

# LESSO 联塑

CHINA LESSO GROUP HOLDINGS LIMITED  
中國聯塑集團控股有限公司

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

Stock Code 股份代號：2128

## IMPROVE URBAN QUALITY OF LIFE

為城市提高品質生活

ANNUAL REPORT  
年報



# CORPORATE PROFILE

## 企業簡介

China Lesso Group Holdings Limited is a leading large-scale industrial group, making building materials and interior decoration products in mainland China. It is listed on the main board of The Stock Exchange of Hong Kong Limited (stock name: China Lesso, stock code: 2128). China Lesso is one of the constituent stocks of the Hang Seng Composite Index – MidCap and has been included in the scheme of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and is tradable under Hong Kong Stock Link. The Group provides over 10,000 kinds of quality products, including plastic pipes and pipe fittings, sanitary ware products, integrated kitchens, systems of doors and windows, decorative plates, fire-fighting equipment, and sanitary materials, etc. They are widely applied to such fields as interior decoration, water supply, drainage, power supply and telecommunications, gas transmission, agriculture, floor heating and fire services. The Group is positioned



# CONTENTS 目錄

Financial Highlights	2	財務摘要
Five-year Financial Summary	3	五年財務概要
Chairman's Statement	4	主席報告書
Biographical Details of Directors and Senior Management	6	董事及高級管理人員履歷
Corporate Governance Report	12	企業管治報告
Management Discussion and Analysis	36	管理層討論及分析
Directors' Report	50	董事會報告
Independent Auditor's Report	66	獨立核數師報告
Consolidated Statement of Profit or Loss and Other Comprehensive Income	74	綜合損益及其他全面收益表
Consolidated Statement of Financial Position	76	綜合財務狀況表
Consolidated Statement of Changes in Equity	78	綜合權益變動表
Consolidated Statement of Cash Flows	80	綜合現金流量表
Notes to Consolidated Financial Statements	82	綜合財務報表附註
Summary of Investment Properties	172	投資物業概要
Glossary	174	詞彙
Corporate Information	177	公司資料

# FINANCIAL HIGHLIGHTS

## 財務摘要

		2016	2015	Change 變動
<b>Financial Results as at 31 December (RMB'000)</b>	<b>截至12月31日止年度 (人民幣千元)</b>			
Revenue	收入	<b>17,221,052</b>	15,264,401	12.8%
Gross profit	毛利	<b>4,581,778</b>	3,937,571	16.4%
Finance costs	融資成本	<b>107,061</b>	87,323	22.6%
EBITDA	除息稅折攤前盈利	<b>3,125,219</b>	2,653,109	17.8%
Profit before tax	除稅前溢利	<b>2,424,792</b>	2,064,671	17.4%
Profit for the year	年內溢利	<b>1,913,704</b>	1,618,450	18.2%
Profit attributable to owners of the Company	本公司擁有人應佔溢利	<b>1,922,027</b>	1,621,117	18.6%
<b>Balance Sheet as at 31 December (RMB'000)</b>	<b>於12月31日(人民幣千元)</b>			
Total assets	資產總額	<b>22,195,286</b>	16,649,123	33.3%
Cash and bank deposits	現金及銀行存款	<b>3,885,683</b>	3,893,544	(0.2)%
Total debts <sup>(a)</sup>	債務總額 <sup>(a)</sup>	<b>4,694,561</b>	3,240,740	44.9%
Net debt/(cash) <sup>(b)</sup>	債務(現金)淨額 <sup>(b)</sup>	<b>808,878</b>	(652,804)	(223.9)%
Total equity	權益總額	<b>11,537,672</b>	9,865,452	17.0%
<b>Share Information (RMB)</b>	<b>股份資料(人民幣)</b>			
Basic earnings per share <sup>(c)</sup>	每股基本盈利 <sup>(c)</sup>	<b>0.62</b>	0.52	19.2%
Diluted earnings per share <sup>(c)</sup>	每股攤薄盈利 <sup>(c)</sup>	<b>0.62</b>	0.52	19.2%
Proposed final dividend per share (HK cents)	擬派每股末期股息(港仙)	<b>15</b>	13	15.4%
Equity attributable to owners of the Company per share	每股本公司擁有人應佔權益	<b>3.62</b>	3.14	15.3%
<b>Financial Ratios</b>	<b>財務比率</b>			
Gearing Ratio (%)	資產負債率(%)	<b>28.9</b>	24.7	
Net debt to equity <sup>(d)</sup> (%)	債務淨額對權益比率 <sup>(d)</sup> (%)	<b>7.0</b>	N/A	
Interest cover <sup>(e)</sup> (times)	利息盈利比率 <sup>(e)</sup> (倍)	<b>29.19</b>	30.38	

Note:

- Represented total borrowings.
- Represented total debts less cash and bank deposits.
- Details of the calculations of the basic and diluted earnings per share of the Company are set out in note 11 to consolidated financial statements.
- Represented net debt divided by total equity.
- Represented EBITDA divided by finance costs.

附註：

- 指借款總額。
- 指債務總額減現金及銀行存款。
- 本公司每股基本及攤薄盈利之計算詳述於綜合財務報表附註11。
- 指債務淨額除以權益總額。
- 指除息稅折攤前盈利除以融資成本。

# FIVE-YEAR FINANCIAL SUMMARY

## 五年財務概要

		Financial Summary ended 31 December 截至12月31日止年度				
		2016	2015	2014	2013	2012
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
RESULTS	業績	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
<b>REVENUE</b>	收入	<b>17,221,052</b>	15,264,401	14,822,772	13,070,547	10,891,363
<b>GROSS PROFIT</b>	毛利	<b>4,581,778</b>	3,937,571	3,800,734	3,265,568	2,649,308
<b>EXPENSES<sup>#</sup></b>	開支 <sup>#</sup>	<b>(2,188,759)</b>	(1,906,605)	(1,837,384)	(1,502,919)	(1,136,887)
<b>FINANCE COSTS</b>	融資成本	<b>(107,061)</b>	(87,323)	(233,071)	(151,003)	(146,231)
<b>PROFIT BEFORE TAX</b>	除稅前溢利	<b>2,424,792</b>	2,064,671	1,846,793	1,767,511	1,482,279
Income tax expense	所得稅開支	<b>(511,088)</b>	(446,221)	(306,435)	(329,895)	(251,008)
<b>PROFIT FOR THE YEAR</b>	年內溢利	<b>1,913,704</b>	1,618,450	1,540,358	1,437,616	1,231,271
Profit attributable to:	以下應佔溢利：					
Owners of the Company	本公司擁有人	<b>1,922,027</b>	1,621,117	1,554,024	1,449,261	1,238,322
Non-controlling interests	非控制權益	<b>(8,323)</b>	(2,667)	(13,666)	(11,645)	(7,051)
		<b>1,913,704</b>	1,618,450	1,540,358	1,437,616	1,231,271

		Financial Position as at 31 December 於12月31日				
		2016	2015	2014	2013	2012
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
FINANCIAL POSITION	財務狀況	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
<b>ASSETS</b>	資產					
Non-current assets	非流動資產	<b>12,136,602</b>	8,416,831	7,204,696	5,899,084	4,669,883
Current assets	流動資產	<b>10,058,684</b>	8,232,292	7,314,832	6,398,623	5,112,903
Total assets	資產總額	<b>22,195,286</b>	16,649,123	14,519,528	12,297,707	9,782,786
<b>LIABILITIES</b>	負債					
Non-current liabilities	非流動負債	<b>935,722</b>	2,406,123	2,159,959	1,743,944	1,715,992
Current liabilities	流動負債	<b>9,721,892</b>	4,377,548	3,809,846	3,297,820	2,038,876
Total liabilities	負債總額	<b>10,657,614</b>	6,783,671	5,969,805	5,041,764	3,754,868
<b>NET CURRENT ASSETS</b>	流動資產淨額	<b>336,792</b>	3,854,744	3,504,986	3,100,803	3,074,027
<b>EQUITY</b>	權益					
Equity attributable to owners of the Company	本公司擁有人應佔權益	<b>11,231,509</b>	9,770,885	8,545,459	7,239,738	6,010,033
Non-controlling interests	非控制權益	<b>306,163</b>	94,567	4,264	16,205	17,885
Total equity	權益總額	<b>11,537,672</b>	9,865,452	8,549,723	7,255,943	6,027,918

<sup>#</sup> Represented the sum of selling and distribution expenses, administrative expenses and other expenses.

<sup>#</sup> 指銷售及分銷開支、行政開支和其他開支的總和。

# CHAIRMAN'S STATEMENT

## 主席報告書

In 2016, China's gross domestic product growth rate decelerated to 6.7%. The economic slowdown weighed on people from different walks of life. In 2016, the Chinese government started its 13th Five-year Plan with the policy of stimulating the economy with investment in national infrastructure projects. During the year, the Chinese government continued to press on with the plan of "Sponge City" and "Action Plan for Prevention and Control of Water Pollution" for better water management to ensure the safety of water supply and reduce water pollution. Meanwhile, the Chinese government accelerated shantytown renovation and redevelopment of dilapidated housing. Such domestic projects would definitely boost the demand for plastic pipes and pipe fittings. Being a sizeable industrial group producing building materials and interior decoration products, China Lesso has taken advantage of its economies of scale and capitalised on the state policies and construction programmes. As a result, the Group achieved remarkable results for the year.

During the year, the Group achieved a steady increase in terms of sales revenue, market expansion and key performance indicators despite the mounting downward pressure on China's economy. The Group's revenue increased by 12.8% to RMB17,221 million in 2016 from RMB15,264 million in 2015. Gross profit rose by 16.4% to RMB4,582 million, and profit attributable to owners of the Company grew by 18.6% to RMB1,922 million. The Board proposed a final dividend of HK15 cents per share for the year ended 31 December 2016.

During the year, the Group continued to solidify its business presence in Southern China, where it derived most of its revenue, and proactively enhanced its 8 its tlass3ived most oabM .0859 Tw 13.9( s4g the yearss domimu78)]TJ 15s f e n n g d o w e t h 7 , 2 ( o n d e c e l e r a i m u 7 8 ) ] s o f 34 a n 6 T w v e n 2 0 1 6 .

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In addition, the Group continued to develop the business of Lesso Mall, a diversified and dedicated e-commerce platform which featured an online-to-offline business model. During the year, the Group refined its strategy for operating Lesso Mall and established strategic partnerships with local distributors and business partners. Meanwhile, the Group has also set up chain stores in the country to expand its domestic sales network. The Group believes that Lesso Mall will evolve into a major growth driver in the future.

In the face of the world's challenging business environment in 2016, the Group was able to achieve steady growth in revenue, meeting the market's expectations. The achievement was attributable to the Group's sustainable business development and progressive expansion of its product lines. By adopting strategic moves in both its existing and new businesses, the Group successfully expanded the scope of its business in both domestic and overseas markets, and consolidated its brand image and reputation. As a result, the Group met the targets for growth in revenue and profit during the year.

In 2017, China's business environment is expected to be complicated and plagued by numerous uncertainties. In order to adapt to the frequent changes in the market, the Group will proactively explore the possibility of diversifying its business further so as to fully capitalise on the government initiatives that can benefit the industry. The Group is determined to expand its production capacity by upgrading its existing production bases in order to enhance its overall efficiency and facility utilisation rate. It will also try to raise efficiency through automation at its production bases. Meanwhile, the Group will continue to upgrade its information system and foster the development of Lesso Mall so that it can extend its footprint in both domestic and overseas markets.

China Lesso celebrated the 30th anniversary of its establishment in 2016, and I would like to express my heartfelt gratitude to our management and all the staff members for their commitment and dedication to the Group. The Group will continue to fulfill its mission of "improving urban quality of life" by providing the market with innovative and high quality household building products. We will capitalise on China's economic reform and rising consumption demand to drive the Group's business development for the long-term. This will enable us to achieve better results and create greater value for customers, investors and shareholders. China Lesso is determined to scale new heights in the next 30 years!

**W g L e Hei**  
*Chairman*  
Hong Kong, 6 March 2017

此外，本集團繼續擴展專門的多元化電子商貿平台聯塑商城業務，並採用線上線下的業務模式。年內，本集團促進聯塑商城的經營策略，與地方經銷商及業務夥伴建立戰略業務合作關係。同時，本集團亦於國內開設連鎖店以拓展其國內銷售網絡，相信聯塑商城將成為未來業績增長的亮點。

面對2016年充滿挑戰的全球營商環境，本集團秉持可持續發展業務及積極擴充產品線，實現穩定的收入增長，符合市場預期。本集團在現有及新業務方面採取戰略政策，成功拓展其於國內及海

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## 董事及高級管理人員履歷

### EXECUTIVE DIRECTORS

Mr. Wong Luen Hei, aged 54, is the founder of the Group, the chairman of the Company and was appointed as an executive director of the Company on 5 November 2009. He is also a director of various companies in the Group. He is primarily responsible for the Group's overall strategic planning and business management. Mr. Wong has approximately 20 years of experience in plastic pipe operations and management. He served as the chairman in Shunde Liansu Industrial from December 1996 to April 1999 and was awarded "Outstanding Private Entrepreneur of Shunde" by Shunde People's Government of Foshan in 2003. Mr. Wong has been a vice president of Foshan Shunde Longjiang General Chamber of Commerce since 2006. Mr. Wong is the spouse of Ms. Zuo Xiaoping and the brother-in-law of Mr. Zuo Manlun. Mr. Wong is the founder of a trust which holds the entire issued share capital of Xi Xi Development and New Fortune, the controlling shareholder of the Company.

Mr. Zuo Manlun, aged 44, is the chief executive of the Group and was appointed as an executive director of the Company on 27 February 2010. He is also a director/general manager/supervisor of various companies in the Group. He is primarily responsible for the management of the daily business operations of the Group. Mr. Zuo has approximately 17 years of experience in the plastic pipe industry. Mr. Zuo joined the Group in December 1999 and has held various positions in operation management since joining the Group. Mr. Zuo won several awards including "Outstanding Worker of the Plastic Industry in the PRC" by China Plastics Processing Industry Association in 2009. Mr. Zuo is the brother-in-law of Mr. Wong Luen Hei and the younger brother of Ms. Zuo Xiaoping.

Ms. Zuo Xiaoping, aged 50, is a vice president of the Group and was appointed as an executive director of the Company on 27 February 2010. She is also a director/supervisor of various companies in the Group. She is primarily responsible for procurement control and logistics management of the Group. Ms. Zuo has approximately 20 years of experience in the plastic pipe industry. Ms. Zuo served as a director of Shunde Liansu Industrial from December 1996. In 1999, upon establishing the Group together with Mr. Wong Luen Hei, she held various positions in procurement. Ms. Zuo is the spouse of Mr. Wong Luen Hei and the elder sister of Mr. Zuo Manlun.

### 執行董事

黃聯禧先生，54歲，為本集團創辦人兼本公司主席，於2009年11月5日獲委任為本公司執行董事。彼亦於本集團內多間成員公司擔任董事職務。彼主要負責本集團的整體戰略策劃及業務管理。黃先生於塑料管道經營及管理方面累積約20年經驗。彼於1996年12月至1999年4月擔任順德聯塑實業的主席，並於2003年獲佛山市順德區人民政府評為「順德優秀民營企業家」。黃先生自2006年起任佛山市順德區龍江總商會副會長。黃先生乃左笑萍女士的配偶及左滿倫先生的姐夫。黃先生為持有西溪發展及本公司控股股東新富星全部已發行股本之信託的創辦人。

左滿倫先生，44歲，為本集團行政總裁，並於2010年2月27日獲委任為本公司執行董事。彼亦於本集團內多間成員公司擔任董事 總經理 監事職務。彼主要負責本集團日常業務經營管理。左先生於塑料管道行業累積約17年經驗。左先生於1999年12月加盟本集團，自此於經營管理方面曾擔任不同職位。左先生曾獲多個獎項，包括於2009年獲中國塑料加工工業協會評為「中國塑料行業先進工作者」。左先生乃黃聯禧先生的內弟及左笑萍女士的胞弟。

左笑萍女士，50歲，為本集團副總裁，並於2010年2月27日獲委任為本公司執行董事。彼亦於本集團內多間成員公司擔任董事 監事職務。彼主要負責本集團的採購監控及物流管理。左女士於塑料管道行業累積約20年經驗。左女士自1996年12月起擔任順德聯塑實業的董事。於1999年，彼與黃聯禧先生一同成立本集團，出任不同的採購職務。左女士乃黃聯禧先生的配偶及左滿倫先生的胞姐。



## 董事及高級管理人員履歷

### EXECUTIVE DIRECTORS (continued)

Dr. Lin Shaoquan, aged 41, is a vice president of the Group and was appointed as an executive director of the Company on 27 February 2010. He is also a director of various companies in the Group. Dr. Lin is primarily responsible for the research and development and overseas sales of the Group. Dr. Lin has approximately 14 years of experience in the plastic pipe industry. Dr. Lin joined the Group in July 2002 and has held various positions in research and development and overseas sales since joining the Group. Over the years, Dr. Lin has won various awards including "National May First Labor Medal" by All China Federation of Trade Unions in 2006. Dr. Lin received a doctorate degree in polymer chemical and physics from Sun Yat-sen University in June 2002.

Mr. Huang Guirong, aged 41, is a vice president of the Group and was appointed as an executive director of the Company on 27 February 2010. He is also a director/general manager/supervisor of various companies in the Group. Mr. Huang is primarily responsible for the overall management of the factories and production facilities of the Group and has approximately 20 years of experience in the plastic pipe industry. Mr. Huang joined the Group in December 1999 and has held various positions in production management since joining the Group. Prior to joining the Group, Mr. Huang served as a deputy factory manager at Foshan City Dongjian Plastic Materials Factory from 1996 until 1999 and served as a deputy manager of the plastic production department of Shunde Liansu Industrial from June 1999 to November 1999. Mr. Huang completed a programme of marketing from Hubei University of Technology from September 2001 to July 2005.

Mr. Luo Jianfeng, aged 45, was appointed as an executive director of the Company on 2 April 2010. He is also a director/general manager/supervisor of various companies in the Group. Mr. Luo has approximately 22 years of experience in accounting and worked at Shunde City Accounting Firm from July 1993 to March 1996, Guangdong Dezheng Accounting Firm with Limited Liability from April 1996 to December 2001 and Guangdong Gongcheng Accounting Firm from January 2002 to December 2007. Mr. Luo worked for Foshan City Zhongzhengcheng Accounting Firm Co., Limited as a certified public accountant from January 2008 to April 2016. Mr. Luo is a member of The Chinese Institute of Certified Public Accountants. Mr. Luo had been an independent director of Winowner Group Co., Ltd. (stock code: 600681), which is listed on the Shanghai Stock Exchange, from June 2009 to June 2015. Mr. Luo obtained a bachelor degree in economics from Guangdong University of Business Studies in June 1993.

### 執行董事(續)

林少全博士，41歲，為本集團副總裁，並於2010年2月27日獲委任為本公司執行董事。彼亦於本集團內多間成員公司擔任董事職務。林博士主要負責本集團的研發及海外銷售工作。林博士於塑料管道行業擁有約14年經驗。林博士於2002年7月加盟本集團，自此於研發及海外銷售方面曾擔任不同職務。林博士多年來曾獲多個獎項，包括於2006年獲中華全國總工會頒授「全國五一勞動獎章」。林博士於2002年6月在中山大學取得高分子化學與物理博士學位。

黃貴榮先生，41歲，為本集團副總裁，並於2010年2月27日獲委任為本公司執行董事。彼亦於本集團內多間成員公司擔任董事 總經理 監事職務。黃先生主要負責本集團工廠及生產設備的整體管理，並於塑料管道行業擁有約20年經驗。黃先生於1999年12月加盟本集團，自此於生產管理方面曾擔任不同職務。於加盟本集團之前，黃先生於1996年至1999年擔任佛山市東建塑料廠的副廠長，並於1999年6月至1999年11月擔任順德聯塑實業的塑料生產部副經理。黃先生於2001年9月至2005年7月在湖北工業大學完成市場營銷課程。

羅建峰先生，45歲，於2010年4月2日獲委任為本公司執行董事。彼亦於本集團內多間成員公司擔任董事 總經理 監事職務。羅先生於會計方面擁有約22年經驗，並於1993年7月至1996年3月任職於順德市會計師事務所、於1996年4月至2001年12月任職於廣東德正有限責任會計師事務所及於2002年1月至2007年12月任職於廣東公誠會計師事務所。於2008年1月至2016年4月，羅先生在佛山市中正誠會計師事務所有限公司擔任註冊會計師。羅先生為中國註冊會計師協會會員。於2009年6月至2015年6月，羅先生曾於上海證券交易所上市的萬鴻集團股份有限公司(股份代號：600681)任獨立董事。羅先生於1993年6月取得廣東商學院的經濟學學士學位。

## NON-EXECUTIVE DIRECTOR

Mr. Lin Dewei, aged 56, was appointed as a non-executive director of the Company on 27 February 2010. Mr. Lin has approximately 22 years of experience in the legal field and worked as a part-time lawyer at various PRC law firms between 1995 and 2001. Since 2001, Mr. Lin had been practising as a lawyer at Guangdong Everwin Law Office and became a partner at the firm in 2004. Mr. Lin was an arbitrator of the Guangzhou City Arbitration Commission in 2003.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Tao Zhigang, aged 51, was appointed as an independent non-executive director of the Company on 1 September 2015. Dr. Tao is Professor of Economics and Strategy in the Faculty of Business and Economics and the director of the Institute for China and Global Development, the University of Hong Kong. Prior to joining the University of Hong Kong in 1998, he taught at Hong Kong University of Science and Technology from 1992 to 1998. Dr. Tao received his B.Sc. in management science from Fudan University in 1986, and PhD in economics from Princeton University in 1992. Dr. Tao is currently an independent non-executive director of Huadian Fuxin Energy Corporation Limited (stock code: 816), which is listed on The Stock Exchange. Dr. Tao is senior fellow at Tsinghua University's National Centre of Economic Research, senior fellow at Tsinghua University's Center for China in the World Economy, and special-term professor at Fudan University School of Management. He is also co-director of the Asia Competitiveness Program of Hong Kong Institute of Economics and Business Strategy.

Mr. Fung Pui Cheung, aged 68, was appointed as an independent non-executive director of the Company on 27 February 2010. Mr. Fung is currently practising as a sole proprietor in the name of P C Fung & Company, a certified public accountants firm. Mr. Fung is a Certified Public Accountant, a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of The Institute of Chartered Accountants in England and Wales. Mr. Fung obtained a master degree in arts from Antioch University, US in March 1987. Mr. Fung is currently an independent non-executive director and a member of the audit committee of Vantage International (Holdings) Limited (stock code: 15), which is listed on the Stock Exchange. He is a member of the Hong Kong Inland Revenue Department's Users' Committee.

## 非執行董事

林德緯先生，56歲，於2010年2月27日獲委任為本公司非執行董事。林先生於法律行業累積約22年經驗，並於1995年至2001年間在多間中國律師事務所任職兼職律師。自2001年起，林先生一直在廣東法制盛邦律師事務所任職律師，並於2004年成為該律師事務所的合夥人。林先生於2003年為廣州仲裁委員會仲裁員。

## 獨立非執行董事

陶志剛博士，51歲，於2015年9月1日獲委任為本公司獨立非執行董事。陶博士為香港大學經濟及工商管理學院戰略管理及經濟學教授，以及中國與全球發展研究所所長。於1998年加入香港大學前，彼於1992年至1998年任教於香港科技大學。陶博士於1986年取得復旦大學管理科學理學士學位，以及於1992年取得普林斯頓大學經濟學博士學位。陶博士現任在聯交所上市的華電福新能源股份有限公司(股份代號：816)獨立非執行董事。陶博士為清華大學中國經濟研究中心高級研究員、清華大學中國與世界經濟研究中心高級研究員，以及復旦大學管理學院特聘教授。彼亦為香港經濟及商業策略研究所亞太競爭力項目共同負責人。

馮培漳先生，68歲，於2010年2月27日獲委任為本公司獨立非執行董事。馮先生現時獨資經營馮培漳會計師事務所。馮先生為香港會計師公會執業會計師兼資深會員以及英格蘭及威爾士特許會計師協會會員。馮先生於1987年3月在美國安蒂奧克大學取得文學碩士學位。馮先生現任在聯交所上市的盈信控股有限公司(股份代號：15)獨立非執行董事兼審核委員會成員。彼亦為香港稅務局服務承諾關注委員會的成員。

### 董事及高級管理人員履歷

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

##### (Continued)

Mr. Wong Kwok Ho Jonathan, aged 43, was appointed as an independent non-executive director of the Company on 27 February 2010. Since 2002, Mr. Wong has been practising as a barrister of the High Court in Hong Kong specialising in both civil and criminal litigation. Mr. Wong is a member of The Chartered Institute of Arbitrators. Mr. Wong obtained a bachelor degree in business administration from Hawaii Pacific University in August 1997 and a bachelor degree in law from City University of Hong Kong in November 2001. Mr. Wong received a postgraduate certificate in laws from City University of Hong Kong in July 2002.

Mr. Cheung Man Yu, aged 42, was appointed as an independent non-executive director of the Company on 31 December 2012. Mr. Cheung obtained a bachelor degree in arts with major in accountancy from The Hong Kong Polytechnic University and is a member of Hong Kong Institute of Certified Public Accountants. Mr. Cheung has over 18 years of experience in financial management and financial services. Mr. Cheung is currently the chief financial officer and company secretary of Feiyu Technology International Company Ltd. (stock code: 1022), which listed on the Stock Exchange. Mr. Cheung was employed at the audit department of Ernst & Young, an international accounting firm, from 2000 to 2004. Mr. Cheung had been a vice president or director at the respective investment banking division of BNP Paribas Capital (Asia Pacific) Limited, UBS AG and J.P. Morgan securities (Asia Pacific) Limited from 2004 to 2011. From 2011 to 2012, Mr. Cheung was a vice president of a company which is listed on the Stock Exchange.

Ms. Lan Fang, aged 41, was appointed as an independent non-executive director of the Company on 1 January 2015. Ms. Lan has been the President of Guangdong Construction and Decoration Materials Association since March 2008 and the President of Guangdong Construction and Decoration Design Association since August 2014. Ms. Lan graduated from Guangdong University of Technology with a college diploma in June 1996 and then pursued further studies in the EMBA CEO training program of Sun Yat-sen University and the business management CEO training program of Tsinghua University. She worked as a chairman of the materials committee of Guangzhou Architecture & Decoration Association from February 1998 to October 2006. As of the date herein, Ms. Lan has accumulated over 19 years of experience with respect to the administration of social organisations and the industry of construction and decoration materials.

#### 獨立非執行董事(續)

王國豪先生，43歲，於2010年2月27日獲委任為本公司獨立非執行董事。自2002年以來，王先生一直在香港高等法院擔任大律師，專責處理民事及刑事訴訟。王先生為英國特許仲裁員學會會員。王先生於1997年8月在夏威夷太平洋大學取得工商管理學士學位及於2001年11月在香港城市大學取得法律學士學位。王先生於2002年7月在香港城市大學取得法學專業證書。

張文宇先生，42歲，於2012年12月31日獲委任為本公司獨立非執行董事。張先生獲得香港理工大學文學學士學位，主修會計，並為香港會計師公會會員。張先生擁有逾18年財務管理及財務服務經驗。張先生現任聯交所上市的飛魚科技國際有限公司(股份代號：1022)首席財務官兼公司秘書。於2000年至2004年，張先生任職於國際會計師事務所安永會計師事務所審計部。於2004年至2011年，張先生曾先後於法國巴黎資本(亞太)有限公司、瑞士聯合銀行集團及摩根大通證券(亞太)有限公司的投資銀行部擔任副總裁或董事。於2011年至2012年，張先生曾於一間於聯交所上市的公司擔任副總裁。

蘭芳女士，41歲，已於2015年1月1日獲委任為本公司獨立非執行董事。蘭女士從2008年3月至今為廣東省建築裝飾材料行業協會會長，2014年8月至今為廣東省建築裝飾設計協會會長。蘭女士1996年6月畢業於廣東工業大學，獲大專學歷，並先後就讀中山大學EMBA總裁班、清華大學企業管理總裁班。1998年2月至2006年10月在廣州市建築裝飾行業協會擔任材料專業委員會主任。截止目前，蘭女士具有逾19年的社會組織管理和建築裝飾材料行業經驗。

## SENIOR MANAGEMENT

Mr. Liu Guanggen, aged 35, is a chief financial officer of the Group and is responsible for the Group's overall financial and accounting affairs. Mr. Liu joined the Group in November 2008. Prior to this, he worked as a finance manager in The Industrial and Commercial Bank of China, Shunde Branch from 2004 to 2006, and was a sub-branch manager of The Industrial and Commercial Bank of China, Foshan Shunde Haiqinwan Sub-Branch from 2007 to 2008. Mr. Liu completed a diploma in finance from Southwestern University of Finance and Economics in September 2005, a program in laws at

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### CORPORATE GOVERNANCE PRACTICES

China Lesso is always committed to maintaining high standards of corporate governance practices and business ethics of the Group. The Board believes in good corporate governance practices and business ethics which are essential for achieving sustainable

## BOARD (Continued)

### THE COMPOSITION OF THE BOARD (Continued)

Pursuant to the articles of association of the Company (the "Articles"), any director appointed to fill a casual vacancy or as an addition to the existing directors shall hold office only until the next AGM of the Company and shall then be eligible for re-election at that meeting. In addition, at every AGM of the Company, not less than one-third of the directors for the time being shall retire from office by rotation provided that every director shall be subject to retirement by rotation at least once every three years. Apart from retirement by rotation pursuant to the Articles, each non-executive director has a term of within three years. Therefore, no director will remain in office for a term of more than three years. If there exists any relationship among the members of the Board, including financial, business, family or other material/relevant relationship, the disclosure has been published in the sections headed "Biographical Details of Directors and Senior Management" and "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" of the Directors' Report.

### CHAIRMAN AND CHIEF EXECUTIVE

To segregate the management of the Board from the daily management and business operations of the Group effectively, the post of chairman and the chief executive are held by Mr. Wong Luen Hei and Mr. Zuo Manlun, respectively. One of the important duties of the chairman is to lead the Board to ensure the Board always acts in the best interests of the Group. The chairman shall ensure the effective operation of the Board and fully perform his/her duties and ensure all important issues are discussed at Board meetings in a timely manner. All directors will be consulted for any proposed items in the agenda. The chairman has delegated the drafting of the agenda of each Board meeting to the chief executive and the company secretary. With the assistance of the chief executive and the company secretary, the chairman aims to ensure all directors are adequately briefed on any issues being put forward at a Board meeting and receive sufficient and reliable information in a timely manner.

### NON-EXECUTIVE DIRECTORS

The non-executive directors provide various expertise and experiences, and maintain balance of interest to safeguard the interests of the Group and the Shareholders. They participate in Board meetings and committee meetings and make independent judgements on issues related to the Group's strategies, performance, interest conflicts and management process so as to ensure the interests of all Shareholders are properly considered.

## 董事會(續)

### 董事會組成(續)

根據本公司的組織章程細則(「章程細則」),如任何董事獲委任以填補臨時空缺,或獲委任加入現任董事會為新董事,則任期僅至本公司下屆股東週年大會為止,其時,彼等即合資格於有關大會上重選。此外,於本公司每屆股東週年大會上,應有不少於當時董事人數三分之一的董事輪席告退,惟每名董事須至少每三年輪席告退一次。除根據章程細則輪席告退外,每名非執行董事的任期為三年內。因此,董事的任期一概不會超過三年。倘董事會成員之間存有任何關係,包括財務、業務、家屬或其他重大相關關係,有關披露已刊載於「董事及高級管理人員履歷」及董事會報告的「董事及行政總裁於股份、相關股份及債權證的權益及淡倉」各節內。

### 主席及行政總裁

為有效區分董事會管理與本集團之日常管理及業務營運,主席由黃聯禧先生擔任及行政總裁由左滿倫先生擔任。主席之其中一項重要職能乃領導董事會,以確保董事會一直以本集團之最佳利益行事。主席須確保董事會有效運作,完全履行其職責,並確保所有重大問題能及時於董事會會議討論。就任何載於議程之建議事項,全體董事均獲得諮詢。主席已將每次董事會會議議程起草之責任委託予行政總裁及公司秘書。在行政總裁及公司秘書之協助下,主席旨在確保全體董事已適當了解任何董事會會議上提呈之問題,並已及時收到充分及可靠之信息。

### 非執行董事

非執行董事提供各項專業知識和經驗,並維持利益平衡,以維護本集團及股東之利益。彼等參與董事會會議及各委員會會議,對涉及本集團之策略、表現、利益衝突及管理過程之問題作出獨立判斷,以確保全體股東之利益獲得適當考慮。

**BOARD (continued)**

**INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company has received annual confirmations made by each of the independent non-executive directors under Rule 3.13 of the Listing Rules regarding their independence. The Company regarded all independent non-executive directors as independent parties in accordance with the terms of the independence guidelines set out in Rule 3.13 of the Listing Rules.

**DUTIES OF THE BOARD**

The Board shoulders the responsibility of providing effective, responsible and reliable leadership to the Group. The Board exercises its rights in management decision on the aspects of the Company's development strategy, management structure, investment and financing, planning, financial control and personnel in accordance with the requirements of the Code.

The Company appointed Ernst & Young as the Company's independent auditor to review the interim results for the six months ended 30 June 2016 and to audit the annual results for the year ended 31 December 2016. The directors of the Company acknowledge their responsibility for preparing the consolidated financial statements of the annual report and the interim report. In preparing the consolidated financial statements for the year ended 31 December 2016, the directors have selected and applied appropriate accounting policies and have made prudent and reasonable judgements and estimates in accordance with Hong Kong Financial Reporting Standards.

The declaration of reporting responsibility issued by the external auditor of the Company on the Company's consolidated financial statements is set out in the Independent Auditor's Report on pages 66 to 67.

**CORPORATE GOVERNANCE FUNCTIONS**

The Board is responsible for performing corporate governance duties including:

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to review of the effectiveness of the Company's internal control system;
- (e) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- (f) to review the Company's compliance with Appendix 14 to the Listing Rules (Corporate Governance Code and Corporate Governance Report).

The Board has performed the above activities during 2016.

**董事會(續)**

**獨立非執行董事**

本公司已收到各獨立非執行董事根據上市規則第3.13條就其獨立性而作出的年度確認函。本公司根據上市規則第3.13條所載獨立指引條款視全體獨立非執行董事為獨立人士。

**董事會職責**

董事會肩負向本集團提供有效及負責可靠的領導責任。董事會在本公司發展戰略、管理架構、投資及融資、計劃、財務監控、人事等方面依照守則的規定行使管理決策權。

本公司已經聘請安永會計師事務所為本公司獨立核數師，就截至2016年6月30日止六個月的中期業績進行審閱，及就截至2016年12月31日止年度的全年業績進行審核。本公司董事承認彼等有編製年報及中期報告的綜合財務報表的責任。在編製截至2016年12月31日止年度綜合財務報表時，董事已根據香港財務報告準則揀選及運用合適的會計政策及作出審慎合理的判斷和估計。

本公司外聘核數師就本公司綜合財務報表作出的匯報責任聲明刊載於第66至67頁的獨立核數師報告內。

**企業管治功能**

董事會負責履行的企業管治職責包括：

- (a) 發展及檢討本公司企業管治政策及常規；
- (b) 檢討及監督董事及高級管理人員的培訓及持續專業發展；
- (c) 檢討及監督本公司在遵守法律及監管規定方面的政策及常規；
- (d) 檢討本公司內部控制系統的成效；
- (e) 發展、檢討及監督適用於僱員及董事的操守準則及合規手冊(如有)；及
- (f) 檢討本公司遵守上市規則附錄十四(企業管治守則及企業管治報告)之情況。

董事會於2016年期間已執行上述活動。

## BOARD (continued)

### BOARD AND GENERAL MEETINGS

For the year ended 31 December 2016, the Board convened six meetings to review operating performance, funding requirement and recent market conditions. The Board also considered and approved the Group's overall strategy, audited annual results for the year ended 31 December 2015 and reviewed interim results for the six months ended 30 June 2016.

The chairman of the Board and the chairman of the audit committee, the nomination committee and the remuneration committee, attended the AGM of the Company held on 13 May 2016.

