香港交易及結算所有限公司及香港聯合交易所有限公司對本公告的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示，概不對因本公告全部或任何部份內容而產生或因倚賴該等內容而引致的任何損失承擔任何責任。

Neo-Neon Holdings Limited
同方友友控股有限公司
(於開曼群島註冊成立的有限公司)
(股份代號：1868)

海外監管公告

本公告是由同方友友控股有限公司(「**本公司**」)依據香港聯合交易所有限公司證券上市規則第13.10B條作出。

以下所附是本公司按臺灣證券交易所股份有限公司的規定於二零一八年四月十二日在臺灣證券交易所股份有限公司公開資訊觀測站(MOPS網站)刊發的公告。

承董事會命
同方友友控股有限公司
主席
黃俞

香港，二零一八年四月十二日

於本公告日期，本公司執行董事為謝漢良先生；非執行董事為黃俞先生(主席)、王良海先生及劉衛東先生；獨立非執行董事為范仁達先生、劉天民先生及李明綺女士。

同方友友控股有限公司及子公司
(原名：真明麗控股有限公司及子公司)

民國一〇六年度合併財務報表

暨會計師複核報告

(上市台灣存託憑證用外國公司財務報告)

同方友友控股有限公司及子公司
(原名：真明麗控股有限公司及子公司)
民國一〇六年度合併財務報表
暨會計師複核報告
(上市台灣存託憑證用外國公司財務報告)

目　　錄

內　　容	附件編號
目　　錄	
本國會計師複核報告	一
按新台幣換算之主要財務報表	二
一、綜合財務狀況表	
二、綜合全面收益表	
三、綜合權益變動表	
四、綜合現金流量表	
依中華民國一般公認會計原則重編後之主要財務報表	三
一、重編後合併資產負債表	
二、重編後合併綜合損益表	
三、重編後合併現金流量表	
四、合併資產負債表、合併綜合損益表及合併現金流量表重編說明(含合併財務報表重編原則、金融監督管理委員會認可之國際財務報導準則、國際會計準則、解釋及解釋公告與香港一般公認會計原則之差異彙總說明)	
外國會計師查核報告(中譯本及原文)	四
財務報表及其相關附註或附表(中譯本及原文)	四

附 件 一

KPMG

安侯建業聯合會計師事務所
KPMG
台北市11049信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 11049, Taiwan (R.O.C.)
Telephone 電話 + 886 (2) 8101 6666
Fax 傳真 + 886 (2) 8101 6667
Internet 網址 kpmg.com/tw

會計師複核報告

同方友友控股有限公司(原名：真明麗控股有限公司) 公鑒：

同方友友控股有限公司及其子公司民國一〇六年及一〇五年一月一日至十二月三十一日之合併財務報表，業經香港畢馬威會計師事務所查核完竣，並於民國一〇七年三月十六日出具無保留意見之查核報告（詳附件四）。隨附同方友友控股有限公司及其子公司民國一〇六年及一〇五年一月一日至十二月三十一日依新台幣換算之綜合財務狀況表、綜合全面收益表、綜合權益變動表及綜合現金流量表暨其相關資訊(附件二)，業經本會計師依照「第二上市（櫃）公司財務報告複核要點」，採行必要之複核程序予以複核竣事。由於本會計師並未依照一般公認審計準則查核，故無法對上開財務報告之整體是否允當表達表示意見。

依本會計師之複核結果，第一段所述同方友友控股有限公司及其子公司民國一〇六年及一〇五年一月一日至十二月三十一日之綜合財務狀況表、綜合全面收益表、綜合權益變動表及綜合現金流量表暨其相關資訊，並未發現有違反「第二上市（櫃）公司財務報告複核要點」規定而需作重大修正、調整或再補充揭露之情事。

如附件三所示，同方友友控股有限公司及其子公司之主要合併財務報表格式係依香港一般公認會計原則及相關法令規定編製，以致與中華民國部分規定不同，是以，同方友友控股有限公司及其子公司業已依中華民國金融監督管理委員會認可之國際財務報導準則、國際會計準則、解釋及解釋公告及相關法令予以重編其民國一〇六年及一〇五年一月一日至十二月三十一日之合併資產負債表、合併綜合損益表及合併現金流量表。

安侯建業聯合會計師事務所

會計師：

證券主管機關：金管證六字第0940129108號
核准簽證文號：金管證六字第0940100754號
民國一〇七年三月十六日

KPMG, a Taiwan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

附 件 二

本公司及子公司原以人民幣編製之合併財務報表，謹依規定匯率編製按新台幣換算之主要報表：

一、綜合財務狀況表

二、綜合全面收益表

三、綜合權益變動表

四、綜合現金流量表

民國一〇六年及一〇五年一月一日至十二月三十一日比較報表之所有科目金額，係分別以民國一〇六年十二月三十一日之人民幣對新台幣匯率(RMB$1：NTD$4.577)及民國一〇五年十二月三十一日之人民幣對新台幣匯率(RMB$1：NTD$4.623)換算。

最近三年度人民幣對新台幣最高、最低及平均匯率如下：

	最高	最低	平均
106.1.1~106.12.31	RMB $1：NTD$4.688	RMB $1：NTD$4.360	RMB $1：NTD$4.525
105.1.1~105.12.31	RMB $1：NTD$5.105	RMB $1：NTD$4.591	RMB $1：NTD$4.808
104.1.1~104.12.31	RMB $1：NTD$5.184	RMB $1：NTD$4.890	RMB $1：NTD$5.033

同方友友控股有限公司及子公司

（原名：真明麗控股有限公司及子公司）

綜合財務狀況表

民國一〇六年及一〇五年十二月三十一日　　單位：千元

	106.12.31		105.12.31	
	人民幣	新台幣	人民幣	新台幣
非流動資產：				
投資物業	$ 14,200	64,993	14,700	67,958
物業、廠房及設備	127,699	584,479	149,832	692,674
預付租約付款	30,469	139,457	31,863	147,303
商譽	123,454	565,049	8,663	40,049
無形資產	35,404	162,044	29,840	137,950
聯營公司權益	1,016	4,650	1,331	6,153
可供出售投資	2,308	10,564	2,308	10,670
按公允價計入損益的金融資產-非流動	111,166	508,807	108,152	499,987
收購物業、廠房及設備之按金	2,695	12,335	1,381	6,384
遞延所得稅資產-非流動	6,179	28,281	7,063	32,652
非流動資產合計	454,590	2,080,659	355,133	1,641,780
流動資產：				
待出售非流動資產	-	-	105,275	486,686
存貨	177,395	811,937	184,316	852,093
應收貿易及其他款項	208,968	956,447	178,930	827,193
可收回稅項	29,633	135,630	22,765	105,243
可供出售投資-流動	321,079	1,469,579	-	-
按公允價值計入損益的金融資產-流動	21,571	98,730	-	-
已抵押銀行按金	13,322	60,975	27,667	127,905
代客戶持有的現金	90,321	413,399	-	-
現金及現金等值物	435,964	1,995,407	647,356	2,992,727
流動資產合計	1,298,253	5,942,104	1,166,309	5,391,847
流動負債：				
應付貿易及其他款項	234,827	1,074,804	163,546	756,074
應付稅項	40	183	10,068	46,544
須於一年內償還之銀行借貸	70,243	321,502	110,967	513,000
與待出售非流動資產直接相關之負債	-	-	11,195	51,754
流動負債合計	305,110	1,396,489	295,776	1,367,372
流動資產淨值	993,143	4,545,615	870,533	4,024,475
總資產值減流動負債	1,447,733	6,626,274	1,225,666	5,666,255
非流動負債：				
政府補貼	7,475	34,213	12,765	59,013
遞延稅項	6,459	29,563	2,950	13,638
非流動負債合計	13,934	63,776	15,715	72,651
資產淨值	**1,433,799**	**6,562,498**	**1,209,951**	**5,593,604**
資本與儲備：				
股本	186,912	855,496	171,808	794,268
儲備	1,242,923	5,688,859	1,037,362	4,795,725
本公司股本持有人應佔權益	1,429,835	6,544,355	1,209,170	5,589,993
非控股權益	3,964	18,143	781	3,611
權益總額	$ **1,433,799**	**6,562,498**	**1,209,951**	**5,593,604**

註一：民國一〇六年十二月三十一日財務報表之所有資產、負債、股東權益及損益科目金額，係以民國106年12月31日之匯率RMB$1=NT4.577換算。

民國一〇五年十二月三十一日財務報表之所有資產、負債、股東權益及損益科目金額，係以民國105年12月31日之匯率RMB$1=NT$4.623換算。

董事長：　　經理人：　　會計主管：

同方友友控股有限公司及子公司

（原名：真明麗控股有限公司及子公司）

綜合全面收益表

民國一〇六年及一〇五年一月一日至十二月三十一日

單位:千元

	106年度		105年度	
	人民幣	新台幣	人民幣	新台幣
營業額	$ 665,724	3,047,019	611,243	2,825,776
已售貨物的成本	457,634	2,094,591	422,713	1,954,202
毛利	208,090	952,428	188,530	871,574
其他收入	35,858	164,122	11,657	53,890
其他收益及虧損	105,374	482,297	28,058	129,712
其他支出	(484)	(2,215)	(590)	(2,728)
確認減值虧損				
分銷及銷售開支	(90,146)	(412,598)	(97,396)	(450,262)
行政開支	(127,715)	(584,552)	(107,583)	(497,354)
財務成本	(4,658)	(21,320)	(3,873)	(17,905)
除稅前溢利	126,319	578,162	18,803	86,927
稅項支出	(5,838)	(26,721)	(7,061)	(32,643)
年內溢利	**120,481**	**551,441**	**11,742**	**54,284**
年內其他全面收益：				
其後可能被重新分類至損益的項目				
-折算海外附屬公司財務報表產生之匯兌差額，經扣除零稅項	(57,271)	(262,129)	33,298	153,937
備供出售金融資產之未實現評價利益(損失)	(13,285)	(60,805)	-	-
年內其他全面收益	(70,556)	(322,934)	33,298	153,937
年內全面收益總額	**$ 49,925**	**228,507**	**45,040**	**208,221**
本年度以下人士應佔溢利(虧損)：				
本公司股本持有人	$ 120,375	550,956	11,778	54,450
非控股權益	106	485	(36)	(166)
	$ 120,481	**551,441**	**11,742**	**54,284**
應佔本年度全面收益總額：				
本公司股本持有人	$ 49,964	228,686	44,951	207,809
非控股權益	(39)	(179)	89	412
	$ 49,925	**228,507**	**45,040**	**208,221**
	人民幣	新台幣	人民幣	新台幣
每股盈利(虧損)				
-基本(人民幣分/新台幣元)	**$ 5.72**	**0.26**	**0.61**	**0.03**
-攤薄(人民幣分/新台幣元)	**$ 5.72**	**0.26**	**0.61**	**0.03**

註一：民國一〇六年十二月三十一日財務報表之所有資產、負債、股東權益及損益科目金額，係以民國106年12月31日之匯率RMB$1=NT4.577換算。

民國一〇五年十二月三十一日財務報表之所有資產、負債、股東權益及損益科目金額，係以民國105年12月31日之匯率RMB$1=NT$4.623換算。

董事長：　　經理人：　　會計主管：

同方友友控股有限公司及子公司

（原名：真明麗控股有限公司及子公司）

綜合權益變動表

民國一〇六年及一〇五年一月一日至十二月三十一日

單位:人民幣千元

	本公司股本持有人應佔													
	股　本	庫藏股	股份溢價	資　本贖回儲備	特別儲備	股　份補償儲備	購股權儲　備	匯兌儲備	公允價值儲　備	其他儲備	累計虧損	總　計	非控股權益	權益總計
於民國一〇五年一月一日	$ 171,897	-	2,264,928	255	55,238	50,024	3,671	(258,747)	-	(8,220)	(1,116,436)	1,162,610	874	1,163,484
期間變動：														
本年度溢利	-	-	-	-	-	-	-	-	-	-	11,778	11,778	(36)	11,742
其他全面收益	-	-	-	-	-	-	-	33,173	-	-	-	33,173	125	33,298
年內全部收益總額	-	-	-	-	-	-	-	33,173	-	-	11,778	44,951	89	45,040
股票回購	(89)	-	(911)	89	-	-	-	-	-	-	-	(911)	-	(911)
確認基於股份以權益結算之付款	-	-	-	-	-	-	2,718	-	-	-	-	2,718	-	2,718
收購附屬公司之非控制權益	-	-	-	-	-	-	-	-	-	(198)	-	(198)	(182)	(380)
民國一〇五年十二月三十一日餘額	171,808	-	2,264,017	344	55,238	50,024	6,389	(225,574)	-	(8,418)	(1,104,658)	1,209,170	781	1,209,951
期間變動：														
本年度溢利	-	-	-	-	-	-	-	-	-	-	120,375	120,375	106	120,481
其他全面收益	-	-	-	-	-	-	-	(57,126)	(13,285)	-	-	(70,411)	(145)	(70,556)
年內全部收益總額	-	-	-	-	-	-	-	(57,126)	(13,285)	-	120,375	49,964	(39)	49,925
發行股份	15,670	-	166,098	-	-	-	-	-	-	-	-	181,768	-	181,768
股票回購	-	(11,304)	-	-	-	-	-	-	-	-	-	(11,304)	-	(11,304)
庫藏股註銷	(566)	5,004	(5,004)	566	-	-	-	-	-	-	-	-	-	-
確認基於股份以權益結算之付款	-	-	-	-	-	-	1,601	-	-	-	-	1,601	-	1,601
執行認股權	-	-	-	-	-	-	(682)	-	-	(682)	-	(1,364)	3,222	1,858
於民國一〇六年十二月三十一日	**$ 186,912**	**(6,300)**	**2,425,111**	**910**	**55,238**	**50,024**	**7,308**	**(282,700)**	**(13,285)**	**(9,100)**	**(984,283)**	**1,429,835**	**3,964**	**1,433,799**

董事長：　　經理人：　　會計主管：

同方友友控股有限公司及子公司

（原名：真明麗控股有限公司及子公司）

綜合權益變動表

民國一〇六年及一〇五年一月一日至十二月三十一日

單位:新台幣千元

	本公司股本持有應佔													
	股　本	庫藏股	股份溢價	資　本贖回儲備	特別儲備	股　份補償儲備	購股權儲　備	匯兌儲備	公允價值儲　備	其他儲備	累計虧損	總　計	非控制權益	權益總計
於民國一〇五年一月一日	$ 794,680	-	10,470,762	1,179	255,365	231,261	16,971	(1,196,187)	-	(38,001)	(5,161,284)	5,374,746	4,041	5,378,787
期間變動：														
本年度虧損	-	-	-	-	-	-	-	-	-	-	54,450	54,450	(166)	54,284
其他全面收益	-	-	-	-	-	-	-	153,359	-	-	-	153,359	578	153,937
本年度全部收益總額	-	-	-	-	-	-	-	153,359	-	-	54,450	207,809	412	208,221
股票回購	(411)	-	(4,212)	411	-	-	-	-	-	-	-	(4,212)	-	(4,212)
確認基於股份以權益結算之付款	-	-	-	-	-	-	12,565	-	-	-	-	12,565	-	12,565
收購附屬公司之非控制權益	-	-	-	-	-	-	-	-	-	(915)	-	(915)	(842)	(1,757)
於民國一〇五年十二月三十一日	**$ 794,269**	**-**	**10,466,550**	**1,590**	**255,365**	**231,261**	**29,536**	**(1,042,828)**	**-**	**(38,916)**	**(5,106,834)**	**5,589,993**	**3,611**	**5,593,604**
於民國一〇六年一月一日	$ 786,365	-	10,362,406	1,574	252,824	228,960	29,242	(1,032,452)	-	(38,529)	(5,056,020)	5,534,370	3,575	5,537,945
期間變動：														
本年度溢利	-	-	-	-	-	-	-	-	-	-	550,956	550,956	485	551,441
其他全面收益	-	-	-	-	-	-	-	(261,465)	(60,805)	-	-	(322,270)	(664)	(322,934)
年度全面收益總額	-	-	-	-	-	-	-	(261,465)	(60,805)	-	550,956	228,686	(179)	228,507
發行股份	71,722	-	760,231	-	-	-	-	-	-	-	-	831,953	-	831,953
股票回購	-	(51,738)	-	-	-	-	-	-	-	-	-	(51,738)	-	(51,738)
庫藏股註銷	(2,591)	22,903	(22,903)	2,591	-	-	-	-	-	-	-	-	-	-
確認基於股份以權益結算之付款	-	-	-	-	-	-	7,328	-	-	-	-	7,328	-	7,328
執行認股權	-	-	-	-	-	-	(3,122)	-	-	(3,122)	-	(6,244)	14,747	8,503
於民國一〇六年十二月三十一日	**$ 855,496**	**(28,835)**	**11,099,734**	**4,165**	**252,824**	**228,960**	**33,448**	**(1,293,917)**	**(60,805)**	**(41,651)**	**(4,505,064)**	**6,544,355**	**18,143**	**6,562,498**

註：民國一〇六年一月一日至十二月三十一日財務報表之所有資產、負債、股東權益及損益科目金額，係以民國106年12月31日之匯率RMB$1=NT$4.577換算。

民國一〇五年一月一日至十二月三十一日財務報表之所有資產、負債、股東權益及損益科目金額，係以民國105年12月31日之匯率RMB$1=NT$4.623換算。

民國一〇六年一月一日之股東權益科目金額，係以民國106年12月31日之匯率RMB$1=NT$4.577換算。

董事長：　　經理人：　　會計主管：

同方友友控股有限公司及子公司

（原名：真明麗控股有限公司及子公司）

綜合現金流量表

民國一〇六年及一〇五年一月一日至十二月三十一日

單位：千元

	106年度		105年度	
	人民幣	新台幣	人民幣	新台幣
經營活動之現金流量：				
除稅前溢利	$ 126,319	578,162	18,803	86,927
就以下項目作出調整：				
利息收入	(3,383)	(15,484)	(2,140)	(9,893)
財務成本	4,658	21,320	3,873	17,905
出售一間附屬公司之收益	(110,649)	(506,440)	(298)	(1,378)
折舊及攤銷	25,358	116,063	34,876	161,232
投資物業公允值變動	500	2,289	-	-
按公允值計入損益的金融資產公允值變動	(11,614)	(53,157)	(2,772)	(12,815)
股利收入	(21,058)	(96,382)	-	-
可供出售投資減損損失	315	1,442	14	65
出售物業、廠房及設備及預付租約付款之收益	(496)	(2,270)	(2,421)	(11,192)
攤銷政府補助金	(5,509)	(25,215)	(77)	(356)
存貨撥備淨額	6,462	29,577	3,995	18,469
呆壞帳(撥備撥回)撥備淨額	1,368	6,261	(5,213)	(24,100)
基於股份以權益結算之付款	1,601	7,327	2,718	12,565
匯兌收益淨額	16,097	73,676	(18,523)	(85,632)
營運資金變動前的經營現金流量	29,969	137,169	32,835	151,797
存貨減少	459	2,101	6,008	27,775
可收回稅項增加	(6,868)	(31,435)	(10,019)	(46,317)
應收貿易及其他款項(增加)減少	(32,122)	(147,022)	8,256	38,167
代客戶持有的現金增加	(90,321)	(413,399)	-	-
應付貿易及其他款項增加(減少)	32,063	146,752	(22,551)	(104,253)
經營業務所用現金	(66,820)	(305,834)	14,529	67,169
已付所得稅項	(28,869)	(132,133)	(9,599)	(44,376)
經營業務(所用)所得現金淨額	(95,689)	(437,967)	4,930	22,793
投資活動之現金流量：				
已收利息	3,383	15,484	2,140	9,893
存放已抵押銀行存款	(57,115)	(261,415)	(27,667)	(127,905)
解除已抵押銀行存款	71,460	327,072	20,353	94,092
購買物業、廠房及設備	(15,487)	(70,884)	(18,935)	(87,537)
出售物業、廠房及設備及預付租約付款的所得款項	13,399	61,327	19,401	89,691
添置無形資產	(5,583)	(25,553)	(8,434)	(38,990)
取得可供出售投資	(348,600)	(1,595,542)	-	-
收購附屬公司，扣除所獲現金及現金等價物	40,768	186,595	-	-
出售附屬公司，扣除所獲現金及現金等價物	249,718	1,142,959	-	-
取得按公允值計入損益的金融資產	(13,499)	(61,785)	-	-
收取之股利	21,058	96,382	-	-
取得待出售非流動資產	-	-	(1,950)	(9,015)
投資活動所用現金淨額	(40,498)	(185,360)	(15,092)	(69,771)

同方友友控股有限公司及子公司

（原名：真明麗控股有限公司及子公司）

綜合現金流量表(續)

民國一〇六年及一〇五年一月一日至十二月三十一日

單位：千元

	106年度		105年度	
	人民幣	新台幣	人民幣	新台幣
融資活動之現金流量：				
新造銀行貸款所得款項	174,985	800,906	94,761	438,080
償還銀行貸款	(210,633)	(964,067)	(84,952)	(392,733)
已付利息	(4,658)	(21,320)	(3,873)	(17,905)
庫藏股票買回成本	(11,304)	(51,738)	(911)	(4,212)
非控制權益變動	-	-	(380)	(1,757)
融資活動(所用)所得現金淨額	(51,610)	(236,219)	4,645	21,473
現金及現金等值物減少淨額	(187,797)	(859,546)	(5,517)	(25,505)
於年初的現金及現金等值物	649,306	2,971,872	615,663	2,846,210
外幣匯率變動的影響	(25,545)	(116,919)	37,210	172,022
於年末的現金及現金等值物	**$ 435,964**	**1,995,407**	**647,356**	**2,992,727**

註：民國一〇六年一月一日至十二月三十一日財務報表之所有資產、負債、股東權益及損益科目金額，係以民國106年12月31日之匯率RMB$1=NT$4.577換算。

民國一〇五年一月一日至十二月三十一日財務報表之所有資產、負債、股東權益及損益科目金額，係以民國105年12月31日之匯率RMB$1=NT$4.623換算。

董事長：　　經理人：　　會計主管：

附　件　三

同方友友控股有限公司及子公司

（原名：真明麗控股有限公司及子公司）

合併資產負債表

依中華民國金融監督管理委員會認可之國際財務報導準則重編

民國一〇六年及一〇五年十二月三十一日

單位:新台幣千元

		106.12.31					105.12.31				
		依香港財務報導準則編製金額	%	調節金額增(減)	依中華民國國際財務報導準則編製之金額	%	依香港財務報導準則編製金額	%	調節金額增(減)	依中華民國國際財務報導準則編製之金額	%
	資產										
	流動資產：										
1100	現金及約當現金	$ 1,995,407	25	-	1,995,407	25	2,992,727	43	-	2,992,727	43
1110	透過損益按公允價值衡量之金融資產－流動	98,730	1	-	98,730	1	-	-	-	-	-
1125	備供出售金融資產	1,469,579	18	-	1,469,579	18	-	-	-	-	-
1130	存　　貨	811,937	10	-	811,937	10	852,093	12	-	852,093	12
1170	應收帳款淨額	627,539	8	-	627,539	8	524,738	7	-	524,738	7
1200	其他應收款	464,538	6	-	464,538	6	407,698	6	-	407,698	6
1460	待出售非流動資產	-	-	-	-	-	486,686	7	-	486,686	7
1476	其他金融資產－流動	474,374	6	-	474,374	6	127,905	2	-	127,905	2
	流動資產合計	5,942,104	74	-	5,942,104	74	5,391,847	77	-	5,391,847	77
	非流動資產：										
1510	透過損益按公允價值衡量之金融資產－非流動	508,807	6	-	508,807	6	499,987	7	-	499,987	7
1524	備供出售金融資產－非流動	10,564	-	(10,564)	-	-	10,670	-	(10,670)	-	-
1543	以成本衡量之金融資產－非流動	-	-	10,564	10,564	-	-	-	10,670	10,670	-
1550	採用權益法之投資	4,650	-	-	4,650	-	6,153	-	-	6,153	-
1600	不動產、廠房及設備	596,814	8	(12,335)	584,479	8	699,058	10	(6,384)	692,674	10
1760	投資性不動產淨額	64,993	-	(34,236)	30,757	-	67,958	1	(33,726)	34,232	1
1780	無形資產	162,044	2	-	162,044	2	137,950	2	-	137,950	2
1840	遞延所得稅資產	28,281	-	-	28,281	-	32,652	-	-	32,652	-
1805	商譽	565,049	8	-	565,049	8	40,049	1	-	40,049	1
1915	預付設備款	-	-	12,335	12,335	-	-	-	6,384	6,384	-
1985	長期預付租金	139,457	2	-	139,457	2	147,303	2	-	147,303	2
	非流動資產合計	2,080,659	26	(34,236)	2,046,423	26	1,641,780	23	(33,726)	1,608,054	23
	資產總計	**$ 8,022,763**	**100**	**(34,236)**	**7,988,527**	**100**	**7,033,627**	**100**	**(33,726)**	**6,999,901**	**100**

董事長：　　經理人：　　會計主管：

同方友友控股有限公司及子公司

（原名：真明麗控股有限公司及子公司）

合併資產負債表(續)

依中華民國金融監督管理委員會認可之國際財務報導準則重編

民國一〇六年及一〇五年十二月三十一日

單位:新台幣千元

		106.12.31					105.12.31				
		依香港財務報導準則編製金額	%	調節金額增(減)	依中華民國國際財務報導準則編製之金額	%	依香港財務報導準則編製金額	%	調節金額增(減)	依中華民國國際財務報導準則編製之金額	%
	負債及股東權益										
	流動負債：										
2170	應付帳款	$ 781,574	10	-	781,574	10	432,473	6	-	432,473	6
2209	其他應付費用	36,566	-	-	36,566	-	64,190	1	-	64,190	1
2219	其他應付款－其他	256,664	3	-	256,664	3	259,411	4	-	259,411	4
2230	當期所得稅負債	183	-	-	183	-	46,544	1	-	46,544	1
2260	與待出售非流動資產直接相關之負債	-	-	-	-	-	51,754	1	-	51,754	1
2322	一年或一營業週期內到期長期借款	321,502	5	-	321,502	5	513,000	8	-	513,000	8
	流動負債合計	1,396,489	18	-	1,396,489	18	1,367,372	21	-	1,367,372	21
	非流動負債										
2570	遞延所得稅負債	29,563	-	-	29,563	-	13,638	-	-	13,638	-
2630	長期遞延收入	34,213	-	-	34,213	-	59,013	1	-	59,013	1
	長期負債合計	63,776	-	-	63,776	-	72,651	1	-	72,651	1
	負債合計	1,460,265	18	-	1,460,265	18	1,440,023	22	-	1,440,023	22
	股東權益										
3110	普通股股本	855,496	11	-	855,496	11	794,268	11	-	794,268	11
3200	資本公積	-	-	11,618,552	11,618,552	145	-	-	10,993,164	10,993,164	157
	儲備	5,688,859	71	(5,688,859)	-	-	4,795,725	67	(4,795,725)	-	-
3351	累積盈虧	-	-	(4,580,371)	(4,580,371)	(57)	-	-	(5,188,336)	(5,188,336)	(75)
3400	其他權益	-	-	(1,354,722)	(1,354,722)	(17)	-	-	-	-	-
3500	庫藏股票	-	-	(28,836)	(28,836)	-	-	-	(1,042,829)	(1,042,829)	(15)
	母公司股東權益合計	6,544,355	82	(34,236)	6,510,119	82	5,589,993	78	(33,726)	5,556,267	78
3600	非控制權益	18,143	-	-	18,143	-	3,611	-	-	3,611	-
	股東權益合計	6,562,498	82	(34,236)	6,528,262	82	5,593,604	78	(33,726)	5,559,878	78
	負債及股東權益總計	**$ 8,022,763**	**100**	**(34,236)**	**7,988,527**	**100**	**7,033,627**	**100**	**(33,726)**	**6,999,901**	**100**

註一：民國一〇六年十二月三十一日財務報表之所有資產、負債、股東權益及損益科目金額，係以民國106年12月31日之匯率RMB$1=NT4.577換算。

民國一〇五年十二月三十一日財務報表之所有資產、負債、股東權益及損益科目金額，係以民國105年12月31日之匯率RMB$1=NT$4.623換算。

董事長：　　經理人：　　會計主管：

同方友友控股有限公司及子公司

（原名：真明麗控股有限公司及子公司）

合併綜合損益表

（依中華民國金融監督管理委員會認可之國際財務報導準則重編）

民國一〇六年及一〇五年一月一日至十二月三十一日

單位:新台幣千元

		106年度				105年度			
	項目	依香港財務報導準則編製金額	%	調節金額增(減)	依中華民國國際財務報導準則編製之金額	%	依香港財務報導準則編製金額	%	調節金額增(減)	依中華民國國際財務報導準則編製之金額	%
4000	營業收入	$ 3,047,019	100	-	3,047,019	100	2,825,776	100	-	2,825,776	100
5000	營業成本	2,094,591	69	-	2,094,591	69	1,954,202	69	-	1,954,202	69
	營業毛利	952,428	31	-	952,428	31	871,574	31	-	871,574	31
6000	營業費用	(997,150)	(33)	(2,215)	(999,365)	(33)	(947,616)	(37)	21,372	(926,244)	(33)
	營業損失	(44,722)	(2)	(2,215)	(46,937)	(2)	(76,042)	(6)	21,372	(54,670)	(2)
	營業外收入及支出										
7010	其他收入	209,169	7	-	209,169	7	84,050	3	-	84,050	3
7020	其他利益及損失	432,765	14	1,368	434,133	14	85,632	3	(22,228)	63,404	2
7050	財務成本	(21,320)	(1)	-	(21,320)	(1)	(17,905)	(1)	-	(17,905)	(1)
7210	處分不動產、廠房及設備利益	2,270	-	-	2,270	-	11,192	-	-	11,192	-
	營業外收入及支出合計	622,884	20	1,368	624,252	20	162,969	5	(22,228)	140,741	4
	繼續營業單位稅前淨利	578,162	18	(847)	577,315	18	86,927	(1)	(856)	86,071	2
	減：所得稅費用	26,721	(1)	-	26,721	(1)	32,643	(1)	-	32,643	(1)
	本期淨利	$ 551,441	17	(847)	550,594	17	54,284	(2)	(856)	53,428	1
	其他綜合損益										
	國外營運機構財務報表換算之兌換差額	(262,129)	(9)	-	(262,129)	(9)	153,937	5	-	153,937	5
	備供出售金融資產未實現評價利益	(60,805)	(2)	-	(60,805)	(2)	-	-	-	-	-
	其他綜合損益(稅後淨額)	(322,934)	(11)	-	(322,934)	(11)	153,937	5	-	153,937	5
	其他綜合損益總額	$ 228,507	6	(847)	227,660	6	208,221	3	(856)	207,365	6
	本期淨損歸屬於：										
	母公司業主	550,956		(847)	550,109		54,450		(856)	53,594	
	非控制權益	485		-	485		(166)		-	(166)	
		$ 551,441		(847)	550,594		54,284		(856)	53,428	
	綜合損益總額屬於：										
	母公司業主	228,686		(847)	227,839		207,809		(856)	206,953	
	非控制權益	(179)		-	(179)		412		-	412	
		$ 228,507		(847)	227,660		208,221		(856)	207,365	
	每股盈餘(虧損)(新台幣元)										
	基本稅後	$ 0.26		-	0.26		0.03		-	0.03	
	稀釋稅後	$ 0.26		-	0.26		0.03		-	0.03	

註：民國一〇六年十二月三十一日財務報表之所有資產、負債、股東權益及損益科目金額，係以民國106年12月31日之匯率RMB$1=NT$4.577換算。

民國一〇五年十二月三十一日財務報表之所有資產、負債、股東權益及損益科目金額，係以民國105年12月31日之匯率RMB$1=NT$4.623換算。

董事長：　　經理人：　　會計主管：

同方友友控股有限公司及子公司

（原名：真明麗控股有限公司及子公司）

合併現金流量表

（依中華民國金融監督管理委員會認可之國際財務報導準則重編）

民國一〇六年及一〇五年一月一日至十二月三十一日

單位:新台幣千元

	106年度			105年度		
	依香港財務報導準則編製金額	調節金額 增(減)	依中華民國國際財務報導準則編製金額	依香港財務報導準則編製金額	調節金額 增(減)	依中華民國國際財務報導準則編製金額
營業活動之現金流量：						
繼續營業單位稅前淨利	$ 578,162	(847)	577,315	86,927	(856)	86,071
調整項目：						
不影響現金流量之收益費損項目						
折舊費用	88,908	847	89,755	140,174	856	141,030
攤銷費用	27,155	-	27,155	21,058	-	21,058
攤銷遞延政府補助收入	(25,215)	-	(25,215)	(356)	-	(356)
呆帳費用迴轉數	6,261	-	6,261	(24,100)	-	(24,100)
透過損益按公允價值衡量金融資產及負債之淨利益	(53,157)	-	(53,157)	(12,815)	-	(12,815)
利息費用	21,320	-	21,320	17,905	-	17,905
利息收入	(15,484)	-	(15,484)	(9,893)	-	(9,893)
投資性不動產按公允價值衡量之損失	2,289	-	2,289	-	-	-
股利收入	(96,382)	-	(96,382)	-	-	-
股份基礎給付酬勞成本	7,327	-	7,327	12,565	-	12,565
未實現外幣兌換損失(利益)	73,676	-	73,676	(85,632)	-	(85,632)
處分不動產、廠房、設備及土地使用權利益	(2,270)	-	(2,270)	(11,192)	-	(11,192)
處分投資關聯企業利益	(506,440)	-	(506,440)	(1,378)	-	(1,378)
金融資產減損損失	1,442	-	1,442	65	-	65
存貨跌價損失	29,577	-	29,577	18,469	-	18,469
不影響現金流量之收益費損項目合計	137,169	-	137,169	151,797	-	151,797
與營業活動相關之資產／負債變動數：						
存貨減少	2,101	-	2,101	27,775	-	27,775
應收帳款(增加)減少	(147,022)	-	(147,022)	38,167	-	38,167
其他金融資產增加	(413,399)	-	(413,399)	-	-	-
應付帳款增加(減少)	146,752	-	146,752	(104,253)	-	(104,253)
其他流動負債減少	(31,435)	-	(31,435)	(46,317)	-	(46,317)
與營業活動相關之資產及負債之淨變動合計	(443,003)	-	(443,003)	(84,628)	-	(84,628)
營運產生之現金流(出)入	(305,834)	-	(305,834)	67,169	-	67,169
支付之所得稅	(132,133)	-	(132,133)	(44,376)	-	(44,376)
營業活動之淨現金流(出)入	(437,967)	-	(437,967)	22,793	-	22,793
投資活動現金流量：						
取得透過損益按公允價值衡量之金融資產	(61,785)	-	(61,785)	-	-	-
取得備供出售金融資產	(1,595,542)	-	(1,595,542)	-	-	-
處分子公司	1,142,959	-	1,142,959	-	-	-
取得不動產、廠房及設備	(70,884)	-	(70,884)	(87,537)	-	(87,537)
處分不動產、廠房及設備	61,327	-	61,327	89,691	-	89,691
取得無形資產	(25,553)	-	(25,553)	(38,990)	-	(38,990)
其他金融資產增加	65,657	-	65,657	(33,813)	-	(33,813)
收取之利息	15,484	-	15,484	9,893	-	9,893
取得子公司之淨現金	186,595	-	186,595	-	-	-
取得待出售非流動資產	-	-	-	(9,015)	-	(9,015)
收取之股利	96,382	-	96,382	-	-	-
投資活動之淨現金流出	(185,360)	-	(185,360)	(69,771)	-	(69,771)
融資活動現金流量：						
短期借款增加	800,906	-	800,906	438,080	-	438,080
短期借款減少	(964,067)	-	(964,067)	(392,733)	-	(392,733)
支付之利息	(21,320)	-	(21,320)	(17,905)	-	(17,905)
庫藏股票買回成本	(51,738)	-	(51,738)	(4,212)	-	(4,212)
非控制權益變動	-	-	-	(1,757)	-	(1,757)
融資活動之淨現金流(出)入	(236,219)	-	(236,219)	21,473	-	21,473
匯率變動對現金及約當現金之影響	(116,919)	-	(116,919)	172,022	-	172,022
本期現金及約當現金(減少)增加數	(976,465)	-	(976,465)	146,517	-	146,517
期初現金及約當現金餘額	2,971,872	-	2,971,872	2,846,210	-	2,846,210
期末現金及約當現金餘額	$ 1,995,407	-	1,995,407	2,992,727	-	2,992,727

註：民國一〇六年十二月三十一日財務報表之所有資產、負債、股東權益及損益科目金額，係以民國106年12月31日之匯率RMB$1=NT$4.577換算。

民國一〇五年十二月三十一日財務報表之所有資產、負債、股東權益及損益科目金額，係以民國105年12月31日之匯率RMB$1=NT$4.623換算。

董事長：　　經理人：　　會計主管：

同方友友控股有限公司及子公司
(原名：真明麗控股有限公司及子公司)
合併財務報表重編說明
民國一〇六及一〇五年一月一日至十二月三十一日

一、合併財務報表重編原則

同方友友控股有限公司及子公司（以下簡稱合併公司）如附件四所列之民國一〇六年及一〇五年一月一日至十二月三十一日之財務報告，係包括同方友友控股有限公司（以下簡稱本公司）及子公司之合併財務資訊。合併公司依香港法令及香港財務報導準則(以下簡稱香港一般公認會計原則)編製之合併資產負債表、合併綜合損益表及合併現金流量表，因適用之會計原則不同，與中華民國金融監督管理委員會認可之國際財務報導準則、國際會計準則、解釋及解釋公告(以下簡稱中華民國經金管認可之國際財務報導準則)及相關法令規定部分不符，爰依中華民國財政部證券暨期貨管理委員會民國一〇一年十二月二十三日金管證審字第1010056540號函「第二上市(櫃)公司財務報告複核要點」規定，就上述合併資產負債表、合併綜合損益表及合併綜合現金流量表依中華民國經金管會認可之國際財務報導準則予以重編(以下簡稱重編合併財務報表)。

因適用之會計原則不同，致其對合併公司民國民國一〇六年及一〇五年一月一日至十二月三十一日損益影響金額重大者，上述重編合併財務報表已依中華民國經金管會認可之國際財務報導準則規定之格式與分類予以重分類，並執行相關損益調整。

二、合併公司所適用之中華民國經金管會認可之國際財務報導準則與香港一般公認會計原則之特定重大差異彙總說明

現行已發布生效之中華民國經金管會認可之國際財務報導準則與香港一般公認會計原則在特定方面可能有重大差異，其中影響合併公司民國一〇六年及一〇五年一月一日至十二月三十一日之合併資產負債表、合併綜合損益表及合併現金流量表，進而影響重編合併財務報表之主要差異，彙總說明如下：

	中華民國經金管會認可之國際財務報導準則	香港一般公認會計原則	對重編合併財務報表之影響
(一)合併資產負債表	一般之分類方式，資產係以流動性大小排列，流動性大者在前，流動性小者在後。負債則按到期日的遠近排列，近者在先，遠者在後。股東權益按永久性大小排列，永久性大者在先，小者在後。	一般之分類方式，資產係以非流動性資產在前，流動資產在後。負債及權益，係以負債在前，股本及各項準備在後，負債以流動負債在前，非流動負債在後。	已依中華民國財務報表規定予表達揭露。
1.可供出售股本證券	因公平價值無法可靠衡量而採成本評價之股權投資，應分類為以成本衡量之金融資產－非流動。	因合理公平價值估計範圍重大及各種估計法之機率無法合理評估，企業可以成本衡量該金融資產，並分類為備供出售金融資產。	已予將備供出售金融資產重分類至以成本衡量之金融資產－非流動項下。 106年12月31日：10,564千元 105年12月31日：10,670千元
2.預付設備款	依據中華民國證券發行人財務報告編製準則規定，預付設備款依其性質重分類於預付款項下。	預付設備款係帳列於不動產、廠房及設備項下。	已予將不動產、廠房及設備重分類至預付設備款項下。 106年12月31日：12,335千元 105年12月31日：6,384千元
3.儲備	應依各交易產生之性質區分為資本公積、累積盈虧及其他權益-國外營運機構財務報表之兌換差額。	皆列入儲備項下表達。	已予將儲備重分類至資本公積、累積盈虧及其他權益－國外營運機構財務報告換算之兌換差額。 106年12月31日：5,688,859千元 105年12月31日：4,795,725千元

	中華民國經金管會認可之國際財務報導準則	香港一般公認會計原則	對重編合併財務報表之影響
(二)投資性不動產之會計處理	投資性不動產原始認列時以成本衡量，後續衡量選擇按成本模式處理，並計提折舊費用。	1.投資性不動產係指，為賺取租金或為資本增值，或兩者兼有，而持有（由所有人持有或在融資租賃下持有）之土地或建築物。 2.企業可以選擇採公允價值模式或成本模式認列投資性不動產： －公允價值模式：投資性不動產以公允價值衡量，公允價值之變動於綜合損益表中認列。 －成本模式：投資性不動產以折舊後成本減累計減損損失衡量。但應揭露投資性不動產之公允價值。 3.企業對其所有之投資性不動產都應採用一致之衡量模式。	已予以調整 損益影響數 106年度：(847)千元 105年度：(856)千元 保留盈餘影響數 106年12月31日：千(33,389)元 105年12月31日：(32,870)千元 資產影響數 106年12月31日：(34,236)千元 105年12月31日：(33,726)千元
(三)未按持股比例認購或取得採權益法之被投資公司增發之股份	未依持股比例參與關聯企業增資而產生之股權比例異動，應計算所享有關聯企業可辨認資產及負債之淨公允價值與投資成本之差額，並調整「資本公積」及「採用權益法之投資」。另帳上因採用權益法之投資所產生之資本公積餘額不足時，其差額應借記「保留盈餘」。	投資公司非依原持股比例取得被投資公司增發股份致其持股比例減少或稀釋之推定處分，所產生之相關股權淨值增減者，可認列於當年度損益下。	已予以調整 損益影響數 106年度：無影響 105年度：無影響 保留盈餘影響數 106年12月31日：(48,862)千元 105年12月31日：(49,353)千元 資本公積影響數 106年12月31日：48,862千元 105年12月31日：49,353千元

	中華民國經金管會認可之國際財務報導準則	香港一般公認會計原則	對重編合併財務報表之影響
(四)普通股買回及註銷	合併公司本身權益工具之購買、出售發行或註銷，均不得於損益表中認列利益或損失。惟所支付或收取對價應直接認列於權益。依中華民國經金管會認可之國際財務報導準則規定，合併公司註銷庫藏股票時，依股權比例調整資本公積－股票發行溢價。庫藏股票之帳面價值如低於面值與股票發行溢價之合計數時，其差額應調整同種類庫藏股票交易所產生之資本公積。	普通股買賣及註銷，係屬投入資本之變動，交易價差應直接反應於股東權益項下，不得認列於損益表中。	已予以調整 損益影響數 106年度：無影響 105年度：無影響 保留盈餘影響數 106年12月31日：7,791千元 105年12月31日：1,577千元 資本公積影響數 106年12月31日：(7,791)千元 105年12月31日：(1,577)千元
(五)合併綜合損益表	應區分營業收入、營業成本、營業費用、營業外收入、營業外費用、非常損益及所得稅費用，分別予以列示，但營業成本及營業費用不能分別列示者，得合併之。	應區分營業收入、投資關聯企業損益、投資聯合控制個體利益、財務成本、所得稅費用、本年度淨利。並列明歸屬予本公司權益持有人及非控制權益之本年度淨利。 於綜合損益表中，應分別表達可重分類至損益及不可重分類至損益之其他綜合損益項目。	已依中華民國財務報表規定予表達揭露。 營業費用依其性質予以重分類。 106年度：2,215千元 105年度：(21,372)千元

附　件　四

Neo-NeoN®

同方友友控股有限公司

（於開曼群島註冊成立的有限公司）

股份代號：1868.HK; 911868.TDR

清华同方
TSINGHUA TONGFANG



同方照明

LED產業轉型，升級

專業LED的照明研發生產

2017 年度報告

我們爲世界添色彩！

www.neo-neon.com

目　錄

公司資料	2
主席報告書	4
財務摘要	5
董事及高級管理層履歷	6
管理層討論及分析	10
董事會報告書	17
企業管治報告	34
環境、社會及管治報告	46
獨立核數師報告	62
綜合全面收益表	69
綜合財務狀況表	70
綜合權益變動表	72
綜合現金流量表	74
綜合財務報表附註	76
釋義	147

公司資料

董事會

執行董事

謝漢良先生

非執行董事

黃俞先生*(主席)*
王良海先生
劉衛東先生

獨立非執行董事

范仁達先生
劉天民先生
李明綺女士

審核委員會

李明綺女士*(主席)*
范仁達先生
劉天民先生

薪酬委員會

劉天民先生*(主席)*
黃俞先生
范仁達先生
李明綺女士

提名委員會

黃俞先生*(主席)*
范仁達先生
劉天民先生
李明綺女士

風險管理及合規委員會

范仁達先生*(主席)*
黃俞先生
謝漢良先生
王良海先生
劉衛東先生
劉天民先生
李明綺女士

法定代表

謝漢良先生
梁樂偉先生

公司秘書

梁樂偉先生

香港股份過戶登記處分處

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

核數師

畢馬威會計師事務所
香港中環
遮打道10號
太子大廈8樓

公司資料

律師（香港法律）

陸繼鏘律師事務所與摩根路易斯律師事務所聯營
香港
中環皇后大道中15號
置地廣場
公爵大廈19樓1902-09室

主要往來銀行

中國建設銀行股份有限公司鶴山支行
台新國際商業銀行香港分行
中國光大銀行股份有限公司江門分行

註冊辦事處

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

香港主要營業地點

香港灣仔
告士打道138號
聯合鹿島大廈
15樓

主要股份過戶登記處

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

公司網址

www.neo-neon.com

股份代號

1868

主席報告書

各位尊敬的股東：

本人很榮幸的代表董事會及管理層，向各位股東提呈同方友友控股有限公司及其附屬公司截至二零一七年十二月三十一日止的年度發展狀況及運營業績報告。

戰略轉型

當前，國際宏觀經濟形勢正在發生深刻變化，在新興產業帶領下，各經濟領域均展現出新的發展需求與機遇。集團在新形勢下，不拘於原有LED照明產業現狀，果斷決策，於年內全面進入產業轉型升級和多元化發展階段。本年度，在同方友友全體員工的辛勤勞動下，在業務合作伙伴及所有股東和投資人的共同努力與支持下，集團進一步明確了發展方向，挖掘了資源潛力，優化了管理架構，實施了多元化發展；盈利能力顯著增強。

多元化發展初見成效

二零一七年，本集團LED照明板塊在保持銷售適度增長的同時，繼續專注細分、專業市場，優化產品和客戶結構。本集團LED照明板塊擁有最完整的裝飾燈產業鏈，在北美市場份額穩居前三，多次獲得「北美市場最具競爭力中國LED企業TOP10」第一名。本集團一直為人們提供安全、舒適、節能的光環境而加大產品創新和滿足消費者體驗，持有超過1000多項海內外專利，榮登「廣東省企業專利創新百強榜」。本集團一直為盤活資產做最大的努力，繼將集團位於上海、揚州、天津三家子公司股權轉讓後；本年度將位於鶴山的基地，打造成以LED照明應用為主題，互動體驗、展示發布、產品交易為核心，產業配套、文化交流、企業孵化、生活配套於一體的產業科技園。該產業科技園已經得到鶴山市人民政府的批准。

二零一七年，本集團完成收購同方證券有限公司（原名為德晟金融有限公司，以下簡稱同方證券），進入金融服務業。同方證券定位為「科技投行」，立足香港尋找全球金融和科技機會，通過基金投資、跨境併購、融資服務、財富管理等「投資+投行」服務，融入各新興產業生態鏈的高端，和科技產業共同成長。同方證券管理的「同方併購基金」成功收購網秦移動（紐約證券交易所代碼：NQ）旗下的飛流移動和秀色直播平台業務。

致謝

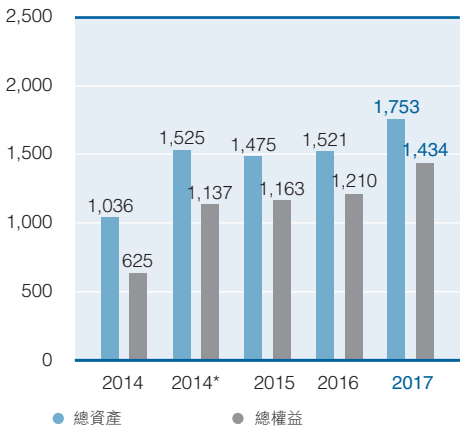
本人借此機會感謝各股東、客戶、合作伙伴及供應商對本集團的不斷支持。本人謹此代表本集團對董事會各成員及所有員工所作的貢獻致以衷心謝意！

主席
黃俞
二零一八年三月十六日

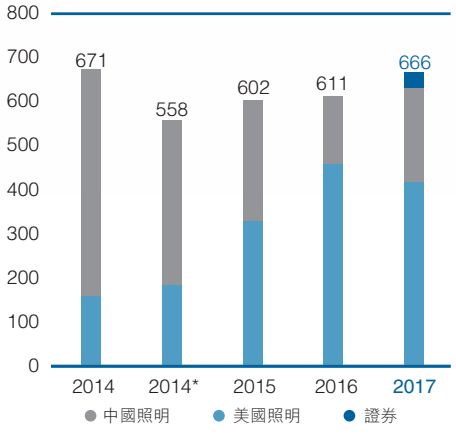
財務摘要

以百萬人民幣呈列	截至三月三十一日止年度 二零一四年	二零一四年*	截至十二月三十一日止年度 二零一五年	二零一六年	二零一七年
營業額	671	558	602	611	**666**
毛利(虧)	(195)	48	167	189	**208**
本公司股本擁有人應佔(虧損)溢利	(659)	(196)	6	12	**120**
扣除利息、税項、折舊及攤銷前之(虧損)盈利	(581)	(162)	46	58	**156**
總資產	1,036	1,525	1,475	1,521	**1,753**
總權益	625	1,137	1,163	1,210	**1,434**
毛利(虧)率	(29.0%)	8.7%	27.8%	30.8%	**31.3%**
純(虧)利率	(98.2%)	(35.1%)	1.0%	1.9%	**18.1%**
每股(虧損)盈利— 基本(人民幣分)	(70.2)	(13.1)	0.3	0.6	**5.7**

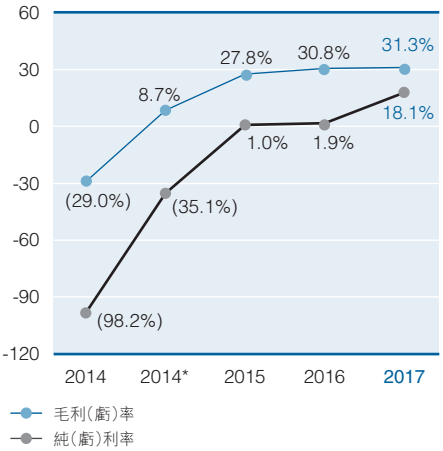
總資產／總權益
百萬人民幣



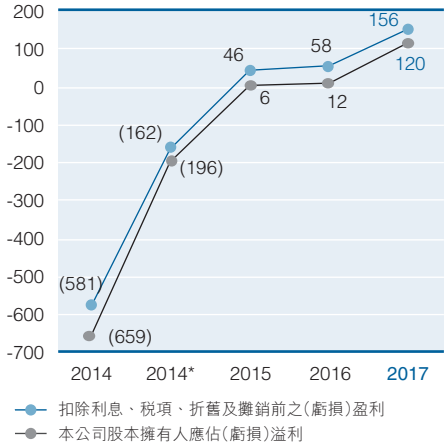
營業額
百萬人民幣



毛利(虧)率及純(虧)利率
%



扣除利息、税項、折舊及攤銷前之(虧損)盈利及本公司股本擁有人應佔(虧損)溢利
百萬人民幣



* 由二零一四年四月一日至二零一四年十二月三十一日止九個月期間。

董事及高級管理層履歷

執行董事

謝漢良先生

謝漢良先生，54歲，於二零一四年八月二十五日獲委任為執行董事及於二零一四年八月二十六日獲委任為本公司總裁兼首席執行官，彼主要負責本公司的日常運營及國際業務。彼亦任本公司全資附屬公司同方照明產業集團有限公司總裁。彼亦為同方泰德國際科技有限公司(「同方泰德」)的創辦人、執行董事及首席營運官，並負責同方泰德及其附屬公司的日常運營及一般管理。彼於二零零五年五月二十五日獲委任為同方泰德之董事並於二零一一年四月十二日獲調任為同方泰德之執行董事。謝先生於二零一八年二月七日因彼個人的其他事務承擔辭任同方泰德之執行董事。同方泰德為於聯交所主板上市的公司(股份代號：1206)。謝先生於二零零三年獲得法國INSEAD Fontainebleau的INSEAD-T.A.C.管理發展課程證書，並於一九八四年獲得新加坡理工學院(Singapore Polytechnic)電子及通訊工程系技術員文憑。於創立同方泰德之前，謝先生於一九九零年加入Honeywell Southeast Asia，擔任其於不同國家的多個銷售管理職位。於一九九四年，謝先生調任Honeywell China Inc.，離職前的職位為該公司大中華市場的銷售經理。謝先生亦於一九九八年至二零零五年擔任TAC Controls Asia Pte Ltd的董事總經理。謝先生為TAC Controls Asia Pte Ltd.亞太區管理團隊的主管人員。謝先生獲得Honeywell Asia Pacific Inc.授予的Winners Club Award及Honeywell Inc.授予的President's Club Award等多個獎項。於二零一二年四月十八日，謝先生獲新加坡董事協會認可為普通會員。

非執行董事

黃俞先生

黃俞先生，49歲，獲委任為本公司之非執行董事及董事會主席，由二零一六年七月十五日起生效。彼獲得格林威治大學理學碩士學位。彼現任：(i)深圳華控賽格股份有限公司，其股份在深圳證券交易所上市(股份代號：000068)之董事長、(ii)清華控股有限公司高級副總裁、(iii)深圳市奧融信投資發展有限公司之執行董事、(iv)鵬華基金管理有限公司監事會主席、(v)同方股份有限公司，其股份在上海證券交易所上市(股份代號：600100)之副董事長兼總裁，是公司控股股東、(vi)同方康泰產業集團有限公司之董事會主席及執行董事，於聯交所上市的公司(股份代號：1312)及(vii)同方泰德國際科技有限公司之非執行董事及董事會主席，於聯交所上市的公司(股份代號：1206)。

王良海先生

王良海先生，53歲，於二零一四年八月二十五日獲委任為執行董事。王先生為工學碩士，畢業於清華大學。自二零一零年五月起擔任同方股份的副總裁兼多媒體產業本部總經理及半導體與照明產業本部總經理。王先生自二零零七年起曾擔任同方股份總裁助理兼數字電視系統本部副總經理、消費電子事業部總經理。

劉衛東先生

劉衛東先生，55歲，於二零一四年八月二十五日獲委任為非執行董事。劉先生為會計師、工商管理碩士，畢業於清華大學經濟管理學院，至今擁有超過二十年財務、審計專業管理經驗。自二零零四年至今，劉先生曾任同方股份審計部副總經理、副總會計師、總會計師，現任同方股份副總裁。

獨立非執行董事

范仁達先生

范仁達先生，57歲，於二零一四年八月二十五日獲委任為獨立非執行董事。范先生一九八六年於美國達拉斯大學取得工商管理碩士學位。范先生現為東源資本有限公司之主席兼董事總經理。范先生現為統一企業中國控股有限公司（股份代號：220）、中信資源控股有限公司（股份代號：1205）、上海實業城市開發集團有限公司（股份代號：563）、人和商業控股有限公司（股份代號：1387）、同方泰德國際科技有限公司（股份代號：1206）、國電科技環保集團股份有限公司（股份代號：1296）、天福（開曼）控股有限公司（股份代號：6868）、國開國際投資有限公司（股份代號：1062）、香港資源控股有限公司（股份代號：2882）、中國廣核新能源控股有限公司（股份代號：1811）、勒泰控股有限公司（股份代號：112）及利民實業有限公司（股份代號：229）的獨立非執行董事，所有公司均於香港聯交所主板上市。范先生亦為香港獨立非執行董事協會會長。

劉天民先生

劉天民先生，56歲，於二零一四年八月二十五日獲委任為獨立非執行董事。彼亦為軟銀中國創業投資有限公司主管合夥人、同方泰德國際科技有限公司（股份代號：1206）的非執行董事及臺灣蠟品股份有限公司（股份代號：1742）的獨立董事。劉先生於二零零三年至二零零九年間擔任同方股份副總裁兼數字電視系統本部總經理。同方泰德國際科技有限公司於聯交所主板上市，而臺灣蠟品股份有限公司於臺灣證交所上市。

李明綺女士

李明綺女士，50歲，於二零一四年八月二十五日獲委任為獨立非執行董事。李女士畢業於上海復旦大學獲經濟學學士，且其後獲頒南衛理公會大學經濟學碩士學位及德克薩斯大學達拉斯分校管理和行政科學理碩士學位。

自二零一一年三月至二零一四年十一月，彼曾任中燃偉業國際控股有限公司（於美國OTCBB上市，股份代號：SGAS）的獨立董事會董事。於畢業後，李女士曾擔任羅兵咸永道會計師事務所及JP Morgan Chase的高級分析員；彼擔任BHF Capital及Transamerica Business Capital的投資組合經理。近期，彼於Morgan Stanley New York擔任副總裁，以及於康涅狄格州格林威治的水星資本管理擔任對沖基金主管。

高級管理層

謝漢良先生履歷見本節「執行董事」一段。

付凱先生

付凱先生，43歲，現擔任本公司首席財務官兼總會計師。付先生獲得會計學士學位。彼亦為註冊稅務師及高級會計師。自二零零四年起，歷任同方吉兆科技有限公司財務部成本經理、財務經理；同方股份有限公司數字電視產業本部財務部財務經理；同方股份有限公司財務部總經理助理、副總經理。

張震寰先生

張震寰先生，64歲，管理學博士，畢業於美國德州理工大學。本公司總裁助理，主要負責本公司美國業務，現任本公司全資子公司American Lighting首席執行官(CEO)及Tivoli代理首席執行官。一九九九年至二零零四年負責擴大本公司在美國業務，二零零四年至二零零六年任Tivoli首席執行官，二零零六年至二零零九年曾任本公司市場行銷總監、執行董事兼首席執行官。

徐惠來先生

徐惠來先生，46歲，法學學士，畢業於中國青年政治學院。本公司總裁助理，主要負責本公司的組織發展戰略及高層幹部管理考核工作。彼亦為本公司全資附屬公司同方照明產業集團有限公司副總裁。

自二零零零年起，歷任同方威視技術股份有限公司人力資源部副部長、同方股份有限公司人力資源部總經理助理、同方光電科技有限公司人力資源總監、同方股份有限公司半導體與照明產業本部人力資源總監。

梁樂偉先生

梁樂偉先生，42歲，現擔任本公司公司秘書。彼於二零一六年三月加入本集團。梁先生亦為同方泰德國際科技有限公司（於聯交所上市的公司（股份代號：1206））之財務總監及聯席公司秘書。梁先生於一九九九年十二月獲得香港理工大學會計學學士學位。彼為香港會計師公會會員及內部核數師公會會員。彼已於會計、審計、盡職審查及財務管理方面積逾十五年經驗。包括於羅兵咸永道會計師事務所從事交易服務、於太古集團從事集團內部審核及於畢馬威會計師事務所從事審計核證服務。

董事及高級管理層履歷

鄭建文先生

鄭建文先生，50歲，於一九九一年七月畢業於滬江高中，彼現擔任本公司總裁助理及本公司附屬公司臺灣奇創實業有限公司總經理，主要負責本公司裝飾燈事業部及臺灣奇創實業有限公司的日常管理工作。一九八六年入職前真明麗集團擔任過真明麗集團生廠及研發各個重要職位，曾經擔任臺灣照明同業公會顧問。

翟健翼先生

翟健翼先生，51歲，為一名建築工程師，彼於一九九零年七月畢業於黑龍江省建築職工大學。本公司總裁助理，主要負責科技園項目。自二零零一年起，歷任北京同方房地產開發有限公司工程師、計畫發展部副經理；北京同方星城置業有限公司計畫發展部經理；無錫同方科技園有限公司工程部經理；同方股份有限公司基地建設部專案經理；南通同方科技園有限公司工程部經理兼任同方電腦有限公司無錫基地二期專案管理部經理。

Li, P. W. Daniel博士

Li, P. W. Daniel博士, 46歲，管理學博士。李博士有多年金融機構管理經驗，現負責本集團的金融業務，擔任同方證券有限公司董事長、同方財務有限公司董事長。

麥澤鴻先生

麥澤鴻先生，56歲，於一九八六年七月畢業於蘇塞克斯大學經濟專業，其後於一九九三年三月獲得華威大學工商管理研究生文憑，是香港證監會第1類、第4類及第9類受規管活動的負責人員。麥先生擁有投資及資產管理行業逾二十年的豐富經驗。在加入同方證券有限公司之前，於二零零六年至二零一五年期間，他曾先後擔任國信證券（香港）資產管理有限公司基金管理主管，農銀國際資產管理有限公司董事總經理，華南資產管理有限公司資產管理主管，國泰君安資產管理（亞洲）有限公司執行董事和首席投資官。

