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)

- (a) The Group’s contracts with customers for printing of cigarette packages and manufacturing of laminated papers are tailor-made based on customers’ specification with no alternative use to the Group. Taking into account the contract terms, the legal and regulatory environment in the PRC, it was concluded that all contracts provide the Group’s enforceable right to payment for performance completed to date and hence the revenue is recognised over time upon application of HKFRS 15. HK\$47,886,000 and HK\$14,466,000 have been adjusted from inventories and opening retained profits, respectively with corresponding adjustments of HK\$64,905,000 and HK\$2,553,000 to contract assets and deferred tax liabilities, respectively.
- (b) As at 1 January 2018, advances from customers of HK\$857,000 previously included in other payables and accruals were reclassified to contract liabilities.
- (c) The net effects arising from the initial application of HKFRS 15 resulted in an increase in the carrying amounts of interests in associates of HK\$1,086,000 with corresponding adjustments to retained profits.

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂本(續)

2.1 香港財務報告準則第15號「客戶合約收益」(續)

首次應用香港財務報告準則第15號的影響摘要(續)

- (a) 本集團與客戶訂立的香煙包裝印刷及複合紙製造合約乃根據客戶規格定制，對本集團並無替代用途。經計及合約條款以及中國的法律及監管環境，所有合約均賦予本集團強制執行權可收取迄今已履約部分的款項，故收益於應用香港財務報告準則第15號後隨時間確認。就存貨及期初保留溢利作出調整分別47,886,000港元及14,466,000港元，並相應就合約資產及遞延稅項負債作出調整分別64,905,000港元及2,553,000港元。
- (b) 於二零一八年一月一日，先前計入其他應付款項及應計費用的客戶墊款857,000港元已重新分類為合約負債。
- (c) 首次應用香港財務報告準則第15號的淨影響導致於聯營公司的投資賬面值增加1,086,000港元，並就保留溢利作出相應調整。

Notes to the consolidated financial statements

綜合財務報表附註

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

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 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 profit or loss and other comprehensive income and consolidated statement of cash flows for the current year 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

		As reported	Adjustments	Amounts without application of HKFRS 15 未經應用香港財務報告準則第15號的金額
		已呈報 HK\$'000 千港元	調整 HK\$'000 千港元	HK\$'000 千港元
Non-current asset	非流動資產			
Interests in associates	於聯營公司的權益	460,604	(5,851)	454,753
Current assets	流動資產			
Contract assets	合約資產	165,385*	(165,385)	–
Inventories	存貨	163,766	106,692	270,458
Non-current liability	非流動負債			
Deferred tax liabilities	遞延稅項負債	68,565	(8,867)	59,698
Capital and Reserves	資本及儲備			
Retained profits	保留溢利	614,558	(55,677)	558,881
Translation reserve	換算儲備	(79,594)	2,156	(77,438)

* The amount is after the adjustment from the application of HKFRS 9.

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂本(續)

2.1 香港財務報告準則第15號「客戶合約收益」(續)

首次應用香港財務報告準則第15號的影響摘要(續)

下表概列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的綜合財務狀況報表及於本年度的綜合損益及其他全面收益報表項下各受影響項目所造成的影響，不包括未受變動影響的項目。

對綜合財務狀況表的影響

Notes to the consolidated financial statements

綜合財務報表附註

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

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 profit and loss and other comprehensive income

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂本(續)

2.1 香港財務報告準則第15號「客戶合約收益」(續)

首次應用香港財務報告準則第15號的影響摘要(續)

對綜合損益及其他全面收益報表的影響

		As reported	Adjustments	Amounts without application of HKFRS 15
		已呈報	調整	未經應用香港財務報告準則第15號的金額
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Revenue	收益	1,366,753	(108,078)	1,258,675
Cost of sales	銷售成本	(1,065,863)	63,639	(1,002,224)
Gross profit	毛利	300,890	(44,439)	256,451
Impairment losses on financial assets and contract assets, net of reversal	金融資產及合約資產減值虧損(扣除撥回)	(6,218)*	4,281	(1,937)
Share of profits of associates	分佔聯營公司溢利	51,669	(4,765)	46,904
Profit before taxation	除稅前溢利	221,362	44,923	176,439
Taxation	稅項	(46,930)	6,697	(40,233)
Profit for the year	年內溢利	174,432	(38,226)	136,206
Total comprehensive income (expenses) for the year	年內全面收益(開支)總額	42,039	(38,226)	3,813

* The amount includes impairment of contract assets from the application of HKFRS 9.

* 該金額包括應用香港財務報告準則第9號的合約資產減值。

Notes to the consolidated financial statements

綜合財務報表附註

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

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

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂本(續)

2.1 香港財務報告準則第15號「客戶合約收益」(續)

首次應用香港財務報告準則第15號的影響摘要(續)

對綜合現金流量表的影響

		As reported	Adjustments	Amounts without application of HKFRS 15
		已呈報	調整	未經應用香港財務報告準則第15號的金額
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
OPERATING ACTIVITIES	經營活動			
Profit before taxation	除稅前溢利	221,362	(44,923)	176,439
Adjustments for:	調整：			
Share of profits of associates	分佔聯營公司溢利	(51,669)	4,765	(46,904)
Impairment losses on financial assets and contract assets, net of reversal	金融資產及合約資產減值虧損(扣除撥回)	6,218*	(4,281)	1,937
Operating cash flows before movements in working capital	營運資金變動前的經營業務現金流量	311,542	(44,439)	267,103
Increase in inventories	存貨增加	(10,197)	(70,447)	(80,644)
Increase in contract assets	合約資產增加	(114,886)	114,886	-

* The amount includes impairment of contract assets from the application of HKFRS 9.

* 該金額包括應用香港財務報告準則第9號的合約資產減值。

Notes to the consolidated financial statements

綜合財務報表附註

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

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 contract 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 recognised in the opening retained profits, without restating comparative information.

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

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

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂本(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號及其他香港財務報告準則的相關相應修訂本。香港財務報告準則第9號引入有關1)金融資產及金融負債的分類及計量；2)金融資產及合約資產的預期信貸虧損(「預期信貸虧損」)；及3)一般對沖會計的新規定。

本集團已根據香港財務報告準則第9號所載過渡條文應用香港財務報告準則第9號，即對二零一八年一月一日(首次應用日期)尚未終止確認的工具追溯應用分類及計量規定(包括預期信貸虧損模式項下的減值)，而並無對已於二零一八年一月一日終止確認的工具應用有關規定。二零一七年十二月三十一日的賬面值與二零一八年一月一日的賬面值之間差額於期初保留溢利確認，惟並無重列比較資料。

因此，若干比較資料未必可與根據香港會計準則第39號「金融工具：確認及計量」編製的比較資料作比較。

應用香港財務報告準則第9號所產生會計政策的資料分別於附註3披露。

Notes to the consolidated financial statements

綜合財務報表附註

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

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 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.

		Financial assets at amortised cost (previously classified as loan and receivables) 按攤銷成本列賬 的金融資產 (先前分類為貸款 及應收款項)	Contract assets 合約資產	Deferred tax liabilities 遞延稅項負債	Retained profits 保留溢利
	Note 附註	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Closing balance at 31 December 2017 – HKAS 39	於二零一七年十二月三十一日的期末結餘 – 香港會計準則第39號	1,119,680	–	55,133	639,017
Effect arising from initial application of HKFRS 15	首次應用香港財務報告準則第15號的影響	–	64,905	2,553	15,552
Effect arising from initial application of HKFRS 9	首次應用香港財務報告準則第9號的影響				
Remeasurement	重新計量				
Impairment under ECL model	預期信貸虧損模式項下的減值 (a)	(10,932)	(76)	(1,519)	(9,489)
Opening balance at 1 January 2018	於二零一八年一月一日的期初結餘	1,108,748	64,829	56,167	645,080

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂本(續)

2.2 香港財務報告準則第9號「金融工具」(續)

首次應用香港財務報告準則第9號的影響摘要

下表說明金融資產及金融負債以及其他項目於二零一八年一月一日首次應用當日根據香港財務報告準則第9號及香港會計準則第39號按預期信貸虧損進行的分類及計量。

Notes to the consolidated financial statements

綜合財務報表附註

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

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 (continued)

Note:

(a) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all contract assets and trade receivables. Except for those which had been determined as credit impaired under HKAS 39, contract assets and trade receivables have been assessed individually with outstanding significant and long aged balances, the remaining balances are grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore estimated the expected loss rates for the trade receivables and the contract assets on the same basis.

ECL for other financial assets at amortised cost mainly include pledged bank deposits, bank balances, other receivables and refundable deposits, are assessed on twelve months ECL basis as there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, the additional credit loss allowance of HK\$11,008,000 and related deferred tax credit of HK\$1,519,000 has been recognised against retained profits. The additional loss allowance is charged against the respective assets or loss allowance accounts.

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂本(續)

2.2 香港財務報告準則第9號「金融工具」(續)

首次應用香港財務報告準則第9號的影響摘要(續)

附註：

(a) 預期信貸虧損模式項下的減值

本集團應用香港財務報告準則第9號的簡化方法計量預期信貸虧損，即就所有合約資產及貿易應收款項採用全期預期信貸虧損。除根據香港會計準則第39號被視為出現信貸減值外，合約資產及貿易應收款項已進行個別評估，並發現重大未償還及長賬齡的結餘，餘下結餘則根據攤佔信貸風險特徵分類。合約資產與未開單的進行中工作有關，並與同類合約的貿易應收款項具有大致相同的風險特徵。因此，本集團按相同基準估計貿易應收款項及合約資產的預期信貸虧損。

按攤銷成本列賬的其他金融資產(主要包括已抵押銀行存款、銀行結餘、其他應收款項及可退還訂金)的預期信貸虧損按12個月預期信貸虧損基準評估，信貸風險自初始確認以來並無顯著增加。

於二零一八年一月一日，就保留溢利確認額外信貸虧損撥備11,008,000港元及相關遞延稅項抵免1,519,000港元。額外虧損撥備自相應資產或虧損撥備賬扣除。

Notes to the consolidated financial statements

綜合財務報表附註

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

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 (continued)

Note: (continued)

(a) Impairment under ECL model (continued)

All loss allowances, including trade receivables, contract assets and other financial assets at amortised cost as at 31 December 2017 reconciled to the opening loss allowance as at 1 January 2018 are as follows:

		Trade receivables	Contract assets	Other financial assets at amortised cost
		貿易應收款項	合約資產	按攤銷成本列賬的其他金融資產
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
At 31 December 2017	於二零一七年十二月三十一日			
– HKAS 39	– 香港會計準則第39號		N/A	
		-	不適用	-
Amounts remeasured adjusted to opening retained profits	重新計量就期初保留溢利調整的金額	10,117	76	815
At 1 January 2018	於二零一八年一月一日	10,117	76	815

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂本(續)

2.2 香港財務報告準則第9號「金融工具」(續)

首次應用香港財務報告準則第9號的影響摘要(續)

附註：(續)

(a) 預期信貸虧損模式項下的減值(續)

於二零一七年十二月三十一日的金融資產(包括貿易應收款項、合約資產及按攤銷成本列賬的其他金融資產)所有虧損撥備與於二零一八年一月一日的期初虧損撥備對賬如下：

Notes to the consolidated financial statements

綜合財務報表附註

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

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 show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂本(續)

2.3 應用所有新訂準則對期初綜合財務狀況報表的影響

由於上述實體的會計政策有變，期初綜合財務狀況報表須予重列。下表顯示針對個別項目確認的調整，不包括未受變動影響的項目。

		31 December 2017 (Audited) 二零一七年 十二月三十一日 (經審核) HK\$'000 千港元	HKFRS 15 香港財務報告 準則第15號 HK\$'000 千港元	HKFRS 9 香港財務報告 準則第9號 HK\$'000 千港元	1 January 2018 (Restated) 二零一八年 一月一日 (經重列) HK\$'000 千港元
Non-current Asset	非流動資產				
Interests in associates	於聯營公司的權益	535,072	1,086	-	536,158
Current Assets	流動資產				
Trade receivables (note)	貿易應收款項(附註)	796,248	-	(10,117)	786,131
Contract assets	合約資產	-	64,905	(76)	64,829
Inventories	存貨	167,892	(47,886)	-	120,006
Other receivables, prepayments and refundable deposits	其他應收款項、預付款項及可退還訂金	56,562	-	(815)	55,747
Current Liabilities	流動負債				
Other payables and accruals	其他應付款項及應計費用	115,539	(857)	-	114,682
Contract liabilities	合約負債	-	857	-	857
Non-current Liability	非流動負債				
Deferred tax liabilities	遞延稅項負債	55,133	2,553	(1,519)	56,167
Capital and Reserves	資本及儲備				
Retained profits	保留溢利	639,017	15,552	(9,489)	645,080

Note: Trade related amount due from a related party previously presented separately were reclassified and included in trade receivables.

附註：過往單獨呈列的應收關連方貿易相關款項已重新分類，並計入貿易應收款項。

Notes to the consolidated financial statements

綜合財務報表附註

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

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 (continued)

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 16	Leases ¹
HKFRS 17	Insurance Contracts ³
HK(IFRIC) — Int 23	Uncertainty over Income Tax Treatments ¹
Amendments to HKFRS 3	Definition of a Business 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 ²
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

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂本(續)

2.3 應用所有新訂準則對期初綜合財務狀況報表的影響(續)

已頒佈但尚未生效的新訂香港財務報告準則及其修訂本

本集團並無提早應用下列已頒佈但尚未生效的新訂香港財務報告準則及其修訂本：

香港財務報告準則第16號	租賃 ¹
香港財務報告準則第17號	保險合約 ³
香港(國際財務報告詮釋委員會)–詮釋第23號	所得稅處理的不確定性 ¹
香港財務報告準則第3號(修訂本)	業務的定義 ⁴
香港財務報告準則第9號(修訂本)	提早還款特性及負補償 ¹
香港財務報告準則第10號及香港會計準則第28號(修訂本)	投資者與其聯營公司或合營企業之間的資產銷售或注資 ²
香港會計準則第1號及香港會計準則第8號(修訂本)	重大的定義 ⁵
香港會計準則第19號(修訂本)	計劃修訂、縮減或清償 ¹
香港會計準則第28號(修訂本)	於聯營公司及合營公司的長期權益 ¹
香港財務報告準則(修訂本)	香港財務報告準則二零一五年至二零一七年週期的年度改進 ¹

Notes to the consolidated financial statements

綜合財務報表附註

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

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 (continued)

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

- ¹ Effective for annual periods beginning on or after 1 January 2019.
- ² Effective for annual periods beginning on or after a date to be determined.
- ³ Effective for annual periods beginning on or after 1 January 2021.
- ⁴ Effective for business combinations and asset acquisitions 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

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.

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂本(續)

2.3 應用所有新訂準則對期初綜合財務狀況報表的影響(續)

已頒佈但尚未生效的新訂香港財務報告準則及其修訂本(續)

- ¹ 於二零一九年一月一日或之後開始的年度期間生效
- ² 於待定日期或之後開始的年度期間生效
- ³ 於二零二一年一月一日或之後開始的年度期間生效
- ⁴ 對收購日期為二零二零年一月一日或之後開始的首個年度期間初或之後的業務合併及資產收購生效。
- ⁵ 於二零二零年一月一日或之後開始的年度期間生效

除上述新訂香港財務報告準則及其修訂本外，本公司董事預期應用所有其他新訂香港財務報告準則及其修訂本於可見將來不會對綜合財務報表造成重大影響。

Notes to the consolidated financial statements

綜合財務報表附註

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

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 (continued)

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. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance 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.

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂本(續)

2.3 應用所有新訂準則對期初綜合財務狀況報表的影響(續)

香港財務報告準則第16號「租賃」

香港財務報告準則第16號為識別租賃安排以及出租人及承租人的會計處理方法引入綜合模式。香港財務報告準則第16號將於生效時取代香港會計準則第17號「租賃」及相關詮釋。

香港財務報告準則第16號根據所識別資產是否由客戶控制來區分租賃及服務合約。此外，香港財務報告準則第16號規定銷售及回租交易將根據香港財務報告準則第15號的規定釐定有關資產轉讓是否應作為銷售入賬。香港財務報告準則第16號亦包括有關分租及租賃修訂的規定。

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

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綜合財務報表附註

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

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 (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 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 financing cash flows by the Group, upfront prepaid lease payment will continue to be presented as investing or operating cash flows in accordance with to the nature as appropriate.

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 may 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.

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂本(續)

2.3 應用所有新訂準則對期初綜合財務狀況報表的影響(續)

香港財務報告準則第16號「租賃」(續)

使用權資產初步按成本計量，其後按成本(若干例外情況除外)減累計折舊及減值虧損計量，並就重新計量租賃負債而作出調整。租賃負債初步按並非於該日支付的租賃款項現值計量。其後，租賃負債會就利息及租賃款項以及(其中包括)租賃修訂的影響而作出調整。就現金流量分類而言，本集團現時將有關自用租賃土地及該等分類為投資物業的租賃土地之前期預付租賃款項呈列為投資現金流量，而其他經營租賃款項則呈列為營運現金流量。應用香港財務報告準則第16號後，本集團將有關租賃負債的租賃款項分配為本金及利息部分，並按融資現金流量呈列，而提前預付租賃款項將繼續按照適當的性質呈列為投資或經營現金流量。

根據香港會計準則第17號，本集團作為承租人已確認租賃土地的預付租賃款項。應用香港財務報告準則第16號可能導致該等資產的分類發生潛在變動，其分類視乎本集團是否將使用權資產單獨呈列或於相應有關資產(倘擁有)的同一項目內呈列。

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綜合財務報表附註

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

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 (continued)

HKFRS 16 “Leases” (continued)

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

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of HK\$7,932,000 as disclosed in note 43. 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\$787,598 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.

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂本(續)

2.3 應用所有新訂準則對期初綜合財務狀況報表的影響(續)

香港財務報告準則第16號「租賃」(續)

除同樣適用於出租人的若干規定外，香港財務報告準則第16號大部分沿用香港會計準則第17號出租人會計規定。因此，出租人須繼續將其租賃分類為經營租賃或融資租賃。

此外，香港財務報告準則第16號要求更詳盡披露。

於二零一八年十二月三十一日，本集團有不可撤銷經營租賃承擔7,932,000港元(如附註43所披露)。初步評估顯示該等安排將符合租賃的定義。於應用香港財務報告準則第16號後，本集團將會就所有該等租賃確認使用權資產及相應負債，除非其符合低值及短期租賃則另作別論。

此外，本集團目前將已付可退還租賃訂金787,598港元視為香港會計準則第17號適用的租賃項下權利及責任。根據香港財務報告準則第16號項下租賃款項的定義，有關訂金並非與使用相關資產的權利有關的款項，因此，有關訂金的賬面值或將被調整為攤銷成本。對已付可退還租賃訂金被視為額外租賃款項，並計入使用權資產的賬面值。

Notes to the consolidated financial statements

綜合財務報表附註

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

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 (continued)

HKFRS 16 “Leases” (continued)

The application of new requirements may 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.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgements. The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group’s annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及其修訂本(續)

2.3 應用所有新訂準則對期初綜合財務狀況報表的影響(續)

香港財務報告準則第16號「租賃」(續)

應用新規定可能導致上文所述的計量、呈列及披露有所變動。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」識別為租賃的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的合約應用該準則。因此，本集團將不會重新評估合約是否為或包括於首次應用日期前已存在的租賃。此外，本集團(作為承租人)擬選擇經修訂追溯法應用香港財務報告準則第16號，並將確認首次應用對期初累計虧損的累計影響，而並無重列比較資料。

香港財務報告準則第1號及香港會計準則第8號(修訂本)重大的定義

修訂本對作出重大判斷加入額外指引及解釋，以改進重大的定義。修訂本亦將該定義貫徹應用於所有香港財務報告準則，並將於本集團於二零二零年一月一日開始的年度期間強制生效。預期應用該等修訂本不會對本集團財務狀況及表現造成重大影響，惟可能影響綜合財務報表的呈列及披露。

Notes to the consolidated financial statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods 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 “Leases”, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

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

3. 重大會計政策

綜合財務報表已根據香港會計師公會頒佈的香港財務報告準則編製。此外，綜合財務報表包括香港聯合交易所有限公司證券上市規則及香港公司條例規定的適用披露事項。

除若干按公允價值計量的金融工具外，綜合財務報表乃於各報告期末按歷史成本基準編製，詳情於下文的會計政策闡述。

歷史成本一般根據交換貨物及服務所給予代價的公允價值而釐定。

公允價值是於計量日期市場參與者於有秩序交易中出售資產可收取或轉讓負債須支付的價格，而不論該價格是否直接可觀察或可使用其他估值技術估計。若市場參與者於計量日期對資產或負債定價時考慮到資產或負債該等特點，則本集團於估計資產或負債的公允價值時會考慮該等特點。於該等綜合財務報表中作計量及／或披露用途的公允價值乃按此基準釐定，惟香港財務報告準則第2號「以股份為基礎付款」範圍內以股份為基礎付款的交易、香港會計準則第17號「租賃」範圍內的租賃交易及與公允價值類似但並非公允價值的計量（如香港會計準則第2號「存貨」的可變現淨值或香港會計準則第36號「資產減值」的使用價值）除外。

非金融資產的公允價值計量計及市場參與者透過最大限度使用資產達致最佳用途或透過出售資產予將最大限度使用資產達致最佳用途的另一市場參與者而產生經濟利益的能力。

Notes to the consolidated financial statements

綜合財務報表附註

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

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.

3. 重大會計政策(續)

此外，就財務報告而言，公允價值計量根據公允價值計量的輸入數據可觀察程度及公允價值計量的輸入數據對其整體的重要性分類為第一級、第二級或第三級，詳情如下：

- 第一級輸入數據是實體於計量日期可以取得的相同資產或負債於活躍市場的報價(未經調整)；
- 第二級輸入數據是就資產或負債直接或間接地可觀察的輸入數據(第一級內包括的報價除外)；及
- 第三級輸入數據是資產或負債的不可觀察輸入數據。

主要會計政策載於下文。

綜合基準

綜合財務報表包括本公司及本公司控制實體及其附屬公司的財務報表。控制權在本公司達致下列情況取得：

- 可對投資對象行使權力；
- 因參與投資對象業務而承擔浮動回報的風險或享有權利；及
- 有能力使用其權力影響其回報。

倘有事實及情況顯示上述三項控制權元素的其中一項或以上出現變動，則本集團重新評估其是否擁有投資對象的控制權。

Notes to the consolidated financial statements

綜合財務報表附註

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

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.

3. 重大會計政策(續)

綜合基準(續)

附屬公司於本集團取得有關附屬公司的控制權起開始綜合入賬，並於本集團失去有關附屬公司的控制權時終止。具體而言，年內所收購或出售附屬公司的收入及開支乃自本集團取得控制權的日期起計入綜合損益及其他全面收益報表，直至本集團不再控制有關附屬公司的日期為止。

損益以及其他全面收益的各項目乃歸屬於本公司擁有人及非控股權益。附屬公司的全面收益總額乃歸屬於本公司擁有人及非控股權益，即使此舉將導致非控股權益呈現虧絀結餘。

本集團會於必要時對附屬公司的財務報表作出調整，使其會計政策與本集團所採用的會計政策一致。

本集團成員公司之間交易涉及的所有集團內部資產及負債、權益、收入、費用及現金流量均於綜合賬目時悉數抵銷。

附屬公司的非控股權益與本集團於當中的權益分開呈列，指現時所有權權益，賦予持有人權利於清盤時按比例分佔相關附屬公司資產淨值。

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綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

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

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

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9/HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

3. 重大會計政策(續)

綜合基準(續)

本集團於現有附屬公司的所有權權益的變動

本集團於附屬公司的所有權權益的變動如不導致本集團失去其控制權，將列作權益交易計算。本集團相關權益部分與非控股權益的賬面金額應予調整以反映彼等於附屬公司的相關權益的變動，包括根據本集團與非控股權益彼此間的權益比例重新劃撥本集團與非控股權益之間的相關儲備。

獲調整的非控股權益金額與所支付或收取代價的公允價值之間的任何差額直接於權益確認並歸屬於本公司擁有人。

當本集團失去對一家附屬公司的控制權，有關附屬公司的資產及負債以及非控股權益(如有)均終止確認。有關盈虧計入損益，並以：(i)已收代價公允價值及任何保留權益公允價值總和；及(ii)本公司擁有人應佔附屬公司資產(包括商譽)及負債的賬面值之間差額計算。所有原先在其他全面收益中確認有關該附屬公司的金額，按猶如本集團已直接出售附屬公司相關的資產或負債的方式入賬(即採用適用香港財務報告準則規定/允許，重新分類至損益或轉移至另外一類權益)。在失去控制權當日，任何保留在前附屬公司投資的公允價值被視作其後根據香港財務報告準則第9號/香港會計準則第39號入賬的初步確認公允價值，(如適用)為初步確認於聯營公司或合營企業投資時的成本。

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綜合財務報表附註

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

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 value, except that:

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

3. 重大會計政策(續)

業務合併

業務收購乃採用收購法入賬。於業務合併轉撥的代價按公允價值計量，而計算方法為本集團所轉撥資產、本集團對收購對象原擁有人產生的負債及本集團於交換收購對象的控制權時所發行股權於收購日期的公允價值總和。與收購有關的成本一般於產生時在損益中確認。

於收購日期，所收購可識別資產及所承擔負債按其公允價值確認，惟下列項目除外：

- 遞延稅項資產或負債及與僱員福利安排有關的資產或負債分別根據香港會計準則第12號「所得稅」及香港會計準則第19號「僱員福利」確認及計量；
- 與收購對象以股份支付款項安排或本集團為替代收購對象以股份支付款項安排所訂立以股份支付款項安排有關的負債或權益工具，於收購日期根據香港財務報告準則第2號「以股份支付款項」計量(見下文會計政策)；及
- 根據香港財務報告準則第5號「持有待售的非流動資產及已終止經營業務」劃分為持有待售的資產(或出售組合)根據該項準則計量。

Notes to the consolidated financial statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Business combinations (continued)

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

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

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.

3. 重大會計政策(續)

業務合併(續)

商譽乃以所轉讓代價、任何非控股權益於收購對象中所佔金額及收購方以往於收購對象持有的股權公允價值(如有)的總和超出所收購可識別資產及所承擔的負債於收購日期的淨值的部分計量。倘經過重新評估後，所收購可識別資產及所承擔負債的淨值超出所轉讓代價、任何非控股權益於收購對象中所佔金額以及收購方以往於收購對象持有權益公允價值(如有)的總和，則超出部分即時於損益內確認為議價收購收益。

屬現時擁有的權益且於清盤時持有人有權按比例分佔相關附屬公司資產淨值的非控股權益，初步按非控股權益應佔收購對象可識別資產淨值的已確認金額比例計量。計量基準視乎每項交易而作出選擇。其他類型的非控股權益按其公允價值計量。

倘本集團於業務合併中所轉讓代價包括或然代價安排，或然代價乃按其收購日期的公允價值計量並計入業務合併中所轉讓代價的一部分。或然代價的公允價值變動(如符合計量期間調整資格)可追溯調整。計量期間調整指於「計量期間」(不超過收購日期起計一年)就於收購日期存在的事實及情況獲得額外資料而引致的調整。

Notes to the consolidated financial statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Business combinations (continued)

The subsequent accounting for the contingent consideration that do 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 the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the 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 operating segment.

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

3. 重大會計政策(續)

業務合併(續)

或然代價如不合資格進行計量期間調整，則其後的會計處理取決於或然代價分類方式。分類為權益的或然代價不會於其後呈報日期重新計量，而結算日後結算於權益內入賬。分類為資產或負債的或然代價於其後呈報日期按公允價值重新計量，而相應的盈虧於損益內確認。

商譽

收購業務產生的商譽乃以於收購業務當日釐定的成本(見上述會計政策)減累計減值虧損(如有)列賬。

就減值測試而言，商譽獲分配至預期可受惠於合併協同效應的各現金產生單位(或現金產生組別)，即就內部管理目的監控商譽的最低水平且不大於經營分部。

已獲分配商譽的現金產生單位(或現金產生組別)會每年進行減值測試，或於有跡象顯示單位可能出現減值時更頻繁地進行減值測試。就於報告期間因收購產生的商譽，於該報告期末前該獲分配商譽的現金產生單位(或現金產生組別)會進行減值測試。倘可收回金額少於賬面值，則會先行分配減值虧損以削減任何商譽賬面值，然後以該單位(或現金產生組別)內各資產賬面值為基準，按比例削減其他資產。

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3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Goodwill (continued)

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 policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Investments in associates and joint ventures

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

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

3. 重大會計政策(續)

商譽(續)

於出售相關現金產生單位或現金產生單位組別內的任何現金產生單位，會於釐定出售的損益金額時計入商譽應佔金額。倘本集團出售現金產生單位(或現金產生單位組別內的現金產生單位)的經營時，所出售商譽的金額乃根據所出售的經營(或現金產生單位)與所保留的現金產生單位(或現金產生單位組別)的部分的相對價值計量。

本集團就收購一間聯營公司及一間合營企業所產生商譽的政策詳述如下。

於聯營公司及一間合營企業的權益

聯營公司乃指本集團對其有重大影響力的實體。重大影響指參與接受投資公司的財務及經營政策決定的權力，惟該等權力並非對該等政策的控制或共同控制。

合營企業指一項共同安排，對安排擁有共同控制權的訂約方據此對合營安排資產淨值擁有權利。共同控制是指按照合約約定對某項安排所共有的控制，共同控制僅在相關活動要求共同享有控制權的各方作出一致同意決定時存在。

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3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Investments in associates and joint ventures

(continued)

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

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

3. 重大會計政策(續)

於聯營公司及一間合營企業的權益(續)

聯營公司及合營企業的業績、資產及負債乃以權益法計入綜合財務報表中。用於權益法的聯營公司及合營企業財務報表，使用本集團在類似情況下就類似交易及事件的統一會計政策編製。根據權益法，於一間聯營公司或合營企業的投資在綜合財務狀況報表內按成本初步確認，並於其後作出調整以確認本集團分佔聯營公司或合營企業的損益及其他全面收益。聯營公司／合營企業的資產淨值變動(損益及其他全面收益除外)不予入賬，除非有關變動導致本集團所持的擁有權權益出現變動。倘本集團應佔一間聯營公司或合營企業的虧損超過其於該聯營公司或合營企業的權益(包括實際上構成本集團於該聯營公司或合營企業投資淨額一部分的任何長期權益)，本集團將終止確認其所佔進一步虧損。如有進一步虧損，則只會在本集團承擔法律或推定責任或代該聯營公司或合營企業支付款項的情況下予以確認。

於一間聯營公司或合營企業的投資，會於投資對象成為一間聯營公司或合營企業當日起按權益法入賬。就收購一間聯營公司或合營企業的投資，任何投資成本超過本集團分佔投資對象的可識別資產及負債公平淨值的差額均確認為商譽，並計入投資的賬面值。任何本集團應佔可識別資產及負債的公允價值淨額超出投資成本的部分，經重估後，即時於收購投資期間的損益中確認。

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3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Investments in associates and joint ventures

(continued)

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

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9/HKAS39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associates of joint venture.

