

Supplemental Listing Document

If you are in any doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

Application has been made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for permission to deal in and for quotation of the Certificates (as defined below). The SGX-ST takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of SG Issuer, Société Générale, the Certificates, or the Company (as defined below).

**6,700,000 European Style Cash Settled Long Certificates relating to
the ordinary shares of Sunny Optical Technology (Group) Company Limited
with a Daily Leverage of 5x**

issued by

SG Issuer

(Incorporated in Luxembourg with limited liability)

unconditionally and irrevocably guaranteed by

Société Générale

Issue Price: S\$0.60 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the “**Certificates**”) to be issued by SG Issuer (the “**Issuer**”) unconditionally and irrevocably guaranteed by Société Générale (the “**Guarantor**”), and is supplemental to and should be read in conjunction with a base listing document dated 21 June 2019 including such further base listing documents as may be issued from time to time (the “**Base Listing Document**”) for the purpose of giving information with regard to the Issuer, the Guarantor and the Certificates. Information relating to the Company (as defined below) is contained in this document.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Certificates or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Certificates or other securities of the Issuer.

Restrictions have been imposed on offers and sales of the Certificates and on distributions of documents relating thereto in Singapore, Hong Kong, the European Economic Area, the United Kingdom and the United States (see “Placing and Sale” contained herein).

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and

holders may sustain a total loss of their investment. The price of the Certificates also depends on the supply and demand for the Certificates in the market and the price at which the Certificates is trading at any time may differ from the underlying valuation of the Certificates because of market inefficiencies. It is not possible to predict the secondary market for the Certificates. Although the Issuer, the Guarantor and/or any of their affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer, the Guarantor and/or any of their affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

The Certificates are classified as capital markets products other than prescribed capital markets products¹ and Specified Investment Products (SIPs)², and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

The Certificates constitute general unsecured obligations of the Issuer and of no other person, and the guarantee dated 21 June 2019 (the "**Guarantee**") and entered into by the Guarantor constitutes general unsecured obligations of the Guarantor and of no other person, and if you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 3 July 2019.

As of the date hereof, the Guarantor's long term credit rating by S&P Global Ratings is A, and by Moody's Investors Service, Inc. is A1.

The Issuer is regulated by the Luxembourg Commission de Surveillance du Secteur Financier on a consolidated basis and the Guarantor is regulated by, *inter alia*, the Autorité des Marchés Financiers, the Autorité de Contrôle Prudentiel et de Résolution and the European Central Bank.

2 July 2019

¹ As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.

² As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Subject as set out below, the Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to themselves and the Certificates. To the best of the knowledge and belief of the Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which they accept responsibility (subject as set out below in respect of the information contained herein with regard to the Company) is in accordance with the facts and does not omit anything likely to affect the import of such information. The information with regard to the Company as set out herein is extracted from publicly available information. The Issuer and the Guarantor accept responsibility only for the accurate reproduction of such information. No further or other responsibility or liability in respect of such information is accepted by the Issuer and the Guarantor.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Certificates, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Guarantor. Neither the delivery of this document nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, the Guarantor or their respective subsidiaries and associates since the date hereof.

This document does not constitute an offer or invitation by or on behalf of the Issuer or the Guarantor to purchase or subscribe for any of the Certificates. The distribution of this document and the offering of the Certificates may, in certain jurisdictions, be restricted by law. The Issuer and the Guarantor require persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the “**CFTC**”) under the United States Commodity Exchange Act of 1936, as amended and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. A further description of certain restrictions on offering and sale of the Certificates and distribution of this document is given in the section headed “Placing and Sale” contained herein.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the Guarantor or the merits of investing in the Certificates, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer, the Guarantor and/or any of their affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market

prices or in negotiated transactions, at the discretion of the Issuer, the Guarantor and/or any of their affiliates. Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

References in this document to the “**Conditions**” shall mean references to the Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

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RISK FACTORS

The following are risk factors relating to the Certificates:

- (a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer and/or the Guarantor will be unable to satisfy its/their obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;
- (b) the Certificates constitute general unsecured obligations of the Issuer and of no other person, and the Guarantee constitutes general unsecured obligations of the Guarantor and of no other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person;
- (c) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders (as defined in the Conditions of the Certificates) may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has fallen sharply on the Expiry Date;
- (d) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry, the currency exchange rates and the creditworthiness of the Issuer and the Guarantor;
- (e) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates will be suspended for a similar period;
- (f) as indicated in the Conditions of the Certificates and herein, a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;
- (g) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;
- (h) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 27 to 31 and the examples and illustrations of adjustments set out in the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section of this document for more information;
- (i) the Certificates are only exercisable on the Expiry Date and may not be exercised by Certificate Holders prior to such Expiry Date. Accordingly, if on the Expiry Date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;

- (j) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);
- (k) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy (as described below) including the Funding Cost (as defined below) and Rebalancing Cost (as defined below);
- (l) investors should note that there may be an exchange rate risk relating to the Certificates where the Cash Settlement Amount is converted from a foreign currency into Singapore dollars.

Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation. Fluctuations in foreign exchange rates, foreign political and economic developments, and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the Certificates. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies;

- (m) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;
- (n) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideways trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;
- (o) investors should note that the Air Bag Mechanism (as defined below) reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;
- (p) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when market opens the following day or (ii) a sharp intraday fall in the price of the Underlying Stock of 20% or greater (comparative to the previous closing price of the Underlying Stock or the previous observed price in case of an air bag previously on the same day) during the Observation Period. Investors may refer to pages 46 to 47 of this document for more information;

- (q) certain events may, pursuant to the terms and conditions of the Certificates, trigger (i) the implementation of methods of adjustment or (ii) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (i) general market conditions and (ii) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to the Condition 13 on pages 33 to 35 of this document for more information;
- (r) there is no assurance that an active trading market for the Certificates will sustain throughout the life of the Certificates, or if it does sustain, it may be due to market making on the part of the Designated Market Maker. The Issuer acting through its Designated Market Maker may be the only market participant buying and selling the Certificates. Therefore, the secondary market for the Certificates may be limited and you may not be able to realise the value of the Certificates. Do note that the bid-ask spread increases with illiquidity;
- (s) in the ordinary course of their business, including without limitation, in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock. In addition, in connection with the offering of any Certificates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and any of their respective subsidiaries and affiliates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into transactions in the Underlying Stock which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;
- (t) various potential and actual conflicts of interest may arise from the overall activities of the Issuer, the Guarantor and/or any of their subsidiaries and affiliates.

The Issuer, the Guarantor and any of their subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer, the Guarantor and any of their subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the Underlying Stock. Such activities and information may involve or otherwise affect issuers of the Underlying Stock in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer, the Guarantor and any of their subsidiaries and affiliates have no obligation to disclose such information about the Underlying Stock or such activities. The Issuer, the Guarantor and any of their subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of

Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

(u) legal considerations which may restrict the possibility of certain investments:

Some investors' investment activities are subject to specific laws and regulations or laws and regulations currently being considered by various authorities. All potential investors must consult their own legal advisers to check whether and to what extent (i) they can legally purchase the Certificates (ii) the Certificates can be used as collateral security for various forms of borrowing (iii) if other restrictions apply to the purchase of Certificates or their use as collateral security. Financial institutions must consult their legal advisers or regulators to determine the appropriate treatment of the Certificates under any applicable risk-based capital or similar rules;

(v) the credit rating of the Guarantor is an assessment of its ability to pay obligations, including those on the Certificates. Consequently, actual or anticipated declines in the credit rating of the Guarantor may affect the market value of the Certificates;

(w) the Certificates are linked to the Underlying Stock and subject to the risk that the price of the Underlying Stock may decline. The following is a list of some of the significant risks associated with the Underlying Stock:

- Historical performance of the Underlying Stock does not give an indication of future performance of the Underlying Stock. It is impossible to predict whether the price of the Underlying Stock will fall or rise over the term of the Certificates; and
- The price of the Underlying Stock may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which the Underlying Stock may be traded;

(x) the value of the Certificates depends on the Leverage Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Strategy last closing level and a calculation tool available to the investors on a website;

(y) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;

(z) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited ("**CDP**");

- (i) investors should note that no definitive certificate will be issued in relation to the Certificates;
- (ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;
- (iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and
- (iv) notices to such Certificate Holders will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;

- (aa) the US Foreign Account Tax Compliance Act (“**FATCA**”) withholding risk:

FATCA generally imposes a 30 per cent. withholding tax on certain U.S.-source payments to certain non-US persons that do not provide certification of their compliance with IRS rules to disclose the identity of their US owners and account holders (if any) or establish a basis for exemption for such disclosure. The Issuer is subject to FATCA and, as a result, is required to obtain certification from investors that they have complied with FATCA disclosure requirements or have established a basis for exemption from FATCA. If an investor does not provide us with such certification, the Issuer and the Guarantor could be required to withhold U.S. tax on U.S.-source income (if any) paid pursuant to the Certificates. In certain cases, the Issuer could be required to close an account of an investor who does not comply with the FATCA certification procedures.

FATCA IS PARTICULARLY COMPLEX. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO DETERMINE HOW THIS LEGISLATION MIGHT AFFECT EACH INVESTOR IN ITS PARTICULAR CIRCUMSTANCES;

- (bb) U.S. withholding tax

The Issuer has determined that this Certificate is not linked to U.S. Underlying Equities within the meaning of applicable regulations under Section 871(m) of the United States Internal Revenue Code, as discussed in the accompanying Base Listing Document under “TAXATION—TAXATION IN THE UNITED STATES OF AMERICA—Section 871(m) of the U.S. Internal Revenue Code of 1986.” Accordingly, the Issuer expects that Section 871(m) will not apply to the Certificates. Such determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on a Certificate Holder’s particular circumstances. Certificate Holders should consult with their own tax advisers regarding the potential application of Section 871(m) to the Certificates; and

- (cc) risk factors relating to the BRRD

French law and European legislation regarding the resolution of financial institutions may require the write-down or conversion to equity of the Certificates or other resolution measures if the Issuer or the Guarantor is deemed to meet the conditions for resolution

Directive 2014/59/EU of the European Parliament and of the Council of the European Union dated 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the “**BRRD**”) entered into force on 2 July 2014. As a directive, the BRRD is not directly applicable in France and had to be transposed into national legislation. The French ordonnance no. 2015-1024 of 20 August 2015 transposed the BRRD into French law and amended the French Code monétaire et financier for this purpose. The French ordonnance has been ratified by law no. 2016-1691 dated 9 December 2016 (Loi n°2016-1691 du 9 décembre 2016 relative à la transparence, à la lutte contre la corruption et à la modernisation de la vie économique) which also incorporates provisions which clarify the implementation of the BRRD. In Luxembourg, the BRRD was implemented by the Luxembourg act dated 18 December 2015 (the “**BRR Act 2015**”). Under the BRR Act 2015, the competent authority is the CSSF and the resolution authority is the CSSF acting as Resolution Council (*le Conseil de résolution*).

The stated aim of the BRRD and Regulation (EU) no. 806/2014 of the European Parliament and of the Council of the European Union of 15 July 2014 (the “**SRM Regulation**”) is to provide for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms. The regime provided for by the BRRD is, among other

things, stated to be needed to provide the authority designated by each EU Member State (the “**Resolution Authority**”) with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution’s critical financial and economic functions while minimizing the impact of an institution’s failure on the economy and financial system (including taxpayers’ exposure to losses).

Under the SRM Regulation, a centralized power of resolution is established and entrusted to the Single Resolution Board (the “**SRB**”) and to the national resolution authorities.

The powers provided to the Resolution Authority in the BRRD and the SRM Regulation include write-down/conversion powers to ensure that capital instruments (including subordinated debt instruments) and eligible liabilities (including senior debt instruments if junior instruments prove insufficient to absorb all losses) absorb losses of the issuing institution that is subject to resolution in accordance with a set order of priority (the “**Bail-in Power**”).

The conditions for resolution under the French Code monétaire et financier implementing the BRRD are deemed to be met when: (i) the Resolution Authority or the relevant supervisory authority determines that the institution is failing or is likely to fail, (ii) there is no reasonable prospect that any measure other than a resolution measure would prevent the failure within a reasonable timeframe, and (iii) a resolution measure is necessary for the achievement of the resolution objectives (in particular, ensuring the continuity of critical functions, avoiding a significant adverse effect on the financial system, protecting public funds by minimizing reliance on extraordinary public financial support, and protecting client funds and assets) and winding up of the institution under normal insolvency proceedings would not meet those resolution objectives to the same extent.

The Resolution Authority could also, independently of a resolution measure or in combination with a resolution measure, fully or partially write-down or convert capital instruments (including subordinated debt instruments) into equity when it determines that the institution or its group will no longer be viable unless such write down or conversion power is exercised or when the institution requires extraordinary public financial support (except when extraordinary public financial support is provided in the form defined in Article L. 613-48 III, 3° of the French Code monétaire et financier).

The Bail-in Power could result in the full (i.e., to zero) or partial write-down or conversion into ordinary shares or other instruments of ownership of the Certificates, or the variation of the terms of the Certificates (for example, the maturity and/or interest payable may be altered and/or a temporary suspension of payments may be ordered). Extraordinary public financial support should only be used as a last resort after having assessed and applied, to the maximum extent practicable, the resolution measures. No support will be available until a minimum amount of contribution to loss absorption and recapitalization of 8% of total liabilities including own funds has been made by shareholders, holders of capital instruments and other eligible liabilities through write down, conversion or otherwise. In addition, if the Issuer’s or the Guarantor’s financial condition deteriorates, the existence of the Bail-in Power could cause the market price or value of the Certificates to decline more rapidly than would be the case in the absence of such power.

In addition to the Bail-in Power, the BRRD provides the Resolution Authority with broader powers to implement other resolution measures with respect to institutions that meet the conditions for resolution, which may include (without limitation) the sale of the institution’s business, the creation of a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the

terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), removing management, appointing an interim administrator, and discontinuing the listing and admission to trading of financial instruments.

Before taking a resolution measure, including implementing the Bail-in Power, or exercising the power to write down or convert relevant capital instruments, the Resolution Authority must ensure that a fair, prudent and realistic valuation of the assets and liabilities of the institution is carried out by a person independent from any public authority.

Since January 1, 2016, French credit institutions (such as the Issuer and the Guarantor) have to meet, at all times, a minimum requirement for own funds and eligible liabilities (“**MREL**”) pursuant to Article L. 613-44 of the French Code monétaire et financier. The MREL, which is expressed as a percentage of the total liabilities and own funds of the institution, aims at preventing institutions from structuring their liabilities in a manner that impedes the effectiveness of the Bail-in Power in order to facilitate resolution.

In addition, on November 9, 2015, the Financial Stability Board (the “**FSB**”) published a standard on total loss absorbing capacity (“**TLAC**”) which is set forth in a term sheet (the “**FSB TLAC Term Sheet**”). That standard –which has been adopted after the BRRD –shares similar objectives to MREL but covers a different scope. Moreover, the Council of the European Union published on February 14, 2019 a final compromise text for the modification of CRR and BRRD intending to give effect to the FSB TLAC Term Sheet and to modify the requirements for MREL eligibility.

The TLAC requirements are expected to be complied with since January 1, 2019 in accordance with the FSB principles. The TLAC requirements impose a level of “Minimum TLAC” that will be determined individually for each global systemically important bank (“**G-SIB**”), such as the Issuer and the Guarantor, in an amount at least equal to (i) 16%, plus applicable buffers, of risk weight assets through January 1, 2022 and 18%, plus applicable buffers, thereafter and (ii) 6% of the Basel III leverage ratio denominator through January 1, 2022 and 6.75% thereafter (each of which could be extended by additional firm-specific requirements). However, according to the final compromise text for the modification of CRR published by the Council of the European Union in February 2019, European Union G-SIBs will have to comply with TLAC requirements, on top of the MREL requirements, as from the entry into force of the amending regulation. As such, G-SIBs will have to comply at the same time with TLAC and MREL described above.

In accordance with the provisions of the SRM Regulation, when applicable, the SRB, has replaced the national resolution authorities designated under the BRRD with respect to all aspects relating to the decision-making process and the national resolution authorities designated under the BRRD continue to carry out activities relating to the implementation of resolution schemes adopted by the SRB. The provisions relating to the cooperation between the SRB and the national resolution authorities for the preparation of the banks’ resolution plans have applied since January 1, 2015 and the SRM has been fully operational since January 1, 2016.

The application of any measure under the French BRRD implementing provisions or any suggestion of such application with respect to the Issuer, the Guarantor or the Group could materially adversely affect the rights of Certificate Holders, the price or value of an investment in the Certificates and/or the ability of the Issuer or the Guarantor to satisfy its obligations under any Certificates, and as a result investors may lose their entire investment.

Moreover, if the Issuer's or the Guarantor's financial condition deteriorates, the existence of the Bail-in Power, the exercise of write-down/conversion powers or any other resolution tools by the Resolution Authority independently of a resolution measure or in combination with a resolution measure when it determines that the institution or its group will no longer be viable could cause the market price or value of the Certificates to decline more rapidly than would be the case in the absence of such powers.

Following the publication on 7 June 2019 in the Official Journal of the EU 14 May 2019 by the Council of the Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC and of the Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the Single Resolution Mechanism Regulation (Regulation 806/2014) as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms, a comprehensive legislative package reducing risks in the banking sector and further reinforcing banks' ability to withstand potential shocks will strengthen the banking union and reduce risks in the financial system from 28 December 2020.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the Base Listing Document.

The Conditions are set out in the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

Certificates:	6,700,000 European Style Cash Settled Long Certificates relating to the ordinary shares of Sunny Optical Technology (Group) Company Limited (the “ Underlying Stock ”)
Company:	Sunny Optical Technology (Group) Company Limited (RIC: 2382.HK)
Underlying Price ³ and Source:	HK\$88.2 (Reuters)
Calculation Agent:	Société Générale
Strike Level:	Zero
Daily Leverage:	5x (within the Leverage Strategy as described below)
Notional Amount per Certificate:	SGD 0.60
Management Fee (p.a.) ⁴ :	0.40%
Gap Premium (p.a.) ⁵ :	5.75%, is a hedging cost against extreme market movements overnight.
Funding Cost ⁶ :	The annualised costs of funding, referencing a publically published interbank offered rate plus spread.
Rebalancing Cost ⁶ :	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.
Launch Date:	25 June 2019
Closing Date:	2 July 2019
Expected Listing Date:	3 July 2019

³ These figures are calculated as at, and based on information available to the Issuer on or about 2 July 2019. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 2 July 2019.

⁴ Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to “Fees and Charges” below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.

⁵ Please note that the Gap Premium is calculated on a 360-day basis.

⁶ These costs are embedded within the Leverage Strategy.

Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 23 June 2022
Expiry Date:	30 June 2022 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	29 June 2022 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to: Closing Level multiplied by the Notional Amount per Certificate Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 38 to 52 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from 1 to Valuation Date) of $(1 - \text{Management Fee} \times (\text{ACT}(t-1;t) \div 360)) \times (1 - \text{Gap Premium}(t-1) \times (\text{ACT}(t-1;t) \div 360))$, where: “ t ” refers to “ Observation Date ” which means each Underlying Stock Business Day from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to

the Valuation Date; and
ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded).

An “**Underlying Stock Business Day**” is a day on which The Stock Exchange of Hong Kong Limited (the “**HKEX**”) is open for dealings in Hong Kong during its normal trading hours and banks are open for business in Hong Kong.

Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 38 to 52 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

Closing Level: In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level} \right) \times \text{Hedging Fee Factor}$$

Initial Reference Level: 1,000

Final Reference Level: The closing level of the Leverage Strategy (as described below) on the Valuation Date

The calculation of the closing level of the Leverage Strategy is set out in the “Specific Definitions relating to the Leverage Strategy” section on pages 18 to 22 below.

Initial Exchange Rate³: 0.1738

Final Exchange Rate: The rate for the conversion of HKD to SGD as at 5:00pm (Singapore Time) on the Valuation Date as shown on Reuters, provided that if the Reuters service ceases to display such information, as determined by the Issuer by reference to such source(s) as the Issuer may reasonably determine to be appropriate at such a time.

Air Bag Mechanism: The “**Air Bag Mechanism**” refers to the mechanism built in the Leverage Strategy and which is designed to reduce the Leverage Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock falls by 15% or more (“**Air Bag Trigger Price**”) during the trading day (which represents approximately 75% loss after a 5 times leverage), the Air Bag Mechanism is triggered and the Leverage Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses.

Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered.

The Leverage Strategy is floored at 0 and the Certificates cannot be valued below zero.

Please refer to the “Extraordinary Strategy Adjustment for Performance Reasons (“Air Bag Mechanism”)” section on pages 20 to 22 below and the “Description of Air Bag Mechanism” section on pages 44 to 45 of this document for further information of the Air Bag Mechanism.

Underlying Stock Currency:	Hong Kong Dollar (“ HKD ”)
Settlement Currency:	Singapore Dollar (“ SGD ”)
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The Singapore Exchange Securities Trading Limited (“ SGX-ST ”)
Relevant Stock Exchange for the Underlying Stock:	HKEX
Business Day and Exchange Business Day:	<p>A “Business Day” is a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.</p> <p>An “Exchange Business Day” is a day on which the SGX-ST and the HKEX are open for dealings in Singapore and Hong Kong respectively during its normal trading hours and banks are open for business in Singapore and Hong Kong.</p>
Warrant Agent:	The Central Depository (Pte) Limited (“ CDP ”)
Clearing System:	CDP
Fees and Charges:	<p>Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.</p>

Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month’s notice to investors in accordance with the terms and conditions of the Certificates. Any

increase in the Management Fee will be announced on the SGXNET.

Further Information:

Please refer to the website at dlc.socgen.com for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium.

Specific Definitions relating to the Leverage Strategy

Description of the Leverage Strategy

The Leverage Strategy is designed to track a 5 times daily leveraged exposure to the Underlying Stock.

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Strategy to the Underlying Stock is reset within the Leverage Strategy in order to retain a daily leverage of 5 times the performance of the Underlying Stock (excluding costs) regardless of the performance of the Underlying Stock on the preceding day. This mechanism is referred to as the Daily Reset.

The Leverage Strategy incorporates an air bag mechanism which is designed to reduce exposure to the Underlying Stock during extreme market conditions, as further described below.

Leverage Strategy Formula

LSL_t means, for any Observation Date(t), the Leverage Strategy Closing Level as of such day (t).

Subject to the occurrence of an Intraday Restrike Event, the Leverage Strategy Closing Level as of such Observation Date(t) is calculated in accordance with the following formulae:

On Observation Date(1):

$$LSL_1 = 1000$$

On each subsequent Observation Date(t):

$$LSL_t = \text{Max}[LSL_{t-1} \times (1 + LR_{t-1,t} - FC_{t-1,t} - RC_{t-1,t}), 0]$$

LR_{t-1,t} means the Leveraged Return of the Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times R_{factor_t}} - 1 \right)$$

FC_{t-1,t} means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows :

$$FC_{t-1,t} = (\text{Leverage} - 1) \times \frac{\text{Rate}_{t-1} \times \text{ACT}(t - 1, t)}{\text{DayCountBasisRate}}$$

RC_{t-1,t}	<p>means the Rebalancing Cost of the Leverage Strategy on Observation Date (t), calculated as follows :</p> $RC_{t-1,t} = \text{Leverage} \times (\text{Leverage} - 1) \times \left(\left \frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right \right) \times \text{TC}$
TC	<p>means the Transaction Costs applicable (including Stamp Duty) that are equal to :</p> <p>0.10%</p>
Leverage	5
S_t	means, in respect of each Observation Date(t), the Closing Price of the Underlying Stock as of such Observation Date(t), subject to the adjustments and provisions of the Conditions.
Rate_t	<p>means, in respect of each Observation Date(t), a rate calculated as of such day in accordance with the following formula:</p> $\text{Rate}_t = \text{CashRate}_t + \% \text{SpreadLevel}_t$
Rfactor_t	<p>means, in the event Observation Date (t) is an ex-dividend date of the Underlying Stock, an amount determined by the Calculation Agent, subject to the adjustments and provisions of the Conditions, according to the following formula :</p> $Rfactor_t = 1 - \frac{Div_t}{S_{t-1}}$ <p>where</p> <p><i>Div_t</i> is the dividend to be paid out in respect of the Underlying Stock and the relevant ex-dividend date which shall be considered net of any applicable withholding taxes.</p>
CashRate_t	means, in respect of each Observation Date(t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC H1HKDOND= or any successor page.
%SpreadLevel_t	<p>means, in respect of each Observation Date(t), a rate which shall be determined with respect to such Valuation Date(t) by the Calculation Agent as the difference between (1) the 12-month HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC H1HKD1YD= and (2) Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC H1HKDOND= or any successor page.</p> <p>Provided that if such difference is negative, %SpreadLevel_t should be 0%.</p>
ACT(t-1,t)	ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is "t-1") (included) and the Observation Date (which is "t") (excluded).
DayCountBasisRate	365

Extraordinary Strategy Adjustment for Performance Reasons (“Air Bag Mechanism”)

Extraordinary Strategy Adjustment for Performance Reasons If the Calculation Agent determines that an Intraday Restrike Event has occurred during an Observation Date(t) (the **Intraday Restrike Date**, noted hereafter **IRD**), an adjustment (an **Extraordinary Strategy Adjustment for Performance Reasons**) shall take place during such Observation Date(t) in accordance with the following provisions.

(1) Provided the last Intraday Restrike Observation Period as of such Intraday Restrike Date does not end on the TimeReferenceClosing, the Leverage Strategy Closing Level on the Intraday Restrike Date (LSL_{IRD}) should be computed as follows :

$$LSL_{IRD} = \text{Max}[ILSL_{IR(n)} \times (1 + ILR_{IR(n),IR(C)} - IRC_{IR(n),IR(C)}), 0]$$

(2) If the last Intraday Restrike Event Observation Period on the relevant Intraday Restrike Date ends on the TimeReferenceClosing:

$$LSL_{IRD} = \text{Max}[ILSL_{IR(n)}, 0]$$

$ILSL_{IR(k)}$ means, in respect of IR(k), the Intraday Leverage Strategy Level in accordance with the following provisions :

(1) for $k = 1$:

$$ILSL_{IR(1)} = \text{Max}[LSL_{IRD-1} \times (1 + ILR_{IR(0),IR(1)} - FC_{IRD-1,IRD} - IRC_{IR(0),IR(1)}), 0]$$

(2) for $k > 1$:

$$ILSL_{IR(k)} = \text{Max}[ILSL_{IR(k-1)} \times (1 + ILR_{IR(k-1),IR(k)} - IRC_{IR(k-1),IR(k)}), 0]$$

$ILR_{IR(k-1),IR(k)}$ means the Intraday Leveraged Return between IR(k-1) and IR(k), calculated as follows :

$$ILR_{IR(k-1),IR(k)} = \text{Leverage} \times \left(\frac{IS_{IR(k)}}{IS_{IR(k-1)}} - 1 \right)$$

$IRC_{IR(k-1),IR(k)}$ means the Intraday Rebalancing Cost of the Leverage Strategy in respect of IR(k) on a given Intraday Restrike Date, calculated as follows :

$$IRC_{IR(k-1),IR(k)} = \text{Leverage} \times (\text{Leverage} - 1) \times \left(\left| \frac{IS_{IR(k)}}{IS_{IR(k-1)} \times Rfactor_t} - 1 \right| \right) \times TC$$

$IS_{IR(k)}$ means the Underlying Stock Price in respect of IR(k) computed as follows :

(1) for $k=0$

$$IS_{IR(0)} = S_{IRD-1} \times Rfactor_{IRD}$$

(2) for $k=1$ to n

means in respect of IR(k), the lowest price of the Underlying Stock during the respective Intraday Restrike Observation Period

(3) with respect to IR(C)

$$IS_{IR(C)} = S_{IRD}$$

In each case, subject to the adjustments and provisions of the Conditions.

IR(k) For k=0, means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the Observation Date immediately preceding the relevant Intraday Restrike Date;

For k=1 to n, means the kth Intraday Restrike Event on the relevant Intraday Restrike Date.

IR(C) means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.

n means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.

Intraday Restrike Event means in respect of an Observation Date(t):

(1) provided no Intraday Restrike Event has previously occurred on such Observation Date (t), the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $IS_{IR(0)}$ as of such Calculation Time.

(2) if k Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $IS_{IR(k)}$ as of such Calculation Time.

Calculation Time means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Strategy Level.

TimeReferenceOpening means the scheduled opening time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

TimeReferenceClosing means the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

Intraday Restrike Event Observation Period means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes after the Intraday Restrike Event Time and (2) the TimeReferenceClosing.

Where, during such period, the Calculation Agent determines that (1) the trading in the Underlying Stock is disrupted or subject to suspension or limitation or (2) the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period

will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock is open for continuous trading.

Intraday Restrike Event Time means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.

The Conditions set out in the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Certificates.

TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

1. Form, Status and Guarantee, Transfer and Title

- (a) *Form.* The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of:-
- (i) a master instrument by way of deed poll (the “**Master Instrument**”) dated 21 June 2019, made by SG Issuer (the “**Issuer**”) and Société Générale (the “**Guarantor**”); and
 - (ii) a warrant agent agreement (the “**Master Warrant Agent Agreement**” or “**Warrant Agent Agreement**”) dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Certificates (the “**Certificate Holders**”) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

- (b) *Status and Guarantee.* The Certificates constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise. The Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.

The due and punctual payment of any amounts due by the Issuer in respect of the Certificates issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a “**Guarantee Obligation**”).

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the “**Code**”).

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

- (i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the

law no. 2016-1691 (the “**Law**”) on 11 December 2016;

- (ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;
- (iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and
- (iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Certificate Holder under the terms of the Certificates, such Certificate Holder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

- (c) **Transfer.** The Certificates are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.
- (d) **Title.** Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression “**Certificate Holder**” shall be construed accordingly.
- (e) **Bail-In.** By the acquisition of Certificates, each Certificate Holder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Certificates) acknowledges, accepts, consents and agrees:
 - (i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) or the Regulator (as defined below), which may include and result in any of the following, or some combination thereof:
 - (A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;
 - (B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or another person (and the issue to the Certificate Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Certificates, in which case the Certificate Holder agrees to accept in lieu of its rights under the Certificates any such shares, other securities or other obligations of the Issuer or another person;
 - (C) the cancellation of the Certificates; and/or
 - (D) the amendment or alteration of the expiration of the Certificates or

amendment of the amounts payable on the Certificates, or the date on which the amounts become payable, including by suspending payment for a temporary period; and

- (ii) that the terms of the Certificates are subject to, and may be varied, if necessary, to give effect to, the exercise of the Bail-In Power by the Relevant Resolution Authority or the Regulator.

“**Amounts Due**” means any amounts due by the Issuer under the Certificates.

“**Bail-In Power**” means any power existing from time to time under any laws, regulations, rules or requirements in effect in France, relating to the transposition of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time, the “**BRRD**”), including without limitation pursuant to French decree-law No. 2015-1024 dated 20 August 2015 (*Ordonnance portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*) (as amended from time to time, the “**20 August 2015 Decree Law**”), Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (as amended from time to time, the “**Single Resolution Mechanism Regulation**”), or otherwise arising under French law, and in each case the instructions, rules and standards created thereunder, pursuant to which the obligations of a Regulated Entity (or an affiliate of such Regulated Entity) can be reduced (in part or in whole), cancelled, suspended, transferred, varied or otherwise modified in any way, or securities of a Regulated Entity (or an affiliate of such Regulated Entity) can be converted into shares, other securities, or other obligations of such Regulated Entity or any other person, whether in connection with the implementation of a bail-in tool following placement in resolution or otherwise.

“**Regulated Entity**” means any entity referred to in Section I of Article L.613-34 of the French *Code monétaire et financier* as modified by the 20 August 2015 Decree Law, which includes certain credit institutions, investment firms, and certain of their parent or holding companies established in France.

“**Relevant Resolution Authority**” means the *Autorité de contrôle prudentiel et de résolution* (the ACPR), the Single Resolution Board established pursuant to the Single Resolution Mechanism Regulation, and/or any other authority entitled to exercise or participate in the exercise of any Bail-in Power from time to time (including the Council of the European Union and the European Commission when acting pursuant to Article 18 of the Single Resolution Mechanism Regulation).

“**Regulator**” means the European Central Bank and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer.

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Bail-in Power by the Relevant Resolution Authority or the Regulator with respect to the Issuer unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be

permitted to be made by the Issuer under the laws and regulations in effect in France and the European Union applicable to the Issuer or other members of its group.

Upon the exercise of any Bail-in Power by the Relevant Resolution Authority or the Regulator with respect to the Certificates, the Issuer will provide a written notice to the Certificate Holders in accordance with Condition 9 as soon as practicable regarding such exercise of the Bail-in Power. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Bail-in Power nor the effects on the Certificates described above.

Neither a cancellation of the Certificates, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Bail-in Power by the Relevant Resolution Authority or the Regulator with respect to the Issuer, nor the exercise of any Bail-in Power by the Relevant Resolution Authority or the Regulator with respect to the Certificates will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Certificate Holder to any remedies (including equitable remedies) which are hereby expressly waived.

If the Relevant Resolution Authority or the Regulator exercises the Bail-in Power with respect to less than the total Amounts Due, unless otherwise instructed by the Issuer or the Relevant Resolution Authority or the Regulator, any cancellation, write-off or conversion made in respect of the Certificates pursuant to the Bail-in Power will be made on a pro-rata basis.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer and each Certificate Holder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer, shall be borne by any Certificate Holder.

2. Certificate Rights and Exercise Expenses

- (a) *Certificate Rights.* Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The “**Cash Settlement Amount**”, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The “**Closing Level**”, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level} \right) \times \text{Hedging Fee Factor}$$

If the Issuer determines, in its sole discretion, that on the Valuation Date a Market Disruption Event has occurred, then that Valuation Date shall be postponed until the first succeeding Exchange Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date. In that case:-

- (i) that fifth Exchange Business Day shall be deemed to be the Valuation Date

notwithstanding the Market Disruption Event; and

- (ii) the Issuer shall determine the Final Reference Level on the basis of its good faith estimate of the Final Reference Level that would have prevailed on that fifth Exchange Business Day but for the Market Disruption Event.

"Market Disruption Event" means the occurrence or existence on the Valuation Date of (i) any suspension of trading on the Relevant Stock Exchange of the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

- (b) *Exercise Expenses.* Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the "**Exercise Expenses**"). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.
- (c) *No Rights.* The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

4. Exercise of Certificates

- (a) *Exercise.* Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).
- (b) *Automatic Exercise.* Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a

Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.

- (c) *Settlement.* In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.
- (d) *CDP not liable.* CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.
- (e) *Business Day.* In these Conditions, a "**Business Day**" shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

5. Warrant Agent

- (a) *Warrant Agent.* The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.
- (b) *Agent of Issuer.* The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

6. Adjustments

- (a) *Potential Adjustment Event.* Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.

- (b) *Definitions.* “**Potential Adjustment Event**” means any of the following:
- (i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;
 - (ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a “spin-off” or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;
 - (iii) an extraordinary dividend;
 - (iv) a call by the Company in respect of the Underlying Stock that is not fully paid;
 - (v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
 - (vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a “poison pill” being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or
 - (vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.
- (c) *Merger Event, Tender Offer, Nationalisation and Insolvency.* If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:
- (i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;
 - (ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer

and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or

- (iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the “**Option Reference Source**”) make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

- (d) *Definitions.* “**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. “**Merger Date**” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. “**Merger Event**” means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent.

of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. “**Nationalisation**” means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. “**Tender Offer**” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

- (e) *Other Adjustments.* Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer’s sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).
- (f) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 9.

7. Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

8. Meetings of Certificate Holders; Modification

- (a) *Meetings of Certificate Holders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days’ notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or

more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

- (b) *Modification.* The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

9. Notices

- (a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.
- (b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

10. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory

requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates, subject to the approval of the SGX-ST.

12. Delisting

- (a) **Delisting.** If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).
- (b) **Issuer's Determination.** The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

13. Early Termination

- (a) *Early Termination for Illegality and Force Majeure, etc.* If the Issuer determines that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control, the performance of its obligations under the Certificates has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Certificates for any reason, the Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(c).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

For the purposes of this Condition:

"Regulatory Event" means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or Société Générale as Guarantor or in any other capacity (including without limitation as hedging counterparty of the Issuer, market maker of the Certificates or direct or indirect shareholder or sponsor of the Issuer) or any of its affiliates involved in the issuer of the Certificates (hereafter the **"Relevant Affiliates"** and each of the Issuer, Société Générale and the Relevant Affiliates, a **"Relevant Entity"**) that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer's obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer's

obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer's obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and Société Générale or any Relevant Affiliate (including without limitation to hedge the Issuer's obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer's capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

“Change in law” means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

- (b) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(c) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.
- (c) *Termination.* If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of a Certificate notwithstanding such illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the

Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

14. Governing Law

The Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

15. Prescription

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

16. Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

SUMMARY OF THE ISSUE

The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.

Issuer:	SG Issuer
Company:	Sunny Optical Technology (Group) Company Limited
The Certificates:	European Style Cash Settled Long Certificates relating to the Underlying Stock
Number:	6,700,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 21 June 2019 (the “ Master Instrument ”) and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the “ Master Warrant Agent Agreement ”) and made between the Issuer, the Guarantor and the Warrant Agent.
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to: Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Exercise and Trading Currency:	SGD
Board Lot:	100 Certificates

- Transfers of Certificates: Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
- Listing: Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 3 July 2019.
- Governing Law: The laws of Singapore
- Warrant Agent: The Central Depository (Pte) Limited
11 North Buona Vista Drive
#06-07 The Metropolis Tower 2
Singapore 138589
- Further Issues: Further issues which will form a single series with the Certificates will be permitted, subject to the approval of the SGX-ST.

The above summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

INFORMATION RELATING TO THE EUROPEAN STYLE CASH SETTLED LONG CERTIFICATES ON SINGLE EQUITIES

What are European Style Cash Settled Long Certificates on Single Equities?

European style cash settled long certificates on single equities (the “**Certificates**”) are structured products relating to the Underlying Stock and the return on a Certificate is linked to the performance of the Leverage Strategy.

A) Cash Settlement Amount Payable upon the Exercise of the Certificates at Expiry

Upon the exercise of the Certificates at expiry, the Certificate Holders would be paid a Cash Settlement Amount in respect of each Certificate.

The Cash Settlement Amount, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The Closing Level, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to (1) divided by (2) less (3) subject to any adjustments such as (4), where:

(1) is the Final Reference Level multiplied by the Final Exchange Rate;

(2) is the Initial Reference Level multiplied by the Initial Exchange Rate;

(3) is the Strike Level; and

(4) is the Hedging Fee Factor.

If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised and investors will receive a Cash Settlement Amount. If the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired. Please refer to the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” for further details on the calculation of the Cash Settlement Amount.

The Certificates are only suitable for investors who believe that the price of the Underlying Stock will increase and are seeking short-term leveraged exposure to the Underlying Stock.

B) Trading the Certificates before Expiry

If the Certificate Holders want to cash out their investments in the Certificates before the expiry of the Certificates, they may sell the Certificates in the secondary market during the life of the Certificates, and would be subject to the following fees and charges:

- (i) For Certificate Holders who trade the Certificates intraday: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and
- (ii) For Certificate Holders who hold the Certificates overnight: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost.

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees
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Daily Fees	=	Daily Management Fee Adjustment
		$1 - \text{Management Fee} \times \text{ACT}(t-1;t) / 360$
		x
		Daily Gap Premium Adjustment
		$1 - \text{Gap Premium}(t-1) \times \text{ACT}(t-1;t) / 360$

Illustration of the Calculation of Cash Settlement Amount

Cash Settlement Amount = Final Value of Certificates – Strike Level (zero)

Value of Certificates	=	t'=0	x	t=1	x	t=2	x ...	t=i			
		Notional Amount		Leverage Strategy daily performance ⁸		Daily Fees		Leverage Strategy daily performance	Daily Fees	Leverage Strategy Daily performance	Daily Fees

Value of Certificates	=	t=0	x	Product of the daily Leverage Strategy Performance	x	Product of the Daily Fees (Hedging Fee Factor)		
		Notional Amount		Leverage Strategy daily performance		Leverage Strategy daily performance	Daily Fees	Daily Fees

Final Value of Certificates	=	t=0	x	Final Reference Level x Final Exchange Rate	÷	x	Hedging Fee Factor
		Notional Amount		Initial Reference Level x Initial Exchange Rate			

Illustration of the applicable fees and charges for an intraday trading scenario

Hedging Fee is implemented overnight in the price of the Certificate. As a consequence, when trading intraday, investors will not bear any Hedging Fee.

Investors will only support bid/ask costs, which are the difference between the price at which the Designated Market Maker purchases (bid) and sells (ask) the Certificate at any point of time.

⁷ "t" refers to "Observation Date" which means each Underlying Stock Business Day from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date.

⁸ Leverage Strategy daily performance is computed as the Leverage Strategy Closing Level on Business Day (t) divided by the Leverage Strategy Closing Level on Business Day (t-1).

Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

The example is purely hypothetical. We include the example to illustrate how the Certificates work, and you **MUST NOT** rely on them as any indication of the actual return or what the payout on the Certificates might actually be. The example also assumes a product which expires 16 days after listing date, to illustrate the daily calculation of price, costs and fees from listing date to expiry date.