The table below sets out the attendance of all members of the Board at the meetings held in 2016:

## 董事會(續)

### 董事會會議及股東大會

截至2016年12月31日止年度，董事會召開六次會議，以審閱營運表現、資金需求及最近市況。董事會亦已考慮和批准本集團之整體策略、截至2015年12月31日止年度的經審核全年業績及截至2016年6月30日止六個月的經審核中期業績。

董事會主席及審核委員會、提名委員會及薪酬委員會的主席均有出席本公司於2016年5月13日舉行的股東週年大會。

下表載列2016年董事會各成員的出席會議情況：

Director	董事	AGM 股東週年大會	Board 董事會	Meetings attended/eligible to attend <sup>(a)</sup> 出席次數 合資格出席的次數 <sup>(a)</sup>		
				Audit Committee 審核委員會	Nomination Committee 提名委員會	Remuneration Committee 薪酬委員會
<b>Executive Director</b>						
Wong Luen Hei	黃聯禧	1/1	6/6	-	1/1	1/1
Zuo Manlun	左滿倫	0/1	6/6	-	1/1	1/1
Zuo Xiaoping	左笑萍	0/1	3/6	-	-	-
Lai Zhiqiang	賴志強	1/1	6/6	-	-	-
Kong Zhaocong	孔兆聰	1/1	5/6	-	-	-
Chen Guonan	陳國南	1/1	4/6	-	-	-
Lin Shaoquan	林少全	0/1	5/6	-	-	-
Huang Guirong	黃貴榮	1/1	5/6	-	-	-
Luo Jianfeng	羅建峰	1/1	6/6	-	-	-
<b>Non-Executive Director</b>						
Lin Dewei	林德緯	1/1	6/6	2/2	-	-
<b>Independent Director</b>						
Fung Pui Cheung	馮培璋	1/1	5/6	2/2	1/1	1/1
Wong Kwok Ho Jonathan	王國豪	0/1	5/6	2/2	1/1	1/1
Cheung Man Yu	張文宇	1/1	6/6	2/2	-	1/1
Lan Fang	蘭芳	1/1	5/6	-	1/1	-
Tao Zhigang	陶志剛	-	4/6	-	-	-

Note:

- (a) Directors may attend meetings in person, by phone or through other means of video conference in accordance with the Articles.  
 (b) There was no other general meeting held in 2016.

附註：

- (a) 根據章程細則規定，董事均可親身、透過電話或其他視像會議途徑出席大會。  
 (b) 於2016年內，概無其他股東大會舉行。

## BOARD (continued)

### BOARD AND GENERAL MEETINGS (continued)

The Company gives proper notices of Board meetings to the directors and the procedure of Board meetings is in compliance with the Articles and the relevant rules and regulations. The agenda and the relevant documents will be provided to all directors in a timely manner. The chairman will give a proper briefing to all directors on items to be put forward at a Board meeting. To ensure compliance with the procedure of Board meetings and all applicable rules and regulations, all directors may gain a full understanding of all relevant data in a timely manner and may receive advice and services from the company secretary. The minutes of Board meetings are kept by the company secretary and are available for inspection by the directors and the auditor of the Company.

### TRAINING AND SUPPORT FOR DIRECTORS

The directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company would provide a comprehensive induction package covering the summary of the responsibilities and obligations of a director of a Hong Kong listed company, the Company's constitutional documents and the Guides on Directors' Duties issued by the Hong Kong Companies Registry to each newly appointed director to ensure he/she to have sufficient awareness of good corporate governance practices.

The company secretary reports from time to time the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime to the directors with written materials, as well as organises seminars on the professional knowledge and latest development of regulatory requirements related to director's duties and responsibilities.

In 2016, the Company invited The Hong Kong Institute of Directors to give a seminar on the topic of "How to Create Corporate Value through M&A and Spin-off" to Board members.

## 董事會(續)

### 董事會會議及股東大會(續)

本公司向董事發出恰當的董事會會議通告，而董事會會議程序均遵守章程細則及相關規則及規例。議程及相關文件會按時向全體董事發出。主席會就董事會會議上提出的事項向全體董事作適當簡報。為確保符合董事會會議程序及所有適用規則及規例，所有董事均可及時全面地瞭解所有相關數據，並可獲公司秘書提供意見及服務。董事會會議記錄由公司秘書保存，可供董事及本公司核數師查閱。

### 董事培訓及支援

本公司鼓勵董事參與持續專業發展，發展並更新彼等之知識及技能。本公司向每名新委任的董事提供全面的就任資料文件，涵蓋香港上市公司董事之職責及義務概要、本公司之組織章程文件以及香港公司註冊處發出的董事責任指引，確保有關董事充分知悉最佳企業管治常規。

公司秘書不時向董事匯報上市規則、企業管治常規以及其他監管制度之最新變動及發展並提供相關書面資料，亦安排講座講解有關董事職務及職責之專業知識及監管規定的最新發展。

於2016年，本公司特別邀請香港董事學會為董事會成員舉辦研討會，主題為「如何通過收購合併和分拆提升公司價值」。



### BOARD (continued)

#### COMPANY SECRETARY

The company secretary reports to the Board so as to ensure compliance with the procedures of the Board meeting and ensure the Board is fully briefed on all legislations, regulations and corporate governance development and has considered their opinions when making a decision. The company secretary is also directly responsible for the Group's compliance with its continuing obligations under the Listing Rules, Hong Kong Codes on Takeovers and Mergers and Share Buy-backs, Companies Ordinance, SFO and other applicable laws, rules and regulations.

During the year ended 31 December 2016, the company secretary has received no less than 15 hours of relevant professional training to refresh his knowledge and skills.

#### INDEMNIFICATION OF DIRECTORS AND OFFICERS

The directors and officers are indemnified under a directors' and officers' liability insurance against any liability incurred by them in the discharge of their duties while holding office as the directors and officers of the Company. The directors and officers shall not be indemnified where there is any fraud, breach of duty or breach of trust proven against them.

In accordance with the Articles, subject to the Cayman Island Companies Law (2013 Revision, as amended from time to time), every director, auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a director, auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

### 董事會(續)

#### 公司秘書

公司秘書乃向董事會匯報，以確保已遵從董事會會議程序，並確保董事會已就全部法例、規例和企業管治發展獲得全面簡報，且董事會作出決定時已考慮彼等之意見。公司秘書亦直接負責本集團遵守上市規則、香港公司收購、合併及股份回購守則、公司條例、證券及期貨條例以及其他適用法律、規則及規例下之持續責任。

於截至2016年12月31日止年度，公司秘書已接受不少於15小時的相關專業培訓，以更新其知識及技能。

#### 董事及行政人員的彌償

根據一項董事及行政人員責任保險，董事及行政人員就其擔任本公司董事及行政人員履行職責時招致的任何法律責任，均可獲彌償。如證明董事及行政人員有任何欺詐、違反責任或違反信託的行為，彼等則不獲彌償。

根據章程細則，在開曼群島公司法(2013年修訂本，經不時之修訂)條文規限下，本公司每位董事、核數師或其他行政人員有權從本公司資產獲得彌償，以補償在任何法律程序抗辯中作為公司董事、核數師或行政人員所招致或蒙受的一切損失或債項，不管那是民事還是刑事法律程序，惟其須獲判勝訴或無罪。

## BOARD COMMITTEES

The Board has delegated various responsibilities to certain committees under its supervision, including the Company's audit committee ("Audit Committee"), remuneration committee ("Remuneration Committee") and nomination committee ("Nomination Committee") (collectively known as "Board Committees"). Board Committees can engage intermediaries to provide professional opinions and the reasonable expenses incurred as a result are borne by the Company.

### AUDIT COMMITTEE

The Audit Committee comprises four members, namely Mr. Fung Pui Cheung (chairman of the Audit Committee and independent non-executive director), Mr. Lin Dewei (non-executive director), Mr. Wong Kwok Ho Jonathan and Mr. Cheung Man Yu (both are independent non-executive directors). The major responsibility of the Audit Committee is to conduct independent and objective audit of the truth and accuracy of the Group's economic operation and financial activities, financial policies, financial procedures, risk management, internal control, external audit, internal audit, financial information reporting and financial data and assist the Board in discharging its relevant duties.

The Audit Committee shall convene at least two meetings each year. In 2016, the Audit Committee convened two meetings. The attendance record of the meetings is set out on a named basis on page 15.

The following is a summary of work performed by the Audit Committee during 2016:

- review of the annual report and the annual results announcement for the year ended 31 December 2015, with a recommendation to the Board for approval;
- review of Ernst & Young's confirmation of independence and its report for the Audit Committee for the year ended 31 December 2015, with a recommendation to the Board for the re-appointment of Ernst & Young at the 2016 AGM;
- review of continuing connected transactions;
- review of the Group internal audit reports;

## 董事委員會

董事會已將各種職責分派予董事會屬下若干委員會，包括本公司之審核委員會(「審核委員會」)、薪酬委員會(「薪酬委員會」)以及提名委員會(「提名委員會」)統稱為「董事委員會」。董事委員會可以聘請中介機構提供專業意見，所產生的合理費用由本公司承擔。

### 審核委員會

審核委員會由四名成員組成，即獨立非執行董事馮培漳先生(審核委員會主席)、非執行董事林德緯先生、獨立非執行董事王國豪先生及張文字先生。審核委員會的主要職責是就本集團的經濟運行和財務活動、財務政策、財務程序、風險管理、內部控制、外部審計、內部審計、財務信息報告和財務數據的真實準確性進行獨立及客觀的審核，協助董事會履行其相關職責。

審核委員會須每年至少召開會議兩次。於2016年，審核委員會召開了兩次會議。該等會議之出席記錄(以列名形式)載列於第15頁。

以下為審核委員會於2016年內的工作概要：

- 審閱截至2015年12月31日止年度的年報及年度業績公告，並建議董事會通過；
- 審閱安永會計師事務所的獨立性確認文件及其致審核委員會截至2015年12月31日止年度的報告，並向董事會建議於2016年股東週年大會上重新委任安永會計師事務所；
- 審閱持續關連交易；
- 審閱本集團內部審計報告；

## BOARD COMMITTEES (continued)

### AUDIT COMMITTEE (continued)

- review of the interim report and the interim results announcement for the six months ended 30 June 2016, with a recommendation to the Board for approval;
- review and approval of Ernst & Young's report for the Audit Committee for the six months ended 30 June 2016;
- consideration and approval of audit and non-audit services;
- review of the corporate governance report for the year ended 31 December 2015 and the corporate governance disclosures for the six months ended 30 June 2016, with recommendations to the Board for approval;
- review of the corporate social responsibility report for the year ended 31 December 2015 with a recommendation to the Board for approval; and
- review of the annual report on effectiveness of risk management, internal control system and internal audit function under the Code, with a recommendation to the Board for approval.

Subsequent to the year end, the Audit Committee reviewed the annual report and annual results announcement for the year ended 31 December 2016 with a recommendation to the Board for approval.

### EXTERNAL AUDITORS

For the year ended 31 December 2016, the service fees paid or payable by the Group to the external auditors are set out as follows:

## BOARD COMMITTEES (continued)

### REMUNERATION COMMITTEE

The Remuneration Committee comprises five members, namely Mr. Fung Pui Cheung (chairman of the Remuneration Committee and independent non-executive director), Mr. Wong Luen Hei (executive director), Mr. Zuo Manlun (executive director), Mr. Wong Kwok Ho Jonathan and Mr. Cheung Man Yu (both of them are independent non-executive directors).

The Remuneration Committee is mainly responsible for studying and formulating the Company's remuneration policy and incentive mechanism and is responsible for formulating the standards for the appraisal of the Company's directors and senior management and conducting appraisals.

The Remuneration Committee have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management. In order to determine the level of remuneration and fees paid to members of the Board, market rates and factors such as each director's workload, responsibility and job complexity are taken into account. The following factors are considered when determining the remuneration packages of directors and senior management:

- business requirements;
- individual performance and contribution to results;
- company performance and profitability;
- retention considerations and the potential of individuals;
- changes in relevant markets, including supply and demand fluctuations and changes in competitive conditions; and
- general economic situation.

During the review process, no individual director is involved in decisions relating to his/her own remuneration.

## 董事委員會(續)

### 薪酬委員會

薪酬委員會由五名成員組成，即獨立非執行董事馮培漳先生

## BOARD COMMITTEES (continued)

### REMUNERATION COMMITTEE (continued)

The Remuneration Committee shall convene at least one meeting each year. In 2016, the Remuneration Committee convened one meeting, assessed the performance of the Company's directors and senior management, reviewed terms of their service contracts, and made recommendation of the remuneration packages for directors and senior management to the Board. The attendance record of the meeting is set out on a named basis on page 15.

Details of directors' remuneration and five highest paid employees are set out in note 8 to the consolidated financial statements. In addition, the remuneration of the two senior management fell within the band of less than RMB1 million.

### NOMINATION COMMITTEE

The Nomination Committee comprises five members, namely Mr. Wong Luen Hei (chairman of the Nomination Committee and executive director), Mr. Zuo Manlun (executive director), Mr. Fung Pui Cheung, Mr. Wong Kwok Ho Jonathan and Ms. Lan Fang (all of them are independent non-executive directors). The major duty of the Nomination Committee is to study and make recommendations on the candidates, selection criteria and procedure in respect of the Company's directors and senior management.

The Company follows a formal, fair and transparent procedure for the appointment of new directors to the Board. The Nomination Committee reviews the structure, size and composition of the Board, identifies suitable candidates if necessary and makes recommendations to the Board.

The Nomination Committee shall convene at least one meeting each year. In 2016, the Nomination Committee convened one meeting. The Nomination Committee reviewed the structure, size and composition of the Board, recommended the Board on the list of retiring directors for re-election at the AGM on 13 May 2016, and reviewed the independence of all independent non-executive directors. The attendance record of the meeting is set out on a named basis on page 15.

## 董事委員會(續)

### 薪酬委員會(續)

薪酬委員會須每年至少召開會議一次。於2016年，薪酬委員會召開了一次會議、評估本公司董事及高級管理人員的表現、審閱彼等服務合約年期，並向董事會就董事及高級管理人員的薪酬方案提出推薦建議。該等會議之出席記錄(以列名形式)載列於第15頁。

有關董事薪酬及五名最高薪酬僱員的詳情載於綜合財務報表附註8。此外，兩名高級管理人員之酬金範圍為少於人民幣100萬元。

### 提名委員會

提名委員會由五名成員組成，即執行董事黃聯禧先生(提名委員會主席)、執行董事左滿倫先生、獨立非執行董事馮培漳先生、王國豪先生及蘭芳女士。提名委員會的主要職責是就本公司董事及高級管理人員的建議人選、選擇標準及程序進行研究並提出推薦建議。

本公司遵循一套正式、公平及透明的程序委任新董事加入董事會。提名委員會審閱董事會的架構、規模及組成，物色適合的人選(如有需要)，並向董事會提出推薦建議。

提名委員會須每年至少召開會議一次。於2016年，提名委員會召開了一次會議。提名委員會檢討董事會的架構、規模及組成，就2016年5月13日之股東週年大會上膺選連任的退任董事名單向董事會提出推薦建議，並審閱全體獨立非執行董事的獨立性。該等會議之出席記錄(以列名形式)載列於第15頁。

## BOARD COMMITTEES (continued)

### BOARD DIVERSITY POLICY

The Board has adopted a Board diversity policy which sets out the approach to achieve diversity on the Board.

The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and other qualities. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimum composition of the Board. The Nomination Committee will review the Board diversity policy, as appropriate, to ensure its continued effectiveness from time to time.

As at the date of this report, the Board comprises 15 directors. Two of them are females. One third of the Board members are independent non-executive directors, thereby promoting critical review and control of the management process. The composition of the Board reflects the necessary balance of skills, professional experience and knowledge for effective leadership of the Company.

### RISK MANAGEMENT AND INTERNAL CONTROL

The Board is solely responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring the Group has established and maintained appropriate and effective risk management and internal control system. The Board is also responsible for monitoring the design, implementation and review on the risk management and internal control system as carried out by management, while management has the responsibility to provide confirmation on the effectiveness of such system. To this end, management continues to allocate resources for an risk management and internal control system compatible with the COSO (Committee of Sponsoring Organizations of the Treadway Commission) standards to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage against and in achieving business objectives.

## RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

The Board, through the Audit Committee, has continuously monitored and annually reviewed the effectiveness of the Group's risk management and internal control system, and is of the view that the existing risk management and internal control system is sufficient and effective. The review covered all material aspects with regard to control, including financial control, operational control and compliance control. The internal audit reports submitted to the Audit Committee by the Group also cover aspects of risk management and internal control. The Board is not aware of any significant areas of concern which may affect the Shareholders, and believes that the Group has fully complied with the code provisions on internal controls, including compliance with legal and regulatory requirements, as set forth in the Code. The Board, through the appraisal performed by the Audit Committee, reviewed the adequacy of resources, staff qualifications and experience, training programs received by the staff and budget of the Group's accounting, internal auditing and financial reporting function at the Board meeting. In light of the Group's nature of business and the recommendations on the Board's role in risk management, the Group has developed risk management system and policies, and established a risk management project team, which is responsible for the Group's risk management, to communicate and assess the Group's risk profile and material risks, and track the progress of mitigation plans and activities of material risks and report on detailed examinations of specific risks as required.

## 風險管理及內部控制(續)

董事會已透過審核委員會就本集團的風險管理及內部控制系統是否有效進行持續監督及年度檢討，並認為現有的風險管理及內部控制系統足夠而有效。有關檢討涵蓋所有重要的控制方面，包括財務控制、運作控制及合規控制。本集團向審核委員會提交審閱的內部審計報告中亦涵蓋風險管理及內部控制部分。董事會並不察覺任何可能影響股東而須予關注的重要事項，並相信本集團的內部控制完全符合守則中各項有關內部控制的守則條文，包括符合法律和規例上的要求。董事會藉著審核委員會所作之評估，已於董事會會議上就本集團在會計、內部審計及財務彙報職能方面的資源、員工資歷及經驗，以及員工所接受的培訓課程及有關預算是否足夠進行檢討。基於本集團的業務性質及董事會在風險管理上扮演的角色所提出的建議，本集團制訂了風險管理制度和政策，並已建立風險管理項目組，專責本集團的風險管理事務，就本集團的風險狀況和重大風險進行溝通及評估，跟蹤推行重大風險紓緩計劃及措施的進度，並按需要彙報特定風險的詳細檢查結果。

## RISK MANAGEMENT ORGANISATION SYSTEM

## 風險管理組織體系

The Group has established a comprehensive organisation structure to manage the risks encountered by the Group. The risk management structure of China Lesso comprised of two key factors: risk management structure and risk management program.

本集團已建立一套完善的組織架構，對本集團所面對的風險進行管理。中國聯塑的風險管理架構包括兩個關鍵因素：風險管理架構和風險管理程式。



RISK MANAGEMENT ORGANISATION SYSTEM

(Continued)

(A) RISK MANAGEMENT STRUCTURE

REGULATORY ORGANISATION

The Board is responsible for the effectiveness of the risk management

- determine the overall objective, risk appetites and risk tolerance for corporate risk management, and approve risk management strategies, major risk mitigation solutions and risk management measures;
comprehend and manage each major risk faced by the enterprise and its existing management situations, and make effective risks management decisions;
approve risk management report related to major decisions; and
approve the annual comprehensive risk management report.

RISK MANAGEMENT ORGANISATION

The Audit Committee, the highest risk management authority in the Company, which is accountable to the Board

- review the establishment and planning of the comprehensive risk management system;
review the proposal on the structure of the risk management organisations and their responsibilities;
review the annual comprehensive risk management report and submit to the Board;
review risk management strategies, major risk management solutions and risk management measures; and
review the annual risk management work plan.

風險管理組織體系(續)

(A) 風險管理架構

監督機構

董事會，就全面風險管理工作的有效性負責

- 確定企業風險管理總體目標、風險偏好、風險容忍度，批准風險管理策略和重大風險紓緩方案以及風險管理措施；
瞭解和掌握企業面臨的各項重大風險及其風險管理現狀，做出有效控制風險的決策；批准重大經營決策、重大風險、重大事件和重要業務流程的判斷標準或判斷機制；
批准重大決策事項的風險管理報告；及
批准年度全面風險管理報告。

風險管理機構

審核委員會，公司最高層級的風險管理機構，對董事會負責

- 審議全面風險管理體系的建設規劃；
審議風險管理組織機構設置及其職責方案；
審議並向董事會提交年度全面風險管理報告；
審議風險管理策略和重大風險管理解決方案以及風險管理措施；及
審議年度風險管理工作計劃。

## RISK MANAGEMENT ORGANISATION SYSTEM (Continued)

### (A) RISK MANAGEMENT STRUCTURE (Continued)

#### LEADING RISK MANAGEMENT ORGANISATION

##### Risk Management Committee, the leading risk management committee

- responsible for the establishment and amendment of the Company's risk management policies and mechanisms;
- formulate and submit annual risk management work plan to the Board and the Audit Committee for their review;
- regularly collect first-hand information regarding risk management, carry out risk assessment and discuss major risks as faced by the Company; and
- assess the soundness, reasonability and the effectiveness in implementing the risk management system, and review the annual comprehensive risk management report, risk management strategies and day-to-day risk management solutions.

#### RISK IMPLEMENTATION ORGANISATION

##### Each functional department of the Company shall accept the direct administrative responsibility for the risk management committee

- implement the basic process in risk management;
- consider and propose decision-making standards or mechanisms regarding major operating decisions, major risks, major events and major business processes of the functional department;
- analyse and propose risk assessment report of the functional department;
- properly carry out risk management work of the functional department; and
- establish a comprehensive risk management process of the functional department.

## 風險管理組織體系(續)

### (A) 風險管理架構(續)

#### 風險管理主導機構

##### 風險管理項目組，風險管理主導機構

- 負責建立和修訂公司風險管理政策及機制；
- 擬定年度風險管理工作計劃，提交董事會及審核委員會審議；
- 定期收集風險管理第一手資訊，進行風險評估及討論公司面臨的重大風險；及
- 評估風險管理系統的健全性、合理性和執行的有效性，審議年度全面風險管理報告、風險管理方案和日常風險管理解決方案。

#### 風險執行機構

##### 公司各個職能部門，應接受風險管理項目組的協調及監督

- 執行風險管理基本流程；
- 研究提出本職能部門重大經營決策、重大風險、重大事件和重要業務流程的判斷標準或判斷機制；
- 研究提出本職能部門的風險評估報告；
- 做好本職能部門的風險管理工作；及
- 建立本職能部門的健全風險管理流程。

## RISK MANAGEMENT ORGANISATION SYSTEM

(Continued)

### (A) RISK MANAGEMENT STRUCTURE (Continued)

#### RISK SUPPORTING ORGANISATION

##### Internal Control Team

- assist the Group's risk management work, and formulate internal control plan in accordance with the result of risk assessment;
- centrally organise or, together with related functional departments, design, amend or improve internal control documents in accordance with risk management solutions;
- assist the risk management project team to inspect, examine, evaluate and improve the implementation of risk management in each functional departments and operating units; and
- assist the timely rectification and improvements to existing deficiencies of each functional department based on the findings in the internal audit report.

##### Internal Audit Department

- assist the Group's risk management work, and formulate internal audit plan in accordance with the result of risk assessment;
- carry out measures including walk-through test and analytical review to evaluate the effectiveness in risk management; and
- after carrying out internal audit, deliver the auditing results to internal control team and risk management project team timely.

## 風險管理組織體系(續)

### (A) 風險管理架構(續)

#### 風險支持機構

##### 內控組

- 協助本集團開展風險管理工作，根據風險評估結果擬定內控工作計劃；
- 統一組織或會同有關職能部門根據風險管理解決方案設計、修改或完善內控文檔；
- 協助風險管理項目組對各職能部門和業務單位風險管理工作實施情況進行檢查、檢驗、評價和改進；及
- 根據內部審計報告發現，協助各職能部門對存在的缺陷及時糾正和改進。

##### 內審部

- 協助本集團開展風險管理工作，根據風險評估結果擬定內審工作計劃；
- 進行穿行測試、分析性覆核等方法評估風險管理的有效性；及
- 實施內部審計後，將審計結果及時傳遞至內控組和風險管理項目組。

## RISK MANAGEMENT ORGANISATION SYSTEM (Continued)

### (B) RISK MANAGEMENT PROGRAM

The Group has established a comprehensive risk management program which is led by the risk management project team and implemented with the assistance of the internal audit department and internal control team. The risk management program is as follows:

- (a) to collect first-hand information for risk management;
- (b) to analyse and assess risks;
- (c) to propose risk management strategies and form risk management solutions; and
- (d) to supervise the implementation of risk management works performed by each business units and verify the overall score.

## 風險管理組織體系(續)

### (B) 風險管理程式

本集團已建立一套完善的風險管理程式，該程式由風險管理項目組牽頭，內審部和內控組協助執行。風險管理程式如下：

- (a) 風險管理第一手資訊收集；
- (b) 風險分析和評估；
- (c) 提出風險應對策略，並形成風險管理解決方案；及
- (d) 對各業務單位風險管理工作實施情況進行監督及核對總和評價。

## Key Risk Management

## 主要企業風險管理程式



### 風險管理的監督與改進

本集團已建立貫穿於整個風險管理基本流程，連接各上下級、各部門和業務單位的風險管理資訊溝通管道，確保資訊溝通的及時、準確和完整，為風險管理監督與改進奠定基礎。

本集團的高級管理層以重大風險、重大事件和重大決策、重要管理及業務流程為重點，對風險管理第一手資訊收集、風險評估、風險管理策略、關鍵控制活動及風險管理解決方案的實施情況進

## MATERIAL RISKS THE GROUP MAY FACE (continued)

The potential risks of inappropriate strategies for market competition arise from the risks involved in the formulation of competition strategies and risks involved in the collection of clients' information. The Group's risk management measures include reviewing the management mechanism for market competition strategies; analysing the Company's position in market competition, reviewing the corresponding market competition strategies; and timely devising and reviewing the management strategies in response to the changes in the market competition environment and submitting report thereon to management; collecting the market competition information of new products and offering suggestions on competition strategies.

The potential risks of the fluctuation of raw materials price arise because the price of key raw materials purchased by the Company is easily affected by the shortfall of refining capabilities, changes in manufactures' power and labor cost structure, changes in the price of resins made from coal and petrochemicals. The Group's risk management measures include clearly stating the risk management strategies and mechanism for the fluctuation of raw materials price in the relevant systems; collecting information in relation to the fluctuation of raw materials price and releasing such information internally through an established channel; regularly reporting and analysing the fluctuation of raw materials price; clearly defining the analysis session for the increased risks of fluctuation of raw materials price; analysing, reviewing, adjusting and improving the management strategies for the risks of fluctuation of raw materials price.

The potential risks of adjustments of policies in relation to the environmental protection, economy and industry arise from the risks of adjustments of environmental policies; risks of adjustments of urbanisation policies; risks of adjustments of construction projects of significant water works including water saving and water supplies; risks of adjustments of real estate policies. The Group's risk management measures include reviewing the management strategies and mechanism for risks involved in the adjustments of policies in relation to the environmental protection, economy and industry; collecting information in relation to changes in environmental protection, economy and industry policies and releasing such information internally through an established

## 本集團可能面臨的重大風險(續)

市場競爭策略不當風險的潛在風險產生自競爭策略制定風險及客戶資訊收集風險。本集團風險應對措施包括檢討市場競爭策略管理機制；分析公司的市場競爭地位，檢討相應的市場競爭策略；及時制定及檢討市場競爭環境變化的應對策略，彙報至管理層；收集新產品市場競爭資訊，提供競爭策略的建議。

原材料價格波動風險的潛在風險的產生原因為公司採購的主要原材料價格易受提煉能力短缺、製造商的電力及勞工成本變動、煤炭及石油化工製造的樹脂的價格變動影響。本集團風險應對措施包括在相關制度中明確原材料價格波動風險管理策略和機制；收集原材料價格波動資訊，以固定渠道進行內部發佈；例行通報和分析原材料價格波動情況；明確定義增加原材料價格波動風險分析環節；分析、檢討、調整和改善原材料價格波動風險應對策略。

環保政策、經濟政策與行業政策調整風險的潛在風險的產生原因為環境政策調整風險；城鎮化政策調整風險；節水供水重大水利工程建設項目調整風險；房地產政策調整風險。本集團風險應對措施包括檢討環保政策、經濟政策與行業政策調整風險的管理策略和管理機制；收集環保政策、經濟政策與行業政策變化資訊，以固定渠道進行內部發佈；檢討監管機制和收集影響行業的法律法規的資訊。

### 內幕消息管理

本集團制訂了一套持續消息管理和披露責任程式，正式規範現行在業務發展時出現內幕消息的監察，及將有關資料向股東、傳媒及分析員傳達的實務。於處理有關事務時恪守證券及期貨事務監察委員會頒佈的「內幕消息披露指引」，及監管機構頒佈的相關條文，明確訂明嚴禁未經授權使用機密或內幕資料，以及就外界對本集團事務作出的查詢訂立及落實回應程式，並指定及授權本集團內高級行政人員擔任公司發言人，響應特定範疇的查詢。

### 舉報政策

本集團制訂「舉報政策」，據此，僱員可發送電子郵件至指定電郵地址或以電話方式秘密向主席或審核委員會舉報任何事項，包括財務事宜及會計實務方面之行為失當、不正當行為或欺詐，而無需擔心被指責。任何股東或權益持有人亦可秘密以書面或口頭方式向審核委員會舉報類似事宜。

### 股東之權利

#### 召開股東特別大會及於股東大會上提出議案

根據開曼群島公司法(2013年修訂本，經不時之修訂)條文，股東不得在股東大會上提呈新決議案。然而，根據章程細則，股東可通過下列程序請求召開股東特別大會：

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## THE SHAREHOLDERS' RIGHTS (continued)

### CONVENING OF EXTRAORDINARY GENERAL MEETINGS AND PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETING (continued)

- The Board shall proceed to convene the extraordinary general meeting within 21 days from the date of deposit of the requisition.
- If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the extraordinary general meeting in the same manner, as nearly as possible, as that in which the meeting may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition. All reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.
- An extraordinary general meeting called for the passing of a special resolution shall be called by not less than 21 days' notice in writing and any other extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice of the meeting shall specify the time, place, and agenda of the meeting, particulars of the resolutions to be considered and in the case of special business, the general nature of that business.
- Detailed procedures for Shareholders to propose a person for election as a director are available on the Company's website.

### PROCEDURES FOR DIRECTING THE SHAREHOLDERS' ENQUIRIES TO THE BOARD

The Shareholders may put forward their enquiries about the Company to the Board at the Company's principal place of business in Hong Kong or by email or through the Company's investor relations whose contact details are provided in the "Corporate Information" section of this report. In addition, the Shareholders can contact Computershare Hong Kong Investor Services Limited, the Company's branch share registrar, if they have any enquiries about their shareholdings and entitlements to dividend.

## 股東之權利(續)

### 召開股東特別大會及於股東大會上提出議案(續)

- 請求書遞交日期起21天內，董事會應召開股東特別大會。
- 倘董事會於遞交請求書日期起21天內並無正式召開須於隨後21天內召開之會議，則該一名或多名請求人或當中任何代表其總投票權半數以上之人士可自行召開股東特別大會，會議須以最接近董事會召開該會議的相同方式舉行，惟因此而召開之任何會議不得於遞交請求書日期起計三個月屆滿後舉行。請求人因董事會未能召開會議而招致的所有合理開支將由本公司償付。
- 為通過特別決議案而召開之股東特別大會應發出不少於21日之書面通知，而召開任何其他股東特別大會應發出不少於14日之書面通知。會議通知須註明開會的時間、地點、議程和在會上審議的決議案的詳情，如將討論特別事項，則須註明該等事項的一般性質。
- 股東提名候選董事的程序詳情已於本公司網站刊載。

### 向董事會轉達股東查詢的程序

股東可向本公司的香港主要營業地點或透過電子郵件或透過本公司的投資者關係向董事會發出有關本公司的查詢，聯絡詳情載於本報告「公司資料」章節內。此外，股東如有任何有關其股份及股息之查詢，可以聯絡本公司的股份過戶登記分處 - 香港中央證券登記有限公司。

## RELATIONSHIP WITH INVESTORS AND THE SHAREHOLDERS

The Company endeavours to maintain a high level of transparency in communication with the Shareholders and investors in general. Communication between the Company and the Shareholders is conducted through various channels, including interim and annual reports, information published on the websites of the Stock Exchange and the Company and general meetings. The Company encourages the Shareholders to attend the Company's general meetings. The Group's financial and other information is also published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.lesso.com](http://www.lesso.com)).

The Company's senior management endeavours to maintain an open dialogue channel with the investment sector to ensure they have a thorough understanding of the Company and its operations and strategies. The Company has emphasised the importance of the function of investor relations, engaged a dedicated independent third party to maintain investor relations and conduct investor/analyst meetings irregularly and led investors and analysts to visit its plants.

As regards investor relations, the Group will actively conduct activities related to investor relations in the future to strengthen its corporate responsibility so that global investors can have an adequate knowledge and understanding of the Company's operating strategy, financial performance and development prospects. The Company will actively develop and maintain close relationship with investors, analysts and media to achieve sound investor relations management.

The Company applies the principle of a quiet period in its investor relations communications. During a quiet period, the Company does not comment on market prospects or factors affecting business and performance, nor does the Company engage in discussion on events or trends related to the reporting period. The Company will not initiate any meeting or conference call with public in which these matters are discussed. A quiet period starts at 60 days or 30 days prior to the disclosure of annual results or interim results respectively, and lasts until the announcement of the annual results or the interim results.

## 與投資者及股東的關係

本公司與股東及一般投資者溝通時致力維持高水平的透明度。本公司與股東溝通通過各種渠道展開，包括中期及年度報告、載於聯交所及本公司網站的資料，以及股東大會。本公司鼓勵股東出席本公司股東大會。有關本集團的財務及其他資料亦於聯交所網站([www.hkexnews.hk](http://www.hkexnews.hk))及本公司網站([www.lesso.com](http://www.lesso.com))內刊載。

本公司高級管理層竭力與投資界保持公開的對話渠道，以確保他們對本公司及其業務與戰略有透徹的瞭解。本公司一直強調投資者關係的重要性，聘請專門的獨立第三方維護投資者關係，並且不定時舉行投資者或分析師見面會，帶領投資者和分析師參觀廠房。

未來在投資者關係上，本公司將積極舉辦投資者關係的相關活動，強化企業責任，務求使全球投資者對本公司的經營戰略、財務表現及發展前景具備充分的認識及瞭解。本公司將積極發展及維護與投資者、分析師及媒體之間的緊密關係，做好投資者關係管理。

本公司於其投資者關係溝通上採取緘默期原則。緘默期期間，本公司不會就市場前景或影響業務及表現的因素發表意見，亦不會就與報告期相關的事項或趨勢進行討論。本公司將不會與公眾開展任何討論該等事宜的大會或電話會議。緘默期分別於年度業績或中期業績披露前60日或30日開始，至年度業績或中期業績公告為止。

## 組織章程文件

於截至2016年12月31日止年度，本公司章程大

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CORPORATE OVERVIEW

China Lesso is a leading large-scale industrial group which produces building materials and interior decoration products in mainland China. In its effort to internationalise its business amid globalisation, the Group has established over 22 advanced production bases in 16 regions within China and such foreign countries as the United States and Canada. The Group strives to refine its strategic planning and sales network, offering a comprehensive range of diverse industrial products and quality sales services.

The Group continued to reinforce its leading position in southern China market with its quality products, advanced technologies in research and development and a wide sales network. In recent years, the Group has been actively developing business in other local markets and overseas markets. In addition to the core business of pipe manufacturing, the Group accelerated the expansion of the business of building materials and interior decoration products, including systems of doors and windows, sanitary ware products and integrated kitchens, thereby providing all-in-one solution that includes cost-effective building materials, interior decoration products and services for its customers.

Besides, the Group has launched a diversified O2O platform Lesso Mall which has been offering hardware, electrical equipment and building materials since March 2015. Meanwhile, the Group has established strategic cooperation with local partners to expand distribution business and increase market penetration of products by introducing Lesso chain stores in mainland China.

### MARKET REVIEW

In 2016, China's economic slowdown abated as the restructuring of the supply side progressed. Since the 13th Five-year Plan began in 2016, there has been continuous growth in the Chinese Government's investment in infrastructure projects. In order to ensure the safety of water supply and reduce water pollution, the Chinese government accelerates the construction of major civil and environmental hydro projects. Meanwhile, the Chinese government enhances the urban functions by various means, namely a new mode of urbanisation, acceleration of shantytown renovation, redevelopment of dilapidated housing, refurbishment of the underground pipeline network and the promotion of "Sponge City". The government policies on such large-scale projects will stimulate the demand for pipes and pipe fittings.

### 概覽

中國聯塑為中國內地領先的大型建材家居產業集團。為配合全球化以實現業務國際化的目標，本集團建立二十二個先進的生產基地，分佈於全中國十六個地區以及美國及加拿大等海外國家。本集團致力完善戰略佈局及銷售網絡，並提供種類齊全、多元化的產品及全面優質的銷售服務。

憑藉其優質產品、先進的研發技術及廣泛的銷售網絡，本集團繼續鞏固在華南市場的領導地位。近年來，本集團積極拓展華南以外及海外市場的業務。除核心管道製造業務外，本集團亦加快擴展包括門窗系統、水暖衛浴及整體廚房等建材家居產品之業務，為客戶提供一站式及高性價比的建材家居產品及服務。

此外，本集團自2015年3月起推出多元化線上到線下平台聯塑商城，提供五金、電器設備及家居建材。同時，本集團已與國內合作夥伴建立戰略合作關係，於國內開設聯塑商城連鎖店以拓展分銷業務和提升產品的市場滲透率。

### 市場概況

2016年，隨著供給側結構性改革的調整，中國經濟下行的趨勢已開始趨於平穩。2016年是中國「十三五」規劃的開局之年，中國政府持續增加各項基建項目的投資，並加快推進落實多項關乎民生與環境的大型水電項目，以確保供水安全及減少水污染。同時，中國政府採取多項措施推進新型城鎮化建設，加快城鎮棚戶區及危房改造、實施地下管網改造，以及推動「海綿城市」項目。這些規模龐大的政府措施將刺激對管道及管件的需求。

## MARKET REVIEW (continued)

During the year, China pressed on with the plan of “Sponge City” and the construction of “Underground Pipeline Utility Tunnel”. In May 2016, the Ministry of Finance, the Ministry of Housing and Urban-Rural Development and the Ministry of Water Resources together designated 14 cities (including Beijing, Tianjin, Dalian and Shanghai, etc.) to carry out the pilot scheme of “Sponge City”. Through the redesign of the urban planning and redevelopment, the cities covered by the “Sponge City” scheme will be more efficient in absorbing water, storing water, purifying water and recycling rainwater. It also helps to prevent flood. More than 20 provinces in China had participated in the “Sponge City” scheme, involving thousands of projects. The size of the market for construction is expected to reach RMB2 trillion by 2020. Construction for “Underground Pipeline Utility Tunnel” has been implemented in different parts of China. According to the Ministry of Housing and Urban-Rural Development, as at 20 December 2016, a total of 2,005 km of pipelines have been constructed in 147 cities of 28 provinces under the “Underground Pipeline Utility Tunnel” scheme, presenting a huge business opportunity to the pipe industry.

