



EMBRY HOLDINGS LIMITED

安莉芳控股有限公司

Incorporated in the Cayman Islands with limited liability

於開曼群島註冊成立之有限公司

Stock Code 股份代號: 1388



追求 **卓越**
Striving for **卓越**
EXCELLENCE

2018 ANNUAL REPORT 年報

Solid self-development capabilities have always been one of the Group's competitive edges in the market. Adhering to the pursuit of product quality, the Group continued to invest resources in product research and development, and strived to optimise and improve the appearance, functionality and production technology of the products, and to provide superior-quality products to the market.

扎實的自行研發能力 一直是本集團在市場上的優勢之一。秉承著在產品質素上的堅持，集團持續投放資源於產品研發上，致力優化及改良產品外觀、功能及生產技術，力求為市場提供品質卓越的產品。

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SALES NETWORK 銷售網絡



AN EXTENSIVE NETWORK CAPTURING GROWING OPPORTUNITIES IN CHINA

The Group's sales points span the whole nation, with footprints in all major cities such as Beijing, Shanghai, Chongqing, Tianjin, Guangzhou, Hong Kong and Macau. Such an extensive network enables the Group to efficiently respond to customer needs and deepen its market penetration in China.

As at 31 December 2018, the Group had a total of 1,837 retail outlets, comprising 1,557 concessionary counters and 280 retail shops in Mainland China, Hong Kong and Macau.

龐大網絡 中國市場潛力無限

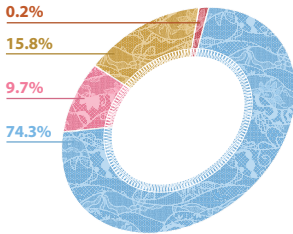
本集團的銷售點遍佈全國各地，覆蓋所有主要城市，如北京、上海、重慶、天津、廣州、香港及澳門。透過這個龐大的銷售網絡，本集團能迅速有效地回應消費者需要，進一步滲透中國市場。

截至二零一八年十二月三十一日止，本集團共有1,837個零售點，包括在中國大陸、香港及澳門1,557個百貨公司專櫃及280個零售商舖。

FINANCIAL HIGHLIGHTS

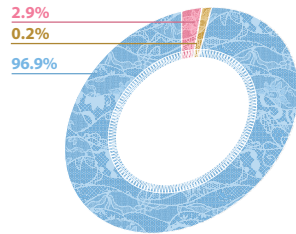
財務摘要

By Business Activities 按業務活動



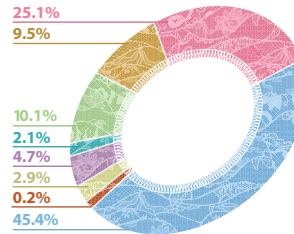
	2018	2017
Concessionary Counters 銷售專櫃	74.3%	78.5%
Retail Stores 零售店舖	9.7%	8.7%
Internet and Wholesale 網上銷售及批發	15.8%	12.5%
Original Design Manufacturer ("ODM") 原設計製造商 ("ODM")	0.2%	0.3%

By Locations 按地區



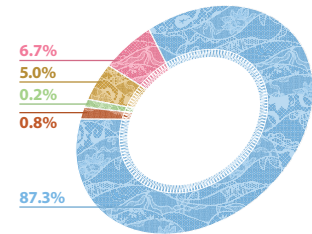
	2018	2017
Mainland China 中國大陸	96.9%	96.5%
Hong Kong 香港	2.9%	3.2%
Others 其他	0.2%	0.3%

By Brands 按品牌



	2018	2017
Embry Form 安莉芳	45.4%	46.5%
Fandecie 芬狄詩	25.1%	26.2%
Comfit	9.5%	9.1%
E-BRA	10.1%	10.0%
LIZA CHENG	2.1%	2.0%
IVU	4.7%	3.4%
Iadore 安朵	2.9%	2.5%
ODM Products and Others ODM產品 及其他	0.2%	0.3%

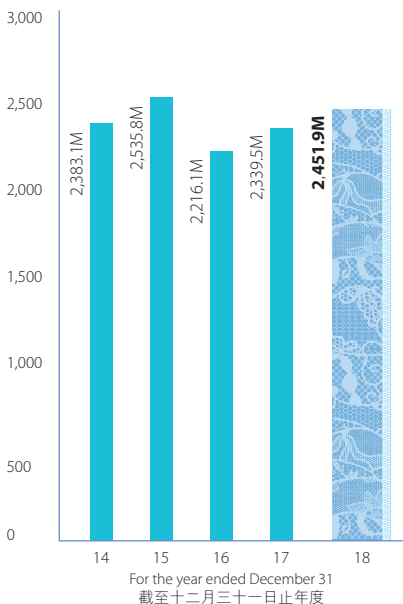
By Products 按產品



	2018	2017
Lingerie 女性內衣	87.3%	87.5%
Sleepwear 睡衣	6.7%	6.0%
Swimwear 泳衣	5.0%	5.1%
ODM Products ODM產品	0.2%	0.3%
Others 其他產品	0.8%	1.1%

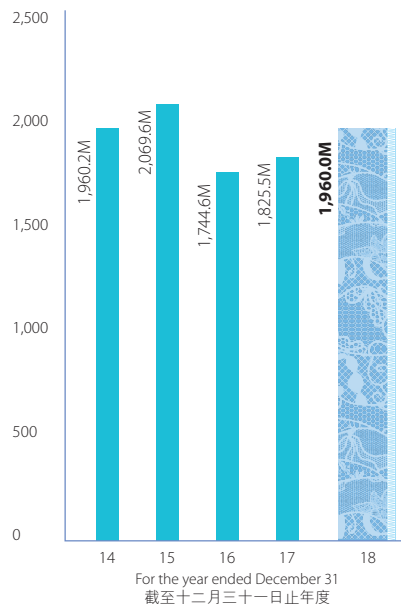
Revenue 收益

CAGR 1.2%
複合年增長率1.2%



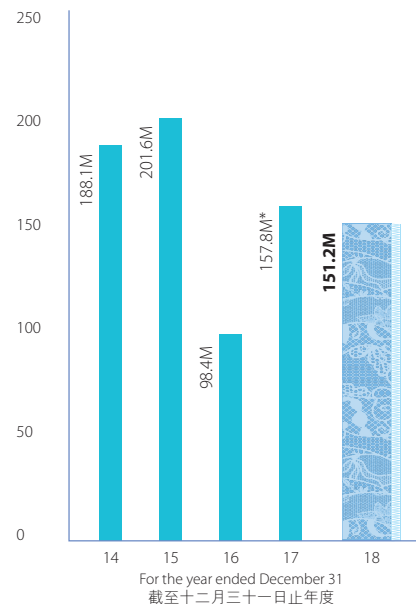
Gross Profit 毛利

CAGR 0.4%
複合年增長率0.4%



Profit for the Year Attributable to Owners of the Company 本公司擁有人應佔年度溢利

CAGR -5.6%
複合年增長率-5.6%



* excluding the gain from the Relocation Arrangement and the respective income tax expense
* 撇除搬遷安排收益及相關所得稅開支

CORPORATE INFORMATION

公司資料

DIRECTORS AND BOARD COMMITTEES

Directors

Executive Directors

CHENG Man Tai (*Chairman*)
CHENG Pik Ho Liza (*Chief Executive Officer*)
NGOK Ming Chu
CHENG Chuen Chuen
LU Qun

Independent Non-Executive Directors

LAU Siu Ki (alias, Kevin Lau)
LEE Kwan Hung
LEE T. S. (alias, Lee Tien-sheng)

Board Committees

Audit Committee

LAU Siu Ki (alias, Kevin Lau) (*Chairman*)
LEE Kwan Hung
LEE T. S. (alias, Lee Tien-sheng)

Remuneration Committee

LEE Kwan Hung (*Chairman*)
CHENG Pik Ho Liza
LAU Siu Ki (alias, Kevin Lau)
LEE T. S. (alias, Lee Tien-sheng)

Nomination Committee

LEE T. S. (alias, Lee Tien-sheng) (*Chairman*)
CHENG Pik Ho Liza
LAU Siu Ki (alias, Kevin Lau)
LEE Kwan Hung

COMPLIANCE OFFICER

CHAN Hei

COMPANY SECRETARY

SO Ka Man

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

7th Floor, Wyler Centre II
200 Tai Lin Pai Road
Kwai Chung, New Territories
Hong Kong

董事及董事委員會

董事

執行董事

鄭敏泰 (*主席*)
鄭碧浩 (*行政總裁*)
岳明珠
鄭傳全
鹿群

獨立非執行董事

劉紹基
李均雄
李天生

董事委員會

審核委員會

劉紹基 (*主席*)
李均雄
李天生

薪酬委員會

李均雄 (*主席*)
鄭碧浩
劉紹基
李天生

提名委員會

李天生 (*主席*)
鄭碧浩
劉紹基
李均雄

合規主任

陳曦

公司秘書

蘇嘉敏

註冊辦事處

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

總辦事處及主要營業地點

香港
新界葵涌
大連排道200號
偉倫中心2期7樓

CORPORATE INFORMATION

公司資料

PRINCIPAL BANKERS

Hang Seng Bank Limited
Hang Seng Bank (China) Limited
Nanyang Commercial Bank, Limited
The Hongkong and Shanghai Banking Corporation Limited
HSBC Bank (China) Company Limited
Bank of China Limited
China Construction Bank Corporation
China Merchants Bank Co., Ltd.

LEGAL ADVISERS

As to Hong Kong law:

Chiu & Partners

As to PRC law:

GFE Law Office
Grandall Law Firm (Jinan)
Zhong Lun Law Firm

AUDITOR

Ernst & Young
22nd Floor, CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong

SHARE REGISTRARS

Principal Share Registrar and Transfer Office in the Cayman Islands

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

Branch Share Registrar and Transfer Office in Hong Kong

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

INVESTOR RELATIONS

iPR Ogilvy Limited

WEBSITE

www.embrygroup.com

STOCK CODE

1388

主要往來銀行

恒生銀行有限公司
恒生銀行(中國)有限公司
南洋商業銀行有限公司
香港上海滙豐銀行有限公司
滙豐銀行(中國)有限公司
中國銀行股份有限公司
中國建設銀行股份有限公司
招商銀行股份有限公司

法律顧問

香港法例：

趙不渝 馬國強律師事務所

中國法例：

廣東恒益律師事務所
國浩律師(濟南)事務所
中倫律師事務所

核數師

安永會計師事務所
香港
中環添美道1號
中信大廈22樓

股份過戶登記處

於開曼群島的主要股份 過戶登記處

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

於香港的股份過戶 登記分處

卓佳證券登記有限公司
香港
皇后大道東183號
合和中心22樓

投資者關係

iPR 奧美公關

網址

www.embrygroup.com

股份代號

1388



With the use of the customer relationship management system, launch targeted products and adjust sales networks according to the consumption patterns of consumers in local markets to **improve sales efficiency**

借助客戶關係管理系統的輔助，按各地域市場消費者的消費模式，供應針對性產品及調整銷售網絡，**提升銷售效率**



CHAIRMAN'S STATEMENT

主席報告書

The Group actively promoted

Multi-Brand STRATEGY

that addressed the needs of products from different market segments, flexibly allocated the resources and effectively facilitated sound and stable business development

To All Shareholders,

It is my pleasure to present the audited annual results of Embry Holdings Limited for the year ended 31 December 2018 on behalf of the Board of Directors.

In 2018, the negative impacts of Sino-US trade war gradually emerged. Moreover, China's deleveraging policy and weak domestic demand further weakened the economic growth of China to 6.6%, the lowest level in 28 years. Exchange rate of Renminbi to US dollar dropped significantly since the middle of the year, with a cumulative decline of more than 5%. The sluggish economy affected the consumption sentiment and thereby dragged the growth of retail industry.

For the underwear retail industry in China, the competition remained intense. The progress of urbanisation and the increase of per capita income continued to stimulate consumption in third- and fourth-tier cities and drive the consumption upgrade. As the shopping malls and online shopping platforms are getting more established, consumption channels and patterns have become more diversified with increasingly pronounced market segmentation. The market insight and prompt response become the essential qualities of a leading company in the industry.

集團針對各細分市場對產品的需要，積極推展

多品牌策略

靈活調配資源，有效推進業務的穩健發展

各位股東：

本人謹代表安莉芳控股有限公司董事會，欣然提呈截至二零一八年十二月三十一日止年度的經審核年度業績。

二零一八年，中美貿易戰的負面影響逐步顯現，加上受去槓桿國策及內需疲弱等因素拖累，中國整體經濟增長進一步放緩至6.6%，為28年最低位。人民幣兌美元匯率自年中顯著下跌，全年累計貶值逾5%。整體經濟景氣趨緩影響消費意欲，令零售行業增速放緩。

至於中國內衣零售行業，依然維持激烈競爭格局。城鎮化的推進和人均收入持續提升刺激三四線城市的消費力，並帶動整體消費升級。隨著購物中心和網購平台發展日漸成熟，消費渠道及模式變得多樣化，市場細分化發展更趨明顯。企業的市場洞察力及快速反應成為領先同行的關鍵。



Mr. Cheng Man Tai

鄭敏泰先生

Chairman of the Group

本集團主席

As a major brand operator in the lingerie industry in China, Embry closely monitored the market changes and proactively adopts flexible strategies to tackle the changes by leveraging its many years of industry experience and good market sense. Under the challenging environment, the Group actively promoted multi-brand strategy that addressed the needs of products from different market segments. Meanwhile, adhering to the principle and attitude of prudent execution, the Group flexibly allocated the resources and effectively facilitated sound and stable business development.

In light of differing product needs of customers with different consumption power and at different ages, Embry strived to enrich the product mix and portfolio, in order to increase the market share of the brands. Under the multi-brand strategy, the Group currently operates a total of seven brands, namely the flagship brand **EMBRY FORM**, **FANDECIE**, **IVU**, **COMFIT**, **IADORE**, **LIZA CHENG** and **E-BRA**. To achieve all-channel coverage, the brands under Embry tap the consumption demand and grasp the development opportunities arising from the market changes with precise market positioning, while also continuing to reinforce its market position. During the year, despite the challenging business environment, most of the brands of the Group still recorded growth. Among which, benefiting from the rapid growth of the purchasing power in third- and fourth-tier cities, the offline wholesale brand **IADORE** recorded an robust growth of 23.17% in revenue.

作為中國女性內衣行業的主要品牌經營者，安莉芳憑藉其累積多年的行業經驗及敏銳獨到的市場觸覺，時刻留意市場變化，並主動採取靈活策略應對。在充滿挑戰的經營環境下，本集團針對各細分市場對產品的需要，積極推展多品牌策略，同時維持審慎執行的原則及態度，靈活調配資源，有效推進業務的穩健發展。

鑑於不同年齡及消費力的顧客對產品的需求各有不同，安莉芳致力豐富品牌組合及產品結構，以進一步提升品牌的市場佔有率。在多品牌策略下，本集團現時共經營七個品牌，分別為旗艦品牌安莉芳、芬狄詩、IVU、COMFIT、安朵、LIZA CHENG及E-BRA。為達到品牌的全渠道覆蓋，安莉芳旗下各品牌以精準的市場定位策略，深挖消費需求，把握市場變化帶來的發展機遇，持續鞏固市場地位。年內，儘管經營環境充滿挑戰，集團大部分品牌仍錄得增長。其中，受惠於三、四線城市購買力快速上升，專注線下批發的安朵品牌錄得約23.17%的銷售增長，成績令人鼓舞。

CHAIRMAN'S STATEMENT

主席報告書

According to the report published by a US-based research institution, App Annie, global consumer spending through apps in 2018 exceeded US\$100 billion, while China's mobile users accounted for approximately 40% of the total spending. Total retail sales of consumer goods in China grew 9% in 2018 with growth of online retail sales reached 24%, reflecting that e-commerce has gained popularity and has become the major growth driver of retail industry. *2018 Deloitte China Mobile Consumer Survey* mentioned that the proportion of China's users shopping on mobile reached 96% while online payment in stores reached 94%. It showed the complementarity of online and offline interactions in consumer buying behaviour and the trend of integrating physical and online stores. To adapt to the development of consumption market, the Group continued to optimise its retail network. During the year, the number of retail outlets of the Group decreased by 88 to 1,837 as at the end of December 2018, spanning across more than 300 cities in China. The Group also sold products on different online platforms in order to further expand its customer base.

During the year under review, the Group's turnover was HK\$2,451,874,000, up 4.80% as compared with the previous year. Gross profit was approximately HK\$1,960,027,000, increased by approximately 7.37% year-on-year. Profit attributable to owners of the Company was HK\$151,165,000. Net profit margin was 6.17%.

To thank our shareholders for their long-term support, the Board recommends the payment of a final dividend of HK7 cents per share.

Looking ahead to 2019, the Sino-US trade dispute will continue to pose uncertainties to global economy. The volatile external environment will affect the consumption sentiment of the market, thereby the outlook for underwear retail industry will remain challenging. Nevertheless, the rise of online shopping platforms and the continued development of urbanisation will inject growth momentum into the retail industry. Under the environment with both challenges and opportunities, retail companies should stay on top of the market changes and respond flexibly according to the situations. The Group will adhere to the prudent and forward-looking approach and continue to take strides towards the goal of long-term and healthy development.

In 2019, the Group will stay committed to implementing the multi-brand strategy to consolidate and enhance its presence in the mid-to-high-end market. Meanwhile, the Group will also step up its efforts in developing low-to-mid-end consumption markets, in order to further increase its market share. In terms of optimising sales network, the Group will prudently select locations for opening retail outlets by focusing on department stores and shopping malls. Also, the Group will continue to close the stores with low efficiency, with enhancement of operational efficiency being the top priority.

根據美國調研企業 App Annie 發佈的報告，二零一八年全球手機應用程式消費金額逾 1,000 億美元，當中來自中國的用戶約佔四成。中國二零一八年社會消費品零售總額增長約 9%，其中網上零售增幅更高達 24%，反映電子商貿愈趨普及，並成為零售行業的主要增長動力。《德勤 2018 移動消費者調查》中提到，中國用戶在手機購物的比例高達 96% 的同時，到店在線支付的比例亦高達 94%，可見線上線下相輔相成，實體與網絡相結合為大勢所趨。為順應消費市場的發展，集團持續優化零售網絡。年內，本集團的零售點數目淨減少 88 個至二零一八年十二月底的 1,837 個，網絡覆蓋全中國逾 300 個城市。集團的產品亦於不同的網上平台銷售，以進一步拓展顧客群。

於回顧年度，集團營業額為 2,451,874,000 港元，較上年度上升 4.80%。毛利約 1,960,027,000 港元，較上年度上升約 7.37%。本公司擁有人應佔溢利約 151,165,000 港元，純利率為 6.17%。

為答謝股東長期的支持，董事會建議派發末期股息每股 7 港仙。

展望二零一九年，中美貿易摩擦持續為全球經濟帶來不明朗因素，不穩定的外圍環境影響市場消費意欲，令內衣零售行業繼續充滿挑戰。然而，網購平台的崛起及城鎮化的持續推進，將為零售行業注入增長動力。在挑戰與機遇並存的環境下，零售企業需對市場變化保持警醒，因應形勢靈活應對。本集團將秉持謹慎前瞻的原則，繼續朝向長遠健康發展的目標邁進。

於二零一九年，集團將貫徹實行多品牌策略，鞏固及提升中高端市場地位同時，加大力度發展中低消費市場，以進一步提升市場佔有率。在優化銷售網絡方面，集團將謹慎選址開設銷售點，重點聚焦百貨公司及購物中心，同時亦會繼續關閉低效益門店，以提升經營效益為優先考慮。

CHAIRMAN'S STATEMENT

主席報告書

The second phase of the automated supply chain logistics facility in the intelligent warehouse at the Group's production base in Jinan, Shandong Province, commenced trial runs in the fourth quarter of 2018 and is scheduled to be put into service in 2019. The Jinan production base is currently undergoing construction of an intelligent material warehouse. It is expected to further enhance the supply chain efficiency, improve productivity and operational performance in the future, thereby strengthening the overall competitiveness of the Group in long-term. In respect of research and development, the Group will align its strategy with the market development and continue to optimise the product portfolio by delivering more quality designs that are both beautiful and comfortable, providing more appealing products to online and offline customers.

I would like to take this opportunity to thank every of our employees for their loyalty and contributions to the Group. We made progress and grew together over the past year. I would also like to express my gratitude to our shareholders for their relentless support. To thank our shareholders for their trust, Embry will make our best efforts to create greater values for our shareholders, customers and employees, together stepping towards a brighter future.

Cheng Man Tai

Chairman

Hong Kong, 21 March 2019

本集團位於山東省濟南市生產基地的智能立體倉庫二期自動化供應鏈物流設備於二零一八年第四季進行調試，預期於二零一九年投入使用。濟南生產基地現正進行另一個智能物料倉的建設項目，未來可望進一步提升供應鏈效率，優化生產力及營運績效，長遠提升集團的整體競爭力。研發方面，集團將配合市場發展，持續優化產品結構，開發更多既美觀又舒適的優質設計，為線上線下的顧客提供更具吸引力的產品。

本人謹此衷心感謝每位員工的忠誠盡責和努力付出，於過去一年與本集團攜手共進、一同成長，更感激各位股東對本集團的不懈支持。為答謝股東對我們的信任，安莉芳集團全人將繼續全力以赴，為股東、客戶和員工創造更大的價值，共同邁向更廣闊的未來。

鄭敏泰

主席

香港，二零一九年三月二十一日

Online and offline retail outlets
complementing each other
to maximise the
**OMNI-CHANNEL
SALES**

透過線上線下零售點
相輔相承地發揮

全渠道銷售
的最大效果



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Business and Operations Review

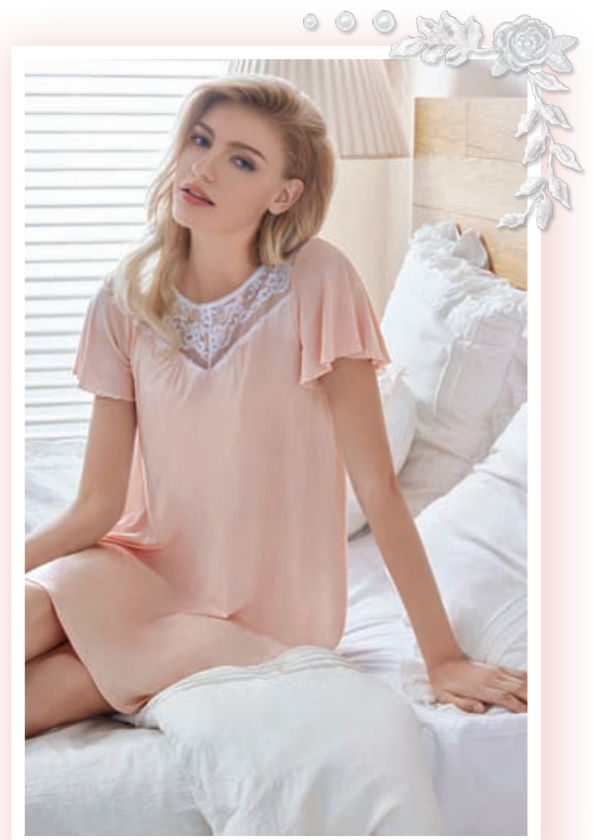
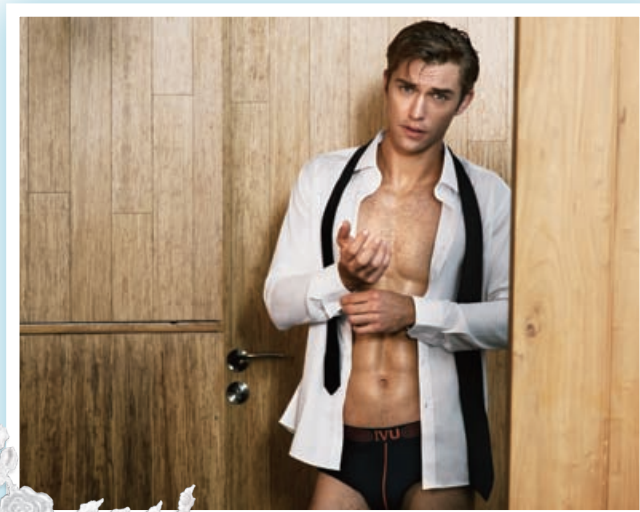
In 2018, the global economic growth momentum softened, and the growth of major economies was close to the peak. Against the backdrop of global liquidity tightening and rising trade protectionism, China's gross domestic product grew by 6.6% in 2018. Despite the achievement of the annual growth target of 6.5%, it was the lowest economic growth rate in China in 28 years. On a quarterly basis, the growth rate slowed down from 6.8% in the first quarter to 6.4% in the fourth quarter.

Although China's overall retail market continued to grow, consumers have become more conservative towards the consumption of secondary necessities under the shadow of uncertain domestic and foreign economic prospects, hindering the overall growth of the underwear industry in China. In 2018, rural retail sales of consumer goods increased by 10.1% year-on-year, 1.3 percentage points higher than the growth of urban retail sales of consumer goods, indicating the stronger consumption growth momentum of the third- and lower-tier cities. In view of the rapid rise of spending power in the third- and fourth-tier markets, the Group has increased the investment in **E-BRA** and **IADORE** which catered for the third- and lower-tier cities in the past year to capture opportunities arising from consumption upgrade in the third- and lower-tier cities. In the face of changes in consumer buying patterns and market segmentation, the Group also aligned channel and product development to meet the changing needs of consumers.

業務及營運回顧

二零一八年全球經濟的增長勢頭有所減弱，主要經濟體增長接近觸頂，在全球流動性資金收緊及貿易保護主義升溫的背景下，二零一八年中國國內生產總值增長6.6%，儘管實現了6.5%的年度增長目標，但這是中國二十八年來最低的經濟增長率，按季度計，增長率由第一季度的6.8%放緩至第四季度的6.4%。

雖然中國整體零售市場仍保持增長，但在國內、外經濟前景未明的情況下，消費者在次必需品的消費上變得相對保守，對中國內衣行業整體增長帶來阻力。二零一八年鄉村消費品零售額按年增長10.1%，比城鎮消費品零售額增長高出1.3個百分點，顯示二線以下城市的消費增長動力較強。鑑於三四線市場的消費力迅速崛起，集團於過去一年，加大於對應二線以下城市消費升級的機遇。面對消費者購物模式轉變及市場細分化，集團亦在渠道及產品研發上配合，以應對消費者多變的需求。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

For the year ended 31 December 2018 (the “Current Year”), the Group’s revenue increased by 4.80% over that of the year ended 31 December 2017 (the “Prior Year”) to HK\$2,451,874,000. Gross profit margin remained stable at 79.94%. Profit attributable to owners of the Company was HK\$151,165,000, net profit margin was 6.17%. Earnings per share was HK35.79 cents (2017: HK118.21 cents; Excluding the gain on the Relocation Arrangement and related tax expenses, earnings per share was HK37.66 cents).

The Board of Directors of the Company resolved to declare a final dividend of HK7 cents per share (2017: HK8 cents) for the Current Year which, together with the interim dividend of HK3.5 cents per share (2017: HK2.5 cents) distributed, will bring a total dividend for the Current Year to HK10.5 cents per share.

Brand management

In 2018, the Group continued the effective multi-brand strategy to operate seven differently positioned brands to cope with the market’s polarised consumption trends. The Group continued to consolidate its core brands, **EMBRY FORM** and **FANDECIE**, which contributed to the majority of sales of the Group. These two brands also strengthen the mid- to high-end brand image with their long history and well-established market position. In order to grasp the opportunities arising from rapid consumption growth in the third- and lower-tier cities, the Group has increased its investment in these markets and focused on cultivating **E-BRA** and **IADORE** as growth drivers of the Group. In recent years, the Group has also opened multi-brand composite stores in several cities to operate the Group’s brands so as to capture the needs of diverse groups of customers and provide them with a one-stop shopping experience, thereby driving foot traffic to stores.

During the Current Year, the Group continued to increase the exposure of its products in Mainland China and overseas countries by participating in exhibition activities in various regions and online marketing activities such as live webcasts. In July 2018, the Group participated in the International Apparel, Apparel Fabrics and Home Textiles Expo (Autumn) in New York, the United States. It featured the traditional Chinese cultural elements of the “12 Zodiacs” and showcased its brand features on the international stage. It was widely reported by the media including China News Service. In September 2018, the Group joined the exhibition team organised by the Shenzhen Trade Promotion Commission and held the Shenzhen Products Show in London, United Kingdom. All seven brands of the Group were exhibited during London Fashion Week. In China, the Group continued to participate in the industry exposition, China International Knitting Trade Fair (Autumn/Winter), with the “12 Zodiacs” series appeared in the grand finale of the Shenzhen underwear brand joint show, attracting the audience’s attention.

截至二零一八年十二月三十一日止年度（「本年度」），本集團收益較二零一七年十二月三十一日止年度（「上年度」）增加4.80%至2,451,874,000港元，毛利率保持平穩於79.94%。本公司擁有人應佔溢利為151,165,000港元，純利率為6.17%。每股盈利為35.79港仙（二零一七年：118.21港仙；撇除搬遷安排而產生之收益及相關所得稅開支，每股盈利為37.66港仙）。

本公司董事會議決就本年度派付末期股息每股7港仙（二零一七年：8港仙）。連同已派發中期股息每股3.5港仙（二零一七年：2.5港仙），全年派息為每股10.5港仙。

品牌管理

二零一八年，本集團繼續實踐行之有效的多品牌策略，經營七個不同定位的品牌，以應對市場兩極化的消費趨勢。集團繼續鞏固對銷售額貢獻最大的核心品牌**安莉芳**及**芬狄詩**，憑藉其悠久歷史及在市場中的地位，進一步加強品牌的中高檔形象。為把握二線以下城市消費快速增長的機遇，集團針對這些市場加大投入，重點培育作為集團增長動力的**E-BRA**及**安朵**。近年，集團亦在多個城市開設多品牌複合店，在店內經營多個集團旗下的品牌，捕捉多個顧客群的需要，為顧客提供一站式消費體驗，從而交叉帶動人流。

年內，集團繼續透過參與各地的展示活動及網上直播等網絡推廣，增加產品於國內外的曝光率。於二零一八年七月，本集團參加了美國紐約（秋季）國際成衣、服裝面料及家用紡織博覽會，以中國傳統文化元素「十二生肖」為主題，在國際舞台上展現品牌特色，獲包括中新社在內的多家媒體廣泛報道。在二零一八年九月，集團參與由深圳市貿促委所組織的參展隊伍，前往英國倫敦舉行深圳精品展，集團旗下七個品牌於倫敦時裝周期間展出。在國內，集團繼續參加業界盛事中國國際針織（秋冬）博覽會，以「十二生肖」為題之造型系列在深圳內衣品牌聯合走秀中壓軸登場，吸引全場目光。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

During the Current Year, the Group adopted a holistic approach to online promotion and marketing strategy involving various forms of promotion such as active search for information, follow the key opinion leaders, and imitation of fashion styles of celebrities, and cooperated with mainstream information platforms, celebrities and Internet celebrities. The Group also put placement advertisements in web drama series, and flexibly leveraged on the diversified and widespread nature of the Internet to reach out to the broad customer base. In particular, the Group participated in the brand question and answer campaign of the domestic mainstream information platform, in order to enrich brand information on the platform and to enhance consumers' knowledge and understanding of the brand. In addition, the Group also teamed up with film works for joint promotion, combining film elements with its **FANDECIE** products for simultaneous online and offline promotions.

本集團在年內針對主動搜尋資訊、關注主要意見領袖動向、和模仿明星穿搭等多種不同的推廣方式採取全面的策略進行網上宣傳和推廣，並與主流資訊平台、明星及網紅等合作，亦於網絡劇集中投放置入式廣告，靈活運用網絡的多元化和高傳播度，接觸廣大顧客群。其中，集團參與國內主流資訊台的品牌問答計劃，藉此在該平台上加入更多品牌資訊，加強消費者對品牌的認識和了解。另外，集團亦與電影作品合作，成為聯合推廣夥伴，把電影元素與旗下**芬狄詩**產品結合，在線上線下同步推廣。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Sales network

The Group continued to implement its network optimisation strategy during the Current Year. The Group appropriately adjusted the distribution of its retail outlets by closing or relocating stores with lower efficiency so as to enhance the overall efficiency of its sales network. As at 31 December 2018, the Group had 1,837 retail outlets in total, including 1,557 concessionary counters and 280 stores. During the Current Year, there was a net decrease of 88 retail outlets of the Group. Meanwhile, the Group's products were also available for sale through different online platforms so as to cater to the changes in consumers' shopping habits.

Design, research and development

Solid self-development capabilities have always been one of the Group's competitive edges in the market. Adhering to the pursuit of product quality, the Group continued to invest resources in product research and development, and strived to optimise and improve the appearance, functionality and production technology of the products, and to provide superior-quality products to the market.

During the Current Year, the Group launched a variety of well-received new collections, including: **EMBRY FORM**'s "Pleasant Moment Series" (「良晨美景系列」) and "Temptation Series" (「誘惑系列」); **FANDECIE**'s "Free Cut Seamless Series" (「隨心裁無痕系列」) and "Star Dreams Series" (「星夢奇緣系列」); **COMFIT**'s "Slim and Stunning Series" (「享瘦美體系列」) and "Comfortable Fashion Series" (「舒感時尚系列」); **E-BRA**'s "Delightful Days Series" (「輕盈佳期系列」) and "Shining Fashion Series" (「盈亮風尚系列」); **IADORE**'s "Romantic Shades Series" (「浪漫拂影系列」) and "Pure Time Series" (「清顏時光系列」); **LIZA CHENG**'s "Flower Kiss Series" (「花之吻系列」) and "Butterfly Art Series" (「蝶藝系列」); **IVU**'s "Supreme Mark Series" (「尊紋系列」).

銷售網絡

本集團於本年度繼續推行網絡優化策略，透過關閉或重置效益偏低的門店，適當地調整零售點的分布，以提升銷售網絡的整體效益。於二零一八年十二月三十一日，本集團經營合共1,837個零售點，其中銷售專櫃及專門店數目分別為1,557個及280個。於本年度，本集團零售點數目淨減少為88個。集團的產品亦於不同的網上平台銷售，迎合消費者在購物習慣上的改變。

設計及研發

紮實的自行研發能力一直是本集團在市場上的優勢之一。秉承著在產品質素上的堅持，集團持續投放資源於產品研發上，致力優化及改良產品外觀、功能及生產技術，力求為市場提供品質卓越的產品。

於本年度，本集團推出多款受顧客歡迎的新產品系列，其中包括：**安莉芳**的「良晨美景系列」及「誘惑系列」；**芬狄詩**的「隨心裁無痕系列」及「星夢奇緣系列」；**COMFIT**的「享瘦美體系列」及「舒感時尚系列」；**E-BRA**的「輕盈佳期系列」及「盈亮風尚系列」；**安朵**的「浪漫拂影系列」及「清顏時光系列」；**LIZA CHENG**的「花之吻系列」及「蝶藝系列」；**IVU**的「尊紋系列」等。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

In 2018, the Group obtained 13 new patents, including 8 utility model patents and 5 appearance design patents. As at 31 December 2018, the Group had 11 invention patents, 43 utility model patents and 8 appearance design patents.

Production capacity

Over the years, most of the products were manufactured by the Group in its production bases. The Group quickly responded to market demand and changes in consumer preferences with flexible deployment of manpower and machine capacity, to improve production and delivery efficiency.

The Group's first phase of intelligent warehouse at the production base in Jinan, Shandong province completed its trial run in 2017 and commenced operation in the first half of 2018. The second phase of the equipment of intelligent warehouse is conducting trial run. Moreover, in order to optimise productivity and improve supply chain efficiency, the production base in Jinan is under construction of intelligent material warehouse.

In addition, the second phase of plant premises and ancillary facilities at the Group's production base in Changzhou, Jiangsu province is scheduled for completion in 2019.

二零一八年，本集團獲得新專利13項，其中實用新型專利8項，外觀設計專利5項。於二零一八年十二月三十一日，本集團共擁有11項發明專利、43項實用新型專利及8項外觀設計專利。

生產能力

本集團多年來透過其生產基地生產大部分產品，迅速回應市場需求及消費者品味的變化，靈活調配車間人手及機器產能，致力提升生產及出貨效率。

本集團位於山東省濟南市生產基地的智能立體倉庫一期於二零一七年完成調試，並於二零一八年上半年正式啟用，投入營運。智能立體倉庫二期設備正進行調試。此外，為優化生產力及提高供應鏈效率，濟南生產基地現正進行智能物料倉的建設工程。

此外，本集團位於江蘇省常州市生產基地的第二期廠房物業及附屬設施預期於二零一九年竣工。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Human resources

Implementation of the minimum wage policy and tight labour supply in China have resulted in consistent wage inflation. The Group endeavoured to increase staff loyalty through measures such as organising training courses and improving employee benefits to enhance solidarity, thereby improving its overall operational efficiency. The number of employees of the Group increased to approximately 8,052 (31 December 2017: approximately 7,862). Total staff costs (including wages and basic salaries, commissions, bonuses, contributions to the retirement benefits scheme and excluding directors' and chief executive's remunerations) for the Current Year was HK\$759,967,000 (2017: HK\$712,289,000).

Financial Review

Revenue

By sales channel and region

Revenue for the Current Year was HK\$2,451,874,000, representing a 4.80% increase over the Prior Year, mainly attributable to the Group's omni-channel coverage and its effective multi-brand strategy.

During the Current Year, revenue from the retail sales was HK\$2,058,399,000, accounting for 83.95% of the Group's total revenue and representing an increase of 0.90% over the Prior Year. Revenue from the Internet and wholesale business increased by 32.68% from HK\$292,917,000 to HK\$388,632,000, accounting for 15.85% of the total revenue.

The Mainland China market is the main source of income for the Group. During the Current Year, revenue from the Mainland China market was HK\$2,375,600,000, accounting for 96.89% of the total revenue of the Group.

By brand and product line

The Group currently operates seven brands, namely **EMBRY FORM**, **FANDECIE**, **COMFIT**, **E-BRA**, **IADORE**, **IVU** and **LIZA CHENG**, serving customers with different needs and varying degrees of purchasing power.

人力資源

中國最低工資的實行以及勞工供應緊張，導致工資上漲壓力持續。集團透過員工培訓、改善員工福利，提升員工的歸屬感，團結工作團隊，從而提升整體營運效益。集團僱員數目增至約8,052名(二零一七年十二月三十一日：約7,862名)。本年度的員工成本總額(包括工資及基本薪金、佣金、獎金、退休福利計劃供款及不包括董事及行政總裁薪酬)為759,967,000港元(二零一七年：712,289,000港元)。

財務狀況回顧

收益

按銷售渠道及地區劃分

本年度營業額為2,451,874,000港元，較上年度上升4.80%，主要由於集團的全渠道覆蓋及多品牌策略行之有效。

本年度來自零售的營業額為2,058,399,000港元，佔本集團總收益83.95%，較上年度增加0.90%。網上及批發業務的營業額由292,917,000港元上升32.68%至388,632,000港元，佔總收益15.85%。

中國大陸市場是本集團主要收入來源。本年度來自中國大陸市場的營業額為2,375,600,000港元，佔本集團總收益96.89%。

按品牌及產品線劃分

目前，集團經營七個品牌 — **安莉芳**、**芬狄詩**、**COMFIT**、**E-BRA**、**安朵**、**IVU**及**LIZA CHENG**，各針對不同需要及消費力的顧客。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

EMBRY FORM, the signature brand, is the main source of income for the Group and its contribution to the total revenue amounted to 45.42%. **EMBRY FORM**'s revenue amounted to HK\$1,113,604,000, which increased by 2.44% of the total revenue for the Current Year. **FANDECIE**'s revenue amounted to HK\$615,805,000, remaining stable as last year, accounting for 25.12% of the total revenue for the Current Year. **COMFIT**'s revenue increased by 8.96% from the Prior Year to HK\$232,251,000, accounting for 9.47% of the total revenue for the Current Year. **E-BRA**'s revenue increased by 5.23% from the Prior Year to HK\$246,213,000, accounting for 10.04% of the total revenue for the Current Year. **LIZA CHENG**'s revenue for the Current Year increased by 10.72% to HK\$52,121,000. **IADORE**'s revenue increased by 23.17% from the Prior Year to HK\$71,810,000, accounting for 2.93% of the total revenue for the Current Year. **IVU**'s revenue increased by 42.91% from the Prior Year to HK\$115,227,000, accounting for 4.70% of the total revenue for the Current Year. Among the brands, the growth of **IVU** and **IADORE**'s revenue was more prominent, mainly benefited from the Group's increased investment in the two brands during the Current Year to capture faster spending growth in the third- and lower-tier cities. The brands' respective proportion in revenue mainly reflected the Group's alignment of its business focus to market development.

Lingerie has always been the Group's core product. During the Current Year, sales of lingerie increased by 4.52% over the Prior Year to HK\$2,139,176,000, representing 87.24% of the revenue of the Group. Sales of sleepwear increased by 17.17% to HK\$165,146,000, accounting for 6.74% of the total revenue of the Group, while sales of swimwear increased by 2.44% to HK\$123,220,000, accounting for 5.03% of the total revenue of the Group.

Gross Profit

During the Current Year, the Group recorded a gross profit of approximately HK\$1,960,027,000, representing an increase of 7.37% over the Prior Year. Gross profit margin increased by 1.91 percentage points over the Prior Year to 79.94%.

旗艦品牌**安莉芳**是本集團最主要收入來源，佔整體收入佔比45.42%。**安莉芳**的營業額為1,113,604,000港元，較上年度增長2.44%。**芬狄詩**營業額為615,805,000港元，與去年持平，佔本年度總收入25.12%。**COMFIT**營業額較上年度上升8.96%至232,251,000港元，佔本年度總收入9.47%。至於**E-BRA**營業額較上年度上升5.23%至246,213,000港元，佔本年度總收入10.04%。**LIZA CHENG**於本年度營業額增加10.72%至52,121,000港元。**安朵**營業額較上年度上升23.17%至71,810,000港元，佔本年度總收入2.93%。**IVU**營業額較上年度上升42.91%至115,227,000港元，佔本年度總收入4.70%。多個品牌中，**IVU**及**安朵**營業額增長較為突出，主要受益於年內集團加大對這個兩個品牌的投入，捕捉二線以下城市較快速的消費增長。各品牌收益佔比，主要反映本集團因應市場發展而調節各品牌發展重點的結果。

女性內衣一直是本集團的核心產品線。於本年度，內衣銷售為2,139,176,000港元，較上年度上升4.52%，佔本集團收益87.24%，睡衣銷售上升17.17%，營業額為165,146,000港元，佔本集團收益6.74%。泳衣銷售則上升2.44%至123,220,000港元，佔本集團收益5.03%。

毛利

於本年度，本集團錄得毛利約1,960,027,000港元，較上年度上升7.37%。整體毛利率較去年同期升1.91百分點至79.94%。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Other income and gains

Other income decreased by 18.90% to HK\$72,513,000 for the Current Year, mainly due to the foreign exchange loss of approximately HK\$14,096,000 resulted from the depreciation of Renminbi. Besides, fair value of investment properties has increased by HK\$9,000,000.

Operating expenses

During the Current Year, selling and distribution expenses increased by 6.61% to HK\$1,514,093,000 (2017: HK\$1,420,233,000), accounting for 61.75% (2017: 60.71%) of the Group's revenue. The increase in the proportion of selling and distribution expenses to overall sales was mainly due to the increase in online advertising expenses on the Group's brands and the increase in counter decoration expenses according to the Group's market segmentation strategy.