管理層討論及分析

財務回顧

截至二零一七年十二月三十一日止年度的總收入約為人民幣665.7百萬元，較截至二零一六年十二月三十一日止年度約人民幣611.2百萬元相比增長約8.9%。有關進一步詳情，請參閱以下章節。

照明分部

截至二零一七年十二月三十一日止年度，照明分部（燈具產品的研發製造、分銷及提供解決方案）應佔收入約為人民幣641.1百萬元，較截至二零一六年十二月三十一日止年度約人民幣640.6百萬元保持穩定。

證券分部

於二零一六年八月，本公司訂立買賣協議以收購Buttonwood Finance Limited，目前名為同方證券有限公司。同方證券有限公司主要從事提供資產管理服務、投資諮詢服務及證券交易。收購事項已於二零一七年一月二十日完成。於二零一七年十二月三十一日，同方證券有限公司獲授權為證券及期貨條例（香港法例第571章）項下之持牌法團，並持有從事第1類（證券交易）、第4類（就證券提供意見）及第9類（提供資產管理）受規管活動之牌照。同方證券有限公司亦納入同方資本有限公司，其為一間香港證券及期貨條例下的持牌機構，可進行第6類（就機構融資提供意見）受規管活動。同方財務有限公司為與同方證券共同控制下的實體，持有香港放貸人條例（香港法例第163章）下的放貸人牌照，開展放貸業務。於截至二零一七年十二月三十一日止年度，證券分部應佔收入約為人民幣36.4百萬元。

已售貨物的成本

截至二零一七年十二月三十一日止年度，已售貨物的成本約為人民幣457.6百萬元，較截至二零一六年十二月三十一日止年度約人民幣422.7百萬元增加約人民幣34.9百萬元。主要由於材料成本增加。

毛利及毛利率

截至二零一七年十二月三十一日止年度，本集團錄得毛利約人民幣208.1百萬元，較截至二零一六年十二月三十一日止年度約人民幣188.5百萬元增加約人民幣19.6百萬元。有關進一步詳情，請參閱以下章節。

照明分部

截至二零一七年十二月三十一日止年度，本集團照明分部錄得毛利約人民幣171.7百萬元，較截至二零一六年十二月三十一日止年度約人民幣188.5百萬元減少約人民幣16.8百萬元或8.9%，主要由於已售貨物的成本增加所致。

證券分部

截至二零一七年十二月三十一日止年度，本集團錄得證券分部之毛利約人民幣36.4百萬元。證券分部並無已售貨物成本。

其他收益、虧損及支出

截至二零一七年十二月三十一日止年度，本集團錄得其他收益約人民幣105.4百萬元，較截至二零一六年十二月三十一日止年度的其他收益人民幣28.1百萬元增加約人民幣77.3百萬元，原因為於二零一七年年初完成出售三家附屬公司，即揚州同方半導體有限公司、上海翠能光電科技有限公司及天津真明麗光電有限公司，而獲得淨收益約人民幣110.6百萬元。有關進一步詳情，請參閱日期為二零一六年十月三十一日之公告及日期為二零一六年十一月二十八日之通函。

物業、廠房及設備減值虧損

截至二零一七年十二月三十一日止年度，就物業、廠房及設備確認的減值虧損金額為零（二零一六年十二月三十一日：零）。

經營開支

分銷及銷售開支主要包括照明分部的員工成本、宣傳及廣告、運輸及交通、代理及海關費用以及租金及差餉。

截至二零一七年十二月三十一日止年度，本集團的分銷及銷售開支約為人民幣90.1百萬元，較截至二零一六年十二月三十一日止年度約人民幣97.4百萬元減少約人民幣7.3百萬元，主要由於員工成本減少約人民幣5.0百萬所致。

行政開支主要包括證券分部的員工成本、董事酬金、折舊開支及專業及法律費用。截至二零一七年十二月三十一日止年度的行政開支約為人民幣128.2百萬元，較截至二零一六年十二月三十一日止年度約人民幣108.2百萬元增加約人民幣20.0百萬元，主要由於完成收購同方證券有限公司致使員工成本增加所致。

財務成本

截至二零一七年十二月三十一日止年度的財務成本約為人民幣4.7百萬元，較截至二零一六年十二月三十一日止年度之人民幣3.9百萬元為增加，主要原因是二零一七年的新銀行貸款較二零一六年增加約人民幣94.8百萬元所致。

稅項

截至二零一七年十二月三十一日止年度，本集團的稅項支出為人民幣5.8百萬元（二零一六年十二月三十一日：稅項支出人民幣7.1百萬元），主要包括二零一七年度稅項撥備約為人民幣3.2百萬元，而遞延稅項約為人民幣2.6百萬元。

本公司擁有人應佔溢利

截至二零一七年十二月三十一日止年度，本集團錄得本公司擁有人應佔溢利人民幣120.4百萬元，較截至二零一六年十二月三十一日止年度增加人民幣108.6百萬元。該溢利主要來自（其中包括）中國照明分部溢利約為人民幣92.3百萬元，美國照明分部溢利約為人民幣15.5百萬元及證券分部產生的收入增加。

純利

截至二零一七年十二月三十一日止年度，本集團錄得純利人民幣120.5百萬元，而截至二零一六年十二月三十一日止年度為人民幣11.7百萬元。該溢利主要來自（其中包括）中國照明分部溢利約為人民幣92.3百萬元，美國照明分部溢利約為人民幣15.5百萬元及證券分部產生的收入增加。

財務資源及流動資金及資產負債比率

本集團的財務狀況保持穩定。於二零一七年十二月三十一日，本集團擁有銀行結餘人民幣436.0百萬元及短期銀行貸款人民幣70.2百萬元。資產負債比率指短期銀行貸款與權益總額的比率，於二零一七年十二月三十一日，本集團資產負債比率為4.9%（二零一六年十二月三十一日：9.2%）。比率下降主要由於二零一七年償還銀行貸款人民幣210.6百萬元所致。

現金流量

本集團的財務資源主要包括經營活動、投資活動及融資活動所得現金流。

本集團錄得(1)截至二零一七年十二月三十一日止年度的經營活動的現金流出約人民幣95.7百萬元（截至二零一六年十二月三十一日止年度：現金流入人民幣4.9百萬元）；(2)截至二零一七年十二月三十一日止年度的投資活動的現金流出約人民幣40.5百萬元（截至二零一六年十二月三十一日止年度：現金流出約人民幣13.1百萬元）；及(3)截至二零一七年十二月三十一日止年度的融資活動的現金流出約人民幣51.6百萬元（截至二零一六年十二月三十一日止年度：現金流入約人民幣4.6百萬元）。

上述經營活動現金流出增加，主要由於代客戶持有的現金增加約人民幣90.3百萬元所致。

上述投資活動現金流出增加，主要由於存放受限銀行按金增加約人民幣29.4百萬元及購買上市股份約人民幣13.5百萬元所致。

上述融資活動現金流出增加，主要由於二零一七年度新銀行貸款約人民幣175.0百萬元、償還銀行貸款約人民幣210.6百萬元及就購回股份支付款項約人民幣11.3百萬元所致。

資產及負債

於二零一七年十二月三十一日，本集團錄得總資產約人民幣1,752.8百萬元（二零一六年十二月三十一日：人民幣1,521.4百萬元）及總負債約人民幣319.0百萬元（二零一六年十二月三十一日：人民幣311.5百萬元）。

於二零一七年十二月三十一日，本集團之流動資產及非流動資產分別約為人民幣1,298.3百萬元（二零一六年十二月三十一日：人民幣1,166.3百萬元）及約人民幣454.5百萬元（二零一六年十二月三十一日：人民幣355.1百萬元）。流動資產增加主要是由於可供出售投資增加約人民幣321.1百萬元及現金及現金等值物減少約人民幣211.4百萬元所致。

於二零一七年十二月三十一日，本集團之流動負債及長期負債分別約為人民幣305.1百萬元（二零一六年十二月三十一日：人民幣295.8百萬元）及約人民幣13.9百萬元（二零一六年十二月三十一日：人民幣15.7百萬元）。流動負債增加主要是由於應付證券客戶款項增加所致。

外匯風險

本公司多間附屬公司之銷售及採購是以相關實體功能貨幣以外的貨幣定值，因此本集團面對外幣風險。

本集團目前並無外幣對沖政策以消除幣值風險。然而，管理層會密切監察相關外幣風險，並將會在有需要時，考慮對沖重大的外幣風險。

資產抵押

於二零一七年十二月三十一日，本集團並無抵押任何土地及樓宇（二零一六年十二月三十一日：無）。本集團抵押若干貿易應收款項及存貨之賬面總值約為人民幣53.4百萬元（二零一六年十二月三十一日：人民幣78.5百萬元）及銀行存款之賬面總值為人民幣13.3百萬元（二零一六年十二月三十一日：人民幣27.7百萬元），作為授予本集團的銀行信貸之擔保。

資本承擔

於二零一七年十二月三十一日，本集團就收購物業、廠房及設備之已訂約但未於財務報表撥備的資本開支為人民幣4.6百萬元（二零一六年十二月三十一日：人民幣1.8百萬元）。

或然負債

於截至二零一七年十二月三十一日止年度，若干附屬公司在其日常業務過程中捲入各種法律索償事件。董事認為，該等索償並無對本集團的業績及財務狀況構成重大影響。

資本架構

於二零一七年十二月三十一日，本公司已發行股本為人民幣186,911,931元（相等於210,916,342港元）（二零一六年十二月三十一日：人民幣171,808,087元（相等於193,831,969港元）），分為2,109,163,417股每股0.10港元的普通股股份。該變動主要由於藉由發行177,227,723股新股份支付收購同方證券有限公司的代價及註銷購回股份所致。

重大收購、出售及重大投資

於本期間內並無持有重大投資，亦無進行有關附屬公司、聯營公司及合營企業的重大收購或出售，而於截至二零一七年十二月三十一日止年度董事會並無授權任何計劃以進行其他重大投資或增加資本資產。

結算日後事項

於二零一七年六月十六日，本公司全資附屬公司同方證券與海通資產管理（香港）有限公司（「投資管理人」）訂立一項全權委託協議，據此，投資管理人同意為及代表同方證券以400,000,000港元（相等於約人民幣348,600,000元）（「投資金額」）之代價認購Haitong Freedom Multi-Tranche Bond Fund（「基金」）之374,448.04股港元R1A類股份。

於二零一七年十二月三十一日，上述投資獲分類為可供出售投資，公允值為384,107,000港元（相等於約人民幣321,079,000元），持作短期用途。

於報告期期末後，投資管理人已根據日期為二零一八年二月九日之全權委託協議所賦予的全權，為及代表同方證券贖回為數370,000,000港元（相等於約人民幣309,283,000元）之若干基金權益。

末期股息

董事會議決不就截至二零一七年十二月三十一日止年度派付任何股息（二零一六年十二月三十一日：無）。

業務回顧

概覽

於本年度，本集團的照明分部緊抓機會不懈地開拓海外市場，提高產品毛利率，改善管理水平，盤活閒置資產，使經營業績獲得改善。

於二零一七年六月二十九日，本集團的全資附屬公司鶴山同方照明科技有限公司（「鶴山同方」）與鶴山市工業城管委會（「鶴山工業城管委會」）訂立投資框架協議（「投資框架協議」），內容有關通過規劃及建設同方科技城（一個將由鶴山同方經營的科技園）發展及擴張鶴山市工業城的電子信息產業及LED照明產業。

投資框架協議標誌著本集團持續努力擴張其現有研發、銷售及生產LED裝飾燈、LED一般照明產品、LED專業照明產品及工程業務。與鶴山工業城管委會的合作亦展示了當地政府機關對本集團業務及營運的承諾及信心。

因此，董事（包括獨立非執行董事）認為，投資框架協議符合本公司及本公司股東的整體最佳利益。

本公司於二零一八年三月一日接獲鶴山市人民政府（「鶴山政府」）之批准函。據此，鶴山政府已批准投資框架協議項下擬進行的同方科技城（一個將由鶴山同方於鶴山市工業城經營的科技園）之建設及發展規劃。倘訂立任何有關投資框架協議的最終協議，本公司將於適當時候根據上市規則刊發進一步公佈。

本公司已開始把包括基金管理、投資銀行、財務管理及新興產業投資的科技金融業務培植為新的支柱業務。於本年度，本公司完成收購Buttonwood Finance Limited，目前名為同方證券有限公司並已成為本公司之全資附屬公司。同方證券有限公司為一間於香港註冊成立之有限公司，主要從事提供資產管理服務、投資諮詢服務及證券交易，並持有從事第1類（證券交易）、第4類（就證券提供意見）及第9類（資產管理）受規管活動之牌照。同方證券亦納入同方資本有限公司，其為一間香港證券及期貨條例下的持牌機構，可進行第6類（就機構融資提供意見）受規管活動。同方財務有限公司為與同方證券共同控制下的實體，持有香港放貸人條例（香港法例第163章）下的放貸人牌照，開展放貸業務。佈局發展國家戰略性新興產業，培植本集團持續創新發展的能力。

銷售及分銷

照明分部

於本年度，本集團的照明分部努力進行分銷及市場推廣，提升及擴張一般LED照明產品的銷售渠道。本集團積極部署在全球增長最快的市場上建立品牌及銷售渠道，並在節能技術及解決方案方面向客戶提供更佳銷售服務。

證券分部

同方證券有限公司借助母公司多元化的業務版圖、堅實的客戶基礎和在高科技產業深厚的積累，力圖進一步開拓其金融服務業務，承接公司體系中尤其與科技產業相關的交叉業務。

研究與開發（「研發」）

本集團的研發工作重點為產品設計、新產品開發及提升生產效益，以減低整體生產成本。

僱員及薪酬政策

於二零一七年十二月三十一日，本集團的僱員總數約為1,200名（二零一六年十二月三十一日：1,500名）。僱員的基本薪酬乃根據行業薪酬慣例、僱員的經驗及其表現而釐定。僱員的薪酬現維持在一個具競爭力的水準，並參考相關人力市場及經濟情況，按年進行檢討。董事的酬金乃根據一系列包括市場狀況及每位董事的職責等因素而釐定。除法例規定的基本薪酬及法定福利外，本集團根據本集團的業績及僱員的個人表現提供酌情花紅。

前景

公司積極致力於社會低碳經濟的可持續發展，以在LED照明行業三十餘年的專業技術和經驗，為人類提供舒適、安全、節能的光環境。同方證券有限公司之收購事項與本公司將業務多元化之發展策略一致，且使本集團可將其業務拓展至金融服務業。

董事會報告書

董事會欣然提呈截至二零一七年十二月三十一日止年度的年報及經審核財務報表。

主要業務

本公司為一家投資控股公司。本公司主要附屬公司的主要業務載於綜合財務報表附註35。

業務回顧

本集團截至二零一七年十二月三十一日止年度的業務回顧載於本年報「管理層討論及分析」一節。

未來發展

有關本集團業務的未來發展載於本年報「管理層討論及分析」及「主席報告」兩節。

附屬公司

有關本集團於二零一七年十二月三十一日的主要附屬公司詳情，載於綜合財務報表附註35。

業績及股息

本集團截至二零一七年十二月三十一日止年度的業績載於本年報第69頁的「綜合全面收益表」。董事會議決不就截至二零一七年十二月三十一日止年度派付任何股息（二零一六年十二月三十一日：無）。

股東週年大會

本公司將於二零一八年五月十五日於香港舉行股東週年大會。股東週年大會通告將於適當時間刊發並寄發予本公司股東。

暫停辦理股份過戶登記手續

為確定出席於二零一八年五月十五日（星期二）舉行的股東週年大會並於會上投票資格權利，本公司將於二零一八年五月九日（星期三）至二零一八年五月十五日（星期二）（包括首尾兩日）期間暫停辦理股份過戶登記手續。為符合資格出席股東週年大會及於會上投票，股東須於二零一八年五月八日（星期二）下午四時三十分前將所有股份過戶文件，連同相關股票及轉讓表格送達本公司之香港股份過戶登記處卓佳證券登記有限公司，地址為香港皇后大道東183號合和中心22樓。出席股東週年大會資格的記錄日期為二零一八年五月十五日（星期二）。

物業、廠房及設備

有關本集團本年度物業、廠房及設備的變動詳情，載於綜合財務報表附註14。年內，本集團投資物業的變動載於綜合財務報表附註13。

股本

有關本公司本年度股本的變動詳情載於綜合財務報表附註27。

儲備

本集團儲備的變動詳情載於財務報表中的綜合權益變動表。於二零一七年十二月三十一日，可供分派予本公司權益股東之儲備總額為人民幣927,843,000元。

優先購股權

本公司的組織章程細則或開曼群島法律均無有關優先購股權的條文，規定本公司須按比例向現有股東發售新股。

董事

直至本報告日期，本公司在任董事如下：

執行董事

謝漢良先生

非執行董事

黃俞先生*（主席）*
王良海先生
劉衛東先生

獨立非執行董事

范仁達先生
劉天民先生
李明綺女士

董事及高級管理層履歷

董事及高級管理層的最新資料載列於本報告第6至第9頁。

董事的合約利益

本公司董事概無對本集團業務而言於本公司或任何附屬公司或同系附屬公司訂立重大合約，並在期末及回顧年內任何時間，直接或間接擁有重大權益。

董事購買股份的權利

於回顧年內，本公司或其任何附屬公司概無訂立任何旨在使本公司董事可以通過收購於本公司或任何其他實體公司的股份或債券的安排而取得利益，惟根據下文披露的二零零六年購股權計劃及二零一六年購股權計劃及附屬公司股份獎勵計劃除外。

董事於競爭業務中的權益

截至二零一七年十二月三十一日止年度內任何時間及直至本年報日期，概無董事於本集團業務以外以前或現在直接或間接與本集團業務構成競爭或可能構成競爭的任何業務中擁有權益。

董事及主要行政人員所擁有股份、相關股份及債券之權益及淡倉

於二零一七年十二月三十一日，董事及主要行政人員於本公司及本公司相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份及債券中，擁有根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所的權益或淡倉（包括根據證券及期貨條例的有關條文其被當作或被視作擁有的權益及淡倉），或根據證券及期貨條例第352條須記入該條所述的登記冊，或根據上市規則所載上市公司董事進行證券交易的標準守則須知會本公司及聯交所的權益或淡倉如下：

於本公司股份及相關股份的好倉：

姓名	身分	於二零一七年十二月三十一日的普通股數目	佔於二零一七年十二月三十一日已發行股本總數的百分比
謝漢良先生(1)	實益擁有人	1,500,000	0.07%
王良海先生(2)	實益擁有人	1,500,000	0.07%
劉衛東先生(3)	實益擁有人	1,000,000	0.05%
范仁達先生(4)	實益擁有人	600,000	0.03%
劉天民先生(5)	實益擁有人	600,000	0.03%
李明綺女士(6)	實益擁有人	600,000	0.03%

附註：

(1) 謝漢良先生被視為擁有當其於二零一五年五月十五日根據二零零六年購股權計劃獲授的購股權行使時或會向其發行的1,500,000股股份的權益。

(2) 王良海先生被視為擁有當其於二零一五年五月十五日根據二零零六年購股權計劃獲授的購股權行使時或會向其發行的1,500,000股股份的權益。

(3) 劉衛東先生被視為擁有當其於二零一五年五月十五日根據二零零六年購股權計劃獲授的購股權行使時或會向其發行的1,000,000股股份的權益。

(4) 范仁達先生被視為擁有當其於二零一五年五月十五日根據二零零六年購股權計劃獲授的購股權行使時或會向其發行的600,000股股份的權益。

(5) 劉天民先生被視為擁有當其於二零一五年五月十五日根據二零零六年購股權計劃獲授的購股權行使時或會向其發行的600,000股股份的權益。

(6) 李明綺女士被視為擁有當其於二零一五年五月十五日根據二零零六年購股權計劃獲授的購股權行使時或會向其發行的600,000股股份的權益。

於相聯法團股份及相關股份的好倉：

American Lighting

姓名	身分	於二零一七年十二月三十一日的普通股數目	佔於二零一七年十二月三十一日已發行股本總數的百分比
謝漢良先生(1)	實益擁有人	363	0.99%

附註：

(1) 謝漢良先生被視為擁有於二零一五年六月三十日根據附屬公司股份獎勵計劃獲授的購股權獲行使時或會向其發行的363股American Lighting普通股的權益。

除上述者外，於二零一七年十二月三十一日，概無董事及主要行政人員於本公司或相聯法團的股份、相關股份及債券中，擁有根據證券及期貨條例第352條記入該條所述登記冊的權益及淡倉，或根據標準守則須知會本公司及聯交所的權益及淡倉。

本公司、其控股公司或其任何附屬公司於任何時間概無訂立任何安排，致使本公司董事及主要行政人員（包括彼等的配偶及18歲以下的子女）持有本公司或其相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份或債券的任何權益或淡倉。

主要股東於股份及相關股份的權益及好倉

於二零一七年十二月三十一日，就董事所知，下列人士（董事及行政人員除外）於股份或相關股份中擁有根據證券及期貨條例第XV部第2及3分部條文須予披露的權益或淡倉，或直接或間接擁有附有權利可於任何情況下在本集團任何成員公司的股東大會上投票的任何類別股本面值10%或以上的權益。

名稱／姓名	身分	於二零一七年十二月三十一日的普通股數目	佔於二零一七年十二月三十一日已發行股本總數的百分比
同方節能控股(1)	實益擁有人	1,348,360,690	63.93%
Resuccess(1)(2)	受控制法團權益、實益擁有人	1,357,442,690	64.36%
同方股份(1)(2)	受控制法團權益	1,357,442,690	64.36%
Vast Stone Limited	實益擁有人	177,227,723	8.40%
李柏宏	受控制法團權益	177,227,723	8.40%

附註：

(1) Resuccess Investment Limited（「Resuccess」）持有同方節能控股全部已發行股本及同方股份持有Resuccess全部已發行股本，因此，Resucess及同方股份各自被視為於同方節能控股所持有全部1,348,360,690股股份中擁有權益。

(2) Resuccess直接持有本公司股份9,082,000股。同方股份持有Resuccess全部已發行股本，因此，同方股份被視為擁有Resuccess所持有的所有本公司股份權益。

除上文所述者外，於二零一七年十二月三十一日，本公司未獲知會於本公司的股份及相關股份中有任何權益及淡倉已被記錄於根據證券及期貨條例第336條須存置的登記冊內。

關聯方交易

截至二零一七年十二月三十一日止年度，有關本集團關聯方交易的詳情，載於財務報表附註32。

持續關連交易

總銷售協議

於二零一五年二月十三日，本公司與同方股份訂立總銷售協議（「總銷售協議」），據此，本公司或其附屬公司同意向同方股份或其附屬公司銷售若干產品，期限自二零一五年二月十三日開始至二零一七年十二月三十一日結束。

根據總銷售協議，本公司同意向同方股份集團供應並促使其附屬公司向同方股份集團供應外延片、LED裝飾燈、LED一般照明產品、LED專業照明產品和照明工程。

本公司向同方股份銷售產品的價格大致上將參考(1)於相關交易前十二個月期間在性質及規模方面可資比較並且為一名獨立第三方所接納的產品的平均售價；(2)倘無可供參考的平均售價，則為本集團出售在性質及規模方面可資比較並且為一名獨立第三方所接納的產品的任何最近可得售價及最近可得的市場數據；及(3)銷售在性質及規模方面可資比較的產品的現行市價，按公平原則磋商釐定，本集團可得的價格將無論如何不遜於獨立第三方可得的價格。

具體而言，總銷售協議項下每種產品的價格載列如下：

產品種類	價格
外延片	考慮到外延片為半製成品，未必有充足售價可供參考，本集團將一般參考本集團出售在性質及規模方面可資比較並且為一名獨立第三方所接納的產品的任何最近可得售價及最近可得的市場數據
製成品，包括LED裝飾燈、LED一般照明產品、LED專業照明產品和照明工程	於相關交易前十二個月期間在性質及規模方面可資比較並且為一名獨立第三方所接納的產品的平均售價

董事會報告書

於二零一七年十二月三十一日，同方股份透過間接持有同方節能控股的100%權益並直接持有Resuccess的100%權益，因而持有本公司全部已發行股本64.36%的權益，為本公司的控股股東。因此，同方股份為本公司關連人士，故總銷售協議項下交易構成持續關連交易。

由於根據上市規則第14章按年計算的有關總銷售協議的建議上限金額的各適用百分比率（盈利比率除外）高於5%，且截至二零一七年十二月三十一日止三個年度各年的年度上限超過一千萬港元，故總銷售協議項下擬進行之交易須遵守上市規則第14A章的申報及公告規定以及獨立股東批准的規定。

董事認為，同方股份為中國半導體與照明市場內領先的企業，其股份於上海證券交易所上市。向同方股份集團銷售貨品，預期將對本集團的經營收入帶來正面貢獻。因此，董事（包括獨立非執行董事）認為總銷售協議乃於日常及一般業務過程中按一般商業條款訂立，其條款屬公平合理，符合本公司及股東的整體利益。

有關總銷售協議的進一步詳情，載於本公司日期為二零一五年三月四日的通函內。

截至二零一七年十二月三十一日止之財政年度，建議總銷售協議項下的年度上限為人民幣220,421,000元。

截至二零一七年十二月三十一日止年度，本集團向同方股份銷售的總交易額約為人民幣2,487,000元，處於總銷售協議項下的約人民幣220,421,000元上限內。

獨立非執行董事已審閱上述持續關連交易並確認該等交易乃：

(i) 屬於本公司的日常業務；

(ii) 按(a)正常商業條款；或(b)倘並無可供比較條款，按不遜於向或自獨立第三方條款提供予本公司；及

(iii) 根據有關交易的協議條款進行，而交易條款屬公平合理，並符合本公司股東的整體利益。

根據上市規則第14A.56條，董事會已委聘本公司核數師根據香港會計師公會頒佈的香港審驗應聘服務準則3000「歷史財務資料審計或審閱以外的審驗應聘」及參考實務説明第740號「關於香港上市規則所述持續關連交易的核數師函件」就前述持續關連交易作出匯報，畢馬威會計師事務所已發出載有本集團於上文披露的持續關連交易審驗結果的無保留意見函件。

本公司核數師已向董事匯報，於年內：

(i) 上述持續關連交易已經董事會批准；

(ii) 上述持續關連交易符合本公司的定價政策；

(iii) 上述持續關連交易已根據規管該等交易的協議之條款訂立；及

(iv) 上述有關協議各自的上限並未超越。

除上文披露者外，於截至二零一七年十二月三十一日止年度並無存在或由本集團訂立任何非豁免關連交易或持續關連交易。

股權相關協議

除上文及於「股權計劃」章節所披露外，於截至二零一七年十二月三十一日止年度，本公司並無訂立(i)任何將會或可能會致使本公司發行股份之協議；或(ii)任何需本公司訂立(i)所指定之協議。

購股權計劃

二零零六年購股權計劃

本公司根據於二零零六年十一月二十日通過的股東決議案採納二零零六年購股權計劃，主要目的乃給予董事及合資格僱員鼓勵。二零零六年購股權計劃於二零零六年十二月十五日生效，根據二零零六年購股權計劃授出的購股權將於授出日期起計不超過十年後屆滿。根據二零零六年購股權計劃，董事會可授出購股權予本公司或其任何附屬公司的任何僱員以認購本公司股份。

任何授予本公司之董事、高級行政人員或主要股東的購股權，均須經本公司獨立非執行董事（不包括身為購股權建議承授人的任何獨立非執行董事）批准。

於二零一六年五月十三日採納二零一六年購股權計劃後，二零零六年購股權計劃已告終止，概無購股權可根據二零零六年購股權計劃進一步授出。

於本年報日期，當根據二零零六年購股權計劃已授出而尚未行使的所有購股權獲行使時可予發行合共22,300,000股股份（相等於本公司於本年報日期的已發行股本1.06%）。

未經本公司股東事先批准，於任何一年內，因行使已授予或可授予任何人士的購股權而已發行及可予發行之股份數目，不得超過於授出當時本公司已發行股份數目的1%。

董事會報告書

接納購股權時的應付款項為1.00港元。就任何根據該計劃授出的購股權而言，行使價由本公司董事釐定，不得低於下列三者中之最高者：(i)授出當日本公司股份的收市價；(ii)於緊接授出日期前五個營業日股份的平均收市價；及(iii)本公司股份的面值。

截至二零一七年十二月三十一日止年度，二零零六年購股權計劃下的購股權詳情載於下表。

參與者類別	授出日期[1]	每股行使價（港元）	於二零一七年一月一日尚未行使	年內授出	年內行使	年內沒收／失效	於二零一七年十二月三十一日尚未行使
董事							
謝漢良先生	二零一五年五月十五日	1.31	1,500,000	–	–	–	**1,500,000**
王良海先生	二零一五年五月十五日	1.31	1,500,000	–	–	–	**1,500,000**
劉衛東先生	二零一五年五月十五日	1.31	1,000,000	–	–	–	**1,000,000**
范仁達先生	二零一五年五月十五日	1.31	600,000	–	–	–	**600,000**
劉天民先生	二零一五年五月十五日	1.31	600,000	–	–	–	**600,000**
李明綺女士	二零一五年五月十五日	1.31	600,000	–	–	–	**600,000**
僱員	二零一五年五月十五日	1.31	17,800,000	–	–	(1,300,000)	**16,500,000**
總計：	–	–	23,600,000	–	–	(1,300,000)	**22,300,000**

附註：

(1) 於二零一五年五月十五日根據二零零六年購股權計劃授出的購股權按以下時間表歸屬予有關承授人，可於5年行使期內行使。於二零一五年五月十四日（即緊接授出日期前的營業日）每股股份收市價為1.33港元。

歸屬日期	歸屬的購股權百分比	歸屬條件
二零一六年七月一日	授出購股權總數的50%	購股權的歸屬須待本公司達到其二零一五年度表現目標方可作實
二零一七年七月一日	授出購股權總數的50%	購股權的歸屬須待本公司達到其二零一六年度表現目標方可作實

除上文所披露外，截至二零一七年十二月三十一日止年度，概無購股權獲授出、行使、失效或註銷。

二零一六年購股權計劃

本公司已自二零一六年五月十三日採納二零一六年購股權計劃，主要旨在激勵合資格人士（定義見二零一六年購股權計劃），提升彼等日後對本集團作出的貢獻及／或就彼等過去的貢獻給予獎勵，以吸引及挽留對本集團的表現、增長或成功而言屬重要及／或其貢獻有利或將有利於本集團的表現、增長或成功的合資格人士或與彼等維持持續的關係，此外，就行政人員（定義見二零一六年購股權計劃）而言，讓本集團得以吸引及挽留經驗豐富且具備才能的人士及／或就彼等過去的貢獻給予獎勵。

合資格人士包括下列人士：(a)行政人員、任何全職或兼職僱員，或現時調派到本集團任何成員公司或合資格實體（定義見二零一六年購股權計劃）全職或兼職工作的人士；(b)本集團任何成員公司或合資格實體的董事或候任董事（包括獨立非執行董事）；(c)本集團任何成員公司的直接或間接股東；(d)本集團任何成員公司或合資格實體的產品或服務供應商；(e)本集團任何成員公司或合資格實體的客戶、顧問、業務或合營夥伴、特許經營商、承包商、代理或代表；(f)向本集團任何成員公司或合資格實體提供設計、研究、開發或其他支援或提供任何顧問、諮詢、專業或其他服務的人士或實體；及(g)上述任何人士的聯繫人。

根據二零一六年購股權計劃授出的所有購股權獲行使時可予發行的股份上限數目為193,931,969股，即佔採納日期已發行股份總數約10%，及佔本年度報告日期本公司已發行股本9.19%。

於截至最近授出日期之任何12個月期間，不得向二零一六年購股權計劃之任何參與者授出購股權，致使因行使已授出及將授予該人士之購股權而發行及將予發行之股份總數超過本公司不時已發行股本1%。

購股權可根據二零一六年購股權計劃之條款於董事會釐定的期間內隨時行使，惟不得超過授出日期起計十年。所授出之購股權於其可獲行使前並無最短持有期。二零一六年購股權計劃參與者如接納所授出的購股權，須於提呈日期起計28日或之前向本公司支付1.0港元。購股權的行使價由董事會全權酌情釐定，惟行使價不得低於以下最高者：

(a) 股份面值；

(b) 股份於提呈日期於聯交所每日報價表的收市價；及

(c) 緊接提呈日期前五個營業日，股份於聯交所每日報價表的平均收市價。

二零一六年購股權計劃自採納日期起計十年期間生效及有效，其後將不會再授出或提呈購股權。

於本年度報告日期，根據二零一六年購股權計劃可授出的所有購股權獲行使時可予發行合共193,931,969股股份（相等於本公司於本年度報告日期已發行股本9.19%）。

自採納二零一六年購股權計劃以來，概無授出任何購股權。

附屬公司股份獎勵計劃

於二零一五年四月二日，本公司經股東批准後採納附屬公司股份獎勵計劃，旨在透過為對於American Lighting作出（或預期作出）重大貢獻的人士提供擁有股權的機會，從而讓該等人士與本公司股東擁有相同利益，以提升American Lighting吸引、挽留及激勵該等人士的能力，以促進American Lighting現有及未來股東的利益。附屬公司股份獎勵計劃自採納起計有效期為十年。合資格人士包括American Lighting或其任何母公司或附屬公司的僱員、顧問及董事。

根據附屬公司股份獎勵計劃可作出的獎勵涉及最多3,632股普通股股份（全部均可但無需作為獎勵購股權授出，惟須受《一九八六年國內收入法》下任何限制所限），相等於附屬公司股份獎勵計劃獲股東採納及批准當日及於本年報日期的已發行及發行在外普通股股份的10%，並可根據該計劃條款予以調整。倘任何獎勵到期或失效，或並未全面行使而已終止、交回或註銷，或已遭全部或部份沒收（包括因本公司以原發行價或較低價格購回有關獎勵涉及的普通股股份），則在任何情況下以任何方式導致有關獎勵涉及的任何普通股股份未有發行或由本公司以上述方式購回，則有關獎勵涉及的未使用普通股將重新用作授出附屬公司股份獎勵計劃項下的獎勵。

於直至授出日期（包括該日）連續十二(12)個月期間，因行使各服務提供者（定義見附屬公司股份獎勵計劃）獲授或將獲授的購股權（包括已行使及尚未行使購股權）而發行及將予發行的普通股股份總數，不得超過授出日期當日已發行普通股股份的1%。本公司可增授購股權至超出所列上限，惟須根據上市規則於股東大會上獲股東批准，屆時有關服務提供者及其密切聯繫人（或倘服務提供者為關連人士，服務提供者的聯繫人）須放棄投票。

管理人（定義見附屬公司股份獎勵計劃）須確定每份購股權的行使價及列明適用獎勵協議下的行使價。行使價不得低於購股權行使價的100%，即表示截至任何日期行使購股權時應付的普通股每股價格，乃按以下方式確定：(i)倘普通股於任何認可證券交易所上市（包括但不限於全國證券交易所，定義見證券交易法），則購股權行使價為(A)授出購股權當日該普通股於該交易所所報的收市賣價，或（倘於該日並無成交）緊接該日前錄得成交的首個市場交易日；及(B)授出購股權日期前五個營業日該普通股於該交易所所報平均收市賣價，或（倘於該日並無成交）緊接該日前錄得成交的首個市場交易日（《華爾街日報》或American Lighting董事會認為可靠的其他消息來源所報告按照前文(A)及(B)項確定的價格）兩者的較高者；(ii)倘普通股並非於交易所上市，而是於全國市場系統或其他報價系統報價，則購股權行使價為授出購股權日期該普通股的最後賣價，或（倘該日並無成交）緊接該日前報告賣價日期的最後賣價（《華爾街日報》或American Lighting董事會認為可靠的其他消息來源所報告者）；或(iii)倘並無普通股的認可市場，則購股權行使價將由American Lighting董事會全權酌情決定。

不論前述任何相反規定，倘授出購股權為：(a)於American Lighting議決尋求上市當日或之後作出；或(b)於緊接American Lighting提交上市申請當日前六個月期間作出，而American Lighting於發售及出售普通股之時上市，則購股權行使價須為(a)因上市而將予發行的普通股股份發售價；及(b)適用獎勵協議的行使價的較高者。

於截至二零一七年十二月三十一日止年度期間根據附屬公司股份獎勵計劃授出的購股權詳情如下：

參與者類別	授出日期[1]	每股行使價（美元）	於二零一七年一月一日尚未行使	年內授出	年內行使	年內沒收／失效	於二零一七年十二月三十一日尚未行使
董事							
謝漢良先生	二零一五年六月三十日	330	363	–	–	–	**363**
僱員	二零一五年六月三十日	330	1,868	1,401	(853)	(54)	**2,362**

附註：

(1) 所授出的購股權行使期為10年，並按以下方式歸屬：(i)所涉及股份總數百分之三十(30%)的購股權將於二零一五年六月三十日（「歸屬開始日期」）起計滿一周年歸屬及可行使；(ii)所涉及股份總數額外百分之三十(30%)的購股權將於歸屬開始日期起計滿兩周年歸屬及可行使；及(iii)所涉及股份總數的餘下百分之四十(40%)的購股權將於歸屬開始日期起計滿三周年歸屬（購股權並因而悉數歸屬），惟在各情況下的前提是，承授人於上述各歸屬日期仍繼續向本公司、American Lighting或Tivoli, LLC（「Tivoli」）（視情況而定）提供服務，並由American Lighting董事會全權酌情地確定已滿足由董事會所指定並由承授人同意的表現指標（如有）。

除上文所披露外，於本年度概無附屬公司股份獎勵計劃項下的購股權獲授出、行使、失效或註銷。

有關附屬公司股份獎勵計劃的進一步詳情，載於財務報表附註28。

買賣或贖回本公司之上市證券

截至二零一七年十二月三十一日止年度，本公司透過聯交所購回自身股份，購回股份之詳情如下：

日期	購回股份數目	每股付出最高價 (港元)	每股付出最低價 (港元)	已付總代價 (港元)	註銷日期
二零一七年一月九日	200,000	1.15	1.12	229,560	二零一七年二月十六日
二零一七年八月二十九日	482,000	0.78	0.78	375,960	二零一七年十二月六日
二零一七年八月三十日	1,012,000	0.80	0.77	797,360	二零一七年十二月六日
二零一七年八月三十一日	404,000	0.80	0.79	323,160	二零一七年十二月六日
二零一七年九月七日	386,000	0.83	0.80	320,060	二零一七年十二月六日
二零一七年九月八日	240,000	0.87	0.85	207,720	二零一七年十二月六日
二零一七年九月十一日	844,000	0.95	0.92	797,840	二零一七年十二月六日
二零一七年九月十二日	326,000	0.97	0.95	314,020	二零一七年十二月六日
二零一七年九月十三日	336,000	0.97	0.95	324,240	二零一七年十二月六日
二零一七年九月十四日	1,000,000	0.96	0,93	947,880	二零一七年十二月六日
二零一七年九月二十五日	506,000	0.90	0.89	454,300	二零一七年十二月六日
二零一七年十月二十五日	184,000	0.85	0.83	155,260	二零一七年十二月六日
二零一七年十月二十六日	464,000	0.85	0.84	393,140	二零一七年十二月六日
二零一七年十一月十四日	600,000	0.84	0.82	495,980	二零一八年三月五日
二零一七年十一月十六日	372,000	0.85	0.81	311,180	二零一八年三月五日
二零一七年十一月二十二日	684,000	0.80	0.78	533,920	二零一八年三月五日
二零一七年十一月二十四日	220,000	0.80	0.79	175,540	二零一八年三月五日
二零一七年十一月二十八日	52,000	0.78	0.77	40,440	二零一八年三月五日
二零一七年十一月二十九日	116,000	0.78	0.77	90,240	二零一八年三月五日
二零一七年十一月三十日	330,000	0.77	0.77	254,100	二零一八年三月五日
二零一七年十二月五日	100,000	0.75	0.75	75,000	二零一八年三月五日
二零一七年十二月六日	364,000	0.75	0.74	269,700	二零一八年三月五日
二零一七年十二月七日	992,000	0.73	0.70	708,480	二零一八年三月五日
二零一七年十二月十一日	792,000	0.79	0.73	602,180	二零一八年三月五日
二零一七年十二月十二日	872,000	0.85	0.76	707,600	二零一八年三月五日
二零一七年十二月十三日	230,000	0.85	0.80	189,540	二零一八年三月五日
二零一七年十二月十五日	70,000	0.85	0.84	59,100	二零一八年三月五日
二零一七年十二月十八日	288,000	0.84	0.81	240,300	二零一八年三月五日
二零一七年十二月十九日	360,000	0.84	0.83	301,880	二零一八年三月五日
二零一七年十二月二十二日	1,098,000	0.84	0.82	905,720	二零一八年三月五日
二零一七年十二月二十七日	1,404,000	0.84	0.79	1,139,480	二零一八年三月五日

除上文所披露外，截至二零一七年十二月三十一日止年度，本公司或其任何附屬公司並無購買、出售或贖回任何本公司的上市證券。

管理合約

於本年度，概無訂立或存在任何與本公司整體或重大部份業務有關的管理及行政工作合約。

與控股股東的合約

截至二零一七年十二月三十一日止年度，本公司或其任何附屬公司並無與控股股東訂立任何重大合約。

董事於重大交易、安排或合約的權益

於回顧的財政年度完結時或於財政年度內任何時間，除下文「關連交易」分節及財務報表附註32「關聯方交易」所披露者外，概無存在本公司或其任何附屬公司為其中訂約方而本公司董事或與董事有關連的實體直接或間接擁有重大權益的關於本集團業務的重大交易、安排或合約。

所得款項用途

本公司於緊接本報告日期前的過往十二個月內概無進行任何股本基金籌集。

主要供貨商及客戶

於截至二零一七年十二月三十一日止年度，本集團最大供貨商佔本集團採購額1.1%，而首五大供貨商佔本集團總採購額4.6%。本集團最大客戶及首五大客戶分別佔本集團總收入5.8%及11.9%。

概無本公司之董事、彼等之聯繫人士或據董事所知擁有本公司股本5%以上權益之任何股東於本集團首五大供貨商及客戶擁有任何權益。

企業管治

有關企業管治的詳情，載於本年報第34至第45頁「企業管治報告」一節。

薪酬政策

每位員工的薪酬待遇按個別情況釐定，以吸引及挽留最具才能的員工。薪酬待遇可由以下四大項目中一部份或全部組成，亦可能有所增減：

I. 基本薪金

基本薪金及工資是按個別職位的職能及責任而釐定。而擔任該職務的人士實際可得的基本薪金及工資，則按個別受聘人士的經驗及能力而定。

基本薪金及工資會定期參考通行市場及有關行業的競爭機構中同類職位的薪酬水平作出檢討。僱員的實際基本薪金及工資則每年檢討，並可按生活指數及公司的財務表現不時調整。

基本薪金及工資屬基本薪酬，並非按個別僱員或公司表現而作出的獎賞。薪酬計劃中另有其他獎勵項目。

II. 獎勵性花紅

獎勵性花紅與個別僱員及公司表現掛鈎。每年公司會訂出利潤及其他公司表現方面的目標，在達標的年度方會支付獎勵性花紅。

每名僱員所得的獎勵性花紅會按其職位及年度內表現而定。

III. 二零一六年購股權計劃及附屬公司購股權計劃

本公司分別於二零一六年五月十三日及二零一五年四月二日採納二零一六年購股權計劃及附屬公司股份獎勵計劃。有關詳情，請參閱本節「購股權計劃」及「附屬公司股份獎勵計劃」各段。

IV. 其他福利

除上述三大項目外，本集團亦會參考有關司法權區的行業慣例向僱員提供慣常及／或強制性福利，例如退休金計劃、醫療福利、保險及有薪假期。

核數師

畢馬威會計師事務所將退任，惟符合資格續聘。於本公司應屆股東週年大會上將提呈一項決議案，以續聘其為本公司的核數師。

足夠公眾持股量

根據本公司取得之公開信息及就董事於本年度報告日期所知，本公司於截至二零一七年十二月三十一日止年度期間一直維持上市規則所規定不少於本公司已發行股份25%的指定公眾持股量。

銀行貸款

有關本公司及本集團於二零一七年十二月三十一日的銀行貸款詳情，載於財務報表附註25。

主要風險及不明朗因素

多項因素可能影響本集團業績及業務營運，其中某些因素在LED照明行業中屬固有因素，而另外一些則屬外來因素。有關詳情，請參閱「管理層討論及分析」一節。

與僱員，供貨商及客戶的關係

有關與僱員、客戶及供貨商的關係詳情，請參閱本節「薪酬政策」及「主要供貨商及客戶」各段。

環保政策

本集團專門提供節能及環保產品。本集團努力在符合相關環境規例及規則下營運。於截至二零一七年十二月三十一日止年度及截至本報告日期，本集團並無違反任何相關環境規例及規則而導致本集團的發展、表現及業務受到重大影響。

遵守法律法規

本集團業務主要透過本公司在中國內地的附屬公司進行，而本公司本身在聯交所上市。本集團的成立及相關營運須遵守中國內地的相關法律法規（包括環保法、標準化法、產品質量法、產品安全法及強制產品認證的行政法規）及香港法律。於截至二零一七年十二月三十一日止年度及截至本報告日期，本集團已在各重大方面遵守中國內地及香港的所有相關法律法規。

此外，本集團委聘外部法律顧問，並於出現任何問題時向彼等尋求法律意見。

允許彌償保證條文

本公司組織章程細則第167(1)條列明，本公司當時的董事、秘書及其他主管人員及每名核數師以及當時就本公司任何事務行事的清盤人或受託人（如有）以及每名該等人士及每名其繼承人、遺囑執行人及遺產管理人均可從本公司的資產及利潤獲得彌償，該等人士或任何該等人士、該等人士的任何繼承人、遺囑執行人或遺產管理人就各自的職務或信託執行其職責或假定職責時因所作出、發生的作為或不作為而招致或蒙受的所有訴訟、費用、收費、損失、損害及開支，可獲確保免就此受任何損害。任何該等人士均無須就其他人士的行為、收入、疏忽或過失而負責，亦無須為符合規定以致參與任何收入或為本公司向其寄存或存入任何款項或財產作保管用途的任何銀行或其他人士或為本公司賴以投放或投資任何款項的抵押不充份或不足或為該等人士執行各自的職務或信託時發生的任何其他損失、不幸事故或損害而負責，惟本彌償保證不延伸至任何與任何上述人士之欺詐或不誠實有關的事宜。

代表董事會

黃俞
主席
二零一八年三月十六日

企業管治報告

企業管治守則

本公司承諾建立良好的企業管治常規及程序，冀能成為透明開放及對股東負責的企業。

於截至二零一七年十二月三十一日止年度，本公司一直遵守上市規則附錄十四企業管治守則的所有守則條文，並（如適用）採用其中所載的建議最佳常規。

董事會

董事會被授予本公司營運的整體管理。

董事會全面負責管理本集團所有重要事項，包括制定及批准所有政策、本集團的整體策略發展、監管及控制本集團的營運及財務表現、內部監控及風險管理系統以及監管高級管理層表現。董事須就本公司的利益作出客觀決定。

董事會行使的職權包括：

- 制定本集團長遠策略；
- 批准主要收購、出售及資本投資；
- 檢討營運及財務表現；
- 批准財務業績及公佈；
- 檢討內部監控成效；
- 審批重大借貸；
- 決定股息政策；
- 根據一般授權發行或購回本公司證券；
- 批准委任董事會及高級管理層；及
- 決定本集團的薪酬政策。

為協助達成其職務及責任，董事會已成立四個屬下委員會，即審核委員會、薪酬委員會、提名委員會及風險管理及合規委員會（前稱「監控及合規委員會」）。

本公司日常管理、行政及運作授權本公司首席執行官及高級管理層負責。所授權的職能及工作任務會定期進行檢討。

董事會組成

董事會現由七位董事組成，包括一位執行董事：謝漢良先生，三位非執行董事：黃俞先生（董事會主席）、王良海先生及劉衛東先生，及三位獨立非執行董事：范仁達先生、劉天民先生及李明綺女士。全體董事已就本集團事務付出充足時間及心力。執行董事均符合資格勝任其職位，並有足夠經驗擔任其職務，有效履行職責。有關董事的履歷詳情載於本年報「董事及高級管理層」一節。

據本公司深知，董事會成員之間概無任何其他財務、業務或親屬關係。

本公司已遵守上市規則第3.10(1)條，委任至少三位獨立非執行董事。本公司已委任三位獨立非執行董事，佔董事會人數超過三分之一，符合上市規則第3.10A條之規定。

獨立非執行董事

獨立非執行董事於董事會內擔當重要角色，於董事會會議上提供獨立判斷並詳查本集團的表現，其意見對董事會決定舉足輕重。尤其是，彼等就本集團的策略、表現及控制等問題提供公正意見。全體獨立非執行董事擁有廣泛的學術、專業及行業專長以及管理經驗，並向董事會提供專業意見。獨立非執行董事會就本集團的業務策略、業績及管理提供獨立意見，致使股東的全部利益可獲考慮，並保障本公司及其股東的利益。

董事會有三名獨立非執行董事，其中一名董事李明綺女士（其中一名獨立非執行董事）擁有適合專業會計資格或財務管理專業知識，符合上市規則第3.10(2)條所載規定。

本公司已接獲現任各獨立非執行董事按照上市規則第3.13條發出的年度獨立性確認書。根據該等確認書的內容，本公司認為，全體獨立非執行董事均為獨立人士，且彼等符合上市規則第3.13條所載有關獨立性的特定指引。

董事會多元化政策

根據企業管治守則有關董事會多元化政策且於二零一三年九月一日起生效的守則條文，董事會於二零一三年四月一日批准新的董事會多元化政策（「董事會多元化政策」）。本公司確認及受惠於董事會成員多元化帶來的裨益。儘管董事會的所有委任將繼續根據功績基準作出，本公司將確保董事會在技能、經驗方面及多項見解方面維持均衡，對本公司業務需要而言實屬恰當。本公司將按多項準則遴選候選人，包括但不限於性別、年齡、文化及教育背景、經驗（專業或其他方面）、技能以及知識。

標準守則

本公司亦已採納上市規則附錄十所載的標準守則為董事進行證券交易的操守指引。本公司已向全體董事作出特別查詢後確認，彼等截至二零一七年十二月三十一日止年度已遵守有關董事進行證券交易的標準守則所載規定標準。

董事培訓及支持

全體董事須不時瞭解其共同職責。新委任董事將收到關於本集團營運、業務、管治政策及身為上市公司董事的法定監管義務與職責的完整資料。

董事已獲告知企業管治守則守則條文第A.6.5條有關持續專業發展的規定。根據本公司保存的紀錄，為符合企業管治守則有關持續專業發展的新規定，於截至二零一七年十二月三十一日止年度，現任董事所接受以其身為上市公司董事的角色、職能及職責為重點內容的培訓如下：

	企業管治／法律、規則及法規的更新		會計／財務／管理或其他專業技能	
董事姓名	**閱讀資料**	**出席研討會／簡介會**	**閱讀資料**	**出席研討會／簡介會**
執行董事				
謝漢良先生	✓	✓	✓	✓
非執行董事				
黃俞先生	✓	✓	✓	✓
王良海先生	✓	✓	✓	✓
劉衛東先生	✓	✓	✓	✓
獨立非執行董事				
范仁達先生	✓	✓	✓	✓
劉天民先生	✓	✓	✓	✓
李明綺女士	✓	✓	✓	✓

董事及高級職員的保險

本公司已就可能對其董事及高級職員的潛在法律訴訟安排相關保險。

會議

全體董事均定期獲得有關管治及監管事宜的更新信息。董事可按照既定程序，尋求獨立專業意見以協助履行其責任，有關費用由本公司支付。

董事會於截至二零一七年十二月三十一止年度定期開會，檢討整體策略及監察本集團的營運及財務表現。主席主要負責本集團之策略，並負責有效領導及管理董事會，確保董事會及時顧及所有重點議題。就董事會所有定期會議，全體董事均獲發最少十四天通知，如彼等認為合適或有需要，董事可將討論事項納入有關議程。董事會定期會議的議程及附連之董事會文件在開會前一段合理時間內派發予所有董事。董事須披露彼等於董事會會議上供董事會考慮之任何建議書或交易中所享有之直接或間接權益（如有）並適時放棄投票。所有董事會會議記錄草稿會在合理時間內交董事傳閱，讓董事在確定會議記錄前提出意見。董事會及董事委員會的會議記錄由公司秘書保存。全體董事均有權查閱董事會的文件及有關資料，並會及時獲提供充份資料，使董事會可就提呈會議的事項作出知情決定。

截至二零一七年十二月三十一日止年度，各董事於董事會會議及股東大會的個人出席記錄載列如下：

董事姓名	出席次數／董事會會議次數	出席次數／股東大會次數
執行董事		
謝漢良先生	5/5	1/1
非執行董事		
黃俞先生	5/5	1/1
王良海先生	5/5	0/1
劉衛東先生	5/5	0/1
獨立非執行董事		
范仁達先生	3/5	0/1
劉天民先生	3/5	0/1
李明綺女士	5/5	0/1

委任、重選及罷免董事

謝漢良先生為本公司執行董事，與本公司訂立服務合約，指定任期由二零一四年八月二十五日起計為期三年，之後將自動續期，直至其中一方向另一方發出不少於三個月的書面通知終止為止，而通知於固定任期屆滿前不會失效。

黃俞先生、王良海先生及劉衛東先生為本公司非執行董事，與本公司訂立服務合約，指定任期分別由二零一六年七月十五日、二零一六年七月十五日及二零一四年八月二十五日起計為期三年，之後將自動續期，直至其中一方向另一方發出不少於兩個月的書面通知終止為止，而通知於固定任期屆滿前不會失效。

本公司各獨立非執行董事均與本公司訂立服務合約，指定任期由二零一四年八月二十五日起計為期三年，直至其中一方向另一方發出不少於兩個月的書面通知終止為止，而通知於固定任期屆滿前不會失效。

於截至二零一七年十二月三十一日止年度，概無董事放棄彼等的服務酬金。

根據本公司組織章程細則，上述服務合約受限於至少每三年一次的董事輪值告退及於股東週年大會上重選。

本公司組織章程細則規定，任何獲董事會委任以填補董事會臨時空缺的董事將任職至其獲委任後的首屆本公司股東大會為止，並在大會上接受重選，而任何由董事會委任以增加現有董事會人數的董事僅可任職至本公司下一屆股東週年大會為止，屆時將合資格膺選連任。

根據組織章程細則第87(1)條，董事會當中三分之一成員須於本公司每屆股東週年大會上輪席告退。根據組織章程細則第87(2)條，退任董事合乎資格膺選連任。

根據組織章程細則第87(1)條及第87(2)條，謝漢良先生、劉天民先生及李明綺女士須於股東週年大會上輪席告退，由於符合資格，彼願意於股東週年大會上膺選連任。

董事委員會

董事會已成立(i)審核委員會；(ii)薪酬委員會；(iii)提名委員會；及(iv)風險管理及合規委員會（前稱「監控及合規委員會」），並已界定職權範圍。解釋其相關角色及獲董事會授權的董事委員會職權範圍載於本公司網站http://www.neo-neon.com及聯交所網站www.hkexnews.hk。董事委員會可於作出合理要求時獲提供足夠資源履行其職責，及可在適當情況下尋求獨立專業意見及其他援助，費用概由本公司支付。

審核委員會

本公司已成立審核委員會，並以書面訂明其職權範圍。審核委員會目前由三名成員組成（即全體獨立非執行董事范仁達先生、劉天民先生及李明綺女士）。李明綺女士為審核委員會主席。審核委員會的主要職責為就外部核數師的委任及罷免向董事會提供推薦建議、審閱財務報表及就財務申報提供重要意見，以及監督本公司的內部監控及風險管理系統。審核委員會的組成及書面職權範圍符合企業管治守則。

本集團截至二零一七年六月三十日止六個月的未經審核中期業績及截至二零一七年十二月三十一日止年度的經審核年度業績已分別由審核委員會審閱，審核委員會認為相關財務報表已遵照適用會計準則及規定編製及已作出充分披露。審核委員會亦已審閱本集團採納的會計原則及常規，以及外部核數師的挑選及委任。另外，審核委員會已審閱本集團截至二零一七年十二月三十一日止年度的風險管理及內部監控系統。

截至二零一七年十二月三十一日止年度，審核委員會已舉行三次會議。各審核委員會成員於審核委員會會議的個別出席記錄載列如下：

董事姓名	出席次數／委員會會議次數
李明綺女士	3/3
范仁達先生	3/3
劉天民先生	3/3

薪酬委員會

本公司已成立薪酬委員會，並以書面訂明其職權範圍。薪酬委員會目前由四名成員組成（即非執行董事黃俞先生，三位獨立非執行董事范仁達先生、劉天民先生及李明綺女士）。劉天民先生為薪酬委員會主席。薪酬委員會的主要職責為就本集團董事及高級管理層的整體薪酬政策及結構向董事會提供意見，並確保並無董事或其任何聯繫人士參與釐訂其薪酬。薪酬委員會的組成及書面職權範圍符合企業管治守則。

截至二零一七年十二月三十一日止年度，薪酬委員會已審閱董事及高級管理層的薪酬。

截至二零一七年十二月三十一日止年度，薪酬委員會已舉行一次會議。各薪酬委員會成員於薪酬委員會會議的個別出席記錄載列如下：

董事姓名	出席次數／委員會會議次數
劉天民先生	1/1
黃俞先生	1/1
范仁達先生	1/1
李明綺女士	1/1

提名委員會

本公司已成立提名委員會，並以書面訂明其職權範圍。提名委員會目前由四名成員組成（即非執行董事黃俞先生，三位獨立非執行董事范仁達先生、劉天民先生及李明綺女士）。黃俞先生為提名委員會主席。提名委員會的主要職責為定期檢討董事會的架構、人數及成員組合，並在考慮提名人的獨立性及資格後向董事會推薦合適的董事候選人，以確保所有提名公平透明。物色合適董事人選及向董事會作出有關推薦建議時，提名委員會亦須考慮候選人各方面的條件，包括但不限於其教育背景、專業經驗、相關行業經驗及過往董事職務。提名委員會的組成及書面職權範圍符合企業管治守則。

截至二零一七年十二月三十一日止年度，提名委員會已檢討董事會的架構、人數及成員組合。

截至二零一七年十二月三十一日止年度，提名委員會已舉行一次會議。各提名委員會成員於提名委員會會議的個別出席記錄載列如下：

董事姓名	出席次數／委員會會議次數
黃俞先生	1/1
劉天民先生	1/1
范仁達先生	1/1
李明綺女士	1/1

風險管理及合規委員會

本公司已成立風險管理及合規委員會（前稱「監控及合規委員會」），並以書面訂明其職權範圍。監控及合規委員會目前由七名成員組成（即本公司所有董事）。范仁達先生為風險管理及合規委員會主席。風險管理及合規委員會的主要職責為監察本公司的風險管理系統及本公司現在或未來業務的合規性，就遵守適用的法律和法規，包括上市規則的事宜進行審查並提出建議。

截至二零一七年十二月三十一日止年度，風險管理及合規委員會就任何涉嫌欺詐及違規行為、內部管控失責或涉嫌違反法律、法規和規章定期向董事會報告。風險管理及合規委員會獲董事會授權向本公司管理層尋求相關資訊以實現其工作目標、職責和責任，而所有的員工都要配合其要求。

截至二零一七年十二月三十一日止年度，風險管理及合規委員會已舉行一次會議。

董事姓名	出席次數／委員會會議次數
范仁達先生	1/1
謝漢良先生	1/1
黃俞先生	1/1
王良海先生	1/1
劉衛東先生	1/1
劉天民先生	1/1
李明綺女士	1/1

企業管治職能

本公司的企業管治職能由董事會執行。企業管治委員會的職責包括：(a)制定及檢討本公司的企業管治政策及常規，並向董事會提出推薦建議；(b)檢討及監察本集團董事及高級管理人員的培訓及持續專業發展；(c)檢討及監察本公司在遵守法律及監管規定方面的政策及常規；(d)制定、檢討及監察本集團僱員及董事的操守準則及合規手冊（如有）；及(e)檢討本公司遵守企業管治守則的情況及在企業管治報告內的披露。

截至二零一七年十二月三十一日止年度，董事會已檢討對守則條文及企業管治守則下的建議最佳常規的遵守情況，並就任何偏離情況作出深思熟慮的解釋。

公司秘書

本公司秘書為梁樂偉先生，於二零一六年三月二日獲委任。梁先生知悉上市規則第3.29條的規定。梁先生已向本公司告悉彼已就企業管治及會計事項等方面接受超過15小時培訓。本公司認為公司秘書的培訓符合上市規則第3.29條的規定。

財務申報

董事會在首席財務官及財務部的支援下，負責編製本公司及本集團各財政年度的財務報表，以真實公平反映本公司及其附屬公司於該年度的財務狀況、業績及現金流量。董事會並不知悉有任何有關事項或狀況的重大不明朗因素可能使本集團持續經營的能力受到重大質疑。

本公司的香港外聘核數師畢馬威會計師事務所有關財務報表的責任載於本年度報告「獨立核數師報告書」一節。

核數師酬金

董事會審核委員會負責就委聘、續聘及罷免法定外部核數師、批准外部核數師的薪酬及任期以及有關外部核數師辭職或遭開除的任何問題向董事會作出推薦建議。本公司委聘畢馬威會計師事務所為外部核數師。截至二零一七年十二月三十一日止年度，已付／應付予畢馬威會計師事務所的費用詳情如下。

