

LEE & MAN CHEMICAL COMPANY LIMITED

理文化工有限公司

Stock Code 股份代號 : 746



**Together We Grow**



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# Corporate Information

## 公司資料

### BOARD OF DIRECTORS

#### Executive directors

Ms. Wai Siu Kee (*Chairman*)  
Mr. Lee Man Yan (*Chief Executive Officer*)  
Professor Chan Albert Sun Chi (*appointed on 9 May 2016*)  
Mr. Yang Zuo Ning  
Ms. Wong Yuet Ming (*resigned on 5 August 2016*)

#### Independent non-executive directors

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

### AUDIT COMMITTEE

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

### REMUNERATION COMMITTEE

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

### NOMINATION COMMITTEE

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

### COMPANY SECRETARY

Mr. Cheung Kwok Keung

### REGISTERED OFFICE

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

### 董事會

#### 執行董事

衛少琦女士(*主席*)  
李文恩先生(*首席執行官*)  
陳新滋教授(*委任於2016年5月9日*)  
楊作寧先生  
王月明女士(*辭任於2016年8月5日*)

#### 獨立非執行董事

王啟東先生  
尹志強先生*BBS太平紳士*  
邢家維先生

### 審核委員會

邢家維先生(*主席*)  
王啟東先生  
尹志強先生*BBS太平紳士*

### 薪酬委員會

邢家維先生(*主席*)  
王啟東先生  
尹志強先生*BBS太平紳士*

### 提名委員會

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

### 公司秘書

張國強先生

### 註冊辦事處

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



## HONG KONG OFFICE

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

## PRINCIPAL BANKERS

### Hong Kong:

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

### PRC:

Bank of China Limited

## AUDITORS

Deloitte Touche Tohmatsu  
*Certified Public Accountants*

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road, George Town  
Grand Cayman KY1-1110  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## WEBSITE

<http://www.leemanchemical.com>

## 香港辦事處

香港  
九龍  
觀塘  
敬業街61–63號  
利維大廈8樓

## 主要往來銀行

### 香港：

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

### 中國：

中國銀行有限公司

## 核數師

德勤•關黃陳方會計師行  
*執業會計師*

## 主要股份過戶登記處

Royal Bank of Canada Trust Company (Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road, George Town  
Grand Cayman KY1-1110  
Cayman Islands

## 香港股份過戶登記分處

卓佳秘書商務有限公司  
香港  
皇后大道東183號  
合和中心22樓

## 網址

<http://www.leemanchemical.com>

# Chairman's Statement

## 主席報告

### BUSINESS REVIEW

For the year ended 31 December 2016, the Group recorded a revenue of HK\$1,814 million, increased by 6.3% as compared to last year; and a net profit of HK\$216 million for the year, representing a decrease of 19.8% as compared to last year. The decrease in net profit for the year was mainly due to the decrease in product prices.

The Group recorded a gross profit margin of 36.3% for the year, representing a decrease of 3.3 basis points as compared to last year; while the net profit margin was recorded 11.9%, representing a decrease of 3.9 basis points as compared to last year.

### PROSPECTS

The Group has completed the construction of the Jiangxi plant. The first and second phase production lines have been officially put into production and have contributed profit to the Group since the end of 2015. The management believes that the tough investment period has passed and with the increase in some chemical product prices, chemical business is expected to be positive for next year.

The management expects that trial production for new products will begin gradually in the second quarter of 2017, including chlorinated polyvinyl chloride, thionyl chloride and styrene-acrylic latex surface sizing agent, and wishes to put them into official production soonest with profitable contribution to the group as well.

In addition, the Group has committed to new product research and development, devoted more resources in employing scientific research experts who possess rich chemical experience and in acquiring more scientific research equipment, so as to expand and enhance the internal research and development team. The management expects that the Group can be able to develop new products successfully in the near future that can meet the trend of refined chemical development.

As always, our management team will leverage on our internal technical innovation and scientific research and development in a pragmatic and aggressive approach and continue its persistent efforts to bring desirable return to the shareholders.

### 業務回顧

截至2016年12月31日止年度，本集團錄得總營業額18.14億港元，較去年上升6.3%，而年內溢利為2.16億，較去年減少19.8%；年內溢利減少，主因由產品價格下跌所致。

集團本年度錄得毛利率36.3%，較去年減少3.3個百分點；而淨利潤率為11.9%，較去年減少3.9個百分點。

### 展望

本集團已完成江西廠房建設。第一期及第二期生產線已於2015年底正式投產，並開始為本集團作出盈利貢獻。管理層認為艱辛的投資期已過，隨著部份化工產品價格上升，預期來年化工業務是正面樂觀。

管理層預期將有新產品於2017年第二季開始陸續進行調試生產；當中包括氯化聚氯乙烯、氯化亞砷及苯丙施膠劑，期望儘快投入正式生產並為集團作出利潤貢獻。

此外，本集團繼續致力於新產品研發，現已投放更多資源，在國內外聘請富有化工經驗的科研專家，增購科研設備，以擴大及提升內部研發團隊，和配合發展精細化工的趨勢。

一如既往，管理層努力不懈，以務實進取的方向，並結合內部技術創新及科研開發，為股東帶來理想的回報。



## APPRECIATION

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

On behalf of the Board

**Wai Siu Kee**

*Chairman*

Hong Kong, 28 February 2017

## 鳴謝

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

代表董事會

主席

衛少琦

香港，2017年2月28日

# Management Discussion and Analysis

## 管理層討論及分析

### RESULTS OF OPERATION

Revenue and net profit attributable to equity holders of the Group for the year ended 31 December 2016 was HK\$1,814 million and HK\$216 million respectively, representing an increase of 6.3% and a decrease of 19.8%, as compared to HK\$1,706 million and HK\$270 million respectively for last year. The basic earnings per share was HK26.2 cents for the year ended 31 December 2016 (2015: HK32.7 cents).

#### Revenue

The increase in revenue for the year was mainly attributable to the new Jiangxi operation, and the increase in production volume and selling price of caustic soda. The Group recorded HK\$108 million increase in revenue for the year ended 31 December 2016. As compared to last year, the average selling price per ton of methylene chloride and chloroform was about RMB2,240 and RMB1,860, decreased by approximately 19% and 13% respectively while the average selling price per ton of by-product caustic soda was about RMB748 which increased by 9% from last year. The actual production output of the main products for the year was approximately 280,000 tons for CMS products, 390,000 tons for 100% dry basis caustic soda and 70,000 tons for hydrogen peroxide.

Due to the decrease in selling price of main products, gross profit margin of the Group for the year ended 31 December 2016 decreased from 39.6% of the last year to 36.3%; while the net profit recorded a decrease from 15.8% to 11.9%, attributable to the rise of selling and distribution costs resulted from the increase of product volume.

#### Selling and distribution costs

Selling and distribution costs incurred for the year ended 31 December 2016 was HK\$127 million, representing an increase by 30.5% as compared to HK\$98 million for last year. The increase for the year mainly attributable to the increase of transportation expenses incurred in the new Jiangxi operation, as well as the increase of drum package for product delivery. The selling and distribution costs represented about 7.0% of total revenue for the year ended 31 December 2016 and 5.7% for last year.

### 經營業績

截至2016年12月31日止年度，本集團之收入及股東應佔溢利分別為18.14億港元及2.16億港元，較去年17.06億港元及2.7億港元，分別上升6.3%及減少19.8%。截至2016年12月31日止年度，每股基本盈利為26.2港仙（2015：32.7港仙）。

#### 收入

年內收入增加，主要由於新江西業務，及燒鹼產品量價提升所貢獻。本集團於截至2016年12月31日止年度錄得收入增加1.08億港元。與去年比較，集團產品二氯甲烷和三氯甲烷每噸的平均銷售價分別約2,240及1,860人民幣，減少了約19%及13%；而副產品燒鹼每噸的平均銷售價約748人民幣則與去年售價提升9%。主要產品的實際生產量為甲烷氯化物約28萬噸，折百燒鹼約39萬噸及過氧化氫約7萬噸。

鑒於主產品銷售價減少，截至2016年12月31日止，本集團毛利率由去年39.6%減至36.3%；而純利率則由去年的15.8%下跌至11.9%，此乃由於銷售分銷成本跟隨產品量增加所致。

#### 銷售及分銷成本

銷售及分銷成本截至2016年12月31日止年度為1.27億港元，與去年0.98億港元比較，增加30.5%。年內費用上升主要受新江西業務擴大及年內產品桶裝出貨量較多影響。銷售及分銷成本佔截至2016年12月31日止年度總收入約7.0%，而去年為5.7%。



### Administrative expenses

Administrative expenses incurred for the year ended 31 December 2016 was HK\$133 million, which increased by HK\$17 million approximately as compared to HK\$116 million last year. The increase for the year mainly attributable to the business expansion, depreciation, general expenses and increase of taxes. The administrative expenses represented about 7.3% of total revenue for the year and 6.8% for last year.

### Finance costs

The interest expenses incurred for the year ended 31 December 2016 was HK\$25 million, which increased by HK\$7 million as compared to HK\$18 million last year. Interest expenses increased during the year was mainly due to the increase of bank borrowing cost. As at 31 December 2016, the total bank borrowings was HK\$1,969 million (31.12.2015: HK\$1,862 million). As at 31 December 2016, the Group maintained bank balances and cash of approximately HK\$228 million (31.12.2015: HK\$253 million) which is sufficient to enable the Group to meet its future capital expenditure and working capital requirements.

### Net exchange loss

Net exchange loss incurred for the year ended 31 December 2016 was HK\$83 million, which decreased by HK\$11 million approximately as compared to HK\$92 million last year. Net exchange loss decreased despite the significant depreciation of Renminbi during the year, which was mainly due to the Group's successful conversion of nearly half of the Hong Kong dollar borrowings into Renminbi borrowings in the third quarter of the year.

### INVENTORIES, DEBTORS' AND CREDITORS' TURNOVER

The inventory turnover of the Group for the year ended 31 December 2016 was 69 days, representing an increase of 3 days over 66 days last year.

As a result of tight credit control, the Group's debtors' turnover days was controlled within a favourable level of 35 days for the year ended 31 December 2016 as compared with 30 days last year, which is consistent with the normal credit terms of 7 days to 60 days granted by the Group to its customers.

The Group's creditors' turnover days were 43 days for the year ended 31 December 2016 as compared with 36 days last year which is consistent with the normal credit terms of 7 days to 45 days granted by the suppliers to the group.

### 行政費用

行政費用截至2016年12月31日止年度為1.33億港元，與去年1.16億港元比較，約增加1,700萬港元。年內費用上升主要受業務擴大、折舊、費用及稅金增加所致。行政費用佔年內總收入約7.3%，而去年為6.8%。

### 融資成本

利息支出截至2016年12月31日止年度為2,500萬港元，與去年1,800萬港元比較，增加約700萬港元。年內利息支出增加，主要由於銀行融資成本增加所致。於2016年12月31日，銀行借款總額為19.69億港元（31.12.2015：18.62億港元）。於2016年12月31日，本集團銀行現金結餘約為2.28億港元（31.12.2015：2.53億港元），足以應付本集團未來資本性開支及營運資金需要。

### 匯兌淨虧損

匯兌淨虧損截至2016年12月31日止年度為8,300萬港元，與去年9,200萬港元比較，約減少1,100萬港元。年內人民幣匯價大幅下跌而本集團之匯兌淨虧損減少，主因本集團已於本年度第三季將約近一半的港元借款成功地轉成人民幣借款。

### 存貨、應收賬款及應付賬款周轉期

截至2016年12月31日止年度，本集團之存貨周轉期天數為69天，較去年的66天增加了3天。

由於採取嚴格信貸控制，截至2016年12月31日止年度本集團之應收賬款周轉天數控制於35天，去年則為30天，與本集團給予客戶的正常除賬期7天至60天一致。

截至2016年12月31日止年度，本集團之應付賬款周轉天數為43天，去年為36天，與供應商給予本集團的正常除賬期7天至45天一致。



# Management Discussion and Analysis

## 管理層討論及分析

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The total shareholders' equity of the Group as at 31 December 2016 was HK\$2,342 million (31.12.2015: HK\$2,346 million). As at 31 December 2016, the Group had current assets of HK\$911 million (31.12.2015: HK\$963 million) and current liabilities of HK\$851 million (31.12.2015: HK\$960 million). The current ratio was 1.07 as at 31 December 2016 as compared to 1.0 at 31 December 2015.

The Group generally finances its operations with internally generated cash flow and credit facilities provided by its principal bankers in Hong Kong and the PRC. As at 31 December 2016, the Group had outstanding bank borrowings of HK\$1,969 million (31.12.2015: HK\$1,862 million). These bank loans were secured by corporate guarantees provided by the Company and its certain subsidiaries. As at 31 December 2016, the Group maintained bank balances and cash of HK\$228 million (31.12.2015: HK\$253 million). The Group's net debt-to-equity ratio (total borrowings net of cash and cash equivalents over shareholders' equity) as at 31 December 2016 was 74.3% (31.12.2015: 68.6%).

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

### EMPLOYEES

As at 31 December 2016, the Group had a workforce of about 1,750 people. Salaries of employees are maintained at competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. The Group also provides internal training to staff and provides bonuses based upon staff performance and profits of the Group. The Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees.

### 流動資金、財務資源及資本結構

於2016年12月31日，本集團的股東權益總額為23.42億港元(31.12.2015：23.46億港元)。於2016年12月31日，本集團的流動資產達9.11億港元(31.12.2015：9.63億港元)，而流動負債則為8.51億港元(31.12.2015：9.60億港元)。於2016年12月31日的流動比率為1.07，而於2015年12月31日則為1.0。

本集團一般以內部產生的現金流，以及中港兩地主要往來銀行提供的信貸備用額作為業務的營運資金。於2016年12月31日，本集團的未償還銀行借款為19.69億港元(31.12.2015：18.62億港元)。該等銀行借款由本公司及其若干附屬公司提供的公司擔保作為抵押。於2016年12月31日，本集團銀行結餘及現金2.28億港元(31.12.2015：2.53億港元)。本集團的淨負債對權益比率(銀行借款總額減現金及現金等價物除以股東權益)於2016年12月31日為74.3%(31.12.2015：68.6%)。

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

### 僱員

於2016年12月31日，本集團有約1,750名員工。僱員薪酬維持於具競爭力水平，並會每年檢討，且密切留意有關勞工市場及經濟市況趨勢。本集團亦為僱員提供內部培訓，並按員工表現及本集團盈利發放花紅。本集團並無遭遇任何重大僱員問題，亦未曾因勞資糾紛令營運中斷，在招聘及挽留經驗豐富的員工方面亦不曾出現困難。本集團與僱員的關係良好。

## KEY RISKS AND UNCERTAINTIES

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

### 1. Risks Relating to Our Industry

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

### 2. Credit Risks Relating to Customers

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

### 3. Liquidity Risks

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

## 主要風險及不明朗因素

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

### 1. 行業風險

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

### 2. 客戶的信貸風險

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

### 3. 流動資金風險

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

# Management Discussion and Analysis

## 管理層討論及分析

### 4. Currency Risks

Debts denominated in foreign currencies expose the Group to foreign exchange risks. The Group closely manages and monitors foreign exchange risks to ensure that appropriate measures are taken in a timely manner. The Group will consider entering into forward contracts in respect of foreign currencies to mitigate relevant risks as and when appropriate. As of 31 December 2016, the Group did not have any outstanding forward contracts in respect of foreign currencies.

### 5. Interest Rate Risks

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

### 4. 貨幣風險

因有外幣負債，以致本集團承受外幣滙兌風險。本集團會密切管理及監察外匯風險，以確保及時地採取適當措施。本集團會在適當時候考慮訂立外幣遠期合約以降低有關風險。截止2016年12月31日，本集團並沒有已訂立而未到期的外幣遠期合約。

### 5. 利率風險

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

# Corporate Governance Report

## 企業管治報告

### CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance. The board of directors (the "Board") of the Company believes that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximizing shareholders' interests. On 1 April 2012, the Code on Corporate Governance Practices ("Former CG Code") contained in Appendix 14 to the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") was amended and renamed as Corporate Governance Code and Corporate Governance Report ("New CG Code"). The Board is committed to complying with the code provisions as stated in the New CG code to the extent that the directors of the Company ("Directors") consider it is applicable and practical to the Company.

The Company has complied with New CG Code during the year of 2016.

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as a code of conduct regarding directors' securities transactions in 2005. All the members of the Board have confirmed, following specific enquiry by the Company that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2016. The Model Code also applies to other specified senior management of the Group.

### 企業管治常規

本公司致力保持高水準之企業管治。本公司董事會(「董事會」)相信，對本集團成長及對保障及提高股東權益，完善及合理的企業管治常規實在不可或缺。於2012年4月1日，香港聯合交易所證券上市規則(「上市規則」)附錄十四所刊載企業管治常規守則(「前企業管治守則」)經修訂及易名為企業管治守則及企業管治報告(「新企業管治守則」)。董事局承諾，在本公司董事(「董事」)認為適用於本公司及切實可行的前提下，遵守新企業管治守則所載的守則條文行事。

本公司已於2016年度內遵守新企業管治守則的守則條文。

### 董事之證券交易

本公司已於2005年採納上市規則附錄10所載之上市發行人董事進行證券交易的標準守則(「標準守則」)作為董事進行證券交易之行為守則。本公司經向所有董事作出具體查詢後，全體董事皆確認於截至2016年12月31日止年度內均遵守標準守則所載之規定守則。標準守則亦適用於本集團之特定高級管理層。

# Corporate Governance Report

## 企業管治報告

### BOARD OF DIRECTORS

#### Composition and role

The Board comprises:

#### Executive director

Ms. Wai Siu Kee (*Chairman*)

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

Professor Chan Albert Sun Chi (*appointed on 9 May 2016*)

Mr. Yang Zuo Ning

Ms. Wong Yuet Ming (*resigned on 5 August 2016*)

#### Independent non-executive director

Mr. Wong Kai Tung, Tony

Mr. Wan Chi Keung, Aaron *BBS JP*

Mr. Heng Victor Ja Wei

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

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

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

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

### 董事會

#### 架構及角色

董事會包括：

#### 執行董事

衛少琦女士(*主席*)

李文恩先生(*首席執行官*)

陳新滋教授(*委任於2016年5月9日*)

楊作寧先生

王月明女士(*辭任於2016年8月5日*)

#### 獨立非執行董事

王啟東先生

尹志強先生*BBS太平紳士*

邢家維先生

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

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

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

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

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

During the year under review, 7 full board meetings were held and the individual attendance of each director is set out below:

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

於回顧年度內，已召開7次全体董事會，各董事出席情況詳列如下：

| Name of director   | 董事姓名                    | Number of board meetings attended<br>出席會議次數 |
|--|-------------------------|---|
| Ms. Wai Siu Kee  | 衛少琦女士                   | 7   |
| Mr. Lee Man Yan  | 李文恩先生                   | 7   |
| Professor Chan Albert Sun Chi<br>(appointed on 9 May 2016) | 陳新滋教授<br>(委任於2016年5月9日) | 1   |
| Mr. Yang Zuo Ning  | 楊作寧先生                   | 5   |
| Ms. Wong Yuet Ming<br>(resigned on 5 August 2016)          | 王月明女士<br>(辭任於2016年8月5日) | 5   |
| Mr. Wong Kai Tung, Tony                                    | 王啟東先生                   | 5   |
| Mr. Wan Chi Keung, Aaron BBS JP                            | 尹志強先生BBS太平紳士            | 3   |
| Mr. Heng Victor Ja Wei                                     | 邢家維先生                   | 4   |

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

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

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

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



# Corporate Governance Report

## 企業管治報告

The Directors are committed to complying with Code Provision A.6.5 of the New CG Code which came into effect on 1 April 2012 on Directors' training. All Directors have participated in continuous professional development to develop and refresh their knowledge and skills and provided a record of training they received for the year ended 31 December 2016 to the Company. The type of training received is summarized below:

董事承諾遵守由2012年4月1日起生效之新企業管治守則有關董事培訓之守則條文第A.6.5條，截至2016年12月31日止年度，全體董事均有參與發展及更新彼等知識及技能之持續專業發展，並已向本公司提供彼等所接受培訓的類型如下：

| Name of director   | 董事姓名                    | Reading regulatory updates<br>閱讀監管規定更新資料 | Attending external seminars/<br>programmes<br>參與外界機構<br>舉辦研討會／活動 |
|--|-------------------------|--|--|
| <b>Executive directors</b>                                 |                         |  |  |
| Ms. Wai Siu Kee  | 衛少琦女士                   | ✓  | ✓  |
| Mr. Lee Man Yan  | 李文恩先生                   | ✓  | ✓  |
| Professor Chan Albert Sun Chi<br>(appointed on 9 May 2016) | 陳新滋教授<br>(委任於2016年5月9日) | ✓  | ✓  |
| Mr. Yang Zuo Ning  | 楊作寧先生                   | ✓  | ✓  |
| Ms. Wong Yuet Ming<br>(resigned on 5 August 2016)          | 王月明女士<br>(辭任於2016年8月5日) | ✓  | ✓  |
| <b>Independent non-executive directors</b>                 |                         |  |  |
| Mr. Wong Kai Tung, Tony                                    | 王啟東先生                   | ✓  | ✓  |
| Mr. Wan Chi Keung, Aaron BBS JP                            | 尹志強先生BBS太平紳士            | ✓  | ✓  |
| Mr. Heng Victor Ja Wai                                     | 邢家維先生                   | ✓  | ✓  |

### AUDIT COMMITTEE

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

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

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

### 審核委員會

審核委員會於2001年成立，其現時成員包括：

邢家維先生(主席)  
王啟東先生  
尹志強先生BBS太平紳士

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



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

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the accounts for the year ended 31 December 2016.

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

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

審核委員會已與管理層檢討本集團所採納之會計原則及慣例，並已就內部監控及財務匯報等事項進行討論，其中包括審閱截止2016年12月31日止年度之會計賬目。

年內，共召開3次審核委員會會議，個別成員的出席情況詳列如下：

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

## REMUNERATION COMMITTEE

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

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

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

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

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

## 薪酬委員會

薪酬委員會於2005年成立，其現時成員包括：

邢家維先生(主席)  
王啟東先生  
尹志強先生BBS太平紳士

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

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

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

# Corporate Governance Report

## 企業管治報告

### NOMINATION COMMITTEE

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

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

The majority members are independent non-executive directors. The Nomination Committee has the duty of reviewing annually the board structure and composition.

The terms of reference of the Nomination Committee were adopted in March 2012 to confirm to the provision of the New CG Code, a copy of which is posted on the Company's website.

The Nomination Committee has met during the year to approve and adopt its terms of reference, all members have attended in the meeting.

### BOARD DIVERSITY

During the year, the Company continued to monitor the board composition with regard to its diversity policy which requires board appointments to be made based on merit and candidates to be considered against an objective criteria, including diversity. In order to maintain an appropriate mix and balance of talent, skills, experience and background on the Board, the Nomination Committee developed measurable objectives to implement this policy and monitored progress towards achieving these objectives during the year ended 31 December 2016.

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

### EXTERNAL AUDITOR

For the year ended 31 December 2016, the fee payable to the Company's external auditor in respect of audit and non-audit services provided to the Company and its subsidiaries is set out below:

### 提名委員會

提名委員會於2012年3月成立，現時成員包括：

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

其大部份成員均為獨立非執行董事。提名委員會有責任每年檢討董事會架構及組成。

提名委員會的職權範圍已於2012年3月被採納，並已刊載於本公司網頁內，以符合新企業管治守則的規定。

提名委員會已於本年度開會以通過採納其書面職權範圍，所有成員均有出席會議。

### 董事會多元化

年內，本公司繼續監察董事會組成的多元化政策，該政策要求董事會委任以用人唯才為原則，並以多元化等客觀條件考慮董事人選。截至2016年12月31日止年度，提名委員會為維持適當的才能、技能、經驗和背景之組合及平衡，已訂立可計量目標以實施上述政策，並監察達成有關目標的進度。

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

### 外聘核數師

於截止2016年12月31日止年度，就本公司及其附屬公司獲提供的審計及非審計服務向本公司外聘核數師應付的費用載列如下：

HK\$'000  
千港元

|                    |       |              |
|--------------------|-------|--------------|
| Audit services     | 審計服務  | 1,456        |
| Non-audit services | 非審計服務 | 175          |
|                    |       | <u>1,631</u> |

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

## RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

## 風險管理及內部監控

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

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

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

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

# Corporate Governance Report

## 企業管治報告

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

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

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

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

### DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation of accounts for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 31 December 2016, the directors have selected suitable accounting policies and applied them consistently adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards made adjustments and estimates that are prudent and reasonable and have prepared the accounts on the going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

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

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

### 處理及發放內幕消息的程式和內部監控措施

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

### 董事的職責

董事須負責編製各財政期間能真實與公正地反映本集團之財政狀況及該期間之業績及現金流量之賬目。在編製截止2016年12月31日止年度之賬目時，董事已貫徹採用合適之會計政策，採納合適的香港財務報告準則及香港會計準則，作出審慎及合理的調整及評估，及在持續進行有關業務之基準而編製。董事亦須負責保存適當之會計紀錄，以能合理準確地披露本集團在任何時候之財務狀況。

## SHAREHOLDERS' RIGHTS

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

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

## INVESTOR RELATIONS AND COMMUNICATION

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

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

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

## CONSTITUTIONAL DOCUMENTS

There was no significant change in the Company's constitutional documents for the year ended 31 December 2016.

## 股東權利

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

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

## 與投資者交流及溝通

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

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

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

## 組織章程文件

本公司之組織章程文件於截至2016年12月31日止年度並無重大變動。



# Environmental, Social and Governance (ESG) Report

## 環境、社會及管治報告

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

The report covers the Group's main business relating to manufacture of chemical products in the People's Republic of China (the "PRC") during 1 January 2016 to 31 December 2016 (the "reporting period").

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

To ensure that the content and information of the report meets the expectations of various stakeholders, the Group has invited the respective management and general staff of different departments to participate in the preparation of the report. By inspecting the Group's operations, they can understand the Group's business in environmental, social and governance sense and analyze their importance to stakeholders. We have formulated the following reporting areas for this report:

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

本報告覆蓋集團於2016年1月1日至2016年12月31日期間(下稱「報告期間」)在中國與生產化工產品有關的主營業務。

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

為使本報告內容及信息能夠符合各持份者的期望，集團邀請了各部門的管理層及員工參與報告編製。通過檢視集團運作，瞭解環境、社會及管治範疇內的業務以及分析該類業務對持份者的重要性，我們為本報告制定了以下彙報範疇：

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

港交所「環境、社會及管治報告指引」範疇

**Key Environmental, Social and  
Governance Areas of the Group**

本集團重要的環境、社會及  
管治範疇

**A. Environment  
環境**

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

**B. Social  
社會**

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



# Environmental, Social and Governance (ESG) Report

## 環境、社會及管治報告

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

港交所「環境、社會及管治報告指引」範疇

### Key Environmental, Social and Governance Areas of the Group

本集團重要的環境、社會及管治範疇

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

### A. ENVIRONMENTAL PROTECTION

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

#### Aspect A1 Treatment of Emissions

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

### A. 環境保護

公司一直致力環境保護，並採取多項措施及監控方法履行對保護環境的責任。公司成立安環部，配備專職安全、環保管理人員，持續跟進相關環保法律，瞭解規定的更新條文，並確保公司各部門執行政府對環保提出的所有要求，杜絕任何違反環保法律及規定的行為。

#### 層面A1 對排放物的整治

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

Smoke and gas emissions from power stations of Jiangxi L&M Chemical are in compliance with GB13223-2011 Standard. The average emission values of our Company during normal operation are as follows: sulphur dioxide 80mg/m<sup>3</sup>, nitrogen oxides 40mg/m<sup>3</sup>, smoke and dust 18mg/m<sup>3</sup>, all meeting emission standards. We execute 24-hour monitoring of smoke and gas emissions and real-time data are transmitted to the website of the municipal environmental protection bureau.

江西理立化工電站煙氣排放符合GB13223-2011標準，正常運行時我司平均排放數值為二氧化硫：80mg/m<sup>3</sup>，氮氧化物40mg/m<sup>3</sup>，煙塵18mg/m<sup>3</sup>，均達標排放，煙氣24小時在綫，實時傳送至市環保局網站。

In addition, the two factories in the PRC have their environmental protection targets on a yearly basis. Through technological innovation and enhancement of control, we ensure that the Company's environmental protection efforts meet or outperform government requirements. Some key performance indicators (KPIs) of 2016 are set out in the table below.

此外，國內兩廠每年都會訂下環境保護目標，通過技術革新，提高管理力度，確保公司環保事務符合併滿足或高於政府的要求，其中2016年度的一些主要關鍵績效指標(關鍵績效指標)見下表：

**Key Performance Indicators (KPIs)**

| 關鍵績效指標 | Name   | 名稱                                | 單位               | 2016年     |
|--------|--|-----------------------------------|------------------|-----------|
| A1.1   | Nitrogen oxides (NO <sub>x</sub> ) emissions                                   | 氮氧化物排放量(NO <sub>x</sub> )         | Ton 噸            | 181.3     |
|        | Sulphur dioxide (SO <sub>2</sub> ) emissions                                   | 二氧化硫排放量(SO <sub>2</sub> )         | Ton 噸            | 285.2     |
|        | Particulate emission (in terms of smoke and dust)                              | 粒狀物總量排放量<br>(以煙塵計)                | Ton 噸            | 59.9      |
| A1.2   | Total carbon dioxide emission (CO <sub>2e</sub> ) from power plants            | 來自發電廠的二氧化碳總量(CO <sub>2e</sub> )排放 | k'Ton 千噸         | 1,521.3   |
|        | Chemical carbon dioxide emission   | 屬於化工的二氧化碳排放                       | k'Ton 千噸         | 556.2     |
|        | Intensity of carbon dioxide emission from power generator (electricity supply) | 發電組合(供電)的二氧化碳排放強度                 | kg/kwh<br>千克/千瓦時 | 1.0       |
| A1.3   | Total hazardous waste  | 有害廢物產量                            | Ton 噸            | 1,299.5   |
| A1.4   | Total general waste  | 一般廢物產量                            | Ton 噸            | 152,267.0 |

# Environmental, Social and Governance (ESG) Report

## 環境、社會及管治報告

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

#### 1. Measures to mitigate emissions

We have set up recovery devices near water discharge sites for clean drainage and recover it for water re-utilization to realize zero emission of clean drainage.

Alkaline renewable recycled wastewater in alkali-burning workshops is used for salt dissolving, which reducing annual wastewater discharge by approximately 36,500 tons.

With regard to energy conservation, we adhere to standardized and regulated high-standard management of energy-saving. Unit energy consumption of sodium hydroxide products is approximately 314 kgce/t (national benchmark value is 325 kgce/t and national average value in 2016 is 329 kgce/t), outperforming industry standard.

#### 2. Results achieved

Jiangsu L&M Chemical was consecutively awarded "Advanced Entity in Ecological Construction and Environmental Protection Work" by Changshu Economic Development Zone in 2014 and 2015.

Jiangsu L&M Chemical won the "Suzhou Circular Economy Demonstration Enterprise" title in 2015.

Jiangxi L&M Chemical won the "Excellent Enterprise in Industrial Park" Award from Ruichang City Matou Town Industrial Zone in 2015.

### KPI A1.6

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

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

### 關鍵績效指標 A1.5 減低排放量的措施及所得成果

#### 1、減排措施

公司在清下水排口設置了回收裝置，回收清下水至循環水再利用，實現清下水零排放。

燒鹼車間的鹼性再生廢水回收用於化鹽，每年降低廢水排放量約3.65萬噸。

節能方面公司堅持規範節能高標準的管理，燒鹼產品的單位能耗約在314 kgce/t（國家標杆值325 kgce/t，2016年全國平均值329 kgce/t），優越於同行標準。

#### 2、取得成果

江蘇理文化工連續在2014年及2015年取得了由常熟經濟開發區頒發的「生態建設與環保工作先進集體」獎項。

江蘇理文化工在2015年度獲得蘇州市「循環經濟示範型企業」稱號。

江西理文化工亦於2015年獲得瑞昌市碼頭鎮碼頭工業城頒發的「園區優秀企業獎」。

### 關鍵績效指標 A1.6

#### 處理有害廢棄物方法，減低產生量的措施及所得成果

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

Jiangxi L&M Chemical also strictly follows environmental protection requirements in processing hazardous wastes. Residual liquid of fluorine chemical projects is processed by incineration devices. Other wastes are processed by external qualified entities. The Company actively optimizes production techniques, strengthens source management and reduces exhaust generation, with a view to maximizing recycling and re-utilization.