Meanwhile, the Chinese government accelerates the construction of facilities for sewage treatment and discharging water. In December 2016, the National Development and Reform Commission published the “Program for Construction of the National Urban Wastewater Treatment and Recycling Facilities under the 13th Five-year Plan” and set a new target. It plans to add 134,400 km of new pipelines to the drainage network, repair 42,400 km of old pipelines of the drainage network and rebuild 38,900 km of pipelines to the system that collects and diverts both rainwater and sewage. The programme aims at forming an integrated system that discharges water and treats sewage in the urban areas of the country. The investment program of RMB582.9 billion is expected to further boost the demand for pipes used for water supply and discharge of water in the cities.

In addition, the Ministry of Environmental Protection and the National Development and Reform Commission jointly announced “Assessment of Action Plan for Prevention and Control of Water Pollution (Trial)” in December 2016 with the aim of assessing how well the local governments implement the “Action Plan for Prevention and Control of Water Pollution” and how well they maintain the water quality. The plan can stimulate investment in the water industry so as to solve such problems as pollution from industrial sewage and low efficiency in water usage. According to the Ministry of Environmental Protection, the plan will call for a total investment of more than RMB2 trillion by 2020.

## 市場概況(續)

年內，中國持續於全國各地大力推進落實「海綿城市」計劃與實施「地下綜合管廊」建設。2016年5月，財政部、住房和城鄉建設部與水利部將14個城市(包括北京、天津、大連及上海等)納入實施「海綿城市」計劃的試點。透過城市重新設計及改造規劃，推行「海綿城市」計劃的城市將在吸水、蓄水、淨水及雨水循環利用方面將取得成效，並減少洪澇災害。中國已有逾20個省市參與「海綿城市」的相關規劃，並啟動超過數千個項目，預計2020年建設市場規模可達人民幣2萬億元。「地下綜合管廊」建設亦於全國範圍內實施。根據住房城鄉建設部資料，截至2016年12月20日，全國147個城市28個省已累計開工建設

### MARKET REVIEW (continued)

On the other hand, the Chinese government has been actively implementing policy to help reduce the housing inventory during the year. As a result, the country's property market gradually recovered. According to the National Bureau of Statistics, investment in China's property development in 2016 increased by 6.9% to RMB10,258.1 billion. The growth was larger than the percentage increase of 1.0% in 2015. The number of transactions in the residential property market also hit a record high in 2016. The area of residential flats sold in the country increased by 22.5% to 1.57349 billion sq.m. The improvement of the property market and the demand generated by the new mode of urbanisation led to the gradual recovery of the market for building materials and interior decoration products. The Department of Circulation Industry Development and the China Building Materials Circulation Association jointly announced the 2016 national building materials household index (BHI), indicating that the total sales volume at large bazaars for building materials and interior decoration products increased by 9.3% to RMB1,185.28 billion for the year.

The Government was pressing ahead with the "Belt and Road Initiative" in 2016 and achieved good results. More than 100 countries and international organisations showed support for China's initiative and more than 40 countries and international organisations signed cooperation agreements with China. A number of major projects were launched under the initiative and received huge financial support from the Chinese government. The National Development and Reform Commission adopted a mode of cooperation between the Chinese government and private investors, namely the public-private partnerships, in the countries covered by the "Belt and Road Initiative". The commission also encouraged the Chinese enterprises to expand their business into overseas markets. Infrastructure has been a major part of the action plan. During the year, investment in infrastructure projects continued to increase in the countries covered by the "Belt and Road Initiative". The large-scale investment in the projects creates huge demand for products like building materials, hardware, electrical equipment, pipes and pipe fittings.

### 市場概況(續)

另一方面，中國政府於年內積極實施房地產去庫存政策以減少庫存，故中國房地產市場正逐漸回暖。根據國家統計局數據，2016年中國房地產開發投資增長6.9%至人民幣10,258.1億元，較2015年1.0%的增速提升。2016年住房成交量創出新高，全國商品房銷售面積同比增長22.5%至15.7349億平方米。受惠於房地產市場改善及新型城鎮化增加需求，建材家居市場逐步復甦。據國家商務部流通業發展司、中國建築材料流通協會共同發佈2016年全國建材家居景氣指數(BHI)顯示，全國大型建材家居百貨公司全年累計銷量增加9.3%至人民幣11,852.8億元。

2016年，中國政府大力推進「一帶一路」戰略並取得積極成果。逾100多個國家和國際組織積極響應支持該政策，超過40多個國家和國際組織與中國簽署合作協議。戰略協議發起多項重大項目，並獲得中國政府龐大的財政支持。國家發展改革委員會建立政府和社會資本合作工作機制，在「一帶一路」沿線國家推廣公私合營模式，鼓勵中國企業拓展海外業務。基礎設施建設項目是該政策部署重要的一環。年內，「一帶一路」沿線國家地區繼續加大對基建項目的投資，為建材、五金、電氣設備、管道及管件等方面帶來大量需求。

## BUSINESS REVIEW

China Lesso mainly operates three business units, including plastic pipes and pipe fittings, building materials and interior decoration products and its O2O platform Lesso Mall. During the year, the Group further consolidated its business of plastic pipe and pipe fittings and increased the sales volume by supplying to governments' infrastructure projects. Meanwhile, the Group actively developed its businesses of building materials and interior decoration products as well as the Lesso Mall. As a result, the total revenue of the Group grew steadily and rose by 12.8% to RMB17,221 million (2015: RMB15,264 million).

The table below sets out the breakdown of revenue by business unit for 2016 and 2015:

		Revenue 收入		Change 變動	% of total revenue 佔總收入%	
		2016 RMB milli 人民幣百萬元	2015 RMB million 人民幣百萬元		2016	2015
Plastic Pipes and Pipe Fittings	塑料管道及 管件	<b>14,745</b>	13,602	8.4%	<b>85.6%</b>	89.1%
Building Materials and Interior Decoration Products	建材家居產品	<b>1,011</b>	816	23.9%	<b>5.9%</b>	5.3%
Lesso Mall	聯塑商城	<b>1,018</b>	621	63.9%	<b>5.9%</b>	4.1%
Others <sup>#</sup>	其他 <sup>#</sup>	<b>447</b>	225	98.7%	<b>2.6%</b>	1.5%
<b>Total</b>	<b>總計</b>	<b>17,221</b>	15,264	12.8%	<b>100.0%</b>	100.0%

<sup>#</sup> "Others" include businesses of environmental engineering and other related services, financial services and others.

## 業務回顧

中國聯塑主要經營三大業務單位，包括：塑料管道及管件、建材家居產品以及電子商貿平台聯塑商城等業務。年內，本集團繼續穩固塑料管道及管件業務，參與政府各項基建項目以提高產品銷量。同時，本集團亦積極拓展建材家居和聯塑商城的業務。因此，本集團之總收入按年穩步增

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### **BUSINESS REVIEW (continued)**

As at 31 December 2016, the number of the Group's independent and exclusive tier-one distributors increased to 2,146 all over the country (2015: 2,130). Southern China remained as the Group's major revenue contributor while the Group was actively developing business in other local markets in the country. The Group put its production base in Shandong into operation in first half of 2016. The Group enhanced the facilities at its production bases in Hainan and Guangdong, increasing their capacity and raising their capacity utilisation rates. Meanwhile, the Group continued to raise the level

## BUSINESS REVIEW (continued)

### PLASTIC PIPES AND PIPE FITTINGS

The plastic pipes and pipe fittings business remains a mainstay operation of China Lesso. The Group offered a comprehensive range of plastic pipes and pipe fittings, which can be applied to water supply, drainage, power supply, communications, gas supply, agriculture and aquaculture, floor heating and fire services. During the year, the sales volume and revenue from the plastic pipes and pipe fittings business grew steadily; the revenue rose by 8.4% and accounted for 85.6% of the Group's total revenue (2015: 89.1%).

The table below sets out the breakdown of revenue from plastic pipes and pipe fittings business by product application for 2016 and 2015:

		Revenue			% of revenue	
		2016	2015	Change	2016	2015
		RMB milli	RMB million	變動	佔收入%	
		人民幣百萬元	人民幣百萬元			
Water Supply	供水	5,898	5,453	8.2%	40.0%	40.1%
Drainage	排水	5,612	5,193	8.1%	38.0%	38.2%
Power supply and telecommunications	電力供應及通訊	2,534	2,190	15.7%	17.2%	16.1%
Gas Transmission	燃氣輸送	189	248	(23.9)%	1.3%	1.8%
Others <sup>#</sup>	其他 <sup>#</sup>	512	518	(1.1)%	3.5%	3.8%
Total	總計	14,745	13,602	8.4%	100.0%	100.0%

<sup>#</sup> "Others" include agricultural applications, floor heating and fire services.

## 業務回顧(續)

### 塑料管道及管件

中國聯塑的主營業務仍然是塑料管道及管件業務。本集團提供各全方位的塑料管道及管件產品，可應用於供水、排水、電力供應及通訊、燃氣輸送、農業及水產養殖業、地暖及消防等領域。年內，塑料管道及管件業務的銷售量及收益平穩增長，業務收入按年增加8.4%，佔本集團總收入的85.6%(2015年：89.1%)。

下表載列2016年及2015年塑料管道及管件業務收入按產品應用劃分的詳情：

**BUSINESS REVIEW (continued)**

**PLASTIC PIPES AND PIPE FITTINGS (continued)**

The table below sets out the breakdown of average selling price, sales volume, and revenue from plastic pipes and pipe fittings business by product material for 2016 and 2015:

Average selling price			Sales volume			Revenue		
平均售價			銷量			收入		
2016	2015	Change	2016	2015	Change	2016	2015	Change
RMB	RMB		Tonne	Tonne		RMB milli	RMB million	
人民幣	人民幣	變動	噸	噸	變動	人民幣百萬元	人民幣百萬元	變動

## BUSINESS REVIEW (continued)

### BUILDING MATERIALS AND INTERIOR DECORATION PRODUCTS

China's property market recovered in 2016, recording a significant increase in both investment and the floor area sold. During the year, the Group has been actively developing the business of building materials and interior decoration products, which mainly provides property developers with various types of integrated building materials and interior decoration products, as well as the solution for their residential property projects. The Group also provides diverse products, including sanitary ware products, integrated kitchens, systems of doors and windows and decorative boards, etc. This business unit developed gradually on the back of China's urbanisation, and achieved synergy with the businesses of other existing product lines. Revenue of this business unit increased by 23.9% to RMB1,011 million (2015: RMB816 million), accounting for 5.9% of the Group's total revenue. In the future, the Group will make an effort to widen the range of products of this business unit and will take advantage of Lesso Mall to boost the revenue of this business unit.

### LESSO MALL

Since its establishment in March 2015, the Group's e-commerce platform, Lesso Mall, has been selling diverse products and providing various services, through a business model that links online and offline operations. During the year, Lesso Mall was developing its business steadily. In the second half of 2016, the Group has successfully refined its strategy for operating Lesso Mall, and formed strategic business partnerships and cooperated with its local distributors and business partners to expand the sales channels and increase the market penetration of the Group's products. It has introduced several Lesso chain stores which sell products online and offline, and provide supply chain service.

During the year, the business operation of Lesso Mall performed well and recorded an operating revenue of approximately RMB1,018 million, which was encouraging. Its registered member accounts reached 4,902 (2015: 2,032). Lesso Mall will be a growth driver of the Group in the future. In order to prepare for overseas expansion of Lesso Malls, the Group acquired pieces of land in Thailand, Australia, United States and Canada. As at 31 December 2016, the total investment in the properties amounted to approximately RMB2.5 billion, which was mainly attributable the new lands acquired for Lesso Mall's overseas business.

## 業務回顧(續)

### 建材家居產品

中國房地產市場於2016年回暖，投資額及銷售面積均錄得大幅增長。本集團於年內積極拓展建材家居產品業務，為房地產開發商提供多種類及一體化的建材家居產品及解決方案。本集團亦提供水暖衛浴產品、整體廚房、門窗系統及裝飾板材等多元化產品。該業務單位配合中國城鎮化政策的逐步推進，與其他現有的產品綫發揮協同效應。該業務單位收益增長23.9%至人民幣10.11億元(2015年：人民幣8.16億元)，佔本集團總收入的5.9%。未來，本集團將致力拓寬該業務單位的產品範圍，並配合聯塑商城提升該業務單位收益增長。

### 聯塑商城

自2015年3月成立以來，本集團的電子商貿平台聯塑商城透過線上及線下的業務模式提供多元化的產品及服務。年內，聯塑商城的業務平穩發展。於2016年下半年，本集團完善經營商城的業務策略，並與地方經銷商及業務夥伴建立戰略業務合作關係，增加銷售渠道及提升產品的市場滲透率。本集團現已開設多間結合線上線下提供產品與供應鏈服務的聯塑商城連鎖店。

年內，聯塑商城業務營運表現理想，錄得營運收入約人民幣10.18億元，令人深受鼓舞。註冊會員賬戶達4,902個(2015年：2,032香欣阮2啤登靈藥 77)

## BUSINESS REVIEW (continued)

### EQUITY INVESTMENT IN SHANGHAI SAFBON WATER SERVICE CO., LTD. AND ACQUIRED MAJOR STAKES OF GUANGZHOU EP ENVIRONMENTAL ENGINEERING LTD.

To capitalise on the Chinese government's environmental initiatives, the Group diversified into environmental protection business. The Group acquired Guangzhou EP Environmental Engineering Ltd. and its subsidiary ("GZEP") in April 2016. GZEP provides environmental protection services, including project consultation, environmental monitoring, design of environmental protection solutions, construction services and financing for environmental protection projects. Meanwhile, the Group subscribed for the shares of Shanghai Safbon Water Service Co., Ltd. ("Safbon Water") in October 2016. The Group has approximately RMB731 million worth of available-for-sale investments, which was mainly due to the equity investment in Safbon Water. Safbon Water is engaged in industrial water treatment, municipal water treatment, seawater desalination, solid waste treatment, natural gas regulator stations and distributed energy and other services. Synergy can be generated between the investment in Safbon Water and the Group's businesses of plastic pipes and pipe fittings as well as its environmental protection. The Group strives to become a one-stop environmental protection service provider.

### CAPITAL EXPENDITURE AND CAPACITY EXPANSION

The Group has expanded its annual designed plastic pipes and pipe fittings production capacity to 2.2 million tonnes during the year. (2015: 2.1 million tonnes). The increase was mainly attributable to the production base in Shandong which commenced operation in the first half of 2016.

The capital expenditure for 2016 was approximately RMB3.57 billion, which was mainly used for expansion of the existing production bases, automation of the production bases in Guangdong, construction of a production base in Shandong and the acquisition of pieces of land in foreign countries for the expansion of Lesso Mall's business.

## 業務回顧(續)

參股上海巴安水務股份有限公司及控股廣州市環境保護工程設計院有限公司

為把握中國政府推動環保的機遇，本集團拓展至環保業務。本集團於2016年4月收購廣州市環境保護工程設計院有限公司及其附屬公司（「GZEP」）。GZEP提供環保服務，包括項目諮詢、環境監控、制定環保解決方案、工程施工服務及為環保項目提供融資服務。同時，本集團於2016年10月認購上海巴安水務股份有限公司（「巴安水務」）的股份。本集團可供出售投資的價值約為人民幣7.31億元，乃主要由於參股巴安水務。巴安水務主營業務涵蓋工業及市政污水處理、海水化淡、固體廢物處理、天然氣調壓站與分佈式能源及其他服務。巴安水務的投資將為本集團的塑料管道及管件以及環境保護業務帶來長遠的商業協同效應。本集團致力成為一站式環保服務供應商。

### 資本開支及產能擴展

年內，本集團塑料管道及管件生產的年度設計產能擴至220萬噸（2015年：210萬噸），增幅主要是由於山東生產基地於2016年上半年投入生產所致。

2016年的資本開支為約人民幣35.7億元，主要用於現有生產基地的擴建工程及廣東生產基地自動化改造、興建山東生產基地以及在海外購買土地以拓展聯塑商城業務。

## STRATEGIES FOR THE FUTURE

Looking ahead to 2017, enterprises will face more challenges as the prospect of the global economy has become more uncertain. China's economic structure has been improving, showing that the economy has been on the right track to a new norm. The Group remains prudently optimistic about the prospect and it will actively capitalise on the government policies which can favour the kind of businesses that it is engaged in. The Group will implement the following strategies:

### INCREASE PRODUCTION CAPACITY

To consolidate its market leadership, the Group will continue to enhance its market penetration in Southern China and other regions. The Group will also further improve the machines and facilities in its existing production bases, continue with the automation and accelerate the production process, thereby expanding production capacity and raising efficiency. The Group is planning the construction of a production base in Hunan at a preliminary stage.

### TAKE STRATEGIC APPROACH TO ENVIRONMENTAL PROTECTION BUSINESS

China Lesso actively capitalised on China's environmental approach to its economic development, and as such, it plans to expand the business of GZEP. As a strategic approach to the environmental protection business, the Group will seek to achieve synergy between its environmental protection business and its other businesses; and to diversify its source of income through acquisitions, cooperation with sizable environmental protection companies, and participation in public-private partnerships.

### EXPAND OVERSEAS BUSINESS OF LESSO MALL

Lesso Mall has been achieving promising results in China since it commenced operation in 2015. The Group will further strengthen its O2O businesses in China. It also plans to explore the overseas markets by introducing the Lesso Mall there. It will establish Lesso Home, a global O2O sales service platform for interior decoration products, construction materials and hardware. The Group will proactively seek for forming strategic partnerships and/or cooperate with business partners and distributors worldwide to set up a new business Lesso Home so as to support its sales and distribution business with customer service support in overseas markets. At the initial stage of its overseas expansion plan, the Group plans to open Lesso Home in Sydney in the second half of 2017, in order to capitalise on China's "Belt and Road Initiative". Lesso Home will fulfill such functions as direct-sale, distribution, sales and marketing functions for brands of building materials and interior decoration products from China Lesso and its business partners. The Group believes that there is potential for significant development in this kind of business, which can evolve into a growth driver.

## 未來策略

展望2017年，全球經濟前景漸趨不明朗，企業將面臨更多挑戰。中國持續改善國內經濟結構，並步入新常態的軌道。本集團對各項經營業務前景保持審慎樂觀，並將積極把握政府政策支持所帶來的發展機遇。本集團將實施以下策略：

### 擴大產能

為鞏固市場領導地位，本集團將繼續提高華南市場及其他地區的市場滲透率，並進一步完善現有生產基地的機械設備及配套，推動自動化水平及加快生產過程，從而擴充產能及提升生產效

#### **RESULTS PERFORMANCE**

For the year ended 31 December 2016, the Group's revenue increased by 12.8% year-on-year to RMB17,221 million (2015: RMB15,264 million). Benefited from the Group's sound procurement strategy and economies of scale, the gross profit

## FINANCIAL POSITION

The Group continued to adopt prudent financial policies. Finance, fund utilisation and fund raising activities of the Group are subject to effective centralised management and supervision. The Group keeps reasonable gearing level and adequate liquidity.

As at 31 December 2016, the Group had total debts (i.e. total borrowings) of approximately RMB4,695 million, of which 74.1% was denominated in US dollar, 18.7% was denominated in HK dollar and 7.2% was denominated in Renminbi. The Group's borrowings are subject to effective interest rates ranging from 1.06% to 4.90% per annum with maturity periods ranging from within one year to more than five years.

As at 31 December 2016, the Group's current assets and current liabilities were approximately RMB10,059 million and RMB9,722 million respectively. The Group's Current Ratio decreased to 1.03 from 1.88 as at 31 December 2015, while the Quick Ratio decreased to 0.75 from 1.38 as at 31 December 2015. During the year, the Group exercised the option to early repay the syndicated long-term loans of US\$290 million in January 2017. Therefore these loans are reclassified to current liabilities in 2016. The Group's total equity increased to approximately RMB11,538 million. The Group's Gearing Ratio stood at a healthy level of 28.9%.

With cash and bank deposits, including restricted cash, of approximately RMB3,886 million as well as unutilised banking facilities, the Board considers that the Group has sufficient working capital for its operation and future development.

The Group had no material exposure to foreign exchange fluctuation and no hedging has been arranged during the year.

## CHARGE ON ASSETS

As at 31 December 2016, certain of the Group's available-for-sale investments with an aggregate net carrying amount of approximately RMB36 million were pledged to a bank to secure the banking facility granted and this banking facility has not been utilised.

## CONTINGENT LIABILITIES

### HUMAN RESOURCES

As at 31 December 2016, the Group employed a total of approximately 9,100 employees including directors. Total staff costs were RMB688 million during the year. The Group ensures that the remuneration packages for employees are determined based on their work performance, professional experience and the prevailing industry practice. Discretionary year-end bonus may be paid to employees based on individual performance. Other benefits to employees include medical insurance, retirement scheme and training programmes.

### CORPORATE SOCIAL RESPONSIBILITY

#### ENVIRONMENT

Environmental protection is always a top priority of China Lesso. Adhering to the principles of "safe, healthy, energy efficient and non-toxic", the Group has applied the ideas of energy saving and emission reduction throughout its product design, R&D, production and practical operations, and has adopted a variety of eco-friendly measures to minimize impact on the environment. On top of that, the Group continues to improve criteria and measures concerning management of environmental protection, and adopt more simplified operating processes and energy-efficient hardware to reduce consumption of energy and water resources, increase benefits from resource consumption, reduce wastes emissions and enhance recycling.

The Group complies with laws and regulations governing air pollution, noise emission, solid waste discharge, and other environmental protection issues in China. The environmental management and compliance department works together with the legal department to ensure the Group will keep abreast of the latest development on environment-related laws and regulations.

#### COMMUNITY ENGAGEMENT

China Lesso takes an active part in community investment and public welfare, aiming to apply its influence and bring positive changes to the communities where it operates. Meanwhile, the Group is active in charitable contributions to support local education and underprivileged groups. In addition to donations, the Group also encourages its employees to serve the community as volunteers.

### 人力資源

於2016年12月31日，本集團共聘用約9,100名僱員，包括董事在內。年內的員工成本總額為人民幣6.88億元。本集團確保僱員薪酬乃根據其工作表現、專業經驗及現行行業慣例釐定，並可按照個人表現年底酌情向僱員發放花紅。其他僱員福利包括醫療保險、退休計劃及培訓課程。

### 企業社會責任

#### 環境

中國聯塑一直以來注重環境保護工作。本集團將節能減排的理念貫穿於產品的設計、研發、生產以及實際運營中，持續貫徹「安全、健康、節能、無害化」的原則，並採取多項環保措施以降低對環境的影響。本集團亦不斷改進環保管理規範及措施，推廣精簡的運作流程和節能硬件，以減少能源及水資源使用量、提升資源使用效益、降低廢棄物排放並提升循環利用率。

本集團遵循國家制定的包括在空氣污染、噪聲污染與固體廢棄物排放方面的環保法律法規。本集團的環境管理與合規部門和法律部門合作，確保本集團符合最新的環保方面法律法規的要求。

#### 社區投入

中國聯塑積極參與社區投資和社會公益，注重在集團所在的社區發揮影響力，為社區帶來積極正面的影響。同時，本集團積極參與公益捐款以支持當地社區的教育事業與弱勢群體。除捐款外，本集團亦積極倡導員工加入到社區服務和志願者工作。

## CORPORATE SOCIAL RESPONSIBILITY (continued)

### EMPLOYEE

China Lesso recognises employees as one of its most important assets. In strict compliance with the applicable laws and regulations, the Group protects the legitimate rights and interests of its employees and fixes on its pay system based on the principles of legality, equity, fairness and encouragement so as to ensure an equal access to fair treatment and career opportunities. In addition,

# DIRECTORS' REPORT

## 董事會報告

Set out below are the report presented by the Board together with the Group's audited consolidated financial statements for the year ended 31 December 2016.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The activities of the principal subsidiaries and a joint venture are set out in notes 42 and 17 respectively to consolidated financial statements. Further discussion and analysis of these activities, including a discussion of the principal risks and uncertainties facing by the group and an indication of likely future developments in the Group's business, can be found in the "Chairman's Statement", "Corporate Governance Report" and "Management Discussion and Analysis". This discussion forms part of the Directors' Report.

### RESULTS AND APPROPRIATIONS

The Group's profit for the year ended 31 December 2016 and the Group's financial position at that date are set out in the consolidated financial statements on pages 74 to 171.

The Board recommended the payment of a final dividend of HK15 cents per share for the year ended 31 December 2016 (the "Proposed Final Dividend") to the Shareholders whose names appear on the register of members of the Company on Monday, 29 May 2017, subject to the Shareholders' approval at the forthcoming annual general meeting of the Company to be held on Friday, 19 May 2017 (the "2017 AGM"). It is expected that the Proposed Final Dividend will be paid on Thursday, 8 June 2017.

### CLOSURE OF REGISTER OF MEMBERS

#### (A) FOR DETERMINING THE ENTITLEMENT TO ATTEND AND VOTE AT THE 2017 AGM

The register of members of the Company will be closed from Tuesday, 16 May 2017 to Friday, 19 May 2017, both dates inclusive, during this period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2017 AGM, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Monday, 15 May 2017.

以下為董事會提呈的報告連同本集團截至2016年12月31日止年度的經審核綜合財務報表。

### 主要業務及業務回顧

本公司的主要業務為投資控股。其主要附屬公司及合營企業的業務詳情分別載於綜合財務報表附註42及17。有關此等業務之進一步討論及分析(包括有關本集團所面臨主要風險及不明朗因素之討論以及本集團業務未來可能發展之指引)可於「主席報告書」、「企業管治報告」及「管理層討論及分析」中查閱。此討論構成董事會報告之一部分。

### 業績及分配

本集團截至2016年12月31日止年度的溢利及本集團於該日的財務狀況載於第74至171頁的綜合財務報表內。

董事會建議向2017年5月29日(星期一)名列本公司股東名冊的股東派付截至2016年12月31日止年度的末期股息每股股份15港仙(「擬派末期股息」),惟須待股東於本公司2017年5月19日(星期五)即將舉行的股東週年大會(「2017年股東週年大會」)批准方可作實。預期擬派末期股息將於2017年6月8日(星期四)支付。

### 暫停辦理股份過戶登記手續

#### (A) 確定出席2017年股東週年大會並於會上投票的資格

本公司股東名冊將於2017年5月16日(星期二)至2017年5月19日(星期五)(包括首尾兩天)暫停登記,這期間不會辦理本公司股份過戶登記手續。為取得出席2017年股東週年大會並於會上投票的資格,本公司股份的未登記持有人須確保不遲於2017年5月15日(星期一)下午4時30分向本公司股份過戶登記分處 - 香港中央證券登記有限公司(地址為香港灣仔皇后大道東183號合和中心17樓1712-1716室) - 遞交所有股份過戶表格連同相關股票辦理登記。

## CLOSURE OF REGISTER OF MEMBERS (continued)

### (B) FOR DETERMINING THE ENTITLEMENT TO THE PROPOSED FINAL DIVIDEND

The register of members of the Company will be closed from Thursday, 25 May 2017 to Monday, 29 May 2017, both dates inclusive, during this period no transfer of shares of the Company will be registered. In order to be eligible to receive the Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 24 May 2017.

## CORPORATE GOVERNANCE AND PERMITTED INDEMNITY PROVISION

Principal corporate governance practices and permitted indemnity provision adopted by the Company are set out in the Corporate Governance Report on pages 12 to 35.

## FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the past five financial years, as extracted from audited consolidated financial statements and restated/reclassified as appropriate, is set out on page 3. The summary does not form part of the audited consolidated financial statements.

## PROPERTIES

Particulars of the Group's major properties and property interests are set out on pages 172 to 173.

## SHARE CAPITAL

The details of the changes in the Company's share capital during the year are set out in note 32 to consolidated financial statements.

## ACQUISITION OF SUBSIDIARIES

The details of acquisition of subsidiaries are set out in note 35 to consolidated financial statements.

## 暫停辦理股份過戶登記手續(續)

### (B) 確定收取擬派末期股息的資格

本公司股東名冊將於2017年5月25日(星期四)至2017年5月29日(星期一)(包括首尾兩天)暫停登記,這期間不會辦理本公司股份過戶登記手續。為取得收取擬派末期股息的資格,本公司股份的未登記持有人須確保不遲於2017年5月24日(星期三)下午4時30分向本公司股份過戶登記分處-香港中央證券登記有限公司(地址為香港灣仔皇后大道東183號合和中心17樓1712-1716室)-遞交所有股份過戶表格連同相關股票辦理登記。

## 企業管治及獲准許彌償條文

本公司採納的主要企業管治常規及獲准許彌償條文刊載於第12至35頁的企業管治報告內。

## 財務概要

本集團過去五個財政年度的業績、資產及負債的概要載於第3頁,乃摘錄自經審核綜合財務報表,並於適當情況下重列/重新分類。本概要並不構成經審核財務報表其中部分。

## 物業

本集團主要物業及物業權益的詳情載於第172至173頁。

## 股本

本公司於年內的股本變動詳情載於綜合財務報表附註32。

## 收購附屬公司

收購附屬公司詳情載於綜合財務報表附註35。

## DISTRIBUTABLE RESERVE

As at 31 December 2016, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to RMB2,351 million (2015: RMB2,392 million). The amount of RMB1,906 million (2015: RMB1,923 million) represented the Company's share premium which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

## MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2016, the total turnover attributable to the Group's five largest customers was less than 4% of the Group's total turnover. The total purchase attributable to the Group's five largest suppliers was 31% of the Group's total purchases and the purchases from the largest supplier included therein amounted to 17%.

At no time during the year did the directors, their associates or any Shareholder (which to the knowledge of the directors own more than 5% of the Company's issued share capital) have any beneficial interests in these suppliers or customers referred to above.

## CHARITABLE DONATIONS

During the year, the Group's charitable donations were approximately RMB3.46 million (2015: RMB1.28 million).

## TAX RELIEF AND EXEMPTION

The directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

## PRE-EMPTIVE RIGHTS

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

## 可供分派儲備

於2016年12月31日，根據開曼群島法例第22章公司法(1961年第3部法律，經綜合及修訂)計算的本公司可供分派儲備為人民幣23.51億元(2015年：人民幣23.92億元)。為數人民幣19.06億元(2015年：人民幣19.23億元)的款項指本公司可予分派的股份溢價，惟於緊隨建議派發股息之日，本公司將能夠償還日常業務範圍內的到期債務。

## 主要客戶及供應商

截至2016年12月31日止年度，本集團五大客戶應佔的總營業額少於本集團總營業額的4%。本集團五大供應商應佔的總購貨額是本集團總購貨

## DIRECTORS

Directors in office during the year and up to the date of this report are as follows:

### EXECUTIVE DIRECTORS

Mr. Wong Luen Hei (*Chairman*)  
Mr. Zuo Manlun (*Chief executive*)  
Ms. Zuo Xiaoping  
Mr. Lai Zhiqiang  
Mr. Kong Zhaocong  
Mr. Chen Guonan  
Dr. Lin Shaoquan  
Mr. Huang Guirong  
Mr. Luo Jianfeng

### NON-EXECUTIVE DIRECTOR

Mr. Lin Dewei

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fung Pui Cheung  
Mr. Wong Kwok Ho Jonathan  
Mr. Cheung Man Yu  
Ms. Lan Fang  
Dr. Tao Zhigang

Pursuant to Article 16.18 of the articles of association of the Company, Mr. Zuo Manlun, Ms. Zuo Xiaoping, Mr. Lai Zhiqiang, Mr. Chen Guonan and Mr. Huang Guirong are subject to retirement by rotation at the 2017 AGM and, being eligible, offer themselves for re-election.

Biographical details of directors are set out on pages 6 to 10.

## DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the 2017 AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## 董事

於年內並截至本報告日期止在任的董事如下：

### 執行董事

黃聯禧先生(主席)  
左滿倫先生(行政總裁)  
左笑萍女士  
賴志強先生  
孔兆聰先生  
陳國南先生  
林少全博士  
黃貴榮先生  
羅建峰先生

### 非執行董事

林德緯先生

### 獨立非執行董事

馮培漳先生  
王國豪先生  
張文宇先生  
蘭芳女士  
陶志剛博士

根據本公司的組織章程細則第16.18條，左滿倫先生、左笑萍女士、賴志強先生、陳國南先生及黃貴榮先生須於2017年股東週年大會上輪席告退，惟合資格並願膺選連任。

董事履歷刊載於第6至10頁。

## 董事服務合約

擬於2017年股東週年大會膺選連任的董事概無與本集團訂立不可於一年內由本集團終止而毋須支付賠償(法定賠償除外)的服務合約。

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

**董事及行政總裁於股份、相關股份及債權證的權益及淡倉**

As at 31 December 2016, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) as recorded in the register to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

於2016年12月31日，本公司董事及行政總裁於本公司或其任何相聯法團(證券及期貨條例第XV部內的定義)的股份、相關股份及債權證中擁有根據證券及期貨條例第352條須於本公司存置的登記冊中記錄，或根據標準守則須通知本公司及聯交所的權益及淡倉如下：

Number and class of shares held by the Company, as recorded <sup>(a)</sup> 本公司權益股份數目及性質 <sup>(a)</sup>						Percentage held <sup>(b)</sup> 佔本公司已發行股本的百分比
Name	Beneficial 實益擁有人	Interested 配偶權益	Other 其他權益	Total 總數		
姓名	實益擁有人	配偶權益	其他權益	總數	佔本公司已發行股本的百分比	
Wong Luen Hei 黃聯禧	-	2,308,000 (L) <sup>(c)</sup>	2,118,485,000 (L) <sup>(b)(d)</sup>	2,120,793,000 (L)	68.36%	
Zuo Xiaoping 左笑萍	2,308,000 (L) <sup>(c)</sup>	2,118,485,000 (L) <sup>(d)</sup>	2,118,485,000 (L) <sup>(b)(d)</sup>	2,120,793,000 (L)	68.36%	
Zuo Manlun 左滿倫	3,842,000 (L)	-	-	3,842,000 (L)	0.12%	
Luo Jianfeng 羅建峰	1,927,000 (L)	-	-	1,927,000 (L)	0.06%	

Note:

附註：

- (a) The letter "L" denotes the person's long position in such securities.
- (b) These shares of the Company are held by New Fortune, which was wholly-owned by Xi Xi Development and ultimately owned by UBS Trustees (B.V.I.) Limited, as trustee of a discretionary trust (the "Trust"), the settlor of which is Mr. Wong Luen Hei ("Mr. Wong"). The discretionary beneficiaries of the Trust included Mr. Wong and his family members. Both Mr. Wong and Ms. Zuo Xiaoping are taken to be interested in the said shares of the Company held by the Trust under the SFO as directors of the Company.
- (c) Ms. Zuo Xiaoping is directly holding 2,308,000 shares of the Company. Mr. Wong is the spouse of Ms. Zuo Xiaoping, and therefore Mr. Wong is deemed to be interested in all the shares of the Company in which Ms. Zuo Xiaoping is interested by virtue of the SFO.
- (d) These shares related to the same block of shares in the Company as set out in note (b) above. Ms. Zuo Xiaoping is the spouse of Mr. Wong, and therefore Ms. Zuo Xiaoping is deemed to be interested in all the shares of the Company in which Mr. Wong is interested by virtue of the SFO.

