



BEST LINKING GROUP HOLDINGS LIMITED

永聯豐集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 8617

2019 ANNUAL REPORT 年報



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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.

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香港聯合交易所有限公司(「聯交所」) GEM 的特色

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Corporate Information

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Yuk Pan (*Chairman and Chief Executive Officer*)

Mr. Chan Lung Pan

Independent Non-Executive Directors

Mr. Chan Wan Tsun Adrian Alan

Ms. Tsang Hau Lam

Ms. Tam Ho Ting

AUDIT COMMITTEE

Mr. Chan Wan Tsun Adrian Alan (*Chairman*)

Ms. Tam Ho Ting

Ms. Tsang Hau Lam

REMUNERATION COMMITTEE

Ms. Tam Ho Ting (*Chairman*)

Mr. Chan Lung Pan

Ms. Tsang Hau Lam

NOMINATION COMMITTEE

Mr. Chan Yuk Pan (*Chairman*)

Mr. Chan Wan Tsun Adrian Alan

Ms. Tam Ho Ting

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

COMPANY SECRETARY

Mr. Chan Ho Chee Gilbert (CPAA)

AUTHORISED REPRESENTATIVES

Mr. Chan Yuk Pan

Mr. Chan Ho Chee Gilbert

COMPLIANCE OFFICER

Mr. Chan Yuk Pan

董事會

執行董事

陳煜彬先生 (*主席兼行政總裁*)

陳龍彬先生

獨立非執行董事

陳弘俊先生

曾巧臨女士

譚可婷女士

審計委員會

陳弘俊先生 (*主席*)

譚可婷女士

曾巧臨女士

薪酬委員會

譚可婷女士 (*主席*)

陳龍彬先生

曾巧臨女士

提名委員會

陳煜彬先生 (*主席*)

陳弘俊先生

譚可婷女士

註冊辦事處

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

公司秘書

陳浩賜先生 (CPAA)

授權代表

陳煜彬先生

陳浩賜先生

合規主任

陳煜彬先生

COMPLIANCE ADVISER

LY Capital Limited
Rooms 1901-02, China Insurance Group Building
141 Des Voeux Road Central
Hong Kong

LEGAL ADVISER AS TO HONG KONG LAW

Robertsons
57th Floor, The Center
99 Queen's Road Central
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building
Central
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1226B, 12/F
Star House
No. 3 Salisbury Road
Kowloon
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 6 Gongye 2nd Cross Road
Tutang 2nd Industrial Zone
Changping
Dongguan
Guangdong
China

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

合規顧問

絡繹資本有限公司
香港
德輔道中 141 號
中保集團大廈 1901-02 室

法律顧問(有關香港法律)

羅拔臣律師事務所
香港
皇后大道中 99 號
中環中心 57 樓

核數師

羅兵咸永道會計師事務所
執業會計師
香港
中環
太子大廈 22 樓

香港總部及主要營業地點

香港
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12 樓 1226B 室

中國總部及主要營業地點

中國
廣東省
東莞市
常平鎮
土塘工業二區
工業二橫路 6 號

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 54 樓

Corporate Information

公司資料

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

PRINCIPAL BANKERS

Hang Seng Bank Limited
DBS Bank (Hong Kong) Ltd
China Construction Bank, Dongguan Branch, Changping Sub-branch

COMPANY WEBSITE

www.blg.hk

STOCK CODE

08617

開曼群島股份過戶登記總處

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

主要往來銀行

恒生銀行有限公司
星展銀行(香港)有限公司
中國建設銀行東莞市分行常平支行

公司網站

www.blg.hk

股份代號

08617

Financial Highlights

財務摘要

For the year

Highlights of consolidated statements of comprehensive income

年內

綜合全面收入表摘要

		FY2019 二零一九 財政年度 HK\$'000 千港元	FY2018 二零一八 財政年度 HK\$'000 千港元
Revenue	收入	67,509	46,267
Gross profit	毛利	31,467	21,708
Profit before taxation	除稅前溢利	10,557	12,467
Profit for the year	年內溢利	6,963	9,735
Total comprehensive income for the year	年內全面總收入	6,272	8,080

Non-HKFRS measures

非香港財務報告準則計量

		FY2019 二零一九 財政年度 HK\$'000 千港元	FY2018 二零一八 財政年度 HK\$'000 千港元
Profit for the year	年內溢利	6,963	9,735
Add: Non-recurring items — Listing expenses	加：非經常項目 — 上市開支	13,092	4,681
Adjusted profit for the year (Note)	年內經調整溢利(附註)	20,055	14,416

Note: Adjusted profit for the year/period refers to profit/(loss) for the year/period excluding non-recurring listing expenses. This non-HKFRS financial data is a supplemental financial measure that is not required by, or presented in accordance with, the HKFRS and is therefore referred to as a "non-HKFRS" financial measure. It is not a measurement of our financial performance under the HKFRS and should not be considered as an alternative measure to profit from operations or any other performance measures derived in accordance with the HKFRS, or as an alternative measure to cash flows from operating activities or as a measure of our liquidity.

附註：年/期內經調整溢利指不包括非經常上市開支之年/期內溢利/(虧損)。此非香港財務報告準則數據為補充財務指標，香港財務報告準則並規定或按其呈列，因此屬「非香港財務報告準則」的財務指標。此非我們於香港財務報告準則下的財務表現指標，不應視為營運溢利的另一指標或根據香港財務報告準則衍生的任何其他表現指標，或經營活動現金流量的另一指標或流動資金的指標。

Financial Highlights

財務摘要

At year end

Highlights of consolidated statements of financial positions

年末

綜合財務表現摘要

		FY2019 二零一九 財政年度 HK\$'000 千港元	FY2018 二零一八 財政年度 HK\$'000 千港元
Non-current assets	非流動資產	9,799	9,357
Current assets	流動資產	91,247	40,166
Current liabilities	流動負債	(6,310)	(7,333)
Net current assets	流動資產淨額	84,937	32,833
Net assets	資產淨額	92,398	39,615

Revenue

收入

		For the year ended 31 December 截至十二月三十一日止年度			
		2019 二零一九年		2018 二零一八年	
		HK\$' 000 千港元	% %	HK\$'000 千港元	% %
Slewing rings	迴轉支承				
ODM	ODM	42,818	63.4	31,114	67.3
OEM	OEM	951	1.4	1,272	2.7
OBM	OBM	5,569	8.3	1,304	2.8
Others rings	其他支承	10,612	15.7	7,620	16.5
		59,950	88.8	41,310	89.3
Other machinery and parts	其他機械及部件	7,559	11.2	4,957	10.7
		67,509	100.0	46,267	100.0

Note: Others rings mainly include revenue derived from the sales of slewing rings that we do not currently produce.

附件：其他支承主要包括來自出售我們現時並無生產的迴轉支承。

About Us 關於我們

Best Linking Group Holdings Limited (the “**Company**”), together with its subsidiaries, (the “**Group**”), is a premium manufacturer of slewing rings and also an “one-stop service” provider as we are able to source other slewing rings, machineries and other mechanical parts and components of machineries for customers. We manufacture slewing rings that conform to applicable Japanese Industrial Standards (JIS), which has higher quality control requirements than that produced in many other countries in the world. Our principal subsidiaries include Best Linking Limited (“**Best Linking**”), Wing Fung Machinery Company Limited (“**Wing Fung**”) and Kyoei Seiki Co., Limited (“**Kyoei Seiki**”).

Our Group’s business commenced in 2007 when Mr. Chan Yuk Pan, the executive Director, chief executive officer and chairman of our Board, and the Controlling Shareholder of our Group, utilised the internal resources of Wing Fung, the investment holding company of Kyoei Seiki, a company incorporated in Hong Kong in November 2005, to establish Kyoei Seiki in September 2007. Since 2012, Best Linking commenced distribution of slewing rings manufactured by Kyoei Seiki and sourcing of other products for our customers.

As our business continued to grow, we have expanded our customer base significantly. In 2010 and 2012, impressed by our products, a listed company on the Singapore Exchange, which was principally engaged in the trading of heavy machinery and diesel engine parts, and a leading machinery and parts supply company in Japan became our customer and entered into business relationship with us ever since. From 2011 to 2015, three Japanese equipment manufacturers also became our regular original equipment manufacturing (“**OEM**”) basis customers.

The Company is an exempted company incorporated in the Cayman Islands with limited liability on 26 October 2018. On 15 November 2019 (the “**Listing Date**”), the shares of the Company were successfully listed on GEM of The Stock Exchange of Hong Kong Limited by way of the offering of 100,000,000 new shares (the “**Share Offer**”) (the “**Listing**”).

永聯豐集團控股有限公司(「**本公司**」)連同其附屬公司(「**本集團**」)為優質迴轉支承製造商及「一站式服務」供應商，因為我們能夠為客戶採購其他迴轉支承、機械及機械的其他機件及部件。我們製造的迴轉支承符合適用日本工業標準，而該標準對生產迴轉支承的品質監控要求較世界很多其他國家更為嚴格。我們的主要附屬公司包括永聯豐有限公司(「**永聯豐**」)、榮豐機械有限公司(「**榮豐**」)及東莞共榮精密機械有限公司(「**共榮精密機械**」)。

本集團業務始於二零零七年，當時本集團執行董事、行政總裁及董事會主席及控股股東陳煜彬先生在二零零七年九月利用榮豐(共榮精密機械的投資控股公司，於二零零五年十一月在香港註冊成立)的內部資源成立共榮精密機械。自二零一二年，永聯豐開始分銷共榮精密機械製造的迴轉支承及為客戶採購其他產品。

鑒於我們的業務持續增長，我們已大幅擴展客戶基礎。於二零一零年及二零一二年，我們的產品令人矚目，一間於新加坡交易所上市的公司(主要從事重型機械及柴油發動機零件買賣及為日本一間領先的機械和零件供應公司)成為我們的客戶並自此與我們建立業務關係。於二零一一年至二零一五年，三名日本設備製造商亦成為我們的常規原設備製造(「**OEM**」)基礎的客戶。

本公司為一間於二零一八年十月二十六日在開曼群島註冊成立的獲豁免有限公司。於二零一九年十一月十五日(「**上市日期**」)，透過發售100,000,000股新股份(「**股份發售**」)，本公司股份成功於香港聯合交易所有限公司GEM上市(「**上市**」)。

Chairman's Statement

主席報告

TO SHAREHOLDERS

Dear Shareholders,

On behalf of the board of directors of Best Linking Group Holdings Limited and its subsidiaries, I am pleased to present the annual results of the Group for the year ended 31 December 2019.

The shares of the Company were listed on GEM of the Stock Exchange on 15 November 2019. That was an important milestone in the development of the Group, which benefited the Group to strengthen its corporate values, becoming better known publicly, and gaining access to the capital markets. With strong support from various stakeholders, especially our long-standing customers, suppliers and other business partners, the process of our initial public offering ("IPO") went very smoothly. In addition to my gratitude to our management team for their dedicated effort and to various professional parties for their guidance and input during the IPO process, I would like to take this opportunity to express my sincere appreciation to our shareholders who have given a strong vote of confidence in the Group and its future.

RESULTS AND DIVIDEND

The Board of the Company has resolved to announce the annual consolidated results for the financial year ended 31 December 2019 on 25 March 2020. The total revenue for the financial year ended 31 December 2019 amounted to approximately HK\$67.5 million (2018: HK\$46.3 million), representing an increase of approximately 46%. The net profit for the year attributable to equity holders of the Company stood at approximately HK\$7.0 million (net profit in 2018: HK\$9.7 million). Basic and diluted earnings per share was approximately 2.2 HK cents (2018: 3.2 HK cents). The Board considered that the Group's result for the financial year ended 31 December 2019 was satisfactory. Excluding the non-recurring listing related expenses of approximately HK\$13.1 million and HK\$4.7 million, being charged to the consolidated statement of comprehensive income during 2019 and 2018, respectively, profit attributable to equity holders of the Company would have been approximately HK\$20.1 million and HK\$14.4 million for the years ended 31 December 2019 and 2018, respectively. The Board has proposed a final dividend of HK\$2 cents per share.

主席報告

各位股東：

本人謹代表永聯豐集團控股有限公司董事會欣然呈報本集團截至二零一九年十二月三十一日止年度之全年業績。

本公司股份於二零一九年十一月十五日於聯交所GEM上市，為本集團發展歷程中一個重要里程碑，使本集團能夠提升企業價值，增加知名度及進入資本市場。有賴各方的鼎力支持，尤其是長期客戶、供應商及其他業務合作夥伴，首次公开发售（「首次公开发售」）程序得以順利完成。本人除了感謝管理層團隊在首次公开发售過程中的不懈努力及各界專業人士的指導和投入，亦謹藉此機會衷心感謝股東對本集團及其未來投下信心的一票。

業績及股息

於二零二零年三月二十五日，本公司董事會謹此宣佈截至二零一九年十二月三十一日止財政年度之全年綜合業績。截至二零一九年十二月三十一日止財政年度總收益約為67.5百萬港元（二零一八年：46.3百萬港元），增加約46%。本公司權益持有人應佔年內淨溢利約為7.0百萬港元（二零一八年淨利潤：9.7百萬港元）。每股基本及攤薄盈利約為2.2港仙（二零一八年：3.2港仙）。董事會認為本集團截至二零一九年十二月三十一日止財政年度的業績令人滿意。撇除於二零一九年及二零一八年分別計入綜合全面收益表的非經常性上市相關開支約13.1百萬港元及4.7百萬港元，截至二零一九年及二零一八年十二月三十一日止年度，本公司權益持有人應佔溢利分別為約20.1百萬港元及14.4百萬港元。董事會建議末期股息每股2港仙。

Chairman's Statement

主席報告

OVERALL BUSINESS ENVIRONMENT

Our growth on revenue was driven by the rise in demand from ASEAN countries, especially Singaporean and Malaysian markets where we have footprints for up to 10 years. By leveraging the opportunity of The Belt and Road Initiative, Malaysia has cooperated with China to carry out a number of infrastructure construction projects. Those infrastructural constructions have driven the demand for slewing rings for construction equipment. We have built a strong foundation with customers in these countries and the traditional demand, such as forestry and mining activities on their natural resources, for construction and heavy equipment are also benefiting our Group.

Meanwhile, the ongoing trade war between the U.S. and the PRC, whereby the U.S. has imposed additional tariffs on a range of products imported into the U.S. from the PRC which included slewing rings, the tariff rate of slewing rings produced in the PRC has been further raised to 25% in July 2018. Despite the increase in the tariff rate, our Directors consider that there will be no material adverse effect on the results of our Group. This is primarily due to the fact that our sales to the direct customers in the U.S. during the Track Record Period only accounted for approximately HK\$1.3 million and HK\$2.3 million for the two years ended 2018 and 2019 respectively, representing only about 2.8% and 3.4% of our total revenue during such financial years. Despite the imposition of a higher tariff rate, the slewing rings produced in the PRC will still be cheaper when compared with the same products produced in other countries such as Japan and Germany.

Furthermore, the U.S. and the PRC finally signed the long-awaited phase one trade deal at the White House in January 2020. It is expected that the demand from the U.S. for the PRC manufactured industrial products will remain stable and have a natural growth rate in the foreseeable future.

整體營商環境

我們的收入增加受到東盟國家增長的需求所帶動，尤其是我們在新加坡及馬來西亞市場留下足跡達10年。充分利用一帶一路所帶來的機遇，馬來西亞已與中國合作，推行多項建造基建的項目。基建工程一直推動建造設備迴轉支承的需求。我們在有關國家與客戶建立穩固基礎，在天然資源如林木及採礦活動中建造及重型設備的傳統需求，亦對本集團有利。

同時，由於中美貿易戰持續，美國向從中國進口美國的一系列產品徵收額外關稅，其中包括迴轉支承。於中國生產的迴轉支承的關稅稅率在二零一八年七月進一步上調至25%。儘管關稅稅率有所增加，董事認為不會對本集團的業績造成重大不利影響。此乃主要由於截至二零一八年及二零一九年止兩個年度，我們於業績紀錄期銷售予美國直接客戶的金額僅分別為約1.3百萬港元及2.3百萬港元，僅佔相關財政年度總收益的約2.8%及3.4%。即使按更高關稅稅率徵稅，相比於日本及德國等其他國家生產的同類產品，中國生產的迴轉支承仍然較為便宜。

此外，美國與中國終於二零二零年一月在白宮簽署期待已久的第一階段貿易協議。預期於可見將來，美國對中國製造工業產品的需求將維持穩定及自然增長。

Chairman's Statement

主席報告

OUTLOOK

Our Company will continue to face potential competition from non-PRC manufacturers in overseas markets, especially from the developed regions such as Japan and Europe, where local manufacturers have relatively strong experience to the local markets. However, comparing with these overseas manufacturers, our Company still can maintain a price advantage, which may help to attract customers.

The Group will continue to enhance the factory automation to alleviate the impact of continuing increase in labour costs and overheads in the PRC. We will also continue to enhance our brand recognition and awareness, strengthen our production team and promote our corporate reputation.

APPRECIATION

I would like to take this opportunity to thank the finance team and the external professional parties for their efforts made during the IPO process. Also, I would like to extend my gratitude to all my fellow directors for their strong leadership and all our staff for their contribution and cordial support during the year.

The Group is aware of the outbreak of a pneumonia disease caused by coronavirus in China and the number of confirmed cases in Hong Kong and the PRC. The Group has deployed appropriate preventive measures to protect the employees and provide them with a healthy and hygienic environment both in the office and sites. We will continue to actively monitor the coronavirus situation carefully so we can be agile and respond quickly to the rapid development.

Above all, I remain focused in continuing to create value for our stakeholders. I would like to express my deepest appreciation to the full trust and dedicated support from our stakeholders.

Chan Yuk Pan

Chairman and Chief Executive Officer

Hong Kong, 25 March 2020

前景

本公司將繼續於海外市場面對非中國製造商的潛在競爭，尤其是日本及歐洲等的已發展地區，當地製造商擁有相對較強的當地市場經驗。然而，與該等海外製造商相比，本公司仍能維持價格優勢，有助吸引客戶。

本集團將繼續提升廠房自動化，以紓緩中國勞工成本及間接成本不斷上漲的影響。我們亦將繼續增加品牌認可及知名度，加強生產團隊及提高企業聲譽。

致謝

本人謹此感謝財務團隊及外部專業人士於首次公開發售過程所作的努力。本人亦就各位董事的強大領導及全體員工於年內貢獻及熱心支持致以衷心謝意。

本集團知悉中國爆發冠狀病毒肺炎，香港及中國出現多宗確診個案。本集團已採取適當預防措施保護員工，確保辦公室及地盤環境健康衛生。我們將會繼續審慎密切留意冠狀病毒情況，以靈活快速地應對急速的疫情發展。

最重要的是，本人會一如既往地致力為持份者創造價值。本人向持份者對我們充分信賴及鼎力支持致以衷心謝意。

主席兼行政總裁

陳煜彬

香港，二零二零年三月二十五日

Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW

Our Group is a premium manufacturer of slewing rings and also an “one-stop service” provider as we are able to source other slewing rings, machineries and other mechanical parts and components of machineries for customers. A slewing ring is a necessary transmission part for some large-size machineries and equipment, which can ensure the relative rotational motion between objects, as well as bearing the axial force, radial force and tilting moment simultaneously.

In order to cope with the Group’s business expansion, the shares of the Company were successfully listed on the GEM of the Stock Exchange on 15 November 2019.

The following table sets for the the breakdown of our quantities sold by product category for the years ended 31 December 2018 and 2019.

業務回顧

本集團為優質迴轉支承製造商及「一站式服務」供應商，因為我們亦能夠為客戶採購其他迴轉支承、機械及機械的其他機件及部件。迴轉支承乃部分大型機械及設備必備的傳動部件，可確保物件之間的相對旋轉運動，同時承受軸向力、徑向力及傾斜扭矩。

為應對本集團業務擴張，本公司股份成功於二零一九年十一月十五日在聯交所GEM上市。

下表列載截至二零一八年及二零一九年十二月三十一日止年度按產品類別劃分的銷量明細。

		For the year ended 31 December					
		截至十二月三十一日止年度					
		2019		2018		+ / (-)	
		二零一九年		二零一八年			
		Sets	(%)	Sets	(%)	Sets	(%)
		套	(%)	套	(%)	套	(%)
Quantities sold	已售數量						
Slewing rings	迴轉支承						
— ODM	— ODM	3,198	29.2	2,283	17.3	915	40.1
— OEM	— OEM	297	2.7	412	3.1	(115)	(27.9)
— OBM	— OBM	533	4.9	109	0.8	424	389.0
— Others	— 其他	749	6.8	463	3.5	286	61.8
		4,777	43.6	3,267	24.7	1,510	46.2
Other machineries and parts	其他機械部件	6,184	56.4	9,943	75.3	(3,759)	(37.8)
Total	總計	10,961	100.0	13,210	100.0	(2,249)	(17.0)

Management Discussion and Analysis

管理層討論及分析

Slewing rings

We manufacture slewing rings for local and overseas customers primarily on an original design manufacturing (“ODM”) basis. Our ODM customers include companies engaged in general wholesale trading and distributor of machineries and equipment or their parts, which will re-sell our products to the end-users in the market and may provide the related after-sales service. Our ODM business leverages on our in-depth market knowledge and know-how accumulated through years of experience since our inception. We are able to produce different models of slewing rings for our customers’ selection. In the case of replacement of slewing rings, we can manufacture slewing rings which already ceased production.

We also manufacture for some overseas customers on an OEM basis. Some of the leading Japanese manufacturers of various machineries and equipment or their affiliates are our OEM customers. Our OEM business includes the manufacture and sale of products based on customers’ specifications and guidelines. We also derive our revenue from sales of our proprietary branded products under an original brand manufacturer (“OBM”) basis.

Our revenue on sales of slewing rings for the year ended 31 December 2019 was higher than that for the year ended 31 December 2018. The increase was principally attributable to the increase in number of slewing rings delivered to our customers in the second and third quarter of 2019, the increase in sales of ODM and OBM products and the increase in unit selling prices of our slewing rings for the year ended 31 December 2019 as compared to the year ended 31 December 2018.

Other machineries and parts

We also source other slewing rings, machineries and mechanical parts and components for customers. We maintain such line of business to complement our main line of business which is the manufacture and sale of slewing rings to enable our customers to enjoy a more comprehensive “one-stop service” from us. The slewing rings that we source for our customers are mainly (i) models which we do not currently produce; and (ii) those which would not be commercially sound for our Group to produce ourselves when compared to sourcing due to small scale orders or low profit margin. The mechanical parts and components included but not limited to undercarriage parts such as track chains, rollers and track shoes.

Our revenue on sales of other machinery parts for the year ended 31 December 2019 was higher than that for the year ended 31 December 2018. The increase was mainly due to the difference in product mix of other machineries and parts for both years.

迴轉支承

我們主要按原設計製造(「ODM」)基準為本地及海外客戶製造迴轉支承。ODM客戶包括從事一般批發買賣的公司及機械設備或零部件的分銷商，彼等將我們的產品轉售予市場的終端用戶，並可能提供相關售後服務。我們的ODM業務以我們自成立以來長年累積所得的深入市場知識及專業知識作為支持。我們能夠生產不同型號的迴轉支承，供客戶選擇。倘需替換迴轉支承，我們可生產已經停產的迴轉支承。

我們亦按OEM基準為部分海外客戶製造產品。多類機械及設備的日本部分頂尖製造商或其聯屬公司為我們的OEM客戶。OEM業務包括基於客戶的規格及指示製造及銷售產品。我們也在原品牌製造(「OBM」)基礎上從專有品牌產品的銷售中獲得收益。

截至二零一九年十二月三十一日止年度銷售迴轉支承的收益高於截至二零一八年十二月三十一日止年度。增加主要由於二零一九年第二及第三季交付客戶的迴轉支承數量增加，ODM及OBM產品銷售增加以及截至二零一九年十二月三十一日止年度的迴轉支承單位售價較截至二零一八年十二月三十一日止年度增加。

其他機械部件

我們亦為客戶採購其他迴轉支承、機械及機械的機件及部件。我們維持有關業務線，作為主要業務線(製造及銷售迴轉支承)的輔助，旨在讓客戶享用更加全方位的「一站式服務」。我們為客戶採購的迴轉支承主要為(i)我們現時不生產的型號；及(ii)由於訂單規模小或利潤率低，在商業上對於本集團而言自行生產不如採購可行的迴轉支承。該等機械零部件包括但不限於底盤部件，如履帶鏈、滾軸及履帶板。

於截至二零一九年十二月三十一日止年度出售其他機械部件所得收入比截至二零一八年十二月三十一日止年度為高。有關增幅主要由於兩個年度其他機械部件產品組合的差異。

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW

REVENUE

The Group's revenue increased by 45.9% or HK\$21.2 million from HK\$46.3 million for the year ended 31 December 2018 to HK\$67.5 million for the year ended 31 December 2019.

The following table sets forth the breakdown of our revenue by product category for the year ended 31 December 2018 and 2019:

財務回顧

收益

本集團的收益由截至二零一八年十二月三十一日止年度的46.3百萬港元增加45.9%或21.2百萬港元至截至二零一九年十二月三十一日止年度的67.5百萬港元。

下表列載截至二零一八年及二零一九年十二月三十一日止年度按產品類別劃分的收益明細：

		For the year ended 31 December					
		截至十二月三十一日止年度					
		2019		2018		+ / (-)	
		二零一九年		二零一八年			
		HK\$'000	(%)	HK\$'000	(%)	HK\$'000	(%)
		千港元	(%)	千港元	(%)	千港元	(%)
Revenue	收益						
Slewing rings	迴轉支承						
— ODM	— ODM	42,818	63.4	31,114	67.3	11,704	37.6
— OEM	— OEM	951	1.4	1,272	2.7	(321)	(25.2)
— OBM	— OBM	5,569	8.3	1,304	2.8	4,265	327.1
— Others	— 其他	10,612	15.7	7,620	16.5	2,992	39.3
		59,950	88.8	41,310	89.3	18,640	45.1
Other machineries and parts	其他機械部件	7,559	11.2	4,957	10.7	2,602	52.5
Total	總計	67,509	100.0	46,267	100.0	21,242	45.9

Slewing rings

We manufacture slewing rings for local and overseas customers primarily on ODM, OEM and OBM basis. Revenue from slewing rings grew by HK\$18.6 million to HK\$60.0 million, representing a growth of 45.1%. The growth was mainly attributed to the increase in sales on the OBM basis and OBM basis during the year. The quantities sold for ODM and OBM were also increased by 40.1% and 389.0%, respectively.

Other machineries and parts

We also source other slewing rings, machineries and mechanical parts and components for customers. Such mechanical parts and components included but not limited to undercarriage parts such as track chains, rollers and track shoes. Revenue from the other machineries and parts also increased by 52.5% year-on-year or HK\$2.6 million to HK\$7.6 million. The increase of revenue was mainly due to the difference in product mix of other machineries and parts for both years.

迴轉支承

我們主要按ODM、OEM及OBM基準為本地及海外客戶製造迴轉支承。來自迴轉支承的收益增加18.6百萬港元至60.0百萬港元，增幅為45.1%。增幅主要由於年內按OBM基準及OBM基準的銷售增加。ODM及OBM銷量亦分別增加40.1%及389.0%。

其他機械及部件

我們亦為客戶採購其他迴轉支承、機械及機械零部件。該等機械零部件包括但不限於底盤部件，如履帶鏈、滾軸及履帶板。來自其他機械及部件的收益亦按年增加52.5%或2.6百萬港元至7.6百萬港元。收益增加主要由於兩個年度其他機械部件產品組合的差異。

Management Discussion and Analysis

管理層討論及分析

Geographical location

The following table sets forth a breakdown of our revenue by geographical location of our customers for the years ended 31 December 2018 and 2019:

地理位置

下表列載截至二零一八年及二零一九年十二月三十一日止年度按客戶地理位置劃分的收益明細：

		For the year ended 31 December					
		截至十二月三十一日止年度		2018		+ / (-)	
		2019		2018			
		二零一九年		二零一八年			
		HK\$'000	(%)	HK\$'000	(%)	HK\$'000	(%)
		千港元	(%)	千港元	(%)	千港元	(%)
Singapore	新加坡	32,555	48.2	24,082	52.1	8,473	35.2
Malaysia	馬來西亞	18,737	27.8	5,603	12.1	13,134	234.4
Hong Kong	香港	4,537	6.7	6,445	13.9	(1,908)	(29.6)
Japan	日本	4,105	6.1	961	2.1	3,144	327.2
The United States of America ("USA")	美利堅合眾國 (「美國」)	2,346	3.4	1,312	2.8	1,034	78.8
The PRC	中國	2,018	3.0	3,153	6.8	(1,135)	(36.0)
Canada	加拿大	1,003	1.5	650	1.4	353	54.3
Taiwan	台灣	945	1.4	753	1.6	192	25.5
Northern Ireland	北愛爾蘭	875	1.3	2,350	5.1	(1,475)	(62.8)
Thailand	泰國	142	0.2	734	1.6	(592)	(80.7)
Others	其他	246	0.4	224	0.5	22	9.8
		67,509	100.0	46,267	100.0	21,242	45.9

Revenue generated from the Singaporean market increased from HK\$24.1 million for the year ended 31 December 2018 by 35.2% to HK\$32.6 million for the year ended 31 December 2019 and for the Malaysian market from HK\$5.6 million for the year ended 31 December 2018 by 234.4% to HK\$18.7 million for the year ended 31 December 2019. Revenue generated from the Singaporean and Malaysian markets accounted for 76.0% of total revenue for the year ended 31 December 2019, while it only accounted for 64.2% for the year ended 31 December 2018.

來自新加坡市場的收益由截至二零一八年十二月三十一日止年度的24.1百萬港元增加35.2%至截至二零一九年十二月三十一日止年度的32.6百萬港元，馬來西亞市場則由截至二零一八年十二月三十一日止年度的5.6百萬港元增加234.4%至截至二零一九年十二月三十一日止年度的18.7百萬港元。來自新加坡及馬來西亞市場的收益佔截至二零一九年十二月三十一日止年度總收益的76.0%，而截至二零一八年十二月三十一日止年度僅佔64.2%。

Management Discussion and Analysis

管理層討論及分析

Our growth on revenue was driven by the rise in demand from ASEAN countries, especially Singaporean and Malaysian markets where we have footprints for up to 10 years. By leveraging the opportunity of The Belt and Road Initiative, Malaysia has cooperated with China to carry out a number of infrastructure construction projects. Those infrastructural constructions have driven the domestic demand for slewing rings for construction equipment. We have built a strong foundation with customers in these countries and the traditional demand such as forestry and mining activities on their natural resources for construction and heavy equipment are also benefiting our Group.

On the other hand, revenue generated from the PRC Market decreased from HK\$3.2 million for the year ended 31 December 2018 by 36% to HK\$2.0 million for the year ended 31 December 2019 and for the Hong Kong Market from HK\$6.4 million for the year ended 31 December 2018 by 29.6% to HK\$4.5 million for the year ended 31 December 2019. The decrease was mainly due to the influence of the product mix shifting and the continuous keen price competition.

COST OF SALES

The following table sets for the the breakdown of our costs of sales for the year ended 31 December 2018 and 2019:

		For the year ended 31 December					
		2019		2018		+ / (-)	
		二零一九年		二零一八年			
		HK\$'000	(%)	HK\$'000	(%)	HK\$'000	(%)
		千港元	(%)	千港元	(%)	千港元	(%)
Cost of sales	銷售成本						
Cost of inventories and consumables	存貨及消耗品成本	27,668	76.8	15,886	64.7	11,782	74.2
Depreciation	折舊	1,578	4.4	2,496	10.2	(918)	(36.8)
Overheads	間接成本	2,266	6.2	2,160	8.8	106	5.0
Direct labour costs	直接勞工成本	4,530	12.6	4,017	16.3	513	12.8
Total	總計	36,042	100.0	24,559	100.0	11,483	46.8

The cost of sales primarily consists of cost of inventories and consumables, depreciation on plant and machinery, overheads and direct labour costs relating to our production. The Group's cost of sales increased from HK\$24.6 million for the year ended 31 December 2018 by 46.8% or HK\$11.5 million to HK\$36.0 million for the year ended 31 December 2019, which was primarily due to the increase in revenue and direct labour costs during the year.