江西理文化工亦有嚴格按照環保要求進行處置有害廢棄物，氟化工項目殘液利用焚燒裝置焚燒處理，其他廢棄物委托有資質單位進行處置。公司並積極優化生產工藝，加強源頭管理，減少廢棄物產生，盡可能實現循環再利用。

## ASPECT A2 POLICIES ON THE USE OF RESOURCES

Production at the two factories in the PRC involves such fuels as raw coal, liquefied natural gas, diesel and industrial water. We emphasize and encourage saving and efficient use of resources and have strengthened recycling and re-utilization to avoid wastage of resources. Some key performance indicators (KPIs) of 2016 are listed below:

## 層面A2 對資源使用的政策

在國內兩廠生產運營中，能源品種有原煤、液化天然氣、柴油和工業水。本公司重視並鼓勵節約、高效利用資源，並加強回收循環利用，防止資源浪費。其中2016年度的一些主要關鍵績效指標(關鍵績效指標)見下表：

### HK ESG Guide

#### 香港ESG 指引

| 指引   | Name  | 名稱                    | Unit<br>單位 | 2016<br>2016年      |
|------|---|-----------------------|------------|--------------------|
| A2.1 | Total coal consumption  | 煤消耗總量                 | TJ 兆兆焦耳    | 9,889.5            |
|      | Coal consumption (for electricity supply)                                 | 煤消耗量(用於供電)            | TJ 兆兆焦耳    | 6,610.6            |
|      | Total chemical coal consumption   | 屬於化工煤消耗總量             | TJ 兆兆焦耳    | 5,826.2            |
|      | Chemical coal consumption (for electricity supply)                        | 屬於化工煤消耗量(用於供電)        | TJ 兆兆焦耳    | 4,631.9            |
|      | Natural gas consumption (for electricity generation)                      | 天然氣消耗量(用於發電)          | TJ 兆兆焦耳    | 0                  |
|      | Fuel consumption for boil fire ignition and diesel motor power generation | 燃油消耗量(用於熱電鍋爐點火與柴油機發電) | TJ 兆兆焦耳    | 1.8                |
|      | A2.2  | Water discharge       | 水排放量       | Cubic meter<br>立方米 |
| A2.5 | Total amount of packaging materials                                       | 成品用包裝材料總量             | Ton 噸      | 24,549.0           |

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

### 關鍵績效指標 A2.3 能源使用效益計劃及 所得成果

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

國內兩廠在能源效益上有以下成果：

- |   |   |
|---|---|
| <ol style="list-style-type: none"> <li>1. In places with high temperature reactive gas (e.g chlorinated reactive gas from chlorinated methane device) and burning tail gas (e.g high temperature pyrolysis gas of tetrafluoroethylene device, incinerator tail gas, tail gas from anhydrous hydrogen fluoride device and hot-blast stove), residual heat boiler or heat exchanger are installed for recycling steam or hot water so as to enhance energy use efficiency and lower energy consumption.</li> <li>2. Steam condensate water from production is recycled for water replenishment of boilers and residual heat boiler, air conditioner heat production and salinization and pure water production, reducing water consumption and steam consumption.</li> <li>3. Circulating fluidized bed boiler is adopted and heat efficiency reaches above 90%.</li> <li>4. Tail gas from coal-burning boilers or incinerators is used for combustion. Fuel consumption is reduced.</li> <li>5. Circulating water of chloralkali plants and fluoride plants is reasonably allocated. Water pumps at circulating water stations are modified to reduce hydraulic head and lower electricity consumption for circulating water.</li> <li>6. Highly efficient electric machines are adopted for air compressors, compressors, freezers, draught fans and pumps. Inverter speed control devices or other electricity-saving measures are adopted for reducing electricity consumption and cost.</li> </ol> | <ol style="list-style-type: none"> <li>1. 在有高溫反應氣(如甲烷氯化物裝置氯化反應氣)及燃燒尾氣(四氟乙烯裝置高溫裂解氣、焚燒爐尾氣、無水氟化氫裝置熱風爐尾氣等)的地方安裝餘熱鍋爐或換熱器回收蒸汽或熱水，提高能源利用效率以降低能耗。</li> <li>2. 生產中產生的蒸汽冷凝水回收用於鍋爐及餘熱鍋爐補水、空調制熱、化鹽及生產純水，降低水耗和蒸汽消耗。</li> <li>3. 鍋爐採用循環流化床鍋爐，鍋爐效率達90%以上。</li> <li>4. 利用燃煤鍋爐或燃燒爐高溫尾氣加熱空氣用於燃燒，降低燃料消耗。</li> <li>5. 合理分配氯鹼廠、氟化廠循環水，將循環水站循環水泵改造以降低泵揚程，節約循環水用電。</li> <li>6. 空壓機、壓縮機、冷凍機、風機、泵等設備採用高效能電機，並採用變頻調速裝置或其它節電措施，節約電能，降低成本。</li> </ol> |
|---|---|

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

At Jiangsu L&M Chemical, we have formulated a stringent management system as well as assessment indicators for water consumption and water conservation. Per-unit water consumption is assessed on a daily basis. We continually explore potential aspects where saving on water consumption is possible and have adopted numerous water-saving measures. According to the water balance tests for the whole factory that we regularly conduct, water reuse rate for the whole factory is 98.54%; indirect chilled water recycling rate is 99.15%; and steam condensed water recycling rate is 92.81%. In 2013, we were awarded the “Water – saving Enterprise in Jiangsu Province” title and were the only chemical enterprise in Suzhou that was awarded this honor.

At Jiangxi L&M Chemical, we also actively optimize production techniques, with a circulated water use rate of 99.26% and repeated water use rate of 98.23%. We also obtained two utility model patents, namely “retention basin used for recycling resin tower reused wastewater” and “disintegration basin used for recycling polymerized wastewater”.

## ASPECT A3 THE ENVIRONMENT AND NATURAL RESOURCES

### The environment and natural resources

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

## 關鍵績效指標 A2.4 提升用水效益及所得成果

江蘇理文化工制定了嚴格的用水、節水管理制度及考核指標，將產品用水單耗考核落實到每一天，持續挖掘節水潛力，實施了多項節水措施。定期進行全廠水平衡測試，全廠用水重複利用率達到98.54%，間接冷卻水循環率達到99.15%，蒸汽冷凝水回用率達到92.81%，2013年榮獲「江蘇省節水型企業」稱號，是蘇州市唯一一家獲得該榮譽的化工類企業。

江西理文化工同樣積極優化工藝，水循環利用率達到99.26%，水重複利用率達到98.23%。並取得了《一種用於回收樹脂塔再生廢水的調節池》和《一種用於回收聚合廢水的分離池》兩項實用新型專利。

## 層面A3 環境及天然資源

### 環境及天然資源：

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

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### Noise Protection:

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

The safety and environment division of the Company conducts periodic testing of noise levels on a monthly basis and showcases results on-site so as to ensure factory noise meets relevant standards.

We provide employees exposed to noises with protective devices such as anti-noise earplugs and ear protective devices and shorten their working duration at noise sources so as to ensure their physical and mental well-being.

### 噪音防護：

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

公司安環部每月定期檢測噪音度並現場公示，以確保廠界噪音達標。

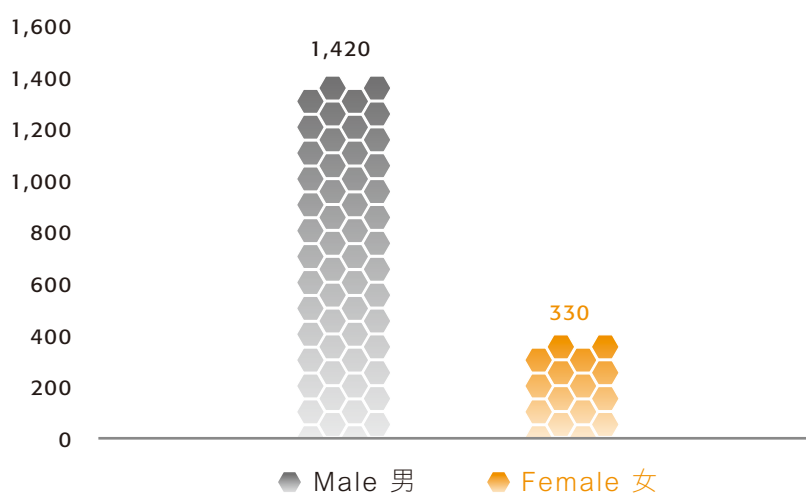
公司為噪音崗位員工配發防噪耳塞和護耳器等防護裝備，減少員工在高噪聲源區域的作業時間，以保障員工的身心健康。

## B. SOCIETY

### Aspect B1 Employment relations:

Talent is the key to corporate development, especially for a chemical enterprise. As at 31 December 2016, the Group had approximately 1,750 full-time employees and KPI B1.1 is as follows:

#### Total Workforce by Gender



## B. 社會

### 層面B1 僱傭勞資關係：

人才是企業發展的關鍵，在化工企業中更尤為關鍵。截至2016年12月31日，本集團有約1750名全職員工，關鍵績效指標B1.1具體如下：

#### 公司人數

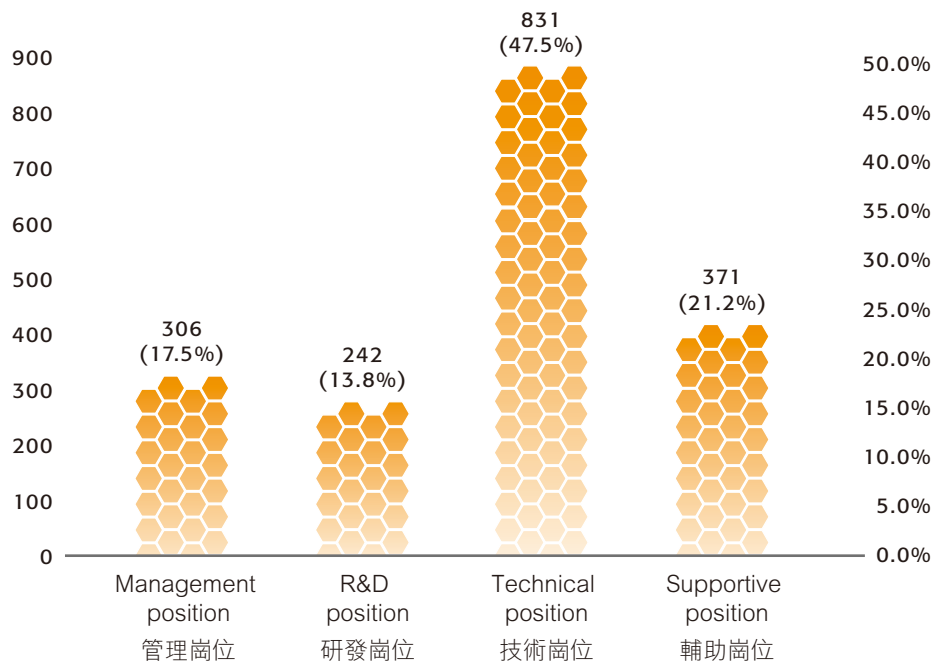


Both of the two factories in the PRC provide accommodation and transportation pick-up service for the staff. Keeping track of the conditions in the labour market and trends of economic development, the Group makes reasonable adjustments to staff remuneration every year to keep it at a competitive level.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

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

### Total Workforce by Positions

### 崗位人數分佈

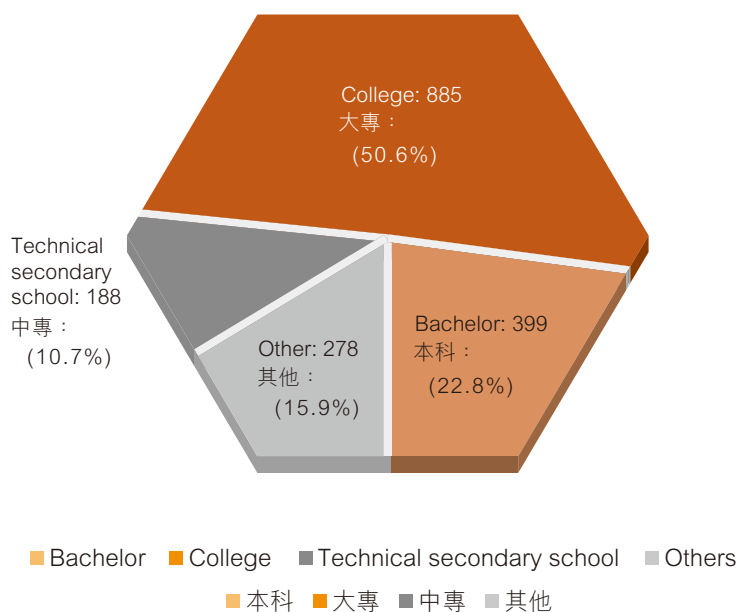


# Environmental, Social and Governance (ESG) Report

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Academic Qualifications Distribution Chart

學歷水平分佈圖



### Aspect B2 Health and Safety

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

### 層面B2 健康與安全

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

### Safety Performance of Lee & Man Chemical 2016

### 2016年理文化工安全表現

| KPI  | Name   | 名稱        | 2016  |
|------|--|-----------|-------|
| 關鍵績效 | 指標   |           | 2016年 |
| B2.1 | Mortality                                    | 死亡        | 0     |
|      | Mortality rate                               | 死亡率       | 0     |
| B2.2 | Work-related injury cases                    | 工傷起數      | 9     |
|      | Working days lost due to work-related injury | 因工傷損失工作日數 | 0     |
|      | Injury rate/million working hours            | 百萬工時傷害率   | 3.25  |
|      | Incidence of occupational diseases           | 職業病發病率    | 0     |

**KPI B2.3**

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

**Aspect B3 Development and Training**

The Group emphasizes staff safety training, skill training and career development education. A comprehensive training system is in place and improvement measures are formulated according to training results so as to continually enhance training effectiveness.

Staff training provided by the two factories of the Group free of charge in 2016:

1. Provided special operation work permit training in 21 areas for 576 employees.
2. Conducted specialized technical training in production skills in the form of 'team gathering' for all production staff every month.
3. Conducted departmental skill training in at least 2 areas

**KPI B3.1 & B3.2 Training Performance of Lee & Man Chemical****關鍵績效指標 B2.3**

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

**層面B3 發展與培訓**

集團非常重視員工的安全培訓、崗位技能培訓、職業發展教育等，建立了完善的培訓體系，並根據培訓效果制定改進措施，以不斷提高培訓成效。

2016年集團兩廠免費為員工提供的培訓計劃：

1. 組織576名員工參與了21項特種作業證培訓。
2. 每月以副班會的形式組織全體生產員工進行生產技能等專項培訓。
3. 部門技能教育訓練達2項以上。

**關鍵績效指標B3.1及B3.2 理文化工培訓表現**

| Categories<br>分類 |                          | Number of<br>people<br>人數 | 2016<br>2016年                              |  |
|------------------|--------------------------|---------------------------|--|--|
|                  |                          |                           | Percent of<br>total staff number<br>佔總人數比例 | Average training<br>hours per person<br>人均培訓課時 |
| Position<br>職級   | Above Supervisor<br>主管以上 | 172                       | 9.8%                                       | 74   |
|                  | Below Supervisor<br>主管以下 | 1,238                     | 70.7%                                      | 74   |
| Gender<br>分類     | Male<br>男                | 1,173                     | 67%  | 74   |
|                  | Female<br>女              | 237                       | 13.5%                                      | 74   |

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### Aspect B4 Labour Standards

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

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

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

### Aspect B5 Supply Chain Management

All of our suppliers and supply chain have undergone stringent assessment and supervision. The Group undertakes detailed assessment of its suppliers every year and eliminates those which fail the assessment. Incoming raw materials are tested and stored in specific regions according to pre-set standards, guaranteeing that every batch of raw materials used for production is controllable and trackable.

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

In case of complaints about raw material quality, our procurement department and quality control department will assign staff to communicate with suppliers for tackling problems in time, so that production can follow the original process parameters and is not affected.

### 層面B4 勞工準則

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

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

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

### 層面B5 供應鏈管理

對於供應商、供應鏈都進行了嚴格的評審和監督，集團每年都對供應商進行詳細的評審和考核，對於考核不通過的供應商進行淘汰，進廠的原材料按照規定的標準進行檢測和指定區域存放，保證生產使用的每一批次原料可控、可追溯。

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

一旦發生原料品質投訴，採購部和品管部會派員與供應商協商及時解決，保障生產能按規定的工藝流程參數進行，不受影響。

**Aspect B6 Product Quality Control and Responsibility**

L&M Chemical has passed the certification of quality and environment management system ISO9001:2008 and ISO14001:2004.

The Company has comprehensive product execution standards and possesses advanced testing equipment such as ICP, gas chromatograph, liquid chromatograph, ion chromatograph, Karl Fischer moisture titrator, potentiometric titrator etc, ensuring that chemical products meet the relevant production indicators' requirements during the process of production.

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

**Aspect B7 Anti-corruption Standards**

The Group adheres to business integrity, abides by business ethics and resolutely resists corruption and bribery. According to the Staff Manual prepared by Lee & Man Chemical, new employees will receive training documents before their admission. Money extortion, bribery and gift or reward used for bribery will be penalized by way of terminating labor contract. The general manager's mailbox has been made available and it is opened at least once a week by specific personnel. Such arrangement is considered an effective tool for preventing corruption and bribery acts. For the year ended 31 December 2016, the Group had no corruption complaint cases.

**Aspect B8 Care for Community**

Lee & Man Chemical has instilled corporate social responsibility into the company's core values and employees' mindset. Following "Education is the foundation of national development in the long run" as advocated by the nation, Jiangsu L&M Chemical focuses on investment in and renovation of local educational facilities. Donations have been made to local schools in Changshu, Jiangsu Province. The Group also actively sponsors sports events and contributes to the promotion of sport spirit. The two factories' labour union in the PRC have respectively organized visit to a nursing home for the elderly and provided assistance for flood control work of Jiujiang municipal government, and won recognition from the community.

**層面B6 產品質量管控和責任**

理文化工通過了ISO9001：2008、ISO14001：2004質量環境管理體系的認證。

公司有完整的產品執行標準，擁有先進的檢測設備（如ICP、氣相色譜、液相色譜、離子色譜、卡爾費休水分儀、電位滴定儀等），來保證化學產品在製作過程中符合各生產指標的規定。

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

**層面B7 反貪污準則**

集團堅守誠信經營，恪守商業道德，堅決抵制貪污受賄行為。在理文化工制訂的《員工手冊》內，新員工入職前都會收到培訓文件，此外，規定了勒索金錢、賄賂、不正當的禮物或報酬將受到解除勞動合同的處罰；集團建立了總經理信箱，指定人員每周至少開啟一次，此舉有力地杜絕了貪污受賄行為的發生。截至2016年12月31日過去一年期間，集團並無發生貪污投訴案件。

**層面B8 關愛社區**

理文化工將企業社會責任注入公司的核心價值及員工觀念中，江蘇理文化工響應國家「百年大計，教育為本」的號召。重點關注地方教育設施的投入和改造，已向江蘇常熟當地學校進行了捐贈。集團也一直積極參與體育賽事的贊助，為傳播體育精神做出應有的力量，國內兩廠工會亦分別舉辦探訪老人院和義務協助九江政府防洪的工作，獲得周邊社區的贊譽。



# Profile of Directors and Senior Management

## 董事及高級管理層簡介

### EXECUTIVE DIRECTOR

**Ms. WAI Siu Kee**, aged 72, Chairman of the Company who joined the Group since its establishment in 1976. Ms. Wai has more than 51 years of experience in the manufacturing industry. She is responsible for the development of corporate strategies, corporate planning and overall management of the Group and in particular the marketing and development of the business of the Group. Ms. Wai is the honorary permanent president of the Hong Kong Baptist University Foundation. Ms. Wai is the mother of Mr. Lee Man Yan, the Executive Director and Chief Executive Office of the Group.

**Mr. LEE Man Yan**, aged 39, the member of Chinese People's Political Consultative Committee of Jiangxi and Chief Executive Office of the Group. He joined the Group in 2000. Mr. Lee is in charge of the corporate and strategic planning of the Group, and is responsible for the management operations, procurement, staff management and public relations in the PRC of the business. He graduated from the University of British Columbia, Canada with a bachelor's degree in commerce. Mr. Lee was awarded Young Industrialist Award of Hong Kong 2013 and Young Entrepreneur Award 2013. He is appointed as member of Court of the Hong Kong Baptist University and Committee Member of Hong Kong Young Industrialists Council. Mr. Lee is a son of Ms. Wai Siu Kee, the Group's Chairman.

**Professor Chan Albert Sun Chi**, aged 66, CPPCC National Committee, JP, an Executive Director and Chief Strategist of the Group. He joined the Group in 2016. He is a world-renowned organic chemist, Member of the Chinese Academy of Sciences, and President Emeritus of Hong Kong Baptist University. He is responsible for the planning of the Group's overall business and long term strategies, formulating new product development directions, leading the Group's research and development team for enhancement of scientific research technology, commercialising its research results and introducing new products into the market. Professor Chan received his bachelor degree from International Christian University in Japan in 1975 and his MSc and PhD degrees from the University of Chicago respectively in 1976 and 1979. Upon graduation from the University of Chicago, he started an industrial career at the Monsanto Corporate Research Laboratories where he had worked for 13 years, rising through the ranks of Senior Research Chemist, Research Specialist, Senior Research Specialist and finally Monsanto Fellow. Since joining the Hong Kong Polytechnic University in 1994, Professor Chan had served as Chair Professor and Head of the Department of Applied Biology and Chemical Technology, Dean of the Faculty of Applied Science and Textiles, and Vice President (Research Development). He was the 4th President and Vice-Chancellor of Hong Kong Baptist University in 2010–2015. Professor Chan's research areas include the application of chiral catalysts in asymmetric syntheses and their industrial applications, development of pharmaceutical products and related processes, pharmaceutical and nutritional products based on Chinese medicines, new organic chemical process and their industrial applications, research and industrial applications of green sciences, novel material discovery and development, etc. Elected as Member of the Chinese Academy of Sciences in 2001, Professor Chan has received numerous prestigious awards including State Natural Science Award of China (second class), Lectureship Award by The Society of Synthetic Organic Chemistry, Japan and Invitation Fellowship of Japan Society for the Promotion of Science.

### 執行董事

**衛少琦女士**，72歲，本集團主席，於本公司在1976年成立時加入。衛女士於製造業積逾51年經驗。彼負責本集團的企業策略、企業策劃及集團整體管理的發展，尤其是本集團業務的市場推廣及發展。衛女士現擔任香港浸會大學基金永遠榮譽主席。衛女士為本集團執行董事及首席執行官李文恩之母親。

**李文恩先生**，39歲，江西省政協委員會委員及本集團首席執行官。彼於2000年加入本集團。李先生負責本集團之整體策略規劃，並負責日常營運管理，機械物料採購，人事管理及維繫與國內政府機構關係工作。彼畢業於加拿大英屬哥倫比亞大學，持有商學士學位。李先生獲頒為2013年香港青年工業家及2013年青年企業家。彼現獲委任為香港浸會大學咨議會成員及香港青年工業家協會執委會成員。李先生為本集團主席衛少琦女士之兒子。

**陳新滋教授**，66歲，全國政協委員，太平紳士，本集團執行董事及總參謀。彼於2016年加入本集團。陳教授是世界著名的有機化學家、中國科學院院士、香港浸會大學榮休校長。彼之主要職務涉及本集團整體業務及長遠策略規劃、制定新產品研發方向、帶領本集團研發團隊，增強科研技術、將其研究成果商品化及將新產品推出市場。陳教授1975年在日本東京國際基督教大學取得學士學位，並於1976年及1979年先後獲美國芝加哥大學頒授碩士和博士學位，畢業後在美國孟山都公司任職了十三年，從高級化學研究師逐步晉升至孟山都院士。自1994年起受聘於香港理工大學，先後擔任應用生物及化學科技學系講座教授兼系主任、應用科學及紡織學院院長和副校長(科研發展)職位，並於2010至2015年間擔任香港浸會大學第四任校長。陳教授的研究範疇包括不對稱合成催化劑及其工業應用、醫藥產品及其相關程式的開發、以中藥為基礎的醫藥及營養產品、新有機化學程式及其工業應用、綠色科學的研究及其工業應用、新型材料的發現和開發等。陳教授於2001年榮膺中國科學院院士，並曾獲得多項獎項包括中國國家自然科學獎(二等)、日本有機合成化學會Lectureship Award和日本科學振興會邀請學人獎。

**Mr. YANG Zuo Ning**, aged 55, an Executive Director of the Group and General Manager of Jiangxi Lee & Man Chemical Limited. He joined the Group in 2006. He is a national acclaimed senior engineer and has 34 years of production experience in chlor-alkali industries. He is responsible for the strategic planning, general management and advisory of production engineering to the Group.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. WONG Kai Tung, Tony**, aged 74, an Independent Non-Executive Director of the Group. He has been a practicing lawyer in Hong Kong since 1968 and has also been admitted as a solicitor in England and Wales. He is currently a consultant at Messrs. Hastings & Co., Solicitors and Notaries.

**Mr. WAN Chi Keung, Aaron BBS, JP**, aged 67, an Independent Non-Executive Director of the Group. He holds a Master Degree in Business Administration of the Chinese University of Hong Kong and a Master Degree in Buddhist studies of the University of Hong Kong, also an associate of the Institution of Business Agents, a member of the Land Institute (London), an associate of the Chartered Institute of Arbitrators, a fellow of The Institute of Administrative Accounting and a fellow of The Royal Institution of Chartered Surveyors. He is engaged in the business of property and chattel valuation and auction and has over 33 years of related experience. Mr. Wan serves as an independent non-executive director in CNC Holdings Limited (Stock Code: 8356).

**Mr. HENG Victor Ja Wei**, aged 39, an Independent Non-Executive Director of the Group. He is a partner of Morison Heng, Certified Public Accountants. He holds a master of science degree of the Imperial College of Science, Technology and Medicine, the University of London. He is a fellow of The Association of Chartered Certified Accountants and member of The Hong Kong Institute of Certified Public Accountants. Mr. Heng serves as an independent non-executive director in China Fire Safety Enterprise Group Limited (Stock Code: 0445), Matrix Holdings Limited (Stock Code: 1005), SCUD Group Limited (Stock Code: 1399) and Best Food Holding Company Limited (formerly known as Lee & Man Handbags Holding Limited) (Stock Code: 1488). He also serves as the company secretary and authorized representative of China Life Insurance Company Limited (Stock Code: 2628).

### SENIOR MANAGEMENT

**Mr. LAM Hiu Fung**, aged 46, Deputy General Manager of Jiangsu Lee & Man Chemical Limited. He joined the Group in 2005 and has 23 years of experience in financial management. He holds a bachelor's degree in Accountancy from City University of Hong Kong and a master's degree in International Business from the Chinese University of Hong Kong. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He is responsible for the supervision on the financial matters, tax issues and general management.

**楊作寧先生**，55歲，本集團執行董事及江西理文化工有限公司總經理。彼於2006年加入本集團。彼持有國家高級工程師職稱，擁有34年氯鹼化工生產技術之經驗。彼負責本集團、策略策劃，日常管理工作及提供生產技術建議。

### 獨立非執行董事

**王啟東先生**，74歲，本集團獨立非執行董事。彼自1968年以來為香港之執業律師，亦為英格蘭及威爾斯執業事務律師。彼現任希仕廷律師行之顧問。

**尹志強先生BBS**，太平紳士，67歲，本集團獨立非執行董事。彼持有香港中文大學工商管理碩士學位及香港大學佛學碩士學位，亦為英國商業經紀學會會員、英國倫敦土地學會會員、英國皇家仲裁學會會員、英國管理會計師學會之資深會員及英國皇家特許測量師院士。彼從事物業及動產估值及拍賣業務，並具有超過33年相關經驗。尹先生於中國新華電視控股有限公司(股份代號：8356)出任獨立非執行董事。

**邢家維先生**，39歲，本集團獨立非執行董事。彼為華利信會計師事務所的合夥人。彼擁有英國倫敦大學帝國理工學院理學碩士學位。彼為英國特許公認會計師公會資深會員及香港會計師公會會員。彼於中國消防企業集團有限公司(股份代號：0445)、美力時集團有限公司(股份代號：1005)、飛毛腿集團有限公司(股份代號：1399)及百福控股有限公司(前稱理文手袋集團有限公司)(股份代號：1488)出任獨立非執行董事。並且，邢先生並於中國人壽保險股份公司(股份代號：2628)擔任公司秘書及授權代表。

### 高級管理層

**林曉峰先生**，46歲，江蘇理文化工有限公司副總經理。彼於2005年加入本集團，擁有23年財務管理經驗。彼持有香港城市大學會計學學士及香港中文大學國際商業碩士學位。彼為英國特許公認會計師公會之資深會員，亦為香港會計師公會會員。彼負責財務監督，稅務及日常管理工作。



## Profile of Directors and Senior Management

### 董事及高級管理層簡介

**Mr. HUI Jun, Dan**, aged 62, Deputy General Manager of Jiangsu Lee & Man Chemical Limited. He joined the Group in 2005 and has over 35 years experience in sales, marketing and business development in overseas and PRC enterprises. He is responsible for developing the Company's sales strategies, exploring potential markets and logistics management.

**Mr. XIA Xu Dong**, aged 42, Deputy General Manager of Jiangsu Lee & Man Chemical Limited. He joined the Group in 2006 and has 20 years of production experience in chlor-alkali industries. He is responsible for the supervision and general management of production department of Jiangsu Lee & Man Chemical Limited.

**Dr. TSE Man Kin**, aged 45, Director of Research & Development of the Group. He joined the Group in 2008 and has 22 years of experience in chemical research and research management. He holds a Ph.D in Chemistry from the Chinese University of Hong Kong and is a member of the American Chemical Society. He is responsible for the research and development of the Group.

**Mr. WU Zeng Long**, aged 47, Director of Sales of Jiangsu Lee & Man Chemical Limited. He joined the Group in 2007 and has 24 years of experience in sales, marketing and business development. He holds a bachelor's degree in applied chemistry. He is responsible for sales and logistics activities of Jiangsu Lee & Man Chemical Limited.

**Mr. CHEAH Ming Huat**, aged 44, Deputy General Manager of Jiangxi Lee & Man Chemical Limited. He joined the Group in 2011 and has 19 years of experience in financial management. He is a fellow member of the Association of Chartered Certified Accountants and chartered accountant of Malaysian Institute of Accountants. He is responsible for the supervision on the financial matters, treasure management, internal control, tax issues and general management.

**Mr. ZHOU Ai Hua**, aged 41, Deputy General Manager of Jiangxi Lee & Man Chemical Limited. He joined the Group in 2006 and has 19 years of production engineering experience in refined chemicals and chloralkali industries. He is responsible for the production of fluorochemical and chlor-alkali chemical and general management of Jiangxi Lee & Man Chemical Limited.

**Mr. QIU Yi Lin**, aged 44, Deputy General Manager of Jiangxi Lee & Man Chemical Limited. He joined the Group in 2006. He acquired qualification of mechanical engineer in 2003 and has 20 years of management experience in power station and electrical and mechanical equipment. He is responsible for the operation and general management of power station as well as facility maintenance of Jiangxi Lee & Man Chemical Limited.

**許俊先生**，62歲，江蘇理文化工有限公司副總經理。彼於2005年加入本集團，曾任職於海外及國內多家企業，擁有逾35年之銷售，市場推廣及業務發展工作經驗。彼負責銷售策略，業務拓展及物流管理工作。

**夏旭東先生**，42歲，江蘇理文化工有限公司副總經理。彼於2006年加入本集團，擁有20年氯鹼行業生產技術之經驗。彼負責江蘇理文化工有限公司生產部之監督及日常管理工作。

**謝文健博士**，45歲，本集團研發部總監。彼於2008年加入本集團，擁有22年化學研究及研發管理經驗。彼持有香港中文大學化學博士學位及為美國化學學會成員。彼負責本集團之研發工作。

**吳增龍先生**，47歲，江蘇理文化工有限公司銷售總監。彼於2007年加入本集團，擁有近24年銷售管理、市場推廣、業務發展工作經驗。彼持有應用化學學士學位。彼負責江蘇理文化工有限公司之銷售及物流工作。

**謝銘軒先生**，44歲，江西理文化工有限公司副總經理。彼於2011年加入本集團，擁有19年財務管理經驗。彼為英國特許會計師公會之資深會員及馬來西亞會計師公會之註冊會計師資格。彼負責財務監督，資金管理，內部監控，稅務及日常管理工作。

**周愛華先生**，41歲，江西理文化工有限公司副總經理。彼於2006年加入本集團，擁有19年的精細化工及氯鹼行業生產技術經驗。彼負責江西理文化工有限公司之氟化工及氯鹼化工的生產及日常管理工作。

**邱奕淋先生**，44歲，江西理文化工副總經理。彼於2006年加入本集團。彼於2003年取得機械工程師資格，擁有20年的發電站管理及機電設備管理經驗。彼負責江西理文化工有限公司之發電站運作及日常管理和公司的維修保養工作。

# Directors' Report

## 董事會報告

The directors present their annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2016.

### PRINCIPAL ACTIVITIES

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

The activities of its principal subsidiaries are set out in note 39 to the consolidated financial statements.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2016 are set out in the consolidated statement of profit or loss and other comprehensive income on page 50.

An interim dividend of HK5 cents per share amounting to HK\$41,250,000 in aggregate was paid to the shareholders during the year.

The directors now recommend the payment of a final dividend of HK4 cents per share to the shareholders whose names appear on the register of members on 18 May 2017, amounting to HK\$33,000,000 in total, subject to the approval of the shareholders at the forthcoming annual general meeting.

### DISTRIBUTABLE RESERVES

As at 31 December 2016, the Company's reserves available for distribution to shareholders represented the aggregation of the share premium and retained profits of HK\$63,096,000 (2015: HK\$66,628,000).

### FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 143.

董事會謹此提呈本公司截至2016年12月31日止年度之年報告及經審核綜合財務報表。

### 主要業務

本公司為一間投資控股公司及本集團主要從事生產及銷售化工產品。

其主要附屬公司之業務概況載於綜合財務報表附註39。

### 業績及分派

本集團截至2016年12月31日止年度之業績載於第50頁之綜合損益及其他全面收益表。

年內已向股東支付中期股息每股5港仙總額41,250,000港元。

董事現建議派發末期股息每股4港仙予於2017年5月18日名列股東名冊之股東，總額為33,000,000港元，惟須待股東於應屆股東週年大會上批准。

### 可供分派儲備

截至2016年12月31日止年度，本公司可供分派給股東之儲備代表股份溢價及保留溢利合共63,096,000港元(2015:66,628,000港元)。

### 五年財務概要

本集團近五個財政年度之業績及資產負債概要載於第143頁。

# Directors' Report

## 董事會報告

### DIRECTORS

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

#### Executive directors

Ms. Wai Siu Kee (*Chairman*)  
Mr. Lee Man Yan (*Chief Executive Officer*)  
Professor Albert Chan Sun Chi (*appointed on 9 May 2016*)  
Mr. Yang Zuo Ning  
Ms. Wong Yuet Ming (*resigned on 5 August 2016*)

#### Independent non-executive directors

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

In accordance with the provisions of the Company's Articles of Association, Mr. Wan Chi Keung, Aaron and Mr. Heng Victor Ja Wei will retire at the forthcoming annual general meeting and being eligible, will offer themselves for re-election.

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

### DIRECTORS' SERVICE CONTRACTS

Ms. Wai Siu Kee has entered into a service agreement with the Company on 1 September 2014 for a period of three years, which will continue thereafter unless and until terminated by either party by three months' prior written notice.

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

Mr. Yang Zuo Ning has renewed into a service agreement with the Company for a fixed term of one year commencing 9 May 2016, which may be terminated by either party by three months' prior written notice.