3. 重大會計政策(續)

於聯營公司及一間合營企業的權益(續)

本集團評估是否具客觀證據證明於聯營公司及合營企業的權益可能減值。倘存在任何客觀證據，則投資的全部賬面值(包括商譽)會根據香港會計準則第36號作為單一資產進行減值測試，方法為比較其可收回金額(使用價值及公允價值減出售成本的較高者)與其賬面值。所確認的任何減值虧損均形成投資賬面值一部分。該減值虧損的任何撥回根據香港會計準則第36號確認，惟以其後增加的可收回投資金額為限。

倘本集團不再對聯營公司擁有重大影響力或對合營企業擁有共同控制權，即入賬列作出售投資對象的全部權益，所得收益或虧損於損益確認。倘本集團保留於前聯營公司或合營企業的權益且該保留權益屬香港財務報告準則第9號／香港會計準則第39號項下的金融資產，則本集團會於該日按公允價值計量保留權益，而該公允價值被視為初步確認時的公允價值。聯營公司或合營企業的賬面值與任何保留權益及出售聯營公司或合營企業相關權益任何所得款項的公允價值之間的差額，於釐定出售該聯營公司或合營企業的收益或虧損時入賬。此外，倘該聯營公司或合營企業直接出售相關資產或負債，則本集團可能需要按相同基準計入有關該聯營公司或合營企業以往於其他全面收益確認的所有金額。因此，倘聯營公司或合營企業以往於其他全面收益確認的收益或虧損獲重新分類為出售相關資產或負債的損益，則本集團將於出售／局部出售相關聯營公司或合營企業時將收益或虧損自權益重新分類為損益(作為重新分類調整)。

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3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Investments in associates and joint ventures

(continued)

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

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

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

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

3. 重大會計政策(續)

於聯營公司及一間合營企業的權益(續)

倘於聯營公司的投資成為於合營企業的投資，或於合營企業的投資成為於聯營公司的投資，本集團將繼續使用權益法。於該等擁有權權益變動後，將不會重新計量至公允價值。

倘本集團減少其於聯營公司或合營企業的擁有權權益但本集團繼續使用權益法，則本集團於出售有關資產或負債時會將該收益或虧損重新分類至損益的情況下，會將先前就該等擁有權權益減少而在其他全面收益確認的收益或虧損，按比例重新分類至損益。

倘集團實體與本集團的一間聯營公司或合營企業進行交易，與聯營公司或合營企業進行交易產生的損益於本集團的綜合財務報表中確認，惟以於聯營公司或合營企業中權益與本集團無關者為限。

持有待售的非流動資產

倘非流動資產及出售組別將主要透過出售交易而非透過持續使用而收回賬面值，則分類為持有待售。只在資產(或出售組別)可供以現狀即時出售(只受出售有關資產(或出售組別)的慣常條款約束)且極有可能成交時方被視為符合此項條件。管理層必須致力完成出售，預期自分類日期起計一年內符合資格確認為一項已完成銷售交易。

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3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Non-current assets held for sale (continued)

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 financial assets within the scope of HKFRS 9/HKAS 39, investment properties which continue to be measured in accordance with the accounting policies as set out in respective sections.

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 and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

3. 重大會計政策(續)

持有待售的非流動資產(續)

倘本集團致力於一項涉及喪失一間附屬公司控制權的出售計劃，當符合以上準則時，該附屬公司所有資產及負債均分類為持有待售，不論本集團會否於出售後保留該前附屬公司的非控股權益。

倘本集團致力於一項涉及出售於一間聯營公司或合營企業的投資(或其中一部分)的出售計劃，當符合以上準則時，將予出售的有關投資(或其中一部分)分類為持有待售，而本集團由投資(或其中一部分)被分類為持有待售時起不再就分類為持有待售的部分投資使用權益法。

分類為持有待售的非流動資產(及出售組別)按其先前賬面值與公允價值減銷售成本兩者中的較低值計量，惟香港財務報告準則第9號/香港會計準則第39號範圍內的金融資產除外，投資物業繼續根據各節所載會計政策計量。

客戶合約收益(根據附註2的過渡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，本集團於(或當作)履行履約責任時確認收益，即於特定履約責任相關的貨品或服務的「控制權」轉移至客戶時。

履約責任指一項明確貨品及服務(或一批貨品或服務)或一系列大致相同的明確貨品或服務。

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3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

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

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

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

Under HKFRS 15, revenue from the printing of cigarette packages and manufacturing of laminated paper with no alternative use are recognised over time.

Revenue from the sale of RFID products and manufacturing of paper packaging material are recognised at a point in time when the customer obtains control of the distinct goods or service.

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

3. 重大會計政策(續)

客戶合約收益(根據附註2的過渡應用香港財務報告準則第15號後)(續)

控制權隨時間轉移，而倘符合以下其中一項標準，則收益乃參照履行相關履約責任的進度隨時間確認：

- 客戶於本集團履約時同時取得並耗用本集團履約所提供的利益；
- 本集團的履約創建及加強客戶於本集團履約時控制的資產；或
- 本集團的履約並未產生對本集團有替代用途的資產，且本集團有強制執行權以收取迄今已履約部分的款項。

根據香港財務報告準則第15號，並無替代用途的印刷香煙包裝及製造複合紙的收益隨時間確認。

銷售射頻識別產品及製造紙包裝材料的收益於客戶獲得明確貨品或服務的控制權時確認。

合約資產指本集團就換取本集團已轉移至客戶的貨品或服務而收取代價的權利(尚非無條件)，相關減值根據香港財務報告準則第9號予以評估。相反，應收款項指本集團無條件收取代價的權利，即只需經過一段時間即到期支付有關代價。

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綜合財務報表附註

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

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

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Revenue recognition (prior to 1 January 2018)

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

3. 重大會計政策(續)

客戶合約收益(根據附註2的過渡應用香港財務報告準則第15號後)(續)

合約負債指本集團將貨品或服務轉移至客戶的責任，本集團就此自客戶收取代價(或應收代價金額)。

與一份合約有關的合約資產及負債按淨額基準入賬及呈列。

隨時間確認收益：計量完全履行履約責任的進度

投入法

完全履行履約責任的進度乃根據輸入法計量，即根據本集團為履行履約責任所作付出或投入(相對預期對履行有關履約責任的總投入)確認收益，有關方法最能反映本集團於轉移貨品或服務控制權方面的履約情況。

收益確認(於二零一八年一月一日前)

收益按已收或應收代價的公允價值計量。收益已就估計客戶退貨、回扣及其他類似津貼作出扣減。

誠如下文所述，收益於收益金額能夠可靠計量；未來經濟利益很可能流入本集團及本集團各活動的特定標準均已達成時確認。

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3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Revenue recognition (prior to 1 January 2018)

(continued)

Revenue from the sale of cigarette packages and manufacture of laminated papers is recognised when goods are delivered and titles have passed. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

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. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset. Such costs are recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

3. 重大會計政策(續)

收益確認(於二零一八年一月一日前) (續)

銷售香煙包裝及製造複合紙的收益在貨品付運及其所有權轉移時確認。符合上述收益確認標準前來自買家的訂金及分期付款計入綜合財務狀況報表項下流動負債。

本集團確認來自經營租賃收益的會計政策，於下文有關租賃的會計政策中詳述。

租賃

凡租賃條款將擁有權絕大部分風險及回報轉移至承租人的租賃均分類為融資租賃。所有其他租賃分類為經營租賃。

本集團作為出租人

來自經營租賃的租金收入於相關租期內按直線法確認。磋商及安排經營租賃時產生的初步直接成本加入已租賃資產的賬面值。有關成本於租期內按直線法確認為開支。

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的土地的成本)於租期內以直線法確認為開支。

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3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Leasing (continued)

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant 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 payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under 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 the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are date.

3. 重大會計政策(續)

租賃(續)

租賃土地及樓宇

當本集團就包括土地及樓宇部分的物業權益付款時，本集團根據對附於各部分所有權的絕大部分風險及回報是否已轉移本集團的評估，分別按融資或經營租賃評定各部分的分類。除非土地及樓宇部分均明確為經營租賃，於此情況下整項物業分類為經營租賃。具體而言，全數代價(包括任何一筆過預付款項)於初步確認時，按租賃土地部分及樓宇部分中的租賃權益相對公允價值比例，於土地與樓宇部分間分配。

倘能可靠分配相關租賃款項，作為經營租賃入賬的租賃土地權益於綜合財務狀況報表內呈列為「預付租賃款項」並按直線法於租賃期內攤銷。倘無法在租賃土地部分與樓宇部分之間可靠分配支付的款項，則整項物業整體分類為融資租賃項下的租賃土地。

外幣換算

在編製個別集團實體的財務報表時，以相關功能貨幣以外的貨幣(外幣)所進行交易乃按交易日期的通行匯率入賬。於各報告期末，以外幣為單位的貨幣項目均按該日通行的匯率重新換算。以外幣歷史成本釐定的非貨幣項目則不會重新換算。

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綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Foreign currencies (continued)

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.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences resulting from translation to the Company's functional currency, RMB, 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 disposal of an operation that does not satisfy foreign operation, all of the exchange differences, resulting from the translation to the Group's presentation currency, accumulated in equity in respect of that operation attributable to the owners of the Company are not reclassified in profit or loss.

3. 重大會計政策(續)

外幣換算(續)

因結算及重新換算貨幣項目而產生的匯兌差額於其產生期間在損益確認。

就呈列綜合財務報表而言，本集團業務的資產及負債均使用各報告期末的通行匯率換算為本集團的呈列貨幣(即港元)。收入及支出項目則按年內的平均匯率換算，惟若匯率於該期內大幅波動除外，在此情況下，則以交易日期的通行匯率換算。所產生的匯兌差額(如有)於其他全面收益確認並於匯兌儲備項下以權益累計(倘合適，歸屬於非控股權益)。

當出售境外業務時(即出售本集團境外業務全部權益，或涉及失去附屬公司控制權且包括境外業務的出售或出售聯合安排或包括保留權益為金融資產的境外業務的聯營公司部分權益)，就本公司擁有人應佔該業務而於權益累計的換算至本公司功能貨幣人民幣產生的所有匯兌差額重新分類至損益。

此外，就出售不符合境外業務資格的業務而言，就本公司擁有人應佔該業務而於權益累計的換算至本集團呈列貨幣產生的所有匯兌差額均不會於損益重新分類。

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綜合財務報表附註

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

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.

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 are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme and other state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

3. 重大會計政策(續)

借貸成本

借貸成本可直接分配至購買、建造或生產合資格資產(為須耗用大量時間以達至其擬定用途或可供出售的資產)，其可加入該等資產的成本，直至資產大致上可準備投入作擬訂用途或出售。

所有其他借貸成本均於其產生期間在損益確認。

政府補助金

在合理地保證本集團會遵守政府補助的附帶條件以及將會得到補助金後，政府補助金方會予以確認。

政府補助金乃於本集團確認相關成本(補助金擬用以補償該成本)為開支期間內，以系統基準於損益中確認。具體而言，該政府補助金首要條款是本集團應購買、建造或以其他方式獲得非流動資產，其於綜合財務狀況表中確認為遞延收入，並於相關資產的可使用年期按有系統及合理基準轉撥至損益。

作為已產生開支或虧損的補償或向本集團提供即時財務資助(並無日後相關成本)而可收取的政府補助金，乃於其成為可收取的期間於損益中確認。

退休福利成本

對強制性公積金計劃及其他國家所管理退休福利計劃的供款，在僱員提供服務從而享有供款時予以確認。

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3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

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 costs of asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. 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 tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of 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.

3. 重大會計政策(續)

短期僱員福利

短期僱員福利乃按預期於僱員提供服務時支付的未折現福利金額確認。所有短期僱員福利確認為開支，惟香港財務報告準則要求或允許將該福利計入資產成本除外。

於扣除任何已付金額後，就僱員的累計福利(如工資及薪金、年假及病假)確認負債。

稅項

所得稅開支指即期應付稅項及遞延稅項的總和。

即期應付稅項乃按年內應課稅溢利計算。應課稅溢利與除稅前溢利因其他年度的應課稅或應扣減的收入或開支項目及從未課稅及可扣減的項目而有所不同。本集團的即期稅項負債乃按已於報告期末頒佈或實質頒佈的稅率計算。

遞延稅項乃按綜合財務報表內資產及負債的賬面值與計算應課稅溢利所採用相應稅基之間的暫時差異確認。遞延稅項負債一般就所有應課稅暫時差異確認。遞延稅項資產一般就所有可扣減暫時差異確認，惟以該等可扣減暫時差異有可能用於抵銷應課稅溢利為限。若於一項交易中，因初步確認(業務合併除外)資產及負債而引致的暫時差異並不影響應課稅溢利或會計盈利，則不予確認該等資產及負債。此外，倘初步確認商譽所產生暫時差異，則不會確認遞延稅項負債。

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3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

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.

3. 重大會計政策(續)

稅項(續)

遞延稅項負債乃就與對附屬公司及聯營公司的投資有關的應課稅暫時差異予以確認，惟倘本集團可控制暫時差異的撥回，以及暫時差異在可見將來可能將不會撥回，則不予確認。與該等投資及權益有關的可扣稅暫時差異產生的遞延稅項資產，僅於可能將有充足的應課稅溢利以使用暫時差異的利益，以及預期於可見將來可撥回時，方予確認。

遞延稅項資產的賬面值在各報告期末檢討，並於並無足夠應課稅溢利可用以撥回所有或部分遞延稅項資產時作出相應扣減。

遞延稅項資產和負債，以報告期末已執行或實質上已執行的稅率(和稅法)為基礎，按預期清償該負債或實現該資產當期的稅率計量。

遞延稅項負債和資產的計量，應反映本集團在報告期末預期收回或清償其資產和負債賬面金額的方式所導致的稅務後果。

倘有法定可執行權利將即期稅項資產及即期稅項負債抵銷，且彼等為同一稅務機構徵收的所得稅，以及本集團擬按淨額基準結算即期稅項資產及負債，遞延稅項資產與負債則互相抵銷。

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3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Taxation (continued)

Current and deferred tax is recognised in profit or loss, except when it relates 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.

Property, plant and equipment

Property, plant and equipment including buildings in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below), are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and 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 construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. 重大會計政策(續)

稅項(續)

即期及遞延稅項於損益確認，惟當其與於其他全面收益確認或直接於權益確認的項目相關(於該情況下，即期及遞延稅項亦分別於其他全面收益確認或直接於權益確認)時除外。倘即期稅項或遞延稅項自業務合併的首次確認中產生，其稅務影響將計入業務合併的會計處理中。

物業、廠房及設備

物業、廠房及設備(包括持作用於生產或供應貨品或服務或作行政用途(下文所述在建工程除外)的樓宇)乃按成本減其後累計折舊及累計減值虧損(如有)於綜合財務狀況報表列賬。

正在興建以作生產、供應或行政用途的物業，會按成本減任何已確認減值虧損列賬。成本包括專業費用及(就合資格資產而言)根據本集團會計政策撥充資本的借貸成本。該等物業於完成及可用於擬定用途時分類至適當類別的物業、廠房及設備。倘該等資產可用於擬定用途，則按與其他物業資產相同的基準開始折舊。

折舊以直線法按資產(除在建工程外)於估計可使用年期撇銷項目成本減剩餘價值確認。估計可使用年期、剩餘價值及折舊方法於各報告期末審閱，而任何估計變動的影響按前瞻基準入賬。

Notes to the consolidated financial statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Property, plant and equipment (continued)

If an owner-occupied property becomes an investment property because its use has changed as evidenced by end of owner-occupation, the cost and accumulated depreciation of that item at the date of transfer are transferred to investment property for subsequent measurement and disclosure purposes.

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 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).

3. 重大會計政策(續)

物業、廠房及設備(續)

倘自用物業獲證實終止其自用用途而變為投資物業，該項目於轉撥當日的成本及累計折舊將轉撥至投資物業，以作後續計量及披露目的之用。

物業、廠房及設備項目乃於出售或當預期不會因持續使用該資產而產生未來經濟利益時終止確認。出售或停止使用物業、廠房及設備項目所產生任何收益或虧損，按資產的出售所得款項與其賬面值的差額計算於損益確認。

供日後業主佔用的發展中樓宇

當用作生產或行政用途的發展中樓宇，於建築期間預付租賃款項的攤銷將計入為在建中樓宇成本的一部分。在建樓宇按成本列賬，減任何已識別減值虧損。當樓宇可供使用(即樓宇的地點及狀況已達致管理層擬定的經營方式)時開始計算折舊。

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綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purpose).

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

If an item of investment property becomes owner-occupied property because its use has changed as evidenced by commencement of owner-occupation, the cost and accumulated depreciation of that item at the date of transfer are transferred to property, plant and equipment for subsequent measurement and disclosure purposes.

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 profit or loss in the period in which the property is derecognised.

3. 重大會計政策(續)

投資物業

投資物業為持作賺取租金及／或資本升值的物業，包括就有關用途興建中物業。

投資物業初步按成本(包括任何直接應佔開支)計量。於首次確認後，投資物業乃按成本減隨後累計折舊及任何累計減值虧損列賬。折舊獲確認以按估計可使用年期並計及其估計剩餘價值後，以直線法撇銷投資物業成本。

在建投資物業產生的建築成本撥充資本為在建投資物業賬面值的一部分。

倘投資物業獲證實開始其自用用途而變為自用物業，該項目於轉撥當日的成本及累計折舊將轉撥至物業、廠房及設備，以作後續計量及披露目的之用。

當投資物業被出售或永久不再使用，而有關出售預期不會產生任何未來經濟利益時，投資物業將被終止確認。終止確認物業所得任何收益或虧損(即資產出售所得款項淨額與其賬面值的差額)於終止確認該物業期間計入損益。

Notes to the consolidated financial statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. 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.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. 重大會計政策(續)

無形資產

個別收購的無形資產

個別收購而可使用年期有限的無形資產，按成本減累計攤銷及任何累計減值虧損列賬。可使用年期有限的無形資產的攤銷於估計可使用年期以直線基準確認。估計可使用年期和攤銷方法會在各報告期末檢討，任何估計變動影響按前瞻基準列賬。個別收購可使用年期無限的無形資產，按成本減任何其他累計減值虧損列賬。

業務合併中收購的無形資產

業務合併中收購的無形資產獨立確認，有別於商譽，初步按收購日期的公允價值(被視為其成本)確認。

初步確認後，業務合併中收購而使用年期有限的無形資產按成本減累計攤銷及任何累計減值虧損列賬。其計量基準與個別收購的無形資產相同。

無形資產於出售或當預期使用或出售不會產生任何未來經濟利益時終止確認。終止確認無形資產所產生盈虧按出售所得款項淨額與資產賬面值之間的差額計量，並於終止確認資產時在損益確認。

Notes to the consolidated financial statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Intangible assets (continued)

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

3. 重大會計政策(續)

無形資產(續)

研發開支

研究活動的支出於產生期間確認為開支。

因開發活動(或內部項目開發階段)而從內部產生的無形資產僅會在符合以下所有條件時方予以確認：

- 完成無形資產使其可供使用或銷售的技術可行性；
- 完成無形資產使其可供使用或銷售的意向；
- 使用或銷售無形資產的能力；
- 無形資產如何產生未來經濟利益；
- 具有足夠技術、財務及其他資源以完成其開發，並使用及銷售無形資產；及
- 能夠可靠計量開發無形資產時的應佔開支。

就內部產生無形資產初步確認的金額為無形資產首次符合上述確認條件當日起所產生的開支總和。倘並無內部產生的無形資產可予確認，開發開支會於產生期間在損益中確認。

初步確認後，內部產生的無形資產乃按成本減累計攤銷及累計減值虧損(如有)，並按與已個別收購的無形資產相同的基準分開計量。

Notes to the consolidated financial statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount of an 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.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

3. 重大會計政策(續)

有形及無形資產的減值(商譽除外, 見上文有關商譽的會計政策)

本集團於報告期末審閱具有有限可使用年期的有形及無形資產的賬面值, 以釐定該等資產是否存在減值跡象。如有任何該等跡象, 則會估計有關資產的可收回金額, 以釐定減值虧損(如有)的程度。

估計個別有形及無形資產的可收回金額, 倘不大可能估計個別資產的可收回金額, 則本集團會估計有關資產所屬現金產生單位的可收回金額。倘可確定合理及一致的分配基準, 企業資產可分配至個別現金產生單位, 否則, 則將企業資產分配至能確定合理及一致的分配基準的最小組別現金產生單位。

可收回金額為公允價值減出售成本與使用價值之間的較高者。於評估使用價值時, 估計未來現金流量會採用反映現時市場對貨幣時間價值及資產(或現金產生單位)特定風險的評值的稅前折現率, 折現至其現有價值, 及並無就此對未來現金流的估計予以調整。

Notes to the consolidated financial statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) (continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairments loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a 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. Cost 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.

3. 重大會計政策(續)

有形及無形資產的減值(商譽除外, 見上文有關商譽的會計政策)(續)

倘資產(或現金產生單位)的可收回金額估計少於其賬面值, 資產(或現金產生單位)的賬面值乃調低至其可收回金額。於分配減值虧損時, 減值虧損將首先被分配以削減任何商譽的賬面值(倘適用), 其後根據單位內各項資產的賬面值按比例分配至其他資產。資產的賬面值不會削減至低於其公允價值減出售成本(倘可計量)、其使用價值(倘可釐定)及零(以最高者為準)。分配至資產的減值虧損數額按單位的其他資產比例分配。減值虧損即時於損益確認。

倘減值虧損其後撥回, 則該資產(或現金產生單位)的賬面值將增加至其經修訂的估計可收回金額, 惟所增加後的賬面值不得超過倘於過往年度並無就該資產(或現金產生單位)確認減值虧損而釐定的賬面值。所撥回的減值虧損即時於損益確認。

存貨

存貨按成本與可變現淨值兩者的較低者入賬。存貨成本按加權平均法計算。可變現淨值代表存貨的估計售價減去所有估計完工成本及成功出售所需成本。

Notes to the consolidated financial statements

綜合財務報表附註

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

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 purchase 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.

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 and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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.

3. 重大會計政策(續)

金融工具

金融資產及金融負債乃當集團實體成為工具合約條文的訂約方時確認。所有循正規途徑購買或銷售的金融資產乃按交易日期基準確認及終止確認。循正規途徑購買或銷售乃要求於市場法規或慣例所確定的時限內交付資產的金融資產購買或銷售。

金融資產及金融負債初步按公允價值計量，惟自二零一八年一月一日起初始根據香港財務報告準則第15號計量的自客戶合約產生的貿易應收款項除外。於初步確認時，收購或發行金融資產及金融負債而直接應佔的交易成本(按公允價值計入損益的金融資產及金融負債除外)會按適用情況加入或扣減自該等金融資產或金融負債的公允價值。直接自收購按公允價值計入損益的金融資產或金融負債產生的交易成本即時於損益中確認。

實際利息法乃計算金融資產或金融負債的攤銷成本以及分攤有限期間的利息收入或利息開支的方法。實際利率乃按金融資產或負債的預計年期或適用的較短期間內準確貼現估計未來現金收入或付款的利率(包括構成實際利率整體部分的所有已付或已收費用及基點、交易成本及其他溢價或折讓)。

Notes to the consolidated financial statements

綜合財務報表附註

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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 accordance with 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 financial assets at fair value through profit or loss ("FVTPL").

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. 重大會計政策(續)

金融工具(續)

金融資產

金融資產的分類及其後計量(根據附註2的過渡應用香港財務報告準則第9號後)

符合下列條件的金融資產其後按攤銷成本計量:

- 以收取合約現金流量為目標的業務模式內持有的金融資產; 及
- 合約條款規定於指定日期產生的現金流量, 僅作為對本金及尚未清償本金的利息的付款。

符合下列條件的金融資產其後按公允價值計入其他全面收益計量:

- 以收取合約現金流量及出售為目標的業務模式內持有的金融資產; 及
- 合約條款規定於指定日期產生的現金流量, 僅作為對本金及尚未清償本金的利息的付款。

所有其他金融資產其後按公允價值計入損益(「按公允價值計入損益」)計量。

倘符合下列條件, 金融資產分類為持作買賣用途:

- 主要為於短期內出售而購入; 或
- 於初始確認時屬於本集團集合管理的已識別金融工具投資組合的一部分, 且最近確有短期獲利回吐的表現; 或
- 並非指定而實際上屬於對沖工具的衍生工具。

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綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, 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. 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 assets is no longer credit impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income (“FVTOCI”) or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of the reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Dividend income from investments is recognised when the shareholders’ rights to receive payment have been established.

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 assets to that asset’s net carrying amount on initial recognition.

3. 重大會計政策(續)

金融工具(續)

金融資產(續)

攤銷成本及利息收入

其後按攤銷成本計量的金融資產乃使用實際利息法予以確認。就購買或原定信貸減值金融資產以外的金融工具而言，利息收入乃對一項金融資產賬面總值應用實際利率予以計算，惟其後出現信貸減值的金融資產除外。就其後信貸減值的金融資產而言，自下一報告期起，利息收入乃對金融資產攤銷成本應用實際利率予以確認。倘信貸減值金融工具的信貸風險好轉，使金融資產不再出現信貸減值，於釐定資產不再出現信貸減值後，自報告期開始起利息收入乃對金融資產賬面總值應用實際利率予以確認。

按公允價值計入損益的金融資產

不符合按攤銷成本或按公允價值計入其他全面收益(「按公允價值計入其他全面收益」)計量標準的金融資產均按公允價值計入損益計量。

按公允價值計入損益的金融資產於各報告期末按公允價值計量，而任何公允價值收益或虧損則於損益確認。於損益確認的收益或虧損淨額不包括就金融資產所賺取的任何股息或利息，並計入「其他收益及虧損」項目。

來自投資的股息收入於股東收取付款的權利確立時確認。

利息收入乃參照未償還本金及適用實際利率，按時間基準累計，有關利率乃按金融資產預計年期估計未來所收取現金實際折現至該資產於初步確認的賬面淨值。

Notes to the consolidated financial statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of 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 receivables, other receivables and refundable deposits, pledged bank deposits and bank balances) and contract assets. 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, 12-month 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 and contract assets. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings basing on internal credit ratings after considering historical default records, aging and length of customer relationship.

For all other instruments, the Group measures the loss allowance equal to 12-month 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.

3. 重大會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(根據附註2的過渡應用香港財務報告準則第9號後)

本集團根據香港財務報告準則第9號就發生減值的金融資產(包括貿易應收款項、其他應收款項及可退還訂金、已抵押銀行存款以及銀行結餘)及合約資產確認預期信貸虧損的虧損撥備。預期信貸虧損的金額於各報告日期更新，以反映自初步確認後信貸風險的變化。

全期預期信貸虧損指相關工具的預計年期內所有可能違約事件將產生的預期信貸虧損。相反，12個月預期信貸虧損指預期於報告日期後12個月內可能發生的違約事件導致的部分全期預期信貸虧損。評估乃根據本集團過往信貸虧損經驗進行，並就債務人特有的因素、整體經濟狀況以及對報告日期的當前狀況及未來狀況預測的評估作出調整。

本集團始終就貿易應收款項及合約資產確認全期預期信貸虧損。該等資產的預期信貸虧損乃經考慮過往違約記錄、賬齡及與客戶關係時長後，就其重大結餘的債務人進行個別評估及/或採用具合適信貸風險組別的撥備矩陣進行整體評估。

針對所有其他工具，本集團計量相等於12個月預期信貸虧損的虧損撥備，除非信貸風險自初始確認以來顯著增加，則本集團確認全期預期信貸虧損。評估應否確認全期預期信貸虧損乃基於自初始確認以來發生違約的可能性或風險有否顯著增加。

Notes to the consolidated financial statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of 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;
- an actual or expected significant deterioration in the operating results of the debtor;

3. 重大會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(根據附註2的過渡應用香港財務報告準則第9號後)(續)

(i) 信貸風險顯著增加

評估信貸風險自初始確認以來有否顯著增加時，本集團將金融工具於報告日期發生的違約風險與該金融工具於初始確認日期發生的違約風險作比較。進行是項評估時，本集團會考慮合理可靠的定量及定性資料，包括過往經驗及毋須付出不必要成本或努力即可獲得的前瞻性資料。

特別是，在評估信貸風險有否顯著增加時會考慮以下資料：

- 金融工具的外部(如有)或內部信貸評級的實際或預期顯著惡化；
- 外部市場信貸風險指標的顯著惡化，如信貸利差大幅增加，債務人的信貸違約掉期價格；
- 預計將導致債務人償還其債務責任的能力大幅下降的業務、財務或經濟狀況的現有或預測不利變化；
- 債務人經營業績的實際或預期顯著惡化；

Notes to the consolidated financial statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 2)
(continued)

- (i) Significant increase in credit risk
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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.