	人民幣千元
審核服務	2,310
非審核服務(1)	387
總計	**2,697**

附註：非審核服務包括於臺灣的審核費用及稅務費用。

內部監控及風險管理

董事會確認其整體責任為持續維持本公司充足的內部監控及風險管理系統及檢討其效率。董事會致力落實有效及良好的內部監控及風險管理系統，保障股東利益及本公司資產。此外，審核委員會亦有責任審閱及評估本集團的風險管理及內部監控系統。

本集團的內部監控及風險管理系統具備明確的管理架構及其相關權限、完善政策及程序，在制定時已考慮到其業務性質及組織架構，以達成效率及有效的營運、確保財務報告的可靠性及遵守適用的法律法規、識別及管理潛在風險，並保障本集團資產。系統的目的在於管理而非排除失誤風險，以達成業務目標，並僅合理而非絕對保證不會出現重大虛假陳述或損失。

於二零一七年，本公司採納以下政策及程序，並採取以下措施，以改善本集團風險管理及內部監控系統。

為了進一步改善本公司現有有關（其中包括）業務營運、財務及合規的風險管理及內部監控系統建置，於二零一七年，本公司採取若干措施識別、評估、管理與達成本公司營運目標有關的重大風險。例如，本集團高級管理層審閱並評估內部監控及風險管理過程、定期監察任何風險因素，並向董事會報告任何發現以及處理該等變動及經識別的風險所採取的措施。在本公司高級管理層的協助之下，董事會亦定期與本集團高級管理層、供應商業務代表以及客戶進行調查及現場訪談，以檢查並監察與本集團業務營運及財務管理有關的潛在風險。

同時，本公司已於二零一五年十二月更新審核委員會的職權範圍及程序，以遵守企業管治守則當中有關內部監控及風險管理的新規定。同時，在專業核數師的協助之下，審核委員會監督本公司財務及經濟活動的收入與開支，以進一步強化風險管理的功能，並確保有效落實風險管理及內部監控系統以及本公司的標準化營運與健全發展。

結合本公司實際情況及各類適用的法律及法規，並配合本公司管理層制定的解決方案，以應對風險、系統化地組織業務營運，並監察與降低潛在風險。本公司亦制訂並推行若干內部政策，要求本集團所有僱員遵守該等內部風險管理及內部監控標準，共同打造一個風險管控及標準化營運的管治環境。此外，本公司亦已制定適用於若干營運單位的政策及程序，分工清晰，以確保風險管理及內部監控的成效。本公司日常營運委託各別部門，其對本身部門的行為及績效負責，並須嚴格遵守董事會及審核委員會制定的政策。此項程序於二零一七年全年實施並需持續予以改善。

根據企業管治守則之C.2.1董事會及管理層持有其半年度及年度審閱內部監控及風險管理。審核委員會會議為審核委員會成員及本公司的管理層及內部審計經理直接溝通的機會。本公司以年度審核委員會會議作為其主席和審核委員會所有成員將盡力參加的一個重要事件。外聘核數師亦獲邀出席本公司的審核委員會會議，並可協助董事處理有關外聘核數師就審核行為和核數師報告的編製與內容所提出的查詢。董事亦已檢討內部核數部門的需要，彼等認為聘用專業人士為本集團進行內部核數工作，更具成本效益。現時本集團已設立內部核數部門，並且每年檢討內部監控及風險管理系統。

本公司亦已提供本公司董事及高級管理層內部信息培訓課程，確保所有可能對本公司股價產生重大影響的相關事實及情況立即得到評估，並確保本集團任何一位或以上的高級管理人員知悉的重大信息立即得到確認、評估及適時上報至董事會以釐訂是否需要披露。

於二零一七年，董事會在審核委員會的協助下已進行兩次本公司風險管理及內部監控系統的審閱，並認為本公司風險管理及內部監控系統為充足且有效落實。該審閱涵蓋所有重大監控、財務、合規及營運監控以及風險管理機制。

董事會在審核委員會的協助下，亦已審閱本公司資源的充足度、員工的資歷及經驗、培訓課程及會計相關預算、內部審核及財務報告職能，並對上述事項感到滿意。

與投資者及股東的關係

本公司在與股東及投資界溝通時，一直盡量保持高透明度。本公司定期為機構投資者及分析家舉行簡報會及會議。本公司致力按照有關監管規定，維持公開及有效的投資者溝通政策，並及時向投資者提供最新的業務資料。

為確保與投資者及分析家保持有效、清晰及準確之溝通，所有企業通訊均由本公司財務總監安排及處理。

本公司財務數據及所有與股東的公司通訊已載於本公司網站http://www.neo-neon.com，並會適時定期更新。

董事會及管理層須確保股東權利，且全體股東均獲公平公正對待。

本公司已適時宣佈其中期及年度業績，宣佈時間早於上市規則規定的時間。於股東大會，將就每個重大個別事項提呈個別決議案，包括重選個別董事。

股東週年大會將為董事會與本公司之股東提供直接溝通機會。本公司視股東週年大會為重要事項，主席及全體董事均盡可能出席。外聘核數師亦獲邀請出席本公司的股東週年大會，並可協助董事應付股東就核數行為及核數師報告的編製及內容所提出的查詢。所有股東收取附有詳細議程的通知和及時之通知函。根據上市規則，董事會將於應屆股東週年大會主持投票表決。本公司的業績將於會上宣佈，並適時於聯交所網站及本公司網站作出公佈。

股東權利

股東召開股東特別大會及於股東大會提出提案的過程

股東於遞呈要求日期持有不少於本公司繳足股本（賦有於本公司股東大會上投票權）十分之一股東於任何時候有權透過向本公司董事會或秘書發出書面要求（「要求」），要求董事會召開股東特別大會，以處理有關要求中指明的事項；要求須遞呈於香港主要營業地點（香港灣仔告士打道138號聯合鹿島大廈15樓），且有關大會應於遞呈該要求後兩(2)個月內舉行。倘遞呈後二十一(21)日內，董事會未有進行召開股東特別大會，則遞呈要求人可自發以同樣方式作出此舉，而遞呈要求人因董事會未有召開大會而產生的所有合理開支應由本公司向遞呈要求人作出償付。

向董事會提出查詢的程序

股東可透過梁樂偉先生或謝漢良先生向董事會作出查詢，從而會轉交有關查詢予董事會處理。聯絡詳情如下：

地址： 香港灣仔告士打道138號聯合鹿島大廈15樓
電郵地址： investors@neo-neon.com
電話： (852) 2786 2133
傳真號碼： (852) 2786 2479

親屬及密切個人關係

董事會認為任用行政人員及員工，必須以其才能、有關經驗及技能為首要條件。本集團的策略是根據人選的資歷、經驗、技能及往績，透過內部提升或在公開市場招聘，選出最適當的合資格人選擔任個別職位。並無任何僱員是因為與任何董事有親屬或密切個人關係而受聘。

憲章文件

於截至二零一七年十二月三十一日止年度，本公司的憲章文件並無任何重大變動。

環境、社會及管治(ESG)報告

作為一家具有社會責任感的上市企業，同方友友控股有限公司（簡稱「同方友友」、「本公司」、「公司」或「我們」）致力於長期的可持續發展，重視對環境、社會及管治責任的履行及信息披露。

同方友友二零一七年環境、社會及管治報告（簡稱「ESG報告」）為本公司發佈的第二份ESG報告，報告根據香港聯合交易所發佈的最新版《環境、社會及管治報告指引》（簡稱ESG指引）進行編製，總結了本公司在二零一七年一月一日至十二月三十一日期間根據ESG指引要求履行相關責任的政策及行動。

1 責任管治

1.1 管治架構

同方友友將社會責任管理視為日常運作管理的一個有機組成部份，堅持履行社會責任，任命高層主管負責社會責任管理，建立、實施和維持良好的社會責任管理體系，並將這一要求延伸到供應鏈管理當中。我們在此社會責任管理架構的基礎上，執行SA8000社會責任國際標準，建立了以《社會責任管理手冊》為指導的管理體系。

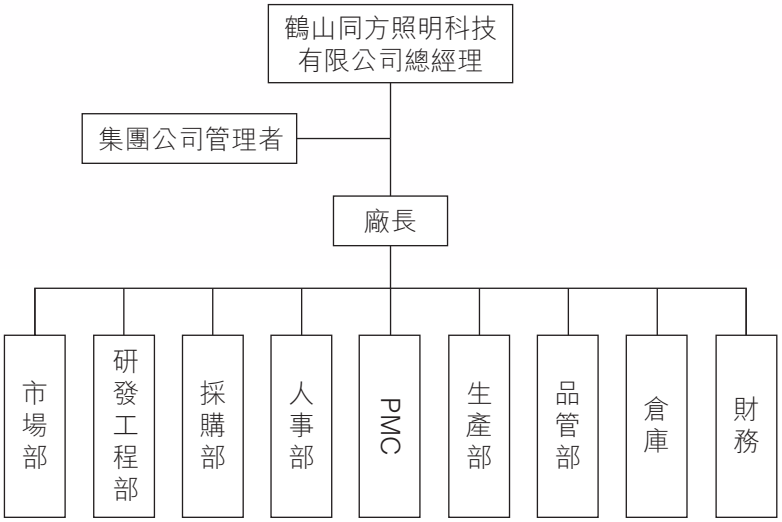


圖1-1, 公司社會責任管理體系組織架構圖

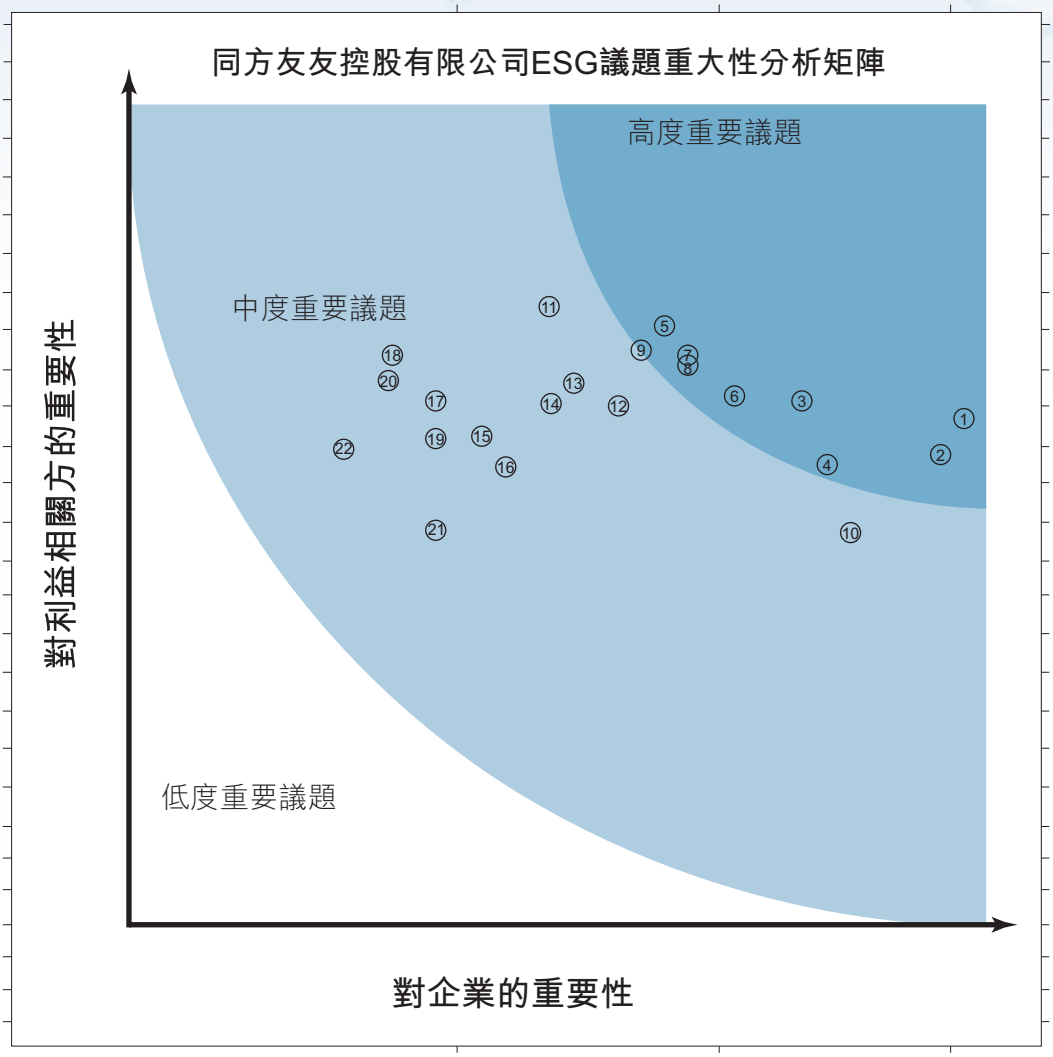
1.2 責任溝通

我們積極承擔社會責任，致力於為利益相關方創造更多價值。為了解各利益相關方的訴求，我們通過不同形式建立了與政府、股東與投資者、客戶、員工、合作夥伴、行業組織、和社區的溝通平台，幫助其及時了解同方友友的企業社會責任工作近況。我們的重要利益相關方包括：

- 政府
- 股東及投資者
- 客戶
- 員工
- 合作夥伴
- 行業組織
- 媒體
- 社區
- 環境

因今年同方友友的管治架構及業務模式沒有發生重大變動，我們仍然沿用通過二零一六年的利益相關方溝通所得出的ESG議題重大性分析結果，在報告中對以下22個最為受到利益相關方關注的議題進行回應。

1 知識產權保護
2 合法合規經營及反貪腐
3 產品質量檢測和回收
4 消費者信息安全及隱私
5 排放物管理
6 廢棄物管理
7 供應商聘用原則
8 能源使用管理
9 避免使用童工及強迫勞動
10 參與的社會議題類型及其投入
11 產品健康與安全
12 產品及服務投訴
13 供應商情況
14 員工人身安全
15 環境及天然資源
16 溫室氣體管理
17 僱傭情況
18 職業健康與安全措施
19 水資源使用管理
20 員工流失率
21 產品包裝材料管理
22 員工培訓及其投入



2 環境保護

2.1 管理排放物

同方友友通過了14001：2004環境管理體系，致力於打造綠色生產體系，降低對環境的影響。我們嚴格遵守《中華人民共和國環境保護法》，制定了《污水廢氣排放及噪聲管理規定》、《生活辦公固體廢棄物污染防治管理規定》和《危險廢物管理規程》，進一步完善生產過程中污水、廢氣、廢棄物的管理。

其中《污水廢氣排放及噪聲管理規定》基於國家標準《污水綜合排放標準GB8978-1996》及地方法規對生產過程產生的污水限定了排水量及污染物濃度的排放標準，同時基於《大氣污染物綜合排放標準GB16297-1996》對二氧化硫、氮氧化物等大氣污染物的排放標準做了明確規定。

同方友友根據《環境監測與測量控制程序》，對本公司環境運行情況以及重要環境因素進行例行監測，以確保體系的有效運行。公司定期對污水的處理與排放、化學品使用和管理、廢棄物分類投放進行檢查，並填寫《環境安全檢查月報》。此外，本公司視實際情況委託有相關資質的單位實施測量和檢查。

根據內部的《危險廢物管理規程》，我們將產生的有害危險廢物交由有資質的環保處理公司簽訂處理合同，對有害危險廢物進行無公害化處理。並積極改進生產工藝，從源頭減少廢物的產生。

二零一七年全年同方友友未出現違規排放的情況。

表2-1. 二零一七年同方友友排放物情況

	總量		密度	
類別	**單位**	**數據**	**單位**	**數據**
一般排放物				
廢水排放量	萬噸	19.60	噸／十億元產值	29,526.97
溫室氣體				
範圍一溫室氣體	噸二氧化碳當量	76.27	噸／十億元產值	153,822.67
範圍二溫室氣體	噸二氧化碳當量	4,394.95	噸／十億元產值	6,620.90
有害廢棄物				
廢機油／廢機油抹布	千克	100	千克／十億元產值	150.65
硒鼓	箱	8	箱／十億元產值	12.05
無害廢棄物				
水泵電機	台	2		
空壓機	台	3		

2.2 提高資源使用效率

為提高資源、能源使用效率和促進節能減排，同方友友制定並實施了《資源能源節約控制程序》，對公司水、電、紙張、木材、原物料等資源及能源的使用進行有效控制，從產品開發、倉儲管理、物料回收和技能計劃制定等方面保障資源的充分利用。

此外，我們還制定了《鶴山同方照明科技有限公司節約用電管理規定》，在設備管理、用電調度、員工行為指導等方面不斷提升全體員工的節能環保意識，保證生產用電正常有序。

在節能減排的理念下，二零一七年，同方友友對生產設備進行了改善，將原來能耗高的設備停用，也對生產工藝進行了改進，取消了原取水量大的工序。同時，我們會還對員工定期進行節能減排的培訓，設定年度減排目標，並開展對能源消耗的量化跟踪。

表2-2. 二零一七年同方友友能源及資源使用情況

	總量		密度	
類別	**單位**	**數據**	**單位**	**數據**
能源消耗量				
汽油	升	33,559.87	千升／十億元產值	50.56
辦公室耗電量	度	767,924.00	千度／十億元產值	10,503.53
生活區耗電量	度	1,860,645.00		
廠區耗電量	度	4,343,673.00		
水資源消耗量				
辦公室耗水量	噸	31,815.00	噸／十億元產值	535,241.04
生活區耗水量	噸	143,155.00		
廠區耗水量	噸	180,323.00		
製成品包裝材料使用量				
紙箱	噸	99.70	噸／十億元產值	155.85
膠袋	噸	3.38		
珍珠棉	噸	0.37		

2.3 保護生態環境

同方友友積極致力於對生態環境的保護，嚴格遵守《中華人民共和國環境保護法》《中華人民共和國水土保持法》等法律法規，擬定了《環境因素識別與評價程序》《新項目環境及OHS影響管理程序》《對相關方環境及OHS行為施加影響管理程序》《有害物質控制風險評估程序》等制度。我們以在LED照明行業三十餘年的專業技術與經驗，努力為人類提供舒適、安全、節能的光環境。

在我們的日常運營中，我們不斷評審自身環境行為，努力減少對環境的影響，為在此基礎上針對不合理的因素作出相應改進，達到持續改進環境狀況的目的。根據《環境運行控制程序》，我們規定公司在設計新產品時，在保證質量的前提下，向長壽命、高效率、多功能、可再生利用、小型輕量化發展；在設計評審階段，需對原材料的使用或生產工藝可能引起的污染等環境影響進行評審；提倡採用無害化的工藝技術，並簡化製造工藝，提倡使用無毒害的材料並減少其用量；設計過程中需統計每種產品的物耗，從計劃、採購、工藝、包裝、貯存、運輸等方面考慮，給出建議逐步削減其用量。

為防止危險化學品對環境的污染，同方友友擬定了《危險廢棄物管理規程》，加強對危險化學品的儲存、使用以及防傾倒、防洩漏等情況的管理；我們確保工業及生活污水排入污水管網或移送污水處理站，以防止水體污染；我們還對可能造成土壤污染源的管理對象進行定期檢查，委託具備資格的環境檢查機構對土壤進行定期測定。

3 僱傭

同方友友嚴格遵守《勞動法》《勞動合同法》《社會保險法》《就業促進法》《工會法》等國家法律法規的規定，在SA8000社會責任管理標準體系下，制定了《童工拯救程序》《防止歧視和騷擾程序》《女性職工未成年管理程序》《加班管理程序》《懲戒性控制程序》《勞工和商業性道德風險評估程序》等內部管理文件，不斷規範僱傭管理，保障員工的合法權益。

3.1 合規用工

同方友友在招聘過程中嚴格遵守相關法律法規，在招聘過程中，我們依據現有的嚴格完善的審核錄用流程，將視具體情況對擬錄用員工前公司、相關的工作證明進行核實或進行相關的背景調查，並通過委託第三方機構進行核實，確保不發生錄用童工或其他違規僱傭的情況。

對於可能出現的違規僱傭情況，我們制定了《童工拯救程序》，嚴禁聘用未滿16周歲的員工從事工作。一旦發現聘用童工的情況，公司將勒令其立即停工，結算工資，將其安全送回其原居地並要求父母親或監護人簽收。公司承諾將為這些兒童提供足夠支持，使之繼續完成學業，直至其超過兒童年齡為止。如出現童工因工致傷致殘的情況，公司承諾負責治療，並負責治療期間的全部治療與生活費用，由縣級以上勞動鑑定委員會確定其傷殘程度，按規定給予合理的經濟補償。童工死亡的，公司應發給童工父母或其它監護人喪葬補助費，並給予適當經濟補償。

同時，同方友友嚴禁聘用強制勞工現象，制定了《非強迫性工作程序》，尊重員工的自由權利，禁止任何形式的強迫勞動，保障工人人身自由，包括僱傭自由，辭工自由，加班自由及行動自由。如有違規情況發生時，我們首先對車間生產情況進行分析，給予員工一定補償，並通過研究給車間配備合理的勞工，以避免此類情況再次發生。

為了保護女性職員和未成年工的合法權益，同方友友還制定了《女性職工未成年工管理程序》。由人資部負責建立未成年工管理檔案，並對其接受義務教育、分配工作崗位、發放福利、限制工時、勞動強度採取特殊勞動保護措施及接受身體健康檢查等方面進行管理、督導及追蹤工作，而且為其保存健康檢查紀錄。同時，公司為女性員工提供勞動安全保護、工作時間保護、假期保護和日常保健，確保女性職工的健康不因勞動強度、勞動時間和勞動條件而受侵害。

3.2 平等與多元化僱傭

以「為員工謀求最大福祉、創造更多機會」為出發點，同方友友以《勞動法》為基準，結合當地相關勞動法規，堅持「面向社會，公開招工，全面考核，擇優錄取，依法簽訂勞動合同」的招工原則。我們遵照內部的《社會責任政策》，提供平等和公平的工作環境，禁止任何形式的歧視行為，保障員工的基本權益。

同時，為規範人力資源管理，同方友友編製了《員工手冊》和《勞工和商業道德風險評估程序》，囊括了招聘與僱傭、員工行為規範、勞動合同解除、安全與衛生等多個方面的政策，不斷健全人力資源管理體系，為廣大員工的職業發展提供良好的條件、清晰的路徑和廣闊的平台。

為了提供暢通透明的員工申訴渠道，同方友友制定了《員工申訴處理程序》和《員工建議與申述管理指引》，博採眾議，廣納善言，持續跟進和提升公司治理的成效。如對公司章程和待遇有任何意見和建議，員工可以通過人力資源部和工會向員工代表、工會代表、管理者代表及相關職能部門或當地勞動爭議仲裁委員會進行申訴，維護自身合法權益。

表3-1. 二零一七年同方友友員工僱傭情況

類別	人數（人）	比例(%)
總人數	1,200	100
按性別劃分		
男性員工	499	41.58
女性員工	701	58.42
按年齡劃分		
30歲以下	171	14.25
30-50歲	925	77.08
50歲或以上	104	8.67
按地區劃分		
華南	359	29.92
華東	95	7.92
華北	13	1.08
華中	371	30.92
海外	362	30.17

表3-2. 二零一七年同方友友員工流失率情況

類別	人數（人）	流失率(%)
離職總人數	381	30.05
按性別劃分		
男性離職員工	165	13.01
女性離職員工	216	17.03
按年齡劃分		
30歲以下離職員工	95	7.49
30-50歲離職員工	262	20.66
50歲或以上離職員工	24	1.89
按地區劃分		
華南離職員工	106	8.36
華東離職員工	27	2.13
華北離職員工	2	0.16
華中離職員工	91	7.18
海外離職員工	155	12.22

註： 員工流失率計算方法：本年度離職人數／(上年末員工總人數+新招聘人數)

3.3 薪酬與福利

確保員工薪酬的合理性和公平性有利於激勵員工提升工作的自主性和積極性，也是履行企業社會責任的體現。因此，同方友友在《員工手冊》的基礎上，制定了《薪資管理制度》，根據僱員的經驗、學歷及其表現決定，定期參考同行及市場的薪酬水平作出檢討及相應調整。除法例規定的基本薪酬及法定福利外，本集團亦會根據崗位的性質及重要性發放崗位津貼，根據員工業績發放獎金、花紅以及根據加班情況加班費，以確保員工能享受到合理且激勵性的工資待遇。

不僅如此，同方友友為員工提供了完善的基本生活福利設施，包括宿舍、飯堂及休息娛樂場所，保障其有健康的飲食、舒適的生活環境和必要的休息空間。此外，為了滿足員工多方面的生活需要，我們還為員工提供了多種豐富實用的福利，包括勞保用品、醫療保健、文體活動等。

3.4 安全生產

為了確保安全生產，同方友友以工業安全委員會為主導，制定了《OHS運行控制程序》和《危險源辨識、風險評價和風險控制策劃程序》，協同工程部、設備部、測試中心及各相關部門，安全生產指標和管理方案。我們對公司內的生產設備、消防設施等進行定期評價，抽取部份生產車間做不定期評價。評價過程中發現危險源等級達到III和IV的情況將列入公司重大危險源，並立即對其進行改善。對於暫時無法改善的採取相應的安全措施、配置相應的勞保用品，並對其作業人員進行相關培訓及制定相應的作業指導書。

同時，為了保證意外發生時及時控制險情，我們還制定了《應急準備和響應控制程序》，保護廣大員工的安全與健康。同時，為了提高員工對緊急事件的警惕性和應對能力，我們定期安排急救、滅火和疏散逃生演習，使員工知悉相關逃生設施和用具的使用方法，有意識、有信心和有能力進行自救和協助救援行動。

二零一七年，同方友友沒有發生重大傷亡事件，出現普通工傷3例，因工傷損失工作日數21.5天。

3.5 職業健康

同方友友高度重視員工的職業健康，建立了以《環境和職業健康方針》《OHS運行控制程序》《OHS績效測量和監測程序》為基礎的職業健康管理體系。

針對潛在的職業健康危害，我們組織各部門並邀請外部機構定期組織專業檢查。公司每半年進行一次OHS專業檢查，重點檢查特種作業、特種設備、特殊場所，如電焊、起重設備、鍋爐壓力容器、易燃易爆場所、危險物品的貯存保管等，將檢查結果錄入《OHS專業檢查表》。每季度會進行OHS目標、OHS管理方案的檢查，以及不定期對各部門的運行控制情況的檢查，並分別錄入《OHS目標、管理方案完成情況檢查表》和《運行控制監控表》。此外，我們還聘請了專業第三方機構對本公司工作場所進行有害因素檢測，檢測報告顯示均符合相關規定。

為提高員工職業健康意識，我們根據《質量、有害物質、環境及職業健康安全管理手冊》，要求特種作業人員接受法定的培訓並取得操作證，確保安全上崗，另外對於部份崗位人員安排了專門的安全培訓。我們為全體員工根據崗位特徵提供不同頻次的職業健康體檢，檢查中如發現不良健康現象時應進行工作調離，當發現職業病時，應按職業病管理條例的要求及時上報政府行政主管部門，並對患者進行專項治療，直至康復（或穩定）。

3.6 職業培訓

同方友友致力於為員工提供系統的培訓和完善的職業發展通道。同方友友在《員工手冊》的基礎上，制定了《人力資源及培訓程序文件》，進一步完善培訓和職業發展體系。

同方友友在二零一七年制定了年度培訓計劃，並擬定《崗位説明書》，按崗位職能分類給在職人員提供生產、品質、行政、工程技術、以及特殊工種的相關理論和實操培訓。培訓結束後員工還須接受考核，由各部門主管根據工作性質選擇通過理論考核、操作考核、業績評定和觀察的方法。為不斷提升培訓內容質量，每年年底公司還組織各部門徵求培訓意見和建議，編製下一年度的培訓計劃和本年度培訓計劃完成進度總結，將計劃外的已培訓項目補充入內。

公司的培訓具備擇優性，即為表現突出的員工提供委外培訓，助其進一步提高管理水平和業務能力，為優秀員工提供必要的知識儲備，員工可申請或被選送到外部專業培訓機構參加短期課程，包括各種外部教育機構、培訓中心所舉辦的短期培訓課程、交流會等。

二零一七年，同方友友共計130名員工參加培訓，總時長達到1557小時。

表3-3. 二零一七年同方友友僱員受訓情況

	受訓人數（人）	受訓人數比例(%)	受訓時長（小時）	平均受訓時數（小時）
男性僱員	70	53.85	867	12.39
女性僱員	60	46.15	690	11.50
全職僱員	130	100	1,557	11.98
兼職僱員	0	0	0	0
總受訓人數	130	100	1,557	11.98

同方友友積極為員工創造晉升和發展機會。基於《員工手冊》中員工晉升、考核、獎懲管理的相關規定，對員工能力和素質進行月度、季度、及年度評估考核，晉升或降調員工到合適職務，按照公司職等定級標準逐級提升或下調，薪資按對應職等標準進行調整。

4 供應鏈管理

4.1 供應商管理

供應商直接關係到產品的質量穩定和安全有效，我們高度重視供應商管理並積極維持良好合作關係。截至二零一七年十二月三十一日，我們的供應商共計373家，其中約80%為廣東省內供應商。

表格6.1 二零一七年按地區劃分的供應商數目及其佔比

地區	數量	佔比
省內	294	78.82%
省外	32	8.58%
國外	47	12.60%

我們根據《採購控制程序》嚴格管理供應商聘用和採購過程。當涉及新供應商引進時，我們會根據《新供應商引入管理辦法》確保公司採購物料穩定供應的同時降低採購成本。採購過程中，我們依據《採購作業指引》制定訂購單交付給相關的供應商，並安排採購員實施採購。採購完成後，我們還會依據《進貨檢驗和試驗程序》，根據不同產品的技術標準，對採購物料進行驗證，以確保來料符合質量、有害物質控制、CCC／資源認證／其它產品認證的產品、環境及相關法律法規要求。

4.2 促進供應鏈履責

為保證產品質量，樹立良好的品牌信用，同方友友通過嚴格的評估標準，按照《供應商評審程序》對供應商進行綜合評審。評審考量範圍包括樣品質量、質量管理能力、有害物質控制、環境、職業健康安全，及其滿足SA8000：2014標準要求的能力。

此外，我們與供應商會簽署社會責任相關承諾，包括遵守SA8000：2001標準所有規定，對任何與SA8000：2014標準不符之處及時採取補救和糾正行動。體現了同方友友在供應商管理體系中的社會責任擔當。

若供應商通過審核，我們會要求其鑑核「鶴山同方照明科技有限公司年度品質保證書」，註明有效期並實施定期覆核。對於未通過審核的供應商，採購部協同生產部、品質部及相關部門覆核該供應商，根據其整改的情況決定是否剔除在供應商目錄以外。

5 產品責任

5.1 質量管理

為保障產品質量，同方友友制定了《生產計劃程序》《生產和服務提供過程控制程序》《產品防護控制程序》等管理制度，對產品生產計劃，原料投產及出貨，搬運、貯存、包裝、防護等交付過程作了一定的規範，對生產和服務過程進行了有效控制。

同方友友規定，對供應商來料必須進行檢驗，在生產過程中也要定期對生產車間、倉庫、辦公區域等進行殺菌消毒，對異物、化學品、物理危害進行風險評估，以使出貨產品清潔衛生，符合法律法規要求。對於車間中的不合格行為，必須馬上進行糾正，並在不合格產品上作好不合格標識；當檢驗員檢驗時發現可能出現批量不合格情況時，有權命令立即停止生產，並採取有效的補救、糾正措施和預防措施，以消除現存或潛在不合格原因。

公司通過了ISO9001質量管理體系，擁有一支完善的質量管理和檢驗隊伍；建立的測試中心有170多台（套）檢測儀器，可以進行安規、光電、EMC、環保、環境（可靠性）多方面的測試；同時還有150台（套）的生產現場檢測儀器。

我們除利用自身擁有的各種檢測儀器進行日常和常規的各種檢測外，還經常將產品送往國家質量技術監督局廣州電氣安全檢驗所進行CCC、CQC檢測認證，送往ITS、GS、TUV、UL等國外機構的實驗室進行國際安規檢測認證。且多年來抽檢結果均為優質。

5.2 產品召回

為減少及避免產品存在質量隱患和安全危害從而造成客戶人身、財產損失，同方友友制定並嚴格執行《產品危害和風險管理程序》《不合格品控制文件》《不符合、糾正措施和預防措施程序》等管理控制文件，以消除現存不合格產品和潛在不合格原因，確保產品質量安全。

對於可能出現的產品不合格情況，同方友友制定了《產品召回控制程序》，以確保當產品存在質量隱患時，進行有效的追溯、召回，確保相關不合格的產品安全、順利撤回及有效處理。針對質量隱患及遭到投訴的產品，我們將根據相關的記錄找出直接影響質量的同批產品的方向和範圍，確定召回種類，進而進行分析評估，確定召回的廣度和深度。發生缺陷產品時，同方友友將在10個工作日內以有效方式通知銷售商停止相關產品銷售，並利用報紙、廣播電台、電視台和互聯網等傳播媒體，把召回程序中的信息盡快傳達給客戶。同方友友還建立了模擬召回程序，每年一次執行模擬召回程序，以演練、評估和驗證召回程序的有效性。

公司嚴格的產品質量保障政策取得了良好的效果，二零一七年全年未發生因安全與健康而產生的產品召回。

5.3 客戶關係管理

同方友友格執行《顧客滿意度測量程序》，不斷提高服務質量，對滿足顧客要求的信息進行監視和控制，確保處理投訴及退貨記錄時皆妥善回應，並透過糾正和預防措施，防止相關問題的再發生。

制度規定，收到顧客投訴後，應立刻輸入公司外部客訴網上，並跟踪責任出貨生產部門，然後直接在外部網上回覆並處理，對客戶退貨處理的結果進行統一編號和歸檔；公司應在24小時內反饋抱怨糾正行動，在5個工作日內書面回覆有效的改進行動，並嚴格執行；當產品出現安全隱患時，應及時通知第三方檢測機構。

二零一七年，在加強了對生產製造及工藝結構的監管及改進後，同方友友接獲關於產品及服務的諮詢和投訴數目為26起，其中17起來自客戶使用過程中的諮詢和投訴，生產製造相關的投訴僅2起。

同時，同方友友十分重視客戶的信息安全和隱私保護，為此我們制定了《關於電腦、網絡、郵箱使用準則》等制度，為公司內部機密信息的安全、防止顧客信息的洩漏提供了保障；同時也制定了《顧客財產控制程序》，對顧客提供的產品（包括知識產權、個人信息等）進行驗證、貯存和維護，確保顧客財產不丟失、使最終產品滿足顧客要求。

5.4 知識產權管理

為加強對公司知識產權的保護，規範知識產權管理工作，鼓勵員工發明創造的積極性，促進知識產權應用，提高公司競爭力，同方友友根據國家有關法律法規並結合具體情況，制定了《鶴山同方照明科技有限公司知識產權管理辦法》，就產權的歸屬、註冊、管理和維護以及對知識產權發明及管理人員的獎懲作出明確規定。

管理辦法規定，公司知識產權統一由標準專利科申請註冊並進行到期續展、資料變更修正、打擊侵權行為等方面的維護。員工有義務保護本公司知識產權不受侵犯，維護本公司的合法權益。若發現侵權行為，應及時告知標準專利科及法務部，提供相關線索並協助調查取證。

為鼓勵發明創造，公司還會對知識產權發明者和管理人員給予獎勵，且公司有權根據政策申報政府專利資助及參與評獎。對違反相關制度規定，為公司造成損失的發明者和管理人員，公司有權予以處罰。

6 倡廉善治

為樹立遵紀守法、廉潔自律、克已奉公的良好企業風尚，營造公平、誠信、守法的經營環境，同方友友嚴格遵守《中華人民共和國反不正當競爭法》《關於禁止商業賄賂行為的暫行規定》及其他反腐敗、賄賂、欺詐等洗錢的相關政策，並制定了《鶴山同方照明科技有限公司反腐倡廉誠信政策》，積極完善內部廉政建設。

同方友友持續推進廉政管理，二零一七年公司未發生貪污訴訟案件。

7 社區支持

同方友友高度關注民生，持續回報社會，積極投身於社區行動和慈善捐助，將公益事業作為企業社會責任的一部份。二零一七年，同方友友專注於社區關懷、教育捐贈、以及困難員工幫扶，陸續組織了多次社區敬老活動，以及困難員工慰問，共投入資金11,600元人民幣。

獨立核數師報告

致同方友友控股有限公司股東
之獨立核數師報告
(於開曼群島註冊成立的有限公司)

意見

本核數師(以下簡稱「我們」)已審核列載於第69至146頁的同方友友控股有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表,此財務報表包括於二零一七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全面收益表、綜合權益變動表和綜合現金流量表,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》真實而中肯地反映了 貴集團於二零一七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》的披露要求妥為擬備。

意見的基礎

我們已根據香港會計師公會頒佈的《香港核數準則》進行審核。我們在該等準則下承擔的責任已在本報告「核數師就審核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》(以下簡稱「守則」)以及與我們對開曼群島綜合財務報表的審核相關的道德要求,我們獨立於 貴集團,並已履行這些道德要求以及守則中的其他專業道德責任。我們相信,我們所獲得的審核憑證能充足及適當地為我們的審核意見提供基礎。

關鍵審核事項

關鍵審核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核最為重要的事項。這些事項是在我們審核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。

就香港稅務局公佈的保障性利得稅評稅確認稅務撥備

請參閱綜合財務報表附註11及第88頁的會計政策。

關鍵審核事項	我們的審核如何處理該事項
香港稅務局（「稅務局」）對本集團自二零零五／二零零六評估年度起進行稅務評核。 截至二零一七年十二月三十一日，稅務局已就二零零五／二零零六至二零一一／二零一二評估年度公佈保障性利得稅評稅，總額為149,311,000港元（約相當於人民幣124,809,000元）。 貴集團就該等保障性評稅額提呈反對，而稅務局同意緩繳該等評估年度所徵收之稅款，條件是 貴集團須購買儲稅券合共35,450,000港元（約相當於人民幣29,633,000元），該數額於二零一七年十二月三十一日的綜合財務狀況表中計入儲稅券。 於二零一七年十二月三十一日， 貴集團並無就上述保障性利得稅評稅確認稅務撥備，因管理層認為有關附屬公司於二零零五／二零零六至二零一一／二零一二評估年度沒有在香港經營任何業務，也沒有獲得任何利潤，故 貴集團毋須支付香港利得稅。管理層聘請了外部稅務代表來協助 貴集團向稅務局提出反對並解決該等事項。 我們已將評估就稅務局公佈的保障性利得稅評稅確認稅務撥備確認為一項關鍵審核事項，原因在於其對 貴集團的財務重要性，且管理層在考慮是否須支付香港利得稅時作出的判斷可能受到管理層偏向的影響。	我們就稅務局公佈的保障性利得稅評稅確認稅務撥備的審核程序包括以下各項： • 獲取並檢查 貴集團與稅務局的全部溝通材料以及 貴集團向稅務局提交的全部文檔； • 評估 貴集團聘請的外部稅務代表的勝任能力、專業素質和經驗；及 • 引入畢馬威稅務專家，協助我們與管理層及其聘任的外部稅務代表進行討論，瞭解該稅務事項的性質和進程以及管理層的觀點及其作出的關鍵判斷，參照相關的稅收法規以及我們在稅務局對於類似情況的理解和處理方面的知識和經驗，並考慮錯誤及管理層偏向的可能性，以評估管理層及其聘任的外部稅務代表作出的判斷及形成的結論。

關鍵審核事項*(續)*

評估應收貿易款項的可回收性

請參閱綜合財務報表附註21及第85頁的會計政策。

關鍵審核事項	**我們的審核如何處理該事項**
於二零一七年十二月三十一日， 貴集團的應收貿易款項總額合共約為人民幣173百萬元，佔 貴集團於該日總資產的10%。 貴集團的呆賬撥備包括基於個別重大債務人的特定要素及具有類似風險特徵的債務人組別的集體要素，考慮到 貴集團客戶的信用歷史及當前市場以及客戶特定條件，包括評估客戶是否處於財政困難及客戶經營所在行業是否面臨衰退。所有上述要素均需要管理層基於過往經驗及對 貴集團客戶以及彼等經營所在行業的瞭解作出重大判斷。 於二零一七年十二月三十一日， 貴集團錄得呆賬撥備約人民幣46百萬元。 我們已將應收貿易款項的可回收性確認為一項關鍵審核事項，原因在於應收貿易款項結餘對綜合財務狀況表的重要性及呆賬撥備的評估涉及重大管理層判斷。	我們就評估應收貿易款項可回收性的審核程序包括以下各項： • 瞭解並評估管理層有關信用控制、收債及作出呆賬撥備的關鍵內部控制的設計、執行及營運成效； • 透過按抽樣基準比較應收貿易款項賬齡報告的詳情與相關關連文件，包括貨物交貨單及客戶協議所載的支付條款是否相符，評估應收貿易款項賬齡報告的個別結餘分類； • 按抽樣基準質疑管理層有關單獨評估應收貿易款項結餘的可回收性的判斷基礎，並參考逾期結餘的賬齡、過往及年終後付款記錄及與此等客戶的近期通訊評估管理層就此等個別結餘所作的呆賬撥備； • 通過回溯檢查過往年度所作呆賬撥備的準確性，並根據 貴集團會計政策重新計算呆賬撥備，綜合評估管理層用於呆賬撥備的假設和估計；及 • 按抽樣基準比較財政年末之後來自債權人的收款憑據（與二零一七年十二月三十一日的應收貿易款項結餘相關）。

關鍵審核事項 *(續)*

評估商譽減值測試

請參閱綜合財務報表附註16及第79頁的會計政策。

關鍵審核事項	我們的審核如何處理該事項
於二零一七年，本集團收購同方證券有限公司(「同方證券」)全部已發行股本。於二零一七年十二月三十一日，本收購產生的商譽約為人民幣122百萬元，佔本集團於該日總資產的7%。 於二零一七年十二月三十一日，管理層就商譽結餘進行減值測試，將已分配至現金產生單位(「現金產生單位」)的商譽之賬面值與以現金產生單位之貼現現金流預測釐定的使用價值(「使用價值」)之金額比較。計算貼現現金流預測需要管理層作出重大判斷，尤其是對收入增長及經營溢利的預測，及採用一個恰當的貼現率。 我們已將評估潛在商譽減值確認為一項關鍵審核事項，原因在於商譽結餘對綜合財務狀況表的重要性，亦因管理層評估將自同方證券產生未來現金流量之價值涉及重大判斷及假設，其中存在不確定性及可能受管理層偏見影響。	我們評估潛在商譽減值的審核程序包括以下各項： • 評估管理層辨別現金產生單位以及分配至現金產生單位的商譽金額及其他資產； • 參考本集團會計政策，評估管理層在計算貼現現金流預測使用的方法； • 評估及質疑管理層就貼現現金流預測的關鍵假設，其中包括估計收入及溢利(參考現金產生單位之歷史溢利率)、董事批准的財經預算； • 委派我們的內部估值專家，參考相關會計準則的規定，協助我們評估管理層在貼現現金流預測中已包含的減值評估法和計算法； • 對管理層應用在現金流預測的貼現率和終端增長率以及收入及開支假設進行敏感度分析，評估這些主要假設的變動對管理層就減值評估所做出之結論的影響；及 • 對之前減值評估進行回顧審查，並將預測數據與本年度業績比較以評估管理層預測程序之可靠度。

綜合財務報表及其核數師報告以外的信息

董事需對其他信息負責。其他信息包括刊載於年報內的全部信息，但不包括綜合財務報表及我們的核數師報告。

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

結合我們對綜合財務報表的審核，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核過程中所瞭解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他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

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》的披露要求擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

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

審核委員會協助董事履行監督　貴集團的財務報告過程的責任。

核數師就審核綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向整體股東報告。除此以外，我們的報告不可用作其他用途。我們概不就本報告的內容，對任何其他人士負責或承擔法律責任。

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

核數師就審核綜合財務報表承擔的責任*(續)*

在根據《香港核數準則》進行審核的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審核程序以應對這些風險，以及獲取充足和適當的審核憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。

- 瞭解與審核相關的內部控制，以設計適當的審核程序，但目的並非對　貴集團內部控制的有效性發表意見。

- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審核憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對　貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審核憑證。然而，未來事項或情況可能導致　貴集團不能持續經營。

- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。

- 就　貴集團內實體或業務活動的財務信息獲取充足、適當的審核憑證，以便對綜合財務報表發表意見。我們負責　貴集團審核的方向、監督和執行。我們為審核意見承擔全部責任。

除其他事項外，我們與審核委員會溝通了計劃的審核範圍、時間安排、重大審核發現等，包括我們在審核中識別出內部控制的任何重大缺陷。

我們還向審核委員會提交聲明，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。

核數師就審核綜合財務報表承擔的責任*(續)*

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

出具本獨立核數師報告的審核項目合夥人是蔡忠銓。

畢馬威會計師事務所
執業會計師
香港中環
遮打道十號
太子大廈八樓

二零一八年三月十六日

綜合全面收益表

截至二零一七年十二月三十一日止年度
(以人民幣(「人民幣」)列示)

	附註	二零一七年 人民幣千元	二零一六年 人民幣千元
收入	6	**665,724**	611,243
已售貨物的成本		**(457,634)**	(422,713)
毛利		**208,090**	188,530
其他收入	7(a)	**35,858**	11,657
其他收益及虧損	7(b)	**105,374**	28,058
分銷及銷售開支		**(90,146)**	(97,396)
行政開支		**(128,199)**	(108,173)
財務成本	8	**(4,658)**	(3,873)
除税前溢利	9	**126,319**	18,803
所得税	11	**(5,838)**	(7,061)
年內溢利		**120,481**	11,742
		人民幣分	人民幣分
每股盈利	12		
— 基本及攤薄		**5.72**	0.61
年內溢利		**120,481**	11,742
年內其他全面收益			
其後可能被重新分類至損益的項目：			
— 可供出售投資：公允值儲備變動淨值，經扣除零税項		**(13,285)**	–
— 折算財務報表產生之匯兑差額，經扣除零税項		**(57,271)**	33,298
年內全面收益總額		**49,925**	45,040
本年度以下人士應佔溢利：			
— 本公司擁有人		**120,375**	11,778
— 非控股權益		**106**	(36)
		120,481	11,742
應佔本年度全面收益總額：			
— 本公司擁有人		**49,964**	44,951
— 非控股權益		**(39)**	89
		49,925	45,040

隨附附註第76頁至第146頁為此等財務報表一部份。

綜合財務狀況表

於二零一七年十二月三十一日
（以人民幣列示）

	附註	於二零一七年十二月三十一日 人民幣千元	於二零一六年十二月三十一日 人民幣千元
非流動資產			
投資物業	13	**14,200**	14,700
物業、廠房及設備	14	**130,394**	151,213
預付租約付款	15	**30,469**	31,863
商譽	16	**123,454**	8,663
無形資產	17	**35,404**	29,840
可供出售投資	18	**3,324**	3,639
按公允值計入損益的金融資產	19	**111,166**	108,152
遞延稅項資產	26	**6,179**	7,063
		454,590	355,133
流動資產			
存貨	20	**177,395**	184,316
應收貿易及其他款項	21	**208,968**	178,930
儲稅券	11	**29,633**	22,765
可供出售投資	18	**321,079**	–
按公允值計入損益的金融資產	19	**21,571**	–
受限銀行按金	22	**13,322**	27,667
代客戶持有的現金	22	**90,321**	–
現金及現金等值物	22	**435,964**	647,356
		1,298,253	1,061,034
持作出售的資產	23	**–**	105,275
		1,298,253	1,166,309
流動負債			
應付貿易及其他款項	24	**234,827**	163,546
應付稅項		**40**	10,068
銀行借貸	25	**70,243**	110,967
		305,110	284,581
持作出售的負債	23	**–**	11,195
		305,110	295,776
流動資產淨值		**993,143**	870,533
資產總值減流動負債		**1,447,733**	1,225,666

隨附附註第76頁至第146頁為此等財務報表一部份。

綜合財務狀況表
於二零一七年十二月三十一日
(以人民幣列示)

	附註	於二零一七年十二月三十一日 人民幣千元	於二零一六年十二月三十一日 人民幣千元
非流動負債			
政府補貼		**7,475**	12,765
遞延税項負債	26	**6,459**	2,950
		13,934	15,715
資產淨值		**1,433,799**	1,209,951
資本及儲備			
股本	27	**186,912**	171,808
儲備		**1,242,923**	1,037,362
本公司擁有人應佔權益		**1,429,835**	1,209,170
非控股權益		**3,964**	781
權益總額		**1,433,799**	1,209,951

獲董事會於二零一八年三月十六日批准及授權刊發。

黃俞
董事

謝漢良
董事

隨附附註第76頁至第146頁為此等財務報表一部份。

綜合權益變動表

截至二零一七年十二月三十一日止年度
（以人民幣列示）

	本公司擁有人應佔											
	股本	股份溢價 (附註 27(e)(i))	資本贖回儲備 (附註 27(e)(ii))	特別儲備 (附註 27(e)(iii))	股份補償儲備 (附註 27(e)(iv))	購股權儲備 (附註 27(e)(v))	匯兑儲備 (附註 27(e)(vi))	其他儲備 (附註 27(e)(viii))	累計虧損	總計	非控股權益	權益總計
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
於二零一六年一月一日	171,897	2,264,928	255	55,238	50,024	3,671	(258,747)	(8,220)	(1,116,436)	1,162,610	874	1,163,484
年內溢利／(虧損)	–	–	–	–	–	–	–	–	11,778	11,778	(36)	11,742
其他全面收益	–	–	–	–	–	–	33,173	–	–	33,173	125	33,298
全面收益總額	–	–	–	–	–	–	33,173	–	11,778	44,951	89	45,040
購回自身股份(附註27(b))	(89)	(911)	89	–	–	–	–	–	–	(911)	–	(911)
收購非控股權益	–	–	–	–	–	–	–	(198)	–	(198)	(182)	(380)
確認基於股份以權益結算之付款	–	–	–	–	–	2,718	–	–	–	2,718	–	2,718
	(89)	(911)	89	–	–	2,718	–	(198)	–	1,609	(182)	1,427
於二零一六年十二月三十一日	171,808	2,264,017	344	55,238	50,024	6,389	(225,574)	(8,418)	(1,104,658)	1,209,170	781	1,209,951

隨附附註第76頁至第146頁為此等財務報表一部份。

綜合權益變動表

截至二零一七年十二月三十一日止年度
（以人民幣列示）

	本公司擁有人應佔													
	股本	庫存股份	股份溢價	資本贖回儲備	特別儲備	股份補償儲備	購股權儲備	匯兑儲備	公允值儲備	其他儲備	累計虧損	總計	非控股權益	權益總計
	（附註27(b)）	（附註27(d)）	（附註27(e)(i)）	（附註27(e)(ii)）	（附註27(e)(iii)）	（附註27(e)(iv)）	（附註27(e)(v)）	（附註27(e)(vi)）	（附註27(e)(vii)）	（附註27(e)(viii)）				
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
於二零一七年一月一日	171,808	-	2,264,017	344	55,238	50,024	6,389	(225,574)	-	(8,418)	(1,104,658)	1,209,170	781	1,209,951
年內溢利	-	-	-	-	-	-	-	-	-	-	120,375	120,375	106	120,481
其他全面收益	-	-	-	-	-	-	-	(57,126)	(13,285)	-	-	(70,411)	(145)	(70,556)
全面收益總額	-	-	-	-	-	-	-	(57,126)	(13,285)	-	120,375	49,964	(39)	49,925
發行股份(附註33(a))	15,670	-	166,098	-	-	-	-	-	-	-	-	181,768	-	181,768
購回自身股份(附註27(b))		(11,304)	-	-	-	-	-	-	-	-	-	(11,304)	-	(11,304)
註銷庫存股份	(566)	5,004	(5,004)	566								-	-	-
確認基於股份以權益結算之付款	-	-	-	-	-	-	1,601	-	-	-	-	1,601	-	1,601
行使購股權(附註28)	-	-	-	-	-	-	(682)	-	-	(682)	-	(1,364)	3,222	1,858
	15,104	(6,300)	161,094	566	-	-	919	-	-	(682)	-	170,701	3,222	173,923
於二零一七年十二月三十一日	186,912	(6,300)	2,425,111	910	55,238	50,024	7,308	(282,700)	(13,285)	(9,100)	(984,283)	1,429,835	3,964	1,433,799

隨附附註第76頁至第146頁為此等財務報表一部份。

綜合現金流量表

截至二零一七年十二月三十一日止年度
（以人民幣列示）

	附註	二零一七年 人民幣千元	二零一六年 人民幣千元
經營活動			
除税前溢利		**126,319**	18,803
就以下項目作出調整：			
利息收入	7(a)	**(3,383)**	(2,140)
財務成本	8	**4,658**	3,873
出售一間附屬公司之收益	7(b)	**(110,649)**	(298)
折舊及攤銷		**25,358**	34,876
投資物業公允值變動	13	**500**	–
按公允值計入損益的金融資產公允值變動	7(b)	**(11,614)**	(2,772)
可供出售投資之股息收入	7(a)	**(21,058)**	–
可供出售股本證券減值虧損	18	**315**	14
出售物業、廠房及設備之收益	7(b)	**(496)**	(2,421)
攤銷政府補助金		**(5,509)**	(77)
存貨撥備淨額	20	**6,462**	3,995
呆壞賬計提撥備／(撥備撥回)淨額	21	**1,368**	(5,213)
基於股份以權益結算之付款		**1,601**	2,718
匯兑虧損／(收益)淨額	7(b)	**16,097**	(18,523)
營運資金變動：			
存貨減少		**459**	6,008
儲税券增加		**(6,868)**	(10,019)
應收貿易及其他款項(增加)／減少		**(32,122)**	8,256
代客戶持有的現金增加		**(90,321)**	
應付貿易及其他款項增加／(減少)		**32,063**	(22,551)
經營業務(所用)／所得現金		**(66,820)**	14,529
已付所得税項		**(28,869)**	(9,599)
經營業務(所用)／所得現金淨額		**(95,689)**	4,930

隨附附註第76頁至第146頁為此等財務報表一部份。

綜合現金流量表

截至二零一七年十二月三十一日止年度
(以人民幣列示)

	附註	二零一七年 人民幣千元	二零一六年 人民幣千元
投資活動			
已收利息	7(a)	**3,383**	2,140
存放受限銀行存款		**(57,115)**	(27,667)
解除受限銀行存款		**71,460**	20,353
購買物業、廠房及設備		**(15,487)**	(18,935)
出售物業、廠房及設備的所得款項		**13,399**	19,401
添置無形資產	17	**(5,583)**	(8,434)
購買可供銷售投資	18	**(348,600)**	–
收購附屬公司，扣除已收購之現金及現金等值物	33	**40,768**	–
按公允值購買上市股本證券	19	**(13,499)**	–
已收證券投資股息	7(a)	**21,058**	–
出售附屬公司，扣除已出售之現金及現金等值物	23	**249,718**	–
投資活動所用現金淨額		**(40,498)**	(13,142)
融資活動			
新增銀行貸款所得款項		**174,985**	94,761
償還銀行貸款		**(210,633)**	(84,952)
已付利息		**(4,658)**	(3,873)
收購附屬公司之非控股權益		**–**	(380)
購回股份付款	27(d)	**(11,304)**	(911)
融資活動(所用)／所得現金淨額		**(51,610)**	4,645
現金及現金等值物減少淨額		**(187,797)**	(3,567)
於年初的現金及現金等值物		**649,306**	615,663
外幣匯率變動的影響		**(25,545)**	37,210
於年末的現金及現金等值物		**435,964**	649,306
於年末的現金及現金等值物之分析			
綜合財務狀況表所披露之現金及現金等值物		**435,964**	647,356
分類為持作出售的資產之現金及現金等值物		**–**	1,950
綜合現金流量表的現金及現金等值物總額		**435,964**	649,306

隨附附註第76頁至第146頁為此等財務報表一部份。

綜合財務報表附註

（除另有列明外，以人民幣列示）

1 一般資料

同方友友控股有限公司（「本公司」）乃一間根據開曼群島公司法註冊成立之獲豁免投資控股有限公司。其主要附屬公司的主要業務載於附註35。本公司股份於香港聯合交易所有限公司（「聯交所」）主板上市，且部份股份作為存託憑證在台灣證交所上市。

本公司的註冊辦事處及主要營業地點之地址披露於年報「公司資料」一節。

2 主要會計政策

(a) 合規聲明

本財務報表乃根據香港會計師公會（「香港會計師公會」）頒佈的所有適用香港財務報告準則（「香港財務報告準則」）（亦包括所有適用的個別香港財務報告準則、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的披露規定編製。本財務報表亦遵守香港聯合交易所有限公司證券上市規則（「上市規則」）的適用披露條文。本公司及其附屬公司（統稱為「本集團」）所採納的主要會計政策披露於下文。

香港會計師公會已頒佈若干項新訂及經修訂之香港財務報告準則，並於本集團之本會計年度首次生效或可供提前採納。於本會計期間及過往會計期間，有關因首次應用上述與本集團有關之準則而導致會計政策變動之資料已反映於本綜合財務報表中，並載於附註2(c)。

(b) 編製財務報表的基準

截至二零一七年十二月三十一日止年度的綜合財務報表包括本公司及其附屬公司。

用以編製財務報表的計量基準為歷史成本法，惟以下資產及負債按其公允值列賬除外，有關詳情按下文所載的會計政策闡釋：

- 投資物業（見附註2(h)）；及
- 歸類為可供出售及按公允值計入損益的金融資產的金融工具（見附註2(o)）。

非流動資產及持作出售的出售組別按賬面值及公允值減出售成本兩者中之較低者入賬（見附註2(w)）。

2 主要會計政策（續）

(b) 編製財務報表的基準（續）

按照香港財務報告準則編製的財務報表須要管理層作出判斷、估計及假設。該等判斷、估計及假設會影響政策應用及所呈報的資產及負債、收入及支出金額。該等估計及相關假設以過往經驗及在具體情況下相信為合理的各項其他因素為基礎，而所得結果乃用作判斷目前顯然無法直接通過其他來源獲得的資產及負債賬面值的依據。實際結果或會有別於該等估計。

該等估計及相關假設會持續予以審閱。如會計估計的修訂僅對作出修訂的期間產生影響則有關修訂只會在該期間內確認；如會計估計的修訂對現時及未來期間均產生影響，則會在作出該修訂期間及未來期間內確認。

管理層在應用對財務報表有重大影響的香港財務報告準則時作的判斷及估計不確定性之主要來源已在附註3論述。

(c) 會計政策變動

香港會計師公會已頒佈多項於本集團的本會計期間首次生效對香港財務報告準則的修訂。此等修訂對本集團會計政策概無影響。然而，額外披露已納入附註22以符合香港會計準則第7號修訂本*現金流量表：披露計劃*所引入之新披露規定，該修訂要求實體提供令財務報表使用者能夠評估融資活動所產生負債變動的披露資料，包括現金流產生的變動及非現金變動。

本集團並無應用任何於本會計期間尚未生效之任何新訂準則或詮釋。

(d) 本集團於現有附屬公司之擁有權權益變動

本集團於現有附屬公司之所有權權益變動若無導致本集團喪失該等附屬公司之控制權，則按權益交易入賬。本集團之權益及非控股權益之賬面值均需予以調整，以反映彼等於附屬公司之相關權益之變動。非控股權益所調整之款額（即按比例分佔附屬公司賬面淨值之變動）與已付或已收代價之公允值兩者之間之差額，均直接於權益確認並歸屬於本公司擁有人。

2 主要會計政策（續）

(d) 本集團於現有附屬公司之擁有權權益變動（續）

當本集團失去對附屬公司的控制權：(i)在失去控制權當日終止確認附屬公司的資產（包括任何商譽）及負債的賬面值，(ii)失去控制權當日終止確認於前附屬公司的任何非控股權益的賬面值（包括彼等應佔其他全面收益的任何部份），及(iii)確認已收代價的公允值及任何保留權益的公允值總額，而所產生之任何差額則確認為本集團應佔損益內的收益或虧損。當附屬公司的資產按重估價值或公允值計值，且相關的累計收益或虧損已在其他全面收益中確認並於權益累計金額，則會按猶如本集團已直接出售相關資產（即按適用香港財務報告準則所指明重新分類至損益或直接轉撥至保留盈利），將過往在其他全面收益中確認並於權益累計的金額入賬。在失去控制權當日於前附屬公司保留的任何投資的公允值將被視為根據香港會計準則第39號「金融工具：確認和計量」於其後入賬時被列作初步確認之公允值，或（如適用）初步確認投資於聯營公司或共同控制實體之成本。

(e) 業務合併

業務收購採用收購法入賬。於業務合併轉撥之代價按公允值計量，而計算方式為本集團轉撥之資產、本集團對被收購方之前擁有人產生之負債及本集團為換取被收購方之控制權所發行之股權於收購日之公允值總和。與收購事項有關之成本一般於產生時在損益中確認。