我們的收益增長亦受到東盟國家增長的需求推動，尤其是新加坡及馬來西亞市場，我們於該等市場已立足達9年。借助一帶一路倡議的機遇，馬來西亞與中國合作開展多個基建工程項目。基建工程預期一直推動建築設備對迴轉支承的內需。我們已與該等國家的客戶建立穩固基礎，而林業及採礦活動等在天然資源方面對建築及重型設備的傳統需求也有利於本集團。

另一方面，來自中國市場的收入由截至二零一八年十二月三十一日止年度的3.2百萬港元減少36%至截至二零一九年十二月三十一日止年度的2.0百萬港元，香港市場則由截至二零一八年十二月三十一日止年度的6.4百萬港元減少29.6%至截至二零一九年十二月三十一日止年度的4.5百萬港元。減少乃主要由於產品組合變動及價格競爭持續激烈。

銷售成本

下表列載截至二零一八年及二零一九年十二月三十一日止年度的銷售成本明細：

銷售成本主要包括存貨及消耗品成本、廠房及機械折舊、與生產有關的間接成本及直接勞工成本。本集團的銷售成本由截至二零一八年十二月三十一日止年度的24.6百萬港元增加46.8%或11.5百萬港元至截至二零一九年十二月三十一日止年度的36.0百萬港元，主要由於年內收益及直接勞工成本增加。

Management Discussion and Analysis

管理層討論及分析

ADMINISTRATIVE EXPENSES

The administrative expenses of the Group in 2019 amounted to approximately HK\$20.4 million, increased from HK\$9.3 million for the year ended 31 December 2018 by 119.4% or HK\$11.1 million to HK\$20.4 million for the year ended 31 December 2019. Such increase was mainly due to the increase in non-recurring listing related expenses of approximately HK\$8.4 million; increase in staff cost by approximately by HK\$0.9 million; and the net increase in other administrative expenses by approximately HK\$1.8 million. Other administrative expenses mainly represent the auditor's remuneration and the legal and professional fees, which assisted the Group to enhance its corporate governance and compliance aspects after the Listing.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

Profit attributable to equity holders of the Company was approximately HK\$7.0 million for the year ended 31 December 2019, as compared to approximately HK\$9.7 million for the year ended 31 December 2018.

Excluding the non-recurring listing related expenses of approximately HK\$13.1 million and HK\$4.7 million, being charged to the consolidated statement of comprehensive income during 2019 and 2018, respectively, profit attributable to equity holders of the Company would have been approximately HK\$20.1 million and HK\$14.4 million for the year ended 31 December 2019 and 2018, respectively.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has financed its business with internally generated cash flows and proceeds received from the Listing. As at 31 December 2019, the Group's cash and cash equivalents were HK\$49.0 million, increased by 642.4% or HK\$42.4 million, as compared with HK\$6.6 million as at 31 December 2018. The increase was mainly attributable to the receipt of proceeds from the Listing. Bank deposits and cash were principally denominated in Hong Kong dollar, United States dollar and Renminbi. The Group will continue to use the internally generated cash flows and proceeds received from the Listing as a source of funding for future developments.

行政開支

本集團於二零一九年的行政開支為約20.4百萬港元，由截至二零一八年十二月三十一日止年度的9.3百萬港元增加119.4%或11.1百萬港元至截至二零一九年十二月三十一日止年度的20.4百萬港元。該增加乃主要由於非經常性上市開支增加約8.4百萬港元；員工成本增加增加約0.9百萬港元；及其他行政開支淨增加約1.8百萬港元。其他行政開支主要指核數師薪酬及法律及專業費用，其協助本集團於上市後加強企業管治及合規層面。

本公司股東應佔溢利

截至二零一九年十二月三十一日止年度，本公司權益持有人應佔溢利約為7.0百萬港元，而截至二零一八年十二月三十一日止年度則為約9.7百萬港元。

倘除去已分別計入二零一九年及二零一八年綜合全面收益表的非經常性上市相關開支約13.1百萬港元及4.7百萬港元，截至二零一九年及二零一八年十二月三十一日止年度本公司權益持有人應佔溢利將分別為約20.1百萬港元及14.4百萬港元。

流動資金及財務資源

本集團以內部產生現金流及從上市收取的所得款項為其業務提供資金。於二零一九年十二月三十一日，本集團的現金及現金等價物為49.0百萬港元，較二零一八年十二月三十一日的6.6百萬港元增加642.4%或42.4百萬港元。增幅乃主要由於從上市收取所得款項。銀行存款及現金主要以港元、美元及人民幣計值。本集團將繼續以內部產生現金流及從上市收取的所得款項作為未來發展的資金來源。

Management Discussion and Analysis

管理層討論及分析

As at 31 December 2019, the Group's total current assets and current liabilities were HK\$91.2 million (as at 31 December 2018: HK\$40.2 million) and HK\$6.3 million (as at 31 December 2018: HK\$7.3 million) respectively, representing a current ratio of 14.5 times (as at 31 December 2018: 5.5 times). As at 31 December 2019, the Group did not have any bank borrowings (as at 31 December 2018: Nil). As at 31 December 2019, the gearing ratio of the Group was not applicable as it had no outstanding debt (as at 31 December 2018: Nil). The gearing ratio equals total interest bearing borrowings divided by total equity and multiplied by 100%.

CAPITAL STRUCTURE

As at 31 December 2019, the share capital of the Group comprised only ordinary shares. The capital structure of the Group mainly consists of obligations under finance leases and equity attributable to owners of the Group, comprising issued share capital, share premium, retained profits and other reserves.

USE OF NET PROCEEDS FROM THE LISTING

On 15 November 2019, the Company issued a total of 100,000,000 shares by way of Hong Kong public offering and placing at a price of HK\$0.55 per share, and successfully listed its shares on the GEM of the Stock Exchange.

The net proceeds of the Share Offer received by the Company in relation to the Listing after the deduction of underwriting fees and commissions and all related expenses were approximately HK\$28.4 million. As at the report date, the directors consider that these proceeds have been applied in accordance with the proposed application set out in the section headed "Future Plans and Proposed Use of Proceeds" in the prospectus of the Company dated 31 October 2019 (the "Prospectus").

於二零一九年十二月三十一日，本集團的流動資產及流動負債總額分別為91.2百萬港元（於二零一八年十二月三十一日：40.2百萬港元）及6.3百萬港元（於二零一八年十二月三十一日：7.3百萬港元），流動比率為14.5倍（於二零一八年十二月三十一日：5.5倍）。於二零一九年十二月三十一日，本集團並無任何銀行借款（於二零一八年十二月三十一日：零）。於二零一九年十二月三十一日，本集團的資產負債比率並不適用，因為其概無未償還債務（於二零一八年十二月三十一日：零）。資產負債比率等於總計息借款除以總權益再乘以100%。

資本架構

於二零一九年十二月三十一日，本集團股本僅包括普通股股份。本集團的資本架構主要包括融資租賃項責任以及本集團擁有人應佔權益，由已發行股本、股份溢價、保留溢利及其他儲備構成。

上市所得款項淨額用途

於二零一九年十一月十五日，本公司透過香港公開發售及配售方式以每股0.55港元發行合共100,000,000股股份，並成功於聯交所GEM上市。

本公司就上市取得的股份發售所得款項淨額約為28.4百萬港元，已扣除包銷費用及佣金以及所有相關開支。於報告日期，董事認為該等所得款項已按照本公司日期為二零一九年十月三十一日的招股章程（「招股章程」）「未來計劃及所得款項擬定用途」一節所載的計劃應用。

Management Discussion and Analysis

管理層討論及分析

Comparison of business objectives and actual business progress

The following is a comparison between the Group's business plans as set out in the Prospectus and the Group's actual business progress for the year ended 31 December 2019:

業務目標與實際業務進展之比較

以下為載於招股章程的本集團業務計劃及本集團截至二零一九年十二月三十一日止年度實際業務進展：

Business plan as set out in the Prospectus 載於招股章程的業務計劃	Actual business progress as at 31 December 2019 於二零一九年十二月三十一日的實際業務進展
To acquire and replacing machineries and equipment with an aim to enhance and expand our production capacity at our production facilities in Dongguan, the PRC 中國東莞的生產設施購置及更換機械及設備以提升產能	The Group was in the process of purchasing 3 units of machines and had committed and paid deposits amounted to approximately HK\$3.4 million for the machineries. 本集團正採購3座機械，並為機械支付約3.4百萬港元的按金。
To enlarge our market share and strengthening our marketing efforts 擴大市場份額及加強營銷力度	The Group had taken action including the enrolment in various exhibition. 本集團已採取行動，包括於各類展覽進行招聘。
To increase our level of automation 提高自動化水平	The Group is in the process of identifying and appointing the consultant company for such purpose. 本集團正物色和委聘顧問公司。
To establish our enterprise resource planning (ERP) system 用於設立企業資源規劃(ERP)系統	The Group is in the process of identifying and appointing the system service provider. 本集團正物色和委聘服務供應商。
To expand our finance department 擴充財務部門	The Group is in the process of identifying suitable and quality candidates for the purpose of filling its open positions. 本集團正遴選合適優質的候選人填補空缺。
To enhance staff training 加強員工培訓	The Group had taken action and prepared training courses for enrolment by staff. 本集團已採取行動並為員工準備入職培訓課程。
Working capital 營運資金	The Group had utilised approximately HK\$0.3 million as working capital for of on-going operations. 本集團已動用約0.3百萬港元，作為持續經營的營運資金。

Management Discussion and Analysis

管理層討論及分析

An analysis of the planned usage of net proceeds as stated in the Prospectus and the actual utilisation of the net proceeds from the Listing Date up to 31 December 2019 are set out below:

載於招股章程的擬應用所得款項淨額及由上市日期至二零一九年十二月三十一日的實際應用所得款項淨額的分析在下文載列：

Use of proceeds

所得款項用途

	Percentage of net proceeds 佔所得款項淨額百分比	Net proceeds 所得款項淨額 HK\$'000 千港元	Amount utilized 所用金額 HK\$'000 千港元	Amount remaining 餘下金額 HK\$'000 千港元
To acquire and replace machineries and equipment with an aim to enhance and expand our production capacity at our production facilities in Dongguan, the PRC 收購及更換機械及設備以提升及擴展中國東莞生產設施的產能	60.6%	17,210	3,360	13,850
To enlarge our market share and strengthen our marketing efforts 擴大市場份額及加強營銷力度	14.6%	4,146	25	4,121
To increase our level of automation 提高自動化水平	7.6%	2,158	-	2,158
To establish our ERP system 設立ERP系統	6.0%	1,704	-	1,704
To expand our finance department 拓展財務部門	5.0%	1,419	-	1,419
To enhance staff training 加強員工培訓	0.8%	227	1	226
Working capital 營運資金	5.4%	1,536	282	1,254
	100.0%	28,400	3,668	24,732

As at 31 December 2019, the Group has utilised approximately HK\$3.7 million as discussed in the above actual business progress for the above usage. The unutilised amount of the net proceeds have been deposited with licensed banks in Hong Kong.

於二零一九年十二月三十一日，誠如上文實際業務進程所論述，本集團已就上述用途動用約3.7百萬港元。未動用所得款項淨額則存放在香港的持牌銀行。

SIGNIFICANT INVESTMENTS

As at 31 December 2019, the Group did not hold any significant investment.

重大投資

於二零一九年十二月三十一日，本集團並無持有任何重大投資。

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 31 December 2019, the Group had no material acquisition or disposal of subsidiaries, associates or joint ventures.

重大收購及出售附屬公司、聯營公司及合營公司

於截至二零一九年十二月三十一日止年度，本集團概無重大收購或出售附屬公司、聯營公司或合營公司。

Management Discussion and Analysis

管理層討論及分析

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had 83 employees (as at 31 December 2018: 78 employees). Remuneration is determined by reference to prevailing market terms and in accordance with the performance, qualification and experience of each individual employee. The emoluments of the Directors are recommended by the remuneration committee of the Company (the “**Remuneration Committee**”), with reference to their respective contribution of time, effort and expertise on the Company’s matters. In addition, employees are entitled to performance and discretionary year-end bonuses.

CHARGES ON ASSETS

As at 31 December 2019, the Group did not have any mortgage or charge over its assets.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets.

FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk of loss due to changes in foreign exchange rates. Our Group operates in Hong Kong and the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in these currencies. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group’s exchange rate risks. Any material fluctuation in the exchange rates of HKD or RMB may have an impact on the operating results of the Group.

The management considers that the foreign exchange risk with respect to USD is not significant as HKD is pegged to USD and transactions denominated in USD are mainly carried out by entities with the same functional currency. The exchange rate of RMB to HKD is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have any material contingent liabilities.

僱員及薪酬政策

於二零一九年十二月三十一日，本集團擁有83名僱員（於二零一八年十二月三十一日：78名僱員）。薪酬乃經參考現行市場條款並根據各僱員的個人表現、資歷及經驗釐定。董事之酬金乃經參考彼等各自對本公司事宜所投入時間、精力及專長根據本公司薪酬委員會（「**薪酬委員會**」）之推薦意見釐定。此外，僱員有權享有表現及酌情年終花紅。

資產質押

於二零一九年十二月三十一日，本集團並無任何資產按揭或質押。

重大投資及資本資產的未來計劃

除招股章程所披露者外，本集團並無其他重大投資及資本資產計劃。

外匯風險

外匯風險為源於匯率變動的虧損風險。本集團於香港及中國營運及承受各類貨幣產生的外匯風險，主要涉及美元及人民幣。外匯風險產生自未來商業交易、已確認資產及負債，其以該等貨幣計值。目前，本集團並無訂立協議或購買工具以對沖本集團的匯率風險。港元或人民幣匯率的任何重大波動會影響本集團的經營業績。

管理層認為有關美元的外匯風險並不重大，因為港元與美元掛勾及以美元計值的交易主要由功能貨幣相同的實體進行。人民幣兌美元的匯率須受中國政府頒佈的外匯管制規例及法規所限。本集團密切監察匯率變動以管理外匯風險。

或然負債

於二零一九年十二月三十一日，本集團並無任何重大或然負債。

Management Discussion and Analysis

管理層討論及分析

PROSPECTS

Our goal is to strengthen our position as a premium slewing ring manufacturer, and to leverage on our competitive advantages to expand the scale of our operation and increase our profit margin. We also aim to increase our competitiveness in this fragmented slewing rings manufacturing industry by (i) increasing our efficiency and productivity; (ii) raising the quality of our products; and (iii) reducing our costs of production and our reliance on manpower. To achieve such objective, the Group will continue to implement the following strategies:

- acquiring and replacing machineries and equipment with an aim to enhance and expand our production capacity at our production facilities in Dongguan, the PRC;
- enlarging our market share and strengthening our marketing efforts;
- increasing our level of automation;
- establishing our enterprise resource planning (ERP) system;
- expanding our finance department; and
- enhancing staff training.

前景

我們的目標是鞏固作為迴轉支承優質製造商的地位，同時利用競爭優勢擴大業務規模及提高利潤率。我們亦有意於分散的迴轉支承製造行業中提升競爭力，方法為(i)提高效率及生產力；(ii)提高產品質素；及(iii)減低生產成本及人力依賴。為達成該等目標，本集團將繼續實施以下策略：

- 就中國東莞的生產設施購置及更換機械及設備以提升及擴展產能；
- 擴大市場份額及加大營銷力度；
- 提高自動化水平；
- 設立企業資源規劃系統；
- 擴充財務部門；及
- 加強員工培訓。

Directors and Senior Management

董事及高級管理層

As at 18 March 2020, the date of the Report of the Directors, the biographical details of the directors (the “**Director(s)**”) and senior management of Best Linking Group Holdings Limited (the “**Company**”) are as follows:

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Yuk Pan (陳煜彬) (“**Mr. YP Chan**”), aged 40, is the executive Director, chief executive officer and chairman of our Board, and the Controlling Shareholder of our Group. He is also the chairman of the Remuneration Committee. Since 2007, Mr. YP Chan has been responsible for the overall management of our Group, including strategic planning, as well as sales and business development. He was appointed director of Wing Fung, Kyoei Seiki and Best Linking in June 2007, August 2007 and December 2018 respectively and was appointed Director on 26 October 2018 and was re-designated as an executive Director on 12 March 2019.

Mr. YP Chan completed his Form 7 education in Avondale College in Auckland, New Zealand. From 1999 to 2002, Mr. YP Chan attended Auckland University of Technology and took courses in business computing, applied science and information technology. In March 2004, Mr. YP Chan obtained a certificate in advanced Japanese language course) at the Japanese Language Institute of Sapporo in Sapporo, Japan.

Mr. YP Chan is an entrepreneur with over 10 years operational experience. He was involved in the trading of machineries and spare parts in Hong Kong and manufacture and sales of spare parts in the PRC. After completing the advanced Japanese language course at the Japanese Language Institute of Sapporo in Sapporo, Japan in 2004, Mr. YP Chan worked as a sales and marketing executive in a company engaged in distribution and exportation of confectionery and related products from December 2004 to December 2005 in Sapporo, Japan, which enabled him not only to further his Japanese language skill, but also gave him the opportunity to develop his network within the Japanese business community. After returning to Hong Kong, starting from January 2006, he worked in South Wing Machinery Co. Limited as a sales and marketing executive and gained experience in the sale and supply of heavy duty equipment and parts industry. In September 2007, he founded Kyoei Seiki through Wing Fung which is principally engaged in the manufacturing and sales of slewing rings. Throughout the past 10 years, Mr. YP Chan has established and maintained strong business relationship with general wholesale traders or distributors of machineries or parts in Asia, USA, Europe and Japan and gained valuable experience in the manufacture and sale of spare parts for machineries.

Mr. YP Chan is the brother of Mr. LP Chan, an executive Director of the Company.

於二零二零年三月十八日(董事會報告日期), 永聯豐集團控股有限公司(「本公司」)董事(「董事」)及高級管理層的履歷詳情如下:

董事會

執行董事

陳煜彬先生(「陳煜彬先生」), 40歲, 為本集團的執行董事、行政總裁及董事會主席及控股股東。彼亦為薪酬委員會主席。自二零零七年起, 陳煜彬先生負責本集團整體管理, 包括策略規劃及銷售及業務發展。彼分別於二零零七年六月、二零零七年八月及二零一八年十二月獲委任為榮豐、共榮精密機械及永聯豐的董事, 並於二零一八年十月二十六日獲委任為董事及於二零一九年三月十二日調任為執行董事。

陳煜彬先生在新西蘭奧克蘭雅芳戴爾中學(Avondale College)完成中七教育。於一九九九年至二零零二年, 陳煜彬先生入讀奧克蘭理工大學及修習商業運算、應用科學及資訊科技課程。於二零零四年三月, 陳煜彬先生在日本札幌的札幌國際日本語學院取得進階日語課程證書。

陳煜彬先生為擁有逾10年營運經驗的企業家。彼從事於香港買賣機械及備用零件及於中國從事製造及買賣備用零件。於二零零四年在日本札幌的札幌國際日本語學院完成進階日語課程後, 陳煜彬先生於二零零四年十二月至二零零五年十二月在日本札幌一間從事分銷及出口糕點及相關產品的公司擔任銷售及營銷人員, 不僅讓彼提升日語能力, 亦令彼有機會於日本商業圈中建立網絡。回港後, 自二零零六年一月起, 彼於南榮機械有限公司任職銷售及營銷人員, 讓彼於銷售及供應重型設備及零件行業累積經驗。於二零零七年九月, 彼透過榮豐創辦共榮精密機械, 該公司主要從事製造及銷售迴轉支承。過去10年, 陳煜彬先生與亞洲、美國、歐洲及日本的機械或零部件一般批發商或分銷商建立及維持穩固的業務關係, 並在機械備用零件的製造及銷售上累積了寶貴的經驗。

陳煜彬先生為本公司執行董事陳龍彬的兄長。

Directors and Senior Management

董事及高級管理層

Mr. Chan Lung Pan (陳龍彬) (“**Mr. LP Chan**”), aged 38, was appointed an executive Director on 12 March 2019. He first joined our Group in November 2005 as director and shareholder of Wing Fung. Wing Fung had no business operations until September 2007 when Mr. YP Chan utilised his personal resources and internal resources of Wing Fung to establish Kyoei Seiki. Mr. LP Chan resigned from his directorship position in April 2011 to pursue his other career development. He is also a member of the Remuneration Committee. He is responsible for human resources management of our Group.

Mr. LP Chan attended Avondale College in Auckland, New Zealand, where he was enrolled as an international student in Year 12 from February 1998 to December 1999. He obtained his school certificate from the New Zealand Qualifications Authority in New Zealand in 1999 and later studied Japanese in Tohoku Foreign Language and Tourism College in Japan from October 2000 to March 2002.

Mr. LP Chan has over 15 years of experience in procurement and management. He commenced his career in South Wing Machinery Co. Limited in September 2003 as a trainee. He was subsequently promoted to the post of purchase and sales manager from 1 April 2009 to 30 September 2011, being responsible for purchase management, inventory control, contract negotiations, department co-ordination and complaints handling.

Mr. LP Chan is the brother of Mr. YP Chan, and executive Director of the Company.

Independent Non-Executive Directors

Mr. Chan Wan Tsun Adrian Alan (陳弘俊) (“**Mr. Adrian Chan**”), aged 41, was appointed an independent non-executive Director on 21 October 2019. He is also the chairman of the Audit Committee and a member of the Nomination Committee. He is responsible for overseeing the areas with regard to the strategy, policy, performance, accountability, internal control, corporate governance and providing independent advice to our Group.

Mr. Adrian Chan graduated from the University of New South Wales, Australia with a bachelor degree in commerce in accounting and finance in April 2000. He became a member of CPA Australia and the Hong Kong Institute of Certified Public Accountants in June 2006 and November 2009 respectively.

陳龍彬先生(「陳龍彬先生」)，38歲，於二零一九年三月十二日獲委任為執行董事。彼最初於二零零五年十一月加入本集團擔任榮豐董事及股東。榮豐並無業務營運，直至二零零七年九月陳煜彬先生利用其個人資源及榮豐的內部資源成立共榮精密機械。陳龍彬先生於二零一一年四月辭任董事職位以尋求其他事業發展。彼亦為薪酬委員會成員。彼負責本集團的人力資源管理。

陳龍彬先生曾就讀新西蘭奧克蘭的雅芳戴爾中學(Avondale College)，彼於一九九八年二月至一九九九年十二月以國際留學生身分就讀十二年級。彼於一九九九年在新西蘭的新西蘭資歷局取得學校證書，其後於二零零零年十月至二零零二年三月在日本東北外語觀光專門學校修讀日語課程。

陳龍彬先生於採購及管理方面擁有逾15年經驗。彼於二零零三年九月在南榮機械有限公司展開事業，職位為實習人員。其後，彼獲晉升及於二零零九年四月一日至二零一一年九月三十日擔任採購及銷售經理，負責採購管理、存貨控制、合約磋商、部門協調及處理投訴。

陳龍彬先生為本公司執行董事陳煜彬先生的弟弟。

獨立非執行董事

陳弘俊先生(「陳弘俊先生」)，41歲，於二零一九年十月二十一日獲委任為獨立非執行董事。彼亦為審計委員會主席及提名委員會成員。彼負責監督策略、政策、表現、問責、內部監控及企業管治等事宜並向本集團提供獨立意見。

陳弘俊先生於二零零零年四月在澳洲新南威爾斯大學畢業，獲得會計及金融商學士學位。彼分別於二零零六年六月及二零零九年十一月成為澳洲會計師公會及香港會計師公會會員。

Directors and Senior Management

董事及高級管理層

Mr. Adrian Chan has over 9 years of experience in the field of corporate finance. He started his career with Deloitte Touche Tohmatsu and worked in the audit department of the firm from January 2000 to March 2000. Mr. Adrian Chan then worked in various financial institutions and investment banks, including DBS Vickers Securities, with his last position as an executive in the corporate finance department, from April 2000 to December 2001, DBS Asia Capital Limited, with his last position as assistant vice president in equity capital markets, wholesale banking-global financial markets from January 2002 to July 2005, and UOB Asia (Hong Kong) Limited, with his last position as associate director, from July 2005 to November 2009. After leaving UOB Asia (Hong Kong) in November 2009, Mr. Adrian Chan switched his career from corporate finance to financial management. From November 2009 to June 2015, he was the chief financial officer of Enviro Energy International Holdings Limited (stock code: 1102), where he was responsible for overall financial management, internal control function and accounting function. In July 2015, Mr. Adrian Chan was appointed the chief financial officer of Sun Ray Capital Investment Corporation. In July 2018, Mr. Adrian Chan was appointed the chief financial officer of LabyRx Immunologic Therapeutics Limited and in August 2018, Mr. Adrian Chan was appointed the chief financial officer of Lifespans Limited.

陳弘俊先生於企業融資範疇擁有逾九年經驗。彼於德勤·關黃陳方會計師行展開事業，自二零零零年一月至二零零零年三月在該會計師行審計部任職。陳弘俊先生其後於多間金融機構及投資銀行任職，包括於二零零零年四月至二零零一年十二月在星展唯高達證券任職，最後職位為企業融資部執行人員；於二零零二年一月至二零零五年七月在星展亞洲融資有限公司任職，最後職位為股本市場、大額銀行全球金融市場助理副總裁及於二零零五年七月至二零零九年十一月在新加坡大華亞洲(香港)有限公司任職，最後職位為副董事。於二零零九年十一月離開新加坡大華亞洲(香港)後，陳弘俊先生的事業由企業融資轉為財務管理。於二零零九年十一月至二零一五年六月，彼為環能國際控股有限公司(股份代號：1102)的財務總監，彼負責整體財務管理、內部監控職能及會計職能。於二零一五年七月，陳弘俊先生獲委任為Sun Ray Capital Investment Corporation的財務總監。於二零一八年七月，陳弘俊先生獲委任為LabyRx Immunologic Therapeutics Limited的財務總監及於二零一八年八月，陳弘俊先生獲委任為Lifespans Limited的財務總監。

The details of directorship held in public listed companies by Mr. Adrian Chan are as follows:

陳弘俊先生於公眾上市公司擔任董事的詳情載列如下：

Company name 公司名稱	Principal business activities of our Company 公司的主要業務活動	Stock code 股份代號	Stock Exchange 證券交易所	Position 職位	Duration 期間
Petromin Resources Ltd.	Petroleum and natural gas exploration and production	PTR.H	Toronto Venture Stock Exchange	Director, chief financial officer and corporate secretary	December 2015 to March 2018
Petromin Resources Ltd.	石油及天然氣勘探及生產	PTR.H	多倫多風險證券交易所	董事、財務總監及公司秘書	二零一五年十二月至二零一八年三月
Grand Baoxin Auto Group Limited 廣匯寶信汽車集團有限公司	Sales and service of motor vehicles 汽車銷售及服務	01293 01293	Main Board of the Stock Exchange 聯交所主板	Independent non-executive director 獨立非執行董事	November 2011 to present 二零一一年十一月至今

Directors and Senior Management

董事及高級管理層

Ms. Tsang Hau Lam (曾巧臨) (“**Ms. Tsang**”), aged 45, was appointed an independent non-executive Director on 21 October 2019. She is also a member of the Audit Committee and the Remuneration Committee. She is responsible for overseeing the areas with regard to the strategy, policy, performance, accountability, internal control, corporate governance and providing independent advice to our Group.

Ms. Tsang graduated from The University of Melbourne, Australia with a bachelor’s degree of commerce in December 1996 and a master degree in practising accounting from Monash University, Australia in November 2000. She became a member of CPA Australia in July 2001.

Ms. Tsang has over 22 years of experience in the field of taxation. She started her career in PricewaterhouseCoopers in Hong Kong and worked with the firm from February 1997 to March 2003, with her last position as senior consultant, where she obtained experience in tax compliance matters. Between November 2004 and February 2007, Ms. Tsang worked in Ross Melville PKF in Auckland, New Zealand with her last position as tax consultant. She then rejoined PricewaterhouseCoopers in Hong Kong as senior consultant in February 2007 and stayed with the firm until April 2010 with her last position as manager. Between April 2010 and April 2015, Ms. Tsang was employed by BDO Limited with her last position as tax principal of Hong Kong tax team. From April 2015 up to now, she has been working in a private equity real estate investment group as vice president responsible for overseeing the tax matters.

Ms. Tam Ho Ting (譚可婷) (“**Ms. Tam**”), aged 41, was appointed an independent non-executive Director on 21 October 2019. She is also a member of the Audit Committee and the Nomination Committee and the chairman of the Remuneration Committee. She is responsible for overseeing the areas with regard to the strategy, policy, performance, accountability, internal control, corporate governance and providing independent advice to our Group.

Ms. Tam obtained a bachelor degree in business administration from The Chinese University of Hong Kong in May 2000. In January 2008, she was admitted an associate member of The Institute of Chartered Accountants in England and Wales. Ms. Tam has been a fellow member of the Association of Chartered Certified Accountants since July 2009 as well as a fellow member of the Hong Kong Institute of Certified Public Accountants since October 2015.

曾巧臨女士(「**曾女士**」)，45歲，於二零一九年十月二十一日獲委任為獨立非執行董事。彼亦為審計委員會和薪酬委員會成員。彼負責監督策略、政策、表現、問責、內部監控及企業管治等事宜並向本集團提供獨立意見。

曾女士於一九九六年十二月畢業於澳洲墨爾本大學，持有商業學士學位，並於二零零零年十一月獲得澳洲蒙納士大學會計學碩士學位。彼於二零零一年七月成為澳洲會計師公會會員。

曾女士於稅務範疇擁有逾22年經驗。於一九九七年二月至二零零三年三月，彼於香港羅兵咸永道會計師事務所工作，自此展開其職業生涯，最後職位為高級顧問，彼於在職期間獲得稅務合規事宜方面的經驗。於二零零四年十一月至二零零七年二月，曾女士於新西蘭奧克蘭的Ross Melville PKF任職，最後職位為稅務顧問。其後，彼於二零零七年二月重返香港羅兵咸永道會計師事務所任職高級顧問，並任職至二零一零年四月，最後職位為經理。於二零一零年四月至二零一五年四月，曾女士受聘於香港立信德豪會計師事務所有限公司，最後職位為香港稅務團隊的稅務主管。由二零一五年四月至今，彼一直擔任一間私募股權房地產投資集團的副總裁，負責監督稅務事務。

譚可婷女士(「**譚女士**」)，41歲，於二零一九年十月二十一日獲委任為獨立非執行董事。彼亦為審計委員會及提名委員會成員和薪酬委員會主席。彼負責監督策略、政策、表現、問責、內部監控及企業管治等事宜並向本集團提供獨立意見。

譚女士於二零零零年五月在香港中文大學取得工商管理學士學位。於二零零八年一月，彼獲認為英格蘭及威爾斯特許會計師公會會員。譚女士自二零零九年七月起成為特許公認會計師公會資深會員，並於二零一五年十月起成為香港會計師公會資深會員。

Directors and Senior Management

董事及高級管理層

Ms. Tam has over 18 years of work experience in the accounting and financial work sector. Before joining our Group, Ms. Tam worked in various accounting firms and multi-national companies. She started her career in the assurance and business advisory department in Moores Rowland and worked there from September 2000 to December 2002, with her last position as associate III. From December 2002 to March 2004, Ms. Tam worked as an assistant manager in KPMG, Hong Kong. From April 2004 to June 2007, she worked in Hutchison Telecommunications (Hong Kong) Limited, a wholly-owned subsidiary of Hutchison Telecommunications Hong Kong Holdings Limited (stock code: 215), a company listed on the Main Board of the Stock Exchange with her final position as senior accountant in the finance and administration division. From June 2007 to August 2010, Ms. Tam worked in Avery Dennison Hong Kong, B.V., with her last position as finance manager in the production and costing sector of the financial planning and analysis department. Ms. Tam then worked as manager in the financial analysis department in Hasbro Far East Limited, Hong Kong from August 2011 to August 2013. Since November 2013, Ms. Tam has provided accounting and book-keeping services to private companies engaged in various sectors of industries in Hong Kong, including pharmacy services and other services. In September 2018, Ms. Tam established CT Business Services Limited whose principal activity is the provision of accounting and book-keeping services.

SENIOR MANAGEMENT

Mr. Chan Ho Chee Gilbert (陳浩賜) (“**Mr. Chan**”), aged 32, joined our Group as the chief financial officer on 1 November 2018. He was later appointed the chief operation officer and company secretary of our Group on 12 March 2019. He is primarily responsible for overseeing overall accounting, financial management, operation and compliance functions and company secretarial matters.

Mr. Chan obtained a bachelor degree in commerce (accounting) from Macquarie University in Australia in September 2009. He further obtained a master's degree in financial analysis from The University of New South Wales in August 2010. Mr. Chan has been a member of CPA Australia since December 2013. Mr. Chan has over 8 years of work experience in accounting and finance covering a vast range of clientele including manufacturing and food and beverage industries. From December 2010 to October 2013, Mr. Chan worked in BDO Limited, with his last position as senior associate, where he participated in the annual audit and special engagement of listed companies in Hong Kong. From October 2013 to July 2018, Mr. Chan worked in PricewaterhouseCoopers, with his last position as manager in assurance practice, where he has been involved in audits for public, sizable private and multinational companies as well as initial public offerings.