Assuming an investor purchases the following Certificates at the Issue Price:

Underlying Stock:	Ordinary shares of Sunny Optical Technology (Group) Company Limited
Expected Listing Date:	03/07/2018
Expiry Date:	18/07/2018
Initial Reference Level:	1,000
Initial Exchange Rate:	1
Final Reference Level:	1,200
Final Exchange Rate:	1
Issue Price:	0.60 SGD
Notional Amount per Certificate:	0.60 SGD
Management Fee (p.a.):	0.40%
Gap Premium (p.a.):	5.75%
Strike Level:	Zero

Hedging Fee Factor

Hedging Fee Factor on the n^{th} Underlying Stock Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

$$\text{HFF}(0) = 100\%$$

On Next Calendar Day (assuming it is an Underlying Stock Business Day):

$$\text{HFF}(1) = \text{HFF}(0) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1; t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1; t)}{360}\right)$$

$$\text{HFF}(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 5.75\% \times \frac{1}{360}\right)$$

$$\text{HFF}(1) = 100\% \times 99.9989\% \times 99.9840\% \approx 99.9829\%$$

Assuming 2nd Underlying Stock Business Day falls 3 Calendar Days after 1st Underlying Stock Business Day:

$$\text{HFF (2)} = \text{HFF (1)} \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1; t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1; t)}{360}\right)$$

$$\text{HFF (2)} = 99.9829\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 5.75\% \times \frac{3}{360}\right)$$

$$\text{HFF (2)} = 99.9829\% \times 99.9967\% \times 99.9521\% \approx 99.9317\%$$

The same principle applies to the following Underlying Stock Business Days:

$$\text{HFF (n)} = \text{HFF (n-1)} \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1; t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1; t)}{360}\right)$$

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.7441% as illustrated below:

Date	HFF
3/7/2018	100.0000%
4/7/2018	99.9829%
5/7/2018	99.9658%
6/7/2018	99.9488%
9/7/2018	99.8975%
10/7/2018	99.8805%
11/7/2018	99.8634%
12/7/2018	99.8464%
13/7/2018	99.8293%
16/7/2018	99.7781%
17/7/2018	99.7611%
18/7/2018	99.7441%

Cash Settlement Amount

In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

$$\begin{aligned} \text{Closing Level} &= [(\text{Final Reference Level} \times \text{Final Exchange Rate}) / (\text{Initial Reference Level} \times \text{Initial Exchange Rate}) - \text{Strike Level}] \times \text{Hedging Fee Factor} \\ &= [(1200 \times 1) / (1000 \times 1) - 0] \times 99.7441\% \\ &= 119.69\% \end{aligned}$$

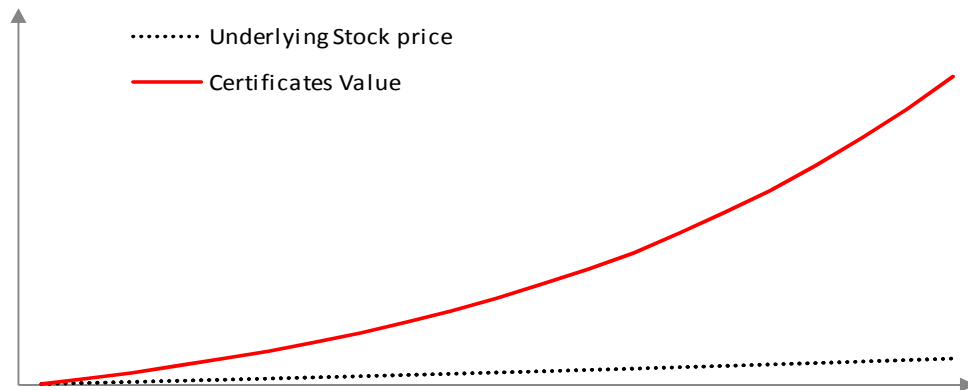
$$\begin{aligned} \text{Cash Settlement Amount} &= \text{Closing Level} \times \text{Notional Amount per Certificate} \\ &= 119.69\% \times 0.60 \text{ SGD} \\ &= \mathbf{0.718 \text{ SGD}} \end{aligned}$$

Illustration on how returns and losses can occur under different scenarios

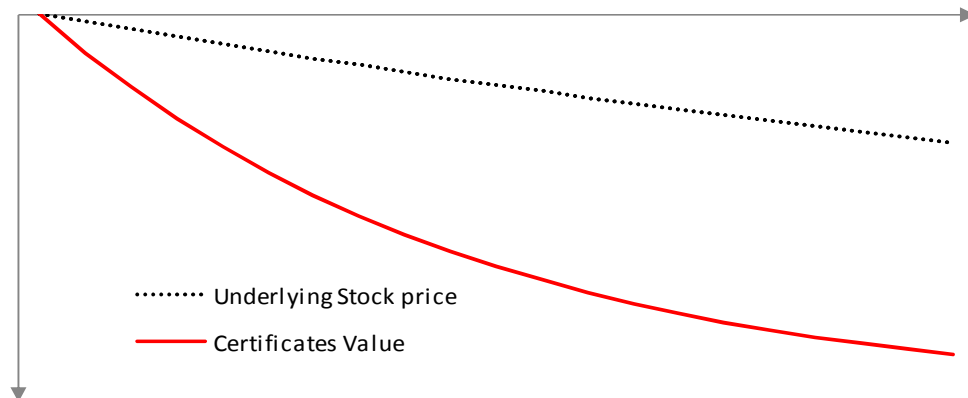
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends, or any other market parameters.

1. Illustrative examples

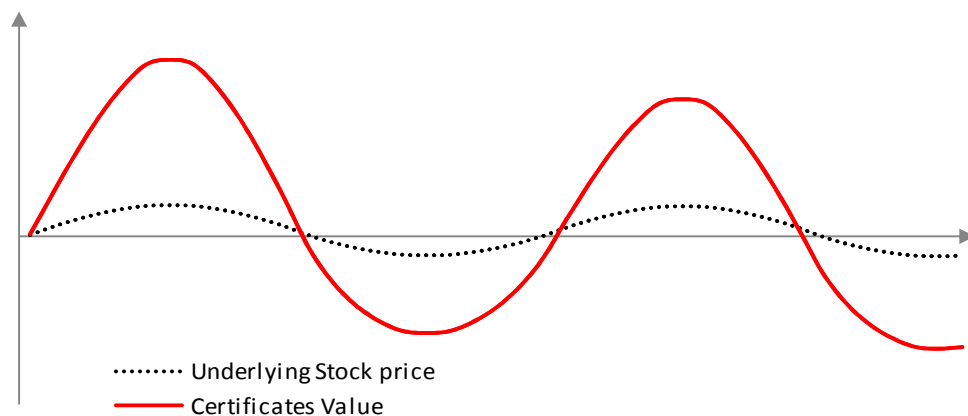
Scenario 1 – Upward Trend



Scenario 2 – Downward Trend



Scenario 3 – Volatile Market



2. Numerical Examples

Scenario 1 – Upward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	2.0%	2.0%	2.0%	2.0%
Value at end of day	10,000.0	10,200.0	10,404.0	10,612.1	10,824.3	11,040.8
Accumulated Return		2.00%	4.04%	6.12%	8.24%	10.41%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	10.0%	10.0%	10.0%	10.0%
Price at end of day	0.6	0.66	0.73	0.80	0.88	0.97
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

Scenario 2 – Downward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Value at end of day	10,000.0	9,800.0	9,604.0	9,411.9	9,223.7	9,039.2
Accumulated Return		-2.00%	-3.96%	-5.88%	-7.76%	-9.61%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Price at end of day	0.6	0.54	0.49	0.44	0.39	0.35
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

Scenario 3 – Volatile Market

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	-2.0%	2.0%	-2.0%	2.0%
Value at end of day	10,000.0	10,200.0	9,996.0	10,195.9	9,992.0	10,191.8
Accumulated Return		2.00%	-0.04%	1.96%	-0.08%	1.92%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	-10.0%	10.0%	-10.0%	10.0%
Price at end of day	0.6	0.66	0.59	0.65	0.59	0.65
Accumulated Return		10.00%	-1.00%	8.90%	-1.99%	7.81%

Description of Air Bag Mechanism

The Certificates integrate an “Air Bag Mechanism” which is designed to reduce exposure to the Underlying Stock during extreme market conditions.

When the Air Bag triggers, a 30-minute period starts. This period is divided into two sub-periods:

- Observation Period : during 15 minutes after the Air Bag trigger, the price of the Underlying Stock is observed and its minimum price is recorded; and
- Reset Period: after 15 minutes, the Leverage Strategy is reset using the minimum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Strategy, 30 minutes after the Air Bag trigger.

Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered. Investors cannot sell or purchase any Certificates during this period.

Air Bag Mechanism timeline

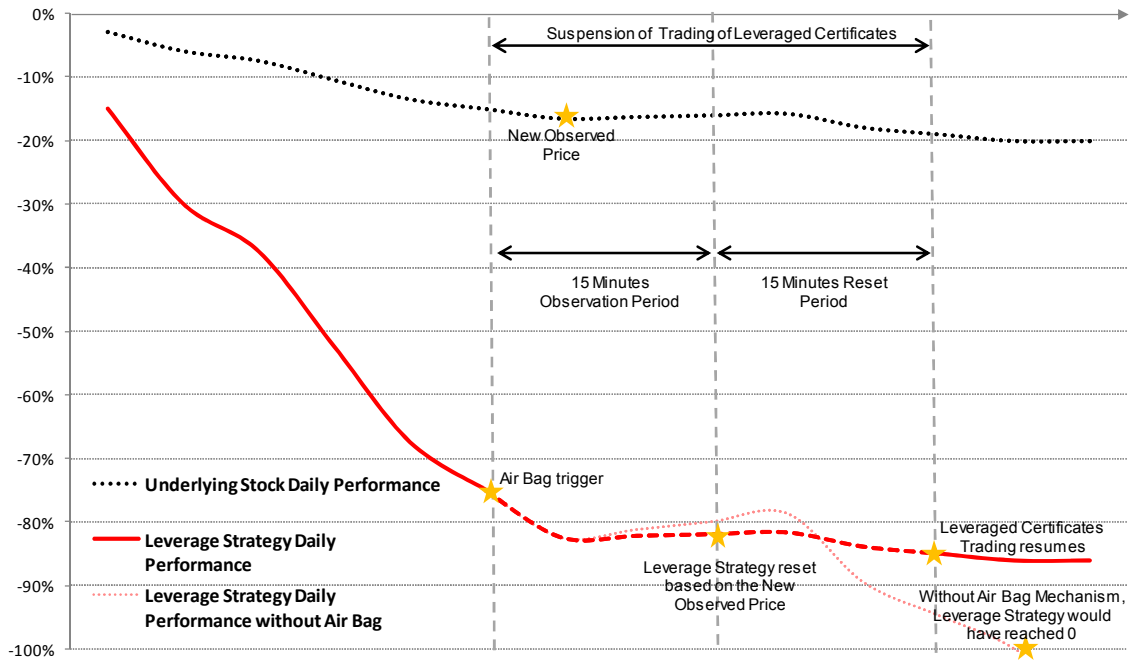
Air Bag Trigger	Observation Period	Resumption of Trading
More than 45 minutes before Market Close	First 15 minutes after Air Bag Trigger	Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger
45 minutes before Market Close		Next trading day at Market Open
30 to 45 minutes before Market Close		
30 minutes before Market Close		
15 to 30 minutes before Market Close		
15 minutes before Market Close	From Air Bag Trigger to Market Close	
Less than 15 minutes before Market Close		

With **Market Close** defined as:

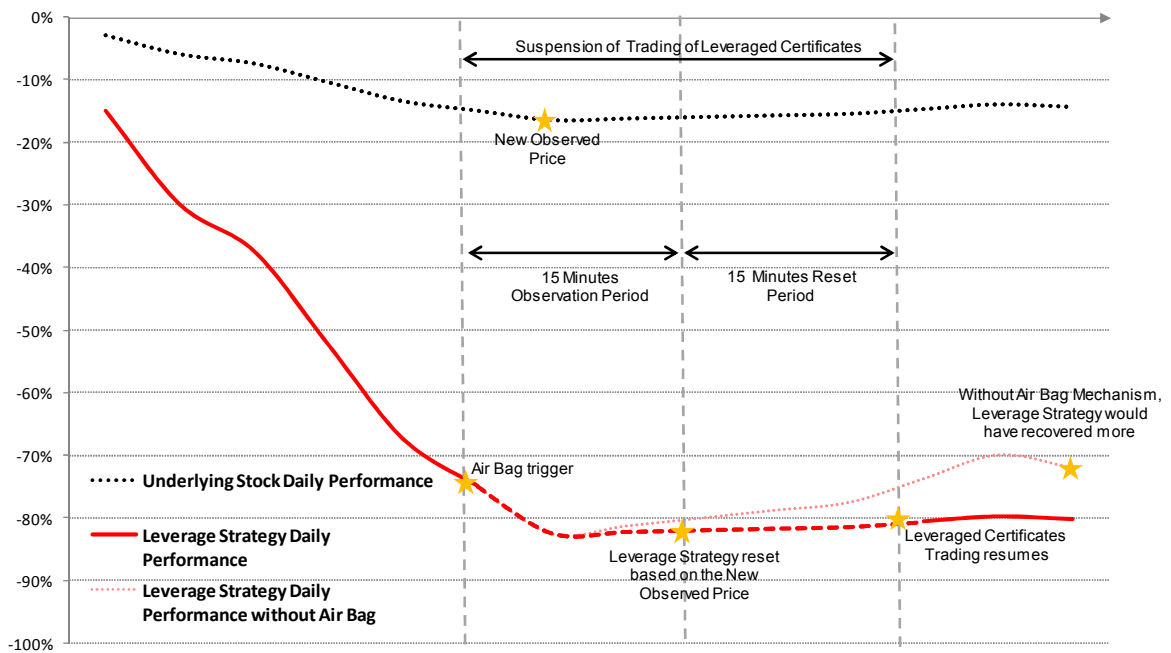
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading

Illustrative examples of the Air Bag Mechanism

Scenario 1 – Downward Trend after Air Bag trigger



Scenario 2 – Upward Trend after Air Bag trigger

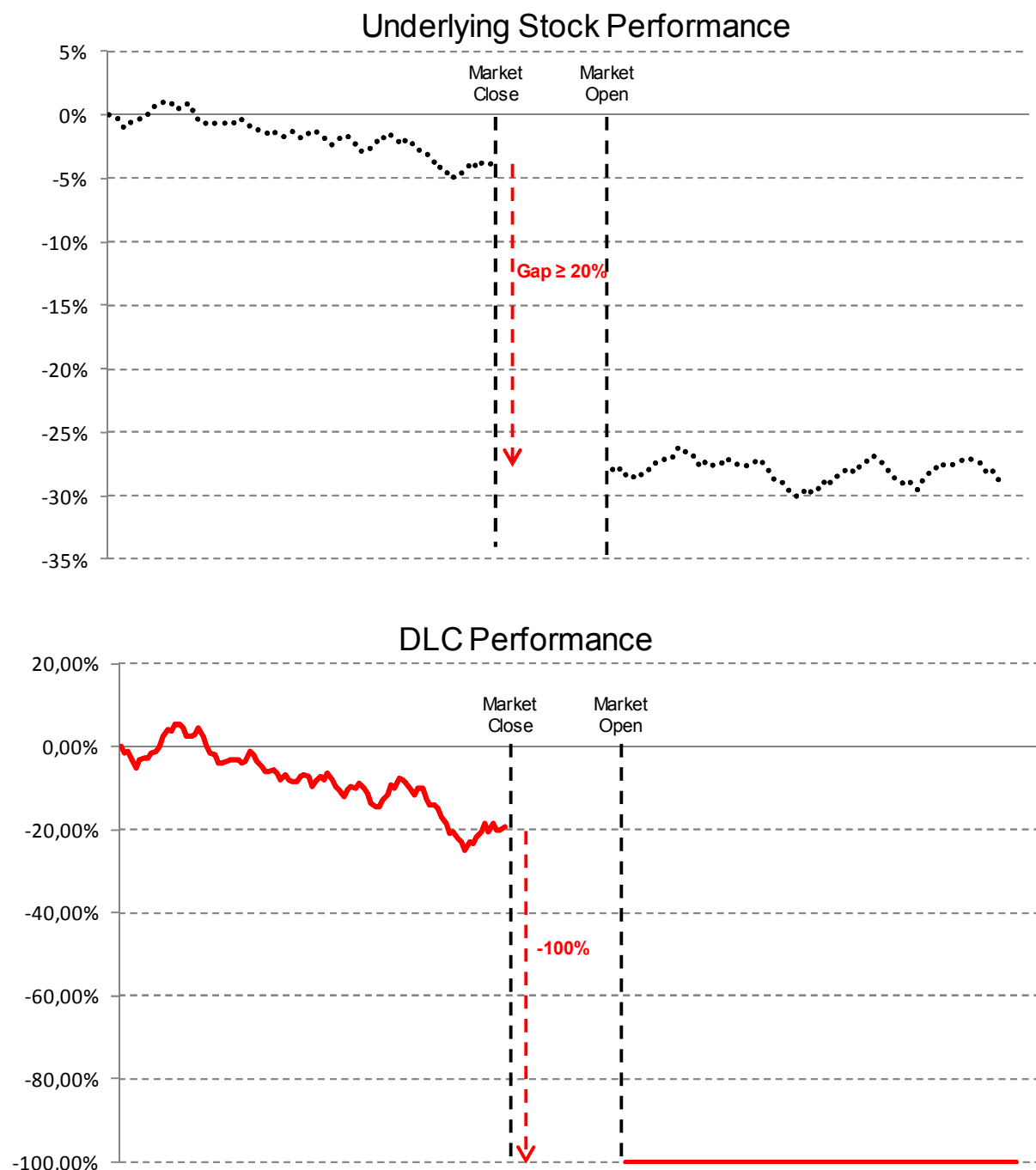


Scenarios where the investor may lose the entire value of the investment

The scenarios below are purely hypothetical and do not take fees and charges payable by investors into consideration. The scenarios highlight cases where the Certificates may lose 100% of their value.

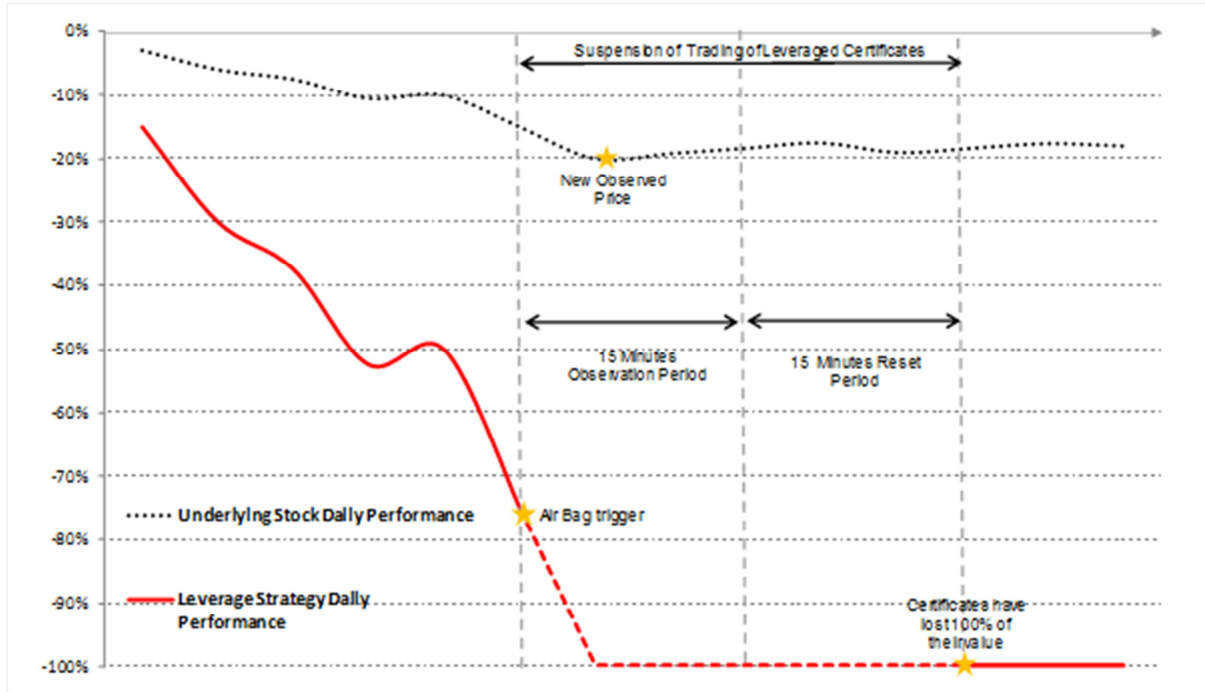
Scenario 1 – Overnight fall of the Underlying Stock

On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a “gap”. If the opening price of the Underlying Stock is 20% or more below the previous day closing price, the Air Bag Mechanism would only be triggered when the market opens the following day, and the Certificates would lose their entire value in such event.



Scenario 2 – Sharp intraday fall of the Underlying Stock

Although the Air Bag Mechanism is designed to reduce the exposure to the Underlying Stock during extreme market conditions, the Certificate can lose 100% of its value in the event the price of the Underlying Stock falls by 20% or more compared to the previous closing price of the Underlying Stock or the previous observed price in case of an air bag previously on the same day within the 15 minute Observation Period. The Certificates would lose their entire value in such event.



Examples and illustrations of adjustments due to certain corporate actions

The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of corporate actions on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, or any other market parameters.

In the case of any corporate action on the Underlying Stock, the Calculation Agent will, as soon as reasonably practical after it becomes aware of such event, determine whether such corporate action has a dilutive or concentrative effect on the theoretical value of the Underlying Stock, and if so, will (a) calculate the corresponding adjustment, if any, to be made to the elements relating to the Underlying Stock which are used to determine any settlement or payment terms under the Certificates and/or adjust at its discretion any other terms of the Certificates as it determines appropriate to preserve the economic equivalent of the obligations of the Issuer under the Certificates and (b) determine the effective date of such adjustment.

Notwithstanding the foregoing, in the event Observation Date (t) is an ex-date with respect to a corporate action related to the Underlying Stock, the Calculation Agent may, in its sole and absolute discretion, replace the $Rfactor_t$ with respect to such Observation Date (t) by an amount computed according to the following generic formula :

$$Rfactor_t = \left[1 - \frac{Div_t + DivExc_t - M \times R}{S_{t-1}} \right] \times \frac{1}{1 + M}$$

This formula is provided for indicative purposes and the Calculation Agent may determine that this formula is not appropriate for certain corporate actions and may apply a different formula instead.

Such adjustment of $Rfactor_t$ would affect the Leveraged Return, the Rebalancing Cost, and the Underlying Reference Price used to determine the Intraday Restrike Event. The Air Bag mechanism would not be triggered if the stock price falls by 15% exclusively because of the dilutive effect of a corporate action.

Where:

$DivExc_t$ is the amount received as an Extraordinary Dividend by a holder of existing Shares for each Share held prior to the Extraordinary Dividend, net of any applicable withholding taxes.

M is the number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe or to receive (positive amount) or the number of existing Shares redeemed or canceled per existing Share (negative amount), as the case may be, resulting from the corporate action.

R is the subscription price per Share (positive amount) or the redemption price per Share (negative amount) including any dividends or other benefits forgone to be subscribe to or to receive (as applicable), or to redeem a Share.

1. Stock split

Assuming the Underlying Stock is subject to a 1 to 2 stock split (i.e. 1 new Share for every 1 existing share):

$$S_{t-1} = \$100$$

$$S_t = \$51$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

M = 1 (i.e. 1 new Shares for 1 existing Share)

R = \$0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 2 \times 0}{100} \right] \times \frac{1}{1 + 1} = 50\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 5 \times \left(\frac{51}{100 \times 50\%} - 1 \right) = 10\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	50	51	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.60	0.66	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$42.5, which is 15% below \$50, the Underlying Stock Reference Price.

2. Share Consolidation

Assuming the Underlying Stock is subject to a 2 to 1 share consolidation (i.e. 1 Share canceled for every 2 existing Shares):

$$S_{t-1} = \$100$$

$$S_t = \$202$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

M = -0.5 (i.e. 0.5 Shares canceled for each 1 existing Share)

R = \$0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - (-0.5) \times 0}{100} \right] \times \frac{1}{1 + (-0.5)} = 200\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 5 \times \left(\frac{202}{100 \times 200\%} - 1 \right) = 5\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	200	202	1%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.60	0.63	5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$170, which is 15% below \$200, the Underlying Stock Reference Price.

3. Rights Issues

Assuming there is a rights issue with respect to the Underlying Stock, with a right to receive 1 new Share for every 2 existing Shares, for a subscription price of \$40.

$$S_{t-1} = \$100$$

$$S_t = \$84$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

$$R = \$40 \text{ (i.e. subscription price of \$40)}$$

$$M = 0.5 \text{ (i.e. 1 new share for every 2 existing shares)}$$

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.5 \times 40}{100} \right] \times \frac{1}{1 + 0.5} = 80\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1 \right) = 25\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.60	0.75	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$68, which is 15% below \$80, the Underlying Stock Reference Price.

4. Bonus Issues

Assuming there is a bonus issue with respect to the Underlying Stock, where shareholders receive 1 bonus share for 5 existing shares:

$$S_{t-1} = \$100$$

$$S_t = \$85$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$0$$

$$R = \$0$$

$M = 0.2$ (i.e. 1 new share for 5 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.2 \times 0}{100} \right] \times \frac{1}{1 + 0.2} = 83.33\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 5 \times \left(\frac{85}{100 \times 83.33\%} - 1 \right) = 10\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	83.33	85	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.60	0.66	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$70.83, which is 15% below \$83.33, the Underlying Stock Reference Price.

5. Extraordinary Dividend

Assuming there is an extraordinary dividend of \$20 (net of taxes) paid in respect of each stock.

$$S_{t-1} = \$100$$

$$S_t = \$84$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$20$$

$$R = \$0$$

$$M = 0$$

$$Rfactor_t = \left[1 - \frac{0 + 20 - 0 \times 0}{100} \right] \times \frac{1}{1 + 0} = 80\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1 \right) = 25\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.60	0.75	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$68, which is 15% below \$80, the Underlying Stock Reference Price.

INFORMATION RELATING TO THE COMPANY

All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of Hong Kong Exchanges and Clearing Limited (the “HKExCL”) at <http://www.hkex.com.hk> and/or the Company’s web-site at <http://www.sunnyoptical.com/en/default.html>. The Issuer has not independently verified any of such information.

Sunny Optical Technology (Group) Company Limited (the “**Company**”) (SEHK stock code: 2382) is a leading company in integrated optical device manufacturers and an optical imaging system solution provider. The Company went public in 2007 and is listed on the Main Board of the Hong Kong Stock Exchange.

The Company has strong capabilities in R&D and manufacturing. With great reputation among its customers worldwide, the company has extended its market in forty countries and regions and has become the most important supplier to many Tier 1 customers domestically and internationally. The company has also gained significant global market share in compact module camera, lens sets for mobile devices and automotive lenses.

The Company has five production sites in Yangtze River Delta, Pearl River Delta, Bohai Bay and Central Plain Areas, respectively. There are also R&D center and local customer support offices in North America, Japan, South Korea, Singapore, and Taiwan.

The Company is one of a few enterprises inside China that have first-class design capability and mass production capacity for integrated products combining optics, mechanics electronics and software technology. Therefore, it has established its leadership in special coating technology in lens production, aspherical optics auto-focus and zooming, development in chalcogenide glass material, embedded software, 3D scanning and imaging, 3D ultra-precision vibration measuring, trace element analysis, ultra-high pixel camera modules design and manufacturing.

Supported by its high ranking in optoelectronic industry, the Company also promotes its “Famous Co-Star” strategy with commitment to achieve high tech, high value and high efficiency. Now it is focus on transformation and upgrading production, profit and operation models in order to advance its production base with advantages in value, system integration and brand name.

The information set out in the Appendix to this document relates to the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2018 and has been extracted and reproduced from an announcement by the Company dated 8 April 2019 in relation to the same. Further information relating to the Company may be located on the web-site of the HKExCL at <http://www.hkex.com.hk>.

INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

Société Générale has been appointed the designated market maker (“**DMM**”) for the Certificates. The DMM will provide competitive buy and sell quotes for the Certificates continuously during the trading hours of the SGX-ST on the following basis:

- (a) Maximum bid and offer spread : 10 ticks or S\$0.20 whichever is greater
- (b) Minimum quantity subject to bid and offer spread : 10,000 Certificates
- (c) Last Trading Day for Market Making : The date falling 5 Exchange Business Days immediately preceding the Expiry Date

In addition, the DMM may not provide a quotation in the following circumstances:

- (i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;
- (ii) if the Certificates are valueless (where the Issuer’s bid price is below the minimum bid size for such securities as prescribed by the SGX-ST), the DMM will not provide the bid price. In such an instance, the DMM will provide the offer price only;
- (iii) before the Relevant Stock Exchange for the Underlying Stock has opened and after the Relevant Stock Exchange for the Underlying Stock has closed on any trading day;
- (iv) when trading in the Underlying Stock is suspended or limited in a material way for any reason, for the avoidance of doubt, the DMM is not obliged to provide quotations for the Certificates at any time when the Underlying Stock is not negotiated/traded for any reason;
- (v) where the Certificates are suspended from trading for any reason;
- (vi) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the Underlying Stock;
- (vii) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;
- (viii) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;
- (ix) in cases where the Issuer has no Certificates to sell, then the DMM will only provide the bid price;
- (x) if the stock market experiences exceptional price movement and volatility;
- (xi) when it is a public holiday in Singapore and/or Hong Kong and/or the SGX-ST and/or the HKEX are not open for dealings; and
- (xii) during the suspension of trading of Certificates after an Air Bag Mechanism has been triggered.

The last trading day on which the DMM will provide competitive quotations for the Certificates would be the fifth Exchange Business Day immediately preceding the Expiry Date.

SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 99 of the Base Listing Document.

1. Save as disclosed in this document and the Base Listing Document, neither the Issuer nor the Guarantor is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have or have had in the previous 12 months a significant effect on the financial position of the Issuer or the Guarantor in the context of the issuance of the Certificates.
2. Settlement of trades done on a normal “ready basis” on the SGX-ST generally take place on the third Business Day following the transaction. Dealing in the Certificates will take place in Board Lots in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed “Summary of the Issue” above.
3. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.
4. Save as disclosed in the Base Listing Document and herein, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2018 or the Guarantor since 31 March 2019, in the context of the issuance of Certificates hereunder.
5. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and/or the Guarantor and may be material to the issue of the Certificates:
 - (a) the Guarantee;
 - (b) the Master Instrument; and
 - (c) the Master Warrant Agent Agreement.

None of the directors of the Issuer and the Guarantor has any direct or indirect interest in any of the above contracts.

6. The Auditors of the Issuer and the Guarantor have given and have not withdrawn their written agreement to the inclusion of the report, included herein, in the form and context in which it is included. Their report was not prepared exclusively for incorporation into this document.

The Auditors of the Issuer and the Guarantor have no shareholding in the Issuer or the Guarantor or any of its subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of the Issuer or the Guarantor or any of its subsidiaries.

7. The Certificates are not fully covered by the Underlying Stock held by Issuer or a trustee for and on behalf of the Issuer. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.
8. Société Générale, Singapore Branch, currently of 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, has been authorised to accept, on behalf of the Issuer and the Guarantor, service of process and any other notices required to be served on the Issuer or the Guarantor. Any notices required to be served on the Issuer or the Guarantor should be sent to Société Générale at the above address for the attention of Société Générale Legal Department.

9. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the offices of Société Générale, Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, during the period of 14 days from the date of this document:
- (a) the Memorandum and Articles of Association of the Issuer and the Constitutional Documents of the Guarantor;
 - (b) the latest financial reports (including the notes thereto) of the Issuer;
 - (c) the latest financial reports (including the notes thereto) of the Guarantor;
 - (d) the consent letters from the Auditors to the Issuer and the Guarantor referred to in paragraph 6 above;
 - (e) the Base Listing Document;
 - (f) this document; and
 - (g) the Guarantee.

PLACING AND SALE

General

No action has been or will be taken by the Issuer that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to the Certificates in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Certificates, or distribution of any offering material relating to the Certificates may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

Each Certificate Holder undertakes that it will inform any subsequent purchaser of the terms and conditions of the Certificates and all such subsequent purchasers as may purchase such securities from time to time shall be deemed to be a Certificate Holder for the purposes of the Certificates and shall be bound by the terms and conditions of the Certificates.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act, Chapter 289 of Singapore.

Hong Kong

Each dealer has represented and agreed, and each further dealer appointed in respect of the Certificates and each other purchaser will be required to represent and agree, that it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made under that Ordinance.

European Economic Area

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree that, it has not offered, sold or otherwise made available and will not offer, sell, or otherwise make available any Certificates which are the subject of the offering as contemplated by the this document to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

- (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, the Prospectus Directive); and
- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates.

United Kingdom

Each dealer has represented and agreed, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that:

- (a) in respect to Certificates having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of Financial Services and Markets Act, as amended (the “**FSMA**”) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

United States

The Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the “**CFTC**”) under the United States Commodity Exchange Act of 1936, as amended (the “**Commodity Exchange Act**”) and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing

commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Each dealer has represented and agreed, and each further dealer will be required to represent and agree, that it has not and will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redeem, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing Certificates of any tranches must agree with the relevant dealer or the seller of such Certificates that (i) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, and (ii) it is not purchasing any Certificates for the account or benefit of any U.S. person.

Exercise or otherwise redemption of Certificates will be conditional upon certification that each person exercising or otherwise redeeming a Certificate is not a U.S. person or in the United States and that the Certificate is not being exercised or otherwise redeemed on behalf of a U.S. person. No payment will be made to accounts of holders of the Certificates located in the United States.

As used in the preceding paragraphs, the term “**United States**” includes the territories, the possessions and all other areas subject to the jurisdiction of the United States of America, and the term “**U.S. person**” means any person who is (i) a U.S. person as defined under Regulation S under the Securities Act, (ii) a U.S. person as defined in paragraph 7701(a)(30) of the Internal Revenue Code of 1986, or (iii) a person who comes within any definition of U.S. person for the purposes of the United States Commodity Exchange Act of 1936, as amended (the “**CEA**”) or any rules thereunder of the CFTC, guidance or order proposed or issued under the CEA (for the avoidance of doubt, any person who is not a “Non-United States person” defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception for qualified eligible persons who are not “Non-United States persons”, shall be considered a U.S. person).

APPENDIX

REPRODUCTION OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 OF SUNNY OPTICAL TECHNOLOGY (GROUP) COMPANY LIMITED AND ITS SUBSIDIARIES

The information set out below is a reproduction of the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2018 and has been extracted and reproduced from an announcement by the Company dated 8 April 2019 in relation to the same.

Independent Auditor's Report

獨立核數師報告

Deloitte.

德勤

TO THE SHAREHOLDERS OF
SUNNY OPTICAL TECHNOLOGY (GROUP) COMPANY LIMITED
(incorporated in the Cayman Islands with limited liability)

致
舜宇光學科技(集團)有限公司全體股東
(於開曼群島註冊成立的有限公司)

Opinion

We have audited the consolidated financial statements of Sunny Optical Technology (Group) Company Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 147 to 302, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

意見

我們已審核載於第147至302頁舜宇光學科技(集團)有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表,包括於二零一八年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表,以及綜合財務報表附註,包括主要會計政策概要。

我們認為,該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的《香港財務報告準則》(「《香港財務報告準則》」)真實公允地反映貴集團於二零一八年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量,並已按照香港公司條例的披露要求妥為編製。

意見的基礎

我們根據香港會計師公會頒佈的香港核數準則(「香港核數準則」)進行審核工作。根據該等準則,我們的責任於本報告「核數師就審核綜合財務報表的責任」一節中進一步詳述。根據香港會計師公會頒佈的《專業會計師道德守則》(「《守則》」),我們獨立於貴集團,並已遵循該《守則》履行其他道德責任。我們認為,我們所獲得的審核憑證屬充分及恰當,可為我們的意見提供基準。

關鍵審核事項

根據我們的專業判斷,關鍵審核事項為我們審核本期綜合財務報表中最重要的事項。我們在審核綜合財務報表及就此形成意見時處理該等事項,而不會就該等事項單獨發表意見。

Independent Auditor's Report

獨立核數師報告

Key audit matter

關鍵審核事項

How our audit addressed the key audit matter

核數師如何處理關鍵審核事項

Impairment assessment of trade receivables 貿易應收款項的減值評估

We identified impairment assessment of trade receivables as a key audit matter due to the significance of trade receivables to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit loss ("ECL") of the Group's trade receivables at the end of the reporting period.

基於貿易應收款項對 貴集團合併財務狀況的重要性，以及在報告期末評估 貴集團貿易應收款項的預期信貸損失（「預期信貸損失」）時涉及主觀判斷和管理層估計的緣故，我們將貿易應收款項的減值評估確定為一項關鍵審計事項。

As at 31 December 2018, the Group's net trade receivables amounting to RMB5,085,128,000, which represented approximately 22% of total assets of the Group. Details of trade receivables are set out in Note 27 to the consolidated financial statements.

於二零一八年十二月三十一日， 貴集團的貿易應收款項淨額為人民幣5,085,128,000元，約佔 貴集團總資產的22%。貿易應收款項的詳情載於綜合財務報表附註27。

As disclosed in Note 37(b) to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade receivables based on provision matrix through grouping of various debtors that have similar loss patterns. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. In addition, trade receivables that are credit impaired are assessed for ECL individually.

如綜合財務報表附註37(b)所披露， 貴集團管理層通過對具有類似損失模式的各種債務人進行分組，利用減值矩陣模型估計貿易應收款項整個存續期的預期信用損失。預估的損失率估計損失率乃基於 貴集團歷史觀察到的違約率，並根據前瞻性資訊進行調整。另外，對於信貸減值的貿易應收款項個別評估其預期信貸虧損。

Our procedures in relation to impairment assessment of trade receivables included:

我們對貿易應收款項的減值評估的相關程式如下：

- Understanding and testing the design, implementation and operating effectiveness of the management's key internal controls relating to credit control, debt collection and providing allowance under ECL model;
- 瞭解並測試與信用控制、債務回收及預期信貸虧損模式下的撥備相關的管理層關鍵內部控制的設計、執行及經營有效性；
- Testing the integrity of information used by management to develop the provision matrix, including trade receivables ageing analysis as at 1 January 2018 and 31 December 2018, on a sample basis, by comparing individual items in the analysis with supporting documents;
- 測試管理層用於建立減值矩陣模型所使用到的資訊的完整性，包括通過分析比較單個專案相關的支持檔，對二零一八年一月一日及二零一八年十二月三十一日的貿易應收款項進行賬齡分析抽樣測試；
- Challenging management's basis and judgement in determining credit loss allowance on trade receivables as at 1 January 2018 and 31 December 2018, including their identification of credit impaired trade receivables, the reasonableness of management's grouping of the remaining trade debtors into different categories in the provision matrix, and the basis of estimated loss rates applied in each category in the provision matrix (with reference to historical default rates and forward-looking information); and
- 質疑管理層在確定二零一八年一月一日及二零一八年十二月三十一日的貿易應收款項預期信用損失的依據和判斷，包括管理層對信用減值的貿易應收款項的識別，對其他貿易應收款項在減值矩陣模型中分出不同組別的合理性，以及矩陣中各組適用的預計損失率的依據（參考歷史違約率和前瞻性資訊）；及
- Evaluating the disclosures regarding the impairment assessment of trade receivables in Notes 2, 27 and 37(b) to the consolidated financial statements.
- 評估綜合財務報表附註2、27和37(b)中有關貿易應收款項減值評估的披露。

Independent Auditor's Report

獨立核數師報告

Other Information

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

其他資料

貴公司董事負責其他資料。其他資料包括年報中載列的資料，但不包括綜合財務報表及核數師報告。

我們就綜合財務報表的意見並未包含其他資料且我們並不就其他資料表達任何形式的確定性結論。

就我們對綜合財務報表的審計而言，我們的責任是閱讀其他資料，並在閱讀過程中考慮其他資料是否與綜合財務報表或我們於審計中得知的情況存在重大不符，或者似乎有重大錯誤陳述。倘基於我們所作工作，我們斷定倘其他資料存在重大錯誤陳述，則我們須匯報該事實。就此而言，我們並無須匯報的內容。

董事責任及綜合財務報表負責管治人員的責任

貴公司董事負責遵照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之披露規定編製呈列真實及公允意見的綜合財務報表，以及董事認定為必要的內部監控，使綜合財務報表的編製並無由於欺詐或錯誤導致的重大錯誤陳述。

於編製綜合財務報表時，董事負責評估 貴集團持續經營的能力，披露有關持續經營事項（如適用）及採用持續經營會計基準，除非董事擬對 貴集團進行清算或終止經營，或別無他法而只能如此。

負責管治的人士負責監督 貴集團財務報告程序。

Independent Auditor's Report

獨立核數師報告

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

核數師審計綜合財務報表的責任

我們的目的為就綜合財務報表總體上是否不存在重大錯誤陳述（不論其由欺詐或錯誤引起）提供合理保證，並按照我們協定的委聘條款向閣下（作為一個團體）發出一份包括我們的意見在內的核數師報告，除此之外，並無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。儘管合理保證為高層次保證，但並不能保證根據香港會計準則實施的審計總能檢查出實際存在的重大錯誤陳述。重大錯誤陳述可由欺詐或錯誤引起，且倘合理預期該錯誤陳述（個別或整體）影響綜合財務報表使用者的經濟決策，則被視為重大錯誤陳述。

作為根據香港會計準則進行審計的一部分，我們於整個審計過程中作出專業判斷並保持專業的懷疑態度。我們亦：

- 識別及評估綜合財務報表的重大錯誤陳述的風險（不論其由欺詐或錯誤引起），設計及實施審計程序以應對該等風險，並取得充分及恰當的審計憑證作為我們意見的依據。未能發現欺詐所導致的重大錯誤陳述的風險大於由於錯誤引起重大錯誤陳述的風險，原因是欺詐可能會涉及勾結、偽造、故意遺漏、不實陳述或凌駕於內部控制之上。
- 了解與審計相關的內部控制以設計恰當的審計程序，但並非為了就貴集團內部控制的有效性表達意見。
- 評估董事所用會計政策的恰當性及所作會計估計及有關披露的合理性。

Independent Auditor's Report

獨立核數師報告

- 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.
- 就董事使用持續經營會計基準的恰當性進行斷定，並依據所取得的審計憑證，斷定是否存在與可能會對 貴集團持續經營的能力產生重大疑問的事件或狀況有關的重大不確定因素。倘我們斷定存在重大不確定因素，則我們須於核數師報告內就綜合財務報表的相關披露提請注意，或倘該等披露不充分，則修訂我們的意見。我們的斷定乃基於直至我們的核數師報告日期所取得的審計憑證。然而，未來事件或狀況可能使得 貴集團終止持續經營。
- 就綜合財務報表的整體呈列、架構及內容（包括披露）及綜合財務報表是否公平反映及呈列有關交易及事項進行評估。
- 就 貴集團實體或業務活動的財務資料取得充分恰當的審計憑證，以就綜合財務報表發表意見。我們負責指導、監督及執行集團審計。我們對我們的審計意見負有完全責任。

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

我們與負責管治的人員就（其中包括）審計的計劃範圍及時間以及重大審計發現進行溝通，包括於審計期間我們所發現的內部控制中的任何重大缺陷。

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

我們亦向負責管治的人員提供表明我們已遵守有關獨立性的道德規定的聲明，並與彼等就所有被合理認為可能影響獨立性的關係及其他事項及有關保障措施（如適用）進行溝通。

Independent Auditor's Report

獨立核數師報告

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

The engagement partner on the audit resulting in the independent auditor's report is Mr. Jacky Wong Suk Hung.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

19 March 2019

根據與負責管治的人員進行溝通的事項，我們對當期綜合財務報表審計中屬重大而因此屬關鍵審計事項作出判定。我們於我們的核數師報告內對該等事項進行陳述，除非法律或法規不允許向公眾披露該等事項，或在極其罕有的情況下，我們認為在合理的預期內披露該等事項的負面後果大於對公眾利益帶來的好處，因而決定在我們的報告內不予披露該等事項。