於收購日，已收購的可識別資產及所承擔的負債乃按其公允值予以確認，惟以下各項除外：

- 遞延税項資產或負債及有關僱員福利安排的負債或資產分別按香港會計準則第12號「所得税」及香港會計準則第19號「僱員福利」予以確認及計量；

- 與被收購方以股份為基礎的付款安排或本集團為替換被收購方以股份為基礎的付款安排而訂立的以股份為基礎的付款安排有關的負債或股權工具，乃於收購日按香港財務報告準則第2號「以股份為基礎的付款」予以計量（見下文會計政策）；及

- 分類為持作出售的資產（或出售組別）乃按香港財務報告準則第5號「持作出售的非流動資產及已終止經營業務」予以計量。

2 主要會計政策（續）

(e) 業務合併（續）

商譽按所轉撥之代價、任何非控股權益佔被收購方之金額及收購方先前所持被收購方股權（如有）之公允值總和超出所收購之可識別資產及所承擔之負債於收購日期淨額之差額計量。如果在重新評估後，所收購之可識別資產及所承擔之負債於收購日期淨額超出所轉撥之代價、任何非控股權益佔被收購方之金額及收購方先前所持被收購方股權（如有）之公允值總和，超出的差額即時作為議價購入收益於損益確認。

屬現時所有權權益且於清盤時賦予其持有人按比例分佔實體資產淨值之非控股權益可初步按公允值或非控股權益按比例分佔被收購方可識別資產淨值之已確認金額計量。計量基準視乎個別交易作出選擇。其他類別之非控股權益按其公允值或（若適用）其他準則訂明之其他基準計量。

(f) 商譽

收購業務所產生之商譽按成本減累計減值虧損（如有）入賬，並於綜合財務狀況表獨立呈列。

就減值測試而言，商譽分配至預期會受惠於合併的協同效應的各別現金產生單位，或現金產生單位組別。

獲分配商譽的現金產生單位須每年，或在該單位出現可能減值的跡象時更頻繁地進行減值測試。就於報告期間的收購所產生的商譽而言，已獲分配商譽的現金產生單位於該報告期末前進行減值測試。倘現金產生單位的可收回金額少於該單位的賬面值，則會先分配減值虧損，以減少該單位獲分配的任何商譽的賬面值，其後以該單位內各資產的賬面值為基準，按比例分配至該單位的其他資產。商譽的任何減值虧損直接於綜合全面收益表的損益確認。就商譽確認的減值虧損於其後期間不予撥回。

於出售相關現金產生單位時，其所屬商譽金額會計入出售之損益金額內。

2 主要會計政策（續）

(g) 收入確認

收入乃按已收及應收代價的公允值計算，指於日常業務中就售出貨品的應收款項扣除折扣及銷售相關稅項。

當符合下述條件時，銷售貨品的收入乃被確認：

- 本集團已將貨品所有權的重大風險和報酬轉讓予買方；
- 本集團不再對已售貨品保留一般與所有權相關程度的持續管理參與權，亦無實際控制權；
- 有關收入能可靠計量；
- 與交易相關之經濟利益可能流入本集團；
- 就交易產生或將予產生之成本能可靠計量；
- 銷售貨品於交付貨品時及移交所有權後確認；
- 自金融資產產生之利息收入乃於經濟利益可能流向本集團及收入金額能可靠計量時確認。利息收入乃參考尚未償還之本金按適用實際利率基於時間基準計提，實際利率乃指將估計未來收取之現金按金融資產預計可用年期貼現至該資產於初步確認時之賬面淨值之利率；
- 本集團分佔可識別資產、負債及或然負債之公允淨值與收購成本之差額在重新評估後即時在損益中確認；
- 倘本集團收取付款的權利已確立，則確認來自投資的股息收入；及
- 根據經營租賃出租投資物業之租金收入於有關租期內以直線法確認。

2 主要會計政策（續）

(h) 投資物業

投資物業為持作賺取租金及資本增值之物業。

投資物業初步按成本計量，並計入任何直接應佔開支。首次確認後，投資物業以公允值模式按公允值計量。投資物業公允值變動產生之收益或虧損於其產生期間列入損益。

當投資物業出售或永久停止使用或預計不會從該物業出售中獲得未來經濟利益時，即終止確認該項投資物業。終止確認資產所產生的任何收益或虧損按出售所得款項淨額與該資產賬面值之差額計算，並於終止確認該項目的期間計入損益。

(i) 物業、廠房及設備

物業、廠房及設備包括持有用於生產或供應貨物或作行政用途的租賃土地及樓宇，但不包括在建工程，乃按成本減其後累計折舊及任何已識別減值虧損於綜合財務狀況表列賬。

物業、廠房及設備項目將於出售後或預期持續使用該資產將不會產生未來經濟利益時終止確認。在出售或報廢物業、廠房及設備項目時產生的任何收益或虧損釐定為出售所得款項與資產賬面值之間的差額，並在損益中確認。

在建工程包括用於生產或供自用的在施工過程中之物業、廠房及設備，乃按成本減任何已確認減值虧損列賬，成本包括全部發展開支及來自該等項目的其他直接成本。

在建工程乃於工程竣工及資產可作擬定用途時方會計提折舊。已竣工工程的成本會轉移至物業、廠房及設備的適當類別。

樓宇乃以直線基準按估計可使用年期或有關租賃土地的租期（以較短者為準）折舊。

就香港租賃土地及樓宇而言，租賃土地及樓宇的成本乃按估計可使用年期為50年予以折舊。中國的樓宇成本乃按20年予以折舊。

其他物業、廠房及設備乃按其估計可使用年期，以直線法確認折舊以撇銷其成本。

2 主要會計政策（續）

(j) 租賃土地及樓宇

倘一項租賃包括土地及樓宇部份，本集團根據屬於每一部份所有權之絕大部份風險及回報是否已轉讓予本集團而獨立地評估每部份分類為融資租賃或經營租賃，除非已經明確地顯示兩部份為經營租賃，在此情況下，全部租賃分類為經營租賃。特別是在土地及樓宇部份之間所分配之最低租賃付款（包括任何一次性預付款），乃按於租賃最初時，租賃之土地部份及樓宇部份之有關租賃權益之相對公允值比例而分配。

倘租賃付款之分配能可靠地計算，入賬為經營租賃的租賃土地權益於財務狀況表以「預付租約付款」呈報，並以直線基準按租賃年期攤銷，惟以公允值模式入賬之投資物業則除外。

(k) 借貸成本

因收購、興建或生產合資格資產（即需相當長時間方可作擬定用途或出售的資產）而直接產生的借貸成本歸入該等資產的成本，直至當資產基本上可作擬定用途或出售為止。於特定借貸在用作合資格資產前所作臨時投資賺取的投資收入，從合資格作資本化的借貸成本中扣除。

所有其他借貸成本均於產生期間於損益中確認。

(l) 無形資產

獨立收購的無形資產

具有限可使用年期及獨立收購的無形資產乃以成本減累計攤銷及任何累計減值虧損列賬。具有限可使用年期的無形資產攤銷乃按直線基準於估計可使用年期撥備。估計可使用年期及攤銷方法會在各報告期末進行檢討，而任何估計變動之影響則按預期基準入賬。

無形資產於出售或當預期日後不會從使用或出售產生經濟利益時終止確認。終止確認無形資產所產生的收益或虧損乃按出售所得款項淨額及該資產的賬面值差額計算，並於該資產終止確認時的期間於損益中確認。

2 主要會計政策 *(續)*

(l) 無形資產 *(續)*

於業務合併中購入之無形資產

於業務合併中購入之無形資產與商譽分開確認，初步按其於收購日期之公允值(視為其成本)確認。

初步確認後，具有固定可使用年期之無形資產按成本減累計攤銷及任何累計減值虧損入賬。具有固定可使用年期之無形資產之攤銷乃以直線基準於其估計可使用年期內作出撥備。反之，具有無固定可使用年期之無形資產則按成本減任何其後累計減值虧損入賬。

內部產生之無形資產的研發開支

研究活動開支於產生期內確認為開支。

當且僅當出現所有下列情況時，開發(或內部項目的開發期)所產生的內部產生之無形資產始予以確認：

- 完成無形資產以使該無形資產可供使用或出售的技術可行性；
- 完成無形資產及使用或出售該無形資產的意向；
- 使用或出售無形資產的能力；
- 無形資產如何產生可能的未來經濟利益；
- 有足夠的技術、財務及其他資源可用於完成開發及使用或出售無形資產；及
- 可靠計量無形資產於開發期間應佔開支的能力。

就內部產生之無形資產所初步確認之金額為該無形資產自首度符合上述確認標準之日起已產生之開支總額。倘無內部產生之無形資產可予確認，則開發開支於其產生期間在損益扣除。於初步確認後，內部產生之無形資產按成本減累計攤銷及累計減值虧損(如有)計算，與獨立收購的無形資產的列賬基準相同。

2 主要會計政策（續）

(l) 無形資產（續）

內部產生之無形資產的研發開支（續）

以下具有限可使用年期的無形資產自可供使用日起攤銷，其估計可使用年期如下：

– 專利	10年
– 證券許可	10年
– 軟件	2-5年
– 技術知識	5年

(m) 存貨

存貨按成本及可變現淨值兩者中之較低者列賬。成本按加權平均法計算。可變現淨值指存貨估計售價減所有估計完成成本和銷貨成本。

(n) 現金及現金等值物

現金及現金等值物為銀行存款及手頭現金、存放於銀行及其他財務機構的活期存款，以及於購入後三個月內到期的可隨時變現為已知現金數額及無重大價值變動風險的高流動性短期投資。按要求償還並構成本集團現金管理整體的一部份的銀行透支會作為現金及現金等值物的一部份計入綜合現金流量表。

(o) 金融工具

金融資產及金融負債於本集團成為該工具合約條文的訂約方時，於綜合財務狀況表內確認。

金融資產及金融負債初步以公允值計量。因收購或發行金融資產及金融負債（按公允值計入損益之金融資產及金融負債除外）而直接應佔之交易成本於初步確認時，按適用情況加入或扣自該項金融資產或金融負債之公允值。因收購按公允值計入損益之金融資產或金融負債而直接應佔之交易成本，即時於損益確認。

2 主要會計政策 *(續)*

(o) 金融工具 *(續)*

實際利率法

實際利率法乃計算金融資產之攤銷成本及按有關期間分配利息收入之方法。實際利率乃將估計日後現金收入(包括構成實際利率不可或缺的一部份之所有已付或已收費用、交易成本及其他溢價或折扣)按金融資產之預期使用年期或較短期間(倘合適)準確折算至初步確認時的賬面淨值之利率。

就債務工具而言，利息收入按實際利率基準確認。

應收款項

應收款項為款項固定或可釐定且並無在活躍市場上報價之非衍生工具金融資產。貸款及應收款項(包括應收貿易及其他款項、受限銀行存款及現金及現金等值物)於初步確認時按公允值計量，其後採用實際利率法按攤銷成本減任何已識別減值虧損計量(見下文所載有關金融資產減值虧損之會計政策)。

按公允值計入損益之金融資產

按公允值計入損益之金融資產(「按公允值計入損益之金融資產」)指持作買賣之金融資產或於初步確認時指定為持作買賣之金融資產。直接應佔之交易成本於產生時在損益中確認。按公允值計入損益之金融資產按公允值計量且其變動(包括任何利息及股息收入)在損益中確認。

可供出售金融資產

可供出售金融資為被指定或不列為按公允值計入損益之金融資產、貸款及應收款項或持有至到期之投資的非衍生工具。

可供出售股權工具的股息於本集團有權收取股息時在損益中確認。

並無活躍市場報價且公允值無法可靠計量的可供出售股權投資和與該無報價股權投資有關且須透過交付有關無報價股權投資結算的衍生工具，於各報告期間結束時按成本減任何已識別減值虧損計量(見下文有關金融資產減值虧損的會計政策)。

2 主要會計政策（續）

(o) 金融工具（續）

金融資產之減值

金融資產（持作買賣投資除外）會於報告期末評定是否有減值跡象。金融資產於有客觀證據顯示金融資產之預期未來現金流量因於初步確認該金融資產後發生之一項或多項事件而受到影響時作出減值。

就可供出售股權投資而言，倘有關投資之公允值大幅或持續下降至低於其成本，則該下降視為減值之客觀證據。

就所有其他金融資產而言，減值之客觀證據可包括：

— 發行人或對約方出現重大財政困難；或

— 違約，例如不履行或拖欠利息或本金付款；或

— 借款人有可能面臨破產或財務重組。

就若干類別之金融資產（例如應收貿易款項）而言，不會單獨作出減值之資產會於其後匯集一併評估減值。應收款項組合減值的客觀證據包括本集團於過往的收款記錄、組合內逾期超過60日至90日的平均賒賬期限的付款數目增加以及國家或地區經濟狀況出現與應收款項未能償還有關連的明顯變動。

就按攤銷成本列帳之金融資產而言，確認之減值虧損金額為資產賬面值與按金融資產原實際利率折現之估計日後現金流量現值之差額。

就按成本列賬的可供出售投資而言，減值虧損金額按資產賬面值與按類似金融資產的現行市場回報率折現的估計未來現金流量現值之差額計算。有關減值虧損不會於其後期間撥回。

就按攤銷成本計量之金融資產而言，如在隨後期間，減值虧損金額減少，而有關減少在客觀上與確認減值後發生之事件有關，則先前確認之減值虧損將透過損益予以撥回，惟該資產於減值被撥回當日之賬面值不得超過未確認減值時之攤銷成本。

貸款及應收之賬面值會直接扣除減值虧損，惟應收貿易賬款除外，其賬面值會透過撥備賬作出扣減。撥備賬內之賬面值變動會於損益中確認。當應收貿易賬款被視為不可收回時，其將於撥備賬內撇銷。之前已撇銷的款項如其後收回，將撥入損益內。

2 主要會計政策 *(續)*

(o) 金融工具 *(續)*

金融負債及股權工具

集團實體發行的債務及股權工具乃根據已訂立的合約安排內容以及金融負債及股權工具的定義分類為金融負債或股權。

股權工具

股權工具乃證明本集團資產內經扣除所有負債後的剩餘權益的任何合約。公司發行之股權工具按已收所得款項扣除直接發行成本入賬。

購回本公司自身股權工具乃於股權中確認及直接扣除。概無於損益確認購買、出售、發行或註銷本公司自身股權工具的收益或虧損。

實際利率法

實際利率法乃計算金融負債之攤銷成本及於有關期間攤分利息開支之方法。實際利率為將估計日後現金付款(包括構成實際利率不可或缺的一部份之所有已付或已收費用及利率差價、交易成本及其他溢價或折扣)於金融負債之預期使用年期或較短期間(倘合適)準確折現至初步確認時之賬面淨值之利率。

利息支出按實際利率基準確認。

金融負債

金融負債包括應付貿易及其他款項以及銀行貸款，初步按公允值計量，並於其後採用實際利率法按攤銷成本計量。

終止確認

本集團僅於自資產獲取現金流之合約權利到期時終止確認金融資產。

於終止確認金融資產時，資產賬面值與已收及應收代價以及已於其他全面收益確認及於權益累計的累計收益或虧損之總和之間的差額，會於損益中確認。

本集團只有在其責任獲免除、取消或終止時，方會終止確認金融負債。終止確認之金融負債之賬面值與已付或應付代價之間之差額，乃於損益確認。

2 主要會計政策（續）

(p) 有形及無形資產減值（商譽除外，請參閱上述有關商譽之會計政策）

本集團於報告期末審閱其具有限可使用年期的有形及無形資產的賬面值，衡量是否有跡象顯示該等資產已出現減值虧損。倘出現任何該等跡象，將估計該等資產的可收回金額，以釐定減值虧損的程度（如有）。倘不能估計個別資產之可收回金額時，本集團則估計該資產所屬之現金產生單位之可收回金額。倘有合理及一致的分配基準，公司資產亦會分配至個別現金產生單位，否則會被分配至有合理及一致的分配基準之最小現金產生單位組合。

具無限可使用年期的無形資產及尚未可供使用的無形資產須至少每年進行一次減值測試，並於有跡象顯示其可能出現減值時進行減值測試。

可收回金額為公允值減銷售成本及使用價值之較高者。評估使用價值時，乃採用稅前貼現率將估計未來現金流量貼現至其現值，而該稅前貼現率反映現行市場對金錢時間值及資產（其未來現金流量估計未經調整）特定風險之評估。

倘減值虧損於其後撥回，該項資產（或現金產生單位）之賬面值將增加至其經修訂之估計可收回金額，惟增加後之賬面值不得超過倘若該資產（或現金產生單位）於過往期間並無確認減值虧損所釐定之賬面值。減值虧損撥回隨即確認為收入。

(q) 稅項

所得稅開支指當期應付稅項與遞延稅項的總和。

當期應付稅項乃根據期內應課稅溢利而計算。由於應課稅溢利不包括於其他期內應課稅或可減稅額的收入或開支項目，亦不包括毋須課稅或可減稅額的項目，故應課稅溢利與綜合全面收益表內呈報的「除稅前虧損」不同。本集團的即期稅項負債乃以報告期末已頒佈或實際上已頒佈的稅率計算。

遞延稅項負債乃就於附屬公司和聯營公司之投資及於合營企業之權益所產生應課稅暫時差額進行確認，惟倘本集團能控制暫時差額之撥回，且暫時差額可能不會於可見將來撥回之情況則除外。因有關該等投資及權益的可扣減暫時差額而產生的遞延稅項資產僅在可能產生足夠應課稅溢利以使用暫時差額利益並預期能夠在可見將來撥回時確認。

2 主要會計政策（續）

(q) 税項（續）

遞延税項資產的賬面值於報告期末均會予以審查，並削減至不可能再有足夠應課税溢利以收回全部或部份資產為止。

遞延税項資產及負債按償還負債或變現資產的期間內預期適用之税率，根據報告期末已頒佈或實際已頒佈的税率（及税法）計算。

就計量採用公允值模式計量的投資物業的遞延税項而言，除非推定被駁回，否則該等物業的賬面值假定可透過出售全數收回。倘投資物業可予折舊且在目的是體現在投資物業隨著時間的推移而大幅消耗其經濟效益的業務模式內持有，該假設會被推翻。如果該假設被推翻，有關投資物業的遞延税項會按照載於香港會計準則第12號的上述一般原則計量（即基於預期將收回物業的方式）。

即期及遞延税項在損益中確認。惟當其與在其他綜合收益或直接在權益中確認的項目有關時，則即期及遞延税項也分別在其他綜合收益或直接在權益確認。倘即期税項或遞延税項因就業務合併進行初步會計處理而產生，則税務影響會計入業務合併之會計處理。

(r) 政府補助

於可合理保證本集團將會遵守附帶的條件及收獲撥款前，均不會確認政府補貼。

政府補貼按有系統基準於本集團確認與政府補貼擬補償的成本有關的開支之期間在損益內確認。具體而言，以要求本集團購買、建造或以其他方式收購非流動資產為主要條件的政府補貼乃於綜合財務狀況報表確認為有關資產賬面值扣除，並按有系統及合理基準於相關資產的可使用年期轉撥至損益。

作為已產生開支或損失的補償或為給予本集團即時財務支援且無日後相關成本的應收政府補貼，乃於其應收期間在損益確認。

2 主要會計政策（續）

(s) 以股份為基礎付款的交易

授予僱員、董事及非執行董事的購股權

所取得服務的公允值乃參考所授出購股權於授出日期的公允值釐定，其以直線法在歸屬期間支銷，並在股權內作相應增加（購股權儲備）。

於報告期期末，本集團就預期最終歸屬的購股權估計數目進行修訂。歸屬期內，修訂估計的影響（如有）乃於損益中確認，並在購股權儲備中作相應調整。

在購股權獲行使時，先前於購股權儲備確認的金額將會轉撥至股份溢價中。倘購股權於歸屬日期後被沒收或於屆滿日期仍未獲行使，則先前於購股權儲備確認之金額將被轉撥至累計虧損。

(t) 外幣

本集團各實體的個別財務報表均以該實體營運所在主要經濟環境的貨幣（其功能貨幣）呈列。就綜合財務報表而言，各實體的業績及財務狀況均以人民幣列值，人民幣為綜合財務報表的呈報貨幣。本公司的功能貨幣為港元。

因結算貨幣項目及重新換算貨幣項目而產生的匯兑差額均計入產生期間的損益內。

就呈列綜合財務報表而言，本集團的業務之資產及負債按於報告期末的適用匯率以人民幣列示。

收入及開支項目按期內的平均匯率換算，除非期內匯率出現大幅波動，在此情況下，則使用交易當日的匯率換算。所產生的匯兑差異（如有）將於其他全面收益中確認及於權益之換算儲備（倘適用，則歸屬於非控股權益）項下累計。

(u) 租賃

當租賃條款將所有權的絕大部份風險及回報轉讓予承租人時，該租賃分類為融資租賃。所有其他租賃均分類為經營租賃。

2 主要會計政策（續）

(u) 租賃（續）

本集團作為出租人

根據融資租賃應收承租人款項在本集團租賃投資淨額中確認為應收款項。融資租賃收入分配至各會計期間，以反映對本集團的淨租賃投資餘額的固定定期回報率。

經營租賃的租金收入於相關租賃期內按直線法於損益中確認。

本集團作為承租人

經營租賃付款以直線法於有關租期內確認為開支。作為訂立經營租賃獎勵的已收及應收利益乃按直線法於租期內確認為租金開支減少。

(v) 退休福利成本

界定供款的退休福利計劃付款於僱員提供服務而有權獲得供款時確認為開支。

(w) 持作出售的非流動資產

倘非流動資產（或出售組別）的賬面值很有可能透過銷售交易而非透過持續使用收回，並且資產（或出售組別）達到可出售狀態，則非流動資產分類為持作出售（或出售組別）。出售組別為一組將予出售的資產（於單一交易中視為一組），而與該等資產直接關連的負債將於交易中轉移。

倘本集團承諾的出售計劃涉及失去其附屬公司的控制權，不論本集團是否將於出售後保留該附屬公司的非控股權益，該附屬公司的所有資產及負債於符合上述分類為持作出售的條件時會分類為持作出售。

於緊接其分類為持作出售前，非流動資產（及出售組別中所有個別資產及負債）的計量按照分類前的會計政策作出更新。其後，由初步分類為持作出售至出售為止，非流動資產（除下文所闡述若干資產外）或出售組別按其賬面值及其公允值減出售成本兩者中之較低者予以確認。就本集團及本公司的財務報表而言，該計量政策的主要例外情況為遞延稅項資產、來自僱員福利的資產、金融資產（不包括於附屬公司、聯營公司及合營公司的投資）及投資物業。該等資產即使持作出售，仍會根據本年報附註2所載政策計量。

2 主要會計政策（續）

(w) 持作出售的非流動資產（續）

初步分類為持作出售及其後在持作出售時重新計量而產生的減值虧損均在損益中確認。只要非流動資產一直分類為持作出售或包括在已分類為持作出售的出售組別中，則該非流動資產不會計提折舊或攤銷。

(x) 關聯方

(a) 倘屬以下人士，則該人士或人士之近親與本集團有關連：

(i) 對本集團有控制權或共同控制權；

(ii) 對本集團有重大影響力；或

(iii) 為本集團或本集團母公司的主要管理層成員之一。

(b) 符合任何以下條件的實體會被視為與本集團有關連：

(i) 該實體與本集團屬同一集團成員（即母公司、附屬公司及同系附屬公司各自互有關連）。

(ii) 一實體為另一實體的聯營公司或合營公司（或一集團成員之聯營公司或合營公司而另一實體為成員之一）。

(iii) 兩實體皆為同一第三方的合營公司。

(iv) 一實體為第三方的合營公司，而另一實體為該第三方的聯營公司。

(v) 該實體為本集團或與本公司有關連的實體就僱員利益設立之離職後福利計劃。

(vi) 該實體受(a)識別之人士的控制或共同控制。

(vii) 在(a)(i)內所確定的人士對該實體有重大影響力或該人士為該實體（或該實體的母公司）的主要管理層成員之一。

(viii) 實體或集團屬下任何成員公司向集團或集團的母公司提供主要管理人員服務。

另一方人士的直系親屬成員是指有關人士在與實體交易時，預期可影響或受該人士影響的親屬成員。

2 主要會計政策(續)

(y) 分部報告

經營分部及於財務報表所呈報的各分部項目之金額乃於財務資料中確認，並定期提供予本集團最高管理層，以分配資源及評估本集團各業務線及地域位置之表現。

個別重大經營分部不會因財務報告而進行綜合，惟各分部具有類似的經濟性質，以及產品與服務的性質、生產工序性質、客戶類別或階層、分銷產品或提供服務的方法以及監管環境的性質相似的情況除外。個別不屬重大的經營分部倘於該等大部份標準上屬類似，則可能進行綜合。

3 關鍵會計判斷及估計不確定性之主要來源

在應用附註2所述之本集團會計政策時，本公司董事須就未有明確來源之資產及負債之賬面值作出判斷、估計及假設。估計及相關假設乃基於過往經驗及其他被視為相關的因素作出。實際結果可能有別於此等估計。

本公司會持續檢討估計及相關假設。會計估計之修訂於修訂估計之期間確認(如修訂只影響該期間)或於修訂期間及往後期間確認(如修訂影響本期間及往後期間)。

估計不確定性之主要來源

以下為有關未來之主要假設，以及於報告期末之其他估計不確定性之主要來源，該等假設及估計存在可能導致有關資產及負債之賬面值於下一財政年度出現重大調整之重大風險：

(i) 税項

如附註11所詳述，若干集團實體就香港税務事宜面臨税務評核案件，直至該等財務報表刊發當日，仍未能確定最終所定税項。倘有關案件的最終税務結果與初始估計不同，該等差異將對所作決定期內的當期所得税產生重大影響。於二零一七年及過往年度並無確認與該等税務評核案件有關的税務撥備，因本公司董事認為税務評核工作仍處於初步階段，而有關附屬公司並未在香港開展任何業務且未獲得任何利潤，故本集團毋須支付任何利得税。因此毋須就税務評核計提額外香港利得税撥備。管理層已聘用外部税務顧問以協助本集團向税務局(「税務局」)提呈反對並解決此案。

3 關鍵會計判斷及估計不確定性之主要來源（續）

估計不確定性之主要來源（續）

(ii) 呆壞賬撥備

本集團之呆賬撥備政策乃基於對可收回程度之評估以及根據管理層之判斷對各客戶個別作出之賬齡分析而制定。在評估該等應收賬款最終可否變現時須作出大量判斷，包括各客戶當時之信譽及過往收款紀錄。倘本集團客戶之財務狀況轉差，以致彼等作出付款之能力被削弱，則可能需要作出額外撥備。倘本集團客戶之財務狀況好轉並有能力償還應收賬款，則可能需要撥回撥備。

(iii) 存貨撥備

本集團管理層於各報告期末會檢討存貨賬齡分析及市場需求，並對確定為陳舊及滯銷之項目作出陳舊存貨撥備，及對經考慮到市場需求及估計售價後其可變現淨值低於賬面值之存貨作出撥備。管理層主要根據最新售價及當時市況估計貨品之可變現淨值。

(iv) 非流動資產之減值虧損

當本集團考慮對某些資產，包括商譽、物業、廠房及設備、預付租約付款及無形資產計提減值虧損時，這些資產的可收回金額需要確定。可收回值是以公允值減銷售成本與使用價值兩者中的較高者計算。在釐定使用價值時，資產所產生的預期現金流量會貼現至其現值，因而需要對如收入水平及經營成本金額等作出重大判斷。本集團在釐定與可收回數額相若的合理數額時會採用所有可供使用的資料，包括根據合理和可支持的假設所作出的估計和如收入及經營成本金額的預測。

(v) 金融工具之公允值

就按公允值計入損益之金融負債，本集團則使用估值技巧釐定公允值。估值技巧使用的假設及輸入數據根據於各報告期末可觀察市場數據。

採用估值技巧的目的是釐定公允值，藉以在報告期末能反映金融工具的價格，而該價格乃為在公平交易下由市場人士決定的價格。

4 資本風險管理

本集團的資本管理旨在確保本集團內的實體可持續經營，同時為股東謀求最大回報。本集團之整體策略與上年度維持不變。

於年末，本集團的資本架構包括債務、淨現金及現金等值物以及本公司擁有人應佔權益（含股本及儲備）。

本集團管理層定期檢討資本架構。本集團考慮到資本成本及各類資本相關之風險，並將透過派付股息、發行新股份及舉債平衡其整體資本結構。

5 金融工具

本集團在日常業務中面臨貨幣、流動資金及信貸風險。本集團業務所涉及的該等風險以及本集團用於控制該等風險的金融風險管理政策和常規如下。

貨幣風險

本集團面臨主要來自本集團內部以外幣（即與交易有關的營運功能貨幣以外貨幣）計值的公司間應收款項及應付款項。產生該風險的貨幣主要為人民幣。

	資產		負債	
	於二零一七年十二月三十一日 人民幣千元	於二零一六年十二月三十一日 人民幣千元	**於二零一七年十二月三十一日 人民幣千元**	於二零一六年十二月三十一日 人民幣千元
人民幣	**985,762**	808,428	**1,173,800**	1,144,341

本集團現在並無訂立外幣對沖政策以消除貨幣風險。然而，管理層會密切監控有關外幣風險並將於需要時考慮對沖重大外幣風險。

敏感度分析

本集團主要面臨人民幣兑美元的匯率變動風險。

敏感度分析假設外匯匯率變動已應用於重新計量使本集團於報告期末面臨外幣風險所持的金融工具，包括按借方或貸方所使用功能貨幣以外之貨幣計值的本集團公司間應付款項及應收款項。倘人民幣兑本集團有關實體的功能貨幣貶值5%，本集團截至二零一七年十二月三十一日止年度的除税前溢利將增加人民幣9,402,000元（二零一六年：人民幣16,796,000元）。倘人民幣兑本集團有關實體的功能貨幣升值5%，則將會出現等額的相反影響。

5 金融工具（續）

敏感度分析（續）

管理層認為，由於年末之風險並無反映年度風險，故敏感度分析並不代表固有外匯風險。

流動資金風險

本集團透過監控管理層認為足以為本集團的營運提供資金及緩和現金流量波動影響的現金及現金等值物水平，藉以管理流動資金風險。管理層監控銀行借貸的運用並且保證遵照貸款契約。

下表詳述本集團金融負債的餘下合約到期情況。該表乃根據金融負債之未貼現現金流量及本集團可能被要求付款之最早日期編製。其他金融負債按經協定之還款日期釐定到期日。該表包括利息及本金現金流量。

倘利息流量為浮動利率，未貼現金額按報告期期末之利率釐定。

	加權實際利率 %	即期部份 人民幣千元	少於一年 人民幣千元	未貼現現金流量總額 人民幣千元	賬面值 人民幣千元
於二零一七年十二月三十一日					
非衍生金融負債		120,168	95,314	215,482	215,482
銀行貸款	3.19	–	71,627	71,627	70,243
		120,168	166,941	287,109	285,725
於二零一六年十二月三十一日					
非衍生金融負債		28,141	117,895	146,036	146,036
持作出售的負債		11,195	–	11,195	11,195
銀行貸款	2.72	–	113,985	113,985	110,967
		39,336	231,880	271,216	268,198

5 金融工具（續）

信貸風險

本集團的主要金融資產為應收貿易及其他款項、受限銀行存款及現金及現金等值物，代表本集團就金融資產所面對的主要信貸風險。

本集團的信貸風險主要來自其應收貿易款項。財務狀況表呈列的數額為扣除應收呆賬撥備，由本集團的管理層根據以往經驗及彼等對現時及未來經濟環境的評估而作出估計。

為儘量降低應收貿易款項的信貸風險，本集團管理層於報告期期末審閱各個別貿易債務之可收回金額，以確保就不可收回金額作出足夠減值虧損。就此，本公司董事認為，本集團之信貸風險已大幅降低。

流動資金的信貸風險實屬有限，因為大部份交易對方主要為國際信貸評級機構給予高信貸評級的銀行及信譽良好的中國國有銀行。

公允值計量

(i) 以公允值計量金融資產

公允值層級

下表為本集團的金融工具按經常基準於報告期末計量公允值，並按香港財務報告準則第13號公允值計量的定義分類為三級的公允值層級。公允值計量乃根據估值技巧所使用的輸入數據的客觀性及重要性而釐定所分類至以下層級：

- 第一級估值：只使用第一級輸入數據（即於計量日期在活躍市場內就相同資產或負債所獲取的未經調整報價）來計量公允值
- 第二級估值：使用第二級輸入數據（即未達第一級要求的可觀察輸入數據）來計量公允值，而不會使用重大不可觀察輸入數據。不可觀察輸入數據乃不可獲取市場數字的輸入數據
- 第三級估值：使用重大不可觀察輸入數據計量公允值

5 金融工具（續）

公允值計量（續）

(i) 以公允值計量金融資產（續）

公允值層級（續）

	於二零一七年十二月三十一日之公允值	於二零一七年十二月三十一日之公允值計量劃分為以下級別			於二零一六年十二月三十一日之公允值	於二零一六年十二月三十一日之公允值計量劃分為以下級別		
		第一級	第二級	第三級		第一級	第二級	第三級
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
經常性公允值計量								
資產：								
投資物業	14,200	–	14,200	–	14,700	–	14,700	–
可供出售股本證券	321,079	–	321,079	–	–	–	–	–
交易證券	–							
－上市	21,571	21,571	–	–	–	–	–	–
－未上市	111,166	–	111,166	–	108,152	–	108,152	–

截至二零一七年十二月三十一日止年度，第一級與第二級之間並無轉撥，亦無向第三級轉入或轉出（二零一六年：無）。本集團政策是於出現轉撥的報告期期末確認公允值層級之間的轉撥。

5 金融工具（續）

公允值計量第二級所用之估值技巧及輸入數據

本集團歸類為第二級的投資物業之公允值，乃由董事根據持有獲認可及相關專業資格並對所估值投資物業所在地及類別有近期經驗的獨立估值師於報告日期作出的估值得出。所作估值乃假設賣方在市場出售物業權益時，並無受惠於遞延條款合約、售後租回、合資經營、管理協議或任何類似安排，從而影響該等物業權益的價值。估值乃參考類似地段及條件的同類物業的近期市價按直接比較法釐定。

本集團歸類為第二級的可供出售投資之公允值，乃由董事根據該投資管理人海通資產管理（香港）有限公司（一間獲認可專業資產管理公司）於報告日期作出的估值得出。估值參照Haitong Freedom Multi-Tranche Bond Fund近期成交價（屬市場上可觀察輸入數據）作出。

本集團歸類為第二級按公允值計入損益的金融資產之公允值，乃由董事根據華夏基金管理有限公司（「華夏基金」，作為資產管理人）及中國建設銀行股份有限公司（「建設銀行」，作為資產託管人且為一間獲認可專業資產管理公司）於報告日期作出的估值得出。估值參照華夏基金海外資產管理計劃之近期成交價（屬市場上可觀察輸入數據）作出。

(ii) 非按公允值計量的金融資產及負債之公允值

於二零一七年及二零一六年十二月三十一日，本集團按成本或攤銷成本入賬的金融工具之賬面值與其公允值並無重大差別。

6 收入及分部資料

向本公司董事會（即主要營運決策人士）報告以作資源分配及評估分部表現之資料，是以部別（按產品及服務兩種業務線組織）及地理位置為重點。具體來說，根據香港財務報告準則第8號，本集團須呈報分部如下：

中華人民共和國（「中國」）照明分部	—	於中國研發、製造燈具產品及於中國和海外分銷燈具產品
美利堅合眾國（「美國」）照明分部	—	於美國提供照明解決方案
證券分部	—	資產管理服務、投資諮詢服務及證券買賣

於截至二零一七年十二月三十一日止年度期間，本集團主要營運決策人士因收購同方證券有限公司（「同方證券」，前身為「Buttonwood Finance Limited」）（見附註33）更動其定期審閱以作分部資源分配及評估表現的內部報告架構。據此，本集團已重列截至二零一六年十二月三十一日止年度的營運分部資料。

收入指年內本集團向外界客戶出售貨物及提供服務之已收及應收代價的公允值。

6 收入及分部資料(續)

(a) 有關溢利或虧損、資產及負債的資料

於本期間有關提供予本集團最高管理層，以分配資源及評估各分部表現之本集團可呈報分部資料載列如下。

	中國照明分部		美國照明分部		證券分部		總計	
截至以下日期止年度	**二零一七年**	二零一六年	**二零一七年**	二零一六年	**二零一七年**	二零一六年	**二零一七年**	二零一六年
	人民幣千元	人民幣千元	**人民幣千元**	人民幣千元	**人民幣千元**	人民幣千元	**人民幣千元**	人民幣千元
外界客戶之收益	**214,787**	236,016	**414,520**	375,227	**36,417**	–	**665,724**	611,243
分部間之收益	**11,810**	29,360	**–**	–	**–**	–	**11,810**	29,360
可呈報分部收益	**226,597**	265,376	**414,520**	375,227	**36,417**	–	**677,534**	640,603
可呈報分部溢利	**92,299**	1,593	**15,451**	35,054	**35,420**	–	**143,170**	36,647
於十二月三十一日								
可呈報分部資產	**852,468**	775,216	**257,037**	263,805	**628,287**	–	**1,737,792**	1,039,021
可呈報分部負債	**123,422**	211,883	**85,498**	99,608	**107,026**	–	**315,946**	311,491

(b) 可呈報分部溢利或虧損之對賬

	截至十二月三十一日止年度	
	二零一七年	二零一六年
	人民幣千元	人民幣千元
來自本集團外界客戶之可呈報分部溢利	**143,170**	36,647
未分配支出	**(17,763)**	(19,485)
未分配其他收益及虧損	**912**	1,641
除税前溢利	**126,319**	18,803

分部溢利指各分部產生之溢利，不包括未分配支出、若干其他收益或虧損及支出之分配。此乃就分配資源及表現評估向本公司董事會報告之計量。

6 收入及分部資料（續）

地區資料

下表載列有關(i)本集團來自外界客戶之收益及(ii)本集團的投資物業、物業、廠房及設備、預付租賃款項、無形資產及商譽（「特定非流動資產」）所在地域位置的資料。客戶的地域位置乃根據所提供服務或所交付貨品之地點而定。特定非流動資產之地域位置乃根據資產的實際地點及該等資產分配的營運地點而定。

	來自外界客戶之收益		特定非流動資產	
	二零一七年	二零一六年	二零一七年十二月三十一日	二零一六年十二月三十一日
	人民幣千元	人民幣千元	人民幣千元	人民幣千元
北美洲	**527,857**	456,201	**47,769**	32,978
歐洲	**41,159**	64,109	**160**	9,729
中國	**28,592**	24,885	**236,644**	138,476
亞洲（不包括中國）	**65,380**	53,764	**49,348**	55,096
其他國家	**2,736**	12,284	**–**	–
	665,724	611,243	**333,921**	236,279

有關主要客戶之資料

截至二零一七年及二零一六年十二月三十一日止年度，並無個別客戶貢獻超過本集團總銷售額的10%。

6 收入及分部資料(續)

其他分部資料

	中國照明分部 人民幣千元	美國照明分部 人民幣千元	證券分部 人民幣千元	合計 人民幣千元
截至二零一七年十二月三十一日止年度				
添置非流動分部資產	**9,072**	**1,560**	**141,954**	**152,586**
折舊及攤銷	**18,827**	**4,621**	**1,910**	**25,358**
呆壞賬(計提撥備)／撥備撥回淨額	**(1,656)**	**288**	**–**	**(1,368)**
出售物業、廠房及設備及預付租約付款之收益	**496**	**–**	**–**	**496**
截至二零一六年十二月三十一日止年度				
添置非流動分部資產	30,974	7,813	–	38,787
折舊及攤銷	30,193	4,683	–	34,876
呆壞賬撥備撥回／(計提撥備)淨額	6,086	(873)	–	5,213
出售物業、廠房及設備及預付租約付款之收益	2,421	–	–	2,421

7(a) 其他收入

	二零一七年 **人民幣千元**	二零一六年 人民幣千元
銀行存款利息收入	**3,383**	2,140
可供出售投資之股息收入	**21,058**	–
政府補貼	**5,515**	1,605
經營租約租金收入	**4,191**	2,179
其他	**1,711**	5,733
	35,858	11,657

7(b) 其他收益及虧損

	二零一七年 人民幣千元	二零一六年 人民幣千元
出售附屬公司之收益（附註23）	**110,649**	298
按公允值計入損益之金融資產公允值變動	**11,614**	2,772
投資物業公允值變動	**500**	–
出售物業、廠房及設備收益	**496**	2,421
呆壞賬（計提撥備）／撥備撥回淨額	**(1,368)**	5,213
可供出售股本證券減值虧損	**315**	14
匯兑（虧損）／收益淨額	**(16,097)**	18,523
其他	**(735)**	(1,183)
	105,374	28,058

8 財務成本

	二零一七年 人民幣千元	二零一六年 人民幣千元
銀行借貸利息	**4,658**	3,873

9 除税前溢利

	二零一七年 人民幣千元	二零一六年 人民幣千元
除税前溢利扣除以下項目：		
董事酬金	**1,944**	1,793
基於股份以權益結算付款開支	**1,601**	2,718
薪金、工資及其他福利	**124,915**	135,835
	128,460	140,346
折舊（附註14）	**19,425**	30,321
攤銷		
－ 預付租約付款（附註15）	**804**	999
－ 無形資產（附註17）	**5,129**	3,556
呆壞賬計提撥備／（撥備撥回）淨額	**1,368**	(5,213)
可供出售股本證券減值虧損（附註18）	**315**	14
核數師酬金		
－ 審核服務	**2,310**	3,627
－ 非審核服務	**387**	221
	2,697	3,848
存貨成本（附註20）	**452,235**	422,883
確認為開支之研發支出	**484**	590
就租賃物業之經營租約租金	**9,707**	7,387
及計入以下項目：		
扣除非重大支銷前之物業租金收入	**(4,191)**	(2,179)

10 董事及僱員酬金

根據新的香港公司條例第383(1)條及公司（披露有關董事福利的資料）規例第2部披露的董事酬金載列如下：

	截至二零一六年十二月三十一日止年度						
	袍金 人民幣千元	薪金、津貼及實物福利 人民幣千元	酌情花紅 人民幣千元	退休計劃供款 人民幣千元	小計 人民幣千元	基於股份付款（附註） 人民幣千元	總計 人民幣千元
執行董事							
－謝漢良先生	–	1,083	–	–	1,083	195	1,278
－范新先生							
（於二零一六年七月十五日辭任）	–	–	–	–	–	–	–
－王良海先生							
（於二零一六年七月十五日辭任）	–	–	–	–	–	–	–
－潘晉先生							
（於二零一六年七月十五日辭任）	–	72	–	–	72	–	72
－樊邦弘先生							
（於二零一六年一月二十日辭任）	–	14	–	–	14	–	14
獨立非執行董事							
－范仁達先生	208	–	–	–	208	–	208
－劉天民先生	208	–	–	–	208	–	208
－李明綺女士	208	–	–	–	208	–	208
非執行董事							
－黃俞先生							
（於二零一六年七月十五日獲委任）	–	–	–	–	–	–	–
－劉衛東先生	–	–	–	–	–	–	–
－王良海先生							
（於二零一六年七月十五日獲委任）	–	–	–	–	–	–	–
	624	1,169	–	–	1,793	195	1,988

10 董事及僱員酬金（續）

	截至二零一七年十二月三十一日止年度						
	袍金 人民幣千元	薪金、津貼及實物福利 人民幣千元	酌情花紅 人民幣千元	退休計劃供款 人民幣千元	小計 人民幣千元	基於股份付款（附註） 人民幣千元	總計 人民幣千元
執行董事							
– 謝漢良先生	–	1,320	–	–	1,320	151	1,471
獨立非執行董事							
– 范仁達先生	208	–	–	–	208	–	208
– 劉天民先生	208	–	–	–	208	–	208
– 李明綺女士	208	–	–	–	208	–	208
非執行董事							
– 黃俞先生 （於二零一六年七月十五日獲委任）	–	–	–	–	–	–	–
– 劉衛東先生	–	–	–	–	–	–	–
– 王良海先生 （於二零一六年七月十五日獲委任）	–	–	–	–	–	–	–
	624	1,320	–	–	1,944	151	2,095

附註：

該等數字指根據本公司購股權計劃授予董事的購股權之預估價值。該等購股權的價值乃根據本集團載於附註2(s)的基於股份付款交易的會計政策計量，且根據該政策，包括於歸屬前已沒收授予股權工具的過往年度撥回應計金額的調整。有關該等實物福利（包括購股權的主要條款及已授出數目）的詳情披露於董事報告「購股權計劃」一節及附註28。

於二零一六年及二零一七年，本集團並無支付或應付金額予董事或以下載列的任何最高薪人士，作為吸引彼等加盟本集團的獎勵或作為離職的賠償。

10 董事及僱員酬金（續）

五名最高薪人士當中有一名（二零一六年：一名）為董事，其酬金載列於上文。有關其餘四名（二零一六年：四名）個別人士的酬金總額如下：

	二零一七年 人民幣千元	二零一六年 人民幣千元
僱員		
－基本薪金及津貼	**2,338**	2,344

四名（二零一六年：四名）最高薪人士之薪金介乎以下範圍之內：

	二零一七年	二零一六年
1,000,000港元或以下	**4**	4

截至二零一七年及二零一六年十二月三十一日止年度，本集團並無支付酬金予董事及最高薪人士（包括董事及僱員），作為吸引彼等加盟本集團的獎勵或作為離職的賠償。

11 稅項

	二零一七年 人民幣千元	二零一六年 人民幣千元
於綜合全面收益表內的稅項代表：		
本年度稅項撥備	**3,201**	15,294
遞延稅項（附註26）	**2,637**	(8,233)
	5,838	7,061

根據開曼群島及英屬處女群島的規則及法規，本集團毋須繳納任何開曼群島及英屬處女群島所得稅。

截至二零一七年及二零一六年十二月三十一日止年度，本公司在中國成立的附屬公司須按25%稅率繳納中國企業所得稅，惟一間實體獲官方認可為高新技術企業除外，因此該實體享有15%的優惠稅率，直至二零二零年十一月九日為止。

11 稅項（續）

根據美國的相關法律及法規，截至二零一七年及二零一六年十二月三十一日止年度，本公司在美國註冊成立的附屬公司須按最多35%的稅率繳納美國漸進企業所得稅。於二零一七年十二月二十二日，特朗普總統已簽署大幅修訂守則的《減稅與就業法案》（或TCJA法案）成為法律。TCJA法案（其中包括）將美國企業稅率自最高邊際稅率35%減至統一稅率21%、限制利息開支減稅至經調整盈利的30%、消除營運虧損淨值轉回、按低稅率對海外盈利施加一次性稅項（不論彼等是否遭遣返）、允許為若干新投資立即減稅而非隨時間為折舊開支減稅，以及修改或廢止許多企業稅項扣減及抵免。

根據越南的相關法律及法規，截至二零一七年及二零一六年十二月三十一日止年度，本公司在越南註冊成立的附屬公司須按20%的稅率繳納越南企業所得稅。

截至二零一七年及二零一六年十二月三十一日止年度，本公司在香港註冊成立的附屬公司須按16.5%的稅率繳納香港利得稅。

向台灣附屬公司非居民股東派付股息一般須繳納20%的預扣稅。

香港稅務局（「稅務局」）進行的稅務評核

稅務局對本集團自二零零五至二零零六評估年度進行稅務評核。

於二零一二年三月二十六日，稅務局公佈本公司若干附屬公司於二零零五至二零零六評估年度（即截至二零零五年十二月三十一日止財政年度）之保障性利得稅評稅總額為5,250,000港元（約相當於人民幣4,388,000元）。本集團就該保障性評稅額向稅務局提呈反對。

於二零一三年三月八日，稅務局另行公佈本公司若干附屬公司於二零零六至二零零七評估年度（即截至二零零六年十二月三十一日止財政年度）之保障性利得稅評稅總額為5,425,000港元（約相當於人民幣4,535,000元）。本集團就該保障性評稅額向稅務局提呈反對。

於二零一四年三月十四日，稅務局另行公佈本公司若干附屬公司於二零零七至二零零八評估年度（即截至二零零七年十二月三十一日止財政年度）之估計利得稅評稅總額為28,425,000港元（約相當於人民幣23,760,000元）。本集團就該估計評稅額向稅務局提呈反對。

於二零一五年一月九日及二零一五年三月二十七日，稅務局另行公佈本公司若干附屬公司於二零零八至二零零九評估年度（即截至二零零八年十二月三十一日止財政年度）之保障性利得稅評稅總額為35,838,000港元（約相當於人民幣29,957,000元）。本集團就該保障性評稅額向稅務局提呈反對。

於二零一五年十二月三十一日，稅務局另行公佈本公司若干附屬公司於二零零九至二零一零評估年度（即截至二零零九年十二月三十一日止財政年度）之保障性利得稅評稅總額為24,288,000港元（約相當於人民幣20,302,000元）。本集團就該保障性評稅額向稅務局提呈反對。

11 稅項（續）

香港稅務局（「稅務局」）進行的稅務評核（續）

於二零一六年十二月二十九日，稅務局另行公佈本公司若干附屬公司於二零一零至二零一一評估年度（即截至二零一一年三月三十一日止財政年度）之保障性利得稅評稅總額為47,305,500港元（約相當於人民幣39,543,000元）。本集團就該保障性評稅額向稅務局提呈反對。

於二零一七年十二月二十八日，稅務局另行公佈本公司若干附屬公司於二零一一至二零一二評估年度（即截至二零一二年三月三十一日止財政年度）之保障性利得稅評稅總額為2,779,500港元（約相當於人民幣2,323,000元）。本集團就該保障性評稅額向稅務局提呈反對。

截至二零一七年十二月三十一日，稅務局已就二零零五／二零零六至二零一一／二零一二評估年度公佈保障性利得稅評稅，總額為149,311,000港元（約相當於人民幣124,809,000元）。本集團就該等保障性評稅額提呈反對，而稅務局同意緩繳該等評估年度所徵收之稅款，條件是本集團須購買儲稅券合共35,450,000港元（約相當於人民幣29,633,000元），該數額於二零一七年十二月三十一日的綜合財務狀況表中計入儲稅券。

本公司董事認為，本集團毋須支付任何香港利得稅，原因在於相關附屬公司並未在香港開展任何業務且未產生任何利潤。因此，毋須就稅務評核作出額外香港利得稅撥備。

稅項支出與會計溢利按適用稅率之對賬如下：

	二零一七年 人民幣千元	二零一六年 人民幣千元
除稅前溢利	**126,319**	18,803
按適用於有關國家的溢利稅率計算的除稅前溢利名義稅項	**7,638**	13,308
不可扣稅開支的稅務影響	**1,142**	70
毋須課稅收入的稅務影響	**(8,461)**	(9,189)
未確認未動用稅務虧損之稅務影響	**10,767**	10,622
動用於過往年度未確認稅務虧損之稅務影響	**(7,825)**	(7,750)
稅率變動的影響	**2,577**	–
實際稅務支出	**5,838**	7,061

12 每股盈利

本公司擁有人應佔每股基本及攤薄盈利乃根據以下數據計算：

	二零一七年 人民幣千元	二零一六年 人民幣千元
本公司擁有人應佔年度溢利	**120,375**	11,778

普通股加權平均數：

	股份數目	
	二零一七年 千股	二零一六年 千股
於一月一日的已發行普通股	**1,938,320**	1,939,319
購回股份的影響（附註27(d)）	**(2,559)**	(293)
發行新股份的影響（附註27(b)）	**167,517**	–
於十二月三十一日的普通股加權平均數	**2,103,278**	1,939,026

計算每股攤薄盈利時並無假設行使以權益結算的購股權，此乃由於該等購股權於截至二零一七年及二零一六年十二月三十一日止年度具反攤薄作用。

13 投資物業

	於中國按中期租約持有的物業（附註5） 人民幣千元
於二零一六年一月一日及二零一七年十二月三十一日	14,700
於損益確認之公允值減少	(500)
於二零一七年十二月三十一日	14,200

14 物業、廠房及設備

	土地及樓宇 人民幣千元	傢俱、裝置及設備 人民幣千元	租賃裝修 人民幣千元	汽車 人民幣千元	模具 人民幣千元	廠房及機器 人民幣千元	總計 人民幣千元
成本							
於二零一六年一月一日	539,521	65,018	313,837	13,767	116,048	940,174	1,988,365
貨幣調整	7,251	1,629	2,218	682	1,676	4,694	18,150
添置	851	9,092	13,490	1,840	1,105	3,975	30,353
出售	(4,334)	(4,114)	(326)	(1,333)	(76)	(213,614)	(223,797)
重新分類為持作出售的資產	(69,157)	(3,654)	(46,736)	(999)	–	(376,752)	(497,298)
於二零一六年十二月三十一日	**474,132**	**67,971**	**282,483**	**13,957**	**118,753**	**358,477**	**1,315,773**
貨幣調整	**(6,411)**	**(2,154)**	**(1,844)**	**(531)**	**(1,689)**	**(5,334)**	**(17,963)**
添置	**–**	**6,112**	**5,122**	**111**	**359**	**2,741**	**14,445**
出售	**(10,797)**	**(4,345)**	**(316)**	**(450)**	**(15,567)**	**(98,178)**	**(129,653)**
於二零一七年十二月三十一日	**456,924**	**67,584**	**285,445**	**13,087**	**101,856**	**257,706**	**1,182,602**
折舊及減值							
於二零一六年一月一日	(405,975)	(59,484)	(297,851)	(10,588)	(111,387)	(871,277)	(1,756,562)
貨幣調整	(3,830)	(1,111)	(2,146)	(346)	(1,672)	(4,571)	(13,676)
年內開支	(8,016)	(2,616)	(3,991)	(398)	(1,046)	(14,254)	(30,321)
出售時對銷	1,072	1,647	52	1,268	22	202,756	206,817
重新分類為持作出售的資產	44,584	2,800	29,251	623	–	351,924	429,182
於二零一六年十二月三十一日	**(372,165)**	**(58,764)**	**(274,685)**	**(9,441)**	**(114,083)**	**(335,422)**	**(1,164,560)**
貨幣調整	**4,271**	**1,845**	**1,664**	**318**	**1,683**	**5,246**	**15,027**
年內開支	**(6,862)**	**(4,290)**	**(2,988)**	**(499)**	**(1,143)**	**(3,643)**	**(19,425)**
出售時對銷	**1,529**	**1,289**	**146**	**471**	**15,418**	**97,897**	**116,750**
於二零一七年十二月三十一日	**(373,227)**	**(59,920)**	**(275,863)**	**(9,151)**	**(98,125)**	**(235,922)**	**(1,052,208)**
賬面值							
於二零一六年十二月三十一日	101,967	9,207	7,798	4,516	4,670	23,055	151,213
於二零一七年十二月三十一日	**83,697**	**7,664**	**9,582**	**3,936**	**3,731**	**21,784**	**130,394**

14 物業、廠房及設備（續）

除在建工程外，上述物業、廠房及設備的折舊以直線法每年按下列比例計提：

中國的樓宇成本按20年予以折舊。

傢俱、裝置及設備	15% – 20%
租賃裝修	20%
汽車	20%
模具	20%
廠房及機器	10%

於二零一七年十二月三十一日，本集團尚未為賬面淨值總額為人民幣48,000元的物業取得若干房產證（二零一六年：人民幣3,049,000元）。

15 預付租約付款

	於二零一七年十二月三十一日 人民幣千元	於二零一六年十二月三十一日 人民幣千元
賬面值		
於年初	**31,863**	38,097
貨幣調整	**(590)**	536
年內攤銷	**(804)**	(999)
重新分類為持作出售的資產	**–**	(5,771)
於年末	**30,469**	31,863

16 商譽

	於二零一七年十二月三十一日 人民幣千元	於二零一六年十二月三十一日 人民幣千元
於年初的結餘	**8,663**	8,109
添置（附註33(c)）	**121,948**	–
貨幣調整	**(7,157)**	554
於年末	**123,454**	8,663

16 商譽（續）

商譽分配至本集團根據下列營運分部識別的現金產生單位（「現金產生單位」）：

	於二零一七年十二月三十一日 人民幣千元	於二零一六年十二月三十一日 人民幣千元
美國照明分部（附註(i)）	**8,161**	8,663
證券分部（附註(ii)）	**115,293**	–
於年末	**123,454**	8,663

(i) 美國照明分部

美國照明分部的現金產生單位的可收回金額乃根據使用價值計算而釐定。該等計算乃使用按管理層所批准的涵蓋五年期間的財務預算得出的現金流量預測。超出五年期間的現金流量乃使用估計加權平均增長率3%（二零一六年：5%）推算，而這與行業報告內所載的預測一致。所使用的增長率不超過該現金產生單位營運所在業務的長期平均增長率。現金流量乃使用折現率11.2%（二零一六年：13.6%）折現計算。所使用的折現率屬稅前折現率，反映有關分部特定的風險。

(ii) 證券分部

證券分部的現金產生單位的可收回金額乃根據使用價值計算而釐定。該等計算乃使用按管理層所批准的涵蓋五年期間的財務預算得出的現金流量預測。超出五年期間的現金流量乃使用估計加權平均增長率2%推算，而這與行業報告內所載的預測一致。所使用的增長率不超過該現金產生單位營運所在業務的長期平均增長率。現金流量乃使用折現率25%折現計算。所使用的折現率屬稅前折現率，反映有關分部特定的風險。

17 無形資產

	專利 人民幣千元	證券許可 人民幣千元	軟件 人民幣千元	技術知識 人民幣千元	總計 人民幣千元
成本					
於二零一六年一月一日	106,144	–	175	8,840	115,159
貨幣調整	7,153	–	–	–	7,153
添置	–	–	1,015	–	1,015
透過內部發展添置	–	–	–	7,419	7,419
出售	(57,522)	–	–	–	(57,522)
重新分類為持作出售的資產	–	–	(4)	–	(4)
於二零一六年十二月三十一日	55,775	–	1,186	16,259	73,220
貨幣調整	(6,264)	(1,237)	(61)	–	(7,562)
添置	–	418	124	–	542
透過收購一間附屬公司添置	–	10,610	–	–	10,610
透過內部發展添置	–	–	–	5,041	5,041
於二零一七年十二月三十一日	49,511	9,791	1,249	21,300	81,851
折舊及減值					
於二零一六年一月一日	(91,288)	–	(18)	–	(91,306)
貨幣調整	(5,468)	–	(573)	–	(6,041)
年內支出	(2,074)	–	(369)	(1,113)	(3,556)
出售時對銷	57,522	–	–	–	57,522
重新分類為持作出售的資產	–	–	1	–	1
於二零一六年十二月三十一日	(41,308)	–	(959)	(1,113)	(43,380)
貨幣調整	1,111	872	79	–	2,062
年內支出	(1,349)	(1,061)	(300)	(2,419)	(5,129)
於二零一七年十二月三十一日	(41,546)	(189)	(1,180)	(3,532)	(46,447)
賬面值					
於二零一六年十二月三十一日	14,467	–	227	15,146	29,840
於二零一七年十二月三十一日	7,965	9,602	69	17,768	35,404

年內攤薄支出計入綜合全面收益表內的「行政開支」。

18 可供出售投資

	二零一七年 人民幣千元	二零一六年 人民幣千元
非上市可供出售股本證券：流動資產（附註5）		
於一月一日	**–**	–
收購付款（附註(i)）	**348,600**	–
期內於其他全面收入確認的未變現虧損淨額	**(13,285)**	–
貨幣調整	**(14,236)**	–
於十二月三十一日	**321,079**	–
非上市可供出售股本證券：非流動資產（附註(ii)）		
於一月一日	**3,639**	3,653
期內於損益確認的減值虧損	**(315)**	(14)
於十二月三十一日	**3,324**	3,639
	324,403	3,639

(i) 於二零一七年六月十六日，本公司全資附屬公司同方證券與海通資產管理（香港）有限公司（「投資管理人」）訂立一項全權委託協議，據此，投資管理人同意為及代表同方證券以400,000,000港元（相等於約人民幣348,600,000元）（「投資金額」）之代價認購Haitong Freedom Multi-Tranche Bond Fund（「基金」）之374,448.04股港元R1A類股份。

基金將投資其全部或大部分資產（以毋須保留以應付營運開支的現金為限）於Haitong Freedom Multi-Tranche Master Bond Fund（「主基金」）股份。主基金將主要投資政府、公司或可換股債券等固定收益類證券、私募配售債券、與固定收益類工具或優先股份掛鉤的票據、其他債券基金、貨幣市場基金或現金。主基金可投資評級低於投資級別或未經任何有關機構評級的債務證券。

於二零一七年十二月三十一日，上述投資獲分類為可供出售投資，公允值為384,107,000港元（相等於約人民幣321,079,000元），持作短期用途。

於報告期期末後，投資管理人已根據日期為二零一八年二月九日之全權委託協議所賦予的全權，為及代表同方證券贖回為數370,000,000港元（相等於約人民幣309,283,000元）之若干基金權益。

18 可供出售投資（續）

(ii) 由於合理公允值估計的範圍過大，本公司董事認為其公允值無法可靠計量，且該等投資對本集團財務業績及財務狀況並無重大影響，因此非上市權益投資的公允值按成本減去報告期末的累計減值計量。

19 按公允值計入損益之金融資產

	於二零一七年十二月三十一日 人民幣千元	於二零一六年十二月三十一日 人民幣千元
按公允值計入之股本證券（附註5）		
– 上市（附註(i)）	**21,571**	–
– 非上市（附註(ii)）	**111,166**	108,152
	132,737	108,152