譚女士於會計及財務工作行業擁有逾18年工作經驗。加入本集團之前，譚女士曾於多間會計師行及跨國公司工作。彼於二零零零年九月至二零零二年十二月在Moores Rowland的鑒證及業務諮詢部門工作，自此展開其職業生涯，最後職位為會計師III。於二零零二年十二月至二零零四年三月，譚女士在香港畢馬威會計師事務所任職助理經理。於二零零四年四月至二零零七年六月，彼在和記電訊(香港)有限公司工作，最後職位為財務及行政部高級會計師，該公司為聯交所主板上市公司和記電訊香港控股有限公司(股份代號：215)全資附屬公司。於二零零七年六月至二零一零年八月，譚女士在Avery Dennison Hong Kong, B.V.工作，最後職位為財務規劃及分析部的生產及成本分部的財務經理。譚女士其後於二零一一年八月至二零一三年八月在香港孩之寶遠東有限公司財務分析部任職經理。自二零一三年十一月起，譚女士為從事不同行業的香港私人公司提供會計及簿記服務，包括藥房服務及其他服務。於二零一八年九月，譚女士成立思天商業服務有限公司，該公司的主要業務活動為提供會計及簿記服務。

高級管理層

陳浩賜先生(「**陳先生**」)，32歲，於二零一八年十一月一日加入本集團擔任財務總監。彼其後於二零一九年三月十二日獲委任為營運總監及公司秘書。彼主要負責監督整體會計、財務管理、營運及合規職能及公司秘書事宜。

陳先生於二零零九年九月在澳洲麥覺理大學取得商業(會計)學士學位。彼另於二零一零年八月在新南威爾士大學取得財務分析碩士學位。陳先生自二零一三年十二月起成為澳洲會計師公會會員。陳先生於會計及財務方面擁有逾8年工作經驗，涵蓋製造及餐飲業的廣泛客戶。於二零一零年十二月至二零一三年十月，陳先生於香港立信德豪會計師事務所有限公司任職，最後職位是高級會計師，彼參與香港上市公司年度審計及特別委聘工作。於二零一三年十月至二零一八年七月，陳先生於羅兵咸永道會計師事務所任職，最後職位是核證實務經理，期間彼負責公眾、私人及跨國公司的審計以及首次公開發售。

Directors and Senior Management 董事及高級管理層

Ms. Chen Fang (陳芳) (“**Ms. Chen**”), aged 48, is our financial controller and assistant to the chief executive officer. Ms. Chen joined the finance department of Group in September 2007. She is primarily responsible for overseeing the financial and accounting management of Kyoiei Seiki.

Ms. Chen graduated from Shaanxi Labor College (陝西工運學院) in the PRC in July 1998 with a diploma in computing and accounting (計算機與會計專業) and has over 10 years of experience in accounting work. Prior to joining our Group, between January 2002 and December 2003, Ms. Chen worked in Guangzhou Baiji Engineering Machinery Parts Co., Ltd* (廣州市柏基工程機械配件有限公司) in Guangzhou, the PRC in the accounting department.

陳芳女士(「**陳女士**」)，48歲，為財務監控官及行政總裁助理。陳女士於二零零七年九月加入本集團財務部。彼主要負責監督共榮精密機械的財務及會計管理。

陳女士於一九九八年七月在中國陝西工運學院畢業，取得計算機與會計專業文憑，於會計工作擁有逾10年經驗。於加入本集團前，於二零零二年一月至二零零三年十二月，陳女士於中國廣州廣州市柏基工程機械配件有限公司會計部任職。

Report of the Directors

董事會報告

The directors of the Company submit their annual report together with the audited consolidated financial statements for the year ended 31 December 2019.

REORGANISATION AND SHARE OFFER

The Company was incorporated in Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 26 October 2018. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

Pursuant to the completion of the reorganisation as detailed in the section headed "History, Reorganisation and Group Structure" in the Prospectus to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Stock Exchange, the Company became the holding company of the subsidiaries now comprising the Group. The Shares of the Company were listed on the GEM of the Stock Exchange on 15 November 2019 through Share Offer as described in the section headed "Structure and Conditions of the Share Offer" in the Prospectus.

USE OF PROCEEDS FROM THE COMPANY'S SHARE OFFER

The aggregate net proceeds from the Share Offer (after deducting listing related expenses borne by the Company) amounted to approximately HK\$28.4 million. The proposed application of net proceeds as stated in the Prospectus has been adjusted according to the principles and proposed percentage of utilisation as specified in the section headed "Future Plans and Use of Proceeds" of the Prospectus. The use of proceeds from the Listing Date to 31 December 2019 is included in the section "Management Discussion and Analysis" on page 17.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 1 to the consolidated financial statements.

BUSINESS REVIEW

Business review of the Group for the Year as required by Schedule 5 of the Hong Kong Companies Ordinance, including a fair review of the Group's business, a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the "Management Discussion and Analysis" set out on pages 11 to 21 of this annual report and the section headed "Risk Management and Internal Control" on page 50 of the Corporate Governance Report in this annual Report. In addition, discussion on Group's environmental policies and compliance with relevant laws and regulation which have signification impact on the Group are contained in the Environmental, Social and Governance Report on pages 56 to 85 of this annual report. The discussion forms part of this directors' report.

董事會欣然提呈本年報連同本集團截至二零一九年十二月三十一日止年度經審核綜合財務報表。

重組及股份發售

於二零一八年十月二十六日，本公司根據開曼群島法例第22章公司法(1961年第3號法例，經綜合及修訂)在開曼群島註冊成立為獲豁免有限公司。本公司註冊辦事處為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands。

為籌備本公司股份於聯交所上市，本公司完成集團重組(詳載於招股章程「歷史、重組及集團架構」一節)以理順本集團的架構，據此，本公司成為現時組成本集團的多家附屬公司的控股公司。透過招股章程「股份發售的架構及條件」一節所載的股份發售，本公司股份已於二零一九年十一月十五日在聯交所GEM上市。

本公司股份發售所得款項用途

股份發售所得款項淨額(經扣除本公司承擔的上市相關開支後)合共為約28.4百萬港元。招股章程所述所得款項淨額的擬定用途已根據招股章程內「未來計劃及所得款項用途」一節所述的原則及建議動用百分比作出調整。由上市日期至二零一九年十二月三十一日的所得款項用途載於第17頁「管理層討論及分析」一節。

主要業務

本公司的主要業務為投資控股。附屬公司的主要業務載於綜合財務報表附註1。

業務回顧

香港公司條例附表五規定的本集團本年度業務回顧(包括本集團業務的公正回顧、本集團面對的主要風險及不確定因素概況及本集團業務潛在未來發展的闡述)，載於本年報第11至21頁的「管理層討論與分析」及本年報企業管治報告第50頁「風險管理及內部監控」一節。另外，有關本集團的環境政策及對本集團有重大影響的相關法律及法規遵守情況的討論載於本年報第56至85頁環境、社會及管治報告。該討論構成本董事會報告的一部分。

Report of the Directors

董事會報告

RESULTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated statement of comprehensive income in page 94.

The directors now recommend the payment of final dividend of HK2 cents per share to the shareholders, amounting to a total sum of HK\$8,000,000 for the year ended 31 December 2019 whose names appear on the register of members of the Company on Friday, 5 June 2020, subject to the approval of the shareholders at the forthcoming annual general meeting to be held on Friday, 29 May 2020. The proposed final dividend will be despatched to shareholders on 30 June 2020. Details of the Group's dividend policy are set out in the corporate governance report on page 54.

CLOSURE OF REGISTERS OF MEMBERS

In order to establish entitlements to attend and vote at the forthcoming AGM to be held on Friday, 29 May 2020, the register of members of the Company will be closed from Tuesday, 26 May 2020 to Friday, 29 May 2020 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for entitlement to attend and vote at the Annual General Meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's share registrar, Tricor Investor Services Limited, Level 54, Hopewell Center, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Monday, 25 May 2020.

The register of members of the Company will be closed from Thursday, 4 June 2020 to Friday, 5 June 2020 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for entitlement in the proposed final dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's share registrar, Tricor Investor Services Limited, Level 54, Hopewell Center, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Wednesday, 3 June 2020.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 15 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company (the "Articles of Association") or the laws of Cayman Islands which oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

業績及股息

本集團本年度的業績載於第94頁綜合全面收益表內。

董事現建議向股東派發截至二零一九年十二月三十一日止年度末期股息每股2港仙予於二零二零年六月五日(星期五)名列本公司股東名冊之股東，總額8,000,000港元，待股東於二零二零年五月二十九日(星期五)舉行的應屆股東週年大會批准。擬派發之末期股息將於二零二零年六月三十日寄予各股東。本集團股息政策詳情載於企業管治報告第54頁。

暫停辦理股份過戶登記手續

為符合資格出席將於二零二零年五月二十九日(星期五)舉行的應屆股東週年大會並於會上投票，本公司將於二零二零年五月二十六日(星期二)至二零二零年五月二十九日(星期五)(包括首尾兩天)暫停辦理股份過戶登記手續，於此期間內將概不辦理轉讓本公司股份。為具資格參加股東週年大會並於股東週年大會上投票，附有相關股票的所有過戶文件，需於二零二零年五月二十五日(星期一)下午四時三十分前向本公司股份過戶登記處，即卓佳證券登記有限公司(地址為香港皇后大道東183號合和中心54樓)提交。

本公司將於二零二零年六月四日(星期四)至二零二零年六月五日(星期五)期間(包括首尾兩天)暫停辦理本公司股份過戶登記手續。為符合收取建議末期股息的資格，務請在二零二零年六月三日(星期三)下午四時三十分前，將所有過戶文件連同相關股票送達本公司的股份過戶登記處卓佳證券登記有限公司，地址為香港皇后大道東183號合和中心54樓。

物業、廠房及設備

本集團的物業、廠房及設備變動詳情載於綜合財務報表附註15。

優先認購權

本公司組織章程細則(「組織章程細則」)或開曼群島法律項下概無優先認購權條文，規定本公司按比例基準向現有股東提呈發售新股份。

Report of the Directors

董事會報告

DONATION

No charitable or other donation was made by the Group during the year ended 31 December 2019.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 22 to the consolidated financial statements. As at 31 December 2019, the Company's reserves available for distribution amounted to HK\$23.5 million.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity and Notes 33 and 23 to the consolidated financial statements.

DIRECTORS

The directors who held office during the year and up to the date of this report were as follow:

Executive Directors

Mr. Chan Yuk Pan (*Chairman and Chief Executive Officer*)
(appointed on 26 October 2018)
Mr. Chan Lung Pan (appointed on 12 March 2019)

Independent Non-Executive Directors

Mr. Chan Wan Tsun Adrian Alan
(appointed on 21 October 2019)
Ms. Tsang Hau Lam
(appointed on 21 October 2019)
Ms. Tam Ho Ting
(appointed on 21 October 2019)

Biographical details of the directors are set out in pages 22 to 27 of this Annual Report.

Pursuant to the Articles of Association, any Director appointed by the Board to fill a causal vacancy shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

Pursuant to the Articles of Association, one-third of the Directors shall retire from office by rotation and shall be subject to re-election at each AGM, provided that every Director shall retire at least once every three years.

Accordingly, Mr. Chan Yuk Pan and Mr. Chan Lung Pan shall retire at the forthcoming AGM and being eligible, will offer themselves for re-election.

捐贈

截至二零一九年十二月三十一日止年度，本集團概無作出慈善或其他捐贈。

股本

本集團的股本變動詳情載於綜合財務報表附註22。於二零一九年十二月三十一日，本公司的可供分派儲備為23.5百萬港元。

儲備

本集團及本公司的儲備變動載於綜合權益變動表及綜合財務報表附註33及23。

董事

於本年度及直至本報告編製日期為止之在任董事如下：

執行董事

陳煜彬先生 (*主席兼行政總裁*)
(於二零一八年十月二十六日獲委任)
陳龍彬先生 (於二零一九年三月十二日獲委任)

獨立非執行董事

陳弘俊先生
(於二零一九年十月二十一日獲委任)
曾巧臨女士
(於二零一九年十月二十一日獲委任)
譚可婷女士
(於二零一九年十月二十一日獲委任)

董事之履歷詳情載於本年報第22至27頁。

根據組織章程細則，獲董事會委任以填補臨時空缺之任何董事的任期至其獲委任後之首次本公司股東大會為止，並須於有關大會上重選，而任何獲董事會委任以出任現時董事會新增董事席位之董事，其任期將僅至下屆股東週年大會為止，且屆時符合資格膺選連任。

根據組織章程細則，於每屆股東週年大會上，當時三分之一之董事須輪值退任及膺選連任，前提是每名董事均須最少每三年退任一次。

據此，陳煜彬先生及陳龍彬先生將於應屆股東週年大會退任，且符合資格並願意膺選連任。

Report of the Directors

董事會報告

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service agreement with the Company for a term of three years and shall continue thereafter until terminated in accordance with the terms of the service agreement.

Each of the Independent Non-executive Directors has entered into a letter of appointment with the Company for a term of one year and shall continue thereafter until it is terminated by either party by giving not less than one month's written notice to the other party.

None of the directors who are proposed for re-election at the Annual General Meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of emoluments of Directors and the five highest paid individuals of the Group are set out in Note 7 to the consolidated financial statement.

DISCLOSURE OF INTERESTS — DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

Directors' and Chief Executive Interests in Shares and Share Options

As at 31 December 2019, the interests or short positions of the Company's directors and the chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong (the "SFO")) which are required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.68 of the GEM Listing Rules, were as follows:

董事服務合約

執行董事各自已與本公司訂立服務協議，為期三年，其後可連任，直至根據服務合約的條款終止服務協議。

獨立非執行董事各自已與本公司訂立委任函，為期一年，其後可連任，直至任何一方透過向另一方發出不少於一個月書面通知以終止委任函。

擬於股東週年大會上重選的董事概無與本公司訂有不可於一年內免付補償(法定補償除外)而終止的服務合約。

董事及五名最高薪金個人的酬金

本集團董事及五名最高薪金個人的酬金詳情載於綜合財務報表附註7。

權益披露 — 董事及最高行政人員的權益

董事及最高行政人員於股份及購股權中擁有的權益

於二零一九年十二月三十一日，本公司董事及最高行政人員於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)的股份、相關股份及債權證中擁有：(a)根據證券及期貨條例第XV部第7及8分部規定須知會本公司及聯交所的權益或淡倉(包括根據證券及期貨條例有關規定當作或視為擁有的權益及淡倉)；(b)根據證券及期貨條例第352條須記錄於該條所指登記冊的權益或淡倉；或(c)根據GEM上市規則第5.46至5.68條所述的董事交易規定標準須知會本公司及聯交所的權益或淡倉如下：

Long position in shares and underlying shares of the Company

於本公司股份及相關股份的好倉：

Name of substantial shareholder Capacity/ nature of interest	Total number of share(s) held	Percentage of interest in our Company's issued capital 於本公司已發行 股本權益的百分比
主要股東的姓名／名稱身分／權益性質	所持股份總數	
Mr. Chan Yuk Pan's Interest in controlled corporation (Note 1)	300,000,000 shares (L)	75%
陳焯彬先生於受控法團的權益(附註1)	300,000,000股股份(L)	75%

Report of the Directors

董事會報告

Note 1: Mr. YP Chan legally and beneficially owns the entire issued share of C Centrum Holdings Limited (“C Centrum”) and is its sole director. Accordingly, Mr. YP Chan is deemed to be interested in the Shares held by C Centrum by virtue of the SFO.

Note 2: The letter “L” denotes “Long position” in such shares.

Save as disclosed above, as at 31 December 2019, none of the directors or chief executives has 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 were required to be notified to the Company or Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which he was taken or deemed to have under provision of the SFO) or as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.68 of the GEM Listing Rules.

Share Option Scheme

Our Company has conditionally adopted a share option scheme (the “Share Option Scheme”), which was approved by written resolutions passed by its shareholders on 21 October 2019 and became unconditional on 15 November 2019. Our directors consider the purpose of the Share Option Scheme is to reward the participants defined under the Share Option Scheme for their past contribution to the success of the Group and to provide incentive to them to further contribute to our Group. The principal terms of the Share Option Scheme are summarized under the paragraph headed “13. Share Option Scheme” in Appendix IV to the Prospectus and in accordance with the provisions of Chapter 21 of the GEM Listing Rules. The following is a summary of the principal terms of the Share Option Scheme.

1. Purpose and Participants of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of our Group and to promote the success of the business of the Group. The Board is entitled to determine and make an offer of grant of an option to any eligible persons.

The Share Option Scheme is valid and effective for a period of ten years from the date of the grant of option.

附註1：陳煜彬先生合法及實益擁有C Centrum Holdings Limited (「C Centrum」) 的全部已發行股份，並為其唯一董事。因此，根據證券及期貨條例，陳煜彬先生被視為於C Centrum所持有的股份內擁有權益。

附註2：字母「L」指於相關股份的好倉。

除上述披露者外，於二零一九年十二月三十一日，概無董事或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8分部須知會本公司或聯交所的權益或淡倉(包括根據證券及期貨條例的有關條文當作或視為擁有的權益及淡倉)，或根據證券及期貨條例第352條須存置的登記冊登記的權益或淡倉，或根據GEM上市規則第5.46至5.68條所述的董事交易規定標準須另行知會本公司及聯交所的權益或淡倉。

購股權計劃

本公司已有條件採納一項購股權計劃(「購股權計劃」)，其於二零一九年十月二十一日獲股東以書面決議案形式批准，並於二零一九年十一月十五日成為無條件。董事認為購股權計劃旨在獎勵購股權計劃所界定的參與者過往對本集團的成功所作貢獻及激勵彼等繼續為本集團作出貢獻。購股權計劃的主要條款的概要載於招股章程附錄四「13.購股權計劃」一段及符合GEM上市規則第21章的條文。下文為購股權計劃的主要條款概要。

1. 購股權計劃的目的及參與者

購股權計劃旨在吸引及挽留最優秀的人員、向本集團僱員(全職及兼職)、董事、諮詢人、顧問、分銷商、承包商、供應商、代理、客戶、業務夥伴及服務供應商提供額外獎勵以及推動本集團業務締造佳績。董事會有權決定及作出要約，授出購股權予任何合資格人士。

購股權計劃已生效，由授出購股權日期起計十年期間有效。

Report of the Directors

董事會報告

2. Total number of Shares available for issue under the Share Option Scheme

The maximum number of Shares which may be allotted and issued under the Share Option Scheme and any other share option scheme of the Company must not exceed 10% of the total issued Shares of the Company as at the Listing Date unless the Company obtains an approval from the Shareholders. Therefore, the Company may grant options of up to 40,000,000 Shares (or such number of Shares as result from a subdivision or a consolidation of such 40,000,000 Shares from time to time) to the participants under the Share Option Scheme.

The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Company at any time shall not exceed 30% of the shares in issue from time to time. No options shall be granted under any schemes of the Company (including the Share Option Scheme) if this will result in the limit being exceeded

3. Maximum entitlement of Shares of each eligible participant

The total number of Shares issued and to be issued upon the exercise of all the share options granted and to be granted to each participant in any 12-month period shall not exceed 1% of the total number of Shares in issue. Any further grant of options is subject to shareholders' approval in general meeting with such Eligible Participants and his associates abstaining from voting

4. The period within which the shares must be taken up under an option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date on which the option is offered to an eligible participant, provided that the period from such date shall not be more than ten years after the adoption date of the Share Option Scheme or after the termination of the Share Option Scheme.

5. The minimum period for which an option must be held before it can be exercised

An offer for the grant must be accepted within seven days inclusive of the day on which such offer was made.

6. The amount payable on acceptance of an option and the period within which payments shall be made

The amount payable by the grantee to the Company on acceptance of the offer for the grant of an options is HKD1.00.

2. 根據購股權計劃可發行的股份總數

根據購股權計劃及本公司任何其他購股權計劃可配發及發行的股份數目上限不可超過本公司於上市日期已發行股份總數的10%，惟本公司取得股東批准則作別論。因此，本公司可根據購股權計劃授出最多40,000,000股股份（或該等40,000,000股股份不時拆細或合併後的相關股份數目）予參與者。

因根據購股權計劃及本公司任何其他購股權計劃已授出及尚未行使的所有尚未行使購股權獲行使而可能發行的股份數目，於任何時候不得超過不時已發行股份的30%。倘根據本公司的任何計劃（包括購股權計劃）授出購股權將導致超出上限，則不得授出購股權。

3. 各合資格參者可獲的股份配額上限

於任何12個月期間，所有已授出及將授出的購股權獲行使而可予發行的股份總數不得超過已發行股份總數的1%。任何額外授出購股權須於股東大會上獲股東批准，而有關合資格參與人士及其聯繫人須放棄投票。

4. 須認購購股權下股份之期間

購股權可於董事會可能釐定的期間內（不超過向一名合資格參與者提呈購股權當日起計十年），隨時根據購股權計劃的條款獲行使，惟由該日期起計的該期間不可超過採購股權計劃日期後超過的十年或於購股權計劃終止後。

5. 購股權獲行使前必須持有的最短期間

授出購股權的要約必須於授出購股權當日起計七個營業日（包括作出該要約當日）獲接納。

6. 接納購股權時須支付的款項及須作出付款的期間

承授人於接納授出購股權的要約時應向本公司支付的款項金額為1.00港元。

Report of the Directors

董事會報告

7. The basis of determining the exercise price

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be at such price as determined by our Board and notified to an eligible person, and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date, which must be a trading day, on which our Board passes a resolution approving the making of an offer of grant of an option to an eligible participant; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant of the share option; and (iii) the nominal value of a Share on the date of grant of the share option.

8. The remaining life of the Share Option Scheme

Subject to earlier termination of the Share Option Scheme by the Company in general meeting or by the Board, the Share Option Scheme will remain valid and effective for a period of 10 years commencing on the adoption date of the Share Option Scheme, after which period no further share options shall be granted. All share options granted prior to the expiry of the Share Option Scheme shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme.

As at the date of this report, no share option was granted, exercised, lapsed or cancelled for the year ended 31 December 2019.

Rights to Acquire Shares or Debentures

Save as disclosed above, at no time during the year ended 31 December 2019 was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable any of the Company's directors or members of its management (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares in, or debentures of, or had exercise any such rights in the Company or other body corporate.

Directors' Interests in Transaction, Arrangement or Contracts of Significance

No transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries or holding company was a party and in which any of the Company's directors or members of its management had a material interest, whether directly or indirectly, subsisted in the year ended 31 December 2019 or at any time during the year.

7. 釐定行使價的基準

根據購股權計劃，根據購股權計劃授出的任何特定購股權涉及的股份的認購價，應為董事會釐定及通知合資格參與者的相關價格，以及應最少為以下各項中最高者：(i) 董事會通過一項決議案批准向一名合資格參與者作出授出購股權的要約當日（必須為交易日）聯交所日報表所示的股份收市價；(ii) 於緊接授出日期前五個交易日的聯交所每日報價表所列股份的平均收市價；及(iii) 於授出購股權當日的股份面值。

8. 購股權計劃的餘下年期

倘購股權計劃並無被本公司於股東大會或被董事會提早終止，購股權計劃將一直有效，由採納購股權計劃日期起計，為期十年，其後概不可授出更多購股權。於購股權計劃到期授出的所有購股權將根據繼續有效及可根據購股權計劃的條款行使。

於本報告日期，概供購股權已於截至二零一九年十二月三十一日止年度授出、行使、失效或註銷。

收購股份或債權證的權利

除上述披露者外，於截至二零一九年十二月三十一日止年度任何時間，本公司或其任何控股公司、附屬公司或其同系附屬公司概無參與任何安排，致令本公司董事或其管理層成員（包括其配偶及18歲以下子女）可藉購入本公司或其他法人團體的股份或債券而獲益。

董事於重大交易、安排或合約的權益

本公司或其任何附屬公司或控股公司並無訂有任何對本集團業務而言屬重大以及本公司董事或其管理層成員於當中擁有重大權益（不論直接或間接）且於截至二零一九年十二月三十一日止年度或本年度任何時間仍然存續的交易、安排或合約。

Report of the Directors

董事會報告

DISCLOSURE OF INTERESTS — SUBSTANTIAL SHAREHOLDER'S INTERESTS

Substantial Shareholder's Interests in Shares and Share Options

As at 31 December 2019, so far as known by 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 and debentures of Company and its associated corporation which would be required to be disclosed to the Company and the Stock Exchange under the provision of Divisions 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, were as follow:

Name of substantial shareholder Capacity	Nature of interest	Total number of share(s) held	Percentage of interest in our Company's issued capital 於本公司已發行股本權益的百分比
主要股東的姓名／名稱身分	權益性質	所持股份總數	股本權益的百分比
C Centrum ^(Note 1)	Beneficial owner	300,000,000 shares (L)	75%
C Centrum ^(附註1)	實益擁有人	300,000,000 股股份 (L)	75%
Ms. Leung Tak Yee ^(Note 2)	Interest of Spouse	300,000,000 shares (L)	75%
Leung Tak Yee 女士 ^(附註2)	配偶權益	300,000,000 股股份 (L)	75%

Note 1: The entire issued shares of C Centrum is legally beneficially owned by Mr. Chan Yuk Pan. Accordingly, Mr. Chan Yuk Pan is deemed to be interested in the 300,000,000 Shares held by C Centrum by virtue of the SFO.

Note 2: Ms. Leung Tak Yee is the spouse of Mr. Chan Yuk Pan and is deemed to be interested in all the underlying Shares that Mr. Chan Yuk Pan is interested through C Centrum by virtue of the SFO.

Note 3: The letter "L" denotes "Long position" in such shares.

Save as disclosed above, as at 31 December 2019, no other person (other than director or chief executive of the Company) had any interest or short position in the Shares or underlying shares of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Purchase, Sales and Redemption of Shares

Save for Reorganisation as disclosed in the Prospectus, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

權益披露 — 主要股東的權益

主要股東於股份及購股權中擁有的權益

於二零一九年十二月三十一日，就董事所知，下列人士（並非本公司董事或主要行政人員）於本公司及其相聯法團的股份或相關股份及債權證中擁有根據證券及期貨條例第XV部第2及3分部條文須向本公司及聯交所披露或根據證券及期貨條例第336條須在本公司存置的登記冊登記的權益或淡倉，載列如下：

附註1：C Centrum的全部已發行股份由陳煜彬先生合法實益擁有。因此，根據證券及期貨條例，陳煜彬先生被視為於C Centrum所持有的300,000,000股股份內擁有權益。

附註2：Leung Tak Yee女士為陳煜彬先生的配偶，根據證券及期貨條例，於陳煜彬先生透過C Centrum擁有權益的所有相關股份內擁有權益。

附註3：字母「L」指於相關股份的好倉。

除上文所披露者外，於二零一九年十二月三十一日，概無人士（本公司董事或高級行政人員除外）於本公司股份或相關股份中擁有任何根據證券及期貨條例第XV部第2及3部條文須向本公司披露或根據證券及期貨條例第336條本公司須存置的登記冊所載的權益或淡倉。

購買、出售或贖回股份

除招股章程所披露的重組外，於截至二零一九年十二月三十一日止年度，本公司及其任何附屬公司均無購買、出售或贖回任何本公司上市證券。

Report of the Directors

董事會報告

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the directors or their respective close associates is or was interested in any business apart from the Group's business that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the period from the Listing Date and up to the date of this report.

EQUITY-LINKED AGREEMENTS

Save as disclosed, no other equity-linked agreement was entered into by the Group, or existed during the year ended 31 December 2019.

SUBSIDIARIES

Details of subsidiaries of the Company as at 31 December 2019 are set out in Note 14 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group are set out in Note 29 to the consolidated financial statements. The Directors consider that those related party transactions did not fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules. The Group has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

MANAGEMENT CONTACTS

Other than the service contracts of the Directors, no contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2019.

董事於競爭業務之權益

於自上市日期起至本報告日期止期間任何時間，董事或彼等各自的緊密聯繫人現時或過往概無於除本集團的業務以外與本集團的業務直接或間接構成競爭或在現時或過往可能構成競爭的業務中擁有權益。

股權掛鈎協議

除已披露者外，本集團於截至二零一九年十二月三十一日止年度概無訂立或不存在其他股票掛鈎協議。

附屬公司

本公司的附屬公司於二零一九年十二月三十一日的詳情載於綜合財務報表附註 14。

關聯方交易

本集團關聯方交易的詳情載於綜合財務報表附註 29。董事認為該等關聯方交易並非 GEM 上市規則第 20 章所界定遵守上市規則項下任何申報、公佈或獨立股東批准的規定的「關連交易」或「持續關連交易」。本集團已遵守 GEM 上市規則第 20 章的披露規定。

管理合約

除董事服務合約外，於截至二零一九年十二月三十一日止年度，概無訂立或存在任何有關本公司全部或任何重大部分業務管理及行政的合約。

Report of the Directors

董事會報告

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of revenue for the year attributable to the Group's major customers are as follows:

Sales	出售	Percentage 百分比
The largest customer	最大客戶	27%
Five largest customers combined	五大客戶合計	75%

The percentage of purchases for the year attributable to the Group's major suppliers are as follows:

Purchases	購買	Percentage 百分比
The largest supplier	最大供應商	41%
Five largest suppliers combined	五大供應商合計	82%

None of the directors, their associates or any other shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its suppliers, customers and stakeholders to meet its immediate and long-term goals. During the year, there was no material and significant dispute between the Group and its suppliers, customers and/or other stakeholders.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, every director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a director of the Company. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group throughout the year.

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float under the GEM Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the directors.

主要客戶及供應商

本集團的主要客戶應佔年內收益的百分比如下：

本集團的主要供應商應佔年內採購額的百分比如下：

概無任何董事、彼等的聯繫人士或任何其他股東（根據董事所知，擁有本公司5%以上的股本）擁有上述主要供應商及客戶的權益。

與供應商、客戶及其他持份者的關係

本集團明白與供應商、客戶及持份者維持良好關係對達成其短期及長期目標十分重要。於本年度，本集團與其供應商、客戶及／或其他持份者概無嚴重及重大糾紛。

獲准許的彌償條文

根據本公司組織章程細則，全體董事均有權因其作為本公司董事而就其產生或蒙受的一切虧損或負債自本公司資產中獲得彌償。本公司已於整個年度為本集團董事及高級管理人員安排適當保險保障。

公眾持股量

於本報告日期，根據本公司可獲得之公開資料及就董事所知，本公司一直維持GEM上市規則所規定之公眾持股量。

Report of the Directors

董事會報告

INTEREST OF COMPLIANCE ADVISER

As notified by the Company's compliance adviser, LY Capital Limited ("LY Capital"), neither LY Capital nor any of its directors or employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules (except for the compliance adviser agreement entered into between the Company and LY Capital on 27 March 2019) as at the date of this annual report.

CORPORATE GOVERNANCE

Details of the principal corporate governance practices as adopted by the Company are as set out in the corporate governance report in pages 39 to 55 of this annual report.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period are set out in Note 34 to the consolidated financial statements.

AUDITORS

The consolidated financial statements of the Company for the year ended 31 December 2019 have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment. A resolution for the appointment of PricewaterhouseCoppers will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Chan Yuk Pan

Chairman and Chief Executive Officer

Hong Kong, 25 March 2020

合規顧問權益

誠如本公司合規顧問絡繹資本有限公司(「絡繹資本」)所告知，於本年報日期，絡繹資本或其任何董事或僱員或緊密聯繫人概無於本公司或本集團任何成員公司的股本中擁有任何權益(包括認購有關證券的購股權或權利)或與本公司有另外關聯，而須根據GEM上市規則第6A.32條通知本公司(唯本公司與絡繹資本於二零一九年三月二十七日訂立的合規顧問協議除外)。

企業管治

本公司採納的主要企業管治常規詳情載於本年報第39至55頁的企業管治報告。

報告期後事件

報告期後事項詳情載於綜合財務報表附註34。

核數師

羅兵咸永道會計師事務所已審核本公司截至二零一九年十二月三十一日止年度綜合財務報表並將告退，惟其符合資格並願意膺選連任。本公司應屆股東週年大會將提呈有關委任羅兵咸永道會計師事務所的決議案。

代表董事會

陳煜彬

主席兼行政總裁

香港，二零二零年三月二十五日

Corporate Governance Report

企業管治報告

The Board is pleased to present this Corporate Governance Report for the period from 15 November 2019 to 31 December 2019 (the “**Reporting Period**”). The Company wishes to highlight the importance of the Board in ensuring effective leadership and control of the Company, transparency and accountability of all aspects of operations and that the business is conducted in accordance with applicable laws and regulations.

The Company recognizes that good corporate governance is vital to the success of the Group and to sustain the development of the Group. The Company aims at complying with, where appropriate, all code provisions (“**Code Provisions**”) of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules.

The Company’s corporate governance practices are based on the principles and the Code Provisions set out in the CG Code of the GEM Listing Rules. The Shares were listed on GEM of the Stock Exchange on 15 November 2019. The code provisions as set out in the CG Code were not applicable to the Company prior to the Listing Date. Throughout the Reporting Period, the Company has complied, to the extent applicable and permissible, with all Code Provisions set out in CG Code with the exception of Code A.2.1 as explained under the paragraph “Chairman and Chief Executive Officer” below.

DIRECTORS’ SECURITIES TRANSACTIONS

The Group has adopted a code regulating the securities transactions of Directors and executive officers named in this annual report, on terms no less exacting than the required standard of dealing as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”).

Specific enquiry had been made to all Directors and relevant employees. They have confirmed that they have complied with the Model Code throughout the Reporting Period.

The Company has also established written guidelines regulating the transactions of securities of the Company by senior management and employees who are likely to be in possession of any inside information of the Company.