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

### 董事

於本年度及截至本報告日止，本公司之董事為：

#### 執行董事

衛少琦女士(*主席*)  
李文恩先生(*首席執行官*)  
陳新滋教授(*委任於2016年5月9日*)  
楊作寧先生  
王月明女士(*辭任於2016年8月5日*)

#### 獨立非執行董事

王啟東先生  
尹志強先生*BBS太平紳士*  
邢家維先生

根據本公司組織章程細則，尹志強先生及邢家維先生須於應屆股東週年大會告退，惟彼等均有資格並願意膺選連任。

獨立非執行董事之任期，直至其須根據本公司組織章程細則之規定退任為止。

### 董事之服務合約

衛少琦女士於2014年9月1日與本公司訂立服務協議，為期3年，此後一直存續，除非及直至任何一方向另一方發出三個月事前書面通知予以終止為止。

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

楊作寧先生已與本公司重新訂立服務協議，固定年期由2016年5月9日起計為期1年，而任何一方向另一方發出三個月事前書面通知可予以終止。

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

**DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES****董事於股份及相關股份中之權益**

At 31 December 2016, the interests and short positions of directors and chief executives of the Company and their associates in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) which have been notified of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

於2016年12月31日，本公司各董事及最高行政人員及彼等之聯繫人於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)的股份及相關股份中，擁有並須根據證券及期貨條例第XV部第7及8分部已知會本公司及香港聯合交易所有限公司(「聯交所」)的有關權益或淡倉，或已記錄乃根據證券及期貨條例第352條須存置之登記冊，或已根據聯交所證券上市規則(「上市規則」)之上市公司董事進行證券交易之標準守則(「標準守則」)知會本公司及聯交所之權益及淡倉如下：

**(a) Long positions in shares of the Company****(a) 於本公司股份之好倉**

Ordinary shares of HK\$0.10 each of the Company

本公司每股0.1港元之普通股

| Name of director<br>董事姓名 | Capacity<br>身份                            | Number of issued<br>ordinary shares held<br>所持已發行<br>普通股數目 | Percentage of the<br>issued share capital<br>of the Company<br>佔本公司已發行<br>股本百分比 |
|--------------------------|---|--|---|
| Lee Man Yan<br>李文恩       | Held by controlled corporation<br>由受控法團持有 | 618,750,000<br>(note)<br>(附註)                              | 75%   |

note: These shares are held by Fortune Star Tradings Ltd ("Fortune Star").

附註：上述股份乃由 Fortune Star Tradings Ltd (「Fortune Star」)持有。

**(b) Long positions in shares of the associated corporations of the Company****(b) 於本公司相聯法團之股份好倉**

| Name of Director<br>董事姓名 | Capacity<br>身份            | Name of<br>associated<br>company<br>相聯法團名稱 | Number of<br>issued ordinary<br>shares held<br>所持已發行<br>普通股數目 | Percentage of the<br>issued shares of the<br>associated company<br>佔相聯法團<br>已發行股本百分比 |
|--------------------------|---------------------------|--|---|--|
| Lee Man Yan<br>李文恩       | Beneficial owner<br>實益擁有人 | Fortune Star                               | 45 (note)<br>(附註)   | 45%  |

note: As Fortune Star owns more than 50% of the Company, Fortune Star is an associated corporation of the Company under the SFO. The issued share capital of Fortune Star is owned by Mr. Lee Man Yan, a Director, as to 45% and Mr. Lee Wan Keung as to the remaining 55%. Ms. Wai Siu Kee is a director of Fortune Star.

附註：由於 Fortune Star 擁有本公司 50% 以上權益，根據證券及期貨條例，Fortune Star 為本公司之相聯法團。Fortune Star 之全部已發行股本由董事李文恩先生持有 45% 及李運強先生持有餘下之 55%，衛少琦女士為 Fortune Star 之董事。

# Directors' Report

## 董事會報告

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

### SHARE OPTIONS

A share option scheme was adopted by the Company on 14 December 2001, under which the directors or the chief executive of the Company or their associates may be granted options to subscribe for shares in the Company.

Details of the share option scheme and movement of the share options during the year are set out in note 32 to the consolidated financial statements.

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### SUBSTANTIAL SHAREHOLDERS

At 31 December 2016, shareholders (other than directors and chief executive of the Company) who had interests and short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

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

### 購股權

本公司於2001年12月14日採納一項購股權計劃，據此本公司之董事或最高行政人員或彼等之聯繫人可獲授予購股權以認購本公司股份。

於年內購股權計劃及購股權變動之詳情載於綜合財務報表附註32。

### 購買股份或債券之安排

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

### 主要股東

於2016年12月31日，股東(本公司董事及最高行政人員除外)於本公司之股份及相關股份中，擁有根據證券及期貨條例第XV部第2及3分部已向本公司披露、或已記錄乃根據證券及期貨條例第336條須由本公司存置之登記冊之權益及淡倉如下：

**Long positions**

Ordinary shares of HK\$0.10 each of the Company

**好倉**

本公司每股0.1港元之普通股

| <b>Name of shareholders</b><br>股東姓名 | <b>Capacity</b><br>身份     | <b>Number of issued ordinary shares held</b><br>普通股數目 | <b>Percentage of the issued share capital of the Company</b><br>佔已發行股本百分比 |
|-------------------------------------|---------------------------|---|---|
| Fortune Star                        | Beneficial owner<br>實益擁有人 | 618,750,000   | 75%   |

Other than disclosed above, as at 31 December 2016, the Company has not been notified by any persons (other than directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

除上文所披露外，於2016年12月31日，概無任何人士（本公司董事及最高行政人員除外）通知本公司，指其在本公司之股份或相關股份中，擁有任何根據證券及期貨條例第XV部第2及3分部須向本公司披露、或已記錄乃根據證券及期貨條例第336條須由本公司存置之登記冊之權益及淡倉。

**CONNECTED TRANSACTIONS**

Details of the related party transactions for the year are set out in note 37 to the consolidated financial statements, some of which are also the disclosable connected transaction pursuant to Listing Rules. In the opinion of the independent non-executive directors, these transactions entered into by the Group were:

- (i) in the ordinary and usual course of business of the Group;
- (ii) either (a) on normal commercial terms; or (b) where there was no available comparison, on terms that were fair and reasonable so far as the shareholders of the Company were concerned;
- (iii) either (a) in accordance with the terms of the agreements; or (b) where there were no such agreements, on terms no less favourable than those available to or from independent third parties; and
- (iv) within the relevant cap amounts as agreed by the Stock Exchange.

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

**關連交易**

根據上市規則，有關本年度須予披露之關連交易之詳情載於綜合財務報表附註37。各獨立非執行董事認為，本集團進行該等交易乃：

- (i) 在本集團日常及一般業務中進行；
- (ii) 按(a)正常商業條款；或(b)當無可比較時，其條款對本公司股東而言乃屬公平合理；
- (iii) 按(a)協議條款；或(b)當無此等協議時，不遜於給予或自獨立第三方所得之條款；及
- (iv) 所涉及金額不超過與聯交所議定之有關最高限額。

除上文所披露外，並無任何其他交易須按上市規則之要求須予披露為關連交易。



# Directors' Report

## 董事會報告

### DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

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

### BUSINESS REVIEW AND PERFORMANCE

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

### KEY RISKS AND UNCERTAINTIES

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

### GROUP'S ENVIRONMENTAL POLICIES

The Group commits to environmental protection and adopts various measures to ensure its duties of protecting the environment. The Company has established HSE department, filled with well qualified personnel, to continually follow-up on relevant environment-related laws and provisions, and to ensure that all departments within the Company comply these regulations without any violation.

Particulars of the Group's environmental policies and performance are set out in the Environmental, Social and Governance Report on pages 19 to 32 of this Annual Report.

### MAJOR CUSTOMERS AND SUPPLIERS

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

The aggregate purchases during the year attributable to the Group's five largest suppliers were approximately 69% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 38% of the Group's total purchases.

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

### 董事於重大合約中之權益

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

### 業務回顧及表現

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

### 主要風險及不明朗因素

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

### 本集團的環境政策

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

本集團之環保政策及表現詳情載列於本年報第19頁至第32頁之環境、社會及管治報告。

### 主要客戶及供應商

年內，本集團五大客戶之累計銷售少於總營業額之20%。

年內本集團之五大供應商之累計購貨約佔本集團總購貨69%，而本集團最大供應商之購貨佔本集團總購貨約38%。

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

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

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

### **PRE-EMPTIVE RIGHTS**

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

### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

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

### **EMOLUMENT POLICY**

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

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

The Company has adopted a share option scheme as an incentive to directors and eligible employees. Details of the scheme are set out in note 32 to the consolidated financial statements.

### **SUFFICIENCY OF PUBLIC FLOAT**

According to the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float throughout the year ended 31 December 2016.

### **購買、出售或贖回本公司之上市證券**

本公司及其任何附屬公司於年內概無購買、出售或贖回本公司之上市證券。

### **優先購股權**

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

### **獨立非執行董事**

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

### **酬金政策**

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

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

本公司已採納一項購股權計劃，作為董事及合資格僱員之獎勵，計劃詳情載於綜合財務報表附註32。

### **足夠公眾持股量**

本公司根據公開可提供的資訊及董事所知的範圍內，本公司於截至2016年12月31日止整個年度內皆保持足夠公眾持股量。

# Directors' Report

## 董事會報告

### PERMITTED INDEMNITY PROVISION

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

### AUDITOR

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

On behalf of the Board

**Ms. Wai Siu Kee**

*Chairman*

Hong Kong, 28 February 2017

### 獲准許彌償條文

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

### 核數師

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

代表董事會

*主席*

**衛少琦**

香港，2017年2月28日

# Independent Auditor's Report

## 獨立核數師報告

# Deloitte.

**TO THE SHAREHOLDERS OF  
LEE & MAN CHEMICAL COMPANY LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of Lee & Man Chemical Company Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 50 to 142, which comprise the consolidated statement of financial position as at 31 December 2016, 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 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We 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.

# 德勤

致理文化化工有限公司股東

*(於開群島註冊成立之有限公司)*

### 意見

本核數師行已審核列載於第50至第142頁內之理文化化工有限公司(「貴公司」)及其附屬公司(以下合稱為「貴集團」)之綜合財務報表，此綜合財務報表包括於2016年12月31日之綜合財務狀況表，載至該日止年度之綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表以及綜合財務報表附註，包括主要會計政策概要。

本行認為，綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒布之香港財務報告準則(「香港財務報告準則」)真實而公平地反映 貴集團於2016年12月31日的綜合財務狀況及 貴集團於截至該日止年度的綜合財務表現及綜合現金流量，並已按照香港公司條例的披露規定妥善編製。

### 意見的基礎

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

# Independent Auditor's Report

## 獨立核數師報告

### KEY AUDIT MATTER

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

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

#### Key audit matter

#### 關鍵審計事項

#### How our audit addressed the key audit matter

#### 本審計如何處理關鍵審計事項

#### **Valuation of construction in progress and deposit paid for technical knowhow for the rights to erect and operate a manufacturing plant for the production of a new chemical product and the rights to distribute such product (collectively the "Project")**

在建工程的估價，以及就新化工產品製造廠房的興建及經營權和該產品的分銷權（「項目」）而支付的技術知識訂金

We identified the valuation of the construction in progress and deposit paid for technical knowhow for the rights to erect and operate a manufacturing plant for the production of a new chemical product and the rights to distribute such product as a key audit matter due to their significance to the consolidated financial statements and the management judgement involved in identifying impairment indicators for the Project.

本行已確定在建工程的估值，以及就新化工產品製造廠房的興建及經營權和該產品的分銷權而支付的技術知識訂金為關鍵審計事項，由於其對合併財務報表的重要性和涉及管理層確定該項目減值指標的判斷。

As detailed in note 21 to the consolidated financial statements, the deposit paid amounted to approximately HK\$93,245,000 as at 31 December 2016. The Group is in the process of constructing the new plant which is scheduled to complete in 2017, with a carrying amount of approximately HK\$102,765,000. Based on the management assessment, no indication of impairment of the Project has been identified.

如合併財務報表附註21所述，截至2016年12月31日，已支付訂金約為93,245,000港元。本集團正在興建新廠房，計劃於2017年完成，賬面金額約為102,765,000港元。根據管理層的評估，確定項目未有減值跡象。

Our procedures in relation to evaluating the management assessment on the valuation of the Project included:

本行就管理層評估該項目的評核程序包括：

- Understanding the management assessment in identifying impairment indicators;
- 了解管理層就確定減值指標的評估；
- Evaluating the management assessment on whether evidence is available of any discrepancy in construction progress of the manufacturing plant against construction plan;
- 評核管理層的評估是否有證據顯示廠房施工進度與施工計劃有任何差異；
- Understanding how the management reviewed the capital expenditure against their budget plan;
- 了解管理層如何根據預算計劃審查資本支出；
- Performing site visit, interviewing project team and obtaining progress report of plant construction from the management to understand the status of the construction work; and
- 進行現場考察，訪談項目團隊，以及從管理層獲取廠房建設進度報告，了解施工狀況；和
- Assessing the management's identification of any significant changes with an impact on the Group that have taken place during the year, or will take place in the near future, with reference to available market data.
- 評估管理層參考現有市場數據，確定在本年度或不久將來有否發生對本集團具有影響的重大變化。

## OTHER INFORMATION

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

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

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

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

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

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

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

## 其他資料

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

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

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

## 董事及負責管治人員就綜合財務報表須承擔的責任

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

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

負責管治人員須履行監督貴集團的財務報告過程的責任。



# 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.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

### 核數師就審計綜合財務報表承擔的責任

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

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

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

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

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

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

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

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

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

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
 Hong Kong  
 28 February 2017

## 核數師就審計綜合財務報表承擔的責任 (續)

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

本行與 貴公司負責管治人員溝通，當中包括計劃的審計範圍、時間安排、重大審計發現等，包括本行在審計中識別出內部控制的任何重大缺陷。

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

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

出具本獨立核數師報告的審計項目合夥人是葉超然。

**德勤•關黃陳方會計師行**  
*執業會計師*  
 香港  
 2017年2月28日

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

## 綜合損益及其他全面收益表

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

|   |                        | Notes<br>附註 | 2016<br>HK\$'000<br>千港元 | 2015<br>HK\$'000<br>千港元 |
|---|------------------------|-------------|-------------------------|-------------------------|
| Revenue   | 收入                     | 6 & 7       | <b>1,813,851</b>        | 1,705,879               |
| Cost of sales   | 銷售成本                   |             | <b>(1,155,893)</b>      | (1,030,707)             |
| Gross profit  | 毛利                     |             | <b>657,958</b>          | 675,172                 |
| Other income  | 其他收入                   | 8           | <b>87,042</b>           | 84,765                  |
| Other gain and losses   | 其他收益及虧損                | 9           | <b>8,102</b>            | (1,090)                 |
| Selling and distribution costs                                | 銷售及分銷成本                |             | <b>(127,268)</b>        | (97,520)                |
| General and administrative expenses                           | 行政費用                   |             | <b>(132,717)</b>        | (116,002)               |
| Research and development cost                                 | 研發成本                   |             | <b>(45,169)</b>         | (76,626)                |
| Finance costs   | 融資成本                   | 11          | <b>(24,803)</b>         | (17,984)                |
| Net exchange loss   | 匯兌淨虧損                  |             | <b>(82,650)</b>         | (92,356)                |
| Share of loss of joint ventures                               | 應佔合營企業虧損               |             | <b>(545)</b>            | (2,415)                 |
| Profit before taxation  | 除稅前溢利                  |             | <b>339,950</b>          | 355,944                 |
| Income tax expense  | 所得稅支出                  | 10          | <b>(123,755)</b>        | (86,266)                |
| Profit for the year   | 年內溢利                   | 11          | <b>216,195</b>          | 269,678                 |
| <b>Other comprehensive (expense) income</b>                   | <b>其他全面(支出)收益</b>      |             |                         |                         |
| <i>Items that will not be reclassified to profit or loss:</i> | <i>其後不會重新分類至損益之項目：</i> |             |                         |                         |
| Exchange differences arising on translation                   | 因換算而產生的匯兌差額            |             | <b>(136,212)</b>        | (95,675)                |
| Share of other comprehensive expense of joint ventures        | 應佔合營企業其他全面支出           |             | <b>(1,920)</b>          | (2,570)                 |
| Net gain on hedging instruments in cash flow hedges           | 現金流對沖工具之淨收益            |             | <b>184</b>              | 632                     |
| Other comprehensive expense for the year                      | 年內其他全面支出               |             | <b>(137,948)</b>        | (97,613)                |
| Total comprehensive income for the year                       | 年內全面收益總額               |             | <b>78,247</b>           | 172,065                 |
| Earnings per share  | 每股盈利：                  | 12          |                         |                         |
| Basic (HK cents)  | 基本(港仙)                 |             | <b>26.2</b>             | 32.7                    |
| Diluted (HK cents)  | 攤薄(港仙)                 |             | <b>N/A不適用</b>           | 32.7                    |

# Consolidated Statement of Financial Position

## 綜合財務狀況表

(At 31 December 2016) (於2016年12月31日)

|   |              |                     | <b>2016</b>      | 2015      |
|---|--------------|---------------------|------------------|-----------|
|   | <i>Notes</i> |                     | <b>HK\$'000</b>  | HK\$'000  |
|   | <i>附註</i>    |                     | 千港元              | 千港元       |
| <b>Non-current assets</b>   |              | <b>非流動資產</b>        |                  |           |
| Property, plant and equipment   | 16           | 物業、廠房及設備            | <b>3,319,668</b> | 3,295,041 |
| Prepaid lease payments  | 17           | 預付租賃款項              | <b>112,496</b>   | 122,609   |
| Investment property   | 18           | 投資物業                | <b>61,798</b>    | 46,901    |
| Intangible assets   | 19           | 無形資產                | <b>2,254</b>     | 3,570     |
| Deposits paid for the acquisition of property,<br>plant and equipment |              | 購置物業、廠房及設備之<br>已付訂金 | <b>115,836</b>   | 48,964    |
| Interests in joint ventures   | 20           | 合營企業之權益             | <b>16,693</b>    | 19,158    |
| Loan to a joint venture   | 25           | 合營企業之貸款             | <b>95,365</b>    | –         |
| Other deposit   | 21           | 其他訂金                | <b>93,245</b>    | 99,387    |
| Deferred tax asset  | 10           | 遞延稅項資產              | <b>23,317</b>    | 23,780    |
|   |              |                     | <b>3,840,672</b> | 3,659,410 |
| <b>Current assets</b>   |              | <b>流動資產</b>         |                  |           |
| Inventories   | 23           | 存貨                  | <b>231,846</b>   | 206,715   |
| Prepaid lease payments  | 17           | 預付租賃款項              | <b>3,022</b>     | 3,222     |
| Trade and other receivables   | 24           | 應收貿易及其他款項           | <b>425,880</b>   | 379,206   |
| Tax recoverable   |              | 應收稅項                | <b>7,951</b>     | 11,976    |
| Loan to a joint venture   | 25           | 合營企業之貸款             | –                | 93,652    |
| Amount due from a joint venture                                       | 25           | 合營企業之應收款項           | <b>14,603</b>    | 15,138    |
| Bank balances and cash  | 26           | 銀行結餘及現金             | <b>228,091</b>   | 252,721   |
|   |              |                     | <b>911,393</b>   | 962,630   |
| <b>Current liabilities</b>  |              | <b>流動負債</b>         |                  |           |
| Trade and other payables  | 27           | 應付貿易及其他款項           | <b>355,400</b>   | 301,886   |
| Amounts due to related companies                                      | 28           | 應付關連公司款項            | <b>2,602</b>     | 3,793     |
| Taxation payable  |              | 應付稅項                | <b>48,681</b>    | 42,517    |
| Derivative financial instruments                                      | 22           | 衍生金融工具              | <b>20</b>        | 42        |
| Bank borrowings – due within 1 year                                   | 29           | 銀行借款 – 1年內到期        | <b>444,759</b>   | 611,444   |
|   |              |                     | <b>851,462</b>   | 959,682   |
| <b>Net current ASSETS</b>   |              | <b>流動資產淨值</b>       | <b>59,931</b>    | 2,948     |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                          |              | <b>總資產減流動負債</b>     | <b>3,900,603</b> | 3,662,358 |

# Consolidated Statement of Financial Position

## 綜合財務狀況表

(At 31 December 2016) (於2016年12月31日)

|                                    |              | Notes<br>附註 | <b>2016</b><br><b>HK\$'000</b><br>千港元 | 2015<br>HK\$'000<br>千港元 |
|------------------------------------|--------------|-------------|---------------------------------------|-------------------------|
| <b>NON-CURRENT LIABILITIES</b>     | <b>非流動負債</b> |             |                                       |                         |
| Other payables                     | 應付其他款項       | 27          | <b>26,299</b>                         | 65,506                  |
| Deferred tax liabilities           | 遞延稅項負債       | 10          | <b>8,008</b>                          | –                       |
| Bank borrowings – due after 1 year | 銀行借款 – 1年後到期 | 29          | <b>1,524,271</b>                      | 1,250,390               |
| Derivative financial instruments   | 衍生金融工具       | 22          | –                                     | 184                     |
|                                    |              |             | <b>1,558,578</b>                      | 1,316,080               |
| <b>NET ASSETS</b>                  | <b>資產淨值</b>  |             | <b>2,342,025</b>                      | 2,346,278               |
| <b>Capital and reserves</b>        | <b>資本及儲備</b> |             |                                       |                         |
| Share capital                      | 股本           | 30          | <b>82,500</b>                         | 82,500                  |
| Reserves                           | 儲備           |             | <b>2,259,525</b>                      | 2,263,778               |
|                                    |              |             | <b>2,342,025</b>                      | 2,346,278               |

The consolidated financial statements on pages 49 to 142 were approved and authorised for issue by the Board of Directors on 28 February 2017 and are signed on its behalf by:

第49頁至第142頁所載之綜合財務報表已於2017年2月28日經董事會通過及授權刊發並由下列董事代表簽署：

**Wai Siu Kee**

衛少琦

CHAIRMAN

主席

**Lee Man Yan**

李文恩

CHIEF EXECUTIVE OFFICER

首席執行官

# Consolidated Statement of Changes in Equity

## 綜合權益變動表

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

|  |                  | Share capital | Share premium | Non-distributable reserve | Safety fund reserve | Translation reserve | Hedging reserve | Share options reserve | Special reserve | Accumulated profits | Total     |
|--|------------------|---------------|---------------|---------------------------|---------------------|---------------------|-----------------|-----------------------|-----------------|---------------------|-----------|
|  |                  | 股本            | 股份溢價          | 不可分派儲備                    | 安全基金儲備              | 匯兌儲備                | 對沖儲備            | 購股權儲備                 | 特別儲備            | 累計溢利                | 合計        |
|  |                  | HK\$'000      | HK\$'000      | HK\$'000                  | HK\$'000            | HK\$'000            | HK\$'000        | HK\$'000              | HK\$'000        | HK\$'000            | HK\$'000  |
|  |                  | 港幣千元          | 港幣千元          | 港幣千元                      | 港幣千元                | 港幣千元                | 港幣千元            | 港幣千元                  | 港幣千元            | 港幣千元                | 港幣千元      |
|  |                  |               |               | (note i)                  |                     |                     |                 |                       | (note ii)       |                     |           |
|  |                  |               |               | (附註i)                     |                     |                     |                 |                       | (附註ii)          |                     |           |
| At 1 January 2015  | 於2015年1月1日       | 82,500        | 20,307        | 251,619                   | 17,588              | 130,701             | (816)           | 163,430               | (97,362)        | 1,729,996           | 2,297,963 |
| Exchange differences arising from translation            | 因換算而產生的匯兌差額      | -             | -             | -                         | -                   | (95,675)            | -               | -                     | -               | -                   | (95,675)  |
| Other Comprehensive expense from share of joint ventures | 應佔合營企業其他全面支出     | -             | -             | -                         | -                   | (2,570)             | -               | -                     | -               | -                   | (2,570)   |
| Net adjustment on cash flow hedges                       | 現金流對沖之調整淨額       | -             | -             | -                         | -                   | -                   | 632             | -                     | -               | -                   | 632       |
| Other comprehensive (expense) income for the year        | 年內其他全面(支出)收益     | -             | -             | -                         | -                   | (98,245)            | 632             | -                     | -               | -                   | (97,613)  |
| Profit for the year                                      | 年內溢利             | -             | -             | -                         | -                   | -                   | -               | -                     | -               | 269,678             | 269,678   |
| Total comprehensive (expense) income for the year        | 年內其他全面(支出)收益總額   | -             | -             | -                         | -                   | (98,245)            | 632             | -                     | -               | 269,678             | 172,065   |
| Lapse of share option                                    | 釋出已到期而失效之購股權儲備   | -             | -             | -                         | -                   | -                   | -               | (163,430)             | -               | 163,430             | -         |
| Cash dividends recognised as distribution (Note 13)      | 已確認分派之現金股息(附註13) | -             | -             | -                         | -                   | -                   | -               | -                     | -               | (123,750)           | (123,750) |
| Transfer to non-distributable reserve fund               | 轉入不可分派儲備         | -             | -             | 37,856                    | -                   | -                   | -               | -                     | -               | (37,856)            | -         |
| Transfer to safety fund reserve                          | 轉入安全基金儲備         | -             | -             | -                         | 2,760               | -                   | -               | -                     | -               | (2,760)             | -         |
| At 31 December 2015                                      | 於2015年12月31日     | 82,500        | 20,307        | 289,475                   | 20,348              | 32,456              | (184)           | -                     | (97,362)        | 1,998,738           | 2,346,278 |
| Exchange differences arising from translation            | 因換算而產生的匯兌差額      | -             | -             | -                         | -                   | (136,212)           | -               | -                     | -               | -                   | (136,212) |
| Other comprehensive expense from share of joint ventures | 應佔聯營企業其他全面支出     | -             | -             | -                         | -                   | (1,920)             | -               | -                     | -               | -                   | (1,920)   |
| Net adjustment on cash flow hedges                       | 現金流對沖之調整淨額       | -             | -             | -                         | -                   | -                   | 184             | -                     | -               | -                   | 184       |
| Other comprehensive (expense) income for the year        | 年內其他全面(支出)收益     | -             | -             | -                         | -                   | (138,132)           | 184             | -                     | -               | -                   | (137,948) |
| Profit for the year                                      | 年內溢利             | -             | -             | -                         | -                   | -                   | -               | -                     | -               | 216,195             | 216,195   |
| Total comprehensive (expense) income for the year        | 年內全面(支出)收益總額     | -             | -             | -                         | -                   | (138,132)           | 184             | -                     | -               | 216,195             | 78,247    |
| Cash dividends recognised as distribution (Note 13)      | 已確認分派之現金股息(附註13) | -             | -             | -                         | -                   | -                   | -               | -                     | -               | (82,500)            | (82,500)  |
| Transfer to non-distributable reserve fund               | 轉入不可分派儲備         | -             | -             | 43,971                    | -                   | -                   | -               | -                     | -               | (43,971)            | -         |
| Transfer from safety fund reserve                        | 釋出安全基金儲備         | -             | -             | -                         | (5,921)             | -                   | -               | -                     | -               | 5,921               | -         |
| Release upon deregistration of a subsidiary              | 釋出已註銷附屬公司的匯兌儲備   | -             | -             | -                         | -                   | 223                 | -               | -                     | -               | (223)               | -         |
| At 31 December 2016                                      | 於2016年12月31日     | 82,500        | 20,307        | 333,446                   | 14,427              | (105,453)           | -               | -                     | (97,362)        | 2,094,160           | 2,342,025 |

### notes:

- (i) According to the relevant laws in the People's Republic of China ("PRC"), wholly foreign-owned enterprises in the PRC are required to transfer at least 10% of their net profits after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve fund until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of a dividend to equity owners. The non-distributable reserve fund can be used to offset the previous years' losses, if any. The non-distributable reserve fund is non-distributable other than upon liquidation.
- (ii) The special reserve of the Group represents the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital of the subsidiaries acquired pursuant to a group reorganisation in December 2001.

### 附註:

- (i) 根據中華人民共和國(「中國」)相關法律，在中國的外資企業須結轉最少10%除稅後溢利(根據中國會計規定釐定)至不可分派儲備，直至儲備結餘達到註冊資本50%。結轉該儲備必須在分派股息給股東前。不可分派儲備可用作抵銷過往年度虧損(如有)。除清盤外，不可分派儲備是不得分派。
- (ii) 本集團之特別儲備乃本公司透過2001年12月之集團重組所收購之附屬公司之股本面值與本公司已發行股本面值之差額。



## Consolidated Statement of Cash Flows

## 綜合現金流量表

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

|  |                     | <b>2016</b>      | 2015     |
|--|---------------------|------------------|----------|
|  |                     | <b>HK\$'000</b>  | HK\$'000 |
|  |                     | 千港元              | 千港元      |
| <b>OPERATING ACTIVITIES</b>  | <b>經營業務</b>         |                  |          |
| Profit before taxation   | 除稅前溢利               | <b>339,950</b>   | 355,944  |
| Adjustments for:   | 調整：                 |                  |          |
| Depreciation and amortisation  | 物業、廠房及設備之折舊         | <b>26,525</b>    | 28,222   |
| Finance costs  | 融資成本                | <b>24,803</b>    | 17,984   |
| Loss on disposal of property, plant and equipment                    | 出售物業、廠房及設備虧損        | <b>1,226</b>     | 420      |
| Write-off of property, plant and equipment                           | 物業、廠房及設備之註銷         | <b>9,221</b>     | -        |
| Net loss from fair value changes on derivative financial instruments | 衍生金融工具公平值變動之淨虧損(收益) | <b>84</b>        | 670      |
| Gain from change in fair value of an investment property             | 投資物業公平值變動收益         | <b>(18,633)</b>  | -        |
| Interest income  | 利息收入                | <b>(2,112)</b>   | (15,579) |
| Share of loss of joint ventures                                      | 應佔合營企業虧損            | <b>545</b>       | 2,415    |
| Operating cash flows before movements in working capital             | 營運資金變動前之經營業務現金流量    | <b>381,609</b>   | 390,076  |
| Decrease in inventories  | 存貨減少                | <b>184,975</b>   | 133,869  |
| Increase (decrease) in trade and other receivables                   | 應收貿易及其他款項增加(減少)     | <b>(29,939)</b>  | 145,009  |
| Increase in trade and other payables                                 | 應付貿易及其他款項增加         | <b>116,851</b>   | 68,950   |
| Decrease in derivative financial instruments                         | 衍生金融工具減少            | <b>(106)</b>     | (3,521)  |
| Decrease in amounts due to related companies                         | 應付關連公司款項減少          | <b>(1,191)</b>   | (254)    |
| Cash generated from operations                                       | 經營業務所得現金            | <b>652,199</b>   | 734,129  |
| Income tax paid  | 已付所得稅金              | <b>(105,597)</b> | (86,793) |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                            | <b>經營業務所得現金淨額</b>   | <b>546,602</b>   | 647,336  |

|   |                      | <b>2016</b>        | 2015        |
|---|----------------------|--------------------|-------------|
|   |                      | <b>HK\$'000</b>    | HK\$'000    |
|   |                      | 千港元                | 千港元         |
| <b>INVESTING ACTIVITIES</b>   | <b>投資活動</b>          |                    |             |
| Purchase of property, plant and equipment                             | 購置物業、廠房及設備           | <b>(302,505)</b>   | (311,847)   |
| Deposits paid for acquisition of property, plant and equipment        | 購置物業、廠房及設備之已付訂金      | <b>(203,391)</b>   | (195,465)   |
| Decrease in construction payables                                     | 應付建築款項(減少)增加         | <b>(34,145)</b>    | (97,800)    |
| Payment for prepaid lease payments                                    | 預付租賃款項支出             | -                  | (77,438)    |
| Other deposits paid   | 其他已付訂金               | -                  | (66,870)    |
| Loan to a joint venture   | 合營企業之貸款              | -                  | (4,263)     |
| Government grants received for acquisition of land use right          | 已收到購置土地使用權的政府補貼      | -                  | 30,808      |
| Proceeds from disposal of property, plant and equipment               | 出售物業、廠房及設備所得款項       | <b>171</b>         | 383         |
| Interest received   | 已收利息                 | <b>2,112</b>       | 15,579      |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                          | <b>投資活動所耗現金淨額</b>    | <b>(537,758)</b>   | (706,913)   |
| <b>FINANCING ACTIVITIES</b>   | <b>融資活動</b>          |                    |             |
| Repayment of bank borrowings  | 償還銀行借款               | <b>(1,857,516)</b> | (1,104,770) |
| Dividends paid  | 已付股息                 | <b>(82,500)</b>    | (123,750)   |
| Interest paid   | 已付利息                 | <b>(68,452)</b>    | (57,900)    |
| Settlement of derivative financial instruments under hedge accounting | 衍生金融工具於對沖會計法下結算      | <b>(416)</b>       | (1,847)     |
| Bank borrowings raised  | 新籌集銀行借款              | <b>1,990,327</b>   | 1,028,467   |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                          | <b>融資活動所用現金淨額</b>    | <b>(18,557)</b>    | (259,800)   |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                      | <b>現金及等同現金項目減少</b>   | <b>(9,713)</b>     | (319,377)   |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>             | <b>於年初之現金及等同現金項目</b> | <b>252,721</b>     | 596,752     |
| <b>EFFECT OF CHANGES IN EXCHANGE RATE</b>                             | <b>匯率變動之影響</b>       | <b>(14,917)</b>    | (24,654)    |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>                   | <b>於年末之現金及等同現金項目</b> | <b>228,091</b>     | 252,721     |

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

### 1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands under the Companies Law (Revised) Chapter 22 of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company and immediate parent is Fortune Star Tradings Limited ("Fortune Star"), a company which is incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Lee Wan Keung. The address of the registered office of the Company is disclosed in the section "Corporate Information" to the annual report.

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

The Company acts as an investment holding company and the principal activities of its principal subsidiaries are set out in note 39.

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

#### Amendments to HKFRSs that are mandatorily effective for the current year

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

|  |  |
|--|--|
| Amendments to HKFRS 11                       | Accounting for Acquisitions of Interests in Joint Operations         |
| Amendments to HKAS 1                         | Disclosure Initiative  |
| Amendments to HKAS 16 and HKAS 38            | Clarification of Acceptable Methods of Depreciation and Amortisation |
| Amendments to HKAS 16 and HKAS 41            | Agriculture: Bearer Plants   |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment Entities: Applying the Consolidation Exception            |
| Amendments to HKFRSs                         | Annual Improvements to HKFRSs 2012–2014 Cycle                        |

Except as described below, the application of the 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.