Administrative expenses increased by 5.97% over the Prior Year to HK\$266,038,000, accounting for 10.85% (2017: 10.73%) of the Group's revenue.

Net profit

Profit attributable to owners of the Company was HK\$151,165,000 for the Current Year, representing a decrease of 69.48% over the Prior Year. Net profit margin amounted to 6.17%. Excluding the gain on the Relocation Arrangement and the related tax expenses in the Prior Year, net profit decreased by 4.21% from HK\$157,814,000 to HK\$151,165,000. Net profit margin decreased from 6.75% to 6.17%. The decrease in net profit was mainly due to the increase in advertising and counter decoration expenses.

Liquidity and financial resources

The Group finances its operations mainly with internally generated cash flows. Financial position of the Group remained sound and healthy during the Current Year. As at 31 December 2018, the Group's cash and cash equivalents amounted to approximately HK\$158,414,000 (31 December 2017: HK\$234,711,000). As at 31 December 2018, the Group's interest-bearing bank borrowings amounted to HK\$427,059,000 (31 December 2017: HK\$326,056,000). As at 31 December 2018, the equity interest attributable to owners of the Company amounted to HK\$2,331,719,000 (31 December 2017: HK\$2,367,110,000). Accordingly, the gearing ratio of the Group was approximately 18.32% (31 December 2017: 13.77%).

其他收入及收益

本年度其他收入下跌18.90%至72,513,000港元，主要歸因於人民幣貶值而錄得匯兌損失約14,096,000港元。另外，投資物業公平值上升9,000,000港元。

經營開支

於本年度，銷售及分銷開支增加6.61%至1,514,093,000港元(二零一七年：1,420,233,000港元)，佔本集團收益61.75%(二零一七年：60.71%)。銷售及分銷開支佔整體銷售的比率上升，主要由於集團針對細分化市場，增加各個品牌的網上廣告投入及櫃位裝飾開支增加所致。

行政開支為266,038,000港元，較上年度增加5.97%，佔本集團收益10.85%(二零一七年：10.73%)。

純利

於本年度，本公司擁有人應佔溢利為151,165,000港元，較上年度下跌69.48%。純利率為6.17%。撇除上年度搬遷安排收益及相關所得稅開支，純利由157,814,000港元下跌4.21%至151,165,000港元。純利率由6.75%下跌至6.17%。純利下跌主要由於廣告及櫃位裝飾開支增加。

流動資金及財務資源

本集團主要以內部產生之現金流作為其營運資金，於本年度維持良好及穩健的財務狀況。於二零一八年十二月三十一日，本集團的現金及現金等價物約為158,414,000港元(二零一七年十二月三十一日：234,711,000港元)。截至二零一八年十二月三十一日止，本集團計息銀行借款為427,059,000港元(二零一七年十二月三十一日：326,056,000港元)。於二零一八年十二月三十一日之本公司擁有人應佔權益為2,331,719,000港元(二零一七年十二月三十一日：2,367,110,000港元)。故此，本集團的負債比率約為18.32%(二零一七年十二月三十一日：13.77%)。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Capital expenditure

During the Current Year, the capital expenditure of the Group amounted to HK\$228,473,000 (2017: HK\$100,234,000), which was mainly used for the Group's second phase of intelligent warehouse, intelligent material warehouse in Shandong and the second phase of the plant premises and ancillary facilities at production base in Changzhou. As at 31 December 2018, the capital commitments of the Group amounted to HK\$201,516,000 (31 December 2017: HK\$262,425,000), which were contracted but not provided for in the financial statements.

Charge on the Group's assets

As at 31 December 2018, the Group did not pledge any assets.

Capital structure

As at 31 December 2018, the total issued share capital of the Company was HK\$4,224,000 (31 December 2017: HK\$4,224,000), comprising 422,417,000 (31 December 2017: 422,417,000) ordinary shares of HK\$0.01 each.

Significant investment held, material acquisitions and disposals of subsidiaries and associated companies

During the Current Year, the Group was neither involved in any significant investment, nor any material acquisitions or disposals of any subsidiaries or associated companies.

Foreign currency exposure

The Group carries out its transactions mainly in Hong Kong dollars and Renminbi. The Group does not use derivative financial instruments to protect against the volatility associated with foreign currency transactions and other financial assets and liabilities created in the ordinary course of the business.

Contingent liabilities

As at 31 December 2018, bank guarantees given in lieu of the Group's property rental deposits and utility deposits amounted to HK\$679,000 (31 December 2017: HK\$243,000). Save as disclosed above, the Group had no other significant contingent liabilities, nor any litigation or arbitration of material importance.

資本開支

本年度，本集團的資本開支為228,473,000港元（二零一七年：100,234,000港元），主要用於本集團山東智能立體倉二期、智能物料倉及常州市生產基地的第二期廠房物業及附屬設施。於二零一八年十二月三十一日，本集團的資本開支承擔為201,516,000港元（二零一七年十二月三十一日：262,425,000港元），有關金額在財務報表中列為已訂約但未撥備。

本集團的資產抵押

於二零一八年十二月三十一日，本集團並無任何資產抵押。

資本結構

於二零一八年十二月三十一日，本公司的已發行股本總額為4,224,000港元（二零一七年十二月三十一日：4,224,000港元），包括422,417,000股（二零一七年十二月三十一日：422,417,000股）每股面值0.01港元的普通股。

所持重大投資、重大收購及出售附屬公司及關聯公司

本年度，本集團並無持有任何重大投資，亦概無重大收購或出售附屬公司及關聯公司。

外匯風險

本集團主要以港元及人民幣進行買賣交易。本集團並無採用衍生金融工具以保障本集團免受外匯交易及日常業務過程中產生的其他金融資產及負債出現波動所造成的影響。

或然負債

於二零一八年十二月三十一日，為代替本集團物業租賃按金及公共設施按金所提供的銀行擔保為679,000港元（二零一七年十二月三十一日：243,000港元）。除上述披露外，本集團並無其他重大或然負債或任何重大訴訟或仲裁。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Prospect

Looking ahead to 2019, the global economy is full of uncertainties. In view of uncertainties including Sino-US trade frictions and Brexit, the United Nations and the International Monetary Fund have lowered their global economic growth targets for the next two years. The increase in uncertainties in the macro environment will affect the investment market sentiment and adversely affect overall consumer confidence. However, as the contribution ratio of consumption to China's economic growth continues to increase, domestic consumption has gradually become the main driving force for economic growth. Together with consumption upgrades propelled by the growth of China's per capita disposable income, the domestic retail market will develop healthily in the long term.

In recent years, the growth of sales in the lingerie market in China has stayed above 10%. According to the Analysis Report of Research and Development Trend in the Chinese Underwear Market released by China Industry Research Network, it is expected that the growth will remain at around 10% in the next three years, indicating the considerable market growth potential. However, in the face of a conservative market sentiment in the short term, the Group will adopt a vigilant approach, closely monitor the market trends, and re-examine and adjust its execution strategies in a timely manner.

前景

展望二零一九年，環球經濟充滿變數，面對中美貿易摩擦及英國脫歐等不明朗因素，聯合國及國際貨幣基金會相繼下調今明兩年全球經濟增長目標。外圍環境不確定性增加將影響投資市場氣氛，並不利於整體消費者信心。然而，隨著消費對中國經濟增長的貢獻率持續提高，國內消費逐漸成為帶動經濟增長的主要動力，加上中國人均可支配收增長推動消費升級，長遠將促進國內零售市場的健康發展。

近年中國女性內衣市場銷售額增長速度均維持在10%以上，根據中國產業調研網發佈的《中國內衣市場現狀調研與發展趨勢分析報告》，預料未來三年的增速將保持在10%左右，意味著市場仍有可觀的增長潛力。然而，面對短期內市場消費氣氛轉趨保守，集團將採取謹慎的原則，密切關注市場動向，及時重新檢視及調整執行策略。



MANAGEMENT DISCUSSION AND ANALYSIS

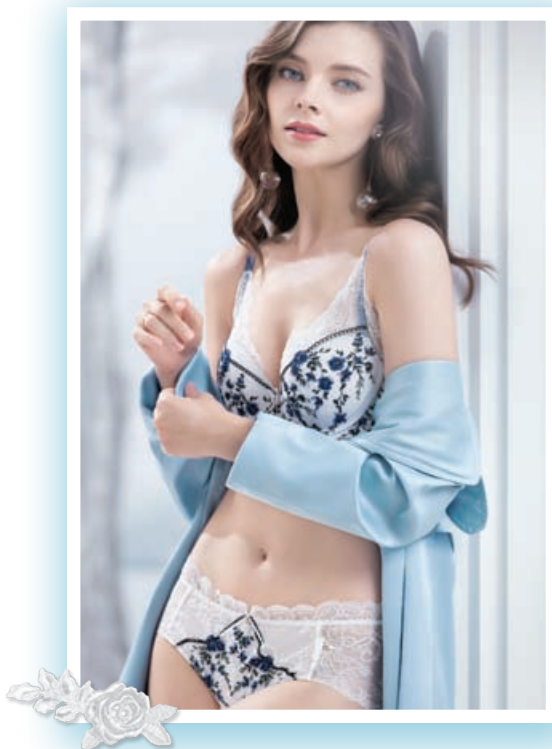
管理層討論及分析

In response to the increasingly personalised and diversified needs of the market, the Group will continue to leverage its existing economies of scale and multi-brand strategy. With the use of the customer relationship management system, we will launch targeted products and adjust sales networks according to the consumption patterns of consumers in local markets to improve sales efficiency. In terms of sales networks, the Group will allocate brands and product portfolios according to the market segment characteristics of the retail outlets, operate integrated stores in suitable locations to capture a wider customer base, and strike a balance between the proportion of concessionary counters and stores. To capitalise on the rapid growth of the e-commerce market, the Group will continue to explore opportunities in the e-commerce channels, develop more e-commerce exclusive products, improve delivery efficiency with constantly upgraded logistics system, make good use of new media to promote and reach more potential customers. With the online and offline retail outlets complementing each other to maximise the omni-channel sales, the Group's competitiveness will be comprehensively enhanced.

Despite the rapid changes in the macro environment, with the Group's extensive experience in the industry and its solid business foundation, a nationwide sales network covering online and offline sales channels, commitment to quality, as well as flexible and effective multi-brand strategy, the Group will continue to respond promptly and appropriately to the changing market, so as to provide shareholders with stable and sustainable returns.

因應市場日趨個性化及多元化的需求，集團將繼續發揮既有規模效益以及多品牌策略的優勢，借助客戶關係管理系統的輔助，按各地域市場消費者的消費模式，供應針對性產品及調整銷售網絡，提升銷售效率。在銷售網絡方面，集團會按零售點所在地的細分市場特點，分配品牌及產品組合，在合適的地點經營集成店以捕捉更廣闊的目標顧客群，以及在專櫃和專門店的比例上取得平衡。針對電商市場的快速增長，集團將繼續探索電商渠道的機遇，開發更多電商專賣商品，持續改良物流系統以提升出貨效率，利用新媒體進行宣傳推廣，接觸更多潛在顧客，並透過線上線下零售點相輔相成地發揮全渠道銷售的最大效果，全方位加強競爭力。

儘管外圍環境瞬息萬變，憑藉集團在行業的豐富經驗及穩固的業務基礎，覆蓋全國的線上、線下銷售網絡，對品質的堅持，以及靈活有效的多品牌策略，本集團將繼續快速及適切應對時刻變化的市場，務求為股東帶來穩定及可持續的回報。



AWARDS 獎項



- According to the national retail consumption survey results released by China General Chamber of Commerce and the China National Commercial Information Centre in 2018, **EMBRY FORM** lingerie **ranked top three in 2017 in terms of composite market share in similar products in the industry**, and **ranked first in 2017 in terms of composite market share with respect to group sales in similar products in the industry**
- **Embry (China) Garments Ltd.** was granted the award of **Best Dedication** by the Shenzhen Underwear Association
- **Embry (China) Garments Ltd.** was awarded certificates of **National Exemplary Enterprise of Integrity in Product and Service Quality** by the China Association for Quality Inspection
- **Embry (China) Garments Ltd.** was named by the National Technical Committee on Garment Standardization in China as an **Advanced Unit of Standardization Work in 2018**
- **Embry (China) Garments Ltd.** received an award for **Top 100 Enterprises of Shenzhen Brands** at the first award ceremony of Top 100 Shenzhen Brands from the Shenzhen Quality City Promotion Association
- **Embry (Changzhou) Garments Ltd.** was granted the **Integrated Contribution Award (2017)** by the People's Government of Xuejia Town
- **Embry (Shandong) Garments Limited** was named by the Zhangqiu District Committee of Jinan City and People's Government of Zhangqiu District, Jinan City as **Top Ten Enterprises of Technical Reform** and **Tax Contributions (2017)**
- **Embry (Shandong) Garments Limited** was accredited by China National Textile and Apparel Council as an **Exemplary Pilot Unit for Smart Manufacturing in Textile Industry**
- **Embry (Shandong) Garments Limited** was named by the Management Committee of Mingshui Economic and Technological Development Zone as an **Advanced Unit of Industrial Economy Operation (2017)**



- 根據中國商業聯合會及中華全國商業信息中心於2018年發佈之全國大型零售企業商品銷售調查統計結果，安莉芳女士內衣榮列**2017年度同類產品市場綜合佔有率前三位**，以及集團銷售榮列**2017年度同類產品市場綜合佔有率第一位**
- 安莉芳(中國)服裝有限公司榮獲深圳市內衣行業協會頒授**最佳奉獻獎**
- 安莉芳(中國)服裝有限公司榮獲中國質量檢驗協會頒授**全國產品和服務質量誠信示範企業及全國質量誠信標杆企業證書**
- 安莉芳(中國)服裝有限公司榮獲全國服裝標準化技術委員會頒授**2018年度標準化工作先進單位獎牌**
- 安莉芳(中國)服裝有限公司榮獲深圳市質量強市促進會頒授**首屆深圳品牌百強企業獎牌**
- 安莉芳(常州)服裝有限公司榮獲薛家鎮人民政府頒發**二〇一七年度綜合貢獻獎**
- 安莉芳(山東)服裝有限公司榮獲中共濟南市章丘區委及濟南市章丘區人民政府評選為**2017年度技術改造十佳企業及2017年度稅收貢獻十強企業**
- 安莉芳(山東)服裝有限公司榮獲中國紡織工業聯合會評選為**紡織行業智能製造試點示範單位**
- 安莉芳(山東)服裝有限公司榮獲明水經濟技術開發區管理委員會頒授**2017年度工業經濟運行工作先進單位獎牌**

AWARDS

獎項



- **Embry (Shanghai) Company Limited** was accredited as the **Top 100 Garment Enterprises in China (2017)** by the China National Garment Association
- **EMBRY FORM** received awards for **Top 50 Branded Chains of Quality, Influence and Growth Potential (2018)** from the Organising Committee of the Conference on the Development of Branded Chains in China
- **EMBRY FORM** and **E-BRA** were granted the **Annual Brand Equity Award of China's Underwear Industry (2017–2018)** at the 2018 China (Shenzhen) International Brand Underwear Fair
- **FANDECIE** and **COMFIT** were granted the **Annual Innovation Award of China's Underwear Industry (2017–2018)** at the 2018 China (Shenzhen) International Brand Underwear Fair
- **IADORE** was granted the **Annual Novel Brand Award of China's Underwear Industry (2017–2018)** at the 2018 China (Shenzhen) International Brand Underwear Fair
- **EMBRY FORM** received the **Hong Kong Top Brand (2007–2018)** award from the Hong Kong Brand Development Council and The Chinese Manufacturers' Association of Hong Kong
- **EMBRY FORM** was awarded the **Quality Tourism Services Scheme Certification Mark** by the Hong Kong Tourism Board
- **Embry (H.K.) Limited** was accredited by the Mandatory Provident Fund Schemes Authority as a **Good MPF Employer**



- 安莉芳(上海)有限公司榮獲中國服裝協會頒授**2017年全國服裝行業百強企業稱號**
- 安莉芳品牌榮獲中國品牌連鎖發展大會組委會頒發**2018中國連鎖品牌質量、影響力及成長潛力50強獎**
- 安莉芳品牌及**E-BRA**品牌於2018中國(深圳)國際品牌內衣展榮獲**SIUF 2017-2018中國內衣行業年度品牌價值獎**
- 芬狄詩品牌及**COMFIT**品牌於2018中國(深圳)國際品牌內衣展榮獲**SIUF 2017-2018中國內衣行業年度創新獎**
- 安朵品牌於2018中國(深圳)國際品牌內衣展榮獲**SIUF 2017-2018中國內衣行業年度新銳品牌獎**
- 安莉芳品牌榮獲香港品牌發展局及香港中華廠商聯合會評定為**香港名牌(2007-2018)**
- 安莉芳品牌榮獲香港旅遊發展局核准使用**優質旅遊服務計劃之證明商標**
- 安莉芳(香港)有限公司榮獲強制性公積金計劃管理局嘉許為**積金好僱主**

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

EXECUTIVE DIRECTORS

Mr. Cheng Man Tai, aged 89, is the Chairman and founder of the Group, and an Executive Director of the Company. Mr. Cheng had been a consultant of the Company from March 2014 to August 2018 prior to his re-appointment as an Executive Director of the Company in August 2018. Mr. Cheng is in charge of the Group's corporate strategy. He has over 43 years of experience in the lingerie industry. Mr. Cheng graduated from Beijing Agricultural Engineering University (now known as China Agricultural University) with a Bachelor's degree. He is an Honorary Professor of China Agricultural University. Mr. Cheng obtained the World Outstanding Chinese Award and Honorary Doctorate of Business Management from Armstrong University in July 2006. He was awarded Honorary Fellowship and admitted as Honorary Professor by Canadian Chartered Institute of Business Administration and Lincoln University respectively in September 2009. He was also awarded Senior Fellowship by the Asian College of Knowledge Management in January 2013. Mr. Cheng is also a shareholder and director of Harmonious World Limited (a substantial shareholder of the Company), the spouse of Madam Ngok Ming Chu (an Executive Director of the Company) and the father of Ms. Cheng Pik Ho Liza (an Executive Director of the Company) and Mr. Cheng Chuen Chuen (an Executive Director of the Company).

Madam Ngok Ming Chu, aged 82, is an Executive Director and a director of certain subsidiaries of the Company. Madam Ngok served as Chairman of the Group from March 2014 to August 2018. Madam Ngok is in charge of the Group's business planning. She joined the Group in 1980 and has over 38 years of experience in the lingerie industry. Madam Ngok graduated from and is currently an Honorary Professor of Beijing Agricultural Engineering University (now known as China Agricultural University). She is also a shareholder and director of Harmonious World Limited (a substantial shareholder of the Company), the spouse of Mr. Cheng Man Tai (the Chairman of the Group), the mother of Ms. Cheng Pik Ho Liza (an Executive Director of the Company) and the step-mother of Mr. Cheng Chuen Chuen (an Executive Director of the Company).

執行董事

鄭敏泰先生，89歲，為本集團之主席及創辦人兼本公司之執行董事。於二零一八年八月重新獲委任為本公司執行董事之前，鄭先生於二零一四年三月至二零一八年八月期間一直擔任本公司顧問。鄭先生負責本集團的企業策略。彼於女性內衣業擁有逾43年經驗。鄭先生畢業於北京農業工程大學（現稱中國農業大學），取得本科學位。彼為中國農業大學的名譽教授。鄭先生於二零零六年七月獲得世界傑出華人獎及獲Armstrong University頒發工商管理榮譽博士學位。彼於二零零九年九月分別榮獲加拿大特許管理學院及林肯大學頒授榮譽院士及榮譽教授資格，並於二零一三年一月獲亞洲知識管理學院頒授資深院士銜。鄭先生亦是本公司主要股東Harmonious World Limited之股東及董事，本公司執行董事岳明珠女士的配偶，本公司執行董事鄭碧浩女士及鄭傳全先生的父親。

岳明珠女士，82歲，為本公司之執行董事及本公司若干附屬公司的董事。岳女士於二零一四年三月至二零一八年八月期間出任本集團主席。岳女士負責本集團的業務策劃。彼於一九八零年加盟本集團，並於女性內衣業擁有逾38年經驗。岳女士畢業於北京農業工程大學（現稱中國農業大學），目前為該校的名譽教授。彼亦為本公司主要股東Harmonious World Limited之股東及董事，本集團主席鄭敏泰先生的配偶，本公司執行董事鄭碧浩女士的母親，以及本公司執行董事鄭傳全先生的繼母。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

Ms. Cheng Pik Ho Liza, aged 56, is the Chief Executive Officer of the Group, an Executive Director and a member of both the Remuneration Committee and Nomination Committee of the Company. She is also a director of certain subsidiaries of the Company. Ms. Cheng is responsible for the day-to-day management of the businesses of the Group. Ms. Cheng joined the Group in 1993 and has over 26 years of experience in the lingerie industry. She obtained a Bachelor's degree in Business Administration from the University of Southern California and a Master of Business Administration (Executive) degree from the City University of Hong Kong. Ms. Cheng was awarded the prize for Young Industrialist in Hong Kong in 1999 and was appointed as Vice Chairman of Shanghai Garment Trade Association in 2008. She obtained the World Outstanding Chinese Award and Honorary Doctorate of Business Administration from International American University in March 2009, and was awarded Fellowship and admitted as Visiting Professor by Canadian Chartered Institute of Business Administration and Lincoln University respectively in September 2009. Furthermore, Ms. Cheng was elected as the first President of Shenzhen Underwear Association in August 2012. She is currently a member of the Yangpu Committee of the Chinese People's Political Consultative Conference in Shanghai, a member of the China National Textile and Apparel Council, a Vice Chairman of China Knitting Industrial Association, a specially invited Vice President of the China Association for Quality Inspection and a Vice Chairman of The Hong Kong General Chamber of Textiles Limited. Ms. Cheng is also a director of Harmonious World Limited (a substantial shareholder of the Company), the daughter of Mr. Cheng Man Tai (the Chairman of the Group) and Madam Ngok Ming Chu (an Executive Director of the Company), and the younger sister of Mr. Cheng Chuen Chuen (an Executive Director of the Company).

鄭碧浩女士，56歲，為本集團行政總裁兼本公司之執行董事，及本公司薪酬委員會與提名委員會之成員。彼亦是本公司若干附屬公司的董事。鄭女士負責管理本集團的日常事務。鄭女士於一九九三年加盟本集團，於女性內衣業擁有逾26年經驗。彼於南加州大學取得工商管理學士學位，並於香港城市大學取得行政人員工商管理碩士學位。鄭女士於一九九九年獲頒發香港青年工業家獎，並於二零零八年獲任上海服裝行業協會副會長。彼於二零零九年三月獲得世界傑出華人獎及獲美國加州國際大學頒發工商管理榮譽博士學位，並於二零零九年九月分別榮獲加拿大特許管理學院及林肯大學頒授院士及客座教授資格。此外，鄭女士於二零一二年八月當選深圳內衣行業協會首屆會長。彼現任上海市楊浦區政協委員會委員，中國紡織工業聯合會理事，中國針織工業協會副會長，中國質量檢驗協會特邀副會長及香港紡織商會副會長。鄭女士亦是本公司主要股東 Harmonious World Limited 之董事，本集團主席鄭敏泰先生，本公司執行董事岳明珠女士的女兒，以及本公司執行董事鄭傳全先生的妹妹。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

Mr. Cheng Chuen Chuen, aged 69, is an Executive Director of the Company and currently the Assistant General Manager (Research and Development) of Embry (China) Garments Ltd. He first joined the Group in May 2005 and has rejoined the Group since April 2017. He is also a director of Duosiwei Metal and Plastic Products (Shenzhen) Co., Ltd. and Changzhou Duosiwei Furniture Decoration Construction Co., Ltd. He is in charge of the research and development centre of the Group and is responsible for innovations of technologies, processes and equipment for the production of products. Mr. Cheng has over 22 years of experience in technological research and development in the manufacturing of display furniture, display dummies and also garment processing. Mr. Cheng is the son of Mr. Cheng Man Tai (the Chairman of the Group), the step-son of Madam Ngok Ming Chu (an Executive Director of the Company) and an elder brother of Ms. Cheng Pik Ho Liza (an Executive Director of the Company).

Ms. Lu Qun, aged 65, is an Executive Director of the Company and currently the Assistant General Manager (Strategic Management) of Embry (China) Garments Ltd. and the General Manager of Embry (Shandong) Garments Limited. She is also a director of certain subsidiaries of the Company. Ms. Lu is responsible for the functions of strategic management and project management in Mainland China. She joined the Group in April 2003 and has over 39 years of experience in management and administration. Ms. Lu obtained a Master's degree in Business Administration from Beihang University (previously known as Beijing University of Aeronautics and Astronautics), the People's Republic of China (the "PRC"), in 2001. She has also obtained an undergraduate diploma in international trade from the University of International Business and Economics, the PRC, in 1992. Ms. Lu completed a senior managers' human resources management training course held by Tsinghua University, the PRC, in 2006. She has obtained the International Project Management Professional Certification since 2002.

鄭傳全先生，69歲，為本公司之執行董事，現任本公司全資附屬公司安莉芳(中國)服裝有限公司之研發副總經理。彼於二零零五年五月首次加盟本集團，並自二零一七年四月起重新加入本集團。彼亦為多思維五金塑料製品(深圳)有限公司及常州多思維傢俱裝飾工程有限公司的董事。彼負責領導本集團之研發中心研究及開發有關生產及製造產品的技術、工藝與設備。鄭先生於研究及開發有關生產及製造陳列傢俬、展示用模型及成衣製造技術方面擁有逾22年經驗。鄭先生為本集團主席鄭敏泰先生之兒子，本公司執行董事岳明珠女士之繼子，以及本公司執行董事鄭碧浩女士之兄長。

鹿群女士，65歲，為本公司之執行董事，現任安莉芳(中國)服裝有限公司的戰略副總經理及安莉芳(山東)服裝有限公司之總經理。彼亦是本公司若干附屬公司的董事。鹿女士負責於中國內地的戰略管理及項目管理工作。彼自二零零三年四月加盟本集團，並於管理及行政方面擁有逾39年經驗。鹿女士於二零零一年取得中華人民共和國(「中國」)北京航空航天大學(前稱北京航空學院)工商管理碩士學位。彼亦於一九九二年取得中國對外經濟貿易大學國際貿易專業證書。鹿女士於二零零六年完成由中國清華大學舉辦之人力資源管理高級經理課程培訓。彼自二零零二年起取得國際項目管理專業資質認證。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lau Siu Ki, alias, Kevin Lau, aged 60, is an Independent Non-Executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of the Company. Mr. Lau is currently running his own management consultancy firm, Hin Yan Consultants Limited. Mr. Lau has previously worked at an international accounting firm for over 15 years. He graduated from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) in 1981. Mr. Lau is a fellow member of both the Association of Chartered Certified Accountants ("ACCA") and the Hong Kong Institute of Certified Public Accountants. He was a member of the worldwide Council of ACCA from May 2002 to September 2011. Mr. Lau is currently the company secretary of Yeebo (International Holdings) Limited, Hung Fook Tong Group Holdings Limited and Expert Systems Holdings Limited, and an independent non-executive director of Binhai Investment Company Limited, Comba Telecom Systems Holdings Limited, FIH Mobile Limited, Samson Holding Ltd. and TCL Electronics Holdings Limited, the shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He had been an independent non-executive director of China Medical & HealthCare Group Limited, the shares of which are listed on the Stock Exchange, until his resignation on 6 December 2018. He had also been an independent non-executive director of TCL Communication Technology Holdings Limited, the shares of which were delisted from the Stock Exchange from 30 September 2016. Mr. Lau also served as an independent supervisor of the sixth session of Beijing Capital International Airport Company Limited from June 2014 to June 2017. Mr. Lau joined the Company in November 2006.

Mr. Lee Kwan Hung, aged 53, is an Independent Non-Executive Director, the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company. Mr. Lee is a consultant of Howse Williams. He received his LL.B (Honours) degree and Postgraduate Certificate in Laws from the University of Hong Kong in 1988 and 1989 respectively. He was then admitted as a solicitor in Hong Kong in 1991 and in England and Wales in 1997. Mr. Lee is currently an independent non-executive director of NetDragon Websoft Holdings Limited, Newton Resources Ltd, Tenfu (Cayman) Holdings Company Limited, China BlueChemical Ltd., Landsea Green Group Co., Ltd., Red Star Macalline Group Corporation Ltd., China Goldjoy Group Limited, FSE Services Group Limited and Ten Pao Group Holdings Limited, the shares of these companies are listed on the Stock Exchange. He had been an independent non-executive director of Futong Technology Development Holdings Limited and Asia Cassava Resources Holdings Limited, the shares of which are listed on the Stock Exchange, until his resignation on 18 November 2017 and 13 May 2018 respectively. Mr. Lee joined the Company in November 2006.

獨立非執行董事

劉紹基先生，60歲，為本公司之獨立非執行董事，審核委員會主席及本公司薪酬委員會與提名委員會之成員。劉先生目前管理由其擁有的管理顧問公司顯仁顧問有限公司。劉先生曾於一家國際會計師行工作逾15年。彼於一九八一年畢業於香港理工學院（現稱香港理工大學）。劉先生為特許公認會計師公會（「ACCA」）及香港會計師公會的資深會員，彼於二零零二年五月至二零一一年九月為ACCA環球理事會的理事。劉先生目前為億都（國際控股）有限公司、鴻福堂集團控股有限公司及思博系統控股有限公司的公司秘書及濱海投資有限公司、京信通信系統控股有限公司、富智康集團有限公司、順誠控股有限公司及TCL電子控股有限公司的獨立非執行董事，該等公司的股份於香港聯合交易所有限公司（「聯交所」）上市。彼曾任中國醫療網絡有限公司（該公司的股份於聯交所上市）的獨立非執行董事，直至其於二零一八年十二月六日辭任該職位為止。彼亦曾任TCL通訊科技控股有限公司的獨立非執行董事（該公司的股份曾於聯交所上市，並已於二零一六年九月三十日除牌）。劉先生亦於二零一四年六月至二零一七年六月出任北京首都國際機場股份有限公司第六屆監事會之獨立監事。劉先生於二零零六年十一月加盟本公司。

李均雄先生，53歲，為本公司之獨立非執行董事，薪酬委員會主席及本公司審核委員會與提名委員會之成員。李先生為何韋律師行之顧問律師。彼分別於一九八八年及一九八九年獲得香港大學的法學士（榮譽）學位及法律深造文憑，其後於一九九一年取得香港執業律師資格，並於一九九七年取得英格蘭及威爾士執業律師資格。李先生目前為網龍網絡控股有限公司、新礦資源有限公司、天福（開曼）控股有限公司、中海石油化學股份有限公司、朗詩綠色集團有限公司、紅星美凱龍家居集團股份有限公司、中國金洋集團有限公司、豐盛服務集團有限公司及天寶集團控股有限公司之獨立非執行董事，該等公司之股份於聯交所上市。彼曾任富通科技發展控股有限公司及亞洲木薯資源控股有限公司（該等公司的股份於聯交所上市）的獨立非執行董事，直至其分別於二零一七年十一月十八日及二零一八年五月十三日辭任該職位為止。李先生於二零零六年十一月加盟本公司。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

Prof. Lee T. S., alias, Lee Tien-sheng, aged 70, is an Independent Non-Executive Director, the Chairman of the Nomination Committee and a member of both the Audit Committee and Remuneration Committee of the Company. Prof. Lee is currently the Professor Emeritus of the Department of Supply Chain and Information Management of Hang Seng Management College. He was the Dean of the Faculty of Business Administration of The Chinese University of Hong Kong from 2002 to 2008, Vice-President (Academic & Research) of Hang Seng Management College from 2009 to 2014, the Head and Professor of the Department of Supply Chain and Information Management of Hang Seng Management College from 2009 to 2015 and a Chair Professor of Feng Chia University, Taiwan from December 2015 to January 2019. Prof. Lee obtained his PhD in Business Administration and Master's degree in Business Administration from the University of Missouri-Columbia, the United States in 1982 and 1978 respectively. He also holds a Master's degree in Management Science and a Bachelor's degree in Electronic Engineering from the National Chiao Tung University of Taiwan. Prof. Lee's research and teaching interests include supply chain management, quality management and business process reengineering. He has published his research in many academic journals. Prof. Lee had been an independent non-executive director of GET Holdings Limited, the shares of which are listed on the Stock Exchange, until his resignation on 28 December 2018. Prof. Lee joined the Company in November 2006.

SENIOR MANAGEMENT

Ms. Fung Kam Lai Katie, aged 52, is the Group's Chief Financial Officer. Ms. Fung is responsible for the supervision and management of the Group's overall financial matters and investor relations. She joined the Group in March 2007 as the Internal Audit Director and was appointed to the present position in July 2010. Ms. Fung obtained a Master's degree in Business Administration (Executive) from the City University of Hong Kong. She is a member of Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants. Ms. Fung has over 29 years of experience in auditing, financial accounting, corporate investment and financing, as well as management.

李天生教授，70歲，為本公司之獨立非執行董事，提名委員會主席及本公司審核委員會與薪酬委員會之成員。李教授現任香港恒生管理學院供應鏈及資訊管理學系榮休教授。由二零零二年至二零零八年，彼為香港中文大學工商管理學院院長，由二零零九年至二零一四年彼擔任恒生管理學院副校長（學術及研究），由二零零九年至二零一五年出任恒生管理學院供應鏈及資訊管理學系系主任及教授，及由二零一五年十二月至二零一九年一月出任台灣逢甲大學講座教授。李教授分別於一九八二年及一九七八年於美國密蘇里大學哥倫比亞校區取得其工商管理博士學位及工商管理碩士學位，彼亦持有台灣國立交通大學的管理科學碩士學位及電子工程學士學位。李教授的研究及教學興趣包括供應鏈管理、品質管理及業務程序重組，彼已於多份學術期刊發表其研究。李教授曾任智易控股有限公司（該公司的股份於聯交所上市）的獨立非執行董事，直至其於二零一八年十二月二十八日辭任該職位為止。李教授於二零零六年十一月加盟本公司。

高級管理層

馮錦麗女士，52歲，為本集團之首席財務總監。馮女士負責監察及管理本集團整體財務事宜及投資者關係。彼於二零零七年三月加入本集團為內部審計總監，並於二零一零年七月獲委任現時之職位。馮女士於香港城市大學取得行政人員工商管理碩士學位。彼為香港會計師公會及美國執業會計師公會會員。馮女士於核數、財務會計、企業投資及融資、與管理方面擁有逾29年經驗。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, sustainable business growth and enhancing shareholders' value.

The Company has adopted the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") as its own code of corporate governance practices.

In the opinion of the Directors, the Company had complied with all code provisions under the CG Code so far as they are applicable and a majority of the recommended best practices under the CG Code throughout the year ended 31 December 2018 (the "Review Period").

本公司董事會及管理層致力維持良好的企業管治常規及程序。本公司深信良好的企業管治能為有效的管理、健全的公司文化、可持續的業務發展及股東價值的提升確立框架。

本公司採納香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)附錄十四所載的《企業管治守則》(「企業管治守則」)作為其企業管治常規的守則。

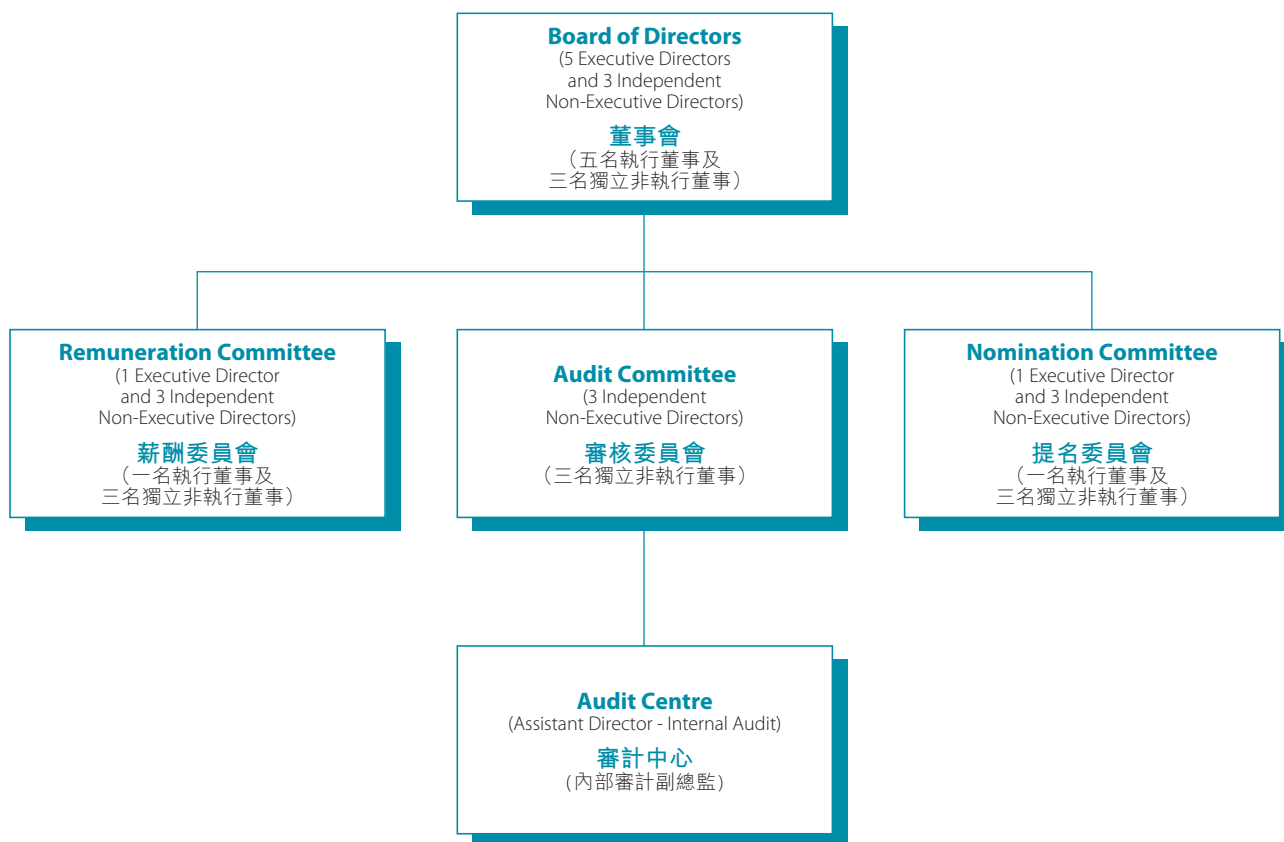
董事認為，本公司於截至二零一八年十二月三十一日止年度(「回顧期間」)內一直遵守所有企業管治守則的適用守則條文，以及大部份企業管治守則建議的最佳常規。

CORPORATE GOVERNANCE REPORT

企業管治報告

Governance Structure

管治架構



CORPORATE GOVERNANCE REPORT

企業管治報告

Directors Board Composition

The Directors place great emphasis on the fiduciary nature of the Board's responsibilities and strive to be accountable to the shareholders of the Company as a whole.

A board diversity policy has been formulated by the Board setting out the approach to maintaining a Board with a diversity of directors. The Company recognises the benefits of diversity at the Board level as an essential element in supporting its sustainable development. All Board appointments will continue to be based on meritocracy with due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Board currently comprises five Executive Directors, namely Mr. Cheng Man Tai (Chairman), Ms. Cheng Pik Ho Liza (Chief Executive Officer), Madam Ngok Ming Chu, Mr. Cheng Chuen Chuen and Ms. Lu Qun; and three Independent Non-Executive Directors, namely Mr. Lau Siu Ki, Mr. Lee Kwan Hung and Prof. Lee T. S. The number of Independent Non-Executive Directors represents more than one-third of the Board. The biographical details of and relationships among the members of the Board are disclosed under the section headed "Directors and Senior Management" on pages 28 to 32 of this annual report.

The Directors believe that the composition of the Board reflects the necessary balance of skills and experience appropriate for the requirements of the business development of the Group and for effective leadership as all the Executive Directors possess extensive experience in management and the research and development, design, production and marketing of lingerie products while the three Independent Non-Executive Directors possess professional knowledge and broad experience in finance, law and management respectively. The Directors are of the opinion that the present structure of the Board can ensure the independence and objectivity of the Board and provide a system of checks and balances to safeguard the interests of the shareholders and the Company.

董事 董事會組成

董事會非常注重董事會的受信責任，並竭力對本公司全體股東負責。

董事會已制定董事會成員多元化政策列載為維持一個成員多元化的董事會而採取的方針。本公司相信董事會層面多元化之好處，為維持其可持續發展的關鍵元素。董事會所有委任均繼續以用人唯才為原則，並充分顧及董事會成員多元化的裨益。甄選人選將按一系列多元化範疇為基準，包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及服務任期。最終將按人選的長處及可為董事會提供的貢獻而作決定。

董事會目前由五名執行董事鄭敏泰先生(主席)、鄭碧浩女士(行政總裁)、岳明珠女士、鄭傳全先生及鹿群女士及三名獨立非執行董事劉紹基先生、李均雄先生及李天生教授組成，獨立非執行董事的人數佔董事會人數的三份之一以上。董事會成員的簡歷詳情以及彼等之間的關係已於本年報第28至32頁「董事及高級管理層」資料一節內披露。

董事會相信，由於全體執行董事於管理及女性內衣產品的研發、設計、生產及推廣方面具備豐富經驗，而三位獨立非執行董事分別在財務、法律及管理方面具備專業知識和豐富經驗，因此董事會成員的組合反映本集團在業務發展及有效領導所需的必要技能與適當經驗兩者之間的平衡。董事會認為，董事會現時的架構可確保董事會的獨立性及客觀性，並能提供一個審查及平衡機制以保障股東及本公司的利益。

CORPORATE GOVERNANCE REPORT

企業管治報告

Appointment, Re-election and Removal of Directors

Article 108(A) of the articles of association of the Company provides that one-third of the Directors for the time being, or, if their number is not three or multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years at the Company's annual general meeting and shall be eligible for re-election. Under Article 105, the office of a Director of the Company is liable to be vacated in certain circumstances and the Company may remove any Director of the Company by an ordinary resolution at a general meeting as prescribed in Article 114.

The appointment of new Directors and nomination of Directors for re-election at annual general meetings are first considered by the Nomination Committee. The recommendations of the Nomination Committee will then be put to the Board for decision. New Directors appointed by the Board are subject to re-election by shareholders at the next following annual general meeting pursuant to the articles of association of the Company. In considering the appointment of new Directors, the Nomination Committee will assess the candidate according to the criteria set out in Rules 3.08 and 3.09 of the Listing Rules. In the case of a candidate for an Independent Non-Executive Director, he/she should also meet the independence criteria set out in Rule 3.13 of the Listing Rules.

Executive Directors

The Executive Directors, Mr. Cheng Man Tai, Ms. Cheng Pik Ho Liza, Madam Ngok Ming Chu, Mr. Cheng Chuen Chuen and Ms. Lu Qun, have each entered into a service agreement with the Company for a fixed term of two years. Each Executive Director is entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all the Executive Directors for any financial year of the Company shall not exceed 8% of the audited consolidated net profit of the Group (after taxation and non-controlling interests and payment of such bonuses) for that financial year of the Company. An Executive Director shall not vote on any resolution of the Directors regarding the amount of the management bonus payable to him/her.

Independent Non-Executive Directors

Each of the Independent Non-Executive Directors was appointed for a term of two years with a formal letter of appointment setting out the key terms and conditions of his appointment.