- (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 assets is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. 重大會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(根據附註2的過渡應用香港財務報告準則第9號後)(續)

- (i) 信貸風險顯著增加
- 導致債務人償還其債務責任的能力大幅下降的債務人監管、經濟或技術環境的實際或預期重大不利變化。

不論上述評估的結果，本集團認為，倘合約付款逾期超過30日，即表示信貸風險自初始確認以來已顯著增加，除非本集團有合理可靠的資料可作證明。

本集團定期監察識別信貸風險是否大幅增加所用標準的成效，並修訂標準(如適當)確保能夠在款項逾期前識別信貸風險的大幅增加。

- (ii) 違約的定義
- 就內部信貸風險管理而言，本集團認為，違約事件在內部制訂或得自外界來源的資料顯示債務人不大可能悉數向債權人(包括本集團)還款(未計及本集團所持任何抵押品)時發生。

不論上文為何，倘金融資產已逾期超過90日，則本集團認為已發生違約，除非本集團有合理及可靠資料證明較寬鬆的違約標準更為適用則當別論。

Notes to the consolidated financial statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of 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.

3. 重大會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(根據附註2的過渡應用香港財務報告準則第9號後)(續)

(iii) 信貸減值金融資產

金融資產在一項或以上違約事件(對該金融資產估計未來現金流量構成不利影響)發生時維持信貸減值。金融資產維持信貸減值的證據包括有關下列事件的可觀察數據:

- (a) 發行人或借款人出現重大財困;
- (b) 違反合約(如違約或逾期事件);
- (c) 借款人的貸款人因有關借款人財困的經濟或合約理由而向借款人批出貸款人不會另行考慮的優惠;
- (d) 借款人將可能陷入破產或其他財務重組;或
- (e) 金融資產因財政困難而於活躍市場消失。

Notes to the consolidated financial statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 2)
(continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised 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 all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

3. 重大會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(根據附註2的過渡應用香港財務報告準則第9號後)(續)

(iv) 撇銷政策

資料顯示交易對手處於嚴重財困及無實際收回可能時(例如交易對手被清盤或已進入破產程序時),本集團則撇銷金融資產。經考慮法律意見後(倘合適),遭撇銷的金融資產可能仍須按本集團收回程序進行強制執行活動。撇銷構成取消確認事項。任何其後收回在損益中確認。

(v) 預期信貸虧損的計量及確認

預期信貸虧損的計量為違約概率、違約虧損率(即發生違約時的虧損程度)及違約風險的函數。違約概率及違約虧損率的評估乃基於經前瞻性資料調整的歷史數據作出。預期信貸虧損的預估乃無偏概率加權平均金額,以各自發生違約的風險為權重確定。

一般而言,預期信貸損失為根據合約應付本集團的所有合約現金流量與本集團預期收取的所有現金流量之間的差額,按初步確認時釐定的實際利率貼現。

Notes to the consolidated financial statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of 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 below basis:

- Nature of financial instruments (i.e. the Group's trade receivables and contract assets are assessed as a separate group. Other financial assets are assessed for expected credit losses on an individual basis);
- Aging and past-due status;
- Nature, size and industry of debtors; and
- Length of customer relationship.

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.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

3. 重大會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(根據附註2的過渡應用香港財務報告準則第9號後)(續)

(v) 預期信貸虧損的計量及確認(續)
按集體基準計量或迎合個別工具水平證據未必存在的情況，則金融工具按以下基準歸類：

- 金融工具性質(即本集團的貿易應收款項及合約資產各自評為獨立組別。其他金融資產按個別基準評估預期信貸虧損)；
- 賬齡及逾期情況；
- 債務人的性質、規模及行業；及
- 客戶關係年期。

歸類工作經管理層定期檢討，確保各組別成份繼續分擔類似信貸風險特性。

利息收入乃根據金融資產的賬面總額計算，除非金融資產發生信貸減值，在此情況下，利息收入根據金融資產的攤銷成本計算。

本集團藉調整所有金融工具的賬面值於損益確認減值收益或虧損，惟貿易應收款項及合約資產則透過損失撥備賬確認相應調整。

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綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018)

Financial assets are classified into the following specified categories: financial assets at FVTPL and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

- (i) Financial asset at FVTPL
Financial assets are classified as at FVTPL when the financial assets is (i) held for trading or (ii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. 重大會計政策(續)

金融工具(續)

金融資產(續)

金融資產的分類及其後計量(於二零一八年一月一日應用香港財務報告準則第9號前)

金融資產分類為以下特定類別：按公允價值計入損益的金融資產以及貸款及應收款項。分類視乎金融資產的性質及目的而定，並於初步確認時釐定。

- (i) 按公允價值計入損益的金融資產
倘金融資產乃(i)持有作買賣或(ii)指定為按公允價值計入損益，則分類為按公允價值計入損益。

倘符合下列條件，金融資產分類為持作買賣用途：

- 主要為於短期內出售而購入；或
- 於初始確認時屬於本集團集合管理的已識別金融工具投資組合的一部分，且最近確有短期獲利回吐的表現；或
- 並非指定而實際上屬於對沖工具的衍生工具。

Notes to the consolidated financial statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018) (continued)

(i) Financial asset at FVTPL (continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 "Financial Instruments: Recognition and Measurement" permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the "other gains and losses" line item. Fair value is determined in the manner described in note 42.

3. 重大會計政策(續)

金融工具(續)

金融資產(續)

金融資產的分類及其後計量(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)

(i) 按公允價值計入損益的金融資產(續)

倘符合下列條件，金融資產(持作買賣的金融資產除外)可於初始確認時指定為按公允價值計入損益：

- 此指定分類消除或大幅減少在計量或確認上出現不一致的情況；或
- 該金融資產屬於一組根據本集團明文規定的風險管理或投資策略加以管理及按公允價值基準衡量表現的金融資產或金融負債(或兩者兼備)的一部分，而有關如何歸類的資料乃按此基準在內部提供；或
- 屬於一份包含一項或多項嵌入式衍生工具的合約一部分，而香港會計準則第39號「金融工具：確認及計量」容許整份合併合約(資產或負債)指定為按公允價值計入損益。

按公允價值計入損益的金融資產按公允價值列賬，因重新計量而出現的任何收益或虧損均於損益確認。於損益確認的收益或虧損淨額包括就有關金融資產賺獲的任何股息或利息，並列入其他收益及虧損項目。公允價值乃按附註42的方式釐定。

Notes to the consolidated financial statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018) (continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables and refundable deposits, amount due from a related party, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy in respect of impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3. 重大會計政策(續)

金融工具(續)

金融資產(續)

金融資產的分類及其後計量(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)

(ii) 貸款及應收款項

貸款及應收款項為附帶固定或可釐定付款的非衍生金融資產，而其在活躍市場並無報價。於初步確認後，貸款及應收款項(包括貿易應收款項、其他應收款項及可退還訂金、應收一名關連方款項、已抵押銀行存款以及銀行結餘及現金)採用實際利率法按攤銷成本計量，扣除任何減值(見下文有關貸款及應收款項減值虧損的會計政策)。

利息收入乃使用實際利率確認，惟短期應收款項除外，其利息確認並不重大。

Notes to the consolidated financial statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (before application of HKFRS 9 on 1 January 2018)

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

3. 重大會計政策(續)

金融工具(續)

金融資產(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(除按公允價值計入損益的金融資產外)於各報告期末評估是否有減值跡象。倘有客觀證據證明，初步確認金融資產後發生的一項或多項事件令金融資產的估計未來現金流量受到影響，則金融資產被視為已減值。

就所有其他金融資產而言，減值的客觀證據可包括：

- 發行人或對手方遇到嚴重財政困難；或
- 違反合約，如逾期或拖欠利息或本金還款；或
- 借款人有可能破產或進行財務重組。

應收款項組合的客觀減值證據可包括本集團的過往收款經驗、超逾平均信貸期九十天的延遲還款次數增加，以及與應收款項逾期有關的全國或地方經濟狀況明顯改變。

就按攤銷成本列賬的金融資產而言，減值虧損金額按資產賬面值與估計未來現金流的現值(以金融資產的原有實際利率折現)間的差額確認。

Notes to the consolidated financial statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (before application of HKFRS 9 on 1 January 2018) (continued)

The carrying amount of loans and receivables is reduced by the impairment loss directly for all loans and receivables 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 trade receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets carried 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 was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3. 重大會計政策(續)

金融工具(續)

金融資產(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)

就所有貸款及應收款項而言，貸款及應收款項的賬面值直接按減值虧損減少，惟貿易應收款項除外，其賬面值乃透過使用撥備賬目而減少。撥備賬目的賬面值變動於損益內確認。倘貿易應收款項被視為無法收回，則於撥備賬目撇銷。其後收回過往撇銷的款項計入損益內。

就按攤銷成本列賬的金融資產而言，倘於往後期間，減值虧損金額減少，而該減少客觀地與確認減值後發生的事件有關，則先前確認的減值虧損透過損益撥回，惟該資產於撥回減值日期的賬面值不得超過在並無確認減值的情況下應有的攤銷成本。

終止確認金融資產

本集團僅在收取資產現金流量的已訂約權利屆滿，或將金融資產及該資產所有權的絕大部分風險及回報轉讓予另一實體的情況下方始終止確認一項金融資產。

於終止確認按攤銷成本列賬的金融資產時，資產賬面值與已收及應收代價之間的差額於損益確認。

Notes to the consolidated financial statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified either as 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 an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is contingent consideration that may be paid by the Group as part of a business combination to which HKFRS 3 applies.

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables, purchase consideration payable for acquisition at amortised cost, amounts due to non-controlling interests of subsidiaries, bank borrowings and bank overdrafts are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liability 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.

3. 重大會計政策(續)

金融工具(續)

金融負債及權益工具

分類為債務或權益

債務及權益工具乃根據所簽訂合約安排的性質與金融負債及權益工具的定义分類為金融負債或權益。

權益工具

權益工具乃證明本集團於扣減所有負債後的資產中擁有剩餘權益的任何合約。本公司所發行的權益工具按已收所得款項減直接發行成本確認。

金融負債

所有金融負債其後採用實際利率法或按公允價值計入損益按攤銷成本計量。

按公允價值計入損益的金融負債

倘金融負債屬於本集團可能就香港財務報告準則第3號適用的業務合併支付的或然代價，則分類為按公允價值計入損益。

按攤銷成本的金融負債

金融負債包括貿易應付款項、其他應付款項、按攤銷成本的收購事項應付購買代價、應付附屬公司非控股權益款項、銀行借貸及銀行透支，該等款項其後將使用實際利率法按攤銷成本計量。

終止確認金融負債

本集團僅在其責任解除、註銷或屆滿時方始終止確認金融負債。金融負債的賬面值與已付及應付代價間的差額於損益內確認。

Notes to the consolidated financial statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

3. 重大會計政策(續)

金融工具(續)

撥備

倘本集團因過往事件而承擔現有責任(法定或推定)，而本集團可能須履清償該責任及可對該責任金額作出可靠估計時，則確認撥備。

確認為撥備的金額為，經計及該責任的風險及不明朗因素後，於報告期末清償現有責任所需代價的最佳估計。

4. 重大會計判斷及估計不明朗因素的主要來源

於應用附註3所述本集團會計政策時，本公司董事須就資產和負債賬面值作出判斷、估計及假設，該等資料無法從其他渠道可靠取得。該等估計及相關假設乃基於過往經驗及其他被視為相關的因素而作出，實際結果或會有別於該等估計。

有關估計及相關假設須持續檢討。倘會計估計的修訂僅影響作出修訂的期間，則有關修訂會在該期間確認，而倘修訂對現時及未來期間均有影響，則須在作出修訂的期間及未來期間確認。

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綜合財務報表附註

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgements in applying accounting judgments

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition from sales of products with no alternative use over time

Under HKFRS 15, control is transferred over time when 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. Significant judgment is required in determining whether the terms of the Group's contracts with customers in relation to printing of cigarette packages and manufacturing of laminated papers with no alternative use create an enforceable right to payment. The Group has considered the relevant local laws that apply to those relevant contracts and opinion from external legal counsel. Based on the assessment of the Group's management, the relevant sales contracts create an enforceable right to payment after taking into consideration the legal opinion, contract laws and the legal and regulatory environment in the PRC. Accordingly, contracts relating to printing of cigarette packages and manufacturing of laminated papers with no alternative use is considered to be performance obligation satisfied over time.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each 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.

4. 重大會計判斷及估計不明朗因素的主要來源(續)

應用會計政策的關鍵判斷

除涉及估計(見下方)外,下述為本公司董事於應用本集團的會計政策過程中作出且對在綜合財務報表內所確認金額有最重大影響的重要判斷。

隨時間確認銷售並無替代用途的貨物的收益

根據香港財務報告準則第15號,倘本集團的履約並未產生對本集團有替代用途的資產,且本集團有強制執行權以收取迄今已履約部分的款項,則控制權隨時間轉移。釐定本集團有關印刷香煙包裝及製造複合紙的客戶合約條款是否並無創造強制付款權的其他用途時須作出重大判斷。本集團已考慮適用於相關合約的相關當地法律及外部法律顧問的意見。根據本集團管理層的評估,考慮到法律意見、合約法以及中國法律及監管環境等指標後,相關銷售合約為本集團創造強制付款權。因此,與並無替代用途的印刷香煙包裝及製造複合紙有關的合約被視為隨時間達成的履約責任。

估計不明朗因素的主要來源

以下為報告期末有關未來的主要假設及其他估計不明朗因素的主要來源,附有可導致下一個財政年度的資產賬面值出現大幅調整的重大風險。

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綜合財務報表附註

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amounts of the cash-generating units to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate certain assumptions, including the discount rate, terminal growth rate, gross margin and sales growth rate in order to derive the net present value of the discounted future cash flow model. Where the actual future cash flows are less than expected, or changes in facts and circumstances which results in downward revision of the recoverable amount, a material impairment loss may arise.

As at 31 December 2018, the carrying amount of goodwill is HK\$1,050,965,000 (2017: HK\$1,044,293,000). During the year ended 31 December 2018, impairment loss on goodwill of HK\$48,000,000 (2017: HK\$40,000,000) was provided. Details of the recoverable amount calculation are set out in note 20.

4. 重大會計判斷及估計不明朗因素的主要來源(續)

估計不明朗因素的主要來源(續)

商譽估計減值

釐定商譽是否減值須估計獲分配商譽的現金產生單位的可收回金額，即使用價值與公允價值減出售成本兩者中的較高者。計算使用價值要求本集團估計若干假設，包括折現率、最終增長率、毛利率及銷售增長率，以得出折現未來現金流量模式的淨現值。倘實際未來現金流量低於預期或事實及情況變化導致可收回金額下調，則可能出現重大減值虧損。

於二零一八年十二月三十一日，商譽的賬面值為1,050,965,000港元(二零一七年：1,044,293,000港元)。截至二零一八年十二月三十一日止年度，就商譽減值虧損48,000,000港元(二零一七年：40,000,000港元)計提撥備。可收回金額的計算詳情載於附註20。

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綜合財務報表附註

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

5. REVENUE

A. For the year ended 31 December 2018

(i) Disaggregation of revenue from contracts with customers

Types of goods

5. 收益

A. 截至二零一八年十二月三十一日止年度

(i) 客戶合約收益分類

貨品種類

		2018 二零一八年 HK\$'000 千港元
Printing and manufacturing of cigarette packages and related materials	印刷及製造香煙包裝及相關材料	
— Printing of cigarette packages	— 印刷香煙包裝	1,175,388
— Manufacturing of paper packaging materials	— 製造紙包裝材料	61,528
Manufacturing of laminated papers	製造複合紙	44,776
Sales of RFID products	銷售射頻識別產品	85,061
		1,366,753

Timing of revenue recognition

收益確認時間

		2018 二零一八年				
		Manufacturing of paper packaging materials	Printing of cigarette packages	Manufacturing of laminated papers	Sales of RFID products	Total
		製造紙包裝材料	印刷香煙包裝	製造複合紙	銷售射頻識別產品	總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
A point in time	於時間點	61,528	-	-	85,061	146,589
Over time	隨時間	-	1,175,388	44,776	-	1,220,164
Total	總計	61,528	1,175,388	44,776	85,061	1,366,753

Notes to the consolidated financial statements

綜合財務報表附註

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

5. REVENUE (continued)

A. For the year ended 31 December 2018 (continued)

(i) Disaggregation of revenue from contracts with customers (continued)

Geographical markets

Information about the Group's revenue from external customers is presented based on the geographical market irrespective of the origin of goods/services.

5. 收益(續)

A. 截至二零一八年十二月三十一日止年度(續)

(i) 客戶合約收益分類(續)

地區市場

有關本集團來自外部客戶收益的資料乃根據地理市場呈列，而不論貨品／服務的來源地。

		2018 二零一八年			
		Manufacturing of paper packaging materials 製造紙 包裝材料 HK\$'000 千港元	Printing of cigarette packages 印刷香煙包裝 HK\$'000 千港元	Manufacturing of laminated papers 製造複合紙 HK\$'000 千港元	Sales of RFID products 銷售射頻 識別產品 HK\$'000 千港元
PRC	中國	61,528	1,175,388	44,776	56,405
Others (Note)	其他(附註)	-	-	-	28,656
Total	總計	61,528	1,175,388	44,776	85,061

Note: Others included the Republic of Indonesia, the United States of America and the Republic of Korea.

附註：其他包括印度尼西亞共和國、美利堅合眾國及大韓民國。

Notes to the consolidated financial statements

綜合財務報表附註

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

5. REVENUE (continued)

A. For the year ended 31 December 2018

(continued)

(ii) Performance obligations for contracts with customers

Printing of cigarette packages and manufacturing of laminated papers

The Group's contracts with customers for printing of cigarette packages and manufacturing of laminated papers are tailor-made based on customers' specification with no alternative use to the Group. Taking into account the contract terms, the legal and regulatory environment in the PRC, all contracts provide the Group's enforceable right to payment for performance completed to date and hence the revenue is recognised over time upon application of HKFRS 15.

Under the Group's standard contract terms, the customers have no right to return products except those with quality flaw. The Group generally does not require the customers to pay in advance. The customers should settle the trade receivable within 60 to 90 days upon the issue of value added tax invoice.

A contract asset is recognised over the period basing on the progress towards complete satisfaction of a performance obligation representing the Group's right to consideration because the rights are conditioned on the Group's future performance in delivery of goods. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers the contract assets to trade receivables when the goods are delivered to the customers.

5. 收益(續)

A. 截至二零一八年十二月三十一日

止年度(續)

(ii) 客戶合銷售履約責任

印刷香煙包裝及製造複合紙

本集團與客戶訂立的香煙包裝印刷及複合紙製造合約乃根據客戶規格定制，對本集團並無替代用途。經計及合約條款、中國的法律及監管環境，所有合約均賦予本集團強制執行權可收取迄今已履約部分的款項，故收益於應用香港財務報告準則第15號後隨時間確認。

根據本集團的標準合約條款，除質量方面的瑕疵外，客戶無權退回產品。本集團一般不要求客戶提前付款。客戶應在發出增值稅發票後60至90日內結清貿易應收款項。

合約資產在此期間按完全履行履約責任的進度(代表本集團收取代價的權利)確認，因為有關權利取決於本集團未來交付貨物的表現。合約資產於權利成為無條件時轉撥至貿易應收款項。本集團一般於貨品交付予客戶時將合約資產轉撥至貿易應收款項。

Notes to the consolidated financial statements

綜合財務報表附註

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

5. REVENUE (continued)

A. For the year ended 31 December 2018 (continued)

(ii) Performance obligations for contracts with customers (continued)

Manufacturing of paper packaging materials

Revenue from the manufacturing of paper packaging materials is recognised when control of the goods has transferred, being at the point the goods are delivered to the customers. Delivery occurs when the goods have been shipped to the customer's specific locations.

Under the Group's standard contract terms, the customers have no right to return products except those with quality flaw. The Group generally does not require the customers to pay in advance. The customers should settle the trade receivable within 60 to 90 days upon the issue of value added tax invoice.

Sales of RFID products

Revenue from the sales of RFID products is recognised when control of the goods has transferred, being at the point the goods are delivered to the customers. Delivery occurs when the goods have been shipped to the customer's specific locations.

Under the Group's standard contract terms, the customers have no right to return products except those with quality flaw. The Group generally does not require the customers to pay in advance. The customers should settle the trade receivable within 60 to 90 days upon the issue of value added tax invoice.

5. 收益(續)

A. 截至二零一八年十二月三十一日止年度(續)

(ii) 客戶合銷售履約責任(續)

製造紙包裝材料

製造紙包裝材料的收益於貨品控制權轉移(即將貨品交付客戶)時確認。貨品運送至客戶特定的地點即屬交付。

根據本集團的標準合約條款，除質量方面的瑕疵外，客戶無權退回產品。本集團一般不要求客戶提前付款。客戶應在發出增值稅發票後60至90日內結清貿易應收款項。

銷售射頻識別產品

銷售射頻識別產品的收益於貨品控制權轉移(即將貨品交付客戶)時確認。貨品運送至客戶特定的地點即屬交付。

根據本集團的標準合約條款，除質量方面的瑕疵外，客戶無權退回產品。本集團一般不要求客戶提前付款。客戶應在發出增值稅發票後60至90日內結清貿易應收款項。

Notes to the consolidated financial statements

綜合財務報表附註

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

5. REVENUE (continued)

A. For the year ended 31 December 2018 (continued)

(iii) Transaction price allocated to the remaining performance obligation

All the Group's contracts with customers are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018 is not disclosed.

B. For the year ended 31 December 2017

An analysis of the Group's revenue for the year is as follows:

		2017 二零一七年 HK\$'000 千港元
Printing of cigarette packages	印刷香煙包裝	1,189,744
Manufacturing of laminated papers	製造複合紙	42,849
Sales of RFID products	銷售射頻識別產品	32,922
		1,265,515

6. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

5. 收益(續)

A. 截至二零一八年十二月三十一日止年度(續)

(iii) 分配至餘下履約責任的交易價

本集團所有客戶合約均為期一年或以下。根據香港財務報告準則第15號批准，於二零一八年十二月三十一日分配至餘下履約責任的交易價(未達成或部分未達成)不予披露。

B. 截至二零一七年十二月三十一日止年度

年內本集團收益分析如下：

6. 分部資料

為分配資源及評估分部表現而向本公司執行董事(即主要營運決策者(「主要營運決策者」))呈報資料，集中於所交付貨物或所提供服務類別。本集團並無任何經主要營運決策者識別的經營分部整合而成的可報告分部。

Notes to the consolidated financial statements

綜合財務報表附註

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

6. SEGMENT INFORMATION (continued)

The Group's operating and reportable segments currently are (i) printing and manufacturing of cigarette packages and related materials, (ii) manufacturing of laminated papers and (iii) sales of RFID products. During the year, the Group commenced the business of manufacturing of paper packaging materials upon the acquisition of a new subsidiary (as detailed in note 38(a)) and its result is included in the segment of printing and manufacturing of cigarette packages and related materials. The CODM considered the Group has three (2017: three) operating and reportable segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.

For the year ended 31 December 2018

		Printing and manufacturing of cigarette packages and related materials 印刷及製造 香煙包裝及 相關材料 HK\$'000 千港元	Manufacturing of laminated papers 製造複合紙 HK\$'000 千港元	Sales of RFID products 銷售射頻 識別產品 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Segment revenue	分部收益	1,236,916	44,776	85,061	1,366,753
Segment profit	分部溢利	259,796	10,373	16,609	286,778
Unallocated — other income and other gains and losses	未分配 — 其他收入以及 其他收益及虧損				(32,113)
Unallocated expenses	未分配開支				(148,282)
Finance costs	融資成本				(22,776)
Share of profits of associates	分佔聯營公司溢利				51,669
Share of profit of a joint venture	分佔一間合營企業溢利				623
Impairment losses on financial assets and contract assets, net of reversal	金融資產及合約資產減值 虧損(扣除撥回)				(6,218)
Gain on disposal of subsidiaries	出售附屬公司的收益				91,681
Profit before taxation	除稅前溢利				221,362

6. 分部資料(續)

本集團的經營及可報告分部目前為(i)印刷及製造香煙包裝及相關材料；(ii)製造複合紙；及(iii)銷售射頻識別產品。年內，本集團於收購一間新附屬公司(詳見附註38(a))後開展製造紙包裝材料業務，其業績計入印刷及製造香煙包裝及相關材料分部。主要營運決策者認為本集團有三個(二零一七年：三個)經營及可報告分部，乃根據內部組織及申報架構劃分。此乃本集團組織的基準。

分部收益及業績

以下為本集團按可報告分部劃分的收益及業績分析。

截至二零一八年十二月三十一日止年度

Notes to the consolidated financial statements

綜合財務報表附註

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

6. SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

For the year ended 31 December 2017

		Printing of cigarette packages 印刷香煙包裝 HK\$'000 千港元	Manufacturing of laminated papers 製造複合紙 HK\$'000 千港元	Sales of RFID products 銷售射頻 識別產品 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Segment revenue	分部收益	1,189,744	42,849	32,922	1,265,515
Segment profit	分部溢利	294,258	10,416	6,151	310,825
Unallocated — other income and other gains and losses	未分配 — 其他收入以及 其他收益及虧損				(8,797)
Unallocated expenses	未分配開支				(133,340)
Finance costs	融資成本				(21,988)
Share of profits of associates	分佔聯營公司溢利				47,334
Share of loss of a joint venture	分佔一間合營企業虧損				(274)
Impairment loss on financial assets, net of reversal	金融資產及合約資產減值 虧損(扣除撥回)				(930)
Profit before taxation	除稅前溢利				192,830

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3.

Segment profit represents the profit earned by each segment without allocation of corporate management expenses, directors' emoluments, share of profits of associates, share of profit (loss) of a joint venture, finance costs, unallocated other income, other gains and losses, impairment losses of financial assets and contract assets, net of reversal amortisation of intangible assets relating to customer relationship, other expenses and gain on disposal of subsidiaries. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

All of the segment revenue reported above is from external customers.

6. 分部資料(續)

分部收益及業績(續)

截至二零一七年十二月三十一日止年度

經營分部的會計政策與附註3所述本集團的會計政策相同。

分部溢利指各分部所賺取溢利，而並無分配公司管理開支、董事酬金、分佔聯營公司溢利、分佔一間合營企業溢利(虧損)、融資成本、未分配其他收入、其他收益及虧損、金融資產及合約資產減值虧損(扣除撥回)、與客戶關係有關的無形資產攤銷、其他開支以及出售附屬公司的收益。此乃就資源分配及表現評估向主要營運決策者呈報的計量方式。

上文呈報的所有分部收益均來自外部客戶。

Notes to the consolidated financial statements

綜合財務報表附註

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

6. SEGMENT INFORMATION (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating reportable segment:

Segment assets

6. 分部資料(續)

分部資產及負債

以下為本集團按經營可報告分部劃分的資產及負債分析：

分部資產

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Printing and manufacturing of cigarette packages and related materials	印刷及製造香煙包裝及相關材料	1,476,033	1,546,750
Manufacturing of laminated papers	製造複合紙	33,859	42,817
Sales of RFID products	銷售射頻識別產品	124,344	85,076
Total segment assets	分部資產總值	1,634,236	1,674,643
Unallocated property, plant and equipment	未分配物業、廠房及設備	30,138	19,362
Prepaid lease payments	預付租賃款項	102,859	84,387
Investment properties	投資物業	25,703	57,136
Goodwill	商譽	1,050,965	1,044,293
Intangible assets	無形資產	163,765	193,875
Deferred tax assets	遞延稅項資產	200	-
Interests in associates	於聯營公司的權益	460,604	535,072
Interest in a joint venture	於一間合營企業的權益	8,755	8,586
Deposits paid for acquisition of property, plant and equipment	就收購物業、廠房及設備支付的按金	16,235	8,675
Deposits paid for acquisition of prepaid lease payment	就收購預付租賃款項支付的按金	2,289	-
Other receivables, prepayments and refundable deposits	其他應收款項、預付款項及可退還訂金	59,904	56,562
Amount due from a related party	應收一名關連方款項	9,422	9,866
Tax recoverable	可收回稅項	3,129	3,267
Financial assets at fair value through profit or loss	按公允價值計入損益的金融資產	-	7,193
Pledged bank deposits	已抵押銀行存款	11,250	5,455
Bank balances and cash	銀行結餘及現金	355,508	292,511
Assets classified as held for sale	分類為持有待售的資產	-	197,623
Consolidated assets	綜合資產	3,934,962	4,198,506

Notes to the consolidated financial statements

綜合財務報表附註

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

6. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

Segment liabilities

6. 分部資料(續)

分部資產及負債(續)

分部負債

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Printing and manufacturing of cigarette packages and related materials	印刷及製造香煙包裝及相關材料	209,528	246,126
Manufacturing of laminated papers	製造複合紙	1,119	4,251
Sales of RFID products	銷售射頻識別產品	19,029	14,987
Total segment liabilities	分部負債總額	229,676	265,364
Other payables and accruals	其他應付款項及應計費用	116,545	112,871
Amounts due to non-controlling interests of subsidiaries	應付附屬公司非控股權益款項	8,154	4,983
Bank borrowings	銀行借貸	620,084	678,166
Bank overdraft	銀行透支	19,897	-
Income tax payable	應付所得稅	30,489	41,483
Deferred tax liabilities	遞延稅務負債	68,565	55,133
Government grants	政府補助金	30,175	37,109
Purchase consideration payable for acquisition	就收購事項所須支付購買代價	12,776	22,848
Liabilities associated with assets classified as held for sale	與分類為持有待售的資產有關的負債	-	39
Consolidated liabilities	綜合負債	1,136,361	1,217,996

Segment assets represent certain property, plant and equipment, deferred tax assets, trade receivables, contract assets and inventories which are directly attributable to the relevant operating and reportable segment. Segment liabilities represent trade payables which are directly attributable to the relevant operating and reportable segment. These are the measures reported to the CODM for the purpose of resource allocation and assessment of segment performance.

