



**SHOUGANG CONCORD CENTURY
HOLDINGS LIMITED**
首長寶佳集團有限公司

股份代號 Stock Code : 103

2018 年報
ANNUAL REPORT



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CORPORATE PROFILE

公司概況

Shougang Concord Century Holdings Limited (“Shougang Century”; together with its subsidiaries, collectively the “Group”) has been listed on the Stock Exchange since April 1992. Shougang Group Co., Ltd. (a state-owned enterprise under the direct supervision of the Beijing State-owned Assets Supervision and Administration Commission) and its controlled corporations, Bekaert and Li Ka Shing Foundation are the substantial Shareholders of Shougang Century.

The Group is primarily involved in the following activities:

1. manufacturing of steel cords for radial tyres
2. manufacturing of sawing wires

CORPORATE'S GOAL

- strive for a successful “Eastern” brand awareness and recognition in steel cord industry
- be an enterprise of 200,000 tonnes annual production capacity in steel cord manufacturing
- be one of the top three independent manufacturers in China steel cord industry
- become a diversified metal product manufacturer capable of consistently purveying premium quality wire related products

To learn more about Shougang Century, please visit <http://www.shougangcentury.com.hk>.

首長寶佳集團有限公司(「首長寶佳」；及其附屬公司，統稱為「本集團」)於一九九二年四月在聯交所上市。首鋼集團有限公司(北京國有資產監督管理委員會直接監督之國有企業)與其主要受控法團，Bekaert及李嘉誠基金會為首長寶佳之主要股東。

本集團主要從事下列業務：

1. 製造子午線輪胎用鋼簾線
2. 製造切割鋼絲

公司的目標

- 爭取在鋼簾線行業中一個得到認可的成功「東方」品牌
- 打造為一個擁有年生產量達200,000噸的製造鋼簾線企業
- 成為中國鋼簾線行業的三大獨立生產商之一
- 成為一個能夠持續提供優質鋼絲相關產品之多元化的金屬產品製造商

欲知悉首長寶佳更多資訊，請瀏覽 <http://www.shougangcentury.com.hk>。

CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

Su Fanrong (*Chairman and Managing Director*)
Tang Cornor Kwok Kau (*Deputy Managing Director*)

Non-executive Directors

Liao Jun

Independent Non-executive Directors

Yip Kin Man, Raymond
Law, Yui Lun
Lam Yiu Kin

AUDIT COMMITTEE

Yip Kin Man, Raymond (*Chairman*)
Law, Yui Lun
Lam Yiu Kin

REMUNERATION COMMITTEE

Yip Kin Man, Raymond (*Chairman*)
Su Fanrong (*Vice Chairman*)
Law, Yui Lun
Lam Yiu Kin

NOMINATION COMMITTEE

Su Fanrong (*Chairman*)
Yip Kin Man, Raymond (*Vice Chairman*)
Law, Yui Lun
Lam Yiu Kin

AUTHORISED REPRESENTATIVES

Tang Cornor Kwok Kau
Chan Lai Yee

COMPANY SECRETARY

Chan Lai Yee

董事會

執行董事

蘇凡榮(*董事長兼董事總經理*)
鄧國求(*董事副總經理*)

非執行董事

廖駿

獨立非執行董事

葉健民
羅裔麟
林耀堅

審核委員會

葉健民(*主席*)
羅裔麟
林耀堅

薪酬委員會

葉健民(*主席*)
蘇凡榮(*副主席*)
羅裔麟
林耀堅

提名委員會

蘇凡榮(*主席*)
葉健民(*副主席*)
羅裔麟
林耀堅

授權代表

鄧國求
陳麗兒

公司秘書

陳麗兒

CORPORATE INFORMATION

公司資料

PRINCIPAL BANKERS

Agricultural Bank of China
Bank of China
Bank of China (Hong Kong) Limited
China CITIC Bank
Fubon Bank
Industrial and Commercial Bank of China

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

INTERNAL AUDITOR

Moore Stephens Advisory Services Limited

SHARE REGISTRAR

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

REGISTERED OFFICE

Room 1215, 12/F., Honour Industrial Centre,
6 Sun Yip Street, Chai Wan,
Hong Kong

COMPANY'S WEBSITE

<http://www.shougangcentury.com.hk>

WEBSITE FOR PUBLISHING LISTING RULES RELATED ANNOUNCEMENTS AND OTHER DOCUMENTS

<http://www.irasia.com/listco/hk/sccentury/>

HKEx STOCK CODE

103

LISTING DATE

9 April 1992

主要往來銀行

中國農業銀行
中國銀行
中國銀行(香港)有限公司
中信銀行
富邦銀行
中國工商銀行

核數師

羅兵咸永道會計師事務所
執業會計師

內部核數師

馬施雲諮詢有限公司

股份過戶登記處

卓佳登捷時有限公司
香港皇后大道東一百八十三號
合和中心二十二樓

註冊辦事處

香港柴灣新業街6號
安力工業中心十二樓1215室

公司網址

<http://www.shougangcentury.com.hk>

發放有關上市規則的公告及其他文件 之網址

<http://www.irasia.com/listco/hk/sccentury/>

聯交所股份代號

103

上市日期

一九九二年四月九日

FINANCIAL HIGHLIGHTS

財務概要

		For the year ended 31 December 截至十二月三十一日止年度		
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元	% Change %變動
Operations	業務營運			
Revenue	營業額	2,254,170	2,113,258	+6.7
Gross profit	毛利	267,467	196,065	+36.4
EBITDA (Note)	EBITDA (附註)	179,293	104,096	+72.2
Loss for the year	本年度虧損	(8,681)	(68,518)	-87.3
Basic loss per share (HK cents)	每股基本虧損(港仙)	(0.45)	(3.56)	-87.3

Note: EBITDA represents earnings before finance costs, income tax, depreciation and amortisation.

附註：EBITDA指扣除財務成本、所得稅、折舊及攤銷前溢利。

		At 31 December 十二月三十一日		
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元	% Change %變動
Financial position	財務狀況			
Total assets	資產總額	3,414,467	3,444,076	-0.9
Shareholders' equity	股東權益	1,339,150	1,391,528	-3.8
Net asset value per Share (HK\$)	每股資產淨值(港幣)	0.696	0.724	-3.8

INFORMATION FOR INVESTORS

給投資者的資料

SHARE INFORMATION

Board lot size:	2,000 Shares
Shares outstanding as at the last trading day of 2018:	1,922,900,556 Shares
Market capitalisation as at the last trading day of 2018:	HK\$361,505,305
Closing share price as at the last trading day of 2018:	HK\$0.188
Basic loss per Share for 2018:	
Interim : (HK1.17 cents)	
Final : (HK0.45 cents)	

股份資料

買賣單位 :	2,000股
於二零一八年最後交易日之發行股數 :	1,922,900,556股
於二零一八年最後交易日之市值 :	港幣361,505,305元
於二零一八年最後交易日之收市價 :	港幣0.188元
於二零一八年每股基本虧損 :	
中期 : (港幣1.17仙)	
末期 : (港幣0.45仙)	

KEY DATE

2019 Annual General Meeting:	11 June 2019
Closure of Register of Members for 2019 Annual General Meeting:	4 to 11 June 2019
Announcement of 2018 Final Results:	22 March 2019

重要日期

二零一九年股東周年大會 :	二零一九年六月十一日
就二零一九年股東周年大會之暫停辦理股份過戶登記日期 :	二零一九年六月四日至十一日
二零一八年末期業績公告 :	二零一九年三月二十二日

INVESTOR RELATIONS CONTACT

Address	: Room 1215, 12/F., Honour Industrial Centre, 6 Sun Yip Street, Chai Wan, Hong Kong
Telephone	: (852) 2527 2218
Fax	: (852) 2861 3527
E-mail address	: business_link@shougangcentury.com.hk ir@shougangcentury.com.hk scchl@shougangcentury.com.hk
Website	: http://www.shougangcentury.com.hk

投資者聯絡查詢

地址	: 香港柴灣新業街6號安力工業中心十二樓1215室
電話	: (852) 2527 2218
傳真	: (852) 2861 3527
電郵地址	: business_link@shougangcentury.com.hk ir@shougangcentury.com.hk scchl@shougangcentury.com.hk
網址	: http://www.shougangcentury.com.hk

SHAREHOLDER ENQUIRIES

Any matters relating to your shareholding, e.g. transfer of Shares, change of name or address, lost share certificates and dividend warrants, should be sent in writing to:

Tricor Tengis Limited

Address	: Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
Telephone	: (852) 2980 1333
Fax	: (852) 2810 8185
E-mail address	: is-enquiries@hk.tricorglobal.com
Website	: http://www.tricoris.com

股東查詢

如閣下對所持股份有任何查詢，例如股份轉讓、轉名或更改地址、報失股票及股息單，請致函如下：

卓佳登捷時有限公司

地址	: 香港皇后大道東一百八十三號合和中心二十二樓
電話	: (852) 2980 1333
傳真	: (852) 2810 8185
電郵地址	: is-enquiries@hk.tricorglobal.com
網址	: http://www.tricoris.com

BUSINESS CONTACTS

業務查詢



Jiaxing Eastern Steel Cord Co., Ltd. 嘉興東方鋼簾線有限公司

Address: 1 Dong Fang Road, Jiaxing Economic Development Zone
地址： Zhejiang Province, PRC
中國浙江省嘉興市經濟開發區東方路1號

Postal code: 314003
郵編：

Telephone: (86) 573 8222 2790
電話：

Fax: (86) 573 8221 3500
傳真：

Website: <http://www.jesc.com.cn>
網址：

E-mail address: jesc@jesc.com.cn
電郵地址：



Tengzhou Eastern Steel Cord Co., Ltd. 滕州東方鋼簾線有限公司

Address: 1 Dong Fang Road, Tengzhou Economic Development Zone
地址： Shandong Province, PRC
中國山東省滕州市經濟開發區東方路1號

Postal code: 277500
郵編：

Telephone: (86) 632 525 2100
電話：

Fax: (86) 632 525 2111
傳真：

Website: <http://www.tesc.com.cn>
網址：

E-mail address: tesc@tesc.com.cn
電郵地址：



首長寶佳(上海)管理有限公司

Address: Room 2505, Tower 1, SOHO Tianshan Plaza
地址： No.421 Ziyun Road, Shanghai, PRC
中國上海市長寧區紫雲路421號SOHO天山廣場T1-2505室

Postal code: 200051
郵編：

Telephone: (86) 21 6291 8806
電話：

Fax: (86) 21 6291 8805
傳真：

BIOGRAPHICAL DETAILS OF DIRECTORS

董事簡歷

Mr. Su Fanrong, aged 51, joined the Group as a deputy general manager of the Company in January 2015 and was appointed as the executive deputy managing Director on 1 December 2015. Mr. Su has re-designated as chairman of the Company and acted as the chairman and vice-chairman of the nomination committee and remuneration committee of the Company respectively since 18 January 2018, and he has been appointed as the managing Director on 31 January 2018. At present, he holds directorship in all wholly owned subsidiaries of the Company. He also acts as the deputy general manager of Shougang HK. He holds a Master degree in Business Administration from Missouri State University and Bachelor degree specialising in Pressure Processing from University of Science and Technology Beijing. He joined Shougang Group (previously known as “Shougang Corporation”) in 1990 and had been working in various companies under Shougang Group during the period from the same year to 2014. Mr. Su has over 25 years of sales and management experience in the steel industry.

Other than his directorship and position disclosed above, he does not hold any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Mr. Su does not have any relationship with any other Directors, senior management or substantial Shareholders or controlling Shareholders. At the date of this annual report, he does not have any interest in securities of the Company within the meaning of Part XV of the SFO. A service contract was entered into between Mr. Su and the Company for a term commencing from 1 January 2018 and ending on 31 December 2020 to act as an executive deputy managing Director of the Company. Following his re-designation as a Chairman of the Company, Mr. Su entered into a service contract for a term commencing from 18 January 2018 and ending on 31 December 2020. The service contract may be terminated by either party by giving to other party not less than three months’ notice without payment of any compensation (other than statutory compensation). However, he is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles. Mr. Su’s monthly salaries is entitled to HK\$150,000 at present under his service contract with the Company in order to show his accountability to the Shareholders. The emoluments of Directors are determined by reference to the Company’s performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

蘇凡榮先生，年五十一歲。蘇先生於二零一五年加入本集團為本公司副總經理，並於二零一五年十二月一日獲委任為董事常務副總經理。蘇先生自二零一八年一月十八日起獲調任為本公司董事長及分別擔任本公司提名委員會主席及薪酬委員會副主席，並於二零一八年一月三十一日獲委任為董事總經理。目前，蘇先生擔任本公司所有全資附屬公司之董事職位。彼亦擔任首控香港之副總經理。彼持有美國密蘇里州立大學工商管理碩士及北京科技大學壓力加工專業學士學位。彼於一九九零年加入首鋼集團（前稱「首鋼總公司」）及於同年至二零一四年期間，任職於首鋼集團旗下多間公司。蘇先生在鋼鐵行業有逾二十五年的銷售及管理經驗。

除上述所披露之董事職務及職位外，彼於過去三年內並無於香港或海外任何證券市場上市的公眾公司擔任任何董事職務。蘇先生與其他董事、高級管理人員或主要股東或控股股東概無任何關係。於本年報之日期，就證券及期貨條例第XV部涵義，彼並無持有本公司任何證券權益。蘇先生與本公司簽訂作為本公司董事常務副總經理之服務合約，期限由二零一八年一月一日起至二零二零年十二月三十一日止，蘇先生其後調任為本公司董事長後，與本公司簽訂之服務合約，期限由二零一八年一月十八日起至二零二零年十二月三十一日止。服務合約可由任何一方給予另一方不少於三個月通知期而終止，而無須支付任何賠償（法定賠償金則除外）。惟彼須按章程細則規定於本公司之股東周年大會上輪值告退及膺選連任。根據彼與本公司訂立之服務合約，蘇先生目前可獲收取每月港幣150,000元之薪金，以顯示彼對股東的負責。董事之酬金按本公司之業績及盈利狀況，亦以業界及當時市場環境而釐訂。

BIOGRAPHICAL DETAILS OF DIRECTORS

董事簡歷

Save as disclosed above, there are no other matters relating to his particulars as being a Director that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Tang Cornor Kwok Kau (Former name: Tang Kwok Kau), aged 58, Mr. Tang joined the Group in 1998 and was appointed as the deputy managing Director in March 2000. At present, he holds directorship in all wholly owned subsidiaries of the Company. Mr. Tang was an independent non-executive director of Loco Hong Kong from 22 July 2014 to 9 September 2016. He holds a Bachelor and a Master Degrees in Business Administration from York University in Canada. Prior to joining the Group, Mr. Tang had held senior positions with various international investment banks. He also has over 15 years' experience in corporate and investment banking.

Other than his directorship disclosed above, Mr. Tang does not hold any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas and does not have any relationship with any other Directors, senior management or substantial Shareholders or controlling Shareholders. At the date of this annual report, he beneficially owns 10,000,000 Shares and in which of 200,000 Shares are jointly owned by his wife within the meaning of Part XV of the SFO. Mr. Tang is entitled to receive a HK\$165,000 monthly salary at present under his service contract with the Company. The service contract may be terminated by either party by giving to other party not less than three months' notice without payment of any compensation (other than statutory compensation). There is no specified or proposed length of service for Mr. Tang with the Company. However, he will also be subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles. The emoluments of Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, there are no other matters relating to his particulars as being a Director that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

除上文所披露者外，蘇先生並無有關彼作為董事之任何其他事宜須知會股東，以及並無其他須根據上市規則第13.51(2)(h)條至(v)條披露的資料。

鄧國求先生，年五十八歲。鄧先生於一九九八年加入本集團，並於二零零零年三月獲委任為董事副總經理。目前，彼亦擔任本公司所有全資附屬公司之董事職位。鄧先生於二零一四年七月二十二日至二零一六年九月九日為港銀控股之獨立非執行董事。彼持有加拿大約克大學工商管理學士及碩士學位。加入本集團前，鄧先生曾於數間國際投資銀行擔任高層職位。彼並在企業及投資銀行界擁有超過十五年經驗。

除上述所披露之董事職務外，鄧先生於過去三年內並無於香港或海外任何證券市場上市的公眾公司擔任任何董事職務，且與其他董事、高級管理人員或主要股東或控股股東概無任何關係。於本年報之日期，就證券及期貨條例第XV部涵義，彼實益擁有10,000,000股股份，而其中200,000股股份則與其妻子共同實益擁有。根據彼與本公司訂立之服務合約，鄧先生目前可獲收取每月港幣165,000元之薪金。該服務合約可由任何一方給予另一方不少於三個月通知期而終止，而無須支付任何賠償(法定賠償金則除外)。本公司與鄧先生簽訂之服務合約中並無註明任期或建議任期，惟彼亦須按章程細則規定於本公司之股東周年大會上輪值告退及膺選連任。董事之酬金按本公司之業績及盈利狀況，亦以業界及當時市場環境而釐訂。

除上文所披露者外，鄧先生並無有關彼作為董事之任何其他事宜須知會股東，以及並無其他須根據上市規則第13.51(2)(h)條至(v)條披露的資料。

BIOGRAPHICAL DETAILS OF DIRECTORS

董事簡歷

Mr. Liao Jun, aged 56, was appointed as a non-executive Director on 25 February 2015. Mr. Liao holds a Bachelor of Science and a Master of Science in Physical Metallurgy from Central South Mining and Metallurgy Institute and Central South University of Technology respectively in China. He further achieved his Doctor of Philosophy in Materials Science in College of Engineering, University of Michigan and Master of Business Administration in University of Michigan Ross School of Business Management.

Mr. Liao was appointed as Divisional CEO Specialty Businesses in Bekaert group in March 2019. He now also acts as the Executive Vice President North Asia in Bekaert group and a member of the Bekaert Group Executive. Prior to joining Bekaert group, he had held various management positions of several reputable multinational corporations such as Dow Corning and Solvay. In all, Mr. Liao has over 15 years of experience in sales and management in industrial chemicals and polymers businesses.

Other than his directorship disclosed above, Mr. Liao has not previously held any position with the Group and does not hold any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Mr. Liao does not have any relationship with any other Directors, senior management or substantial Shareholders or controlling Shareholders. At the date of this annual report, he does not have any interest in securities of the Company within the meaning of Part XV of the SFO. There is no service contract between Mr. Liao and the Company since he was nominated by Bekaert group as a non-executive Director according to the subscription agreement entered into by the Company and Bekaert dated 22 September 2006 and further agreement between Bekaert and the Company on 24 February 2015. However, he will also be subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles. He will receive a director's fee as the Company may determine from time to time. At present, he receives a director's fee of HK\$150,000 per annum. The emoluments of Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

廖駿先生，年五十六歲。廖先生於二零一五年二月二十五日獲委任為非執行董事。廖先生分別於中國中南礦冶學院及中南大學取得物理冶金學專業學士及碩士學位。彼亦取得密歇根大學工程學院材料科學博士學位及密歇根大學羅斯商學院工商管理碩士學位。

廖先生於二零一九年三月獲委任為Bekaert集團專門業務分區首席執行官，彼現時亦擔任Bekaert集團北亞區執行副總裁及Bekaert集團執行之成員。於加入Bekaert集團之前，彼於數間具聲譽的跨國公司（例如道康寧及索爾維）擔任多個管理層職位。總括而言，廖先生於工業專用化學品及聚合物之業務擁有超過十五年之銷售及管理經驗。

除上述所披露之董事職務外，廖先生從前並無於本集團擔任任何職位，且於過去三年內並無於香港或海外任何證券市場上市的公眾公司擔任任何董事職務。廖先生與其他董事、高級管理人員或主要股東或控股股東概無任何關係。於本年報之日期，就證券及期貨條例第XV部涵義，彼並無持有本公司任何證券權益。廖先生與本公司並無服務合約，基於根據本公司於二零零六年九月二十二日與Bekaert簽訂之認購協議及於二零一五年二月二十四日Bekaert與本公司的進一步協議而獲Bekaert集團委派為非執行董事。惟彼亦須按章程細則規定於本公司之股東周年大會上輪值告退及膺選連任。彼將收取不時由本公司釐訂之董事袍金。現時，彼每年收取港幣150,000元之董事袍金。董事之酬金按本公司之業績及盈利狀況，亦以業界及當時市場環境而釐訂。

BIOGRAPHICAL DETAILS OF DIRECTORS

董事簡歷

Save as disclosed above, there are no other matters relating to his particulars as being a Director that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Yip Kin Man, Raymond (Alias: Ip Kin Man), aged 72, holds a Bachelor's Degree in Arts with honors from the University of Hong Kong. He was appointed as the independent non-executive Director in 1993. He also serves as the chairman of each of the audit committee and remuneration committee and acted as the vice-chairman of the nomination committee of the Company since 18 May 2018. Mr. Yip has also acted as the independent non-executive director of Shougang Grand since January 2007. On 27 January 2014, he was appointed as an independent non-executive director of BeijingWest Industries. Mr. Yip is a practising solicitor, notary public and China-Appointed Attesting Officer. He has extensive experience in legal profession.

Other than the directorship disclosed above, Mr. Yip has not previously held any position with the Group, and is independent of and not connected with the Directors, chief executives and substantial shareholders or controlling shareholders of the Company or the subsidiaries of the Company or an associate of any of them. He does not hold any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. At the date of this annual report, he does not have any interest in securities of the Company within the meaning of Part XV of the SFO. A service contract was entered into between Mr. Yip and the Company for a term of three years commencing from 1 January 2017. However, he is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles. He will receive a director's fee as the Company may determine from time to time. At present, he receives a director's fee of HK\$240,000 per annum. The emoluments of Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

除上文所披露者外，廖先生並無有關彼作為董事之任何其他事宜須知會股東，以及並無其他須根據上市規則第13.51(2)(h)條至(v)條披露的資料。

葉健民先生，年七十二歲。持有香港大學榮譽文學士學位。彼於一九九三年獲委任為獨立非執行董事。彼亦分別擔任本公司審核委員會及薪酬委員會之主席以及自二零一八年五月十八日起擔任本公司提名委員會副主席。葉先生亦自二零零七年一月起擔任首長四方之獨立非執行董事。於二零一四年一月二十七日，彼獲委任為京西重工之獨立非執行董事。葉先生乃執業律師、國際公證人及中國委託公證人，彼在法律專業有豐富的經驗。

除上述所披露之董事職務外，葉先生從前並無於本集團擔任任何職位，亦獨立於及與本公司或其附屬公司之董事、最高行政人員及主要股東或控股股東或彼等之聯繫人概無關連。彼於過去三年內並無於香港或海外任何證券市場上市的公眾公司擔任任何董事職務。於本年報之日期，就證券及期貨條例第XV部涵義，彼並無持有本公司任何證券權益。葉先生與本公司簽訂為期三年之服務合約，由二零一七年一月一日起生效，惟彼須按章程細則規定於本公司之股東周年大會上輪值告退及膺選連任。彼將收取不時由本公司釐訂之董事袍金。現時，彼每年收取港幣240,000元之董事袍金，董事之酬金按本公司之業績及盈利狀況，亦以業界及當時市場環境而釐訂。

BIOGRAPHICAL DETAILS OF DIRECTORS

董事簡歷

Save as disclosed above, there are no other matters relating to his particulars as being a Director that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Law, Yui Lun, aged 56, Mr. Law is an associate member of the Taxation Institute of Hong Kong and a fellow member of the Association of Chartered Certified Accountants (“ACCA”) of the United Kingdom. Mr. Law holds a Master Degree in Business Administration from Oklahoma City University (USA). He was appointed as the independent non-executive Director and a member of each of the audit committee, nomination committee and remuneration committee of the Company in April 2005. On 1 November 2017, he was also appointed as the independent non-executive director of Zhi Cheng Holdings Limited. On 20 January 2017, he was appointed as the independent non-executive director of CBK Holdings Limited which is listed on the GEM of the Stock Exchange on 15 February 2017. Mr. Law has extensive professional experience in the fields of auditing, accounting, corporate taxation, company liquidation and insolvency, financial advisory and management for over 30 years.

Other than the directorship disclosed above, Mr. Law has not previously held any position with the Group, and is independent of and not connected with the Directors, chief executives and substantial shareholders or controlling shareholders of the Company or the subsidiaries of the Company or an associate of any of them. He does not hold any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. At the date of this annual report, he does not have any interest in securities of the Company within the meaning of Part XV of the SFO. A service contract was entered into between Mr. Law and the Company for a term of three years commencing from 1 January 2017. However, he is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles. He will receive a director's fee as the Company may determine from time to time. At present, he receives a director's fee of HK\$240,000 per annum. The emoluments of Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

除上文所披露者外，葉先生並無有關彼作為董事之任何其他事宜須知會股東，以及並無其他須根據上市規則第13.51(2)(h)條至(v)條披露的資料。

羅裔麟先生，年五十六歲，羅先生為香港稅務學會會員及英國特許公認會計師公會（「英國特許公認會計師公會」）資深會員。羅先生持有Oklahoma City University (USA)工商管理碩士學位。彼於二零零五年四月獲委任為獨立非執行董事及分別為本公司審核委員會、提名委員會及薪酬委員會之成員。彼亦於二零一七年十一月一日獲委任為智城控股有限公司之獨立非執行董事。彼於二零一七年一月二十日獲委任為國茂控股有限公司（於二零一七年二月十五日在聯交所GEM上市）之獨立非執行董事。羅先生於核數、會計、企業稅務、公司清盤及破產、財務諮詢和管理方面擁有超過三十年豐富的專業經驗。

除上述所披露之董事職務外，羅先生從前並無於本集團擔任任何職位，亦獨立於及與本公司或其附屬公司之董事、最高行政人員及主要股東或控股股東或彼等之聯繫人概無關連。彼於過去三年內並無於香港或海外任何證券市場上市的公眾公司擔任任何董事職務。於本年報之日期，就證券及期貨條例第XV部涵義，彼並無持有本公司任何證券權益。羅先生與本公司簽訂為期三年之服務合約，由二零一七年一月一日起生效，惟彼須按章程細則規定於本公司之股東周年大會上輪值告退及膺選連任。彼將收取不時由本公司釐訂之董事袍金。現時，彼每年收取港幣240,000元之董事袍金，董事之酬金按本公司之業績及盈利狀況，亦以業界及當時市場環境而釐訂。

BIOGRAPHICAL DETAILS OF DIRECTORS

董事簡歷

Save as disclosed above, there are no other matters relating to his particulars as being a Director that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Lam Yiu Kin, aged 64, Mr. Lam is a fellow member of each of the ACCA, the Institute of Chartered Accountants in England & Wales (ICAEW), the Chartered Accountants of Australia and New Zealand (CAANZ) and the Hong Kong Institute of Certified Public Accountants (“HKICPA”). He graduated from The Hong Kong Polytechnic University (“Polytechnic University”) with a higher diploma in Accountancy in 1975. He was conferred an Honorary Fellow of Polytechnic University in 2002. Mr. Lam was appointed as the independent non-executive Director and a member of each of the audit committee, nomination committee and remuneration committee of the Company in August 2015. He is also an independent non-executive director of each of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Limited, Vital Mobile Holdings Limited, Spring Real Estate Investment Trust, Global Digital, COSCO SHIPPING Ports Limited, Nine Dragons Paper (Holdings) Limited, WWPKG Holdings Company Limited, CITIC Telecom International Holdings Limited, Bestway Global Holding Inc. and Mason Group Holdings Limited, which he held directorship until 24 May 2017. Mr. Lam had taken the position of an adjunct professor in the School of Accounting and Finance of Polytechnic University until 31 August 2016. He was previously a member of the Listing Committee and the Financial Reporting Advisory Panel of the Stock Exchange from 1997 to 2003, a committee member of HKICPA from 1994 to 2009, a partner of PricewaterhouseCoopers from 1993 to 2013 and a member of the Finance Management Committee of the Hong Kong Management Association until 7 July 2016. In all, Mr. Lam has over 40 years of extensive experience in accounting, auditing and business consulting.

除上文所披露者外，羅先生並無有關彼作為董事之任何其他事宜須知會股東，以及並無其他須根據上市規則第13.51(2)(h)條至(v)條披露的資料。

林耀堅先生，年六十四歲。林先生分別為英國特許公認會計師公會、英格蘭及威爾斯特許會計師公會(ICAEW)、澳洲及新西蘭特許會計師公會(CAANZ)及香港會計師公會(「香港會計師公會」)之資深會員。彼於一九七五年畢業於香港理工大學(「理工大學」)，取得會計學高級文憑。彼並於二零零二年獲頒授理工大學榮譽院士。林先生於二零一五年八月獲委任為獨立非執行董事及分別為審核委員會、提名委員會及薪酬委員會之成員。彼亦分別為上海復旦張江生物醫藥股份有限公司、維太移動控股有限公司、春泉產業信託、環球數碼、中遠海運港口有限公司、玖龍紙業(控股)有限公司、縱橫遊控股有限公司、中信國際電訊集團有限公司、榮威國際控股有限公司及茂宸集團控股有限公司(彼於此持有董事職位直至二零一七年五月二十四日止)。林先生曾為理工大學會計及金融學院的客席教授，直至二零一六年八月三十一日。彼曾於一九九七年至二零零三年擔任聯交所上市委員會成員及財務匯報諮詢小組成員，於一九九四年至二零零九年擔任香港會計師公會委員會委員，於一九九三年至二零一三年擔任羅兵咸永道會計師事務所合夥人，及直至二零一六年七月七日止擔任香港管理專業協會財務管理委員會委員。總括而言，林先生擁有超過四十年於會計、審核及業務諮詢豐富經驗。

BIOGRAPHICAL DETAILS OF DIRECTORS

董事簡歷

Other than his directorship disclosed above, he has not previously held any position with the Group, and is independent of and not connected with the directors, chief executives and substantial shareholders or controlling shareholders of the Company or the subsidiaries of the Company or an associate of any of them. Save as disclosed above, he does not have any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. At the date of this annual report, he does not have any interest in securities of the Company within the meaning of Part XV of the SFO. A service contract was entered into between Mr. Lam and the Company for a term commencing from 1 January 2018 and ending on 31 December 2020. However, he is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles. He will receive a director's fee as the Company may determine from time to time. At present, he receives a director's fee of HK\$240,000 per annum. The emoluments of Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, there are no other matters relating to his particulars as being a Director that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

除上述所披露之董事職務外，林先生從前並無於本集團擔任任何職位，亦獨立於及與本公司或其附屬公司之董事、最高行政人員及主要股東或控股股東或彼等之聯繫人概無關連。除上文所披露者外，彼於過去三年內並無於香港或海外任何證券市場上市的公眾公司擔任任何董事職務。於本年報之日期，就證券及期貨條例第XV部涵義，彼並無持有本公司任何證券權益。林先生與本公司簽訂服務合約，期限由二零一八年一月一日起至二零二零年十二月三十一日止。惟彼須按章程細則規定於本公司之股東周年大會上輪值告退及膺選連任。彼將收取不時由本公司釐訂之董事袍金。現時，彼每年收取港幣240,000元之董事袍金。董事之酬金按本公司之業績及盈利狀況，亦以業界及當時市場環境而釐訂。

除上文所披露者外，林先生並無有關彼作為董事之任何其他事宜須知會股東，以及並無其他須根據上市規則第13.51(2)(h)條至(v)條披露的資料。

MAIN OPERATIONAL STRUCTURE

主要業務架構

As at 22 March 2019 於二零一九年三月二十二日



**Shougang
Concord Century
Holdings Limited**

首長寶佳集團有限公司

<http://www.shougangcentury.com.hk>

**Manufacturing
of Steel Cords
for Radial Tyres**
製造子午線輪胎
用鋼簾線

JESC

**Jiaxing Eastern
Steel Cord Co., Ltd.**

(Zhejiang, PRC)

嘉興東方鋼簾線
有限公司

(中國，浙江)

<http://www.jesc.com.cn>

TESC

**Tengzhou Eastern
Steel Cord Co., Ltd.**

(Shandong, PRC)

滕州東方鋼簾線
有限公司

(中國，山東)

<http://www.tesc.com.cn>

**Provision of
Management and
Consulting Services
in Mainland
(for Steel Cord
Segment) to the Group**

向本集團提供國內
(於鋼簾線分部)
管理和諮詢服務



首長寶佳(上海)管理
有限公司

(Shanghai, PRC)

(中國，上海)

CHAIRMAN'S STATEMENT

董事長報告書

Dear Shareholders,

RESULTS FOR THE YEAR

On behalf of the fellow members of the Board, I am pleased to present the audited annual results of the Group for the year ended 31 December 2018.

For the year ended 31 December 2018, the trade war has increased the uncertainty in global economic growth and as such the economic sentiment has been under significant pressure. As for China, its economy grew at its slowest pace in 28 years in 2018, the annual growth rate of GDP fell to 6.6%, down 0.2 percentage point from that of the previous year. Fixed-asset investment, including construction of plants and condominiums, rose 5.9%, contracting from the previous year of a 7.2% increase. Other discernible slow down occurred in infrastructure investment which grew at a meagre 3.8%, down markedly from the previous year's 19% increase. The most dampening of all was the growth rate of automobile sales in China fell into negative territory for the first time since 1990. In addition, unilateralism and trade protectionism prevailed which hampered export growth rate.

Notwithstanding the above adversities, the Group's revenue amounted to HK\$2,254,170,000, representing a slight growth of 6.7% from the previous year (2017: HK\$2,113,258,000), attributable to the great effort made by our sales team. We were able to raise average selling price on top of increasing sales tonnage while the procurement cost of our principal raw material, wire rod dropped during the year. The Group's gross profit margin increased by 2.6 percentage points to 11.9%. As a consequence of the increase in gross profit margin, the Group generated operating profit of HK\$89,404,000 when comparing with operating loss of HK\$44,979,000 last year. However, the Group recorded net loss of HK\$8,681,000, decreased by HK\$49,837,000 when compared to last year due to a net foreign exchange loss of HK\$20,771,000 during the year.

The Group's net asset value was HK\$0.696 per Share at 31 December 2018, decreased by 3.8% as compared to HK\$0.724 at the end of 2017. The Group narrowed its loss per Share of HK0.45 cents for the year when compared to that of HK3.56 cents for the previous year.

致列位股東：

本年度業績

本人謹代表董事會成員欣然提呈本集團截至二零一八年十二月三十一日止年度之經審核年度業績。

截至二零一八年十二月三十一日止年度，貿易戰增加全球經濟增長的不確定性，景氣度顯著承壓。至於中國，於二零一八年其經濟增長速度為二十八年來的最低水平，GDP年增長率下降至6.6%，比上年下降0.2個百分點。包括建設工廠和公寓在內的固定資產投資增長由去年增長7.2%收窄為5.9%。其他明顯放緩出現在基礎設施投資上，其僅增長3.8%，與去年增長19%相比顯著下降。最令人遺憾的是，中國汽車銷售增長率自一九九零年以來首次降至負值。此外，單邊主義和貿易保護主義盛行，阻礙了出口增長率。

儘管存在上述逆境，基於我們的銷售團隊作出了巨大努力，本集團營業額報港幣2,254,170,000元，較去年（二零一七年：港幣2,113,258,000元）略微增長6.7%。當我們的主要原材料，盤條的採購成本於本年度下降時，我們除了能增加銷售量，還能夠提高平均銷售價格。本集團的毛利率上升2.6個百分點至11.9%。由於毛利率上升，本集團錄得經營溢利港幣89,404,000元，相對去年則為經營虧損港幣44,979,000元。然而，由於本年度錄得外幣匯兌淨虧損港幣20,771,000元，令本集團錄得淨虧損港幣8,681,000元，但較去年減少港幣49,837,000元。

於二零一八年十二月三十一日，本集團的資產淨值為每股港幣0.696元，較二零一七年底的港幣0.724元減少3.8%。與去年每股虧損港幣3.56仙相比，本集團於本年度每股虧損縮窄至港幣0.45仙。

CHAIRMAN'S STATEMENT

董事長報告書



DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2018.

THE WAY FORWARD

We have issued convertible bonds in the principal amount of up to HK\$150,000,000 to our controlling Shareholder, Beijing Shougang Fund Co., Ltd (“Shougang Fund”)’s wholly owned subsidiary, in February 2019, which would relieve our financial pressure at a lowered cost and provide funding for the capital investment of constructing additional brass wire (semi-finished product of steel cord) production lines at TESC. The subscription of the convertible bonds by Shougang Fund also reflects the confidence and commitment of Shougang Fund towards the long-term business development of the Group.

However, I am of the view that the year of 2019 will still be full of challenges. Faced with the complex situations and increasingly competitive landscape in domestic and foreign markets, we are committed to optimize our product mix and improve upon our product quality at competitive prices to meet the demanding requirements of our tyre customers. Congruently, we will continue to sharpen our competitive edge and grasp opportunities in both the local and international markets by adding to our product innovation, research and development efforts.

股息

董事會不建議派發截至二零一八年十二月三十一日止年度之末期股息。

未來路向

我們於二零一九年二月已向控股股東北京首鋼基金有限公司(「首鋼基金」)的全資附屬公司發行本金額最高為港幣150,000,000元的可換股債券。此發行以較低成本紓緩了我們的財政壓力及為滕州東方建設額外黃絲(鋼簾線半成品)生產線的資本投資提供了資金。首鋼基金認購可換股債券也反映了首鋼基金對本集團長遠業務發展的信心和承諾。

但是，本人認為二零一九年仍將充滿挑戰。面對國內外市場複雜的情況和日益激烈的競爭格局下，我們致力於優化產品組合，以具有競爭力的價格提高產品質量，以滿足輪胎客戶的嚴格要求。一概而言，我們將通過增加產品創新，研發力度以繼續提高我們的競爭優勢，抓住國內和國際市場的機遇。

CHAIRMAN'S STATEMENT

董事長報告書

APPRECIATION

On behalf of the Board, I would like to express sincere gratitude to all Shareholders, suppliers and customers for their longstanding support. I would also like to thank you my fellow members on the Board and the staff members of the Group for their unwavering commitment to the Group's business. I am confident that the Group will continue to explore and capture opportunities in the coming year and beyond.

By order of the Board

Su Fanrong

Chairman and Managing Director

Hong Kong, 22 March 2019

致謝

本人謹代表董事會對所有股東，供應商和客戶的長期支持表示衷心感謝。我還要感謝董事會成員和集團僱員對本集團業務的堅定承諾。我相信，本集團將繼續在來年及以後能探索及抓住機遇。

承董事會命

董事長兼董事總經理

蘇凡榮

香港，二零一九年三月二十二日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析



BUSINESS REVIEW

Business model and strategy

Our mission is to be one of the top tier steel cord and wire products manufacturers in the PRC capable of consistently purveying premium quality steel cords and wire products; and the evolution into a diversified metal product manufacturer benefiting from a successful “Eastern” brand recognition in the PRC and worldwide markets. Further details in respect of the business model and strategy of the Company, please refer to the section “**REPORT OF THE DIRECTORS**” of this annual report.

Review of operations

The PRC economy advanced 6.4% year-on-year in the last quarter of 2018, which was the lowest growth rate since the global financial crisis amid intense trade dispute with the U.S. and weakening domestic demand. Considering full year of 2018, the economy expanded by 6.6%, the weakest pace since 1990. As compared with 2017, PRC statistics bureau revised down the country’s GDP growth to 6.8% from 6.9%.

The Sino-US trade debacle has weighed on sentiment, particularly the property market and fixed asset investment growth for the first half of 2018. The sentiment of industrial sectors was also affected during the first half year; these brought along the slowdown in demand for radial tyres from the automobile and transportation sectors and in return lowered the demand for steel cord in the latter half of first quarter and early part of second quarter of 2018.

業務回顧

業務模式及策略

我們的使命是要成為在中國鋼簾線及鋼絲產品的頂級製造商之一，能夠持續提供優質鋼簾線及鋼絲產品；以及受惠於一個在中國及世界各地市場得到成功認可的「東方」品牌而晉身為一個多元化的金屬產品製造商。就本公司業務模式及策略的詳情，請參閱本年報「**董事會報告書**」一節。

經營回顧

由於中國與美國出現激烈的貿易戰致全球金融危機及國內需求疲軟，中國經濟於二零一八年第四季同比增長6.4%，這是最低的增長率。就二零一八年全年而言，經濟增長為6.6%，這是自一九九零年以來的最低的步伐。與二零一七年相比，中國統計局將國內生產總值增長率從6.9%下調至6.8%。

中美貿易崩潰打壓了市場情緒，特別是在二零一八年上半年的房地產市場和固定資產投資增長方面。上半年工業類行業的情緒也受到影響；導致汽車和運輸行業對子午線輪胎的需求放緩，並因此令到於二零一八年第一季度下半年及第二季度初期對鋼簾線需求降低。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

Discernible operating loss of the Group incurred during the first half of 2018 which mainly came from the latter half of first quarter and early part of second quarter in 2018. Lower sales volume and turnover attributable to the unexpected decrease in demand from some of our major domestic customers during this year and relatively high inventory level of the tyre industry in general.

Owing to the effort of our management, sales team and employees of the Group, the Steel cord segment successfully managed to achieve growth in both sales volume and selling price in a steady pace starting from May and June till the end of 2018. The overall growth of sales revenue and gross profit of this segment was hence achieved for the full year of 2018. Steel cord segment incurred operating loss of HK\$47,106,000 last year as opposed to operating profit of HK\$93,264,000 during this year. Its gross profit margin increased to 12.5% as compared to 10.3% last year.

In respect of Copper and brass products segment, sales volume and revenue declined during this year in both the PRC and Hong Kong as the business has begun retracting since the latter part of 2017 and PRC operation had been decided to cease in September 2018. Despite that management had adopted strict operating cost control, the decrease in sales revenue volume and cost of closure of PRC manufacturing plant in September 2018 caused this segment to incur an operating loss of HK\$3,860,000 versus an operating profit of HK\$2,127,000 last year.

Combined with the strong sales revenue growth in Steel cord segment, cost savings in purchase of raw materials and reduction mainly in Hong Kong Headquarter operation expenses, all these major factors contributed to increase in EBITDA of the Group to HK\$179,293,000 (2017: HK\$104,096,000) this year.

本集團於二零一八年上半年產生顯著經營虧損，主要來自二零一八年第一季度後期及第二季度初期。在本年度，由於我們一些主要國內客戶的需求未能預期地下降，及一般來說輪胎行業的庫存水平相對較高，導致銷售量和營業額減少。

基於我們的管理層、銷售團隊和本集團僱員的努力，鋼簾線分部成功取得了自五月及六月至二零一八年底銷售量及銷售價格兩者穩定的增長。因此，該分部於二零一八年全年的整體銷售營業額及毛利實現增長。鋼簾線分部去年錄得經營虧損港幣47,106,000元，而本年度則錄得經營溢利港幣93,264,000元。其毛利率上升至12.5%，而去年則為10.3%。

至於銅及黃銅材料分部方面，由於業務自二零一七年後期開始收縮及中國營運於二零一八年九月決定終止，因此中國及香港的銷售量及營業額於本年度均有所下降，儘管管理層已採取了嚴格的運營成本控制措施，銷售量減少及於二零一八年九月關閉中國生產廠房的成本導致該分部產生經營虧損港幣3,860,000元，而去年經營溢利為港幣2,127,000元。

綜合鋼簾線分部銷售營業額的增長、節約採購原材料的成本及主要減少香港總部的營運開支，所有這些主要因素導致今年本集團的EBITDA增加至港幣179,293,000元（二零一七年：港幣104,096,000元）。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

However, due to net loss in foreign exchange of HK\$20,771,000 (sum of HK\$3,770,000 gain in non-finance portion net off with HK\$24,541,000 loss on interest bearing borrowings) from the depreciation of RMB against HKD incurred during this year at a magnitude of 4.8%, the overall growth of sales revenue and sales volume plus reduction in operation expenses could not bring forth positive impact on the net profit. The Group had net loss of HK\$8,681,000 during the year, compared with net loss of HK\$68,518,000 from previous year.

Steel cord

Overall performance

The growth of the automobile industry in the PRC slowed down during the year and resulted in a negative annual growth for the first time among 30 years. According to the information from China Associations of Automobile Manufacturers, the production of new vehicles accounted to 28 million units in 2018, representing a decrease of 4.2% as compared to 3.2% positive growth in 2016/2017. During 2018, the production volume of passenger cars decreased by 5.2% over last year; whereas the production volume of commercial vehicles increased by 1.7% over the prior year.

Despite the performance was below expectation in the latter half of the first quarter and early second quarter, with the industrious effort of our sales division, this segment still achieved a growth in sales volume of 7.9% over last year, reflecting the result of our strategy to expand our coverage on large-scale and multinational tyre manufacturers and the fine-tuning of sales mix to flexibly meet our customers' requirements. In respect of selling price of steel cord, the average selling price had an increase of 6.7% year-on-year.

With an increase in sales volume, average selling price and commendable effort of our production team in controlling costs, the gross profit improved significantly this year to HK\$265,397,000, as compared to HK\$186,543,000 last year, by 42.3% increase as explained earlier in **“Review of Operations”** section.

With a higher gross profit, EBITDA also increased from last year at HK\$78,929,000 to HK\$228,646,000 this year. This segment recorded strong operating profit of HK\$93,264,000 this year as opposed to operating loss of HK\$47,106,000 last year.

然而，由於本年度人民幣兌港元貶值幅度為4.8%，導致外幣匯兌淨虧損為港幣20,771,000元（非融資部分收益港幣3,770,000元扣除計息貸款虧損港幣24,541,000元合計），銷售營業額和銷量的整體增長加上營運開支的減少未能令淨溢利帶來正面影響。本集團在本年度的淨虧損為港幣8,681,000元，而去年淨虧損則為港幣68,518,000元。

鋼簾線

整體表現

於本年度，中國汽車行業增長放緩，並導致三十年來首次出現年度負增長。據中國汽車工業協會資料，二零一八年新車輛產量下降4.2%至2,800萬輛，對比二零一六／二零一七年錄得3.2%正增長。於二零一八年，轎車生產量較去年減少5.2%；而商用車生產量則較去年上升1.7%。

儘管第一季度下半年及第二季度初期的業績低於預期，但憑藉銷售部門的辛勤努力，該分部的銷售量仍比去年增長7.9%，反映了我們擴大大型及跨國輪胎製造商的覆蓋，並微調對銷售組合以靈活地滿足客戶要求的策略之成果。在鋼簾線銷售價格方面，平均售價同比去年上升6.7%。

隨著銷售量、平均銷售價格及我們的生產團隊努力地控制成本，本年度的毛利大幅增加至港幣265,397,000元，而去年則為港幣186,543,000元，增幅為42.3%，誠如**「經營回顧」**一節早前所解釋。

由於毛利較高，EBITDA亦由去年的港幣78,929,000元增加至今年的港幣228,646,000元。此分部於本年錄得強勁經營溢利港幣93,264,000元，而去年則錄得經營虧損港幣47,106,000元。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

Revenue

This segment sold 184,910 tonnes of steel cord during the year, increased by 6.3% as compared to 173,986 tonnes last year. In respect of the sales of sawing wires, it dropped substantially by 79.4% from 389 tonnes to 80 tonnes last year reflecting the rapid change in the production process of photo-voltaic industry. On the contrary, there was an increase in the sales of other steel wire products which was sold 11,100 tonnes during the year, increased by 50.5% as compared to 7,376 tonnes last year. The sales volume of this segment for the year is analysed as follows:

營業額

於本年度，此分部銷售184,910噸鋼簾線，較去年報173,986噸增加6.3%。在銷售切割鋼絲方面，由去年389噸大幅下降了79.4%至80噸，反映光伏產業生產過程的快速變化。相反，於本年度其他鋼絲產品銷售增加，共銷售11,100噸，較去年的7,376噸增加50.5%。本年度此分部的銷售量分析如下：

		2018 二零一八年		2017 二零一七年		% change 變動 (%)
		Sales volume (Tonne) 銷售量 (噸)	% of total sales volume of steel cords 佔鋼簾線 總銷售量 百分比(%)	Sales volume (Tonne) 銷售量 (噸)	% of total sales volume of steel cords 佔鋼簾線 總銷售量 百分比(%)	
Steel cords for	鋼簾線用於：					
- truck tyres	- 載重輪胎	123,205	66.7	116,327	66.9	+5.9
- off the road truck tyres	- 工程輪胎	4,333	2.3	3,556	2.0	+21.9
- passenger car tyres	- 轎車輪胎	57,372	31.0	54,103	31.1	+6.0
Total for steel cords	鋼簾線合計	184,910	100.0	173,986	100.0	+6.3
Sawing wire products	切割鋼絲	80		389		-79.4
Other steel wires	其他鋼絲	11,100		7,376		+50.5
Total	總計	196,090		181,751		+7.9

The sales volume of steel cord for all aforesaid types of tyres recorded growth. In respect of sales mix, there was no significant change during the year, the proportion of sales of steel cord for truck tyres accounted for 66.7% of total sales volume of steel cord for the year (2017: 66.9%).

上述全部種類的輪胎的鋼簾線銷售量均錄得增長。銷售組合方面，於本年度未有重大變化，載重輪胎的鋼簾線銷售，佔本年度鋼簾線總銷售量66.7%(二零一七年：66.9%)。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

In respect of sales of steel cord by region, the volume of export sales of steel cord amounted to 35,435 tonnes for the year, increased by 4.6% as compared to 33,892 tonnes for last year. The volume of export sales represented 19.2% of total sales volume of steel cord for the year, compared to 19.5% for last year. The breakdown of sales volume of steel cord for the year by geographical location is as follows:

鋼簾線銷售按地區而言，於本年度鋼簾線出口銷售量共35,435噸，比去年33,892噸，上升4.6%。出口銷售量佔本年度鋼簾線總銷售量19.2%，相比去年佔19.5%。本年度鋼簾線按地區的銷售量明細如下：

		2018 二零一八年		2017 二零一七年		
		Sales volume (Tonne)	% of total sales	Sales volume (Tonne)	% of total sales	% change
		銷售量 (噸)	佔鋼簾線總銷售量百分比(%)	銷售量 (噸)	佔鋼簾線總銷售量百分比(%)	變動 (%)
PRC	中國	149,475	80.8	140,094	80.5	+6.7
Export sales:	出口銷售：					
Asia (other than PRC)	亞洲(中國除外)	19,074	10.3	17,589	10.1	+8.4
EMEA (Europe, Middle East and Africa)	EMEA(歐洲、中東和非洲)	11,022	6.0	10,938	6.3	+0.8
North America	北美洲	3,594	1.9	2,024	1.2	+77.6
Latin America	拉丁美洲	1,745	1.0	3,341	1.9	-47.8
Total export sales	出口銷售總額	35,435	19.2	33,892	19.5	+4.6
Total	總計	184,910	100.0	173,986	100.0	+6.3

The overall sales volume growth of 6.3% in steel cord and the increase in average selling price of 6.7% were recorded, in addition to combined growth in sawing wire products and other steel wires were achieved, together lead to revenue of this segment increased by 17.5% over last year to HK\$2,121,189,000 (2017: HK\$1,805,523,000) for this year.

鋼簾線錄得整體銷量增長6.3%及平均售價增長6.7%，此外切割鋼絲產品及其他鋼絲取得合併增長，同時導致該分部本年度的營業額比去年增加17.5%至港幣2,121,189,000元(二零一七年：港幣1,805,523,000元)。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

Cost of sales

Cost of sales of this segment increased by 14.6% to HK\$1,855,792,000 (2017: HK\$1,618,980,000) for the year. Certain non-raw material costs that constitute part of cost of sales could not decrease in direct proportion to the unexpected decrease in sales volume and turnover in latter half of first quarter and first part of second quarter in 2018. However, with the effort of our purchasing and operations teams, savings in procurement costs of wire rod (by reducing the use of wire rod agents) and other raw materials incurred overcame the shortfall during the remaining part of the year. Hence, the average unit cost of production of steel cord slightly increased by approximately 3.1% as compared to last year.

Gross profit

Gross profit of this segment increased by 42.3% over last year to HK\$265,397,000 (2017: HK\$186,543,000) for the year. Gross profit margin increased from 10.3% last year to 12.5% this year. The increase in unit prices in wire rod was successfully reflected in the selling price of steel cord to our customers.

Other income

Other income increased by 9.9% over last year to HK\$3,756,000 (2017: HK\$3,418,000) for the year, primarily as government grant increased as compared to last year.

Impairment loss on trade receivables

Impairment loss on trade receivables of HK\$1,653,000 was provided during the year (2017: HK\$728,000 impairment loss on trade receivables was reversed) primarily on certain steel cord customers, reflecting the challenging market environment in this industry.

Impairment loss recognised in respect of property, plant and equipment

Based on the impairment assessments of property, plant and equipment of both JESC and TESC, their recoverable amounts exceeded the carrying amounts as at 31 December 2018, we are of the view that no impairment loss is required to be recognised in respect of property, plant and equipment of both JESC and TESC.

銷售成本

於本年度此分部銷售成本上升14.6%至港幣1,855,792,000元(二零一七年:港幣1,618,980,000元)。構成銷售成本一部分的若干非原材料成本不能與二零一八年第一季下半部和第二季上半部的銷售量和營業額未預期地下降成正比減少。但是,在我們採購及和營運團隊的努力下,節省盤條的採購成本(通過減少使用盤條代理商)和其他原材料,在餘下年度克服了該不足。因此,鋼簾線的平均單位生產成本與去年相比輕微增加約3.1%。

毛利

此分部的毛利較去年增加42.3%至本年度港幣265,397,000元(二零一七年:港幣186,543,000元)。毛利率從去年的10.3%上升至今年的12.5%。盤條單價的上漲成功地反映在我們的客戶鋼簾線銷售價格上。

其他收入

本年度其他收入較去年增加9.9%至港幣3,756,000元(二零一七年:港幣3,418,000元),主要是基於政府補貼較去年增加。

應收賬款減值損失撥備

本年度應收賬款減值損失撥備為港幣1,653,000元(二零一七年:港幣728,000元應收賬款減值損失已撥回),主要於對若干鋼簾線客戶,反映了該行業充滿挑戰的市場環境。

物業、廠房及設備之已確認減值損失

於本年度回顧,根據對嘉興東方及滕州東方兩者之物業、廠房及設備減值評估,彼等於二零一八年十二月三十一日之可收回金額超過其賬面值,因此,我們認為無需對有關嘉興東方及滕州東方各自之物業、廠房及設備確認減值損失。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

Impairment loss recognised in respect of prepaid lease payments

In late November 2017, TESC received a notice regarding the rescission of confirmation letter in respect of successful bidding of state-owned land for construction (the “Rescission Notice”) from Tengzhou Municipal State-owned Land Resources Bureau (the “State-owned Land Resources Bureau”) regarding three parcels of idle land with area of brownfield sites reaching 237,855 square meters or equivalent to 357 mou (the “Lands”). The Lands were acquired through public auctions with a total consideration of RMB81,120,000 (equivalent to approximately HK\$92,582,000 as at 31 December 2017) as plant site for the expansion of production capacity of TESC in 2010 and 2011 and recognised as prepaid lease payments. However, given the changes in the market of steel cord and strategic review of the expansion plan, TESC had yet to utilise the Lands since its acquisition, nor received the relevant land use right certificates. As at 31 December 2017, the aggregate carrying amount of the prepaid lease payments was RMB60,623,000 (equivalent to approximately HK\$72,523,000). If the Rescission Notice is being carried out, TESC may possibly require to surrender the Lands and forfeit the land use rights attached thereto.

Subsequently, TESC negotiated with the relevant Tengzhou government authorities with an aim to reach a consensus for TESC to continue utilizing the Lands to proceed with the construction plan in pursuit of obtaining the land use right certificates. In the process of obtaining the land use right certificates, TESC has been requested to pay compensation payments for attachments to land and green sprout during land acquisition, land deed tax and farmland occupancy tax (collectively referred to as the “Compensation and Tax Payments”) regarding the Lands with an estimated aggregate amount of approximately RMB33,300,000 (equivalent to approximately HK\$38,005,000) in early February 2018. For the sake of prudence, the Group recognised a full impairment of the carrying amount of the prepaid lease agreement for the Lands of HK\$72,523,000 for year 2017. No such impairment of same nature occurred this year.

有關預付租賃款項之已確認減值損失

於二零一七年十一月下旬，滕州東方收到滕州市國有土地資源局（「國有土地資源局」）就三幅正值閒置，棕地土地面積達到237,855平方米或相當於357畝的土地（「該等土地」）發出的解除《國有建設用地掛牌出讓成交確認書》通知書（「解除通知書」）。該等土地是於二零一零年及二零一一年透過公開競投，以代價總額為人民幣81,120,000元取得，相當於二零一七年十二月三十一日約港幣92,582,000元，以為滕州東方擴大生產量及作廠房之用，並確認為預付租賃款項。惟基於鋼簾線市場的變動及策略性檢討擴充計劃後，滕州東方自購入起未有利用該等土地及尚未取得相關的土地使用權證。於二零一七年十二月三十一日，該預付租賃款項的賬面淨值約為人民幣60,623,000元，相當於約港幣72,523,000元。若施行解除通知書，滕州東方有可能需要歸還該等土地，並沒收附加於該等土地的使用權。

其後滕州東方與相關滕州政府機構磋商，旨在達成共識，令滕州東方繼續使用該等土地，進行建設計劃，逐步邁向取得土地使用權證。於取得土地使用權證的過程中，於二零一八年二月初滕州東方被要求就該土地支付徵地地上附着物和青苗補償金、土地契稅及耕地佔用稅等（統稱「補償及稅項款項」），有關補償及稅項款項的估計金額合共約人民幣33,300,000元（等值約港幣38,005,000元）。為謹慎起見，本集團於二零一七年將該等土地賬面值港幣72,523,000元之預付租賃款項作全額減值。本年度並無發生相同性質的減值。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

In 2018, the Group including TESC continued to negotiate with the relevant Tengzhou government authorities with an aim to withdraw the Rescission Notice, the grant of waiver of the Compensation and Tax Payments by the latter. Since the completion of the issue of the Convertible Bonds on 11 February 2019, we have escalated our effort to reach a consensus with Tengzhou government authorities for TESC to continue utilising the Lands. Both the Group including TESC and Tengzhou government authorities in principle have a consensus to first utilise certain portions of the Lands for TESC Phase II Project with 20,000 tonnes of annual production capacity but subject to the construction cost and time needed to supplement the production need for both TESC and JESC. Please refer to “**BUSINESS DEVELOPMENT AND CAPITAL COMMITMENTS**” section for details of project.

The Company will comply with any applicable requirements prescribed by the Listing Rules and/or the Inside Information Provisions as and when appropriate, and further announcement(s) will be made by the Company with respect to any material development of the matters of the Lands as and when required.

Distribution and selling expenses

Distribution and selling expenses increased by 6.9% over last year to HK\$67,786,000 (2017: HK\$63,389,000) for the year, in which the percentage is much lower compared to the revenue of this segment increasing by 17.5% over the last year.

Administrative expenses

Administrative expenses amounted to HK\$32,371,000 for the year, decreased by 8.8% as compared to HK\$35,478,000 for last year, mainly due to sound cost control measures in place despite the revenue of this segment increased over the last year.

Research and development expenses

Research and development expenses amounted to HK\$76,941,000 (2017: HK\$62,385,000) for the year, significantly increased by 23.3% as compared to last year. These expenses accounted for 3.6% of revenue for the year, increased by 0.1 percentage point as compared to 3.5% last year which is within our expected range of 3% to 4% each year.

在二零一八年，本集團包括滕州東方繼續與相關的滕州市政府進行磋商，目的是解除通知書、撤銷後者的免除補償及稅項款項。自二零一九年二月十一日完成發行可換股債券，我們盡力與滕州政府當局達致共識，讓滕州東方繼續使用這些土地。本集團包括滕州東方和滕州政府當局原則上有共識是，首先利用部分該等土地於年產量為20,000噸滕州東方二期項目上，惟受限於建設成本及補充滕州東方及嘉興東方的生產需求所需時間。有關項目的詳情，請參閱「**業務發展計劃及資本承擔**」一節。

本公司將於適當時遵守上市規則及／或內幕消息條文所規定的任何適用規定，及將在需要時就土地事宜的任何重大發展作出進一步公告。

分銷及銷售費用

本年度，分銷及銷售費用與去年相比上升6.9%至港幣67,786,000元（二零一七年：港幣63,389,000元），其中百分比遠低於此分部的營業額比去年增加的17.5%。

行政費用

儘管此分部的營業額比去年有所增加，本年度行政費用報港幣32,371,000元，比去年報港幣35,478,000元下降8.8%，主要是由於有效的成本控制措施施行所致。

研發費用

用於本年度，研發費用報港幣76,941,000元（二零一七年：港幣62,385,000元），比去年顯著上升23.3%。這些費用佔本年度營業額的3.6%，比去年的3.5%增加了0.1個百分點，均屬我們每年3%至4%的預期範圍內。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

Copper and brass products

Overall performance

To carry out the management's decision to downsize Copper and brass products segment in latter part of 2017, the PRC business has ceased factory operation in September 2018. Most of the employees were redundant. The sales volume of this segment decreased by 61.9% as compared to last year, while revenue of this segment also decreased by 57.0%. Despite that management had adopted strict operating cost control, this segment had changed from operating profit of HK\$2,127,000 last year to operating loss of HK\$3,860,000 this year.

Revenue

Attributable to the retracting of Copper and brass products segment, this segment sold 2,527 tonnes of copper and brass products during the year, decreased by 61.9% as compared to 6,627 tonnes last year. The sales to customers in the PRC decreased year-on-year by 55.9%, and no sales to customers in Hong Kong was made during the year. The breakdown of sales volume of this segment for the year by geographical regions is as follows:

		2018 二零一八年		2017 二零一七年		% change 變動 (%)
		Sales volume (Tonne)	% of total sales volume 佔總 銷售量 百分比(%)	Sales volume (Tonne)	% of total sales volume 佔總 銷售量 百分比(%)	
PRC	中國	2,527	100.0	5,733	86.5	-55.9
Hong Kong	香港	-	-	894	13.5	-100.0
Total	總計	2,527	100.0	6,627	100.0	-61.9

This segment recorded a decrease in revenue of 57.0% as compared to last year to HK\$131,177,000 (2017: HK\$305,405,000) for the year.

銅及黃銅材料

整體表現

於二零一七年下半年為執行管理層的決定縮減銅及黃銅材料分部，中國業務於二零一八年九月已停止工廠營運。大部分僱員均被遣散。此分部的銷售量較去年減少61.9%，而此分部的營業額亦減少57.0%。儘管管理層已採取嚴格的營運成本控制，但此分部已從去年的經營溢利港幣2,127,000元變為本年的經營虧損港幣3,860,000元。

營業額

歸因於縮減銅及黃銅材料分部，此分部於本年度銷售2,527噸銅及黃銅材料，較去年6,627噸減少61.9%。中國的客戶銷售同比下降55.9%，而於本年度並無向香港客戶作出銷售。此分部於本年度銷售量按地域位置明細如下：

此分部於本年度錄得營業額比去年減少57.0%至港幣131,177,000元（二零一七年：港幣305,405,000元）。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

Gross profit

In addition to revenue decreased by 57.0% as compared to last year, gross profit recorded a decrease of 95.1% as compared to last year to HK\$363,000 (2017: HK\$7,412,000) for the year. Gross profit margin dropped by 2.1 percentage points from 2.4% last year to 0.3% for the year. The selling price in copper market was declining in the first half of 2018. Attributable to the discounted selling price to clear out inventory (remaining portion sold in scrap value) prior to the closure of PRC factory premises, gross profit margin was reduced. Another factor caused the decrease in gross profit was the redundancies of operations staff accounted for higher cost of goods sold.

Reverse in impairment loss on trade receivables

A reversal in impairment loss on trade receivables of HK\$287,000 (2017: Nil) had been made for a trade receivable during this year.

Loss on disposal of fixed assets

Upon the closure of rented factory premises of Copper and brass products segment in PRC in September 2018, remaining fixed assets were sold in secondary market. Net proceeds were below their net asset value and thereby incurred loss on disposal of property, plant and equipment of HK\$569,000 for the year (2017: HK\$33,000).

Relationship with key customers and suppliers

The revenue from sales to top five customers of the Group accounted for 48.3% (2017: 42.2%) of total revenue of the Group for the year, while the revenue from sales to the largest customer accounted for 16.5% (2017: 14.4%) of the Group for the year.

All of the top five customers for the year are customers of Steel cord segment, they are well-known radial tyres manufacturers either in the PRC or in worldwide markets, and have business relationships with the Group for over five years. The credit period granted to these top five customers are from a range of 30 to 90 days, which was similar to the credit periods granted to other customers of the Group. We have reviewed the receivables position of these customers at the end of the reporting period and are of the view that no impairment loss on the receivables of the top five customers is required.

毛利

除營業額較去年減少57.0%外，毛利較去年減少95.1%至本年度港幣363,000元(二零一七年：港幣7,412,000元)。毛利率從去年的2.4%下降2.1個百分點至本年的0.3%。銅市場的銷售價格於二零一八年上半年下跌。基於中國廠房關閉前清理庫存(剩餘部分以廢料價值出售)以折扣銷售價發售，令毛利率有所下降。另一個因素造成毛利減少是操作僱員遣散導致較高的銷售成本。

撥回應收賬款減值損失

於本年度已為應收賬款撥回應收賬款減值損失港幣287,000元(二零一七年：無)。

出售固定資產之虧損

於二零一八年九月銅和黃銅材料分部之中國租賃廠房關閉後，剩餘的固定資產於二手市場出售。所得款項淨額低於其資產淨值，因此產生物業、廠房及設備出售虧損港幣569,000元(二零一七年：港幣33,000元)。

與重要客戶和供應商的關係

本集團銷售予首五大客戶之營業額，約佔本年度本集團總營業額之48.3%(二零一七年：42.2%)，其中銷售予最大客戶之營業額佔本年度本集團總營業額之16.5%(二零一七年：14.4%)。

所有於本年度的首五大客戶為鋼簾線分部的客戶，該等客戶為在中國或世界各地市場知名的子午線輪胎生產商，並與本集團維持超過五年的業務關係。給予該等首五大客戶的信用賬期範圍由30至90日，與給予本集團其他客戶的信用賬期相近。我們審閱了該等客戶在報告期末的應收賬款情況，並認為不需要計提五大客戶之應收款項減值損失。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

The Group had concentration risk of reliance on major customers as the percentage of sales to top five customers accounted for 48.3% (2017: 42.2%) for the year. Any changes in the business operations, financial conditions or purchasing patterns of these customers that result to the termination of business with our Steel cord segment, may have material impact to the results of the Group. The management of the Group values the long term relationships with these customers. We will mitigate these risks by monitoring their respective financial position and purchasing pattern, and the delivery of high and persistent stable quality products and keeping pace with these customers' new products development through our ongoing research and development activities. We will also exert more efforts on development of new customers and/or ripening the product mix to other customers to reduce the reliance to these major customers. In addition, we will look for and/or develop any opportunity to diversify our business in related industry as shown in the discernible increase in sales volume of our steel wire products.

Regarding suppliers, the purchases from the Group's five largest suppliers accounted for approximately 61.8% (2017: 47.1%) of the total purchases of the Group for the year, while the purchases from the largest supplier accounted for 17.1% (2017: 24.5%) of the total purchases of the Group for the year.

The supplies from the five largest suppliers of the Group include steel wire rod for manufacturing of steel cords. The Group has business relationship with these suppliers for over five years. We value the long term relationship with these suppliers, who have been consistently providing stable quality of raw materials to the Group. We aim to maintain ongoing mutual trust with these suppliers in order to achieve better payment terms and delivery schedule to suit our production need, which in turn enhance our production efficiency.

