



Huakang Biomedical Holdings Company Limited
華康生物醫學控股有限公司

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號: 8622

年報
ANNUAL
REPORT

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■ CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”) 香港聯合交易所有限公司(「聯交所」)GEM之特色

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this annual report (the “Report”), make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Report.

This Report, for which the Directors (the “Directors”) of Huakang Biomedical Holdings Company Limited (the “Company”, and together with its subsidiaries, the “Group”, “we” or “our”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Report misleading.

GEM乃為較其他於聯交所上市之公司帶有較高投資風險之中小型公司提供一個上市之市場。有意投資者應了解投資於該等公司之潛在風險，並應經過審慎周詳考慮後方作出投資決定。GEM之較高風險及其他特色，表示GEM較適合專業及其他經驗豐富之投資者。

由於GEM上市公司之新興性質使然，於GEM買賣之證券可能會較於主板買賣之證券承受較大之市場波動風險，及無法保證於GEM買賣之證券會有高流通市場。

香港交易及結算所有限公司及聯交所對本報告(「本報告」)的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示，概不對因本報告全部或任何部分內容而產生或因倚賴該等內容而引致的任何損失承擔任何責任。

本報告乃遵照聯交所GEM證券上市規則(「GEM上市規則」)之規定而提供有關華康生物醫學控股有限公司(「本公司」，連同其附屬公司統稱「本集團」或「我們」)的資料，本公司董事(「董事」)願就本報告共同地及個別地承擔全部責任。董事經作出一切合理查詢後確認，就彼等所深知及確信，本報告所載資料在各重大方面均為準確及完整，且無誤導或欺詐成分及並無遺漏任何其他事項致使本公告或當中所載任何陳述產生誤導。

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CORPORATE INFORMATION

公司資料

Registered Office

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

註冊辦事處

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

Principal Place of Business in Hong Kong

3rd Floor, Effectual Building, 16 Hennessy Road,
Wanchai,
Hong Kong

香港主要營業地點

香港
灣仔
軒尼詩道16號宜發大廈3樓

Principal Place of Business in the PRC

1-3/F, Building D, Shenzhen Junxuan,
No.16 Yinkui Road,
Kui Xin Community,
Kui Chong Office,
Dapeng New District,
Shenzhen,
The PRC

中國主要營業地點

中國
深圳市
大鵬新區
葵涌街道
葵新社區
銀葵路16號
深圳君軒D棟一至三層

Compliance Adviser

RHB Capital Hong Kong Limited
12/F, World-Wide House,
19 Des Voeux Road Central,
Hong Kong

合規顧問

興業金融融資有限公司
香港
德輔道中19號
環球大廈12樓

Company Secretary

Mr. Chau Lai Ki

公司秘書

周麗麒先生

Authorised Representatives (for the purposes of the GEM Listing Rules)

Mr. Poon Lai Yin Michael
Mr. Zhang Shuguang

授權代表(就GEM上市規則而言)

潘禮賢先生
張曙光先生

Compliance Officer

Mr. Poon Lai Yin Michael

合規主任

潘禮賢先生

Board of Directors

Executive Directors

Mr. Zhang Shuguang (*Chairman*)
Mr. Zhang Chunguang
Mr. Poon Lai Yin Michael

Independent Non-executive Directors

Dr. Yeung David Wai Chow
Mr. Kwok Chi Shing
Mr. Chan Kin Sang

Audit Committee

Mr. Kwok Chi Shing (*Chairman*)
Dr. Yeung David Wai Chow
Mr. Chan Kin Sang

Remuneration Committee

Mr. Kwok Chi Shing (*Chairman*)
Dr. Yeung David Wai Chow
Mr. Zhang Chunguang

Nomination Committee

Mr. Zhang Shuguang (*Chairman*)
Dr. Yeung David Wai Chow
Mr. Chan Kin Sang

Principal Share Registrar and Transfer Office in the Cayman Islands

Conyers Trust Company (Cayman) Limited
Cricket Square,
Hutchins Drive,
P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

董事會

執行董事

張曙光先生(*主席*)
張春光先生
潘禮賢先生

獨立非執行董事

楊煒秋醫生
郭志成先生
陳建生先生

審核委員會

郭志成先生(*主席*)
楊煒秋醫生
陳建生先生

薪酬委員會

郭志成先生(*主席*)
楊煒秋醫生
張春光先生

提名委員會

張曙光先生(*主席*)
楊煒秋醫生
陳建生先生

開曼群島股份過戶登記處

Conyers Trust Company (Cayman) Limited
Cricket Square,
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P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

CORPORATE INFORMATION

公司資料

Hong Kong Share Registrar and Transfer Branch Office

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

Company's Websites

<http://www.szhuakang.com>

Legal Advisers as to Hong Kong laws

Miao & Co. (in Association with Han Kun Law Offices)
Rooms 3901-05, 39/F,
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15 Queen's Road Central,
Hong Kong

Auditor

Deloitte Touche Tohmatsu
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88 Queensway,
Hong Kong

Stock code

8622

香港股份過戶登記分處

卓佳證券登記有限公司
香港
皇后大道東183號
合和中心22樓

公司網址

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有關香港法例的法律顧問

繆氏律師事務所(與漢坤律師事務所聯營)
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皇后大道中15號
置地廣場公爵大廈
39樓3901-05室

核數師

德勤•關黃陳方會計師行
香港
金鐘道88號
太古廣場一期35樓

股份代號

8622

CHAIRMAN'S STATEMENT

主席報告

Dear Shareholders,

On behalf of the board of directors (the “**Board**”) of Huakang Biomedical Holdings Company Limited, I am pleased to present the Group’s annual results for the year ended 31 December 2018.

The year 2018 marked a significant milestone in the development of our Company and was the first annual reporting year of the Company after its successful listing on the GEM of the Stock Exchange (the “**Listing**”) on 13 December 2018 (the “**Listing Date**”).

For the year ended 31 December 2018, revenue of the Group was approximately RMB28.7 million, increased by approximately RMB2.1 million or approximately 8.0% as compared to the previous year, which was mainly attributable to the increase in revenue from sales of parasite antibody detection reagents by approximately RMB1.9 million to approximately RMB4.5 million from the previous year. Gross profit grew approximately 16.4% to approximately RMB21.6 million, with an improved gross profit margin of 75.3%.

As a medical device group specialising in the research and development, manufacturing and sales of a wide range of in-vitro diagnostic (“**IVD**”) reagents in the People’s Republic of China (the “**PRC**”) and leveraging our technical know-how and vast experience, our Group continued to focus on the PRC male fertility IVD reagent market, revenue from which amounted to approximately RMB21.0 million (2017: approximately RMB22.7 million), accounted for approximately 73.2% (2017: approximately 85.5%) of our Group’s total revenue.

親愛的股東：

本人謹代表華康生物醫學控股有限公司董事會(「**董事會**」)，欣然提呈本集團截至二零一八年十二月三十一日止年度之年度業績。

二零一八年標誌著本公司發展的重要里程碑，亦是本公司於二零一八年十二月十三日(「**上市日期**」)於聯交所GEM成功上市(「**上市**」)後進行年度申報的首個年度。

截至二零一八年十二月三十一日止年度，本集團錄得收益約人民幣28.7百萬元，與去年相比增長約人民幣2.1百萬元或約8.0%，乃主要由於寄生蟲系列檢測試劑的銷售收益較上一年度增長約人民幣1.9百萬元至約人民幣4.5百萬元。毛利增長約16.4%至約人民幣21.6百萬元，毛利率改善至75.3%。

作為一家在中華人民共和國(「**中國**」)研發、生產及銷售各種體外診斷試劑(「**體外診斷試**」)的醫療器械集團，憑藉我們的專業技術及豐富經驗，本集團持續專注於中國男性不育症體外診斷市場，錄得收益約人民幣21.0百萬元(二零一七年：約22.7百萬元)，約佔本集團總收益之73.2%(二零一七年：約85.5%)。

CHAIRMAN'S STATEMENT

主席報告

Following the Listing, we are confident of our future prospects and believe that it would enhance our corporate profile, brand recognition and market position and can facilitate our establishment in new regions and exploration of potential customers.

Looking ahead, we aim to grow our business through pursuing the following business strategies: (i) expand our product portfolio and improve our existing product offerings; (ii) strengthen our product research and development capabilities; (iii) expand and consolidate our sales and distribution network; (iv) cultivate and recruit talented employees; and (v) develop our auxiliary reproductive supply business.

On behalf of the Board, I wish to take this opportunity to extend my sincere gratitude to our shareholders, business partners and customers for their ongoing support to the Group. I would also like to express my heartfelt appreciation to our staff for their hard work and dedication to the Group. With our competent management and professional teams, I believe the Group will succeed in achieving our business goals.

Zhang Shuguang

Chairman

Hong Kong, 25 March 2019

上市後，我們對未來前景充滿信心，並相信上市將提升我們的公司形象、品牌知名度及市場地位以及有利於我們進駐新地區及開發潛在客戶。

展望未來，我們擬透過採取下列業務策略發展我們的業務：(i)拓展我們的產品組合及改善我們現有的產品種類；(ii)加強我們的研發能力；(iii)擴大及整合我們的銷售及分銷網絡；(iv)培養及招聘人才；及(v)發展我們輔助生育用品業務。

最後，本人謹代表董事會，藉此機會就我們的股東、業務夥伴及客戶對本集團的持續支持致以衷心謝意。另外，本人謹此就全體員工的辛勤工作及對本集團的奉獻表示由衷感謝。相信憑藉我們優秀的管理層及專業團隊，本集團將成功達成我們的業務目標。

張曙光

主席

香港，二零一九年三月二十五日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 December 2018 increased by approximately RMB2.1 million, or approximately 8.0%, to approximately RMB28.7 million (2017: approximately RMB26.5 million). The increase in revenue was contributed by an increase in the sales of our detection kit for IgG antibody to *Schistosoma japonicum* by approximately 394.0% from RMB435,000 in 2017 to approximately RMB2.1 million in 2018, primarily because several new distributors commenced to sell our detection kit for IgG antibody to *Schistosoma japonicum* since 2018. We also witnessed an increase in the sales of our liver fluke IVD reagent products from approximately RMB1.5 million in 2017 to approximately RMB2.4 million for 2018, representing an annual increase of approximately 63.1%, which was mainly attributable to a wider recognition and thus higher purchase volume of our products by existing customers. One of our parasite antibody detection reagents is among the only two liver fluke IVD reagents approved by the China Food and Drug Administration ("CFDA") in the PRC.

Male fertility IVD reagents product remained our major product in 2018, accounting for approximately 73.2% of our total revenue for the year. Revenue from this segment for the year was approximately RMB21.0 million, representing a decrease of approximately 7.5% from approximately RMB22.7 million in 2017. Our Directors are of the view that such decrease was mainly attributable to: (i) the decrease in birth rate of the PRC from 12.43‰ for 2017 to 10.94‰ for 2018, according to the statistics published by the National Bureau of Statistics of the PRC in February 2019; (ii) the increase in price sensitivity of some of the customers of the Group; and (iii) the impact of the vaccine incident of a PRC listed biotech company emerged in late 2018.

財務回顧

收益

本集團於截至二零一八年十二月三十一日止年度較去年錄得收益增加約人民幣2.1百萬元或約8.0%至約人民幣28.7百萬元(二零一七年：約人民幣26.5百萬元)。收益增長乃主要由於我們的日本血吸蟲IgG抗體檢測試劑盒銷售由二零一七年約人民幣435,000元增加約394.0%至二零一八年的約人民幣2.1百萬元，主要原因是若干新增分銷商自二零一八年開始銷售日本血吸蟲IgG抗體檢測試劑盒。我們的肝吸蟲病體外診斷試劑銷售亦由二零一七年的約人民幣1.5百萬元增加至二零一八年的約人民幣2.4百萬元，按年增長約63.1%，其乃主要由於知名度提升而現有客戶增加對我們產品的採購量。我們其中一種寄生蟲系列檢測試劑乃獲中國國家食品藥品監督管理總局(「國家食藥監總局」)批准的僅有兩種肝吸蟲病體外診斷試劑之一。

男性體外診斷試劑產品於二零一八年仍為我們的主要產品，佔我們年度總收益的約73.2%。年內來自此分部的收入約為人民幣21.0百萬元，相當於較二零一七年的約人民幣22.7百萬元減少約7.5%。董事認為該減少乃主要由於(i)根據中國國家統計局於二零一九年二月發佈之資料，中國的生育率由二零一七年的12.43‰降至二零一八年的10.94‰；(ii)本集團若干客戶之價格敏感度增加；及(iii)於二零一八年未出現的中國上市醫藥科技公司疫苗事件的影響。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Gross Profit and Gross Profit Margin

The Group recorded a gross profit of approximately RMB21.6 million for the year, representing an increase of approximately RMB3.0 million or approximately 16.4% from approximately RMB18.5 million for 2017.

The Group improved its gross profit margin from 69.8% in 2017 to 75.3% in 2018, which was mainly due to the decrease in the average headcount of our production staff (including production, quality management and engineering departments) and higher production efficiency of our production staff due to their improved production skills and techniques as well as the improved efficiency in utilising raw materials in the production process by our production staff.

Other Income and Other Gains and Losses

Our other income decreased by RMB386,000, or by 54.9%, from RMB703,000 in 2017 to RMB317,000 in 2018, primarily because we have received an one-off government grant amounting to RMB500,000 from the Economic Service Bureau of Shenzhen Dapeng New District* (深圳市大鵬新區經濟服務局) as the recognition of our research and development in 2017.

We recorded other losses of RMB162,000 in 2018, whereas we recorded other gains of RMB157,000 in 2017. Such change was mainly due to an adverse effect in foreign currency translated to RMB leading to foreign exchange losses of RMB172,000 in 2018.

Impairment losses

Starting from 1 January 2018, we adopted Hong Kong Financial Reporting Standard 9 "Financial Instruments" and the management of the Group estimates the amount of lifetime expected credit losses of trade receivables based on provision matrix through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors and past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the

毛利及毛利率

年內，本集團錄得毛利約人民幣21.6百萬元，較二零一七年之約人民幣18.5百萬元增加約人民幣3.0百萬元或約16.4%。

本集團的毛利率由二零一七年的69.8%提升至二零一八年的75.3%，其乃主要由於我們生產員工(包括生產、質量管理及工程部)的平均人數減少及因生產員工的生產技能及技術提高使得彼等的生產效率更高，以及生產員工於生產過程中對原材料的利用率更高。

其他收入及其他收益及虧損

其他收入由二零一七年的人民幣703,000元減少人民幣386,000元或54.9%至二零一八年的人民幣317,000元，主要是由於我們從深圳市大鵬新區經濟服務局收到一次性政府補助人民幣500,000元，以表彰我們於二零一七年的研發工作。

我們於二零一八年錄得其他虧損人民幣162,000元，而我們於二零一七年錄得其他收益人民幣157,000元。有關變動主要由於人民幣外匯匯率的不利影響導致於二零一八年產生外匯虧損人民幣172,000元。

減值虧損

自二零一八年一月一日起，我們採納香港財務報告準則第9號「金融工具」及本集團經考慮貿易債務人之內部信貸評級及各貿易應收款項之逾期狀況，透過對具有類似虧損型態的不同債務人分組根據撥備矩陣估計貿易應收款項的全期預期信貸虧損。估計虧損率乃基於應收賬款預期年期內的過往違約記錄並就前瞻性資料作出調整計

expected life of the debtors and are adjusted for forward-looking information. In addition, trade receivables that are credit impaired are assessed for expected credit losses individually. The loss allowance amount of the credit impaired trade receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future losses. The assessment of credit risk of trade receivables involves high degree of estimation uncertainty.

Therefore, we recorded impairment losses on trade and other receivables for approximately RMB1.4 million in 2018 (2017: allowance of doubtful debts on trade and other receivables of RMB126,000) mainly because of the aforesaid reason, out of which over 75% has been settled as of the date of this Report.

Expenses

Our selling and distribution expenses increased from approximately RMB2.9 million in 2017 to approximately RMB4.1 million in 2018, representing a growth of approximately 42.2% during the year. The growth was primarily attributable to (i) an increase in the number of our sales and marketing personnel during the year; (ii) an increase in depreciation; and (iii) a higher marketing expense and travel and transportation expenses incurred related to the sales and distribution of our products in the PRC.

Administrative expenses increased from approximately RMB3.2 million in 2017 to approximately RMB5.7 million in 2018, representing an increase of approximately 77.2% during the year. Such increase was mainly attributable to (i) higher staff cost incurred by our centralised management team at more senior level so as to enhance our business functions and coordination among various departments within our Group and hiring of professional staff for enhancement of our financial management; and (ii) the accrual of audit fees and other professional fees of approximately RMB1.4 million in relation to the compliance with the GEM Listing Rules after Listing.

算。此外，發生信貸減值之貿易應收款項單獨評估預期信貸虧損。信貸減值貿易應收款項之虧損撥備計量為資產賬面值與估計未來現金流量（經考慮預期未來虧損）現值之差額。貿易應收款項信貸風險之評估涉及高度的估計不確定性。

因此，我們於二零一八年錄得貿易及其他應收款項減值虧損約人民幣1.4百萬元（二零一七年：貿易及其他應收款項呆賬撥備人民幣126,000元），主要乃由於上述原因，其中逾75%於截至本報告日期已結清。

開支

我們的銷售及分銷開支由二零一七年的約人民幣2.9百萬元增加至二零一八年的約人民幣4.1百萬元，年內增長約42.2%。該增長主要由於(i)年內銷售及市場推廣員工人數增加；(ii)折舊增加；及(iii)就於中國銷售及分銷產品導致產生的營銷開支及差旅運輸開支增加。

行政開支由二零一七年的約人民幣3.2百萬元增加至二零一八年的約人民幣5.7百萬元，年內增加約77.2%。該增加乃主要由於(i)員工成本增加，主要原因是我們對高級管理層進行集中化管理以加強業務職能及本集團各部門間的協调度以及就加強財務管理而聘用專業員工；及(ii)上市後就符合GEM上市規則產生應計審計及其他專業費用約人民幣1.4百萬元。

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Research and development expenses remained relatively stable from approximately RMB1.4 million in 2017 to approximately RMB1.5 million in 2018.

Our finance costs decreased from RMB54,000 in 2017 to nil in 2018, primarily attributable to the decrease in interest in bank borrowings due to the repayment by the Group.

Loss for the year

For the year ended 31 December 2018, the Group recorded a loss for the year of approximately RMB459,000 (2017: net loss for the year of approximately RMB2.0 million). The decrease in net loss was mainly due to the decrease in listing expenses. Basic loss per share for the year was RMB0.15 cents (2017: loss per share of RMB0.75 cents).

Excluding non-recurring listing expenses, the Group recorded a profit before tax for the year of approximately RMB9.1 million (2017: RMB11.9 million).

Taxation

The PRC enterprise income tax rate applicable to the Group's subsidiaries is 15% (2017: 15%).

Statement of Financial Position

Since the second half of 2017, the Group has no external borrowings. In addition, the Company raised a total amount of approximately HK\$50 million gross proceeds from the Listing and maintained a sound financial position.

Our inventory of finished goods decreased slightly from approximately RMB1.0 million as at 31 December 2017 to approximately RMB727,000 as at 31 December 2018. In the meantime, our inventory of raw materials increased from approximately RMB931,000 as at 31 December 2017 to approximately RMB1.6 million as at 31 December 2018, representing an increase of 67.2%. Such increase was mainly attributable to an adjustment of purchase volume based on our production plan.

研發開支保持相對穩定，二零一七年約為人民幣1.4百萬元，二零一八年約為人民幣1.5百萬元。

我們的融資成本自二零一七年的人民幣54,000元減少至二零一八年的零元，主要由於本集團還款後銀行借款利息減少。

年度虧損

截至二零一八年十二月三十一日止年度，本集團錄得年度虧損約人民幣459,000元（二零一七年：年度淨虧損約人民幣2.0百萬元）。淨虧損減少乃主要由於上市開支減少。本年度每股基本虧損為人民幣0.15分（二零一七年：每股虧損人民幣0.75分）。

撇除非經常性上市開支後，本集團年內錄得除稅前溢利約人民幣9.1百萬元（二零一七年：人民幣11.9百萬元）。

稅項

本集團附屬公司適用之中國企業所得稅率為15%（二零一七年：15%）。

財務狀況聲明

自二零一七年下半年起，本集團並無外部借貸。此外，本公司從上市募得所得款項總額約50百萬港元，維持穩健財務狀況。

我們的成品存貨由二零一七年十二月三十一日的約人民幣1.0百萬元輕微減少至於二零一八年十二月三十一日的約人民幣727,000元。同時，我們的原材料存貨由二零一七年十二月三十一日的約人民幣931,000元增加至二零一八年十二月三十一日的約人民幣1.6百萬元，增長67.2%。該增長乃主要由於我們根據生產計劃調整採購量。

Dividend

The Board did not recommend payment of the final dividend for the year ended 31 December 2018 (2017: Nil).

The declaration, payment, and amount of future dividend will be decided by the Board and will depend upon, among other things, the Group's results of operations, capital requirements, cash flows, general financial condition and such other factors as the Board may consider important.

BUSINESS REVIEW

Our Group are a medical device group specialised in the research and development, manufacture and sale of a wide range of IVD reagents in the PRC and particularly focused on the PRC male fertility IVD market. For the year ended 31 December 2018, the products of the Group comprised 32 male fertility IVD reagents, two parasite antibody detection reagents, one Epstein-Barr Virus ("EBV") antibody detection reagent and six female fertility IVD reagents, of which 27 IVD reagents are being manufactured and sold by the Group, including 24 male fertility IVD reagents, two parasite antibody detection reagents and one EBV antibody detection reagent.

Furthermore, despite the impact of (i) the decrease in birth rate of the PRC from 12.43‰ for 2017 to 10.94‰ for 2018, according to the statistics published by the National Bureau of Statistics of the PRC in February 2019; (ii) the increase in price sensitivity of some of the customers of the Group; and (iii) the impact of the vaccine incident of a PRC listed biotech company emerged in late of 2018, orders of our products continued to increase during the year.

股息

董事會不建議派付截至二零一八年十二月三十一日止年度之末期股息(二零一七年：無)。

日後是否宣派股息，以及支付股息之方法及金額，均由董事會決定，並將視乎(其中包括)本集團之經營業績、資本需要、現金流量、整體財務狀況及董事會認為重要之其他因素而定。

業務回顧

本集團是一家專注於在中國研發、生產及銷售各種體外診斷試劑的醫療器械集團，尤其專注於中國男性不育體外診斷試劑市場。截至二零一八年十二月三十一日止年度，本集團產品包括32種男性不育體外診斷試劑、2種寄生蟲系列檢測試劑、1種EB病毒(「EB病毒」)檢測試劑及6種女性不孕症體外診斷試劑，其中27種體外診斷試劑現由本集團生產及銷售，包括24種男性不育體外診斷試劑、2種寄生蟲系列檢測試劑及1種EB病毒檢測試劑。

此外，儘管(i)根據中國國家統計局於二零一九年二月發佈之資料，中國的生育率由二零一七年的12.43‰降至二零一八年的10.94‰；(ii)本集團若干客戶之價格敏感度增加；及(iii)受二零一八年末出現的中國上市醫藥科技公司疫苗事件的影響，但我們的產品訂單於年內仍保持增長。

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Comparison of Business Objectives with Actual Business Progress

The proceeds raised from the Listing is targeted to further strengthen our market position and expand our market shares by pursuing our business strategies. An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date up to 31 December 2018 is set out below:

業務目標與實際業務進度比較

上市所得款項旨在透過按照我們的業務策略進一步增強我們的市場地位及擴大我們的市場份額。招股章程所載業務目標與本集團自上市日期直至二零一八年十二月三十一日之實際業務進度比較分析載列如下：

Business objectives as set out in the Prospectus

招股章程所載業務目標

Actual business progress for the period from the Listing Date to 31 December 2018

自上市日期至二零一八年十二月三十一日之
實際業務進度

Development of new products

開發新產品

The Group has conducted technical review by third parties for sperm nucleus DNA integrity IVD reagent; and purchased raw materials and equipment for anti-mullerian hormone

本集團已開展由第三方對精子核DNA完整性體外診斷試劑進行的技術審查；及採購抗苗勒氏管激素所用原材料及設備

Improving existing products

改良我們的現有產品

The Group is improving the quality of male fertility quantitative test kit reagents

本集團現正改良男性不育定量檢測試劑盒產品

Expanding our sales network and enhancing our marketing activities

擴展我們的銷售網絡及加強我們的營銷活動

Our staff explored and paid visits to a number of potential customers located in the northern part of the PRC

我們的員工開發及拜訪中國北部的若干潛在客戶

Sales and Distribution

We market and sell all our IVD reagents within the PRC. We regularly visit and directly sell our products to hospitals and medical institutions. In addition, we sell our products to distributors who, in turn, sell our products to hospitals and medical institutions, either directly or through their sub-distributors.

In 2018, the Group continued to extend its business reach in the PRC. For example, during the year ended 31 December 2018, the Company sold products to 12 new direct sale customers.

銷售及分銷

我們於中國境內營銷及銷售我們全部體外診斷試劑產品。我們定期訪問醫院及醫療機構，並向其直接出售我們的產品。此外，我們亦向分銷商出售產品，而該等分銷商則直接或透過其次級分銷商向醫院及醫療機構出售我們的產品。

於二零一八年，本集團繼續擴大其在中國的業務範圍，截至二零一八年十二月三十一日止年度，本公司向12名新的直銷客戶出售產品。

The number of sales and marketing personnel of the Company increased from 13 in 2017 to 25 in 2018. The expansion of workforce mainly served to assist in the preparation of tender materials and participation of centralised purchasing procedure in public hospitals and medical institutions in the PRC, communicate with our customers to help better understand the purpose and characteristics of our products, review qualifications of distributors, collect feedback from customers and end-users and provide customer services.

Direct Sales

Direct sales revenue dropped from approximately RMB14.3 million in 2017 to approximately RMB14.1 million in 2018, representing a slight decrease of RMB231,000 or 1.6%.

Distribution

The number of distributors increased from 149 at the beginning of 2018 to 184 at the end of 2018. With our extensive distribution network, we benefited from the proven distribution channels and resources of our distributors, thereby saving the cost of establishing a broad sales network in the PRC and increasing the efficiency of distribution and sales of products to target markets in a short period of time.

Revenue from sale of products to distributors increased by approximately RMB2.4 million or 19.4%, from approximately RMB12.2 million in 2017 to approximately RMB14.6 million in 2018. The increase was mainly due to (i) an increase in sales from our EBV antibody detection reagents; and (ii) an increase in revenue from the sale of our parasite antibody detection reagents from both existing and new customers.

本公司的銷售及市場推廣員工數量從二零一七年的13名增至二零一八年的25名。擴充人手主要是為了協助準備投標材料及參與中國公立醫院及醫療機構的集中採購程序、與我們的客戶溝通以協助他們更好地了解我們產品的用途及特點、審查分銷商的資質、收集客戶及終端用戶的回饋以及提供客戶服務。

直銷

直銷收益由二零一七年的約人民幣14.3百萬元降至二零一八年的約人民幣14.1百萬元，輕微下降人民幣231,000元或1.6%。

分銷

分銷商的數量由二零一八年初的149名增至二零一八年底的184名。憑藉我們廣泛的分銷網絡，我們受益於分銷商成熟的分銷渠道及資源，從而節省了於中國設立廣泛的銷售網絡的成本，並在短時間內提高向目標市場分銷及銷售產品的效率。

向分銷商銷售產品的收益由二零一七年的約人民幣12.2百萬元增加約人民幣2.4百萬元或19.4%至二零一八年的約人民幣14.6百萬元。該增幅乃主要由於來自現有客戶及新客戶的(i)EB病毒檢測試劑的銷量增加；及(ii)寄生蟲系列檢測試劑的銷售收益增加。

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Product Pricing

We price our products based on a number of factors, such as sales channels, cost of sales, expected demands of customers and end users for our products, selling prices of comparable or similar products of our competitors, sales regions and government policies. In 2018, the product sales price decreased slightly in general. For example, the average sales unit price for major male fertility IVD reagent products decreased slightly by 5% to 6% on average, while we observed an increase in the average selling price of our detection kit for IgG antibody to *Schistosoma japonicum* by approximately 40% due to an increase in purchase of such products from some of our distributors after winning certain tenders of hospitals.

Also, the sales of auxiliary reproductive supplies and equipment increased from approximately RMB1.1 million in 2017 to approximately RMB2.0 million in 2018, supported by an increase in sales of reagent, consumables (e.g. anti-mullerian hormone detection kit, the assembly-line type of full-automatic enzyme-linked immunologic workstation, pipettes, microscope slides and sampling cups). We witnessed an increase in the sales amount and volume, despite a slight drop in the unit price.

產品定價

我們基於多項因素進行產品定價，包括銷售渠道、銷售成本、產品的客戶及終端用戶的預期需求、競爭對手的可比較或類似產品售價、銷售區域及政府政策等。於二零一八年，產品銷售價格整體輕微下降。例如，主要男性不育體外診斷試劑產品的平均銷售單價平均輕微下降5%-6%，然而，我們注意到日本血吸蟲IgG抗體檢測試劑盒的平均售價增長約40%，原因為部分分銷商贏得醫院的若干招標後，增加採購相關產品。

此外，輔助生育用品和設備銷量由二零一七年的約人民幣1.1百萬元增至二零一八年的約人民幣2.0百萬元，此乃由於試劑及耗材（如抗繆勒氏管激素定量檢測試劑盒、流水線式全自動酶聯免疫工作站、吸量管、顯微鏡載玻片及取樣杯）銷量增加。儘管單價輕微下降，惟銷售金額及數量有所上升。

Research and Development

We are devoted to our product research and development and have been recognised as a High and New Technology Enterprise of the State* (國家高新技術企業) in the PRC since 2011. All of our research and development personnel have been trained in immunology, biotechnology, biological engineering and biomedical engineering. We conduct our research and development activities through our internal research and development department, which is mainly focused on developing products that address growing diagnostic needs in the areas of male and female infertility, as well as improving the effectiveness and quality of our existing products.

The total amount of our investment in the research and development project was approximately RMB\$2.6 million in 2018 (2017: RMB2.2 million). This was mainly due to the fact that we had seven active research projects in 2018 (2017: three).

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 December 2018, the Group's operations were generally financed through an internally generated cash flow and proceeds from the Listing.

As at 31 December 2018, the Group had a total cash and bank balances of approximately RMB54.8 million compared to approximately RMB19.8 million as at 31 December 2017. The increase was mainly due to the net proceeds received from the Listing. The borrowings of our Group arising from amount due to 深圳市君軒生物技術有限公司 Shenzhen Junxuan Bio-Tech Limited* ("Shenzhen Junxuan") as at 31 December 2017 was approximately RMB110,000 as compared to nil balance as at 31 December 2018. This decrease was due to settlement of all the amount outstanding by the Group.

The gearing ratio of the Group for the year ended 31 December 2017 was approximately 0.3% while no gearing ratio as at 31 December 2018 was applicable as there was no borrowings as at 31 December 2018.

研發

我們致力於產品研發並自二零一一年起已獲認可為中國國家高新技術企業。我們的全部研發人員均已受過免疫學、生物科技、生物工程及生化工程訓練。我們透過我們的內部研發部門進行我們的研發活動，我們的內部研發部門專注於開發產品解決不斷增長的男性不育及女性不孕領域的診斷需求，並提升我們現有產品的效用及質量。

於二零一八年，我們的研發項目投資總額為約人民幣2.6百萬元(二零一七年：人民幣2.2百萬元)。此乃主要由於我們於二零一八年有七個活躍研究項目(二零一七年：三個)。

流動資金及財務資源

截至二零一八年十二月三十一日止年度，本集團的營運主要由內部產生的現金流量及上市所得款項提供資金。

於二零一八年十二月三十一日，本集團的現金及銀行結餘總額為約人民幣54.8百萬元，而二零一七年十二月三十一日為約人民幣19.8百萬元。該增加乃主要由於上市所得款項淨額。於二零一七年十二月三十一日應付深圳市君軒生物技術有限公司(「深圳君軒」)款項產生本集團借款約人民幣110,000元，而二零一八年十二月三十一日錄得零結餘。該減少乃由於本集團已結清所有未償還款項。

本集團截至二零一七年十二月三十一日止年度的資本負債比率為約0.3%，而於二零一八年十二月三十一日資本負債比率並不適用，原因是於二零一八年十二月三十一日概無任何借款。

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USE OF PROCEEDS FROM SHARE OFFER

The shares of the Company (the “Shares”) were listed on the GEM of the Stock Exchange on the Listing Date at HK\$0.5 per Share. The net proceeds from the Share Offer (as defined in the Prospectus), after deduction of underwriting fees and commission, and other estimated expenses payable by the Company in connection with the Share Offer, amounted to approximately HK\$16.6 million. During the period from Listing Date to 31 December 2018, the Group did not change its plans on use of proceeds as stated in the section headed “Future Plans and Use of Proceeds” in the prospectus dated 30 November 2018 (the “Prospectus”).

The Group’s utilisation of proceeds from the Share Offer as at 31 December 2018 set out below:

股份發售所得款項用途

本公司股份(「股份」)於上市日期於聯交所GEM上市，每股股份為0.5港元。股份發售(定義見招股章程)所得款項淨額(經扣除包銷費用及佣金以及本公司就股份發售應付的其他估計開支)為約16.6百萬港元。自上市日期至二零一八年十二月三十一日期間，本集團並無改變其於日期為二零一八年十一月三十日的招股章程(「招股章程」)「未來計劃及所得款項用途」一節所述所得款項用途計劃。

本集團於二零一八年十二月三十一日對股份發售所得款項的使用情況載列如下：

| Use of Net Proceeds | Amount of Net Proceeds allocated upon listing | | Percentage of net proceeds | Use of proceeds from the Listing Date to 31.12.2018 | | Balance as at 31.12.2018 於二零一八年十二月三十一日的結餘 |
|--|--|--|----------------------------|---|----------------------|--|
| | 上市時分配的 所得款項淨額 | 所得款項淨額 百分比 | | 自上市日期至二零一八年十二月三十一日的所得款項用途 | Planned use 計劃用途 | |
| 所得款項淨額用途 | (HK\$ million) ⁽¹⁾ (百萬港元) ⁽¹⁾ | (RMB'000) ⁽²⁾ (人民幣千元) ⁽²⁾ | | (RMB'000) (人民幣千元) | (RMB'000) (人民幣千元) | (RMB'000) (人民幣千元) |
| Developing new products, improving our existing products and carrying out international cooperation projects 開發新產品、改良我們的現有產品及開展國際合作項目 | 6.9 | 6,087 | 41.5% | 60 | 60 | 6,027 |
| Expanding our sales network and enhancing our marketing activities 擴展我們的銷售網絡及加強我們的銷售及市場推廣活動 | 4.5 | 4,011 | 27.3% | 57 | 57 | 3,954 |
| Developing auxiliary reproductive supply business 發展輔助生育產品業務 | 4.6 | 4,100 | 27.9% | - | - | 4,100 |
| Working capital 營運資金 | 0.6 | 481 | 3.3% | - | - | 481 |
| Total 總計 | 16.6 | 14,679 | 100.0% | 117 | 117 | 14,562 |

Notes:

附註：

(1) The net proceeds from the Share Offer based on the Offer Price of HK\$0.50 per Offer Share.

(1) 基於每股發售股份之發售價0.50港元之股份發售所得款項淨額。

(2) Translation based on the exchange rate of RMB1.00 to HK\$1.13.

(2) 基於人民幣1.00元兌1.13港元之匯率換算。

FUTURE PROSPECTS

In late 2018, the Group participated in the Beijing Andrology Conference and the 19th National Conference on Association of Andrology in Dalian to promote our products. The Company also intends to recruit more sales personnel for the expansion.

The Group planned to use part of the proceeds from the Listing to expand the production and distribution of auxiliary reproductive products in the PRC. We are currently liaising with overseas manufacturers for collaboration and collection of market information for auxiliary reproductive products.

Besides, the Group planned to develop new products, improve existing products and carry out international cooperation projects. Further, the three newly developed products are undergoing the phase of clinical evaluation and trial. But, we currently have not kickstarted any collaboration programmes internationally.

Looking ahead to 2019, we anticipate that the PRC Government will continue to focus and support the development of biomedical industry. The growth of the PRC male fertility IVD reagent market is expected to be driven by the increasing rate of infertility incidences, widespread acceptance of assisted reproductive treatment, rising per capita income and expenditures on healthcare, implementation of a universal two-child policy, favourable policies by the PRC Government in support of a hierarchical diagnosis and treatment system, and increasing coverage for the country's basic medical insurance system.