董事會欣然提呈二零一九年十一月十五日至二零一九年十二月三十一日期間(「**報告期間**」)的企業管治報告。本公司謹此表明，董事會確保本公司有效領導及監控，在各方面營運的透明度及問責性的重要性，以及根據適用法律及法規進行其業務。

本公司明瞭良好企業管治對本集團的成功及維持本集團的發展非常重要。本公司擬遵守(如合適)GEM上市規則附錄15所載企業管治守則(「**企業管治守則**」)的所有守則條文(「**守則條文**」)。

本公司的企業管治常規乃以GEM上市規則企業管治守則所載原則及守則條文為基礎。股份於二零一九年十一月十五日在聯交所GEM上市。企業管治守則所載守則條文於上市日期前不適用於本公司。於報告期間，本公司已在適用及可行的情況下遵守所有企業管治守則所載的守則條文，惟下文「主席及行政總裁」一段所述有關守則第A.2.1條的情況除外。

董事的證券交易

本集團已採納規管董事及名列本年報的行政人員進行本公司之證券交易守則，其條款不會較GEM上市規則第5.48至5.67條所載的訂明買賣標準寬鬆(「**標準守則**」)。

已向全體董事及相關員工作出具體查詢。彼等已確認彼等於報告期間一直遵守標準守則。

本公司亦已就可能取得本公司內幕資料的高級管理層及僱員進行本公司之證券交易制定書面指引。

Corporate Governance Report

企業管治報告

The key corporate governance principles and practices of the Company are summarised as follows:

THE BOARD

Responsibilities

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

The Board reserves its powers over decision of all major matters which include, inter alia, the approval and monitoring of all policy matters, overall strategies and budgeting, internal control and risk management systems, material transactions (in particular those which may involve conflict of interests of substantial shareholder(s) or Director(s)), financial information, appointment of Directors and other significant financial and operational matters. The Board has the full support from the executive Directors and the senior management of the Company in discharging its responsibilities.

The Board has complied with the requirements of the GEM Listing Rules to have at least three independent non-executive Directors who represent more than one-third of the Board with at least one of them who possesses appropriate professional qualifications or accounting or related financial management expertise pursuant to Rule 5.05 of the GEM Listing Rules.

The Board has received from each independent non-executive Director (the "INED") a written annual confirmation of his/her independence pursuant to Rules 5.09 of the GEM Listing Rules, and the nomination committee of the Company (the "Nomination Committee") has assessed the independence of each INED. The Company is of the view that all INEDS fulfil the relevant independence requirement throughout the Reporting Period. Each INED will inform the Company in writing as soon as practicable if there is any change of circumstances which may affect his/her independence.

本公司主要企業管治原則及常規概述如下：

董事會

職責

本公司業務整體管理賦予董事會負責，董事會承擔領導及監控本公司的責任，並透過指導及監管事務，集體負責促進本公司的成就。全體董事均客觀就本公司最佳利益作出決定。

董事會保留就所有重要事項作出決策的權力，包括(尤其是)批准及監控所有政策、整體策略及預算、內部監控及風險管理制度、重大交易(特別是可能涉及主要股東或董事的利益衝突者)、財務資料、委任董事及其他重大財務與營運事宜。董事會於履行其責任時獲本公司執行董事及高級管理層的全力支持。

董事會已遵守GEM上市規則之規定，根據GEM上市規則第5.05條委任最少三名獨立非執行董事，佔董事會人數超過三分之一，其中最少一名獨立非執行董事具備適當專業資格或會計或相關財務管理專長。

董事會已收到各獨立非執行董事(「獨立非執行董事」)根據GEM上市規則第5.09條之規定提交確認其符合獨立性之週年確認函，而本公司提名委員會(「提名委員會」)已於本年報日期評核各獨立非執行董事之獨立性。本公司認為，於報告期間，所有獨立非執行董事已滿足相關獨立規定。倘出現任何可能會影響其獨立性的變動情況，各獨立非執行董事將於實際可行情況下盡快書面通知本公司。

Corporate Governance Report

企業管治報告

Composition

During the Reporting Period and up to the date of this annual report, the composition of the Board is as follows:

The Board currently comprises the following Directors:

Executive Directors

Mr. Chan Yuk Pan (*Chairman and chief executive officer*)

Mr. Chan Lung Pan

Independent Non-Executive Directors

Mr. Chan Wan Tsun Adrian Alan

Ms. Tsang Hau Lam

Ms. Tam Ho Ting

The biographical information of the Directors and the relationship between the members of the Board, if any, are provided in the “Directors and Senior Management” section of this annual report. Save as disclosed in the section “Directors and Senior Management” in this annual report, the Directors have no financial, business, family or other material or relevant relationships with each other.

Appointment, Re-election and Removal of Directors

The Company has established formal and transparent procedures for the appointment and succession planning of Directors.

All Directors are appointed for specific tenures subject to retirement by rotation at least once every three years and subject to re-election at the annual general meeting.

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years, which shall be renewed as determined by the Board or the Shareholders of the Company. The appointment of each of the executive Directors may be terminated by either party in accordance with the terms thereof and retirement and re-election provisions in accordance with the Articles of Association of the Company.

Each of the INEDs has accepted an appointment with the Company for an initial term of one year and shall be automatically renewed for another year. The appointment of each of the INEDs may be terminated by either party giving at least one month written notice to the other, subject to relevant terms of their respective appointments and the Articles.

組成

於報告期間及截至本年報日期，董事會組成如下：

董事會現由以下董事組成：

執行董事

陳煜彬先生(主席及行政總裁)

陳龍彬先生

獨立非執行董事

陳弘俊先生

曾巧臨女士

譚可婷女士

董事的履歷資料及彼等與董事會成員的關係(如有)在本年報「董事及高級管理層」一節已有披露。除本年報內「董事及高級管理層」一節所披露者外，各董事相互間概無財務、業務、家庭或其他重大或相關之關係。

委任、重選及罷免董事

本公司已制定正式且具透明度的董事委任及繼任規劃程序。

全體董事均通過特定任期委任產生，須至少每三年輪席告退一次，並可於股東週年大會膺選連任。

執行董事已各自與本公司訂立服務協議，初步為期三年，可按董事會或本公司股東決定而重續。各執行董事之委任可由任何一方根據本公司組織章程細則的條款及退任及重選連任條文而終止。

各獨立非執行董事已接納本公司之委任，初步為期一年，其後自動重續一年。獨立非執行董事可由任何一方向另一方發出最少一個月的書面通知予以終止，並受限於彼等各自之委任及細則之相關條款。

Corporate Governance Report

企業管治報告

Continuing professional development

Newly appointed Directors receive induction on the occasion of his/her appointment, so as to ensure that he/she has a proper understanding of the business and operations of the Company and is fully aware of his/her responsibilities under applicable laws, rules and regulations and the Group's various governance and internal control policies. The Company also, at its expense, arranges and provides suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company is responsible for maintaining and updating records for the Directors' training sessions. Up to the date of this report, the Directors have participated in continuous professional development by attending courses or studying relevant materials on the topics related to corporate governance and relevant updates of the rules and regulations.

Directors' and Officers' Liabilities

The Company has arranged for appropriate insurance coverage in respect of legal action against the Directors and officers against loss or liability sustained or incurred arising from or incidental to the execution of their duties. The insurance coverage is reviewed on an annual basis or on intervals as deemed appropriate by the Board.

Board Meetings and Directors' Attendance

According to code provision A.1.1 of the CG code, board meetings should be held at least four times a year at approximately quarterly intervals with active participation of a majority of the Directors, either in person or through electronic means of communication.

During the Reporting Period, no Board meeting or general meeting of the Company was held due to the limited period after listing. On 18 March 2020, the Company held Board meeting and all Board committee meetings in compliance with CG code. Going forward, the Company will also convene the annual general meeting with reference to the GEM Listing Rules and CG Code. Attendance includes physical attendance and attendance by telephone and by the video conference.

During the Reporting Period, the Chairman did not hold any private meeting with any of the INEDs without the presence of the executive Directors due to the limited period after listing.

董事培訓

新委任董事於獲委任時獲得就職介紹，確保彼等恰當了解本公司業務及運作，及全面了解其於適用法律、規定及法規以及本集團各類管治及內部監控政策下的職責。此外，本公司亦自費就上市公司董事的角色、功能及職責的重要性安排及舉辦合適的培訓。

本公司鼓勵全體董事參與持續專業發展，以發展及更新彼等的知識及技能。本公司的公司秘書負責保管及更新董事的培訓課程記錄。直至本報告日期，董事已透過參加課程或學習有關企業管治及相關規則及法規更新的相關資料參與持續專業發展。

董事及高級職員的責任

本公司已就董事及高級職員履行職責須承擔或產生或附帶產生的損失或責任而面對的法律行動安排適當保險。投保範圍乃每年或董事會認為適當的時候進行檢討。

董事會會議及董事出席情況

根據企業管治守則守則條文第A.1.1條，董事會會議應每年舉行至少四次，大致每季度舉行一次，並由大多數董事（親身出席或透過其他電子通訊方式）積極參與。

於報告期間，本公司並無舉行董事會會議或股東大會，原因為上市後的期間有限。於二零二零年三月十八日，本公司遵守企業管治守則，舉行董事會會議及所有董事會委員會會議。展望未來，本公司亦將根據GEM上市規則及企業管治守則召開股東週年大會。出席方式包括親身出席及以電話或視像會議形式出席。

由於距離上市時間不遠，主席並無於報告期間與任何獨立非執行董事舉行執行董事沒有出席的任何私人會議。

Corporate Governance Report

企業管治報告

Practices and Conduct of Board Meetings

A schedule of Board meetings dates is fixed for each year in advance. At least 7 days' formal notice of all regular Board meetings is given to all Directors and all Directors are given the opportunity to include matters for discussion in the agenda. The agenda and Board papers for each meeting are sent to all Directors at least 3 days in advance of every regular Board meeting.

The Company Secretary, as delegated by the Chairman, is responsible for preparing the agendas of board meetings, taking into account any matters the Directors may propose to include, ensuring that all Directors are given opportunity to include matters in the agendas and approving the agendas. To enable the Directors to make informed decisions, agendas and accompanying papers, together with all appropriate, complete and reliable information are sent to all Directors or all committees members at least three days before each Board meeting or committee meeting to keep the Directors and committee members apprised of the latest developments and/or financial position of the Company. The Board and the individual Directors also have access to the senior management to make further enquires or when they require further information, in addition to those volunteered by the senior management.

The Company Secretary attended all regular Board meetings and, whenever necessary, other Board and committee meetings to advise on statutory compliance, corporate governance matters and to ensure that the Company's policies and procedures were properly followed.

The Company Secretary is responsible for preparing and keeping minutes of all Board meetings and committee meetings. The minutes recorded sufficient details of matters considered, decisions reached, concerns raised and dissenting views expressed, if any. Draft and final versions of minutes are circulated to the Directors for comment and records within a reasonable time after each meeting. The final version is kept by the Company Secretary and opened for the Directors' inspection.

According to current Board practice, any material transaction or matter which involves conflicting interests of a substantial shareholder or a Director, are dealt with by a duly convened physical Board meeting, at which independent non-executive Directors having no material interest in the transaction should be present. Any Director or any of their close associates having material interests in the transaction or matter shall abstain from voting and not to be counted in the quorum at meetings for approving such transactions.

董事會會議常規及程序

董事會會議日期的時間表乃每年預先釐定。所有常規董事會會議須向全體董事給予最少7日正式通知期及全體董事有機會將事項納入議程以供討論。每次會議的議程及董事會會議文件會於每次常規董事會會議前最少3日寄發給全體董事。

公司秘書由主席委託負責擬備董事會會議議程，並包括董事提議載入的任何事項，確保全體董事皆有機會提出商討事項列入議程及批准議程。為使董事能作出知情有根據的決定，議程及相關的董事會文件連同所有合適、完整及可靠資料，至少在董事會會議及委員會會議的舉行三天前向全體董事或全體委員會成員，致令董事及委員會成員知悉本公司最新發展及／或財務狀況。董事會及個別董事亦可接觸高級管理層作進一步查詢，或當其要求進一步資料時，除高級管理層自願提供者之外。

公司秘書出席所有常規董事會會議及於有需要時出席其他董事會會議及委員會會議，就法定守章、企業管治事宜提供意見，並確保本公司的政策及程序得到妥當遵守。

公司秘書負責擬備所有董事會會議及委員會會議之會議記錄並加以存管。會議記錄充分詳細記錄所考慮事項、達成的決定、提出的疑慮及所表達的反對意見(如有)。會議記錄的初稿及最終定稿於各會議後合理時段內，予董事傳閱，作出意見，最終定稿將由公司秘書備存並可供董事查閱。

根據現行董事會常規，任何涉及主要股東或董事利益衝突的重大交易或事宜，須經由正式召開的實質董事會會議(於交易無重大利益關係的獨立非執行董事應出席會議)處理。任何於交易或事宜擁有重大權益的董事或彼等之緊密聯繫人須在批准該等交易的會議放棄表決及不獲計入法定人數內。

Corporate Governance Report

企業管治報告

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee, for overseeing specific aspects of the Company's affairs. Each Board committee was established with defined written terms of reference setting out its authorities and duties and requiring the Board Committees to report back to the Board on their decisions or recommendations (unless otherwise restricted by applicable legal or regulatory requirements). To provide transparency, the terms of reference of the Board committees are posted on the Company's and the Stock Exchange's websites and hard copies of the same are available to shareholders upon request.

Each Board committee consists of a majority of INEDs. Chairman and members of each Board committee as at the date of this report are set out below:

Audit Committee

Mr. Chan Wan Tsun Adrian Alan (*Chairman*)*
Ms. Tam Ho Ting*
Ms. Tsang Hau Lam*

Remuneration Committee

Ms. Tam Ho Ting (*Chairman*)*
Mr. Chan Lung Pan**
Ms. Tsang Hau Lam*

Nomination Committee

Mr. Chan Yuk Pan (*Chairman*)**
Mr. Chan Wan Tsun Adrian Alan*
Ms. Tam Ho Ting*

* Independent non-executive Director
** Executive Director

The Board committees have been provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expense.

董事會委員會

董事會下設三個委員會：審計委員會、提名委員會及薪酬委員會，以掌管本公司特定事務。各董事會委員會均設有明確書面職權範圍，載列其要求董事委員會向董事會報告其決定或意見的權限及職責（適用法律或監管規定限制者除外）。為提供透明度董事委員會的職權範圍於本公司及聯交所網站刊載，其複印件亦可供股東索閱。

各董事會委員會由獨立非執行董事佔多數。於本報告日期，各董事會委員會主席及成員如下：

審計委員會

陳弘俊先生(主席)*
譚可婷女士*
曾巧臨女士*

薪酬委員會

譚可婷女士(主席)*
陳龍彬先生**
曾巧臨女士*

提名委員會

陳煜彬先生(主席)**
陳弘俊先生*
譚可婷女士*

* 獨立非執行董事
** 執行董事

董事會委員會已獲提供充足資源履行職責及可於適當情況下，合理要求徵求獨立專業意見，費用由本公司承擔。

Corporate Governance Report

企業管治報告

Chairman and Chief Executive Officer

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. YP Chan currently holds both positions for the year ended 31 December 2019 and up to the date of this report. As Mr. YP Chan has been responsible for the overall management of the Group, including strategic planning as well as sales and business development, the Board considered that Mr. YP Chan is the suitable candidate to continue to hold both positions.

Audit Committee

Our Company established an audit committee on 21 October 2019 with written terms of reference in compliance with Rule 5.28 to 5.33 of the GEM Listing Rules and paragraphs C3.3 and C3.7 of the CG Code. The audit committee comprises three independent non-executive Directors; namely Mr. Adrian Chan, Ms. Tam and Ms. Tsang. Mr. Adrian Chan, who has appropriate professional qualification and experience in accounting matters, was appointed to serve as the chairman of the audit committee.

The main duties of the Audit Committee include, among others, the followings:

- (a) to review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or external auditor before submission to the Board;
- (b) to review the Company's relationship with the external auditor with reference to the work it performed, its fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and, if appropriate, removal of external auditor;
- (c) to review the adequacy and effectiveness of the Company's financial reporting system, the Group's financial control, internal control and risk management systems, including but not limited to adequacy of resources available to its respective functions, staff qualifications and experience and training programmes; and
- (d) to consider and identify risks of the Group and consider effectiveness of the Group's decision making processes in crisis and emergency situations and approve major decisions affecting the Group's risk profile or exposure.

主席及行政總裁

企業管治守則之守則條文第A.2.1條規定，主席及行政總裁的職責應予區分，且不應由同一人士擔任。陳煜彬先生目前於截至二零一九年十二月三十一日止年度及直至本報告日期兼任兩個職位。由於陳煜彬先生一直負責本集團的整體管理，包括戰略規劃以及銷售及業務發展，董事會認為陳煜彬先生為繼續兼任兩個職位的適當人選。

審計委員會

本公司於二零一九年十月二十一日成立審計委員會，並遵照GEM上市規則第5.28至5.33條及企業管治守則第C3.3及C3.7段擬備了書面職權範圍。審計委員會由三位獨立非執行董事：陳弘俊先生、譚女士及曾女士組成。陳弘俊先生於會計方面擁有合適的專業資格及經驗，獲委任為審計委員會主席。

根據職權範圍，審計委員會的主要職責其中包括：

- (a) 審閱財務報表及報告，並於提交董事會前，考慮本公司的會計及財務匯報職員、監察主任或外聘核數師提出的任何重大或不尋常項目；
- (b) 參考外聘核數師所進行工作、費用及聘用條款，檢討公司與外聘核數師的關係，並就委任、續聘及(如合適)罷免外聘核數師向董事會提出意見；
- (c) 審閱本公司財務報告制度、本集團的財務監控、內部監控及風險管理制度是否充份及具備效益，其中包括但不限於是否有足夠資源履行其各職能員工資歷及經驗及培訓計劃；及
- (d) 審議及識別本集團的風險，並檢視本集團處理危機及緊急情況時的決策程序之成效，以及批准影響本集團風險概況的重要決策。

Corporate Governance Report

企業管治報告

The written terms of reference describing the authority and duties of the Audit Committee was prepared and adopted with reference to the CG Code and “A Guide for The Formation of An Audit Committee” published by the Hong Kong Institute of Certified Public Accountants.

During the Reporting Period, no committee meeting was held due to its short period after listing. From the Listing Date and up to the date of this report, one Audit Committee meeting was held on 25 March 2020 to meet with external auditors and to review annual financial results and reports, financial reporting and compliance procedures, internal control and risk management systems, effectiveness of internal audit function, the auditor’s independence and objectivity.

During the Reporting Period and up to the date of this report, there was no material uncertainty relating to events or conditions that might cast significant doubt on the Company’s ability to continue as a going concern. The Company’s annual results for the year ended 31 December 2019 have been reviewed by the Audit Committee.

Nomination Committee

Our Company established a nomination committee on 21 October 2019 with written terms of reference in compliance with paragraph A.5.2 of the CG Code. The nomination committee comprises two independent non-executive Directors and one executive Director: Mr. Adrian Chan, Ms. Tam and Mr. YP Chan. Mr. YP Chan was appointed the chairman of the nomination committee. The primary functions of our nomination committee are (i) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations to the Board on any proposed changes to the Board to complement our Company’s corporate strategy; (ii) to identify individuals suitably qualified as potential Board members and select or make recommendations to the Board on the selection of individuals nominated for directorship; (iii) to assess the independence of our independent non-executive Directors; and (iv) to make recommendations to the Board on the appointment or reappointment of Directors and succession planning of Directors, in particular our chairman and the chief executive officer of the Company.

The Nomination Committee carries out the process of selecting and recommending candidates for directorship based on a number of factors, including expertise, skills, experience, professional knowledge, personal integrity and time commitments of such individuals, business requirements of the Group and other relevant statutory requirements and regulations. External recruitment agency may also be engaged to carry out the recruitment and selection process when necessary.

已參照企業管治守則及由香港會計師公會發出的「成立審計委員會指引」編製及採納列明審計委員會的職權及責任的書面職權範圍。

於報告期間，由於上市後的期間尚短，並無舉行委員會會議。自上市日期及直至本報告日期，本公司曾於二零二零年三月二十五日舉行一次審計委員會會議，以與外部核數師會面，審閱年度財務業績及報告，財務申報及合規程序、內部監控及風險管理制度、內部審核職能的有效性、核數師的獨立性及客觀性。

於報告期間及直至本報告日期，並無有關或會對本公司按持續基準經營的能力產生重大疑問的事件或情況。本公司截至二零一九年十二月三十一日止年度的全年業績已經由審計委員會審閱。

提名委員會

本公司於二零一九年十月二十一日成立提名委員會，並遵照企業管治守則第A.5.2段擬備了書面職權範圍。提名委員會由兩位獨立非執行董事及一位執行董事：陳弘俊先生、譚女士及陳煜彬先生組成。陳煜彬先生獲委任為提名委員會主席。提名委員會的主要職責是(i)至少每年檢討董事會的架構、規模及組成(包括技能、知識及經驗)，並就任何為配合本公司策略而擬對董事會作出的變動提出建議；(ii)羅致合資格可加入董事會的人選，並進行甄選和就董事的人選提名向董事會提出建議；(iii)評估獨立非執行董事的獨立性；以及(iv)就委任或重新委任董事向董事會提出建議。

提名委員會負責就多項因素(包括技能、技巧、經驗、專業知識、個人誠信及投入時間)以及就本集團業務需要及其他相關法定規則及規例，甄選及推薦候任董事人選。有需要時或會委任外界招聘代理進行招聘及甄選程序。

Corporate Governance Report

企業管治報告

To facilitate sustainable and balanced development of the Company, the Nomination Committee has adopted a board diversity policy (the “**Diversity Policy**”), which sets out the approach to achieve diversity of the Board. Under the Diversity Policy, the appointment and/or recommendation for appointment will be based on objective criteria, having due regard to the benefits of diversity of the Board, including, among others, the candidates’ gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Board will consider to set measurable objectives to implement the Diversity Policy and review such objectives from time to time to ensure their appropriations and ascertain the progress made towards achieving these objectives. Decisions of the Nomination Committee are based on the merits and contribution of the selected candidates. As at the date of this report, the Board characterised by significant diversity, regardless in terms of age, gender, professional experience, skills and knowledge. The Nomination Committee has also adopted a nomination policy (the “**Nomination Policy**”) which sets out the selection criteria and procedure of appointing and re-appointing a Director. The selection criteria used in assessing the suitability of a candidate include, inter alia, his/her academic background and professional qualifications, relevant experience in the industry, character and integrity and whether he/she can contribute to the diversity of the Board as detailed in the Diversity Policy. The procedure of appointing and re-appointing a Director is summarised as follows:

- nomination and invitation of suitable candidates by any member of the Nomination Committee or the Board;
- evaluation of the candidate by the Board based on all selection criteria set out in the Nomination Policy;
- performing due diligence in respect of each candidate and making recommendation for the Board’s consideration and approval;
- in case of nomination of an independent non-executive Director, assessing the candidate’s independence under the relevant Code Provisions and the Listing Rules;
- where nominating an independent non-executive Director for election at general meetings, having due consideration of matters under Code Provision A.5.5;

為促進本公司持續、均衡的發展，提名委員已採納董事會多元化政策（「**多元化政策**」），當中載列為達致董事會成員多元化而採取之方針。根據多元化政策，將依據客觀標準，充分考慮多元化對董事會的裨益進行委任及／或推薦委任，其中包括候選人性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及服務年限。董事會將考慮制定可計量目標，以實行多元化政策，並不時審閱該等目標，確保其合適度及確定達成該等目標的進度。提名委員會的決定乃基於候選人的優點及貢獻。於本報告日期，董事會以非常多元見稱，不分年齡、性別、專業經驗、技能及知識。提名委員會亦已採納一項提名政策（「**提名政策**」），當中列載新委任及重新委任董事之甄選準則及提名程序。用以評估候選人的甄選準則包括（尤其是）其學歷背景及專業資格、與行業有關之經驗、品格及誠信及彼是否能如多元化政策所述為董事會多元化作出貢獻。新委任及重新委任董事的程序概述如下：

- 由提名委員會或董事會任何成員提名及邀請適當候選人；
- 由董事會根據提名政策所載所有甄選準則評估候選人；
- 對各候選人進行盡職審查並作出推薦建議以供董事會考慮及批准；
- 如提名獨立非執行董事，則根據相關企業管治守則條文及上市規則評估候選人的獨立性；
- 倘於股東大會上提名獨立非執行董事膺選，則根據守則條文第A.5.5條作出審慎考慮；

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- in the context of re-appointment of retiring Directors, reviewing the candidate's overall contribution and performance and making recommendations to the Board and/or the shareholders for consideration in connection with his/her re-election at general meetings; and
- convening a meeting of the Board to consider the appointment or re-appointment of the candidate as a Director.

During the Reporting Period, no committee meeting was held due to the limited period after listing. From the Listing Date and up to the date of this report, one Nomination Committee meeting was held on 25 March 2020 to, amongst others, (i) review the structure, size, diversity and composition of the Board; (ii) assess the independence of the independent non-executive Directors; and (iii) review and recommend the continuing adoption of the Diversity Policy.

Remuneration Committee

Our Company established a remuneration committee on 21 October 2019 with written terms of reference in compliance with Rule 5.34 to 5.36 of the GEM Listing Rules and paragraph B.1.2 of the CG Code. The remuneration committee comprises two independent non-executive Directors and one executive Director: Mr. LP Chan, Ms. Tam and Ms. Tsang. Ms. Tam was appointed chairman of the remuneration committee. The primary functions of our remuneration committee are to make recommendations to the Board on the overall remuneration policy and the structure relating to all Directors and senior management of our Group, review performance based remuneration and ensure none of our Directors is in a position to determine his own remuneration.

The Remuneration Committee normally meets to review the remuneration policy and structure and determine the annual remuneration packages of the Directors and the senior management and other related matters. The human resources department is responsible for collection and administration of the human resources data and proposing the remuneration structure and remuneration packages of the individual executive Director and senior management to the Remuneration Committee for consideration. The Remuneration Committee shall consider and consult the Chairman and/or the Board about these proposals. During the Reporting Period, no committee meeting was held due to the limited period after listing. From the Listing Date and up to the date of this report, one Remuneration Committee meeting was held on 25 March 2020 to review and recommend the remuneration packages of the Directors and the senior management, to establish a formal and transparent procedure for developing policy for the remuneration of the Directors, assess the performance of the executive Directors and approve the terms of their respective service contracts.

- 如重新委任退任董事，則檢討候選人的整體貢獻及表現並就其於股東大會進行重選向董事會及／或股東作出推薦建議以供考慮；及
- 召開董事會議以考慮委任或重新委任候選人為董事。

於報告期間，由於上市後的期間有限，並無舉行委員會會議。自上市日期及直至本報告日期，本公司曾於二零二零年三月二十五日舉行一次提名委員會會議，以（其中包括）(i) 檢討董事會架構、規模、多元化及組成；(ii) 評估獨立非執行董事的獨立性；及 (iii) 審閱及建議繼續採納多元化政策。

薪酬委員會

本公司於二零一九年十月二十一日成立薪酬委員會，並遵照GEM上市規則第5.34至5.36條及企業管治守則第B.1.2段擬備了書面職權範圍。薪酬委員會由兩位獨立非執行董事及一名執行董事：陳龍彬先生、譚女士及曾女士組成。譚女士獲委任為薪酬委員會主席。薪酬委員會的主要職責是，就整體薪酬政策和本集團全體董事及高級管理層的架構提供建議、審視與表現掛鈎的薪酬，以及確保董事不得釐定其本人的薪酬。

薪酬委員會一般就審閱薪酬政策及結構以及釐定董事及高級管理人員年度薪酬待遇與其他相關事務舉行會議。人力資源部門負責收集及管理人力資源數據，並就薪酬結構與個別執行董事及高級管理人員之薪酬待遇向薪酬委員會作出建議，以供其考慮。薪酬委員會須就該等建議作出考慮及諮詢主席及／或董事會。於報告期間，由於上市後的期間尚短，並無舉行委員會會議。自上市日期及直至本報告日期，本公司曾於二零二零年三月二十五日舉行一次薪酬委員會會議，以審閱董事及高級管理層的薪酬待遇並提供建議，就制定董事薪酬政策訂立正規而具透明度的程序及評估執行董事表現及批准其各自服務合約條款。

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The remuneration payable to the members of the senior management by band for the year ended 31 December 2019 is set out below:

於截至二零一九年十二月三十一日止年度按組別劃分之應付高級管理人員薪酬載列如下：

Remuneration bands	薪酬組別	Number of individuals 人數
HK\$500,001 to HK\$1,000,000	500,001 港元至 1,000,000 港元	1

Further particulars relating to Directors' emoluments and the five highest paid individuals as required to be disclosed pursuant to Appendix 15 to the Listing Rules are set out in Note 10 and Note 29 to the consolidated financial statements.

根據上市規則附錄 15 須予披露有關董事酬金及五名最高薪人士的進一步詳情，載於綜合財務報表附註 10 及附註 29。

Corporate Governance Function

The Board is responsible for performing the corporate governance duties and determining the relevant policies of the Company, which includes formulating and reviewing the Group's policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of the Directors and the senior management, reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements, formulating, reviewing and monitoring the code of conduct, guidelines and compliance manual applicable to employees and Directors, and reviewing the Group's compliance with the CG Code and disclosures in this Corporate Governance Report. The Board reviewed and discussed the corporate governance policy of the Company and was satisfied the effectiveness of its corporate governance policy.

企業管治職能

董事會負責履行本公司的企業管治職責及決定相關政策包括制定及檢討本集團於企業管治方面的政策及常規、檢討及監察董事及高級管理層的培訓及持續專業發展，檢討及監察本集團的政策及常規是否符合法律及監管要求，制定、檢討及監察員工及董事的操守準則、指引和合規手冊，以及檢討本集團遵守企業管治守則的情況及在本企業管治報告內所作的披露。董事會已審閱及討論本公司的企業管治政策，並對其企業管治政策的效用感到滿意。

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board and the Directors

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and complying with other financial disclosures required under the Listing Rules and other regulatory requirements.

有關財務報表的責任

董事會及董事

根據上市規則及其他監管要求，董事會須對年報及中期報告、上市規則與其他監管規則所規定的內幕消息公佈負責提呈均衡、清晰及易於理解的評估及遵守其他財務資料的披露。

The Directors also acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2019.

董事亦明瞭彼等編製本公司截至二零一九年十二月三十一日止年度財務報表的責任。

Auditor's Statement

The statement of the external auditor of the Company about its reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" in pages 86 to 93.

核數師聲明

本公司外聘核數師有關彼等申報財務報表責任的聲明載於第 86 至 93 頁「獨立核數師報告」。

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Senior Management

The senior management has provided the Board with sufficient explanation and necessary information to enable the Board to make an informed assessment of financial and other information tabled before the Board for approval.

Monthly updates have also been provided by the senior management to all members of the Board to enable proper discharge of duties by the Board as a whole as well as each member individually by giving them balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibility for the establishment, maintenance and review of the Group's internal control system to safeguard shareholders' investments and the assets of the Group. The internal control system of the Group aims to facilitate effective and efficient operation which in turn minimizes the risks to which the Group is exposed. The system can only provide reasonable but not absolute assurance against misstatements or losses.

Risk Management

The Group recognises that good risk management is essential for the long-term development on the Group's business. Management is responsible for establishing, implementing, reviewing and evaluating a sound and effective internal control system underpinning the risk management framework. All employees of the Group are committed to implement the risk management framework into the daily operation. The system comprises the following phases:

- Identification: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- Analysis: Analyze the existing control, likelihood and consequence of risks and evaluate the risk portfolio accordingly.
- Management: Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

高級管理層

高級管理層已向董事會提供充分的解釋及必要的資料，讓董事會可以就提交給其批准的財務及其他資料，作出有根據的評審。

高級管理層亦已每月向董事會全體成員提供更新資料，載列有關本公司的表現，財務狀況及前景的公正及易於理解的評估，內容足以讓董事會妥當履行職責。

風險管理及內部監控

董事會對建立、維持及檢討本集團的內部監控制度負有全面責任，以保障股東投資及本集團資產。本集團的內部監控制度旨在促進有效及高效營運，進而盡量減低本集團面臨的風險。制度僅能就失實聲明或損失提供合理但非絕對的保證。

風險管理

本集團深明良好風險管理對本集團業務的長期發展至為重要。管理層負責設立、執行、檢討及評估健全有效的內部監控系統，並以之為風險管理框架的基礎。本集團全體僱員致力於實施風險管理框架，使之融入日常營運中。系統包括以下階段：

- 識別：識別風險所有權、業務目標及會影響達成目標的風險。
- 分析：分析現時風險監控、可能性及後果，並評估風險組合。
- 管理：考慮風險應對、確保與董事會可有效溝通，並繼續監察餘下風險。

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During the Reporting Period, the Group has identified the following risks and implemented relevant risk mitigation plans, details of which are set out as follows:

- The sales and profitability of the Group's products are dependent on its customers' business performance. The Group's five largest customers accounted for an aggregate of 75% and 66% of its revenue for the two years ended 2019 and 2018, respectively, and if there is any decrease in its business or if the Group fails to maintain its relationship with them or any of them or other key customers, this could adversely affect its business, results of operations, financial condition and prospects. To diversify the business risk, the Group has been active in seeking new markets and clients since 2019.
- The Group's profitability may be adversely affected by the fluctuations of raw material prices. The raw materials the Group uses in the manufacturing process are primarily forged rings, steel balls and spacers, of which forged rings accounted for most of the Group's total purchases. For FY2019, the total purchases of forged rings accounted for approximately 69.8% of the total purchases of raw materials for the year. The Group's forged rings are primarily made from gear steel and carbon round steel. Nearly all of the Group's raw materials are sourced from suppliers based in the PRC. There are many factors which can cause fluctuation in the price of raw materials from time to time, in particular the economic conditions in the PRC, supply and demand of raw materials and international trade. To diversify the business risk, the Group has been taking some proactive approaches to unexpected change in raw material prices such as understanding the actual production capacity and the historical record of price change.