### 1. 一般資料

本公司根據開曼群島公司法(經修訂)第22章於開曼群島註冊成立為一家上市有限公司，其股份於香港聯合交易所有限公司(「聯交所」)上市。其最終及直屬控股公司為Fortune Star Tradings Ltd.，一間於英屬維爾京群島註冊成立之公司。其最終控股方為李運強先生。本公司註冊辦事處地點於本年報「公司資料」中披露。

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

本公司為一間投資控股公司。其主要附屬公司之主要業務載於年報中附註39。

### 2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)

#### 本年度強制生效之香港財務報告準則修訂本

於本年度，本集團首次應用以下由香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則修訂本：

|   |                            |
|---|----------------------------|
| 香港財務報告準則第11號(修訂本)                         | 收購共同經營權益的會計法               |
| 香港會計準則第1號(修訂本)                            | 主動披露                       |
| 香港會計準則第16號及香港會計準則第38號(修訂本)                | 折舊與攤銷的可接受方法的澄清             |
| 香港會計準則第16號及香港會計準則第41號(修訂本)                | 農業：生產性植物                   |
| 香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第28號(修訂本) | 投資主體：豁免應用合併                |
| 香港財務報告準則(修訂本)                             | 2012年至2014年週期之香港財務報告準則年度改進 |

除下文所述者外，於本年度應用香港財務報告準則修訂本對今年及去年之集團財務表現及狀況及／或於綜合財務報表所載之披露事項並無重大影響。



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

### Amendments to HKAS 1 Disclosure Initiative

The Group has applied the amendments to HKAS 1 *Disclosure Initiative* for the first time in the current year. The amendments to HKAS 1 clarify that an entity needs not provide a specific disclosure required by an HKFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Group, and should be separated into the share of items that, in accordance with other HKFRSs: (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The Group has applied these amendments retrospectively. The application of these amendments has not resulted in any impact on the financial performance or financial position of the Group in these consolidated financial statements.

## 2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)(續)

### 香港會計準則第1號(修訂本)主動披露

本集團於本年度首次採用香港會計準則第1號*主動披露*之修訂本。香港會計準則第1號之修訂釐清，倘披露產生之資料並不重要，則實體毋須按香港財務報告準則規定提供具體披露，並提供有關合併及分列資料基礎之指引。然而，該等修訂重申倘在符合香港財務報告準則之具體要求下仍不足以令使用財務報表之人士理解特定交易、事件及狀況對實體之財務狀況及財務表現之影響，則實體應考慮提供額外披露。

此外，該等修訂釐清，實體應佔聯營公司及合營公司使用權益法入賬之其他全面收入應與自本集團產生者分開呈列，且應根據其他香港財務報告準則分為以下應佔項目：(i)其後將不會重新分類至損益；及(ii)其後將會於符合特定條件時重新分類至損益。

有關財務報表之架構，該等修訂提供附註系統化排序或分類之例子。

本集團已追溯應用該等修訂。應用該等修訂並無對該等綜合財務報表中本集團之財務表現或財務狀況造成任何影響。

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

**2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)****New and revised HKFRSs in issue but not yet effective**

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

|                                    |  |
|------------------------------------|--|
| HKFRS 9                            | Financial Instruments <sup>1</sup>   |
| HKFRS 15                           | Revenue from Contracts with Customers <sup>1</sup>   |
| HKFRS 16                           | Leases <sup>2</sup>  |
| Amendments to HKFRS 2              | Classification and Measurement of Share-based Payment Transactions <sup>1</sup>                    |
| Amendments to HKFRS 4              | Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contract <sup>1</sup>                |
| Amendments to HKFRS 15             | Clarifications to HKFRS 15 Revenue from Contracts with Customers <sup>1</sup>                      |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup> |
| Amendments to HKAS 7               | Disclosure Initiative <sup>4</sup>   |
| Amendments to HKAS 12              | Recognition of Deferred Tax Assets for Unrealised Losses <sup>4</sup>                              |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2017.

**2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)(續)****已頒佈但尚未生效之新訂及經修訂香港財務報告準則**

本集團並無提早應用以下已頒佈但尚未生效之新訂及經修訂香港財務報告準則：

|                              |  |
|------------------------------|--|
| 香港財務報告準則第9號                  | 金融工具 <sup>1</sup>                              |
| 香港財務報告準則第15號                 | 客戶合同收入 <sup>1</sup>                            |
| 香港財務報告準則第16號                 | 租賃 <sup>2</sup>                                |
| 香港財務報告準則第2號(修訂本)             | 股份支付款項交易之分類及計量 <sup>1</sup>                    |
| 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9號金融工具與香港財務報告準則第4號保險合同 <sup>1</sup> |
| 香港財務報告準則第15號(修訂本)            | 香港財務報告準則第15號客戶合同收入之澄清 <sup>1</sup>             |
| 香港財務報告準則第10號及香港會計準則第28號(修訂本) | 投資者與其聯營或合營企業之間的資產出售或注資 <sup>3</sup>            |
| 香港會計準則第7號(修訂本)               | 主動披露 <sup>4</sup>                              |
| 香港會計準則第12號(修訂本)              | 就未變現虧損確認遞延稅項資產 <sup>4</sup>                    |

<sup>1</sup> 於2018年1月1日或之後開始之年度期間生效。

<sup>2</sup> 於2019年1月1日或之後開始之年度期間生效。

<sup>3</sup> 於待定期日或之後開始之年度期間生效。

<sup>4</sup> 於2017年1月1日或之後開始之年度期間生效。

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

### HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

## 2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)(續)

### 香港財務報告準則第9號金融工具

香港財務報告準則第9號引入了有關金融資產、金融負債、一般對沖會計法的分類和計量新要求及金融資產的減值要求。

香港財務報告準則第9號之主要規定載述如下：

- 所有屬香港財務報告準則第9號範圍內之已確認金融資產其後均須按攤銷成本或公平值計量。具體而言，目的是收取合約現金流量之業務模式內持有之債務投資，及合約現金流量僅為償還本金及尚未償還本金利息之債務投資，一般於其後會計期間結算日按攤銷成本計量。目的皆以收集合同現金流量及銷售金融資產而達成且按其業務模式內持有的債務工具，及在其合同條款中於指定日期而產生的現金流僅為支付尚未償還欠款的本金和利息，其計量乃一般按公允值計量且其變動計入其他全面收益中。所有其他債務投資及權益投資均於其後報告期末按公平值計量。此外，根據香港財務報告準則第9號，實體可作出不可撤回之選擇，以於其他全面收益呈列權益投資(並非持作買賣者)公平值之其後變動，只有股息收入一般於損益賬確認。
- 就指定為透過損益賬按公平值處理之金融負債之計量而言，香港財務報告準則第9號規定該金融負債之信貸風險變動以致該負債公平值變動之金額於其他全面收益內呈列，除非於其他全面收益中確認該負債信貸風險變動影響會導致或擴大損益上之會計錯配。金融負債之信貸風險引致之金融負債公平值變動其後不會重新分類至損益賬。根據香港會計準則第39號，指定為透過損益賬按公平值處理之金融負債之整筆公平值變動金額於損益賬呈列。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

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

#### HKFRS 9 Financial Instruments (Continued)

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on the Group's financial instruments and risk management policies as at 31 December 2016, the directors do not anticipate that the application of HKFRS 9 in the future will have a material impact on the Group's consolidated financial statements.

#### HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

### 2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)(續)

#### 香港財務報告準則第9號金融工具(續)

- 關於金融資產減值，香港財務報告準則第9號規定按一項預期信用損失模型，而非根據香港會計準則第39號按一項已發生的信用損失模型。該預期信用損失模型規定一個實體須計算其預期信用損失及在每個期末的預期信用損失之變動以反映自初始確認時所產生的信用風險。換句話說，現已不再須要對信用事件已發生之前的信用損失予以確認。
- 就目前適用於香港會計準則第39號中新一般對沖會計法規定保留三類對沖會計法。然而，在香港財務報告準則第9號向可作對沖會計之交易類別引入更大靈活度，尤其是擴闊合資格作為對沖工具之工具類別及可作對沖會計之非金融項目之風險分部之類別。此外，效用測試已獲重整及取代經濟關係之原則，且毋須追溯評估對沖效用，亦已引入有關企業風險管理活動之披露規定。

根據本集團於2016年12月31日之金融工具及風險管理政策，董事預期將來應用香港財務報告準則第9號會對本集團合併財務報表不會造成重大影響。

#### 香港財務報告準則第15號「客戶合同收入」

香港財務報告準則第15號已頒佈並建立了一個單一的綜合模型，以確認來自客戶合同的收入。當香港財務報告準則第15號生效時，將取代現時沿用的收入確認指引包括香港會計準則第18號「收入」，香港會計準則第11號「建築合同」及相關的詮釋。

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

### HKFRS 15 Revenue from Contracts with Customers (Continued)

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity 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.

Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported as the timing of revenue recognition may be affected and the amounts of revenue recognised are subject to variable consideration constraints, and more disclosures relating to revenue is required. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

## 2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)(續)

### 香港財務報告準則第15號「客戶合同收入」(續)

香港財務報告準則第15號的核心原則乃一個實體應確認收入以體現向客戶轉讓承諾貨品或服務的數額，並反映實體預期交換該等貨品或服務而應得的對價。具體來說，該準則引入了五步法來確認收入：

- 第1步：確定與一個客戶的合同
- 第2步：確定合同內的履約義務
- 第3步：釐定交易價格
- 第4步：將交易價格分攤至合同內的履約義務
- 第5步：當實體符合履約義務時確認收入

根據香港財務報告準則第15號，當一個實體符合履約義務時確認收入，即當貨品或服務按特定的履約義務轉移並由客戶「控制」時。

更為規範的指引已加入香港財務報告準則第15號內以茲處理特別的情況。此外，香港財務報告準則第15號亦要求較廣泛的披露。

於2016年，香港會計師公會發表香港財務報告準則第15號之澄清，內容有關對履約責任的識別、主事人與代理人代價以及牌照申請指引。

本公司董事預期，於將來應用香港財務報告準則第15號可能會對呈報金額產生影響，原因為可能影響收益之確認時間，而所確認的收入金額將取決於可變的限制因素，且要求作出更多有關收入之披露。然而，就應用香港財務報告準則第15號而言，在本集團詳細檢討完成前對該影響作出合理估計並不可行。此外，應用香港財務報告準則第15號於將來可能導致綜合財務報表內作出更多的披露。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

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

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, under the 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 and financing/operating cash flows respectively.

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.

In contrast to lessee accounting, 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.

### 2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)(續)

#### 香港財務報告準則第16號租賃

香港財務報告準則第16號為識別出租人及承租人的租賃安排及會計處理引入一個綜合模式。當香港財務報告準則第16號生效時，將取代香港會計準則第17號租賃及相關的詮釋。

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

使用權資產初步按成本計量，並隨後以成本(惟若干例外情況除外)減累計折舊及減值虧損計量，並就租賃負債任何重新計量而作出調整。租賃負債乃按租賃付款(非當日支付)之現值初步確認。隨後，租賃負債經(其中包括)利息及租賃付款以及租賃修訂的影響所調整。就現金流量分類而言，根據香港財務報告準則第16號，有關租賃負債的租賃付款將分配為本金及利息部分，其將分別以融資及融資／經營現金流量呈列。

根據香港會計準則第17號，本集團已確認租賃土地(本集團為承租人)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在分類上的潛在變動，取決於本集團個別或一併呈列使用權資產，即在擁有對應相關資產情況下所獲呈列者。

與承租人會計處理方法相反，香港財務報告準則第16號大致保留香港會計準則第17號內出租人的會計要求，並繼續規定出租人將租賃分類為經營租賃或融資租賃。

此外，香港財務報告準則第16號亦要求較廣泛的披露。

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

### HKFRS 16 Leases (Continued)

As at 31 December 2016, the Group has non-cancellable operating lease commitments of approximately HK\$5,004,000 as disclosed in note 33. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence 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 upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

### Amendments to HKAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specially, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The application of the amendments may result in additional disclosures on the Group’s financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application. The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group’s consolidated financial statements.

The directors anticipate that the application of other new and revised standards will have no material impact on the results and the financial position of the Group.

## 2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)(續)

### 香港財務報告準則第16號租賃(續)

於2016年12月31日，本集團載於年報中附註33有不可撤銷的經營租賃承擔約5,004,000港元。初步評估顯示該等安排將符合香港財務報告準則第16號項下租賃的定義，因此本集團將就所有租賃確認使用權資產及對應負債，除非於應用香港財務報告準則第16號時其符合低價值或短期租賃。此外，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。然而，在董事進行詳細審閱前，對財務影響作出合理估計並不可行。

### 香港會計準則第7號(修訂本)主動披露

該等修訂規定實體披露能讓財務報表使用者評估融資活動引起的負債變動，包括現金流量引致之變動及非現金變動。尤其是，該等修訂規定披露以下來自融資活動的負債變動：(i)來自融資現金流量的變動；(ii)來自取得或失去附屬公司或其他業務的控制權的變動；(iii)外幣匯率變動的影響；(iv)公平值變動；及(v)其他變動。

該等修訂應用於2017年1月1日或之後開始的年度期間，並許可提早應用。應用該等修訂可能導致有關本集團融資活動的額外披露，尤其是融資活動產生的負債的綜合財務狀況表的期初及期末結餘的對賬，將於應用該等修訂時提供。本公司董事並不預期應用該等修訂將對本集團的綜合財務報表產生重大影響。

董事預期應用其他新訂及經修訂準則將不會對本集團之業績及財務狀況造成重大影響。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

### 3. CHANGES IN ACCOUNTING POLICIES

During the year, the Group changed its accounting policy relating to its investment property as follows. Prior to the change, the Group used to measure its investment property using the cost model. The management of the Group considers that measuring investment property at fair value model provides more relevant information about the Group's financial performance to the economic decision-making needs of users as most of the companies engaged businesses in properties investment in the PRC adopt the same model in measuring the investment properties.

After due and careful consideration, the directors of the Company considered that this change in accounting policy will have no significant impact on how the Group's results and financial position for the prior year would have been prepared or presented. As a result, there is no restatements made by the directors on the Group's results and financial position for the prior year.

### 4. SIGNIFICANT ACCOUNTING POLICIES

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

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

### 3. 會計政策變更

本年度，本集團對其投資物業的會計政策變更如下。在變更前，本集團採用成本模式計量其投資物業。本集團管理層認為，以公允價值模式衡量投資物業，為本集團的財務表現提供使用者更多關於經濟決策需要的相關信息，因為大多數在中國從事物業投資的公司均採用相同的模式計量投資物業。

本公司董事經審慎周詳考慮後認為，此會計政策變動，對於本集團的結果及財務狀況如何編製或呈列，並無重大影響。因此，董事沒有就本集團於本財政年度或以前期間的業績及財務狀況作出重列。

### 4. 主要會計政策

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

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



**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**4. 主要會計政策(續)**

公平值乃市場參與者間於計量日期進行之有序交易中，出售資產所收取或轉讓負債所支付之價格，不論該價格是否可直接觀察或以其他估值技術估計。於估計一項資產或負債之公平值時，本集團考慮市場參與者於計量日期為該資產或負債進行定價時將會考慮之特徵。在該等綜合財務報表中計量及／或披露之公平值均在此基礎上予以確定，惟香港財務報告準則第2號範圍內之以股份為基礎之支付交易、香港會計準則第17號範圍內之租賃交易、以及與公平值類似惟並非公平值之計量(例如香港會計準則第2號內之可變現淨值或香港會計準則第36號內之使用價值)除外。此外，就財務報告而言，公平值計量根據公平值計量之輸入數據可觀察程度及公平值計量之輸入數據對其整體之重要性分類為第一級、第二級或第三級，詳情如下：

- 第一級輸入數據為實體於計量日期可取得之相同資產或負債於活躍市場之報價(未經調整)；
- 第二級輸入數據為就資產或負債直接或間接可觀察之輸入數據，包括於第一級內之報價除外；及
- 第三級輸入數據為資產或負債之不可觀察輸入數據。

主要會計政策載列於下文。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of consolidation

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

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

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder's meetings.

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

### 4. 主要會計政策(續)

#### 綜合基準

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

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

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

當本集團於被投資方的投票權少於大多數，其有權對投資方在投票時能夠給予直接而單方面在相關活動的實踐能力。本集團於評估本集團在投資方的投票權是否有足夠的權力會考慮所有有關事實及情況，包括：

- 本集團投票權的大小相對於其他投票持有人持股的大小及分佈；
- 本集團、其他投票持有人及其他方之潛在投票權；
- 由其他合同安排所產生的權利；及
- 任何額外事實或情況顯示本集團於目前有或沒有能力在需要作決定時進行相關活動，包括以往股東會議的投票模式。

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

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Basis of consolidation (Continued)

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

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

##### Investments in joint ventures

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.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of 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 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 joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in 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.

#### 4. 主要會計政策(續)

##### 綜合基準(續)

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

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

##### 於合營企業之投資

合營企業指一項聯合安排，對安排擁有共同控制權之訂約方據此對聯合安排之淨資產擁有權利。共同控制是指按照合約約定對某項安排所共有之控制，共同控制僅於相關活動要求共同享有控制權之各方作出一致同意之決定時存在。

合營企業之業績及資產與負債以權益會計法計入該等綜合財務報表。作權益會計法用途之合營企業財務報表乃按與本集團就同類交易及同類情況下事項之劃一會計政策編製。根據權益法，合營企業之投資在綜合財務狀況表中初步確認為成本，隨後調整以確認本集團攤分之合營企業損益及其他全面收益。當本集團攤分之合營企業損失超出其於該合營企業之權益(包括實質上構成本集團在合營企業投資淨額部分之任何長期權益)，本集團則終止確認其攤分之損失。其他損失以本集團代表合營企業承擔法律或推定義務或作出付款之數額為限。於合營企業之投資於被投資方成為合營企業當日採用權益法入賬。於收購一間合營企業之投資時，投資成本超過本集團佔該被投資方可識別資產及負債公平淨值之任何部份乃確認為商譽，並計入投資之賬面值。倘本集團所佔可識別資產及負債於重新評估後之公平淨值高於收購成本，則會於進行該投資之期間內即時在損益確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Investments in joint ventures (Continued)

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, 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 in accordance with HKAS 39. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that 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 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) when the equity method is discontinued.

### 4. 主要會計政策(續)

#### 於合營企業之投資(續)

香港會計準則第39號已獲應用，以釐定是否需要確認有關本集團投資於合營企業之任何減值虧損。於有需要時，投資之全部賬面值(包括商譽)將會根據香港會計準則第36號「資產減值」作為單一資產進行減值測試，方法為比較其可收回金額(使用價值及公平值減銷售成本之較高者)與其賬面值。被確認之任何減值虧損均形成投資賬面值之一部份。該減值虧損之任何撥回乃根據香港會計準則第36號確認，惟受隨後增加之可收回投資金額規限。

當投資不再為合營企業，或於投資(或其中一部份)分類為持作出售當日起，本集團終止使用權益法。當本集團保留於前合營企業之權益，且保留權益為金融資產時，則本集團於該日按公平值計量保留權益，而公平值則被視為其根據香港會計準則第39號首次確認時之公平值。合營企業於終止使用權益法當日之賬面值與任何保留權益之公平值及任何自出售合營企業部份權益之所得款項差額將計入釐定出售合營企業之收益或虧損。此外，倘該合營企業已直接出售相關資產或負債，則本集團可能須按相同基準將有關該合營企業先前於其他全面收益中確認之所有金額入賬。因此，倘合營企業先前於其他全面收益確認之收益或虧損重新分類至出售相關資產或負債之損益，則本集團於終止使用權益法時將收益或虧損由權益重新分類至損益(列作重新分類調整)。



#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Investments in joint ventures (Continued)

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

##### Interest in a joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the joint arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

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

#### 4. 主要會計政策(續)

##### 於合營企業之投資(續)

當集團實體與本集團之合營企業進行交易時，則與合營企業交易所產生損益僅於與本集團無關之合營企業權益，方於本集團之綜合財務報表確認。

##### 合營業務之權益

合營業務為擁有共同控制權的各方(合營業務者)根據有關合營安排享有應佔資產及負債責任的一種合營安排。

聯合控制是控制共享的一種約定安排，只有在相關業務的決定需要控制共享的各方一致同意時，才存在。

當一個團體以合營業務進行活動，本集團作為合營業務者就有關合營業務權益確認：

- 其資產，包括其應佔任何共同持有的資產；
- 其負債，包括其應佔任何共同招致的負債；
- 其在合營業務中應佔出產的銷售收入；
- 其在合營業務中銷售出產的應佔收入；及
- 其費用，包括其應佔任何共同招致的費用。

本集團根據適用於相關資產、負債、收入及費用的香港財務報告準則對其在合營業務中有關資產、負債、收入及費用之權益入賬。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Revenue recognition

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

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

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### Property, plant and equipment

Property, plant and equipment including buildings held for use in the production of goods or for administrative purposes (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

### 4. 主要會計政策(續)

#### 收入確認

收入按已收或應收代價之公平值計量，即日常業務過程中已提供貨物或服務扣除折扣及銷售有關稅項後之應收款項。

收入乃當收入金額能夠可靠地計量時確認，當將來的經濟利益很可能流入本集團及符合本集團各業務的具體標準時確認，載述如下。

貨物銷售於貨物付運及擁有權轉移後，並同時符合以下所有條件時確認：

符合以上收入確認要求之前已向買家收取的存款及分期付款於綜合財務狀況表之流動負債已呈現。

利息收入乃以時間為基準按未償還本金及適用實際利率累計，而實際利率為透過金融資產之預期可用年期將估計日後所收現金實際折讓至該資產之賬面淨值之比率。

#### 物業、廠房及設備

除在建工程外，於綜合財務狀況長列示的物業、廠房及設備(包括持有作貨物生產或行政用途的樓宇)乃按成本減累計折舊及累計減值虧損(如有)入賬。





#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Property, plant and equipment (Continued)

Properties, plant and machinery in the course of construction for production or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

##### 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.

#### 4. 主要會計政策(續)

##### 物業、廠房及設備(續)

用作生產或行政用途之在建中物業、廠房及設備，按成本減任何已確認之減值虧損列賬。成本包括專業費用及借貸成本(合資格資產)根據本集團的會計政策進行資本化。該等資產完工並可投入擬定用途時，則會分類至合適的物業、廠房及設備類別。該等資產計提折舊的基準與其他資產相同，即在資產可投入擬定用途時開始計提折舊。

除在建工程外，物業、廠房及設備按其估計可使用年期，以其估計餘值按直線法計算，確認折舊並撇銷成本。估計可使用年期、餘值及折舊方法於每一報告期末檢討，任何估計變動的影響按前瞻基準入賬。

物業、廠房及設備項目於出售時或當繼續使用該資產而預期不會產生任何日後經濟效益時終止確認。任何一項物業、廠房及設備之出售及報廢，按該項目之出售所得款與賬面值間之差額計算盈虧，並計入損益。

##### 租賃

凡租賃之條款規定擁有權所附帶之一切風險及回報實質上轉移至承租人者，該租賃即歸類為融資租賃。其他租賃全部列作經營租賃。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Leasing (Continued)

##### The Group as lessee

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

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

##### Leasehold land and building

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

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

### 4. 主要會計政策(續)

#### 租賃(續)

##### 集團作為承租人

經營租賃，包括收購和持有經營租賃的成本，款項乃按租賃年期以直線法確認為費用。

當訂立經營租賃時收到租賃優惠，該等優惠被確認為負債。各項優惠以直線法確認為遞減租金開支。

##### 租賃土地及樓宇

當租賃包括土地及樓宇部份時，本集團以評估與各部份擁有權有關的絕大部份風險及回報是否已轉移至本集團為基礎，評估如何將各部份分類為融資或經營租賃，除非肯定兩部分均為經營租賃，則於該情況下，整項租賃乃分類為經營租賃。尤其，最低租賃款項(包括任何一次性預付款項)乃以租約開始時，於土地及樓宇部份之間進行分配，比例為以租賃權益於土地部份及樓宇部份的相對公平值而定。

倘租賃款項能夠可靠分配時，則入賬列作經營租賃的租賃土地權益乃於綜合財務狀況表列作「預付租賃款項」，並以直線法於租期內攤銷。當租賃款項無法於土地及樓宇部份之間可靠分配時，則整份租賃一般分類為融資租賃及入賬列作物業、廠房及設備。



#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise. Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

#### 4. 主要會計政策(續)

##### 投資物業

投資物業乃持有作賺取租金及／或尋求資本增值之物業(包括作該等用途之在建物業)。投資物業包括持有作為決定未來用途之土地，被視為持有作尋求資本增值用途。

投資物業初步按成本(包括任何直接應佔支出)計量。初始確認後，投資物業按其公平價值計量。本集團以經營租賃形式持有的為賺取租金或資本增值目的而持有的所有權益均作為投資物業，並採用公平價值模型計量。投資物業公平價值變動產生的收益或損失，計入當期損益。在建投資物業產生的建築成本，作為在建投資物業的賬面價值的一部分予以資本化。

當投資物業出售或永久停止使用及預計不會從該物業出售中獲得未來經濟利益時，即終止確認該項投資物業。終止確認物業所產生之任何收益或虧損(按出售所得款項淨額與該資產賬面值之差額計算)於終止確認該物業之期間計入損益賬內。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Intangible assets

##### *Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at costs 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.

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.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

#### Retirement benefit costs

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

### 4. 主要會計政策(續)

#### 無形資產

##### *獨立收購之無形資產*

獨立收購及有限使用年限之無形資產，按成本減累計攤銷及任何累計虧損列賬，使用年期有限之無形資產會於估計使用年限內，按直線法作攤銷撥備。估計使用年期及攤銷方法於各報告期末檢討，估計變動之影響按前瞻性基準列賬。

無形資產於出售時或當預期再使用或出售時也沒有產生經濟效益，則可取消確認。出售無形資產時，按其出售所得淨額與該資產賬面值間之差額計算盈虧，並於該資產取消確認時計入損益。

#### 存貨

存貨乃按成本及可變現淨值兩者之較低者入賬。成本乃按先入先出法計算。可變現淨值指存貨之估計售價減所有估計完成及銷售之所需估計費用。

#### 退休福利成本

國家管理的退休福利計劃和強制性公積金計劃(「強積金計劃」)的開支，在員工提供服務時，被計入費用。

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on settlement of the monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operation are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

**4. 主要會計政策(續)****外幣**

編製各個別集團實體之財務報表時，以該實體功能貨幣以外之貨幣(外幣)進行之交易按其各自之功能貨幣於交易日期之適用匯率入賬。於報告期末，以外幣計值之貨幣項目按該日期之適用匯率重新換算。以外幣計值並按公平值列賬之非貨幣項目乃按釐定公平值當日之適用匯率重新換算。以外幣歷史成本計量之非貨幣項目不會重新換算。

結算及重新換算貨幣項目所產生之匯兌差額於其產生期間於損益內確認，惟源自其結算並無計劃及不大可能出現的應收或應付境外業務之貨幣項目的匯兌差額(因此組成境外業務淨投資之一部分)除外，該差額初步於其他全面收益表確認及當出售或部分出售本集團之權益時重新由權益分類至損益。

就呈列綜合財務報表而言，本集團海外經營業務之資產及負債乃按於報告期末之適用匯率換算為本公司之列賬貨幣(即港元)，而收入及支出乃按該年度之平均匯率進行換算，除非匯率於該期間內出現大幅波動則作別論。於此情況下，則採用於換算當日之適用匯率。所產生之匯兌差額(如有)於匯兌儲備項下為其他全面收益及累計於權益中確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Foreign currencies (Continued)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of joint arrangements that do not result in the Group losing joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 4. 主要會計政策(續)

#### 外幣(續)

由出售海外業務時(出售本集團海外業務所有權益或出售附屬公司而失去控制權，並包括海外業務，出售共同合作公司之部分權益且保留權益為財務資產並包括海外業務)，所有累計於權益之匯兌差額且與本公司擁有人應佔權益乃重新分類至損益。

此外，有關出售部份附屬公司且不會引致本集團失去附屬公司控制權，按比例份額之累計匯兌差額會再分配到非控股權益及不會於損益中確認。所有其他部份出售(共同合作公司之部份出售且不引致本集團失去合營企業控制)，按比例份額之累計匯兌差額會重新分類至損益。

#### 借貸成本

直接源自收購、建造或生產的合資格資產，而有關資產需要一段長時間方可供作擬定用途或出售之借貸成本會計入該等資產成本部分，直至該資產大致上可供作擬定用途或出售為止。尚未用於合資格資產之特定借貸作短期投資賺取之投資收入，於合資格資本化之借貸成本中扣除。

所有其他借貸成本均於產生期間在損益內確認。



#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

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

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

##### 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 tax as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### 4. 主要會計政策(續)

##### 政府補貼

在合理地保證本集團會遵守政府補助的附帶條件以及收到補助後，政府補助方會予以確認。

政府補貼於本集團確認有關成本為開支期間有系統地於損益內確認，該補貼擬用於補償相關成本。尤其是政府補貼之主要條件是指本集團購買、建設或收購非流動資產並確認於綜合財務狀況表中的相關資產之賬面值中扣除及按有關資產之使用期限有系統及理性地轉移至損益內。

作為補償已產生開支或虧損或旨在為本集團提供實時財務資助(而無未來相關成本)之應收政府補貼，乃於應收期間確認為損益。

##### 稅項

所得稅開支指即期應付稅項及遞延稅項的總和。

即期應付稅項根據該年度的應課稅溢利計算。應課稅溢利有別於綜合損益及全面收益表內所呈報的(「除稅前溢利」)，此乃由於其並無計入其他年度的應課稅或可扣稅收支項目，亦無計入日後的毋須課稅及不可扣稅的項目。本集團的即期稅項負債乃按已於各報告期末訂定或大致訂定的稅率計算。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interest in a joint arrangements, 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 interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

### 4. 主要會計政策(續)

#### 稅項(續)

遞延稅項乃就綜合財務報表內的資產與負債賬面值與計算應課稅溢利所採用的相應稅基間的暫時性差額確認。遞延稅項負債一般就所有應課稅暫時性差額予以確認，而遞延稅項資產則於可能動用應課稅溢利以抵銷可扣稅的暫時性差額予以確認。倘因初步確認一項既不影響應課稅溢利亦不影響會計溢利的交易的商譽或其他資產與負債而產生暫時性差額，則有關資產與負債不予確認。

遞延稅項負債乃就於附屬公司及共同合作公司的投資所產生的應課稅暫時性差額確認，惟倘本集團能控制暫時性差額的撥回以及暫時性差額有機會不會於可見將來撥回除外。與該等投資及權益相關之可扣稅暫時差額所產生之遞延稅項資產僅於可能有足夠應課稅溢利可以使用暫時差額之益處且預計於可見將來可以撥回時確認。

遞延稅項資產的賬面值乃於各報告期末進行檢討，並於不大可能動用足夠應課稅溢利以收回全部或部分資產時予以扣減。

遞延稅項按預期於清償負債或變現資產的期間內應用的稅率，以報告期末已生效或實質上已生效之稅率(及稅法)為基準計算。

遞延稅項負債及資產的計算，反映了本集團於報告期末所預期對收回或償還其資產及負債之賬面值的方式所產生的稅務結果。

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Taxation (Continued)**

For the purposes of measuring deferred taxes for investment properties that are measured using the fair value model, the carrying amounts of investment properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within on business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**Share-based payment transactions***Equity-settled share-based payment transactions*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). Service and non-market base performance conditions are not taken in account when estimating the fair value at measurement date.

Instead, service and non-market base performance conditions are taken in consideration to determine the number of share options that are expected to ultimately vest.

**4. 主要會計政策(續)****稅項(續)**

為了測量使用公平價值模式計量的投資物業的遞延稅，該投資物業的賬面金額假設通過銷售完全收回，除非該假設被推翻。當投資物業可折舊時，該推定被推翻，並在商業模式中持有，其目的是隨著時間的推移而不是通過銷售消耗投資物業的所有經濟利益。

現時及遞延稅項於損益內確認，惟倘遞延稅項涉及於其他全面收益或直接於股本權益確認項目，則現時及遞延稅項亦會分別於其他全面收益或直接於股本權益內確認。

**以股份支付交易***以權益結算的股份支付交易*

以權益結算的股份支付給僱員和提供類似服務的其他人，在授予日按權益工具的公平價值計量。

在授予日按權益結算的股份支付確定的公平價值，在歸屬期內按直線法計價，根據本集團對最終歸屬的權益工具的估計，同時相應增加權益(認股權儲備)。在計量日估計公平價值時，不考慮服務和非市場基礎的履約條件。

相反，最終歸屬的股票期權數量的估算則考慮服務和非市場基礎表現條件。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Share-based payment transactions (Continued)

##### Equity-settled share-based payment transactions (Continued)

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

#### Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

### 4. 主要會計政策(續)

#### 以股份為基礎的付款交易(續)

##### 以股本結算以股份為基礎的付款交易(續)

於報告期末，本集團修訂其對預期最終歸屬購股權數目的估算。期內修訂原先估算之影響(如有)於損益內確認，令累計支出反映修訂估算，並對購股權儲備相應作出調整。

購股權獲行使時，先前於購股權儲備中確認之款項將撥入股份溢價。倘購股權於歸屬日期後被沒收或於屆滿日仍未行使，則先前於購股權儲備中確認之款項將撥入累計溢利。

#### 金融工具

金融資產及金融負債乃當某集團實體成為工具合同條文之訂約方時確認。

金融資產及金融負債按公平值初步計量。收購或發行金融資產及金融負債直接應佔之交易成本(於損益表按公平值計算之金融資產及金融負債除外)乃於初步確認時加入金融資產或金融負債之公平值或自金融資產或金融負債之公平值內增加或扣除(倘適用)。收購於損益表按公平值計算之金融資產或金融負債直接應佔之交易成本即時於損益表內確認。

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial instruments (Continued)***Financial assets*

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

## Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees 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 debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

## Loans and receivables

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

## Financial assets at fair value through profit loss

Financial assets classified as at FVTPL when the financial asset is either held for trading or it is 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.

**4. 主要會計政策(續)****金融工具(續)***金融資產*

金融資產分為以下指定類別：貸款及應收賬款和按公平值列賬及計入損益之金融資產。分類視乎金融資產性質及目的而定，在初始確定時釐定。

## 實際利率法

實際利率法乃計算債務工具之攤銷成本及按有關期間攤分利息收入之方法。實際利率乃估計日後現金收入(包括所有已付或已收取構成整體實際利率之費用及利率差價、交易成本及其他溢價或折價)按債務工具之預期使用年期，或較短期間(倘合適)實際貼現至初始確認之賬面淨值之利率。

債務工具按實際利率基準確認利息收入。

## 貸款及應收款項

貸款及應收款項為附帶固定或可釐定付款的非衍生金融資產，而其在活躍市場並無報價。於初步確認後的每個報告期末，貸款及應收款項(包括應收貿易及其他款項、合營企業之貸款、合營企業之應收款項及銀行結餘及現金)採用實際利息法按攤銷成本減任何已識別減值虧損入賬(請參閱下文的金融資產減值虧損會計政策)。

## 按公平值計入損益的金融資產

金融資產分類為按公平值計入損益的金融資產，為非持作出售或指定為按公平值計入損益的金融資產。

按公平值計入損益的金融資產按公平值計量，任何溢利或虧損於重新計量時在損益中確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (Continued)

#### Financial assets (Continued)

#### Impairment of financial assets

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

For loans and receivables, 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 and 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 credit period ranged 7 to 60 days and observable changes in national or local economic conditions that correlate with default on receivables.