未來前景

於二零一八年底，本集團參與了北京男科論壇及大連的第十九次全國男科學術會議以推廣我們的產品。本公司亦計劃招聘更多銷售人員進行擴張。

本集團計劃將部分上市所得款項用於在中國擴大生產及分銷輔助生育產品。我們現時正與海外生產商接洽進行合作及收集輔助生育產品的市場資料。

此外，本集團計劃開發新產品、改善現有產品及開展國際合作項目。三大新開發產品現正進行臨床評估及試驗階段。然而，我們現時尚未啟動任何國際合作計劃。

展望二零一九年，我們預期中國政府將繼續關注及支持生物醫學產業的發展。預期中國男性不育體外診斷試劑市場之增長受以下因素的驅動：不孕發生率上升、普遍接受輔助生育治療、人均收入及醫療開支增加、全面二孩政策的實施、中國政府支持分級診療制度的優惠政策及國家基本醫療保險體系覆蓋率不斷提升。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

To capture the market opportunities, our development strategy is to further promote our product competitiveness by continuously devoting our focus on research and development and step up our effort in market promotion. We aim to grow our business through pursuing the following business strategies: (i) expand our product portfolio and improve our existing product offerings; (ii) strengthen our product research and development capabilities; (iii) expand and consolidate our sales and distribution network; (iv) cultivate and recruit talented employees; and (v) develop our auxiliary reproductive supply business.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2018, the Group has 70 full-time employees (2017: 66). Staff costs recognised in profit or loss amounted to approximately RMB6.6 million (2017: RMB5.2 million) for the year ended 31 December 2018 (including directors and other employee salaries and retirement benefits). Remuneration policies and packages for the Group's employees are based on individual qualifications, performance, experience, and conditions prevailing in the industry. In addition, various training sessions are offered to employees to enhance their product and market knowledge.

為把握市場機遇，我們的發展戰略是透過持續致力於研發以進一步提升產品競爭力，及加大市場推廣力度。我們擬透過採取下列主要業務策略發展我們的業務：(i) 拓展我們的產品組合及改善我們現有的產品種類；(ii) 加強我們的研發能力；(iii) 擴大及整合我們的銷售及分銷網絡；(iv) 培養及招聘人才；及(v) 發展我們輔助生育用品業務。

僱員及薪酬政策

於二零一八年十二月三十一日，本集團擁有70名全職僱員(二零一七年：66名)。截至二零一八年十二月三十一日止年度，於損益確認的員工成本為約人民幣6.6百萬元(二零一七年：人民幣5.2百萬元)(包括董事及其他僱員薪金及退休福利)。本集團僱員的薪酬政策及待遇乃按照員工個別資歷、表現、經驗及業界當時情況而定。此外，僱員獲提供多項培訓以提高其產品及市場知識。

CAPITAL STRUCTURE

The Company's issued Shares were successfully listed on GEM of the Stock Exchange on the Listing Date. There has been no change in the Company's capital structure since the Listing Date. The share capital of the Group only comprises ordinary shares. As at 31 December 2018, the Company's issued share capital was HK\$4,000,000 and the number of its issued shares was 400,000,000 of HK\$0.01 each.

PRINCIPAL RISKS AND UNCERTAINTIES

The management believes that there are certain risks and uncertainties involved in the operations, some of which are beyond the Group's control. A detailed discussion of the risk factors is set forth in the section headed "Risk Factors" in the Prospectus.

FOREIGN EXCHANGE EXPOSURE

The functional currencies of our operations, assets and liabilities are mostly denominated in Renminbi ("RMB"). Therefore, we were not exposed to any significant foreign exchange risk, except for our Hong Kong Dollar ("HK\$") denominated bank balances and net proceeds from the Share Offer that are denominated in HK\$. The Group currently does not have a foreign currency hedging policy. The Group did not engage in any derivatives agreements and did not commit to any financial instruments to hedge its foreign exchange exposure throughout the year ended 31 December 2018. The management will closely monitor foreign currency exposure and will consider hedging significant foreign currency exposure should then need arises.

TREASURY POLICIES

The management will continue to employ a prudent treasury policies in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

資本架構

本公司的已發行股份已於上市日期在聯交所GEM成功上市。自上市日期起，本公司的資本架構並無任何變動。本公司的股本僅包括普通股。於二零一八年十二月三十一日，本公司已發行股本為人民幣4,000,000元，其已發行股本數目為400,000,000股每股0.01港元之股份。

主要風險及不明朗因素

管理層認為，營運涉及若干風險及不明朗因素，其中有一部分乃本集團無法控制。有關風險因素的詳細討論載於招股章程「風險因素」一節。

外匯風險

我們營運、資產及負債的功能貨幣大部分以人民幣（「人民幣」）計值。因此，除我們的港元（「港元」）計值銀行結餘及港元計值股份發售所得款項淨額外，我們並無面臨任何重大外匯風險。本集團現時並無外匯對沖政策。本集團並無參與任何衍生工具協議，且並無承諾任何金融工具以對沖其於截至二零一八年十二月三十一日止年度的外匯風險。管理層將密切監控外匯風險，並將於有需要時考慮對沖重大的外幣風險。

庫務政策

管理層將繼續採用審慎的庫務政策管理本集團的現金結餘，並維持穩健的流動資金，以確保本集團作好準備把握日後的增長機遇。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

SIGNIFICANT INVESTMENTS OR MATERIAL DISPOSALS AND ACQUISITIONS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 December 2018, except for investment in subsidiaries, the Group did not make any significant investments or material acquisitions and disposals of subsidiaries and affiliated companies save for those mentioned under the section headed “History and Reorganisation” in the Prospectus.

PLEDGE OF ASSETS

As at 31 December 2018, the Group did not pledge any of its material assets (2017: Nil).

CAPITAL COMMITMENTS

As at 31 December 2018, the Group had capital commitments of approximately RMB329,000 (2017: 221,000) in respect of the acquisition of property, plant and equipment.

CONTINGENT LIABILITIES

As at 31 December 2018, the Company had no outstanding corporate guarantee (2017: Nil). As at 31 December 2018, the Group had no banking facilities and did not have any significant contingent liabilities (2017: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the Group does not have other plans for material investments and capital assets as at the date of this Report.

SUBSEQUENT EVENTS

The Board is not aware of any significant event subsequent to 31 December 2018 and up to the date of this Report.

重大投資或重大收購及出售附屬公司及關聯公司

截至二零一八年十二月三十一日止年度，除投資附屬公司及招股章程「歷史及重組」一節所述者外，本集團並無作出任何重大投資或重大收購及出售附屬公司及關聯公司。

資產抵押

於二零一八年十二月三十一日，本集團並無抵押任何重大資產(二零一七年：無)。

資本承擔

於二零一八年十二月三十一日，本集團就購買物業、廠房及設備擁有資本承擔約人民幣329,000元(二零一七年：人民幣221,000元)。

或然負債

於二零一八年十二月三十一日，本公司概無尚未償還公司擔保(二零一七年：無)。於二零一八年十二月三十一日，本集團概無銀行融資及並無任何重大或然負債(二零一七年：無)。

有關重大投資或資本資產的日後計劃

除招股章程「未來計劃及所得款項用途」一節所披露者外，本集團於本報告日期並無其他有關重大投資及資本資產的計劃。

期後事項

於二零一八年十二月三十一日後及直至本報告日期，董事會並不知悉任何重大事項。

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層之履歷

Executive Directors

Mr. Zhang Shuguang, aged 48, is our Executive Director and chairman of our Board. He joined our Group in September 2003 and was appointed as our Director on 3 August 2017 and was re-designated as our Executive Director on 25 September 2017. He is mainly responsible for the management of our Board, giving strategic advice and guidance on the business and operations of our Group.

Mr. Zhang Shuguang held a master's degree in engineering from Nippon Institute of Technology, Japan and has over 14 years of experience in the IVD reagents industry in the PRC.

Mr. Zhang Shuguang is the brother of Mr. Zhang Chunguang, who is an Executive Director and the chief executive officer of our Group. Mr. Zhang Shuguang is also the brother of Mr. Chang Yim Yang, who is our Controlling Shareholder and a member of our senior management.

Mr. Zhang Chunguang, aged 51, is our Executive Director and chief executive officer of our Group. He joined our Group in July 2008 and was appointed as our Director on 3 August 2017 and re-designated as our Executive Director on 25 September 2017. He is mainly responsible for our business operations and the day-to-day management of our Group.

Mr. Zhang Chunguang graduated from Hubei Institute of Economics, in the PRC, majoring in economic English and has over 9 years of experience in the IVD reagents industry in the PRC.

Mr. Zhang Chunguang is the brother of Mr. Zhang Shuguang, who is an Executive Director and the chairman of our Board. Mr. Zhang Chunguang is also the brother of Mr. Chang Yim Yang, who is a Controlling Shareholder and a member of our senior management.

執行董事

張曙光先生，48歲，為我們的執行董事及董事會主席。彼於二零零三年九月加入本集團並於二零一七年八月三日獲委任為我們的董事並於二零一七年九月二十五日調任為我們的執行董事。彼主要負責管理董事會、就本集團之業務及營運提供戰略建議及指導。

張曙光先生持有日本工業大學工程學碩士學位及於中國體外診斷試劑行業擁有逾14年經驗。

張曙光先生為本集團執行董事及行政總裁張春光先生之胞弟。張曙光先生亦為控股股東及我們的高級管理層成員張賢陽先生之胞弟。

張春光先生，51歲，為本集團的執行董事及行政總裁。彼於二零零八年七月加入本集團並於二零一七年八月三日獲委任為我們的董事並於二零一七年九月二十五日獲調任為我們的執行董事。彼主要負責本集團的業務營運及日常管理。

張春光先生畢業於中國湖北經濟管理大學，主修經濟英語及於中國體外診斷試劑行業擁有逾9年經驗。

張春光先生為執行董事及董事會主席張曙光先生之胞兄。張春光先生亦為控股股東及我們的高級管理層成員張賢陽先生之胞弟。

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層之履歷

Mr. Poon Lai Yin Michael, aged 46, is our Executive Director, chief financial officer and compliance officer of our Group. He joined our Group as our Director on 3 August 2017. On 25 September 2017, he was designated as our Executive Director and appointed as our compliance officer. He is responsible for the financial management of our Group.

Mr. Poon Lai Yin Michael held a master's degree in practising accounting from Monash University, Australia. He has been a fellow member of Hong Kong Institute of Certified Public Accountants ("HKICPA") since July 2009, and a member with CPA Australia since March 2000 respectively. He passed the qualification examination of Asset Management Association of China in 2016. He has over 20 years of experience in financial reporting, business advisory, auditing, taxation, accounting, merger and acquisition.

Mr. Poon Lai Yin Michael is currently an independent non-executive director in a number of Hong Kong listed companies and a Singapore listed company, namely China Uptown Group Company Limited (stock code: 2330.HK) since November 2006, Smartac Group China Holdings Limited (formerly known as Sino Dragon New Energy Holdings Limited, China Zirconium Limited and Asia Zirconium Limited) (stock code: 0395.HK) since January 2010, and Teamway International Group Holdings Limited (formerly known as Jin Bao Bao Holdings Limited) (stock code: 1239.HK) since 19 March 2019, the shares of these companies are listed on the main board of the Stock Exchange, and Cityneon Holdings Limited (stock code: 5HJ.SGX) since 11 August 2017, a company listed on the main board of Singapore Exchange Limited.

Independent Non-executive Directors

Dr. Yeung David Wai Chow, aged 71, was appointed as our Independent Non-executive Director on 26 November 2018. He is responsible for supervising our Group's compliance, corporate governance matters and providing independent advice to our Group.

潘禮賢先生，46歲，為本集團的執行董事、首席財務官兼合規主任。彼負責本集團的財務管理。彼於二零一七年八月三日加入本集團擔任我們的董事。於二零一七年九月二十五日獲指派為我們的執行董事及獲委任為我們的合規主任。彼負責本集團的財務管理。

潘禮賢先生持有澳洲莫納什大學會計學基礎碩士學位。彼自二零零九年七月及二零零零年三月起分別為香港會計師公會資深會員及澳洲會計師公會會員。彼於二零一六年通過中國證券投資基金業協會從業資格考試。彼於財務申報、業務諮詢、審計、稅務、會計、併購方面擁有逾20年經驗。

潘禮賢先生現時為若干香港上市公司及一間新加坡上市公司之獨立非執行董事，即自二零零六年十一月起於中國上城集團有限公司(股份代號：2330.HK)，自二零一零年一月起於中國智能集團控股有限公司(前稱中國龍新能源控股有限公司、中國鋳業有限公司及亞洲鋳業有限公司)(股份代號：0395.HK)及自二零一九年三月十九日起於Teamway International Group Holdings Limited (前稱金寶寶控股有限公司)(股份代號：1239.HK)任職，該等公司之股份於聯交所主板上市，以及自二零一七年八月十一日起於Cityneon Holdings Limited (股份代號：5HJ.SGX)任職，其股份於新加坡證券交易所主板上市。

獨立非執行董事

楊煒秋醫生，71歲，於二零一八年十一月二十六日獲委任為我們的獨立非執行董事。彼負責監察本集團的合規、企業管治事宜及向本集團提供獨立意見。

Dr. Yeung David Wai Chow obtained a bachelor's degree in medicine and surgery and master's degree in social sciences (behavioural health) from the University of Hong Kong in October 1971 and November 2010, respectively. He currently holds medical practitioner licences in Hong Kong and California, the United States respectively. He also obtained a certificate from the American Board of Nuclear Medicine, American Board of Pediatrics and American Board of Integrative Holistic Medicine in the United States in December 1975, September 1976 and December 2016, respectively.

Dr. Yeung David Wai Chow has over 40 years of experience in nuclear medicine and management. He had worked in several hospitals and a university with respect to nuclear medicine. He is currently the honorary professor of the department of diagnostic radiology of the University of Hong Kong.

Mr. Kwok Chi Shing, aged 57, was appointed as our Independent Non-executive Director on 26 November 2018. He is responsible for supervising our Group's compliance, corporate governance matters and providing independent advice to our Group.

Mr. Kwok Chi Shing obtained master's degree in arts in economics with accountancy from The University of Aberdeen, the United Kingdom in July 1986. He has been a chartered accountant in Scotland, the United Kingdom since November 1989. He has been a certified public accountant, certified tax advisor and certified financial planner in Hong Kong since January 1991, June 1992 and October 2001 respectively. He became a member of China Mergers & Acquisitions Association in March 2014. He has more than 20 years of experience in audit assurance, cross border taxation and project finance. He is currently the director of LKKC C.P.A. Limited.

楊煒秋醫生分別於一九七一年十月及二零一零年十一月取得香港大學內外全科醫學士學位以及社會科學(行為健康)碩士學位。彼目前分別持有香港及美國加州的醫療執業牌照。彼亦於一九七五年十二月、一九七六年九月及二零一六年十二月於美國分別獲取美國核醫學委員會、美國兒科委員會及美國整合整體醫學委員會頒發的專科文憑。

楊煒秋醫生於核醫學及管理擁有逾40年經驗。彼於數家醫院及一間大學擔任核醫學相關職位。彼目前為香港大學放射診斷學系名譽教授。

郭志成先生，57歲，於二零一八年十一月二十六日獲委任為我們的獨立非執行董事。彼負責監察本集團的合規、企業管治事宜及向本集團提供獨立意見。

郭志成先生於一九八六年七月取得英國蘇格蘭亞巴甸大學經濟及會計學文學碩士學位。彼於一九八九年十一月起為英國蘇格蘭特許會計師公會會員。彼分別自一九九一年一月、一九九二年六月及二零零一年十月起為執業會計師、註冊稅務顧問及香港認可財務策劃師。彼於二零一四年三月成為中國併購公會會員。彼於審計核證、跨境稅務及項目融資方面擁有逾20年的經驗。彼現時擔任國信會計師事務所有限公司之董事。

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層之履歷

Mr. Kwok Chi Shing has been a director of Pok Oi Hospital, Hong Kong since 2015 and he was appointed as the founding second vice president of the Lions Club of Hong Kong New Territories West Limited in 2015.

Mr. Kwok Chi Shing is currently an independent non-executive director in a number of Hong Kong listed companies and a Singapore listed company, namely Grand Ocean Advanced Resources Co. Ltd (stock code: 65.HK) (formerly known as Angel Technology Co Ltd), the shares of which are listed on the main board of the Stock Exchange since 27 January 2006, Speed Apparel Holding Limited (stock code: 8183.HK) since 23 January 2017, and Hang Chi Holdings Limited (stock code: 8405.HK) since June 2017, the shares of both are listed on GEM, and Cityneon Holdings Limited (stock code: 5HJ.SGX) since August 2017, a company listed on the main board of Singapore Exchange Limited.

Mr. Chan Kin Sang, aged 67, was appointed as our Independent Non-executive Director on 26 November 2018. He is responsible for supervising our Group's compliance, corporate governance matters and providing independent advice to our Group.

Mr. Chan Kin Sang graduated from the University of Hong Kong with a bachelor's degree in laws in November 1979. He was admitted as a notary public in April 1997. He is currently a fellow of the Hong Kong Institute of Directors, a China-appointed attesting officer and a practising solicitor in Hong Kong. He has over 30 years of experience in legal practice in Hong Kong and he is currently the partner of the Peter K.S. Chan & Co.

郭志成先生自二零一五年起為香港博愛醫院之董事，並自二零一五年起獲委任為香港新界西獅子會有限公司創會第二副會長。

郭志成先生目前為數家香港上市公司及一間新加坡上市公司之獨立非執行董事，即自二零零六年一月二十七日起於弘海高新資源有限公司(前稱英君技術有限公司)(股份代號：65.HK)任職，其股份於聯交所主板上市，自二零一七年一月二十三日起於尚捷集團控股有限公司(股份代號：8183.HK)及自二零一七年六月起於恒智控股有限公司(股份代號：8405.HK)任職，該兩間公司股份於GEM上市，以及自二零一七年八月起於Cityneon Holdings Limited(股份代號：5HJ.SGX)任職，其股份於新加坡證券交易所主板上市。

陳健生先生，67歲，於二零一八年十一月二十六日獲委任為我們的獨立非執行董事。彼主要負責監管本集團之合規、企業管治事宜及為本集團提供獨立意見。

陳健生先生於一九七九年十一月畢業於香港大學，獲得法學學士學位。彼於一九九七年四月獲認可為公證人。彼現為香港董事學會資深會員、中國委託公證人及香港執業律師。彼於香港法律實務方面擁有逾30年經驗及現時為陳健生律師行合夥人。

Mr. Chan Kin Sang is currently an independent non-executive director in a number of Hong Kong listed companies and a Singapore listed company, namely Tianhe Chemicals Group Limited (stock code: 1619.HK) since May 2014, China Fortune Financial Group Limited (stock code: 290.HK) since July 2014, and Pak Tak International Limited (stock code: 2668.HK) since April 2018, the shares of them are listed on the main board of the Stock Exchange, and Luxking Group Holdings Limited (stock code: BKK.SGX) since June 2005, a company listed on the main board of Singapore Exchange Limited. Mr Chan is currently also a director or a non-executive director in a Shanghai listed company and a Singapore listed company respectively, namely Guanghe Landscape Culture Communication Co., Limited (stock code: 600234.SH) since June 2016, a company listed on the Shanghai stock exchange, and Pan Hong Holdings Group Limited (stock code: P36.SGX) (formerly known as Pan Hong Property Group Limited) since August 2006, a company listed on the main board of Singapore Exchange Limited.

Senior Management

Mr. Chang Yim Yang, aged 56, is vice chairman and a director of 深圳華康生物醫學工程有限公司 (Shenzhen Huakang Bio-Medical Engineering Limited*) (“**Shenzhen Huakang**”) and a director of King Grace Company Limited (“**King Grace**”). He joined our Group in September 2003 and has been mainly responsible for the general management and business development of Shenzhen Huakang. He has over 15 years of experience in mergers and acquisitions as well as capital market operations.

Given that Mr. Chang Yim Yang wishes to focus on the operational aspects related to our Group’s core business in the PRC and this arrangement allows our Executive Directors to focus on other areas such as the compliance requirements of our Company, as such he was not appointed as a Director.

* The English name is for identification purpose

陳健生先生目前為數家香港上市公司及一間新加坡上市公司之獨立非執行董事，即自二零一四年五月起於天合化工集團有限公司(股份代號：1619.HK)，自二零一四年七月起於中國富強金融集團有限公司(股份代號：290.HK)及自二零一八年四月起於百德國際有限公司(股份代號：2668.HK)任職，該等公司股份於聯交所主板上市，以及自二零零五年六月起於力王集團控股有限公司(股份代號：BKK.SGX)任職，其股份於新加坡證券交易所主板上市。陳先生目前亦分別為一間上海上市公司及一間新加坡上市公司之董事或非執行董事，即自二零一六年六月起於山西廣和山水文化傳播股份有限公司(股份代號：600234.SH)任職，該公司於上海證券交易所上市，及自二零零六年八月起於汎港控股集團有限公司(前稱汎港房地產集團有限公司)(股份代號：P36.SGX)任職，其股份於新加坡證券交易所主板上市。

高級管理層

張賢陽先生，56歲，為深圳華康生物醫學工程有限公司(「**深圳華康**」)副主席及董事以及King Grace Company Limited (「**King Grace**」)董事。彼於二零零三年九月加入本集團及主要負責深圳華康的整體管理及業務發展。彼於併購及資本市場運作方面擁有逾15年經驗。

鑒於張賢陽先生希望專注於與本集團在中國的核心業務有關的營運方面及此安排使我們的執行董事可專注於本公司的合規要求等其他領域，因此張賢陽先生並未獲委任為董事。

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層之履歷

Mr. Chang Yim Yang is the brother of Mr. Zhang Shuguang, who is our Controlling Shareholder, our Executive Director and chairman of our Board. Mr. Chang Yim Yang is also the brother of Mr. Zhang Chunguang, who is an Executive Director and the chief executive officer of our Group.

Mr. Chau Lai Ki, aged 35, is the financial controller of our Group and our company secretary. He is mainly responsible for the financial management and company secretarial matters of our Group. He joined our Group and appointed as company secretary of our Company on 25 September 2017. He was further appointed as financial controller of our Group on 7 November 2017.

Mr. Chau Lai Ki held a master's degree in professional accounting from The Hong Kong Polytechnic University. He is a practising member of the HKICPA and has over 13 years of experience in the finance and accounting industry.

Mr. Fu Jianhua, aged 52, is the deputy general manager and chief technology officer of Shenzhen Huakang. He joined our Group in January 2014 and is mainly responsible for the technology research and development of our Group.

Mr. Fu Jianhua held a bachelor's degree in science from Wuhan University, the PRC and has over 17 years of experience in the medical devices and IVD reagents industry in the PRC.

Mr. Zeng Zhouxiang, aged 41, is the deputy general manager of Shenzhen Huakang. He joined our Group in September 2003 and is mainly responsible for the day-to-day management and assisting on corporate governance matters of our Group.

Mr. Zeng Zhouxiang held a bachelor's degree of engineering from South China University of Technology, the PRC and has over 15 years of experience in the IVD reagents industry in the PRC.

彼為控股股東、執行董事兼董事會主席張曙光先生之胞兄。張賢陽先生亦為執行董事及本集團行政總裁張春光先生之胞兄。

周麗麒先生，35歲，為本集團財務總監及公司秘書。彼主要負責本集團的財務管理及公司秘書事宜。彼於二零一七年九月二十五日加入本集團並獲委任為本公司公司秘書。彼於二零一七年十一月七日進一步獲委任為本集團財務總監。

周麗麒先生持有香港理工大學專業會計碩士學位。彼為香港會計師公會執業會員及於香港財務及會計行業擁有逾13年經驗。

傅劍華先生，52歲，為深圳華康的副總經理及首席技術官。彼於二零一四年一月加入本集團及主要負責本集團的技術研發。

傅劍華先生持有中國武漢大學理學學士學位及於中國醫療器械及體外診斷試劑行業擁有逾17年經驗。

曾周祥先生，41歲，為深圳華康之副總經理。彼於二零零三年九月加入本集團及主要負責本集團日常管理及協助本集團的企業管治事宜。

曾周祥先生持有中國華南理工大學工程學士學位及於中國體外診斷試劑行業擁有逾15年經驗。

Compliance Officer

Mr. Poon Lai Yin Michael was appointed as the compliance officer of our Company on 25 September 2017. For his qualifications and experience, please refer to the paragraph headed “Executive Directors” in this section.

Company Secretary

Mr. Chau Lai Ki was appointed as our company secretary on 25 September 2017. He is also the financial controller of our Group. For his qualifications and experience, please refer to the paragraph headed “Senior Management” in this section.

合規主任

潘禮賢先生於二零一七年九月二十五日獲委任為本公司的合規主任。有關彼之資質及經驗，請參閱本節「執行董事」一段。

公司秘書

周麗麒先生於二零一七年九月二十五日獲委任為我們的公司秘書，彼亦為本集團之財務總監。有關彼之資質及經驗，請參閱本節「高級管理層」一段。

CORPORATE GOVERNANCE REPORT

企業管治報告

Pursuant to Rule 18.44 of the GEM Listing Rules, the Board is pleased to present this corporate governance report for the year ended 31 December 2018. This report highlights the key corporate governance practices of the Company.

Corporate Governance Practices

The Board is committed to achieving high corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has applied the principles and code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 15 of the GEM Listing Rules.

As the shares of the Company (the “Shares”) were listed on the GEM of the Stock Exchange on the Listing Date, the Company has since then adopted and complied with, where applicable, the CG Code from the Listing Date up to the date of this Report (the “Relevant Period”).

The board will continue to monitor and review the Company’s corporate governance practices to ensure compliance with the CG Code.

The Board conducted reviews of the system of internal controls of the Group to ensure an effective and adequate internal control system is in place. The Board also convened meetings to discuss financial, operational and risk management control.

根據GEM上市規則第18.44條，董事會欣然提呈截至二零一八年十二月三十一日止年度的企業管治報告。本報告概述本公司的主要企業管治常規。

企業管治常規

董事會致力於持守較高的企業管治標準。

董事會相信，良好的企業管治標準對為本公司提供框架以保障股東利益、提升企業價值、制定業務策略及政策，以及提高透明度及問責性是必不可少的。

本公司已應用GEM市規則附錄十五所載企業管治守則(「企業管治守則」)載列的原則及守則條文。

由於本公司股份(「股份」)於上市日期在聯交所GEM上市，本公司自此由上市日期至本報告日期止期間(「有關期間」)已採納及遵守(如適用)企業管治守則。

董事會將持續監察及檢討本公司的企業管治常規，以確保遵守企業管治守則。

董事會已檢討本集團的內部監控系統，以確保建立有效及充分的內部監控系統。董事會亦召開會議討論財務、營運及風險管理監控。

Model Code for Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”) as its own code governing securities transactions of the Directors (the “**Required Standard**”). Having made specific enquiry of all the Directors, all of them confirmed that they had fully complied with the Required Standard during the Relevant Period.

Pursuant to Rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company (the “**relevant employees**”) who, because of his office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he would be prohibited from dealing by the Model Code as if he were a Director. No incident of non-compliance of the Required Standard by the relevant employees was noted by the Company.

Non-Competition Undertaking

In order to maintain a clear delineation of the businesses between our Group and our Controlling Shareholders, the latter have entered into a deed of non-competition in favour of our Company (for ourselves and as trustee for each of our subsidiaries from time to time) on 27 November 2018 (the “**Deed of Non-Competition**”) to the effect that each of them will not, and will procure each of their respective close associates (as defined in the Listing Rules) not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our businesses.

For details of the Deed of Non-Competition, please refer to the section headed “Relationship with our Controlling Shareholders – Non-competition Undertakings from Our Controlling Shareholders” in the Prospectus.

進行證券交易的標準守則

本公司已採納一套有關董事進行證券交易的操守守則作為其本身監管董事證券交易的守則(「**必守標準**」)，其條款嚴格程度並不遜於GEM上市規則第5.48至5.67條所載有關董事進行證券交易的必守標準(「**標準守則**」)。經向全體董事作出特定查詢後，全體董事均已確認彼等於有關期間內已遵守必守標準。

根據標準守則第5.66條，董事亦已要求本公司的任何僱員、或本公司附屬公司的任何董事或僱員(「**有關僱員**」)，不利用彼等因在本公司或附屬公司的職務或工作而可能管有與本公司證券有關的內幕消息，在標準守則禁止董事買賣證券之期間買賣本公司的證券。本公司並無獲悉有關僱員違反必守標準的事件。

不競爭承諾

為保證本集團與控股股東之間的業務劃分明確，控股股東已於二零一八年十一月二十七日訂立以本公司(為本身及作為我們不時的各附屬公司的受託人)為受益人的不競爭契據(「**不競爭契據**」)，據此，彼等各自將不會並將促使彼等各自的緊密聯繫人(定義見上市規則)不會直接或間接參與任何可能與我們的業務構成競爭的業務或於其中持有任何權利或權益，或以其他方式從事任何有關業務。

有關不競爭契據的詳情，請參閱招股章程「與控股股東的關係－控股股東之不競爭承諾」一節。

The Company has received a written confirmation from the Controlling Shareholders that they have complied with the terms of the Deed of Non-Competition in the year ended 31 December 2018. The Independent Non-executive Directors have also reviewed the status of compliance and written confirmation from the Controlling Shareholders, and noted that all the undertakings under the Deed of Non-Competition have been complied with by each of the Controlling Shareholders for the year ended 31 December 2018.

Board of Directors

The overall management of the Group's business is vested in the Board which assumes the responsibility of leadership and control of the Group and is collectively responsible for promoting the success of the Group by directing and supervising its affairs. All Directors make decisions objectively in the interests of the Group.

The Board formulates strategies and sets directions for the Group's activities to develop its business and enhance Shareholders' value. The Board also assumes the responsibilities for maintaining high standard of corporate governance, including among others, reviewing the Company's policies and practices on corporate governance, and reviewing and monitoring the Company's policies and practices in compliance with legal and regulatory requirements.

The Board has established board committees with specific written terms of reference which deal clearly with the committees' authority and duties. Details of the respective committee's terms of reference are available at the websites of the Company and the Stock Exchange.

The day-to-day management, administration and operation of the Group are delegated to the executive Directors and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board for significant transactions.

本公司已收到控股股東的書面確認，表示彼等於截至二零一八年十二月三十一日止年度已遵守不競爭契據的條款。獨立非執行董事亦已檢討控股股東的遵守情況及書面確認，並認為各控股股東於截至二零一八年十二月三十一日止年度已遵守不競爭契據項下的所有承諾。

董事會

董事會負責本集團業務的整體管理，負有領導及監控本集團的責任，並集體負責統管並監督本集團事務以促使本集團成功。全體董事應客觀地作出符合本集團利益的決策。

董事會為本集團的活動制定策略及訂立方向，以發展本集團業務及提升股東價值。董事會亦負有維持高標準的企業管治的責任，包括(其中包括)審閱本公司的企業管治政策及常規，及審閱和監管本公司於遵守法律及監管規定方面的政策及常規。

董事會已設立董事會委員會，並訂明具體的書面職權範圍，清楚說明委員會的職權和責任。各委員會的職權範圍詳情可於本公司及聯交所網站查閱。

本集團的日常管理、行政及營運工作已轉授予執行董事及高級管理層負責。所轉授職能及工作任務會定期進行檢討。彼等進行任何重大交易前須獲得董事會的批准。

Board Composition

As at 31 December 2018, the Board comprises six Directors of which three are Executive Directors and three are Independent Non-executive Directors. The composition of the Board during the Relevant Period is as follows:

Executive Directors

- Mr. Zhang Shuguang (*Chairman*)
(appointed on 25 September 2017)
- Mr. Zhang Chunguang (*Chief Executive Officer*)
(appointed on 25 September 2017)
- Mr. Poon Lai Yin Michael (*Chief Financial Officer*)
(appointed on 25 September 2017)

Independent Non-executive Directors

- Dr. Yeung David Wai Chow
(appointed on 26 November 2018)
- Mr. Kwok Chi Shing
(appointed on 26 November 2018)
- Mr. Chan Kin Sang
(appointed on 26 November 2018)

The biographical information of the Directors and relationships between the members of the Board are set out in the section headed "Biographies of Directors and Senior Management" on pages 21 to 27 of the Report for the year ended 31 December 2018.

Board Meetings

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

Since the Listing Date, the Board did not hold Board meeting and general meeting during the year ended 31 December 2018 and the Directors are well aware of the requirements of meeting as stipulated in the GEM Listing Rule. The Directors will adhere to the requirements in the coming financial year.

董事會的組成

於二零一八年十二月三十一日，董事會由六名董事組成，其中三名為執行董事及三名為獨立非執行董事。於有關期間，董事會的組成如下：

執行董事

- 張曙光先生(主席)
(於二零一七年九月二十五日獲委任)
- 張春光先生(行政總裁)
(於二零一七年九月二十五日獲委任)
- 潘禮賢先生(財務總監)
(於二零一七年九月二十五日獲委任)

獨立非執行董事

- 楊煒秋醫生
(於二零一八年十一月二十六日獲委任)
- 郭志成先生
(於二零一八年十一月二十六日獲委任)
- 陳健生先生
(於二零一八年十一月二十六日獲委任)

董事的履歷資料及董事會成員之間的關係載於截至二零一八年十二月三十一日止年度報告第21至27頁「董事及高級管理層履歷詳情」一節。

董事會會議

董事會定期會議應每年召開至少四次，每次會議皆有大部分董事親身出席，或透過電子通訊方法積極參與。

自上市日期以來，董事會於截至二零一八年十二月三十一日止年度並無舉行董事會會議及股東大會，而董事熟知GEM上市規則訂明的會議要求。董事將於下一財政年度遵守有關要求。

Chairman and Chief Executive Officer

Code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The positions of chairman and chief executive officer are held by Mr. Zhang Shuguang and Mr. Zhang Chunguang respectively. The roles of the chairman and the chief executive officer have been separated and assumed by different individuals to ensure a balance of power and authority so that power is not concentrated in any member of the Board. The chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The chief executive officer focuses on the Company's business development and daily management and operations generally.

Independent Non-executive Directors

During the Relevant Period, the Board at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive directors, accounting for at least one-third of the Board, with at least one independent non-executive director possessing the appropriate professional qualifications or accounting or related financial management expertise.

Prior to their respective appointment, each of the Independent Non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence. The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Board considers that all the Independent Non-executive Directors to be independent and meet the requirements as set out in Rule 5.09 of the GEM Listing Rules as at 31 December 2018. The Company considers all Independent Non-executive Directors are independent.

主席及行政總裁

企業管治守則守則條文A.2.1條規定，主席與行政總裁的角色應有區分，並不應由一人同時兼任。

主席與行政總裁兩個職位分別由張曙光先生及張春光先生擔任。主席與行政總裁的角色已區分並由不同人士擔任，以確保權力和授權分佈均衡，不致權力僅集中於董事會的任何成員。主席負責領導，並負責董事會的有效運作和領導。行政總裁主要負責本公司的整體業務發展及日常管理和營運。

獨立非執行董事

於有關期間，董事會始終符合GEM上市規則有關委任的獨立非執行董事必須佔董事會成員人數至少三分之一，且必須至少有一名具備適當的專業資格，或具備適當的會計或相關的財務管理專長的獨立非執行董事的規定。

在獨立非執行董事各自獲委任前，彼等分別已向聯交所呈交書面聲明確認其獨立性。於二零一八年十二月三十一日，本公司已收到各獨立非執行董事根據GEM上市規則第5.09條就其獨立性發出的年度確認，且董事會認為所有獨立非執行董事確屬獨立人士並符合GEM上市規則第5.09條所載規定。本公司認為所有獨立非執行董事確屬獨立人士。

Appointment and Re-election of Directors

Each of our Executive Directors has entered into a service contract with the Company commencing from the Listing Date, which has no fixed term and can be terminated by either party giving not less than three months' notice in writing to the other party. Each of the Independent Non-executive Directors has entered into an appointment letter with our Company for an initial term of three years commencing from the Listing Date unless terminated by either party giving not less than one month's written notice to the other party. Each of the appointments is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the Articles of Association.

Save as disclosed aforesaid, none of the Directors has a service agreement or letter of appointment with the Company or any of its subsidiaries other than the contracts/letter of appointment expiring or determinable by the Company within one year without the payment of compensation (other than statutory compensation).