As far as the Directors are aware, neither the Directors, their associates, nor those Shareholders (who own more than 5% of the total number of issued shares of the Company) to the best knowledge of the Directors had any beneficial interest in the Group's five largest customers and suppliers.

於本年度，本集團有對於依賴主要客戶的集中度風險，因本年度銷售予首五大客戶之營業額佔全年總營業額的百分比為**48.3%**(二零一七年：42.2%)。該等客戶的業務營運、財務狀況或採購模式的任何變化而導致終止與我們鋼簾線分部的業務可能會對本集團的業績有重大的影響。本集團管理層重視與這些客戶的長期合作關係；我們將通過監察彼等各自的財務狀況和採購模式、及交付高質量及持續穩定的產品，並通過不斷的研發活動以保持與這些客戶新產品的開發步伐來減輕該等風險。我們亦將更盡力開發新的客戶和／或發展產品組合予其他客戶，以減少依賴於該等主要客戶。此外，我們將於相關行業尋找和／或發展任何使我們的業務多元化機會，這反映在我們明顯增加鋼絲產品銷量上。

關於供應商方面，本集團五大供應商的採購額約佔本年度本集團總採購額**61.8%**(二零一七年：47.1%)，其中向最大供應商的採購額佔本年度本集團總採購額**17.1%**(二零一七年：24.5%)。

五大供應商供應的產品包括用於製造鋼簾線用的盤條。本集團與該等供應商維持超過五年的業務關係。我們重視與該等供應商的長期合作關係，彼持續向本集團提供質量穩定的原材料。我們旨在與該等供應商維持持續互信關係以取得更好的付款條款和交付時間表來符合我們的生產需要，從而提高我們的生產效率。

就董事所知，各董事、其聯繫人士及就董事所知悉擁有本公司**5%**以上已發行股份數目總額之股東，概無於本集團首五大客戶或供應商中擁有任何實益權益。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

FINANCIAL REVIEW

The Group reported net loss of HK\$8,681,000 for the year, markedly improved from the net loss of HK\$68,518,000 for last year. The operating performance and key financial information of the Group for the year are analysed as follows:

財務回顧

於本年度，本集團錄得淨虧損港幣8,681,000元，較去年淨虧損港幣68,518,000元有顯著改善。本集團於本年度經營表現及主要財務資料分析如下：

		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元	Change 變動
OPERATING PERFORMANCE	經營表現			
Revenue	營業額	2,254,170	2,113,258	+6.7%
Gross profit margin (%)	毛利率(%)	11.9	9.3	+2.6pp
EBITDA	EBITDA	179,293	104,096	+72.2%
EBITDA margin (%)	EBITDA率(%)	8.0	4.9	+3.1pp
Loss for the year	本年度虧損	(8,681)	(68,518)	-87.3%
Net loss margin (%)	淨虧損率(%)	-0.4	-3.2	+2.8pp
Basic loss per share (HK cents)	每股基本虧損(港仙)	(0.45)	(3.56)	-87.4%

		At 31 December 於十二月三十一日		
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元	% Change 變動(%)
KEY FINANCIAL INFORMATION	關鍵財務資料			
Total assets	資產總額	3,414,467	3,444,076	-0.9
Total liabilities	負債總額	2,075,317	2,052,548	+1.1
Equity attributable to owners of the Company	本公司擁有人應佔之權益	1,339,150	1,391,528	-3.8
Net current assets	流動資產淨額	335,348	295,752	+13.4
Bank balances and cash (including pledged deposits)	銀行結存及現金(包括已抵押存款)	145,312	270,339	-46.2
Total interest bearing borrowings	計息貸款總額	1,100,809	1,049,010	+4.9
Net interest bearing borrowings (Note)	計息貸款淨額(附註)	955,497	778,671	+22.7

Note: Net interest bearing borrowings represents total interest bearing borrowings less bank balances and cash (including pledged bank deposits).

附註：計息貸款淨額指計息貸款總額減銀行結存及現金(包括已抵押銀行存款)。

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The Group recorded EBITDA of HK\$179,293,000 for the year, increased by 72.2% as compared to HK\$104,096,000 for the previous year.

本年度，本集團錄得 EBITDA 港幣 179,293,000 元，比去年報港幣 104,096,000 元上升 72.2%。

Revenue

Revenue of the Group amounted to HK\$2,254,170,000 (2017: HK\$2,113,258,000) for the year, increased by 6.7% over last year. The strong year on year growth in percentage of Steel cord segment of 17.5% was impacted by the decline in Copper and brass products segment of 57% to yield at overall rate of 6.7%. The breakdown of revenue of the Group for the year is as follows:

營業額

於本年度，本集團之營業額報港幣 2,254,170,000 元（二零一七年：港幣 2,113,258,000 元），比去年上升 6.7%。鋼簾線分部的比例同比強勁增長 17.5%，但受銅及黃銅材料分部下跌 57% 的影響，令整體上升 6.7%。於本年度本集團營業額明細如下：

		2018 二零一八年		2017 二零一七年		% change 變動 (%)
		HK\$'000 港幣千元	% of total revenue 佔總 營業額 百分比(%)	HK\$'000 港幣千元	% of total revenue 佔總 營業額 百分比(%)	
Steel cord	鋼簾線	2,121,189	94.1	1,805,523	85.4	+17.5
Copper and brass products	銅及黃銅材料	131,177	5.8	305,405	14.5	-57.0
Sub-total	小計	2,252,366	99.9	2,110,928	99.9	+6.7
Property rental	物業租賃	1,804	0.1	2,330	0.1	-22.6
Total	總計	2,254,170	100.0	2,113,258	100.0	+6.7

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Gross profit

Gross profit of the Group significantly increased by 36.4% over last year to HK\$267,467,000 (2017: HK\$196,065,000) for the year, which was mainly due to the increase of gross profit of Steel cord segment from higher sales volume and sales prices from May and June to second half of 2018. Gross profit margin of the Group also increased by 2.6 percentage points to 11.9% for the year as compared to last year, with Steel cord segment gross profit margin of 12.5%. The breakdown of gross profit of the Group for the year is as follows:

		2018 二零一八年		2017 二零一七年		
		Gross profit		Gross profit		
		HK\$'000	margin (%)	HK\$'000	margin (%)	% change
		港幣千元	毛利率(%)	港幣千元	毛利率(%)	變動(%)
Steel cord	鋼簾線	265,397	12.5	186,543	10.3	+42.3
Copper and brass products	銅及黃銅材料	363	0.3	7,412	2.4	-95.1
Property rental	物業租賃	1,707	94.6	2,110	90.6	-19.1
Total	總計	267,467	11.9	196,065	9.3	+36.4

Other income

Other income increased by 9.9% over last year to HK\$3,756,000 (2017: HK\$3,418,000) for the year, primarily due to government grant increased as compared to last year.

毛利

於本年度，本集團之毛利比去年大幅增加36.4%至港幣267,467,000元(二零一七年：港幣196,065,000元)，主要由於二零一八年五月及至六月至二零一八年下半年較高銷售量及銷售價格上升導致鋼簾線分部毛利增加。本集團毛利率亦比去年上升2.6個百分點至11.9%，其中鋼簾線分部毛利率為12.5%。於本年度本集團毛利明細如下：

其他收入

於本年度，其他收入比去年上升9.9%至港幣3,756,000元(二零一七年：港幣3,418,000元)，主要由於政府補貼較去年增加。

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Other (losses) and gains, net and other profit or loss items

The Group recorded net loss of HK\$4,557,000 on other gains and losses for the year, as compared to net gain of HK\$944,000 last year. The breakdown of other gains and losses for the year is as follows:

其他(虧損)及收益淨額及其他損益事項

於本年度，本集團的其他收益及虧損錄得虧損淨額港幣4,557,000元，去年則報收益淨額港幣944,000元。於本年度其他收益及虧損明細如下：

		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元	% change 變動(%)
Net fair value losses on derivatives held for trading (Note *)	持作買賣之衍生工具之公平值虧損淨額(附註*)	(1,956)	(1,467)	+33.3
(Loss)/gain on disposal of club memberships	出售會籍之(虧損)收益	(225)	395	N/A 不適用
Losses on disposals of property, plant and equipment, net	出售物業、廠房及設備之虧損淨額	(2,723)	(110)	+2375.5
Others	其他	347	2,126	-83.7
Other (losses) and gains, net	其他(虧損)及收益淨額	(4,557)	944	

The breakdown of other profit or loss items for the year is as follows:

於本年度其他損益明細如下：

		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元	% change 變動(%)
Foreign exchange gains/(losses), net (non-finance portion)	外幣匯兌收益(虧損)淨額(非財務部分)	3,770	(17,519)	N/A 不適用
Changes in fair values of investment properties	投資物業公平值之變動	4,017	23,820	-83.1
Impairment losses on prepaid lease payment	預付租賃款項之減值損失	-	(72,523)	N/A 不適用
Net impairment losses on financial assets	金融資產減值損失淨額	(1,365)	728	N/A 不適用
Other profit or loss items	其他損益項目	6,422	(65,494)	

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Note *: During the year under review, the Group entered into foreign currency hedging contracts to minimise its exposure to fluctuation of RMB with an aggregate notional amount of HKD180,000,000 and at future rates from RMB0.8757/HKD1 to RMB0.8913/HKD1. These contracts were classified as “fair value on derivatives held for trading” and were fully settled on 28 December 2018.

Distribution and selling expenses

Distribution and selling expenses amounted to HK\$69,698,000 (2017: HK\$65,579,000) for the year, increased by 6.3% over last year, mainly due to the sales revenue of Steel cord segment increased by 17.5%.

Administrative expenses

Administrative expenses amounted to HK\$58,936,000 (2017: HK\$71,771,000) for the year, decreased by 17.9% as compared to last year. Despite the revenue of the Group increased by 6.7% as compared to last year, with stricter cost control in both plants in JESC and TESC and Hong Kong Headquarters, the ratio of administrative expenses to revenue lowered from 3.4% last year to 2.6% this year.

Research and development expenses

Research and development expenses of the Group amounted to HK\$76,941,000 for the year, increased by 23.3% as compared to HK\$62,385,000 last year. Such expenses were all incurred by the Steel cord segment, which have been mentioned in “**Steel cord**” section above.

附註*：於年度回顧，本集團訂立其名義金額為港幣180,000,000元外幣對沖合約以盡量減少人民幣波動的風險，及其期貨利率由人民幣0.8757元／港幣1元至人民幣0.8913元／港幣1元。該等合約分類為「持作買賣之衍生工具之公平值」，並於二零一八年十二月二十八日全數結清。

分銷及銷售費用

本年度分銷及銷售費用總計港幣69,698,000元(二零一七年：港幣65,579,000元)，比去年上升6.3%，主要由於鋼簾線分部的營業額上升17.5%所致。

行政費用

本年度行政費用總計港幣58,936,000元(二零一七年：港幣71,771,000元)，比去年下跌17.9%。儘管本集團營業額比去年上升6.7%，但由於嘉興東方、滕州東方兩廠及香港總部成本控制更為嚴格，行政費用佔營業額的比率因此由去年3.4%下跌至本年度的2.6%。

研發費用

於本年度，本集團的研發費用總計港幣76,941,000元，比去年港幣62,385,000元上升23.3%，誠如已在上文「**鋼簾線**」一節所述，這些費用全都是由鋼簾線分部所產生。

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Segment results

The Group recorded operating profit of HK\$89,404,000 from its business segments for the year, as compared to operating loss of HK\$44,979,000 last year. The breakdown of the operating profit (loss) of the Group's business segments for the year is as follows:

		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元	% change 變動(%)
Steel cord	鋼簾線	93,264	(47,106)	N/A不適用
Copper and brass products	銅及黃銅材料	(3,860)	2,127	N/A不適用
Total	總計	89,404	(44,979)	N/A不適用

Finance cost, net

Net finance costs amounted to HK\$78,630,000 for the year, increased by 6.6 times as compared to HK\$10,411,000 last year. The overall increase on finance cost was mainly attributable to foreign exchange loss directly related to interest bearing borrowings (included bank and related companies) of HK\$24,541,000 for the year, while foreign exchange gain directly related to interest bearing borrowings was HK\$41,677,000 for the year of 2017. The foreign exchange loss in 2018 was due to depreciation of RMB to HKD at approximately 4.8% during the year against appreciation of 6.7% last year.

The increase in interest income was mainly derived from the increase in interest rate for the year ranging from 0.3% to 1.75% of pledged bank deposit.

The bank borrowing principal of HK\$200,000,000 outstanding during last year was repaid by a bridging loan granted by Shougang HK which has been classified as loans from related company since December 2017 to present, with the same principal amount of HK\$200,000,000. This in turn caused the increase of the item "Interest expenses on loans from related companies" amounted to HK\$12,790,000 (2017: HK\$5,169,000), representing an increase of 1.5 times.

分部業績

本集團於本年度的業務分部錄得經營溢利港幣89,404,000元，而去年則錄得經營虧損港幣44,979,000元。本年度本集團業務分部經營溢利(虧損)明細如下：

財務成本淨額

於本年度，財務成本報淨額總計港幣78,630,000元，比去年報港幣10,411,000元上升6.6倍，該整體財務成本升幅主要歸因於本年度與計息貸款(包括銀行及有關連公司)直接相關的外幣匯兌虧損港幣24,541,000元，而於二零一七年與計息貸款直接相關的則為外幣匯兌收益港幣41,677,000元。二零一八年的外幣匯兌虧損是由於人民幣兌港元匯率於本年度貶值約4.8%，而去年則升值6.7%。

利息收入的增加主要來自本年度利率為0.3%至1.75%不等之已抵押銀行存款之利率上升所致。

於去年尚欠銀行貸款之本金港幣200,000,000元已由首控香港提供本金額相等於港幣200,000,000元的過橋貸款償還，該貸款自二零一七年十二月起至今已分類為有關連公司的貸款。這導致「有關連公司貸款利息支出」項目增加1.5倍至港幣12,790,000元(二零一七年：港幣5,169,000元)。

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The bank borrowing interest expenses did not decrease in proportion to bank borrowing principal amount for the year under comparison on the item “Interest expenses on bank borrowings” was mainly attributable to interest expenses on bank advances for discounted bills in RMB were subject to relatively higher interest rate. The breakdown is listed hereunder:

於「銀行貸款利息支出」項目內的銀行貸款利息支出下降不能與本年度銀行貸款本金額比例成對比，這主要歸因於人民幣貼現票據的銀行墊款利息支出相對較高的利率所致。明細示列如下：

		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元	% Change 變動(%)
Finance income	財務收益			
Interest income on bank deposits	銀行存款利息收入	1,297	399	+225.1
Foreign exchange gains on interest bearing borrowings	計息貸款外幣匯兌收益	-	41,677	N/A不適用
Total finance income	財務收入總額	1,297	42,076	-96.9
Finance costs	財務成本			
Interest expenses on bank borrowings	銀行貸款的利息支出	(42,113)	(42,956)	-2.0
Interest expenses on loans from related companies	由有關連公司之貸款利息支出	(12,790)	(5,169)	+147.4
Amortisation of loan transaction costs	貸款交易成本攤銷	(2,422)	(4,653)	-47.9
Foreign exchange losses on borrowings	貸款外幣匯兌虧損	(24,541)	-	N/A不適用
Amount capitalised	資本化金額	(81,866)	(52,778)	
		1,939	291	+566.3
Total finance costs	財務成本總額	(79,927)	(52,487)	+52.3
Finance costs, net	財務成本淨額	(78,630)	(10,411)	+655.3

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Income tax credit

Income tax credit amounted to HK\$2,436,000 for the year, as compared to the same of HK\$6,695,000 last year. The Group has recorded deferred tax credit of HK\$2,068,000 for the year (2017: HK\$270,000), which was mainly attributable to the depreciation of fixed assets netted off with the impact of revaluation of properties.

In respect of income tax rates, JESC, which has been recognised as a state-encouraged high-new technology enterprise starting from 2014 and renewed in 2017, thus entitled to a preferential tax rate of 15% in 2017, 2018 and 2019, subject to annual review by the relevant tax authority in the PRC. There was no change in applicable tax rates of the Company and its subsidiaries during the year.

For the Company and subsidiaries operating in Hong Kong, they are subject to Hong Kong Profits Tax at a rate of 16.5% (2017: 16.5%) for the year. No provision for Hong Kong Profits Tax for the years ended 31 December 2017 and 2018 as there is no assessable profit subject to Hong Kong Profits Tax for both years.

In addition, according to the EIT Law and Implementation Regulation and the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the Group is subject to withholding tax on dividends paid by subsidiaries in the PRC to holding companies in Hong Kong at a rate of 5% (2017: 5%).

Trade receivables

The amount of trade receivables (before provision of impairment loss) amounted to HK\$711,055,000 at 31 December 2018, increased by 0.4% as compared to HK\$708,075,000 at 31 December 2017. The amount of provision of impairment loss amounted to HK\$20,124,000 at 31 December 2018, increased by 1.9% as compared to HK\$19,742,000 at 31 December 2017. The above increase was in line with the revenue growth of 6.7% during the year.

所得稅抵免

於本年度，本集團錄得所得稅抵免共港幣2,436,000元，相比去年報港幣6,695,000元。本集團於本年度錄得遞延稅項抵免報港幣2,068,000元(二零一七年：港幣270,000元)，主要歸因於固定資產折舊扣除物業重估。

關於所得稅率方面，嘉興東方自二零一四年起已被確認為國家鼓勵的高新技術企業，並於二零一七年更新，因此於二零一七年、二零一八年及二零一九年享有15%的優惠稅率，須經中國有關稅務機關的年度審核。本公司及其附屬公司於本年度內的適用稅率並無變動。

就本公司及在香港經營的附屬公司而言，本年度須繳納16.5%(二零一七年：16.5%)的香港利得稅。截至二零一七年及二零一八年十二月三十一日止年度並無就香港利得稅作出撥備，因兩年均無須繳納香港利得稅的應課稅溢利。

此外，根據中國企業所得稅法及實施細則以及內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排，本集團須為中國之附屬公司向香港之控股公司所支付股息而承擔5%(二零一七年：5%)之預提稅。

應收賬款

於二零一八年十二月三十一日，撇除減值損失撥備前的應收賬款金額為港幣711,055,000元，比於二零一七年十二月三十一日的港幣708,075,000元上升0.4%。截至二零一八年十二月三十一日止，減值損失撥備金額為港幣20,124,000元，較二零一七年十二月三十一日的港幣19,742,000元增加1.9%。上述增加與本年度收入增長6.7%一致。

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The trade receivables (net of provision of impairment loss) amounted to HK\$688,333,000 at end of 2017 and HK\$690,931,000 at 31 December 2018.

應收賬款(扣除減值損失撥備)分別於二零一七年底及二零一八年十二月三十一日為港幣688,333,000元及港幣690,931,000元。

The aging analysis of trade receivables (net of provision of impairment loss) of the Group as at 31 December 2018 and the comparison with 31 December 2017 is as follows:

於二零一八年十二月三十一日的賬齡分析(扣除減值損失撥備)與二零一七年十二月三十一日比較如下：

Age	賬齡	31 December 2018 二零一八年 十二月三十一日		31 December 2017 二零一七年 十二月三十一日		% change 變動(%)
		HK\$'000 港幣千元	%	HK\$'000 港幣千元	%	
Up to 90 days	上至90日	509,968	73.8	535,777	77.8	-4.8
91 to 180 days	91至180日	161,448	23.4	145,993	21.2	+10.6
Over 180 days	多於180日	19,515	2.8	6,563	1.0	+197.3
Total	總計	690,931	100.0	688,333	100.0	+0.4

The overall quality of trade receivables continues to be in a manageable condition, as trade receivables aged within 180 days accounted for 97.2% of total trade receivables at 31 December 2018.

應收賬款的整體質素繼續處於可管理狀態，因賬齡在180天之內的應收賬款佔二零一八年十二月三十一日應收賬款總額的97.2%。

Regarding the provision of impairment loss on trade receivables of HK\$20,124,000 at 31 December 2018, they mainly represented those made for receivables from sales of steel cord, while we have strived to pursue the recovery of these receivables and continue to use best efforts to do such.

關於二零一八年十二月三十一日應收賬款減值損失撥備結餘為港幣20,124,000元，它們主要是源自銷售鋼索線而產生的應收賬款，而我們一直努力追回這些應收賬款，並繼續盡最大努力收回。

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In respect of the trade receivables at 31 December 2018, approximately 51.0% has been subsequently settled by cash or bills receivable up to 11 March 2019. The details of subsequent settlement of trade receivables of the Group and from top five customers of the Group for the year are as follows:

有關於二零一八年十二月三十一日的應收賬款，其後於截至二零一九年三月十一日止約有51.0%已透過現金或應收票據形式收回，本集團和本集團於本年度的首五大客戶的應收賬款於其後收款詳情如下：

Age	賬齡	Total trade receivables of the Group 本集團總應收賬款		Trade receivables from top five customers of the Group 本集團首五大客戶的應收賬款	
		Amount at 31 December 2018 於二零一八年十二月三十一日的金額 HK\$'000 港幣千元	% of subsequent settlement 其後收款之百分比 (%)	Amount at 31 December 2018 於二零一八年十二月三十一日的金額 HK\$'000 港幣千元	% of subsequent settlement 其後收款之百分比 (%)
Up to 90 days	上至90日	509,968	43.2	252,895	45.7
91 to 180 days	91至180日	161,448	71.8	81,913	67.3
Over 180 days	多於180日	19,515	82.3	13,151	97.8
Total	總計	690,931	51.0	347,959	52.7

TREASURY AND FUNDING POLICIES

The treasury and funding policies of the Group concentrates on the management of liquidity and the monitoring of financial risks, including interest rate risk, currency risk and counterparty risks. The objectives are to ensure the Group has adequate financial resources to maintain business growth with a healthy financial position.

Surplus funds of the Group are generally placed on short term deposits denominated in HKD, RMB or USD with reputable banks in Hong Kong and the PRC. The financing of the Group usually comprises short to medium term loans from banks. The loan portfolio takes into consideration of the liquidity of the Group and interest costs.

財資政策

本集團的財資政策集中於流動資金管理和監控財務風險，包括利率風險、匯兌風險和交易對手風險。其目的是確保本集團有充足的財務資源以在財務狀況穩健情況下維持業務增長。

本集團的剩餘資金一般以短期存款(以港幣、人民幣或美元為單位)存放在香港及中國信譽良好的銀行。本集團的資金籌措通常包括短期到中期銀行貸款，貸款組合會考慮本集團的資金流動性及利息成本而作出。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

SHARE CAPITAL, LIQUIDITY AND FINANCIAL RESOURCES

The Company manages its capital structure with the objectives of ensuring that the businesses of the Group can continue to maintain a sustainable growth and providing a long-term reasonable return to its Shareholders.

There was no change in the total number of issued shares of the Company during the year. The total number of issued shares of the Company remained at 1,922,900,556 Shares at 31 December 2018. Net asset value of the Group was HK\$1,339,150,000 at 31 December 2018, decreased slightly by 3.8% as compared to HK\$1,391,528,000 at 31 December 2017. The decrease in net asset value was attributable to the negative impact on depreciation of RMB exchange rate against HKD of approximately 4.8% throughout the year. Net asset value per Share was HK\$0.696 at 31 December 2018, also decreased by 3.9% as compared to HK\$0.724 at 31 December 2017.

Cash flows

The Group generated net cash operating inflow of HK\$168,973,000 for the year as follows:

股本、資金流動及財政資源

本公司管理其資本架構的目的以確保本集團之業務能繼續保持可持續增長及為股東提供一個合理的長期回報。

於本年度，本公司之已發行股份數目總額沒有變動，於二零一八年十二月三十一日本公司已發行股份數目總額仍為1,922,900,556股。本集團於二零一八年十二月三十一日之資產淨值報港幣1,339,150,000元，比二零一七年十二月三十一日的港幣1,391,528,000元輕微下降3.8%。資產淨值下降是由於人民幣兌港幣匯率全年貶值約4.8%的負面影響所致。於二零一八年十二月三十一日的每股資產淨值報港幣0.696元，比二零一七年十二月三十一日報每股港幣0.724元亦下跌3.9%。

現金流

本集團於本年度錄得來自經營活動之現金流入淨額港幣168,973,000元如下：

		HK\$'000 港幣千元
Net cash from operating activities as per consolidated statement of cash flows (include bills receivable endorsed to creditors and matured during the year)	綜合現金流量表中列示由經營活動動用之現金淨額(包括已背書給貸款人並在本年已到期之應收票據)	(131,263)
Add: Operating cash inflows not reflected in consolidated statement of cash flows (non-cash transactions):	加：未於綜合現金流量表反映之經營現金流入(非現金交易)：	
Bills receivable that has been discounted to banks during the year	於本年度貼現予銀行之應收票據	300,236
Net operating cash inflow for the year	本年度來自經營活動之淨現金流入	168,973

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

In respect of cash flows on other activities:

1. The Group recorded net cash outflow on investing activities of HK\$31,661,000 during the year, which is mainly Steel cord segment's capital expenditure of HK\$11,375,000 and net placement of pledged bank deposit of HK\$21,599,000; and
2. The Group recorded net cash inflow on financing activities of HK\$27,503,000 during the year. When net proceeds from bank advances for discounted bills that were matured during the year of HK\$131,542,000 were excluded, the Group incurred net cash outflow of HK\$104,039,000 on financing activities during the year that represented sum of net reduction of interest bearing borrowings of HK\$57,625,000 and interest expenses paid at HK\$46,414,000 during the year.

Bank balances and cash and interest bearing borrowings

The Group's bank balances and cash (including pledged bank deposits) amounted to HK\$145,312,000 at 31 December 2018, decreased by 46.2% as compared to HK\$270,339,000 at 31 December 2017. Main reason of the decrease in the bank balances and cash is the increase in proportion in bills receivable received from customers instead of receiving payment in form of cash. Total interest bearing borrowings of the Group (comprised of loans from related companies and bank borrowings including discounted bills) were HK\$1,100,809,000 at 31 December 2018, increased by 4.9% as compared to HK\$1,049,010,000 at 31 December 2017. The rise is mainly due to the increased amount in bank advances of discounted bills during the year. The amount of net interest bearing borrowings (total interest bearing borrowings less bank balances and cash (including pledged bank deposits)) therefore increased from HK\$778,671,000 at 31 December 2017 to HK\$955,497,000 at 31 December 2018.

至於其他活動的現金流：

1. 本集團於本年度的投資活動錄得現金流出淨額港幣31,661,000元，其中主要為鋼簾線分部產生的資本開支港幣11,375,000元和存放已抵押銀行存款淨額港幣21,599,000元；及
2. 本集團於本年度於融資活動產生現金流入淨額港幣27,503,000元。若不包括出售在本年到期的貼現票據墊支所得款項淨額港幣131,542,000元，本集團於本年度融資活動產生現金流出淨額合計港幣104,039,000元，即於本年度減少計息貸款淨額港幣57,625,000元及支付利息開支港幣46,414,000元。

銀行結存及現金及計息貸款

於二零一八年十二月三十一日，本集團之銀行結存及現金(包括已抵押銀行存款)共港幣145,312,000元，比二零一七年十二月三十一日共港幣270,339,000元下降46.2%。銀行結餘及現金減少的主要原因是從客戶收到的應收票據的比例增加，而不是以現金形式收取款項。本集團之總計息貸款(包括來自有關連公司之貸款和銀行貸款)於二零一八年十二月三十一日報港幣1,100,809,000元，比二零一七年十二月三十一日報港幣1,049,010,000元上升4.9%。上升主要是由於本年度貼現票據的銀行墊款增加所致。因此，計息貸款淨額(計息貸款總額減銀行結餘及現金(包括已抵押銀行存款))由二零一七年十二月三十一日報港幣778,671,000元上升至二零一八年十二月三十一日報港幣955,497,000元。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

At 31 December 2018, the interest bearing borrowings on majority of bank loans and related companies loans were fixed rates ranging from 3.4% to 6.5% per annum total at HK\$803,945,000. While smaller portion of these interest bearing borrowings were floating-rate borrowings at total of HK\$296,864,000 with interest rates ranging from 3.97% to 5.17% this year. The nature and maturing profile of the Group's interest bearing borrowings at 31 December 2018, based on contracted repayment schedules were as follows:

於二零一八年十二月三十一日，大部分銀行貸款及有關連公司貸款的計息貸款港幣803,945,000元以固定年利率介乎3.4%至6.5%範圍內計息。而這些計息貸款中較少部分為浮動利率貸款合共港幣296,864,000元，以本年度年利率介乎3.97%至5.17%範圍計息。於二零一八年十二月三十一日本集團計息貸款之性質及按合約所定之還款期之到期情況如下：

		HK\$'000	% of total interest bearing borrowings 估計 息貸款總額 百分比(%)
		港幣千元	
Due in 2019 or on demand:	於二零一九年內到期或即期支付：		
– Short term bank loans	– 短期銀行貸款	445,429	40.5
– Bank advances for discounted bills	– 銀行貼現票根據墊款	162,157	14.7
– Loans from related companies	– 來自有關連公司之貸款	226,358	20.6
Total due in 2019	於二零一九年內到期總額	833,944	75.8
Total due in 2020 or after	於二零二零年內或之後到期總額		
– Non-current bank loans	– 非流動銀行貸款	270,000	24.5
Total	總計	1,103,944	100.3
Unamortised loan arrangement fees	未攤銷之貸款安排費用	(3,135)	(0.3)
Total	總計	1,100,809	100.0

The Group will plan to service the interest bearing borrowings due in 2019 and 2020 by cash flow generated from its operations and refinancing from banks and exploring from other sources to raise capital such as issue of Convertible Bonds.

本集團將計劃通過提供由營運產生的現金流、銀行再融資和從其他來源籌集資金(如發行可換股債券)償還在二零一九及二零二零年到期的計息貸款。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

Debt and liquidity ratios

Gearing ratio (calculated as total interest bearing borrowings less bank balances and cash (including pledged bank deposits) divided by Shareholders' equity) of the Group increased from 56.0% at 31 December 2017 to 71.4% at 31 December 2018 mainly due to decrease in bank balances and cash. The current ratio (calculated as current assets divided by current liabilities) of the Group was 1.19 times at 31 December 2018 as compared to 1.17 times at 31 December 2017.

FOREIGN CURRENCY AND INTEREST RATE

Both the Group's sources of revenue, purchases and payments are mainly denominated in RMB, HKD and USD. The Group's bank balances and cash are therefore mainly in RMB, HKD and USD. Under this circumstance, the Group shall mainly raise borrowings in a mix of these currencies to minimise the risk of significant mismatch between the sources of revenue with interest bearing borrowings. The respective currency composition of the Group's bank balances and cash (including pledged bank deposits) and interest bearing borrowings was as follows:

負債及流動資產比率

本集團之負債比率(以計息貸款總額減銀行結存及現金(包括已抵押銀行存款)除以股東權益計算)較二零一七年十二月三十一日報56.0%上升至二零一八年十二月三十一日報71.4%。本集團於二零一八年十二月三十一日的流動比率(以流動資產除以流動負債計算)為1.19倍,對比於二零一七年十二月三十一日則為1.17倍。

外幣及利率風險

本集團收入來源及採購和付款均主要以人民幣、港幣及美元為單位。本集團的銀行結存及現金因此亦主要以人民幣、港幣及美元為單位,而在這種情況下,本集團將主要以這些貨幣為單位借貸,以盡量減少因收入來源與計息貸款貨幣單位重大錯配的風險。本集團的銀行結存及現金(包括已抵押銀行存款)及計息貸款的貨幣組合分別如下:

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

Bank balances and cash (including pledged bank deposits)

銀行結存及現金(包括已抵押銀行存款)

		31 December 2018 二零一八年十二月三十一日		31 December 2017 二零一七年十二月三十一日	
		HK\$'000	% of total bank balances and cash (including pledged bank deposits) 佔銀行 結存及現金 (包括已抵押 銀行存款)	HK\$'000	% of total bank balances and cash (including pledged bank deposits) 佔銀行 結存及現金 (包括已抵押 銀行存款)
		港幣千元	總額百分比(%)	港幣千元	總額百分比(%)
RMB	人民幣	122,991	84.6	155,644	57.6
HKD	港幣	2,701	1.9	58,396	21.6
USD	美元	11,614	8.0	40,193	14.9
Other currencies	其他外幣	8,006	5.5	16,106	5.9
Total	總計	145,312	100.0	270,339	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

Interest bearing borrowings (including banks and related companies)

計息貸款(包括銀行及有關連公司)

		31 December 2018 二零一八年十二月三十一日		31 December 2017 二零一七年十二月三十一日	
		HK\$'000	% of interest bearing borrowings 估計息貸款總額 百分比(%)	HK\$'000	% of interest bearing borrowings 估計息貸款總額 百分比(%)
		港幣千元		港幣千元	
RMB	人民幣	598,411	54.4	553,031	52.7
HKD	港幣	502,398	45.6	495,979	47.3
Total	總計	1,100,809	100.0	1,049,010	100.0

In respect of exposure to interest rate risk, the majority of interest bearing borrowings at 31 December 2018 are at fixed instead of floating rates. For the minority of interest bearing borrowings are in floating rates, the Group had not entered into any interest rate swaps to contain any upside risks on the floating interest rates to the results and cash flows of the Group as those relevant floating rate borrowings are for a term of less than one year. While the interest rate of USD may rise further in the future, the latest dovish forward looking statement by the Federal Reserve has led us to believe the frequency and magnitude of an interest rate increase should not warrant us to enter into any interest rate swaps.

關於利率風險，截至二零一八年十二月三十一日的計息借款大部分按固定利率而非浮動利率計息。至於屬計息貸款中較小部分的浮動利率貸款，本集團並無訂立任何應對利率上升對本集團業績及現金流量而構成風險之利率掉期，因為等相關浮動利率貸款為不到一年內到期。雖然美元利率可能在未來進一步上升，但美聯儲最近的溫和前瞻性聲明使我們相信加息的頻率和幅度不賦予理由支持我們進行任何利率掉期。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

During the year, the exchange rate of RMB depreciated by approximately 4.8% against HKD. The depreciation of RMB exchange rate has negative impact on the results of the Group on the translation of the Group's interest bearing borrowings that are denominated in HKD, and the Group has not entered into derivative financial instruments to hedge against foreign currency risk in first half of 2018 as the rate was volatile. However, total of 5 foreign currency hedging contracts with aggregate notional amount of HK\$180,000,000 and at future rates from RMB0.8757/HKD1 to RMB0.8913/HKD1 were executed in second half of 2018 to sell RMB vs HKD as RMB continued to depreciate. These contracts were classified as "fair value on derivatives held for trading" and were fully settled on 28 December 2018. We will review and adjust, when necessary, the currency composition of our interest bearing borrowings from time to time to minimise our risks on exchange and interest rate in respect of our interest bearing borrowings. In any event, we would keep monitoring the currency and interest rate composition of the Group's interest bearing borrowings under the guidance of the Internal Control Manual and take appropriate action to minimise our exchange and interest rate risks when needed, such as entering into new derivative financial instruments to hedge the risk of RMB vs HKD exchange rate in 2019.

BUSINESS DEVELOPMENT AND CAPITAL COMMITMENTS

TESC Phase II Project

Some of the existing production lines of brass wires of JESC, which have been in use for over 20 years, incur high maintenance and operation costs with relatively low production efficiency and quality instability. Construction of the new brass wire production lines of 20,000 tonnes per annum at TESC will enhance the efficiency of production of both JESC and TESC, which is expected to bring positive impact on the performance of the Steel cord segment.

於本年度，人民幣兌港幣匯率貶值約4.8%。人民幣匯率貶值對本集團的業績在兌換本集團以港幣為單位的計息貸款時有負面影響，由於二零一八年上半年匯率波動較大，本集團並未訂立衍生金融工具以對沖外匯風險。然而，由於人民幣持續貶值，於二零一八年下半年共執行五項外幣對沖合約，總名義金額為港幣180,000,000元，期貨利率為人民幣0.8757元／港幣1元至人民幣0.8913元／港幣1元，以賣人民幣兌港元。此等合約分類為「持作買賣之衍生工具之公平值」，並於二零一八年十二月二十八日全數結清。我們將有需要時檢討及調整計息貸款的貨幣組合，以盡量減少我們的計息貸款的匯率和利率風險。無論如何，我們會根據內部監控指引下，持續監察本集團計息貸款的貨幣及利率組合，及於需要時採取適當行動，以減低匯兌及利率的風險，例如訂立新衍生金融工具以對沖人民幣兌港元匯率風險。

業務發展計劃及資本承擔

滕州東方二期項目

目前若干嘉興東方黃絲生產線已使用超過二十多年，由於相對較低的生產效率及質量不穩定性，產生高維護費和運營成本。在滕州東方建造年產20,000噸的新黃絲線生產線將提高嘉興東方和滕州東方兩廠的生產效率，這將預計對鋼簾線分部的表現帶來正面影響。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

Approximately HK\$110,000,000 from issuance of Convertible Bonds on 11 February 2019 will be used for funding the capital expenditures and working capital for TESC Phase II Project. The Group intends to upgrade some of its brass wires production lines by supplementing the existing production facilities with the TESC Phase II Project.

The project is to proceed in phases commencing in the latter half of 2019 and planned to be completed in the third quarter of 2020.

Capital Commitments

Capital expenditures incurred by the Group during the year amounted to HK\$54,231,000, which were mainly incurred by Steel cord segment for enhancement of its production facilities.

The capital expenditures to be incurred in 2019 is estimated to be approximately HK\$13,969,000, which are to be incurred by Steel cord segment mainly for enhancement of production efficiency of the two manufacturing plants. These capital expenditures will be financed by the Group's internal resources and bank borrowings.

Issue of Convertible Bonds

On 18 December 2018, the Company entered into the Subscription Agreement with Jingxi Holdings (a related party and a wholly-owned subsidiary of Shougang Fund) whereby the Company issued and Jingxi Holdings subscribed for the Convertible Bonds in the principal amount of HK\$150,000,000. The interest rate is 4.0% per annum while Conversion Price is HK\$0.33 per Share, with conversion available commencing 6 months from issuance date till end of term. Tenor is 3 years from issuance date which can be extended by Jingxi Holdings for one year twice to the date falling on the fifth anniversary of the issue date of the Convertible Bonds.

The Conversion Price was arrived at after arm's length negotiations between the Group and Jingxi Holdings with reference to the prevailing market prices of the Shares. On 11 February 2019, the issue of Convertible Bonds was completed.

二零一九年二月十一日發行的可換股債券約港幣110,000,000元將用於滕州東方二期項目的資本支出和營運資金。本集團擬通過滕州東方二期項目補充現有的生產設施來提升對部分黃絲的生產線。

該項目將從二零一九年下半年開始分階段進行，並計劃在二零二零年第三季完成。

資本承擔

於本年度，本集團資本開支共港幣54,231,000元，主要是用於提升鋼簾線分部生產設施的資本開支。

本集團預計在二零一九年投資約港幣13,969,000元的資本開支，主要是用於鋼簾線分部以提升兩間生產廠房的生產效率。該等資本開支將會通過本集團內部資源及銀行借貸籌集。

發行可換股債券

於二零一八年十二月十八日，本公司與京西控股（有關連人士及北京首鋼基金有限公司的附屬公司）訂立認購協議，據此，本公司發行而京西控股認購本金額最高為港幣150,000,000元的可換股債券。年利率為4.0%而換股價為每股股份港幣0.33元，自發行日起至期末六個月開始轉換。期限由發行日起三年，可由京西控股延長兩次，每次一年至可換股債券發行日期後至第五個週年當日。

換股價乃由本集團與京西控股參考股份的現行市價經公平磋商後釐定。於二零一九年二月十一日，發行可換股債券完成。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

The net proceeds from the subscription of HK\$149,000,000, are expected to be used as follows: (i) approximately HK\$37,300,000 for repaying interest-bearing borrowings with higher interest rate of the Group; (ii) approximately HK\$110,000,000 for funding the capital investment and working capital for the TESC Phase II Project subject to the construction cost and time needed to supplement the production need for both TESC and JESC for facilities of brass wire; and (iii) approximately HK\$1,700,000 being the remaining proceeds for supplementing general working capital of the Group.

EMPLOYEES, REMUNERATION POLICIES AND TRAINING SCHEME OF THE GROUP

At 31 December 2018, the Group had a total of 2,060 employees located in Hong Kong and the PRC. The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence as well as the prevailing market condition of the industry. Remuneration packages, which include an element of discretionary bonuses, are generally reviewed annually. In addition to salary payments, other employee benefits include medical subsidies, hospitalization scheme and a defined contribution provident fund, Mandatory Provident Fund Scheme and other retirement scheme or other similar defined contribution provident fund stipulated by the State Regulations of the PRC which provided retirement benefits to employees in Hong Kong and the PRC respectively. The Group's contributions to these schemes are charged against profits or loss as they are incurred. The amount charged to consolidated statement of profit or loss for the year under review amounted to approximately HK\$23,103,000.

The Group had also provided training programmes or courses for the Mainland staff at all levels from different departments, and also for Directors and employees of the Company so as to further enhance their technical skills in production operation and management, professional skills and knowledge, respectively.

認購事項所得款項淨額港幣149,000,000元預期用作下列用途：(i)約港幣37,300,000元用於償還本集團利率較高的計息貸款；(ii)約港幣110,000,000元用於為滕州東方二期項目的資本投資和營運資金提供資金，惟受限於建設成本及補充滕州東方及嘉興東方之黃絲設施的生產需求所需時間；及(iii)本集團所得款項餘額約港幣1,700,000元用於補充一般營運資金。

本集團僱員、酬金政策及培訓計劃

於二零一八年十二月三十一日，本集團於香港及中國合共有2,060名僱員。本集團僱員之酬金政策按僱員價值、資格及能力，亦以業界當時市場環境而釐訂。彼等之酬金包括酌情發放之花紅，一般會每年予以檢討。在薪金以外，其他僱員福利包括醫療保險、住院資助計劃及定額供款公積金計劃，強制性公積金計劃，及中國國家法規定的其他退休計劃或類似定額供款公積金計劃分別為香港及國內僱員提供退休福利。該等計劃引起之供款會在本集團溢利中扣除。本年度於綜合損益表扣除之總額約為港幣23,103,000元。

本集團亦分別向國內各部門各級僱員及亦向董事及本公司僱員提供培訓計劃或課程，用以提升他們在生產營運上的技術和管理，專業技巧和知識。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

The emoluments of the Directors are decided by the remuneration committee of the Company, having regard to individual performance, the Group's performance and profitability, remuneration benchmark in the industry and prevailing market condition.

In addition, the Company had adopted the 2002 Scheme. Under the 2002 Scheme, the Board shall, subject to and in accordance with the provisions of the 2002 Scheme and the Listing Rules, grant share options to any eligible participant to subscribe for Shares for the purpose of providing incentives or rewards to him/her for contribution to the Group. The 2002 Scheme remained in force for a period of ten years from the date of its adoption and expired on 6 June 2012. The Shareholders at the annual general meeting held on 25 May 2012 approved the termination of the 2002 Scheme and adoption of the 2012 Scheme which serves the same purpose as the 2002 Scheme. The 2012 Scheme will remain in force for a period of ten years from 29 May 2012, the date of obtaining the approval of the listing and permission to deal in the Shares falling to be allotted and issued pursuant to the exercise of any options granted under the 2012 Scheme.

Share options granted and remained outstanding under the 2002 Scheme remain valid and exercisable in accordance with their terms of issue.

During the year under review, no options were granted, exercised, cancelled and lapsed under the 2012 Scheme while only 103,700,000 share options lapsed under the 2002 Scheme.

董事之酬金由本公司薪酬委員會按照個人表現、本集團之業績及盈利狀況，亦以業界指標及當時市場環境而釐訂。

此外，本公司採納了二零零二計劃。根據二零零二計劃，董事會可根據及按照二零零二計劃的條款及上市規則授予合資格人士購股權以認購股份，目的作為他／她對本集團之貢獻作出獎勵或報酬。二零零二計劃由採納日期起計十年內有效及於二零一二年六月六日到期。股東已在二零一二年五月二十五日舉行的股東周年大會上批准終止二零零二計劃及採納二零一二計劃，二零一二計劃與二零零二計劃本著有同一目的。二零一二計劃由二零一二年五月二十九日（獲得批准根據二零一二計劃授出之購股權獲行使而將予發行及分配之任何股份上市及買賣之日期）起計十年內有效。

二零零二計劃項下已授出但尚未行使的購股權仍然有效，並可根據其發行條款予以行使。

於本年度回顧，根據二零一二計劃，沒有購股權授出、行使、註銷或失效。而根據二零零二計劃，則只有103,700,000股購股權失效。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

The Group had no contingent liabilities at 31 December 2018.

At 31 December 2018, the following assets had been pledged to the Group's bankers and a related company for banking facilities and bills payable issued and to secure loan from a related company granted to the Group:

1. Leasehold land and buildings with an aggregate net book value of HK\$201,312,000;
2. Plant and machinery with an aggregate amount of HK\$90,404,000;
3. Prepaid land payments with an aggregate amount of HK\$62,859,000;
4. Bank deposit of HK\$78,630,000; and
5. Pledged deposits on loan from a related company amounting to HK\$7,989,000.

THE RESULT ON THE POSSIBLE DEEMED DISPOSAL OF EQUITY INTEREST IN TESC AND THE PROPOSED STRATEGIC COOPERATION WITH 棗莊礦業(集團)有限責任公司 (ZAOZHUANG MINING (GROUP) CO., LTD.*) ("ZAOZHUANG MINING")

As regards the second supplemental memorandum of understanding (the "Second Supplemental MOU") entered into by the Company and Zaozhuang Mining (the "Parties") dated 30 June 2016, the long stop date to the effect that the formal agreement under the Second Supplemental MOU has expired on 12 July 2018, the Parties to the Second Supplemental MOU have not yet gone through the necessary internal approval procedures customary to state-owned enterprises of the PRC and hence, the major terms and conditions in respect of the proposed capital injection or the proposed strategic cooperation between the Group and Zaozhuang Mining Group could not be concluded and no legally-binding agreement could be reached. Accordingly, the Second Supplemental MOU had lapsed in accordance with its terms and ceased to have any effect.

* For identification only

或然負債及資產押記

於二零一八年十二月三十一日，本集團並無或然負債。

於二零一八年十二月三十一日，以下資產已抵押予本集團的銀行及一有關連公司以發行應付銀行融資及應付票據，及向本集團來自一有關連公司之貸款的保證：

1. 賬面淨值總計為港幣201,312,000元之租賃土地及樓宇；
2. 廠房及機器共值港幣90,404,000元；
3. 預付土地款項總額港幣62,859,000元；
4. 銀行存款港幣78,630,000元；及
5. 來自一有關連公司貸款相關之抵押按金共港幣7,989,000元。

有關可能出售滕州東方權益及與棗莊礦業(集團)有限責任公司(「棗莊礦業」)進行建議的策略合作之結果

關於本公司與棗莊礦業(「訂約方」)於二零一六年六月三十日訂立的第二份補充諒解備忘錄(「第二份補充諒解備忘錄」)，第二份補充諒解備忘錄正式協議之最後截止日期已於二零一八年七月十二日屆滿，第二份補充諒解備忘錄之訂約方尚未通過中國國有企業的必要內部審批程序，及因此，有關建議注資事項或本集團與棗莊礦業集團建議的策略性之主要條款及條件無法締結，也無法達成具有法律約束力的協議。因此，第二份補充諒解備忘錄將根據其條款失效，並不再有任何效力。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

The Directors are of the view that the lapse of the Second Supplemental MOU does not have any material adverse impact on the business operation and financial position of the Group. However, the Group will maintain dialogue with Zaozhuang Mining Group should the opportune timing and projects arise in the future.

BUSINESS OUTLOOK

Against the backdrop of a slew of weakening economic data from various sizeable economies of the globe, the corollary of general consumers' and investors' confidence is fidgety and cautious. Albeit there are signs that the Sino-US trade debacle might arrive to an agreeable solution, the negotiation process is expected to drag on and there will always be a lingering concern as to whether the trade balance scuffle is a mere front of a larger political and international leadership scrimmage. In order to counter the uncertainties and the probable decline in economic growth, the government and the central banks of most developed economies are or expected to embark upon a dovish approach in interest rate normalization, balance sheet reduction and/or even the resumption of quantitative easing. The Central Government of the PRC has also announced a number of relief measures such as value-added tax reduction, reduction in electricity charges and access to capital/credit initiatives on boosting consumption and encouraging investments, particularly for small and medium enterprises, which would help stabilizing the demand for automobiles, tyres and hence, steel cord. On the supply side, we believe there will be more relocation of production capacity of steel cord as opposed to new capacity addition. In this connection, we do not expect a major shift in the dynamic of the steel cord market which continues to edge towards equilibrium amidst the trade and economic uncertainties in 2019.

董事認為，第二份補充諒解備忘錄失效對本集團之業務營運及財務狀況並無任何重大不利影響。然而，倘未來有適當的時機和項目，本集團將與棗莊礦業集團保持對話。

業務展望

在全球各大經濟體經濟數據疲弱的背景下，一般消費者和投資者的信心必然是不安和謹慎。儘管有跡象顯示中美貿易撕裂可能會達成解決方案，但預計談判進程將繼續拖延，並對於貿易平衡鬥爭是否僅僅為更大的政治和國際領導人混戰將有一種揮之不去的擔憂。為了應對不確定性和經濟增長的下降可能性，政府和大多數發展中經濟體的中央銀行正在或預計將採取溫和的方式進行利率正常化，資產負債表減少和/或甚至恢復量化寬鬆。中國中央政府亦宣布了一系列減免措施，如增值稅減免、電費下調及獲取資本/信貸措施，以促進消費和鼓勵投資，特別是對中小企業而言，將有助於穩定對汽車、輪胎和鋼簾線的需求。在供應方面，我們認為將有更多鋼簾線生產能力的重整，而不是新增產能。就此而言，在二零一九年的貿易和經濟不確定性中，我們預計鋼簾線市場的動態不會發生重大轉變，並繼續趨於平穩。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

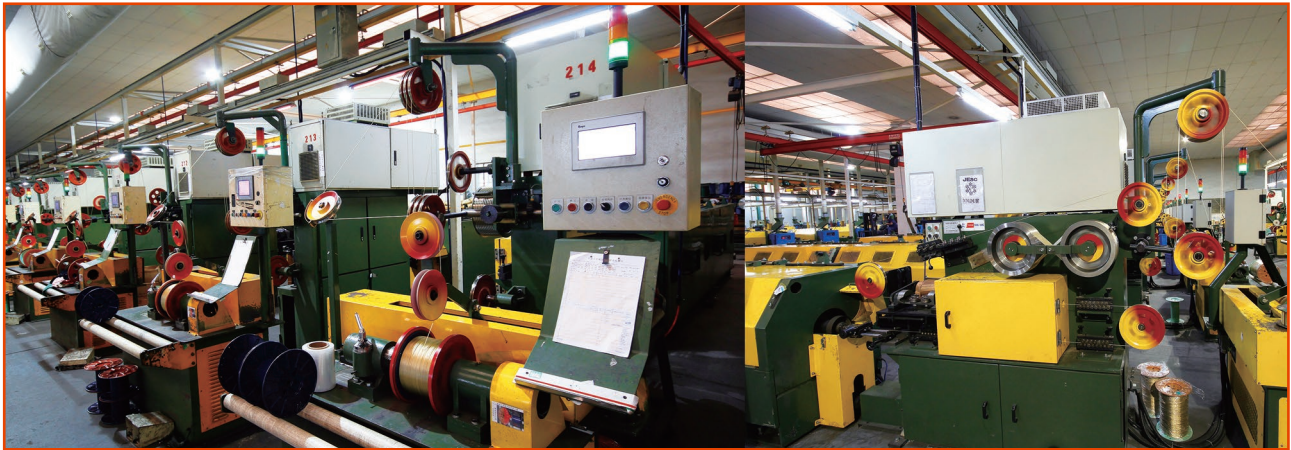
In order to maintain a reasonable market share in the steel cord business and restore our financial health, we will use our best endeavors to:

為了於鋼簾線業務中保持合理的市場佔有率，並恢復我們的財政穩健，我們將盡最大努力：

- pare down production and finance costs;
 - expand our business volume in regions relatively unscathed from protectionism;
 - work with Shougang Fund (subject to relevant rules and regulations) in identifying other investment opportunities within the realm of our principal business; and
 - broaden the scope of our hedging activities against a depreciation of the RMB.
- 削減生產和財務成本；
 - 於相對沒有受到保護主義影響的地區中擴大我們的業務產量；
 - 與首鋼基金(受限相關規則和規定)合作，確定我們於主要業務範圍內的其他投資機會；及
 - 擴大我們的對沖活動範圍以防止人民幣貶值。

CORPORATE GOVERNANCE REPORT

企業管治報告



The Board is committed to practicing and achieving a high standard of corporate governance and also recognises that effective risk management and internal control systems are crucial to the long term development of the Company. In order to maintain sound and effective risk management and internal control systems, the Board periodically reviews the daily corporate governance practices and procedures of the Company and its subsidiaries and procures the Company and its subsidiaries to strictly comply with the relevant laws and regulations, and the rules and guidelines of regulatory bodies.

CORPORATE GOVERNANCE PRACTICES

The Company has made detailed disclosures in relation to the accounting period covered in this annual report in compliance with the requirements of Corporate Governance Report set out in the Code of Appendix 14 of the Listing Rules. Also, the Company has applied and complied with all the principles and code provisions of the Code throughout the year ended 31 December 2018, except for the deviation from code provisions A.2.1, A.6.7 and D.1.4 of the Code.

DIRECTORS' SECURITIES TRANSACTION

On 6 April 2004, the Board has adopted a SCCHL Code on terms no less exacting than the required standard of the Model Code as the Company's code of conduct and rules governing dealing by all Directors and Specified Individuals in the securities of the Company. In order to keep the SCCHL Code in line with the changes brought upon by the relevant amendments to laws, rules and regulations, the

董事會致力於實行及達到高水平之企業管治，並認為一個有效率之風險管理及內部監控系統對於本公司的長遠發展是甚為重要的。為了維持一個完好及有效率之風險管理及內部監控系統，董事會定期檢討本公司及其附屬公司的日常企業管治常規及程序，並促使本公司及其附屬公司已嚴謹地遵守有關的法律及規定，以及監管機構的規則和指引。

企業管治常規

本公司已按照上市規則附錄十四之守則《企業管治報告》的要求，所涵蓋會計期間應披露的資料已詳盡列載於本年報內。截至二零一八年十二月三十一日止年度，除偏離守則的守則條文A.2.1, A.6.7及D.1.4條外，本公司已採用及遵守守則中的所有原則和守則條文。

董事的證券交易

於二零零四年四月六日，董事會已採納了一套首長寶佳守則，作為本公司監管全體董事及特定人士買賣本公司證券的操守準則和規則，而首長寶佳守則之標準不比標準守則所訂明的要求寬鬆。為使首長寶佳守則能反映有關法律、規則及規定的修改，董事會將不定時修改首長寶佳守則，而在內部監控指引附錄內最新版本

CORPORATE GOVERNANCE REPORT

企業管治報告

Board will revise the SCCHL Code from time to time and the latest version which was revised on 18 December 2018 is annexed to the Internal Control Manual. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and SCCHL Code for the year ended 31 December 2018.

THE BOARD

The Board currently consists of six members, including two executive Directors (namely Messrs. Su Fanrong (chairman and managing Director) and Tang Cornor Kwok Kau (deputy managing Director)), one non-executive Director (namely Mr. Liao Jun) and three independent non-executive Directors (namely Messrs. Yip Kin Man, Raymond, Law, Yui Lun and Lam Yiu Kin). The Directors' biographical details are set out on pages 8 to 14 under the heading "**BIOGRAPHICAL DETAILS OF DIRECTORS**".

The major duties of the Board are set out below:

- Develop business model and business goals of the Company;
- Formulate the strategies, planning and development of the Company;
- Set up objectives of management;
- Monitor the performance of management;
- Ensure that a framework of prudent and effective controls are in place to enable risks to be assessed and managed;
- Review and approve the Company's results and operations to be disclosed on a regular basis to the public; and
- Approve the Group's operating strategies, budget and strategies in collaboration with various jurisdictions enterprises, as well as other major investments, application of funds and other substantial exercises with other enterprises.

之首長寶佳守則已在二零一八年十二月十八日修訂。經本公司特定查詢後，所有董事已確認彼等於截至二零一八年十二月三十一日止年度內，一直遵守標準守則及首長寶佳守則所載之規定標準。

董事會

董事會現由六名成員組成，包括兩名執行董事（即蘇凡榮先生（董事長兼董事總經理）及鄧國求先生（董事副總經理）、一名非執行董事（即廖駿先生）及三名獨立非執行董事（即葉健民先生、羅裔麟先生及林耀堅先生）。董事之簡歷詳情載於第8頁至14頁之「**董事簡歷**」之標題內。

董事會之主要職責如下：

- 發展本公司之業務模式及目標；
- 制訂本公司的策略、計劃及發展；
- 確立管理的目標；
- 監察管理層的表現；
- 確保推行審慎和有效的監管架構，從而評估和管理風險；
- 審核及批准本公司的業績及運作，定期向公眾人士披露；及
- 批准本集團的營運策略、預算及與不同管轄權區的企業合作的計劃以及其他主要的投資、資金運用及與其他企業的其他重大行動。

CORPORATE GOVERNANCE REPORT

企業管治報告

In order to have a clear guideline in relation to the matters specifically reserved to the Board for decision, functions between the Board and the management are formalized in the Internal Control Manual. In short, the Board, which is accountable to Shareholders for the long-term performance of the Company, is responsible for directing and supervising the Company's affairs to safeguard the best interest of the Company as a whole. The affairs reserved to the Board including but not limited to the development of business models and strategies of the Company, the preparation of financial reporting and the expansion and development of any new business. The managing Director motivates the management and general staff to achieve those business goals and strategies set out by the Board, applying business principles and ethics enshrined in the Internal Control Manual.

Each Director owes a fiduciary duty towards the Company. He should act in good faith and in the best interests for both the Company and Shareholders as a whole. Also, the Board has three independent non-executive Directors which represent half (more than one-third) of the Board so that there is a strong element of independence in the Board. Each of the independent non-executive Directors has different professional qualification and experience in various aspects: including but not limited to (i) legal professional qualification and experience; and (ii) auditing, accounting and tax professional, and business consulting experience, which has fully complied with Rules 3.10(1) and (2) of the Listing Rules. Hence, we believe that we have sufficient calibre and number for their views to carry weight.

為特別須由董事會作決定之事項提供明確指引，董事會及管理層之職能已在內部監控指引中界定。簡單而言，董事會須就本公司的長遠表現向股東問責，負責領導及監管本公司之事務以保障本公司之整體最佳利益。需董事會負責之事務包括但不限於發展本公司業務模式及策略、準備財務報告以及擴展和開發任何新業務。而董事總經理負責推動管理層及一般僱員以內部監控指引下之業務準則及道德標準達到董事會制訂的業務目標及策略。

各董事對於本公司均有誠信責任。彼應真誠地以本公司和股東的整體最佳利益為前提行事。另外，董事會現有有三名獨立非執行董事，佔董事會成員人數一半（多於三分之一），使董事會有強大的獨立元素。每一位獨立非執行董事於各方面皆具有各項專業資格及經驗：包括但不限於(i)法律專業資格及經驗；及(ii)審核、會計和稅務專業及業務諮詢經驗，完全符合上市規則第3.10(1)及(2)條的規定。故此，我們相信我們具有足夠才幹的獨立非執行董事，以使其意見具有影響力。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Company has received from each of the independent non-executive Directors an annual confirmation of his and immediate family members' independence pursuant to Rule 3.13 of the Listing Rules. Although two of the independent non-executive Directors, Messrs. Yip Kin Man, Raymond and Law, Yui Lun have been serving the Board for more than nine years, they have not engaged in any executive management of the Group and Mr. Yip's solicitors firm and Mr. Law, when he was Certified Public Accountant (Practising), and their respective family members have never provided any service to the Group. Their familiarity and extensive experience with the Company's business may place them in a better position to contribute independent views to the Company, and continue to demonstrate a firm commitment to their role.

Taking into consideration of their independent scope of works and their high integrity when performing duties as independent non-executive Directors over the past years, there is no evidence that length of tenure is having an adverse impact on their independence. The Company therefore considers all of independent non-executive Directors (including Messrs. Yip and Law) are independent throughout the year under review. Furthermore, all Directors, including independent non-executive Directors, should be re-elected at least once every three years at the annual general meeting of the Company and the reasons the Board believes that the individual to be independent are set out in the relevant circulars. In addition to the above, to the best knowledge of the Directors, there is no financial, business, family or other material/relevant relationship among members of the Board.

根據上市規則第3.13條之規定，本公司已收悉每名獨立非執行董事及其直系親屬有關其獨立性之年度確認書。雖然其中兩位獨立非執行董事，葉健民先生及羅裔麟先生服務董事會至今已超過九年，但彼等概無參與本集團任何行政管理工作及葉先生的律師樓和羅先生(於其會計師事務所時)及其各自直系親屬從未向本集團提供任何服務。彼等對本公司業務之熟悉及資深經驗有助其向本公司提供較佳之獨立意見和對彼等董事職務持續表現堅定的承擔。

考慮到彼等過往年度工作之獨立範疇及彼等履行獨立非執行董事職責的高度正直，並無任何證據顯示服務年資對彼等獨立性產生負面影響。本公司因此認為所有獨立非執行董事(包括葉先生及羅先生)於本年度回顧，均為獨立人士。再者，所有董事(包括獨立非執行董事)須至少每三年一次在本公司股東周年大會上重選，及董事會認為各獨立非執行董事乃屬於獨立人士的原因，已列載於有關通函內。除以上外，就董事所知，各董事會成員之間概無任何財務、業務、家族或其他重大／相關關係。

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Deviation from code provision A.2.1 of the Code

During the year under review, the roles of chairman and managing Director in the Company are performed by Mr. Su Fanrong (“Mr. Su”) which constitutes the deviation from the code provision A.2.1 of the Code which stipulates that the roles of chairman and managing Director should be separate and should not be performed by the same person. In consideration of Mr. Su’s extensive knowledge and experience in various aspects, in particular the management in the steel industry and sales area, the Board considers this present arrangement still enables the Company to make decisions promptly in the formulation and implementation of the Company’s strategies in achieving corporate goals. Notwithstanding the deviation, the Board is of the view that there are sufficient checks and balances amongst the Board to reach decisions in the interests of the Company and its Shareholders as a whole. The Board will review the management structure from time to time according to Board Diversity Policy and the need to separate the roles of the chairman of the Board and the managing Director into two individuals.

Deviation from code provision A.6.7 of the Code

During the year under review, Mr. Liao Jun (“Mr. Liao”), who is a non-executive Director, was unable to attend the annual general meeting due to his other business engagement and only able to attend three out of five board meetings during the year and this might constitute a deviation of the code provision A.6.7 of the Code which requires generally the independent non-executive Directors and non-executive Directors to attend general meetings to gain and develop a balanced understanding of the views of Shareholders. Notwithstanding the deviation, Mr. Liao demonstrated an active participation and contributed his skills, expertise from his varied backgrounds and qualifications to the board meetings he attended during the year under review. The Board will advise Mr. Liao to use his endeavors to attend all the meetings for the coming years.

偏離守則之守則條文A.2.1條

於本年度回顧，本公司的董事長與董事總經理之角色均由蘇凡榮先生（「蘇先生」）擔任，故偏離守則之守則條文A.2.1條。該守則條文規定董事長與董事總經理的角色應有區分，並不應由同一人擔任。考慮到蘇先生在各方面，特別是管理鋼鐵行業及銷售方面擁有的豐富知識和經驗，董事會認為目前的安排仍可使本公司能夠及時制定決策以實現本公司目標。儘管偏離守則，董事會認為有足夠的制衡機制來作出符合本公司及其股東整體利益的決定。董事會亦將根據董事會成員多元化政策不時檢討管理架構，並在需要時將董事長與董事總經理的角色分開。

偏離守則之守則條文A.6.7條

於本年度回顧，廖駿先生（「廖先生」），非執行董事，在五次董事會會議中只參與了三次及因其他業務在身而無法參與股東周年大會。因此本公司可能構成偏離守則之守則條文A.6.7條。該守則條文一般而言規定獨立非執行董事及非執行董事應出席股東大會，對股東的意見有全面、公正的了解。儘管偏離守則，廖先生於本年度回顧中出席的董事會議中積極參與，並以其技能、專業知識及不同的背景及資格作出貢獻。董事會將建議廖先生積極參與所有來年舉行之會議。

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Deviation from code provision D.1.4 of the Code

During the year under review, the Company deviated from the code provision D.1.4 of the Code. According to the subscription agreement and further agreement dated 22 September 2006 and 24 February 2015 respectively entered into by the Company and Bekaert, Bekaert group nominated Mr. Liao as a non-executive Director. Mr. Liao does not have any formal letter of appointment setting out the key terms and conditions of his appointment as Director, which therefore deviated from the code provision D.1.4 of the Code.

The details of Directors' attendance at the meetings (including the board meetings, audit committee meetings, remuneration committee meeting, nomination committee meeting and annual general meeting) held during the year are set out in the following table:

Record of attendance of Directors at the meetings held during the year ("Attendance Record")

偏離守則之守則條文D.1.4條

於本年度回顧，本公司偏離守則之守則條文D.1.4條，根據本公司與Bekaert分別於二零零六年九月二十二日及二零一五年二月二十四日訂立之認購協議及進一步協議由Bekaert集團委派廖先生為非執行董事。廖先生沒有任何正式委任書，訂明有關其委任為董事的主要條款及條件，本公司因此偏離守則之守則條文D.1.4條。

董事於本年度舉行的會議(包括董事會會議、審核委員會會議、薪酬委員會會議、提名委員會會議及股東周年大會)之出席情況已於下表列示：

董事於本年度舉行的會議出席紀錄(「出席紀錄」)

Name of Director	董事姓名	Number of Meetings Attended and Held				
		Board Meetings 董事會會議	Audit Committee Meetings 審核委員會會議	Remuneration Committee Meetings 薪酬委員會會議	Nomination Committee Meeting 提名委員會會議	Annual General Meeting 股東周年大會
Li Shaofeng*	李少峰*	1/5	N/A不適用	1/2	1/3	N/A不適用
Yang Kaiyu*	楊開宇*	1/5	N/A不適用	N/A不適用	N/A不適用	N/A不適用
Su Fanrong	蘇凡榮	5/5	N/A不適用	1/2	2/3	1/1
Leung Shun Sang, Tony*	梁順生*	2/5	N/A不適用	1/2	2/3	1/1
Tang Cornor Kwok Kau	鄧國求	5/5	6/6	N/A不適用	N/A不適用	1/1
Liao Jun	廖駿	3/5	N/A不適用	N/A不適用	N/A不適用	0/1
Yip Kin Man, Raymond	葉健民	5/5	6/6	2/2	3/3	1/1
Law, Yui Lun	羅裔麟	5/5	6/6	2/2	3/3	1/1
Lam Yiu Kin	林耀堅	5/5	6/6	2/2	3/3	1/1

* Mr. Li Shaofeng resigned as the executive Director and chairman on 18 January 2018, Mr. Yang Kaiyu resigned as the executive Director and managing Director on 31 January 2018 and Mr. Leung Shun Sang, Tony retired as the non-executive Director on 18 May 2018.