獨立核數師報告的審計委聘合夥人為黃淑雄先生。

德勤 • 關黃陳方會計師行
執業會計師
香港

二零一九年三月十九日

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益表

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

	NOTES 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Revenue 收入	5, 6	25,931,852	22,366,252
Cost of sales 銷售成本		(21,018,737)	(17,563,489)
Gross profit 毛利		4,913,115	4,802,763
Other income 其他收益	7(a)	467,024	206,387
Other gains and losses 其他收益及虧損	7(b)	(292,979)	93,296
Impairment losses, net of reversal 減值虧損，扣除撥回		(3,851)	42,901
Selling and distribution expenses 銷售及分銷開支		(209,872)	(205,052)
Research and development expenditure 研發開支		(1,362,345)	(1,168,157)
Administrative expenses 行政開支		(433,894)	(388,922)
Share of results of associates 分佔聯營公司的業績	19	(23,787)	(16,096)
Finance costs 融資成本	8	(202,137)	(48,801)
Profit before tax 除稅前溢利		2,851,274	3,318,319
Income tax expense 所得稅開支	9	(338,595)	(404,205)
Profit for the year 年內溢利	11	2,512,679	2,914,114
Other comprehensive (expense) income 其他全面(開支)收益			
<i>Item that will not be reclassified to profit or loss:</i>			
<i>不會重新分類至損益的項目：</i>			
Fair value loss on investments in equity instruments at fair value through other comprehensive income 按公允值計入其他全面收益的權益工具投資的公允值虧損		(54,065)	–
<i>Item that may be reclassified subsequent to profit or loss:</i>			
<i>其後可重新分類至損益的項目：</i>			
Exchange differences arising on translation from foreign operations 換算海外業務所產生的匯兌差額		2,137	(2,199)
Other comprehensive expense for the year 年內其他全面開支		(51,928)	(2,199)
Total comprehensive income for the year 年內全面收益總額		2,460,751	2,911,915
Profit for the year attributable to: 應佔年內溢利：			
Owners of the Company 本公司股東		2,490,872	2,901,554
Non-controlling interests 非控股權益		21,807	12,560
		2,512,679	2,914,114
Total comprehensive income attributed to: 應佔全面收益總額：			
Owners of the Company 本公司股東		2,438,083	2,899,926
Non-controlling interests 非控股權益		22,668	11,989
		2,460,751	2,911,915
Earnings per share – Basic (RMB cents) 每股盈利 – 基本(人民幣分)	13	227.92	266.76
– Diluted (RMB cents) – 攤薄(人民幣分)	13	227.25	265.61

Consolidated Statement of Financial Position

綜合財務狀況表

AT 31 DECEMBER 2018 於二零一八年十二月三十一日

	NOTES 附註	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
NON-CURRENT ASSETS 非流動資產			
Property, plant and equipment 物業、機器及設備	15	4,522,741	2,585,922
Prepaid lease payments 預付租金	16	213,823	162,928
Investment properties 投資物業	17	49,689	54,080
Intangible assets 無形資產	18	348,821	392,424
Interests in associates 於聯營公司的權益	19	100,808	124,595
Deferred tax assets 遞延稅項資產	20	42,599	40,435
Deposits paid for acquisition of property, plant and equipment 就收購物業、機器及設備已支付的按金	21	401,342	594,992
Available-for-sale investments 可供出售投資	22	–	129,373
Equity instruments at fair value through other comprehensive income (“FVTOCI”) 按公允值計入其他全面收益 (「按公允值計入其他全面收益」) 的權益工具	23	106,583	–
Debt instruments at amortised cost 按攤銷成本計量的債務工具	24	54,479	–
Financial assets at fair value through profit or loss (“FVTPL”) 按公允值計入損益 (「按公允值計入損益」) 的金融資產	25	235,085	–
Deposits paid for acquisition of land use rights 就收購土地使用權已支付的按金		–	3,823
Derivative financial assets 衍生金融資產	29	7,799	2,283
		6,083,769	4,090,855
CURRENT ASSETS 流動資產			
Inventories 存貨	26	3,073,922	2,621,844
Trade and other receivables and prepayment 貿易及其他應收款項及預付款項	27	6,231,486	5,665,689
Prepaid lease payments 預付租金	16	5,581	4,515
Tax recoverable 可收回稅項		111,863	–
Derivative financial assets 衍生金融資產	29	38,986	1,092
Financial assets at fair value through profit or loss 按公允值計入損益的金融資產	25	4,759,582	1,952,340
Debt instruments at amortised cost 按攤銷成本計量的債務工具	24	54,915	–
Amounts due from a related party 應收關連人士款項	42(c)	3,032	2,810
Pledged bank deposits 已抵押銀行存款	28	214,708	140,288
Short term fixed deposits 短期定期存款	28	20,000	20,000
Bank balances and cash 銀行結餘及現金	28	2,254,299	1,226,877
		16,768,374	11,635,455

Consolidated Statement of Financial Position

綜合財務狀況表

AT 31 DECEMBER 2018 於二零一八年十二月三十一日

	NOTES 附註	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
CURRENT LIABILITIES 流動負債			
Trade and other payables 貿易及其他應付款項	30	7,063,861	6,182,802
Amounts due to related parties 應付關連人士款項	42(c)	8,978	4,087
Derivative financial liabilities 衍生金融負債	29	741	30,438
Tax payable 應付稅項		-	101,494
Bank borrowings 銀行借貸	32	1,482,405	1,347,881
Contract liabilities 合約負債	31	110,281	-
Deferred income – current portion 遞延收入 – 即期部分	33	11,175	38,788
		8,677,441	7,705,490
NET CURRENT ASSETS 流動資產淨值		8,090,933	3,929,965
TOTAL ASSETS LESS CURRENT LIABILITIES			
總資產減流動負債		14,174,702	8,020,820
NON-CURRENT LIABILITIES 非流動負債			
Deferred tax liabilities 遞延稅項負債	20	403,328	106,895
Derivative financial liabilities 衍生金融負債	29	2,682	2,597
Long term payables 長期應付款項	30	330,452	347,294
Deferred income – non-current portion 遞延收入 – 非即期部分	33	70,113	44,825
Bonds payable 應付債券	34	4,079,983	-
		4,886,558	501,611
NET ASSETS 資產淨值		9,288,144	7,519,209
CAPITAL AND RESERVES 股本及儲備			
Share capital 股本	35	105,163	105,177
Reserves 儲備		9,128,934	7,383,342
Equity attributable to owners of the Company 本公司股東應佔權益		9,234,097	7,488,519
Non-controlling interests 非控股權益		54,047	30,690
TOTAL EQUITY 權益總額		9,288,144	7,519,209

The consolidated financial statements on pages 147 to 302 were approved and authorised for issue by the Board of Directors on 19 March 2019 and are signed on its behalf by:

載於第147至第302頁之綜合財務報表經董事會於二零一九年三月十九日批准及授權刊發，並由下列董事代表簽署：

Mr. YE Liaoning
葉遼寧先生
CHAIRMAN
主席

Mr. SUN Yang
孫泱先生
DIRECTOR
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

	Attributable to owners of the Company 本公司股東應佔												Non-controlling interests 非控股權益	Total 總計
	Shares capital 股本 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Special reserve 特別儲備 RMB'000 人民幣千元	Statutory surplus reserve 法定盈餘儲備 RMB'000 人民幣千元 (Note a) (附註a)	Discretionary surplus reserve 酌情盈餘儲備 RMB'000 人民幣千元 (Note a) (附註a)	Other reserves 其他儲備 RMB'000 人民幣千元 (Note b) (附註b)	Shares held under share award scheme 根據股份獎勵計劃持有的股份 RMB'000 人民幣千元	Shares award scheme reserve 股份獎勵計劃儲備 RMB'000 人民幣千元	FVTOCI reserve 按公允值計入其他全面收益的儲備 RMB'000 人民幣千元 (Note c) (附註c)	Translation reserve 換算儲備 RMB'000 人民幣千元	Retained profits 保留盈利 RMB'000 人民幣千元	Sub-Total 小計 RMB'000 人民幣千元		
At 1 January 2017 於二零一七年一月一日	105,177	481,823	149,800	31,003	916	278,679	(151,620)	44,957	-	5,749	3,948,771	4,895,255	18,087	4,913,342
Profit for the year 年內溢利	-	-	-	-	-	-	-	-	-	-	2,901,554	2,901,554	12,560	2,914,114
Exchange differences arising on translation from foreign operations 換算海外業務時產生的匯兌差額	-	-	-	-	-	-	-	-	-	(1,628)	-	(1,628)	(571)	(2,199)
Total comprehensive (expense) income for the year 年內全面(開支)收益總額	-	-	-	-	-	-	-	-	-	(1,628)	2,901,554	2,899,926	11,989	2,911,915
Purchase of shares under share award scheme 根據股份獎勵計劃購買股份	-	-	-	-	-	-	(80,518)	-	-	-	-	(80,518)	-	(80,518)
Recognition of equity-settled share-based payments 確認以權益結算股份支付的款項	-	-	-	-	-	-	-	89,158	-	-	-	89,158	-	89,158
Shares vested under share award scheme 根據股份獎勵計劃歸屬的股份	-	-	-	-	-	-	87,255	(84,177)	-	-	(3,078)	-	-	-
Capital contribution from non-controlling interests 非控股權益的注資	-	-	-	-	-	-	-	-	-	-	-	-	614	614
Dividends paid (Note 12) 已付股息 (附註12)	-	(318,130)	-	-	-	-	-	-	-	-	-	(318,130)	-	(318,130)
Dividends received under share award scheme 根據股份獎勵計劃收取的股息	-	2,828	-	-	-	-	-	-	-	-	-	2,828	-	2,828
Appropriation 轉撥	-	-	-	-	-	50,088	-	-	-	-	(50,088)	-	-	-
At 31 December 2017 於二零一七年十二月三十一日	105,177	166,521	149,800	31,003	916	328,767	(144,883)	49,938	-	4,121	6,797,159	7,488,519	30,690	7,519,209
Remeasurement of allowance subject to expected credit losses (Note 2) 根據預期信貸虧損重新計量撥備 (附註2)	-	-	-	-	-	-	-	-	-	-	(1,966)	(1,966)	-	(1,966)
Revaluation reserve (Note 2) 重估儲備 (附註2)	-	-	-	-	-	-	-	-	35,218	-	-	35,218	-	35,218
At 1 January 2018 (restated) 於二零一八年一月一日 (經重列)	105,177	166,521	149,800	31,003	916	328,767	(144,883)	49,938	35,218	4,121	6,795,193	7,521,771	30,690	7,552,461
Profit for the year 年內溢利	-	-	-	-	-	-	-	-	-	-	2,490,872	2,490,872	21,807	2,512,679
Other comprehensive (expense) income for the year 年內其他全面(開支)收益	-	-	-	-	-	-	-	-	(54,065)	1,276	-	(52,789)	861	(51,928)
Total comprehensive (expense) income for the year 年內全面(開支)收益總額	-	-	-	-	-	-	-	-	(54,065)	1,276	2,490,872	2,438,083	22,668	2,460,751
Purchase of shares under share award scheme 根據股份獎勵計劃購買股份	-	-	-	-	-	-	(78,272)	-	-	-	-	(78,272)	-	(78,272)
Recognition of equity-settled share-based payments 確認以權益結算股份支付的款項	-	-	-	-	-	-	-	93,132	-	-	-	93,132	-	93,132
Shares vested under share award scheme 根據股份獎勵計劃歸屬的股份	-	-	-	-	-	-	91,058	(88,178)	-	-	(2,880)	-	-	-
Disposal of subsidiaries (Note 10) 出售附屬公司 (附註10)	-	-	-	-	-	-	-	-	-	-	-	-	689	689
Dividends paid (Note 12) 已付股息 (附註12)	-	(155,486)	-	-	-	-	-	-	-	-	(569,631)	(725,117)	-	(725,117)
Dividends received under share award scheme 根據股份獎勵計劃收取的股息	-	2,680	-	-	-	-	-	-	-	-	-	2,680	-	2,680
Repurchase of ordinary shares 普通股回購	(14)	(11,035)	-	-	-	-	-	-	-	-	-	(11,049)	-	(11,049)
Release of general risk reserve 一般風險儲備解除	-	-	-	-	-	(7,131)	-	-	-	-	-	(7,131)	-	(7,131)
Appropriation 轉撥	-	-	-	-	-	89,080	-	-	-	-	(89,080)	-	-	-
At 31 December 2018 於二零一八年十二月三十一日	105,163	2,680	149,800	31,003	916	410,716	(132,097)	54,892	(18,847)	5,397	8,624,474	9,234,097	54,047	9,288,144

Consolidated Statement of Changes in Equity

綜合權益變動表

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

Notes:

- (a) The statutory surplus reserve and discretionary surplus reserve are non-distributable and the transfer to these reserves is determined by the board of directors of subsidiaries established in the People's Republic of China (the "PRC") in accordance with the Articles of Association of the subsidiaries. Statutory surplus reserve can be used to make up for previous year's losses or convert into additional capital of the PRC subsidiaries of the Company. Discretionary surplus reserve can be used to expand the existing operations of the Company's PRC subsidiaries.
- (b) Other reserves represent enterprise expansion fund and reserve fund. These reserves are non-distributable and the transfer to these reserves are determined by the board of directors of the PRC subsidiaries in accordance with the Articles of Association. Other reserves can be used to make up for previous year's losses or convert into additional capital of the Company's PRC subsidiaries.
- (c) On 1 January 2018, the Group irrevocably elected to designate certain investments in equity instruments as at FVTOCI and the FVTOCI reserve is related to the gains or losses arising from the changes in fair value of the designated equity investments recognised in other comprehensive income.

附註：

- (a) 法定盈餘儲備及酌情盈餘儲備不可用作分派，轉撥至該等儲備的款項須由於中華人民共和國（「中國」）成立的附屬公司的董事會根據附屬公司的章程細則釐定。法定盈餘儲備可用於彌償上年度虧損或轉撥為本公司中國附屬公司的額外資本。酌情盈餘儲備可用作擴展本公司中國附屬公司的現有業務。
- (b) 其他儲備指企業擴展基金及儲備金。該等儲備不可用作分派，而轉撥至該等儲備的款項須由中國附屬公司的董事會根據章程細則釐定。其他儲備可用於彌償上年度虧損或轉撥為本公司中國附屬公司的額外資本。
- (c) 於2018年1月1日，本集團不可撤銷地選擇指定按公允值計入其他全面收益的權益工具的若干投資，而按公允值計入其他全面收益的儲備與於其他全面收益內確認的指定權益投資的公允值變動所產生的收益或虧損有關。

Consolidated Statement of Cash Flows

綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
OPERATING ACTIVITIES 經營活動		
Profit before tax 除稅前溢利	2,851,274	3,318,319
Adjustments for: 調整:		
Share of results of associates 分佔聯營公司的業績	23,787	16,096
Depreciation of property, plant and equipment 物業、機器及設備折舊	771,411	489,202
Depreciation of investment properties 投資物業折舊	4,391	2,023
Gain on changes in fair value of derivative financial instruments, net 衍生金融工具公允價值變動的收益，淨額	(73,022)	(49,796)
Gain on fair value changes of financial assets at FVTPL 按公允價值計入損益的金融資產公允價值變動的收益	(3,455)	-
Release of prepaid lease payments 預付租金解除	4,842	4,498
Amortisation of intangible assets 無形資產攤銷	43,603	43,603
Allowance for inventories 存貨撥備	60,034	29,019
Impairment loss, net of reversal 減值虧損，撥回淨額	3,851	(42,901)
Loss on disposal of property, plant and equipment 出售物業、機器及設備虧損	1,914	639
Gain on disposal of land use right 出售土地使用權收益	(1,798)	-
Gain on disposal of subsidiaries 出售附屬公司收益	(857)	-
Gain on acquisition of a subsidiary 收購附屬公司收益	-	(1,308)
Expense recognised in respect of share award scheme 就股份獎勵計劃而確認的支出	93,132	89,158
Release of deferred income 遞延收入解除	(43,863)	(14,474)
Interest income from short term fixed deposits and bank balances 短期定期存款及銀行結餘利息收入	(15,104)	(4,209)
Interest income from pledged bank deposits 已抵押銀行存款利息收入	(2,305)	(1,770)
Interest income from debt instruments 債務工具利息收入	(10,503)	-
Investment income from unlisted financial products 來自非上市金融產品的投資收入	(181,271)	(68,957)
Finance costs 融資成本	202,137	48,801
Net foreign exchange loss 匯兌虧損淨額	305,052	-
Operating cash flows before movements in working capital 營運資金變動前的經營現金流量	4,033,250	3,857,943
(Increase) Decrease in inventories 存貨(增加)減少	(519,925)	177,499
Increase in trade and other receivables and prepayment 貿易及其他應收款項及預付款項增加	(620,028)	(1,835,010)
Increase in amounts due from a related party 應收關連人士款項增加	(222)	(2,128)
Increase in trade and other payables 貿易及其他應付款項增加	847,014	494,404
Increase in contract liabilities 合約負債增加	34,231	-
Increase in deferred income 遞延收入增加	51,171	39,926
Increase (Decrease) in amounts due to related parties 應付關連人士款項增加(減少)	4,891	(1,118)
Cash generated from operations 經營活動所得現金	3,830,382	2,731,516
Income taxes paid 已付所得稅款項	(262,490)	(295,240)
NET CASH FROM OPERATING ACTIVITIES 經營活動所得現金淨額	3,567,892	2,436,276

Consolidated Statement of Cash Flows

綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
INVESTING ACTIVITIES 投資活動		
Placement of short term fixed deposits 存放短期定期存款	(3,111,499)	(170,287)
Withdrawal of short term fixed deposits 提取短期定期存款	3,111,499	309,532
Purchases of property, plant and equipment 購買物業、機器及設備	(2,134,098)	(1,141,790)
Purchases of intangible assets 收購無形資產	(45,844)	(43,754)
Acquisition of land use right 收購土地使用權	(80,144)	(3,464)
Placement of pledged bank deposits 存放已抵押銀行存款	(720,656)	(517,619)
Release of pledged bank deposits 解除已抵押銀行存款	646,236	478,298
Purchases of unlisted financial products 收購非上市金融產品	(46,832,550)	(33,428,503)
Release of unlisted financial products 解除非上市金融產品	44,352,820	33,503,660
Deposits paid for acquisition of property, plant and equipment 就收購物業、機器及設備已支付的按金	(357,307)	(576,464)
Purchase of debt instruments at FVTPL 收購按公允值計入損益的債務工具	(149,236)	-
Purchase of fund investments at FVTPL 收購按公允值計入損益的基金投資	(316,965)	-
Purchase of debt instruments at amortised cost 收購按攤銷成本計量的債務工具	(101,079)	-
Purchase of equity investments at FVTPL 收購按公允值計入損益的股權投資	(20,000)	-
Purchase of equity instruments at FVTOCI 收購按公允值計入其他全面收益的權益工具	(28,000)	-
Purchase of available-for-sale investments 購入可供出售投資	-	(77,094)
Interest and investment income received 已收利息及投資收入	236,212	79,834
Proceeds from disposal of property, plant and equipment 出售物業、機器及設備所得款項	29,779	13,388
Proceeds from disposal of land use right 出售土地使用權所得款項	25,139	-
Proceeds from the disposal of available-for-sale investment 出售可供出售投資所得款項	-	9,988
Disposal of subsidiaries 出售附屬公司	(3,597)	-
Acquisition of a subsidiary 收購附屬公司	-	(27,361)
Investment in associates 於聯營公司之投資	-	(94,639)
NET CASH USED IN INVESTING ACTIVITIES 投資活動所用現金淨額	(5,499,290)	(1,686,275)

Consolidated Statement of Cash Flows

綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
FINANCING ACTIVITIES 融資活動		
Interest paid 已付利息	(124,517)	(37,026)
Dividends paid 已付股息	(725,117)	(318,130)
New bank borrowings raised 新增銀行借貸	1,898,175	1,805,448
Repayment of bank borrowings 償還銀行借貸	(1,810,381)	(1,361,915)
Dividends received under share award scheme 根據股份獎勵計劃收取的股息	2,680	2,828
Purchase of shares under share award scheme 根據股份獎勵計劃購買股份	(78,272)	(80,518)
Proceeds from bond issuance 債券發行所得款項	3,832,145	–
Payment for transaction costs of issue of bond 支付債券發行的交易成本	(26,885)	–
Payment on repurchase of shares 股份回購款項	(11,049)	–
Capital contribution from non-controlling interest of a subsidiary 附屬公司非控股權益的注資	–	1,524
NET CASH FROM FINANCING ACTIVITIES 融資活動所得現金淨額	2,956,779	12,211
NET INCREASE IN CASH AND CASH EQUIVALENTS		
現金及現金等值項目增加淨額	1,025,381	762,212
CASH AND CASH EQUIVALENTS AT 1 JANUARY		
於一月一日的現金及現金等值項目	1,226,877	466,928
Effect of foreign exchange rate changes		
匯率變動的影響	2,041	(2,263)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER,		
於十二月三十一日的現金及現金等值項目， represented by bank balances and cash 以銀行結餘及現金呈列	2,254,299	1,226,877

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

1. GENERAL

Sunny Optical Technology (Group) Company Limited (the “Company”) was incorporated in the Cayman Islands on 21 September 2006 as an exempted company under the Companies Law Chapter 21 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands and its shares have been listed on the Stock Exchange of Hong Kong Limited with effect from 15 June 2007. Its ultimate holding and parent company is Sun Xu Limited, a private limited company incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Wang Wenjian, also a director of the Company. 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.

The Company is an investment holding company. The Company and its subsidiaries (collectively “the Group”) are principally engaged in the business of designing, researching and developing, manufacturing and selling of optical and optical related products and scientific instruments.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

1. 概況

舜宇光學科技(集團)有限公司(「本公司」)於二零零六年九月二十一日在開曼群島根據開曼群島公司法第21章(一九六一年第三條法例，經綜合及修訂)註冊成立為獲豁免公司，其股份自二零零七年六月十五日起在香港聯合交易所有限公司上市，最終控股及母公司為一間於英屬處女群島註冊成立的私人有限公司舜旭有限公司，而最終控股人士為王文鑒先生，亦為本公司董事。本公司註冊辦事處及主要營業地點的地址乃於年報公司資料一節披露。

本公司為一間投資控股公司。本公司及其附屬公司(統稱「本集團」)主要從事設計、研究與開發、生產及銷售光學及其相關產品與科學儀器。

綜合財務報表以人民幣(「人民幣」)呈列，人民幣亦為本公司的功能貨幣。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

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

New and Amendments to HKFRSs that are mandatorily effective for the current year

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

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

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）

於本年度強制生效的新訂及經修訂香港財務報告準則

於本年度，本集團首次採用由香港會計師公會（「香港會計師公會」）頒佈的下列新訂及經修訂香港財務報告準則：

香港財務報告準則第9號	金融工具
香港財務報告準則第15號	客戶合約收入及相關修訂
香港（國際財務報告詮釋委員會）— 詮釋第22號	外幣交易及預收（付）代價
香港財務報告準則第2號（修訂本）	股份基礎給付交易之分類及計量
香港財務報告準則第4號（修訂本）	採用香港財務報告準則第4號保險合約時一併應用香港財務報告準則第9號金融工具
香港會計準則第28號（修訂本）	作為二零一四年至二零一六年週期香港財務報告準則年度改進之一部分
香港會計準則第40號（修訂本）	投資性不動產之轉讓

除下文所述者外，於本年度應用香港財務報告準則之新準則及修訂對本集團於目前及以往年度之財務表現及狀況及／或綜合財務報表所載之披露並無重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

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

2.1 HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initial applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from the following major sources of sales of optical and optical-related products which arise from contracts with customers:

- Optical Components
- Optoelectronic Products
- Optical Instruments

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in Notes 5 and 3 respectively.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

2.1 香港財務報告準則第15號客戶合約收入

本集團已於本年度首次採納香港財務報告準則第15號。香港財務報告準則第15號取代香港會計準則第18號收入、香港會計準則第11號建築合約及相關詮釋。

本集團已追溯採用香港財務報告準則第15號，而初始採用該準則的累計影響於初始採用日期二零一八年一月一日確認。初始採用日期的任何差額於期初保留盈利中（或權益的其他組成部分，視情況而定）確認，及並無重列比較資料。此外，根據香港財務報告準則第15號的過渡條文，本集團已選擇僅將該準則追溯用於於二零一八年一月一日尚未完成的合約。因此，根據香港會計準則第18號收入、香港會計準則第11號建築合約及相關詮釋的指引下的比較資料相比若干比較資料未必具有可比性。

本集團自下列由客戶合約產生的主要光學及光學相關產品銷售來源確認收入：

- 光學零件
- 光電產品
- 光學儀器

有關本集團的履約責任及於應用香港財務報告準則第15號下的會計政策的資料，分別於附註5及附註3披露。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

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

2.1 HKFRS 15 Revenue from Contracts with Customers (Continued)

Summary of effects arising from initial application of HKFRS 15

The impact of transition to HKFRS 15 arising from the initial application of HKFRS 15 on the Group's major revenue generating operation was insignificant on retained profits at 1 January 2018.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

2.1 香港財務報告準則第15號客戶合約收入（續）

首次應用香港財務報告準則第15號產生之影響概述

由於香港財務報告準則第15號首次應用於本集團主要創收業務而產生的過渡至香港財務報告準則第15號對二零一八年一月一日保留盈利的影響並非重大。

於二零一八年一月一日綜合財務狀況表中確認的金額予以下列調整。未列示未受變更影響的項目。

		Carrying amounts previously reported at 31 December 2017 於二零一七年十二月三十一日 先前呈報的賬面值 RMB'000 人民幣千元	Reclassification 重新分類 RMB'000 人民幣千元	Remeasurement 重新計量 RMB'000 人民幣千元	Carrying amounts under HKFRS 15 at 1 January 2018 於二零一八年一月一日香港財務報告準則第15號項下的賬面值 RMB'000 人民幣千元
	Note 附註				

Current Liabilities 流動負債

Trade and other payables

貿易及其他應付款項 (a) 6,182,802 (76,050) - 6,106,752

Contract liabilities 合約負債 (a) - 76,050 - 76,050

(a) As at 1 January 2018, advances from customers of RMB76,050,000 previously included in trade and other payables were reclassified to contract liabilities.

(a) 於二零一八年一月一日，先前計入貿易及其他應付款項的客戶墊款人民幣76,050,000元重新分類為合約負債。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

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

2.1 HKFRS 15 Revenue from Contracts with Customers (Continued)

Summary of effects arising from initial application of HKFRS 15 (Continued)

The following table summarises the impacts of applying HKFRS 15 on the Group’s consolidated statement of financial position as at 31 December 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

2.1 香港財務報告準則第15號客戶合約收入（續）

首次應用香港財務報告準則第15號產生之影響概述（續）

下表概述應用香港財務報告準則第15號對本集團於二零一八年十二月三十一日的綜合財務狀況表各受影響項目的影響。未列示未受變更影響的項目。

對綜合財務狀況表的影響

	As reported 如呈報 RMB'000 人民幣千元	Adjustments 調整 RMB'000 人民幣千元	Amounts without application of HKFRS 15 無應用香港財務報告準則第15號之金額 RMB'000 人民幣千元
Current Liabilities 流動負債			
Trade and other payables 貿易及其他應付款項	7,063,861	110,281	7,174,142
Contract liabilities 合約負債	110,281	(110,281)	-

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

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

2.2 HKFRS 9 *Financial Instruments*

In the current year, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses (“ECL”) for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Accounting policies resulting from application of HKFRS 9 are disclosed in Note 3.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

2.2 香港財務報告準則第9號金融工具

於本年度，本集團已應用香港財務報告準則第9號金融工具及其他香港財務報告準則相關的相應修訂。香港財務報告準則第9號就1) 金融資產及金融負債的分類和計量，2) 金融資產的預期信貸虧損（「預期信貸虧損」）及3) 一般對沖會計，引入新規定。

本集團已根據香港財務報告準則第9號所載的過渡條文應用香港財務報告準則第9號，即對二零一八年一月一日（首次應用日期）尚未終止確認的工具追溯應用分類和計量要求（包括預期信貸虧損模式下的減值），而並無對已於二零一八年一月一日終止確認的工具應用相關要求。於二零一七年十二月三十一日的賬面值與二零一八年一月一日的賬面值間的差額於期初保留盈利及權益的其他組成部分內確認，並無重列比較資料。

因此，根據香港會計準則第39號金融工具：確認與計量指引下的比較資料相比若干比較資料未必具有可比性。

應用香港財務報告準則第9號下的會計政策的資料於附註3披露。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

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

2.2 HKFRS 9 Financial Instruments (Continued)

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

2.2 香港財務報告準則第9號金融工具（續）

初次應用香港財務報告準則第9號之影響概述

下表說明於初次應用日期（即二零一八年一月一日），根據香港財務報告準則第9號及香港會計準則第39號面臨預期信貸虧損的金融資產及其他項目之分類和計量（包括減值）。

	Notes 附註	Available- for-sale investments 可供出售投資 RMB'000 人民幣千元	Financial assets designated at FVTPL 指定為按 公允值計入 損益的 金融資產 RMB'000 人民幣千元	Financial assets at FVTPL required by HKFRS 9 按香港財務 報告準則 第9號要求 按公允值計入 損益的 金融資產 RMB'000 人民幣千元	Equity instruments at FVTOCI 按公允值計入 其他全面收益 列賬的 權益工具 RMB'000 人民幣千元	Trade and other receivables 貿易及其他 應收款項 RMB'000 人民幣千元	Deferred tax liabilities 遞延稅項負債 RMB'000 人民幣千元	FVTOCI reserve 按公允值計入 其他全面收益 列賬的儲備 RMB'000 人民幣千元	Retained profits 保留盈利 RMB'000 人民幣千元
Closing balance at 31 December 2017 - HKAS 39 於二零一七年十二月三十一日的 期終結餘 - 香港會計準則第39號		129,373	1,952,340	-	-	5,410,033	106,895	-	6,797,159
Effect arising from initial application of HKFRS 9: 初次應用香港財務報告準則 第9號之影響：									
Reclassification 重新分類									
From available-for-sale investments 自可供出售投資	(a)	(129,373)	-	36,750	92,623	-	-	-	-
From designated at FVTPL 自指定按公允值計入損益	(b)	-	(1,952,340)	1,952,340	-	-	-	-	-
Remeasurement 重新計量									
Impairment under ECL model 預期信貸虧損模式項下的減值	(c)	-	-	-	-	(1,966)	-	-	(1,966)
From cost less impairment to fair values 自成本減公允值減值	(a)	-	-	-	41,433	-	6,215	35,218	-
Opening balance at 1 January 2018 於二零一八年一月一日的期初結餘		-	-	1,989,090	134,056	5,408,067	113,110	35,218	6,795,193

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

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

2.2 HKFRS 9 Financial Instruments (Continued)

Summary of effects arising from initial application of HKFRS 9 (Continued)

(a) Available-for-sale (“AFS”) investments

From AFS equity investments to fair value through other comprehensive income

The Group elected to present in other comprehensive income (“OCI”) for the fair value changes of part of its equity investments previously classified as available-for-sale investments. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, RMB92,623,000 were reclassified from available-for-sale investments to equity instruments at FVTOCI, which were unquoted equity investments previously measured at cost less impairment under HKAS 39. The fair value gains of RMB35,218,000 after tax relating to those unquoted equity investments previously carried at cost less impairment were adjusted to equity instruments at FVTOCI and FVTOCI reserve as at 1 January 2018.

From AFS investments to FVTPL

At the date of initial application of HKFRS 9, the Group’s equity investments of RMB36,750,000 were reclassified from available-for-sale investments to financial assets at FVTPL. The fair value changes were insignificant since these investments were made within the past one year and developed in the very early stage with no business changes after the commencement.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

2.2 香港財務報告準則第9號金融工具（續）

初次應用香港財務報告準則第9號之影響概述（續）

(a) 可供出售（「可供出售」）投資

自可供出售權益投資至按公允值計入其他全面收益列賬

本集團選擇將先前分類為可供出售投資的部分股權投資的公允值變動呈列於其他全面收益（「其他全面收益」）中。該等投資並非持作買賣，且預期不會於可預見的未來出售。於初次應用香港財務報告準則第9號之日，金額為人民幣92,623,000元的項目自可供出售投資重新分類至按公允值計入其他全面收益列賬的權益工具，該等工具為先前根據香港會計準則第39號按成本減減值計量的非上市股權投資。與該等先前按成本減減值列賬的非上市股權投資相關的人民幣35,218,000元的稅後公允值收益於二零一八年一月一日調整為按公允值計入其他全面收益列賬的權益工具及按公允值計入其他全面收益列賬的儲備。

自可供出售投資至按公允值計入損益

於初次應用香港財務報告準則第9號之日，本集團金額為人民幣36,750,000元的股權投資自可供出售投資重新分類至按公允值計入損益的金融資產。由於該等投資乃於過去一年內作出，且處於初期發展階段，並未引起業務改變，故公允值變動並不重大。

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

2.2 HKFRS 9 Financial Instruments (Continued)

Summary of effects arising from initial application of HKFRS 9 (Continued)

(b) Financial assets at FVTPL and/or designated at FVTPL

At the date of initial application, the Group no longer applied designation as measured at FVTPL for the unlisted financial products and structured deposits and the portfolio of financial assets which is managed and its performance is evaluated on a fair value basis, as these financial assets are required to be measured at FVTPL under HKFRS 9. As a result, the fair value of these investments of RMB1,952,340,000 were reclassified from financial assets designated at FVTPL to financial assets at FVTPL at 1 January 2018.

(c) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. Except for those which had been determined as credit impaired under HKAS 39, trade receivables are grouped based on shared credit risk characteristics and aging.

ECL for other financial assets at amortised cost, including other receivables, amount due from a related party, pledged bank deposits, short term fixed deposits and bank balances and cash, are assessed on 12m ECL basis as there had been no significant increase in credit risk since initial recognition.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

2.2 香港財務報告準則第9號金融工具（續）

初次應用香港財務報告準則第9號之影響概述（續）

(b) 按公允值計入損益及／或指定為按公允值計入損益之金融資產

於初次應用日期，本集團不再應用指定為按公允值計入損益以計量未上市金融產品、結構性存款及金融資產投資組合（乃按公允值管理及評估其表現），原因為該等金融資產須根據香港財務報告準則第9號按公允值計入損益計量。因此，該等投資之公允值人民幣1,952,340,000元已由指定按公允值計入損益之金融資產重新分類為於二零一八年一月一日按公允值計入損益之金融資產。

(c) 預期信貸虧損模式項下的減值

本集團採用香港財務報告準則第9號簡化方式計量預期信貸虧損，該方式就所有貿易應收款項採用全期預期信貸虧損方式，惟根據香港會計準則第39號釐定為已產生信貸虧損的貿易應收款項除外，貿易應收款項已根據共享信貸風險特徵及賬齡進行分組。

按攤銷成本計量的其他金融資產的預期信貸虧損主要包括其他應收款項、應收關聯人士款項、已抵押銀行存款、短期定期存款及銀行結餘及現金，並按12個月預期信貸虧損基準評估，且自初始確認以來信貸風險並無明顯上升。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

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

2.2 HKFRS 9 Financial Instruments (Continued)

Summary of effects arising from initial application of HKFRS 9 (Continued)

(c) Impairment under ECL model (Continued)

As at 1 January 2018, the additional credit loss allowance of RMB1,966,000 has been recognised against retained profits. The additional loss allowance is charged against the respective asset.

All loss allowances for financial assets (including trade and other receivables, amount due from a related party, pledged bank deposits, short term fixed deposits and bank balances and cash) as at 31 December 2017 reconcile to the opening loss allowance as at 1 January 2018 is as follows:

	Trade and other receivables 貿易及其他 應收款項 RMB'000 人民幣千元	Amounts due from related parties 應收關連 人士款項 RMB'000 人民幣千元	Pledged bank deposits 已抵押 銀行存款 RMB'000 人民幣千元	Short term fixed deposits 短期定期存款 RMB'000 人民幣千元	Bank balances and cash 銀行結餘 及現金 RMB'000 人民幣千元
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At 31 December 2017 – HKAS 39

於二零一七年十二月三十一日

– 香港會計準則第39號

(96,850)

–

–

–

–

Amounts remeasured through opening retained profits

通過期初保留盈利重新計量的金額

(1,966)

–

–

–

–

At 1 January 2018 於二零一八年一月一日

(98,816)

–

–

–

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2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

2.2 香港財務報告準則第9號金融工具（續）

初次應用香港財務報告準則第9號之影響概述（續）

(c) 預期信貸虧損模式項下的減值（續）

於二零一八年一月一日，金額為人民幣1,966,000元的額外信貸虧損撥備已自保留盈利中確認。額外虧損撥備自相關資產中扣除。

於二零一七年十二月三十一日的所有金融資產虧損撥備（包括貿易及其他應收款項、應收關連人士款項、已抵押銀行存款、短期定期存款及銀行結餘及現金）與於二零一八年一月一日的年初虧損撥備對賬如下：

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FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

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

2.3 Impacts on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Group’s accounting policies above, the opening consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each of the line item affected. Line items that were not affected by the changes have not been included.

	31 December 2017 (Audited) 二零一七年 十二月三十一日 (經審核) RMB'000 人民幣千元	HKFRS 15 香港財務報告 準則第15號 RMB'000 人民幣千元	HKFRS 9 香港財務報告 準則第9號 RMB'000 人民幣千元	1 January 2018 (Restated) 二零一八年 一月一日 (經重列) RMB'000 人民幣千元
Non-current Assets 非流動資產				
Available-for-sale investments 可供出售投資	129,373	–	(129,373)	–
Financial assets at FVTPL 按公允值計入損益的金融資產	–	–	36,750	36,750
Equity instruments at FVTOCI 按公允值計入其他全面收益的權益工具	–	–	134,056	134,056
Current Assets 流動資產				
Trade and other receivables and prepayment 貿易及其他應收款項及預付款項	5,665,689	–	(1,966)	5,663,723
Current liabilities 流動負債				
Trade and other payables 貿易及其他應付款項	6,182,802	(76,050)	–	6,106,752
Contract liabilities 合約負債	–	76,050	–	76,050
Non-current liabilities 非流動負債				
Deferred tax liabilities 遞延稅項負債	106,895	–	6,215	113,110
Capital and Reserves 股本及儲備				
Reserves 儲備	7,383,342	–	33,252	7,416,594

Note:

The net effects arising from the initial application of HKFRS 15 and HKFRS 9 on the carrying amount of interests in associates on the opening consolidated financial statements was insignificant in the opinion of the directors of the Company.

For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2018, movement in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2018 as disclosed above.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

2.3 應用所有新準則對年初綜合財務狀況表的影響

由於上述實體會計政策產生變化，年初綜合財務狀況表須重列。下表載列就各單獨受影響項目確認的調整。未列示未受變更影響的項目。

附註：

本公司董事認為，初步應用香港財務報告準則第15號及香港財務報告準則第9號對年初綜合財務報表的聯營公司權益賬面值的淨影響並不重大。

為了以間接方法報告截至二零一八年十二月三十一日止的經營活動產生的現金流量，如上述所披露，營運資金變動按二零一八年一月一日的期初綜合財務狀況表計算。

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綜合財務報表附註

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 16	<i>Leases</i> ¹
HKFRS 17	<i>Insurance Contracts</i> ³
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i> ¹
Amendments to HKFRS 3	<i>Definition of a Business</i> ⁴
Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i> ¹
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i> ⁵
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i> ¹
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i> ¹
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2015-2017 Cycle</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2019.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2021.

⁴ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

⁵ Effective for annual periods beginning on or after 1 January 2020.

Except for the new HKFRS mentioned below, the directors of the Company anticipated that the application of all other new and amendments to HKFRSs would have no material impact on the consolidated financial statements in the foreseeable future.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

已頒佈但尚未生效的新訂及經修訂香港財務報告準則

本集團並無提早採用以下已頒佈但尚未生效的新訂及經修訂香港財務報告準則：

香港財務報告準則第16號	<i>租賃</i> ¹
香港財務報告準則第17號	<i>保險合約</i> ³
香港（國際財務報告詮釋委員會）— 詮釋第23號	<i>所得稅處理之不確定性</i> ¹
香港財務報告準則第3號（修訂本）	<i>業務的定義</i> ⁴
香港財務報告準則第9號（修訂本）	<i>具有負補償之提前還款特點</i> ¹
香港財務報告準則第10號及香港會計準則第28號（修訂本）	<i>投資者及其聯營公司或合營企業出售或注入資產</i> ²
香港會計準則第1號（修訂本）及香港會計準則第8號（修訂本）	<i>重大的定義</i> ⁵
香港會計準則第19號（修訂本）	<i>計劃修訂、縮減或結算</i> ¹
香港會計準則第28號（修訂本）	<i>於聯營公司或合營企業之長期權益</i> ¹
香港財務報告準則（修訂本）	<i>二零一五年至二零一七年週期的香港財務報告準則的年度改進</i> ¹

¹ 於二零一九年一月一日或之後開始之年度期間生效。

² 於將釐定之日期或之後開始之年度期間生效。

³ 於二零二一年一月一日或之後開始之年度期間生效。

⁴ 業務合併及資產收購的收購日期為於二零二零年一月一日或之後開始之首個年度期間的開始或之後生效。

⁵ 於二零二零年一月一日或之後開始之年度期間生效。

除下文所述者外，本公司董事預期，應用全部其他新訂香港財務報告準則及修訂對本集團於可見未來之綜合財務報表並無重大影響。

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綜合財務報表附註

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

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangement and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases of low value assets.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

香港財務報告準則第16號租賃

香港財務報告準則第16號為識別租賃安排及對出租人及承租人的會計處理方法引入了綜合模式。於香港財務報告準則第16號生效後，其將取代香港會計準則第17號租賃及相關詮釋。

香港財務報告準則第16號基於已識別資產是否由客戶控制來區分租賃合約與服務合約。此外，香港財務報告準則第16號規定售後租回的交易須根據香港財務報告準則第15號有關相關資產的轉讓應否計算為銷售而釐定。香港財務報告準則第16號亦包括有關分租及契約修訂的規定。

承租人會計處理取消了經營租賃與融資租賃之間的區分，並由須就承租人的所有租賃確認使用權資產及相應負債的模式取代，惟低價值資產的短期租賃則除外。

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

HKFRS 16 Leases (Continued)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group, upfront prepaid lease payments will continue to be presented as investing or operating cash flows in accordance to the nature, as appropriate.