董事的委任及重選

各執行董事已與本公司訂立服務合約，自上市日期起開始，並無固定期限，並可由任何一方向另一方發出不少於三個月的書面通知終止。各獨立非執行董事已與本公司訂立委任書，自上市日期起開始初步為期三年，除非任何一方向另一方發出不少於一個月的書面通知終止。各項委任均須遵守其終止條文及組織章程細則所載有關董事輪流退任的條文。

除上文所披露者外，概無董事與本公司或其任何附屬公司已訂立服務協議或委任書（不包括一年內屆滿或本公司毋須給予賠償（法定賠償除外）而可終止的合約／委任書）。

All the Directors, including the Independent Non-executive Directors, are subject to retirement by rotation and eligible for re-election in accordance with the Articles of Association. At each AGM, one-third of the Directors for the time being, or, if their number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at an AGM at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the AGM at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and does not offer himself for re-election. Any further Directors so to retire shall be those of other Directors subject to retirement by rotation who have been the longest in office since their last re-election or appointment and so that as between the persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A Director is not required to retire upon reaching any particular age.

所有董事(包括獨立非執行董事)均須根據組織章程細則輪流退任並有資格重選連任。在每屆股東週年大會上，當時三分之一的董事(或倘董事人數並非三的倍數，則為最接近但不少於三分之一的人數)應輪流退任，惟每名董事須至少每三年在股東週年大會上退任一次。退任董事有資格重選連任，並在其退任的股東週年大會期間繼續擔任董事。輪流退任的董事須包括(就有必要確定輪流退任的董事人數而言)任何有意退任的董事及不願重選連任的董事。任何其他須退任的董事應為自上一次重選或獲委任以來在任時間最長的其他須輪流退任的董事，惟倘同日有多名董事獲委任或獲重選，則除非彼等之間另行達成協定，否則以抽籤決定將退任董事人選。並無規定董事屆任何特定年齡後須退任。

The Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director. Any Director so appointed shall be subject to retirement by rotation.

The Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election. Any such Director appointed shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation at an AGM.

Responsibilities of the Directors

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

本公司可不時於股東大會上藉普通決議案選舉任何人士為董事，以填補臨時空缺或增加董事名額。任何如此獲委任的董事須輪流退任。

董事會有權不時及隨時委任任何人士為董事，以填補臨時空缺或增加董事名額。由董事會委任以填補臨時空缺的任何董事，任職至其獲委任後本公司的首次股東大會為止，並可於該大會上接受重選連任。由董事會委任以增加現有董事會名額的任何董事，只任職至下屆股東週年大會為止，並於其時有資格重選連任。在決定須於股東週年大會上輪流退任的具體董事或董事人數時，任何如此獲委任的董事不應計算在內。

董事會的職責

董事會負有領導及監控本公司的責任，並應集體負責統管並監督本公司的事務。

董事會直接及透過其轄下各委員會間接領導及指示管理層，制定策略並監督其實施、監督本集團的營運和財務表現，並確保建立健全的內部監控及風險管理系統。

所有董事(包括獨立非執行董事)具備廣泛而寶貴的業務經驗、知識及專業精神，有助董事會有效及高效地履行其職能。

The Independent Non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Indemnity of the Directors

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

獨立非執行董事負責確保本公司監管報告維持高水平，並對董事會發揮平衡作用，在企業行動及營運方面作出有效的獨立判斷。

全體董事均可全面並及時獲得本公司所有資料，並可應要求在適當情況下尋求獨立專業意見以向本公司履行其職責，有關費用由本公司承擔。

董事須向本公司披露彼等所任其他職位的詳情。

董事會保留對所有有關本公司政策事宜、戰略及預算、內部監控及風險管理、重大交易(特別是可能涉及利益衝突的交易)、財務資料、董事委任及其他重要營運事宜的重要事項的決策權。有關執行董事會決策、指導及協調本公司日常運作及管理的職責則轉授予管理層。

董事的彌償保證

本公司已就董事及高級管理層因公司活動而可能面臨的任何法律行動安排投購適當的董事及高級人員責任保險。保險範圍將會每年進行檢討。

董事持續專業發展

董事應不斷了解監管發展及變動，以便有效履行其職責，並確保對董事會作出適切貢獻。

Every newly appointed Director has received induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the GEM Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. All Directors are encouraged to attend relevant training courses at the Company's expenses.

All the Directors were kept informed on a timely basis of major changes that may have affected the Group's business, including relevant rules and regulations. During the year, all Directors have participated in continuous professional development to develop and refresh their knowledge and skills in accordance with code provision A.6.5 contained in the CG Code.

Prior to the Listing Date, the Company organised a training session for all Directors. Such training session covered a wide range of relevant topics including Directors' duties and responsibilities, corporate governance and updates on GEM Listing Rules, etc. In addition, relevant reading materials including memorandum on the duties and responsibilities of the Directors have been provided to the Directors for their reference and studying.

每名新獲委任的董事於首次獲委任時均會獲得入職介紹，以確保其對本公司的業務及運作有適當了解，並完全知悉其在GEM上市規則及相關法定規定下的職責及責任。

董事應參與適當的持續專業發展，以發展及更新彼等的知識及技能。本公司鼓勵所有董事出席相關培訓課程，費用由本公司承擔。

所有董事均保持適時通報可能影響本集團業務的重大變化，包括相關規則及法規。年內，所有董事均已根據企業管治守則所載守則條文第A.6.5條參加持續專業發展以發展及更新其知識及技能。

於上市日期前，本公司曾為全體董事舉辦一次培訓課程。該次培訓課程涵蓋多個相關範疇，包括董事職務和職責、企業管治及GEM上市規則的最新資訊等。此外，董事已獲提供相關閱讀材料，包括董事職務及職責備忘錄，以供彼等參考及研讀。

CORPORATE GOVERNANCE REPORT

企業管治報告

The record of continuous professional development relating to Director's duties and regulatory and business development that have been received by the Directors for the Relevant Period are summarised as follows:

董事於有關期間所收到有關董事職責及監管與業務發展的持續專業發展記錄概述如下：

| Name of Directors | 董事姓名 | Training organised by the Company's legal advisor 由本公司法律顧問舉辦的培訓 | Reading materials updating on GEM amendments 有關GEM上市規則修訂最新資訊的閱讀材料 |
|--------------------------------------|-------|--|--|
| Executive Directors: | | | |
| Mr. Zhang Shuguang | 張曙光先生 | ✓ | ✓ |
| Mr. Zhang Chunguang | 張春光先生 | ✓ | ✓ |
| Ms. Poon Lai Yin Michael | 潘禮賢先生 | ✓ | ✓ |
| Independent non-executive Directors: | | | |
| Dr. Yeung David Wai Chow | 楊煒秋醫生 | ✓ | ✓ |
| Mr. Kwok Chi Shing | 郭志成先生 | ✓ | ✓ |
| Mr. Chan Kin Sang | 陳健生先生 | ✓ | ✓ |

Board Committees

The Board has established three committees on 26 November 2018, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 3.

董事委員會

董事會已於二零一八年十一月二十六日成立三個委員會，即審核委員會、薪酬委員會及提名委員會，以監察本公司特定方面的事務。本公司的所有董事委員會均已制訂明確的書面職權範圍，當中訂明其權責。審核委員會、薪酬委員會及提名委員會的職權範圍分別刊載於本公司網站及聯交所網站，並可應要求向股東提供。

各董事委員會的主席及成員名單載於第3頁「公司資料」內。

Audit Committee

The Audit Committee consists of three Independent Non-executive Directors, namely Mr. Kwok Chi Shing, Dr. Yeung David Wai Chow and Mr. Chan Kin Sang. Mr. Kwok Chi Shing is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph C.3 of the CG Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

Pursuant to the terms of reference of the Audit Committee, the Audit Committee shall hold at least two meetings a year. Since the Listing Date, the Audit Committee did not hold meeting during the year ended 31 December 2018. The Audit Committee will hold at least two meetings in the forthcoming year and meet the external auditors in accordance with the CG Code and terms of reference.

Remuneration Committee

The Remuneration Committee consists of three members, namely Mr. Kwok Chi Shing and Dr. Yeung David Wai Chow, both are Independent Non-executive Directors, and Mr. Zhang Chunguang, an Executive Director. Mr. Kwok Chi Shing is the chairman of the Remuneration Committee.

審核委員會

審核委員會包括三名獨立非執行董事，即郭志成先生、楊煒秋醫生及陳健生先生。郭志成先生為審核委員會主席。

審核委員會的權責範圍符合GEM上市規則第5.28至第5.33條及GEM上市規則附錄十五所載的企業管治守則及企業管治報告第C.3段。審核委員會的主要職責包括協助董事會審閱財務資料和申報程序、風險管理和內部監控系統、內部審核職能的有效性、審核範圍和委任外聘核數師，以及讓本公司僱員可對有關本公司財務申報、內部監控或其他事宜的潛在不當行為提出關注的安排。

根據審核委員會的職權範圍，審核委員會須每年舉行至少兩次會議。自上市日期起，審核委員會於截至二零一八年十二月三十一日止年度並無舉行任何會議。審核委員會將根據企業管治守則及職權範圍於來年舉行至少兩次會議及會見外聘核數師。

薪酬委員會

薪酬委員會包括三名成員，即兩名獨立非執行董事郭志成先生及楊煒秋醫生以及一名執行董事張春光先生。郭志成先生為薪酬委員會主席。

The terms of reference of the Remuneration Committee are in compliance with Rules 5.34 to 5.36 of the GEM Listing Rules and paragraph B.1 of the CG Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary functions of the Remuneration Committee include (i) reviewing and making recommendations on the remuneration packages of individual Executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; (ii) establishing formal and transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration; and (iii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives.

The Remuneration Committee shall meet not less than once every year. Since the Listing Date, the Remuneration Committee did not hold meeting during the year ended 31 December 2018. The Remuneration Committee will hold at least one meeting in the forthcoming year in accordance with the CG Code. Details of the remuneration of the Directors and senior management are set out in note 14 in the Notes to the consolidated financial statements for the year ended 31 December 2018.

Nomination Committee

The Nomination Committee consists of three members, namely Mr. Zhang Shuguang, an Executive Director, Dr. Yeung David Wai Chow and Mr. Chan Kin Sang, both are Independent Non-executive Director. Mr. Zhang Shuguang is the chairman of the Nomination Committee.

薪酬委員會的書面權責範圍符合GEM上市規則第5.34至5.36條及GEM上市規則附錄十五所載的企業管治守則及企業管治報告第B.1段。薪酬委員會的主要職責包括(i)審閱有關個別執行董事及高級管理層的薪酬待遇、全體董事及高級管理層的薪酬政策和架構並向董事會提供推薦建議；(ii)就該等薪酬政策及架構的制定建立正式透明的程序，以確保概無董事或其任何聯繫人參與釐定自身薪酬；及(iii)參考董事會的公司宗旨及目標檢討及審批管理層的薪酬方案。

薪酬委員會須每年舉行至少一次會議。自上市日期起，薪酬委員會於截至二零一八年十二月三十一日止年度並無舉行任何會議。薪酬委員會將根據企業管治守則於來年舉行至少一次會議。有關董事及高級管理層的薪酬詳情載於截至二零一八年十二月三十一日止年度之綜合財務報表附註14。

提名委員會

提名委員會包括三名成員，即執行董事張曙光先生以及獨立非執行董事楊煒秋醫生及陳健生先生。張曙光先生為提名委員會主席。

The terms of reference of the Nomination Committee are in compliance with paragraph A.5 of the CG Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of Independent Non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board diversity policy and Procedures for Shareholders to Propose a Person for Election as a Director of the Company, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience etc. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The Nomination Committee shall meet at least once every year. Since the Listing Date, the Nomination Committee did not hold meeting during the year ended 31 December 2018. The Nomination Committee will hold at least one meeting in the forthcoming year in accordance with the CG Code. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

提名委員會的權責範圍符合GEM上市規則附錄十五所載的企業管治守則及企業管治報告第A.5段。提名委員會的主要職責包括檢討董事會的組成、就提名及委任董事建立和制定相關程序、就委任董事及董事繼任計劃向董事會作出推薦建議，以及評估獨立非執行董事的獨立性。

於評估董事會組成時，提名委員會將考慮本公司董事會成員多元化政策以及股東提名人選參選本公司董事程序所載有關董事會成員多元化的多個方面及因素，包括但不限於性別、年齡、文化及教育背景、專業資質、技能、知識以及行業及地區經驗等。提名委員會將就達致董事會成員多元化的可計量目標進行討論並達成共識(如有必要)，並就採納該等目標向董事會作出推薦建議。

於物色及篩選合適的董事候選人時，提名委員會將在考慮候選人的特長、資格、經驗、獨立性及對落實企業策略及達至董事會成員多元化屬必要的其他相關準則(倘適用)後，方向董事會作出推薦建議。

提名委員會須每年舉行至少一次會議。自上市日期起，提名委員會於截至二零一八年十二月三十一日止年度並無舉行任何會議。提名委員會將根據企業管治守則於來年舉行至少一次會議。提名委員會認為董事會已維持多元化觀點的適當平衡。

Corporate Governance Functions

The Board as a whole is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the year, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and compliance manual (if any) applicable to employees and Directors, the Company's compliance with the CG Code and disclosure in this Corporate Governance Report, and communicate with various level of staff to ascertain the implementation of policies and procedures on corporate governance.

Risk Management and Internal Controls

The Company has in place policies and procedures in relation to risk management and internal control. The Board is primarily responsible for overseeing the risk management and internal control systems and for reviewing their effectiveness. The Company's internal control system and procedures are designed to meet its specific business needs and to minimise its risk exposure. The Company has adopted different internal guidelines, along with written policies and procedures to monitor and lessen the impact of risks which are relevant to its business and control its daily business operations. Management will identify the risks associated with the Group's day-to-day operations for review by the Board. The Board is responsible for evaluating and determining the nature and extent of the risks that the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal

企業管治職能

董事會整體負責履行企業管治守則守則條文第D.3.1條所載的職能。

年內，董事會已檢討本公司企業管治政策及常規、董事及高級管理層培訓及持續專業發展、本公司有關遵守法律及監管規定的政策及常規、遵守標準守則及僱員及董事書面指引(如有)的情況、本公司遵守企業管治守則的情況以及本企業管治報告的披露，並與各級員工溝通以確保落實企業管治政策及程序。

風險管理及內部監控

本公司已制定有關風險管理及內部監控的政策及程序。董事會主要負責監督風險管理及內部監控系統，並檢討其成效。本公司的內部監控系統及程序旨在滿足其具體的業務需求，並將風險降至最低。本公司已採納不同的內部指引，以及以書面形式訂明的政策及程序，務求監察及減輕與其業務有關的風險所產生的影響，並控制其日常業務營運。管理層將識別與本集團日常營運有關的風險，以提交董事會審查。董事會負責評估及釐定本公司達成本公司策略目標時所願意承擔的風險性質及程度，並確保本公司設立及維持合適及有效的風險管理及內部監控系統。董事會監督管理層對風險管理及內部監控系統的

control systems. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group does not have an internal audit function and is currently of the view that there is no immediate need to set up an internal audit function within the Group considering the size, nature and geography of the Group's business. The Directors are responsible for formulating and overseeing the implementation of the Group's risk management and internal control measures. The Group will engage an external consultant to conduct an internal control review on the internal control system of the Group as from 2019 on an annual basis. The review will cover certain business cycles and procedures undertaken by the Group and make recommendations for improving and strengthening the system.

In preparation for the Listing, the Company had engaged an independent internal control consultant (the "IC Consultant") to perform a review of the procedure system and control (including accounting and management systems) of the Group. Based on its internal control review, the IC Consultant recommended certain internal control improvement measures to the Group and the Group has adopted them prior to the Listing. The Directors were of the view that the risk management and internal control systems were adequate and effective to safeguard the interest of Shareholders and the Group's assets.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group covering all material controls, including financial, operational and compliance controls functions. The Board considers that the Group's risk management and internal control systems are adequate and effective. The Board expects that a review of the risk management and internal control systems will be performed annually.

設計、實施及監察。董事會知悉有關風險管理及內部監控系統旨在管理而非消除未能達成業務目標的風險，且僅可就防範重大失實陳述或損失作出合理而非絕對的保證。

本集團並無內部審核功能及認為根據目前本集團業務之規模、性質及佈局，毋須即時於本集團內設立內部審核功能。董事負責制定本集團的風險管理及內部監控措施及監督其實施。本集團將委聘外部顧問，由二零一九年度起每年對本集團的內部監控系統進行內部監控檢討。檢討會涵蓋本集團實施的若干業務週期及程序，並提出改善及加強有關係統的建議。

為籌備上市，本公司委聘獨立內部監控顧問（「內控顧問」）就本集團的程序系統及監控（包括會計及管理系統）進行檢討。根據內部監控檢討結果，內控顧問向本集團建議若干內部監控改善措施，而本集團已於上市前採納有關措施。董事認為，風險管理及內部監控系統足以有效維護股東利益及本集團資產。

董事會透過審核委員會，就本集團的風險管理及內部監控系統是否有效進行檢討，當中涵蓋所有重大監控措施，包括財務、營運及合規監控職能。董事會認為，本集團的風險管理及內部監控系統屬完備及有效。董事會預計每年對風險管理及內部監控系統進行檢討。

Remuneration of Directors and Senior Management

Particulars of the Directors' remuneration for the year ended 31 December 2018 are set out in note 14 in the Notes to the consolidated financial statements.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the Senior Management (other than the Directors) whose particulars is contained in the section headed "Biographical Information of the Directors and Senior Management" in this Report for the year ended 31 December 2018 by band is set out below:

董事及高級管理層薪酬

截至二零一八年十二月三十一日止年度的董事薪酬詳情載於綜合財務報表附註14。

根據企業管治守則的守則條文第B.1.5條，高級管理層成員(董事除外)(其詳情載於本報告「董事及高級管理層履歷」一節)截至二零一八年十二月三十一日止年度按範圍劃分的薪酬如下：

| Remuneration band (in HK\$) | 薪酬範圍 (港元) | Number of individuals 人數 |
|-----------------------------|-------------|-----------------------------|
| Nil to 1,000,000 | 零至1,000,000 | 3 |

External Auditors and Their Remuneration

Deloitte Touche Tohmatsu ("Deloitte") is the external auditor of the Company. The Audit Committee is responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, which is subject to the approval by the Board and at the general meetings of the Company by its shareholders.

During the year ended 31 December 2018, the remuneration for the audit and non-audit services provided by the Company's auditor to the Group was as follows:

外部核數師及其薪酬

德勤•關黃陳方會計師行(「德勤」)為本公司外部核數師。審核委員會負責就外部核數師的委任、重新委任及罷免向董事會提出推薦建議，相關委任、重新委任及罷免須經董事會批准及股東於本公司股東大會上批准。

於截至二零一八年十二月三十一日止年度，本公司核數師向本集團提供的審核及非審核服務如下：

| | | RMB'000 人民幣千元 |
|--|--------------------------|------------------|
| Annual audit service for the year ended 31 December 2018 | 截至二零一八年十二月三十一日止年度的年度審核服務 | 1,200 |
| Non-audit services related to acting as reporting accountant for listing purpose | 就上市作為申報會計師的相關非審核服務 | 1,375 |
| Total | 總計 | 2,575 |

Respective Responsibilities of Directors and Auditors

The Directors acknowledge their responsibilities for the preparation of accounts for each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period and comply with the requirement of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (“**Hong Kong Companies Ordinance**”) and the applicable disclosure provisions of the Listing Rules.

The auditors are responsible for forming an independent opinion, based on the audit, on the financial statements prepared by the Directors and reporting the opinion solely to the Company’s shareholders.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group’s ability to continue as a going concern. The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the “Independent Auditors’ Report” on pages 71 to 79.

Disclosure of Inside Information

The Group acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong and the GEM Listing Rules and the overriding principle that inside information should be announced promptly when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

董事及核數師各自的責任

董事了解其就各財務期間編製真實公平反映本集團於相關期間事務狀況以及業績及現金流量狀況，且符合香港法例第622章《公司條例》（「**香港公司條例**」）的規定及上市規則的適用披露規定的賬目的責任。

核數師負責根據其審核工作就董事編製的財務報表形成獨立意見，並僅向本公司股東報告該意見。

董事並不知悉任何可能令本集團持續經營能力產生重大疑問的事件或狀況的相關重大不確定因素。本公司獨立核數師關於其就財務報表的報告責任的聲明載於第71至79的頁「獨立核數師報告」。

內幕消息披露

本集團了解其於香港法例第571章《證券及期貨條例》及GEM上市規則項下的責任，並知悉首要原則是當內幕消息為決策的主題時應立即予以公告。處理及發佈內幕消息的程序及內部監控措施如下：

CORPORATE GOVERNANCE REPORT

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- the Group conducts its affairs with close regard to the disclosure requirement under the GEM Listing Rules as well as the “Guidelines on Disclosure of Inside Information” published by the Securities and Futures Commission of Hong Kong in June 2012;
 - the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and the Company’s website;
 - the Group has strictly prohibited unauthorised use of confidential or inside information; and
 - the Group has established and implemented procedures for responding to external enquiries about the Group’s affairs, the Board will decide, or designate appropriate persons to communicate with parties outside the Group.
- 本集團在開展自身事務時，密切關注GEM上市規則下的披露規定以及香港證券及期貨事務監察委員會發佈於二零一二年六月的「內幕消息披露指引」;
 - 本集團已實施並公佈其公平披露政策，尋求透過財務報告、公開公告及本公司網站等渠道向公眾作出廣泛、非專有性的資料發佈；
 - 本集團嚴格禁止未經授權而使用保密或內幕資料；及
 - 本集團已就回應外界關於本集團事務的查詢制定並實施相關措施，董事會將決定或指定適當人選與本集團外界各方進行溝通。

Company Secretary

Company Secretary supports the Board by ensuring good information flow within the Board and that the Board policy and procedures are followed. The Company Secretary is responsible for advising the Board on corporate governance matters and facilitating induction and professional development of the Directors. All Directors have access to the advice and services of the Company Secretary to ensure that the Board procedures and all applicable laws, rules and regulations, are followed.

Mr. Chau Lai Ki was appointed as the Company Secretary of the Company on 25 September 2017 and has complied with all requirements relating to qualifications, experiences and training under the GEM Listing Rules. For the year ended 31 December 2018, he has undertaken not less than 15 hours of relevant professional training respectively in compliance with rule 5.15 of the GEM Listing Rules.

公司秘書

公司秘書通過確保董事會內部良好的資訊流動以及董事會的政策及程序獲遵守而支援董事會工作。公司秘書負責就企業管治事宜向董事會提供意見，並負責協助董事的入職及專業發展。所有董事均有權取得公司秘書的意見及服務，以確保董事會程序及所有適用法律、規則及規例獲得遵守。

周麗麒先生於二零一七年九月二十五日獲委任為公司秘書並已遵守GEM上市規則項下關於資格、經驗及培訓的所有規定。截至二零一八年十二月三十一日止年度，彼已根據GEM上市規則第5.15條接受不少於15小時的相關專業培訓。

Shareholders' Rights

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting and Putting Forward Proposals at General Meeting

Pursuant to Article 58 of the Articles of Association of the Company, Shareholders may convene an extraordinary general meeting (the “EGM”) in accordance with the “Procedures for Shareholders to convene an EGM” set out below.

Procedures for Shareholders to Convene an EGM

Any one or more Shareholders holding at the date of deposit of the requisition not less than 10% of the paid-up capital of the Company carrying the right of voting at general meetings of the Company (the “Eligible Shareholder(s)”) shall at all times have the right, by written requisition to the Board or the Company Secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the “Requisition”) signed by the Eligible Shareholder(s) concerned (the “Requisitionist(s)”) at the principal place of business of the Company in Hong Kong (presently located at 3rd Floor, Effectual Building, 16 Hennessy Road, Wanchai, Hong Kong) for the attention of the Company Secretary. The Requisition must state clearly the name(s) of the Requisitionist(s) concerned, his/her/their shareholdings in the Company, the reason(s) to convene an EGM and the proposed agenda.

股東權利

為保障股東權益及權利，於股東大會上應就各大致獨立的事項(包括各董事的選舉)提呈獨立的決議案。於股東大會上提呈的所有決議案將根據上市規則進行投票表決，投票結果將於相關股東大會後在本公司及聯交所網站公佈。

召開股東特別大會及在股東大會上提出建議

根據本公司組織章程細則第58條，股東可根據下文所載「股東召開股東特別大會的程序」召開股東特別大會(「股東特別大會」)。

股東召開股東特別大會的程序

於提交要求日期持有不少於10%附帶於本公司股東大會上投票權利的本公司繳足股本的一名或多名股東(「合資格股東」)隨時有權通過向董事會或公司秘書發出書面要求，而要求董事會召開股東特別大會，以在股東特別大會上處理相關要求中所列明的任何事務，包括提出建議或提呈決議案。

有意召開股東特別大會以在股東特別大會上提出建議或提呈決議案的合資格股東須將經所涉合資格股東簽署的書面要求(「要求」)遞交至本公司的香港主要營業地點(當前位於香港灣仔軒尼詩道16號宜發大廈3樓)，收件人為公司秘書。要求須列明所涉要求人的姓名／名稱、其於本公司的股權、召開股東特別大會的理由及建議議程。

The Company will check the Requisition and the identity and shareholding of the Requisitionist(s) will be verified with the Company's branch share registrar in Hong Kong. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an EGM and/or include the proposal(s) made or the resolution(s) proposed by the Requisitionist(s) at the EGM within two months after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Requisitionist(s) will be advised of the outcome and accordingly, the Board or the Company Secretary will not call for an EGM nor include the proposal(s) made or the resolution(s) proposed by the Requisitionist(s) at the EGM.

If within 21 days of the deposit of the Requisition the Board or the Company Secretary fails to proceed to convene such EGM, the Requisitionist(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board or the Company Secretary to convene an EGM shall be reimbursed to the Requisitionist(s) by the Company.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 3rd Floor, Effectual Building, 16 Hennessy Road, Wanchai, Hong Kong

(For the attention of the Company Secretary)

本公司將檢查要求人的要求及身份，並在本公司香港股份過戶登記分處核實要求人的股權情況。倘要求被證實為適當及有效，則公司秘書將要求董事會在要求提交後兩個月內召開股東特別大會及／或將要求人提出的建議或提呈的決議案納入股東特別大會。相反，倘要求被核實為無效，則要求人將被告知相關結果，而董事會或公司秘書將不會召開股東特別大會，亦不會將要求人提出的建議或提呈的決議案納入股東特別大會。

倘在要求提交後21日內，董事會或公司秘書未能著手召開相關股東特別大會，則要求人可自行按相同方式召開股東特別大會，而要求人因董事會或公司秘書未召開股東特別大會而產生的所有合理開支由本公司向要求人作出補償。

向董事會提交查詢

對於向本公司董事會提交任何查詢，股東可向本公司發出書面查詢。本公司通常不會處理口頭或匿名查詢。

聯繫方式

股東可將其上述查詢或要求發送至以下地址：

地址：香港灣仔軒尼詩道16號宜發大廈3樓

(收件人為公司秘書)

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Communications with Shareholders and Investors

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to exercise their rights in an informed manner and allow them to engage actively with the Company.

Information will be communicated to the Shareholders through the Company's quarterly, interim and annual financial reports, the publish and posting of notices, announcements, circulars, AGMs and other EGMs that may be convened as well as all the published disclosures submitted to the Stock Exchange.

Shareholders should direct their questions about their shareholdings to the Company's share registrar. Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available. Any such questions, requests, comments and suggestions can be addressed to the Company by post to its head office and principal place of business in Hong Kong.

為免生疑問，股東須將正式簽署的書面要求、通知或聲明、查詢(視情況而定)的原本提交並送至上述地址，並提供其全名、聯繫方式及身份證明，以使相關書面要求、通知或聲明、查詢生效。股東的資料可能會按法律規定予以披露。

與股東及投資者的溝通

本公司認為與股東間的有效溝通對於加強投資者關係及提升投資者對於本集團業務表現及策略的了解至關重要。本公司亦深知保證公司消息透明度與及時披露的重要性，以便令股東及投資者能夠在知情的情況下行使其權利並與本公司保持積極溝通。

本公司通過季度、半年度及年度財務報告、公佈及刊發通告、公告及通函、股東週年大會及可能召開的其他股東特別大會以及向聯交所提交的所有公開披露向股東傳達資料。

股東關於其股權的問題應向本公司股份過戶登記處提出。股東及廣大投資者可隨時索取本公司的公開資料。如有任何問題、請求、意見及建議均可通過郵寄至本公司香港總部及主要營業地點的方式向本公司提出。

Constitutional Documents

Except for the conditional adoption of the amended and restated memorandum of association and Articles of Association (the “M&A”) adopted by the Company on 26 November 2018 to comply with the applicable legal and regulatory requirements (including the GEM Listing Rules), which took effect from the Listing Date, there was no significant change in the constitutional documents of the Company during the Relevant Period.

The amended and restated M&A is available on the respective websites of Company and the Stock Exchange.

章程文件

除本公司於二零一八年十一月二十六日遵照適用法律及監管規定(包括GEM上市規則)有條件採納經修訂及重述的組織章程大綱及細則(「大綱及細則」)(自上市日期起生效)外，於有關期間，本公司的章程文件無重大變動。

經修訂及重述的大綱及細則可於本公司及聯交所網站查閱。

REPORT OF THE DIRECTORS

董事會報告

The Directors are pleased to present their first annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2018.

Group Reorganisation and Hong Kong Public Offering

The Company was incorporated in the Cayman Islands under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised), of the Cayman Islands as an exempted company with limited liability on 3 August 2017.

The Company completed the corporate reorganisation on 29 November 2017 in preparation for the Listing, pursuant to which the Company became the holding company of the companies now comprising our Group. Details of the Reorganisation are set out in paragraph headed “Reorganisation” in the section headed “History and Reorganisation” in the Prospectus.

The Shares were listed on GEM of the Stock Exchange on 13 December 2018 by way of Share Offer.

Principal Activities

The principal activity of the Company is an investment holding company. Details of the principal activities and other particulars of the subsidiaries are set out in note 36 in the Notes to the consolidated financial statements.

The Group is principally engaged in research and development, manufacture, marketing and sales of IVD reagents and auxiliary reproductive supplies and equipment in the PRC. There were no significant changes to the Group’s principal activities during the current year.

董事欣然呈列其首份年度報告連同本集團截至二零一八年十二月三十一日止年度之經審核綜合財務報表。

集團重組及香港公開發售

本公司於二零一七年八月三日根據開曼群島法律第22章公司法(一九六一年第3號法，經綜合及修訂)在開曼群島註冊成立為豁免有限公司。

為籌備上市，本公司於二零一七年十一月二十九日完成公司重組，據此，本公司成為本集團現時旗下公司之控股公司。有關重組詳情載於招股章程「歷史及重組」一節「重組」一段。

於二零一八年十二月十三日，股份透過股份發售的方式於聯交所GEM上市。

主要業務活動

本公司主要業務活動為投資控股。有關主要活動及附屬公司其他資料之詳情載於綜合財務報表附註36。

本集團主要從事於中國研發、生產、推廣及銷售體外診斷試劑及輔助生育用品和設備。本年度，本集團主要業務活動概無發生重大變動。

Business Review and future prospects

A discussion and analysis of the activities of the Company as required by Schedule 5 to the Hong Kong Companies Ordinance, including an analysis of the Group's financial performance, an indication of likely future developments in the Group's business and Group's key relationship with its stakeholders who have a significant impact on the Group and on which the Group's success depends, is set out in the sections headed "Chairman's Statement" on pages 5 to 6 and "Management Discussion and Analysis" on pages 7 to 20 of this Report. The above form part of this directors' report.

Principal Risk and Uncertainties

Details of the principal risks and uncertainties of the Group are set out in note 5 and 33 in the Notes to the consolidated financial statements and in the section headed "Management Discussion and Analysis" of this Report on page 7 to 20.

Investor are advised to make their own judgement or consult their own investment advisors before making any investment in the Shares.

Use of Proceeds From the Share Offer

Details of the intended uses and utilised amount are set out on page 16 of this Report.

Environmental, Social and Governance Report

The Group is in the process of preparing its Environmental, Social and Governance report for the year ended 31 December 2018 and will publish it on the Stock Exchange's website and the Company's website on or before 25 June 2019.

業務回顧及未來展望

香港公司條例附表5要求對本公司業務活動進行討論及分析，當中包括本集團財務表現分析、本集團業務的未來可能發展態勢的跡象及本集團與其持份者(為本集團賴以成功並對本集團具有重大影響者)的主要關係，載於本報告第5至6頁「主席報告」及第7至20頁「管理層討論及分析」各節。上述構成本董事會報告之一部分。

主要風險及不明朗因素

本集團主要風險及不明朗因素詳情載於綜合財務報表附註5及附註33以及本報告第7至20頁「管理層討論及分析」一節內。

投資者於投資股份之前務請自行判斷或諮詢其投資顧問。

股份發售所得款項用途

擬定用途及已使用金額詳情載於本報告第16頁。

環境、社會及管治報告

本集團正編製截至二零一八年十二月三十一日止年度之環境、社會及管治報告，並將於二零一九年六月二十五日或之前於聯交所網站及本公司網站公佈。

Compliance With Laws and Regulations

The Group has adopted risk management and internal control policies to monitor the on-going compliance with the relevant laws and regulations. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, our Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of our Group during the year ended 31 December 2018.

Financial Results

The results of the Group for the year ended 31 December 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 80 of this Report.

Final Dividend

The Directors does not recommend the payment of any final dividend for the year ended 31 December 2018. (2017: Nil)

Charitable Donations

There were no charitable donations made by the Group during the year ended 31 December 2018. (2017: Nil)

Property, Plant and Equipment

Details of movements in property, plant and equipment during the year are set out in note 17 in the Notes to the consolidated financial statements.

遵守法律法規

本集團已採用風險管理及內部控制政策監察持續遵守有關法律法規的情況。董事作出一切合理查詢後，就其所深知、全悉及確信，本集團於截至二零一八年十二月三十一日止年度已於重大方面遵守對本集團業務及營運有重大影響的相關法律及法規。

財務業績

本集團截至二零一八年十二月三十一日止年度業績載於本報告第80頁綜合損益及其他全面收益表。

末期股息

董事不建議派付截至二零一八年十二月三十一日止年度的任何末期股息(二零一七年：零)。

慈善捐獻

截至二零一八年十二月三十一日止年度，本集團並無作出慈善捐獻(二零一七年：零)。

物業、廠房及設備

年內物業、廠房及設備變動詳情載於綜合財務報表附註17。

Share Capital

Details of the movement in share capital of the Company are set out in note 29 in the Notes to the consolidated financial statements. Shares were issued during the financial year arising from the Reorganisation, the Share Offer and the Capitalisation Issue, as defined in the Prospectus. Details about the issue of Shares are also set out in note 29 in the Notes to the consolidated financial statements.

Save as disclosed in the Prospectus and this Report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities from the Listing Date to the end of the financial year.

Reserves

Details of movement in the reserves of the Group and of the Company during the year ended 31 December 2018 are set out in the consolidated statement of changes in equity on page 83 and note 37 in the Notes to the consolidated financial statements respectively.

Distributable Reserves

Under the Companies Law of the Cayman Islands, the Company may pay dividends out of the profit or the share premium account in accordance with the provisions of Articles of Association, provided that immediately following the date on which the dividend is proposed to be distributed, the Company remains able to pay the debts as and when they fall due in the ordinary course of business. As at 31 December 2018, the Company's reserves available for distribution to Shareholders comprising share premium and accumulated profits, amounted to approximately RMB63.8 million.

Four-Year Financial Summary

A summary of the results and assets and liabilities of the Group for the most recent four years is set out in the section headed "Financial Summary" on page 180 of this Report.

股本

本公司股本變動詳情載於綜合財務報表附註29。於財政年度，已根據重組、股份發售及資本化發行(定義見招股章程)發行股份。有關股份發行的詳情亦載於綜合財務報表附註29。

除招股章程及本年報所披露者外，自上市日期至財政年度末，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

儲備

於截至二零一八年十二月三十一日止年度，本集團及本公司之儲備之變動詳情分別載於第83頁綜合權益變動表及綜合財務報表附註37。

可供分派儲備

根據開曼群島公司法，本公司可根據組織章程細則條文以溢利或股份溢價賬支付股息，惟於緊隨建議分派股息當日後，本公司於日常業務過程中仍可支付到期債務。於二零一八年十二月三十一日，本公司可供分派予股東的儲備包括股份溢價及累計溢利，金額約為人民幣63.8百萬元。

四年財務概要

本集團最近四年之業績及資產及負債概要載於本報告第180頁財務概要一節。

Directors

The Directors during the year ended 31 December 2018 and up to the date of this Report were as follows:

Executive Directors

- Mr. Zhang Shuguang (*Chairman*)
(appointed on 25 September 2017)
Mr. Zhang Chunguang (*Chief Executive Officer*)
(appointed on 25 September 2017)
Mr. Poon Lai Yin Michael (*Chief Financial Officer*)
(appointed on 25 September 2017)

Independent Non-executive Directors

- Dr. Yeung David Wai Chow
(appointed on 26 November 2018)
Mr. Kwok Chi Shing
(appointed on 26 November 2018)
Mr. Chan Kin Sang
(appointed on 26 November 2018)

Pursuant to the Articles of Association, at each general meeting, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting. All Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

Therefore, all the current Directors shall retire at the AGM and, being eligible, will offer themselves for re-election at the AGM.