分部資產代表直接歸屬於相關經營及可呈報分部的若干物業、廠房及設備、遞延稅項資產、貿易應收款項、合約資產以及存貨。分部負債代表直接歸屬於相關經營及可呈報分部的貿易應付款項。此乃就分配資源及評估分部表現向主要營運決策者匯報的計量方式。

Notes to the consolidated financial statements

綜合財務報表附註

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

6. SEGMENT INFORMATION (continued)

Other segment information

2018

6. 分部資料(續)

其他分部資料

二零一八年

		Printing and manufacturing of cigarette packages and related materials 印刷及製造 香煙包裝及 相關材料 HK\$'000 千港元	Manufacturing of laminated papers 製造複合紙 HK\$'000 千港元	Sales of RFID products 銷售射頻 識別產品 HK\$'000 千港元	Segment total 分部總值 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Amounts included in the measurement of segment profit or loss or segment assets:	計量分部損益或分部資產時計入的金額：						
Addition to non-current assets (Note)	添置非流動資產(附註)	149,597	123	29,644	179,364	48,641	228,005
Depreciation and amortisation	折舊及攤銷	94,953	1,093	5,733	101,779	42,382	144,161
Impairment losses on goodwill	確認商譽減值虧損	48,000	-	-	48,000	-	48,000
Impairment losses (reversal of impairment losses) on trade and other receivables	貿易及其他應收款項減值虧損(撥回減值虧損)	1,875	(10)	653	2,518	(581)	1,937
Impairment losses on contract assets	合約資產減值虧損	4,277	(2)	-	4,275	6	4,281
Losses (gains) on disposal of property, plant and equipment	出售物業、廠房及設備的虧損(收益)	2,177	(33)	(605)	1,539	(1,578)	(39)
Reversals of write-down on obsolete inventories	撥回陳舊存貨撇減	(267)	-	(325)	(592)	-	(592)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:	定期向主要營運決策者提供，但並無於計量分部溢利或虧損時計入的金額：						
Interest income	利息收入	(1,076)	(10)	(7)	(1,093)	(64)	(1,157)
Interest expense	利息開支	3,299	-	1,641	4,940	17,836	22,776
Taxation	稅項	35,907	2,308	3,614	41,829	5,101	46,930

Note: Non-current assets excluded goodwill.

附註：非流動資產不包括商譽。

Notes to the consolidated financial statements

綜合財務報表附註

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

6. SEGMENT INFORMATION (continued)

Other segment information (continued)

2017

	Printing of cigarette packages 印刷 香煙包裝 HK\$'000 千港元	Manufacturing of laminated papers 製造複合紙 HK\$'000 千港元	Sales of RFID products 銷售射頻 識別產品 HK\$'000 千港元	Segment total 分部總值 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元	Total 總計 HK\$'000 千港元
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Amounts included in the measurement of segment profit or loss or segment assets: 計量分部損益或分部資產時計入的金額：

Addition to non-current assets	添置非流動資產	32,817	86	47,480	80,383	7,551	87,934
Depreciation and amortisation	折舊及攤銷	80,349	1,229	2,549	84,127	52,443	136,570
Impairment losses on goodwill	確認商譽減值虧損	40,000	-	-	40,000	-	40,000
(Gains) losses on disposal of property, plant and equipment	出售物業、廠房及設備的(收益)虧損	(39)	28	(151)	(162)	20	(142)
(Reversals) recognition of write-down on obsolete inventories	(撥回)確認陳舊存貨撇減	(1,142)	-	154	(988)	-	(988)

Amounts regularly provided to CODM but not included in the measure of segment profit or loss: 定期向主要營運決策者提供，但並無於計量分部溢利或虧損時計入的金額：

Interest income	利息收入	(1,106)	(14)	(86)	(1,206)	(115)	(1,321)
Interest expense	利息開支	4,345	-	187	4,532	17,456	21,988
Taxation	稅項	37,115	2,327	75	39,517	10,506	50,023

An analysis of the Group's revenue from its major products and services is set out in note 5.

有關本集團主要產品及服務收益的分析載於附註5。

Notes to the consolidated financial statements

綜合財務報表附註

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

6. SEGMENT INFORMATION (continued)

Geographical information

The Group's operations are located in Hong Kong and the mainland of the People's Republic of China (the "PRC") (country of domicile).

Information about the Group's revenue from external customers is presented based on the geographical market irrespective of the origin of goods/services. Information about the Group's non-current assets is presented based on the geographical location of the assets.

6. 分部資料(續)

地區資料

本集團於香港及中華人民共和國(「中國」)內地(註冊國)經營業務。

有關本集團來自外部客戶收益的資料，乃根據地理市場呈列，而不論貨物／服務的來源地。有關本集團非流動資產的資料，乃按資產的地理位置呈列。

		Revenue from external customers 來自外部客戶收益		Non-current assets (Note a) 非流動資產(附註a)	
		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
PRC	中國	1,338,097	1,240,764	2,153,484	2,088,647
Hong Kong	香港	–	–	6,115	18,617
Others (Note b)	其他(附註b)	28,656	24,751	–	–
		1,366,753	1,265,515	2,159,599	2,107,264

Notes:

- (a) Non-current assets excluded those relating to interests in associates and interest in a joint venture, in which the operations of these associates and joint venture are mainly carried out in PRC.
- (b) Others included the Republic of Indonesia, the United States of America and the Republic of Korea.

附註：

- (a) 非流動資產不包括於聯營公司的權益及於一間合營企業的權益，該等聯營公司及合營企業主要於中國營運。
- (b) 其他包括印度尼西亞共和國、美利堅合眾國及大韓民國。

Notes to the consolidated financial statements

綜合財務報表附註

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

6. SEGMENT INFORMATION (continued)

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follow:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Customer A (Note)	客戶A(附註)	378,670	388,541
Customer B (Note)	客戶B(附註)	138,339	202,938

Note: Revenue from printing of cigarette packages.

6. 分部資料(續)

有關主要客戶的資料

於相應年度來自客戶且佔本集團總銷售逾10%的收益如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Customer A (Note)	客戶A(附註)	378,670	388,541
Customer B (Note)	客戶B(附註)	138,339	202,938

附註：來自印刷香煙包裝的收益。

7. OTHER INCOME

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Interest income on bank deposits	銀行存款利息以收入	1,157	1,321
Interest income on long-term receivables	長期應收款項利息收入	-	1,290
		1,157	2,611
Sales of scrap materials	銷售廢料	11,671	3,385
Processing fee income	加工費收入	2,783	2,848
Rental income	租金收入	3,256	5,283
Government grants (Note)	政府補助金(附註)	12,476	20,616
Sundry income	雜項收入	901	743
		32,244	35,486

Note: Government grants were received from the government of the PRC mainly as incentives granted by local authority for encouragement of its business development and innovation except for an amount of HK\$2,634,000 (2017: HK\$2,577,000) which was granted for the acquisition of property, plant and equipment (as details in note 35). These grants are accounted for as financial support with no future related costs expected to be incurred nor related to any assets.

7. 其他收入

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Interest income on bank deposits	銀行存款利息以收入	1,157	1,321
Interest income on long-term receivables	長期應收款項利息收入	-	1,290
		1,157	2,611
Sales of scrap materials	銷售廢料	11,671	3,385
Processing fee income	加工費收入	2,783	2,848
Rental income	租金收入	3,256	5,283
Government grants (Note)	政府補助金(附註)	12,476	20,616
Sundry income	雜項收入	901	743
		32,244	35,486

附註：政府補助金乃取自中國政府，主要為地方當局為鼓勵業務發展及創新而授出的獎勵金，惟因收購物業、廠房及設備(詳見附註35)而獲授的2,634,000港元(二零一七年：2,577,000港元)除外。該等補助金乃入賬列作財務資助，預期不會產生任何未來相關成本，且與任何資產均無關連。

Notes to the consolidated financial statements

綜合財務報表附註

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

8. OTHER GAINS AND LOSSES

8. 其他收益及虧損

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Net foreign exchange losses	外匯虧損淨額	(10,518)	(6,433)
Gain from changes in fair value of financial assets at FVTPL	按公允價值計入損益的金融資產公允價值變動收益	3,379	2,008
Loss from changes in fair value of financial liabilities at FVTPL	按公允價值計入損益的金融負債公允價值變動虧損	(482)	-
(Losses) gains on disposal of property, plant and equipment	出售物業、廠房及設備的(虧損)收益	(39)	142
Impairment losses on goodwill	商譽減值虧損	(48,000)	(40,000)
Losses on disposal of partial equity interest in an associate	出售一間聯營公司部分股權的虧損	(8,536)	-
Other	其他	(161)	-
		(64,357)	(44,283)

9. IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS, NET OF REVERSAL

9. 金融資產及合約資產減值虧損(扣除撥回)

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Impairment losses recognised (reversed) on:	就以下各項確認的減值虧損(撥回):		
— Trade receivables	— 貿易應收款項	2,474	-
— Contract assets	— 合約資產	4,281	-
— Other receivables	— 其他應收款項	(537)	930
		6,218	930

Details of impairment assessment for the year ended 31 December 2018 are set out in note 42.

有關載至二零一八年十二月三十一日止年度的減值虧損詳情載於附註42。

Notes to the consolidated financial statements

綜合財務報表附註

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

10. FINANCE COSTS

10. 融資成本

	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Interest on bank loans and overdrafts 銀行貸款及透支利息	22,776	21,988

11. TAXATION

11. 稅項

	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current tax:		
The People's Republic of China (the "PRC")		
Enterprise Income Tax ("EIT")	30,327	42,055
Withholding tax	6,516	29,450
	36,843	71,505
Underprovision (overprovision) of EIT in prior year	208	(3,019)
Deferred tax (note 36):		
Current year	9,879	(18,463)
	46,930	50,023

Notes to the consolidated financial statements

綜合財務報表附註

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

11. TAXATION (continued)

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

The PRC EIT is calculated at the applicable prevailing tax rates from 15% to 25% (2017: 15% to 25%) in the PRC. Pursuant to the "Enterprise Income Tax Law for Foreign Investment Enterprises and Foreign Enterprises", some PRC subsidiaries, being a High-Tech Enterprise, were entitled to a reduced EIT rate of 15% for the years from 2016 to 2021.

Upon the New Tax Law and Implementation Regulations, the PRC withholding income tax is applicable to dividends payable to investors that are "non-PRC tax resident enterprises", which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends have their sources within the PRC. Under such circumstances, dividends distributed from the PRC subsidiaries to non-PRC tax resident group entities shall be subject to the withholding income tax at 10% or lower tax rate, as applicable. Under the relevant tax treaty, withholding tax rate on distribution to Hong Kong resident companies is 5%. Deferred taxation has been provided on undistributed earnings of all subsidiaries and associates (as details in note 36).

11. 稅項(續)

由於本集團的收入並非於香港產生或取得，故並無就香港稅項計提撥備。

中國企業所得稅按中國的適用當前稅率15%至25%（二零一七年：15%至25%）計算。根據《中國外商投資企業和外國企業所得稅法》，若干中國附屬公司（即高新科技企業）於二零一六年至二零二一年可按減免企業所得稅稅率15%繳稅。

根據新稅法及實施規例，中國預扣所得稅適用於應付屬「非中國居民納稅企業」投資者的股息，該等非中國居民納稅企業於中國並無機構或營業地點，或其於中國設有機構或營業地點但相關收入實際上與該機構或營業地點無關，惟以該等股息乃源自中國為限。於該等情況下，中國附屬公司派付予非中國居民納稅企業集團實體的股息須按10%的預扣所得稅稅率或較低稅率（如適用）繳稅。根據相關稅收協定，向香港居民公司派付股息應支付5%的預扣稅。遞延稅項已就所有附屬公司及聯營公司的未分派盈利計提撥備（詳見附註36）。

Notes to the consolidated financial statements

綜合財務報表附註

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

11. TAXATION (continued)

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

11. 稅項(續)

年內稅項支出與綜合損益及其他全面收益報表所示除稅前溢利的對賬如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Profit before taxation	除稅前溢利	221,362	192,830
Tax at the applicable rate of 25% (2017: 25%) (Note 1)	按適用稅率25% (二零一七年：25%)計算的稅項(附註1)	55,341	48,208
Tax effect of share of profits of associates	分佔聯營公司溢利的稅務影響	(12,917)	(11,833)
Tax effect of share of profit of a joint venture	分佔一間合營企業溢利的稅務影響	(156)	-
Tax effect of expenses not deductible for tax purpose	不可扣稅開支的稅務影響	44,135	32,771
Tax effect of income not taxable for tax purpose	免稅收入的稅務影響	(22,920)	-
Underprovision (overprovision) in respect of prior years	過往年度撥備不足 (超額撥備)	208	(3,019)
Utilisation of tax losses previously not recognised	使用過往未確認的稅項虧損	-	(3,429)
Additional tax benefit on research and development expenses (Note 2)	研發開支的額外稅務利益 (附註2)	(10,327)	(5,335)
Tax effect of tax losses not recognised	未確認稅項虧損的稅務影響	6	-
Income tax on concessionary rate	按優惠稅率計算的所得稅	(19,035)	(23,326)
Deferred tax on undistributed earnings of the PRC subsidiaries/associates	中國附屬公司/聯營公司未分派盈利的遞延稅項	14,985	15,986
Tax effect of undistributed earnings re-invested in PRC not taxable	免稅再投資中國的未分派盈利的稅務影響	(2,390)	-
Tax charge for the year	年內稅項支出	46,930	50,023

Notes:

- The applicable tax rate of 25% represents the applicable income tax rate of the subsidiaries in Shenzhen and Anhui in the PRC which constitute the substantial part of the Group's operation for the years ended 31 December 2018 and 2017.
- Pursuant to the relevant tax rules and regulations, the Group could obtain additional tax benefit, which is a further 75% of certain qualified research and development cost incurred endorsed by the Shenzhen and Anhui Local Taxation Administrators.

附註：

- 適用稅率25%代表位於中國深圳及安徽的附屬公司的適用所得稅稅率，而該等附屬公司佔本集團截至二零一八年及二零一七年十二月三十一日止年度的大部分業務。
- 根據相關兩條規則及法規，本集團可獲得額外稅項優惠，相當於深圳及安徽當地稅務機關認可的若干合資格研發成本之額外75%。

Notes to the consolidated financial statements

綜合財務報表附註

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

12. PROFIT FOR THE YEAR

12. 年度溢利

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Profit for the year has been arrived at after charging (crediting):	經扣除(計入)下列各項後的年度溢利:		
Staff costs:	員工成本:		
Directors' emoluments (note 13)	董事酬金(附註13)	3,286	2,476
Other staff costs	其他員工成本		
Salaries and other benefits	薪金及其他福利	152,210	113,289
Contributions to retirement benefits schemes	退休福利計劃供款	14,003	11,044
Total staff costs	員工成本總額	169,499	126,809
Less: capitalised in inventories included in cost of sales	減: 於存貨中資本化計入銷售成本	(11,430) (113,480)	(105,472) N/A (不適用)
		44,589	21,337
Auditor's remuneration	核數師酬金	3,771	3,457
Cost of inventories recognised as expenses	確認為開支的存貨成本	718,809	889,275
Surcharges on overdue payments to governmental authorities and compensation expenses (included in other expenses)	結欠政府機構的逾期款項加徵附加費及補償開支(計入其他開支)	-	2,732
Depreciation of property, plant and equipment	物業、廠房及設備折舊	93,122	82,578
Depreciation of investment properties	投資物業折舊	2,017	6,084
Release of prepaid lease payments	解除預付租賃款項	2,263	2,214
Amortisation of intangible assets (included in cost of sales and administrative expenses)	無形資產攤銷(計入銷售成本及行政開支)	46,759	45,694
Total depreciation and amortisation	折舊及攤銷總額	144,161	136,570
Less: capitalised in inventories included in cost of sales	減: 於存貨中資本化計入銷售成本	(6,822) (113,744)	(116,797) N/A (不適用)
		23,595	19,773

Notes to the consolidated financial statements

綜合財務報表附註

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

12. PROFIT FOR THE YEAR (continued)

12. 年度溢利(續)

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Operating lease rentals in respect of rented premises	有關租用物業的經營租賃租金	8,236	3,105
Recognition (reversals) of write-down on obsolete inventories (included in cost of sales)	確認(撥回)陳舊存貨撇減(計入銷售成本)	592	(988)
Research and development costs recognised as an expense (included in other expenses)	確認為開支的研發成本(計入其他開支)	3,396	4,837
Shares of taxation of associates	分佔聯營公司稅項	13,298	11,150
Gross rental income from investment properties	投資物業的租金收入總額	(7,500)	(8,155)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	減：年內產生租金收入的投資物業所產生的直接營運開支	4,244	2,872
		(3,256)	(5,283)

Notes to the consolidated financial statements

綜合財務報表附註

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

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the 9 (2017: 7) directors are as follows:

For the year ended 31 December 2018

13. 董事及行政總裁薪酬

已付或應付9名(二零一七年: 7名)董事的酬金如下:

截至二零一八年十二月三十一日止年度

		Fees	Salaries and other benefits	Other emoluments 其他薪酬	Contributions to retirement benefits scheme	Others (Note)	Total emoluments
		袍金	薪金及其他福利	其他薪酬	退休福利計劃供款	其他(附註)	總薪酬
		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
Executive Directors	執行董事						
Mr. Cai Xiao Ming, David	蔡曉明先生	-	60	3	-	-	63
Mr. Qin Song (Chief Executive)	欽松先生 (行政總裁)	-	1,353	43	-	-	1,396
Mr. Peng Guoyi*	彭國意先生*	-	704	35	504	-	1,243
Mr. Chen Huapei**	陳華培先生**	-	182	12	-	-	194
Mr. Chen Xiaoliang***	陳校良先生***	-	-	-	-	-	-
Non-Executive Director	非執行董事						
Ms. Li Li	李莉女士	-	-	-	-	-	-
Independent Non-Executive Directors	獨立非執行董事						
Mr. Lam Ying Hung, Andy	林英鴻先生	130	-	-	-	-	130
Mr. Lui Tin Nang	呂天能先生	130	-	-	-	-	130
Mr. Siu Man Ho, Simon	蕭文豪先生	130	-	-	-	-	130
		390	2,299	93	504	504	3,286

* Mr. Peng Guoyi resigned from the position as executive director of the Company with effect from 9 November 2018.

** Mr. Chen Huapei was appointed as an executive director of the Company with effect from 9 November 2018.

*** Mr. Chen Xiaoliang was appointed as an executive director of the Company with effect from 12 March 2019.

Note: Compensation for the loss of office as a director in connection with the management of the affairs of any member of the Group.

* 彭國意先生辭任本公司執行董事，自二零一八年十一月九日起生效。

** 陳華培先生獲委任為本公司執行董事，自二零一八年十一月九日起生效。

*** 陳校良先生獲委任為本公司執行董事，自二零一八年三月十二日起生效。

附註：作為管理本集團任何成員公司的事務的離職補償。

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綜合財務報表附註

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

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

For the year ended 31 December 2017

13. 董事及行政總裁薪酬(續)

截至二零一七年十二月三十一日止年度

		Fees	Other emoluments	Contributions to retirement benefits scheme	Total emoluments
		袍金	Salaries and other benefits	退休福利計劃供款	總薪酬
		HK\$'000	薪金及其他福利	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Executive Directors	執行董事				
Mr. Cai Xiao Ming, David	蔡曉明先生	–	60	3	63
Mr. Qin Song (Chief Executive)	欽松先生 (行政總裁)	–	1,296	39	1,335
Mr. Peng Guoyi	彭國意先生	–	657	31	688
Non-Executive Director	非執行董事				
Ms. Li Li	李莉女士	–	–	–	–
Independent Non-Executive Directors	獨立非執行董事				
Mr. Lam Ying Hung, Andy	林英鴻先生	130	–	–	130
Mr. Lui Tin Nang	呂天能先生	130	–	–	130
Mr. Siu Man Ho, Simon	蕭文豪先生	130	–	–	130
		390	2,013	73	2,476

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Mr. Qin Song is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

Except for Ms. Li Li, there was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

上文所示執行董事的酬金乃就彼等有關於管理本公司及本集團事務的服務而支付。上文所示獨立非執行董事酬金乃就彼等擔任本公司董事的服務而支付。

欽松先生亦為本公司的行政總裁，而上文所披露的酬金包括就彼擔任行政總裁提供服務而支付的酬金。

除李莉女士外，年內並無董事或主要行政人員豁免或同意豁免任何酬金的安排。

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14. FIVE HIGHEST PAID EMPLOYEES

Of the five individuals with the highest emoluments in the Group, two (2017: two) were directors and the Chief Executive of the Company whose emoluments are included in the disclosures in note 13 above. The emoluments of the remaining three (2017: three) individuals were as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Salaries	薪金	2,078	2,824
Compensation for loss of office	離職補償	929	-
Contributions to retirement benefits schemes	退休福利計劃供款	41	49
		3,048	2,873

Their emoluments were within the following bands:

		2018 二零一八年 No. of employees 僱員人數	2017 二零一七年 No. of employees 僱員人數
HK\$ nil to HK\$1,000,000	零港元至 1,000,000 港元	1	2
HK\$1,000,001 to HK\$1,500,000	1,000,001 港元至 1,500,000 港元	2	1

During the current period, HK\$929,000 (2017: nil) were paid by the Group as compensation for loss of office.

14. 五名最高薪僱員

本集團五名最高薪人士中有兩名(二零一七年：兩名)為本公司董事及行政總裁，彼等的酬金載於上文附註13。餘下三名(二零一七年：三名)人士的酬金如下：

彼等的酬金於下列範圍內：

於本期間，本集團支付929,000港元(二零一七年：無)作為離職補償。

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15. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

15. 每股盈利

本公司擁有人應佔每股基本盈利乃按下列數據計算：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Earnings: Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	盈利： 用以計算每股基本盈利的盈利(本公司擁有人應佔年度溢利)	169,383	138,025
		2018 二零一八年 '000 千股	2017 二零一七年 '000 千股
Number of shares: Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	股份數目： 用以計算每股基本盈利的已發行普通股加權平均數	1,567,885	1,567,885

No dilutive earnings per share is presented as there were no potential ordinary shares in issue during both years.

概無呈列每股攤薄盈利，原因為在兩個年度均無任何潛在已發行普通股。

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16. DIVIDENDS

16. 股息

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Dividends for ordinary shareholders of the Company recognised as distribution during the year:	年內確認為分派的本公司普通股股東股息：		
2017 special dividend	二零一七年特別股息	199,905	-
2016 final — HK15.30 cents per share	二零一六年末期 — 每股 15.30 港仙	-	239,886
		199,905	239,886

During the current year, the special dividend of HK\$12.75 cents in respect of the year ended 31 December 2017 (2017: HK\$15.30) per share, amounting approximately HK\$199,905,000 (2017: HK\$239,886,000) has been paid to shareholders.

No dividend was proposed for ordinary shareholders of the Company during 2018, nor has any dividend been proposed since the end of the reporting period (2017: Nil).

於本年度，股東已獲派付截至二零一七年十二月三十一日止年度的特別股息每股 12.75 港仙（二零一七年：15.30 港仙），共計約為 199,905,000 港元（二零一七年：239,886,000 港元）。

概不建議就二零一八年向本公司普通股股東派付股息，而自報告期末以來亦無建議派發任何股息（二零一七年：無）。

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17. PROPERTY, PLANT AND EQUIPMENT

17. 物業、廠房及設備

		Leasehold land and buildings 租賃土地 及樓宇 HK\$'000 千港元	Leasehold improvement 租賃裝修 HK\$'000 千港元	Plant and machinery 廠房及 機器 HK\$'000 千港元	Furniture and office equipment 傢俬及 辦公室設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 總計 HK\$'000 千港元
COST	成本							
At 1 January 2017	於二零一七年一月一日	584,392	8,807	666,056	55,350	13,506	15,775	1,343,886
Exchange adjustments	匯兌調整	33,697	8	54,538	3,412	858	1,368	93,881
Additions	添置	583	-	8,975	5,469	1,777	28,646	45,450
Acquisition of a subsidiary	收購一間附屬公司	-	194	32,506	105	172	1,690	34,667
Transferred from construction in progress	轉撥自在建工程	4,468	-	28,599	47	-	(33,114)	-
Transferred to construction in progress	轉撥至在建工程	-	-	(33,013)	-	-	6,062	(26,951)
Transferred to investment properties	轉撥至投資物業	(7,477)	-	-	-	-	-	(7,477)
Reclassified as held for sale	重新分類為持有待售	(82,828)	-	-	-	-	-	(82,828)
Disposals	出售	-	-	(21,643)	(411)	(1,745)	-	(23,799)
At 31 December 2017	於二零一七年 十二月三十一日	532,835	9,009	736,018	63,972	14,568	20,427	1,376,829
Exchange adjustments	匯兌調整	(22,945)	(308)	(33,320)	(2,266)	(691)	(1,440)	(60,970)
Additions	添置	4,715	7,352	113,775	11,100	4,469	33,047	174,458
Acquisition of a subsidiary (note 38)	收購一間附屬公司 (附註38)	-	462	5,657	107	137	-	6,363
Transferred from construction in progress	轉撥自在建工程	2,409	-	16,920	2,330	-	(21,659)	-
Transferred to construction in progress	轉撥至在建工程	-	-	(7,808)	-	-	1,022	(6,786)
Transferred from investment properties	轉撥至投資物業	37,444	-	-	-	-	-	37,444
Disposals	出售	-	(8,807)	(35,442)	(12,938)	(1,587)	(1,581)	(60,355)
At 31 December 2018	於二零一八年 十二月三十一日	554,458	7,708	795,800	62,305	16,896	29,816	1,466,983

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17. PROPERTY, PLANT AND EQUIPMENT

(continued)

17. 物業、廠房及設備(續)

		Leasehold land and buildings 租賃土地 及樓宇 HK\$'000 千港元	Leasehold improvement 租賃裝修 HK\$'000 千港元	Plant and machinery 廠房及 機器 HK\$'000 千港元	Furniture and office equipment 傢俬及 辦公室設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 總計 HK\$'000 千港元
DEPRECIATION	折舊							
At 1 January 2017	於二零一七年一月一日	137,103	577	398,917	30,741	8,500	-	575,838
Exchange adjustments	匯兌調整	5,778	4	33,317	2,425	639	-	42,163
Provided for the year	年內撥備	23,838	999	47,969	8,529	1,243	-	82,578
Transferred to construction in progress	轉撥至在建工程	-	-	(26,951)	-	-	-	(26,951)
Transferred to investment properties	轉撥至投資物業	(1,964)	-	-	-	-	-	(1,964)
Reclassified as held for sale	重新分類為持有待售	(3,817)	-	-	-	-	-	(3,817)
Eliminated on disposals	出售時抵銷	-	-	(19,132)	(379)	(1,372)	-	(20,883)
At 31 December 2017	於二零一七年 十二月三十一日	160,938	1,580	434,120	41,316	9,010	-	646,964
Exchange adjustments	匯兌調整	(4,270)	(46)	(15,804)	(1,383)	(412)	-	(21,915)
Provided for the year	年內撥備	28,709	1,039	54,401	7,442	1,531	-	93,122
Transferred to construction in progress	轉撥至在建工程	-	-	(6,786)	-	-	-	(6,786)
Transferred from investment properties	轉撥至投資物業	9,771	-	-	-	-	-	9,771
Eliminated on disposals	出售時抵銷	-	(1,457)	(31,543)	(10,297)	(1,462)	-	(44,759)
At 31 December 2018	於二零一八年 十二月三十一日	195,148	1,116	434,388	37,078	8,667	-	676,397
CARRYING VALUES	賬面值							
At 31 December 2018	於二零一八年 十二月三十一日	359,310	6,592	361,412	25,227	8,229	29,816	790,586
At 31 December 2017	於二零一七年 十二月三十一日	371,897	7,429	301,898	22,656	5,558	20,427	729,865

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17. PROPERTY, PLANT AND EQUIPMENT

(continued)

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis, after taking into account of their residual values, over their estimated useful lives as follow:

Leasehold land and buildings	Over the shorter of the term of lease or 30 years
Leasehold improvement	3 years
Plant and machinery	5–20 years
Furniture and office equipment	3–5 years
Motor vehicles	4–5 years

At 31 December 2018, the Group is in the process of obtaining the property certificates for the leasehold land and buildings with carrying value of approximately HK\$51,424,000 (31 December 2017: HK\$57,357,000).