- (a) 字母「L」指該人士於該等證券的好倉。
- (b) 該等本公司股份由新富星所持有。該公司由西溪發展全資擁有，並最終由UBS Trustees (B.V.I.) Limited作為一項全權信託(「該信託」，黃聯禧先生(「黃先生」)為其財產授予人)的信託人所擁有。該信託的全權信託受益人包括黃先生及其家族成員。根據證券及期貨條例，黃先生及左笑萍女士身為本公司董事被視為於該信託所持有的上述本公司股份中擁有權益。
- (c) 左笑萍女士直接持有本公司的2,308,000股股份。黃先生為左笑萍女士的配偶，因此根據證券及期貨條例，黃先生被視為於左笑萍女士擁有的所有本公司股份中擁有權益。
- (d) 該等股份實指上文附註(b)所述的同一批本公司股份。左笑萍女士為黃先生的配偶，因此根據證券及期貨條例，左笑萍女士被視為於黃先生擁有的所有本公司股份中擁有權益。

Save as disclosed above, as at 31 December 2016, none of the directors, chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

除上文所披露者外，於2016年12月31日，本公司董事及行政總裁概無於本公司或其任何相聯法團的任何股份、相關股份及債權證中擁有任何根據證券及期貨條例第352條須載於登記冊，或根據標準守則須通知本公司及聯交所的權益或淡倉。

## INTERESTS AND SHORT POSITIONS OF OTHER SHAREHOLDERS PURSUANT TO SFO

As at 31 December 2016, the following persons (other than a director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Capacity	Number of shares held (a)	Percentage of the issued share capital of the Company
股東名稱	身份	持有的已發行普通股數目(a)	佔本公司已發行股本的百分比
UBS Trustees (B.V.I.) Limited	Trustee <sup>(b)</sup>	2,118,485,000 (L)	68.28%
UBS Trustees (B.V.I.) Limited	信託人 <sup>(b)</sup>		
Xi Xi Development	Interests of controlled corporation <sup>(b)</sup>	2,118,485,000 (L)	68.28%
西溪發展	受控法團權益 <sup>(b)</sup>		
New Fortune	Beneficial owner <sup>(b)</sup>	2,118,485,000 (L)	68.28%
新富星	實益擁有人 <sup>(b)</sup>		

Note:

- (a) The letter "L" denotes the person's long position in such securities.
- (b) These shares relate to the same block of shares in the Company as those set out in note (b) in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above.

Save as disclosed above, as at 31 December 2016, the directors of the Company were not aware of any person or corporation (other than the directors and chief executive of the Company) who had any interests or short positions in any shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

## SHARE OPTION SCHEME

A share option scheme (the "Share Option Scheme") was conditionally approved by resolutions of the Shareholders on 14 May 2010 (the "Adoption Date") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations and the summary of terms of such Share Option Scheme are disclosed in the Company's prospectus dated 9 June 2010. No share options have been granted, under the Share Option Scheme since its adoption.

## 根據證券及期貨條例其他股東的權益及淡倉

於2016年12月31日，於本公司股份或相關股份中擁有根據證券及期貨條例第336條須予存置的登記冊中記錄的權益或淡倉的人士(本公司董事及行政總裁除外)如下：

Name of Shareholder	Capacity	Number of shares held (a)	Percentage of the issued share capital of the Company
股東名稱	身份	持有的已發行普通股數目(a)	佔本公司已發行股本的百分比
UBS Trustees (B.V.I.) Limited	Trustee <sup>(b)</sup>	2,118,485,000 (L)	68.28%
UBS Trustees (B.V.I.) Limited	信託人 <sup>(b)</sup>		
Xi Xi Development	Interests of controlled corporation <sup>(b)</sup>	2,118,485,000 (L)	68.28%
西溪發展	受控法團權益 <sup>(b)</sup>		
New Fortune	Beneficial owner <sup>(b)</sup>	2,118,485,000 (L)	68.28%
新富星	實益擁有人 <sup>(b)</sup>		

附註：

- (a) 字母「L」指該人士於該等證券的好倉。
- (b) 該等股份實指上文「董事及行政總裁於股份、相關股份及債權證的權益及淡倉」一節附註(b)所述的同一批本公司股份。

除上文所披露者外，於2016年12月31日，本公司董事概不知悉任何人士或法團(本公司董事及行政總裁除外)於本公司任何股份或相關股份中擁有根據證券及期貨條例第336條須予存置的登記冊記錄的任何權益或淡倉。

## 購股權計劃

股東於2010年5月14日(「採納日期」)決議有條件批准一項購股權計劃(「購股權計劃」)，旨在激勵及獎勵為本集團成功營運作出貢獻的合資格參與者，而該項購股權計劃的條款摘要於本公司日期為2010年6月9日的招股章程內披露。本公司自採納購股權計劃以來，並無根據該計劃授出購股權。

## SHARE OPTION SCHEME (continued)

Eligible participants of the Share Option Scheme ("Eligible Persons") include (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group; (b) a director or proposed director (including an independent non-executive director) of any member of the Group; (c) a direct or indirect shareholder of any member of the Group; (d) a supplier of goods or services to any member of the Group; (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group; (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and (g) an associate of any of the persons referred to in paragraphs (a) to (c) above.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 300,000,000 Shares, representing 9.67% of the issued Shares as at 31 December 2016. The maximum number of Shares issued and to be issued upon the exercise of the options granted to any on Eligible Persons (including exercised and outstanding options) in any 12-month period shall not exceed 1% of the issued share capital of the Company from time to time. There is no minimum period for which an option must be held before it can be exercised. The subscription price in respect of the any particular option shall be price as the Board may in its discretion determine at the time of grant of the relevant option but the subscription price shall not be less than whichever is the highest of: (a) the nominal value of a Share; (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and (c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the offer date.

## 購股權計劃(續)

購股權計劃的合資格參與人(「合資格人士」)包括(a)本集團任何成員公司的任何執行董事、經理，或擔當行政、管理、監督或類似職位的其他僱員、任何全職或兼職僱員，或暫時派往本集團任何成員公司全職工作或兼職工作的僱員；(b)本集團任何成員公司的董事或候任董事(包括獨立非執行董事)；(c)本集團任何成員公司的直接或間接股東；(d)本集團任何成員公司的貨品或服務供應商；(e)本集團任何成員公司的客戶、顧問、業務或合營夥伴、特許經營商、承包商、代理或代表；(f)向本集團任何成員公司提供設計、研究、開發或其他支援或任何諮詢、顧問、專業或其他服務的人士或實體；及(g)上述(a)至(c)段所述任何人士的聯繫人。

根據購股權計劃及本集團任何其他計劃授出的所有購股權獲行使而可予發行的股份總數，合共不得超出300,000,000股股份，佔於2016年12月31日已發行股份的9.67%。在任何十二月內，行使授予任何合資格人士之購股權(包括已行使及尚未行使的購股權)時已發行及將予發行之最高股份數目，不得超出本公司不時已發行股本之1%。概無規定購股權於可行使前須持有的最短期限。任何特定購股權的認購價須由董事會在授出相關購股權時酌情釐定，惟認購價不得低於以下各項的最高者：(a)股份面值；(b)股份於要約日期在聯交所每日報價表所示的收市價；及(c)緊接提呈日期前五個營業日股份於聯交所每日報價表所示的平均收市價。

## SHARE OPTION SCHEME (continued)

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date. An offer of the grant of a share option shall remain open for acceptance by the Eligible Person concerned for a period of 28 days from the date of the Board approving the grant of the share options (the "Offer Date") provided that no such grant of an option may be accepted after the expiry of the effective period of the Share Option Scheme. An option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the grantee together with a remittance in favour of the Company of HK\$1 by way of consideration for the grant thereof is received by the Company on or before the date upon which an offer of an option must be accepted by the relevant Eligible Person, being a date not later than 28 days after the Offer Date. Such remittance shall in no circumstances be refundable.

## DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as disclosed under paragraph headed "Connected Transactions", no transaction, arrangement or contract of significance to which the Company, its holding company and any of its subsidiaries was a party and in which a director of the Company or an entity connected with him had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## COMPLIANCE AND ENFORCEMENT OF THE NON-COMPETE UNDERTAKINGS FROM CONTROLLING SHAREHOLDER

None of the directors or substantial shareholder of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group. New Fortune (the "Controlling Shareholder", being a company holding approximately 68.28% of the issued share capital of the Company, and is ultimately held by the trust the founder of which is Mr. Wong Luen Hei, and the beneficiaries of which include Mr. Wong Luen Hei and his family) has entered into a deed of non-competition in favour of the Group with Mr. Wong Luen Hei dated 14 May 2010 (the "Deed of Non-Competition").

## 購股權計劃(續)

購股權計劃的有效期自採納日期起計為期10年。提呈授出的購股權可由董事會批准授出購股權之日(「提呈日期」)起計28日期間內供有關合資格人士接納，但在購股權計劃的有效期屆滿後，則不可接納授出的購股權。當本公司於相關合資格人士必須接納提呈購股權當日(即提呈日期後不多於28日)或之前收到由承授人正式簽署構成接納提呈購股權的提呈函件複本連同支付本公司的價款1港元作為授出代價後，則購股權將被視為已授出及獲合資格人士接納及已生效。上述價款在任何情況下均不獲退還。

## 董事於重大合約的權益

除「關連交易」一段所披露者外，本公司、其控股公司或其任何附屬公司概無參與訂立任何由本公司董事或其有關聯的實體直接或間接擁有重大權益且於年終或於年內任何時間仍然有效的交易、安排或重大合約。

## 遵守及執行控股股東的不競爭承諾

概無本公司董事或主要股東或任何彼等各自的聯繫人從事任何與本集團業務競爭或可能競爭的業務。新富星(「控股股東」，為持有本公司已發行股本約68.28%的公司，其由信託最終持有，而該信託的創辦人為黃聯禧先生，受益人包括黃聯禧先生及其家族)及黃聯禧先生已於2010年5月14日訂立以本集團為受益人的不競爭契據(「不競爭契據」)。

### **COMPLIANCE AND ENFORCEMENT OF THE NON-COMPETE UNDERTAKINGS FROM CONTROLLING SHAREHOLDER (continued)**

The directors are of the view that the Group's measures adopted by the Company in respect of the enforceability of the Deed of Non-Competition are adequate to safeguard the effectiveness of the non-competition undertakings. The independent non-executive directors have reviewed the compliance of the Deed of Non-Competition. Based on the confirmation from the Controlling Shareholder, the independent non-executive directors are of the view that the Deed of Non-Competition has been complied with and has been effectively enforced.

### **DISCLOSURE PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES**

On 3 March 2014, the Company as borrower entered into a facility agreement (the "Facility Agreement I") in relation to a syndicated term loan facility in the amount of US\$135 million at an interest rate of LIBOR plus 2.00% per annum with, among others, Taipei Fubon Commercial Bank Co., Ltd. and CTBC Bank Co., Ltd. as mandated lead arrangers, and a syndicate of nine lenders, for the purpose of refinancing the Group's existing financial indebtedness. The loan

## DISCLOSURE PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES (continued)

Pursuant to the Facility Agreement I and Facility Agreement II (collectively the "Facility Agreements"), save for additional requirement that Mr. Wong Luen Hei and his family (collectively, the "Wong Family") shall remain to have effective management control over the Company set out in the Facility Agreement I, the Facility Agreements require that the Wong Family shall collectively maintain, directly or indirectly, at least 55% of beneficial shareholding interest in the issued share capital of the Company, carrying at least 55% of the voting rights, free from any security. Otherwise, a lender shall not be obliged to fund the loans made under the Facility Agreements, and the total commitments under the Facility Agreements may be liable to be cancelled and the outstanding loans with interest and all other amounts accrued under the Facility Agreements or other related financial documents may be due and payable to the lenders immediately. The Facility Agreements were settled on 20 January 2017.

On 11 August 2016, the Company as guarantor and its wholly-owned subsidiary as borrower entered into a facility agreement (the "Facility Agreement") in relation to syndicated term loan facilities in the amount of US\$600 million at an interest rate of LIBOR plus 1.85% per annum with syndicate lenders, independent financial institutions, for general corporate requirements (including the refinancing of the Group's existing financial indebtedness). The loan made thereunder is repayable 42 months after the same has been made.

Pursuant to the Facility Agreement, Mr. Wong Luen Hei and his family (collectively, the "Wong Family") shall collectively maintain, directly or indirectly, at least 51% of beneficial shareholding interest in the issued share capital of the Company, carrying at least 51% of the voting rights, free from any security. Otherwise, a lender shall not be obliged to fund the loan made under the Facility Agreement, and the total commitments under the Facility Agreement may be liable to be cancelled and the outstanding loan with interest and all other amounts accrued under the Facility Agreement or other related financial documents may be due and payable to the lenders immediately.

## 根據上市規則第13.18條及第13.21條作出的披露(續)

根據融資協議I及融資協議II(統稱「該等融資協議」),除融資協議I所載之額外規定,即黃聯禧先生及其家族(統稱「黃氏家族」)須繼續對本公司之管理行使有效的控制權外,該等融資協議規定黃氏家族須共同直接或間接擁有(且並無抵押)本公司已發行股本最少55%實益股權(佔最少55%的表決權)。否則,貸款人毋須支付根據該等融資協議作出的貸款,而該等融資協議項下的總承擔可予撤銷,且該等融資協議或其他相關財務文件項下的未償還貸款連同利息及所有其他應計款項,可即時到期並須向貸款人償還。該等融資協議已於2017年1月20日結算。

於2016年8月11日,本公司(作為擔保人)及其全資附屬公司(作為借款人)與銀團貸款人(獨立金融機構)訂立一項6億美元,年利率為倫敦銀行同業拆息加1.85%的銀團定期貸款融資之融資協議(「該融資協議」),作為一般企業用途(包括本集團現有財務負債再融資)。根據該協議項下作出之貸款須於貸款作出後42個月償還。

根據該融資協議,黃聯禧先生及其家族(統稱「黃氏家族」)須共同直接或間接擁有(且並無抵押)本公司已發行股本最少51%實益股權(佔最少51%的表決權)。否則,貸款人毋須支付根據該融資協議作出的貸款,而該融資協議項下的總承擔可予撤銷,且該融資協議或其他相關財務文件項下的未償還貸款連同利息及所有其他應計款項,可即時到期並須向貸款人償還。

## CONNECTED TRANSACTIONS

Certain of the related party transactions as disclosed in note 39 to consolidated financial statements also constitute connected transactions or continuing connected transactions within the meaning of the Listing Rules and satisfied relevant disclosure requirements thereof. Details of the non-exempt connected transactions or continuing connected transactions are summarised below:

### (A) RENTAL AND UTILITIES EXPENSES

**Background:** On 30 December 2014, Guangdong Liansu Technology (the "Lessee") entered into lease agreement (the "Lease") with Guangdong Liansu Machinery (the "Lessor") whereby the Lessor leased its certain plants erected on Lot G03-2-1, Daba Industrial Estate of Longjiang Community Residents' Committee, Longjiang Town, Shunde District, Foshan City, the PRC to the Group for use as production facilities.

Under the Lease, the Lessee shall bear all the third party costs, including electricity and water charges. Since the related utilities costs are charged by the relevant government authorities on the Lessor, the Lessee will reimburse the Lessor for the same amount of utilities costs paid by the Lessor (the "Utilities Arrangement"). For further details, please refer to the announcement made by the Company on 30 December 2014.

Particulars of the agreements are disclosed below as required under the Listing Rules:

**Nature of transactions:** Rental expenses paid to the Lessor.

Reimbursement of utilities costs charged by the relevant government authorities on the Lessor from the Lessee.

## 關連交易

綜合財務報表附註39披露的若干關聯人士交易亦構成符合上市規則定義的關連交易或持續關連交易，並符合相關的披露要求。不獲豁免關連交易或持續關連交易詳情概述如下：

### (A) 租金及公用事業開支

**背景：** 於2014年12月30日，廣東聯塑科技（「承租人」）與廣東聯塑機器（「出租人」）訂立租賃協議（「租約」），據此，出租人出租其位於中國佛山市順德區龍江鎮龍江社區居民委員會大壩工業園G03-2-1號地塊上的部分廠房，作生產基地用途。

根據租約，承租人須承擔所有第三方的費用，包括水電費。由於有關公用事業成本由相關政府機關向出租人收取，故承租人將會向出租人補償相等於出租人所支付的公用事業成本的金額（「公用事業安排」）。有關進一步詳情，請參閱本公司於2014年12月30日所作出的公告。

協議的細節已根據上市規則規定披露如下：

**交易性質：** 向出租人支付的租金開支。

由承租人補償相關政府機關向出租人收取的公用事業成本。

## CONNECTED TRANSACTIONS (continued)

### (A) RENTAL AND UTILITIES EXPENSES (continued)

Terms: The Lease is for 36 months commencing on 1 January 2015 and expiring on 31 December 2017. The related rents payable by the Lessee to the Lessor is RMB368,419 per month.

The reimbursable amount of utilities costs was equal to the amount charged by the relevant government authorities on the Lessor.

Annual Cap  
under the Lease: RMB4.4 million

Annual Cap  
under Utilities  
Arrangement: RMB16 million (for the year ended 31 December 2016)  
RMB18 million (for the year ending 31 December 2017)

Total consideration  
for the year: RMB4.1 million (Lease)  
RMB1.7 million (Utilities Arrangement)

### (B) PURCHASE OF MANUFACTURING EQUIPMENT

Background: On 30 December 2014, the Company entered into a master equipment purchase agreement (the "Framework Agreement") with Guangdong Liansu Machinery for 3 years commencing from 1 January 2015 and ending on 31 December 2017. For details, please refer to the announcement made by the Company on 30 December 2014.

Particulars of the Framework Agreement are disclosed below as required under the Listing Rules:

Nature of transactions: Purchase of manufacturing equipment from Guangdong Liansu Machinery.

Terms: The purchase price to be agreed between the parties which shall not exceed any quotation obtainable by the Group from independent third parties.

## 關連交易(續)

### (A) 租金及公用事業開支(續)

條款：租約自2015年1月1日起至2017年12月31日止為期36個月。承租人須向出租人支付的有關租金為每月人民幣368,419元。

公用事業成本的補償金額須相等於相關政府機關向出租人收取的金額。

租約項下  
年度上限：人民幣440萬元

公用事業  
安排項下  
年度上限：人民幣1,600萬元(截至2016年12月31日止年度)  
人民幣1,800萬元(截至2017年12月31日止年度)

本年度  
總代價：人民幣410萬元(租約)  
人民幣170萬元(公用事業安排)

### (B) 購買製造設備

背景：於2014年12月30日，本公司與廣東聯塑機器訂立總設備採購協議(「框架協議」)，自2015年1月1日起至2017年12月31日止為期三年。有關詳情，請參閱本公司於2014年12月30日所作的公告。

框架協議的細節已根據上市規則規定披露如下：

交易性質：向廣東聯塑機器購買製造設備。

條款：訂約方將協定的購買價不得超過本集團自獨立第三方可獲得的任何報價。

## DIRECTORS' REPORT

### 董事會報告

A	R
	December 2016)
	RMB140 million (for the year ending 31
	December 2017)

Total consideration for

## CONNECTED TRANSACTIONS (continued)

### (D) FACTORING SERVICES

**Background:** On 8 December 2015, Shenzhen Qianhai Lesso entered into the master factoring agreement with Guangdong Liansu Electric, pursuant to which Shenzhen Qianhai Lesso shall provide Guangdong Liansu Electric with factoring facilities of not exceeding RMB200 million. The term of the agreement is one year, taking effect from 8 December 2015 to 7 December 2016. For details, please refer to the announcement made by the Company on 8 December 2015.

Particulars of the agreement are disclosed below as required under the Listing Rules:

**Nature of transactions:** Provision of factoring services to Guangdong Liansu Electric.

**Terms:** The factoring amount carries monthly interest rate of 0.3625% plus monthly service fee of 0.6375% of each individual factoring facility.

**Annual Cap:** Factoring facility principal amount of not exceeding RMB200 million.

**Total factoring facility principal utilised for the agreement period:** RMB45 million

**Outstanding balance of the factoring facility at the end of the year:** Nil

Details of the financial service income from factoring services are disclosed in note 39 to consolidated financial statements.

## 關連交易(續)

### (D) 保理服務

**背景：** 於2015年12月8日，深圳前海聯塑與廣東聯塑電氣訂立保理總協議，據此深圳前海聯塑將向廣東聯塑電氣提供不多於人民幣2億元的保理融資。協議有效期自2015年12月8日起至2016年12月7日，為期一年。有關詳情，請參閱本公司於2015年12月8日所作的公告。

協議的細節已根據上市規則規定披露如下：

**交易性質：** 向廣東聯塑電氣提供保理服務。

**條款：** 每項獨立保理融資之保理金額按月利率0.3625%計息並加按每月0.6375%收取服務費。

**年度上限：** 保理融資金額不超過人民幣2億元。

**協議期內使用保理融資金總額：** 人民幣4,500萬元

**年末未清償保理融資餘額：** 無

有關來自保理服務之金融服務收益的詳情披露於綜合財務報表附註39。

### CONNECTED TRANSACTIONS (continued)

The Company has followed the pricing policies and guidelines when determining the price and terms of the connected transactions during the year. The Company confirms that it has complied with the disclosure requirements in accordance with chapter 14A of the Listing Rules.

The independent non-executive directors have, for the purpose of Rule 14A.55 of the Listing Rules, reviewed all continuing connected transactions and have confirmed that all continuing connected transactions have been entered into by the Group (i) in the ordinary and usual course of its business; (ii) on normal commercial terms; and (iii) in accordance with the terms of the agreements governing such transactions that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*

**P****購買、出售或贖回上市證券**

F

於截至

2016年3月23日	3,000,000	4.30	4.21	12,811,959
24 March 2016	2,000,000	4.21	4.13	8,376,820
2016年3月24日				
29 March 2016	337,000	4.05	4.02	1,357,470
2016年3月29日				
30 March 2016	1,700,000	4.09	4.07	6,949,819
2016年3月30日				
31 March 2016	800,000	4.18	4.12	3,319,691
2016年3月31日				
Total	7,837,000			32,815,759
總計				

**AUDITOR****核數師**

A resolution will be submitted to the 2017 AGM to re-appoint Ernst

本公司將於2017年股東週年大會上提呈決議案，

以續聘安永會計師事務所為本公司的核數師。

行政總裁兼董事  
左滿倫

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告



## KEY AUDIT MATTERS (continued)

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

## 關鍵審核事項(續)

我們已經履行了本報告核數師就審核綜合財務報表承擔的責任部分闡述的責任，包括與這些關鍵審核事項相關的責任。相應地，我們的審核工作包括執行為應對評估的綜合財務報表重大錯誤陳述風險而設計的審核程序。我們執行審核程序的結果，包括應對下述關鍵審核事項所執行的程序，為綜合財務報表整體發表審核意見提供了基礎。

<p><b>Key matters</b> 關鍵審核事項</p>	<p><b>How addressed</b> 如何應對關鍵審核事項</p>
<p><i>Provision for impairment of trade and bills receivables</i> 貿易應收款項及票據的減值撥備</p> <p>At 31 December 2016, the Group had trade and bills receivables of RMB1,517,248,000, net of provision for impairment of RMB121,030,000, which accounted for 6.8% of the total assets. 於2016年12月31日，貴集團貿易應收款項及票據賬面值為人民幣1,517,248,000元，該賬面值為扣除減值撥備人民幣121,030,000元之後之餘額，佔總資產賬面價值的6.8%。</p> <p>The determination as to whether a trade and bills receivable is impaired involves significant management judgement. Specific factors which management would consider include the age of the balance, existence of disputes, past collection history and any other available information concerning the creditworthiness of the counterparty. Management uses such information to determine whether any objective evidence of impairment exists individually for trade and bills receivables that are individually significant, and individually or collectively for trade and bills receivables that are not individually significant. 釐定貿易應收款項及票據是否減值涉及重大管理層判斷，具體判斷因素包括結餘的賬齡、是否存在糾紛、過往還款情況及其他關於客戶信用情況等可獲取之信息。管理層使用上述信息以決定單項重大的貿易應收款項及票據減值是否存在客觀憑證，及單獨或共同評估非單項重大的貿易應收款項及票據減值是否存在客觀憑證。</p> <p>Related disclosures in the consolidated financial statements are included in notes 2.4, 3 and 24. 於綜合財務報表內的相關披露載於附註2.4、3及24。</p>	<p>Our audit procedures included among others: 我們的審核程序包括(但不限於):</p> <ul style="list-style-type: none"> <li>i) Tested controls over the Group's receivables collection processes; 測試貴集團對應收款項收款程序的控制；</li> <li>ii) Evaluated the Group's assessment of the provision for impairment at the end of each reporting period; 評估各報告期末貴集團的減值撥備評估；</li> <li>iii) Challenged management on the significant estimation and subjectivity involved in relation to the appropriateness of impairment which included obtaining evidence to support the recoverability of the long overdue receivables; 審查管理層涉及重大會計估計及主觀考慮的減值撥備的合適性，其中包括獲得逾期應收款項可回收性的支持憑證；</li> <li>iv) Obtained direct external confirmations for a sample of trade and bills receivable balances; and 對貿易應收款項及票據餘額抽樣獲取直接外部詢證函；及</li> <li>v) Examined post year end cash receipts for a sample of year-end trade and bills receivable balances. 抽樣檢查年末貿易應收款項及票據餘額於年末後的還款情況。</li> </ul>

## KEY AUDIT MATTERS (continued)

## 關鍵審核事項(續)

Key audit matter 關鍵審核事項	How addressed the key audit matter 如何應對關鍵審核事項
<p><i>Provision for impairment of inventories</i> 存貨減值撥備</p> <p>At 31 December 2016, the Group had inventories of RMB2,747,065,000, net of provision for impairment of RMB142,237,000, which accounted for 12.4% of the total assets. The provision for impairment mainly related to certain obsolete and slow-moving inventories. We focused on this area because inventories are material to the Group and the provision for impairment of inventories involves a high level of management's judgement and estimates.</p> <p>於2016年12月31日，貴集團存貨賬面值為人民幣2,747,065,000元，該賬面值為扣除減值撥備人民幣142,237,000元之後之餘額，佔總資產賬面值的12.4%。該減值撥備主要關於若干過時及滯銷存貨項目。我們重點關注該科目是由於存貨對於貴集團重大且存貨減值撥備涉及高度管理層判斷和估計。</p> <p>Related disclosures in the consolidated financial statements are included in notes 2.4, 3 and 22.</p> <p>於綜合財務報表內的相關披露載於附註2.4、3及22。</p>	<p>We evaluated, amongst others, the analyses and assessments made by management with respect to obsolete and slow-moving inventories, including market values and expected selling prices of the related inventories and the Group's future plan of usage or sale. We assessed the reliability of the underlying data used by management in calculating the inventory provisions such as the inventory ageing reports, by re-performing the ageing calculation generated by the system. We also tested the accuracy of management's calculation by assessing the calculation criteria and recalculating the provision. In addition, we evaluated, based on a sample of inventories, the analyses performed by management regarding the net realisable values of the inventories.</p> <p>我們考慮(其中包括)管理層就過時及滯銷存貨作出的分析和評估，包括相關存貨的市值和預期售價以及貴集團的未來用途或銷售計畫。我們評估管理層於計算存貨撥備時所用相關數據(如存貨賬齡報告)的可靠性，方式為重新執行由系統所得的賬齡計算。我們亦透過評估計算標準和重新計算撥備，測試管理層計算的準確性。此外，我們根據抽樣結果，評估管理層對存貨可變現淨值所進行的分析。</p>

## KEY AUDIT MATTERS (continued)

Key audit matter 關鍵審核事項	How we addressed the key audit matter 如何應對關鍵審核事項
<p><i>Valuation of investment properties</i> 投資物業估值</p>	
<p>At 31 December 2016, the Group had investment properties of RMB2,469,488,000, which represented 11.1% of the total assets (properties) of the Group.</p>	<p>15T MA 31 of pr</p>

## INDEPENDENT AUDITOR'S REPORT

### 獨立核數師報告

#### OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

#### RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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

#### 年報所載的其他資料

貴公司董事需對其他資料負責。其他信息包括於年度報告內刊載的資料，但不包括綜合財務報表及我們的核數師報告。

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

結合我們對綜合財務報表的審核，我們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我們在審核過程中所瞭解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。基於我們已執行的工作，如果我們認為其他資料存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

#### 董事就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒布的香港財務報告準則及香港公司條例的披露規定擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在編製綜合財務報表時，貴公司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，除非貴公司董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會協助貴公司董事履行職責，監督貴集團的財務報告過程。

## 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. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

## 核數師就審核綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅對全體成員作出報告，除此以外，本報告並無其他用途。我們不會就核數師報告的內容向任何其他人士負上或承擔任何責任。

合理保證是高水平的保證，但不能保證按照香港審核準則進行的審核，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據香港審核準則進行審核的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審核程序以應對這些風險，以及獲取充足和適當的審核憑證，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。
- 瞭解與審核相關的內部控制，以設計適當的審核程序，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。

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

(Continued)

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

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

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

### 核數師就審核綜合財務報表承擔的責任 (續)

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

除其他事項外，我們與審核委員會溝通了計劃的審核範圍、時間安排、重大審核發現等，包括我們在審核中識別出內孕我

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

(Continued)

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

The engagement partner on the audit resulting in this independent auditor's report is Lau Kin Yu.

## 核數師就審核綜合財務報表承擔的責任 (續)

從與審核委員會溝通的事項中，我們確定哪些事項對本期綜合財務報表的審核最為重要，因而構成關鍵審核事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審核項目合夥人是劉建汝。

**E & Y g**  
Certified Public Accountants  
22/F CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

6 March 2017

安永會計師事務所  
執業會計師  
香港中環  
添美道1號  
中信大廈22樓

2017年3月6日

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## 綜合損益及其他全面收益表

Year ended 31 December 2016  
截至2016年12月31日止年度

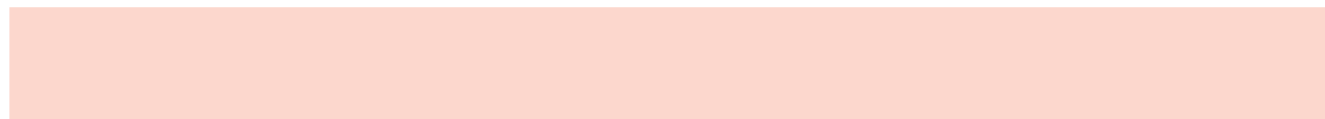
		Note	2016	2015
		附註	RMB'000	RMB'000
			人民幣千元	人民幣千元
<b>REVENUE</b>	收入	5	<b>17,221,052</b>	15,264,401
Cost of sales	銷售成本		<b>(12,639,274)</b>	(11,326,830)
Gross profit	毛利		<b>4,581,778</b>	3,937,571
Other revenue, income and gains	其他收入、收益及利益	5	<b>138,021</b>	119,927
Selling and distribution expenses	銷售及分銷開支		<b>(821,557)</b>	(697,214)
Administrative expenses	行政開支		<b>(758,583)</b>	(579,132)
Other expenses	其他開支		<b>(608,619)</b>	(630,259)
Finance costs	融資成本	6	<b>(107,061)</b>	(87,323)
Share of profit of a joint venture	分佔一間合營企業溢利	17	<b>813</b>	1,101
<b>PROFIT BEFORE TAX</b>	除稅前溢利	7	<b>2,424,792</b>	2,064,671
Income tax expense	所得稅開支	9	<b>(511,088)</b>	(446,221)
<b>PROFIT FOR THE YEAR</b>	年內溢利		<b>1,913,704</b>	1,618,450
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE)</b>	其他全面收益（開支）			
Items that may be reclassified subsequently to profit or loss:	其後可能重新歸類至損益的項目：			
Exchange differences on translation of foreign operations	折算外幣報表產生的匯兌差額		<b>(113,554)</b>	(50,973)
Changes in fair value of available-for-sale investments	可供出售投資公允價值變動		<b>24,236</b>	1,777
<b>OTHER COMPREHENSIVE EXPENSE FOR THE YEAR</b>	年內其他全面開支		<b>(89,318)</b>	(49,196)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	年內全面收益總額		<b>1,824,386</b>	1,569,254

		Note	2016	2015
		附註	RMB'000 人民幣千元	RMB'000 人民幣千元
Profit attributable to:	以下應佔溢利：			
Owners of the Company	本公司擁有人		<b>1,922,027</b>	1,621,117
Non-controlling interests	非控制權益		<b>(8,323)</b>	(2,667)
			<b>1,913,704</b>	1,618,450
Total comprehensive income attributable to:	以下應佔全面收益總額：			
Owners of the Company	本公司擁有人		<b>1,827,904</b>	1,570,682
Non-controlling interests	非控制權益		<b>(3,518)</b>	(1,428)
			<b>1,824,386</b>	1,569,254
<b>EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	本公司擁有人應佔每股盈利	11		
Basic and diluted	基本及攤薄		<b>RMB0.62</b> 人民幣0.62元	RMB0.52 人民幣0.52元

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 綜合財務狀況表

As at 31 December 2016  
於2016年12月31日



		Note	2016	2015
		附註	RMB'000 人民幣千元	RMB'000 人民幣千元
<b>EQUITY</b>	權益			
Share capital	股本	32	<b>135,344</b>	135,686
Reserves	儲備	33	<b>11,096,165</b>	9,635,199
Equity attributable to owners of the Company	本公司擁有人應佔權益		<b>11,231,509</b>	9,770,885
Non-controlling interests	非控制權益		<b>306,163</b>	94,567
Total equity	權益總額		<b>11,537,672</b>	9,865,452

**W g L e Hei**

黃聯禧

Director

董事

**L Jia fe g**

羅建峰

Director

董事

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 綜合權益變動表

Year ended 31 December 2016  
截至2016年12月31日止年度

		Available for sale financial position 本公司擁有人應佔										
		Share capital	Share premium	Statutory reserve <sup>(a)</sup>	Capital reserve <sup>(b)</sup>	Merger reserve	Available-for-sale investment reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2015	於2015年1月1日	135,686	1,922,887	943,494	31,645	5,515	222	21,486	5,484,524	8,545,459	4,264	8,549,723
Profit for the year	年內溢利	-	-	-	-	-	-	-	1,621,117	1,621,117	(2,667)	1,618,450
Other comprehensive expense for the year	年內其他全面開支	-	-	-	-	-	1,777	(52,212)	-	(50,435)	1,239	(49,196)
Total comprehensive income for the year	年內全面收益總額	-	-	-	-	-	1,777	(52,212)	1,621,117	1,570,682	(1,428)	1,569,254
Capital contributions from non-controlling interests	非控制權益出資	-	-	-	-	-	-	-	-	-	13	13
Non-controlling interests arising from business combinations	業務合併產生的非控制權益	-	-	-	-	-	-	-	-	-	65,323	65,323
Acquisitions of non-controlling interests	收購非控制權益	-	-	-	(26,395)	-	-	-	-	(26,395)	26,395	-
Dividends recognised as distributions to owners (note 10)	確認為向擁有人分派的股息(附註10)	-	-	-	-	-	-	-	(318,861)	(318,861)	-	(318,861)
Appropriation to statutory reserve	轉撥至法定儲備	-	-	213,218	-	-	-	-	(213,218)	-	-	-
At 31 December 2015 and 1 January 2016	於2015年12月31日及2016年1月1日	135,686	1,922,887 <sup>#</sup>	1,156,712 <sup>#</sup>	5,250 <sup>#</sup>	5,515 <sup>#</sup>	1,999 <sup>#</sup>	(30,726) <sup>#</sup>	6,573,562 <sup>#</sup>	9,770,885	94,567	9,865,452
Profit for the year	年內溢利	-	-	-	-	-	-	-	1,922,027	1,922,027	(8,323)	1,913,704
Other comprehensive expense for the year	年內其他全面開支	-	-	-	-	-	24,236	(118,359)	-	(94,123)	4,805	(89,318)
Total comprehensive income for the year	年內全面收益總額	-	-	-	-	-	24,236	(118,359)	1,922,027	1,827,904	(3,518)	1,824,386
Capital contributions from non-controlling interests	非控制權益出資	-	-	-	-	-	-	-	-	-	107,528	107,528
Non-controlling interests arising from business combinations (note 35)	業務合併產生的非控制權益(附註35)	-	-	-	-	-	-	-	-	-	107,586	107,586
Shares repurchased (note 32)	回購股份(附註32)	(342)	(17,269)	-	-	-	-	-	(10,441)	(28,052)	-	(28,052)
Dividends recognised as distributions to owners (note 10)	確認為向擁有人分派的股息(附註10)	-	-	-	-	-	-	-	(339,228)	(339,228)	-	(339,228)
Appropriation to statutory reserve	轉撥至法定儲備	-	-	233,139	-	-	-	-	(233,139)	-	-	-
At 31 December 2016	於2016年12月31日	<b>135,344</b>	<b>1,905,618<sup>#</sup></b>	<b>1,389,851<sup>#</sup></b>	<b>5,250<sup>#</sup></b>	<b>5,515<sup>#</sup></b>	<b>26,235<sup>#</sup></b>	<b>(149,085)<sup>#</sup></b>	<b>7,912,781<sup>#</sup></b>	<b>11,231,509</b>	<b>306,163</b>	<b>11,537,672</b>

<sup>#</sup> These reserve accounts comprise the reserves of RMB11,096,165,000 (2015: RMB9,635,199,000) in the consolidated statement of financial position.

<sup>#</sup> 該等儲備賬構成綜合財務狀況表中儲備人民幣11,096,165,000元(2015年:人民幣9,635,199,000元)。

Note:

- (a) In accordance with the Company Law of the PRC, each of the Company's subsidiaries registered in the PRC is required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses) determined in accordance with generally accepted accounting principles in the PRC to the statutory reserve until the balance of the reserve fund reaches 50% of its registered capital. The statutory reserve can be utilised to offset prior years' losses or to increase capital, provided that the remaining balance of the statutory reserve is not less than 25% of the registered capital.
- (b) Capital reserve mainly represented the difference between the consideration and the book value of the share of the net assets acquired in respect of the acquisition of non-controlling interests.