於報告期間，本集團已識別下列風險及實施相關風險緩減計劃，詳情列載如下：

- 然而，我們產品的銷售及盈利能力依賴於客戶的業務表現。截至二零一九年及二零一八年止兩個年度，我們的五大客戶分別佔我們收益合共75%及66%，倘我們的業務有任何下降或我們未能與任何該等客戶或其他主要客戶維持關係，我們的業務、經營業績、財務狀況及前景將受到不利影響。為分散業務風險，我們自二零一九年起一直積極尋找新市場及客戶。
- 本集團的盈利能力可能受到原材料價格波動的不利影響。本集團在生產過程中使用的原材料主要為環鍛件、鋼球及墊片，其中環鍛件佔大部分的總採購額。於二零一九財政年度，環鍛件的總採購佔本年度原材料總採購額的約69.8%。本集團的環鍛件主要由齒輪鋼及碳圓鋼製成。本集團的所有原材料幾乎均採購自中國的供應商。導致原材料價格不時波動的因素有許多，當中以中國經濟狀況、原材料供需情況及國際貿易尤甚。為分散業務風險，本集團已採取若干方法主動處理預料之外的原材料價格變動，譬如了解實際產能及過往價格變動記錄。

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Internal Control

The Group does not have an internal audit function as the Board has reviewed the effectiveness of the internal control system of the Company and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. The situation will be reviewed from time to time. The Group has engaged an external consulting firm, Infinity Concept Ripple Limited (the "Internal Control Adviser"), as the Group's internal control adviser to conduct independent internal control review for the Year.

Such review is conducted annually and cycles reviewed are under a rotation basis. The scope of review was previously determined and approved by the Board. The Internal Control Adviser has reported findings and areas for improvement to the Audit Committee and management. The Board and Audit Committee were of the view that there was no material deficiency in the internal control system. All recommendations from the Internal Control Adviser are properly followed by the Group to ensure that they are implemented within a reasonable period of time. The Board therefore considered that the risk management and internal control systems are effective and adequate.

Handling And Dissemination Of Inside Information

The Company has established and maintained procedures and internal controls for the handling and dissemination of insider information. The Company has adopted a code of conduct for dealing in the securities of the Company by the directors in accordance with Appendix 15 of the GEM Listing Rules. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to dealing restrictions. Any inside information and any information which may potentially constitute inside information is promptly identified, assessed and escalated to the Board and for the Board to decide on the need for disclosure. Inside information and other information which is required to be disclosed pursuant to the GEM Listing Rules will be announced on the respective websites of the Stock Exchange and the Company.

AUDITOR'S REMUNERATION

The remuneration paid to the external auditor of the Company in respect of the Group's annual audit services and audit services for the subsidiaries of the Company for the year ended 31 December 2019 amounted to HK\$1,035,000, and those in relation to non-audit service was HK\$170,000.

內部監控

本集團並無設立內部審核部門，因董事會已檢討本公司內部監控制度之有效性，且認為因應本集團業務之規模、性質及複雜程度，目前毋須於本集團設立內部審核部門。有關狀況將不時作出檢討。於本年度，本集團已委聘外部顧問公司集思廣益有限公司為內部監控顧問（「內部監控顧問」），以進行獨立內部監控檢討。

該項檢討每年進行並依環節輪流審核。檢討範圍先前已由董事會制訂及審批。內部監控顧問已向審計委員會及管理層匯報結果及需改進之範疇。董事會及審計委員會認為，內部監控系統並無重大缺失。本集團將適當跟進內部監控顧問的全部建議，並確保於合理時間內落實執行。因此，董事會認為，風險管理及內部監控制度有效且足夠。

內幕消息的處理和傳播

本公司已建立並維持處理及傳播內幕消息的程序及內部控制。本公司已根據GEM上市規則附錄15採納董事買賣本公司證券之行為守則。本集團其他可能擁有本公司內幕消息的僱員亦須遵守有關交易限制。任何可能構成內幕消息的內幕消息及任何資料將即時識別、評估並上報董事會，以供董事會決定是否須予披露。內幕消息及其他根據GEM上市規則須予披露的資料將在聯交所及本公司各自的網站上公佈。

核數師酬金

本公司就截至二零一九年十二月三十一日止年度的本集團年度核數服務及本公司附屬公司核數服務而向外聘核數師支付的酬金為1,035,000港元，與核數服務無關酬金則為170,000港元。

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COMPANY SECRETARY

The Company has appointed Mr. Chan Ho Chee Gilbert, who is an employee of the Company, as its Company Secretary. He is a member of CPA Australia. He confirmed that he has taken no less than 15 hours of relevant professional training for the year ended 31 December 2019. The biography of Mr. Chan Ho Chee Gilbert is set out in the section headed "Directors and Senior Management" of this report.

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

As one of the measures to safeguard shareholders' interest and rights, separate resolutions on each and every substantial issue can be considered and proposed to be passed by shareholders at the shareholders' meetings including the election of individual directors. All resolutions put forward at a shareholders' meeting will be voted by poll pursuant to the GEM Listing Rules and the poll voting results will be posted on the website of the Stock Exchange and the Company's website after the relevant shareholders' meeting.

(a) Procedures for shareholders to convene an extraordinary general meeting ("EGM")

Shareholder(s) holding, as at the date of deposit of the requisition for a EGM of not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company may, by written requisition to the Board or the Company Secretary, require the Directors to call an EGM for the transaction of businesses specified in the requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such EGM, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to requisitionist(s) by the Company.

(b) Procedures for Putting forward Proposals at General Meetings

There is no provision allowing shareholders to move new resolutions at the general meetings under the Companies Law (Revised) of the Cayman Islands. However, pursuant to the Articles of association, shareholders who wish to make proposals or move a resolution may convene an EGM in accordance with the "Procedures for Shareholders to convene an EGM" set out above.

公司秘書

本公司已委任本公司員工陳浩賜先生為公司秘書。彼為澳洲會計師公會會員。彼已確認，截至二零一九年十二月三十一日止年度，彼已接受至少15小時的相關專業培訓。陳浩賜先生的履歷載於本報告「董事及高級管理層」一節。

股東權利及投資者關係

作為其中一項保障股東利益及權利的措施，股東可於股東大會就將予考慮及建議通過的各項重大議題提呈獨立決議案。根據GEM上市規則，於股東大會上提呈的所有決議案將以按股數投票方式表決，而投票表決結果將於相關股東大會結束後在聯交所網站及本公司網站刊載。

(a) 股東召開股東特別大會（「股東特別大會」）的程序

於遞呈股東特別大會要求日期持有本公司有權於本公司股東大會上投票的繳足股本不少於十分之一之股東可透過向董事會或秘書發出書面要求，要求董事召開股東特別大會，以處理有關要求中指明的事項。該大會須於作出該要求後兩個月內召開。倘於遞交要求後21日內，董事會未有召開該大會，則遞交要求人士可自行以同樣方式召開大會，而遞呈要求人士因董事會未有召開大會而產生的所有合理開支應由本公司向要求人償付。

(b) 於股東大會上提呈建議的程序

開曼群島公司法（經修訂）並無條文准許股東於股東大會上動議新決議案。根據組織章程細則，有意提呈建議或動議決議案的股東可根據上文所載「股東召開股東特別大會的程序」召開股東特別大會。

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(c) Procedures for shareholders to send enquires to the board

Shareholders may send their enquiries and concerns to the Board and/or the Company Secretary by addressing them to the principle place of business of the Company in Hong Kong at Unit 1226B, 12/F Star House No. 3 Salisbury Road Kowloon Hong Kong by post for the attention of the Board and/or the Company Secretary.

(d) Communication with Shareholders and Investors

The Company has adopted a shareholder communication policy with the objective of providing the shareholders of the Company with information about the Company and enabling them to engage actively with the Company and exercise their rights as shareholders in an informed manner.

The Company has established a range of communication channels between itself and its shareholders, and investors. These include answering questions through the AGM, the publication of annual, interim and quarterly reports, notices, announcements and circulars, the Company's website at www.blg.hk and meetings with investors and shareholders. News updates of the Group's business are also available on the Company's website.

Share registration matters shall be handled by the Company's share registrar, Tricor Investor Services Limited at Level 54, Hopewell Center, 183 Queen's Road East, Hong Kong.

DIVIDEND POLICY

Pursuant to the amended CG Code, the Company should have a dividend policy and disclose such policy in its annual report. The Company has adopted a dividend policy (the "Dividend Policy"), and the summary of which is set out below:

- (a) In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia:
- the Group's financial conditions;
 - the Group's actual and expected financial performance;
 - the Group's cash flow, working capital requirements, capital expenditure requirements and future expansion plans;
 - the Group's retained earnings and distributable reserves;
 - the Group's liquidity position;

(c) 股東向董事會提出查詢的程序

股東如欲向董事會及／或公司秘書提出查詢及疑問，可發送至本公司的香港主要營業地點（香港九龍梳士巴利道3號星光行12樓1226B室），並註明收件人為董事會及／或公司秘書。

(d) 與股東及投資者溝通

本公司已採納一項股東通訊政策，旨在向本公司股東提供有關本公司的資料，並讓彼等可按知情方式積極參與本公司及行使彼等作為股東的權利。

本公司已設立多個渠道與其股東及投資者溝通，包括於股東週年大會回答提問、刊發年報、中期報告及季度報告、通告、公佈及通函、本公司網站(www.blg.hk)以及與投資者及股東會面。本集團業務的最新消息亦可在本公司網站上查閱。

股份過戶登記事宜由本公司之股份過戶登記處卓佳證券登記有限公司處理，地址為香港皇后大道東183號合和中心54樓。

股息政策

根據經修訂之企業管治守則，本公司應制定股息政策，並於年報中披露有關政策。本公司已採納股息政策（「股息政策」），其概要載列如下：

- (a) 於決定是否建議派付股息及釐定股息金額時，董事會須考慮（其中包括）：
- 本集團財務狀況；
 - 本集團實際及預期財務表現；
 - 本集團現金流量、所需營運資金、所需資本開支及未來擴展計劃；
 - 本集團保留盈利及可供分派儲備；
 - 本集團流動資金狀況；

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- general economic conditions, future prospects of the Group and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
 - other factors that the Board may consider appropriate.
- (b) The payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and the Articles of Association of the Company.
- (c) The Board endeavours to strike a balance between the Shareholders' interests and prudent capital management with a sustainable Dividend Policy.
- 一般經濟狀況、本集團前景以及其他可能對本集團營運及財務表現構成影響的內部及外部因素；
 - 董事會認為適合的其他因素。
- (b) 本公司派付股息亦受開曼群島公司法及細則之任何限制所規限。
- (c) 董事會致力執行以可持續股息政策，於股東利益與審慎資本管理之間取得平衡。

Constitutional Documents

There has been no change in the Company's constitutional documents during the Reporting Period and up to the date of this report.

組織章程文件

於報告期內及截至本報告日期本公司章程文件並無任何更改。

On behalf of the Board

CHAN Yuk Pan

Chairman and Chief Executive Officer

Hong Kong, 25 March 2020

代表董事會

主席兼行政總裁

陳焯彬

香港，二零二零年三月二十五日

Environmental, Social and Governance Report

環境、社會及管治報告

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DEFINITIONS AND INTERPRETATION

Throughout this report, the following terms, except where the context otherwise requires, have the following meanings:

- **Group** : refers to Best Linking Group Holdings Limited and its subsidiaries
- **ESG** : Environmental, social and governance
- **Appendix 20 or ESG Reporting Guide** : refers to the Appendix 20 — Environmental, Social and Governance Reporting Guide of the Listing Rules
- **GEM** : GEM of the Stock Exchange of Hong Kong Limited
- **Hong Kong** : The Hong Kong Special Administrative Region of the People's Republic of China, including Hong Kong Island, Kowloon and the New Territories
- **PRC** : The People's Republic of China
- **KPIs** : Key Performance Indicators
- **Listing Rules** : The Rules Governing the Listing of Equity Securities on the GEM of the Stock Exchange of Hong Kong Limited

Stock Exchange : The Stock Exchange of Hong Kong Limited

OVERVIEW

(I) Purpose

Best Linking Group Holdings Limited, together with its subsidiaries, successfully listed on the GEM of the Stock Exchange of Hong Kong Limited on 15 November 2019. In accordance with the requirements of Stock Exchange, listed companies are required to provide an Environmental, Social and Governance Report ("**ESG Report**"). This is the first ESG Report since the listing which mainly introduces the Group's vision, policies and measures by establishing the key performance indicators ("**KPIs**"), and reports its performance regarding environmental and social issues for internal assessment and management control, and communicating to the internal and external stakeholders.

釋義及詮釋

於本報告內，除文義另有所指外，下列詞彙具以下涵義：

- **本集團** 指 永聯豐集團控股有限公司及其附屬公司
- **環境、社會及管治** 指 環境、社會及管治
- **附錄20或環境、社會及管治報告指引** 指 上市規則附錄20—《環境、社會及管治報告指引》
- **GEM** 指 香港聯合交易所有限公司GEM
- **香港** 指 中華人民共和國香港特別行政區，包含香港島、九龍及新界
- **中國** 指 中華人民共和國
- **關鍵績效指標** 指 關鍵績效指標
- **上市規則** 指 香港聯合交易所有限公司GEM證券上市規則
- **聯交所** 指 香港聯合交易所有限公司

概覽

(I) 目的

永聯豐集團控股有限公司聯同其附屬公司於二零一九年十一月十五日在香港聯合交易所有限公司GEM成功上市。上市公司必須按聯交所要求提交環境、社會及管治報告（「**環境、社會及管治報告**」）。此為本集團上市以來首份環境、社會及管治報告，主要藉訂立關鍵績效指標（「**關鍵績效指標**」）以介紹本集團願景、政策及措施，同時報告其於環境及社會問題上的表現，藉此進行內部評估及管理控制，並向內部及外部持份者提供資訊。

Environmental, Social and Governance Report

環境、社會及管治報告

(II) Scope of Report

The Group is primarily engaged in the manufacturing of slewing rings, which are rotational-rolling element bearing used in large sized machinery and equipment, such as construction machinery and equipment, wind turbines, robotics and military equipment. We produce our products on an Original Design Manufacturer, Original Equipment Manufacturer and Original Brand Manufacturer basis from our manufacturing facility in Dongguan, the PRC and we are compliant with the Japanese Industrial Standards and ISO 9001:2015 quality standards. The products are sold both in the PRC and overseas to general wholesalers and distributors and to leading overseas-mostly Japanese and local equipment manufacturers. This ESG report covers the operations and activities of our Dongguan factory and the Hong Kong administrative office.

(III) Basis of Preparation

This is our first ESG Report since our listing on the GEM of the Stock Exchange and is in accordance with the ESG Reporting Guide (the “**ESG Reporting Guide**”) outlined in Appendix 20 of the GEM Listing Rules and Guidance Governing the Listing of Securities on the Stock Exchange. The content of this report includes two main subject areas, as outlined and required by the ESG Reporting Guide, namely Area A — Environmental and Area B — Social and further includes the disclosure of climate-change related issues, which have or may impact our Group.

This ESG Report, which has been reviewed and approved by the Board, both reviews and reports the core business operations and activities of the Group and follows the principles of materiality, quantification, balance and consistency to disclose relevant statistics and information.

(IV) Reporting Period

This report is for the period from 1 January 2019 to 31 December 2019.

(V) Corporate Goals and Visions

The Group’s vision is to be a leading manufacturer on a sustainable basis of high-quality slewing rings in both the PRC and worldwide. We are committed to providing these products with a reasonable return on investments to our shareholders, whilst being a socially and environmentally responsible company and providing a safe, healthy and pleasant working environment to our employees.

(II) 報告範圍

本集團主要從事迴轉支承製造，迴轉支承乃用於建造機械及設備、風力發動機、機械人及軍事設備等大型機械設備的旋轉滾動體軸承。我們於中國東莞的生產設施以原設計製造、原設備製造及原品牌製造形式生產產品，過程符合日本工業標準及 ISO 9001：2015 品質標準。該等產品銷售予中國及海外的一般批發及分銷商，以及海外（以日本為主）及本地的頂尖設備製造商。本環境、社會及管治報告涵蓋東莞工廠及香港行政辦公室之營運及活動。

(III) 編制基準

此為本集團於聯交所 GEM 上市以來首份環境、社會及管治報告，根據 GEM 上市規則附錄 20 所載列《環境、社會及管治報告指引》（「**環境、社會及管治報告指引**」）及聯交所證券上市指引編制。本報告內容涵括環境、社會及管治報告指引所載列及要求的兩個主要主題範疇，即範疇 A — 環境及範疇 B — 社會，另外進一步披露對本集團已經或可能造成影響的相關氣候變化問題。

本環境、社會及管治報告經董事會審閱及批准，內容回顧及報告本集團核心業務的營運及活動，並遵循重要性、量化、平衡及一致性原則披露有關統計數據及資訊。

(IV) 報告期

本報告的報告期為二零一九年一月一日至二零一九年十二月三十一日。

(V) 企業目標及願景

本集團的願景乃以可持續形式於中國及全球各地成為高質量迴轉支承的頂尖製造商。除專注於提供產品，藉此為股東帶來合理的投資回報外，本集團亦致力履行社會及環境責任，並為員工提供安全、健康及愉快的工作環境。

Environmental, Social and Governance Report

環境、社會及管治報告

(VI) ESG Management

Our ESG strategies, management policy and approach are based on compliance with relevant legal and regulatory requirements, the principle of sustainability and opinions from our key stakeholders. The Group's visions and goals, and the ESG management policy and approach can be summarized in the following statements.

1. The Group is committed to be successful in undertaking its business, whilst providing strong returns to our investors and supporters, a healthy and safe working environment to our employees and helping to provide sustainable developments for the local communities and the Group.
2. The Board from time to time approves and updates strategies and policies which are incorporated with the related environmental and social issues stated in the ESG Reporting Guide. The Board has assigned each department to implement ESG policies in accordance with the respective operations and activities. Through their normal and routine channels, all departments report directly to the Group's Chief Executive Officer ("CEO"), who has the overall responsibility to ensure that the Board's approved strategies and policies are implemented. The departments are responsible for exploring and developing KPIs, where appropriate and necessary, in accordance with the Group's policies and goals.
3. It is the duty of the Group's CEO, Chief Operating Officer ("COO") and the Management Team to examine and address all the environmental and social issues detailed in the aspects and areas in the ESG Reporting Guide.

Overall, the Group takes an active role in ensuring sustainable and environmentally friendly production and operations by employing various measures, which are compliant with relevant laws, operating practices and standards. The Group continues to uphold our established environmental protection and management system. The adoption and application of the Quality Management System (ISO 9001:2015), which the Group has certified since 2008, has proven to be effective in ESG management.

(VI) 環境、社會及管治管理

本集團的環境、社會及管治策略、管理政策及方針以符合相關法律及法規要求、可持續性原則以及主要持份者意見為基礎。下文概述本集團的願景、目標以及環境、社會及管治管理政策及方針。

1. 除專注於成功履行業務外，本集團亦致力為投資者及支持者提供穩健回報，為員工提供健康及安全的工作環境，以及為本地社區及本集團的可持續發展作出貢獻。
2. 董事會不時審批及更新與環境、社會及管治報告指引所述環境及社會相關問題有緊密聯繫的策略及政策。董事會已指派各部門根據各自的營運及活動實施相應的環境、社會及管治政策。所有部門均通過正常及常規渠道直接向本集團行政總裁（「行政總裁」）匯報，行政總裁全權負責確保獲董事會批准的策略及政策得以實施。各部門負責根據集團政策及目標在適當及必要情況下探討及訂立關鍵績效指標。
3. 本集團行政總裁、營運總監（「營運總監」）及管理團隊負責檢視及處理環境、社會及管治報告指引所詳述，涵蓋各有關層面及範疇的所有環境及社會問題。

總括而言，本集團採取符合相關法律、經營慣例及標準的措施，積極行動，務求以可持續及環保的方式生產及營運。我們將秉承本集團行之有效的環境保護及管理體系。本集團自二零零八年起已通過品質管理體系（ISO 9001：2015）認證，採用及應用有關體系在環境、社會及管治管理方面成效顯著。

Environmental, Social and Governance Report

環境、社會及管治報告

STAKEHOLDERS COMMUNICATION AND MATERIALITY

The Group maintains regular contact with the internal and external stakeholders to gauge their views and opinions regarding the Group's operations and performance. After collecting the views and opinions, the CEO and/or COO will carry out materiality assessments internally with the related managers and externally with related stakeholders through various means of communication, such as liaison groups, panel discussions, workshops, on-site visits, company websites, emails and direct enquiry phones, etc. For 2019, the Group and the stakeholders have identified the following material areas and aspects:

- Environmental practices and their performance;
- Commitments to employees;
- Recruiting, engaging and retaining talents;
- Commitments to customers;
- Building trusts through quality and reliability of services and products customers;
- Protecting customers privacy;
- Anti-corruption prevention; and
- Community support and contribution.

持份者溝通及重要議題

本集團與內部及外部持份者保持定期聯繫，以評估彼等對本集團營運及表現的意見。行政總裁及／或營運總監會於收集有關觀點及意見後，以聯絡小組、小組討論、工作坊、實地拜訪、公司網頁、電郵及直接電話查詢等溝通方式，與內部的相關經理及外部的相關持份者進行重要性評估。於二零一九年，本集團及持份者已識別出以下重要範疇及層面：

- 環境常規及其績效；
- 對員工的承諾；
- 招募、吸引及挽留人才；
- 對客戶的承諾；
- 藉服務及產品的品質及可靠性建立客戶信任；
- 保障客戶私隱；
- 反貪污；及
- 社區支援及貢獻。

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環境、社會及管治報告

Through the Group's established management structure, process, policies and guidelines as aforementioned and described, the above ESG material areas and aspects have been strictly managed and monitored and herein are summarized below:

A. Environmental Areas and Aspects

1.1 Environmental Areas Overview

As the Group understands its obligations, we have implemented a company-wide "Environmental Protection and Sustainability Policy and Procedures" which aims to achieve a balance between undertaking business, maximize returns to our shareholders, ensuring our operations and activities minimize any adverse impacts on the environment, and being energy, water and resource usage efficient.

Our "Environmental Protection and Sustainability Policy and Procedures" is summarised below:

Purpose

To establish and maintain policies and procedures to identify, evaluate and determine the significance of environmental aspects and impacts by and on the company and ensuring compliance with all relevant national and local environmental laws and regulations including but not limited to:

- Environmental Protection Law of the PRC (中華人民共和國環境保護法);
- Law of the PRC on Environmental Impact Assessment (中華人民共和國環境影響評價法);
- Water Pollution and Control Law of the PRC (中華人民共和國水污染防治法);
- Atmospheric Pollution and Control Law of the PRC (中華人民共和國大氣污染防治法);
- Law of the PRC on the Prevention and Control of Pollution from Environmental Noise (中華人民共和國環境噪聲污染防治法);
- Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法);

本集團透過上述行之有效的管理架構、程序、政策及指引，嚴格管理上文所述各環境、社會及管治重要範疇及層面，概述如下：

A. 環境範疇及層面

1.1 環境範疇概覽

本集團深明本身責任，遂於全公司實行「環境保護及可持續發展政策及程序」，以期於履行業務、盡量提升股東回報、確保盡量減低營運及活動對環境產生的負面影響及有效利用能源、水及其他資源各方面取得平衡。

「環境保護及可持續發展政策及程序」概述如下：

目的

確立及維持政策及程序，藉此識別、評估及釐定環境相關層面的重要性、本公司造成及承受的影響，且務求符合所有相關之國家及地方環境法律及法規，包括但不限於：

- 《中華人民共和國環境保護法》；
- 《中華人民共和國環境影響評價法》；
- 《中華人民共和國水污染防治法》；
- 《中華人民共和國大氣污染防治法》；
- 《中華人民共和國環境噪聲污染防治法》；
- 《中華人民共和國固體廢物污染環境防治法》；

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- Regulations on the Administration of Construction Project Environmental Protection (建設項目環境保護管理條例); and
- Cleaner Production Promotion Law of the PRC (中華人民共和國清潔生產促進法).

Procedure

- (i) The Management Team shall identify and evaluate the environmental aspects for all work activities that are most likely to give rise to significant environmental impacts.
- (ii) The Management Team shall brainstorm internally and externally with other related parties and classify all the relevant work activities under normal, unusual and emergency situation as follows:
 - Normal is defined as a routine activity or work that is carried out daily and is part of a process;
 - Unusual refers to non-routine work that occurs under unexpected circumstances; and
 - Emergency refers to an occurrence of an event that will cause a drastic impact or severity to the environment and immediate action has to be taken. For example: major leakage and spillage, fire, etc.
- (iii) When identifying the environmental aspects, all activities likely to cause environmental impact or improve general sustainability are considered including but not limited to the following:
 - Gas emissions;
 - Water discharge;
 - Waste disposal;
 - Land contamination;
 - Sustainability and the efficient use of raw materials, energy, water and other natural resources;
 - Other local environmental issues; and
 - National and local laws and regulations.

- 《建設項目環境保護管理條例》；及
- 《中華人民共和國清潔生產促進法》。

程序

- (i) 管理團隊應就最有可能對環境造成嚴重影響的工作活動的環境層面進行識別及評估。
- (ii) 管理團隊應於內部集思廣益，並於外部與各相關方通力合作，將所有相關工作活動劃分為正常、異常及緊急情況，具體如下：
 - 正常指日常進行的常規活動或工作，屬程序一部分；
 - 異常指於意外情況下出現的非常規工作；及
 - 緊急指發生會造成嚴重環境災害，且須採取即時行動的事故，如重大洩漏或火災等。
- (iii) 於識別環境層面時，所有可能影響環境或增進整體可持續性的活動均有計及，包括但不限於：
 - 廢氣排放；
 - 污水排放；
 - 廢物處置；
 - 土地污染；
 - 可持續性以及有效利用原材料、能源、水及其他自然資源；
 - 其他本地環境問題；及
 - 國際及地方法律及規定。

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- (iv) At least once every year, the Management Team shall review the environmental aspects. They shall also update regularly based on new laws and regulations, organizational work activities and processes or production systems or equipment, and also based on updated knowledge obtained through incidents/accidents, organizational or other requirements.
- (v) For each environmental aspect, the Management Team shall identify and assess the environmental impacts, and the following shall be considered:
- Global warming;
 - Water pollution;
 - Air pollution;
 - Waste generation;
 - Land/soil contamination;
 - Noise pollution; and
 - Depletion of natural resources.
- (iv) 管理團隊應最少每年檢視環境層面一次，並根據新增法律及規定、機構內工作活動及程序或生產系統及設備並參照通過事故／意外獲得的最新知識、機構內或其他要求，定期更新相關層面。
- (v) 管理團隊應參照以下各項，於各環境相關層面識別及評估其環境影響：
- 全球暖化；
 - 水污染；
 - 空氣污染；
 - 廢物產生量；
 - 土地／泥土污染；
 - 噪音污染；及
 - 自然資源枯竭。

1.2 Environmental Aspects

The Group advocates the importance of sustainable development in relation to our on-going business operations and activities. We have employed various measures to ensure full compliance with all relevant rules and regulations regarding emissions, effluent water and solid waste discharge and to ensure minimal impact to the environment. All of our employees are made aware of their respective roles and responsibilities in conserving energy and natural resources and we regularly assess new production equipment and processes and maintain compliance with Quality Management Systems such as ISO 9000:2015, to reduce pollution and improve sustainability.

During the reporting period, the Group was not subject to any confirmed cases for breaching environmental legislation in relation to emissions and waste discharge or other environmental issues that could have an adverse impact on the local environment.

1.2 環境層面

本集團提倡於日常業務營運及活動中可持續發展的重要。我們已採用多項措施，以確保全面遵守有關排放、廢水及固體廢物處置的所有相關規則及法規，務求將環境影響降至最低。全體員工均清楚彼等於節約能源及自然資源方面的相應角色及責任，我們亦對新生產設備及程序進行定期評估，務求符合ISO 9000：2015等品質管理體系，藉此減少污染及增進可持續性。

報告期內，本集團概無違反任何有關排放及廢物棄置或其他可能對當地環境造成負面影響的環境問題的環境法規，並因此遭正式起訴。

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A1: Emissions and Wastes

Indirect Emissions — Greenhouse Gas (“GHG”)

Indirect emission, mainly carbon dioxide (“CO₂”) through the use of electricity for our production, remains to be the main source of greenhouse gas emissions.

For the year ended 31 December 2019, electricity consumption by our manufacturing facilities (and accompanying offices and dormitory) amounted to 1,129,878 kWh. Based on this, the Group’s operations and activities generated a total of 1,126.48 tonnes or about 13.91 tonnes per worker per year of indirect GHG of CO₂ from the use of electricity. To reduce indirect GHG emissions, we are formulating a Climate Change Strategy that will continue to improve our energy saving practices including strictly controlling the electricity consumption of our production facility and to invest in new production equipment and processes. We target to lower the indirect GHG emission per employee per year within 5% through the reduction of electricity consumption per employee

Direct emissions

During the reporting period, we directly produced non-hazardous GHG of CO₂ and hazardous sulphur oxides (“SO_x”) and nitrogen oxides (“NO_x”) gas emissions, from the uses of fossil fuels including diesel fuel and liquefied petroleum gas for forklift cars, machine tool cooling and welding which are stated as follows:

- (i) Sulphur oxides — 106.08 kg
- (ii) Nitrogen oxides — 21,389.38 kg
- (iii) Carbon dioxide — 13,978.38 kg

A1: 排放及廢物

間接排放 — 溫室氣體 (「溫室氣體」)

因生產用電產生以二氧化碳 (「二氧化碳」) 為主的間接排放仍為溫室氣體排放的主要來源。

於截至二零一九年十二月三十一日止年度，製造設施 (及其附屬辦公室及宿舍) 用電量為 1,129,878 千瓦時。據此，本集團營運及活動共產生 1,126.48 噸，或以每名員工每年計約 13.91 噸來自用電的間接溫室氣體 (二氧化碳) 排放。為求降低溫室氣體的間接排放，我們正擬定氣候變化對策，藉此持續改善節能常規，內容包括嚴格管控生產設施耗電量及投資新生產設備及程序。我們擬透過減少每名員工的用電量將每名員工每年的間接溫室氣體排放減少最多 5%。

直接排放

報告期內，我們因使用包括堆高機、機械工具冷卻及焊接機床用柴油及液化石油氣在內的化石燃料而直接產生無害溫室氣體 (二氧化碳)，以及有害的硫氧化物 (「硫氧化物」) 與氮氧化物 (「氮氧化物」)，詳情如下：

- (i) 硫氧化物 — 106.08 千克
- (ii) 氮氧化物 — 21,389.38 千克
- (iii) 二氧化碳 — 13,978.38 千克

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Since we have sub-contracted all of our logistic needs to external transport operators and have utilized electrically driven production equipment, the uses of fossil fuels and its resultant direct hazardous gas emissions have not increased significantly. We have been reviewing and planning a gradual reduction of fossil fuels in order to reduce hazardous gas emissions by substituting electricity or other forms of sustainable energy. For the coming year, we target to reduce direct emissions especially those hazardous SO_x and NO_x by at least 10%.

Water Pollution and Discharge

Cooling water used in our production process is the main source of the Group's wastewater. We have adopted a closed circulating water recycling system, so most of the cooling water will be reused with minimal wastage. However, under PRC laws and regulations, all excess wastewater generation during our production process is required to be handled by a licensed wastewater treatment and disposal specialist. Water is also used for general living purposes in employees' dormitories, canteens and offices, and will be discharged through the public sewage system. The Group therefore does not hold any polluted water discharge data.

Noise Pollution Emission

The Group does not generate any noise pollution to the surrounding neighbors as our business operations and activities are conducted inside our factory and offices, with a tailor-made building structure. Within our factory operation, in certain parts of the operation, noise is generated, but the extent is far below national and industry standard limits. To be cautious and to protect our workers, it is compulsory that protective equipment is worn at all times during production activities.