17. 物業、廠房及設備(續)

上述物業、廠房及設備項目(在建工程除外)乃按直線法基準，於計及其剩餘價值後按下列估計使用年期計算折舊：

租賃土地及樓宇	按租賃期或30年 (以較短者為準)
租賃裝修	3年
廠房及機器	5至20年
傢俬及辦公室設備	3至5年
汽車	4至5年

於二零一八年十二月三十一日，本集團仍在就賬面值約為51,424,000港元(二零一七年十二月三十一日：57,357,000港元)的租賃土地及樓宇辦理房產證。

18. PREPAID LEASE PAYMENTS

18. 預付租賃款項

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Analysed for reporting purposes as:	就報告而作出的分析：		
Current asset	流動資產	2,425	2,292
Non-current asset	非流動資產	100,434	82,095
		102,859	84,387

The Group's prepaid lease payments represent payments for land use rights in the PRC. At 31 December 2018, the Group was still in the process of obtaining the land use right certificate with carrying amount of HK\$24,893,000 (2017:Nil).

本集團的預付租賃款項指中國土地使用權的預付款項。於二零一八年十二月三十一日，本集團仍在辦理賬面值為24,893,000港元(二零一七年：無)的土地使用權證。

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19. INVESTMENT PROPERTIES

19. 投資物業

		HK\$'000 千港元
COST		
At 1 January 2017	於二零一七年一月一日	193,047
Exchange adjustments	匯兌調整	5,723
Transferred from property, plant and equipment	轉撥至物業、廠房及設備	7,477
Reclassified as held for sale	重新分類為持有待售	(123,815)
At 31 December 2017	於二零一七年十二月三十一日	82,432
Exchange adjustments	匯兌調整	(2,720)
Transferred to property, plant and equipment	轉撥至物業、廠房及設備	(37,444)
At 31 December 2018	於二零一八年十二月三十一日	42,268
DEPRECIATION		
At 1 January 2017	於二零一七年一月一日	20,977
Exchange adjustments	匯兌調整	1,638
Provided for the year	年內撥備	6,084
Transferred from property, plant and equipment	轉撥至物業、廠房及設備	1,964
Reclassified as held for sale	重新分類為持有待售	(5,367)
At 31 December 2017	於二零一七年十二月三十一日	25,296
Exchange adjustments	匯兌調整	(977)
Provided for the year	年內撥備	2,017
Transferred to property, plant and equipment	轉撥至物業、廠房及設備	(9,771)
At 31 December 2018	於二零一八年十二月三十一日	16,565
CARRYING VALUES		
At 31 December 2018	於二零一八年十二月三十一日	25,703
At 31 December 2017	於二零一七年十二月三十一日	57,136

The Group's properties interests held under operating leases to earn rentals are measured using the cost model and are classified and accounted for as investment properties.

本集團根據經營租賃為賺取租金持有的物業權益使用成本模式計量，並分類為投資物業入賬。

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19. INVESTMENT PROPERTIES (continued)

Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties as at 31 December 2018 was HK\$47,559,000 (2017: HK\$94,433,000). The fair value has been arrived at on the basis of a valuation carried out by Roma Appraisals Limited, an independent qualified professional valuer not connected with the Group. Roma Appraisals Limited is member of the Institute of Valuers of Hong Kong.

The fair value of investment properties located in the city of Shenzhen was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The fair value of investment properties located in the city of Benbu was determined based on depreciated replacement cost approach, which is based on an estimation of the market value for the existing structures less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

19. 投資物業(續)

本集團投資物業的公允價值計量

本集團投資物業於二零一八年十二月三十一日的公允價值為47,559,000港元(二零一七年: 94,433,000港元)。公允價值乃根據與本集團概無關連的獨立合資格專業估值師羅馬國際評估有限公司進行的估值而釐定。羅馬國際評估有限公司為香港測量師學會的會員。

公允價值乃根據可反映類似物業的近期交易價的市場比較法釐定，而所有物業的可出租單位的市場租值均參考附近類似物業可出租單位以及其他出租所得的租金釐訂。折現率乃參考分析香港及中國類似商業物業銷售交易所得的收益率，並就物業投資者的市場預期作出調整以反映本集團投資物業特有的因素。

於估計物業的公允價值時，物業的最高及最佳使用狀況為其現有的狀況。

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19. INVESTMENT PROPERTIES (continued)

Fair value measurement of the Group's investment properties (continued)

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

19. 投資物業(續)

本集團投資物業的公允價值計量(續)

於報告期末，本集團投資物業以及公允價值層級資料詳情如下：

			Fair value as at 31 December 2018 於二零一八年 十二月三十一日 的公允價值 HK\$'000 千港元	Fair value as at 31 December 2017 於二零一七年 十二月三十一日 的公允價值 HK\$'000 千港元
Properties located in the PRC	位於中國的物業	Level 3 第三層	47,559	94,433

The above investment properties are depreciated on a straight-line basis at the following rates per annum:

上述投資物業按以下年率根據直線法折舊：

Leasehold land 租賃土地	Over the term of lease 租約期內
Buildings 樓宇	Over the shorter of the term of lease, or 30 years 租約期或30年(以較短者為準)

20. GOODWILL

20. 商譽

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
At 1 January	於一月一日	1,044,293	1,029,637
Arising from acquisition of a subsidiary	因收購一間附屬公司而產生	82,300	11,781
Impairment loss recognised in the year	年內確認的減值虧損	(48,000)	(40,000)
Exchange adjustments	匯兌調整	(27,628)	42,875
At 31 December	於十二月三十一日	1,050,965	1,044,293

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

20. GOODWILL (continued)

For the purpose of impairment testing, goodwill has been allocated to six (2017: five) individual cash-generating units (CGUs), comprising four (2017: three) subsidiaries in the printing and manufacturing of cigarette packages and related materials segments, one subsidiary in the manufacturing of laminated paper segment and one subsidiary in the sales of RFID products segment. Goodwill amounting to HK\$82,300,000 was arisen from acquisition of manufacturing of paper packaging materials of CGU-6 as disclosed in note 38(a), of which HK\$36,212,000 was allocated to CGU-1 as CGU-1 is expected to benefit from the synergies of the combination, resulting from cost saving on raw materials supplied by CGU-6. The carrying amounts of goodwill as at 31 December 2018 allocated to these units are as follows:

20. 商譽(續)

就減值測試而言，商譽獲分配至六個（二零一七年：五個）個別現金產生單位（「現金產生單位」），包括印刷及製造香煙包裝及相關材料分部的三間附屬公司、製造複合紙分部的一間附屬公司以及銷售射頻識別產品分部的一間附屬公司。誠如附註38(a)所披露，收購現金產生單位 -6 製造紙包裝材料分部產生之商譽為82,300,000港元，其中36,212,000港元分配至現金產生單位 -1，原因為現金產生單位 -6 供應原材料可節省成本，預計現金產生單位 -1 可受惠於合併產生之協同效益。於二零一八年十二月三十一日的商譽賬面值已獲分配至以下該等單位：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Printing and manufacturing of cigarette packages and related materials:	印刷及製造香煙包裝及相關材料分部：		
CGU-1	現金產生單位 -1	846,172	876,982
CGU-2	現金產生單位 -2	128,346	134,657
CGU-3	現金產生單位 -3	18,352	20,483
CGU-6	現金產生單位 -6	46,088	-
		1,038,958	1,032,122
Manufacturing of laminated paper:	製造複合紙分部：		
CGU-4	現金產生單位 -4	370	390
Sales of RFID products:	銷售射頻識別產品分部：		
CGU-5	現金產生單位 -5	11,637	11,781
At 31 December	於十二月三十一日	1,050,965	1,044,293

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20. GOODWILL (continued)

The recoverable amounts of the CGUs arising from printing and manufacturing of cigarette packages and related materials, manufacturing of laminated paper and sales of RFID products were determined individually based on value in use calculations. The value in use calculations used discounted future cash flow model based on financial budgets approved by management covering a five-year period and a discount rate of 14.77% (2017: 14.87%) for CGUs arising from printing and manufacturing of cigarette packages and related materials and manufacturing of laminated paper, and 15.90% for CGU arising from sales of RFID products. Cash flows beyond five-year period is extrapolated using a steady growth rate from 3.0%. Cash flow projections for the CGUs are based on the expected terminal growth rate, gross margin and sales growth rate during the budget period, which were determined based on past performance of the Group and the management's expectations for the market development.

Due to the effect of continuous decrease in revenue resulted from the drop in average selling price across various products tiers and market share in Chinese cigarette packaging industry as a consequence of mandatory tendering system in China tobacco industry, and the change of product structure of CGU-1, its value in use adversely impacted and decreased to HK\$1,768,575,000 (2017: HK\$1,851,079,000). The directors of the company have consequently determined impairment of goodwill directly related to CGU-1 amounting to HK\$48,000,000 (2017: CGU-1: HK\$15,000,000; CGU-3 HK\$25,000,000). No other write-down of the assets of CGU-1 and CGU-3 is considered necessary. The impairment loss has been included in profit or loss in the other gains and losses line item.

20. 商譽(續)

印刷及製造香煙包裝及相關材料、製造複合紙以及銷售射頻識別產品的可收回金額乃個別按使用價值計算方式釐定。該使用價值計算方式使用根據管理層批准涵蓋五年期間的財務預算的現金流預測，印刷及製造香煙包裝及相關材料以及製造複合紙現金產生單位的折現率為14.77%（二零一七年：14.87%），而銷售射頻識別產品現金產生單位的折現率為15.90%。五年期間後的現金流量按穩定增長率3.0%預測。現金產生單位的預算期現金流預測根據預算期內的預期最終增長率、毛利率及銷售增長率釐定。有關比率根據過往經驗及管理層對市場發展的期望而釐定。

中國煙草業實行強制招標制度令不同檔次產品的平均售價及市場份額下跌，令收益持續減少，加上現金產生單位-1的產品結構有所改變，其使用價值將受到不利影響，並減少至1,768,575,000港元（二零一七年：1,851,079,000港元）。因此，本公司董事直接將現金產生單位-1的商譽減值釐定為48,000,000港元（二零一七年：現金產生單位-1：15,000,000港元；現金產生單位-3：25,000,000港元）。毋須就現金產生單位-1及現金產生單位-3的資產作出任何撇減。該等減值虧損已列入損益的其他收益及虧損項目。

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20. GOODWILL (continued)

If the discount rate increases to 15.51% (2017: 15.61%), while other parameters remain constant, the recoverable amount of CGU-1 would reduce to HK\$1,672,220,000 (2017: HK\$1,759,590,000) and a further impairment of goodwill of HK\$96,355,000 (2017: further impairment of HK\$91,489,000) would be recognised.

If the discount rate increases to 15.51% (2017: 15.61%), while other parameters remain constant, the recoverable amount of CGU-3 would reduce to HK\$84,426,000 (2017: HK\$119,330,000) and an impairment of goodwill of Nil (2017: further impairment of HK\$4,942,000) would be recognised.

Except to CGU-1 and CGU-3 as analysed above, management believes that any reasonably possible changes in any of these assumptions would not cause the aggregate carrying amount of the CGUs to exceed the aggregate recoverable amount of respective CGUs.

20. 商譽(續)

倘折現率增至15.51%(二零一七年15.61%)而其他參數維持不變,則現金產生單位-1的可收回金額將減至1,672,220,000港元(二零一七年:1,759,590,000港元),並會確認商譽的進一步減值96,355,000港元(二零一七年:進一步減值91,489,000港元)。

倘折現率增至15.51%(二零一七年:15.61%)而其他參數維持不變,則現金產生單位-3的可收回金額將減至84,426,000港元(二零一七年:119,330,000港元),並會確認商譽減值零(二零一七年:進一步減值4,942,000港元)。

除上文所分析的現金產生單位-1及現金產生單位-3外,管理層相信,任何此等假設的任何合理可能變動不會使現金產生單位的賬面值超逾各現金產生單位的可收回金額。

21. INTANGIBLE ASSETS

21. 無形資產

		Customer relationship 客戶關係	Licenses and franchises 牌照及特許權	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
COST	成本			
At 1 January 2017	於二零一七年一月一日	450,560	8,536	459,096
Exchange adjustments	匯兌調整	6,189	613	6,802
At 31 December 2017	於二零一七年十二月三十一日	456,749	9,149	465,898
Acquisition of a subsidiary	收購一間附屬公司	21,305	-	21,305
Exchange adjustments	匯兌調整	(5,966)	(555)	(6,521)
At 31 December 2018	於二零一八年十二月三十一日	472,088	8,594	480,682

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

21. INTANGIBLE ASSETS (continued)

21. 無形資產(續)

		Customer relationship 客戶關係 HK\$'000 千港元	Licenses and franchises 牌照及特許權 HK\$'000 千港元	Total 總計 HK\$'000 千港元
AMORTISATION	攤銷			
At 1 January 2017	於二零一七年 一月一日	225,730	599	226,329
Charge for the year	年內開支	45,249	445	45,694
At 31 December 2017	於二零一七年 十二月三十一日	270,979	1,044	272,023
Charge for the year	年內開支	46,314	445	46,759
Exchange adjustments	匯兌調整	(1,708)	(157)	(1,865)
At 31 December 2018	於二零一八年 十二月三十一日	315,585	1,332	316,917
CARRYING VALUES	賬面值			
At 31 December 2018	於二零一八年 十二月三十一日	156,503	7,262	163,765
At 31 December 2017	於二零一七年 十二月三十一日	185,770	8,105	193,875

For the purpose of impairment testing, customer relationship has been included in five (2017: four) individual CGUs, comprising four (2017: three) subsidiaries in the printing and manufacturing of cigarette packages and related materials segments and one (2017: one) subsidiary in the manufacturing of laminated paper segment. The carrying amounts of intangible assets as at 31 December 2018 allocated to these unites are as follows:

就減值測試而言，客戶關係包括五個（二零一七年：四個）個別現金產生單位，包括印刷及製造香煙包裝及相關材料分部的四間（二零一七年：三間）附屬公司以及製造複合紙分部的一間（二零一七年：一間）附屬公司。於二零一八年十二月三十一日的無形資產賬面值已獲分配至以下該等單位：

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21. INTANGIBLE ASSETS (continued)

21. 無形資產(續)

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Printing and manufacturing of cigarette packages and related materials	印刷及製造香煙包裝及相關材料分部：		
CGU-1	現金產生單位-1	134,352	179,959
CGU-2	現金產生單位-2	1,367	4,152
CGU-3	現金產生單位-3	461	1,402
CGU-6	現金產生單位-6	20,240	-
		156,420	185,513
Manufacturing of laminated papers: CGU-4	製造複合紙分部： 現金產生單位-4	83	257
At 31 December	於十二月三十一日	156,503	185,770

The above intangible assets have finite useful lives. Except that the intangible asset of CGU-6 is amortised basing on the proportion of estimated revenue for each year to the projected gross revenue from these existing customers, other intangible assets are amortised on a straight-line basis over the following periods:

Customer relationship	10 years
Licenses and franchises	20 years

Included in intangible assets represent customer relationship acquired in a business combination in 2009 and the acquisition of 深圳揚豐印刷有限公司 Yangfeng Printing & Packaging Co., Ltd (“Yangfeng”) in 2012, which has been absorbed by 深圳科彩印務有限公司 Shenzhen Kecai Printing Co., Ltd (“Kecai”) and the acquisition of 深圳市金升彩包裝材料有限公司 Shenzhen Jinshengcai Package Material Co., Ltd (“Jinshengcai”) in 2018. The acquisition of the customer base has allowed the Group to stabilise the revenue base from packaging and printing business.

The revenue and the consumption of economic benefits of the customer relationship of CGU-6 are highly correlated as the fair value of these customer relationship as at acquisition date was determined based on contracts and anticipated contracts with these customers.

上述無形資產有固定使用年期。除現金產生單位-6的無形資產根據每年估計收益佔該等現有客戶預計總收益的比例進行攤銷外，其他無形資產於以下期間按直線法攤銷：

客戶關係	10年
牌照及特許權	20年

無形資產包括於二零零九年度業務合併時取得的客戶關係以及於二零一二年收購深圳揚豐印刷有限公司(「揚豐」，已被深圳科彩印務有限公司(「科彩」)吸納)及於二零一八年收購深圳市金升彩包裝材料有限公司(「金升彩」)時取得的客戶關係。接收客戶基礎有助本集團穩定來自包裝及印刷業務的收益基礎。

現金產生單位-6的收入及客戶關係經濟利益消費高度相關，因為為該等客戶關係於收購日期的公允價值乃根據合約及與該等客戶的預期合約釐定。

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22. INTERESTS IN ASSOCIATES

22. 於聯營公司的權益

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Cost of investment, unlisted	投資成本，非上市	332,874	332,874
Share of post-acquisition profits and other comprehensive income, net of dividends received (Note a)	分佔收購後溢利及其他全面收益(扣除已收股息)(附註a)	157,258	182,234
Disposal of partial equity interest in an associate	出售一間聯營公司部分股權	(30,235)	-
Exchange adjustments	匯兌調整	707	19,964
		460,604	535,072

As at 31 December 2018 and 2017, the Group had interests in the following associates:

於二零一八年及二零一七年十二月三十一日，本集團於以下聯營公司擁有權益：

Name of entity 實體名稱	Proportion of ownership interest directly held by the Group 本集團直接持有已註冊股本的百分比		Place and country of establishment/ business 成立/經營地點及國家	Registered capital 已註冊股本	Principal activity 主要業務
	2018 二零一八年	2017 二零一七年			
常德金鵬印務有限公司 (Changde Jinpeng Printing Co., Ltd.) ("Changde Jinpeng") (「常德金鵬」)	31% (note b) (附註b)	35%	PRC 中國	RMB163,052,000 人民幣163,052,000元	Provision for cigarette printing package services 提供香煙印刷包裝服務
天津榮聯匯智能科技有限公司 (Tianjin Rong Lian Hui Zhi Intelligence Packaging Technology Co., Ltd.) ("Tianjin Rong Lian Hui Zhi") (「天津榮聯匯智」)	40%	40%	PRC 中國	RMB30,000,000 人民幣30,000,000元	Developing for intelligent printing services 發展智能印刷服務

Note a: Included in the balance as at 31 December 2018 is the remeasurement of investments in associates adjusted to opening retained earnings.

附註a: 二零一八年十二月三十一日的結餘包括重新計量調整至期初保留盈餘於聯營公司投資的投資。

Note b: On 29 December 2018, the Group entered into an agreement with a shareholder of Changde Jinpeng, to dispose of 4% equity interest of Changde Jinpeng at a consideration of RMB19,058,000 (equivalent to approximately HK\$21,699,000), which lead to a loss amounting to HK\$8,536,000 recognised in other gains and losses and will be settled within one year after completion of government authorities' approval.

附註b: 於二零一八年十二月二十九日，本公司與一名常德金鵬股東訂立協議，以出售常德金鵬4%股權，代價為人民幣19,058,000元(相當於約21,699,000港元)，導致於其他收益及虧損確認為虧損8,536,000港元，而有關款項將於政府當局完成審批後一年後結清。

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綜合財務報表附註

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22. INTERESTS IN ASSOCIATES (continued)

The financial information of the Group's associates are prepared using uniform accounting policies in conformity with the accounting policies adopted by the Group. The associates are accounted for using the equity method in these consolidated financial statements. The summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

Changde Jinpeng

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current assets	流動資產	860,899	900,788
Non-current assets	非流動資產	914,433	980,292
Current liabilities	流動負債	(320,308)	(364,418)
Non-current liabilities	非流動負債	(7,477)	(2,325)

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Revenue	收益	1,220,729	1,268,063
Profit and total comprehensive income for the year	年內溢利及其他全面收益	235,761	240,090
Dividends received from the associate during the year	年內已收聯營公司的股息	77,731	103,344

22. 於聯營公司的權益(續)

本集團聯營公司的財務資料使用與本集團採納的會計政策一致的會計政策編製。聯營公司使用權益法於該等綜合財務報表入賬。本集團聯營公司的財務資料概要載列如下。以下財務資料概要指根據香港財務報告準則編製的聯營公司財務報表所示金額。

常德金鵬

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current assets	流動資產	860,899	900,788
Non-current assets	非流動資產	914,433	980,292
Current liabilities	流動負債	(320,308)	(364,418)
Non-current liabilities	非流動負債	(7,477)	(2,325)
Revenue	收益	1,220,729	1,268,063
Profit and total comprehensive income for the year	年內溢利及其他全面收益	235,761	240,090
Dividends received from the associate during the year	年內已收聯營公司的股息	77,731	103,344

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22. INTERESTS IN ASSOCIATES (continued)

Changde Jinpeng (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

22. 於聯營公司的權益(續)

常德金鵬(續)

上述財務資料概要與已於綜合財務報表確認於聯營公司權益的賬面值的對賬：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Net assets of the associate	聯營公司的資產淨值	1,447,547	1,514,337
Proportion of the Group's ownership interest in the associate	本集團於聯營公司的擁有權權益比例	31%	35%
Carrying amount of the Group's interest in the associate	本集團於聯營公司的權益的賬面值	456,651	525,178

Tianjin Rong Lian Hui Zhi

天津榮聯匯智

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current assets	流動資產	7,480	22,292
Non-current assets	非流動資產	4,968	7,303
Current liabilities	流動負債	(2,565)	(4,860)
Revenue	收益	12,630	8,147
Loss and total comprehensive expense for the year	年內虧損及全面開支總額	(13,441)	(10,055)

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22. INTERESTS IN ASSOCIATES (continued)

Tianjin Rong Lian Hui Zhi (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Net assets of the associate	聯營公司的資產淨值	9,883	24,735
Proportion of the Group's ownership interest in the associate	本集團於聯營公司的擁有權權益比例	40%	40%
Carrying amount of the Group's interest in the associate	本集團於聯營公司的權益的賬面值	3,953	9,894

23. INTEREST IN A JOINT VENTURE

Details of the Group's investment in a joint venture is as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Cost of investment, unlisted	投資成本·非上市	8,825	8,825
Share of post-acquisition profits (losses) and other comprehensive income (expenses), net of dividends received	分佔收購後溢利(虧損)及其他全面收益(開支)(扣除已收股息)	406	(217)
Exchange adjustments	匯兌調整	(476)	(22)
		8,755	8,586

22. 於聯營公司的權益(續)

天津榮聯匯智(續)

上述財務資料概要與已於綜合財務報表確認於聯營公司權益的賬面值的對賬：

23. 於一間合營企業的權益

本集團於一間合營企業的權益的詳情如下：

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綜合財務報表附註

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23. INTEREST IN A JOINT VENTURE (continued)

As at 31 December 2018 and 2017, the Group had interest in the following joint venture:

Name of entity 實體名稱	Percentage of ownership interest/ voting rights directly held by the Group 本集團直接持有 已註冊股本的百分比	Place and Country of incorporation/ business 成立/經營地點 及國家	Registered capital 已註冊股本	Principal activity 主要業務
深圳市科炬互聯網科技有限公司 (Shenzhen Keju Internet Technology Company Limited ("Keju")) (「科炬」)	49% Note 附註	PRC 中國	RMB15,000,000 人民幣 15,000,000 元	Developing 2D Barcodes and O2O solutions 發展二維碼及O2O解決方案

Note: The Group hold 49% of ownership interest of Keju. However, under a shareholders' agreement, the Group has the joint control over Keju because the director resolution will be effective only when approved by all directors.

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

The joint venture is accounted for using the equity method in these consolidated financial statements.

23. 於一間合營企業的權益(續)

於二零一八年及二零一七年十二月三十一日，本集團於以下合營企業擁有權益：

附註：本公司持有科炬4%股權。然而，根據股東協議，本集團對科炬有共同控制權，原因為董事決議案僅將於全體股東批准後方始生效。

本集團合營企業的財務資料概要載列如下。以下財務資料概要指根據香港財務報告準則編製的合營企業財務報表所示金額。

合營企業使用權益法於該等綜合財務報表入賬。

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current assets	流動資產	20,739	17,490
Non-current assets	非流動資產	202	134
Current liabilities	流動負債	(3,074)	(101)
The above amounts of assets and liabilities include the following:	上述資產及負債金額包括如下：		
Cash and cash equivalents	現金及現金等值項目	12,711	16,595
Current financial liabilities (excluding trade and other payables and provision)	流動金融負債(不包括貿易及其他應付款項以及撥備)	(897)	(22)

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23. INTEREST IN A JOINT VENTURE (continued)

23. 於一間合營企業的權益(續)

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Revenue	收益	25,044	1,125
Profit (loss) for the year	年內溢利(虧損)	1,271	558
Other comprehensive income (expense) for the year	年內其他全面收益(開支)	927	(1,301)
Total comprehensive income (expense) for the year	年內全面收益(開支)總額	2,198	(743)

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Depreciation and amortisation	折舊及攤銷	(22)	(14)
Interest income	利息收入	134	106
Income tax expense	所得稅開支	(95)	-

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23. INTEREST IN A JOINT VENTURE (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Net assets of the joint venture	合營企業的資產淨值	17,867	17,523
Proportion of the Group's ownership interest in the joint venture	本集團於合營企業的擁有權權益比例	49%	49%
Carrying amount of the Group's interest in the joint venture	本集團於合營企業的權益的賬面值	8,755	8,586

23. 於一間合營企業的權益(續)

上述財務資料概要與已於綜合財務報表確認於合營企業權益的賬面值的對賬：

24. INVENTORIES

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Raw materials	原材料	159,163	110,618
Work in progress	在製品	453	12,614
Finished goods	製成品	4,150	44,660
		163,766	167,892

24. 存貨

During the year, there was a decrease in the net realisable value of certain raw materials due to stock surplus. As a result, a recognition of write-down on obsolete inventories of HK\$592,000 (2017: reversal of HK\$988,000 due to the rise of net realisable value) has been recognised in the current year.

年內，若干原材料的可變現淨值因庫存出現盈餘而有所減少。因此，於本年度確認陳舊存貨撇減592,000港元（二零一七年：因產生可變現淨值而撥回988,000港元）。

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25. TRADE RECEIVABLES

25. 貿易應收款項

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Trade receivables	貿易應收款項		
– third parties	– 第三方	546,799	787,329
– related party	– 關連方	–	3,595
– an associate	– 一間聯營公司	9,827	5,324
		556,626	796,248
Less: allowance for credit losses	減：信貸虧損撥備	(11,989)	–
		544,637	796,248

As at 31 December 2018 and 1 January 2018, trade receivable from contracts with customers amounted to HK\$544,637,000 (net of allowance for credit loss of HK\$11,989,000) and HK\$786,131,000 (net of allowance for credit loss of HK\$10,117,000), respectively.

於二零一八年十二月三十一日及二零一八年一月一日，客戶合約的貿易應收款項分別為544,637,000港元(扣除信貸虧損撥備11,989,000港元)及786,131,000港元(扣除信貸虧損撥備10,117,000港元)。

The amount due from a related party derived from the company controlled by a director.

應收一名關連方款項來自一名董事所控制的公司。

The Group allows a credit period of 60 days to 90 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the date of delivery goods/invoice date at the end of the reporting period, which approximated revenue recognition dates except for receivables arising from printing of cigarette packages and manufacturing of laminated papers which are recognised over time upon application of HKFRS 15.

本集團授予其貿易客戶60日至90日的信貸期。以下為於報告期末按交付貨品日期/發票日期呈列貿易應收款項(扣除信貸虧損撥備)的賬齡分析，其與確認日期收益相若，惟於應用香港財務報告準則第15號後隨時間確認的印刷香煙包裝及製造複合紙的收益則除外。

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
0–90 days	0至90日	473,075	683,882
91–180 days	91至180日	30,180	38,776
181–365 days	181至365日	14,338	20,888
Over 365 days	超過365日	27,044	52,702
		544,637	796,248

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25. TRADE RECEIVABLES (continued)

As at 31 December 2018, total bills received amounting to HK\$10,881,000 (31 December 2017: HK\$46,104,000) are held by the Group for future settlement of trade receivables due from third parties. All bills received by the Group are with a maturity period of less than one year.

Based on the Group's assessment of historical credit loss experience of these debtors, including all available forward-looking information and expected settlements, the Group does not consider default has occurred despite the contractual payments are overdue more than 90 days due to these customers are mainly state-owned cigarette companies with strong financial positions. The management of the Group considers default occurred when the debtors get into financial difficulty or the debtors do not repay any trade receivables though the Group has pursued for several times, which indicate the Group may not collect these trade receivables.

As at 31 December 2018, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$71,562,000 which are past due as at the reporting date. Out of the past due balances, HK\$45,934,000 has been past due 90 days or more. Other than bill received amounting to HK\$10,881,000, the Group does not hold any collateral over these balances.

As at 31 December 2017, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$108,771,000 which are past due as at the reporting date for which the Group has not provided for impairment loss. Other than bills received amounting to HK\$46,104,000, the Group did not hold any collateral over these balances.