* 李少峰先生於二零一八年一月十八日辭任執行董事兼董事長，楊開宇先生於二零一八年一月三十一日辭任執行董事兼董事總經理及梁順生先生於二零一八年五月十八日退任非執行董事。

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During the year, two risk assessment meetings were held to deal with risk management issues of the Group and a budget meeting was held to review the business performance of 2018 and planning of 2019 business by executive Directors and the management of the Group after the balance sheet date.

DIRECTORS' CONTINUOUS TRAINING AND DEVELOPMENT

The Company will provide a comprehensive, formal and tailored induction package to each newly appointed Director to ensure that he/she is sufficiently aware of his/her duties, responsibilities and obligations as a Director under the Companies Ordinance, the Listing Rules and other regulatory requirement and ensure he/she has a proper understanding of the Company's operations and business. In compliance with the code provision A.6.5 of the Code during the year, all Directors have participated in continuous professional development to develop and refresh their knowledge and skills. The Directors have attended programmes or seminar(s) organised by the Company, other qualified professional bodies and regulatory authorities. In particular, all Directors had actively participated in the Directors E-Training launched by the Stock Exchange in February and December 2018, which enhance their understanding of the responsibilities at Initial Public Offering and after listing process and INED's role in corporate governance and other new corporate governance requirements that took effect on 1 January 2019.

於本年度，執行董事及本集團管理層舉行了兩次風險評估會議藉以處理本集團之風險管理及內部監控事宜及於結算日後舉行了一次預算會議以檢討二零一八年之業務表現及二零一九年之業務計劃。

董事之持續培訓及發展

本公司會向每名新委任董事提供全面、正式兼特為其而設的就任須知文件，確保他／她能足夠知悉公司條例、上市規則及其他法規規定下其為董事之責任、職責及義務，和確保他／她對本公司之運作與業務均有適當的理解。於本年度內，為符合守則之守則條文A.6.5條，所有董事均參與持續專業發展，以發展並更新其知識及技能。董事已參加由本公司或其他專業資格團體或監管機構所舉辦的課程或研討會。特別是，本公司全體董事已積極參與聯交所於二零一八年二月及十二月推出的董事網上培訓，增進了他們對首次公開招股及上市之後的責任及獨立非執行董事在企業管治中的角色及其他於二零一九年一月一日生效的新企業管治要求的理解。

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Furthermore, in order to ensure that the contribution of all Directors to the Board remains informed and relevant, the Company Secretarial Department of the Company has, from time to time provide Directors with relevant reading materials to keep them informed of the latest updates in the relevant industry and market and the latest changes on the legal and regulatory environment. The records of the training received by the respective Directors are kept and updated by the Company Secretarial Department of the Company. Areas of their training activities provided by the Company, relevant professional qualified bodies and regulatory authorities are summarised as follows:

再者，為確保所有董事能為董事會作出有識見及恰當的貢獻，本公司公司秘書部門不時向董事提供相關閱讀文件讓彼等知悉相關行業及市場的最新消息以及法律和法規環境的最新變化。各董事所接受之培訓紀錄已由本公司秘書部保管及更新。本公司、有關專業資格團體和監管機構向相關董事提供的培訓活動範圍概況如下：

Name of Director	董事姓名	Accounting, taxation and legal professional trainings	Legal, Regulatory and corporate governance updates	Group's policies/businesses	Director's responsibilities at IPOs and after listing process	Other professional development programs	INED's role in corporate governance	Global/China market/economic issues/development
		會計、稅務及法律專業培訓	法律、法規及企業管治更新	集團的政策/業務	首次公開招股時及上市之後的董事責任	其他專業發展課程	獨立非執行董事在企業管治中的角色	全球/中國市場/經濟的問題/發展
Li Shaofeng*	李少峰*	-	✓	✓	-	-	-	-
Yang Kaiyu*	楊開宇*	-	✓	✓	-	-	-	-
Su Fanrong	蘇凡榮	-	✓	✓	✓	-	✓	-
Leung Shun Sang, Tony*	梁順生*	-	✓	✓	✓	-	-	-
Tang Cornor Kwok Kau	鄧國求	-	✓	✓	✓	-	✓	-
Liao Jun	廖駿	-	✓	✓	✓	-	✓	-
Yip Kin Man, Raymond	葉健民	✓	✓	✓	✓	✓	✓	-
Law, Yui Lun	羅裔麟	✓	✓	✓	✓	✓	✓	✓
Lam Yiu Kin	林耀堅	✓	✓	✓	✓	✓	✓	✓

* Mr. Li Shaofeng resigned as the executive Director and chairman on 18 January 2018, Mr. Yang Kaiyu resigned as the executive Director and managing Director on 31 January 2018 and Mr. Leung Shun Sang, Tony retired as a non-executive Director on 18 May 2018.

* 李少峰先生於二零一八年一月十八日辭任執行董事兼董事長，楊開宇先生於二零一八年一月三十一日辭任執行董事兼董事總經理，梁順生先生於二零一八年五月十八日退任非執行董事。

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Directors have disclosed to the Company at the time of his appointment and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments and the time involvement in those public companies or organisations. In particular, Mr. Lam Yiu Kin holds more than seven public company directorships. The Board, however, still believes that he is able to devote sufficient time to the Board for the reasons that he has highly participated in all meetings held by the Company as well as other public companies he held directorships in the past two years and he made invaluable advice and comments on every business discussed at the meetings showing from the minutes record. Mr. Lam Yiu Kin had confirmed to the Board that he can devote sufficient time to discharge his duties and responsibilities of acting as an independent non-executive Director.

CHAIRMAN AND MANAGING DIRECTOR

During the year under review, the roles of Chairman and managing Director were combined together and performed by Mr. Su Fanrong since 31 January 2018 following the resignation of Messrs. Li Shaofeng and Yang Kaiyu on 18 January 2018 and 31 January 2018 respectively, and thus deviated from the code provision A.2.1 of the Code. Such deviation is deemed appropriate as in consideration of Mr. Su's extensive knowledge and experience in various aspects, in particular the management in the steel industry and sales area, the Board considers this present arrangement still enables the Company to make decisions promptly in the formulation and implementation of the Company's strategies in achieving corporate goals. Further details of such deviation has been set out in page 54 under the heading "THE BOARD" above.

董事於接受委任時及有任何變動已適時披露其於公眾公司或組織擔任職位的數目及性質以及其他重大承擔，和擔任該等公眾公司或組織所涉及的時間。特別是，林耀堅先生持有超過七間公眾公司的董事職位。然而，董事會仍然認為他可投入足夠時間履行董事責任，原因是他在過去兩年高度參與了本公司及其它他持有董事職位的公司舉辦的所有會議及從會議記錄中顯示，他對會議上討論的每項事務給予了寶貴的建議和意見。林耀堅先生已向董事會確認，他可投入足夠時間履行其作為獨立非執行董事的責任。

董事長及董事總經理

於本年度回顧，李少峰先生及楊開宇先生分別於二零一八年一月十八日及二零一八年一月三十一日辭任後，董事長和董事總經理之角色自二零一八年一月三十一日起一併由蘇凡榮先生擔任，因此偏離守則之守則條文A.2.1條。此偏離被視為恰當，原因是考慮到蘇先生在各方面，特別是管理鋼鐵行業及銷售方面擁有的豐富知識和經驗，董事會認為目前的安排仍可使公司能夠及時制定決策以實現本公司目標。有關此偏離的進一步細節已在第54頁上述標題「董事會」中列出。

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NON-EXECUTIVE DIRECTORS

Non-executive Directors (including independent non-executive Directors) of the Company are appointed for a specific term of three years commencing from 1 January 2017 and expiring on 31 December 2019, except (i) Mr. Lam Yiu Kin, who was appointed for a term commencing from 1 January 2018 and expiring on 31 December 2020; and (ii) Mr. Liao Jun (Non-executive Director), who was nominated by Bekaert group without any letter of appointment setting out the key terms and conditions of his appointment as Director with the Company. They are all subject to retirement by rotation and re-election at least every three years at annual general meeting in accordance with the Articles.

BOARD COMMITTEES

The Board has established various board committees, namely remuneration committee, nomination committee and audit committee to manage particular aspects of the Company's affairs and aid in sharing the responsibilities of the Board. Moreover, all the board committees have formulated their specific written terms of reference in accordance with the requirements of the Code. The board committee members will also from time to time report their decisions and recommendations to the Board, if necessary.

To comply with the Code in relation to the requirements of the establishment of internal audit function and appropriate and effective risk management and internal control systems, the Company has engaged Moore Stephens Advisory Services Limited as the internal auditor of the Company in relation to the provision of internal audit services to the Company since 2015. The audit committee takes the responsibility to review the risk management and internal control systems, the effectiveness of the Company's risk management and internal audit function and its other duties under the Code.

No corporate governance committee has been established but respective board committees (as disclosed below) are responsible for performing corporate governance functions set out in the terms of reference in code provision D.3.1 of the Code.

非執行董事

本公司之非執行董事(包括獨立非執行董事)以指定任期委任，由二零一七年一月一日起至二零一九年十二月三十一日止為期三年，除了(i) 林耀堅先生，其指定任期為二零一八年一月一日起至二零二零年十二月三十一日止；及(ii) 廖駿先生(非執行董事)(彼由Bekaert集團提名)，其沒有任何正式委任書，訂明有關其委任為董事的主要條款及條件。所有董事均須根據章程細則規定至少每三年一次在股東周年大會上輪席告退及膺選連任。

董事委員會

董事會已成立多個董事委員會，分別為薪酬委員會、提名委員會及審核委員會，藉以處理本公司特定範疇的事務及協助分擔董事會之職責。再者，所有董事委員會已根據守則之規定擬定其特定職權範圍。董事委員會成員如需要亦不時向董事會報告彼等的決定和建議。

為符合守則有關建立內部審核功能和合適及有效的風險管理及內部監控系統之要求，本公司自二零一五年起已聘請馬施雲諮詢有限公司為本公司內部核數師提供內部審核服務。審核委員會負責審查風險管理及內部監控系統、本公司風險管理及內部審核功能的有效性和守則所列之其他職責。

本公司並沒有成立企業管治委員會，但各別董事委員會(如下文所述)已負責履行根據守則之守則條文D.3.1條所列載的企業管治職能的職權範圍。

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Remuneration committee

The Remuneration Committee has been established on 4 April 2005 and consists of four members with a majority of independent non-executive Directors. The current members are:

Mr. Yip Kin Man, Raymond (*Chairman*)
Mr. Su Fanrong ^{Note 1} (*Vice Chairman*)
Mr. Law, Yui Lun (*Independent Non-executive Director*)
Mr. Lam Yiu Kin (*Independent Non-executive Director*)

Note 1: Mr. Su Fanrong was appointed as the vice chairman of the remuneration committee to replace Mr. Li Shaofeng (the former vice chairman of the remuneration committee) on 18 January 2018.

Note 2: Mr. Leung Shun Sang, Tony resigned as the member of the remuneration committee on 18 May 2018.

and its terms of reference are summarised as follows:

- i) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's (if any) remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- ii) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management (if any), including benefits in kind, pension rights, compensation payments (including any compensation payable for loss or termination of their office or appointment), or to make recommendations to the Board on the remuneration of non-executive Directors, and also to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

薪酬委員會

薪酬委員會已於二零零五年四月四日成立並由四名成員組成，其中大部分為獨立非執行董事，現在成員為：

葉健民先生(*主席*)
蘇凡榮先生^{附註1}(*副主席*)
羅裔麟先生(*獨立非執行董事*)
林耀堅先生(*獨立非執行董事*)

附註1: 蘇凡榮先生於二零一八年一月十八日獲委任為薪酬委員會副主席，以取替李少峰先生(前薪酬委員會副主席)。

附註2: 梁順生先生於二零一八年五月十八日辭任薪酬委員會成員。

薪酬委員會之職權範圍概述如下：

- i) 就本公司之董事及高級管理人員(如有)之全體薪酬政策及架構，及就設立正規而具透明度之程序制訂薪酬政策，向董事會提出建議；
- ii) 獲董事會轉授責任釐定個別執行董事及高級管理人員(如有)的薪酬待遇，包括非金錢利益、退休金權利、賠償金額(包括喪失或終止職務或委任的賠償)，或就非執行董事的薪酬向董事會提出建議，及考慮同類公司支付的薪酬、須付出的時間及職責以及集團內其他職位的僱用條件；

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- | | |
|---|---|
| iii) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; | iii) 因應董事會所訂企業方針及目標而檢討及批准管理層的薪酬建議； |
| iv) to review and approve compensation payable to executive Directors and senior management (if any) for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; | iv) 檢討及批准向執行董事及高級管理人員(如有)就其喪失或終止職務或委任而須支付的賠償，以確保該等賠償與合約條款一致，若未能與合約條款一致，賠償亦須公平合理，不致過多； |
| v) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; | v) 檢討及批准因董事行為失當而解僱或罷免有關董事所涉及之賠償安排，以確保該等安排與合約條款一致，若未能與合約條款一致，有關賠償亦須合理適當； |
| vi) to consider the annual performance bonus for executive Directors and senior management (if any), having regard to their achievements against the performance criteria, and make recommendation to the Board; | vi) 根據執行董事及高級管理人員(如有)的表現準則評核其表現，審議有關人員的年度表現花紅，繼而向董事會提出建議； |
| vii) to ensure that no Director or any of his associates is involved in deciding his own remuneration; and | vii) 確保任何董事或其任何聯繫人不得參與釐定他自己的薪酬；及 |
| viii) to exercise such other powers, authorities and discretion, and perform such other duties, of the Directors in relation to the remuneration as the Board may from time to time delegate to it, having regard to the Code of the Listing Rules. | viii) 獲董事會不時之授權及根據上市規則之守則的規定就董事之薪酬待遇事宜行使其他權力、職權及酌情權，以及履行其責任。 |

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During the year under review, two remuneration committee meetings were held and a written resolution of all members of remuneration committee was passed and the works performed by the remuneration committee included: (i) the consideration and review of the performance-based remuneration of executive, non-executive and independent non-executive Directors; (ii) the review of the directors' fees of non-executive Directors (including independent non-executive Directors); (iii) the consideration and recommendation of the terms of service contract of Mr. Su Fanrong of his re-designation as chairman of the Company with effect from 18 January 2018; (iv) the consideration of the treatment of share options held by Mr. Li Shaofeng who resigned as the executive Director and the chairman and the resignation of his position in all committees with effect from 18 January 2018; (v) the appointment of Mr. Su Fanrong as the vice chairman of remuneration committee and chairman of nomination committee on 18 January 2018; (vi) the resignation of Mr. Yang Kaiyu as the managing Director and the appointment of Mr. Su Fanrong as the managing Director, the consideration of the treatment of share options held by Mr. Yang Kaiyu with effect from 31 January 2018 by written resolution of remuneration committee; and (vii) the review of the terms of reference of remuneration committee. The emoluments of the Directors are decided by the remuneration committee, having regard to individual performance, the Group's performance and profitability, remuneration benchmark in the industry and prevailing market condition. The attendance record of the remuneration committee members at the meetings held during the year is set out in the **"Attendance Record"** on page 58 of this report.

The information in respect of emolument policy of the Group is set out in the relevant sections of the **"REPORT OF THE DIRECTORS"** of this annual report and a separate report, 2018 Environmental, Social and Governance Report (the "2018 ESG Report").

於本年度回顧，本公司曾舉行兩次薪酬委員會會議及曾通過一次所有薪酬委員會成員的書面決議案，薪酬委員會之工作包括：(i)考慮及檢討按照執行董事，非執行董事及獨立非執行董事的個人表現而釐訂的薪酬；(ii)審閱非執行董事(包括獨立非執行董事)的董事袍金；(iii)考慮及建議蘇凡榮先生自二零一八年一月十八日起調任為本公司董事長之服務合約；(iv)考慮李少峰先生辭任本公司執行董事及董事長之認股權處理事項及自二零一八年一月十八日起辭任其所有委員會的職位；(v)自二零一八年一月十八日起委任蘇凡榮先生為薪酬委員會副主席兼提名委員會主席；(vi)由二零一八年一月三十一日起生效之薪酬委員會成員書面決議案，楊開宇先生辭任董事總經理及委任蘇凡榮先生為董事總經理並考慮楊開宇先生之認股權處理事項；及(vii)檢討薪酬委員會職權範圍書。董事之酬金由薪酬委員會按照個人表現、本集團之業績及盈利狀況，亦以業界指標及當時市場環境而釐訂。而有關薪酬委員會成員於本年度舉行的會議之出席紀錄已列載於本報告第58頁內之「**出席紀錄**」內。

有關本集團之酬金政策之資料已列載於本年報「**董事會報告**」及一份獨立報告—《二零一八年度環境、社會及管治報告》(「二零一八年度環境、社會及管治報告」)之相關章節內。

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Nomination committee

The nomination committee has been established on 4 April 2005 and consists of four members with a majority of independent non-executive Directors. The current members are:

Mr. Su Fanrong ^{Note 1} (Chairman)

Mr. Yip Kin Man, Raymond ^{Note 2} (Vice Chairman)

Mr. Law, Yui Lun (Independent Non-executive Director)

Mr. Lam Yiu Kin (Independent Non-executive Director)

Note 1: Mr. Su Fanrong was appointed as the chairman of the nomination committee to replace Mr. Li Shaofeng (the former chairman of the nomination committee) on 18 January 2018.

Note 2: Mr. Yip Kin Man, Raymond was appointed as the vice chairman of the nomination committee to replace Mr. Leung Shun Sang, Tony (the former vice chairman of the nomination committee) on 18 May 2018.

Terms of reference of nomination committee are summarised as follows:

- i) to review and monitor the structure, size and diversity (including but not limited to gender, language, age, religion, social-economic status, cultural and educational background, ethnicity, professional experience, regional and industry experience, skills, knowledge, thinking styles, know-how and length of service) of the Board at least annually in accordance with the Board Diversity Policy and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

提名委員會

提名委員會已於二零零五年四月四日成立並由四名成員組成，而其中大部分為獨立非執行董事，現在成員為：

蘇凡榮先生^{附註1}(主席)

葉健民先生^{附註2}(副主席)

羅裔麟先生(獨立非執行董事)

林耀堅先生(獨立非執行董事)

附註1: 蘇凡榮先生於二零一八年一月十八日獲委任為提名委員會主席，以取替李少峰先生(前提名委員會主席)。

附註2: 葉健民先生於二零一八年五月十八日獲委任為提名委員會副主席，以取替梁順生先生(前提名委員會副主席)。

提名委員會之職權範圍概述如下：

- i) 根據董事會成員多元化政策，至少每年檢討及監察董事會的結構、人數及多元化(包括但不限於性別、語言、年齡、宗教、社經地位、文化及教育背景、種族、專業經驗、地區及行業經驗、技能、知識、思想作風、技術及服務任期)，並就任何為配合本公司策略而擬對董事會作出的變動提出建議；

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- ii) to identify and/or nominate and then select or make recommendation to the Board on the selection of qualified individuals for appointment as additional Directors or to fill Board vacancies in accordance with the Policy for Nomination of a Director of the Company by considering the skills, experience and diversity of perspectives that the individual is expected to bring to the Board and what are their potential contributions as and when they arise with due regard for the benefits of diversity on the Board. Such appointment is subject to the approval of the Board;
- iii) to make recommendations (taking into account the Company's corporate strategy and diversity need in the future) to the Board on the appointment or re-appointment of Directors and succession planning for Directors in accordance with the Policy for Nomination of a Director of the Company, in particular the chairman and the chief executive;
- iv) to disclose the Policy for Nomination of a Director of the Company, performed by the nomination committee during the year. This includes the nomination procedures and the process and criteria adopted by the nomination committee to select and recommend candidates for directorships during the year, setting out the procedures for the appointment and reappointment of Directors and board succession planning consideration;
- v) to assess and review the independence of independent non-executive Directors annually;
- vi) to review the Board Diversity Policy concerning diversity at all levels of Board members, including any measurable objectives and progress on achieving those objectives, and make disclosure of the policy or a summary of the policy in the corporate governance report annually;
- vii) for corporate governance issues, the nomination committee should (i) review and monitor the training and continuous professional development of Directors and senior management (if any); and (ii) develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Company's employees and Directors;
- ii) 在董事會需要增加董事人數或填補董事空缺時，考慮多元化對董事會之好處，作物色及／或提名，並根據提名公司董事政策考慮候任董事預期可為董事會帶來何樣的技巧、經驗及多元化觀點，以及為未來作出怎樣的貢獻，然後進行甄選或向董事會提出建議，惟有關委任須待董事會批准方可落實；
- iii) 根據提名公司董事政策，就董事委任或重新委任以及董事（尤其是董事長／主席及行政總裁）繼任計劃向董事會提出建議（考慮本公司將來之企業策略及多元化需要）；
- iv) 披露年內由提名委員會執行的有關提名公司董事政策，包括提名委員會年內就董事候選人採納的提名程序以及遴選及推薦準則，列出委任及重新委任董事的程序及考慮董事會成員的繼任規劃；
- v) 每年評核獨立非執行董事的獨立性；
- vi) 就董事會成員多元化，檢討董事會成員多元化政策，包括任何可計量目標及達標的進度，以及每年在企業管治報告內披露其政策或政策摘要；
- vii) 有關企業管治事宜，提名委員會應(i)檢討及監察董事及高級管理人員(如有)的培訓和持續專業發展；以及(ii)制定、檢討和監察本公司僱員及董事的操守準則和合規手冊(如有)；

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- viii) the nomination committee shall make a statement or report to the Board after each meeting about its activities, the diversity of board members and the process used for appointments, reappointment of Directors under the Policy for Nomination of a Director of the Company and board succession planning consideration and explain if external advice has been used and disclose and publish in the annual report or other report as required subject to the Listing Rules which is amended from time to time; and
- ix) to exercise such other powers, authorities and discretion, and perform such other duties, of the Directors in relation to the nomination as the Board may from time to time delegate to it, having regard to the Code of the Listing Rules.

During the year under review, three nomination committee meetings were held and a written resolution of all members of nomination committee was passed and the works performed by the nomination committee included: (i) the review of current structure, size and diversity of the Board; (ii) the assessment and review of the independence of independent non-executive Directors; (iii) the review of the revised Board Diversity Policy, the progress of achieving measurable objective for 2018 and determine new measurable objective for year 2019 and the timetable in relation thereto; (iv) the review of the 2018 training and continuous professional development of Directors; (v) the recommendation of the new Policy for Nomination of a Director of the Company; (vi) the resignation of Mr. Li Shaofeng as the chairman and executive Director and the chairman of nomination committee and the re-designation of Mr. Su Fanrong as the chairman and the appointment of chairman of nomination committee and vice chairman of remuneration committee with effect from 18 January 2018; (vii) the retirement of Mr. Leung Shun Sang, Tony as the non-executive Director and the resignation of the vice chairman of nomination committee and the appointment of Mr. Yip Kin Man, Raymond as the vice chairman of nomination committee with effect from 18 May 2018; (viii) the resignation of Mr. Yang Kaiyu as the managing Director and the appointment of Mr. Su Fanrong as the managing Director with effect from 31 January 2018 by written resolution of nomination committee; and (ix) the review of terms of reference of nomination committee.

- viii) 提名委員會須於每次會議後向董事會申述或報告有關其活動、根據提名公司董事政策委任及重新委任任何董事之過程，考慮董事會成員的繼任規劃以及就委任過程解釋有否採用外聘意見，並需要根據有關不時修訂之上市規則刊載於年報或其他報告內；及
- ix) 獲董事會不時之授權及根據上市規則之守則的規定就董事之提名事宜行使其他權力、職權及酌情權，以及履行該等其他責任。

於本年度回顧，本公司曾舉行了三次提名委員會會議及曾通過一次所有提名委員會成員的書面決議案，提名委員會之工作包括：(i)檢討董事會目前的架構、人數及多元化；(ii)檢討及評核本公司獨立非執行董事的獨立性；(iii)檢討經修訂的董事會成員多元化政策及二零一八年可計量目標之進度及決定二零一九年新可計量目標及其達標時間表；(iv)檢討本公司二零一八年董事的培訓和持續專業發展；(v)建議新的提名公司董事政策；(vi)李少峰先生辭任董事長、執行董事及提名委員會主席，調任蘇凡榮先生為董事長及委任其為提名委員會主席及薪酬委員會副主席，自二零一八年一月十八日起生效；(vii)梁順生先生退任為非執行董事及提名委員會副主席，及委任葉健民先生為提名委員會副主席，自二零一八年五月十八日起生效；(viii)自二零一八年一月三十一日起生效之提名委員會書面決議案，楊開宇先生辭任董事總經理及委任蘇凡榮先生為董事總經理；及(ix)檢討提名委員會職權範圍書。

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The Board Diversity Policy has been adopted since 2013 and was revised on 18 December 2018 in compliance with code provision A.5.6 of the Code. Other than the elements of board diversity, in considering the nomination of new Directors, the nomination committee members will subject to the Policy for Nomination of a Director of the Company take into account the qualification, ability, working experience and professional ethics of the candidates, especially their experience in the business/industry of the Group and/or other professional areas. The nomination committee then put forward the recommendation in respect of the above factors, where appropriate, to the Board for consideration and adoption according to the Policy for Nomination of a Director of the Company. The attendance record of the nomination committee members at the meetings during the year is set out in the “**Attendance Record**” on page 58 of this report.

The summary of revised Board Diversity Policy and its measurable objectives

The Consultation Conclusions on the Consultation Paper on Review of the Code and Listing Rules has been published by the Stock Exchange in July 2018. In particular, the amendment requires the Company to have a diversity policy and to disclose the policy or a summary of the policy in Corporate Governance Report.

本公司自二零一三年採納了董事會成員多元化政策，並於二零一八年十二月十八日根據守則之守則條文A.5.6條作出修訂。除考慮董事會多元化元素外，在考慮提名新董事時，提名委員會成員將依據提名公司董事政策以候選人的資歷、能力、工作經驗及其專業操守，尤其是其在本集團之業務／行業及／或其他專業領域之經驗作考慮。提名委員會將根據提名公司董事政策就以上考慮因素(如合適)建議給董事會考慮及採納，而有關提名委員會成員於本年度舉行的會議之出席紀錄已列載於本報告第58頁內之「**出席紀錄**」內。

董事會成員多元化政策及其可計量目標之概要

聯交所於二零一八年七月刊發了守則及上市規則的諮詢總結。特別是，該修訂規定本公司須制定董事會成員多元化政策，並在企業管治報告中披露該政策或其概要。

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Thus, the revised Board Diversity Policy has been reviewed by nomination committee members and approved by Directors and adopted on 18 December 2018. The revised Board Diversity Policy is summarized as follows:

- articulate the benefits of diversity, including gender diversity, and the importance of being able to attract, retain and motivate Directors from the widest possible pool of available talent, and also aware of development of a broader and more diverse pool of skilled and experienced employee and that, in their skills, will prepare for senior management and board position to enhance the quality of its performance;
 - express the Company's commitment to diversity at all levels, including but not limited to gender, language, age, religion, social-economic status, cultural and educational background, ethnicity, professional experience, regional and industry experience, skills, knowledge, thinking styles, know-how and length of service, in particular focus on gender diversity, independence of the independent non-executive Directors and skills and experience; and
 - prepare a board skills matrix helping the Board to assess the current mix of competencies and diversity on the Board and identify any gaps that may exist.
- 因此，經修訂的董事會成員多元化政策已於二零一八年十二月十八日由提名委員會成員檢討並經董事批准，並獲得採納。經修訂的董事會成員多元化政策概述如下：
- 說明多元化（包括性別多元化）裨益良多，及從廣泛的人才中吸納、保留和激勵董事的重要性，及認識到發展更廣大和更多元化有技能和經驗的僱員，及從他們的技能就成為高級管理層和董事會職位做好準備，以提升公司的表現；
 - 顯示本公司致力從多方面考慮多元化的承諾，包括但不限於性別語言、年齡、宗教、社經地位、文化及教育背景、種族、專業經驗、地區及行業經驗、技能、知識、思想作風、技術及服務任期，特別是注重性別多元化，獨立非執行董事的獨立性以及技能和經驗；及
 - 準備董事會技巧矩陣有助董事會評估其當下的能力及多元化狀況，找出任何可能存在的不足。

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The nomination committee will discuss and agree annually all measurable objectives for achieving diversity on the Board and recommend to the Board for adoption. At any given time the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

提名委員會將每年討論與協商達成董事會多元化的所有可計量目標，並向董事會推薦採納。在任何適當的時間，董事會可從一個或多個方面尋求改善多元化及計量目標的進度。

The nomination committee will also report annually, in this report, on the Board's composition under diversified perspectives, and monitor the implementation of this policy.

提名委員會亦將每年在此報告內匯報董事會在多元化層面的組成，並監察本政策的執行。

The following are the measurable objectives in years 2018 and 2019:

二零一八年及二零一九年可計量目標如下：

Progress of Measurable Objective in 2018

Completion date of the goal

2018可計量目標之進度

達標時間表

Promote Gender Mainstreaming under a Gender-sensitive Approach for the Enhancement of Gender Equality at Workplace (through reading presentation materials or trainings).

Hong Kong and China
6 September 2018

以性別敏感的方式提倡性別主流化，以在工作場所中促進性別平等（通過閱讀演示材料或培訓）。

香港及中國
二零一八年九月六日

Measurable Objective in 2019

Timeline of the goal

2019可計量目標

達標時間表

Promote a family friendly working culture to support employees with family care responsibilities so as to bring diversity to workplace (through reading presentation materials or trainings).

Before the end of 2019

提倡家庭友善的工作文化以支援有家庭照顧責任的僱員，從而促進工作場所的多元化（通過閱讀演示材料或培訓）。

二零一九年年底前

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The summary of Policy for Nomination of a Director of the Company

The Policy for Nomination of a Director of the Company has been recommended by nomination committee members and approved by Directors and adopted on 18 December 2018.

The Policy for Nomination of a Director of the Company is summarized as follows:

- state the objectives of the Policy for Nomination of a Director of the Company, including ensuring the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business;
- emphasise the ultimate responsibility for selection and appointment of Directors rests with the entire Board;
- set out the procedure for the selection, appointment and reappointment of Directors containing the selection criteria, including but not limited to considering the potential contributions a candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- set out other factors, such as the present needs of the Board for particular expertise skills or experience and whether the candidates would satisfy those needs, the requirement for the Board to have independent non-executive Directors in accordance with the Listing Rules and whether the candidates for independent non-executive Directors would be considered independence with reference to the independence criteria or guidelines set out in the Listing Rules, the suitability to the Company's present needs for particular skills or experience and whether it fits with the Company's culture, which are related to the Company shall be considered to select a proposed candidate;
- list the nomination of Directors applicable laws and procedures;

提名公司董事政策之概要

提名公司董事政策已於二零一八年十二月十八日由提名委員會成員建議並經董事批准，並獲得採納。

提名公司董事政策概述如下：

- 列明提名政策的目標，包括確保董事會成員俱備切合本公司業務所需的技巧、經驗及多元化觀點；
- 強調甄選並委任董事的最終責任由全體董事承擔；
- 列出制定甄選、委任及重新委任董事的程序，其中附有甄選標準，包括但不限於考慮個別人選可為董事會的資歷、技巧、經驗、獨立性及性別多元化等方面帶來的貢獻；
- 列出與公司有關的其他因素，考慮建議候選人，例如：董事會目前對特定的專業技能或經驗的需求及候選人是否滿足這些需求，要求董事會根據上市規則設立獨立非執行董事及根據上市規則所載之獨立准則或指引考慮獨立非執行董事候選人是否被視為獨立，適合本公司目前對特定技能或經驗的需求，及是否符合本公司的文化；
- 列出委任董事適用的法律和程序；

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- state the requirement of re-election or retirement of non-executive Directors (including the independent non-executive Directors) who have served for more than 9 years; and
- state the board succession planning considerations and periodical reviews of the plan.
- 列出已連任超過九年的非執行董事(包括獨立非執行董事)重選退任的條件；及
- 列出董事會的繼任計劃考慮，並定期檢討該計劃。

The nomination committee will monitor the Policy for Nomination of a Director of the Company to ensure the effectiveness and will discuss any revisions that may be required, and recommend any such revisions to the Board for adoption.

提名委員會將監督提名公司董事政策以確保有效性，並將討論可能需要的任何修訂及建議董事會採納任何此類修訂。

The nomination committee will review the Policy for Nomination of a Director of the Company and disclose in this report on the Board's succession planning considerations to achieve the objective to ensure that it remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice.

提名委員會將檢討提名公司董事政策，並在本報告中披露董事會的繼任計劃考慮，以確保與本公司需求相關，並反映當前監管要求及良好的企業管治。

Audit Committee

The audit committee has been established on 30 December 1998. At present, it consists of three members and all of them are independent non-executive Directors. They are:

Mr. Yip Kin Man, Raymond (*Chairman*)
Mr. Law, Yui Lun
Mr. Lam Yiu Kin

審核委員會

審核委員會已於一九九八年十二月三十日成立。目前由三名成員組成，及所有成員均為獨立非執行董事，彼為：

葉健民先生(主席)
羅裔麟先生
林耀堅先生

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Terms of reference of audit committee are summarised as follows:

審核委員會之職權範圍概述如下：

Relationship with the Company's external auditor

與本公司外聘核數師之關係

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| i) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; | i) 主要負責就外聘核數師之委任、重新委任及罷免向董事會提供建議、批准外聘核數師之薪酬及聘用條款，及處理任何有關該核數師辭任或辭退之問題； |
| ii) to review and monitor the external auditor's independence and objectivity; | ii) 檢討及監察外聘核數師是否獨立客觀； |
| iii) to review and monitor the effectiveness of the audit process in accordance with applicable standards and to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences; | iii) 按適用標準檢討及監察核數程序是否有效，並於核數工作開始前先與外聘核數師討論核數性質及範疇及有關申報責任； |
| iv) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally; | iv) 就外聘核數師提供非核數服務制定政策，並予以執行。就此而言，「外聘核數師」包括與核數公司處於同一控制權、所有權或管理權之下之任何機構，或一個合理知悉所有有關資料之第三方，在合理情況下會斷定該機構屬於該核數公司之本土或國際業務之一部分之任何機構； |
| v) to report to the Board, identifying and making recommendations on any matters where action or improvement is needed; | v) 就任何必須採取之行動或改善之事項向董事會報告並提出建議； |

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Review of the Company's financial information

vi) to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports (if applicable) before submission to the Board, the audit committee should focus particularly on:

- (a) any changes in accounting policies and practices;
- (b) major judgmental areas;
- (c) significant adjustments resulting from audit;
- (d) the going concern assumptions and any qualifications;
- (e) compliance with accounting standards; and
- (f) compliance with the Listing Rules and legal requirements in relation to financial reporting;

vii) in regard to (vi) above:

- (a) members of the audit committee should liaise with the Board and senior management (if any);
- (b) the audit committee must meet, at least twice a year, with the Company's external auditor; and
- (c) the audit committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer (if any) (or person occupying the same position), or external auditor;

審閱本公司之財務資料

vi) 監察本公司之財務報表以及年度報告及賬目、半年度報告及(若擬刊發)季度報告之完整性，並審閱其中所載有關財務申報之重要判斷。審核委員會在向董事會提交有關報表及報告(如適用)前，應特別針對下列事項加以審閱：

- (a) 會計政策及實務之任何更改；
- (b) 涉及重要判斷之地方；
- (c) 因核數而出現之重大調整；
- (d) 企業持續經營之假設及任何保留意見；
- (e) 是否遵守會計準則；及
- (f) 是否遵守有關財務申報之聯交所上市規則及法律規定；

vii) 就上文第(vi)項而言：

- (a) 審核委員會成員應與董事會及高級管理人員(如有)聯絡；
- (b) 審核委員會每年最少須與本公司之外聘核數師開會兩次；及
- (c) 審核委員會須考慮於該等報告及賬目中所反映或需反映之任何重大或不尋常事項，並應適當考慮任何由本公司屬下會計及財務匯報職員、監察主任(如有)(或擔任同一職位之人士)或外聘核數師提出之事項；

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Oversight of the Company's financial reporting system, risk management and internal control systems

- viii) to review the Company's financial controls, and unless expressly addressed by a separate board risk committee, or by the board itself, to review the Company's risk management and internal control systems;
- ix) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting function;
- x) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- xi) to ensure co-ordination between the internal auditors (if any) or the professional firm performing internal audit function and external auditor, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- xii) to review and assess the annual internal audit plan of the Company;
- xiii) to provide comments and recommendations on the enhancement of the risk management and internal control systems of the Group;
- xiv) to meet with the internal auditor (if any) or the representative of the professional firm performing internal audit function, if required, to ensure that there are no unresolved issues or concerns relating to risk management and internal control function;

監管本公司之財務申報制度、風險管理及內部監控系統

- viii) 檢討本公司之財務監控，以及(除非有另設的董事會轄下風險委員會又或董事會本身會明確處理)檢討本公司的風險管理及內部監控系統；
- ix) 與管理層討論風險管理及內部監控系統，確保管理層已履行職責建立有效之系統。討論內容應包括本公司在會計及財務匯報職能方面的資源、僱員資歷及經驗是否足夠，以及僱員所接受的培訓課程及有關預算又是否充足；
- x) 主動或應董事會之委派，考慮任何有關風險管理及內部監控事宜之重要調查結果及管理層對調查結果之回應；
- xi) 確保內部核數師(如有)或執行內部審核功能的專業公司和外聘核數師之工作得到協調；並確保內部核數功能在本公司內有足夠資源運作，並且有適當之地位；以及檢討及監察內部核數功能是否有效；
- xii) 審閱和評估本公司的年度內部審核計劃；
- xiii) 提供意見和建議以加強本集團的風險管理及內部監控系統；
- xiv) 如需要時，與內部核數師(如有)或執行內部審核功能的專業公司之代表會面，以確保不存在與風險管理和內部監控功能相關尚未解決的問題或關注；

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| xv) to seek assurance from internal auditor or the professional firm performing internal audit function that internal control processes for risk management are in place for the strategy determined by the Board; | xv) 向內部核數師或執行內部審核功能的專業公司尋求確證，有關風險管理之內部監控程序以配合董事會制定之策略； |
| xvi) to review the content of the confirmation made by the management in relation to the effectiveness of the Group's risk management and internal control systems prior to submission to the Board; | xvi) 審閱呈交董事會前管理層所作出有關本集團風險管理和內部監控系統有效性之確認函的內容； |
| xvii) to review the Group's financial and accounting policies and practices; | xvii) 檢討本集團之財務及會計政策及實務； |
| xviii) to review the external auditor's management letter, any material queries raised by the external auditor to management about accounting records, financial accounts or systems of control and the management's response; | xviii) 審閱外聘核數師給予管理層之《審核情況說明函件》、外聘核數師就會計紀錄、財務賬目或監控系統向管理層提出之任何重大疑問及管理層作出之回應； |
| xix) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter; | xix) 確保董事會及時回應於外聘核數師給予管理層之《審核情況說明函件》中提出之事宜； |
| xx) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; | xx) 檢討本公司僱員可暗中就財務匯報、內部監控或其他方面可能發生的不正當行為提出關注之設定安排。審核委員會應確保有適當安排，讓本公司對此等事宜作出公平獨立的調查及採取適當行動； |
| xxi) to act as the key representative body for overseeing the Company's relations with the external auditor; | xxi) 擔任本公司與外聘核數師之間的主要代表，負責監察二者之間的關係； |
| xxii) to report on all of the above matters in the code provisions of the Code to the Board; | xxii) 就守則之守則條文中上述所有事宜向董事會匯報； |
| xxiii) to consider any other matters specifically referred to the audit committee by the Board; | xxiii) 考慮任何其他由董事會特定提交審核委員會處理之事項； |

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xxiv) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board, and implement the corporate governance policies laid down by the Board;

xxv) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; and

xxvi) to review the Company's compliance with the Code and other related rules.

During the year under review, six audit committee meetings were held and the attendance record of the audit committee members at the meetings held during the year is set out in the "**Attendance Record**" on page 58 of this report.

The works performed by the audit committee included: (i) discussion on and review of the half year and annual financial statements of the Group (including but not limited to financial and accounting policies and practices); (ii) meeting with the representatives of the professional firm performing internal audit function (the internal auditor) to discuss risk management process and the effectiveness of internal control system of the Group and make recommendations in relation thereto; (iii) review of the findings in respect of the internal audit service together with the recommendations to the Company; (iv) review of the internal audit plan prepared by the internal auditor; (v) review of the internal audit report on continuing connected transaction of the Group; (vi) meeting with external auditor in the absence of management to discuss any issue arising from the audit and the other matters the external auditor may raise; (vii) recommend the appointment of PricewaterhouseCoopers as new external auditor of the Group upon resignation of external auditor, Deloitte Touche Tohmatsu; (viii) respond to the external auditor their knowledge of any actual, suspected or alleged fraud affecting the Group; (ix) discuss matters in relation to the compliance of law, rules and regulations, and accounting policies and practice of the Group; and (x) review of the audit service plan prepared by the external auditor.

企業管治事宜

xxiv) 制定及檢討本公司的企業管治政策及常規，並向董事會提出建議，以及落實經董事會通過的企業管治政策；

xxv) 檢討及監察本公司在遵守法律及監管規定方面的政策及常規；及

xxvi) 檢討本公司遵守守則及其他相關規則的情況。

於本年度回顧，本公司舉行了六次審核委員會會議，而審核委員會成員於本年度舉行的會議之出席紀錄已列載於本報告第58頁內之「**出席紀錄**」內。

審核委員會的工作包括：(i) 討論及審閱本集團上半年及全年財務報告(包括但不限於財務及會計政策及實務)；(ii) 與執行內部審核功能的專業公司代表(內部核數師)會面以討論本集團的風險管理程序及內部監控系統的有效性並就相關事宜提出建議；(iii) 審閱有關內部審計服務的調查結果以及對本公司的建議；(iv) 審閱及評估內部核數師編制的內部審計計劃；(v) 審閱本集團持續關連交易的內部審核報告；(vi) 在沒有管理層的情況下與外聘核數師會面，討論審計引起的任何問題和外聘核數師可能提出的其他事項；(vii) 於外聘核數師德勤•關黃陳方會計師行辭任後，建議委任羅兵咸永道會計師事務所為本集團的新外聘核數師；(viii) 回應外聘核數師彼等知悉任何對於影響本集團的實際、懷疑或涉嫌的欺詐行為；(ix) 討論有關遵守法律、規則及法規及本集團會計政策及實務的事宜；和(x) 審閱外聘核數師的審核服務計劃。

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The audit committee members also discuss matters falling within its terms of reference with the external auditor in the presence of the financial controller and the Company Secretary from time to time as they request. When there are uncertainties or ambiguities in the interpretation of accounting standards in preparing the half year and annual accounts that may likely to materially impact on the financial position of the Group, the Company will prepare certain analysis explaining the situation in relation thereto for the audit committee members consideration and understanding. The audit committee members have full access to, and the co-operation of, the Company's management in ensuring that it is satisfied with the Company's internal control system.

During the financial year of 2018, the audit committee members had made valuable and positive contribution, and delivered independent and informed comments for the formulation and implementation of the Company's operational strategies and policies. Apart from meeting with the internal auditor, the audit committee members had also reviewed certain areas of the risk management and internal control systems in accordance with the code of corporate governance and reviewed the risk assessment reports, required the management of the Group to confirm the effectiveness of risk management and internal control systems and advised them to pay attention to those areas associated with high risks and take relevant measures to further improve the risk management and internal control systems of the Group. The concerns raised and discussed in respect of risk assessment and internal control systems had also been put forward to the Board to consider whether the measures to mitigate those risks are effective and adequate during the year under review.

A whistleblowing policy and system have been implemented and set up since 22 March 2012 and revised on 1 August 2018 for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence, with the audit committee about possible improprieties in any matter related to the Company.

審核委員會成員亦會在其職權範圍內不時要求財務總監及公司秘書出席的同時，與外聘核數師就相關事宜作出討論。如在準備半年度或年度賬目時對會計制度的解釋出現不確定或含糊的情況，而該情況可能顯著地影響本集團的財務狀況，本公司會準備若干分析解釋有關情況，以供審核委員會成員考慮及理解有關事宜。審核委員會成員可充份接觸本公司之管理層及獲得管理層的合作以確保他們滿意本公司之內部監控系統。

於二零一八年財政年度，審核委員會成員已就本公司制定及實行之業務策略及政策提供了不少有價值及正面貢獻和獨立及有根據的意見。除與內部核數師會面外，審核委員會成員亦根據企業管治守則檢討了本公司風險管理及內部監控系統、風險評估報告、要求本集團管理層確認風險管理及內部監控系統的有效性及就建議本公司管理層應高度關注高風險範圍及採取有關措施，進一步改善本集團之風險管理及內部監控系統。於本年度回顧，就有關風險評估和內部監控系統方面提出和討論的關注亦已提交予董事會，以考慮這些措施以減輕該等風險是否有效和足夠。

舉報政策及系統自二零一二年三月二十二日已實施及建立，並於二零一八年八月一日修訂，讓僱員及其他與本公司有往來者（如客戶及供應商）可暗中向審核委員會提出其對任何可能關於本公司的不當事宜的關注。

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RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for maintaining, reviewing and monitoring risk management and internal control systems of the Company and to ensure their effectiveness. We believe effective risk management and internal control systems are essential for the success of the operation of business and good corporate governance. The Internal Control Manual, which sets out the guidelines for the operation of the internal control system and risk management system, had been adopted by the Company since 1999. These systems cover all main aspects, including financial, operational, compliance control and risk management. In order to align with the amendments made to relevant laws, rules and regulations, and further improve the risk management and internal control systems, the Board is responsible to review and improve the systems from time to time, if necessary.

In fact, the Board has set out five objectives for the management to achieve, details are as below:

1. Maximise profitability by increasing the profit margin of the business segment and at the same time minimize the production costs
2. Maintain a strong cash flow position of the Group
3. Enhance product quality
4. Attract new customers and develop markets for each of the business segments
5. Full compliance with laws, rules and regulations and financial reporting requirement

Hence, a risk assessment on the existing or potential risks that may affect the achievement of the above objectives would be conducted from time to time, at least twice a year by the management during the course of business operation and management.

The framework of the risk management and internal control systems of the Group:



風險管理及內部監控

董事會有責任維持、檢討及監察本公司風險管理及內部監控系統，並確保其有效性。我們認為有效的風險管理和內部監控系統對於業務運營的成功和良好的公司管治是必要的。本公司自一九九九年已採納了內部監控指引建立了操作內部監控及風險管理系統之準則。該等系統已涵蓋所有主要範疇，包括財務監控、運作監控和合規監控及風險管理。為了與有關法律、規則及規定的修改一致，以及進一步改善風險管理及內部監控系統，董事會將會(如需要)定時檢討及改善該等系統。

事實上，董事會已制定五個目標以給管理層達成，詳情如下：

- 一. 透過增加業務分部的毛利率以增加盈利及同時減低生產成本
- 二. 保持集團強健的現金流
- 三. 提升產品質量
- 四. 為各業務分部吸納新客戶和拓展市場
- 五. 完全符合法律、規則及規定和財務報告的要求

因此，管理層將不時地，每年至少兩次對業務及運營和管理過程中可能影響實現上述目標的現有或潛在風險進行風險評估。

本集團的風險管理及內部監控系統之框架：

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The Board 董事會

- Evaluate and determine the nature and extent of the risks it is willing to take in achieving the Group's objectives
評估及釐定達成本集團目標時所願意接納的風險性質及程度
- Maintain an appropriate and effective risk management and internal control systems of the Company
維持本公司合適及有效的風險管理及內部監控系統
- Delegate the responsibility to the management to design, implement and assess the risk management and internal control systems of the Group
委派管理層設計、實施和評估本集團的風險管理和內部監控系統
- Delegate the responsibility to the audit committee to review and oversee the effectiveness of the risk management and internal control systems of the Group
委派審核委員會有關審查和監督本集團風險管理和內部監控系統的有效性之責任

Audit Committee 審核委員會

- Perform the duties delegated by the Board, that is, review and oversee the effectiveness of the risk management and internal control systems of the Group
履行董事會授予的職責，即審查和監督本集團風險管理和內部監控系統的有效性
- Discuss with the internal auditor the major findings in respect of internal audit services and review the annual internal audit plan
與內部核數師討論內部審核服務的主要調查結果，並審閱年內之內部審核計劃
- Review the confirmation from the management of the Group and the comments and recommendations from the internal auditor in relation to the effectiveness of the Group's risk management and internal control systems prior to submission to the Board
審閱本集團管理層在呈交董事會前提呈之確認函及內部核數師之意見和建議，以確認本集團的風險管理和內部監控系統的有效性

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Internal Auditor

內部核數師

- Perform internal control services for the Group
為本集團進行內部審核服務
- Deliver internal audit reports to the audit committee and the Board
向審核委員會和董事會提交內部審核報告
- Meet with the audit committee members to discuss the major findings and make recommendations to improve the risk management and internal control systems of the Group
與審核委員會成員會面，討論主要調查結果並提出改善本集團風險管理和內部監控系統的建議

Heads of core business units/departments

核心業務單位／部門主管

- Assess the risk level based on potential impact and likelihood of risks in different aspects at least semi-annually
最少每半年根據潛在影響和可能性評估在不同方面的風險之風險程度
- Identify the material risks and discuss measures to mitigate risks
識別重大風險並討論降低風險的措施
- Give a confirmation annually on the effectiveness of the risk management and internal control systems of its business unit/department and submit it to the audit committee
每年確認各自業務單位／部門之風險管理和內部監控系統的有效性，並提交確認函予審核委員會

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Process to identify, evaluate and manage significant risks

Two risk assessment meetings shall be held during each year, at approximately half year intervals. The heads of the core business units/departments of the Company and/or its subsidiaries assessed the risk level based on potential impact and likelihood of risks in different aspects including business risk, financial risk, compliance risk and operational and other risks that may be exposed to. They fill out the risk assessment form which was devised with reference to the guidance entitled “Internal Control and Risk Management – A Basic Framework” issued by Hong Kong Institute of Certified Public Accountants before the meetings are held. The Board members (mainly the executive Directors) together with the management of the core business units/departments of the Company and/or its subsidiaries shall participate in the risk assessment meetings. The meetings aim to identify the material risks and to discuss the measures to manage risks. Besides, the status and effectiveness on implementation of internal control measures taken after the last risk assessment meeting will be followed up in the risk assessment meetings.

Subject to the Code and terms of reference of the audit committee of the Company, the management of each core business unit/department of the Group will provide the internal auditor with their written confirmation annually in relation to the effectiveness and adequacy of their risk management and internal control systems for further review, comment and recommendation and thereafter the audit committee will review the same prior to submission to the Board. The internal auditor will base on the nature and extent of the risks of each individual core business unit/department to perform further review and recommendation.

用於識別、評估和管理重大風險的程序

每年應舉行兩次風險評估會議，大約每半年一次。本公司及或其附屬公司核心業務單位部門主管根據面對不同風險所潛在的影響及可能性評估風險，包括業務風險、財務風險、合規風險和營運及其他風險。在舉行會議前，彼等填寫是參考香港會計師公會發佈之「內部監控和風險管理－基本框架」的指引而制定的風險評估表。本公司董事會成員（主要是執行董事）及其附屬公司核心業務單位／部門管理層會參與該等風險評估會議。該等會議的目的是分別出重大的風險，並討論減輕風險的措施。此外，在風險評估會議上將跟進上一次風險評估會議內部監控措施的執行狀況和成效。

根據守則和本公司審核委員會的職權範圍書，本集團每個核心業務單位／部門之管理層將每年就其業務單位／部門的風險管理和內部監控系統的有效性及足夠性，提供書面確認函予內部核數師作進一步審閱、評論及建議，而其後審核委員會將在呈交董事會前審閱該確認函。內部核數師將根據各核心業務單位／部門的風險性質和程度進行進一步審查和建議。

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In addition to the above assessment process, the management report and discuss at the monthly meeting on the existing risk and potential risks of business operation and cash flow positions of the Group has to face and monitor respectively.

The Company has engaged Moore Stephens Advisory Services Limited, as the internal auditor of the Company. During the year, the internal auditor had (i) met with the audit committee to discuss and provide recommendations on improving the risk assessment process of the Group; (ii) discussed the major findings in respect of internal audit services with the audit committee and provided recommendations for improvement on internal control; (iii) delivered the audit committee the internal audit reports regarding the main risk areas of the business segments of the Group and internal audit plan in relation thereto; and (iv) considered and reviewed, inter alia, the control procedures regarding the continuing connected transaction entered into by the Company and the handling and dissemination of inside information of the Company, etc. Apart from taking part in advising the maintenance of an effective and adequate risk management and internal control systems of the Company, they also reviewed and monitored the internal operation of the Group through the testing and controls performed after arranging site visits of the two steel cord plants.

On 11 March 2019, all relevant confirmations from the management on the effectiveness and adequacy of the Company's risk management and internal controls systems had been received. The audit committee members reviewed the content of the confirmations and submitted the same to the Board. The Board had reviewed and confirmed the effectiveness and adequacy of the Group's risk management and internal control systems at the Board meeting.

除了上述評估程序外，管理層在每月會議上匯報及討論本集團需分別面對及監控之現有風險和潛在風險以及本集團現金流量的情況。

本公司已聘任馬施雲諮詢有限公司為本公司內部核數師。於本年度，內部核數師(i)與審核委員會會面以討論本集團的風險管理程序並提出建議以改善風險評估程序；(ii)與審核委員會討論有關內部審核服務及提供對內部監控作出改善之建議；(iii)向審核委員會提交有關本集團業務分部的主要風險領域之內部審核報告和相關內部審核計劃；以及(iv)討論及審查特別是關於本公司簽訂的持續關連交易及處理和披露本公司內幕消息的監控程序等。除協助建議本公司維持一個有效及充足的風險管理及內部監控系統外，他們亦於兩間鋼簾線廠房實地視察後進行測試及監控，以檢討及監控本集團之內部運作。

於二零一九年三月十一日，已收到管理層向董事會提供所有有關風險管理和內部監控系統是否有效及足夠之相關確認函。審核委員會已審閱該等確認函的內容並提呈董事會，董事會已在董事會會議上審閱並確認本集團風險管理和內部監控系統的有效性及其足夠性。

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In view of the foregoing, the Board had duly ensured the review of the effectiveness and adequacy of the risk management and internal control systems of the Group has been conducted at least annually and the Board therefore considered that the risk management and internal control systems of the Group were effective and adequate throughout the year of 2018. However, there is room for improvement in certain areas, for instance, the measures of managing operational and other risks, such as product quality control and new product development.

Procedures for handling and dissemination of inside information

The Company complied with the Listing Rules, SFO and other regulatory requirements regarding the handling and dissemination of inside information. Directors and senior management of the Company oblige to take all reasonable measures to ensure that proper safeguards exist to prevent the Company from breaching the statutory disclosure requirement. Directors and senior management of the Company follow the guidelines stipulated in Continuous Disclosure Obligation Policy of the Company which has been adopted by the Board on 28 March 2011 and the latest version was and approved by Board on 18 December 2018. Some principles of dissemination of inside information of the Company have been stated in the said policy, details are as follows:

The heads of Business units/individual departments identify and assess whether a potential event or transaction may constitute inside information. If that is the case the potential event or developing events should be reported to the senior management of the Company, through the Company Secretarial Department. The senior management will consider with the Chairman/managing Director whether the information constitute inside information and report to the Board. The Board will consider whether the information may constitute inside information and whether disclosure and/or trading halt would be required. If this constitutes inside information, the Company Secretarial Department of the Company would have to arrange for trading halt, prepare and publish an announcement after approval by the Board.

鑒於上述，董事會已確保最少每年檢討一次本集團的風險管理及內部監控系統是否有效及足夠及董事會認為本集團於二零一八年內之風險管理和內部監控系統是有效和充足的。但是若干範疇例如管理營運及其他風險中有關產品品質控制及新產品開發計劃方面的措施還有改善的空間。

處理及披露內幕消息的程序

本公司遵守上市規則、證券及期貨條例及其他有關處理及披露內幕消息的監管規定。本公司的董事及高級管理層有責任採取一切合理措施，以確保有妥善的預防措施防止本公司違反披露規定。本公司的董事及高級管理層須遵守本公司之持續披露責任政策中的指引之規定，該政策已於二零一一年三月二十八日獲董事會採納及其最新版本於二零一八年十二月十八日已獲董事會批准。本公司亦在上述政策說明內幕消息披露的若干原則，詳細如下：

業務單位主管／個別部門主管需辨別和評估有關潛在或發展中的事件是否能構成內幕消息。如是潛在的事件或交易必須通過公司秘書部報告給本公司高級管理層。高級管理層與董事長／或董事總經理將考慮該資料是否構成內幕消息並向董事會匯報。董事會將考慮該資料是否可能構成內幕消息，以及是否需要披露和／或短暫停牌。如其構成內幕消息，於取得董事會的批准後，本公司公司秘書部將安排申請短暫停牌、準備和刊發公告。

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Below flow chart illustrates the internal control and reporting system of the Company relating to inside information:

以下為本公司對有關內幕消息之內部監控及申報系統流程圖：



* The **Head of Business units/individual department** can consult the functional departments of the Company, if he/she has any query about whether the information may constitute inside information

* 業務單位主管／個別部門主管如對有關可能構成內幕消息的資料有任何疑問，他/她可與有關職能部門的主管作進一步查詢

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Directors or employees of the Group in possession of the inside information must maintain strict confidentiality of unpublished inside information until it is announced and ensure this is the strictest security of the information is observed within the Company and its advisers and if the necessary degree of confidentiality cannot be maintained, an announcement shall be made as soon as reasonably practicable; or if inside information has been advertently divulged, an announcement shall be issued immediately so as to disseminate such information to the market as a whole.

The Board monitors the inside information disclosure having regard to the SFO and Listing Rules requirements and the Company ensure that the dissemination of inside information to the Shareholders and other stakeholders is dealt fairly in order to avoid any person having a privileged dealing position.

DIVIDEND POLICY

In order to maintain a high standard of corporate governance practice and be in line with the recent change of the Corporate Governance Code Appendix 14 of the Listing Rules which has stipulated a new code provision E.1.5 of the Code requiring all listed issuers to disclose its dividend policy in their annual reports, the dividend policy of the Company has been adopted by the Board on 18 December 2018, which includes setting standard rules and guidelines to be followed by the Board in deciding whether to recommend dividend out of the profits and the amount of dividend per share to be distributed. The objective of the dividend policy is to reward its Shareholders by sharing a portion of the profits, while also ensure that enough funds are retained for future prospects of the Company and strive for a balance between the growth of the Company and the benefits of the Shareholders.

董事以及本集團擁有內幕消息的僱員必須對未公佈的內幕消息保持絕對保密並須確保本公司及其顧問均嚴守消息保密直至公佈，若無法保持所需的機密性，應在合理地切實可行的範圍內盡快刊發公告，或如該內幕消息可能已外泄，便應即時刊發公告向市場整體披露該消息。

董事會需按照證券及期貨條例及上市規則的規定監察內幕消息的披露及本公司會確保內幕消息公平地向股東及其他持份者發放，以避免任何人士在證券交易上處於佔優的地位。

股息政策

為維持高水平的企業管治常規，並符合最近有關《企業管治守則》上市規則附錄十四之修訂，規定所有上市發行人須根據新訂立守則之守則條文E.1.5條在其年報中披露其股息政策，本公司之股息政策已於二零一八年十二月十八日獲董事會採納，該政策內容包括讓董事會決定是否建議從利潤中分配股息及每股分配的股息金額而製定可跟從的標準規則和指導方針。本股息政策的目的是通過分享部分利潤來回報股東，同時確保為本公司的未來發展前景保留足夠的資金，並旨在力求在本公司增長與股東利益之間取得平衡。

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When considering the decision on dividend declaration, we will take into account both the internal factors and external factors.

For internal factors, we will consider the (i) profitability of the Company; (ii) liquidity position and the availability of free cash flow; (iii) capital requirements for growth plans of the Company which may require funds preservation and internal funds generation, both internal and external; (iv) investment opportunities available with the Company; (v) borrowing capacity of the Company so as to capture any growth opportunities, inorganic or otherwise; (vi) ability to receive dividend from the Company's subsidiaries and associates; and (vii) Shareholder's expectation of a profitable return on their investment to maintain their investment in the Company.

For external factors, we will consider the (i) statutory and regulatory requirements and restrictions on the dividend distributions; (ii) contractual restrictions/restrictions in debt covenants which affect the Company's ability to pay dividends; (iii) prevailing economic climate in the global including the PRC that will affect the availability of profits for dividend; (iv) emerging trends in the financial market and business cycle of steel cord business that will affect the growth and performance of the steel cord industry; and (v) taxation consideration.

The Board may declare interim dividends at its absolute discretion in line with the dividend policy, or if the Board are justified by the profits of the Company available for distribution. If the share capital is divided into different classes (if applicable), the Directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.

在決定股息宣派時，我們會考慮內在因素及外在因素。

內在因素方面，我們會考慮：(i)本公司的盈利能力；(ii)流動資金狀況和現金流的可用性；(iii)本公司增長計劃的資本要求，可能需要在內部及外部保留其資金及資金撥用；(iv)本公司的投資機會；(v)本公司的借貸能力以抓住外圍或其他增長機會；(vi)獲得本公司的附屬公司和聯營公司股息的能力；及(vii)股東對獲得有利可圖的投資回報的期望從而維持其對本公司的投資。

外在因素方面，我們會考慮：(i)股息分派的法定及監管要求及限制；(ii)影響本公司支付股息的能力的合同制約／債務契約的限制；(iii)當前包括中國在內的全球經濟狀況影響可供派息之溢利；(iv)金融市場的新興趨勢和鋼簾線業務的業務周期將影響鋼簾線行業的增長和表現；及(v)稅務考慮。

董事會可根據本股息政策行使全權的酌情權派發中期股息，或如董事會認為本公司可供分派之溢利情況足以派發中期股息。如股本分為各類不同股份（如適用），則董事除可派發中期股息予享有派息優先權股份之持有人外，亦可派發中期股息予遞延股份或非優先股份之持有人。惟倘於派付股息時，尚有任何優先股股息並未償付，則不得派發中期股息予遞延或非優先股份之持有人。

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The Directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.

The Board of the Company may recommend quantum of final dividend payable to the Shareholders at its annual general meeting in line with the dividend policy, subject to the approval of the Shareholders in the annual general meeting, based on the aforesaid factors arrived at as per the audited financial statements.

The dividend shall be paid in the form of (i) cash; or (ii) a scrip dividend; or (iii) a combination of partly in (i) and partly in (ii) above. The Company may offer the Shareholders the option of receiving scrip shares in lieu of cash, which may enable the Shareholders to increase their investment in the Company without incurring brokerage fees.

The Company shall endeavor to maintain a reasonable dividend payout ratio, whether as interim and/or final dividends, subject to (i) capital needs of the Company; (ii) positive operating cash flows; and (iii) other financial factors enumerated in the dividend policy. The Company may recommend a special dividend in special circumstances.

The dividend policy shall be disclosed in the annual report of the Company. The disclosure is expected to allow investors to make a more informed decision when investing in the Company.

The dividend policy would be subject to revision and amendment under the Articles and the Hong Kong law, including the Companies Ordinance and the Listing Rules, from time to time. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of the said policy.

如董事認為可供分派之溢利情況足以派發，則董事亦可不時派發定額股息。

根據經審核的財務報表得出的以上因素，經股東於股東周年大會上批准，董事會可符合本股息政策建議應付於股東周年大會上的股東末期股息金額。

股息應以下列形式支付：(i)現金；或(ii)代息股份；或(iii)部份按上列(i)項與部份按上列(ii)項之組合。本公司向股東提供以股代息取代現金的選擇，在不產生經紀費的情況下，而增加股東對本公司的投資。

根據(i)本公司的資金需求；(ii)正經營現金流量；及(iii)股息政策中列舉的其他財務因素，本公司將努力維持合理的股息派發比率，不論是中期及／或末期股息。本公司亦可能會在特殊情況下建議派發特別股息。

本股息政策應在本公司年報中披露。預期披露將令投資者在投資本公司時能作出有根據的投資決定。

本股息政策可根據章程細則及香港法律(包括公司條例及上市規則)不時作出修改及修訂。本公司保留更改、修改、添加、刪除或修訂本政策任何條款的權利。

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In case of any amendment(s), clarification(s), circular etc. issued by the relevant authorities, not being consistent with the provisions laid down under the said policy, then such amendment(s), clarification(s), circular etc. shall prevail upon the provisions hereunder and the said policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular etc.

The dividend policy does not constitute a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time, but only represents a general guidance and information purpose regarding the dividend policy. The Board reserves the right to depart from and amend the said policy as and when circumstances so warrant.

AUDITOR'S REMUNERATION

During the year ended 31 December 2018, the fees paid/payable to the external auditor in respect of their audit and non-audit services to the Group were as follows:

The fees charged by the external auditor of the Company, PricewaterhouseCoopers, which was appointed with effect from 1 August 2018 and Deloitte Touche Tohmatsu resigned on the same date, amounted to HK\$1,495,000 for audit services for audit of annual financial statements and HK\$428,000 for non-audit services comprising fees for interim review of the condensed financial statements.

如果有關當局發佈的任何修訂、澄清、通函等與本政策規定的條款不一致，則以該等修訂、澄清、通函之條款的規定為準，本政策應自該修訂、澄清、通函等規定的生效日期起相應修訂。

本股息政策並不構成本公司對其未來股息的任何具有法律約束力的承諾和／或絕不意味著本公司會在任何時間或不定時宣派股息，但僅代表關於本政策的一般指導和信息目的。視乎情況所需要時，董事會保留偏離並修訂本政策的權利。

核數師酬金

於截至二零一八年十二月三十一日止年度，有關給予／應給予外聘核數師為本集團提供核數及非核數服務之酬金如下：

本公司之外聘核數師，羅兵咸永道會計師事務所（自二零一八年八月一日起被委任及德勤•關黃陳方會計師行於同日辭任）收取周年財務報告之核數服務費用為港幣1,495,000元，而非核數服務包括審閱中期財務報告之費用為港幣428,000元。

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RESPONSIBILITY FOR PREPARATION AND REPORTING OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting and financial reporting standards to enable the presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Directors will subject to statutory requirements and applicable accounting standards, select suitable accounting policies and apply them consistently, make prudent, fair and reasonable judgements and estimates and prepare the financial statements on a going concern basis.

COMPANY SECRETARY

The Company Secretary of the Company is a full time employee of the Group. She reports to the Board chairman and/or managing Director. During the year, the Company Secretary of the Company has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Board recognises the importance of effective communication with Shareholders. In order to maintain an ongoing dialogue with Shareholders, the Company has opportunities to directly communicate with Shareholders at various annual general meetings and other general meetings where Shareholders are encouraged to actively attend. In addition, the chairman of the Board and the chairman of each of remuneration committee, nomination committee and audit committee were present to answer any Shareholder's questions at the 2018 annual general meeting (the "2018 AGM"). The external auditor had also attended the 2018 AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

編製及呈報財務報告之責任

董事知悉彼等有責任根據法定要求及適用會計及財務報告準則編製本集團綜合財務報告，以確保綜合財務報告不會因欺詐或錯誤而出現重大錯誤陳述。董事將受制於法定要求及適用之會計準則之基準下選擇並貫徹運用合適的會計政策、作出審慎、公平及合理之判斷及估算，並按持續經營為基準編製財務報告。

公司秘書

本公司之公司秘書為本集團之全職僱員。彼需向董事會董事長及／或向董事總經理匯報。於本年度，本公司之公司秘書已遵守上市規則第3.29條有關專業培訓之規定。

股東權益

董事會認識到與股東有效溝通的重要性。為了與股東持續保持溝通，本公司透過股東周年大會及其他股東大會，有機會與股東直接溝通，並鼓勵他們積極參與。另外，於二零一八年度股東周年大會（「二零一八年度股東周年大會」），董事會主席、薪酬委員會主席、提名委員會主席及審核委員會主席，均有出席解答任何股東之提問。而外聘核數師亦出席二零一八年度股東周年大會回答有關審計工作、編製核數師報告及其內容、會計政策以及核數師的獨立性等問題。

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Procedures for members/shareholders to convene a general meeting (“GM”)

Under Section 566 of the Companies Ordinance, the Directors are required to call a GM if the Company has received requests to do so from members/shareholders of the Company representing at least 5% of the total voting rights of all the members/shareholders having a right to vote at GM.