Light Emission

Our business operations and activities do not generate any light pollution.

我們已將所有物流需求分包予外部運輸營運商，且已使用電力驅動的生產設備，因此化石燃料用量及其產生的直接有害氣體排放並未顯著增加。我們一直檢討情況，並計劃逐步減少使用化石燃料，藉替代電力或其他形式的可持續能源減少有害氣體排放。來年我們擬將直接排放量，尤其是有害的二氧化硫及氮氧化物的排放量，至少減少10%。

水污染及排放

生產過程中使用的冷卻水為本集團廢水的主要來源。我們已採用密閉式循環水回收系統，大部分冷卻水均被重複使用並將浪費減至最少。然而，根據中國法律及規定，我們生產過程中產生的所有多餘廢水均須由持牌廢水處理及處置專家處理。員工宿舍、食堂及辦公室亦會因一般生活用途而用水，並經公共排污系統排出。因此，本集團概無任何污水排放資料。

噪音污染排放

本集團業務營運及活動於廠房及辦公室內進行，該等設施之建築結構專為本集團營運而設，因此並無對鄰近社區造成任何噪音污染。工廠營運的若干部分會產生噪音，惟程度遠低於國家及行業標準上限。為謹慎起見，亦為保護員工，彼等進行生產活動時必須時刻穿戴防護裝備。

光排放

我們的業務營運及活動概無造成任何光污染。

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Hazardous and Non-Hazardous Wastes

The Group has developed a natural and pollution-free philosophy in its business where possible and has adopted the 3-R principle — to reduce, reuse and recycle. All employees are constantly reminded to adopt the 3-R principle in their handling and use of resources. Consideration is given to recycle and reuse in the various processes and stages of production. Procedures are in place for properly sorting out and storing the unused materials for resale or reuse. For example, in respect of the scrap metal produced from our production process, firstly, through new and improved production processes, we reduced the amount of scrap material produced, and secondly, scraps are not wasted and are recycled by being sold to approved scrap metal recyclers on a regular basis.

The amount of hazardous wastes generated from our manufacturing operations is insignificant and poses no material impact to the environment.

Non-hazardous wastes are generated from both production operations and non-production operations. Non-hazardous wastes generated from the production processes are mainly packaging materials — namely affixed labels, plastic film and kraft paper. An insignificant amount of non-hazardous materials is also generated from non-production areas, such as supporting offices, dormitories and canteens. All such wastes are collected and disposed of by external waste collectors.

Mitigation Measures and Reduction Initiatives

As analyzed above, the Group does not generate much hazardous and non-hazardous emissions and discharges. However, as a responsible corporation, we are conscious of the effects our operations and activities may have on the environment and constantly work on maximizing energy efficiency and minimizing emissions, wastes generation, disposal and discharges. We fully comply with all applicable environmental laws, rules and regulations and industrial standards in the markets we operate in. We comply with Quality Management Systems such as ISO 9000:2015, to reduce pollution and improve sustainability.

有害及無害廢物

本集團已建立自然及無污染理念並盡量將其運用於業務營運中，同時亦採用3R原則，即減少使用(reduce)、重複使用(reuse)及回收使用(recycle)，並時刻提醒全體員工於處理及使用資源時須恪守3R原則。生產的多個程序及階段均有計及回收使用及重複使用的因素，並已制定程序以妥善挑選及儲存可轉售或重複使用的物料。以生產過程中產生的廢金屬為例，首先，我們以經改良的新生產程序減少其生產量，其次，亦定期將其轉售予認可廢金屬回收商，藉此達致避免浪費及回收使用。

製造營運產生的有害廢物數量微不足道，未有對環境造成重大影響。

生產營運及非生產營運均會產生無害廢物。生產營運產生的無害廢物主要為包裝物料，即標籤貼紙、塑膠薄膜及牛皮紙。於支援辦公室、宿舍及食堂等非生產營運區域亦有產生少量的無害廢物。上述所有廢物均交由外部廢物回收商收集及處置。

緩解措施及減低產生量計劃

如上述分析所示，本集團產生須排放及處置之有害及無害廢物數量甚少。然而，本集團作為負責任企業亦清楚其營運及活動可能對環境構成之影響，且時刻努力使能源效益擴至最大並將排放量、廢物生產量、處置數量及棄置數量降至最低。我們全面遵守營運所在市場的所有適用環境法律、規定及法規以及行業標準。我們亦遵守ISO 9000:2015等品質管理體系，藉此減少污染及增進可持續性。

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To combat global warming and to reduce the generation of GHG emissions and pollutants, we target to reduce our electricity consumption, and have introduced measures to achieve it. For example, we have instructed our staff and workers to turn off electricity when our factory and office equipment are not in use, to use natural ventilation to replace air-conditioning in allowable conditions, and not to set all air-conditioners' temperature setting to lower than 25°C under normal conditions. The Group has also invested in energy saving tools and equipment such as energy-saving copiers and computers installed LED lights, encouraged employees to use teleconferencing to reduce their travels and to use public transport whenever possible.

During the reporting period, the Group did not have any violation related to hazardous or non-hazardous air emissions and wastes disposal, polluted water discharges and we are determined to take all necessary measures to achieve the same results for the coming years.

A2: Use of Resources

As an industrial operation, we consume electricity, water, printing paper and ink, packaging materials, and steel. We promote the company-wide goal to saving resources and have implemented various measures to improve our resource saving performance, to minimize the impact to the environment and achieve operational optimization while complying with the relevant national and local laws and regulations. We have approved and implemented clear environmental policies and measures with the target to have an efficient use of resources for production facilities and processes, office administration, and the general use of our employees without causing pollution whilst saving resources. Our use of electricity, fossil fuels, water, printing papers and steel for 2019 were recorded as per below:

我們擬透過減少耗電以應對全球暖化、減少溫室氣體排放及降低污染物產生量，並已推行相關措施以達致目標。舉例而言，我們指示員工及工人將閒置的廠房及辦公室設備的電源切斷，於可能情況下利用自然通風代替冷氣及避免於正常情況將所有冷氣的溫度設定為25°C以下。本集團亦有投資節能工具及設備，例如購置節能影印機及電腦，安裝LED燈，鼓勵員工利用視像會議減少出差以及盡可能使用公共交通工具。

報告期內，本集團概無因排放有害或無害廢氣、廢物處置及排放污水而有任何違規，且致力採取一切必要措施務求來年取得相同成果。

A2: 資源利用

我們於工業營運中消耗電力、水、列印用紙及油墨、包裝物料及鋼材。我們提倡節約資源作為全公司目標，並已實施多項有助改善節約資源績效的措施，藉此將環境影響降至最低，於優化營運的同時遵守相關國家及地區的法律及法規。我們已審批及實施清晰的環境政策及措施，務求有效利用生產設施及過程、辦公室行政及一般員工用途的資源，避免產生污染物，同時節約資源。二零一九年耗電量、化石燃料用量、用水量、列印用紙用量及鋼材用量如記錄下：

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(i) Electricity & Fuel Consumption

Electricity is the only source of energy for our industrial production and our offices and dormitories operations and activities and is supplied by the local electricity grid. In 2019, our factory, offices and dormitories together consumed 1,129,878 kWh or 13,949 kWh per worker per year.

The result showed that the overall electricity consumption was 1.7% below 2019 target of 1,150,000 kWh. For the coming year, the Group targets 1,200,000 kWh consumption or an increase of 6.2% in response to our increases in business activities. However, the targeted average 13,793 kWh per worker per year will be 1.12% lower than 2019 result.

The Group recognises that investing in energy efficiency initiatives helps us to minimise our environmental impacts while also reducing costs. Our production facilities and accompanying dormitories are powered by a consistent and sufficient supply of electricity, which is supplied by the local electricity grid. To save energy, which also saves costs, we have installed energy saving LED lights and control meters and invested in the latest energy efficient production equipment and processes. The Group has promulgated rules and encouraged staff and workers to use resources efficiently and environmentally friendly including:

- Lights and equipment must be turned off if not in use;
- Maintaining work environments at pre-determined and energy efficient temperatures; and

(i) 電力及燃料用量

電力為本集團工業生產、辦公室及宿舍營運及活動的唯一能源來源，並由地方電網供應。於二零一九年，廠房、辦公室及宿舍共消耗電力1,129,878千瓦時，即以每名員工每年計13,949千瓦時。

如結果所示，總耗電量比二零一九年目標，即1,150,000千瓦時低1.7%。本集團來年目標將上調6.2%至1,200,000千瓦時，藉此應對業務活動增加。然而，每名員工每年平均13,793千瓦時的目標，將比二零一九年的結果低1.12%。

本集團明白投資能源效益措施既有助我們將環境影響降至最低，亦能減少開支。生產設施及附屬宿舍由地方電網供應穩定而充足的電力。我們已安裝節能發光二極體燈具及節能控制儀表，且已投資最新的節能生產設備及程序，藉此節省能源及開支。本集團已發佈規定，鼓勵員工及工人以有效及環保的方式利用資源，其中包括：

- 照明及設備必須於未有使用時關上；
- 將工作環境保持在預定的節能溫度下；及

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- Encouraging the use of natural ventilation instead of air-conditioning whenever the conditions allow.

For 2019, the Group also used fossil fuels, namely 63 cubic meters ("m³") of gas and 3.747 tonnes of diesel, mainly for forklifts, machine tools cooling and welding. For the coming years, we have already planned to gradually replace fossil fuels by electricity or other forms of sustainable energy in order to reduce the generation of hazardous gases emissions as explained previously.

(ii) *Fresh Water Consumption and Sourcing*

For water, the main consumption comes from the production process in cooling hot metal. Water is also used in the employee' dormitory for their personal use. Our factory, offices and dormitories all use fresh water supplied from the cities' central water supply network and we do not have any problem on sourcing of our water needs.

At all times we request the staff and workers to use fresh water smartly and be responsible, as it is one of the most precious natural resources. We utilize internal water recycling systems where possible and we monitor water usage patterns constantly via the use of smart meters and our own inspection teams who have been assigned to ensure there is no unwarranted uses and waste.

- 鼓勵於情況許可下利用自然通風代替冷氣。

於二零一九年本集團亦有使用化石燃料，共消耗63立方米(「m³」)煤氣及3.747噸柴油，主要用於堆高機、機械工具冷卻及焊接機床。誠如上文所述，我們已擬定於未來數年以電力及其他形式之可持續能源逐步取代化石燃料，藉此減少產生有害氣體排放。

(ii) *淡水消耗及採購*

耗水量主要來自冷卻高溫金屬的生產程序。員工宿舍亦有就個人用途而用水。廠房、辦公室及宿舍均使用由所處城市之中央供水網絡供應的淡水，我們於採購水資源方面並無任何問題。

淡水是非常寶貴的自然資源，因此我們時刻要求員工及工人須明智及負責地使用。我們盡可能利用內部的水循環系統，且透過智能水錶及檢查小組持續監察用水模式，有關小組獲委任以確保概無非必要耗水及浪費。

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For 2019, it consumed a total of 7,320 m³ or 90.3 m³ per worker per year of fresh water for industrial production and offices and dormitories daily usage purposes. The result was 1% better than our 2019 target of 7,400 m³, but the average m³ per worker per year was 6.2% higher than the 2019 target of 85 m³ because we had a reduced number of total workers. For the coming year, we will continue to mobilize our staff and workers to save fresh water consumption with a target of 87.4 m³ per worker per year, or 3.3% lower than in the currently achieved figure.

(iii) *Paper and Packaging Materials and Other Raw Materials Consumption*

We consider our use of packaging materials, namely affixed labels, plastic film and kraft paper, to be a material item and have established a KPIs to measure and monitor this.

During the reporting period, we used a total of 2,818 kg of packaging materials. The amount of packaging material used is largely dictated by our sales volume and so we are unable to target any serious reduction in packaging materials. We will continue to monitor our usage and look at ways to introduce more sustainable and environmentally friendly materials where possible.

We consider our office paper use immaterial, however, to save paper consumption, we have implemented or in the process of implementing the following measures in our offices:

- Avoid unnecessary printing and print on both sides;
- Use recycled papers and reuse paper-made products such as envelopes and folders;

於二零一九年，因工業生產、辦公室及宿舍日常用途共耗水 7,320 m³，即以每名工人每年計 90.3 m³。結果比二零一九年目標 7,400 m³ 為佳，與其相比低 1%。然而，受工人總數減少影響，以 m³ 計的每名工人每年平均耗水量則比二零一九年目標 85 m³ 高 6.2%。來年，我們將繼續推動員工及工人節約使用淡水，並擬將現有數字減少 3.3% 至以每名工人每年計 87.4 m³。

(iii) *紙張及包裝物料與其他原材料消耗量*

我們將標籤貼紙、塑膠薄膜及牛皮紙等包裝物料視為重要項目，並已訂立關鍵績效指標以便計量及監察。

報告期內，我們共用 2,818 千克包裝物料。包裝物料用量主要取決於銷售量，故此未能就其訂立任何大幅減少的目標。我們將繼續監察消耗量，持續探索並盡可能引入可持續及環保的物料。

我們將辦公室用紙視為非重要，然而，我們於辦公室已實施或正在實施以下措施以減少用紙量：

- 避免非必要列印及雙面列印；
- 使用回收紙及重複使用信封及文件夾等紙製品；

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- Replace the use of papers by sharing and storing information and documents in electronic formats; and
 - Adopt a company-wide cloud based working environment including ERP system to reduce the need for printed documentation.
- 以電子格式分享及儲存資料，藉此取代紙張；及
 - 於全公司範圍落實包括企業資源計劃(ERP)系統在內的雲端工作環境，以減少列印文件的需要。

As explained before, during our production process, we use a lot of steel metal, and generate metal scraps. The use of steel is in direct proportion to our business turnover. The generation of metal scrap can be reduced through new and improved production processes and we have continuously monitored and implemented these in trying to achieve such reductions. At the same time, we do not waste any scrap metal as they are stored in a designed place in the factory and then sold to approved scrap metal recyclers.

誠如上文所述，我們於生產程序中使用大量鋼材並產生廢金屬。鋼材用量與營業額成正比。廢金屬生產量可藉經改良的新生產程序減少，我們持續監察並已實施有關程序，藉此嘗試達成相關減少。與此同時，廢金屬將儲存於廠房的指定場所並於其後轉售予認可廢金屬回收商，故此我們未有就其造成任何浪費。

A3: Environment and Natural Resources

The Group's business operations and activities do not create significant environmental impact and hazards. As a responsible corporation, we have implemented our environmental protection policy and have complied with all national and local environmental laws, rules and regulations, and industry standards. We are committed to conserving resources in order to reduce its impact on the environment as well as saving operational costs. We cooperate with the local government agencies and support environmental organizations' activities to build a "green" society. The Group has also implemented green purchasing practices and best practice technologies to conserve natural resources where applicable.

A3: 環境及自然資源

本集團業務營運及活動並未對環境造成嚴重影響及災害。我們作為負責任企業已實施環境保護政策，且遵守國家及地區的所有環境法律、法例及規定以及行業標準。我們致力節約資源，務求降低環境影響之餘節省營運開支。我們與地方政府機構合作，並支持環境組織的活動，以期建設「綠色」社會。本集團亦已實施綠色採購慣例及最佳實踐技術，盡可能節約自然資源。

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During the reporting period, fresh water, fossil fuels, electricity and paper-based packaging materials for normal production operation were the key elements which were considered to have an impact on the environment. We have continued to support all measures to reduce, reuse, recycle and replace as far as possible and practicable as laid down in our Environmental Policy and Measures. The Group did not receive any warning or complaint notice from any governmental environmental agencies, clients or business partners for the violation of any environmental rules and regulations, the act of polluting the environment or causing any environmental troubles. For the coming year, we will continue to achieve zero complaints and no pollution occurrences, and to explore new avenues and means to accomplish our goals of conserving natural resources and protecting the environment.

A4: Climate Change

The Group understands that stakeholders expect us to be managing and mitigating climate change risks in line with local and global commitments and recommendations. We recognise that the impacts of climate change are varied and long-ranging and the risks identified could prevent us from meeting our strategic objectives and could result in adverse operational, compliance and financial impacts. Thus, climate change risks are considered by our Board to be material risks and oversight is given to the Audit and Risk Committee who is developing an overarching Climate Change Strategy to reduce greenhouse gas emissions with policies and procedures to manage such potential risks including:

- Potential disruption to our operations due to extreme weather events and changing weather patterns;
- Changing customer behaviours and requirements as demand moves to other new machinery and equipment such as wind turbines;

報告期內，正常生產程序所用淡水、化石燃料、電力及紙製包裝物料被視為對環境構成影響的重要因素。於可能情況下，我們盡可能於切實可行情況下持續支援所有根據本集團環境政策及措施制定的減少使用、重複使用、回收使用及替代使用措施。本集團未有因違反任何環境法例或規定、污染環境行為或造成任何環境問題而接獲由任何政府的環境機構、客戶或業務伙伴發出的任何警告或投訴通知。我們將於來年保持零投訴及零污染狀況的記錄，並探索新途徑及方法以達致節約自然資源及保護環境的目標。

A4: 氣候變化

本集團明白，持份者希望我們根據地方及全球的承諾及建議，管理並緩解氣候變化的風險。我們深知氣候變化的影響多變且持久，已識別的風險亦可能妨礙我們實現戰略目標，對營運、合規情況及財政產生不利影響。董事會因此將氣候變化視為重大風險，並就此督促審計及風險委員會，該委員會正制定一項總體氣候變化對策，藉相關政策及程序管理此類潛在風險，以期減少溫室氣體排放，相關風險包括：

- 極端天氣事件及氣候模式轉變或會對業務造成干擾；
- 需求轉移至其他新的機械及設備（如風力渦輪機），而客戶行為及要求隨之改變；

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- Changes in cost and availability of raw materials (carbon neutral steel etc.) and utilities such as renewable electricity, water and gas and relevant costs of securing and maintaining sufficient supply;
 - Changes to government policy, law and regulation (including pricing carbon, renewable electricity pricing etc.), which could result in increased operational costs and potential for litigation; and
 - Failure to meet expectations of stakeholders.
- 原材料(如碳中性鋼等)及公用事業(如可再生能源、水及煤氣)的成本及供應量及為確保及維持充足供應的相關開支改變;
 - 政府政策、法律及規定(包括碳定價、可再生能源定價等)改變,導致營運成本及訴訟機會增加;及
 - 未能滿足持份者期望。

Climate change is mainly caused by the release of CO₂ into the atmosphere, which is directly and indirectly the result of the use of fossil fuels for electricity generation and fuels for transportation. As the world transitions to a lower-carbon sustainable economy, there are inevitable areas that our Group can contribute to this. After discussions with our stakeholders, we have identified energy, water and logistics as immediate areas that we can tackle to both combat climate change and reduce potential costs in the future.

Energy

During the reporting period, the Group generated direct and indirect greenhouse gas — CO₂ emissions, through the uses of fossil fuels electricity. As explained previously, we have implemented policies and procedures to reduce the uses of fossil fuels as well as electricity across our organization and we will continue to invest in new more energy efficient manufacturing equipment and processes in the near future. We are currently investigating the cost-benefit of partial self-generation of renewable energy via solar panel installation etc.

Water

Water is used both in our production process and by our employees in their dormitories. The Group has taken measures to encourage employees to more efficiently use water in order to reduce its consumption. We already utilise recycled water treatment systems in our production facilities so as to minimise water wastage.

氣候變化主要由釋放至大氣中的二氧化碳引起,並為利用化石燃料發電及作交通工具燃料的直接及間接後果。隨著世界轉型向低碳及可持續經濟,本集團亦可於若干領域作出貢獻。本集團與持份者的討論後,已將能源、水及物流識別為可即時採取行動,能同時對抗氣候變化及減少未來潛在開支的範疇。

能源

報告期間,本集團因利用化石燃料發電而產生直接及間接溫室氣體(二氧化碳)排放。誠如上文所述,我們已實施政策及程序,藉此於機構內減少使用化石燃料及耗電,並於不久未來持續投資能源效益較佳的新設備及程序。我們現正研討透過可再生能源自行生產部分電力的成本效益,方法包括安裝太陽能電池板等。

水

生產程序及宿舍員工均會用水。本集團已採取措施,鼓勵員工更有效用水以減少消耗。我們已於生產設施使用循環水處理系統,藉此將水資源浪費降至最低。

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Logistics

In line with our Climate Change Strategy, the carbon footprint and sustainability of suppliers is an important consideration and we are actively seeking logistics partners that utilize electric vehicles or close equivalents to minimize their own carbon footprint where possible.

For the reporting period, the Group's business operations and activities, except for the above three aspects, did not lead to any events or issues that might impact the climate or result in the change of the climate significantly. The Group also has already taken measures to lower indirect CO₂ emissions and fresh water consumption for the coming year.

物流

根據氣候變化對策，碳足跡及可持續性為挑選供應商的重要考慮因素，我們正積極物色利用電動車或類似方式，盡可能減少其碳足跡的物流合作夥伴。

報告期內，除上述三個層面外，本集團業務營運及活動未有造成任何可能影響氣候或導致重大氣候變化的事件或問題。本集團亦已採取措施，務求於來年減少二氧化碳的間接排放及淡水消耗。

B. Social Aspects

1.1 Social Areas Overview

The Group acts in an honest and transparent principle and aims to support the building of a harmonious society and a mutually beneficial relationship with our stakeholders including employees, customers, suppliers, professional services providers, local communities as well as the governing authorities. During the formulation and implementation of our ESG strategies, policies, rules and regulations, we incorporate our long and short-term goals with consideration for our stakeholders and society. We believe that our modest acts will ultimately benefit the stakeholders and general society.

1.2 Employment and Labour Practices Aspects

B1: Employment

The Group strives to create a workplace which makes each employee feel valued and inspire to do their best and at all times regard our employees as valuable assets for our sustained development and growth. It is our policy to strictly comply with all the relevant statutory requirements in the Labour Law of the PRC (中華人民共和國勞動法) and other applicable laws and regulations in the PRC, and the Hong Kong Employment Ordinance.

The Human Resources Department is responsible for the employment and the relevant policies, which are clearly laid out in our Employee Handbook, including but not limited to, appointment, termination, working hours, rest days, statutory holidays, remunerations, various compensations, dismissals, health, general safety and other benefits and welfares.

B. 社會層面

1.1 社會範疇概覽

本集團遵循誠信及透明原則行事，旨在支持建設和諧社會，並與員工、客戶、供應商、專業服務提供者、當地社群及政府機構等持份者建立互惠互利的關係。制定及實施環境、社會及管治策略、政策、規則及規定時，我們結合長期及短期目標，顧及持份者及社會。本集團相信我們的綿薄之力終可使持份者及整體社會受益。

1.2 僱傭及勞工常規層面

B1：僱傭

本集團致力建立使每位員工感到其價值的工作場所，並激勵彼等各盡所能。我們始終將員工視為持續發展及增長的寶貴資產。我們的政策是嚴格遵守中華人民共和國勞動法、其他適用中國法律及規定，以及香港僱傭條例的所有相關法定要求。

人力資源部負責本集團員工手冊明確規定的僱傭及相關政策，包括但不限於：任命、離職、工作時數、休息日、法定假日、薪酬、各種補償、解僱、健康、一般安全及其他福利。

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The Group is committed to providing employees with equal opportunity on recruitment, promotion, compensation and benefits as specified in the relevant statutory provisions. To ensure a fair and rational human resources structure, the Group has established job qualifications and requirements specific to each job position in the local offices. They are taken as criteria for recruitment, promotion and transfer. The recruitment and decision-making processes involve both the relevant operational levels and the Human Resources Department. All employees enter into proper and standard employment contracts between the Group as required by law. Employment of child labor and forced labor is expressly and strictly forbidden.

In accordance with the requirements of the national laws of the PRC such as Social Insurance Law of the PRC (中華人民共和國社會保險法), the Administrative Regulations on Housing Provident Funds (住房公積金管理條) and local Employment and Labour Law of Hong Kong, the Group provides and maintains statutory benefits to all qualified staff, including but not limited to mandatory provident fund, social security insurance, medical insurance, work injury insurance and compensation and statutory holidays.

Employees' remunerations are determined with reference to the prevailing market level in line with their competency, qualifications, experience and job position. Discretionary bonuses of such amounts and at such intervals for internal employees will be rewarded at the discretion of the top management with consideration on performance.

本集團致力在招聘、晉升、薪酬及福利各方面為員工提供有關法定條文規定的平等機會。為確保公平合理的人力資源結構，本集團已針對本地辦公室的每個職位訂立工作資歷及要求，並將其視為招聘、晉升及調動的標準。相關營運部門及人力資源部均有參與招聘及決策過程。所有員工均根據法律與本集團訂立適當及標準的僱傭合同。本集團明確並嚴格禁止僱傭童工及強迫勞動。

本集團根據中華人民共和國社會保險法及住房公積金管理條例等中國國家法律以及香港本地僱傭及勞動法律規定，向所有合資格員工提供及維持法定福利，包括但不限於強制性公積金、社會保障保險、醫療保險、工傷保險與賠償以及法定假期。

員工的薪酬乃根據其能力、資歷、經驗及職位，按當時市場水平釐定。最高管理層將考慮內部員工的表現，酌情於一定時段內向其發放一定金額的獎金以作獎勵。

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For the year ended 31 December 2019, the Group has a stable workforce at a total number of 81 full-time employees with a low employee turnover. All of our employees were on full time basis comprising 69 male (85%) and 12 female (15%) employees. Of this, 13 were managerial of which 8 were male and 5 were female, 3 were operational staff of which 1 was male and 2 were female, and 65 were general production staff of which 60 were male and 5 were female. The high proportion of general staff of which 92% are male is consistent with the type of heavy work required in the general production and warehouse logistics and lifting process. Overall, 62 of our employees were under the age of 30 (77%), 13 were between 31 and 40 years of age (16%), and 6 were in the 41–50 year old age group (7%). The low employee turnover rate has evidenced that our employment policies and measures are fair and reasonable, and no labor disputes were recorded both internally and externally.

During the reporting period, the Group did not have any incidents of non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. We are confident that the Group will achieve the same result for the coming year.

於截至二零一九年十二月三十一日止年度，本集團員工隊伍穩定，共有81名全職員工，員工流失率甚低。全體員工均為全職，包括69名男性(85%)及12名女性(15%)員工。於所有員工中，管理人員佔13名，包括8名男性及5名女性；業務人員佔3名，包括1名男性及2名女性；一般生產人員佔65名，包括60名男性及5名女性。一般員工中男性比例較高，佔92%，此與一般生產、倉庫物流以及搬運過程所需的重勞動工作類型相符。於所有員工中，62名員工年齡於30歲以下(77%)，13名介乎31至40歲之間(16%)，6名介乎41至50歲之間(7%)。員工流失率甚低顯示我們的僱傭政策及措施公平合理，我們亦未有於內部及外部接獲勞資糾紛。

報告期內，概無發生任何對本集團構成重大影響，有關補償及辭退、招聘及晉升、工作時數、休息時間、平等機會、多元化、反歧視以及其他福利的相關法律及規定的不合規事件。我們相信本集團於來年將可取得相同成果。

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B2: Health and Safety

Given the nature of the Group's business in metal products related manufacturing, and being a responsible employer, the Group considers the health and safety of employees as our primary concern. We are focused on personal accountability, proactive hazard and incident management, risk mitigation and creating a positive health and wellbeing culture.

The Work Safety Law of the PRC (中華人民共和國安全生產法) is the overriding law regulating health and safety of employees in our operations. However, leadership and culture are critical to embedding the importance of health and safety throughout our Group. Department managers and all employees are required to complete training to understand the practicalities of health and safety laws and regulations, and how they apply to our business particularly manufacturing practices. Specific safety rules, instructions and procedures for the safe operation of plants and employee safety are detailed in our Employee Handbook. The Safety Officer is responsible for the work safety and has composed a Safety Manual, which contains the relevant regulations and standards and developed processes applicable to our manufacturing operations.

All employees are required to strictly observe the health and safety policies, instructions and guidance and to follow the same at work and to place safety as their priority over production. Managers and supervisors are charged with the responsibility of ensuring that safety policies, rules and practices are observed. The Group has also taken out the required insurance for all employees in accordance with the statutory requirements of their employment locations.

B2: 健康及安全

本集團業務性質為製造金屬相關產品，且為一家負責任的企業，因此本集團將員工健康及安全列為首要考慮。我們著重個人負責、積極的危害及事故管理、降低風險及營造正面的健康及福祉文化。

中華人民共和國安全生產法乃規範我們營運過程中員工健康及安全的最重要法律，然而，領導及文化對於將健康與安全的重要性傳遞至集團上下至關重要。部門經理及所有員工均須完成培訓，以了解健康及安全法律法規的功用，以及如何將其應用至業務中，尤其是製造實務方面。有關廠房安全營運及員工安全的特定安全規則、說明及程序的詳情載於員工手冊。工作安全由安全專員負責，彼已編製安全手冊，內容涵蓋適用於生產營運的相關規定與標準以及既有程序。

所有員工均須嚴格遵守並在工作中遵循健康與安全政策、指示及指引，並將安全置於生產之上。經理及主管負責確保安全政策、規則及慣例獲遵守。本集團亦根據受聘地點的法定要求為所有員工購買必需的保險。

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The Group has equipped its production facilities with all the required safety equipment and facilities. We regularly purchase and ensure that all employees, at all times, have available and wear their labour safety equipment, such as safety helmets, gloves, and goggles. We also regularly conduct safety inspections and tests across all levels of our production facilities and manufacturing process. For example, we annually carry out the inspection and testing of heavy machineries to ensure we have satisfied our duty to comply with provisions concerning the Safety Supervision of Lifting Machinery (起重機械安全監察規定). We also have been accredited with the Work Safety Standardization Certificate (effective until September 2020) in compliance with the recommendations or proposals issued by the Dongguan City Safety Production Supervision Administration Changping Branch (東莞市安全生產監督管理局常平分局) relating to work and production safety.

In-house rules require all injuries or accidents to be promptly reported and properly dealt with in accordance with the national or local laws. In parallel, remedial or compensatory actions arising from safety and health issues or work injuries are required to be taken immediately where necessary as stipulated by the in-house rules. The Group did not have any record on any claim disputes on compensation or work-related injury investigation by the government officials in the reporting period.

During the reporting period, there was only 1 light injury case of a factory worker catching his/her arm under a box and the injury was well taken care immediately after the occurrence with no disputes or claims arising thereafter. Furthermore, there were no other accidents or incidents of non-compliance with relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards which could have significant impact on the production operations or businesses of the Group. Our low injury rate shows that our safety and health policies and measures including training are effectively implemented and adhered to. The Group targets to achieve a zero injury and causality result for the coming year.

本集團已為生產設施配備所有必需的安全設備及設施。我們定期購買安全帽、手套及護目鏡等勞動安全裝備，並確保全體員工於任何時候均獲配備並穿戴有關裝備，我們亦定期對生產設施及製造程序的各個層面進行安全檢查及測試。舉例而言，我們每年檢查及測試重型機械，以確保遵守有關起重設備安全監督規定的職責已獲履行。我們亦因遵循東莞市安全生產監督管理局常平分局所發佈有關工作及生產安全的意見或建議，而獲該分局頒發工作安全標準化證書(有效期至二零二零年九月)。

內部規則要求及時報告所有受傷或事故，並根據國家或地方法律予以適當處理。與此同時，根據內部規則，倘有需要須就安全及健康問題或工作傷害採取即時補救或補償措施。報告期內，本集團概無接獲任何索賠糾紛或政府人員調查工傷事件的記錄。

報告期內僅發生一宗輕傷事故，具體為一名廠房工人的手臂被壓於箱子底下，事故發生後已立即對傷者進行了妥善護理，其後並無出現爭議或索賠。此外，概無發生對本集團生產營運或業務造成重大影響，有關提供安全工作環境及保護員工免受職業傷害的法律及法規的其他不合規事故或事件。本集團員工受傷率甚低，顯示我們的安全及健康政策與措施(包括培訓)得到有效執行及遵守。本集團擬於來年取得零傷亡的成果。

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B3: Development and Training

As a professional organisation, we provide our employees with numerous career development and job-specific training opportunities covering a range of areas, including but not limited to professional development, trade skills, quality improvement, customer service, leadership and safety. Employees are encouraged to engage in self-development by taking external training programs and seminars.

During the reporting period, a total of 81 employees representing 100% of our total work force undertook internal training for three sessions, which aggregated a total of 729 training hours for health and safety, operating rules and 5S training. Of those employees, 69 were male (85%) and 12 (15%) were female employees of all levels. Overall, management grade level employees undertook a combined 117 hours (16%) of training, operational staff undertook a combined 27 hours (4%) of training, and general staff undertook 585 hours (80%) of training. We target a minimum of 4 training sessions per employee for the coming year.

B4: Labor Standards

The Group adopts the statutory requirements and standards applicable to our business operations to be our minimum labor standard on labor protection and welfare. The Group is committed to ensuring its full compliance and all management and supervisory levels are made aware of this.