25. 貿易應收款項(續)

於二零一八年十二月三十一日，本集團持有已收票據總額10,881,000港元(二零一七年十二月三十一日：46,104,000港元)，以供日後結算應收第三方貿易結餘。本集團所有已收票據的到期日均少於一年。

根據本集團對該等應收賬款過往信貸虧損記錄(包括所有可用前瞻性資料及預期結算)的評估，由於該等客戶主要為財務狀況雄厚的國有煙草公司，即使合約付款已逾期超過90日，本集團並無視之為違約。本集團管理層認為，當債務人遇到嚴重財政困難或債務人並無償還任何貿易應收款項(儘管本集團已多次追討)時發生違約，顯示本集團或未能收回該等貿易應收款項。

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賬面總值為71,562,000港元的應收賬款。在已逾期結餘當中，45,934,000港元已逾期90日以上。除為數10,881,000港元的已收票據外，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，本集團貿易應收款項結餘包括於報告日期已逾期賬面總值為108,771,000港元的應收賬款，而本集團並無就此作出減值虧損撥備。除為數46,104,000港元的已收票據外，本集團並無就該等結餘持有任何抵押品。

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25. TRADE RECEIVABLES (continued)

Ageing of trade receivables which are past due but not impaired

		2017 二零一七年 HK\$'000 千港元
91–180 days	91 至 180 日	38,776
181–365 days	181 至 365 日	20,888
Over 365 days	365 日以上	49,107
Total	總計	108,771

25. 貿易應收款項(續)

已逾期惟未減值的貿易應收款項賬齡

Movement in the allowance for doubtful debts

呆賬撥備變動

		2017 二零一七年 HK\$'000 千港元
1 January	一月一日	2,213
Amounts written off as uncollectible	因無法收回而撇銷的金額	(2,297)
Exchange difference	匯兌差額	84
31 December	十二月三十一日	-

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK\$2,213,000 of which the debtors were in financial difficulties and were written off during the year ended 31 December 2017.

呆賬撥備包括總結餘為2,213,000港元的個別減值貿易應收款項，而其債務人陷入財政困難而於截至二零一七年十二月三十一日止年度撇銷。

Details of impairment assessment of trade receivables for the year ended 31 December 2018 are set out in note 42.

有關截至二零一八年十二月三十一日止年度貿易應收款項減值評值的詳情載於附註42。

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26. CONTRACT ASSETS

26. 合約資產

		31 December 2018 二零一八年 十一月三十一日 HK\$'000 千港元	1 January 2018* 二零一八年 一月一日* HK\$'000 千港元
Contract assets:	合約資產 – 流動：		
Printing of manufacturing of cigarette packages and related materials	印刷及製造香煙包裝及 相關材料	163,245	62,442
Manufacturing of laminated papers	製造複合紙	2,140	2,387
		165,385	64,829

* The amounts in this column are after the adjustments from the application of HKFRS 9 and HKFRS 15.

* 就應用香港財務報告準則第9號及應用香港財務報告準則第15號作出調整後的金額。

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in delivering the goods to the customers at the reporting date on provision of printing of cigarette package and manufacturing of laminated papers. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers the contract assets to trade receivables when the products are delivered and accepted by the customers.

合約資產主要與本集團收取已完成而未開單工程相關代價的權利，原因為有關權利須視乎本集團於報告日期向客戶交付提供香煙包裝印刷及製造複合紙所涉及貨品的未來表現而定。當有關權利成為無條件時，合約資產將轉撥至貿易應收款項。本集團通常於交付產品並獲客戶接納時將合約資產轉撥至貿易應收款項。

The increase of contract assets is mainly due to the customers who had placed more orders to the Group at the year end.

合約資產增加主要是由於客戶向本集團於年末發出更多訂單所致。

The consideration is payable on the earlier of the delivery and acceptance of the finished goods by customers or notice from the customer to cancel the order. If the customer cancels the order, the Group is immediately entitled to receive payment for work done to date.

代價須於提早交付及製成品獲客戶接納或客戶發出取消訂單通知時支付。倘客戶取消訂單，本集團即時有權收取迄今為止所完成工作的款項。

Details of impairment assessment of contract assets for the year ended 31 December 2018 are set out in note 42.

有關截至二零一八年十二月三十一日止年度合約資產減值評值的詳情載於附註42。

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27. OTHER RECEIVABLES, PREPAYMENTS AND REFUNDABLE DEPOSITS

27. 其他應收款項、預付款項及可退還訂金

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Receivables from disposal of subsidiaries	出售附屬公司的應收款項	-	9,341
Receivables from disposal of partial equity interest in an associate	出售一間聯營公司部分股權應收款項	21,691	-
Refundable deposits to suppliers and customers	支付予供應商及客戶的可退還訂金	9,669	10,169
Prepayment for material purchase	購買原材料的預付款項	10,223	17,372
Staff advances	員工墊款	3,716	2,818
Rental, utility and sundry deposits	租金、公用及雜項按金	2,869	3,615
Tax receivables	應收稅項	6,661	4,441
Others	其他	5,075	8,806
		59,904	56,562

Details of impairment assessment of other receivables including receivables from disposal of subsidiaries and partial equity interest in an associate, refundable deposits to suppliers and customers, staff advances, rental, utility and sundry deposits and others for the year ended 31 December 2018 are set out in note 42.

有關截至二零一八年十二月三十一日止年度其他應收款項(包括出售附屬公司及一間聯營公司部分股權應收款項、支付予供應商及客戶的可退還訂金、員工墊款、租金、公用及雜項按金以及其他)減值評值的詳情載於附註42。

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28. AMOUNT DUE FROM A RELATED PARTY/ AMOUNTS DUE TO NON-CONTROLLING INTERESTS OF SUBSIDIARIES

(a) Amount due from a related party:

		2018	2017	Maximum amount outstanding during the year ended 31 December 2018 截至二零一八年 十二月三十一日 止 年度尚未償還 最高金額 HK\$'000 千港元
		二零一八年 HK\$'000 千港元	二零一七年 HK\$'000 千港元	
Names of the related party	關連方名稱			
Masterwork Machinery Co., Ltd. ("Masterwork")	天津長榮科技集團股份 有限公司(「天津長榮」)	9,422	9,866	12,836
Current	流動	-	9,866	
Non-Current	非流動	9,422	-	
		9,422	9,866	

Masterwork is controlled by a director of the Company and is therefore a related party of the Group. The balance is non-trade in nature in relation to deposits for property, plant and equipment, unsecured, interest-free and the management expected to be settled within 12 months from the end of the reporting period.

天津長榮由本公司一名董事控制，故屬於本集團的關連方。有關結餘屬非貿易性質（涉及物業、廠房及設備的按金）、無抵押、免息及預期由報告期末起計12個月內償付。

(b) Amounts due to non-controlling interests of subsidiaries:

The amounts are unsecured, interest-free and repayable on demand.

(b) 應付附屬公司非控股權益款項：

有關款項為無抵押、免息及須按要求償還。

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29. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets at fair value through profit or loss represents structure deposits. As at 31 December 2017, the structured deposits were issued by a bank in the PRC. The structured deposits were with expected rates of return (not guaranteed) at 3% per annum, depending on the market price of underlying financial instruments, including government bond, central bank bills, debentures and other financial assets.

As at 31 December 2017, the Group had the rights to redeem the structured deposits at any time with prior notice.

The structured deposits were designated at FVTPL on initial recognition as they contain non-closely related embedded derivatives. The management of the Group considered the fair values of the structured deposits, which were based on the prices provided by the counterparty banks which represented the prices they would pay to redeem the deposits at the end of each reporting period, approximated to their carrying values at the same day.

30. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH/BANK OVERDRAFTS

Bank balances carry interest at market rates which range from 0.001% to 0.35% (2017: 0.001% to 0.35%) per annum. The pledged bank deposits carry fixed interest rates which range from 0.30% to 0.35% (2017: 0.30% to 1.55%) per annum. Pledged bank deposits represents deposits pledged to banks to secure banking facilities of bills payables granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bills payables.

Bank overdrafts carry interest at market rates which range from 1.88% to 5.68% (2017: nil) per annum.

29. 按公允價值計入損益的金融資產

按公允價值計入損益的金融資產指結構性存款。於二零一七年十二月三十一日，結構性存款由中國一間銀行發行。結構性存款的預計回報率（並無保證）為年息3%，視乎相關金融工具（包括政府債券、央行票據、債權證及其他金融資產）的市價而定。

於二零一七年十二月三十一日，本集團有權隨時在給予事先通知後贖回結構性存款。

由於結構性存款包含並非緊密連繫的嵌入式衍生工具，故於初始確認時指定為按公允價值計入損益。本集團管理層認為，結構性存款的公允價值以對手方銀行提供的價格（即該等銀行將於各報告期末贖回存款所支付的價格）為基礎，故與其於同日的賬面值相若。

30. 已抵押銀行存款／銀行結餘及現金／銀行透支

銀行結餘年利率介乎0.001%至0.35%（二零一七年：0.001%至0.35%）。已抵押銀行存款的年利率介乎0.30%至0.35%（二零一七年：0.30%至1.55%）。已抵押銀行存款指已抵押予銀行以擔保就應付票據授予本集團的銀行融資的存款。已抵押銀行存款將於償還有關應付票據時解除。

銀行透支按市場年利率介乎1.88%至5.68%（二零一七年：無）計息。

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30. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH/BANK OVERDRAFTS (continued)

The Group's pledged bank deposits, bank balances and cash and bank overdrafts that are denominated in currencies other than the functional currency of the respective group entities are stated below:

30. 已抵押銀行存款／銀行結餘及現金／銀行透支(續)

以各自集團實體的功能貨幣以外的貨幣計值的本集團已抵押銀行存款、銀行結餘及現金以及銀行透支列示如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
HK\$	港元	52,039	26,684
United States Dollars ("US\$")	美元(「美元」)	858	3,117
European Dollars ("EUR")	歐元(「歐元」)	-	51

31. TRADE PAYABLES

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Trade payables	貿易應付款項	229,676	265,364

31. 貿易應付款項

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

以下為於報告期末按發票日期呈列貿易應付款項的賬齡分析。

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31. TRADE PAYABLES (continued)

31. 貿易應付款項(續)

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
0-30 days	0至30日	120,043	175,398
31-90 days	31至90日	70,925	73,409
91-180 days	91至180日	19,928	12,654
181-365 days	181至365日	17,095	3,570
Over 365 days	超過365日	1,685	333
		229,676	265,364

The credit period on purchases of goods ranges from 30 days to 180 days. The Group monitors and maintains a level of cash and cash equivalents sufficient to ensure that all payables are within the credit timeframe.

購買貨物的信貸期介乎於30日至180日之間。本集團監控及維持足夠現金及現金等值項目，以確保所有應付款項於信貸期內支付。

As at 31 December 2017, bills amounting to HK\$4,208,000 (2018: nil) were transferred to suppliers for settling trade payables.

於二零一七年十二月三十一日，為數4,208,000港元(二零一八年：無)的票據已轉撥予供應商以結算貿易應付款項。

32. OTHER PAYABLES AND ACCRUALS

32. 其他應付款項及應計費用

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Other tax payables	其他應付稅項	32,417	62,670
Other payables and accruals	其他應付款項及應計費用	20,880	17,243
Salary payable	應付薪金	25,529	14,256
Construction payables	應付建築款項	34,594	17,774
Government grants	政府補助金	2,533	2,668
Advanced from customers	來自客戶墊款	-	857
Deposits received from suppliers	已收供應商按金	448	71
Contract liabilities	合約負債	144	-
		116,545	115,539

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33. PURCHASE CONSIDERATION PAYABLE FOR ACQUISITION

33. 就收購事項所須支付購買代價

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Purchase consideration payable for acquisition	就收購事項所須支付購買代價	11,150	21,704
Contingent consideration payable	應付或然代價	1,626	1,144
		12,776	22,848
Analysed as:	分析為：		
Current	流動	12,776	11,103
Non-current	非流動	-	11,745
		12,776	22,848

Purchase consideration payable for acquisition is initial consideration payable, unsecured and interest-free and is expected to be settled within 12 months (2017: within 24 months) from the end of the reporting period.

就收購事項所須支付購買代價乃應付初步代價，為無抵押及免息，並預期自報告期末起計12個月內(二零一七年：24個月內)償付。

Contingent consideration that would be payable if acquired business achieves its respective base year turnover and profit after tax during the designated periods of time.

倘所收購業務於指定期間達致個別基本年度營業額及除稅後溢利，則須支付或然代價。

The fair value of contingent consideration payable at 31 December 2018 was HK\$1,626,000 (31 December 2017: HK\$1,144,000) which is measured at FVTPL and is based on the valuation performed by the management of the Group to the best of their estimation. Details of fair value measurement is set out in note 42.

於二零一八年十二月三十一日，應付或然代價的公允價值為1,626,000港元(二零一七年十二月三十一日：1,144,000港元)乃按公允價值計入損益計量及以本集團管理層按其最佳估計所作的估值為依據。公允價值計量的詳情載於附註42。

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34. BANK BORROWINGS

34. 銀行借貸

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Bank borrowings comprise:	銀行借貸包括：		
Secured	有抵押	–	101,110
Unsecured	無抵押	620,084	577,056
		620,084	678,166
Carrying amount repayable based on structured repayment dates:	根據預定還款日期須於以下時間償還的賬面值：		
Within one year	一年內	549,905	556,773
More than one year, but not more than two years	超過一年但於兩年內	18,750	37,500
More than two years, but not more than five years	超過兩年但於五年內	–	18,750
		568,655	613,023
The carrying amount of bank borrowings that contain a repayment on demand clauses (shown under current liabilities) but repayable	包含按要求償還條款（計入流動負債）但須於以下時間償還的銀行借貸的賬面值：		
Within one year	一年內	13,714	13,714
More than one year, but not more than two years	超過一年但於兩年內	13,714	13,714
More than two years, but not more than five years	超過兩年但於五年內	24,001	37,715
		51,429	65,143
		620,084	678,166
Less: Amounts due within one year shown under current liabilities	減：計入流動負債的金額	601,334	621,916
Amounts shown under non-current liabilities	計入非流動負債的金額	18,750	56,250

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34. BANK BORROWINGS (continued)

34. 銀行借貸(續)

	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Breakdown of the bank borrowings: 銀行借貸分類：		
Fixed-rate borrowings 定息借貸	41,488	17,984
Floating-rate borrowings 浮息借貸	578,596	660,182
	620,084	678,166

The Group's floating-rate borrowings are mainly subject to interest in a range at 100% to 110% of RMB Benchmark Loan Rates issued by the People's Bank of China, Loan Prime Rate issued by the National Interbank Funding Center of the PRC and Hong Kong Interbank Offered Rate ("HIBOR") in a range at HIBOR plus 1.8% to 3.3%. The effective interest rates on the Group's bank borrowings are as follows:

本集團浮息借貸主要按中國人民銀行頒佈的人民幣貸款基準利率範圍100%至110%、中國全國銀行間同業拆借中心頒佈的貸款基礎利率及香港銀行同業拆息(「香港銀行同業拆息」)加1.8%至3.3%計息。本集團銀行借貸的實際利率如下：

	2018 二零一八年	2017 二零一七年
Fixed-rate borrowings 定息借貸	4.6% to 至 6.5%	4.4% to 至 7.0%
Floating-rate borrowings 浮息借貸	2.4% to 至 5.9%	2.1% to 至 4.8%

The Group's bank borrowings that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

本集團以相關集團實體功能貨幣以外的貨幣計值的銀行借貸如下：

	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
HK\$ 港元	527,586	588,248
EUR 歐元	1,637	-

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35. GOVERNMENT GRANTS

35. 政府補助金

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Arising from government grants:	源自政府補助金：		
Current liability (included in other payable and accruals)	流動負債(計入其他應付款項及應計費用)	2,533	2,668
Non-current liability	非流動負債	30,175	34,441
		32,708	37,109

The government subsidies received related to the acquisition of property, plant and equipment in the PRC. The amount has been treated as deferred income. The amount is transferred to income on a systematic basis over the estimated useful lives of the related assets. This policy has resulted in a credit to income in the current year of HK\$2,634,000 (2017: HK\$2,577,000). As at 31 December 2018, an amount of HK\$32,708,000 (31 December 2017: HK\$37,109,000) remains to be amortised.

已收政府補助金與收購中國物業、廠房及設備有關。該款項被視為遞延收入。該款項於相關資產估計使用年內有系統地轉撥至收入。該政策導致本年度確認收入2,634,000港元(二零一七年：2,577,000港元)。於二零一八年十二月三十一日，金額32,708,000港元(二零一七年十二月三十一日：37,109,000港元)有待攤銷。

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36. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

36. 遞延稅項資產／負債

就綜合財務狀況表呈列而言，若干遞延稅項資產及負債經已抵銷。以下為就財務報告而言遞延稅項結餘的分析：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Deferred tax assets	遞延稅項資產	(200)	-
Deferred tax liabilities	遞延稅項負債	68,565	55,133
		68,365	55,133

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset.

就綜合財務狀況表呈列而言，若干遞延稅項資產及負債經已抵銷。

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36. DEFERRED TAX ASSETS/LIABILITIES

(continued)

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

36. 遞延稅項資產／負債(續)

以下為於本年度及過往年度的已確認主要遞延稅項負債(資產)以及其變動：

		Intangible assets	Undistributable profits of subsidiaries/ associate	Government grants	ECL provision	Timing difference on revenue recognition	Inventories provisions/ salary payable	Total
		無形資產	附屬公司/ 聯營公司的 未分派溢利	政府補助金	預期信貸 虧損撥備	收益確認的 時間差異	存貨撥備/ 應付薪金	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2017	於二零一七年一月一日	29,622	47,242	(5,530)	-	-	-	71,334
(Credit) charge to profit or loss	(計入)扣除損益	(5,386)	15,986	387	-	-	-	10,987
Reversal upon payment	於支付後撥回	-	(29,450)	-	-	-	-	(29,450)
Exchange differences	匯兌差額	-	2,685	(423)	-	-	-	2,262
At 31 December 2017	於二零一七年 十二月三十一日	24,236	36,463	(5,566)	-	-	-	55,133
Effect of HKFRS 9 and 15 application	應用香港財務報告準則 第9號及香港財務報告 準則第15號的影響	-	-	-	(1,519)	2,553	-	1,034
At 1 January 2018 (restated)	於二零一八年一月一日 (經重列)	24,236	36,463	(5,566)	(1,519)	2,553	-	56,167
Acquisition of a subsidiary	收購一間附屬公司	5,326	-	-	(39)	-	(1,048)	4,239
(Credit) charge to profit or loss	(計入)扣除損益	(5,652)	14,985	395	(332)	6,698	301	16,395
Reversal upon payment	於支付後撥回	-	(6,516)	-	-	-	-	(6,516)
Exchange differences	匯兌差額	-	(2,099)	265	91	(384)	207	(1,920)
At 31 December 2018	於二零一八年 十二月三十一日	23,910	42,833	(4,906)	(1,799)	8,867	(540)	68,365

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37. SHARE CAPITAL

37. 股本

		Number of shares 股份數目	Nominal value 面值 HK\$'000 千港元
Authorised:	法定：		
Ordinary shares of HK\$0.005 each	每股面值0.005港元的普通股		
At 1 January 2017,	於二零一七年一月一日、		
31 December 2017	二零一七年十二月		
and 31 December 2018	三十一日及二零一八年		
	十二月三十一日	10,000,000,000	50,000
Issued and fully paid:	已發行及繳足：		
Ordinary shares of HK\$0.005 each	每股面值0.005港元的普通股		
At 1 January 2017,	於二零一七年一月一日、		
31 December 2017	二零一七年十二月		
and 31 December 2018	三十一日及二零一八年		
	十二月三十一日	1,567,884,634	7,839

38. ACQUISITION OF A SUBSIDIARY/ ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY

38. 收購一間附屬公司／一間附屬 公司的額外股權

(a) Acquisition of a subsidiary

On 13 July 2018, the Group acquired 100% equity interests of 深圳市金升彩包裝材料有限公司 Shenzhen Jinshengcai Package Material Co., Ltd. ("Jinshengcai") for consideration of RMB130,000,000 (equivalent to approximately HK\$148,018,000). This acquisition has been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was HK\$82,300,000. Jinshengcai is engaged in the manufacture of cigarette packages and related materials. Jinshengcai was acquired so as to economise the cost of printing of cigarette package to cater for increasingly competitive environment of traditional cigarette packaging industry.

(a) 收購一間附屬公司

於二零一八年七月十三日，本集團收購深圳市金升彩包裝材料有限公司（「金升彩」）100%股權，代價為人民幣130,000,000元（相當於約148,018,000港元）。是次收購已使用購買法入賬。因收購而產生的商譽金額為82,300,000港元。金升彩從事製造香煙包裝及相關材料。收購金升彩旨在節省香煙包裝印刷成本，以迎合傳統香煙包裝行業日益激烈的競爭環境。

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38. ACQUISITION OF A SUBSIDIARY/ ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY (continued)

(a) Acquisition of a subsidiary (continued)

Assets acquired and liabilities recognised at the date of acquisition are as follows:

38. 收購一間附屬公司／一間附屬 公司的額外股權(續)

(a) 收購一間附屬公司(續)

於收購日期所收購的資產及所確認的負債如下：

		HK\$'000 千港元
Non-current assets		
Property, plant and equipment	非流動資產 物業、廠房及設備	6,363
Deferred tax assets	遞延稅項資產	1,087
Intangible assets	無形資產	21,305
Current assets		
Inventories	流動資產 存貨	42,163
Trade receivables	貿易應收款項	49,192
Other receivables, prepayments and deposits	其他應收款項、預付款項及按金	518
Bank balances and cash	銀行結餘及現金	3,873
Current liabilities		
Trade payables	流動負債 貿易應付款項	(44,476)
Other payables and accruals	其他應付款項及應計費用	(8,981)
Non-current liability		
Deferred tax liabilities	非流動負債 遞延稅項負債	(5,326)
		65,718

The fair value of trade receivables at the date of acquisition amounted to HK\$49,192,000. The gross contractual amounts of those trade receivables acquired amounted to HK\$49,454,000 at the date of acquisition.

貿易應收款項於收購日期的公允價值為49,192,000港元。該等所收購貿易應收款項於收購日期的合約總值為49,454,000港元。

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38. ACQUISITION OF A SUBSIDIARY/ ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY (continued)

(a) Acquisition of a subsidiary (continued) Goodwill arising on acquisition

		HK\$'000 千港元
Consideration transferred	所轉讓代價	148,018
Less: net assets acquired	減：所收購資產淨值	65,718
Goodwill arising on acquisition	因收購而出現的商譽	82,300

Net cash outflow on acquisition of Jinshengcai

		HK\$'000 千港元
Cash consideration paid	所支付現金代價	148,018
Less: cash and cash equivalent balances acquired	減：所收購現金及現金等值 項目結餘	3,873
		144,145

Acquisition-related costs amounting to HK\$493,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the “administrative expenses” line item in the consolidated statement of profit or loss and other comprehensive income.

38. 收購一間附屬公司／額外股本 權益(續)

(a) 收購一間附屬公司(續) 因收購而產生的商譽

收購金升彩的現金流出淨額

收購相關成本493,000港元已從所轉讓代價中扣除，並於本年度在綜合損益及其他全面收益報表的「行政開支」項目確認為開支。

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38. ACQUISITION OF A SUBSIDIARY/ ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY (continued)

(a) Acquisition of a subsidiary (continued)

Goodwill arose in the acquisition of Jinshencai because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Jinshencai. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Included in the profit for the year is HK\$7,295,000 attributable to the additional business generated by Jinshengcai. Revenue for the year includes HK\$61,528,000 generated from Jinshengcai.

Had the acquisition been completed on 1 January 2018, total group revenue for the year would have been HK\$1,409 million, and profit for the year would have been HK\$232 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2018, nor is it intended to be a projection of future results.

38. 收購一間附屬公司／額外股本 權益(續)

(a) 收購一間附屬公司(續)

由於合併的成本包括控制權溢價，因此收購金升彩產生商譽。此外，就合併支付的代價實際包括有關預期協同效應、收入增長、未來市場發展及金升彩人力團隊利益的金額。該等利益因不符合可識別無形資產的確認標準而未獨立於商譽確認。該等收購事項產生的商譽預計不能抵扣稅項。

年內溢利包括金升彩所產生的額外業務應佔7,295,000港元。年內收益包括金升彩所產生的61,528,000港元。

倘收購於二零一八年一月一日已完成，年內集團收益總額將為1,409,000,000港元，年內溢利則為232,000,000港元。備考資料僅供說明用途，未必反映在有關收購於二零一八年一月一日已完成的情況下，本集團實際達致的收益及經營業績，亦非未來業績的預測。

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38. ACQUISITION OF A SUBSIDIARY/ ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY (continued)

(b) Acquisition of additional equity interest in a subsidiary

In August 2018, the Group entered into an agreement with a shareholder of Zhaotong Antong Package Material Co., Ltd. 昭通安通包裝材料有限公司 (“ZTAT”), a non-wholly owned subsidiary of the Company, to acquire the remaining 20% equity interest at a consideration of RMB5,321,000 (equivalent to approximately HK\$6,186,000). The consideration on acquisition was paid in cash. An amount of HK\$6,651,000 (being the proportionate share of the carrying amount of the net assets of ZTAT) has been transferred from non-controlling interests. The difference of HK\$465,000 between the decrease in the non-controlling interests and the consideration paid has been debited to other reserves.

In August 2017, the Group entered into an agreement with a shareholder of Xiangyang Jinfeihuan Colour Packing Co., Ltd 襄陽金飛環彩色包裝有限公司 (“Jinfeihuan”), a non-wholly owned subsidiary of the Company, to acquire the remaining 20.4% equity interest at a consideration of RMB8,664,000 (equivalent to approximately HK\$9,778,000). The consideration on acquisition was paid in cash. An amount of HK\$8,369,000 (being the proportionate share of the carrying amount of the net assets of Jinfeihuan) has been transferred from non-controlling interests. The difference of HK\$1,409,000 between the decrease in the non-controlling interests and the consideration paid has been debit to other reserves.

38. 收購一間附屬公司／額外股本權益(續)

(b) 收購一間附屬公司的額外股本權益

於二零一八年八月，本集團與本公司非全資附屬公司昭通安通包裝材料有限公司(「昭通安通」)一名股東訂立協議，按代價為人民幣5,321,000元(相當於約6,186,000港元)收購餘下20%股權。收購代價以現金支付。為數6,651,000港元(即昭通安通資產淨資產賬面值所佔比例)的款項已轉撥自非控股權益。非控股權益減少的數額與已付代價兩者間的差額465,000港元已撥入其他儲備。

於二零一七年八月，本集團與本公司非全資附屬公司襄陽金飛環彩色包裝有限公司(「金飛環」)一名股東訂立協議，按代價人民幣8,664,000元(相當於約9,778,000港元)收購餘下20.4%股權。收購代價以現金支付。為數8,369,000港元(即金飛環淨資產賬面值所佔比例)的款項已轉撥自非控股權益。非控股權益減少的數額與已付代價兩者間的差額1,409,000港元已撥入其他儲備。

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39. DISPOSAL OF SUBSIDIARIES

On 11 January 2018, the Group disposed of its entire 100% equity interest in Empire Sail Limited 帝航有限公司 (together with its subsidiary collectively referred as the “Disposal Group”) to an independent third party at a cash consideration of HK\$295,000,000. The principal assets of the Disposal Group are the property, plant and equipment and investment properties.

Analysis of assets and liability over which control was lost:

		HK\$'000 千港元
Property, plant and equipment	物業、廠房及設備	86,361
Investment properties	投資物業	118,448
Other receivables	其他應收款項	129
Other payables	其他應付款項	(1,619)
Net assets disposed of	所出售資產淨值	203,319

Gain on disposal of subsidiaries:

		HK\$'000 千港元
Consideration received	已收代價	295,000
Net assets disposed of	所出售資產淨值	203,319
Gain on disposal	出售收益	91,681

Net cash inflow arising on disposal:

Cash consideration	現金代價	295,000
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39. 出售附屬公司

於二零一八年一月十一日，本集團以現金代價295,000,000港元向一名獨立人士出售帝航有限公司(連同其附屬公司統稱為「出售集團」)全部100%股權。出售集團的主要資產為物業、廠房及設備以及投資物業。

失去控制權的資產及負債分析：

出售附屬公司的收益：

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40. RETIREMENT BENEFIT PLAN

The Group participates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under control of a trustee. The Group contributes lower of 5% of relevant payroll costs or HK\$1,500 per person to the Scheme, which is matched by employees.

The employees of the Group in the PRC are members of state-managed retirement benefit scheme operated by the PRC government. The Company's subsidiaries are required to contribute a certain percentage of payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the scheme is to make the required contributions under the scheme.

The total expense recognised in profit or loss of HK\$14,096,000 (2017: HK\$11,117,000) represents contributions paid or payable to these plans by the Group at rates specified in the rules of the plans.