Save for the directors' fees, none of the Independent Non-Executive Directors is expected to receive any other remuneration for holding his office as an Independent Non-Executive Director.

委任、重選及罷免董事

本公司組織章程細則第108(A)條規定，在每屆股東週年大會上，當時三分之一董事，或若人數並非三或三的倍數，則以最接近但不少於三分之一的人數將告退，惟每名董事須至少每三年輪值告退一次。退任董事有資格應選連任。根據細則第105條，本公司的董事職位可於若干情況下出現空缺，而本公司亦可按細則第114條的規定透過於股東大會上的普通決議案罷免本公司任何董事。

新董事的委任及在股東週年大會上連任董事的提名須先由提名委員會考慮，再由提名委員會向董事會提出建議，供董事會決定。由董事會新委任的董事須根據本公司章程細則在下屆股東週年大會上經股東重選。考慮新董事的委任時，提名委員會會根據上市規則第3.08及3.09條所載的準則對候選人進行評估。如考慮獨立非執行董事的候選人時，彼亦須符合上市規則第3.13條所列的獨立性準則。

執行董事

執行董事鄭敏泰先生、鄭碧浩女士、岳明珠女士、鄭傳全先生及鹿群女士已與本公司訂立服務協議，固定年期為期兩年。每名執行董事可收取酌情管理花紅，惟於本公司任何財政年度支付予全體執行董事的花紅總額不得超過本集團於該本公司財政年度的經審核綜合純利(扣除稅項及非控股權益以及該等花紅後)的8%。執行董事不得就任何有關向其支付的管理花紅金額的董事會決議案投票。

獨立非執行董事

每名獨立非執行董事之任期為兩年，正式委任函件載列其主要委任條款及條件。

除董事袍金外，並不預期獨立非執行董事將就擔任獨立非執行董事而收取任何其他酬金。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Company annually assesses the independence of each Independent Non-Executive Director during his term of appointment. In January 2019, the Company received from each of the Independent Non-Executive Directors a written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. Based on such confirmations, the Company considers all the Independent Non-Executive Directors are independent.

Proceedings of Board Meetings and Board Committee Meetings

The Board considers that all meetings should be legally and properly convened. The Chairman of the Board takes the lead to ensure that Board meetings and Board committee meetings are convened in accordance with the requirements set out in the articles of association of the Company, the terms of reference of the respective Board committees and the Listing Rules.

In convening Board meetings, the Chairman is responsible for drawing up and approving the agenda for each meeting after consultation with all the Directors and the Company Secretary. Prior notice of each regular Board meeting is given to all the Directors at least 14 days in advance and the Directors are invited to include matters for discussion in the agenda. Agenda and accompanying Board papers are sent to all the Directors at least 3 days (or such other period as agreed) prior to meetings.

Board meetings are held at least four times a year. In addition, special Board meetings are held when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of all the Directors.

Dates of regular Board meetings are scheduled in advance to provide sufficient notice to give all the Directors an opportunity to attend. For special Board meetings, reasonable notice is given.

The Directors have access to the advice and services of the Company Secretary to ensure that Board procedures and all applicable rules and regulations are followed.

The minutes of Board meetings record in sufficient detail the matters considered by the Board, including all concerns raised by the Directors and dissenting views expressed. The minutes of all Board meetings and Board committee meetings are available for inspection by any Director, auditor or any relevant eligible parties who can have access to such minutes.

本公司於各獨立非執行董事獲委任期間，每年評估其獨立身份。於二零一九年一月，本公司已收到各獨立非執行董事根據上市規則第3.13條書面確認彼等的獨立身份。根據有關確認書，本公司認為全體獨立非執行董事均屬獨立人士。

董事會會議及董事委員會會議程序

董事會認為所有會議均應按合法及妥善的方式召開。董事會主席領導董事會以確保董事會會議及董事委員會會議均按載於本公司組織章程細則、各董事委員會的權責範圍及上市規則的要求召開。

於召開董事會會議時，主席負責在向全體董事及公司秘書作出諮詢後，草擬及批准每次會議的議程。每次召開定期董事會會議時，全體董事獲發出最少十四天的預先通知，董事並會獲邀於議程內加入商討事項。議程及隨附的董事會文件將於會議前最少三天(或協定的其他時間內)發送予全體董事。

董事會會議每年召開至少四次。此外，會在有需要時召開董事會特別會議。此等董事會會議均有全體董事親身出席，或透過其他電子通訊方法積極參與。

董事會定期會議的日期預先訂定，以讓所有董事皆有機會騰空出席。至於董事會特別會議，則發出合理通知召開。

所有董事都可獲得公司秘書的意見和服務，以確保董事會程序及所有適用規則及規例均獲得遵守。

董事會的會議記錄已充份記錄董事會所考慮事宜的詳情，其中包括由董事提出的所有關注事項及發表的反對意見。任何董事、核數師或任何合資格取得會議記錄的有關人士均可查閱所有董事會會議及董事委員會會議記錄。

CORPORATE GOVERNANCE REPORT

企業管治報告

Directors' Attendance Records

The record of attendance of individual Directors at the Board meetings, Board committee meetings and annual general meeting held during 2018 is set out in the following table:

董事的出席記錄

下表載列各董事於二零一八年內舉行的董事會會議、董事委員會會議及股東週年大會的出席記錄：

Directors 董事	Board 董事會	Number of Meetings Attended/Held 會議出席次數/舉行次數			Annual General Meeting 股東週年大會
		Audit Committee 審核委員會	Nomination Committee 提名委員會	Remuneration Committee 薪酬委員會	
Executive Directors 執行董事					
Cheng Man Tai* (Chairman) 鄭敏泰* (主席)	1/1	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用
Cheng Pik Ho Liza (Chief Executive Officer) 鄭碧浩 (行政總裁)	8/8	N/A 不適用	2/2	2/2	1/1
Ngok Ming Chu 岳明珠	8/8	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Cheng Chuen Chuen 鄭傳全	8/8	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Lu Qun 鹿群	8/8	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Independent Non-Executive Directors 獨立非執行董事					
Lau Siu Ki 劉紹基	8/8	3/3	2/2	2/2	1/1
Lee Kwan Hung 李均雄	8/8	3/3	2/2	2/2	1/1
Lee T. S. 李天生	8/8	3/3	2/2	2/2	1/1
Average Attendance Rate 平均出席率	100%	100%	100%	100%	100%

* Mr. Cheng Man Tai was appointed as an Executive Director of the Company on 23 August 2018. Subsequent to his appointment, one Board meeting was held during the year.

* 鄭敏泰先生於二零一八年八月二十三日獲委任為本公司之執行董事。於彼獲委任後，年內舉行了一次董事會會議。

In addition, the Chairman met once with the Independent Non-Executive Directors without the presence of other Directors during the Review Period.

此外，主席於回顧期間內在其他董事不在場的情況下與獨立非執行董事舉行了一次會議。

Directors' and Officers' Liability Insurance

The Company has subscribed an insurance policy with an aim to indemnify its Directors and senior executives from any losses, claims, damages, liabilities and expenses arising from, including but not limited to, any proceedings brought against them during the performance of their duties pursuant to their respective service agreements entered into with the Company.

董事及行政人員的責任保險

本公司已投購保險以彌償其董事及高級行政人員任何損失、索償、損害、責任及開支，包括但不限於因董事及行政人員根據各自與本公司訂立的服務協議履行其職責時而被提出的任何訴訟。

CORPORATE GOVERNANCE REPORT

企業管治報告

Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") (with certain modifications but on terms no less exacting than the required standard set out in the Model Code) as set out in Appendix 10 to the Listing Rules as its own code ("Securities Dealing Code") to regulate the securities dealings by all the Directors and relevant employees of the Group.

The Company made specific enquiry of all the Directors and members of the senior management who confirmed that they complied with the Securities Dealing Code during the Review Period.

Continuous Professional Development

Pursuant to the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant.

During the Review Period, all Directors received regular briefings and updates on the Group's business, operations, internal controls and corporate governance matters. Relevant reading materials were provided to the Directors. They also attended courses and seminars organised by external professional bodies on topics relevant to the duties and responsibilities of a director during the Review Period. All Directors have provided the Company with their respective training records pursuant to the CG Code.

Procedure for Seeking Independent Professional Advice by Directors

There is a written procedure agreed by the Board to enable Directors, upon reasonable request, to seek and be provided with independent professional advice in appropriate circumstances, at the Company's expense in order to assist them to discharge their duties to the Company.

董事進行證券交易

本公司採納上市規則附錄十所載的《上市發行人董事進行證券交易的標準守則》(「標準守則」)(經作出若干修訂，惟不低於標準守則所載之規定標準)作為其證券買賣守則(「證券買賣守則」)，以監管本集團所有董事及相關僱員進行的證券買賣。

本公司已向全體董事及高級管理人員作出特定查詢，而彼等確認，彼等於回顧期間內已遵守證券買賣守則。

持續專業發展

根據企業管治守則，所有董事應參與持續專業發展，發展並更新其知識及技能，以確保其繼續在具備全面資訊及切合所需的情況下對董事會作出貢獻。

於回顧期間，本公司全體董事均定期接收有關本集團業務、營運、內部監控及企業管治事宜的簡報及更新，彼等獲提供相關的閱讀材料，並參加了由外部專業團體主辦與董事的職能及責任相關的課程及研討會。所有董事已根據企業管治守則向本公司提供彼等各自之培訓紀錄。

董事尋求獨立專業意見的程序

董事會已書面制定程序，讓董事按合理要求，可在適當的情況下尋求及獲提供獨立專業意見，費用由本公司支付以協助董事履行其對本公司的責任。

CORPORATE GOVERNANCE REPORT

企業管治報告

Functions of the Board Distinctive Roles of the Chairman and the Chief Executive Officer

To avoid concentration of power in any one individual, a clear division of responsibilities between the Chairman and the Chief Executive Officer is crucial to the effective running of the Board and the day-to-day management of the Group's businesses. The positions of the Chairman and the Chief Executive Officer of the Company are held by two different Executive Directors, namely Mr. Cheng Man Tai and Ms. Cheng Pik Ho Liza respectively. Their roles and duties are segregated, with a clear division of responsibilities. Mr. Cheng Man Tai, the Chairman, is to provide leadership for the Board and ensure that the Board works effectively while Ms. Cheng Pik Ho Liza, the Chief Executive Officer, is answerable to the Board for the operations of the Group. Mr. Cheng is the father of Ms. Cheng.

Distinctive Roles of the Board and the Management

While at all times the Board retains full responsibility for guiding and monitoring the operations of the Group, in discharging its duties, certain responsibilities are delegated to:

- the standing Board committees of the Company namely: the Audit Committee, the Nomination Committee and the Remuneration Committee. Each committee's constitution, powers and duties are clearly defined by its terms of reference, and the committees are accountable to the Board. Ad hoc Board committees may also be established as required from time to time by the Board;
- the Chief Executive Officer, being delegated with the day-to-day management of the businesses of the Group, is accountable to the Board; and
- the senior management team of the Group, being delegated with the responsibilities to deal with daily operational functions, is answerable to the Executive Directors.

The Board believes that effective delegation of authority can ensure that the Board is provided with sufficient and timely information of the Group's businesses which is, in particular, relevant to the Group's performance, financial position and operating results, in order that the Board is able to make an informed assessment of matters put before the Board for approval. During the Review Period, each Executive Director had frequent meetings with operational managers in order to maintain an effective feedback system and enable the Company to react to changes or problems quickly and effectively.

董事會的職能 主席及行政總裁的角色區分

為避免權力集中於任何一名人士，主席與行政總裁之間的職責必須有清晰區分，以有效運作董事會及管理本集團的日常業務。本公司的主席及行政總裁職位分別由兩位不同的執行董事鄭敏泰先生及鄭碧浩女士擔任，彼等的角色及職責分開，具有明確的責任分工。主席鄭敏泰先生負責領導董事會及確保董事會有效運作，而行政總裁鄭碧浩女士則就本集團的營運向董事會負責。鄭先生為鄭女士的父親。

董事會及管理層的角色區分

儘管董事會於任何時刻均承擔指導及監察本集團營運的全部責任，惟於董事會履行其職責時，亦將若干責任轉授予：

- 本公司的董事會常務委員會：審核委員會、提名委員會及薪酬委員會。各委員會的組織、權力及職責均以書面職權範圍清楚界定，而該等委員會須向董事會負責。董事會或不時於有需要時成立臨時董事委員會；
- 行政總裁獲授權管理本集團的日常業務，並須對董事會負責；及
- 本集團的高層管理隊伍獲授權處理日常營運工作的責任，並須對執行董事負責。

董事會相信，有效轉授權力可確保董事會獲提供充足和及時的集團業務資料，特別是有關本集團表現、財務狀況及經營業績的資料，以便董事會於批准有關事宜前可就該等事宜作出知情評估。於回顧期間，各執行董事與營運部門經理多次會面，以奉行有效的回饋制度，讓本公司可迅速及有效地就變化或問題作出回應。

CORPORATE GOVERNANCE REPORT

企業管治報告

The functions reserved to the Board are formalized in writing and include:

- any matters relating to the formulation of the Company's strategy and direction;
- any matters relating to financial controls, compliance and risk management;
- any changes in corporate structure such as the changes relating to the Company's capital structure, including share buy-back or issue of new securities;
- major appointments such as appointments to the Board, after taking into account the recommendations of the Nomination Committee; the appointment of the Chairman and the Chief Executive Officer; recommendations to the shareholders on the appointment or removal of external auditor after taking into consideration the recommendations of the Audit Committee; and the appointment or removal of the Chief Financial Officer and the Company Secretary;
- any matters determined by the Board to be material, including dividend policy, significant changes in accounting policies, material contracts, major financing arrangements and major investments; and
- the corporate governance functions set out in the code provision D.3.1 of the CG Code.

With respect to the corporate governance functions, the Board has reviewed and monitored the Company's corporate governance policies and practices, the training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

The Board regularly reviews its arrangement for delegation of authority to ensure that such delegation is appropriate in view of the Company's prevailing circumstances and that appropriate reporting systems are in place.

由董事會負責的職能已以書面制定並包括：

- 任何有關制定本公司策略及方向的事宜；
- 任何有關財務監控、遵守法規及風險管理的事宜；
- 任何企業架構變動，例如有關本公司資本結構的變動，包括購回股份或發行新證券；
- 主要委任事項，例如經考慮提名委員會建議後委任董事會成員；委任主席及行政總裁；經考慮審核委員會建議後就委任或撤換外聘核數師而向股東作出建議；以及委任或撤換首席財務總監及公司秘書；
- 任何由董事會釐定的重大事宜，包括股息政策、會計政策的重大變化、重大合同、主要財務安排和主要投資；及
- 履行企業管治守則守則條文第D.3.1條列出之企業管治職能。

關於企業管治職能方面，董事會已檢討及監察本公司的企業管治政策及常規，董事及高級管理人員的培訓及持續專業發展，本公司在遵守法律及監管規定方面的政策及常規，及本公司遵守企業管治守則的情況及在按其規定在企業管治報告內的披露情形。

董事會定期檢討其指派權力的安排，以確保有關指派安排於本公司當時的情況下屬恰當，並已實行適當的匯報制度。

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Board Committees

A total of three Board committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee, have been formed, each of which is delegated with specific roles and responsibilities by the Board. All the Board committees follow the same principles and procedures as those of the Board. The Board receives the minutes of each committee meeting on a regular basis, including their decisions and recommendations.

Audit Committee

At present, the Audit Committee consists of three Independent Non-Executive Directors, namely:

Mr. Lau Siu Ki (*Chairman*)
Mr. Lee Kwan Hung
Prof. Lee T. S.

Members of the Audit Committee are appointed by the Board among the Independent Non-Executive Directors and the committee consists of not less than three members. The Board considers that each Audit Committee member has broad commercial experience and together form a suitable mix of expertise in the legal and accounting fields and that the composition and members of the Audit Committee comply with the requirements under Rule 3.21 of the Listing Rules. The Board, after consultation with the chairman of the Audit Committee, provides sufficient resources to the Audit Committee to enable it to discharge its duties.

The Audit Committee has the responsibilities and powers set forth in its terms of reference. To maintain its independence, the Audit Committee is required to have at least one meeting with the external auditor without the presence of Executive Directors within a financial year. The function of the committee is to provide assistance to the Board in fulfilling its oversight responsibilities to shareholders, potential shareholders, the investment community and other stakeholders relating to:

- the integrity of accounts and financial reporting process of the Company;
- the assessment of the external auditor's qualifications and independence;
- the performance of the Company's internal audit function and the performance of the external auditor; and
- the effectiveness of the risk management and internal control systems of the Company.

董事委員會

董事會下共設審核委員會、提名委員會及薪酬委員會三個委員會，各由董事會授以特定的角色和職責。所有董事委員會須遵守的原則及程序均與董事會相同。董事會定期收到各委員會的會議紀錄，包括其決策及建議。

審核委員會

目前，審核委員會由三名獨立非執行董事組成，分別為：

劉紹基先生(主席)
李均雄先生
李天生教授

審核委員會成員由董事會從獨立非執行董事中委任，且由不少於三名成員組成。董事會認為各審核委員會成員均具備豐富商業經驗，並於法律及會計專業知識方面互相配合。審核委員會的組成及成員符合上市規則第3.21條的規定。董事會在與審核委員會主席作出商議後，向審核委員會提供充足資源，以協助它履行其職務。

審核委員會承擔及具有其職權範圍所載的責任及權力。為保持其獨立性，審核委員會須於每個財政年度內與外聘核數師最少舉行一次沒有執行董事出席的會議。委員會的職能為向董事會提供協助，以便其履行就以下事項而須對股東、潛在股東、投資人士及其他與業務有關人士承擔的監察責任：

- 本公司賬目及財務報告程序的真實性；
- 評估外聘核數師的資格及獨立身份；
- 本公司內部審計職能的表現及外聘核數師的表現；及
- 本公司的風險管理及內部監控系統的有效性。

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The terms of reference of the Audit Committee are available on the Company's website and the Stock Exchange's website.

During the Review Period, the Audit Committee held three meetings including one meeting with the external auditor without the presence of the Executive Directors and the management. The record of attendance of individual Directors at the committee meetings is set out on page 38 of this annual report.

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

- (i) review of the annual report and results announcement of the Company for the year ended 31 December 2017, with a recommendation to the Board for approval;
- (ii) review of the external auditor's independence and their report, with a recommendation to the Board for the re-appointment of the external auditor by the shareholders of the Company at its 2018 annual general meeting;
- (iii) review of continuing connected transactions;
- (iv) review of the interim report and results announcement of the Company for the six months ended 30 June 2018, with a recommendation to the Board for approval;
- (v) review of quarterly financial reports of the Company prepared by the Finance and Accounts Department;
- (vi) consideration of audit and non-audit services provided by the external auditor;
- (vii) review of the effectiveness of the risk management and internal control systems of the Company and its subsidiaries;
- (viii) review of periodic reports prepared by the Audit Centre;
- (ix) review of the adequacy of resources, qualifications and experience of staff of the Company's accounting, internal audit and financial reporting functions, and their training programmes and budget; and
- (x) review of the audit fees payable to the external auditor for the year ended 31 December 2018, with a recommendation to the Board for approval.

本公司股東可於本公司網站及聯交所網站查閱審核委員會的職權範圍。

審核委員會於回顧期間舉行了三次會議，包括與外聘核數師在執行董事及管理層不在場的情況下舉行了一次會議。個別董事出席委員會會議的記錄載於本年報第38頁的列表內。

以下為審核委員會於回顧期間所履行的工作概要：

- (i) 審閱本公司截至二零一七年十二月三十一日止年度的年報及業績公告，並建議董事會通過；
- (ii) 檢討外聘核數師的獨立性及其報告，並建議董事會向本公司股東建議於其二零一八年股東週年大會上重新委任外聘核數師；
- (iii) 審核持續關連交易；
- (iv) 審閱本公司截至二零一八年六月三十日止六個月的中期報告及中期業績公告，並建議董事會通過；
- (v) 審閱由財務會計部編制的本公司季度財務報告；
- (vi) 考慮外聘核數師提供的審核及非審核服務；
- (vii) 檢討本公司及其附屬公司的風險管理及內部監控系統的成效；
- (viii) 審閱審計中心提交的定期報告；
- (ix) 檢討本公司在會計、內部審核及財務匯報職能方面之資源、員工資歷及經驗是否足夠，以及員工所接受之培訓課程及有關預算又是否充足；及
- (x) 審閱截至二零一八年十二月三十一日止年度支付給外聘核數師的審計費用，並建議董事會批准。

CORPORATE GOVERNANCE REPORT

企業管治報告

Auditor's Remuneration

The Audit Committee has reviewed the remuneration paid/payable to Ernst & Young, the external auditor of the Company, for the following services provided during the Review Period:

Services Rendered		Remuneration
所提供服務		Paid/Payable
		已付／應付酬金
		HK\$
		港元
Audit services	審核服務	2,880,000
Non-audit services	非審核服務	768,800
Total:	總計：	3,648,800

The Audit Committee has expressed its views to the Board that the level of fees paid/payable to the Company's external auditor is reasonable. There has been no major disagreement between the auditor and the management of the Company during the Review Period.

Nomination Committee

At present, the Nomination Committee has four members comprising one Executive Director and three Independent Non-Executive Directors, namely:

Prof. Lee T. S. (*Chairman*)
Ms. Cheng Pik Ho Liza
Mr. Lau Siu Ki
Mr. Lee Kwan Hung

The main functions of the Nomination Committee are to review the structure, size and composition of the Board, to identify individuals who are suitably qualified to become Directors, and to assess the independence of the Independent Non-Executive Directors. After considering the independence and qualifications of nominees, the Nomination Committee makes recommendations to the Board so as to ensure that all nominations are fair and transparent. The Nomination Committee is also responsible for reviewing the succession planning of Directors, in particular the Chairman and the Chief Executive Officer. The Board, after consultation with the chairman of the Nomination Committee, provides sufficient resources to the Nomination Committee to enable it to discharge its duties.

The Nomination Committee held two meetings in 2018. The record of attendance of individual Directors at the committee meeting is set out on page 38 of this annual report.

核數師酬金

審核委員會已審閱就本公司之外聘核數師安永會計師事務所於回顧期間內提供以下服務本公司已付或應付的酬金：

審核委員會已向董事會反映意見，表示已付／應付本公司外聘核數師的費用水平屬合理。外聘核數師與本公司管理層於回顧期間內並無任何主要意見分歧。

提名委員會

目前，提名委員會由四名成員組成，包括一名執行董事及三名獨立非執行董事：

李天生教授(主席)
鄭碧浩女士
劉紹基先生
李均雄先生

提名委員會的主要職能為檢討董事會的架構、規模及組成，物色具備適合資格成為董事的人選及評估獨立非執行董事的獨立身份。於考慮獲提名人士的獨立身份及資格後，提名委員會向董事會作出建議，以確保所有提名均屬公平透明。提名委員會亦負責審閱董事的繼任計劃，特別是主席及行政總裁的繼任計劃。董事會在與提名委員會主席作出商議後，向提名委員會提供充足資源，以協助它履行其職務。

提名委員會於二零一八年召開了兩次會議。個別董事出席委員會會議的記錄載於本年報第38頁。

CORPORATE GOVERNANCE REPORT

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The following is a summary of the work performed by the Nomination Committee during the Review Period:

- (i) assessment of the independence of the Independent Non-Executive Directors;
- (ii) recommendation to the Board on the re-election of Directors;
- (iii) review of the existing structure, size and composition of the Board;
- (iv) recommendation to the Board on the appointment of an Executive Director and the Chairman of the Company;
- (v) recommendation to the Board on the re-appointment of an Executive Director of the Company; and
- (vi) recommendation to the Board on the re-appointment of the Independent Non-Executive Directors of the Company.

In evaluating and selecting any candidate for directorship, the following major criteria set out in the Company's director nomination policy had been considered by the Nomination Committee:

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience relevant to the Company's business and strategy, and diversity aspects under the board diversity policy of the Company;
- requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
- the overall ability to exercise good judgement and to provide valuable insights and diverse perspective to the Board.

以下為提名委員會於回顧期間所履行的工作概要：

- (i) 評估獨立非執行董事的獨立身份；
- (ii) 就重選董事向董事會提出建議；
- (iii) 檢討董事會的架構、規模及組成；
- (iv) 就委任本公司執行董事及主席事宜向董事會提出建議；
- (v) 就續聘本公司執行董事事宜向董事會提出建議；及
- (vi) 就再度委任本公司獨立非執行董事事宜向董事會提出建議。

在評估及挑選候選人擔任董事時，提名委員會已考慮下列載於本公司董事提名政策的主要準則：

- 品格與誠信；
- 資格，包括專業資格、技巧、知識及與本公司業務及策略相關的經驗，以及本公司董事會成員多元化政策所提述的多元化因素；
- 根據上市規則董事會須包括獨立非執行董事的規定，以及參考上市規則內列明候選人是否被視為獨立的指引；
- 是否願意及是否能夠投放足夠時間履行身為董事會成員及擔任董事會轄下委員會的委員的職責；及
- 總體能否行使良好的判斷力，可為董事會提供有價值的見解及帶來多元觀點與角度。

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The Nomination Committee, upon receipt of the proposal on appointment of new director and the biographical information of the candidate, had evaluated such candidate based on the criteria as set out above to determine whether such candidate was qualified for directorship and made recommendation to the Board to appoint the candidate for directorship.

With respect to the re-election of Directors at the annual general meeting, the Nomination Committee had reviewed the overall contribution and services to the Company of the retiring Directors and the level of participation and performance on the Board to determine whether the retiring Directors would continue to meet the criteria as set out above and made recommendation to the Board in respect of the proposed re-election of Directors at the general meeting. The relevant information of the retiring Directors together with the recommendation of the Board would then be disclosed in the circular accompanying the notice of the general meeting and sent to shareholders in accordance with the Listing Rules and applicable laws and regulations.

As a good corporate governance practice, the Independent Non-Executive Director who also acts as Nomination Committee member abstained from assessing his own independence and re-appointment.

The terms of reference of the Nomination Committee are available on the Company's website and the Stock Exchange's website.

Remuneration Committee

At present, the Remuneration Committee has four members comprising one Executive Director and three Independent Non-Executive Directors, namely:

Mr. Lee Kwan Hung (*Chairman*)
 Ms. Cheng Pik Ho Liza
 Mr. Lau Siu Ki
 Prof. Lee T. S.

The main functions of the Remuneration Committee are to assist the Board in establishing a formal and transparent procedure for setting policy on Directors' and senior management's remuneration and to make recommendation to the Board on the packages (which include benefits in kind, pension rights and compensation payments) of individual Executive Directors and senior management (i.e. the model described in code provision B.1.2(c)(ii) of the CG Code was adopted) as well as on the remuneration of Non-Executive Directors. The Board, after consultation with the chairman of the Remuneration Committee, provides sufficient resources to the Remuneration Committee to enable it to discharge its duties.

提名委員會於收到委任新董事的建議及候選人的個人資料後，已依據上述準則評估該候選人，以決定該候選人是否合資格擔任董事，並就委任候選人擔任董事一事向董事會提出建議。

至於在股東大會上重選董事，提名委員會已檢討退任董事對本公司的整體貢獻及服務，以及在董事會的參與程度及表現以確定退任董事是否仍然符合上述準則，並就在股東大會上建議重選董事一事向董事會提出建議。有關退任董事的資料連同董事會的建議將於隨附股東大會通告的通函內披露，並根據上市規則及適用法律及法規寄發予股東。

為奉行良好的企業管治常規，亦為提名委員會成員之獨立非執行董事皆沒有參與有關其獨立性及連任的評估。

本公司股東可於本公司網站及聯交所網站查閱提名委員會的職權範圍。

薪酬委員會

目前，薪酬委員會由四名成員組成，包括一名執行董事及三名獨立非執行董事，分別為：

李均雄先生(主席)
 鄭碧浩女士
 劉紹基先生
 李天生教授

薪酬委員會的主要職能為協助董事會訂立一套正式的並具透明度的程序，以制定董事及高級管理人員的薪酬政策，及向董事會建議個別執行董事及高級管理人員的薪酬待遇(包括非金錢利益、退休金權利及賠償金額(亦即採納了企業管治守則條文B.1.2(c)(ii)條所述的模式)，並就非執行董事的薪酬向董事會提出建議。董事會在與薪酬委員會主席作出商議後，向薪酬委員會提供充足資源，以協助它履行其職務。

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In recommending the remuneration of the Directors, the Remuneration Committee makes reference to companies of comparable business or scale, and the nature and volume of work in order to compensate the Directors reasonably for their time and efforts spent. The Remuneration Committee regularly reviews and makes recommendations to the Board on the remuneration of Directors and senior management.

The Remuneration Committee held two meetings in 2018. The record of attendance of individual Directors at the committee meetings is set out on page 38 of this annual report.

The following is a summary of the work performed by the Remuneration Committee during the Review Period:

- (i) review of the salary proposal for 2018 of Executive Directors and staff in Mainland China and Hong Kong, with a recommendation to the Board for approval;
- (ii) recommendation to the Board on the payment of bonuses to the senior management staff in Mainland China;
- (iii) recommendation to the Board on the payment of discretionary bonuses to the Executive Directors and staff in respect of the final results of the Company for the year ended 31 December 2017 and the interim results of the Company for the six months ended 30 June 2018;
- (iv) review of the remuneration package of the newly appointed Executive Director and Chairman of the Company, with a recommendation to the Board for approval;
- (v) review of the new service agreements between the Company and Executive Directors of the Company, with a recommendation to the Board for approval; and
- (vi) review of the letters of re-appointment of the Independent Non-Executive Directors, with a recommendation to the Board for approval.

As a good corporate governance practice, the Independent Non-Executive Director who also acts as Remuneration Committee member had not involved in reviewing his own director's fees.

The terms of reference of the Remuneration Committee are available on the Company's website and the Stock Exchange's website.

就董事薪酬作出建議時，薪酬委員會參考業務或規模類同的公司所支付的薪酬，以及其工作性質及工作量，以就董事所付出的時間及努力向彼等提供合理薪酬。薪酬委員會定期檢討董事及高級管理層的薪酬及就此向董事會提出建議。

薪酬委員會於二零一八年召開了兩次會議。個別董事出席委員會會議的記錄載於本年報第38頁。

以下為薪酬委員會於回顧期間所履行的工作概要：

- (i) 審閱執行董事及中國內地與香港員工的二零一八年薪酬方案，並建議董事會批准；
- (ii) 就支付獎金予中國內地的高層管理人員向董事會提出建議；
- (iii) 就本公司截至二零一七年十二月三十一日止之終期業績及二零一八年六月三十日止六個月之中期業績支付酌情花紅予執行董事及員工向董事會提出建議；
- (iv) 就任命新執行董事及本公司主席審閱其薪酬組合，並建議董事會批准；
- (v) 審閱本公司與本公司執行董事訂立的新服務協議，並建議董事會通過；及
- (vi) 審閱獨立非執行董事的續聘委任書，並建議董事會通過。

為奉行良好的企業管治常規，亦為薪酬委員會成員之獨立非執行董事皆沒有參與檢討其個人董事袍金。

本公司股東可於本公司網站及聯交所網站查閱薪酬委員會的職權範圍。

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Pursuant to code provision B.1.5 of the CG Code, details of the annual remuneration of the members of the senior management by band for the year ended 31 December 2018 is as follows:

根據企業管治守則守則條文第B.1.5條，高級管理層成員於截至二零一八年十二月三十一日止年度之薪酬區間詳情如下：

		Number of employee 僱員人數
HK\$3,000,001 to HK\$3,500,000	3,000,001 港元至 3,500,000 港元	1
		1

Details of the remuneration of each director for the year ended 31 December 2018 are set out in note 10 to the financial statements.

於截至二零一八年十二月三十一日止年度有關各董事薪酬的詳情載於財務報表附註10。

Financial Reporting

The Board acknowledges its responsibility for the preparation of the financial statements for each financial period, which shall give a true and fair view of the state of affairs of the Company. During the Review Period, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue in business. Accordingly, the Board has prepared the financial statements of the Company on a going concern basis.

財務報告

董事會知悉其編製各財務期間財務報表的責任，該等財務報表應真實及公平地反映本公司的財務狀況。於回顧期間，董事會並不知悉任何重大不明確因素，與可能對本公司繼續經營能力構成重大疑問的事件或情況相關。因此，董事會已按持續經營基準編製本公司的財務報表。

All the Directors acknowledged their responsibility for preparing the financial statements of the Company for the year ended 31 December 2018.

全體董事知悉其編製本公司截至二零一八年十二月三十一日止年度財務報表的責任。

The statement of the external auditor of the Company about the auditor's reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 65 to 71 of this annual report.

本公司外聘核數師就本集團財務報表所作之申報責任列載於本年報第65至71頁之獨立核數師報告內。

The Company announces its interim and annual results as soon as reasonably practicable after the end of the relevant financial period and the financial year respectively pursuant to the requirements of the Listing Rules, disclosing all such information as would enable the Company's shareholders to assess the performance, financial position and prospects of the Company.

本公司按上市規則規定分別於有關財政期間及財政年度完結後在實際合理情況下儘快公佈其中期及年度業績，披露所有有關資料，以便本公司股東可評估本公司的表現、財務狀況及前景。

CORPORATE GOVERNANCE REPORT

企業管治報告

Dividend Policy

The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the articles of association of the Company and all applicable laws and regulations. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. The Company has no fixed dividend pay-out ratio. The Board considers that, in general, the amount of dividends to be declared will depend on the Group's financial results, cash position, capital requirements, business conditions and strategies, and other factors as may be considered relevant at such time by the Board.

Risk Management and Internal Control

The Board acknowledges that it is responsible for establishing and maintaining appropriate risk management and internal control systems of the Group and reviewing their effectiveness. Risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group has established comprehensive policies and procedures in areas of operational, financial and risk controls.

The Group has an internal audit function. The Audit Centre of the Group conducts reviews of the effectiveness of the Group's risk management and internal control systems. It carries out the financial, operational, project management and information security control reviews according to the yearly plan reviewed and endorsed by the Audit Committee. In addition to the agreed schedule of work, the Audit Centre conducts other reviews and work as and when required. The management, in coordination with the Audit Centre, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress. Findings and recommendations are reported regularly to members of the Audit Committee and the Board.

During the Review Period, the management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems and the Board had conducted a review of its risk management and internal control systems of the Group under code provision C.2.1 and considered them effective and adequate without the occurrence of any significant failure.

股息政策

根據本公司組織章程細則及所有適用法規，董事會有權宣派及分發股息予本公司股東。在建議或宣派股息時，本公司應維持足夠現金儲備，以應付其資金需求、未來增長以及其股權價值。本公司並無預設的派息比率。董事會認為，一般而言，本公司宣派的股息金額將視乎本集團的財務業績、現金狀況、資本需求、業務狀況及策略，以及董事於其時認為有關的其他因素。

風險管理及內部監控

董事會負責設立及維持合適本集團的風險管理及內部監控系統並檢討其功效。風險管理及內部監控系統旨在管理而非消除未能達成業務目標的風險，而且只能就不會有重大的失實陳述或損失作出合理而非絕對的保證。本集團已制定完善的政策及程序，範圍包括營運監控、財務及風險監控。

本集團已設有內部審核功能。本集團的審計中心就本集團的風險管理及內部監控系統是否有效進行檢討。該中心根據經審核委員會審閱及認可的年度計劃執行財務、運作、項目管理上的控制及信息安全控制的審查工作。除執行既定的工作外，審計中心亦會按需要而執行其他的審查及工作。管理層與審計中心協同評估風險發生之可能性、提供處理方案及監測風險管理進展情況。審核委員會及董事會成員均定期收到有關發現及建議。

於回顧期間，管理層已向董事會及審核委員會確認風險管理及內部監控系統之有效性，董事會亦已遵照守則條文第C.2.1條檢討本集團風險管理及內部監控系統並認為該等系統有效及足夠，且並無任何重大失誤的情況出現。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Audit Centre of the Group continued to provide independent assurance to the Board and management on the adequacy and effectiveness of the risk management and internal control systems for the Group during the Review Period. The Assistant Director of Audit Centre reports functionally to the Audit Committee and administratively to the Chief Executive Officer.

The Board undertakes to periodically review the risk management and internal control systems of the Group to ensure their effectiveness and efficiency.

The Board reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting, internal audit and financial reporting functions, and their training programmes and budget during the Review Period and considered that the Group had adequate staff resources with the competence, qualifications and experience necessary for the effective performance of its accounting, internal audit and financial reporting functions.

A whistleblowing policy has been formulated with a view to providing a mechanism for employees of the Group to raise concerns about the possible improprieties in financial reporting, internal control or other matters. Internal procedures are put in place whereby employees of the Group can report possible risks and inside information identified in daily operation to the Board. Furthermore, the Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Company Secretary

Ms. So Ka Man of Tricor Services Limited, external service provider, has been engaged by the Company as its Company Secretary. The primary contact person at the Company, whom Ms. So can contact, is Ms. Katie Fung, the Chief Financial Officer of the Company.

During the Review Period, Ms. So has taken no less than 15 hours of relevant professional training to update her skills and knowledge.

本集團的審計中心於回顧期間繼續向董事會及管理層就本集團的風險管理及內部監控措施是否充足有效提供獨立的保證。內部審計副總監在職能上向審核委員會匯報，而行政上則向行政總裁匯報。

董事會承諾定期檢討本集團的風險管理及內部監控及制度，以確保其效能及效率。

董事會於回顧期間內亦已檢討了本公司在會計、內部審核及財務匯報職能方面的資源、員工資歷及經驗，以及員工所接受的培訓課程及有關預算，並認為本集團具備足夠的人力資源，而有關員工均具有適當的能力、專業資格及工作經驗，以有效履行其會計、內部審核和財務報告方面的功能。

本集團的僱員可以根據已制定之舉報管理規定就財務匯報、內部監控或其他方面可能發生的不正當行為提出關注，此外亦可按已制定的內部程序就日常業務運作出現的潛在風險及懷疑內幕消息向董事會匯報。此外，本公司已制定其披露政策，為本公司董事、高級職員、高級管理層及相關員工在處理機密信息、監控信息披露及回應查詢時提供指引。

公司秘書

本公司委聘外部服務供應商卓佳專業商務有限公司的蘇嘉敏女士為公司秘書。蘇女士於本公司的主要聯絡人為本公司之首席財務總監馮錦麗女士。

於回顧期間，蘇女士已接受不少於15個小時相關專業培訓以更新其技能及知識。

CORPORATE GOVERNANCE REPORT

企業管治報告

Investor Relations and Communication with Shareholders

The Company has engaged a professional public relations consultancy company to organise various investor relations programs (including regular briefing meetings with the media and analysts) aiming at increasing the transparency of the Company, enhancing communication with shareholders and investors, increasing their understanding of and confidence in the Group's businesses and promoting market recognition of and support to the Company.

The Company recognises the importance of maintaining on-going communications with its shareholders and encourages them to attend shareholders' meetings to stay informed of the Group's businesses and convey any concerns they may have to the Directors and senior management.

Shareholders' Rights Convening an Extraordinary General Meeting of the Company by Shareholders

In accordance with Article 64 of the articles of association of the Company, an extraordinary general meeting can be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Directors for the transaction of any business specified in such requisition.

Procedures for Sending Enquiries to the Board

Enquiries by shareholders to be put to the Board can be sent in writing to the Company's Company Secretarial Department at the principal place of business in Hong Kong.

For share registration related matters, such as share transfer and registration, change of name or address, loss of share certificates or dividend warrants, the Company's registered shareholders can contact the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited. For other enquires or requests, the Company's investors can contact iPR Ogilvy Limited, the Company's investor relations consultancy company. Detailed contact information is available on the Company's website at www.embrygroup.com.

投資者關係及與股東的溝通

本公司一直委聘一間專業公關顧問公司籌辦多項投資者關係活動(包括定期與媒體及分析員舉行簡報會)，旨在提高本公司之透明度、加強與股東及投資者的溝通，以及加深他們對本集團業務的了解及信心，務求提升本公司的市場知名度及支持率。

本公司認同持續與其股東保持溝通的重要性，並鼓勵他們出席股東大會，以了解本集團的業務及向董事及管理層反映他們關注的事項。

股東權利 股東召開本公司股東特別大會的方法

根據本公司組織章程細則第64條，股東特別大會可於一名或多名於遞呈要求當日持有不少於本公司有權於股東大會上投票的繳足股本十分之一的股東要求時召開。該項要求須以書面形式向董事或公司秘書提呈，以供董事會就該項要求所指定的任何業務交易要求召開股東特別大會。

向董事會發出查詢的程序

股東對董事會的查詢請以書面形式，寄送本公司位於香港的主要營業地點公司秘書部。

至於有關股份註冊事宜，例如股份過戶及登記、轉名或更改住址、遺失股票或股息單，本公司登記股東請聯絡本公司於香港的股份過戶登記分處卓佳證券登記有限公司。若有其他查詢或要求，本公司投資者可與本公司的投資者關係顧問公司iPR奧美公關聯絡。詳細的聯絡方法可於本公司網站www.embrygroup.com查閱。

CORPORATE GOVERNANCE REPORT

企業管治報告

Procedures for Making Proposals at Shareholders' Meetings

If a shareholder of the Company wishes to nominate a person to stand for election as a Director, the following documents must be validly sent to the Company's principal place of business in Hong Kong or the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, namely (i) his/her notice of intention to propose a resolution at the general meeting; and (ii) a notice executed by the nominated candidate of the candidate's willingness to be appointed. The period for lodgment of the notices of (i) and (ii) above will commence no earlier than the day after the despatch of the notice of the general meeting and end no later than seven days prior to the date of such meeting.

To put forward proposals other than the above at a general meeting, shareholders of the Company should submit a written notice of those proposals with their detailed contact information to the Company Secretary at the Company's principal place of business in Hong Kong. The notice period to be given to all the shareholders for consideration of the proposal raised by the shareholders concerned at general meetings varies according to the nature of the proposal.

During the Review Period, the Company has not made any changes to its articles of association. An up-to-date version of the articles of association of the Company is available on the websites of the Company and the Stock Exchange. Shareholders may refer to the articles of association for further details of the rights of shareholders.

於股東大會作出提案之程序

本公司股東若擬提名個別人士參選本公司董事，須向本公司在香港的主要營業地點或股份過戶登記分處有效送達下述文件：(i) 該股東擬在股東大會上提出決議案的意向通知；及(ii) 獲提名之候選人簽署表示願意接受委任的通知。提交上述第(i)及(ii)項通知的期間，由本公司就發送會議通知之後開始計算，而該期限不得遲於會議舉行日期之前七天結束。

擬在股東大會上提出上述以外的提案，本公司股東須以書面提交該等提案，連同詳細聯絡資料，送交本公司在香港之主要營業地點予公司秘書。就有關股東提出於股東大會考慮之提案而向全體股東發出通告之通知期因應提案之性質而有所不同。

於回顧期間，本公司並無對其組織章程作出任何變動。本公司組織章程的最新版本可在本公司及聯交所的網站查閱。股東亦可參考組織章程以取得有關股東權利的詳情。

REPORT OF THE DIRECTORS

董事會報告

The directors present their report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2018.

Principal Activities

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 38 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Results and Dividends

The Group's profit for the year ended 31 December 2018 and the Group's financial position at that date are set out in the financial statements on pages 72 to 172.

An interim dividend of HK3.5 cents per ordinary share was paid on 4 October 2018. The directors recommend a final dividend of HK7 cents per ordinary share in respect of the year, to shareholders on the register of members on 30 May 2019. Details of dividends are set out in note 14 to the financial statements.