Banning the employment of child labor, illegal workers and forced labor is achieved through the recruitment and employment process at source by the Human Resources Department. All job applicants are required to submit their credentials such as academic qualifications, professional skill certificates, references and identity card for verification and record purpose during recruitment. Such information is kept as the employee's personal file for record and future reference and government inspection.

B3 : 發展及培訓

我們作為專業組織為員工提供多項職業發展及針對特定職位的培訓機會，內容涵蓋多個領域，包括但不限於：專業發展、貿易技能、改善品質、客戶服務、領導能力及安全性。我們鼓勵員工參加外部培訓計劃及研討會，藉此促進個人發展。

報告期內，共81名員工(佔全部勞動力的100%)已參與為數3節的內部培訓，培訓時數共729小時，內容包括健康與安全、操作規程及5S培訓。受訓員工涵蓋各級別，其中包括69名(85%)男性員工及12名(15%)女性員工。總體而言，管理層員工共接受117小時(16%)培訓，營運人員共接受27小時(4%)培訓，而一般員工則共接受585小時(80%)培訓。我們擬於來年為每名員工進行至少4節培訓。

B4 : 僱傭標準

本集團採納適用業務營運的法定規定及標準，並以此為勞工保障及福利方面的最低勞工標準。本集團力求充分合規，全體管理層及主管級別亦已清楚此目標。

本集團嚴格禁止僱用童工、非法勞工及強迫勞動，並通過人力資源部的招募及僱用程序實現此目標。所有求職者於招聘過程中均須提交學術資格、專業技能證書、推薦信及身份證等憑證，以便核實及作記錄用途。此等信息將作為員工的個人文件保存及記錄，以備日後參考及供政府檢查。

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The Head of the Human Resources Department and the heads of relevant department are charged with the duty of overseeing its compliance and are also responsible for ensuring that all labor protection and welfare obligations are complied with and any breaches of statutory compliance are brought to the attention of the senior levels.

During the reporting period, no case of any child labor or forced labor employment was reported or detected.

B5: Supply Chain Management

The Procurement Department is responsible for the procurement of raw materials. It also manages the procurement price, cost and supplier based on the company's development plan and sales targets, and to keep enough inventories to meet customer requirements.

The principal raw materials that we use for the manufacturing of slewing rings include forged rings (primarily made from gear steel and carbon round steel), steel balls and spacers. Our suppliers of raw materials are located in the PRC. We do not enter into any long-term supply agreements with our suppliers. We procure our raw materials by individual sales orders on a case by case basis and the selling price and quantity of the raw materials required is negotiated on a case by case basis as and when we require the materials to meet a new sales order.

The Group has, in place, a very detailed supply and purchase management system adopting different approval authorities at different hierarchy levels of the Management Team depending upon the department and the types of purchase transactions they enter into.

In general, the Purchase Manager, Finance Director, COO and CEO form the execution and supervision purchase chain at different monetary levels. Each level is accountable to the one above on their monetary limits they are authorized to purchase. Purchasers are required not to place an order when the authorization cannot meet its designated level. The approving level is required to ensure that requests for purchase are in order before authorizing.

人力資源部主管及各相關部門主管有責任監督合規性，並負責確保所有勞動保護及福利義務已獲遵守，並將任何違反法定合規性的情況提呈高層注意。

報告期內，未有發現任何童工或強迫勞動的情況或接獲任何相關報告。

B5：供應鏈管理

採購部負責原材料採購，彼等亦根據公司發展計劃及銷售目標管理採購價格、成本及供應商，並保留足夠庫存以滿足客戶需求。

用於製造迴轉支承的主要原材料包括鍛造環（主要由齒輪鋼及碳素圓鋼製成）、鋼珠和間隔物。原材料供應商位於中國。我們未與供應商訂立任何長期供應協議。我們按個別情況就個別銷售訂單採購原材料，並於我們需要原材料滿足新的銷售訂單時，按個別情況協商所需原材料的售價及數量。

本集團已制定精細的供應及採購管理系統，按各部門及其所從事的採購交易類型，於管理團隊的不同級別採用不同的審批權限。

一般而言，採購經理、財務總監、營運總監及行政總裁按不同價格級別執行及監督採購鏈。各級別均對其獲授權可採購價格上限的上一級負責。倘採購人員所獲授權未達指定級別則不得下訂單。達批准級別者方可作出授權，以確保採購請求井然有序。

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All purchases of the Group in principle follow the established prevalent trade practice and industry norms under which 3 tenderers (where possible) or more will be invited for tender depending on various factors like contract value, amount involved, any other technicality and time constraints. All purchase transactions are subject to the scrutiny of internal hierarchy supervisions at different levels depending on its contract value and significance and to the overall scrutiny of external independent audit checks. All capital expenditure purchases have to be authorized and approved by the headquarters.

Specificity, timeliness, quantity and quality are the major selection criteria suppliers. Sustainability and our carbon footprint are also considered in our selection process. Technical standards agreements covering chemical composition, mechanical performance etc. are typically entered into with suppliers of raw materials particularly forged rings.

During the reporting period, owing to the special nature of our raw materials, we only sourced raw materials from 15 local suppliers and no raw materials were sourced from overseas.

B6: Product Responsibilities

Product Quality

We are focused on high quality assurance as we believe that the quality and consistency of our products are critical to our ability to retain our customers and to expand market share. We not only maintain ISO 9001:2008/15 quality management system(s) which the group has been certified since 2008, but also comply with some of the highest international standards as required by our Japanese customers including the JIS, JB and JB/T standards in Japan. To maintain our competitive edge and continuously improve quality and sustainability, we are also committed to investing in increasing our production capabilities with new high-end plants and equipment and automation technologies. For example, new machines are equipped with thermostats which ensure the temperature is consistent and help to reduce cracking of slewing rings and product failure rate. By working closely with our customers, we are able to keep abreast of the latest product development and knowledge.

原則上，本集團所有採購均遵循既定且普遍的貿易慣例及行業規範，據此視乎合約價格、涉及金額、任何其他技術性問題及時間限制等因素，邀請3名(如有可能)或以上招標人進行招標。所有採購交易須按合約價格及重要性，受內部分級監察中相應級別的監督，並全面受外部獨立審計檢查的監督。所有資本開支採購須獲總部授權及批准。

專門性、時間性、數量及品質為挑選供應商的主要標準。挑選過程亦有計及可持續性及我們的碳足跡。本集團一般與原材料(尤其是鍛造環)供應商簽訂涵蓋化學成分及機械性能等方面的技術標準協議。

報告期內，由於原材料的特殊性質，我們僅從15家本地供應商採購原材料，而未有從海外採購原材料。

B6 : 產品責任

產品品質

我們致力保障高品質，因我們認為產品品質及一致性對於挽留客戶及擴大市場份額至關重要。我們不僅保持ISO 9001 : 2008/15 品質管理體系(本集團自二零零八年已通過認證)，亦遵守日本客戶要求的最高國際標準，包括日本產業標準(JIS)，日本機械標準(JB)及日本機械標準/推薦(JB/T)。我們致力投資新高端廠房、設備及自動化技術以提高生產能力，進而保持競爭優勢並不斷提高品質及可持續性。舉例而言，我們為新機械配備恆溫器以確保溫度穩定，藉此減少迴轉支承出現破裂及產品故障的機率。我們與客戶緊密合作，從而了解最新的產品開發及相關知識。

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The major parts of our quality assurance procedures and processes are:

- Our quality assurance team inspects the incoming materials to ensure they are in line with our purchase order, such as the quantity, specifications, serial number, material, dimension and the physical condition. We will also check the test report provided by our supplier. For forged rings, we also check the serial number marked or imprinted on them to ensure that the material supplied is correct.
- On a sampling basis, we will take measurement of, and conduct visual inspection on our forged rings to see if there are any defects on their surface.
- On a sampling basis, we arrange for independent services providers to check the chemical composition of our incoming raw materials. This is to make sure that the chemical composition conforms to our specifications set forth in our purchase order.
- For the steel balls, our inspection team regularly inspects their sphericity and hardness on a sampling basis. We return substandard raw materials to suppliers if they do not pass our inspection.
- Upon completion of the manufacturing process, our quality assurance department will conduct final quality assurance test on the products, which includes measuring the assembly clearance and whether the outer and inner rings can rotate smoothly.
- In order to ensure that our heat treatment is carried out properly and up to the standard required by our customers, we take samples from the finished products for tests and dissect them to perform various tests on their precision and accuracy and other quality requirements.
- We conduct quality testing on all finished products to ensure that they comply with our customers' specifications.

品質核證程序及過程的主要部分包括：

- 品質核證團隊檢測進料，確保其於數量、規格、序列號、材料、尺寸及實際狀況各方面均符合採購訂單。我們亦會檢查供應商提供的測試報告。對於鍛造環，我們亦會檢查標記或印於其上的序列號，以確保提供的物料正確。
- 我們對鍛造環抽樣進行測量及目視檢查，以查看其表面有否任何缺陷。
- 我們安排獨立服務提供商抽樣檢查收取原材料的化學成分，以確保其符合採購訂單列明的規格。
- 檢測團隊定期抽樣檢查鋼珠的球度及硬度，並將未通過檢測的不合格原材料退還供應商。
- 製造過程完成後，品質核證部門將對產品進行最終品質核證測試，內容包括測量裝配間隙以及外環與內環能否順暢轉動。
- 為確保妥善進行熱處理且符合客戶所規定的標準，我們從製成品中進行抽樣測試，細分製成品以對其精確度及準確度及其他品質規定進行不同測試。
- 我們對所有製成品進行品質測試，以確保其符合客戶的規格。

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Our general warranty policy is to provide a warranty period of 1,500–3,000 hours of operation or one to two years (whichever occurs first), and we will not be liable if the warranty period has expired. If, during the warranty period, our products are found substandard, we will be liable to indemnify our customers of their acquisition costs of the product, and in some instances of the repairing costs and other disbursements.

During the reporting period, heat treatment for the entire work-in-progress was conducted with the average passing rate being approximately 99%. Due to the very specific nature of our products and the requirements for near perfect quality assurance, we had 0% return on goods sold and did not encounter any material warranty claim. The only complaints received were due to a packaging issue with the lining of some boxes and such complaints were dealt with efficiently without affecting our future business relationship. In the coming year, we will continue to stringently control and improve our product quality even further with a target of zero complaints.

Handling of Complaints

Policies and procedures are in place to ensure that all customer complaints or concerns are addressed to at the appropriate levels in a timely manner. In our sales contracts, there are clear clauses specifying our responsibilities under quality issues. The Sales Department is responsible for handling all sales complaint issues. Standing arrangements are also in place for an independent third party to adjudicate on any unresolved disputes between the Sales Department and the client. Consequential remedial actions will be taken promptly and in a responsible manner. During the reporting period, we only received two complaints regarding some packaging lining issues and this was dealt with efficiently, so as not to affect our business relations.

一般保修政策為提供運行1,500至3,000小時或一到兩年(以較早發生者為準)的保修期。我們於保修期過後概不承擔任何責任。倘於保修期內發現產品不合規格，我們須向客戶賠償其購買產品的費用，以及在若情況下包括維修及其他費用。

報告期內，於整體製造流程中執行的熱處理的平均合格率約為99%。鑑於產品性質非常特殊，且我們對品質核證的要求近乎完美，售出商品的退貨率為0%，並且沒有遇到任何重大的保修索賠。我們僅因箱子內襯的包裝問題收到若干投訴，且已於不影響日後業務關係的情況下妥善處理該等投訴。來年，我們將繼續嚴格控制及改善產品品質，致力達成零投訴的更佳目標。

處理投訴

本集團已制定政策及程序，務求以適當措施及時解決所有客戶的投訴或疑慮。銷售合約以明確條款規定品質問題的責任歸屬。銷售部門負責處理所有銷售投訴的問題。本集團亦已建立常規安排，容許獨立第三方就銷售部門與客戶之間任何懸而未決的爭議進行裁決。我們以負責任的方式即時採取相應的補救措施。報告期內，我們僅收到兩宗有關包裝內襯問題的投訴，且為免影響業務關係已得到有效處理。

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Intellectual Property Right

The Group, up to the end of the reporting period, has built up a portfolio of intellectual property rights including 13 patents registered in the PRC that are material to our business as well as 14 trademarks registered in the PRC and/or Hong Kong.

We primarily rely on trademark and intellectual property laws, and confidentiality agreements with our senior employees, to protect all intellectual property relating to the Group and operations. We purchase and utilise fully licensed software in our operations.

For the reporting period, the Group did not have any of any infringement of its or any other intellectual property rights including which had or could have a material adverse effect on our business, and there were no legal proceedings against the Group. We will continue to maintain similar results on intellectual property rights in the coming years ahead.

Privacy

The Group's main business and operation has generated a substantial volume of private, confidential and sensitive information of customers, suppliers, business partners including the operation status and financial positions, commercial terms of contracts, general background information, patented production technology, etc. These types of information are extremely sensitive and important, and by law, have to be cautiously safeguarded and protected. The Group fully understands its obligation and has taken measures to ensure strictest protection of the information against unauthorized access, use and disclosure through a variety of security technologies and procedures.

The Group fully abides by all relevant laws and regulations regarding privacy and utilization of data. Our employees have been trained to handle the sensitive information during the course of business with due care. The Group has incorporated the Confidential Clause into the Staff Handbook and Employment Contract, under which all employees are obligated to follow.

知識產權

本集團截至報告期末已建立一系列知識產權，包括13項對我們業務至關重要的中國註冊專利，以及14項於中國及／或香港註冊的商標。

我們主要依靠商標及知識產權法，以及與高級員工的保密協議以保護與本集團及其營運有關的所有知識產權。我們在營運中購買及使用獲充分授權的軟件。

報告期內，本集團概無任何侵犯其知識產權或任何其他知識產權的行為，包括對業務已造成或可能造成重大不利影響的行為，並且未有向本集團提出的法律訴訟。我們將於未來數年繼續在知識產權方面維持相似成果。

私隱

本集團主要業務及營運產生大量客戶、供應商及業務夥伴的私人、機密及敏感資料，包括經營狀況及財務狀況、合約商業條款、一般背景資料、專利生產技術等。此類信息極為敏感及重要，且根據法律須小心保障及保護。本集團全面理解本身責任，並已採取措施，通過各種安全技術及程序，防止未經授權的存取、使用及披露，從而確保信息得到最嚴格的保障。

本集團全面遵守有關私隱及數據使用的所有相關法律及規定。員工已接受謹慎處理業務過程中敏感信息的培訓。本集團已將機密條款納入員工手冊及僱傭合約，據此，所有員工均須遵守相關規定。

Environmental, Social and Governance Report

環境、社會及管治報告

During the reporting period, the Group did not have any incidents of non-compliance with relevant laws and regulations that have a significant impact on the Group relating to advertising, labelling and privacy matters. We also target the same result for the coming years ahead.

B7: Anti-corruption

The Group is well aware of the importance of honesty, integrity and fairness in our business operations and has therefore put in place an anti-corruption policy. All employees are required to declare any conflicts of interests in the execution of their roles and duties. Through the establishment of these rules and regulations, the Group encourages all employees to discharge their duties with integrity and comply with the relevant laws and regulations.

Transactions in large monetary sums are processed through bank transactions which require authorized signatories of the appropriate levels depending on the amount involved. Checks and balances have been installed in the Group for money transaction activities and are considered effective and adequate.

During the reporting period, the Group recorded no bribery nor corruption charges and is confident to achieve a similar result for the coming years ahead.

B8: Community Investment

The Group fully understands our social obligations and the need for re-contributing to the society. Through the day-to-day contact with various local government officials and industry leaders, the Group continues to explore and examine what and how the Group can contribute more and in a better way to the local community and society. The Group encourages and supports our staff and workers to participate in voluntary social welfare works such as to give paid leave for such activities. During the reporting period, the Group contributed small amounts to local charities and organizations.

報告期內，概無發生對本集團產生重大影響，有關廣告、標籤及私隱事項的法律及法規的任何違規事件。我們亦擬於未來數年取得相同成果。

B7: 反貪污

本集團充分了解誠實、正直及公平對業務營運至關重要，並因此制定反貪污政策。全體員工須於執行職務及職責時申報任何利益衝突。本集團透過制定規則及法規，鼓勵全體員工以誠信履行職責，並遵守相關法律及法規。

大額貨幣交易乃通過銀行交易處理，並須按涉及金額獲適當級別簽署授權。本集團已就金錢交易活動制定制衡措施，有關措施被視為有效充分。

報告期內，本集團概無接獲任何賄賂或貪污指控，並有信心於未來數年取得類似成果。

B8: 社區投入

本集團全面理解其社會責任及回饋社會的必要。本集團通過與多名地方政府官員及行業領袖的日常溝通，持續探索及檢討為本地社區及社會作出更多更好的貢獻的類型及方式。本集團鼓勵並支持員工及工人參加社會福利義務工作，方式包括為此類活動提供有薪假期。本集團於報告期內捐贈少量物資予本地慈善機構及組織。

Independent Auditor's Report

獨立核數師報告

To the Shareholders of Best Linking Group Holdings Limited

(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Best Linking Group Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 94 to 170, which comprise:

- the consolidated balance sheet as at 31 December 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, 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.

致永聯豐集團控股有限公司股東

(於開曼群島註冊成立之有限公司)

意見

我們已審計的內容

永聯豐集團控股有限公司(「**貴公司**」)及其附屬公司(「**貴集團**」)列載於第94至第170頁的綜合財務報表，包括：

- 於二零一九年十二月三十一日的綜合資產負債表；
- 截至該日止年度的綜合全面收益表；
- 截至該日止年度的綜合權益變動表；
- 截至該日止年度的綜合現金流量表；及
- 綜合財務報表附註，包括主要會計政策概要。

我們的意見

我們認為，該等綜合財務報表已根據香港會計師公會(「**香港會計師公會**」)頒佈之《香港財務報告準則》(「**香港財務報告準則**」)真實而中肯地反映了 貴集團於二零一九年十二月三十一日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》的披露規定妥為擬製。

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 (“**HKSA**s”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“**the Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

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

意見的基礎

我們已根據香港會計師公會頒佈之《香港審計準則》(「**香港審計準則**」)進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

獨立性

根據香港會計師公會的《專業會計師職業道德守則》(「**守則**」)，我們獨立於 貴集團，並已履行守則中的其他專業道德責任。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

Independent Auditor's Report

獨立核數師報告

KEY AUDIT MATTERS (Continued)

The key audit matter identified in our audit is the provision for slow moving inventories.

關鍵審計事項(續)

我們在審計中識別的關鍵審計事項為滯銷存貨撥備。

Key Audit Matter 關鍵審計事項

Provision for slow moving inventories 滯銷存貨撥備

Refer to notes 2.19 and 4(a) to the consolidated financial statements for the disclosures of the related accounting policies, judgements and estimates.

有關相關會計政策、判斷及估計，請參閱綜合財務報表附註 2.19 及 4(a)。

As at 31 December 2019, carrying amount of Group's inventories amounted to HK\$23,194,000 after considering the provision for slow moving inventories of HK\$311,000. Inventories, comprising slewing rings, are carried at the lower of cost and net realisable value in the consolidated balance sheet.

於二零一九年十二月三十一日，於計及滯銷存貨撥備 311,000 港元後，本集團投資的賬面值為 23,194,000 港元。存貨(包括迴轉支承)於綜合資產負債表以成本與可變現淨值之較低者計值。

Management determined the provision for slow moving inventories at each period end. The identification of slow moving inventories requires the use of significant judgements and key assumptions which take into consideration historical sales patterns, ageing and expectations for future sales orders. Such judgement is subject to uncertainties as a result of future changes in market trends and customer demands.

管理層於各期末釐定滯銷存貨撥備。滯銷存貨的識別需要使用重大判斷及關鍵假設，而其乃計及過往銷售模式、賬齡及對未來銷售訂單的預期。該等判斷受市場趨勢及客戶要求的未來變動所導致的不確定因素影響。

How our audit addressed the Key Audit Matter 我們的審計如何處理關鍵審計事項

Our procedures in relation to management's provision for slow moving inventories include:

我們有關管理滯銷存貨撥備的程序包括：

- We understood, evaluated and tested key controls by which management identified slow moving inventories and determined the inventory provisions;
我們了解、評估及測試管理層識別滯銷存貨及釐定存貨撥備的關鍵監控措施；
- We tested the accuracy of the inventory ageing report on a sample basis by tracing to purchase invoices and delivery documents;
我們透過追蹤採購發票及交付文件抽樣測試存貨賬齡報告的準確度；
- We enquired with management about their business plans and reviewed historical sales patterns to understand and assess the expected life cycle of inventories;
我們向管理層查詢彼等的業務規劃及經審閱過往銷售模式以了解及評估存貨估計可使用年期週期；
- For slow moving inventories where management considered provision is not required as they are supported by sales over the past years, we analysed, on a sample basis, the reasonableness of management's forecast by comparing the expected sales volume and net realisable value to historical sales patterns and expectation of future sales orders;
就管理層認為毋須作出撥備的滯銷存貨(由於有關存貨過去多年由銷售支持)而言，我們透過比較預期銷量及可變現淨值與過往銷售模式及未來銷售訂單的預期，抽樣分析管理層預測的合理程度；

Independent Auditor's Report

獨立核數師報告

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

Key Audit Matter

關鍵審計事項

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

Provision for slow moving inventories (Continued)

滯銷存貨撥備(續)

We focused on this area because inventories is a material balance and judgements are involved in estimating the provision for inventories, which might have a significant financial impact on the consolidated financial statements.

我們重點關注此範疇乃由於存貨為於估計存貨撥備時所涉及的重大結餘及判斷，其可能對綜合財務報表造成重大財務影響。

— For slow moving inventories where management considered provision is not required as they are supported by secured sales orders, we tested, on a sample basis, the sales orders received from customers and net realisable value of products by comparing the estimated selling price and sales quantity of individual products with the corresponding post year-end sales data; and

就管理層認為毋須作出撥備的滯銷存貨(由於有關存貨由有抵押銷售訂單支持)而言，我們透過比較個別產品的估計售價及銷量與相應年末後銷售數據，抽樣測試從客戶接獲的訂單及產品可變現淨值；及

— We tested the mathematical accuracy of the calculation of inventory provision.

我們測試存貨撥備計算的算術準確度。

Based on our work performed, we considered the judgements and assumptions made by management in relation to their assessment for provision of slow moving inventories to be supportable.

根據我們執行的工作，我們認為管理層就滯銷存貨撥備評估作出的判斷及假設屬可支持。

Independent Auditor's Report

獨立核數師報告

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

其他信息

貴公司董事須對其他信息負責。其他信息包括刊載於年報內的所有信息，但不包括綜合財務報表及我們的核數師報告。

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

結合我們對綜合財務報表的審計，我們的責任為閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事及審計委員會就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈之香港財務報告準則及遵照香港《公司條例》的披露規定擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

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

審計委員會須負責監察貴集團的財務報告過程。

Independent Auditor's Report

獨立核數師報告

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

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

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

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

核數師就審計綜合財務報表須承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向閣下(作為整體)報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照香港審計準則進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據香港審計準則進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

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 the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

核數師就審計綜合財務報表須承擔的責任(續)

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映相關交易和事項。
- 就 貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

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

我們還向審計委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

Independent Auditor's Report

獨立核數師報告

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

(Continued)

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Hin Gay Gabriel.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 25 March 2020

核數師就審計綜合財務報表須承擔的責任 (續)

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

出具本獨立核數師報告的審計項目合夥人是陳顯基。

羅兵咸永道會計師事務所

執業會計師

香港，二零二零年三月二十五日

Consolidated Statement of Comprehensive Income

綜合全面收益表

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

			2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
		Note 附註		
Revenue	收益	5	67,509	46,267
Cost of sales	銷售成本	6	(36,042)	(24,559)
Gross profit	毛利		31,467	21,708
Other income	其他收入	8	401	942
Other gains/(losses), net	其他收益/(虧損)淨額	9	208	(151)
Selling and distribution expenses	銷售及分銷開支	6	(985)	(675)
Administrative expenses	行政開支	6	(20,409)	(9,268)
Operating profit	經營溢利		10,682	12,556
Finance income	融資收入	11	9	41
Finance cost	融資成本	11	(134)	(130)
Finance cost, net	融資成本淨額		(125)	(89)
Profit before income tax	除所得稅前溢利		10,557	12,467
Income tax expense	所得稅開支	12	(3,594)	(2,732)
Profit for the year attributable to owners of the Company	本公司擁有人應佔年內溢利		6,963	9,735
Other comprehensive income	其他全面收益			
Items that may be reclassified to profit or loss	可能重新分類至損益的項目			
Currency translation differences	貨幣換算差額	23	(691)	(1,655)
Total comprehensive income for the year	年內全面收益總額		6,272	8,080
Earnings per share for profit attributable to equity holders of the Company for the year	本公司權益持有人應佔年內溢利的每股盈利			
Basic and diluted earnings per share (HK cents per share)	每股基本及攤薄盈利 (每股港仙)	13	2.2	3.2

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

上述綜合全面收益表應與隨附附註一併閱讀。

Consolidated Balance Sheet

綜合資產負債表

As at 31 December 2019 於二零一九年十二月三十一日

			2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
		Note 附註		
ASSETS	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	15	7,425	9,328
Intangible asset	無形資產	16	75	-
Prepayments and deposits	預付款項及按金	19	2,235	18
Deferred tax assets	遞延稅項資產	28	64	11
			9,799	9,357
Current assets	流動資產			
Inventories	存貨	20	23,194	27,573
Trade receivables	貿易應收款項	18	16,884	3,821
Prepayments, deposits and other receivables	預付款項、按金及 其他應收款項	19	2,129	2,210
Cash and cash equivalents	現金及現金等價物	21	49,040	6,562
			91,247	40,166
Total assets	資產總值		101,046	49,523
EQUITY AND LIABILITIES	權益及負債			
Equity attributable to owners of the Company	本公司擁有人應佔權益			
Share capital	股本	22	4,000	-
Reserves	儲備	23	88,398	39,615
Total equity	權益總額		92,398	39,615

Consolidated Balance Sheet

綜合資產負債表

As at 31 December 2019 於二零一九年十二月三十一日

	Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
LIABILITIES			
Non-current liability			
Lease liabilities	24	2,338	2,575
		2,338	2,575
Current liabilities			
Trade payables	25	1,503	3,386
Accruals and other payables	26	2,306	3,313
Current income tax liabilities		2,124	477
Lease liabilities	24	377	157
		6,310	7,333
Total liabilities		8,648	9,908
Total equity and liabilities		101,046	49,523

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

上述綜合資產負債表應與隨附附註一併閱讀。

The consolidated financial statements on pages 94 to 170 were approved by the Board of Directors on 25 March 2020 and were signed on its behalf.

第94至170頁的綜合財務報表已由董事會於二零二零年三月二十五日批核，並代表董事會簽署。

Chan Yuk Pan

陳焯彬
Director
董事

Chan Lung Pan

陳龍彬
Director
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

		Attributable to owners of the Company							Total
		本公司擁有人應佔							
		Share capital	Combined capital	Share premium	Capital reserve	Statutory reserve	Exchange reserve	Retained earnings	
		股本	合併股本	股份溢價	資本儲備	法定儲備	匯兌儲備	保留盈利	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
		(Note 22)	(Note 23)	(Note 22)	(Note 23)	(Note 23)	(Note 23)		
		(附註22)	(附註23)	(附註22)	(附註23)	(附註23)	(附註23)		
Balance at 1 January 2018	於二零一八年一月一日的結餘	-	13,000	-	-	630	1,710	35,655	50,995
Profit for the year	年內溢利	-	-	-	-	-	-	9,735	9,735
Other comprehensive income	其他全面收益								
Currency translation differences	貨幣換算差額	-	-	-	-	-	(1,655)	-	(1,655)
Total comprehensive (loss)/ income for the year	年內全面(虧損)/收益總額	-	-	-	-	-	(1,655)	9,735	8,080
Transactions with equity holders:	與權益擁有人的交易：								
Dividends paid (Note 27)	已付股息(附註27)	-	-	-	-	-	-	(19,460)	(19,460)
Issuance of ordinary shares pursuant to the Reorganisation (Note 22)	根據重組發行普通股(附註22)	-	(13,000)	-	13,000	-	-	-	-
Transfer to statutory reserve	轉撥至法定儲備	-	-	-	-	592	-	(592)	-
		-	(13,000)	-	13,000	592	-	(20,052)	(19,460)
Balance at 31 December 2018	於二零一八年十二月三十一日的結餘	-	-	-	13,000	1,222	55	25,338	39,615

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

		Attributable to owners of the Company							Total
		本公司擁有人應佔							
		Share capital	Combined capital	Share premium	Capital reserve	Statutory reserve	Exchange reserve	Retained earnings	
		股本	合併股本	股份溢價	資本儲備	法定儲備	匯兌儲備	保留盈利	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
		(Note 22)	(Note 23)	(Note 22)	(Note 23)	(Note 23)	(Note 23)		
		(附註 22)	(附註 23)	(附註 22)	(附註 23)	(附註 23)	(附註 23)		
Balance at 1 January 2019	於二零一九年一月一日的結餘	-	-	-	13,000	1,222	55	25,338	39,615
Profit for the year	年內溢利	-	-	-	-	-	-	6,963	6,963
Other comprehensive income	其他全面收益								
Currency translation differences	貨幣換算差額	-	-	-	-	-	(691)	-	(691)
Total comprehensive (loss)/ income for the year	年內全面(虧損)/收益總額	-	-	-	-	-	(691)	6,963	6,272
Transactions with equity holders:	與權益擁有人的交易：								
Issuance of ordinary shares pursuant to the capitalisation (Note 22(b))	根據資本化發行普通股 (附註 22(b))	3,000	-	(3,000)	-	-	-	-	-
Issuance of ordinary shares pursuant to the listing (as detailed in Note 22(c))	根據上市發行普通股 (詳見附註 (附註 22(c)))	1,000	-	54,000	-	-	-	-	55,000
Listing related expenses charged to share premium	於股份溢價扣除的上市相關開支	-	-	(8,489)	-	-	-	-	(8,489)
Transfer to statutory reserve	轉撥至法定儲備	-	-	-	-	948	-	(948)	-
		4,000	-	42,511	-	948	-	(948)	46,511
Balance at 31 December 2019	於二零一九年十二月三十一日的結餘	4,000	-	42,511	13,000	2,170	(636)	31,353	92,398

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes. 上述綜合權益變動表應與隨附附註一併閱讀。

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

	Note	2019	2018
	附註	二零一九年	二零一八年
		HK\$'000	HK\$'000
		千港元	千港元
Cash flows from operating activities	經營活動現金流量		
Cash (used in)/generated from operations	經營(所用)/所得現金	30(a) (579)	11,995
Income tax paid	已付所得稅	(1,975)	(3,022)
Interest received	已收利息	9	41
Net cash (used in)/generated from operating activities	經營活動(所用)/所得現金淨額	(2,545)	9,014
Cash flows from investing activities	投資活動現金流量		
Purchases of property, plant and equipment	購買物業、廠房及設備	(79)	(485)
Prepayments for purchase of property, plant and equipment	購買物業、廠房及設備的預付款項	(2,235)	-
Purchase of intangible assets	購買無形資產	(83)	-
Net cash used in investing activities	投資活動所用現金淨額	(2,397)	(485)
Cash flows from financing activities	融資活動現金流量		
Repayments of advance to a shareholder	償還股東墊款	-	(11,044)
Payment of interest elements of lease liabilities	支付租賃負債利息部分	(10)	(6)
Payment of principal elements of lease liabilities	支付租賃負債本金部分	(147)	(69)
Payment of listing expenses to be capitalised into equity	將撥充至股本的上市開支付款	(7,354)	(1,060)
Proceeds from shares issued pursuant to the Listing	根據上市發行股份的所得款項	55,000	-
Dividends paid	已付股息	-	(7,000)
Net cash generated from/(used in) financing activities	融資活動所得/(所用)現金淨額	47,489	(19,179)
Increase/(decrease) in cash and cash equivalents	現金及現金等價物增加/(減少)	42,547	(10,650)
Cash and cash equivalents at beginning of the year	年初現金及現金等價物	6,562	17,104
Currency translation differences	貨幣換算差額	(69)	108
Cash and cash equivalents at end of the year	年末現金及現金等價物	49,040	6,562

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

上述綜合現金流量表應與隨附附註一併閱讀。

Notes to the Consolidated Financial Statements

綜合財務報表附註

1 GENERAL INFORMATION AND REORGANIZATION

1.1 General Information

The Company was incorporated in the Cayman Islands on 26 October 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and trading of machinery product. (the **"Business"**) The ultimate holding company of the Company is C Centrum Holdings Limited (**"C Centrum"**). The ultimate shareholder of the Group is Mr. Chan Yuk Pan (**"Mr. YP Chan"**).

The shares of the Company are listed on the GEM of The Stock Exchange of Hong Kong Limited on 15 November 2019 (the **"Listing"**).

The consolidated financial statements are presented in Hong Kong dollars (**"HK\$"**) unless otherwise stated.