董事

截至二零一八年十二月三十一日止年度及直至本報告日期止，董事如下：

執行董事

- 張曙光先生(主席)
(於二零一七年九月二十五日獲委任)
張春光先生(行政總裁)
(於二零一七年九月二十五日獲委任)
潘禮賢先生(首席財務官)
(於二零一七年九月二十五日獲委任)

獨立非執行董事

- 楊煒秋醫生
(於二零一八年十一月二十六日獲委任)
郭志成先生
(於二零一八年十一月二十六日獲委任)
陳健生先生
(於二零一八年十一月二十六日獲委任)

根據組織章程細則，於每屆股東大會上，當時在任的三分之一董事須輪值告退，惟各董事須至少每三年於股東週年大會上輪值告退一次。有關退任董事或合資格並願意於股東週年大會上膺選連任。董事會就填補空缺職位委任之全部董事應任職至彼等獲委任後召開的首次股東大會及須於有關大會上獲重選，而獲董事會委任以加入現有董事會之全部董事僅可任職至下屆股東週年大會及屆時合資格膺選連任。

因此，全體現任董事須於股東週年大會上退任並符合資格及願意於股東週年大會上膺選連任。

Confirmation of Independence

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the Independent Non-executive Directors to be independent.

Biographies of Directors and Senior Management

The biographical details of the Directors and senior management are disclosed in the section headed “Biographical Details of Directors and Senior Management” on pages 21 to 27 of this Report.

Management Contracts

No contract, other than the service contracts, concerning management and administration of the whole or any substantial part of the Group’s businesses was entered into or existed during the year ended 31 December 2018.

Directors’ Service Contracts

Each of our Executive Directors has entered into a service contract with the Company commencing from the Listing Date, which has no fixed term and can be terminated by either party giving not less than three months’ notice in writing to the other party. Each of the Independent Non-executive Directors has entered into an appointment letter with our Company for an initial term of three years commencing from the Listing Date unless terminated by either party giving not less than one month’s written notice to the other party.

Other than as disclosed above, no Director proposed for re-election at the forthcoming AGM has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

確認獨立性

本公司已收到各獨立非執行董事根據GEM上市規則第5.09條就其獨立性發出之年度確認書，認為各獨立非執行董事具有獨立性。

董事及高級管理層履歷詳情

董事及高級管理層履歷詳情於本年報第21至27頁「董事及高級管理層履歷詳情」一節披露。

管理合約

於截至二零一八年十二月三十一日止年度，概無訂立或存在任何與本集團業務中全部或任何重大部分有關之管理及行政合約(服務合約除外)。

董事服務合約

各執行董事已與本公司訂立服務合約，自上市日期起開始，並無固定期限，並可由任何一方向另一方發出不少於三個月的書面通知終止。各獨立非執行董事已與本公司訂立委任書，自上市日期起開始初步為期三年，除非任何一方向另一方發出不少於一個月的書面通知終止。

除上文披露者外，於應屆股東週年大會上建議重選的董事並無與本公司訂立本公司不可於一年內在不予賠償(法定賠償除外)之情況下終止之服務合約。

Directors' and Controlling Shareholders' Interest in Contracts

Apart from the contracts relation to the reorganisation of our Group in relation to the Listing and save as disclosed in note 35 in the Notes to the consolidated financial statements, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, or any of its holding company or subsidiaries was a party and in which a Director, controlling shareholders (as defined in the GEM Listing Rules) of the Company and their respective connected parties had a material interest, whether directly or indirectly, subsisted at any time during the year ended 31 December 2018.

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

As at 31 December 2018, the interests and short positions of the Directors and their associates in the Shares, Underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which, once the Shares are listed on the GEM on the Stock Exchange, will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provision of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, will be as follows:

董事及控股股東於合約的權益

除有關本集團就上市進行重組的合約以及除綜合財務報表附註35所披露者外，於截至二零一八年十二月三十一日止年度內任何時間，本公司或其任何控股公司或附屬公司概無參與訂立與本集團業務有關，而本公司董事、控股股東(定義見GEM上市規則)及彼等各自關連人士於當中直接或間接擁有重大權益的重大交易、安排及合約。

董事及最高行政人員於股份、相關股份及債權證的權益及淡倉

於二零一八年十二月三十一日，董事及彼等各自之聯繫人於本公司或其任何相聯法團(定義見香港法例第571章證券及期貨條例(「證券及期貨條例」)第XV部)的股份、相關股份及債權證中，擁有(一旦股份於聯交所GEM上市後)須根據證券及期貨條例第XV部第7及8分部知會本公司及聯交所的權益及淡倉(包括根據證券及期貨條例有關條文彼等被當作或被視為擁有的任何權益或淡倉)，或根據證券及期貨條例第352條須登記於該條所指的登記冊內的權益及淡倉，或根據有關董事進行證券交易的GEM上市規則第5.46至5.67條上市發行人董事進行證券交易之標準守則須知會本公司及聯交所的權益及淡倉如下：

REPORT OF THE DIRECTORS 董事會報告

Long Positions in the Shares

於股份之好倉

Ordinary shares of HK\$0.01 each of the Company

本公司每股面值0.01港元之普通股

| Name of Directors/ Chief Executive 董事／最高行政人員姓名 | Capacity/Nature of Interest 身份／權益性質 | Number of ordinary shares held ⁽¹⁾ 所持普通股數目 ⁽¹⁾ | Percentage of shareholding ⁽²⁾ 股權百分比 ⁽²⁾ |
|--|---|--|--|
| Mr. Zhang Shuguang 張曙光先生 | Interests of controlled corporation and concert party ⁽³⁾ 受控法團權益及一致行動人士 ⁽³⁾ | 240,000,000 240,000,000 | 60.0% 60.0% |

Notes:

附註：

- (1) All interest stated are long positions.
- (2) The calculation is based on the total number of 400,000,000 Shares in issue as at 31 December 2018.
- (3) On 16 November 2017, Mr. Zhang Shuguang and Mr. Chang Yim Yang entered into the Acting-in-concert Confirmation (“**Confirmation**”) to acknowledge and confirm, among other things, that they have been and will be actively cooperating, communicating, and acting in concert with each other with respect to their interest in or the business of the relevant members of our Group since they became shareholders of the Company and will continue to act in concert after the signing of the Confirmation. For further details, please refer to the section headed “History and Reorganisation” in the prospectus. The aggregate of 240,000,000 Shares is deemed to be interested by them in aggregate under the SFO, consist of consist of (i) 144,576,000 Shares held by Crystal Grant Limited (“**Crystal Grant**”), a company wholly owned by Mr. Zhang Shuguang, in which Mr. Zhang Shuguang is deemed to be interested under the SFO; and (ii) 95,424,000 Shares held by Ever Charming Inc. (“**Ever Charming**”), a company wholly owned by Mr. Chang Yim Yang, in which Mr. Zhang Shuguang is deemed to be interested as a result of being a party acting in concert with Mr. Chang Yim Yang.

- (1) 所有所列權益均為好倉。
- (2) 此乃基於二零一八年十二月三十一日的已發行股份總數400,000,000股計算。
- (3) 於二零一七年十一月十六日，張曙光先生及張賢陽先生訂立一項一致行動確認書（「**確認書**」），以承認並確認（其中包括）彼等於成為本公司股東後一直並將就彼等於本集團有關成員公司之權益或相關業務積極合作溝通並彼此保持一致行動，且將於簽署確認書後繼續保持一致行動。有關進一步詳情，請參閱招股章程「歷史及重組」一節。根據證券及期貨條例，彼等合計被視為於合共240,000,000股股份中擁有權益，其中包括(i)Crystal Grant Limited（「**Crystal Grant**」，由張曙光先生全資擁有之公司）持有之144,576,000股股份，根據證券及期貨條例張曙光先生被視為於其中擁有權益；及(ii)Ever Charming Inc.（「**Ever Charming**」，由張賢陽先生全資擁有之公司）持有之95,424,000股股份，由於張曙光先生為與張賢陽先生一致行動之人士，故其被視為於該等股份中擁有權益。

Long Position in the Ordinary Shares of Associated Corporations 於相聯法團普通股之好倉

| Name of Directors/ Chief Executive 董事／最高行政人員姓名 | Name of Associated Corporation 相聯法團名稱 | Capacity/ Nature of Interest 身份／權益性質 | Number of ordinary shares held ^(Note) 所持普通股數目 ^(附註) | Percentage of shareholding 股權百分比 |
|--|---|--|--|--|
| Mr. Zhang Shuguang 張曙光先生 | Crystal Grant Limited | Beneficial owner 實益擁有人 | 100 shares of US\$1.00 each 100股每股1.00美元之 股份 | 100% |

Note: All interest stated are long positions.

附註：所有列權益均為好倉。

Save as disclosed above, as at 31 December 2018, none of the Directors and the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provision of the SFO) or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which would be required pursuant to Part XV of the SFO or Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

除上文所披露者外，於二零一八年十二月三十一日，概無董事及本公司最高行政人員於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份或債權證中擁有根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所的任何權益或淡倉(包括根據證券及期貨條例有關條文彼被當作或視為擁有之權益或淡倉)，或根據證券及期貨條例第352條須登記於該條所述登記冊的任何權益或淡倉，或根據證券及期貨條例第XV部或GEM上市規則第5.46條至第5.67條須知會本公司及聯交所的任何權益或淡倉。

REPORT OF THE DIRECTORS

董事會報告

Substantial Shareholders' and Others' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2018, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in Shares or underlying Shares which fell to be disclosed to the Company and the Stock Exchange under the provision of Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

主要股東及其他人士於股份及相關股份之權益及淡倉

於二零一八年十二月三十一日，據董事所知，以下人士（既非董事亦非本公司最高行政人員）於股份或相關股份中擁有根據證券及期貨條例第XV部第2及第3分部之條文須向本公司及聯交所披露，或記錄於本公司根據證券及期貨條例第336條須存置之登記冊內的權益或淡倉：

| Name of Shareholders 股東姓名／名稱 | Capacity/Nature of Interest 身份／權益性質 | Number of ordinary shares held 所持普通股數目 | Percentage of shareholding 股權百分比 |
|---|--|---|-------------------------------------|
| Crystal Grant Crystal Grant | Beneficial owner and concert party ⁽¹⁾ 實益擁有人及一致行動人士 ⁽¹⁾ | 240,000,000 | 60.0% |
| Ever Charming Ever Charming | Beneficial owner and concert party ⁽¹⁾ 實益擁有人及一致行動人士 ⁽¹⁾ | 240,000,000 | 60.0% |
| Mr. Chang Yim Yang 張賢陽先生 | Interests of controlled corporation ⁽¹⁾ 受控法團權益 ⁽¹⁾ | 240,000,000 | 60.0% |
| Gallizul Global Investments Incorporated ("Gallizul") | Beneficial owner | 36,000,000 | 9.0% |
| Gallizul Global Investments Incorporated ("Gallizul") | 實益擁有人 | | |
| Huang Yan 黃豔 | Interests of controlled corporation ⁽²⁾ 受控法團權益 ⁽²⁾ | 36,000,000 | 9.0% |

Notes:

- (1) On 16 November 2017, Mr. Zhang Shuguang and Mr. Chang Yim Yang entered into the Confirmation to acknowledge and confirm, among other things, that they have been and will be actively cooperating, communicating, and acting in concert with each other with respect to their interest in or the business of the relevant members of our Group since they became shareholders of the Company and will continue to act in concert after the signing of the Confirmation. For further details, please refer to the section headed "History and Reorganisation" in the prospectus. The aggregate of 240,000,000 Shares is deemed to be interested by them in aggregate under the SFO, consist of (i) 144,576,000 Shares held by Crystal Grant, a company wholly owned by Mr. Zhang Shuguang, in which Mr. Zhang Shuguang is deemed to be interested under the SFO; and (ii) 95,424,000 Shares held by Ever Charming, a company wholly owned by Mr. Chang Yim Yang, in which Mr. Zhang Shuguang is deemed to be interested as a result of being a party acting in concert with Mr. Chang Yim Yang.

- (2) As Gallizul is owned as to 50% by Ms. Huang Yan, she is deemed to be interested in all the shares held by Gallizul

附註：

- (1) 於二零一七年十一月十六日，張曙光先生及張賢陽先生訂立確認書，以承認並確認（其中包括）彼等於成為本公司股東後一直並將就彼等於本集團有關成員公司之權益或相關業務積極合作溝通並彼此保持一致行動，且將於簽署確認書後繼續保持一致行動。有關進一步詳情，請參閱招股章程「歷史及重組」一節。根據證券及期貨條例，彼等合計被視為於合共240,000,000股股份中擁有權益，其中包括(i)Crystal Grant（由張曙光先生全資擁有之公司）持有之144,576,000股股份，根據證券及期貨條例張曙光先生被視為於其中擁有權益；及(ii)Ever Charming（由張賢陽先生全資擁有之公司）持有之95,424,000股股份，由於張曙光先生為與張賢陽先生一致行動之人士，故其被視為於該等股份中擁有權益。

- (2) 由於Gallizul由黃豔女士擁有50%，故彼被視為於Gallizul持有的所有股份中擁有權益。

Directors' Rights to Acquire Shares or Debentures

Save as otherwise disclosed in this Report, at no time during the year ended 31 December 2018 and up to the date of this Report, have the Directors and the chief executive of the Company and their respective close associates (as defined in the GEM listing rules) had any interests in, or had been granted, or exercised any rights to acquire benefits by means of the acquisition of shares in, or debentures of, the Company and/or its associated corporations (within the meaning of SFO).

董事收購股份或債權證的權利

除本報告另有披露者外，於截至二零一八年十二月三十一日止年度任何時間直至本報告日期，董事及本公司最高行政人員及彼等各自之緊密聯繫人（定義見GEM上市規則）概無於本公司及／或其相聯法團（定義見證券及期貨條例）之股份或債權證中擁有任何權益或獲授予或行使可藉收購本公司及／或其相聯法團股份或債權證而獲取利益之任何權利。

Permitted Indemnity Provision

The Articles of Association provide that Directors shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted. The Company has maintained liability insurance to provide appropriate cover for the Directors during the year ended 31 December 2018.

Competing Interest

The Directors confirm that none of the Controlling Shareholders or the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by our Group which competes or is like to compete, directly or indirectly, with our Group's business during the year ended 31 December 2018 and up to the date of this Report.

Deed of Non-Competition

On 27 November 2018, the Company entered into the Deed of Non-competition with each of the controlling shareholders (“**Controlling Shareholders**”) of the Company. Pursuant to the Deed of Non-competition, each of the Controlling Shareholders have undertaken, jointly and severally, to the Company that they would not, and would procure their respective close associates (as defined in the GEM Listing Rules) and/or companies controlled by the respective Controlling Shareholders not to, directly or indirectly, either on their own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise) any business or activity which is or may be

獲准彌償條文

組織章程細則規定，董事有權就其在獲判勝訴或獲判無罪的任何法律訴訟(不論民事或刑事)中進行抗辯而招致或蒙受的一切損失或責任從本公司資產中獲得彌償。截至二零一八年十二月三十一日止年度，本公司已續購責任保險，為董事提供適當保障。

競爭權益

董事確認，於截至二零一八年十二月三十一日止年度直至本報告日期，概無控股股東或董事或彼等各自之緊密聯繫人(定義見GEM上市規則)於本集團經營業務以外且直接或間接與本集團業務構成競爭或可能構成競爭的任何業務中擁有權益。

不競爭契據

於二零一八年十一月二十七日，本公司與本公司各控股股東(「**控股股東**」)訂立不競爭契據。根據不競爭契據，各控股股東已共同及個別向本公司承諾，彼等將不會並將促使彼等之各自緊密聯繫人(定義見GEM上市規則)及／或有關控股股東控制之公司不會自行或聯同或代表任何人士、商號或公司直接或間接(其中包括)進行、參與或於當中擁有權益或從事或收購或持有(在各情況下，不論以股東、合夥人、代理人或其他身份)與本集團業務構成或可能構成競爭的任何業務或活動。有關不競爭的詳情載於招股章程「與控股股東的關係」一節。本公司已收到來自各控股股東的書面年度聲明，確認彼已遵守不競爭契據項下提供

in competition with the business of the Group. Details of Non-competition are disclosed in the section headed “Relationship with our Controlling Shareholders” of the Prospectus. The Company has received an annual declaration in writing from each of the Controlling Shareholders confirming that he/it had complied with the non-competition undertakings provided to the Company under the Deed of Non-competition. The Independent Non-executive Directors have reviewed the status of compliance and enforcement of the Deed of Non-competition and confirmed that all the undertakings thereunder have been complied with since the date of the execution of the same and up to 31 December 2018.

Related Party Transactions

Details of the related party transactions of the Group for the year ended 31 December 2018 are set out in note 35 in the Notes to the consolidated financial statements. Save as mentioned in the section “Continuing Connected Transactions” below, other related party transactions did not constitute connected transactions and continuing connected transactions under Chapter 20 of the GEM Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

Continuing Connected Transactions

Pursuant to Rule 20.74 of the GEM Listing Rules, the relevant applicable percentage ratios (other than the profit ratio) was prescribed under Chapter 20 of the GEM Listing Rules, certain transactions entered into by the Group with the connected persons (as defined below) constituted continuing connected transactions (the “CCTs”) during the year ended 31 December 2018, which was less than 5.0% and the total consideration was less than HK\$3.0 million, hence the connected transaction contemplated herein was fully exempt from the reporting, announcement, annual review and independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules are as follows:

予本公司的不競爭承諾。獨立非執行董事已檢討不競爭契據的遵守及執行情況，並確認不競爭契據項下的所有承諾自不競爭契據簽署日期直至二零一八年十二月三十一日已獲遵守。

關連方交易

本集團截至二零一八年十二月三十一日止年度的關連方交易詳情載於綜合財務報表附註的附註35。除下文「持續關連交易」一節所述者外，其他關聯方交易並不構成GEM上市規則第20章項下之關連交易及持續關連交易。本公司已根據GEM上市規則第20章遵守披露規定。

持續關連交易

根據GEM上市規則第20.74條，於截至二零一八年十二月三十一日止年度，本集團與關連人士(定義見下文)訂立的構成持續關連交易的若干交易於GEM上市規則第20章下的相關適用百分比率低於5.0%且總代價少於3.0百萬港元，因此其項下擬進行的關連交易全部獲豁免遵守GEM上市規則第20章項下之申報、公告、年度審閱及獨立股東批准規定，交易如下：

REPORT OF THE DIRECTORS 董事會報告

| Continuing connected transactions | Connected Persons | Annual cap | Actual amount for the year ended 31 December 2018 | |
|---|--------------------------|---------------------------|---|------------|
| 持續關連交易 | 關連人士 | 年度上限 | 截至二零一八年十二月三十一日止年度的實際金額 | |
| PRC factory rental expenses 中國廠房租賃開支 | Shenzhen Junxuan 深圳君軒 | RMB445,000 人民幣445,000元 | RMB412,000 人民幣412,000元 | Note 附註 |

Note: Mr. Zhang Shuguang, our Controlling Shareholder, Executive Director and chairman of our Board, holds the entire equity interest in Shenzhen Junxuan. Therefore, Shenzhen Junxuan is an associate of Mr. Zhang Shuguang pursuant to Rule 20.10(1)(c) of the GEM Listing Rules, and thus it is a connected person of our Company under the GEM Listing Rules. The transaction under the Tenancy Agreement (as defined below) constitutes a continuing connected transaction of our Company under the GEM Listing Rules.

附註：我們的控股股東、執行董事及董事會主席張曙光先生持有深圳君軒全部股權。因此，根據GEM上市規則第20.10(1)(c)條，深圳君軒為張曙光先生的聯繫人，故為GEM上市規則項下本公司之關連人士。根據GEM上市規則，租賃協議(定義見下文)項下之交易構成本公司之持續關連交易。

On 13 September 2017, a tenancy agreement was entered into between Shenzhen Huakang (as tenant) and Shenzhen Junxuan (as landlord), pursuant to which Shenzhen Junxuan agrees to rent out Junxuan Property (as defined in the Prospectus) to Shenzhen Huakang for a term of three years commencing on 14 September 2017 and ending on 13 September 2020 (the “**Tenancy Agreement**”).

於二零一七年九月十三日，深圳華康(作為承租人)與深圳君軒(作為業主)訂立租賃協議，據此，深圳君軒同意將君軒物業(定義見招股章程)出租予深圳華康，自二零一七年九月十四日起至二零二零年九月十三日止為期三年(「**租賃協議**」)。

Key Relationships With Employees, Customers and Suppliers

The Group maintains a good relationship with its employees, and certain policies have been implemented to ensure that its employees are provided with competitive remuneration, good welfare benefits and continuous professional training. The Group also maintains good relationships with its customers and suppliers, without whom success in the Group's production and operation would be at risk.

Emoluments of the Directors and the Five Highest Paid Individuals

Detail of the emoluments of the Directors and the five highest paid individuals of our Group are set out in note 14 in the Notes to the consolidated financial statements in this Report.

There was no arrangement under which a Director has waived or agreed to waive any emoluments for the year ended 31 December 2018.

Save for Directors' fees, none of the INEDs is expected to receive any other remuneration for holding their office as an INED.

Emolument Policy

The emolument policy for the employee of the Group is set up by the management on the basis of their merit, qualifications and competence. Under the emolument policy, the basis of determining the emolument payable to Directors is subject to the decision of the Remuneration Committee of the Company. As at 31 December 2018, the Group has 70 full-time employees (2017: 66) located in Hong Kong and the PRC for operation. Detail of the staff costs, including Directors' remuneration, incurred by the Group are set out in note 13 in the Notes to the consolidated financial statements in this Report.

與僱員、客戶及供應商的關鍵關係

本集團與僱員維持良好關係並已實施若干政策確保為僱員提供具競爭力的薪酬、良好的福利及持續專業培訓。本集團亦與其客戶及供應商維持良好關係，彼等對本集團生產及營運的成功具關鍵作用。

董事及五名最高薪人士的薪酬

董事及五名最高薪人士的薪酬詳情載於本年報綜合財務報表附註14。

截至二零一八年十二月三十一日止年度，概無董事根據任何安排放棄或同意放棄任何酬金。

除董事袍金外，概無獨立非執行董事會就彼等擔任獨立非執行董事收取任何其他酬金。

薪酬政策

本集團僱員的薪酬政策乃管理層根據彼等之特長、資格及能力設立。根據薪酬政策，應付董事之酬金須由本公司薪酬委員會釐定。於二零一八年十二月三十一日，本集團於香港及中國擁有70名全職僱員(二零一七年：66名)開展業務。有關本集團所產生員工成本(包括董事酬金)之詳情，載於本報告綜合財務報表附註之附註13。

REPORT OF THE DIRECTORS

董事會報告

The remuneration committee will review and determine the remuneration and compensation packages of the Directors' regarding their responsibilities, workload, time devoted to our Group and the performance of our Group. Up to the date of this Report, no share option scheme has been adopted.

Major Customers and Suppliers

The Group's largest customer contributed approximately 13.5% (2017: 11.0%) of the total revenue for the year while the Group's five largest customers accounted for approximately 31.5% (2017: 37.0%) of the total revenue for the year. The Group's largest supplier contributed approximately 22.3% (2017: 31.8%) of the total purchase for the year while the Group's five largest suppliers accounted for approximately 64.3% (2017: 66.0%) of the total purchase for the year.

At no time during the year ended 31 December 2018 have the Directors, any of their associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the number of issued Shares) had any beneficial interest in any of the major customers and suppliers during the year ended 31 December 2018.

Interest of Compliance Adviser

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed RHB Capital Hong Kong Limited ("**RHB Capital**" or "**Compliance Adviser**") to be the compliance adviser. RHB Capital, being the sole sponsor to the Listing, has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. Save as the above, neither RHB Capital nor any of its associates and none of the Directors or employees of RHB Capital who have been involved in providing advice to the Company as the sponsor, has or may, as a result of the Share Offer, have any interest in any securities of the Company or any other companies of the Group.

薪酬委員會將根據董事各自的職責、工作量、為本集團貢獻的時間及本集團的業績表現檢討及釐定董事之薪酬及報酬包。直至本報告日期，並無採納任何購股權計劃。

主要客戶及供應商

年內，本集團最大客戶之貢獻佔總收益約13.5%（二零一七年：11.0%），而本集團五大客戶之貢獻佔年內總收益約31.5%（二零一七年：37.0%）。年內，本集團最大供應商貢獻本集團總採購之約22.3%（二零一七年：31.8%），而本集團五大供應商貢獻總採購之約64.3%（二零一七年：66.0%）。

於截至二零一八年十二月三十一日止年度，概無董事、任何彼等聯繫人或任何股東（據董事所知擁有已發行股份數目5%以上）於截至二零一八年十二月三十一日止年度於任何主要客戶及供應商中擁有任何實益權益。

合規顧問的權益

根據GEM上市規則第6A.19條，本公司委任興業金融融資有限公司（「**興業金融融資**」或「**合規顧問**」）為合規顧問。興業金融融資為上市之獨家保薦人，已根據GEM上市規則聲明其獨立性。除上述外，興業金融融資或其任何緊密聯繫人以及就作為保薦人向本公司提供意見之董事、員工概無因股份發售而於本公司或本集團旗下任何其他公司的任何類別證券中擁有或可能擁有任何權益。

As at 31 December 2018, as notified by the Compliance Adviser, save for (i) RHB Capital's participation as the sole sponsor in relation to the Listing; and (ii) the compliance adviser agreement dated 25 September 2017 entered into between the Company and the Compliance Adviser regarding the receipt of fees for acting as the Compliance Adviser, neither the Compliance Adviser nor its directors or employees or close associates (as defined under the GEM Listing Rules) had or may have, any interest in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 December 2018).

Equity-Linked Agreements

No equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company, or subsisting during the Year.

Purchase, Sales or Redemption of Listed Securities

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries from the Listing Date to 31 December 2018.

Pre-Emptive Rights

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

於二零一八年十二月三十一日，誠如合規顧問告知，除(i)興業金融融資就上市作為獨家保薦人而參與；及(ii)本公司與合規顧問就作為合規顧問收取費用而於二零一七年九月二十五日訂立之合規顧問協議外，合規顧問或其董事、員工或緊密聯繫人(定義見GEM上市規則)於二零一八年十二月三十一日於本公司或本集團旗下任何其他公司的證券中概無擁有須根據GEM上市規則第6A.32條知會本集團的任何權益(包括可認購該等證券的購股權或權利)。

股權掛鈎協議

年內，本公司概無訂立任何將會或可能會使本公司發行股份或要求本公司訂立任何將會或可能會導致本公司發行股份之協議之股權掛鈎協議。

購買、出售或贖回上市證券

自上市日期起至二零一八年十二月三十一日止期間，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

優先購買權

本公司組織章程細則或開曼群島法律並無有關優先購股權之條文，要求本公司按比例提呈新股份予現有股東。

Sufficiency of Public Float

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company complies with the minimum of public float of 25% under the GEM Listing Rules since the Listing Date and up to the latest practicable date prior to the issue of this Report.

Corporate Governance Practices

The Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly. Details of the principal corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 28 to 50 of this Report.

Tax Relief

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

Material Legal Proceedings

As at 31 December 2018, the Company was not involved in any material litigation or arbitration and no material litigation or arbitration were pending or threatened or made against the Company so far as the Company is aware.

充足公眾持股量

根據本公司可獲得的公開資料及就董事所深知，董事確認，本公司自上市日期直至刊發本年報前的最後實際可行日期已遵守GEM上市規則下的25%最低公眾持股量規定。

企業管治常規

本公司堅定致力維持及確保高水平的企業管治標準，並會不斷檢討及改善企業管治常規及標準。本公司所採納主要企業管治常規之詳情載於本報告第28至50頁「企業管治報告」一節。

稅務減免

本公司並不知悉股東因持有股份而可獲得的任何稅務減免。倘股東不確定購買、持有、出售、買賣股份或行使與股份有關的任何權利所涉及之稅務影響，務請諮詢專業顧問的意見。

重大法律訴訟

於二零一八年十二月三十一日，就本公司所知，本公司未涉入任何重大法律訴訟或仲裁或針對本公司之重大待決或具威脅性之訴訟或仲裁。

Events After the Reporting Period

Save as disclosed in elsewhere in this Report, the Board is not aware of any material event requiring disclosure, that has taken place subsequent to 31 December 2018 and up to the date of this Report.

Annual General Meeting

The notice of the forthcoming annual general meeting of the Company will be published and dispatched to Shareholders in the manner specified in the GEM Listing Rules in due course.

Review by Audit Committee

The Audit Committee was established on 26 November 2018 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provisions C.3.3 and C.3.7 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of external auditors and to review and monitor the financial reporting process, risk management and internal control systems of the Group. The Audit Committee currently comprises all the three Independent Non-executive Directors, namely Mr. Kwok Chi Shing, Dr. Yeung David Wai Chow and Mr. Chan Kin Sang. Mr. Kwok Chi Shing is the chairman of the Audit Committee. The Audit Committee has reviewed the audited consolidated financial statements and is of the view that such statements have been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

報告期後事項

除本報告其他地方披露者外，董事會並不知悉任何於二零一八年十二月三十一日後及直至本報告日期已發生之須予披露重大事項。

股東週年大會

本公司應屆股東週年大會通告將適時按GEM上市規則指定之方式刊發及寄發予股東。

由審核委員會審閱

本公司已於二零一八年十一月二十六日遵照GEM上市規則第5.28條至第5.33條及GEM上市規則附錄15所載企業管治守則之守則條文C.3.3至C.3.7成立審核委員會並以書面方式列明其職權範圍。審核委員會之主要職責為(其中包括)就委任、重新委任或罷免外部核數師向董事會作出推薦建議以及審閱及監督本集團之財務匯報過程、風險管理及內部監控系統。審核委員會目前由全部三位獨立非執行董事，即郭志成先生、楊煒秋醫生及陳健生先生組成。郭志成先生為審核委員會主席。審核委員會成員已審閱經審核綜合財務報表，認為該等報表乃根據適用會計準則、GEM上市規則及其他適用法律規定編製，並已作出充足披露。

REPORT OF THE DIRECTORS 董事會報告

Independent Auditor

The Group's consolidated financial statements for the year ended 31 December 2018 have been audited by Deloitte Touche Tohmatsu, which would retire at the forming AGM and being eligible, offers itself for re-appointment. A resolution to re-appoint Deloitte Touche Tohmatsu as the Independent Auditor and to authorise the Directors to fix its remuneration will be proposed to the Shareholders for approval at the forthcoming AGM.

There has been no change in the independent auditor of the Company since its incorporation.

Forward Looking Statements

This report contains forward looking statements with respect to the financial conditions, results of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

On behalf of the Board

Zhang Shuguang

Chairman and Executive Director

Hong Kong, 25 March 2019

獨立核數師

本集團截至二零一八年十二月三十一日止年度之綜合財務報表已由德勤•關黃陳方會計師行審核，德勤•關黃陳方會計師行將於應屆股東週年大會退任，惟符合資格及願意獲續聘。續聘德勤•關黃陳方會計師行為獨立核數師及授權董事釐定其酬金之決議案將於應屆股東週年大會是提呈，以供股東批准。

自註冊成立以來，並無更換本公司獨立核數師

前瞻陳述

本報告載有關於本集團財務狀況、營運業績及業務之前瞻性陳述。該等前瞻性陳述為本公司對未來事件之預期或信念，並涉及已知及未知之風險及不明朗因素，該等風險及不明朗因素可能導致實際業績、表現或事件與於該等陳述內明示或默示者顯著不同。

代表董事會

張曙光

主席兼執行董事

香港，二零一九年三月二十五日

Deloitte.

德勤

德勤·關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

To the Shareholders of
Huakang Biomedical Holdings Company Limited
(incorporated in the Cayman Islands with limited liability)

致華康生物醫學控股有限公司股東
(於開曼群島註冊成立之有限公司)

OPINION

We have audited the consolidated financial statements of Huakang Biomedical Holdings Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 80 to 179, 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.

意見

吾等已審核列載於第80至179頁華康生物醫學控股有限公司(「貴公司」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表，該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。

吾等認為，綜合財務報表已根據香港會計師公會(「香港會計師公會」)所頒佈的香港財務報告準則(「香港財務報告準則」)真實而公平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，以及其於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規定妥為編製。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), 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.

意見的基礎

吾等已根據香港會計師公會頒佈的香港審計準則(「**香港審計準則**」)進行審計。吾等在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會的專業會計師道德守則(「**守則**」)，吾等為獨立於貴集團，並已按照守則履行其他道德責任。吾等相信所獲得的審計憑證能充足及適當地為我們的意見提供基礎。

關鍵審計事項

關鍵審計事項是吾等的專業判斷，認為對吾等審計本期間綜合財務報表最為重要的事項。該等事項已於吾等審計整份綜合財務報表及就其出具意見時處理，而吾等不會就該等事項單獨提供意見。

KEY AUDIT MATTERS (Continued)

Key audit matter

How our audit addressed the key audit matter

Impairment assessment of trade receivables

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 losses ("ECL") of the Group's trade receivables at the end of the reporting period. Details of such estimation uncertainty are set out in Note 5 to the consolidated financial statements.

As at 31 December 2018, the Group's net trade receivables amounting to RMB10,708,000 and out of these trade receivables of RMB8,871,000 were past due. In the current year, as explained in Note 3 to the consolidated financial statements, the Group adopted Hong Kong Financial Reporting 9 "Financial Instruments" and 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, after considering internal credit ratings of trade debtors and past due status of respective trade receivables. 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. The loss allowance amount of the credit impaired trade receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future losses.

As disclosed in Note 33 to the consolidated financial statements, the Group recognised an additional amount of RMB1,395,000 of impairment of trade receivables for the year and the Group's lifetime ECL on trade receivables as at 31 December 2018 amounted to RMB2,824,000.

Our procedures in relation to impairment of trade receivables included:

- Understanding key controls on how the management estimates the loss allowance for trade receivables;
- Testing the integrity of information used by management to develop the provision matrix including testing individual customers' credit rating, on a sample basis, through analysing their nature, size and past due status with the underlying supporting documents and comparing the internal credit ratings assigned by management on these customers;
- Challenging management's basis and judgement in determining credit loss allowance on trade receivables as at 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
- Evaluating the disclosures regarding the impairment assessment of trade receivables in Notes 5, 20 and 33 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

關鍵審計事項(續)

關鍵審計事項

吾等在審計中對關鍵審計事項的處理方式

貿易應收款項減值評估

吾等識別貿易應收款項的減值評估為關鍵審計事項，乃由於貿易應收款項於貴集團綜合財務狀況之重要性及於報告期末評估貴集團貿易應收款項之預期信貸虧損(「預期信貸虧損」)時涉及主觀判斷及管理層估計。有關估計不確定因素之詳情載於綜合財務報表附註5。

於二零一八年十二月三十一日，貴集團之貿易應收款項淨額為人民幣10,708,000元，該等貿易應收款項中人民幣8,871,000元已逾期。於本年度，誠如綜合財務報表附註3所闡釋，貴集團採納香港財務報告準則第9號「金融工具」及貴集團經考慮貿易債務人之內部信貸評級及各貿易應收款項之逾期狀況，透過對具有類似虧損型態的不同應收賬款分組根據撥備矩陣估計貿易應收款項的全期預期信貸虧損。估計虧損率乃基於應收賬款預期年期內的過往可觀察違約率並就前瞻性資料作出調整計算。此外，發生信貸減值之貿易應收款項單獨評估預期信貸虧損。信貸減值貿易應收款項之虧損撥備計量為資產賬面值與估計未來現金流量(經考慮預期未來虧損)現值之差額。

誠如綜合財務報表附註33所披露，貴集團確認額外年內貿易應收款項減值人民幣1,395,000元以及貴集團於二零一八年十二月三十一日之貿易應收款項全期預期信貸虧損為人民幣2,824,000元。

吾等關於貿易應收款項減值之程序包括：

- 了解管理層估計貿易應收款項虧損撥備的關鍵控制；
- 抽樣檢測管理層制定撥備矩陣所使用資料的完整度(包括檢測單個客戶的信貸評級)，檢測方式為透過相關證明文件分析其性質、規模及逾期狀況並比較管理層分配予該等客戶之內部信貸評級；
- 對管理層釐定二零一八年十二月三十一日貿易應收款項信貸虧損撥備之基礎及判斷提出質疑，當中包括彼等識別信貸減值貿易應收款項、管理層於撥備矩陣中將餘下應收賬款分為不同類別之合理性，以及撥備矩陣中各類別所採用估計虧損率的基準(經參考過往違約率及前瞻性資料)；及
- 評估綜合財務報表附註5、20及33中有關貿易應收款項減值評估之披露。

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 the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

其他資料

貴公司董事須對其他資料負責。其他資料包括年報內的資料，但不包括綜合財務報表及吾等就其發出的核數師報告。

吾等對綜合財務報表發出的意見並不涵蓋其他資料，吾等亦不對該等其他資料發表任何形式的鑒證結論。

就吾等對綜合財務報表的審計而言，吾等的責任是細閱其他資料，並在過程中考慮其他資料與綜合財務報表或吾等於審計過程中所了解的情況是否有重大抵觸，或似乎存在重大錯誤陳述的情況。基於吾等已執行的工作，倘吾等認為其他資料存在重大錯誤陳述，吾等需要報告有關事實。就此而言，吾等並無任何需要報告的事項。

董事及管治層就綜合財務報表承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例的披露規定編製真實而公平的綜合財務報表，以及落實其認為屬必要的內部控制，以使所編製的綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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.