The request:

- (a) must state the general nature of the business to be dealt with at the GM;
- (b) may include the text of a resolution that may properly be moved and is intended to be moved at the GM;
- (c) may be deposited at the registered office of the Company at Room 1215, 12/F., Honour Industrial Centre, 6 Sun Yip Street, Chai Wan, Hong Kong for the attention of Company Secretary in hard copy form or in electronic form by email to ir@shougangcentury.com.hk;
- (d) may consist of several documents in like form;
- (e) must be authenticated by the person or persons making it; and
- (f) must be verified with the share registrar of the Company, and upon the share registrar’s confirmation that the request is proper and in order, the Company Secretary of the Company will notify the Board to convene a GM by serving proper notice in accordance with the statutory requirements to all the registered members/shareholders of the Company. On the contrary, if the request has been verified as not in order, the requesting members/shareholders will be informed of this outcome and accordingly, a GM will not be convened as requested.

成員／股東召開股東大會(「股東大會」)之程序

根據公司條例第566條，如本公司收到佔全體有權在股東大會上表決的成員／股東的總表決權最少5%的公司成員／股東的要求，要求召開股東大會，則董事須召開股東大會。

書面請求書：

- (a) 須述明有待在有關股東大會上處理的事務的一般性質；
- (b) 可包含可在該股東大會上恰當地動議並擬在該股東大會上動議的決議的文本；
- (c) 可採用印本形式送交於本公司的註冊辦事處，地址為香港柴灣新業街6號安力工業中心十二樓1215室，或電子形式透過本公司電郵 ir@shougangcentury.com.hk，註明公司秘書收啟；
- (d) 可包含若干份格式相近的文件；
- (e) 必須經提出該要求的人認證；及
- (f) 必須由本公司股份過戶登記處核實，在確定為適當及符合程序後，本公司公司秘書將要求董事會召開股東大會，並按照法定要求給予本公司所有登記成員／股東充分的通知期。反之，若有關要求經核實為不符合程序，請求人將獲知會結果，而本公司亦不會按要求召開股東大會。

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Procedures for members/shareholders and other stakeholders to send enquires and concerns to the Board

Members/shareholders and other stakeholders are invited to access the Company's website at <http://www.shougangcentury.com.hk> for up-to-date information of the Company. They are advised to send enquires and concerns to the Board:

- (a) by post at the registered office of the Company situated at Room 1215, 12/F., Honour Industrial Centre, 6 Sun Yip Street, Chai Wan, Hong Kong for the attention of the Company Secretary; or
- (b) by email to ir@shougangcentury.com.hk for the attention of our Investor Relations section; or
- (c) by filling out the sign up form on the Company's website if they would like to be kept up-to-date on the latest information of the Company.

The Company will make response to their questions through their required communication channels or deliver the relevant material directly to their email as soon as the information becomes available online and make necessary arrangement for direction of enquires to the Board, if required.

The Company Secretary forwards communications relating to matters within the Board's purview to the independent non-executive Directors, communications relating to matters within a Board committee's area of responsibility to the chair of the appropriate committee, and communications relating to ordinary business matters, such as suggestions, enquires and complaints, to the appropriate Company's executive.

Members/shareholders and other stakeholders can read the Shareholders' Communication Policy at the Company's website for details and, effectiveness communication. The Shareholders' Communication Policy was further revised on 23 September 2014 to maintain candid and constructive communications with Shareholders and potential investors.

成員／股東和其他持份者向董事會提出查詢與關注的程序

誠邀成員／股東和其他持份者瀏覽本公司網站 <http://www.shougangcentury.com.hk>，獲取有關本公司的最新資料。建議成員／股東和其他持份者可將有關對董事會的查詢與關注：

- (a) 郵寄至本公司註冊辦事處，地址為香港柴灣新業街6號安力工業中心十二樓1215室，註明公司秘書收啟；或
- (b) 電郵至 ir@shougangcentury.com.hk 並註明本公司投資者關係部收啟；或
- (c) 可從本公司網站填寫一份索取資料登記表來收取本公司最新資料。

本公司將會按成員／股東或其他持份者要求之溝通渠道回應他們之提問或當有關資訊在網上發放後，本公司將直接提供相關資料到他們所登記的電郵及如有需要將轉交有關查詢予董事會跟進。

有關董事會處理的事宜，公司秘書會轉交獨立非執行董事處理；有關個別董事委員會職權範圍的事宜，會轉交有關委員會的主席；有關營運一般事宜，如建議、查詢和投訴，則轉交本公司適當的行政人員。

成員／股東和其他持份者可於本公司網站詳細閱讀股東通訊政策以作有效溝通。為了與股東和潛在投資者保持一個公正及有建設性的溝通方法，股東通訊政策已於二零一四年九月二十三日進一步修訂。

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Procedures for members/shareholders to put forward proposals at annual general meetings (“AGM”)

Pursuant to Section 615 of the Companies Ordinance, if a company is required to hold an AGM under Section 610, the members/shareholders of the company may request to give, to members/shareholders entitled to receive notice of the AGM, notice of a resolution that may properly be moved and is intended to be moved at that meeting.

The Company must give notice of a resolution if it has received requests that it do so from:

- (a) the members/shareholders of the Company representing at least 2.5% of the total voting rights of all the members/shareholders who have a right to vote on the resolution at the AGM to which the requests relate; or
- (b) at least 50 members/shareholders who have a right to vote on the resolution at the AGM to which the requests relate.

The request:

- (a) must be sent to the registered office of the Company at Room 1215, 12/F., Honour Industrial Centre, 6 Sun Yip Street, Chai Wan, Hong Kong for the attention of the Company Secretary in hard copy form or in electronic form to ir@shougangcentury.com.hk;
- (b) must identify the resolution of which notice is to be given;
- (c) must be authenticated by the person or persons making it; and
- (d) must be received by the Company not later than (i) 6 weeks before the AGM to which the requests relate; or (ii) if later, the time at which notice is given of that meeting.

成員／股東於股東周年大會(「股東周年大會」)提呈動議的程序

按公司條例第615條，如公司根據第610條須舉行股東周年大會，該公司的成員／股東可要求該公司向有權收到該股東周年大會的通知的公司成員／股東，發出關於可在該大會上恰當地動議並擬在該大會上動議的決議的通知。

本公司如收到以下成員股東的要求，要求發出某決議的通知，則須發出該通知：

- (a) 佔全體有權在該要求所關乎的股東周年大會上，就該決議表決的成員的總表決權最少2.5%的公司成員／股東；或
- (b) 最少50名有權在該要求所關乎的股東周年大會上就該決議表決的成員／股東。

書面請求書：

- (a) 須採用印本形式送達公司註冊辦事處，地址為香港柴灣新業街6號安力工業中心十二樓1215室，或電子形式透過本公司電郵ir@shougangcentury.com.hk，註明公司秘書收啟；
- (b) 須指出有待發出通知所關乎的決議；
- (c) 須經所有提出該要求的人認證；及
- (d) 須於(i)該要求所關乎的股東周年大會舉行前的6個星期之前；或(ii)(如在上述時間之後送抵本公司的話)該股東大會的通知發出之時送達到本公司。

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The written request will be verified with the Company's share registrar who will check if the written request is proper and in order, the Company Secretary will notify the Board for including the resolution in the agenda for AGM.

Pursuant to Section 616 of the Companies Ordinance, the Company that is required under Section 615 to give notice of a resolution must send a copy of it at the Company's own expense to each member/shareholder of the Company entitled to receive notice of the AGM in the same manner as the notice of the meeting; and at the same time as, or as soon as reasonably practicable after, it gives notice of the meeting.

If the request has been verified as not in order for the said purposes, the members/shareholders concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM.

Shareholders' power to request circulation of statement

Pursuant to Section 580 of the Companies Ordinance, a member/shareholder of the Company may request the Company to circulate, to members/shareholders of the Company entitled to receive notice of a general meeting, a statement of not more than 1,000 words with respect to a matter mentioned in a proposed resolution to be dealt with at that meeting or other business to be dealt with at that meeting. The Company is required to circulate the statement if it has received requests to do so from the members/shareholders representing at least 2.5% of the total voting rights of all the members/shareholders who have a relevant right to vote or at least 50 members/shareholders who have a relevant right to vote.

The aforesaid members/shareholders' requests (i) may be sent to the Company in hard copy form at the registered office of the Company, at Room 1215, 12/F., Honour Industrial Centre, 6 Sun Yip Street, Chai Wan, Hong Kong or in electronic form by email to ir@shougangcentury.com.hk; (ii) must identify the statement to be circulated; (iii) must be authenticated by the person or persons making it; and (iv) must be received by the Company at least 7 days before the meeting to which it relates.

書面請求書將由公司股份過戶處核實，在確定為適當及符合程序後，公司秘書將要求董事會將有關決議案納入股東周年大會的議程。

根據公司條例第616條，本公司須根據第615條就某決議發出的通知須按發出有關股東周年大會的通知的同樣方式；及在發出該股東周年大會的通知的同時，或在發出該大會的通知後，在合理的切實可行的範圍內盡快，自費將該決議的通知的文本，送交每名有權收到該股東周年大會的通知的本公司成員／股東。

若有關要求經核實為不符合程序，有關成員／股東將獲知會結果，而提出的決議案將不獲納入股東大會的議程內。

成員股東有權力要求傳閱陳述書

根據公司條例第580條，本公司成員／股東可要求本公司向有權收到股東大會的通知的本公司成員／股東，傳閱關於有待在該大會上處理的、某被提出的決議所述的事宜；或其他有待在該大會上處理的事務，而字數不多於1,000字的陳述書。本公司如收到佔全體有相關表決權利的成員／股東的總表決權最少2.5%的成員／股東；或最少50名有相關表決權利的成員／股東提出的傳閱陳述書的要求，則須傳閱該陳述書。

上述成員／股東要求(i)可採用印本形式送交本公司註冊辦事處，地址為香港柴灣新業街6號安力工業中心十二樓1215室或以電子形式電郵至本公司郵箱ir@shougangcentury.com.hk；(ii)須指出將予傳閱的陳述書；(iii)須經所有提出該要求的人認證；及(iv)須於該要求所關乎的大會前最少七日送抵本公司。

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Pursuant to Section 581 of the Companies Ordinance, the Company that is required under Section 580 to circulate a statement must send a copy of it to each member/shareholder of the Company entitled to receive notice of the meeting in the same manner as the notice of the meeting and at the same time as or as soon as reasonably practicable after it gives notice of the meeting. The expenses of the Company in complying with the Section 581 need not be paid by the members/shareholders who requested the circulation of the statement if the meeting to which the requests relate is an AGM of the Company; and the requests sufficient to require the Company to circulate the statement are received in time to enable the Company to send a copy of the statement at the same time as it give notice of the meeting.

INVESTOR RELATIONS

The Company puts a high regard for the aspect of investor relations and recognises that establishment of investor relations can enhance its transparency, maximize its value and increase investors' understanding of and trust in the Company. Therefore, the management, as requested may meet with Shareholders, potential and institutional investors and research analysts. The management will also provide them with the information of the latest business development of the Group and answer their queries subject to the revise of the Continuous Disclosure Obligation Policy (the "Policy") adopted with effect from 10 December 2018 to be in line with the up-to-date ordinances, rules and regulations and to enhance the standard of corporate governance practice. The Policy is to help and provide guidance to the Directors and employees of the Group to fulfill their obligations under the Listing Rules and the SFO while allowing them to actively inform the market of the Company development as well as how to make judgement as to what inside information is and when disclosure is required. The corresponding presentation materials subject to the Policy are made available upon request, if appropriate. The procedures for handling and dissemination of inside information have been illustrated under the heading "**RISK MANAGEMENT AND INTERNAL CONTROL**" above.

根據公司條例第581條，本公司須根據第580條就傳閱陳述書須按發出有關大會的通知的同樣方式；及在發出該大會的通知的同時，或在發出該通知後，在合理的切實可行的範圍內盡快，將該陳述書的文本，送交每名有權收到該大會的通知的公司成員／股東。要求傳閱有關陳述書的成員／股東無需支付本公司為遵守第581條而招致的費用，如有關要求所關乎的大會，是本公司的周年股東大會；及本公司及時收到足以令本公司須傳閱該陳述書的要求，使本公司在發出該大會的通知的同時，能夠送交該陳述書的文本。

投資者關係

本公司高度重視於投資者關係，並認為建立投資者關係能提高公司透明度、增加其價值以及加深投資者對本公司的瞭解及信任。因此，管理層會因應股東、潛在及機構性投資者和研究分析員要求而會面，而管理層亦會按於二零一八年十二月十日起以最新條例、規則及規定一致及提升企業管治標準採用之持續披露責任政策（「該政策」）規定下介紹本集團最近期之業務發展情況及回答他們之提問。該政策是向董事及本集團之僱員提供指引，當他們容許在市場上提供本公司發展和怎樣判斷何謂內幕消息的時候，有助其根據上市規則及證券及期貨條例的訂明下履行披露責任。若他們要求時（如合適）可根據該政策規定下提供相應的推介資料。處理及披露內幕消息程序在以上標題為「**風險管理及內部監控**」內說明。

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In order to further promote a sound communication between the public, the Company fully utilises its website (<http://www.shougangcentury.com.hk>) as a means to provide the latest and updated information in a timely manner, and from time to time enhances the homepage of the website to reflect its current business development. Also, the Company Secretarial Department of the Company will respond to the telephone enquiries and email or correspondences from Shareholders or investors in respect of various issues subject to the Policy. Any opinions, views and suggestions of Shareholders will be solicited and brought to the attention of the Board and management, if necessary.

During the year, the 2018 AGM was held on 18 May 2018 to approve ordinary and special businesses of annual general meeting. The resolutions of 2018 AGM were duly passed by way of poll.

During the year ended 31 December 2018, there was no significant change in the Company's constitutional documents.

為了與公眾間有更有有效的溝通，本公司亦善用其網站(<http://www.shougangcentury.com.hk>)作為一個媒介，適時發放最新及最近的資訊，以及不時更新網頁內容來反映有關本公司之業務發展現況。此外，本公司公司秘書部門會按該政策規定下答覆股東或投資者透過電話詢問及電子郵件或信函所提出的各類事項。股東的任何意見、看法及建議將會被收集，然後提交予董事會及管理人員(如需要)垂注。

於本年度，二零一八年度股東周年大會已於二零一八年五月十八日召開，以批准股東周年大會上的一般及特別事項。二零一八年度股東周年大會之決議案以投票表決方式正式獲得通過。

於截至二零一八年十二月三十一日止年度，本公司之憲章文件並無重大變更。

REPORT OF THE DIRECTORS

董事會報告書

The Directors herein present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Further details of the principal activities of the principal subsidiaries are set out in note 13 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS

The Group's loss for the year ended 31 December 2018 and the state of affairs of the Group at that date are set out in the financial statements on pages 147 to 293.

BUSINESS REVIEW

Business model and strategy

Our mission is to be one of the top tier steel cord and wire products manufacturers in the PRC capable of consistently purveying premium quality steel cords and wire products; and the evolution into a diversified metal product manufacturer benefiting from a successful "Eastern" brand recognition in the PRC and worldwide markets. Our ultimate goal is to maintain long term profitability, deliver sustainable growth in our stakeholders' value under a prudent and manageable capital structure and contribute to the economic and social development of the communities in which we operate.

The Board is responsible for the development of business models and setting of strategies, planning and development of the Group. The strategies adopted by the Board will be executed by the managing Director who will motivate the staff to achieve the designated business goals and financial targets under risk tolerance levels prescribed by the Board. The progress of implementation of the strategies and business goals will be reviewed and adjusted to respond to the constantly changing market environment. Corrective and follow-up actions are made regularly at the Board and/or other management meetings throughout the years.

董事會謹此提呈董事會報告書及本集團於截至二零一八年十二月三十一日止年度之經審核綜合財務報告。

主要業務

本公司之主要業務為投資控股。旗下主要附屬公司之主要業務的進一步詳情載列於綜合財務報告附註13。本集團主要業務的性質於本年度內並無重大改變。

業績

本集團截至二零一八年十二月三十一日止年度之虧損及於該日之財務狀況載列於第147頁至293頁之財務報告內。

業務審視

業務模式及策略

我們的使命是要成為中國其中一間能夠持續提供優質鋼簾線及鋼絲產品的頂級製造商，以及受惠於一個在中國及世界各地市場具知名度和得到認可的成功的「東方」品牌而晉身為一個多元化的金屬產品製造商。我們的最終目標是在審慎和可管理資本結構下保持長期盈利能力，為持份者的價值提供可持續性增長，並為業務所在地區的經濟和社會發展作出貢獻。

董事會負責制定本集團之業務模式及訂立本集團之策略，規劃和發展。董事會所採取的策略將由董事總經理執行，並按董事會規定之風險承受能力水平以推動僱員達致其特定的業務目的及財務目標。執行策略和業務目標的進展情況將會檢討及調整以應對不斷變化的市場環境。實施糾正及跟進行動會在年內定期在董事會及／或其他管理層會議進行。

REPORT OF THE DIRECTORS

董事會報告書

BUSINESS REVIEW (continued)

Review of operations

The Group recorded net loss of HK\$8,681,000 for the year in compared with net loss of HK\$68,518,000 from previous year. Further details in respect of the fair review of the Group's businesses, please refer to the sections "CHAIRMAN'S STATEMENT" and "MANAGEMENT DISCUSSION AND ANALYSIS" of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's businesses, results of operations and financial position may be affected by risks and uncertainties relating to the Group's businesses. These risks and uncertainties could result in the Group's businesses, results of operations and financial position to defer materially from expected or historical results. The risks and uncertainties set out below are known to the Group during the year under review:

Risks and uncertainties relating to the Group's business operations

1. As the majority of sales of steel cords of the Group are domestic, the business and prospect of Steel cord segment is therefore highly dependent on the economic performance of the PRC, in particular, the performance of automotive and transportation industries and those that involve high volume of road transportation for commercial and industrial purposes, such as property development and import/export. Therefore, any downturn in the economy of the PRC may cause lower demand for steel cords and hence may have material adverse impact to the operations of Steel cord segment. Despite majority of the Group's customers are radial tyre manufacturers located in the PRC, however their customers, the vehicle manufacturers that are located in the U.S. are affected by the Sino-US trade debacle that has weighed in market sentiment and tariff hike.

業務審視(續)

經營回顧

於本年度本集團錄得虧損港幣8,681,000元，去年虧損港幣68,518,000元。就本集團業務的中肯審視的進一步詳情，請參閱本年報「董事長報告書」及「管理層論述及分析」章節。

主要風險和不明朗因素

本集團的業務、經營業績及財務狀況可能受到與本集團業務相關風險和不明朗因素所影響。這些風險和不明朗因素可能導致對本集團的業務、經營業績及財務狀況與預期或過往業績存在重大差異。於本年度回顧本集團已知的風險和不明朗因素載列如下：

關於本集團經營業務的風險和不明朗因素

1. 由於本集團大部分鋼簾線都是國內銷售，因此鋼簾線分部的業務和前景高度依賴於中國的經濟表現，特別是汽車及運輸行業的表現和那些涉及高容量道路運輸的商業和工業用途，如房地產開發和入口／出口。因此，若中國經濟衰退可能會導致鋼簾線需求減少，及因此可能對鋼簾線分部的業務造成重大不利影響。儘管本集團的大部分客戶均為位於中國的子午線輪胎生產商，但其客戶(位於美國的汽車製造商)受到中美貿易戰的影響，這已經打壓了市場情緒和令關稅上升。

REPORT OF THE DIRECTORS

董事會報告書

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Risks and uncertainties relating to the Group's business operations (continued)

2. The average selling price of steel cords increased during the year under review, attributable to the relief in over capacity situation of steel cord industry together with the introduction of new products, effective product mix and effort in expansion of exports. The selling price of steel cords is highly dependent on the supply and demand situation in the PRC; therefore, any change in these two factors will have material impact to the performance of Steel cord segment.
3. The copper products sold by Copper and brass products segment are mainly used in industries and consumer products. The revenue of this segment is highly susceptible to changes in global economic and financial conditions and purchasing power, which will have significant impact to the business of this segment.
4. The selling price of the products sold by Copper and brass products segment are determined with reference to prevailing international copper price, which is beyond the control of the Group. Any significant change to the copper price will have palpable impact to the revenue of this segment.
5. As the Copper and brass products business has begun retracting since latter part of 2017 and the closure of PRC manufacturing plant in September 2018, the cost involved in loss of disposal of fixed assets, below market price of clearance sale of remaining inventory, redundancy expenses of staff and other expenses, which will have significant impact to the business of this segment.
6. The revenue from sales to top five customers of the Group accounted for 48.2% of total revenue of the Group for the year under review. Any change to the business operations, financial conditions or purchasing patterns of these customers may have adverse impact to the revenue of the Group.

主要風險和不明朗因素(續)

關於本集團經營業務的風險和不明朗因素 (續)

2. 在本年度回顧，鋼簾線的平均售價上升，是由於鋼簾線行業產能過剩得到舒緩，新產品的引進，有效的產品組合及努力擴展出口所致。鋼簾線的售價高度依賴於中國的供求情況。因此，這兩個因素的任何變化將對鋼簾線分部之表現有重大影響。
3. 銅及黃銅材料分部銷售的銅產品主要用於工業和消費品。此分部的營業額很容易因全球經濟及金融狀況和購買力的變化而受到影響，因而對此分部的業務有顯著影響。
4. 銅及黃銅材料分部產品的售價參照現行國際的銅價而釐定，這非本集團所能控制。任何銅價的顯著變化將對這分部的營業額有明顯的影響。
5. 由於銅和黃銅材料業務自二零一七年下半年開始收縮並於二零一八年九月關閉中國生產廠房，涉及出售固定資產虧損的費用，以低於市場價格的庫存清貨銷售，遣散僱員費用及其他開支，這些情況對此分部的業務有顯著影響。
6. 在本年度回顧，本集團銷售予首五大客戶之營業額約佔本年度本集團總營業額之48.2%。該等客戶業務營運、財務狀況或採購模式的任何變化可能令本集團的營業額有負面影響。

REPORT OF THE DIRECTORS

董事會報告書

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Risks and uncertainties relating to the Group's business operations (continued)

Certain measures to manage the impact on these potential risks and uncertainties are described in the heading “**BUSINESS REVIEW**” of the section of the “**MANAGEMENT DISCUSSION AND ANALYSIS**” of this annual report.

Risks and uncertainties relating to the Group's results and financial position

1. The following factors may have negative impact on the revenue and net results of the Group:
 - a. Change in the mix of revenue contributions, such as the income of Steel cord segment from sales of steel cord for truck tyres, off the road truck tyres and passenger car tyres;
 - b. Unfavorable economic development in the PRC and worldwide markets that may have negative impact on our Steel cord segment;
 - c. Increased market and price competition for both Steel cord segment; and
 - d. Failure to reduce production and operating costs, in particular, certain unit fixed production costs of Steel cord segment which are expected to be lowered by increase in sales and production volume.

主要風險和不明朗因素(續)

關於本集團經營業務的風險和不明朗因素(續)

管理該等潛在的風險和不明朗因素帶來的影響之若干措施已在本年報「**管理層論述及分析**」一節中「**業務回顧**」標題中描述。

關於本集團之業績及財務狀況的風險和不明朗因素

1. 下列因素可能對本集團的營業額和淨利潤有負面影響：
 - a. 營業額貢獻組合的變化，例如鋼簾線分部源自用於載重輪胎、工程輪胎和轎車輪胎之鋼簾線銷售的收入；
 - b. 中國和世界各地市場的不理想經濟發展可能會對鋼簾線分部造成負面影響；
 - c. 鋼簾線分部之市場和價格競爭增加；及
 - d. 未能降低生產和營運成本，特別是鋼簾線分部的某些固定單位生產成本預期可以通過增加銷售和生產量來降低。

REPORT OF THE DIRECTORS

董事會報告書

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Risks and uncertainties relating to the Group's results and financial position (continued)

2. The Group had HK\$296,864,000 (approximately 27.0%) of interest bearing borrowings at 31 December 2018 that are at floating rates, therefore the Group's finance costs and interest expenses in respect of these borrowings will fluctuate with changes in interest rates. The Group's borrowings in Hong Kong are denominated in HKD, and bear interest rate at a margin above Hong Kong interbank offered rates. In respect of the Group's borrowings in RMB, the interest rates are mainly determined by the benchmark lending rates of the People's Bank of China. Any increase in these benchmark interest rates in the future will increase the interest expenses of the Group. In addition to the changes in these benchmark lending rates which will not only affect the Group's borrowings, the margin on costs of borrowings of the Group will also be affected by changes in availability of funding and prevailing interest rate of the credit market. Any change in the interest rate in connection with the currencies the Group borrows will increase the Group's finance costs, and therefore will have adverse impact to the results of operations and financial position of the Group.

主要風險和不明朗因素(續)

關於本集團之業績及財務狀況的風險和不明朗因素(續)

2. 本集團於二零一八年十二月三十一日有港幣296,864,000元(約27.0%)的計息貸款按浮動利率計息，因此本集團的財務成本和利息支出會隨著利率的變動而波動。本集團在香港的貸款均以港幣為單位，及按香港銀行同業拆息加溢價計息。有關本集團的人民幣貸款，利率主要是由中國人民銀行的貸款基準利率確定。任何該等基準利率上升將令本集團的利息支出增加。該等貸款基準利率的變動除對集團的借貸有影響外，本集團的借貸成本之溢價亦將受到資金的充足性和信貸市場的現行利率變動之影響。任何關於本集團貸款貨幣之利率變動將增加本集團的財務成本，及因而對本集團經營業績和財務狀況產生不利影響。

REPORT OF THE DIRECTORS

董事會報告書

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Risks and uncertainties relating to the Group's results and financial position (continued)

3. The majority of the revenue of the Group is denominated in RMB, while approximately 45.6% of the interest bearing borrowings of the Group at 31 December 2018 was in HKD. Attributable to the depreciation of the exchange rate of RMB by approximately 4.8% (2017: appreciation of approximately 6.7%) against HKD during the year under review, the Group incurred net foreign exchange loss of HK\$20,771,000 (2017: net foreign exchange gain of HK\$24,158,000) for the year. Hence, any movement of the exchange rate of RMB will have material impact to the results of operations of the Group. Furthermore, the results and financial position of the Group are denominated in RMB but presented in HKD for reporting purposes, therefore, the movement of the exchange rate of RMB will have impact to the financial position of the Group when translating the Group's results and financial position into HKD.
4. The Group is required to conduct an impairment assessment on its property, plant and equipment on a regular basis in accordance with the Hong Kong Financial Reporting Standards. Any future impairment loss to be recognised or reversed depends on various factors including the general economic and financial conditions, market competitions, prevailing product selling price and market interest rates. Such impairment loss to be recognised or reversed will have material impact to the results of the Group, however, it is a non-cash item and therefore will not affect the future business operations and financial conditions of the Group.

主要風險和不明朗因素(續)

關於本集團之業績及財務狀況的風險和不明朗因素(續)

3. 本集團大部分的收入來源以人民幣為單位。於二零一八年十二月三十一日本集團約45.6%的計息貸款以港幣為單位。在本年度回顧，由於人民幣兌港幣之匯率貶值約4.8%（二零一七年：升值約6.7%），本集團於本年度錄得淨外幣匯兌虧損港幣20,771,000元（二零一七年：外幣匯兌收益港幣24,158,000元）。所以，人民幣匯率的變動將對本集團的經營業績造成重大影響。此外，本集團的業績及財務狀況均以人民幣為單位，但報告則以港幣呈列，因此，人民幣匯率變動將在本集團之業績及財務狀況轉換成港元時對本集團的財務狀況產生影響。
4. 本集團需要定期根據香港財務報告準則對物業、廠房及設備進行減值測試。任何被確認或撥回的未來減值損失取決於多種因素，包括一般的經濟和金融狀況、市場競爭、現行產品售價和市場利率。該被確認或撥回的減值損失將對本集團的業績有重大的影響。但是，減值為一項非現金項目，因此不會影響到本集團的未來經營業務和財務狀況。

REPORT OF THE DIRECTORS

董事會報告書

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Risks and uncertainties relating to the Group's results and financial position (continued)

5. The Group utilized a certain extent of borrowings to finance its operations. As at 31 December 2018, the gearing ratio of the Group was 71.4%, and the percentage of borrowings due within one year accounted for 75.8% of total borrowings of the Group, therefore the Group will be exposed to the liquidity risks of inability of repaying these borrowings when due. The Group is expected to service the debt repayments due in 2019 by utilizing cash generated from its operations and refinancing from banks and other sources, with an objective to gradually reduce the amount of interest bearing borrowings of the Group. However, the Group's ability to generate sufficient cash to service its outstanding debts and obligations will depend on the operating performance of its various business segments in the future, which will be affected by factors such as the prevailing economic and liquidity conditions, the demand of its products and prevailing selling prices. Whether the Group can refinance its borrowings also depends on a number of factors, including the operating performance and financial conditions of the Group, the prevailing economic conditions, the prevailing credit policy of respective lender and the liquidity of the financial markets. If the Group is unable to service any of its borrowings due in 2019, this may result in a default and will have significant adverse impact to the financial position of the Group as the Group will be requested to repay full or part of its outstanding borrowings on an accelerated basis. The management of the Company is seeking for various banks refinancing to mitigate these potential risks.

主要風險和不明朗因素(續)

關於本集團之業績及財務狀況的風險和不明朗因素(續)

5. 本集團運用一定程度的貸款為其營運提供資金。截至二零一八年十二月三十一日，本集團的負債比率為71.4%，和一年內到期貸款的比例佔本集團總貸款的75.8%，因此本集團將面臨當該等貸款到期時無法償還的流動性風險。本集團預期將運用來自其營運產生的現金和銀行融資及其他來源以償還於二零一九年到期貸款，以逐漸減少本集團的計息貸款金額。然而，本集團產生足夠現金來償還其未償還貸款的能力和義務將取決於其將來的各業務分部的營運表現，而其將受到各種因素的影響，例如：現行的經濟和流動性狀況、產品的需求和現行售價。而本集團能否再融資貸款亦取決於許多因素，包括本集團的營運表現和財務狀況、現行的經濟條件、各貸款人的現行信貸政策和金融市場的流動性。如果本集團無法償還於二零一九年到期的貸款，可能會導致違約及將對本集團的財務狀況有顯著的負面影響，因本集團將被要求加快償還全部或部分的未償還的貸款。本公司管理層正在尋求各銀行再融資來減輕這些潛在的風險。

REPORT OF THE DIRECTORS

董事會報告書

FINANCIAL KEY PERFORMANCE INDICATORS

The financial key performance indicators of the Group for the years ended 31 December 2018 and 2017 are summarised as follows:

財務關鍵表現指標

本集團於截至二零一八年和二零一七年十二月三十一日止年度的財務關鍵表現指標綜合如下：

			2018 二零一八年	2017 二零一七年	Change 變動
1.	Current ratio (times)	流動比率(倍)	1.19	1.17	N/A不適用
2.	Liquid ratio (times)	流動資金比率(倍)	1.01	1.00	N/A不適用
3.	Gearing ratio (%)	負債比率(%)	71.4	56.0	+15.4pp
4.	Average turnover period on trade receivables (days)	應收賬款平均周轉期(天)	97	94	+3
5.	Percentage of past due trade receivables (%)	逾期應收賬款百分比(%)	24.6	23.2	+1.4pp
6.	Average turnover period on inventories (days)	存貨平均周轉期(天)	58	51	+7
7.	Average turnover period on trade payables (days)	應付賬款平均周轉期(天)	108	94	+14
8.	Steel cord production capacity utilisation ratio (%)	鋼簾線產能利用率(%)	97.0	94.0	+3pp

Current ratio

Current ratio (calculated as current assets divided by current liabilities) of the Group was 1.19 times at 31 December 2018, slightly higher than 1.17 times at 31 December 2017.

流動比率

本集團於二零一八年十二月三十一日的流動比率(以流動資產除以流動負債計算)為1.19倍，比二零一七年十二月三十一日的1.17倍略高。

Liquid ratio

Liquid ratio (calculated as current assets less inventories divided by current liabilities) of the Group was 1.01 times at 31 December 2018, slightly higher than 1.00 time at 31 December 2017.

流動資金比率

本集團於二零一八年十二月三十一日的流動資金比率(以流動資產減存貨除以流動負債計算)為1.01倍，比二零一七年十二月三十一日的1.00倍略高。

REPORT OF THE DIRECTORS

董事會報告書

FINANCIAL KEY PERFORMANCE INDICATORS (continued)

Gearing ratio

Gearing ratio (calculated as total interest bearing borrowings less bank balances and cash (included pledged bank deposits) divided by Shareholders' equity) of the Group increased from 56.0% at 31 December 2017 to 71.4% at 31 December 2018. The higher gearing ratio was due to the overall interest bearing borrowings increased by 4% while the bank balances and cash (included pledged bank deposits) decreased at a higher ratio.

Average turnover period of trade receivables

Average turnover period on trade receivables (calculated as average trade receivables for the year (exclusive of value-added tax in respect of sales in the PRC) divided by gross revenue times 365 days) was 97 days for the year, longer by 3 days as compared to 94 days for the previous year.

Percentage of past due trade receivables

The percentage of past due trade receivables (calculated as the amount of past due trade receivables divided by total amount of trade receivables) was 24.6% at 31 December 2018, increased by 1.4 percentage points as compared to 23.2% at 31 December 2017.

Average turnover period on inventories

Average turnover period on inventories (calculated as average amount of inventories for the year divided by cost of sales times 365 days) was 58 days for the year, longer by 7 days as compared to 51 days for the previous year.

財務關鍵表現指標(續)

負債比率

本集團於二零一八年十二月三十一日之負債比率(以計息貸款總額減銀行結存及現金(包括抵押銀行存款)除以股東權益計算)由二零一七年十二月三十一日報56.0%上升至71.4%。較高的資產負債比率是由於整體計息借款增加4%，而銀行結餘及現金(包括抵押銀行存款)則下降比率較高。

應收賬款平均周轉期

本集團於本年度的應收賬款平均周轉期(以本年度平均應收賬款除以總營業額(不包括於中國銷售的增值稅)乘以365天計算)為97天，比於去年度為94天增加3天。

逾期應收賬款百分比

於二零一八年十二月三十一日的逾期應收賬款的百分比(以逾期應收賬款除以應收賬款總額計算)為24.6%，與二零一七年十二月三十一日的23.2%相比上升1.4個百分點。

存貨平均周轉期

本年度的存貨平均周轉期(以本年度的平均存貨金額除以銷售成本乘以365天計算)為58天，比去年的51天增加7天。

REPORT OF THE DIRECTORS

董事會報告書

FINANCIAL KEY PERFORMANCE INDICATORS (continued)

Average turnover period on trade payables

Average turnover period on trade payables (calculated as average trade payables for the year divided by cost of sales (exclusive of value-added tax in respect of cost of sales in the PRC) times 365 days) was 108 days for the year, which was 14 days longer as compared to 94 days for the previous year, as we obtained longer credit period from certain suppliers of the Group during the year.

Steel cord production capacity utilization ratio

As the sales volume of steel cords recorded an year-on-year growth of 6.3% to 184,910 tonnes for the year, therefore the capacity utilization ratio in respect of Steel cord segment (calculated as total sales volume of steel cords for the year divided by total production capacity of steel cords of 190,208 tonnes per annum) increased from 94% in the previous year to 97% for the year.

Further details regarding the above and other financial information, please refer to the section “**MANAGEMENT DISCUSSION AND ANALYSIS**” of this annual report. Key performance indicators mean factors by reference to which the development, performance or position of the business of the Group can be measured effectively which we can use to monitor progress against our strategies while figures reporting under accounting standards could not serve such purpose.

FUTURE DEVELOPMENT OF THE COMPANY'S BUSINESS

In the view that uncertainty is one of the main challenges facing by the Chinese economy, the performance of the steel cord industry might be affected unless a strong cash flow is maintained as well as cost saving and risk mitigation measures are implemented in order. Details of future development of the Company's business, please refer to the sections “**CHAIRMAN'S STATEMENT**” and “**MANAGEMENT DISCUSSION AND ANALYSIS**” of this annual report.

財務關鍵表現指標(續)

應付賬款平均周轉期

本年度的應付賬款平均周轉期(以本年度的平均應付賬款除以銷售成本(不包括於中國銷售成本的增值稅)乘以365天計算)為108天,較於去年度為94天多14天,因為於本年度本集團之若干供應商取得較長信貸期。

鋼簾線產能利用率

由於本年度鋼簾線銷售量同比增長6.3%至184,910噸,因此於本年度的鋼簾線分部的產能利用率(按本年度鋼簾線總銷售量除以鋼簾線總產能每年為190,208噸計算)由去年度報94%上升至97%。

關於上述及其他財務資料的進一步詳情載列於本年報的「**管理層論述及分析**」的章節內。關鍵表現指標指可藉參照有效地衡量本集團業務的發展、表現或狀況的因素而用以監察我們實施策略的進度,而按會計準則製定的數據則未能達到此目的。

本公司業務未來發展

由於不確定性是中國經濟面臨的主要挑戰之一,鋼簾線業務的表現可能會受到影響,除非保持強勁的現金流及適當地實施成本節約和風險緩解措施。就本公司業務未來發展的詳情,請參閱本年報「**董事長報告書**」及「**管理層論述及分析**」章節。

REPORT OF THE DIRECTORS

董事會報告書

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long-term sustainability of the environment and community in which it engages by controlling and minimizing the generation of wastes, waste gases emissions and sewage discharges, and at the same time, complies with the applicable environmental laws, rules and regulations on the prevention and control of wastage, waste gases emissions and sewage discharges in Hong Kong and PRC during the production process.

In order to attach the importance to environmental protection, the Group has formally adopted an Environmental Policy (the“Policy”) since 2017, which has already been implemented all along as part of the Internal Control Manual. The underlying principle of the Policy is to reduce, reuse and recycle resources used in the production lines and offices so as to mitigate wastes and use energy and resources effectively. Various measures have been implemented within the Group and are monitored from time to time, for example, measures on effective energy conservation to reduce the use of energy, water and other resources; measures on managing the reduction of waste and greenhouse gas emissions, etc. had been taken and complied with since 2015. Detailed discussion on the environmental policies and performance of the Group is set out in the 2018 ESG Report.

In addition to the above measures, further trainings are provided to Directors and employees to emphasize the importance of environmental protection and to promote occupational health and safety in offices and production lines. These measures and trainings taken and provided by the Group in supporting the Policy are based on the needs and actual circumstances of the Group and will be reviewed by the management annually.

環境政策及表現

本集團承諾為業務所在地的環境和社區作出長期可持續發展，控制及減少廢物的產生、廢氣排出和廢水排放，並同時遵守香港及中國於生產過程中防止及控制產生的廢物、廢氣排出和廢水排出的適用環保法律、規則及規定。

為突顯環境保護的重要性，本集團已由二零一七年起正式採納了「環境政策」(「該政策」)以作為內部監控指引的一部分，並已一直貫徹實施。該政策的基本原則是減少、重用及回收生產線和辦公室的資源，以減少廢物和有效地使用能源及資源。本集團已實施多項措施並不時予以監督，例如：有效的節能措施以減少能源、水及其他資源的使用和實行減廢管理及減少溫室氣體排放等等的措施已自二零一五年實行及符合。有關本集團環境政策及表現的詳細討論已載列於二零一八年度環境、社會及管治報告內。

除了上述措施，本集團亦為董事和僱員安排了進一步培訓，使他們認識到保護環境的重要性，並於辦公室和生產線推廣職業安全健康。這些為支持該政策而實施的措施和安排的培訓乃根據本集團的需求和實際情況而決定的，並將會每年由管理層進行檢討。

REPORT OF THE DIRECTORS

董事會報告書

COMPLIANCE WITH LAWS AND REGULATIONS

The Group is committed to comply with the laws and regulations in which it operates its businesses. During the year under review, there was no material breach of or non-compliance with the laws and regulations applicable to the Group. Apart from complying with Hong Kong laws such as the Companies Ordinance, Listing Rules, SFO, Employment Ordinance and Anti-Money Laundering and Counter-Terrorist Financing Ordinance, we have also complied with laws of the PRC, including the Company Law of the PRC (《中國公司法》), Labour Law of the PRC (《中國勞動法》), Labour Contract Law of the PRC (《中國勞動合同法》), Enterprise Annuities Fund Measures (《企業年金辦法》), relevant laws, rules and regulations in relation to child and forced labour including the Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》) and the Law of the PRC on the Protection of Minors (《中國未成年人保護法》), as well as other environmental laws, relevant rules, ordinances and regulations on the prevention and control of wastage, waste gases and sewage emission. These laws, ordinances and regulations include but not limited to the Environmental Protection Law of the PRC (《中國環境保護法》), the Environmental Protection Tax Law of the PRC (《環境保護稅法》), the Prevention and Control of Atmospheric Pollution of the PRC (《中國大氣污染防治法》), the Water Pollution Prevention and Control Law of the PRC (《中國水污染防治法》), the Waste Disposal Ordinance, the Product Eco-responsibility Ordinance, Environmental Quality Standard for Surface Water (《地表水環境品質標準》), Wastewater Quality Standards for Discharge to Municipal Sewers (《污水排入城鎮下水道水質標準》), Measures for Hazardous Waste Operation Administration (《危險廢物經營授權管理辦法》) and Solid Wastes of Prevention and Control Law of the PRC (《中國固體廢物污染環境防治法》) etc.. These environmental laws will have impact on the Group's operation since if we do not dispose all wastages, discharges and waste gases properly, we might have to bear heavy environmental protection tax and so increase the cost of disposal of wastages.

遵守法律及規定

本集團承諾遵守其經營業務的法律及規定。於本年度回顧，本集團並無重大違反或不遵守適用的法律及規定。除了遵守香港法例，如《公司條例》、《上市規則》、《證券及期貨條例》、《僱傭條例》及《打擊洗錢及恐怖分子資金籌集條例》，我們亦遵守中國的法例，包括《中國公司法》、《中國勞動法》、《中國勞動合同法》、《企業年金辦法》、有關童工和強制勞工的法律及法規，包括《禁止使用童工規定》和《中國未成年人保護法》，以及其他與廢物、廢氣和廢水排放有關的防治及控制的法例及規定和其他環保法律及相關規則。該等法律、法例及規定包括但不限於：《中國環境保護法》、《環境保護稅法》、《中國大氣污染防治法》、《中國水污染防治法》、《廢物處置條例》、《產品環保責任條例》、《地表水環境品質標準》、《污水排入城鎮下水道水質標準》、《危險廢物經營授權管理辦法》、《中國固體廢物污染環境防治法》等。若本集團不妥善處理所有廢物排放及廢氣排出，將須承擔沉重的環境保護稅並增加處置廢物的成本，該等環保法律將對本集團的營運造成影響。

REPORT OF THE DIRECTORS

董事會報告書

COMPLIANCE WITH LAWS AND REGULATIONS (continued)

Furthermore, the Group has started to attach more importance to gender equality and the protection of women's interests, as well as on the compliance with the related laws of Hong Kong such as the Sex Discrimination Ordinance, which the underlying principle is also enshrined in the Basic Law, and related laws of PRC such as the Law on the Protection of Women's Rights and Interests (《婦女權益保障法》) and Special Rules on the Labour Protection of Female Employees (《女職工勞動保護特別規定》). To acquire further knowledge on this topic, we have nominated a representative to participate in activities related to gender equality and gender mainstreaming such as participating in Seminar on Gender Mainstreaming to unleash potential in the workplace (the "Seminar") organised by the Women's Commission (An organization which actively engages in activities in relation to women empowerment and advancement) in 2018 for the purpose of understanding the current role and status of women in business sector and different parties' concerns on gender mainstreaming. In the light of the need to address these issues and to put our knowledge into practice, the "Policy on Prevention on Sexual Harassment at Workplace" has been formulated as a way of the Company to show respect to our employees, especially female employees.

The Group also notes the importance on human resource management in which the representative of the Company has learnt from the Seminar that good human resource management on effective communication when handling verbal violence at work and such message has been conveyed. In addition, a new measurable objectives of 2019 has been adopted by the Board to promote a family friendly working culture to support employees with family care responsibilities so as to bring diversity to workplace. Further discussion on human resource management is also contained in the 2018 ESG Report.

遵守法律及規定(續)

此外，本集團已開始越來越重視性別平等和保護女性的權益，以及遵守相關香港法律，例如《性別歧視條例》(其基本原則也列載於《基本法》中)及相關中國法律，例如《婦女權益保障法》和《女職工勞動保護特別規定》。為進一步了解這一議題，本公司已派代表參加了由婦女事務委員會(一個積極參與婦女賦權和晉升的組織)於二零一八年舉辦的一些有關性別平等和性別主流化的活動，例如參與如何由性別主流化去推動職場潛力發展的研討會(「研討會」)，以了解女性目前在商界的角色和地位及各方對性別主流化的關注。而為對上述事宜作出回應及將這些學到的知識付諸實行，本集團已制訂了《防止職場性騷擾政策》以表示本集團對僱員(特別是女性僱員)的尊重。

本集團亦注意到人力資源管理的重要性，而本公司代表亦從研討會上了解並已傳達良好人力資源管理對有效地去處理工作間語言衝突時的重要性的訊息。另外，董事會亦已通過採納二零一九年的可計量目標，其目標為提倡家庭友善的工作文化以支援有家庭照顧責任的僱員，從而促進工作場所的多元化。進一步人力資源管理之討論亦載列於二零一八年度環境、社會及管治報告內。

REPORT OF THE DIRECTORS

董事會報告書

COMPLIANCE WITH LAWS AND REGULATIONS (continued)

To ensure compliance with these requirements of laws, rules and regulations, the Company has implemented an effective internal control and approval procedures, and to obtain high level oversight of the operation of various business units. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and/or business units of the Group immediately. Certain discussion regarding the Group's compliance with relevant laws and regulations which have a significant impact on the Group is also contained in the "**CORPORATE GOVERNANCE REPORT**" section on pages 53 to 97 of this annual report and the 2018 ESG Report.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group's success also depends on the support from key stakeholders which comprise employees, customers, suppliers, Shareholders, government and regulators, as well as banks and financial institutions (creditors).

Employees

Employees are regarded as the most important and valuable assets of the Group. Most of the management have been serving the Group for a long period of time. However, young talents are also provided with opportunities to work in the Group. The Group does not only offers competitive salaries and benefits, but also provides training programmes or courses for the Mainland employees at all levels from different departments, as well as Directors and employees of the Company in order to further enhance their management skills, expertise and knowledge, and at the same time, make continual contribution to the Group. Different activities such as celebration of Chinese New Year, celebration of the 10th anniversary since operation of steel cord plant of TESC, TESC's safety quiz competition as well as annual dinner, celebration of staff's birthday and celebration of office relocation of Shanghai office had been organized by various business units of the Group for general staffs together with the management to participate in order to strengthening their partnership and communication.

遵守法律及規定(續)

為確保遵守該等法律、規則及規定的要求，本公司已實施了有效的內部監控和審批程序，並高度監督各業務單位的運作。任何有關適用的法律、規則及規定的修改也將即時呈請相關僱員及／或本集團的業務單位垂注。本集團遵守對有重大影響的相關法律及規定的若干討論亦載列於本年報第53頁至97頁的「**企業管治報告**」章節及二零一八年度環境、社會及管治報告內。

與主要持份者的關係

本集團的成功亦依賴主要持份者，包括僱員、客戶、供應商、股東、政府及監管機構，以及銀行及金融機構(債權人)的支持。

僱員

僱員被視為本集團最重要及具價值的資產。大部分管理層一直為本集團服務了很長時間。然而，本集團亦提供工作機會給予年輕人才。本集團不但提供具競爭力的薪酬及福利，亦分別向國內各部門所有級別僱員及董事及本公司僱員提供培訓計劃或課程，用以提升他們的管理技巧，專業技能和知識，並同時向集團作出持續貢獻。本集團不同業務單位不時組織活動，例如春節聯歡晚會、滕州東方鋼簾線廠房的十周年營運周年紀念及滕州東方安全知識競賽，亦有周年晚宴、僱員生日慶祝及上海公司辦公室喬遷等慶祝活動予一般僱員連同管理層一起參與，從而加強彼此的合作關係及溝通。

REPORT OF THE DIRECTORS

董事會報告書

RELATIONSHIPS WITH KEY STAKEHOLDERS (continued)

Customers

The major customers of Steel cord segment are the radial tyres manufacturers. Most of them have been customers for more than 5 years and in return of their loyalty, we provide them with good quality products and after-sale services.

Suppliers

The major suppliers of Steel cord segment are the steel wire rod suppliers. We have co-operated with most of the suppliers for more than 5 years and have maintained good relationship with them through regular face-to-face meetings and visits in order to achieve cost-effectiveness and obtain long-term commercial benefits.

Shareholders

The ultimate operational goal of the Group is to maximize our Shareholders' return. The major Shareholders are Shougang Group and its controlled corporations, Bekaert and Li Ka Shing Foundation and minority Shareholders. It is grateful to have Shareholders who are being supportive to the Group for a long period of time in particular the times when market conditions are adverse and challenging.

To set standard rules and guidelines to be followed by the Board in deciding whether to recommend dividend out of the profits to reward the Shareholders, the dividend policy of the Company has been adopted by the Board on 18 December 2018, Details of which is contained in the “**CORPORATE GOVERNANCE REPORT**” section on pages 53 to 97 of this annual report.

與主要持份者的關係(續)

客戶

鋼簾線分部的主要客戶為子午線輪胎製造商。我們大部分的客戶已是超過五年的客戶，為了回報他們的忠誠，我們向他們提供優質的產品和售後服務。

供應商

鋼簾線分部的主要供應商為鋼絲盤條原材料供應商。我們與大部分供應商已合作了超過五年，並透過定期會面和拜訪與他們保持良好關係，以達致成本效益及促進長遠商業利益。

股東

本集團的最終營運目標是為股東爭取最大的回報。本集團的主要股東為首鋼集團與其受控法團、Bekaert、李嘉誠基金會及小股東。我們非常感激各股東特別在不利和具有挑戰性的市場情況下長時間支持本集團。

為了讓董事會決定是否建議從利潤中分配股息來回報股東而製定可跟從的標準規則和指導方針，本公司之股息政策已於二零一八年十二月十八日獲董事會採納，詳情載於本年報第53頁至97頁的「**企業管治報告**」章節內。

REPORT OF THE DIRECTORS

董事會報告書

RELATIONSHIPS WITH KEY STAKEHOLDERS (continued)

Government and Regulators

Decisions made by the government and regulators can significantly affect our Group's operations. It is important, therefore, for us to maintain good relationships with local officials to anticipate legal or regulatory changes or community developments that may affect our business. In view of the need to maintain good relationships, we have arranged occasional visits and face-to-face meetings whenever necessary.

Banks and Financial Institutions (Creditors)

Banks and financial institutions are lenders of our Group who help us to finance our businesses, asset purchases and supply purchases. As a trustworthy borrower, we always try our best to meet every payment deadlines responsibly and consistently, and at the same time, we strive to improve our financial performance so that we have a greater chance to receive quality financing in the future. Through regular meetings and visits, we have maintained stable relationships with them.

For further details regarding the above, please refer to the sections "**MANAGEMENT DISCUSSION AND ANALYSIS**" and "**CORPORATE GOVERNANCE REPORT**" in this annual report and the section "STAKEHOLDERS' ENGAGEMENT AND MATERIALITY ASSESSMENT" in the 2018 ESG Report.

與主要持份者的關係(續)

政府及監管機構

政府和監管機構做出的決定可能會對本集團的營運產生重大影響。因此，我們必須與當地官員保持良好關係，以預計可能會影響我們業務的法律或監管變更或社區發展。因需要保持良好的關係，我們必要時會偶爾安排與他們拜訪和會面。

銀行及金融機構(債權人)

作為本集團的貸款人，銀行和金融機構提供資金以幫助我們業務的發展、購買資產和供應。而作為值得信賴的借款人，本集團一直努力以負責任的態度和一貫的方式於每個付款期限前還款，同時，我們努力改善財務表現以增加在未來獲得優質融資的可能性。我們亦會透過定期會面和拜訪與他們保持穩定的關係。

有關上述之進一步資料，請參閱本年報之「**管理層論述及分析**」和「**企業管治報告**」章節及二零一八年度環境、社會及管治報告之「持份者參與之重要性評估」章節。

REPORT OF THE DIRECTORS

董事會報告書

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Group, is set out below:

		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元	2015 二零一五年 HK\$'000 港幣千元	2014 二零一四年 HK\$'000 港幣千元
(LOSS) PROFIT FOR THE YEAR	本年度(虧損)溢利	(8,681)	(68,518)	10,103	(376,985)	(275,774)
TOTAL ASSETS	資產總額	3,414,467	3,444,076	3,037,042	3,006,147	3,610,120
TOTAL LIABILITIES	負債總額	(2,075,317)	(2,052,548)	(1,715,077)	(1,610,277)	(1,748,238)
SHAREHOLDERS' EQUITY	股東權益	1,339,150	1,391,528	1,321,965	1,395,870	1,861,882

INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

Details of movements in the investment properties and property, plant and equipment of the Group during the year are set out in notes 16 and 17, respectively, to the consolidated financial statements.

Particulars of the Group's investment properties as at 31 December 2018 are summarised on page 294 of this annual report.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the share capital of the Company are set out in note 30 to the consolidated financial statements. Share options granted under the 2002 Scheme remain valid and exercisable in accordance with the terms of issue. No share options were granted, exercised, lapsed or cancelled under the 2012 Scheme. Details of share options of the 2002 Scheme are set out under the headings "EQUITY-LINKED AGREEMENT", "DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, DEBENTURES OR UNDERLYING SHARES UNDER THE SFO" hereunder and in note 34 to the financial statements.

財務資料摘要

以下為本集團於過去五個財政年度之已公告業績、資產及負債摘要，該等資料乃摘錄自本集團之經審核綜合財務報告：

投資物業及物業、廠房及設備

本集團之投資物業及物業、廠房及設備於本年度之變動詳情分別載列於綜合財務報告附註16及17。

本集團於二零一八年十二月三十一日之投資物業摘要載列於本年報第294頁。

股本及購股權

本公司股本之變動詳情載列於綜合財務報告附註30。二零零二計劃項下已授出的購股權仍然有效，並可根據其發行條款予以行使。二零一二計劃項下並沒有購股權授出、行使、失效或註銷。二零零二計劃的購股權之詳情載列於以下「股票掛鈎協議」、「根據證券及期貨條例董事於股份、債權證或相關股份之權益及淡倉」標題內及財務報告附註34。

REPORT OF THE DIRECTORS

董事會報告書

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 151 of this annual report and in note 36 to the consolidated financial statements.

DONATIONS

During the year, the Group made certain amount of charitable donations.

DIRECTORS

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

Su Fanrong (*Chairman and Managing Director*)
(*re-designated as Chairman on 18 January 2018 and appointed as Managing Director on 31 January 2018*)

Tang Cornor Kwok Kau (*Deputy Managing Director*)

Liao Jun (*Non-executive Director*)

Yip Kin Man, Raymond

(*Independent Non-executive Director*)

Law, Yui Lun (*Independent Non-executive Director*)

Lam Yiu Kin (*Independent Non-executive Director*)

Li Shaofeng (*resigned as Chairman on 18 January 2018*)

Leung Shun Sang, Tony

(*retired as Non-executive Director on 18 May 2018*)

Yang Kaiyu

(*resigned as Managing Director on 31 January 2018*)

The Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with articles 101 and 102 of the Articles. Messrs. Su Fanrong, Tang Cornor Kwok Kau and Liao Jun will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

儲備

本集團及本公司之儲備於本年度之變動詳情載列於本年報第151頁之綜合權益變動表及綜合財務報告附註36。

捐款

於本年度內，本集團已作出若干慈善捐款。

董事

於本年度內及截至本年報日期之董事如下：

蘇凡榮(*董事長兼董事總經理*)

(*於二零一八年一月十八日獲調任為董事長*

及於二零一八年一月三十一日獲委任為董事總經理)

鄧國求(*董事副總經理*)

廖駿(*非執行董事*)

葉健民(*獨立非執行董事*)

羅裔麟(*獨立非執行董事*)

林耀堅(*獨立非執行董事*)

李少峰(*於二零一八年一月十八日辭任董事長*)

梁順生

(*於二零一八年五月十八日退任非執行董事*)

楊開宇

(*於二零一八年一月三十一日辭任董事總經理*)

根據章程細則第101及102條之規定，董事須於本公司股東周年大會上輪值卸任，惟可膺選連任。蘇凡榮先生、鄧國求先生及廖駿先生在即將舉行之股東周年大會上均輪值告退及願膺選連任。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS OF SUBSIDIARIES

Messrs. Yang Kaiyu ^{Note 1}, Su Fanrong and Tang Cornor Kwok Kau serve as directors of all subsidiaries of the Company during the year and up to the date of this report. Other than the above directors, the persons who serve/had served as directors of subsidiaries of the Company during the year and/or up to the date of this report include Messrs. Cheung Ngai, Tam Yui Ki ^{Note 2} and Yu Zhigao.

Note 1: Mr. Yang Kaiyu resigned as the directors of all subsidiaries of the Company with effect from 31 January 2018.

Note 2: Mr. Tam Yui Ki resigned as the directors of Hing Cheong Metals (China & Hong Kong) Limited, Meta International Limited, Rise Boom International Limited, JESC, TESC, Wei Hua International Trading (Shanghai) Co., Ltd. and 東莞興銅五金有限公司 (the subsidiaries of the Company) with effect from 20 June 2018.

The list of subsidiaries of the Company is set out in the note 13 “**PRINCIPAL SUBSIDIARIES**” to the financial statements and below.

- Rise Boom International Limited
- Clear Vision Investments Limited
- Efficient Investments Limited
- Endless Inc.
- Messiah Investments Limited
- Online Investments Limited

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

附屬公司董事

於本年度內及截至本年報日期，楊開宇先生^{附註1}、蘇凡榮先生及鄧國求先生擔任本公司之所有附屬公司董事。除上述董事外，張毅先生、譚銳基先生^{附註2}及俞志高先生於本年度內及／或截至本年報日期擔任／曾擔任本公司之附屬公司董事。

附註 1: 楊開宇先生已辭任本公司所有附屬公司董事，自二零一八年一月三十一日起生效。

附註 2: 譚銳基先生已辭任興昌五金(中港)有限公司、萬大國際有限公司、盛興昌國際有限公司、嘉興東方、滕州東方、巍華國際貿易(上海)有限公司及東莞興銅五金有限公司(本公司之附屬公司)之董事，自二零一八年六月二十日起生效。

本公司附屬公司的名單載於財務報告附註13「**主要附屬公司**」及列載如下。

- Rise Boom International Limited
- Clear Vision Investments Limited
- Efficient Investments Limited
- Endless Inc.
- Messiah Investments Limited
- Online Investments Limited

董事之服務合約

在即將舉行之股東周年大會上候選連任之董事概無與本公司訂立不可由本公司於一年內終止而毋須支付賠償(法定賠償除外)之服務合約。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Apart from information disclosed under the heading “**DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, DEBENTURES OR UNDERLYING SHARES UNDER THE SFO**” and in note 34 to the financial statements, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Messrs. Yip Kin Man, Raymond and Law, Yui Lun have served the Board for more than nine years. Messrs. Yip and Law have not engaged in any executive management of the Group and Mr. Yip's solicitors firm and Mr. Law, when he was Certified Public Accountant (Practising), and their respective family members have never provided any service to the Group. They believe their familiarity and extensive experience with the Company's business may place them in a better position to contribute independent views to the Company and continue to demonstrate a firm commitment to their role. Taking into consideration of their independent scope of works and their high integrity when performing duties as independent non-executive Directors over the past years, there is no evidence that length of tenure is having an adverse impact on their independence.

董事購買股份及債權證之權利

除於以下「**根據證券及期貨條例董事於股份、債權證或相關股份之權益及淡倉**」標題內及財務報告附註34所披露的資料以外，於本年度內任何時間，本公司或其任何附屬公司概無參與訂立任何安排，致使董事或彼等各自之配偶或十八歲以下之子女可藉購買本公司或其他法定團體之股份或債權證而獲得利益。

獨立非執行董事

按照上市規則第3.13條規定，本公司已收到每名獨立非執行董事確認其獨立性的年度確認書。本公司認為所有獨立非執行董事確屬有其獨立性。

葉健民先生及羅裔麟先生服務董事會至今已超過九年，彼等並無參與本集團任何行政管理工作及葉先生的律師樓及羅先生（於其會計師事務所時）及其各自直系親屬從未向本集團提供任何服務。彼等對本公司業務之熟悉及資深經驗有助其向本公司提供較佳之獨立意見和對彼等董事職務持續表現堅定的承擔。考慮到彼等過往年度工作之獨立範疇及彼等履行獨立非執行董事職責的高度正直，並無任何證據顯示服務年資對彼等獨立性產生負面影響。

REPORT OF THE DIRECTORS

董事會報告書

EQUITY-LINKED AGREEMENT

Particulars of the Company's share option scheme and details of movements in the Company's share options during the year are set out under the heading "**DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, DEBENTURES OR UNDERLYING SHARES UNDER THE SFO**" hereunder and in note 34 to the financial statements.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, DEBENTURES OR UNDERLYING SHARES UNDER THE SFO

As at 31 December 2018, save for the interest of the Directors in the Shares and share options of the Company set out as below, none of the Directors had any interests and short positions in the Shares, debentures or underlying Shares or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register referred therein or which were required to be disclosed herein pursuant to the Model Code.

股票掛鈎協議

本公司之購股權計劃及購股權於本年度內之變動詳情載列於以下「**根據證券及期貨條例董事於股份、債權證或相關股份之權益及淡倉**」標題內及財務報告附註34。

根據證券及期貨條例董事於股份、債權證或相關股份之權益及淡倉

於二零一八年十二月三十一日，除董事所持有之股份及購股權之權益（有關詳情載於下文）外，各董事於本公司或其任何相聯法團（按證券及期貨條例第XV部之涵義）之股份、債權證或相關股份中，概無擁有須根據證券及期貨條例第XV部第7及8分部知會本公司及聯交所之任何權益及淡倉（包括根據證券及期貨條例規定被視作或當作擁有之權益及淡倉），亦無擁有須根據證券及期貨條例第352條登記於根據該條例存置或根據標準守則須於本文披露之任何權益及淡倉。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, DEBENTURES OR UNDERLYING SHARES UNDER THE SFO

(continued)

Long position in Shares

(a) Ordinary Shares of the Company

根據證券及期貨條例董事於股份、債權證或相關股份之權益及淡倉(續)

於股份之好倉

(a) 本公司之普通股

Name of Director	Total number of Shares held	Approximate % of the total number of issued Shares	Capacity in which interests are held
董事姓名	持有股份總數	約佔已發行股份總數目之百分比	持有權益之身份
Tang Cornor Kwok Kau ("Mr. Tang") 鄧國求(「鄧先生」)	10,000,000	0.52	Beneficial owner Note (i) 實益擁有人 附註(i)

Notes:

- (i) Those Shares were beneficially owned by Mr. Tang and in which of 200,000 Shares were also jointly owned by his wife.
- (ii) Mr. Li Shaofeng ("Mr. Li") resigned as the executive Director and chairman on 18 January 2018. As at 17 January 2018 (Mr. Li's last day of being a director of the Company), 7,652,000 Shares were held by Mr. Li, which is approximately 0.39% of the total number of issued Shares.
- (iii) Mr. Yang Kaiyu ("Mr. Yang") resigned as the managing Director and executive Director on 31 January 2018. As at 30 January 2018 (Mr. Yang's last day of being a director of the Company), 3,596,000 Shares were beneficially owned by Mr. Yang's wife, which is approximately 0.18% of the total number of issued Shares.
- (iv) Mr. Leung Shun Sang, Tony ("Mr. Leung") retired at the annual general meeting held on 18 May 2018 and did not offer himself for re-election. As at 18 May 2018 (Mr. Leung's last day of being a director of the Company), 7,652,000 Shares were held by Mr. Leung, which is approximately 0.39% of the total number of issued Shares.

附註：

- (i) 該等股份由鄧先生實益擁有及其中200,000股股份與其妻子共同擁有。
- (ii) 李少峰先生(「李先生」)於二零一八年一月十八日辭任執行董事兼董事長。於二零一八年一月十七日(李先生最後一天擔當本公司董事)，李先生持有7,652,000股股份，約為本公司已發行股份總數目的0.39%。
- (iii) 楊開宇先生(「楊先生」)於二零一八年一月三十一日辭任董事總經理及執行董事。於二零一八年一月三十日(楊先生最後一天擔當本公司董事)，3,596,000股股份由楊先生之妻子實益擁有，約為本公司已發行股份總數目的0.18%。
- (iv) 梁順生先生(「梁先生」)於二零一八年五月十八日舉行的股東周年大會退任，並不膺選連任。於二零一八年五月十八日(梁先生最後一天擔當本公司董事)，梁先生持有7,652,000股股份，約為本公司已發行股份總數目的0.39%。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, DEBENTURES OR UNDERLYING SHARES UNDER THE SFO

(continued)

Long position in Shares (continued)

(b) Share options

As at 31 December 2018, there were no outstanding share options of the Company granted to Directors under 2002 Scheme, details of which are summarised as follows:

Name of Director 董事姓名	Options to subscribe for Shares 可認購股份之購股權											Approximate % of the total number of issued shares 約佔已發行 股份總數目 之百分比
	Number of share options held at the beginning of the year 年初持有之 尚未行使 購股權數目	Number of share options granted during the year 年內授出 購股權數目	Number of share options exercised during the year 年內已行使 購股權數目	Number of share options lapsed/ cancelled during the year 年內已 失效/註銷 購股權數目	Date of exercise 行使日期	Number of share options held at the end of the year 年末持有之 尚未行使 購股權數目	Date of grant 授出日期	Exercise period 行使期限	Exercise price per Share 每股 行使價	Capacity in which interests are held 持有權益 之身份		
Mr. Tang 鄧先生	10,000,000	-	-	(10,000,000) Note (ii) 附註(ii)	-	-	28/1/2008	28/1/2008 to 27/1/2018 28/1/2008至 27/1/2018	0.864	Beneficial owner 實益擁有人	0.52	
Yip Kin Man, Raymond ("Mr. Yip") 葉健民(「葉先生」)	1,800,000	-	-	(1,800,000) Note (ii) 附註(ii)	-	-	28/1/2008	28/1/2008 to 27/1/2018 28/1/2008至 27/1/2018	0.864	Beneficial owner 實益擁有人	0.09	
Law, Yui Lun ("Mr. Law") 羅裔麟(「羅先生」)	1,800,000	-	-	(1,800,000) Note (ii) 附註(ii)	-	-	28/1/2008	28/1/2008 to 27/1/2018 28/1/2008至 27/1/2018	0.864	Beneficial owner 實益擁有人	0.09	
	13,600,000	-	-	(13,600,000)								

根據證券及期貨條例董事於股份、債權證或相關股份之權益及淡倉(續)

於股份之好倉(續)

(b) 購股權

於二零一八年十二月三十一日，根據二零零二計劃已授予董事之本公司購股權，並沒有未獲行使之本公司購股權，有關詳情概述如下：

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, DEBENTURES OR UNDERLYING SHARES UNDER THE SFO

(continued)

Long position in Shares (continued)

(b) Share options (continued)

Notes:

- (i) The vesting period of the share options is from the date of grant to the beginning of the exercise period.
- (ii) A total of 13,600,000 share options at the exercise price of HK\$0.864 held by Mr. Tang, Mr. Yip and Mr. Law lapsed during the year.
- (iii) Following the resignation of Mr. Li as an executive Director and chairman with effect from 18 January 2018, the 13,800,000 shares options held by Mr. Li, with the exercise price of HK\$0.864 and the exercise period from 28 January 2008 to 27 January 2018, lapsed.
- (iv) Following the resignation of Mr. Yang as an executive Director and managing Director with effect from 31 January 2018, the 18,000,000 share options held by Mr. Yang, with the exercise price of HK\$0.680 with and the exercise period ending on 12 July 2019, lapsed.
- (v) A total of 12,000,000 share options held by Mr. Leung who retired at the annual general meeting held on 18 May 2018 and did not offer himself for re-election with the exercise price of HK\$0.864 and the exercise period from 28 January 2008 to 27 January 2018, lapsed during the year.