41. 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 stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

40. 退休福利計劃

本集團為香港所有合資格僱員參加強制性公積金計劃。計劃資產與本集團資產分開處理，並由信託人管理的基金持有。本集團向計劃貢獻每人有關薪金成本不超過5%或1,500港元，與僱員作出相等供款。

本集團於中國的僱員為中國政府的國家管理退休福利計劃的成員。本公司附屬公司須貢獻薪金若干百分比至退休福利計劃，以為福利提供資金。本集團涉及計劃的責任僅為為根據計劃作出所需供款。

已於損益確認的總開支14,096,000港元(二零一七年：11,117,000港元)指本集團按計劃規則訂明的比率向此等計劃已作出或須作出的應付供款。

41. 資本風險管理

本集團管理其資本，以確保本集團的實體可以持續經營，並透過優化債務及權益結餘為權益相關者帶來最大回報。自去年以來，本集團的整體策略維持不變。

本集團的資本架構包括債務淨額(包括銀行借貸、現金及現金等值項目淨額)及本公司擁有人應佔權益(其中包括已發行股本及儲備)。

本公司董事定期審核資本架構。作為此審核的一部分，本公司董事會考慮資本成本及與各類別資本相關的風險。本集團將根據董事的建議，透過支付股息、發行新股以及發行新債券或贖回現有債務來平衡其整體資本架構。

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42. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

42. 金融工具

a. 金融工具的類別

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Financial assets	金融資產		
Financial assets at amortised cost	按攤銷成本列賬的金融資產	954,415	–
Loans and receivables (including cash and cash equivalents)	貸款及應收款項(包括現金及現金等值項目)	–	1,119,680
Financial assets at FVTPL	按公允值計入損益的金融資產	–	7,193
		954,415	1,126,873
		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Financial liabilities	金融負債		
Financial liabilities at FVTPL	按公允價值計入損益的金融負債	1,626	1,144
Financial liabilities at amortised costs	按攤銷成本列賬的金融負債	944,883	1,003,099
		946,509	1,004,243

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

42. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables, financial assets at fair value through profit or loss, pledged bank deposits, bank balances and cash, trade payables, other payables, purchase consideration payable for acquisition, amounts due to non-controlling interests of subsidiaries, bank borrowings and bank overdrafts. 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.

Market risk

(i) Currency risk

The functional currency of the Group's principal subsidiaries is RMB. While most of the Group's operations are transacted in the functional currency of the respective group entities, the Group undertakes certain transactions denominated in foreign currencies. The Group currently does not have hedging policy in respect of the foreign currency risk. However, the management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

42. 金融工具(續)

b. 金融風險管理的目標及政策

本集團的主要金融工具包括貿易應收款項、其他應收款項、按公允值計入損益的金融資產、已抵押銀行存款、銀行結餘及現金、貿易應付款項、其他應付款項、就收購事項所須支付購買代價、應付附屬公司非控股權益款項、銀行借貸以及銀行透支。該等金融工具的詳情已於相關附註內披露。該等金融工具相關的風險，包括市場風險(貨幣風險及利率風險)、信貸風險及流動資金風險，而如何減低該等風險的政策載於下文。管理層管理及監控該等風險，以確保能及時有效地採取適當的措施。

市場風險

(i) 貨幣風險

本集團主要附屬公司的功能貨幣為人民幣。由於本集團大部分業務以各集團實體的功能貨幣進行交易，本集團亦進行若干以外幣計值的交易。本集團目前並無有關外匯風險的對沖政策。然而，管理層將密切監測外匯風險，並將於必要時考慮對沖重大外匯風險。

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42. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting date are as follows:

42. 金融工具(續)

b. 金融風險管理的目標及政策(續)

市場風險(續)

(i) 貨幣風險(續)

於報告期末，本集團以外幣計值的貨幣資產及貨幣負債賬面值如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Assets	資產		
HK\$	港元	72,032	36,733
US\$	美元	4,587	8,488
EUR	歐元	-	51
Liabilities	負債		
HK\$	港元	548,900	589,669
EUR	歐元	1,637	-

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42. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

The Group is mainly exposed to the currency of HK\$.

The following table details the Group's sensitivity to a 5% (2017: 7%) increase and decrease in the RMB against HK\$, respectively. 5% (2017: 7%) sensitivity rate 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 end of the reporting period for a 5% (2017: 7%) change in foreign currency rates. The sensitivity analysis includes bank balances, receivables or payables, bank overdrafts and borrowings denominated in a currency other than the functional currency. A positive number below indicates an increase in post-tax profit where RMB strengthens against HK\$. For a 5% (2017: 7%) weakening of RMB against the HK\$, there would be an equal and opposite impact on the profit.

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Profit for the year	年度溢利	17,879	29,029
HK\$	港元		

Note: This is mainly attributable to the net exposure to outstanding bank balances, receivables, payables, bank overdrafts and borrowings in HK\$ at end of the reporting period.

42. 金融工具(續)

b. 金融風險管理的目標及政策(續)

市場風險(續)

(i) 貨幣風險(續)

敏感度分析

本集團主要承受港元貨幣風險。

下表詳列人民幣兌港元升值及貶值5%(二零一七年:7%)的情況下,本集團的敏感度分析。敏感度比率5%(二零一七年:7%)代表管理層對外幣匯率可能變動的合理評估。敏感度分析僅包括以外幣計值的未償還貨幣項目,並於報告期末按5%(二零一七年:7%)外匯匯率變動調整其換算。敏感度分析包括銀行結餘、應收款項或應付款項以及銀行透支及借貸(以功能貨幣以外的貨幣計值)。下列正數表示人民幣兌港元升值時,除稅後溢利將會增加。倘人民幣兌港元貶值5%(二零一七年:7%),將對溢利有等額相反影響。

附註:此類風險主要來自報告期末以港元計值的未結清銀行結餘、應收款項、應付款項以及銀行透支及借貸。

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42. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings (see notes 30 and 34 respectively). It is the Group's policy to keep its bank overdrafts and borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate and RMB Benchmark Loan Rates arising from the Group's HK\$ and RMB denominated bank overdrafts and borrowings.

The Group's fair value interest rate risk relates primarily to its corresponding fixed-rate pledged bank deposits and bank borrowings amounting to HK\$11,250,000 (2017: HK\$5,455,000) and HK\$41,488,000 (2017: HK\$17,984,000) respectively. The management will consider hedging significant interest rate exposure should the need arise.

42. 金融工具(續)

b. 金融風險管理的目標及政策(續)

市場風險(續)

(ii) 利率風險

本集團所承擔現金流量利率風險主要與浮息銀行結餘及銀行借貸(分別見附註30及34)有關。本集團的政策為將其銀行透支及借貸利率保持浮動，以盡量降低公允價值利率風險。本集團的現金流量利率風險主要集中於本集團以港元及人民幣計值銀行透支及借貸的香港銀行同業拆息利率及人民幣貸款基準利率波動。

本集團的公允價值利率風險主要與其相應固定息率已抵押銀行存款及銀行借貸有關，分別為11,250,000港元(二零一七年：5,455,000港元)及41,488,000港元(二零一七年：17,984,000港元)。管理層將於必要時考慮對沖重大利率風險。

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42. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates on variable-rate bank borrowings. The analysis is prepared assuming the variable-rate bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. As the management considers the exposure to interest rate risk in relation to bank balances is insignificant due to the low level of bank interest rate, bank balances are excluded from sensitivity analysis. A 100 basis points (2017: 100 basis points) increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2017: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2018 would have decreased/increased by HK\$4,937,000 (2017: decreased/increased by HK\$4,951,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

42. 金融工具(續)

b. 金融風險管理的目標及政策(續)

市場風險(續)

(ii) 利率風險(續)

敏感度分析

以下敏感度分析乃基於浮息銀行借貸的利率風險釐定。有關分析乃假設於報告期末尚未償還的浮息銀行借貸於整個年度均未償還而編製。由於管理層認為銀行利率處於低水平，銀行結餘所承受利率風險輕微，故有關敏感度分析並不包括銀行結餘。分析採用利率增減100個基點(二零一七年：100個基點)，代表管理層對利率合理可能變動的評估。

倘利率增加／減少100個基點(二零一七年：100個基點)，而所有其他變數維持不變，則本集團截至二零一八年十二月三十一日止年度的除稅後溢利將減少／增加4,937,000港元(二零一七年：減少／增加4,951,000港元)，主要來自本集團浮息銀行借貸所承受利率風險。

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42. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

As at 31 December 2018, the Group's maximum exposure to credit risk in the event of the counterparties' failure to perform its obligations is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with certain trade receivable are backed by bills issued by reputable financial institutions.

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk on trade receivables and contract assets, the management of the Group has delegated a team responsible for determination of credit limit, credit approval, and makes periodic collective assessments as well as individual assessment on the recoverability of receivables based on historical settlement records, reasons for extended repayment period and past experience. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (31 December 2017: incurred loss model) on the trade receivables and contract assets individually or based on provisional matrix.

The Group has concentration of credit risk as 12% (2017: 20%) and 36% (2017: 43%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within the printing of cigarettes packages segment.

42. 金融工具(續)

b. 金融風險管理的目標及政策(續)

信貸虧損及減值評估

於二零一八年十二月三十一日，本集團在對手方未能履行責任時所承擔的最高信貸風險來自綜合財務狀況表所載各自己確認的金融資產賬面值。本集團並無持有任何抵押品或其他信貸增強措施以保障其金融資產相關的信貸風險，惟與獲信譽良好的金融機構所發行票據支持的若干貿易應收款項有關的信貸風險則除外。

來自客戶合約的貿易應收款項及合約資產

為盡量減低貿易應收款項及合約資產的信貸風險，本集團管理層已委派一支隊伍負責釐定信貸限額、信貸審批及定期進行整體評估，並根據歷史結算記錄、延長還款期的理由及過往經驗對應收款項的可收回性進行個別評估。此外，本集團於應用香港財務報告準則第9號後根據預期信貸虧損模式(二零一七年十二月三十一日：已產生虧損模式)對貿易應收款項及合約資產或根據撥備矩陣進行個別評估。

本集團有信貸集中的風險，原因為貿易應收款項總額的12%(二零一七年：20%)及36%(二零一七年：43%)分別為應收本集團印刷香煙包裝分部最大客戶及五大客戶的款項。

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42. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Other receivables/bank balances/pledged bank deposits

In order to minimise the credit risk on other receivables, the management of the Group makes periodic individual assessments on the recoverability of receivables based on historical settlement records, past experience and forward-looking information. The Group performs impairment assessment under ECL model upon application of HKFRS 9 (31 December 2017: incurred loss model) on other receivables individually.

In determining the ECL for bank balances and pledged bank deposits, the management of the Group has taken into account the estimated default loss rates in reference to the international credit rating agency and forward-looking information, as appropriate. There had been no significant increase in credit risk since initial recognition. The management of the Group has estimated the ECL basing on the carrying amounts of bank balances and pledged bank deposits at the end of the reporting period multiplying the estimated default loss rates. The Group has considered the consistently low historical default rate, and concluded that credit risk inherent in the Group's outstanding bank deposits and pledged bank deposits is insignificant.

The credit risk on bank balances are limited because the counterparties are banks with high credit ratings assigned by PRC credit-rating agencies or state-owned banks located in the PRC.

The Group has concentration of credit risk as 86% (2017: 80%) of the total bank balances was due from the three largest banks.

42. 金融工具(續)

b. 金融風險管理的目標及政策(續)

信貸虧損及減值評估(續)

其他應收款項/銀行結餘/已抵押銀行存款

為盡量減低其他應收款項的信貸風險，本集團管理層根據歷史結算記錄、過往經驗及前瞻性資料定期對應收款項的可收回性進行個別評估。本集團於應用香港財務報告準則第9號後根據預期信貸虧損模式(二零一七年十二月三十一日：已產生虧損模式)對其他應收款項進行個別評估。

在釐定銀行結餘及已抵押銀行存款的預期信貸風險時，本集團管理層已計及參考國際信貸評機構及前瞻性資料(如適用)之估計違約損失率。信貸風險自初步確認以來並無顯著增加。本集團管理層根據於報告期末銀行結餘及已抵押銀行存款之賬面值乘估計違約損失率估計預期信貸風險。本集團已考慮持續較低的歷史違約率，並得出結論認為本集團未償還銀行存款及已抵押銀行存款固有的信貸風險並不重大。

銀行結餘的信貸風險有限，原因為對手方乃獲中國信貸評級機構列為信貸評級優良的銀行或中國的國有銀行。

本集團有信貸集中的風險，銀行結餘總額的86%(二零一七年：80%)來自三大銀行。

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綜合財務報表附註

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

42. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

(continued)

Other receivables/bank balances/pledged bank deposits (continued)

The Group is also exposed to the concentration on geographic segment of the PRC. At 31 December 2018, approximately 99% (2017: 99%) of the Group's trade and other receivables are arising from counterparties whose principal place of operations is the PRC.

The Group's internal credit risk grading assessment comprises the following categories:

Internal

credit rating Description

內部信貸評級 描述

P1	The counterparty has a low risk of default, refers to state-owned cigarette companies
P1	對手方的違約風險較低，指國有香煙公司
P2	Debtor frequently repays within due dates and has no past due amounts, and the length of customer relationship is more than three years with no default history
P2	債務人經常在到期日內償還，並無逾期款項，客戶關係時長超過三年
P3	Debtor frequently repays after due dates and has past due amounts, or the length of customer relationship is less than three years
P3	債務人經常在到期日後償還，有逾期款項但並不重大，客戶關係時長少於三年

42. 金融工具(續)

b. 金融風險管理的目標及政策(續)

信貸虧損及減值評估(續)

其他應收款項／銀行結餘／已押抵銀行存款(續)

本集團亦承受地區分部集中在中國的風險。於二零一八年十二月三十一日，本集團約99%(二零一七年：99%)的貿易及其他應收款項來自以中國為主要營業地點的對手方。

本集團的內部信貸風險評級評估包括以下類別：

Trade receivables/

contract assets

貿易應收款項／

合約資產

Lifetime ECL – not credit-impaired
全期預期信貸虧損 – 未出現信貸減值
Lifetime ECL – not credit-impaired
全期預期信貸虧損 – 未出現信貸減值
Lifetime ECL – not credit-impaired
全期預期信貸虧損 – 未出現信貸減值

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綜合財務報表附註

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

42. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

(continued)

Other receivables/bank balances/pledged bank deposits (continued)

Internal

credit rating Description

內部信貸評級 描述

42. 金融工具(續)

b. 金融風險管理的目標及政策(續)

信貸虧損及減值評估(續)

其他應收款項/銀行結餘/已押抵銀行存款(續)

Trade receivables/

contract assets

貿易應收款項/
合約資產

P4	Debtor with significant outstanding past due balances which expects to be fully settled within one year	Lifetime ECL – not credit-impaired
P4	具有重大未償還到期結餘的債務人，預期於一年內悉數償付	全期預期信貸虧損 – 未出現信貸減值
P5	Debtor with significant outstanding past due balances which settles from time to time and expects to be fully settled within two years	Lifetime ECL – not credit-impaired
P5	不時償付重大未償還到期結餘的債務人，預期於兩年內悉數償付	全期預期信貸虧損 – 未出現信貸減值
P6	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
P6	有證據顯示資產出現信貸減值	全期預期信貸虧損 – 出現信貸減值
P7	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off
P7	有證據顯示債務人遇到嚴重財政困難，而本集團無實際期望可收回欠款	款項撇銷

Notes to the consolidated financial statements

綜合財務報表附註

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

42. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's trade receivables, contract assets, pledged bank deposits, bank balances and other receivables which are subject to ECL assessment:

Financial assets at amortised costs

2018 二零一八年	Notes 附註	External credit rating 外部信貸評級	Internal credit rating 內部信貸評級	12-month or lifetime ECL 12個月或全期預期信貸虧損	Gross carrying amount 賬面總值 HK\$'000 千港元	
Trade receivables 貿易應收款項	25	N/A 不適用	P1	Lifetime ECL (provision matrix) 全期預期信貸虧損(撥備矩陣)	355,506	
			P2	Lifetime ECL (provision matrix) 全期預期信貸虧損(撥備矩陣)	55,930	
			P3	Lifetime ECL (provision matrix) 全期預期信貸虧損(撥備矩陣)	91,752	
			P4	Lifetime ECL (individually) 全期預期信貸虧損(個別)	20,497	
			P5	Lifetime ECL (individually) 全期預期信貸虧損(個別)	28,789	
			P6	Lifetime ECL (individually) 全期預期信貸虧損(個別)	4,152	556,626
			P6	Lifetime ECL (individually) 全期預期信貸虧損(個別)		
			P6	Lifetime ECL (individually) 全期預期信貸虧損(個別)		
			P6	Lifetime ECL (individually) 全期預期信貸虧損(個別)		
			P6	Lifetime ECL (individually) 全期預期信貸虧損(個別)		
Contract assets 合約資產	26	N/A 不適用	P1	Lifetime ECL (provision matrix) 全期預期信貸虧損(撥備矩陣)	159,007	
			P2	Lifetime ECL (provision matrix) 全期預期信貸虧損(撥備矩陣)	1,122	
			P3	Lifetime ECL (provision matrix) 全期預期信貸虧損(撥備矩陣)	5,465	
			P5	Lifetime ECL (individually) 全期預期信貸虧損(個別)	8	165,602
			P5	Lifetime ECL (individually) 全期預期信貸虧損(個別)		
			P5	Lifetime ECL (individually) 全期預期信貸虧損(個別)		
Pledged bank deposits 已抵押銀行存款	30	AAA*	N/A 不適用	12-month ECL 12個月預期信貸虧損	11,250	11,250
Bank balances 銀行結餘	30	AAA*	N/A 不適用	12-month ECL 12個月預期信貸虧損	355,508	355,508
Other receivables 其他應收款項	27	N/A 不適用	(Note 1) (附註1)	12-month ECL 12個月預期信貸虧損	43,277	43,277

* The rating is originated from PRC credit rating agencies.

* 評級來自中國信貸評級機構。

42. 金融工具(續)

b. 金融風險管理的目標及政策(續)

信貸虧損及減值評估(續)

下表詳列須進行預期信貸虧損評估的本集團貿易應收款項、合約資產、已抵押銀行存款、銀行結餘及其他應收款項的信貸風險：

按攤銷成本列賬的金融資產

Notes to the consolidated financial statements

綜合財務報表附註

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

42. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

(continued)

Financial assets at amortised costs (continued)

Notes:

1. For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition. At 31 December 2018, these amounts are not past due or they have no fixed repayment terms.
2. For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for trade receivables and contract assets with significant outstanding and long aged balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix, grouped by internal credit rating.

Provision matrix — internal credit rating

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed based on provision matrix as at 31 December 2018 within lifetime ECL (not credit impaired). Debtors with significant outstanding and long aged balances or credit-impaired with gross carrying amounts of HK\$53,438,000 in aggregate as at 31 December 2018 were assessed individually.

42. 金融工具(續)

b. 金融風險管理的目標及政策(續)

信貸虧損及減值評估(續)

按攤銷成本列賬的金融資產(續)

附註：

1. 就內部信貸風險管理而言，本集團利用逾期資料評估信貸風險自初步確認後是否顯著增加。於二零一八年十二月三十一日，該等金額未逾期且並無固定還款期限。
2. 就貿易應收款項及合約資產而言，本集團已應用香港財務報告準則第9號的簡化方法計量全期預期信貸虧損的虧損撥備。除具有重大未償還及長賬齡結餘或出現信貸減值的貿易應收款項及合約資產外，本集團使用按內部信貸評級分組的撥備矩陣釐定該等項目的預期信貸虧損。

撥備矩陣 — 內部信貸評級

作為本集團信貸風險管理其中一部分，本集團對其客戶應用內部信貸評級。下表載列按於全期預期信貸虧損(未出現信貸減值)內根據二零一八年十二月三十一日的撥備矩陣評估的貿易應收款項及合約資產信貸風險的資料。於二零一八年十二月三十一日賬面總值合共為53,438,000港元具有重大未償還及長賬齡結餘或出現信貸減值的債務人獲進行個別評估。

Notes to the consolidated financial statements

綜合財務報表附註

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

42. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

(continued)

Financial assets at amortised costs (continued)

Gross carrying amount

Internal credit rating	內部信貸評級	Average loss rate 平均虧損率	Trade receivables 貿易應收款項 HK\$'000 千港元
P1	P1	0.04%	355,506
P2	P2	0.78%	55,930
P3	P3	2.70%	91,752
			503,188

Internal credit rating	內部信貸評級	Average loss rate 平均虧損率	Contract assets 貿易應收款項 HK\$'000 千港元
P1	P1	0.04%	159,007
P2	P2	0.78%	1,122
P3	P3	2.70%	5,465
			165,594

42. 金融工具(續)

b. 金融風險管理的目標及政策(續)

信貸虧損及減值評估(續)

撥備矩陣 – 內部信貸評級(續)

賬面總值

Internal credit rating	內部信貸評級	Average loss rate 平均虧損率	Trade receivables 貿易應收款項 HK\$'000 千港元
P1	P1	0.04%	355,506
P2	P2	0.78%	55,930
P3	P3	2.70%	91,752
			503,188

Internal credit rating	內部信貸評級	Average loss rate 平均虧損率	Contract assets 貿易應收款項 HK\$'000 千港元
P1	P1	0.04%	159,007
P2	P2	0.78%	1,122
P3	P3	2.70%	5,465
			165,594

Notes to the consolidated financial statements

綜合財務報表附註

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

42. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

(continued)

Financial assets at amortised costs (continued)

Gross carrying amount (continued)

The estimated loss rates are estimated based on historical settlement records, internal credit rating and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 December 2018, the Group provided HK\$2,474,000 and HK\$4,281,000 impairment allowance for trade receivables and contract assets respectively, based on the provision matrix and assessment by individually for those credit impaired debtors or those debtors with significant outstanding and long aged balances.

The Group assessed the loss allowances for pledged bank deposits, other receivables and bank balances on 12-month ECL basis. The management of the Group considers the 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 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.

42. 金融工具(續)

b. 金融風險管理的目標及政策(續)

信貸虧損及減值評估(續)

撥備矩陣 – 內部信貸評級(續)

賬面總值(續)

估計虧損率乃基於歷史結算記錄、內部信貸評級估算，並根據毋須付出不必要成本或努力即可獲得的前瞻性資料作出調整。管理層會定期審閱分組方式以確保特定債務人的相關資料予以更新。

截至二零一八年十二月三十一日止年度，本集團根據撥備矩陣及對該等出現信貸減值的債務人或該等具重大未償還及長賬齡結餘的債務人進行個別評估，分別就貿易應收款項及合約資產撥備2,474,000港元及4,281,000港元。

本集團按12個月預期信貸虧損基準評估已抵押銀行存款、其他應收款項及銀行結餘的虧損撥備。本集團管理層認為，存放於信貸評級較高的金融機構的銀行結餘屬低信貸風險的金融資產。本集團管理層認為銀行結餘屬短期性質，而在高信貸發行人的基礎上可毋須計算違約概率，故虧損撥備被視為微不足道。

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綜合財務報表附註

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

42. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

(continued)

Financial assets at amortised costs (continued)

Gross carrying amount (continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

42. 金融工具(續)

b. 金融風險管理的目標及政策(續)

信貸虧損及減值評估(續)

撥備矩陣 – 內部信貸評級(續)

賬面總值(續)

下表顯示根據簡化方法就貿易應收款項確認全期預期信貸虧損的變動。

		Lifetime ECL (not credit-impaired) 全期預期 信貸虧損(未 出現信貸減值)	Lifetime ECL (credit-impaired) 全期預期 信貸虧損 (出現信貸減值)	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
As at 31 December 2017 under HKAS 39	於二零一七年 十二月三十一日根據 香港會計準則第39號	-	-	-
Adjustment upon application of HKFRS 9	應用香港財務報告準則 第9號後的調整	10,117	-	10,117
As at 1 January 2018 – As restated	於二零一八年一月一日 – 經重列	10,117	-	10,117
Changes due to financial instruments recognised as at 1 January	因一月一日確認 金融工具而 出現變動			
– Transfer to credit impaired	– 轉撥至出現信貸減值	(115)	115	-
– Impairment losses recognised	– 已確認減值虧損	2,152	4,154	6,306
– Impairment losses reversed	– 已撥回減值虧損	(8,927)	-	(8,927)
New financial assets originated	新產生的金融資產	5,095	-	5,095
Exchange adjustment	匯兌調整	(485)	(117)	(602)
As at 31 December 2018	於二零一八年 十二月三十一日	7,837	4,152	11,989

Notes to the consolidated financial statements

綜合財務報表附註

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

42. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The following table shows reconciliation of loss allowances that has been recognised for contract assets.

42. 金融工具(續)

b. 金融風險管理的目標及政策(續)

信貸虧損及減值評估(續)

下表顯示就合約資產確認虧損撥備的對賬。

		Lifetime ECL (not credit – impaired) 全期預期 信貸虧損(未 出現信貸減值) HK\$'000 千港元	Lifetime ECL (credit – impaired) 全期預期 信貸虧損 (出現信貸減值) HK\$'000 千港元	Total 總計 HK\$'000 千港元
As at 31 December 2017 under HKAS 39	於二零一七年 十二月三十一日根據 香港會計準則第39號	-	-	-
Adjustment upon application of HKFRS 9	應用香港財務報告準則第 9號後的調整	76	-	76
As at 1 January 2018 – As restated	於二零一八年一月一日 – 經重列	76	-	76
Changes due to financial instruments recognised as at 1 January	因一月一日確認 金融工具而 出現變動			
– Transfer to credit- impaired	– 轉撥至出現信貸減值	(6)	6	-
– Impairment losses recognised	– 已確認減值虧損	-	4,125	4,125
– Impairment losses reversed	– 已撥回減值虧損	(69)	-	(69)
– Write-offs	– 撇銷	-	(4,131)	(4,131)
New contract assets originated	新產生的金融資產	225	-	225
Exchange adjustment	匯兌調整	(9)	-	(9)
As at 31 December 2018	於二零一八年 十二月三十一日	217	-	217

Notes to the consolidated financial statements

綜合財務報表附註

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

42. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

(continued)

The write off of contract assets is due to a customer who cancelled a sale order and failed to settle the consideration and the Group agreed to waive the rights of receipt.

The following table shows reconciliation of loss allowances that has been recognised for other receivables.

42. 金融工具(續)

b. 金融風險管理的目標及政策(續)

信貸虧損及減值評估(續)

由於客戶取消銷售訂單及未能償付代價及本集團同意放棄應收款項權利，故將合約資產撇銷。

下表顯示就其他應收款項確認虧損撥備的對賬。

		12-month ECL (not credit-impaired) 12個月 預期信貸虧損 (未出現信貸減值) HK\$'000 千港元
As at 31 December 2017 under HKAS 39	於二零一七年十二月三十一日 根據香港會計準則第39號	—
Adjustment upon application of HKFRS 9	應用香港財務報告準則第9號 後的調整	815
As at 1 January 2018 — As restated	於二零一八年一月一日 — 經重列	815
Changes due to financial instruments recognised as at 1 January	因一月一日確認金融工具而出現變動	
— Impairment losses reversed	— 已撥回減值虧損	(804)
New financial assets originated	新產生的金融資產	267
Exchange adjustment	匯兌調整	(21)
As at 31 December 2018	於二零一八年十二月三十一日	257

Notes to the consolidated financial statements

綜合財務報表附註

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

42. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk

In the 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 ensures compliance with loan covenants.

The Group relies on bank loans as a significant source of liquidity. As at 31 December 2018, the Group has available unutilised bank borrowings facilities of approximately HK\$394,287,000 (2017: HK\$483,868,000).

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed repayment dates.

42. 金融工具(續)

b. 金融風險管理的目標及政策(續)

流動資金風險

於管理流動資金風險時，本集團會進行監控並將現金及現金等價物維持在管理層認為充足的水平，以為本集團的營運提供資金並減低現金流量波動的影響。管理層會監控銀行借貸的動用情況，並確保遵守貸款契諾。

本集團依賴銀行貸款為主要流動資金來源。於二零一八年十二月三十一日，本集團可取得的尚未動用銀行借貸融資約為394,287,000港元(二零一七年：483,868,000港元)。

下表詳列本團金融負債的剩餘合約期限，乃根據以本集團須償還金融負債的最早日期釐定的金融負債未折現現金流量編製。特別是，按要求償還條款的銀行借貸已列入最早時間範圍內，儘管有關銀行有可能選擇行使其權利。其他金融負債的到期日乃根據協定償還日期釐定。

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42. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity tables

		Weighted average interest rate 加權 平均利率 %	On demand or less than 1 year 按要求或 一年內 HK\$'000 千港元	1-2 years 一至兩年內 HK\$'000 千港元	Over 2 years 超過兩年 HK\$'000 千港元	Total undiscounted cash flows 未折現現金 流量總額 HK\$'000 千港元	Carrying amounts 賬面值 HK\$'000 千港元
2018	二零一八年						
Non-derivative financial liabilities	非衍生金融負債						
Trade payables	貿易應付款項	-	229,676	-	-	229,676	229,676
Other payables	其他應付款項	-	55,922	-	-	55,922	55,922
Bank overdrafts	銀行透支	3.78	20,650	-	-	20,650	19,897
Amounts due to non-controlling interests of subsidiaries	應付附屬公司非控股權益款項	-	8,154	-	-	8,154	8,154
Purchase consideration payable for acquisition	就收購事項所須支付購買代價						
- amortised cost	一攤銷成本	-	11,150	-	-	11,150	11,150
- FVTPL	一按公允價值計入損益	-	1,626	-	-	1,626	1,626
Bank borrowings	銀行借貸						
- floating rate	一浮動利率	4.49	585,842	19,593	-	605,435	578,596
- fixed rate	一固定利率	4.81	43,482	-	-	43,482	41,488
			956,502	19,593	-	976,095	946,509
2017	二零一七年						
Non-derivative financial liabilities	非衍生金融負債						
Trade payables	貿易應付款項	-	265,364	-	-	265,364	265,364
Other payables	其他應付款項	-	32,882	-	-	32,882	32,882
Amounts due to non-controlling interests of subsidiaries	應付附屬公司非控股權益款項	-	4,983	-	-	4,983	4,983
Purchase consideration payable for acquisition	就收購事項所須支付購買代價						
- amortised cost	一攤銷成本	4.75	11,103	11,103	-	22,206	21,704
- FVTPL	一按公允價值計入損益	4.75	-	1,198	-	1,198	1,144
Bank borrowings	銀行借貸						
- floating rate	一浮動利率	3.58	627,570	39,514	19,421	686,505	660,182
- fixed rate	一固定利率	5.18	18,915	-	-	18,915	17,984
			960,817	51,815	19,421	1,032,053	1,004,243

42. 金融工具(續)

b. 金融風險管理的目標及政策(續)

流動資金風險(續)

表格包括利息及本金現金流量。倘利息流為浮動利率，則未折現金額乃按報告期末的利率計算所得。

流動資金表

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42. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

Bank borrowings with a repayment on demand clause are included in the “on demand or less than 1 month” time band in the above maturity analysis. As at 31 December 2018, the aggregate carrying amounts of these bank borrowings amounted to HK\$51,429,000 (31 December 2017: HK\$65,143,000). Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below.