附註：

- (a) 根據中國公司法，本公司於中國註冊的各間附屬公司須劃撥根據中國公認會計原則釐定的年度法定除稅後溢利（經扣除任何過往年度虧損後）的10%至法定儲備，直至儲備金結餘達到其註冊資本的50%為止。法定儲備可用於抵銷過往年度虧損或增資，惟法定儲備的餘下結餘不得少於註冊資本的25%。
- (b) 資本儲備主要指有關收購非控制權益的代價與應佔所收購淨資產賬面值之間的差額。

# CONSOLIDATED STATEMENT OF CASH FLOWS

## 綜合現金流量表

Year ended 31 December 2016  
截至2016年12月31日止年度

	Note 附註	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
<b>OPERATING ACTIVITIES</b>			
Profit before tax:		<b>2,424,792</b>	2,064,671
Adjustments for:			
Interest income	5	<b>(61,591)</b>	(82,248)
Government grants released		<b>(1,905)</b>	(1,431)
Gain on fair value changes of investment properties	5	<b>(31,885)</b>	(55)
Gain on fair value changes of derivative financial instruments	5	<b>(1,942)</b>	-
Gain on early redemption of held-to-maturity investments	5	<b>(206)</b>	-
Investment income	5	<b>(5,781)</b>	(2,426)
Interest expenses	6	<b>107,061</b>	87,323
Depreciation and amortisation	7	<b>593,366</b>	501,115
Loss on disposal of items of other intangible assets and property, plant and equipment	7	<b>7,309</b>	12,357
Write-down of inventories to net realisable value, net	7	<b>50,445</b>	48,564
Impairment of trade receivables, net	7	<b>30,227</b>	43,577
Impairment of property, plant and equipment	7	<b>15,467</b>	379
Share of profit of a joint venture	17	<b>(813)</b>	(1,101)
		<b>3,124,544</b>	2,670,725
Increase in other long-term receivables		<b>(6,718)</b>	-
(Increase)/decrease in inventories		<b>(584,597)</b>	814
Increase in amounts due from customers for contract work		<b>(99,394)</b>	-
Increase in loan receivables		<b>(305,955)</b>	(83,000)
Increase in trade and bills receivables		<b>(69,434)</b>	(22,580)
(Increase)/decrease in prepayments, deposits and other receivables		<b>(595,385)</b>	70,603
Increase in amounts due to customers for contract work		<b>14,661</b>	-
Increase in trade and bills payables		<b>1,847,009</b>	630,265
Increase/(decrease) in other payables and accruals		<b>8,573</b>	(85,326)
Increase in other long-term payables		<b>10,000</b>	-
Increase in deferred income		<b>21,981</b>	25,351
Cash generated from operations		<b>3,365,285</b>	3,206,852
Bank interest received		<b>55,391</b>	72,421
Corporate income tax paid		<b>(456,408)</b>	(402,289)
Net cash flows from operating activities		<b>2,964,268</b>	2,876,984

	Note 附註	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
<b>INVESTING ACTIVITIES</b>	投資活動		
Purchases of items of property, plant and equipment	購置物業、廠房及設備項目	(1,066,984)	(1,032,456)
Proceeds from disposal of items of other intangible assets and property, plant and equipment	來自出售其他無形資產和物業、廠房及設備項目的所得款項	8,767	6,922
Additions to prepaid land lease payments	預付土地租賃款增加	(115,112)	(201,771)
Additions to investment properties	投資物業增加	(1,810,124)	(235,928)
Additions to other intangible assets	其他無形資產增加	(2,658)	(12,067)
Purchases of held-to-maturity investments	購買持有至到期投資	-	(28,909)
Proceeds from maturity of held-to-maturity investments	持有至到期投資到期所得款項	-	31,767
Proceeds from early redemption of held-to-maturity investments	提早贖回持有至到期投資所得款項	6,970	-
Interest received from held-to-maturity investments	已收持有至到期投資的利息	6,286	8,443
Purchases of available-for-sale investments	購買可供出售投資	(649,197)	(5,125)
Purchases of derivative financial instruments	購買衍生金融工具	(29,211)	-
Investment income received	已收投資收益	5,781	2,426
Acquisitions of subsidiaries	收購附屬公司	(183,745)	(56,186)
Withdrawal of time deposits with original maturity over three months	撤銷定期存款(原有期限超過三個月)	-	85,060
Increase in restricted cash	受限制現金增加	(177,192)	(55,195)
Net cash flows used in investing activities	投資活動所用現金流量淨額	(4,006,419)	(1,493,019)
<b>FINANCING ACTIVITIES</b>	融資活動		
New bank borrowings raised	新增銀行借款	2,802,008	1,303,011
Repayment of bank and other loans	償還銀行及其他貸款	(1,565,154)	(1,642,843)
Loans from non-controlling interests	非控制權益貸款	12,000	62,097
Repayment of loans from non-controlling interests	償還非控制權益貸款	(61,617)	-
Payment for repurchase of shares, including expenses	支付回購股份款項(包括開支)	(28,052)	-
Capital contributions from non-controlling interests	非控制權益出資	107,528	13
Interest paid	已付利息	(97,434)	(77,800)
Dividends paid	已付股息	(339,228)	(318,861)
Net cash flows from/(used in) financing activities	融資活動所得(所用)現金流量淨額	830,051	(674,383)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	現金及現金等價物(減少)增加淨額	(212,100)	709,582
Cash and cash equivalents at beginning of the year	年初的現金及現金等價物	3,255,511	2,531,004
Effect of foreign exchange rate changes, net	外幣匯率變動的影響淨額	27,047	14,925
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	年末的現金及現金等價物	3,070,458	3,255,511
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>	現金及現金等價物的結餘分析		
Time deposits with original maturity of three months or less when acquired	定期存款(原有期限為三個月或以下)	26	238,570
Cash and bank balances	現金及銀行結餘	26	2,885,457
		3,070,458	3,255,511

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The addresses of its registered office and principal places of business are disclosed in the section headed "Corporate Information" of this report.

The Company is an investment holding company. Particulars of the Company's principal subsidiaries and its joint venture are set out in notes 42 and 17 to the consolidated financial statements, respectively.

#### 2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, certain available-for-sale investments and derivative financial instruments which have been measured at fair value. These consolidated financial statements are presented in Renminbi and all values are rounded to the nearest thousand except when otherwise indicated.

#### BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2016.

A subsidiary is an entity (including a structured entity), directly or indirectly controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

### 1. 公司及集團資料

本公司為一間於開曼群島註冊成立的有限公司。其註冊辦事處及主要營業地點載於本報告「公司資料」部分。

本公司為一間投資控股公司。本公司主要附屬公司及其合營企業的詳情分別載於綜合財務報表附註42及17。

#### 2.1 編製基準

本綜合財務報表已根據由香港會計師公會頒佈的香港財務報告準則(「香港財務報告準則」)包括全部香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋、香港公認會計原則及香港公司條例披露規定編製。本綜合財務報表按歷史成本法編製，惟按公允價值計量的投資物業、若干可供出售投資及衍生金融工具除外。本綜合財務報表乃以人民幣呈列，除另有指明外，所有價值均調整至最接近的千元數。

#### 綜合基準

綜合財務報表包括本公司及其附屬公司截至2016年12月31日止年度的財務報表。

附屬公司為本公司直接或間接控制的實體(包括結構性實體)。當本集團承受或享有參與投資對象業務所得的可變回報，且能透過對投資對象的權力(即賦予本集團現有能能力主導投資對象相關活動的既存權利)影響該等回報時，即取得控制權。

## 2.1 BASIS OF PREPARATION (continued)

### BASIS OF CONSOLIDATION (continued)

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) the contractual arrangement with the other vote holders of the investee;
- (ii) rights arising from other contractual arrangements; and
- (iii) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

## 2.1 編製基準(續)

### 綜合基準(續)

倘本公司直接或間接擁有少於投資對象大多數的投票或類似權利，則本集團於評估其是否擁有對投資對象的權力時，會考慮一切相關事實及情況，包括：

- (i) 與投資對象其他投票持有人的合約安排；
- (ii) 其他合約安排所產生的權利；及
- (iii) 本集團的投票權及潛在投票權。

附屬公司的財務報表乃就與本公司相同的報告期間採用一致的會計政策編製。附屬公司的業績由本集團取得控制權當日起綜合入賬，並繼續綜合入賬直至該控制權終止當日為止。

損益及其他全面收益的各部分歸屬於本公司擁有人及非控制權益。即使導致非控制權益出現虧絀結餘，附屬公司的全面收益總額仍歸屬於本公司擁有人及非控制權益。

如有需要，附屬公司的財務報表會作出調整，以使其會計政策與本集團的會計政策一致。所有與本集團成員公司之間的交易有關的集團內公司間資產及負債、權益、收益、開支及現金流量已在綜合賬目時悉數對銷。

綜合財務報表附註

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised standards for the first time for the current year's consolidated financial statements.

HKFRS 14	Regulatory Deferral Accounts
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
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 HKAS 27	Equity Method in Separate Financial Statements
Annual Improvements 2012 – 2014 Cycle	Amendments to a number of HKFRSs

The application of these new and revised standards in the current year has had no material impact on the Group's financial performance and position for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

2.2 會計政策及披露事項變動

本集團於本年度的綜合財務報表內首次應用下列新訂及經修訂準則。

香港財務報告準則第14號	監管遞延賬目
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	投資實體：應用綜合入賬的例外
香港財務報告準則第11號修訂本	收購合營企業權益的會計處理
香港會計準則第1號修訂本	披露主動性
香港會計準則第16號及香港會計準則第38號修訂本	可接受折舊及攤銷之方法之澄清
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
香港會計準則第27號修訂本	獨立財務報表的權益法
年度改善2012至2014年週期	香港財務報告準則的多項修訂

於本年度應用該等新訂及經修訂準則對本集團即期及過往期間的財務表現及狀況及或載列於本綜合財務報表之披露並無任何重大影響。

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS

The Group has not early applied the following new and revised standards, that have been issued but are not yet effective, in these consolidated financial statements.

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

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>4</sup> Mandatory effective date not yet determined

Other than as further explained below, the directors do not anticipate that the application of the new and revised HKFRS above will have a material effect on the Group's consolidated financial statements and the disclosure.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In July 2015, the HKICPA confirmed a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

## 2.3 已頒佈但尚未生效的香港財務報告準則

本集團在本綜合財務報表中尚未提早應用下列已頒佈但尚未生效的新訂及經修訂準則。

香港財務報告準則第9號	金融工具 <sup>2</sup>
香港財務報告準則第15號	與客戶訂約之收益 <sup>2</sup>
香港財務報告準則第16號	租賃 <sup>3</sup>
香港財務報告準則第15號修訂本	與客戶訂約之收益 <sup>2</sup>
香港財務報告準則第2號修訂本	以股份為基準付款的交易的分類及計量 <sup>2</sup>
香港財務報告準則第4號修訂本	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號保險合約一併應用 <sup>2</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	投資者與其聯營公司或合營公司之間的資產出售或投入 <sup>4</sup>
香港會計準則第7號修訂本	披露主動性 <sup>1</sup>
香港會計準則第12號修訂本	就未實現虧損確認遞延稅項資產 <sup>1</sup>

<sup>1</sup> 適用於2017年1月1日或以後開始的年度期間

<sup>2</sup> 適用於2018年1月1日或以後開始的年度期間

<sup>3</sup> 適用於2019年1月1日或以後開始的年度期間

<sup>4</sup> 尚未釐定強制生效日期

除下文進一步闡釋外，董事並不預期應用上述新訂及經修訂香港財務報告準則對本集團之綜合財務報表及披露有重大影響。

香港財務報告準則第15號建立一個新的五步模式，將應用於與客戶合約之收益。根據香港財務報告準則第15號，收益按一間實體就轉讓貨物或服務予一個客戶而預期可獲得代價金額確認。香港財務報告準則第15號的原則為計量及確認收益提供更加結構化的方法。該準則亦引入廣泛的定性及定量披露規定，包括分拆總收入，關於履行責任、不同期間之間合約資產及負債賬目結餘的變動以及主要判斷及估計的資料。該準則將取代香港財務報告準則項下所有現時收益確認的規定。於2015年7月，香港會計師公會確認香港財務報告準則第15號之強制生效日期將延遲一年至2018年1月1日。本集團預期於2018年1月1日採納香港財務報告準則第15號，目前正評估採納香港財務報告準則第15號的影響。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### INVESTMENTS IN JOINT VENTURES

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. 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 Group's investment in a joint venture is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of joint ventures is included in profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of joint ventures is included as part of the Group's investments in joint ventures.

### INTEREST IN JOINT OPERATION

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

## 2.4 主要會計政策概要

### 於合營企業的投資

合營企業為一項合營安排，據此，擁有安排之共同控制權的人士均有權享有合營企業的淨資產。共同控制乃以合約協定分佔一項安排之控制權，其僅在相關活動決策必須獲分佔控制權的人士一致同意時方存在。

本集團於一間合營企業的投資乃按權益會計法核算，按本集團應佔淨資產扣除任何減值虧損於綜合財務狀況表中呈列。

本集團應佔合營企業收購後業績和其他全面收益分別計入損益及其他全面收益內。此外，倘直接於合營企業的權益確認變動，則本集團會於綜合權益變動表確認其應佔的任何變動(如適用)。本集團與其合營企業進行交易而出現的未實現利益及虧損會按本集團於合營企業的權益互相抵銷，但如果未實現虧損證明所轉讓資產發生減值則除外。收購合營企業產生的商譽計入本集團於合營企業的投資的一部分。

### 於合營業務之權益

合營業務為共同安排，據此，擁有該安排共同控制權的各方有權享有與該安排有關的資產及就負債承擔責任。共同控制乃以合約協定分佔一項安排之控制權，其僅在相關活動決策必須獲分佔控制權的人士一致同意時方存在。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### INTEREST IN JOINT OPERATION (continued)

The Group 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 assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

### BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition-date fair value which is the sum of the acquisition-date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

## 2.4 主要會計政策概要(續)

### 於合營業務之權益(續)

本集團就其於合營業務之權益確認：

- 其資產，包括分佔任何共同持有之資產；
- 其負債，包括分佔任何共同產生之負債；
- 出售其於合營業務應佔產出之所得收入；
- 出售合營業務產出之應佔收入；及
- 其開支，包括分佔任何共同產生之開支。

本集團於合營業務之權益之有關資產、負債、收入及開支乃根據適用於相關資產、負債、收入及開支之香港財務報告準則入賬。

### 業務合併及商譽

業務合併乃以購買法入賬。轉讓之代價乃以收購日期的公允價值計算，該公允價值為本集團轉讓的資產於收購日期的公允價值、本集團自被收購方之前度擁有人承擔的負債，及本集團發行以換取被收購方控制權的股本權益的總和。於各業務合併中，本集團選擇是否以公允價值或被收購方可識別資產淨值的應佔比例，計算於被收購方屬現時擁有權益並賦予其持有人有權於清盤時按比例分佔實體的淨資產的非控制權益。非控制權益的一切其他成分乃按公允價值計量。收購相關成本於產生時列為開支。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### BUSINESS COMBINATIONS AND GOODWILL (continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

## 2.4 主要會計政策概要(續)

### 業務合併及商譽(續)

當本集團收購一項業務時，會根據合約條款、於收購日期的經濟環境及相關條件，評估將承接的金融資產及負債，以作出適當的分類及標示，其中包括分離被收購方主合約中的嵌入式衍生工具。

倘業務合併分階段進行，以往持有的股本權益會以收購日期的公允價值重新計量，任何因此帶來的利益或虧損於損益中確認。

將由收購方轉讓的任何或然代價於收購日期按公允價值確認。分類為資產或負債(屬金融工具)且屬香港會計準則第39號範圍內的或然代價按公允價值計量，公允價值的變動於損益確認或確認為其他全面收益的變動。倘或然代價並非屬香港會計準則第39號範圍內，則按合適的香港財務報告準則計量。分類為權益的或然代價不會重新計量，其後結算於權益列賬。

商譽初始按成本計量，即已轉讓代價、已確認非控制權益金額及本集團先前持有被收購方股本權益的任何公允價值之總額超出所收購可識別資產淨值及所承擔負債的差額。倘此代價及其他項目的總和低於所收購淨資產的公允價值，則再評估後的差額於損益確認為議價收購所得利益。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### BUSINESS COMBINATIONS AND GOODWILL (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group will perform its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

## 2.4 主要會計政策概要(續)

### 業務合併及商譽(續)

於初始確認後，商譽按成本減任何累計減值虧損計量。商譽須每年進行減值測試，若有事件發生或情況改變顯示賬面值可能減值，則會更頻密地進行測試。本集團將於12月31日進行商譽的年度減值測試。為進行減值測試，無論本集團其他資產或負債是否已分配至現金產生單位或現金產生單位組別，因業務合併而購入的商譽自收購日期起分配至預期可從合併產生的協同效益中獲益的本集團各現金產生單位或現金產生單位組別。

減值乃通過評估與商譽有關的現金產生單位(現金產生單位組別)的可收回金額釐定。當現金產生單位(現金產生單位組別)的可收回金額低於賬面值時，則確認減值虧損。已確認商譽減值虧損不得於其後期間撥回。

倘商譽已分配至現金產生單位(或現金產生單位組別)而該單位的部分業務已出售，則與所出售業務相關的商譽會在釐定出售的利益或虧損時計入該業務的賬面值。在該等情況下出售的商譽，乃根據所出售業務的相對價值及現金產生單位的保留份額計量。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### FAIR VALUE MEASUREMENT

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

## 2.4 主要會計政策概要(續)

### 公允價值之計量

公允價值為市場參與者於計量日期在有序交易中出售資產所收取的價格或轉讓負債所支付的價格。公允價值計量乃假設出售資產或轉讓負債的交易於資產或負債主要市場或(在無主要市場情況下)最具優勢市場進行而作出。主要或最具優勢市場須為本集團可進入之市場。資產或負債的公允價值乃基於市場參與者於資產或負債定價所用的假設計量(即假設市場參與者會以最佳經濟利益行事)。要采或

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### FAIR VALUE MEASUREMENT (continued)

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract asset, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

## 2.4 主要會計政策概要(續)

### 公允價值之計量(續)

就按經常性基準於本綜合財務報表確認的資產及負債而言，本集團透過於各報告期末重新評估分類(基於對公允價值計量整體而言屬重大的最低層輸入數據)確定是否發生不同層級轉移。

### 非金融資產減值

倘資產存在減值跡象或須進行年度減值測試(存貨、工程合約資產、遞延稅項資產及金融資產除外)，則會就該項資產的可收回金額作出估計。資產的可收回金額為資產或現金產生單位的可使用價值與其公允價值減出售成本兩者中之較高者，並就個別資產而釐定，除非該項資產並不產生在頗大程度上獨立於其他資產或資產組別的現金流入，在此情況下，可收回金額以該項資產所屬的現金產生單位釐定。

資產的賬面值超逾其可收回金額時則確認減值虧損。於評估可使用價值時，估計未來現金流量將以除稅前貼現率折讓至現值，該貼現率反映現時市場對貨幣時間值及該項資產的特定風險的評估。減值虧損將於其產生期間於損益內與減值資產的功能一致的開支類別中扣除。

於各報告期末會評估是否有跡象顯示於過往確認的減值虧損可能不再存在或可能已減少。倘存在有關跡象，則會就有關可收回金額作出估計。僅於用以釐定資產的可收回金額的估計出現變動時，過往確認商譽以外的資產的減值虧損方可撥回，但撥回金額不得高於假設過往年度並無就該資產確認減值虧損而應有之賬面值(扣除任何折舊攤銷)。該減值虧損的撥回於其產生期間計入損益內。

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**RELATED PARTIES**

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control of the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

**2.4 主要會計政策概要(續)**

**關聯人士**

於下列情況下，有關人士將被視為本集團的關聯人士：

- (a) 某個別人士或其親密家庭成員，而該名人士
  - (i) 控制或共同控制本集團；
  - (ii) 對本集團具重大影響；或
  - (iii) 為本集團或本集團母公司的主要管理層成員；

或

- (b) 有關人士為實體且符合下列任何條件：
  - (i) 該實體與本集團屬同一集團之成員；
  - (ii) 一間實體為另一實體的聯營公司或合營企業(或屬另一實體的母公司、附屬公司或同系附屬公司之旗下)；
  - (iii) 該實體及本集團均為同一第三方的合營企業；
  - (iv) 一間實體為第三方實體的合營企業，而另一實體為該第三方實體的聯營公司；
  - (v) 該實體為離職後福利計劃，該計劃的受益人為本集團或與本集團有關的實體的僱員；
  - (vi) 該實體由(a)項所述人士控制或共同控制；
  - (vii) 於(a)(i)項所述人士對該實體有重大影響或屬該實體(或該實體的母公司)主要管理層成員；及
  - (viii) 該實體或其所屬集團的任何成員公司向本集團或本集團之母公司提供主要管理人員服務。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Not depreciated
Land and buildings	2.3% to 5%
Plant and machinery	9% to 19%
Furniture, fixtures and office equipment	9.5% to 32.3%
Motor vehicles	9.5% to 32.3%
Leasehold improvements	Over the shorter of the lease terms and 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at



## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

#### Computer software

Computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of five years.

#### Research and development

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

#### Purchased patents and proprietary technologies

Purchased patents and proprietary technologies acquired are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives.

## 2.4 主要會計政策概要(續)

### 無形資產(商譽除外)

個別收購的無形資產於初始確認時按成本計量。於業務合併中收購無形資產的成本乃為收購當日的公允價值。無形資產的可使用年期評估為有限或無限。年期有限的無形資產隨後於可使用經濟壽命內攤銷，並於有跡象顯示無形資產可能出現減值時作減值評估。可使用年期有限的無形資產的攤銷年期及攤銷方法至少於各財政年度末檢討一次。

#### 電腦軟件

電腦軟件以成本減任何減值虧損列賬，並以直線法按其估計可使用年期5年攤銷。

#### 研究及開發成本

全部研究成本於產生時於損益內扣除。

開發新產品項目所產生的開支僅於本集團能夠證明形成無形資產以致其將可供使用或出售的技術可行性、其形成資產的意欲及使用或出售資產的能力、該資產將如何產生未來經濟利益、完成項目的資源可得性，以及可靠計量於開發期間的開支的能力時方會被資本化及遞延。不符合該等標準的產品開發開支於產生時列賬為支出。

遞延開發成本按照與個別收購的無形資產相同的基準，按成本減累計攤銷及累計減值虧損(如有)列賬。

#### 專利及專有技術

已收購之專利及專有技術以成本減任何減值虧損列賬，並以直線法按其估計可使用年期攤銷。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### INTANGIBLE ASSETS (OTHER THAN GOODWILL) (continued)

#### Brand name and operating concession rights

Brand name and operating concession rights with indefinite useful lives acquired are stated at cost less any impairment losses and are not amortised. The useful life of such an asset should be reviewed at the end of each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite should be accounted for as a change in an accounting estimate.

The Group is required to test an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount (a) annually, and (b) whenever there is an indication that the intangible asset may be impaired.

### LEASES

#### Finance lease

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

When the Group is a lessor under finance leases, an amount representing the minimum lease payment receivables and initial direct costs is included in the consolidated statement of financial position as loan receivables. Any unguaranteed residual value is also recognised at the inception of the lease. The difference between the sum of the minimum lease payment receivables, initial direct costs, the unguaranteed residual value and their present value is recognised as unearned finance income. Unearned finance income is recognised over the period of the lease using the effective interest rate method.

## 2.4 主要會計政策概要(續)

### 無形資產(商譽除外)(續)

#### 商號及特許經營權

收購的無限可使用年期的商號及特許經營權按成本減任何減值虧損列賬，且將不予攤銷。該資產的可使用年期須於各報告期末審閱，以釐定事件及情況能否繼續支持該資產的無限可使用年期評估。倘不繼續支持，則可使用年期評估由無限更改為有限乃按會計估計變動列賬。

(a)每年及(b)不論是否出現無形資產可能減值的跡象，本集團須對無限可使用年期的無形資產進行減值測試，方法為比較其可收回金額與賬面值。

### 租賃

#### 融資租賃

凡將資產擁有權(法定業權除外)的大部分回報與風險轉讓至本集團的租賃均列為融資租賃。於融資租賃生效時，租賃資產之成本乃按最低租金現值撥充資本，並連同債務(不包括利息部分)一併入賬，以反映購買及融資狀況。根據資本化融資租賃持有的資產(包括融資租賃之預付土地租賃款)乃計入物業、廠房及設備，並按租期與資產的估計可用年期兩者中的較短者計算折舊。該等租賃的融資成本乃在損益內扣除，以於租期內作出定期額扣減。

透過融資性質的租購合約收購的資產乃列為融資租賃，並於其估計可用年期內折舊。

倘本集團為融資租賃的出租人，則與應收最低租金款項及初始直接成本等值的款項乃於綜合財務狀況表內列作應收借款。於租賃生效時亦會確認未擔保剩餘價值。應收最低租金款項、初始直接成本及未擔保剩餘價值與其現值之間的差額乃確認為未實現融資收益。未實現融資收益乃於租賃期內使用實際利率法確認。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### LEASES (continued)

#### Operating lease

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

### FINANCIAL INSTRUMENTS

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

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

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument or financial liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or financial liability, or, (where appropriate), a shorter period, to the net carrying amount on initial recognition.

Interest income or expense is recognised on an effective interest method.

## 2.4 主要會計政策概要(續)

### 租賃(續)

#### 經營租賃

資產擁有權的絕大部分回報與風險仍歸於出租人的租賃列作經營租賃。倘本集團為出租人，則本集團根據經營租賃所出租的資產計入非流動資產，而經營租賃的應收租金則按照租期以直線法計入損益內。倘本集團為承租人，則經營租賃的應付租金按照租期以直線法在損益內扣除。

經營租賃下的預付土地租賃款初始按成本入賬，而隨後於租期內按直線法確認。

### 金融工具

當一集團實體成為工具合約條款之一方時，金融資產及金融負債予以確認。

金融資產及金融負債按公允價值作初始計量。收購或發行金融資產及金融負債(以公允價值計入損益之金融資產及金融負債除外)之直接應佔交易成本於初始確認時計入或扣自各金融資產或金融負債(如適用)之公允價值。收購以公允價值計入損益之金融資產或金融負債之直接應佔交易成本即時於損益中確認。金融資產及金融負債之其後計量視乎其分類而定。

#### 實際利率法

實際利率法乃一種計算債務工具或金融負債之攤銷成本及在相關期間內分配利息收益或開支的方法。實際利率乃按債務工具或金融負債之預計年期或(倘適用)較短期間，準確貼現估計未來現金收入或付款(包括構成實際利率不可或缺部分之一切已付或已收利率差價費用、交易成本及其他溢價或折讓)至初始確認時之賬面淨值之利率。

利息收益或開支乃按實際利率法確認。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### FINANCIAL INSTRUMENTS (continued)

#### Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### FINANCIAL INSTRUMENTS (continued)

#### Financial assets at fair value through profit or loss (continued)

*Financial assets at fair value through profit or loss (Continued)*

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

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

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

#### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

## 2.4 主要會計政策概要(續)

### 金融工具(續)

#### 金融資產(續)

*以公允價值計入損益之金融資產(續)*

持作買賣之金融資產以外之金融資產倘符合下列條件，則於初始確認時可被指定為以公允價值計入損益：

- 該指定消除或主要減低以其他方式計量或確認而出現之不一致計量或確認；
- 金融資產構成按本集團列明之風險管理或投資策略管理的一組金融資產或金融負債或者兩者同時具有，並以公允價值為基準評估其表現，及按該基準提供有關組別的內部資訊；或
- 構成含有一項或多項嵌入式衍生工具之合約的一部份，及香港會計準則第39號准許全部合併合約指定為以公允價值計入損益。

以公允價值計入損益之金融資產以公允價值列賬，而重新計量所產生之任何利益或虧損則於損益確認。

#### *持有至到期投資*

當本集團有意並有能力將具有固定或可確定付款及固定到期日的非衍生金融資產持有至到期時，該等非衍生金融資產為持有至到期投資。

於初始確認後，持有至到期投資以實際利率法按攤銷成本減任何減值計量。

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**FINANCIAL INSTRUMENTS (continued)**

**Financial assets (continued)**

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

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

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as available-for-sale or are not classified as (a) financial assets at fair value through profit or loss, (b) held-to-maturity investments or (c) loans and receivables.

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of available-for-sale investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the available-for-sale investment revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

**2.4 主要會計政策概要(續)**

**金融工具(續)**

**金融資產(續)**

*貸款及應收款項*

貸款及應收款項為有固定或可確定付款額，但在活躍市場中並無報價之非衍生金融資產。貸款及應收款項以實際利率法按攤銷成本減任何減值計量。

利息收益使用實際利率法確認，惟短期應收款項除外，因其確認之利息並不重大。

*可供出售金融資產*

可供出售金融資產為指定為可供出售或未獲分類為(a)按公允價值計入損益之金融資產；(b)持有至到期投資；或(c)貸款及應收款項之非衍生金融資產。

本集團所持有之被分類為可供出售金融資產及於活躍市場上交易之權益及債務證券於各報告期末按公允價值計量。可供出售貨幣金融資產採用實際利率法計算之利息收益及可供出售股權投資之股息導致的賬面值之變動均於損益中確認。可供出售金融資產賬面值之其他變動乃於其他全面收益中確認，並累計於可供出售投資重估儲備項下。當投資被出售或被釐定出現減值時，先前累計於可供出售投資重估儲備中之累計收益或虧損乃重新分類至損益。

可供出售股權投資之股息在本集團收取股息的權利確立時於損益中確認。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### FINANCIAL INSTRUMENTS (Continued)

#### Available-for-sale financial assets (Continued)

The fair value of available-for-sale monetary financial assets

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### FINANCIAL INSTRUMENTS (continued)

#### Impairment of financial assets (continued)

##### *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

When the carrying amount of a financial asset is written off, the asset is derecognised. However, if the asset is subsequently recovered, the recovery is recognised in profit or loss.

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### FINANCIAL INSTRUMENTS (continued)

#### Impairment of financial assets (continued)

##### *Financial assets carried at cost*

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

##### *Available-for-sale financial assets*

For available-for-sale financial assets, the Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available-for-sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

## 2.4 主要會計政策概要(續)

### 金融工具(續)

#### 金融資產減值(續)

##### *按成本計值之金融資產*

就按成本計值之金融資產，減值虧損之金額按資產賬面值與其類似之金融資產按現行市場回報率折讓之估計未來現金流量現值差額計量。有關減值虧損將不會於往後期間撥回。

##### *可供出售金融資產*

對於可供出售金融資產而言，本集團於各報告期末評估是否有客觀證據顯示一項金融資產或一組金融資產出現減值。

倘一項可供出售金融資產出現減值，其成本值(扣除任何本金付款及攤銷)與其現時公允價值之差額減先前於損益內確認之任何減值虧損之金額，會從其他全面收益中剔除，並於損益內確認。

倘屬分類為可供出售股權投資，則客觀證據包括一項投資之公允價值大幅度或長期降至低於其成本值。「大幅度」是相對於初始投資成本作評估，而「長期」則是評估公允價值低於初始成本之期間。倘出現減值證據，累計虧損(按收購成本與當前公允價值之差額減該項投資先前於損益內確認之任何減值虧損計量)將從其他全面收益中剔除，並於損益內確認。分類為可供出售之股權工具之減值虧損不可透過損益撥回，而其減值後增加的公允價值會直接於其他全面收益中確認。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### FINANCIAL INSTRUMENTS (Continued)

#### Impairment of financial assets (Continued)

##### Available-for-sale financial assets (Continued)

The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Impairment losses on debt instruments are reversed through profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

#### Classification of financial liabilities and equity

##### Classification as debt or equity

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 an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

## 2.4 主要會計政策概要(續)

### 金融工具(續)

#### 金融資產減值(續)

##### 可供出售金融資產(續)

釐定「大幅度」或「長期」時需要作出判斷。在作出此項判斷時，本集團評估(其中包括)某項投資的公允價值低於其成本值的持續時間或數額等因素。

就分類為可供出售之債務工具而言，其減值評估按攤銷成本入賬之金融資產相同原則進行。然而，就減值入賬之金額乃計量為攤銷成本與現時公允價值之差額減該項投資先於損益內確認之任何減值虧損之累計虧損。未來利息收益按資產經扣減後之賬面值持續累計，並採用就計量減值虧損時用以折現未來現金流量之利率累計。倘債務工具之公允價值其後之增加可客觀地與於損益內確認減值虧損後發生之事件相關，債務工具之減值虧損則透過損益撥回。

#### 金融負債及股本工具

##### 分類為債務或股本

集團實體發行之債務及股本工具根據合約安排之具體內容及金融負債與股本工具之定義分類為金融負債或股本。

##### 股本工具

股本工具是指證明任何在扣除所有負債後實體資產剩餘權益之合約。集團實體發行之股本工具乃按已收所得款項扣除直接發行成本確認。

回購本公司自身股本工具時直接於權益中確認及扣除。於損益內並無就購買、出售、發行或註銷本公司的股本工具確認任何損益。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### FINANCIAL INSTRUMENTS (continued)

#### Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities are classified as financial liabilities at fair value through profit or loss when the financial liabilities are either held for trading or they are designated as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if:

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

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

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

## 2.4 主要會計政策概要(續)

### 金融工具(續)

#### 金融負債

金融負債乃分類為以公允價值計入損益之金融負債或其他金融負債。

#### *以公允價值計入損益之金融負債*

金融負債於初始確認時為持作買賣或指定為以公允價值計入損益則分類為以公允價值計入損益之金融負債。

倘出現下列情況，金融負債則分類為持作買賣：

- 該金融負債主要以短期購回為目的而產生；
- 該金融負債於初始確認時為本集團一併管理的可識別金融工具組合的一部份，最近有實際短期獲利模式；或
- 並非指定為有效的對沖工具的衍生工具。

持作買賣之金融負債以外之金融負債倘符合下列條件，則於初始確認時可被指定為以公允價值計入損益：

- 該指定消除或主要減低以其他方式計量或確認而出現之不一致計量或確認；
- 金融負債構成按本集團列明之風險管理或投資策略管理的一組金融資產或金融負債或者兩者同時具有，並以公允價值為基準評估其表現，及按該基準提供有關組別的內部資訊；或
- 構成含有一項或多項嵌入式衍生工具之合約的一部份，及香港會計準則第39號准許全部合併合約指定為以公允價值計入損益。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### FINANCIAL INSTRUMENTS (Continued)

#### Financial liabilities at fair value through profit or loss (Continued)

*Financial liabilities at fair value through profit or loss (Continued)*

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

#### *Other financial liabilities*

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

#### Derivatives at fair value

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

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## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### FINANCIAL INSTRUMENTS (continued)

#### Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those

irety,

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### FINANCIAL INSTRUMENTS (continued)

#### Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of cash management.

### PROVISIONS

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

## 2.4 主要會計政策概要(續)

### 金融工具(續)

#### 抵銷金融工具

倘若現時存在法律上可強制執行的權利，可抵銷已確認金額，且亦有意以淨額結算或同時變現資產及償還負債，則金融資產及金融負債可互相抵銷，並將淨額於綜合財務狀況表內呈報。

### 存貨

存貨按成本與可變現淨值兩者中的較低者入賬。成本乃以加權平均法釐定，而就在產品及產成品而言，成本包括直接原料、直接勞工及適當比例的固定開支。可變現淨值則按預計售價減完成及出售時所產生的任何估計成本釐定。

### 現金及現金等價物

現金及現金等價物包括現金、活期存款及可隨時轉換為已知數額現金、價值變動風險極低及一般自購入後三個月內到期的短期高流動性投資，但須扣減應要求即時償還及構成現金管理不可分割一部分的銀行透支。

### 撥備

倘因過往事件導致現有債務(法定或推定)及日後可能需要有資源流出以償還債務，則確認撥備，但必須能可靠估計有關債務金額。

倘折現的影響重大，則就撥備確認的金額為預期需用作償還債務的未來支出於報告期末的現值。因時間流逝而產生的折現現值增額會計入損益內的融資成本。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### INCOME TAX

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and a joint venture, when the timing of the reversal of the temporary

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**INCOME TAX (Continued)**

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**2.4 主要會計政策概要(續)**

**所得稅(續)**

遞延稅項資產乃就所有可扣稅暫時差額、未動用稅項抵免和任何未動用稅項虧損的結轉而確認。倘日後很可能有應課稅溢利可供抵銷可扣稅暫時差額、未動用稅項抵免和未動用稅項虧損的結轉，則會確認遞延稅項資

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

### REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) revenue from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) contract revenue from the renovation and installation work on the percentage of completion basis, as further explained in the accounting policy "Construction contracts" below;
- (c) income from financial services includes handling fee income from factoring services and supply-chain financing services, finance lease income and related interest income:
  - (i) handling fee income from factoring services and supply-chain financing services, when the relevant services have been rendered;
  - (ii) finance lease income, over the period of lease, as further explained in the accounting policy "Leases" above;
  - (iii) interest income, on an accrual basis using the effective interest method as explained in note (f).