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.

董事及管治層就綜合財務報表承擔的責任(續)

於編製綜合財務報表時，董事負責評估貴集團繼續以持續基準經營的能力，並在適用情況下披露與以持續基準經營有關的事項，以及使用持續經營的會計基礎，惟董事有意將貴集團清盤或停止經營，或除此以外別無其他實際的替代方案則除外。

管治層須負責監督貴集團的財務報告過程。

核數師就審計綜合財務報表承擔的責任

吾等的目標為對綜合財務報表整體是否存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並按照協定的委任條款僅向閣下發出載有我們意見的核數師報告，除此之外本報告別無其他目的。吾等不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照香港審計準則進行的審計總能發現已存在的重大錯誤陳述。錯誤陳述可以由欺詐或錯誤引起，如果合理預期有關錯誤陳述單獨或彙總起來會影響使用者根據綜合財務報表所作出的經濟決定，則有關錯誤陳述被視為重大錯誤陳述。

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS*(Continued)*

As part of an audit in accordance with HKSA's, we exercise professional 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.

核數師就審計綜合財務報表承擔的責任 (續)

在根據香港審計準則進行審計的過程中，吾等作出了專業判斷，並保持專業懷疑態度。吾等亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對該等風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、故意遺漏、失實陳述，或凌駕內部控制，因此，與未能發現因錯誤而導致的重大錯誤陳述相比，未能發現因欺詐而導致的重大錯誤陳述的風險較高。
- 了解與審計有關的內部控制，以設計適用於有關情況的審計程序，但並非旨在對貴集團內部控制的成效發表意見。
- 評估董事所採用會計政策是否恰當，以及董事所作出的會計估計及相關披露是否合理。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

(Continued)

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

We communicate with 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.

核數師就審計綜合財務報表承擔的責任 (續)

- 就董事採用持續經營基礎的會計法是否恰當作出結論，並根據已獲取的審計憑證，就是否有對貴集團繼續以持續基準經營的能力構成重大疑問的事件或情況的相關重大不確定因素作出結論。倘吾等的結論為存在重大不確定因素，則吾等需要於核數師報告中提出須注意綜合財務報表內的相關資料披露，或倘有關披露資料不足，則吾等需要發表非無保留意見。吾等的結論以截至核數師報告日期所獲得的審計憑證為基礎。然而，貴集團可能因未來事件或情況而不再持續經營。
- 評估綜合財務報表的整體呈列方式、結構及內容(包括披露資料)，以及綜合財務報表是否以達致公平呈列的方式反映相關交易及事件。
- 就貴集團內實體或業務活動的財務資料獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。吾等負責貴集團審計的方向、監督和執行。吾等為吾等的審計意見承擔全部責任。

吾等與管治層就(其中包括)計劃的審計範圍、時間安排及重大審計發現(包括吾等於審計期間識別出的內部監控的任何重大缺陷)進行溝通。

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS*(Continued)*

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.

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 Sy, Sunnie.

Deloitte Touche Tohmatsu*Certified Public Accountants*

Hong Kong

25 March 2019

核數師就審計綜合財務報表承擔的責任 (續)

吾等亦向管治層提交聲明，說明吾等已符合有關獨立性的相關道德要求，並就所有被合理認為可能影響吾等獨立性的關係及其他事宜及(如適用)相關防範措施，與管治層進行溝通。

從與管治層溝通的事項中，吾等決定對本期綜合財務報表的審計工作最為重要的事項，而有關事項因而為關鍵審計事項。除非法律或法規不容許公開披露此等事項，或於極罕見的情況下，吾等認為由於可合理預期披露此等事項的不良後果將超越公眾知悉此等事項的利益，因而不應於報告中披露，否則吾等會於核數師報告中說明此等事項。

出具本獨立核數師報告的審計項目合夥人為施安迪。

德勤•關黃陳方會計師行*執業會計師*

香港

二零一九年三月二十五日

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 | 2018 | 2017 |
|---|-----------------------|-------|---------|----------|
| | | 附註 | 二零一八年 | 二零一七年 |
| | | | RMB'000 | RMB'000 |
| | | | 人民幣千元 | 人民幣千元 |
| Revenue | 收入 | 6 | 28,677 | 26,541 |
| Cost of sales | 銷售成本 | | (7,097) | (8,007) |
| Gross profit | 毛利 | | 21,580 | 18,534 |
| Other income | 其他收入 | 8 | 317 | 703 |
| Other gains and losses | 其他收益及虧損 | 9 | (162) | 157 |
| Impairment losses on trade and other receivables, net of reversal | 貿易及其他應收款項減值虧損（扣除撥回） | 10 | (1,371) | – |
| Selling and distribution expenses | 銷售及分銷開支 | | (4,068) | (2,860) |
| Administrative expenses | 行政開支 | | (5,749) | (3,244) |
| Research and development expenses | 研發開支 | | (1,474) | (1,374) |
| Finance costs | 融資成本 | 11 | – | (54) |
| Listing expenses | 上市開支 | | (7,831) | (12,109) |
| Profit (loss) before tax | 除稅前溢利（虧損） | | 1,242 | (247) |
| Income tax expense | 所得稅開支 | 12 | (1,701) | (1,705) |
| Loss and total comprehensive (expense) for the year attributable to the owners of the Company | 本公司擁有人應佔年度虧損及全面（開支）總額 | 13 | (459) | (1,952) |
| Loss per share | 每股虧損 | | | |
| Basic (RMB cents) | 基本（人民幣分） | 16 | (0.15) | (0.75) |

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 | 2018 | 2017 |
|---|-------------------|-------|---------|---------|
| | | 附註 | 二零一八年 | 二零一七年 |
| | | | RMB'000 | RMB'000 |
| | | | 人民幣千元 | 人民幣千元 |
| Non-current assets | 非流動資產 | | | |
| Property, plant and equipment | 物業、廠房及設備 | 17 | 9,567 | 9,574 |
| Intangible assets | 無形資產 | 18 | 2,918 | 2,189 |
| Deposits for acquisition of property, plant and equipment | 收購物業、廠房及設備之按金 | | 1,182 | 744 |
| | | | 13,667 | 12,507 |
| Current assets | 流動資產 | | | |
| Inventories | 存貨 | 19 | 2,284 | 1,945 |
| Trade receivables | 貿易應收款項 | 20 | 10,708 | 9,848 |
| Other receivables, deposits and prepayments | 其他應收款項、按金及預付款項 | 21 | 1,978 | 4,311 |
| Bank balances and cash | 銀行結餘及現金 | 22 | 54,797 | 19,811 |
| | | | 69,767 | 35,915 |
| Current liabilities | 流動負債 | | | |
| Trade payables | 貿易應付款項 | 23 | 927 | 866 |
| Other payables and accrued charges | 其他應付款項及應計費用 | 24 | 9,134 | 7,942 |
| Amount due to Shenzhen Junxuan (as defined in Note 2) | 應付深圳君軒款項 (定義見附註2) | 25 | – | 110 |
| Contract liabilities | 合約負債 | 26 | 179 | 194 |
| Deferred income – government grants | 遞延收入—政府補助 | 28 | 45 | – |
| Tax payable | 應付稅項 | | 1,698 | 1,700 |
| | | | 11,983 | 10,812 |
| Net current assets | 流動資產淨值 | | 57,784 | 25,103 |
| Total assets less current liabilities | 資產總值減流動負債 | | 71,451 | 37,610 |

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 | 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 |
|-------------------------------------|-------------|-------------|-----------------------------------|-----------------------------------|
| Non-current liability | 非流動負債 | | | |
| Deferred income – government grants | 遞延收入 – 政府補助 | 28 | 430 | 220 |
| | | | 430 | 220 |
| Net assets | 資產淨值 | | 71,021 | 37,390 |
| Capital and reserves | 資本及儲備 | | | |
| Combined capital/share capital | 合併資本／股本 | 29 | 3,509 | – |
| Reserves | 儲備 | | 67,512 | 37,390 |
| Total equity | 權益總額 | | 71,021 | 37,390 |

The consolidated financial statements on pages 80 to 179 were approved and authorised for issue by the board of directors on 25 March 2019 and are signed on its behalf by:

董事會於二零一九年三月二十五日批准及授權刊發載列於第80至179頁的綜合財務報表並由以下人士代表簽署：

Mr. Zhang Shuguang

張曙光先生

DIRECTOR

董事

Mr. Zhang Chunguang

張春光先生

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

| | | Combined capital/share capital | Share premium | Capital reserve | Statutory reserve | Accumulated profits | Total |
|---|--|--------------------------------------|------------------|--------------------|----------------------|------------------------|---------|
| | | 合併資本/股本 | 股份溢價 | 資本儲備 | 法定儲備 | 累計溢利 | 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 i) (附註i) | (Note ii) (附註ii) | | |
| At 1 January 2017 | 於二零一七年一月一日 | 3,469 | - | - | 1,734 | 18,998 | 24,201 |
| Loss and total comprehensive expense for the year | 年度虧損及全面開支總額 | - | - | - | - | (1,952) | (1,952) |
| Issue of shares by the Company on 3 August 2017 (date of incorporation of the Company) (Note 2(i)) | 本公司於二零一七年八月三日 (本公司註冊成立日期)發行 股份(附註2(i)) | - | - | - | - | - | - |
| Share allotment by the Company (Notes 2(i) and (iii)) | 本公司股份配發(附註2(i)及(iii)) | - | 16,667 | - | - | - | 16,667 |
| Arising from the Group Reorganisation (as defined in Note 2) (Notes 2(iv) and (v)) | 集團重組(定義見附註2)產生(附 註2(iv)及(v)) | (3,469) | - | 1,943 | - | - | (1,526) |
| At 31 December 2017 | 於二零一七年十二月三十一日 年度 | - | 16,667 | 1,943 | 1,734 | 17,046 | 37,390 |
| Loss and total comprehensive expense for the year | 年度虧損及全面開支總額 | - | - | - | - | (459) | (459) |
| Issue of shares pursuant to the Capitalisation Issue (as defined in Note 29) (Note 29(ii)) | 根據資本化發行(定義見附註29) 發行股份(附註29(ii)) | 2,632 | (2,632) | - | - | - | - |
| Issue of shares under share offer (Note 29(iii)) | 根據股份發售發行股份(附註 29(iii)) | 877 | 42,983 | - | - | - | 43,860 |
| Transaction costs directly attributable to issue of shares | 與發行股份直接有關的交易成本 | - | (9,770) | - | - | - | (9,770) |
| At 31 December 2018 | 於二零一八年十二月三十一日 | 3,509 | 47,248 | 1,943 | 1,734 | 16,587 | 71,021 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

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

Notes:

附註：

- (i) Capital reserve represents the difference between the combined capital of King Grace Company Limited (“**King Grace**”) and 深圳華康生物醫學工程有限公司 (Shenzhen Huakang Bio-Medical Engineering Limited*) (“**Shenzhen Huakang**”) and the consideration paid for acquiring 44% equity interest of Shenzhen Huakang by King Grace in 2017.
- (ii) Statutory reserve is required to be appropriated from profit after income tax of the entity which established in the People’s Republic of China (the “**PRC**”), determined in accordance with the relevant laws and regulations in the PRC. Allocation to the statutory reserve shall be approved by the board of directors of the entity. The appropriation to statutory reserve may cease if the balance of the statutory reserve has reached 50% of the registered capital of the entity. The statutory reserve may be used to make up losses or for conversion into capital. The relevant entity may, upon the approval by a resolution of shareholders’ general meeting/board of directors’ meeting, convert the statutory reserve into capital in proportion to the then existing shareholdings. However, when converting the statutory reserve into capital, the balance of such reserve remaining unconverted must not be less than 25% of the registered capital of the relevant entity.

(i) 資本儲備指於二零一七年King Grace Company Limited (「**King Grace**」)及深圳華康生物醫學工程有限公司(「**深圳華康**」)之合併資本與King Grace就收購深圳華康44%股權支付的代價之間的差額。

(ii) 法定儲備指根據中華人民共和國(「**中國**」)有關法律及法規，於中國成立之實體的除所得稅後溢利提取之儲備。法定儲備之提取比例須經該實體之董事會批准。倘法定儲備結餘達該實體註冊資本50%，則可終止提取法定儲備。法定儲備可用作彌償虧損或轉換為資本。經股東大會之決議案／董事會會議批准後，相關實體可按當時已有之持股量之比例而將法定儲備轉換為資本。然而，如將法定儲備轉換為資本，餘下未轉換之相關儲備結餘不得少於相關實體註冊資本之25%。

* The English name is for identification purpose

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 (loss) before tax | 除稅前溢利(虧損) | 1,242 | (247) |
| Adjustments for: | 經調整： | | |
| Amortisation of intangible assets | 無形資產攤銷 | 351 | 351 |
| Depreciation of property, plant and equipment | 物業、廠房及設備折舊 | 1,340 | 1,071 |
| Interest income | 利息收入 | (84) | (143) |
| Impairment loss, net of reversal on trade and other receivables | 減值虧損(扣除貿易及其他應收款項撥回) | 1,371 | 126 |
| Gain on disposal of property, plant and equipment | 出售物業、廠房及設備收益 | (10) | - |
| Release of deferred income | 遞延收入撥回 | (45) | (45) |
| Interest on bank borrowings | 銀行借貸利息 | - | 54 |
| Operating cash flows before movements in working capital | 營運資金變動前之經營現金流量 | 4,165 | 1,167 |
| (Increase) decrease in inventories | 存貨(增加)減少 | (339) | 463 |
| Increase in trade receivables | 貿易應收款項增加 | (2,255) | (856) |
| Decrease in other receivables, deposits and prepayments | 其他應收款項、按金及預付款項減少 | 2,357 | 973 |
| Increase (decrease) in trade payables | 貿易應付款項增加(減少) | 61 | (327) |
| (Decrease) increase in other payables and accrued charges | 其他應付款項及應計費用(減少)增加 | (1,320) | 3,348 |
| Decrease in contract liabilities | 合約負債減少 | (15) | (5) |
| Cash generated from operations | 經營所得現金 | 2,654 | 4,763 |
| PRC enterprise income tax paid | 已繳中國企業所得稅 | (1,703) | (2,064) |
| NET CASH FROM OPERATING ACTIVITIES | 經營活動所得現金淨額 | 951 | 2,699 |

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 | | |
| Acquisitions of property, plant and equipment | 收購物業、廠房及設備 | (589) | (4,154) |
| Development costs paid | 已付開發成本 | (1,080) | (788) |
| Deposits paid for acquisitions of property, plant and equipment | 就收購物業、廠房及設備之已付按金 | (1,182) | (531) |
| Repayment from Shenzhen Junxuan (as defined in Note 2) | 來自深圳君軒之還款（定義見附註2） | - | 950 |
| Government grants received | 已收政府補助 | 300 | - |
| Interest received | 已收取利息 | 84 | 143 |
| Proceeds from disposal of property, plant and equipment | 出售物業、廠房及設備之所得款項 | 10 | - |
| NET CASH USED IN INVESTING ACTIVITIES | 投資活動所用現金淨額 | (2,457) | (4,380) |
| FINANCING ACTIVITIES | 融資活動 | | |
| Proceeds from issue and allotment of shares | 發行及配發股份之所得款項 | 43,860 | 16,667 |
| Issued costs of new shares | 新股份之發行成本 | (7,258) | - |
| Advance from a shareholder | 來自一名股東之墊款 | - | 5,378 |
| Advance from a director | 來自一名董事之墊款 | - | 5 |
| Repayment to a director | 向一名董事作出之還款 | - | (5) |
| Interest paid on bank borrowings | 銀行借貸之已付利息 | - | (54) |
| Deemed distribution arising from Group Reorganisation (as defined in Note 2) | 因集團重組（定義見附註2）而產生之視作分派 | - | (1,526) |
| Repayment of bank borrowings | 銀行借貸還款 | - | (950) |
| Deferred issued costs of new shares | 新股份之遞延發行成本 | - | (2,512) |
| Repayment to a shareholder | 向一名股東作出之還款 | - | (5,378) |
| Repayment to Shenzhen Junxuan | 向深圳君軒作出之還款 | (110) | (6,047) |
| NET CASH FROM FINANCING ACTIVITIES | 融資活動所得現金淨額 | 36,492 | 5,578 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 現金及現金等價物增加淨額 | 34,986 | 3,897 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | 年初之現金及現金等價物 | 19,811 | 15,914 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash | 年末之現金及現金等價物，指銀行結餘及現金 | 54,797 | 19,811 |

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

Huakang Biomedical Holdings Company Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company under the laws of the Cayman Islands with limited liability on 3 August 2017 and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 13 December 2018. The Company is controlled by Mr. Zhang Shuguang (“**Mr. Zhang**”) and Mr. Chang Yim Yang (“**Mr. Chang**”), who act in concert and hold equity interests in the Company indirectly through Crystal Grant Limited (“**Crystal Grant**”, wholly owned by Mr. Zhang), a limited liability company incorporated in the British Virgin Islands (“**BVI**”) and Ever Charming Inc. (“**Ever Charming**”, wholly owned by Mr. Chang), a limited liability company incorporated in the BVI, respectively.

The addresses of the registered office and principal place of business of the Company are set out in the section headed “Corporate Information” to the annual report. The Group is principally engaged in research and development, manufacture, marketing and sale of biological reagents and auxiliary reproductive supplies and equipment in the PRC through its subsidiary, Shenzhen Huakang, a limited liability company established in the PRC on 26 June 1992.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is the same as the functional currency of the Company and its subsidiaries (the “**Group**”).

1. 一般資料

華康生物醫學控股有限公司(「**本公司**」)於二零一七年八月三日根據開曼群島法律於開曼群島註冊成立為一間獲豁免有限公司，其股份於二零一八年十二月十三日在香港聯合交易所有限公司(「**聯交所**」) GEM上市。本公司受張曙光先生(「**張曙光先生**」)及張賢陽先生(「**張賢陽先生**」)(為一致行動人士，分別透過一間於英屬處女群島(「**英屬處女群島**」)註冊成立的有限公司Crystal Grant Limited(「**Crystal Grant**」，由張曙光先生全資擁有)及一間於英屬處女群島註冊成立的有限公司Ever Charming Inc.(「**Ever Charming**」，由張賢陽先生全資擁有)間接於持有本公司權益)控制。

本公司之註冊辦事處及主要營業地點地址載於本年報「公司資料」一節。本集團主要透過其附屬公司深圳華康(於一九九二年六月二十六日在中國成立的有限公司)於中國從事生物製劑及輔助生育用品和設備的研發、生產、營銷及銷售。

綜合財務報表以人民幣(「**人民幣**」)列示，人民幣亦是本公司及其附屬公司(統稱「**本集團**」)之功能貨幣。

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. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND GROUP REORGANISATION

Before the reorganisation as described below, all the companies comprising the Group were controlled by Mr. Zhang and Mr. Chang. Mr. Zhang and Mr. Chang are brothers and acting in concert and owned the family business through Shenzhen Huakang during the year ended 31 December 2017.

In preparation of the listing of the Company's shares on GEM of the Stock Exchange, the companies comprising the Group underwent the reorganisation as described below:

- (i) The Company was incorporated as an exempted company under the laws of the Cayman Islands with limited liability on 3 August 2017. As at the date of incorporation of the Company, its authorised share capital was Hong Kong Dollar ("HK\$") 380,000 divided into 38,000,000 shares of par value HK\$0.01 each, of which one fully paid share was allotted to an independent first subscriber at par and was then transferred to Crystal Grant, a company incorporated under the laws of the BVI with limited liability on 6 July 2017 which is wholly owned by Mr. Zhang, at par value. On the same date, the Company further allotted and issued 557 and 442 fully paid shares at par to Crystal Grant and Ever Charming, a company incorporated under the laws of the BVI with limited liability on 6 July 2017 which is wholly owned by Mr. Chang, respectively.

2. 綜合財務報表編製及呈列基準以及集團重組

在下文所述的重組之前，組成本集團的所有公司均由張曙光先生及張賢陽先生控制。張曙光先生及張賢陽先生為兄弟及一致行動人士並於截至二零一七年十二月三十一日止年度透過深圳華康擁有家族企業。

為籌備本公司股份於聯交所GEM上市，組成本集團之公司已進行如下重組：

- (i) 本公司乃於二零一七年八月三日根據開曼群島法律註冊成立為獲豁免有限公司。於本公司註冊成立日期，其法定股本為380,000港元（「港元」），分為38,000,000股每股面值0.01港元之股份，其中一股繳足股份乃按面值配發予一名獨立初始認購人，而該股份其後按面值轉讓予Crystal Grant（一間於二零一七年七月六日根據英屬處女群島法律註冊成立之有限公司，由張曙光先生全資擁有）。同日，本公司按面值分別向Crystal Grant及Ever Charming（一間於二零一七年七月六日根據英屬處女群島法律註冊成立之有限公司，由張賢陽先生全資擁有）進一步配發及發行557股及442股繳足股份。

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. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND GROUP REORGANISATION (Continued)

(i) (Continued)

On 28 August 2017, the Company further allotted and issued fully paid 5,466 and 3,534 shares to Crystal Grant and Ever Charming at par, respectively. Following the above subscriptions and transfer, the Company was owned as to 60.24% and 39.76% by Crystal Grant and Ever Charming, respectively.

(ii) On 4 August 2017, Huakang Biomedical Company Limited (“**Huakang BVI**”) was incorporated under the laws of the BVI with limited liability and at the date of incorporation, one fully paid ordinary share was allotted and issued to the Company at par and Huakang BVI became a wholly-owned subsidiary of the Company.

2. 綜合財務報表編製及呈列基準以及集團重組(續)

(i) (續)

於二零一七年八月二十八日，本公司按面值分別向Crystal Grant及Ever Charming進一步配發及發行5,466股及3,534股繳足股份。於上述認購及轉讓後，本公司由Crystal Grant及EverCharming分別擁有60.24%及39.76%。

(ii) 於二零一七年八月四日，華康生物醫學有限公司(「**華康生物醫學**」)根據英屬處女群島法律註冊成立為有限公司，於註冊成立日期，本公司按面值獲配發及發行一股繳足普通股，及華康生物醫學成為本公司之全資附屬公司。

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. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND GROUP REORGANISATION (Continued)

(iii) On 31 August 2017, pursuant to a subscription and shareholders' agreement which was entered into by and among the Company, Gallizul Global Investments Incorporated ("Gallizul") which was incorporated under the laws of the BVI with limited liability on 20 June 2017, Hollingberg Limited ("Hollingberg") which was incorporated under the laws of the BVI with limited liability on 13 July 2017, Hilland International Limited ("Hilland") which was incorporated under the laws of the BVI with limited liability on 7 July 2017, Crystal Grant and Ever Charming, the Company issued 1,500 shares, 500 shares and 500 shares each to Gallizul, Hollingberg and Hilland as fully paid for the cash considerations equivalent of HK\$12,000,000, HK\$4,000,000 and HK\$4,000,000, respectively (totally equivalents to approximately RMB16,667,000). Gallizul, Hollingberg and Hilland are independent to the Group before completion of the subscriptions. After these subscriptions completed on 31 August 2017, the total issued share capital of the Company was increased from 10,000 shares to 12,500 shares.

2. 綜合財務報表編製及呈列基準以及集團重組(續)

(iii) 於二零一七年八月三十一日，根據本公司、Gallizul Global Investments Incorporated (「Gallizul」，一間於二零一七年六月二十日根據英屬處女群島法律註冊成立的有限公司)、Hollingberg Limited (「Hollingberg」，一間於二零一七年七月十三日根據英屬處女群島法律註冊成立的有限公司)、希蘭國際有限公司(「希蘭」)(一間於二零一七年七月七日根據英屬處女群島法律註冊成立的有限公司)、Crystal Grant及Ever Charming訂立的認購及股東協議，本公司向Gallizul、Hollingberg及希蘭各自發行1,500股、500股及500股繳足股份，以換取現金代價分別12,000,000港元、4,000,000港元及4,000,000港元(合共相當於約人民幣16,667,000元)。於認購事項完成前，Gallizul、Hollingberg及希蘭均獨立於本集團。於二零一七年八月三十一日完成該等認購事項後，本公司的已發行股本總額由10,000股增加至12,500股股份。

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. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND GROUP REORGANISATION (Continued)

- (iv) On 14 September 2017, Mr. Zhang and Mr. Chang transferred their shareholding of 29% and 71% in King Grace which was incorporated under the laws of the BVI with limited liability on 22 April 2002, to Huakang BVI at a nominal consideration of United States Dollar (“US\$”) 2.9 and US\$7.1, respectively. The share transfer was completed on 14 September 2017 and upon completion of the share transfer, the entire issued share capital of King Grace was owned by Huakang BVI.
- (v) On 30 August 2017, 深圳市君軒生物技術有限公司 Shenzhen Junxuan Biological Technology Co., Ltd.* (“**Shenzhen Junxuan**”), a related company not forming part of the Group which was established in the PRC on 29 August 1997 and controlled by Mr. Zhang, and King Grace entered into an equity transfer agreement pursuant to which Shenzhen Junxuan agreed to transfer its controlling equity interest of 44% in Shenzhen Huakang to King Grace for a consideration of US\$220,000 (equivalent to approximately RMB1,526,000) with reference to the paid-up capital of Shenzhen Huakang at that time and the equity transfer was completed on 20 September 2017. Together with previously held 56% equity interest in Shenzhen Huakang owned by King Grace, upon completion of the equity transfer, the entire equity interest of Shenzhen Huakang was owned by King Grace.

2. 綜合財務報表編製及呈列基準以及集團重組(續)

- (iv) 於二零一七年九月十四日，張曙光先生及張賢陽先生向華康生物醫學轉讓彼等於King Grace（一間於二零零二年四月二十二日根據英屬處女群島法律註冊成立的有限公司）之29%及71%股權，名義代價分別為2.9美元（「美元」）及7.1美元。該股份轉讓已於二零一七年九月十四日完成，及於完成股份轉讓後，King Grace的全部已發行股本由華康生物醫學擁有。
- (v) 於二零一七年八月三十日，並非本集團一部分之關連公司深圳市君軒生物技術有限公司（「**深圳君軒**」），一間於一九九七年八月二十九日在中國成立的公司並由張曙光先生控制）及King Grace訂立股權轉讓協議，據此，深圳君軒同意向King Grace轉讓其於深圳華康之44%控股股權，代價為220,000美元（相當於約人民幣1,526,000元），乃參考深圳華康當時之繳足股本釐定，及股權轉讓已於二零一七年九月二十日完成。連同King Grace先前於深圳華康擁有的56%股權，於完成股權轉讓後，深圳華康之全部股權乃由King Grace擁有。

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. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND GROUP REORGANISATION (Continued)

Upon completion of the above transactions (collectively referred as “**Group Reorganisation**”), Shenzhen Huakang became an indirectly wholly-owned subsidiary of the Company on 20 September 2017. The consolidated financial statements have been prepared under the principles of merger accounting under Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA for the year ended 31 December 2017. 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 ended 31 December 2017 include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the year ended 31 December 2017, or since their respective dates of incorporation, where there is a shorter period.

* The English name is for identification purpose only.

3. 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 consistently applied all the new and amendments to HKFRSs that are effective for the Group’s accounting period beginning on 1 January 2018, for the years ended 31 December 2017 and 2018, except that the Group applied HKFRS 9 *Financial Instruments* on 1 January 2018 as detailed below and HKAS 39 *Financial Instruments: Recognition and Measurement* for the year ended 31 December 2017.

2. 綜合財務報表編製及呈列基準以及集團重組(續)

於完成上述交易(統稱為「**集團重組**」)後，於二零一七年九月二十日，深圳華康成為本公司之間接全資附屬公司。截至二零一七年十二月三十一日止年度之綜合財務報表乃根據香港會計師公會頒佈之會計指引第5號「共同控制合併的合併會計處理」中的合併會計法原則編製。截至二零一七年十二月三十一日止年度之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包括現時組成本集團之公司的業績、權益變動及現金流量，猶如現有集團架構於截至二零一七年十二月三十一日止年度或自彼等各自之註冊成立日期起(以較短期間為準)一直存在。

3. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)

本年度強制生效之新訂及經修訂香港財務報告準則

本集團於截至二零一八年及二零一七年十二月三十一日止年度貫徹應用於二零一八年一月一日開始之本集團會計期間有效的所有新訂及經修訂香港財務報告準則，惟本集團已於二零一八年一月一日採納香港財務報告準則第9號金融工具(詳情見下文)及於截至二零一七年十二月三十一日止年度採納香港會計準則第39號金融工具：確認及計量。

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

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 accumulated 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 4.

3. 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)一般對沖會計法引入新規定。

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及計量規定(包括預期信貸虧損模式項下的減值)，且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於二零一八年一月一日的賬面值的差額於期初累計溢利及其他權益部分中確認，且並無重列比較資料。

因此，若干比較資料未必能與根據香港會計準則第39號金融工具：確認及計量所編製之比較資料作出比較。

應用香港財務報告準則第9號所引致的會計政策披露於附註4。

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

HKFRS 9 Financial Instruments (Continued)

The initial application of HKFRS 9 on 1 January 2018 has no material impact on the Group’s consolidated financial position with regard to classification and measurement of financial instruments nor has any material additional impairment been recognised upon application of ECL as at same date.

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

3. 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9號金融工具(續)

於二零一八年一月一日首次應用香港財務報告準則第9號在金融工具分類及計量方面對本集團綜合財務狀況並無重大影響，而於同日應用預期信貸虧損時亦無確認任何重大額外減值。

已頒佈惟尚未生效之新訂及經修訂香港財務報告準則

本集團並未提早應用以下已頒佈惟尚未生效之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 | 租賃 ¹ |
| 香港財務報告準則第17號 | 保險合約 ² |
| 香港(國際財務報告詮釋委員會) – 詮釋第23號 | 所得稅之不確定性之處理 ¹ |
| 香港財務報告準則第3號(修訂本) | 業務定義 ⁴ |
| 香港財務報告準則第9號(修訂本) | 提早還款特性及負補償 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) | 投資者與其聯營公司或合營企業之間出售或資產出資 ³ |
| 香港會計準則第1號及香港會計準則第8號(修訂本) | 重大的定義 ⁵ |
| 香港會計準則第19號(修訂本) | 計劃修訂、縮減或結算 ¹ |
| 香港會計準則第28號(修訂本) | 於聯營公司及合營企業之長期權益 ¹ |
| 香港財務報告準則(修訂本) | 二零一五年至二零一七年期香港財務報告準則年度改進 ¹ |

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

New and amendments to HKFRSs in issue but not yet effective (Continued)

- ¹ Effective for annual periods beginning on or after 1 January 2019
- ² Effective for annual periods beginning on or after 1 January 2021
- ³ Effective for annual periods beginning on or after a date to be determined
- 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 and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 16 “Leases”

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements 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 and leases of low value assets.

3. 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)

已頒佈惟尚未生效之新訂及經修訂香港財務報告準則(續)

- ¹ 於二零一九年一月一日或之後開始之年度期間生效
- ² 於二零二一年一月一日或之後開始之年度期間生效
- ³ 於待定期或之後開始之年度期間生效
- ⁴ 就收購日期為二零二零年一月一日或之後開始之首個年度期間開始時或之後的業務合併資產收購生效
- ⁵ 於二零二零年一月一日或之後開始之年度期間生效

除下文所述新訂及經修訂香港財務報告準則外，本公司董事預期應用所有其他新訂及經修訂香港財務報告準則於可見未來將不會對綜合財務報表產生重大影響。

香港財務報告準則第16號「租賃」

香港財務報告準則第16號為租賃安排的識別以及出租人及承租人的會計處理引入一套全面模型。香港財務報告準則第16號於生效時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號根據所識別資產是否由客戶控制以區分租賃及服務合約。此外，香港財務報告準則第16號規定售後租回交易根據香港財務報告準則第15號有關轉讓相關資產是否應作為銷售入賬的規定而釐定。香港財務報告準則第16號亦包括有關分租及租賃修改的規定。

除短期租賃及低值資產的租賃外，經營租賃及融資租賃的差異自承租人會計處理中移除，並由承租人須就所有租賃確認使用權資產及相應負債的模式所取代。

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3. 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, operating lease payments are currently presented as operating cash flows. Under the 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.

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.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of RMB1,037,000 as disclosed in Note 30. 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 unless they qualify for low value or short-term leases.

3. 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，隨後以成本(惟若干例外情況除外)減累計折舊及減值虧損計量，並就租賃負債的任何重新計量而作出調整。租賃負債乃按租賃款項(非當日支付)的現值初步計量。其後，租賃負債就(其中包括)利息及租賃款項以及租賃修訂的影響進行調整。就現金流量分類而言，經營租賃付款現時呈列為經營現金流量。根據香港財務報告準則第16號，本集團將租賃負債相關的經營租賃將分配至本金及利息部分並將呈列為按融資現金流量。

除亦適用於出租人的若干規定外，香港財務報告準則第16號大致保留香港會計準則第17號內出租人會計規定，並繼續規定出租人將租賃分類為經營租賃或融資租賃。

另外，香港財務報告準則第16號要求作出更廣泛的披露。

於二零一八年十二月三十一日，本集團有不可撤銷經營租賃承擔人民幣1,037,000元(披露於附註30)。初步評估顯示，該等安排將符合租賃定義。於應用香港財務報告準則第16號時，本集團將就所有該等租賃確認使用權資產及相應負債，惟其合資格劃分為低價值或短期租賃除外。

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

HKFRS 16 “Leases” (Continued)

In addition, the Group currently considers refundable rental deposits paid of approximately RMB42,000 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. Adjustments 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 measurement, presentation and disclosure as indicated above. The Group intends to elect 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 will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening accumulated profits without restating comparative information.

3. 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)

此外，本集團目前將已付的可退回租賃按金人民幣42,000元視為適用於香港會計準則第17號的租賃權利。根據香港財務報告準則第16號項下的租賃付款定義，該等按金並非與使用相關資產的權利有關的付款，因此，該等按金的賬面值可調整至攤銷成本。已付可退回租賃按金的調整將被視為額外租賃付款並計入使用權資產的賬面值。

應用新規定可能導致計量、呈列及披露會出現如上所述的變動本集團擬就過往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)一詮釋第4號釐定一項安排是否包括租約而界定為租約之合約選擇權宜法應用香港財務報告準則第16號，而過往根據香港會計準則第17號及香港(國際財務報告詮釋委員會)一詮釋第4號未界定為包含一項租約之合約則不會採用該準則。因此本集團將不會重新評估合約是否為或包含於首次應用日期已存在之租約。此外，本集團(作為承租人)擬選擇經修訂追溯法應用香港財務報告準則第16號，並將確認首次應用對期初累計溢利的累計影響，而並無重列比較資料。

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

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgements. The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group’s annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of 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 at the end of the reporting period, as explained in the accounting policies set out below.