The above share options are unlisted cash settled options granted pursuant to 2002 Scheme. Upon exercise of the share options in accordance with 2002 Scheme, ordinary shares of the Company are issuable. The share options are personal to the respective Directors.

Other than the holdings and option holdings disclosed above, none of the Directors, chief executives and their associates had any interests or short positions in any Shares, debentures or underlying Shares or any of the Company's associated corporations at 31 December 2018.

根據證券及期貨條例董事於股份、債權證或相關股份之權益及淡倉(續)

於股份之好倉(續)

(b) 購股權(續)

附註：

- (i) 購股權授出日期起至行使期限開始歸屬。
- (ii) 鄧先生、葉先生及羅先生持有的行使價為港幣0.864元之合共13,600,000股購股權於本年度失效。
- (iii) 自李先生於二零一八年一月十八日辭任執行董事兼董事長，李先生持有的行使價為港幣0.864元及行使期限為二零零八年一月二十八日至二零一八年一月二十七日之合共13,800,000股購股權失效。
- (iv) 自楊先生於二零一八年一月三十一日辭任執行董事及董事總經理，楊先生持有的行使價為港幣0.680元及行使期限到二零一九年七月十二日止之合共18,000,000股購股權失效。
- (v) 梁先生(於二零一八年五月十八日舉行的股東周年大會退任，並不膺選連任)持有的行使價為港幣0.864元之共12,000,000股購股權於本年度失效。

上述購股權乃根據二零零二計劃授出之非上市現金結算購股權。在根據二零零二計劃行使購股權時，須發行本公司之普通股。購股權屬各董事個人所有。

除了以上披露之股權及購股權外，於二零一八年十二月三十一日，並無董事、最高行政人員及其聯繫人擁有本公司或其任何相聯法團之任何股份、債權證或相關股份之權益或淡倉。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

No Director or his entity connected had a material interest, directly or indirectly, in a transaction, arrangement or contract or a proposed transaction, arrangement or contract that is significant in relation to the Company's business to which the Company or any of its subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of any business of the Company were entered into or subsisted during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year, save as disclosed below, none of the Directors is considered to have interest in the businesses which are considered to compete or likely to compete, either directly or indirectly, with businesses of the Group pursuant to Rule 8.10 of the Listing Rules:

董事在交易、安排或合約中之權益

於本年度內各董事及其關連的實體於本公司或其任何附屬公司所訂立的任何對本集團業務可屬重大之交易、安排或合約中，不論直接或間接，概無擁有實益權益。

管理合約

除僱員合約外，本年度內概無訂立或存有與本公司全部或任何重大部分業務的管理及行政有關的合約。

董事於競爭業務之權益

於本年度內，除下文所披露外，根據上市規則第8.10條，概無董事被視為與本集團業務構成競爭或可能構成競爭（不論直接或間接）的業務中擁有權益：

Name of Director 董事姓名	Name of entity whose businesses are considered to compete or likely to compete with the businesses of the Group 其業務被視為與本集團業務 構成競爭或可能構成競爭 之實體名稱	Description of businesses of the entity which are considered to compete or likely to compete with the businesses of the Group 被視為與本集團業務構成競爭或 可能構成競爭之實體業務簡介	Nature of Director's interest in the entity 董事於該實體之 權益性質
Liao Jun (Note 1)	Bekaert	Manufacturing and sale of steel wire and/or cord products	Executive Vice President North Asia in Bekaert group, Member of the Bekaert Group Executive and Divisional CEO Specialty Businesses in Bekaert group
廖駿(附註1)		製造及銷售鋼絲及／或鋼索線製品	Bekaert集團北亞區執行副總裁、 Bekaert集團執行之成員及Bekaert 集團專門業務分區首席執行官
Yip Kin Man, Raymond (Note 2)	BeijingWest Industries	Manufacture and sale of automotive parts and components and the trading of automotive parts and components	Independent non-executive director
葉健民(附註2)	京西重工	製造及銷售汽車零部件及元件，以及買賣 汽車零部件及元件	獨立非執行董事

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (continued)

Notes:

1. Pursuant to a subscription agreement entered into by the Company and Bekaert in September 2006 and further agreement between Bekaert and the Company in February 2015, Mr. Liao Jun was nominated by Bekaert group as a non-executive Director and was appointed on 25 February 2015.
2. Mr. Yip Kin Man, Raymond was appointed as independent non-executive director of BeijingWest Industries on 27 January 2014 and does not participate in any decision making on daily operation of BeijingWest Industries.

In general, directors should owe their fiduciary duties towards the company as a whole and as such the Board believes that all Board members shall act in the best interest of the Company and its Shareholders when they discharge their duties and responsibilities as Directors.

董事於競爭業務之權益(續)

附註：

1. 根據本公司與Bekaert於二零零六年九月訂立之認購協議及Bekaert與本公司於二零一五年二月訂立之進一步協議，廖駿先生獲Bekaert集團委派為非執行董事，並於二零一五年二月二十五日獲委任。
2. 葉健民先生於二零一四年一月二十七日獲委任為京西重工獨立非執行董事，並沒有參與京西重工的日常運作之任何決策。

一般而言，董事對公司整體均須抱有誠信責任，故此董事會相信所有董事會成員履行其董事職責及責任時將以本公司及其股東之最佳利益為前提行事。

REPORT OF THE DIRECTORS

董事會報告書

SHAREHOLDERS' INTERESTS AND SHORT POSITIONS OR UNDERLYING SHARES OF THE COMPANY UNDER THE SFO

As at 31 December 2018, so far as was known to the Directors, the following parties had an interest or long position or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required pursuant to Section 336 of the SFO, to be entered in the register referred therein:

根據證券及期貨條例股東於本公司之權益及淡倉或相關股份

於二零一八年十二月三十一日，就董事所知，下列人士於本公司股份或相關股份中擁有須根據證券及期貨條例第XV部第2及3分部規定予以披露之權益或好倉或淡倉，或擁有須根據證券及期貨條例第336條登記於根據該條例存置之權益或好倉或淡倉：

Long position in Shares or underlying Shares

於股份或相關股份之好倉

Name of Shareholder 股東姓名	Total number of Shares/underlying Shares held 所持股份／ 相關股份總數目	Approximate % of the total number of issued shares 約佔已發行股份 總數目之百分比	Capacity in which interests are held 持有權益之身份
Richson	148,537,939	7.72	Beneficial owner 實益擁有人
Fair Union	686,655,179	35.71	Beneficial owner and interests of controlled corporations ^{Note (1)} 實益擁有人及受控法團之權益 ^{附註(1)}
Casula	402,395,304	20.93	Beneficial owner 實益擁有人
Shougang International 首長國際	686,655,179	35.71	Interests of controlled corporations ^{Note (2)} 受控法團之權益 ^{附註(2)}
Able Legend	126,984,000	6.60	Beneficial owner 實益擁有人
Shougang HK 首控香港	906,719,179	47.15	Beneficial owner and interests of controlled corporations ^{Note (3)} 實益擁有人及受控法團之權益 ^{附註(3)}
Jingxi Holdings 京西控股	454,545,454	23.64	Beneficial owner ^{Note (4)} 實益擁有人 ^{附註(4)}
Shougang Fund 首鋼基金	454,545,454	23.64	Interests of controlled corporation ^{Note (5)} 受控法團之權益 ^{附註(5)}
Shougang Group 首鋼集團	1,361,264,633	70.79	Interests of controlled corporations ^{Note (6)} 受控法團之權益 ^{附註(6)}
Bekaert Combustion	250,000,000	13.00	Beneficial owner ^{Note (7)} 實益擁有人 ^{附註(7)}
Bekaert	250,000,000	13.00	Interests of controlled corporations ^{Note (8)} 受控法團之權益 ^{附註(8)}
Li Ka Shing Foundation 李嘉誠基金會	100,000,000	5.20	Beneficial owner ^{Note (9)} 實益擁有人 ^{附註(9)}

REPORT OF THE DIRECTORS

董事會報告書

SHAREHOLDERS' INTERESTS AND SHORT POSITIONS OR UNDERLYING SHARES OF THE COMPANY UNDER THE SFO (continued)

Long position in Shares or underlying Shares (continued)

Notes:

- (1) Fair Union is beneficially interested in 135,721,936 Shares and by virtue of the SFO, it is deemed to be interested in the 148,537,939 Shares held by Richson and the 402,395,304 Shares held by Casula as Richson and Casula are its wholly owned subsidiaries.
- (2) By virtue of the SFO, Shougang International is deemed to be interested in the 135,721,936 Shares held by Fair Union, the 148,537,939 Shares held by Richson and the 402,395,304 Shares held by Casula as Richson and Casula are wholly owned by Fair Union, a wholly owned subsidiary of Shougang International.
- (3) Shougang HK is beneficially interested in 6,456,000 Shares and by virtue of the SFO, it is deemed to be interested in the 126,984,000 Shares and the 74,254,000 Shares held by Able Legend and Prime Success Investments Limited ("Prime Success") respectively as Able Legend and Prime Success are its wholly owned subsidiaries and is deemed to be interested in the 12,370,000 Shares held by Lyre Terrace Management Limited ("Lyre Terrace"), a subsidiary of Shougang Grand as Shougang HK is the holding company of Shougang Grand. It is also deemed to be interested in the 135,721,936 Shares held by Fair Union, the 148,537,939 Shares held by Richson and the 402,395,304 Shares held by Casula as it is the holding company of Shougang International.
- (4) The shares held by Jingxi Holdings represent 454,545,454 underlying Shares to be allotted and issued upon the exercise of conversion rights attaching to the Convertible Bonds (i.e. the 4% unsecured fixed coupon convertible bonds in the aggregate principal amount of up to HK\$150,000,000 due 2022 (extendable to 2024) issued by the Company to Jingxi Holdings pursuant to the Subscription Agreement).

根據證券及期貨條例股東於本公司之權益及淡倉或相關股份(續)

於股份或相關股份之好倉(續)

附註：

- (1) Fair Union實益擁有135,721,936股股份，以及由於Richson及Casula均為Fair Union之全資附屬公司，故根據證券及期貨條例，Fair Union被視為於Richson所擁有之148,537,939股股份及於Casula所擁有之402,395,304股股份中擁有權益。
- (2) 由於Richson及Casula乃首長國際之全資附屬公司Fair Union之全資附屬公司，故根據證券及期貨條例，首長國際被視為於Fair Union所擁有之135,721,936股股份、於Richson所擁有之148,537,939股股份及於Casula所擁有之402,395,304股股份中擁有權益。
- (3) 首控香港實益擁有6,456,000股股份及由於Able Legend及Prime Success Investments Limited ("Prime Success")為首控香港之全資附屬公司，故根據證券及期貨條例，首控香港被視為分別於Able Legend所持有之126,984,000股股份及於Prime Success所持有之74,254,000股股份中擁有權益，及被視為於琴台管理有限公司(為首長四方之附屬公司，而首控香港則為首長四方之控股公司)(「琴台」)所持有之12,370,000股股份中擁有權益。由於首控香港為首長國際之控股公司，故亦被視為於Fair Union所擁有之135,721,936股股份、於Richson所擁有之148,537,939股股份及於Casula所擁有之402,395,304股股份中擁有權益。
- (4) 京西控股持有之股份指可換股債券(即本公司根據認購協議發行予京西控股的本金總額最多為港幣150,000,000元於二零二二年到期(可延長至二零二四年)的4%無抵押固定票息可換股債券)所附換股權獲行使時將予配發及發行之454,545,454股相關股份。

REPORT OF THE DIRECTORS

董事會報告書

SHAREHOLDERS' INTERESTS AND SHORT POSITIONS OR UNDERLYING SHARES OF THE COMPANY UNDER THE SFO (continued)

Long position in Shares or underlying Shares (continued)

Notes: (continued)

- (5) As mentioned under Note (4) above, by virtue of the SFO, Shougang Fund is deemed to be interested in 454,545,454 underlying Shares held by Jingxi Holdings, which is a wholly owned subsidiary of Shougang Fund.
- (6) Shougang Group is the ultimate holding company of Shougang HK, it is deemed to be interested in the 6,456,000 Shares held by Shougang HK and by virtue of the SFO, it is deemed to be interested in the 126,984,000 Shares and the 74,254,000 Shares held by Able Legend and Prime Success respectively as Able Legend and Prime Success are Shougang HK's wholly owned subsidiaries and Shougang Group is deemed to be interested in the 12,370,000 Shares held by Lyre Terrace, a subsidiary of Shougang Grand as Shougang Group is the ultimate holding company of Shougang Grand. Shougang Group is also deemed to be interested in the 135,721,936 Shares held by Fair Union, the 148,537,939 Shares held by Richson and the 402,395,304 Shares held by Casula as Shougang Group is the ultimate holding company of Shougang International. As mentioned under Notes (4) and (5) above, and by virtue of the SFO, Shougang Group is also deemed to be interested in the 454,545,454 underlying Shares held by Jingxi Holdings, a wholly owned subsidiary of Shougang Fund, which is a wholly owned subsidiary of Shougang Group.
- (7) Bekaert Combustion is beneficially interested in 250,000,000 Shares.
- (8) By virtue of the SFO, Bekaert is deemed to be interested in 250,000,000 Shares held by Bekaert Combustion, which is a wholly owned subsidiary of Bekaert.
- (9) Li Ka Shing Foundation is beneficially interested in 100,000,000 Shares. By virtue of the terms of the constituent documents of Li Ka Shing Foundation, each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of Li Ka Shing Foundation.

根據證券及期貨條例股東於本公司之權益及淡倉或相關股份(續)

於股份或相關股份之好倉(續)

附註：(續)

- (5) 承上附註(4)，由於京西控股乃首鋼基金之全資附屬公司，故根據證券及期貨條例，首鋼基金被視為於京西控股所持有之454,545,454股相關股份中擁有權益。
- (6) 首鋼集團為首控香港之最終控股公司，故被視為於首控香港所擁有之6,456,000股股份實益擁有股股份中擁有權益。而Able Legend及Prime Success為首控香港之全資附屬公司，故根據證券及期貨條例，首鋼集團被視為分別於Able Legend所持有之126,984,000股股份及於Prime Success所持有之74,254,000股股份中擁有權益，及被視為於琴台(為首長四方之附屬公司，而首鋼集團則為首長四方之最終控股公司)所持有之12,370,000股股份中擁有權益。由於首鋼集團為首長國際之最終控股公司，故首鋼集團亦被視為於Fair Union所擁有之135,721,936股股份、於Richson所擁有之148,537,939股股份及於Casula所擁有之402,395,304股股份中擁有權益。承上附註(4)及(5)，由於京西控股乃首鋼基金之全資附屬公司，而首鋼基金乃首鋼集團之全資附屬公司，故根據證券及期貨條例，首鋼集團被視為於京西控股所持有之454,545,454股相關股份中擁有權益。
- (7) Bekaert Combustion實益擁有250,000,000股股份。
- (8) 由於Bekaert Combustion為Bekaert之全資附屬公司，故根據證券及期貨條例，Bekaert被視為於Bekaert Combustion所持有之250,000,000股股份中擁有權益。
- (9) 李嘉誠基金會實益擁有100,000,000股股份之權益。根據李嘉誠基金會之組織章程文件條款，李嘉誠先生及李澤鉅先生各自可能被視為可於李嘉誠基金會成員大會上行使或控制行使三分之一或以上之投票權。

REPORT OF THE DIRECTORS

董事會報告書

SHAREHOLDERS' INTERESTS AND SHORT POSITIONS OR UNDERLYING SHARES OF THE COMPANY UNDER THE SFO (continued)

Long position in Shares or underlying Shares (continued)

Notes: (continued)

(10) Proposed Restructuring of controlling Shareholder

On 21 November 2018, Shougang HK and Shougang International, entered into a sale and purchase agreement, whereby Shougang HK agreed to acquire the entire issued share capital of Fair Union from Shougang International (the "Proposed Restructuring") as part of the internal restructuring of Shougang Group.

Upon completion of the Proposed Restructuring, Shougang International will cease to hold any share of Fair Union and thus any direct or indirect interest in the Shares. Fair Union will become a wholly-owned subsidiary of Shougang HK and the interest in the Shares held by Shougang HK will remain unchanged at 47.15%.

For further details regarding the Proposed Restructuring, please refer to the announcement of the Company dated 21 November 2018.

Up to the date of this annual report, the Proposed Restructuring is not yet completed.

根據證券及期貨條例股東於本公司之權益及淡倉或相關股份(續)

於股份或相關股份之好倉(續)

附註：(續)

(10) 控股股東建議重組

首控香港與首長國際於二零一八年十一月二十一日訂立買賣協議，首控香港同意向首長國際收購 Fair Union 全部已發行股本(「建議重組」)，作為首鋼集團內部重組的一部分。

建議重組完成後，首長國際將不再持有 Fair Union 的任何股份，因此不再持有股份的任何直接或間接權益。Fair Union 將成為首控香港的全資附屬公司，而首控香港持有的股份權益將維持不變，為47.15%。

有關建議重組之進一步詳情可參考本公司日期為二零一八年十一月二十一日的公告。

截至本年報日期，建議重組尚未完成。

REPORT OF THE DIRECTORS

董事會報告書

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN CONTRACTS

Details of the contract of significance between the Group, Shougang Group, Shougang Fund, Shougang HK and its subsidiaries are set out under the heading "RELATED PARTY TRANSACTIONS" hereunder and/or in note 35 to the financial statements.

CORPORATE GOVERNANCE

The Company is committed to practicing and achieving a high standard of corporate governance and the Board has approved and adopted the SCCHL Corporate Governance Code on terms no less exacting than those set out in the provisions of the Code. Further information on the Company's Corporate Governance Code is set out in the "**CORPORATE GOVERNANCE REPORT**" on pages 53 to 97 of this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate Directors' and officers' liability insurance coverage in respect of legal actions brought for committed or alleged wrongful acts against the Directors and officers of the Group throughout the year, but exclude any criminal, dishonest or fraudulent acts or omission.

主要股東在合約中之權益

本集團與首鋼集團、首鋼基金、首控香港及其附屬公司訂立之重大合約之詳情載列於以下「有關連人士交易」標題內及／或財務報告附註35。

企業管治

本公司致力履行及達至一個高標準的企業管治水平，董事會已批准及採納首長寶佳企業管治守則，有關條文不比守則所列出的條文寬鬆。本公司之企業管治守則之進一步資料載列於本年報第53頁至97頁之「**企業管治報告**」內。

購買、出售或贖回上市證券

於本年度內，本公司或其任何附屬公司概無購買、出售或贖回本公司之上市證券。

獲准許彌償條文

於年內，本公司已就其董事及高級管理人員因實施或涉嫌過失行為(但不包括任何刑事、不誠實或欺詐行為或疏忽)而面對的法律行動，安排適當的董事及高級管理人員責任保險。

REPORT OF THE DIRECTORS

董事會報告書

PERMITTED INDEMNITY PROVISION (continued)

The Articles provide that every Director, secretary or other officer or auditor of the Company shall be indemnified out of the assets of the Company against any liability, loss or expenditure incurred by him in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to be done by him as Director, secretary, officer or auditor of the Company and in which judgment is given in his favour or in which he is acquitted, or incurred in connection with any application in which relief is granted to him by the court from liability in respect of any such act or omission or from liability to pay any amount in respect of shares acquired by a nominee of the Company.

The permitted indemnity provision is in force for the benefit of the Directors as required by Section 470 of the Companies Ordinance when the report of the directors prepared by the Directors is approved in accordance with Section 391(1)(a) of the Companies Ordinance.

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as “Related Parties” under applicable accounting standard. These transactions mainly relate to contracts entered into by the Group in the ordinary and usual course of business which were negotiated on normal commercial terms and on an arm’s length basis. Further details are set out in note 35 to the financial statements. The Group has entered into the connected continuing transaction (exempt from the independent shareholders’ approval) and connected transaction, during the year, details are illustrated below.

獲准許彌償條文(續)

章程細則規定，每名董事、秘書或本公司其他行政人員或核數師就作為董事、秘書或本公司其他行政人員或核數師於任何民事或刑事法律程序中關於與其作為董事、秘書或本公司其他行政人員或核數師作出或遺漏作出之行為，而彼在判決中就有關作出或遺漏作出之行為之責任或就本公司代名人收購股份而應付款項之責任獲勝訴、獲裁定無罪或獲法院免除法律責任時所產生之任何責任、損失或開支，可從本公司資產中獲得彌償。

基於董事利益的獲准許彌償條文根據公司條例第470條的規定於董事編製之董事會報告書根據公司條例第391(1)(a)條獲通過時生效。

有關連人士交易

本集團與根據適用會計準則被視為「有關連人士」之人士訂立若干交易。此等交易主要涉及本集團於一般及日常業務過程中按一般商務條款經公平原則磋商而訂立之合約。進一步詳情載列於財務報告附註35。於本年度本集團已進行一持續關連交易（豁免獨立股東批准）及關連交易，詳細展述如下。

REPORT OF THE DIRECTORS

董事會報告書

RELATED PARTY TRANSACTIONS (continued)

During the year under review, the following transaction constituted continuing connected transaction and is subject to annual review requirement under the Chapter 14A of the Listing Rules:

Tenancy Agreement

A tenancy agreement (the “Tenancy Agreement”) was entered into on 23 December 2016 whereby a portion of the 5th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong (the “Premises”) with an aggregate gross floor area of approximately 6,000 square feet was leased by Billioncorp Development Limited (“Billioncorp”), an indirect wholly owned subsidiary of Shougang HK, to a wholly owned subsidiary of the Company for a term of thirty-six (36) months commencing from 1 January 2017 and expiring on 31 December 2019 at a monthly rental of HK\$282,000. The original annual cap for the financial year ended 31 December 2018 is HK\$3,384,000. Subsequently, on 1 August 2018, both parties to the Tenancy Agreement mutually agree to terminate the Tenancy Agreement. Hence, the amount of annual rental cap was HK\$1,974,000 for the financial year ended 31 December 2018.

Shougang HK is a substantial Shareholder and therefore a connected person of the Company under the Listing Rules. According, the transaction under the Tenancy Agreement constituted a continuing connected transaction (the “Continuing Connected Transaction”).

有關連人士交易(續)

於本年度回顧，以下交易構成持續關連交易並須遵守上市規則第14A章之年度審閱之規定：

租賃協議

一項租賃協議(「該租賃協議」)已於二零一六年十二月二十三日簽訂，由兆佳發展有限公司(「兆佳」)(首控香港間接持有之全資附屬公司)向本公司之一間全資附屬公司出租香港灣仔告士打道56號東亞銀行港灣中心五樓其中一部份(「該物業」)，樓面建築總面積約6,000平方呎，並由二零一七年一月一日起至二零一九年十二月三十一日止，為期三十六(36)個月，每月租金為港幣282,000元。二零一八年十二月三十一日止財政年度之年度上限原為港幣3,384,000元。其後，於二零一八年八月一日，租賃協議雙方共同同意終止該租賃協議。因此，二零一八年十二月三十一日止財政年度之每年租金上限為港幣1,974,000元。

首控香港為主要股東及因此為上市規則所指之本公司關連人士。就此，該租賃協議之交易構成持續關連交易(「持續關連交易」)。

REPORT OF THE DIRECTORS

董事會報告書

RELATED PARTY TRANSACTIONS (continued) Tenancy Agreement (continued)

The Continuing Connected Transaction has been reviewed by the independent non-executive Directors who have confirmed that the Continuing Connected Transaction has been entered into:

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms or terms no less favourable to the Group than terms available to or from independent third parties;
- (c) according to the tenancy agreement and relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and
- (d) the aggregate amount of rent payable by the Group to Shougang HK and its subsidiaries (“Shougang HK group”), was HK\$1,974,000 during the year 2018. The said rent payable by the Group to Shougang HK group did not exceed the limit of annual rental cap of HK\$1,974,000 for the first seven months during the year 2018.

Pursuant to Rule 14A.56 of the Listing Rules, the Board engaged the external auditor of the Company to report on the Continuing Connected Transaction. The external auditor of the Company has issued an unqualified letter containing their conclusions in respect of the Continuing Connected Transaction. The independent non-executive Directors have reviewed the Continuing Connected Transaction and the auditor’s letter confirmed that the transaction had been entered into by the Company in the ordinary and usual course of its business, on normal commercial terms, on terms no less favourable to the Group than terms available to or from independent third parties, and in accordance with the agreement governing such transaction on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

有關連人士交易(續) 租賃協議(續)

本公司之持續關連交易已由獨立非執行董事審閱及確認持續關連交易已經訂立如下：

- (a) 屬本集團之一般及日常業務範圍；
- (b) 已按一般商務條款進行，對本集團而言該等交易的條款並不遜於獨立第三方可取得或提供的條款；
- (c) 根據該租賃協議及其他有關交易的協議條款進行，而交易條款屬公平合理並符合本公司及其股東的整體利益；及
- (d) 於二零一八年度，按本集團付予首控香港及其附屬公司(「首控香港集團」)的租金總額為港幣1,974,000元。前述的本集團付予首控香港集團的租金於二零一八年首七個月不超過年度租金上限港幣1,974,000元。

根據上市規則第14A.56條，董事會已委任本公司之外聘核數師就持續關連交易作出報告。本公司之外聘核數師已發出包含其對持續關連交易的總結之無保留意見的函件。獨立非執行董事已對持續關連交易及外聘核數師函件作出審閱，並確認該等已經訂立之交易屬本公司一般及日常業務範圍、已按一般商務條款進行、該等條款並不遜於獨立第三方可取得或提供的條款，以及根據有關交易的協議條款進行，而交易條款屬公平合理並符合股東的整體利益。

REPORT OF THE DIRECTORS

董事會報告書

RELATED PARTY TRANSACTIONS (continued) **Tenancy Agreement (continued)**

In addition, the internal auditor had conducted an internal control review on continuing connected transaction of the Group and checked whether internal control procedures were sufficient to ensure that the transaction could be conducted on normal commercial terms and not prejudicial to the interests of the Company's minority Shareholders, and had provided the findings to the independent non-executive Directors to assist them in performing their annual review. Based on the information provided by the management of the Company and findings from internal auditor, the independent non-executive Directors confirmed that the internal control procedures governing the control of continuing connected transaction were appropriate and in place, and also noted that the continuing connected transaction had been reviewed the Company's internal auditor.

Details of the Tenancy Agreement and the termination of the Tenancy Agreement were also disclosed in the announcement of the Company dated 23 December 2016 and 13 July 2018 respectively.

有關連人士交易(續) **租賃協議(續)**

此外，內部核數師已對本集團的持續關連交易披露進行了內部監控審查及檢視該內部監控程序是否足夠保證交易能在一般商務條款進行且並不對本公司的小股東利益構成不利，並將結論提呈獨立非執行董事，協助彼等進行年度審查。根據本公司管理層提供的資料及內部核數師的結論，獨立非執行董事確定本公司已設有適當的內部監控程序，及知悉該持續關連交易已獲本公司內部核數師檢視。

有關該租賃協議及終止租賃協議之詳情可參考本公司日期分別為二零一六年十二月二十三日及二零一八年七月十三日的公告。

REPORT OF THE DIRECTORS

董事會報告書

RELATED PARTY TRANSACTIONS (continued)

Connected Transaction – Issue of Convertible Bonds under Specific Mandate

On 18 December 2018, the Company entered into the Subscription Agreement with Jingxi Holdings (a connected person of the Company) whereby the Company conditionally agreed to issue and Jingxi Holdings conditionally agreed to subscribe for the Convertible Bonds in the principal amount of up to HK\$150,000,000. The Convertible Bonds carry the Conversion Rights to convert into the Conversion Shares at the Conversion Price of HK\$0.33 per Conversion Shares (subject to adjustments), and the Convertible Bonds will carry an interest rate of 4.0% per annum and will mature on the third anniversary of the issue date of the Convertible Bonds. Assuming the Conversion Rights are exercised in full at the Conversion Price, 454,545,454 new Shares, being the Conversion Shares, may be allotted and issued to Jingxi Holdings subject to the Conversion Restrictions, representing approximately 23.64% of the total number of issued Shares as at the date of this annual report and approximately 19.12% of the total number of issued Shares as enlarged by the allotment and issue of the Conversion Shares, assuming that there is no other change to the total number of Shares.

The net proceeds from the Subscription Agreement of HK\$149,000,000, are expected to be used as follows: (i) as to approximately HK\$37,300,000 for repaying interest-bearing borrowings with higher interest rate of the Group; (excluding borrowings provided by Shougang HK and its related party(ies)) (ii) as to approximately HK\$110,000,000 for funding the capital investment for the TESC Phase II Project subject to the construction cost and time needed to supplement the production need for both TESC and JESC; and (iii) as to approximately HK\$1,700,000 being the remaining proceeds for supplementing general working capital.

有關連人士交易(續)

關連交易 – 根據特定授權發行可換股債券

於二零一八年十二月十八日，本公司與京西控股(本公司關連人士)訂立認購協議，據此，本公司有條件同意發行而京西控股有條件同意認購本金額最高為港幣150,000,000元的可換股債券。可換股債券附帶轉換權，可按換股價每股換股股份港幣0.33元(可予調整)轉換為換股股份，及可換股債券將按年利率4.0%計息，且將於可換股債券發行日期後第三個週年當日到期。假設轉換權按換股價獲悉數行使，並假設股份總數概無其他變動，454,545,454股新股份(即換股股份)可在轉換限制規限下分配及發行予京西控股，相當於截至此年報之日期已發行股份總數約23.64%以及經分配及發行換股股份擴大後的已發行股份總數約19.12%。

認購協議所得款項淨額港幣149,000,000元預期用作下列用途：(i)約港幣37,300,000元用於償還本集團利率較高的計息貸款(首控香港及其關聯方提供的貸款除外)；(ii)約港幣110,000,000元用於為滕州東方二期項目的資本投資提供資金，惟受限於建設成本及補充滕州東方及嘉興東方之生產需求所需時間；及(iii)所得款項餘額約港幣1,700,000元用於補充一般營運資金。

REPORT OF THE DIRECTORS

董事會報告書

RELATED PARTY TRANSACTIONS (continued) Connected Transaction – Issue of Convertible Bonds under Specific Mandate (continued)

The reason for entering into the Subscription Agreement as this is an appropriate means of raising additional capital of the Company considering the recent market conditions which represent an opportunity for the Company to obtain the funding at reasonable cost for construction of the brass wire production lines, enhance its working capital and strengthen its capital base and financial position. Also, it will not have an immediate dilution effect on the shareholding of the existing Shareholders and the interest payable under the Convertible Bonds is more stable and predictable than bank borrowing. The Subscription by Jingxi Holdings reflects the confidence and commitment of Shougang Fund towards the long-term business development of the Group which is beneficial to the long-term business development of the Group.

Jingxi Holdings is a wholly-owned subsidiary of Shougang Fund, which is in turn a wholly-owned subsidiary of Shougang Group. Shougang Group is a controlling Shareholder interested in an aggregate of 906,719,179 Shares, representing approximately 47.15% of the total number of issued Shares before the date of the Subscription Agreement. Therefore, Jingxi Holdings is a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 11 February 2019, all conditions precedent under the Subscription Agreement have been fulfilled and the completion of the Subscription Agreement took place and the Convertible Bonds in the principal amount of HK\$150,000,000 were issued to Jingxi Holdings.

Details of the Subscription Agreement were also disclosed in the announcements of the Company dated 18 December 2018 and 11 February 2019, and in the circular of the Company dated 11 January 2019. The Subscription Agreement and the transactions contemplated thereunder were approved, confirmed and ratified by the independent Shareholders on 1 February 2019.

有關連人士交易(續)

關連交易 – 根據特定授權發行可換股債券(續)

訂立認購協議之原因是由於近期市場狀況為本公司獲得資金以合理成本建設黃絲生產線、增加其營運資金及鞏固其資本基礎及財務狀況提供機遇，透過認購協議為本公司籌集額外資金為合理的方法。此外，其將不會對現有股東的股權產生即時攤薄影響及可換股債券項下的應付利息較銀行貸款更為穩定及可預測。京西控股作出的認購事項反映了首鋼基金對本集團長期業務發展的信心及承諾，這將有利於本集團的長期業務發展。

京西控股為首鋼基金的全資附屬公司，而首鋼基金為首鋼集團的全資附屬公司。首鋼集團為一名於認購協議日期前合共906,719,179股股份(佔已發行股份總數約47.15%)中擁有權益的控股股東，故京西控股為本公司的關連人士。因此，認購事項構成本公司的關連交易，並須遵守上市規則第14A章有關申報、公告及獨立股東批准的規定。

於二零一九年二月十一日，認購協議項下之所有先決條件均已獲達成，認購協議完成而本金額為港幣150,000,000元的可換股債券已發行予京西控股。

有關該認購協議之詳情可參考本公司日期為二零一八年十二月十八日及二零一九年二月十一日的公告，及為二零一九年一月十一日的通函。認購協議其項下擬進行的交易已於二零一九年二月一日獲獨立股東批准、確認及追認。

REPORT OF THE DIRECTORS

董事會報告書

EMOLUMENT POLICY

The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence as well as the prevailing market condition of the industry. Remuneration packages, which include an element of discretionary bonuses, are generally reviewed annually. The emoluments of the Directors are decided by the remuneration committee, having regard to individual performance, the Company's performance and profitability, remuneration benchmark in the industry and prevailing market condition.

In addition, the Company has adopted a share option scheme as incentive/reward to Directors and eligible participants/qualifying grantees, details of the scheme are set out in note 34 to the financial statements and the heading **“DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, DEBENTURES OR UNDERLYING SHARES UNDER THE SFO”** here above.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float as required under the Listing Rules during the year and as at the latest practicable date, 21 March 2019 prior to the issue of the annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year under review, the revenue from sales to the Group's five largest customers accounted for approximately 48.3% (2017: 42.2%) of total revenue of the Group and the revenue from sales to the largest customer included therein amounted to approximately 16.5% (2017: 14.4%) of total revenue of the Group.

Purchases from the Group's five largest suppliers accounted for approximately 61.8% (2017: 47.1%) of total purchases of the Group for the year and purchases from the largest supplier, included therein amounted to approximately 17.1% (2017: 24.5%) of total purchases of the Group for the year.

酬金政策

本集團僱員之薪酬主要根據僱員之價值、資格、能力以及業界當時市場狀況而釐訂。彼等之酬金包括酌情發放之花紅，一般會每年予以檢討。董事之酬金乃由薪酬委員會參照董事之個人表現、本公司之業績表現及盈利狀況、亦以業界指標及當時市場狀況而定。

此外，本公司採納一項購股權計劃作為給予董事及合資格人士／合資格承授人之獎勵／報酬，有關該計劃之資料載列於財務報告附註34及上述所列「**根據證券及期貨條例董事於股份、債權證或相關股份之權益及淡倉**」之標題內。

足夠公眾持股量

根據本公司從公開途徑所得之資料及據董事所知，本公司於本年內及於本年報刊發前最後實際可行日期，即二零一九年三月二十一日，一直維持上市規則所規定之足夠公眾持股量。

主要客戶與供應商

於本年度回顧，本集團銷售予首五大客戶之營業額，約佔本年度本集團總營業額之48.3%（二零一七年：42.2%），其中銷售予最大客戶的營業額約佔本年度本集團總營業額之16.5%（二零一七年：14.4%）。

本集團向首五大供應商作出之採購，約佔本年度本集團總採購額之61.8%（二零一七年：47.1%），其中向最大供應商作出之採購額約佔本年度本集團總採購額之17.1%（二零一七年：24.5%）。

REPORT OF THE DIRECTORS

董事會報告書

MAJOR CUSTOMERS AND SUPPLIERS (continued)

Save for disclosed above, as far as the Directors are aware, neither the Directors, their associates, nor those Shareholders (who, to the best knowledge of the Directors, own more than 5% of the total number of issued shares of the Company) had any beneficial interest in the Group's five largest customers or suppliers.

Further details related to relationship with customers and suppliers, please refer to sections “**MANAGEMENT DISCUSSION AND ANALYSIS**” in this annual report and in the 2018 ESG Report.

AUDITOR

Messrs. PricewaterhouseCoopers (“PwC”) was appointed as auditor of the Company with effect from 1 August 2018 to fill the casual vacancy following the resignation of Messrs. Deloitte Touche Tohmatsu and to hold office until the conclusion of the forthcoming annual general meeting of the Company. Save as disclosed above, there were no other changes in the auditor of the Company during the past three years.

The consolidated financial statements for the year ended 31 December 2018 have been audited by PwC, which will retire and a resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

By order of the Board

Su Fanrong

Chairman and Managing Director

Hong Kong

22 March 2019

主要客戶與供應商(續)

除以上所披露外，就董事所知，各董事、其聯繫人士及(董事深知)擁有本公司已發行股份數目總額5%以上之股東，概無於本集團首五大客戶或供應商中擁有任何實益權益。

關於主要客戶與供應商的關係，請參閱本年報「**管理層論述及分析**」章節及二零一八年度環境、社會及管治報告。

核數師

自二零一八年八月一日起，羅兵咸永道會計師事務所(「羅兵咸永道」)獲委任為本公司之核數師，以填補德勤•關黃陳方會計師行辭任後的臨時空缺，並任職直至本公司下屆股東週年大會結束為止。除上文披露者外，於過往三年，本公司核數師概無其他變動。

截至二零一八年十二月三十一日止年度的綜合財務報表已由羅兵咸永道審核，其將任滿告退，再續聘其為本公司之核數師之決議案將於即將舉行之股東周年大會上提呈。

承董事會命

董事長兼董事總經理

蘇凡榮

香港

二零一九年三月二十二日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



To the Members of
Shougang Concord Century Holdings Limited
(incorporated in Hong Kong with limited liability)

OPINION

What we have audited

The consolidated financial statements of Shougang Concord Century Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 147 to 293, which comprise:

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

Our opinion

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

羅兵咸永道

致首長寶佳集團有限公司
(於香港註冊成立的有限公司)
成員

意見

我們已審計的內容

首長寶佳集團有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第147至293頁的綜合財務報表，包括：

- 於2018年12月31日的綜合財務狀況表；
- 截至該日止年度的綜合損益表；
- 截至該日止年度的綜合全面收益表；
- 截至該日止年度的綜合權益變動表；
- 截至該日止年度的綜合現金流量表；及
- 綜合財務報表附註，包括主要會計政策概要。

我們的意見

我們認為，該等綜合財務報表已根據香港會計師公會頒布的《香港財務報告準則》真實而中肯地反映了貴集團於2018年12月31日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》妥為擬備。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

BASIS FOR OPINION

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

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

Independence

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

KEY AUDIT MATTERS

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

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

- Impairment assessments of property, plant and equipment and prepaid lease payments
- Impairment assessment of trade receivables

意見的基礎

我們已根據香港會計師公會頒布的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

獨立性

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

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

我們在審計中識別的關鍵審計事項概述如下：

- 物業、廠房及設備與預付租賃款項減值評估
- 應收款項減值評估

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key Audit Matter

關鍵審計事項

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

(1) Impairment assessments of property, plant and equipment and prepaid lease payments

物業、廠房及設備與預付租賃款項減值評估

Refer to Note 4(b) (critical accounting judgements and key sources of estimation uncertainty), Note 17 (property, plant and equipment) and Note 19 (prepaid lease payments) to the consolidated financial statements

有關事項的披露，請參閱綜合財務報表附註4(b)(重大會計判斷和估計不確定因素之主要來源)，附註17(物業、廠房及設備)及附註19(預付租賃款項)

As at 31 December 2018, the Group owned certain property, plant and equipment and prepaid lease payments amounting to HK\$1,146,759,000 and HK\$70,897,000, respectively, which relate to the steel cord segment of the Group.

於二零一八年十二月三十一日，貴集團擁有物業、廠房及設備與預付租賃款項分別為港幣1,146,759,000元及港幣70,897,000元，其與貴集團的鋼索線分部有關。

Management, taking into account the results of the steel cord segment for the year ended 31 December 2018, identified impairment indicators for the relevant property, plant and equipment and prepaid lease payments.

根據截至二零一八年十二月三十一日鋼索線分部的運營結果，管理層確定了物業、廠房及設備與預付租賃款項的減值指標。

Our procedures in relation to management's impairment assessments of property, plant and equipment and prepaid lease payments included the following:

我們對有關管理層評估物業、廠房及設備與預付租賃款項減值之審計程序包括：

We evaluated the composition of management's future cash flow forecasts used in their value-in-use calculations, and the process by which they were prepared. We found that the cash flow forecasts prepared by management were subject to oversight and review by the directors of the Company and were consistent with the budgets approved by the Company's board of directors.

我們評估了管理層在使用價值計算中使用的未來現金流量預測的構成，以及準備這些預測的過程。我們發現管理層編制的現金流量預測受公司董事的監督和審查，並與公司董事會批准的預算一致。

We involved our internal valuation expert in assessing the appropriateness and the consistency, of the methodologies used and key assumptions and estimates applied.

我們讓我們的內部評估專家評估所用方法的適當性和一致性以及所應用的關鍵假設和估計。

INDEPENDENT AUDITOR'S REPORT

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Key Audit Matter

關鍵審計事項

Management grouped the assets of the Group at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (Cash-generating Units) and performed impairment assessments in respect of the two Cash-generating Units of the steel cord segment identified using the value-in-use method. This involved significant judgement in determining the assumptions used in the calculations. The key assumptions included:

管理層將 貴集團的資產分為最低水平，其可單獨識別現金流入，而這些資產大部分獨立於其他資產或資產組的現金流入(現金產生單位)。管理層還分別運用使用價值法對鋼簾線分部的兩個現金產生單位實施了減值測試。其中設計在確定運算中使用的假設時的重大判斷。決定關鍵假設包括：

- rate of annual increment for the steel cord price; and
鋼簾線價格的年增長率；及
- discount rates
貼現率

Based on management's assessment, no impairment on property, plant and equipment and prepaid lease payments was considered necessary as at 31 December 2018.

根據管理層的評估，截至二零一八年十二月三十一日止年度並無就物業、廠房及設備與預付租賃款項確認減值。

We focused on this area due to the significance of the balances and the significant judgements involved in the assessment of the recoverable amount of the Cash-generating Units of the steel cord segment including the assumptions used in the calculations of value-in-use.

我們關注該範圍是因為月的重要性以及評估現金產生單位可回收金額所涉及的重大判斷(包括計算使用價值時所用的假設)。

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

We evaluated the reasonableness of management's key assumptions made in the forecasts. For steel cord price, we compared the long-term steel cord price used in the forecasts against the market price, and benchmarked the rate of annual increment to industry forecasts and market trends. For the discount rates, we benchmarked the rates used in the forecasts against our research of the discount rates used by comparable companies in the industry.

我們評估了管理層在預測中的關鍵假設的合理性。對於鋼簾線價格，我們將預測中使用的長期鋼簾線價格與市場價格進行了比較，並將年增長率與行業預測和市場趨勢作為基準。對於貼現率，我們以預測中使用的貼現率為基準檢測我們對比行業中可比公司的研究中使用的貼現率。

We compared the current year actual results with the amounts included in the prior year cash flow forecasts to consider the quality of management's forecasting, and where any deviations were noted, we corroborated management's explanations with our knowledge of the market and the Group's performance in the current year. We also checked that these relevant factors had been taken into account in this year's forecasts and that management had considered the current year actual results in the preparation of this year's forecasts.

我們將本年度實際結果與上一年度現金流量預測中包含的金額進行了比較，以考慮管理層的預測質量。我們詢問管理層了解本年度實際業績與上年度預測出現偏差的原因，證實管理層對我們對市場的了解及貴集團於本年度的表現有何解釋。我們還檢查了今年的預測中是否考慮了這些相關因素。我們亦檢查了管理層是否考慮了本年度的實際結果用以準備本年度的預測。

Based on the procedures performed, we found management's significant judgements made in the impairment assessment of property, plant and equipment and prepaid lease payments to be supportable based on the available evidence.

根據所執行的程序，我們發現管理層在物業、廠房及設備與預付租賃款項的減值評估中使用的關鍵判斷可根據現有證據予以支持。

INDEPENDENT AUDITOR'S REPORT

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Key Audit Matter

關鍵審計事項

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

(2) Impairment assessment of trade receivables

應收款項減值評估

Refer to Note 3.1(b)(ii) (financial risk factors), Note 4(c) (critical accounting judgements and key sources of estimation uncertainty) and Note 22 (trade receivables/bills receivable) to the consolidated financial statements

有關事項的披露，請參閱綜合財務報表附註31(b)(ii) (財務風險因素)，4(c) (重大會計判斷和估計不確定因素之主要來源) 及附註22 (應收賬款／應收票據)

As at 31 December 2018, the Group had gross trade receivables of HK\$711,055,000 and provision for impairment losses on trade receivables of HK\$20,124,000. Provision is made for lifetime expected credit losses on trade receivables.

於二零一八年十二月三十一日，貴集團的應收賬款總額為港幣711,055,000元，應收賬款減值撥備港幣20,124,000元。貴集團就應收賬款的全期預期信貸虧損計提撥備。

Management applied judgement in assessing the expected credit losses. Trade receivables relating to customers with known financial difficulties or those not responding to collection activities are assessed individually for provision for impairment loss. Expected credit losses are then estimated by grouping the trade receivables based on shared credit risk characteristics and ageing profile and collectively assessed for likelihood of recovery. The expected credit loss rates are determined based on historical credit losses experienced over the past 3 years and adjusted to reflect current and forward-looking information including macroeconomic factors affecting the ability of the customers to settle the receivables.

管理層運用判斷評估預期信貸虧損，對於已知存在財務困難的客戶或回收性存在重大疑問的應收款項會就計提減值撥備時做出個別評估。在估計預期信貸虧損時，其餘的應收賬款亦會根據客戶性質、賬齡組別按照其分戰分估信貸風險特征進行分類。預期信貸虧損率乃根據過往三年出現的歷史信貸虧損確定，並經調整以反映現時及前瞻性資料，例如有關影響客戶償付應收款項能力的宏觀經濟因素。

Our procedures in relation to management's assessment of the expected credit losses for trade receivables included the following:

我們對有關管理層評估應收賬款預期信貸虧損之審計程序包括：

We understood, evaluated and validated the key controls over credit procedures performed by management, including the periodic review of aged receivables and the assessment of the expected credit losses for trade receivables, including the identification of trade receivables subject to individual and collective assessments.

我們理解，評估和驗證管理層執行的關鍵信用監控程序，包括其對定期翻閱預期應收款項及評估應收款項預期信貸虧損準備的程序，包括認定應收賬款的個別評估和集體評估。

We obtained management's assessment of the expected credit losses for trade receivables and tested the accuracy of the ageing profile of trade receivables by checking to the underlying invoices on a sample basis.

我們取得了管理層對應收賬款預期信貸虧損的評估，並通過抽樣檢查發票測試了應收款項賬齡記錄的準確性。

We circulated confirmations to confirm the balances due from customers on a sample basis.

我們以抽樣方式傳閱了確認函以確認客戶的應付餘額。

INDEPENDENT AUDITOR'S REPORT

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Key Audit Matter

關鍵審計事項

We focused on this area due to the magnitude of the trade receivables and the estimation and judgement involved in determining the expected credit losses for the trade receivables.

我們關注次範疇是鑒於應收賬款的重大數額，以及在確定應收賬款預期信貸虧損準備時涉及估計和判斷。

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

For trade receivables subject to individual assessment, we assessed the appropriateness of management's assessment based on supporting documents such as correspondence with the customers, customers' responses to collection activities and relevant public search results relating to the financial circumstances of these customers. On a sample basis we also tested subsequent settlement of trade receivables against bank receipts.

對於個別評估的應收賬款，我們根據與客戶的往來函證，客戶對應收款項收集的反饋以及與客戶財務狀況相關的公共搜索結果等支持性文件，與評估了管理層評估的適當性。在樣本基礎上，我們還測試了應收款項的後續結算和銀行收據。

For trade receivables subject to collective assessment, we assessed the appropriateness of management's assessment including the credit risk characteristics based on the customers' historical settlement pattern over the past 3 years and market research regarding the relevant current and forward-looking information including macroeconomic factors affecting the ability of the customers to settle the receivables.

對於集體評估的應收賬款，我們評估了管理層評估的適當性，包括基於客戶過往三年償付模式的信貸風險特征，以及現時及前瞻性資料的市場研究，包括有關影響客戶償付應收款項能力的宏觀經濟因素。

We also tested the calculation of the provision for impairment losses.

我們亦測試了減值撥備的計算。

Based on the procedures performed, we found the judgement and estimates adopted by management in determining the expected credit losses of the trade receivables to be supportable based on the available evidence.

基於上述各項，我們發現管理層就應收款項預期信貸虧損的估計和判斷有可得的證據支持。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The audit committee is responsible for overseeing the Group's financial reporting process.

其他信息

貴公司董事須對其他信息負責。其他信息包括年報內的所有信息，但不包括綜合財務報表及我們的核數師報告。

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

結合我們對綜合財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事及審計委員會就綜合財務報表須承擔的責任

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

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

審計委員會須負責監督 貴集團的財務報告過程。

INDEPENDENT AUDITOR'S REPORT

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅按照香港《公司條例》第405條向閣下(作為整體)報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

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

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

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.

除其他事項外，我們與審計委員會溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

我們還向審計委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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 Chan Hin Gay, Gabriel.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 22 March 2019

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

出具本獨立核數師報告的審計項目合夥人是陳顯基。

羅兵咸永道會計師事務所
執業會計師
香港，二零一九年三月二十二日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

綜合損益表

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

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
		NOTES 附註	
Revenue	營業額	5	2,254,170
Cost of sales	銷售成本	9	(1,986,703)
Gross profit	毛利		267,467
Other income	其他收入	7	3,756
Other (losses)/gains, net	其他(虧損)/收益淨額	8	(4,557)
Distribution and selling expenses	分銷及銷售費用	9	(69,698)
Administrative expenses	行政費用	9	(58,936)
Research and development expenses	研發費用	9	(76,941)
Foreign exchange gains/(losses), net	外幣匯兌收益/(虧損)淨額		3,770
Changes in fair values of investment properties	投資物業公平值之變動	16	4,017
Impairment losses on prepaid lease payment	預付租賃款項之減值損失	19	-
Net impairment losses on financial assets	金融資產減值損失淨額	22(c)	(1,365)
Finance costs, net	財務成本淨額	11	(78,630)
Loss before income tax	除稅前虧損		(11,117)
Income tax credit	所得稅抵免	12	2,436
Loss for the year	本年度虧損		(8,681)
			HK cents 港仙
Loss per share:	每股虧損:		HK cents
Basic and diluted	基本及攤薄	15	(0.45)

The notes on pages 156 to 293 are an integral part of these consolidated financial statements.

第156至293頁的附註乃綜合財務報表的其中部分。

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

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

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
		NOTES 附註	
Loss for the year	本年度虧損		(8,681)
Other comprehensive (loss)/income, net of tax	其他全面(虧損)/收益(扣除稅項)		
<i>Items that will not be reclassified to profit or loss</i>	<i>其後將不會重新分類至損益之項目</i>		
Exchange differences arising on translation into presentation currency	因換算呈列貨幣而產生的匯兌差額		(68,436)
Surplus on revaluation upon transfer of property, plant and equipment to investment property	物業、廠房及設備轉撥至投資物業的重估盈餘	17	-
Revaluation of leasehold land and buildings	租賃土地及樓宇重估	17	29,816
Recognition of deferred income tax liability on revaluation of leasehold land and buildings	租賃土地及樓宇重估之遞延所得稅負債確認	29	(5,077)
Total comprehensive (loss)/income for the year, net of tax	本年度全面(虧損)/收益總額(扣除稅項)		(52,378)

The notes on pages 156 to 293 are an integral part of these consolidated financial statements.

第156至293頁的附註乃綜合財務報表的其中部分。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

AT 31 DECEMBER 2018 於二零一八年十二月三十一日

		As at 31 December		
		於十二月三十一日		
		2018	2017	
		二零一八年	二零一七年	
		HK\$'000	HK\$'000	
		港幣千元	港幣千元	
	NOTES			
	附註			
ASSETS	資產			
Non-current assets	非流動資產			
Investment properties	投資物業	16	55,449	70,790
Property, plant and equipment	物業、廠房及設備	17	1,166,333	1,273,927
Prepaid lease payments	預付租賃款項	19	70,897	79,042
Intangible assets	無形資產	20	–	–
Pledged deposit on loan from a related company	來自一有關連公司貸款 相關之已抵押按金	27	7,989	8,374
Club memberships	會籍		–	331
Prepayments for the acquisition of property, plant and equipment	購買物業、廠房及設備之 預付款	23	1,724	8,967
Total non-current assets	非流動資產總額		1,302,392	1,441,431
Current assets	流動資產			
Inventories	存貨	21	319,968	306,232
Trade receivables	應收賬款	22	690,931	688,333
Bills receivable	應收票據	22	924,355	683,954
Prepayments, deposits and other receivables	預付款、按金及其他應收款	23	31,509	52,466
Tax recoverable	可退回稅項		–	1,321
Pledged bank deposits	已抵押銀行存款	25(a)	78,630	59,780
Bank balances and cash	銀行結存及現金	25(b)	66,682	210,559
Total current assets	流動資產總額		2,112,075	2,002,645
Total assets	資產總額		3,414,467	3,444,076
LIABILITIES	負債			
Non-current liabilities	非流動負債			
Other payables	其他應付款		566	1,119
Loan from a related company	來自一有關連公司之貸款	27	–	22,170
Bank borrowings	銀行貸款	28	268,407	295,322
Deferred income tax liabilities	遞延所得稅負債	29	29,617	27,044
Total non-current liabilities	非流動負債總額		298,590	345,655

The notes on pages 156 to 293 are an integral part of these consolidated financial statements.

第156至293頁的附註乃綜合財務報表的其中部分。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

AT 31 DECEMBER 2018 於二零一八年十二月三十一日

		As at 31 December		
		於十二月三十一日		
		NOTES	2018	2017
		附註	二零一八年	二零一七年
			HK\$'000	HK\$'000
			港幣千元	港幣千元
Current liabilities	流動負債			
Trade and bills payables	應付賬款及票據	26	808,951	830,269
Other payables and accruals	其他應付款及預提費用	26	130,790	139,563
Current income tax liabilities	當期所得稅負債		4,584	5,543
Loans from related companies	來自有關連公司之貸款	27	226,358	228,754
Bank borrowings	銀行貸款	28	606,044	502,764
Total current liabilities	流動負債總額		1,776,727	1,706,893
Total liabilities	負債總額		2,075,317	2,052,548
EQUITY	權益			
Share capital	股本	30	1,191,798	1,191,798
Reserves	儲備		147,352	199,730
Total equity	權益總額		1,339,150	1,391,528
Total equity and liabilities	權益與負債總額		3,414,467	3,444,076

The financial statements on pages 147 to 293 were approved by the Board of Directors on 22 March 2019 and were signed on its behalf

載列於第147頁至第293頁之綜合財務報告已於二零一九年三月二十二日獲董事會批准並授予頒佈，並由以下董事代為簽署：

Su Fanrong
蘇凡榮
DIRECTOR
董事

Tang Cornor Kwok Kau
鄧國求
DIRECTOR
董事

The notes on pages 156 to 293 are an integral part of these consolidated financial statements.

第156至293頁的附註乃綜合財務報表的其中部分。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

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

		Share capital	Capital reserve	Property revaluation reserve	Translation reserve	Share option reserve	PRC reserve funds	Accumulated losses	Total
		股本	資本儲備	物業重估儲備	匯兌儲備	購股權儲備	中國儲備基金	累計虧損	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
			(Note (i))	(附註(i))			(Note (ii))	(附註(ii))	
For the year ended 31 December 2018	截至二零一八年十二月三十一日止年度								
At 1 January 2018	於二零一八年一月一日	1,191,798	23,990	122,859	308,830	28,894	71,145	(355,988)	1,391,528
Comprehensive loss	全面虧損								
Loss for the year	本年度虧損	-	-	-	-	-	-	(8,681)	(8,681)
Other comprehensive (loss)/income	其他全面(虧損)/收益								
Exchange differences arising on translation into presentation currency	因換算呈列貨幣而產生的匯兌差額	-	-	-	(68,436)	-	-	-	(68,436)
Revaluation of leasehold land and buildings (Note 17)	租賃土地及樓宇重估(附註17)	-	-	29,816	-	-	-	-	29,816
Recognition of deferred income tax liability on revaluation of leasehold land and buildings (Note 29)	租賃土地及樓宇重估之遞延所得稅負債確認(附註29)	-	-	(5,077)	-	-	-	-	(5,077)
Total comprehensive income/(loss) for the year	本年度全面收益/(虧損)總額	-	-	24,739	(68,436)	-	-	(8,681)	(52,378)
Lapse of share options	購股權失效	-	-	-	-	(27,814)	-	27,814	-
Transfer to PRC reserve funds (Note (ii))	轉撥至中國儲備基金(附註(ii))	-	-	-	-	-	-	-	-
		-	-	-	-	(27,814)	-	27,814	-
At 31 December 2018	於二零一八年十二月三十一日	1,191,798	23,990	147,598	240,394	1,080	71,145	(336,855)	1,339,150

The notes on pages 156 to 293 are an integral part of these consolidated financial statements.

第156至293頁的附註乃綜合財務報表的其中部分。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

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

		Share capital	Capital reserve	Property revaluation reserve	Translation reserve	Share option reserve	PRC reserve funds	Accumulated losses	Total
		股本	資本儲備	物業重估儲備	匯兌儲備	購股權儲備	中國儲備基金	累計虧損	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
			(Note (i))				(Note (ii))		
			(附註(i))				(附註(ii))		
For the year ended	截至二零一七年十二月								
31 December 2017	三十一日止年度								
At 1 January 2017	於二零一七年一月一日	1,191,798	23,990	106,466	201,414	29,881	45,468	(277,052)	1,321,965
Comprehensive loss	全面虧損								
Loss for the year	本年度虧損	-	-	-	-	-	-	(68,518)	(68,518)
Other comprehensive income/(loss)	其他全面收益/(虧損)								
Exchange differences arising on translation into presentation currency	因換算呈列貨幣而產生的匯兌差額	-	-	-	107,416	-	-	-	107,416
Surplus on revaluation upon transfer from property, plant and equipment to investment property (Note 17)	物業、廠房及設備轉撥至投資物業的重估盈餘(附註17)	-	-	3	-	-	-	-	3
Revaluation of leasehold land and buildings (Note 17)	租賃土地及樓宇重估(附註17)	-	-	34,200	-	-	-	-	34,200
Recognition of deferred tax income liability on revaluation of leasehold land and buildings (Note 29)	租賃土地及樓宇重估之遞延所得稅負債確認(附註29)	-	-	(3,538)	-	-	-	-	(3,538)
Total comprehensive income/(loss) for the year	本年度全面收益/(虧損)總額	-	-	30,665	107,416	-	-	(68,518)	69,563
Lapse of share options	購股權失效	-	-	-	-	(987)	-	987	-
Transfer to PRC reserve funds (Note (ii))	轉撥至中國儲備基金(附註(ii))	-	-	-	-	-	25,677	(25,677)	-
Release of property revaluation reserve upon disposal of leasehold land and buildings	物業重估儲備於出售物業時解除	-	-	(14,272)	-	-	-	14,272	-
		-	-	(14,272)	-	(987)	25,677	(10,418)	-
At 31 December 2017	於二零一七年十二月三十一日	1,191,798	23,990	122,859	308,830	28,894	71,145	(355,988)	1,391,528

The notes on pages 156 to 293 are an integral part of these consolidated financial statements.

第156至293頁的附註乃綜合財務報表的其中部分。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

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

Notes:

附註：

- i. The capital reserve represents the benefit of acquiring a shareholder's loan from a previous shareholder upon the acquisition of a subsidiary in previous years.
 - ii. In accordance with the Articles of Association of the Company's subsidiaries established in the People's Republic of China (the "PRC") and relevant PRC laws and regulations, these subsidiaries are required to transfer at least 10% of their profit after taxation, which is determined in accordance with the PRC accounting rules and regulations, to a statutory reserve fund (including the general reserve fund and enterprise expansion fund, where appropriate). Transfer to this statutory reserve fund is subject to the approval of the respective board of directors, and is discretionary when the balance of such fund has reached 50% of the registered capital of the respective company. Statutory reserve fund can only be used to offset accumulated losses or to increase capital.
- i. 資本儲備表示於以前年度收購一附屬公司時，向一位前股東購入股東貸款之收益。
 - ii. 根據於中華人民共和國（「中國」）成立之本公司之附屬公司之公司章程細則及中國有關法律及規定，該等附屬公司須按中國會計規則及規定，轉撥不少於除稅後溢利的10%作為法定儲備基金（當中包括一般儲備及企業發展基金，如適用），直至該法定儲備餘額已達到個別公司註冊資本的50%時可酌情處理。轉撥至此法定儲備基金需經個別公司董事會之批准。法定儲備基金只可用於抵銷累計虧損或增加資本。

The notes on pages 156 to 293 are an integral part of these consolidated financial statements.

第156至293頁的附註乃綜合財務報表的其中部分。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

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

		Year ended 31 December 截至十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
		NOTES 附註	
Cash flows from operating activities 經營活動產生之現金流量			
Cash (used in)/generated from operations 經營(動用)/產生之現金		33(a)	(131,263) 136,251
PRC corporate income tax refund/(paid), net 退返/(已付)之中國企業所得稅淨額			1,163 (11,336)
Net cash (used in)/generated from operating activities 經營活動(動用)/產生現金淨額			(130,100) 124,915
Cash flows from investing activities 投資活動產生之現金流量			
Placement of pledged bank deposits 存放已抵押銀行存款			(78,630) (83,065)
Withdrawal of pledged bank deposits 收回已抵押銀行存款			57,031 25,880
Purchase of property, plant and equipment 購買物業、廠房及設備			(15,237) (22,815)
Prepayments for the acquisition of property, plant and equipment 購買物業、廠房及設備之預付款			(7,965) (25,082)
Proceeds from disposals of property, plant and equipment 出售物業、廠房及設備所得款項		33(a)	5,423 16,307
Proceeds from disposals of investment properties 出售投資物業所得款項		33(a)	6,370 14,181
Proceeds from disposals of club memberships 出售會籍所得款項		33(a)	50 802
Interest received 已收利息			1,297 399
Net cash used in investing activities 投資活動動用現金淨額			(31,661) (73,393)

The notes on pages 156 to 293 are an integral part of these consolidated financial statements.

第156至293頁的附註乃綜合財務報表的其中部分。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

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

		Year ended 31 December 截至十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
	NOTES 附註		
Cash flows from financing activities	融資活動產生之現金流量		
Proceeds from bank borrowings	新增銀行貸款	433,266	820,020
Proceeds from loan from related companies	來自有關連公司之貸款	-	200,000
Proceeds from discounted bills	以貼現票據獲得之銀行墊款	300,236	199,039
Proceeds from trust receipt loans	新增信託收據貸款	-	34,151
Repayments of bank borrowings	償還銀行貸款	(462,942)	(883,391)
Repayments of loans from related companies	償還有關連公司之貸款	(27,949)	(185,980)
Repayments of discounted bills	償還貼現票據	(168,694)	(260,742)
Repayments of trust receipt loans	償還信託收據貸款	-	(44,230)
Interest paid	已付利息	(46,414)	(48,650)
Net cash generated from/(used in) financing activities	融資活動產生/(動用)現金淨額	27,503	(169,783)
Net decrease in cash and cash equivalents	現金及現金等值項目之減少淨額	(134,258)	(118,261)
Cash and cash equivalents at beginning of the year	於年初之現金及現金等值項目	210,559	307,349
Exchange (loss)/gain on cash and cash equivalents	現金及現金等價物匯兌(虧損)/收益	(9,619)	21,471
Cash and cash equivalents at end of the year	於年終之現金及現金等值項目銀行結存及現金	66,682	210,559
	25(b)		

The notes on pages 156 to 293 are an integral part of these consolidated financial statements.

第156至293頁的附註乃綜合財務報表的其中部分。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報告附註

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

1 GENERAL INFORMATION

Shougang Concord Century Holdings Limited (the “Company”) is an investment holding company and together with its subsidiaries (collectively referred to as the “Group”) are principally engaged in the manufacturing of steel cords and processing and trading of copper and brass products.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is Room 1215, 12/F., Honour Industrial Centre, 6 Sun Yip Street, Chai Wan, Hong Kong.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These financial statements are presented in thousands of units of Hong Kong dollars (HK\$’000), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1 一般資料

首長寶佳集團有限公司(「本公司」)主要業務為投資控股。本公司及其附屬公司(統稱「本集團」)主要從事製造鋼簾線和銅及黃銅材料加工及貿易業務。

本公司乃於香港成立之有限責任公司，其註冊辦事處地址為香港柴灣新業街6號安力工業中心十二樓1215室。

本公司股份於香港聯合交易所有限公司(「聯交所」)主板上市。

除另有說明外，本財務報告以港幣千元(「港幣千元」)呈列。

2 重大會計政策概要

編製此等綜合財務報表時採用之主要會計政策載列如下。除另有所指外，該等政策於呈報之所有年度貫徹採用。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報告附註

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 2 重大會計政策概要(續)

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except for certain classes of property, plant and equipment and investment properties, which are measured at fair values.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

2.1 編製基準

本公司之綜合財務報表乃根據所有適用之香港財務報告準則(「香港財務報告準則」)及香港公司條例(第622章)而編製。此等綜合財務報表按歷史成本常規法編製，惟按公平值計量之若干類別的物業、廠房及設備及投資物業除外。

為符合香港財務報告準則，編製財務報表時須作出若干重要之會計估計，管理層亦須在應用本集團會計政策之過程中作出判斷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報告附註

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 2 重大會計政策概要(續)

2.1 Basis of preparation (continued)

2.1.1 New and amended standards and interpretations adopted by the Group

The Group has applied the following new and amended standards and interpretations for the first time for the annual reporting period commencing from 1 January 2018:

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

The impact of the adoption of HKFRS 9 and HKFRS 15 are disclosed below. The other standards did not have any impact on the Group's accounting policies.