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

The carrying amount of the financial asset 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 a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

### 4. 主要會計政策(續)

#### 金融工具(續)

#### 金融資產(續)

#### 金融資產減值

金融資產(按公平值列賬及計入損益之金融資產除外)於每個報告期末評估是否有減值跡象。倘出現客觀證據，即金融資產初步確認後產生之一項或多項事件令金融資產之估計未來現金流量之金融資產受到影響，則金融資產被視為減值。

就貸款及應收款而言，減值之客觀證據可包括：

- 發行人或對手方出現重大財政困難；或
- 違約，如未能繳付或延遲償還利息或本金；或
- 借款人有可能面臨破產或財務重組。

應收款項組合出現的客觀減值證據，可能包括本集團過往的付款記錄、組合內超過信貸期7-60日過期還款數目上升，以及國家或地方經濟狀況出現明顯變動導致拖欠應收款項。

就按攤銷成本計值之金融資產而言，減值虧損金額乃按資產賬面值與按原有實際利率貼現之估計未來現金流量現值之差額確認。

所有貸款及應收款項的減值虧損會直接於金融資產的賬面值中作出扣減，惟貿易應收賬款除外，其賬面值會透過撥備賬作出扣減。撥備賬內的賬面值變動會於損益中確認。當貿易應收賬款被視為不可收回時，其將於撥備賬內撇銷。於其後收回先前已撇銷的款項將計入損益。





#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Financial instruments (Continued)

##### Financial assets (Continued)

##### Impairment of financial assets (Continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

##### Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

##### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees 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 liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than those financial liabilities classified as at FVTPL, of which the interest expense is included in net gains or losses.

#### 4. 主要會計政策(續)

##### 金融工具(續)

##### 金融資產(續)

##### 金融資產減值(續)

就以攤銷成本計值的金融資產而言，倘於隨後期間減值虧損的數額減少，而此項減少可客觀地與確認減值虧損後的某一事件聯繫，則先前確認的減值虧損於損益中予以撥回，惟於撥回減值當日的資產賬面值不得超逾未確認減值時的攤銷成本。

##### 金融負債及股本工具

集團實體發行之債務及股本工具乃根據合同安排之性質與金融負債及股本工具之定義分類。

##### 股本工具

股本工具為帶有本集團資產剩餘權益(經扣除其所有負債)之任何合約。本公司發行之股本工具(扣除直接發行成本)乃按所得款項確認入賬。

##### 實際利率法

實際利率法乃計算金融負債之攤銷成本及按有關期間攤分利息開支之方法。實際利率為透過金融負債之預測使用年期，或較短期間(如適用)將估計日後現金支出(包括所有已付或已收構成整體實際利率之費用、交易成本及其他溢價或折讓)實際貼現至初步確認之賬面淨值利率。

利率開支按實際利率基準確認(按公平值計入損益負債除外)，其利息支出計入淨收益或虧損中。



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## 綜合財務報表附註

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### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (Continued)

##### Financial liabilities and equity instruments (Continued)

##### Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are derivatives that are not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

##### Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to related companies and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

##### Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

##### Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

### 4. 主要會計政策(續)

#### 金融工具(續)

##### 金融負債及股本工具(續)

##### 按公平值於損益列賬之金融負債

金融負債分類為按公平值列賬及計入損益之金融負債，為一種並不能作為指定及有效對沖工具之衍生工具。

按公平值列賬及計入損益之金融負債以公平值計量，因重新計量之公平值變動於產生期間在損益賬內確認。

##### 其他金融負債

其他金融負債主要包括應付貿易及其他應付款項、應付關連公司款項及銀行借款。其後採用實際利息法按攤銷成本計量。

##### 衍生財務工具

衍生工具於衍生合約訂立日期初步按公平值確認，其後於報告期末重新計量至其公平值。所產生之盈虧即時於損益中確認，除非衍生工具是作為指定及有效對沖工具，則於損益確認的時間視乎對沖關係的性質而定。

##### 對沖會計法

本集團指定某些衍生工具為對沖工具，用作現金流量對沖。

於對沖關係之開始，本集團記錄對沖工具和被對沖項目的關係，及進行各類對沖交易之風險管理目標及其策略。此外，於對沖開始和按持續基準進行期間，本集團記錄用於對沖關係之對沖工具是否能高度有效地抵銷被對沖項目的現金流量變動。

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial instruments (Continued)***Derivative financial instruments (Continued)*

## Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated under the heading of hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity (hedging reserve) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line of the consolidated statement of profit or loss and other comprehensive income as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in hedging reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

**Derecognition**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**4. 主要會計政策(續)****金融工具(續)***衍生財務工具及對沖(續)*

## 現金流量對沖

指定和符合資格作現金流量對沖之衍生工具公平值變動，其有效部分於其他收益內確認並累計於對沖儲備內，其無效部分之盈虧即時於損益內確認。

當被對沖項目於損益內被確認後，其之前確認於其他全面收益及累計於權益下(對沖儲備)之金額將重新分類至損益，一併列於綜合損益及其他全面收益表確認的對沖項目內。

當本集團解除對沖關係、對沖工具已屆滿、售出、終止、行使或不再符合對沖會計法，對沖會計法將被終止。當時確認於其他全面收益及累計於對沖儲備之任何盈虧將保留於權益內，並在預測交易最終於損益內確認。倘預測交易預期不再進行，於權益之累計盈虧即時於損益內確認。

**終止確認**

倘總資產收取現金流的合約權利已屆滿，則本集團將終止確認金融資產。

於終止確認金融資產時，該項資產的賬面值與已收及應收代價以及於其他全面收益確認並於權益累計之累計收益或虧損之總和差額於損益內確認。

倘於本集團之責任獲解除、取消或屆滿時，本集團則終止確認金融負債。已取消確認金融負債之賬面值與已付及應付代價之差額於損益內確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### 4. 主要會計政策(續)

#### 有形及無形資產減值

本集團於報告期末檢討其具有限可使用年期之有形及無形資產之賬面值，判斷是否有任何跡象顯示該等資產蒙受任何減值虧損。倘存在任何該等跡象，將估計資產之可收回價值，以釐定減值虧損之程度(如有)。當無法估計一項個別資產之可回收金額時，本集團將估計資產所屬現金產生單位之可回收金額。於可確定分配基準屬合理及貫徹一致時，企業資產亦分配至個別現金產生單位，或另行分配該等資產至可確定分配基準屬合理及貫徹一致之最小組別現金產生單位。

可收回金額指公平值減出售成本與使用價值之較高者。於評估使用價值時，估計日後現金流量按反映貨幣時間價值之當前市場評估及未調整日後現金流量估計之特定資產風險稅前貼現率貼現至現值。

倘估計資產(或現金產生單位)之可收回價值低於其賬面值，則該資產(或現金產生單位)之賬面值須減低至其可收回價值。減值虧損會即時確認於損益內。

倘減值虧損其後撥回，則該資產(或現金產生單位)之賬面值須增加至其經修訂之估計可收回價值，惟所增加之賬面值不得超過就該資產(或現金產生單位)於過往年度並無確認任何減值虧損下而釐定之賬面值。減值虧損撥回會即時確認於損益內。

## 5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make various estimates based on past experience and expectations of the future and other information. The key sources of estimation uncertainty that can significantly affect the carrying amounts of assets and liabilities recognised in the consolidated financial statements within the next financial year are disclosed below.

### Estimate of fair value of an investment property

At the end of the reporting period, investment property is stated at fair value based on the valuation performed by an independent professional valuer. In determining the fair value, the valuer has based on a method of valuation which involves certain estimates. In relying on the valuation report, the management has exercised their judgment and is satisfied that the assumptions used in valuation have reflected the current market conditions. The carrying amount of investment property at 31 December 2016 was HK\$61,798,000 (2015: HK\$46,901,000).

### Estimate of the PRC land appreciation tax ("LAT")

The PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including sales charges, borrowing costs and all property development expenditures.

The Group is subject to land appreciation taxes in the PRC. The details of implementation have been announced by local tax bureaux in certain major cities, however, the Group will not finalise its LAT calculation and payments with local tax bureaux in those cities in the PRC until the relevant properties are sold. Accordingly, significant judgments are required in determining the amount of land appreciation and its related taxes. The Group recognises these liabilities based on management's best estimates according to the understanding of the tax rules. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such determination is made.

## 5. 估計不確定性之主要來源

於應用本集團之會計政策(如附註4所述)時,本公司董事須根據過往經驗、預期未來狀況及其他資料作出各方面之估計。主要於下一個財政年度內可影響綜合財務報表內的資產及負債的確認數額之估計不確定性之主要來源概述如下。

### 投資物業公平值的估計

於報告期末,投資物業按照獨立專業評估師的估值以公平價值計量。在確定公平價值時,估值師採用的估值方法涉及某些估計。在依賴估值報告時,管理層已行使其判斷,並認為估值中使用的假設反映了當前的市場狀況。於2016年12月31日,投資物業之賬面值為61,798,000港元(2015年:46,901,000港元)。

### 中國土地增值稅(「土地增值稅」)估計

中國土地增值稅以30%至60%的累進利率徵收土地價值增值,即物業銷售收入減去可扣除支出,包括銷售費用,借款成本和所有物業開發支出。

本集團在中國須繳納土地增值稅。實施細節已在某些主要城市的地方稅務局公佈,但集團將不會在中國城市的地方稅務局完成土地增值稅計算和付款直至該物業出售時。因此,在確定土地增值金額及其相關稅收方面需要作出重大判斷。本集團根據對稅務規則的理解,根據管理層的最佳估計確認這些負債。如果這些事項的最終稅務結果與最初記錄的金額不同,這種差異將影響作出此類決定的期間的所得稅規定。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

### 5. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

#### Impairment loss on trade receivables

The assessment of the impairment loss on trade receivables of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness of each customer. If the financial conditions of the Group's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. As at 31 December 2016, the carrying value of trade receivables (net of impairment loss) was approximately HK\$53,477,000 (2015: HK\$45,543,000).

#### Write-down of inventories

Management reviews the inventories listing at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in operation. Estimation of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. Where the net realisable value is less than the cost, a material write down may arise. As at 31 December 2016, the carrying amount of inventories (net of allowances) was approximately HK\$231,846,000 (2015: HK\$206,715,000).

#### Recognition of deferred tax

As at 31 December 2016, no deferred tax liabilities have been recognised on the undistributed profits of the group companies in the PRC as the Group plans to retain those profits in the respective entities for their daily operations and future developments. In case there is a change in such plan, additional tax liabilities will arise, which will be recognised in the profit or loss for the period in which the management intends to declare such profits in the foreseeable future or the Group's future development plan is amended, whichever is earlier. Details of the above unrecognised liabilities are set out in note 10.

### 5. 估計不確定性之主要來源(續)

#### 應收貿易款項之減值虧損

本集團應收貿易款項之減值虧損之評估以可收回性、賬齡分析及管理層判斷為基礎。評估該等應收款項之最終變現能力需要進行大量判斷，包括各客戶之現時信譽。倘本集團客戶財務狀況日趨惡化，削弱其付款能力，則須提撥額外撥備。於2016年12月31日，應收貿易款項之賬面值(扣除減值虧損後)約為53,477,000港元(2015: 45,543,000港元)。

#### 存貨跌價撥備

管理層於各個報告期末審閱存貨清單，並對確認為不再適合用於生產之過時及滯銷庫存品進行撥備。撥備乃參照最近期之市場價值就該等已識別存貨計提撥備。當市場價值淨額少於賬面值時，將會產生重大撥備。於2016年12月31日，存貨之賬面值(扣除準備後)約為231,846,000港元(2015: 206,715,000港元)。

#### 遞延稅項的確認

於2016年12月31日，並無為集團於國內企業未匯出的利潤而確認遞延所得稅負債，乃因本集團計劃保留該等企業之利潤作為日常營運及將來發展。若對該等計劃有變，將出現額外所得稅負債，若管理層在可預見的將來有意宣派該等利潤或本集團之將來發展計劃有變，以較早者為準，則該稅項將在當期損益中確認。上述未確認遞延所得稅負債的詳情載於附註10。



## 5. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Company determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model and to understand the cause of fluctuations in the fair value of the assets and liabilities.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of assets. Notes 18 and 41c provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

## 6. REVENUE

All the Group's revenue for the year is derived from manufacture and sales of chemical products.

## 7. SEGMENT INFORMATION

### (a) Operating segments

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM"), being the Chairman of the Company, in order to allocate resources to segments and to assess their performance. The CODM reviews the Group's profit as a whole, which is generated solely from the manufacture and sale of chemical products and determined in accordance with the Group's accounting policies, for performance assessment. Therefore no separate segment information is prepared by the Group.

## 5. 估計不確定性之主要來源(續)

### 公平值計量及估值過程

就財務呈報而言，部份本集團資產及負債乃按公平值計量。本公司董事會就公平值計量釐定合適之估值技術及輸入數據。

於估計資產或負債之公平值時，本集團盡可能使用可觀察市場數據。在並無第一級輸入數據之情況下，本集團委聘第三方合資格估值師進行估值。董事與合資格外聘估值師緊密合作設立所適用之估值技術及輸入數據模式，並了解導致資產及負債公平值波動之原因。

本集團採用包括並非根據可觀察市場數據之輸入數據之估值技術估計若干類別之金融工具之公平值。附註18及41c提供有關釐定不同資產及負債之公平值所用之估值技術、輸入數據及主要假設之詳細資料。

## 6. 收入

本集團年內所有收入均源自製造及銷售化工產品。

## 7. 分部資料

### (a) 經營分部

香港財務報告準則第8號規定經營分部應以內部報告有關本集團的構成要素作分類，而本集團主要營運決策人(「主要營運決策人」)，即本公司主席定期檢閱內部報告，以作出資源分配及評核分部表現。主要營運決策人檢討本集團的整體溢利，而本集團溢利僅來自生產及銷售化工產品，並按照本集團的會計政策評估表現。因此，本集團並無編製任何單獨的分部資料。



## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

## 7. SEGMENT INFORMATION (CONTINUED)

## (b) Geographical information

All the Group's revenue from external customers is derived from the PRC for both years.

Information about the Group's non-current assets is presented based on the geographical location of the assets.

## 7. 分部資料(續)

## (b) 地區資料

本集團兩個年度所有來自外部客戶之收入均源自中國。

有關本集團非流動資產的資料，是根據資產的地理位置呈列。

|                              |          | Non-current assets<br>非流動資產 |                         |
|------------------------------|----------|-----------------------------|-------------------------|
|                              |          | 2016<br>HK\$'000<br>千港元     | 2015<br>HK\$'000<br>千港元 |
| The PRC other than Hong Kong | 中國(香港除外) | 3,833,574                   | 3,659,410               |
| Hong Kong                    | 香港       | 7,098                       | —                       |
|                              |          | <b>3,840,672</b>            | <b>3,659,410</b>        |

## (c) Revenue from major products

The following is an analysis of the Group's revenue from its major products:

## (c) 主要產品收入

本集團的主要產品收入分析如下：

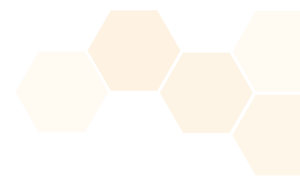
|                         |       | 2016<br>HK\$'000<br>千港元 | 2015<br>HK\$'000<br>千港元 |
|-------------------------|-------|-------------------------|-------------------------|
| Chloromethane products  | 甲烷氯化物 | 543,825                 | 644,856                 |
| Caustic soda            | 燒鹼    | 887,132                 | 743,113                 |
| Hydrogen peroxide       | 過氧化氫  | 64,844                  | 142,317                 |
| Fluorochemical products | 氟化工產品 | 262,249                 | 96,598                  |
| Others                  | 其他    | 55,801                  | 78,995                  |
|                         |       | <b>1,813,851</b>        | <b>1,705,879</b>        |

## (d) Information about major customers

No customer contributed over 10% of the total revenue of the Group in both years.

## (d) 主要客戶資料

兩個年度均無化工產品銷售客戶的相應收入超過本集團總收入的10%。



## 8. OTHER INCOME

## 8. 其他收入

|                          |          | <b>2016</b>     | 2015     |
|--------------------------|----------|-----------------|----------|
|                          |          | <b>HK\$'000</b> | HK\$'000 |
|                          |          | 千港元             | 千港元      |
| Bank interest income     | 銀行利息收入   | <b>2,112</b>    | 15,579   |
| Government grants (note) | 政府補貼(附註) | <b>43,383</b>   | 39,790   |
| Scrap sales              | 廢品收入     | <b>4,203</b>    | 7,604    |
| Others                   | 其他       | <b>37,344</b>   | 21,792   |
|                          |          | <b>87,042</b>   | 84,765   |

note: The Group recognises these grants as other income upon receipt.

附註：本集團於收到該等補貼時予以入賬。

## 9. OTHER GAIN AND LOSSES

## 9. 其他收益及虧損

|   |                 | <b>2016</b>     | 2015     |
|---|-----------------|-----------------|----------|
|   |                 | <b>HK\$'000</b> | HK\$'000 |
|   |                 | 千港元             | 千港元      |
| Gain from change in fair value of an investment property                | 投資物業公平值變動之收益    | <b>18,633</b>   | -        |
| Net loss from changes in fair value of derivative financial instruments | 衍生金融工具公平值變動之淨虧損 | <b>(84)</b>     | (670)    |
| Loss on disposal of property, plant and equipment                       | 處置物業、廠房及設備損失    | <b>(1,226)</b>  | (420)    |
| Write-off of property, plant and equipment                              | 註銷物業、廠房及設備      | <b>(9,221)</b>  | -        |
|   |                 | <b>8,102</b>    | (1,090)  |

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## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

## 10. INCOME TAX EXPENSE

## 10. 所得稅支出

|                                      |          | 2016<br>HK\$'000<br>千港元 | 2015<br>HK\$'000<br>千港元 |
|--------------------------------------|----------|-------------------------|-------------------------|
| The charge comprises:                | 支出包括：    |                         |                         |
| Current tax:                         | 本期稅項：    |                         |                         |
| PRC Enterprise Income Tax ("EIT")    | 中國企業所得稅  | 95,834                  | 62,034                  |
| Withholding tax on dividend income   | 股息收入預扣稅  | 13,123                  | 24,550                  |
| Other jurisdiction                   | 其他司法地區   | 34                      | 36                      |
| Under(over)provision in prior years: | 以前年度少計提： |                         |                         |
| EIT                                  | 中國企業所得稅  | 7,362                   | (878)                   |
| Deferred tax expenses:               | 遞延稅項：    |                         |                         |
| Current year                         | 本年度遞延稅   | 7,402                   | 524                     |
|                                      |          | <b>123,755</b>          | <b>86,266</b>           |

The Group's major business is in the PRC. Under the Law of the PRC on EIT and its Implementation Regulation, the tax rate of the PRC subsidiaries is 25%.

For the years ended 31 December 2015 and 2016, Jiangsu L&M was entitled to a reduced EIT rate of 15% as it has been qualified as a High and New Technology Enterprise.

Taxation arising in other jurisdiction is calculated at the rate prevailing in the relevant jurisdiction.

No provision for Hong Kong Profits Tax is made for both years since there is no assessable profit for both years.

本集團的主要業務位於中國。根據中國企業所得稅法及企業所得稅法實施條例，中國附屬公司之稅率為25%。

於截至2015年及2016年12月31日止年度，因江蘇理文化工有限公司取得高新科技企業資格，所以享有較低之15%企業所得稅率。

其他司法權區之稅項乃按有關司法權區之課稅率而計算。

由於該兩個年度並無應評稅利潤，故無提撥香港利得稅。

## 10. INCOME TAX EXPENSE (CONTINUED)

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

|   |                              | <b>2016</b><br><b>HK\$'000</b><br>千港元 | 2015<br>HK\$'000<br>千港元 |
|---|------------------------------|---------------------------------------|-------------------------|
| Profit before tax   | 除稅前溢利                        | <b>339,950</b>                        | 355,944                 |
| Tax at the domestic income tax rate of 25%<br>(2015: 25%)                       | 按本地所得率25%之稅項<br>(2015 : 25%) | <b>84,988</b>                         | 88,986                  |
| LAT   | 土地增值稅                        | <b>11,180</b>                         | -                       |
| Tax effect of LAT   | 土地增值稅之稅務影響                   | <b>(2,795)</b>                        | -                       |
| Tax effect of share of loss of joint ventures                                   | 應佔合營企業虧損之<br>稅務影響            | <b>136</b>                            | 604                     |
| Tax effect of expenses not deductible in<br>determining taxable profit          | 釐定應課稅溢利時不可扣稅支出之<br>稅務影響      | <b>36,153</b>                         | 25,504                  |
| Tax effect of income not taxable in determining<br>taxable profit               | 釐定應課稅溢利時毋須應課稅收入<br>之稅務影響     | <b>(6,144)</b>                        | (946)                   |
| Effect of concessionary rate granted to a PRC<br>subsidiary                     | 中國附屬公司獲優惠稅率之影響               | <b>(36,172)</b>                       | (41,058)                |
| Effect of different tax rate of a subsidiary<br>operating in other jurisdiction | 其他司法權區的稅率差異之影響               | <b>15,424</b>                         | 9,740                   |
| Under(over)provision in respect of prior year                                   | 以前年度少(多)計提                   | <b>7,362</b>                          | (878)                   |
| Utilisation of tax losses previously not<br>recognised                          | 使用之前未確認的稅項虧損                 | -                                     | (20,760)                |
| Utilisation of other deductible temporary<br>difference previously recognised   | 使用之前確認的其他可抵扣<br>暫時性差異        | <b>500</b>                            | 524                     |
| Withholding tax on dividend income  | 股息收入預提所得稅                    | <b>13,123</b>                         | 24,550                  |
| Income tax expense for the year   | 年內所得稅支出                      | <b>123,755</b>                        | 86,266                  |

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK\$2,046,637,000 (2015: HK\$2,041,149,000) as the directors believe that the Company is able to control the timing of the distribution by its subsidiaries.

## 10. 所得稅支出(續)

年內稅項開支與綜合損益及其他全面收益表所列除稅前利潤對賬如下：

根據國內企業所得稅法，預提所得稅乃自2008年1月1日起按國內附屬公司之溢利而宣派的股息徵收。在綜合財務報表內並未就國內附屬公司之可派發的累計溢利2,046,637,000港元(2015：2,041,149,000港元)預提遞延所得稅，因董事相信本公司有能力控制其附屬公司的派發時間。

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

## 10. INCOME TAX EXPENSE (CONTINUED)

The following are the major deferred tax (assets) liabilities recognised and movement thereon during the current and prior reporting period:

## 10. 所得稅支出(續)

以下為主要遞延稅項(資產)負債於年內及去年期間確認及變動：

|   |              | Revaluation<br>of investment<br>property<br>投資物業<br>之重估<br>HK\$'000<br>千港元 | Unrealised<br>profit in<br>respect<br>of unsold<br>inventories<br>between<br>subsidiaries<br>of the Group<br>關於集團<br>附屬公司間<br>未出售存貨之<br>未實現利潤<br>HK\$'000<br>千港元 | Deferred<br>income in<br>respect of<br>subsidy<br>received for<br>acquisition of<br>prepaid lease<br>payments<br>關於預付<br>租地款收取<br>補貼之<br>遞延收益<br>HK\$'000<br>千港元 | Total<br>合計<br>HK\$'000<br>千港元 |
|---|--------------|--|--|--|--------------------------------|
| At 1 January 2015                       | 於2015年1月1日   | –  | –  | (25,349)   | (25,349)                       |
| Charged to profit or loss               | 計入損益         | –  | –  | 524  | 524                            |
| Exchange realignment                    | 匯兌調整         | –  | –  | 1,045  | 1,045                          |
| At 31 December 2015                     | 於2015年12月31日 | –  | –  | (23,780)   | (23,780)                       |
| Charged (credited) to<br>profit or loss | 計入損益         | 8,385  | (1,483)  | 500  | 7,402                          |
| Exchange realignment                    | 匯兌調整         | (377)  | –  | 1,446  | 1,069                          |
| At 31 December 2016                     | 於2016年12月31日 | 8,008  | (1,483)  | (21,834)   | (15,309)                       |

## 11. PROFIT FOR THE YEAR

## 11. 年內溢利

|  |                        | 2016<br>HK\$'000<br>千港元            | 2015<br>HK\$'000<br>千港元 |
|--|------------------------|------------------------------------|-------------------------|
| Profit for the year has been arrived at after charging:                                    | 年內溢利已扣除：               |                                    |                         |
| Directors' emoluments (note 14)  | 董事薪酬(附註14)             | 11,261                             | 9,483                   |
| Other staff costs:   | 其他職員成本：                |                                    |                         |
| Salaries and other benefits (excluding directors)  | 薪金及其他福利 (董事除外)         | 150,084                            | 127,442                 |
| Retirement benefit schemes contributions (excluding directors)                             | 退休福利計劃供款 (董事除外)        | 10,642                             | 15,684                  |
| Total staff costs  | 員工成本總額                 | <b>171,987</b>                     | 152,609                 |
| Finance costs:   | 融資成本：                  |                                    |                         |
| Interest on bank borrowings  | 利息支出－須於五年內全部償還之銀行借款    | 68,452                             | 57,900                  |
| Less: amounts capitalised to property, plant and equipment (note)                          | 減：於物業、廠房及設備資本化之金額(附註)  | <b>(44,065)</b>                    | (41,763)                |
|  |                        | <b>24,387</b>                      | 16,137                  |
| Net adjustment on interest rate swaps designated as cash flow hedges of floating rate debt | 作浮息借款現金流對沖之利息掉期合約之調整淨額 | 416                                | 1,847                   |
|  |                        | <b>24,803</b>                      | 17,984                  |
| Auditors' remuneration   | 核數師酬金：                 |                                    |                         |
| – Audit services   | – 審計服務                 | 1,456                              | 1,381                   |
| – Non-audit services   | – 非審計服務                | 175                                | 169                     |
| Cost of inventories recognised as expenses   | 已確認為支出的存貨成本            | <b>1,155,893</b>                   | 1,030,707               |
| Depreciation of property, plant and equipment  | 物業、廠房及設備之折舊            | <b>221,086</b>                     | 183,476                 |
| Amortisation of prepaid lease payments   | 預付租賃款項攤銷               | <b>2,668</b>                       | 2,294                   |
| Amortisation of intangible assets included in cost of sales                                | 計入銷貨成本之無形資產攤銷          | <b>1,156</b>                       | 1,206                   |
| Total depreciation and amortisation Capitalised in inventories                             | 折舊及攤銷合計已計入存貨之金額        | <b>224,910</b><br><b>(198,385)</b> | 186,976<br>(158,754)    |
|  |                        | <b>26,525</b>                      | 28,222                  |

note: Certain borrowing costs capitalised during the year arose from the general borrowings and were calculated by applying a capitalisation rate of 3.28% (2015: 2.75%) per annum to expenditures on qualifying assets.

附註：本年度部分資本化的借貸成本由一般借款產生，採用符合資本化條件的資產支出按每年資本化率3.28%(2015年：2.75%)計算。



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## 12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the profit for the year of HK\$216,195,000 (2015: HK\$269,678,000) and 825,000,000 (2015: 825,000,000) shares in issue during the year.

The computation of diluted earnings per share for 2015 did not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares in that year.

No diluted earnings per share for 2016 were presented as there were no potential ordinary shares in issue for 2016.

## 12. 每股盈利

每股基本及攤薄盈利乃按年內溢利216,195,000港元(2015: 269,678,000港元)及825,000,000股(2015: 825,000,000股)作計算。

2015年每股攤薄盈利的計算並不假設行使本公司的購股權，因為該等期權的行使價高於當年股份的平均市價。

由於2016年沒有發行潛在普通股，因此2016年無攤薄每股收益。

## 13. DIVIDENDS

|   |                           |
|---|---------------------------|
| Dividends recognised as distributions during the year:                      | 年內已確認分派之股息：               |
| Final dividend of HK5 cents per share for the year ended 31 December 2015   | 截至2015年12月31日止年度末期股息每股5港仙 |
| Interim dividend of HK5 cents per share for the year ended 31 December 2016 | 截至2016年12月31日止年度中期股息每股5港仙 |
| Final dividend of HK8 cents per share for the year ended 31 December 2014   | 截至2014年12月31日止年度末期股息每股8港仙 |
| Interim dividend of HK7 cents per share for the year ended 31 December 2015 | 截至2015年12月31日止年度中期股息每股7港仙 |

A final dividend of HK4 cents (2015: HK5 cents) per share amounting to HK\$33,000,000 (2015: HK\$41,250,000) in respect of the year ended 31 December 2016 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

## 13. 股息

|   | 2016<br>HK\$'000<br>千港元 | 2015<br>HK\$'000<br>千港元 |
|---|-------------------------|-------------------------|
| Final dividend of HK5 cents per share for the year ended 31 December 2015   | 41,250                  | —                       |
| Interim dividend of HK5 cents per share for the year ended 31 December 2016 | 41,250                  | —                       |
| Final dividend of HK8 cents per share for the year ended 31 December 2014   | —                       | 66,000                  |
| Interim dividend of HK7 cents per share for the year ended 31 December 2015 | —                       | 57,750                  |
|   | <b>82,500</b>           | <b>123,750</b>          |

董事會已建議派發截至2016年12月31日止年度之末期股息每股4港仙(2015: 5港仙)共33,000,000港元(2015: 41,250,000港元)，惟須待股東於即將舉行之週年大會上批准。

#### 14. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS

The emoluments paid or payable to each of the 8 (2015: 7) directors and chief executive officer were as follows:

#### 14. 董事及首席執行官酬金

已付或應付予8位(2015: 7位)董事及首席執行官之酬金如下:

|  |                         | Other emoluments<br>其他酬金          |  |                                    |               |  |
|--|-------------------------|-----------------------------------|--|------------------------------------|---------------|--|
|  |                         | Salaries<br>and other<br>benefits | Contributions<br>to retirement<br>benefit<br>schemes | Discretionary<br>bonus<br>payments | Total         |  |
|  |                         | 薪金及<br>其他福利                       | 退休福利<br>計劃供款   | 酌情<br>獎金支付                         | 合計            |  |
|  |                         | HK\$'000                          | HK\$'000   | HK\$'000                           | HK\$'000      |  |
|  |                         | 千港元                               | 千港元  | 千港元                                | 千港元           |  |
|  |                         |                                   |  | (note iii)<br>(附註iii)              |               |  |
| <b>Year ended 31.12.2016</b>               | <b>截至2016年12月31日止年度</b> |                                   |  |                                    |               |  |
| <i>Executive directors</i>                 | <i>執行董事</i>             |                                   |  |                                    |               |  |
| Wai Siu Kee                                | 衛少琦                     | 960                               | 1,200  | -                                  | 2,000         |  |
| Lee Man Yan                                | 李文恩                     | 960                               | 1,140  | -                                  | -             |  |
| Yang Zuo Ning                              | 楊作寧                     | -                                 | 825  | -                                  | -             |  |
| Chan Albert Sun Chi (note i)               | 陳新滋(附註i)                | -                                 | 3,232  | -                                  | -             |  |
| Wong Yuet Ming (note ii)                   | 王月明(附註ii)               | -                                 | 484  | 10                                 | -             |  |
| <i>Independent non-executive directors</i> | <i>獨立非執行董事</i>          |                                   |  |                                    |               |  |
| Wan Chi Keung, Aaron JP                    | 尹志強                     | 150                               | -  | -                                  | -             |  |
| Wong Kai Tung, Tony                        | 王啟東                     | 150                               | -  | -                                  | -             |  |
| Heng Victor Ja Wei                         | 邢家維                     | 150                               | -  | -                                  | -             |  |
|  |                         | <b>2,370</b>                      | <b>6,881</b>   | <b>10</b>                          | <b>2,000</b>  |  |
|  |                         |                                   |  |                                    | <b>11,261</b> |  |

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## 14. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS (CONTINUED) 14. 董事及首席執行官酬金(續)

|  |                         | Other emoluments            |                               |                              |  |                 |
|--|-------------------------|-----------------------------|-------------------------------|------------------------------|--|-----------------|
|  |                         | 其他酬金                        |                               |                              |  |                 |
|  |                         | Contributions               |                               |                              |  |                 |
|  |                         | Salaries and other benefits | to retirement benefit schemes | Discretionary bonus payments |  |                 |
|  |                         | 薪金及<br>其他福利                 | 退休福利<br>計劃供款                  | 其他表現<br>相關獎金                 |  | Total           |
|  |                         | Fees袍金                      |                               |                              |  | 合計              |
|  |                         | HK\$'000<br>千港元             | HK\$'000<br>千港元               | HK\$'000<br>千港元              | HK\$'000<br>千港元<br>(note iii)<br>(附註iii) | HK\$'000<br>千港元 |
| <b>Year ended 31.12.2015</b>               | <b>截至2015年12月31日止年度</b> |                             |                               |                              |  |                 |
| <i>Executive directors</i>                 | <i>執行董事</i>             |                             |                               |                              |  |                 |
| Wai Siu Kee                                | 衛少琦                     | 960                         | 1,200                         | –                            | 3,000                                    | 5,160           |
| Lee Man Yan                                | 李文恩                     | 960                         | 1,194                         | –                            | –  | 2,154           |
| Yang Zuo Ning                              | 楊作寧                     | –                           | 930                           | –                            | –  | 930             |
| Wong Yuet Ming                             | 王月明                     | –                           | 804                           | 18                           | –  | 822             |
| <i>Independent non-executive directors</i> | <i>獨立非執行董事</i>          |                             |                               |                              |  |                 |
| Wan Chi Keung, Aaron JP                    | 尹志強                     | 139                         | –                             | –                            | –  | 139             |
| Wong Kai Tung, Tony                        | 王啟東                     | 139                         | –                             | –                            | –  | 139             |
| Heng Victor Ja Wei                         | 邢家維                     | 139                         | –                             | –                            | –  | 139             |
|  |                         | <u>2,337</u>                | <u>4,128</u>                  | <u>18</u>                    | <u>3,000</u>                             | <u>9,483</u>    |

The executive directors' and non-executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group and for their services as directors of the Company respectively.

notes:

- (i) Professor Chan Albert Sun Chi was appointed as executive director on 9 May 2016.
- (ii) Ms. Wong Yuet Ming resigned as executive director on 5 August 2016.
- (iii) Other performance related incentive payments were determined with regards to individual performance. Neither the chief executive officer nor any of the directors waived any emoluments in both years.