Under HKAS 17, the Group has already recognised prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

香港財務報告準則第16號租賃（續）

使用權資產初步按成本計量，其後按成本（若干例外情況除外）減累計折舊及減值虧損計量，並就任何重新計量的租賃負債作出調整。租賃負債初步按租賃付款（並非於當天支付）的現值計量。其後，租賃負債就利息和租賃付款以及租賃變更的影響，以及其他而作出調整。就現金流量的分類而言，本集團目前將預付租金作為自用租賃土地及歸類為投資物業的相關投資現金流量予以呈列，而其他經營租賃付款則作為經營現金流量予以呈列。應用香港財務報告準則第16號後，與租賃負債相關的租賃付款將分配至本金及利息部分，並將呈列為融資現金流量。預付租賃款項將繼續根據性質相應地呈列為投資或經營現金流量。

根據香港會計準則第17號的規定，本集團已就本集團作為承租人的租賃土地確認預付租金。應用香港財務報告準則第16號或會對該等資產的分類造成潛在變動（視乎本集團單獨或於同一條目內（於此情況下，倘擁有相應的相關資產，其將予以呈列）呈列使用權資產而定）。

除若干適用於出租人的規定外，香港財務報告準則第16號基本上保留了香港會計準則第17號中針對出租人的會計處理要求，並繼續要求出租人將租賃歸類為經營租賃或融資租賃。

此外，香港財務報告準則第16號規定須作出詳盡披露。

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

HKFRS 16 Leases (Continued)

As at 31 December 2018, the Group has non-cancellable operating lease commitments of RMB155,164,000 as disclosed in Note 39. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of RMB290,000 as rights under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustment to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

The application of new requirements may result in changes in measurements, presentation and disclosure as indicated above. The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4. Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group does not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group has elected the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

香港財務報告準則第16號租賃（續）

誠如附註39所披露，於二零一八年十二月三十一日，本集團擁有人民幣155,164,000元的不可撤銷經營租賃承擔。初步評估顯示，該等安排將符合租賃之定義。應用香港財務報告準則第16號後，本集團將就所有該等租賃確認使用權資產及相應負債，惟有關租賃符合低價值或短期租賃則另當別論。

此外，本集團現時認為已付之可退回租賃按金人民幣290,000元作為香港會計準則第17號項下之權利。根據香港財務報告準則第16號項下租賃付款之定義，該等按金並不為與使用相關資產權利有關的付款，因此，該等按金之賬面值或會調整為攤銷成本，且可退回租賃按金的調整被視為額外租賃付款。已付的可退回租賃按金的調整將納入使用權資產的賬面值。

新規定的應用可能導致上述的計量、呈列及披露上的變動，本集團已選擇於實務上對先前（應用香港會計準則第17號及香港（國際財務報告詮釋委員會）— 詮釋第4號）被識別為租賃的合約應用香港財務報告準則第16號以釐定某項安排是否包含租賃，對於非先前（應用香港會計準則第17號及香港（國際財務報告詮釋委員會）— 詮釋第4號）被識別為包含租賃的合約並不會應用香港財務報告準則第16號。故此，本集團不會重新評估合約是否或是否包含一項於初次應用日期前已存在的租賃。此外，本集團已選擇以修訂追溯方式於作為承租人時應用香港財務報告準則第16號，且將確認初步應用對年初保留盈利的累計影響，比較資料不予重列。

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綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

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

3. 重要會計政策

綜合財務報表乃根據香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報表載有香港聯合交易所有限公司證券上市規則（「上市規則」）及香港公司條例規定之適用披露資料。

綜合財務報表乃按歷史成本基準編製，惟下文會計政策所解釋在各報告期末按公允值計量的若干金融工具除外。

歷史成本一般按交換商品及服務之代價之公允值計算。

公允值為市場參與者於計量日期在有序交易中出售資產所收取的價格或轉讓負債所支付的價格，不論該價格是否可直接觀察到或採用其他估值技巧估計。於估計資產或負債的公允值時，倘市場參與者可能考慮資產或負債的特色，則本集團將於計量日期為資產或負債定價時考慮有關特色。於綜合財務報表內計量及／或披露的公允值按此基準釐定，惟香港財務報告準則第2號以股份為基礎之付款範圍內之以股份支付的交易、香港會計準則第17號租賃範圍內之租賃交易以及與公允值相似但並非公允值之計量（如香港會計準則第2號存貨之可變現淨值或香港會計準則第36號資產減值之使用價值）除外。

非金融資產之公允值計量計及市場參與者透過以最佳方式最大限度地使用資產或將其出售予另一名將以最佳方式最大限度地使用資產的市場參與者而產生經濟利益的能力。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

3. 重要會計政策 (續)

此外，就財務報告而言，根據可觀察公允值計量的輸入數據及公允值計量的輸入數據於其整體的重要性程度，公允值計量分為第一級、第二級或第三級，於下文有所說明：

- 第一級輸入數據乃實體於計量日期可得出之自相同資產或負債於活躍市場中所報的未調整價格；
- 第二級輸入數據乃資產或負債的直接或間接可觀察輸入數據，惟第一級所含報價除外；及
- 第三級輸入數據乃自資產或負債的不可觀察輸入數據。

主要會計政策載列如下。

綜合基準

綜合財務報表包括本公司、本公司所控制實體及其附屬公司的財務報表。當本公司擁有以下權力時，則視為擁有投資對象的控制權：

- 於投資對象擁有權力；
- 因參與投資對象業務而可能或有權獲得可變回報；及
- 有能力行使其權力影響該等回報。

倘有事實及情況顯示上述三個控制因素中之一項或多項出現變化，本集團將重新評估其是否對投資對象擁有控制權。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in 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 relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

3. 重要會計政策 (續)

綜合基準 (續)

本集團獲得附屬公司控制權時即對其綜合入賬，而當本集團失去附屬公司控制權時，即不再對其綜合入賬。具體而言，自本集團獲得附屬公司控制權之日計起，直至本集團不再擁有附屬公司控制權之日止，本年度收購或出售附屬公司之收入及開支將列入綜合損益及其他全面收益表內。

溢利或虧損及其他全面收益各項均歸屬於本公司股東及非控股權益。附屬公司的全面收益總額歸屬於本公司股東及非控股權益，即使此舉會導致非控股權益產生虧絀結餘。

附屬公司之財務報表會於需要的情況下作出調整，以使其會計政策與本集團的會計政策一致。

集團內公司間之所有資產及負債、權益、收入、開支及有關本集團成員公司間交易之現金流量均於綜合賬目時全面對銷。

附屬公司非控股權益與本集團於其中的權益分開呈列，其代表現時所有者權益且於清盤時賦予其持有人按比例分佔相關附屬公司資產淨值之非控股權益。

本集團於現有附屬公司所有權權益之變動

本集團於附屬公司的權益之變動並不導致本集團失去對附屬公司的控制權，並以權益交易入賬。本集團之權益及非控股權益組成部分之賬面值均予以調整，以反映彼等於附屬公司相關權益之變動，包括根據本集團與非控股權益的權益比例重新歸屬本集團與非控股權益間的有關儲備。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries (Continued)

Any difference between the amount by which the non-controlling interests are adjusted after re-attribution of the relevant equity component, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted 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 HKFRS 9/HKAS 39 or, when applicable, the cost on initial recognition of an investment in an associate.

3. 重要會計政策 (續)

綜合基準 (續)

本集團於現有附屬公司所有權權益之變動 (續)

重新歸屬相關權益組成部分後，經調整之非控股權益金額與已支付或已收取代價之公允價值間之任何差額乃直接於權益確認，並歸屬於本公司股東。

倘本集團失去對一間附屬公司之控制權，即終止確認該附屬公司的資產與負債及非控股權益(如有)。收益或虧損於損益內確認，並為：(i)所收取代價之公允值及任何保留權益的公允值總和與(ii)資產(包括商譽)之先前賬面值及歸屬於本公司股東的附屬公司之負債之間的差額。早前於其他全面收益確認之有關附屬公司的全部金額將會以猶如本集團已直接出售附屬公司相關資產或負債之方式入賬(即如適用香港財務報告準則所指定/許可，重新分類至損益或轉撥至另一類別權益)。於失去控制權當日仍保留於前附屬公司之任何投資公允值，則根據香港財務報告準則第9號/香港會計準則第39號或被視為其後入賬時初步確認之公允值或(如適用)於聯營公司投資的初步確認成本。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 at the acquisition date, 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 in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

3. 重要會計政策 (續)

業務合併

收購業務採用收購法入賬。業務合併之轉撥代價按公允值計量，而計算方法為本集團所轉讓之資產、本集團對所收購方原擁有人產生之負債及本集團於交換所收購方之控制權發行之股權於收購日期之公允值總額。有關收購之成本一般於產生時於損益中確認。

於收購日期，所收購之可識別資產及承擔之負債乃按彼等於收購日期之公允值確認，惟以下情況除外：

- 遞延稅項資產或負債及僱員福利安排相關負債或資產分別按香港會計準則第12號*所得稅*及香港會計準則第19號*僱員福利*確認及計量；
- 與所收購方以股份為基礎付款安排有關或與本集團訂立之以股份為基礎付款安排以取代所收購方以股份為基礎付款安排有關之負債或股本工具，乃於收購日期按香港財務報告準則第2號以*股份為基礎之付款*計量（見下文會計政策）；及
- 根據香港財務報告準則第5號*待售非流動資產及已終止業務*分類為待售資產（或出售組別）按該準則計量。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 amount of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed as at acquisition date. 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 relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. 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.

3. 重要會計政策 (續)

業務合併 (續)

商譽是以所轉讓之代價、於所收購方中非控股權益所佔金額及收購方以往持有之收購方股權之公允值(如有)之總和,扣除於收購日期可供識別資產之收購及於收購日期承擔的負債之淨值後,所超出之差額計量。倘重新評估後,所收購之可識別資產與所承擔的負債於收購日期之淨額高於轉讓之代價、於所收購方中非控股權益所佔金額以及收購方以往持有之收購方股權之公允值(如有)之總和,則差額即時於損益內確認為議價購買收益。

屬現時所有者權益且於清盤時賦予其持有人按比例分佔相關附屬公司資產淨值之非控股權益,可初步按非控股權益應佔所收購方可識別資產淨值的已確認金額比例或按公允值計量。計量基準視乎每項交易而作出選擇。其他類型的非控股權益乃按其公允值計量。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to confirm the associate's accounting policies to those of the Group. Under the equity method, investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Change in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

3. 重要會計政策 (續)

於聯營公司之投資

聯營公司乃本集團對其具有重大影響力之實體。重大影響力指參與投資對象財務及營運決策之權力，而並非對該等政策之控制權或共同控制權。

聯營公司之業績、資產及負債使用權益會計法計入本綜合財務報表。以權益會計法處理之聯營公司財務報表乃按與本集團就於類似情況下之交易及事件所採用者相同之會計政策編製。為確認聯營公司的會計政策與本集團的會計政策一致，已作出適當調整。根據權益法，於聯營公司之投資最初乃按成本值於綜合財務狀況表確認，並於隨後就確認本集團應佔該聯營公司之損益及其他全面收益而作出調整。損益及其他綜合收益外的聯營公司資產淨值的變動將不會入賬，除非有關變動導致本集團持有的所有權權益發生變更。如本集團應佔聯營公司之虧損超過本集團於聯營公司之權益（包括實質上構成本集團於聯營公司淨投資之任何長期權益），則本集團會終止確認其應佔之進一步虧損。如本集團已產生法定或推定責任或代表該聯營公司支付款項，則就額外虧損作出確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates (Continued)

An investment in associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investments in associates, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. 重要會計政策 (續)

於聯營公司之投資 (續)

於聯營公司的投資乃自投資對象成為聯營公司當日起按權益法入賬。收購於聯營公司之投資時，收購成本超出本集團於收購當日已確認應佔聯營公司可識別資產及負債之公允值淨額之差額會確認為商譽，計入投資之賬面值內。倘於重新評估後本集團應佔可識別資產及負債公允值淨額超逾收購成本，則即時於收購投資期間在損益中確認。

本集團評估有否客觀證據顯示聯營公司權益可能減值。如客觀證據存在，則將投資的全部賬面值（包括商譽）作為單一資產根據香港會計準則第36號*資產減值*透過比較其可收回金額（使用價值與公允值減銷售成本之較高者）與賬面值測試有否減值。任何確認之減值虧損屬投資賬面值的一部分。倘其後投資的可收回金額增加，則根據香港會計準則第36號確認該減值虧損的撥回。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates (Continued)

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

3. 重要會計政策 (續)

於聯營公司之投資 (續)

倘本集團對聯營公司失去重大影響力，其入賬列作出售被投資方的全部權益，所產生的損益於損益確認。當本集團保留於前聯營公司之權益，且保留權益為香港會計準則第39號所界定的金融資產時，本集團於當日按公允值計量保留權益，而公允值則被視為首次確認時之公允值。聯營公司賬面值與任何保留權益之公允值及出售聯營公司相關權益所得任何所得款項之間的差額，乃計入釐定出售聯營公司之損益。此外，本集團將先前在其他全面收益就該聯營公司確認之所有金額入賬，基準與倘該聯營公司直接出售相關資產或負債的基準相同。因此，倘該聯營公司先前已確認其他全面收益之損益，則會於出售相關資產或負債時重新分類至損益，當有關聯營公司出售／部分出售後，本集團將收益或虧損由權益重新分類至損益（作為重新分類調整）。

當於聯營公司之投資成為於合資企業之投資或於合資企業之投資成為於聯營公司之投資時，本集團會繼續使用權益法。於此類所有權權益變動發生時，公允值不會重新計量。

當本集團削減於聯營公司之所有權權益但繼續使用權益法時，倘以往於其他全面收益確認有關削減所有權權益之盈虧部分將於出售相關資產或負債時重新分類至損益，則本集團會將該盈虧重新分類至損益。

倘一間集團實體與本集團聯營公司交易，與該聯營公司交易所產生之損益僅在有關聯營公司之權益與本集團無關的情況下，方會在本集團綜合財務報表確認。

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綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in Note 2)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

3. 重要會計政策 (續)

客戶合約收入 (根據附註2的過渡安排應用香港財務報告準則第15號後)

根據香港財務報告準則第15號，當(或於)滿足履約義務時，本集團確認收入，即於特定履約義務的相關商品或服務的控制權轉讓予客戶時確認。

履約義務指不同的商品或服務(或一組商品或服務)或一系列不同的商品或大致相同的服務。

控制權隨時間轉移，而倘滿足以下其中一項標準，則收入乃參照完全滿足相關履約義務的進展情況而隨時間確認：

- 隨本集團履約，客戶同時取得並耗用本集團履約所提供的利益；
- 本集團之履約創建或強化資產，該資產於創建或強化之時即由客戶控制；或
- 本集團的履約並未產生對本集團有替代用途的資產，且本集團對迄今已完成履約之款項具有可執行之權利。

否則，收入於客戶獲得商品或服務控制權的時間點確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in Note 2) (Continued)

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Revenue recognition (prior to 1 January 2018)

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

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

Goods, services and interests

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

Service income is recognised when services are provided.

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.

3. 重要會計政策 (續)

客戶合約收入 (根據附註2的過渡安排應用香港財務報告準則第15號後) (續)

合約負債指本集團因已自客戶收取對價 (或已可自客戶收取對價)，而須轉讓商品或服務予客戶之義務。

收入確認 (於2018年1月1日前)

收入乃按已收或應收代價之公允值計量。收入乃減去估計客戶退貨、回扣及其他類似津貼。

當收入金額能夠可靠計量、未來經濟利益很有可能流入本集團且本集團每項活動均符合具體準則時 (如下文所述)，即確認收入。

貨品、服務及利息

貨品銷售收入乃於貨品付運及其所有權轉移時確認入賬。

服務收入於服務提供後確認。

利息收入乃按時間基準，經參考未償還本金以適用實際利率計算。實際利率為將金融資產於預計年期之所得估計未來現金收入準確折現至該資產初步確認時的賬面淨額之比率。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset.

The Group as lessee

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

Leasehold land and building

When the Group makes payments for a property interest which included both leasehold 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 property is accounted as an operating lease. Specifically, the entire consideration (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 at initial recognition.

3. 重要會計政策 (續)

租賃

當租約條款將絕大部分風險及所有權回報轉讓予承租人時，該租約分類為融資租約。所有其他租約均分類為經營租約。

本集團作為出租人

經營租約之租金收入於相關租期內以直線法在損益中確認。於協商及安排經營租賃時引致之初步直接成本乃加至租賃資產之賬面值。

本集團作為承租人

經營租約付款(包括收購以經營租約持有之土地的成本)按直線法於租期內確認為開支。

租賃土地及樓宇

當本集團就物業權益(包括租賃土地及樓宇成分)作出付款時，本集團需要根據評定各成分所有權附帶的絕大部分風險與報酬是否轉移至本集團來單獨評定各成分就融資租賃或經營租賃的分類，除非兩種成分均明確定性為經營租賃，在此情況下，整項物業則計為經營租賃。尤其是，全部代價(包括任何一次性預付款)在初始確認時，需按出租方從租賃土地、樓宇所獲取利益的相對公允值的比例分派至土地及樓宇成分。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Leasehold land and building (Continued)

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

Foreign currencies

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

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

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

3. 重要會計政策 (續)

租賃 (續)

租賃土地及樓宇 (續)

有關付款能夠可靠分配時，經營租賃的租賃土地利益應在綜合財務狀況表中列為「預付租金」，按直線基準在租賃期間攤銷。當租金不能夠在租賃土地和樓宇間可靠地分配時，整項物業通常會按租賃土地歸屬融資租賃之方式分類。

外幣

編製各集團實體之財務報表時，以該實體功能貨幣以外貨幣（外幣）進行之交易乃按該交易日期之匯率確認。於報告期末，以外幣計值之貨幣項目以當日之匯率重新換算。按公允值列賬且按外幣列值之非貨幣項目乃按釐定公允值當日之匯率重新換算。以外幣按歷史成本計算之非貨幣項目不予重新換算。

貨幣項目結算以及貨幣項目重新換算所產生的匯兌差額於產生期間的損益確認。

為呈列綜合財務報表，本集團海外業務的資產及負債用本集團採用的呈列貨幣（即人民幣）按各報告期末的即期匯率進行折算。收入和費用按期內的平均匯率折算。若有任何匯兌差額產生，將於其他全面收益中確認及於權益（換算儲備）（歸屬於非控股權益（如適用））內累計。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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 deferred income 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.

3. 重要會計政策 (續)

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,直至資產基本上可作擬定用途或出售為止。

所有其他借貸成本均於產生期間於損益中確認。

政府補助

政府補助於出現合理保證本集團將會遵守附帶的條件及收取補助前,均不會確認。

政府補助於本集團確認該等補助擬作補償之有關成本為開支之期間內按系統基準在損益中確認。尤其是,以本集團應收購、建造或以其他方式取得非流動資產為主要條件的政府補助,乃於綜合財務狀況表中確認為遞延收入,並按系統及合理基準於有關資產的可用年期內轉至損益。

作為補償已產生的支出或虧損而應收取或為了給予本集團即時財務支持而無日後相關成本之政府補助,於其應收取期間在損益中確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

3. 重要會計政策 (續)

退休福利成本

界定供款的退休福利計劃供款於僱員提供服務而有權獲得供款時確認為開支。

短期僱員福利

短期僱員福利於僱員提供服務時於預期支付的未折現福利金額中確認。除非有另一香港財務報告準則規定或准許短期僱員福利包含於資產成本福利內，否則所有短期僱員福利均確認為開支。

僱員應計福利（例如工資和薪金、年假及病假）於扣減任何已付金額後確認為負債。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments

Equity-settled share-based payment transactions

Shares granted to employees

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

For shares of the Company granted under The Sunny Optical Technology (Group) Company Limited Restricted Share Award Scheme (“Restricted Shares”), the fair value of the employee services received is determined by reference to the fair value of the Restricted Shares granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share award scheme reserve). At the end of each reporting period, the Group revises its estimates of the number of Restricted Shares that are expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the estimates, if any, is recognised in the profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share award scheme reserve.

When the Restricted Shares are vested, the difference of the amount previously recognised in the share award scheme reserve and the cost of the related Restricted Shares previously acquired by the Group will be transferred to retained profits. When the Restricted Shares are lapsed before the vesting date or are still not vested at the expiry date, the amount of previously recognised in the share award scheme reserve will continue to be held in the share award scheme reserve.

3. 重要會計政策 (續)

股份支付

以權益結算股份支付的交易

授予僱員的股份

向僱員及其他提供類似服務的人士作出的以權益結算股份支付按乃按股本工具於授予日期的公允值計量。

有關舜宇光學科技(集團)有限公司受限制股份獎勵計劃項下授出的本公司股份(「限制性股份」)，釐定來自僱員服務的公允值乃參照所授出限制性股份於授出日期的公允值。該公允值以直線法於歸屬期支銷，並對應增加權益(股份獎勵計劃儲備)。於各報告期末，本集團根據對所有有關非市場歸屬狀況的評估重訂對限制性股份於歸屬時的預期股數所作的估計。重訂估計的任何影響(如有)乃於損益中確認，故此，累計開支反映經重訂估計，並相應調整股份獎勵計劃儲備。

當限制性股份歸屬時，先前於股份獎勵計劃儲備確認的金額與本集團先前所收購限制性股份成本之間的差額將轉撥至保留溢利。當限制性股份於歸屬日期前失效或於到期日仍未歸屬，則先前於股份獎勵計劃儲備中確認的金額將繼續在股份獎勵計劃儲備內持有。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represent the sum of the tax currently payable and deferred tax.

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates 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 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.

3. 重要會計政策 (續)

稅項

所得稅開支指即期應付稅項與遞延稅項的總和。

即期應付稅項根據本年度應課稅溢利計算。應課稅溢利與綜合損益及其他全面收益表所報告的除稅前溢利不同，此乃因其他年度的應課稅或可扣稅收支項目，以及毋須課稅或不可扣稅項目所致。本集團的即期稅項負債根據截至報告期末已頒佈或實質頒佈的稅率計算。

遞延稅項按綜合財務報表中資產及負債賬面值與計算應課稅溢利所採用相應稅基之暫時差額確認。遞延稅項負債一般就所有應課稅暫時差額確認入賬。遞延稅項資產一般就所有暫時差額確認入賬，惟可能有應課稅溢利用於對銷可扣稅暫時差額。若於一項交易中，因初次確認資產及負債（業務合併除外）而引致之暫時差額既不影響應課稅溢利亦不影響會計溢利，則不會確認該等遞延稅項資產及負債。

遞延稅項負債乃就於附屬公司及聯營公司之投資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。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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.

3. 重要會計政策 (續)

稅項 (續)

遞延稅項資產的賬面值於各報告期末進行審閱，並會削減至不再可能有足夠應課稅溢利用於收回全部或部分相關資產為止。

遞延稅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稅率，根據報告期末已頒佈或實質頒佈的稅率（及稅法）計算。

遞延稅項負債及資產之計量反映按照本集團所預期方式於報告期末可收回或結算其資產及負債賬面值將出現之稅務後果。

倘有法定可行使權利將即期稅項資產及即期稅項負債抵銷，且彼等為同一稅務機構徵收之所得稅，以及本集團擬按淨額基準結算即期稅項資產及負債，則會抵銷遞延稅項資產及負債。

即期及遞延稅項於損益確認，惟當其與在其他全面收益中確認或直接於權益中確認之項目相關，則即期及遞延稅項亦分別於其他全面收益或直接於權益中確認。倘因業務合併之初步會計方法而產生即期或遞延稅項，有關稅務影響會計入業務合併之會計方法內。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment including leasehold land and buildings held for use in the production or supply of goods or services, 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 accumulated impairment losses, if any.

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on 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.

3. 重要會計政策（續）

物業、機器及設備

物業、機器及設備（包括持作生產或供應貨品或服務或作行政用途的租賃土地及樓宇，在建工程除外）按成本減其後累計折舊及累計減值虧損（倘有）於綜合財務狀況表中列賬。

用於生產、供應貨品或作行政用途的在建物業以成本減任何已確認的減值虧損列賬。成本包括專業費及（對合資格資產而言）根據本集團會計政策資本化的借款成本。該等物業於完成且可作擬定用途時，會列作物業、機器及設備之適當類別。該等資產按與其他物業資產相同之方式，於資產可作擬定用途時開始折舊。

物業、機器及設備項目（在建工程除外）以直線法於其估計可使用年期內經扣除估計餘值後確認折舊以撇銷成本。估計可使用年期、剩餘價值和折舊方法會在各報告期末覆核，並採用未來適用法對估計變更的影響進行核算。

物業、機器及設備項目於出售後或預計持續使用該資產不會於日後產生經濟利益時取消確認。因出售或報廢物業、機器及設備項目所產生的任何收益或虧損乃釐定為出售所得款項與資產賬面值之間的差額，並於損益中確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

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

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3. 重要會計政策 (續)

投資物業

投資物業乃持作賺取租金及／或資本增值之物業。

投資物業初步按成本(包括任何直接應佔開支)計量。於初始確認後,投資物業按成本減其後累計折舊及任何累計減值虧損列賬。按直線法在投資物業的估計使用年期內且經計及預計殘值後確認折舊,以抵銷投資物業的成本。

投資物業在處置或永久不再使用後且預期處置不會產生未來經濟利益時終止確認。終止確認物業所產生的任何收益或損失(按照資產處置所得款項淨額與賬面值之間的差額計算)在該物業終止確認期間計入損益。

無形資產

分開收購的無形資產

單獨收購的可使用年期有限的無形資產,按成本減累計攤銷及累計減值虧損入賬。可使用年期有限的無形資產攤銷於估計可使用年期按直線法確認。估計可使用年期及攤銷方法於各報告期末予以審核,任何估計變動的影響按預期基準入賬。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

Internally-generated intangible assets – research and development expenditures

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 activities (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 recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

3. 重要會計政策 (續)

無形資產 (續)

內部產生無形資產 – 研發開支

研發活動開支於所產生期間確認為開支。

當且僅當出現所有下列情況時，開發活動（或內部項目的開發期）所產生的所有內部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。

就內部產生的無形資產所初步確認的金額為該無形資產自首度符合上述確認標準起已產生的開支總額。倘無內部產生的無形資產可予確認，則開發費用在其產生期間於損益確認。

於首次確認後，內部產生的無形資產按成本減累計攤銷及累計減值虧損（如有）呈報，與單獨收購的無形資產列賬方式相同。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on tangible and intangible assets

At the end of each 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).

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

3. 重要會計政策 (續)

有形及無形資產減值

於各報告期末，本集團檢討其具有有限可使用年期的有形及無形資產的賬面值，以釐定是否有任何跡象顯示該等資產已蒙受減值虧損。倘存在任何該等跡象，則估計該等資產的可收回數額以釐定減值虧損程度（如有）。

有形及無形資產之可收回款項乃獨立作出評估。倘無法估計個別資產之可收回款項，本集團將估計該資產所屬可產生現金之單位之可收回款項。倘可識別合理及一致之分配基準，則企業資產亦會分配至個別現金產生單位，或分配至可識別合理及一致分配基準之最小組別現金產生單位。

可收回金額為公允值減出售成本與使用價值兩者中之較高值。於評估使用價值時，乃以反映目前市場對金錢時間價值及資產（或現金產生單位）於估計未來現金流量調整前之獨有風險之稅前折算率折算估計未來現金流量至其現值。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on tangible and intangible assets (Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a 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.

3. 重要會計政策 (續)

有形及無形資產減值 (續)

倘估計資產 (或現金產生單位) 之可收回金額少於其賬面值，資產 (或現金產生單位) 之賬面值被削減至其可收回金額。於分配減值虧損時，減值虧損首先分配至減少商譽的賬面值 (倘適用)，然後根據單位中每一資產的賬面值按比例分配至其他資產。資產的賬面值不會減少至低於其公允值減出售成本 (如可計量)、其使用價值 (如可釐定) 及零 (以較高值為準)。分配至資產的減值虧損款額按比例分配至單位中的其他資產。減值虧損即時於損益中確認。

倘減值虧損於其後撥回，則該項資產 (或現金產生單位) 之賬面值會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出假設過往年度並無就該項資產 (或現金產生單位) 確認減值虧損原應釐定之賬面值。減值虧損撥回即時於損益中確認。

存貨

存貨按成本及可變現淨值的較低者列賬。存貨成本按加權平均法釐定。可變現淨值指存貨估計售價減直至完工的全部估計成本及銷售活動所需成本。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 January 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

3. 重要會計政策 (續)

金融工具

當集團實體成為工具合約條文的訂約方時，金融資產及金融負債方獲確認。所有以正規途徑購買或銷售之金融資產乃按交易日期基準確認及取消確認。正規途徑買賣或銷售乃要求於市場法規或慣例所確定之時間框架內交付資產之金融資產買賣或銷售。

金融資產及金融負債初步按公允值計量，惟自二零一八年一月一日起根據香港財務報告準則第15號初步計量的與客戶合約產生的貿易應收款項除外。交易成本直接歸屬於收購或發行金融資產及金融負債（按公允值計入損益的金融資產或金融負債除外），在初始確認時適當地計入或自金融資產或金融負債的公允值中扣除。直接歸屬於收購按公允值計入損益的金融資產或金融負債的交易成本，即時於損益中確認。

實際利率法為計算金融資產或金融負債的攤銷成本以及於相關期間內分配利息收入及利息支出的方法。實際利率指在金融資產或金融負債的預計年內或（如適用）較短期間內準確折算估計未來現金收入及支出（包括所有構成實際利率整體部分而支付或收取的費用及時點、交易成本及其他溢價或折扣）至初步確認時的賬面淨值的利率。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

3. 重要會計政策 (續)

金融工具 (續)

金融資產

金融資產的分類和其後計量 (根據附註2的過渡安排應用香港財務報告準則第9號後)

滿足以下條件其後按攤銷成本計量的金融工具:

- 以收取合約現金流量為目的之經營模式下持有之金融資產; 及
- 金融資產之合約條款於指定日期產生之現金流量純粹為支付本金及未償還本金之利息。

滿足以下條件其後按公允值計入其他全面收益的金融資產:

- 以收取合約現金流量及出售為目的之經營模式下持有之金融資產; 及
- 金融資產之合約條款於指定日期產生之現金流量純粹為支付本金及未償還本金之利息。

所有其他金融資產其後按公允值計入損益計量, 惟在首次應用/初步確認金融資產當日, 倘該股權投資並非持作買賣, 亦非收購方於香港財務報告準則第3號業務合併適用的業務合併中確認的或然代價, 則本集團可不可撤銷地選擇呈列其他全面收益股權投資之公允值之其後變動。

倘若出現下列情況, 則金融資產將分類為持作買賣:

- 產生之主要目的為於不久將來出售而購回; 或

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2) (Continued)

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

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will continue to be held in the FVTOCI reserve.

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的分類和其後計量(根據附註2的過渡安排應用香港財務報告準則第9號後)(續)

- 於初步確認時，其為本集團聯合管理之已識別金融工具組合之一部分，而近期實際具備短期獲利之模式；或
- 其為不指定及有效作為對沖工具之衍生工具。

(i) 攤銷成本及利息收入

其後按攤銷成本計量的金融資產和債務工具的利息收入採用實際利率法確認。利息收入按對金融資產的總賬面值應用實際利率的方式計算，惟其後出現信貸減值的金融資產除外。有關其後出現信貸減值的金融資產，利息收入自下個報告期起應用實際利率法於按攤銷成本列賬的金融資產確認。

(ii) 指定按公允值計入其他全面收益列賬的權益工具

按公允值計入其他全面收益之權益工具的投資其後按公允值計量，其公允值變動產生的收益及虧損於其他全面收益確認及於按公允值計入其他全面收益列賬的儲備累計；無須作減值評估。累計損益將不重新分類至出售股權投資之損益，並將保留於按公允值計入其他全面收益列賬的儲備。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2) (Continued)

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss is included in the “other gains and losses” line item.

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 2)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including debt instruments at amortised cost, trade and other receivables, amount due from a related party, pledged bank deposits, short term fixed deposits and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的分類和其後計量 (根據附註2的過渡安排應用香港財務報告準則第9號後) (續)

(iii) 按公允值計入損益的金融資產

金融資產如不符合按攤銷成本計量或按透過其他全面收益按公允值列賬計量或指定為按公允值計入其他全面收益列賬的條件，則按公允值計入損益的方式計量。

在各報告期末，按公允值計入損益的金融資產按公允值計量，而任何公允值收益或虧損則於損益中確認。於損益確認的收益或虧損淨額計入「其他收益及虧損」項目下。

金融資產減值 (根據附註2的過渡安排應用香港財務報告準則第9號後)

本集團就根據香港財務報告準則第9號面臨減值的金融資產 (包括按攤銷成本計量的債務工具、貿易及其他應收款項、應收關連人士款項、已抵押銀行存款、短期定期存款及銀行結餘及現金) 的預期信貸虧損確認虧損撥備。預期信貸虧損金額於各報告日期更新，以反映自初始確認起的信貸風險變動。

全期預期信貸虧損指於相關工具預期壽命內發生所有可能的違約事件而導致的預期信貸虧損。相反，12個月預期信貸虧損 (「12個月預期信貸虧損」) 則指預期於報告日期後12個月內可能發生的違約事件而導致的部分全期預期信貸虧損。預期信貸虧損根據本集團過往信貸虧損經驗進行評估，並根據應收賬款特定因素、一般經濟狀況及於報告日期對當前狀況及未來狀況預測的評估而作出調整。

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綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with Note 2) (Continued)

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors credit-impaired and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值(根據附註2的過渡安排應用香港財務報告準則第9號後)(續)

本集團始終就貿易應收款項確認全期預期信貸虧損。該等資產的預期信貸虧損乃採用對已發生信貸減值的債務人個別計提及/或採用具合適組別的撥備矩陣進行整體評估。

有關所有其他工具，本集團以相等於12個月預期信貸虧損計量虧損撥備，除非自初步確認以來信貸風險曾大幅上升，則本集團確認全期預期信貸虧損。有關應否確認全期預期信貸虧損的評估乃基於自初步確認以來違約的可能性或風險大幅上升。

(i) 信貸風險大幅上升

於評估信貸風險自初步確認以來有否大幅上升時，本集團比較於報告日期的金融工具違約風險及初步確認日期的金融工具違約風險。作出評估時，本集團考慮合理且有可靠資料證明的定量和定性資料，包括過往經驗及無需付出過多成本或工作下可獲取的前瞻性資料。

尤其，於評估信貸風險有否大幅上升時，將考慮以下資料：

- 金融工具的實際或預期外部(如有)或內部信貸評級大幅下降；
- 外部市場信貸風險指標大幅下降(例如信貸息差(即債務人信貸違約掉期價格)大幅上升)；

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with Note 2) (Continued)

(i) Significant increase in credit risk (Continued)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (根據附註2的過渡安排應用香港財務報告準則第9號後) (續)

(i) 信貸風險大幅上升 (續)

- 預期現行或預測業務、金融或經濟狀況的不利變化導致債務人履行債務責任的能力大幅下降；
- 債務人的實際或預期營運業績大幅下降；
- 債務人法規上、經濟上或技術環境上的實際或預期重大不利變化導致債務人履行債務責任的能力大幅下降。

不論上述評估結果如何，當合約款項逾期超30天時，本集團假設信貸風險自初步確認以來大幅上升，除非本集團有合理及有可靠資料證明的資料顯示情況並非如此。

儘管有上述規定，倘債務工具於報告日期釐定為低信貸風險，本集團假定該債務工具信貸風險自初步確認以來並無大幅上升。一項債務工具被釐定為低信貸風險倘i) 其違約風險低；ii) 借款人有很強的能力在短期內履行其近期合約現金流量責任及iii) 經濟及業務狀況較長遠的不利變化，(但非必然會) 減低借款人履行其合約現金流量責任的能力。倘一項債務工具的內部或外部信貸評級為「投資評級」(根據全球理解的定義)，本集團認為其信貸風險為低。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with Note 2) (Continued)

(i) Significant increase in credit risk (Continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值(根據附註2的過渡安排應用香港財務報告準則第9號後)(續)

(i) 信貸風險大幅上升(續)

本集團定期監察用以識別信貸風險有否大幅上升的標準的成效，並且適時作出修訂，以確保該標準能夠於有關款額逾期前識別信貸風險大幅上升。

(ii) 違約的定義

就內部信貸風險管理而言，本集團認為違約乃於內部建立或外部來源獲取的資料顯示債務人不大可能向債權人(包括本集團)全額結清欠款時發生(並無考慮任何本集團持有的抵押品)。

不論上述情況如何，當金融資產逾期超過90天時，本集團即認為已發生違約，除非本集團有合理及可靠資料證明應採用更寬鬆的違約標準。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with Note 2) (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (根據附註2的過渡安排應用香港財務報告準則第9號後) (續)

(iii) 信貸減值的金融資產

當一件或多件對一項金融資產估計未來現金流量產生不利影響的違約事件發生時，該金融資產則出現信貸減值。有關金融資產出現信貸減值的證據包括有關以下事項的可觀察數據：

- (a) 發行人或借款人出現重大財政困難；
- (b) 不履行債務或逾期支付等違約行為；
- (c) 借款人的貸款人因有關借款人財務困難的經濟或合約原因，給予借款人在一般情況下不會考慮的優惠安排；
- (d) 借款人可能破產或面臨財務重組；或
- (e) 該金融資產的活躍市場因財務困難而消失。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with Note 2) (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值(根據附註2的過渡安排應用香港財務報告準則第9號後)(續)

(iv) 撇銷政策

倘有資料顯示交易對手處於嚴重財務困難及無實際期望可收回欠款，本集團則撇銷該金融資產(例如於交易對手被清盤或進入破產程序時)。金融資產撇銷仍受限於本集團收回欠款程序下的執行活動，且在適當情況下將參考法律意見。撇銷構成一項終止確認事項，任何其後收回的欠款於損益內確認。

(v) 預期信貸虧損的計量及確認

計量預期信貸虧損時，會綜合考慮違約可能性、違約損失率(即發生違約時的損失程度)及違約風險承擔。違約可能性及違約損失率的評定乃基於根據前瞻性資料作出調整的歷史數據。預期信貸虧損的估算乃公正及概率加權的數額，其按相應違約風險的權重釐定。

一般而言，預期信貸虧損估計為根據合約應付本集團的所有合約現金流量與本集團預期將收取的全部現金流量之間的差額，並按初步確認時釐定的實際利率貼現。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with Note 2) (Continued)

(v) Measurement and recognition of ECL (Continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, pledged bank deposits, short term fixed deposits and bank balances and cash are each assessed as a separate group. Amount due from a related party and debt instruments at amortised cost are assessed for expected credit losses on an individual basis);
- Past-due status;
- Aging of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognised through a loss allowance account.

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (根據附註2的過渡安排應用香港財務報告準則第9號後) (續)

(v) 預期信貸虧損的計量及確認 (續)

預期信貸虧損按整體基準計量，或因應未取得有關個別工具的證據的情況而計量，而金融工具則按以下基準分組：

- 金融工具性質 (即本集團的貿易及其他應收款項、已抵押銀行存款、短期定期存款及銀行結餘及現金分別於不同組別進行評估，應收關連人士款項及按攤銷成本計量的債務工具的預期信貸虧損乃按獨立基準作出評估)；
- 逾期情況；
- 債務人賬齡；及
- 外部信貸評級 (如有)。

管理層定期檢討分組方法，以確保每個分組的組成部分繼續具有類似的信貸風險特徵。

利息收入基於金融資產的總賬面值計算，除非該金融資產出現信貸減值，在此情況下，利息收入根據金融資產的攤銷成本計算。

本集團透過調整所有金融工具的賬面值於損益確認該等金融工具的減值收益或虧損，惟透過虧損撥備賬確認相關調整的貿易及其他應收款項例外。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018)

Financial assets are classified into the following specified categories: financial assets at FVTPL, AFS and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(i) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial assets is (i) held for trading, (ii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

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

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的分類和其後計量(於二零一八年一月一日應用香港財務報告準則第9號前)

金融資產按以下特定類別分類：按公允值計入損益的金融資產、可供出售投資及貸款及應收款項。分類乃因應金融資產的性質及目的於初步確認時釐定。所有以正常方式買賣之金融資產按交易日基準確認及取消確認。以正常方式買賣指需要按市場規則或慣例於制訂之時限內交付資產之金融資產買賣。

(i) 按公允值計入損益的金融資產

當金融資產乃(i)持作買賣時；或(ii)指定為按公允值計入損益時，會分類為按公允值計入損益的金融資產。

倘若出現下列情況，則金融資產將分類為持作買賣：

- 產生之主要目的為於不久將來出售而購回；或
- 於初步確認時，其為本集團聯合管理之已識別金融工具組合之一部分，而近期實際具備短期獲利之模式；或
- 其為不指定及實際作為對沖工具之衍生工具。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018) (Continued)

(i) Financial assets at FVTPL (Continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in Note 37(c).

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的分類和其後計量 (於二零一八年一月一日應用香港財務報告準則第9號前) (續)

(i) 按公允值計入損益的金融資產 (續)

金融資產 (持作買賣的金融資產除外) 於初步確認時, 可被指定為按公允值計入損益, 倘:

- 有關指定撤銷或大幅減低可能出現的計量或確認不一致的情況; 或
- 該金融資產構成一組金融資產或金融負債或兩者的一部分, 並根據本集團既定風險管理或投資策略按公允值基準管理及評估其表現, 而分類資料則按該基準向內部提供; 或
- 該金融資產構成包含一項或多項嵌入式衍生工具合約的一部分, 而香港會計準則第39號允許整份合併合約 (資產或負債) 指定為按公允值計入損益。

按公允值計入損益的金融資產按公允值列賬, 而重新計量所產生的任何收益或虧損則於損益確認。於損益確認的收益或虧損淨額不包括任何股息或金融資產賺得的利息, 並計入「其他收益及虧損」項下。公允值乃按附註37(c)所述方式釐定。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018) (Continued)

(ii) AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables or (b) financial assets at FVTPL. The Group designated the investments into the unlisted equity securities as AFS financial assets on initial recognition of those items.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from a related party, short term fixed deposits, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment.

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

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的分類和其後計量(於二零一八年一月一日應用香港財務報告準則第9號前)(續)

(ii) 可供出售金融資產

可供出售金融資產即指定為可供出售或不屬於(a)貸款及應收款項或(b)按公允值計入損益的金融資產。本集團於未上市股本證券的投資於初步確認此等項目時被指定為可供出售金融資產。

於活躍市場上並無市場報價且公允值無法可靠計量的可供出售股權投資於各報告期末按成本減任何已識別減值虧損計量。

(iii) 貸款及應收款項

貸款及應收款項為在活躍市場上並無報價而具有固定或待付的非衍生金融資產，於初步確認後，貸款及應收款項(包括貿易及其他應收款項、應收關連人士款項、短期定期存款、已抵押銀行存款及銀行結餘及現金)以實際利率法按攤銷成本減任何已識別減值列賬。

利息收入乃採用實際利率確認，惟利息確認為不重大的短期應收款項除外。

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綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (before application of HKFRS 9 on 1 January 2018)

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired 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 affected.