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

3. 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)

香港會計準則第1號及香港會計準則第8號重大的定義的修訂

修訂透過加入對作出重大性判斷之額外指引及闡釋對重大之定義進行完善。該修訂亦將於全部香港財務報告準則內統一應用並將於本集團自二零二零年一月一日開始之年度期間強制生效。應用修訂預期不會對本集團之財務狀況及業績產生重大影響，惟可能影響綜合財務報表之呈列及披露。

4. 重大會計政策

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，綜合財務報表包括香港聯合交易所有限公司GEM證券上市規則(「上市規則」)及香港公司條例之適用披露規定。

誠如下文所載會計政策所闡述，綜合財務報表乃於報告期末按歷史成本基準編製。

歷史成本一般以換取貨品及服務之公平價值為根據。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the 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 the consolidated financial statements are determined on such 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 measurement 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*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 and 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 follow:

- 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.

4. 重大會計政策(續)

公平值指於計量日市場參與者之間進行有序交易中出售資產所收取或轉移負債所支付之價格，無論該價格是否可直接觀察或使用其他估值技術估計。在估算一項資產或負債的公平值時，倘於計量日期市場參與者在釐定價格時將該資產或負債特點納入考量，本集團會考量資產或負債特點。綜合財務報表內計量及／或披露的公平值均根據該基準釐定，惟香港財務報告準則第2號以股份為基礎付款範圍內之以股份為基礎付款之交易、香港會計準則第17號租賃範圍內之租賃交易，及與公平值存在若干相似之處但並非公平值之計量方式，例如香港會計準則第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。

此外，就財務報告而言，根據公平值計量輸入數據之可觀察程度及輸入數據對整體公平值計量之重要性，公平值計量可分類為第1級、第2級及第3級，載述如下：

- 第1級輸入數據指實體於計量日可識別之相同資產或負債於活躍市場之報價(未經調整)；
- 第2級輸入數據指除包括在第1級計入之報價外，可直接或間接觀察的資產或負債數據；及
- 第3級輸入數據指資產或負債的不可觀察數據。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The principal accounting policies adopted 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.

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.

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

4. 重大會計政策(續)

所採納之主要會計政策載列如下。

綜合入賬基準

綜合財務報表包括本公司及受本公司及其附屬公司控制實體之財務報表。倘本公司符合以下條件，則視為擁有控制權：

- 可對投資對象行使權力；
- 因參與投資對象業務而承擔可變回報之風險或享有權利；及
- 有能力使用其權力影響其回報。

倘事實及情況顯示上述三項控制因素中之一項或多項變動時，本集團會重新評估其是否控制投資對象。

附屬公司於本集團取得有關附屬公司之控制權起開始綜合入賬，並於本集團失去有關附屬公司之控制權時終止入賬。具體而言，年內所收購或出售附屬公司之收入及支出乃自本集團取得控制權之日起計入綜合損益及其他全面收益表，直至本集團不再控制有關附屬公司之日為止。

附屬公司之財務報表於有需要時作出調整，使其會計政策與本集團之會計政策一致。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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.

Merger accounting for business combination involving businesses under common control

The consolidated financial statements incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

4. 重大會計政策(續)

綜合入賬基準(續)

有關本集團成員公司之間交易之所有集團內公司間資產及負債、權益、收入、支出及現金流量於綜合入賬時全數對銷。

涉及共同控制業務的業務合併的合併會計法

當共同控制合併發生時，綜合財務報表包括合併業務的財務報表項目，猶如合併業務首次受控制方控制當日起已經合併。

從控制方的角度，合併業務的淨資產以現有賬面值綜合入賬。於共同控制合併時並無就商譽或議價購買收益確認任何金額。

綜合損益及其他全面收益表包括各合併業務自所呈列的最早日期起或自合併業務首次受共同控制之日以來(以較短期間為準)的業績。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers

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

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 and 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 goods or service.

4. 重大會計政策(續)

客戶合約收益

根據香港財務報告準則第15號，本集團於履約責任獲履行時，即當與特定履約責任相關的貨品的「控制權」轉讓予客戶時，確認收益。

履約義務指一項明確貨品及服務(或一組貨品或服務)或一系列大致相同的明確貨品及服務。

倘符合以下其中一項標準，則控制權隨時間轉移，而收益則參照完成履行相關履約責任的進展情況而隨時間確認：

- 於本集團履約時，客戶同時取得並耗用本集團履約所提供的利益；
- 本集團的履約產生及提升一項資產，而該項資產於本集團履約時由客戶控制；或
- 本集團的履約並未產生讓本集團有替代用途的資產，且本集團對迄今已完成履約的付款具有可強制執行的權利。

否則，收益於客戶獲得明確貨品或服務控制權的時間點確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

A contract asset represents the Group's right to consideration in exchange for goods that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

Revenue from sales of goods is recognised at a point in time upon i) delivering the goods to the customers' warehouse on which the customers obtain control of the goods or ii) the customers collect the goods directly from the Group's warehouse, as appropriate.

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.

4. 重大會計政策(續)

客戶合約收益(續)

合約資產指本集團就換取本集團已向客戶轉讓的貨品而收取代價的權利(尚未成為無條件)，根據香港財務報告準則第9號評估減值。相反，應收款項指本集團收取代價的無條件權利，即代價到期付款前僅需時間推移。

合約負債指本集團因其已向客戶收取代價(或已到期代價金額)，而須向客戶轉讓貨品的責任。

與合約有關之合約資產及合約負債按淨額基準入賬呈列。

銷售貨品收益於i)將貨品交付至客戶取得貨品控制權的客戶倉庫時或ii)客戶於適當時候直接向本集團倉庫收回貨品時的時間點確認。

利息收入乃參照未償還本金按適用之實際利率以時間基準計算，而該適用之實際利率即準確貼現金融資產預計年期內估計未來現金收入至資產於初始確認時之賬面淨值之利率。

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

4. 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 lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

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 the 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 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.

4. 重大會計政策(續)

租賃

當租賃條款將所有權的絕大部分風險及回報轉移至承租人，則將租賃分類為融資租賃。所有其他租賃被分類為經營租賃。

本集團作為承租人

經營租賃付款於租期內按直線法確認為開支。

外幣

於編製各個別集團實體之財務報表時，以該實體功能貨幣以外之貨幣(外幣)進行之交易均按交易日期之適用匯率確認。於報告期末，以外幣計值之貨幣項目均按該日之適用匯率重新換算。按歷史成本以外幣計值之非貨幣項目毋須重新換算。

於結算及重新換算貨幣項目時產生之匯兌差額均於彼等產生期間內在損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

4. 重大會計政策(續)

政府補助

政府補助在可合理保證本集團將遵守彼等所附帶之條件並獲得有關補助前不作確認。

政府補助乃就本集團確認開支(預期補助可予抵銷有關成本)期間按系統化的基準於損益中確認。具體而言，主要條件為本集團須購買、興建或以其他方法獲得非流動資產的政府補助於綜合財務狀況表確認為遞延收入，並於有關資產的可使用年期內有系統及合理地撥入損益。

退休福利開支

國家管理退休福利計劃及強制性公積金計劃之付款於僱員提供服務而可享有供款時確認為開支。

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before tax 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.

4. 重大會計政策(續)

短期僱員福利

短期僱員福利於僱員提供服務時按預期將支付之未貼現福利金額確認。除非另有香港財務報告準則規定或允許將福利計入資產成本，否則所有短期僱員福利均確認為開支。

僱員應計之福利(例如工資及薪金、年假以及病假)於扣減任何已付金額後確認負債。

稅項

所得稅開支指即期應付稅項及遞延稅項之總和。

即期應付稅項乃根據年內應課稅溢利計算。應課稅溢利因其他年度應課稅或可扣減之收入或開支以及毋須課稅或不可扣減之項目，而有別於除稅前溢利／虧損。本集團之即期稅項負債乃使用於報告期末已頒佈或實際上已頒佈之稅率計算。

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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 deductible 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, 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.

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.

4. 重大會計政策(續)

稅項(續)

遞延稅項以資產及負債於綜合財務報表之賬面值與計算應課稅溢利所使用之相應稅基之間之暫時差額確認。所有應課稅暫時差額一般確認為遞延稅項負債。所有可扣減暫時差額一般確認為遞延稅項資產，惟遞延稅項資產僅於可能有應課稅溢利可供抵銷可動用之可扣減暫時差額時方予以確認。倘暫時差額乃因初步確認(業務合併除外)交易中之資產及負債所產生，且不會對應課稅溢利或會計溢利構成影響，則該等遞延稅項資產及負債將不予確認。

對於與附屬公司之投資相關的應課稅暫時差額會確認為遞延稅項負債，除非本集團能夠控制有關暫時差額的轉回，而暫時差額在可預見的將來很可能不會轉回。僅當很可能取得足夠的應課稅溢利以抵扣此類投資相關的可抵扣暫時差額，並且暫時差額在可預見的未來將轉回時，才確認該等可抵扣暫時差額所產生的遞延稅項資產。

遞延稅項資產之賬面值於各報告期末審閱，並於不大可能有足夠應課稅利潤抵銷全部或部分資產價值時予以削減。

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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 a 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.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

4. 重大會計政策(續)

稅項(續)

遞延稅項資產及負債按償還負債或變現資產期間的預期適用稅率以於報告期末已頒佈或實際上已頒佈之稅率(及稅法)為基準計算。

遞延稅項負債及資產之計量反映按照本集團預期之方式於報告期末收回或結算其資產及負債之賬面值之稅務後果。

倘有法定可強制執行權利將即期稅項資產與即期稅項負債抵銷，且兩者與同一稅務機構徵收之所得稅有關，而本集團擬按淨額基準結算即期稅項資產及負債，則可抵銷遞延稅項資產及負債。

即期及遞延稅項於損益內確認。

物業、廠房及設備

物業、廠房及設備按成本減去其後累計折舊及累計減值虧損(如有)並於綜合財務狀況表列賬。

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. 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 assets over their estimated useful lives using the straight-line method. The estimated useful lives 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4. 重大會計政策(續)

物業、廠房及設備(續)

用於生產、提供貨物或行政用途的在建物業以成本減任何已確認減值虧損列賬。有關物業於完工後並達到可使用狀態時被分類為適當類別物業、廠房及設備。當這些資產達到可用狀態時，按與其他物業資產一樣的基準開始折舊。

折舊乃以直線法按資產之估計可使用年期撇銷其成本確認。估計可使用年期及折舊方法於各報告期末檢討，而任何估計變動之影響按提前應用基準入賬。

物業、廠房及設備項目於出售時或預期繼續使用該資產於日後將不會產生經濟利益時終止確認。因出售或報廢物業、廠房及設備項目所產生之任何收益或虧損，按有關資產之出售所得款項與賬面值間之差額釐定，並於損益確認。

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development 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.

4. 重大會計政策(續)

無形資產

內部形成的無形資產－研發開支

研究活動開支於產生期內確認為開支。

開發活動所產生(或內部項目研發階段所產生)之內部形成無形資產，僅在符合以下所有條件時方予確認：

- 技術水平足以完成無形資產，致使該項無形資產可供使用或銷售；
- 有意完成該無形資產並加以使用或將之銷售；
- 使用或銷售無形資產的能力；
- 無形資產可能產生未來經濟效益；
- 具備充足的技術、財務和其他資源來完成其開發，並使用或銷售此無形資產；及
- 能夠可靠衡量用於開發期間無形資產產生的支出。

初始確認的內部形成無形資產之金額為無形資產首次符合上述確認條件之日起產生之開支總和。倘並無內部形成無形資產可予確認，則開發開支會於產生期間於損益內確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

Internally-generated intangible assets – research and development expenditure (Continued)

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 that are acquired separately. 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.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

4. 重大會計政策(續)

無形資產(續)

內部形成的無形資產－研發開支(續)

初始確認後，內部形成無形資產按個別收購無形資產相同之基準，以成本減累計攤銷及累計減值虧損(如有)計算。可使用年期有限之無形資產的攤銷於估計可使用年期內以直線法確認。於各報告期末檢討估計可使用年期及攤銷方法，估計變動之影響按預期基準入賬。

無形資產於出售時或當預期日後不會藉使用或出售取得經濟利益時終止確認。終止確認無形資產時所產生之收益或虧損，按出售所得款項淨額與資產賬面值之差額計量，並於終止確認資產時在損益中確認。

有形及無形資產減值

於報告期末，本集團審閱其可使用年期有限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出現減值虧損。倘存在任何有關跡象，則會估計有關資產的可收回金額，以釐定減值虧損(如有)的程度。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on tangible and intangible assets (Continued)

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.

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 a cash-generating unit) is reduced to its recoverable amount. 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 a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. 重大會計政策(續)

有形及無形資產減值(續)

有形及無形資產的可收回金額單獨進行估計，倘無法估計個別資產的可收回金額，則本集團會估計該資產所屬現金產生單位的可收回金額。倘可確定合理一致之分配基準，則公司資產亦分配至個別現金產生單位，否則有關資產將分配至能確定合理一致分配基準的最小現金產生單位組別。

可收回金額為公平值減出售成本與使用價值兩者之較高者。於評估使用價值時，估計未來現金流量會採用稅前貼現率貼現至其現值，而該稅前貼現率反映對貨幣時間價值及未來現金流量估計未經調整之資產(或現金產生單位)之特定風險的現時市場評估。

倘估計資產(或現金產生單位)的可收回金額低於其賬面值，則該資產(或現金產生單位)賬面值將減少至其可收回金額。減值虧損即時於損益確認。

倘減值虧損於其後撥回，則有關資產(或現金產生單位)的賬面值乃增加至其可收回金額的經修訂估計價值，惟已增加的賬面值不得超過倘該資產(或現金產生單位)於過往年度並無確認減值虧損時應釐定的賬面值。減值虧損撥回即時於損益確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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.

4. 重大會計政策(續)

存貨

存貨按成本及可變現淨值兩者之較低者列賬。存貨成本乃按先入先出法釐定。可變現淨值指存貨的估計售價減所有估計完成成本及銷售所需成本。

金融工具

倘集團實體成為工具合約條文之訂約方，則確認金融資產及金融負債。

金融資產及金融負債初步以公平值計量，惟根據香港財務報告準則第15號計量的客戶合約產生的貿易應收款項除外。因收購或發行金融資產及金融負債而產生之直接應佔交易成本於初步確認時加入金融資產或金融負債之公平值或從中扣除(如適用)。

實際利率法為計算金融資產或金融負債攤銷成本的方法，亦為於有關期間分配利息收入及利息開支的方法。實際利率為按金融資產或金融負債的預計年期或(如適用)較短期間準確折現估計未來現金收入及付款(包括所有構成實際利率組成部分之已付或已收費用及費率、交易成本及其他溢價或折讓)至初始確認時賬面淨值的利率。

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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

4. 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 3)

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 fair value through other comprehensive income:

- 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 fair value through profit or loss.

4. 重大會計政策(續)

金融工具(續)

金融資產

金融資產的分類及後續計量(根據附註3之過渡條文應用採納香港財務報告準則第9號後)

符合下列條件的金融資產其後按攤銷成本計量：

- 金融資產乃按旨在收取合約現金流的業務模式持有；及
- 合約條款於指定日期產生純粹為支付未償還本金及利息的現金流量。

符合下列條件的金融資產其後按以公平值計入其他全面收益計量：

- 金融資產乃按旨在收取合約現金流或出售的業務模式持有；及
- 合約條款於指定日期產生純粹為支付未償還本金及利息的現金流量。

所有其他金融資產其後以公平值計入損益計量。

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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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. 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 (see below). 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. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 3)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, other receivables and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

4. 重大會計政策(續)

金融工具(續)

金融資產(續)

攤銷成本及利息收入

其後按攤銷成本計量的金融資產的利息收入乃使用實際利率法確認。利息收入乃對金融資產賬面總值應用實際利率予以計算，惟其後出現信貸減值的金融資產除外(見下文)。對於其後出現信貸減值的金融資產，自下一報告期間起，利息收入乃對金融資產攤銷成本應用實際利率確認。若在釐定金融資產不要出現信貸減值後的報告期間開始起，信貸減值金融工具的信貸風險好轉，使金融資產不再出現信貸減值，利息收入乃對金融資產賬面總值應用實際利率確認。

金融資產的減值(根據附註3之過渡條文應用採納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(包括貿易應收款項、其他應收款項及銀行結餘)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。

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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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 3) (Continued)

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.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings (i.e. high risk, normal risk and low risk type).

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.

4. 重大會計政策(續)

金融工具(續)

金融資產(續)

金融資產的減值(根據附註3之過渡條文應用採納香港財務報告準則第9號後)(續)

全期預期信貸虧損指於相關工具預期年期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。評估乃根據本團的過往信貸虧損經驗做出，並就債務人特有的因素、整體經濟狀況以及對報告日期的現時狀況及未來狀況的預測的評估做出調整。

本集團一直就貿易應收款項確認全期預期信貸虧損。有關該等資產的預期信貸虧損乃使用具有合適分組(即高風險、正常風險及低風險類型)的撥備矩陣共同作出評估。

就所有其他工具而言，本集團計量與12個月預期信貸虧損等額的虧損撥備，除非信貸風險自初始確認以來已大幅增加，則本集團確認全期預期信貸虧損。評估是否應確認全期預期信貸虧損，乃基於自初始確認起出現違約的可能性或風險是否大幅增加。

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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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 3) (Continued)

- (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;
- 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;

4. 重大會計政策(續)

金融工具(續)

金融資產(續)

金融資產的減值(根據附註3之過渡條文應用採納香港財務報告準則第9號後)(續)

- (i) 信貸風險顯著上升
評估信貸風險自初始確認以來是否顯著上升時，本集團會比較金融工具於報告日期發生違約的風險與金融工具於初始確認日期發生違約的風險。作出評估時，本集團會考慮合理及具支持性的定量及定性資料，包括過往經驗及可以合理成本及精力獲取的前瞻性資料。

具體而言，評估信貸風險是否顯著上升時會考慮以下資料：

- 金融工具的外部(倘可獲得)或內部信貸評級實際或預期顯著惡化；
- 信貸風險的外部市場跡象(如信貸息差顯著增加、債務人的信貸違約掉期價格等)顯著惡化；
- 商業、金融或經濟情況目前或預期有不利變動，預計將導致債務人償還債項的能力顯著下降；

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綜合財務報表附註

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 3) (Continued)

- (i) Significant increase in credit risk (Continued)
- 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 financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default (i.e. no default history), ii) the counterparty 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.

4. 重大會計政策(續)

金融工具(續)

金融資產(續)

金融資產的減值(根據附註3之過渡條文應用採納香港財務報告準則第9號後)(續)

- (i) 信貸風險顯著上升(續)
- 債務人經營業績實際或預期顯著惡化；
 - 債務人的監管、經濟或技術環境有實際或預計的重大不利變動，導致債務人償還債項的能力顯著下降。

不論上述評估結果，本集團認為，倘合約付款逾期超過30天，則信貸風險自初始確認以來已顯著上升，惟本集團擁有合理有據資料顯示並非如此，則另作別論。

儘管上文所述，倘金融工具於報告日期被釐定為低風險，本集團假設金融工具之信貸風險自初步確認以來無顯著增加。倘i)金融工具為低違約風險(即無違約記錄)，ii)對手方近期擁有較強的履行其合約現金流義務能力及iii)長期經濟及業務狀況的不利變動未必會降低借款人履行其合約現金流義務之能力，則金融工具釐定為低風險。

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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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 3) (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 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.

- (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:

4. 重大會計政策(續)

金融工具(續)

金融資產(續)

金融資產的減值(根據附註3之過渡條文應用採納香港財務報告準則第9號後)(續)

- (i) 信貸風險顯著上升(續)
本集團定期監察用於識別信貸風險是否出現顯著上升的標準之有效性並在適當時候進行修改，以確保標準能夠在款項逾期前識別出風險有否顯著上升。

- (ii) 違約的界定
就內部信貸風險管理而言，本集團認為，當內部獲得的資料顯示債務人不大可能向債權人(包括本集團)全數付款時(並無計及本集團所吃人的任何抵押品)，即出現違約事項。

無論上文所述，本集團認為，倘金融資產逾期超過90天，則違約已經發生，惟本集團擁有合理有據資料顯示一項更滯後的違約標準更為合適，則另作別論。

- (iii) 信貸減值金融資產
當發生對金融資產的估計未來現金流量產生不利影響的一起或多起違約事件之時，該金融資產即出現信貸減值。金融資產信貸減值的證據包括以下事件的可觀察數據：

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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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 3) (Continued)

- (iii) Credit-impaired financial assets (Continued)
 - (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; or
 - (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(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, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. 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.

4. 重大會計政策(續)

金融工具(續)

金融資產(續)

金融資產的減值(根據附註3之過渡條文應用採納香港財務報告準則第9號後)(續)

- (iii) 信貸減值金融資產(續)
 - (a) 發行人或借款人陷入嚴重財困；
 - (b) 違反合約，例如違約或逾期事件；
 - (c) 借款人的貸款人出於與借款人財困相關的經濟或合約原因，而向借款人授予貸款人原本不會考慮的優惠；或
 - (d) 借款人可能破產或進行其他財務重組。

(iv) 撇銷政策

當有資料顯示交易對手陷入嚴重財困，且並無實際收回的可能之時(例如交易對手已清算或進入破產程序，或貿易應收款項逾期超過兩年(以較早發生者為準))，本集團會撇銷金融資產。已撇銷的金融資產仍可根據本集團的收回程序實施強制執行，在適當情況下考慮法律意見。撇銷構成終止確認事件。任何其後收回款項於損益中確認。

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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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 3) (Continued)

- (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.

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 risk type (i.e. high risk, normal risk and low risk type) by considering:

4. 重大會計政策(續)

金融工具(續)

金融資產(續)

金融資產的減值(根據附註3之過渡條文應用採納香港財務報告準則第9號後)(續)

- (v) 計量及確認預期信貸虧損
- 計量預期信貸虧損乃違約概率、違約損失率程度(即倘發生違約的損失程度)及違約風險的函數。違約概率及違約損失率程度的評估根據經前瞻性資料調整的歷史數據作出。預期信貸虧損的估計反映以發生的相關違約風險作為加權數值而確定的無偏概率加權金額。

一般而言，預期信貸虧損為根據合約應付本集團的所有合約現金流與本集團預期將收取的所有現金流量間的差額，並按初始確認時釐定的實際利率貼現。

倘預期信貸虧損按集體基準計量或迎合個別工具水平證據未必存在的情況，則金融工具經考慮以下各項按風險類型(即高風險、正常風險及低風險類型)歸類：

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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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 3) (Continued)

(v) Measurement and recognition of ECL (Continued)

- Past-due status; and
- Nature, size and industry of debtors; and

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 receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account.

4. 重大會計政策(續)

金融工具(續)

金融資產(續)

金融資產的減值(根據附註3之過渡條文應用採納香港財務報告準則第9號後)(續)

(v) 計量及確認預期信貸虧損(續)

- 逾期狀況；及
- 債務人的性質、規模及行業。

歸類工作經管理層定期檢討，以確保各組別成份繼續分擔類似信貸風險特性。

利息收入乃按金融資產的賬面總值計算，惟金融資產出現信貸減值，利息收入則按金融資產的攤銷成本計算。

本集團通過調整賬面值於損益中確認所有金融工具之減值收益或虧損，惟相應調整於虧損備抵賬中確認之貿易應收款項及其他應收款項除外。

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4. 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)

The Group's financial assets are loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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 receivables, other receivables, and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

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

Impairment of loans and receivables (before application of HKFRS 9 on 1 January 2018)

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of loans and receivables, the estimated future cash flows of the financial assets have been affected.

4. 重大會計政策(續)

金融工具(續)

金融資產(續)

金融資產的分類及後續計量(於二零一八年一月一日應用香港財務報告準則第9號前)

本集團之金融資產為貸款及應收款項。有關分類視乎金融資產之性質及目的決定並於初始確認時釐定。

貸款及應收款項

貸款及應收款項為附帶並無活躍市場報價之固定或可釐定付款之非衍生金融資產。於初步確認後，貸款及應收款項(包括貿易應收款項、其他應收款項以及銀行結餘及現金)採用實際利率法按攤銷成本減任何減值計量。

利息收入乃使用實際利率進行確認，惟短期應收款項除外，其利息確認並不重大。

貸款及應收款項減值(於二零一八年一月一日應用香港財務報告準則第9號前)

貸款及應收款項在各報告期末評估是否有任何減值跡象。倘若有任何客觀證據表明，由於一個或多個於初步確認貸款及應收款項後發生的事件，金融資產的估計未來現金流量受到影響，則貸款及應收款項會予以減值。

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4. 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)

Impairment of loans and receivables (before application of HKFRS 9 on 1 January 2018) (Continued)

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a 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, observable changes in national or local economic conditions that correlate with default on receivables payments, observable changes in national or local economic conditions that correlate with default on receivables.

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.

4. 重大會計政策(續)

金融工具(續)

金融資產(續)

金融資產的分類及後續計量(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)

貸款及應收款項減值(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)

減值的客觀證據可能包括：

- 發行人或對手方出現重大財政困難；或
- 違反合約，例如欠繳或拖欠利息或本金付款；或
- 借款人很有可能將宣告破產或進行財務重組。

應收款項組合的減值客觀證據可能包括本集團過往收回款項的經驗、組合內超過平均信貸期的延遲付款數目增加、與未付應收款項相關的全國或地方經濟狀況的可觀察變動及與未付應收款項相關的全國或地方經濟狀況的可觀察變動。

所確認減值虧損金額為資產賬面值與按金融資產原實際利率貼現之估計未來現金流量現值間之差額。

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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

4. 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)

Impairment of loans and receivables (before application of HKFRS 9 on 1 January 2018) (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables 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 receivable or other receivables is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. 重大會計政策(續)

金融工具(續)

金融資產(續)

金融資產的分類及後續計量(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)

貸款及應收款項減值(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)

就所有金融資產而言，其減值虧損直接於金融資產之賬面值中作出扣減，惟貿易應收款項及其他應收款項之賬面值透過使用撥備賬扣減。撥備賬的賬面值變動會於損益內確認。倘貿易應收款項或其他應收款項被視為不可收回，該款項即從撥備賬撇銷。其後收回的過往已撇銷款項計入損益內。

倘於其後期間，減值虧損金額減少，且有關減少客觀上與確認減值虧損後所發生之事件有關，則先前確認之減值虧損會透過損益撥回，惟減值撥回當日之投資之賬面值不得超過未確認減值時應有之攤銷成本。

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4. 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)

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 the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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.

4. 重大會計政策(續)

金融工具(續)

金融資產(續)

金融資產的分類及後續計量(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)

取消確認金融資產

本集團僅於從資產收取現金流量的合約權利屆滿時，或向另一實體轉讓金融資產及該資產擁有權之絕大部分風險及回報時取消確認金融資產。

於取消確認按攤銷成本計量之金融資產時，資產賬面值與已收及應收代價以及其他應收款項之總和間之差額於損益確認。

金融負債及權益

分類為債務或權益

債務及權益工具乃根據合約安排的實質內容及金融負債及權益工具的定義分類為金融負債或權益。

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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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables and accrued charges and amount due to Shenzhen Junxuan are subsequently measured at amortised cost, using the effective interest method.

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.

4. 重大會計政策(續)

金融工具(續)

金融負債及權益(續)

權益工具

權益工具為證明本集團於扣除其所有負債後之剩餘資產權益之任何合約。本公司發行之權益工具按所收取之所得款項扣減直接發行成本確認。

金融負債

所有金融負債其後使用實際利率法按攤銷成本計量。

按攤銷成本計量的金融負債

金融負債(包括貿易應付款項、其他應付款項及應計費用以及應付深圳君軒款項)其後使用實際利率法按攤銷成本計算。

取消確認金融負債

本集團於且僅於其責任獲免除、取消或屆滿時取消確認金融負債。取消確認之金融負債之賬面值與已付及應付代價間之差額於損益確認。

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5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Impairment assessment of trade receivables

Prior to 1 January 2018, when there is objective evidence of impairment loss, the Group takes into consideration the estimated future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

5. 估計不明朗因素之主要來源

在應用附註4所述的本集團會計政策時，本公司董事須對未能從其他來源輕易獲得的資產及負債賬面值作出判斷、估計及假設。估計及相關假設乃根據過往經驗及被視為相關的其他因素作出。實際結果可能會有別於該等估計。

估計及相關假設乃按持續基準檢討。倘會計估計的修訂僅影響估計作出修訂的期間，則有關修訂會於該期間確認，或倘修訂同時影響修訂的當前期間及未來期間，則有關修訂會於作出該修訂的當前期間及未來期間確認。

於報告期末，有重大風險可能導致資產及負債賬面值於下個財政年度作出重大調整的未來相關主要假設及估計不明朗因素的其他主要來源如下。

貿易應收款項減值評估

於二零一八年一月一日前，倘有客觀證據顯示出現減值虧損，本集團會考慮估計未來現金流量。減值虧損之金額乃按資產賬面值與以金融資產原實際利率（即初步確認時計算之實際利率）貼現之估計未來現金流量（不包括尚未產生之未來信貸虧損）現值之差額計算。倘實際未來現金流量少於預期，則可能產生重大減值虧損。

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5. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment assessment of trade receivables (Continued)

As at 31 December 2017, the carrying amounts of trade receivables, net of allowance of doubtful debts, are approximately RMB9,848,000.

In the current year, as explained in Note 3 to the consolidated financial statements, the Group adopted HKFRS 9 and 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, after considering internal credit ratings of trade debtors and past due status of respective trade receivables. 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. The loss allowance amount of the credit impaired trade receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future losses.

The information about the ECL and the Group's trade receivables are disclosed in Notes 20 and 33. As at 31 December 2018, the carrying value of the Group's trade receivables was RMB10,708,000, net of allowance for credit losses of RMB2,824,000.

5. 估計不明朗因素之主要來源(續)

貿易應收款項減值評估(續)

於二零一七年十二月三十一日，經扣除呆賬撥備後的貿易應收款項賬面值約為人民幣9,848,000元。

於本年度，誠如綜合財務報表附註3所闡釋，本集團採納香港財務報告準則第9號及本集團經考慮貿易債務人之內部信貸評級及各貿易應收款項之逾期狀況，透過對具有類似虧損型態的不同債務人分組根據撥備矩陣估計截至貿易應收款項的全期預期信貸虧損。估計虧損率乃基於債務人預期年期內的過往違約記錄並就前瞻性資料作出調整計算。此外，信貸減值之貿易應收款項單獨評估預期信貸虧損。信貸減值貿易應收款項之虧損撥備計量為資產賬面值與估計未來現金流量(經考慮預期未來虧損)現值之差額。貿易應收款項信貸風險之評估涉及高度的估計不確定性。

有關預期信貸虧損及本集團貿易應收款項之資料於附註20及33披露。於二零一八年十二月三十一日，本集團貿易應收款項之賬面值為人民幣10,708,000元，經扣除信貸虧損撥備人民幣2,824,000元。

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6. REVENUE

(i) Disaggregation of revenue from contracts with customers

Type of goods

| | | 貨品類別 | |
|--|-------------|---------|---------|
| | | 2018 | 2017 |
| | | 二零一八年 | 二零一七年 |
| | | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 |
| Sales of biological reagents | 銷售生物製劑 | | |
| Male fertility IVD reagents | 男性不育體外診斷試劑 | 20,996 | 22,690 |
| Parasite antibody detection reagents | 寄生蟲系列檢測試劑 | 4,549 | 1,908 |
| Epstein-Barr Virus antibody detection reagents | EB病毒檢測試劑 | 1,166 | 869 |
| Sales of auxiliary reproductive supplies and equipment | 銷售輔助生育用品和設備 | 1,966 | 1,074 |
| Total | 總計 | 28,677 | 26,541 |

Types of customers

| | | 客戶類別 | |
|------------------|------|---------|---------|
| | | 2018 | 2017 |
| | | 二零一八年 | 二零一七年 |
| | | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 |
| Distributors | 分銷商 | 14,570 | 12,203 |
| Non-distributors | 非分銷商 | 14,107 | 14,338 |
| Total | 總計 | 28,677 | 26,541 |

6. 收益

(i) 客戶合約收益分類

貨品類別

| 2018 | 2017 |
|---------|---------|
| 二零一八年 | 二零一七年 |
| RMB'000 | RMB'000 |
| 人民幣千元 | 人民幣千元 |

客戶類別

| 2018 | 2017 |
|---------|---------|
| 二零一八年 | 二零一七年 |
| RMB'000 | RMB'000 |
| 人民幣千元 | 人民幣千元 |

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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

6. REVENUE (Continued)

(ii) Performance obligations for contracts with customers

The Group sells biological reagents and auxiliary reproductive supplies and equipment to distributors and non-distributors comprising hospitals and medical institutions in the PRC. Contracts with the Group's customers are mainly short term and fixed price contracts. The revenue is recognised when control of the goods has transferred, being when the goods are i) delivered to the customers' warehouse on which the customers obtain control of the goods or ii) collected by the customers directly from the Group's warehouse, as appropriate. Following delivery, the customers have full discretion over the manner of distribution and price to sell the goods, have the primary responsibility when selling the goods and bear the risks of obsolescence and loss in relation to the goods.

In general, the Group will request deposits from the customers before the goods are delivered and the amount of deposits requested varies amongst different contracts. For certain long-term customers, the Group will deliver the goods without requesting deposits and allow a credit period from 30 to 180 days to these customers and there is no credit period granted to other customers. The customers have neither rights of return nor rights to defer or avoid payment for the goods once they are accepted by the customers upon delivery.

The transaction prices allocated to the remaining unsatisfied performance obligations as at 31 December 2018 are RMB179,000 (2017: RMB194,000) and the expected timing of recognising revenue is within one year.

6. 收益(續)

(ii) 客戶合約的履約責任

本集團向中國醫院及醫療機構等分銷商及非分銷商銷售生物製劑及輔助生育用品和設備。與本集團客戶的合約主要為短期及固定價格合約。收益於貨品的控制權轉讓時，即於i)將貨品交付至客戶取得貨品控制權的客戶倉庫時或ii)客戶於適當時候直接向本集團倉庫收回貨品時確認。交付後，客戶可全權酌情決定貨品分銷方式及銷售價格，於銷售貨品時負主要責任並承擔貨品過時及損失的風險。

一般而言，本集團將要求於產品交付前向客戶收取按金，而且所要求按金數額因不同合約而有所區別。就若干長期客戶而言，本集團將於不要求按金的情況下向該等客戶交付貨品，且授予該等客戶30至180天的信貸期，而並無向其他客戶授出信貸期。一旦客戶於繳付時接納貨品，客戶不得退回或延期或逃避支付貨款。

於二零一八年十二月三十一日分配至剩餘未履行履約責任的交易價格為人民幣179,000元(二零一七年：人民幣194,000元)及預期收益確認時間為一年內。

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

7. SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on research and development, manufacturing and sales of biological reagents and auxiliary reproductive supplies and equipment. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies that disclosed in Note 4. Information reported to the directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment focuses on revenue analysis by major products. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, geographic information and major customers are presented.

Entity-wide disclosures

Revenue from major products

The following is an analysis of the Group's revenue from its major products:

7. 分部資料

本集團的經營活動歸屬於單一的經營分部，專注於研發、生產及銷售生物製劑及輔助生育用品和設備。此經營分部乃以根據附註4所披露之會計政策編製之內部管理報告為基準識別。就資源分配及評估而向本公司董事（即主要經營決策者）報告的資料著重按主要產品劃分的收益分析。除本集團整體業績及財務狀況外，概無單獨提供其他財務資料。因此，僅呈列整個實體的披露資料、地域資料及主要客戶。

整個實體的披露資料

主要產品的收益

以下為本集團主要產品收益的分析：

| | | 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 |
|--|-------------|-----------------------------------|-----------------------------------|
| Sales of biological reagents | 銷售生物製劑 | | |
| Male fertility IVD reagents | 男性不育體外診斷試劑 | 20,996 | 22,690 |
| Parasite antibody detection reagents | 寄生蟲系列檢測試劑 | 4,549 | 1,908 |
| Epstein-Barr Virus antibody detection reagents | EB病毒檢測試劑 | 1,166 | 869 |
| Sales of auxiliary reproductive supplies and equipment | 銷售輔助生育用品和設備 | 1,966 | 1,074 |
| Total | 總計 | 28,677 | 26,541 |

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

7. SEGMENT INFORMATION (Continued)

Geographical information

No geographical segment information is presented as the Group's revenue is all derived from the PRC based on the location of goods delivered and all of the Group's non-current assets are located in the PRC by physical location of assets.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

7. 分部資料(續)

地域資料

由於按貨品交付的地區劃分本集團之收益均來自中國及按資產的所在位置劃分本集團之非流動資產均位於中國，故並無呈列地域分部資料。

有關主要客戶的資料

相應年度收益佔本集團總銷售10%以上的客戶如下：

| | | 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 | 客戶A | 3,871 | 2,911 |

Other than Customer A, there was no revenue from other customers individually contributing over 10% of the total revenue of the Group for the years ended 31 December 2018 and 2017.