上述執行董事及獨立非執行董事之酬金主要就他們分別為本公司及本集團管理事務及作為本公司董事的服務酬金。

附註：

- (i) 陳新滋教授於2016年5月9日獲委任為執行董事。
- (ii) 王月明女士於2016年8月5日辭任執行董事。
- (iii) 根據個人績效確定其他與績效相關的獎勵支付。首席執行官或任何董事均沒有在該兩年內放棄任何薪酬。

## 15. FIVE HIGHEST PAID INDIVIDUALS

Of the five highest paid individuals of the Group during the year, one became a director of the Company on 9 May 2016. The table below includes his remuneration up to the date of his appointment as a director and remuneration relating to the post-appointment period as included in note 14 above.

|  |          | <b>2016</b>     | 2015     |
|--|----------|-----------------|----------|
|  |          | <b>HK\$'000</b> | HK\$'000 |
|  |          | 千港元             | 千港元      |
| Fees   | 袍金       | <b>1,920</b>    | 1,920    |
| Salaries and other benefits                  | 薪金及其他福利  | <b>10,994</b>   | 5,439    |
| Contributions to retirement benefits schemes | 退休福利計劃供款 | <b>18</b>       | 18       |
| Discretionary bonus payments                 | 酌情獎金支出   | <b>2,000</b>    | 3,000    |
|  |          | <b>14,932</b>   | 10,377   |

Their remuneration fell within the following bands:

其薪酬於以下範圍：

|                                |                             | <b>2016</b>      | 2015        |
|--------------------------------|-----------------------------|------------------|-------------|
|                                |                             | <b>Number of</b> | Number of   |
|                                |                             | individuals      | individuals |
|                                |                             | 人數               | 人數          |
| Not exceeding HK\$1,000,000    | 不超過HK\$1,000,000            | <b>1</b>         | 2           |
| HK\$1,000,001 to HK\$1,500,000 | HK\$1,000,001至HK\$1,500,000 | <b>1</b>         | 1           |
| HK\$2,000,001 to HK\$2,500,000 | HK\$2,000,001至HK\$2,500,000 | <b>1</b>         | 1           |
| HK\$4,000,001 to HK\$4,500,000 | HK\$4,000,001至HK\$4,500,000 | <b>1</b>         | –           |
| HK\$5,000,001 to HK\$5,500,000 | HK\$5,000,001至HK\$5,500,000 | <b>–</b>         | 1           |
| HK\$6,500,001 and above        | HK\$6,500,001及以上            | <b>1</b>         | –           |
|                                |                             | <b>5</b>         | 5           |

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## 16. PROPERTY, PLANT AND EQUIPMENT

## 16. 物業、廠房及設備

|                         |              | Leasehold<br>land and<br>buildings<br>and<br>leasehold<br>improvements | Furniture<br>fixtures and<br>equipment | Motor<br>vehicles | Plant and<br>machinery | Construction<br>in progress | Total<br>合計 |
|-------------------------|--------------|--|--|-------------------|------------------------|-----------------------------|-------------|
|                         |              | 租賃土地及<br>建築物<br>租賃改良物  | 傢俬、裝置<br>及設備                           | 汽車                | 廠房及機器                  | 在建工程                        | 合計          |
|                         |              | HK\$'000   | HK\$'000                               | HK\$'000          | HK\$'000               | HK\$'000                    | HK\$'000    |
|                         |              | 千港元  | 千港元                                    | 千港元               | 千港元                    | 千港元                         | 千港元         |
| <b>COST</b>             | <b>成本</b>    |  |  |                   |                        |                             |             |
| At 1 January 2015       | 於2015年1月1日   | 332,649  | 16,720                                 | 13,877            | 2,181,508              | 1,039,005                   | 3,583,759   |
| Exchange realignment    | 匯兌調整         | (23,006)   | (780)                                  | (598)             | (94,201)               | (71,161)                    | (189,746)   |
| Additions               | 添置           | 21,217   | 1,911                                  | 679               | 16,526                 | 665,925                     | 706,258     |
| Disposals               | 出售           | –  | (3)                                    | (798)             | (959)                  | –                           | (1,760)     |
| Transfer                | 轉撥           | –  | 110                                    | –                 | 56,976                 | (57,086)                    | –           |
|                         |              |  |  |                   |                        |                             |             |
| At 31 December 2015     | 於2015年12月31日 | 330,860  | 17,958                                 | 13,160            | 2,159,850              | 1,576,683                   | 4,098,511   |
| Exchange realignment    | 匯兌調整         | (26,344)   | (1,487)                                | (964)             | (199,628)              | (43,516)                    | (271,939)   |
| Additions               | 添置           | 7,157  | 3,275                                  | 3,417             | 35,614                 | 419,409                     | 468,872     |
| Disposals               | 出售           | –  | (378)                                  | (965)             | (1,487)                | (647)                       | (3,477)     |
| Written off             | 註銷           | –  | –                                      | –                 | (16,203)               | –                           | (16,203)    |
| Transfer                | 轉撥           | 125,595  | 4,755                                  | –                 | 1,506,713              | (1,637,063)                 | –           |
|                         |              |  |  |                   |                        |                             |             |
| At 31 December 2016     | 於2016年12月31日 | 437,268  | 24,123                                 | 14,648            | 3,484,859              | 314,866                     | 4,275,764   |
| <b>DEPRECIATION</b>     | <b>折舊</b>    |  |  |                   |                        |                             |             |
| At 1 January 2015       | 於2015年1月1日   | 25,647   | 4,785                                  | 5,711             | 618,071                | –                           | 654,214     |
| Provided for the year   | 本年撥備         | 14,977   | 2,938                                  | 2,389             | 163,172                | –                           | 183,476     |
| Exchange realignment    | 匯兌調整         | (1,548)  | (294)                                  | (299)             | (31,122)               | –                           | (33,263)    |
| Elimination on disposal | 出售時對銷        | –  | (1)                                    | (584)             | (372)                  | –                           | (957)       |
|                         |              |  |  |                   |                        |                             |             |
| At 31 December 2015     | 於2015年12月31日 | 39,076   | 7,428                                  | 7,217             | 749,749                | –                           | 803,470     |
| Provided for the year   | 本年撥備         | 17,013   | 3,604                                  | 2,403             | 198,066                | –                           | 221,086     |
| Exchange realignment    | 匯兌調整         | (3,206)  | (610)                                  | (545)             | (55,037)               | –                           | (59,398)    |
| Elimination on disposal | 出售時對銷        | –  | (329)                                  | (453)             | (1,298)                | –                           | (2,080)     |
| Written off             | 註銷           | –  | –                                      | –                 | (6,982)                | –                           | (6,982)     |
|                         |              |  |  |                   |                        |                             |             |
| At 31 December 2016     | 於2016年12月31日 | 52,883   | 10,093                                 | 8,622             | 884,498                | –                           | 956,096     |
| <b>CARRYING VALUE</b>   | <b>賬面值</b>   |  |  |                   |                        |                             |             |
| At 31 December 2016     | 於2016年12月31日 | 384,385  | 14,030                                 | 6,026             | 2,600,361              | 314,866                     | 3,319,668   |
|                         |              |  |  |                   |                        |                             |             |
| At 31 December 2015     | 於2015年12月31日 | 291,784  | 10,530                                 | 5,943             | 1,410,101              | 1,576,683                   | 3,295,041   |

**16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

|   |           |
|---|-----------|
| Leasehold land and buildings and leasehold improvements | 5% – 7.5% |
| Furniture, fixtures and equipment                       | 20%       |
| Motor vehicles  | 25%       |
| Plant and machinery                                     | 5% – 20%  |

The carrying values of the Group's leasehold land and buildings represent buildings on land under medium-term land use rights in the PRC and leasehold land and building located in Hong Kong.

As at 31 December 2016, the carrying amount of buildings includes an amount of HK\$17,164,000 (2015: HK\$19,311,000) shared from a joint operation as set out in note 31 to the consolidated financial statements.

**17. PREPAID LEASE PAYMENTS**

The Group's prepaid lease payments comprise leasehold land in the PRC under medium-term lease.

Analysed for reporting purposes as: 分析呈報如下：

|                   |       |
|-------------------|-------|
| Non-current asset | 非流動資產 |
| Current asset     | 流動資產  |

*Note:* As at 31 December 2016, government grants in respect of acquisition of prepaid lease payments with an aggregate amount of HK\$118,065,000 (2015: HK\$128,560,000) was deducted from the carrying amount of prepaid lease payments.

As at 31 December 2016, the carrying amount of prepaid lease payments includes an amount of HK\$2,390,000 (2015: HK\$2,604,000) shared from a joint operation.

**16. 物業、廠房及設備(續)**

上述物業、廠房及設備項目乃以直線法按下列年率折舊：

|          |           |
|----------|-----------|
| 樓宇及租賃改良  | 5% – 7.5% |
| 傢俬、裝置及設備 | 20%       |
| 汽車       | 25%       |
| 廠房及機器    | 5% – 20%  |

本集團物業權益的賬面值指在中國境內享有中期土地使用權土地上的建築物。

截至2016年12月31日止，樓宇之賬面金額包括了合營業務中應佔之17,164,000港元(2015：19,311,000港元)，詳情載於綜合財務報表附註31。

**17. 預付租賃款項**

本集團之預付租賃款項是指中國境內之中期租賃土地。

|                                     |  | <b>2016</b>     | 2015     |
|-------------------------------------|--|-----------------|----------|
|                                     |  | <b>HK\$'000</b> | HK\$'000 |
|                                     |  | 千港元             | 千港元      |
| Analysed for reporting purposes as: |  |                 |          |
| Non-current asset                   |  | <b>112,496</b>  | 122,609  |
| Current asset                       |  | <b>3,022</b>    | 3,222    |
|                                     |  | <b>115,518</b>  | 125,831  |

*附註：*於2016年12月31日，政府補貼有關收購之預付租賃款項總額為118,065,000港元(2015年：128,560,000港元)已由預付租賃賬面值中扣除。

截至2016年12月31日止，預付租賃款項之賬面金額包括了合營業務中應佔之2,390,000港元(2015：2,604,000港元)。



## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

## 18. INVESTMENT PROPERTY

## 18. 投資物業

| <b>FAIR VALUE</b>                                      | <b>成本</b>    | <b>Investment property</b> |
|--|--------------|----------------------------|
|  |              | <b>投資物業</b>                |
|  |              | HK\$'000                   |
|  |              | 千港元                        |
| At 1 January 2015                                      | 於2015年1月1日   | 48,953                     |
| Exchange realignment                                   | 匯兌調整         | <u>(2,052)</u>             |
| At 31 December 2015                                    | 於2015年12月31日 | 46,901                     |
| Gain on fair value change recognised in profit or loss | 公平值變動收益計入損益  | 18,633                     |
| Exchange realignment                                   | 匯兌調整         | <u>(3,736)</u>             |
| At 31 December 2016                                    | 於2016年12月31日 | <u>61,798</u>              |

The Group's property interest held under operating lease for capital appreciation purpose is measured using the fair value model and are classified and accounted for as an investment property.

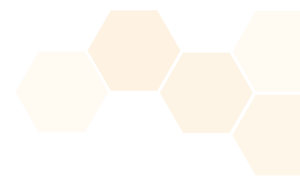
本集團以資本增值目的經營租賃所持有的房地產權益，採用公平價值模式計量，分類計入投資性房地產。

The fair values of the Group's investment property as at 31 December 2016 and 2015 have been arrived at on the basis of a valuation carried out on the respective dates by Asset Appraisal Limited, an independent qualified professional valuer not connected to the Group. Asset Appraisal Limited is a member of The Hong Kong Institute of Surveyors. The valuation was determined by adopting market approach, which uses prices and other relevant information generated by market transactions involving comparable properties. In estimating the fair value of the property, the highest and best use of the property is its current use.

本集團於2016年及2015年12月31日之投資物業之公平值乃根據資產評估有限公司(一與本集團無關之獨立合資格專業估值師)於各自日期進行之估值而釐定。資產評估有限公司是香港測量師學會的會員。估價是通過採用市場法來確定的，市場法使用價格和其他相關信息通過市場交易產生的相關物業。在釐定物業的公平價值時，物業的最高和最佳使用是其當前的使用。

The investment property is a piece of land of undetermined use in the PRC categorised into Level 3 of the fair value hierarchy in both years. One of the key inputs used in valuing the investment property was the sales prices of the properties nearby the Group's investment property which ranged from RMB983/M<sup>2</sup> to RMB1,284/M<sup>2</sup>. The estimated price of the Group's investment property is taken as RMB1,074/M<sup>2</sup>. An increase in the sales prices would result in an increase in fair value measurement of the investment property and vice versa.

投資物業是指在中華人民共和國境內未確定使用的一塊土地，分類為兩年中公平價值層級的第3級。估值投資物業的主要投入之一是集團投資物業附近物業的銷售價格，從每平方米人民幣983元到每平方米人民幣1,284元。本集團投資物業的估值為每平方米人民幣1,074元。銷售價格的增加將導致投資物業的公平價值估算增加，反之亦然。



## 19. INTANGIBLE ASSETS

## 19. 無形資產

|                       |                     | <b>Technical<br/>knowhow</b><br>技術知識<br>HK\$'000<br>千港元 |
|-----------------------|---------------------|---|
| <b>COST</b>           |                     |   |
| At 1 January 2015     | 成本<br>於2015年1月1日    | 12,188  |
| Currency realignment  | 匯兌調整                | <u>(511)</u>  |
| At 31 December 2015   | 於2015年12月31日        | 11,677  |
| Currency realignment  | 匯兌調整                | <u>(722)</u>  |
| At 31 December 2016   | 於2016年12月31日        | <u>10,955</u>   |
| <b>AMORTISATION</b>   |                     |   |
| At 1 January 2015     | 攤銷<br>於2015年1月1日    | 7,243   |
| Provided for the year | 本年度攤銷               | 1,206   |
| Currency realignment  | 匯兌調整                | <u>(342)</u>  |
| At 31 December 2015   | 於2015年12月31日        | 8,107   |
| Provided for the year | 本年度攤銷               | 1,156   |
| Currency realignment  | 匯兌調整                | <u>(562)</u>  |
| At 31 December 2016   | 於2016年12月31日        | <u>8,701</u>  |
| <b>CARRYING VALUE</b> |                     |   |
| At 31 December 2016   | 賬面值<br>於2016年12月31日 | <u>2,254</u>  |
| At 31 December 2015   | 於2015年12月31日        | <u>3,570</u>  |

The technical knowhow was acquired from third parties. It is amortised on a straight-line basis over its estimated useful life of ten years.

有關技術知識乃購自第三方。於十年之估計使用年限內，按直線法攤銷。

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

## 20. INTERESTS IN JOINT VENTURES

## 20. 合營企業之權益

|  |              | 2016<br>HK\$'000<br>千港元 | 2015<br>HK\$'000<br>千港元 |
|--|--------------|-------------------------|-------------------------|
| Cost of unlisted investments in joint ventures | 非上市合營企業之投資成本 | 24,177                  | 24,177                  |
| Exchange realignment                           | 匯兌調整         | (1,916)                 | 4                       |
| Share of loss and other comprehensive expense  | 應佔虧損及其他全面支出  | (5,568)                 | (5,023)                 |
|  |              | <b>16,693</b>           | <b>19,158</b>           |

Details of each of the Group's joint ventures at the end of the reporting period are as follows:

截至報告期末，本集團於每間合營企業的詳情載列如下：

| Name of entity<br>實體名稱   | Form of entity ventures<br>合營企業<br>實體之形式 | Place of establishment/<br>incorporation<br>成立地點 | Class of shares held<br>所持股票<br>類型 | Proportion of issued and fully paid up capital indirectly held by the Group<br>本集團<br>間接持有的已發行及<br>繳足資本比例 |      | Principal activity<br>主要業務             |
|--|--|--|------------------------------------|---|------|--|
|  |  |  |                                    | 2016  | 2015 |  |
| 常熟東港置業有限公司   | Limited incorporated<br>有限公司成立           | PRC<br>中國  | Registered capital<br>註冊資本         | <b>40%</b>  | 40%  | Provision of port facilities<br>提供港口設施 |
| Southern Hill Company Limited<br>南峰有限公司                                      | Limited incorporated<br>有限公司成立           | Hong Kong<br>香港                                  | Ordinary<br>普通股                    | <b>50%</b>  | 50%  | Investment holding<br>投資控股             |
| <i>Wholly owned subsidiary of Southern Hill Company Limited:<br/>其全資附屬公司</i> |  |  |                                    |   |      |  |
| Ruichang Lee & Man Logistics Company Limited ("Ruichang L&M")<br>瑞昌理文物流有限公司  | Limited incorporated<br>有限公司成立           | PRC<br>中國  | Registered Capital<br>註冊資本         | <b>50%</b>  | 50%  | Provision of port facilities<br>提供港口設施 |

**20. INTERESTS IN JOINT VENTURES (CONTINUED)**

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

**常熟東港置業有限公司**

|                     |       | <b>2016</b>     | 2015     |
|---------------------|-------|-----------------|----------|
|                     |       | <b>HK\$'000</b> | HK\$'000 |
|                     |       | 千港元             | 千港元      |
| Current assets      | 流動資產  | <b>3,703</b>    | 6,120    |
| Non-current assets  | 非流動資產 | <b>71,886</b>   | 79,841   |
| Current liabilities | 流動負債  | <b>(33,856)</b> | (38,066) |

The above amounts of assets and liabilities include the following:

|   |                         | <b>2016</b>     | 2015     |
|---|-------------------------|-----------------|----------|
|   |                         | <b>HK\$'000</b> | HK\$'000 |
|   |                         | 千港元             | 千港元      |
| Cash and cash equivalents   | 現金及等同現金項目               | <b>3,299</b>    | 5,552    |
| Current financial liabilities (excluding trade and other payables and provisions) | 流動財務負債(不包括應付貿易及其他款項及撥備) | <b>(28,090)</b> | (29,940) |

|   |             | <b>2016</b>     | 2015     |
|---|-------------|-----------------|----------|
|   |             | <b>HK\$'000</b> | HK\$'000 |
|   |             | 千港元             | 千港元      |
| Revenue   | 收入          | <b>8,032</b>    | 2,269    |
| Loss and total comprehensive expense for the year | 年內虧損及全面支出總額 | <b>(1,361)</b>  | (5,811)  |

**20. 合營企業之權益(續)**

有關本集團每個重大投資合營企業之財務資料，概述如下。以下財務資料代表合營企業財務報表之金額是按香港財務準則編製。

合營企業的核算是應用權益會計法於綜合財務報表表達。

**常熟東港置業有限公司**

|                     |       | <b>2016</b>     | 2015     |
|---------------------|-------|-----------------|----------|
|                     |       | <b>HK\$'000</b> | HK\$'000 |
|                     |       | 千港元             | 千港元      |
| Current assets      | 流動資產  | <b>3,703</b>    | 6,120    |
| Non-current assets  | 非流動資產 | <b>71,886</b>   | 79,841   |
| Current liabilities | 流動負債  | <b>(33,856)</b> | (38,066) |

以上資產及負債金額包括以下：

|   |                         | <b>2016</b>     | 2015     |
|---|-------------------------|-----------------|----------|
|   |                         | <b>HK\$'000</b> | HK\$'000 |
|   |                         | 千港元             | 千港元      |
| Cash and cash equivalents   | 現金及等同現金項目               | <b>3,299</b>    | 5,552    |
| Current financial liabilities (excluding trade and other payables and provisions) | 流動財務負債(不包括應付貿易及其他款項及撥備) | <b>(28,090)</b> | (29,940) |

|   |             | <b>2016</b>     | 2015     |
|---|-------------|-----------------|----------|
|   |             | <b>HK\$'000</b> | HK\$'000 |
|   |             | 千港元             | 千港元      |
| Revenue   | 收入          | <b>8,032</b>    | 2,269    |
| Loss and total comprehensive expense for the year | 年內虧損及全面支出總額 | <b>(1,361)</b>  | (5,811)  |

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

## 20. INTERESTS IN JOINT VENTURES (CONTINUED)

常熟東港置業有限公司 (Continued)

The above loss for the year includes the following:

|                 |      | <b>2016</b><br><b>HK\$'000</b><br>千港元 | 2015<br>HK\$'000<br>千港元 |
|-----------------|------|---------------------------------------|-------------------------|
| Depreciation    | 折舊   | <b>(4,260)</b>                        | (4,429)                 |
| Interest income | 利息收入 | <b>190</b>                            | 81                      |

Reconciliation of the above summarised financial information to the carrying amount of the interest in 常熟東港置業有限公司 recognised in the consolidated financial statements:

|  |                       | <b>2016</b><br><b>HK\$'000</b><br>千港元 | 2015<br>HK\$'000<br>千港元 |
|--|-----------------------|---------------------------------------|-------------------------|
| Net assets of 常熟東港置業有限公司                                   | 常熟東港置業有限公司之淨資產        | <b>41,733</b>                         | 47,895                  |
| Proportion of the Group's ownership interest in 常熟東港置業有限公司 | 本集團持有常熟東港置業有限公司擁有權之部份 | <b>40%</b>                            | 40%                     |
| Carrying amount of the Group's interest in 常熟東港置業有限公司      | 本集團投資於常熟東港置業有限公司之賬面金額 | <b>16,693</b>                         | 19,158                  |

## 20. 合營企業之權益(續)

常熟東港置業有限公司(續)

上述年內虧損包括以下：

|                 | <b>2016</b><br><b>HK\$'000</b><br>千港元 | 2015<br>HK\$'000<br>千港元 |
|-----------------|---------------------------------------|-------------------------|
| Depreciation    | <b>(4,260)</b>                        | (4,429)                 |
| Interest income | <b>190</b>                            | 81                      |

以上有關常熟東港置業有限公司之權益賬面金額的財務資料計入綜合財務報表之調節：

## Southern Hill Company Limited

南峰有限公司

|                     |       | <b>2016</b><br><b>HK\$'000</b><br>千港元 | 2015<br>HK\$'000<br>千港元 |
|---------------------|-------|---------------------------------------|-------------------------|
| Current assets      | 流動資產  | <b>1,810</b>                          | 4,115                   |
| Non-current assets  | 非流動資產 | <b>174,465</b>                        | 187,555                 |
| Current liabilities | 流動負債  | <b>(190,346)</b>                      | (197,441)               |



## 20. INTERESTS IN JOINT VENTURES (CONTINUED)

### Southern Hill Company Limited (Continued)

The above amounts of assets and liabilities include the following:

|   |                         | <b>2016</b><br><b>HK\$'000</b><br>千港元 | 2015<br>HK\$'000<br>千港元 |
|---|-------------------------|---------------------------------------|-------------------------|
| Cash and cash equivalents   | 現金及等同現金項目               | <b>1,810</b>                          | 4,115                   |
| Current financial liabilities (excluding trade and other payables and provisions) | 流動財務負債(不包括應付貿易及其他款項及撥備) | <b>(186,587)</b>                      | (191,880)               |
|   |                         | <b>2016</b><br><b>HK\$'000</b><br>千港元 | 2015<br>HK\$'000<br>千港元 |
| Revenue   | 收入                      | <b>-</b>                              | -                       |
| Loss and total comprehensive expense for the year                                 | 年內虧損及全面支出總額             | <b>(1)</b>                            | (4,680)                 |

The above loss for the year include the following:

|                               |       | <b>2016</b><br><b>HK\$'000</b><br>千港元 | 2015<br>HK\$'000<br>千港元 |
|-------------------------------|-------|---------------------------------------|-------------------------|
| Depreciation and amortisation | 折舊及攤銷 | <b>(34)</b>                           | (36)                    |
| Interest income               | 利息收入  | <b>2</b>                              | 1                       |

## 20. 合營企業之權益(續)

### 南峰有限公司(續)

以上資產及負債金額包括以下：

|   |                         | <b>2016</b><br><b>HK\$'000</b><br>千港元 | 2015<br>HK\$'000<br>千港元 |
|---|-------------------------|---------------------------------------|-------------------------|
| Cash and cash equivalents   | 現金及等同現金項目               | <b>1,810</b>                          | 4,115                   |
| Current financial liabilities (excluding trade and other payables and provisions) | 流動財務負債(不包括應付貿易及其他款項及撥備) | <b>(186,587)</b>                      | (191,880)               |
|   |                         | <b>2016</b><br><b>HK\$'000</b><br>千港元 | 2015<br>HK\$'000<br>千港元 |
| Revenue   | 收入                      | <b>-</b>                              | -                       |
| Loss and total comprehensive expense for the year                                 | 年內虧損及全面支出總額             | <b>(1)</b>                            | (4,680)                 |

上述年內虧損包括以下：

|                               |       | <b>2016</b><br><b>HK\$'000</b><br>千港元 | 2015<br>HK\$'000<br>千港元 |
|-------------------------------|-------|---------------------------------------|-------------------------|
| Depreciation and amortisation | 折舊及攤銷 | <b>(34)</b>                           | (36)                    |
| Interest income               | 利息收入  | <b>2</b>                              | 1                       |



## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

## 20. INTERESTS IN JOINT VENTURES (CONTINUED)

## Southern Hill Company Limited (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Southern Hill Company Limited recognised in the consolidated financial statements:

|   |                   | <b>2016</b><br><b>HK\$'000</b><br>千港元 | 2015<br>HK\$'000<br>千港元 |
|---|-------------------|---------------------------------------|-------------------------|
| Net liabilities of Southern Hill Company Limited                              | 南峰有限公司之淨(負債)資產    | <b>(14,071)</b>                       | (5,771)                 |
| Proportion of the Group's ownership interest in Southern Hill Company Limited | 本集團持有南峰有限公司擁有權之部份 | <b>50%</b>                            | 50%                     |
|   |                   | <b>(7,036)</b>                        | (2,886)                 |
| Unrecognised share of loss for the year                                       | 未確認年內應佔虧損         | <b>7,036</b>                          | 2,886                   |
| Carrying amount of the Group's interest in Southern Hill Company Limited      | 本集團投資於南峰有限公司之賬面金額 | -                                     | -                       |

## 20. 合營企業之權益(續)

## 南峰有限公司(續)

以上有關的財務資料計入於南峰有限公司之權益賬面金額確認於綜合財務報表之調節：

|  |               | <b>2016</b><br><b>HK\$'000</b><br>千港元 | 2015<br>HK\$'000<br>千港元 |
|--|---------------|---------------------------------------|-------------------------|
| The unrecognised share of loss of a joint venture for the year | 未確認年內應佔合營企業虧損 | <b>7,036</b>                          | 2,886                   |
| Cumulative share of loss of a joint venture                    | 累計應佔合營企業虧損    | <b>9,922</b>                          | 2,886                   |

## 21. OTHER DEPOSIT

|  | 2016<br>HK\$'000<br>千港元 | 2015<br>HK\$'000<br>千港元 |
|--|-------------------------|-------------------------|
| Deposit paid for acquisition of an intangible asset (Note) | <b>93,245</b>           | 99,387                  |

Note: It represents the deposit paid by the Group for technical knowhow for the rights to erect and operate a manufacturing plant for the production of a new chemical product and the rights to distribute such product. As at 31 December 2016, the balance amounted to approximately HK\$93,245,000 (2015: HK\$99,387,000). During the year, the Group is in the process of constructing such new plant, with a carrying amount of approximately HK\$102,765,000, as included in construction in progress balance in Note 16. According to the operation plan approved by management, the construction is scheduled to complete in 2017.

To identify if there is any indication that such deposit paid and construction in progress may be impaired, management (i) regularly assesses whether evidence is available of any discrepancy in construction progress against construction plan; (ii) regularly reviews the capital expenditure against their budgeted plan to identify any deviation; and (iii) identifies if there are any significant changes with an impact on the Group that have taken place during the year or will take place in the near future, by researching for comparable market trends of market price of the new chemical product and raw material cost of producing it. No indication of impairment of the Project has been identified by the management.

## 21. 其他訂金

備註：此乃本集團就新化工產品製造廠房的興建及經營權和該產品的分銷權而支付的技術知識訂金。於2016年12月31日，餘額約93,245,000港元（2015年：99,387,000港元）。年內，本集團正在興建該新廠房，賬面價值約102,765,000港元，已包括在附註16在建工程款內。根據管理部門核准的操作方案，該工程預計於2017年竣工。

就已付訂金及在建工程確定是否有減值跡象，管理層(i)定期評估是否有證據顯示施工進度與施工計劃有任何差異；(ii)根據其預算計劃定期審查資本支出，以確定有否任何偏差；(iii)通過研究新化工產品價格及原材料生產成本的可比市場趨勢，確定在本年度或不久將來有否發生對本集團具有影響的重大變化。管理層確定該項目沒有減值跡象。

## 22. DERIVATIVE FINANCIAL INSTRUMENTS

|   |                 | Current<br>流動           |                         | Non-current<br>非流動      |                         |
|---|-----------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   |                 | 2016<br>HK\$'000<br>千港元 | 2015<br>HK\$'000<br>千港元 | 2016<br>HK\$'000<br>千港元 | 2015<br>HK\$'000<br>千港元 |
| Derivative financial liabilities – net settlement | 衍生金融資產 – 淨額結算   |                         |                         |                         |                         |
| <b>Derivative under hedge accounting</b>          | 按對沖會計法入賬之衍生工具   |                         |                         |                         |                         |
| Interest rate swap (Note ii)                      | 利息掉期(附註ii)      | –                       | –                       | –                       | (184)                   |
| <b>Derivative not under hedge accounting</b>      | 並非按對沖會計法入賬之衍生工具 |                         |                         |                         |                         |
| Interest rate swap (Note i)                       | 外幣遠期合約(附註i)     | (20)                    | (42)                    | –                       | –                       |
|   |                 | <b>(20)</b>             | <b>(42)</b>             | <b>–</b>                | <b>(184)</b>            |

## 22. 衍生金融工具

## Notes to the Consolidated Financial Statements

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(For the year ended 31 December 2016) (截至2016年12月31日止年度)

**22. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

The fair values of the derivative financial instruments are calculated using discounted cash flow analysis based on the applicable yield curves of interest rates and forward rates.

The derivative financial instrument is denominated in HK dollars which is not the functional currency of the relevant group entity.

Notes:

**(i) Interest rate swap – (not) under hedging accounting**

The Group uses interest rate swap to minimise its exposure to cash flow interest rate risk of certain of its variable-rate US dollars and HK dollars bank borrowings (see note 29) by swapping a proportion of the variable-rate bank borrowings from variable interest rates to fixed interest rates. The interest rate swap and the corresponding bank borrowings have substantially the same terms and the directors of the Company consider that the interest rate swap is a highly effective hedging instrument. Major terms of the interest rate swap outstanding at 31 December 2016 are set out below:

| Notional amount<br>名義金額   | Interest rate swap<br>利率互換  |
|---|---|
| 1 contract with HK\$300,000,000<br>1份合約港幣300,000,000元   | From HIBOR + 2.7% to fixed rate of 3.4%<br>從HIBOR + 2.7%至固定利率3.4% |
| The bank borrowing related to the contract with HK\$300,000,000 was early repaid during the year ended 31 December 2016 and the interest rate swap was not considered a hedging instrument. | 與合約有關的銀行借款為港幣300,000,000元，故於2016年12月31日止年度提早償還，利率互換並不被視為對沖工具。     |

**(ii) Interest rate swap – under hedging accounting**

Major terms of the interest rate swaps outstanding at 31 December 2015 were as below:

| Notional amount<br>名義金額   | Interest rate swap<br>利率互換   |
|---|--|
| 1 contract with HK\$300,000,000<br>1份合約港幣300,000,000元   | From HIBOR + 2.7% to fixed rate of 3.4%<br>從HIBOR + 2.7%至固定利率3.4%  |
| The above contract will mature within one (2015: one to two) years from the end of the reporting period.  | 上述合同自報告期末起一年內(2015年：一至二年)到期。   |
| During the year ended 31 December 2016, net adjustment of HK\$184,000 (2015: HK\$632,000) was credited in other comprehensive income and accumulated in equity. A loss from fair value changes of HK\$414,000 (2015: HK\$1,847,000) relating to interest incurred was recognised in profit or loss (note 11). | 於截至2016年12月31日止年度，淨調整港幣184,000元(2015年：632,000港元)計入其他綜合收益及累計權益。與發生的利息有關的公平價值變動損失414,000港元(2015年：1,847,000港元)計入損益(附註11)。 |

**22. 衍生金融工具(續)**

衍生金融工具之公平值乃根據貼現現金流量分析，以適用的回報曲線及遠期匯率作基礎而計算。

衍生金融工具是以有關集團實體之非功能貨幣美元及港元計值。

附註：

**(i) 利率掉期 – (非)對沖會計法下**

本集團利用利率掉期工具，將某些浮動利率美元和港元銀行借款(見附註29)的現金流量利率風險敞口最小化，將一定比例的浮動利率銀行借款由浮動利率轉為固定利率。利率掉期和相應的銀行借款具有基本相同的條款，本公司董事認為利率掉期是一種高效的套期工具。於2016年12月31日尚未到期的利率掉期主要條款如下：

**(ii) 利率掉期 – 對沖會計法下**

截至2015年12月31日，未償還利率掉期主要條款如下：

**23. INVENTORIES****23. 存貨**

|                               |         | <b>2016</b>     | 2015     |
|-------------------------------|---------|-----------------|----------|
|                               |         | <b>HK\$'000</b> | HK\$'000 |
|                               |         | 千港元             | 千港元      |
| Raw materials and consumables | 原材料及耗用品 | <b>152,680</b>  | 123,889  |
| Work in progress              | 在制品     | <b>18,271</b>   | 12,044   |
| Finished goods                | 制成品     | <b>60,895</b>   | 70,782   |
|                               |         | <b>231,846</b>  | 206,715  |

**24. TRADE AND OTHER RECEIVABLES****24. 應收貿易及其他款項**

|                                   |             | <b>2016</b>     | 2015     |
|-----------------------------------|-------------|-----------------|----------|
|                                   |             | <b>HK\$'000</b> | HK\$'000 |
|                                   |             | 千港元             | 千港元      |
| Trade receivables                 | 應收貿易賬款      | <b>53,477</b>   | 45,543   |
| Bills receivables                 | 應收票據        | <b>166,245</b>  | 86,779   |
|                                   |             | <b>219,722</b>  | 132,322  |
| Prepayments                       | 預付款         | <b>40,074</b>   | 41,887   |
| Deposits to suppliers             | 付供應商訂金      | <b>40,745</b>   | 6,412    |
| Value-added tax receivables       | 應收增值稅項      | <b>119,654</b>  | 193,779  |
| Other receivables                 | 其他應收款       | <b>5,685</b>    | 4,806    |
|                                   |             | <b>425,880</b>  | 379,206  |
| Total trade and other receivables | 應收貿易及其他款項合計 | <b>425,880</b>  | 379,206  |

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**24. TRADE AND OTHER RECEIVABLES (CONTINUED)**

The aged analysis of trade and bills receivables based on the invoice date at the end of the reporting period is as follows:

|                                   |             | <b>2016</b>     | 2015     |
|-----------------------------------|-------------|-----------------|----------|
|                                   |             | <b>HK\$'000</b> | HK\$'000 |
|                                   |             | 千港元             | 千港元      |
| Not exceeding 30 days             | 不超過30天      | <b>153,699</b>  | 102,176  |
| 31–60 days                        | 31至60天      | <b>40,593</b>   | 17,469   |
| 61–90 days                        | 61至90天      | <b>15,858</b>   | 5,219    |
| 91–120 days                       | 91至120天     | <b>5,102</b>    | 3,292    |
| Over 120 days                     | 超過120天      | <b>4,470</b>    | 4,166    |
|                                   |             | <b>219,722</b>  | 132,322  |
| Prepayments                       | 預付款         | <b>40,074</b>   | 41,887   |
| Deposits to suppliers             | 付供應商訂金      | <b>40,745</b>   | 6,412    |
| Value-added tax receivables       | 應收增值稅項      | <b>119,654</b>  | 193,779  |
| Other receivables                 | 其他應收款       | <b>5,685</b>    | 4,806    |
| Total trade and other receivables | 應收貿易及其他款項合計 | <b>425,880</b>  | 379,206  |

Before accepting any new customer, the Group assesses the potential customer's credit quality by investigating its historical credit record and then defines its credit limit. Trade receivables that are neither past due nor impaired are considered to be recovered based on historical experience.