(i) 於二零一七年八月二十八日，Tongfang Asset Management (Cayman) Company Limited（「Tongfang Asset Management」，本公司全資附屬公司）與融達控股有限公司（「融達」，一間香港上市公司，股份代號：948）訂立認購協議，據此，Tongfang Asset Management同意按發行價每股普通股1.248港元（相當於人民幣1.06元）收購合共12,711,719股新普通股份（相當於融達經擴大股本的4.99%）。上述股份認購已於二零一七年十一月二十七日完成。

(ii) 於二零一四年十月二十九日，本公司全資附屬公司鶴山同方照明科技有限公司（「同方照明」）與華夏基金及建設銀行訂立海外資產管理計劃合同（「合同」），據此，同方照明已同意參與華夏基金運營的海外資產管理計劃（「該基金」），將人民幣105,500,000元的投資額（「投資額」）存入建設銀行指定賬戶。根據該基金，投資額擬主要投資於中國石化銷售有限公司的股權及股權相關的結構性產品及適用證券法律及中國證券監督管理委員會規定許可的債券（包括可轉換債券）、基金、貨幣市場工具、衍生商品及其他金融工具。

20 存貨

	於二零一七年十二月三十一日 人民幣千元	於二零一六年十二月三十一日 人民幣千元
原材料	**18,421**	38,757
在製品	**35,779**	51,382
製成品	**123,195**	94,177
	177,395	184,316

於二零一七年十二月三十一日，已向若干銀行抵押賬面價值約人民幣20,057,000元（二零一六年十二月三十一日：人民幣32,250,000元）的若干製成品，作為授予本集團的信貸融資之擔保。

已確認為開支並計入損益的存貨金額分析如下：

	二零一七年 人民幣千元	二零一六年 人民幣千元
已售存貨賬面金額	**445,773**	418,888
存貨撇減	**6,462**	3,995
	452,235	422,883

21 應收貿易及其他款項

	於二零一七年十二月三十一日 人民幣千元	於二零一六年十二月三十一日 人民幣千元
應收貿易款項：		
— 應收關聯方款項	**4,667**	4,260
— 應收第三方款項	**168,562**	144,881
應收票據	**10,190**	11,815
減：呆壞賬撥備	**(46,312)**	(47,450)
	137,107	113,506
支付予供應商的按金	**13,916**	21,079
增值税回撥	**35,193**	33,656
對外貿易增值税退回	**3,905**	3,446
其他應收款項	**18,847**	7,243
	208,968	178,930

客戶付款方式主要是信貸。發票通常在發出後90天內到期付款，惟若干信譽良好的客戶則除外，其付款期會延長至180日。以下為應收貿易款項及應收票據依據發票日期(或較早的確認收益日期)的賬齡分析，已扣除呆賬撥備：

	於二零一七年十二月三十一日 人民幣千元	於二零一六年十二月三十一日 人民幣千元
0至60日	**87,539**	72,292
61至90日	**6,461**	12,828
91至180日	**19,129**	10,473
180日以上	**23,978**	17,913
	137,107	113,506

21 應收貿易及其他款項（續）

並無個別或整體地被認為出現減值的應收貿易款項及應收票據的賬齡分析如下：

	於二零一七年十二月三十一日 人民幣千元	於二零一六年十二月三十一日 人民幣千元
未逾期亦無減值	**113,129**	95,593
逾期少於六個月	**11,714**	7,204
	124,843	102,797

未逾期亦無減值的應收款項是與近期並無拖欠紀錄的廣泛客戶有關。

已逾期但無減值的應收款項是與本集團有良好還款紀錄的多名獨立客戶有關。根據以往經驗，由於信貸質素並無重大變化，加上有關結餘仍被認為可全數收回，故管理層相信毋須就該等結餘作減值撥備。

年內的呆賬撥備變動（包括個別及共同虧損部份）如下所示：

	二零一七年 人民幣千元	二零一六年 人民幣千元
於年初	**47,450**	61,924
已確認／（撥回）減值虧損淨額	**1,368**	(5,213)
撇銷不可收回金額	**(2,506)**	(2,944)
重新分類為持作出售的資產	**–**	(6,317)
於年末	**46,312**	47,450

有關應收貿易款項及應收票據的減值虧損乃使用撥備賬記錄，除非本集團認為該金額收回的可能性極低，在此情況下，減值虧損直接從應收貿易款項及應收票據中撇銷。

於二零一七年十二月三十一日，向某些銀行抵押若干賬面值約人民幣33,336,000元（二零一六年：人民幣46,226,000元）的應收貿易款項，作為授予本集團的信貸融資之擔保。

22 受限銀行存款、代客戶持有的現金及現金及現金等值物

受限銀行存款指已抵押予銀行的存款，作為授予本集團的信貸融資之擔保。

代客戶持有的現金指於持牌銀行開設的獨立客戶賬戶，以持有於本公司資產管理服務正常業務交易過程中產生之客戶款項。於二零一七年十二月三十一日，未於該等財務財務報表中處理之獨立客戶賬戶為108,051,000港元(相等於約人民幣90,321,000元)。

現金及現金等值物包括現金及為期三個月或以內到期之銀行存款。

融資活動產生的負債的對賬

	銀行借貸 人民幣千元
於二零一七年一月一日	110,967
融資現金流產生之變動：	
新銀行貸款所得款項	174,985
償還銀行貸款	(210,633)
已付利息	(4,658)
融資現金流的變動總額	(40,306)
匯兑調整	(5,076)
其他變動：	
利息開支	4,658
於二零一七年十二月三十一日	70,243

23 持作出售的資產及負債／出售附屬公司

於二零一六年十月三十一日，本集團與本集團同系附屬公司同方科技園有限公司(「同方科技園」)訂立三份股權轉讓協議，按代價人民幣251,668,000元出售本集團於三間附屬公司的全部股權，該等附屬公司即為揚州同方半導體有限公司、上海翠能光電科技有限公司及天津真明麗光電有限公司(統稱「出售組別」)。

於二零一六年十二月三十一日，出售組別達到可即時出售狀態。上述交易已於二零一七年二月完成，產生收益人民幣110,649,000元，其乃主要由於出售組別擁有的土地使用權增值且被錄於中國照明分部所致。管理層認為，出售組別不構成獨立的主要業務線，且因此不符合已終止經營業務的條件。與出售組別有關的資產及負債已重新分類為持作出售的出售組別，並於二零一六年十二月三十一日之綜合財務狀況表中獨立呈列。

24 應付貿易及其他款項

	於二零一七年十二月三十一日 人民幣千元	於二零一六年十二月三十一日 人民幣千元
應付證券客戶款項	**90,321**	–
應付貿易款項	**55,771**	71,613
應付票據	**24,669**	21,935
應付工資及福利	**3,959**	9,808
其他應付款項	**44,211**	42,680
按攤銷成本計量之金融負債	**218,931**	146,036
客戶按金	**11,866**	13,433
其他應付稅項	**4,030**	4,077
	234,827	163,546

以下為於年末應付貿易款項及應付票據依據發票日期的賬齡分析：

	於二零一七年十二月三十一日 人民幣千元	於二零一六年十二月三十一日 人民幣千元
0至60日	**57,408**	58,926
61至90日	**2,963**	4,236
91至180日	**53**	873
181至360日	**3,469**	2,094
360日以上	**16,547**	27,419
	80,440	93,548

購買貨物的平均信貸期為約90日。本集團已制定財務風險管理政策，以確保於有關信貸期內支付所有應付賬款。就超過信貸期的應付款項而言，本集團已與各債權人協商延長信貸期。

25 銀行借貸

	於二零一七年十二月三十一日 人民幣千元	於二零一六年十二月三十一日 人民幣千元
於一年內償還的銀行借貸		
- 已抵押	**70,243**	32,951
- 無抵押	**-**	78,016
	70,243	110,967

於二零一七年十二月三十一日，上述銀行借貸包括須於一年內償還的固定利率銀行借貸人民幣32,671,000元(二零一六年：人民幣32,951,000元)。所有銀行借貸均以攤銷成本列賬。

於二零一七年及二零一六年十二月三十一日，本集團概無銀行借貸須待契諾獲履行後方可作實。

對本集團的銀行借貸的合約利率的範圍如下：

	於二零一七年十二月三十一日 人民幣千元	於二零一六年十二月三十一日 人民幣千元
合約利率(每年)		
固定利率借貸	**2.92% ~4.35%**	1.55% ~4.35%
浮動利率借貸	**2.76% ~4.50%**	2.76% ~4.50%

26 遞延税項資產及負債

(a) 已確認遞延税項資產及負債

(i) 遞延税項資產及負債各項組成部份的變動

於綜合財務狀況表中確認的遞延税項資產／（負債）組成部份及本年度變動如下：

來自以下項目的遞延税項：	台灣未分配盈利之預扣税 人民幣千元	無形資產之公允值調整 人民幣千元	其他 人民幣千元	總值 人民幣千元
於二零一六年一月一日	(2,763)	(1,243)	9	(3,997)
計入／（扣除自）損益表	–	764	7,469	8,233
貨幣調整	(187)	(183)	247	(123)
於二零一六年十二月三十一日	(2,950)	(662)	7,725	4,113
收購附屬公司所得（附註33(b)）	–	(1,751)	–	(1,751)
計入／（扣除自）損益表	–	576	(3,213)	(2,637)
貨幣調整	193	138	(336)	(5)
於二零一七年十二月三十一日	(2,757)	(1,699)	4,176	(280)

(ii) 綜合財務狀況表的對賬：

	於二零一七年十二月三十一日 人民幣千元	於二零一六年十二月三十一日 人民幣千元
於綜合財務狀況表確認的遞延税項資產淨值	**6,179**	7,063
於綜合財務狀況表確認的遞延税項負債淨值	**(6,459)**	(2,950)
	(280)	4,113

26 遞延税項資產及負債（續）

(b) 未確認之遞延税項資產

於二零一七年十二月三十一日，根據附註2所載的會計政策，由於在有關税務司法權區及就有關公司而言，不大可能有未來應課税溢利以抵銷可供動用之税項虧損，故本集團並無就累計税項虧損人民幣488,913,000元（二零一六年：人民幣537,702,000元）確認遞延税項資產。除金額為人民幣215,251,000元根據有關税法將不會屆滿外，結轉的其餘未動用税項虧損人民幣19,538,000元、人民幣151,909,000元、人民幣41,284,000元、人民幣33,683,000元及人民幣27,248,000元將分別於二零一九年、二零二零年、二零二一年、二零二二年及二零二三年屆滿（如未動用）。

(c) 未確認之遞延税項負債

於二零一七年十二月三十一日，有關未分配附屬公司溢利之暫時差額為人民幣53,691,000元（二零一六年：人民幣39,723,000元）。由於本公司控制該等附屬公司的派息政策，且已斷定該等溢利有可能於可見將來不會派付，因此並無就分派該等保留溢利的應付税項確認遞延税項負債。

27 股本、儲備及股息

(a) 權益成份的變動

本集團綜合權益各成份的年初及年終結餘之對賬載於綜合權益變動表內。本公司個別權益成份於年初與年終之間的變動詳情載列如下：

	股本 人民幣千元	股份溢價 人民幣千元	資本贖回儲備 人民幣千元	特別儲備 人民幣千元	股份補償儲備 人民幣千元	購股權儲備 人民幣千元	匯兑儲備 人民幣千元	其他儲備 人民幣千元	累計虧損 人民幣千元	總計 人民幣千元
於二零一六年一月一日	171,897	2,264,928	255	55,238	50,024	3,342	(555,332)	(8,220)	(824,375)	1,157,757
二零一六年的權益變動：										
年內虧損	–	–	–	–	–	–	–	–	(8,406)	(8,406)
其他全面收益	–	–	–	–	–	–	53,767	–	–	53,767
全面收益總額	–	–	–	–	–	–	53,767	–	(8,406)	45,361
購回及註銷股份	(89)	(911)	89	–	–	–	–	–	–	(911)
確認基於股份以權益結算之付款	–	–	–	–	–	2,019	–	–	–	2,019
	(89)	(911)	89	–	–	2,019	–	–	–	1,108
於二零一六年十二月三十一日	171,808	2,264,017	344	55,238	50,024	5,361	(501,565)	(8,220)	(832,781)	1,204,226

27 股本、儲備及股息（續）

(a) 權益成份的變動（續）

	股本 人民幣千元	庫存股份 人民幣千元	股份溢價 人民幣千元	資本贖回儲備 人民幣千元	特別儲備 人民幣千元	股份補償儲備 人民幣千元	購股權儲備 人民幣千元	匯兑儲備 人民幣千元	其他儲備 人民幣千元	累計虧損 人民幣千元	總計 人民幣千元
於二零一七年一月一日	171,808	–	2,264,017	344	55,238	50,024	5,361	(501,565)	(8,220)	(832,781)	1,204,226
二零一七年的權益變動											
年內虧損	–	–	–	–	–	–	–	–	–	(6,104)	(6,104)
其他全面收益	–	–	–	–	–	–	–	60,817	–	–	60,817
全面收益總額	–	–	–	–	–	–	–	60,817	–	(6,104)	54,713
發行新股份	15,670	–	166,098	–	–	–	–	–	–	–	181,768
購回及註銷股份（附註27(d)）	–	(11,304)	–	–	–	–	–	–	–	–	(11,304)
註銷庫存股份	(566)	5,004	(5,004)	566	–	–	–	–	–	–	–
確認基於股份以權益結算之付款	–	–	–	–	–	–	744	–	–	–	744
	15,104	(6,300)	161,094	566	–	–	744	–	–	–	171,208
於二零一七年十二月三十一日	186,912	(6,300)	2,425,111	910	55,238	50,024	6,105	(440,748)	(8,220)	(838,885)	1,430,147

27 股本、儲備及股息（續）

(b) 股本

(i) 已發行股本

	法定		已發行及繳足	
	股份數目	金額 千港元	股份數目	金額 人民幣千元
每股面值0.10港元的普通股				
－於二零一五年十二月三十一日	5,000,000,000	500,000	1,939,319,694	171,897
購回股份	–	–	(1,000,000)	(89)
－於二零一六年十二月三十一日	5,000,000,000	500,000	1,938,319,694	171,808
發行新股份	–	–	177,227,723	15,670
購回及註銷股份	–	–	(6,384,000)	(566)
－於二零一七年十二月三十一日	5,000,000,000	500,000	2,109,163,417	186,912

於二零一七年一月二十日，已發行合共177,227,723股新普通股，作為收購同方證券的代價。（附註33）

普通股股份持有人有權收取不時宣派之股息，並有權在本公司之股東大會上按每股一票進行投票。所有普通股股份在分攤本公司之剩餘資產時均享有同等權益。

(c) 股息

本公司董事不建議就截至二零一七年及二零一六年十二月三十一日止年度派付股息。

27 股本、儲備及股息（續）

(d) 庫存股份

	二零一七年	
	股份數目	金額
		人民幣千元
庫存股份		
於一月一日	–	–
將予註銷的購回股份	15,328,000	11,304,000
註銷庫存股份	(6,384,000)	(5,004,000)
於十二月三十一日	8,944,000	6,300,000

截至二零一七年十二月三十一日止年度，本公司於香港聯合交易所有限公司購回自身普通股股份如下：

月份／年度	購回股份數目	已付每股最高價	已付每股最低價	已付總價
		港元	港元	港元
二零一七年一月	200,000	1.15	1.12	230,000
二零一七年八月	1,898,000	0.80	0.77	1,497,000
二零一七年九月	3,638,000	0.97	0.80	3,366,000
二零一七年十月	648,000	0.85	0.83	548,000
二零一七年十一月	2,374,000	0.85	0.77	1,901,000
二零一七年十二月	6,570,000	0.85	0.70	5,199,000
				12,741,000

27 股本、儲備及股息（續）

(e) 儲備的性質及目的

(i) 應用股份溢價受到香港公司條例第48B條所規管。

(ii) 資本贖回儲備包括本公司已發行股本透過註銷股份而被削弱的金額。

(iii) 特別儲備指本公司及本集團的前控股公司Neo-Neon Holdings (BVI) Limited（「NNH」）發行的股份的面值，與根據一九九六年進行的集團重組及就本公司股份於二零零六年上市之準備工作而進行之集團重組所收購的附屬公司的股本及股份溢價總值，兩者之間的差額。

(iv) 股份補償儲備指本公司股東轉讓予本集團若干高級管理層的若干NNH股份（「股份」）的公允值與高級管理層就於二零零四年獲取股份所支付的代價的差額。

(v) 購股權儲備指根據附註2(s)為以股份為基礎付款採納的會計政策授予本集團董事及僱員購股權的公允值。

(vi) 匯兑儲備指換算海外經營業務的財務報表時所產生的所有匯兑差額。該儲備根據載於附註2(t)的會計政策買賣。

(vii) 公允值儲備指於可供銷售證券公允值的累計變動淨額，並根據附註2(o)及2(p)的會計政策買賣。

(viii) 其他儲備指：(i)收購於本公司附屬公司額外權益的已付代價及已收購權益金額之間的差額；及(ii)行使購股權收到的現金加上來自確認賠償費用而計入權益的金額，以及按於附屬公司權益之權益比例計量（如同於本集團綜合財務報表所計量）的非控股權益，兩者之間的差額。

28 基於股份以權益結算交易

本公司購股權計劃

本公司的購股權計劃（「該計劃」）乃根據於二零零六年十一月二十日通過的股東書面決議案獲得採納，主要目的在獎勵及嘉許董事及合資格僱員的寶貴貢獻。該計劃於二零零六年十二月十五日開始生效，而根據該計劃發出的購股權將於授出購股權之日起不遲於十年內屆滿。根據該計劃，本公司董事會可向合資格僱員（包括本公司及其附屬公司的董事）授出購股權，供彼等認購本公司股份。此外，本公司可不時向外界的第三方授出購股權，藉著向彼等提供擁有本集團權益的機會，以結清給予本公司的貨物或服務，以及酬謝對本集團長遠成功的貢獻。

未經本公司股東事先批准，根據該計劃可授出的購股權股份總數不得超過有關授出時間已發行股份的10%。該計劃項下全部已授出未行使並尚待行使的購股權而可予發行的股份數目上限，不得合共超過不時已發行股份的20%。倘超過該上限，則不得根據該計劃及本公司任何其他購股權計劃授出購股權。未經本公司董事事先批准，於任何一年內，因行使已授予或可授予任何人士的購股權而已發行及可予發行之股份總數，不得超過於任何時間的本公司已發行股份數目的1%。授予主要股東或獨立非執行董事而超過本公司已發行股份0.1%或總值超過5,000,000港元的購股權，須先得到本公司股東批准方可作實。

購股權可根據該計劃列明的條款行使。行使價由本公司董事釐定，且不得低於下列各項之較高者：(i)授出當日本公司股份的收市價；(ii)於緊接授出日期前五個營業日股份的平均收市價；及(iii)本公司股份的面值。

28 基於股份以權益結算交易（續）

本公司購股權計劃（續）

(a) 授出之條款及條件如下：

	購股權數目	歸屬條件	購股權合約日期
授予董事之購股權：			
－於二零一五年五月十五日	5,900,000	自授出日期起計一年及達到二零一五年表現目標	4年
－於二零一五年五月十五日	5,900,000	自授出日期起計兩年及達到二零一六年表現目標	3年
授予僱員之購股權：			
－於二零一五年五月十五日	10,600,000	自授出日期起計一年及達到二零一五年表現目標	4年
－於二零一五年五月十五日	10,600,000	自授出日期起計兩年及達到二零一六年表現目標	3年
授出之購股權總數	33,000,000		

(b) 購股權之數目及加權平均行使價如下：

	二零一七年十二月三十一日		二零一六年十二月三十一日	
	加權平均行使價	購股權數目	加權平均行使價	購股權數目
於期初尚未行使	1.31港元	23,600,000	1.31港元	33,000,000
於期內沒收	1.31港元	(1,300,000)	1.31港元	(9,400,000)
於期末尚未行使	1.31港元	22,300,000	1.31港元	23,600,000
於期末可予行使	1.31港元	22,300,000	1.31港元	11,800,000

於二零一七年十二月三十一日尚未行使購股權之行使價為1.31港元（二零一六年：1.31港元），而加權平均餘下合約年期為2.88年（二零一六年：3.88年）。

28 基於股份以權益結算交易（續）

本公司附屬公司的購股權計劃

於截至二零一五年十二月三十一日止年度，American Lighting, Inc.（「ALI」，本公司之間接全資附屬公司）為ALI、本公司及ALI的全資附屬公司Tivoli, LLC（「Tivoli」）的合資格僱員採納購股權計劃。於二零一五年六月三十日，ALI向本公司、ALI及Tivoli之若干僱員及董事授出2,869份購股權。於緊接授出購股權日期前的收市價為每股330美元。根據ALI的計劃，本公司董事會可向合資格僱員（包括本公司及其附屬公司的董事）授出購股權，以認購本公司股份。

於二零一七年四月二十七日，1,401份購股權已授予本公司若干僱員及董事。於緊接授出購股權日期前的收市價為每股405美元。

購股權可根據ALI的計劃列明的條款行使。行使價由本公司董事釐定，且將不得低於下列各項之較高者：(i)本公司股份於授出日期之收市價，(ii)於緊接授出日期前五個營業日股份的平均收市價，及(iii)本公司股份之面值。

(a) 授予之條款及條件如下：

	購股權數目	歸屬條件	購股權合約年期
授予董事之購股權：			
－於二零一五年六月三十日	217	自授出日期起一年	9年
－於二零一五年六月三十日	217	自授出日期起兩年	8年
－於二零一五年六月三十日	292	自授出日期起三年	7年
－於二零一七年四月二十七日	360	自授出日期起一年	9年
－於二零一七年四月二十七日	360	自授出日期起兩年	8年
－於二零一七年四月二十七日	481	自授出日期起三年	7年
授予僱員之購股權：			
－於二零一五年六月三十日	642	自授出日期起一年	9年
－於二零一五年六月三十日	642	自授出日期起兩年	8年
－於二零一五年六月三十日	859	自授出日期起三年	7年
－於二零一七年四月二十七日	60	自授出日期起一年	9年
－於二零一七年四月二十七日	60	自授出日期起兩年	8年
－於二零一七年四月二十七日	80	自授出日期起三年	7年
已授出購股權總數	4,270		

28 基於股份以權益結算交易（續）

本公司附屬公司的購股權計劃（續）

(b) 購股權之數目及加權平均行使價如下：

	二零一七年十二月三十一日		二零一六年十二月三十一日	
	加權平均行使價	購股權數目	加權平均行使價	購股權數目
於期初尚未行使	330美元	2,231	330美元	2,830
期內添置	405美元	1,401	–	–
期內行使	330美元	(853)	–	–
期內沒收	330美元	(54)	330美元	(599)
於期末尚未行使	369美元	2,725	330美元	2,231
於期末可予行使	330美元	450	330美元	859

於二零一七年十二月三十一日尚未行使購股權之平均行使價為369美元（二零一六年：330美元），而加權平均餘下合約年期為8.44年（二零一六年：8.5年）。

(c) 購股權之公允值及假設

以授出購股權作為酬謝所收取服務之公允值，乃根據所授出購股權的公允值而計量。所授出購股權的公允值是根據布萊克－斯科爾斯期權定價模式作估計。購股權的合約年期乃用作本模式的輸入數據。對提早行使的預期納入布萊克－斯科爾斯期權定價模式之內。

於計量日期的公允值	152.66美元
股份價格	405美元
行使價	405美元
預期波幅	22.80%
購股權年期	10年
預期股息率	0%
無風險利率	2.55%

預期波幅乃根據對十年的行業股份價格指數作分析而計算。預期股息率乃根據過往股息計算。主觀的輸入數據假設變動或會對公允值估計產生重大影響。

購股權乃根據服務及非市場表現條件授出。此項條件在計量所接受服務於授出日期的公允值時並無考慮在內。購股權的授出並無相關市場條件。

29 經營租賃安排

於年末，本集團根據不可撤銷經營租賃承諾就租賃物業作出之未來最低租賃付款於下列期間到期：

	於二零一七年十二月三十一日 人民幣千元	於二零一六年十二月三十一日 人民幣千元
一年內	**7,536**	4,019
第二至五年(首尾兩年包括在內)	**6,842**	9,742
	14,378	13,761

租約按介乎一至五年之年期協定，而全部租金均為固定。

30 資本承擔

已訂約但未於綜合財務報表撥備的資本開支：

	於二零一七年十二月三十一日 人民幣千元	於二零一六年十二月三十一日 人民幣千元
一收購物業、廠房及設備	**4,569**	1,773

31 退休福利計劃

中國附屬公司的僱員均為中國政府設立並由國家管理的界定供款退休福利計劃的成員。中國附屬公司須按僱員工資的若干百分比向退休福利計劃供款，以應付該項福利所需。本集團就該退休福利計劃的唯一責任是根據該計劃作出所需供款。對該計劃作出的供款即時歸屬。

本集團亦根據香港強制性公積金計劃條例，為在香港僱傭條款管轄下受聘而之前不受界定福利退休計劃保障的僱員設立強制性公積金計劃（「強積金計劃」）。強積金計劃是由獨立受託人管理的界定供款退休計劃。根據強積金計劃，僱主及僱員均須按僱員有關入息的5%作出供款，每月須予供款的相關入息上限為30,000港元。對該計劃作出的供款即時歸屬。

本集團向美國合資格僱員提供機會參與符合國內稅務法第401(k)條條款之界定供款退休福利計劃（「401(k)計劃」）。401(k)計劃由獨立受託人管理。401(k)計劃為一項選擇性福利，401(k)計劃就退休福利計劃的唯一責任為須符合該計劃項下的指引。本集團提供配發供款，最多達僱員之合資格供款的4%，而若干僱員的上限為每年6,000美元。僱主配送供款於收取時歸屬或須遵照特定歸屬期限。

32 重大關聯方交易

(a) 與控股股東及其附屬公司進行的交易

	二零一七年 人民幣千元	二零一六年 人民幣千元
銷售產品（附註）	**2,487**	8,443
出售附屬公司已收代價（附註23）	**251,668**	–

附註：

與該等交易有關之未償還結餘乃無抵押、免息及無固定還款期，呈列並包括於「應收貿易及其他款項」（附註21）

(b) 主要管理人員薪酬

本公司董事為本集團的主要管理人員，彼等於截至二零一七年十二月三十一日止年度的酬金載於附註10。

(c) 與其他中國國家控制實體進行之交易

本公司的控股股東同方股份是由中國政府控制的國家控制企業。除了上文附註32(a)所披露與同方股份及其附屬公司的交易外，本集團亦與其他國家控制實體進行交易，包括但不限於：

- 銷售產品和提供服務；
- 購買材料；及
- 銀行存款和借貸。

(d) 上市規則就關於關連交易之適用性

有關上述附註32(a)產品銷售之關聯方交易構成上市規則第14A章所界定之持續關連交易。上市規則第14A章規定之披露載列於董事會報告。

33 收購附屬公司

於二零一七年一月二十日，本集團收購同方證券的全部已發行股本。自二零一七年一月二十日至二零一七年十二月三十一日，同方證券為本集團業績帶來人民幣36,417,000元之收入及人民幣35,420,000之溢利。倘收購事項於二零一七年一月一日進行，管理層估計本集團之綜合收入將為人民幣666,370,000元，及本年度綜合溢利將為人民幣119,148,000元。於釐定該等金額時，管理層已假設倘收購事項於二零一七年一月一日進行，則於收購日期所產生的公允值調整金額將與收購當日的公允值調整金額相同。

(a) 轉撥之代價

於二零一七年一月二十日，已發行合共177,227,723股新普通股（附註27(b)），作為收購同方證券的代價。

已發行普通股的公允值為205,584,000港元（約相等於人民幣181,768,000元），其乃根據本公司於二零一七年一月二十日的上市股價每股1.16港元計算。

(b) 已收購的可識別資產及所承擔的負債

下表概述於收購日期已收購的可識別資產的公允值及所承擔的負債。

	人民幣千元
無形資產	10,610
物業、廠房及設備	3,016
現金及現金等值物	40,768
其他流動資產	28,734
遞延税項負債	(1,751)
應付貿易及其他款項	(21,557)
已收購可識別資產淨值總額	59,820

33 收購附屬公司（續）

(b) 已收購的可識別資產及所承擔的負債（續）

公允值計量

(i) 物業、廠房及設備

成本法：該估值模型適時考慮折舊後的重置成本。折舊後的重置成本反映了自然損耗和功能性及經濟性老化的調整。

(ii) 無形資產

市場比較法：該估值模型考慮類似資產的過往銷售以及與將予估值的資產有相同業務模式或性質的公開交易資產的市價。為了取得更精準的估值，應使用至少一個可資比較交易。此估值方法有助於識別資產的現時價值及潛在增長。基本上，可比較分析與正式、專業估值相比較為簡易。

(c) 商譽

收購所產生的商譽已確認如下。

	人民幣千元
轉撥之代價	181,768
可識別淨資產之公允值	(59,820)
商譽	121,948

商譽主要歸屬於同方證券勞動力的技能及技術人才。預計所確認的商譽將毋須扣稅。

34 公司層面財務狀況表

	於二零一七年十二月三十一日 人民幣千元	於二零一六年十二月三十一日 人民幣千元
資產及負債		
附屬公司權益	**1,430,445**	749,293
現金及現金等值物	**5,293**	460,658
其他流動負債	**(5,591)**	(5,725)
資產淨值	**1,430,147**	1,204,226
資本及儲備		
股本	**186,912**	171,808
儲備	**1,243,235**	1,032,418
權益總額	**1,430,147**	1,204,226

35 主要附屬公司

下表僅載列主要影響本集團業績、資產及負債之附屬公司詳情。除另有列明外，所持有的股份類別為普通股。

附屬公司名稱	業務結構形式	註冊成立／成立地點	已發行及繳足股本／註冊資本情況	擁有權權益比例 本集團實際權益	由本公司持有	由附屬公司持有	主要業務
鶴山同方照明科技有限公司	外商獨資企業	中國	300,000,000美元	100%	–	100%	燈具產品生產及銷售
Star Bright International (Macao Commercial Offshore) Ltd.	註冊公司	澳門	100,000澳門幣	100%	–	100%	燈具產品貿易
同方證券有限公司	註冊公司	香港	450,000,000港元	100%	–	100%	資產管理服務、投資諮詢服務及證券交易
American Lighting, Inc.	註冊公司	美國	7,944,505美元	100%	–	100%	照明解決方案供應商
Tivoli, LLC.	合夥	美國	4,500,000美元	100%	–	100%	照明解決方案供應商

36 直接及最終控制方

於二零一七年十二月三十一日，董事認為本集團的直接母公司及最終控制方為清華同方節能控股有限公司及同方股份有限公司，該兩間公司分別於開曼群島及中國註冊成立。清華同方節能控股有限公司並無編製財務報表供作公眾使用。同方股份有限公司在上海證券交易所上市，並根據《企業會計準則》編製財務報表供公眾使用。

37 已頒佈但尚未於截至二零一七年十二月三十一日止年度生效之修訂、新準則及詮釋之可能影響

截至此等財務報表刊發日期，香港會計師公會已頒佈數項於截至二零一七年十二月三十一日止年度尚未生效而於此等財務報表內未有採納之修訂本及新準則。其中包括以下與本集團相關之修訂本及新準則。

	於以下日期或之後開始的會計期間生效
香港財務報告準則第9號，金融工具	二零一八年一月一日
香港財務報告準則第15號，來自客戶合約之收入	二零一八年一月一日
香港財務報告準則第2號修訂本，以股份為基礎的付款：以股份為基礎的付款之釐清及計量	二零一八年一月一日
香港會計準則第40號修訂本，投資物業：投資物業轉撥	二零一八年一月一日
香港（國際財務報告詮釋委員會）第22號，外幣交易及預付代價	二零一八年一月一日
香港財務報告準則第16號，租賃	二零一九年一月一日

本集團正在評估該等修訂本、新準則及詮釋預計於首次應用期間的影響。本集團目前已確認新準則的若干部份可能會對綜合財務報表產生重大影響。預計影響於下文進一步詳述。儘管香港財務報告準則第9號及香港財務報告準則第15號之評估已大致完成，但由於迄今已完成之評估乃基於本集團目前可獲得之資料，因此對首次採納該等準則之實際影響可能有所不同，待該等準則初步應用於本集團截至二零一八年六月三十日止六個月期間之中期財務報告之前，亦可能識別進一步影響。本集團亦可能會改變會計政策之選擇，包括過渡方案，直至該等準則首次應用於該財務報告內。

37 已頒佈但尚未於截至二零一七年十二月三十一日止年度生效之修訂、新準則及詮釋之可能影響*（續）*

香港財務報告準則第9號，金融工具

香港財務報告準則第9號將取代有關金融工具會計處理方法的現有準則香港會計準則第39號，金融工具：確認及計量。香港財務報告準則第9號引入分類及計量金融資產的新規定，包括計量金融資產減值及對沖會計處理方法。另一方面，香港財務報告準則第9號納入（並無實質變動）香港會計準則第39號有關確認及終止確認金融工具及金融負債分類及計量的規定。

香港財務報告準則第9號於二零一八年一月一日或之後開始之年度期間追溯生效。本集團計劃採用豁免重列比較資料，並將就二零一八年一月一日之期初權益結餘確認任何過渡調整。

新規定對本集團財務報表的預期影響如下：

(a) 分類及計量

香港財務報告準則第9號包括金融資產的三個主要分類類別：(1)按攤銷成本、(2)按公允值計入損益(FVTPL)及(3)按公允值計入綜合收益(FVTOCI)計量：

- 債務工具的分類根據實體管理金融資產的業務模式以及資產的合約現金流量特徵而釐定。倘債務工具分類為FVTOCI，則利息收入、減值及出售收益／虧損將在損益中確認。

- 無論實體的業務模式如何，股本證券的分類均為FVTPL之金融資產。唯一的例外情況是倘股本證券並非持作買賣且實體不可撤回地選擇將該證券指定為FVTOCI。倘股本證券被指定為FVTOCI，則只有該證券的股息收入會在損益中確認。該證券的收益、虧損及減值會在其他全面收益中確認且不可撥回。

本集團評估其目前按攤銷成本及FVTPL計量之金融資產將於採用香港財務報告準則第9號時沿用其各自的分類及計量。

37 已頒佈但尚未於截至二零一七年十二月三十一日止年度生效之修訂、新準則及詮釋之可能影響*（續）*

香港財務報告準則第9號，金融工具*（續）*

(a) 分類及計量*（續）*

就本集團目前分類為「可供出售」的金融資產而言，其為本集團在過渡至香港財務報告準則第9號時不可撤回地可指定為FVTOCI（不可撥回）之股本證券投資。本集團計劃不會就任何於二零一八年一月一日持有之投資選用此指定選擇，並將有關該等投資之任何公允值變動（一旦產生）於損益中確認。此舉將導致會計政策變動，乃因本集團於其他全面收益確認可供出售股本投資的公允值變動直至出售或減值為止。屆時收益或虧損根據附註2(o)所載的本集團政策撥回至損益。此政策變動不會對本集團的資產淨值及全面收益總額構成任何影響，惟將增加損益的波動性。

香港財務報告準則第9號項下的金融負債的分類及計量規定與香港會計準則第39號相比基本未變，惟香港財務報告準則第9號規定由金融負債信貸風險變化引起的FVTPL指定的金融負債的公允值變化須於其他全面收益中確認（不得重新分類至損益）。本集團目前並無任何FVTPL指定的金融負債，因此這項新規定將不會於採納香港財務報告準則第9號時對本集團產生任何重大影響。

(b) 減值

香港財務報告準則第9號的新減值模式以「預計信貸虧損」模式取代香港會計準則第39號的「已產生虧損」模式。根據預計信貸虧損模式，不再需要在確認減值虧損之前發生虧損事件。相反地，實體須將確認並計量為12個月的預計信貸虧損或可使用年期內的預計信貸虧損，惟視乎資產及事實及情況而定。本集團預期應用預期信貸虧損模式將導致信貸虧損提前確認。基於初步評估，本集團根據新減值規定調整減值計量方法，然而對減值虧損金額並無重大影響。

37 已頒佈但尚未於截至二零一七年十二月三十一日止年度生效之修訂、新準則及詮釋之可能影響*（續）*

香港財務報告準則第15號，來自客戶合約之收入

香港財務報告準則第15號建立了確認來自客戶合約之收入的全面框架。香港財務報告準則第15號將取代現有收入準則，即香港會計準則第18號收入（包括銷售貨品及提供服務所產生的收入）及香港會計準則第11號建設合約（訂明建設合約收入的會計處理方法）。

根據迄今完成的評估，本集團已確認以下部份預期將受影響：

(a) 收入確認時間

本集團的收入確認政策於附註2(g)披露。目前，來自銷售貨品的收入一般於風險和報酬轉移給客戶時確認。現行慣例乃與香港財務報告準則第15號一致。本集團已評估新收入準則不太可能對收入確認時間造成重大影響。

根據香港財務報告準則第15號，收入於客戶取得合約中已約定貨品或服務之控制權時確認。香港財務報告準則第15號將三種情況視作已約定貨品或服務之控制權已隨時間被轉移：

(i) 當客戶於實體履約時同時接受及使用實體履約所提供之利益時；

(ii) 當實體履約創造或增強一項於資產被創造或增強時由客戶控制之資產（如在建工程）時；

(iii) 當實體之履約並無創造對實體而言具替代用途之資產，且該實體對迄今完成之履約付款具有可執行權利時。

倘合約條款及實體活動並不屬於任何該等三種情況，則根據香港財務報告準則第15號，實體於某一指定時間點（即控制權轉移時）就銷售貨物或服務確認收益。所有權風險和報酬之轉移僅為於釐定控制權轉移發生時將考慮的其中一項指標。

37 已頒佈但尚未於截至二零一七年十二月三十一日止年度生效之修訂、新準則及詮釋之可能影響(續)

香港財務報告準則第15號，來自客戶合約之收入(續)

(b) 重大融資部分

香港財務報告準則第15號要求實體於合約包含重大融資部分時就貨幣時間價值調整交易價格，而不管來自客戶之付款將大部分提前收取或延後收取。

目前，本集團僅於付款大幅延期時採納該政策(本集團目前與客戶間之安排並不常用該政策)。目前，本集團並無於付款提前收取時採納該政策。

本集團與其客戶間之安排中並不常用提前付款。本集團已評估新收入準則不太可能造成重大影響。

(c) 具退貨權之銷售

目前，當客戶被允許退回本集團之產品時，本集團會估計預期退貨水平並就收入及銷售成本作出調整。

本集團評估採納香港財務報告準則第15號將不會對本集團於客戶有退貨權時確認收入及銷售成本之方式造成重大影響。然而，由於本集團目前就預期退貨對存貨賬面值進行調整而非另行確認資產，因此另行就預期將被退回之產品確認退回資產之新規定將影響於綜合財務狀況表之呈列。

本集團計劃選用累積效應過渡方法以採納香港財務報告準則第15號，並將確認初次應用的累積效應為於二零一八年一月一日對期初權益結餘的調整。在香港財務報告準則第15號允許下，本集團計劃僅將新規定應用於二零一八年一月一日前仍未完成的合約。由於於二零一七年十二月三十一日銷售LED產品的「尚未完成」合約數量有限，本集團並不預計初步採納香港財務報告準則第15號時會作出重大的過渡調整。然而，上述會計政策的預期變動可能會對二零一八年往後的本集團財務業績產生重大影響。

37 已頒佈但尚未於截至二零一七年十二月三十一日止年度生效之修訂、新準則及詮釋之可能影響*（續）*

香港財務報告準則第16號，租賃

誠如附註2(u)所披露，本集團現時將租賃分類為融資租賃及經營租賃，並根據租賃分類對租賃分別進行列賬。本集團作為出租人訂立部份租約，其他則作為承租人訂立租約。

預期香港財務報告準則第16號將不會大幅影響出租人根據租約將彼等權利及義務入賬的方式。然而，一旦採納香港財務報告準則第16號，承租人將不再區分融資租賃及經營租賃。相反，受可行權宜方法的規限，承租人將按與現有融資租賃會計處理方法類似的方式將所有租約入賬，即於租約開始日期，承租人將按日後最低租賃付款的現值確認及計量租賃負債，及將確認相應的「使用權」資產。於初步確認該資產及負債後，承租人將確認租賃負債結餘所產生的利息開支及使用權資產折舊，而非根據現有政策於租期內按系統基準確認根據經營租約所產生的租賃開支。作為一項可行權宜方法，承租人可選擇不將此會計模式應用於短期租賃（即租期為12個月或以下）及低價值資產的租賃，於該等情況下，租金開支將繼續於租期內按系統基準確認。

香港財務報告準則第16號主要將影響本集團作為承租人承租目前分類為經營租賃的物業、廠房及設備的會計處理方法。預計新會計模式的應用將導致資產及負債增加，並將於租賃期間影響於損益表確認開支的時間。誠如附註29所披露，於二零一七年十二月三十一日，本集團根據不可撤銷經營租賃的物業未來最低租賃付款錄得人民幣14,378,000元，其中人民幣6,842,000元須於一年後但於五年期間付款。因此，於採納香港財務報告準則第16號時，部份該等金額可能需確認為租賃負債，並確認相應的使用權資產。本集團需要進行更加詳細的分析，以確定採納香港財務報告準則第16號後經營租賃承擔所產生的新資產及負債，經考量可行權宜方法的適用性，並就現時與採納香港財務報告準則第16號時之間訂立或終止的任何租約以及貼現影響作出調整。

香港財務報告準則第16號將於二零一九年一月一日或之後開始之年度期間生效。該準則提供不同之過渡選擇及可行權宜方法，包括融入先前評估之可行權宜方法，當中現有安排為（或包含）租賃。倘選擇此可行權宜方法，本集團僅將香港財務報告準則第16號對租賃之新定義應用於首次應用日期或之後訂立之合約。倘並無選擇可行權宜方法，本集團將須使用新定義重新評估其對哪些現有合約為（或包含）租賃而作之所有決定。視乎本集團是否選擇以追溯方式採納香港財務報告準則第16號，或遵從經修訂可追溯方式確認對首次應用當日期初權益結餘之累積效應調整，本集團未必需要重列因重新評估而引致任何會計變動之比較資料。本集團尚未決定是否將選擇採用此可行權益方法及將採取的過渡方法。

釋義

於本報告內，除文義另有所指外，下列詞彙具有以下涵義：

「二零零六年購股權計劃」	指	本公司於二零零六年十一月二十日根據股東決議案採納的購股權計劃
「二零一六年購股權計劃」	指	於二零一六年五月十三日舉行之股東週年大會上由股東採納的購股權計劃
「股東週年大會」	指	本公司將予召開及謹訂於二零一八年五月十五日下午四時正假座香港灣仔告士打道138號聯合鹿島大廈15樓舉行的股東週年大會，或其任何續會
「American Lighting」	指	American Lighting, Inc.，一間達拉華州企業，為本公司的間接全資附屬公司
「組織章程細則」或「細則」	指	本公司於二零零六年十一月二十日經股東書面決議案採納並經不時修訂、補充及以其他方式修改的組織章程細則
「聯繫人」	指	具上市規則賦予該詞的涵義
「董事會」	指	本公司董事會
「營業日」	指	香港及開曼群島銀行一般向公眾開放營業的日子（星期六、星期日或香港或開曼群島公眾假期除外）
「英屬處女群島」	指	英屬處女群島
「中國」	指	中華人民共和國，就本報告而言，不包括香港、澳門及台灣
「公司條例」	指	香港法例第622章公司條例（經不時修訂、補充或以其他方式修改）
「公司（清盤及雜項條例條文）條例」	指	香港法例第32章公司（清盤及雜項條文）條例（經不時修訂、補充或以其他方式修改）
「本公司」	指	同方友友控股有限公司（股份代號：1868），一間於開曼群島註冊成立的有限責任公司，其股份於聯交所主板上市，且部份股份作為存託憑證在台灣證交所上市
「關連人士」	指	具上市規則所賦予的涵義
「控股股東」	指	具上市規則所賦予的涵義
「企業管治守則」	指	上市規則附錄十四所載的企業管治常規守則

釋義

「董事」	指	本公司董事
「本集團」	指	本公司及其附屬公司
「港元」及「港仙」	指	香港法定貨幣港元及港仙
「香港」	指	中國香港特別行政區
「獨立第三方」	指	與本公司任何董事、最高行政人員或主要股東、其附屬公司或彼等各自的任何聯繫人概無任何關連的獨立人士或公司(定義見上市規則)
「上市規則」	指	聯交所主板證券上市規則
「標準守則」	指	上市規則附錄十所載的上市公司董事進行證券交易標準守則
「人民幣」	指	中國法定貨幣人民幣
「證券及期貨條例」	指	香港法例第571章證券及期貨條例(經不時修訂及補充)
「股份」	指	本公司股本中每股面值0.1港元的股份
「股東」	指	本公司股東
「聯交所」	指	香港聯合交易所有限公司
「附屬公司」	指	具有香港法例第622章公司條例第15條賦予該詞的涵義
「附屬公司股份獎勵計劃」	指	股東於二零一五年四月二日採納的American Lighting 之股份獎勵計劃
「主要股東」	指	具上市規則所賦予的涵義
「同方節能控股」	指	清華同方節能控股有限公司，本公司的主要股東
「同方股份」	指	同方股份有限公司，於中國註冊成立的股份有限公司，其股份在上海證券交易所上市及買賣(股份代碼：600100)
「同方股份集團」	指	同方股份及其附屬公司(就本報告而言，不包括本集團)
「%」	指	百分比

NEO-NEON®

NEO-NEON HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)
Stock Code: 1868.HK; 911868.TDR

清华同方
TSINGHUA TONGFANG



TONGFANG SECURITIES

PROVIDING INTEGRATED FINANCIAL SERVICES
A platform for incubating technological innovations

2017 ANNUAL REPORT

Cooperation, Shared ,Win-Win

www.neo-neon.com

CONTENTS

Corporate Information	2
Chairman's Statement	4
Financial Highlights	5
Directors and Senior Management Profiles	6
Management Discussion and Analysis	10
Directors' Report	17
Corporate Governance Report	34
Environmental, Social and Governance Report	46
Independent Auditor's Report	62
Consolidated Statement of Comprehensive Income	69
Consolidated Statement of Financial Position	70
Consolidated Statement of Changes in Equity	72
Consolidated Cash Flow Statement	74
Notes to the Consolidated Financial Statements	76
Definitions	147

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Mr. Seah Han Leong

Non-executive Directors

Mr. Huang Yu *(Chairman)*
Mr. Wang Liang Hai
Mr. Liu Wei Dong

Independent non-executive Directors

Mr. Fan Ren Da Anthony
Mr. Liu Tian Min
Ms. Li Ming Qi

AUDIT COMMITTEE

Ms. Li Ming Qi *(Chairman)*
Mr. Fan Ren Da Anthony
Mr. Liu Tian Min

REMUNERATION COMMITTEE

Mr. Liu Tian Min *(Chairman)*
Mr. Huang Yu
Mr. Fan Ren Da Anthony
Ms. Li Ming Qi

NOMINATION COMMITTEE

Mr. Huang Yu *(Chairman)*
Mr. Fan Ren Da Anthony
Mr. Liu Tian Min
Ms. Li Ming Qi

RISK MANAGEMENT AND REGULATORY COMPLIANCE COMMITTEE

Mr. Fan Ren Da Anthony *(Chairman)*
Mr. Huang Yu
Mr. Seah Han Leong
Mr. Wang Liang Hai
Mr. Liu Wei Dong
Mr. Liu Tian Min
Ms. Li Ming Qi

AUTHORIZED REPRESENTATIVES

Mr. Seah Han Leong
Mr. Leung Lok Wai

COMPANY SECRETARY

Mr. Leung Lok Wai

HONG KONG BRANCH SHARE REGISTRAR

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

AUDITOR

KPMG
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

CORPORATE INFORMATION

LAWYER AS TO HONG KONG LAWS

Luk & Partners
in Association with Morgan, Lewis & Bockius
Suites 1902-09, 19th Floor, Edinburgh Tower,
The Landmark,
15 Queen's Road Central,
Hong Kong

PRINCIPAL BANKS

China Construction Bank Limited, HeShan Branch
Taishin International Bank, Hong Kong Branch
China Everbright Bank Company Limited,
Jiangmen Branch

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

15th Floor
Allied Kajima Building
138 Gloucester Road
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR

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

COMPANY WEBSITE ADDRESS

www.neo-neon.com

STOCK CODE

1868

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors and the management, I am pleased to present the report on the development status and operating results of Neo-Neon Holdings Limited and its subsidiaries for the year ended 31 December 2017.

STRATEGIC TRANSFORMATION

A profound change has been taking place in the global macroeconomic environment. Led by emerging industries, new development demands and opportunities have been arising in all economic sectors. Following the recent trend and not constrained by its current position in the LED lighting industry, the Group has taken decisive actions and entered into a phase of industry transformation, upgrade and diversification. During the year, with the hard work of all staff members of Neo-Neon and the mutual effort and support from our business partners, shareholders and investors, the Group further identified its direction of development, explored potential resources, optimised its management structure and implemented diversification strategies. The profitability of the Group has thus improved noticeably.

RESULTS OF DIVERSIFICATION DEVELOPMENT

In 2017, while maintaining an appropriate growth in the sales in the LED lighting sector, the Group also focused on market segmentation and specialisation, and continued to optimise its product mix and customer structure. The Group boasts the most comprehensive decorative lighting supply chain in the LED lighting sector. Its LED lighting sector has been ranked among the top 3 in the North American market and awarded first place of the "Top 10 Most Competitive Chinese LED Enterprises in North American Market" multiple times. The Group has been strengthening its efforts in product innovation and enhancing customer experience for the purpose of providing its customers with safe, comfortable and energy-saving light environments. We have obtained over 1,000 domestic and international patents, and have been ranked among the Top 100 Guangdong Innovative Patent Enterprises. The Group has always put utmost efforts in asset revitalisation. After transferring its equity interests in three subsidiaries in Shanghai, Yangzhou and Tianjin, the Group transformed a site based in Heshan into a LED lighting application themed science and technology zone. The core purpose of the science and technology zone is to provide interactive experiences and serve as a product showcase, distribution and exchange platform, and to integrate industry ancillary services, cultural exchange, enterprise incubation and living facilities. The science and technology zone has been approved by the Heshan City People's Government.

In 2017, the Group completed the acquisition of Tongfang Securities Limited (formerly known as Buttonwood Finance Limited, hereinafter referred to as "Tongfang Securities") and expanded into the financial services industry. Tongfang Securities is positioned as a "Technological Investment Bank" to seek global financial and technological opportunities while based in Hong Kong. It aims to achieve mutual growth together with the technology industry through fund investments, cross-border merger and acquisitions, financial services, fund management services and other investment banking services while integrating the higher end of various emerging industry production chains. The Tongfang Merger and Acquisition Fund managed by Tongfang Securities has successfully acquired the FLMobile and Showself Livestreaming Platform businesses of Link Motion Inc (NYSE code: NQ).

ACKNOWLEDGEMENT

I would like to take this opportunity to acknowledge the continuous support from our shareholders, clients, business partners and suppliers. On behalf of the Group, I hereby express my heartfelt gratitude to the members of the Board and all our employees for their contribution.

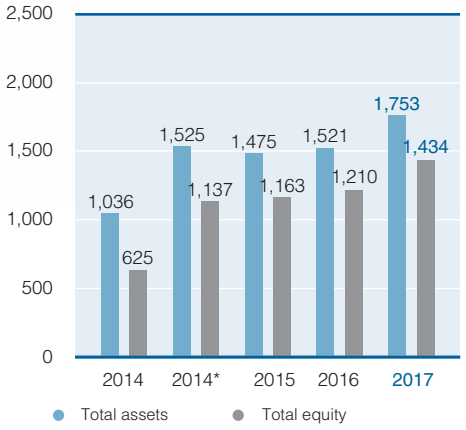
Huang Yu
Chairman
16 March 2018

FINANCIAL HIGHLIGHTS

Expressed in RMB million	Year ended 31-Mar 2014	Year ended 31 December 2014*	2015	2016	2017
Turnover	671	558	602	611	**666**
Gross profit (loss)	(195)	48	167	189	**208**
(Loss) profit attributable to owners of the Company	(659)	(196)	6	12	**120**
EBITA	(581)	(162)	46	58	**156**
Total assets	1,036	1,525	1,475	1,521	**1,753**
Total equity	625	1,137	1,163	1,210	**1,434**
Gross profit (loss) margin	(29.0%)	8.7%	27.8%	30.8%	**31.3%**
Net (loss) profit margin	(98.2%)	(35.1%)	1.0%	1.9%	**18.1%**
EPS(Loss)-basic (RMB cents)	(70.2)	(13.1)	0.3	0.6	**5.7**

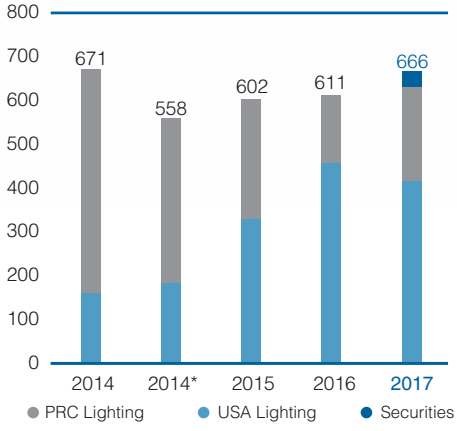
Total assets/Total equity

RMB M



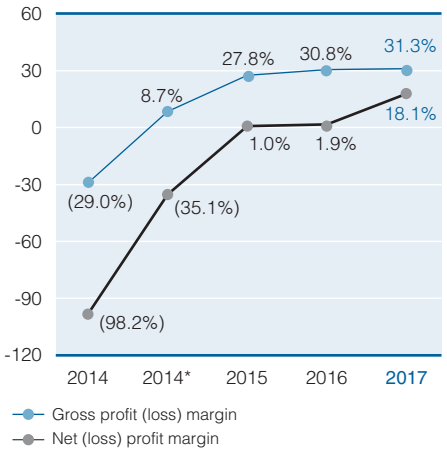
Turnover

RMB M



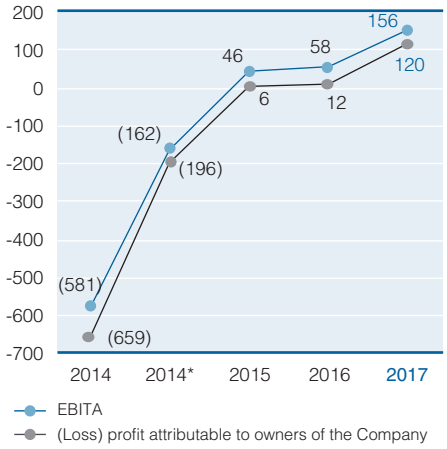
Gross and net profit (loss) margin

%



EBITA and (loss) profit attributable to owners of the Company

RMB M



* For the period of nine months from 1 April 2014 to 31 December 2014.

DIRECTORS AND SENIOR MANAGEMENT PROFILES

EXECUTIVE DIRECTOR

Mr. Seah Han Leong (謝漢良)

Mr. Seah Han Leong (謝漢良), aged 54, was appointed as an executive Director on 25 August 2014, the president and the chief executive officer of the Company on 26 August 2014, and he is responsible for the day-to-day operations and international business of the Company. He is also the president of THTF Lighting Group Limited (同方照明產業集團有限公司), a wholly-owned subsidiary of the Company. He is also a founder, an executive director and chief operation officer of Technovator International Limited ("Technovator"), is responsible for the day-to-day operations and general management of Technovator and its subsidiaries. He was appointed as a director of Technovator on 25 May 2005 and was re-designated as an executive director of Technovator on 12 April 2011. Mr. Seah ceased to be an executive director of Technovator on 7 February 2018 due to his other business commitment. Technovator is a company listed on the Main Board of the Stock Exchange (stock code: 1206). Mr. Seah received a certificate for attending the INSEAD-T.A.C. Management Development Programme from INSEAD Fontainebleau, France in 2003 and Technician Diploma in Electronics and Communication Engineering from Singapore Polytechnic in 1984. Prior to founding Technovator, Mr. Seah joined Honeywell Southeast Asia in 1990 and worked in various sales management positions covering different countries. In 1994, he was transferred to Honeywell China Inc. and his last position with Honeywell was the sales manager covering the Greater China market. He was also the managing director of TAC Controls Asia Pte Ltd from 1998 to 2005. Mr. Seah was recognized as the key personnel of the Asia Pacific management team of TAC Controls Asia Pte Ltd. He received various awards including Winners Club Award by Honeywell Asia Pacific Inc. and President's Club Award by Honeywell Inc. Mr. Seah was admitted as ordinary member of the Singapore Institute of Directors on 18 April 2012.

NON-EXECUTIVE DIRECTORS

Mr. Huang Yu (黃俞)

Mr. Huang Yu (黃俞), aged 49, was appointed as a non-executive Director and the chairman of the Board of the Company on 15 July 2016. He holds a master degree from the University of Greenwich. He is also (i) the chairman of the board of directors of Shenzhen Huakong Seg Co., Ltd.* (深圳華控賽格股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000068), (ii) the senior vice president of Tsinghua Holdings Co., Ltd.* (清華控股有限公司), (iii) an executive director of Shenzhen Aorongxin Investment Development Co., Ltd.* (深圳市奧融信投資發展有限公司), (iv) the chairman of the supervisory committee of Penghua Fund Management Co., Ltd.* (鵬華基金管理有限公司), (v) the vice chairman of the board of directors and the chief executive officer of Tongfang Co., Ltd.* (同方股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600100) and a controlling shareholder of the Company, (vi) the chairman of the board of directors and an executive director of Tongfang Kontafarma Holdings Limited (同方康泰產業集團有限公司), a company listed on the Stock Exchange (stock code: 1312) and (vii) a non-executive director and the chairman of the board of directors of Technovator International Limited (同方泰德國際科技有限公司), a company listed on the Stock Exchange (stock code: 1206).

Mr. Wang Liang Hai (王良海)

Mr. Wang Liang Hai (王良海), aged 53, was appointed as an executive Director on 25 August 2014. He was awarded a master degree in Engineering from Tsinghua University. He was appointed as the vice president, general manager of multi-media industrial group and general manager of semiconductor and lighting industrial group of Tsinghua Tongfang since May 2010. Mr. Wang has served as deputy general manager of the digital TV system group and general manager of consumer electronics division, assistant president of Tsinghua Tongfang since 2007.

Mr. Liu Wei Dong (劉衛東)

Mr. Liu Wei Dong (劉衛東), aged 55, was appointed as a non-executive Director on 25 August 2014. He is an accountant and holds an MBA. He graduated from School of Economics and Management of Tsinghua University, has more than 20 years of management experience in finance and auditing. Since 2004, Mr. Liu has served as deputy general manager of the audit department, vice general accountant and general accountant of Tsinghua Tongfang. He is currently the vice president of Tsinghua Tongfang.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fan, Ren Da Anthony (范仁達)

Mr. Fan, Ren Da Anthony (范仁達), aged 57, was appointed as an independent non-executive Director on 25 August 2014. In 1986, Mr. Fan received his Master of Business Administration from the University of Dallas of the United States. Mr. Fan is currently the chairman and managing director of AsiaLink Capital Ltd.. Mr. Fan is an independent non-executive director of Uni-President China Holdings Ltd. (stock code: 220), Citic Resources Holdings Limited (stock code: 1205), Shanghai Industrial Urban Development Group Limited (stock code: 563), Renhe Commercial Holdings Company Limited (stock code: 1387), Technovator International Limited (stock code: 1206), Guodian Technology & Environment Group Corporation Limited (stock code: 1296), Tenfu (Cayman) Holdings Company Limited (stock code: 6868), China Development Bank International Investment Limited (stock code: 1062), Hong Kong Resources Holdings Company Limited (stock code: 2882), CGN New Energy Holdings Co., Ltd. (stock code: 1811), LT Holdings Limited (stock code: 112) and Raymond Industrial Limited (stock code: 229), all of which are listed on the Main Board of the Hong Kong Stock Exchange. Mr. Fan is also the President of the Hong Kong Independent Non-Executive Director Association.

Mr. Liu Tian Min (劉天民)

Mr. Liu Tian Min (劉天民), aged 56, was appointed as an independent non-executive Director on 25 August 2014. He is the managing partner of SB China Venture Capital Limited, non-executive director of Technovator International Limited (stock code: 1206) and the independent director of Taiwan Wax Company, Ltd. (stock code: 1742). Mr. Liu served as vice president of Tsinghua Tongfang and the general manager of digital TV system group from 2003 to 2009. Technovator International Limited is listed on the Main Board of Stock Exchange, and Taiwan Wax Company, Ltd. is listed on Taiwan Stock Exchange.

Ms. Li Ming Qi (李明綺)

Ms. Li Ming Qi (李明綺), aged 50, was appointed as an independent non-executive Director on 25 August 2014. She graduated from Fudan University in Shanghai. She received a Bachelor of Economics and later obtained a Master of Economics from the Southern Methodist University and a Master of Science in Management and Administrative Sciences from the University of Texas in Dallas.

From March 2011 to November 2014, she served as the independent Board Director of Sino Gas International Holdings, Inc., which is listed on the Over-The-Counter Bulletin Board in the US (stock code: SGAS). After graduation, Ms. Li served as a senior associate of PricewaterhouseCoopers and JP Morgan Chase, she served as portfolio manager of BHF Capital and Transamerica Business Capital. More recently, she serviced as a Vice President in Morgan Stanley New York and as a hedge fund controller of Mercury Capital Management in Greenwich Connecticut.