除客戶A外，於截至二零一八年及二零一七年十二月三十一日止年度並無收益單獨佔本集團總收益10%以上的其他客戶。

8. OTHER INCOME

8. 其他收入

| | | 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 |
|--|----------------|-----------------------------------|-----------------------------------|
| Interest income on loans to Shenzhen Junxuan | 授予深圳君軒之貸款之利息收入 | - | 54 |
| Government grants | 政府補助 | 150 | 558 |
| Bank interest income | 銀行利息收入 | 84 | 89 |
| Sundry income | 雜項收入 | 83 | 2 |
| | | 317 | 703 |

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

9. OTHER GAINS AND LOSSES

9. 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 |
|--|----------------|-----------------------------------|-----------------------------------|
| Gain on disposal of property, plant and equipment | 出售物業、廠房及設備之收益 | 10 | - |
| Allowance of doubtful debts on trade and other receivables | 貿易及其他應收款項之呆賬撥備 | - | (126) |
| Foreign exchange (losses) gains | 匯兌(虧損)收益 | (172) | 283 |
| | | (162) | 157 |

10. IMPAIRMENT LOSSES, NET OF REVERSAL

10. 減值虧損，扣除撥回

| | | 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 |
|--|--------------|-----------------------------------|-----------------------------------|
| Impairment losses recognised (reversed) on | 已確認(已撥回)減值虧損 | | |
| - trade receivables | - 貿易應收款項 | 1,395 | - |
| - other receivables | - 其他應收款項 | (24) | - |
| | | 1,371 | - |

Details of impairment assessment for the year ended 31 December 2018 are set out in Note 33.

有關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33。

11. FINANCE COSTS

11. 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 |
|-----------------------------|--------|-----------------------------------|-----------------------------------|
| Interest on bank borrowings | 銀行借貸利息 | - | 54 |

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

12. INCOME TAX EXPENSE

12. 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 |
|-----------------------------------|----------------------|-----------------------------------|-----------------------------------|
| PRC Enterprise Income Tax (“EIT”) | 中國企業所得稅 (「企業所得稅」) | | |
| Current tax | 即期稅項 | 1,701 | 1,705 |

The Company and the subsidiaries incorporated in BVI are tax-exempted and current tax provision represents provision for PRC EIT. Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulations of the EIT Law, the tax rate of the entity established in the PRC is 25%. Since Shenzhen Huakang is recognised as “New and High Technology Enterprise” and therefore entitled to apply a tax rate of 15%. The entitlement of this tax benefit is subject to renewal by respective tax bureau in the PRC every three years. The latest approval for Shenzhen Huakang enjoying this tax benefit was obtained in October 2018 for the three years ending 31 December 2020.

於英屬處女群島註冊成立的本公司及附屬公司均免稅，即期稅項撥備指中國企業所得稅撥備。根據中國企業所得稅法(「企業所得稅法」)及企業所得稅法實施條例，於中國成立之實體的稅率為25%。由於深圳華康獲評為「高新技術企業」，因此可享有15%的優惠稅率。該項稅務優惠資格須每三年獲相關中國稅務局重續。深圳華康最近獲此稅務優惠審批之時間為二零一八年十月，有效期為截至二零二零年十二月三十一日止三年。

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

12. INCOME TAX EXPENSE (Continued)

The income tax expense for the year can be reconciled to the profit (loss) before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

12. 所得稅開支(續)

年內所得稅開支與綜合損益及其他全面收益表的除稅前溢利(虧損)對賬如下：

| | | 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 (loss) before tax | 除稅前溢利(虧損) | 1,242 | (247) |
| Tax at PRC EIT of 25% | 按中國企業所得稅稅率 25%繳稅 | 311 | (62) |
| Tax effect of income not taxable for tax purpose | 就稅務目的毋須課稅收入 的稅務影響 | - | (46) |
| Tax effect of expenses not deductible for tax purpose | 就稅務目的不可抵扣稅開 支的稅務影響 | 2,709 | 3,118 |
| Additional tax deduction on research and development expenses | 研發開支附加稅扣減 | (205) | (172) |
| Effect of tax concession granted | 獲授稅項優惠的影響 | (1,116) | (1,135) |
| Others | 其他 | 2 | 2 |
| Income tax expense for the year | 年內所得稅開支 | 1,701 | 1,705 |

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

12. INCOME TAX EXPENSE (Continued)

Under the relevant tax law and implementation regulations in the PRC, withholding income tax is applicable to dividend earned and payable to investors that are “non-tax resident enterprises” in respect of profits earned by PRC subsidiary since 1 January 2008, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such interest or dividends have their sources within the PRC. Under such circumstances, dividends paid by the PRC subsidiary to offshore group entities shall be subject to the withholding tax at 10% or a lower treaty rate. The Group is subject to withholding tax in relation to the dividend paid by the PRC subsidiary. As the Company has decided not to declare any dividends from undistributed earnings of the PRC subsidiary amounting to approximately RMB39,237,000 (2017: RMB27,942,000) as at 31 December 2018 to the immediate holding company of the PRC subsidiary in the foreseeable future, no deferred tax liability has been recognised in respect of these undistributed earnings during the years ended 31 December 2018 and 2017.

No provision for deferred taxation has been made in the consolidated financial statements as there were no significant temporary differences arising during the years ended 31 December 2018 and 2017 or at the end of each reporting period.

12. 所得稅開支(續)

根據中國相關稅法及實施條例，自二零零八年一月一日起，屬「非稅項居民企業」(於中國並無設立機構或營業地點，或於中國設立機構或營業地點，而相關收入與所設立機構或營業地點並無實際關連)之投資者就中國附屬公司賺取之溢利所賺取及應收股息須繳納預扣所得稅，惟以該等利息或股息源於中國為限。在此情況下，中國附屬公司向離岸集團實體支付之股息須按10%或更低協定稅率繳納預扣稅。本集團須就中國附屬公司派付的股息繳納預扣稅。由於本公司決定不會就中國附屬公司於二零一八年十二月三十一日之未分派盈利約人民幣39,237,000元(二零一七年：人民幣27,942,000元)於可見將來向中國附屬公司的直接控股公司宣派任何股息，故於截至二零一八年及二零一七年十二月三十一日止年度概無就該等未分派盈利確認任何遞延稅項負債。

由於截至二零一八年及二零一七年十二月三十一日止年度或於各報告期末並無產生任何重大暫時差異，故並無於綜合財務報表內作出遞延稅項撥備。

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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

13. LOSS FOR THE YEAR

13. 年內虧損

| | | 2018 | 2017 |
|---|-----------------|---------|---------|
| | | 二零一八年 | 二零一七年 |
| | | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 |
| Loss for the year has been arrived at after charging: | 年內虧損於扣除下列各項後得出： | | |
| Auditor's remuneration | 核數師酬金 | 1,200 | 6 |
| Amortisation of intangible assets | 無形資產攤銷 | 351 | 351 |
| Depreciation of property, plant and equipment | 物業、廠房及設備折舊 | 1,340 | 1,071 |
| Rental expenses in respect of rented premises under operating lease | 經營租賃項下租賃物業之租賃開支 | 412 | 488 |
| Directors' emoluments (Note 14) | 董事薪酬(附註14) | 549 | 435 |
| Other staff costs | 其他員工成本 | | |
| Salaries, bonuses and other benefits | 薪金、花紅及其他福利 | 5,185 | 4,188 |
| Retirement benefit schemes contributions | 退休福利計劃供款 | 820 | 585 |
| Total staff costs | 員工總成本 | 6,554 | 5,208 |

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14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

14. 董事及主要行政人員薪酬以及五名最高薪僱員薪酬

(a) Directors' and chief executive's emoluments

(a) 董事及主要行政人員薪酬

| Name | Position | Date of appointment as the directors of the Company | Date of resignation as the directors of the Company |
|--------------------------|--|---|---|
| 姓名 | 職位 | 獲委任為本公司董事之日期 | 辭任本公司董事之日期 |
| Mr. Zhang | Executive director and chairman of the board of directors | 3 August 2017 | N/A |
| 張曙光先生 | 執行董事兼董事會主席 | 二零一七年八月三日 | 不適用 |
| Mr. Zhang Chunguang | Executive director and chief executive officer (Chief Executive) | 3 August 2017 | N/A |
| 張春光先生 | 執行董事兼首席執行官(行政總裁) | 二零一七年八月三日 | 不適用 |
| Mr. Zhang Xiyu | Executive director | 3 August 2017 | 3 November 2017 |
| 張浠煜先生 | 執行董事 | 二零一七年八月三日 | 二零一七年十一月三日 |
| Mr. Poon Lai Yin Michael | Executive director and chief financial officer | 3 August 2017 | N/A |
| 潘禮賢先生 | 執行董事兼首席財務官 | 二零一七年八月三日 | 不適用 |
| Mr. Chan Kin Sang | Independent non-executive director | 26 November 2018 | N/A |
| 陳健生先生 | 獨立非執行董事 | 二零一八年十一月二十六日 | 不適用 |
| Dr. Yeung David Wai Chow | Independent non-executive director | 26 November 2018 | N/A |
| 楊煒秋醫生 | 獨立非執行董事 | 二零一八年十一月二十六日 | 不適用 |
| Mr. Kwok Chi Shing | Independent non-executive director | 26 November 2018 | N/A |
| 郭志成先生 | 獨立非執行董事 | 二零一八年十一月二十六日 | 不適用 |

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14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' and chief executive's emoluments (Continued)

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

Year ended 31 December 2018

| EXECUTIVE DIRECTORS | 執行董事 | | | | |
|--|----------|-----|-----|----|-----|
| Fee | 袍金 | - | - | - | - |
| Other emoluments: | 其他薪酬： | | | | |
| Salaries and other benefits | 薪金及其他福利 | 193 | 234 | 13 | 440 |
| Discretionary bonuses | 酌情花紅 | 21 | 18 | - | 39 |
| Retirement benefit schemes contributions | 退休福利計劃供款 | 26 | 32 | - | 58 |
| Sub-total | 小計 | 240 | 284 | 13 | 537 |

14. 董事及主要行政人員薪酬以及五名最高薪僱員薪酬(續)

(a) 董事及主要行政人員薪酬(續)

根據適用上市規則及香港公司條例披露的年內董事及及主要行政人員薪酬如下：

截至二零一八年十二月三十一日止年度

| | Chief Executive | Mr. Poon | | |
|-----------|-----------------|----------|---------|---------|
| | Mr. Zhang | Lai Yin | | |
| Mr. Zhang | Chunguang | Michael | Total | |
| | 行政總裁 | | | |
| 張曙光先生 | 張春光先生 | 潘禮賢先生 | 總計 | |
| RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |

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14. DIRECTORS' AND CHIEF EXECUTIVE'S
EMOLUMENTS AND FIVE HIGHEST PAID
EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' and chief executive's emoluments
(Continued)

Year ended 31 December 2018 (Continued)

| | | Mr. Chan 陳健生先生 RMB'000 人民幣千元 | Dr. Yeung David Wai Chow 楊煒秋醫生 RMB'000 人民幣千元 | Mr. Kwok Chi Shing 郭志成先生 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|---|----------------|---------------------------------------|---|--|---------------------------------|
| INDEPENDENT NON- EXECUTIVE DIRECTORS | 獨立非執行董事 | | | | |
| Fee | 袍金 | 4 | 4 | 4 | 12 |
| Other emoluments: | 其他薪酬： | | | | |
| Retirement benefit schemes contributions | 退休福利計劃供款 | - | - | - | - |
| Sub-total | 小計 | 4 | 4 | 4 | 12 |
| Total | 總計 | | | | 549 |

14. 董事及主要行政人員薪酬以及五名
最高薪僱員薪酬(續)

(a) 董事及主要行政人員薪酬(續)

截至二零一八年十二月三十一日止年度
(續)

| | | Mr. Chan 陳健生先生 RMB'000 人民幣千元 | Dr. Yeung David Wai Chow 楊煒秋醫生 RMB'000 人民幣千元 | Mr. Kwok Chi Shing 郭志成先生 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|---|----------------|---------------------------------------|---|--|---------------------------------|
| INDEPENDENT NON- EXECUTIVE DIRECTORS | 獨立非執行董事 | | | | |
| Fee | 袍金 | 4 | 4 | 4 | 12 |
| Other emoluments: | 其他薪酬： | | | | |
| Retirement benefit schemes contributions | 退休福利計劃供款 | - | - | - | - |
| Sub-total | 小計 | 4 | 4 | 4 | 12 |
| Total | 總計 | | | | 549 |

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14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' and chief executive's emoluments (Continued)

Year ended 31 December 2017

| | Mr. Zhang | Mr. Zhang | Mr. Zhang | Mr. Poon | Total |
|--|-------------|------------|-----------|----------|------------|
| | Mr. Zhang | Mr. Zhang | Mr. Zhang | Mr. Poon | Total |
| | 張曙光先生 | 張春光先生 | 張浠煜先生 | 潘禮賢先生 | 總計 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| EXECUTIVE DIRECTORS | 執行董事 | | | | |
| Fee | - | - | - | - | - |
| Other emoluments: | 其他薪酬： | | | | |
| Salaries and other benefits | 156 | 183 | - | - | 339 |
| Discretionary bonuses | 20 | 40 | - | - | 60 |
| Retirement benefit schemes contributions | 16 | 20 | - | - | 36 |
| Total | 192 | 243 | - | - | 435 |

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

14. 董事及主要行政人員薪酬以及五名最高薪僱員薪酬(續)

(a) 董事及主要行政人員薪酬(續)

截至二零一七年十二月三十一日止年度

| | Chief Executive | Mr. Zhang | Mr. Zhang | Mr. Poon | Total |
|--|-----------------|------------|-----------|----------|------------|
| | Mr. Zhang | Mr. Zhang | Mr. Zhang | Mr. Poon | Total |
| | 張曙光先生 | 張春光先生 | 張浠煜先生 | 潘禮賢先生 | 總計 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| EXECUTIVE DIRECTORS | 執行董事 | | | | |
| Fee | - | - | - | - | - |
| Other emoluments: | 其他薪酬： | | | | |
| Salaries and other benefits | 156 | 183 | - | - | 339 |
| Discretionary bonuses | 20 | 40 | - | - | 60 |
| Retirement benefit schemes contributions | 16 | 20 | - | - | 36 |
| Total | 192 | 243 | - | - | 435 |

上述執行董事薪酬為彼等就本公司及本集團管理事務方面所提供的服務而獲得。

上述獨立非執行董事薪酬為彼等就擔任本公司董事所提供的服務而獲得。

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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

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS*(Continued)*

(a) Directors' and chief executive's emoluments
(Continued)

During the years ended 31 December 2018 and 2017, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during both years.

Discretionary bonuses are determined based on the results of the Group during both years.

(b) Five highest paid employees

The five highest paid employees of the Group during the year included two directors (2017: two directors), details of whose remuneration are set out above. Details of the remuneration for the year of the remaining three (2017: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

14. 董事及主要行政人員薪酬以及五名最高薪僱員薪酬*(續)*

(a) 董事及主要行政人員薪酬*(續)*

截至二零一八年及二零一七年十二月三十一日止年度，本集團概無支付薪酬予董事作為加入本集團或於加入本集團後之聘金或離職補償。於該兩個年度概無董事或主要行政人員放棄或同意放棄任何薪酬的安排。

於該兩個年度，酌情花紅乃根據本集團業績釐定。

(b) 五名最高薪僱員

年內，本集團五名最高薪僱員包括兩名董事(二零一七年：兩名董事)，彼等之薪酬詳情已披露於上文。剩餘三名(二零一七年：三名)既非本公司董事亦非主要行政人員的最高薪僱員於年內之薪酬詳情如下：

| | | 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 | 792 | 449 |
| Discretionary bonuses | 酌情花紅 | 42 | 71 |
| Retirement benefit schemes contributions | 退休福利計劃供款 | 72 | 40 |
| | | 906 | 560 |

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14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

(b) Five highest paid employee (Continued)

The emoluments of each of these highest paid individuals during the years ended 31 December 2018 and 2017 are within HK\$1,000,000. No emoluments were paid by the Group to the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

15. DIVIDEND

No dividend was paid or declared by the Group during the years ended 31 December 2018 and 2017, nor has any dividend been proposed since the end of the reporting period.

16. LOSS PER SHARE

The calculation of the basic loss per share is based on the following data:

14. 董事及主要行政人員薪酬以及五名最高薪僱員薪酬(續)

(b) 五名最高薪僱員(續)

截至二零一八年及二零一七年十二月三十一日止年度，該等最高薪人士各自薪酬乃於1,000,000港元內。本集團概無支付薪酬予五名最高薪僱員作為加入本集團或於加入本集團後之聘金或離職補償。

15. 股息

截至二零一八年及二零一七年十二月三十一日止年度，本集團概無派付或宣派任何股息，及自報告期末亦無建議派付任何股息。

16. 每股虧損

每股基本虧損的計算乃基於以下數據：

| | | 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: | 虧損： | | |
| Loss for the year attributable to the owners of the Company for the purpose of basic loss per share | 計算每股基本虧損所用本公司擁有人應佔年內虧損 | (459) | (1,952) |

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

16. LOSS PER SHARE (Continued)

16. 每股虧損(續)

| | | '000 千股 | '000 千股 |
|--|--------------------------|------------|------------|
| Number of shares: | 股份數目： | | |
| Weighted average number of ordinary shares of the Company in issue for the purpose of basic loss per share | 計算每股基本虧損所用本公司已發行普通股加權平均數 | 305,205 | 260,219 |

The number of ordinary shares of the Company in issue for the purpose of calculating basic loss per share has been determined on the assumption that the Group Reorganisation and Capitalisation Issue as defined in Note 29 (ii) has been effective on 1 January 2017.

計算每股基本虧損所用本公司已發行普通股數目乃假設集團重組及資本化發行(如附註29(ii)所述)於二零一七年一月一日經已生效而釐定。

No diluted loss per share for the years ended 31 December 2018 and 2017 was presented as there were no potential ordinary shares in issue during the years ended 31 December 2018 and 2017.

由於截至二零一八年及二零一七年十二月三十一日止年度無潛在已發行普通股，故於截至二零一八年及二零一七年十二月三十一日止年度並無呈列每股攤薄虧損。

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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

17. PROPERTY, PLANT AND EQUIPMENT

17. 物業、廠房及設備

| | | Leasehold improvement 租賃物業裝修 RMB'000 人民幣千元 | Plant and machinery 廠房及機械 RMB'000 人民幣千元 | Office equipment 辦公設備 RMB'000 人民幣千元 | Motor vehicles 汽車 RMB'000 人民幣千元 | Construction in-progress 在建工程 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|--|---------------|--|---|---|---|---|---------------------------------|
| COST | 成本 | | | | | | |
| At 1 January 2017 | 於二零一七年一月一日 | 2,316 | 2,139 | 592 | 694 | 430 | 6,171 |
| Additions | 添置 | - | 4,456 | 181 | 460 | 811 | 5,908 |
| Transfer from construction-in-progress | 自在建工程轉撥 | 339 | - | - | - | (339) | - |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 2,655 | 6,595 | 773 | 1,154 | 902 | 12,079 |
| Additions | 添置 | 30 | 607 | 469 | - | 227 | 1,333 |
| Transfer from construction-in-progress | 自在建工程轉撥 | 826 | - | - | - | (826) | - |
| Disposals | 處置 | - | - | - | (153) | - | (153) |
| At 31 December 2018 | 於二零一八年十二月三十一日 | 3,511 | 7,202 | 1,242 | 1,001 | 303 | 13,259 |
| DEPRECIATION | 折舊 | | | | | | |
| At 1 January 2017 | 於二零一七年一月一日 | 133 | 580 | 167 | 554 | - | 1,434 |
| Provided for the year | 本年度撥備 | 297 | 605 | 81 | 88 | - | 1,071 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 430 | 1,185 | 248 | 642 | - | 2,505 |
| Provided for the year | 本年度撥備 | 326 | 802 | 107 | 105 | - | 1,340 |
| Eliminated on disposals | 處置時抵銷 | - | - | - | (153) | - | (153) |
| At 31 December 2018 | 於二零一八年十二月三十一日 | 756 | 1,987 | 355 | 594 | - | 3,692 |
| CARRYING VALUES | 賬面值 | | | | | | |
| At 31 December 2018 | 於二零一八年十二月三十一日 | 2,755 | 5,215 | 887 | 407 | 303 | 9,567 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 2,225 | 5,410 | 525 | 512 | 902 | 9,574 |

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

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis over the following periods:

| | |
|-----------------------|----------------------|
| Leasehold improvement | 10 years to 15 years |
| Plant and machinery | 5 years to 10 years |
| Office equipment | 5 years to 10 years |
| Motor vehicles | 5 years |

17. 物業、廠房及設備(續)

上述物業、廠房及設備項目乃按下列期間按直線法折舊：

| | |
|--------|---------|
| 租賃物業裝修 | 10年至15年 |
| 廠房及機械 | 5年至10年 |
| 辦公設備 | 5年至10年 |
| 汽車 | 5年 |

18. INTANGIBLE ASSETS

18. 無形資產

Development costs
發展成本
RMB'000
人民幣千元

| | | | |
|-----------------------|--|---------------|-------|
| COST | | 成本 | |
| At 1 January 2017 | | 於二零一七年一月一日 | 2,087 |
| Additions | | 添置 | 788 |
| At 31 December 2017 | | 於二零一七年十二月三十一日 | 2,875 |
| Additions | | 添置 | 1,080 |
| At 31 December 2018 | | 於二零一八年十二月三十一日 | 3,955 |
| AMORTISATION | | 攤銷 | |
| At 1 January 2017 | | 於二零一七年一月一日 | 335 |
| Provided for the year | | 本年度撥備 | 351 |
| At 31 December 2017 | | 於二零一七年十二月三十一日 | 686 |
| Provided for the year | | 本年度撥備 | 351 |
| At 31 December 2018 | | 於二零一八年十二月三十一日 | 1,037 |
| CARRYING VALUES | | 賬面值 | |
| At 31 December 2018 | | 於二零一八年十二月三十一日 | 2,918 |
| At 31 December 2017 | | 於二零一七年十二月三十一日 | 2,189 |

Development costs are internally generated and has finite useful lives and amortised on a straight-line basis over 5 years.

發展成本乃於內部產生，具有有限可用年限，並於5年內按直線法攤銷。

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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

19. INVENTORIES

19. 存貨

| | | 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 |
|----------------|-----|-----------------------------------|-----------------------------------|
| Raw materials | 原材料 | 1,557 | 931 |
| Finished goods | 製成品 | 727 | 1,014 |
| | | 2,284 | 1,945 |

20. TRADE RECEIVABLES

20. 貿易應收款項

| | | 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 |
|--|-------------|-----------------------------------|-----------------------------------|
| Trade receivables | 貿易應收款項 | 13,532 | 11,277 |
| Less: allowance for credit losses/ doubtful debts | 減：信貸虧損／呆賬撥備 | (2,824) | (1,429) |
| Total | 總計 | 10,708 | 9,848 |

As at 31 December 2018, 1 January 2018 and 1 January 2017, trade receivables from contracts with customers amounted to RMB10,708,000, RMB9,848,000 and RMB9,414,000, respectively.

於二零一八年十二月三十一日、二零一八年一月一日及二零一七年一月一日，客戶合約貿易應收款項分別為人民幣10,708,000元、人民幣9,848,000元及人民幣9,414,000元。

In general, the Group will request deposits from the customers before the goods are delivered and the amount of deposits requested varies amongst different contracts. For certain long-term customers, the Group will deliver the goods without requesting deposits and allow a credit period from 30 to 180 days to these customers and there is no credit period granted to other customers. The following is an aged analysis of trade receivables presented based on the dates of delivery of goods.

一般而言，本集團將要求於貨品交付前向客戶收取按金，而且所要求按金數額因不同合約而有所區別。就若干長期客戶而言，本集團將於不要求按金的情況下向該等客戶交付貨品，且授予該等客戶30至180天的信貸期，而並無向其他客戶授出信貸期。下列為按貨品交付日期呈列的貿易應收款項賬齡分析。

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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

20. TRADE RECEIVABLES (Continued)

20. 貿易應收款項(續)

| | | 2018 | 2017 |
|---------------|---------|---------|---------|
| | | 二零一八年 | 二零一七年 |
| | | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 |
| 0 – 30 days | 0至30天 | 2,584 | 2,300 |
| 31 – 90 days | 31至90天 | 3,103 | 3,276 |
| 91 – 180 days | 91至180天 | 2,497 | 2,922 |
| Over 181 days | 超過181天 | 2,524 | 1,350 |
| | | 10,708 | 9,848 |

As at 31 December 2018, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB8,871,000 which are past due as at the reporting date. Out of the past due balances, RMB3,663,000 has been past due 90 days or more and is not considered as in default by considering the historical payment arrangement of these trade receivables. The Group does not hold any collateral over these balances.

於二零一八年十二月三十一日，本集團的貿易應收款項結餘為賬面總值為人民幣8,871,000元的應收款項，該等款項已於報告日期逾期。該等逾期結餘中，人民幣3,663,000元已逾期90天或超過90天且經計及該等貿易應收款項的過往付款安排，不被視為違約。本集團並無就該等結餘持有任何抵押品。

As at 31 December 2017, trade receivables amounting of RMB1,674,000 are neither past due nor impaired have been classified as low risk under the credit assessment made by the directors of the Company and the directors considered that these trade receivables have no adverse change in the credit standing of the debtor subsequent to the reporting period. The trade receivables that were neither past due nor impaired is related to a number of diversified customers for whom there was no recent history of default.

於二零一七年十二月三十一日，根據本公司董事作出的信貸評估，人民幣1,674,000元的已逾期但未減值貿易應收款項分類為低風險，且董事認為報告期後，該等貿易應收款項對債務人的信貸狀況並無不利變動。並無逾期亦無減值之貿易應收款項與多名不同客戶有關，而彼等近期並無違約紀錄。

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20. TRADE RECEIVABLES (Continued)

As at 31 December 2017, included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB8,193,000 which are past due as at the reporting date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality of the trade receivable and the amounts are still considered recoverable. The Group does not hold any collateral over these balances and no interest is charged on overdue trade receivables.

Aging of trade receivables which are past due but not impaired:

| | | 2017 二零一七年 RMB'000 人民幣千元 |
|----------------|----------|-----------------------------------|
| 0 – 30 days | 0至30天 | 1,866 |
| 31 – 90 days | 31至90天 | 2,471 |
| 91 – 180 days | 91至180天 | 2,591 |
| 181 – 365 days | 181至365天 | 1,265 |
| | | 8,193 |

Overdue balances are reviewed regularly by the directors of the Company. The Group has provided fully for all receivables over 365 days because historical experience is such that receivables that are past due beyond 365 days are generally not recoverable for both years.

20. 貿易應收款項(續)

於二零一七年十二月三十一日，本集團的貿易應收款項結餘為賬面總值為人民幣8,193,000元的應收款項，該等款項於報告日期已逾期，但本集團並未就減值虧損作出撥備，此乃由於貿易應收款項之信貸質素並無重大變動且該等款項仍被視為可收回。本集團並無就該等結餘持有任何抵押品且概無就逾期貿易應收款項收取利息。

逾期但未減值的貿易應收款項的賬齡分析：

逾期結餘由本公司董事定期進行審閱。本集團已就所有逾期超過365天的應收款項悉數計提，此乃因為過往經驗表明於該兩個年度逾期超過365天的應收款項一般不可收回。

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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

20. TRADE RECEIVABLES (Continued)

Movement in allowance of doubtful debts:

| | | 2017 二零一七年 RMB'000 人民幣千元 |
|----------------------------|---------|-----------------------------------|
| 1 January | 一月一日 | 1,007 |
| Impairment loss recognised | 已確認減值虧損 | 473 |
| Impairment loss reversed | 撥回減值虧損 | (51) |
| 31 December | 十二月三十一日 | 1,429 |

The directors of the Company believe that there is no further credit provision required in excess of the allowance of doubtful debts already provided given the settlement from trade receivables after 31 December 2017 and the remaining trade receivables have no recent history of default.

As at 31 December 2017, included in the allowance of doubtful debts are individually impaired trade receivables with an aggregate balance of RMB1,429,000 which have been overdue over 365 days.

Details of impairment assessment of trade receivables for the year ended 31 December 2018 are set out in Note 33.

20. 貿易應收款項(續)

呆賬撥備變動：

| | | 2017 二零一七年 RMB'000 人民幣千元 |
|----------------------------|---------|-----------------------------------|
| 1 January | 一月一日 | 1,007 |
| Impairment loss recognised | 已確認減值虧損 | 473 |
| Impairment loss reversed | 撥回減值虧損 | (51) |
| 31 December | 十二月三十一日 | 1,429 |

本公司董事認為於二零一七年十二月三十一日後，本公司就貿易應收款項結算而計提的呆賬撥備而言，不再需要進一步的信貸撥備且剩餘貿易應收款項並無近期違約記錄。

於二零一七年十二月三十一日，計入呆賬撥備之金額為結餘總額人民幣1,429,000元的個別已減值貿易應收款項，已逾期超過365天。

有關截至二零一八年十二月三十一日止年度的貿易應收款項減值評估詳情載於附註33。

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21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

21. 其他應收款項、存款及預付款項

| | | 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 |
|--|--------------|-----------------------------------|-----------------------------------|
| Other receivables | 其他應收款項 | 534 | 475 |
| Less: allowance for credit losses/ doubtful debts | 減：信貸虧損／呆賬撥備 | (46) | (70) |
| Advance payment to suppliers | 預付供應商墊款 | 1,177 | 364 |
| Prepayment of rental expense (note) | 租賃開支預付款項(附註) | 169 | - |
| Rental and other deposits | 租金及其他按金 | 144 | - |
| Deferred issued costs of new shares | 新股份的遞延發行成本 | - | 3,542 |
| | | 1,978 | 4,311 |

Note: The amount included the prepayment of rental expense to Shenzhen Junxuan amounting to RMB127,000 (2017: nil) and it will be amortised over the lease term.

附註：該金額包括向深圳君軒作出的租賃開支預付款項人民幣127,000元(二零一七年：零)及其將於租賃期內攤銷。

Movement in allowance of doubtful debts:

呆賬撥備變動：

| | | 2017 二零一七年 RMB'000 人民幣千元 |
|----------------------------|---------|-----------------------------------|
| 1 January | 一月一日 | 366 |
| Impairment loss recognised | 已確認減值虧損 | 42 |
| Impairment loss reversed | 已撥回減值虧損 | (338) |
| 31 December | 十二月三十一日 | 70 |

Details of impairment assessment of other receivables for the year ended 31 December 2018 are set out in Note 33.

有關截至二零一八年十二月三十一日止年度的其他應收款項減值評估詳情載於附註33。

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22. BANK BALANCES AND CASH

Bank balances are carrying interest at prevailing market rate which ranged from 0.3% to 0.35% (2017: 0.3% to 0.35%) per annum as at 31 December 2018 and the bank balances and cash that are not denominated in the functional currency of the relevant group entities are 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 |
|------|----|-----------------------------------|-----------------------------------|
| HK\$ | 港元 | 34,447 | 4,757 |
| US\$ | 美元 | 11 | 11 |

For the year ended 31 December 2018, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

22. 銀行結餘及現金

銀行結餘於二零一八年十二月三十一日按介乎每年0.3%至0.35% (二零一七年：每年0.3%至0.35%)的現行市場利率計息及並非按有關集團實體功能貨幣計值之銀行結餘及現金如下：

截至二零一八年十二月三十一日止年度，本集團對銀行結餘進行減值評估並認為對手方銀行違約的可能性微乎其微，因此，概無計提撥備信貸虧損。

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23. TRADE PAYABLES

In general, the Group will make advance payment to suppliers before the materials are received. Some of the suppliers may deliver the materials to the Group without requesting advance payment and a credit period ranged from 30 to 90 days is granted by these suppliers. The following is an aging analysis of trade payables presented based on the invoice date:

23. 貿易應付款項

通常，本集團會在取得材料前向供應商預付款項。部份供應商可在無需預付款的情況下將材料交付予本集團，該等供應商已授出介乎30天至90天之信貸期。基於發票日期的貿易應付款項的賬齡分析如下：

| | | 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 |
|--------------|--------|-----------------------------------|-----------------------------------|
| 0 – 30 days | 0至30天 | 320 | 164 |
| 31 – 90 days | 31至90天 | 81 | 151 |
| Over 90 days | 超過90天 | 526 | 551 |
| | | 927 | 866 |

24. OTHER PAYABLES AND ACCRUED CHARGES 24. 其他應付款項及應計費用

| | | 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 |
|--|----------------|-----------------------------------|-----------------------------------|
| Salary payables | 應付薪金 | 1,358 | 1,186 |
| Other taxes payable | 其他應付稅項 | 41 | 122 |
| Payables for purchase of property, plant and equipment | 收購物業、廠房及設備應付款項 | 1,140 | 1,140 |
| Provision for retirement benefit schemes | 退休金福利計劃撥備 | 353 | 937 |
| Accrued listing expenses | 應計上市開支 | 4,656 | 4,337 |
| Other accrual and payables | 其他應計費用及應付款項 | 1,586 | 220 |
| | | 9,134 | 7,942 |

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24. OTHER PAYABLES AND ACCRUED CHARGES (Continued) 24. 其他應付款項及應計費用(續)

Other payables and accrued charges that are not denominated in the functional currency of the relevant group entities are as follows:

並非按有關集團實體功能貨幣計值之其他應付款項及應計費用如下：

| | | 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 |
|------|----|-----------------------------------|-----------------------------------|
| HK\$ | 港元 | 4,196 | 3,943 |

25. AMOUNT DUE TO SHENZHEN JUNXUAN 25. 應付深圳君軒款項

The amount due to Shenzhen Junxuan represented the advance from Shenzhen Junxuan and it is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

應付深圳君軒款項為來自深圳君軒之墊款，其為非貿易性質、無抵押、免息及須按要求償還。

26. CONTRACT LIABILITIES 26. 合約負債

| | | As at 31 December 2018 於二零一八年 十二月三十一日 RMB'000 人民幣千元 | As at 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元 | As at 1 January 2017 於二零一七年 一月一日 RMB'000 人民幣千元 |
|---|-------------------------|---|---|--|
| Contract liabilities regarding sales of biological reagents and auxiliary reproductive supplies and equipment | 銷售生物診斷試劑及輔助生育用品和設備之合約負債 | 179 | 194 | 199 |

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26. CONTRACT LIABILITIES (Continued)

When the Group receives a deposit before delivery of goods, this will give rise to contract liabilities at the start of a contract, until the revenue recognised when the goods are i) delivered to the customers' warehouse on which the customers obtain control of the goods or ii) collected by the customers directly from the Group's warehouse, as appropriate. The amount of deposits requested varies amongst different contracts.

For the contract liabilities as at 1 January 2017 and 31 December 2017, the entire balances are recognised as revenue in profit or loss in the next reporting year. The directors of the Company expected that the entire balance of contract liabilities as at 31 December 2018 will be recognised as revenue in profit or loss within twelve months subsequent to 31 December 2018 and classified as current liabilities.

27. RETIREMENT BENEFIT SCHEMES

The employees of the Group are members of a state-managed retirement benefit scheme operated by the PRC government. The Group is required to contribute certain percentage of 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.

The Company also participate the Mandatory Provident Fund Scheme under the rules and regulations of the Mandatory Provident Fund Schemes Authority. The Group's employees are required to join the scheme. The Group has followed the minimum statutory contribution requirement of 5% of eligible employees' relevant aggregated income with a cap of HK\$1,500 per employee per month.

26. 合約負債(續)

倘本集團於交付貨品前收到按金，則此將於合約開始時產生合約負債，直至i)將貨品交付至客戶獲得貨品控制權的倉庫或ii)客戶直接自本集團倉庫提取貨品(如適用)時，方可確認收益。所要求按金數額因不同合約而有所區別。

就於二零一七年一月一日及二零一七年十二月三十一日的合約負債而言，全部結餘於下一個報告年度於損益內確認為收益。本公司董事預期合約負債於二零一八年十二月三十一日的全部結餘將於二零一八年十二月三十一日後十二個月內於損益內確認為收益且分類為流動負債。

27. 退休福利計劃

本集團僱員為中國政府營運之國家管理退休福利計劃成員。本集團須按薪金成本若干百分比向退休福利計劃供款，為福利提供資金。本集團就退休福利計劃之唯一義務乃作出指定供款。

本公司亦根據強制性公積金計劃管理局之條例及規例參與強積金計劃。本集團僱員須參與該計劃。本集團已依據最低法定供款要求(即合資格僱員有關總收入的5%，惟每名僱員每月不超過1,500港元)作出。

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27. RETIREMENT BENEFIT SCHEMES (Continued)

The total expense recognised in profit or loss of RMB878,000 (2017: RMB621,000) for the year ended 31 December 2018, represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

As at 31 December 2018, contributions of RMB353,000 (2017: RMB937,000) had not been paid over to the plans.