The Group generally allows its trade customers a credit period ranged from 7 to 60 days. During the years ended 31 December 2016 and 31 December 2015, no allowance for doubtful debts was provided. The Group generally makes provision against debts which are considered as not recoverable.

**24. 應收貿易及其他款項(續)**

應收貿易賬款及票據於報告期末按發票日之賬齡分析如下：

於接納任何新客戶前，本集團透過調查客戶之過往信貸記錄評估其潛在信貸質量並隨後界定其信貸額度。按過往經驗，既無過期亦無減值之應收貿易賬款會被視作可收回。

本集團給予貿易客戶之信貸期限一般介乎7至60日。於2016年12月31日及2015年12月31日止年度內，並無作出呆賬撥備。本集團一般對認為不能收回之債項計提撥備。

## 25. LOAN TO A JOINT VENTURE/AMOUNT DUE FROM A JOINT VENTURE

The loan to a joint venture represented shareholder's loan to Southern Hill Company Limited. As at 31 December 2015, the amount was unsecured, interest-free and repayable within one year after the reporting period. As at 31 December 2016, the amount was unsecured and interest-free, and the loan would form part of the consideration for acquisition of certain piers held by Ruichong L&M, a wholly owned subsidiary of Southern Hill Company Limited, within one year after the reporting period. The loan is denominated in US dollars which is a currency other than the functional currency of the relevant group entity.

As at 31 December 2016 and 2015, the amount due from a joint venture represented the loan to 常熟東港置業有限公司 for construction of a pier. As at 31 December 2015, the amount was unsecured, interest-bearing and repayable in October 2016. The loan agreement was renewed in 2016 and as at 31 December 2016 the loan is unsecured, interest-bearing and repayable in October 2017.

## 26. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short term bank deposits with an original maturity of three months or less. The deposits carry prevailing market interest rates which range from 0.3% to 5.15% (2015: 0.3% to 5.15%) per annum.

The following amounts of bank and cash are denominated in the foreign currencies other than the functional currency of the relevant group entities.

|            |    | <b>2016</b>     | 2015     |
|------------|----|-----------------|----------|
|            |    | <b>HK\$'000</b> | HK\$'000 |
|            |    | 千港元             | 千港元      |
| HK dollars | 港元 | <b>19,663</b>   | 4,133    |
| US dollars | 美元 | <b>2,667</b>    | 7,182    |
|            |    | <b>22,330</b>   | 11,315   |

## 25. 合營企業貸款／應收合營企業金額

該合營企業貸款是股東向南峰有限公司的貸款。於2015年12月31日，該金額為無抵押，無息且在報告期後一年內償還。於2016年12月31日，該金額為無抵押及無息利息，而貸款將於報告期一年內作為收購南峰有限公司之全資附屬公司瑞昌物流所持有若干碼頭的部份代價。貸款以美元計價，是相關集團實體功能貨幣以外的貨幣。

於2016年及2015年12月31日，應收合營企業款項為常熟東港置業有限公司的借款。於2015年12月31日，該金額為無抵押，附息及於2016年10月償還。貸款協議於2016年續期，截至2016年12月31日，該貸款無抵押，附息及在2017年10月償還。

## 26. 銀行結餘及現金

銀行結餘及現金包括本集團持有之現金及原本為3個月或少於3個月到期之短期銀行存款。該等存款按市場年息率0.3%至5.15%(2015: 0.3%至5.15%)計息。

以下銀行及現金結餘均以相關集團實體之功能貨幣以外的貨幣記賬。



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## 27. TRADE AND OTHER PAYABLES

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The credit period obtained for trade purchases is 7 to 45 days.

Included in trade and other payables is trade payable of HK\$95,530,000 (2015: HK\$80,707,000). The aged analysis of trade payables based on the invoice date at the end of the reporting period is as follows:

|   |             | 2016<br>HK\$'000<br>千港元 | 2015<br>HK\$'000<br>千港元 |
|---|-------------|-------------------------|-------------------------|
| Not exceeding 30 days                   | 不超過30天      | 63,217                  | 56,757                  |
| 31–60 days                              | 31至60天      | 9,662                   | 9,016                   |
| 61–90 days                              | 61至90天      | 7,774                   | 3,188                   |
| Over 90 days                            | 90天以上       | 14,877                  | 11,746                  |
|   |             | <b>95,530</b>           | 80,707                  |
| Receipt in advance                      | 預收款         | 47,800                  | 41,122                  |
| Construction costs payable and accruals | 應付工程款及預提費用  | 118,990                 | 153,135                 |
| Value-added tax accruals                | 應付增值稅項      | 7,271                   | 17,126                  |
| Other payables                          | 其他應付款       | 93,536                  | 57,960                  |
| Other accruals                          | 其他預提費用      | 18,572                  | 17,342                  |
| Total trade and other payables          | 應付貿易及其他款項合計 | <b>381,699</b>          | 367,392                 |

The balance of construction costs payable and accruals comprises non-current construction costs payables of HK\$26,299,000 (2015: HK\$65,506,000). Other accruals are classified as current liabilities.

The following amounts of trade and other payables are denominated in currencies other than the functional currency of the relevant group entities.

|            |    | 2016<br>HK\$'000<br>千港元 | 2015<br>HK\$'000<br>千港元 |
|------------|----|-------------------------|-------------------------|
| HK dollars | 港元 | 190                     | 174                     |

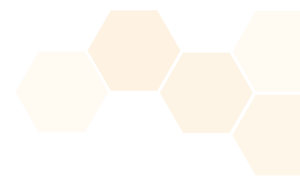
## 27. 應付貿易及其他款項

應付貿易及其他款項主要包括貿易購貨及持續開支成本之未付款項。貿易購貨之除賬期為7至45天。

應付貿易及其他款項包括應付貿易賬款為95,530,000港元(2015: 80,707,000港元)，應付貿易賬款於報告期末按發票日之賬齡分析如下：

應付工程款及預提費用包括非流動應付工程款為26,299,000港元(2015: 65,506,000港元)，其他預提費用被分類為流動負債。

以下應付貿易賬款及其他款項均以相關集團實體的功能貨幣以外的貨幣記賬。



## 28. AMOUNTS DUE TO RELATED COMPANIES

## 28. 應付關連公司款項

|  |                            | <b>2016</b>     | 2015     |
|--|----------------------------|-----------------|----------|
|  |                            | <b>HK\$'000</b> | HK\$'000 |
|  |                            | 千港元             | 千港元      |
| Lee & Man Paper Manufacturing Limited<br>("Lee & Man Paper") | 理文造紙有限公司<br>(「理文造紙」)       | <b>2,602</b>    | 3,771    |
| Hong Kong Baptist University Investment<br>Limited ("HKBU")  | 香港浸會大學投資有限公司<br>(「香港浸大投資」) | -               | 22       |
|  |                            | <b>2,602</b>    | 3,793    |

Lee & Man Paper is beneficially owned and controlled by Mr. Lee Wan Keung, the controlling shareholder of the Company's ultimate holding company, Fortune Star. The amount represents a trade balance which is unsecured, non-interest bearing, repayable on demand and aged within 90 days.

A subsidiary of the Group is a joint operator of HKBU which constitutes a joint operation of a research center located in Changshu, the PRC. As at 31 December 2015, the amount was unsecured, non-interest bearing, repayable on demand and aged within 60 days.

理文造紙是由本公司最終控股公司 Fortune Star 之控股股東李運強先生實益擁有。有關款項乃貿易結餘為無抵押、不計息、需應要求償還及賬齡為90天內。

本集團有一附屬公司乃為香港浸大投資之合營業務者，於中國常熟組成一個研究中心合營業務。於2015年12月31日，該款項為無抵押、不計息、需應要求償還及賬齡為60天內。

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## 29. BANK BORROWINGS

## 29. 銀行借款

|  |                                  | 2016<br>HK\$'000<br>千港元 | 2015<br>HK\$'000<br>千港元 |
|--|----------------------------------|-------------------------|-------------------------|
| Unsecured bank loans   | 無抵押銀行借款                          | <b>1,969,030</b>        | 1,861,834               |
| Carrying amount of bank loans based on scheduled repayment dates set out in the loan agreements:   | 按借款協議所列預計還款日期之銀行借款的賬面值：          |                         |                         |
| Within one year  | 一年內                              | <b>220,040</b>          | 611,444                 |
| More than one year, but not exceeding two years  | 超出一年但不超出兩年                       | <b>561,479</b>          | 635,345                 |
| More than two years but not more than five years   | 超出兩年但不超出五年                       | <b>962,792</b>          | 615,045                 |
|  |                                  | <b>1,744,311</b>        | 1,861,834               |
| Carrying amount of bank loans that are repayable within one year from the end of the reporting period and contain a repayment on demand clause | 於報告期末起須一年內償還及具有可隨時要求償還條文之銀行借款賬面值 | <b>224,719</b>          | —                       |
|  |                                  | <b>1,969,030</b>        | 1,861,834               |
| Less: Amounts due within one year shown under current liabilities  | 減：一年內到期的金額於流動負債下列示               | <b>(444,759)</b>        | (611,444)               |
| Amounts shown under non-current liabilities  | 於非流動負債下列示                        | <b>1,524,271</b>        | 1,250,390               |

As at 31 December 2016, the Group had available banking facilities of approximately HK\$3,632,983,000 (2015: HK\$3,630,955,000) of which HK\$1,969,030,000 (2015: HK\$2,740,368,000) was utilised. Unutilised banking facilities approximated HK\$1,663,953,000 (2015: HK\$890,587,000).

於2016年12月31日，本集團之可備用銀行融資額約3,632,983,000港元（2015年：3,630,955,000港元），其中1,969,030,000港元（2015年：2,740,368,000港元）未動用銀行融資約為1,663,953,000港元（2015年：890,587,000港元）。

The exposure of the Group's fixed-rate borrowings and the contractual maturity dates are as follows:

本集團之固定利率借款及合約到期日如下：

|                          |        | 2016<br>HK\$'000<br>千港元 | 2015<br>HK\$'000<br>千港元 |
|--------------------------|--------|-------------------------|-------------------------|
| Fixed-rate borrowings    | 固定利率借款 | <b>110,307</b>          | 56,048                  |
| Variable-rate borrowings | 浮動利率借款 | <b>1,858,723</b>        | 1,805,786               |
|                          |        | <b>1,969,030</b>        | 1,861,834               |

**29. BANK BORROWINGS (CONTINUED)**

At the end of the reporting period, all of the Group's remaining borrowings carried interest at variable rates.

The ranges of effective interest rates per annum on the Group's borrowings are as follows:

|                          |        | <b>2016</b>   | 2015   |
|--------------------------|--------|---|--|
| Effective interest rate: | 實際利率：  |   |  |
| Fixed-rate borrowings    | 固定利率借款 | <b>4.46%</b>  | 3.68%  |
| Variable-rate borrowings | 浮動利率借款 | <b>PBCR* or 1%<br/>to 2.7%<br/>over HIBOR<br/>香港銀行<br/>同業拆息上浮</b> | 1.66% to<br>2.88% over<br>HIBOR or<br>LIBOR<br>香港或倫敦<br>銀行同業<br>拆息上浮 |

\* The rate represents the benchmark lending rate offered by the People's Bank of China.

The following amounts of bank borrowings are denominated in currencies other than the functional currency of the relevant group entities.

|            |    | <b>2016</b>      | 2015      |
|------------|----|------------------|-----------|
|            |    | <b>HK\$'000</b>  | HK\$'000  |
|            |    | 千港元              | 千港元       |
| US dollars | 美元 | -                | 171,871   |
| HK dollars | 港元 | <b>1,048,118</b> | 1,633,915 |
|            |    | <b>1,048,118</b> | 1,805,786 |

**29. 銀行借款(續)**

於報告期末，本集團所有餘下銀行借款均附帶浮息。

本集團借款之實際年利率範圍如下：

|                          |        | <b>2016</b>   | 2015   |
|--------------------------|--------|---|--|
| Effective interest rate: | 實際利率：  |   |  |
| Fixed-rate borrowings    | 固定利率借款 | <b>4.46%</b>  | 3.68%  |
| Variable-rate borrowings | 浮動利率借款 | <b>PBCR* or 1%<br/>to 2.7%<br/>over HIBOR<br/>香港銀行<br/>同業拆息上浮</b> | 1.66% to<br>2.88% over<br>HIBOR or<br>LIBOR<br>香港或倫敦<br>銀行同業<br>拆息上浮 |

\* 此利率代表中國人民銀行提供的基準貸款利率。

本集團之銀行借款均以相關實體功能貨幣以外的貨幣記賬呈列如下：

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## 30. SHARE CAPITAL

## 30. 股本

|   |  | Number of<br>ordinary<br>shares<br>普通股份數目 | Amount<br>金額<br>HK\$'000<br>千港元 |
|---|--|---|---------------------------------|
| Ordinary shares of HK\$0.10 each:                           | 每股面值0.1港元之普通股：                         |   |                                 |
| Authorised:   | 法定：                                    |   |                                 |
| At 1 January 2015, 31 December 2015 and<br>31 December 2016 | 於2015年1月1日、2015年12月31日及<br>2016年12月31日 | 5,000,000,000                             | 500,000                         |
| Issued and fully paid:                                      | 發行及繳足：                                 |   |                                 |
| At 1 January 2015, 31 December 2015 and<br>31 December 2016 | 於2015年1月1日、2015年12月31日及<br>2016年12月31日 | 825,000,000                               | 82,500                          |

There was no movement in the Company's share capital for both years.

本公司之股本於該兩個年度內並無變動。

## 31. INVESTMENT IN A JOINT OPERATION

## 31. 合營業務投資

During the year ended 31 December 2015, the Group acquired 50% shareholding of HKBUI which constitutes a joint operation of a research center located in Changshu, the PRC.

於截至2015年12月31日止年度，本集團收購了香港浸大投資50%股權，於中國常熟組成一個研究中心合營業務。

At 31 December 2016, the aggregate amounts of assets and expenses recognised in the consolidated financial statements relating to the Group's interests in this joint operation are as follows:

於2016年12月31日，本集團就有關合營業務之權益在綜合財務報表確認的資產及費用總金額如下：

|                       |        | 2016<br>HK\$'000<br>千港元 | 2015<br>HK\$'000<br>千港元 |
|-----------------------|--------|-------------------------|-------------------------|
| Property              | 物業     | 17,164                  | 19,311                  |
| Prepaid lease payment | 預付租賃款項 | 2,390                   | 2,604                   |
|                       |        | <b>19,554</b>           | 21,915                  |
| Expenses              | 費用     | 1,437                   | 1,512                   |

### 32. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 14 December 2001 for the purpose of providing incentives to directors and eligible persons. The Scheme had a term of 10 years from its adoption and therefore it expired on 13 December 2010. On 23 April 2010, share options with a market value of HK\$163,430,000 were granted and the provision of the Scheme shall remain in full force and the holder of all options granted under the Scheme prior to such termination shall be entitled to exercise the outstanding options pursuant to the terms of the Scheme until expiry of the said options.

Under the Scheme, the Company's board of directors could at their discretion grant options to (i) any director, employee or consultant of the Company or a company in which the Company holds an equity interest or a subsidiary of such company ("Affiliate"); or (ii) any discretionary trust whose discretionary objects include any director, employee or consultant of the Company or an Affiliate; or (iii) a company beneficially owned by any director, employee or consultant of the Company or an Affiliate; or (iv) any customer, supplier or adviser as may be determined by the directors of the Company from time to time to subscribe for the shares of the Company.

Options granted must be taken up within 21 days of the date of grant. The maximum number of shares of the Company in respect of which options might be granted under the Scheme was not to exceed 10% of the issued share capital of the Company any point in time. The maximum number of shares of the Company in respect of which options might be granted to any individual in any 12-month period was not to exceed 1% of shares of the Company in issue on the last date of such 12-month period unless approval of the shareholders of the Company was obtained in accordance with the Listing Rules.

Options could be exercised during such period (including the minimum period, if any, for which an option must be held before it could be exercised) as determined by the directors of the Company (which shall be less than ten years from the date of issue of the relevant option). Options could be granted without initial payment. The exercise price was equal to the highest of (i) nominal value of the shares of the Company; (ii) the closing price per share as stated in the Stock Exchange's daily quotations sheets on the date of the grant of the options; and (iii) the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the options.

### 32. 購股權計劃

本公司根據一項於2001年12月14日通過之決議案，已採納購股權計劃（「計劃」），以獎勵董事及合資格人士。計劃從採納起計10年內有效，並於2010年12月13日屆滿。於2010年4月23日，已授予的購股權市值為163,430,000港元及提供的計劃仍然生效，而所有授予的購股權持有人須根據計劃條款在購股權計劃到期日及終止前有權行使相關購股權。

根據計劃，本公司董事會（「董事會」）可酌情向(i)本公司擁有股本權益之公司或該公司之附屬公司（「聯屬公司」）之任何董事、僱員或顧問；或(ii)受益人包括本公司或其聯屬公司之任何董事、僱員或顧問之任何全權信託；或(iii)由本公司或其聯屬公司之任何董事、僱員或顧問實益擁有之公司；或(iv)由本公司董事會於不時決定之任何客戶、供應商或顧問授予購股權以認購本公司股份。

獲授予之購股權必須於獲授日起計21天內接納。有關根據計劃所授出之購股權所涉及之股份數目，在任何時候最高不得超過本公司已發行股本之10%。除非根據上市條例獲得本公司股東批准，否則於任何12個月期間授予任何個別人士之購股權之最高股份數目，不得超過於該12個月期間之最後一日已發行股份之1%。

購股權可於董事會釐定之有關期間（該期間將由發行有關購股權起計10年內，並包括購股權可予行使前必須持有之最短期限（如有）內行使。購股權可在毋須作出初期付款之情況下授出，並可按下述三項中之最高者作為行使價格(i)本公司股份之面值；(ii)股份於授出購股權當日聯交所每日報價表所列之每股收市價；及(iii)股份於緊貼授出日期前5個交易日在聯交所之每日報價表所列之平均每股收市價。



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## 32. SHARE OPTION SCHEME (CONTINUED)

No options were granted or exercised under the scheme during both years and all options lapsed on 22 April 2015.

The following table discloses movements of the Company's share options during the years ended 31 December 2016 and 2015:

## 32. 購股權計劃(續)

兩個年度內沒有購股權在計劃下被授出或行使，所有購股權於2015年4月22日失效。

截至2016年及2015年12月31日止年度內，本公司購股權變動呈列如下：

| Director                           | Date of grant | Exercise price    | Exercisable period  | Number of share options |                        |  |
|------------------------------------|---------------|-------------------|---------------------|-------------------------|------------------------|--|
|                                    |               |                   |                     | Outstanding at 1.1.2015 | Lapsed during the year | Outstanding at 1.1.2015 and 31.12.2016     |
| 董事                                 | 授出日期          | 行使價<br>HK\$<br>港元 | 行使期                 | 於2015年<br>1月1日<br>尚未行使  | 年內<br>授出／行使／<br>失效／取消  | 於2015年<br>1月1日<br>及2016年<br>12月31日<br>尚未行使 |
| Lee Man Yan                        | 23.4.2010     | 6.69              | 23.4.2011–22.4.2015 | 27,500,000              | (27,500,000)           | –  |
| 李文恩                                | 23.4.2010     | 6.69              | 23.4.2012–22.4.2015 | 27,500,000              | (27,500,000)           | –  |
|                                    | 23.4.2010     | 6.69              | 23.4.2013–22.4.2015 | 27,500,000              | (27,500,000)           | –  |
| Total                              |               |                   |                     | 82,500,000              | (82,500,000)           | –  |
| 合計                                 |               |                   |                     |                         |                        |  |
| Exercisable at the end of the year |               |                   |                     |                         |                        | –  |
| 於年終可行使                             |               |                   |                     |                         |                        |  |

**32. SHARE OPTION SCHEME (CONTINUED)**

The options granted on 23 April 2010 may be exercised in accordance with the following terms:

- (i) up to one-third of the options (i.e. options for an aggregate of 27,500,000 shares) will be exercisable from 23 April 2011 to 22 April 2015 (both dates inclusive) if the consolidated net profit after taxation of the Group ("Net Profit") for the financial year ended 31 December 2010 equals or exceeds 115% of the Net Profit for the financial year ended 31 December 2009;
- (ii) up to two-thirds of the options (i.e. options for an aggregate of 55,000,000 shares) will be exercisable from 23 April 2012 to 22 April 2015 (both dates inclusive) if the Net Profit for the financial year ended 31 December 2011 equals or exceeds 130% of the Net Profit for the financial year ended 31 December 2009;
- (iii) all of the options (i.e. options for an aggregate of 82,500,000 shares) will be exercisable from 23 April 2013 to 22 April 2015 (both dates inclusive) if the Net Profit for the financial year ended 31 December 2012 equals or exceeds 145% of the Net Profit for the financial year ended 31 December 2009;
- (iv) to the extent any options have not become exercisable by 23 April 2014 (i.e. options for an aggregate of 82,500,000 shares), they will be exercisable from 23 April 2014 to 22 April 2015 (both dates inclusive) if the Net Profit for the financial year ended 31 December 2013 equals or exceeds 160% of the Net Profit for the financial year ended 31 December 2009.

The option shall lapse if the options holder by reason of voluntary resignation or by termination of his employment in accordance with the termination provisions of his contract of employment.

At 31 December 2016, the number of shares in respect of which options had been granted and remained outstanding under the Scheme represented 10% (2015: 10%) of the issued share capital at that date.

**32. 購股權計劃(續)**

於2010年4月23日授出的購股權可根據以下之條款行使：

- (i) 如截至2010年12月31日止財政年度本集團之淨利潤相等於或超過截至2009年12月31日止財政年度之淨利潤的115%，則最多三分之一的購股權（即累計共27,500,000股購股權）將可於2011年4月23日至2015年4月22日（包括首尾兩天）內行使；
- (ii) 如截至2011年12月31日止財政年度之淨利潤相等於或超過截至2009年12月31日止財政年度之淨利潤的130%，則最多三分之二的購股權（即累計55,000,000股購股權）將可於2012年4月23日至2015年4月22日（包括首尾兩天）內行使；
- (iii) 如截至2012年12月31日止財政年度之淨利潤相等於或超過截至2009年12月31日止財政年度之淨利潤的145%，則全部購股權（即累計共82,500,000股購股權）將可於2013年4月23日至2015年4月22日（包括首尾兩天）內行使；
- (iv) 倘若任何購股權（即累計共82,500,000股購股權）直至2014年4月23日並未能獲得行使權，如截至2013年12月31日止財政年度之淨利潤相等於或超過截至2009年12月31日止財政年度之淨利潤的160%，則全部購股權將可於2014年4月23日至2015年4月22日（包括首尾兩天）內行使。

倘購股權持有人因自願離職或根據其僱傭合約之終止條文被終止聘用，購股權將失效。

於2016年12月31日，有關已授出購股權及在計劃下尚未行使的股份數目表在此日期已發行股本10%（2015：10%）。

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## 32. SHARE OPTION SCHEME (CONTINUED)

The total fair value of the share options granted under the Scheme on 23 April 2010 is approximately HK\$163,430,000, calculated using the Binomial Model (the "Model"). The inputs into the Model and the estimated fair value of the share options are as follows:

|                                |         | Share options<br>with an<br>exercisable<br>period from<br>購股權之<br>行使期由<br>23.4.2011<br>to 至<br>22.4.2015 | Share options<br>with an<br>exercisable<br>period from<br>購股權之<br>行使期由<br>23.4.2012<br>to 至<br>22.4.2015 | Share options<br>with an<br>exercisable<br>period from<br>購股權之<br>行使期由<br>23.4.2013<br>to 至<br>22.4.2015 |
|--------------------------------|---------|--|--|--|
| Share price at date of grant   | 於授出日期股價 | HK\$6.69<br>6.69港元   | HK\$6.69<br>6.69港元   | HK\$6.69<br>6.69港元   |
| Exercise price                 | 行使價     | HK\$6.69<br>6.69港元   | HK\$6.69<br>6.69港元   | HK\$6.69<br>6.69港元   |
| Expected volatility            | 預期波幅    | 53.62%<br>per annum<br>每年53.62%  | 53.62%<br>per annum<br>每年53.62%  | 53.62%<br>per annum<br>每年53.62%  |
| Expected life of share options | 購股權預期年期 | 5 years<br>5年  | 5 years<br>5年  | 5 years<br>5年  |
| Expected dividend yield        | 預期股息率   | 4.75%  | 4.75%  | 4.75%  |
| Risk-free rate                 | 無風險利率   | 2.03%  | 2.03%  | 2.03%  |
| Fair value of share option     | 購股權之公平值 | HK\$1.78<br>1.78港元   | HK\$2.02<br>2.02港元   | HK\$2.15<br>2.15港元   |

Expected volatility was determined by using the historical volatility of share price over the previous five years. The expected life used in the Model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The risk free interest rate was estimated based on the yield of the 5-year exchange fund note issued by the Hong Kong Monetary Authority as of the grant date.

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

## 32. 購股權計劃(續)

於2010年4月23日所授出購股權之公平價值約為163,430,000港元，乃採用二項式模型(「模型」)釐定。模型的輸入數據及購股權之估計公平價值呈列如下：

預期波幅按過去五年公司股價之歷史波幅釐定。模式所採用預期年期已就不可轉讓、行使限制及行行為考慮之影響按管理層最佳估計調整。

無風險利率按香港金融管理局之五年期外匯基金債券率於授出日期估計。

變數及假設用作計算購股權之公平價值乃按董事最佳估計。購股權價值由若干主觀假設之不同變數而變更。



### 33. OPERATING LEASES

### 33. 經營租約

|  |                      | <b>2016</b>     | 2015     |
|--|----------------------|-----------------|----------|
|  |                      | <b>HK\$'000</b> | HK\$'000 |
|  |                      | 千港元             | 千港元      |
| Minimum lease payments paid under operating leases in respect of office premises during the year | 年內有關辦公室物業經營租約之最低租賃付款 | <b>2,009</b>    | 2,370    |

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

於報告期末，本集團承諾不可撤銷的未來最低租賃付款額到期如下：

|                                       |        | <b>2016</b>     | 2015     |
|---------------------------------------|--------|-----------------|----------|
|                                       |        | <b>HK\$'000</b> | HK\$'000 |
|                                       |        | 千港元             | 千港元      |
| Within one year                       | 一年內    | <b>3,102</b>    | 902      |
| In the second to fifth year inclusive | 第二至第五年 | <b>1,902</b>    | 100      |
|                                       |        | <b>5,004</b>    | 1,002    |

Included in the commitments above, HK\$94,000 (2015: HK\$200,000) is related to commitment for future minimum lease payments under non-cancellable operating leases with Lee & Man Paper (note 37).

在上述承諾中，與理文造紙所訂立不可撤銷經營租約之未來最低租賃付款為94,000港元(2015年：200,000港元)(附註37)。

The commitments for operating lease payments represent rentals payable by the Group for office properties. Leases are negotiated for an average term of one year (2015: one year). Rentals are based on the terms specified in the lease agreements.

經營租賃付款承擔指本集團就其辦公室物業應付之租金。租賃之平均租期為一年(2015年：一年)，租金乃根據租賃協議內之指定條款釐定。

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## 34. CAPITAL COMMITMENTS

## 34. 資本承擔

|   | 2016<br>HK\$'000<br>千港元 | 2015<br>HK\$'000<br>千港元 |
|---|-------------------------|-------------------------|
| Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of |                         |                         |
| – property, plant and equipment   | 278,093                 | 189,935                 |
| – intangible asset  | 8,422                   | 8,976                   |
|   | <b>286,515</b>          | <b>198,911</b>          |

Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of

- property, plant and equipment
- intangible asset

已訂約但未於綜合財務報表中撥備之資本性支出用作購置

- 物業、廠房及設備
- 無形資產

## 35. OTHER COMMITMENT

At the end of the reporting period, the Group had contractual commitments for acquisition of land use rights of HK\$2,247,000 (2015: HK\$2,395,000). It also had commitments for granting shareholder's loan of HK\$28,635,000 (2015: HK\$28,635,000) to Southern Hill Company Limited to cover the initial costs and expenses of undertaking the pier construction in Jiangxi, the PRC.

## 35. 其他承擔

於報告期末，本集團已訂約以2,247,000港元(2015年：2,395,000港元)購入土地使用權。彼亦承諾給予28,635,000港元(2015年：28,635,000港元)的股東貸款予南峰有限公司用作承擔興建江西碼頭至今之最初成本及支出。

## 36. RETIREMENT BENEFIT SCHEMES

## Defined contribution scheme

The Group operates the Mandatory Provided Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes monthly the lower of HK\$1,500 or 5% of the relevant monthly payroll costs to the MPF Scheme, which contribution is matched by employees.

The employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefit schemes operated by the government of the PRC. The PRC subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

The total cost charged to profit or loss of HK\$10,652,000 (2015: HK\$15,702,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

## 36. 退休福利計劃

## 界定供款計劃

本集團為所有合資格的僱員設立一項強積金計劃(「強積金計劃」)。強積金計劃之資產與本集團之資產分開持有，並由受託人控制。本集團向強積金計劃供款1,500港元或有關每月薪酬成本之5%(以較低者為準)，而僱員之供款比率相同。

本集團之中國附屬公司之僱員均為中國政府管理之國營退休福利計劃之成員，該等中國附屬公司須按薪酬開支之若干百分比向退休福利計劃供款，本集團對有關退休福利計劃之責任是作出指定之供款。

於會計年度內，本集團在這些計劃中的應付供款額為10,652,000港元(2015年：15,702,000港元)，總費用已在損益中列賬。

**37. RELATED PARTY TRANSACTIONS AND BALANCES****37. 關連交易及結餘**

Apart from the balances with related parties as set out in notes 25 and 28, the Group had significant transactions with related parties during the year as follows:

除附註25及28所列表載之關連人士結餘外，本集團與關連人士於年內所進行之重大交易如下：

| <b>Name of related party</b><br>關連方名稱            | <b>Relationship</b><br>關係   | <b>Nature of transactions</b><br>交易性質       | <b>2016</b><br><b>HK\$'000</b><br>千港元 | 2015<br>HK\$'000<br>千港元 |
|--|---|---|---------------------------------------|-------------------------|
| <b>Connected parties</b><br>關連人士                 |   |   |                                       |                         |
| Lee & Man Paper<br>理文造紙                          | A company beneficially owned and controlled by Mr. Lee Wan Keung 由李運強先生實益擁有及控制之公司 | Electricity and steam fee paid 已付發電及蒸氣費     | <b>65,741</b>                         | 73,307                  |
|  |   | Fuel expense paid 已付燃料費                     | <b>322</b>                            | 301                     |
|  |   | Rental expense paid 已付租金費用                  | <b>1,791</b>                          | 1,612                   |
|  |   | Sales of chemical products 銷售化工產品           | <b>15,197</b>                         | 14,208                  |
|  |   | Electricity and steam fee received 已收發電及蒸氣費 | <b>34,727</b>                         | 36,555                  |
|  |   | Rental income received 已收租金收入               | <b>1,282</b>                          | 1,420                   |
|  |   | Purchase of raw materials 購買原料              | <b>892</b>                            | 725                     |
|  |   | Acquisition of land 購置土地                    | <b>–</b>                              | 8,340                   |
| Lee & Man Management Company Limited<br>理文管理有限公司 | A company beneficially owned and controlled by Mr. Lee Wan Keung 由李運強先生實益擁有及控制之公司 | Management consultant fee paid 已付管理顧問費      | <b>347</b>                            | 687                     |
| Professor Chan Albert Sun Chi<br>陳新滋教授           | Director of the Company 本公司董事   | Acquisition of a property 購置物業              | <b>5,480</b>                          | –                       |



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## 綜合財務報表附註

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### 37. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Except for the related party transactions and balances described above, the Group has entered into a joint venture arrangement with Lee & Man Paper. Details of the joint venture and the other commitment to the joint venture are set out in notes 25 and 35 respectively.