Summary Financial Information

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

Results

		Year ended 31 December				
		截至十二月三十一日止年度				
		2018	2017	2016	2015	2014
		二零一八年	二零一七年	二零一六年	二零一五年	二零一四年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
REVENUE	收益	2,451,874	2,339,524	2,216,082	2,535,818	2,383,127
PROFIT BEFORE TAX	除稅前溢利	227,076	675,459	158,447	298,588	268,557
INCOME TAX EXPENSE	所得稅開支	(75,911)	(180,160)	(60,045)	(97,014)	(80,464)
PROFIT FOR THE YEAR	年度溢利	151,165	495,299	98,402	201,574	188,093
Attributable to:	以下人士應佔：					
Owners of the Company	本公司擁有人	151,165	495,299	98,402	201,574	188,093

董事提呈其報告及本公司及其附屬公司(統稱「本集團」)截至二零一八年十二月三十一日止年度的經審核綜合財務報表。

主要業務

本公司的主要業務為投資控股。附屬公司的主要業務詳情載於財務報表附註38。本集團的主要業務性質於本年內並無出現重大變動。

業績及股息

本集團於截至二零一八年十二月三十一日止年度的溢利及本集團於該日期的財務狀況載於第72頁至第172頁的財務報表內。

每股普通股3.5港仙的中期股息已於二零一八年十月四日派付。董事建議就本年度向於二零一九年五月三十日在股東名冊內的股東派付每股普通股7港仙的末期股息。股息詳情載於財務報表附註14內。

財務資料概要

以下是本集團截至最近五個財政年度之業績及資產及負債概要，載列如下。

業績

REPORT OF THE DIRECTORS

董事會報告

Summary Financial Information (continued) Assets and Liabilities

財務資料概要(續) 資產及負債

		As at 31 December 於十二月三十一日				
		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2014 二零一四年 HK\$'000 千港元
TOTAL ASSETS	資產總值	3,290,251	3,249,851	2,495,379	2,508,835	2,409,264
TOTAL LIABILITIES	負債總值	(958,532)	(882,741)	(775,892)	(718,012)	(664,699)
		2,331,719	2,367,110	1,719,487	1,790,823	1,744,565

The above summary does not form part of the audited financial statements.

上述概要並不構成經審核財務報表的一部分。

Share Capital

Details of movements in the Company's share capital during the year are set out in note 29 to the financial statements.

股本

本公司於本年度的股本變動詳情載於財務報表附註29。

Pre-emptive Rights

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

優先購買權

根據本公司組織章程細則或開曼群島法例，概無有關優先購買權的條文規定本公司按比例向現有股東提呈新股份。

Purchase, Redemption or Sale of Listed Securities of the Company

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

購買、贖回或出售本公司上市證券

本公司及其任何附屬公司於本年度概無購買、贖回或出售本公司的上市證券。

Distributable Reserves

At 31 December 2018, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to HK\$998,506,000, of which HK\$29,569,000 has been proposed as final dividend for the year after the reporting period. The amount of HK\$998,506,000 includes the Company's share premium and contributed surplus of HK\$767,760,000 in aggregate at 31 December 2018, which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

可供分派儲備

於二零一八年十二月三十一日，本公司根據開曼群島公司法第22章(一九六一年法例三，經綜合及修訂)計算的可供分派儲備為998,506,000港元，其中29,569,000港元已於報告期間結算日後建議作為本年度的末期股息。為數998,506,000港元的金額包括本公司於二零一八年十二月三十一日的股份溢價及實繳盈餘合共767,760,000港元，倘緊隨建議分派股息當日後本公司有能力於日常業務過程中償付到期債務，則可能分派有關金額。

REPORT OF THE DIRECTORS

董事會報告

Charitable Contributions

During the year, the Group made charitable contributions totalling HK\$9,048,000 (2017: HK\$8,536,000).

Major Customers and Suppliers

In the year under review, sales to the Group's five largest customers and purchases from the Group's five largest suppliers accounted for less than 30% of the total sales and purchases for the year, respectively.

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

Directors

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

Executive Directors

Mr. Cheng Man Tai (*Chairman*)
(*appointed on 23 August 2018*)
Ms. Cheng Pik Ho Liza (*Chief Executive Officer*)
Madam Ngok Ming Chu
Mr. Cheng Chuen Chuen
Ms. Lu Qun

Independent Non-Executive Directors

Mr. Lau Siu Ki
Mr. Lee Kwan Hung
Prof. Lee T. S.

In accordance with article 108 of the Company's articles of association, Ms. Cheng Pik Ho Liza, Mr. Lau Siu Ki and Mr. Lee Kwan Hung will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting ("AGM").

In accordance with article 112 of the Company's articles of association, Mr. Cheng Man Tai will retire at the AGM and, being eligible, will offer himself for re-election at the AGM.

The Company has received annual confirmations of independence from Mr. Lau Siu Ki, Mr. Lee Kwan Hung and Prof. Lee T. S. pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), and as at the date of this report, still considers them to be independent.

慈善捐款

於年內，本集團合共捐出9,048,000港元的善款（二零一七年：8,536,000港元）。

主要客戶及供應商

於回顧年度，本集團向五大客戶進行的銷售額及本集團向五大供應商進行的採購額分別佔少於年內總銷售額及採購額的30%。

本公司董事或彼等任何聯繫人士或任何股東（就董事所知擁有本公司已發行股本5%以上）概無擁有本集團五大客戶或供應商的任何實際權益。

董事

於年內及截至本報告日本公司董事如下：

執行董事

鄭敏泰先生（*主席*）
(*於二零一八年八月二十三日獲委任*)
鄭碧浩女士（*行政總裁*）
岳明珠女士
鄭傳全先生
鹿群女士

獨立非執行董事

劉紹基先生
李均雄先生
李天生教授

根據本公司組織章程細則第108條，鄭碧浩女士、劉紹基先生和李均雄先生將於應屆股東週年大會（「股東週年大會」）上輪值告退，惟彼等符合資格應選連任。

根據本公司組織章程細則第112條，鄭敏泰先生將於股東週年大會上告退，惟彼符合資格應選連任。

本公司已接獲劉紹基先生、李均雄先生及李天生教授根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）第3.13條發出的獨立身份年度確認書，並認為彼等於本報告日期仍屬獨立人士。

REPORT OF THE DIRECTORS

董事會報告

Directors' and Senior Management's Biographies

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 28 to 32 of the annual report.

Permitted Indemnity Provision

Pursuant to the Company's articles of association, subject to the applicable laws, every director of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of his/her office. The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of the Company.

Directors' Service Contracts

Mr. Cheng Man Tai, Ms. Cheng Pik Ho Liza, Madam Ngok Ming Chu, Mr. Cheng Chuen Chuen and Ms. Lu Qun, have each entered into a service agreement with the Company for a term of two years commencing on 23 August 2018, 25 March 2018, 1 December 2017, 22 September 2017 and 2 February 2019, respectively.

Each of the independent non-executive directors has been appointed for a term of two years commencing on 25 November 2018.

Under the service agreement, after each complete year of service, the remuneration payable to each of the executive directors may, subject to the discretion of the Company's board of directors, be increased by not more than 10% and the executive directors are entitled to a discretionary management bonus provided that the total amount of bonuses payable to all the executive directors for that year shall not exceed 8% of the audited consolidated profit after tax of the Group.

Apart from the foregoing, no director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

董事及高級管理層履歷

本公司董事及本集團高級管理層的履歷詳情載於本年報第28頁至第32頁。

允許彌償條文

根據本公司的組織章程細則，在符合適用之法律之規定下，每名董事均可從本公司之資產獲得彌償，就彼等執行其職務而作出、同意或忽略的任何行為或有關執行其職務而可能產生或蒙受之所有訴訟、費用、收費、損失、損害及開支，可獲確保免受任何損害。本公司已就本公司之董事可能面對任何訴訟時產生的責任和相關費用購買保險。

董事服務合約

鄭敏泰先生、鄭碧浩女士、岳明珠女士、鄭傳全先生及鹿群女士已分別與本公司訂立服務協議，分別由二零一八年八月二十三日、二零一八年三月二十五日、二零一七年十二月一日、二零一七年九月二十二日及二零一九年二月二日起計為期兩年。

各獨立非執行董事之任期由二零一八年十一月二十五日起計獲委任兩年。

根據服務協議，每次於服務滿完整一年後，支付各執行董事的薪酬可按本公司董事會酌情決定增加不多於10%，而執行董事亦可收取酌情管理花紅，惟於該年度支付全體執行董事的花紅總額不得多於本集團除稅後經審核綜合溢利的8%。

除上述各項外，建議於應屆股東週年大會上應選連任的董事概無與本公司訂立本公司於一年內終止而須作出賠償(法定賠償除外)的服務合約。

REPORT OF THE DIRECTORS

董事會報告

Emolument Policy and Directors' Remuneration

The Group's emolument policy is formulated based on the performance of individual employees and is reviewed regularly. Subject to the Group's profitability, the Group may also provide discretionary bonuses to its employees as an incentive for their contribution to the Group. The primary goal of the emolument policy with regard to the remuneration packages of the Group's executive directors is to enable the Group to retain and motivate executive directors by linking their compensation with performance as measured against corporate objectives achieved.

The principal elements of the Group's remuneration packages include basic salaries, discretionary bonuses and housing benefits.

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

Directors' Interests in Transactions, Arrangements or Contracts

Save for transactions as disclosed in note 13 to the financial statements, no director nor a connected entity of a director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during the year.

酬金政策及董事酬金

本集團的酬金政策乃根據個別僱員的表現制定，並會定期進行檢討。視乎本集團的盈利能力而定，本集團亦可向其僱員提供酌情花紅，作為彼等對本集團作出貢獻的獎勵。本集團執行董事酬金組合的酬金政策主要旨在透過將執行董事的薪酬與其按所達到公司目標計量的表現掛鉤，讓本集團可挽留及激勵執行董事。

本集團酬金組合的主要部份包括基本薪金、酌情花紅及住屋福利。

董事袍金須於股東大會上獲得股東批准，其他酬金則由本公司董事會參照董事的職務、職責及表現以及本集團業績而釐定。

董事於交易、安排或合約的權益

除財務報表附註13所披露的交易外，董事或其關聯實體於年內概無於由本公司，其控股公司或其任何附屬公司訂立且對本集團業務而言屬重大的任何交易、安排或合約中直接或間接擁有重大權益。

REPORT OF THE DIRECTORS

董事會報告

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares

At 31 December 2018, the interests and short positions of the directors and chief executive in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company:

董事及行政總裁於股份及相關股份的權益及淡倉

於二零一八年十二月三十一日，董事及行政總裁於本公司或其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)股本及相關股份中擁有須記入本公司根據證券及期貨條例第352條存置的登記冊內的權益及淡倉，或須根據上市發行人董事進行證券交易的標準守則(「標準守則」)通知本公司及聯交所的權益及淡倉如下：

於本公司普通股的好倉：

Name of director	Capacity and nature of interest	Number of shares held	Percentage of the Company's issued share capital
董事姓名	身份及權益性質	所持股份數目	佔本公司已發行股本的百分比
Mr. Cheng Man Tai	Interest of controlled corporations	249,137,574 (Note 1)	58.98
鄭敏泰先生	受控制公司權益	(附註1)	
	Beneficial owner	2,983,688	0.71
	實益擁有人		
	Interest of spouse	2,334,369 (Note 2)	0.55
	配偶權益	(附註2)	
Madam Ngok Ming Chu	Interest of controlled corporations	249,137,574 (Note 1)	58.98
岳明珠女士	受控制公司權益	(附註1)	
	Beneficial owner	2,334,369	0.55
	實益擁有人		
	Interest of spouse	2,983,688 (Note 2)	0.71
	配偶權益	(附註2)	
Ms. Cheng Pik Ho Liza	Beneficial owner	26,990,478	6.39
鄭碧浩女士	實益擁有人		
Mr. Cheng Chuen Chuen	Beneficial owner	513,793	0.12
鄭傳全先生	實益擁有人		
Ms. Lu Qun	Beneficial owner	1,024,057	0.24
鹿群女士	實益擁有人		
Mr. Lau Siu Ki	Beneficial owner	768,000	0.18
劉紹基先生	實益擁有人		
Mr. Lee Kwan Hung	Beneficial owner	522,000	0.12
李均雄先生	實益擁有人		
Prof. Lee T. S.	Beneficial owner	604,000	0.14
李天生教授	實益擁有人		

REPORT OF THE DIRECTORS

董事會報告

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares

(continued)

Notes:

- These shares are held as to 247,848,510 shares by Harmonious World Limited ("Harmonious World") and as to 1,289,064 shares by Fairmout Investments Limited ("Fairmout Investments"). Harmonious World is owned as to 59.09% by Mr. Cheng Man Tai and as to 40.91% by Madam Ngok Ming Chu. Fairmout Investments is owned as to 50% by Mr. Cheng Man Tai and as to 50% by Madam Ngok Ming Chu.
- Madam Ngok Ming Chu is the spouse of Mr. Cheng Man Tai.

Long positions in ordinary shares of an associated corporation:

Name of director	Name of associated corporation	Relationship with the Company	Number of shares	Capacity and nature of interest	Percentage of the associated corporation's issued share capital
董事姓名	相聯法團名稱	與本公司的關係	股份數目	身份及權益性質	佔相聯法團已發行股本的百分比
Mr. Cheng Man Tai 鄭敏泰先生	Harmonious World	Ultimate holding company 最終控股公司	57.91 shares of US\$1 each 57.91 股每股面值 1 美元的股份	Beneficial owner 實益擁有人	59.09
Madam Ngok Ming Chu 岳明珠女士	Harmonious World	Ultimate holding company 最終控股公司	40.09 shares of US\$1 each 40.09 股每股面值 1 美元的股份	Beneficial owner 實益擁有人	40.91

Save as disclosed above, as at 31 December 2018, none of the directors and chief executive of the Company had registered an interest or short position in the shares, underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

董事及行政總裁於股份及相關股份的權益及淡倉 (續)

附註：

- 該等股份分別由 Harmonious World Limited (「Harmonious World」) 及 Fairmout Investments Limited (「Fairmout Investments」) 持有其 247,848,510 股股份及 1,289,064 股股份。Harmonious World 分別由鄭敏泰先生及岳明珠女士擁有其 59.09% 及 40.91% 權益。Fairmout Investments 分別由鄭敏泰先生及岳明珠女士擁有其 50% 及 50% 權益。
- 岳明珠女士為鄭敏泰先生之配偶。

於相聯法團普通股的好倉：

除上文披露者外，於二零一八年十二月三十一日，概無本公司董事及行政總裁於本公司或其任何相聯法團的股份或相關股份中擁有根據證券及期貨條例第 352 條須記入登記冊內的權益及淡倉，或根據標準守則須通知本公司及聯交所的權益及淡倉。

REPORT OF THE DIRECTORS

董事會報告

Directors' Rights to Acquire Shares or Debentures

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares

At 31 December 2018, the following interests of 5% or more of the issued share capital of the Company (other than the interests of the directors of the Company as disclosed above) were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in ordinary shares of the Company:

董事購買股份或債券的權利

任何董事或彼等各自的配偶或未滿十八歲的子女概無於年內任何時間獲授權利以透過購買本公司股份或債券而獲益，彼等亦無行使該等權利，本公司、其控股公司或其任何附屬公司亦無訂立任何安排致使董事可收購任何其他法人團體的該等權利。

主要股東及其他人士於股份及相關股份的權益

於二零一八年十二月三十一日，以下人士(上文所披露之本公司董事權益除外)於本公司已發行股本中擁有5%或以上須記入本公司根據證券及期貨條例第336條存置的登記冊內的權益：

於本公司普通股的好倉：

Name	Capacity and nature of interest	Number of shares held	Percentage of the Company's issued share capital 佔本公司已發行股本的百分比
姓名	身份及權益性質	所持股份數目	
Harmonious World	Beneficial owner 實益擁有人	247,848,510 (Note 1) (附註1)	58.67
Pandanus Associates Inc.	Interest of controlled corporations 受控制公司權益	51,796,000 (Note 2) (附註2)	12.26
Pandanus Partners L.P.	Interest of controlled corporations 受控制公司權益	51,796,000 (Note 2) (附註2)	12.26
FIL Limited	Investment manager 投資經理	37,520,000	8.88
Sinowide Investments Limited	Beneficial owner 實益擁有人	30,000,000	7.10
Fidelity Funds	Beneficial owner 實益擁有人	26,739,000	6.33

REPORT OF THE DIRECTORS

董事會報告

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares (continued)

Notes:

1. The relationship between Harmonious World, Mr. Cheng Man Tai and Madam Ngok Ming Chu is disclosed under the section "Directors' and chief executive's interests and short positions in shares and underlying shares" above.
2. Pandanus Associates Inc. is a general partner of Pandanus Partners L.P. who in turn owns or controls one-third or more of voting rights in FIL Limited.

Save as disclosed above, as at 31 December 2018, no person, other than the directors of the Company, whose interests are set out in the section "Directors' and chief executive's interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total number of issued shares were held by the public as at the date of this report.

主要股東及其他人士於股份及相關股份的權益 (續)

附註：

1. Harmonious World、鄭敏泰先生及岳明珠女士之間的關係披露於上文「董事及行政總裁於股份及相關股份的權益及淡倉」項下。
2. Pandanus Associates Inc. 為 Pandanus Partners L.P. 的普通合夥人，後者擁有或控制 FIL Limited 三分之一或以上的投票權。

除上文披露者外，於二零一八年十二月三十一日，概無人士（權益載於上文「董事及行政總裁於股份及相關股份的權益及淡倉」一節的本公司董事除外）於本公司股份或相關股份中擁有根據證券及期貨條例第336條須記錄的權益或淡倉。

充足公眾持股量

根據本公司所獲得的公開資料，以及就董事所知，於本報告日期，本公司已發行股份總額中最少25%由公眾人士持有。

REPORT OF THE DIRECTORS

董事會報告

Continuing Connected Transactions

During the year, the Group had the following continuing connected transactions, details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

(1) Purchase of furniture and decoration services

On 22 December 2017, the services agreement which was entered into between the Company, certain subsidiaries of the Group and the related companies in relation to the purchase of furniture and services of decoration for counters and shops as well as different types of moulds (the "Services") on 22 December 2014 had been further renewed for another term of three years commencing on 1 January 2018 after the expiry of the third term (the "Existing Services Agreement"). The related companies are controlled by an executive director of the Company. Further details were disclosed in the Company's announcement dated 22 December 2017.

On 7 September 2018, another services agreement was entered into between the Company, certain subsidiaries of the Group and a related company in relation to the Services from a related company controlled by close family members of the above executive director of the Company (the "New Services Agreement"). The annual cap amounts for the transactions contemplated under the New Services Agreement for each of the three years ending 31 December 2020 shall be shared with that of the Existing Services Agreement. Further details were disclosed in the Company's announcement dated 7 September 2018.

The continuing connected transactions contemplated under the above services agreements would only be subject to the reporting, annual review and announcement requirements and are exempt from the independent shareholders' approval requirement under the Listing Rules.

持續關連交易

於年內，本集團進行了以下持續關連交易，該等交易的詳情根據上市規則第14A章的規定於此披露。

(1) 採購傢俬及裝修服務

於二零一七年十二月二十二日，本公司及本集團若干附屬公司與關連公司於二零一四年十二月二十二日訂立關於購買傢俬及裝修服務以及各類型模具（「該等服務」）的服務協議於第三期屆滿後已再度續期，自二零一八年一月一日起計為期三年（「現有服務協議」）。該關連公司目前由本公司一名執行董事所控制。進一步詳情於本公司日期為二零一七年十二月二十二日的公告中披露。

於二零一八年九月七日，本公司及本集團若干附屬公司與一間由上述本公司執行董事的親屬所控制的關連公司訂立另一項與該等服務相關的服務協議（「新服務協議」）。新服務協議項下擬進行之交易將與現有服務協議項下擬進行者共享截至二零二零年十二月三十一日止年度各年之年度上限金額。進一步詳情於本公司日期為二零一八年九月七日的公告中披露。

根據上述服務協議擬進行的持續關連交易，只需遵守上市規則下的申報、年度審核及公告的規定，並可獲豁免遵守獨立股東批准的規定。

REPORT OF THE DIRECTORS

董事會報告

Continuing Connected Transactions (continued)

(2) Lease of warehouse

A subsidiary of the Company has been leasing a warehouse in Hong Kong from an executive director of the Company. The continuing connected transaction under the tenancy agreement constitutes a de minimis transaction under the Listing Rules and is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under the Listing Rules.

(3) Consultancy fee

A substantial shareholder who is the spouse of an executive director of the Company has been re-engaged as a consultant of the Company for a term of one year with effect from 25 March 2018. The continuing connected transaction under the consultancy agreement also constitutes a de minimis transaction under the Listing Rules, and is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under the Listing Rules.

The substantial shareholder has been appointed as an executive director with effect from 23 August 2018 and ceased to be a consultant of the Company effective on the same day.

Details of the above continuing connected transactions of the Group are set out in note 13(a) to the financial statements.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive directors have reviewed the continuing connected transactions disclosed in (1) above and confirmed that the continuing connected transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The total amount in respect of the continuing connected transactions disclosed in (1) above during the year under review has not exceeded the annual cap for the transactions.

In respect of the continuing connected transactions disclosed above, the directors confirm that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules during the year under review.

持續關連交易 (續)

(2) 租賃倉庫

本公司一間附屬公司已向本公司一名執行董事租賃位於香港的一個倉庫。根據租賃協議擬進行的持續關連交易構成上市規則下符合最低豁免水平的交易，可獲豁免遵守上市規則下的申報、年度審核、公告及獨立股東批准的規定。

(3) 顧問費

本公司的主要股東(彼為本公司一名執行董事的配偶)獲續聘為本公司的顧問，由二零一八年三月二十五日起生效為期一年。根據顧問協議而進行的持續關連交易，同樣構成上市規則下符合最低豁免水平的交易，可獲豁免遵守上市規則下的申報、年度審核、公告及獨立股東批准的規定。

該主要股東自二零一八年八月二十三日起獲委任為執行董事，於同日起不再擔任本公司顧問。

上述本集團持續關連交易的詳情載於財務報表附註 13(a)。

獨立非執行董事已根據上市規則第 14A.55 條審閱上文第 (1) 項披露的持續關連交易，並確認該等持續關連交易：

- (i) 於本集團日常過程及一般業務過程中訂立；
- (ii) 按一般商業條款或更佳的條款訂立；及
- (iii) 根據監管該等持續關連交易的協議按公平合理及合乎本公司整體股東利益的條款訂立。

上文第 (1) 項披露的持續關連交易於回顧年度的總金額並無超過有關交易的年度上限。

董事確認本公司於回顧年度已就上文披露的持續關連交易遵守上市規則第 14A 章所載的披露規定。

REPORT OF THE DIRECTORS

董事會報告

Continuing Connected Transactions (continued)

The Company has also received a letter from Ernst & Young, the Company's auditor, to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued the letter containing their findings and conclusions in respect of the continuing connected transactions disclosed in (1) above in accordance with Rule 14A.56 of the Listing Rules confirming that nothing has come to their attention that causes them to believe the continuing connected transactions:

- (i) have not been approved by the Company's board of directors;
- (ii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
- (iii) have exceeded the maximum aggregate annual cap disclosed in previous announcement of the Company.

Business Review

The business review of the Group for the year ended 31 December 2018 is provided in the sections "Financial Highlights", "Chairman's Statement", and "Management Discussion and Analysis" set out on page 3, pages 8 to 11, and pages 13 to 23 respectively of this annual report. For environmental policies and performance, compliance with the relevant laws and regulations, and a description of relationships with key stakeholders, please refer to the "Environmental, Social and Governance Report" which will be available on the websites of the Company and Hong Kong Exchanges and Clearing Limited together with this Annual Report.

Auditor

Ernst & Young retire and a resolution for the re-appointment as auditor of the Company will be proposed at the AGM.

On behalf of the Board

Cheng Man Tai

Chairman

Hong Kong, 21 March 2019

持續關連交易 (續)

本公司已接獲本公司核數師安永會計師事務所發出的函件，遵照香港會計師公會發出的《香港審驗應聘服務準則3000》的「歷史財務資料審計或審閱以外的審驗應聘」並參照《實務說明》第740號「關於香港《上市規則》所述持續關連交易的核數師函件」而對本集團持續關連交易作出匯報。安永會計師事務所已根據上市規則第14A.56條就上文第(1)項披露的本集團持續關連交易發出載有其發現和結論的函件，確認未有注意到任何事情，可使彼等認為有關持續關連交易：

- (i) 未獲本公司董事會批准；
- (ii) 在各重大方面未有根據監管該等交易的有關協議訂立；及
- (iii) 超逾本公司以前公告所披露的最高年度上限總額。

業務回顧

本集團於截至二零一八年十二月三十一日止年度之業務回顧列載於本年報第3頁之「財務摘要」、第8至11頁之「主席報告書」及第13至23頁之「管理層討論及分析」內。關於環境政策及表現，相關法律法規之遵守情況，以及與重要利益相關者之關係說明，請參閱本年報之「環境、社會及管治報告」，該報告將連同本年報一併載於本公司網站及香港交易及結算有限公司網站。

核數師

安永會計師事務所將於應屆股東週年大會上退任，會上將提呈決議案重新委任安永會計師事務所為本公司核數師。

代表董事會

鄭敏泰

主席

香港，二零一九年三月二十一日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



To the shareholders of Embry Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Embry Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 72 to 172, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

致：安莉芳控股有限公司全體股東
(於開曼群島註冊成立之有限公司)

意見

本核數師(以下簡稱「我們」)已審計列載於第72頁至第172頁的安莉芳控股有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表，此綜合財務報表包括於二零一八年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合收益表、綜合全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

我們認為，該等綜合財務報表已根據香港會計師公會頒佈的《香港財務報告準則》真實而中肯地反映 貴集團於二零一八年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

意見的基礎

我們已根據香港會計師公會頒佈的《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。根據香港會計師公會頒佈的《專業會計師道德守則》(「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。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。

INDEPENDENT AUDITOR'S REPORT (Continued)

獨立核數師報告(續)

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

關鍵審計事項

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。就下列各事項而言，我們是在該背景下提供我們在審計中處理該事項的方式。

我們已經履行了本報告「核數師就審計綜合財務報表承擔的責任」部分所述的責任，包括與該等事項的責任。因此，我們的審計包括執行程序，以應對我們對綜合財務報表重大錯誤陳述風險的評估。我們的審計程序(包括處理以下事項而採取的程序)的結果，為我們對隨附的綜合財務報表所發表的審計意見提供基礎。

Key audit matter	How our audit addressed the key audit matter	關鍵審計事項	我們的審計如何處理關鍵審計事項
<p>Inventory provision</p> <p>As at 31 December 2018, the Group had net inventories of HK\$776,367,000, representing 70% and 24% of the Group's current assets and total assets, respectively. The estimation of the inventory provision requires significant management judgement, which includes the recoverability of the cost of inventories, the nature and condition of inventories, the marketability of finished goods and the future usage of raw materials.</p> <p>Related disclosures about the accounting estimation and the details of inventory provision are included in notes 3 and 20 to the financial statements.</p>	<p>We tested the ageing analysis of the Group's inventories. We recalculated the inventory provision under the Group's policy and assessed the assumptions being used in the inventory provision calculation by reviewing the basis, the rationale and the consistency of the inventory provision policy, considering the historical and current inventory ageing information and taking into account the historical sales pattern of aged inventories.</p>	<p>存貨撥備</p> <p>於二零一八年十二月三十一日，貴集團的淨存貨為776,367,000港元，分別相當於集團的流動資產及總資產的70%及24%。庫存準備的估計需要管理層作出重大判斷，包括存貨成本的可收回性、存貨的性質和狀況，製成品的市場和原材料的未來使用情況。</p> <p>會計估計的相關披露及存貨撥備詳情已載於財務報表附註3及20。</p>	<p>我們已測試貴集團存貨的年期分析。我們根據貴集團的政策重新計算存貨撥備，並通過審查存貨撥備政策的基礎、理由和一致性，評估存貨撥備計算中假設，考慮到歷史和當前存貨的年期資料，並計入陳舊存貨的歷史銷售模式。</p>

INDEPENDENT AUDITOR'S REPORT (Continued)

獨立核數師報告 (續)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Fair value estimation of investment properties</p> <p>As at 31 December 2018, the Group had investment properties of HK\$387,639,000, representing 17% and 12% of the Group's net assets and total assets, respectively. The estimation of the fair value of investment properties requires significant management judgement. Management engages external valuers to support its determination of the individual fair value of the investment properties.</p> <p>Related disclosures about the accounting estimation and the fair value measurement of investment properties are included in notes 3 and 17 to the financial statements.</p>	<p>We considered the objectivity, independence and expertise of the external valuers engaged by management, and assessed the property related data, including estimates used by the external valuers. Such procedures included comparing the rent and term periods against the existing lease agreements, performing market research on key valuation parameters including the capitalisation rate and market rent of similar properties and performing a sensitivity analysis on the fair value estimation. We also involved our internal valuation specialists to assist us in reviewing the external valuation methodologies. We then assessed the disclosures relating to the assumptions used in determining the fair value.</p>

關鍵審計事項 (續)

關鍵審計事項	我們的審計如何處理關鍵審計事項
<p>投資物業公平值的估計</p> <p>於二零一八年十二月三十一日，貴集團的投資物業為387,639,000港元，分別相當於貴集團淨資產及總資產的17%及12%。投資物業公平值的估計需要管理層作出重大判斷。管理層聘用外部估值師支持其個別投資物業的公平值。</p> <p>會計估計及投資物業公平值計量的相關披露已載於財務報表附註3及17。</p>	<p>我們已考慮管理層所聘用的外部估值師的客觀性、獨立性和專業性，並評估物業相關數據，包括外部估值師使用的估計。這些程序包括將租金和年期期間與現有租賃協議進行的比較，對關鍵評估參數(包括類似物業的資本化率和市場租金)進行市場研究，並對公平值估計進行敏感度分析。我們還聘請內部估值專家協助我們審查外部估值師使用的估值方法。然後，我們評估用於確定公平值的假設的相關披露。</p>

INDEPENDENT AUDITOR'S REPORT (Continued)

獨立核數師報告 (續)

Key audit matters (continued)

關鍵審計事項 (續)

Key audit matter	How our audit addressed the key audit matter	關鍵審計事項	我們的審計如何處理關鍵審計事項
<p>Impairment assessment of Other Asset</p> <p>As at 31 December 2018, the Group had Other Asset (as defined in note 19 to the financial statements) of HK\$407,273,000, representing 17% and 12% of the Group's net assets and total assets, respectively. Under the annual impairment testing, the Group conducted the impairment assessment by comparing the net carrying amount of Other Asset with its fair value as determined based on the valuation performed by external valuers and a method of valuation which involved certain assumptions, including gross unit rate per square meter. The assumptions used in the valuation have involved significant management judgement.</p> <p>Related disclosures about the accounting estimation and the details of impairment assessment of Other Asset are included in notes 3 and 19 to the financial statements.</p>	<p>With regard to management's impairment assessment of Other Asset, we reviewed the objectivity, independence and expertise of the external valuers engaged by management and assessed the related data and assumptions being adopted, including unobservable inputs and other estimates, by comparing key valuation parameters including the gross unit rate per square meter with market information. We involved our valuation specialists to assist us in reviewing the valuation methodologies and key valuation parameters on the fair value estimation of Other Asset. We also assessed the disclosures relating to the assumptions used in determining the fair value in the consolidated financial statements.</p>	<p>其他資產的減值評估</p> <p>於二零一八年十二月三十一日，貴集團的其他資產(定義見附註19)為407,273,000港元，分別相當於貴集團淨資產及總資產的17%及12%。根據年度減值測試，貴集團通過比較其他資產的賬面淨值與根據外部估值師進行的估值釐定的公平值以及涉及若干假設(包括每平方米的總單位價)的估值方法進行減值評估。估值中使用的假設涉及重大的管理層判斷。</p> <p>會計估計的相關披露及其他資產減值評估詳情已載於財務報表附註3及19。</p>	<p>關於管理層對其他資產的減值評估，我們已審查管理層所聘用的外部估值師的客觀性、獨立性和專業性，並通過比較主要估值參數(包括每平方米的總單位價)與市場資料，評估所採用的相關數據及假設(包括不可觀察輸入數據及其他估計數)。我們聘請我們的估值專家協助我們審查就其他資產公平值估計的估值方法及主要估值參數。我們亦評估綜合財務報表內釐定公平值所用假設的相關披露。</p>

Other information included in the Annual Report

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

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

年報所載的其他信息

貴公司董事需對其他信息負責。其他信息包括年報內的信息，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。

INDEPENDENT AUDITOR'S REPORT (Continued)

獨立核數師報告 (續)

Other information included in the Annual Report

(continued)

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

年報所載的其他信息 (續)

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。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》的披露規定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，貴公司董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非貴公司董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

貴公司董事在審計委員會協助下，須負責監督貴集團的財務報告過程。

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。我們的報告僅向全體股東編製，除此以外，本報告不可用作其他用途。我們概不就本報告的內容向任何其他人士負責或承擔任何責任。

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。

INDEPENDENT AUDITOR'S REPORT (Continued)

獨立核數師報告 (續)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

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

核數師就審計綜合財務報表承擔的責任(續)

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。
- 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。

INDEPENDENT AUDITOR'S REPORT (Continued)

獨立核數師報告 (續)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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.

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 Kam Yee.

Ernst & Young
Certified Public Accountants
22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

21 March 2019

核數師就審計綜合財務報表承擔的責任 (續)

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。

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錦儀。

安永會計師事務所
執業會計師
香港
中環添美道1號
中信大廈22樓

二零一九年三月二十一日

CONSOLIDATED INCOME STATEMENT

綜合收益表

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

		Notes 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
REVENUE	收益	5	2,451,874	2,339,524
Cost of sales	銷售成本		(491,847)	(514,032)
Gross profit	毛利		1,960,027	1,825,492
Gain on the Relocation Arrangement	搬遷安排收益	19	–	449,980
Other income and gains, net	其他收入及收益，淨額	6	72,513	89,403
Selling and distribution expenses	銷售及分銷開支		(1,514,093)	(1,420,233)
Administrative expenses	行政開支		(266,038)	(251,056)
Other expenses	其他開支	7	(12,445)	(8,823)
Finance costs	融資成本	8	(12,888)	(9,304)
PROFIT BEFORE TAX	除稅前溢利	9	227,076	675,459
Income tax expense	所得稅開支	12	(75,911)	(180,160)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	本公司擁有人應佔 年度溢利		151,165	495,299
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	本公司擁有人應佔 每股盈利			
— Basic (HK cents)	— 基本(港仙)	15	35.79	118.21
— Diluted (HK cents)	— 攤薄(港仙)		35.79	118.21

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

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

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 <i>HK\$'000</i> 千港元
PROFIT FOR THE YEAR	年度溢利	151,165	495,299
OTHER COMPREHENSIVE INCOME/ (EXPENSE)	其他全面收入／(開支)		
Other comprehensive income/(expense) that may be reclassified to the income statement in subsequent periods:	於其後期間可能重新分類至損益的其他全面收入／(開支)：		
Exchange differences on translation of foreign operations	折算境外營運所產生之匯兌差額	(144,995)	158,865
Other comprehensive income/(expense) that will not be reclassified to the income statement in subsequent periods:	於其後期間將不可重新分類至損益的其他收入／(開支)：		
Revaluation surplus	重估盈餘	5,251	6,636
Deferred tax debited to asset revaluation reserve (note 28)	於資產重估儲備扣除之遞延稅項(附註28)	(1,313)	(1,659)
Net other comprehensive income that will not be reclassified to the income statement in subsequent periods	於其後期間不會重新分類至損益的其他全面收入淨額	3,938	4,977
OTHER COMPREHENSIVE INCOME/ (EXPENSE) FOR THE YEAR, NET OF TAX	年度其他全面收入／(開支)，扣除稅項	(141,057)	163,842
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	本公司擁有人應佔年度全面收入總額	10,108	659,141

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

31 December 2018 二零一八年十二月三十一日

			2018	2017
		Notes	二零一八年	二零一七年
		附註	HK\$'000	HK\$'000
			千港元	千港元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	16	1,219,470	1,162,378
Investment properties	投資物業	17	387,639	367,954
Prepaid land lease payments	預付土地租賃款項	18	37,326	40,564
Other Asset	其他資產	19	407,273	431,807
Deferred tax assets	遞延稅項資產	28	88,286	92,797
Deposits and other receivables	按金及其他應收款項	22	39,066	76,099
Total non-current assets	非流動資產總值		2,179,060	2,171,599
CURRENT ASSETS	流動資產			
Inventories	存貨	20	776,367	655,453
Trade receivables	應收貿易賬款	21	75,240	112,205
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	22	95,991	75,883
Tax recoverable	可收回稅項		5,179	-
Cash and cash equivalents	現金及現金等價物	23	158,414	234,711
Total current assets	流動資產總值		1,111,191	1,078,252
CURRENT LIABILITIES	流動負債			
Trade payables	應付貿易賬款	24	125,042	56,000
Interest-bearing bank borrowings	計息銀行借款	25	214,059	136,778
Tax payable	應付稅項		19,224	21,297
Other payables and accruals	其他應付款項及應計款項	26	228,257	322,564
Total current liabilities	流動負債總值		586,582	536,639
NET CURRENT ASSETS	流動資產淨值		524,609	541,613
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		2,703,669	2,713,212
NON-CURRENT LIABILITIES	非流動負債			
Interest-bearing bank borrowings	計息銀行借款	25	213,000	189,278
Deferred liabilities	遞延負債	27	2,245	189
Deferred tax liabilities	遞延稅項負債	28	156,705	156,635
Total non-current liabilities	非流動負債總值		371,950	346,102
Net assets	資產淨值		2,331,719	2,367,110
EQUITY	權益			
Equity attributable to owners of the Company	本公司擁有人應佔權益			
Share capital	股本	29	4,224	4,224
Reserves	儲備	30	2,327,495	2,362,886
Total equity	總權益		2,331,719	2,367,110

Cheng Man Tai
鄭敏泰
Director
董事

Cheng Pik Ho Liza
鄭碧浩
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

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

		Attributable to owners of the Company 本公司擁有人應佔									
		Reserves 儲備									Total equity
		Share capital	Share premium account	Contributed surplus	Asset revaluation reserve	statutory reserve funds	Exchange fluctuation reserve	Goodwill reserve	Retained profits	Total reserves	Total equity
Notes		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
附註		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
				(note 30) (附註30)		(note 30) (附註30)		(note 30) (附註30)			
At 31 December 2017	於二零一七年十二月三十一日	4,224	386,512	122,610	8,313	162,410	76,820	(3,168)	1,609,389	2,362,886	2,367,110
Effect of adoption of HKFRS 15	採納香港財務報告準則第15號之影響	22	-	-	-	-	-	-	3,079	3,079	3,079
At 1 January 2018 (restated)	於二零一八年一月一日 (經調整)	4,224	386,512	122,610	8,313	162,410	76,820	(3,168)	1,612,468	2,365,965	2,370,189
Profit for the year	年度溢利	-	-	-	-	-	-	-	151,165	151,165	151,165
Revaluation surplus	重估盈餘	16	-	-	5,251	-	-	-	-	5,251	5,251
Deferred tax debited to asset revaluation reserve	於資產重估儲備扣除之遞延稅項	28	-	-	(1,313)	-	-	-	-	(1,313)	(1,313)
Exchange differences related to foreign operations	折算境外營運所產生之匯兌差額	-	-	-	-	-	(144,995)	-	-	(144,995)	(144,995)
Total comprehensive income/ (expense) for the year	年內全面收入/(開支)總額	-	-	-	3,938	-	(144,995)	-	151,165	10,108	10,108
2017 final dividend declared and paid	宣派及支付二零一七年末期股息	14	-	-	-	-	-	-	(33,793)	(33,793)	(33,793)
2018 interim dividend	二零一八年中中期股息	14	-	-	-	-	-	-	(14,785)	(14,785)	(14,785)
Transfer from retained profits	轉自保留溢利	-	-	-	-	18,183	-	-	(18,183)	-	-
At 31 December 2018	於二零一八年十二月三十一日	4,224	386,512	122,610	12,251	180,593	(68,175)	(3,168)	1,696,872	2,327,495	2,331,719
At 1 January 2017	於二零一七年一月一日	4,166	369,644	122,610	3,336	144,249	(82,045)	(3,168)	1,160,695	1,715,321	1,719,487
Profit for the year	年度溢利	-	-	-	-	-	-	-	495,299	495,299	495,299
Revaluation surplus	重估盈餘	16	-	-	6,636	-	-	-	-	6,636	6,636
Deferred tax debited to asset revaluation reserve	於資產重估儲備扣除之遞延稅項	28	-	-	(1,659)	-	-	-	-	(1,659)	(1,659)
Exchange differences related to foreign operations	折算境外營運所產生之匯兌差額	-	-	-	-	-	158,865	-	-	158,865	158,865
Total comprehensive income for the year	年內全面收入總額	-	-	-	4,977	-	158,865	-	495,299	659,141	659,141
2016 final dividend declared and paid	宣派及支付二零一六年末期股息	14	-	-	-	-	-	-	(17,916)	(17,916)	(17,916)
2017 interim dividend	二零一七年中中期股息	14	-	-	-	-	-	-	(10,528)	(10,528)	(10,528)
Shares issued in lieu of cash dividend	代替現金股息所發行之股份	29	58	16,868	-	-	-	-	-	16,868	16,926
Transfer from retained profits	轉自保留溢利	-	-	-	-	18,161	-	-	(18,161)	-	-
At 31 December 2017	於二零一七年十二月三十一日	4,224	386,512	122,610	8,313	162,410	76,820	(3,168)	1,609,389	2,362,886	2,367,110

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

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

			2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
	Notes 附註			
CASH FLOWS FROM OPERATING ACTIVITIES		經營業務之現金流量		
Profit before tax		除稅前溢利	227,076	675,459
Adjustments for:		調整：		
Finance costs	8	融資成本	12,888	9,304
Bank interest income	6	銀行利息收入	(3,028)	(2,256)
Interest accretion on non-current receivables	6	非即期應收款項的利息增加	(1,757)	-
Depreciation	9	折舊	75,807	57,218
Amortisation of prepaid land lease payments	9	預付土地租賃款項之攤銷	977	988
Gain on the Relocation Arrangement	19	搬遷安排收益	-	(449,980)
Loss on disposal/write-off of items of property, plant and equipment, net	9	出售／撇銷物業、廠房及設備項目之虧損，淨額	1,132	287
Write-off of deposits	9	按金之撇銷	2,265	-
Write-back of provision for obsolete inventories, net	9	陳舊存貨撥備撥回，淨額	(18,946)	(6,253)
Impairment of trade receivables, net	9	應收貿易賬款減值，淨額	5,624	2,784
Changes in fair value of investment properties	6	投資物業公平值變動	(9,000)	(4,000)
			293,038	283,551
Decrease/(increase) in inventories		存貨減少／(增加)	(101,968)	10,147
Decrease/(increase) in trade receivables		應收貿易賬款減少／(增加)	31,341	(29,769)
Decrease/(increase) in prepayments, deposits and other receivables		預付款項、按金及其他應收款項減少／(增加)	16,361	(27,244)
Increase/(decrease) in trade payables		應付貿易賬款增加／(減少)	69,042	(31,678)
Increase/(decrease) in other payables and accruals		其他應付款項及應計款項增加／(減少)	(90,202)	34,247
Increase/(decrease) in deferred liabilities		遞延負債增加／(減少)	2,056	(1,700)
Cash generated from operations		經營所得現金	219,668	237,554
Hong Kong profits tax paid		已付香港利得稅	(4,298)	(813)
Overseas taxes paid		已付海外稅項	(72,593)	(68,237)
Net cash flows from operating activities		經營業務之現金流入淨額	142,777	168,504

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

綜合現金流量表 (續)

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

		Notes 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動之現金流量			
Interest received	已收利息		3,028	2,256
Additions to prepaid land lease payments	增加預付土地租賃款項	18	-	(6,025)
Purchases of items of property, plant and equipment	購置物業、廠房及設備項目	16	(228,473)	(100,234)
Proceeds from disposal of items of property, plant and equipment	出售物業、廠房及設備項目 之所得款項		122	130
Net cash flows used in investing activities	投資活動之現金流出淨額		(225,323)	(103,873)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動之現金流量			
New bank borrowings	新增銀行借款		230,000	102,169
Repayment of bank borrowings	償還銀行借款		(128,997)	(130,946)
Dividends paid	已付股息	14	(48,578)	(11,518)
Interest paid	已付利息		(12,888)	(9,304)
Net cash flows from/(used in) financing activities	融資活動之現金流入/(流出) 淨額		39,537	(49,599)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等價物之 增加/(減少)淨額		(43,009)	15,032
Cash and cash equivalents at beginning of year	年初之現金及現金等價物		234,711	190,187
Effect of foreign exchange rate changes, net	匯率變動之影響，淨額		(33,288)	29,492
CASH AND CASH EQUIVALENTS AT END OF YEAR	年末之現金及現金等價物		158,414	234,711
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等價物結餘之分析			
Cash and bank balances	現金及銀行結餘	23	146,947	234,711
Non-pledged time deposits with original maturity of less than three months when acquired	於購入時原到期日為少於三個月 之無抵押定期存款	23	11,467	-
Cash and cash equivalents	現金及現金等價物		158,414	234,711

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2018 二零一八年十二月三十一日

1. Corporate Information

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 29 August 2006 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands and the principal place of business of the Company is located at 7th Floor, Wyler Centre II, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong.