## 2.4 主要會計政策概要(續)

### 政府補助

政府補助於可合理確定將可收取補助並且符合所有附帶條件時，按公允價值確認入賬。該項補助如與開支項目有關，則於該項補助擬補貼的成本開銷期間有系統地確認為收益。該項補助如與資產有關，則按公允價值計入遞延收益賬項，再於有關資產的預計可使用年期內按等額每年分期計入損益內。

### 收入確認

收入會於本集團可能獲得有關經濟利益且收入能可靠地計量時，按以下基準確認：

- (a) 銷售貨品的收入於擁有權的絕大部分風險及回報轉移至買方時，而本集團不再保留與所售貨品擁有權相關的管理權及實際控制權時確認；
- (b) 來自裝修及安裝工程合約的收入按完成百分比基準確認，詳情於下文會計政策「工程合約」內闡釋；
- (c) 來自金融服務的收益包括保理服務、供應鏈融資服務所得之手續費收益、融資租賃收益及相關利息收益：
  - (i) 來自有關保理服務及供應鏈融資服務所得之手續費收益，於提供相關服務時確認；
  - (ii) 融資租賃收益於租賃期內確認，詳情於上文會計政策「租賃」內闡釋；
  - (iii) 利息收益以應計基準用實際利率法入賬，詳情於附註(f)內闡釋。

綜合財務報表附註

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**REVENUE RECOGNITION (continued)**

- (d) income from environmental engineering and related services includes environmental construction work, sewage treatment and related services.
  - (i) contract revenue from environmental construction on the percentage of completion basis, as further explained in the accounting policy "Construction contracts" below;
  - (ii) income from sewage, hazardous wastes treatment and related environmental protection services, when the relevant services have been rendered.
- (e) rental income, on a time proportion basis over the lease terms;
- (f) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (g) dividend income, when the shareholders' right to receive payment has been established.

**CONSTRUCTION CONTRACTS**

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

When the outcome of a construction contract can be estimated reliably, contract revenue from a fixed price construction contract is recognised using the percentage of completion method, measured by reference to the proportion of contract costs incurred for work performed to date relative to the estimated total cost of the relevant contract, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probably recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

**2.4 主要會計政策概要(續)**

**收入確認(續)**

- (d) 來自環境工程及相關服務收益包括環境工程建設、污水處理及相關服務的收益：
  - (i) 環境工程建設合約收入按完成百分比基準確認，詳情於下文會計政策「工程合約」內闡釋；
  - (ii) 污水、危險廢品處理及相關環保服務收益會於相關服務提供時確認。
- (e) 租金收益按租期的時間比例入賬；
- (f) 利息收益以應計基準用實際利率法入賬，所採用利率於金融工具的估計可用年期(或較短期間(如適用))將估計未來現金收入準確折現至金融資產的賬面淨值；及
- (g) 股息收益於股東有權收取款項時入賬。

**工程合約**

合約收入包括協定合約金額及來自修訂合約、申索及獎金之適當金額。已產生合約成本包括直接物料、分包成本、直接勞工以及變動及固定工程間接成本的應佔部分。

倘工程合約的結果能可靠地計量，來自固定價格工程合約的合約收入使用完成百分比方式確認，乃經參考工程迄今已產生合約成本對有關合約估計總成本的比例後計量，惟此並不代表工程完成階段時除外。合約工程的變更、申索及獎金只會在金額能夠可靠地計量及認為可能收取該等金額的情況下會入賬。

倘工程合約的結果不能可靠地計量，合約收入僅以可能收回的已產生合約成本部分確認。合約成本於產生期間確認為開支。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### CONSTRUCTION CONTRACTS (continued)

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as amounts due from customers for contract work. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as amounts due to customers for contract work.

### EMPLOYEE BENEFITS

#### Pension scheme

In accordance with the relevant laws and regulations, the Group's employees participate in various defined contribution plans and state-management retirement benefit plans in the countries in which the Group operates. Payments to these plans, where the Group's obligations under them are equivalent to a defined contribution plan, are recognised as an expense when employees have rendered service entitling them to the contributions.

#### Share option scheme

The fair value of the employee services received in exchange for the grant of options is recognised as an expense and credited to share option reserve under equity. For grant of share options, the total amount to be expensed over the vesting period is determined by reference to the fair value of the options at the date on which they are granted by using a binomial model, excluding the impact of any service condition and non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become vested.

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. It recognises the impact of the revision of original estimates, if any, in the Group's profit or loss and makes a corresponding adjustment to equity over the remaining vesting period. When the options are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital (at nominal value) and share premium.

## 2.4 主要會計政策概要(續)

### 工程合約(續)

當總合約成本很可能超出總合約收入時，則預期虧損將立即確認為開支。

倘迄今已產生的合約成本加已確認溢利減已確認虧損超過進度款項，有關盈餘將視為應收客戶的合約工程款項。倘進度款項超過迄今已產生合約成本加已確認溢利減已確認虧損，有關盈餘將視為應付客戶的合約工程款項。

### 僱員福利

#### 退休金計劃

本集團根據相關法律及法規為本集團經營所在國家的僱員參加各種界定供款計劃及國家管理退休福利計劃。本集團於該等計劃下所承擔之責任與界定供款計劃相等，且給予該等計劃的供款於僱員提供有權獲得供款的服務時確認為開支。

#### 購股權計劃

授出購股權以換取僱員服務的公允價值確認為開支及貸入權益項下一項購股權儲備中。就授出購股權而言，於歸屬期將予列支的總額是經參考購股權於其授出當日的公允價值採用二項模式釐定，但並無考慮任何服務條件及非市場歸屬情況的影響。非市場歸屬情況包括在有關預期將予歸屬的購股權數目的假設內。

於報告期末時，本集團修訂其對預期最終歸屬的購股權數目的估計。原有估計作出修訂(如有)的影響於本集團損益並於餘下歸屬期內對權益作出相應調整。所得款項(已扣除任何直接歸屬交易成本)於購股權獲行使時貸入股本(按面值)及股份溢價。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### DIVIDENDS

Dividends are recognised as a liability and deducted from equity when they are declared and approved by the Company's shareholders in general meetings. Interim dividends are deducted from equity when they are declared and approved, and no longer at the discretion of the Company.

### FOREIGN CURRENCIES

The Company's functional currency is HK dollar while the Company's presentation currency for the consolidated financial statements is Renminbi. In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each 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 at 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.

## 2.4 主要會計政策概要(續)

### 借貸成本

因收購、建築或生產合資格資產(即需要長時間準備作擬定用途或銷售的資產)而直接產生之借貸成本資本化作該等資產成本的一部分。當該等資產大致上可作擬定用途或銷售時,則停止將借貸成本資本化。特定借款有待用於合資格資產開支期間臨時投資所賺取的投資收入,從合資格撥充資本的借貸成本中扣除。所有其他借貸成本於其產生期間內列作開支。借貸成本包括一間實體在借入資金時所產生的利息及其他成本。

### 股息

宣派的股息經本公司股東於股東大會上批准後確認為負債,並且從權益中扣除。宣派的中期股息自批准,並且本公司不能隨意更改時從權益中扣除。

### 外幣

本公司的功能貨幣為港元,而其綜合財務報表的呈列貨幣為人民幣。於編製集團個別實體之財務報表時,以該實體功能貨幣以外貨幣(外幣)進行之交易,按交易當日適用的匯率確認。於各報告期末,以外幣列值之貨幣項目按當日適用的匯率重新換算。以外幣按公允價值計量之非貨幣項目,按釐定公允價值當日之匯率重新換算。以外幣按歷史成本計算之非貨幣項目不會重新換算。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### FOREIGN CURRENCIES (continued)

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- 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 repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Renminbi using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange fluctuation reserve (attributed to non-controlling interests as appropriate).

On disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of the operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### JUDGEMENT

##### Deferred tax liabilities

Deferred income tax liabilities have not been established for income tax and withholding tax that would be payable on certain profits of the subsidiaries in the PRC to be repatriated and distributed by way of dividends as the directors consider that the timing of the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future.

If these undistributed earnings of the subsidiaries in the PRC are considered to be repatriated and distributed by way of dividends, the deferred income tax charge and deferred income tax liability would have increased by the same amount of approximately RMB263,925,000 (2015: RMB253,821,000).

#### ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

### 3. 主要會計判斷及估計

編製本集團的綜合財務報表需要管理層作出判斷、估計及假設，而該等判斷、估計及假設影響收入、開支、資產及負債的呈報金額及相關披露，以及或然負債的披露。此等假設及估計的不明朗因素可引致日後需對受影響的資產或負債的賬面值作出重大調整。

#### 判斷

##### 遞延稅項負債

遞延所得稅負債並無就以股息形式匯出及分派的中國附屬公司若干溢利的應付所得稅及預提所得稅計提，原因是董事認為撥回相關暫時差額的時間可被控制以及有關暫時差額將不會於可見將來撥回。

倘該等中國附屬公司的未分派盈利被視為以股息形式匯出及分派，則遞延所得稅開支及遞延所得稅負債將以相同金額約人民幣263,925,000元(2015年：人民幣253,821,000元)增加。

#### 估計不明朗因素

有關於報告期末估計不明朗因素的未來及其他主要來源的主要假設，存在會導致下一個財政年度內資產及負債賬面值出現重大調整的重大風險，於下文有所載述。

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### ESTIMATION UNCERTAINTY (continued)

##### Impairment of goodwill, brand name and operating concession rights

The Group determines whether goodwill, brand name and operating concession rights with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill, brand name and operating concession rights are allocated. Estimating the value in use requires the Group to make an estimation of the expected future cash flows from the cash-generating units and also to choose

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS  
AND ESTIMATES (continued)**

**ESTIMATION UNCERTAINTY (continued)**

**Provision for obsolete and slow moving inventory items**

The Group reviews the aged analysis of its inventories at the end of each reporting period, and makes provision for obsolete and slow moving inventory items identified that are no longer suitable for use/sale. Management estimates the net realisable value for such inventories based primarily on

#### 4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of building materials and interior decoration products; the provision of renovation and installation works, environmental engineering and other related services and financial services. For management purposes, the Group's businesses are organised by geographical areas based on the location of the customers and assets are attributable to the geographical unit based on the location of the assets. The Group has eight reportable operating segments as follows:

- (i) Southern China, including Guangdong Province, Guangxi Zhuang Autonomous Region, Hunan Province, Fujian Province and Hainan Province;
- (ii) Southwestern China, including Chongqing Municipality, Sichuan Province, Guizhou Province, Yunnan Province and Xizang (Tibet) Autonomous Region;
- (iii) Central China, including Hubei Province, Jiangxi Province and Henan Province;
- (iv) Eastern China, including Shanghai Municipality, Jiangsu Province, Zhejiang Province and Anhui Province;
- (v) Northern China, including Beijing Municipality, Tianjin Municipality, Hebei Province, Shandong Province, Inner Mongolia Autonomous Region and Shanxi Province;
- (vi) Northwestern China, including Shaanxi Province, Ningxia Hui Autonomous Region, Qinghai Province, Gansu Province and Xinjiang Uygur Autonomous Region;
- (vii) Northeastern China, including Liaoning Province, Jilin Province and Heilongjiang Province; and
- (viii) Outside China.

#### 4. 經營分部資料

本集團主要從事製造及銷售建材家居產品、提供裝修及安裝工程、環境工程及其他相關服務和金融服務。就管理目的而言，本集團的業務根據客戶的所在地組成地理分區，且資產按其所在地分配予地域單位。本集團擁有以下八個需匯報經營分部：

- (i) 華南，包括廣東省、廣西壯族自治區、湖南省、福建省及海南省；
- (ii) 西南地區，包括重慶市、四川省、貴州省、雲南省及西藏自治區；
- (iii) 華中，包括湖北省、江西省及河南省；
- (iv) 華東，包括上海市、江蘇省、浙江省及安徽省；
- (v) 華北，包括北京市、天津市、河北省、山東省、內蒙古自治區及山西省；
- (vi) 西北地區，包括陝西省、寧夏回族自治區、青海省、甘肅省及新疆維吾爾自治區；
- (vii) 東北地區，包括遼寧省、吉林省及黑龍江省；及
- (viii) 中國境外。

**4. OPERATING SEGMENT INFORMATION (continued)**

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that changes in fair value of investment properties, changes in fair value of derivative financial instruments, exchange differences, finance costs, interest income, gain on early redemption of held-to-maturity investments, investment income, share of result of a joint venture and other unallocated income and expenses are excluded from such measurement.

Segment assets exclude interest in a joint venture, available-for-sale investments, held-to-maturity investments, derivative financial instruments, deferred tax assets, cash and bank deposits and other unallocated head office and corporate assets as these assets are managed on a group basis.

Intersegment revenue is eliminated on consolidation. Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The Group's revenue from external customers is derived from its operations in the mainland China, special administrative regions of the PRC and foreign countries.

During the years ended 31 December 2016 and 2015, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

**4. 經營分部資料(續)**

為制定資源分配決策及表現評估，管理層分別監控其經營分部的業績。分部表現乃按需匯報分部之溢利進行評估，需匯報分部之溢利即經調整除稅前溢利。經調整除稅前溢利乃按本集團除稅前溢利一貫計量，惟投資物業公允價值變動、衍生金融工具公允價值變動、匯兌差異、融資成本、利息收益、提早贖回持有至到期投資所得利益、投資收益、分佔一間合營企業經營成果及其他未分配收益及開支並不包括在該等計量內。

鑑於於一間合營企業的權益、可供出售投資、持有至到期投資、衍生金融工具、遞延稅項資產、現金及銀行存款以及其他未分配總部及公司資產乃按集團基準管理，故分部資產並不包括以上資產。

分部間收入於綜合賬目時抵銷。分部間銷售及轉讓以在當時市價基礎上向第三方作出的銷售價格為參照進行交易。

本集團來自外部客戶的收入乃源於其在中國

## 4. OPERATING SEGMENT INFORMATION (continued) 4. 經營分部資料(續)

### OPERATING SEGMENT INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2016

截至2016年12月31日止年度的經營分部資料

		Shanghai 華南	South China 西南地區	Central China 華中	East China 華東	North China 華北	Northwest China 西北地區	Northeast China 東北地區	Overseas 中國境外	Eliminated 抵銷	Consolidated 綜合
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
<b>Segment revenue:</b>	<b>分部收入:</b>										
Sales to external customers	外部客戶銷售	10,082,151	1,561,330	1,712,343	1,064,953	1,052,288	562,002	371,154	535,436		16,941,657
Intersegment sales	分部間銷售	2,397,464	360,909	441,075	133,941	167,401	109,249	94,902	591,967	(4,296,908)	
		12,479,615	1,922,239	2,153,418	1,198,894	1,219,689	671,251	466,056	1,127,403	(4,296,908)	16,941,657
Contract revenue from renovation and installation works	裝修及安裝工程合約收入	118,180		881				382			119,443
Income from environmental engineering and other related services	環境工程及其他相關服務收益	81,161	10,779	7,941	1,728	21,991	8,922	532			133,054
Financial service income	金融服務收益	26,898									26,898
<b>Total</b>	<b>合計</b>	<b>12,705,854</b>	<b>1,933,018</b>	<b>2,162,240</b>	<b>1,200,622</b>	<b>1,241,680</b>	<b>680,173</b>	<b>466,970</b>	<b>1,127,403</b>	<b>(4,296,908)</b>	<b>17,221,052</b>
<b>Segment result</b>	<b>分部業績</b>	<b>3,349,344</b>	<b>534,107</b>	<b>626,430</b>	<b>239,738</b>	<b>325,786</b>	<b>143,524</b>	<b>99,788</b>	<b>86,290</b>	<b>(823,229)</b>	<b>4,581,778</b>
Reconciliations:	對賬:										
Gain on fair value changes of investment properties	投資物業公允價值變動利益										31,885
Gain on fair value changes of derivative financial instruments	衍生金融工具公允價值變動利益										1,942
Exchange loss	匯兌虧損										(17,614)
Finance costs	融資成本										(107,061)
Interest income	利息收益										61,591
Gain on early redemption of held-to-maturity investments	提早贖回持有至到期投資所得收益										206
Investment income	投資收益										5,781
Share of profit of a joint venture	分佔一間合營企業溢利										813
Unallocated income and expenses	未分配收益及開支										(2,134,529)
Profit before tax	除稅前溢利										2,424,792
<b>Segment assets</b>	<b>分部資產</b>	<b>9,850,734</b>	<b>1,140,737</b>	<b>1,048,774</b>	<b>867,512</b>	<b>726,365</b>	<b>581,190</b>	<b>420,668</b>	<b>2,788,731</b>		<b>17,424,711</b>
Reconciliations:	對賬:										
Interest in a joint venture	於一間合營企業的權益										7,988
Available-for-sale investments	可供出售投資										730,814
Held-to-maturity investments	持有至到期投資										59,655
Derivative financial instruments	衍生金融工具										32,566
Deferred tax assets	遞延稅項資產										53,869
Cash and bank deposits	現金及銀行存款										3,885,683
<b>Total assets</b>	<b>資產總額</b>										<b>22,195,286</b>
<b>Other segment information:</b>	<b>其他分部資料:</b>										
Depreciation and amortisation	折舊及攤銷	321,449	57,461	64,224	40,383	36,858	37,202	22,249	13,540		593,366
Write-down of inventories to net realisable value, net	撇減存貨至可變現淨值淨額	21,693	365	431	4,361	78	(121)	10,730	12,908		50,445
Impairment of trade receivables, net	貿易應收款項減值淨額	30,087		274		1,086		(1,675)	455		30,227
Impairment of property, plant and equipment	物業、廠房及設備減值				15,467						15,467
Capital expenditure <sup>#</sup>	資本開支 <sup>#</sup>	1,658,042	121,701	42,506	76,731	45,807	23,588	24,642	1,597,381	(20,900)	3,569,498

<sup>#</sup> Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments, investment properties and other intangible assets.

<sup>#</sup> 資本開支包括添置物業、廠房及設備、預付土地租賃款、投資物業及其他無形資產。

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 4. OPERATING SEGMENT INFORMATION (continued)

#### OPERATING SEGMENT INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2015

	Southern China 華南 RMB'000 人民幣千元	Southwestern China 西南地區 RMB'000 人民幣千元	Central China 華中 RMB'000 人民幣千元	Eastern China 華東 RMB'000 人民幣千元	Northern China 華北 RMB'000 人民幣千元	Northwestern China 西北地區 RMB'000 人民幣千元	Northeastern China 東北地區 RMB'000 人民幣千元	Outside China 中國境外 RMB'000 人民幣千元	Eliminations 抵銷 RMB'000 人民幣千元	Consolidated 綜合 RMB'000 人民幣千元
<b>Segment revenue:</b>	分部收入:									
Sales to external customers	9,046,199	1,386,118	1,576,233	838,664	976,207	601,410	320,496	453,082	-	15,198,409
Intersegment sales	1,899,833	272,862	351,981	87,818	120,655	105,044	80,778	504,905	(3,423,876)	-

## 5. REVENUE, OTHER REVENUE, INCOME AND GAINS 5. 收入、其他收入、收益及利益

An analysis of the Group's revenue, other revenue, income and gains is as follows:

本集團的收入、其他收入、收益及利益分析如下：

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
<b>Revenue</b>	<b>收入</b>		
Sale of goods	銷售貨品	<b>16,941,657</b>	15,198,409
Contract revenue from renovation and installation works	裝修及安裝工程合約收入	<b>119,443</b>	64,497
Income from environmental engineering and other related services	環境工程及其他相關服務收益	<b>133,054</b>	-
Financial service income	金融服務收益	<b>26,898</b>	1,495
		<b>17,221,052</b>	15,264,401
<b>Other revenue, income and gains</b>	<b>其他收入、收益及利益</b>		
Bank interest income	銀行利息收益	<b>55,391</b>	72,421
Interest income from held-to-maturity investments	持有至到期投資的利息收益	<b>6,200</b>	9,827
Total interest income	利息收益總額	<b>61,591</b>	82,248
Government grants and subsidies	政府補助及補貼	<b>16,118</b>	20,110
Gain on fair value changes of investment properties	投資物業公允價值變動利益	<b>31,885</b>	55
Gain on fair value changes of derivative financial instruments	衍生金融工具公允價值變動利益	<b>1,942</b>	-
Gain on early redemption of held-to-maturity investments	提早贖回持有至到期投資所得利益	<b>206</b>	-
Investment income	投資收益	<b>5,781</b>	2,426
Others	其他	<b>20,498</b>	15,088
		<b>138,021</b>	119,927

Government grants and subsidies mainly represent funding received from government authorities to support certain of the Group's research and development activities. There are no unfulfilled conditions or contingencies related to these grants and subsidies.

政府補助及補貼主要指政府機構授予以供支持本集團若干研發活動的資金，並無任何與該等補助及補貼有關的未達成條件或或有情況。

綜合財務報表附註

6. FINANCE COSTS

6. 融資成本

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Interest expenses on bank and other loans	銀行及其他貸款的利息開支	108,781	87,733
Less: Interest capitalised	減：資本化利息	(1,720)	(410)
		<b>107,061</b>	87,323

7. PROFIT BEFORE TAX

7. 除稅前溢利

The Group's profit before tax is arrived at after charging/  
(crediting):

本集團的除稅前溢利乃經扣除 (計入)下列  
各項後達致：

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Cost of inventories sold	已售存貨成本	12,413,090	11,225,023
Direct cost of renovation and installation works	裝修及安裝工程直接成本	105,569	53,243
Direct cost of environmental engineering and other related services	環境工程及其他相關服務直接成本	70,170	-
Depreciation	折舊	553,375	467,004
Amortisation of prepaid land lease payments	預付土地租賃款攤銷	25,227	22,362
Amortisation of other intangible assets	其他無形資產攤銷	14,764	11,749
Total depreciation and amortisation	折舊及攤銷總額	<b>593,366</b>	501,115
Research and development costs <sup>#</sup>	研發成本 <sup>#</sup>	514,024	447,346
Loss on disposal of items of other intangible assets and property, plant and equipment	出售其他無形資產和物業、廠房及設備項目的虧損	7,309	12,357
Minimum lease payments under operating leases in respect of land and buildings	土地及樓宇經營租賃的最低租金	40,794	32,419
Auditor's remuneration	核數師薪酬	5,665	4,598
Employee benefit expense (including directors' remuneration (note 8)):	僱員福利開支(包括董事酬金(附註8)):		
Wages and salaries	工資及薪金	574,465	531,821
Pension scheme contributions	退休金計劃供款	59,449	47,781
Staff welfare and other expenses	員工福利及其他開支	53,973	43,899
		<b>687,887</b>	623,501
Write-down of inventories to net realisable value, net	撇減存貨至可變現淨值淨額	50,445	48,564
Impairment of trade receivables, net <sup>#</sup>	貿易應收款項減值淨額 <sup>#</sup>	30,227	43,577
Impairment of property, plant and equipment <sup>#</sup>	物業、廠房及設備減值 <sup>#</sup>	15,467	379
Changes in fair value of investment properties	投資物業公允價值變動	(31,885)	(55)
Changes in fair value of derivative financial instruments	衍生金融工具公允價值變動	(1,942)	-
Net rental income	租金收益淨額	(1,170)	(1,434)
Foreign exchange differences, net <sup>#</sup>	匯兌差異淨額 <sup>#</sup>	17,614	114,516

<sup>#</sup> These items are included in the "other expenses" in profit or loss.

<sup>#</sup> 該等項目列於損益內「其他開支」。

## 8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

### (A) DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Fees	袍金	3,089	2,829
Other emoluments:	其他薪酬：		
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	4,756	4,558
Performance related bonuses	表現掛鉤花紅	5,040	3,315
Pension scheme contributions	退休金計劃供款	313	257
		<b>10,109</b>	8,130
		<b>13,198</b>	10,959

## 8. 董事薪酬及五名最高薪酬僱員

### (A) 董事薪酬

根據適用上市規則及香港公司條例披

綜合財務報表附註

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (continued)

8. 董事薪酬及五名最高薪酬僱員(續)

(A) DIRECTORS' REMUNERATION (continued)

The remuneration of each of the directors is set out below:

(A) 董事薪酬(續)

各董事的薪酬載列如下：

		Salary, allowance and benefits	Performance related bonus	Pension scheme	Total	
		薪金、津貼及袍金	表現掛鈎實物福利及花紅	退休金計劃供款	總計	
		Fee RMB'000	RMB'000	RMB'000	RMB'000	
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	
<b>2016</b>						
<b>Executive directors :</b>	<b>執行董事 :</b>					
Mr. Wong Luen Hei	黃聯禧先生	,	616	584	15	1,215
Mr. Zuo Manlun	左滿倫先生	,	596	604	32	1,232
Ms. Zuo Xiaoping	左笑萍女士	,	616	584	15	1,215
Mr. Lai Zhiqiang	賴志強先生	,	600	600	41	1,241
Mr. Kong Zhaocong	孔兆聰先生	,	600	600	41	1,241
Mr. Chen Guonan	陳國南先生	616	,	584	26	1,226
Dr. Lin Shaoquan	林少全博士	,	1,128	300	17	1,445
Mr. Huang Guirong	黃貴榮先生	,	600	600	111	1,311
Mr. Luo Jianfeng	羅建峰先生	616	,	584	15	1,215
		1,232	4,756	5,040	313	11,341
<b>Non-executive directors :</b>	<b>非執行董事 :</b>					
Mr. Lin Dewei	林德緯先生	467	,	,	,	467
<b>Independent non-executive directors :</b>	<b>獨立非執行董事 :</b>					
Mr. Fung Pui Cheung	馮培漳先生	278	,	,	,	278
Mr. Wong Kwok Ho, Jonathan	王國豪先生	278	,	,	,	278
Mr. Cheung Man Yu	張文宇先生	278	,	,	,	278
Ms. Lan Fang	蘭芳女士	278	,	,	,	278
Dr. Tao Zhigang	陶志剛博士	278	,	,	,	278
		1,390	,	,	,	1,390
		3,089	4,756	5,040	313	13,198

## 8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (continued)

## 8. 董事薪酬及五名最高薪酬僱員(續)

### (A) DIRECTORS' REMUNERATION (continued)

### (A) 董事酬金(續)

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	袍金	薪金、津貼及實物福利	表現掛鈎花紅	退休金計劃供款	總計
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2015	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
<b>Executive directors:</b>					
Mr. Wong Luen Hei	-	579	422	14	1,015
Mr. Zuo Manlun	-	573	427	30	1,030
Ms. Zuo Xiaoping	-	579	422	14	1,015
Mr. Lai Zhiqiang	-	600	400	41	1,041
Mr. Kong Zhaocong	-	600	400	41	1,041
Mr. Chen Guonan	579	-	422	24	1,025
Dr. Lin Shaoquan	-	1,027	-	17	1,044
Mr. Huang Guirong	-	600	400	62	1,062
Mr. Luo Jianfeng	579	-	422	14	1,015
	1,158	4,558	3,315	257	9,288
<b>Non-executive directors:</b>					
Mr. Lin Dewei	366	-	-	-	366
<b>Independent non-executive directors:</b>					
Mr. Fung Pui Cheung	261	-	-	-	261
Mr. Wong Kwok Ho, Jonathan	261	-	-	-	261
Mr. Cheung Man Yu	261	-	-	-	261
Ms. Lan Fang	261	-	-	-	261
Dr. Tao Zhigang	87	-	-	-	87
Dr. Bai Chongen	174	-	-	-	174
Mr. Gao Lixin	-	-	-	-	-
	1,305	-	-	-	1,305
	2,829	4,558	3,315	257	10,959

## 綜合財務報表附註

**8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (continued)****(A) DIRECTORS' REMUNERATION (continued)**

No director waived or agreed to waive any emolument and no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

There were no other emoluments paid or payable to the independent non-executive directors during the year (2015: Nil).

**(B) FIVE HIGHEST PAID EMPLOYEES**

The Group's five highest paid employees during the year were all directors. Details of the remuneration of these directors during the year are set out in note 8(A) above.

**9. INCOME TAX EXPENSE**

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Current tax	即期稅項		
PRC	中國	471,713	408,266
Other jurisdiction	其他司法權區	421	88
		<b>472,134</b>	408,354
Overprovision in prior years	過往年度過度撥備		
PRC	中國	<b>(26,641)</b>	(14,097)
Deferred tax	遞延稅項	<b>65,595</b>	51,964
Total tax charge for the year	年內稅項總額	<b>511,088</b>	446,221

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

**HONG KONG PROFITS TAX**

The statutory rate of Hong Kong profits tax was 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax was made as the Group had no assessable profits arising in Hong Kong during the year (2015: Nil).

**8. 董事薪酬及五名最高薪酬僱員(續)****(A) 董事酬金(續)**

概無董事放棄或同意放棄任何酬金，而本集團亦無為鼓勵加盟本集團或在加盟本集團時或作為離職補償而向董事支付任何酬金。

年內概無已付或應付予獨立非執行董事的任何其他酬金(2015年：無)。

**(B) 五名最高薪酬僱員**

年內，本集團五名最高薪酬僱員均為董事。於年內該等董事的酬金詳情載於上文附註8(A)。

**9. 所得稅開支**

本集團須就本集團成員公司於身處及經營所在的司法權區所產生或所錄得溢利按實體基準繳納所得稅。

**香港利得稅**

香港利得稅乃根據在香港產生的估計應課稅溢利，以法定稅率16.5%(2015年：16.5%)計算。鑒於本集團於本年內並無在香港產生任何應課稅溢利，故並無於本年度就香港利得稅撥備(2015年：無)。

## 9. INCOME TAX EXPENSE (continued)

### PRC CORPORATE INCOME TAX

The Group's income tax provision in respect of its operations in mainland China has been calculated at the applicable tax rates on the taxable profits for both years, based on the existing legislation, interpretations and practices in respect thereof.

Certain of the Group's PRC subsidiaries are qualified as High and New Technology Enterprises and are entitled to a preferential corporate income tax rate of 15% during both years.

### INCOME TAX FOR OTHER JURISDICTIONS

The Group's tax provision in respect of other jurisdictions has been calculated at the applicable tax rates in accordance with the prevailing practices of the jurisdictions in which the Group operates.

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the majority of the Company's subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Profit before tax	除稅前溢利	2,424,792	2,064,671
Tax at the PRC corporate income tax rate of 25%	按中國企業所得稅率25%計算的稅項	606,198	516,168
Effect of tax concessions for certain subsidiaries	若干附屬公司稅項優惠的影響	(232,631)	(215,365)
Share of profit of a joint venture	分佔一間合營企業溢利	(203)	(275)
Income not subject to tax	毋須課稅收益	(2,179)	(1,813)
Expenses not deductible for tax	不可扣稅開支	11,623	24,841
Tax losses utilised from prior years	所動用的過往年度稅項虧損	(6,930)	(3,380)
Tax losses not recognised	未確認稅項虧損	61,168	48,274
Adjustments in respect of current tax of prior years	就過往年度年度報稅作出調整	(26,641)	(14,097)
Effect of withholding tax at 5% on the distributable profits of the Company's subsidiaries in the PRC	對本公司中國附屬公司可分派溢利按5%徵收預提所得稅的影響	100,683	91,868
Tax charge at the Group's effective rate	按本集團實際稅率計算的稅項支出	511,088	446,221

## 9. 所得稅開支(續)

### 中國企業所得稅

本集團已根據兩個年度的應課稅溢利，以相關的現有法律、詮釋及慣例為基準，按適用稅率計算中國內地業務的所得稅撥備。

本集團若干中國附屬公司於兩個年度合乎高新技術企業資格，並享受15%的優惠企業所得稅率。

### 其他司法權區之所得稅項

本集團就其他司法權區之稅項撥備已根據本集團經營業務所在之司法權區現行慣例的適用稅率計算。

採用本公司大部分附屬公司所在司法權區法定稅率計算的適用於除稅前溢利的稅項開支與按實際稅率計算的稅項開支的對賬如下：

## 10. DIVIDENDS

## 10. 股息

		2016		2015	
		HK\$	HK\$'000	HK\$	HK\$'000
		港元	千港元	港元	千港元
		Share		per share	
		每股		每股	
2015 final dividend paid (2015: 2014 final dividend paid)	已付2015年末期股息 (2015年：已付 2014年末期股息)	0.13	403,314	0.13	404,333
Equivalent to	等值於	RMB339,228,000 人民幣339,228,000元		RMB318,861,000 人民幣318,861,000元	

Subsequent to the end of the reporting period, final dividend of HK15 cents in respect of the year ended 31 December 2016 (2015: final dividend of HK13 cents in respect of the year ended 31 December 2015) per ordinary share has been proposed by the directors and is subject to approval by the Shareholders at the forthcoming annual general meeting.

於報告期末後，董事建議就截至2016年12月31日止年度派付末期股息每股普通股15港仙(2015年：截至2015年12月31日止年度的末期股息每股普通股13港仙)，惟須待股東於應屆股東週年大會上批准後，方會派付。

## 11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

## 11. 本公司擁有人應佔每股盈利

The calculations of the basic and the diluted earnings per share are based on:

根據以下各項計算每股基本及攤薄盈利：

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
<b>Earnings</b>	盈利		
Profit attributable to owners of the Company used in the basic and diluted earnings per share calculation	計算每股基本及攤薄盈利時用到的本公司擁有人應佔溢利	1,922,027	1,621,117

## 11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (continued)

## 11. 本公司擁有人應佔每股盈利(續)

		Number of shares 股份數目	
		2016	2015
<b>Share</b>	<b>股份</b>		
Weighted average number of ordinary shares of the Company in issue used in the basic and diluted earnings per share calculation	計算每股基本及攤薄盈利時用到的本公司已發行普通股加權平均數	<b>3,104,256,632</b>	3,110,255,400

The weighted average number of shares used to calculate the basic earnings per share for the year ended 31 December 2016 includes 3,110,255,400 ordinary shares in issue as at 31 December 2015 (2015: 3,110,255,400 ordinary shares in issue as at 31 December 2014). The calculation for the year ended 31 December 2016 has excluded 5,998,768 shares derived from the weighted average number of ordinary shares of 7,837,000 ordinary shares repurchased during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2016 and 2015.

用以計算截至2016年12月31日止年度的每股基本盈利的股份加權平均數，包括於2015年12月31日已發行的3,110,255,400股普通股(2015年：於2014年12月31日已發行的3,110,255,400股普通股)。截至2016年12月31日止年度的該計算亦扣除5,998,768股股份，源自年內回購的7,837,000股普通股的加權平均數。

於截至2016年及2015年12月31日止年度，本集團並無已發行的潛在攤薄普通股。

**12. PROPERTY, PLANT AND EQUIPMENT**

### 13. PREPAID LAND LEASE PAYMENTS

	Note 附註	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
At 1 January	於1月1日	1,181,770	1,109,600
Additions	添置	96,265	70,283
Acquisitions of subsidiaries	收購附屬公司	19,584	21,978
Provided for the year	本年度計提	(25,227)	(22,362)
Exchange realignment	匯兌調整	3,067	2,271
At 31 December	於12月31日	1,275,459	1,181,770
Analysed for reporting purpose as:	就報告目的分析為：		
Non-current assets	非流動資產	1,249,367	1,157,926
Current assets included in prepayments, deposits and other receivables	計入流動資產的預付款、按金及其他應收款項	26,092	23,844
		1,275,459	1,181,770

### 13. 預付土地租賃款

### 14. INVESTMENT PROPERTIES

	Note 附註	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
At 1 January	於1月1日	318,431	-
Additions	添置	2,045,883	318,376
Changes in fair value	公允價值變動	31,885	55
Exchange realignment	匯兌調整	73,289	-
At 31 December	於12月31日	2,469,488	318,431

### 14. 投資物業

The Group's investment properties represent vacant lands which are pending for development.

本集團之投資物業為等待發展中的空置土地。

#### VALUATION PROCESSES

At the end of the reporting period, the Group's investment properties were stated at fair value and were revalued by independent professionally qualified valuers with valuation techniques detailed below:

American Appraisal (Thailand) Ltd.:	For properties in Thailand
Augmen Consulting:	For properties in Australia
Colliers International Valuation & Advisory Services, LLC:	For properties in United States
Colliers International Realty Advisors Inc.:	For properties in Canada
廣東京信房地產土地評估有限公司:	For properties in PRC

The valuations performed by the valuers for financial reporting purposes are reviewed by management. Management also discusses the valuation processes and results with the valuers. The fair value gains on revaluation are included in "other revenue, income and gains" in profit or loss.