For AFS equity investments, a significant or prolonged decline in fair value of the security 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.

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 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (於二零一八年一月一日應用香港財務報告準則第9號前)

金融資產 (惟分類為按公允值計入損益的金融資產除外) 應於各報告期末評定是否有減值跡象。倘有客觀證據顯示金融資產的估計未來現金流量受首次確認該金融資產後發生的一項或多項事件影響時, 則金融資產被視為減值。

倘可供出售股權投資的公允值顯著或長期低於其成本價, 則被視為需作減值的客觀證據。

就所有其他金融資產而言, 減值之客觀證據可包括:

- 發行人或交易對手出現重大財政困難; 或
- 失責或拖欠支付利息或償還本金等違約行為; 或
- 借款人可能破產或面臨財務重組。

應收款項組合減值的客觀證據可包括本集團過往追收款項的經驗、該組合延遲付款 (逾期超過平均信貸期限90天) 次數增加、與應收款項違約相關的國家或本地經濟狀況的可觀察變動。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (before application of HKFRS 9 on 1 January 2018) (Continued)

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other 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 or other 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.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (於二零一八年一月一日應用香港財務報告準則第9號前) (續)

就按攤銷成本列賬的金融資產而言，已確認減值虧損的金額乃按資產賬面值與按金融資產的原實際利率貼現的估計未來現金流量現值的差額。

就按成本列賬的金融資產而言，減值虧損金額乃按資產賬面值與同類金融資產按現行市場回報率貼現計算之估計未來現金流量現值之間的差額計量。該減值虧損不會於往後期間撥回。

與所有金融資產有關之減值虧損會直接於金融資產的賬面值中作出扣減，惟賬面值會透過使用撥備賬作出扣減的貿易及其他應收款項除外。撥備賬的賬面值變動會於損益中確認。當貿易或其他應收款項被視為不可收回時，則於撥備賬內撇銷。其後收回的過往已撇銷款項則計入損益中。

當可供出售金融資產被視為減值時，過往於其他全面收益中確認的累積損益將於該期間重新分類至損益中。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (before application of HKFRS 9 on 1 January 2018) (Continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of 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.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers to the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity

Classification as debt or equity

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

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (於二零一八年一月一日應用香港財務報告準則第9號前) (續)

就按攤銷成本列賬的金融資產而言，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虧損後發生的事件有關，則過往已確認的減值虧損將透過損益撥回，惟該資產於減值被撥回當日的賬面值不得超過未確認減值時的攤銷成本。

就可供出售股權投資而言，過往於損益中確認的減值虧損不會透過損益撥回。任何於減值虧損後出現的公允值增加於其他全面收益中確認，並於投資重估儲備項下累積。

終止確認金融資產

本集團僅於資產產生的現金流量的合約權利到期時，或於其轉移金融資產並同時轉移持有該等金融資產絕大部分的風險及回報時終止確認。

金融負債及權益

分類為負債或權益

債務及股本工具按合約安排的內容以及金融負債及股本工具的定義而分類為金融負債或權益。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Equity instrument

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

3. 重要會計政策 (續)

金融工具 (續)

金融負債及權益 (續)

股本工具

股本工具乃證明實體於扣減所有負債的資產中擁有剩餘權益的任何合同。本公司所發行的股本工具乃按所收取的款項扣減直接發行成本確認。

購回本公司本身的股本工具會直接於權益中確認及扣減。購入、出售、發行或註銷本公司本身的股本工具概不會於損益中確認收益或虧損。

金融負債

所有金融負債其後採用實際利率法按攤銷成本或按公允值計入損益計量。

按公允值計入損益的金融負債

當金融負債為(i)於香港財務報告準則第3號適用時由收購方支付作為業務合併一部分的或然代價；(ii)持作買賣；或(iii)指定為按公允值計入損益時，會分類為按公允值計入損益的金融負債。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL (Continued)

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at amortised cost

Financial liabilities at amortised cost, including trade and other payables, amounts due to related parties, bank borrowings, long term payables and bonds payable, are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition of financial liabilities

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

3. 重要會計政策 (續)

金融工具 (續)

金融負債及權益 (續)

按公允值計入損益的金融負債 (續)

倘若出現下列情況，則金融負債將分類為持作買賣：

- 購入之主要目的為於不久將來購回；或
- 於初步確認時，其為本集團聯合管理之已識別金融工具組合之一部分，而近期實際具備短期獲利之模式；或
- 其為衍生工具（作為金融擔保合約或指定及實際對沖工具之衍生工具除外）。

按攤銷成本計量的金融負債

按攤銷成本計量的金融負債（包括貿易及其他應付款項、應付關連人士款項、銀行借貸、長期應付款項及應付債券）其後採用實際利率法按攤銷成本計量。

衍生金融工具

衍生工具於衍生合約訂立日期初步按公允值確認，並於其後於報告期末重新計量至其公允值。所產生的收益或虧損即時於損益中確認。

終止確認金融負債

本集團於（及僅於）本集團的責任獲解除、註銷或已屆滿時終止確認金融負債。終止確認的金融負債賬面值與已付及應付代價之差額於損益中確認。

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4. 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.

Assessment of the finite useful lives of intangible assets

The Group estimates the useful lives of intangible assets based on the expected lifespan of those patents. The intangible assets are amortised on a straight-line basis over the estimated useful lives after taking into account the estimated residual value, if any. The Group determines the estimated useful lives of intangible assets on initial recognition in order to determine the amount of amortisation expense to be recorded during any reporting period. The useful lives are determined taking into the factors including the prevailing industry condition and the practice of intangible assets. The amortisation expense for future periods is adjusted if there are significant changes from previous estimates. As at 31 December 2018, the carrying amount of intangible assets with finite useful lives is RMB348,821,000 (31 December 2017: RMB392,424,000) as disclosed in Note 18.

4. 估計不確定因素的主要來源

以下為於報告期末很可能導致下一個財政年度資產及負債賬面值出現重大調整的有關將來之主要假設及其他估計不確定因素的主要來源。

無形資產之有限可使用年期的評估

本集團根據有關專利的預期使用年限來估計無形資產的可使用年期。無形資產乃經計及預計殘值(如有)後,於其估計可使用年期內按直線法攤銷。本集團會於初步確認時釐定無形資產的估計可使用年期,以釐定於任何報告期內所須記錄的攤銷開支金額。可使用年期乃經計及無形資產的當前行業狀況及慣例等因素後釐定。倘以往估計出現重大變動,則未來期間的攤銷開支將受到調整。如附註18所披露,於二零一八年十二月三十一日,具有有限可使用年期之無形資產的賬面值為人民幣348,821,000元(二零一七年十二月三十一日:人民幣392,424,000元)。

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4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Fair value measurement of financial instruments

Certain of the Group's financial assets, including unlisted equity instruments, listed debt instruments, fund investments, unlisted financial products, derivatives financial assets amounting to RMB5,148,035,000 (31 December 2017: RMB2,085,088,000) and financial liabilities, including derivatives financial liabilities amounting to RMB3,423,000 (31 December 2017: RMB33,035,000) are measured at fair values. In estimating the fair value, the Group uses market-observable data to the extent it is available. When Level 1 inputs are not available, the Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 37(c) provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various financial assets and financial liabilities.

Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The provision matrix are based on debtor's aging as groupings of various debtors that have similar loss patterns. The provision rate is based on the Group's historical observed default rates taking into consideration the forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 37(b) and Note 27 respectively.

4. 估計不確定因素的主要來源 (續)

金融工具公允值計量

若干本集團的金融資產，包括非上市權益工具、上市債務工具、基金投資、非上市金融產品、衍生金融資產人民幣5,148,035,000元(二零一七年十二月三十一日：人民幣2,085,088,000元)及金融負債(包括衍生金融負債)人民幣3,423,000元(二零一七年十二月三十一日：人民幣33,035,000元)乃按公允值計量。估算公允值時，本集團在可用範圍內採用市場可觀察數據。倘第一級輸入數據無法獲得，本集團使用估值技術(包括非根據於可觀察市場數據的輸入數據)估計若干類型金融工具之公允值。附註37(c)載有有關釐定各項金融資產及金融負債公允值所使用的估值技術、輸入數據及主要假設之詳情。

應收貿易款項的預期信貸虧損撥備

本集團使用撥備矩陣以計算應收貿易款項的預期信貸虧損。撥備矩陣乃基於債務人按各債務人類似虧損模式將其分組的賬齡。撥備率乃基於本集團過往觀察的逾期率，並考慮無需付出過多成本或工作下獲取的合理及可支持的前瞻性資料。於每個報告日期，過往觀察的違約率會重新評估，並會考慮前瞻性資料的變動。此外，出現信貸減值的應收貿易款項的預期信貸虧損將獨立地評估。

預期信貸虧損撥備對估算變動敏感。有關預期信貸虧損及本集團應收貿易款項的資料分別於附註37(b)及附註27披露。

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5. REVENUE

A. For the year ended 31 December 2018

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度		
	Optical Components 光學零件 RMB'000 人民幣千元	Optoelectronic Products 光電產品 RMB'000 人民幣千元	Optical Instruments 光學儀器 RMB'000 人民幣千元
Types of goods or service 貨品或服務種類			
Sales of optical and related components 光學及相關零件銷售	6,022,754	19,609,171	299,927
Total 總額	6,022,754	19,609,171	299,927
Geographical markets 地區市場			
Mainland China 中國內地	3,034,629	18,500,513	175,582
Korea 韓國	1,058,185	2,445	3,469
Japan 日本	396,428	242,994	17,358
United States 美國	447,780	39,499	56,494
Hong Kong 香港	37,395	441,608	1,613
Others 其他	1,048,337	382,112	45,411
Total 總額	6,022,754	19,609,171	299,927
Timing of revenue recognition 確認收入的時間			
At a point of time 時點確認	6,022,754	19,609,171	299,927

5. 收入

A. 截至二零一八年十二月三十一日止年度

(i) 客戶合約收入的細分

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5. REVENUE (Continued)

A. For the year ended 31 December 2018 (Continued)

(ii) *Performance obligations for contracts with customers*

The Group sells optical and optical-related products directly to customers. For sales of optical components, optoelectronic products and optical instruments, revenue is recognised when control of the goods has transferred, being when customer acceptance has been obtained, which is the point of time when the customer has the ability to direct the use of these products and obtain substantially all of the remaining benefits of these products.

(iii) *Transaction price allocated to the remaining performance obligation for contracts with customers*

The Group's contracts have an original expected duration of one year or less, as permitted under HKFRS 15, the transaction price allocated to the remaining performance obligations is not disclosed.

5. 收入 (續)

A. 截至二零一八年十二月三十一日 止年度 (續)

(ii) *客戶合約的履約責任*

本集團直接向客戶銷售光學及光學相關產品。就光學零件、光電產品和光學儀器而言，收入於貨品的控制權轉移時，即取得客戶接受時確認，即客戶能夠控制貨品的使用及大致上取得此等貨品的所有剩餘利益的時間點。

(iii) *分配至未履行的客戶合約履約責任的交易價格*

本集團的合約的初始預期期限為一年或更短，根據香港財務報告準則第15號允許不披露分配予餘下履約責任的交易價格。

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5. REVENUE (Continued)

B. For the year ended 31 December 2017

An analysis of the Group's revenue for the year from continuing operations is as follows:

	Year ended 31/12/2017 截至二零一七年 十二月三十一日 止年度 RMB'000 人民幣千元
Sales of optical components 光學零件銷售	4,301,727
Sales of optoelectronic products 光電產品銷售	17,771,025
Sales of optical instruments 光學儀器銷售	293,500
	22,366,252

6. OPERATING SEGMENTS

Information reported to the Board of Directors, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on types of goods delivered because the management has chosen to organise the Group among different major products. No operating segments identified by chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's operating segments under HKFRS 8 *Operating Segments* are as follows:

1. Optical Components
2. Optoelectronic Products
3. Optical Instruments

6. 營運分部

就資源分配及分部表現評估向董事會(即主要營運決策者)所呈報的資料,側重於交付的產品之類型,理由是管理層已選擇按不同主要產品組織本集團。於達致本集團的可報告分部時,主要營運決策者所得出的營運分部概無經合計。

具體而言,根據香港財務報告準則第8號*營運分部*,本集團營運分部如下所示:

1. 光學零件
2. 光電產品
3. 光學儀器

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6. OPERATING SEGMENTS (Continued)

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segments.

For the year ended 31 December 2018

	Optical Components 光學零件 RMB'000 人民幣千元	Optoelectronic Products 光電產品 RMB'000 人民幣千元	Optical Instruments 光學儀器 RMB'000 人民幣千元	Segment Total 分部總額 RMB'000 人民幣千元	Eliminations 抵銷 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
REVENUE 收入						
External sales 外部銷售	6,022,754	19,609,171	299,927	25,931,852	-	25,931,852
Inter-segment sales 分部間銷售	1,536,494	13,523	30,995	1,581,012	(1,581,012)	-
Total 總額	7,559,248	19,622,694	330,922	27,512,864	(1,581,012)	25,931,852
Segment profit 分部溢利	2,428,098	636,041	19,059	3,083,198	-	3,083,198
Share of results of associates 分佔聯營公司業績						(23,787)
Unallocated income 未分配收入						111,083
Unallocated expenses 未分配開支						(319,220)
Profit before tax 除稅前溢利						2,851,274

For the year ended 31 December 2017

	Optical Components 光學零件 RMB'000 人民幣千元	Optoelectronic Products 光電產品 RMB'000 人民幣千元	Optical Instruments 光學儀器 RMB'000 人民幣千元	Segment Total 分部總額 RMB'000 人民幣千元	Eliminations 抵銷 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
REVENUE 收入						
External sales 外部銷售	4,301,727	17,771,025	293,500	22,366,252	-	22,366,252
Inter-segment sales 分部間銷售	979,312	9,774	32,861	1,021,947	(1,021,947)	-
Total 總額	5,281,039	17,780,799	326,361	23,388,199	(1,021,947)	22,366,252
Segment profit 分部溢利	1,715,791	1,669,543	2,149	3,387,483	-	3,387,483
Share of results of associates 分佔聯營公司業績						(16,096)
Unallocated income 未分配收入						49,796
Unallocated expenses 未分配開支						(102,864)
Profit before tax 除稅前溢利						3,318,319

6. 營運分部 (續)

分部收入及業績

本集團按營運及可報告分部劃分的收入及業績分析如下。

截至二零一八年十二月三十一日止年度

截至二零一七年十二月三十一日止年度

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6. OPERATING SEGMENTS (Continued)

Segment assets and liabilities

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs including directors' salaries, other income, other gains or losses, share of results of associates and finance costs. There were asymmetrical allocations to operating segments because the Group allocates interest income, government grants, depreciation and amortisation and gain or loss on disposal of property, plant and equipment to each segment without allocating the related bank balances, deferred income, property, plant and equipment and intangible assets to those segments. This is the measure reported to the Board of Directors for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

As at 31 December 2018

	Optical Components 光學零件 RMB'000 人民幣千元	Optoelectronic Products 光電產品 RMB'000 人民幣千元	Optical Instruments 光學儀器 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
Assets 資產				
Trade receivables 貿易應收款項	1,480,184	3,555,288	49,656	5,085,128
Bill receivables 應收票據	348,330	360,422	1,611	710,363
Inventories 存貨	813,304	2,228,842	31,776	3,073,922
Total segment assets 分部資產總值	2,641,818	6,144,552	83,043	8,869,413
Unallocated assets 未分配資產				13,982,730
Consolidated assets 總資產				22,852,143
Liabilities 負債				
Trade payables 貿易應付款項	1,298,979	3,712,127	63,235	5,074,341
Note payables 應付票據	139,982	825,828	4,132	969,942
Total segment liabilities 分部負債總額	1,438,961	4,537,955	67,367	6,044,283
Unallocated liabilities 未分配負債				7,519,716
Consolidated liabilities 總負債				13,563,999

6. 營運分部 (續)

分部資產及負債

營運分部的會計政策與附註3所述的本集團會計政策相同。分部溢利指由各分部所賺取的溢利，但並無攤分中央行政成本(包括董事薪金、其他收益、其他收益或虧損、分佔聯營公司的業績及融資成本)。營運分部間存在不對稱分配，這是由於本集團在分配利息收入、政府補助金、折舊及攤銷以及出售物業、機器及設備收益或虧損至各分部時，並未向各分部分配相關銀行結餘、遞延收入、物業、機器及設備以及無形資產。此乃向董事會報告以作資源分配及表現評估的基準。

分部間銷售按現行市價入賬。

本集團按營運及可報告分部劃分的資產及負債分析如下：

於二零一八年十二月三十一日

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6. OPERATING SEGMENTS (Continued)

6. 營運分部 (續)

Segment assets and liabilities (Continued)

分部資產及負債 (續)

As at 31 December 2017

於二零一七年十二月三十一日

	Optical Components 光學零件 RMB'000 人民幣千元	Optoelectronic Products 光電產品 RMB'000 人民幣千元	Optical Instruments 光學儀器 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
Assets 資產				
Trade receivables 貿易應收款項	1,012,143	3,390,929	46,271	4,449,343
Bill receivables 應收票據	334,425	458,056	4,464	796,945
Inventories 存貨	547,878	2,027,368	46,598	2,621,844
Total segment assets 分部資產總值	1,894,446	5,876,353	97,333	7,868,132
Unallocated assets 未分配資產				7,858,178
Consolidated assets 總資產				15,726,310
Liabilities 負債				
Trade payables 貿易應付款項	923,677	3,550,176	65,946	4,539,799
Note payables 應付票據	162,589	485,438	500	648,527
Total segment liabilities 分部負債總額	1,086,266	4,035,614	66,446	5,188,326
Unallocated liabilities 未分配負債				3,018,775
Consolidated liabilities 總負債				8,207,101

For the purposes of monitoring segment performance and allocating resources between segments:

為監察分部表現及在分部間分配資源：

- Trade receivables, bill receivables and inventories are allocated to the respective operating and reportable segments. All other assets are unallocated assets, which are not regularly reported to the Board of Directors.
- Trade payables and note payables are allocated to the respective operating and reportable segments. All other liabilities are unallocated liabilities, which are not regularly reported to the Board of Directors.
- 貿易應收款項、應收票據及存貨均分配至相對的營運及可報告分部。全部其他資產指並不定期向董事會報告的未分配資產。
- 貿易應付款項及應付票據分配至相對的營運及可報告分部。全部其他負債指並不定期向董事會報告的未分配負債。

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6. OPERATING SEGMENTS (Continued)

6. 營運分部 (續)

Other segment information

其他分部資料

For the year ended 31 December 2018

截至二零一八年十二月三十一日止年度

	Optical Components 光學零件 RMB'000 人民幣千元	Optoelectronic Products 光電產品 RMB'000 人民幣千元	Optical Instruments 光學儀器 RMB'000 人民幣千元	Unallocated 未分配 RMB'000 人民幣千元	Consolidated total 綜合總額 RMB'000 人民幣千元
Amounts included in the measure of segment profit or loss:					
計量分部損益時計入的款額：					
Depreciation and amortisation 折舊及攤銷	372,007	429,333	9,247	8,818	819,405
Impairment losses on trade receivables (reversed) recognised in profit or loss 於損益中(撥回)確認的貿易應收款項減值虧損	(1,165)	1,281	3,735	-	3,851
(Gain) loss on disposal of property, plant and equipment and land use right 出售物業、機器及設備及土地使用權(收益)虧損	(995)	1,179	(70)	2	116
Share award scheme expense 股份獎勵計劃支出	46,812	30,865	9,051	6,404	93,132
Interest income from bank and financial instruments 銀行及金融工具利息收入	(7,900)	(182,319)	(932)	(18,032)	(209,183)
Allowance for inventories 存貨撥備	6,262	53,696	76	-	60,034
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment assets:					
已定期向主要營運決策者提供但未計入分部資產計量的款額：					
Addition to property, plant and equipment 物業、機器及設備增加	1,695,070	1,032,558	13,186	2,662	2,743,476

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6. OPERATING SEGMENTS (Continued)

Other segment information (Continued)

For the year ended 31 December 2017

	Optical Components 光學零件 RMB'000 人民幣千元	Optoelectronic Products 光電產品 RMB'000 人民幣千元	Optical Instruments 光學儀器 RMB'000 人民幣千元	Unallocated 未分配 RMB'000 人民幣千元	Consolidated total 綜合總額 RMB'000 人民幣千元
Amounts included in the measure of segment profit or loss:					
計量分部損益時計入的款額：					
Depreciation and amortisation 折舊及攤銷	254,229	264,528	8,837	7,234	534,828
Impairment losses on trade receivables (reversed) recognised in profit or loss					
於損益中(撥回) 確認的貿易應收款項減值虧損	(444)	(44,191)	1,734	-	(42,901)
(Gain) loss on disposal of property, plant and equipment					
出售物業、機器及設備(收益)虧損	(2,382)	2,458	554	9	639
Share award scheme expense 股份獎勵計劃支出	42,941	28,741	9,815	7,661	89,158
Interest income from bank and financial instruments					
銀行及金融工具利息收入	(4,840)	(68,149)	(434)	(1,513)	(74,936)
(Reversal of) allowance for inventories 存貨(撥回)撥備	(776)	29,536	259	-	29,019
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment assets:					
已定期向主要營運決策者提供但未計入分部資產計量的款額：					
Addition to property, plant and equipment 物業、機器及設備增加	638,595	671,977	16,701	9,410	1,336,683

6. 營運分部(續)

其他分部資料(續)

截至二零一七年十二月三十一日止年度

Revenue from major products

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

主要產品收入

以下為本集團來自主要產品的收入分析：

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Mobile phone related products 移動電話相關產品	21,803,100	19,085,564
Digital camera related products 數碼相機相關產品	921,560	800,660
Optical instruments 光學儀器	202,448	220,038
Other lens sets 其他鏡頭	1,769,948	1,386,944
Digital video lens 數碼視頻鏡頭	89,188	66,699
Other spherical lens and plane products 其他球面鏡片及平面產品	134,276	111,323
Other products 其他產品	1,011,332	695,024
	25,931,852	22,366,252

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6. OPERATING SEGMENTS (Continued)

6. 營運分部 (續)

Geographical information

The Group's operations are mainly located in the PRC, Korea, Japan and the United States.

The Group's revenue from continuing operations from external customers is presented based on the locations of goods physically delivered and information about the Group's non-current assets by the geographical location of the assets are detailed below:

地區資料

本集團的業務主要位於中國、韓國、日本及美國。

來自依實際交付貨物地點所示的本集團外部客戶持續營運收入及按資產地理位置劃分的本集團非流動資產的資料如下：

	Revenue from external customers 來自外部客戶的收入		Non-current assets 非流動資產	
	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
The PRC (excluding Hong Kong) (country of domicile) 中國(不包括香港)(居住國)	21,710,724	18,922,274	5,533,519	3,792,558
Korea 韓國	1,064,099	856,048	943	1,098
Japan 日本	656,780	563,618	216	90
United States 美國	543,773	613,608	18	36
Hong Kong 香港	480,616	554,431	-	-
Others 其他	1,475,860	856,273	1,720	387
	25,931,852	22,366,252	5,536,416	3,794,169

Note: Non-current assets excluded interests in associates, deferred tax assets, financial assets at fair value through profit or loss, equity instruments at fair value through other comprehensive income, debt instruments at amortised cost, available-for-sale investments and derivative financial assets.

附註：非流動資產不包括於聯營公司的權益、遞延稅項資產、按公允值計入損益的金融資產、按公允值計入其他全面收益的股本工具、按攤銷成本計量的債務工具、可供出售投資及衍生金融資產。

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6. OPERATING SEGMENTS (Continued)

Information about major customers

Revenues from the following customers contributed over 10% of the total sales of the Group:

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Customer A, revenue from Optoelectronic Products A客戶·來自光電產品的收入	5,674,142	4,819,140
Customer B, revenue from Optoelectronic Products B客戶·來自光電產品的收入	4,230,075	4,113,135
Customer C, revenue from Optoelectronic Products C客戶·來自光電產品的收入	3,764,092	3,808,411

6. 營運分部 (續)

有關主要客戶資料

來自以下客戶的收入佔本集團銷售總額之比重超過10%：

7(a). OTHER INCOME

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Interest income from short term fixed deposits and bank balances 短期定期存款及銀行結餘利息收入	15,104	4,209
Interest income from pledged bank deposits 已抵押銀行存款利息收入	2,305	1,770
Interest income from debt instruments 債務工具利息收入	10,503	-
Investment income from unlisted financial products 非上市金融產品投資收入	181,271	68,957
Interest income from small loan services 小額貸款服務利息收入	9,180	6,144
Government grants (Note 33) 政府補助金 (附註33)	198,599	80,595
Income from sales of moulds 銷售模具收入	6,522	8,052
Income from sales of scrap materials 銷售廢料收入	11,396	6,160
Income from customised specialised device services 專用設備定制服務收入	4,273	13,438
Rental income 租金收入	9,223	4,774
Others 其他	18,648	12,288
Total 總額	467,024	206,387

7(a). 其他收益

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7(b). OTHER GAINS AND LOSSES

7(b). 其他收益及虧損

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Loss on disposal of property, plant and equipment 出售物業、機器及設備虧損	(1,914)	(639)
Gain on disposal of land use right (Note 16) 出售土地使用權的收益(附註16)	1,798	-
Gain on acquisition of a subsidiary 收購附屬公司的收益	-	1,308
Gain on disposal of subsidiaries (Note 10) 出售附屬公司的收益(附註10)	857	-
Net foreign exchange (losses) gains 外匯(虧損)收益淨額	(377,484)	42,758
Gain on changes in fair value of derivative financial instruments, net 衍生金融工具公允價值變動產生的收益淨額	73,022	49,796
Gain on changes in fair value of equity instruments at FVTPL 按公允價值計入損益的權益工具公允價值變動產生的收益	21,130	-
Loss on changes in fair value of debt instruments and fund investments at FVTPL 按公允價值計入損益的債務工具及基金投資公允價值變動產生的虧損	(17,675)	-
Others 其他	7,287	73
Total 總額	(292,979)	93,296

8. FINANCE COSTS

8. 融資成本

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Interests on bank borrowings 銀行借貸利息	45,350	38,903
Interests on bonds payable 應付債券利息	147,779	-
Interest on long term payables related to intangible assets 與無形資產有關的長期應付款項利息	9,008	9,898
Total 總額	202,137	48,801

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9. INCOME TAX EXPENSE

9. 所得稅開支

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Current tax: 即期稅項：		
PRC Enterprise Income Tax 中國企業所得稅	49,520	329,493
Other jurisdictions 其他管轄區	6,442	13,621
	55,962	343,114
(Over) under provision in prior years: 過往年度(超額撥備)撥備不足：		
PRC Enterprises Income Tax 中國企業所得稅	(6,829)	611
Deferred tax (Note 20): 遞延稅項(附註20)：		
Current year 本年度	289,462	60,480
	338,595	404,205

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards, except as described below:

- (i) Ningbo Sunny Infrared Technologies Company Ltd. ("Sunny Infrared Optics"), a domestic limited liability company, was approved as Hi-Tech Enterprise and entitled to a preferential tax rate of 15% with the expiry date on 31 December 2018.
- (ii) Ningbo Sunny Opotech Co., Ltd. ("Sunny Opotech"), Ningbo Sunny Automotive Optech Co., Ltd. ("Sunny Automotive Optech"), Sunny Optics (Zhongshan) Co., Ltd. ("Sunny Zhongshan Optics") and Ningbo Sunny Instruments Co., Ltd. ("Sunny Instruments"), domestic limited liability companies, were approved as Hi-Tech Enterprises and entitled to a preferential tax rate of 15% with the expiry date on 31 December 2019.
- (iii) Zhejiang Sunny Optics Co., Ltd. ("Sunny Zhejiang Optics") and Xinyang Sunny Optics Co., Ltd. ("Sunny Xinyang Optics"), domestic limited liability companies, were approved as Hi-Tech Enterprise and entitled to a preferential tax rate of 15% with the expiry date on 31 December 2020.

根據中華人民共和國企業所得稅法(「企業所得稅法」)及企業所得稅法實施條例，中國附屬公司適用的稅率自二零零八年一月一日起為25%，惟下述者除外：

- (i) 寧波舜宇紅外技術有限公司(「舜宇紅外光學」)為內資有限責任公司，並獲認可為高新技術企業，可享受15%的優惠稅率，於二零一八年十二月三十一日屆滿。
- (ii) 寧波舜宇光電信息有限公司(「舜宇光電」)、寧波舜宇車載光學技術有限公司(「舜宇車載光學」)、舜宇光學(中山)有限公司(「舜宇中山光學」)及寧波舜宇儀器有限公司(「舜宇儀器」)為內資有限責任公司，並獲認可為高新技術企業，可享受15%的優惠稅率，於二零一九年十二月三十一日屆滿。
- (iii) 浙江舜宇光學有限公司(「舜宇浙江光學」)及信陽舜宇光學有限公司(「舜宇信陽光學」)為內資有限責任公司，並獲認可為高新技術企業，可享受15%的優惠稅率，於二零二零年十二月三十一日屆滿。

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9. INCOME TAX EXPENSE (Continued)

(iv) Zhejiang Sunny Optical Intelligence Technology Co., Ltd. ("Sunny Optical Intelligence"), a domestic limited liability company, was recognised as Software Enterprise and entitled preferential policies of exemption from enterprise income taxation for the first two years till 31 December 2018 and reduction half for the subsequent three years till 31 December 2021.

No charges to Hong Kong Profits Tax for both years have been made in the consolidated financial statements as the Group has no assessable profit arising from Hong Kong for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

As at 31 December 2018, the deferred tax liability amounting to RMB80,859,000 (31 December 2017: RMB49,329,000) (Note 20) was provided in respect of the temporary differences attributed to the PRC undistributed profits to the extent exceeding the investment plan which the directors of the Company decided to distribute.

9. 所得稅開支(續)

(iv) 浙江舜宇智能光學技術有限公司(「舜宇智能光學」)為內資有限責任公司，並獲認可為軟件企業，可於首兩年直至二零一八年十二月三十一日享受豁免企業所得稅的優惠政策，以及於其後三年直至二零二一年十二月三十一日享受半額稅項優惠。

由於本集團於兩年內並無於香港產生應課稅溢利，故綜合財務報表當中不存在香港利得稅開支。

其他管轄區的稅項是按當地適用稅率計算。

截至二零一八年十二月三十一日，本集團就中國未分派盈利的暫時差額作出遞延稅項負債撥備共計人民幣80,859,000元(二零一七年十二月三十一日：人民幣49,329,000元)(附註20)，為超過本公司董事決定分派之投資計劃的金額。

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FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

9. INCOME TAX EXPENSE (Continued)

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

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Profit before tax 除稅前溢利	2,851,274	3,318,319
Tax at the PRC EIT tax rate of 25% 中國企業所得稅稅率為25%	712,819	829,580
Tax effect of share of results of associates 分佔聯營公司業績之稅務影響	5,947	4,024
Tax effect of expenses not deductible for tax purpose 不可扣稅開支之稅務影響	19,904	35,609
Tax effect of allowance granted under share award scheme in the PRC 根據股份獎勵計劃在中國授出股份的稅務影響	(106,055)	(133,200)
Tax effect of preferential tax rates for certain subsidiaries (Note 1) 若干附屬公司稅率優惠之稅務影響(附註1)	(198,384)	(217,435)
Tax effect of additional tax deduction of research & development expenses (Note 2) 研發開支額外稅項扣減之稅務影響(附註2)	(197,514)	(125,842)
Tax effect of tax losses not recognised 未確認稅項虧損之稅務影響	108,860	21,369
Utilisation of tax losses not previously recognised 動用先前未確認稅項虧損	(2,019)	(2,595)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions 於其他管轄區經營的附屬公司的不同稅率之稅務影響	1,866	(7,916)
(Over) under provision in prior years 過往年度(超額撥備)撥備不足	(6,829)	611
Income tax expense for the year 年內所得稅開支	338,595	404,205

Details of deferred taxation and unrecognised temporary difference are disclosed in Note 20.

Note 1: For the PRC subsidiaries which were approved as Hi-Tech Enterprises, they are entitled to a preferential tax rate of 15%.

Note 2: According to Guoshuifa [2008] No. 116 "Notice of the State Administration of Taxation on Issuing the Administrative Measures for the Pre-tax Deduction of Enterprise Research and Development Expenses (for Trial Implementation)", Caishui [2013] No. 70 "Circular of the Ministry of Finance and the State Administration of Taxation issues related to super deductions for research & development expenses", certain PRC subsidiaries are also entitled to an additional 50% tax deduction on eligible research & development expenses incurred by them during the years ended 31 December 2017. And in August 2018, a new notice with the name of Caishui [2018] No. 99 "Notice on Increasing the Pre-tax Deduction Ratio of Research and Development Expenses" was released, according to which certain PRC subsidiaries are entitled to an additional 75% tax deduction on eligible research & development expenses incurred by them for the year ended 31 December 2018.

9. 所得稅開支(續)

年內的稅項支出與綜合損益及其他全面收益表所列除稅前溢利對賬如下：

遞延稅項及未確認暫時差額的詳情於附註20披露。

附註1：就獲認可為高新技術企業的中國附屬公司而言，其可享受15%的優惠稅率。

附註2：根據國稅發[2008]116號文《企業研究開發費用稅前扣除管理辦法(試行)》及財稅[2013]70號文《財政部、國家稅務總局關於研究開發費用稅前加計扣除有關政策問題的通知》，若干中國附屬公司亦就其於截至二零一七年十二月三十一日止年度產生的符合條件的研發開支享有額外50%的稅費減免。於二零一八年八月，一項名為財稅[2018]99號文的新公告《關於提高研究開發費用稅前加計扣除比例的通知》發佈，根據此公告，若干中國附屬公司享有就其於截至二零一八年十二月三十一日止年度產生的符合條件的研發開支享有額外75%的稅費減免。

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10. DISPOSAL OF SUBSIDIARIES

According to the reorganisation proposal authorised by the Board of Directors, the Group entered into a sale agreement in March 2018 to fully dispose its equity interests in Shanghai Sunny Hengping Scientific Instrument Co., Ltd. ("Sunny Hengping Instrument") and Qingdao Sunny Hengping Instrument Co., Ltd. ("Sunny Hengping Instrument (Qingdao)") to the non-controlling shareholders with the net liabilities of approximately RMB779,000 and RMB78,000 respectively, the consideration was nil and the disposal gains of RMB857,000 was recognised in the current year.

10. 出售附屬公司

根據董事會授權的重組方案，本集團於二零一八年三月訂立一項出售協議，向非控股股東出售其於上海舜宇恒平科學儀器有限公司（「舜宇恒平儀器」）及青島舜宇恒平儀器有限公司（「舜宇恒平儀器（青島）」）的全部股本股權，負債淨額分別約為人民幣779,000元及人民幣78,000元，代價為零，出售收益人民幣857,000元於本年度確認。

11. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

11. 年內溢利

年內溢利已扣除以下各項：

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Directors' emoluments (Note 14) 董事酬金 (附註14)	8,274	8,299
Other staff's salaries and allowances 其他員工的薪金及津貼	1,212,285	1,477,510
Other staff's discretionary bonuses 其他員工的酌情花紅	264,042	268,677
Other staff's contribution to retirement benefit scheme 其他員工的退休福利計劃供款	148,216	109,643
Other staff's share award scheme expense 其他員工的股份獎勵計劃支出	88,932	84,719
	1,721,749	1,948,848
Cost of inventories recognised as an expense 確認為開支的存貨成本	21,018,737	17,563,489
Auditor's remuneration 核數師酬金	3,649	3,251
Depreciation of property, plant and equipment 物業、機器及設備折舊	771,411	489,202
Depreciation of investment properties 投資物業折舊	4,391	2,023
Release of prepaid lease payments 預付租金解除	4,842	4,498
Amortisation of intangible assets 無形資產攤銷	43,603	43,603
Allowance for inventories (included in cost of sales) 存貨撥備 (包括於銷售成本)	60,034	29,019

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12. DIVIDENDS

12. 股息

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Dividends for ordinary shareholders of the Company recognised as distribution during the year: 年內確認為分派的本公司普通股股東的股息： 2017 final dividends – RMB66.10 cents (2017: 2016 final dividends – RMB29.00 cents) per share 二零一七年末期股息 – 每股人民幣66.10分 (二零一七年：二零一六年末期股息 – 每股人民幣29.00分)	725,117	318,130

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2018 of approximately RMB56.80 cents per share, equivalent to Hong Kong Dollar (“HK\$” or “HKD”) 66.20 cents per share, amounting to a total of approximately RMB623,011,000 (2017: approximately RMB66.10 cents per share, equivalent to HK\$81.20 cents per share, amounting to a total of approximately RMB725,117,000) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting. The final dividends proposed after the end of reporting period has not been recognised as a liability at the end of reporting period.

於報告期末後，本公司董事建議派付每股約人民幣56.80分（相等於每股66.20港仙），合共約人民幣623,011,000元（二零一七年：每股約人民幣66.10分（相等於每股81.20港仙），合共約人民幣725,117,000元）的截至二零一八年十二月三十一日止年度末期股息，惟須獲股東於應屆股東週年大會上批准。建議於報告期末後派付的末期股息並未於報告期末確認為負債。

13. EARNINGS PER SHARE

13. 每股盈利

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

本公司股東應佔每股基本及攤薄盈利乃根據以下數據計算：

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Earnings 盈利 Earnings for the purpose of basic and diluted earnings per share 計算每股基本及攤薄盈利的盈利	2,490,872	2,901,554

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13. EARNINGS PER SHARE (Continued)

13. 每股盈利 (續)

	2018 二零一八年 '000 千股	2017 二零一七年 '000 千股
Number of shares 股份數目		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note) 計算每股基本盈利的普通股加權平均數 (附註)	1,092,863	1,087,701
Effect of dilutive potential ordinary shares: 潛在攤薄普通股的影響： Restricted Shares 限制性股份	3,247	4,715
Weighted average number of ordinary shares for the purpose of diluted earnings per share 計算每股攤薄盈利的普通股加權平均數	1,096,110	1,092,416

Note: The weighted average number of ordinary shares has been calculated taking into account the shares held by the Group under share award scheme.

附註：加權平均普通股份數目計算已考慮股份獎勵計劃下本集團持有的股份。

14. DIRECTORS', CHIEF EXECUTIVES' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

14. 董事、主要行政人員及五名最高薪酬僱員酬金

Directors' and executives' remuneration, disclosed pursuant to the applicable Listing Rules and Companies Ordinance, is as follows:

董事及行政人員於年內酬金按適用上市規則及公司條例披露如下：

For the year ended 31 December 2018

截至二零一八年十二月三十一日止年度

	Other Emoluments 其他酬金				Total 2018 二零一八年 總額 RMB'000 人民幣千元
	Salaries and other benefits 薪金及其他福利 RMB'000 人民幣千元	Bonus 花紅 RMB'000 人民幣千元 (Note) (附註)	Retirement benefit scheme contributions 退休福利計劃供款 RMB'000 人民幣千元	Share award 股份獎勵 RMB'000 人民幣千元	
A) EXECUTIVE DIRECTORS 執行董事					
Ye Liaoning 葉遼寧	1,028	-	74	1,050	2,152
Sun Yang 孫泱	863	-	49	1,050	1,962
Wang Wenjie 王文杰	725	-	55	1,050	1,830
Sub-total 小計	2,616	-	178	3,150	5,944

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14. DIRECTORS', CHIEF EXECUTIVES' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

14. 董事、主要行政人員及五名最高薪酬僱員酬金(續)

	Other Emoluments 其他酬金				Total 2018 二零一八年 總額 RMB'000 人民幣千元
	Salaries and other benefits 薪金及其他福利 RMB'000 人民幣千元	Bonus 花紅 RMB'000 人民幣千元 (Note) (附註)	Retirement benefit scheme contributions 退休福利計劃供款 RMB'000 人民幣千元	Share award 股份獎勵 RMB'000 人民幣千元	

B) NON-EXECUTIVE DIRECTOR

非執行董事

Wang Wenjian 王文鑾

1,028

-

-

1,050

2,078

	Other Emoluments 其他酬金				Total 2018 二零一八年 總額 RMB'000 人民幣千元
	Salaries and other benefits 薪金及其他福利 RMB'000 人民幣千元	Bonus 花紅 RMB'000 人民幣千元	Retirement benefit scheme contributions 退休福利計劃供款 RMB'000 人民幣千元	Share award 股份獎勵 RMB'000 人民幣千元	

C) INDEPENDENT NON-EXECUTIVE DIRECTORS

獨立非執行董事

Zhang Yuqing 張余慶

84

-

-

-

84

Feng Hua Jun 馮華君

84

-

-

-

84

Shao Yang Dong 邵仰東

84

-

-

-

84

Sub-total 小計

252

-

-

-

252

Total 總額

8,274

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14. DIRECTORS', CHIEF EXECUTIVES' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

14. 董事、主要行政人員及五名最高薪酬僱員酬金(續)

For the year ended 31 December 2017

截至二零一七年十二月三十一日止年度

	Other Emoluments 其他酬金				
	Salaries and other benefits 薪金及其他福利 RMB'000 人民幣千元	Bonus 花紅 RMB'000 人民幣千元 (Note) (附註)	Retirement benefit scheme contributions 退休福利計劃供款 RMB'000 人民幣千元	Share award 股份獎勵 RMB'000 人民幣千元	Total 2017 二零一七年 總額 RMB'000 人民幣千元

A) EXECUTIVE DIRECTORS

執行董事

Ye Liaoning 葉遼寧	970	–	74	1,055	2,099
Sun Yang 孫泱	814	–	48	1,055	1,917
Wang Wenjie 王文杰	684	–	48	1,410	2,142
Sub-total 小計	2,468	–	170	3,520	6,158

	Other Emoluments 其他酬金				
	Salaries and other benefits 薪金及其他福利 RMB'000 人民幣千元	Bonus 花紅 RMB'000 人民幣千元 (Note) (附註)	Retirement benefit scheme contributions 退休福利計劃供款 RMB'000 人民幣千元	Share award 股份獎勵 RMB'000 人民幣千元	Total 2017 二零一七年 總額 RMB'000 人民幣千元

B) NON-EXECUTIVE DIRECTOR

非執行董事

Wang Wenjian 王文鑒	970	–	–	919	1,889
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14. DIRECTORS', CHIEF EXECUTIVES' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

14. 董事、主要行政人員及五名最高薪酬僱員酬金（續）

	Other Emoluments 其他酬金				Total 2017 二零一七年 總額 RMB'000 人民幣千元
	Salaries and other benefits 薪金及其他福利 RMB'000 人民幣千元	Bonus 花紅 RMB'000 人民幣千元	Retirement benefit scheme contributions 退休福利計劃供款 RMB'000 人民幣千元	Share award 股份獎勵 RMB'000 人民幣千元	
C) INDEPENDENT NON-EXECUTIVE DIRECTORS 獨立非執行董事					
Zhang Yuqing 張余慶	84	–	–	–	84
Feng Hua Jun 馮華君	84	–	–	–	84
Shao Yang Dong 邵仰東	84	–	–	–	84
Sub-total 小計	252	–	–	–	252
Total 總額					8,299

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

上列執行董事酬金為彼等有關管理本公司及本集團事務的服務報酬。

The non-executive director's emoluments shown above were for the services as a director of the Company and its subsidiaries.