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 38 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

The Company is a subsidiary of Harmonious World Limited, a company incorporated in the British Virgin Islands (the "BVI"), which is considered by the directors as the Company's ultimate holding company.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$'000) except where otherwise indicated.

1. 公司資料

本公司於二零零六年八月二十九日根據開曼群島第22章公司法(一九六一年法例三·經綜合及修訂)於開曼群島註冊成立為獲豁免有限公司。本公司的註冊辦事處地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands, 而本公司的主要營業地點為香港新界葵涌大連排道200號偉倫中心二期7樓。

本公司的主要業務為投資控股。有關附屬公司的主要業務詳情載於財務報表附註38。年內本集團的主要業務性質並無重大變動。

本公司為Harmonious World Limited的附屬公司, Harmonious World Limited於英屬處女群島(「英屬處女群島」)註冊成立, 董事認為Harmonious World Limited為本公司的最終控股公司。

2.1 呈列基準

該等財務報表根據香港會計師公會頒佈的香港財務報告準則(「香港財務報告準則」)(包括所有香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋)、香港公認會計原則及香港公司條例披露規定。該等財務報表根據歷史成本法編製, 惟投資物業按其公平值計量。除另有指明外, 該等財務報表以港元呈列, 所有價值均調整至最接近千元(千港元)。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.1 Basis of Preparation (continued) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2018. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1 呈列基準 (續) 綜合基準

綜合財務報表包括本公司及其附屬公司 (統稱「本集團」) 截至二零一八年十二月三十一日止年度的財務報表。附屬公司為本公司直接或間接控制的實體 (包括結構性實體)。當本集團對參與投資對象業務的浮動回報承擔風險或享有權利以及能透過對投資對象的權力 (如本集團獲賦予現有權力以主導投資對象相關活動的既存權利) 影響該等回報時, 即取得控制權。

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

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

附屬公司於相同申報期間的財務報表採用與本公司一致的會計政策編製。附屬公司的業績自本集團取得控制權當日起綜合計算, 直至該等控制權失效為止。

損益及其他全面收益的各組成部分歸屬於本集團母公司擁有人。所有集團內公司間資產及負債、權益、收入、支出以及與本集團成員公司之間交易有關的現金流量均於綜合賬目時悉數抵銷。

倘事實及情況反映上述三項控制權因素其中一項或多項有變, 則本集團會重估是否仍然控制投資對象。附屬公司擁有權權益的變動 (並無失去控制權), 於入賬時列作權益交易。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.1 Basis of Preparation (continued)

Basis of consolidation (continued)

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in the consolidated income statement. The Group's share of components previously recognised in other comprehensive income is reclassified to the consolidated income statement or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes in Accounting Policies and Disclosures

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

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i>
HKFRS 9	<i>Financial Instruments</i>
HKFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i>
Amendments to HKAS 40	<i>Transfers of Investment Property</i>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i>
Annual Improvements 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28

2.1 呈列基準 (續)

綜合基準 (續)

倘本集團失去附屬公司的控制權，會於綜合收益表終止確認(i)附屬公司的資產(包括商譽)及負債、(ii)任何非控股權益的賬面值及(iii)計入權益的累計匯兌差額；並確認(i)收取代價的公平價值、(ii)任何保留投資的公平價值及(iii)任何由此產生的盈餘或虧損。本集團早前於其他綜合收入確認的應佔部份會視乎情況，按倘本集團直接出售相關資產或負債所要求的相同基準重新分類至綜合收益表或保留溢利。

2.2 會計政策變動及披露

本集團於本年度財務報表首次採納以下新訂及經修訂之香港財務報告準則。

香港財務報告準則第2號修訂	以股份為基礎付款交易的分類及計量
香港財務報告準則第4號修訂	與香港財務報告準則第4號保險合約一併應用的香港財務報告準則第9號金融工具
香港財務報告準則第9號	金融工具
香港財務報告準則第15號	來自客戶合約的收益
香港財務報告準則第15號修訂	對香港財務報告準則第15號來自客戶合約的收益作出的澄清
香港會計準則第40號修訂	轉移投資物業
香港(國際財務報告詮釋委員會)–詮釋第22號	外幣交易及墊付代價
二零一四年至二零一六年週期的年度改進	香港財務報告準則第1號及香港會計準則第28號修訂

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.2 Changes in Accounting Policies and Disclosures (continued)

Except for the amendments to HKFRS 2, amendments to HKFRS 4 and *Annual Improvements 2014–2016 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

- (a) HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Group has recognised the transition adjustments against the applicable opening balances at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39. The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs").

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 January 2018 is as follows:

		HKAS 39 measurement 香港會計準則第39號計量		ECL 預期信貸虧損		HKFRS 9 measurement 香港財務報告準則第9號計量	
		Category 類別	Amount 合計 HK\$'000 千港元	Amount 合計 HK\$'000 千港元	Amount 合計 HK\$'000 千港元	Category 類別	
Financial assets	金融資產						
Trade receivables	應收貿易賬款	L&R ¹	112,205	-	112,205	AC ²	
Financial assets included in prepayments, deposits and other receivables	列為預付款項、按金及其他應收款項之金融資產	L&R ¹	53,031	-	53,031	AC ²	
Cash and cash equivalents	現金及現金等價物	L&R ¹	234,711	-	234,711	AC ²	
			399,947	-	399,947		

There was no significant impact for replacing the aggregate opening impairment allowance under HKAS 39 with ECL allowances under HKFRS 9 on the above financial assets as at 1 January 2018.

2.2 會計政策變動及披露 (續)

除香港財務報告準則第2號修訂，香港財務報告準則第4號修訂及二零一四年至二零一六年週期的年度改進與編制本集團財務報表無關，新訂及經修訂之香港財務報告準則之性質及影響之說明如下：

- (a) 香港財務報告準則第9號：金融工具於二零一八年一月一日或之後開始的年度期間生效，以代替香港會計準則第39號金融工具：確認及計量。該等準則匯總金融工具會計的所有三個方面：分類及計量，減值及對沖會計。本集團已於二零一八年一月一日確認任何有關期初結餘的過渡性調整。因此，前期比較資料不予重列，並繼續根據香港會計準則第39號編製。以下資料載列採納香港財務報告準則第9號對財務狀況表的影響，包括以香港財務報告準則第9號的預期信貸虧損取代香港會計準則第39號所產生的信貸虧損計算的影響。

於二零一八年一月一日，根據香港會計準則第39號的賬面值與根據香港財務報告準則第9號的結餘對賬如下：

於二零一八年一月一日，香港財務報告準則第9號取代香港會計準則第39號，對上述金融資產的預期信貸虧損的總期初減值準備並無產生重大影響。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.2 Changes in Accounting Policies and Disclosures (continued)

(a) (continued)

		HKAS 39 measurement 香港會計準則第39號計量		HKFRS 9 measurement 香港財務報告準則第9號計量	
		Category 類別	Amount 合計 HK\$'000 千港元	Amount 合計 HK\$'000 千港元	Category 類別
Financial liabilities	金融負債				
Interest-bearing bank borrowings	計息銀行借款	AC ²	326,056	326,056	AC ²
Trade payables	應付貿易賬款	AC ²	56,000	56,000	AC ²
Financial liabilities included in other payables and accruals	已包括於其他應付款項及應計款項之金融負債	AC ²	196,175	196,175	AC ²
			578,231	578,231	

¹ L&R: Loans and receivables² AC: Financial assets or financial liabilities at amortised cost¹ L&R: 貸款及應收款項² AC: 按攤銷成本計量之金融資產或金融負債

(b) HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The disclosures are included in note 5 to the financial statements. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition in note 2.4 to the financial statements.

(b) 香港財務報告準則第15號及其修訂取代香港會計準則第11號*建築合約*，香港會計準則第18號*收益*及相關詮釋，除少數例外情況外，新準則適用於與客戶訂立合約產生的所有收入。香港財務報告準則第15號建立一個新的五步模式，以確認客戶合約收益。根據香港財務報告準則第15號，收益按能反映實體預期就向客戶轉讓貨物或服務作交換而有權獲得的代價金額確認。香港財務報告準則第15號的原則為計量及確認收益提供更加結構化的方法。該準則亦引入廣泛的定性及定量披露規定，包括分拆收益總額，關於履行績效責任、不同期間的合約資產及負債賬目結餘的變動以及主要判斷及估計的資料。披露內容載於財務報表附註5。由於採用香港財務報告準則第15號，本集團已就財務報表附註2.4的收益確認更改會計政策。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.2 Changes in Accounting Policies and Disclosures (continued)

(b) (continued)

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 January 2018.

The cumulative effect of the initial application of HKFRS 15 was recognised as an adjustment to the opening balance of retained profits as at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

Set out below are the amounts by which each financial statement line item was affected as at 1 January 2018 as a result of the adoption of HKFRS 15:

			Increase/(decrease)
		Notes	增加/(減少)
		附註	HK\$'000
			千港元
Assets	資產		
Deferred tax assets	遞延稅項資產	(i), (iii)	(1,026)
Liabilities	負債		
Other payables and accruals	其他應付款項及應計款項	(i), (ii)	(4,105)
Equity	權益		
Retained profits	保留溢利	(i), (iii)	3,079

Set out below are the amounts by which each financial statement line item was affected as at 31 December 2018 and for the year ended 31 December 2018 as a result of the adoption of HKFRS 15. The adoption of HKFRS 15 has had no impact on other comprehensive income or on the Group's operating, investing and financing cash flows. The first column shows the amounts recorded under HKFRS 15 and the second column shows what the amounts would have been had HKFRS 15 not been adopted:

2.2 會計政策變動及披露 (續)

(b) (續)

本集團採納香港財務報告準則第15號時採用經修正追溯法採納香港財務報告。根據這種方法，標準既可以應用於首次申請之日的所有合同，也可以應用於此日未完成的合同。本集團已選擇將該準則應用於二零一八年一月一日尚未完成的合同。

本集團確認於二零一八年一月一日首次採納香港財務報告準則第15號的累計影響對未分配利潤期初餘額進行調整。因此，前期比較資料不予重列，並繼續根據香港會計準則第11號，香港會計準則第18號及相關詮釋編製。

以下載列於二零一八年一月一日採納香港財務報告準則第15號後對各個報表項目影響的金額：

以下載列於採納香港財務報告準則第15號後，對截至二零一八年十二月三十一日及於二零一八年十二月三十一日的各個報表項目影響的金額。採納香港財務報告準則第15號對其他全面收入，經營業務，投資活動，融資活動之現金流量並無影響。第一欄為根據香港財務報告準則第15號編製的金額，第二欄為未採納香港財務報告準則第15號的金額：

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.2 Changes in Accounting Policies and Disclosures (continued)

(b) (continued)

Consolidated income statement for the year ended 31 December 2018:

		Amounts prepared under 編製的金額			
		Notes	HKFRS 15 以香港財務 報告準則第 15 號 HK\$'000 千港元	Previous HKFRS 以舊香港財務 報告準則 HK\$'000 千港元	Increase/ (decrease) 增加/ (減少) HK\$'000 千港元
		附註			
Revenue	收益	(i)	2,451,874	2,451,453	421
Cost of sales	銷售成本	(i)	(491,847)	(491,847)	-
Gross profit	毛利		1,960,027	1,959,606	421
Profit before tax	除稅前溢利		227,076	226,655	421
Income tax expense	所得稅開支	(i),(iii)	(75,911)	(75,806)	(105)
Profit for the year attributable to owners of the Company	本公司擁有人 應佔每股盈利		151,165	150,849	316
Earnings per share attributable to owners of the Company	本公司擁有人 應佔每股盈利				
— Basic (HK cents)	— 基本 (港仙)		35.79	35.71	0.08
— Diluted (HK cents)	— 攤薄 (港仙)		35.79	35.71	0.08

2.2 會計政策變動及披露 (續)

(b) (續)

截至二零一八年十二月三十一日止年度綜合全面收益表：

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.2 Changes in Accounting Policies and Disclosures (continued)

(b) (continued)

Consolidated statement of financial position as at 31 December 2018:

		Amounts prepared under 編製的金額			
		HKFRS 15 以香港財務報告 準則第 15 號	Previous HKFRS 以舊香港財務 報告準則	Increase/ (decrease) 增加/ (減少)	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
Notes 附註					
	Deferred tax assets 遞延稅項資產	(i),(iii)	88,286	89,417	(1,131)
	Other payables and accruals 其他應付款項及應計款項	(i),(ii)	228,257	232,783	(4,526)
	Net assets 資產淨值		2,331,719	2,328,324	3,395
	Retained profits 保留溢利	(i),(iii)	1,696,872	1,693,477	3,395

The nature of the adjustments as at 1 January 2018 and the reasons for the significant changes in the consolidated statement of financial position as at 31 December 2018 and the consolidated income statement for the year ended 31 December 2018 are described below:

Notes:

- (i) Loyalty points VIP programme
The Group operates a loyalty points VIP programme, which allows customers to accumulate points when they purchase products in the Group's retail stores. The points can be redeemed for cash coupons, subject to a minimum number of points obtained. Prior to the adoption of HKFRS 15, the loyalty points VIP programme offered by the Group resulted in the allocation of a portion of the transaction price to the loyalty points VIP programme using the fair value of points issued and the recognition of deferred revenue in relation to the points issued but not yet redeemed or expired. The Group concluded that under HKFRS 15 the loyalty points give rise to a separate performance obligation because they provide a material right to the customers and allocated a portion of the transaction price to the loyalty points awarded to the customers based on the relative stand-alone selling price. The Group determined that, considering the relative stand-alone selling prices, the amount allocated to the loyalty points VIP programme should be lower compared to the previous accounting policy. The deferred revenue related to this loyalty points VIP programme was reclassified to contract liabilities and the excess was adjusted to retained profits.

2.2 會計政策變動及披露 (續)

(b) (續)

於二零一八年十二月三十一日綜合財務狀況表：

		Amounts prepared under 編製的金額			
		HKFRS 15 以香港財務報告 準則第 15 號	Previous HKFRS 以舊香港財務 報告準則	Increase/ (decrease) 增加/ (減少)	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
Notes 附註					
	Deferred tax assets 遞延稅項資產	(i),(iii)	88,286	89,417	(1,131)
	Other payables and accruals 其他應付款項及應計款項	(i),(ii)	228,257	232,783	(4,526)
	Net assets 資產淨值		2,331,719	2,328,324	3,395
	Retained profits 保留溢利	(i),(iii)	1,696,872	1,693,477	3,395

截至二零一八年一月一日的調整性質，二零一八年十二月三十一日財務狀況表的重大變動原因以及截至二零一八年十二月三十一日止年度的損益表如下：

附註：

- (i) 忠誠積分VIP計劃
本集團設有忠誠積分VIP計劃，當客戶於本集團的零售店舖購買產品時可累積積分。獲得最低所需積分後，積分可換領現金優惠券。於採納香港財務報告準則第15號前，本集團推出的忠誠積分VIP計劃致使將部分交易價格分配予忠誠計劃，使用已發行積分的公平值以及就已發行但尚未贖回或已到期的積分確認遞延收益。本集團認為，根據香港財務報告準則第15號，忠誠積分產生單獨履約責任，因為彼等為客戶提供重大權利，並根據相對獨立銷售價格將部分交易價格分配至授予客戶的忠誠積分。本集團確定，考慮到相對獨立銷售價格，分配予忠誠積分VIP計劃的金額應低於過往的會計政策。有關此忠誠積分VIP計劃的遞延收益重新分類至合約負債，超出部分則調整為保留溢利。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.2 Changes in Accounting Policies and Disclosures (continued)

(b) (continued)

Notes: (continued)

- (i) Loyalty points VIP programme (continued)
Upon the adoption of HKFRS 15, contract liabilities included in other payables and accruals, and deferred tax assets were decreased by HK\$4,105,000 and HK\$1,026,000, respectively, as at 1 January 2018, which resulted in an increase in retained profits of HK\$3,079,000.

As at 31 December 2018, the adoption of HKFRS 15 resulted in a decrease in contract liabilities included in other payables and accruals and deferred tax assets amounting to HK\$4,526,000 and HK\$1,131,000, respectively. Revenue was also increased by HK\$421,000 for the year ended 31 December 2018.

- (ii) Consideration received from customers in advance
Before the adoption of HKFRS 15, the Group recognised consideration received from customers in advance and deferred revenue arising from the loyalty points VIP programme of the Group as other payables and accruals. Under HKFRS 15, the amount is classified as contract liabilities which are included in other payables and accruals.

Therefore, upon adoption of HKFRS 15, the Group reclassified HK\$90,754,000 from other payables and accruals to contract liabilities as at 1 January 2018 in relation to the consideration received from customers in advance and deferred revenue arising from the loyalty points VIP programme of the Group as at 1 January 2018.

As at 31 December 2018, under HKFRS 15, HK\$42,875,000 was reclassified from other payables and accruals to contract liabilities in relation to the consideration received from customers in advance for the sale of goods and deferred revenue arising from the loyalty points VIP programme of the Group.

- (iii) Other adjustments
In addition to the adjustments described above, other items of the primary financial statements such as tax was adjusted as necessary. Retained profits were adjusted accordingly.

2.2 會計政策變動及披露 (續)

(b) (續)

附註：(續)

- (i) 忠誠積分VIP計劃(續)
於二零一八年一月一日採納香港財務報告準則第15號後，包括在合約負債的其他應付款項及應計款項和遞延稅項資產分別減少4,105,000港元及1,026,000港元，導致保留溢利增加3,079,000港元。

於二零一八年十二月三十一日，採納香港財務報告準則第15號致使其他應付款項及應計款項和遞延稅項資產所包括的合約負債減少分別為4,526,000港元及1,131,000港元。截至二零一八年十二月三十一日止年度的收入亦增加421,000港元。

- (ii) 預收客戶代價
於採納香港財務報告準則第15號前，本集團分別確認預收客戶代價為其他應付款項及本集團忠誠積分VIP計劃產生的遞延收入為其他應付款項及應計款項。根據香港財務報告準則第15號，該金額分類為合約負債，並計入其他應付款項及應計款項。

因此，於採納香港財務報告準則第15號後，本集團就其於二零一八年一月一日包括於在應計款項內的預收客戶代價及本集團忠誠積分VIP計劃所產生的遞延收入金額90,754,000港元重分類為合約負債。

於二零一八年十二月三十一日，根據香港財務報告準則第15號，42,875,000港元已從其他應付款項及應計款項重新分類至客戶預收客戶貨物銷代價提及本集團忠誠積分VIP計劃產生的貨品銷售的合約負債。

- (iii) 其他調整
除上述調整外，主要財務報表的其他項目如稅收進行必要的調整。保留利潤相應調整。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.2 Changes in Accounting Policies and Disclosures (continued)

- (c) Amendments to HKAS 40 clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments have had no impact on the financial position or performance of the Group.
- (d) HK(IFRIC)-Int 22 provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. The interpretation has had no impact on the Group's financial statements as the Group's accounting policy for the determination of the exchange rate applied for initial recognition of non-monetary assets or non-monetary liabilities is consistent with the guidance provided in the interpretation.

2.2 會計政策變動及披露 (續)

- (c) 香港會計準則第40號修訂澄清實體應何時將物業(包括在建或開發中的物業)轉入或轉出投資物業。修訂內容指出,當物業符合或不再符合投資物業的定義,並且有證據表明使用變化時,就會發生變更。僅僅管理層改變使用財產的意圖並不能提供使用變化的證據。該等修訂對本集團的財務報表並不構成影響。
- (d) 香港(國際財務報告詮釋委員會)–詮釋第22號就應用香港會計準則第21號就實體收取或支付預付外幣款項及確認非貨幣資產或負債的情況,就如何釐定交易日期提供指引或責任。該解釋澄清確定用於初始確認相關資產,費用或收益(或其一部分)時使用的匯率的交易日期為實體初步確認非貨幣性資產的日期(例如預付款項)或非貨幣負債(例如遞延收入)因支付或收取預付代價而產生。如果在確認相關項目之前有多筆付款或收據,則實體必須確定每筆付款或收到預付款項的交易日期。由於本集團就釐定初步確認非貨幣資產或負債的匯率的會計政策與詮釋中提供的指引一致,因此該詮釋對本集團的財務報表並不構成影響。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards

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

Amendments to HKFRS 3	<i>Definition of a Business</i> ²
Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i> ¹
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
HKFRS 16	<i>Leases</i> ¹
HKFRS 17	<i>Insurance Contracts</i> ³
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i> ²
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i> ¹
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i> ¹
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i> ¹
Annual Improvements 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23 ¹

¹	Effective for annual periods beginning on or after 1 January 2019
²	Effective for annual periods beginning on or after 1 January 2020
³	Effective for annual periods beginning on or after 1 January 2021
⁴	No mandatory effective date yet determined but available for adoption

2.3 已頒佈但尚未生效的香港財務報告準則

本集團並未在財務報表應用下列已頒佈但尚未生效的新訂及經修訂香港財務報告準則。

香港財務報告準則第3號修訂	業務的定義 ²
香港財務報告準則第9號修訂	具負補償之提前還款特性 ¹
香港財務報告準則第10號及香港會計準則第28號(2011)修訂	投資者與其聯營公司或合營企業之間出售或注入資產 ⁴
香港財務報告準則第16號	租賃 ¹
香港財務報告準則第17號	保險合約 ³
香港會計準則第1號及香港會計準則第8號修訂	重大性的定義 ²
香港會計準則第19號修訂	計劃修訂、縮減或結算 ¹
香港會計準則第28號修訂	於聯營公司及合營企業之長期權益 ¹
香港(國際財務報告詮釋委員會)–詮釋第23號	所得稅處理的不確定性 ¹
二零一五年至二零一七年週期的年度改進	香港財務報告準則第3號、香港財務報告準則第11號、香港會計準則第12號及香港會計準則第23號修訂 ¹

¹	於二零一九年一月一日或之後開始的年度期間生效
²	於二零二零年一月一日或之後開始的年度期間生效
³	於二零二一年一月一日或之後開始的年度期間生效
⁴	並未訂定強制性生效日期，惟已可作採納

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards (continued)

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020.

2.3 已頒佈但尚未生效的香港財務報告準則 (續)

預期將與本集團相關的該等香港財務報告準則的進一步資料如下：

香港財務報告準則第3號修訂釐清及提供有關業務定義的額外指引。修訂釐清，交易要被視為一項業務，一系列項目及資產需至少包括可對實質性產出能力有重大貢獻的投入及實質性進程。業務可以存在而不包括產出所需的所有投入及進程。修訂移除原有對市場參與者是否有能力收購業務並持續產出之能力之評估要求。相反，重點是所收購的投入及所收購的實質性進程是否對產出能力有重大貢獻。修訂亦縮小產出的定義，注重向客戶提供的產品及服務、投資收入或來自日常業務的其他收入。此外，修訂提供指引以評估所收購的進程是否實質性，並提出可選的公平值集中測試，以簡化評估所收購的項目及資產是否業務。本集團預期將自二零二零年一月一日起追溯應用修訂。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards (continued)

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group will adopt HKFRS 16 from 1 January 2019. The Group plans to adopt the transitional provisions in HKFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits at 1 January 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying HKAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application.

2.3 已頒佈但尚未生效的香港財務報告準則 (續)

香港財務報告準則第16號取代香港會計準則第17號租賃、香港(國際財務報告詮釋委員會)–詮釋第4號釐定安排是否包括租賃、香港(準則詮釋委員會)–詮釋第15號經營租賃—優惠及香港(準則詮釋委員會)–詮釋第27號評估涉及租賃法律形式交易的內容。該準則載列確認、計量、呈列及披露租賃的原則，並要求承租人就大多數租賃確認資產及負債。該準則給予承租人兩項租賃確認豁免—低價值資產租賃及短期租賃。於租賃開始日期，承租人將確認於租賃期作出租賃付款為負債(即租賃負債)及代表可使用相關資產的權利為資產(即有使用權資產)。除非有使用權資產符合香港會計準則第40號投資物業的定義，或涉及應用重估模式的物業及設備類別，有使用權資產其後按成本減累計折舊及任何耗蝕虧損計量。租賃負債其後會就反映租賃負債利息而增加及因租賃付款而減少。承租人將須分別確認租賃負債的利息開支及有使用權資產的折舊開支。承租人將亦須於若干事件發生時重新計量租賃負債，例如由於租賃期變更或用於釐定該等付款的一項指數或比率變更而引致未來租賃付款變更。承租人一般將重新計量租賃負債的數額確認為有使用權資產的調整。香港財務報告準則第16號大致沿用香港會計準則第17號內出租人的會計處理方式。出租人將繼續使用與香港會計準則第17號相同的分類原則對所有租賃進行分類，並將之分為經營租賃及融資租賃。香港財務報告準則第16號要求承租人及出租人較根據香港會計準則第17號作出更多披露。出租人可選擇以全面追溯應用或部分追溯應用方式應用該準則。本集團將會自二零一九年一月一日採納香港財務報告準則第16號。本集團將會自二零一九年一月一日採納香港財務報告準則第16號的過渡性條款，確認初步採納的累積影響為於二零一九年一月一日對保留溢利的期初結餘所作的調整，並將不會重列比較數字。此外，本集團計劃將新規定應用於先前應用香港會計準則第17號獲識別為租賃的合約，按餘下租賃付款的現值計量租賃負債，採用本集團於首次應用日期的增量借款利率貼現。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards (continued)

As disclosed in note 31(b) to the financial statement, at 31 December 2018, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately HK\$241,626,000. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application. The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. The Group will need to perform a more detailed analysis to determine the amount of new right of use assets and lease liabilities to be recognised arising from operating lease commitments upon the adoption of HKFRS 16, after taking account into exemptions mentioned above, the exception of short-term and low value leases, and the effects of discounting.

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 已頒佈但尚未生效的香港財務報告準則 (續)

誠如二零一八年十二月三十一日財務報表附註31(b)所披露，本集團不可撤銷經營租約項下未來最低租賃付款合共約為241,626,000港元。於採納香港財務報告準則第16號後，其中包含的若干金額可能需要確認為新的使用權資產及租賃負債。使用權資產將按租賃負債的金額計量，並按緊接首次應用日期前財務狀況表中確認的租賃相關的任何預付或累計租賃付款金額予以調整。本集團計劃對租賃期於截至首次應用日期12個月內完結的租賃使用該準則允許的豁免。本集團需要進行更詳盡的分析以釐定採納香港財務報告準則第16號後，經營租賃承擔所產生將予確認的新使用權資產及租賃負債金額(經考慮短期及低價值租賃例外情況、上述例外情況及貼現的影響)。

香港會計準則第1號及香港會計準則第8號的修訂提供重大的新定義。新定義指出，遺漏、錯誤陳述或模糊資料可合理預期影響通用財務報表的主要使用者基於該等財務報表所作出的決定者，則該資料被視為重大。修訂澄清，重大性取決於資料的性質或程度。如可合理預期影響主要使用者作出的決定，錯誤陳述資料則被視為重大。本集團預期自二零二零年一月一日起追溯應用修訂。修訂預期不會對本集團的財務報表產生任何重大影響。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards (continued)

HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as “uncertain tax positions”). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The amendments are not expected to have any significant impact on the Group’s financial statements.

2.4 Summary of Significant Accounting Policies Business combinations and goodwill

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

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

2.3 已頒佈但尚未生效的香港財務報告準則 (續)

香港(國際財務報告詮釋委員會)一詮釋第23號於稅項處理涉及影響香港會計準則第12號應用的不確定性時(通常稱為「不確定稅務狀況」),處理該情況下的所得稅(即期及遞延)會計。該詮釋並不適用於香港會計準則第12號範圍外的稅項或徵稅,尤其亦不包括不確定稅項處理相關的權益及處罰相關規定。該詮釋具體處理以下事項:(i)實體是否考慮分開處理不確定稅項;(ii)實體檢查稅務機關的稅項處理時所作的假設;(iii)實體如何釐定應課稅溢利或稅項虧損、稅基、未動用稅項虧損、未動用稅項抵免及稅率;及(iv)實體如何考慮事實及情況變動。該詮釋應按追溯基準應用:在無須採用事後確認的情況下採用全面追溯基準應用;或與在首次應用日期所確認的累計影響(對期初權益的調整)一併追溯應用,而無須重述比較資料。本集團預期於二零一九年一月一日起應用該詮釋。預期有關修訂將不會對本集團的財務報表構成任何重大影響。

2.4 主要會計政策概要 業務合併及商譽

業務合併乃以購買法入賬。轉讓之代價乃以收購日期的公平價值計算,該公平價值為本集團轉讓的資產於收購日期的公平價值、本集團自被收購方之前度擁有人承擔的負債,及本集團發行以換取被收購方控制權的股本權益的總和。於各業務合併中,本集團選擇以公平價值或被收購方可識別資產淨值的應佔比例,計算於被收購方屬現時擁有人權益的非控股權益,並賦予擁有人權利,於清盤時按比例分佔實體的淨資產。非控制權益之一切其他成分乃按公平價值計量。收購成本於產生時列為開支。

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

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Business combinations and goodwill (continued)

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

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or a liability is measured at fair value with changes in fair value recognised in the income statement. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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

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

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

2.4 主要會計政策概要 (續)

業務合併及商譽 (續)

倘企業合併分階段進行，先前持有的股權按收購日期的公平價值重新計量，而任何收益或虧損於損益中確認。

由收購方將予轉讓的任何或然代價將於收購日期按公平價值確認。分類為一項資產或負債的或然代價根據公平價值的變動按公平價值計量，並確認於損益。分類為權益的或然代價並無重新計量，而其後結算於權益中入賬。

商譽起初按成本計量，即已轉讓總代價、已確認非控股權益及本集團先前由持有的被收購方股權的公平價值總額，超逾與所收購可識別資產淨值及所承擔負債的差額。如總代價及其他項目低於所收購資產淨值的公平價值，於評估後其差額將於收益表內確認為議價收購收益。

於初始確認後，商譽按成本減任何累計減值虧損計量。商譽須每年作減值測試，若有事件發生或情況改變顯示賬面值有可能減值時，則會更頻密地進行檢討。本集團於十二月三十一日進行商譽之年度減值測試。為進行減值測試，因業務合併而購入的商譽自購入之日被分配至預期可從合併產生的協同效益中獲益的本集團各個現金產生單位或現金產生單位組別，而無論本集團其他資產或負債是否已分配予該等單位或單位組別。

減值乃通過評估與商譽有關的現金產生單位(或現金產生單位組別)的可收回金額釐定。當現金產生單位(或現金產生單位組別)的可收回金額低於賬面金額時，減值虧損便予以確認。已就商譽確認的減值虧損不得於未來期間撥回。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Business combinations and goodwill (continued)

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

Fair value measurement

The Group measures its investment properties at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

2.4 主要會計政策概要 (續)

業務合併及商譽 (續)

倘商譽已分配予現金產生單位 (或現金產生單位組別) 的部份而該單位的部份業務已出售，則在釐定所出售業務的收益或虧損時，與所出售業務相關的商譽會計入該業務的賬面值。在該情況下出售的商譽，乃根據所出售業務的相對價值及現金產生單位的保留份額進行計量。

公平價值計量

本集團於各報告期末按公平價值計量其投資物業。公平價值為市場參與者於計量日期在有序交易中出售資產所收取的價格或轉讓負債所支付的價格。公平價值計量乃根據假設出售資產或轉讓負債的交易於資產或負債主要市場或 (在無主要市場情況下) 最具優勢市場進行而作出。主要及最具優勢市場須為本集團可進入之市場。資產或負債的公平價值乃按假設市場參與者於資產或負債定價時會以最佳經濟利益行事計量。

非金融資產的公平價值計量須計及市場參與者能自最大限度使用該資產達致最佳用途，或將該資產出售予將最大限度使用該資產達致最佳用途的其他市場參與者，所產生的經濟效益。

本集團採納適用於不同情況且具備充分數據以供計量公平價值的估值方法，以儘量使用相關可觀察輸入數據及儘量減少使用不可觀察輸入數據。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Fair value measurement (continued)

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

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

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

2.4 主要會計政策概要 (續)

公平價值計量 (續)

所有載於本財務報表計量或披露的資產及負債乃基於對公平價值計量整體而言屬重大的最低層輸入數據按以下公平價值等級分類：

- 第一級 — 基於相同資產或負債於活躍市場的報價(未經調整)
- 第二級 — 基於對公平價值計量而言屬重大的可觀察(直接或間接)最低層輸入數據的估值方法
- 第三級 — 基於對公平價值計量而言屬重大的不可觀察最低層輸入數據的估值方法

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

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Related parties

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

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

2.4 主要會計政策概要 (續)

關連人士

在下列情況下，關連人士將被視為與本集團有關連：

- (a) 有關人士為該名人士家族的人士或直系親屬，而該名人士
- (i) 控制或共同控制本集團；
- (ii) 對本集團發揮重大影響力；或
- (iii) 為本集團或本集團母公司的主要管理層成員；
- 或
- (b) 倘符合下列任何條件，有關人士即屬實體：
- (i) 該實體與本集團屬同一集團之成員公司；
- (ii) 一間實體為另一實體的聯營公司或合營企業（或另一實體的母公司、附屬公司或同系附屬公司之旗下）；
- (iii) 該實體及本集團均為同一第三方的合營企業；
- (iv) 一間實體為第三方實體的合營企業，而另一實體為該第三方實體的聯營公司；
- (v) 該實體為本集團僱員或屬於本集團關連人士之實體之僱員福利而設之離職後福利計劃；
- (vi) 該實體由(a)項所述人士控制或共同控制；
- (vii) 於(a)(i)項所述人士對該實體有重大影響或屬該實體（或該實體的母公司）主要管理層成員；及
- (viii) 該實體或其任何集團成員公司提供主要管理人員服務予本集團或本集團之母公司。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired assets.

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

2.4 主要會計政策概要 (續)

非金融資產減值

倘有跡象顯示資產出現減值，或須對資產進行年度減值測試(存貨、金融資產及投資物業除外)，則會估計該項資產之可收回金額。資產之可收回金額為資產或創現單位之使用價值或其公平值減處理成本之較高者，並就個別資產釐定，惟該項資產並無產生大部分獨立於其他資產或其他組別資產之現金流入則除外，在此情況，就該項資產所屬之創現單位釐定可收回金額。

減值虧損僅於資產賬面值超逾可收回金額時確認。於評估使用價值時，估計未來現金流量以反映當時市場對貨幣時間價值之估計及該項資產之特有風險之除稅前折現率折減至現值。減值虧損於產生與減值資產功能一致的開支類別期間自收益表扣除。

於各報告期間結算日，均會評估是否有跡象顯示過往已確認之減值虧損不再存在或可能減少。倘出現該跡象，則會估計可收回金額。過往確認之資產減值虧損(商譽除外)僅於用於釐定該項資產之可收回金額所採用之估計出現變化時撥回，但有關金額不得超逾假設過往年度並無就該項資產確認減值虧損而應有之賬面值(已扣除任何折舊/攤銷)。撥回減值虧損於產生期間計入收益表。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Property, plant and equipment and depreciation

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

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

Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the income statement. Any subsequent revaluation surplus is credited to the income statement to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

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

Leasehold land and buildings	Over the lease terms
Leasehold improvements	4.5% to 20%
Plant and machinery	10% to 20%
Furniture, fixtures and office equipment	10% to 20%
Motor vehicles	20% to 25%

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

2.4 主要會計政策概要 (續)

物業、廠房及設備以及折舊

除在建工程外，物業、廠房及設備按成本減累計折舊及任何減值虧損入賬。一項物業、廠房及設備之成本包括購買價及任何將資產達致其運作狀況與地點作擬定用途之直接成本。

各項物業、廠房及設備投入運作後產生之開支(如維修及保養)一般於產生期間自收益表扣除。倘符合確認標準，一項主要視察之開支以替代方式於資產帳面值中資本化列賬。倘物業、廠房及設備之重要部分須不時替代，本集團確認該等部分為個別資產，具特別使用年限及折舊。

物業、廠房及設備之價值變動作為資產重估儲備之變動處理。倘若按每項資產為基準，儲備總額不足以彌補虧絀時，則多出之虧絀於收益表扣除。其後之重估盈餘乃計入收益表，惟以先前扣除之虧絀為限。出售重估資產時，資產重估儲備中就以往估值實現之部份乃轉入保留溢利，作為儲備之變動。

折舊按各項物業、廠房及設備之估計可使用年期以直線法計算，以撇銷成本至其剩餘價值。就此而言，所採用之主要年率如下：

租賃土地及樓宇	按租期
租賃物業裝修	4.5%–20%
廠房及機器	10%–20%
傢俬、裝置及辦公室設備	10%–20%
汽車	20%–25%

倘某項物業、廠房及設備項目各部分之使用年限各有不同，該項目之成本乃按合理基準在各部分之間進行分配，而每部分則各自計算折舊。剩餘價值、使用年限及折舊方法至少會於各財政年度年末進行檢討及調整(如適用)。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Property, plant and equipment and depreciation (continued)

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

Other asset

Other asset is the right to receive the new properties under a relocation arrangement, further details of which are given in note 19 to the financial statements. Such asset, being the consideration to be received upon disposal of the original properties under the relocation arrangement, is initially recognised at its fair value. Subsequent to the initial recognition, other asset is stated at cost less any impairment losses.

2.4 主要會計政策概要 (續)

物業、廠房及設備以及折舊 (續)

初步確認之物業、廠房及設備項目包括任何重要部分於出售時或預期日後不會因使用或出售而帶來經濟利益時停止確認。在停止確認該項資產之同一年度於收益表確認之出售或報廢之任何盈虧，為有關資產出售所得款項淨額與其賬面值之差額。

在建工程指興建中之樓宇及設備，並以成本值減任何減值虧損列帳，且不予折舊。成本值包括建築期間之直接建築成本。在建工程於完成及投入服務時重新分類為合適類別之物業、廠房及設備。

投資物業

投資物業乃土地及樓宇之權益。持有投資物業是為賺取租金收入及／或資本增值，而非用以生產或提供貨物或服務或作行政用途又或於日常業務中出售。投資物業首次按成本計量，當中包括交易成本。於首次確認後，投資物業乃按反映報告期末市場狀況的公平價值列賬。

投資物業公平值變更所帶來之溢利或虧損於產生年度計入收益表。

報廢或出售投資物業之任何溢利或虧損於報廢或出售之年度在收益表確認。

其他資產

其他資產為接收搬遷安排項下新物業的權利，其進一步詳情載於財務報表附註19。有關資產（即出售搬遷安排項下原物業收取的代價）初步按其公平值確認。初步確認後，其他資產按成本減任何減值虧損列賬。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Investments and other financial assets (policies under HKFRS 9 applicable from 1 January 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition (applicable from 1 January 2018)" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 主要會計政策概要 (續)

投資及其他金融資產 (香港財務報告準則第9號的政策由二零一八年一月一日起適用)

初始確認及計量

金融資產於初步確認時分類為其後按攤銷成本、按公平值計入其他全面收益、按公平值計入損益計量。

於初始確認時，金融資產分類取決於金融資產的合約現金流量特點及本集團管理該等金融資產的業務模式。除並無重大融資成分或本集團已應用可行權宜方法 (不調整重大融資成分影響) 的應收貿易賬款外，本集團初步按公平值加上 (倘金融資產並非按公平值計入損益) 交易成本計量金融資產。並無重大融資成分或本集團已應用可行權宜方法的應收貿易賬款按香港財務報告準則第15號釐定的交易價格根據下文「收益確認 (自二零一八年一月一日起適用)」所載政策計量。

為使金融資產按攤銷成本或按公平值計入其他全面收益進行分類及計量，需產生純粹為支付本金及未償還本金利息 (「純粹為支付本金及利息」) 的現金流量。

本集團管理金融資產的業務模式指其如何管理其金融資產以產生現金流量。業務模式確定現金流量是否來自收集合約現金流量、出售金融資產，或兩者兼有。

所有以常規方式購買及銷售的金融資產於交易日 (即本集團承諾購買或出售資產當日) 確認。常規買賣指規定於一般由市場規例或慣例確立的期間內交付資產的金融資產買賣。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Investments and other financial assets (policies under HKFRS 9 applicable from 1 January 2018)

(continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

2.4 主要會計政策概要 (續)

投資及其他金融資產(香港財務報告準則第9號的政策由二零一八年一月一日起適用)(續)

其後計量

金融負債的其後計量取決於以下分類：

按攤銷成本計量的金融資產(債務工具)

倘滿足以下兩個條件，本集團將按攤銷成本計量金融資產：

- 於旨在持有金融資產以收取合約現金流量的業務模式中持有的金融資產。
- 金融資產的合約條款於特定日期產生的現金流量純粹為支付本金及未償還本金的利息。

按攤銷成本計量的金融資產其後使用實際利率法計量，並可能受減值影響。當資產終止確認、修訂或減值時，收益及虧損於收益表中確認。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Investments and other financial assets (policies under HKAS 39 applicable before 1 January 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the income statement. The loss arising from impairment is recognised in the income statement in finance costs for loans and in administrative expenses for receivables.