28. DEFERRED INCOME – GOVERNMENT GRANTS

The Group received grants from the PRC government authorities for funding of acquisitions of plant and equipment for conducting research and development of the biological reagents which benefits the society as a whole. The relevant deferred income would be amortised ranged from 5 to 10 years which represented the useful lives of the relevant assets.

Analysed for reporting purposes as:

| | | 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 |
|-------------------------|-------|-----------------------------------|-----------------------------------|
| Non-current liabilities | 非流動負債 | 430 | 220 |
| Current liabilities | 流動負債 | 45 | – |
| | | 475 | 220 |

29. COMBINED CAPITAL/SHARE CAPITAL

The combined capital as at 1 January 2017 represented the aggregate amount of the share capital of King Grace and the paid-up capital of Shenzhen Huakang.

The share capital of King Grace as at 1 January 2017 represented 100 issued and fully paid ordinary shares with a par value of US\$0.10 each.

27. 退休福利計劃(續)

截至二零一八年十二月三十一日止年度，於損益確認開支總額人民幣878,000元(二零一七年：人民幣621,000元)，為本集團應按計劃規則指定比率向該等計劃繳付之供款。

於二零一八年十二月三十一日，該等計劃中有人民幣353,000元(二零一七年：人民幣937,000元)尚未繳付。

28. 遞延所得稅 – 政府補助金

本集團自中國政府機構收到的補助金乃用於為收購廠房及設備撥資以進行生物製劑研發，此舉符合社會整體利益。有關遞延收入將於5至10年(即有關資產的可使用年期)內攤銷。

就報告目的分析如下：

29. 合併資本／股本

於二零一七年一月一日之合併資本為King Grace之股本及深圳華康已繳足股本之總額。

於二零一七年一月一日，King Grace股本為已發行及繳足之100股每股面值0.10美元之普通股。

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29. COMBINED CAPITAL/SHARE CAPITAL (Continued) 29. 合併資本／股本(續)

The paid-up capital of Shenzhen Huakang as at 1 January 2017 was US\$500,000, equivalent to approximately RMB3,469,000.

於二零一七年一月一日，深圳華康已繳足股本為500,000美元(相當於約人民幣3,469,000元)。

Share capital of the Company

本公司股本

| | | Number of share 股份數目 | Amount 金額 HK\$ 港元 | Amount 金額 RMB'000 人民幣千元 |
|---|--|----------------------------|----------------------------|----------------------------------|
| Authorised ordinary shares at HK\$0.01 per share: | 每股0.01港元之法定 普通股： | | | |
| At 3 August 2017 (date of incorporation) (Note 2(i)) and 31 December 2017 | 二零一七年八月三日 (註冊成立日期) (附註2(i))及二零一 七年十二月三十一 日 | 38,000,000 | 380,000 | 316 |
| Increased on 26 November 2018 (Note i) | 於二零一八年十一月 二十六日增加 (附註i) | 962,000,000 | 9,620,000 | 8,535 |
| At 31 December 2018 | 於二零一八年十二月 三十一日 | 1,000,000,000 | 10,000,000 | 8,851 |
| Issued and fully paid ordinary shares at HK\$0.01 per share: | 每股0.01港元之已發行及 繳足普通股： | | | |
| At 3 August 2017 (date of incorporation) (Note 2(i)) | 二零一七年八月三日 (註冊成立日期) (附註2(i)) | 1,000 | 10 | - |
| Share allotments | 配發股份 | | | |
| - on 28 August 2017 (Note 2(ii)) | - 於二零一七年 八月二十八日 (附註2(ii)) | 9,000 | 90 | - |
| - on 31 August 2017 (Note 2(iii)) | - 於二零一七年 八月三十一日 (附註2(iii)) | 2,500 | 25 | - |
| At 31 December 2017 | 於二零一七年十二月 三十一日 | 12,500 | 125 | - |
| Issue of shares pursuant to the Capitalisation Issue (Note ii) | 根據資本化發行發行 股份(附註ii) | 299,987,500 | 2,999,875 | 2,632 |
| Issue of shares under the share offer (Note iii) | 根據股份發售發行股份 (附註iii) | 100,000,000 | 1,000,000 | 877 |
| At 31 December 2018 | 於二零一八年十二月 三十一日 | 400,000,000 | 4,000,000 | 3,509 |

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29. COMBINED CAPITAL/SHARE CAPITAL (Continued)

Share capital of the Company (Continued)

Notes:

- (i) On 26 November 2018, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each to HK\$10,000,000 divided into 1,000,000,000 shares of HK\$0.01 each by the creation of an additional 962,000,000 new shares of HK\$0.01 each ranking pari passu with the existing shares in all respects.
- (ii) On 13 December 2018, the Company capitalised the amount of HK\$2,999,875 standing to the credit of the share premium account of the Company and applied the amount towards paying up in full at par 299,987,500 shares for allotment and issue to the shareholders (“**Capitalisation Issue**”).
- (iii) On 13 December 2018, the Company issued 100,000,000 shares of HK\$0.01 each at HK\$0.5 per share upon the completion of its share offer. On the same date, the Company’s shares were listed on GEM of the Stock Exchange.

29. 合併資本／股本(續)

本公司股本(續)

附註：

- (i) 於二零一八年十一月二十六日，本公司法定股本由380,000港元(分為38,000,000股每股面值0.01港元之股份)經新增在所有方面與現有股份享有同等權益的962,000,000股每股面值0.01港元之新股份後而增加至10,000,000港元(分為1,000,000,000股每股面值0.01港元之股份)。
- (ii) 於二零一八年十二月十三日，本公司將本公司股份溢價賬的進賬金額2,999,875港元資本化，並應用上述金額按面值繳足向股東配發及發行的299,987,500股股份(「**資本化發行**」)。
- (iii) 於二零一八年十二月十三日，本公司於其股份發售完成後按每股0.5港元發行100,000,000股每股面值0.01港元住股份。同日，本公司股份於聯交所GEM上市。

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30. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

| | | 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 |
|--------------------------|-------|-----------------------------------|-----------------------------------|
| Within one year | 一年內 | 574 | 111 |
| Within two to five years | 兩年至五年 | 463 | - |
| | | 1,037 | 111 |

The operating lease commitments as at 31 December 2018 and 2017 represent rental commitments by the Group for its factories and office premises. Leases and rentals are negotiated and fixed for a term of three months to two years.

30. 經營租賃承擔

本集團作為承租人

於報告期末，本集團於以下日期到期之不可撤回經營租賃項下之未來最低租賃付款承擔如下：

| | 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 |
|--|-----------------------------------|-----------------------------------|
| | 574 | 111 |
| | 463 | - |
| | 1,037 | 111 |

於二零一八年及二零一七年十二月三十一日，經營租賃承擔指本集團之工廠及辦公室物業之租金承擔。租約及租金經磋商釐定，年期固定為三個月至兩年。

31. CAPITAL COMMITMENTS

Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements

就購買物業、廠房及設備之已訂約但並無於綜合財務報表計提之資本承擔

| | 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 |
|--|-----------------------------------|-----------------------------------|
| | 329 | 221 |

31. 資本承擔

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32. 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 equity attributable to owners of the Company, comprising combined capital/issued share capital, accumulated profits and other reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt.

32. 資金風險管理

本集團管理層管理其資金，務求透過優化債務與權益間之平衡，確保本集團可持續經營，同時為股東方帶來最大回報。本集團整體策略較去年維持不變。

本集團的資本架構由本公司擁有人應佔股權(包括合併資本/已發行股本、累計溢利及其他儲備)組成。

本公司董事經計及資本成本及各類資本相關風險定期檢討資本架構。根據董事之推薦意見，本集團將透過派息、新股份發行以及發行新債務方式平衡其整體資本架構。

33. FINANCIAL INSTRUMENTS

Categories of financial instruments

33. 金融工具

金融工具類別

| | | 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 |
|--|------------------------|-----------------------------------|-----------------------------------|
| Financial assets | 金融資產 | | |
| Amortised cost | 攤銷成本 | 65,993 | N/A 不適用 |
| Loans and receivables (including bank balances and cash) | 貸款及應收款項 (包括銀行結餘及現金) | N/A 不適用 | 30,064 |
| Financial liabilities | 金融負債 | | |
| Amortised cost | 攤銷成本 | 9,667 | 7,859 |

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33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables, bank balances and cash, trade payables, other payables and accrued charges and amount due to Shenzhen Junxuan. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risks (currency risk and interest rate risk), credit risk and impairment assessment 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 risk

Currency risk

The Group has certain bank balances and cash and other payables and accrued charges which are denominated in foreign currency which exposed the Group to foreign exchange risk. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

| | | Assets | | Liabilities | |
|------|----|---------|---------|-------------|---------|
| | | 資產 | | 負債 | |
| | | 2018 | 2017 | 2018 | 2017 |
| | | 二零一八年 | 二零一七年 | 二零一八年 | 二零一七年 |
| | | 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 |
| HK\$ | 港元 | 34,447 | 4,757 | 4,196 | 3,943 |
| US\$ | 美元 | 11 | 11 | - | - |

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises.

33. 金融工具(續)

財務風險管理目標及政策

我們的主要金融工具包括貿易應收款項、其他應收款項、銀行結餘及現金、貿易應付款項、其他應付款項及應計費用以及應付深圳君軒款項。該等金融工具的詳情於相關附註披露。與該等金融工具相關的風險包括市場風險(貨幣風險及利率風險)、信貸風險及減值評估以及流動資金風險。減低該等風險之政策載於下文。管理層管理及監察該等風險，確保以及時及有效之方式實行適當措施。

市場風險

貨幣風險

本集團有若干銀行結餘及現金以及其他應付款項及應計費用以外幣計值，因而令本集團面臨匯兌風險。本集團於報告期末以外幣計值之貨幣資產及貨幣負債之賬面值如下：

本集團現時並無任何匯兌對沖政策。然而，本集團管理層監察匯兌風險，將於有需要時考慮對沖重大匯兌風險。

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

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis

The Group is mainly exposed currency risk related to HK\$. The sensitivity analysis includes only outstanding monetary items which are denominated in HK\$ and adjusts its translation at the year end for a 5% change in HK\$ exchange rates. 5% (2017: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The analysis below illustrates the impact for a 5% strengthening of the functional currency of the Group against HK\$ and a positive number below indicates an increase in post-tax loss. For a 5% weakening of the functional currency of the Group against the HK\$, there would be an equal and opposite impact on the loss and the number below would be negative.

33. 金融工具(續)

財務風險管理目標及政策(續)

市場風險(續)

貨幣風險(續)

敏感度分析

本集團主要承擔港元相關貨幣風險。敏感度分析僅包括以港幣列值的未結算貨幣項目，並在年末對有關項目按5%港幣匯率變化進行換算調整。內部使用5%（二零一七年：5%）的敏感度比率向主要管理層人士報告外幣風險，其亦指管理層所評估外幣匯率的合理變幅。下文所示的正數表示年內本集團功能貨幣兌港幣升值5%的影響，及下文正數表示除稅後虧損增加。倘本集團功能貨幣兌港幣貶值5%，虧損則會受等額相反影響及下文顯示為負數。

| | | HK\$ impact 港幣影響 | |
|---------------------------|---------|---------------------|------------------|
| | | 2018 二零一八年 | 2017 二零一七年 |
| | | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| Increase in post-tax loss | 除稅後虧損增加 | 1,286 | 35 |

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

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances (Note 22).

The Group cash flow interest rate risk is mainly concentrated on the fluctuation of prevailing market interest rates on bank balances. The Group currently does not have any interest rate hedging policy. However, the management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

Total interest income from financial assets that are measured at amortised cost is as follows:

33. 金融工具(續)

財務風險管理目標及政策(續)

市場風險(續)

利率風險

本集團須承擔有關浮息銀行結餘(附註22)之現金流量利率風險。

本集團的現金流量利率風險主要集中於來自本集團銀行結餘的現行市場利率波動。本集團目前並無任何利率對沖政策，然而，本集團管理層監控利率風險並將於需要時考慮對沖重大利率風險。

來自按攤銷成本計量之金融資產之利息收入總額如下：

| | | 2018 二零一八年 RMB'000 人民幣千元 |
|--|--------------------|-----------------------------------|
| Financial assets at amortised cost | 按攤銷成本計量之金融資產 | 84 |
| Total interest income from financial assets that are measured at amortised cost is as follows: | | 2017 二零一七年 RMB'000 人民幣千元 |
| Loans and receivables (including bank balances and cash) | 貸款及應收款項(包括銀行結餘及現金) | 143 |

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

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk (Continued)

Interest expense on financial liabilities not measured at fair value through profit or loss:

| | 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 |
|--|-----------------------------------|-----------------------------------|
| Financial liabilities at amortised cost 按攤銷成本計量之金融負債 | – | 54 |

Sensitivity analysis

In the opinion of the directors of the Company, the expected change in interest rate will not have significant impact on the interest income from variable-rate bank balances, hence sensitivity analysis is not presented.

Credit risk and impairment assessment

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by counterparties is arising from the carrying amount of the respective recognised financial assets, including trade receivables, other receivables and bank balances as stated in the consolidated statement of financial position at the end of each reporting period.

The Group's concentration of credit risk by geographical locations is in the PRC, which accounted for 100% (2017: 100%) of the total trade receivables as at 31 December 2018.

33. 金融工具(續)

財務風險管理目標及政策(續)

市場風險(續)

利率風險(續)

並非按公平值計入損益之金融負債之利息開支如下：

| | 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 |
|--|-----------------------------------|-----------------------------------|
| Financial liabilities at amortised cost 按攤銷成本計量之金融負債 | – | 54 |

敏感度分析

本公司董事認為，預期利率變動將不會對自浮息銀行結餘產生之利息收入產生重大影響，因此並無呈列敏感度分析。

信貸風險及減值評估

因對手方未能履行責任而為本集團帶來財務虧損之本集團最大信貸風險，乃來自於各報告期末綜合財務狀況表所列各項已確認金融資產之賬面值，包括貿易應收款項、其他應收款項及銀行結餘。

於二零一八年十二月三十一日，按地理位置劃分，本集團的信貸風險集中在中國，佔全部貿易應收款項的100% (二零一七年：100%)。

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

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group has concentration of credit risk as 21% (2017: 15%) and 48% (2017: 39%) of the total trade receivables was due from the Group's largest customer and the five largest customers, respectively.

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group is responsible for determination of credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group also requests deposits from certain customers prior to goods delivery. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2017: incurred loss model) on trade balances based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Other receivables, balances with group companies and bank balances

The credit risks on other receivables and balances with group companies are significantly reduced as the management of the Group periodically monitors the balances to ensure that the counterparties are viable to settle the debts.

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

In this regard, the directors of the Company consider that the Group's credit risk on other receivables, balances with group companies and bank balances are significantly reduced.

33. 金融工具(續)

財務風險管理目標及政策(續)

信貸風險及減值評估(續)

本集團應收本集團最大客戶及五大客戶的貿易應收款項總額之信貸風險集中度分別為21% (二零一七年：15%)及48% (二零一七年：39%)。

來自合約客戶的貿易應收款項

為最大限度降低信貸風險，本集團管理層負責釐定信貸批核及其他監控程序，以確保採取跟進行動收回逾期債務。於交付貨品前，本集團亦要求若干客戶交付按金。此外，本集團於應用香港財務報告準則第9號後根據預期信貸虧損模式(二零一七年：已產生虧損模式)基於撥備矩陣就貿易結餘進行減值評估。就此而言，本公司董事認為本集團之信貸風險已大為減少。

其他應收款項、集團公司間結餘及銀行結餘

由於本集團定期監控結餘以確保對手方能夠結算債項，其他應收款項及集團公司間結餘之信貸風險大幅減少。

銀行結餘之信貸風險有限，乃由於交易對手方為具國際評級機構授予較高信貸評級的銀行。

就此而言，本公司董事認為本集團其他應收款項、集團公司間結餘及銀行結餘之信貸風險已顯著減少。

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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

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables, balances with group companies and bank balances (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

| 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 交易對手方違約風險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 |
| Normal risk 正常風險 | Debtor frequently repays after due dates but usually settle after due date 債務人經常於到期日後償付，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 |
| High risk 高風險 | There have been significant increases in credit risk since initial recognition through information developed internally 信貸風險自初步確認後於內部資料完善過程中大幅增加 | 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 |
| Credit impaired 信貸減值 | There is evidence indicating the asset is credit-impaired 有跡象表明資產出現信貸減值 | Lifetime ECL – credit-impaired 全期預期信貸虧損 – 出現信貸減值 | Lifetime ECL – credit-impaired 全期預期信貸虧損 – 出現信貸減值 |
| Write-off 核銷 | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery 有跡象表明債務人陷入嚴重的財務困境，因而貴集團收回款項的希望渺茫 | Amount is written off 款項已被核銷 | Amount is written off 款項已被核銷 |

33. 金融工具(續)

財務風險管理目標及政策(續)

信貸風險及減值評估(續)

其他應收款項、集團公司間結餘及銀行結餘(續)

本集團的內部信貸風險分級評估包括以下類別：

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33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables, balances with group companies and bank balances (Continued)

The table below details the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

33. 金融工具(續)

財務風險管理目標及政策(續)

信貸風險及減值評估(續)

其他應收款項、集團公司間結餘及銀行結餘(續)

下表為須進行預期信貸虧損評估的本集團金融資產的信貸風險詳情：

| 2018 | Notes | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount | |
|-------|-------|------------------------|--------------------------|-----------------------|---------|
| 二零一八年 | 附註 | 內部信貸評級 | 12個月或全期預期信貸虧損 | 賬面總值 | |
| | | | | RMB'000 | RMB'000 |
| | | | | 人民幣千元 | 人民幣千元 |

Financial assets at amortised cost

按攤銷成本計量之金融資產

| | | | | | |
|-------------------|----|-----------------|---------------------------------|--------|--------|
| Trade receivables | 20 | (Note i) | Lifetime ECL (provision matrix) | | |
| 貿易應收款項 | | (附註i) | 全期預期信貸虧損(撥備矩陣) | 10,336 | |
| | | Credit-impaired | Lifetime ECL Credit-impaired | | |
| | | 出現信貸減值 | 全期預期信貸虧損出現信貸減值 | 3,196 | 13,532 |
| Other receivables | 21 | (Note ii) | 12-month ECL | | |
| 其他應收款項 | | (附註ii) | 12個月預期信貸虧損 | 488 | |
| | | Credit-impaired | Lifetime ECL Credit-impaired | | |
| | | 出現信貸虧損 | 全期預期信貸虧損出現信貸減值 | 46 | 534 |
| | | | Total | | |
| | | | 總計 | | 14,066 |

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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

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables, balances with group companies and bank balances (Continued)

Notes:

- (i) 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 losses on these items by using a provision matrix, grouped by internal credit rating.
- (ii) 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. As of 31 December 2018, the Group has no past due other receivables.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its operation. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at 31 December 2018 within lifetime ECL (not credit-impaired).

33. 金融工具(續)

財務風險管理目標及政策(續)

信貸風險及減值評估(續)

其他應收款項、集團公司間結餘及銀行結餘(續)

附註：

- (i) 就貿易應收款項而言，本集團已應用香港財務報告準則第9號內的簡化方法計量全期預期信貸虧損的虧損撥備。除出現信貸減值之債務人外，本集團使用撥備矩陣按內部信貸評級分組就該等項目釐定預期信貸虧損。
- (ii) 就內部信貸風險管理而言，本集團使用逾期資料評估信貸風險自初始確認以來是否大幅增加。於二零一八年十二月三十一日，本集團概無其他應收款項逾期。

作為本集團信貸風險管理之一部分，本集團就其營運相關客戶應用內部信貸評級。下表為有關貿易應收款項於二零一八年十二月三十一日基於撥備矩陣之信貸風險資料，乃於全期預期信貸虧損(無信貸減值)內評估。

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

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Gross carrying amount

Internal credit rating

內部信貸評級

| | |
|-------------|------|
| Low risk | 低風險 |
| Normal risk | 正常風險 |
| High risk | 高風險 |

33. 金融工具(續)

財務風險管理目標及政策(續)

賬面總值

| Average loss rate (rounded) | Trade receivables |
|-----------------------------------|----------------------|
| 平均 虧損率約數 | 貿易 應收款項 |
| | RMB'000 人民幣千元 |

| | | | |
|--|--|------|--------|
| | | 3.0% | 4,538 |
| | | 4.5% | 4,739 |
| | | 8.0% | 1,059 |
| | | | 10,336 |

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, impairment allowance of RMB427,000 was made and charged to profit or loss for trade receivable based on the provision matrix. Impairment allowance of RMB968,000, net of reversal, was made and charged to profit or loss for credit-impaired trade receivable.

估計虧損率乃基於債務人於預期年期的過往觀察所得的違約率估計，並按毋需花費過多成本或精力可取得的前瞻性資料調整。管理層定期檢討分組以確保及時更新有關特定債務人的相關資料。

截至二零一八年十二月三十一日止年度，本集團依據撥備矩陣就貿易應收款項自損益計提人民幣427,000元減值撥備。就出現信貸減值之貿易應收款項自損益計提減值撥備人民幣968,000元(扣除撥回)。

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

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Gross carrying amount (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach:

| | | 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 RMB'000 人民幣千元 |
|----------------------------|---------------|---|--|---|
| As at 1 January 2018 | 於二零一八年一月一日 | - | 1,429 | 1,429 |
| Impairment recognised | 已確認減值 | 427 | 1,342 | 1,769 |
| Impairment losses reversed | 已撥回減值虧損 | - | (374) | (374) |
| At 31 December 2018 | 於二零一八年十二月三十一日 | 427 | 2,397 | 2,824 |

Changes in the loss allowance for trade receivables of the Group are mainly due to the provision of lifetime ECL for those non credit-impaired trade debtors and credit-impaired trade debtors with a gross carrying amount of RMB10,336,000 and RMB3,196,000 during the year ended 31 December 2018, respectively.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

33. 金融工具(續)

財務風險管理目標及政策(續)

賬面總值(續)

下表載示就貿易應收款項使用簡化法確認之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 RMB'000 人民幣千元 |
|----------------------------|---|--|---|
| As at 1 January 2018 | - | 1,429 | 1,429 |
| Impairment recognised | 427 | 1,342 | 1,769 |
| Impairment losses reversed | - | (374) | (374) |
| At 31 December 2018 | 427 | 2,397 | 2,824 |

截至二零一八年十二月三十一日止年度，本集團貿易應收款項虧損撥備變動主要由於就該等無信貸減值之貿易債項及出現信貸減值之貿易債項之賬面總值人民幣10,336,000元及人民幣3,196,000元分別計提全期預期信貸虧損撥備。

倘有跡象表明債務人陷入嚴重的財務困境而令本集團收回款項的希望渺茫(例如債務人已經清盤或進入破產程序)或貿易應收款項已逾期超過兩年(以較早發生者為準)時，本集團則核銷貿易應收款項。

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

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Gross carrying amount (Continued)

The following tables show reconciliation of loss allowances that has been recognised for other receivables.

33. 金融工具(續)

財務風險管理目標及政策(續)

賬面總值(續)

下表顯示已就其他應收款項確認之虧損撥備對賬。

| | | 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 |
|----------------------------|---------------|--|
| At 1 January 2018 | 於二零一八年一月一日 | 70 |
| Impairment recognised | 已確認減值 | 1 |
| Impairment losses reversed | 已撥回減值虧損 | (25) |
| At 31 December 2018 | 於二零一八年十二月三十一日 | 46 |

Changes in the loss allowance for other receivables of the Group are mainly due to the settlement in full of credit-impaired other receivables with a gross carrying amount of RMB25,000 during the year ended 31 December 2018.

截至二零一八年十二月三十一日止年度，本集團其他應收款項虧損撥備變動主要由於全部結算出現信貸減值之其他應收款項賬面總值人民幣25,000元。

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

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

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 following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

33. 金融工具(續)

財務風險管理目標及政策(續)

流動資金風險

管理流動資金風險方面，本集團監察及維持現金及現金等價物於管理層視為充足的水平，以提供本集團經營業務所需資金，並減少現金流波動的影響。

下表詳列本集團非衍生金融負債的剩餘合約期。下表乃根據金融負債的未折現現金流量編製，該等金融負債乃根據本集團可能須付款的最早日期分類。

| | | Weighted average effective interest rate | Repayable on demand or less than 3 months | Total undiscounted cash flows | Total carrying amount |
|---|----------------|---|--|-------------------------------------|-----------------------------|
| | | 加權平均 實際利率 | 按要求償還或 3個月內 | 未折現現金 流量總額 | 賬面值總額 |
| | | % | RMB'000 | RMB'000 | RMB'000 |
| | | % | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| As at 31 December 2018 | 於二零一八年十二月三十一日 | | | | |
| Non-derivative financial liabilities | 非衍生金融負債 | | | | |
| Trade payables | 貿易應付款項 | - | 927 | 927 | 927 |
| Other payables and accrued charges | 其他應付款項及應計費用 | - | 8,740 | 8,740 | 8,740 |
| | | | 9,667 | 9,667 | 9,667 |

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

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

| | Weighted average effective interest rate | Repayable on demand or less than 3 months | Total undiscounted cash flows | Total carrying amount |
|---|--|---|-------------------------------|-----------------------|
| | 加權平均實際利率 | 按要求償還或3個月內 | 未折現現金流量總額 | 賬面值總額 |
| | % | RMB'000 | RMB'000 | RMB'000 |
| | % | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| As at 31 December 2017 | 於二零一七年十二月三十一日 | | | |
| Non-derivative financial liabilities | 非衍生金融負債 | | | |
| Trade payables | 貿易應付款項 | - | 866 | 866 |
| Other payables and accrued charges | 其他應付款項及應計費用 | - | 6,883 | 6,883 |
| Amount due to Shenzhen Junxuan | 應付深圳君軒款項 | - | 110 | 110 |
| | | | 7,859 | 7,859 |

33. 金融工具(續)

財務風險管理目標及政策(續)

流動資金風險(續)

金融工具之公平值計量

本集團並非按循環基準公平值計量的金融資產及金融負債的公平值

本公司管理層認為，基於折現現金流量分析，按攤銷成本於綜合財務報表入賬的金融資產及金融負債的賬面值與其公平值相若。

Fair value measurements of financial instruments

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

The directors of the Company consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values based on a discounted cash flow analysis.

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

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES 34. 融資活動產生之負債之對賬

The table below details changes in the Group's liabilities arising from financing activities. 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.

下表詳述本集團融資活動產生之負債變動。融資活動產生之負債乃指其現金流量或未來現金流量將於本集團綜合現金流量表中分類為融資活動現金流量之負債。

| | | Accrued shares issued cost 累計股份發行 成本 RMB'000 人民幣千元 | Bank borrowings 銀行借貸 RMB'000 人民幣千元 | Amount due to Shenzhen Junxuan 應付深圳君軒 款項 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|----------------------------|---------------|--|--|--|---------------------------------|
| At 1 January 2017 | 於二零一七年一月一日 | - | 950 | 6,157 | 7,107 |
| Financing cash flows | 融資現金流量 | (2,512) | (1,004) | (6,047) | (9,563) |
| Interest expense (Note 11) | 利息開支(附註11) | - | 54 | - | 54 |
| Accrued shares issued cost | 累計股份發行成本 | 3,542 | - | - | 3,542 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 1,030 | - | 110 | 1,140 |
| Financing cash flows | 融資現金流量 | (7,258) | - | (110) | (7,368) |
| Accrued shares issued cost | 累計股份發行成本 | 6,228 | - | - | 6,228 |
| As 31 December 2018 | 於二零一八年十二月三十一日 | - | - | - | - |

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

35. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had entered into following transactions with its related party during the year ended 31 December 2018 and 2017:

| | | 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 received from Shenzhen Junxuan | 已收深圳君軒之利息收入 | - | 54 |
| Rental and utilities expenses paid to Shenzhen Junxuan | 已付深圳君軒之租金及公共開支 | 873 | 709 |

Shenzhen Junxuan is the ultimate holding company of Shenzhen Huakang prior to the completion of the Group Reorganisation as defined in Note 2 and Shenzhen Junxuan is ultimately controlled by Mr. Zhang, the director of the Company and Shenzhen Huakang, during the years ended 31 December 2018 and 2017.

Compensation of key management personnel

The emoluments of executive directors as key management personnel of the Group during the years ended 31 December 2018 and 2017 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 |
|--------------------------|-------|-----------------------------------|-----------------------------------|
| Short-term benefits | 短期福利 | 479 | 399 |
| Post-employment benefits | 退休後福利 | 58 | 36 |
| | | 537 | 435 |

35. 關連方交易

除於綜合財務報表其他地方之披露外，截至二零一八年及二零一七年十二月三十一日止年度，本集團與其關連方訂立以下交易：

| | 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 |
|--|-----------------------------------|-----------------------------------|
| Interest income received from Shenzhen Junxuan | - | 54 |
| Rental and utilities expenses paid to Shenzhen Junxuan | 873 | 709 |

截至二零一八年及二零一七年十二月三十一日止年度，於完成集團重組(定義見附註2)前，深圳君軒為深圳華康之最終控股公司以及深圳君軒由本公司及深圳華康之董事張曙光先生最終控制。

主要管理人員薪酬

執行董事(作為本集團主要管理人員)截至二零一八年及二零一七年十二月三十一日止年度之薪酬如下：

| | | 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 |
|--------------------------|-------|-----------------------------------|-----------------------------------|
| Short-term benefits | 短期福利 | 479 | 399 |
| Post-employment benefits | 退休後福利 | 58 | 36 |
| | | 537 | 435 |

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

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY 36. 本公司主要附屬公司之詳情

Details of the subsidiaries directly and indirectly held by the Company since the completion of the Group Reorganisation are set out below.

自集團重組完成後，本公司直接及間接持有之附屬公司詳情載列如下：

| Name of subsidiary 附屬公司名稱 | Place of incorporation/ establishment 註冊成立/成立地點 及日期 | Paid up issued/ registered capital 已發行及繳足股本/ 已繳足資本 | Proportion ownership interest and voting power held by the Company 本公司所持所有權權益及及投票權比例 | | | | Principal activities 主要業務 |
|------------------------------|--|---|--|---------------|------------------|---------------|--|
| | | | Directly 直接 | | Indirectly 間接 | | |
| | | | 2018 二零一八年 | 2017 二零一七年 | 2018 二零一八年 | 2017 二零一七年 | |
| Huakang BVI | BVI | Issued and fully paid share capital US\$1 | 100% | 100% | N/A | N/A | Investment holding |
| 華康生物醫學 | 英屬處女群島 | 已發行及繳足股本 1美元 | 100% | 100% | 不適用 | 不適用 | 投資控股 |
| King Grace | BVI | Issued and fully paid share capital US\$10 | N/A | N/A | 100% | 100% | Investment holding |
| King Grace | 英屬處女群島 | 已發行及繳足股本 10美元 | 不適用 | 不適用 | 100% | 100% | 投資控股 |
| Shenzhen Huakang | The PRC | Paid-up registered capital US\$500,000 | N/A | N/A | 100% | 100% | Research and development, manufacture, marketing and sale of biological reagents and auxiliary reproductive supplies and equipment |
| 深圳華康 | 中國 | 已發行及繳足股本 500,000美元 | 不適用 | 不適用 | 100% | 100% | 研發、生產、營銷及銷售體外診斷試劑及輔助生育用品和設備 |

None of the subsidiaries had issued any debt securities at the end of reporting period.

於報告期末，概無附屬公司發行任何債務證券。

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

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY 37. 財務報表及本公司儲備

| | | 2018 | 2017 |
|---|----------------|---------|---------|
| | | 二零一八年 | 二零一七年 |
| | | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 |
| Non-current asset | 非流動資產 | | |
| Investment in a subsidiary | 於一間附屬公司之投資 | – | – |
| Current assets | 流動資產 | | |
| Other receivables, deposits and prepayments | 其他應收款項、按金及預付款項 | 302 | 3,542 |
| Amount due from a subsidiary | 應收一間附屬公司之款項 | 1,724 | 5,553 |
| Bank balances and cash | 銀行結餘及現金 | 34,425 | – |
| | | 36,451 | 9,095 |
| Current liability | 流動負債 | | |
| Other payables and accrued charges | 其他應付款項及應計費用 | 6,118 | 4,337 |
| | | 6,118 | 4,337 |
| Net current assets | 流動資產淨值 | 30,333 | 4,758 |
| Net assets | 資產淨值 | 30,333 | 4,758 |
| Capital and reserves | 資本及儲備 | | |
| Share capital | 股本 | 3,509 | – |
| Reserves | 儲備 | 26,824 | 4,758 |
| Total equity | 權益總額 | 30,333 | 4,758 |

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

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued) **37. 財務報表及本公司儲備(續)**

| Movement in the Company's reserves | | 本公司儲備變動 | | |
|--|--------------------------------|----------------|--------------------|----------|
| | | Share premium | Accumulated losses | Total |
| | | 股份溢價 | 累計虧損 | 總計 |
| | | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| At 3 August 2017 (date of incorporation) | 二零一七年八月三日(註冊成立日期) | - | - | - |
| Loss and total comprehensive expense for the period | 期內虧損及全面開支總額 | - | (11,909) | (11,909) |
| Share allotment on 31 August 2017 (Notes 2(i) and (iii)) | 於二零一七年八月三十一日配發股份(附註2(i)及(iii)) | 16,667 | - | 16,667 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 16,667 | (11,909) | 4,758 |
| Issue of shares pursuant to the Capitalisation Issue (Note 29(ii)) | 根據資本化發行發行股份(附註29(ii)) | (2,632) | - | (2,632) |
| Issue of shares under the share offer (Note 29(iii)) | 根據股份發售發行股份(附註29(iii)) | 42,983 | - | 42,983 |
| Transaction costs directly attributable to issue of shares | 發行股份之直接應佔交易成本 | (9,770) | - | (9,770) |
| Loss and total comprehensive expense for the year | 年內虧損及全面開支總額 | - | (8,515) | (8,515) |
| As 31 December 2018 | 於二零一八年十二月三十一日 | 47,248 | (20,424) | 26,824 |

FINANCIAL SUMMARY

財務概要

A summary of the results, assets and liabilities of the Group for the last four financial years is set out below. This summary does not form part of the consolidated financial statements.

本集團於過往四個財政年度之業績、資產及負債及非控股權益概要載列如下。本概要並不構成綜合財務報表之其中一部分。

RESULTS

業績

| | | 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 | 2016 二零一六年 RMB'000 人民幣千元 | 2015 二零一五年 RMB'000 人民幣千元 |
|---|-----------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Revenue | 收入 | 28,677 | 26,541 | 25,410 | 19,456 |
| Profit (loss) before taxation | 除稅前溢利（虧損） | 1,242 | (247) | 9,944 | 9,203 |
| Taxation | 稅項 | (1,701) | (1,705) | (1,518) | (1,269) |
| Profit (loss) and total comprehensive income (expense) for the year attributable to the owners of the Company | 本公司擁有人應佔年度溢利（虧損）及全面收入（開支）總額 | (459) | (1,952) | 8,462 | 7,934 |

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

資產、負債及非控股權益

| | | | | | |
|-------------------------------|--------------|--------|--------|--------|--------|
| Assets | 資產 | | | | |
| Non-current assets | 非流動資產 | 13,667 | 12,507 | 7,666 | 7,867 |
| Current assets | 流動資產 | 69,767 | 35,915 | 29,782 | 19,621 |
| Total assets | 資產總值 | 83,434 | 48,422 | 37,448 | 27,488 |
| Equity and liabilities | 權益及負債 | | | | |
| Total equity | 權益總額 | 71,021 | 37,390 | 24,201 | 15,775 |
| Non-current liabilities | 非流動負債 | 430 | 220 | 615 | 1,250 |
| Current liabilities | 流動負債 | 11,983 | 10,812 | 12,632 | 10,463 |
| Total liabilities | 負債總額 | 12,413 | 11,032 | 13,247 | 11,713 |
| Total equity and liabilities | 權益及負債總額 | 83,434 | 48,422 | 37,448 | 27,488 |



Huakang Biomedical Holdings Company Limited
華康生物醫學控股有限公司