SENIOR MANAGEMENT

Mr. Seah Han Leong (謝漢良). Please refer to the details set out above under the paragraph headed "Executive Directors" in this section.

Mr. Fu Kai (付凱)

Mr. Fu Kai (付凱), aged 43, is the chief financial officer and chief accountant of the Company. Mr. Fu was awarded a bachelor degree in Accountancy. He is also a Certified Tax Agent and senior accountant. He has served as the cost manager and financial manager of the financial department of Tongfang Gigamega Tech Co., Ltd (同方吉兆科技有限公司), the financial manager of financial department of digital TV system group of Tsinghua Tongfang, as well as the assistant general manager and deputy general manager of the financial department of Tsinghua Tongfang since 2004.

Mr. Jang Jann Huan (張震寰)

Mr. Jang Jann Huan (張震寰), aged 64, graduated from the Texas Tech University, where he obtained a Doctor of Philosophy degree in Business Administration. He is the assistant president of the Company, mainly responsible for the Company's business in the US. He is also currently the chief executive officer (CEO) and the acting CEO of American Lighting and Tivoli, both of which are the wholly-owned subsidiary of the Company, respectively. From 1999 to 2004, Mr. Jang was responsible for expanding our business in the US. From 2004 to 2006, he was the CEO of Tivoli. From 2006 to 2009, he served as the director of the marketing department, the executive Director and the CEO of the Company.

Mr. Xu Hui Lai (徐惠來)

Mr. Xu Hui Lai (徐惠來), aged 46, was awarded a bachelor degree in Laws from the China Youth University for Political Sciences (中國青年政治學院). He is the assistant president of the Company, mainly responsible for strategy development and the management and assessment of senior managers of the Company. He is also the vice president of THTF Lighting Group Limited (同方照明產業集團有限公司), a wholly-owned subsidiary of the Company.

Since 2000, he has served as the deputy head of human resources department of Nuctech Company Limited, the assistant general manager of human resources department of Tsinghua Tongfang, the director of human resources department of 同方光電科技有限公司 and the director of human resource of semiconductor lighting group of Tsinghua Tongfang.

Mr. Leung Lok Wai (梁樂偉)

Mr. Leung Lok Wai (梁樂偉), aged 42, is the company secretary of the Company. He joined the Group in March 2016. Mr. Leung is also the chief financial officer and the joint company secretary of Technovator International Limited, a listed issuer of the Stock Exchange (stock code: 1206). Mr. Leung received his Bachelor's degree in accountancy from the Hong Kong Polytechnic University in December 1999. He is a member of Hong Kong Institute of Certified Public Accountants and a member of the Institute of Internal Auditors. He has over 15 years of experience in accounting, audit, due diligence and financial management, including transaction services in PricewaterhouseCoopers, group internal audit in Swire Group and audit assurance services in KPMG.

Mr. Cheng Chien Wen (鄭建文)

Mr. Cheng Chien Wen (鄭建文), aged 50, graduated from Hujiang High School in July 1991. He is the assistant president of the Company and the general manager of Creation Lighting Co. Ltd. (Taiwan), a subsidiary of the Company, mainly responsible for the decorative lights business division of the Company and the daily management of Creation Lighting Co. Ltd. (Taiwan). He joined the former Neo-Neon Group (真明麗集團) in 1986 and had held several important positions in the manufacturing and research and development department. He served as a consultant in Taiwan Lighting Fixture Export Association.

Mr. Zhai Jian Yi (翟健翼)

Mr. Zhai Jian Yi (翟健翼), aged 51, is a construction engineer, and he graduated from Heilongjiang Province Construction Workers' University in July 1990. He is the assistant president of the Company, mainly responsible for science and technology zone projects. He had served as an engineer and the deputy general manager of the planning and development department of Beijing Tongfang Property Development Co. Ltd., the general manager of the planning and development department of Beijing Tongfang Star City Properties Co. Ltd., the general manager of the engineering department of Wuxi Tongfang Science Park Co. Ltd., the project manager of the production base construction department of Tsinghua Tongfang, the manager of the engineering department of Nantong Tongfang Science Park Co. Ltd. and the manager of the Wuxi base phase II project management department of Tongfang Computer Co. Ltd. since 2001.

Dr. Li, P. W. Daniel

Dr. Li P. W. Daniel, aged 46, Ph.D in Management, has extensive experience in financial institution management. He is in charge of the Group's financial business, as well as acting as chairman of Tongfang Securities Limited and Tongfang Finance Limited.

Mr. Mak Chak Hung (麥澤鴻)

Mr. Mak Chak Hung (麥澤鴻), aged 56, graduated in economics from the University of Sussex in July 1986, and was awarded the Postgraduate Diploma in Business Administration from the University of Warwick in March 1993. He is licensed as a responsible officer with Hong Kong SFC to conduct Type 1, 4 and 9 regulated activities. Mr. Mak has over two decades of extensive experience in investment and asset management industry. Before joining Tongfang Securities Limited, he was head of Fund Management at Guosen Securities (Hong Kong) Asset Management Ltd, the managing director at ABC International Asset Management Ltd, head of Asset Management at South China Asset Management Co. Ltd, the executive director and chief investment officer at Guotai Junan (Asia) Asset Management Ltd during the years from 2006 to 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The total revenue for the year ended 31 December 2017 was approximately RMB665.7 million, representing an increase of approximately 8.9% as compared to approximately RMB611.2 million for the year ended 31 December 2016. For further details, please refer to the below.

Lighting Segment

The revenue attributable to the lighting segment (research and development, manufacturing of lighting products and distribution of lighting products and distribution and providing solutions of lighting products) for the year ended 31 December 2017 was approximately RMB641.1 million, which remained stable as compared to approximately RMB640.6 million for the year ended 31 December 2016.

Securities Segment

In August 2016, the Company entered into a sales and purchase agreement to acquire Buttonwood Finance Limited, which is currently named as Tongfang Securities Limited. Tongfang Securities Limited is principally engaged in provision of asset management services, investment advisory services and securities trading. The completion of the acquisition took place on 20 January 2017. As at 31 December 2017, Tongfang Securities Limited is authorised to be a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) and is licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities. Tongfang Securities Limited also incorporated Tongfang Capital Limited which is a licensed corporation to carry on Type 6 (Advising on Corporate Finance) regulated activity under the SFO. Tongfang Finance Limited, an entity under common control with Tongfang Securities, is a corporation to carry on money lending business under Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong). During the year ended 31 December 2017, the revenue attributable to securities segment was approximately RMB36.4 million.

Cost of goods sold

For the year ended 31 December 2017, the cost of goods sold was approximately RMB457.6 million, representing an increase of approximately RMB34.9 million over approximately RMB422.7 million for the year ended 31 December 2016 primarily due to the increase of material costs.

Gross profit and gross profit margin

For the year ended 31 December 2017, the Group recorded a gross profit of approximately RMB208.1 million, representing an increase of RMB19.6 million over the gross profit of approximately RMB188.5 million for the year ended 31 December 2016. For further details, please refer to the below.

Lighting Segment

For the year ended 31 December 2017, the Group recorded a gross profit of approximately RMB171.7 million for the lighting segment, representing an decrease of approximately RMB16.8 million or 8.9% over approximately RMB188.5 million for the year ended 31 December 2016 primarily due to the increase of the cost of goods sold.

Securities Segment

For the year ended 31 December 2017, the Group recorded a gross profit of approximately RMB36.4 million for the securities segment. There is no cost of goods sold for securities segment.

Other gains, losses and expenses

For the year ended 31 December 2017, the Group recorded other gains of approximately RMB105.4 million, representing an increase of approximately RMB77.3 million over the other gains of RMB28.1 million for the year ended 31 December 2016, due to the net gains of approximately RMB110.6 million resulting from the completion of the disposal of three subsidiaries in early 2017, namely Yangzhou Tongfang Semiconductors Co., Ltd, Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd and Tianjin Zhenmingli Photoelectricity Co., Ltd. For further details, please refer to the announcement dated 31 October 2016 and the circular dated 28 November 2016.

Impairment loss of property, plant and equipment

For the year ended 31 December 2017, the amount of impairment losses recognised in respect of property, plant and equipment was nil (31 December 2016: nil).

Operating expenses

The distribution and selling expenses mainly comprised of staff costs for lighting segment, promotion and advertising, freight and transportation, agency and custom costs and rent and rates.

For the year ended 31 December 2017, the distribution and selling expenses of the Group were approximately RMB90.1 million, representing a decrease of approximately RMB7.3 million over approximately RMB97.4 million for the year ended 31 December 2016, mainly attributable to the decrease in staff costs of approximately RMB5.0 million.

The administrative expenses mainly comprised of staff costs for securities segment, directors remuneration, depreciation charge and professional and legal fee. The administrative expenses for the year ended 31 December 2017 were approximately RMB128.2 million, representing an increase of approximately RMB20.0 million over approximately RMB108.2 million for the year ended 31 December 2016, mainly due to the increase in staff costs due to the completion of the acquisition of Tongfang Securities Limited.

Finance costs

The finance costs for the year ended 31 December 2017 was approximately RMB4.7 million, representing an increase over RMB3.9 million for the year ended 31 December 2016, mainly due to the increase in new bank loan of approximately RMB94.8 million for the year of 2017 against the year of 2016.

Taxation

For the year ended 31 December 2017, the Group's tax charge of RMB5.8 million (31 December 2016: tax charge of RMB7.1 million) mainly included tax provision for the year of 2017 for approximately RMB3.2 million and deferred tax of approximately RMB2.6 million.

Profit attributable to owners of the Company

For year ended 31 December 2017, the Group recorded a profit attributable to owners of the Company of RMB120.4 million, representing an increase over RMB108.6 million for the year ended 31 December 2016, Such profit was mainly derived from, among others, PRC lighting segment profit of approximately RMB92.3 million, USA lighting segment profit of approximately RMB15.5 million and increase in revenue generated from securities segment.

Net profit

For year ended 31 December 2017, the Group recorded a net profit of RMB120.5 million, as compared to RMB11.7 million for the year ended 31 December 2016. Such profit was mainly derived from, among others, PRC lighting segment profit of approximately RMB92.3 million, USA lighting segment profit of approximately RMB15.5 million and increase in revenue generated from securities segment.

Financial Resources and Liquidity and Gearing Ratio

The Group maintained a stable financial position. As at 31 December 2017, the Group had bank balances of RMB436.0 million and short-term bank loans of RMB70.2 million. The gearing ratio representing the ratio of short-term bank loans to total equity of the Group was 4.9% as at 31 December 2017 (31 December 2016: 9.2%). Such decrease was mainly caused by the repayment of bank loans of RMB210.6 million incurred in 2017.

Cash flows

The Group's financial resources mainly consist of cash flow from operating activities, investing activities and financing activities.

The Group recorded (1) cash outflow from operating activities of approximately RMB95.7 million for the year ended 31 December 2017 (the year ended 31 December 2016: cash inflow of RMB4.9 million), (2) cash outflow from investing activities of approximately RMB40.5 million for the year ended 31 December 2017 (the year ended 31 December 2016: cash outflow of approximately RMB13.1 million), and (3) cash outflow from financing activities of approximately RMB51.6 million for year ended 31 December 2017 (the year ended 31 December 2016: cash inflow of approximately RMB4.6 million).

The above increase in cash outflow from operating activities was mainly attributable to the increase in cash held on behalf of client of approximately RMB90.3 million.

The above increase in cash outflow from investing activities was mainly attributable to the increase in placement of restricted bank deposits of approximately RMB29.4 million and purchase of listed shares of approximately RMB13.5 million.

The above increase in cash outflow from financing activities was mainly attributable to new bank loans of approximately RMB175.0 million, repayment of bank loans of approximately RMB210.6 million and payment for repurchase of Shares of approximately RMB11.3 million in the year of 2017.

Assets and liabilities

As at 31 December 2017, the Group recorded the total assets of approximately RMB1,752.8 million (31 December 2016: RMB1,521.4 million) and total liabilities of approximately RMB319.0 million (31 December 2016: RMB311.5 million).

As at 31 December 2017, the Group's current assets and non-current assets were approximately RMB1,298.3 million (31 December 2016: RMB1,166.3 million) and approximately RMB454.5 million (31 December 2016: RMB355.1 million), respectively. The increase in current assets was mainly attributable to the increase in available-for-sale investment of approximately of RMB321.1 million and decrease in cash and cash equivalents of approximately of RMB211.4 million.

As at 31 December 2017, the Group's current liabilities and long-term liabilities were approximately RMB305.1 million (31 December 2016: RMB295.8 million) and approximately RMB13.9 million (31 December 2016: RMB15.7 million), respectively. The increase in current liabilities was mainly attributable to increase in account payable to securities clients.

Foreign Exchange Risk

Several subsidiaries of the Company have sales and purchases denominated in currencies other than the functional currency of respective entity, which expose the Group to foreign currency risk.

The Group currently does not have a foreign currency hedging policy to eliminate the currency exposures. However, the management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposures should the need arise.

Charge on Assets

As at 31 December 2017, the Group did not pledge any of its land and buildings (31 December 2016: nil). The Group pledged certain of its trade receivables and inventories with an aggregate carrying value of approximately RMB53.4 million (31 December 2016: RMB78.5 million), and also bank deposits of aggregate carrying value of RMB13.3 million (31 December 2016: RMB27.7 million) to secure bank credit facilities granted to the Group.

Capital Commitments

As at 31 December 2017, the Group had capital expenditure contracted for but not provided in the financial statements in respect of the acquisition of property, plant and equipment of RMB4.6 million (31 December 2016: RMB1.8 million).

Contingent Liabilities

During the year ended 31 December 2017, certain subsidiaries are parties to various legal claims in their ordinary course of business. In the opinion of the Directors, these claims would not have a significant impact on the Group's results and financial position.

Capital Structure

As at 31 December 2017, the issued share capital of the Company was RMB186,911,931 (equivalent to HK$210,916,342) (31 December 2016: RMB171,808,087 (equivalent to HK$193,831,969)), divided into 2,109,163,417 ordinary shares of HK$0.10 each. Such change was primarily due to settlement of the consideration by issuing of new 177,227,723 shares for the acquisitions of Tongfang Securities Limited and cancellation of the repurchased Shares.

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT

There were no significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Period, nor was there any plan authorized by the Board for other material investments or additions of capital assets during the year ended 31 December 2017.

Subsequent Event

On 16 June 2017, Tongfang Securities, a wholly-owned subsidiary of the Company, entered into a discretionary client agreement with Hai Tong Asset Management (HK) Limited ("Investment Manager"), pursuant to which the Investment Manager has agreed to subscribe for 374,448.04 HK$ Class R1A Shares in the Haitong Freedom Multi-Tranche Bond Fund (the "Fund") for and on behalf of Tongfang Securities at the consideration of HK$400,000,000 (equivalent to approximately RMB348,600,000) (the "Investment Amount").

At 31 December 2017, the above investments were classified as available-for-sale with a fair value of HK$384,107,000 (equivalent to approximately RMB321,079,000) that are held for short-term purposes.

Subsequent to the end of the reporting period, the Investment Manager has redeemed certain interest in the Fund in the amount of HK$370,000,000 (equivalent to approximately RMB309,283,000), for and on behalf of Tongfang Securities pursuant to its discretionary authority under the discretionary client agreement on 9 February 2018.

Final Dividend

The Board resolved not to declare any dividend for the year ended 31 December 2017 (31 December 2016: nil).

BUSINESS REVIEW

Overview

During the year, lighting segment of the Group seized the opportunity to explore the overseas market without slack, increased the gross margins, improved the management level, and revitalized idle assets, which lead to the improvement in operating performance.

Heshan Tongfang Lighting Technology Co., Ltd.* (鶴山同方照明科技有限公司) ("Heshan Tongfang"), a wholly-owned subsidiary of the Group, entered into an investment framework agreement (the "Investment Framework Agreement") with the Management Committee of Heshan Municipal Industry City* (鶴山市工業城管委會) ("Management Committee of Heshan Industry City") in relation to the development and expansion of electronic information industry and LED lighting industry in Heshan Industry City* (鶴山市工業城) by planning and constructing Tongfang Science and Technology City* (同方科技城), a science and technology zone to be operated by Heshan Tongfang on 29 June 2017.

The Investment Framework Agreement marks the Group's continuous efforts to expand its current businesses of research & development, sales and manufacturing of LED decorative lighting, LED general lighting, LED professional lighting and engineering projects. The cooperation with Management Committee of Heshan Industry City also demonstrates the local government authority's commitment and faith in the Group's business and operation.

Accordingly, the Directors (including the independent non-executive Directors) are of the view that the Investment Framework Agreement is in the best interest of the Company and the shareholders of the Company as a whole.

The Company received an approval letter from Heshan Municipal People's Government* (鶴山市人民政府) ("Heshan Government"), pursuant to which Heshan Government has approved the construction and development plan of Tongfang Science and Technology City* (同方科技城), a science and technology zone to be operated by Heshan Tongfang, in Heshan Industry City* (鶴山市工業城) as contemplated under the Investment Framework Agreement on 1 March 2018. In the event any definitive agreement in relation to the Investment Framework Agreement is entered into, further announcement(s) will be made as appropriate in compliance with the Listing Rules.

The Company has start to cultivate the following into new pillar businesses, fund management, investment banking, financial management and technology-based financial business investments from emerging industries. During the year, the Company completed the acquisition of Buttonwood Finance Limited, which is currently name as Tongfang Securities Limited and has become a wholly-owned subsidiary of the Company. Tongfang Securities Limited is a company incorporated in Hong Kong with limited liability and is principally engaged in provision of asset management services, investment advisory services and securities trading, and is licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities. Tongfang Securities Limited also incorporated Tongfang Capital Limited which is a licensed corporation to carry on Type 6 (Advising on Corporate Finance) regulated activity under the SFO. Tongfang Finance Limited, an entity under common control with Tongfang Securities, is a corporation to carry on money lending business under Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong). The deployment and development such national strategic emerging industries would facilitate the Group to continue to innovate and develop.

Sales and Distribution

Lighting Segment

During the year, lighting segment of the Group took efforts in distribution and marketing, improving and expanding the sales channel of general LED lighting products. The Group proactively made deployment in branding establishment and sales channel in the world's fastest growing markets and brought to its customers better sales services in energy-saving technologies and solutions.

Securities Segment

Tongfang Securities Limited expects to leverage on the Company's diversified business portfolio, solid client bases and extensive expertise in the high technology industry to further develop its financial service business and to explore cross-selling opportunities within the Company, especially relating to the technology sector.

Research and Development ("R&D")

The Group's R&D efforts were driven towards product design, new product development and production efficiency improvement in order to reduce the overall production cost.

Employees and Remuneration Policy

As at 31 December 2017, the Group's total number of employees was approximately 1,200 (31 December 2016: 1,500). The basic remunerations of the employees are determined with reference to the industry remuneration benchmark, the employees' experience and their performance. Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. Directors' remuneration is determined based on a variety of factors such as market conditions and responsibilities assumed by each Director. Apart from the basic remuneration and statutory benefits required by laws, the Group provides discretionary bonus based upon the Group's results and the individual performance of the staff.

Prospects

The Company is committed to a sustainable social development of low-carbon economy, and providing the human comfort, safety, energy-saving light environment with more than 30 years of LED lighting industry expertise and experience. The acquisition of the Tongfang Securities Limited is consistent with the development strategy of the Company to diversify the business and it will enable the Group to expand its business into the financial services industry.

DIRECTORS' REPORT

The Directors are pleased to present their annual report and the audited financial statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Company's principal subsidiaries are set out in note 35 to the consolidated financial statements.

BUSINESS REVIEW

A business review of the Group for the year ended 31 December 2017 has been set out in the section headed "Management Discussion and Analysis" of this annual report.

FUTURE DEVELOPMENT

An indication of the future development in the Group's business is shown on has been set out in the sections headed "Management Discussion and Analysis" and "Chairman's Statement" of this annual report.

SUBSIDIARIES

Details of the principal subsidiaries of the Group as of 31 December 2017 are set out in note 35 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2017 are set out in the "Consolidated Statement of Comprehensive Income" on page 69 of this annual report. The Board resolved not to declare any dividend for the year ended 31 December 2017 (31 December 2016: nil).

ANNUAL GENERAL MEETING

The AGM of the Company will be held in Hong Kong on 15 May 2018. Notice of the AGM will be issued and disseminated to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM of the Company to be held on Tuesday, 15 May 2018, the register of members of the Company will be closed from Wednesday, 9 May 2018 to Tuesday, 15 May 2018, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrars in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 8 May 2018. The record date for the entitlement to attend the annual general meeting will be on Tuesday, 15 May 2018.

PROPERTY, PLANT AND EQUIPMENT

Movements during the year in the Group's property, plant and equipment are set out in note 14 to the consolidated financial statements. Movements during the year in the Group's investment properties are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 27 to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group are set out in consolidated statement of changes in equity of the financial statement. At 31 December 2017, the aggregate amount of reserves available for distribution to equity shareholders of the company was RMB927,843,000.

PRE-EMPTIVE RIGHTS

There are no 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.

DIRECTORS

The Directors of the Company up to the date of this report are:

Executive Director

Mr. Seah Han Leong

Non-executive Directors

Mr. Huang Yu *(Chairman)*
Mr. Wang Liang Hai
Mr. Liu Wei Dong

Independent Non-executive Directors

Mr. Fan Ren Da, Anthony
Mr. Liu Tian Min
Ms. Li Ming Qi

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

The updated information of the Directors and senior management is set out on page 6 to page 9 of this report.

DIRECTORS' INTERESTS IN CONTRACTS

There was no contract of significance in relation to the Group's business to which the Company or any of subsidiaries and fellow subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the year ended review.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the year under review was the Company or any of its subsidiaries a party to any arrangement whose objectives are to enable a Director of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than under the 2006 Share Option Scheme and the 2016 Share Option Scheme and the Subsidiary Share Incentive Plan, as disclosed below.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors is or was interested in any business, apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time for the year ended 31 December 2017 and up to the date hereof.

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

As at 31 December 2017, the interests or short positions of the Directors and the chief executives in the Shares, underlying Shares and debentures of the Company and its associated corporations of the Company, within the meaning of Part XV of the SFO which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Long positions in the Shares and underlying Shares of the Company:

Name	Capacity	Number of Ordinary Shares as at 31 December 2017	Percentage of total issued share capital as at 31 December 2017
Mr. Seah Han Leong[1]	Beneficial owner	1,500,000	0.07%
Mr. Wang Liang Hai[2]	Beneficial owner	1,500,000	0.07%
Mr. Liu Wei Dong[3]	Beneficial owner	1,000,000	0.05%
Mr. Fan, Ren Da Anthony[4]	Beneficial owner	600,000	0.03%
Mr. Liu Tian Min[5]	Beneficial owner	600,000	0.03%
Ms. Li Ming Qi[6]	Beneficial owner	600,000	0.03%

Notes:

(1) Mr. Seah Han Leong is deemed to be interested in 1,500,000 Shares which may be issued to him upon the exercise of the share options granted to him on 15 May 2015 under the 2006 Share Option Scheme.

(2) Mr. Wang Liang Hai is deemed to be interested in 1,500,000 Shares which may be issued to him upon the exercise of the share options granted to him on 15 May 2015 under the 2006 Share Option Scheme.

(3) Mr. Liu Wei Dong is deemed to be interested in 1,000,000 Shares which may be issued to him upon the exercise of the share options granted to him on 15 May 2015 under the 2006 Share Option Scheme.

(4) Mr. Fan, Ren Da Anthony is deemed to be interested in 600,000 Shares which may be issued to him upon the exercise of the share options granted to him on 15 May 2015 under the 2006 Share Option Scheme.

(5) Mr. Liu Tian Min is deemed to be interested in 600,000 Shares which may be issued to him upon the exercise of the share options granted to him on 15 May 2015 under the 2006 Share Option Scheme.

(6) Ms. Li Ming Qi is deemed to be interested in 600,000 Shares which may be issued to her upon the exercise of the share options granted to her on 15 May 2015 under the 2006 Share Option Scheme.

Long Positions in the Shares and underlying Shares of the associated corporation:

American Lighting

Name	Capacity	Number of Ordinary Shares as at 31 December 2017	Percentage of total issued share capital as at 31 December 2017
Mr. Seah Han Leong[1]	Beneficial owner	363	0.99%

Note:

(1) Mr. Seah Han Leong is deemed to be interested in 363 common stocks of American Lighting which may be issued to him upon the exercise of the share options granted to him under the Subsidiary Share Incentive Plan on 30 June 2015.

Save as mentioned above, as at 31 December 2017, none of the Directors and the chief executives had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations which had been entered in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors and the chief executive of the Company (including their spouse and children under 18 years of age) to hold any interest or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2017, so far as the Directors are aware, the following persons (other than the Directors and the executive officers) have interests or short positions in the Shares or underlying Shares which are required to be disclosed to the provisions of Divisions 2 and 3 of Part XV of the SFO or, are directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Name	Capacity	Number of Ordinary Shares as at 31 December 2017	Percentage of total issued share capital as at 31 December 2017
THTF ES[1]	Beneficial owner	1,348,360,690	63.93%
Resuccess[1][2]	Interest of controlled corporation, beneficial owner	1,357,442,690	64.36%
Tsinghua Tongfang[1][2]	Interest of controlled corporation	1,357,442,690	64.36%
Vast Stone Limited	Beneficial owner	177,227,723	8.40%
Li, Pak Wang Daniel	Interest of controlled corporation	177,227,723	8.40%

Notes:

(1) Resuccess Investments Limited ("Resuccess") holds the entire issued share capital of THTF ES and Tsinghua Tongfang holds the entire issued share capital of Resuccess, therefore, each of Resuccess and Tsinghua Tongfang is deemed to be interested in all 1,348,360,690 Shares held by THTF ES.

(2) Resuccess directly holds 9,082,000 Shares in the Company. Tsinghua Tongfang holds the entire issued share capital of Resuccess, therefore, Tsinghua Tongfang is deemed to be interested in all Shares held by Resuccess.

Save as mentioned above, as at 31 December 2017, the Company had not been notified of any interests and short positions in the Shares and underlying Shares of the Company which had been entered in the register required to be kept under Section 336 of the SFO.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group for the year ended 31 December 2017 are set out in note 32 to the financial statements.

Continuing Connected Transactions

Master Sales Agreement

On 13 February 2015, the Company entered into the master sales agreement (the "Master Sales Agreement") with Tsinghua Tongfang, pursuant to which the Company or its subsidiaries agreed to sell certain products to Tsinghua Tongfang, or its subsidiaries for a period commencing from 13 February 2015 to 31 December 2017.

Pursuant to the Master Sales Agreement, the Company agreed to supply and procure its subsidiaries to supply to the Tsinghua Tongfang Group epitaxial wafers, LED decorative lights, LED general lighting products, professional LED lighting products and lighting projects.

The price of the sales of products by the Company to Tsinghua Tongfang shall be generally determined based on arm's length negotiation, with reference to (1) the average selling price of the products of comparable nature and scale and accepted by an Independent Third Party in the twelve-month period prior to the relevant transaction, (2) where there is no such average selling price available, any most recent available sale price of products of comparable nature and scale offered by the Group and accepted by an Independent Third Party, the latest available market data, and (3) the prevailing market price for the sale of products of comparable nature and scale, which should be in any event no less favorable to the Group than is available to Independent Third Parties.

In particular, the prices of each type of the products under the Master Sales Agreement are set forth as below:

Type of Products	Price
Epitaxial wafers	Considering that epitaxial wafers are semi-finished products and there might not be sufficient selling prices available for reference, the Group will usually refer to any most recent available sale price of products of comparable nature and scale offered by the Group and accepted by an Independent Third Party and the latest available market data
Finished products including LED decorative lights, LED general lighting products, professional LED lighting products, lighting projects	The average selling price of the products of comparable nature and scale and accepted by an Independent Third Party in the twelve-month period prior to the relevant transaction

As at 31 December 2017, Tsinghua Tongfang is a controlling shareholder of the Company by virtue of its indirect 100% interest in THTF ES and its direct 100% interest in Resuccess, which in turn hold 64.36% of the total issued share capital of the Company. Therefore, Tsinghua Tongfang is a connected person of the Company and the transactions under the Master Sales Agreement constitute continuing connected transactions.

As each of the applicable percentage ratios (other than the profits ratio) as calculated in accordance with Chapter 14 of the Listing Rules for the proposed cap amount in respect of the Master Sales Agreement, on an annual basis, exceeds 5%, and the annual cap for each of the three years ended 31 December 2017 is more than HK$10 million, therefore, the transactions contemplated under the Master Sales Agreement are subject to the reporting, announcement requirements and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors consider that Tsinghua Tongfang is a leader in the semiconductor and lighting markets in the PRC, with its shares listed on Shanghai Stock Exchange. The sales to Tsinghua Tongfang Group is expected to make positive contribution to the Group's operating revenue. Therefore, the Directors (including the independent non-executive Directors) are of the view that the Master Sales Agreement has been entered into in ordinary and usual course of business on normal commercial terms and the terms thereof are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Further details of the Master Sales Agreement are set out in the circular of the Company dated 4 March 2015.

It was proposed that the annual caps under the Master Sales Agreement for financial year ended 31 December 2017 would be RMB220,421,000.

For the year ended 31 December 2017, the aggregate transactions under the sales by the Group to Tsinghua Tongfang was approximately RMB2,487,000 which was within the cap of approximately RMB220,421,000 under the Master Sales Agreement.

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

(i) in the ordinary and usual course of the business of the Company;

(ii) either (a) on normal commercial terms or; (b) where there is no available comparable terms, on terms no less favorable to the Company than terms available to or from Independent Third Parties; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Board has engaged the auditors of the Company to report on the aforesaid 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. KPMG have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group.

The auditors of the Company have reported to the Directors that during the year:

(i) the above continuing connected transactions have been approved by the Board of Directors;

(ii) the above continuing connected transactions are in accordance with the pricing policies of the Company;

(iii) the above continuing connected transactions have been entered into in accordance with the terms of the agreements governing such transactions; and

(iv) the respective cap amounts set out in the relevant agreements referred to above have not been exceeded.

Save as disclosed above, no non-exempt connected transactions or continuing connected transactions subsisted or have been entered into by the Group for the year ended 31 December 2017.

EQUITY-LINKED AGREEMENTS

Save as disclosed herein and in the sections headed "Share Option Scheme", as at the end of and during the year ended 31 December 2017, the Company did not enter into (i) any agreement that will or may result in the Company issuing Shares; or (ii) any agreement requiring the Company to enter into any agreement specified in (i).

SHARE OPTION SCHEME

The 2006 Share Option Scheme

The 2006 Share Option Scheme was adopted by the Company pursuant to the Shareholders' resolutions passed on 20 November 2006 for the primary purpose of providing incentives to Directors and eligible employees. The 2006 Share Option Scheme became effective on 15 December 2006 and the options issued pursuant to the 2006 Share Option Scheme will expire no later than 10 years from the date of grant of the option. Under the 2006 Share Option Scheme, the Board may grant options to any employees of the Company or any of its subsidiaries to subscribe shares of the Company.

For any options granted to Directors, chief executives or substantial shareholders of the Company, options to be granted shall be approved by the independent non-executive Directors of the Company (excluding any independent non-executive Director who is the proposed grantee of options).

Upon the adoption of the 2016 Share Option Scheme on 13 May 2016, the 2006 Share Option Scheme be terminated and no further share options can be granted under the 2006 Share Option Scheme.

As at the date of this annual report, a total of 22,300,000 Shares (representing 1.06% of the issued share capital of the Company as at the date of this annual report) may be issued upon exercise of all options which had been granted and yet to be exercised under the 2006 Share Option Scheme.

The number of shares issued and to be issued in respect of options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the total shares of the Company in issue at any point in time, without prior approval from the Company's Shareholders.

The amount payable on acceptance of an option is HK$1.00. In relation to any options granted under the Scheme, the exercise price is determined by the Directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Details of the share options under the 2006 Share Option Scheme during the year ended 31 December 2017 are set forth as below.

Category of participants	Date of grant[1]	Exercise price per share (HK$)	Outstanding at 1 January 2017	Granted during the year	Exercise during the year	Forfeited/ Lapsed during the year	Outstanding at 31 December 2017
Directors							
Mr. Seah Han Leong	15 May 2015	1.31	1,500,000	–	–	–	1,500,000
Mr. Wang Liang Hai	15 May 2015	1.31	1,500,000	–	–	–	1,500,000
Mr. Liu Wei Dong	15 May 2015	1.31	1,000,000	–	–	–	1,000,000
Mr. Fan, Ren Da Anthony	15 May 2015	1.31	600,000	–	–	–	600,000
Mr. Liu Tian Min	15 May 2015	1.31	600,000	–	–	–	600,000
Ms. Li Ming Qi	15 May 2015	1.31	600,000	–	–	–	600,000
Employees	15 May 2015	1.31	17,800,000	–	–	(1,300,000)	16,500,000
Total:	–	–	23,600,000	–	–	(1,300,000)	22,300,000

Note:

(1) Share options granted under the 2006 Share Option Scheme on 15 May 2015 vest in the relevant grantee in accordance with the timetable below with a 5-year exercise period. The closing price per Share on 14 May 2015 was HK$1.33, being the business day immediately prior to the date of grant.

Vesting date	Percentage of options to vest	Vesting condition
1 July 2016	50% of the total number of share options granted	The vesting of the share options shall be conditional upon the Company meeting its performance targets for the year of 2015
1 July 2017	50% of the total number of share options granted	The vesting of the share options shall be conditional upon the Company meeting its performance targets for the year of 2016

Save as disclosed above, no share option was granted, exercised, lapsed, or cancelled during the year ended 31 December 2017.

The 2016 Share Option Scheme

The Company has adopted the 2016 Share Option Scheme since on 13 May 2016 for the primary purpose of to motivate eligible persons (as defined in the 2016 Share Option Scheme) to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executive (as defined in the 2016 Share Option Scheme), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

Eligible persons include any of the following persons: (a) an Executive, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group or of an Eligible Entity (as defined in the 2016 Share Option Scheme); (b) a director or proposed director (including an independent non-executive director) of any member of the Group or of an Eligible Entity; (c) a direct or indirect shareholder of any member of the Group; (d) a supplier of goods or services to any member of the Group or of an Eligible Entity; (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group or of an Eligible Entity; (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group or of an Eligible Entity; and (g) an associate of any of the foregoing persons.

The maximum number of shares which may be issued upon the exercise of all the options to be granted under the 2016 Share Option Scheme was 193,931,969, representing approximately 10% of the total number of Shares in issue as at the date of the adoption and representing 9.19% of the issued share capital of the Company as at the date of this annual report.

No option may be granted to any participant of the 2016 Share Option Scheme such that the total number of shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time.

An option may be exercised in accordance with the terms of the 2016 Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised. Participants of the 2016 Share Option Scheme are required to pay the Company HK$1.0 upon acceptance of the grant on or before the 28 days after the offer date. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

(a) the nominal value of a share;

(b) the closing price of a share as stated in the Stock Exchange's daily quotations sheets on the offer date; and

(c) the average closing price of a share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date.

The 2016 Share Option Scheme shall be valid and effective for a period of 10 years from the adoption date, after which no further options will be granted or offered.

As at the date of this annual report, a total of 193,931,969 Shares (representing 9.19% of the issued share capital of the Company as at the date of this annual report) may be issued upon exercise of all options which may be granted under the 2016 Share Option Scheme.

Since the adoption of the 2016 Share Option Scheme, no share options have been granted.

Subsidiary Share Incentive Plan

On 2 April 2015, the Company adopted the Subsidiary Share Incentive Plan by Shareholders' approval in order to advance the interests of current and future stockholders of American Lighting, by enhancing American Lighting's ability to attract, retain and motivate persons who make (or are expected to make) important contributions to American Lighting by providing such persons with equity ownership opportunities and thereby better aligning the interests of such persons with those of the Company's stockholders. The Subsidiary Share Incentive Plan is valid for ten years after its adoption. The eligible persons include the employees, consultants, and directors of American Lighting or any parent or subsidiary of American Lighting.

Subject to adjustment under the Subsidiary Share Incentive Plan, awards may be made under the Subsidiary Share Incentive Plan covering up to 3,632 shares of common stock (all of which may, but need not, be granted as incentive stock options, subject to any limitations under the Internal Revenue Code of 1986), which is equal to 10% of the issued and outstanding shares of Common Stock on the date when the Subsidiary Share Incentive Plan is adopted and approved by the Shareholders and as at the date of this annual report. If any award expires or lapses or is terminated, surrendered or cancelled without having been fully exercised or is forfeited in whole or in part (including as the result of shares of common stock subject to such award being repurchased by the Company at or below the original issuance price), in any case in a manner that results in any shares of common stock covered by such award not being issued or being so reacquired by the Company, the unused Common Stock covered by such award shall again be available for the grant of awards under the Subsidiary Share Incentive Plan.

The total number of shares of common stock issued and to be issued upon the exercise of options granted and to be granted to each Service Provider (as defined in the Subsidiary Share Incentive Plan) (including both exercised and outstanding options) in any period of twelve (12) consecutive months up to and including the date of grant shall not exceed 1% of shares of common stock in issue as at the date of grant. The Company may grant further options in excess of such limit set out in subject to approval by the Shareholders in general meeting in accordance with the Listing Rules, at which the Service Provider involved and its close associates (or the Service Provider's associates if the Service Provider is a connected person) shall be required to abstain from voting.

The Administrator (as defined in the Subsidiary Share Incentive Plan) shall establish the exercise price of each Option and specify the exercise price in the applicable award agreement. The exercise price shall be not less than 100% of the Option Exercise Price, which means, as of any date, the price per share of common stock payable on the exercise of the option and determined as follows: (i) if the common stock is listed on any established stock exchange (including but not limited to) a National Securities Exchange (within the meaning of the Exchange Act); the Option Exercise Price shall be the greater of (A) the closing sales price for such common stock as quoted on such exchange on the date of grant of the option, or if no sale occurred on such date, the first market trading day immediately prior to such date during which a sale occurred; and (B) the average closing sales price for such common stock as quoted on such exchange for the five business days preceding the date of grant of option, or if no sale occurred on such date, the first market trading day immediately prior to such date during which a sale occurred, as the prices contemplated by the preceding clauses (A) and (B) are reported in The Wall Street Journal or such other source as the board of American Lighting deems reliable; (ii) if the common stock is not listed on a stock exchange but is quoted on a national market system or other quotation system, the Option Exercise Price shall be the last sales price for such common stock on the date of grant of the option, or if no sales occurred on such date, then on the date immediately prior to such date on which sales prices are reported, as reported in The Wall Street Journal or such other source as the board of American Lighting deems reliable; or (iii) in the absence of an established market for the common stock, the Option Exercise Price shall be determined by the board of American Lighting in its sole discretion.

DIRECTORS' REPORT

Notwithstanding anything to the contrary herein, in the event that an award of options is made (a) on or after the date that American Lighting has resolved to seek the listing, or (b) during the six month period immediately preceding the date on which American Lighting files an application for Listing, and the Listing occurs concurrent with the offer and sale of the common stock, then the Option Exercise Price shall be the higher of (a) the offering price for the shares of common stock to be issued in connection with the listing, and (b) the exercise price in the applicable award agreement.

Details of the share options under the Subsidiary Share Incentive Plan during the year ended 31 December 2017 are set forth as below:

Category of participants	Date of grant[1]	Exercise price per share (US$)	Outstanding at 1 January 2017	Granted during the year	Exercise during the year	Forfeited/ Lapsed during the year	Outstanding at 31 December 2017
Director							
Mr. Seah Han Leong	30 June 2015	330	363	–	–	–	**363**
Employees	30 June 2015	330	1,868	1,401	(853)	(54)	**2,362**

Note:

(1) The Stock Options granted have an exercisable term of 10 years and vest as follows: (i) thirty percent (30%) of the total number of shares subject to the Stock Options vest and become exercisable on the first (1st) anniversary of 30 June 2015 (the "Vesting Commencement Date"); (ii) an additional thirty percent (30%) of the total number of shares subject to the Stock Options vest and become exercisable on the second (2nd) anniversary of the Vesting Commencement Date; and (iii) the remaining unvested forty percent (40%) of the total number of shares subject to the Stock Options vest (and, as a result, the Stock Options become fully vested) on the third (3rd) anniversary of the Vesting Commencement Date; provided in each case that the Grantee continues to provide services to the Company, American Lighting or Tivoli, LLC ("Tivoli"), as the case may be, as of each such vesting date and that the board of directors of American Lighting has determined in its sole discretion that performance criteria, if any, that has been specified by the board of directors and agreed to by the Grantee, has been satisfied.

Save as disclosed above, no share option under the Subsidiary Share Incentive Plan was granted, exercised, lapsed, or cancelled during the year.

Further details of the Subsidiary Share Incentive Plan are set out in note 28 to the financial statements.

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

During the year ended 31 December 2017, the Company repurchased its own shares on the Stock Exchange, details of which are as follows:

Date	Number of shares repurchased	Highest price paid per share (HK$)	Lowest price paid per share (HK$)	Aggregate consideration paid (HK$)	Cancellation Date
9 January 2017	200,000	1.15	1.12	229,560	16 February 2017
29 August 2017	482,000	0.78	0.78	375,960	6 December 2017
30 August 2017	1,012,000	0.80	0.77	797,360	6 December 2017
31 August 2017	404,000	0.80	0.79	323,160	6 December 2017
7 September 2017	386,000	0.83	0.80	320,060	6 December 2017
8 September 2017	240,000	0.87	0.85	207,720	6 December 2017
11 September 2017	844,000	0.95	0.92	797,840	6 December 2017
12 September 2017	326,000	0.97	0.95	314,020	6 December 2017
13 September 2017	336,000	0.97	0.95	324,240	6 December 2017
14 September 2017	1,000,000	0.96	0.93	947,880	6 December 2017
25 September 2017	506,000	0.90	0.89	454,300	6 December 2017
25 October 2017	184,000	0.85	0.83	155,260	6 December 2017
26 October 2017	464,000	0.85	0.84	393,140	6 December 2017
14 November 2017	600,000	0.84	0.82	495,980	5 March 2018
16 November 2017	372,000	0.85	0.81	311,180	5 March 2018
22 November 2017	684,000	0.80	0.78	533,920	5 March 2018
24 November 2017	220,000	0.80	0.79	175,540	5 March 2018
28 November 2017	52,000	0.78	0.77	40,440	5 March 2018
29 November 2017	116,000	0.78	0.77	90,240	5 March 2018
30 November 2017	330,000	0.77	0.77	254,100	5 March 2018
5 December 2017	100,000	0.75	0.75	75,000	5 March 2018
6 December 2017	364,000	0.75	0.74	269,700	5 March 2018
7 December 2017	992,000	0.73	0.70	708,480	5 March 2018
11 December 2017	792,000	0.79	0.73	602,180	5 March 2018
12 December 2017	872,000	0.85	0.76	707,600	5 March 2018
13 December 2017	230,000	0.85	0.80	189,540	5 March 2018
15 December 2017	70,000	0.85	0.84	59,100	5 March 2018
18 December 2017	288,000	0.84	0.81	240,300	5 March 2018
19 December 2017	360,000	0.84	0.83	301,880	5 March 2018
22 December 2017	1,098,000	0.84	0.82	905,720	5 March 2018
27 December 2017	1,404,000	0.84	0.79	1,139,480	5 March 2018

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

MANAGEMENT CONTRACTS

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

CONTRACTS WITH CONTROLLING SHAREHOLDERS

No contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholders during the year ended 31 December 2017.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS, CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance in relation to the Group's business to which the Company, or any of its subsidiaries was a party, and in which a Director of the Company or an entity connected with a Director had a material interest in, whether directly or indirectly, subsisted at the end of the financial year under review or at any time during the financial year save as disclosed under the sub-section headed "Connected Transaction" below and "Related Party Transactions" in note 32 to the financial statements.

USE OF PROCEEDS

The Company did not undertake any equity fund raising in the past 12 months immediately prior to the date of this report.

MAJOR SUPPLIERS AND CUSTOMERS

During the year ended 31 December 2017, the largest supplier accounted for 1.1% of the Group's purchases and the five largest suppliers accounted for 4.6% of the Group's total purchases. The largest customer accounted for 5.8% of the Group's total revenue and the five largest customers accounted for 11.9% of the Group's total revenue.

None of the Directors, their associates or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company's share capital) has an interest in the Group's five largest suppliers and customers.

CORPORATE GOVERNANCE

Details of corporate governance are set out in the section headed "Corporate Governance Report" on pages 34 to 45 of the annual report.

COMPENSATION POLICY

The compensation package for each employee is structured in a way to attract and retain the best talents available, and will contain a combination or modification of some or all of the following four main components:

I. Basic salary

Basic salary and wage rate ranges are established for each position by evaluating the responsibilities and the duties required to be performed. The actual salary or wage rate for the person filling the position is determined based on the experience and ability of the individual selected for the position.

The basic salary and wage rate ranges are reviewed periodically with reference to the prevailing market level and similar positions of competitors in the relevant industry. The actual salaries and wage rates of employees are reviewed annually and may be adjusted from time to time based on the cost of living and financial performance of the Company.

Salaries and wages are basic compensation and not intended to reward performance, either individually or corporately. Performance is rewarded through the other components of the compensation plan.

II. Incentive bonus

Incentive bonus is linked to individual and corporate performance. Every year, profitability and other corporate performance targets are set and incentive bonuses will only be paid for that year if the targets are achieved.

The incentive bonus for each employee is determined with reference to his/her position and his/her individual performance during the year.

III. 2016 Share Option Scheme and Subsidiary Share Option Scheme

The Company adopted the 2016 Share Option Scheme and the Subsidiary Share Incentive Plan on 13 May 2016 and 2 April 2015, respectively. For further details, please refer to the paragraphs headed "Share Option Scheme" and "Subsidiary Share Incentive Plan" hereof.

IV. Other benefits

In addition to the above three main components, the Group offers other customary and/or mandatory benefits to employees, such as retirement fund scheme, medical benefits, insurance and paid holiday, with reference to prevailing industry practices in the relevant jurisdictions.

AUDITORS

KPMG will retire and, being eligible, offer themselves for reappointment. A resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float of not less than 25% of the Company's issued Shares as required under the Listing Rules for the year ended 31 December 2017.

BANK LOANS

Details of bank loans of the Company and the Group as at 31 December 2017 are set out in note 25 to the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

A number of factors may affect the results and business operations of the Group, some of which are inherent to LED lighting industry and some are from external sources. For further details, please refer to the section headed "Management, Discussion and Analysis".

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

For details of relationship with the employees, customers and suppliers, please refer to the paragraphs headed "compensation policy" and "major suppliers and customers" in this section.

ENVIRONMENTAL POLICIES

The Group is specialized in providing energy saving and environmentally-friendly products. The Group strives to operate in compliance with the relevant environmental regulations and rules. During the year ended 31 December 2017 and up to the date of this report, the Group does not have any violation of relevant environmental regulations and rules which gives rise of significant impact to the Group's development, performance and businesses.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in the mainland China, while the Company itself is listed on the Stock Exchange. The Group's establishment and operations accordingly shall comply with relevant laws and regulations in the mainland China, including environment protection laws, standardization laws, product quality laws, product safety laws, regulations on administration of compulsive product certification and the laws in Hong Kong. During the year ended 31 December 2017 and up to the date of this report, the Group has complied with all the relevant laws and regulations in the mainland China and Hong Kong in all material aspects.

In addition, the Group retains outside counsels and would seek legal advice from them in case of any issues.

PERMITTED INDEMNITY PROVISION

Article 167(1) of the Company's articles of association provides that the directors, secretary and other officers and every Auditor for the time being of the Company and the liquidator or trustees (if any) for the time being acting in relation to any of the affairs of the Company and everyone of them, and everyone of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

On behalf of the Board

Huang Yu
Chairman
16 March 2018

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organisation which is open and accountable to the Shareholders.

Throughout the year ended 31 December 2017, the Company complied with the code provisions and, where appropriate, adopted the recommended best practices as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules.

BOARD OF DIRECTORS

The overall management of the Company's operation is vested in the Board.

The Board takes overall responsibility to oversee all major matters of the Group, including the formulation and approval of all policy matters, overall strategic development of the Group, monitoring and controlling the Group's operation and financial performance, internal control and risk management systems, and monitoring of the performance of the senior management. The Directors have to make decisions objectively in the interests of the Company.

The Board exercises a number of authorities which include:

- Formulating the Group's long-term strategy;
- Approving major acquisitions, disposals and capital investment;
- Reviewing operational and financial performance;
- Approving financial results and public announcements;
- Reviewing the effectiveness of internal control;
- Authorizing material borrowings;
- Deciding dividend policy;
- Any issue or repurchase of the Company's securities under general mandate;
- Approving appointment to the Board and senior management; and
- Deciding the Group's remuneration policy.

To assist in fulfilling its duties and responsibilities, the Board established four committees, namely the audit committee, the remuneration committee, the nomination committee and risk management and regulatory compliance committee (previously known as "regulatory compliance committee").

The day-to-day management, administration and operation of the Company are delegated to the chief executive officer and the senior management of the Company. The delegated functions and work tasks are periodically reviewed.

Board Composition

The Board currently comprises seven Directors, consisting of one executive Director, Mr. Seah Han Leong, three non-executive Directors, Mr. Huang Yu (the Chairman of the Board), Mr. Wang Liang Hai and Mr. Liu Wei Dong and three independent non-executive Directors, Mr. Fan Ren Da Anthony, Mr. Liu Tian Min and Ms. Li Ming Qi. All Directors have given sufficient time and attention to the affairs of the Group. The executive Director is suitably qualified for his position, and has sufficient experience to hold the position so as to carry out his duties effectively and efficiently. Biographical information of the Directors are set out in the section headed "Directors and Senior Management" of this annual report.

To the best knowledge of the Company, there is no other financial, business or family relationship among the members of the Board.

The Company has complied with Rule 3.10(1) of the Listing Rules to appoint at least three independent non-executive Directors. The Company has appointed three independent non-executive Directors representing more than one-third of the Board and is in compliance with Rule 3.10A of the Listing Rules.

Independent Non-Executive Directors

Independent non-executive Directors have played a significant role in the Board by bringing their independent judgment at the Board meeting and scrutinising the Group's performance. Their views carry significant weight in the Board's decision, in particular, they bring an impartial view to bear on issues of the Group's strategy, performance and control. All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advices to the Board. The independent non-executive Directors provide independent advice on the Group's business strategy, results and management so that all interests of Shareholders can be taken into account, and the interests of the Company and its Shareholders can be protected.

The Board has three independent non-executive Directors with one of them, Ms. Li Ming Qi, one of the independent non-executive Directors, possesses appropriate professional accounting qualifications or financial management expertise in accordance with Rule 3.10(2) of the Listing Rules.

The Company has received annual confirmations of independence from each of the existing independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. Based on the contents of such confirmations, the Company considers that all the independent non-executive Directors are independent and that they have met the specific independence guidelines as set out in Rule 3.13 of the Listing Rules.

Board Diversity Policy

Pursuant to the code provisions of the Corporate Governance Code relating to board diversity which has come into effect since 1 September 2013, the Board approved a new board diversity policy (the "Board Diversity Policy") on 1 April 2013. The Company recognises and embraces the benefits of diversity of Board members. While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge.

Model Code

The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors of the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code regarding directors' securities transactions for the year ended 31 December 2017.

Training and Support for Directors

All Directors must keep abreast of their collective responsibilities. Any newly appointed Director would receive an induction package covering the Group's operations, businesses, governance policies and the statutory regulatory obligations and responsibilities of a director of a listed company.

The Directors have been informed of the requirement under code provision A.6.5 of the Corporate Governance Code regarding continuous professional development. According to the records maintained by the Company, the current Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the new requirement of the Corporate Governance Code on continuous professional development for the year ended 31 December 2017:

	Corporate Governance/Updates on Laws, Rules and Regulations		Accounting/Financial/Management or Other Professional Skills	
Name of Director	Read materials	Attend Seminars/ Briefings	Read materials	Attend Seminars/ Briefings
Executive Director				
Mr. Seah Han Leong	✓	✓	✓	✓
Non-executive Directors				
Mr. Huang Yu	✓	✓	✓	✓
Mr. Wang Liang Hai	✓	✓	✓	✓
Mr. Liu Wei Dong	✓	✓	✓	✓
Independent non-executive Directors				
Mr. Fan Ren Da Anthony	✓	✓	✓	✓
Mr. Liu Tian Min	✓	✓	✓	✓
Ms. Li Ming Qi	✓	✓	✓	✓

Directors' and Officers' Insurance

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers.

Meetings

All Directors are regularly updated on governance and regulatory matters. There is an established procedure for Directors to obtain independent professional advice at the expense of the Company in the furtherance of their duties.

The Board meets regularly throughout the year ended 31 December 2017 to review the overall strategy and to monitor the operation as well as the financial performance of the Group. The Chairman focuses on Group strategy and is responsible for chairing and managing the efficient operation of the Board and ensuring that all key issues are considered by the Board in a timely manner. Notice of at least 14 days has been given to all Directors for all regular Board meetings and the Directors can include matters for discussion in the agenda whenever they consider appropriate and necessary. Agenda and accompanying Board papers in respect of regular Board meetings are dispatched in full to all Directors within a reasonable time before the meeting. Directors have to declare their direct or indirect interests, if any, in any proposals or transactions to be considered by the Board at board meetings and abstain from voting as appropriate. Draft minutes of all board meetings are circulated to Directors for comment within a reasonable time prior to confirmation. Minutes of board meetings and meetings of board committees are kept by the company secretary. All Directors have free access to board papers and related materials, and are provided with adequate information in a timely manner, enabling the Board to make informed decision on matters placed before it.

The individual attendance record of each Director at the meetings of the Board and the general meetings during the year ended 31 December 2017 is set out below:

Name of Director	Attendance/Number of Board Meeting(s)	Attendance/Number of General Meeting(s)
Executive Director		
Mr. Seah Han Leong	5/5	1/1
Non-executive Directors		
Mr. Huang Yu	5/5	1/1
Mr. Wang Liang Hai	5/5	0/1
Mr. Liu Wei Dong	5/5	0/1
Independent non-executive Directors		
Mr. Fan Ren Da Anthony	3/5	0/1
Mr. Liu Tian Min	3/5	0/1
Ms. Li Ming Qi	5/5	0/1

Appointments, Re-election and Removal of Directors

Mr. Seah Han Leong, being the executive Director of the Company, has entered into a service contract with the Company for a specific term of three years commencing from 25 August 2014 and will automatically continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Mr. Huang Yu, Mr. Wang Liang Hai and Mr. Liu Wei Dong, each being a non-executive Director of the Company, has entered into a service contract with the Company for a specific term of three years commencing from 15 July 2016, 15 July 2016 and 25 August 2014, respectively, and will continue thereafter until terminated by not less than two months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Each of the independent non-executive Directors of the Company has entered into a service contract with the Company for a specific term of three years commencing from 25 August 2014 and will thereafter until terminated by not less than two months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

During the year ended 31 December 2017, none of the Directors have waived their emoluments in relation to their services respectively.

The above service contracts are subject to retirement by rotation and re-election at an annual general meeting at least once every three years in accordance with the articles of association of the Company.

The articles of association of the Company provide that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting, and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

According to Article 87(1) of the Articles of Association, one-third of the Directors for the time being shall retire from office by rotation at every annual general meeting of the Company. According to Article 87(2), the retiring Director shall be eligible for re-election.

In accordance with Article 87(1) and Article 87(2) of the Articles of Association, Mr. Seah Han Leong, Mr. Liu Tian Min and Ms. Li Min Qi shall retire by rotation at the AGM and, being eligible, will offer himself or herself for re-election at the AGM.

Board Committees

The Board has established (i) audit committee; (ii) remuneration committee; (iii) nomination committee and (iv) risk management and regulatory compliance committee (previously known as "regulatory compliance committee"), with defined terms of reference. The terms of reference of the board committees which explain their respective role and the authority delegated to them by the Board are available on the website of the Company at http://www.neo-neon.com and the website of the Stock Exchange at www.hkexnews.hk. The board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice and other assistance in appropriate circumstances, at the Company's expenses.

Audit Committee

The Company established an audit committee with written terms of reference. The audit committee currently comprises of three members, being all independent non-executive Directors, Mr. Fan Ren Da Anthony, Mr. Liu Tian Min and Ms. Li Ming Qi. Ms. Li Ming Qi is the chairman of the audit committee. The primary duties of the audit committee are to make recommendation to the Board on the appointment and removal of external auditors, review the financial statements and material advice in respect of financial reporting, and oversee the internal control and risk management systems of the Company. Their composition and written terms of reference are in line with the Corporate Governance Code.

The Group's unaudited interim results for the six months ended 30 June 2017 and the audited annual results for the year ended 31 December 2017, respectively have been reviewed by the audit committee, which was of the opinion that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made. The audit committee has also reviewed the accounting principles and practices adopted by the Group, and selection and appointment of the external auditors. In addition, the audit committee reviewed the risk management and internal control systems of the Group during the year ended 31 December 2017.

During the year ended 31 December 2017, three meetings were held by the audit committee. The individual record of each member of the audit committee at the meetings of the audit committee is set out below:

Name of Director	Attendance/Number of Committee Meeting(s)
Ms. Li Ming Qi	3/3
Mr. Fan Ren Da Anthony	3/3
Mr. Liu Tian Min	3/3

Remuneration Committee

The Company established a remuneration committee on with written terms of reference. The remuneration committee comprises of four members, namely, Mr. Huang Yu, a non-executive Director, and three independent non-executive Directors, Mr. Fan Ren Da Anthony, Mr. Liu Tian Min and Ms. Li Ming Qi. Mr. Liu Tian Min is the chairman of the remuneration committee. The primary duties of the remuneration committee are to advise the Board on the Group's overall policy and structure for the remuneration of Directors and senior management, and ensures that no Director or any of his associate is involved in deciding his/her own remuneration. Their composition and written terms of reference are in line with the Corporate Governance Code.

During the year ended 31 December 2017, the remuneration committee reviewed the remuneration packages of the Directors and the senior management.

During the year ended 31 December 2017, one meeting was held by the remuneration committee. The individual record of each member of the remuneration committee at the meeting of the remuneration committee is set out below:

Name of Director	Attendance/Number of Committee Meeting(s)
Mr. Liu Tian Min	1/1
Mr. Huang Yu	1/1
Mr. Fan Ren Da Anthony	1/1
Ms. Li Ming Qi	1/1

Nomination Committee

The Company established a nomination committee on with written terms of reference. The nomination committee currently comprises of four members, namely, Mr. Huang Yu, an non-executive Director and three independent non-executive Directors, Mr. Fan Ren Da Anthony, Mr. Liu Tian Min and Ms. Li Ming Qi. Mr. Huang Yu is the chairman of the nomination committee. The primary duties of the nomination committee are to review the structure, size and composition of the Board on a regular basis and to recommend to the Board the suitable candidates for directors after consideration of the nominees' independence and quality in order to ensure the fairness and transparency of all nominations. In identifying suitable director candidates and making such recommendations to the Board, the nomination committee would also take into account various aspects of a candidate, including but not limited to his/her education background, professional experience, experience with the relevant industry and past directorships. Their composition and written terms of reference are in line with the Corporate Governance Code.

The nomination committee reviewed the structure, size and composition of the Board, during the year ended 31 December 2017.

During the year ended 31 December 2017, one meeting was held by the nomination committee. The individual record of each member of the nomination committee at the meeting of the nomination committee is set out below:

Name of Director	Attendance/Number of Committee Meeting(s)
Mr. Huang Yu	1/1
Mr. Liu Tian Min	1/1
Mr. Fan Ren Da Anthony	1/1
Ms. Li Ming Qi	1/1

Risk Management and Regulatory Compliance Committee

The Company established a risk management and regulatory compliance committee (previously known as "regulatory compliance committee") on with written terms of reference. The risk management and regulatory compliance committee currently comprises of seven members, being all Directors of the Company with Mr. Fan Ren Da Anthony acting as the chairman of the risk management and regulatory compliance committee. The primary duties of the risk management and regulatory compliance committee are to monitor the risk management system of the Company and compliance of the Company's existing or future business, and review and make recommendations on the compliance of applicable laws and regulations, including matters relating to the Listing Rules.

During the year ended 31 December 2017, the risk management and regulatory compliance committee regularly reported to the Board on any alleged frauds and non-compliances, internal control deficiencies or alleged violation of laws, regulations and rules. The risk management and regulatory compliance committee is authorised by the Board to seek relevant information from the management of the Company to achieve its objectives, duties and responsibilities, and all employees must cooperate to meet its needs.

During the year ended 31 December 2017, one meeting was held by the risk management and regulatory compliance committee.

Name of Director	Attendance/Number of Committee Meeting(s)
Mr. Fan Ren Da Anthony	1/1
Mr. Seah Han Leong	1/1
Mr. Huang Yu	1/1
Mr. Wang Liang Hai	1/1
Mr. Liu Wei Dong	1/1
Mr. Liu Tian Min	1/1
Ms. Li Ming Qi	1/1

Corporate Governance function

The Company's corporate governance function is carried out by the Board. The duties of the corporate governance committee include: (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (b) to review and monitor the training and continuous professional development of the Directors and senior management of the Group; (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Group and the Directors; and (e) to review the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report.