2.4 主要會計政策概要 (續)

投資及其他金融資產(香港會計準則第39號的政策適用於2018年1月1日之前)

初步確認及計量

金融資產，按初始確認時，金融資產分類為以公平值按損益列賬的金融資產、貸款及應收款項及可供出售金融投資，或分類為指定為有效對沖之對沖工具之衍生工具(視情況而定)。對於並非屬於以公平值按損益列賬的金融資產，在初始確認時以公平值加上收購金融資產產生的交易成本計量。

以正常方式購買及銷售金融資產均在交易日(即本集團承諾購買或出售資產當日)確認。以正常方式購買或銷售資產是指須按照市場規定或慣例通常訂立的期限內交付資產。

後續計量

金融資產的後續計量取決於其分類，如下：

貸款及應收款項

貸款及應收款項指具有固定或可釐定付款額且非於活躍市場報價之非衍生金融資產。於首次計量後，該等資產採用實際利息法按攤銷成本計量，並扣除任何減值撥備。計算攤銷成本時亦會計及收購所產生之任何折讓或溢價，並包括作為實際利率之不可或缺之費用或成本。實際利率攤銷包含於收益表之其他收入及收益。因減值而產生之虧損於收益表內確認為貸款之融資成本及應收賬款之行政開支。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Derecognition of financial assets (policies under HKFRS 9 applicable from 1 January 2018 and policies under HKAS 39 applicable before 1 January 2018)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 主要會計政策概要 (續)

解除確認金融資產 (香港財務報告準則第9號的政策於2018年1月1日起適用及香港會計準則第39號的政策適用於2018年1月1日之前)

於下列情況時，金融資產(或(如適用)金融資產之一部分或一組類似金融資產之一部分)將主要地解除確認(從本集團綜合財務狀況表移除)：

- 自資產收取現金流量之權利已屆滿；或
- 本集團已轉讓自資產取得現金流量之權利或已根據「轉付」安排承擔於無重大延誤之情況下向第三方全額支付已收取現金流量之責任；且(a)本集團已轉讓該資產之大部分風險及回報，或(b)本集團並無轉讓或保留該等資產之大部分風險及回報，惟已轉讓該資產之控制權。

當本集團已轉讓自一項資產收取現金流量的權利或已訂立「轉付」安排，會評估其有否保留該項資產擁有權的風險及回報，以及其程度。當本集團並無轉讓或保留該資產之大部分風險及回報，亦無轉讓該資產之控制權，該資產在本集團持續參與該項資產的前提下予以確認入賬。於此情況下，本集團亦確認相關負債。已轉讓資產及相關負債按反應本集團已保留權利及責任之基準計量。

本集團倘以擔保形式持續參與轉讓資產時，則以該項資產的原賬面值及本集團或須償還的代價數額上限(以較低者為準)計算。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Impairment of financial assets (policies under HKFRS 9 applicable from 1 January 2018)

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4 主要會計政策概要 (續)

金融資產減值(香港財務報告準則第9號的政策由二零一八年一月一日起適用)

本集團確認對並非按公平值計入損益的所有債務工具預期信貸虧損的撥備。預期信貸虧損乃基於根據合約到期的合約現金流量與本集團預期收取的所有現金流量之間的差額而釐定，並以原實際利率的近似值貼現。預期現金流量將包括出售所持抵押的現金流量或組成合約條款的其他信貸提升措施。

一般方法

預期信貸虧損分兩個階段進行確認。就自初始確認起未有顯著增加的信貸風險而言，預期信貸虧損提供予由未來12個月內可能發生違約事件而導致的信貸虧損(12個月預期信貸虧損)。就自初始確認起經已顯著增加的信貸風險而言，不論何時發生違約，於餘下風險年期內的預期信貸虧損均須計提虧損撥備(全期預期信貸虧損)。

於各報告日期，本集團評估自初始確認後金融工具的信貸風險是否大幅增加。在進行有關評估時，本集團會就金融工具於報告日期發生違約的風險與金融工具於初始確認當日發生違約的風險進行比較，並考慮合理且可靠的毋須付出不必要的成本或努力即可獲得的資料，包括過往及前瞻性資料。

本集團會在合約付款逾期90天時考慮金融資產違約。然而，在若干情況下，倘內部或外部資料反映，在計及本集團持有的任何信貸提升措施前，本集團不大可能悉數收到未償還合約款項，則本集團亦可認為金融資產違約。倘無法合理預期收回合約現金流量，則撇銷金融資產。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Impairment of financial assets (policies under HKFRS 9 applicable from 1 January 2018)

(continued)

General approach (continued)

Financial assets at amortised cost is subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

2.4 主要會計政策概要 (續)

金融資產減值(香港財務報告準則第9號的政策由二零一八年一月一日起適用)(續)

一般方法(續)

按攤銷成本計量的金融資產在一般方法下可能會出現減值，彼等按以下計量預期信貸虧損的階段分類，惟應用下文所述簡化方法的應收貿易賬款及合約資產除外。

第1階段 — 自初始確認以來信貸風險未顯著增加及其虧損撥備按相等於12個月預期信貸虧損的金額計量的金融工具

第2階段 — 自初始確認以來信貸風險顯著增加但並非信貸減值金融資產及虧損撥備按相等於全期預期信貸虧損的金額計量的金融工具

第3階段 — 於報告日期已信貸減值(但並非購買或源生已發生信貸減值)及虧損撥備按相等於全期預期信貸虧損的金額計量的金融資產

簡化方法

就並無重大融資成分或本集團已應用可行權宜方法(不調整重大融資成分影響)的應收貿易賬款，本集團於計算預期信貸虧損時應用簡化方法。根據簡化方法，本集團並無追溯信貸風險變動，而是根據各報告日期的全期預期信貸虧損確認虧損撥備。本集團已設立根據其過往信貸虧損經驗計算之撥備矩陣，並按債務人之特定前瞻性因素及經濟環境作出調整。

就具有重大融資成分的應收貿易賬款及應收租賃款項，本集團選擇採用簡化方法按上述政策計算預期信貸虧損。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Impairment of financial assets (policies under HKAS 39 applicable before 1 January 2018)

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

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

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

2.4 主要會計政策概要 (續)

金融資產之減值 (香港會計準則第39號的政策適用於2018年1月1日之前)

本集團於各報告期間結算日評估金融資產或一組金融資產有否出現的任何客觀證據。倘於初步確認一項或一組金融資產後發生一件或多件事項導致存在客觀減值跡象，而該項(或多項)虧損事項已對金融資產或一組金融資產的估計未來現金流量造成可合理估計之影響，則金融資產或一組金融資產被視為減值。減值跡象可包括一名或一組借款人正面臨重大經濟困難、違約或未能償還利息或本金、彼等有可能破產或進行其他財務重組，以及有可觀察得到的數據顯示估計未來現金流量出現可計量的減少，例如欠款數目變動或出現與違約相關的經濟狀況。

按攤銷成本列賬之金融資產

就按攤銷成本列賬之金融資產而言，本集團首先對具個別重要性之金融資產進行評估，評估個別資產是否存在可觀減值證據，或對非具個別重要性之金融資產進行共同評估。倘本集團釐定經個別評估之金融資產(無論具有重要性與否)並無存在可觀減值證據，則會將該資產歸入一組具有類似信貸風險特性之金融資產內，然後共同評估減值。個別評估減值及為其確認或繼續確認減值虧損之資產，在共同評估減值時不會包括在內。

已確認減值虧損金額按資產賬面值與估計未來現金流量(不包括尚未產生之未來信貸虧損)現值之差額計量。估計未來現金流量之現值乃按金融資產之原實際利率貼現(即按初步確認計算之實際利率)。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Impairment of financial assets (policies under HKAS 39 applicable before 1 January 2018)

(continued)

Financial assets carried at amortised cost (continued)

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

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to administrative expenses in the income statement.

Financial liabilities (policies under HKFRS 9 applicable from 1 January 2018 and HKAS 39 applicable before 1 January 2018)

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

2.4 主要會計政策概要 (續)

金融資產之減值(香港會計準則第39號的政策適用於2018年1月1日之前)(續)

按攤銷成本列賬之金融資產(續)

資產之賬面值通過採用撥備賬項減少，虧損金額在收益表中確認。利息收入按減少後賬面值持續產生，且採用計量減值虧損時用以貼現未來現金流量之利率累計。倘預期並無日後可收回金額，且所有抵押已變現或轉撥至本集團，則借貸及應收款項連同相關撥備予以撇銷。

以後期間，倘若由於減值確認後發生一個事件估計減值虧損之數額增加或減少，則先前確認之減值虧損透過調整撥備賬項予以增加或減少。倘攤銷隨後可收回，收回款項計入收益表之行政開支。

金融負債(香港財務報告準則第9號的政策於2018年1月1日起適用及香港會計準則第39號的政策適用於2018年1月1日之前)

初步確認及計量

金融負債，按初始確認時，按適用情況分類為透過損益賬以公平值列賬之金融負債、貸款及借貸、應付款項，或分類為指定為有效對沖之對沖工具之衍生工具(按適用情況)。

所有財務負債初始時按公平值確認，惟貸款及借款和應付款項，則加上淨直接應佔交易成本確認。

後續計量

財務負債的後續計量取決於其分類，如下：

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Financial liabilities (policies under HKFRS 9 applicable from 1 January 2018 and HKAS 39 applicable before 1 January 2018) (continued)

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Financial guarantee contracts (policies under HKFRS 9 applicable from 1 January 2018)

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets (policies under HKFRS 9 applicable from 1 January 2018)"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Financial guarantee contracts (policy under HKAS 39 applicable before 1 January 2018)

A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

2.4 主要會計政策概要 (續)

金融負債(香港財務報告準則第9號的政策於2018年1月1日起適用及香港會計準則第39號的政策適用於2018年1月1日之前)(續)

貸款及借款

於初始確認後，計息貸款及借款隨後以實際利率法按攤銷成本計量，倘折現的影響並不重大，則按成本列賬。當撤銷確認負債及在實際利率攤銷過程中，收益及虧損會於收益表確認。

攤銷成本計入於購買時產生的任何折現或溢價及作為構成有效利率整體部分的費用或成本。有效利率攤銷計入收益表中的融資成本。

財務擔保合約(香港財務報告準則第9號的政策由二零一八年一月一日起適用)

本集團所發出之財務擔保合約為由於特定債務人未能按債務工具之條款於到期時付款，而須支付款項以補償擔保持有人所承擔損失之合約。財務擔保合約初步按其公平值確認為負債，並就發出該等擔保直接應佔之交易費用作出調整。於初步確認後，本集團按以下兩者之較高者計量財務擔保合約：(i)根據「金融資產減值(香港財務報告準則第9號的政策由二零一八年一月一日起適用)」所載政策釐定的預期信貸虧損撥備；及(ii)初步確認之金額減(如適用)累計已確認收入金額。

財務擔保合約(香港會計準則第39號的政策適用於2018年1月1日之前)

財務擔保合約初步按其公平值確認為負債，並就開立該擔保的直接應佔交易成本進行調整。於初始確認後，本集團按以下兩者中的較高者計量財務擔保合約：(i)於報告期末對履行現有責任所需開支的最佳估計金額；及(ii)初始確認金額減(如適用)累計攤銷。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Derecognition of financial liabilities (policies under HKFRS 9 applicable from 1 January 2018 and HKAS 39 applicable before 1 January 2018)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments (policies under HKFRS 9 applicable from 1 January 2018 and HKAS 39 applicable before 1 January 2018)

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

Inventories

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

Leases

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

2.4 主要會計政策概要 (續)

撤銷確認金融負債 (香港財務報告準則第9號的政策於2018年1月1日起適用及香港會計準則第39號的政策適用於2018年1月1日之前) 當負債項下之責任被解除或取消或屆滿，金融負債將被撤銷確認。

如現有金融負債由同一放債人明顯不同的條款大致上相異之負債所取代，或現有負債之條款作出重大修訂，此類交換或修訂將被視為取消確認原負債及確認新負債處理，有關賬面值之差額於收益表確認。

抵銷金融工具 (香港財務報告準則第9號的政策於2018年1月1日起適用及香港會計準則第39號的政策適用於2018年1月1日之前)

如目前有可執行的法定權利抵銷已確認的金額，且有意以淨額結算，或同時確認資產及清償債務，則金融資產和金融負債被抵銷，淨金額於財務狀況表中呈報。

存貨

存貨按成本與可變現淨值之較低者入賬，並就陳舊或滯銷項目作適當撥備。成本按加權平均法計算，如屬在製品及製成品，則包括直接物料、直接工資及適當比例之間接成本。可變現淨值按估計售價減任何估計完成及出售所需之成本計算。

租賃

將資產擁有權 (法定業權除外) 之大部分報酬與風險轉讓至本集團之租賃均列為融資租賃。融資租賃生效時，租賃資產之原值均按最低租賃款項之現值撥作資本，並連同債務 (不計利息) 入賬，以反映購入及融資情況。資本化融資租賃持有之資產 (包括融資租賃項下土地租賃款項預付) 均列入物業、廠房及設備，並按資產租賃年期或估計可使用年期 (以較短者為準) 攤銷。該等租賃之融資成本乃於租賃年期內按固定比率於收益表內扣除。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Leases (continued)

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

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Cash and cash equivalents

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

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Borrowing costs

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

2.4 主要會計政策概要 (續)

租賃 (續)

由出租人承受資產擁有權之絕大部分回報與風險之租賃均列為經營租賃。倘本集團是出租人，則本集團根據經營租約出租之資產均計入非流動資產，而經營租約之應收租金則以直線法在租賃期內計入收益表。倘本集團是承租人，則經營租約之應付租金以直線法在租賃期內自收益表扣除。

經營租賃的預付土地租賃款項初步按成本列賬，其後在租賃期內以直線法確認。當租賃款項無法可靠地在土地和樓宇兩部份進行分配時，則整個租賃款項會計入土地和樓宇之成本中，列作物業、廠房及設備之融資租賃。

現金及現金等價物

為編製綜合現金流量表，現金及現金等價物包括手頭現金及活期存款，以及短期高流動性投資（須易於轉換能確定金額的現金、低價值變動風險及具較短期限（一般購入後不多於三個月），減去按要求還款的銀行透支，並構成本集團的現金管理主要部分。

為編製綜合財務狀況表，現金及現金等價物包括手頭現金及銀行存款，包括用途不受限制的定期存款及與現金性質相似之資產。

借款成本

因收購、建設或生產合資格資產等（即需要一段頗長時間準備方可作其擬定用途或出售的資產）所直接產生的借貸成本，乃予以資本化作為該等資產成本之一部分。倘若該等資產已大致能夠用作擬定用途或出售，其借貸成本不再予以資本化。個別借貸因尚未用於合資格資產而用作暫時性投資，所賺取的投資收入應從已資本化的借貸成本中扣除。所有其他借貸成本於產生期內支銷。借貸成本包括實體在借入資金時所產生的利息及其他成本。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Provisions

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 主要會計政策概要 (續)

撥備

當由於過往事件導致現時須承擔法律或推定責任而未來可能須流失資源以履行責任，且能可靠估計責任之數額，則會確認撥備。

倘若貼現影響重大，則所確認之撥備數額為預計履行責任所需之未來開支在報告期間結算日之現值。隨時間流逝使貼現值增加之款項計入收益表之融資成本。

所得稅

所得稅包括即期及遞延稅項。與於損益表以外確認之項目有關之所得稅或確認為其他全面收益亦或直接確認為權益。

即期稅項資產及負債，按預期可從稅務機構收回或支付予稅務機構之金額、以報告期間結算日之前已實施或實質已實施之稅率（及稅法）、經考慮本集團業務所在國家現行之詮釋及慣例而計量。

遞延稅項於呈報期末按負債法就資產及負債的稅基與財務報告所示賬面值的所有暫時差額計提撥備。

遞延稅項負債就所有應課稅暫時差額確認，惟下列情況除外：

- 因業務合併以外之交易（交易當時並無因而影響會計溢利或應課稅溢利或虧損者）下初步確認資產或負債所產生之遞延稅項負債；及
- 對附屬公司之投資相關之應課稅暫時差額而言，如暫時差額之撥回時間可予控制，且暫時差額不大可能在可預見將來撥回。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Income tax (continued)

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred taxes assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 主要會計政策概要 (續)

所得稅 (續)

遞延稅項資產乃於可能取得應課稅溢利而可動用可扣稅暫時差額，以及未動用稅項抵免及任何未動用稅項虧損。遞延稅項資產就所有可扣稅暫時差額、未動用稅項抵免及未動用稅項虧損結轉確認，惟下列情況除外：

- 遞延稅項資產涉及業務合併以外之交易(交易當時並無因而影響會計溢利或應課稅溢利或虧損者)下初步確認資產或負債所產生之可扣稅暫時差額；及
- 對附屬公司之投資相關之可扣稅暫時差異，遞延稅項資產僅於暫時差異於可預見將來可能出現逆轉及有應課稅溢利以供暫時差額抵銷的情況下確認。

於各報告期間結算日會檢討遞延稅項資產之賬面值，倘不再可能取得足夠應課稅溢利以運用全部或部分遞延稅項資產扣稅，則會作出相應調減。尚未確認之遞延稅項資產，則會於各報告期間結算日重新評估，並於有可能取得足夠應課稅溢利以收回全部或部分遞延稅項資產扣稅時確認。

遞延稅項資產及負債乃按預期適用於變現資產或清還負債期間的稅率，根據於報告期末已實施或實際上已實施的稅率(及稅法)計算。

僅當本集團有可合法執行權利可將即期稅項資產與即期稅項負債抵銷，且遞延稅項資產與遞延稅項負債與同一稅務機關對同一應稅實體或於各未來期間預期待有大額遞延稅項負債或資產需要結算或清償時，擬按淨額基準結算即期稅務負債及資產或同時變現資產及結算負債之不同稅務實體徵收之所得稅相關，則遞延稅項資產與遞延稅項負債可予抵銷。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Income tax (continued)

Dividend income derived from the Company's subsidiaries in Mainland China is subject to a withholding tax under the prevailing tax rules and regulations of the People's Republic of China ("PRC").

Revenue recognition (applicable from 1 January 2018)

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2.4 主要會計政策概要 (續)

所得稅 (續)

根據中華人民共和國(「中國」)現行稅務規則及法規，來自本公司位於中國大陸之附屬公司之股息收益須繳納預扣稅。

收益確認(由二零一八年一月一日起適用)

來自客戶合約的收益

來自客戶合約的收益於貨品或服務控制權轉讓至客戶時確認，其金額反映本集團預期就交換該等貨品或服務而有權獲得之代價。

當合約中的代價包括可變金額時，估計代價金額將為本集團就轉讓貨品或服務至客戶而有權獲得。可變代價在合約開始時估計並受約束，直至可變代價的相關不確定因素其後解決，而確認的累計收益金額不大可能出現重大收益撥回。

倘合約中包含為客戶提供超過一年的重大融資利益(撥付轉讓貨品或服務至客戶)的融資部分，則收益按應收金額的現值計量，並使用本集團與客戶之間於合約開始時的單獨融資交易中反映的貼現率貼現。倘合約中包含為本集團提供超過一年的重大融資利益的融資部分，則根據該合約確認的收益包括按實際利率法計算的合約負債所產生的利息開支。就客戶付款與轉讓承諾貨品或服務之期間少於一年的合約，交易價格不會重大融資部分的影響使用香港財務報告準則第15號的可行權宜方法進行調整。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Revenue recognition (applicable from 1 January 2018) *(continued)*

Revenue from contracts with customers *(continued)*

Sale of goods

Revenue from sales of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Other income

Rental income is recognised on a time proportion basis over the lease terms.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established.

2.4 主要會計政策概要 (續)

收益確認 (由二零一八年一月一日起適用) (續)

來自客戶合約的收益 (續)

銷售貨品

銷售貨品收益於資產控制權轉移至客戶 (通常於交付貨品) 之時確認。

其他收入

租金收入乃按租賃年期之時間比例確認。

利息收入採用實際利率法按累計基準確認，並採用將金融工具於其預計年期或適當的較短期間估計未來現金收入準確貼現至金融資產賬面淨值的利率。

股息收入乃於股東收取款項的權利獲確立後確認。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Revenue recognition (applicable before 1 January 2018)

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

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) rental income, on a time proportion basis over the lease terms;
- (c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (d) dividend income, when the shareholders' right to receive payment has been established.

Contract liabilities (applicable from 1 January 2018)

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Research and development costs

All research costs are charged to the income statement as incurred.

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

2.4 主要會計政策概要 (續)

收益確認 (適用於2018年1月1日之前)

當經濟利益有可能流入本集團和當收入能可靠地計量時，收益會按下列基準確認：

- (a) 銷售貨品所得之收益，於所有權之重大風險和回報已轉移至買方時確認，惟本集團對所售貨品必須不再享有通常與所有權相關之管理權，亦不得再有實際控制權；
- (b) 租金收入在租賃期內按時間比例確認；
- (c) 利息收入以應計基準以實際利率法將金融工具的估計年期或較短期間 (如適用) 內的未來估計現金收入折現至金融資產的賬面淨值；及
- (d) 股息收入於確立股東收款權利時確認。

合約負債 (由二零一八年一月一日起適用)

合約負債指本集團因已向客戶收取代價 (或代價款項已到期) 而須向客戶轉移貨品或服務的責任。如果客戶在本集團向客戶轉移貨品或服務之前支付代價，則在付款或付款到期時 (以較早者為準) 確認合約負債。合約負債於本集團履行合約時確認為收益。

研究及開發成本

所有研究成本均於產生時自收益表扣除。

開發新產品之項目開支將撥充資本，並僅於以下情況延遲入賬：本集團能表現出完成該無形資產之技術可行性，以供使用或銷售；表現其有意完成該項資產及其使用或出售該項資產之能力；顯示該項資產如何產生日後經濟利益；顯示其能夠提供完成有關項目之資源；及顯示其有能力於開發期間可靠計量開支。不符合上述標準之產品開發開支於產生時支銷。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Government grants

Government grants, including a subsidy for the expenditure incurred in the construction cost of infrastructure projects, are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is deducted from the carrying amount of the asset and released to the income statement by way of a reduced depreciation charge.

Employee benefits

Retirement benefit schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of these employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

2.4 主要會計政策概要(續)

政府補助

政府補助(包括有關基建項目建築成本所招致開支之補助)於可合理地確定將會收取補助及將符合所有附帶條件時按公平值確認。倘補助涉及開支項目,則會於相關期間確認為收入,使該補助有系統地對應其擬補助之成本入賬。倘補助與資產有關,其公平值從資產之賬面值中扣減並透過扣減之折舊開支而轉撥至收益表。

僱員福利

退休福利計劃

本集團根據香港強制性公積金計劃條例為所有香港僱員設立定額供款強制性公積金退休福利計劃(「強積金計劃」)。供款乃按僱員基本薪金之某百分比計算,並根據強積金計劃之規則於應付時在收益表扣除。強積金計劃資產與本集團資產分開存放,由獨立管理之基金持有。本集團一經向強積金計劃供款,有關僱主供款即全數歸僱員所有。

本集團於中國大陸經營之附屬公司之僱員須參與地方市政府管理之中央退休金計劃。該等附屬公司須按其薪酬成本之若干百分比向中央退休金計劃供款。供款於根據中央退休金計劃之規則應付時於收益表扣除。

離職福利

離職福利於本集團不再能取消提供該等福利時及本集團確認涉及支付離職福利的重組成本時(以較早者為準)確認。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or income statement is also recognised in other comprehensive income or income statement, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

2.4 主要會計政策概要 (續)

外幣

該等財務報表以港元(本公司之功能貨幣)呈列。本集團屬下各實體自行決定功能貨幣,而各實體財務報表內之項目均以該功能貨幣計算。外幣交易首先按交易日期本集團屬下各實體以其功能貨幣匯率入賬。於結算日以外幣為單位之貨幣資產與負債按報告期間結算日適用之功能貨幣匯率換算。因貨幣項目結算或匯兌產生的差額於收益表確認。

根據外幣歷史成本計算之非貨幣項目按首次交易日期之匯率換算。根據外幣公平值計算之非貨幣項目按釐定公平值當日之匯率換算。換算非貨幣項目而產生的收益或虧損,按確認該項目公平價值變動的收益或虧損一致的方法處理(即其他全面收益或收益表已確認的項目公平價值收益或虧損,其換算差額亦分別於其他全面收益或收益表確認)。

終止確認與墊付代價有關的非貨幣資產或非貨幣負債時,釐定初步確認相關資產、開支或收入所用的匯率,初步交易日期為本集團初步確認墊付代價產生的非貨幣資產或非貨幣負債當日。倘涉及多筆墊付款項或預收款項,則本集團釐定每次支付或收取墊付代價的交易日期。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

2.4 Summary of Significant Accounting Policies

(continued)

Foreign currencies (continued)

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. Significant Accounting Judgements and Estimates

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

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

2.4 主要會計政策概要 (續)

外幣 (續)

若干海外附屬公司之功能貨幣並非港元。於報告期間結算日，該等實體之資產及負債均按報告期間結算日之匯率換算為港元，而該等公司之收益表按年內之加權平均匯率換算為港元。因此而产生之匯兌差額計入其他全面收入及於匯兌波動儲備累積。於出售境外營運時，就特定海外實體在其他全面收入的組成部分將於收益表確認。

就編製綜合現金流量表而言，海外附屬公司之現金流量按現金流量日期現行之匯率換算為港元。海外附屬公司在年內產生之經常性現金流量會按該年度之加權平均匯率換算為港元。

3. 主要會計判斷及估計

於編製本集團之財務報表時，管理層需對收入、支出、資產及負債之申報數額及其附帶披露、以及或然負債之披露事項作出判斷、估計及假設。該等假設及估計之不明朗因素可能導致需就日後受影響資產或負債之賬面值作出重大調整。

判斷

管理層於應用本集團之會計政策時已作出以下判斷(不包括涉及估計者)，對財務報表內確認之款項構成最重要影響者如下：

經營租約承擔 — 本集團作為出租人

本集團已就旗下之投資物業組合訂立商業物業租約。本集團已根據各安排之條款及條件之評估確定其保留經營租約出租之物業之擁有權的所有重大風險及回報。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

3. Significant Accounting Judgements and Estimates *(continued)* Judgements *(continued)*

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Income tax

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

As explained in note 28 to the financial statements, withholding tax is levied on dividends to be distributed by subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. Deferred tax is provided, at the applicable withholding tax rate, on the undistributed earnings of the Group's PRC subsidiaries that would be distributed to their respective holding companies outside Mainland China in the foreseeable future.

The Group's investment properties at fair value in Mainland China are all held to earn rental income and/or for capital appreciation and they are considered to be held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Accordingly, deferred tax on the Group's investment properties at fair value is measured to reflect the tax consequences of recovering the carrying amounts of the investment properties through use.

3. 主要會計判斷及估計 (續)

判斷 (續)

投資物業與業主佔用物業分類

本集團釐定一項物業是否符合為投資物業，並已制訂標準以作出有關判斷。投資物業乃為賺取租金或／及資本增值而持有之物業。故此，本集團考慮物業是否明顯地獨立於本集團持有的其他資產而產生現金流量。某些物業包括一部分為賺取租金或資本增值而持有，而另一部分則為生產或供應貨物或服務或行政用途而持有。倘有關部分可根據融資租賃單獨出售或出租，本集團則單獨計入該部分。倘有關部份不能單獨出售，物業只會在用於生產或供應貨物或服務或行政用途所佔比例極少的情況下計入投資物業。本集團基於物業的個別情況而作出判斷，以確定配套服務是否非常重要，致使該物業不符合為投資物業。

所得稅

使用負債法就報告期末資產與負債稅基與彼等就財務申報的賬面值之間的所有暫時差額計提遞延稅項。

如財務報表附註28所說明，於中國大陸成立的附屬公司將就二零零八年一月一日起所產生的盈利而分派的股息須繳納預扣稅。按適用預扣稅率就本集團位於中國的附屬公司將於可見將來分派予彼等各自位於中國大陸境外的控股公司的未分派盈利計提遞延稅項。

本集團位於中國大陸按公平值列賬的投資物業均持有以賺取租金收入及／或資本增值，彼等視作按其目標為隨著時間的推移消耗投資物業所包含絕大部分經濟利益而不是通過銷售的業務模式持有。因此，計量本集團按公平值列賬投資物業的遞延稅項以反映透過使用收回投資物業賬面值的稅務後果。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

3. Significant Accounting Judgements and Estimates *(continued)*

Estimation uncertainty

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

Fair value estimation of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (a) by reference to independent valuations;
- (b) current prices in an active market for properties of a different nature, condition or location (or subject to different leases or other contracts), adjusted to reflect those differences;
- (c) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and
- (d) discounted cash flow projections, based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rates for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows.

Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 17 to the financial statements.

3. 主要會計判斷及估計 (續)

估計之不明朗因素

涉及日後之主要假設及於報告期末估計不明朗因素之其他主要來源(其均會導致下個財政年度之資產及負債之賬面值出現大幅調整之重大風險)載於下文：

投資物業公平值的估計

倘缺乏類似物業於活躍市場的當前價格，本集團將考慮不同來源的資料，包括：

- (a) 參考獨立估值；
- (b) 不同性質、狀況或地點(或不同租賃或其他合同)的物業於活躍市場的當前價格(須就反映該等差異作出調整)；
- (c) 類似物業於活躍程度稍遜市場的近期價格，經調整以反映自按該等價格進行交易當日起之任何經濟情況變動；及
- (d) 根據未來現金流量之可靠估計而作出之折現現金流量預測，該預測乃根據任何現有租約及其他合約之條款，以及(如有可能)外在因素(如相同地點及狀況之類似物業之現行市場租金等)而作出，並採用可反映當時市場對不確定之現金流量金額及時間之評估之折現率計算。

包括用於公平值計量的主要假設及敏感度分析的進一步詳情載於財務報表附註17。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

3. Significant Accounting Judgements and Estimates *(continued)*

Estimation uncertainty *(continued)*

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region and customer type). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 21 to the financial statements.

3. 主要會計判斷及估計 (續)

估計之不明朗因素 (續)

應收貿易賬款預期信貸虧損撥備

本集團使用撥備矩陣計算應收貿易賬款的預期信貸虧損。撥備率乃基於具有類似虧損模式的多個客戶分類組別(即地理區域及客戶類型)的逾期天數釐定。撥備矩陣最初基於本集團的歷史觀察違約率。本集團將通過調整矩陣以調整歷史信貸虧損經驗與前瞻性資訊。於各報告日期，歷史觀察到的違約率都會被更新，並分析未來其可能發生的變化。

對歷史觀察到的違約率、預測的經濟狀況及預期信貸虧損之間的相關性的評估是一個重要的估計。預期信貸虧損的金額對環境的變化及預測的經濟狀況很敏感。本集團的歷史信貸虧損經驗及對經濟狀況的預測亦可能無法代表客戶未來實際違約。有關本集團應收貿易賬款的預期信貸虧損的資料於財務報表附註21披露。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

3. Significant Accounting Judgements and Estimates *(continued)*

Estimation uncertainty *(continued)*

Inventory provision

The Group manufactures and sells goods and is subject to changing consumer demands and fashion trends. As a result, it is necessary to consider the recoverability of the cost of inventories and the associated provision required. When calculating the inventory provision, management considers the nature and condition of inventories, as well as applying assumptions around anticipated marketability of finished goods and the future usage of raw materials.

Estimation of the fair value of Other Asset (as defined in note 19) at its initial recognition

As disclosed in note 19, the carrying amount of Other Asset at 31 December 2017 was HK\$431,807,000. Other Asset, being the consideration received upon disposal of the Original Properties under the Relocation Arrangement, is initially recognised at its fair value and subsequently carries at cost less impairment. The fair value of Other Asset, at its initial recognition at HK\$416,744,000 has been arrived at on the basis of the valuation performed by independent professionally qualified valuers. In determining the fair value, the valuer has based on a method of valuation which involves certain assumptions, including gross unit rate per square meter. The assumptions used in the valuation have involved significant management judgement.

Impairment assessment of Other Asset

As disclosed in note 19, Other Asset is the right to receive the new properties and is stated at cost less any impairment losses. Under the annual impairment testing, an impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The Group conducted the impairment assessment by comparing the net carrying amount of Other Asset with its fair value as determined based on the valuation performed by independent professionally qualified valuers and a method of valuation which involved certain assumptions, including gross unit rate per square meter. The assumptions used in the valuation have involved significant management judgement.

3. 主要會計判斷及估計 (續)

估計之不明朗因素 (續)

存貨撥備

本集團製造及銷售商品，並受到消費者需求及時裝潮流不斷變化的影響。因此，有需要考慮存貨成本的可收回性以及所需的相關撥備。在計算存貨撥備時，管理層會考慮存貨的性質及狀況，並應用關於製成品預計適銷性及日後原材料用量的假設。

於報告期末初始確認之其他資產的估計公平值 (定義見附註 19)

如附註 19 披露，其他資產於二零一七年十二月三十一日的賬面值為 431,807,000 港元。其他資產 (根據搬遷安排出售原物業的已收代價) 初步按其公平值確認，其後按成本減減值入賬。初始確認的其他資產公平值 416,744,000 港元乃基於獨立專業合資格估值師進行的估值計算得出。釐定公平值時，估值師基於涉及若干假設 (包括每平方米的總單位價) 的估值法。估值所用假設涉及重大管理層判斷。

其他資產的減值評估

如附註 19 披露，其他資產是接收新物業的權利，並按成本減任何減值虧損列賬。當進行年度減值測試時，資產或現金產生單位的賬面值超過其可收回金額 (即其公平值減出售成本及使用價值兩者中的較高者) 時，則存在減值。本集團通過比較其他資產的賬面淨值與根據獨立專業合資格估值師進行的估值釐定的公平值以及涉及若干假設 (包括每平方米的總單位價) 的估值方法進行減值評估。估值所用假設涉及重大管理層判斷。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

4. Segment Information

The Group's primary operating segment is the manufacture and sale of ladies' brassieres, panties, swimwear, sleepwear and others. Since this is the only operating segment of the Group, no further analysis thereof is presented. In determining the Group's geographical information, the revenue information is based on the locations of the customers, and the total non-current assets information, other than deferred tax assets, is based on the locations of the assets.

4. 分部資料

本集團之主要經營分部是女士胸圍、內褲、泳衣、睡衣及其他之製造及銷售。由於此為本集團之唯一經營分部，故並無呈列進一步之分析。決定本集團之地區資料時，收益資料乃按客戶所在地為基礎，總非流動資產(遞延稅項資產除外)資料按資產所在地為基礎。

	Mainland China 中國大陸		Hong Kong 香港		Others 其他		Total 總計	
	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Revenue from external customers 外界客戶之收益	2,375,600	2,258,439	71,431	74,583	4,843	6,502	2,451,874	2,339,524
Non-current assets 非流動資產	1,991,688	1,987,426	99,086	91,376	-	-	2,090,774	2,078,802
Capital expenditure incurred during the year 年內資本開支	228,076	99,459	397	775	-	-	228,473	100,234

For the years ended 31 December 2018 and 2017, as no revenue from sales to any customer of the Group has individually accounted for over 10% of the Group's total revenue, no information about major customers is presented under HKFRS 8.

截至二零一七年及二零一八年十二月三十一日止年度，由於本集團並無任何客戶之銷售收益個別佔本集團總收益10%以上，故並未根據香港財務報告準則第8號呈報主要客戶的資料。

5. Revenue

An analysis of revenue is as follows:

5. 收益

收入分析如下：

	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Revenue from contracts with customers 來自客戶合約的收益		
Sale of goods 銷售貨品	2,451,874	2,339,524

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

5. Revenue (continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2018

5. 收益(續)

來自客戶合約的收益

(i) 分類收益資料

截至二零一八年十二月三十一日

		HK\$'000 千港元
Business activities	業務活動	
Concessionary counters	銷售專櫃	1,820,817
Retail stores	零售店鋪	237,582
Internet and wholesale	網上銷售及批發	388,632
Original design manufacturer ("ODM")	原設計製造商	4,843
		2,451,874
Brands	品牌	
Embry Form	安莉芳	1,113,604
Fandecie	芬狄詩	615,805
Comfit	Comfit	232,251
E-BRA	E-BRA	246,213
LIZA CHENG	LIZA CHENG	52,121
IVU	IVU	115,227
IADORE	安朵	71,810
ODM products	ODM 產品	4,843
		2,451,874
Products	產品	
Lingerie	女性內衣	2,139,176
Sleepwear	睡衣	165,146
Swimwear	泳衣	123,220
ODM products	ODM 產品	4,843
Other products	其他產品	19,489
		2,451,874

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

5. Revenue (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	在期初時包含在合約負債中所確認的收入：
Sale of goods	銷售貨品

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The Group sells goods directly to retail customers via retail stores, concessionary counters and internet. The performance obligation is satisfied when the product is transferred to the customers upon delivery of goods. Payment of the transaction price is due immediately when the customers purchase the goods. The payment is usually settled in cash or using credit cards.

The Group also sells goods to wholesalers. The performance obligation is satisfied when control of the products has been transferred, being when the products are delivered to the wholesalers and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. The payment is generally due within one month, extending up to three months for major customers, from delivery, except for certain wholesalers, where payment in advance is normally required.

As a practical expedient, the transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018 are not disclosed in the notes to the financial statements because all the remaining performance obligations in relation to the sale of goods are a part of contracts that have an original expected duration of one year or less.

5. 收益 (續)

來自客戶合約的收益 (續)

(i) 分類收益資料 (續)

下表顯示本報告期內確認的收入金額，包括在報告期初的合約負債中，並確認上年度期初所履行的履約責任：

2018
二零一八年
HK\$'000
千港元

90,754

(ii) 履約責任

有關本集團履約責任的資料概述如下：

銷售貨品

本集團透過零售店、特許櫃檯及互聯網直接向零售客戶銷售貨物。履約責任在交付產品時得到確認。當客戶購買商品時，需立即以交易價格支付。付款一般以現金或信用卡結算。

本集團亦向批發商出售貨品。履約責任在產品的控制權交付時得到確認，即產品交付予批發商且並無未履約義務可能影響批發商對產品的接收。付款期通常為一個月，主要客戶延長至最多三個月（自產品送遞後起計算），惟若干批發商除外，一般需要提前付款。

作為可行的權宜之計，於二零一八年十二月三十一日分配予餘下履約責任（未履行或部分未履行）的交易價格並未在財務報表附註中披露，乃由於與貨品銷售有關的所有餘下履約責任是原始預期期限為一年或以下的合約一部分。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

6. Other Income and Gains, Net

6. 其他收入及收益，淨額

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Other income	其他收入		
Subsidy income*	補貼收入*	50,407	41,139
Gross rental income	租金收入總額	18,861	16,361
Contingent rents receivable in respective of operating leases	經營租賃的應收或然租金	682	725
Bank interest income	銀行利息收入	3,028	2,256
Interest accretion on non-current receivables	非即期應收款項的利息增加	1,757	-
Royalty income	專利權收入	121	159
Others	其他	2,753	2,180
		77,609	62,820
Gains, net	收益，淨額		
Foreign exchange differences, net	匯兌差異，淨額	(14,096)	22,583
Changes in fair value of investment properties (note 17)	投資物業公平值變動(附註17)	9,000	4,000
		(5,096)	26,583
		72,513	89,403

* There are no unfulfilled conditions or contingencies relating to this income.

* 此收入並無涉及任何未達成之條件或或然事項。

7. Other Expenses

7. 其他開支

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Charitable donation	慈善捐款	9,048	8,536
Loss on disposal/write-off of items of property, plant and equipment, net	出售/撇銷物業、廠房及設備項目之虧損，淨額	1,132	287
Write-off of deposits	按金之撇銷	2,265	-
		12,445	8,823

8. Finance Costs

8. 融資成本

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Total interest on bank loans	總銀行借款利息	12,888	9,304

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

9. Profit Before Tax

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

9. 除稅前溢利

本集團之除稅前溢利已扣除／(計入)：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Cost of inventories sold*	已售存貨成本*	491,847	514,032
Depreciation	折舊	75,807	57,218
Amortisation of prepaid land lease payments	預付土地租賃款項之攤銷	977	988
Minimum lease payments under operating leases in respect of:	有關以下各項經營租約之最低租賃款項：		
Land and buildings	土地及樓宇	99,850	82,039
Contingent rents of retail outlets in department stores	百貨公司內零售點的或然租金	516,345	541,284
Employee benefit expenses (excluding directors' and chief executive's remuneration — note 10):	僱員福利開支(不包括董事及行政總裁薪酬 — 附註10)：		
Wages and salaries	工資及薪金	689,808	649,172
Provision/(write-back of provision) for long service payments	長期服務金撥備／(撥備撥回)	2,221	(1,700)
Retirement benefit scheme contributions	退休福利計劃供款	67,938	64,817
		759,967	712,289
Auditor's remuneration	核數師酬金	2,880	2,980
Advertising and counter decoration expenses	廣告及櫃位裝飾開支	166,169	121,369
Write-back of provision for obsolete inventories, net	陳舊存貨撥備撥回，淨額	(18,946)	(6,253)
Write-off of deposits	按金之撇銷	2,265	-
Impairment of trade receivables, net**	應收貿易賬款減值，淨額**	5,624	2,784
Research and development expenditure	研究及開發開支	2,697	2,800
Loss on disposal/write-off of items of property, plant and equipment, net	出售／撇銷物業、廠房及設備項目之虧損，淨額	1,132	287
Foreign exchange differences, net	匯兌差異，淨額	14,096	(22,583)
Gross and net rental income	租金收入總額及淨額	(19,543)	(17,086)
Changes in fair value of investment properties	投資物業公平值變動	(9,000)	(4,000)
Bank interest income	銀行利息收入	(3,028)	(2,256)
Interest accretion on non-current receivables	非流動應收款項的利息	(1,757)	-

* The cost of inventories sold for the year included HK\$152,775,000 (2017: HK\$128,050,000), relating to staff costs, depreciation of manufacturing facilities and the write-back of provision for obsolete inventories, net, which are also included in the respective total amounts disclosed above for each type of expenses.

** The impairment of trade receivables, net, is included in "Administrative expenses" on the face of the consolidated income statement.

* 已售存貨成本包括員工成本、製造設備折舊及陳舊存貨撥備，淨額為152,775,000港元(二零一七年：128,050,000港元)。有關總額亦已記入以上披露之各類相關開支中。

** 應收貿易賬款減值，淨額已計入綜合收益表的「行政開支」內。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

10. Directors' and Chief Executive's Remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

		2018	2017
		二零一八年	二零一七年
		HK\$'000	HK\$'000
		千港元	千港元
Fees	袍金	1,032	1,026
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	10,034	7,887
Bonuses*	花紅*	5,967	5,752
Retirement benefit scheme contributions	退休福利計劃供款	43	36
		17,076	14,701

* Executive directors of the Company are entitled to bonus payments which are determined as a percentage of the profit after tax of the Group.