2.1 編製基準(續)

2.1.1 本集團採納之新訂及經修訂準則及詮釋

本集團已於二零一八年一月一日開始之財政年度首次採納以下之新訂及經修訂準則及詮釋：

香港財務報告準則第9號	金融工具
香港財務報告準則第15號	來自客戶合同之收入及相關修訂
香港(國際財務報告詮釋委員會) – 詮釋第22號	外幣交易及預付代價
香港財務報告準則第2號之修訂	以股份支付支出之分類及計量
香港財務報告準則第4號之修訂	與香港財務報告準則第9號金融工具 – 併應用香港財務報告準則第4號保險合約
香港會計準則第28號之修訂	二零一四年至二零一六年週期之香港財務報告準則之年度改進的部分
香港會計準則第40號之修訂	轉讓投資物業

採納香港財務報告準則第9號及香港財務報告準則第15號的影響披露如下。其他準則對本集團的會計政策沒有任何影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報告附註

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1 New and amended standards and interpretations adopted by the Group (continued)

(i) Impact of adoption on financial statements – HKFRS 9 and HKFRS 15

(a) Adoption of HKFRS 9

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

The adoption of HKFRS 9 from 1 January 2018 does not result in significant adjustments to the amounts recognised in the consolidated financial statements.

Classification and measurement

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. Since the Group does not have any financial assets that are carried at fair value, there is no impact to the Group's consolidated statement of financial position as a result of the adoption.

2 重大會計政策概要(續)

2.1 編製基準(續)

2.1.1 本集團採納之新訂及經修訂準則及詮釋(續)

(i) 採納修訂對財務報表的影響－香港財務報告準則第9號及香港財務報告準則第15號

(a) 應用香港財務報告準則第9號

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

自二零一八年一月一日起採納香港財務報告準則第9號並未導致對財務報表中確認的金額作出重大調整。

分類及計量

於二零一八年一月一日(首次應用香港財務報告準則第9號之日)，本集團管理層已評估哪些業務模式適用於本集團持有的金融資產，並已將其金融工具根據香港財務報告準則第9號適當的分類。因為本集團並沒有任何以公平值列賬的金融資產，因此採用該準則對本集團的綜合財務狀況表沒有影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報告附註

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1 New and amended standards and interpretations adopted by the Group (continued)

- (i) *Impact of adoption on financial statements – HKFRS 9 and HKFRS 15 (continued)*

(a) Adoption of HKFRS 9 (continued)

Impairment of financial assets

The Group has three types of financial assets that are subject to the new expected credit loss model of the HKFRS 9:

- Trade receivables
- Bills receivable
- Other financial assets at amortised cost

The Group was required to revise its impairment methodologies under the HKFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group's accumulated losses and equity is insignificant.

While pledged bank deposits and bank balances and cash are also subject to the impairment requirements of the HKFRS 9, the identified impairment loss was immaterial.

2 重大會計政策概要(續)

2.1 編製基準(續)

2.1.1 本集團採納之新訂及經修訂準則及詮釋(續)

- (i) *採納修訂對財務報表的影響 – 香港財務報告準則第9號及香港財務報告準則第15號(續)*

(a) 應用香港財務報告準則第9號(續)

金融資產減值

本集團有三種類型的金融資產，須遵守香港財務報告準則第9號規定按預期信貸虧損模式計算：

- 應收賬款
- 應收票據
- 按攤銷成本計算的其他金融資產

本集團須就按香港財務報告準則第9號分類下的每項資產修訂其減值方法。減值方法的變動對本集團的保留虧損及權益的影響輕微。

已抵押銀行存款及銀行結存及現金亦須遵守新香港財務報告準則第9號的減值要求，但已確認減值虧損並不重大。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報告附註

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1 New and amended standards and interpretations adopted by the Group (continued)

- (i) *Impact of adoption on financial statements – HKFRS 9 and HKFRS 15 (continued)*

(a) *Adoption of HKFRS 9 (continued)*

Impairment of financial assets (continued)

Trade receivables and bills receivable

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade receivables and bills receivable.

To measure the expected credit losses, the receivables relating to customers with known financial difficulties or those not responding to collection activities are assessed individually for provision for impairment loss.

Expected credit losses are then estimated by grouping the receivables based on shared credit risk characteristics and aging profile and collectively assessed for likelihood of recovery.

2 重大會計政策概要(續)

2.1 編製基準(續)

2.1.1 本集團採納之新訂及經修訂準則及詮釋(續)

- (i) *採納修訂對財務報表的影響 – 香港財務報告準則第9號及香港財務報告準則第15號(續)*

(a) *應用香港財務報告準則第9號(續)
金融資產減值(續)*

應收賬款及應收票據

本集團採用香港財務報告準則第9號簡化方法計量預期信貸虧損，容許使用全期預計虧損計量所有應收賬款及應收票據。

為計量預期信貸虧損，對已知財務困難或未對回收作出回應的客戶，有關的應收款項將單獨評估減值撥備。

根據共享信用風險特徵和賬齡記錄對應收款進行分組，統一評估收回的可能性，然後估計預期信貸虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報告附註

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1 New and amended standards and interpretations adopted by the Group (continued)

- (i) *Impact of adoption on financial statements – HKFRS 9 and HKFRS 15 (continued)*

(a) Adoption of HKFRS 9 (continued)

Impairment of financial assets (continued)

Trade receivables and bills receivable (continued)

The expected credit loss rates are determined based on historical credit losses experienced over the past 3 years and adjusted to reflect current and forward-looking information including macroeconomic factors affecting the ability of the customers to settle the receivables.

Management has closely monitored the credit qualities and the collectability of the trade receivables and bills receivable. The adoption of the simplified expected credit loss approach under HKFRS 9 has not resulted in any additional impairment loss for trade receivables and bills receivable as at 1 January 2018.

2 重大會計政策概要(續)

2.1 編製基準(續)

2.1.1 本集團採納之新訂及經修訂準則及詮釋(續)

- (i) 採納修訂對財務報表的影響 – 香港財務報告準則第9號及香港財務報告準則第15號(續)

**(a) 應用香港財務報告準則第9號(續)
金融資產減值(續)**

應收賬款及應收票據(續)

預期信貸虧損率乃根據過去3年的歷史信貸虧損經驗釐定，並經調整以反映當前及前瞻性資料，包括影響客戶清償應收款項能力的宏觀經濟因素。

管理層密切監控應收賬款和應收票據的信用質量和可收回性。根據香港財務報告準則第9號採用簡化的預期信貸虧損法，截至二零一八年一月一日，未造成任何應收賬款和應收票據的額外減值損失。

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綜合財務報告附註

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1 New and amended standards and interpretations adopted by the Group (continued)

- (i) *Impact of adoption on financial statements – HKFRS 9 and HKFRS 15 (continued)*

(a) Adoption of HKFRS 9 (continued)

Impairment of financial assets (continued)

Other financial assets at amortised cost

Other financial assets at amortised cost include deposits and other receivables. The Group has assessed the expected credit loss model apply to the other financial assets at amortised cost as at 1 January 2018 and the change in impairment methodologies has no impact to the net assets value of the Group and the opening provision of impairment loss is not restated in this respect.

2 重大會計政策概要(續)

2.1 編製基準(續)

2.1.1 本集團採納之新訂及經修訂準則及詮釋(續)

- (i) 採納修訂對財務報表的影響－香港財務報告準則第9號及香港財務報告準則第15號(續)

**(a) 應用香港財務報告準則第9號(續)
金融資產減值(續)**

按攤銷成本計算的其他金融資產

按攤銷成本計算的其他金融資產包括存款及其他應收賬款。於二零一八年一月一日，本集團已評估按攤銷成本計算的其他金融資產的預期信貸虧損模式，且減值方法的變動對本集團的資產淨值並無影響，期初減值損失撥備並未就此作出重列。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報告附註

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1 New and amended standards and interpretations adopted by the Group (continued)

(i) *Impact of adoption on financial statements – HKFRS 9 and HKFRS 15 (continued)*

(b) **Adoption of HKFRS 15**

The Group has adopted HKFRS 15 from 1 January 2018 (the date of initial application of HKFRS 15) which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statement. In accordance with the transitional provisions in HKFRS 15, the Group has adopted the modified retrospective approach and comparative figures have not been restated.

Contract liabilities for the advanced payments received from the customers recognised in relation to the sales of goods were previously presented as “other payables and accruals – advance receipts from customers”.

2 重大會計政策概要(續)

2.1 編製基準(續)

2.1.1 本集團採納之新訂及經修訂準則及詮釋(續)

(i) *採納修訂對財務報表的影響 – 香港財務報告準則第9號及香港財務報告準則第15號(續)*

(b) **應用香港財務報告準則第15號**

本集團自二零一八年一月一日(首次應用香港財務報告準則第15號當日)起採納香港財務報告準則第15號，導致會計政策變更及於綜合財務報表所確認金額作出調整。根據香港財務報告準則第15號的過渡性條文，本集團已採納經修訂的追溯法，而比較數字尚未重列。

收到客戶預付與貨物銷售有關的款項的合約負債先前已呈列為「其他應付款及預提費用 – 預收客戶款」。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報告附註

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 2 重大會計政策概要(續)

2.1 Basis of preparation (continued)

2.1.1 New and amended standards and interpretations adopted by the Group (continued)

(i) *Impact of adoption on financial statements – HKFRS 9 and HKFRS 15 (continued)*

(b) **Adoption of HKFRS 15 (continued)**

Reclassification has made to be consistent with the terminology used under HKFRS 15. The impact on the Group's financial position by the application of HKFRS 15 is as follows:

2.1 編製基準(續)

2.1.1 本集團採納之新訂及經修訂準則及詮釋(續)

(i) 採納修訂對財務報表的影響 – 香港財務報告準則第9號及香港財務報告準則第15號(續)

(b) **應用香港財務報告準則第15號(續)**

重新分類已經與香港財務報告準則第15號所用術語一致。採納香港財務報告準則第15號對本集團財務狀況的影響如下：

		Reclassification		
		As previously stated	under HKFRS 15	As restated
		於前所列	重新分類根據香港財務報告準則第15號	重列
		HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元
As at 1 January 2018	於二零一八年一月一日			
Consolidated statement of financial position (extract):	綜合財務狀況表 (摘錄):			
Other payables and accruals:	其他應付款及預提費用:			
- Contract liabilities	- 合約負債	-	93	93
- Advance receipts from customers	- 預收客戶款	93	(93)	-
As at 31 December 2018	於二零一八年十二月三十一日			
Consolidated statement of financial position (extract):	綜合財務狀況表 (摘錄):			
Other payables and accruals:	其他應付款及預提費用:			
- Contract liabilities	- 合約負債	-	125	125
- Advance receipts from customers	- 預收客戶款	125	(125)	-

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 2 重大會計政策概要(續)

2.1 Basis of preparation (continued)

2.1.1 New and amended standards and interpretations adopted by the Group (continued)

(i) *Impact of adoption on financial statements – HKFRS 9 and HKFRS 15 (continued)*

(b) **Adoption of HKFRS 15 (continued)**

The adoption of HKFRS 15 has no impact to the Group's net assets as at 1 January 2018 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, loss per share (basic and diluted) and the consolidated statement of cash flows for the year ended 31 December 2018.

2.1 編製基準(續)

2.1.1 本集團採納之新訂及經修訂準則及詮釋(續)

(i) 採納修訂對財務報表的影響－香港財務報告準則第9號及香港財務報告準則第15號(續)

(b) **應用香港財務報告準則第15號(續)**

採納香港財務報告準則第15號對本集團於二零一八年一月一日的資產淨值及截至二零一八年十二月三十一日止年度之綜合損益表、綜合全面收益表、每股虧損(基本及攤薄)及綜合現金流量表並無影響。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 2 重大會計政策概要(續)

2.1 Basis of preparation (continued)

2.1.2 Impact of new and amended standards and interpretations issued but not yet applied by the Group

2.1 編製基準(續)

2.1.2 本集團並未應用以下已頒佈之新訂及經修訂準則及詮釋之影響

		Effective for accounting periods beginning on or after 於下列日期或之 後開始的會計 期間生效
Amendments to HKFRS 9 香港財務報告準則第9號之修訂	Prepayment Features with Negative Compensation 負補償之預付特性	1 January 2019 二零一九年一月一日
HKFRS 16 香港財務報告準則第16號	Leases 租賃	1 January 2019 二零一九年一月一日
HK(IFRIC) – Int 23 香港(國際財務報告準則詮釋委員會) – 詮釋第23號	Uncertainty over Income Tax Treatments 所得稅處理之不確定性	1 January 2019 二零一九年一月一日
Amendments to HKAS 12, HKAS 23, HKFRS 3 and HKFRS 11 香港會計準則第12號, 23號及香港 財務報告準則第3號, 11號之修訂	As part of the Annual Improvements to HKFRSs 2015 – 2017 Cycle 二零一五年至二零一七年週期之香港財務報告準則之 年度改進的部分	1 January 2019 二零一九年一月一日
Amendments to HKAS 28 香港會計準則第28號之修訂	Long-term Interest in Associates and Joint Ventures 於聯營公司或合營企業之長期投資	1 January 2019 二零一九年一月一日
Amendments to HKAS 19 香港會計準則第19號之修訂	Plan Amendment, Curtailment or Settlement 計劃調整, 削減或結算	1 January 2019 二零一九年一月一日
Amendments to HKFRS 3 香港財務報告準則第3號之修訂	Definition of a Business 業務的定義	1 January 2020 二零二零年一月一日
Amendments to HKAS 1 and HKAS 8 香港會計準則第1號及香港會計準則 第8號之修訂	Definition of Material 重要性的定義	1 January 2020 二零二零年一月一日
HKFRS 17 香港財務報告準則第17號	Insurance Contracts 保險合約	1 January 2021 二零二一年一月一日
Amendments to HKFRS 10 and HKAS 28 香港財務報告準則第10號及香港會計 準則第28號之修訂	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture 投資者與其聯營公司或合營企業之間的資產出售或投入	To be determined 待定

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.2 Impact of new and amended standards and interpretations issued but not yet applied by the Group (continued)

None of these is expected to have a significant effect on the consolidated financial statement of the Group, except for the following set out below.

HKFRS 16 Leases

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the consolidated statement of financial position by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

Impact

The new standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK\$2,982,000, see Note 31(b). Of these commitments, approximately HK\$120,000 relate to short-term leases which will be recognised on a straight-line basis as expense in the consolidated statement of profit or loss.

2 重大會計政策概要(續)

2.1 編製基準(續)

2.1.2 本集團並未應用以下已頒佈之新訂及經修訂準則及詮釋之影響(續)

概無該等準則及修訂預期會對本集團之綜合財務報表造成重大影響，惟下文所載者除外。

香港財務報告準則第16號「租賃」

性質的改變

香港財務報告準則第16號於二零一六年一月發行。由於經營及融資租賃之間的區別已被刪除，因此幾乎所有租賃均由承租人在綜合財務狀況表內確認。根據新準則，確認資產(使用租賃項目的權利)和支付租金的金融負債。唯短期和低價值租賃例外。

影響

新準則將主要影響本集團經營租賃的結賬。截至報告日，本集團未經不可撤銷經營租賃的最低租賃付款總額為港幣2,982,000元，見附註31(b)。其中與短期租賃相關的經營租賃承諾約為港幣120,000元，將按照直線法確認為費用並計入綜合損益表。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.2 Impact of new and amended standards and interpretations issued but not yet applied by the Group (continued)

HKFRS 16 Leases (continued)

Impact (continued)

For the remaining lease commitments the Group expects to recognise both right-of-use assets and lease liabilities of HK\$2,707,000.

The accounting for lessors will not significantly change. However, some additional disclosures will be required from next year.

Mandatory application date

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

2 重大會計政策概要(續)

2.1 編製基準(續)

2.1.2 本集團並未應用以下已頒佈之新訂及經修訂準則及詮釋之影響(續)

香港財務報告準則第16號「租賃」(續)

影響(續)

對於剩餘的租賃承諾，本集團預計確認使用權資產和租賃負債均為港幣2,707,000元。

出租者的結算不會發生重大變化。但是，從明年起還需要進行額外的披露。

強制採用日期

自二零一九年一月一日的強制採用日期起，本集團將採用該準則。本集團打算採用簡化的過渡方法，並不會重述首次採用前一年的對比金額。財產租賃的使用權資產將在轉換時計量，如同新規則一直適用。所有其他使用權資產將按採用時的租賃負債金額計量(對任何預付或應計租賃費用進行調整)。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Principles of consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

2 重大會計政策概要(續)

2.2 綜合原則

(a) 附屬公司

附屬公司指本集團對其有控制權的所有實體。本集團對實體有控制權，是指本集團因參與該實體的營運而獲得或有權享有其可變回報，並能夠運用其指導實體活動的權力影響上述回報。附屬公司在控制權轉移至本集團當日悉數綜合入賬。附屬公司在控制權終止之日起停止綜合入賬。

本集團的業務合併使用收購會計法入賬。

集團內公司間交易、結餘及集團公司間交易的未變現收益均予以抵銷。未變現虧損亦會對銷，除非該交易有證據顯示所轉讓資產出現減值則作別論。附屬公司的會計政策已按需要變更，以確保與本集團所採納政策貫徹一致。

於附屬公司業績及權益的非控股權益分別於綜合損益表、綜合全面收益表、綜合權益變動表及綜合財務狀況表內列示。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Principles of consolidation (continued)

(b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in consolidated statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

2 重大會計政策概要(續)

2.2 綜合原則(續)

(b) 擁有權權益變動

本集團將其與非控股權益進行而不構成喪失控制權的交易視為與本集團權益持有者間進行的交易。擁有權權益變動會導致控股及非控股權益賬面值調整，以反映各自於附屬公司的權益。非控股權益調整金額與已付或已收代價的差額，乃於本公司擁有人應佔權益內確認為獨立儲備。

倘本集團因喪失控制權或重大影響力而停止對一筆投資綜合入賬或使用權益會計法，於實體的任何保留權益按公平值重新計量，有關賬面值變動在綜合損益表確認。就其後入賬列作聯營公司、合營企業或金融資產的保留權益，其公平值為初始賬面值。此外，先前於其他全面收益確認與該實體有關的任何金額，按猶如本集團已直接出售有關資產或負債的方式入賬。此可能意味先前在其他全面收益確認的金額重新分類至損益或根據適用香港財務報告準則所訂明／准許者，轉撥至另一權益類別。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

2 重大會計政策概要(續)

2.3 業務合併

所有業務合併均以收購會計法入賬，無論所收購者為權益工具或其他資產。收購一間附屬公司所轉讓的代價包括：

- 所轉讓資產的公平值
- 所收購對象先前擁有人產生的負債
- 本集團發行的股權
- 或然代價安排產生的任何資產或負債的公平值；及
- 任何先前存在的附屬公司股權的公平值

除有限例外情況外，於業務合併收購的可識別資產以及承擔的負債及或然負債，初步按收購日期的公平值計量。本集團根據個別收購交易按公平值或非控股權益應佔被收購實體可識別資產淨值的比例確認於被收購實體的任何非控股權益。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Business combination (continued)

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in consolidated statement of profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in consolidated statement of profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in consolidated statement of profit or loss.

2 重大會計政策概要(續)

2.3 業務合併(續)

收購相關成本於產生時支銷。

超出部份

- 所轉讓代價，
- 於被收購實體的任何非控股權益金額，及
- 任何先前於被收購實體的權益於收購日期的公平值

與已收購可識別資產淨值的公平值的差額按商譽列賬。倘上述金額低於所收購業務可識別資產淨值的公平值，有關差額會作為一項廉價購買直接於綜合損益表確認。

應付或然代價歸類為權益或金融負債。歸類為金融負債的金額其後重新計量至公平值，公平值變動於綜合損益表確認。

倘業務合併分階段完成，收購方過往於收購對象所持股權於收購日期的賬面值重新計量至收購日期的公平值；該項重新計量所產生的任何收益或虧損，於綜合損益表確認。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Separate financial statements

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

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

2.5 Segment reporting

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

2.6 Foreign currency translation

(a) Functional and presentation currency

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

2 重大會計政策概要(續)

2.4 獨立財務報表

於附屬公司的投資按成本值扣除減值列賬。成本包括直接應佔投資成本。附屬公司的業績乃由本公司按已收及應收股息入賬。

倘股息超出附屬公司宣派股息期間全面收益總額，或倘獨立財務報表中投資賬面值超出綜合財務報表所示投資對象資產淨值(包括商譽)的賬面值，則須於自該投資收取股息時，對該等附屬公司的投資進行減值測試。

2.5 分部報告

經營分部乃以與向主要經營決策者提交內部報告一致的方式呈報。主要經營決策者負責分配資源及評估經營分部的表現，已被確認為作出策略決策的董事總經理。

2.6 外幣換算

(a) 功能及呈報貨幣

本集團旗下各實體之財務報表所列項目均採用有關實體營業所在主要經濟環境通用之貨幣(「功能貨幣」)為計算單位。綜合財務報表以港元(「港元」)呈報，港元為本集團之呈報貨幣。人民幣為本公司之功能貨幣。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Foreign currency translation (continued)

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within “finance costs, net”. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair values was determined. Translation differences on assets and liabilities carried at fair values are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated statement of profit or loss as part of the fair value gain or loss.

2 重大會計政策概要(續)

2.6 外幣換算(續)

(b) 交易及結餘

外幣交易按交易當日適用之匯率或重新計量項目之估值換算為功能貨幣。因結算交易及按年末匯率換算以外幣列值的貨幣資產及負債產生的外匯收益及虧損均於綜合損益表確認。

與借貸有關之外匯收益及虧損於綜合損益表之「財務成本淨額」內呈列。所有其他外匯收益及虧損於綜合損益表之內按淨額呈列。

按公平值計量並以外幣計值之非貨幣項目使用釐定公平值當日之匯率換算。按公平值列賬之匯兌差額呈報為公平值損益之一部分。例如，非金融資產及負債，如經損益表以公平值計量且其變化計入損益的持有之股權於綜合損益表中確認為公平值收益或虧損之一部份。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Foreign currency translation (continued)

(c) Group companies

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

- (i) assets and liabilities for each end of the reporting period presented are translated at the closing rate at the date of that end of the reporting period;
- (ii) income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income.

2 重大會計政策概要(續)

2.6 外幣換算(續)

(c) 集團公司

功能貨幣與呈報貨幣不相同的海外業務(全部均非高通脹經濟的貨幣)的業績及財務狀況，按以下方式換算為呈報貨幣：

- (i) 每一報告期末所呈列資產及負債，均按報告期末的收市匯率換算；
- (ii) 各收益表之收入及支出，按平均匯率換算，惟此平均值並非該等交易日期當時匯率具累積效果之合理約數除外。在此情況下，收入及開支於交易日期換算；及
- (iii) 所得出之所有匯兌差額會在其他全面收益中確認。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Foreign currency translation (continued)

(c) Group companies (continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to the consolidated statement of profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.7 Property, plant and equipment

Leasehold land and buildings are recognised at fair value based on periodic valuation by external independent valuers, less subsequent depreciation. All other property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

2 重大會計政策概要(續)

2.6 外幣換算(續)

(c) 集團公司(續)

於編製綜合賬目時，換算海外實體任何投資淨額以及借款產生之匯兌差額均於其他全面收益確認。當出售海外業務或償還構成該投資淨額部分之任何借款，相關匯兌差額於綜合損益表重新歸類為出售之部分收益或虧損。

收購海外實體產生之商譽及公平值調整視為該海外實體之資產及負債，按收市匯率換算。

2.7 物業、廠房及設備

租賃土地及樓宇按外部獨立估值師的定期估值公平值確認，減去後續折舊。所有其他物業、廠房及設備按歷史成本減折舊及減值虧損入賬。歷史成本包括收購此等項目直接應佔開支。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Property, plant and equipment (continued)

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

Increases in the carrying amounts arising on revaluation of leasehold land and buildings are recognised, net of tax, in other comprehensive income and accumulated in property revaluation reserve in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the consolidated statement of profit or loss, the increase is first recognised in the consolidated statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the consolidated statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the consolidated statement of profit or loss.

2 重大會計政策概要(續)

2.7 物業、廠房及設備(續)

當與項目有關的未來經濟利益可能流入本集團，以及項目成本能可靠計算時，其後成本才會計入資產的賬面值或確認為獨立資產(如適用)。已替換部份的賬面值被終止確認。所有其他維修及保養費於產生的財政期間計入綜合損益表。

租賃土地及樓宇所產生的重估增值均確認為(扣除稅項)其他全面收益及於股東權益的「物業重估儲備」中累計。惟若其沖銷先前同一資產已於綜合損益表確認之重估減值，則該增值按先前所扣除之減值計入綜合損益表。重估減值先沖銷先前同一資產已於其他全面收益確認之重估增值，並超出先前重估該物業重估儲備之結餘時計入盈虧；所有其他減少額均計入綜合損益表。每年，根據資產重估賬面金額計算之折舊差額計入綜合損益表。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Property, plant and equipment (continued)

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts to their residual values at the following rates per annum:

Leasehold land and buildings	2%-4%, or over the term of the leases, whichever is shorter
Leasehold improvements	18%-20%, or over the term of the leases, whichever is shorter
Plant and machinery	4%-20%
Furniture fixture and equipment	9%-20%
Motor vehicles	11%-20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the consolidated statement of profit or loss. When revalued assets are sold, it is the Group's policy to transfer any amounts included in property revaluation reserve in respect of those assets to accumulated losses.

2 重大會計政策概要(續)

2.7 物業、廠房及設備(續)

物業、廠房及設備之折舊以直線法於其估計可用年期內分配其成本至剩餘價值。所採用年率如下：

租賃土地及樓宇	2%-4%，或按租賃年期(以較低者為準)
租賃物業裝修	18%-20%，或按租賃年期(以較低者為準)
廠房及機器	4%-20%
辦公室家具及設備	9%-20%
汽車	11%-20%

資產之剩餘價值及可用年期會於各報告期末審閱及調整(如適用)。

倘資產賬面值超過其估計可收回金額，則其賬面值將即時撇減至其可收回金額。

出售收益及虧損透過比較所得款項與有關資產賬面值釐定並包括在綜合損益表中。出售重估資產時，本集團的政策是將有關該等資產的「物業重估儲備」所包括的任何金額轉撥至「累計虧損」。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Property, plant and equipment (continued)

Construction-in-progress represents buildings and plant and machinery under construction and pending installation, and is stated at cost less impairment losses. Costs comprises direct construction costs, the cost of plant and machinery and applicable borrowing costs incurred during the construction period. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to other property, plant and equipment and depreciated in accordance with the policy as stated above.

2.8 Investment properties

Investment properties are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are presented in the consolidated statement of profit or loss.

2.9 Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2 重大會計政策概要(續)

2.7 物業、廠房及設備(續)

在建工程指在建或待安裝的樓宇、廠房及機器，並按成本值扣除減值虧損列賬。成本包括直接建造成本、廠房及機械成本及建造期間產生的適用借貸成本。在相關資產完工並且可以使用前，不計入在建工程的折舊。當有關資產投入使用時，成本轉移到其他物業、廠房和設備，並按照上述政策折舊。

2.8 投資物業

投資物業為長期租金收益而持有，並非由本集團佔用。投資物業初步按成本計量，包括相關交易成本及適用的借貸成本。隨後，它們以公平值列賬。公平值變動於綜合損益表呈列。

2.9 商譽

收購附屬公司之商譽計入無形資產。商譽不予攤銷，惟每年進行減值測試，或當有事件或情況改變顯示資產有可能減值時作出更頻密的減值測試，並按成本見累計減值虧損列賬。出售實體之收益或虧損包括與出售實體相關商譽之賬面值。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Goodwill (continued)

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

2.10 Impairment of non-financial assets

Goodwill that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2 重大會計政策概要(續)

2.9 商譽(續)

商譽乃分配至各現金產生單位，以進行減值測試。現金產生單位或現金產生單位組別預期將從產生商譽的業務合併中獲益，方會獲得分配商譽。按監察商譽以作內部管理用途的最低層面(即經營分類)識別單位或單位組別。

2.10 非金融資產之減值

商譽沒有確定可使用年期而毋須攤銷並會每年進行減值測試，或於有事件或情況改變顯示可能出現減值時更頻繁地進行減值測試。倘有事件或情況改變顯示賬面值可能無法收回時，我們將檢討資產的減值情況。減值虧損按資產賬面值超過其可收回金額的差額確認。可收回金額為資產公平值減出售成本或使用價值(以較高者為準)。評估減值時，資產按可獨立識別現金流入的最低分類組合(現金產生單位)分類，其所產生的現金流入基本上獨立於其他資產或資產組別。倘非金融資產(商譽除外)出現減值，則會於各報告日檢討可否撥回減值。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Investments and other financial assets

(a) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in the consolidated statement of profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

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

2 重大會計政策概要(續)

2.11 投資和其他金融資產

(a) 分類

自二零一八年一月一日起，本集團將其金融資產分類為以下計量類別：

- 隨後以公平值計量，和
- 隨後以攤銷成本計量。

分類取決於公司管理金融資產的業務模式和現金流量的合同條款。

就按公平值計量的資產而言，收益及虧損將記錄於綜合損益表。

當且僅當其管理這些資產的業務模式發生變化時，本集團才會對債務投資進行重新分類。

(b) 確認及終止確認

以日常方式買賣之金融資產於交易日確認，交易日為本集團承諾購買或出售資產之日。倘收取投資現金流量之權利屆滿或轉移且本集團已將所有權絕大部分風險及所有回報轉移，則終止確認金融資產。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Investments and other financial assets (continued)

(c) Measurement

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

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories to classify the debt instruments:

(1) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of profit or loss. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

2 重大會計政策概要(續)

2.11 投資和其他金融資產(續)

(c) 計量

就所有並非按公平值計入損益之金融資產而言，投資初步按公平值加直接歸屬於收購該金融資產交易成本確認。以公平值計量且其變動計入損益的金融資產的交易成本計入綜合損益表。

債務工具

債務工具的隨後計量取決於本集團管理資產的業務模式及資產的現金流量特徵。有三種計量類別可以對債務工具進行分類：

(1) 攤銷成本

為收取合同現金流而持有的資產，如果這些現金流僅代表本金和利息的支付，則按攤銷成本計量。這些金融資產的利息收入採用實際利率法計入財務收入，終止確認產生的任何收益或虧損直接於綜合損益表確認。減值虧損於綜合損益表中以獨立項目列示。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Investments and other financial assets (continued)

(c) Measurement (continued)

Debt instruments (continued)

(2) Fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the consolidated statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in 'other (losses)/gains, net'. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in 'other (losses)/gains, net' and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.

2 重大會計政策概要(續)

2.11 投資和其他金融資產(續)

(c) 計量(續)

債務工具(續)

(2) 公平值計入其他全面收益

為收取合同現金流和出售金融資產而持有的資產，其現金流僅代表本金和利息的支付，通過其他全面收益以公平值計量。賬面金額的變動是通過其他全面收益進行的，惟於綜合損益表中確認之確認減值收益或損失、利息收入和外匯收益及虧損除外。金融資產終止確認時，以前在其他全面收益中確認的累計損益從權益重新分類為損益，並在「其他(虧損)/收益淨額」中確認。這些金融資產的利息收入採用實際利率法計入財務收入。外匯收益及虧損在「其他(虧損)/收益淨額」中列報，減值費用在綜合損益表中單獨列報。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Investments and other financial assets (continued)

(c) Measurement (continued)

Debt instruments (continued)

(3) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the consolidated statement of profit or loss in the period in which it arises.

(d) Impairment

From 1 January 2018, the Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and bills receivable, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2 重大會計政策概要(續)

2.11 投資和其他金融資產(續)

(c) 計量(續)

債務工具(續)

(3) 公平值計入損益

不符合攤銷成本標準的資產按公平值計入損益計量。債務投資的收益或虧損隨後按公平值計入損益計量，確認於其產生期間的綜合損益表。

(d) 減值

自二零一八年一月一日起，本集團按預期基準評估與按攤銷成本列賬的債務工具相關的預期信貸虧損。所採用的減值方法取決於信貸風險是否顯著增加。

就應收賬款及應收票據而言，本集團採用香港財務報告準則第9號所容許的簡化方法，該方法規定預期全期虧損將於初步確認應收款項時確認。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Investments and other financial assets (continued)

(e) Accounting policies applied until 31 December 2017

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Until 31 December 2017, the Group classifies its financial assets in loans and receivables, and financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

2 重大會計政策概要(續)

2.11 投資和其他金融資產(續)

(e) 截至二零一七年十二月三十一日適用的會計政策

本集團已追溯適用香港財務報告準則第9號，但已選擇不重述比較資料。因此，所提供的比較信息繼續按照集團以前的會計政策進行會計處理。

截至二零一七年十二月三十一日，本集團將其金融資產分為貸款和應收款項，以及按公平值計入損益之金融資產，其分類取決於金融資產的收購目的。管理層在初始確認時確定其金融資產的分類。

(i) 按公平值計入損益之金融資產

按公平值計入損益之金融資產是持作買賣之金融資產。如果主要是為了短期內出售而獲得的金融資產，則將其歸類於該類別。衍生工具也被分類為持作買賣，除非它們被指定為對沖工具。如果預計12個月內結算，則該類資產歸類為流動資產；否則歸類為非流動。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Investments and other financial assets (continued)

(e) Accounting policies applied until 31 December 2017 (continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The group's loans and receivables comprise of "trade receivables", "bills receivable", "deposits and other receivables", "pledged bank deposits" and "bank balances and cash".

(iii) Reclassification

Reclassifications were made at fair value as of the reclassification date. Fair value became the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date were subsequently made.

2 重大會計政策概要(續)

2.11 投資和其他金融資產(續)

(e) 截至二零一七年十二月三十一日適用的會計政策(續)

(ii) 貸款和應收款

貸款和應收款是指在活躍市場中沒有報價的具有固定或可確定付款的非衍生金融資產。如果預計在一年或更短時間內收回金額，則將其歸類為流動資產。如果沒有，則將其列為非流動資產。本集團的貸款和應收款包括「應收賬款」、「應收票據」、「按金和其他應收款」、「已抵押銀行存款」和「銀行結存及現金」。

(iii) 重新分類

重新分類按重新分類日的公平值進行。公平值成為新的成本或攤銷成本(如適用)，在隨後的重新分類日期之前，沒有對公平值損益進行撥回。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Investments and other financial assets (continued)

(e) Accounting policies applied until 31 December 2017 (continued)

(iv) Subsequent measurement

The measurement at initial recognition did not change on adoption of HKFRS 9, see description above. Financial assets at fair value through profit or loss is subsequently carried at fair values. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Changes in the fair value of the financial assets at fair value through profit or loss are recognised in the consolidated statement of profit or loss.

(v) Impairment

The Group assesses at each of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2 重大會計政策概要(續)

2.11 投資和其他金融資產(續)

(e) 截至二零一七年十二月三十一日適用的會計政策(續)

(iv) 後續計量

採用香港財務報告準則第9號時，初始確認時的計量沒有改變，見上文說明。按公平值計入損益之金融資產，按照公平值進行後續計量。貸款和應收款隨後採用實際利率法按攤銷成本入賬。按公平值計入損益之金融資產的公平值變動在綜合損益表中確認。

(v) 減值

本集團在每個報告期間評估是否有客觀證據表明一項或一組金融資產發生減值。一項或一組金融資產發生減值，且只有在有客觀證據表明資產初始確認後發生的一個或多個事件(「損失事件」)導致減值，且該損失事件(或事件)對能夠可靠估計的金融資產或一組金融資產的預計未來現金流有影響時，才發生減值損失。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Investments and other financial assets (continued)

(e) Accounting policies applied until 31 December 2017 (continued)

(v) Impairment (continued)

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

2 重大會計政策概要(續)

2.11 投資和其他金融資產(續)

(e) 截至二零一七年十二月三十一日適用的會計政策(續)

(v) 減值(續)

對於貸款和應收款項類別，虧損金額以資產賬面價值與按金融資產原實際利率折現的預計未來現金流量(不包括尚未發生的未來信貸虧損)現值之間的差額計量。資產賬面金額減少，虧損金額在綜合損益表中確認。

如果在隨後的期間內，減值損失的金額減少，並且客觀地與確認減值後發生的事件有關(例如債務人信用評級的提高)，則以前確認的減值損失的撥回在綜合損益表中確認。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.13 Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2 重大會計政策概要(續)

2.12 金融工具抵銷

倘若存在法定可執行的權利以抵銷所確認金額及擬按淨額基準結算或變現資產及同時結算負債，則金融資產與負債相互抵銷，而淨額於綜合資產負債表內呈報。法定可執行權利必須不得依賴未來事件而定，而在一般業務過程中以及倘本公司或對手方一旦出現違約、無償債能力或破產時，這也必須具有約束力。

2.13 存貨

原材料、在產品和產成品以成本值及可變現淨值兩者中較低者列賬，成本包括直接材料、直接人工和適當比例的可變和固定間接費用，後者根據正常運營能力進行分配。成本根據加權平均成本分配給各個庫存項目。購買庫存的成本在扣除回扣和折扣後確定。可變現淨值為日常業務過程中的估計售價減去估計完工成本及進行銷售所需的估計成本。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Trade receivables, bills receivable and other receivables

Trade receivables and bills receivables are amounts due from customers for goods sold or services performed in the ordinary course of business.

If collection of trade receivables, bills receivables and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables and bills receivable are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value, and subsequently at amortised cost using the effective interest method less provision for impairment.

2.15 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 重大會計政策概要(續)

2.14 應收賬款、應收票據及其他應收款

應收賬款及應收票據乃於日常業務過程中就銷售商品或提供服務而應收客戶之款項。

倘應收賬款、應收票據及其他應收款預計將在一年或以內收回(或在業務正常經營週期內之較長期間)，則分類為流動資產。否則，在非流動資產中列報。

應收賬款及應收票據初步按無條件代價金額確認，除非其包含重大融資成份以公平值確認，其後利用實際利率法按攤銷成本扣除減值撥備。

2.15 現金及現金等價物

為了在綜合現金流量表中列報，現金及現金等價物包括庫存現金、金融機構通知存款、原有期限為三個月或以下且可隨時轉換為已知金額並且價值變動的風險很小的其他短期，高流動性投資。

2.16 股本

普通股分類為權益。發行新股份或購股權直接有關之增量成本於權益列示為自所得款項扣除稅項之扣減。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Trade and bills payables and other payables

Trade and bills payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and bills payables and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2 重大會計政策概要(續)

2.17 應付賬款及票據及其他應付款

應付賬款及票據乃於日常業務過程中向供應商購買商品或服務而應支付之責任。如付款之支付日期在一年或以內(或在業務正常週期內之較長期間)，應付款項被分類為流動負債。否則，在非流動負債中列報。

應付賬款及票據及其他應付款初步按公平值確認，其後利用實際利率法按攤銷成本計量。

2.18 借貸

借貸初步以公平值(經扣除所產生的交易成本)確認。借貸隨後按攤銷成本計量。所得款項(經扣除交易成本)與贖回金額之間的任何差額，乃於借貸期間在綜合損益表內以實際利率法確認。在貸款融資將可能部分或全部被提取的情況下，就設立貸款融資而支付的費用乃確認為貸款交易成本。在此情況下，該費用將被遞延，直至提取貸款時為止。在並無證據表明其將可能部分或全部被提取的情況下，該費用會作為流動資金服務的預付款項被撥充資本，並於其相關融資期間內予以攤銷。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Borrowings (continued)

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit or loss as “finance costs, net”.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.19 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2 重大會計政策概要(續)

2.18 借貸(續)

當合約中規定的責任獲解除、取消或屆滿時，會將借貸從綜合資產負債表中移除。已消除或轉移至另一方的金融負債的賬面值與已付代價(包括所轉讓的非現金資產或所承擔的負債)之間的差額，乃於綜合損益表內確認為「財務成本淨額」。

除非本集團有無條件權利，將償付負債遞延至報告期後至少12個月，否則借貸會被分類為流動負債。

2.19 借貸成本

直接歸屬於購買，建造或生產合格資產的一般和特定借貸成本在完成和準備資產用於其預定用途或銷售所需的時間段內資本化。合格資產是必須花費相當長的一段時間才能為其預期用途或銷售做好準備的資產。

而將該借貸用於合資格資產前所作短期投資賺取之投資收入，乃自可用作資本化之借貸成本中扣除。

其他借貸成本於產生期間計入費用。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Current and deferred income tax

The income tax expense or credit for the period is the tax payable or recoverable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 重大會計政策概要(續)

2.20 當期及遞延所得稅

本期間的所得稅費用或減免是按當期應納稅所得額計算的應納稅所得額，是根據各個司法管轄區的適用所得稅率，按遞延稅項資產及負債因暫時性差異和未使用稅項虧損的變動調整。

(a) 當期所得稅

當期所得稅支出根據本公司及其附屬公司營運及產生應課稅收入的國家於結算日已頒佈或實質頒佈的稅務法例計算。管理層就適用稅務法例詮釋所規限的情況定期評估報稅表狀況，並在適用情況下根據預期須向稅務機關支付的稅款設定撥備。

(b) 遞延所得稅

遞延所得稅乃就資產與負債之稅基及資產與負債於綜合財務報表中賬面值兩者之暫時差額，以負債法悉數撥備。然而，倘遞延稅項負債乃產生自商譽之初始確認，則不會確認遞延稅項負債。倘遞延所得稅乃產生自於初步確認交易(業務合併除外)資產或負債而得之商譽，且當時之交易並無影響會計或應課稅溢利或虧損，則亦不會予以確認。遞延所得稅乃以於結算日已訂明或實質訂明之稅率(及法例)釐定，並預期於變現相關遞延所得稅資產或償還遞延所得稅負債時適用。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Current and deferred income tax (continued)

(b) *Deferred income tax (continued)*

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(c) *Offsetting*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 重大會計政策概要(續)

2.20 當期及遞延所得稅(續)

(b) *遞延所得稅(續)*

就公平值模式計量投資物業之遞延稅項負債，投資物業之賬面值乃假定為透過銷售全部收回。

遞延稅項資產僅在未來很可能有應課稅利潤用作抵銷該等暫時差額及虧損，方會予以確認。

倘本集團能夠控制撥回暫時差額之時間，且該等差額可能不會於可見將來撥回，則不會就海外業務之投資賬面值與稅基之間之暫時差額確認遞延稅項負債及資產。

(c) *抵銷*

倘有法定可執行權利將當期稅項資產與負債相互抵銷而遞延稅項結餘涉及同一稅務機構，則遞延稅項資產與負債可予相互抵銷。倘有關實體有法定可執行權利可抵銷及有意按淨值基準結算，或有意同時變現資產及結算負債，則當期稅項資產及負債可相互抵銷。

當期及遞延稅項於綜合損益表內確認，惟倘其與在其他全面收益中或直接於權益中確認之項目相關，則當期及遞延稅項亦分別於其他全面收益或直接於權益中確認。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(b) Post-employment obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Pension Scheme") set up pursuant to the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the Pension Scheme. The assets of the Pension Scheme are held separately from those of the Group in an independently administrated fund. The Group's employer contributions vest fully with the employees when contributed to the Pension Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to vesting fully in the contributions, in accordance with the rules of the Pension Scheme.

2 重大會計政策概要(續)

2.21 僱員福利

(a) 短期責任

工資和薪金的負債，包括非貨幣福利、年假和累積病假，預計將在僱員提供相關服務期間結束後的12個月內全部結清，並確認為僱員服務截至報告期末並按負債結算時預期支付的金額計量。負債於綜合財務狀況表呈列為現時僱員福利責任。

(b) 退休金責任

本集團為其所有香港僱員運作一個根據強制性公積金計劃條例設立之定額供款強制性公積金退休福利計劃(「退休計劃」)。退休計劃供款按僱員基本薪金之某個百分比計算，並於根據退休計劃規則應支付供款時在綜合損益表扣除。退休計劃之資產與本集團資產分開持有，並由獨立管理基金保管。本集團之僱主供款在向退休計劃作出供款時悉數歸屬僱員，惟本集團作出之僱主自願供款，會按照退休計劃之規則在僱員於有關供款全數歸屬前離職時退回本集團。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Employee benefits (continued)

(b) Post-employment obligations (continued)

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

In addition, pursuant to the government regulations in the People's Republic of China (the "PRC"), the Group is required to contribute an amount to certain retirement benefit schemes based on approximately 9% to 21% of the wages for the year of those employees in the PRC. The local municipal government undertakes to assume the retirement benefits obligations of those employees of the Group. Contributions to these retirement benefits schemes are charged to the consolidated statement of profit or loss as incurred.

(c) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2 重大會計政策概要(續)

2.21 僱員福利(續)

(b) 退休金責任(續)

本集團於支付供款後即無其他付款責任。供款於到期時確認為僱員福利支出，並扣減僱員於供款全數歸屬前離職而被沒收之供款。預付供款於退回現金或扣減未來供款時確認為資產。

此外，根據中華人民共和國（「中國」）政府之規例，本集團須按中國僱員該年度之工資約9%至21%就若干退休福利計劃作出供款，由當地市政府承擔該等本集團僱員之退休福利責任。就該等退休福利計劃作出之供款於產生時計入綜合損益表。

(c) 溢利分享及花紅計劃

本集團按照特定計算方法就花紅及溢利分享確認負債及開支，該計算方法於作出若干調整後已計入本公司股東應佔溢利。當出現合約責任或過往慣例引致推定責任時，本集團即確認撥備。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Share-based payments

The Group operates an equity-settled share-based compensation plan, under which the entity receives services from employees as consideration for share options of the Group. The fair value of the employee services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

2 重大會計政策概要(續)

2.22 以股份為基礎支付

本集團推行一項按股本結算、以股份為基礎支付酬金的計劃，據此，實體從其僱員獲得服務作為換取本集團權益工具(購股權)的代價。為換取授出購股權而獲得僱員服務的公平值乃確認為開支。列作開支的總金額，乃參照已授出的購股權的公平值釐定：

- 包括任何市場表現情況；
- 不包括任何服務及非市場表現歸屬條件(例如有關人士於一段特定期間內是否仍為該實體的僱員)的影響；及
- 包括任何非歸屬條件的影響。

總開支於歸屬期內確認，其為將全部特定歸屬條件將滿足的期間。

於各報告期間結算日，本集團會修訂其對根據非市場表現及服務條件預期將歸屬的購股權數目的估計。其於綜合損益表確認對原來估計作出修訂的影響(如有)，並在權益作出相應調整。

於購股權獲行使時，本公司發行新股份。已收所得款項於減去所有直接應佔交易成本後撥入股本(面值)及股份溢價。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2 重大會計政策概要(續)

2.23 撥備

當本集團因過往事件承擔現有法律或推定責任，而解除責任很有可能導致資源流出，且金額能夠可靠計算的情況下，便會確認撥備。

倘承擔若干類似責任，於釐定解除責任是否導致資源流出時，將以整類責任類別為考慮。即使同類責任當中任何一項導致資源流出可能性甚低，亦會確認撥備。

撥備按管理層於報告期末結算現時責任所需支出之最佳估計的現值計量，用於確定現值之貼現率是稅前利率，該利率反映當時市場對金錢時間值和有關責任固有風險的評估。隨著時間過去而增加的撥備確認為利息開支。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Revenue recognition

Revenue is recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of the good or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

If contracts involve the sale of multiple elements, the transaction price will be allocated to each performance obligation based on their relative standalone selling prices. If the standalone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

2 重大會計政策概要(續)

2.24 收入確認

當商品或服務的控制權轉移給客戶時確認收入。根據合同條款和適用於合同的法律，商品或服務的控制可以隨時間或在某個時間點進行轉移。

商品或服務的控制隨時間進行轉移如果集團的執行：

- 提供所有好處同時收到客戶的付費；
- 集團執行創建或增強客戶控制的資產；或
- 不會創建具本集團其他用途的資產及集團擁有可執行的支付權利，以履行迄今為止已完成的執行。

如果對貨物或服務的控制隨著時間的推移而轉移，收入在合同期內通過參考完全履行該履約責任的進度確認。否則，收入在客戶獲得對貨物或服務的控制的時間點被確認。

如果合同涉及多個要素的銷售，則交易價格將根據其相對獨立銷售價格分配給每個履約責任。如果獨立銷售價格不能直接觀察，則根據預期成本加上差額或後市場評估方法估算調整，具體取決於可觀察信息的可用性。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Revenue recognition (continued)

The Group manufactures and sells steel cords and processing and trading of copper and brass products. Revenue is recognised when the control of the products are transferred to the customers at a point in time, when products are delivered to the customers, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

2.25 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.26 Leases

The Group as lessee

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to consolidated statement of profit and loss on a straight-line basis over the period of the lease.

Prepaid lease payments is amortised over the lease term on a straight-line basis.

2 重大會計政策概要(續)

2.24 收入確認(續)

本集團製造及銷售鋼簾線，銅及黃銅材料銷售，加工及貿易。當產品的所有權轉移給客戶，產品交付給客戶，客戶對銷售產品渠道和價格有完全的處理權，並且本集團沒有未履行的義務而會影響客戶對產品的接受程度時即可確認收入。當產品已運至指定地點時，報廢和損失的風險已轉移給客戶及客戶已按照銷售合同接受產品，驗收規定已失效，或本集團有客觀證據表明所有驗收標準均已滿足。應收賬款在貨物交付時是無條件的確認，因為在付款到期之前只需要經過一段時間。

2.25 利息收入

利息收入以實際利率法按時間比例確認。

2.26 租約

本集團作為承租人

經營租約

凡擁有權所涉及絕大部分風險及回報由出租人保留之租約，均列作經營租約。根據經營租約所付租金在扣除來自出租人之任何優惠後，在租約年期內以直線法在綜合損益表支銷。

預付租約款在租約期內按直線法攤銷。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Leases (continued)

The Group as lessor

Operating lease

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. Amounts received from lessees under operating leases (net of any incentives granted to the lessee) are recognised in consolidated statement of profit or loss on a straight-line basis over the period of the lease.

2.27 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.28 Government grants

Grants from the government are recognised in “other income” in the consolidated statement of profit or loss at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

2 重大會計政策概要(續)

2.26 租約(續)

本集團作為出租人

經營租約

如果租約未將租約資產所附帶的絕大部分風險和報酬轉移給承租人，則該租約被歸類為經營租約。根據經營租約收取的承租人款項(扣除向承租人提供的任何獎勵補助)在租約期內按直線法於綜合損益表確認。

2.27 股息分派

對於宣布的任何經適當授權，不再由實體酌情決定並在報告期結束時或之前，但未在報告期末分發的股息金額作撥備。

2.28 政府補貼

倘有合理保證可收到政府補貼而本集團亦將會遵行所有附帶條件時，該政府補貼將會按公平值於綜合損益表「其他收入」確認。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 Research and development costs

Research costs are expensed as incurred.

Development costs that are directly attributable to the development activities (or development phase of an internal project) of the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2 重大會計政策概要(續)

2.29 研發費用

研發開支於產生時計入費用。

直接歸屬於本集團研發活動之研發成本(或內部項目研發階段)在符合下列條件時，確認為無形資產：

- 完成無形資產在技術上是可行的，以便可以使用；
- 管理層有意完成無形資產並使用或出售；
- 有能力使用或出售無形資產；
- 可以證明無形資產將如何產生可能的未來經濟利益；
- 提供足夠的技術，財務和其他資源來完成開發和使用或出售無形資產；及
- 可以可靠地計量無形資產在開發過程中應佔的支出。

其他研發開支於產生時計入費用。過往確認為費用之研發成本不會於往後期間確認為資產。

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3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group's foreign currency transactions are mainly denominated in RMB, HK\$ and United States dollar ("US\$"). The majority of assets and liabilities are denominated in RMB, HK\$ and US\$, and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate risk arising from commercial transactions and recognised assets and liabilities denominating in a currency other than RMB, HK\$ and US\$ which are the functional currencies of the major operating companies within the Group.

The management considers the foreign exchange risk with respect to US\$ is not significant as HK\$ is pegged to US\$ and transactions denominated in US\$ are mainly carried out by entities with the same functional currency. The exchange rate of RMB to HK\$ is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

3 財務風險管理

3.1 財務風險因素

本集團的活動使本集團承受多種財務風險：市場風險（包括貨幣風險、公平值利率風險、現金流利率風險及價格風險）、信貸風險及流動資金風險。本集團的整體風險管理計劃針對金融市場的不可預測性，力求將對本集團財務表現所造成的潛在不利影響降至最低。

(a) 市場風險

(i) 外匯風險

本集團的外幣交易主要以人民幣（「人民幣」）、港元及美元（「美元」）計值。本集團的大部分資產和負債主要以人民幣（「人民幣」）、港元及美元（「美元」）計值，並無重大資產及負債以其他貨幣計值。本集團面對並非以港元、人民幣或美元（本集團旗下主要營運公司的功能貨幣）計值的未來商業交易及已確認資產及負債所產生的外匯風險。

管理層認為，與美元有關的外匯風險並不重大，乃因港元與美元掛鈎，加上美元計值的交易主要由採用同種功能貨幣的實體進行。人民幣兌港元的匯率須遵守中國政府頒佈的外匯管制規則及規例。本集團透過密切監控外幣匯率的變動來管控其外幣風險。

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3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

For companies with HK\$ as their functional currency

As at 31 December 2018, if RMB had weakened/strengthened by 5% against HK\$ with all other variables held constant, post-tax profit for the year and equity of the Group would have been approximately HK\$30,000 (2017: HK\$32,000) lower/higher, respectively, mainly as a result of the foreign exchange difference on translation of RMB denominated bank balances and cash and the current account with group companies.

For companies with RMB as their functional currency

As at 31 December 2018, if HK\$ had weakened/strengthened by 5% against RMB with all other variables held constant, post-tax profit for the year and equity of the Group would have been approximately HK\$85,917,000 (2017: HK\$83,269,000) lower/higher, respectively, mainly as a result of the foreign exchange difference on translation of HK\$ denominated bank balances and cash, trade receivables, other receivables, trade payables, other payables and accruals and the current account with group companies.

3 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(i) 外匯風險(續)

以港元為其功能貨幣的公司

於二零一八年十二月三十一日，倘人民幣兌港元貶值／升值5%，而所有其他可變因素維持不變，本集團年內除稅後溢利及權益將減少／增加約港幣30,000元(二零一七：港幣32,000元)，主要由於換算以人民幣為單位的銀行結存及現金及集團公司往來賬目產生外匯差異所致。

以人民幣為其功能貨幣的公司

於二零一八年十二月三十一日，倘港元兌人民幣貶值／升值5%，而所有其他可變因素維持不變，本集團年內除稅後溢利及權益將減少／增加約港幣85,917,000元(二零一七年：港幣83,269,000元)，主要由於換算以港元為單位的銀行結存及現金，應收賬款，其他應收款，應付賬款，其他應付款及預提費用及集團公司往來賬目產生外匯差異所致。

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3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

For companies with RMB as their functional currency (continued)

As at 31 December 2018, if US\$ had weakened/strengthened by 5% against RMB with all other variables held constant, post-tax profit for the year and equity of the Group would have been approximately HK\$56,920,000 (2017: HK\$53,236,000) lower/higher, respectively, mainly as a result of the foreign exchange difference on translation of US\$ denominated bank balances and cash, trade receivables, other receivables, trade payables, other payables and accruals and the current account with group companies.

(ii) Price risk

The Group is exposed to commodity price risk in relation to its steel products which is largely dependent on the market price of the relevant commodity. The Group closely monitors the price of its products in order to determine its pricing strategies.

(iii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

3 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(i) 外匯風險(續)

以人民幣為其功能貨幣的公司(續)

於二零一八年十二月三十一日，倘美元兌人民幣貶值／升值5%，而所有其他可變因素維持不變，本集團年內除稅後溢利及權益將減少／增加約港幣56,920,000元(二零一七年：港幣53,236,000元)，主要由於換算以美元為單位的銀行結存及現金，應收賬款，其他應收款，應付賬款，其他應付款及預提費用及集團公司往來賬目產生外匯差異所致。

(ii) 價格風險

本集團面臨與其鋼鐵產品有關的商品價格風險，而這主要取決於相關商品的市場價格。本集團密切監察其產品價格，以釐定其定價策略。

(iii) 現金流及公平值利率風險

由於本集團並無重大計息資產，因此本集團的收入及經營現金流量基本上不受市場利率變動影響。

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3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk (continued)

The Group's interest rate risk primarily arises from bank borrowings. As at 31 December 2018, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's loss before tax for the year by approximately HK\$1,484,000 (2017: HK\$1,656,000). The 50 basis point increase/decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next end of the reporting period date.

(b) Credit risk

Credit risk arises from pledged deposit on loan from a related company, trade receivables, bills receivable, deposits and other receivables, pledged bank deposits and bank balances.

The carrying amounts of pledged deposit on loan from a related company (Note 27), trade receivables (Note 22), bills receivable (Note 22), deposits and other receivables (Note 23), pledged bank deposits (Note 25 (a)) and bank balances (Note 25 (b)) represent the Group's maximum exposure to credit risk in relation to financial assets.

3 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(iii) 現金流及公平值利率風 險(續)

本集團的利率風險主要來自銀行借貸。於二零一八年十二月三十一日，估計普遍增加／減少50個利率基點而所有其他變數維持不變，則本集團年內除稅後溢利將增加／減少約港幣1,484,000元(二零一七年：港幣1,656,000元)。50個基點的增加／減少代表管理層對截至報告期末下一個期間利率合理可能變動的評估。

(b) 信貸風險

信貸風險由來自一有關連公司貸款相關之已抵押按金、應收賬款、應收票據、按金及其他應收款、已抵押銀行存款及銀行結存中產生。

來自一有關連公司貸款相關之已抵押按金(附註27)、應收賬款(附註22)、應收票據(附註22)、按金及其他應收款(附註23)、已抵押銀行存款(附註25(a))及銀行結存及現金(附註25(b))之賬面淨值乃本集團所面對有關金融資產的最大信貸風險。

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3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Risk management

To manage this risk, deposits of the Group are mainly placed with state-owned financial institutions and reputable banks. The Group has policies in place to ensure that sales are made to reputable and creditworthy customers with an appropriate financial strength, credit history and an appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

In addition, the Group reviews regularly the authorisation of credit limits to individual customers and recoverable amount of each individual trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group has concentration of credit risk. Sales of goods to the customers geographically located in PRC constituted 79.1% (2017: 80.1%) of the Group's revenue for the year ended 31 December 2018. They accounted for approximately 83.3% (2017: 87.8%) of the gross trade receivable balances as at 31 December 2018. Collections of outstanding receivable balances are closely monitored on an ongoing basis to minimise such credit risk.

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

(i) 管控該風險

為管控該風險，本集團的存款主要存入國有金融機構及有良好信譽的銀行。本集團已制定政策以確保銷售予擁有相當財政實力、信用歷史及支付適當百分比首期付款的信譽良好客戶，亦制定其他監控程序以確保採取跟進措施收回逾期債務。

此外，本集團定期審核個人客戶的信用限額授權及每項個別應收賬款的可收回金額，以確保已就不可收回款項計提充分的減值虧損。

本集團有信貸集中風險。截至二零一八年十二月三十一日止年度銷售的貨物予中國客戶佔本集團營業額79.1%（二零一七年：80.1%）。於二零一八年十二月三十一日，其約佔應收賬款賬面總額的83.3%（二零一七年：87.8%）。本集團持續密切監控尚未償還應收結餘的收回情況，務求將信貸風險降至最低。

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3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets

Trade receivables and bills receivable for sales of goods of the Group and from the provision of services are subject to the expected credit loss model. While cash and cash equivalents and other financial assets at amortised cost are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade receivables and bills receivable

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and bills receivable. The Group measures the expected credit losses on a combination of both individual and collective basis.

Measurement of expected credit loss on individual basis

The receivables relating to customers with known financial difficulties or those not responding to collection activities are assessed individually for provision for impairment loss. As at 31 December 2018, the provision of impairment losses in respect of these individually assessed receivables was HK\$20,095,000 (2017: HK\$19,742,000).

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

(ii) 金融資產減值

本集團存貨銷售應收賬款及應收票據須遵守預期信貸虧損模式。而按攤銷成本計算的現金及現金等價物及其他金融資產亦須遵守香港財務報告準則第9號的減值要求，已確認的減值損失並不重大。

應收賬款及應收票據

本集團採用香港財務報告準則第9號簡化法計量預期信貸虧損，並就所有應收款項及應收票據使用終身預期虧損撥備。本集團以個人及集體基準衡量預期信貸虧損。

個人預期信貸虧損的計量

對已知財務困難或未對回收作出回應的客戶，有關的應收款項將單獨評估減值撥備。於二零一八年十二月三十一日，有關該等個別評估應收款項的減值損失撥備結餘為港幣20,095,000元(二零一七年：港幣19,742,000元)。

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3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Measurement of expected credit loss on individual basis (continued)

The following table presents the gross carrying amount and the lifetime expected credit loss in respect of individually assessed trade receivables as at 31 December 2017 and 2018:

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Gross carrying amount	賬面總值	20,095	19,742
Lifetime expected credit loss	全期預計信貸虧損	(20,095)	(19,742)
Net carrying amount	賬面淨值	-	-

Measurement of expected credit loss on collective basis

Expected credit losses are then estimated by grouping the receivables based on shared credit risk characteristics and ageing profile and collectively assessed for likelihood of recovery.

The expected credit loss rates are determined based on historical credit losses experienced over the past 3 years and adjusted to reflect current and forward-looking information including macroeconomic factors affecting the ability of the customers to settle the receivables.

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

(ii) 金融資產減值(續)

個人預期信貸虧損的計量(續)

下表呈列於二零一七年及二零一八年十二月三十一日個別評估應收款項的賬面總值及全期預計虧損：

集體基礎上預期信貸虧損的計量

根據共享信用風險特徵和賬齡記錄對應收賬款進行分組，統一評估收回的可能性，然後估計預期信貸虧損。

預期信貸虧損率乃根據過去3年的歷史信貸虧損經驗釐定，並經調整以反映當前及前瞻性資料，包括影響客戶清償應收款項能力的宏觀經濟因素。

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3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Measurement of expected credit loss on collective basis (continued)

As at 31 December 2018, the provision of impairment losses in respect of these collectively assessed receivables was HK\$29,000 based on weighted average expected credit loss rates up to 0.10% applied on different groupings (1 January 2018: up to 0.02%), which does not have a material impact to the consolidated financial statements of the Group.

Impairment losses on receivables are presented as “net impairment losses on financial assets” in the consolidated statement of profit or loss. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against the same line item.

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

(ii) 金融資產減值(續)

集體基礎上預期信貸虧損的計量(續)

於二零一八年十二月三十一日，有關該等集體評估應收款項的減值損失撥備為港幣29,000元，基於加權平均預期信貸虧損率高達0.10%適用於不同分組(於二零一八年一月一日：高達0.02%)，對本集團的綜合財務報表並無重大影響。

應收款項減值損失於綜合損益表呈列為「金融資產減值損失淨額」。當應收款項無法收回時，將從應收款項的備抵賬戶中沖銷。之前已註銷的金額的後續回收將記入同一行項目。

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3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Measurement of expected credit loss on collective basis (continued)

The following table presents the gross carrying amount and the provision for impairment loss in respect of collectively assessed trade receivables as at 31 December 2018:

		As at 31 December 2018 於二零一八年十二月三十一日			
		Lifetime expected credit loss rate 全期 預計信貸 虧損率 HK\$'000 港幣千元	Gross carrying amount 賬面總值 HK\$'000 港幣千元	Lifetime expected credit loss 全期 預計信貸 虧損 HK\$'000 港幣千元	Net carrying amount 賬面淨值 HK\$'000 港幣千元
Ageing category	賬齡組別				
Up to 90 days (Note)	上至90日(附註)	0%	509,968	-	509,968
91 to 180 days	91至180日	0.01%	161,457	(9)	161,448
Over 180 days	多於180日	0.10%	19,535	(20)	19,515
Net carrying amount	賬面淨值		690,960	(29)	690,931

Note: Expected credit loss is close to zero as trade receivables within this ageing category have no recent history of default.

附註：因為在這一賬齡組別的應收款項沒有最近的違約歷史，預計信貸虧損接近於零。

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

(ii) 金融資產減值(續)

集體基礎上預期信貸虧損的計量(續)

下表呈列於二零一八年十二月三十一日集體評估應收款項的賬面總值與減值損失撥備：

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3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Pledged deposits on loan from a related company, deposits and other receivables, pledged bank deposits and bank balances

There is no provision for impairment losses for pledged deposit on loan from a related company, deposits and other receivables, pledged bank deposits and bank balances as at 31 December 2018 (2017: same).

(c) Liquidity risk

With prudent liquidity risk management, the Group aims to maintain sufficient cash and cash equivalents and ensure the availability of funding through an adequate amount of available financing, including long-term and short-term bank borrowings. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and flexibility in funding through having available sources of financing.

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

(ii) 金融資產減值(續)

來自一有關聯公司貸款相關之已抵押按金按金及其他應收款，已抵押銀行存款及銀行結存

截至二零一八年十二月三十一日，來自一有關聯公司貸款相關之已抵押按金、按金及其他應收款，已抵押銀行存款及銀行結存並無減值損失撥備(二零一七年：相同)。

(c) 流動資金風險

透過審慎的流動資金風險管理，本集團致力維持充足的現金及現金等價值，或透過充足融資金額(包括短期銀行借貸)取得資金。由於相關業務的多變性質，本集團的融資部門透過維持充足的現金及現金等價值；及透過可動用融資來源維持資金的靈活性。

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3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

Surplus cash held by the operating entities over and above the balance required for working capital management are transferred to interest-bearing bank deposits with appropriate maturities to manage its overall liquidity position. As at 31 December 2018, the Group maintained cash and cash equivalents of approximately HK\$66,682,000 (2017: HK\$210,559,000) that are expected to be readily available and sufficient to meet the cash outflows of its financial liabilities, hence, management considers that Group's exposure to liquidity risk is not significant.

As at 31 December 2018, the Group's total available banking facilities, amounted to approximately HK\$892,539,000 (2017: HK\$904,766,000), of which approximately HK\$865,437,000 (2017: HK\$890,332,000) has been utilised.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of the reporting period date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying values as the impact of discounting is not significant.