The remuneration of directors and other members of key management during the year was as follows:

|                              |        |
|------------------------------|--------|
| Short-term employee benefits | 短期員工福利 |
| Post-employment benefits     | 退休福利   |

### 37. 關連交易及結餘(續)

除上文所述關連人士交易及結餘外，本集團與理文造紙訂立合營企業安排。合營企業及對合營企業之其他資本承擔詳情分別載於附註25及35。

董事及其他主要管理層成員於年內之酬金如下：

| <b>2016</b>     | 2015     |
|-----------------|----------|
| <b>HK\$'000</b> | HK\$'000 |
| 千港元             | 千港元      |
| <b>16,240</b>   | 14,194   |
| <b>29</b>       | 36       |
| <b>16,269</b>   | 14,230   |

### 38. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2016, the Group's acquisition of property, plant and equipment of HK\$123,094,000 (2015: HK\$352,648,000) was settled through transfer of deposits paid in the prior years.

### 38. 主要非貨幣性交易

於2016年12月31日止年度，購置物業、廠房及設備為123,094,000港元（2015年：352,648,000港元）乃由往年度的已付訂金轉入作結算。

### 39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries at 31 December 2016 and 2015 are as follows:

| Name of subsidiary<br>附屬公司名稱  | Place of incorporation<br>註冊成立地點 | Nominal value of issued and fully paid share capital/paid-in capital<br>已發行及繳足股本<br>面值／實繳股本                 | Attributable equity interest<br>所佔權益 |      | Principal activities#<br>主要業務*                                       |
|---|----------------------------------|---|--------------------------------------|------|--|
|   |                                  |   | 2016                                 | 2015 |  |
| Changshu Yunhong Realty Limited<br>常熟運鴻置業有限公司                               | PRC<br>中國                        | Paid-in capital<br>– RMB120,000,000<br>實繳股本<br>– 人民幣120,000,000元  | 100%                                 | 100% | Property holding<br>持有物業   |
| High Sky Chemicals Limited  | Labuan, Malaysia<br>納閩島·馬來西亞     | Ordinary share<br>– US\$10,000<br>普通股<br>– 10,000美元   | 100%                                 | 100% | Trading of chemical products<br>化工產品貿易                               |
| Jiangsu Lee & Man Chemical Limited ("Jiangsu L&M") (note)<br>江蘇理文化工有限公司(附註) | PRC<br>中國                        | Paid-in capital<br>– US\$78,750,000<br>實繳股本<br>– 78,750,000美元   | 100%                                 | 100% | Manufacture and sales of industrial chemical products<br>生產及銷售工業化工產品 |
| Jiangxi Lee & Man Chemical Limited (note)<br>江西理文化工有限公司(附註)                 | PRC<br>中國                        | Paid-in capital<br>– US\$53,702,394 and<br>RMB1,314,325,092<br>實繳股本<br>– 53,702,394美元及<br>人民幣1,314,325,092元 | 100%                                 | 100% | Manufacture and sales of industrial chemical products<br>生產及銷售工業化工產品 |
| Lee & Man (International) Investment Limited<br>理文(國際)投資有限公司                | Hong Kong<br>香港                  | Ordinary shares<br>– HK\$100<br>普通股 – 100港元   | 100%                                 | 100% | Investment holding<br>投資控股   |
| Lee & Man Chemical Investment Limited<br>理文化工投資有限公司                         | British Virgin Islands<br>英屬處女群島 | Shares – US\$1<br>股份 – 1美元  | 100%                                 | 100% | Investment holding<br>投資控股   |

\* The principal activities were carried out in the PRC and Hong Kong.

note: These companies are registered in the form of wholly-owned foreign investment enterprise.

Only Lee & Man Chemical Investment Limited is directly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the year, or at any time during the year.

### 39. 本公司主要附屬公司

於2016年及2015年12月31日本公司之主要附屬公司詳情如下：

\* 主要業務均在中國及香港。

附註： 該等公司均以外商獨資企業形式註冊。

只有理文化工投資有限公司是由本公司直接持有。

董事認為上表載列之本公司附屬公司，乃主要影響本集團之業績或資產之公司。董事認為若提供其他附屬公司之詳情將導致篇幅冗長。

概無附屬公司於年終或年內任何時間持有任何未贖回之債務證券。

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## 綜合財務報表附註

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### 40. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the bank loans disclosed in note 29, net of bank balances and cash, and equity attributable to owners of the Company, comprising issued share capital and various reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as issue of new debts.

### 41. FINANCIAL INSTRUMENTS

#### 41a. Categories of financial instruments

| <i>Financial assets</i>                                     | 金融資產                 |
|---|----------------------|
| Loans and receivables (including cash and cash equivalents) | 貸款及應收款項(包括現金及現金等值項目) |
| <i>Financial liabilities</i>                                |                      |
| Financial liabilities at amortised cost                     | 按攤銷成本的金融負債           |
| Fair value through profit or loss                           | 公平值計入損益              |
| – derivative financial instrument                           | – 衍生金融工具             |
| Derivative under hedge accounting                           | 按對沖會計法的衍生工具          |

### 40. 資本風險管理

本集團進行資本管理，以確保本集團旗下各實體能夠持續經營業務，同時透過優化債務及股本結餘爭取股東最大回報。本集團的整體策略自上年度保持不變。

本集團的資本結構包括淨負債(載於附註29中已扣除銀行結餘及現金後的銀行借款)及本公司權益持有人應佔權益(包含已發行股本及各項儲備)。

本公司董事定時檢討資本架構。作為是項檢討的一部分，董事會考慮資本成本及各類資本的相關風險。根據董事的建議，本集團將透過派付股息、發行新股以及發行新債以平衡其整體資本架構。

### 41. 金融工具

#### 41a. 金融工具之類別

|  | 2016<br>HK\$'000<br>千港元 | 2015<br>HK\$'000<br>千港元 |
|--|-------------------------|-------------------------|
|  | <b>567,653</b>          | 509,177                 |
|  | <b>2,248,284</b>        | 2,112,671               |
|  | <b>20</b>               | 42                      |
|  | <b>–</b>                | 184                     |

**41. FINANCIAL INSTRUMENTS (CONTINUED)****41b. Financial risk management objectives and policies**

The Group's major financial instruments include trade and other receivables, loan to a joint venture, amount due from a joint venture, bank balances and cash, trade and other payables, bank borrowings, amounts due to related companies and derivative financial instruments. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**Market risk****(i) Currency risk**

The Group mainly operated in the PRC and the exposure in exchange rate risks mainly arose from fluctuations of foreign currencies, including HK dollars and US dollars against the functional currency of the relevant group entities. Material transactions and balances that are not denominated in the functional currency of the relevant entities give rise to foreign currency exposure as follows:

- (i) US dollars – in terms of loan to a joint venture, bank balances and cash, and bank borrowings.
- (ii) HK dollars – in terms of bank balances and cash, trade and other payables, bank borrowings and derivative financial instrument.

Exchange rate fluctuations and market trend have always been the concern of the Group. Management will monitor the foreign currency exposure closely and consider the use of hedging instruments when the need arises.

**41. 金融工具(續)****41b. 財務風險管理目標及政策**

本集團之主要金融工具包括應收貿易及其他款項、合營企業貸款、合營企業之應收款項、銀行結餘及現金、應付貿易及其他款項、銀行借款、應付關連公司款項及衍生金融工具。該等金融工具詳情於相關附註披露。該等金融工具的相關風險包括市場風險(貨幣風險及利率風險)、信貸風險及流動資金風險。下文載列如何降低該等風險之政策。管理層管理及監控該等風險，以確保及時及有效地採取適當之措施。

**市場風險****(i) 貨幣風險**

本集團主要於中國經營業務，匯率風險主要由外幣(包括美元及港元)兌換相關集團實體功能貨幣波動時所產生。並非以相關實體功能貨幣列值之重大交易及結餘產生之外幣風險如下：

- (i) 美元 – 於合營企業之貸款，銀行結餘及現金及銀行借款。
- (ii) 港元 – 於銀行結餘及現金，應付貿易及其他款項，銀行借款及衍生金融工具。

本集團一向關注匯率波動及市場趨勢。管理層會密切監控外匯風險並適時採用對沖工具。

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## 綜合財務報表附註

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## 41. FINANCIAL INSTRUMENTS (CONTINUED)

## 41b. Financial risk management objectives and policies

(Continued)

## Market risk (Continued)

## (i) Currency risk (Continued)

*Non-derivative foreign currency monetary assets and monetary liabilities*

At the end of the reporting period, the carrying amount of the Group's monetary assets and monetary liabilities denominated in currencies other than the functional currency of the relevant group entities are as follows:

## 41. 金融工具(續)

## 41b. 財務風險管理目標及政策(續)

## 市場風險(續)

## (i) 貨幣風險(續)

*非衍生外幣金融資產及金融負債*

於報告期末，本集團除以相關實體功能貨幣以外之貨幣記賬的金融資產及金融負債，其賬面值如下：

|                    |           | 2016<br>HK\$'000<br>千港元 | 2015<br>HK\$'000<br>千港元 |
|--------------------|-----------|-------------------------|-------------------------|
| <b>Assets</b>      | <b>資產</b> |                         |                         |
| HK dollars         | 港元        | <b>19,663</b>           | 11,031                  |
| US dollars         | 美元        | <b>97,652</b>           | 100,436                 |
| <b>Liabilities</b> | <b>負債</b> |                         |                         |
| HK dollars         | 港元        | <b>1,048,308</b>        | 1,634,111               |
| US dollars         | 美元        | <b>-</b>                | 171,871                 |

**41. FINANCIAL INSTRUMENTS (CONTINUED)****41. 金融工具(續)****41b. Financial risk management objectives and policies***(Continued)***Market risk (Continued)**(i) Currency risk *(Continued)*

*Non-derivative foreign currency monetary assets and monetary liabilities (Continued)*

Sensitivity analysis

The following table details the Group's sensitivity to a 5% appreciation and depreciation in the functional currency of the relevant group entities (i.e. RMB and HK dollars) against the above foreign currencies. 5% is the sensitivity rate and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis adjusts their translation at the period end for a 5% change in foreign currency rates. A strengthening of the functional currency of the relevant group entities against the above foreign currencies would give rise to the following impact to post-tax profit for the year and vice versa.

**41b. 財務風險管理目標及政策(續)****市場風險(續)**

## (i) 貨幣風險(續)

*非衍生外幣金融資產及金融負債(續)*

敏感性分析

下表詳細載列就本集團內相關集團實體功能貨幣(即人民幣及港元)兌換上述外幣時上升及下降5%之敏感度。5%之敏感度亦代表管理層評估外幣匯率的合理可能變化。在期末時5%的外幣匯率轉變，有關的匯兌差額將在敏感性分析中作出調整。當相關集團實體之功能貨幣兌換上述外幣處強勢時，將令年度除稅後溢利有所影響，反之亦然。

|   |               | <b>2016</b>     | 2015     |
|---|---------------|-----------------|----------|
|   |               | <b>HK\$'000</b> | HK\$'000 |
|   |               | 千港元             | 千港元      |
| Monetary assets and liabilities:                    | 貨幣性資產及負債：     |                 |          |
| Increase (decrease) on post-tax profit for the year | 年度除稅後溢利增加(減少) |                 |          |
| – HK dollars  | – 港元          | <b>51,432</b>   | 80,311   |
| – US dollars  | – 美元          | <b>(4,857)</b>  | 3,856    |



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(For the year ended 31 December 2016) (截至2016年12月31日止年度)

### 41. FINANCIAL INSTRUMENTS (CONTINUED)

#### 41b. Financial risk management objectives and policies

(Continued)

##### Market risk (Continued)

##### (ii) Interest rate risk

##### *Non-derivative financial assets and liabilities*

The Group's cash flow interest rate risks mainly relate to its variable rate borrowings (see note 29 for details of these borrowings). It is the Group's policy to keep its borrowings at fixed interest rate so as to minimise the cash flow interest rate risk. The Group's bank balances also have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's HK dollars and US dollars denominated borrowings.

##### Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative financial instruments at the end of the reporting period. For variable rate bank borrowings, to the extent that they are not hedged by effective instruments, and bank balances, the analysis is prepared assuming the stipulated change taking place at the beginning of the financial year and held constant throughout both years in the case of instruments that have floating rates. 10 (2015: 10) basis point and 50 (2015: 50) basis point increase or decrease are used by the management for the assessment of the possible change in interest rates of variable rate bank balances and variable rate borrowings, respectively.

If interest rates had been 10 basis point higher or lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2016 would increase or decrease by HK\$204,000 (2015: HK\$213,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate bank balances.

### 41. 金融工具(續)

#### 41b. 財務風險管理目標及政策(續)

##### 市場風險(續)

##### (ii) 利率風險管理

##### *非衍生金融資產及負債*

本集團之現金流利率風險主要與其浮息借款有關(該等借款詳情見附註29)。本集團之政策是維持借款的固定利率，以將現金流利率風險減至最少。本集團的銀行結餘亦因應市場銀行結餘利率波動，而須面對現金流利率風險。

本集團須面對之金融負債利率詳列於附註中的流動資金風險管理部份。本集團現金流利率風險主要集中在本集團以港元及美元幣別借款中因應香港銀行同業拆息及倫敦銀行同業拆息變動而產生。

##### 敏感性分析

以下敏感性分析是根據非衍生金融工具於本報告期末之利率風險釐定。就浮息銀行借款而言，倘並無透過有效工具及銀行結餘進行對沖，分析將按假設於財務年度開始時已出現所訂明之變動並於兩年內維持不變(如屬以浮動利率計息之工具)而編製。10(2015年：10)基點及50(2015年：50)基點的增減是管理層作分別對浮動利率的銀行存款及借款有關利率變動可能性的評估時使用。

倘利率增加或減少10個基點且所有其他可變因素維持不變，則本集團截至2016年12月31日止年度之除稅後溢利將增加或減少204,000港元(2015年：213,000港元)，此乃由於附帶浮動利息銀行結餘而令本集團面對利率風險。

**41. FINANCIAL INSTRUMENTS (CONTINUED)****41b. Financial risk management objectives and policies**  
(Continued)*Market risk (Continued)*

- (ii) Interest rate risk (Continued)

*Non-derivative financial assets and liabilities (Continued)*Sensitivity analysis (Continued)

If interest rates had been 50 basis point higher or lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2016 would decrease or increase by HK\$8,621,000 (2015: HK\$8,560,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

*Derivative financial instruments*

During the year, the Group entered into several interest rate swap contracts with banks to reduce its exposure to interest rate risk in relation to variable rate borrowings (see note 29 for details of these borrowings). At 31 December 2016, one outstanding interest rate swap is accounted for as at fair value through profit or loss. The Group is required to estimate the fair value of the interest rate swap contract at the end of the reporting period, which therefore exposed the Group to interest rate risk.

Interest rate sensitivity

If forward interest rates had been 50 (2015: 50) basis points higher and all other variable were held constant, the Group's post-tax profit and equity would increase as follows and vice versa:

|                     |              | <b>Increase<br/>in post-tax<br/>profit</b> | <b>Increase<br/>in equity</b> |
|---------------------|--------------|--|-------------------------------|
|                     |              | 稅後溢利增加<br>HK\$'000<br>千港元                  | 權益增加<br>HK\$'000<br>千港元       |
| At 31 December 2016 | 於2016年12月31日 | 93   | —                             |
| At 31 December 2015 | 於2015年12月31日 | 6  | 656                           |

**41. 金融工具(續)****41b. 財務風險管理目標及政策(續)***市場風險(續)*

- (ii) 利率風險管理(續)

*非衍生金融資產及負債(續)*敏感性分析(續)

倘利率增加或減少50個基點且所有其他可變因素維持不變，則本集團截至2016年12月31日止年度之除稅後溢利將減少或增加8,621,000港元(2015年：8,560,000港元)。此乃由於銀行借款附帶浮動利息而令本集團面對利率風險。

*衍生金融工具*

年內，本集團已與銀行訂立多份利率掉期合約以減低因借款利率變動而產生之利率風險(該等借款詳情見附註29)。於2016年12月31日，一份未付利率掉期在對沖會計下列賬而另一份沒有在對沖會計下列賬，本集團須於報告期末時對本集團須面對之利息風險相應於該等利率掉期合約之公平值作出估計。

利率敏感性

倘遠期利率增加50(2015年：50)基點且所有其他可變因素維持不變，則本集團之除稅後溢利及權益將增加如下，反之亦然：

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### 41. FINANCIAL INSTRUMENTS (CONTINUED)

#### 41b. Financial risk management objectives and policies

(Continued)

##### Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. The Group is also exposed to concentration of credit risk as a substantial portion of its sales is generated from a limited number of customers. At 31 December 2016, the top five customers of the Group accounted for about 48% (2015: 42%) of the Group's trade receivables. The Group also granted loan and advance to a joint venture (note 25). In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management reviews the recoverable amount of each individual trade debt and loan/advance to a joint venture at the end of reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank deposits is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

### 41. 金融工具(續)

#### 41b. 財務風險管理目標及政策(續)

##### 信貸風險

本集團所面對的可導致本集團綜合財務狀況表的每類金融資產賬面值產生財務虧損之最大信貸風險乃是交易對手或債務人未能履行責任。由於本集團大部份銷售收入由有限客戶產生，本集團須面對信貸集中之風險。於2016年12月31日，本集團首五位客戶佔應收賬款總額約48% (2015年：42%)。本集團亦授予貸款及借款予合營企業(附註25)。為將信貸風險降至最低，本集團管理層已委任一組人員負責釐定信貸額度、信貸批核及其他監察程序以確保已採取適當跟進行動收回過期債務。此外，本集團於各個報告期末檢討各項個別貿易債項／貸款予合營企業之可收回金額，以確保就不可收回金額作出足夠減值虧損。就此而言，本公司董事認為本集團之信貸風險已大幅降低。

本集團之銀行存款之信貸風險有限，由於對方均是國際信貸評級機構評定為高信貸評級之銀行。

**41. FINANCIAL INSTRUMENTS (CONTINUED)****41b. Financial risk management objectives and policies***(Continued)***Liquidity risk**

In the management of the Group's liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows. The Group also has unutilised banking facilities (note 29) of approximately HK\$1,969,030,000 (2015: HK\$890,587,000) to meet its short-term working capital requirements. The management monitors the utilisation of bank borrowings and ensure compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent the interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative financial instruments that settle on a net basis. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

**41. 金融工具(續)****41b. 財務風險管理目標及政策(續)****流動資金風險**

在管理本集團流動資金風險時，本集團監控及維持管理層認為足夠的現金及現金等值項目水平，為本集團的業務營運提供資金並減輕現金流量波動的影響。本集團亦有可動用之銀行備用信貸額（附註29）約1,969,030,000港元（2015年：890,587,000港元），以應付短期營運資金需求。管理層監控銀行借款的使用狀況及確保遵守貸款契約。

下表詳列本集團非衍生金融負債的餘下合約到期日，乃根據本集團可能被要求還款的最早日期金融負債的未貼現現金流量編製。具體而言，載有按要償還條文之銀行貸款，被包括在最早時限之內，不論銀行是否選擇行使其權利。其他非衍生金融負債之到期日根據議定的還款日期計算。該表皆包括利息及本金之現金流量。於報告期末，某程度上其利息流為浮動利率，而其未貼現金額則根據利率計算。

此外，下表詳列本集團衍生金融工具之流動資金分析。該表乃按淨額計算之衍生金融工具之未貼現合約現金（流入）及流出淨額編製。當應付款項並未固定，所披露款項已參照報告期末現有收益率曲線所示之預計利率釐定。由於管理層認為合約到期日對理解衍生工具之現金流量之期限至關重要，本集團衍生金融工具之流動資金分析乃根據合約到期日編製。



## 41. FINANCIAL INSTRUMENTS (CONTINUED)

## 41b. Financial risk management objectives and policies

(Continued)

## Liquidity risk (Continued)

Bank loans with a repayment on demand clause are included in the "on demand or 0-30 days" time band in the above maturity analysis. As at 31 December 2016, the aggregate carrying amounts of these bank loans amounted to HK\$224,719,000 (2015: Nil). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believed that such bank loans would be repaid within one to five years after the reporting date of 31 December 2016 in accordance with the scheduled repayment dates set out in the loan agreements. The following table summarises the maturity analysis of bank loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements.

|                               |                     | Weighted<br>average<br>effective<br>interest rate<br>實際利率<br>加權平均數 | 0-30 days<br>0-30天 | 31-60 days<br>31-60天 | 61-90 days<br>61-90天 | 91-365 days<br>91-365天 | Total                          |   | Carrying<br>amount<br>賬面值<br>HK\$'000 |
|-------------------------------|---------------------|--|--------------------|----------------------|----------------------|------------------------|--------------------------------|---|---------------------------------------|
|                               |                     |  |                    |                      |                      |                        | Over<br>365 days<br>超過<br>365天 | undiscounted<br>cash flows<br>未折現<br>現金流量總計 |                                       |
|                               |                     | %  | 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                                   |
| <b>As at 31 December 2016</b> | <b>於2016年12月31日</b> |  |                    |                      |                      |                        |                                |   |                                       |
| Bank loans                    | 銀行借款                | 2.25   | 224,719            | -                    | -                    | -                      | -                              | -   | 224,719                               |
| <b>As at 31 December 2015</b> | <b>於2015年12月31日</b> |  |                    |                      |                      |                        |                                |   |                                       |
| Bank loans                    | 銀行借款                | -  | -                  | -                    | -                    | -                      | -                              | -   | -                                     |

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

## 流動資金風險(續)

具有可隨時要求償還條文之銀行借款在上述到期日分析計入「應要求或0-30天」之時間範圍內。於2016年12月31日，該等銀行借貸之賬面值金額合共為224,719,000港元(2015年：無)。計及本集團之財務狀況後，董事不相信銀行可能行使其要求即時還款之酌情權。董事相信，該等銀行借貸將於2016年12月31日報告日期後一年至五年內根據貸款協議所載預定還款日期償還。下表總括具有可隨時要求償還條文之銀行借貸，按貸款協議所載同意還款日期之到期分析。

以上金額包括非衍生金融負債之浮動利率工具有可能會變動，倘浮動利率變動與在報告期末估計的利率有所不同。



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## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

## 41. FINANCIAL INSTRUMENTS (CONTINUED)

## 41c. Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial liabilities.

## (i) Fair value of the Group's financial liabilities that are measured at fair value on a recurring basis

Some of the Group's 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 liabilities are determined (in particular, the valuation technique(s) and inputs used).

| Financial liabilities<br>金融負債  | Fair value as at<br>於以下日期之公平值                             |   | Fair value<br>hierarchy<br>公平值級別 | Valuation technique(s)<br>and key input(s)<br>估值技術及主要輸入數據  |
|--|---|---|----------------------------------|--|
|  | 31/12/2016  | 31/12/2015  |                                  |  |
| Interest rate swaps classified as derivative financial instruments in the consolidated statement of financial position<br>於綜合財務狀況表分類為衍生金融工具之利率掉期 | <b>Liabilities –<br/>HK\$20,000<br/>負債 –<br/>20,000港元</b> | Liabilities –<br>HK\$226,000<br>負債 –<br>226,000港元 | Level 2<br>第2級                   | Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.<br>貼現現金流。根據遠期利率(於報告期末可觀察的收益率曲線)及已訂約的利率來估計未來現金流，並採用一個能夠反映各對手信貸風險的比率將之貼現。 |

There were no transfers between 3 levels in both years.

於兩個年度內，三個級別之間並無轉移。

## 41. 金融工具(續)

## 41c. 金融工具之公平值計量

本附註提供有關本集團多項金融資產及金融負債公平值之釐定方式。

## (i) 根據經常性基準按公平值計量之本集團金融資產及金融負債之公平值

本集團部分金融資產及金融負債於各報告期末按公平值計量。下表所載資料說明該等金融資產及金融負債公平值之釐定方式(尤其是所用之估值方法及輸入數據)。

**41. FINANCIAL INSTRUMENTS (CONTINUED)****41c. Fair value measurements of financial instruments**  
(Continued)*(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)*

The directors consider that the carrying amounts of financial assets and financial liabilities (excluding derivative instruments) recognised in the consolidated financial statements approximate their fair values.

As at 31 December 2016 and 31 December 2015, the fair value measurements of all derivative financial instruments of the Group are categorised into Level 2. The fair values of the financial assets and financial liabilities included in the Level 2 category have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

**41d. Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements**

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

**41. 金融工具(續)****41c. 金融工具之公平值計量(續)***(ii) 並非根據經常性基準按公平值計量之金融資產及金融負債之公平值(但須披露公平值)*

董事認為，於綜合財務報表內確認之金融資產及金融負債(不包括衍生工具)的賬面值與其公平值相若。

於2016年12月31日及2015年12月31日，本集團所有衍生金融工具公平值計量均分類為第2級。列入第2級之金融資產及金融負債已根據公認定價模式按貼現現金流分析釐定，當中最重要之輸入數據為反映各對手信貸風險之貼現率。

**41d. 涉及抵銷、可執行總互抵銷安排及類似協議之金融資產及金融負債**

下表所載之披露包括涉及可執行總互抵銷安排或涵蓋類似金融工具之類似協議之金融資產及金融負債，不論是否於本集團之綜合財務狀況表內抵銷。

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## 綜合財務報表附註

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## 41. FINANCIAL INSTRUMENTS (CONTINUED)

## 41d. Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements (Continued)

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

|                               |                     | Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position |   | Net amounts of financial assets presented in the consolidated statement of financial position      | Related amounts not set off in the consolidated statement of financial position |                          | Net amount |
|-------------------------------|---------------------|---|---|--|---|--------------------------|------------|
|                               |                     | Gross amounts of recognised consolidated financial assets   | set off in the consolidated statement of financial position |  | Financial instruments   | Cash collateral received |            |
|                               |                     | 已確認綜合金融資產總額   | 內可被抵銷之金融資產  | 綜合財務狀況表內呈列之金融資產淨額  | 並無於綜合財務狀況表內抵銷之相關金額  | 已收取現金抵押品                 | 淨額         |
|                               |                     | 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        |
| <b>As at 31 December 2016</b> | <b>於2016年12月31日</b> |   |   |  |   |                          |            |
| Bank balances                 | 銀行結餘                | 15,367  | -   | 15,367   | (20)  | -                        | 15,347     |
| <b>As at 31 December 2015</b> | <b>於2015年12月31日</b> |   |   |  |   |                          |            |
| Bank balances                 | 銀行結餘                | 2,697   | -   | 2,697  | (226)   | -                        | 2,471      |
|                               |                     | Gross amounts of recognised financial liabilities set off in the statement of financial position              |   | Net amounts of financial liabilities presented in the consolidated statement of financial position | Related amounts not set off in the consolidated statement of financial position |                          | Net amount |
|                               |                     | Gross amounts of recognised consolidated financial liabilities  | set off in the consolidated statement of financial position |  | Financial instruments   | Cash collateral received |            |
|                               |                     | 已確認綜合金融負債總額   | 內可被抵銷之金融負債  | 綜合財務狀況表內呈列之金融負債淨額  | 並無於綜合財務狀況表內抵銷之相關金額  | 已收取現金抵押品                 | 淨額         |
|                               |                     | 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        |
| <b>As at 31 December 2016</b> | <b>於2016年12月31日</b> |   |   |  |   |                          |            |
| Derivatives                   | 衍生工具                | (20)  | -   | (20)   | 20  | -                        | -          |
| <b>As at 31 December 2015</b> | <b>於2015年12月31日</b> |   |   |  |   |                          |            |
| Derivatives                   | 衍生工具                | (226)   | -   | (226)  | 226   | -                        | -          |

The disclosures set out in the tables above include derivative contracts through the banks. The related collaterals are included in bank balances. If a default occurs, the banks are able to exercise the right to offset against any favourable derivative contracts and/or the collaterals placed.

## 41. 金融工具(續)

## 41d. 涉及抵銷、可執行總互抵銷安排及類似協議之金融資產及金融負債(續)

涉及抵銷、可執行總互抵銷安排及類似協議之金融資產

上表所載之披露包括透過銀行訂立之衍生合約。有關抵押品已包括在銀行結餘中。如違約發生，銀行能行使其權力與任何對銀行優惠之衍生合約及／或已存放抵押品作抵銷。



#### 42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

A summarised information statement of financial position of the Company as at 31 December 2016 and 31 December 2015 is as follows:

#### 42. 本公司財務狀況表

本公司於2016年12月31日及2015年12月31日之財務狀況表概述如下：

|                             |              | <b>2016</b>     | 2015     |
|-----------------------------|--------------|-----------------|----------|
|                             |              | <b>HK\$'000</b> | HK\$'000 |
|                             |              | 千港元             | 千港元      |
| <b>ASSETS</b>               | <b>資產</b>    |                 |          |
| Investments in a subsidiary | 附屬公司投資       | <b>54,404</b>   | 57,987   |
| Prepayments                 | 預付款項         | <b>172</b>      | 172      |
| Bank balances               | 銀行結餘         | <b>339</b>      | 342      |
|                             |              | <b>54,915</b>   | 58,501   |
| <b>LIABILITIES</b>          | <b>負債</b>    |                 |          |
| Other payables              | 其他應付款        | <b>2,890</b>    | 3,485    |
| Amount due to a subsidiary  | 應付附屬公司款項     | <b>7,813</b>    | 7,087    |
|                             |              | <b>10,703</b>   | 10,572   |
|                             |              | <b>44,212</b>   | 47,929   |
| <b>Capital and reserves</b> | <b>資本及儲備</b> |                 |          |
| Share capital               | 股本           | <b>82,500</b>   | 82,500   |
| Reserves                    | 儲備           | <b>(38,288)</b> | (34,571) |
|                             |              | <b>44,212</b>   | 47,929   |

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(For the year ended 31 December 2016) (截至2016年12月31日止年度)

## 42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED) 42. 本公司財務狀況表(續)

## Movement of the reserves

## 儲備變動

|   |              | Share premium | Contributed surplus | Translation reserve | Share options reserve | Retained profits | Total     |
|---|--------------|---------------|---------------------|---------------------|-----------------------|------------------|-----------|
|   |              | 股份溢價          | 實繳盈餘                | 匯兌儲備                | 購股權儲備                 | 累計溢利             | 合計        |
|   |              | HK\$'000      | HK\$'000            | HK\$'000            | HK\$'000              | HK\$'000         | HK\$'000  |
|   |              | 千港元           | 千港元                 | 千港元                 | 千港元                   | 千港元              | 千港元       |
| At 1 January 2015                             | 於2015年1月1日   | 20,307        | (102,808)           | 8,781               | 163,430               | 80,709           | 170,419   |
| Profit for the year                           | 年內溢利         | –             | –                   | –                   | –                     | 83,362           | 83,362    |
| Dividends                                     | 股息           | –             | –                   | –                   | –                     | (123,750)        | (123,750) |
| Exchange differences arising from translation | 因換算而產生之匯兌差額  | –             | –                   | (3,413)             | –                     | –                | (3,413)   |
| Lapse of share option                         | 認股權失效        | –             | –                   | (3,759)             | (163,430)             | 6,000            | (161,189) |
| At 31 December 2015                           | 於2015年12月31日 | 20,307        | (102,808)           | 1,609               | –                     | 46,321           | (34,571)  |
| Profit for the year                           | 年內溢利         | –             | –                   | –                   | –                     | 78,968           | 78,968    |
| Dividends                                     | 股息           | –             | –                   | –                   | –                     | (82,500)         | (82,500)  |
| Exchange differences arising from translation | 因換算而產生之匯兌差額  | –             | –                   | (185)               | –                     | –                | (185)     |
| At 31 December 2016                           | 於2016年12月31日 | 20,307        | (102,808)           | 1,424               | –                     | 42,789           | (38,288)  |

The contributed surplus of the Company represents the difference between the aggregate net tangible assets of the subsidiaries acquired by the Company pursuant to a group reorganisation in December 2001 and the nominal value of the Company's shares issued for the acquisition.

本公司之實繳盈餘乃本公司於2001年12月之集團重組所收購之附屬公司之有形資產淨值總和與本公司因該收購而發行股本面值之差額。

# Financial Summary

## 財務概要

|                        |           | Year ended 31 December<br>截至十二月三十一日止年度 |           |           |           | 2016             |
|------------------------|-----------|--|-----------|-----------|-----------|------------------|
|                        |           | 2012                                   | 2013      | 2014      | 2015      | 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              |
| <b>RESULTS</b>         | <b>業績</b> |  |           |           |           |                  |
| Revenue                | 收入        | 1,520,512                              | 1,329,131 | 1,560,028 | 1,705,879 | <b>1,813,851</b> |
| Profit before taxation | 除稅前溢利     | 418,951                                | 374,957   | 411,470   | 355,944   | <b>339,950</b>   |
| Income tax expenses    | 所得稅支出     | (57,014)                               | (66,225)  | (81,359)  | (86,266)  | <b>(123,755)</b> |
| Profit for the year    | 年內溢利      | 361,937                                | 308,732   | 330,111   | 269,678   | <b>216,195</b>   |

|                               |              | At 31 December<br>於十二月三十一日 |             |             |             | 2016               |
|-------------------------------|--------------|----------------------------|-------------|-------------|-------------|--------------------|
|                               |              | 2012                       | 2013        | 2014        | 2015        | 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                |
| <b>ASSETS AND LIABILITIES</b> | <b>資產及負債</b> |                            |             |             |             |                    |
| Total assets                  | 資產總額         | 3,492,177                  | 4,174,634   | 4,714,045   | 4,622,040   | <b>4,752,065</b>   |
| Total liabilities             | 負債總額         | (1,598,338)                | (2,044,026) | (2,416,082) | (2,275,762) | <b>(2,410,040)</b> |
| Net assets                    | 資產淨額         | 1,893,839                  | 2,130,608   | 2,297,963   | 2,346,278   | <b>2,342,025</b>   |



# Schedule of Property

## 物業資料

### INVESTMENT PROPERTY

### 投資物業

| Location<br>地點   | Area<br>面積           | Use<br>用途    | Stage of completion<br>完成階段       | Group's<br>ownership<br>集團擁有權 | Expected date of<br>completion<br>預期完成日 |
|--|----------------------|--------------|-----------------------------------|-------------------------------|---|
| East of Jiangnan Avenue,<br>South of Jinmao Road,<br>West of Jingang Road,<br>Jiagsu Yangtze River<br>Development Zone,<br>China | 16,606M <sup>2</sup> | Undetermined | Not yet commenced<br>construction | 100%                          | Undetermined                            |
| 中國江蘇沿江<br>開發區江南<br>大道以東，<br>金茂路以南，<br>金港路以西  | 16,606平方米            | 未確定          | 尚未開始建設                            | 100%                          | 未確定                                     |

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