10. 董事及行政總裁薪酬

根據香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」、香港公司條例第383(1)(a), (b), (c)及(f)條、以及公司(披露董事利益資料)規例第2部披露如下：

* 本公司執行董事有權獲派發花紅，而花紅金額則按本集團除稅後溢利的一定百分比釐定。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

10. Directors' and Chief Executive's Remuneration (continued)

10. 董事及行政總裁薪酬(續)

2018

二零一八年

		Salaries, allowances and benefits		Bonuses	Retirement benefit scheme contributions	Total remuneration
		Fees	in kind			
			薪金、津貼及袍金	花紅	退休福利計劃供款	總薪酬
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
<i>Executive directors:</i>		<i>執行董事：</i>				
Mr. Cheng Man Tai [#]	鄭敏泰先生 [#]	-	1,424	638	7	2,069
Madam Ngok Ming Chu	岳明珠女士	-	4,037	2,022	18	6,077
Ms. Cheng Pik Ho Liza ^{**}	鄭碧浩女士 ^{**}	-	2,910	2,057	18	4,985
Mr. Cheng Chuen Chuen	鄭傳全先生	-	505	323	-	828
Ms. Lu Qun	鹿群女士	-	1,158	927	-	2,085
		-	10,034	5,967	43	16,044
<i>Independent non-executive directors:</i>		<i>獨立非執行董事：</i>				
Mr. Lau Siu Ki	劉紹基先生	344	-	-	-	344
Mr. Lee Kwan Hung	李均雄先生	344	-	-	-	344
Prof. Lee T. S.	李天生教授	344	-	-	-	344
		1,032	-	-	-	1,032
		1,032	10,034	5,967	43	17,076

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

10. Directors' and Chief Executive's Remuneration (continued)

10. 董事及行政總裁薪酬(續)

2017

二零一七年

		Fees	Salaries, allowances and benefits in kind	Bonuses	Retirement benefit scheme contributions	Total remuneration
		袍金	薪金、津貼及實物利益	花紅	退休福利計劃供款	總薪酬
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
<i>Executive directors:</i>	<i>執行董事：</i>					
Madam Ngok Ming Chu	岳明珠女士	-	3,873	2,397	18	6,288
Ms. Cheng Pik Ho Liza**	鄭碧浩女士**	-	2,822	2,348	18	5,188
Mr. Cheng Chuen Chuen***	鄭傳全先生***	-	128	92	-	220
Ms. Lu Qun	鹿群女士	-	1,064	915	-	1,979
		-	7,887	5,752	36	13,675
<i>Independent non-executive directors:</i>	<i>獨立非執行董事：</i>					
Mr. Lau Siu Ki	劉紹基先生	342	-	-	-	342
Mr. Lee Kwan Hung	李均雄先生	342	-	-	-	342
Prof. Lee T. S.	李天生教授	342	-	-	-	342
		1,026	-	-	-	1,026
		1,026	7,887	5,752	36	14,701

* Mr. Cheng Man Tai resigned as a consultant of the Company (note 13) and was appointed as an executive director of the Company on 23 August 2018.

* 鄭敏泰先生於二零一八年八月二十三日辭任本公司顧問(附註13)並獲委任為本公司執行董事。

** Ms. Cheng Pik Ho Liza, a director of the Company, is also the chief executive officer of the Company.

** 本公司董事鄭碧浩女士亦擔任本公司之行政總裁。

*** Mr. Cheng Chuen Chuen was appointed as an executive director of the Company on 22 September 2017.

*** 鄭傳全先生於二零一七年九月二十二日獲委任為本公司執行董事。

There were no arrangements under which a director or the chief executive waived or agreed to waive any remuneration during the year.

有關期間內並無董事或行政總裁免收或同意免收任何薪酬之安排。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

11. Five Highest Paid Individuals

The five highest paid employees during the year included three (2017: three) directors, details of whose remuneration are set out in note 10 to the financial statements above. Details of the remuneration for the year of the remaining two (2017: two) highest paid employees who are neither directors nor chief executive of the Company are as follows:

		2018	2017
		二零一八年	二零一七年
		HK\$'000	HK\$'000
		千港元	千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	2,899	2,851
Bonuses	花紅	2,435	1,831
Retirement benefit scheme contributions	退休福利計劃供款	74	81
		5,408	4,763

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

		Number of employees	
		僱員人數	
		2018	2017
		二零一八年	二零一七年
Nil to HK\$1,000,000	零至 1,000,000 港元	-	-
HK\$1,000,001 to HK\$1,500,000	1,000,001 港元至 1,500,000 港元	-	-
HK\$1,500,001 to HK\$2,000,000	1,500,001 港元至 2,000,000 港元	-	1
HK\$2,000,001 to HK\$2,500,000	2,000,001 港元至 2,500,000 港元	1	-
HK\$2,500,001 to HK\$3,000,000	2,500,001 港元至 3,000,000 港元	-	1
HK\$3,000,001 to HK\$3,500,000	3,000,001 港元至 3,500,000 港元	1	-
		2	2

11. 五名最高薪人士

年內五名最高薪人士包括三名董事(二零一七年：三名)，其薪酬詳情已於上文財務報表附註10載述。年內其餘兩名(二零一七年：兩名)非本公司董事或行政總裁之最高薪僱員之薪酬詳情如下：

	2018	2017
	二零一八年	二零一七年
	HK\$'000	HK\$'000
	千港元	千港元
Salaries, allowances and benefits in kind	2,899	2,851
Bonuses	2,435	1,831
Retirement benefit scheme contributions	74	81
	5,408	4,763

薪酬屬於以下組別之非董事及非行政總裁最高薪僱員人數如下：

	Number of employees	
	僱員人數	
	2018	2017
	二零一八年	二零一七年
Nil to HK\$1,000,000	-	-
HK\$1,000,001 to HK\$1,500,000	-	-
HK\$1,500,001 to HK\$2,000,000	-	1
HK\$2,000,001 to HK\$2,500,000	1	-
HK\$2,500,001 to HK\$3,000,000	-	1
HK\$3,000,001 to HK\$3,500,000	1	-
	2	2

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

12. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the regions in which the Group operates.

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current — Hong Kong	即期稅項—香港		
Charge for the year	年內稅項	—	2,986
Overprovision in prior years	過往年度之超額撥備	(9)	(20)
Current — Mainland China	即期稅項—中國大陸		
Charge for the year	年內稅項	68,968	63,276
Deferred (note 28)	遞延(附註28)	6,952	113,918
Total tax charge for the year	年度之總稅項支出	75,911	180,160

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the regions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Profit before tax	除稅前溢利	227,076	675,459
Tax at the applicable rates	適用稅率計算之稅項	59,391	169,458
Adjustments in respect of current tax of previous periods	調整過往期間之即期稅項	(9)	(20)
Income not subject to tax	毋須課稅之收入	(7,917)	(2,690)
Expenses not deductible for tax	不可扣稅之開支	2,590	3,955
Effect of withholding tax at 5% on the distributable profit of the Group's PRC subsidiaries	本集團之中國附屬公司之可供分派利潤按5%計算之預扣稅之影響	10,509	—
Tax losses not recognised	未確認稅項虧損	9,144	7,605
Others	其他	2,203	1,852
Tax charge at the Group's effective rate	按本集團之實際稅率計算之稅項支出	75,911	180,160

12. 所得稅

香港利得稅乃根據年內估計在香港產生之應課稅溢利，按16.5%（二零一七年：16.5%）之稅率作出撥備。其他地方應課稅溢利之稅項已按本集團經營業務地區之目前稅率計算。

以本公司及其大部份附屬公司註冊地區之法定稅率及除稅前溢利計算之稅項開支，與使用實際稅率計算之稅項開支的對賬如下：

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

13. Related Party Transactions

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

13. 有關連人士交易

- (a) 除該等財務報表其他部份所述之交易外，本集團於年內與有關連人士進行之重大交易如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
	Notes 附註		
<i>Continuing transactions</i>	<i>持續交易</i>		
Purchases of furniture and decoration services for counters and shops as well as different types of moulds from related companies	(i)	21,093	15,007
Rental expenses and utilities expenses for a property charged by a related company	(ii)	-	91
Rental expenses for a warehouse charged by a director of the Company	(iii)	319	167
Consultancy fee to a controlling shareholder of the Company	(iv)	769	1,287

Notes:

- (i) The purchases of furniture and decoration services for counters and shops as well as different types of moulds from 多思維五金塑料製品(深圳)有限公司 (Duosiwei Metal & Plastic Products (Shenzhen) Co., Ltd.) and 常州多思維傢俱裝飾工程有限公司 (Changzhou Duosiwei Furniture Decoration Construction Co., Ltd.), related companies controlled by Mr. Cheng Chuen Chuen, an executive director of the Company, and 新思維實業(深圳)有限公司 (Xinsiwei Industry (Shenzhen) Co., Ltd.), a related company controlled by close family members of Mr. Cheng Chuen Chuen, an executive director of the Company, were made according to the terms similar to those offered by the Group's independent suppliers. The balances owed to related companies as at 31 December 2018 amounted to HK\$6,470,000 (2017: HK\$3,716,000) and were unsecured, interest-free and repayable in accordance with normal trading terms. The amounts have been included in other payables and accruals as at the end of the year.
- (ii) In the prior year, the rental expenses and utilities expenses charged by 常州安莉芳發展有限公司 (Changzhou Embry Development Limited), a related company, which was controlled by Ms. Cheng Pik Ho Liza, an executive director of the Company, and close family members of Mr. Cheng Man Tai, a controlling shareholder of the Company, Madam Ngok Ming Chu and Ms. Cheng Pik Ho Liza, two executive directors of the Company, were determined with reference to the then prevailing market conditions. The Group entered into a new tenancy agreement with the related company effective from 10 April 2016 subsequent to the termination of the previous tenancy agreement on 31 May 2015. The tenancy agreement expired on 9 April 2017.

附註：

- (i) 分別向本公司執行董事鄭傳全先生所控制的關連公司多思維五金塑料製品(深圳)有限公司及常州多思維傢俱裝飾工程有限公司以及本公司執行董事鄭傳全先生的親屬所控制的關連公司新思維實業(深圳)有限公司購買櫃位及店舖之傢俬及裝修服務以及各類型模具條款與本集團獨立供應商所提供之條款相若。於二零一八年十二月三十一日欠付關連公司之結餘為6,470,000港元(二零一七年：3,716,000港元)乃無抵押、免息及需按一般買賣條款償還。該等款額已於年末結算日列作其他應付款項及應計款項。
- (ii) 於去年，由本公司執行董事鄭碧浩女士及本公司控股股東鄭敏泰先生與兩位執行董事岳明珠女士和鄭碧浩女士之親屬所控制之關連公司常州安莉芳發展有限公司收取之租金及公共設施開支乃參考當時之市況釐定。舊有租賃協議於二零一五年五月三十一日終止後，本集團與相關公司訂立新租賃協議，該協議於二零一六年四月十日起生效。該租賃協議已於二零一七年四月九日到期。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

13. Related Party Transactions (continued)

(a) (continued)

Notes: (continued)

- (iii) The rental expenses were charged by Madam Ngok Ming Chu, an executive director of the Company, and determined with reference to the then prevailing market conditions.
- (iv) Mr. Cheng Man Tai, a controlling shareholder of the Company, had been serving as a consultant of the Company since 25 March 2014. He had been engaged for the fifth term of one year effective from 25 March 2018 and ceased to be a consultant of the Company on 23 August 2018 upon appointment as an executive director of the Company. The terms of the consultancy fee were based on consultancy agreements entered into between the Group and Mr. Cheng Man Tai.

The above transactions constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules and their details are disclosed in the report of the directors.

The directors are of the opinion that the above transactions were conducted in the ordinary course of business of the Group.

(b) Compensation of key management personnel of the Group

Short term employee benefits	短期僱員福利
Post-employment benefits	離職後福利
Total compensation paid to key management personnel	支付予主要管理人員之總薪酬

Further details of directors' and chief executive's remuneration are included in note 10 to the financial statements.

13. 有關連人士交易 (續)

(a) (續)

附註：(續)

- (iii) 租金開支乃由本公司執行董事岳明珠女士收取並參考當時之市況釐定。
- (iv) 本公司控股股東鄭敏泰先生自二零一四年三月二十五日起擔任本公司顧問。他自二零一八年三月二十五日獲第五屆委聘為本公司顧問為期一年，並於二零一八年八月二十三日獲委任為本公司執行董事後不再擔任本公司顧問。顧問費的條款是根據本集團及本公司控股股東鄭敏泰先生之間的協議釐定。

根據上市規則第14A章，以上交易構成持續關連交易，有關詳情已於董事會報告內披露。

董事認為上述交易是於本集團日常業務過程中進行。

(b) 本集團主要管理人員之薪酬

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
23,560	19,966
219	240
23,779	20,206

董事及行政總裁薪酬的詳情載於財務報表附註10。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

14. Dividends

14. 股息

	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Dividends paid during the year		
Final in respect of the financial year ended 31 December 2017 — HK8.0 cents per ordinary share (2017: Final and special in respect of the financial year ended 31 December 2016 — HK4.3 cent, per ordinary share*)	33,793	17,916
Interim — HK3.5 cents (2017: HK2.5 cents [^]) per ordinary share	14,785	10,528
	48,578	28,444
Proposed final dividend		
Final — HK7.0 cents (2017: Final — HK8.0 cents) per ordinary share	29,569	33,793

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the final dividend payable.

年內擬派末期股息須待本公司股東於應屆股東週年大會上批准。該等財務報表並未反映應付末期股息。

* On 25 May 2017, the Company's shareholders approved at the annual general meeting a final dividend of HK4.3 cents per share payable in cash with a scrip dividend alternative (the "2016 Scrip Dividend Scheme") for the year ended 31 December 2016 (the "2016 Final Dividend"). During the year ended 31 December 2017, 4,461,797 new shares were issued by the Company at the average closing price of HK\$3.058 per share, credited as fully paid, to shareholders of the Company who had elected to receive scrip shares in lieu of cash under the 2016 Scrip Dividend Scheme to settle HK\$13,645,000 of the 2016 Final Dividend. The remainder of the 2016 Final Dividend of HK\$4,271,000 was satisfied by cash. Further details of the 2016 Scrip Dividend Scheme are set out in the Company's circular dated 13 June 2017.

* 於二零一七年五月二十五日，本公司的股東於股東週年大會上通過截至二零一六年十二月三十一日止年度現金支付的末期股息每股4.3港仙，可選擇以股代息（「二零一六年以股代息計劃」）（「二零一六年末期股息」）。截至二零一七年十二月三十一日止年度，本公司已按平均收市價格每股3.058港元發行4,461,797股入賬列為繳足的新股份予本公司按二零一六年以股代息計劃選擇收取以代息股份代替現金的股東，以償付二零一六年末期股息13,645,000港元。二零一六年末期股息餘額4,271,000港元已透過現金結清。有關二零一六年以股代息計劃的進一步詳情載列於本公司日期為二零一七年六月十三日的通函。

[^] On 23 August 2017, the Company's board of directors declared an interim dividend of HK2.5 cents per share payable in cash with a scrip dividend alternative (the "2017 Interim Scrip Dividend Scheme") for the six months ended 30 June 2017 (the "2017 Interim Dividend"). During the year ended 31 December 2017, 1,293,841 new shares were issued by the Company at the average closing price of HK\$2.536 per share, credited as fully paid, to shareholders of the Company who had elected to receive scrip shares in lieu of cash under the 2017 Interim Scrip Dividend Scheme to settle HK\$3,281,000 of the 2017 Interim Dividend. The remainder of the 2017 Interim Dividend of HK\$7,247,000 was satisfied by cash. Further details of the 2017 Interim Scrip Dividend Scheme are set out in the Company's circular dated 21 September 2017.

[^] 於二零一七年八月二十三日，本公司董事會宣佈截至二零一七年六月三十日止六個月期間現金支付的中期股息每股2.5港仙，可選擇以股代息（「二零一七年中期以股代息計劃」）（「二零一七年年中期股息」）。截至二零一七年十二月三十一日止年度，本公司已按平均收市價格每股2.536港元發行1,293,841股入賬列為繳足的新股份予本公司按二零一七年中期以股代息計劃選擇收取以代息股份代替現金的股東，以償付二零一七年年中期股息3,281,000港元。二零一七年年中期股息餘額7,247,000港元已透過現金結清。有關二零一七年年中期以股代息計劃的進一步詳情載列於本公司日期為二零一七年九月二十一日的通函。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

15. Earnings Per Share Attributable to Owners of the Company

(a) Basic

The calculation of basic earnings per share is based on:

Earnings	盈利
Profit attributable to owners of the Company, used in the basic earnings per share calculation	用於計算每股基本盈利之本公司擁有人應佔溢利
151,165	495,299
Shares	股份
Weighted average number of ordinary shares of the Company in issue, used in the basic earnings per share calculation	計算本公司每股基本盈利所採用之年內已發行普通股加權平均數
422,416,638	419,016,814
Basic earnings per share (HK cents)	每股基本盈利(港仙)
35.79	118.21

(b) Diluted

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2018 and 2017.

15. 本公司擁有人應佔每股盈利

(a) 基本

每股基本盈利乃按以下數據計算：

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
151,165	495,299
Number of shares 股份數目	
2018 二零一八年	2017 二零一七年
422,416,638	419,016,814
35.79	118.21

(b) 攤薄

截至二零一七年及二零一八年十二月三十一日止年度，本集團並無發行具潛在攤薄影響之普通股。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

15. Earnings Per Share Attributable to Owners of the Company (continued)

(c) Adjusted

As further disclosed in note 19 to the financial statements, in the prior year, the Group recognised a gain on the Relocation Arrangement of HK\$449,980,000 and the respective income tax expense of HK\$112,495,000. Management was of the view that the gain was non-recurring and, in order to enable an investor to better understand the Group's result, it was meaningful to present a reconciliation of adjusted basic earnings per share based on profits attributable to owners of the Company excluding the gain on the Relocation Arrangement and the respective income tax expense.

The calculation of adjusted basic earnings per share was based on:

15. 本公司擁有人應佔每股盈利 (續)

(c) 經調整

誠如財務報表附註19所披露，於去年內，本集團確認搬遷安排收益449,980,000港元及相關所得稅開支112,495,000港元。管理層認為該收益為非經常性收益，為使投資者能夠更好地理解本集團的業績，故每股經調整基本盈利按撇除搬遷安排收益及相關所得稅開支的本公司擁有人應佔溢利作出調整。

每股經調整基本盈利乃按以下數據計算：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Earnings	盈利		
Profit attributable to owners of the Company	本公司擁有人應佔溢利	151,165	495,299
Adjustments for:	調整：		
Gain on the Relocation Arrangement	搬遷安排收益	-	(449,980)
Income tax expense on the Relocation Arrangement	搬遷安排所得稅開支	-	112,495
Adjusted earnings	經調整盈利		
Profit attributable to owners of the Company excluding the gain on the Relocation Arrangement and the respective income tax expense	撇除搬遷安排收益及相關所得稅開支的本公司擁有人應佔溢利	151,165	157,814
Adjusted basic earnings per share excluding the gain on the Relocation Arrangement and the respective income tax expense (HK cents)	撇除搬遷安排收益及相關所得稅開支每股經調整基本盈利(港仙)	35.79	37.66

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

16. Property, Plant and Equipment

16. 物業、廠房及設備

		Leasehold land and buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
		租賃土地 及樓宇	租賃物業 裝修	廠房及 機器	傢俬、裝置 及辦公室 設備	汽車	在建工程	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
31 December 2018	二零一八年十二月三十一日							
Cost:	成本:							
At 1 January 2018	於二零一八年一月一日	868,807	3,690	103,682	255,876	14,888	278,146	1,525,089
Additions	添置	-	-	2,142	41,808	355	184,188	228,473
Disposals/write-off	出售/撇銷	-	-	(1,553)	(2,529)	(2,066)	-	(6,148)
Transfers	轉撥	159,502	-	106,941	17,898	-	(284,341)	-
Transfer to investment properties (note)	轉撥至投資物業(附註)	(27,648)	-	-	-	-	-	(27,648)
Exchange realignment	匯兌調整	(53,685)	-	(10,670)	(16,038)	(549)	(11,251)	(92,193)
At 31 December 2018	於二零一八年十二月三十一日	946,976	3,690	200,542	297,015	12,608	166,742	1,627,573
Accumulated depreciation:	累計折舊:							
At 1 January 2018	於二零一八年一月一日	116,087	3,690	61,342	170,531	11,061	-	362,711
Provided during the year	年內撥備	21,122	-	16,274	36,941	1,470	-	75,807
Disposals/write-off	出售/撇銷	-	-	(1,496)	(1,426)	(1,972)	-	(4,894)
Transfer to investment properties (note)	轉撥至投資物業(附註)	(4,089)	-	-	-	-	-	(4,089)
Exchange realignment	匯兌調整	(6,694)	-	(4,054)	(10,243)	(441)	-	(21,432)
At 31 December 2018	於二零一八年十二月三十一日	126,426	3,690	72,066	195,803	10,118	-	408,103
Net book value:	賬面淨值:							
At 31 December 2018	於二零一八年十二月三十一日	820,550	-	128,476	101,212	2,490	166,742	1,219,470

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

16. Property, Plant and Equipment (continued)

16. 物業、廠房及設備(續)

		Leasehold land and buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and office equipment 傢俬、裝置 及辦公室 設備	Motor vehicles	Construction in progress	Total
		租賃土地 及樓宇 HK\$'000 千港元	租賃物業 裝修 HK\$'000 千港元	廠房及 機器 HK\$'000 千港元	HK\$'000 千港元	汽車 HK\$'000 千港元	在建工程 HK\$'000 千港元	總計 HK\$'000 千港元
31 December 2017	二零一七年十二月三十一日							
Cost:	成本:							
At 1 January 2017	於二零一七年一月一日	848,635	3,690	103,250	222,848	15,065	191,313	1,384,801
Additions	添置	-	-	238	26,151	603	73,242	100,234
Disposals/write-off	出售/撇銷	(14,280)	-	(8,237)	(15,982)	(1,689)	-	(40,188)
Transfers	轉撥	-	-	-	5,010	-	(5,010)	-
Transfer to investment properties (note)	轉撥至投資物業(附註)	(32,930)	-	-	-	-	-	(32,930)
Exchange realignment	匯兌調整	67,382	-	8,431	17,849	909	18,601	113,172
At 31 December 2017	於二零一七年十二月三十一日	868,807	3,690	103,682	255,876	14,888	278,146	1,525,089
Accumulated depreciation:	累計折舊:							
At 1 January 2017	於二零一七年一月一日	106,867	3,690	56,982	144,727	10,322	-	322,588
Provided during the year	年內撥備	18,008	-	7,502	30,004	1,704	-	57,218
Disposals/write-off	出售/撇銷	(12,689)	-	(7,954)	(15,500)	(1,655)	-	(37,798)
Transfer to investment properties (note)	轉撥至投資物業(附註)	(4,217)	-	-	-	-	-	(4,217)
Exchange realignment	匯兌調整	8,118	-	4,812	11,300	690	-	24,920
At 31 December 2017	於二零一七年十二月三十一日	116,087	3,690	61,342	170,531	11,061	-	362,711
Net book value:	賬面淨值:							
At 31 December 2017	於二零一七年十二月三十一日	752,720	-	42,340	85,345	3,827	278,146	1,162,378

At 31 December 2017, the Group was still in the progress of obtaining the building ownership certificates for certain buildings in Mainland China with a net book value of approximately HK\$171,267,000 (the "Buildings"). As at 31 December 2018, the Group has obtained all the building ownership certificates of the Buildings in Mainland China.

Note: During the year ended 31 December 2018, the Group rented out one of its occupied properties to an independent third party for rental income. At the date of change in use, this property became investment property. Upon the transfer from property, plant and equipment to investment properties, this property was revalued at HK\$28,810,000 (2017: HK\$35,349,000) with a revaluation surplus of HK\$5,251,000 (2017: HK\$6,636,000) credited to the asset revaluation reserve.

於二零一七年十二月三十一日，本集團仍在辦理其位於中國大陸中的數座物業的房屋(「房屋」)所有權證之手續，該等物業的賬面淨值約171,267,000港元。於二零一八年十二月三十一日，本集團已取得所有房屋所有權證。

附註：截至二零一八年十二月三十一日止年度，本集團向獨立第三方出租其若干物業以收取租金收入。於使用狀況變更當日，該等物業成為投資物業。自物業、廠房及設備轉撥至投資物業時，該等物業獲重估為28,810,000港元(二零一七年：35,349,000港元)，而重估盈餘5,251,000港元(二零一七年：6,636,000港元)計入資產重估儲備。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

17. Investment Properties

Carrying amount at 1 January	於一月一日之賬面值
Changes in fair value (notes 6 and 9)	公平值變動(附註6及9)
Transfer from owner-occupied properties (note 16)	轉撥自業主佔用物業(附註16)
Exchange realignment	匯兌調整
Carrying amount at 31 December	於十二月三十一日之賬面值

The Group's investment properties are situated at 6th Floor, Wyler Centre II, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong and certain floors of the building located at No. 508, Kunming Road, Yangpu District, Shanghai City, the PRC, and are held under medium term leases.

The Group's investment properties situated in Hong Kong and Mainland China were revalued on 31 December 2018 based on valuations performed by Cushman & Wakefield Limited ("CWL"), independent professionally qualified valuers. Valuations were based on the capitalisation of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties, or where appropriate, with reference to comparable market transactions and evidence and consider adjustments to reflect differences in transaction timing, location and tenure.

Each year, the Group appoints an external valuer to be responsible for the external valuations of the Group's properties. Selection criteria of an external valuer include market knowledge, reputation, independence and whether professional standards are maintained. Management discusses with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

There has been no change from the valuation technique used in prior years. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 31(a) to the financial statements.

17. 投資物業

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
367,954	307,158
9,000	4,000
28,810	35,349
(18,125)	21,447
387,639	367,954

本集團之投資物業分別位於香港新界葵涌大連排道200號偉倫中心2期6樓及中國上海市楊浦區昆明路508號該大廈若干樓層。本集團之投資物業乃根據中期租約持有。

本集團之投資物業分別位於香港及中國大陸由獨立專業合資格估值師行戴德梁行有限公司(「戴德梁行」)重估。估值乃基於將現有租約租金收入淨值資本化，並適當計及就物業復歸收入的撥備，或(如適用)參考可比較的市場交易及證據，並考慮調整以反映交易時間、地點及任期的差異。

每年，本集團委聘外聘估值師負責對本集團之物業進行外部估值。外聘估值師的甄選準則包括市場知識、聲譽、獨立性及是否可保持專業標準。管理層每年於財務報告期間進行估值時與估值師對估值假設及估值結果進行討論。

往年使用之估值方法並無變動。於估計物業之公平價值時，有關物業之最高及最佳用途為其當前用途。

投資物業以經營租賃租予第三方，其詳情載於財務報表附註31(a)。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

17. Investment Properties (continued)

Fair value hierarchy

The fair values of the Group's investment properties as at 31 December 2018 and 31 December 2017 were estimated by using significant unobservable inputs and the fair value measurements were categorised under Level 3.

Reconciliation of fair value measurement categorised within Level 3 of the fair value hierarchy:

Carrying amount at 1 January 2017	於二零一七年一月一日之賬面值	68,000	239,158
Changes in fair value recognised in the income statement	於收益表內確認之 公平價值變動	4,000	-
Transfer from owner-occupied properties (note 16)	轉撥自業主佔用物業(附註16)	-	35,349
Exchange realignment	匯兌調整	-	21,447
Carrying amount at 31 December 2017 and at 1 January 2018	於二零一七年十二月三十一日及 二零一八年一月一日之賬面值	72,000	295,954
Changes in fair value recognised in the income statement	於收益表內確認之 公平價值變動	9,000	-
Transfer from owner-occupied properties (note 16)	轉撥自業主佔用物業(附註16)	-	28,810
Exchange realignment	匯兌調整	-	(18,125)
Carrying amount at 31 December 2018	於二零一八年十二月三十一日 之賬面值	81,000	306,639

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2017: Nil).

17. 投資物業(續)

公平價值等級

於二零一八年十二月三十一日及二零一七年十二月三十一日，本集團以重大不可觀察輸入數據估計之投資物業之公平價值及公平價值計量分類於第三級項下。

於公平價值等級第三級內分類之公平價值計量對賬：

	Hong Kong 香港 HK\$'000 千港元	Mainland China 中國大陸 HK\$'000 千港元
Carrying amount at 1 January 2017	68,000	239,158
Changes in fair value recognised in the income statement	4,000	-
Transfer from owner-occupied properties (note 16)	-	35,349
Exchange realignment	-	21,447
Carrying amount at 31 December 2017 and at 1 January 2018	72,000	295,954
Changes in fair value recognised in the income statement	9,000	-
Transfer from owner-occupied properties (note 16)	-	28,810
Exchange realignment	-	(18,125)
Carrying amount at 31 December 2018	81,000	306,639

年內，第一級與第二級之間概無轉換公平價值計量，亦無轉入第三級或自第三級轉出(二零一七年：無)。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

17. Investment Properties (continued)

Fair value hierarchy (continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

17. 投資物業 (續)

公平價值等級 (續)

以下為投資物業估值使用估值方法及主要輸入數據之概要：

Class of property 物業類別	Valuation techniques 估值方法	Significant unobservable inputs 重大不可觀察輸入數據	Range of unobservable inputs 不可觀察輸入數據範圍	
			2018 二零一八年	2017 二零一七年
Hong Kong — Commercial properties — Level 3	Market comparable method	Gross unit rate per square foot (note i)	HK\$3,000– HK\$3,100	HK\$2,700– HK\$2,800
香港 — 商用物業 — 第三級	市場比較法	每平方呎總單位價值 (附註 i)	3,000 港元– 3,100 港元	2,700 港元– 2,800 港元
Mainland China — Commercial properties — Level 3	Income capitalisation approach	Capitalisation rate per annum (note ii)	4%–5%	4%–5%
中國大陸 — 商用物業 — 第三級	收入資本化法	每年資本化率 (附註 ii)	4%–5%	4%–5%

Notes:

- i. The higher the gross unit rate per square foot, the higher the fair value.
- ii. The higher the capitalisation rate per annum, the lower the fair value.

附註：

- i. 每平方呎總單位價值越高，公平值越高。
- ii. 每年資本化率越高，公平值越低。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

18. Prepaid Land Lease Payments

18. 預付土地租賃款項

		2018	2017
		二零一八年	二零一七年
		HK\$'000	HK\$'000
		千港元	千港元
Cost:	成本：		
At 1 January	於一月一日	47,889	40,013
Additions	添置	-	6,025
Disposals	出售	-	(1,680)
Exchange realignment	匯兌調整	(2,722)	3,531
At 31 December	於十二月三十一日	45,167	47,889
Amortisation:	攤銷：		
At 1 January	於一月一日	6,336	5,140
Recognised during the year	年內確認	777	988
Disposals	出售	-	(252)
Exchange realignment	匯兌調整	(405)	460
At 31 December	於十二月三十一日	6,908	6,336
Carrying amount at 31 December	於十二月三十一日之賬面值	38,259	41,553
Current portion included in prepayments, deposits and other receivables (note 22)	計入預付款項、按金及其他應收款項之即期部份 (附註 22)	(933)	(989)
Non-current portion	非即期部份	37,326	40,564

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

19. Other Asset

In accordance with the requirements of the Shenzhen City's urban development plan issued by Shenzhen City Luohu District Town Re-development Bureau (深圳市羅湖區城市更新局), on 23 October 2017, Embry (China) Garments Ltd. ("Embry SZ"), a wholly-owned subsidiary of the Company, entered into a relocation compensation agreement and a supplemental relocation compensation agreement (collectively known as the "Relocation Compensation Agreement") with Shenzhen Huiren Jewelry City Investment Limited (深圳市惠仁珠寶城投資有限公司), a company established in the PRC and an independent third party developer (the "Developer") in order to implement a renewal plan by demolishing and rebuilding in the Buxin Industrial Area, Shenzhen, the PRC. The details of the Relocation Compensation Agreement are set out in the Company's announcement dated 25 October 2017. According to the Relocation Compensation Agreement, Embry SZ shall surrender its land use right and its properties situated in the Buxin Industrial Area (the "Original Properties"). The Developer, in return, agreed to (i) compensate Embry SZ new properties in a form of new industrial research and development buildings (新型產業研發辦公樓及配套商業) on a piece of industrial purposed land with an area similar to that of the Original Properties, to be developed and built by the Developer (the "New Properties"); (ii) compensate Embry SZ the cost of land use right of the Original Properties, rental cost for Embry SZ to lease properties during the move out period and other costs related to the Relocation Arrangement ("Cash Compensation"), which are repayable from the Developer within 5 years; and (iii) sell extra properties at a new building to be constructed in the Buxin Industrial Area, Shenzhen, the PRC ("New Building") to Embry SZ, whereby the price and area of such properties at the New Building shall be subject to further negotiation between Embry SZ and the Developer (collectively known as the "Relocation Arrangement").

Embry SZ has moved out from the Original Properties in the prior year and signed the properties transfer confirmation (房屋移交確認書) with the Developer on 30 November 2017.

19. 其他資產

根據深圳市羅湖區城市更新局頒佈的深圳市城市發展規劃的規定，於二零一七年十月二十三日，安莉芳(中國)服裝有限公司(「安莉芳深圳」，本公司的全資附屬公司)與深圳市惠仁珠寶城投資有限公司(一間於中國成立的公司及獨立第三方發展商(「發展商」))訂立搬遷補償協議及補充搬遷補償協議(統稱「搬遷補償協議」)，以透過於中國深圳布心工業區拆除及重建以實施重建計劃。搬遷補償協議詳情載於本公司日期為二零一七年十月二十五日的公佈。根據搬遷補償協議，安莉芳深圳需交出其位於布心工業區的物業(「原物業」)產權及土地使用權。發展商就此同意(i)補償安莉芳深圳於類似原物業所在的工業用地上將由發展商發展及建造的新型產業研發辦公樓及配套商業新物業(「新物業」)；(ii)補償安莉芳深圳原物業土地使用權成本、安莉芳深圳於遷離期間租賃物業的租賃成本及有關搬遷協議的其他成本(「現金補償」)，這些費用於五年內由發展商償還；及(iii)向安莉芳深圳出售中國深圳布心工業區新樓宇(「新樓宇」)的額外物業，據此，新樓宇之該等物業之價格及面積須待安莉芳深圳與發展商進一步磋商後方可釐定(「搬遷安排」)。

安莉芳深圳已於去年內遷離原物業，並於二零一七年十一月三十日與發展商簽訂房屋移交確認書。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

19. Other Asset (continued)

To the best of the knowledge, information and belief of the Company's directors, having made all reasonable enquiry, the Group does not expect any obstacles to receive the New Properties and the Cash Compensation from the Developer. During the year ended 31 December 2017, the Group derecognised the property, plant and equipment and prepaid lease payments with carrying amounts of HK\$1,973,000 and HK\$1,428,000, respectively. According to the terms of the Relocation Compensation Agreement and the properties transfer confirmation, the Group recognised the fair value of the right to receive the New Properties ("Other Asset") of HK\$416,744,000, based on the valuation report issued by CWL, independent professionally qualified valuers, as "Other Asset" and the Cash Compensation of HK\$50,780,000 net off with respective relocation expenses of HK\$14,143,000. Accordingly, a gain in relation to the Relocation Arrangement of HK\$449,980,000 and the respective income tax expense of HK\$112,495,000 were recognised in the consolidated income statement during the year ended 31 December 2017. The valuation was dependent on certain significant inputs that involve judgements, including gross unit rate per square meter. Other Asset, being the consideration received upon disposal of the Original Properties under the Relocation Arrangement, is initially recognised at its fair value and subsequently carries at cost less impairment.

At 31 December 2018, the carrying amounts of Other Asset and receivables in relation to Cash Compensation under the Relocation Arrangement were approximately HK\$407,273,000 (2017: HK\$431,807,000) and HK\$37,798,000 (2017: HK\$47,921,000) (note 22), respectively.

20. Inventories

Raw materials	原材料
Work in progress	在製品
Finished goods	製成品

19. 其他資產 (續)

據本公司董事作出一切合理查詢後所深知、全悉及確信，本集團預期從發展商收取新物業及現金補償不會出現任何障礙。截至二零一七年十二月三十一日止年度，本集團終止確認物業、廠房及設備及預付租賃付款賬面值分別1,973,000港元及1,428,000港元。根據搬遷補償協議及房屋移交確認書條款，基於戴德梁行(獨立專業合資格估值師)刊發的估值報告，本集團確認收取新物業的權利(「其他資產」)的公平值416,744,000港元，及現金補償50,780,000港元及相關搬遷開支14,143,000港元。因此，有關搬遷安排的收益449,980,000港元及相關所得稅開支112,495,000港元於截至二零一七年十二月三十一日止年度綜合收益表內確認。估值取決於涉及判斷的若干重大輸入數據，包括每平方米價格。其他資產(即根據搬遷安排出售原物業時收取的代價)初步按其公平值確認，其後按成本減減值入賬。

於二零一八年十二月三十一日，其他資產及有關搬遷安排的現金補償應收款項賬面值分別約407,273,000港元(二零一七年：431,807,000港元)及37,798,000港元(二零一七年：47,921,000港元)(附註22)。

20. 存貨

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
147,984	91,953
72,703	51,812
555,680	511,688
776,367	655,453

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

21. Trade Receivables

The Group's trading terms with its customers are mainly on credit, except for wholesalers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three months for major customers. The Group seeks to maintain strict control over its outstanding receivables by the sales department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

Within 90 days	90日內	
91 to 180 days	91至180日	
181 to 360 days	181至360日	
Over 360 days	360日以上	
Less: Impairment allowance	減：減值撥備	

The movements in the loss allowance for impairment of trade receivables are as follows:

At 1 January	於一月一日	
Impairment losses recognised, net (note 9)	減值虧損確認，淨額(附註9)	
At 31 December	於十二月三十一日	

21. 應收貿易賬款

本集團主要以信貸期形式與客戶進行買賣，惟一般會要求批發商預先付款。信貸期一般為一個月，主要客戶之信貸期則可延至三個月。本集團之銷售部嚴控未收之應收款項，以減低信貸風險。逾期結餘由高級管理層定期檢討。鑑於上文所述及本集團之應收貿易賬款涉及多元化之客戶群且客戶人數眾多，故並無信貸過度集中之風險。本集團並無就其應收貿易賬款結餘持有任何抵押品或其他信貸加強措施。應收貿易賬款並不計息。

本集團於報告期間結算日之應收貿易賬款根據發票日期之賬齡分析如下：

	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Within 90 days	71,389	106,096
91 to 180 days	3,851	6,109
181 to 360 days	8,359	3,259
Over 360 days	2,083	1,559
	85,682	117,023
Less: Impairment allowance	(10,442)	(4,818)
	75,240	112,205

應收貿易賬款之虧損撥備變動如下：

	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
At 1 January	4,818	2,034
Impairment losses recognised, net (note 9)	5,624	2,784
At 31 December	10,442	4,818

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

21. Trade Receivables (continued) Impairment under HKFRS 9 for the year ended 31 December 2018

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2018

	Within 90 days 90天內	Past due 逾期			Total 總計
		91 to 180 days 91至 180天	181 to 360 days 181至 360天	Over 360 days 超過 360天	
Expected credit loss rate 預期信貸虧損率	0.44%	10.91%	91.18%	100.00%	
Gross carrying amount (HK\$'000) 賬面總值(千港元)	71,389	3,851	8,359	2,083	85,682
Expected credit losses (HK\$'000) 預期信貸虧損(千港元)	317	420	7,622	2,083	10,442

Impairment under HKAS 39 for the year ended 31 December 2017

At 31 December 2017, trade receivables of HK\$4,818,000 were individually determined to be impaired. The impairment was measured based on incurred credit losses under HKAS 39. The individually impaired trade receivables as at 31 December 2017 related to customers that were in financial difficulties and only a portion of the receivables is expected to be recovered.

The ageing analysis of the trade receivables as at 31 December 2017 that were not considered to be impaired under HKAS 39 is as follows:

	2017 二零一七年 HK\$'000 千港元
Neither past due nor impaired 未逾期亦未減值	106,096
1 to 3 months past due 已逾期1個月至3個月	6,109
	112,205

21. 應收貿易賬款(續) 截至二零一八年十二月三十一日止 年度根據香港財務報告準則第9號 減值

於各報告日期採用撥備矩陣進行減值分析，以計量預期信貸虧損。撥備率乃基於具有類似虧損模式的多個客戶分類組別(即地理區域及客戶類型)的逾期天數釐定。該計算反映或然率加權結果、貨幣時值及於報告日期可得的有關過往事項、當前條件及未來經濟條件預測的合理及可靠資料。

以下載列有關本集團應收貿易賬款使用撥備矩陣的信貸風險的資料：

於二零一八年十二月三十一日

截至二零一七年十二月三十一日止 年度根據香港會計準則第39號減 值

於二零一七年十二月三十一日，本集團個別釐定應予以減值的應收貿易賬款為4,818,000港元。減值乃根據香港會計準則第39號按照產生的信貸虧損計量。個別減值應收貿易賬款與出現財務困難的客戶有關，預期只可收回部份應收賬款。

視作為於二零一七年十二月三十一日香港會計準則第39號未減值之應收貿易賬款賬齡分析如下：

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

21. Trade Receivables (continued) Impairment under HKAS 39 for the year ended 31 December 2017 (continued)

Trade receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, the directors of the Company were of the opinion that no provision for impairment under HKAS 39 was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

22. Prepayments, Deposits and Other Receivables

21. 應收貿易賬款(續) 截至二零一七年十二月三十一日止 年度根據香港會計準則第39號減 值(續)

未逾期亦未減值之應收貿易賬款乃與大量近期並無違約記錄之多名客戶有關。

已逾期但未減值之應收貿易賬款乃與多名與本集團維持良好往績記錄之獨立客戶有關。根據以往經驗，由於信貸質素並無出現重大變動，且有關結餘仍被視為可全數收回，本公司董事認為毋須就該等結餘根據香港會計準則第39號作出減值撥備。

22. 預付款項、按金及其他應收款項

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Prepaid land lease payments (note 18)	預付土地租賃款項(附註18)	933	989
Deposit paid and related direct cost for the land use right in Shandong	收購山東土地使用權已付按金及相關直接費用	9,266	12,361
Deposits for acquisition of items of property, plant and equipment	收購物業、廠房及設備項目已付按金	934	23,663
Prepayments	預付款項	30,549	29,969
Receivables in relation to Cash Compensation under the Relocation Arrangement (note 19)	有關搬遷安排的現金補償應收款項(附註19)	37,798	47,921
Deposits and other receivables	按金及其他應收款項	55,577	37,079
		135,057	151,982
Current portion included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收款項之即期部份	(95,911)	(75,883)
Non-current portion	非即期部份	39,066	76,099

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

22. Prepayments, Deposits and Other Receivables (continued)

Deposits and other receivables mainly represent rental deposits and receivables in relation to Cash Compensation under the Relocation Arrangement. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. As at 31 December 2018, the Group estimated the loss rate of these balances was minimal and no impairment provision in respect of these balances was made.

None of the financial assets included in the above balances is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

23. Cash and Cash Equivalents

Cash and bank balances	現金及銀行結餘
Non-pledged time deposits with original maturity of less than three months when acquired	於購入時原到期日為少於三個月之無抵押定期存款
Cash and cash equivalents	現金及現金等價物

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK\$132,729,000 (2017: HK\$184,922,000). RMB is not freely convertible into other currencies; however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

22. 預付款項、按金及其他應收款項 (續)

按金及其他應收款項主要代表搬遷安排下現金補償有關的租賃按金及應收款項。在適用的情況下，通過考慮具有公佈信用評級的可比公司的違約概率，在每個報告日進行減值分析。如果無法識別具有信用評級的可比公司，則應參考本集團的歷史損失記錄採用虧損率法估計預期信用損失。調整損失率以酌情反映當前狀況和對未來經濟狀況的預測。於二零一八年十二月三十一日，本集團估計該等結餘的虧損率極低且並無就該等結餘作出減值。

上述結餘的金融資產概無逾期或減值。計入上述結餘的金融資產為最近未有拖欠的應收款項。

23. 現金及現金等價物

	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Cash and bank balances	146,947	234,711
Non-pledged time deposits with original maturity of less than three months when acquired	11,467	-
Cash and cash equivalents	158,414	234,711

本集團於報告期間結算日以人民幣計值之現金及銀行結餘為132,729,000港元(二零一七年：184,922,000港元)。人民幣是不可自由兌換為其他貨幣，惟根據中國大陸之外匯管理條例，以及結匯、售匯及付匯管理規定，本集團獲准透過獲授權進行外匯交易業務之銀行將人民幣兌換為其他貨幣。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

23. Cash and Cash Equivalents (continued)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are normally made for varying periods of between approximately one day and three months on average depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

24. Trade Payables

An ageing analysis of the Group's trade payables as at the end of the reporting period, based on the invoice date, is as follows:

Within 90 days	90日內
91 to 180 days	91至180日
181 to 360 days	181至360日
Over 360 days	360日以上

The trade payables are non-interest-bearing and are normally settled on 30 to 90 days terms.