3 財務風險管理(續)

3.1 財務風險因素(續)

(c) 流動資金風險(續)

經營實體所持有的現金超過營運資金管理所需的餘額時，會被撥入具有適當期限的計息銀行存款以控制整體流動資金狀況。於二零一八年十二月三十一日，本集團持有現金及現金等價值約港幣66,682,000元(二零一七年：港幣210,559,000元)，預期隨時可動用並足夠滿足金融負債的現金流出。因此，管理層認為，本集團所承受的流動資金風險並不重大。

於二零一八年十二月三十一日，本集團之可用銀行融資總額約為港幣892,539,000元(二零一七年：港幣904,766,000元)，其中已動用約港幣865,437,000元(二零一七年：港幣890,332,000元)。

下表根據結算日餘下期間至合約到期日的分析，將本集團的非衍生金融負債分為有關到期日組別。下表所披露的金額為合約未貼現現金流量。由於折現的影響不大，故於十二個月內到期的結餘相等於其賬面值。

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3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued) (c) Liquidity risk (continued)

		Weighted average effective interest rate	On demand	Less than 3 months	4 - 6 months	7 - 12 months	Over 1 year	Total
								undiscounted cash flows
		加權平均數	應要求償還	少於三個月	四至六個月	七至十二個月	超過一年	總計未貼現 現金流量
		實際利率	應要求償還	少於三個月	四至六個月	七至十二個月	超過一年	現金流量
		%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		百分比	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
		(Note)						
		(附註)						
As at 31 December 2018	於二零一八年十二月三十一日							
Trade, bills and other payables	應付賬款、應付票據其他應付賬款	-	-	813,750	96,861	-	-	910,611
Loans from related companies	來自有關連公司之貸款	4.57	-	32,990	7,234	195,334	-	235,558
Bank borrowings	銀行貸款							
- fixed rate	- 固定利率	5.46	-	209,009	276,439	100,865	-	586,313
- variable rate	- 變動利率	5.23	-	14,256	-	14,641	284,425	313,322
				-	1,070,005	380,534	310,840	284,425
								2,045,804
As at 31 December 2017	於二零一七年十二月三十一日							
Trade, bills and other payables	應付賬款、應付票據其他應付賬款	-	-	902,961	30,220	-	-	933,181
Loans from related companies	來自有關連公司之貸款	5.85	-	7,146	213,548	15,065	24,764	260,523
Bank borrowings	銀行貸款							
- fixed rate	- 固定利率	5.11	-	159,643	145,380	176,033	-	481,056
- variable rate	- 變動利率	4.21	-	-	24,429	12,466	320,166	357,061
				-	1,069,750	413,577	203,564	344,930
								2,031,821

Note: The weighted average effective interest rates are based on the rates of the borrowings at the end of the reporting period.

附註：加權平均實際利率乃根據報告期末的借款利率計算。

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3 FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital management

The Group regards its shareholders' equity as capital. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as total interest bearing borrowings of the Group (including loans from related companies and bank borrowings) less bank balances and cash (including pledged bank deposits) divided by total equity, as shown in the consolidated statement of financial position.

3 財務風險管理(續)

3.2 資本管理

本集團將其股東權益視為資本。本集團管理資本的目的為保障本集團繼續以持續經營方式為股東提供回報以及為其他利益相關者帶來利益，並且維持最佳資本結構以減少資金成本。

為維持或調整資本結構，本集團可調整向股東支付股息的金額、將資本退還予股東、發行新股份或出售資產以減少債項。

本集團以資本負債比率作為監控資本之基準。該比率按本集團之借貸總額(包括來自有關連公司之貸款及銀行貸款)減銀行結存及現金(包括已抵押銀行存款)除以權益總額計算，如綜合財務狀況表所示。

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3 FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital management (continued)

As at 31 December 2017 and 2018, the gearing ratio was as follows:

3 財務風險管理(續)

3.2 資本管理(續)

於二零一七年及二零一八年十二月三十一日，資本負債比率：

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Loans from related companies (Note 27)	來自有關連公司之貸款 (附註27)	226,358	250,924
Bank borrowings (Note 28)	銀行貸款(附註28)	874,451	798,086
Less: Pledged bank deposits (Note 25 (a))	減：已抵押銀行存款 (附註25(a))	(78,630)	(59,780)
Bank balances and cash (Note 25 (b))	銀行結存及現金 (附註25(b))	(66,682)	(210,559)
Net interest bearing borrowings	借貸淨額	955,497	778,671
Total equity	權益總額	1,339,150	1,391,528
Gearing ratio	資本負債比率	71.4%	56.0%

3.3 Fair value estimation

The carrying amounts of the Group's financial assets including pledged deposit on loan from a related company, trade receivables, bills receivable, deposits and other receivables, pledged bank deposits and bank balances and cash; and financial liabilities including trade and bills payables, other payables and accruals, loans from related companies and bank borrowings approximate their fair values due to their short maturities.

3.3 公平值估計

本集團金融資產的賬面值，包括來自一有關聯公司貸款相關之已抵押按金、應收賬款、應收票據、按金及其他應收款、已抵押銀行存款及銀行結存及現金；及金融負債，包括應付賬款及應付票據、其他應付款及預提費用、來自有關連公司之貸款及銀行貸款，由於其到期日短，估計其公平值相若。

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4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements used in preparing the consolidated financial statements are evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Income taxes and deferred taxation

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the current tax and deferred tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

4 重大會計判斷和估計不確定因素之主要來源

用於編製綜合財務報表之估計及判斷，乃基於過往經驗及其他因素，包括預期日後在有關情況下相信合理出現之事件而作出。

本集團作出有關未來之估計及假設。顧名思義，所作會計估計甚少與有關之實際結果相同。下文討論之估計及假設可能會對下一個財政年度資產與負債之賬面值造成重大影響。

(a) 所得稅及遞延稅項

對所得稅釐定撥備時，需要作出重要的判斷。許多交易及計算的最終釐定無法確定。當最終的稅款結果與最初記賬金額不同時，有關差額將影響釐定期間的當期稅項和遞延稅項資產及負債。

當管理層認為將來很有可能應課稅溢利以抵銷暫時性差額或可使用稅務虧損時，有關若干暫時性差額及稅務虧損的遞延稅項資產予以確認。實際使用的結果可能不同。

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4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(b) Impairment assessments of property, plant and equipment and prepaid lease payments

Property, plant and equipment and prepaid lease payments are reviewed for impairment whenever events or change in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amounts have been determined based on the higher of value-in-use calculations or fair value less costs to sell calculations.

The calculations require the use of judgements and estimates. Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying amount of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the rate of annual increment for the steel cord price or the discount rates assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations.

4 重大會計判斷和估計不確定因素之主要來源(續)

(b) 物業、廠房及設備及預付租賃款項減值評估

當任何事件或情況變化顯示賬面值可能無法收回時，物業、廠房及設備及預付租賃款項會進行減值檢討。可收回金額乃根據使用價值計算或公平值減銷售成本之較高者釐定。

計算需要使用判斷和估計。資產減值部分需要管理層的判斷進行，特別是在評估時：(i)是否發生了可能表明相關資產價值無法收回的事件；(ii)資產的賬面值是否可以由可收回金額支持，即公平值減去出售成本與未來現金流量淨現值之間的較高者，而該等現金流量乃根據業務持續使用該資產而估計；及(iii)在編制現金流量預測時應採用的適當關鍵假設，包括這些現金流量預測是否以適當的利率貼現。管理層在評估減值時更改所選擇的假設，包括現金流量預測中的鋼索線價格年增長率或貼現率的假設，可能會影響減值測試中使用的淨現值，從而影響本集團的財務狀況和營運業績。

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4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(c) Impairment of receivables

The Group makes provision for impairment loss on trade receivables based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the expected credit losses allowance calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

(d) Provision for inventories

Inventories are carried at the lower of cost and net realisable value. The cost of inventories is written down to net realisable value when there is an objective evidence that the cost of inventories may not be recoverable. The cost of inventories may not be recoverable if those inventories are aged and damaged, if they have become wholly or partially obsolete, or if their selling prices have declined. The cost of inventories may also not be recoverable if the estimated costs to be incurred to make the sales have increased.

The amount written off in the consolidated income statement is the difference between the carrying value and net realisable value of the inventories. In determining whether the inventories can be recoverable, significant judgement is required. In making this judgement, the Group evaluates, among other factors, the duration and extent by all means to which the amount will be recovered. During the year, certain inventories written down in prior years have been subsequently sold at prices higher than their then net realisable value. Provision regarding these inventories have been reversed.

4 重大會計判斷和估計不確定因素之主要來源(續)

(c) 應收款項減值

本集團根據對違約風險和預期損失率的假設，對應收賬款計提減值損失撥備。本集團根據本集團過往歷史，現有市況及每個報告期末的前瞻性估計，使用判斷作出該等假設及選擇預期信貸虧損撥備計算的輸入數據。

(d) 存貨撥備

存貨乃按成本及可變現淨值兩者之間較低者入賬。倘有客觀證據顯示存貨成本或不能收回，則將存貨成本撇減至可變現淨值。倘存貨損壞、全部或部份陳舊或售價下跌，則可能不能收回存貨成本。倘進行銷售將予產生的估計成本增加，亦可能導致不能收回存貨成本。

於綜合損益表撇銷的金額為存貨的賬面值與可變現淨值之間的差額。於釐定可收回的存貨成本時須作出重大判斷。於作出有關判斷時，本集團會評估(其中包括)以任何方式收回金額的時間及情況。年內，過往年度撇減的若干存貨以高於它們的可變現淨值出售，該存貨撥備因此被撥回。

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4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(e) Fair value of investment properties and property, plant and equipment measured at revalued amount

The fair value of investment properties and property, plant and equipment measured at revalued amount is determined by using various valuation techniques. Details of the judgement and assumptions have been disclosed in Notes 16 and 17.

5 REVENUE

The Group is principally engaged in the manufacturing of steel cords and processing and trading of copper and brass products. Revenue recognised during the year are as follows:

4 關鍵會計判斷和估計不確定性的關鍵來源(續)

(e) 投資物業及物業、廠房及設備的公平值按重估金額計量

按重估金額計量的投資物業及物業、廠房及設備的公平值乃使用多種估值技術釐定。有關判斷及假設的詳情已於附註16及17披露。

5 收入

本集團主要從事鋼簾線製造及銅及黃銅材料的加工及貿易。本年度確認的收入如下：

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Sales of goods:	貨品銷售：		
Manufacturing of steel cords	製造鋼簾線	2,121,189	1,805,523
Processing and trading of copper and brass products	銅及黃銅材料加工及貿易	131,177	305,405
		2,252,366	2,110,928
Rental income	租金收入	1,804	2,330
		2,254,170	2,113,258

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6 SEGMENT INFORMATION

Information reported to the Company's managing director, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered.

Specifically, the Group's operating and reportable segments under HKFRS 8 Operating Segments are as follows:

- (i) The steel cord segment comprising the manufacturing of steel cords; and
- (ii) The copper and brass products segment comprising the processing and trading of copper and brass products.

Segment results represent the profit or loss of each segment without allocation of changes in fair value of investment properties, certain foreign exchange gains or losses, central administration costs, the emoluments of directors of the Company, interest income on bank deposits, finance costs and rental and other income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

6 分部資料

就資源分配及分部表現評估而向本公司之董事總經理，主要營運決策者（「主要營運決策者」）呈報的資料，集中於交付產品的種類。

根據香港財務報告準則第8號「經營分部」，本集團之經營及應呈報分部具體如下：

- (i) 鋼簾線分部乃指製造鋼簾線；及
- (ii) 銅及黃銅材料分部乃指銅及黃銅材料加工及貿易。

分部業績指各分部之損益，並不包括分配投資物業之公平值變動、若干外幣匯兌收益或虧損、中央行政成本、本公司董事酬金、銀行存款之利息收入、財務成本、租金及其他收入。此乃呈報予主要營運決策者作為資源分配和表現評估之計量。

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6 SEGMENT INFORMATION (continued)

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For the year ended 31 December 2018

6 分部資料(續)

(a) 分部營業額及業績

以下為本集團按經營及應呈報分部之營業額及業績之分析：

截至二零一八年十二月三十一日止年度

		Steel cord 鋼簾線 HK\$'000 港幣千元	Copper and brass products 銅及黃銅材料 HK\$'000 港幣千元	Total 合計 HK\$'000 港幣千元
Sales of goods	貨品銷售			
Total segment revenue	分部營業額總額	2,121,189	132,045	2,253,234
Inter-segment revenue	分部間營業額	-	(868)	(868)
Segment revenue from external customers	分部營業額來自外部客戶	2,121,189	131,177	2,252,366
Segment results	分部業績	93,264	(3,860)	89,404
Unallocated amounts	未分配金額			
Rental income	租金收入			1,804
Other losses, net	其他虧損淨額			(3,407)
Changes in fair value of investment properties	投資物業公平值之變動			4,017
Expenses	費用			(24,305)
Finance costs, net	財務成本淨額			(78,630)
Loss before income tax	除稅前虧損			(11,117)

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6 SEGMENT INFORMATION (continued)

(a) Segment revenues and results (continued)

6 分部資料(續)

(a) 分部營業額及業績(續)

For the year ended 31 December 2017

截至二零一七年十二月三十一日止
年度

		Steel cord 鋼簾線 HK\$'000 港幣千元	Copper and brass products 銅及黃銅材料 HK\$'000 港幣千元	Total 合計 HK\$'000 港幣千元
<u>Sales of goods</u>	<u>貨品銷售</u>			
Segment revenue from external customers	分部營業額來自 外部客戶	1,805,523	305,405	2,110,928
Segment results	分部業績	(47,106)	2,127	(44,979)
Unallocated amounts	未分配金額			
Rental income	租金收入			2,330
Other income, net	其他收入淨額			373
Changes in fair value of investment properties	投資物業公平值之 變動			23,820
Expenses	費用			(46,346)
Finance costs, net	財務成本淨額			(10,411)
Loss before income tax	除稅前虧損			(75,213)

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6 SEGMENT INFORMATION (continued)

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

Segment assets

6 分部資料(續)

(b) 分部資產及負債

以下為本集團按經營及應呈報分部之資產及負債之分析：

分部資產

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Steel cord	鋼簾線	3,177,793	3,012,828
Copper and brass products	銅及黃銅材料	7,795	69,421
Total segment assets	分部資產總額	3,185,588	3,082,249
Bank balances and cash	銀行結存及現金	66,682	210,559
Pledged deposit on loan from a related company	來自一有關連公司貸款相關 之已抵押按金	7,989	8,374
Pledged bank deposits	已抵押銀行存款	78,630	59,780
Unallocated assets	未分配資產	75,578	83,114
Total assets	資產總額	3,414,467	3,444,076

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6 SEGMENT INFORMATION (continued)

(b) Segment assets and liabilities (continued)

Segment liabilities

6 分部資料(續)

(b) 分部資產及負債(續)

分部負債

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Steel cord	鋼簾線	952,814	950,176
Copper and brass products	銅及黃銅材料	517	9,744
Total segment liabilities	分部負債總額	953,331	959,920
Loans from related companies	來自有關連公司之貸款	226,358	250,924
Bank borrowings	銀行貸款	874,451	798,086
Unallocated liabilities	未分配負債	21,177	43,618
Total liabilities	負債總額	2,075,317	2,052,548

For the purpose of monitoring segment performances and allocating resources between segments:

就監管分部表現及調配各分部資源之用途而言：

- all assets are allocated to operating segments other than certain property, plant and equipment, investment properties, club memberships, certain prepayments, deposits and other receivables, tax recoverable, pledged deposit on loan from a related company, pledged bank deposits and bank balances and cash.
- all liabilities are allocated to operating segments other than current income tax liabilities, bank borrowings, loans from related companies, deferred income tax liabilities and other unallocated payables and accruals.
- 除若干物業、廠房及設備、投資物業、會籍、若干預付款、按金及其他應收款、可退回稅項、來自一有關連公司貸款相關之已抵押按金、已抵押銀行存款及銀行結存及現金外，所有資產已被分配到經營分部。
- 除當期所得稅負債、銀行貸款、來自有關連公司之貸款、遞延所得稅負債及其他未被分配的應付款及預提費用外，所有負債已被分配到經營分部。

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6 SEGMENT INFORMATION (continued)

(c) Other segment information

For the year ended 31 December 2018

6 分部資料(續)

(c) 其他分部資料

截至二零一八年十二月三十一日止年度

		Steel cord 鋼簾線 HK\$'000 港幣千元	Copper and brass products 銅及黃銅材料 HK\$'000 港幣千元	Total 合計 HK\$'000 港幣千元
Amounts included in the measure of segment assets or segment profit or loss:	包括於計量分部資產或分部損益之金額：			
Capital expenditures	資本開支	53,059	146	53,205
Depreciation	折舊	129,416	140	129,556
Net impairment losses on financial assets	金融資產減值損失淨額	1,652	(287)	1,365
Provision for inventories, net	存貨撥備淨額	(740)	-	(740)
Loss on disposal of property, plant and equipment, net	出售物業、廠房及設備之虧損淨額	1,796	569	2,365
Amount regularly provided to CODM but not included in the measure of segment profit or loss or segment assets and liabilities:	定期提供予主要營運決策者但不包括於計量分部損益或分部資產及負債之金額：			
Income tax (credit)/expense	所得稅(抵免)/支出	(3,124)	40	(3,084)

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6 SEGMENT INFORMATION (continued)

(c) Other segment information (continued)

For the year ended 31 December 2017

6 分部資料(續)

(c) 其他分部資料(續)

截至二零一七年十二月三十一日止年度

		Steel cord 鋼索線	Copper and brass products 銅及黃銅材料	Total 合計
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Amounts included in the measure of segment assets or segment profit or loss:	包括於計量分部資產或分部損益之金額：			
Capital expenditures	資本開支	109,003	–	109,003
Depreciation	折舊	117,772	609	118,381
Net impairment losses on financial assets	金融資產減值損失淨額	(728)	–	(728)
Provision for inventories, net	存貨撥備淨額	1,851	–	1,851
Losses on disposal of property, plant and equipment, net	出售物業、廠房及設備之虧損淨額	77	33	110
Amount regularly provided to CODM but not included in the measure of segment profit or loss or segment assets and liabilities:	定期提供予主要營運決策者但不包括於計量分部損益或分部資產及負債之金額：			
Income tax (credit)/expense	所得稅(抵免)/支出	(9,088)	406	(8,682)

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6 SEGMENT INFORMATION (continued)

(d) Geographical information

The Group's operations, non-current assets and substantially all of the customers are located in the PRC (including Hong Kong) which is the country of domicile of the relevant entities of the Group. Accordingly, no further analysis of revenue from external customers and non-current assets by geographical location is presented.

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Customer A (Note)	客戶A(附註)	370,743	304,372
Customer B (Note)	客戶B(附註)	265,503	204,113

Note: Revenue from steel cord segment.

附註：來自鋼索線分部之營業額。

6 分部資料(續)

(d) 地區資料

本集團之營運、非流動資產及絕大部份客戶均位於本集團相關實體的所在國家，中國(包括香港)。因此，並無呈列來自外界客戶之營業額及非流動資產以地區分類的進一步分析。

來自佔本集團總營業額逾10%之客戶的營業額如下：

7 OTHER INCOME

Government grants (Note)	政府補貼(附註)	1,097	411
Sales of scrap materials	銷售廢舊物料	2,659	3,007
		3,756	3,418

Note: The government grants represented immediate financial subsidies granted by the local governments in the PRC.

7 其他收入

Year ended 31 December
截至十二月三十一日止年度

		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Government grants (Note)	政府補貼(附註)	1,097	411
Sales of scrap materials	銷售廢舊物料	2,659	3,007
		3,756	3,418

附註：政府補貼指來自中國地方政府的直接財政資助。

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8 OTHER (LOSSES)/GAINS, NET

8 其他(虧損)/收益淨額

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Net fair value losses on derivatives held for trading	持作買賣之衍生工具之 公平值虧損淨額	(1,956)	(1,467)
Losses on disposals of property, plant and equipment, net (Note 33(a))	出售物業、廠房及設備之 虧損淨額(附註33(a))	(2,723)	(110)
(Loss)/gain on disposal of club memberships (Note 33(a))	出售會籍之(虧損)/收益 (附註33(a))	(225)	395
Others	其他	347	2,126
		(4,557)	944

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9 EXPENSES BY NATURE

Expenses included in cost of sales, distribution and selling expenses, administrative expenses and research and development are analysed as follows:

9 按性質劃分的費用

於銷售成本、分銷及銷售費用、行政費用及研發費用之費用分析如下：

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Cost of inventories sold (including net provision for inventories recognised) (Note 21)	銷售成本(包括已確認存貨撥備淨額) (附註21)	1,971,365	1,898,939
Employee benefit expense (including directors' emoluments) (Note 10)	僱員福利開支(包括董事酬金) (附註10)	225,568	194,610
Depreciation of property, plant and equipment (Note 17)	物業、廠房及設備之折舊 (附註17)	130,343	118,903
Auditor's remuneration	審計師的酬金		
– Audit services	– 審計服務	1,495	1,495
– Non-audit services	– 非審計服務	428	428
Amortisation of prepaid lease payments (Note 19)	預付租賃款項之攤銷 (附註19)	4,681	7,919
Provision for inventories, net (Note 21)	存貨撥備淨額(附註21)	(740)	(1,708)
Operating lease rentals in respect of buildings	建築物之經營租賃租金	5,269	7,776

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10 EMPLOYEE BENEFIT EXPENSE

10 僱員福利開支

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Wages, salaries, allowances and other benefits	薪金、工資、津貼及其他福利	202,465	170,383
Pension costs – defined contributed plans	退休福利計劃之供款	312	576
Pension costs – social securities in the PRC	退休福利計劃之位於中國的社會保障金	22,791	23,651
		225,568	194,610

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2018 included three (2017: three) directors whose emoluments are reflected in the analysis shown in Note 37. The emoluments payable to the remaining two (2017: two) individuals during the year are as follows:

最高五位薪酬之僱員

截至二零一八年十二月三十一日止年度，本集團薪酬最高的五名個人包括三名(二零一七年：三名)董事，其酬金已反映於附註37所示的分析中。年內應付餘下兩名(二零一七年：兩名)僱員的薪酬如下：

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Salaries, allowances and other benefits	薪金、津貼及其他福利	2,619	3,124
Discretionary bonuses	表現相關的花紅	291	9
Pension costs – defined contribution plans	退休福利計劃之供款	126	36
		3,036	3,169

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10 EMPLOYEE BENEFIT EXPENSE (continued)

Five highest paid individuals (continued)

The emoluments fell within the following bands:

		Number of individuals 僱員人數	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Emolument bands	酬金範圍		
HK\$1,000,001 to HK\$1,500,000	港幣1,000,001元至 港幣1,500,000元	1	–
HK\$1,500,001 to HK\$2,000,000	港幣1,500,001元至 港幣2,000,000元	1	2
		2	2

Three (2017: three) executive directors of the Company, constitute senior management of the Company, their emoluments were within the following bands:

三名(二零一七年：三名)本公司執行董事，構成本公司高級管理人員，其酬金屬於以下範圍：

		Number of individuals 僱員人數	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Emolument bands	酬金範圍		
HK\$1,500,001 to HK\$2,000,000	港幣1,500,001元至 港幣2,000,000元	2	–
HK\$2,000,001 to HK\$2,500,000	港幣2,000,001元至 港幣2,500,000元	1	1
HK\$2,500,001 to HK\$3,000,000	港幣2,500,001元至 港幣3,000,000元	–	1
HK\$3,000,001 to HK\$3,500,000	港幣3,000,001元至 港幣3,500,000元	–	1
		3	3

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10 EMPLOYEE BENEFIT EXPENSE (continued)

Five highest paid individuals (continued)

For the years ended 31 December 2017 and 2018, no emoluments were paid by the Group to any of the directors or other members of the five highest paid individuals as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office.

10 僱員福利開支(續)

最高五位薪酬之僱員(續)

截至二零一七年及二零一八年十二月三十一日止年度，本集團概無向任何最高五位薪酬之僱員的董事或其他成員支付酬金，以作為吸引彼等加入或於加入本集團時之獎金或作為離職補償。

11 FINANCE COSTS, NET

11 財務成本淨額

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Finance income	財務收入		
Interest income on bank deposits	銀行存款利息收入	1,297	399
Foreign exchange gains on borrowings	貸款之外幣匯兌收益	-	41,677
Total finance income	財務收入總額	1,297	42,076
Finance costs	財務成本		
Interest expenses on bank borrowings	銀行貸款之利息支出	(42,113)	(42,956)
Interest expenses on loans from related companies	來自有關連公司貸款之利息支出	(12,790)	(5,169)
Amortisation of loan transaction costs	貸款交易成本之攤銷	(2,422)	(4,653)
Foreign exchange losses on borrowings	貸款之外幣匯兌虧損	(24,541)	-
Amount capitalised	資本化金額	(81,866)	(52,778)
		1,939	291
Total finance costs	財務成本總額	(79,927)	(52,487)
Finance costs, net	財務成本淨額	(78,630)	(10,411)

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12 INCOME TAX CREDIT

12 所得稅抵免

		Year ended 31 December 截至十二月三十一日止年度	
		2018 HK\$'000 港幣千元	2017 HK\$'000 港幣千元
Current income tax:	當期所得稅：		
– China corporate income tax	– 中國企業所得稅	886	622
Overprovision in prior years	以前年度超額撥備	(1,254)	(7,047)
Total current income tax	當期所得稅總額	(368)	(6,425)
Deferred income tax (Note 29)	遞延所得稅(附註29)	(2,068)	(270)
Income tax credit	所得稅抵免	(2,436)	(6,695)

No provision for Hong Kong profits tax for the years ended 31 December 2017 and 2018 as there is no assessable profit subject to Hong Kong profits tax for both years.

於截至二零一七年及二零一八年十二月三十一日止年度，本集團並無任何須繳付香港利得稅的應課稅溢利，因此於兩個年度均無香港利得稅之撥備。

Pursuant to the Corporate Income Tax Law of the PRC effective from 1 January 2008 (the “CIT Law”), companies in the PRC are subject to income tax of 25% unless preferential rate is applicable.

根據自二零零八年一月一日生效之中國企業所得稅法(「企業所得稅法」)，除非優惠稅率適用，否則於中國的公司須繳納25%的所得稅。

If a subsidiary is subject to CIT and qualified as High and New Technology Enterprise (“HNTE”), the applicable CIT tax rate is 15%.

如附屬公司根據企業所得稅法及有國家鼓勵的高新技術企業(「高新技術企業」)之資格，適用的企業所得稅稅率為15%。

Jiaxing Eastern Steel Cord Co., Ltd (“JESC”) was renewed as HNTE in 2017 under the new PRC CIT Law. As such, the applicable CIT tax rate for JESC was 15% for the years ended 31 December 2018 (2017: same).

嘉興東方鋼簾線有限公司(「嘉興東方」)根據新的中國企業所得稅法，於二零一七年續簽高新技術企業。因此，於截至二零一八年十二月三十一日止年度嘉興東方的企業所得稅稅率為15%(二零一七年：相同)。

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12 INCOME TAX CREDIT (continued)

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities in the respective jurisdictions as follows:

12 所得稅抵免(續)

本集團除所得稅前溢利的稅項與採用適用於各個司法權區的合併實體溢利的加權平均稅率計算的理論金額的差額如下：

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Loss before income tax	除稅前虧損	(11,117)	(75,213)
Tax calculated at domestic tax rates applicable to losses in the respective countries (Note (i))	按國內稅率計算的適用於各國損失的稅額(附註(i))	(545)	(16,455)
Expenses not deductible for taxation purposes	不可抵扣稅項之費用	16,667	34,616
Income not subject to taxation	不計入稅項之收入	(8,869)	(17,935)
Tax losses for which no deferred income tax was recognised	未確認遞延所得稅的稅務虧損	8,291	9,797
Utilisation of previously unrecognised tax losses	使用以往未確認的稅務虧損	(10,117)	(5,766)
Tax incentives for research and development expenses available for a subsidiary incorporated in the PRC (Note (ii))	在中國成立附屬公司的研發開支稅務優惠(附註(ii))	(4,330)	(3,155)
Withholding tax on interest income (Note (iii))	利息收入之預提稅項(附註(iii))	(2,279)	(750)
Overprovision in prior years	上一年度的超額準備金	(1,254)	(7,047)
		(2,436)	(6,695)

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12 INCOME TAX CREDIT (continued)

Notes:

- i. The weighted average applicable tax rate was 4.9% for the year ended 31 December 2018 (2017: 21.9%). The change is carried by a change in the profitability mix of the Group's subsidiaries in the respective countries.
- ii. The Group obtained an incentive from the PRC tax authority relating to the research and development expenses of a subsidiary in the PRC. Under such tax incentive rule, the Group may claim an additional tax deduction up to 75% (2017: 50%) of the relevant research and development expenses incurred in a year approved by the PRC tax authority.
- iii. The withholding tax rates on interest income earned from entities in the PRC was 7%.

13 SUBSIDIARIES

The following is a list of principal subsidiaries as at 31 December 2017 and 2018:

12 所得稅抵免(續)

附註:

- i. 截至二零一八年十二月三十一日止年度，加權平均適用稅率為4.9%（二零一七年：21.9%）。變動乃由於本集團於各國的附屬公司盈利能力組合出現變化所致。
- ii. 本集團向中國稅務機關取得有關中國附屬公司研發開支的優惠。根據該稅務優惠條款，本集團可向中國稅務機關申請的當年發生的相關研發費用的75%（二零一七年：50%）的額外稅收減免。
- iii. 賺取自中國實體之利息收入的預提稅稅率為7%。

13 附屬公司

截至二零一七年及二零一八年十二月三十一日止，主要附屬公司之詳情如下：

Name of subsidiaries 附屬公司名稱	Place of incorporation/ registration and operation 成立/註冊及經營地點	Issued and paid-up capital 已發行及繳足股本	Attributable equity interest of the Group 本集團應佔股權百分比		Principal activities 主要業務
			2018	2017	
			二零一八年	二零一七年	
Bigland Investment Limited 大龍投資有限公司	Hong Kong/PRC 香港/中國	2 ordinary shares 2股普通股	100%	100%	Property investment 物業投資
Eastern Century Metal Products Limited 寶佳金屬制品有限公司	Hong Kong 香港	1,000,000 ordinary shares 1,000,000股普通股	100%	100%	Trading of metals and investment holding 金屬貿易及投資控股
Everwinner Investments Limited 永宏利投資有限公司	Hong Kong 香港	1,000,000 ordinary shares 1,000,000股普通股	100%	100%	Investment holding 投資控股
Fair Win Development Limited 輝榮發展有限公司	Hong Kong/PRC 香港/中國	500,000 ordinary shares 500,000股普通股	100%	100%	Property investment 物業投資
Heroland Investment Limited 天雄投資有限公司	Hong Kong 香港	2 ordinary shares 2股普通股	100%	100%	Property investment 物業投資

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13 SUBSIDIARIES (continued)

13 附屬公司(續)

Name of subsidiaries 附屬公司名稱	Place of incorporation/ registration and operation 成立/註冊及經營地點	Issued and paid-up capital 已發行及繳足股本	Attributable equity interest of the Group 本集團應佔股權百分比		Principal activities 主要業務
			2018	2017	
			二零一八年	二零一七年	
Hing Cheong Metals (China & Hong Kong) Limited 興昌五金(中港)有限公司	Hong Kong 香港	1,000,000 ordinary shares 1,000,000股普通股	100%*	100%*	Processing and trading of copper and brass products 銅及黃銅材料加工及貿易
Jiaxing Eastern Steel Cord Co., Ltd.# ("JESC") 嘉興東方鋼簾線有限公司#	PRC 中國	US\$70,000,000 70,000,000美元	100%	100%	Manufacturing of steel cords 製造鋼簾線
Online Investments Limited	British Virgin Islands/ Hong Kong 英屬處女群島/ 香港	31,000,000 ordinary shares of US\$1 each 31,000,000股 每股1美元之普通股	100%	100%	Investment holding 投資控股
Tengzhou Eastern Steel Cord Co., Ltd.# ("TESC") 滕州東方鋼簾線有限公司#	PRC 中國	US\$82,000,000 82,000,000美元	100%	100%	Manufacturing of steel cords 製造鋼簾線
Wei Hua International Trading (Shanghai) Co., Ltd.# 巍華國際貿易(上海)有限公司#	PRC 中國	US\$5,000,000 5,000,000美元	100%*	100%*	Trading of metal products 金屬製品貿易
東莞興銅五金有限公司#	PRC 中國	US\$5,700,000 5,700,000美元	100%	100%	Processing and trading of copper and brass products 銅及黃銅材料加工及貿易
首長寶佳(上海)管理有限公司#	PRC 中國	US\$2,000,000 2,000,000美元	100%	100%	Provision of management services 提供管理服務

A wholly foreign owned enterprise

全外資企業

* Directly held by the Company

* 本公司直接持有

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13 SUBSIDIARIES (continued)

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had any loan capital and issued any debt securities subsisting at the end of the year or at any time during the year (2017: same).

14 DIVIDENDS

No interim or final dividend was paid or proposed for the years ended 31 December 2017 and 2018, nor has any dividend been proposed since the end of the reporting period.

15 LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss for the year attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

13 附屬公司(續)

本公司董事認為，上表列出本公司之附屬公司乃主要影響本年度業績，或構成本集團資產淨值之重要部份之附屬公司。本公司董事認為詳列其他附屬公司之資料將會導致篇幅過份冗長。

各附屬公司於年末時或於本年度內任何時間概無任何債務資本或已發行任何債務證券(二零一七年：相同)。

14 股息

於截至二零一七年及二零一八年十二月三十一日止年度，並無已派發或擬派發之中期或末期股息，於報告期末後亦無任何派發股息的建議。

15 每股虧損

(a) 基本

每股基本虧損乃按本公司持有人應佔本年度虧損除年內已發行普通股加權平均數計算。

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年	2017 二零一七年
Loss attributable to the owners of the Company (HK\$'000)	本公司擁有人應佔虧損 (港幣千元)	(8,681)	(68,518)
Weighted average number of ordinary shares in issue (shares)	已發行普通股加權平均股數 (股份)	1,922,900,556	1,922,900,556
Basic loss per share attributable to the owners of the Company (HK cent per share)	本公司擁有人應佔每股 基本虧損(每股港仙)	(0.45)	(3.56)

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15 LOSS PER SHARE (continued)

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company has one category of potentially dilutive ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for the year) based on the monetary value of the subscription rights attached to outstanding share options.

For the years ended 31 December 2017 and 2018, as the outstanding share options would result in an anti-dilution at loss per share, the diluted loss per share equals the basic loss per share.

15 每股虧損(續)

(b) 攤薄

每股攤薄虧損乃透過調整已發行普通股加權平均數以假設轉換所有潛在攤薄普通股而計算。本公司有一類潛在攤薄普通股：購股權。就購股權而言，按尚未行使購股權所附認購權的貨幣價值計算，以釐定可按公平值(定為本公司股份年內的平均市價)購買的股份數目。

截至二零一七年與二零一八年十二月三十一日止年度，由於未獲行使購股權會對每股虧損產生反攤薄，每股攤薄虧損等於每股基本虧損。

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16 INVESTMENT PROPERTIES

The movement of the net book amount for investment properties is as follows:

16 投資物業

投資物業的賬面淨額變動如下：

		Leasehold land and buildings 租賃土地 和樓宇 HK\$'000 港幣千元
At 1 January 2017	於二零一七年一月一日	58,675
Changes in fair value recognised in profit or loss (Note)	已於損益內確認之公平值變動 (附註)	23,820
Transferred from property, plant and equipment (Note 17)	轉撥自物業、廠房及設備(附註17)	1,000
Disposals	出售	(14,181)
Exchange differences	匯兌調整	1,476
At 31 December 2017	於二零一七年十二月三十一日	70,790
At 1 January 2018	於二零一八年一月一日	70,790
Changes in fair value recognised in profit or loss (Note)	已於損益內確認之公平值變動 (附註)	4,017
Transferred to property, plant and equipment (Note 17)	轉撥至物業、廠房及設備(附註17)	(11,600)
Disposals	出售	(6,370)
Exchange differences	匯兌調整	(1,388)
At 31 December 2018	於二零一八年十二月三十一日	55,449

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16 INVESTMENT PROPERTIES (continued)

Note:

Fair value measurements using significant unobservable inputs (level 3)

The investment properties of the Group represent industrial property units located in Hong Kong and residential property unit located in the PRC with following details:

16 投資物業(續)

附註:

使用重大的無法觀察輸入數據進行公平值計量(第三級)

本集團的投資物業指位於香港的工業物業單位及位於中國的住宅物業單位，詳情如下：

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Industrial property units located in Hong Kong	位於香港的工業物業單位	26,300	41,600
Residential property units located in the PRC	位於中國的住宅物業單位	29,149	29,190
		55,449	70,790

The fair values as at 31 December 2018 were assessed by the independent and professionally qualified valuer, Vigers Appraisal and Consulting Limited ("Vigers") (2017: same).

The valuations were determined using the direct comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot/square meter.

本集團之投資物業於二零一八年十二月三十一日之公平值乃根據與本集團並無關連之獨立合資格專業估值師威格斯資產評估顧問有限公司(「威格斯」)(二零一七年：相同)。

估值確定採用直接比較法。根據房產大小等關鍵屬性的差異調整近似可比的房產銷售價格。這種估值方法最重要的輸入是每平方尺/平方米的價格。

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16 INVESTMENT PROPERTIES (continued)

Note: (continued)

Fair value measurements using significant unobservable inputs (level 3) (continued)

- (a) Industrial property units located in Hong Kong
The key unobservable inputs used in the valuation of the industrial property units located in Hong Kong as at 31 December 2017 and 2018 are:

Valuation technique 估值方法	Unobservable inputs 無法觀察輸入數據	As at 31 December 於十二月三十一日	
		2018 二零一八年	2017 二零一七年
Direct comparison approach 直接比較法	Adjusted market price per square foot 每平方米調整後的市場價格	HK\$6,200 港幣6,200元	HK\$5,700 港幣5,700元

As at 31 December 2018, if the adjusted market price per square foot decreased by 5%, the impact on profit or loss would be HK\$1,315,000 (2017: HK\$2,080,000) lower. The lower the adjusted market price per square foot, the lower the fair value.

- (b) Residential property units located in the PRC
The key unobservable inputs used in the valuation of the residential property units located in the PRC as at 31 December 2017 and 2018 are:

Valuation technique 估值方法	Unobservable inputs 無法觀察輸入數據	As at 31 December 於十二月三十一日	
		2018 二零一八年	2017 二零一七年
Direct comparison approach 直接比較法	Adjusted market price per square meter 每平方米調整後的市場價格	Ranged from HK\$38,000 to HK\$52,000 範圍由 港幣38,000元至 港幣52,000元	Ranged from HK\$39,500 to HK\$50,500 範圍由 港幣39,500元至 港幣50,500元

16 投資物業(續)

附註:(續)

使用重大的無法觀察輸入數據進行公平值計量(第三級)(續)

- (a) 位於香港的工業物業單位
截至二零一七年及二零一八年十二月三十一日，位於香港的工業物業單位估值所使用的主要無法觀察輸入數據如下：

於二零一八年十二月三十一日，如果調整後的每平方米市場價格下跌5%，則對損益的影響將為港幣1,315,000元(二零一七年：港幣2,080,000元)。調整後的每平方米市場價格越低，公平值越低。

- (b) 位於中國的住宅物業單位
截至二零一七年及二零一八年十二月三十一日，位於中國的住宅物業單位估值所使用的主要無法觀察輸入數據如下：

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16 INVESTMENT PROPERTIES (continued)

Note: (continued)

Fair value measurements using significant unobservable inputs (level 3) (continued)

- (b) Residential property units located in the PRC (continued)
As at 31 December 2018, if the adjusted market price per square meter decreased by 5%, the impact on profit or loss would be HK\$1,457,000 (2017: HK\$1,460,000) lower. The lower the unit replacement cost per square meter, the lower the fair value.

During the year ended 31 December 2018, there were no transfers of investment properties between fair value hierarchy classifications during the year (2017: same).

At 31 December 2018, the Group had no unprovided contractual obligations for future repairs and maintenance (2017: same).

The following amounts have been recognised in the consolidated statement of profit or loss:

16 投資物業(續)

附註: (續)

使用重大的無法觀察輸入數據進行公平值計量(第三級)(續)

- (b) 位於中國的住宅物業單位(續)
於二零一八年十二月三十一日，如果每平方米的單位重置成本減少5%，則對損益的影響將為港幣1,457,000元(二零一七年：港幣1,460,000元)。每平方米的單位更換成本越低，公平值越低。

截二零一八年十二月三十一日止年度，年內投資物業公平值層級分類之間並無調動(二零一七年：相同)。

於二零一八年十二月三十一日，本集團並無任何未經授權的合約責任以供日後維修及保養(二零一七年：相同)。

以下金額已於綜合損益表確認：

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Rental income	租金收入	1,804	2,330
Direct operating expenses arising from investment properties that generated rental income	於本年度產生租金收入的投資物業之直接經營費用	(96)	(221)
Changes in fair values recognised in the consolidated statement of profit or loss	已於綜合損益表確認之公平值變動	4,017	23,820

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16 INVESTMENT PROPERTIES (continued)

The period of leases whereby the Group leases out its investment properties under operating leases ranged from one to six years (2017: one to five years).

During the year ended 31 December 2018, leasehold land and building of HK\$11,600,000 has been reclassified to property, plant and equipment as a result of commencement of owner-occupation on 9 September 2018.

The carrying amounts of investment properties shown above comprise land and buildings in Hong Kong and other regions in the PRC are as follows:

16 投資物業(續)

本集團根據經營租賃出租其投資物業的租賃期為一至六年(二零一七年：一至五年)。

截至二零一八年十二月三十一日止年度，租賃土地及物業港幣11,600,000元因業主自用，已於二零一八年九月九日重新分類為物業、廠房及設備。

上述投資物業的賬面值包括香港及中國其他地區的土地及樓宇如下：

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Hong Kong	香港	26,300	41,600
PRC	中國	29,149	29,190
		55,449	70,790

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17 PROPERTY, PLANT AND EQUIPMENT

17 物業、廠房及設備

		Leasehold land and buildings 租賃 土地樓宇 HK\$'000 港幣千元	Leasehold Improve- ments 租賃 物業裝修 HK\$'000 港幣千元	Plant and machinery 廠房及機器 HK\$'000 港幣千元	Furniture, fixtures and equipment 傢俬、裝置 及設備 HK\$'000 港幣千元	Motor vehicles 汽車 HK\$'000 港幣千元	Construction in progress 在建工程 HK\$'000 港幣千元	Total 合計 HK\$'000 港幣千元
At 1 January 2017	於二零一七年一月一日							
Cost or fair value	成本值或估值	342,325	4,585	2,152,900	30,529	18,312	21,480	2,570,131
Accumulated depreciation and impairment loss	累計折舊及減值	-	(4,265)	(1,352,288)	(26,044)	(16,416)	(2,026)	(1,401,039)
Net book amount	賬面淨值	342,325	320	800,612	4,485	1,896	19,454	1,169,092
Year ended 31 December 2017	截至二零一七年十二月三十一日							
Opening net book amount	期初賬面淨值	342,325	320	800,612	4,485	1,896	19,454	1,169,092
Additions	添置	-	441	509	76	-	108,432	109,458
Disposals	出售	(13,502)	-	(2,876)	(39)	-	-	(16,417)
Transferred to investment properties (Note 16)	轉撥至投資物業(附註16)	(1,000)	-	-	-	-	-	(1,000)
Transfers	轉撥	387	-	79,014	721	1,060	(81,182)	-
Depreciation (Note 9)	折舊(附註9)	(32,334)	(249)	(85,240)	(847)	(233)	-	(118,903)
Revaluation (Note)	重估(附註)	34,203	-	-	-	-	-	34,203
Exchange differences	匯率調整	22,454	13	71,813	320	162	2,732	97,494
Closing net book amount	期末賬面淨值	352,533	525	863,832	4,716	2,885	49,436	1,273,927

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17 PROPERTY, PLANT AND EQUIPMENT (continued)

17 物業、廠房及設備(續)

		Leasehold land and buildings 租賃 土地樓宇 HK\$'000 港幣千元	Leasehold Improve- ments 租賃 物業裝修 HK\$'000 港幣千元	Plant and machinery 廠房及機器 HK\$'000 港幣千元	Furniture, fixtures and equipment 傢俬、裝置 及設備 HK\$'000 港幣千元	Motor vehicles 汽車 HK\$'000 港幣千元	Construction in progress 在建工程 HK\$'000 港幣千元	Total 合計 HK\$'000 港幣千元
At 31 December 2017	於二零一七年十二月三十一日							
Cost or fair value	成本值或估值	352,533	4,313	2,381,715	32,763	20,511	49,436	2,841,271
Accumulated depreciation and impairment loss	累計折舊及減值	-	(3,788)	(1,517,883)	(28,047)	(17,626)	-	(1,567,344)
Net book amount	賬面淨值	352,533	525	863,832	4,716	2,885	49,436	1,273,927
Year ended 31 December 2018	截至二零一八年十二月三十一日							
Opening net book amount	期初賬面淨值	352,533	525	863,832	4,716	2,885	49,436	1,273,927
Additions	添置	-	763	1,315	467	1,745	49,941	54,231
Disposals	出售	-	(354)	(6,842)	(242)	(682)	(101)	(8,221)
Transferred from investment properties (Note 16)	轉撥自投資物業(附註16)	11,600	-	-	-	-	-	11,600
Transfers	轉撥	671	724	91,454	2,367	-	(95,216)	-
Depreciation (Note 9)	折舊(附註9)	(36,818)	(318)	(91,967)	(949)	(291)	-	(130,343)
Revaluation (Note)	重估(附註)	29,816	-	-	-	-	-	29,816
Exchange differences	匯率調整	(15,030)	(26)	(48,443)	(273)	(163)	(742)	(64,677)
Closing net book amount	期末賬面淨值	342,772	1,314	809,349	6,086	3,494	3,318	1,166,333
At 31 December 2018	於二零一八年十二月三十一日							
Cost or fair value	成本值或估值	342,772	3,825	2,344,202	31,417	15,888	3,318	2,741,422
Accumulated depreciation and impairment loss	累計折舊及減值	-	(2,511)	(1,534,853)	(25,331)	(12,394)	-	(1,575,089)
Net book amount	賬面淨值	342,772	1,314	809,349	6,086	3,494	3,318	1,166,333

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17 PROPERTY, PLANT AND EQUIPMENT (continued)

Note:

Fair value measurements using significant unobservable inputs (level 3)

The leasehold land and buildings of the Group represent industrial property units located in Hong Kong, commercial property unit located in the PRC and industrial property units located in the PRC with following details.

17 物業、廠房及設備(續)

附註:

使用重大的無法觀察輸入數據進行公平值計量(第三級)

本集團的租賃土地及樓宇為位於香港的工業物業單位、位於中國的商業物業單位及位於中國的工業物業單位，詳情如下。

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Industrial property units located in Hong Kong	位於香港之工業物業單位	18,400	6,300
Commercial property unit located in the PRC	位於中國之商業物業單位	913	957
Industrial property units located in the PRC	位於中國之工業物業單位	323,459	345,276
		342,772	352,533

The leasehold land and buildings of the Group are carried at revaluated amount. If the leasehold land and buildings had not been revalued, they would have been included in these consolidated financial statements at historical cost less accumulated depreciation with carrying amount of HK\$245,051,000 as at 31 December 2018 (2017: HK\$272,645,000).

本集團的租賃土地及樓宇按重估價值列賬。倘租賃土地及樓宇尚未重估，則其於二零一八年十二月三十一日按歷史成本減累計折舊之賬面值為港幣245,051,000元(二零一七年：港幣272,645,000元)計入綜合財務報表。

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17 PROPERTY, PLANT AND EQUIPMENT (continued)

Note: (continued)

Fair value measurements using significant unobservable inputs (level 3) (continued)

The revaluated amount as at 31 December 2018 were assessed by the independent and professionally qualified valuer, Vigers (2017: same). The valuations were determined using either:

- Direct comparison approach: Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot/square meter; or
- Depreciated replacement cost approach: Current cost of replacement/reproduction of the properties. The most significant input into this valuation approach is replacement cost per square foot/square meter.

Quantitative information about fair value measurements using significant unobservable inputs (level 3):

- (a) Industrial property units located in Hong Kong
The key unobservable inputs used in the valuation of the industrial property units located in Hong Kong as at 31 December 2017 and 2018 are:

Valuation technique 估值方法	Unobservable inputs 無法觀察輸入數據	As at 31 December 於十二月三十一日	
		2018 二零一八年	2017 二零一七年
Market comparable approach 市場比較方法	Adjusted market price per square foot 經調整每平方米市場價格	HK\$6,500 港幣6,500元	HK\$6,400 港幣6,400元

As at 31 December 2018, if the adjusted market price per square foot decreased by 5%, the impact on other comprehensive income would be HK\$920,000 (2017: HK\$315,000) lower. The lower the adjusted market price per square foot, the lower the fair value.

17 物業、廠房及設備(續)

附註:(續)

使用重大的無法觀察輸入數據進行公平值計量(第三級)(續)

截至二零一八年十二月三十一日的重估金額由獨立且具有專業資格的估值師威格斯評估(二零一七年:相同)。估值採用以下任一方法釐定:

- 直接比較法:於鄰近地區可比較物業之銷售價格會就主要屬性(例如物業面積)之差異作出調整。此估值方法之最重大輸入值為每平方米/平方米的價格;或
- 已折舊重置成本法:當前物業重置成本/再製造成本。此估值方法之最重大輸入值為每平方米/平方米的重置成本。

有關使用重大的無法觀察輸入數據之公平值計量(第3級)的定量資料:

- (a) 位於香港之工業物業單位
截至二零一七年及二零一八年十二月三十一日,位於香港的工業物業單位估值所使用的主要無法觀察輸入數據如下:

截至二零一八年十二月三十一日,如經調整每平方米市場價格下降5%,對其他綜合收益的影響將為港幣920,000元(二零一七年:港幣315,000元)減少。調整後的每平方米市場價格越低,公平值越低。

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17 PROPERTY, PLANT AND EQUIPMENT (continued)

Note: (continued)

Fair value measurements using significant unobservable inputs (level 3) (continued)

- (b) Commercial property unit located in the PRC
The key unobservable inputs used in the valuation of the commercial property unit in the PRC as at 31 December 2017 and 2018 are:

Valuation technique 估值方法	Unobservable inputs 無法觀察輸入數據	As at 31 December 於十二月三十一日	
		2018 二零一八年	2017 二零一七年
Market comparable approach 市場比較方法	Adjusted market price per square meter 經調整每平方米市場價格	HK\$20,500 港幣20,500元	HK\$21,500 港幣21,500元

As at 31 December 2018, if the adjusted market price per square meter decreased by 5%, the impact on other comprehensive income would be HK\$46,000 (2017: HK\$48,000) lower. The lower the adjusted market price per square meter, the lower the fair value.

- (c) Industrial property units located in the PRC
The key unobservable inputs used in the valuation of the industrial property units in the PRC as at 31 December 2017 and 2018 are:

Valuation technique 估值方法	Unobservable inputs 無法觀察輸入數據	As at 31 December 於十二月三十一日	
		2018 二零一八年	2017 二零一七年
Depreciated replacement cost approach 已折舊重置成本方法	Unit replacement cost per square meter 每平方米單位重置成本	Ranged from HK\$1,289 to HK\$3,029 範圍由 港幣1,289元至 港幣3,029元	Ranged from HK\$1,356 to HK\$3,154 範圍由 港幣1,356元至 港幣3,154元
	Adopted depreciation rate 已採用之折舊率	Ranged from 55% to 91% 範圍由 55%至91%	Ranged from 57% to 92% 範圍由 57%至92%

17 物業、廠房及設備(續)

附註:(續)

使用重大的無法觀察輸入數據進行公平值計量(第三級)(續)

- (b) 位於中國之商業物業單位
截至二零一七年及二零一八年十二月三十一日，位於中國的商業物業單位估值所使用的主要無法觀察輸入數據如下：

截至二零一八年十二月三十一日，如經調整每平方米市場價格下降5%，對其他綜合收益的影響將為港幣46,000元(二零一七年：港幣48,000元)減少。調整後的每平方米市場價格越低，公平值越低。

- (c) 位於中國之工業物業單位
截至二零一七年及二零一八年十二月三十一日，位於中國的工業物業單位估值所使用的主要無法觀察輸入數據如下：

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17 PROPERTY, PLANT AND EQUIPMENT (continued)

Note: (continued)

Fair value measurements using significant unobservable inputs (level 3) (continued)

(c) Industrial property units located in the PRC (continued)

As at 31 December 2018, if the unit replacement cost per square meter decreased by 5%, the impact on other comprehensive income would be HK\$16,173,000 (2017: HK\$17,264,000) lower. The lower the unit replacement cost per square meter, the lower the fair value.

There were no transfers of leasehold land and buildings between fair value hierarchy classifications during the year (2017: same).

During the year ended 31 December 2017, leasehold land and building of HK\$1,000,000 has been reclassified to investment properties as a result of change in usage on 9 October 2017.

As at 31 December 2018, leasehold land and buildings located in the PRC amounting to HK\$201,312,000 (2017: HK\$215,187,000) and plant and machinery amounting to HK\$90,404,000 (2017: HK\$100,004,000) are pledged to secure bank borrowings as set out in Note 24.

17 物業、廠房及設備(續)

附註:(續)

使用重大的無法觀察輸入數據進行公平值計量(第三級)(續)

(c) 位於中國之工業物業單位(續)

截至二零一八年十二月三十一日，如每平方米單位重置成本下降5%，對其他綜合收益的影響將為港幣16,173,000元(二零一七年：港幣17,264,000元)減少。每平方米單位重置成本越低，公平值越低。

年內，租賃土地及樓宇的公平值層級分類並無轉換(二零一七年：相同)。

於截至二零一七年十二月三十一日止年度，由於在二零一七年十月九日之變更用途，共值港幣1,000,000元的租賃土地及建築物已重新分類至投資物業。

於二零一八年十二月三十一日，位於中國的租賃土地及樓宇共值港幣201,312,000元(二零一七年：港幣215,187,000元)及廠房及機器共值港幣90,404,000元(二零一七年：港幣100,004,000元)已抵押作為銀行貸款之抵押，詳情見附註24。

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18 FINANCIAL INSTRUMENTS BY CATEGORY 18 金融工具分類

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Financial assets at amortised cost:	按攤銷成本計算的金融資產：		
Pledged deposit on loan from a related company	來自一有關連公司貸款相關之已抵押按金	7,989	8,374
Trade receivables	應收賬款	690,931	688,333
Bills receivable	應收票據	924,355	683,954
Deposits and other receivables	按金及其他應收款	4,251	23,988
Pledged bank deposits	已抵押銀行存款	78,630	59,780
Bank balances and cash	銀行結存及現金	66,682	210,559
		1,772,838	1,674,988

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Financial liabilities at amortised cost:	按攤銷成本計算的金融負債：		
Trade and bills payables	應付賬款及票據	808,951	830,269
Other payables and accruals	其他應付款及預提費用	131,231	140,589
Loans from related companies	來自有關連公司之貸款	226,358	250,924
Bank borrowings	銀行貸款	874,451	798,086
		2,040,991	2,019,868

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19 PREPAID LEASE PAYMENTS

19 預付租賃款項

		Leasehold land located in the PRC 位於中國之 租賃土地 HK\$'000 港幣千元
At 1 January 2017	於二零一七年一月一日	
Cost	成本	210,799
Accumulated amortisation and impairment loss	累計攤銷與減值損失	(61,492)
Net book amount	賬面淨值	149,307
Year ended 31 December 2017	截至二零一七年十二月三十一日止年度	
Opening net book amount	期初賬面淨值	149,307
Amortisation (Note 9)	攤銷(附註9)	(7,919)
Impairment loss recognised	確認的減值損失	(72,523)
Exchange differences	匯兌調整	10,177
Closing net book amount	期末賬面淨值	79,042
At 31 December 2017	於二零一七年十二月三十一日	
Cost	成本	128,533
Accumulated amortisation and impairment loss	累計攤銷與減值損失	(49,491)
Net book amount	賬面淨值	79,042
Year ended 31 December 2018	截至二零一八年十二月三十一日止年度	
Opening net book amount	期初賬面淨值	79,042
Amortisation (Note 9)	攤銷(附註9)	(4,681)
Exchange differences	匯兌調整	(3,464)
Closing net book amount	期末賬面淨值	70,897
At 31 December 2018	於二零一八年十二月三十一日	
Cost	成本	122,623
Accumulated amortisation and impairment loss	累計攤銷與減值損失	(51,726)
Net book amount	賬面淨值	70,897

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19 PREPAID LEASE PAYMENTS (continued)

In late November 2017, TESC received a notice regarding the rescission of confirmation letter in respect of successful bidding of state-owned land for construction (the “Rescission Notice”) from Tengzhou Municipal State-owned Land Resources Bureau (the “State-owned Land Resources Bureau”) regarding three parcels of idle land with area of brownfield sites reaching 237,855 square meters (the “Lands”). The Lands were acquired through public auctions with a total consideration of RMB81,120,000 (equivalent to approximately HK\$92,582,000) as plant site for the expansion of production capacity of TESC in 2010 and 2011 and recognised as prepaid lease payments. However, given the changes in the market of steel cord and strategic review of the expansion plan, TESC has yet to utilise the Lands since its acquisition, nor received the relevant land use right certificates. As at 31 December 2017, the aggregate carrying amount of the prepaid lease payments was RMB60,623,000 (equivalent to approximately HK\$72,523,000). If the Rescission Notice is being executed, TESC may possibly be required to surrender the Lands and forfeit the land use rights attached thereto. The Group has recognised a full impairment on the entire carrying amount of the prepaid lease payments for the Lands.

As at 31 December 2018, the negotiation with relevant government authorities with an aim to withdraw the Rescission Notice is still underway.

19 預付租賃款項(續)

於二零一七年十一月下旬，滕州東方收到滕州市國土資源局(「國土資源局」)就三幅正值閒置，宗地土地面積達237,855平方米的土地(「該等土地」)發出的解除《國有建設用地掛牌出讓成交確認書》通知書(「解除通知書」)。該等土地是於二零一零年及二零一一年透過公開競投，以代價總額為人民幣81,120,000元(相等於約港幣92,582,000元)取得，以為滕州東方擴大生產量及作廠房之用，並確認為預付租賃款項。滕州東方自購入起未有利用該等土地及尚未取得相關的土地使用權證。於二零一七年十二月三十一日，該預付租賃款項的賬面淨值約為人民幣60,623,000元(相等於約港幣72,523,000元)。若施行解除通知書，滕州東方有可能被要求歸還該等土地，並沒收附加於該等土地的使用權。本集團已確認土地預付租賃款項的全部賬面金額的全部減值。

於二零一八年十二月三十一日，與相關政府部門就撤銷解除通知的談判仍在進行中。

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19 PREPAID LEASE PAYMENTS (continued)

As at 31 December 2018, prepaid lease payments amounting to HK\$62,859,000 (2017: HK\$69,211,000) are pledged to secure bank borrowings as set out in Note 24.

20 INTANGIBLE ASSETS

Goodwill

Goodwill is allocated to one of the CGUs of the Group, comprising a subsidiary in the steel cord segment, JESC. The recoverable amount of a CGU is determined based on the value-in-use calculation.

Goodwill allocated to the CGU had been fully impaired as at 31 December 2017 and 2018.

21 INVENTORIES

Raw materials	原材料
Work in progress	在製品
Finished goods	製成品

The cost of inventories included in cost of sales during the year amounted to HK\$1,971,365,000 (2017: HK\$1,898,939,000), which included reversal of provision for inventories of HK\$740,000 (2017: HK\$1,708,000).

19 預付租賃款項(續)

於二零一八年十二月三十一日，金額合共港幣62,859,000元(二零一七年：港幣69,211,000元)之預付租賃款項已抵押以作銀行貸款的擔保，詳情載列於附註24。

20 無形資產

商譽

商譽已被分配至一現金產生單位，當中包括鋼簾線分部中的一間附屬公司—嘉興東方。現金產生單位的可收回金額乃根據使用價值計算釐定。

於二零一七及二零一八年十二月三十一日配予現金產生單位的商譽已全數減值。

21 存貨

As at 31 December
於十二月三十一日

		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Raw materials	原材料	120,939	128,181
Work in progress	在製品	58,292	61,888
Finished goods	製成品	140,737	116,163
		319,968	306,232

年內銷售成本中的存貨成本為港幣1,971,365,000元(二零一七年：港幣1,898,939,000元)，其中包括存貨撥備撥回港幣740,000元(二零一七年：港幣1,708,000元)。

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22 TRADE RECEIVABLES/BILLS RECEIVABLE 22 應收賬款／應收票據

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Trade receivables (Note (a))	應收賬款(附註(a))	711,055	708,075
Less: provision for impairment loss on trade receivables (Note (c))	減：應收賬款減值損失撥備(附註(c))	(20,124)	(19,742)
		690,931	688,333
Bills receivable (Note (b))	應收票據(附註(b))	924,355	683,954
		1,615,286	1,372,287

The carrying amounts of the trade receivables and bills receivable are denominated in the following currencies:

應收款項及應收票據的賬面值以下列貨幣計值：

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
RMB	人民幣	1,499,981	1,288,404
USD	美元	70,484	62,859
Others	其他貨幣	44,821	21,024
		1,615,286	1,372,287

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22 TRADE RECEIVABLES/BILLS RECEIVABLE (continued) 22 應收賬款／應收票據(續)

(a) Trade receivables

The Group's credit terms to trade debtors range from 30 to 90 days. The ageing analysis of the trade receivables primarily based on invoice date was as follows:

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Up to 90 days	上至90日	509,968	535,777
91 to 180 days	91至180日	161,457	145,993
Over 180 days	多於180日	39,630	26,305
		711,055	708,075

(b) Bills receivable

The ageing analysis of the bills receivable primarily based on invoice date was as follows:

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Up to 90 days	上至90日	91,277	50,595
91 to 180 days	91至180日	339,157	266,311
Over 180 days	多於180日	493,921	367,048
		924,355	683,954

As at 31 December 2018, the Group's bills receivable are with maturity date within one year (2017: same).

(a) 應收賬款

本集團一般授予其貿易客戶30日至90日的信貸賬期。應收賬款主要根據發票日期編制之賬齡分析呈列如下：

(b) 應收票據

應收票據主要根據發票日期編制之賬齡分析呈列如下：

於二零一八年十二月三十一日，本集團所有應收票據之到期日均在一年之內(二零一七年：相同)。

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22 TRADE RECEIVABLES/BILLS RECEIVABLE (continued) 22 應收賬款／應收票據(續)

(b) Bills receivable (continued)

(i) Transferred receivables

The carrying amounts of the bills receivables include receivables which are transferred to banks or suppliers by discounting or endorsing those receivables on a full recourse basis. Under these arrangements, the Group has not transferred the significant risks and rewards relating to these receivables. The Group therefore continues to recognise the transferred assets in their entirety in its consolidated statement of financial position and measuring them at amortised cost.

The relevant carrying amounts are as follows:

(b) 應收票據(續)

(i) 應收款之轉讓

以下為本集團於報告期末按全面追索基準貼現予銀行或背書予供應商之應收票據。由於本集團並未轉讓有關該等應收票據之重大風險及回報，因此將繼續確認該等應收票據之全部賬面值及相關負債。該等財務資產按已攤銷成本於本集團之綜合財務狀況表內列賬。

有關賬面值如下：

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Bills receivable discounted to banks with full recourse	按全面追索基準已貼現予銀行之應收票據		
Transferred bills receivable	轉讓應收票據	162,157	37,403
Associated secured borrowings	相關已抵押貸款	(162,157)	(37,403)
Bills receivable endorsed to suppliers with full recourse	按全面追索基準已背書予銀行之應收票據		
Transferred bills receivable	轉讓應收票據	601,547	523,648
Associated trade payables	相關應付賬款	(557,728)	(484,189)
Associated other payables	相關其他應付款	(25,999)	(31,314)
Associated prepayments	相關預付款	(17,363)	(5,618)
Associated deposit paid for the acquisition of property, plant and equipment	相關購買物業、廠房及設備之訂金	(457)	(2,527)

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22 TRADE RECEIVABLES/BILLS RECEIVABLE (continued)

(c) Provision for impairment loss on trade receivables

The movement on the provision for impairment loss on trade receivables is as follows:

22 應收賬款／應收票據(續)

(c) 應收賬款減值損失撥備

應收賬款減值損失撥備的變動如下：

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
At beginning of the year	年初結餘	19,742	19,129
Net impairment loss on trade receivables for the year	本年度應收賬款減值損失淨額	1,365	(728)
Exchange differences	匯率調整	(983)	1,341
At end of the year	年末結餘	20,124	19,742

The maximum exposure to credit risk at the reporting date is the carrying values of each class of receivables mentioned above. The Group did not hold any collateral as security for these receivables as at 31 December 2017 and 2018.

於報告日期，最大信貸風險為上述各類應收款項的賬面值。於二零一七年及二零一八年十二月三十一日，本集團並無持有任何抵押品作為該等應收款項的抵押品。

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23 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

23 預付款、按金及其他應收款

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Current portion	流動部分		
Prepayments	預付款	27,258	28,478
Deposits	按金	625	1,172
Other receivables	其他應收款	3,626	22,816
		31,509	52,466
Non-current portion	非流動部分		
Prepayments for the acquisition of property, plant and equipment	購買物業、廠房及設備之預付款	1,724	8,967
		33,233	61,433

The carrying amounts of the prepayments, deposits and other receivables are denominated in the following currencies:

預付款、按金及其他應收款的賬面值以下列貨幣計值：

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
RMB	人民幣	32,239	54,715
USD	美元	247	383
Others	其他貨幣	747	6,335
		33,233	61,433

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24 ASSETS PLEDGED AS SECURITY

As at 31 December 2017 and 2018, the carrying amounts of assets pledged as security for bills payable (Note 26), loans from related companies (Note 27) and bank borrowings (Note 28) are:

- (i) leasehold land and buildings of HK\$201,312,000 (2017: HK\$215,187,000) (Note 17);
- (ii) plant and machinery of HK\$90,404,000 (2017: HK\$100,004,000) (Note 17);
- (iii) pledged bank deposits of HK\$78,630,000 (2017: HK\$59,780,000) (Note 25);
- (iv) pledged deposit on loan from a related company of HK\$7,989,000 (2017: HK\$8,374,000) (Note 27); and
- (v) prepaid lease payments of HK\$62,859,000 (2017: HK\$69,211,000) (Note 19).

24 抵押資產

於二零一七年及二零一八年十二月三十一日，已予抵押作為若干應付票據（附註26）、來自有關連公司貸款（附註27）及銀行貸款（附註28）的保證之資產賬面值為：

- (i) 租賃土地及樓宇港幣201,312,000元（二零一七年：港幣215,187,000元）（附註17）；
- (ii) 廠房及機器港幣90,404,000元（二零一七年：港幣100,004,000元）（附註17）；
- (iii) 已抵押銀行存款港幣78,630,000元（二零一七年：港幣59,780,000元）（附註25）；
- (iv) 來自一有關連公司貸款相關之已抵押按金港幣7,989,000元（二零一七年：港幣8,374,000元）（附註27）；及
- (v) 預付租賃款項港幣62,859,000元（二零一七年：港幣69,211,000元）（附註19）。

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25 PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

(a) Pledged bank deposits

25 已抵押銀行存款／銀行結存及現金

(a) 已抵押銀行存款

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Pledged bank deposits	已抵押銀行存款	78,630	59,780

Pledged bank deposits represents bank deposits of the Group which were pledged to secure credit facilities on bills payable granted to subsidiaries of the Company for the purchase of raw materials. The carrying amounts of the Group's pledged deposits were denominated in RMB.

已抵押銀行存款指本集團的銀行存款已抵押以就本公司之附屬公司就購買原材料之應付票據取得信貸額度。本集團已抵押存款的賬面值以人民幣計值。

As at 31 December 2018, the effective interest rate on pledged bank deposits was 0.61% per annum (2017: 0.3% per annum).

於二零一八年十二月三十一日，已抵押銀行存款的實際年利率為0.61%（二零一七年：0.3%）。

(b) Bank balance and cash

(b) 銀行結存及現金

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Bank balance and cash	銀行結存及現金	66,682	210,559

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25 PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH (continued)

(b) Bank balance and cash (continued)

The carrying amounts of bank balance and cash were denominated in the following currencies:

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
RMB	人民幣	44,361	95,864
HKD	港幣	2,701	58,396
USD	美元	11,614	40,193
Others	其他貨幣	8,006	16,106
		66,682	210,559

As at 31 December 2018, funds of the Group amounting to HK\$35,904,000 (2017: HK\$159,300,000) were deposited in bank accounts opened with banks in the PRC where the remittance of funds is subject to foreign exchange control.