#### 估值程序

於報告期末，本集團的投資物業按公允價值呈列，並由獨立、專業及合資格的估值師按下列估值方法作重新估值：

American Appraisal (Thailand) Ltd.:	就泰國物業而言
Augmen Consulting:	就澳洲物業而言
Colliers International Valuation & Advisory Services, LLC:	就美國物業而言
Colliers International Realty Advisors Inc.:	就加拿大物業而言
廣東京信房地產土地評估有限公司:	就中國物業而言

管理層負責審閱估值師就財務呈報目的所作估值。管理層亦會與估值師討論估值程序及結果。有關重新估值之公允價值利益乃計入損益內的「其他收入、收益及利益」。

**14. INVESTMENT PROPERTIES (continued)**

**VALUATION PROCESSES (continued)**

Management has reviewed the valuation results performed by the external valuers for financial reporting purposes by

## 15. GOODWILL AND OTHER INTANGIBLE ASSETS

## 15. 商譽及其他無形資產

### (A) GOODWILL

### (A) 商譽

		Note 附註	RMB'000 人民幣千元
<b>Cost and net carrying amount:</b>	<b>成本及賬面淨值：</b>		
Acquisitions of subsidiaries and at 31 December 2016	收購附屬公司及 於2016年12月31日	35	76,554

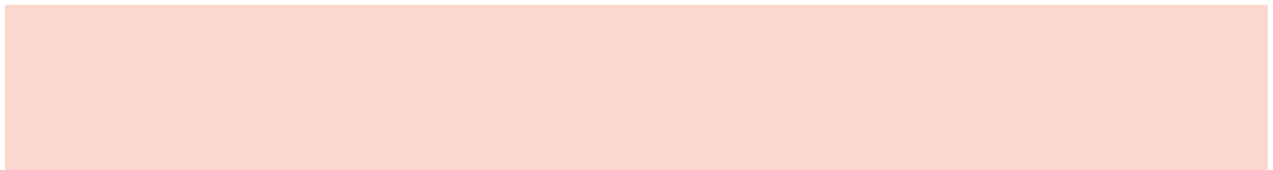
### (B) OTHER INTANGIBLE ASSETS

### (B) 其他無形資產

		Original Carrying Amount		Paid Up Amortisation		Total
		Trade Mark	Patent Rights	Patent Rights	Computer Software and Others	
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
<b>Cost:</b>	<b>成本：</b>					
At 1 January 2015	於2015年1月1日	-	-	1,213	52,293	53,506
Additions	添置	-	-	401	11,666	12,067
Acquisitions of subsidiaries	收購附屬公司	-	-	132	205	337
Disposals	出售	-	-	-	(1,777)	(1,777)
At 31 December 2015 and 1 January 2016	於2015年12月31日 及2016年1月1日	-	-	1,746	62,387	64,133
Additions	添置	-	-	537	2,121	2,658
Acquisitions of subsidiaries	收購附屬公司	110,520	24,550	25,193	173	160,436
Disposals	出售	-	-	-	(621)	(621)
At 31 December 2016	於2016年12月31日	<b>110,520</b>	<b>24,550</b>	<b>27,476</b>	<b>64,060</b>	<b>226,606</b>
<b>Accumulated amortisation:</b>	<b>累計攤銷：</b>					
At 1 January 2015	於2015年1月1日	-	-	(726)	(17,375)	(18,101)
Provided for the year	本年度計提	-	-	(160)	(11,589)	(11,749)
Disposals	出售	-	-	-	1,507	1,507
At 31 December 2015 and 1 January 2016	於2015年12月31日 及2016年1月1日	-	-	(886)	(27,457)	(28,343)
Provided for the year	本年度計提	-	-	(2,178)	(12,586)	(14,764)
Disposals	出售	-	-	-	116	116
At 31 December 2016	於2016年12月31日	-	-	<b>(3,064)</b>	<b>(39,927)</b>	<b>(42,991)</b>
<b>Net carrying amount:</b>	<b>賬面淨值：</b>					
At 31 December 2016	於2016年12月31日	<b>110,520</b>	<b>24,550</b>	<b>24,412</b>	<b>24,133</b>	<b>183,615</b>
At 31 December 2015	於2015年12月31日	-	-	860	34,930	35,790

**16. IMPAIRMENT TESTING ON GOODWILL AND OTHER INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES**

For the purpose of impairment testing, goodwill, brand name and operating concession rights with indefinite useful lives set out in note 15 to the consolidated financial statements have been allocated to three individual cash generating units ("CGUs"), comprising one subsidiary in the provision of environmental engineering services, one subsidiary in the provision of sewage treatment services and one subsidiary in the provision of hazardous waste treatment services. The carrying amount of goodwill, brand name and operating concession rights at the end of the reporting period allocated to these units are as follows:

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## 17. INTEREST IN A JOINT VENTURE

## 17. 於一間合營企業的權益

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Share of net assets	分佔資產淨額	7,988	7,175

Particulars of the joint venture are as follows:

合營企業的詳情如下：

Name 名稱	Registered capital 註冊成本	Place of registration and operation 註冊及營業地點	Percentage of ownership 所佔百分比			Principal business 主要業務
			Ownership 所有權權益	Voting rights 投票權	Profit sharing 應佔溢利	
Guangdong Lesso EPCO Residential Equipment Design Services Co., Ltd.*	RMB10,000,000	PRC	50	50	50	Provision of household decoration design work and maintenance services
廣東聯塑艾博科住宅設備設計服務有限公司	人民幣10,000,000元	中國	50	50	50	提供家居裝飾設計及維修服務

The following table illustrates the information of the Group's interest in the joint venture:

下表呈列本集團於合營企業權益的資料：

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Share of joint venture's: Profit from continuing operations	分佔合營企業： 持續經營業務溢利	813	1,101
Other comprehensive income	其他全面收益	-	-
Total comprehensive income	全面收益總額	813	1,101

**18. AVAILABLE-FOR-SALE INVESTMENTS**

	Note 附註	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Listed investments:			
Equity securities listed in PRC	上市投資： 於中國上市股本證券	515,777	-
Non-cumulative redeemable preference shares listed in Hong Kong			

## 19. HELD-TO-MATURITY INVESTMENTS

## 19. 持有至到期投資

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Debt securities, at amortised cost:	按攤銷成本列賬的債務證券：		
Listed in Hong Kong	香港上市	59,655	55,784
Listed in Singapore	新加坡上市	-	6,651
		<b>59,655</b>	62,435

The held-to-maturity investments represent debt securities. These securities carry fixed interest at 8.00% to 12.00% (2015: 8.00% to 12.00%) per annum, payable semi-annually in arrears, and will mature from March 2019 to February 2020 (2015: April 2018 to February 2020).

持有至到期投資為債務證券。該等證券的利息按固定年利率8.00%至12.00%計算(2015年：8.00%至12.00%)，每半年支付，將於2019年3月至2020年2月到期(2015年：2018年4月至2020年2月)。

## 20. LOAN RECEIVABLES

## 20. 應收借款

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
<b>Non-current</b>	非流動		
Finance lease receivables	融資租賃服務應收款項	63,191	-
<b>Current</b>	流動		
Finance lease receivables	融資租賃服務應收款項	31,886	-
Factoring receivables	保理服務應收款項	173,640	83,000
Receivables from supply-chain financing services	供應鏈融資服務應收款項	120,238	-
		<b>325,764</b>	83,000
		<b>388,955</b>	83,000

20. LOAN RECEIVABLES (continued)

(A) FINANCE LEASE RECEIVABLES

		Minimum lease payments		Present value of minimum lease payments	
		最低租金		最低租金現值	
		2016	2015	2016	2015
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Within 1 year	1年內	36,457	-	31,886	-
Over 1 year but within 5 years	1年以上5年以內	66,819	-	63,191	-
		103,276	-	95,077	-
Less: Unearned finance income	減：未實現融資收益	(8,199)	-	N/A	N/A
Present value of minimum lease payment receivables	最低租金應收款項現值	95,077	-	95,077	-

The Group's finance lease receivables are denominated in RMB. The effective interest rate of the receivables is 5.89% (2015: Nil) per annum. There was no unguaranteed residual value of assets leased under finance leases and no contingent rent arrangement that needed to be recognised in both years.

The following is a credit quality analysis of these finance lease receivables.

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Neither past due nor impaired	未逾期亦未減值	95,077	-

The receivables are secured by assets leased under finance leases and cash deposits (where applicable).

Cash deposits from finance lease customers are collected upfront based on a certain percentage of the entire value of the lease contracts. When the lease contract expires and all related liabilities and obligations are fulfilled by the customer, the cash deposit will be returned in full. The balance of the cash deposit can also be used to settle any outstanding lease payments for the corresponding lease contract. The collected cash deposit of RMB10,000,000 has been included in "other long-term payables" in the consolidated statement of financial position.

20. 應收借款(續)

(A) 融資租賃服務應收款項

本集團的融資租賃服務應收款項以人民幣計值。該應收款項的實際年利率為5.89%(2015年：無)。於兩個年度內，概無任何融資租賃資產的未擔保剩餘價值，亦無任何須予確認或然租賃安排。

以下為融資租賃服務應收款項的信貨質素分析。

該應收款項以融資租賃資產及現金按金(如適用)作為抵押。

融資租賃客戶現金按金乃基於租賃合約全部價值的若干百分比預先收取。於租賃合約屆滿以及客戶履行所有相關責任及義務後，該現金按金將會全部退還。現金按金結餘亦可用於結算相應租賃合約的任何尚未償還租賃款項。於綜合財務狀況表內的「其他長期應付款項」有人民幣10,000,000元的已收取現金按金。

## 20. LOAN RECEIVABLES (continued)

### (B) FACTORING RECEIVABLES

The Group's factoring receivables arise from the provision of factoring services to companies located in PRC. The credit period granted to each customer is generally within 365 days.

Factoring receivables are secured by receivables and/or commercial bills originally owned by the customers. These receivables carry interest at rates ranging from 4.50% to 6.00% (2015: 4.35% to 11.00%) per annum.

The maturity profile of the factoring receivables at the end of the reporting period is as follows:

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
With a residual maturity of:	尚餘期限：		
Within 3 months	3個月內	37,640	1,000
4 to 6 months	4至6個月	36,000	82,000
7 to 12 months	7至12個月	100,000	-
		<b>173,640</b>	83,000

At the end of the reporting period, none of the Group's factoring receivables was either past due or impaired (2015: Nil).

At 31 December 2015, included in the Group's factoring receivables was an amount due from a related company of RMB45,000,000. The related company is beneficially owned and controlled by a director of the Company.

## 20. 應收借款(續)

### (B) 保理服務應收款項

本集團的保理服務應收款項來自向中國公司提供保理服務。授予各客戶的信用期限一般為365天內。

保理服務應收款項以原來由客戶擁有的應收款項及 或商業滙票抵押。該等應收款項按介乎4.50%至6.00%的年利率(2015年：4.35%至11.00%)計息。

於報告期末，來自保理服務應收款項之到期情況如下：

於報告期末，本集團的保理服務應收款項概無逾期或減值(2015年：無)。

於2015年12月31日，本集團的保理服務應收款項包含應收一間關聯公司款項人民幣45,000,000元。該關聯公司由本公司一名董事實益擁有及控制。

**20. LOAN RECEIVABLES (Continued)****(B) FACTORING RECEIVABLES (Continued)**

Loan to this related company, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

Name 名稱	A 31 December 2016 於2016年 12月31日 RMB 000 人民幣千元	Maximum amount outstanding during the year 年內最高 未償還金額 RMB'000 人民幣千元	At
			31 December 2015 and 1 January 2016 於2015年 12月31日 及2016年 1月1日 RMB'000 人民幣千元
Guangdong Liansu Electric 廣東聯塑電氣		45,000	45,000

The loan was secured by the receivables of this related company, subject to monthly interest rate of 0.36% and monthly service fee of 0.64% and repayable within 365 days.

該貸款由該關聯公司之應收款項作抵押，按每月利率0.36%及每月服務費0.64%計算，並須於365天內償還。

**(C) RECEIVABLES FROM SUPPLY-CHAIN FINANCING SERVICES**

The Group's receivables from supply-chain financing services arise from the provision of supply-chain financing services to companies located in PRC. The credit period granted to each customer is generally within 60 to 180 days.

**(C) 供應鏈融資服務應收款項**

本集團來自供應鏈融資服務的應收款項源自向中國公司提供供應鏈融資服務。授予各客戶的信用期限一般為60至180天。

These receivables carry interest at rates ranging from 5.40% to 7.20% per annum (2015: Nil).

該等應收款項按介乎5.40%至7.20%的年利率(2015年：無)計息。

Certain receivables from supply-chain financing services, amounting to RMB49,938,000, were secured by certain equity interests and personal guarantees.

若干來自供應鏈融資服務應收款項合共人民幣49,938,000元，以若干股本權益及個人擔保作抵押。

## 20. LOAN RECEIVABLES (continued)

### (C) RECEIVABLES FROM SUPPLY-CHAIN FINANCING SERVICES (continued)

The maturity profile of the receivables from supply-chain financing services at the end of the reporting period is as follows:

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
With a residual maturity of:	尚餘期限：		
Within 3 months	3個月內	83,238	-
4 to 6 months	4至6個月	37,000	-
		120,238	-

At the end of the reporting period, none of the Group's receivables from supply-chain financing services was either past due or impaired (2015: Nil).

The directors believe that no provision for impairment is necessary for loan receivables as there has not been any significant change in the credit quality of these customers and these balances are still considered fully recoverable.

## 21. DERIVATIVE FINANCIAL INSTRUMENTS

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Non-current:	非流動資產：		
Conversion option	可轉換權	32,566	-

The Group's derivative financial instruments are managed and the performance is evaluated on fair value basis. Any changes in fair value is recognised in profit or loss.

The fair value of the conversion option has been estimated using valuation technique based on assumptions that are supported by observable market prices or rates. Management has reviewed the valuation result by verifying all major inputs and assumptions, and assessing the reasonableness of such valuation.

## 20. 應收借款(續)

### (C) 供應鏈融資服務應收款項(續)

於報告期末，來自供應鏈融資服務應收款項之到期情況如下：

於報告期末，本集團來自供應鏈融資服務的所有應收款項概無逾期或減值(2015年：無)。

董事認為，由於彼等客戶的信貨質素並無顯著變化，且該等結餘仍視為可悉數收回，因此無須就該應收借款作出減值撥備。

## 21. 衍生金融工具

本集團之衍生金融工具及其表現乃按公允價值為基準管理及評估。任何公允價值變動均於損益內確認。

可轉換權的公允價值以基於由可觀察市場價格或利率支持之假設的估值方法估計。管理層已透過驗證所有主要輸入數據及假設方式審閱該估值結果，並評估該估值之合理性。

## 綜合財務報表附註

**21. DERIVATIVE FINANCIAL INSTRUMENTS**  
(Continued)

Details of the conversion option were included in note 18(ii) to the consolidated financial statements.

The conversion option was stated at fair value of RMB32,566,000 (2015: Nil) based on a valuation performed by an independent professionally qualified valuer, and a fair value gain of RMB1,942,000 (2015: Nil) in respect of the conversion option was recognised in profit or loss for the year.

**21. 衍生金融工具(續)**

可轉換權的詳細內容已包含於綜合財務報表附註18(ii)。

可轉換權乃按公允價值人民幣32,566,000元(2015年：無)列賬，該公允價值以獨立、專業及合資格的估值師作出的估值為基準，且為數人民幣1,942,000元(2015年：無)之可轉換權公允價值利益確認於年內損益。

**22. INVENTORIES**

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Raw materials	原材料	1,170,591	836,788
Work in progress	在產品	355,142	350,120
Finished goods	產成品	1,221,332	1,019,635
		<b>2,747,065</b>	2,206,543

**22. 存貨****23. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK**

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
<b>Contract costs incurred plus recognised profits less recognised losses to date</b>	於報告期末之在建合約 迄今已產生合約成本加已確認溢利減已確認虧損		
Less: Progress billings	減：進度計費	<b>744,649</b>	-
		<b>(621,419)</b>	-
		<b>123,230</b>	-
Analysed for reporting purposes as:	就報告目的分析為：		
Amounts due from contract customers	應收客戶的合約工程款項	<b>163,279</b>	-
Amounts due to contract customers	應付客戶的合約工程款項	<b>(40,049)</b>	-
		<b>123,230</b>	-

**23. 應收 付客戶的合約工程款項**

## 24. TRADE AND BILLS RECEIVABLES

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade receivables	貿易應收款項	1,254,357	1,186,226
Bills receivable	應收票據	383,921	292,648
Less: Provision for impairment	減：減值撥備	(121,030)	(81,077)
		<b>1,517,248</b>	1,397,797

The Group's major customers are independent distributors, civil contractors, property developers, utility companies and municipalities in mainland China. Depending on the market condition, marketing tactics and relationships with the customers, the Group's trading terms with its independent distributors may change from settlement on an advance receipt basis to giving a credit period of generally one month or more, if appropriate. The Group does not have a standardised and universal credit period granted to the non-distributor customers. The credit period of an individual non-distributor customer is considered on a case-by-case basis and is set out in the sales contracts, as appropriate. Sales to small, new, or short-term customers are normally expected to be settled on an advance receipt basis or shortly after the goods delivery. No credit term period is set by the Group for small, new and short-term customers.

Trade and bills receivables are unsecured and interest-free.

An aged analysis of the Group's trade and bills receivables at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Within 3 months	3個月內	786,926	614,123
4 to 6 months	4至6個月	309,326	232,213
7 to 12 months	7至12個月	153,734	330,126
1 to 2 years	1至2年	218,297	190,723
2 to 3 years	2至3年	42,585	28,164
Over 3 years	3年以上	6,380	2,448
		<b>1,517,248</b>	1,397,797

## 24. 貿易應收款項及票據

本集團的主要客戶為中國內地的獨立分銷商、土木工程承建商、房地產開發商、公用事業公司及市政部門。本集團視乎市況、市場策略及與客戶的關係，可將其與獨立分銷商的貿易條款由按預付方式結算更改為授予一般一個月或多個月的信用期限(如適當)。本集團並無統一向非分銷商客戶授予標準的信用期限。個別非分銷商客戶的信用期限視乎個別情況而定，並在銷售合約中列明(如適當)。對小規模、新或短期客戶的銷售一般預期以預付方式或於交貨後短期內結算。本集團並無為小規模、新或短期客戶設立信用期限。

貿易應收款項及票據均為無抵押及免息。

於報告期末，本集團的貿易應收款項及票據按發票日期並扣除撥備後的賬齡分析如下：

## 24. TRADE AND BILLS RECEIVABLES (continued)

The movements in the provision for impairment of the Group's trade receivables are as follows:

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
At 1 January	於1月1日	81,077	40,556
Impairment losses recognised	已確認減值虧損	41,032	43,577
Amounts written off as uncollectible	撇銷為不可收回的金額	(1,079)	(3,056)
At 31 December	於12月31日	121,030	81,077

The above provision of RMB121,030,000 (2015: RMB81,077,000) is for individually impaired trade receivables with their aggregate carrying amount before provision of RMB185,596,000 (2015: RMB81,414,000). The individually impaired trade receivables relate to customers that are in default or delinquency in payments.

The aged analysis of the Group's trade and bills receivables that are neither individually nor collectively considered to be impaired is as follows:

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Neither past due nor impaired	未逾期亦未減值	929,097	905,606
Past due but not impaired:	已逾期但尚未減值：		
Less than 3 months past due	逾期少於3個月	149,266	151,195
4 to 6 months past due	逾期4至6個月	96,488	92,742
7 to 12 months past due	逾期7至12個月	172,369	144,272
1 to 2 years past due	逾期1至2年	79,448	97,204
2 to 3 years past due	逾期2至3年	23,405	5,421
Over 3 years past due	逾期3年以上	2,609	1,020
		1,452,682	1,397,460

Receivables that are neither past due nor impaired relate to a large number of diversified customers for whom there is no recent history of default.

Receivables that are past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors believe that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

## 24. 貿易應收款項及票據(續)

本集團貿易應收款項的減值撥備的變動如下：

上述撥備人民幣121,030,000元(2015年：人民幣81,077,000元)就撥備之前賬面總值為人民幣185,596,000元(2015年：人民幣81,414,000元)的個別減值貿易應收款項作出。個別減值貿易應收款項與違約或拖欠付款的客戶有關。

本集團個別及共同計算均不視為已減值貿易應收款項及票據的賬齡分析如下：

未逾期亦未減值的應收款項與眾多不同客戶有關，這些客戶近期概無拖欠記錄。

已逾期但無減值的應收款項與若干獨立客戶有關，彼等與本集團的交易記錄良好。根據過往經驗，董事認為，由於彼等客戶信貸質素並無顯著變化，且結餘仍視為可悉數收回，因此無須就該等結餘作出減值撥備。

## 25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

## 25. 預付款、按金及其他應收款項

	Note 附註	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Prepayments		<b>1,023,150</b>	427,832
Current portion of prepaid land lease payments	13	<b>26,092</b>	23,844
Value-added tax recoverable		<b>186,063</b>	120,166
Corporate income tax recoverable		<b>2,026</b>	716
Deposits		<b>96,718</b>	37,665
Other receivables		<b>85,596</b>	41,185
		<b>1,419,645</b>	651,408

The financial assets included in the above balances are unsecured, interest-free and receivable on demand.

上述結餘包括的金融資產乃無抵押、免息及按要求收款。

## 26. CASH AND BANK DEPOSITS

## 26. 現金及銀行存款

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Restricted cash:	受限制現金：		
Guarantee deposits for banking facilities	作為銀行融資的擔保按金	<b>815,225</b>	638,033
Cash and cash equivalents:	現金及現金等價物：		
Time deposits with original maturity of three months or less when acquired	定期存款(原有期限為三個月或以下)	<b>238,570</b>	370,054
Cash and bank balances	現金及銀行結餘	<b>2,831,888</b>	2,885,457
		<b>3,070,458</b>	3,255,511
Cash and bank deposits	現金及銀行存款	<b>3,885,683</b>	3,893,544

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods between one day and twelve months and earn interest at the respective short-term time deposit rates. The bank balances and restricted cash are deposited with creditworthy banks with no recent history of default.

存放於銀行的現金按每日銀行存款利率的浮動利率賺取利息。短期定期存款的期限介乎1天至12個月不等並按各短期定期存款利率賺取利息。銀行結餘及受限制現金存放於近期無違約記錄且信譽良好的銀行。

## 27. TRADE AND BILLS PAYABLES

## 27. 貿易應付款項及票據

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade payables	貿易應付款項	784,645	550,861
Bills payable	應付票據	2,818,517	1,130,721
		<b>3,603,162</b>	1,681,582

Trade payables are interest-free and are normally settled on terms 30 to 90 days.

貿易應付款項乃免息，結算期限通常為30日至90日。

An aged analysis of the Group's trade and bills payables at the end of the reporting period, based on the invoice date, is as follows:

於報告期末，本集團的貿易應付款項及票據按發票日期的賬齡分析如下：

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Within 3 months	3個月內	828,384	646,547
4 to 6 months	4至6個月	230,293	681,165
7 to 12 months	7至12個月	2,495,188	334,281
1 to 2 years	1至2年	6,614	11,120
2 to 3 years	2至3年	14,962	4,895
Over 3 years	3年以上	27,721	3,574
		<b>3,603,162</b>	1,681,582

## 28. OTHER PAYABLES AND ACCRUALS

## 28. 其他應付款項及應計費用

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Advances from customers	客戶墊款	1,108,297	904,243
Accruals	應計費用	43,541	68,488
Salaries and welfare payables	應付工資及福利	96,759	75,515
Other payables	其他應付款項	482,973	477,656
		<b>1,731,570</b>	1,525,902

The financial liabilities included in the above balances are interest-free and repayable on demand.

上述結餘包括的金融負債乃免息及按要求還款。

## 29. BORROWINGS

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
<b>C e</b>	流動		
Unsecured bank loans	無抵押銀行貸款	<b>2,109,925</b>	927,570
Current portion of long-term unsecured bank loans	長期無抵押銀行貸款的流動部分	<b>131,479</b>	70,637
Current portion of long-term unsecured syndicated loans	長期無抵押銀團貸款的流動部分	<b>2,010,750</b>	-
Secured other loans	有抵押其他貸款	,	5,678
Loans from non-controlling interests	非控制權益貸款	,	61,617
		<b>4,252,154</b>	1,065,502



### 30. DEFERRED TAX (continued)

### 30. 遞延稅項(續)

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Gross deferred tax assets recognised in the consolidated statement of financial position	於綜合財務狀況表內 確認的遞延稅項 資產總額	53,869	29,724
Gross deferred tax liabilities recognised in the consolidated statement of financial position	於綜合財務狀況表內 確認的遞延稅項 負債總額	(272,568)	(136,653)
		<b>(218,699)</b>	<b>(106,929)</b>

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between mainland China and the jurisdiction of the foreign investors. The applicable rate for the Group is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in mainland China in respect of their earnings generated from 1 January 2008.

At the end of the reporting period, the Group has not recognised deferred tax liabilities of RMB263,925,000 (2015: RMB253,821,000) in respect of temporary differences relating to the undistributed profits of subsidiaries, amounting to RMB5,278,506,000 (2015: RMB5,076,411,000), that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it is probable that these profits will not be distributed in the foreseeable future.

根據中國企業所得稅法，在中國內地成立的外資企業向外國投資者宣派的股息須繳納10%的預提所得稅。該規定自2008年1月1日起生效，適用於自2007年12月31日起獲得的盈利。倘中國內地與該外國投資者所在司法權區有簽訂稅務條約，則可按較低稅率繳納預提所得稅。本集團的適用稅率為5%。因此，就該等於中國內地成立的附屬公司就2008年1月1日起所得盈利而分派的股息而言，本集團須繳納預提所得稅。

於報告期末，由於本公司控制該等附屬公司的股息政策，且該等溢利於可見將來分派的可能性不大，故本集團並無確認該等附屬公司未分派溢利暫時差異為人民幣5,278,506,000元(2015年：人民幣5,076,411,000元)的遞延稅項負債為(須於分派該等保留溢利時支付)人民幣263,925,000元(2015年：人民幣253,821,000元)。

綜合財務報表附註

31. DEFERRED INCOME

Deferred income represents government grants received by the Group as financial subsidies for the construction of new factory premises in Changchun, Daqing, Hubei and Hunan and rental income received in advance from certain of the Group's employees for leasing the staff quarters.

The government grants are released to profit or loss over the expected useful lives of the relevant properties by equal annual instalments, while rental income received in advance is recognised on the straight-line basis over the respective lease terms.

31. 遞延收益

遞延收益指本集團收取的政府補助，作為其在長春、大慶、湖北及湖南興建新工廠物業的財政補貼，以及自本集團向若干僱員預先收取的租賃員工宿舍租金收入。

政府補助於有關物業預期可使用年限內按年以等額撥入損益內確認，而預先收取的租金收入則按各自的租期以直線法確認。

32. SHARE CAPITAL

32. 股本

Share	股份	2016	2015
<b>Authorized:</b>	<b>法定：</b>		
20,000,000,000 (2015: 20,000,000,000) ordinary shares of HK\$0.05 each	20,000,000,000 (2015年：20,000,000,000) 股每股面值0.05港元的普通股	<b>HK\$1,000,000,000</b> <b>1,000,000,000港元</b>	HK\$1,000,000,000 1,000,000,000港元
<b>Issued and paid:</b>	<b>已發行及繳足：</b>		
3,102,418,400 (2015: 3,110,255,400) ordinary shares of HK\$0.05 each	3,102,418,400 (2015年：3,110,255,400) 股每股面值0.05港元的普通股	<b>HK\$155,120,920</b> <b>155,120,920港元</b>	HK\$155,512,770 155,512,770港元
Equivalent to	等值於	<b>RMB135,344,000</b> <b>人民幣135,344,000元</b>	RMB135,686,000 人民幣135,686,000元

The following changes in the Company's issued share capital took place during the year:

年內本公司已發行股本變動如下：

		<b>Number of shares of HK\$0.05 each</b> 每股面值0.05港元的普通股數目	<b>Nominal value of ordinary shares</b> 普通股面值 HK\$'000 千港元	<b>Nominal value of ordinary shares</b> 普通股面值 RMB'000 人民幣千元
<b>Issued and paid:</b>	<b>已發行及繳足：</b>			
At 1 January 2015, 31 December 2015 and 1 January 2016	於2015年1月1日、2015年12月31日及2016年1月1日	3,110,255,400	155,512	135,686
Shares repurchased	回購股份	(7,837,000)	(391)	(342)
At 31 December 2016	於2016年12月31日	<b>3,102,418,400</b>	<b>155,121</b>	<b>135,344</b>

Note:

The Company bought back and cancelled a total of 7,837,000 ordinary shares of the Company on the Stock Exchange at a total consideration (including expenses) of HK\$32,917,000 (approximately RMB28,052,000).

附註：

本公司在聯交所回購及註銷合共7,837,000股本公司普通股股份，總代價(包括開支)為32,917,000港元(約人民幣28,052,000元)。

### 33. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

Pursuant to the relevant laws and regulations for Sino-foreign joint venture enterprises, a portion of the profits of the Group's subsidiaries which are established in the PRC has been transferred to reserve funds which are restricted as to use.

### 34. SHARE OPTION SCHEME

A share option scheme was adopted by the Company on 14 May 2010 (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

No share options have been granted under the Share Option Scheme since its adoption.

### 33. 儲備

本集團本年度及過往年度的儲備金額及其變動已於綜合權益變動表內呈列。

根據適用於中外合營企業的相關法律及法規，本集團在中國成立的附屬公司的部分溢利已轉撥至用途受限制的儲備基金。

### 34. 購股權計劃

於2010年5月14日，為激勵及獎勵對本集團的成功經營作出貢獻的合資格參與人，本公司採納一項購股權計劃（「購股權計劃」）。

本公司自採納購股權計劃以來，並無根據該計劃授出購股權。

## 綜合財務報表附註

## 35. BUSINESS COMBINATIONS

During the year, the Group entered into sale and purchase agreements to acquire equity interests in the following companies:

Acquisition date 收購日	Company name 公司名稱	Consideration 代價 RMB 人民幣	Principal activities 主要業務
1 April 2016	GZEP	160,000,000	Provision of environmental engineering services
2016年4月1日	GZEP	160,000,000元	提供環境工程服務
1 July 2016	Huifengyuan	12,765,025	Provision of sewage treatment services
2016年7月1日	匯豐源	12,765,025元	提供污水處理服務
1 July 2016	Baolai	117,300,000	Provision of hazardous waste treatment services
2016年7月1日	寶來	117,300,000元	提供危險廢品處理服務
31 August 2016	Guangdong Lesso Lighting Co., Ltd.* ("GD Lighting")	5,000,000	Manufacture and sale of LED lighting products
2016年8月31日	廣東聯塑創新光源電器有限公司 ("創新光源")	5,000,000元	製造及銷售LED照明產品

The above acquisitions allow the Group to further diversify its businesses.

## 35. 業務合併

年內，本集團訂立買賣協議，以收購以下公司的股本權益：

上述收購令本集團進一步拓展其業務。

### 35. BUSINESS COMBINATIONS (continued)

The respective fair values of the identifiable assets and liabilities of the above companies acquired at the dates of acquisitions assumed by the Group are as follows:

## 35. BUSINESS COMBINATIONS (continued)

Acquisition-related costs incurred in relation to the acquisitions totalling RMB3,818,000 have been excluded from the costs of acquisitions and have been recognised directly as expenses for the year and are included in "other expenses" in profit or loss.

The aggregate fair values of the trade and bills receivables and other receivables as at the dates of acquisitions amounted to RMB58,685,000 and RMB139,982,000, respectively, which approximate to the gross contractual amounts of those corresponding balances acquired by the Group. At the dates of acquisitions, management considered that the contractual cash flows not expected to be collected were insignificant.

None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisitions is as follows:

		RMB'000 人民幣千元
Cash consideration paid	已付現金代價	207,065
Less: Cash and cash equivalents acquired	減：已收購現金及現金等價物	(23,320)
Net outflow of cash and cash equivalents included in investing activities	投資活動包括的現金及現金等價物流出金額	183,745

Since the acquisitions, these subsidiaries contributed RMB134,467,000 to the Group's revenue and recognised a profit of RMB17,375,000 in profit or loss for the year.

Had the combinations taken place at the beginning of the year, the Group's revenue and profit for the year would have been RMB17,258,330,000 and RMB1,897,747,000, respectively.

Note:

- (a) The contingent consideration will only be paid if the net profit earned by GZEP for the year ending 31 December 2017 is RMB40,000,000 or more. An amount of RMB88,000,000 has been included in "other long-term payables" on the consolidated statement of financial position.

## 35. 業務合併(續)

就收購產生的收購相關成本合共人民幣3,818,000元已被剔除出收購成本之外，且已於年內直接確認為開支並列於損益的「其他開支」內。

於收購日，貿易應收款項及票據和其他應收款項的公允價值總額分別為人民幣58,685,000元及人民幣139,982,000元，與本集團收購該等相應結餘的合約金額總值相若。於收購日，管理層認為預期無法收回的合約現金流量並不重大。

就計繳所得稅而言，所有已確認之商譽皆不可扣稅。

有關該收購的現金流量分析如下：

		RMB'000 人民幣千元
Cash consideration paid	已付現金代價	207,065
Less: Cash and cash equivalents acquired	減：已收購現金及現金等價物	(23,320)
Net outflow of cash and cash equivalents included in investing activities	投資活動包括的現金及現金等價物流出金額	183,745

自收購以來，該等附屬公司為本集團收入貢獻人民幣134,467,000元，並於年內損益中確認溢利人民幣17,375,000元。

倘該合併於年初進行，年內本集團收入及溢利將分別為人民幣17,258,330,000元及人民幣1,897,747,000元。

附註：

- (a) 或然代價僅於GZEP於截至2017年12月31日止年度所賺取的淨利潤達人民幣40,000,000元或以上時，方予支付。為數人民幣88,000,000元之金額已計入綜合財務狀況表的「其他長期應付款項」內。

### 36. CONTINGENT LIABILITIES

At the end of the reporting period, the Group did not have any significant contingent liabilities (2015: Nil).

### 37. OPERATING LEASE ARRANGEMENTS

#### (A) AS LESSOR

The Group leases certain office premises under operating lease arrangements, with leases negotiated for terms ranging from one to five years.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Within one year	一年內	6,751	2,458
In the second to fifth years, inclusive	第二至第五年內 (包括首尾兩年)	2,101	3,197
		<b>8,852</b>	5,655

#### (B) AS LESSEE

The Group leases certain of its office premises, production plants, warehouses and equipment under operating lease arrangements. Leases are negotiated for terms ranging from one to seventeen years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Within one year	一年內	35,073	12,873
In the second to fifth years, inclusive	第二至第五年內 (包括首尾兩年)	92,501	31,825
After five years	五年後	24,239	29,301
		<b>151,813</b>	73,999

### 36. 或然負債

於報告期末，本集團並無任何重大或然負債（2015年：無）。

### 37. 經營租賃安排

## 綜合財務報表附註

## 38. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Contracted, but not provided for: Land, property, plant and equipment and investment properties	<b>875,036</b>	508,625

## 38. 承擔

於報告期末，本集團擁有以下資本承擔：

## 39. RELATED PARTY TRANSACTIONS AND BALANCES

## (A) THE GROUP'S MATERIAL TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR

	Note 附註	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
<b>Connected parties</b>			
關連交易			
Transactions with companies under the common control of a director:	於多間共同受一位董事控制的公司的交易：		
Sales of goods	銷售貨品 (i) <sup>#</sup>	<b>380</b>	1,902
Financial service income	金融服務收益 (ii)	<b>2,374</b>	240
Consumption of utilities	耗用公用事業 (iii)	<b>1,673</b>	8,323
Rental expenses	租金開支 (iv)	<b>4,129</b>	4,421
Purchases of materials	採購材料 (v) <sup>#</sup>	<b>5,675</b>	28,700
Purchases of equipment	採購設備 (vi)	<b>96,357</b>	77,308
Purchases of electronic accessories	採購電子配件 (vi)	<b>13</b>	421
Licensing trademarks	授予商標 (vii) <sup>#</sup>	<b>407</b>	404
Acquisition of GD Lighting	收購創新光源 (viii) <sup>#</sup>	<b>5,000</b>	-
Agency services from companies under the control of a director	於受一位董事控制的多間公司所提供的代理服務 (ix) <sup>#</sup>	<b>3,247</b>	3,807
Rental expenses paid to directors	向董事支付的租金開支 (x) <sup>#</sup>	<b>1,592</b>	1,495
<b>Non-connected parties</b>			
非關連交易			
Advisory services from a company under the significant influence of directors	於董事具重大影響力的一間公司所提供的諮詢服務 (ix)	<b>7,358</b>	-
Design and maintenance services from a joint venture	合營企業提供的設計及維修服務 (xi)	<b>3,600</b>	4,100

## 39. 關聯人士交易及結餘

## (A) 年度內本集團與關聯人士之重大交易

### 39. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

#### (A) THE GROUP'S MATERIAL TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR (Continued)

Note:

- (i) Sales of goods to related companies were made with reference to the prices and conditions offered by the Group to third-party customers.
- (ii) Provision of factoring services was made in accordance with respective contractual terms offered by the Group to third-party customers.
- (iii) Utilities were provided by related companies at cost.
- (iv) Rental expenses were based on mutually agreed terms.
- (v) Purchases of materials from related companies were made based on mutually agreed terms.
- (vi) Purchases of equipment and electronic accessories from related companies were made with reference to the prices and conditions offered by the related companies to their third-party customers.
- (vii) Licensing trademarks to related companies were conducted based on mutually agreed terms.
- (viii) The consideration was agreed after arm's length negotiations with reference to the fair value of net assets of GD Lighting at approximately RMB5,000,000 as at 31 August 2016.
- (ix) Agency services and advisory services were provided by related companies based on mutually agreed terms.
- (x) Properties including office premises, cafeteria, workshops, warehouses and yacht were leased to the Group based on mutually agreed terms.
- (xi) Services were provided by a joint venture based on mutually agreed terms.

# These related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules but are exempted from complying with the disclosure requirements under the Listing Rules.