23. 現金及現金等價物 (續)

銀行存款根據每日銀行存款利率釐定之浮動利率計息。短期定期存款通常平均為期約一日至三個月不等，視乎本集團當時之現金需求而定，並按有關之短期定期存款利率計息。銀行結餘存放於近期並無違約記錄之信譽良好銀行。

24. 應付貿易賬款

本集團於報告期間結算日之應付貿易賬款根據發票日期之賬齡分析如下：

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
105,274	48,881
15,115	4,377
2,462	765
2,191	1,977
125,042	56,000

應付貿易賬款並不計息，一般於30至90日內結清。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

25. Interest-bearing Bank Borrowings

25. 計息銀行借款

		2018 二零一八年			2017 二零一七年		
		Effective interest rate 實際利率 (%)	Maturity 到期日	HK\$'000 千港元	Effective interest rate 實際利率 (%)	Maturity 到期日	HK\$'000 千港元
Current	即期	Hong Kong Interbank Offered Rate ("HIBOR")+1.80					
Bank loans — unsecured	銀行貸款 — 無抵押	香港銀行同業拆息+1.80	On demand 按要求償還	88,281	—	—	—
		HIBOR+1.85 to HIBOR+2.00			HIBOR +1.85 to HIBOR +2.00		
Bank loans — unsecured	銀行貸款 — 無抵押	香港銀行同業拆息+1.85至香港銀行同業拆息+2.00	2019 二零一九年	125,778	香港銀行同業拆息+1.85至香港銀行同業拆息+2.00	2018 二零一八年	136,778
		HIBOR+1.85 to HIBOR+1.95		214,059			136,778
		香港銀行同業拆息+1.85至香港銀行同業拆息+1.95	2020-2022 二零二零年至二零二二年	213,000	香港銀行同業拆息+1.85至香港銀行同業拆息+1.95	2019-2021 二零一九年至二零二一年	189,278
				427,059			326,056

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

25. Interest-bearing Bank Borrowings (continued)

25. 計息銀行借款 (續)

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Analysed into:	分析：		
Bank loans repayable:	於下列期間償還之銀行貸款：		
Within one year or on demand	一年內或按要求償還	214,059	136,778
In the second year	第二年	102,000	81,278
In the third to fifth years, inclusive	第三至第五年 (包括首尾年度)	111,000	108,000
		427,059	326,056
Less: Amount repayable within one year or on demand and classified as current portion	減：於一年內償還或按要求償還 並列為即期部分的金額	(214,059)	(136,778)
Amount classified as non-current portion	列為非即期部分的金額	213,000	189,278

The above bank loans are denominated in Hong Kong dollars and bear interest at rates ranging from 1.80% to 2.00% above the HIBOR per annum (2017: 1.85% to 2.00% above the HIBOR per annum).

At 31 December 2018, the Group's term loans in the amount of HK\$88,281,000 (2017: Nil) containing an on-demand clause have been classified as current liabilities. For purpose of the above analysis, the loans are included within current interest-bearing bank borrowings and analysed into bank loans repayable on demand. Based on the maturity terms of the loans, the amounts repayable in respect of the Group's loans are: HK\$156,247,000 (2017: HK\$136,778,000) payable within one year; HK\$143,406,000 (2017: HK\$81,278,000) payable in the second year; and HK\$127,406,000 (2017: HK\$108,000,000) payable in the third to fifth years, inclusive.

上述銀行貸款以港元計值並按香港銀行同業拆息年利率加1.80厘至2.00厘計算(二零一七年：按香港銀行同業拆息年利率加1.85厘至2.00厘計算)。

於二零一八年十二月三十一日，本集團的定期貸款金額為88,281,000港元(二零一七年：無)，其中含有要求償還條款，已分類為流動負債。就上述分析而言，貸款計入當期計息銀行借款，並分析為按要求償還的銀行貸款。根據貸款的到期條款，就本集團貸款償還的款項為：一年內應付156,247,000港元(二零一七年：136,778,000港元)；第二年應付143,406,000港元(2017年：81,278,000港元)；及第三至第五年(包括首尾兩年)應付127,406,000港元(二零一七年：108,000,000港元)。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

26. Other Payables and Accruals

Other payables	其他應付款項
Accruals	應計款項
Deferred revenue	遞延收入
Receipt in advance	預收款項
Contract liabilities	合約負債

Notes:

- (a) The amounts of HK\$6,470,000 (2017: HK\$3,716,000) included in other payables of the Group were due to related companies as at 31 December 2018. These balances were unsecured, interest-free and repayable in accordance with normal trading terms (note 13(a)(i)).

Other payables are non-interest-bearing.

- (b) The contract liabilities represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period. The Group expects the transaction price allocated to the unsatisfied performance obligations will be recognised as revenue when the Group transfers goods to the customer. As at 31 December 2017, the amounts of HK\$77,460,000 and HK\$13,294,000 included in other payables and accruals of the Group were related to deferred revenue arising from the loyalty points VIP programme and receipt in advance from customers, respectively. Such amounts were reclassified as contract liabilities as at 1 January 2018.

As at 31 December 2018, the contract liabilities included deferred revenue arising from the loyalty points VIP programme of the Group and short-term advances received from customers for the sale of goods. The decrease in contract liabilities in 2018 was mainly due to the decrease in short-term advances received from customers for the sale of goods and deferred revenue arising from the loyalty points VIP programme of the Group. The details were set out in note 2.2 to the financial statements.

26. 其他應付款項及應計款項

Notes 附註	2018	2017
	二零一八年 HK\$'000 千港元	二零一七年 HK\$'000 千港元
(a)	66,933	97,311
	118,449	134,499
(b)	-	77,460
(b)	-	13,294
(b)	42,875	-
	228,257	322,564

附註：

- (a) 本集團於其他應付款項所包括的6,470,000港元(二零一七年：3,716,000港元)為於二零一八年十二月三十一日應付關連公司之款項。該等結餘為無抵押、免息及需按一般買賣條款償還(附註13(a)(i))。

其他應付款項為不計息。

- (b) 合約負債指截至報告期末分配至未完成履約責任的交易價格總額。本集團預期分配至未完成履約。責任的交易價格將於本集團向客戶轉移貨品時確認為收益。於二零一七年十二月三十一日，本集團於其他應付款項及應計款項所包括的77,460,000港元為有關顧客忠誠計劃之款項及13,294,000港元為預收款項。於二零一八年十二月三十一日，合約負債包括來自客戶就銷售貨品所收取的短期預收賬款及本集團顧客忠誠度會員計劃產生的遞延收入。該金額於二零一八年一月一日重新分類為合約負債。

於二零一八年十二月三十一日，合約負債包括本集團顧客忠誠度會員計劃產生的遞延收益以及就銷售貨品向客戶收取的短期墊款。二零一八年合約負債減少主要是由於客戶就本集團顧客忠誠度會員計劃產生的貨品銷售及遞延收入所產生的預收賬款減少所致。詳情載於財務報表附註2.2。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

27. Deferred Liabilities

Deferred liabilities represent the estimated provision in respect of long service payments which may become payable in the future under the Hong Kong Employment Ordinance to employees in proportion to their periods of services with the Group up to the end of the reporting period.

27. 遞延負債

遞延負債指截至報告期間結算日有關長期服務金之估計撥備。長期服務金可能須根據香港僱傭條例按僱員於本集團之年資而向僱員支付。

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
At 1 January	於一月一日	189	1,889
Provision/(write-back of provision) for the year (note 9)	年度之撥備/ (撥備撥回)(附註9)	2,221	(1,700)
Payments during the year	年度之付款	(165)	-
At 31 December	於十二月三十一日	2,245	189

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

28. Deferred Tax

The movements in deferred tax liabilities and assets during the year are as follows:

28. 遞延稅項

年內遞延稅項負債及資產變動如下：

		Revaluation of properties	Temporary difference arising from the Relocation Arrangement	Unrealised profit of inventories	Withholding taxes on undistributed profits on PRC subsidiaries	Temporary difference of provisions and accruals	Withholding taxes on interest income	Deferred subsidy income	Others	Total
		物業重估	搬遷安排產生之暫時差額	未變現存貨溢利	中國附屬公司未分派溢利之預扣稅	撥備及應計款項之暫時差額	利息收入之預扣稅	遞延補貼收入	其他	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2017	於二零一七年一月一日	4,027	-	(39,667)	30,640	(39,527)	319	(5,616)	1,796	(48,028)
Deferred tax debited to equity during the year	年內在權益扣除之遞延稅項	1,659	-	-	-	-	-	-	-	1,659
Deferred tax charged/(credited) to the income statement during the year (note 12)	年內在收益表扣除/(抵免)之遞延稅項(附註12)	-	115,809	5,339	-	(6,233)	659	140	(1,796)	113,918
Payments during the year	年內支付	-	-	-	(2,907)	-	(662)	-	-	(3,569)
Exchange realignment	匯兌調整	400	4,186	(3,152)	2,478	(3,612)	27	(469)	-	(142)
At 31 December 2017	於二零一七年十二月三十一日	6,086	119,995	(37,480)	30,211	(49,372)	343	(5,945)	-	63,838
Effect of adoption of HKFRS 15 (note 2.2)	採納香港財務報告準則第15號之調整(附註2.2)	-	-	-	-	1,026	-	-	-	1,026
At 1 January 2018 (restated)	於二零一八年一月一日(經調整)	6,086	119,995	(37,480)	30,211	(48,346)	343	(5,945)	-	64,864
Deferred tax debited to equity during the year	年內在權益扣除之遞延稅項	1,313	-	-	-	-	-	-	-	1,313
Deferred tax charged/(credited) to the income statement during the year (note 12)	年內在收益表扣除/(抵免)之遞延稅項(附註12)	-	(2,448)	(11,097)	10,509	9,141	703	144	-	6,952
Payments during the year	年內支付	-	-	-	-	-	(680)	-	-	(680)
Exchange realignment	匯兌調整	(405)	(6,707)	2,634	(2,194)	2,331	(21)	332	-	(4,030)
At 31 December 2018	於二零一八年十二月三十一日	6,994	110,840	(45,943)	38,526	(36,874)	345	(5,469)	-	68,419

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

28. Deferred Tax (continued)

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

Deferred tax assets recognised in the consolidated statement of financial position	於綜合財務狀況表確認之遞延稅項資產
Deferred tax liabilities recognised in the consolidated statement of financial position	於綜合財務狀況表確認之遞延稅項負債

The Group has tax losses arising in Hong Kong of approximately HK\$320,893,000 (2017: HK\$265,973,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in Macau of HK\$2,747,000 (2017: HK\$8,712,000) that will expire in three years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in the Company and subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rates are 5% and 10%. In estimating the withholding taxes on dividends expected to be distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008, the directors have made assessment based on the factors which included dividend policy and the level of capital and working capital required for the Group's operation in the foreseeable future.

At 31 December 2018, the aggregate withholding tax amount arising from the temporary differences associated with these subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK\$29,147,000 (2017: HK\$46,479,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

28. 遞延稅項(續)

以下為本集團就財務申報而言之遞延稅項結餘分析：

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
(88,286)	(92,797)
156,705	156,635
68,419	63,838

本集團於香港產生之稅項虧損約320,893,000港元(二零一七年：265,973,000港元)可無限期供抵銷產生虧損公司之未來應課稅溢利。本集團亦在澳門產生稅項虧損2,747,000港元(二零一七年：8,712,000港元)，將於三年內屆滿，可抵銷產生虧損公司未來應課稅溢利。由於該等虧損乃來自自己持續虧損一段時間之本公司及附屬公司且被認為可能不會有應課稅溢利可供動用稅項虧損，故並無就該等虧損確認遞延稅項資產。

根據中國企業所得稅法，於中國大陸成立之外資企業向外國投資者宣派之股息須繳納10%之預扣稅。有關規定於二零零八年一月一日起生效，且適用於二零零七年十二月三十一日後之盈利。倘中國大陸與外國投資者所屬司法權區訂有稅務條約，則適用之預扣稅稅率可能較低。就本集團而言，適用稅率為5%及10%。估計該等於中國大陸成立的附屬公司預期將就二零零八年一月一日起所產生的盈利而分派股息的預扣稅時，董事已根據包括股息政策及本集團於可見將來經營所需的資本及營運資金水平等因素作出評估。

於二零一八年十二月三十一日，與該等位於中國大陸的附屬公司相關而未確認遞延稅項負債的暫時預扣稅總差額合共約為29,147,000港元(二零一七年：46,479,000港元)。

本公司向其股東派付股息概無附帶任何所得稅稅務後果。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

29. Share Capital

29. 股本

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Authorised:	法定：		
1,000,000,000 ordinary shares of HK\$0.01 each	1,000,000,000 股 每股面值0.01港元的普通股	10,000	10,000
Issued and fully paid:	已發行及繳足：		
422,416,638 (2017: 422,416,638) ordinary shares of HK\$0.01 each	422,416,638 股(二零一七年： 422,416,638 股)每股面值 0.01港元的普通股	4,224	4,224

The movements in the authorised and issued share capital of the Company during the year were as follows:

本公司於年內的法定及已發行股本變動如下：

		Number of authorised shares 法定股份數量	Number of issued shares 已發行 股份數量	Issued capital 股本 HK\$'000 千港元	Share premium account 股份溢價賬 HK\$'000 千港元	Total 總計 HK\$'000 千港元
As at 1 January 2017	於二零一七年一月一日	1,000,000,000	416,661,000	4,166	369,644	373,810
Shares issued in lieu of cash dividend (note 14)	代替現金股息所發行之 股份(附註14)	-	5,755,638	58	16,868	16,926
At 31 December 2017, 1 January 2018 and 31 December 2018	於二零一七年 十二月三十一日、 二零一八年一月一日及 二零一八年十二月三十一日	1,000,000,000	422,416,638	4,224	386,512	390,736

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

30. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

The contributed surplus of the Group represents (i) the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the reorganisation of certain members of the Group which took place on 31 December 1992, over the nominal value of issued shares of Embry Group Limited ("EGL") in exchange therefor; (ii) the premium arising from the shares issued by EGL for settlement of the amount due to the ultimate holding company of HK\$15,841,000; (iii) the premium arising from the acquisition of Embry (H.K.) Limited ("Embry HK") from the non-controlling interests of HK\$5,000,000; and (iv) the excess of the nominal value of the share capital of the subsidiaries acquired pursuant to the group reorganisation, over the nominal value of the share capital of the Company issued in exchange therefor and the then existing 10,000,000 shares of HK\$0.01 each credited as fully paid at par.

In accordance with the relevant regulations applicable in the PRC, subsidiaries of the Company established in the PRC are required to transfer a certain percentage of their profits after tax, if any, to the enterprise expansion and statutory reserve funds, which are non-distributable, before profit distributions to shareholders. The amounts of the transfers are subject to the approval of the board of directors of these subsidiaries.

The Group applied the transitional provision of HKFRS 3 which permits goodwill in respect of acquisitions which occurred prior to 1 January 2001, to remain eliminated against the consolidated reserves. The amount of goodwill remaining in consolidated reserves, arising from the acquisition of subsidiaries prior to 1 January 2001, was stated at cost, which amounted to HK\$3,168,000 (2017: HK\$3,168,000) as at 31 December 2018.

30. 儲備

現時及過往年度本集團儲備金額以及其變動已呈列於財務報表內綜合權益變動表內。

本集團實繳盈餘指(i)根據重組於一九九二年十二月三十一日收購本集團若干成員公司，該等成員公司股份的面值超出就此作為交換所發行Embry Group Limited (「EGL」)股份的面值差額；(ii) EGL就償還欠付最終控股公司款項15,841,000港元而進行發行股份產生的溢價；(iii)向非控股權益收購安莉芳(香港)有限公司(「安莉芳香港」)所產生溢價5,000,000港元；及(iv)根據集團重組收購附屬公司的股本的面值超出本公司當時發行以作為交換的股本面值的部份以及按面值入賬列作繳足的10,000,000股每股面值0.01港元的當時現有股份。

根據中國適用的相關規例，本公司於中國成立的附屬公司須將其若干百分比的除稅後溢利(如有)在向股東作出溢利分派前轉撥至企業擴展及法定儲備基金(均為不可分派)。轉撥的金額須待該等附屬公司的董事會批准方可作實。

本集團已採用香港財務報告準則第3號的過渡性條文，容許二零零一年一月一日前進行收購所產生的商譽維持與綜合儲備的對銷。保留於綜合儲備內因二零零一年一月一日前收購附屬公司產生的商譽金額按成本列值，於二零一八年十二月三十一日為3,168,000港元(二零一七年：3,168,000港元)。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

31. Operating Lease Arrangements

(a) As lessor

The Group leases its investment properties (note 17) under operating lease arrangements, with leases negotiated for terms ranging from one to six years (2017: one to six years).

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

Within one year	一年內
In the second to fifth years, inclusive	第二至第五年(包括首尾兩年)

In addition, the operating lease rentals for the use of certain floor areas of the Group's building located in Shanghai are contingent based on sales of the shops pursuant to the terms and conditions as set out in the respective agreements. As the future sales of these shops could not be accurately determined, the relevant contingent rent has not been included above.

(b) As lessee

The Group leases certain of its shops, counters, warehouses and office properties under operating lease arrangements with leases negotiated for terms mainly ranging from one to ten years (2017: one to ten years).

31. 經營租約安排

(a) 作為出租人

本集團根據經營租約安排出租投資物業(附註17)，租約以介乎一至六年年期進行磋商(二零一七年：一至六年期)。

於報告期間結束時，根據本集團與租戶訂立之不可撤銷經營租約，本集團於以下日期之未來最低應收租金總額如下：

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
16,971	17,843
20,844	17,591
37,815	35,434

此外，使用本集團位於上海之樓宇之若干樓面面積而應收之部份經營租約租金為或然租金，乃根據有關協議所載之條款及條件按店舖之銷售額釐定。由於該等店舖之未來銷售額未能準確地釐定，故有關或然租金並未包括在上表。

(b) 作為承租人

本集團根據經營租約安排租用若干店舖、櫃位、倉庫及辦公室物業，租約主要以一至十年年期進行磋商(二零一七年：一至十年期)。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

31. Operating Lease Arrangements (continued)

(b) As lessee (continued)

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

Within one year	一年內
In the second to fifth years, inclusive	第二至第五年(包括首尾兩年)
After five years	五年後

In addition, the Group has entered into agreements with department stores to enable the Group to set up its retail outlets therein. The operating lease rentals for the use of their floor areas in department stores are based on the higher of a fixed rental or contingent rent based on sales of the retail outlets pursuant to the terms and conditions as set out in the respective agreements. As the future sales of these retail outlets could not be accurately determined, the relevant contingent rent has not been included above and only the minimum lease commitments have been included in the above table.

32. Commitments

At the end of the reporting period, the Group had the following commitments:

Contracted for commitments in respect of the acquisition of property, plant and equipment	購買物業、廠房及設備之已訂約承擔
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31. 經營租約安排(續)

(b) 作為承租人(續)

於報告期間結束時，根據本集團之不可撤銷經營租約，本集團於以下日期之未來最低應付租金總額如下：

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
135,302	114,446
101,127	89,289
5,197	4,336
241,626	208,071

此外，本集團與百貨公司訂立協議，以便本集團在百貨公司內開設零售點。使用百貨公司之樓面面積而應付之經營租約租金乃根據固定租金與或然租金兩者中之較高者釐定。或然租金乃根據有關協議所載之條款及條件按零售點之銷售額釐定。由於該等零售點之未來銷售額未能準確地釐定，故有關或然租金並未包括在上表。上表僅載列最低租賃承擔。

32. 承擔

於報告期間結算日，本集團之承擔如下：

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
201,516	262,425

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

33. Contingent Liabilities

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

Bank guarantees given in lieu of property rental deposits and utility deposits	為代替物業租賃按金及公共設施按金所提供之銀行擔保
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33. 或然負債

於報告期末，財務報表中並無計提撥備之或然負債如下：

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
679	243

34. Note to the Consolidated Statement of Cash Flows

Changes in liabilities arising from financing activities

34. 綜合現金流量表附註

融資活動產生的負債變化

		Interest-bearing bank borrowings 計息銀行借款 HK\$'000 千港元
At 1 January 2017	於二零一七年一月一日	354,833
Changes from financing cash flows	融資現金流變動	(38,081)
Interest expense	利息開支	9,304
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及 二零一八年一月一日	326,056
Changes from financing cash flows	融資現金流變動	88,115
Interest expense	利息開支	12,888
At 31 December 2018	於二零一八年十二月三十一日	427,059

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

35. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

		Financial assets at amortised cost under HKFRS 9 根據香港財務報告準則第9號按攤銷成本計量之金融資產 2018 二零一八年 HK\$'000 千港元	Loans and receivables under HKAS 39 根據香港會計準則第39號之貸款及應收款項 2017 二零一七年 HK\$'000 千港元
Trade receivables	應收貿易賬款	75,240	112,205
Financial assets included in prepayments, deposits and other receivables	列為預付款項、按金及其他應收款項之金融資產	42,597	53,031
Cash and cash equivalents	現金及現金等價物	158,414	234,711
		276,251	399,947

Financial liabilities

		Financial liabilities at amortised cost under HKFRS 9 根據香港財務報告準則第9號按攤銷成本計量之金融負債 2018 二零一八年 HK\$'000 千港元	Financial liabilities at amortised cost under HKAS 39 香港會計準則第39號的按攤銷成本計量之金融負債 2017 二零一七年 HK\$'000 千港元
Interest-bearing bank borrowings	計息銀行借款	427,059	326,056
Trade payables	應付貿易賬款	125,042	56,000
Financial liabilities included in other payables and accruals	已包括於其他應付款項及應計款項之金融負債	104,303	196,175
		656,404	578,231

35. 按類別分析之金融工具

於報告期間結算日各類金融工具的賬面值如下：

金融資產

	Financial assets at amortised cost under HKFRS 9 根據香港財務報告準則第9號按攤銷成本計量之金融資產 2018 二零一八年 HK\$'000 千港元	Loans and receivables under HKAS 39 根據香港會計準則第39號之貸款及應收款項 2017 二零一七年 HK\$'000 千港元
Trade receivables	75,240	112,205
Financial assets included in prepayments, deposits and other receivables	42,597	53,031
Cash and cash equivalents	158,414	234,711
	276,251	399,947

金融負債

	Financial liabilities at amortised cost under HKFRS 9 根據香港財務報告準則第9號按攤銷成本計量之金融負債 2018 二零一八年 HK\$'000 千港元	Financial liabilities at amortised cost under HKAS 39 香港會計準則第39號的按攤銷成本計量之金融負債 2017 二零一七年 HK\$'000 千港元
Interest-bearing bank borrowings	427,059	326,056
Trade payables	125,042	56,000
Financial liabilities included in other payables and accruals	104,303	196,175
	656,404	578,231

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

36. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, comprise cash, short term deposits and interest-bearing bank borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to both fair value and cash flow interest rate risks. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's bank borrowings with floating interest rates.

At present, the Group does not intend to hedge its exposure to interest rate fluctuations. However, the Group will constantly review the economic situation and its interest rate risk profile, and will consider appropriate hedging measures in future as may be necessary.

At 31 December 2018, the profit before tax of the Group would have been decreased/increased by approximately HK\$2,135,000 (2017: HK\$1,630,000) if the interest rate had been increased/decreased by 50 basis points with all other variables held constant.

36. 財務風險管理目標及政策

本集團之主要金融工具包括現金、短期存款及計息銀行借款。此等金融工具主要目的是為本集團經營業務融資。本集團有其他不同金融資產及負債，如應收貿易賬款及應付貿易賬款，乃直接透過經營業務產生。

本集團金融工具之主要風險為利率風險、外匯風險、信貸風險及流動資金風險。董事審閱並協定管控以上各種風險之政策，有關資料概述如下。

利率風險

現金流量利率風險為金融工具未來現金流量因市場利率變化而波動的風險。本集團同時承受公平值及現金流量利率風險。本集團所承受利率變化的市場風險，主要與本集團浮動利率計算的銀行借款有關。

目前，本集團無意對沖所須承受的利率波動。然而，本集團將定期檢討經濟狀況及其利率風險狀況，並會考慮日後是否需要實施適當的對沖措施。

倘利率上升/下跌50基點，而所有其他因素保持不變，於二零一八年十二月三十一日，本集團稅前溢利應減少/增加約2,135,000港元(二零一七年：1,630,000港元)。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

36. Financial Risk Management Objectives and Policies (continued)

Foreign currency risk

The Group carries on its sales and purchases transactions mainly in Hong Kong dollars and RMB. The Group does not use derivative financial instruments to protect against the volatility associated with foreign currency transactions and other financial assets and liabilities created in the ordinary course of business. However, as the Group's net profit is reported in Hong Kong dollars, there will be a translation gain as a result of the RMB appreciation, and vice versa. The majority of the Group's operating assets are located in Mainland China and are denominated in RMB.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

36. 財務風險管理目標及政策(續)

外匯風險

本集團主要以港元及人民幣進行買賣交易。本集團並無以衍生金融工具來對沖日常業務過程之外匯交易及其他金融資產及負債所附帶之波動。然而，由於本集團之純利以港元呈列，故人民幣升值可帶來匯兌收益，反之亦然。本集團大部份經營資產均位於中國大陸，並以人民幣列示。

下表列示於報告期間結算日，在所有其他可變因素維持不變的情況下，本集團的稅前溢利對人民幣匯率可能出現合理變動之敏感度(由於貨幣資產及負債的公平值變動)。

		Increase/ (decrease) in RMB rate 人民幣 匯率上調/ (下調) %	Increase/ (decrease) in profit before tax 稅前溢利 增加/(減少) HK\$'000 千港元
2018	二零一八年		
If Hong Kong dollar weakens against RMB	倘港元兌人民幣貶值	5	(165)
If Hong Kong dollar strengthens against RMB	倘港元兌人民幣升值	(5)	165
2017	二零一七年		
If Hong Kong dollar weakens against RMB	倘港元兌人民幣貶值	5	2,263
If Hong Kong dollar strengthens against RMB	倘港元兌人民幣升值	(5)	(2,263)

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

36. Financial Risk Management Objectives and Policies (continued)

Credit risk

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and on an individual basis. Each of the customers has been attached with a trading limit and any excess of the limit must be approved by the general manager of the operation unit. Under the tight control of the credit terms and detailed assessment of the creditworthiness of individual customers, the Group's exposure to bad debts is maintained as minimal.

Maximum exposure and year-end staging as at 31 December 2018

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2018. The amounts presented are gross carrying amounts for financial assets.

		12-month ECLs		Lifetime ECLs		
		12個月預期信貸虧損		全期預期信貸虧損		
		Stage 1	Stage 2	Stage 3	Simplified approach	Total
		第1階段	第2階段	第3階段	簡化方法	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Trade receivables*	應收貿易賬款*	-	-	-	75,240	75,240
Financial assets included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收款項的金融資產					
— Normal**	— 正常**	42,597	-	-	-	42,597
— Doubtful**	— 呆賬**	-	-	-	-	-
Cash and cash equivalents	現金及現金等價物					
— Not yet past due	— 尚未逾期	158,414	-	-	-	158,414
		201,011	-	-	75,240	276,251

36. 財務風險管理目標及政策 (續)

信貸風險

本集團僅與知名及信譽良好的客戶進行交易。根據本集團的政策，任何有意以信貸形式進行交易的客戶均須經過信貸核實程序。此外，本集團亦持續監察各項應收款項結餘。本集團對各名客戶設立貿易限額，超出限額之數必須得到營運單位之總經理批准。由於本集團嚴控信貸期，並且對個別客戶之信譽作詳盡評估，故本集團之壞賬風險極低。

截至二零一八年十二月三十一日止年度最大風險及年終分期

下表顯示基於本集團信貸政策的信貸質素及最大信貸風險，該信貸政策主要基於二零一八年十二月三十一日過去逾期資料(除非其他資料毋須付出不必要的成本或努力即可獲得)以及年終分期分類。呈列金額為金融資產的賬面總值。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

36. Financial Risk Management Objectives and Policies (continued)

Credit risk (continued)

Maximum exposure and year-end staging as at 31 December 2018 (continued)

- * For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the financial statements.
- ** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Maximum exposure as at 31 December 2017

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 21 to the financial statements.

Liquidity risk

Liquidity risk is the risk of non-availability of funds to meet all contractual financial commitments as they fall due. The Group's objectives are to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain a contingency plan for funding to ensure that the Group maintains sufficient cash to meet its liquidity requirement.

The Group continued to enjoy adequate cash position with cash and cash equivalents amounting to HK\$158,414,000 (2017: HK\$234,711,000) as at 31 December 2018. The Group financed its operations and investment activities by internally generated cash flows and bank borrowings. The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

36. 財務風險管理目標及政策 (續)

信貸風險 (續)

截至二零一八年十二月三十一日止年度最大風險及年終分期 (續)

- * 就本集團採用簡化減值方法的應收貿易賬款而言，基於撥備矩陣的資料於財務報表附註21披露。
- ** 計入預付款項、按金及其他應收款項的金融資產的信貸質素在未逾期且並無資料表明金融資產自初始確認起信貸風險已大幅增加而被視為「正常」。否則，金融資產的信貸質素被視為「呆賬」。

於二零一七年十二月三十一日最大風險

本集團其他金融資產(包括現金及現金等價物以及其他應收款項)的信貸風險源自交易對手違約，最大風險等於該等工具的賬面值。

有關本集團應收貿易賬款產生的信貸風險的進一步量化數據於財務報表附註21披露。

流動資金風險

流動資金風險指未能取得資金以應付所有到期之合約財務承擔。本集團之目標是保持穩健之金融政策，藉著風險限額來監察流動資金比率，並設有應急資金計劃，確保本集團具備足夠現金以應付其流動資金需求。

於二零一八年十二月三十一日，本集團繼續擁有充足現金之財務狀況，其現金及現金等價物為158,414,000港元(二零一七年：234,711,000港元)。本集團透過內部產生之現金流及銀行借款，為其業務及投資活動提供資金。於報告期間結算日，本集團根據合約未貼現付款計算之金融負債到期日如下：

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

36. Financial Risk Management Objectives and Policies (continued)

Liquidity risk (continued)

36. 財務風險管理目標及政策 (續)

流動資金風險 (續)

		Within		
		1 year	1 to 5 years	Total
		一年內	一至五年	總計
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
2018	二零一八年			
Interest-bearing bank borrowings*	計息銀行借款*	231,016	223,367	454,383
Trade payables	應付貿易賬款	125,042	-	125,042
Other payables and accruals	其他應付款項及應計款項	104,303	-	104,303
		460,361	223,367	683,728
2017	二零一七年			
Interest-bearing bank borrowings	計息銀行借款	146,087	196,594	342,681
Trade payables	應付貿易賬款	56,000	-	56,000
Other payables and accruals	其他應付款項及應計款項	196,175	-	196,175
		398,262	196,594	594,856

* At 31 December 2018, included in interest-bearing bank borrowings are term loans. The loan agreements contain a repayment on-demand clause giving the bank the unconditional right to call in the loan at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand". Notwithstanding the above clause, the directors do not believe that the loans will be called in its entirety within 12 months, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the loan agreements. This evaluation was made considering the financial position of the Group, the Group's compliance with the loan covenants, the lack of events of default, and the fact that the Group has made all previously scheduled repayments on time. In accordance with the terms of the Group's loans, the maturity terms at 31 December 2018 are: HK\$171,443,000 (2017: HK\$146,087,000) payable within one year; and HK\$282,940,000 (2017: HK\$196,594,000) payable in the second to fifth years, inclusive.

The Group is also exposed to liquidity risk through the granting of financial guarantees, further details of which are disclosed in note 33 to the financial statements.

於二零一八年十二月三十一日，計息銀行借款包括定期貸款。貸款協議包含按要求償還條款，賦予銀行無條件隨時調用貸款的權利，因此，就上述到期情況而言，總金額被歸類為「按要求償還」。儘管有上述條款，董事並不認為貸款將在十二個月內全部召回，且其認為貸款將按照貸款協議中規定的到期日償還。此等評估乃根據本集團的財務狀況、本集團對貸款契約的遵守情況、概無違約事件以及本集團已按時完成所有先前計劃的還款考量。根據本集團貸款條款，於二零一八年十二月三十一日到期的款項為：一年內應付的171,443,000港元（二零一七年：146,087,000港元）；及於第二至第五年（包括首尾兩年）應付282,940,000港元（二零一七年：196,594,000港元）。

透過授出財務擔保，本集團亦面臨流動資金風險，其進一步詳情披露於財務報表附註33。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

36. Financial Risk Management Objectives and Policies *(continued)*

Capital management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to the owners through the optimisation of the debt and equity balance where appropriate. No change was made in the objectives, policies or processes for managing capital during the years ended 31 December 2018 and 2017.

The capital structure of the Group consists of net debt which includes bank borrowings and equity attributable to owners of the Company. Equity attributable to owners of the Company comprises issued share capital and reserves as disclosed in the consolidated statement of changes in equity.

The Company monitors capital using a gearing ratio, which is total bank borrowings divided by the equity attributable to owners of the Company. The gearing ratios as at the end of the reporting periods were as follows:

36. 財務風險管理目標及政策(續)

資本管理

本集團管理其資本以確保本集團能持續營運，同時在適當時透過優化債務及權益結餘(如適用)將擁有人的回報增至最大。於截至二零一八年及二零一七年十二月三十一日止年度，管理資本之目標、政策或程序並無變動。

本集團資本結構包括債務淨額其中包括銀行借款及本公司擁有人應佔股權。本公司擁有人應佔股權包括綜合權益變動表所披露的已發行股本及儲備。

本公司透過資產負債比率架構(即銀行借款總額除以本公司擁有人應佔股權)監控資本。於報告期末資產負債比率如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Interest-bearing bank borrowings	計息銀行借款	427,059	326,056
Equity attributable to owners of the Company	本公司擁有人應佔權益	2,331,719	2,367,110
Gearing ratio	資產負債比率	18.3%	13.8%

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

37. Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

37. 本公司財務狀況表

本公司報告期末財務狀況表如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 <i>HK\$'000</i> 千港元
NON-CURRENT ASSETS	非流動資產		
Investments in subsidiaries	於附屬公司之權益	1,010,013	852,812
CURRENT ASSETS	流動資產		
Prepayments	預付款項	43	44
Cash and cash equivalents	現金及現金等價物	69	68
Total current assets	流動資產總值	112	112
CURRENT LIABILITIES	流動負債		
Other payables and accruals	其他應付款項及應計款項	7,395	7,267
NET CURRENT LIABILITIES	流動負債淨值	(7,283)	(7,155)
Net assets	資產淨值	1,002,730	845,657
EQUITY	權益		
Share capital	股本	4,224	4,224
Reserves (Note)	儲備(附註)	998,506	841,433
Total equity	總權益	1,002,730	845,657

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

37. Statement of Financial Position of the Company (continued)

Note:

A summary of the Company's reserves is as follows:

	Notes 附註	Share premium account 股份溢價賬 HK\$'000 千港元	Contributed surplus 實繳盈餘 HK\$'000 千港元	Retained profits 保留溢利 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2017	於二零一七年一月一日	369,644	381,248	104,815	855,707
Loss for the year and total comprehensive expense for the year	年度虧損及年內 全面開支總額	-	-	(2,698)	(2,698)
2016 final dividend declared and paid	宣派及已支付二零一六年 末期股息	14	-	(17,916)	(17,916)
2017 interim dividend	二零一七年年中期股息	14	-	(10,528)	(10,528)
Shares issued in lieu of cash dividend	替代現金股息而發行的股份	29	16,868	-	16,868
At 31 December 2017 and 1 January 2018	於二零一七年 十二月三十一日 及二零一八年一月一日	386,512	381,248	73,673	841,433
Profit for the year and total comprehensive income for the year	年度溢利及年內 全面收入總額	-	-	205,651	205,651
2017 final dividend declared and paid	宣派及支付二零一七年 末期股息	14	-	(33,793)	(33,793)
2018 interim dividend	二零一八年年中期股息	14	-	(14,785)	(14,785)
At 31 December 2018	於二零一八年 十二月三十一日	386,512	381,248	230,746	998,506

37. 本公司財務狀況表 (續)

附註：

本公司儲備概要如下：

The contributed surplus of the Company represents the excess of the then net assets of the subsidiaries acquired by the Company pursuant to the group reorganisation, over the nominal value of the share capital of the Company issued in exchange therefor and the then existing 10,000,000 shares of HK\$0.01 each credited as fully paid at par. Under the Companies Law of the Cayman Islands, the share premium and contributed surplus may be distributed to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

本公司的實繳盈餘乃本公司根據集團重組收購附屬公司的當時資產淨值超出本公司就此發行作為交換的股本面值以及按面值入賬列作繳足的10,000,000股每股面值0.01港元的當時現有股份。根據開曼群島公司法，股份溢價賬及實繳盈餘可分派予本公司股東，惟於緊隨建議派付股息日期後，本公司必須能償還其日常業務中到期債項。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

38. Particulars of Principal Subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

38. 主要附屬公司資料

本公司主要附屬公司的詳情如下：

Name 名稱	Place of incorporation/ registration and business 註冊成立/ 註冊及經營地點	Issued and fully paid share/ registered capital 已發行及繳足 股份/註冊資本	Percentage of equity attributable to the Company 本公司應佔權益百分比		Principal activities 主要業務
			2018 二零一八年	2017 二零一七年	
Embry Asia Limited 安莉芳亞洲有限公司	Hong Kong 香港	HK\$100 100港元	100	100	Investment holding 投資控股
Embry (Changzhou) Garments Ltd. ("Embry CZ")** 安莉芳(常州)服裝有限公司 ("安莉芳常州")**	PRC/ Mainland China 中國/中國大陸	RMB176,200,000 人民幣176,200,000元 (Note) (附註)	100	100	Manufacture and trading of ladies' brassieres, panties, swimwear and sleepwear 製造及買賣女性胸圍、 內褲、泳衣及睡衣
Embry SZ** 安莉芳深圳**	PRC/ Mainland China 中國/中國大陸	HK\$11,000,000 11,000,000港元	100	100	Manufacture and trading of ladies' brassieres, panties, swimwear and sleepwear 製造及買賣女性胸圍、 內褲、泳衣及睡衣
Embry HK 安莉芳香港	Hong Kong 香港	Ordinary HK\$45,000 *Non-voting deferred HK\$4,500,000 普通股45,000港元 *無投票權遞延股 4,500,000港元	100	100	Trading of ladies' brassieres, panties, swimwear and sleepwear and property investment 買賣女性胸圍、內褲、 泳衣及睡衣及物業投資
Embry (Macau) Fashion Company Limited (Embry (Macau) Pronto A Vestir, Limitada) 安莉芳(澳門)時裝有限公司	Macau 澳門	MOP100,000 100,000澳門幣	100	100	Trading of ladies' brassieres, panties, swimwear and sleepwear 買賣女性胸圍、內褲、 泳衣及睡衣
Embry (Shandong) Garments Limited ("Embry SD")** 安莉芳(山東)服裝有限公司 ("安莉芳山東")**	PRC/ Mainland China 中國/中國大陸	US\$18,000,000 18,000,000美元	100	100	Manufacture and trading of ladies' brassieres, panties, swimwear and sleepwear 製造及買賣女性胸圍、 內褲、泳衣及睡衣
Embry (Shanghai) Company Limited ("Embry SH")** 安莉芳(上海)有限公司 ("安莉芳上海")**	PRC/ Mainland China 中國/中國大陸	HK\$238,000,000 238,000,000港元	100	100	Design, research and development and trading of ladies' brassieres, panties, swimwear and sleepwear 設計、研究、開發及買賣女性 胸圍、內褲、泳衣及睡衣
Embry Garments Limited	BVI 英屬處女群島	US\$1 1美元	100	100	Investment holding 投資控股

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註 (續)

31 December 2018 二零一八年十二月三十一日

38. Particulars of Principal Subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name 名稱	Place of incorporation/ registration and business 註冊成立/ 註冊及經營地點	Issued and fully paid share/ registered capital 已發行及繳足 股份/註冊資本	Percentage of equity attributable to the Company 本公司應佔權益百分比		Principal activities 主要業務
			2018 二零一八年	2017 二零一七年	
EGL	BVI 英屬處女群島	US\$472 472 美元	100	100	Investment holding 投資控股
Embry International Limited 安莉芳國際有限公司	BVI 英屬處女群島	US\$1 1 美元	100	100	Investment holding 投資控股
Gallin Investments Limited 吉年投資有限公司	Hong Kong 香港	HK\$2 2 港元	100	100	Investment holding 投資控股
Prime Force Advertising Limited	Hong Kong 香港	HK\$20 20 港元	100	100	Dormant 不活動
Whistleblower Limited	BVI 英屬處女群島	US\$1 1 美元	100	100	Holding of trademarks 持有商標

* The non-voting deferred shares carry no rights to dividends (other than for any financial year during which the net profit of Embry HK available for dividend exceeds HK\$1,000,000,000,000), no rights to vote at general meetings and no rights to receive any surplus in return of capital in a winding-up in respect of the first HK\$500,000,000,000,000.

** Embry CZ, Embry SZ, Embry SD and Embry SH are registered as wholly-foreign-owned enterprises under the PRC law.

Except for EGL, all of the above subsidiaries are indirectly held by the Company.

Note: The registered capital of Embry CZ amounted to RMB176,200,000, of which RMB153,030,000 was paid up as at 31 December 2017. The Group had the remaining unpaid capital contribution of RMB23,170,000 (equivalent to approximately HK\$27,916,000) as at 31 December 2017. As at 31 December 2018, the registered capital was fully paid up.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, 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, result in particulars of excessive length.

39. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 21 March 2019.

38. 主要附屬公司資料 (續)

本公司主要附屬公司的詳情如下：(續)

* 無投票權遞延股並無附帶權利收取股息(於安莉芳香港可供派息的純利超過 1,000,000,000,000 港元的任何財政年度除外)、於股東大會上投票及於清盤時收取首 500,000,000,000,000 港元退回資本的任何盈餘。

** 安莉芳常州、安莉芳深圳、安莉芳山東及安莉芳上海均根據中國法例註冊為全外資企業。

除 EGL 外，上述所有附屬公司均由本公司間接持有。

附註：安莉芳常州的註冊資本為人民幣 176,200,000 元，其中於二零一七年十二月三十一日已支付人民幣 153,030,000 元。尚有未支付注資額人民幣 23,170,000 元(相等於約 27,916,000 港元)。截至二零一八年十二月三十一日，註冊資本已全額繳足。

上表載列本公司附屬公司，董事認為該等附屬公司主要影響本年度業績或構成本集團資產淨值的主要部分。董事認為，提供其他附屬公司的詳情將導致篇幅過長。

39. 批准財務報表

財務報表於二零一九年三月二十一日獲董事會批准及授權刊發。

This Annual Report is printed on environmentally-friendly paper.
本年報以環保紙張印製。

EMBRY HOLDINGS LIMITED
安莉芳控股有限公司