上列非執行董事的酬金為擔任本公司及其附屬公司董事的服務報酬。

The independent non-executive directors' emoluments shown above were paid for their services as directors of the Company.

上列獨立非執行董事的酬金為彼等擔任本公司董事的服務報酬。

Mr. Ye Liaoning, Mr. Sun Yang and Mr. Wang Wenjie are also the Chief Executives of the Company and their emoluments disclosed above include those for services rendered by them as the Chief Executives.

葉遼寧先生、孫泱先生及王文杰先生亦為本公司的主要行政人員，且上文所披露之彼等的酬金包括就彼等擔任主要行政人員所提供服務的酬金。

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14. DIRECTORS', CHIEF EXECUTIVES' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

The five highest paid individuals of the Group included 2 (2017: 1) directors and chief executives for the year. Details of their emoluments are set out above. The emoluments of the remaining 3 (2017: 4) highest paid individuals were as follows:

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Salaries and other benefits 薪金及其他福利	1,699	1,992
Bonuses (Note) 花紅(附註)	1,940	2,897
Retirement benefit scheme contributions 退休福利計劃供款	152	223
Share award 股份獎勵	3,731	4,985
	7,522	10,097

Their emoluments were within the following band:

	2018 二零一八年 No. of employees 員工人數	2017 二零一七年 No. of employees 員工人數
HK\$2,000,001 to HK\$2,500,000 2,000,001港元至2,500,000港元	1	N/A 不適用
HK\$2,500,001 to HK\$3,000,000 2,500,001港元至3,000,000港元	N/A 不適用	2
HK\$3,000,001 to HK\$3,500,000 3,000,001港元至3,500,000港元	2	2

During both years, no emoluments were paid by the Group to the five highest paid individuals and directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. In the year ended 31 December 2018 (2017: Nil), no director waived emoluments.

Note: The bonus is determined by remuneration committees based on the Group's performance for each financial year and subject to a maximum of 5% of consolidated profit attributable to owners of the Company.

14. 董事、主要行政人員及五名最高薪酬僱員酬金(續)

本集團於本年度的五名最高薪酬人士包括兩名(二零一七年: 一名)董事及主要行政人員, 其酬金詳情載於上文。其餘三名(二零一七年: 四名)最高薪酬人士的酬金如下:

彼等的酬金範圍如下:

於兩年內, 本集團並無向五名最高薪酬人士及本公司董事支付酬金, 作為邀請其加入或加入本集團後的獎金或作為離職補償。於截至二零一八年十二月三十一日止年度, 並無董事放棄酬金(二零一七年: 零)。

附註: 花紅乃由薪酬委員會根據本集團於各財政年度的表現釐定, 惟不可高於本公司股東應佔綜合溢利的5%。

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15. PROPERTY, PLANT AND EQUIPMENT 15. 物業、機器及設備

	Leasehold land and buildings 租賃土地及樓宇 RMB'000 人民幣千元	Machinery and production equipment 機械及生產設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Fixtures and office equipment 傢俬及辦公室設備 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
COST 成本						
At 1 January 2017 於二零一七年一月一日	316,317	2,322,929	15,017	343,804	147,636	3,145,703
Additions 添置	109,618	956,497	3,689	43,492	214,949	1,328,245
Acquired on acquisition of a subsidiary 收購一家附屬公司時所購入	7,600	–	–	838	–	8,438
Transfer 轉撥	8,205	76,234	–	7,846	(92,285)	–
Disposals 出售	(368)	(41,210)	(365)	(14,754)	–	(56,697)
Transferred to investment properties 轉撥至投資物業	(50,851)	–	–	–	–	(50,851)
Exchange realignment 外匯調整	–	14	(13)	101	–	102
At 31 December 2017 and 1 January 2018 於二零一七年十二月三十一日及二零一八年一月一日	390,521	3,314,464	18,328	381,327	270,300	4,374,940
Additions 添置	1,584	1,679,663	2,659	112,752	946,818	2,743,476
Transfer 轉撥	186,244	82,839	–	163,177	(432,260)	–
Disposals 出售	(22,278)	(38,698)	(1,982)	(26,929)	–	(89,887)
Derecognised on disposal of subsidiaries 出售附屬公司時終止確認	–	(7,168)	(328)	(1,295)	–	(8,791)
Exchange realignment 外匯調整	–	258	77	68	–	403
At 31 December 2018 於二零一八年十二月三十一日	556,071	5,031,358	18,754	629,100	784,858	7,020,141
ACCUMULATED DEPRECIATION AND IMPAIRMENT 累計折舊及減值						
At 1 January 2017 於二零一七年一月一日	106,389	1,053,158	9,803	182,843	–	1,352,193
Charge for the year 年內支出	16,657	413,358	2,643	56,544	–	489,202
Eliminated on disposals 出售時對銷	(293)	(31,229)	(346)	(10,802)	–	(42,670)
Transferred to investment properties 轉撥至投資物業	(9,745)	–	–	–	–	(9,745)
Exchange realignment 外匯調整	–	12	(11)	37	–	38
At 31 December 2017 and 1 January 2018 於二零一七年十二月三十一日及二零一八年一月一日	113,008	1,435,299	12,089	228,622	–	1,789,018
Charge for the year 年內支出	18,907	685,920	2,416	64,168	–	771,411
Eliminated on disposals 出售時對銷	(1,555)	(30,115)	(1,864)	(24,660)	–	(58,194)
Derecognised on disposal of subsidiaries 出售附屬公司終止確認	–	(3,917)	(292)	(933)	–	(5,142)
Exchange realignment 外匯調整	–	190	64	53	–	307
At 31 December 2018 於二零一八年十二月三十一日	130,360	2,087,377	12,413	267,250	–	2,497,400
CARRYING VALUES 賬面值						
At 31 December 2018 於二零一八年十二月三十一日	425,711	2,943,981	6,341	361,850	784,858	4,522,741
At 31 December 2017 於二零一七年十二月三十一日	277,513	1,879,165	6,239	152,705	270,300	2,585,922

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15. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis over their estimated useful lives as follows:

Leasehold land and buildings	Shorter of 20 years or over the lease term
Machinery and production equipment	5 to 10 years
Motor vehicles	4 to 5 years
Fixtures and office equipment	3 to 10 years

The carrying value of properties shown above comprises:

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Buildings on leasehold land outside Hong Kong 於香港以外租賃土地上的樓宇	425,711	277,513

15. 物業、機器及設備 (續)

上述物業、機器及設備項目(在建工程除外)按照直線法於其下列估計可用年期內進行折舊:

租賃土地及樓宇	20年或於租期內(以較短者為準)
機械及生產設備	5至10年
汽車	4至5年
傢俬及辦公室設備	3至10年

上述物業的賬面值組成如下:

16. PREPAID LEASE PAYMENTS

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Analysed for reporting purpose as: 申報分析如下:		
Current assets 流動資產	5,581	4,515
Non-current assets 非流動資產	213,823	162,928
	219,404	167,443

Prepaid lease payments represent the payments for leasehold interests in land situated in the PRC and held under medium-term lease. During the year ended 31 December 2018, the Group acquired a piece of leasehold land located in the PRC at the cost of RMB80,144,000 and disposed a piece of leasehold land located in the PRC at the net booking value of RMB23,341,000 along with the above buildings which resulted with a gain of RMB1,798,000 and recognised in profit and loss accordingly.

預付租金為位於中國以中期租約所持土地權益的租金。於截至二零一八年十二月三十一日止年度，本集團以人民幣80,144,000元的成本購入位於中國的一幅租賃土地，以及以人民幣23,341,000元的淨賬面價值出售位於中國的一幅租賃土地及建於其之上的建築物，帶來人民幣1,798,000元的收益，此收益於損益中確認。

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17. INVESTMENT PROPERTIES

17. 投資物業

	RMB'000 人民幣千元
COST 成本	
At 1 January 2017 於二零一七年一月一日	16,750
Transferred from property, plant and equipment 轉撥自物業、機器及設備	50,851
At 31 December 2017 and 31 December 2018 於二零一七年十二月三十一日及二零一八年十二月三十一日	67,601
DEPRECIATION 折舊	
At 1 January 2017 於二零一七年一月一日	1,753
Transferred from property, plant and equipment 轉撥自物業、機器及設備	9,745
Charge for the year 年內支出	2,023
At 31 December 2017 and 1 January 2018 於二零一七年十二月三十一日及二零一八年一月一日	13,521
Charge for the year 年內支出	4,391
At 31 December 2018 於二零一八年十二月三十一日	17,912
CARRYING VALUES 賬面值	
At 31 December 2018 於二零一八年十二月三十一日	49,689
At 31 December 2017 於二零一七年十二月三十一日	54,080

All of the investment properties transferred from property, plant and equipment are measured using the cost model. The fair value of the Group's investment properties at 31 December 2018 was RMB88,999,000 (31 December 2017: RMB95,465,000). The fair value has been determined by the directors of the Company by reference to recent market evidence of transaction prices for similar properties in the same locations and conditions.

所有轉撥自物業、機器及設備的投資物業以成本模式計量。於二零一八年十二月三十一日，本集團投資物業的公允值為人民幣88,999,000元（二零一七年十二月三十一日：人民幣95,465,000元）。該公允值已由本公司董事經參考同區條件相同的同類物業的近期市場成交價後釐定。

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17. INVESTMENT PROPERTIES (Continued)

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

17. 投資物業 (續)

本集團投資物業的詳情及於報告期末有關公允價值等級的資料如下：

	Level 3 第三級 RMB'000 人民幣千元	Fair value as at 31/12/2018 公允值 於二零一八年 十二月三十一日 RMB'000 人民幣千元
Commercial property units located in the PRC 位於中國商業物業單位	88,999	88,999
	Level 3 第三級 RMB'000 人民幣千元	Fair value as at 31/12/2017 公允值 於二零一七年 十二月三十一日 RMB'000 人民幣千元
Commercial property unit located in the PRC 位於中國商業物業單位	95,465	95,465

The above investment properties are depreciated on a straight-line basis over 20 years.

上列投資物業於20年內按照直線法折舊。

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18. INTANGIBLE ASSETS

18. 無形資產

	Patents 專利權 RMB'000 人民幣千元
COST 成本	
At 1 January 2017 於二零一七年一月一日	8,907
Additions 添置	436,026
At 31 December 2017 and 31 December 2018 於二零一七年十二月三十一日及二零一八年十二月三十一日	444,933
AMORTISATION AND IMPAIRMENT 攤銷及減值	
At 1 January 2017 於二零一七年一月一日	8,906
Charge for the year 年內支出	43,603
At 31 December 2017 and 1 January 2018 於二零一七年十二月三十一日及二零一八年一月一日	52,509
Charge for the year 年內支出	43,603
At 31 December 2018 於二零一八年十二月三十一日	96,112
CARRYING VALUES 賬面值	
At 31 December 2018 於二零一八年十二月三十一日	348,821
At 31 December 2017 於二零一七年十二月三十一日	392,424

The above patents have finite useful lives and are amortised on a straight-line basis over 10 years.

上述專利具有有限可使用年期，並以直線法按十年期攤銷。

The directors of the Company considered no impairment loss on patents for the years ended 31 December 2018 and 2017.

截至二零一八年及二零一七年十二月三十一日止年度，本公司董事認為專利權並無減值虧損。

19. INTERESTS IN ASSOCIATES

19. 於聯營公司的權益

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Cost of investment in unlisted associates 非上市聯營公司投資成本	171,340	173,020
Share of post-acquisition profit or loss and other comprehensive income or expenses, net of dividends received 分佔收購後損益及其他全面收益或開支，扣減已收股息	(60,535)	(38,428)
Impairment loss recognised 已確認減值虧損	(9,997)	(9,997)
	100,808	124,595

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19. INTERESTS IN ASSOCIATES (Continued)

Details of each of the Group's associates at the end of the reporting period are as follow:

19. 於聯營公司的權益 (續)

於報告期末，本集團各聯營公司的詳情如下：

Name of associate 聯營公司名稱	Places of registration / operation 註冊地點 / 營運地點	Proportion of ownership interests held by the Group 本集團持有的所有權權益比例		Proportion of voting rights held by the Group 本集團持有的投票權比例		Principal activity 主要業務
		2018 二零一八年	2017 二零一七年	2018 二零一八年	2017 二零一七年	
Visiondigi (Shanghai) Technology Co., Ltd. ("Visiondigi Shanghai")* 上海威乾視頻技術有限公司 (「上海威乾」)	The PRC 中國	30.85%	30.85%	33.33%	33.33%	Manufacture and sale of closed circuit television 生產及銷售閉路電視
Jiangsu Sunny Medical Equipments Co., Ltd. ("Jiangsu Medical")* 江蘇舜宇醫療器械有限公司 (「江蘇舜宇醫療」)	The PRC 中國	26.00%	26.00%	33.33%	33.33%	Manufacture and sale of medical instrument business 生產及銷售醫療儀器業務
Wuxi Wissen Intelligent Sensing Technology Co., Ltd. ("Wissen")* 無錫為森智慧傳感技術有限公司 (「為森」) #	The PRC 中國	46.11%	46.11%	40.00%	40.00%	Research and development of imaging motion sensors 研究及開發影像傳感器
Ningbo Mei Shan Bao Shui Gang Qu Keyi Venture Capital Investment Partnership ("Limited Partnership") ("Ningbo Keyi")* (Note) 寧波梅山保稅港區科儀創業投資合夥企業 (有限合夥) (「寧波科儀」) (附註)	The PRC 中國	N/A 不適用	80.00%	N/A 不適用	33.33%	Venture capital investment and related consultation 風險資本投資及相關諮詢

*: The English names of the above entities established in the PRC are translated for identification purpose only.

#: The company had changed its registered name from 無錫維森智能傳感技術有限公司 to 無錫為森智慧傳感技術有限公司 during the current year.

Note: During the current year, Ningbo Keyi, an associate held by the Group with 80% equity interests, started the liquidation procedure since August 2017 and officially dissolved on 31 January 2018.

*: 於中國成立的上述實體的英文名稱為翻譯名稱，僅供識別。

#: 於本年度，該公司已更改其註冊名稱，由無錫維森智能傳感技術有限公司改為無錫為森智慧傳感技術有限公司。

附註：於本年度期間，本集團於聯營公司寧波科儀持有80%股本權益，其於二零一七年八月啟動清算程序，並於二零一八年一月三十一日正式解散。

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19. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information of material associates

Summarised financial information in respect of the Group's material associates is set out below.

The summarised financial information below presents amounts shown in the associate's financial statement prepared in accordance with HKFRS.

Wissen

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Current assets 流動資產	85,180	137,105
Non-current assets 非流動資產	63,694	69,496
Current liabilities 流動負債	(26,710)	(32,760)

Wissen

	Year ended 31/12/2018 截至二零一八年 十二月三十一日 止年度 RMB'000 人民幣千元	Year ended 31/12/2017 截至二零一七年 十二月三十一日 止年度 RMB'000 人民幣千元
Revenue 收入	42,180	11,751
Total comprehensive expense for the year 年內全面開支總額	(51,678)	(41,380)

19. 於聯營公司的權益 (續)

重大聯營公司的財務資料概要

有關本集團重大聯營公司的財務資料概要載列如下。

以下財務資料概要指根據香港財務報告準則編製聯營公司財務報表所載的金額：

為森

為森

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19. INTERESTS IN ASSOCIATES (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Net assets of Wissen 為森的資產淨值	122,164	173,841
Proportion of the Group's ownership interest in Wissen 本集團於為森的所有權權益比例	46.11%	46.11%
Net assets of Wissen 為森的資產淨值	56,330	80,158
Goodwill on acquisition 收購商譽	5,592	5,592
Carrying amount of the Group's ownership interest in Wissen 本集團於為森的所有權權益的賬面值	61,922	85,750

19. 於聯營公司的權益 (續)

上述財務資料概要與綜合財務報表中所確認於聯營公司權益的賬面值的對賬如下：

20. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Deferred tax assets 遞延稅項資產	(42,599)	(40,435)
Deferred tax liabilities 遞延稅項負債	403,328	106,895
	360,729	66,460

20. 遞延稅項

就綜合財務狀況表的呈列而言，若干遞延稅項資產及負債已經抵銷。用作財務報告目的的遞延稅項結餘分析如下：

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20. DEFERRED TAXATION (Continued)

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Withholding tax on distributed profit from the PRC 中國已分配利潤預繳稅 RMB'000 人民幣千元	Allowance for inventories and ECL provision 存貨撥備及預期信貸虧損撥備 RMB'000 人民幣千元	Deferred subsidy income 遞延補貼收入 RMB'000 人民幣千元	Accelerated depreciation 加速折舊 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
At 1 January 2017 於二零一七年一月一日	5,595	(24,534)	(1,267)	28,269	(2,083)	5,980
Charge (Credit) to profit or loss (Note 9) 於損益中扣除 (計入) (附註9)	43,734	1,811	(5,758)	29,297	(8,604)	60,480
At 31 December 2017 於二零一七年十二月三十一日	49,329	(22,723)	(7,025)	57,566	(10,687)	66,460
Effect arising from initial application of HKFRS 9 初步應用香港財務報告準則第9號所產生的影響	-	-	-	-	6,215	6,215
At 1 January 2018 (restated) 於二零一八年一月一日 (經重列)	49,329	(22,723)	(7,025)	57,566	(4,472)	72,675
Charge (Credit) to profit or loss (Note 9) 於損益中扣除 (計入) (附註9)	31,530	(9,733)	(2,263)	256,927	13,001	289,462
Credit to other comprehensive income 計入其他全面收益	-	-	-	-	(1,408)	(1,408)
At 31 December 2018 於二零一八年十二月三十一日	80,859	(32,456)	(9,288)	314,493	7,121	360,729

At the end of the reporting period, the Group had unused tax losses of approximately RMB978,348,000 (2017: RMB204,551,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses for both years of 2018 and 2017 due to the unpredictability of future profit streams. The tax losses arising from the PRC non high-tech subsidiaries of RMB96,388,000 (2017: RMB160,206,000) can be carried forward for maximum of five years and will expire during 2019 to 2023 while the tax losses arising from the PRC high-tech subsidiaries of RMB835,768,000 (2017: Nil) can be carried forward for maximum of ten years and will expire during 2019 to 2028 according to Caishui [2018] No. 76. which has extended the expiration period from five years to ten years. Other tax losses may be carried forward indefinitely.

20. 遞延稅項 (續)

已確認的主要遞延稅項負債 (資產) 及本年度和過往年度變動如下：

	Withholding tax on distributed profit from the PRC 中國已分配利潤預繳稅 RMB'000 人民幣千元	Allowance for inventories and ECL provision 存貨撥備及預期信貸虧損撥備 RMB'000 人民幣千元	Deferred subsidy income 遞延補貼收入 RMB'000 人民幣千元	Accelerated depreciation 加速折舊 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
At 1 January 2017 於二零一七年一月一日	5,595	(24,534)	(1,267)	28,269	(2,083)	5,980
Charge (Credit) to profit or loss (Note 9) 於損益中扣除 (計入) (附註9)	43,734	1,811	(5,758)	29,297	(8,604)	60,480
At 31 December 2017 於二零一七年十二月三十一日	49,329	(22,723)	(7,025)	57,566	(10,687)	66,460
Effect arising from initial application of HKFRS 9 初步應用香港財務報告準則第9號所產生的影響	-	-	-	-	6,215	6,215
At 1 January 2018 (restated) 於二零一八年一月一日 (經重列)	49,329	(22,723)	(7,025)	57,566	(4,472)	72,675
Charge (Credit) to profit or loss (Note 9) 於損益中扣除 (計入) (附註9)	31,530	(9,733)	(2,263)	256,927	13,001	289,462
Credit to other comprehensive income 計入其他全面收益	-	-	-	-	(1,408)	(1,408)
At 31 December 2018 於二零一八年十二月三十一日	80,859	(32,456)	(9,288)	314,493	7,121	360,729

於報告期末，本集團有未使用稅項虧損約人民幣978,348,000元 (二零一七年：人民幣204,551,000元) 可供用於抵銷未來溢利。由於未來溢利無法預測，故並無就二零一八年及二零一七年的該項虧損確認遞延稅項資產。中國非高科技附屬公司產生的稅項虧損人民幣96,388,000元 (二零一七年：人民幣160,206,000元) 可於最多五年內結轉，並將於二零一九年至二零二三年到期，而中國高科技附屬公司產生的稅項虧損人民幣835,768,000元 (二零一七年：零) 可於最多十年內結轉，到期期限根據財稅[2018]76號文由五年增至十年，將於二零一九年至二零二八年到期。其他稅項虧損可無限期結轉。

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21. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

The deposits are paid for construction of factory buildings and acquisition of plants and equipment located in the PRC for the expansion of the Group's production plant.

21. 就收購物業、機器及設備已支付的按金

本集團就興建廠房樓宇以及收購位於中國的廠房及設備以供其生產機器擴張而支付按金。

22. AVAILABLE-FOR-SALE INVESTMENTS

22. 可供出售投資

	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Unlisted equity securities, at cost 以成本計量的非上市股本證券	129,373

As at 31 December 2017, the carrying amount of the available-for-sale investments was RMB129,373,000 which measured at cost less impairment since these investments do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

於二零一七年十二月三十一日，可供出售投資賬面值為人民幣129,373,000元，因該等投資於活躍市場上並無市場報價且公允值無法可靠計量，故此其乃按成本減去減值計量。

According to the transition provisions set out in HKFRS 9, the Group applied the classification and measurement requirements retrospectively to financial instruments that have not been derecognised as at 1 January 2018. At the date of initial application of HKFRS 9, the Group irrevocably elected to present the equity instruments amounting to RMB92,623,000 with the subsequent changes in fair value of equity investments in OCI and a fair value gain of RMB35,218,000 (net off with the related deferred tax liabilities of RMB6,215,000) was recognised in the FVTOCI reserve as at 1 January 2018.

根據香港財務報告準則第9號之過渡條文，本集團對於二零一八年一月一日未終止確認的金融工具追溯應用分類及計量之規定。於初次應用香港財務報告準則第9號之日，本集團不可撤回地選擇將金額為人民幣92,623,000元的權益工具及股權投資的其後公允值變動計入其他全面收益列賬。人民幣35,218,000元的公允值收益（扣除相關的遞延稅項負債人民幣6,215,000元）於二零一八年一月一日於按公允值計入其他全面收益列賬的儲備中確認。

The remaining equity investments with the carrying amount of RMB36,750,000 were reclassified as FVTPL and the fair value change of these equity investments were insignificant upon the initial application of HKFRS 9 at 1 January 2018.

剩餘的賬面值為人民幣36,750,000元的股權投資重新分類至按公允值計入損益。於二零一八年一月一日初次應用香港財務報告準則第9號後，該等股權投資的公允值變動並不重大。

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23. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

23. 按公允值計入其他全面收益的權益工具

31/12/2018

二零一八年

十二月三十一日

RMB'000

人民幣千元

Unlisted equity investments 非上市股權投資

106,583

The unlisted equity investments represent the Group's equity interests in private entities. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance in the long run.

As at 31 December 2018, the fair value of one private equity investment decreased significantly due to the unqualified project result failed to achieve the critical milestone at the year end. In the opinion of the directors of the Company, it is more than likely that the investment could not be recovered due to the pessimistic prospects of the investee's future development. Therefore, the carrying amount of RMB55,473,000 was impaired and a fair value loss of RMB54,065,000 (net off with the reversal of related deferred tax liabilities of RMB1,408,000) was recognised in FVTOCI reserve.

非上市股權投資代表本集團於私人實體的股本權益。本公司董事已選擇將該等權益工具投資指定為按公允值計入其他全面收益，此乃由於彼等相信於損益確認該等投資公允值的短期波動不符合本集團就長期目的持有該等投資以及就長期而言實現該等投資表現的策略。

於二零一八年十二月三十一日，因不達標項目成績未能達成年終的關鍵里程碑，一項私人股權投資的公允值大幅減少。本公司董事認為，由於被投資方未來發展的悲觀前景，投資很可能無法收回。因此，已作出賬面值人民幣55,473,000元的減值，且公允值虧損人民幣54,065,000元（扣除相關遞延稅項負債人民幣1,408,000元的撥回）於按公允值計入其他全面收益儲備中確認。

24. DEBT INSTRUMENTS AT AMORTISED COST

24. 按攤銷成本計量的債務工具

In April 2018, the Group purchased debt instruments amounting to RMB101,079,000 which carries coupon rates ranging from 3.50% to 4.75% with the business model to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding semi-annually according to the contract terms. Accordingly, these debt instruments were classified and subsequently measured at amortised cost, the carrying amount of the instruments is RMB109,394,000 as at 31 December 2018, among which RMB54,915,000 will mature within one year and the remaining amount of RMB54,479,000 will mature after one year.

於二零一八年四月，本集團購入的債務工具金額為人民幣101,079,000元，票面利率自3.50%至4.75%不等，其業務模式旨在收取合約現金流量，僅為根據合約條款支付本金及每半年末償還本金之利息。因此，該等債務工具被分類且其後按攤銷成本計量，該等工具於二零一八年十二月三十一日的賬面值為人民幣109,394,000元，當中人民幣54,915,000將於一年內到期，而餘額人民幣54,479,000將於一年後到期。

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25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

25. 按公允值計入損益的金融資產

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Current assets 流動資產		
Fund investments (Note a) 基金投資 (附註a)	327,512	–
Unlisted financial products (Note b) 非上市金融產品 (附註b)	4,432,070	1,952,340
	4,759,582	1,952,340
Non-current assets 非流動資產		
Debt investments (Note c) 債務投資 (附註c)	157,205	–
Equity investments (Note d) 股權投資 (附註d)	77,880	–
	235,085	–

(a) Fund investments

During the current year, the Group entered into several contracts to purchase fund units (the “Fund”) with a financial institution. The entire contracts have been accounted for financial assets at FVTPL on initial recognition. As at 31 December 2018, the fair value of the Fund is United State Dollar (“US\$” or “USD”) 47,720,000 per the investment statement of the financial institution, equivalent to RMB327,512,000.

(b) Unlisted financial products

During the current year, the Group entered into several contracts of unlisted financial products with banks. The unlisted financial products are managed by related banks in the PRC to invest principally in certain financial assets including bonds, trusts and cash funds, etc. The unlisted financial products have been accounted for financial assets at FVTPL on initial recognition in which that the return of the unlisted financial products was determined by reference to the performance of the underlying government debt instruments and treasury notes and the expected return rate stated in the contracts ranges from 1.80% to 5.30% (31 December 2017: 2.20% to 5.30%) per annum.

(a) 基金投資

於本年度內，本集團簽訂若干合約以向金融機構購買基金單位（「基金」）。全部合約於初步確認時列作按公允值計入損益的金融資產。於二零一八年十二月三十一日，根據金融機構的投資報表，基金的公允值為47,720,000美元，相當於人民幣327,512,000元。

(b) 非上市金融產品

於本年度內，本集團與銀行簽訂若干非上市金融產品合約。該等非上市金融產品由中國相關銀行管理，主要投資於債券、信託及現金基金等若干金融資產。非上市金融產品在初步確認時已列作按公允值計入損益的金融資產，該部分非上市金融產品的回報根據相關政府債務工具及國庫券的表現釐定，合約中的預期年回報率介乎1.80%至5.30%之間（二零一七年十二月三十一日：2.20%至5.30%之間）。

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25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(b) Unlisted financial products (Continued)

In the opinion of the directors of the Company, the fair value change of the unlisted financial products is insignificant in the current year.

(c) Debt investments

During the current year, the Group entered into several contracts to purchase the debt investments with carrying coupon rates ranging from 4.65% to 7.25% with certain features which could not pass the testing of solely payments of principal and interest on the principal amount outstanding and accounted for financial assets at FVTPL.

(d) Equity investments

Upon the initial application of HKFRS 9, the Group's equity investments of 餘姚市陽明智行投資中心(有限合伙) ("V Fund") in the amount of RMB36,750,000 were reclassified from available-for-sale investments to financial assets at FVTPL as at 1 January 2018. During the current year, the Group has also made another equity investment in the amount of RMB20,000,000 into a newly set up partnership enterprise which was established with the independent third parties, the equity interest accounted for only 1.46% and this equity investment was also measured at FVTPL. As at 31 December 2018, the fair value of those equity investments is RMB77,880,000 with the subsequent changes in fair value gain of RMB21,130,000 recognised in other gains or losses during the current year.

25. 按公允值計入損益的金融資產 (續)

(b) 非上市金融產品 (續)

本公司董事認為，非上市金融產品的公允值變動於本年度並不重大。

(c) 債務投資

於本年度內，本集團已簽訂若干合約以購買票面利率自4.65%至7.25%不等的債務投資，該等投資具備若干無法通過測試的特點，僅支付本金及未償還本金之利息，故列作按公允值計入損益的金融資產。

(d) 股權投資

初步應用香港財務報告準則第9號後，本集團於餘姚市陽明智行投資中心(有限合伙)(「V基金」)金額為人民幣36,750,000元的股權投資於二零一八年一月一日由可供出售投資重新分類為按公允值計入損益的金融資產。於本年度內，本集團作出另一項金額為人民幣20,000,000元的股權投資，與獨立第三方新成立合夥企業，股權僅佔1.46%，此股權投資亦按公允值計入損益計量。於二零一八年十二月三十一日，該等股權投資的公允值為人民幣77,880,000元，其後公允值變動收益人民幣21,130,000元於本年度內的其他收益或虧損中確認。

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26. INVENTORIES

26. 存貨

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Raw materials 原材料	529,233	314,064
Work in progress 半製成品	276,104	149,294
Finished goods 製成品	2,268,585	2,158,486
	3,073,922	2,621,844

27. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

27. 貿易及其他應收款項及預付款項

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Current assets 流動資產		
Trade receivables 貿易應收款項	5,186,714	4,546,193
Less: allowance for expected credit losses 減：預期信貸虧損撥備	(101,586)	(96,850)
	5,085,128	4,449,343
Bill receivables 應收票據	710,363	796,945
Loan receivables (Note) 應收貸款(附註)	107,731	138,059
Other receivables and prepayment 其他應收款項及預付款項		
Value added tax and other tax receivables 應收增值稅及其他應收稅項	88,061	42,807
Individual income tax receivable from employees 應收僱員個人所得稅	–	45,890
Advance to suppliers 墊付供應商款項	83,848	35,357
Interest receivables 應收利息	38,349	10,714
Prepaid expenses 預付開支	63,892	76,469
Rental and utilities deposits 租金及公用事業按金	19,206	55,133
Other receivables from employees 其他應收僱員款項	14,283	3,586
Others 其他	20,625	11,386
	328,264	281,342
Total trade and other receivables and prepayment 貿易及其他應收款項及預付款項總額	6,231,486	5,665,689

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27. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (Continued)

The Group allows a credit period of average 90 days to its trade customers and 90 to 180 days for bill receivables. The following is an aged analysis of trade receivables net of allowance for credit loss presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates.

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Within 90 days 90天以內	4,967,107	4,404,611
91 to 180 days 91天至180天	117,752	43,102
Over 180 days 180天以上	269	1,630
	5,085,128	4,449,343

Aging of bill receivables at the end of the reporting period is as follows:

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Within 90 days 90天以內	645,037	682,520
91 to 180 days 91天至180天	65,326	114,425
	710,363	796,945

27. 貿易及其他應收款項及預付款項 (續)

本集團給予貿易客戶平均90天的信貸期，及給予應收票據90天至180天的信貸期。以下為於報告期末基於發票日（與各自的收益確認日期相若）呈列的貿易應收款項（扣除信貸虧損撥備）的賬齡分析。

於報告期末的應收票據賬齡如下：

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27. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (Continued)

As at 31 December 2018, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB77,019,000 which are past due as at the reporting date. Out of the past due balances, RMB40,000 has been past due 90 days or more and is not considered as in default as the amount will be repaid by the customer based on the customer's promise and historical experience. The Group does not hold any collateral over these balances.

As at December 2017, 99% of the trade receivables that are neither past due nor impaired have high credit scoring attributable under the internal credit scoring system used by the Group.

As at December 2017, included in the Group's trade receivables are debtors with an aggregate carrying amount of RMB44,732,000 which are past due at the end of the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired

	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
91 to 180 days 91天至180天	43,102
Over 180 days 180天以上	1,630
Total 總額	44,732

27. 貿易及其他應收款項及預付款項 (續)

於二零一八年十二月三十一日，本集團貿易應收款項結餘包括於報告日期已逾期的總賬面值為人民幣77,019,000元的債務人，於逾期結餘當中的人民幣40,000元已逾期90天或以上，且並不被視為違約，此乃由於根據客戶的承諾及過往經驗，客戶會償還該等款項。本集團並無就該等結餘持有任何抵押品。

於二零一七年十二月，99%未逾期亦無減值的貿易應收款項根據本集團採用的內部信貸評級系統被評為高信用評級。

於二零一七年十二月，本集團貿易應收款項包括於報告日期未已逾期的總賬面值為人民幣44,732,000元的債務人，本集團並無就其作出減值虧損撥備。本集團並無就該等結餘持有任何抵押品。

已逾期但無減值的貿易應收款項賬齡

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27. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (Continued)

Movement in the allowance for doubtful debts

	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
1 January 一月一日	141,827
Impairment losses recognised 已確認的減值虧損	18,735
Impairment losses reversed 減值虧損撥回	(61,636)
Write-offs 撇銷	(2,076)
Balance at end of the reporting period 報告期末結餘	96,850

As at December 2017, included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of RMB82,797,000.

Details of impairment assessment of trade and other receivables for the year ended 31 December 2018 are set out in Note 37(b).

Note: The Group provides fixed-rate loans with a term from one month to one year to local individuals and small enterprises in the PRC. All loans are either backed by guarantees and/or secured by collaterals.

28. PLEDGED BANK DEPOSITS/SHORT TERM FIXED DEPOSITS/BANK BALANCES AND CASH

The Group pledged certain of its bank deposits to banks as security for note payables and the pledged bank deposits carry fixed interests of 1.35% (31 December 2017: 1.35%) per annum.

Short term fixed deposits carry fixed interest rates ranging from 1.95% to 2.13% (31 December 2017: 1.95% to 2.13%) per annum. Short term fixed deposits have original maturity dates less than one year and therefore classified as current assets.

Bank balances, which represent saving accounts and deposits, carry interest at market saving rates at 0.35% (31 December 2017: 0.35%) per annum.

27. 貿易及其他應收款項及預付款項 (續)

呆賬撥備變動

於二零一七年十二月，包括於呆賬撥備為總結餘人民幣82,797,000元的獨立減值貿易應收款項。

貿易及其他應收款項截至二零一八年十二月三十一日止年度的減值評估詳情載於附註37(b)。

附註：本集團向中國當地個體及小型企業提供期限為一個月至一年的固定利率貸款。所有貸款均由擔保支持及／或由抵押擔保。

28. 已抵押銀行存款／短期定期存款／銀行結餘及現金

本集團已向銀行抵押其若干銀行存款作應付票據的抵押品，已抵押銀行存款固定年利率為1.35% (二零一七年十二月三十一日：1.35%)。

短期定期存款按介乎1.95%至2.13% (二零一七年十二月三十一日：1.95%至2.13%) 的固定年利率計息。短期定期存款原到期日少於一年，因而被分類為流動資產。

銀行結餘指儲蓄賬戶及存款，按0.35% (二零一七年十二月三十一日：0.35%) 的市場儲蓄存款年利率計息。

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29. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

29. 衍生金融資產及負債

At the end of the reporting period, the Group held certain derivatives classified as held for trading and not under hedge accounting as follows:

於報告期末，本集團持有若干分類為持作買賣及未按對沖會計法處理的衍生工具如下：

	Assets 資產		Liabilities 負債	
	31/12/2018 二零一八年 十二月 三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月 三十一日 RMB'000 人民幣千元	31/12/2018 二零一八年 十二月 三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月 三十一日 RMB'000 人民幣千元
Foreign currency forward contracts 遠期外匯合約	46,388	–	2,682	28,788
Foreign currency options contracts 外匯期權合約	397	3,375	741	4,247
Total 總額	46,785	3,375	3,423	33,035
Less: current portion 減：即期部分				
Foreign currency forward contracts 遠期外匯合約	38,589	–	–	–
Foreign currency options contracts 外匯期權合約	397	1,092	741	30,438
	38,986	1,092	741	30,438
Non-current portion 非即期部分	7,799	2,283	2,682	2,597

As at 31 December 2018 and 2017, the Group had entered into the following foreign currency forward contracts and foreign currency options contracts.

於二零一八年及二零一七年十二月三十一日，本集團已訂立以下遠期外匯合約及外匯期權合約。

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29. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (Continued)

Foreign currency forward contracts

The Group entered into several USD/RMB foreign currency forward contracts with banks in the PRC in order to manage the Group's foreign currency risk.

	Receiving currency 收取貨幣	Selling currency 賣出貨幣	Maturity date 到期日	Weighted average forward exchange rate 加權平均遠期匯率
Contract T 合約T	USD37,000,000 37,000,000美元	RMB244,396,000 人民幣244,396,000元	14 June 2019 二零一九年六月十四日	USD:RMB at 1:6.61 美元兌人民幣：1:6.61
Contract U 合約U	USD40,000,000 40,000,000美元	RMB263,240,000 人民幣263,240,000元	14 March 2019 二零一九年三月十四日	USD:RMB at 1:6.58 美元兌人民幣：1:6.58
Contract V 合約V	USD37,000,000 37,000,000美元	RMB244,400,000 人民幣244,400,000元	14 March 2019 二零一九年三月十四日	USD:RMB at 1:6.61 美元兌人民幣：1:6.61
Contract series W 合約系列W	USD101,250,000 101,250,000美元	RMB678,054,000 人民幣678,054,000元	Semi-annually Till 18 January 2023 半年期至二零二三年 一月十八日	USD:RMB from 6.45 to 6.99 美元兌人民幣： 由6.45至6.99

Foreign currency options contracts

The Group entered into several USD/RMB foreign currency options contracts with banks in Hong Kong and the PRC in order to manage the Group's currency risk.

The Group is required to transact with the banks for designated notional amount on each of the valuation dates specified within the respective contracts ("Valuation Date").

At each Valuation Date, the Reference Rate⁺ shall be compared against the strike rates (upper and lower)/barrier rate as specified within the respective contracts, and the Group may receive from/pay to the bank an amount as specified in the contracts if certain conditions specified within the respective contracts are met.

The Reference Rate⁺ represents the spot rate as specified within the respective contracts.

29. 衍生金融資產及負債（續）

遠期外匯合約

本集團已與中國的銀行訂立若干美元兌人民幣的遠期外匯合約，以管理本集團的外匯風險。

外匯期權合約

本集團已與香港及中國的銀行訂立若干美元兌人民幣的外匯期權合約，以管理本集團的貨幣風險。

本集團須於各合約所指定的估值日期（「估值日期」）就指定名義金額與該等銀行進行交易。

於各估值日期，參考匯率⁺須與各合約所指定的行使匯率（上限及下限）／門檻匯率作比較，且在達致各合約所指定若干條件的情況下，本集團可向相關銀行收取／支付該等合約所指定的金額。

參考匯率⁺指各合約所指定的現貨匯率。

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29. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (Continued)

Foreign currency options contracts (Continued)

Extracts of details of foreign currency options contracts from the respective contracts are as follow:

	Notional amount 名義金額 USD'000 千美元	Strike/barrier/ forward rates 行使 / 門檻 / 遠期匯率	Ending Settlement Date (Note 1) 結束結算日期 (附註1)	
			2018 二零一八年	2017 二零一七年
Contract K (Note 2) 合約K (附註2)	60,000	USD:RMB at 1:7.156 美元兌人民幣 : 1:7.156	N/A 不適用	27 March 2018 二零一八年 三月二十七日
Contract L (Note 2) 合約L (附註2)	60,000	USD:RMB at 1:7.15 美元兌人民幣 : 1:7.15	N/A 不適用	27 March 2018 二零一八年 三月二十七日
Contract M (Note 3) 合約M (附註3)	120,000	USD:RMB at 1:7.22 美元兌人民幣 : 1:7.22	N/A 不適用	26 September 2018 二零一八年 九月二十六日
Contract N (Note 3) 合約N (附註3)	120,000	USD:RMB at 1:7.20 美元兌人民幣 : 1:7.20	N/A 不適用	26 September 2018 二零一八年 九月二十六日
Contract O 合約O	125,000	USD:RMB at 1:7.30 美元兌人民幣 : 1:7.30	7 May 2019 二零一九年五月七日	7 May 2019 二零一九年五月七日
Contract P 合約P	125,000	USD:RMB at 1:7.28 美元兌人民幣 : 1:7.28	7 May 2019 二零一九年五月七日	7 May 2019 二零一九年五月七日

Note 1: Each contract has a series of settlement dates. The Ending Settlement Dates stated as in the above table represent the last settlement date, specified within respective contracts.

Note 2: Both contract K and contract L were settled as a result of occurrence of trigger event on 27 March 2018.

Note 3: Both contract M and contract N were settled as a result of occurrence of trigger event on 26 September 2018.

The Group has entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements ("ISDA Agreements") signed with a bank. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently no legally enforceable right to set off the recognised amount.

29. 衍生金融資產及負債 (續)

外匯期權合約 (續)

各合約的外匯期權合約的詳情摘要如下：

附註1：各合約均有一系列結算日期。上表所示結束結算日期指各合約所指定的最後結算日期。

附註2：因於二零一八年三月二十七日發生觸發事件，本集團已結清合約K及L。

附註3：因於二零一八年九月二十六日發生觸發事件，本集團已結清合約M及N。

本集團已訂立若干衍生工具交易，與銀行簽訂的國際掉期及衍生工具協會總協議（「國際掉期及衍生工具協會總協議」）涉及該等交易。由於國際掉期及衍生工具協會總協議規定，僅可於出現拖欠款項、無力償債及破產的情況下行使抵銷權，故本集團目前並無可抵銷已確認款項的依法可強制執行權利，因此，該等衍生工具並未於綜合財務狀況表內抵銷。

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30. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade and note payables presented based on the invoice date at the end of reporting period.