### 39. 關聯人士交易及結餘 (續)

#### (A) 年度內本集團與關聯人士之重大交易 (續)

附註：

- (i) 向關聯公司銷售貨品乃以本集團向第三方客戶開出的價格及條件為參照進行。
- (ii) 提供保理服務乃根據本集團向第三方客戶提供之相關合約條款釐定。
- (iii) 公用事業乃按成本由關聯公司提供。
- (iv) 租金開支乃按雙方協定的條款計算。
- (v) 材料乃按雙方協定的條款向關聯公司購買。
- (vi) 設備及電子配件乃經參考關聯公司向第三方客戶開出的價格及條件後向關聯公司購買。
- (vii) 授予關聯公司的商標乃按雙方協定的條款進行。
- (viii) 代價乃參照創新光源於2016年8月31日之淨資產公允價值約人民幣5,000,000元，經公平磋商後協定。
- (ix) 關聯公司乃按雙方協定的條款提供代理服務及諮詢服務。
- (x) 物業包括辦公室、食堂、車間、倉庫及遊艇，乃按雙方協定的條款租予本集團。
- (xi) 合營企業乃按雙方協定的條款提供服務。

# 該等關聯人士交易亦構成上市規則第14A章所界定的關連交易或持續關連交易，惟豁免遵守上市規則之披露規定。

**39. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

**39. 關聯人士交易及結餘 (續)**

**(B) BALANCES WITH RELATED PARTIES**

**(B) 與關聯人士之結餘**

	Note	2016	2015
	附註	RMB'000	RMB'000
		人民幣千元	人民幣千元
Balances with companies under the common control of a director arising from:	於多間共同受一位董事控制的公司的結餘來自：		
Deposits paid for the purchases of equipment	購買設備所支付的按金 (i)	72,744	14,400
Purchases of equipment	採購設備 (ii)	22,191	36,053
Loan lent under factoring services	根據保理服務借出貸款 (iii)	-	45,000

Note:

- (i) The balances are included in the Group's deposits paid for the purchase of land, property, plant and equipment.
- (ii) The balances are included in the Group's trade and bills payables and other payables and accruals.
- (iii) The balances are included in the Group's loan receivables.

附註：

- (i) 結餘計入本集團購買土地、物業、廠房及設備所支付的按金。
- (ii) 結餘計入本集團的貿易應付款項及票據和其他應付款項及應計費用。
- (iii) 結餘計入本集團的應收借款。

**(C) COMMITMENTS WITH RELATED PARTIES**

Certain of the Group's subsidiaries have entered into lease agreements with a director and a company under the common control of a director to lease properties for operations, and sale and purchase agreements with a company under the common control of a director to purchase equipment for production. The operating lease commitments of RMB4,528,000 (2015: RMB9,922,000) with lease terms of three years and the capital commitments of RMB40,072,000 (2015: Nil) have been included in notes 37(B) and 38 to the consolidated financial statements.

**(C) 與關聯人士的承諾事項**

本集團若干附屬公司為租賃物業作經營用途與一名董事及一間共同受一位董事控制的公司訂立租賃協議，並為購買設備作生產用途與一間共同受一位董事控制的公司訂立買賣協議。人民幣4,528,000元(2015年：人民幣9,922,000元)的經營租賃承擔期限為三年，其與人民幣40,072,000元(2015年：無)的資本承擔分別包含於綜合財務報表附註37(B)及38。

**(D) COMPENSATION OF THE GROUP'S KEY MANAGEMENT PERSONNEL**

The remuneration of the Company's directors and the senior management was as follows:

**(D) 本集團主要管理人員薪酬**

本公司董事及高級管理層的薪酬如下：

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Short-term employee benefits	短期僱員福利	13,870	11,636
Post-employment benefits	退休後福利	385	325
		<b>14,255</b>	11,961

## 40. FINANCIAL INSTRUMENTS

### (A) CATEGORIES OF FINANCIAL INSTRUMENTS

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

		Note 附註	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
<b>Financial assets</b>	<b>金融資產</b>			
<b>Investments</b>	<b>投資</b>			
Available-for-sale investments	可供出售投資	18	730,814	48,363
Held-to-maturity investments	持有至到期投資	19	59,655	62,435
Derivative financial instruments	衍生金融工具	21	32,566	-
			<b>823,035</b>	110,798
<b>Loans and receivables</b>	<b>貸款及應收款項</b>			
Other long-term receivables	其他長期應收款項		37,623	-
Loan receivables	應收借款	20	388,955	83,000
Trade and bills receivables	貿易應收款項及票據	24	1,517,248	1,397,797
Other receivables	其他應收款項		85,596	41,185
Cash and bank deposits	現金及銀行存款			

40. FINANCIAL INSTRUMENTS (continued)

40. 金融工具(續)

(B) FAIR VALUE OF THE FINANCIAL INSTRUMENTS THAT ARE MEASURED AT FAIR VALUE

(B) 按公允價值計量的金融工具的公允價值

		2016			
		Fair value hierarchy			
		公允價值架構			
		Level 1	Level 2	Level 3	Total
		第一級	第二級	第三級	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Available-for-sale investments	可供出售投資				
Listed investments	上市投資	515,777	75,588	-	591,365
Unlisted investments	非上市投資	-	-	123,824	123,824
Derivative financial instruments	衍生金融工具	-	-	32,566	32,566
		515,777	75,588	156,390	747,755

		2015			
		Fair value hierarchy			
		公允價值架構			
		Level 1	Level 2	Level 3	Total
		第一級	第二級	第三級	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Available-for-sale investments	可供出售投資				
Listed investments	上市投資	43,238	-	-	43,238

During the year, the financial instruments amounted to RMB43,238,000 as at 31 December 2015 were transferred from level 1 to level 2 and there were no transfers into or out of level 3 for the financial instruments of the fair value measurements (2015: Nil).

年內，於2015

The movements in fair value measurements within Level 3 during the year are as follows:

		RMB'000
		人民幣千元
At 31 December 2015 and 1 January 2016	於2015年12月31日及2016年1月1日	-
Additions	添置	146,158
Total gains recognised in profit or loss included in other revenue, income and gains	於損益內確認並計入其他收入、收益及利益的總收益	1,942
Total gains recognised in other comprehensive income	於其他全面收益內確認的總收益	7,846
Exchange realignment	匯兌調整	444
At 31 December 2016	於2016年12月31日	156,390

#### 40. FINANCIAL INSTRUMENTS (continued)

##### (C) FAIR VALUE OF THE FINANCIAL INSTRUMENTS THAT ARE NOT MEASURED AT FAIR VALUE

Except as disclosed in the following table, the carrying amounts of the Group's financial instruments recognised in the consolidated financial statements approximate their fair values:

		2016		2015	
		Carrying amount	Fair value	Carrying amount	Fair value
		賬面值	公允價值	賬面值	公允價值
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
<b>Financial assets</b>	<b>金融資產</b>				
Held-to-maturity investments	持有至到期投資	59,655	64,880	62,435	66,762

The fair values are based on the quoted market price provided by a leading global financial market data provider.

公允價值乃根據全球領先財經市場資料供應商提供的市場報價釐定。

#### 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise borrowings and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

#### 40. 金融工具(續)

##### (C) 並非按公允價值計量之金融工具之公允價值

除下表所披露者外，本集團在綜合財務報表確認之金融工具之賬面值與其公允價值相若：

#### 41. 金融風險管理目標及政策

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**INTEREST RATE RISK**

In respect of the floating interest rate instruments, the Group is subject to the cash flow interest rate risk, while for the fixed interest rate instruments, the Group is subject to fair value interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax by assuming the floating rate borrowings outstanding at the end of the reporting period were outstanding for the whole year.

		Increase / (Decrease) in profit before tax	Increase / (Decrease) in profit before tax
		RMB'000	RMB'000
		增加 (減少)	增加 (減少)
Year ended 31 December 2016	截至2016年12月31日	50	(22,913)
Year ended 31 December 2016	截至2016年12月31日	(50)	22,913
Year ended 31 December 2015	截至2015年12月31日	50	(15,851)
Year ended 31 December 2015	截至2015年12月31日	(50)	15,851

**FOREIGN CURRENCY RISK**

The Group's main businesses are located in mainland China and most of the transactions are conducted in Renminbi. Most of the Group's assets and liabilities are denominated in Renminbi, except for certain cash and bank deposits, trade and bills receivables and borrowings denominated in HK dollar and US dollar. The Group has not hedged its foreign exchange rate risk.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the Renminbi against the relevant currencies, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and loans).

**41. 金融風險管理目標及政策(續)**

**利率風險**

浮動利率工具將導致本集團面臨現金流量利率風險，而固定利率工具將導致本集團面臨公允價值利率風險。

下表顯示假設於報告期末尚未償還的浮動利率借款於全年仍未償還，且所有其他變數保持不變，本集團除稅前溢利對合理可能的利率變動之敏感度。

**外幣風險**

本集團的主要業務均位於中國內地，而大部分交易均以人民幣進行。本集團大部分資產及負債以人民幣計值，惟若干現金及銀行存款、貿易應收款項及票據和借款以港元及美元計值。本集團並無為其匯率風險進行對沖。

下表顯示於報告期末，在所有其他變數保持不變的情況下，本集團除稅前溢利對人民幣兌其他有關貨幣匯率的合理可能變動(由於貨幣性資產及貸款的公允價值變動所致)之敏感度。

## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### FOREIGN CURRENCY RISK (continued)

		Increase/ (decrease) in HK\$/US\$ rate	Increase/ (decrease) in pre-tax profit
		港幣/美元匯率 上升(下跌)	除稅前溢利 增加(減少)
		%	RMB 000 人民幣千元
2016			
If the RMB weakens against the US\$	倘人民幣兌美元貶值	5	15,567
If the RMB strengthens against the US\$	倘人民幣兌美元升值	(5)	(15,567)
If the RMB weakens against the HK\$	倘人民幣兌港元貶值	5	(1,529)
If the RMB strengthens against the HK\$	倘人民幣兌港元升值	(5)	1,529
2015			
If the RMB weakens against the US\$	倘人民幣兌美元貶值	5	(93,548)
If the RMB strengthens against the US\$	倘人民幣兌美元升值	(5)	93,548
If the RMB weakens against the HK\$	倘人民幣兌港元貶值	5	(8)
If the RMB strengthens against the HK\$	倘人民幣兌港元升值	(5)	8

### CREDIT RISK

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and bank deposits and other receivables, arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

In relation to the Group's financial services business, the Group has a credit team which is responsible for the evaluation of customers' credit ratings, financial background and repayment abilities. The Group only provides credit to customers with creditworthiness and collateral is normally required. The risk of default in payment by these customers is considered not significant.

## 41. 金融風險管理目標及政策(續)

### 外幣風險(續)

### 信貸風險

本集團僅與獲公認及信譽可靠的第三方進行交易。按照本集團的政策，所有擬按信貸期進行交易的客戶，必須先通過信貸核實程序。此外，本集團持續監察應收結餘的情況及本集團的壞賬風險並不重大。

本集團的其他金融資產(包括現金及銀行存款及其他應收款項)的信貸風險源自交易對方的潛在違約，最大風險程度等於該等工具的賬面值。

由於本集團僅與獲公認及信譽可靠的第三方進行交易，故不需要抵押品。

有關本集團的金融服務業務，本集團擁有信貸團隊負責評估客戶之信貸評級、財務背景及償還能力。本集團僅向信譽良好的客戶提供信貸及一般須提供抵押品。該等客戶的付款拖欠風險並不重大。

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES  
AND POLICIES (continued)**

**LIQUIDITY RISK**

The Group aims to maintain sufficient cash and cash equivalents and available funding through various sources of finances to meet its commitments.

## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as going concern and to maintain reasonable capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to optimise the debt and equity balance, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or new debts or the redemption of existing debts. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using a net debt to equity ratio, which is net debt divided by capital. Net debt includes borrowings less cash and bank deposits. Capital represents the total equity.

The Group's strategy is to maintain the net debt to equity ratio at a healthy level in order to support its businesses. The principal strategies adopted by the Group include, without limitation, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its business. The net debt to equity ratios, at the end of the reporting period are as follows:

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Borrowings	借款	4,694,561	3,240,740
Less: Cash and bank deposits	減：現金及銀行存款	(3,885,683)	(3,893,544)
Net debt/(cash)	債務（現金）淨額	808,878	(652,804)
Total equity	權益總額	11,537,672	9,865,452
Net debt to equity ratio	債務淨額對權益比率	7%	N/A

## 41. 金融風險管理目標及政策(續)

### 資本管理

本集團資本管理的主要目標為保障本集團繼續以持續基準經營的能力，以及維持合理的資本比率支持其業務，以及將股東的價值提升至最高。

本集團根據經濟狀況變動管理其資本架構及作出調整。為優化債務及權益結餘，本集團可調整支付予股東的股息、向股東退回資本、發行新股或新債或贖回現有債務。年內，管理資本的目標、政策或過程並無變動。

本集團以債務淨額對權益比率監控資本，該比率為債務淨額除以資本。債務淨額包括借款減現金及銀行存款。資本乃指權益總額。

本集團的策略為維持債務淨額對權益比率在健康水平，以支持其業務。本集團採取的主要策略包括但不限於審閱未來現金流量需求及支付到期債務的能力，保持可用銀行融資在合理水平及調整投資計劃及融資計劃(如需要)，以確保本集團擁有合理水平的資本支持其業務。於報告期末的債務淨額對權益比率如下：

## 綜合財務報表附註

## 42. PARTICULARS OF PRINCIPAL SUBSIDIARIES

## 42. 主要附屬公司的詳情

Particulars of the Company's principal subsidiaries are as follows:

本公司之主要附屬公司的詳情如下：

Name 名稱	Place of incorporation / registered office 註冊成立 註冊及營業地點	Issued share capital 已發行普通股股本 註冊股本	Percentage held, attributable to the Company 本公司應佔權益比率		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Starcorp Investment Holdings Ltd. 星展投資控股有限公司	BVI 英屬維爾京群島	US\$1 1美元	100%	-	Investment holding 投資控股
Great China International Holdings Ltd. 華拓國際控股有限公司	BVI 英屬維爾京群島	US\$1 1美元	100%	-	Investment holding 投資控股
China Liansu Investment Limited 中國聯塑投資有限公司	BVI 英屬維爾京群島	US\$1 1美元	100%	-	Investment holding 投資控股
Liansu Group Company Limited 聯塑集團有限公司	Hong Kong 香港	HK\$13,000,000 13,000,000港元	-	100%	Investment holding and sale of building materials and interior decoration products 投資控股並銷售建材 及家居產品
Guangdong Liansu Technology Industrial Co., Ltd. <sup>*(a)</sup> 廣東聯塑科技實業有限公司 <sup>*(a)</sup>	PRC 中國	HK\$2,800,000,000 2,800,000,000港元	-	100%	Manufacture and sale of plastic pipes and pipe fittings 製造及銷售塑料管道及管件
Heshan Lesso Industrial Development Co., Ltd. <sup>*(b)</sup> 鶴山聯塑實業發展有限公司 <sup>*(b)</sup>	PRC 中國	HK\$269,930,000 269,930,000港元	-	100%	Manufacture and sale of plastic pipes and pipe fittings 製造及銷售塑料管道及管件
Lesso Technology Development (Wuhan) Co., Ltd. <sup>*(b)</sup> 聯塑科技發展(武漢)有限公司 <sup>*(b)</sup>	PRC 中國	HK\$111,000,000 111,000,000港元	-	100%	Manufacture and sale of plastic pipes and pipe fittings 製造及銷售塑料管道及管件

Name 名稱	Place of incorporation / registered office 註冊成立 註冊及營業地點	Issued ordinary shares/ registered capital 已發行普通股股本 註冊股本	Percentage of attributable equity 本公司應佔權益比率		Principal activities 主要業務
			Direct Direct	Indirect Indirect	
Lesso Technology Development (Guiyang) Co., Ltd.* <sup>(b)</sup>	PRC	HK\$115,000,000	-	100%	Manufacture and sale of plastic pipes and pipe fittings
聯塑科技發展(貴陽)有限公司* <sup>(b)</sup>	中國	115,000,000港元	-	100%	製造及銷售塑料管道及管件
Nanjing Lesso Technology Industrial Co., Ltd.* <sup>(b)</sup>	PRC	US\$26,750,000	-	100%	Manufacture and sale of plastic pipes and pipe fittings
南京聯塑科技實業有限公司* <sup>(b)</sup>	中國	26,750,000美元	-	100%	製造及銷售塑料管道及管件
Lesso Municipal Pipe (Hebei) Co., Ltd.* <sup>(b)</sup>	PRC	US\$32,790,000	-	100%	Manufacture and sale of plastic pipes and pipe fittings
聯塑市政管道(河北)有限公司* <sup>(b)</sup>	中國	32,790,000美元	-	100%	製造及銷售塑料管道及管件
Henan Lesso Industrial Co., Ltd.* <sup>(c)</sup>	PRC	RMB200,000,000	-	100%	Manufacture and sale of plastic pipes and pipe fittings
河南聯塑實業有限公司* <sup>(c)</sup>	中國	人民幣200,000,000			製造及銷售塑料管道及管件

### 43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY 43. 公司財務狀況表

Information about the statement of financial position of the Company at the end of the reporting period as follows:

於報告期末，有關本公司財務狀況表的資料如下：

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
<b>NON-CURRENT ASSETS</b>	非流動資產		
Investments in subsidiaries	於附屬公司的投資	5,016,480	3,421,868
Available-for-sale investments	可供出售投資	75,588	43,238
Total non-current assets	非流動資產總額	5,092,068	3,465,106
<b>CURRENT ASSETS</b>	流動資產		
Loans to a subsidiary	向附屬公司貸款	-	1,446,456
Cash and bank deposits	現金及銀行存款	147,714	15,337
Total current assets	流動資產總額	147,714	1,461,793
<b>CURRENT LIABILITIES</b>	流動負債		
Other payables and accruals	其他應付款項及應計費用	2,501	2,261
Borrowings	借款	2,674,984	504,691
Total current liabilities	流動負債總額	2,677,485	506,952
<b>NET CURRENT (LIABILITIES)/ASSETS</b>	流動(負債)資產淨額	(2,529,771)	954,841
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	資產總額減流動負債	2,562,297	4,419,947
<b>NON-CURRENT LIABILITY</b>	非流動負債		
Borrowings	借款	-	1,971,580
Net assets	資產淨額	2,562,297	2,448,367
<b>EQUITY</b>	權益		
Share capital	股本	135,344	135,686
Reserves (note)	儲備(附註)	2,426,953	2,312,681
Total equity	權益總額	2,562,297	2,448,367

#### 43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

#### 43. 公司財務狀況表(續)

Note:

A summary of the Company's reserves is as follows:

附註：

本公司之儲備概要如下：

		Share premium	Available-for-sale investment valuation reserve	Exchange fluctuation reserve	Retained profits	Total
		可供出售投資估值	匯兌波動儲備	保留溢利	總計	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2015	於2015年1月1日	1,922,887	222	(215,814)	421,948	2,129,243
Total comprehensive income for the year	年內全面收益總額	-	1,777	136,046	364,476	502,299
Dividends recognised as distributions to owners	確認為向擁有人分派的股息	-	-	-	(318,861)	(318,861)
At 31 December 2015 and 1 January 2016	於2015年12月31日及2016年1月1日	1,922,887	1,999	(79,768)	467,563	2,312,681
Total comprehensive income for the year	年內全面收益總額	-	613	155,768	324,829	481,210
Shares repurchased	回購股份	(17,269)	-	-	(10,441)	(27,710)
Dividends recognised as distributions to owners	確認為向擁有人分派的股息	-	-	-	(339,228)	(339,228)
At 31 December 2016	於2016年12月31日	<b>1,905,618</b>	<b>2,612</b>	<b>76,000</b>	<b>442,723</b>	<b>2,426,953</b>

#### 44. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### 44. 批准綜合財務報表

The consolidated financial statements were approved and authorised for issue by the Board on 6 March 2017.

董事會於2017年3月6日批准及授權該等綜合財務報表發佈。

# SUMMARY OF INVESTMENT PROPERTIES

## 投資物業概要

As at 31 December 2016  
於2016年12月31日

Details of the Group's investment properties at the end of the reporting period are as follows: 於報告期末，本集團投資物業之詳情如下：

Location 地點		Type 類別	Size area 地盤面積 S . f . 平方呎	Lease term 租用期	Group's interest 本集團之權益	Stage of completion 完成階段
Lots 50, 51 & 52 in Deposited Plan 1144623, Lots 6-10 in Deposited Plan 801210, Lots 163, 168-182 & 216 DP8716, Lots 4, 5 & 6 in Deposited Plan 226294, Lots 2 in Deposited Plan 516449, Lots 218 & 219 in Deposited Plan 457024, Lot 2151 in Deposited Plan 135859, Lot 1 in Deposited Plan 119616 and Lot 7 in Deposited Plan 803359, Augusta Street, Huntingwood East, New South Wales	Australia	Industrial	2,320,699	Freehold	100%	Planning stage
Lots 50, 51 & 52 in Deposited Plan 1144623, Lots 6-10 in Deposited Plan 801210, Lots 163, 168-182 & 216 DP8716, Lots 4, 5 & 6 in Deposited Plan 226294, Lots 2 in Deposited Plan 516449, Lots 218 & 219 in Deposited Plan 457024, Lot 2151 in Deposited Plan 135859, Lot 1 in Deposited Plan 119616 and Lot 7 in Deposited Plan 803359, Augusta Street, Huntingwood East, New South Wales	澳洲	工業	2,320,699	永久業權	100%	籌劃階段
Part of lots 23 & 24, Markham, Concession 3, Part 1 on Plan 65R-30576	Canada	Industrial	1,994,351	Freehold	100%	Planning stage
Part of lots 23 & 24, Markham, Concession 3, Part 1 on Plan 65R-30576	加拿大	工業	1,994,351	永久業權	100%	籌劃階段
5789, 5933, 5945, 5811, 5951 Steeles Avenue East, Toronto, Ontario	Canada	Commercial	1,750,241	Freehold	100%	Planning stage
5789, 5933, 5945, 5811, 5951 Steeles Avenue East, Toronto, Ontario	加拿大	商業	1,750,241	永久業權	100%	籌劃階段

Location 地點		Type 類別	Site area 地盤面積 S . f . 平方呎	Lease term 租用期	Group i e e 本集團之權益	Stage of c m p l e t i 完成階段
West of Foshan-kaiping highway, North of Langao Road, Longjiang town, Shunde District, Foshan City, Guangdong 廣東省佛山市順德區龍江鎮 佛開高速以西、龍高路以北	China	Commercial	1,392,982	Leasehold	100%	Planning stage 籌劃階段
South of Longzhou West Road, East of Dengdong Road, Longjiang town, Shunde District, Foshan City, Guangdong 廣東省佛山市順德區龍江鎮 龍洲西路南側與登東路東側交叉口	China	Commercial	221,825	Leasehold	100%	Planning stage 籌劃階段
12071 Bellegrave Avenue, Jurupa Valley, California 12071 Bellegrave Avenue, Jurupa Valley, California	United States 美國	Commercial 商業	4,755,880 4,755,880	Freehold 永久業權	100% 100%	Planning stage 籌劃階段
SWC of Highway 380 & FM 26, South side of Highway 380 West of FM 26, Frisco, Texas SWC of Highway 380 & FM 26, South side of Highway 380 West of FM 26, Frisco, Texas	United States 美國	Agricultural 農業	3,347,290 3,347,290	Freehold 永久業權	100% 100%	Planning stage 籌劃階段
119-120, 202, 204, 1413-1421, 1423 Tambol Bang Sao Thong, Amphoe Bang Sao Thong, Samut Prakan Province 119-120, 202, 204, 1413-1421, 1423 Tambol Bang Sao Thong, Amphoe Bang Sao Thong, Samut Prakan Province	Thailand 泰國	Complex 綜合	3,469,303 3,469,303	Freehold 永久業權	75% 75%	Planning stage 籌劃階段

# GLOSSARY

## 詞彙

“ Board ” 「董事會」	指	the board of directors of the Company 本公司董事會
“ BVI ” 「英屬維爾京群島」	指	the British Virgin Islands 英屬維爾京群島
“ China ” or “ PRC ” 「中國」	指	the People’s Republic of China, for the purpose of this report, excluding Hong Kong, Macau and Taiwan 中華人民共和國，就本報告而言，並不包括香港、澳門及臺灣
“ Code ” 「守則」	指	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules 上市規則附錄14所載的企業管治守則
“ Company ” or “ China Lesso ” 「本公司」或「中國聯塑」	指	China Lesso Group Holdings Limited 中國聯塑集團控股有限公司
“ Current Ratio ” 「流動比率」	指	the ratio of current assets to current liabilities 流動資產除以流動負債的比率
“ EBITDA ” 「除息稅折攤前盈利」	指	earnings before interest, taxes, depreciation and amortisation 扣除利息、稅項、折舊及攤銷前盈利
“ Gearing Ratio ” 「資產負債率」	指	the total debts divided by the sum of total debts and total equity 按債務總額除以債務總額加上權益總額的總和
“ Group ” 「本集團」	指	the Company and its subsidiaries 本公司及其附屬公司
“ Guangdong Liansu Electric ” 「廣東聯塑電氣」	指	Guangdong Liansu Electric Co., Ltd.*, a company indirectly wholly-owned by Mr. Wong Luen Hei and a connected person of the Company as defined under the Listing Rules 廣東聯塑電氣有限公司，黃聯禧先生間接全資擁有的公司，並為本公司的關連人士(定義見上市規則)
“ Guangdong Liansu Machinery ” 「廣東聯塑機器」	指	Guangdong Liansu Machinery Manufacturing Co., Ltd.*, a company indirectly wholly-owned by Mr. Wong Luen Hei and a connected person of the Company as defined under the Listing Rules 廣東聯塑機器製造有限公司，黃聯禧先生間接全資擁有的公司，並為本公司的關連人士(定義見上市規則)

“Guangdong Liansu Technology” 「廣東聯塑科技」	指	Guangdong Liansu Technology Industrial Co., Ltd.*, an indirectly wholly-owned subsidiary of the Company 廣東聯塑科技實業有限公司，為本公司的間接全資附屬公司
“HK\$” 「港元」	指	Hong Kong dollar, the lawful currency of Hong Kong 香港之法定貨幣 - 港元
“Hong Kong” or “HK” 「香港」	指	Hong Kong Special Administrative Region of the PRC 中國香港特別行政區
“Listing Rules” 「上市規則」	指	the Rules Governing the Listing of Securities on the Stock Exchange 聯交所證券上市規則
“Macau” 「澳門」	指	Macau Special Administrative Region of the PRC 中國澳門特別行政區
“Model Code” 「標準守則」	指	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules 上市規則附錄10所載的上市公司董事進行證券交易的標準守則
“N/A” 「N/A」	指	not applicable 不適用
“New Fortune” 「新富星」	指	New Fortune Star Limited, a company incorporated in the BVI New Fortune Star Limited，一間於英屬維爾京群島註冊成立之公司
“PE” 「PE」	指	polyethylene 聚乙烯
“PP-R” 「PP-R」	指	polypropylene random 無規共聚聚丙烯
“PVC” 「PVC」	指	polyvinyl chloride 聚氯乙烯
“Quick Ratio” 「速動比率」	指	the ratio of current assets less inventories to current liabilities 流動資產減存貨再除以流動負債的比率
“RMB” 「人民幣」	指	Renminbi, the lawful currency of the PRC 中國之法定貨幣 - 人民幣
“SFO” 「證券及期貨條例」	指	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong 香港法例第571章證券及期貨條例

## GLOSSARY

### 詞彙

“ Share(s)” 「股份」	指	share(s) of a nominal value of HK\$0.05 each in the capital of the Company 本公司股本中每股面值0.05港元的股份
“ Shareholder(s)” 「股東」	指	holder(s) of the Share(s) of the Company 本公司股份持有人
“ Shenzhen Qianhai Lesso ” 「深圳前海聯塑」	指	Shenzhen Qianhai Lesso Commercial Factoring Co.,Ltd.* , an indirectly wholly-owned subsidiary of the Company and wholly foreign-owned enterprise established in the PRC 深圳前海聯塑商業保理有限公司，本公司之間接全資附屬公司及於中國成立之外商獨資企業
“ Shunde Liansu Industrial” 「順德聯塑實業」	指	Foshan Shunde Liansu Industrial Co., Ltd.* 佛山市順德區聯塑實業有限公司
“ sq.m.” 「平方米」	指	square metres 平方米
“ sq.f.” 「平方呎」	指	square feet 平方英尺
“ Stock Exchange” 「聯交所」	指	The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司
“ Taiwan” 「臺灣」	指	the Republic of China 中華民國
“ tonne(s)” 「噸」	指	a unit measuring weight, equal to 1,000 kilograms 量度重量的單位，相等於1,000公斤
“ US” 「美國」	指	the United States of America 美利堅合眾國
“ US\$” 「美元」	指	US dollar, the lawful currency of US 美國之法定貨幣 - 美元
“ Xi Xi Development” 「西溪發展」	指	Xi Xi Development Limited, a company incorporated in the BVI 西溪發展有限公司，一間於英屬維爾京群島註冊成立之公司
“ %” 「%」	指	per cent. 百分比

\* The English or Chinese translations in this report, where indicated, denote for identification purposes only.

\* 本報告的英文或中文翻譯(如註明)僅供識別。

# CORPORATE INFORMATION

## 公司資料

### BOARD OF DIRECTORS

#### EXECUTIVE DIRECTORS

Mr. Wong Luen Hei (*Chairman*)  
Mr. Zuo Manlun (*Chief executive*)  
Ms. Zuo Xiaoping  
Mr. Lai Zhiqiang  
Mr. Kong Zhaocong  
Mr. Chen Guonan  
Dr. Lin Shaoquan  
Mr. Huang Guirong  
Mr. Luo Jianfeng

#### NON-EXECUTIVE DIRECTOR

Mr. Lin Dewei

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fung Pui Cheung  
Mr. Wong Kwok Ho Jonathan  
Mr. Cheung Man Yu  
Ms. Lan Fang  
Dr. Tao Zhigang

#### AUDIT COMMITTEE

Mr. Fung Pui Cheung (*Chairman*)  
Mr. Wong Kwok Ho Jonathan  
Mr. Lin Dewei  
Mr. Cheung Man Yu

#### REMUNERATION COMMITTEE

Mr. Fung Pui Cheung (*Chairman*)  
Mr. Wong Luen Hei  
Mr. Zuo Manlun  
Mr. Wong Kwok Ho Jonathan  
Mr. Cheung Man Yu

#### NOMINATION COMMITTEE

Mr. Wong Luen Hei (*Chairman*)  
Mr. Zuo Manlun  
Mr. Fung Pui Cheung  
Mr. Wong Kwok Ho Jonathan  
Ms. Lan Fang

### 董事會

#### 執行董事

黃聯禧先生(*主席*)  
左滿倫先生(*行政總裁*)  
左笑萍女士  
賴志強先生  
孔兆聰先生  
陳國南先生  
林少全博士  
黃貴榮先生  
羅建峰先生

#### 非執行董事

林德緯先生

#### 獨立非執行董事

馮培漳先生  
王國豪先生  
張文宇先生  
蘭芳女士  
陶志剛博士

#### 審核委員會

馮培漳先生(*主席*)  
王國豪先生  
林德緯先生  
張文宇先生

#### 薪酬委員會

馮培漳先生(*主席*)  
黃聯禧先生  
左滿倫先生  
王國豪先生  
張文宇先生

#### 提名委員會

黃聯禧先生(*主席*)  
左滿倫先生  
馮培漳先生  
王國豪先生  
蘭芳女士

## CORPORATE INFORMATION

### 公司資料

#### COMPANY SECRETARY

Mr. Kwan Chi Wai Samuel

#### AUTHORISED REPRESENTATIVES

Mr. Zuo Manlun

Mr. Kwan Chi Wai Samuel

#### REGISTERED OFFICE

PO Box 309, Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

#### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Liansu Industrial Estate  
Longjiang Town  
Shunde District  
Foshan City  
Guangdong Province 528318  
China

#### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3, 12th Floor, Tower 2  
South Seas Centre  
75 Mody Road  
Tsim Sha Tsui East  
Kowloon, Hong Kong

#### LISTING INFORMATION

Listing:

The Stock Exchange of Hong Kong Limited

Stock code:

2128

#### SHARE INFORMATION

Board lot size:

1,000 shares

Share issued as at 31 December 2016:

3,102,418,400 shares

Market capitalisation as at 31 December 2016:

HK\$15,605 million

#### 公司秘書

關志偉先生

#### 法定代表

左滿倫先生

關志偉先生

#### 註冊辦事處

PO Box 309, Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

#### 中國總部及主要營業地點

中國  
廣東省( 郵編 : 528318 )  
佛山市  
順德區  
龍江鎮  
聯塑工業村

#### 香港主要營業地點

香港九龍  
尖沙咀東部  
麼地道75號  
南洋中心  
第二座12樓3室

#### 上市資料

上市地點 :

香港聯合交易所有限公司

股份代號 :

2128

#### 股份資料

每手買賣單位 :

1,000股

於2016年12月31日已發行股份數目 :

3,102,418,400股

於2016年12月31日市值 :

156.05億港元

## DIVIDEND

Final dividend per share for the year ended 31 December 2016:  
HK15 cents per ordinary share

## FINANCIAL CALENDAR

Annual results announcement:  
6 March 2017

### CLOSURE OF THE REGISTER OF MEMBERS:

- for determining the entitlement to attend and vote at annual general meeting from 16 to 19 May 2017 (both dates inclusive)
- for determining the entitlement to proposed final dividend from 25 to 29 May 2017 (both dates inclusive)

2017 annual general meeting:  
19 May 2017

Payment of 2016 proposed final dividend:  
on or around 8 June 2017

## PRINCIPAL SHARE REGISTRAR

MaplesFS Limited  
PO Box 1093  
Queensgate House  
Grand Cayman, KY1-1102  
Cayman Islands

## BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East, Wanchai  
Hong Kong

## 股息

截至2016年12月31日止年度每股末期股息：  
每股普通股15港仙

## 財務日誌

年度業績公告：  
2017年3月6日

### 暫停辦理股份過戶登記手續：

- 確定出席股東週年大會並於會上投票的資格由2017年5月16至19日(包括首尾兩天)
- 確定收取擬派末期股息的資格由2017年5月25至29日(包括首尾兩天)

2017年股東週年大會：  
2017年5月19日

派付2016年擬派末期股息\*：  
2017年6月8日或相近日子

## 股份過戶登記總處

MaplesFS Limited  
PO Box 1093  
Queensgate House  
Grand Cayman, KY1-1102  
Cayman Islands

## 股份過戶登記分處

香港中央證券登記有限公司  
香港  
灣仔皇后大道東183號  
合和中心  
17樓1712-1716室

\* Subject to approval by the Shareholders at the 2017 annual general meeting to be held on 19 May 2017.

\* 惟須待股東於2017年5月19日舉行的2017年股東週年大會上批准後，方可作實。

## CORPORATE INFORMATION

### 公司資料

#### INVESTOR RELATIONS

iPR Ogilvy & Mather  
Units 2008-12, 20th Floor, The Centre  
99 Queen's Road, Central, Hong Kong  
Tel: (852) 2136 6185  
Fax: (852) 3170 6606  
Email: ir@lesso.com

#### AUDITOR

Ernst & Young  
Certified Public Accountants, Hong Kong

#### SOLICITOR

K&L Gates

#### PRINCIPAL BANKERS

Agricultural Bank of China Limited  
Bank of China (Hong Kong) Limited  
China Merchants Bank Co., Ltd.  
CTBC Bank Co., Ltd., Hong Kong Branch  
Foshan Shunde Rural Commercial Bank Company Limited  
Hang Seng Bank Limited  
Industrial and Commercial Bank of China (Asia) Limited  
Industrial and Commercial Bank of China Limited  
Sumitomo Mitsui Banking Corporation  
Taipei Fubon Commercial Bank Co., Ltd., Hong Kong Branch  
The Hongkong and Shanghai Banking Corporation Limited

#### WEBSITE

<http://www.lesso.com>

#### 投資者關係

iPR奧美公關  
香港皇后大道中99號  
中環中心20樓2008至12室  
電話：(852) 2136 6185  
傳真：(852) 3170 6606  
電郵：ir@lesso.com

#### 核數師

安永會計師事務所  
香港執業會計師

#### 律師

高蓋茨律師事務所

#### 主要往來銀行

中國農業銀行股份有限公司  
中國銀行(香港)有限公司  
招商銀行股份有限公司  
中國信託商業銀行股份有限公司香港分行  
佛山順德農村商業銀行股份有限公司  
恒生銀行有限公司  
中國工商銀行(亞洲)有限公司  
中國工商銀行股份有限公司  
三井住友銀行  
台北富邦商業銀行股份有限公司香港分行  
香港上海滙豐銀行有限公司

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<http://www.lesso.com>

## **F a d-l k i g a e m e**

This report contains forward-looking statements. These forward-looking statements include, without limitation, statements related to revenue and earnings. The words “believe”, “intend”, “expect”, “anticipate”, “forecast”, “estimate”, “predict”, “is confident”, “has confidence” and similar expressions are also intended to represent forward-looking statements. These forward-looking statements are not historical facts. Rather, the forward-looking statements are based on the current beliefs, assumptions, expectations, estimates and projections of the directors and management of China Lesso about the businesses, industries and markets in which China Lesso operates.

These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Company’s control and are difficult to predict. Consequently, actual results could differ materially from those expressed, implied or forecasted in the forward-looking statements.

Reliance should not be placed on these forward-looking statements, which reflect only the views of the directors and management of China Lesso as at the date of this report only. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after publication of this report.

## **前 瞻 聲 明**

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# 本報告的中英文如有任何歧義，概以英文本為準。