42. 金融工具(續)

b. 金融風險管理的目標及政策(續)

流動資金風險(續)

流動資金表(續)

按要求償還條款的銀行借貸列入上述到期日分析「按要求或一年內」的時間範圍內。於二零一八年十二月三十一日，該等銀行借貸的賬面總額為51,429,000港元(二零一七年十二月三十一日：65,143,000港元)。經計及本集團的財務狀況，本公司董事認為銀行不大可能行使酌情權要求立即償還。本公司董事相信，該等銀行借貸將會根據貸款協議所載預期還款日期於報告期末償還，有關詳情載於下表。

		On demand or less than 1 year 按要求 或一年內 HK\$'000 千港元	1-2 years 一至兩年 HK\$'000 千港元	Over 2 years 超過兩年 HK\$'000 千港元	Total undiscounted cash flows 未折現現金 流量總額 HK\$'000 千港元	Carrying amounts 賬面值 HK\$'000 千港元
31 December 2018	二零一八年十二月三十一日	14,061	14,061	24,606	52,728	51,429
31 December 2017	二零一七年十二月三十一日	14,061	14,061	38,667	66,789	65,143

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42. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurement of financial instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

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).

	Fair value 公允價值	Fair value hierarchy 公允價值層級	Valuation technique and key inputs 估值方法及關鍵輸入數據	Significant unobservable input 重大不可觀察輸入數據
Financial asset 金融資產				
Financial assets at FVTPL Structure Deposits	As at 31 December 2018: nil (2017: HK\$7,193,000)	Level 3	Discounted cash flow — Future cash flow are estimated based on estimated return, and discounted at a rate that reflects the credit risk of various counterparties	Estimated return (Note 1)
按公允價值計入損益的 金融資產結構性存款	於二零一八年十二月三十一日：零 (二零一七年：7,193,000港元)	第三層	折讓現金流 — 未來現金流乃根據估計回報加以估計，並按足以反映不同對手方信貸風險的比率折讓	估計回報(附註1)
Financial liability 金融負債				
Contingent Consideration payable	As at 31 December 2018: HK\$1,626,000 (2017: HK\$1,144,000)	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic that will flow out of the Group arising from the contingent consideration, based on an appropriate discount rate	Probability of achieve performance requirement of 100% (2017: 70%) Discount rate of 4.75% (2017: 4.75%) (Note 2)
應付或然代價	於二零一八年十二月三十一日： 1,626,000港元 (二零一七年：1,144,000港元)	第三層	採用折讓現金流法按適當折讓率掌握將因或然代價而流出本集團的預期未來經濟利益現值	達到表現要求的機率為100% (二零一七年：70%) 折現率4.75%(二零一七年：4.75%)(附註2)

Note 1: The higher the estimated returns, the higher the fair value, vice versa.

附註1：估計回報愈高，公允價值愈高，反之亦然。

Note 2: A slight increase in the discount rate used in isolation would not result in a significant decrease in the fair value measurement of the contingent consideration payable, and vice versa.

附註2：單獨使用的折讓率上升將導致或然代價的公允價值計量顯著下跌，反之亦然。

42. 金融工具(續)

c. 金融工具的公允價值計量

本集團以經常性基準按公允價值計量的金融資產及金融負債的公允價值

本集團若干金融資產及金融負債乃於各報告期末按公允價值計量。下表提供有關如何釐定該等金融資產及金融負債的公允價值的資料(尤其是所用估值方法及輸入數據)。

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42. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurement of financial instruments (continued)

Reconciliation of Level 3 fair value measurements

		Structured deposits 結構性存款 HK\$'000 千港元
At 1 January 2018	於二零一八年一月一日	7,193
Purchase of structured deposits	購買結構性存款	965,470
Net gain on structured deposits	結構性存款淨收益	3,379
Redemption of structured deposits	贖回結構性存款	(975,951)
Exchange differences	匯兌差額	(91)
At 31 December 2018	於二零一八年十二月三十一日	-

The financial liability measured at fair value on Level 3 fair value measurement represents contingent consideration payable relating to acquisition of Jiangsu HY-Link Science & Technology Co., Ltd (“Jiangsu HY”) (see note 33). The change in fair value of financial liabilities amounting to HK\$482,000 in the current year (2017: nil) relating to this contingent consideration payable has been recognised in profit or loss.

There were no transfers into or out of Level 3 during this year.

Fair value of financial instruments that are recorded at amortised cost

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis, with most significant inputs being the discount rate that reflects the credit risk of counterparties.

42. 金融工具(續)

c. 金融工具的公允價值計量(續)

第三層公允價值計量的對賬

		Structured deposits 結構性存款 HK\$'000 千港元
At 1 January 2018	於二零一八年一月一日	7,193
Purchase of structured deposits	購買結構性存款	965,470
Net gain on structured deposits	結構性存款淨收益	3,379
Redemption of structured deposits	贖回結構性存款	(975,951)
Exchange differences	匯兌差額	(91)
At 31 December 2018	於二零一八年十二月三十一日	-

第三層公允價值計量中按公允價值計量的金融負債指涉及收購江蘇聯恒物宇科技有限公司(「江蘇聯恒物宇」)的應付或然代價(見附註33)。本年度涉及此應付或然代價的金融負債公允價值變動金額為482,000港元(二零一七年：無)於損益確認。

年內沒有轉入或轉出第三層。

按攤銷成本記錄的金融工具的公允價值

本公司董事認為於綜合財務報表按攤銷成本記錄的金融資產及金融負債的賬面值與其公允價值相若。該等公允價值乃根據公認定價模式按折讓現金流分析釐定，最重要的輸入數據為足以反映對手方信貸風險的折讓率。

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43. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Within one year	一年內	5,150	423
In the second to fifth year inclusive	第二年至第五年 (包括首尾兩年)	2,782	365
		7,932	788

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for a term of 2 to 4 years and rentals are fixed over relevant lease term.

43. 經營租賃

本集團為承租人

於報告期末，本集團的不可撤銷經營租賃的未來最低應付租賃付款承擔如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Within one year	一年內	5,150	423
In the second to fifth year inclusive	第二年至第五年 (包括首尾兩年)	2,782	365
		7,932	788

經營租賃付款指本集團就其若干辦公室物業的應付租金。租期按平均2至4年的期間磋商，於有關租賃期為固定租金。

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43. OPERATING LEASES (continued)

The Group as lessor

Property rental income earned during the year was HK\$3,256,000 (2017: HK\$5,283,000). All of the Group's investment properties are held for rental purposes. All of the properties held have committed tenants for the next 2 year.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

43. 經營租賃(續)

本集團為出租人

年內賺取的物業租金收入為3,256,000港元(二零一七年：5,283,000港元)。所有本集團投資物業為賺取租金而持有。所有持有的物業於未來兩年已有承諾租客。

於報告期末，本集團與租客訂約的未來最低租賃付款如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Within one year	一年內	654	1,817
In the second to fifth year inclusive	第二年至第五年 (包括首尾兩年)	110	126
		764	1,943

44. CAPITAL COMMITMENTS

44. 資本承擔

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	涉及收購物業、廠房及設備的已訂約惟未於綜合財務報表撥備的資本開支	67,062	4,547

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45. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 4 March 2009 for the primary purpose of providing incentives to directors, employees, customer or supplier of goods or services to any member of the Group, consultant, adviser, manager, officer or entity that provide research, development or other technological support to the Group or its members (the "Eligible Participants"), and will expire on 4 March 2019. Under the Scheme, the directors of the Company may grant options to Eligible Participants to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. However, the total maximum number of the shares which may be issued upon exercise of all outstanding share options must not exceed 30% of the issued share capital of the Company from time to time. Options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

45. 以股份為基礎付款的交易

本公司股本結算購股權計劃

本公司購股權計劃(「計劃」)根據於二零零九年三月四日通過的決議案獲採納，主要向董事、僱員、客戶或貨品或服務供應商、顧問、諮詢人、經理、行政人員或向本集團或其成員公司提供研發或其他技術支援的實體(「合資格參與者」)作出獎勵，並將於二零一九年三月四日屆滿。根據計劃，本公司董事可向合資格參與者授出購股權，以認購本公司股份。

在未經本公司股東事前批准的情況下，根據計劃可能授出的購股權的有關股份總數不得超逾本公司任何時間的已發行股份的10%。然而，悉數行使尚未行使購股權後可能發行的股份最高總數不得超逾本公司不時已發行股本30%。倘向一名本公司主要股東或獨立非執行董事或彼等各自的任何聯繫人士授出的購股權於任何12個月期間超逾本公司任何時間的已發行股份0.1%及總價值(以聯交所於授出日期發出的每日報價表所報本公司股份收市價為基準)超逾5,000,000港元，須事先於股東大會上取得股東批准。

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45. SHARE-BASED PAYMENT TRANSACTIONS

(continued)

Equity-settled share option scheme of the Company

(continued)

Options granted must be taken up within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. Options may be exercised at any time for a period determined by its directors which shall not be later than the day immediately preceding the tenth anniversary of the date of grant. The exercise price of the share options must be at least the highest of (i) the nominal value of an ordinary share on the date of grant; (ii) the closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange on the date of the offer of the share options; and (iii) the average closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange for the five trading days immediately preceding the date of the offer.

For the years ended 31 December 2018 and 2017, no share options had been granted and the Company had no share options outstanding at 31 December 2018 and 2017.

46. PLEDGE OF ASSETS

At the end of the reporting period, the carrying amounts of the assets pledged by the Group to secure the bank borrowings granted to the Group are as follow:

45. 以股份為基礎付款的交易(續)

本公司股本結算購股權計劃(續)

授出的購股權須於授出日期後28日內接受，承授人須支付名義代價合共1港元。購股權可於董事釐定的期間隨時行使，惟不得遲於緊接授出日期十週年前當日。購股權行使價須為以下最高者：(i) 授出日期普通股的面值；(ii) 於授出購股權日期聯交所每日報價表所報本公司股份的收市價；及(iii) 緊接授出日期前五個交易日聯交所每日報價表所報本公司股份的平均收市價。

截至二零一八年及二零一七年十二月三十一日止年度，概無授出購股權，而本公司於二零一八年及二零一七年十二月三十一日亦無尚未行使購股權。

46. 資產抵押

於報告期末，本集團抵押以擔保授予本集團的銀行借貸的資產賬面值如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Non-current assets classified as held for sale	分類為持有待售的非流動資產	-	197,459
Trade receivables	貿易應收款項	-	451,487
Bank deposits	銀行存款	11,250	5,455
		11,250	654,401

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47. 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 flow from financing activities.

47. 融資活動所產生負債的對賬

下表詳列本集團因融資活動所產生負債的變動，包括現金及非現金變動。融資活動所產生負債為現金流或未來現金流均在本集團的綜合現金流量表分類為融資活動所產生現金流的負債。

		Amounts due to non-controlling interests of subsidiaries 應付附屬公司 非控股權益款項 HK\$'000 千港元	Bank borrowings 銀行借貸 HK\$'000 千港元	Dividends payables 應付股息 HK\$'000 千港元	Purchase consideration payables 應付 購買代價 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2018	於二零一八年一月一日	4,983	678,166	-	-	683,149
Financing cash flow (Note)	融資現金流(附註)	3,356	(53,278)	(223,825)	(6,186)	(279,933)
Consideration for acquisition of non-controlling interest of a subsidiary	收購一間附屬公司 非控股權益的代價	-	-	-	6,186	6,186
Dividends declared	已宣派股息	-	-	223,825	-	223,825
Exchange difference	匯兌差額	(185)	(4,804)	-	-	(4,989)
At 31 December 2018	於二零一八年 十二月三十一日	8,154	620,084	-	-	628,238
At 1 January 2017	於二零一七年一月一日	3,775	677,810	-	-	681,585
Financing cash flow (Note)	融資現金流(附註)	821	(12,245)	(239,886)	(9,778)	(261,088)
Finance cost recognised	已確認融資成本	-	75	-	-	75
Consideration for acquisition of non-controlling interest of a subsidiary	收購一間附屬公司 非控股權益的代價	-	-	-	9,778	9,778
Dividends declared	已宣派股息	1,148	-	239,886	-	241,034
Arising from acquisition of a subsidiary	因收購一間附屬公司 而出現	2,831	5,764	-	-	8,595
Reclassification due to change in a non-controlling shareholder	因非控股股東變動而 重新分類	(3,775)	-	-	-	(3,775)
Exchange difference	匯兌差額	183	6,762	-	-	6,945
At 31 December 2017	於二零一七年 十二月三十一日	4,983	678,166	-	-	683,149

Note: The cash flows represent (i) the proceeds from and repayment of bank borrowings; (ii) payment of dividends; (iii) advance from non-controlling interests of subsidiaries and (iv) consideration paid for acquisition of additional equity interest in a subsidiary.

附註：現金流指(i)銀行借貸的所得款項及還款；(ii)派付股息；(iii)來自一間附屬公司非控股權益的墊款；及(iv)收購一間附屬公司額外股本權益的已付代價。

Notes to the consolidated financial statements

綜合財務報表附註

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

48. RELATED PARTY TRANSACTIONS

(a) Transactions with related company

The Group had the following significant transactions with related party during the year:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Company controlled by a director of the Company:	由本公司一名董事控制的公司：		
Purchase of printing and packing machineries	購買印刷及包裝的機器	3,658	1,099
An associate:	一間聯營公司：		
Printing and manufacturing cigarette packages and related materials	印刷及製造香煙包裝及相關材料	47,083	-

(b) Balances with related party are disclosed in the consolidated statement of financial position and in note 28.

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Short-term benefits	短期福利	6,708	7,130
Contribution to retirement benefits schemes	退休福利計劃供款	138	183
		6,846	7,313

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

48. 關連方交易

(a) 與關連公司的交易

於本年度內，本集團進行下列重大關連方交易：

	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
	3,658	1,099
	47,083	-

(b) 關連結餘於綜合財務狀況報表以及附註28披露。

(c) 主要管理人員酬金

於本年度，董事及其他主要管理人員的酬金如下：

	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
	6,708	7,130
	138	183
	6,846	7,313

董事及主要行政人員的酬金由薪酬委員會經考慮個人表現及市場趨勢後釐定。

Notes to the consolidated financial statements

綜合財務報表附註

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

49. CONTINGENT LIABILITIES

During the year ended 31 December 2017, the Group has received a Notice of Arbitration from Shenzhen Court of International Arbitration that Shenzhen Court of International Arbitration has accepted the application (the “Application”) for arbitration filed by an ex-staff of a subsidiary of the Company (the “Claimant”). According to the Application, the Claimant requests for the payment of: (i) a fund raising reward of about HK\$108.9 million and the related overdue interest since April 2008; (ii) a service fee of RMB2.0 million (equivalent to approximately HK\$2,305,000) and the related overdue interest since July 2007; (iii) legal fees incurred of about HK\$47.0 million and RMB0.9 million (equivalent to approximately HK\$1,037,000); and (iv) arbitration fee, in connection with an appointment contract and another agreement entered into between, among other party, a subsidiary of the Company and the Claimant in April 2005.

The directors of the Company consider that all allegations in the Application are unfounded and without merits. In this regard, the Group is seeking legal advice in response to the Application and will categorically defend and challenge all the claims by the Claimant during the judicial process. In the opinion of the directors of the Company, it is not probable that the Group has an obligation to settle the claims based on the legal advice and no provision is considered to be recognised to the consolidated financial statements accordingly.

49. 或然負債

截至二零一七年十二月三十一日止年度，本集團接獲深圳國際仲裁院發出的仲裁通知，表示深圳國際仲裁院已受理本公司旗下一間附屬公司的一名前僱員（「申索人」）提出的仲裁申請（「該申請」）。根據該申請，申索人要求根據由（其中包括）本公司一間附屬公司與申索人於二零零五年四月訂立的聘用合同及另一份協議書獲支付(i)為數約108,900,000港元的集資報酬及自二零零八年四月以來的相關逾期利息；(ii)為數人民幣2,000,000元（相當於約2,305,000港元）的服務費及自二零零七年七月以來的相關逾期利息；(iii)所引致的法律費用約47,000,000港元及人民幣900,000元（相當於約1,037,000港元）；及(iv)仲裁費。

本公司董事認為，該申請的一切指控均無事實根據及缺乏充分理據。就此，本集團已於仲裁聆訊期間積極抗辯及反對申索人提出的一切申索。本公司董事認為，基於法律意見，本集團不可能須償付申索，故認為毋須在綜合財務報表確認撥備。

Notes to the consolidated financial statements

綜合財務報表附註

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

50. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries at 31 December 2018 and 2017 are as follows:

50. 本公司附屬公司詳情

於二零一八年及二零一七年十二月三十一日，本公司附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of establishment/ incorporation/ operation 成立/註冊成立/ 營業地點	Proportion of registered capital/issued share capital/equity interests and voting power held by the Company 本公司持有註冊股本/已發行股本/ 股本權益及投票權部分				Issue and fully paid ordinary registered capital/ share capital/ 已發行及悉數繳足普通股本/註冊股本	Principal activities 主要業務
		Directly 直接		Indirectly 間接			
		2018 二零一八年 %	2017 二零一七年 %	2018 二零一八年 %	2017 二零一七年 %		
Brilliant Circle Management Limited (貴聯管理有限公司)	British Virgin Islands 英屬處女群島	100.00	100.00	-	-	US\$200 200美元	Investment holding 投資控股
Brilliant Circle Group Holdings Limited (貴聯集團控股有限公司)	British Virgin Islands 英屬處女群島	-	-	100.00	100.00	US\$1 1美元	Investment holding 投資控股
Brilliant Circle Printing & Packaging Limited (貴聯印刷包裝有限公司)	British Virgin Islands 英屬處女群島	-	-	100.00	100.00	US\$10,000 10,000美元	Investment holding 投資控股
Union Virtue International Limited (同德國際有限公司)	British Virgin Islands 英屬處女群島	-	-	100.00	100.00	US\$1 1美元	Investment holding 投資控股
Brilliant Circle Development Limited (貴聯發展有限公司)	Hong Kong 香港	-	-	100.00	100.00	HK\$2,000,000 2,000,000港元	Investment holding 投資控股
Champion League Investment Holdings Limited (冠連投資控股有限公司)	British Virgin Islands 英屬處女群島	-	-	100.00	100.00	US\$100 100美元	Investment holding 投資控股
Sanbond Investment Limited (協寶投資有限公司)	Hong Kong 香港	-	-	100.00	100.00	HK\$100 100港元	Investment holding 投資控股
蚌埠金黃山凹版印刷有限公司 (Bengbu Jinhuangshan Rotogravure Printing Company Limited)	PRC 中國	-	-	100.00	100.00	US\$12,461,000 12,461,000美元	Printing of cigarette packages, printing of packages and decoration matter and research and development on printing technology 香煙包裝印刷、包裝裝潢印刷品印刷以及印刷技術研究及開發

Notes to the consolidated financial statements

綜合財務報表附註

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

50. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

50. 本公司附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of establishment/ incorporation/ operation 成立/註冊成立/ 營業地點	Proportion of registered capital/issued share capital/equity interests and voting power held by the Company 本公司持有註冊股本/已發行股本/ 股本權益及投票權部分				Issue and fully paid ordinary share capital/ registered capital 已發行及悉數 繳足普通 股本/註冊股本	Principal activities 主要業務
		Directly 直接		Indirectly 間接			
		2018 二零一八年 %	2017 二零一七年 %	2018 二零一八年 %	2017 二零一七年 %		
深圳貴聯印刷有限公司 (Shenzhen Guilian Printing Limited)	PRC 中國	-	-	100.00	100.00	HK\$9,600,000 9,600,000港元	Investment holding 投資控股
Kecai*	PRC	-	-	99.49	99.49	RMB194,720,000	Printing of cigarette packages, printing of packages and decoration matter and research and development on printing technology
科彩*	中國					人民幣 194,720,000	香煙包裝印刷、包裝裝潢印刷品印刷以及印刷技術研究及開發
Jinfeihuan*	PRC	-	-	100.00	100.00	US\$3,000,000	Printing of cigarette packages
金飛環*	中國					3,000,000美元	印刷香煙包裝
ZTAT*	PRC	-	-	100.00	80.00	US\$1,000,000	Manufacturing of laminated paper
昭通安通*	中國					1,000,000美元	製造複合紙
Giant Sino Investments Limited (鉅華投資有限公司)	British Virgin Islands 英屬處女群島	60.00	60.00	40.00	40.00	US\$100.00 100.00美元	Investment holding 投資控股
Emperor Great Investments Limited (帝鴻投資有限公司)	British Virgin Islands 英屬處女群島	100.00	100.00	-	-	US\$100.00 100.00美元	Investment holding 投資控股
Fortune Chaser Limited (源順有限公司)	Hong Kong 香港	-	-	100.00	100.00	HK\$100.00 100.00美元	Investment holding 投資控股
Empire Sail Limited 帝航有限公司	British Virgin Islands 英屬處女群島	-	100.00	-	-	US\$100.00 100.00美元	Property holding and property investment 持有物業及物業投資
Best Legend 駿佳	Hong Kong 香港	-	-	-	100.00	HK\$10,000 10,000美元	Property holding and property investment 持有物業及物業投資

Notes to the consolidated financial statements

綜合財務報表附註

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

50. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

50. 本公司附屬公司詳情(續)

Name of subsidiary 附屬公司名稱	Place of establishment/ incorporation/ operation 成立/註冊成立/ 營業地點	Proportion of registered capital/issued share capital/equity interests and voting power held by the Company 本公司持有註冊股本/已發行股本/ 股本權益及投票權部分				Issue and fully paid ordinary share capital/ registered capital 已發行及悉數 繳足普通 股本/註冊股本	Principal activities 主要業務
		Directly 直接		Indirectly 間接			
		2018 二零一八年 %	2017 二零一七年 %	2018 二零一八年 %	2017 二零一七年 %		
Forever Youth limited (青恒有限公司)	British Virgin Islands 英屬處女群島	100.00	100.00	-	-	US\$100.00 100.00美元	Investment holding 投資控股
Right Tech (China) Limited (偉達(中國)有限公司)	Hong Kong 香港	-	-	100.00	100.00	HK\$1 1港元	Investment holding 投資控股
Jiangsu HY* 江蘇聯恒物宇*	PRC 中國	-	-	70.00	70.00	RMB16,800,000 人民幣16,800,000元	Sales of RFID products 銷售射頻識別產品
珠海包裝寶投資有限公司* (Zhuhai Baozhuangbao Investment Co., Ltd.)	PRC 中國	-	-	100.00	100.00	RMB50,000,000 人民幣50,000,000元	Investment holding 投資控股
江蘇金訊達物聯科技有限公司# (Jiangsu Jinxunda IOT Technology Co., Ltd.)	PRC	-	-	100.00	-	RMB70,000,000 人民幣70,000,000元	Investment holding 投資控股
Jinshencai## 金升彩##	PRC 中國	-	-	100.00	-	RMB28,350,000 人民幣28,350,000元	Manufacturing of paper packaging materials 製造紙包裝材料

* Company incorporated as a sino-foreign equity.

Company established as foreign invested limited liability company.

Limited liability company established in the PRC.

* 公司註冊成立為中外合資企業。

公司成立為外商投資有限公司。

於中國成立的有限公司。

None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during the year.

於報告期末或本年度任何時間，概無附屬公司發行任何債務證券。

Notes to the consolidated financial statements

綜合財務報表附註

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

51. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

51. 本公司財務狀況及儲備報表

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Non-current asset	非流動資產		
Interests in subsidiaries	於附屬公司的權益	1,197,858	1,255,610
Current assets	流動資產		
Other receivables	其他應收款項	843	–
Amounts due from subsidiaries	應付附屬公司款項	229,680	–
Dividends receivables	應收股息	–	700,000
Bank balances and cash	銀行結餘及現金	69,972	22,264
		300,495	722,264
Current liabilities	流動負債		
Other payables and accruals	其他應付款項及應計費用	1,240	1,225
Amounts due to subsidiaries	應收附屬公司款項	119,199	316,461
Bank borrowings	銀行借貸	488,837	531,998
Bank overdraft	銀行透支	19,897	–
		629,173	849,684
Net current liabilities	流動負債淨額	(328,678)	(127,420)
Total assets less current liabilities	資產總值減流動負債	869,180	1,128,190
Non-current liability	非流動負債		
Bank borrowings	銀行借貸	18,750	56,250
Net assets	資產淨值	850,430	1,071,940
Capital and reserves	資本及儲備		
Share capital	股本	7,839	7,839
Reserves	儲備	842,591	1,064,101
		850,430	1,071,940

Notes to the consolidated financial statements

綜合財務報表附註

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

51. STATEMENT OF FINANCIAL POSITION AND EQUITY OF THE COMPANY (continued)

Movement in the Company's reserves

51. 本公司財務狀況及權益報表(續)

本公司儲備變動

		Dividend reserve	Share premium	Other reserves	Exchange reserves	Retained profits (Accumulated losses)	Total
		股息儲備	股份溢價	其他儲備	匯兌儲備	保留溢利 (累計虧損)	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2017	於二零一七年 一月一日	239,886	4,936,913	(4,185,977)	(69,773)	(290,361)	630,688
Profit and total comprehensive income for the year	年內溢利及 全面收益總額	-	-	-	46,612	626,687	673,299
Dividends recognised as distribution	確認為分派的股息	(239,886)	-	-	-	-	(239,886)
At 31 December 2017	於二零一七年 十二月三十一日	-	4,936,913	(4,185,977)	(23,161)	336,326	1,064,101
Profit and total comprehensive income for the year	年內溢利及 全面收益總額	-	-	-	(47,305)	25,700	(21,605)
Dividends recognised as distribution	確認為分派的股息	-	-	-	-	(199,905)	(199,905)
At 31 December 2018	於二零一八年 十二月三十一日	-	4,936,913	(4,185,977)	(70,466)	162,121	842,591

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Company's financial positions and performance for the current and prior years.

於本年度應用新訂香港財務報告準則及其修訂本對本年度及過往年度本集團的財務狀況及表現並無重大影響。

Five year financial summary

五年財務概要

(A) RESULTS

(A) 業績

		For the year ended 31 December				2018
		截至十二月三十一日止年度				二零一八年
		2014	2015	2016	2017	二零一八年
		二零一四年	二零一五年	二零一六年	二零一七年	二零一八年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
		(Restated)				
		(經重列)				
Revenue	收益	1,703,423	1,494,961	1,407,209	1,265,515	1,366,753
Operating profit	經營溢利	370,738	297,851	270,508	145,770	77,389
Gain on disposal of subsidiaries	出售附屬公司的收益	-	-	-	-	91,681
Share of profit of associates	分佔聯營公司溢利	214,906	178,625	86,429	47,334	51,669
Share of profit (loss) of a joint venture	分佔一間合營企業溢利(虧損)	-	-	57	(274)	623
Profit before taxation	除稅前溢利	585,644	476,476	356,994	192,830	221,362
Taxation	稅項	(104,023)	(79,796)	(69,760)	(50,023)	(46,930)
Profit for the year from continuing operations	持續經營業務的年度溢利	481,621	396,680	287,234	142,807	174,432
Profit (loss) for the year from discontinued operations	已終止經營業務的年度溢利(虧損)	1,411	(6,078)	-	-	-
Attributable to:	應佔：					
Owners of the Company	本公司擁有人	453,711	386,372	285,827	138,025	169,383
Non-controlling interests	非控股權益	29,321	4,230	1,407	4,782	5,049
		483,032	390,602	287,234	142,807	174,432

Five year financial summary

五年財務概要

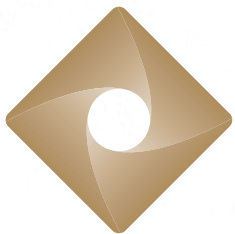
(B) ASSETS AND LIABILITIES

(B) 資產及負債

		At 31 December 於十二月三十一日				2018
		2014 二零一四年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	二零一八年 HK\$'000 千港元
TOTAL ASSETS	資產總值	4,483,161	4,368,408	4,158,124	4,198,506	3,934,962
TOTAL LIABILITIES	負債總額	(1,455,642)	(1,385,294)	(1,282,964)	(1,217,996)	(1,136,361)
		3,027,519	2,983,114	2,875,160	2,980,510	2,798,601
EQUITY ATTRIBUTABLE TO: 以下人士應佔權益：						
Owners of the Company	本公司擁有人	2,968,868	2,930,460	2,828,968	2,917,632	2,763,663
Non-controlling interests	非控股權益	58,651	52,654	46,192	62,878	34,938
		3,027,519	2,983,114	2,875,160	2,980,510	2,798,601

Note: The comparative figures are not restated on application of HKFRS 9 and HKFRS 15 for the first time in the current year.

附註：概無於本年度首次應用香港財務報告準則第9號及香港財務報告準則第15號時重列比較數字。



BRILLIANT CIRCLE HOLDINGS INTERNATIONAL LIMITED
貴聯控股國際有限公司