During the year ended 31 December 2017, the Board reviewed the compliance with the code provisions and the recommended best practices under the Corporate Governance Code and give considered reasons for any deviation.

Company Secretary

The secretary of the Company is Mr. Leung Lok Wai, who was appointed on 2 March 2016. Mr. Leung has been informed of the requirement of the Rule 3.29 of the Listing Rules. Mr. Leung has informed the Company that he took more than 15 hours of training covering corporate governance and accounting matters. The Company considers that the training of the company secretary is in compliance with the requirements under Rule 3.29 of the Listing Rules.

FINANCIAL REPORTING

The Board, supported by the chief financial officer and the finance department, is responsible for the preparation of the financial statements of the Company and the Group for each financial year which shall give a true and fair view of the financial position, performance and cash flow of the Company and its subsidiaries for that year. The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The responsibilities of KPMG, the Company's external auditors, on the financial statements are set out in the section headed "Independent Auditors' Report" in this annual report.

Auditor's Remuneration

The audit committee of the Board is responsible for making recommendation to the Board on the appointment, re-appointment and removal of the authorised external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of the external auditors. The Company engages KPMG as its external auditors. Details of the fees paid/payable to KPMG for the year ended 31 December 2017 are as follows.

	RMB'000
Audit services	2,310
Non-audit services[1]	387
Total	2,697

Note: The non-audit services cover audit fee in Taiwan and tax services fee.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board recognises its overall responsibility for maintaining adequate systems of internal control and risk management of the Company and reviewing their effectiveness on an ongoing basis. The Board is committed to implementing an effective and sound internal control and risk management to safeguard the interest of Shareholders and the Company's assets. In addition, the audit committee also has the responsibility for reviewing and assessing the Group's risk management and internal control systems.

The Group's internal control and risk management systems are featured with a defined management structure with limits of authority and well-rounded policies and procedures, and are designed, in consideration of the nature of business as well as the organisation structure, to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks, and to safeguard assets of the Group. Such 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.

During the year of 2017, the Company has adopted the following policies and procedures and taken the following measures to improve the risk management and internal control systems of the Group.

In a bid to further improve the establishment of the existing risk management and internal control system of the Company in relation to, among others, the business operation, finance and compliance, during the year of 2017, the Company took certain measures to identify, evaluate, and manage the significant risks associated with the achievement of its operational objectives. For example, the senior management of the Group reviewed and evaluated the internal control and risk management process, monitored any risk factors on a regular basis, and reported to the Board on any findings and measures taken to address such variances and identified risks. The Board, with the assistance of the senior management of the Company, also conducted regular surveys and on-site interviews with the senior management of the Group and business representatives of the suppliers and customers to check and monitor the potential risks associated with the business operation and financial management of the Group.

Meanwhile, the Company has updated the terms of reference and procedures of the audit committee accordingly in December 2015 to conform the new requirements of the Corporate Governance code in relation to internal control and risk management. Meanwhile, with the assistance of the professional auditor, the Audit Committee supervised the Company's revenue and expenditure for the financial and economic activities, to further strengthen the functions of risk management, to ensure the effective implementation of risk management and internal control system and the Company's standardised operation and healthy development.

With the integration of the real situation of the Company and various applicable laws and regulations, the management of the Company can act in concert with such to develop solutions towards the risks, to organise the business operation systematically, and to monitor and mitigate possible risks. The Company also formulated and distributed certain internal policies to require all staff of the Group to comply with these internal risk management and internal control standards, and together build a regulatory environment of risk control and standardised operation. In addition, the Company has also established policies and procedures with clear segregation of duties applicable to certain operating units to ensure the effectiveness of risk management and internal controls. The day-to-day operation is also entrusted to the individual department, which is accountable for its own conduct and performance, and is required to strictly adhere to the policies set by the Board or the audit committee. This process was in place throughout 2017 and is subject to continuous improvement.

The Board and management held its half-year and annual review of internal control and risk management as required under C.2.1 of the Corporate Governance Code. The audit committee meetings provided an opportunity for direct communication between audit committee members and the Company's management and internal audit manager. The Company regarded the annual audit committee meeting as an important event in which the Chairman and all members of audit committee would make an effort to attend. External auditors were also invited to attend the Company's audit committee meetings and were also available to assist the Directors in addressing queries from external auditors relating to the conduct of the audit and the preparation and content of their auditor report. The Directors have also reviewed the need for an internal audit function and are of the view that it would be more cost effective to recruit professionals to perform internal audit functions for the Group. Currently an in-house internal audit function was set up within the Group to review its systems of internal controls and risk management annually.

The Company has also provided inside information training courses to the Directors and senior management of the Company to ensure that all relevant facts and circumstances that may have material effect on the share price of the Company is assessed in a timely manner and that any material information which comes to the knowledge of any one or more officers of the Group be promptly identified, assessed and, if appropriate, escalated for the attention of the Board to determine whether a disclosure is required.

During the year of 2017, the Board, with the assistance of the audit committee, has conducted reviews of the risk management and internal control systems of the Company for twice and considered the risk management and internal control systems of the Company are adequate and being implemented effectively. Such review covered all material controls, financial, compliance and operational controls as well as risk management mechanisms.

The Board, with the assistance of the audit committee, has also reviewed and was satisfied with the adequacy of the Company's resources, the staff's qualifications and experience, the training courses and the related budgets in accounting, internal review and financial reporting functions.

INVESTOR AND SHAREHOLDER RELATIONS

The Company endeavors to continue maintaining a high level of transparency in communicating with Shareholders and the investment community at large. Briefings and meetings with institutional investors and analysts are conducted regularly. The Company is committed to maintain an open and effective investor communication policy and to update investors on relevant information on its business on a timely manner, subject to relevant regulatory requirements.

In order to ensure effective, clear and accurate communications with the investors and analysts, all corporate communications are arranged and handled by the chief financial officer of the Company.

Financial information and all shareholder corporate communications of the Company are made available on the Company's website at http://www.neo-neon.com and updated regularly on a timely basis.

The Board and management shall ensure Shareholders' right and all Shareholders are treated equitably and fairly.

The Company has announced its half-year and annual results in a timely manner, which is well before the time limits set out in the Listing Rules. Separate resolutions will be proposed at the general meetings on each substantially separate issue, including the re-election of individual Directors.

The annual general meeting will provide an opportunity for direct communication between the Board and the Company's Shareholders. The Company regards the annual general meeting as an important event in which the chairman and all Directors will make an effort to attend. External auditors shall also be invited to attend the Company's annual general meeting and are also available to assist the Directors in addressing queries from Shareholders relating to the conduct of the audit and the preparation and content of their auditor report. All Shareholders are given prior notice on timely basis together with a detailed agenda. The Board, according to the Listing Rules, will conduct voting at the forthcoming AGM by poll. The results of the Company will be declared at the meeting, and announced timely on the Stock Exchange's website and the Company's website.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an extraordinary general meeting and putting forward proposals at shareholders' meeting

Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition (the "Requisition") to the Board or the company secretary to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in the Requisition. The Requisition shall be deposited at the principal place of business in Hong Kong (15th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong). The extraordinary general meeting shall be held within two (2) months after the deposit of the Requisition. If within twenty-one (21) days of deposit of the Requisition, the Board fails to proceed to convene the extraordinary general meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures by which enquiries may be put to the Board

Shareholders may put forward enquiries to the Board through Mr. Leung Lok Wai or Mr. Seah Han Leong who will direct the enquiries to the Board for handling. The contact details are as follows:

Address: 15th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong
Email: investors@neo-neon.com
Tel No.: (852) 2786 2133
Fax No.: (852) 2786 2479

FAMILY MEMBERS AND CLOSE PERSONAL RELATIONSHIPS

The Board recognises that talents, relevant experience and skills are the most important considerations in executive officers and staff selection. It is the Group's policy that job positions are filled by suitably qualified candidates selected through internal promotions or from the open market on the merits of qualification, experience, skills and achievements. No employee is hired on account of family or close personal connection to any Board member.

CONSTITUTIONAL DOCUMENTS

There has been no significant change in the Company's constitutional documents during the year ended 31 December 2017.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As part of our efforts to be a socially responsible listed enterprise, Neo-Neon Holdings Limited (hereinafter referred to as "Neo-Neon", the "Company", "We", "Us" or "Our") is committed to long-term sustainable development and focusing on fulfilling our obligations and information disclosure for environment, social and governance.

The Company has prepared its "Environmental, Social and Governance Report" (the "ESG Report") for the year 2017, which is the second ESG Report of the Company, in accordance with the latest "Environmental, Social and Governance Reporting Guide" (the "ESG Guide") issued by the Stock Exchange of Hong Kong, summarising the policies and initiatives taken to perform relevant obligations for the period from 1 January to 31 December 2017 based on the requirements of the ESG Guide.

1 RESPONSIBILITY GOVERNANCE

1.1 Governance Structure

Neo-Neon takes social responsibility management as an integral part of its daily operation and management, insists on fulfilling social responsibilities, appoints senior management to take charge of social responsibility management, establishes, implements and maintains a good social responsibility management system and extends this requirement to supply chain management. On the basis of the social responsibility management framework, we implement SA8000 international standards for social responsibility and have established a management system guided by the Social Responsibility Management Manual.

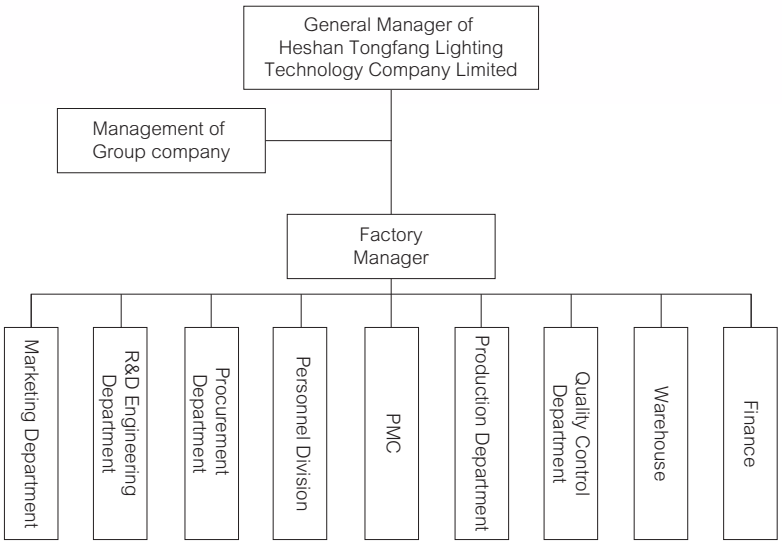


Diagram 1-1 Social Responsibility Management System Framework

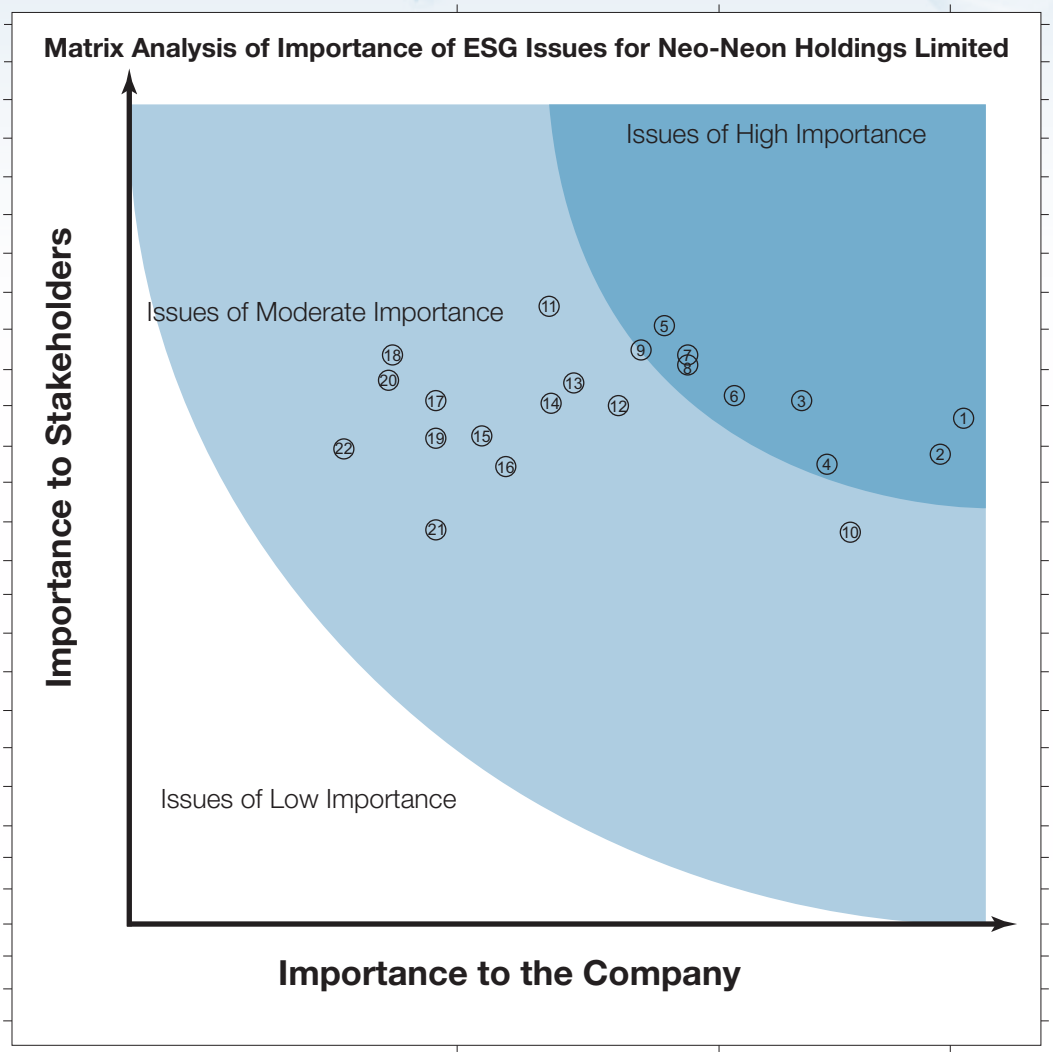
1.2 Responsibility Communication

We actively take social responsibility and are committed to creating more value for stakeholders. In order to have a better understanding of the appeals from different stakeholders, we have established various forms of platforms to facilitate communication with the government, shareholders and investors, customers, employees, cooperation partners, industry organisations and communities. The platforms will help stakeholders gain a timely understanding of the recent status of Neo-Neon in respect of corporate social responsibility. Our significant stakeholders include:

- the government
- shareholders and investors
- customers
- employees
- cooperation partners
- industry organisations
- the media
- communities
- the environment

Since there is no significant change to the governance structure and business model of Neo-Neon during this year, we follow the results from the analysis of importance of ESG issues through communication with stakeholders in 2016 to respond to the 22 issues which are most concerning to the stakeholders in this report.

1 Intellectual property rights protection
2 Legal compliance and anti-corruption
3 Product quality inspection and recall
4 Safety and privacy of consumer information
5 Emissions management
6 Waste management
7 Supplier engagement principles
8 Energy use management
9 Avoidance of child and forced labour
10 Types of participating social issues and involvement
11 Product health and safety
12 Product and service complaint
13 Supplier situation
14 Staff personal safety
15 Environment and natural resources
16 Greenhouse gas management
17 Employment situation
18 Occupational health and safety measures
19 Water use management
20 Staff turnover rate
21 Product packaging and material management
22 Staff training and involvement



2 ENVIRONMENTAL PROTECTION

2.1 Emissions Management

Neo-Neon has met the requirements of 14001:2004 environmental management system and is committed to establishing a green production system to minimize the impact on the environment. We have formulated the Waste Water and Waste Gas Emission and Noise Control Management Procedures, Regulations on Prevention and Control of Pollutions by Household and Office Solid Waste and Dangerous Waste Management Regulations in strict compliance with the Environmental Protection Law of the People's Republic of China, with a view to further improving the management of sewage, exhaust gas and waste produced in the production process.

The Waste Water and Waste Gas Emission and Noise Control Management Procedures prescribe emission standards for the discharge volume and the concentration of pollutants in waste water produced in the production process based on the national Integrated Wastewater Discharge Standard (GB8978-1996) and local regulations, and explicitly stipulates emission standards for sulfur dioxide, nitric oxide and other air pollutants based on the Integrated Emission Standard of Air Pollutants (GB16297-1996).

According to the Environmental Monitoring and Measurement Control Procedures, Neo-Neon conducts routine monitoring over the environmental performance and important environmental factors to ensure the effective operation of the system. The Company checks the treatment and discharge of sewage, the use and management of chemicals, and the separation of waste on a regular basis, and fills in the Environmental Safety Inspection Monthly Report. In addition, the Company will entrust units with relevant qualifications to carry out measurements and inspections according to actual conditions.

According to the Dangerous Waste Management Regulations, hazardous and dangerous wastes are disposed of and treated for hazard removal by qualified environmental companies after a treatment contract is signed. We also actively improve our production process to reduce waste from the source.

In 2017, there was no emissions violation in Neo-Neon.

Table 2-1 Emissions of Neo-Neon in 2017

	Total amount		Intensity	
Category	**Unit**	**Amount**	**Unit**	**Amount**
General emissions				
Discharge volume of wastewater	ten thousand tonnes	19.60	tonne/billion output value	29,526.97
Greenhouse gas				
Scope 1 greenhouse gas	tCO2e	76.27	tonne/billion output value	153,822.67
Scope 2 greenhouse gas	tCO2e	4,394.95	tonne/billion output value	6,620.90
Hazardous waste				
Used oil/used oil rags	kilogram	100	kilogram/billion output value	150.65
Toner cartridges	box	8	box/billion output value	12.05
Non-hazardous waste				
Water pump motors	set	2		
Air compressors	set	3		

2.2 Improvement of Resource Use Efficiency

In order to improve resource and energy efficiency and to facilitate energy conservation and emission reduction, Neo-Neon has formulated and implemented the Resource and Energy Saving Control Procedures to have effective control of the use of water, electricity, papers, wood, raw materials and other resources and energy in the Company, thus ensuring the full utilisation of resources during processes such as product development, warehouse management, materials recycling and plans formulation.

In addition, we have formulated the Energy Saving Management Regulations of Heshan Tongfang Lighting Technology Company Limited to continue enhancing the energy conservation and environmental protection awareness of the staff in equipment management, power scheduling and employee behavior guidance, etc., thereby ensuring normal and orderly power utilisation in production.

Under the concept of energy conservation and emission reduction, Neo-Neon improved its production equipment in 2017 to stop using high energy consumption equipment. The Company also improved its production process and cancelled working procedures with high water consumption. Meanwhile, we offer regular training on energy conservation and emission reduction to our staff, set goals for annual emission reduction and conduct quantitative tracking of energy consumption.

Table 2-2 Energy and Resource Utilisation of Neo-Neon in 2017

	Total amount		Intensity	
Category	**Unit**	**Amount**	**Unit**	**Amount**
Energy consumption				
Gasoline	litre	33,559.87	kilolitre/billion output value	50.56
Power consumption in office	kWh	767,924.00	kWh/billion output value	10,503.53
Power consumption in living space	kWh	1,860,645.00		
Power consumption in plant	kWh	4,343,673.00		
Water consumption				
Water consumption in office	tonne	31,815.00	tonne/billion output value	535,241.04
Water consumption in living space	tonne	143,155.00		
Water consumption in plant	tonne	180,323.00		
Packaging materials consumed for finished products				
Cardboard boxes	tonne	99.70	tonne/billion output value	155.85
Plastic bags	tonne	3.38		
EPE	tonne	0.37		

2.3 Ecological Environment Protection

Neo-Neon is committed to protecting the ecological environment and has formulated the Identification and Assessment of Environmental Factors Procedures, New Project Environment and OHS Impact Management Procedures, Management Procedures Imposed on Impact of the Environmental and OHS Behaviors of Related Parties, Procedures for Risk Control Assessment on Hazardous Substance and other systems by strictly keeping with the Environmental Protection Law of the People's Republic of China, the Water and Soil Conservation Law of the People's Republic of China and other laws and regulations. We endeavor to provide all humanity with a comfortable, safe and energy-saving light environment with our more than 30 years of expertise and experience in the LED lighting industry.

In our daily operation, we continuously review our own environmental behavior and strive to reduce our impact on the environment. On this basis, we will make corresponding improvement on unreasonable factors to attain the objective of continuously improving environmental conditions. According to the Procedures for Operational Control of Environmental Aspects, we stipulate that on the premise of guaranteeing quality, new products shall be designed to have the characteristics of being long-lived, high-efficient, multi-functional, recyclable, small and light. At the stage of design review, assessment on environmental impacts such as the possible pollution caused by the use of raw materials or production process is required. We advocate using harmless technology and simplify manufacturing techniques. We also encourage the use of non-hazardous materials and reduce their usage. In the process of design, the material consumption of each product is calculated and proposals on their gradual reduction are given in consideration of plan, procurement, technique, packaging, storage and transportation.

To prevent dangerous chemicals from polluting the environment, Neo-Neon has formulated the Dangerous Waste Management Regulations to strengthen management on the storage, use, anti-dump and anti-leakage of hazardous chemicals. We make sure that industrial and domestic wastewater is discharged into sewage pipe networks or transferred to sewage disposal stations to prevent water pollution. We also carry out regular inspection on management of chemicals that may cause soil contamination and entrust qualified environmental inspection institutions to have soil regularly detected.

3 EMPLOYMENT

Neo-Neon has formulated the Child Labor Rescue Procedures, Procedures for Prevention of Discrimination and Harassment, Management Procedures for Female and Minor Employees, Overtime Management Procedures, Disciplinary Control Procedures, Labour and Business Ethics Risk Management Procedures and other internal management documents in strict compliance with the requirements of the Labour Law, the Labour Contract Law, the Social Insurance Law, the Law on Employment Promotion, the Labour Union Law and other national laws and regulations and according to SA8000 social responsibility management standard system, to regulate employment management and safeguard the legitimate interest of employees.

3.1 Employment Compliance

Neo-Neon strictly abides by relevant laws and regulations in the process of recruitment. During the recruitment process, based on the existing strict and thorough review and approval process, we will conduct verification of the prospective employees' previous companies, work experience and relevant background checks according to actual situations. Moreover, we will also entrust the verification to a third party to avoid child labour or any violation in the employment process.

For any possible employment-related violation, we have established the Child Labour Rescue Procedures to stringently prohibit the employment of labourers under the age of 16. Upon discovery of use of child labour, the Company will order them to stop working immediately and settle their wages, and they will be returned to their original places of residence safely to their parents or guardians. The Company promises to provide sufficient support for these children to continue their schooling until they attain the age of legal majority. If child labourers suffer work-related injury or disability, the Company promises to be responsible for the treatment and covers all the medical and living expenses during the process. The Labour Appraisal Committee at or above the county level will determine the degree of disability and the Company will offer reasonable economic compensation as required. If there is child labourer death, the Company will give funeral compensation to their parents or other guardians and offer appropriate economic compensation.

At the same time, Neo-Neon strictly prohibits the use of forced labour and has formulated the Non-Forced Labour Procedures for respecting the freedom of our employees, prohibiting any form of forced labour, and guaranteeing personal freedom of our employees, including the freedom of employment, resignation, working overtime and movement. In case of any violation, we first analyse the workshop production situation and give employees certain amount of compensation, and arrange reasonable labour for the workshop through research to avoid the reoccurrence of such cases.

Meanwhile, Neo-Neon has also established the Management Procedure for Female and Minor Employees to protect the legitimate interest of female and minor employees. The Human Resources Department is responsible for establishing the minor employees management record to manage, supervise and track the special labour protection measures taken in respect of their compulsory education status, job assignment, welfare distribution, limit of working hours, work intensity and physical health checks. Moreover, their health examination records are kept. The Company also provides female employees with work safety protection, reasonable working hours, leave protection and daily health care, ensuring that work intensity, time and conditions cause no harm to the health of our female employees.

3.2 Equal and Diversified Employment

With priority given to the concept of "maximising benefits and creating more opportunities for our employees", Neo-Neon adheres to the principle of "society-oriented and open recruitment, comprehensive evaluation, merit-based election and signing labour contracts in accordance with laws" based on the Labour Law and local relevant labour regulations. We provide an equal and fair working environment according to our Social Responsibility Policies and prohibit any forms of discrimination to safeguard the basic interest of our employees.

Meanwhile, to regulate human resources management, Neo-Neon has prepared the Staff Manual and Labour and Business Ethics Risk Management Procedures, comprising of policies regarding recruitment and employment, code of conduct of employees, termination of labour contracts, safety and health as means to continuously perfect the human resources management system and create favourable conditions, clear paths and broad platforms for the career development of employees.

To establish smooth and transparent communication between employees and the Company, we have formulated the Staff Complaint Handling Procedures and Staff Recommendation and Representation Guideline in order to gather collective opinions and suggestions from employees, as well as continuing to follow-up and improve the effectiveness of corporate governance. If employees have any opinions and suggestions on the articles of association and welfare package of the Company, they can lodge a complaint with the staff representative, union representative, management representative and relevant functional departments or the local Labour Dispute Arbitration Committee through the Human Resources Department and the Labour Union to protect their own lawful rights and interests.

Table 3-1 Employee Employment of Neo-Neon in 2017

Category	Number of staff (person)	Percentage (%)
Total number of staff	1,200	100
By gender		
Male staff	499	41.58
Female staff	701	58.42
By age group		
Aged below 30	171	14.25
Aged 30-50	925	77.08
Aged 50 or above	104	8.67
By region		
South China	359	29.92
East China	95	7.92
North China	13	1.08
Central China	371	30.92
Overseas	362	30.17

Table 3-2 Employee turnover rate of Neo-Neon in 2017

Category	Number of staff (person)	Turnover rate (%)
Total number of resigned staff	381	30.05
By gender		
Male resigned staff	165	13.01
Female resigned staff	216	17.03
By age group		
Resigned staff aged below 30	95	7.49
Resigned staff aged 30-50	262	20.66
Resigned staff aged 50 or above	24	1.89
By region		
Resigned staff in South China	106	8.36
Resigned staff in East China	27	2.13
Resigned staff in North China	2	0.16
Resigned staff in Central China	91	7.18
Overseas resigned staff	155	12.22

Note: The calculation of employee turnover rate: the number of resigned staff for the year/(total number of staff as at the end of the previous year + new recruits)

3.3 Remuneration and Welfare Package

A reasonable and fair remuneration package is conducive to stimulate the initiative and enthusiasm of employees and is a reflection of the fulfillment of corporate social responsibilities. Hence, Neo-Neon has formulated the Salary Management System based on the Staff Manual. The remunerations of employees are determined with reference to their experience, education background and their performance and may be regularly reviewed and adjusted based on the remuneration levels of its peers and prevailing market. In addition to basic remunerations according to the law and statutory benefits, the Group also provides post allowance based on the nature and importance of the post, bonus based on employee performance and overtime pay according to overtime work, to make sure that employees can enjoy a reasonable and incentive pay.

Moreover, Neo-Neon provides its employees with complete basic living and welfare facilities, including dormitories, canteens and rest and recreation areas to ensure that they have access to healthy food, comfortable living environment and necessary rest space. In addition, to meet the various needs of employees, we also provide them with various rich and practical benefits, including labour protection supplies, health care, recreational and sports activities and so on.

3.4 Safe Production

To ensure safe production, Neo-Neon has formulated the OHS Operation Control Procedures and Procedures for Hazard Identification, Risk Evaluation and Risk Control Planning led by the Industrial Safety Commission and collaborated with the Engineering Department, the Equipment Department, the Testing Center and other relevant departments to work out safe production indicators and management program. We conduct regular evaluation on the Company's production equipment and fire control facilities and sample a part of workshops for evaluation from time to time. In the process of evaluation, hazards with grade Ⅲ and Ⅳ will be listed as major hazard sources of the Company and improvement measures will be taken immediately. For those that temporarily cannot be improved, we will take corresponding safety precautions, allocate labour protection supplies, offer training to relevant operating personnel and work out operation instruction.

In the meantime, to ensure timely control of dangers when an accident happens, we have formulated the Emergency Preparation and Response Procedures to protect the safety and health of employees. We also regularly organise rescue, fire and evacuation drills for the purpose of familiarising employees with the use of evacuation equipment and facilities and increasing their alertness and response capability towards emergencies, cultivating their awareness, confidence and ability to engage in self-rescue and assisted rescue processes.

In 2017, there was no major casualty in Neo-Neon, while three cases of ordinary work-related injuries and 21.5 lost working days due to work injuries were recorded.

3.5 Occupational Health

Neo-Neon values the importance of the occupational health of employees and has established an occupational health management system based on the Environment and Occupational Health Policy, OHS Operation Control Procedures and OHS Performance Measurement and Monitoring Procedures.

Concerning potential occupational health hazard, we organise all departments and invite external institutions to conduct professional inspection on a regular basis. The Company carries out an OHS professional inspection every half a year and focuses on key special operations and equipments, special sites (such as sites for electro-welding, hoisting equipment, boiler pressure vessels, flammables and explosives) and storages for dangerous goods. The results of the inspection will be recorded in the OHS Professional Checklist. Inspection on OHS objectives and OHS management plans will be implemented every quarter and ad hoc inspection on the operation and control of each department will also be conducted, with their results to be recorded in the OHS Objectives, Management Plans Completion Checklist and the Operation Control Monitoring Chart respectively. In addition, we have engaged professional third-party institutions to evaluate hazardous factors at the work sites under the Company and testing reports show that we are in compliance with relevant regulations.

To enhance the occupational health awareness of our employees, we require specialised operations personnel to undergo mandatory training and obtain operating certificates to ensure work safety in accordance with the Manual of Quality, Hazardous Substance, Environmental and Occupational Health and Safety Management. We also arrange positions-specific safety training to relevant staffs. We also provide occupational health examinations at varying intervals to all staff according to their job characteristics, and arrange for transfers if adverse health conditions are found in examinations. Employees found to have occupational diseases will be immediately reported to the government administration department as required by the occupational disease management ordinance, and the patients will receive special treatment until recovery (or stability).

3.6 Occupational Training

Neo-Neon is committed to providing its staff with systematic training and complete career development channels. Working on the basis of the Staff Manual, Neo-Neon has formulated the "Human Resource and Training Program Documentation", to further improve its training and occupational development system.

Neo-Neon had developed an annual training program in 2017 and outlined descriptions for all positions. Relevant theoretical and practical training in respect of production, quality, administration, engineering technology and special types of work are provided to employees as per job responsibilities. After training, employees have to be evaluated by department heads by theoretical examination, operation examination, performance appraisal and observation according to the job nature of the employees. In order to continuously improve the quality of training content, the Company also requests inputs and feedbacks on training from various departments at the end of each year to prepare training programs for the next year, in addition to summarising the progress of the training programs for the year and including unscheduled training programs implemented during the year.

The Company also nominates employees with outstanding performance for additional external training programs to enhance their management and working abilities and provide them with necessary knowledge bases. Employees may apply or be selected to receive short-term training programs from external professional training institutions. The training programs include short-term training courses and exchange meetings from external education institutions and training centres.

In 2017, a total of 130 employees of Neo-Neon attended training, with an aggregate of 1,557 training hours.

Table 3-3 Training of the Staff of Neo-Neon in 2017

	Number of staff trained (Person)	Percentage of staff trained (%)	Training hours (Hour)	Average training hours (Hour)
Male staff	70	53.85	867	12.39
Female staff	60	46.15	690	11.50
Full-time staff	130	100	1,557	11.98
Part-time staff	0	0	0	0
Total number of staff trained	130	100	1,557	11.98

Neo-Neon actively creates opportunities for employees career advancement and development. Based on the criteria on promotion, assessment, rewards and punishment management as outlined in the Staff Manual, the Company conducts monthly, quarterly and annual assessments and appraisals on the capability and quality of employees. Employees will be gradually promoted or demoted to a suitable position according to the Company's standards for position grades, and their salary will also be adjusted based on their corresponding position grades.

4 SUPPLY CHAIN MANAGEMENT

4.1 Supply Chain Management

Supplier selection impacts quality stability and safety effectiveness of products. We highly emphasis suppliers management and proactively maintain good cooperation with suppliers. As at 31 December 2017, the total number of the Company's suppliers is 373, with about 80% being in Guangdong Province.

Table 6.1 Number and proportion of supplier by region in 2017

Region	Number	Proportion
Within the province	294	78.82%
Outside the province	32	8.58%
Overseas	47	12.60%

We maintain a strict oversight on our selection of suppliers and procurement process as per our Procurement Control Policy. When introducing new suppliers, we minimise our purchase cost while ensuring the stable supply of procurement materials according to the New Suppliers Introduction Management Methods. During the procurement process, we issue purchase orders to relevant suppliers, and our purchasing personnel will conduct procurement according to the Procurement Guidelines. After the procurement is finished, we will verify the purchased materials based on the technical standards of different products and in accordance with the Incoming Inspection and Testing Procedures, so as to ensure that the supplied materials meet the requirements of products, environment and relevant laws and regulations in respect of quality, hazardous substance control, CCC/resource certification/other product certifications.

4.2 Promoting Supply Chain to Fulfill Social Responsibilities

To guarantee product quality and build a good brand reputation, Neo-Neon conducts comprehensive evaluation of suppliers according to the Supplier Review Procedures with strict criteria. The evaluation takes into account sample quality, quality control ability, hazardous substance control, environment, occupational health and safety as well as the ability of suppliers to meet the requirements of SA8000:2014 standard.

In addition, we have entered into relevant undertakings in relation to social responsibility with our suppliers, including complying with all the provisions of SA8000:2001 standard and taking timely remedial and corrective action against any non-compliance with SA8000:2014 standard, which demonstrates the social responsibility of Neo-Neon in supplier management system.

For suppliers that have passed the evaluation, we will ask them to verify the "Annual Quality Guarantee of Heshan Tongfang Lighting Technology Company Limited", indicating the period of validity and implement periodic review. For suppliers that fail to pass the evaluation, the Procurement Department, the Production Department, the Quality Department and other relevant departments will review those suppliers and determine whether to exclude them from the supplier directory according to their rectification.

5 PRODUCT RESPONSIBILITY

5.1 Quality Control

To guarantee quality, Neo-Neon has developed "Production Plan Procedures", "Production and Service Provision Program Control Procedures" and "Product Prevention and Control Procedures" and other management systems to regulate the delivery process covering product production plan, raw material commissioning and shipment, transportation, storage, packaging and protection, for effective control of the production and service process.

Neo-Neon requires that incoming materials from suppliers must undergo inspection. During the production process, the production workshop, warehouse and office area are regularly sterilized and risk assessment are conducted on foreign matters, chemicals and physical hazards, to ensure that all shipped products must be cleaned and in good hygiene, and comply with the requirements of laws and regulations. Unqualified behaviors in the workshop must be corrected immediately and unqualified products must be labeled as unqualified. The Company also requires that when inspectors find issues that may cause a batch of products to be unqualified in the process of inspection, they are authorised to order immediate halt of production, and effective remedial, corrective and preventive measures shall be taken to eliminate existing or potential disqualification factors.

The Company has passed the ISO9001 quality management system requirements, and have already in place a well-rounded quality control and inspection team. The Company has established a testing centre where there are more than 170 sets of detecting instruments that can be used for the testing of safety standards, photoelectricity, EMC, environmental protection and environment (reliability). We also have 150 sets of production field testing instruments in service.

While using our own detecting instruments for routine and regular inspection, we often deliver our products to CEST of the State Bureau of Quality and Technology Supervision for CCC, CQC certification testing and to the laboratories of ITS, GS, TUV, UL and other foreign institutions for international safety standards inspection certification. For many years, our sampling inspection results have been excellent.

5.2 Product Recall

In order to reduce and prevent underlying product risks and safety hazards that may cause personal or property loss of the customers, the Company has drafted and strictly implemented management and control documents including the "Product Hazard and Risk Management Procedures", "Unqualified Product Control Program", "Procedures for Non-compliance, Correction and Prevention Measures", to eliminate existing unqualified products and potential disqualification factors to ensure product quality and safety.

For potential case of products disqualifications, Neo-Neon has established the "Product Recall Control Procedures", ensuring effective tracking and recall of products with hidden quality problems, as well as safety, smooth recall and effective management of the targeted unqualified products. In terms of products with hidden quality problems and have been complained, we will sort out the direction and coverage of the same batch of products that directly affect the quality in accordance with relevant records to determine the categories to be recalled, and to conduct analysis and assessment to determine the extent of recall. When defective products are identified, Neo-Neon are to notify retailers to halt the sales of relevant products within 10 working days by effective means. Meanwhile, the Company will promptly convey the information on recall procedures to customers via papers, broadcasting stations, TV stations, the Internet and other communication media. Neo-Neon has also established mock recall procedures, which are to be implemented annually to practice on, evaluate and verify the effectiveness of the recall procedures.

The strict product quality assurance policy has shown good results as there was no product recall related to safety and health in 2017.

5.3 Customer Relation Management

The Company puts high emphasis on implementing the "Customer Satisfactions Measurement Procedure" and continuously improves service quality, and monitor and regulates information that work to fulfill customers' requirements, so as to ensure that proper response is made to handle complaints and returns, and to prevent reoccurrence of such problems through correction and prevention measures.

Our system in place requires that as soon as a customer complaint is received, the information should be logged into the Company's customer complaint network immediately to trace the department responsible for shipping and production, in order to respond and handle the complaint directly on the external network. Results of handling customer returns are numbered and archived uniformly. The Company is to provide feedback and correction within 24 hours of the complaint, as well as a written response on effective improvement measures within five working days. When potential product safety hazard occurs, the Company will inform third-party testing institutions immediately.

In 2017, after strengthening supervision and improvement of manufacturing and technical structure, we received 26 product and service-related enquiries and complaints in total, of which, 17 enquiries and complaints were from the customers' product use and only 2 complaints were related to manufacturing.

The Company places great emphasis on information safety and privacy protection, for which we have established policies such as the Use of Computer, Internet and Mail Standards, not only ensuring safety for the Company's internal confidential information but also preventing leak of customer information. In addition, we have formulated the Customer Property Control Procedures for verification, storage and maintenance of customers' products (including intellectual properties, personal information, etc.), ensuring that the property of customers will not be lost and that the products meet their requirements.

5.4 Intellectual Property Management

In order to enhance protection of the Company's intellectual properties, and to regulate the management of intellectual properties, as well as motivating employees' innovativeness and creativity and facilitating utilisation of intellectual properties to raise the Company's competitiveness, the Company has adopted the "Intellectual Property Provisions of Heshan Tongfang Lighting Technology Company Limited" as based on relevant national laws and regulations while accounting for specific circumstances, to provide clear regulations regarding property rights, license, management and protection as well as the rewards and penalty for invention and management personnel of intellectual properties.

The provisions stipulate that a standard patent division shall take full responsibility on the application, validity extension and information update, and infringement prevention of the Company's intellectual properties. Employees are obliged to prevent the Company's intellectual properties from being infringed and safeguard the legitimate interest of the Company. If infringement is found, it should be promptly reported to the standard patent division and the legal department. Persons concerned should provide relevant clues and assist in the investigation and evidence collection.

To encourage innovativeness, the Company rewards the originators and management personnel of intellectual properties and the Company is entitled to register for government patent subsidy and participate in award appraisal according to policies. The Company has the right to penalise originators and management personnel who have violated relevant regulations and caused losses to the Company.

6 INTEGRITY AND SOUND GOVERNANCE

In order to establish a good corporate culture that highlights legal compliance, integrity and self-discipline, and to create a fair, honest and law-abiding business environment, the Company strictly complies with relevant laws and regulations relating to anti-corruption, bribery, fraudulent behavior and money-laundering including the "Anti-Unfair Competition Law of the People's Republic of China" and the "Interim Provisions on Banning Commercial Bribery", and has put in place the "Fighting Corruption and Boosting Integrity Policy of Heshan Tongfang Lighting Technology Company Limited" to proactively implement an internal governance standard that ensures integrity.

Neo-Neon continuously promotes integrity management and there has been no corruption litigation cases against the Company in 2017.

7 COMMUNITY SUPPORT

Neo-Neon is greatly concerned about people's livelihood and is continuously paying back to the community. Moreover, the Company also proactively commits to community services and charitable donation, and undertakes public welfare as a part of corporate social responsibility. In 2017, Neo-Neon focused on community care, educational donation and helping employees with difficulties. The Company successively organised several community elderly care activities and provided condolence to employees with difficulties, with RMB11,600 in total contributed.

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF NEO-NEON HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Neo-Neon Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 69 to 146, which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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 2017 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 ("HKSAs") 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") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Provision for taxation in respect of the protective profits tax assessments issued by the Inland Revenue Department in Hong Kong

Refer to note 11 to the consolidated financial statements and the accounting policies on page 88.

The Key Audit Matter	How the matter was addressed in our audit
The Inland Revenue Department in Hong Kong ("IRD") is conducting a tax audit of the Group since the year of assessment 2005/06. As at 31 December 2017, the IRD had issued protective profits tax assessments in an aggregate amount of HK$149,311,000 (approximately equivalent to RMB124,809,000) for the years of assessment from 2005/06 to 2011/12. The Group has lodged objections against these protective profits tax assessments and the IRD has agreed to hold over the tax demanded for these years of assessment on the condition that the Group purchased tax reserve certificates in an aggregate amount of HK$35,450,000 (approximately equivalent to RMB29,633,000), which has been recorded as tax reserve certificates in the consolidated statement of financial position as at 31 December 2017. No tax provision was recorded as at 31 December 2017 in respect of the above protective profits tax assessments as management considers that no Hong Kong profits tax should be payable by the Group as the subsidiaries in question did not carry on any business, nor derive any profits, in Hong Kong during the years of assessment from 2005/06 to 2011/12. Management engaged an external tax representative to assist the Group in filing objections to and settling the case with the IRD. We identified assessing the provision for taxation in respect of the protective profits tax assessments issued by the IRD as a key audit matter because of its financial significance to the Group and because the judgements exercised by management in considering whether Hong Kong profits tax is payable or not could be subject to management bias.	Our audit procedures to assess the provision for taxation in respect of the protective profits tax assessments issued by the IRD included: • obtaining and inspecting all correspondence between the IRD and the Group and all documents submitted to the IRD by the Group; • evaluating the competence, capability and experience of the external tax representative engaged by the Group; and • involving our internal tax specialists to assist us in assessing the judgements made and conclusions reached by management and the external tax representative, by discussing with management and the external tax representative to understand the nature and progress of the tax disputes and the arguments and critical judgements made by management, with reference to the relevant tax legislation and our knowledge and experience of the interpretations and practices of the IRD in similar circumstances, and considering the possibility of error or management bias.

KEY AUDIT MATTERS *(Continued)*

Assessing the recoverability of trade receivables

Refer to note 21 to the consolidated financial statements and the accounting policies on page 85.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2017, the Group's gross trade receivables totalled approximately RMB173 million, which accounted for 10% of the Group's total assets as at that date. The Group's allowance for doubtful debts includes a specific element based on individually significant debtors and a collective element for groups of debtors sharing similar risk characteristics, taking into account the credit history of the Group's customers and current market and customer-specific conditions, including assessing whether the customers are in financial difficulties and whether the industries in which the customers operate are facing recessions. All of the above require the exercise of significant management judgement based on past experience and knowledge of the Group's customers and the industries in which they operate. As at 31 December 2017, the Group recorded an allowance for doubtful debts of approximately RMB46 million. We identified assessing the recoverability of trade receivables as a key audit matter because of the significance of the trade receivables balance to the consolidated statement of financial position and because of the assessment of allowance for doubtful debts involves a significant degree of management judgement.	Our audit procedures to assess the recoverability of trade receivables included the following: • obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls relating to credit control, debt collection and making allowances for doubtful debts; • assessing the classification of individual balances in the trade receivables ageing report by comparing the details in the trade receivables ageing report with relevant underlying documents, including goods delivery notes and payment terms as set out in the agreements with customers, on a sample basis; • challenging the basis of management's judgement about the recoverability of trade receivable balances assessed individually, on a sample basis, and evaluating the allowance for doubtful debts made by management for these individual balances with reference to the ageing of overdue balances, historical and post year-end payment records and correspondence with these customers; • assessing the assumptions and estimates made by management for the allowance for doubtful debts calculated based on a collective assessment by performing a retrospective review of the historical accuracy of these estimates and recalculating the Group's provision with reference to the Group's policy for collective assessment; and • inspecting cash receipts from customers subsequent to the financial year end relating to trade receivables balance as at 31 December 2017, on a sample basis.

KEY AUDIT MATTERS *(Continued)*

Assessing the impairment test of goodwill

Refer to note 16 to the consolidated financial statements and the accounting policies on page 79.

The Key Audit Matter	How the matter was addressed in our audit
The Group acquired the entire issued capital of Tongfang Securities Limited ("Tongfang Securities") in 2017. As at 31 December 2017, the goodwill arising on this acquisition amounted to approximately RMB122 million, which accounted for 7% of the Group's total assets as at that date. Management performed impairment test on the balance of goodwill as at 31 December 2017 by comparing the carrying amount of the cash-generating unit ("CGU") of which the goodwill has been allocated with the amount of the value-in-use ("VIU") determined by a discounted cash flow forecast of the CGU. Preparing a discounted cash flow forecast involves the exercise of significant management judgement, in particular in forecasting revenue growth and operating profit and in determining an appropriate discount rate. We identified the assessment of potential impairment of goodwill as a key audit matter because of the significance of the goodwill balance to the consolidated statement of financial position and also because management's assessment of the value of the future cash flows expected to be derived from Tongfang Securities involves certain critical judgements and assumptions which are inherently uncertain and could be subject to management bias.	Our audit procedures to assess the potential impairment of goodwill included the following: • evaluating management's identification of CGUs and the amounts of goodwill and other assets allocated to those CGUs; • evaluating the methodology used by management in its preparation of the discounted cash flow forecasts with reference to the Group's accounting policies; • assessing and challenging the key assumptions adopted by management in the discounted cash flow forecasts, which included the estimated revenue and profit (with reference to historical profit margins of the CGU), the financial budgets approved by the directors; • engaging our internal valuation specialists to assist us in evaluating management's impairment assessment methodology and calculations contained within the discounted cash flow forecasts with reference to the requirements of the relevant accounting standards; • performing sensitivity analysis on the discount rate and terminal growth rate applied and the assumptions for revenue and expenses adopted by management in the cash flow forecast to assess the impact of changes in these key assumptions on the conclusion reached in management's impairment assessment; and • performing a retrospective review of previous impairment assessment and comparing the forecast data with the current year's results to assess the reliability of management's forecasting process.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Choi Chung Chuen.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

16 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017
(Expressed in Renminbi ("RMB"))

	Note	2017 RMB'000	2016 RMB'000
Revenue	6	**665,724**	611,243
Cost of goods sold		**(457,634)**	(422,713)
Gross profit		**208,090**	188,530
Other income	7(a)	**35,858**	11,657
Other gains and losses	7(b)	**105,374**	28,058
Distribution and selling expenses		**(90,146)**	(97,396)
Administrative expenses		**(128,199)**	(108,173)
Finance costs	8	**(4,658)**	(3,873)
Profit before taxation	9	**126,319**	18,803
Income tax	11	**(5,838)**	(7,061)
Profit for the year		**120,481**	11,742
		RMB cents	RMB cents
Earnings per share	12		
– Basic and diluted		**5.72**	0.61
Profit for the year		**120,481**	11,742
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
– Available-for-sale investments: net movement in fair value reserve, net of nil tax		**(13,285)**	–
– Exchange differences on translation of financial statements, net of nil tax		**(57,271)**	33,298
Total comprehensive income for the year		**49,925**	45,040
Profit for the year attributable to			
– owners of the Company		**120,375**	11,778
– non-controlling interests		**106**	(36)
		120,481	11,742
Total comprehensive income for the year attributable to			
– owners of the Company		**49,964**	44,951
– non-controlling interests		**(39)**	89
		49,925	45,040

The notes on pages 76 to 146 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017
(Expressed in RMB)

	Note	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Non-current assets			
Investment properties	13	**14,200**	14,700
Property, plant and equipment	14	**130,394**	151,213
Prepaid lease payments	15	**30,469**	31,863
Goodwill	16	**123,454**	8,663
Intangible assets	17	**35,404**	29,840
Available-for-sale investments	18	**3,324**	3,639
Financial asset at fair value through profit or loss	19	**111,166**	108,152
Deferred tax assets	26	**6,179**	7,063
		454,590	355,133
Current assets			
Inventories	20	**177,395**	184,316
Trade and other receivables	21	**208,968**	178,930
Tax reserve certificates	11	**29,633**	22,765
Available-for-sale investments	18	**321,079**	–
Financial asset at fair value through profit or loss	19	**21,571**	–
Restricted bank deposits	22	**13,322**	27,667
Cash held on behalf of clients	22	**90,321**	–
Cash and cash equivalents	22	**435,964**	647,356
		1,298,253	1,061,034
Assets held for sale	23	**–**	105,275
		1,298,253	1,166,309
Current liabilities			
Trade and other payables	24	**234,827**	163,546
Taxation payable		**40**	10,068
Bank borrowings	25	**70,243**	110,967
		305,110	284,581
Liabilities held for sale	23	**–**	11,195
		305,110	295,776
Net current assets		**993,143**	870,533
Total assets less current liabilities		**1,447,733**	1,225,666

The notes on pages 76 to 146 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017
(Expressed in RMB)

	Note	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Non-current liabilities			
Government grants		**7,475**	12,765
Deferred tax liabilities	26	**6,459**	2,950
		13,934	15,715
Net assets		**1,433,799**	1,209,951
Capital and reserves			
Share capital	27	**186,912**	171,808
Reserves		**1,242,923**	1,037,362
Equity attributable to owners of the Company		**1,429,835**	1,209,170
Non-controlling interests		**3,964**	781
Total equity		**1,433,799**	1,209,951

Approved and authorised for issue by the board of directors on 16 March 2018.

Huang Yu
Director

Seah Han Leong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017
(Expressed in RMB)

	Attributable to owners of the Company											
	Share capital	Share premium (Note 27(e)(i))	Capital redemption reserve (Note 27(e)(ii))	Special reserve (Note 27(e)(iii))	Share compensation reserve (Note 27(e)(iv))	Share options reserve (Note 27(e)(v))	Translation reserve (Note 27(e)(vi))	Other reserve (Note 27(e)(viii))	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2016	171,897	2,264,928	255	55,238	50,024	3,671	(258,747)	(8,220)	(1,116,436)	1,162,610	874	1,163,484
Profit/(loss) for the year	–	–	–	–	–	–	–	–	11,778	11,778	(36)	11,742
Other comprehensive income	–	–	–	–	–	–	33,173	–	–	33,173	125	33,298
Total comprehensive income	–	–	–	–	–	–	33,173	–	11,778	44,951	89	45,040
Repurchase of own shares (note 27(b))	(89)	(911)	89	–	–	–	–	–	–	(911)	–	(911)
Acquisition of non-controlling interests	–	–	–	–	–	–	–	(198)	–	(198)	(182)	(380)
Recognition of equity-settled share based payments	–	–	–	–	–	2,718	–	–	–	2,718	–	2,718
	(89)	(911)	89	–	–	2,718	–	(198)	–	1,609	(182)	1,427
At 31 December 2016	171,808	2,264,017	344	55,238	50,024	6,389	(225,574)	(8,418)	(1,104,658)	1,209,170	781	1,209,951

The notes on pages 76 to 146 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017
(Expressed in RMB)

	Attributable to owners of the Company													
	Share capital (Note 27(b))	Treasury shares (Note 27(d))	Share premium (Note 27(e)(i))	Capital redemption reserve (Note 27(e)(ii))	Special reserve (Note 27(e)(iii))	Share compensation reserve (Note 27(e)(iv))	Share options reserve (Note 27(e)(v))	Translation reserve (Note 27(e)(vi))	Fair value reserve (Note 27(e)(vii))	Other reserve (Note 27(e)(viii))	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	171,808	-	2,264,017	344	55,238	50,024	6,389	(225,574)	-	(8,418)	(1,104,658)	1,209,170	781	1,209,951
Profit for the year	-	-	-	-	-	-	-	-	-	-	120,375	120,375	106	120,481
Other comprehensive income	-	-	-	-	-	-	-	(57,126)	(13,285)	-	-	(70,411)	(145)	(70,556)
Total comprehensive income	-	-	-	-	-	-	-	(57,126)	(13,285)	-	120,375	49,964	(39)	49,925
Issue of shares (note 33(a))	15,670	-	166,098	-	-	-	-	-	-	-	-	181,768	-	181,768
Repurchase of own shares (note 27(b))		(11,304)	-	-	-	-	-	-	-	-	-	(11,304)	-	(11,304)
Cancellation of treasury shares	(566)	5,004	(5,004)	566								-	-	-
Recognition of equity-settled share based payments	-	-	-	-	-	-	1,601	-	-	-	-	1,601	-	1,601
Exercise of share options (note 28)	-	-	-	-	-	-	(682)	-	-	(682)	-	(1,364)	3,222	1,858
	15,104	(6,300)	161,094	566	-	-	919	-	-	(682)	-	170,701	3,222	173,923
At 31 December 2017	186,912	(6,300)	2,425,111	910	55,238	50,024	7,308	(282,700)	(13,285)	(9,100)	(984,283)	1,429,835	3,964	1,433,799

The notes on pages 76 to 146 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2017
(Expressed in RMB)

	Note	2017 RMB'000	2016 RMB'000
Operating activities			
Profit before taxation		**126,319**	18,803
Adjustments for:			
Interest income	7(a)	**(3,383)**	(2,140)
Finance costs	8	**4,658**	3,873
Gain on disposal of a subsidiary	7(b)	**(110,649)**	(298)
Depreciation and amortisation		**25,358**	34,876
Change in fair value of investment properties	13	**500**	–
Change in fair value of financial asset at fair value through profit or loss	7(b)	**(11,614)**	(2,772)
Dividend income from available-for-sale investment	7(a)	**(21,058)**	–
Impairment loss on available-for-sale equity securities	18	**315**	14
Gain on disposal of property, plant and equipment	7(b)	**(496)**	(2,421)
Amortisation of government grants		**(5,509)**	(77)
Net allowance for inventories	20	**6,462**	3,995
Net allowance/(reversal of allowance for) bad and doubtful debts	21	**1,368**	(5,213)
Equity-settled share based payments		**1,601**	2,718
Net exchange loss/(gain)	7(b)	**16,097**	(18,523)
Changes in working capital:			
Decrease in inventories		**459**	6,008
Increase in tax reserve certificates		**(6,868)**	(10,019)
(Increase)/decrease in trade and other receivables		**(32,122)**	8,256
Increase in cash held on behalf of client		**(90,321)**	
Increase/(decrease) in trade and other payables		**32,063**	(22,551)
Cash (used in)/generated from operations		**(66,820)**	14,529
Income tax paid		**(28,869)**	(9,599)
Net cash (used in)/generated from operating activities		**(95,689)**	4,930

The notes on pages 76 to 146 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2017
(Expressed in RMB)

	Note	2017 RMB'000	2016 RMB'000
Investing activities			
Interest received	7(a)	**3,383**	2,140
Placement of restricted bank deposits		**(57,115)**	(27,667)
Release of restricted bank deposits		**71,460**	20,353
Purchase of property, plant and equipment		**(15,487)**	(18,935)
Proceeds from disposal of property, plant and equipment		**13,399**	19,401
Additions of intangible assets	17	**(5,583)**	(8,434)
Purchase of available for sale investment	18	**(348,600)**	–
Acquisition of a subsidiary, net of cash and cash equivalents acquired	33	**40,768**	–
Purchase of listed equity securities at fair value	19	**(13,499)**	–
Dividends received from investments in securities	7(a)	**21,058**	–
Disposal of subsidiaries, net of cash and cash equivalents disposed of	23	**249,718**	–
Net cash used in investing activities		**(40,498)**	(13,142)
Financing activities			
Proceeds from new bank loans		**174,985**	94,761
Repayment of bank loans		**(210,633)**	(84,952)
Interest paid		**(4,658)**	(3,873)
Acquisition of non-controlling interests of a subsidiary		**–**	(380)
Payment for repurchase of shares	27(d)	**(11,304)**	(911)
Net cash (used in)/generated from financing activities		**(51,610)**	4,645
Net decrease in cash and cash equivalents		**(187,797)**	(3,567)
Cash and cash equivalents at the beginning of the year		**649,306**	615,663
Effect of foreign exchange rate changes		**(25,545)**	37,210
Cash and cash equivalents at the end of the year		**435,964**	649,306
Analysis of the cash and cash equivalents at the end of the year			
Cash and cash equivalents as disclosed in the consolidated statement of financial position		**435,964**	647,356
Cash and cash equivalents classified as assets held for sale		**–**	1,950
Total cash and cash equivalents in the consolidated cash flow statement		**435,964**	649,306

The notes on pages 76 to 146 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 GENERAL

Neo-Neon Holdings Limited (the "Company") was incorporated and registered as an exempted company with limited liability under the Companies Law of the Cayman Islands and acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 35. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and certain of its shares are listed as Depositary Receipts in Taiwan Stock Exchange.

The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). Significant accounting policies adopted by the Company and its subsidiaries (collectively the "Group") are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2017 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– investment property (see note 2(h)); and

– financial instruments classified as available-for-sale and financial asset at fair value through profit or loss (see note 2(o)).

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 2(w)).

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation of the financial statements *(Continued)*

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Changes in accounting policies

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Group. However, additional disclosure has been included in note 22 to satisfy the new disclosure requirements introduced by the amendments to HKAS 7, *Statement of cash flows: Disclosure initiative,* which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted, being the change in proportionate share of the net book value of subsidiaries and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Changes in the Group's ownership interests in existing subsidiaries *(Continued)*

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

(e) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale are measured in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations".

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Business combinations *(Continued)*

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another standard.

(f) Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably;
- Sales of goods are recognised when goods are delivered and title has passed;
- Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition;
- Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss;
- Dividend income from investments is recognised when the Group's rights to receive payment have been established; and
- Rental income from investment properties let under operating leases is recognised on a straight line basis over the period of the respective leases.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Investment properties

Investment properties are properties held to earn rentals and for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

(i) Property, plant and equipment

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

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

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is stated at cost which includes all development expenditure and other direct costs, attributable to such projects, less any recognised impairment loss.

They are not depreciated until completion of construction and the asset is ready for intended use. Cost of completed construction works is transferred to the appropriate category of property, plant and equipment.

Buildings are depreciated over their estimated useful lives or lease terms of the relevant leasehold land on a straight line basis, whichever is shorter.

For the leasehold land and buildings in Hong Kong, the cost of leasehold land and buildings is depreciated over their estimated useful lives of 50 years. The cost of buildings in the PRC is depreciated over 20 years.

Depreciation is recognised so as to write off the cost of other property, plant and equipment over their estimated useful lives, using the straight line method.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Leasehold land and building

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

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the statement of financial position and is amortised over the lease term on a straight line basis except for investment properties under the fair value model.

(k) Borrowing costs

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

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

(l) Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effective of any changes in estimate being accounted for on a prospective basis.

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Intangible assets *(Continued)*

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Internally-generated intangible assets – research and development expenditure

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

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

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

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Intangible assets *(Continued)*

Internally-generated intangible assets – research and development expenditure *(Continued)*

The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

– Patents	10 years
– Securities license	10 years
– Software	2-5 years
– Technology know-how	5 years

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(o) Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when the Group has become a party to the contractual provisions of the instrument.

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Financial instruments *(Continued)*

Effective interest method

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

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

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivable, restricted bank deposits and cash and cash equivalents) are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss ("FVTPL") represent financial assets held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. FVTPL are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

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

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Financial instruments *(Continued)*

Impairment of financial assets

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

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

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

– significant financial difficulty of the issuer or counterparty; or

– breach of contract, such as default or delinquency in interest or principal payments; or

– it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days to 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

The carrying amount of the loans and receivables is reduced by the impairment loss directly with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Financial instruments *(Continued)*

Financial liabilities and equity instruments

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

Equity instruments

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

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities, including trade and other payables, and bank loans, are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest method.

Derecognition

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

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

(q) Taxation

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

The tax currently payable is based on taxable profit for the period. Taxable profit differs from “loss before taxation” as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Taxation *(Continued)*

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time. If the presumption is rebutted, deferred tax for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(r) Government grants

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Share-based payment transactions

Share options granted to employees, directors and non-executive directors

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight line basis over the vesting period, with a corresponding increase in equity (share options reserve).

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

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

(t) Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in RMB, which is the presentation currency for the consolidated financial statements. The functional currency of the Company is HK$.

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are included in profit or loss for the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's operations are expressed in RMB using exchange rates prevailing at the end of the reporting period.

Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

(u) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating lease.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Leasing *(Continued)*

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight line basis.

(v) Retirement benefits costs

Payments to defined contribution retirement benefits plan are recognised as an expense when employees have rendered services entitling them to the contributions.

(w) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the group will retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(w) Non-current assets held for sale *(Continued)*

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(x) Related parties

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities 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).

(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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of 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:

(i) Taxation

As detailed in note 11, there are tax audit cases initiated on the Hong Kong tax affairs of certain group entities for which the ultimate tax determination is uncertain up to the issue of these financial statements. Where the final tax outcome of such cases is different from initial estimate, such differences would have material impact on the current income tax in the period when such a determination is made. No tax provision has been recognised in connection with these tax audit cases in 2017 and prior years as the directors of the Company are of the opinion that the tax audit exercise is still at a preliminary stage and that no profits tax is payable by the Group as the subsidiaries in question did not carry out any business, nor derive any profits, in Hong Kong. Accordingly, no additional provision for Hong Kong Profits Tax is considered necessary in respect of the tax audit. Management engaged an external tax advisor to assist the Group in filing objections to and settling the case with the Inland Revenue Department ("IRD").