30. 貿易及其他應付款項

以下為於報告期末基於發票日的貿易應付款項及應付票據的賬齡分析。

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Current liabilities 流動負債		
Trade payables 貿易應付款項		
Within 90 days 90天以內	3,991,794	3,802,811
91 to 180 days 91天至180天	651,096	384,235
Over 180 days 180天以上	3,362	2,402
Accrued purchases 應計採購額	428,089	350,351
Total trade payables and accrued purchases 貿易應付款項及應計採購額總額	5,074,341	4,539,799
Note payables 應付票據		
Within 90 days 90天以內	948,474	614,156
91 to 180 days 91天至180天	21,468	34,371
	969,942	648,527
Payables for purchase of property, plant and equipment 購置物業、機器及設備應付款項	195,588	133,647
Payable for acquisition of assets 收購資產應付款項	-	3,520
Staff salaries and welfare payables 員工薪金及福利應付款項	387,020	461,953
Labor outsourcing payables 勞務外包應付款項	129,430	-
Advance from customers 客戶墊付款項	-	76,050
Payable for acquisition of patents 收購專利應付款項	41,134	40,224
Value added tax payables and other tax payables 應付增值稅及其他應付稅項	150,001	171,324
Technology grant payables 應付科技補助金	450	25,832
Commission payables 應付佣金	11,262	11,078
Interest payable 應付利息	70,062	3,314
Rental and utilities payable 應付租金及公用事業費用	8,264	15,017
Accrued research and development expenses 應計研發開支	7,248	1,272
Others 其他	19,119	51,245
	1,019,578	994,476
	7,063,861	6,182,802
Non-current liabilities 非流動負債		
Long term payables 長期應付款項		
Payable for acquisition of patents 收購專利應付款項	330,452	347,294

The credit period on purchases of goods is up to 180 days (2017: 180 days) and the credit period for note payables is 90 days to 180 days (2017: 90 days to 180 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

貨品採購的信貸期最多為180天(二零一七年：180天)及應付票據的信貸期為90天至180天(二零一七年：90天至180天)。本集團已實施財務風險管理政策，以確保所有應付款項於信貸期內支付。

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31. CONTRACT LIABILITIES

31. 合約負債

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	1/1/2018* 二零一八年 一月一日* RMB'000 人民幣千元
Advance from customers 客戶墊付款項	110,281	76,050

* The amounts in this column are after the adjustments from the application of HKFRS 15.

The contract liability is the consideration received from the customers which represents the Group's remaining obligation to transfer goods to customers. All the contract liabilities at the beginning of the period have been realised to revenue in the reporting period and no revenue recognised in the reporting period from the performance obligations satisfied in previous periods.

* 此列金額乃應用香港財務報告準則第15號調整後之金額。

合約負債指本集團已從客戶收取有關尚未履行向客戶轉移貨品義務的代價。期初的所有合約負債對應的履約義務均於報告期內完成，收入得以確認，且本報告期確認的收入中不包含任何往期已經實現的履約義務。

32. BANK BORROWINGS

32. 銀行借貸

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Secured 有抵押	700,000	635,000
Unsecured 無抵押	782,405	712,881
	1,482,405	1,347,881

The exposure of the Group's bank borrowings are as follows:

本集團的銀行借貸風險如下：

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Fixed-rate borrowings 固定利率借貸	-	35,000
Variable-rate borrowings 可變利率借貸	1,482,405	1,312,881
	1,482,405	1,347,881

The above bank borrowings are repayable within one year.

上述銀行借貸須於一年內償還。

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32. BANK BORROWINGS (Continued)

The range of effective interest rates per annual (which are equal to contractual interest rates) on the Group's bank borrowings are as follows:

	2018 二零一八年	2017 二零一七年
Fixed-rate borrowings 固定利率借貸	N/A 不適用	3.92%
Variable-rate borrowings 可變利率借貸	2.74%-3.70%	2.26%-3.92%

The variable-rate borrowings are denominated in RMB and USD which carry the floating-rates at Loan Prime Rate minus basis points and London Inter-Bank Offer Rate ("LIBOR") plus a premium, respectively.

The Group's bank borrowings that are denominated in currency other than the functional currencies of the relevant group entities are set out below:

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
USD 美元	782,405	712,881

32. 銀行借貸 (續)

本集團銀行借貸的實際年利率(相等於合約利率)範圍如下:

	2018 二零一八年	2017 二零一七年
Fixed-rate borrowings 固定利率借貸	N/A 不適用	3.92%
Variable-rate borrowings 可變利率借貸	2.74%-3.70%	2.26%-3.92%

可變利率借貸以人民幣及美元計值，其可變利率分別按貸款最優惠利率減基點及倫敦銀行同業拆息另加溢價計算。

本集團以相關集團實體功能貨幣以外的貨幣計值的銀行借貸載列如下:

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33. GOVERNMENT GRANTS/DEFERRED INCOME

33. 政府補助金 / 遞延收入

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Amounts credited to profit or loss during the year: 年內計入損益金額：		
Subsidies related to technology enhancement of production lines (Note 1) 生產線技術改進補貼 (附註1)	33,320	9,481
Subsidies related to research and development of technology projects (Note 2) 技術項目研發補貼 (附註2)	15,551	5,356
Incentive subsidies (Note 3) 獎勵補貼 (附註3)	149,728	65,758
	198,599	80,595

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Deferred income related to government grants: 政府補助金遞延收入：		
Subsidies related to technology enhancement of production lines (Note 1) 生產線技術改進補貼 (附註1)	48,243	29,751
Subsidies related to research and development of technology projects (Note 2) 技術項目研發補貼 (附註2)	33,045	53,862
Total 總計	81,288	83,613
Less: current portion 減：即期部分	(11,175)	(38,788)
Non-current portion 非即期部分	70,113	44,825

Note 1: The Group received grants from the local government for the purpose of increasing in production capacity for high-end handset lens sets by enhancement of production lines. The amounts are deferred and amortised over the useful lives of the relevant assets in the enhanced production lines.

附註1：本集團獲得地方政府的補貼，以通過改進生產線提高高科技手機鏡頭產能。該等金額作遞延並於各已改進生產線的相關資產的可使用年內攤銷。

Note 2: The Group received grants for reimbursement towards the costs of research and development of certain technology projects with local government and various parties. The amounts are deferred and amortised over period of the respective technology projects.

附註2：本集團獲得地方政府及有關各方的補貼，以補助部分技術項目研發成本。該等金額作遞延並於各技術項目期間攤銷。

Note 3: Incentive subsidies were received from the local government in recognition of the eminence of development of new products, achievement of certain revenue and export volume milestones of the Group. The subsidies were granted on a discretionary basis to the Group during the current year.

附註3：地方政府提供獎勵補貼以嘉許本集團開發新產品、達到收入指標及發展出口業務。該等補貼已於本年度酌情授予本集團。

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34. BONDS PAYABLE

On 16 January 2018, the Company issued unsecured bonds in the amount of US\$600 million at the rate of 3.75% which will be due by 2023 to professional investors outside of the United States in accordance with Regulation S under the U.S. Securities Act. The issuance has been completed on 23 January 2018 and the listing of the bonds in the Hong Kong Stock Exchange became effective on 24 January 2018.

The Company has used part of the net proceeds from the bonds for funding capital expenditures, fulfilling working capital requirements, refinancing existing indebtedness and other general corporate purposes.

During the current year, interest expense of approximately RMB147,779,000 was recognised in consolidated statement of profit or loss and other comprehensive income.

34. 應付債券

於二零一八年一月十六日，本公司根據美國《證券法》S規例向美國境外專業投資者發行於二零二三年到期之600,000,000美元3.75厘的無抵押債券，該發行已於二零一八年一月二十三日順利完成，且債券於二零一八年一月二十四日起於香港聯交所上市。

本公司擬將債券所得款項之部分淨額用作為資本開支資金、滿足營運資金需求、現有債務再融資及其他的一般公司用途。

於本年度內，約人民幣147,779,000元的利息開支於綜合損益及其他全面收益表中確認。

35. SHARE CAPITAL

35. 股本

	Number of shares 股份數目	Amount 數額 HK\$'000 千港元	Equivalent to 相等於 RMB'000 人民幣千元
Authorised:			
Ordinary shares of HK\$0.10 each at 1 January 2017, 31 December 2017 and 31 December 2018			
法定：			
於二零一七年一月一日、二零一七年十二月三十一日及 二零一八年十二月三十一日每股面值0.10港元的普通股	100,000,000,000	10,000,000	
Issued & fully paid:			
Ordinary shares of HK\$0.10 each at 31 December 2017			
已發行及繳足：			
於二零一七年十二月三十一日每股面值0.10港元的普通股	1,097,000,000	109,700	105,177
Share repurchased and cancelled 已購回及註銷的股份	(150,300)	(15)	(14)
At 31 December 2018 於二零一八年十二月三十一日	1,096,849,700	109,685	105,163

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36. 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 through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the bank borrowings disclosed in Note 32 and bonds payables disclosed in Note 34, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors of the Company consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the repayment of existing debts.

37. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
<i>Financial assets 金融資產</i>		
Financial assets at FVTPL 按公允值計入損益的金融資產	4,994,667	1,952,340
Derivative financial assets 衍生金融資產	46,785	3,375
Financial assets at amortised cost 按攤銷成本計量的金融資產	8,577,912	-
Equity instruments at FVTOCI 按公允值計入其他全面收益的權益工具	106,583	-
Loans and receivables (including cash and cash equivalent) 貸款及應收款項(包括現金及現金等值項目)	-	6,796,423
Available-for-sale investments 可供出售投資	-	129,373
	13,725,947	8,881,511
<i>Financial liabilities 金融負債</i>		
Liabilities measured at amortised cost 按攤銷成本計量的負債	11,863,891	6,821,114
Derivative financial liabilities 衍生金融負債	3,423	33,035
	11,867,314	6,854,149

36. 資本風險管理

本集團會管理資本，維持最有利的債務及權益結構，以確保本集團轄下公司能夠持續經營，盡量提高股東的回報。本集團的整體策略與去年相同。

本集團的資本架構由負債淨額(包括於附註32中披露的銀行借貸及於附註34中披露的應付債券(扣除現金及現金等值項目))及本公司股東應佔權益(包括已發行股本、保留溢利及其他儲備)組成。

本公司董事每半年檢討一次資本架構。作為檢討的一部分，本公司董事考慮資本成本及各類資本相關風險。根據本公司董事的建議，本集團將透過支付股息、發行新股及股份購回以及發行新債或償還現有債務來平衡其整體資本架構。

37. 金融工具

a. 金融工具分類

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37. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies

The Group's financial instruments include derivative financial assets/liabilities, trade and other receivables, amounts with related parties, financial assets at FVTPL, financial assets at amortised cost, available-for-sale investments, equity instruments at FVTOCI, short term fixed deposits, pledged bank deposits, bank balances and cash, trade and other payables, bank borrowings, long term payables and bonds payable. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risks (foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks

The Group's activities expose it primarily to the market risks of foreign currency risk, interest rate risk and other price risk. Market risk exposures are further measured by sensitivity analysis. Details of each type of market risks are described as follows:

Foreign currency risk

The Group undertakes certain foreign currency sales and purchases, which expose the Group to foreign currency risk. Certain of the Group's bank balances and cash, trade and other receivables, trade and other payables, bonds payables and bank borrowings are denominated in currencies other than the functional currency of the relevant group entities and expose to such foreign currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and utilising foreign currency forward contracts and foreign currency option contracts.

37. 金融工具 (續)

b. 財務風險管理目標及政策

本集團的金融工具包括衍生金融資產／負債、貿易及其他應收款項、與關連人士之間的款項、按公允值計入損益的金融資產、按攤銷成本計量的金融資產、可供出售投資、按公允值計入其他全面收益的權益工具、短期定期存款、已抵押銀行存款、銀行結餘及現金、貿易及其他應付款項、銀行借貸、長期應付款項及應付債券。金融工具的詳情載於相關附註。與此等金融工具相關的風險包括市場風險（外匯風險、利率風險及其他價格風險）、信貸風險及流動資金風險。減輕此等風險的政策載列於下文。管理層負責管理及監控此等風險，確保及時有效地採取適當措施。

市場風險

本集團業務的主要市場風險為外匯風險、利率風險及其他價格風險。市場風險進一步按敏感度分析界定。以下為各類市場風險的詳情：

外匯風險

本集團進行若干外幣買賣，因而面對外匯風險。本集團若干銀行結餘及現金、貿易及其他應收款項、貿易及其他應付款項、應付債券以及銀行借貸均以相關集團實體功能貨幣以外的貨幣計值且均面臨有關外匯風險。本集團密切監控匯率變動及使用遠期外匯合約及外匯期權合約以管理外匯風險。

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37. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risks (Continued)

Foreign currency risk (Continued)

The carrying amounts of the Group's foreign currencies denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets 資產		Liabilities 負債	
	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
USD 美元	2,814,353	797,771	6,581,901	2,219,779
HKD 港元	2,637	8,184	1,086	–
Japanese Yen (“JPY”) 日元	99,478	65,909	486,129	53,873
Korean Won (“KRW”) 韓元	6,958	16,180	5,419	7,087
Euros (“EUR”) 歐元	138,665	318	–	8,712

The Group is mainly exposed to fluctuation in USD, HKD, JPY, KRW and EUR against RMB.

The following table details the Group's sensitivity to a 5% change in respective functional currencies against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjusts their translation at the year end date for a 5% change in foreign currency rates.

A positive (negative) number below indicates an increase (decrease) in post-tax profit where the respective functional currencies strengthen 5% against the relevant foreign currencies. For a 5% weakening of the respective functional currencies against the relevant currencies, there would be an equal and opposite impact on the post-tax profit.

37. 金融工具 (續)

b. 財務風險管理目標及政策 (續)

市場風險 (續)

外匯風險 (續)

以下為本集團於報告期末以外幣計值貨幣資產及貨幣負債的賬面值：

本集團的主要風險來自美元、港元、日元、韓元及歐元兌人民幣的匯率波動。

下表詳述本集團於各功能貨幣兌相關外幣升／貶值5%時的敏感度。敏感度分析僅包括尚未結算的外幣計值貨幣項目，以及有關換算因年結日匯率增減5%而作出的調整。

下列正數(負數)代表各功能貨幣兌相關外幣升值5%而導致除稅後溢利增加(減少)情況。倘各功能貨幣兌相關貨幣貶值5%，則會對除稅後溢利有等額相反的影響。

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37. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risks (Continued)

Foreign currency risk (Continued)

	Profit for the year 年內溢利	
	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
USD (Note) 美元 (附註)	160,121	60,435
HKD 港元	(66)	(348)
JPY 日元	16,433	(512)
KRW 韓元	(65)	(386)
EUR 歐元	(5,893)	357

Note: This is mainly attributable to the exposure to bank balances, outstanding receivables, outstanding payables, bank borrowings and bonds payable denominated in foreign currency of USD at the year end date.

Interest rate risk

The Group is exposed to fair value interest risk in relation to fixed-rate bank borrowings (see Note 32 for details of these bank borrowings), short term fixed deposits and pledged bank deposits (see Note 28 for details of these deposits), debt instruments (see Note 24 and 25 for details of these debt instruments) and bonds payable (see Note 34 for details of the bonds payable). The Group currently does not have interest rate hedging policy. However, the Group monitors interest rate exposures and will consider hedging significant interest rate exposures should the need arise.

37. 金融工具 (續)

b. 財務風險管理目標及政策 (續)

市場風險 (續)

外匯風險 (續)

附註：主要是來自於年結日以外幣美元計值的銀行結餘、未結算應收款項、未結算應付款項、銀行借貸及應付債券的風險。

利率風險

本集團因固定利率銀行借貸(該等銀行借貸詳情見附註32)、短期定期存款及已抵押銀行存款(該等存款詳情見附註28)、債務工具(該等債務工具詳情見附註24及25)以及應付債券(該等應付債券詳情見附註34)而面臨公允價值利率風險。本集團目前沒有任何利率對沖政策。然而，本集團會監控利率風險並會在有需要時考慮對沖重大利率風險。

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37. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risks (Continued)

Interest rate risk (Continued)

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings (see Note 32 for details of these bank borrowings). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and the LIBOR arising from the Group's bank borrowings. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. 50 basis points (2017: 50 basis points) increase or decrease in variable-rate bank borrowings are used represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2017: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2018 would have decreased/increased by RMB6,242,000 (2017: RMB3,717,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

37. 金融工具 (續)

b. 財務風險管理目標及政策 (續)

市場風險 (續)

利率風險 (續)

本集團亦因可變利率銀行結餘和銀行借貸(該等銀行借貸詳情見附註32)而面臨現金流量利率風險。本集團的現金流量利率風險主要集中於銀行結餘及本集團的銀行借貸產生的倫敦銀行同業拆息利率波動。本集團的政策為保持其借貸利率浮動以盡量減輕公允價值利率風險。

本集團金融負債利率風險已在本附註流動資金風險管理一節中作詳細說明。

敏感度分析

以下敏感度分析乃根據報告期末衍生工具及非衍生工具的利率風險釐定。該分析乃假設於報告期末未償還金融工具全年均未償還而編製。可變利率銀行借貸增加或減少50個基準點(二零一七年: 50個基準點)已使用管理層對利率的合理可能變化的評估。

倘利率增加/減少50個基準點(二零一七年: 50個基準點)且其他所有變量保持不變,本集團於截至二零一八年十二月三十一日止年度的除稅後溢利將減少/增加人民幣6,242,000元(二零一七年: 人民幣3,717,000元),主要是因為本集團面臨可變利率銀行借貸的利率風險。

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37. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risks (Continued)

Other price risk

The Group is exposed to other price risk through its investments in unlisted financial products, fund and debt instruments as financial assets at FVTPL, the foreign currency forward contracts, foreign currency option contracts and equity investment at FVTPL. The management considers alternative tools to mitigate other price risk and manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group also invested in certain unquoted equity securities for investees operating in several industry sectors for long term strategic purposes which had been designed as FVTOCI (2017: available-for-sale investments measured at cost less impairment). The management closely monitors such exposure and consider hedging such exposure should the need arise.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date, excluding available-for-sale investments measured at cost less impairment for the year ended 31 December 2017. For the sensitivity analysis of those financial assets at FVTPL, the fair value of the respective financial assets higher, the post-tax profit for the year ended 31 December 2018 would increase as a result of the changes in fair value of the relevant financial assets at FVTPL. Sensitivity analyses for unquoted equity securities with fair value measurement categorised within Level 3 were disclosed in Note 37(c).

37. 金融工具 (續)

b. 財務風險管理目標及政策 (續)

市場風險 (續)

其他價格風險

本集團因其按公允值計入損益的金融資產(非上市金融產品、基金及債務工具)、遠期外匯合約、外匯期權合約及按公允值計入損益的權益投資的投資，面臨其他價格風險。管理層考慮用替代工具降低其他價格風險，並且以維持具有各種風險的投資組合管理該等所面臨的風險。此外，本集團亦因長遠策略目的投資若干無報價股權證券，被投資者營運於數個行業，該等證券指定為按公允值計入其他全面收益(二零一七年：按成本減減值計量的可供出售投資)。管理層密切監察該等風險，並在有需要時考慮對沖該等風險。

敏感度分析

敏感度分析乃根據報告期末股票價格風險釐定(截至二零一七年十二月三十一日止年度按成本減減值計量的可供出售投資除外)。有關按公允值計入損益的金融資產的敏感度分析，倘相應金融資產的公允值較高，截至二零一八年十二月三十一日止年度除稅後溢利將因按公允值計入損益的相關金融資產的公允值變動而增加，公允值計量分類為第三級的無報價股本證券敏感度分析於附註37(c)披露。

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37. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

As at 31 December 2018, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances individually or based on provision matrix (2017: incurred loss model on trade balances individually or collectively). In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risks on liquid funds and derivative financial assets are limited because the counterparties are banks with high credit ratings.

As at 31 December 2018 and 2017, the Group has concentration of credit risk on its unlisted financial products at FVTPL. The credit risk on unlisted financial products at FVTPL is limited by the underlying assets invested by the unlisted financial products being the PRC government related debt instruments and treasury notes and the counterparties who issued these unlisted financial products are banks with good reputations.

37. 金融工具 (續)

b. 財務風險管理目標及政策 (續)

信貸風險及減值評估

於二零一八年十二月三十一日，本集團承受財務虧損的最大信貸風險，乃來自綜合財務狀況表所列各項已確認金融資產的賬面值。

為盡量減低信貸風險，本集團管理層已委派專責隊伍，負責釐定信貸限額、審批信貸及其他監控程序，以確保採取跟進行動收回過期債務。此外，本集團於應用香港財務報告準則第9號後按預期信貸虧損模式對貿易應收款項個別地或根據撥備矩陣進行減值評估(二零一七年：已產生虧損模式對貿易應收款項個別地或整體地進行評估)。因此，本公司董事認為本集團的信貸風險已大大降低。

由於交易對手均為信貸評級良好的銀行，故有關流動資金及衍生金融資產的信貸風險有限。

於二零一八年及二零一七年十二月三十一日，本集團的信貸風險集中於按公允值計入損益的非上市金融產品。按公允值計入損益的非上市金融產品的信貸風險有限，此乃由於非上市金融產品投資的相關資產為中國政府有關債務工具及國庫券，且發行該等非上市金融產品的對手方為聲譽良好的銀行。

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37. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group has concentration of credit risk as 22% (2017: 19%) and 58% (2017: 62%) of the total trade receivables was due from the Group's largest customer and the five largest customers, respectively. Revenue from the top five trade debtors represent over 54% (2017: 67%) of the Group's revenue for the year ended 31 December 2018. The directors of the Company, the associates and the shareholders have no interest in the customers mentioned above. The largest five customers' manufacturing facilities are located in the PRC and their principal activities are manufacturing of smartphones and optical related products.

The Group also has concentration of credit risk on its deposits for acquisition of property, plant and equipment as 41% (2017: 40%) of the total deposits for acquisition of property, plant and equipment was paid to the Group's largest three suppliers of property, plant and equipment. The credit risk on the deposits paid is limited as these suppliers are large construction enterprises in the PRC and Hong Kong.

Other than the above, the Group has no other significant concentration of credit risk with exposure spread over a large number of counterparties and customers.

37. 金融工具 (續)

b. 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

除於若干信貸評級良好的銀行存放的流動資金存在信貸集中風險外，本集團另有信貸集中風險，皆因本集團總貿易應收款項中，最大客戶與前五大客戶分別佔22%（二零一七年：19%）及58%（二零一七年：62%）。來自前五大貿易債務人的收入佔截至二零一八年十二月三十一日止年度本集團收入逾54%（二零一七年：67%）。本公司董事、聯繫人及股東於上述客戶中並無任何權益。前五大客戶的生產設施位於中國，其主要業務為製造智能手機及光學相關產品。

本集團因購置物業、機器及設備的按金而承受信貸集中風險，皆因本集團已向前三大物業、機器及設備供應商支付購置物業、機器及設備總按金的41%（二零一七年：40%）。已付按金的信貸風險因該等供應商為中國及香港大型建築公司而屬有限。

除上文所述者外，本集團並無其他重大信貸集中風險，皆因有關風險乃分散於多名對手方及客戶之中。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

37. FINANCIAL INSTRUMENTS (Continued)

37. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

b. 財務風險管理目標及政策 (續)

Credit risk and impairment assessment (Continued)

信貸風險及減值評估 (續)

The Group's internal credit risk grading assessment comprises the following categories:

本集團的內部信貸評級評估包括以下類別：

Internal credit rating 內部信貸評級	Description 描述	Trade receivables 貿易應收款項	Other financial assets 其他金融資產
Low risk 低風險	The counterparty has a low risk of default and does not have any past-due amounts 對手方的逾期風險為低，且無任何逾期款項	Lifetime ECL- not credit-impaired 全期預期信貸虧損－ 無信貸減值	12-month ECL 12個月預期信貸虧損
Watch list 觀察名單	Debtor frequently repays after due dates but usually settle after due date 債務人經常於到期日後還款，但通常於到期日後結清	Lifetime ECL- not credit-impaired 全期預期信貸虧損－ 無信貸減值	12-month ECL 12個月預期信貸虧損
Doubtful 不確定的	There have been significant increases in credit risk since initial recognition through information developed internally or external resources 自經內部或外部資源建立的資料初步確認以來，信貸風險大幅上升	Lifetime ECL- not credit-impaired 全期預期信貸虧損－ 無信貸減值	Lifetime ECL- not credit-impaired 全期預期信貸虧損－ 無信貸減值
Loss 虧損	There is evidence indicating the asset is credit-impaired 證據顯示資產出現信貸減值	Lifetime ECL-credit- impaired 全期預期信貸虧損－ 信貸減值	Lifetime ECL-credit- impaired 全期預期信貸虧損－ 信貸減值
Write-off 撇銷	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery 證據顯示債務人處於嚴重財務困難，本集團對收回欠款無實際期望	Amount is written off 款額已撇銷	Amount is written off 款額已撇銷

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

37. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The table below details the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

37. 金融工具 (續)

b. 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

下表詳列本集團受限於預期信貸虧損評估的金融資產的所面臨的信貸風險：

2018 二零一八年	Notes 附註	External credit rating 外部 信貸評級	Internal credit rating 內部 信貸評級	12-month or lifetime ECL 12個月或全期 預期信貸虧損	Gross Carrying amount 總賬面值	
					RMB'000 人民幣千元	RMB'000 人民幣千元
Financial assets at amortized cost						
按攤銷成本計量的金融資產						
Amount due from a related party 應收關連人士款項	42	N/A 不適用	Note 1 附註1	12-month ECL 12個月預期信貸虧損	3,032	3,032
Trade receivables 貿易應收款項	27	N/A 不適用	Note 2 附註2	Lifetime ECL (provision matrix 全期預期信貸虧損 (撥備矩陣)	5,093,139	
			Loss 虧損	Credit-impaired 出現信貸減值	93,575	5,186,714
Loan receivables 應收貸款	27	N/A 不適用	Low risk 低風險	12-month ECL 12個月預期信貸虧損	107,731	107,731
Bill receivables 應收票據	27	N/A 不適用	Note 1 附註1	12-month ECL 12個月預期信貸虧損	710,363	710,363
Other receivables 其他應收款項	27	N/A 不適用	Note 1 附註1	12-month ECL 12個月預期信貸虧損	73,257	73,257
Debt instruments at amortised cost 按攤銷成本計量的債務工具	24	BB-	N/A 不適用	12-month ECL 12個月預期信貸虧損	109,394	109,394
Short term fixed deposits 短期定期存款	28	AA+	N/A 不適用	12-month ECL 12個月預期信貸虧損	20,000	20,000
Pledged bank deposits 已抵押銀行存款	28	AA+	N/A 不適用	12-month ECL 12個月預期信貸虧損	214,708	214,708
Bank balances and cash 銀行結餘及現金	28	AA+	N/A 不適用	12-month ECL 12個月預期信貸虧損	2,254,299	2,254,299

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

37. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes:

- For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

	Past due 逾期款項 RMB'000 人民幣千元	Not past due/ No fixed repayment term 無逾期/ 無固定還款期 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
Amounts due from a related party 應收關連人士款項	-	3,032	3,032
Bill receivables 應收票據	-	710,363	710,363
Other receivables 其他應收款項	-	73,257	73,257
	-	786,652	786,652

- For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired, the Group determines the expected credit loss on these items by using a provision matrix, grouped by debtor's aging.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk and ECL for trade receivables which are assessed collectively based on provision matrix as at 31 December 2018 within lifetime ECL (not credit impairment). Debtors credit-impaired with gross carrying amount of RMB93,575,000 as at 31 December 2018 were assessed individually.

37. 金融工具 (續)

b. 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

附註：

- 出於內部信貸風險管理的目的，本集團採用逾期資料評估信貸風險自初步確認以來有否大幅上升。

- 就貿易應收款項而言，本集團應用了香港財務報告準則第9號的簡單方法以計量全期預期信貸虧損的虧損撥備。除出現信貸減值的債務人外，本集團使用撥備矩陣（按債務人賬齡分組）釐定該等項目的預期信貸虧損。

作為本集團信貸風險管理的一部分，本集團使用債務人的賬齡評估其客戶的減值，因該等客戶包含大量具有相同風險特徵的小型客戶（反映客戶根據合約條款支付所有到期款項的能力）。下表提供有關所面臨的信貸風險及於二零一八年十二月三十一日基於撥備矩陣於全期預期信貸虧損（無信貸減值）內作出整體評估的貿易應收款項的預期信貸虧損的資料。於二零一八年十二月三十一日，總賬面值為人民幣93,575,000元的信貸減值債務人則作獨立評估。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

37. FINANCIAL INSTRUMENTS (Continued)

37. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

b. 財務風險管理目標及政策 (續)

Credit risk and impairment assessment (Continued)

信貸風險及減值評估 (續)

	Average loss rate 平均虧損率	Gross carrying amount 總賬面值 RMB'000 人民幣千元	Impairment loss allowance 減值虧損撥備 RMB'000 人民幣千元
1 – 90 days 1至90天	0.01%	4,967,635	528
91 – 120 days 91至120天	1.63%	111,446	1,817
121 – 180 days 121至180天	1.78%	8,270	147
More than 180 days 180天以上	95.35%	5,788	5,519
		5,093,139	8,011

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 December 2018, the Group provided RMB7,126,000 impairment allowance for trade receivables based on the provision matrix and reversed RMB3,275,000 impairment allowance for credit impaired debtors, respectively.

估計虧損率乃按應收款項預期年期根據過往觀察逾期率作出估算，並按無需付出過多成本或工作下獲取的前瞻性資料作出調整。管理層定期檢討分組以確保有關特定債務人的相關資料已更新。

截至二零一八年十二月三十一日止年度，本集團基於撥備矩陣計提人民幣7,126,000元的應收貿易款項減值撥備，並撥回人民幣3,275,000元的信貸減值債務人減值撥備。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

37. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

37. 金融工具 (續)

b. 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

下表載列已於簡單方法下確認的貿易應收款項全期預期信貸虧損變動：

	Lifetime ECL (not credit- impaired) 全期預期信貸虧損 (無信貸減值) RMB'000 人民幣千元	Lifetime ECL (credit- impaired) 全期預期信貸虧損 (出現信貸減值) RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
As at 31 December 2017 under HKAS 39			
於二零一七年十二月三十一日香港會計準則第39號下	-	96,850	96,850
Adjustment upon application of HKFRS 9 應用香港財務報告準則第9號後調整	1,966	-	1,966
As at 1 January 2018 – as restated 於二零一八年一月一日 (經重列)	1,966	96,850	98,816
Changes due to financial assets recognised at 1 January: 因於一月一日確認的金融資產的變動			
- Impairment losses recognised – 確認減值虧損	897	-	897
- Impairment losses reversed – 撥回減值虧損	-	(3,275)	(3,275)
- Write-offs – 撇銷	(1,081)	-	(1,081)
New financial assets originated 產生新金融資產	6,229	-	6,229
As at 31 December 2018			
於二零一八年十二月三十一日	8,011	93,575	101,586

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

37. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group writes off a trade receivable when there is information indicating that debtors is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtors has been placed under liquidation or has entered into bankruptcy proceedings.

Liquidity risk

The Group has net current assets amounting to approximately RMB8,090,933,000 at 31 December 2018 (31 December 2017: RMB3,929,965,000) and has low exposure to liquidity risk of being unable to raise sufficient funds to meet its financial obligations when they fall due.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period from the year end date to their maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, based on floating interest rate or exchange rates (where applicable) prevailing at the year end date.

37. 金融工具 (續)

b. 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

本集團於有資料顯示債務人處於嚴重財務困難及對收回欠款無實際期望時撇銷該項貿易應收款項 (例如於債務人已被清盤或已進入破產程序時)。

流動資金風險

本集團於二零一八年十二月三十一日的流動資產淨值約人民幣8,090,933,000元 (二零一七年十二月三十一日: 人民幣3,929,965,000元), 故因未能籌募足夠資金清償到期金融負債的流動資金風險相當低。

為管理流動資金風險, 本集團監控及維持管理人員認為足夠的現金及現金等值項目, 用作本集團的營運資金及減輕現金流量不穩定的影響。

下表載列基於年終日至到期日的剩餘期間按有關到期組別對本集團金融負債及以淨額結算的衍生金融負債的分析。表格所披露金額為基於年終日的浮動利率或匯率 (如適用) 的未貼現合約現金流量。

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FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

37. FINANCIAL INSTRUMENTS (Continued)

37. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

b. 財務風險管理目標及政策 (續)

Liquidity risk (Continued)

流動資金風險 (續)

Liquidity tables

流動資金表

	Weighted average effective interest rate 加權平均實際利率	Less than 3 months 三個月內 RMB'000 人民幣千元	3 months to 1 year 三個月至一年 RMB'000 人民幣千元	1 year to 10 years 一年至十年 RMB'000 人民幣千元	Total undiscounted cash flows 未貼現現金流量總額 RMB'000 人民幣千元	Carrying amount 賬面值 RMB'000 人民幣千元
<i>As at 31 December 2018 於二零一八年十二月三十一日</i>						
Non-derivative financial liabilities 非衍生金融負債						
Trade and other payables 貿易及其他應付款項		5,962,073	-	-	5,962,073	5,962,073
Amounts due to related parties 應付關連人士款項		8,978	-	-	8,978	8,978
Bank borrowings – variable rate 銀行借貸 – 可變利率	2.94%	-	1,510,701	-	1,510,701	1,482,405
Bonds payable 應付債券	4.00%	77,211	77,211	4,658,397	4,812,819	4,079,983
Long term payables 長期應付款項	2.27%	-	-	332,138	332,138	330,452
		6,048,262	1,587,912	4,990,535	12,626,709	11,863,891
Derivative financial liabilities – net settled 衍生金融負債 – 淨額結算						
Foreign currency forward contracts 遠期外匯合約		-	-	2,682	2,682	2,682
Foreign currency options contracts 外匯期權合約		128	613	-	741	741
		128	613	2,682	3,423	3,423
Total 總計		6,048,390	1,588,525	4,993,217	12,630,132	11,867,314

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

37. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

	Weighted average effective interest rate 加權平均 實際利率	Less than 3 months 三個月內 RMB'000 人民幣千元	3 months to 1 year 三個月至一年 RMB'000 人民幣千元	1 year to 10 years 一年至十年 RMB'000 人民幣千元	Total undiscounted cash flows 未貼現 現金流量總額 RMB'000 人民幣千元	Carrying amount 賬面值 RMB'000 人民幣千元
<i>As at 31 December 2017 於二零一七年十二月三十一日</i>						
Non-derivative financial liabilities – net settled 非衍生金融負債 – 淨額結算						
Trade and other payables 貿易及其他應付款項		5,121,852	–	–	5,121,852	5,121,852
Amounts due to related parties 應付關連人士款項		4,087	–	–	4,087	4,087
Bank borrowings – fixed rate 銀行借貸 – 固定利率	3.92%	35,169	–	–	35,169	35,000
Bank borrowings – variable rate 銀行借貸 – 可變利率	3.04%	262,348	1,068,603	–	1,330,951	1,312,881
Long term payables 長期應付款項	2.27%	–	–	393,837	393,837	347,294
		5,423,456	1,068,603	393,837	6,885,896	6,821,114
Derivative financial liabilities – net settled 衍生金融負債 – 淨額結算						
Foreign currency forward contracts 遠期外匯合約		28,788	–	–	28,788	28,788
Foreign currency options contracts 外匯期權合約		1,650	2,597	–	4,247	4,247
		30,438	2,597	–	33,035	33,035
Total 總計		5,453,894	1,071,200	393,837	6,918,931	6,854,149

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from the estimates of interest rates determined at the end of the reporting period.

倘可變利率變動與在報告期末釐定的利率估計值不同，則上述非衍生金融負債的可變利率工具金額也隨之變動。

37. 金融工具 (續)

b. 財務風險管理目標及政策 (續)

流動資金風險 (續)

流動資金表 (續)

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

37. FINANCIAL INSTRUMENTS (Continued)

37. 金融工具 (續)

c. Fair value measurements of financial instruments

c. 金融工具的公允值計量

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

本附註提供有關本集團如何釐定不同金融資產及金融負債公允值的資料。

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

按經常性基準以公允值計量的本集團金融資產及金融負債的公允值

Financial assets/liabilities 金融資產/負債	Fair value as at 於以下日期的公允值		Fair value hierarchy 公允值等級	Valuation technique and key inputs 估值法及主要輸入數據
	31 December 2018 二零一八年十二月三十一日	31 December 2017 二零一七年十二月三十一日		
Financial assets at fair value through profit or loss 按公允值計入損益的金融資產	Listed debt instruments: RMB157,205,000 上市債務工具: 人民幣157,205,000元	Nil 無	Level 1 第一級	Quoted bid prices in an active market 活躍市場的市場報價
Financial assets at fair value through profit or loss 按公允值計入損益的金融資產	Funds investments: RMB327,512,000 基金工具: 人民幣327,512,000元	Nil 無	Level 2 第二級	Discounted cash flows 貼現現金流量 Key inputs are: (1) Expected yields of debt instruments invested by banks (2) A discount rate that reflects the credit risk of the banks 主要輸入數據: (1) 銀行投資債務工具的預期收益 (2) 反映銀行信貸風險的貼現率
Foreign currency forward contracts classified as derivatives financial assets and liabilities 分類為衍生金融資產及負債的遠期外匯合約	Current and non-current derivative financial assets: RMB46,388,000 Current and non-current derivative financial liabilities: RMB2,682,000 流動及非流動衍生金融資產: 人民幣46,388,000元	Nil Current derivative financial liabilities: RMB28,788,000 流動衍生金融負債: 人民幣28,788,000元	Level 2 第二級	Discounted cash flows 貼現現金流量 Key inputs: (1) A discount rate that reflects the credit risk of the banks (2) Forward exchange rate 主要輸入數據: (1) 反映銀行信貸風險的貼現率 (2) 遠期匯率

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FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

37. FINANCIAL INSTRUMENTS (Continued)

37. 金融工具 (續)

c. Fair value measurements of financial instruments (Continued)

c. 金融工具的公允值計量 (續)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

按經常性基準以公允值計量的本集團金融資產及金融負債的公允值 (續)

Financial assets/liabilities 金融資產/負債	Fair value as at 於以下日期的公允值		Fair value hierarchy 公允值等級	Valuation technique and key inputs 估值法及主要輸入數據
	31 December 2018 二零一八年十二月三十一日	31 December 2017 二零一七年十二月三十一日		
Financial assets at fair value through profit or loss	Unlisted financial products RMB4,432,070,000	Unlisted financial products RMB1,952,340,000	Level 2	Discounted cash flows Key inputs are: (1) Expected yields of debt instruments invested by banks (2) A discount rate that reflects the credit risk of the banks
按公允值計入損益的金融資產	非上市金融產品： 人民幣4,432,070,000元	非上市金融產品： 人民幣1,952,340,000元	第二級	貼現現金流量 主要輸入數據： (1) 銀行投資債務工具的預期收益 (2) 反映銀行信貸風險的貼現率
Foreign currency options contracts classified as derivatives financial assets and liabilities	Current derivative financial assets: RMB397,000	Current and non-current derivative financial assets: RMB3,375,000	Level 3	Black-scholes model Key unobservable inputs: Volatility of the foreign exchange rate (Note 1)
分類為衍生金融資產及負債的外匯期權合約	Current derivative financial liabilities: RMB741,000	Current and non-current derivative financial liabilities: RMB4,247,000	第三級	柏力克-舒爾斯模式 主要不可觀察輸入數據： 匯率波動(附註1)
	流動衍生金融資產： 人民幣397,000元	流動及非流動衍生金融資產： 人民幣3,375,000元		
	流動衍生金融負債： 人民幣741,000元	流動及非流動衍生金融負債： 人民幣4,247,000元		

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37. FINANCIAL INSTRUMENTS (Continued)

37. 金融工具 (續)

c. Fair value measurements of financial instruments (Continued)

c. 金融工具的公允值計量 (續)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis
(Continued)

按經常性基準以公允值計量的本集團金融資產及金融負債的公允值 (續)

Financial assets/liabilities 金融資產/負債	Fair value as at 於以下日期的公允值		Fair value hierarchy 公允值等級	Valuation technique and key inputs 估值法及主要輸入數據
	31 December 2018 二零一八年十二月三十一日	31 December 2017 二零一七年十二月三十一日		
Unlisted equity investments	Equity instruments at FVTOCI: RMB106,583,000	Available-for-sale investments: RMB92,623,000	Level 3	Income approach
	Equity investments at FVTPL: RMB77,880,000	Available-for-sale investments: RMB36,750,000		Key unobservable inputs: (1) Long term revenue growth rates, taking into management's experience and knowledge of market conditions of the specific industry; (2) Weighted average cost of capital (Note 2)
非上市股權投資	按公允值計入其他全面收益的權益工具: 人民幣106,583,000元	可供出售投資: 人民幣92,623,000元	第三級	收入法
	按公允值計入損益的股權投資: 人民幣77,880,000元	可供出售投資: 人民幣36,750,000元		主要不可觀察輸入數據: (1) 長期收益增長率, 經考慮管理層的經驗及對某行業市場狀況的知識; (2) 加權平均資本成本(附註2)

Note 1: The higher the volatility of the foreign exchange rate, the higher the fair value.

附註1: 匯率愈波動, 公允值愈高。

Note 2: The higher the long term revenue growth rate, the higher the fair value; The higher the weighted average cost of capital, the lower the fair value.

附註2: 長期收益增長率愈高, 公允值愈高; 加權平均資本成本愈高, 公允值愈低。

There is no transfer among level 1, 2 and 3 during the year.