The maximum exposure to credit risk of the Group as at 31 December 2018 were HK\$66,568,000 (2017: HK\$210,382,000).

As at 31 December 2018, the effective interest rate on bank balances ranged from 0.01% to 1.0% per annum (2017: 0.01% to 1.5% per annum).

25 已抵押銀行存款／銀行結存及現金(續)

(b) 銀行結存及現金(續)

銀行結存及現金的賬面值以下列貨幣計值：

於二零一八年十二月三十一日，本集團為數港幣35,904,000元(二零一七年：港幣159,300,000元)存放在中國境內銀行開立的銀行賬戶，而有關資金的付匯受到外匯管制。

於二零一八年十二月三十一日，本集團的最大信貸風險為港幣66,568,000元(二零一七年：港幣210,382,000元)。

於二零一八年十二月三十一日，銀行結存實際年利率於0.01%至1.0%(二零一七年:0.01%至1.5%)。

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26 TRADE AND BILLS PAYABLES/OTHER PAYABLES AND ACCRUALS

26 應付賬款及票據／其他應付款及預提費用

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Trade payables (Note (a))	應付賬款(附註(a))	655,809	705,298
Bills payable (Note (b))	應付票據(附註(b))	153,142	124,971
		808,951	830,269
Other payables and accruals	其他應付款及預提費用		
Advance receipts from customers (Note (c))	預收客戶款(附註(c))	-	93
Contract liabilities	合約負債	125	-
Other tax payables	其他應付稅項	8,858	11,258
Other accrued expenses and payables	其他預提費用及應付款	121,807	128,212
		130,790	139,563
		939,741	969,832

The carrying amounts of the Group's trade payables, bills payables and other payables and accruals are denominated in the following currencies:

本集團的應付賬款、應付票據及其他應付款及預提費用的賬面值以下列貨幣計值：

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
HKD	港幣	12,911	9,138
RMB	人民幣	910,033	937,396
USD	美元	10,761	19,516
Others	其他貨幣	6,036	3,782
		939,741	969,832

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26 TRADE AND BILLS PAYABLES/OTHER PAYABLES AND ACCRUALS (continued)

(a) Trade payables

The Group's credit period granted by the suppliers is 30 days. The ageing analysis of the trade payables primarily based on invoice date was as follows:

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Up to 30 days	上至30日	127,868	208,686
31 to 90 days	31至90日	189,506	236,611
91 to 180 days	91至180日	245,983	227,788
181 to 365 days	181至365日	78,844	24,377
Over 365 days	多於365日	13,608	7,836
		655,809	705,298

(b) Bills payable

The ageing analysis of the bills payable primarily based on invoice date was as follows:

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Up to 30 days	上至30日	37,206	20,174
31 to 90 days	31至90日	64,814	74,577
91 to 180 days	91至180日	40,007	30,220
181 to 365 days	181至365日	11,115	-
		153,142	124,971

The bills payable of the Group are secured by pledged bank deposits as disclosed in Note 24.

26 應付賬款及票據／其他應付款及預提費用(續)

(a) 應付賬款

供應商一般授予本集團30日的信貸賬期。應付賬款主要根據發票日期編制之賬齡分析呈列如下：

(b) 應付票據

應付票據主要根據發票日期編制之賬齡分析呈列如下：

本集團之應付票據以已抵押銀行存款(於附註24披露)作擔保。

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26 TRADE AND BILLS PAYABLES/OTHER PAYABLES AND ACCRUALS (continued)

(c) Advance receipts from customers

As at 31 December 2018, the contract liabilities for the advanced payments received from the customers included in the other payables and accruals amounted to HK\$125,000 (1 January 2018: HK\$93,000).

The Group applied the practical expedient and does not disclose the information relating to the remaining performance obligations that have original expected durations of one year or less.

Revenue recognised during the year ended 31 December 2018 that was included in the contract liability balance at the beginning of the year amounted to HK\$93,000 (2017: HK\$371,000). The Group expects to deliver the goods to satisfy the remaining performance obligations of these contract liabilities within one year or less.

26 應付賬款及票據／其他應付款及預提費用(續)

(c) 預收客戶款

截至二零一八年一月三十一日，合約負債之預收客戶款項於其他應付款及預提費用共計港幣125,000元(二零一八年一月一日：港幣93,000元)。

本集團採取了切實可行的方案，未披露與原始預定期限為一年或一年以下的剩餘履行義務有關的信息。

截至二零一八年十二月三十一日止年度確認的收入，包括在年初的合約負債中，共計港幣93,000元(二零一七年：港幣371,000元)。本集團預計在一年或更短時間內交付貨物，以履行上述合約負債的剩餘履約責任。

27 LOANS FROM RELATED COMPANIES

27 來自有關連公司之貸款

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Current portion	流動部分		
Loan from Shougang (Hong Kong) Finance Company Limited (Note (i))	來自首鋼(香港)財務有限公司之貸款(附註(i))	205,534	200,657
Loan from South China International Leasing Co., Ltd. ("South China Leasing") (Note (ii))	來自南方國際租賃有限公司(「南方租賃」)之貸款(附註(ii))	20,824	28,097
		226,358	228,754
Non-current portion	非流動部分		
Loan from South China Leasing (Note (ii))	來自南方租賃之貸款(附註(ii))	-	22,170

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27 LOANS FROM RELATED COMPANIES (CONTINUED)

Notes:

- (i) The amount represents the loan from and interest payable to Shougang (Hong Kong) Finance Company Limited, a wholly owned subsidiary of Shougang Holding (Hong Kong) Limited (“Shougang HK”). The Company is an associate of Shougang HK. The loan is unsecured, bears interest at 5% to 6% per annum (2017: 6% per annum) and repayable within one year (2017: same).
- (ii) On 29 June 2016, TESC had entered into an agreement (the “Agreement”) with South China Leasing whereby TESC had drawn down a loan of RMB70,000,000 (equivalent to approximately HK\$81,159,000) from South China Leasing on 16 August 2016 on a sale and leaseback arrangement, which was to be repayable by 12 quarterly instalments plus interest at 5.13% per annum and obligated to pay lease handling fee of RMB2,100,000 (equivalent to approximately HK\$2,454,000). South China Leasing is an indirect 75% owned subsidiary of Shougang Concord Grand (Group) Limited, which is in turn held as to approximately 50.53% by Shougang HK. As such, South China Leasing is an associate of Shougang HK.

As collaterals for the above financing,

- (i) TESC transferred the ownership title of certain machineries and equipment (“Machineries and Equipment”) to South China Leasing;
- (ii) TESC placed a pledged deposit of RMB7,000,000 (equivalent to approximately HK\$7,989,000 (2017: HK\$8,374,000)) to South China Leasing; and
- (iii) the Company entered into a guarantee agreement in favour of South China Leasing for the payment obligations of TESC under the Agreement.

Upon discharging TESC’s obligations under the Agreement, South China Leasing will return the ownership title of the Machineries and Equipment to TESC for a nominal purchase price of RMB1,000. Despite the Agreement involves a legal form of a lease, the Group accounted for the Agreement as collateralised borrowing in accordance with the actual substance of the Agreement.

27 來自有關連公司之貸款(續)

附註：

- (i) 該金額代表來自首鋼控股(香港)有限公司(「首控香港」)之一間全資附屬公司—首鋼(香港)財務有限公司的貸款及應付利息。本公司是首控香港的聯營公司。該貸款為無抵押，以5%至6%之年利率(二零一七年：6%之年利率)計算利息及於一年內償還(二零一七年：相同)。
- (ii) 於二零一六年六月二十九日，滕州東方與南方租賃訂立一項協議(「該協議」)，據此，於二零一六年八月十六日在一出售及回租安排上滕州東方從南方租賃提取人民幣70,000,000元(等值約為港幣81,159,000元)作為貸款，需分12期按季加上以5.13%之年利率計算利息償還及需繳付租賃手續費人民幣2,100,000元(等值約為港幣2,454,000元)。南方租賃為一間由首長四方(集團)有限公司(由首控香港持有約50.53%權益)間接持有75%權益的附屬公司。因此，南方租賃為首控香港的聯營公司。

作為上述融資的抵押品：

- (i) 滕州東方向南方租賃若干轉讓機器及設備(「機器及設備」)的所有權；
- (ii) 滕州東方在南方租賃存置人民幣7,000,000元(等值約為港幣7,989,000元(二零一七年：港幣8,374,000元))的已抵押按金；及
- (iii) 本公司為滕州東方該協議項下所須承擔付款義務訂立以南方租賃為受益人的擔保。

在滕州東方於該協議項下的所有義務解除時，南方租賃將會以人民幣1,000元的象徵性購買價格向滕州東方返還機器及設備的所有權。儘管該協議涉及租賃的法定形式，但本集團根據該協議的實際內容將該協議列作已抵押借款。

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28 BANK BORROWINGS

28 銀行貸款

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Bank loans	銀行貸款	715,430	765,361
Less: loan transaction costs	減：貸款交易成本	(3,136)	(4,678)
		712,294	760,683
Discounted bills with recourse (Note 22(b)(i))	附追索權的已貼現票據 (附註22(b)(i))	162,157	37,403
		874,451	798,086
Non-current portion	非流動部分	268,407	295,322
Current portion	流動部分	606,044	502,764
		874,451	798,086
Secured	已抵押	219,221	134,303
Unsecured	無抵押	655,230	663,783
		874,451	798,086

The Group's bank borrowings were repayable as follows:

本集團的銀行貸款款項償還如下：

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Within 1 year	一年內	606,044	502,764
Between 1 and 2 years	第二年	118,407	26,914
Between 2 and 5 years	第三至第五年內	150,000	268,408
		874,451	798,086

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28 BANK BORROWINGS (continued)

The carrying amounts of the bank borrowings approximate their fair values.

As at 31 December 2018, the carrying amount of fixed rate borrowings and variable rate borrowings are HK\$577,587,000 (2017: HK\$466,875,000) and HK\$296,864,000 (2017: HK\$331,211,000), respectively.

These borrowings carry variable rate at Hong Kong Interbank Offered Rate (“HIBOR”) plus or minus a margin.

The bank borrowings of the Group are secured by pledged by prepaid lease payments as disclosed in Note 24.

As at 31 December 2018, total undrawn facilities are approximately HK\$27,102,000 (2017: HK\$14,434,000).

The range of effective interest rates (which are also equal to contractual interest rates) on bank borrowings are as follows:

28 銀行貸款(續)

銀行借款的賬面值與其公平值相若。

於二零一八年十二月三十一日，固定利率貸款及浮動利率貸款之賬面值分別為港幣577,587,000元(二零一七年：港幣466,875,000元)及港幣296,864,000元(二零一七年：港幣331,211,000元)。

本集團之浮動利率貸款按香港銀行同業拆息(「香港銀行同業拆息」)加溢價計息。

本集團的銀行借款以預付租賃款項作為抵押並於附註24披露。

於二零一八年十二月三十一日，未提取融資總額約為港幣27,102,000元(二零一七年：港幣14,434,000元)。

銀行貸款之實際利率(亦相等於訂約利率)的範圍如下：

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Effective interest rate per annum:	實際年利率：		
Fixed rate borrowings	固定利率貸款	3.40% to 6.50%	4.77% to 5.64%
Variable rate borrowings	浮動利率貸款	3.97% to 5.17%	3.97% to 5.87%

The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

本集團銀行貸款的賬面值以下列貨幣計值：

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
HKD	港幣	296,864	295,322
RMB	人民幣	577,587	502,764
		874,451	798,086

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29 DEFERRED TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset tax recoverable against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

29 遞延稅項

遞延所得稅資產與負債在有關法定強制執行權力抵消當期所得稅負債的可收回稅款以及遞延所得稅與同一財政當局有關時，予以抵消。抵消金額如下：

		Year ended 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Deferred income tax assets to be recovered	待收回遞延所得稅資產	(18,399)	(14,655)
Deferred income tax liabilities to be settled	待結算遞延所得稅負債	48,016	41,699
Deferred income tax liabilities, net	遞延所得稅負債淨額	29,617	27,044

The movement in deferred income tax assets and liabilities during the year is as follows:

遞延所得稅資產及負債於本年度之變動如下：

Deferred tax assets

遞延稅項資產

		Accelerated tax depreciation	Provision for impairment loss on trade receivables	Provision for inventories	Tax losses	Total
		加速折舊抵免 HK\$'000 港幣千元	應收賬款 減值損失撥備 HK\$'000 港幣千元	存貨撥備 HK\$'000 港幣千元	稅務虧損 HK\$'000 港幣千元	合計 HK\$'000 港幣千元
At 1 January 2017	於二零一七年一月一日	568	3,979	1,737	6,100	12,384
Credited/(charged) to profit or loss	計入/(扣減)損益	1,025	927	520	(944)	1,528
Exchange differences	匯兌調整	(565)	583	5	720	743
At 31 December 2017	於二零一七年十二月三十一日	1,028	5,489	2,262	5,876	14,655
At 1 January 2018	於二零一八年一月一日	1,028	5,489	2,262	5,876	14,655
Credited/(charged) to profit or loss	計入/(扣減)損益	42	1,313	910	1,766	4,031
Exchange differences	匯兌調整	608	(418)	3	(480)	(287)
At 31 December 2018	於二零一八年十二月三十一日	1,678	6,384	3,175	7,162	18,399

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29 DEFERRED TAX (continued)

Deferred tax liabilities

29 遞延稅項(續)

遞延稅項負債

		Revaluation of properties	Withholding tax on distributable profit of subsidiaries in the PRC 於 中國附屬公司 之可分配利潤 之預提稅項	Others	Total
		物業重估 HK\$'000 港幣千元	中國附屬公司 之可分配利潤 之預提稅項 HK\$'000 港幣千元	其他 HK\$'000 港幣千元	總計 HK\$'000 港幣千元
At 1 January 2017	於二零一七年一月一日	25,173	20,009	1,425	46,607
Charged/(credited) to profit or loss	扣減/(計入)損益	1,540	75	(357)	1,258
Charged to other comprehensive income	扣減其他全面綜合收益	3,538	-	-	3,538
Withholding tax paid on profit distributions	利潤分配支付之預提稅項	-	(11,555)	-	(11,555)
Exchange differences	匯兌調整	1,850	-	1	1,851
At 31 December 2017	於二零一七年十二月三十一日	32,101	8,529	1,069	41,699
At 1 January 2018	於二零一八年一月一日	32,101	8,529	1,069	41,699
Charged/(credited) to profit or loss	扣減/(計入)損益	2,319	-	(356)	1,963
Charged to other comprehensive income	扣減其他全面綜合收益	5,077	-	-	5,077
Exchange differences	匯兌調整	(720)	-	(3)	(723)
At 31 December 2018	於二零一八年十二月三十一日	38,777	8,529	710	48,016

As at 31 December 2018, the Group has estimated unused tax losses of approximately HK\$585,582,000 (2017: HK\$609,227,000) available for offset against future profits and the losses may be carried forward indefinitely (2017: same).

於二零一八年十二月三十一日，本集團有約港幣585,582,000元(二零一七年：港幣609,227,000元)之估計未動用稅務虧損可供抵銷未來溢利。該等虧損可永久結轉(二零一七年：相同)。

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29 DEFERRED TAX (continued)

Deferred tax liabilities (continued)

As at 31 December 2018, the Group has deductible temporary differences of approximately HK\$278,633,000 (2017: HK\$299,533,000). A deferred tax asset has been recognised in respect of approximately HK\$38,231,000 (2017: HK\$34,820,000) of such deductible temporary differences. No deferred tax asset has been recognised in respect of the remaining deductible temporary differences of approximately HK\$240,402,000 (2017: HK\$264,713,000) as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

29 遞延稅項(續)

遞延稅項負債(續)

於二零一八年十二月三十一日，本集團有約港幣278,633,000元(二零一七年：港幣299,533,000元)之可扣減短暫性差異。於該可扣減短暫性差異中，約港幣38,231,000元(二零一七年：港幣34,820,000元)已被確認為遞延稅項資產。餘下約港幣240,402,000元(二零一七年：港幣264,713,000元)的可扣減短暫性差異，因未能確定有否應課稅溢利可予以扣減，故並無確認為遞延稅項資產。

30 SHARE CAPITAL

30 股本

		Number of shares 股份數目 Thousand 千股	HK\$'000 港幣千元
Issued and fully paid:	已發行及繳足股本：		
At 1 January 2017,	於二零一七年一月一日、		
31 December 2017,	二零一七年十二月三十一		
1 January 2018 and	日、二零一八年一月一		
31 December 2018	日及二零一八年十二月	1,922,901	1,191,798
	三十一日		

31 COMMITMENTS

(a) Capital commitments

31 承擔

(a) 資本承擔

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Commitments in respect of the acquisition of property, plant and equipment	購買物業、廠房及設備之承擔		
– contracted for but not provided in the consolidated financial statements	– 已訂約但尚未於綜合財務 報告作出撥備	1,484	21,762

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31 COMMITMENTS (continued)

(b) Operating lease commitments

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Within one year	一年內	1,312	7,132
In the second to fifth year inclusive	第二至第五年內	1,670	6,647
		2,982	13,779

Operating lease payments represents rental payable by the Group for certain of its buildings. Leases are negotiated for terms of one to three years (2017: one to three years).

31 承擔(續)

(b) 經營租約

本集團作為承租者

於報告期末，根據不可撤銷經營租約，本集團於下列期間到期之未來最低租金支出承擔如下：

經營租約支出指本集團為租用若干樓宇之應付租金。該等物業的協定租約期為一至三年(二零一七年：一至三年)。

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31 COMMITMENTS (continued)

(b) Operating lease commitments (continued)

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

31 承擔(續)

(b) 經營租約(續)

本集團作為出租者

於報告期末，本集團與租戶約定之未來最低應收租金總額如下：

		As at 31 December	
		於十二月三十一日	
		2018	2017
		二零一八年	二零一七年
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Within one year	一年內	1,175	1,885
In the second to fifth year inclusive	第二至第五年內	1,563	2,111
Over five years	多於五年	63	–
		2,801	3,996

32 EVENTS OCCURRED AFTER THE REPORTING PERIOD

On 11 February 2019, the Group issued convertibles bonds in an aggregate principal amount of HK\$150,000,000 to Jingxi Holdings Limited, an associate to the Company as defined under the Listing Rule.

32 結算日後事項

於二零一九年二月十一日，本集團向京西控股有限公司(根據上市規則所定義之聯繫人)發行本金額共港幣150,000,000元的可換股債券。

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33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of loss before income tax to cash flows used in operating activities

33 綜合現金流量表附註

(a) 將除所得稅前虧損調整為經營活動動用現金

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
		NOTES 附註	
Cash flows from operating activities	經營活動產生之現金流量		
Loss before tax	除稅前虧損	(11,117)	(75,213)
Adjustments for:	經調整：		
Reversal of provision for impairment loss on trade receivables, net	撥回應收賬款減值損失撥備淨額	1,365	(728)
Net provision for inventories recognised	已確認存貨撥備淨額	(740)	(1,708)
Amortisation of prepaid lease payments	預付租賃款項之攤銷	4,681	7,919
Bad debts written off/(recovered)	壞賬註銷/(收回)	355	(1,700)
Changes in fair value of investment properties	投資物業公平值之變動	(4,017)	(23,820)
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	130,343	118,903
Interest expenses and amortisation of loan transaction costs	利息支出及貸款交易成本之攤銷	55,386	52,487
Loss/(gain) on disposal of club memberships, net	出售會籍之虧損/(收益)淨額	225	(395)
Impairment losses recognised in respect of prepaid lease payments	有關預付租賃款項之已確認減值損失	-	72,523
Interest income	利息收入	(1,297)	(399)
Losses on disposal of property, plant and equipment, net	出售物業、廠房及設備之虧損淨額	2,723	110
Operating cash flows before movements in working capital	流動資金變動前之經營現金流量	177,907	147,979
Increase in inventories	存貨之增加	(28,380)	(58,034)
Increase in trade receivables	應收賬款之增加	(30,856)	(87,597)
Increase in bills receivable	應收票據之增加	(282,746)	(205,023)
Decrease in prepayments, deposits and other receivables	預付款、按金及其他應收款之減少	26,671	13,651
Increase in trade and bills payables	應付賬款及票據之增加	40,447	358,951
Decrease in other payables and accruals	其他應付款及預提費用之減少	(34,306)	(33,676)
Cash (used in)/generated from operations	經營(動用)/產生之現金	(131,263)	136,251

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33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(a) Reconciliation of loss before income tax to cash flows used in operating activities (continued)

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment, investment properties and club memberships:

33 綜合現金流量表附註(續)

(a) 將除所得稅前虧損調整為經營活動動用現金(續)

於綜合現金流量表中，出售物業、廠房及設備、投資物業及會籍之所得款項如下：

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Net book amount	賬面淨值	14,791	31,005
(Losses)/gains on disposals of property, plant and equipment and club memberships	出售物業、廠房及設備及會籍之(虧損)/收益	(2,948)	285
Proceeds from disposals of property, plant and equipment and club memberships	出售物業、廠房及設備及會籍之所得款項	11,843	31,290

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33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

33 綜合現金流量表附註(續)

(b) 由融資活動產生的負債之對賬

下表詳列本集團由融資活動產生的負債之變動，包括現金及非現金變動。由融資活動產生的負債指該等現金流已或未來現金流將會於本集團綜合現金流量表被分類融資活動產生現金流的負債。

		Bank loans	Trust receipt loans	Discounted bills with recourse	Loans from related companies	Total
		銀行貸款	信託收據貸款	已貼現票據	來自有關連公司之貸款	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
		Note 28	Note 28	Note 28	Note 27	
		附註28	附註28	附註28	附註27	
At 1 January 2017	於二零一七年一月一日	798,016	10,125	92,411	233,211	1,133,763
Cash inflow	現金流入	820,020	34,151	199,039	200,000	1,253,210
Cash outflow	現金流出	(883,391)	(44,230)	(260,742)	(185,980)	(1,374,343)
Exchange differences	匯兌調整	27,395	(46)	6,695	4,218	38,262
Non-cash movement	非現金流動	(1,357)	-	-	(525)	(1,882)
At 31 December 2017	於二零一七年十二月一日	760,683	-	37,403	250,924	1,049,010
At 1 January 2018	於二零一八年一月一日	760,683	-	37,403	250,924	1,049,010
Cash inflow	現金流入	433,266	-	300,236	-	733,502
Cash outflow	現金流出	(462,942)	-	(168,694)	(27,949)	(659,585)
Exchange differences	匯兌調整	(20,304)	-	(6,788)	(1,355)	(28,447)
Non-cash movement	非現金流動	1,591	-	-	4,738	6,329
At 31 December 2018	於二零一八年十二月一日	712,294	-	162,157	226,358	1,100,809

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34 SHARE-BASED PAYMENT TRANSACTIONS

(a) The Company's share option scheme

A share option scheme (the "2002 Scheme") was adopted by the shareholders of the Company at the annual general meeting held on 7 June 2002. Under the 2002 Scheme, the board of directors (the "Board") of the Company shall, subject to and in accordance with the provisions of the 2002 Scheme and the Listing Rules, grant share options to any eligible participant to subscribe for shares in the capital of the Company. A new share option scheme (the "2012 Scheme") was adopted and the 2002 Scheme was terminated by the shareholders of the Company at the annual general meeting held on 25 May 2012.

The 2012 Scheme became effective on 29 May 2012 upon the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any shares falling to be issued and allotted upon the exercise of the share options granted.

The share options which have been granted and remained outstanding under the 2002 Scheme remain valid and exercisable in accordance with their terms of issue.

34 以股份支付支出之交易

(a) 本公司之購股權計劃

本公司股東於二零零二年六月七日舉行之股東周年大會上採納了購股權計劃(「二零零二計劃」)。根據二零零二計劃，本公司董事會(「董事會」)可根據及按照二零零二計劃的條款及上市規則授予任何合資格人士購股權以認購本公司之股份。本公司股東並於二零一二年五月二十五日舉行之股東周年大會上採納了新購股權計劃(「二零一二計劃」)及終止了二零零二計劃。

繼聯交所上市委員會批准授出之購股權獲行使而將予發行及分配之任何股份上市及買賣，二零一二計劃於二零一二年五月二十九日起生效。

根據二零零二計劃項下已授出但尚未行使的購股權仍然有效，並可根據其發行條款予以行使。

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34 SHARE-BASED PAYMENT TRANSACTIONS (continued)

(a) The Company's share option scheme (continued)

The Company operates the 2002 Scheme (subsequently replaced by the 2012 Scheme) for the purpose of providing incentives and rewards to eligible participants for their contributions to the Group or potential contribution to the Group. Eligible participants of the 2002 Scheme include any director (including executive and non-executive), executive, officer, employee or shareholder of the Company or any of the subsidiaries or any of the associates or any of the joint ventures and any supplier, customer, consultant, adviser, agent, partner or business associate who will contribute or has contributed to the Group.

Qualifying grantees of the 2012 Scheme include any director (including executive, non-executive and independent non-executive), executive, officer, employee, shareholder of the Company or any of the subsidiaries or any of the associated companies or any of the joint ventures and any supplier, customer, consultant, adviser, agent, partner or business associate, who will contribute or has contributed to the development and growth of the Group. Unless otherwise cancelled or amended, the 2012 Scheme will remain in force for a period of ten years from 29 May 2012.

34 以股份支付支出之交易(續)

(a) 本公司之購股權計劃(續)

本公司設立二零零二計劃旨在鼓勵及獎勵合資格人士對本集團所作出之貢獻或可能作出之貢獻。二零零二計劃之合資格人士包括本公司或其任何附屬公司或其任何聯營公司或其任何共同控制企業之任何董事(包括執行及非執行)、行政人員、高級職員、僱員或股東及任何供應商、客戶、諮詢人、顧問、代理人、合夥人或業務關聯人士，該等將會或已向本集團作出貢獻之人士。而二零一二計劃與二零零二計劃有著同一目的旨在鼓勵及獎勵合資格承授人。

二零一二計劃之合資格承授人包括本公司或其任何附屬公司或其任何聯營公司或其任何共同控制企業之任何董事(包括執行、非執行及獨立非執行)、行政人員、高級職員、僱員或股東及任何供應商、客戶、諮詢人、顧問、代理人、合夥人或業務關聯人士，該等將會或已向本集團發展及增長作出貢獻之人士。除非被註銷或修改以外，二零一二計劃由二零一二年五月二十九日起計十年內有效。

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34 SHARE-BASED PAYMENT TRANSACTIONS (continued)

(a) The Company's share option scheme (continued)

The maximum number of unexercised share options currently permitted to be granted under the 2012 Scheme is 192,290,055 shares which represented 10% of the total number of issued shares of the Company as at the date of this annual report. The maximum number of shares issuable under the share options to each qualifying grantee in the 2012 Scheme within any 12-month period is limited to 1% of the total number of shares of the Company in issue under the 2012 Scheme. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

The offer of a grant of share options under the 2012 Scheme may be accepted within 60 days from the date of the offer, upon payment of a nominal consideration of HK\$1 by the grantee. An option may be exercised under the 2002 Scheme and 2012 Scheme at any time within 10 years from the date of grant of the options or may be determined by the Board at its absolute discretion. The minimum period for which an option must be held before it can be exercised will be determined by the Board at its discretion.

The exercise price per share in relation to an option under the 2002 Scheme and 2012 Scheme shall be a price to be determined by the Board and shall be no less than the highest of (a) the official closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange on the date on which the option is offered to an eligible participant/a qualifying grantee, which must be a business day; or (b) the official average closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of offer of option to an eligible participant/a qualifying grantee.

34 以股份支付支出之交易(續)

(a) 本公司之購股權計劃(續)

根據二零一二計劃，現時容許發行之尚未行使購股權總數上限為192,290,055股，代表本公司於本年報獲批准日期之已發行股份總數目的10%。根據二零一二計劃，每名合資格承授人於任何十二個月期間內獲授予的購股權時所涉及發行的股份總數目，不得超過本公司已發行股份總數目的1%。任何超逾此上限之購股權之授予須得到股東於股東大會上之批准。

根據二零一二計劃獲授予購股權人士可於獲授予購股權日期起計六十日內接納，並須支付港幣1元之象徵式代價。根據二零零二計劃及二零一二計劃，購股權可於購股權授出日期起計十年內或董事會全權酌情決定購股權可予行使之期限內行使。董事會可酌情決定購股權可獲行使前必須持有之最短期限。

有關二零零二計劃及二零一二計劃購股權之股份之每股行使價將由董事會釐訂，及並不得低於下列兩項中最高(a)於向合資格人士／合資格承授人授出購股權當日(必須為營業日)的收市價，即於聯交所刊發之報告所載本公司股份之官方收市價；或(b)緊接向合資格人士／合資格承授人授出購股權日期前五個營業日於聯交所刊發之報告所載本公司股份之平均官方收市價。

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34 SHARE-BASED PAYMENT TRANSACTIONS (continued)

(a) The Company's share option scheme (continued)

Pursuant to the 2002 Scheme and 2012 Scheme, share options held by any eligible participant/qualifying grantee will lapse automatically upon their termination of employment but the Board is empowered to extend the exercise period of the concerned share options at its discretion. Relevant exercise period of share options held by the eligible participant whose employment terminated during the previous years was extended and approved by the Board. Such change does not constitute modification of the 2002 Scheme.

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

No share options were granted under the 2002 Scheme during the years ended 31 December 2018 and 2017 since the 2002 Scheme had terminated. During the year ended 31 December 2018, no share options granted under the 2002 Scheme had been exercised or cancelled while 103,700,000 (2017: 3,268,000) share options have lapsed.

No share options were granted, exercised, cancelled or lapsed under the 2012 Scheme during the years ended 31 December 2017 and 2018.

34 以股份支付支出之交易(續)

(a) 本公司之購股權計劃(續)

根據二零零二計劃及二零一二計劃，任何合資格人士／合資格承授人當終止僱傭合約，其持有之購股權將自動失效，但董事會有權延長該購股權的行使期限。有關任何合資格人士於過往年度終止僱傭合約時持有之購股權期限已被董事會延長及批准。該修改並不會構成二零零二計劃之修改。

購股權之持有人並不授予收取股息或於股東大會上投票之權利。

因二零零二計劃已終止，於截至二零一八年及二零一七年十二月三十一日止年度，並無購股權根據二零零二計劃授出。於截至二零一八年十二月三十一日止年度，根據二零零二計劃，亦無授出之購股權已被行使或註銷，惟有 103,700,000 (二零一七年：3,268,000) 股購股權失效。

於截至二零一七年及二零一八年十二月三十一日止年度，並無購股權根據二零一二計劃授出、行使、註銷或失效。

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34 SHARE-BASED PAYMENT TRANSACTIONS (continued)

(a) The Company's share option scheme (continued)

The following table discloses details of the Company's share options granted under 2002 Scheme held by eligible participants and movements in such holdings in relation thereto during the years ended 31 December 2017 and 2018:

Grantees	Number of share options for 2018 二零一八年購股權數目			Date of grant	Exercise period	Exercise price per share 每股行使價 HK\$ 港幣
	At 1.1.2018 於二零一八年 一月一日	Lapsed during the year 年內失效	At 31.12.2018 於二零一八年 十二月三十一日			
Directors of the Company 本公司董事	39,400,000 5,400,000 5,400,000 (Note i)(附註i) 7,200,000 (Note i)(附註i)	(39,400,000) (Note b)(附註b) (5,400,000) (Note c)(附註c) (5,400,000) (Note c)(附註c) (7,200,000) (Note c)(附註c)	- - - -	28.1.2008 13.7.2009 13.7.2009 13.7.2009	28.1.2008 - 27.1.2018 13.7.2009 - 12.7.2019 1.1.2010 - 12.7.2019 1.1.2011 - 12.7.2019	0.864 0.680 0.680 0.680
	57,400,000	(57,400,000)	-			
Employees other than directors of the Company 僱員(本公司董事除外)	28,700,000 100,000 (Note k)(附註k) 1,350,000 1,350,000 (Note i)(附註i) 1,800,000 (Note i)(附註i)	(28,700,000) (Note d)(附註d) (100,000) (Note e)(附註e) (150,000) (Note f)(附註f) (150,000) (Note f)(附註f) (200,000) (Note f)(附註f)	- - 1,200,000 1,200,000 1,600,000	28.1.2008 28.1.2008 13.7.2009 13.7.2009 13.7.2009	28.1.2008 - 27.1.2018 28.1.2011 - 27.1.2018 13.7.2009 - 12.7.2019 1.1.2010 - 12.7.2019 1.1.2011 - 12.7.2019	0.864 0.864 0.680 0.680 0.680
	33,300,000	(29,300,000)	4,000,000			
All other eligible participants 所有其他合資格人士	17,000,000	(17,000,000) (Note g)(附註g)	-	28.1.2008	28.1.2008 - 27.1.2018	0.864
	107,700,000	(103,700,000)	4,000,000			
Exercisable at year end 於年底可行使			4,000,000			
Weighted average exercise price 加權平均行使價	0.826	0.831	0.680			

(a) 本公司之購股權計劃(續)

下表披露合資格人士關於二零零二計劃持有本公司購股權資料及其於截至二零一七年及二零一八年十二月三十一日止年度之持股變動：

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34 SHARE-BASED PAYMENT TRANSACTIONS 34 以股份支付支出之交易(續)

(continued)

(a) The Company's share option scheme (continued)

(a) 本公司之購股權計劃(續)

Grantees 獲授予購股權人士	Number of share options for 2017 二零一七年購股權數目			Date of grant 授出日期 (Note a) (附註a)	Exercise period 行使期間	Exercise price per share 每股 行使價 HK\$ 港幣
	At 1.1.2017 於二零一七年 一月一日	Lapsed during the year 年內失效	At 31.12.2017 於二零一七年 十二月三十一日			
Directors of the Company 本公司董事	1,268,000	(1,268,000) (Note h)(附註h)	-	26.1.2007	26.1.2007 - 25.1.2017	0.656
	5,400,000	-	5,400,000	13.7.2009	13.7.2009 - 12.7.2019	0.680
	5,400,000	-	5,400,000 (Note i)(附註i)	13.7.2009	1.1.2010 - 12.7.2019	0.680
	7,200,000	-	7,200,000 (Note i)(附註i)	13.7.2009	1.1.2011 - 12.7.2019	0.680
	39,400,000	-	39,400,000	28.1.2008	28.1.2008 - 27.1.2018	0.864
	58,668,000	(1,268,000)	57,400,000			
Employees other than directors of the Company 僱員(本公司董事除外)	30,700,000	(2,000,000) (Note j)(附註j)	28,700,000	28.1.2008	28.1.2008 - 27.1.2018	0.864
	100,000	-	100,000 (Note k)(附註k)	28.1.2008	28.1.2011 - 27.1.2018	0.864
	1,350,000	-	1,350,000	13.7.2009	13.7.2009 - 12.7.2019	0.680
	1,350,000	-	1,350,000 (Note i)(附註i)	13.7.2009	1.1.2010 - 12.7.2019	0.680
	1,800,000	-	1,800,000 (Note i)(附註i)	13.7.2009	1.1.2011 - 12.7.2019	0.680
	35,300,000	(2,000,000)	33,300,000			
All other eligible participants 所有其他合資格人士	17,000,000	-	17,000,000	28.1.2008	28.1.2008 - 27.1.2018	0.864
	110,968,000	(3,268,000)	107,700,000			
Exercisable at year end 於年底可行使			107,700,000			
Weighted average exercise price 加權平均行使價	0.824	0.783	0.826			

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34 SHARE-BASED PAYMENT TRANSACTIONS (continued)

(a) The Company's share option scheme (continued)

Notes:

- a. The vesting period of the share options is from the date of grant to the beginning of the exercise period except for the share options set out under Notes (i) and (k) below.
- b. A total of 39,400,000 share options at the exercise price of HK\$0.864 held by Mr. Li Shaofeng ("Mr. Li"), Mr. Tang Cornor Kwok Kau, Mr. Leung Shun Sang, Tony ("Mr. Leung"), Mr. Yip Kin Man, Raymond ("Mr. Yip") and Mr. Law Yui Lun ("Mr. Law") lapsed during the year, in which Mr. Li resigned as an executive Director and chairman with effect from 18 January 2018. Mr. Leung retired at the annual general meeting held on 18 May 2018 and did not offer himself for re-election.
- c. Following the resignation of Mr. Yang Kaiyu ("Mr. Yang") as an executive Director and managing Director with effect from 31 January 2018, the 18,000,000 share options held by Mr. Yang, with the exercise price of HK\$0.680 have lapsed.
- d. A total of 28,700,000 share options at the exercise price of HK\$0.864 lapsed during the year in accordance with the terms of the 2002 Scheme.
- e. 100,000 share options at the exercise price of HK\$0.864, which have a vesting period of three years from the date of grant, lapsed during the year in accordance with the terms of the 2002 Scheme.
- f. A total of aggregate 500,000 share options lapsed during the year due to the resignation of an employee.
- g. 17,000,000 share options at the exercise price of HK\$0.864 lapsed during the year in accordance with the terms of the 2002 Scheme.

34 以股份支付支出之交易(續)

(a) 本公司之購股權計劃(續)

附註：

- a. 除列於下述附註(i)及(k)項之購股權外，購股權授出日期起至行使期限開始歸屬。
- b. 李少峰先生(「李先生」)、鄧國求先生、梁順生先生(「梁先生」)、葉健民先生(「葉先生」)和羅裔麟先生(「羅先生」)持有之行使價為港幣0.864元之合共39,400,000股購股權於本年度失效。其中，李先生自二零一八年一月十八日辭任執行董事兼董事長。梁先生於二零一八年五月十八日舉行之股東周年大會退任，並不膺選連任。
- c. 自楊開宇先生(「楊先生」)於二零一八年一月三十一日辭任執行董事及董事總經理，楊先生持有的行使價為港幣0.680元之合共18,000,000股購股權失效。
- d. 共有行使價為港幣0.864元之28,700,000股購股權根據二零零二計劃的條款於本年度失效。
- e. 共有於授出日期三年後歸屬之行使價為港幣0.864元之100,000股購股權根據二零零二計劃的條款於本年度失效。
- f. 合共有500,000股購股權由於僱員辭職而於本年度失效。
- g. 共有行使價為港幣0.864元之17,000,000股購股權根據二零零二計劃的條款於本年度失效。

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34 SHARE-BASED PAYMENT TRANSACTIONS (continued)

(a) The Company's share option scheme (continued)

Notes: (continued)

- h. A total of 1,268,000 share options at the exercise price of HK\$0.656 held by Mr. Yip and Mr. Law lapsed during 2017.
- i. 5,400,000 share options have a vesting period from the date of grant to 31 December 2009 and 7,200,000 share options have a vesting period from the date of grant to 31 December 2010 under the category of "Directors of the Company". 1,350,000 share options have a vesting period from the date of grant to 31 December 2009 and 1,800,000 share options have a vesting period from the date of grant to 31 December 2010 under the category of "Employees other than the directors of the Company".
- j. A total of 2,000,000 share options at the exercise price of HK\$0.864 lapsed during 2017 due to the resignation and retirement of certain employees.
- k. 100,000 share options have a vesting period of three years from the date of grant.

35 RELATED PARTY TRANSACTIONS

The Company's substantial shareholder with significant influence is Shougang HK, which is a wholly owned subsidiary of Shougang Group Co., Ltd., a state-owned enterprise under the direct supervision of the Beijing State-owned Assets Supervision and Administration Commission. Shougang Group Co., Ltd., together with its associates (as defined in the Listing Rules) other than the Group, will hereinafter be referred to as the "Shougang Group". Accordingly, the Group is significantly influenced by Shougang Group, which is part of a larger group of companies ultimately controlled by the PRC government.

Shougang HK, together with its subsidiaries and associates other than the Group, will hereinafter be referred to as the "Shougang HK Group". Apart from the transactions with Shougang HK Group, the Group also conducts businesses with other PRC government-related entities in the ordinary course of business.

34 以股份支付支出之交易(續)

(a) 本公司之購股權計劃(續)

附註：(續)

- h. 共有由葉先生和羅先生持有之行使價為港幣0.656元之1,268,000股售股權於二零一七年間失效。
- i. 於「本公司董事」類別中，5,400,000股購股權於授出日期至二零零九年十二月三十一日後歸屬及7,200,000股購股權於授出日期至二零一零年十二月三十一日後歸屬。於「僱員(本公司董事除外)」類別中，1,350,000股購股權於授出日期至二零零九年十二月三十一日後歸屬及1,800,000股購股權於授出日期至二零一零年十二月三十一日後歸屬。
- j. 共有行使價為港幣0.864元之2,000,000股購股權由於若干僱員辭職及退休後失效。
- k. 共有100,000股購股權於授出日期三年後歸屬。

35 有關連人士之交易

本公司之主要股東有重要影響的是首控香港(乃首鋼集團有限公司(北京國有資產監督管理委員會直接監督之國有企業)的全資附屬公司)的聯營公司。除本集團外，首鋼集團有限公司及其聯繫人(根據上市規則定義)以下將被稱為「首鋼集團」。因此，本集團受首鋼集團之重大影響。首鋼集團為中國政府最終控制之一系列大型企業之一部份。

首控香港連同其附屬公司和聯繫人(本集團除外)在以下將被稱為「首控香港集團」。除與首控香港集團的交易，本集團在日常業務過程中亦與其他中國政府關連實體進行業務。

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35 RELATED PARTY TRANSACTIONS

(continued)

(i) Transactions with PRC government-related entities

(a) Transactions with Shougang HK Group

35 有關連人士之交易(續)

(i) 與中國政府關連實體之交易

(a) 與首控香港集團之交易

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Consultancy fees paid to Shougang HK Group	支付顧問費予首控香港集團	960	960
Rental expenses paid to Shougang HK Group	支付租金予首控香港集團	1,974	3,384
Loans from Shougang HK Group	來自首控香港集團之貸款	-	200,000
Loans repaid to Shougang HK Group	償還首控香港集團之貸款	27,949	185,980
Handling fee paid to Shougang HK Group	支付予首控香港集團之手續費	830	830
Interest expenses on loans from Shougang HK Group	來自首控香港集團之貸款之利息支出	12,790	5,169

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35 RELATED PARTY TRANSACTIONS

(continued)

(i) Transactions with PRC government-related entities (continued)

(b) Transactions with other PRC government-related entities

The Group has entered into various transactions, including sales to, purchases from and other operating expenses paid to other PRC government-related entities. In the opinion of the directors of the Company, these transactions are considered as individually insignificant to the operation of the Group during the reporting period.

In addition, the Group has entered into various banking transactions, including deposits placements, borrowings and other general banking facilities, with certain banks and financial institutions which are state-controlled entities in its ordinary course of business. In view of the nature of those banking transactions, the directors of the Company are of the opinion that separate disclosure would not be meaningful.

(ii) Transactions with non-PRC government-related entities

Compensation of key management personnel

The key management of the Group comprises all executive directors of the Company, details of their emoluments are disclosed in Notes 10 and 37, and share-based payment transactions are disclosed in Notes 34, respectively. The emoluments of the directors of the Company are decided by the remuneration committee of the Company having regard to individual's performance, the Group's performance and profitability, remuneration benchmark in the industry and prevailing market condition.

35 有關連人士之交易(續)

(i) 與中國政府關連實體之交易(續)

(b) 與中國政府關連實體之交易

本集團與其他中國政府關連實體訂立多項交易，包括銷售予、採購自及支付其他經營費用予其他中國政府關連實體。本公司董事認為，該等交易個別地被視為對本集團於報告期內的營運並不顯著。

此外，本集團與屬於國家控制的若干銀行及財務機構於日常業務過程中訂立多項交易，包括存款、借貸及其他一般銀行融資。鑒於該等銀行交易之性質，本公司董事認為獨立披露並無意義。

(ii) 與非中國政府關連實體之交易

主要管理人員之報酬

本集團之主要管理人員包括本公司所有執行董事，其酬金及以股份支付支出之交易詳情已分別於附註10及37與附註34作出披露。本公司董事之酬金由本公司之薪酬委員會按照個人表現，本集團之業績及盈利狀況，亦以業界指標及當時市場環境而釐訂。

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36 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Statement of financial position of the Company

36 本公司的財務狀況表及儲備

本公司財務狀況表

		As at 31 December 於十二月三十一日	
		2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元
Assets	資產		
Non-current assets	非流動資產		
Interests in subsidiaries	附屬公司利息	1,385,001	1,354,731
Club memberships	會籍	-	331
Total non-current assets	非流動資產總額	1,385,001	1,355,062
Current assets	流動資產		
Prepayments and other receivables	預付款及其他應收款	290	1,606
Amounts due from subsidiaries	應收附屬公司款項	524,677	498,176
Bank balances and cash	銀行結存及現金	1,411	25,559
Total current assets	流動資產總額	526,378	525,341
Total assets	資產總額	1,911,379	1,880,403
Equity and liabilities	權益及負債		
Equity attributable to owners of the company	歸屬於本公司所有者權益		
Share capital	股本	1,191,798	1,191,798
Reserves	儲蓄	188,036	171,259
Total equity	權益總額	1,379,834	1,363,057
Current liabilities	流動負債		
Other payables and accruals	其他應付款及預提費用	29,147	21,366
Loan from a related company	來自一有關聯公司之貸款	205,534	200,658
Bank borrowings	銀行貸款	28,457	-
Total current liabilities	流動負債總額	263,138	222,024
Non-current liabilities	非流動負債		
Bank borrowings	銀行貸款	268,407	295,322
Total liabilities	負債總額	531,545	517,346
Total equity and liabilities	權益及負債總額	1,911,379	1,880,403

The statement of financial position of the Company was approved by the Board of Directors on 22 March 2019 and was signed on its behalf:

本公司財務狀況表已於二零一九年三月二十二日獲董事會批准並授予頒佈，並由以下董事代為簽署：

Su Fanrong
蘇凡榮
DIRECTOR
董事

Tang Cornor Kwok Kau
鄧國求
DIRECTOR
董事

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36 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Movement in the Company's reserves

36 本公司的財務狀況表及儲備(續)

儲備的變動

		Capital reserve	Translation reserve	Share option reserve	Retained profits/ (accumulated loss) 保留溢利 (累計虧損)	Total
		資本儲備 HK\$'000 港幣千元	匯兌儲備 HK\$'000 港幣千元	購股權儲備 HK\$'000 港幣千元	HK\$'000 港幣千元	合計 HK\$'000 港幣千元
For the year ended 31 December 2018	截至二零一八年十二月三十一日止年度					
At 1 January 2017	於二零一七年一月一日	23,990	65,590	29,881	153,308	272,769
Comprehensive loss	全面虧損					
Loss for the year	本年度虧損	-	-	-	(158,605)	(158,605)
Other comprehensive income	其他全面收益					
Exchange difference arising on translation into presentation currency	因換算呈列貨幣而產生的匯兌差額	-	57,095	-	-	57,095
Total comprehensive income/(loss) for the year	本年度全面收入/(虧損)總額	-	57,095	-	(158,605)	(101,510)
Lapse of share options	購股權失效	-	-	(987)	987	-
At 31 December 2017	於二零一七年十二月三十一日	23,990	122,685	28,894	(4,310)	171,259
Comprehensive income	全面收益					
Profit for the year	本年度利潤	-	-	-	57,044	57,044
Other comprehensive income	其他全面收益					
Exchange difference arising on translation into presentation currency	因換算呈列貨幣而產生的匯兌差額	-	(40,267)	-	-	(40,267)
Total comprehensive (loss)/income for the year	本年度全面(虧損)/收入總額	-	(40,267)	-	57,044	16,777
Lapse of share options	購股權失效	-	-	(27,814)	27,814	-
At 31 December 2018	於二零一八年十二月三十一日	23,990	82,418	1,080	80,548	188,036

Note: The capital reserve of the Company represents the benefit of acquiring a shareholder's loan from a previous shareholder upon the acquisition of a subsidiary in previous years.

附註：本公司之資本儲備源自於以前年度收購一間附屬公司時購入一位前股東的股東貸款之利益。

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37 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND LISTING RULES)

(a) Directors' emoluments

The emoluments of each director of the Company is set out as below.

For the year ended 31 December 2018:

37 董事福利及權益(香港公司條例(第622章)第383條、公司(披露董事利益資料)規例(第622G章)及上市規則規定的披露)

(a) 董事之酬金

每名董事之酬金載列如下：

截至二零一八年十二月三十一日止年度：

		Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking 就個人擔任董事(一論為本公司或其附屬公司業務)職務已付或應收酬金						
		Fees	Salaries	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution to a retirement benefit scheme	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking 就董事管理本公司或其附屬公司業務事宜的其他服務已付或應收酬金	Total
		袍金 HK\$'000 港幣千元	薪金 HK\$'000 港幣千元	酌情花紅 HK\$'000 港幣千元	津貼及實物福利 HK\$'000 港幣千元	僱主的退休福利計劃供款 HK\$'000 港幣千元	已付或應收酬金 HK\$'000 港幣千元	合計 HK\$'000 港幣千元
Executive directors	執行董事							
Li Shaofeng (Note a)	李少峰(附註a)	-	-	-	-	-	-	-
Yang Kaiyu (Note b)	楊開宇(附註b)	-	220	-	1	11	1,320	1,552
Su Fanrong	蘇凡榮	-	1,820	-	18	18	-	1,856
Tang Cornor Kwok Kau	鄧國求	-	1,981	-	7	52	-	2,040
Non-executive directors	非執行董事							
Leung Shun Sang, Tony (Note c)	梁順生(附註c)	72	-	-	-	-	-	72
Liao Jun	廖駿	150	-	-	-	-	-	150
Independent non-executive directors	獨立非執行董事							
Yip Kin Man, Raymond	葉健民	240	-	-	-	-	-	240
Law Yui Lun	羅裔麟	240	-	-	-	-	-	240
Lam Yiu Kin	林耀堅	240	-	-	-	-	-	240
		942	4,021	-	26	81	1,320	6,390

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37 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND LISTING RULES) (continued)

(a) Directors' emoluments (continued)

For the year ended 31 December 2017:

37 董事福利及權益(香港公司條例(第622章)第383條、公司(披露董事利益資料)規例(第622G章)及上市規則規定的披露)(續)

(a) 董事之酬金(續)

截至二零一七年十二月三十一日止年度：

		Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking					就個人擔任董事(一論為本公司或其附屬公司業務)職務已付或應收酬金	
		Fees	Salaries	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution to a retirement benefit scheme	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	Total
		袍金	薪金	酌情花紅	津貼及實物福利	雇主的退休福利計劃供款	就董事管理本公司或其附屬公司業務事宜的其他服務已付或應收酬金	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Executive directors	執行董事							
Li Shaofeng	李少峰	-	-	-	-	-	-	-
Yang Kaiyu	楊開宇	-	2,647	440	-	154	-	3,241
Su Fanrong	蘇凡榮	-	2,170	360	-	18	-	2,548
Tang Cornor Kwok Kau	鄧國求	-	1,990	-	-	99	-	2,089
Non-executive directors	非執行董事							
Leung Shun Sang, Tony	梁順生	190	-	-	-	-	-	190
Liao Jun	廖駿	150	-	-	-	-	-	150
Independent non-executive directors	獨立非執行董事							
Yip Kin Man, Raymond	葉健民	240	-	-	-	-	-	240
Law Yui Lun	羅裔麟	240	-	-	-	-	-	240
Lam Yiu Kin	林耀堅	240	-	-	-	-	-	240
		1,060	6,807	800	-	271	-	8,938

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37 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND LISTING RULES) (continued)

(a) Directors' emoluments (continued)

None of the directors received or will receive any emoluments in respect of a person accepting office as a director during the year (2017: Nil).

Notes:

- (a) Mr. Li Shaofeng resigned as an executive director on 18 January 2018.
- (b) Mr. Yang Kaiyu resigned as an executive director on 31 January 2018.
- (c) Mr. Leung Shun Sang, Tony retired as a non-executive director on 18 May 2018.

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during the year (2017: same).

(c) Consideration provided to or receivable by third parties for making available directors' services

During the year ended 31 December 2018, the Company does not pay consideration to any third parties for making available directors' services (2017: same).

37 董事福利及權益(香港公司條例(第622章)第383條、公司(披露董事利益資料)規例(第622G章)及上市規則規定的披露)(續)

(a) 董事之酬金(續)

年內，概無任何董事就接納董事職位而收取或將收取任何酬金(二零一七年：沒有)。

附註：

- (a) 李少峰先生於二零一八年一月十八日辭任本公司執行董事。
- (b) 楊開宇先生於二零一八年一月三十一日辭任本公司執行董事。
- (c) 梁順生先生於二零一八年五月十八日退任本公司非執行董事。

(b) 董事退休福利及離職福利

年內，概無董事已經或將會收取任何退休福利或離職福利(二零一七年：相同)。

(c) 就獲取董事服務向第三方支付之代價

於截至二零一八年十二月三十一日止年度，本公司並無就獲取董事服務而向任何第三方支付代價(二零一七年：相同)。

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37 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND LISTING RULES) (continued)

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2018, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2017: same).

(e) Directors' material interests in transactions, arrangements or contracts

No transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2017: same).

37 董事福利及權益(香港公司條例(第622章)第383條、公司(披露董事利益資料)規例(第622G章)及上市規則規定的披露)(續)

(d) 有關以董事、該等董事之受控制法團及關連實體為受益人之貸款、準貸款及其他交易之資料

於截至二零一八年十二月三十一日止年度，概無以董事、或該等董事之受控制法團及關連實體為受益人之貸款、準貸款及其他交易安排(二零一七年：相同)。

(e) 董事於交易、安排或合約之重大權益

本公司概無就其業務訂立本公司為其中訂約方及本公司董事直接或間接擁有重大權益而於年終或年內任何時間仍然存續的重大交易、安排或合約(二零一七年：相同)。

SUMMARY OF INVESTMENT PROPERTIES

投資物業摘要

Particulars of the investment properties held by the Group as at 31 December 2018 are as follows:

本集團於二零一八年十二月三十一日持有之投資物業詳情如下：

	Properties 物業	Use 用途	Group interest 本集團之權益	Category of lease 租約類別
1.	House 5 – 18 and carport District 5, Legend Garden Villas No. 89 Capital Airport Road Chaoyang District, Beijing PRC 中國北京市 朝陽區首都機場路89號 麗京花園別墅第五區 5-18號屋連車棚	Residential 住宅	100%	Medium term lease 中期租約
2.	Workshop Nos. 16, 17 and 18 on 12th Floor Honour Industrial Centre No. 6 Sun Yip Street Chaiwan, Hong Kong 香港柴灣新業街6號 安力工業中心12樓 16, 17及18室	Industrial and commercial 工商業	100%	Long term lease 長期租約
3.	Apartment Unit 4-14-5, Level 2 Block 4-8, District 4 Legend Garden Villas No. 89 Capital Airport Road Chaoyang District, Beijing PRC 中國北京市 朝陽區首都機場路89號 麗京花園別墅第四區 2號地段第4-8座 4-14-5號室	Residential 住宅	100%	Medium term lease 中期租約
4.	Unit 5E on Level 5 and Car Park No. 39 on level 2 Jinmin Building No. 8 Zunyi Road South Changning District, Shanghai PRC 中國上海市 長寧區遵義南路8號 錦明大廈 5樓5E室 及2樓車位第39號	Commercial and residential 商業及住宅	100%	Long term lease 長期租約

DEFINITIONS

釋義

In this report, unless the context otherwise requires, the following terms shall have the meaning set out below: 在本報告中，除文義另有所指，下列詞彙具有如下涵義：

“2002 Scheme” 「二零零二計劃」	A share option scheme adopted and terminated by the Shareholders at the annual general meetings held on 7 June 2002 and 25 May 2012 respectively 股東分別於二零零二年六月七日及二零一二年五月二十五日舉行之股東周年大會上採納及終止之購股權計劃
“2012 Scheme” 「二零一二計劃」	A share option scheme adopted by the Shareholders at the annual general meeting held on 25 May 2012 and became effective on 29 May 2012 股東於二零一二年五月二十五日舉行之股東周年大會上採納並於二零一二年五月二十九日起生效之新購股權計劃
“Able Legend” 「Able Legend」	Able Legend Investments Limited, a subsidiary of Shougang HK Able Legend Investments Limited，首控香港之附屬公司
“Articles” 「章程細則」	the Articles of Association of the Company 本公司組織章程細則
“BeijingWest Industries” 「京西重工」	BeijingWest Industries International Limited (Stock Code: 2339), a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange 京西重工國際有限公司(股份代號：2339)，於開曼群島註冊成立之有限公司，其股份在聯交所主板上市
“Bekaert” 「Bekaert」	NV Bekaert SA, a company incorporated under the laws of Belgium, a substantial Shareholder (as defined under the SFO) NV Bekaert SA，根據比利時法律註冊成立之公司，主要股東(根據證券及期貨條例定義)
“Bekaert Combustion” 「Bekaert Combustion」	Bekaert Combustion Technology B.V., a wholly owned subsidiary of Bekaert, is a substantial Shareholder (as defined under the SFO) Bekaert Combustion Technology B.V.，Bekaert之全資附屬公司，主要股東(根據證券及期貨條例定義)
“Board” 「董事會」	the board of Directors 本公司董事會
“Board Diversity Policy” 「董事會成員多元化政策」	Shougang Concord Century Holdings Limited Board Diversity Policy adopted on 26 August 2013 and revised from time to time thereafter 於二零一三年八月二十六日採納並於隨後不時修訂之首長寶佳集團有限公司董事會成員多元化政策

DEFINITIONS

釋義

“Casula” 「Casula」	Casula Investments Limited, a subsidiary of Shougang International Casula Investments Limited，首長國際之附屬公司
“Code” 「守則」	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules 上市規則附錄十四所載之《企業管治守則》
“Companies Ordinance” 「公司條例」	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) 香港法例第622章公司條例
“Company”/ “Shougang Century” 「本公司」/「首長寶佳」	Shougang Concord Century Holdings Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange 首長寶佳集團有限公司，一間於香港註冊成立之有限公司及其股份於聯交所主板上市
“Continuous Disclosure Obligation Policy” 「持續披露責任政策」	Shougang Concord Century Holdings Limited Continuous Disclosure Obligation Policy adopted on 28 March 2011 and revised from time to time thereafter 自二零一一年三月二十八日採納並於隨後不時修訂之首長寶佳集團有限公司持續披露責任政策
“Conversion Price” 「換股價」	HK\$0.33 per Conversion Share (subject to adjustments) 每股換股股份港幣0.33元(可予調整)
“Conversion Restrictions” 「轉換限制」	Conversion shall be subject to the following conditions: (a) any exercise of the Conversion Rights shall not trigger any mandatory offer under Rule 26 of the Hong Kong Code on Takeovers and Mergers; and (b) any exercise of the Conversion Rights shall not render the Company no longer be able to maintain the minimum public float of the Shares as required under the Listing Rules. 換股受下列條件的規限： (a) 任何轉換權之行使不得觸發香港公司收購及合併守則規則第26項下任何強制要約；及 (b) 任何轉換權之行使不得導致本公司不再維持上市規則所規定之股份最低公眾持股量。
“Conversion Rights” 「轉換權」	the rights to convert the Convertible Bonds into Conversion Shares 將可換股債券轉換為換股股份的權利

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“Conversion Shares” 「換股股份」	the Share(s) to be issued by the Company upon the holder(s) of the Convertible Bonds exercising its/their Conversion Rights attached to the Convertible Bonds in accordance with the terms and conditions of the instrument constituting the Convertible Bonds 本公司於可換股債券持有人根據構成可換股債券工具的條款及條件行使彼或彼等可換股債券附帶的轉換權後將予發行的股份
“Convertible Bonds” 「可換股債券」	the 4% unsecured fixed coupon convertible bonds in the aggregate principal amount of HK\$150,000,000 due 2022 (extendable to 2024) issued by the Company to Jingxi Holdings pursuant to the Subscription Agreement 本公司根據認購協議發行予京西控股的本金總額為港幣150,000,000元於二零二二年到期(可延長至二零二四年)的4%無抵押固定票息可換股債券
“Copper and brass products” 「銅及黃銅材料」	processing and trading of copper and brass products 銅及黃銅材料加工及貿易
“Director(s)” 「董事」	the director(s) of the Company 本公司董事
“Employment Ordinance” 「僱傭條例」	the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) 香港法例第57章僱傭條例
“Fair Union” 「Fair Union」	Fair Union Holdings Limited, a wholly owned subsidiary of Shougang International Fair Union Holdings Limited，首長國際之全資附屬公司
“Global Digital” 「環球數碼」	Global Digital Creations Holdings Limited (Stock Code: 8271), a company incorporated in Bermuda with limited liability, the shares of which are listed on the GEM of the Stock Exchange 環球數碼創意控股有限公司(股份代號：8271)，於百慕達註冊成立之有限公司，其股份在聯交所GEM上市
“Group” 「本集團」	the Company and its subsidiaries 本公司及其附屬公司
“HKD/HK\$” 「港幣」	Hong Kong dollars, the lawful currency of Hong Kong 港幣，香港法定貨幣
“Hong Kong” 「香港」	the Hong Kong Special Administrative Region of the PRC 中國香港特別行政區

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“Inside Information Provisions” 「內幕消息條文」	Part XIVA of the SFO 證券及期貨條例第XIVA部
“Internal Control Manual” 「內部監控指引」	an internal management and control manual of the Company adopted in 1999 and revised from time to time thereafter 本公司自一九九九年採納並於隨後不時修訂之內部管理及監控指引
“JESC” 「嘉興東方」	Jiaxing Eastern Steel Cord Co., Ltd., a company incorporated under the laws of the PRC and an indirect wholly owned subsidiary of the Company 嘉興東方鋼簾線有限公司，根據中國法律註冊成立之公司，為本公司之間接全資附屬公司
“Jingxi Holdings” 「京西控股」	Jingxi Holdings Limited 京西控股有限公司, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of Shougang Fund 京西控股有限公司，一間根據香港法例註冊成立的有限公司，為首鋼基金的全資附屬公司
“Li Ka Shing Foundation” 「李嘉誠基金會」	Li Ka Shing Foundation Limited, a “charitable body” within the meaning of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), a substantial Shareholder (as defined under the SFO) 李嘉誠基金會有限公司，為香港法例第112章稅務條例所界定之「慈善團體」，主要股東（根據證券及期貨條例定義）
“Listing Rules” 「上市規則」	the Rules Governing the Listing of Securities on the Stock Exchange 聯交所證券上市規則
“Loco Hong Kong” 「港銀控股」	Loco Hong Kong Holdings Limited, (Stock Code: 8162), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the GEM of the Stock Exchange 港銀控股有限公司（股份代號：8162），於香港註冊成立之有限公司，其股份在聯交所GEM上市
“Model Code” 「標準守則」	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules 上市規則附錄十《上市發行人董事進行證券交易的標準守則》
“Policy for Nomination of a Director of the Company” 「提名公司董事政策」	Shougang Concord Century Holdings Limited Policy for Nomination of a Director of the Company adopted on 18 December 2018 and revised from time to time thereafter 於二零一八年十二月十八日採納並於隨後不時修訂之首長寶佳集團有限公司提名公司董事政策

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“PRC” 「中國」	the People’s Republic of China, which for the purpose of this report shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan 中華人民共和國，就本報告而言，不包括香港、中國澳門特別行政區及台灣
“Richson” 「Richson」	Richson Limited, a subsidiary of Shougang International Richson Limited，首長國際之附屬公司
“RMB” 「人民幣」	Renminbi, the lawful currency of the PRC 人民幣，中國法定貨幣
“SCCHL Code” 「首長寶佳守則」	Model Code for Securities Transactions by Directors and Specified Individuals of Shougang Concord Century Holdings Limited adopted in 2004 and revised from time to time thereafter 自二零零四年採納並於隨後不時修訂之首長寶佳集團有限公司董事及特定人士進行證券交易的標準守則
“SCCHL Corporate Governance Code” 「首長寶佳企業管治守則」	Shougang Concord Century Holdings Limited Code on Corporate Governance (revised from time to time) 首長寶佳集團有限公司企業管治守則(不時修訂)
“SFO” 「證券及期貨條例」	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
“Share(s)” 「股份」	ordinary share(s) of the Company 本公司之普通股
“Shareholder(s)” 「股東」	shareholder(s) of the Company 本公司之股東
“Shougang Fund” 「首鋼基金」	Beijing Shougang Fund Co., Ltd., a company established in the PRC with limited liability and a wholly-owned subsidiary of Shougang Group 北京首鋼基金有限公司，一間於中國成立的有限責任公司，為首鋼集團的全資附屬公司
“Shougang Grand” 「首長四方」	Shougang Concord Grand (Group) Limited (Stock Code: 730), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange 首長四方(集團)有限公司(股份代號：730)，於百慕達註冊成立之有限公司，其股份在聯交所主板上市

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“Shougang Group” 「首鋼集團」	Shougang Group Co., Ltd. (a state-owned enterprise under the direct supervision of the Beijing State-owned Assets Supervision and Administration Commission), a controlling Shareholder (as defined under the SFO) 首鋼集團有限公司(一間於中國成立的國有企業，受北京國有資產監督管理委員會直接監督)，一名控股股東(根據證券及期貨條例定義)
“Shougang HK” 「首控香港」	Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, a substantial Shareholder (as defined under the SFO) 首鋼控股(香港)有限公司，於香港註冊成立之有限公司，主要股東(根據證券及期貨條例定義)
“Shougang International” 「首長國際」	Shougang Concord International Enterprises Company Limited (Stock Code: 697), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange, a substantial Shareholder (as defined under the SFO) 首長國際企業有限公司(股份代號：697)，於香港註冊成立之有限公司，其股份在聯交所主板上市，主要股東(根據證券及期貨條例定義)
“Steel cord” 「鋼簾線」	manufacturing of steel cords for radial tyres 製造子午線輪胎用鋼簾線
“Stock Exchange/HKEx” 「聯交所」	The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司
“Subscription” 「認購事項」	the subscription for the Convertible Bonds by Jingxi Holdings pursuant to the terms and subject to the conditions of the Subscription Agreement 京西控股根據認購協議的條款並受其條件規限認購可換股債券
“Subscription Agreement” 「認購協議」	the subscription agreement dated 18 December 2018 entered into between the Company and Jingxi Holdings in relation to the subscription for the Convertible Bonds by Jingxi Holdings pursuant to the terms and subject to the conditions of the Subscription Agreement 本公司及京西控股於二零一八年十二月十八日訂立的就京西控股根據認購協議的條款並受其條件規限認購可換股債券的認購協議
“TESC” 「滕州東方」	Tengzhou Eastern Steel Cord Co., Ltd., a company incorporated under the laws of the PRC and an indirect wholly owned subsidiary of the Company 滕州東方鋼簾線有限公司，根據中國法律註冊成立之公司，為本公司之間接全資附屬公司
“TESC Phase II Project” 「滕洲東方二期項目」	the construction project of production lines with an annual capacity of 20,000 tonnes of brass wires (half product or work in progress) 建設年產量20,000噸黃絲(半成品或在製品)生產線的項目
“USD/US\$” 「美元」	United States dollars, the lawful currency of the United States of America 美元，美國之法定貨幣
“%” 「%」	per cent. 百分比



**SHOUGANG CONCORD CENTURY
HOLDINGS LIMITED**
首長寶佳集團有限公司