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(ii) Allowance for bad and doubtful debts

The policy for allowance for doubtful debts of the Group is based on the evaluation of recoverability and ageing analysis of each customer individually based on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. If the financial condition of customers of the Group were improved and is able to repay the receivable, reversal of allowance may be required.

(iii) Allowance for inventories

The management of the Group reviews an ageing analysis and market demands of inventories at the end of each reporting period, and makes allowance for inventory obsolescence for items that are identified as obsolete, slow-moving and for inventories with net realisable values lower than their carrying amounts taking into account of market demands and the estimated selling prices. The management estimates the net realisable value for goods based primarily on the latest selling prices and current market conditions.

(iv) Impairment losses of non-current assets

In considering the impairment losses that may be required for certain of the Group's assets which include goodwill, property, plant and equipment, lease prepayments, and intangible assets, recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the fair value less costs to sell and the value in use. In determining the value in use, expected cash flow generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as revenue and amount of operating costs.

(v) Fair value of financial instruments

For financial liabilities designated at fair value through profit or loss, the Group determines fair values using valuation techniques. Assumptions and inputs used in valuation techniques are based on observable market data at each end of reporting period.

The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the end of reporting period that would have been determined by market participants acting at arm's length.

4 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders. The Group's overall strategy remains unchanged from prior year.

At the end of the year, the capital structure of the Group consisted of debts, net cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends, issue of new shares and the raising of loans.

5 FINANCIAL INSTRUMENTS

Exposure to currency, liquidity and credit risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

Currency risk

The Group is exposed to currency risk primarily through inter-company payables and receivables within the Group that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily RMB.

	Assets		Liabilities	
	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000	**At 31 December 2017 RMB'000**	At 31 December 2016 RMB'000
RMB	**985,762**	808,428	**1,173,800**	1,144,341

The Group currently does not have a foreign currency hedging policy to eliminate the currency exposures. However, management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposures should the need arise.

Sensitivity analysis

The Group is mainly exposed to the change in RMB exchange rates against United States Dollars.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The profit before taxation of the Group would increase by RMB9,402,000 for the year ended 31 December 2017 (2016: RMB16,796,000) had RMB weakening 5% against the functional currency of the respective Group entities. For a 5% appreciation of RMB against the functional currency of the respective Group entities, there would be an equal and opposite impact.

5 FINANCIAL INSTRUMENTS *(Continued)*

Sensitivity analysis *(Continued)*

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Liquidity risk

The Group manages liquidity risk by monitoring the level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted effective interest rate %	On demand RMB'000	Less than 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying Amount RMB'000
At 31 December 2017					
Non-derivative financial liabilities		**120,168**	**95,314**	**215,482**	**215,482**
Bank loans	**3.19**	**–**	**71,627**	**71,627**	**70,243**
		120,168	**166,941**	**287,109**	**285,725**
At 31 December 2016					
Non-derivative financial liabilities		28,141	117,895	146,036	146,036
Liabilities held for sale		11,195	–	11,195	11,195
Bank loans	2.72	–	113,985	113,985	110,967
		39,336	231,880	271,216	268,198

5 FINANCIAL INSTRUMENTS *(Continued)*

Credit risk

The Group's principal financial assets are trade and other receivables, restricted bank deposits and cash and cash equivalents, which represent the Group's major exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables estimated by the Group's management based on prior experience and their assessment of the current and future economic environment.

In order to minimise the credit risk in relation to trade receivables, the management of the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because majority of the counterparties are mainly banks with high credit-ratings assigned by international credit-rating agencies and PRC state-owned banks with good reputation.

Fair value measurement

(i) Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs

5 FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurement *(Continued)*

(i) Financial assets measured at fair value *(Continued)*

Fair value hierarchy (Continued)

	Fair value at 31 December 2017	Fair value measurements as at 31 December 2017 categorised into			Fair value at 31 December 2016	Fair value measurements as at 31 December 2016 categorised into		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements								
Assets:								
Investment properties	14,200	–	14,200	–	14,700	–	14,700	–
Available-for-sale equity securities	321,079	–	321,079	–	–	–	–	–
Trading securities	–							
–Listed	21,571	21,571	–	–	–	–	–	–
–Unlisted	111,166	–	111,166	–	108,152	–	108,152	–

During the year ended 31 December 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2016: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

5 FINANCIAL INSTRUMENTS *(Continued)*

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of the Group's investment properties in Level 2 is determined by the directors on the basis of a valuation carried out on the reporting dates by an independent valuer who holds a recognisable and relevant professional qualification and has recent experience in the location and category of the investment properties being valued. The valuation was made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interests. The valuation was determined based on direct comparison approach by reference to recent market prices for similar properties in the similar locations and conditions.

The fair value of the Group's available-for-sale investments in Level 2 is determined by the directors on the basis of a valuation carried out on the reporting dates by Hai Tong Asset Management (HK) Limited, which is the manager of the investment, who is a recognisable and professional asset management company. The valuation was made with reference to recent transaction price of the Haitong Freedom Multi-Tranche Bond Fund, which is an observable input in the market.

The fair value of the Group's financial asset at fair value through profit or loss in Level 2 is determined by the directors on the basis of a valuation carried out on the reporting dates by China Asset Management Co., Ltd. ("China AMC", as asset manager) and China Construction Bank Corporation ("CCBC", as asset custodian) who are recognisable and professional asset management companies. The valuation was made with reference to recent transaction price of the overseas assets management plan operated by China AMC, which is an observable input in the market.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2016 and 2017.

6 REVENUE AND SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on by divisions, which are organised by a mixture of both business lines (products and services) and geography. Specifically, the Group's reportable segments under HKFRS 8 are as follows:

People's Republic of China ("PRC") lighting segment	–	research and development, manufacture of lighting products in the PRC and distribution of lighting products in the PRC and overseas
United States of America ("USA") lighting segment	–	provision of lighting solutions in the USA
Securities segment	–	asset management services, investment advisory services and securities trading

During the year ended 31 December 2017, the chief operating decision maker of the Group changed the structure of internal reports they review regularly in allocating resources to segments and in assessing their performance as a result of the acquisition of Tongfang Securities Limited ("Tongfang Securities", formerly known as "Buttonwood Finance Limited") (see note 33). Accordingly, the Group has restated the operating segment information for the year ended 31 December 2016.

Revenue represents the fair value of the consideration received and receivable for goods sold and services provided by the Group to external customers during the year.

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

(a) Information about profit or loss, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	PRC lighting segment		USA lighting segment		Securities segment		Total	
For the year ended	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue from external customers	**214,787**	236,016	**414,520**	375,227	**36,417**	–	**665,724**	611,243
Inter-segment revenue	**11,810**	29,360	**–**	–	**–**	–	**11,810**	29,360
Reportable segment revenue	**226,597**	265,376	**414,520**	375,227	**36,417**	–	**677,534**	640,603
Reportable segment profit	**92,299**	1,593	**15,451**	35,054	**35,420**	–	**143,170**	36,647
As at 31 December								
Reportable segment assets	**852,468**	775,216	**257,037**	263,805	**628,287**	–	**1,737,792**	1,039,021
Reportable segment liabilities	**123,422**	211,883	**85,498**	99,608	**107,026**	–	**315,946**	311,491

(b) Reconciliations of reportable segment profit or loss

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Reportable segment profit derived from Group's external customers	**143,170**	36,647
Unallocated expenses	**(17,763)**	(19,485)
Unallocated other gains and losses	**912**	1,641
Profit before taxation	**126,319**	18,803

Segment profit represents the profit incurred by each segment without allocation of unallocated expenses, certain other gains or losses and expenses. This is the measure reported to the board of directors of the Company for the purposes of resource allocation and performance assessment.

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment properties, property, plant and equipment, prepaid lease payments, intangible assets and goodwill ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset and the location of the operation to which they are allocated.

	Revenues from external customers		Specified non-current assets	
			31 December	31 December
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
North America	527,857	456,201	47,769	32,978
Europe	41,159	64,109	160	9,729
PRC	28,592	24,885	236,644	138,476
Asia (excluding PRC)	65,380	53,764	49,348	55,096
Other countries	2,736	12,284	–	–
	665,724	611,243	333,921	236,279

Information about major customers

There were no customers who individually contribute over 10% of the total revenues of the Group for the year ended 31 December 2017 and 2016.

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information

	PRC lighting segment RMB'000	USA lighting segment RMB'000	Securities segment RMB'000	Consolidated RMB'000
Year ended 31 December 2017				
Additions to non-current segment assets	**9,072**	**1,560**	**141,954**	**152,586**
Depreciation and amortisation	**18,827**	**4,621**	**1,910**	**25,358**
Net (allowance)/reversal of allowance for bad and doubtful debts	**(1,656)**	**288**	**–**	**(1,368)**
Gain on disposal of property, plant and equipment and prepaid lease payments	**496**	**–**	**–**	**496**
Year ended 31 December 2016				
Additions to non-current segment assets	30,974	7,813	–	38,787
Depreciation and amortisation	30,193	4,683	–	34,876
Net reversal of allowance/ (allowance) for bad and doubtful debts	6,086	(873)	–	5,213
Gain on disposal of property, plant and equipment and prepaid lease payments	2,421	–	–	2,421

7(a) OTHER INCOME

	2017 RMB'000	2016 RMB'000
Interest income from bank deposits	**3,383**	2,140
Dividend income from available-for-sale investments	**21,058**	–
Government grants	**5,515**	1,605
Rental income from operating leases	**4,191**	2,179
Others	**1,711**	5,733
	35,858	11,657

7(b) OTHER GAINS AND LOSSES

	2017 RMB'000	2016 RMB'000
Gain on disposal of subsidiaries (note 23)	**110,649**	298
Fair value change on financial assets at fair value through profit or loss	**11,614**	2,772
Fair value change on investment properties	**500**	–
Gain on disposal of property, plant and equipment	**496**	2,421
Net (allowance)/reversal of allowance for bad and doubtful debts	**(1,368)**	5,213
Impairment loss on available-for-sale equity securities	**315**	14
Net exchange (loss)/gain	**(16,097)**	18,523
Others	**(735)**	(1,183)
	105,374	28,058

8 FINANCE COSTS

	2017 RMB'000	2016 RMB'000
Interest on bank borrowings	**4,658**	3,873

9 PROFIT BEFORE TAXATION

	2017 RMB'000	2016 RMB'000
Profit before taxation is arrived at after charging:		
Directors' remuneration	**1,944**	1,793
Equity-settled share based payment expenses	**1,601**	2,718
Salaries, wages and other benefits	**124,915**	135,835
	128,460	140,346
Depreciation (note 14)	**19,425**	30,321
Amortisation		
– prepaid lease payments (note 15)	**804**	999
– intangible assets (note 17)	**5,129**	3,556
Net allowance/(reversal of allowance) for bad and doubtful debts	**1,368**	(5,213)
Impairment loss on available-for-sale equity securities (note 18)	**315**	14
Auditor's remuneration		
– audit service	**2,310**	3,627
– non-audit services	**387**	221
	2,697	3,848
Cost of inventories (note 20)	**452,235**	422,883
Research and development expenditure recognised as an expense	**484**	590
Operating lease rentals in respect of rented premises	**9,707**	7,387
And after crediting:		
Property rental income before deduction of negligible outgoings	**(4,191)**	(2,179)

10 DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' remuneration disclosed pursuant to section 383(1) of the new Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Year ended 31 December 2016						
	Directors' fees RMB'000	Salaries, allowances and benefits in-kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-total RMB'000	Share based payments (note) RMB'000	Total RMB'000
Executive directors							
– Mr. Seah Han Leong	–	1,083	–	–	1,083	195	1,278
– Mr. Fan Xin (resigned on 15 July 2016)	–	–	–	–	–	–	–
– Mr. Wang Liang Hai (resigned on 15 July 2016)	–	–	–	–	–	–	–
– Mr. Pan Jin (resigned on 15 July 2016)	–	72	–	–	72	–	72
– Mr. Ben Fan (resigned on 20 January 2016)	–	14	–	–	14	–	14
Independent non-executive directors							
– Mr. Fan Ren Da, Anthony	208	–	–	–	208	–	208
– Mr. Liu Tian Min	208	–	–	–	208	–	208
– Ms. Li Ming Qi	208	–	–	–	208	–	208
Non-executive director							
– Mr. Huang Yu (appointed on 15 July 2016)	–	–	–	–	–	–	–
– Mr. Liu Wei Dong	–	–	–	–	–	–	–
– Mr. Wang Liang Hai (appointed on 15 July 2016)	–	–	–	–	–	–	–
	624	1,169	–	–	1,793	195	1,988

10 DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

	Year ended 31 December 2017						
	Directors' fees RMB'000	Salaries, allowances and benefits in-kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-total RMB'000	Share based payments (note) RMB'000	Total RMB'000
Executive director							
– Mr. Seah Han Leong	–	1,320	–	–	1,320	151	1,471
Independent non-executive directors							
– Mr. Fan Ren Da, Anthony	208	–	–	–	208	–	208
– Mr. Liu Tian Min	208	–	–	–	208	–	208
– Ms. Li Ming Qi	208	–	–	–	208	–	208
Non-executive director							
– Mr. Huang Yu (appointed on 15 July 2016)	–	–	–	–	–	–	–
– Mr. Liu Wei Dong	–	–	–	–	–	–	–
– Mr. Wang Liang Hai (appointed on 15 July 2016)	–	–	–	–	–	–	–
	624	1,320	–	–	1,944	151	2,095

Note:

These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(s) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting. The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share option scheme" in the directors' report and note 28.

During 2016 and 2017, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out below as an inducement to join or upon joining the Group or as compensation for loss of office.

10 DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

Of the five individuals with the highest emoluments, one (2016: one) of them is a director whose emoluments are listed above. The aggregate of the emoluments in respect of the other four (2016: four) individuals are as follows:

	2017 RMB'000	2016 RMB'000
Employees		
– Basic salaries and allowances	**2,338**	2,344

The emoluments of the four (2016: four) individuals with the highest emoluments are within the following bands:

	2017	2016
Up to HK$1,000,000	**4**	4

During the year ended 31 December 2017 and 2016, no emoluments were paid by the Group to directors and the highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

11 TAXATION

	2017 RMB'000	2016 RMB'000
Taxation in the consolidated statement of comprehensive income represents:		
Provision for the year	**3,201**	15,294
Deferred taxation (note 26)	**2,637**	(8,233)
	5,838	7,061

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

The subsidiaries of the Company established in the PRC are subject to the PRC Enterprise Income Tax at 25% for the year ended 31 December 2017 and 2016, except that one entity is entitled to preferential tax rate of 15% as it is officially endorsed as High-New Technology Enterprise till 9 November 2020.

11 TAXATION *(Continued)*

Pursuant to the relevant laws and regulations in the USA, the Company's subsidiaries incorporated in the USA are subject to the gradual USA corporate income tax rate up to 35% for the year ended 31 December 2017 and 2016. On 22 December 2017, President Trump signed into law the "Tax Cuts and Jobs Act," or the TCJA, which significantly amends the Code. The TCJA, among other things, reduces the U.S. corporate tax rate from a top marginal rate of 35% to a flat rate of 21%, limits the tax deduction for interest expense to 30% of adjusted earnings, eliminates net operating loss carrybacks, imposes a one-time tax on offshore earnings at reduced rates regardless of whether they are repatriated, allows immediate deductions for certain new investments instead of deductions for depreciation expense over time, and modifies or repeals many business deductions and credits.

Pursuant to the relevant laws and regulations in Vietnam, the Company's subsidiary incorporated in Vietnam is subject to Vietnam corporate income tax at 20% for the year ended 31 December 2017 and 2016.

The subsidiaries of the Company incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the year ended 31 December 2017 and 2016.

Dividends paid to the non-resident shareholder of a Taiwan subsidiary are generally subject to withholding tax of 20%.

Tax audit conducted by the Inland Revenue Department ("IRD") in Hong Kong

IRD is conducting a tax audit to the Group for the year of assessment back from 2005/06.

On 26 March 2012, the IRD issued protective profits tax assessments in aggregate of HK$5,250,000 (approximately equivalent to RMB4,388,000) relating to the year of assessment 2005/06, that is, for the financial year ended 31 December 2005, against certain subsidiaries of the Company. The Group lodged objections to the IRD against these protective assessments.

On 8 March 2013, the IRD additionally issued protective profits tax assessments in aggregate of HK$5,425,000 (approximately equivalent to RMB4,535,000) relating to the year of assessment 2006/07, that is, for the financial year ended 31 December 2006, against certain subsidiaries of the Company. The Group lodged objections to the IRD against these protective assessments.

On 14 March 2014, the IRD additionally issued estimated profits tax assessments in aggregate of HK$28,425,000 (approximately equivalent to RMB23,760,000) relating to the year of assessment 2007/08, that is, for the financial year ended 31 December 2007, against certain subsidiaries of the Company. The Group lodged objections to the IRD against these estimated assessments.

On 9 January 2015 and 27 March 2015, the IRD additionally issued protective profits tax assessments in aggregate of HK$35,838,000 (approximately equivalent to RMB29,957,000) relating to the year of assessment 2008/09, that is, for the financial year ended 31 December 2008, against certain subsidiaries of the Company. The Group lodged objections to the IRD against these protective assessments.

On 31 December 2015, the IRD additionally issued protective profits tax assessments in aggregate of HK$24,288,000 (approximately equivalent to RMB20,302,000) relating to the year of assessment 2009/10, that is, for the financial year ended 31 December 2009, against certain subsidiaries of the Company. The Group lodged objections to the IRD against these protective assessments.

11 TAXATION *(Continued)*

Tax audit conducted by the Inland Revenue Department ("IRD") in Hong Kong *(Continued)*

On 29 December 2016, the IRD additionally issued protective profits tax assessments in aggregate of HK$47,305,500 (approximately equivalent to RMB39,543,000) relating to the year of assessment 2010/11, that is, for the financial year ended 31 March 2011, against certain subsidiaries of the Company. The Group lodged objections to the IRD against these protective assessments.

On 28 December 2017, the IRD additionally issued protective profits tax assessments in aggregate of HK$2,779,500 (approximately equivalent to RMB2,323,000) relating to the year of assessment 2011/12, that is, for the financial year ended 31 March 2012, against certain subsidiaries of the Company. The Group lodged objections to the IRD against these protective assessments.

As at 31 December 2017, the IRD had issued protective profits tax assessments in an aggregate amount of HK$149,311,000 (approximately equivalent to RMB124,809,000) for the years of assessment from 2005/06 to 2011/12. The Group has lodged objections against these protective profits tax assessments and the IRD has agreed to hold over the tax demanded for these years of assessment on the condition that the Group purchased tax reserve certificates in an aggregate amount of HK$35,450,000 (approximately equivalent to RMB29,633,000), which has been recorded as tax reserve certificates in the consolidated statement of financial position as at 31 December 2017.

The directors of the Company are of the opinion that no Hong Kong profits tax is payable by the Group as the subsidiaries in question did not carry on any business, nor derive any profits, in Hong Kong. Accordingly, no additional provision for Hong Kong Profits Tax is considered necessary in respect of the tax audit.

Reconciliation between tax expense and accounting profit at applicable tax rates:

	2017	2016
	RMB'000	RMB'000
Profit before taxation	**126,319**	18,803
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**7,638**	13,308
Tax effect of non-deductible expenses	**1,142**	70
Tax effect of non-taxable income	**(8,461)**	(9,189)
Tax effect of unused tax losses not recognised	**10,767**	10,622
Tax effect of utilisation of tax losses not recognised in previous years	**(7,825)**	(7,750)
Effect of change in tax rate	**2,577**	–
Actual tax expense	**5,838**	7,061

12 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2017 RMB'000	2016 RMB'000
Profit for year attributable to owners of the Company	**120,375**	11,778

Weighted average number of ordinary shares:

	Number of shares	
	2017 '000	2016 '000
Issued ordinary shares at 1 January	**1,938,320**	1,939,319
Effect of shares repurchased (note 27(d))	**(2,559)**	(293)
Effect of issuance of new shares (note 27(b))	**167,517**	–
Weighted average number of ordinary shares at 31 December	**2,103,278**	1,939,026

The computation of diluted earnings per share did not assume the exercise of the equity-settled share options because they are antidilutive for the year ended 31 December 2017 and 2016.

13 INVESTMENT PROPERTIES

	Properties held under medium-term leases in the PRC (note 5) RMB'000
At 1 January 2016 and 31 December 2017	14,700
Decrease in fair value recognised in profit or loss	(500)
At 31 December 2017	14,200

14 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RMB'000	Furniture, fixtures and equipment RMB'000	Leasehold improvements RMB'000	Vehicles RMB'000	Moulds RMB'000	Plant and machinery RMB'000	Total RMB'000
Cost							
At 1 January 2016	539,521	65,018	313,837	13,767	116,048	940,174	1,988,365
Currency realignment	7,251	1,629	2,218	682	1,676	4,694	18,150
Additions	851	9,092	13,490	1,840	1,105	3,975	30,353
Disposals	(4,334)	(4,114)	(326)	(1,333)	(76)	(213,614)	(223,797)
Reclassification to assets held for sale	(69,157)	(3,654)	(46,736)	(999)	–	(376,752)	(497,298)
At 31 December 2016	**474,132**	**67,971**	**282,483**	**13,957**	**118,753**	**358,477**	**1,315,773**
Currency realignment	**(6,411)**	**(2,154)**	**(1,844)**	**(531)**	**(1,689)**	**(5,334)**	**(17,963)**
Additions	**–**	**6,112**	**5,122**	**111**	**359**	**2,741**	**14,445**
Disposals	**(10,797)**	**(4,345)**	**(316)**	**(450)**	**(15,567)**	**(98,178)**	**(129,653)**
At 31 December 2017	**456,924**	**67,584**	**285,445**	**13,087**	**101,856**	**257,706**	**1,182,602**
Depreciation and impairment							
At 1 January 2016	(405,975)	(59,484)	(297,851)	(10,588)	(111,387)	(871,277)	(1,756,562)
Currency realignment	(3,830)	(1,111)	(2,146)	(346)	(1,672)	(4,571)	(13,676)
Charge for the year	(8,016)	(2,616)	(3,991)	(398)	(1,046)	(14,254)	(30,321)
Eliminated on disposals	1,072	1,647	52	1,268	22	202,756	206,817
Reclassification to assets held for sale	44,584	2,800	29,251	623	–	351,924	429,182
At 31 December 2016	**(372,165)**	**(58,764)**	**(274,685)**	**(9,441)**	**(114,083)**	**(335,422)**	**(1,164,560)**
Currency realignment	**4,271**	**1,845**	**1,664**	**318**	**1,683**	**5,246**	**15,027**
Charge for the year	**(6,862)**	**(4,290)**	**(2,988)**	**(499)**	**(1,143)**	**(3,643)**	**(19,425)**
Eliminated on disposals	**1,529**	**1,289**	**146**	**471**	**15,418**	**97,897**	**116,750**
At 31 December 2017	**(373,227)**	**(59,920)**	**(275,863)**	**(9,151)**	**(98,125)**	**(235,922)**	**(1,052,208)**
Carrying values							
At 31 December 2016	101,967	9,207	7,798	4,516	4,670	23,055	151,213
At 31 December 2017	**83,697**	**7,664**	**9,582**	**3,936**	**3,731**	**21,784**	**130,394**

14 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment other than those under construction in progress are depreciated on a straight-line basis at the following rates per annum:

The cost of buildings in PRC is depreciated over 20 years.

Furniture, fixtures and equipment	15% – 20%
Leasehold improvements	20%
Vehicles	20%
Moulds	20%
Plant and machinery	10%

At 31 December 2017, certain property certificates of the Group's properties with an aggregate net book value of RMB48,000 were yet to be obtained (2016:RMB3,049,000).

15 PREPAID LEASE PAYMENTS

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Carrying value		
At the beginning of the year	**31,863**	38,097
Currency realignment	**(590)**	536
Amortisation for the year	**(804)**	(999)
Reclassification to assets held for sale	**–**	(5,771)
At the end of the year	**30,469**	31,863

16 GOODWILL

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Balance at beginning of the year	**8,663**	8,109
Additions (note 33(c))	**121,948**	–
Currency realignment	**(7,157)**	554
At the end of the year	**123,454**	8,663

16 GOODWILL *(Continued)*

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to operating segment as follows:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
USA lighting segment (note (i))	**8,161**	8,663
Securities segment (note (ii))	**115,293**	–
At the end of the year	**123,454**	8,663

(i) USA lighting segment

The recoverable amount of the CGU of USA lighting segment is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3% (2016: 5%) which is consistent with the forecasts included in industry reports. The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cash flows are discounted using a discount rate of 11.2% (2016: 13.6%). The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

(ii) Securities segment

The recoverable amount of the CGU of securities segment is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 2% which is consistent with the forecasts included in industry reports. The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cash flows are discounted using a discount rate of 25%. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

17 INTANGIBLE ASSETS

	Patent RMB'000	Securities licenses RMB'000	Software RMB'000	Technology know-how RMB'000	Total RMB'000
Cost					
At 1 January 2016	106,144	–	175	8,840	115,159
Currency realignment	7,153	–	–	–	7,153
Additions	–	–	1,015	–	1,015
Additions through internal development	–	–	–	7,419	7,419
Disposals	(57,522)	–	–	–	(57,522)
Reclassification to assets held for sale	–	–	(4)	–	(4)
At 31 December 2016	55,775	–	1,186	16,259	73,220
Currency realignment	(6,264)	(1,237)	(61)	–	(7,562)
Additions	–	418	124	–	542
Additions through acquisition of a subsidiary	–	10,610	–	–	10,610
Additions through internal development	–	–	–	5,041	5,041
At 31 December 2017	49,511	9,791	1,249	21,300	81,851
Depreciation and impairment					
At 1 January 2016	(91,288)	–	(18)	–	(91,306)
Currency realignment	(5,468)	–	(573)	–	(6,041)
Charge for the year	(2,074)	–	(369)	(1,113)	(3,556)
Eliminated on disposals	57,522	–	–	–	57,522
Reclassification to assets held for sale	–	–	1	–	1
At 31 December 2016	(41,308)	–	(959)	(1,113)	(43,380)
Currency realignment	1,111	872	79	–	2,062
Charge for the year	(1,349)	(1,061)	(300)	(2,419)	(5,129)
At 31 December 2017	(41,546)	(189)	(1,180)	(3,532)	(46,447)
Carrying values					
At 31 December 2016	14,467	–	227	15,146	29,840
At 31 December 2017	7,965	9,602	69	17,768	35,404

The amortisation charge for the year is included in "administrative expenses" in the consolidated statement of comprehensive income.

18 AVAILABLE-FOR-SALE INVESTMENTS

	2017 RMB'000	2016 RMB'000
Unlisted available-for-sale equity securities: Current assets (note 5)		
At 1 January	**–**	–
Payment for purchase (note (i))	**348,600**	–
Net unrealised loss recognised in other comprehensive income during the period	**(13,285)**	–
Currency realignment	**(14,236)**	–
At 31 December	**321,079**	–
Unlisted available-for-sale equity securities: Non-current assets (note (ii))		
At 1 January	**3,639**	3,653
Impairment loss recognised in profit or loss during the period	**(315)**	(14)
At 31 December	**3,324**	3,639
	324,403	3,639

(i) On 16 June 2017, Tongfang Securities, a wholly-owned subsidiary of the Company, entered into a discretionary client agreement with Hai Tong Asset Management (HK) Limited ("Investment Manager"), pursuant to which the Investment Manager has agreed to subscribe for 374,448.04 HK$ Class R1A Shares in the Haitong Freedom Multi-Tranche Bond Fund (the "Fund") for and on behalf of Tongfang Securities at the consideration of HK$400,000,000 (equivalent to approximately RMB348,600,000) (the "Investment Amount").

The Fund will invest all or substantially all of its assets, to the extent not retained in cash to meet operating expenses, in the shares of the Haitong Freedom Multi-Tranche Master Bond Fund (the "Master Fund"). The Master Fund will primarily invest in fixed income securities such as government, corporate or convertible bonds, private placement debt, notes linked to fixed income instruments or preferred shares, other bond funds, money market funds or cash. The Master Fund may invest in debt securities that are rated below investment grade or which are unrated by any relevant agency.

At 31 December 2017, the above investments were classified as available-for-sale with a fair value of HK$384,107,000 (equivalent to approximately RMB321,079,000) that are held for short-term purposes.

Subsequent to the end of the reporting period, the Investment Manager has redeemed certain interest in the Fund in the amount of HK$370,000,000 (equivalent to approximately RMB309,283,000), for and on behalf of Tongfang Securities pursuant to its discretionary authority under the discretionary client agreement on 9 February 2018.

18 AVAILABLE-FOR-SALE INVESTMENTS *(Continued)*

(ii) Unlisted equity investments are measured at cost less accumulated impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably and these investments do not have a material effect on the Group's financial results and financial position.

19 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Equity securities at fair value (note 5)		
– Listed (note (i))	**21,571**	–
– Unlisted (note (ii))	**111,166**	108,152
	132,737	108,152

(i) On 28 August 2017, Tongfang Asset Management (Cayman) Company Limited ("Tongfang Asset Management"), a wholly-owned subsidiary of the Company, entered into a subscription agreement with Z-OBEE HOLDINGS LIMITED, ("Z-OBEE", a Hong Kong listed company, stock code: 948), pursuant to which Tongfang Asset Management has agreed to acquire an aggregate of 12,711,719 new ordinary shares (equivalent to 4.99% of the enlarged share capital of Z-OBEE) at the issue price of HK$1.248 (equivalent to RMB1.06) per ordinary share. Completion of the above share subscriptions took place on 27 November 2017.

(ii) On 29 October 2014, Heshan Tongfang Lighting Technology Company Limited ("Tongfang Lighting"), a wholly-owned subsidiary of the Company, entered into an overseas assets management plan contract (the "Contract") with China AMC and CCBC, pursuant to which Tongfang Lighting has agreed to participate in the overseas assets management plan operated by China AMC (the "Fund") by depositing the investment amount of RMB105,500,000 (the "Investment Amount") in a designated account maintained with CCBC. Pursuant to the Fund, the Investment Amount is proposed to be invested principally in equity interest and equity-linked structured products of Sinopec Marketing Co., Ltd. and bonds (including convertible bonds), funds, money market instruments, derivatives commodities and other financial instruments as permitted by the applicable securities laws and the requirements of the China Securities Regulatory Commission.

20 INVENTORIES

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Raw materials	**18,421**	38,757
Work in progress	**35,779**	51,382
Finished goods	**123,195**	94,177
	177,395	184,316

At 31 December 2017, certain finished goods with a carrying value of approximately RMB20,057,000 (31 December 2016: RMB32,250,000) were pledged to certain banks to secure the credit facilities granted to the Group.

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2017 RMB'000	2016 RMB'000
Carrying amount of inventories sold	**445,773**	418,888
Write down of inventories	**6,462**	3,995
	452,235	422,883

21 TRADE AND OTHER RECEIVABLES

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Trade receivables:		
– due from related parties	**4,667**	4,260
– due from third parties	**168,562**	144,881
Bills receivable	**10,190**	11,815
Less: allowance for bad and doubtful debts	**(46,312)**	(47,450)
	137,107	113,506
Deposits paid to suppliers	**13,916**	21,079
Value added tax recoverable	**35,193**	33,656
Value added tax refundable on export sales	**3,905**	3,446
Other receivables	**18,847**	7,243
	208,968	178,930

Payment terms with customers are mainly on credit. Invoices are normally payable from 90 days of issuance, except for certain well established customers in which the credit terms are up to 180 days. The following is an ageing analysis of trade and bills receivable presented based on the invoice dates (or date of revenue recognition, if earlier) and net of allowance for doubtful debts:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
0 to 60 days	**87,539**	72,292
61 to 90 days	**6,461**	12,828
91 to 180 days	**19,129**	10,473
Over 180 days	**23,978**	17,913
	137,107	113,506

21 TRADE AND OTHER RECEIVABLES *(Continued)*

The ageing analysis of trade and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Neither past due nor impaired	**113,129**	95,593
Less than 6 months past due	**11,714**	7,204
	124,843	102,797

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	2017 RMB'000	2016 RMB'000
At beginning of the year	47,450	61,924
Net impairment loss recognised/(reversed)	1,368	(5,213)
Uncollectible amounts written off	(2,506)	(2,944)
Reclassification to assets held for sale	–	(6,317)
At the end of the year	46,312	47,450

Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and bills receivables directly.

At 31 December 2017, certain trade receivables with a carrying value of approximately RMB33,336,000 (2016: RMB46,226,000) were pledged to certain banks to secure the credit facilities granted to the Group.

22 RESTRICTED BANK DEPOSITS, CASH HELD ON BEHALF OF CLIENTS AND CASH AND CASH EQUIVALENTS

The restricted bank deposits represent deposits pledged to banks to secure credit facilities granted to the Group.

Cash held on behalf of clients represent segregated client accounts with licensed banks to hold client monies from normal business transaction in connection with the company's asset management services. As at 31 December 2017, segregated client accounts not otherwise dealt with in these financial statements amounted to HK$108,051,000 (equivalent to approximately RMB90,321,000).

Cash and cash equivalents comprise cash and bank deposits with an original maturity of three months or less.

Reconciliation of liabilities arising from financing activities

	Bank borrowings RMB'000
At 1 January 2017	110,967
Changes from financing cash flows:	
Proceeds from new bank loans	174,985
Repayment of bank loans	(210,633)
Interest paid	(4,658)
Total changes from financing cash flows	(40,306)
Exchange adjustments	(5,076)
Other changes:	
Interest expense	4,658
At 31 December 2017	70,243

23 ASSETS AND LIABILITIES HELD FOR SALE/DISPOSAL OF SUBSIDIARIES

On 31 October 2016, the Group entered into three equity transfer agreements with a fellow subsidiary of the Group, Tongfang Science and Technology Park Co., Ltd ("Tongfang Technology Park"), to dispose all its 100% equity interest in three subsidiaries, namely Yangzhou Tongfang Semiconductors Co. Ltd, Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd and Tianjin Zhenmingli Photoelectricity Co., Ltd (collectively the "Disposal Group") at a consideration of RMB251,668,000.

On 31 December 2016, the Disposal Group was available for immediate sale in its present condition. The above transactions were completed in February 2017, resulting in a gain of RMB110,649,000 which was mainly due to the appreciation of the land use rights owned by the Disposal Group and has been recorded in the PRC lighting segment. Management are of the view that the Disposal Group do not constitute a separate major line of business, and accordingly do not meet the criteria of discontinued operations. The related assets and liabilities of the Disposal Group have been reclassified as disposal group held for sale and presented separately in the consolidated statements of financial position as at 31 December 2016.

24 TRADE AND OTHER PAYABLES

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Accounts payable to securities clients	**90,321**	–
Trade payables	**55,771**	71,613
Bills payable	**24,669**	21,935
Payroll and welfare payables	**3,959**	9,808
Other payables	**44,211**	42,680
Financial liabilities measured at amortised cost	**218,931**	146,036
Customers' deposits	**11,866**	13,433
Other taxes payable	**4,030**	4,077
	234,827	163,546

The following is an ageing analysis of trade and bills payable presented based on the invoice date at the end of the year:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
0 to 60 days	**57,408**	58,926
61 to 90 days	**2,963**	4,236
91 to 180 days	**53**	873
181 to 360 days	**3,469**	2,094
More than 360 days	**16,547**	27,419
	80,440	93,548

The average credit period on purchase of goods ranges around 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe. For those payables over credit period, the Group negotiated with respective creditors to extend the credit periods.

25 BANK BORROWINGS

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Bank borrowings repayable within one year		
– secured	**70,243**	32,951
– unsecured	**–**	78,016
	70,243	110,967

At 31 December 2017, included in the above bank borrowings were fixed-rate bank borrowings of RMB32,671,000 (2016: RMB32,951,000), which were repayable within one year. All of the bank borrowings are carried at amortised cost.

At 31 December 2017 and 2016, none of the Group's bank borrowings were subject to the fulfilment of covenants.

The range of contracted interest rates on the Group's bank borrowings are as follows:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Contracted interest rates (per annum)		
Fixed-rate borrowings	**2.92% ~4.35%**	1.55% ~4.35%
Variable-rate borrowings	**2.76% ~4.50%**	2.76% ~4.50%

26 DEFERRED TAX ASSETS AND LIABILITIES

(a) Deferred tax assets and liabilities recognised

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Taiwan withholding tax on undistributed earnings RMB'000	Fair value adjustment on intangible assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2016	(2,763)	(1,243)	9	(3,997)
Credited/(charged) to profit or loss	–	764	7,469	8,233
Currency realignment	(187)	(183)	247	(123)
At 31 December 2016	(2,950)	(662)	7,725	4,113
Generated from acquisition of a subsidiary (note 33(b))	–	(1,751)	–	(1,751)
Credited/(charged) to profit or loss	–	576	(3,213)	(2,637)
Currency realignment	193	138	(336)	(5)
At 31 December 2017	(2,757)	(1,699)	4,176	(280)

(ii) Reconciliation to the consolidated statements of financial position:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**6,179**	7,063
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(6,459)**	(2,950)
	(280)	4,113

26 DEFERRED TAX ASSETS AND LIABILITIES *(Continued)*

(b) Deferred tax assets not recognised

At 31 December 2017, in accordance with the accounting policy set out in note 2, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB488,913,000 (2016: RMB537,702,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Except for the amount of RMB215,251,000 which will not expire under the relevant tax legislation, the remaining unused tax losses carried forward of RMB19,538,000, RMB151,909,000, RMB41,284,000 and RMB33,683,000, RMB27,248,000 will expire in 2019, 2020, 2021, 2022 and 2023, respectively, if unused.

(c) Deferred tax liabilities not recognised

At 31 December 2017, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB53,691,000 (2016: RMB39,723,000). Deferred tax liabilities have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

27 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Special reserve RMB'000	Share compensation reserve RMB'000	Share options reserve RMB'000	Translation reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2016	171,897	2,264,928	255	55,238	50,024	3,342	(555,332)	(8,220)	(824,375)	1,157,757
Changes in equity for 2016:										
Loss for the year	–	–	–	–	–	–	–	–	(8,406)	(8,406)
Other comprehensive income	–	–	–	–	–	–	53,767	–	–	53,767
Total comprehensive income	–	–	–	–	–	–	53,767	–	(8,406)	45,361
Share repurchased and cancelled	(89)	(911)	89	–	–	–	–	–	–	(911)
Recognition of equity-settled share based payments	–	–	–	–	–	2,019	–	–	–	2,019
	(89)	(911)	89	–	–	2,019	–	–	–	1,108
At 31 December 2016	171,808	2,264,017	344	55,238	50,024	5,361	(501,565)	(8,220)	(832,781)	1,204,226

27 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(a) Movements in components of equity *(Continued)*

	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Special reserve RMB'000	Share compensation reserve RMB'000	Share options reserve RMB'000	Translation reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2017	171,808	–	2,264,017	344	55,238	50,024	5,361	(501,565)	(8,220)	(832,781)	1,204,226
Changes in equity for 2017											
Loss for the year	–	–	–	–	–	–	–	–	–	(6,104)	(6,104)
Other comprehensive income	–	–	–	–	–	–	–	60,817	–	–	60,817
Total comprehensive income	–	–	–	–	–	–	–	60,817	–	(6,104)	54,713
Issuance of new shares	15,670	–	166,098	–	–	–	–	–	–	–	181,768
Share repurchased and cancelled (note 27(d))	–	(11,304)	–	–	–	–	–	–	–	–	(11,304)
Cancellation of treasury shares	(566)	5,004	(5,004)	566	–	–	–	–	–	–	–
Recognition of equity-settled share based payments	–	–	–	–	–	–	744	–	–	–	744
	15,104	(6,300)	161,094	566	–	–	744	–	–	–	171,208
At 31 December 2017	186,912	(6,300)	2,425,111	910	55,238	50,024	6,105	(440,748)	(8,220)	(838,885)	1,430,147

27 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(b) Share capital

(i) Issued share capital

	Authorised		Issued and fully paid	
	Number of shares	Amount HK$'000	Number of shares	Amount RMB'000
Ordinary shares of par value HK$0.10 each				
– at 31 December 2015	5,000,000,000	500,000	1,939,319,694	171,897
Share repurchased	–	–	(1,000,000)	(89)
– at 31 December 2016	5,000,000,000	500,000	1,938,319,694	171,808
Issuance of new shares	–	–	177,227,723	15,670
Share repurchased and cancelled	–	–	(6,384,000)	(566)
– at 31 December 2017	5,000,000,000	500,000	2,109,163,417	186,912

On 20 January 2017, an aggregate of 177,227,723 new ordinary shares were issued as the consideration for the acquisition of Tongfang Securities (note 33).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(c) Dividends

The directors of the Company did not recommend the payment of a dividend for the years ended 31 December 2017 and 2016.

27 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Treasury shares

	2017	
	Number of shares	Amounts
		RMB'000
Treasury shares		
At 1 January	–	–
Shares repurchased to be cancelled	15,328,000	11,304,000
Cancellation of treasury shares	(6,384,000)	(5,004,000)
At 31 December	8,944,000	6,300,000

During the year ended 31 December 2017, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid
		HK$	HK$	HK$
January 2017	200,000	1.15	1.12	230,000
August 2017	1,898,000	0.80	0.77	1,497,000
September 2017	3,638,000	0.97	0.80	3,366,000
October 2017	648,000	0.85	0.83	548,000
November 2017	2,374,000	0.85	0.77	1,901,000
December 2017	6,570,000	0.85	0.70	5,199,000
				12,741,000

27 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(e) Nature and purpose of reserves

(i) The application of the share premium is governed by section 48B of the Hong Kong Companies Ordinance.

(ii) Capital redemption reserve comprises the amount by which the issued share capital of the Company is diminished through the cancellation of shares.

(iii) Special reserve comprises the differences between the nominal amount of the shares issued by the Company and the Group's former holding company, Neo-Neon Holdings (BVI) Limited ("NNH"), and the aggregate amount of share capital and share premium of the subsidiaries acquired pursuant to a corporate reorganisation in 1996 and a group reorganisation in preparation for the listing of the Company's shares in 2006.

(iv) Share compensation reserve comprises the difference of fair value of certain NNH's shares (the "Shares") transferred to the Group's certain senior management by the Company's shareholders and the consideration paid by the senior management in obtaining the Shares in 2004.

(v) Share options reserve represents the fair value of share options granted to directors and employees of the Group in accordance with the accounting policy adopted for share based payment in note 2(s).

(vi) Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2(t).

(vii) Fair value reserve comprises the cumulative net change in the fair value of available-for-sale securities and is dealt with in accordance with the accounting policies in note 2(o) and 2(p).

(viii) Other reserve comprises: (i) the difference between the consideration paid for acquiring additional interests in subsidiaries of the Company and the amount of interests acquired; and (ii) the difference between the cash received on exercise of share options plus the amount included in equity from the recognition of the compensation cost and the non-controlling interest measured at the proportionate interest in subsidiary's equity as measured in the Group's consolidated financial statements.

28 EQUITY SETTLED SHARE-BASED TRANSACTIONS

Share option scheme of the Company

The Company's share option scheme (the "Scheme"), was adopted pursuant to a shareholders' written resolution passed on 20 November 2006 for the primary purpose of providing incentives to and recognising significant contributions from directors and eligible employees. The Scheme became effective on 15 December 2006 and the options issued pursuant to the Scheme will expire no later than ten years from the date of grant of the option. Under the Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services to the Company and for the purpose of rewarding their contribution to the long-term success of the Group by providing the opportunity to obtain ownership interest in the Group.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at the relevant time of grant, without prior approval from the Company's shareholders. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under this Scheme shall not in aggregate exceed 20% of the shares in issue from time to time. No option may be granted under this Scheme and any other share option scheme of the Company if such limit is exceeded. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share in issue or with an aggregate value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

Options may be exercised in accordance with the terms stipulated in the Scheme. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the par value of the Company's share.

28 EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

Share option scheme of the Company *(Continued)*

(a) The terms and conditions of the grants are as follows:

	Number of options	Vesting conditions	Contractual life of options
Options granted to directors:			
– on 15 May 2015	5,900,000	One year from the date of grant and meeting 2015 performance targets	4 years
– on 15 May 2015	5,900,000	Two years from the date of grant and meeting 2016 performance targets	3 years
Options granted to employees:			
– on 15 May 2015	10,600,000	One year from the date of grant and meeting 2015 performance targets	4 years
– on 15 May 2015	10,600,000	Two years from the date of grant and meeting 2016 performance targets	3 years
Total share options granted	33,000,000		

(b) The number and weighted average exercise prices of share options are as follows:

	31 December 2017		31 December 2016	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
Outstanding at the beginning of the period	**HK$1.31**	**23,600,000**	HK$1.31	33,000,000
Forfeited during the period	**HK$1.31**	**(1,300,000)**	HK$1.31	(9,400,000)
Outstanding at the end of the period	**HK$1.31**	**22,300,000**	HK$1.31	23,600,000
Exercisable at the end of the period	**HK$1.31**	**22,300,000**	HK$1.31	11,800,000

The options outstanding at 31 December 2017 had an exercise price of HK$1.31 (2016: HK$1.31) and a weighted average remaining contractual life of 2.88 years (2016: 3.88 years).

28 EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

Share option scheme of a subsidiary of the Company

During the year ended 31 December 2015, American Lighting, Inc. ("ALI"), an indirect wholly-owned subsidiary of the Company, has adopted a share option scheme for eligible employees of ALI, the Company and Tivoli, LLC, the wholly-owned subsidiary of ALI ("Tivoli"). On 30 June 2015, 2,869 share options were granted to certain employees and directors of the Company, ALI, and Tivoli. The closing price immediately before the date on which the options were granted was US$330 per share. Under the scheme of ALI, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

On 27 April 2017, 1,401 share options were granted to certain employees and directors of the Company. The closing price immediately before the date on which the options were granted was US$405 per share.

Options may be exercised in accordance with the terms stipulated in the scheme of ALI. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

(a) The terms and conditions of the grants as follows:

	Number of options	Vesting conditions	Contractual life of options
Options granted to directors:			
– on 30 June 2015	217	One year from the date of grant	9 years
– on 30 June 2015	217	Two years from the date of grant	8 years
– on 30 June 2015	292	Three years from the date of grant	7 years
– on 27 April 2017	360	One year from the date of grant	9 years
– on 27 April 2017	360	Two years from the date of grant	8 years
– on 27 April 2017	481	Three years from the date of grant	7 years
Options granted to employees:			
– on 30 June 2015	642	One year from the date of grant	9 years
– on 30 June 2015	642	Two years from the date of grant	8 years
– on 30 June 2015	859	Three years from the date of grant	7 years
– on 27 April 2017	60	One year from the date of grant	9 years
– on 27 April 2017	60	Two year from the date of grant	8 years
– on 27 April 2017	80	Three year from the date of grant	7 years
Total share options granted	4,270		

28 EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

Share option scheme of a subsidiary of the Company *(Continued)*

(b) The number and weighted average exercise prices of share options are as follows:

	31 December 2017		31 December 2016	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
Outstanding at the beginning of the period	**US$330**	**2,231**	US$330	2,830
Addition during the period	**US$405**	**1,401**	–	–
Exercised during the period	**US$330**	**(853)**	–	–
Forfeited during the period	**US$330**	**(54)**	US$330	(599)
Outstanding at the end of the period	**US$369**	**2,725**	US$330	2,231
Exercisable at the end of the period	**US$330**	**450**	US$330	859

The options outstanding at 31 December 2017 had an average exercise price of US$369 (2016: US$330) and a weighted average remaining contractual life of 8.44 years (2016: 8.5 years).

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a Black-Scholes model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the Black-Scholes model.

Fair value at measurement date	US$152.66
Share price	US$405
Exercise price	US$405
Expected volatility	22.80%
Option life	10 years
Expected dividends	0%
Risk-free interest rate	2.55%

The expected volatility is based upon reference to 10 years analysis of the industrial stock price index. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service and non-market performance condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

29 OPERATING LEASE ARRANGEMENTS

At the end of the year, the Group was committed to make the following future minimum lease payments in respect of rented premises under non-cancellable operating leases which fall due as follows:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Within one year	**7,536**	4,019
In the second to fifth year inclusive	**6,842**	9,742
	14,378	13,761

Leases are negotiated for a period ranging from one to five years and all rentals are fixed.

30 CAPITAL COMMITMENTS

Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
– acquisition of property, plant and equipment	**4,569**	1,773

31 RETIREMENT BENEFITS SCHEME

The employees of the PRC subsidiaries are members of the state-managed defined contribution retirement scheme operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme. Contribution to the scheme vest immediately.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

The Group offers qualified employees in the USA the opportunity to participate in a defined contribution retirement plan qualifying under the provisions of section 401(k) of the Internal Revenue Code (the "401(k) plan"). The 401(k) plan is managed by an independent trustee. The 401(k) plan is an optional benefit, the only obligation of the 401(k) plan with respect to the retirement benefit plan is to comply with the guidelines under the plan. The Group offers a match contribution up to 4% of the employees' eligible compensation, subject to a cap of US$6,000 per year for certain employees. Employer matching contributions vest upon receipt or are subject to specific vesting schedule.

32 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with the controlling shareholder and its subsidiaries

	2017 RMB'000	2016 RMB'000
Sales of products (Note)	**2,487**	8,443
Consideration received from disposal of subsidiaries (note 23)	**251,668**	–

Note:

The outstanding balances related to these transactions are unsecured, interest free and have no fixed repayment terms, which are presented and included in "Trade and other receivables" (note 21)

(b) Key management personnel remuneration

The Company's directors represented the Group's key management and their emoluments for the year ended 31 December 2017 are set out in note 10.

(c) Transactions with other state-controlled entities in the PRC

The controlling shareholder of the Company, Tsinghua Tongfang, is a state-controlled enterprise controlled by the PRC government. Apart from transactions with Tsinghua Tongfang and its subsidiaries which were disclosed in note 32 (a) above, the Group also had transactions with other state-controlled entities, included but not limited to the following:

- sales of products and provision of services;
- purchase of materials; and
- bank deposits and borrowings.

(d) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of sales of products included in note 32 (a) above constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the reports of the directors.

33 ACQUISITION OF A SUBSIDIARY

On 20 January 2017, the Group acquired the entire issued share capital of Tongfang Securities. From 20 January 2017 to 31 December 2017, Tongfang Securities contributed revenue of RMB36,417,000 and profit of RMB35,420,000 to the Group's results. If the acquisition had occurred on 1 January 2017, management estimates that consolidated revenue of the Group would have been RMB666,370,000, and consolidated profit for the year would have been RMB119,148,000. In determining these amounts, management has assumed the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2017.

(a) Consideration transferred

On 20 January 2017, an aggregate of 177,227,723 new ordinary shares were issued (note 27 (b)) as the consideration for the acquisition of Tongfang Securities.

The fair value of the ordinary shares issued was HK$205,584,000 (equivalent to approximately RMB181,768,000) which was based on the listed share price of the Company on 20 January 2017 of HK$1.16 per share.

(b) Identifiable assets acquired and liabilities assumed

The following table summarised the fair value of the identifiable assets acquired and liabilities assumed at the date of acquisition.

	RMB'000
Intangible assets	10,610
Property, plant and equipment	3,016
Cash and cash equivalents	40,768
Other current assets	28,734
Deferred tax liabilities	(1,751)
Trade and other payable	(21,557)
Total identifiable net assets acquired	59,820

33 ACQUISITION OF A SUBSIDIARY *(Continued)*

(b) Identifiable assets acquired and liabilities assumed *(Continued)*

Measurement of fair values

(i) Property, plant and equipment

Cost technique: The valuation model considers depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

(ii) Intangible assets

Market comparison technique: The valuation model considers the past sales of similar assets as well as the market value of publicly traded assets that have an equivalent business model or nature to the assets being valued. To get a more accurate valuation, more than one comparable transaction should be used. This method of valuation can help identify the current value and potential growth for an asset. Essentially, a comparable analysis is a less-sophisticated version of a formal, professional appraisal.

(c) Goodwill

Goodwill arising from the acquisition has been recognised as follows.

	RMB'000
Consideration transferred	181,768
Fair value of identifiable net assets	(59,820)
Goodwill	121,948

The goodwill is attributable mainly to the skills and technical talent of Tongfang Securities's work force. None of the goodwill recognised is expected to be deductible for tax purposes.

34 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Assets and liabilities		
Interests in subsidiaries	**1,430,445**	749,293
Cash and cash equivalents	**5,293**	460,658
Other current liabilities	**(5,591)**	(5,725)
Net assets	**1,430,147**	1,204,226
Capital and reserves		
Share capital	**186,912**	171,808
Reserves	**1,243,235**	1,032,418
Total equity	**1,430,147**	1,204,226

35 PRINCIPAL SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets and liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of subsidiary	Form of business structure	Place of incorporation/ establishment	Particulars of issued and paid up capital/ registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Heshan Tongfang Lighting Technology Company Limited	Wholly foreign owned enterprise	PRC	US$300,000,000	100%	–	100%	Manufacture and sales of lighting products
Star Bright International (Macao Commercial Offshore) Ltd.	Incorporated	Macau	MOP100,000	100%	–	100%	Trading of lighting products
Tongfang Securities Limited	Incorporated	Hong Kong	HK$450,000,000	100%	–	100%	Asset management services, investment advisory services and securities trading
American Lighting, Inc.	Incorporated	USA	US$7,944,505	100%	–	100%	Lighting solutions provider
Tivoli, LLC.	Partnership	USA	US$4,500,000	100%	–	100%	Lighting solutions provider

36 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2017, the directors consider the immediate parent and ultimate controlling party of the Group to be THTF Energy-Saving Holdings Limited and Tsinghua Tongfang Co., Ltd, which are incorporated in the Cayman Islands and the PRC, respectively. THTF Energy-Saving Holdings Limited does not produce financial statements available for public use. Tsinghua Tongfang Co., Ltd is listed on the Shanghai Stock Exchange and produces financial statements in accordance with Accounting Standards of Business Enterprises which is available for public use.

37 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2017 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9, Financial instruments	1 January 2018
HKFRS 15, Revenue from contracts with customers	1 January 2018
Amendments to HKFRS 2, Share-based payment: Classification and measurement of share-based payment transactions	1 January 2018
Amendments to HKAS 40, Investment property: Transfers of investment property	1 January 2018
HK(IFRIC) 22, Foreign currency transactions and advance consideration	1 January 2018
HKFRS 16, Leases	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ending 30 June 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that financial report.

37 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 *(Continued)*

HKFRS 9, Financial instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, Financial instruments: Recognition and measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, including the measurement of impairment for financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification and measurement of financial liabilities.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018.

Expected impacts of the new requirements on the Group's financial statements are as follows:

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI):

- The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then interest revenue, impairment and gains/losses on disposal will be recognised in profit or loss.

- For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

The Group has assessed that its financial assets currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of HKFRS 9.

37 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 *(Continued)*

HKFRS 9, Financial instruments *(Continued)*

(a) Classification and measurement *(Continued)*

With respect to the Group's financial assets currently classified as "available-for-sale", these are investments in equity securities which the Group has the option to irrevocably designate as FVTOCI (without recycling) on transition to HKFRS 9. The Group plans not to elect this designation option for any of the investments held on 1 January 2018 and will recognise any fair value changes in respect of these investments in profit or loss as they arise. This will give rise to a change in accounting policy as currently the Group recognises the fair value changes of available-for-sale equity investments in other comprehensive income until disposal or impairment, when gains or losses are recycled to profit or loss in accordance with the Group's policies set out in notes 2(o). This change in policy will have no impact on the Group's net assets and total comprehensive income, but will increase volatility in profit or loss.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement will not have any impact on the Group on adoption of HKFRS 9.

(b) Impairment

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either a 12-month expected credit loss or a lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses. Based on a preliminary assessment, The Group modified impairment measurement method according to the new impairment requirement, but it had no material effect on the amount of impairment loss.

37 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 *(Continued)*

HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts.

Based on the assessment completed to date, the group has identified the following areas which are expected to be affected:

(a) Timing of revenue recognition

The Group's revenue recognition policies are disclosed in note 2(g). Currently, revenue from the sale of goods is generally recognised when the risks and rewards of ownership have passed to the customers. The current practice in line with the HKFRS 15. The Group has assessed that the new revenue standard is not likely to have significant impact on the timing of revenue recognition.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

(i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(ii) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

(iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

37 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 *(Continued)*

HKFRS 15, Revenue from contracts with customers *(Continued)*

(b) Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears.

Currently, the Group would only apply such a policy when payments are significantly deferred, which is currently not common in the Group's arrangements with its customers. Currently, the Group does not apply such a policy when payments are received in advance.

Advance payments are not common in the Group's arrangements with its customers. The Group has assessed that the new revenue standard is not likely to have significant impact.

(c) Sales with a right of return

Currently when the customers are allowed to return the Group's products, the Group estimates the level of expected returns and makes an adjustment against revenue and cost of sales.

The Group has assessed that the adoption of HKFRS 15 will not materially affect how the Group recognises revenue and cost of sales when the customers have a right of return. However, the new requirement to recognise separately a return asset for the products expected to be returned will impact the presentation in the consolidated statement of financial position as the Group currently adjusts the carrying amounts of inventory for the expected returns, instead of recognising a separate asset.

The Group plans to elect to use the cumulative effect transition method for the adoption of HKFRS 15 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. As allowed by HKFRS 15, the Group plans to apply the new requirements only to contracts that are not completed before 1 January 2018. Since the number of "open" contracts for sales of LED products at 31 December 2017 is limited, the Group expects that the transition adjustment to be made upon the initial adoption of HKFRS 15 will not be material. However the expected changes in accounting policies as described above could have a material impact on the Group's financial results from 2018 onwards.

37 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 *(Continued)*

HKFRS 16, Leases

As disclosed in note 2(u), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for property, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 29, at 31 December 2017 the Group's future minimum lease payments under non-cancellable operating leases amount to RMB14,378,000 for properties. Among which RMB6,842,000 is payable after 1 year but within 5 years. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard offers different transition options and practical expedients, including the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. If this practical expedient is chosen, the Group will apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. If the practical expedient is not chosen, the Group will need to reassess all of its decisions about which existing contracts are, or contain, leases, using the new definition. Depending on whether the Group elects to adopt the standard retrospectively or follow a modified retrospective method of recognising a cumulative-effect adjustment to the opening balance of equity at the date of initial application, the Group may or may not need to restate comparative information for any changes in accounting resulting from the reassessment. The Group has not yet decided whether it will choose to take advantage of this practical expedient, and which transition approach to be taken.

DEFINITIONS

In this report, the following expressions shall have the following meanings unless the context requires otherwise:

"2006 Share Option Scheme"	the share option scheme of the Company adopted by resolutions of the Shareholders on 20 November 2006
"2016 Share Option Scheme"	the share option scheme on 13 May 2016 adopted by the Shareholders at the Shareholders' meeting
"AGM"	the annual general meeting of the Company to be convened and held at 15 Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong on 15 May 2018 at 4:00 p.m., or where the context so admits, any adjournment thereof
"American Lighting"	means American Lighting, Inc., a Delaware corporation and an indirectly wholly-owned subsidiary of the Company
"Articles of Association" or "Articles"	the articles of association of the Company adopted by the written resolution of the Shareholders on 20 November 2006 and as amended, supplemented and otherwise modified from time to time
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of directors of the Company
"Business Day" or "business day"	a day on which banks in Hong Kong and Cayman Islands are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong or Cayman Islands
"BVI"	British Virgin Islands
"China" or "PRC"	the People's Republic of China, excluding for the purpose of the Prospectus, Hong Kong, Macau and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Companies (WUMP) Ordinance"	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
"Company"	means Neo-Neon Holdings Limited (stock code: 1868), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, and part of shares of which are listed on the Taiwan Stock Exchange as depositary receipts
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"controlling shareholders"	has the meaning ascribed thereto in the Listing Rules
"Corporate Governance Code"	code on corporate governance practices contained in Appendix 14 to the Listing Rules

DEFINITIONS

"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HK$" and "HK cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	individual(s) or company(ies) who is/are not connected with (within the meaning of the Listing Rules) any of the Company, Directors, chief executive or substantial shareholders of the Company, our subsidiaries or any of their respective associates
"Listing Rules"	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
"Model Code"	the model code for securities transactions by directors of listed issuers as set out in Appendix 10 of the Listing Rules
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
"Share(s)"	means share(s) of HK$0.1 each in the share capital of the Company
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it in sections 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"Subsidiary Share Incentive Plan"	means American Lighting's share incentive plan adopted by the Shareholders on 2 April 2015
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"THTF ES"	THTF Energy Saving Holdings Limited, a substantial shareholder of the Company
"Tsinghua Tongfang"	同方股份有限公司 (Tsinghua Tongfang Co., Ltd*), a joint stock limited company incorporated in the PRC, whose shares are listed and traded on the Shanghai Stock Exchange (stock code: 600100)
"Tsinghua Tongfang Group"	Tsinghua Tongfang and its subsidiaries (for the purpose of this report, excluding the Group)
"%"	per cent.