年內第一、二級與第三級之間並無轉移。

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FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

37. FINANCIAL INSTRUMENTS (Continued)

37. 金融工具 (續)

c. Fair value measurements of financial instruments (Continued)

c. 金融工具的公允值計量 (續)

Reconciliation of Level 3 fair value measurements of financial assets

金融資產的第三級公允值計量的對賬

	Foreign currency options contracts	Available- for-sale investment	FVTOCI	FVTPL	Total
	外匯 期權合約 RMB'000 人民幣千元	可供 出售投資 RMB'000 人民幣千元	按公允 值計入其 他全面 收益 RMB'000 人民幣千元	按公允 值計入損 益 RMB'000 人民幣千元	總額 RMB'000 人民幣千元
At 1 January 2017 於二零一七年一月一日	(79,456)	62,267	–	–	(17,189)
Total gains 收益總額	78,584	–	–	–	78,584
– in profit or loss – 於損益	78,584	–	–	–	78,584
– in other comprehensive income – 於其他全面收益	–	–	–	–	–
Purchases 購買	–	77,094	–	–	77,094
Settlements 結算	–	(9,988)	–	–	(9,988)
At 31 December 2017 於二零一七年十二月三十一日	(872)	129,373	–	–	128,501
At 1 January 2018 於二零一八年一月一日	(872)	–	134,056	36,750	169,934
Total gains (losses) 收益 (虧損) 總額	528	–	(54,065)	21,130	(32,407)
– in profit or loss – 於損益	528	–	–	21,130	21,658
– in other comprehensive expense – 於其他全面開支	–	–	(54,065)	–	(54,065)
Purchases 購買	–	–	28,000	20,000	48,000
Settlements 結算	–	–	–	–	–
Reversal of deferred tax liability 遞延稅項負債撥回	–	–	(1,408)	–	(1,408)
At 31 December 2018 於二零一八年十二月三十一日	(344)	–	106,583	77,880	184,119

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

本公司董事認為，在綜合財務報表中按攤銷成本計量的金融資產及金融負債的賬面值與其公允值相若。

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38. COMMITMENTS

38. 承擔

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements 已訂約但未於綜合財務報表撥備有關收購物業、機器及設備的資本開支	880,876	789,610

39. OPERATING LEASES

39. 經營租約

The Group as lessor

本集團作為出租人

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

於報告期末，本集團已就下列未來最低租金付款與承租人訂約：

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Within one year 一年內	2,722	2,490
In the second to fifth year inclusive 第二至第五年內(包括首尾兩年)	5,966	7,401
Over five years 五年以上	4,418	4,517
	13,106	14,408

Rental income represents rental receivables by the Group. Leases are negotiated ranged from 1 to 10 years with fixed rentals.

租金收入指本集團的應收租金。租約經磋商訂立，租期為一至十年不等，期間租金固定不變。

The Group as lessee

本集團作為承租人

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Minimum lease payments under operating leases recognised in profit or loss 於損益中確認的經營租約的最低租金付款	40,992	31,168

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39. OPERATING LEASES (Continued)

The Group as lessee (Continued)

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises which fall due as follows:

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Within one year 一年內	42,626	32,195
In the second to fifth year inclusive 第二至第五年內 (包括首尾兩年)	103,545	94,130
Over five years 五年以上	8,993	17,411
	155,164	143,736

Operating lease payments represent rental payables by the Group for premises used for production and operation. Leases are negotiated for a term ranged from 1 to 10 years and rentals are fixed over the relevant lease terms.

40. RETIREMENT BENEFIT SCHEME

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Retirement benefit scheme contribution made during the year 年內退休福利計劃供款	148,394	109,813

The employees of the Group's PRC subsidiaries are members of a state-managed retirement benefit scheme operated by the local government. The subsidiaries are required to contribute a specified percentage of their payroll costs 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 specified contributions.

39. 經營租約 (續)

本集團作為承租人 (續)

於報告期末，本集團根據不可撤銷經營租約就於下表所示時間到期的相關物業的未來最低租金付款承擔如下：

經營租約付款為本集團就用作生產及營運之物業應付的租金。租約經磋商訂立，租期為一至十年不等，而租金於相關租期內固定不變。

40. 退休福利計劃

本集團中國附屬公司的僱員已參加地方政府經營的國家管理退休福利計劃。該等附屬公司須自薪金成本撥出特定百分比的款項作為退休福利計劃的供款。本集團於該退休福利計劃的唯一責任為向該計劃作出定額供款。

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40. RETIREMENT BENEFIT SCHEME (Continued)

The Group also participates in a Mandatory Provident Fund Scheme (“the MPF Scheme”) established under the Mandatory Provident Fund Ordinance in December 2000 for the Group’s Hong Kong employees. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. For employees who are members of the MPF Scheme, the Group contributes 5% of relevant payroll costs to the scheme subject to a maximum of approximately RMB1,314 (equivalent to HK\$1,500) per month, which contribution is matched by the employee.

40. 退休福利計劃 (續)

本集團亦為香港僱員參加二零零零年十二月根據強制性公積金計劃條例設立的強制性公積金計劃(「強積金計劃」)。強積金計劃的資產獨立於本集團資產，存放於由信託人管理的基金。本集團按身為強積金計劃成員的僱員之相關薪金成本5%向該計劃供款，上限為每月約人民幣1,314元(相等於1,500港元)，而僱員亦會作相應供款。

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group’s liabilities arising from financing activities, including both the cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group’s consolidated statement of cash flows as cash flows from financing activities.

41. 融資活動產生的負債對賬

下表為本集團融資活動產生的負債變動詳情，包括現金及非現金變動。融資活動產生的負債乃為現金流量或將來現金流量於本集團綜合現金流量報表分類為融資活動現金流量的負債。

	Bank borrowings (Note 32) 銀行借貸 (附註32) RMB'000 人民幣千元	Interest payable (Note 30) 應付利息 (附註30) RMB'000 人民幣千元	Bonds payable (Note 34) 應付債券 (附註34) RMB'000 人民幣千元	Dividend payable 應付股息 RMB'000 人民幣千元	Other payables 其他應付款項 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
At 1 January 2018 於二零一八年一月一日	1,347,881	3,314	-	-	-	1,351,195
Financing cash flows 融資現金流量	87,794	(124,517)	3,805,260	(725,117)	(78,272)	2,965,148
Interests on bank borrowings 銀行借貸利息	-	45,350	-	-	-	45,350
Interests on bonds payable 應付債券利息	-	143,503	4,276	-	-	147,779
Foreign exchange translation 外幣換算	46,730	2,412	270,447	-	-	319,589
Dividend recognised as distribution 確認為分派之股息	-	-	-	725,117	-	725,117
Purchase of shares under share award scheme 根據股份獎勵計劃購買股份	-	-	-	-	78,272	78,272
At 31 December 2018 於二零一八年十二月三十一日	1,482,405	70,062	4,079,983	-	-	5,632,450

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42. RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties during the years are as follows:

Name 名稱	Principal activities 主要業務	Relationship 關係
Ningbo Sunny Electronic Limited ("Ningbo SST") 寧波舜宇電子有限公司 (「寧波舜宇科技」)	Manufacture and sale of telescopes and riflescopes 生產及銷售望遠鏡及瞄準器	Company controlled by a close family member of the Company's director and ultimate controlling shareholder, Mr. Wang Wenjian 本公司董事及最終控股股東王文鑒先生 近親所控制的公司
Yuyao City Xingli Optics Instruments Factory ("Xingli") 餘姚市興立光學器材廠 (「興立」)	Manufacture and sale of parts for optical instruments 生產及銷售光學儀器部件	Company controlled by a close family member of the Company's director, Mr. Ye Liaoning 本公司董事葉遼寧先生近親所控制的公司
寧波舜宇機械有限公司 ("Sunny Machinery") 寧波舜宇機械有限公司「舜宇機械」)	Manufacture and sale of telescopes and riflescopes 生產及銷售望遠鏡及瞄準器	Company controlled by a close family member of the Company's director and ultimate controlling shareholder, Mr. Wang Wenjian 本公司董事及最終控股股東王文鑒先生 近親所控制的公司
餘姚市舜藝光學儀器有限公司 ("舜藝光學") 餘姚市舜藝光學儀器有限公司 (「舜藝光學」)	Manufacture and sale of parts for optical instruments 生產及銷售光學儀器部件	Company controlled by a close family member of the Company's director, Mr. Ye Liaoning with significant influence on the Group 本公司董事葉遼寧先生 (對本集團具有 重大影響) 近親所控制的公司
Ningbo Sunny Mould Co., Ltd. ("Sunny Mould") 寧波舜宇模具股份有限公司 (「舜宇模具」)	Manufacture and sale of various precision moulds for cars 生產及銷售各種汽車精密模具	Company controlled by a family member of the Company's director and ultimate controlling shareholder, Mr. Wang Wenjian 本公司董事及最終控股股東王文鑒先生 親屬所控制的公司

42. 關連人士交易

(a) 年內關連人士名稱及與關連人士的關係如下：

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42. RELATED PARTY TRANSACTIONS (Continued)

42. 關連人士交易 (續)

(a) Names and relationships with related parties during the years are as follows: (Continued)

(a) 年內關連人士名稱及與關連人士的關係如下：(續)

Name 名稱	Principal activities 主要業務	Relationship 關係
寧波市益康國際貿易有限公司 ("益康")	Sale of electronic devices 銷售電子設備	Company controlled by a close family member of Company's senior management, Mr. Zhang Guoxian 本公司高級管理人員張國賢先生近親所控制的公司
寧波市益康國際貿易有限公司 ("益康")		
余姚市博科貿易有限公司 ("博科") 余姚市博科貿易有限公司 ("博科")	Sale of electronic devices 銷售電子設備	Company controlled by a close family member of Company's senior management, Mr. Zhang Guoxian 本公司高級管理人員張國賢先生近親所控制的公司
Jiangsu Sunny Medical Equipments Co., Ltd. ("Jiangsu Medical") 江蘇舜宇醫療器械有限公司 ("江蘇舜宇醫療")	Manufacture and sales of medical instruments 生產及銷售醫療儀器	An associate of the Group 本集團聯營公司
Wuxi Wissen Intelligent Sensing Technology Co. Ltd. ("Wissen") 無錫為森智能傳感技術有限公司 ("為森")	Research and development of imaging motion sensors 研發成像運動傳感器	An associate of the Group 本集團聯營公司
Ningbo Wissen Intelligent Sensing Technology Co. Ltd. ("Ningbo Wissen") 寧波為森智能傳感技術有限公司 ("寧波為森") #	Research and development of imaging motion sensors 研發成像運動傳感器	A wholly owned subsidiary of an associate of the Group 本集團全資附屬聯營公司

#: The company had changed its registered name from 寧波維森智能傳感技術有限公司 to 寧波為森智能傳感技術有限公司 during the current year.

#: 於本年度，該公司已更改其註冊名稱，由寧波維森智能傳感技術有限公司改為寧波為森智能傳感技術有限公司。

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42. RELATED PARTY TRANSACTIONS (Continued)

42. 關連人士交易 (續)

(b) Transactions with related parties:

(b) 與關連人士交易：

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Sales of goods 銷售產品		
Ningbo Wissen 寧波為森	12,645	11,507
舜藝光學 舜藝光學	2,942	959
Jiangsu Medical 江蘇舜宇醫療	1,387	1,487
Ningbo SST 寧波舜宇科技	-	139
	16,974	14,092
Purchase of raw materials 購買原材料		
舜藝光學 舜藝光學	11,785	9,587
益康 益康	71	340
Ningbo Wissen 寧波為森	3	-
Ningbo SST 寧波舜宇科技	-	1
	11,859	9,928
Property rental expenses 物業租金支出		
Ningbo SST 寧波舜宇科技	-	1,248
Processing charge and other expenses 加工費用及其他開支		
Sunny Machinery 舜宇機械	-	22
Ningbo SST 寧波舜宇科技	5	3
	5	25

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42. RELATED PARTY TRANSACTIONS (Continued)

42. 關連人士交易 (續)

(c) At the end of reporting period, the Group has the following significant balances with related parties:

(c) 於報告期末，本集團與關連人士的重大結餘如下：

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Current assets: 流動資產：		
Amounts due from a related party Ningbo Wissen 應收關連人士款項寧波為森	3,032	2,810
Current liabilities: 流動負債：		
Amounts due to related parties 應付關連人士款項		
舜藝光學 舜藝光學	5,804	4,005
博科 博科	2,160	-
Ningbo Wissen 寧波為森	606	82
Jiangsu Medical 江蘇舜宇醫療	319	-
益康 益康	88	-
Ningbo SST 寧波舜宇科技	1	-
	8,978	4,087

All of the above amounts are of trade nature, unsecured, interest free and repayable on demand.

所有以上數額均為貿易性質、無擔保、免利息且須於要求時償還。

The following is an aged analysis of related parties balance of trade nature at the end of reporting period.

於報告期末，有關貿易性質的關連人士結餘賬齡分析如下。

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42. RELATED PARTY TRANSACTIONS (Continued)

(c) At the end of reporting period, the Group has the following significant balances with related parties: (Continued)

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Current assets: 流動資產：		
Within 90 days 90天內	3,032	2,810
Current liabilities: 流動負債：		
Within 90 days 90天內	8,978	4,087

The Group allows a credit period of 90 days to related party trade receivables (2017: 90 days). The average credit period on purchases of goods from related parties is 90 days (2017: 90 days).

本集團給予關連人士貿易應收款項90天的信貸期(二零一七年: 90天)。關連人士貨品採購的平均信貸期為90天(二零一七年: 90天)。

(d) Compensation of key management personnel

The remuneration of key management during the year is as follows:

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Short-term benefits 短期福利	14,809	15,953
Share award scheme 股份獎勵計劃	12,154	12,636
Post-employment benefits 離職後福利	740	787
	27,703	29,376

42. 關連人士交易 (續)

(c) 於報告期末，本集團與關連人士的重大結餘如下：(續)

(d) 主要管理人員薪酬

年內，主要管理人員薪酬如下：

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43. SHARE AWARD SCHEME

The Company adopted The Sunny Optical Technology (Group) Company Limited Restricted Share Award Scheme (the “Restricted Share Award Scheme”) on 22 March 2010 (“Adoption Date”) with a duration of 10 years commencing from the Adoption Date. The objective of the Restricted Share Award Scheme is to provide the selected participants including directors of the Company, employees, agents or consultants of the Company and its subsidiaries (the “Selected Participants”) with an opportunity to acquire a proprietary interest in the Company; to encourage and retain such individuals to work with the Group; and to provide additional incentive for them to achieve performance goals, with a view to achieving the objectives of increasing the value of the Company and aligning the interests of the Selected Participants directly to be the owners of the Company through ownership of shares. The Group has set up The Sunny Optical Technology (Group) Company Limited Restricted Share Award Scheme Trust (the “Trust”) to administrate and hold the Company’s shares before they are vested and transferred to Selected Participants. Upon granting of shares to Selected Participants (the “Restricted Shares”), the Trust purchases the Company’s shares being awarded from the open market with funds provided by the Company by way of contributions. Restricted Shares granted under the Restricted Share Award Scheme are subject to a vesting scale in tranches of one-third to one-fifth each (as the case may be) on every anniversary date of the grant date starting from the first anniversary date until the third to the fifth anniversary (as the case may be). The vested shares are transferred to Selected Participants at no cost except that the expenses attributable or payable in respect of the transfer of such shares of the Company shall be borne by the Selected Participants.

43. 股份獎勵計劃

本公司已於二零一零年三月二十二日（「採納日期」）採納了舜宇光學科技（集團）有限公司受限制股份獎勵計劃（「受限制股份獎勵計劃」），該計劃自採納日期起持續十年有效。受限制股份獎勵計劃旨在為特選參與者提供（包括本公司董事、僱員、本公司及其附屬公司的代理或顧問）（「特選參與者」）一個購買本公司所有人權益的機會；鼓勵及挽留於本集團工作的個別人士；及額外推動彼等爭取達到業績目標，以實現提升本公司價值，並且透過擁有股份，使特選參與者的權益與本公司股東的權益直接掛鈎的目標。本集團已成立舜宇光學科技（集團）有限公司受限制股份獎勵計劃信託（「信託」）以管理及持有本公司股份直至股份歸屬及轉讓予特選參與者。在向特選參與者授出股份（「限制性股份」）時，信託在公開市場上購買將予授出之本公司股份，並由本公司以供款方式提供資金。根據受限制股份獎勵計劃授出的限制性股份由授出日期第一週年當日起計至第三到第五（視情況而定）個週年日期間，每個週年日分批歸屬三分之一至五分之一（視情況而定）。已歸屬的股份無償轉讓予特選參與者，惟特選參與者須承擔轉讓本公司該等股份應佔或應付的開支。

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43. SHARE AWARD SCHEME (Continued)

The grant of Restricted Shares is subject to acceptance by the Selected Participants. The Restricted Shares granted to but not accepted by the Selected Participants shall become unaccepted shares. The Trustee may use any remainder of cash and non-cash income received by the Trust in respect of the shares held upon trust to purchase additional shares after defraying all expenses incurred by the Trust prior to the purchase of additional shares. The selected participants have no rights to receive dividend income and cannot exercise any voting rights in respect of the Restricted Shares granted to them during the vesting period. The Trust shall hold the additional shares, unaccepted shares and unvested shares upon trust and may make any grant to existing or new Selected Participants after receiving instructions from the Administration Committee of the Group. The fair value of the Restricted Shares awarded was determined based on the market value of the Company's shares at the grant date.

During the year ended 31 December 2015, pursuant to the original Restricted Share Award Scheme dated 22 March 2010, the directors of the Company resolved to change (i) the vesting period under the Restricted Share Award Scheme from three to five years to two to five years; and (ii) the circumstances when the Company's shares would lapse, with immediate effect. The details of the amendments have been disclosed in the announcement of the Company dated 26 May 2015. The directors of the Company considered that the above amendments have had no material impact on the recognition and measurement of those shares granted before 26 May 2015.

43. 股份獎勵計劃 (續)

授出限制性股份須待特選參與者接納方可作實。授予特選參與者但不獲接納的限制性股份為不獲接納股份。受託人可動用信託就以信託方式持有的股份所收取的任何現金及非現金收入餘額購買額外股份，惟在購買額外股份前須已支付信託的所有開支。特選參與者並無收取股息收入的權利，亦不能在歸屬期內就彼等獲授予的限制性股份行使任何投票權。信託須以信託方式持有額外股份、不獲接納股份及未歸屬股份，並在本集團管理委員會的指示下向現有或新的特選參與者授出該等股份。作為獎勵的限制性股份的公允值按本公司股份於授出日期的市價釐定。

截至二零一五年十二月三十一日止年度，根據日期為二零一零年三月二十二日的原定受限制股份獎勵計劃，本公司董事議決修訂(i)受限制股份獎勵計劃項下之歸屬期，由三至五年變更為二至五年；及(ii)本公司股份失效之情況，即時有效。有關修訂的詳情於本公司日期為二零一五年五月二十六日之公告內披露。本公司董事認為，上述修訂對該等於二零一五年五月二十六日前授出的股份的確認及計量並無重大影響。

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43. SHARE AWARD SCHEME (Continued) 43. 股份獎勵計劃 (續)

Movements in the number of Restricted Shares granted and related fair value are as follows:

已授出限制性股份的數目及其相關公允值的變動如下：

	Weighted average fair value (per share) (每股) 加權平均公允值 HK\$ 港元	Number of Restricted Shares granted 已授出限制性股份數目 (‘000) (千股)
At 1 January 2017 於二零一七年一月一日	14.402	12,722
Forfeited 已失效	26.719	(176)
Vested 已歸屬	13.065	(7,928)
Granted (Note 1) 已授出 (附註1)	74.904	1,443
At 31 December 2017 and 1 January 2018 於二零一七年十二月三十一日及二零一八年一月一日	30.199	6,061
Forfeited 已失效	23.822	(212)
Vested 已歸屬	23.345	(4,421)
Granted (Note 2) 已授出 (附註2)	156.898	1,085
At 31 December 2018 於二零一八年十二月三十一日	97.508	2,513

Note 1: The Restricted Shares granted in 2017 vest on every anniversary date of the grant date of each batch of Restricted Shares in tranches on the following scales:

附註1：於二零一七年已授出限制性股份於各批限制性股份授出日期的每個週年日按以下規模分批歸屬：

Restricted Shares	Fair value (per share) HK\$	Scales	限制性股份	(每股) 公允值 港元	規模
1,095,461 shares	55.200	One-half	1,095,461股	55.200	二分之一
203,994 shares	70.000	One-third	203,994股	70.000	三分之一
143,756 shares	140.100	One-half	143,756股	140.100	二分之一

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43. SHARE AWARD SCHEME (Continued)

Movements in the number of Restricted Shares granted and related fair value are as follows: (Continued)

Note 2: The Restricted Shares granted in 2018 vest on every anniversary date of the grant date of each batch of Restricted Shares in tranches on the following scales:

Restricted Shares	Fair value (per share) HK\$	Scales
530,440 shares	156.000	One-half
178,315 shares	144.300	One-third
376,460 shares	75.850	One-half

The fair value of Restricted Shares granted is measured on the basis of an observable market price.

The following table discloses details of the shares granted under Restricted Shares held by employees (including the directors of the Company) of the Group and movements in such holdings during the year:

Type	Balance at 1.1.2018 於二零一八年 一月一日的結餘 '000 千股	Granted during the year 年內授出 '000 千股	Lapsed during the year 年內失效 '000 千股	Vested during the year 年內歸屬 '000 千股	Balance at 31.12.2018 於二零一八年 十二月三十一日 的結餘 '000 千股
Shares 股份	6,061	1,085	(212)	(4,421)	2,513

43. 股份獎勵計劃 (續)

已授出限制性股份的數目及其相關公允值的變動如下：(續)

附註2: 於二零一八年已授出限制性股份於各批限制性股份授出日期的每個週年日按以下規模分批歸屬：

限制性股份	(每股) 公允值 港元	規模
530,440股	156.000	二分之一
178,315股	144.300	三分之一
376,460股	75.850	二分之一

所授出限制性股份的公允值乃基於可觀察的市場價格計量。

下表披露本集團僱員(包括本公司董事)所持有的根據限制性股份授出股份的詳情及年內該等股權變動的詳情：

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43. SHARE AWARD SCHEME (Continued) 43. 股份獎勵計劃 (續)

Type	Balance at 1.1.2017	Granted during the year	Lapsed during the year	Vested during the year	Balance at 31.12.2017
類別	於二零一七年 一月一日的結餘	年內授出	年內失效	年內歸屬	於二零一七年 十二月三十一日 的結餘
	'000	'000	'000	'000	'000
	千股	千股	千股	千股	千股
Shares 股份	12,722	1,443	(176)	(7,928)	6,061

Details of the shares held by the directors of the Company included in the above table are as follows:

上表所載本公司董事所持股份的詳情如下：

Type	Balance at 1.1.2018	Granted during the year	Lapsed during the year	Vested during the year	Balance at 31.12.2018
類別	於二零一八年 一月一日的結餘	年內授出	年內失效	年內歸屬	於二零一八年 十二月三十一日 的結餘
	'000	'000	'000	'000	'000
	千股	千股	千股	千股	千股
Shares 股份	145	48	-	(114)	79

Type	Balance at 1.1.2017	Granted during the year	Lapsed during the year	Vested during the year	Balance at 31.12.2017
類別	於二零一七年 一月一日的結餘	年內授出	年內失效	年內歸屬	於二零一七年 十二月三十一日 的結餘
	'000	'000	'000	'000	'000
	千股	千股	千股	千股	千股
Shares 股份	956	61	-	(872)	145

The equity-settled share-based payments charged to the profit or loss was RMB93,132,000 for the year ended 31 December 2018 (2017: RMB89,158,000).

截至二零一八年十二月三十一日止年度，於損益扣除的以權益結算股份支付的款項為人民幣93,132,000元（二零一七年：人民幣89,158,000元）。

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44. PARTICULARS OF SUBSIDIARIES

44. 附屬公司詳情

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2018 and 2017 are as follows:

除另有說明外，本公司於二零一八年及二零一七年十二月三十一日間接持有的附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 註冊成立/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2018 二零一八年	2017 二零一七年	
Sun Yu Optical Technology Limited 舜宇光學科技有限公司	The British Virgin Islands ("The BVI") 英屬處女群島 (「處女群島」)	Ordinary shares US\$100,000 普通股100,000美元	100% (directly held) (直接持有)	100%	Investment holding 投資控股
Sun Xiang Optical Overseas Limited 舜享光學海外有限公司	The BVI 處女群島	Ordinary shares US\$10 普通股10美元	100%	100%	Investment holding 投資控股
Sun Li Instrument Overseas Limited 舜利儀器海外有限公司	The BVI 處女群島	Ordinary shares US\$10 普通股10美元	100%	100%	Investment holding 投資控股
Summit Optics Technology Limited Summit Optics Technology Limited	The BVI 處女群島	Ordinary share US\$1 普通股1美元	100%	100%	Investment holding 投資控股
Summit Optics Investment Limited Summit Optics Investment Limited	The BVI 處女群島	Ordinary share US\$1 普通股1美元	100%	100%	Investment holding 投資控股
Sunny Optical Overseas Limited 舜宇光學海外有限公司	Hong Kong 香港	Ordinary shares US\$10 普通股10美元	100%	100%	Investment holding 投資控股
Sunny Instruments Overseas Limited 舜宇儀器海外有限公司	Hong Kong 香港	Ordinary shares US \$10 普通股10美元	100%	100%	Investment holding 投資控股
Summit Optical Technology Limited Summit Optical Technology Limited	Hong Kong 香港	Ordinary share HK\$1 普通股1港元	100%	100%	Investment holding 投資控股

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44. PARTICULARS OF SUBSIDIARIES (Continued)

44. 附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 註冊成立/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group		Principal activities 主要業務
			2018 二零一八年	2017 二零一七年	
Summit Optical Investment Limited Summit Optical Investment Limited	Hong Kong 香港	Ordinary share HK\$1 普通股1港元	100%	100%	Investment holding 投資控股
* Zhejiang Sunny Optics Co., Ltd. * 浙江舜宇光學有限公司	The PRC 中國	Registered and contributed capital RMB430,000,000 註冊及實繳股本人民幣 430,000,000元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件
* Ningbo Sunny Instruments Co., Ltd. * 寧波舜宇儀器有限公司	The PRC 中國	Registered and contributed capital RMB82,500,000 註冊及實繳股本人民幣 82,500,000元	100%	100%	Manufacture and sale of optical instruments 生產及銷售光學儀器
* Sunny Optics (Zhongshan) Co., Ltd. * 舜宇光學(中山)有限公司	The PRC 中國	Registered and contributed capital US\$14,990,000 註冊及實繳股本 14,990,000美元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件
* Ningbo Sunny Opotech Co., Ltd. * 寧波舜宇光電信息有限公司	The PRC 中國	Registered and contributed capital US\$38,831,600 註冊及實繳股本 38,831,600美元	100%	100%	Manufacture and sale of optoelectronics products 生產及銷售光電產品

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44. PARTICULARS OF SUBSIDIARIES (Continued)

44. 附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 註冊成立/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group		Principal activities 主要業務
			2018 二零一八年	2017 二零一七年	
# Ningbo Sunny Automotive Optech Co., Ltd. # 寧波舜宇車載光學技術有限公司	The PRC 中國	Registered and contributed capital RMB5,000,000 註冊及實繳股本 人民幣5,000,000元	100%	100%	Manufacture and sale of optical automotive components 生產及銷售光學車載零件
# Xinyang Sunny Optics Co., Ltd. # 信陽舜宇光學有限公司	The PRC 中國	Registered and contributed capital RMB100,000,000 註冊及實繳股本 人民幣100,000,000元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件
# Shanghai Sunny Hengping Scientific Instrument Co., Ltd. # 上海舜宇恒平科學儀器有限公司	The PRC 中國	Registered and contributed capital RMB30,000,000 註冊及實繳股本 人民幣30,000,000元	N/A (Note 1) 不適用 (附註1)	58.80%	Manufacture and sale of scientific instruments 生產及銷售科學儀器
# Ningbo Sunny Infrared Technologies Co., Ltd. # 寧波舜宇紅外技術有限公司	The PRC 中國	Registered and contributed capital RMB11,481,481 註冊及實繳股本 人民幣11,481,481元	68.10%	68.10%	Research and development of infrared technologies 研究及開發紅外線技術
Sunny Opotech Korea Co., Ltd. 舜宇光電韓國有限公司	Korea 韓國	Ordinary shares KRW108,000,000 普通股108,000,000韓元	100%	100%	Sales and development of optoelectronics products 銷售及開發光電產品

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FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

44. PARTICULARS OF SUBSIDIARIES (Continued)

44. 附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 註冊成立/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group		Principal activities 主要業務
			2018 二零一八年	2017 二零一七年	
# Sifang Technology (Hangzhou) Co., Ltd. # 思方科技(杭州)有限公司	The PRC 中國	Registered and contributed capital RMB2,000,000 註冊及實繳股本 人民幣2,000,000元	N/A (Note 2) 不適用 (附註2)	100%	Manufacture and development of security equipment technologies 生產及開發安防設備技術
Power Optics Co., Ltd. 力量光學有限公司	Korea 韓國	Ordinary shares KRW3,080,880,000 普通股3,080,880,000韓元	56.70%	56.70%	Manufacture and sale of optical components 生產及銷售光學零件
Sunny Japan Co., Ltd. 舜宇日本株式會社	Japan 日本	Registered and contributed capital JPY99,000,000 註冊及實繳股本 99,000,000日元	55%	55%	Trading of optical instruments and optoelectronics products 買賣光學儀器及光電產品
Sunny Opotech North America Inc 舜宇光電信息(北美)有限公司	The United States 美國	Common stock US\$952,731 普通股952,731美元	100%	100%	Sales and development of optoelectronics products 銷售及開發光電產品
Sunny Optical Corean (BVI) Limited Sunny Optical Corean (BVI) Limited	The BVI 處女群島	Ordinary shares US\$10 普通股10美元	100%	100%	Investment holding 投資控股
Sunny Instruments Singapore PTE. Ltd. 舜宇儀器新加坡有限公司	Singapore 新加坡	Ordinary shares SGD8,350,000 普通股8,350,000新加坡元	100%	100%	Manufacture and sale of scientific instruments 生產及銷售科學儀器

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44. PARTICULARS OF SUBSIDIARIES (Continued)

44. 附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 註冊成立/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group		Principal activities 主要業務
			2018 二零一八年	2017 二零一七年	
* Shanghai Sunny Yangming Precision Optics Co., Ltd. * 上海舜宇陽明精密光學有限公司	The PRC 中國	Registered and contributed capital RMB25,000,000 註冊及實繳股本 人民幣25,000,000元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件
* Ningbo Sunny Intelligent Technology Co., Ltd. * 寧波舜宇智能科技有限公司	The PRC 中國	Registered and contributed capital RMB20,000,000 註冊及實繳股本 人民幣20,000,000元	100%	100%	Sales and development of optical instruments 銷售及開發光學儀器
* Sunny Group Co., Ltd. * 舜宇集團有限公司	The PRC 中國	Registered and contributed capital RMB115,782,000 註冊及實繳股本 人民幣115,782,000元	100%	100%	Investment holdings and property leasing 投資控股及物業租賃
* Zhejiang Sunny Optical Intelligence Technology Co., Ltd. * 浙江舜宇智能光學技術有限公司	The PRC 中國	Registered and contributed capital RMB25,000,000 註冊及實繳股本 人民幣25,000,000元	100%	100%	Sales and development of optoelectronics products 銷售及開發光電產品
* Qingdao Sunny Hengping Instrument Co., Ltd. * 青島舜宇恒平儀器有限公司	The PRC 中國	Registered and contributed capital RMB1,800,000 註冊及實繳股本 人民幣1,800,000元	N/A (Note 1) 不適用 (附註1)	35.28%	Sales and development of scientific instruments 生產及銷售科學儀器

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44. PARTICULARS OF SUBSIDIARIES (Continued)

44. 附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 註冊成立/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group		Principal activities 主要業務
			2018 二零一八年	2017 二零一七年	
#Ningbo Mei Shan Bao Shui Gang Qu Sunyi Investment Co., Ltd. #寧波梅山保稅港區舜翌投資管理有限公司	The PRC 中國	Registered and contributed capital RMB2,000,000 註冊及實繳股本 人民幣2,000,000	51.00%	51.00%	Investment holdings 投資控股
#Sunny Optical (Zhejiang) Research Institute Co., Ltd. #舜宇光學(浙江)研究院有限公司	The PRC 中國	Registered and contributed capital RMB50,000,000 註冊及實繳股本 人民幣50,000,000元	100%	100%	Provide development, service and consultation of technology 提供技術開發、服務及諮詢
#Ningbo Mei Shan Bao Shui Gang Qu Sunxin Investment Partnership (Limited Partnership) #寧波梅山保稅港區舜鑫投資管理合夥企業(有限合夥)	The PRC 中國	Registered and contributed capital RMB2,240,000 註冊及實繳股本 人民幣2,240,000元	51.02%	51.02%	Investment holdings 投資控股
#Yuyao Sunny Optical Intelligence Technology Co., Ltd. #餘姚舜宇智能光學技術有限公司	The PRC 中國	Registered and contributed capital RMB20,000,000 註冊及實繳股本 人民幣20,000,000元	100%	100%	Provide optical technology service 提供光學技術服務
#Yuyao City Sunny Huitong Microcredit Co., Ltd. #余姚市舜宇匯通小額貸款股份有限公司	The PRC 中國	Registered and contributed capital RMB200,000,000 註冊及實繳股本 人民幣200,000,000元	100%	100%	Provision of financing service 提供融資服務

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44. PARTICULARS OF SUBSIDIARIES (Continued)

44. 附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 註冊成立/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group		Principal activities 主要業務
			2018 二零一八年	2017 二零一七年	
Sunny Optics Vina Co., Ltd. 舜宇越南光學有限公司	Vietnam 越南	Registered and contributed capital US\$100,000 註冊及實繳股本 100,000美元	56.7%	N/A (Note 3) 不適用 (附註3)	Sale of optical components 銷售光學零件

Note 1: The company was disposed in March 2018.

附註1: 該公司於二零一八年三月出售。

Note 2: The company was deregistered in December 2018.

附註2: 該公司於二零一八年十二月註銷。

Note 3: The company was established in January 2018.

附註3: 該公司於二零一八年一月成立。

* companies are sino-foreign equity joint venture enterprises

* 中外合資企業公司

companies are domestic invested enterprises

內資企業公司

None of the subsidiaries had issued any debt securities at the end of both years.

於該兩年末，附屬公司並無發行任何債務證券。

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45. EVENT AFTER THE REPORTING PERIOD

- (a) On 10 January 2019, the Company, through its wholly-owned subsidiaries, Ningbo Sunny Opotech Company Limited and Summit Optical Investment Limited, jointly established a new subsidiary in Indian named Sunny Opotech India Private Limited to meet the customer's demand in the Indian market.
- (b) On 21 January 2019, the Company, through its wholly-owned subsidiary, Zhejiang Sunny Optics Company Limited, acquired certain equity interests in a Japanese company which is mainly engaged in the research and development of advanced nanotechnology and established another new subsidiary named Sunny OmniLight Technology Company Limited to implement the strategic layout in Micro-nano optics industry.
- (c) On 31 January 2019, the Company, through its wholly-owned subsidiary, Sunny Group Company Limited, entered into an equity transfer agreement with several equity investors of Wuxi Wissen Intelligent Sensing Technology Co., Ltd ("Wissen") to acquire an additional 13.96% equity interests of Wissen at a cash consideration of RMB17,071,000 (the "Acquisition"). Immediately after the Acquisition, the Group's total equity interests in Wissen increased from 46.11% to 60.07%, it will account for from an associate to a subsidiary of the Group which will be consolidated by the Company thereafter.

Wissen was established in the PRC and it is a professional enterprise on automotive safety sensing system and automotive camera modules. The directors of the Company considered that the Acquisition was beneficial to the Group by strengthening the Group's business layout of advanced driving assistant system in automobile industry.

45. 報告期後事項

- (a) 於二零一九年一月十日，本公司透過寧波舜宇光電信息及Summit Optical Technology Limited (皆為本公司之全資附屬公司) 共同在印度成立名為 Sunny Opotech India Private Limited 的新附屬公司，以滿足印度市場的客戶需求。
- (b) 於二零一九年一月二十一日，本公司透過浙江舜宇光學有限公司 (本公司之全資附屬公司) 收購一家日本公司的若干股權，該公司主要從事先進納米技術的研發，並成立另一家名為寧波舜宇奧來技術有限公司的新附屬公司，以實施微納米光學產業的戰略佈局。
- (c) 於二零一九年一月三十一日，本公司透過舜宇集團有限公司 (本公司之全資附屬公司) 與多個無錫為森智能傳感技術有限公司 (「為森」) 的股權投資者訂立一項股權轉讓協議，以收購於為森額外13.96% 的股權，現金代價為人民幣17,071,000 元 (「收購事項」)。緊接收購事項後，本集團於為森的總股權由46.11%增加至60.07%，其將自作為本集團的聯營公司變為作為本集團的附屬公司列賬，且此後將被本公司合併入賬。

為森於中國成立，其為一間專業的汽車安全感應系統及車載攝像模組企業。本公司董事認為收購事項對本集團有利，因收購事項可鞏固本集團於汽車行業先進駕駛輔助系統的業務佈局。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

46. FINANCIAL INFORMATION OF THE COMPANY

46. 本公司財務資料

Assets and Liabilities

資產及負債

	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
NON-CURRENT ASSETS 非流動資產		
Property, plant and equipment 物業、機器及設備	637	–
Financial assets at fair value through profit or loss 按公允值計入損益的金融資產	157,205	–
Debt instruments at amortised cost 按攤銷成本計量的債務工具	54,479	–
Interests in subsidiaries, unlisted 非上市附屬公司權益	253,850	253,850
Loans to subsidiaries 附屬公司貸款	4,621,626	1,079,412
	5,087,797	1,333,262
CURRENT ASSETS 流動資產		
Other receivables and prepayment 其他應收款項及預付款項	163	56
Financial assets at fair value through profit or loss 按公允值計入損益的金融資產	327,512	–
Debt instruments at amortised cost 按攤銷成本計量的債務工具	54,915	–
Banks balances and cash 銀行結餘及現金	372,725	12,769
	755,315	12,825
CURRENT LIABILITIES 流動負債		
Short term borrowings 短期借貸	782,405	320,829
Amounts due to subsidiaries 應付附屬公司款項	23,702	23,339
Derivative financial liabilities 衍生金融負債	741	1,650
Other payables 其他應付款項	72,116	3,896
	878,964	349,714
NET CURRENT LIABILITIES 流動負債淨額	(123,649)	(336,889)
TOTAL ASSETS LESS CURRENT LIABILITIES 總資產減流動負債	4,964,148	996,373
NON-CURRENT LIABILITIES 非流動負債		
Derivative financial liabilities 衍生金融負債	–	2,597
Bonds payable 應付債券	4,079,983	–
	4,079,983	2,597
NET ASSETS 資產淨值	884,165	993,776
CAPITAL AND RESERVES 資本及儲備		
Share capital 股本	105,163	105,177
Reserves 儲備	779,002	888,599
TOTAL EQUITY 權益總額	884,165	993,776

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2018 截至二零一八年十二月三十一日止年度

46. FINANCIAL INFORMATION OF THE COMPANY (Continued)

46. 本公司財務資料(續)

Reserves

儲備

	Share premium	Special reserve	Shares held under share award scheme	Share award scheme reserve	(Accumulated loss) Retained profit	Total
	股份溢價	特別儲備	根據股份獎勵計劃持有的股份	股份獎勵計劃儲備	(累計虧損) 保留盈利	總計
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(Note a) (附註a)				
The Company 本公司						
At 1 January 2017 於二零一七年一月一日	481,823	166,973	(14,859)	1,228	(68,401)	566,764
Profit for the year and total comprehensive income for the year 年內溢利及年內全面收益總額	-	-	-	-	633,863	633,863
Purchase of shares under share award scheme 根據股份獎勵計劃購買的股份	-	-	(4,323)	-	-	(4,323)
Recognition of equity-settled share-based payments 確認以權益結算股份支付的款項	-	-	-	7,597	-	7,597
Shares vested under share award scheme 根據股份獎勵計劃歸屬的股份	-	-	7,203	(8,278)	1,075	-
Dividends received under share award scheme 根據股份獎勵計劃收取的股息	2,828	-	-	-	-	2,828
Dividends paid 已付股息	(318,130)	-	-	-	-	(318,130)
At 31 December 2017 於二零一七年十二月三十一日	166,521	166,973	(11,979)	547	566,537	888,599
Profit for the year and total comprehensive income for the year 年內溢利及年內全面收入總額	-	-	-	-	621,075	621,075

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46. FINANCIAL INFORMATION OF THE COMPANY (Continued)

46. 本公司財務資料 (續)

Reserves (Continued)

儲備 (續)

	Share premium	Special reserve	Shares held under share award scheme 根據股份獎勵計劃持有的股份	Share award reserve 股份獎勵計劃儲備	(Accumulated loss) Retained profit (累計虧損) 保留盈利	Total 總計
	RMB'000 人民幣千元	RMB'000 人民幣千元 (Note a) (附註a)	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Purchase of shares under share award scheme 根據股份獎勵計劃購買的股份	-	-	(3,407)	-	-	(3,407)
Recognition of equity-settled share-based payments 確認以權益結算股份支付的款項	-	-	-	6,207	-	6,207
Shares vested under share award scheme 根據股份獎勵計劃歸屬的股份	-	-	8,098	(7,623)	(475)	-
Dividends received under share award scheme 根據股份獎勵計劃收取的股息	2,680	-	-	-	-	2,680
Dividends paid 已付股息	(155,486)	-	-	-	(569,631)	(725,117)
Repurchase of ordinary shares 普通股回購	(11,035)	-	-	-	-	(11,035)
At 31 December 2018 於二零一八年十二月三十一日	2,680	166,973	(7,288)	(869)	617,506	779,002

Note:

附註：

(a) The amount recorded in the special reserve was resulted from:

(a) 計入特別儲備的款項來自：

- (i) the capital contribution by/distribution to the Company in relation to the acquisitions/disposals of equity interests in subsidiaries; and
- (ii) the difference between the net carrying amounts of equity interests in subsidiaries and the nominal value of the shares of their respective holding companies arisen in share exchange transactions during the group reorganisation.

- (i) 本公司就收購／出售附屬公司股權所作注資／所得分派；及
- (ii) 附屬公司股權的賬面淨值與彼等各自控股公司股份面值之間於集團重組換股交易中產生的差額。

REGISTERED OFFICE OF THE ISSUER

SG Issuer
16, Boulevard Royal
L-2449 Luxembourg
Luxembourg

REGISTERED OFFICE OF THE GUARANTOR

Société Générale
29, boulevard Haussmann
75009 Paris
France

ISSUER'S AUDITORS

Ernst & Young Société Anonyme
35E, avenue John F. Kennedy
L-1855 Luxembourg
Luxembourg

**Ernst & Young et
Autres**
Tour First
TSA 14444
92037 Paris-La
Défense Cedex
France

Deloitte & Associés
6, place de la Pyramide
92908 Paris-La Défense
Cedex
France

GUARANTOR'S AUDITORS

WARRANT AGENT

THE CENTRAL DEPOSITORY (PTE) LIMITED

11 North Buona Vista Drive
#06-07 The Metropolis Tower 2
Singapore 138589

LEGAL ADVISERS TO THE ISSUER

(as to Singapore law)

ALLEN & GLEDHILL LLP
One Marina Boulevard #28-00
Singapore 018989