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganization (the **"Reorganisation"**) as described below, the Business was carried out by Best Linking Limited (**"Best Linking"**), Wing Fung Machinery Company Limited (**"Wing Fung"**) and its subsidiary (collectively the **"Operating Companies"**).

In preparing for the Listing of the Company's shares on GEM of The Stock Exchange of Hong Kong Limited, the Group underwent the reorganisation which principally involved the following steps:

- (i) On 14 September 2018, C Centrum was incorporated in the British Virgin Islands (the **"BVI"**) and one share in C Centrum was allotted and issued to Mr. YP Chan on the same day.
- (ii) On 26 October 2018, the Company was incorporated in the Cayman Islands, and one subscriber share was transferred to C Centrum on the same day at nil consideration.

1 一般資料及重組

1.1 一般資料

本公司於二零一八年十月二十六日根據開曼群島法例第22章公司法（一九六一年第3號法例，經綜合及修訂）在開曼群島註冊成立為獲豁免有限公司。本公司的註冊辦事處地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands。

本公司為投資控股公司，其附屬公司主要從事製造及買賣機械產品（**「有關業務」**）。本公司的最終控股公司為C Centrum Holdings Limited（**「C Centrum」**）。本集團的最終股東為陳煜彬先生（**「陳煜彬先生」**）。

本公司股份於二零一九年十一月十五日於香港聯合交易所有限公司GEM上市（**「上市」**）。

除另有說明外，綜合財務報表以港元（**「港元」**）呈列。

1.2 重組

於本公司註冊成立並完成下述重組（**「重組」**）之前，有關業務由永聯豐有限公司（**「永聯豐」**）、榮豐機械有限公司（**「榮豐」**）及其附屬公司（統稱為**「營運公司」**）負責。

籌備本公司股份於香港聯合交易所有限公司GEM上市時，本集團進行了重組，其主要涉及下列步驟：

- (i) 於二零一八年九月十四日，C Centrum於英屬維爾京群島（**「英屬維爾京群島」**）註冊成立，同日，一股C Centrum股份配發及發行予陳煜彬先生。
- (ii) 於二零一八年十月二十六日，本公司在開曼群島註冊成立，同日，一股認購人股份無償轉讓予C Centrum。

Notes to the Consolidated Financial Statements

綜合財務報表附註

1 GENERAL INFORMATION AND REORGANIZATION

(Continued)

1.2 Reorganisation (Continued)

- (iii) On 14 September 2018, Kyoei Seiki Holdings Limited (“**Kyoei Seiki Holdings**”) and Best Linking Holdings Limited (“**Best Linking Holdings**”) were incorporated in the BVI. On 1 November 2018, one share in Kyoei Seiki Holdings and Best Linking Holdings were allotted and issued to the Company, respectively.
- (iv) On 21 December 2018, the entire issued shares of Wing Fung Machinery Company Limited were transferred from Mr. YP Chan to Kyoei Seiki Holdings, in consideration of (i) the Company allotting and issuing 49 shares to C Centrum, credited as fully-paid; and (ii) crediting the subscriber share held by C Centrum as fully paid.
- (v) Best Linking was incorporated in Hong Kong and wholly owned by Mr. Chen Hsu Ting (“**Mr. HT Chen**”) since 11 October 2010, who is the elder brother of Mr. YP Chan. As part of the family arrangement and for the ease of administration, Mr. HT Chen held the entire issued share of Best Linking for and on behalf of Mr. YP Chan on trust and acted as the nominee director since 11 October 2012. On 21 December 2018, the entire issued share of Best Linking was transferred from Mr. HT Chen (being the legal owner of Best Linking) and Mr. YP Chan (being the beneficial owner of Best Linking) to Best Linking Holdings, at the direction of Mr. YP Chan (being the beneficial owner of Best Linking), in consideration of the Company allotting and issuing 50 shares to C Centrum, credited as fully paid.

1 一般資料及重組(續)

1.2 重組(續)

- (iii) 於二零一八年九月十四日，Kyoei Seiki Holdings Limited (「**Kyoei Seiki Holdings**」) 及 Best Linking Holdings Limited (「**Best Linking Holdings**」) 於英屬維爾京群島註冊成立。於二零一八年十一月一日，一股 Kyoei Seiki Holdings 及 Best Linking Holdings 股份分別配發及發行予本公司。
- (iv) 於二零一八年十二月二十一日，榮豐機械有限公司的全部已發行股份由陳煜彬先生轉讓予 Kyoei Seiki Holdings，代價為 (i) 本公司向 C Centrum 配發及發行 49 股入賬列作繳足股份；及 (ii) 將 C Centrum 所持認購人股份入賬列作繳足。
- (v) 永聯豐於香港註冊成立及自二零一零年十月十一日起由陳旭汀先生 (「**陳旭汀先生**」) 全資擁有，彼為陳煜斌先生的兄長。作為家族安排的一部分及為便於管理，自二零一二年十月十一日起，陳旭汀先生為及代表陳煜彬先生以信託形式持有永聯豐全部已發行股份及擔任提名董事。於二零一八年十二月二十一日，永聯豐全部已發行股份按陳煜彬先生 (為永聯豐的實益擁有人) 的指示由陳旭汀先生 (為永聯豐的合法擁有人) 及陳煜彬先生 (為永聯豐的實益擁有人) 轉讓予 Best Linking Holdings，代價是本公司向 C Centrum 配發及發行 50 股入賬列作繳足股份。

Notes to the Consolidated Financial Statements

綜合財務報表附註

1 GENERAL INFORMATION AND REORGANIZATION

(Continued)

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business is held by and conducted through the Operating Companies. Pursuant to the Reorganisation, the Business are transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the Business with no change in management of such business and the ultimate owner of the Business remains the same. Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the Business under the Operating Companies and consolidated financial statements have been prepared and presented as a continuation of the consolidated financial statements of the Operating Companies, with the assets and liabilities of the Group recognised and measured at the carrying amounts of the Business under the consolidated financial statements of the Operating Companies for all periods presented.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

1 一般資料及重組(續)

1.3 呈列基準

緊接重組前後，上市業務乃由經營公司持有及進行。根據重組，業務轉讓予本公司並由其持有。本公司在重組前並無參與任何其他業務，且不符合業務的定義。重組純粹指業務的重組，該業務的管理層及業務的最終擁有人維持不變。因此，因重組而產生的本集團被視為營運公司項下業務的延續，而綜合財務報表已經編製及呈列作營運公司綜合財務報表的延續，而本集團於所有呈列期間的資產及負債則按業務賬面值於營運公司綜合財務報表項下確認及計量。

2 重大會計政策概要

編製綜合財務報表時應用的主要會計政策載列於下文。除非另外指明，該等政策於所有呈列年度貫徹使用。

2.1 編製基準

綜合財務報表乃根據所有適用香港財務報告準則(「香港財務報告準則」)及香港法例第622章香港公司條例的披露規定編製。綜合財務報表乃根據歷史成本慣例編製。

編製符合香港財務報告準則的綜合財務報表需要使用若干關鍵會計估計。在應用本集團會計政策的過程中亦需要管理層行使其判斷。涉及高程度判斷或複雜性的範疇或其假設及估計對綜合財務報表而言屬重大的範疇於附註4披露。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 New and amended standards and interpretations

(a) *New and amended standards and interpretations adopted by the company*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvement Project	Annual Improvements to HKFRS Standards 2015–2017 Cycle
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
HKFRIC-Int 23	Uncertainty over Income Tax Treatments

The adoption of these new standards and amendments to standards did not have any significant impact on the current period or any prior period.

The Group has early adopted HKFRS 16 “Leases” since the year ended 31 December 2017 using full retrospective approach and the relevant accounting policies have been consistently applied to the consolidated financial statements of the Group throughout the years presented.

2 重大會計政策概要(續)

2.1 編製基準(續)

2.1.1 新訂及經修訂準則及詮釋

(a) *本公司採納的新訂及經修訂準則及詮釋*

本集團於二零一九年一月一日開始的年度報告期間首次應用以下準則及修訂：

香港財務報告準則第9號(修訂本)	具有負補償的提前付款特徵
香港會計準則第28號(修訂本)	於聯營公司及合營企業的長期權益
年度改進項目	二零一五年至二零一七年週期的香港財務報告準則年度改進
香港會計準則第19號(修訂本)	計劃修訂、縮減或結清
香港(國際財務報告詮釋委員會) – 詮釋第23號	所得稅處理的不確定性

採納該等新訂準則及準則的修訂本概無對本期間或任何先前期間造成任何重大影響。

本集團自二零一七年十二月三十一日止年度起使用全面追溯法提早採納香港財務報告準則第16號「租賃」，並於本集團整個呈列年度的綜合財務報表貫徹應用相關會計政策。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 New and amended standards and interpretations

(Continued)

- (b) New and amended standards and interpretations which have been issued but are not yet effective and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after 於下列日期或之後開始的會計期間生效
HKFRS 3 (Amendment) 香港財務報告準則第3號(修訂本)	Definition of a Business 業務的定義	1 January 2020 二零二零年一月一日
HKFRS 9, HKAS 39 and HKFRS 7 (Amendment) 香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號(修訂本)	Interest Rate Benchmark Reform 利率基準改革	1 January 2020 二零二零年一月一日
HKFRS 17 香港財務報告準則第17號	Insurance Contracts 保險合同	1 January 2021 二零二一年一月一日
HKAS 1 and HKAS 8 (Amendment) 香港會計準則第1號及香港會計準則第8號(修訂本)	Definition of Material 重大性的定義	1 January 2020 二零二零年一月一日
Conceptual Framework for Financial Reporting 2018 二零一八年財務報告概念框架	Revised Conceptual Framework for Financial Reporting 經修訂財務報告概念框架	1 January 2020 二零二零年一月一日
HKFRS 10 and HKAS 28 (Amendments) 香港財務報告準則第10號及香港會計準則第28號(修訂本)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture 投資者與其聯營公司或合營公司之間的資產出售或注資	To be determined 待定

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective.

本集團將於上述新訂或經修訂準則、現有準則的修訂本及詮釋生效時採納。

2 重大會計政策概要(續)

2.1 編製基準(續)

2.1.1 新訂及經修訂準則及詮釋(續)

- (b) 已經頒佈但尚未生效，且未獲本集團提早採納的新訂及經修訂準則及詮釋：

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has the control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(a) Business combinations

Except for the Reorganisation, the Group applies the acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

2 重大會計政策概要(續)

2.2 附屬公司

2.2.1 綜合入賬

附屬公司為本集團對其具有控制權的實體(包括結構性實體)。當本集團承受或享有參與實體所得之可變回報的風險或權利，且有能力透過其對實體之權力影響該等回報時，則本集團控制該實體。附屬公司的賬目自控制權轉讓予本集團之日起全部綜合入賬，並自該控制權終止之日起停止綜合入賬。

集團內公司間交易、集團公司間之交易結餘及未變現收益須予對銷。未變現虧損亦予對銷，除非交易提供轉讓資產的減值憑證。如有需要，附屬公司呈報的金額已調整，以符合本集團的會計政策。

(a) 業務合併

除重組外，本集團利用會計處理收購法將所有業務合併入賬，不論股本工具或其他資產是否為收購所得。收購附屬公司的轉讓代價包括：

- 所轉讓資產
- 所收購業務先前擁有人產生的負債
- 本集團發行的股權
- 或有代價安排所產生的任何資產或負債的公平值；及
- 任何先前存在的附屬公司股權的公平值。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(a) Business combinations (Continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity.

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

2 重大會計政策概要(續)

2.2 附屬公司(續)

2.2.1 綜合入賬(續)

(a) 業務合併(續)

除有限例外情況外，在業務合併中所收購可識別的資產以及所承擔的負債及或然負債，最初以收購日的公平值計算。本集團根據個別收購交易按公平值或非控股權益應佔被收購實體可識別資產淨值的比例確認於被收購實體的任何非控股權益。

收購相關成本在產生時支銷。

- 所轉讓代價，
- 於被收購實體的任何非控股權益金額，及
- 任何先前於被收購實體的權益於收購日期的公平值。

與已收購可識別資產淨值的公平值的差額按商譽列賬。倘上述金額低於所收購業務可識別資產淨值的公平值，有關差額會作為一項廉價購買直接於損益內確認。

凡遞延結清任何部分現金代價者，在將來應付金額會貼現至其於交易日期的現值。所用的貼現率是實體的增量借貸利率，意指在可比的條款和條件下向獨立出資人取得類似借貸的利率。或然代價歸類為權益或金融負債。歸類為金融負債的金額其後重新計量至公平值，公平值變動於損益內確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(a) Business combinations (Continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for by the Company at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors who make strategic decisions.

2 重大會計政策概要(續)

2.2 附屬公司(續)

2.2.1 綜合入賬(續)

(a) 業務合併(續)

倘業務合併分階段完成，收購方過往於被收購方所持股權於收購日期的賬面值重新計量至收購日期的公平值。該項重新計量所產生的任何收益或虧損於損益內確認。

2.2.2 獨立財務報表

本公司將於附屬公司之投資按成本值扣除減值入賬。成本值包括投資之直接應佔成本。附屬公司之業績在本公司賬目內按已收及應收股息入賬。

倘自附屬公司收取之股息超出宣派股息期間該附屬公司之全面收益總額，或倘獨立財務報表之投資賬面值超出綜合財務報表被投資公司之淨資產(包括商譽)之賬面值，則在接獲該等投資之股息時須對該等附屬公司之投資進行減值測試。

2.3 分部呈報

經營分部的呈報方式與提供予主要經營決策者(「主要經營決策者」)的內部報告的方式一致。主要經營決策者(負責分配資源及評估經營分部的表現)已被識別為作出策略決定的執行董事。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are generally recognised in the consolidated statement of comprehensive income.

All foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "other gains/(losses), net".

2 重大會計政策概要(續)

2.4 外幣換算

(i) 功能及呈列貨幣

本集團每個實體的綜合財務報表中所列的項目均以該實體營運所在的主要經濟環境的貨幣(「功能貨幣」)計量。綜合財務報表以港元(「港元」)呈列，港元為本公司之功能貨幣及本集團之呈列貨幣。

(ii) 交易及結餘

外匯交易使用交易日期的現行匯率換算為功能貨幣。因結算有關交易及按年末匯率換算以外幣計值的貨幣資產及負債而產生的匯兌收益及虧損一般於綜合全面收益表內確認。

所有匯兌收益及虧損均於綜合全面收益表內呈列為「其他收益／(虧損)淨額」。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Foreign currency translation (Continued)

(iii) Group companies

The results and financial positions of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

2 重大會計政策概要(續)

2.4 外幣換算(續)

(iii) 集團公司

對於功能貨幣與呈列貨幣不同的所有本集團實體(該等實體概無極高通脹經濟的貨幣),其業績及財務狀況按下列方式換算為呈列貨幣:

- 各資產負債表所呈列的資產及負債按該資產負債表日期的收市匯率換算;
- 各全面收益表的收入及開支按平均匯率換算(除非該平均匯率並非交易日期現行匯率累計影響的合理相似值,則在此情況下,有關收入及開支按交易日期的匯率換算);及
- 所有因此產生的匯兌差額於其他全面收益內確認。

2.5 物業、廠房及設備

物業、廠房及設備按歷史成本扣除累計折舊及累計減值虧損(如有)入賬。歷史成本包括收購項目直接應佔之開支。

只有當後續成本很可能為本集團帶來與該項目有關的未來經濟利益,而該項目的成本能可靠計量時,方包括在資產的賬面值或確認為一項獨立資產(倘適用)。重置部份的賬面值取消確認。所有其他維修及保養在其產生的財政期間內於綜合全面收益表扣除。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Property, plant and equipment (Continued)

Depreciation of property and equipment is calculated using the straight line method to allocate their cost to their residual values over its estimated useful lives, as follows:

Plant and machinery	10 years
Office equipment	5 years
Motor vehicles	5 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains/(losses), net" in the consolidated statement of comprehensive income.

Right-of-use assets included the rights to use certain properties under leases which are measured at cost. The initial costs of right-of-use assets include the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date
- any initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

2 重大會計政策概要(續)

2.5 物業、廠房及設備(續)

物業及設備的折舊乃採用直線法按其估計可使用年期分攤其成本至其剩餘價值，情況如下：

廠房及機械	10年
辦公設備	5年
汽車	5年

資產的剩餘價值及可使用年期於各報告期末均會進行檢討，並在適當情況下作出調整。

倘資產賬面值高於其估計可收回金額(附註2.7)，則會立即將該資產的賬面值撇減至其可收回金額。

出售的收益或虧損透過將所得款項與賬面值比較而釐定，並於綜合全面收益表「其他收益／(虧損)淨額」內確認。

使用權資產包括使用按成本計量的租賃下若干物業的權利。使用權資產的初始成本包括以下各項：

- 租賃負債的初始計量金額
- 於開始日期或之前支付的任何租賃付款
- 任何初始直接成本，及
- 復原成本。

使用權資產按資產的可使用年期及租期的較短者以直線法折舊。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Intangible assets

Intangible assets comprise system software, acquired computer software are capitalised on the basis of the cost incurred to acquire and bring the specific software into usage. These costs are amortised using the straight-line method over their estimated useful life of 3 years. Cost associated with maintaining computer software programs are recognised as an expense as incurred.

2.7 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

2 重大會計政策概要(續)

2.6 無形資產

無形資產包括系統軟件，已收購計算機軟件按就收購及令特定軟件可用產生的成本進行資本化。該等成本使用直線法於其估計使用年期三年攤銷。與維護計算機軟件程序相關的成本於產生時作為開支確認。

2.7 非金融資產減值

須作攤銷的資產會於有事件或情況變化顯示賬面值可能無法收回時就減值進行檢討。減值虧損按資產賬面金額超過其可收回金額予以確認。可收回金額為扣除出售成本後的資產公平值與使用價值中的較高者。就減值評估而言，資產按可單獨辨認的最小現金流量產生單位(現金產生單位)予以分組。經減值的非金融資產(不包括商譽)於各報告日期檢討撥回減值的可能性。

2.8 金融資產

(a) 分類

本集團將其金融資產分為以下計量類別：

- 其後按公平值計量(計入其他全面收益或計入損益)，及
- 按攤銷成本計量。

分類取決於實體管理金融資產的業務模式及現金流的合約條款而定。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial assets (Continued)

(a) Classification (Continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2 重大會計政策概要(續)

2.8 金融資產(續)

(a) 分類(續)

就按公平值計量的資產，收益及虧損將於損益或其他全面收益內入賬。就債務工具的投資，這取決於持有投資的業務模式。就股本工具的投資，這取決於本集團是否在初次確認之時不可撤回地選擇以公平值計入其他全面收益的方式將股本投資列賬。

當且僅當管理該等資產的業務模式變動時，本集團對債務工具重新分類。

(b) 確認及取消確認

正常渠道的金融資產買賣於交易日期確認，交易日期即本集團承諾收購或出售資產的日期。金融資產在收取金融資產現金流的權利屆滿或已轉讓及本集團將擁有權絕大多數風險及回報轉讓時取消確認。

(c) 計量

於初次確認時，本集團按公平值加(倘為並非按公平值計入損益的金融資產)直接源於收購金融資產的交易成本計量金融資產。按公平值計入損益的金融資產的交易成本則於綜合全面收益表內支銷。

內嵌衍生工具的金融資產於釐定其現金流是否全部為本金及利息付款時按整體考慮。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial assets (Continued)

(c) Measurement (Continued)

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represented solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains/(losses), net" together with foreign exchange gains and losses.

2 重大會計政策概要(續)

2.8 金融資產(續)

(c) 計量(續)

(i) 債務工具

債務工具的其後計量方式取決於本集團管理資產的業務模式及資產的現金流特點。倘資產持有目的為收取合約現金流，且該等現金流全部為本金及利息付款，則按攤銷成本計量。該等金融資產的利息收入使用實際利率法計入融資收入。取消確認的任何收益或虧損直接於損益確認及連同匯兌收益及虧損於「其他收益／(虧損)淨額」呈列。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial assets (Continued)

(c) Measurement (Continued)

(i) Debt instruments (Continued)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("FVOCI"). Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains/(losses), net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains/(losses), net" and impairment expenses are presented as separate line item in the statement of profit or loss.

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss ("FVTPL"). A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses), net" in the period in which it arises.

2 重大會計政策概要(續)

2.8 金融資產(續)

(c) 計量(續)

(i) 債務工具(續)

就持有目的為收取合約現金流及出售金融資產的資產而言，倘該等資產的現金流全部為本金及利息付款，則按公平值計入其他全面收益(「按公平值計入其他全面收益」)。賬面值變動透過其他全面收益(「其他全面收益」)列賬，惟減值收益或虧損、利息收入及匯兌收益及虧損的確認除外，該等項目乃於損益確認。取消確認金融資產時，先前於其他全面收益確認的應計收益或虧損由權益重新分類至損益及於「其他收益/(虧損)淨額」確認。該等金融資產的利息收入使用實際利率法計入融資收入。匯兌收益及虧損於「其他收益/(虧損)淨額」呈列；減值開支則於損益表內列為單獨的項目。

不符合攤銷成本或按公平值計入其他全面收益標準的資產按公平值計入損益(「按公平值計入損益」)。其後按公平值計入損益的債務工具所產生收益或虧損乃於損益確認及於其產生期間的「其他收益/(虧損)淨額」內按淨額呈列。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Impairment of financial assets

The Group assess on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3 details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimation of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

2.10 Financial liabilities

(a) Classification and measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

2 重大會計政策概要(續)

2.9 金融資產減值

本集團按前瞻性基準評估與其按攤銷成本列賬及按公平值計入其他全面收益的債務工具相關的預期信貸虧損。所使用的減值方法取決於信貸風險是否大幅提高。附註3詳述本集團釐定信貸風險是否大幅提高的方式。

預期信貸虧損乃對金融資產預期年內內信貸虧損的可能性加權估計(即所有現金差額的現值)。

對於貿易應收款項，本集團使用香港財務報告準則第9號所允許的簡化法，其要求自資產初次確認起確認預期全期虧損。撥備矩陣基於具有類似信貸風險特點的貿易應收款項預期年內內過往觀察所得違約率釐定並就前瞻性估計作出調整。於各報告日期，過往觀察所得違約率會予以更新，並會分析前瞻性估計的變動。

2.10 金融負債

(a) 分類及計量

金融負債分類為按攤銷成本計量或按公平值計入損益。倘分類為持作買賣、為衍生工具或於初次確認時指定為按公平值計入損益，則金融負債分類為按公平值計入損益。按公平值計入損益的金融負債按公平值計量，而收益及虧損淨額(包括任何利息開支)於損益內確認。其他金融負債其後使用實際利率法按攤銷成本計量。利息開支及匯兌收益及虧損乃於損益內確認。取消確認的任何收益或虧損亦於損益內確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial liabilities (Continued)

(b) Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2 重大會計政策概要(續)

2.10 金融負債(續)

(b) 取消確認

本集團於金融負債的合約責任已履行、註銷或到期時取消確認金融負債。本集團亦於金融負債的條款遭修訂及經修訂負債的現金流有實質變化時取消確認金融負債。在此情況下，以經修訂條款為基準的新金融負債按公平值確認。所取消金融負債的賬面值與修訂條款後的新金融負債之間的差額於損益內確認。

2.11 抵銷金融工具

當有法定可執行權利可抵銷已確認金額，並擬按淨額基準結算或同時變現資產及結算負債時，金融資產與負債可互相抵銷，並在綜合財務狀況表內呈報其淨額。法定可執行權利不可依賴未來事件而定，且須在一般業務過程中及本公司或交易對手出現違約、無償債能力或破產時可強制執行。

2.12 貿易及其他應收款項

貿易應收款項為在日常業務過程中就已售商品或服務履行而應收客戶的款項。如貿易應收款項的收回預期在一年或以內(或在更長的正常業務經營週期以內)，其被分類為流動資產；否則呈列為非流動資產。

貿易及其他應收款項初步按公平值確認，其後採用實際利率法按攤銷成本扣除減值撥備計算。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.14 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include deposits held at call with banks and cash on hand.

2.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 重大會計政策概要(續)

2.13 存貨

存貨按成本及可變現淨值的較低者列賬。成本使用加權平均法釐定。製成品及在製品的成本包括原材料、直接勞工、其他直接成本及相關生產開支(基於一般經營能力)。可變現淨值為一般業務過程中的估計售價減適用可變銷售開支。

2.14 現金及現金等價物

於綜合現金流量表中，現金及現金等價物包括存放於銀行的活期存款及手頭現金。

2.15 股本

普通股被分類為權益。

發行新股份直接應佔增加成本在權益內列為所得款項的扣減(除稅後)。

2.16 貿易及其他應付款項

貿易應付款項為於日常業務過程中向供應商購買商品或服務而履行付款的責任。倘款項於一年或以內(或在更長的正常業務經營週期以內)到期應付，貿易及其他應付款項則分類為流動負債。否則，有關款項會呈列為非流動負債。

貿易及其他應付款項初步按公平值確認，其後以實際利率法按攤銷成本計量。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

2 重大會計政策概要(續)

2.17 即期及遞延所得稅

期內所得稅開支或抵免為當前期間根據各司法權區的適用所得稅稅率的應課稅收入的應納稅項(就暫時性差額及未動用稅項虧損應佔遞延稅項資產及負債變動作出調整)。

即期所得稅

即期所得稅支出根據本公司及其附屬公司及聯營公司業務經營所在及產生應課稅收入的國家於報告期末已頒佈或實質上已頒佈的稅務法例計算。管理層就適用稅務法例解釋所規限的情況定期評估報稅表的狀況，並在適用情況下根據預期須向稅務機關支付的稅款作出撥備。

遞延所得稅

遞延所得稅採用負債法就資產及負債的稅基與其在綜合財務報表中的賬面值之間的暫時差額予以悉數撥備。然而，若遞延稅項負債來自初步確認商譽時，則不予確認。若遞延所得稅來自在交易(不包括業務合併)中對資產或負債的初步確認，而在交易時不影響會計或應課稅損益，則不作記賬。遞延所得稅採用在報告期末前已頒佈或實質上已頒佈，並在有關遞延所得稅資產實現或遞延所得稅負債結算時預期將會應用的稅率(及法例)而釐定。

遞延稅項資產僅在未來應課稅金額將可用於利用該等暫時差異及虧損時予以確認。

倘本公司能控制撥回暫時差額的時間及該等差異很可能不會於可見將來撥回，則不會就海外業務投資賬面值與稅基之間的暫時差額確認遞延稅項負債及資產。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Current and deferred income tax (Continued)

Deferred income tax (Continued)

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.18 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Pension obligations

The Group contributed to a mandatory provident fund scheme (the "MPF Scheme") which is a defined contribution plan and is available to all employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are calculated as a percentage of employees' basic salaries. The MPF Scheme cost charged to profit or loss represents contributions payable by the Group to the MPF Scheme.

The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

2 重大會計政策概要(續)

2.17 即期及遞延所得稅(續)

遞延所得稅(續)

倘若存在可依法強制執行的權利將即期稅項資產與負債抵銷，及倘遞延稅項結餘與同一稅務機構相關，則可將遞延稅項資產與負債抵銷。倘實體有可依法強制執行抵銷權利且有意按淨額基準清償或同時變現資產及清償負債時，則即期稅項資產與稅項負債抵銷。

當期及遞延稅項於損益中確認，惟有關於其他全面收入或直接於權益確認的項目除外。在此情況下，稅項亦分別於其他全面收入或直接於權益中確認。

2.18 僱員福利

(i) 短期債務

薪金(包括非金錢利益)及累積病假的負債預期將於僱員提供有關服務的期末後十二個月內悉數償付(其中僱員所提供的有關服務將就彼等截至報告期末止的服務予以確認)，並按清償負債時預期將予支付的金額計量。有關負債在資產負債表呈列為即期僱員福利債務。

(ii) 退休金責任

本集團向強制性公積金計劃(「強積金計劃」)供款，強積金計劃為一項界定供款計劃，而香港所有僱員均可享有。本集團及僱員於強積金計劃的供款乃按僱員的基本薪金的百分比計算。計入損益的強積金計劃成本指本集團於強積金計劃的應付供款。

強積金計劃的資產與本集團的資產分開，由獨立管理的基金持有。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Employee benefits *(Continued)*

(ii) Pension obligations *(Continued)*

Full time employees of the Group's PRC entity participate in a government mandated multi-employer defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other these benefits based on certain percentage of the employees' salaries. Full time employees who have passed the probation period are entitled to such benefits.

The Group has no further payment obligations once the contributions have been paid. The contribution are recognised as employee benefit expenses when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2 重大會計政策概要(續)

2.18 僱員福利(續)

(ii) 退休金責任(續)

本集團中國實體的全職僱員參與政府強制性多邊僱主界定供款計劃，據此，僱員享有若干退休金福利、醫療福利、失業保險、僱員住房津貼及其他根據僱員薪金的若干比例計付的該等福利。通過試用期的全職僱員有權享有該等福利。

支付供款後，本集團並無其他付款責任。供款在到期時確認為僱員福利開支，並扣除在供款完全歸屬前離開計劃的僱員沒收的供款。預付供款確認為資產，以可獲得現金退款或可從未來付款中扣除者為限。

(iii) 花紅計劃

本集團按照計及本公司股東應佔溢利的方程式在作出若干調整後確認花紅負債及開支。本集團於有合約責任或過往慣例已產生推定責任時確認撥備。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to anyone item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2 重大會計政策概要(續)

2.19 撥備

當本集團因過往事件而產生現有法定或推定責任，而很可能需要資源流出以履行責任，且金額能可靠估計時，則確認撥備，但不會就未來經營損失確認撥備。

如有多項類似責任，在結算中需要資源流出的可能性乃通過整體考慮責任的類別而定。即使與計入同一類別責任的任何一個項目相關的資源流出可能性極微，惟仍須確認撥備。

撥備按預計履行責任將需要的開支以稅前利率計算的現值計量，該利率反映當時市場對貨幣時間值及責任特定風險的評估。因時間推移而增加的撥備確認為利息開支。

2.20 或然負債

或然負債指過往事件可能引致的責任，此等責任需就某一或多項本集團未能完全控制的不確定未來事件會否發生方能予以確認。或然負債亦可能是因過往事件引致的現有責任，此乃由於可能將無需經濟資源流出，或責任金額未能可靠地計量而未予以確認。

儘管或然負債不予確認，惟須在財務報表中披露。當流出資源的可能性有變，致使可能流出資源，則或然負債將被確認為撥備。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of goods in the ordinary course of the Group's activities.

Revenue is recognised when or as the control of the good is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good may be transferred over time or at a point in time.

Control of the good is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods. Specific criteria where revenue is recognised are described below.

When either party to a contract has performed, the Group presents the contract in the consolidated balance sheet as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

2 重大會計政策概要(續)

2.21 收益確認

收益按已收或應收代價的公平值計量，即於本集團一般業務過程中就出售貨品已收及應收的款項。

收益乃於商品之控制權轉移至客戶時確認。視乎合約條款及適用於該合約之法律規定，商品之控制權可經過一段時間或於某一時間點轉移。

倘本集團在履約過程中滿足下列條件，則商品之控制權將經過一段時間轉移：

- 提供全部利益，而客戶亦同步收到並消耗有關利益；
- 創建或提升本集團履約時客戶所控制之資產；或
- 並無創建對本集團而言有其他用途之資產，而本集團可強制執行其權利收回累計至今已完履約部份之款項。

倘商品之控制權經過一段時間轉移，收益確認將按整個合約期間已完成履約責任之進度進行。否則，收益於客戶獲得商品控制權之時間點確認。有關確認收益之特定標準的描述如下。

當合約任何一方已履約，本集團於綜合資產負債表呈列合約為合約資產或合約負債，視乎實體履約與客戶付款的關係。

應收款項於本集團對代價擁有無條件權利時入賬。倘僅須時間推移便可收取代價，收取代價的權利即為無條件。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

Revenue is recognised when specific criteria have been met for the Group's activity as described below:

The Group manufactures and sells a range of machinery products to customers. Sales of goods transferred at a point in time are recognised when control of the products has transferred, being when the products are delivered to the customers, the customer has full discretion over the usage of the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. No element of financing is deemed present as the sales are made with a credit term of 30–90 days, which is consistent with market practice.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers the promised goods to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer the promised goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

2.22 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.23 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

2 重大會計政策概要(續)

2.21 收益確認(續)

當收益金額符合下述本集團業務的特定準則時，便會確認收益：

本集團為客戶製造及銷售多種機械產品。在產品的控制權已轉讓(即產品交付予客戶之時)，客戶擁有使用該等產品的完全酌情權，且概無可能影響客戶接受產品的未履行責任時，確認在某時間點轉讓貨品的銷售。由於銷售均按信貸期30至90日進行，符合行業常規，故並不存在融資因素。

倘於本集團轉讓承諾貨品予客戶前，客戶支付代價或本集團有權收取無條件代價金額，本集團在收取付款或應收款項入賬(以較早者為準)時呈列合約為合約負債。合約負債為本集團就已向客戶收取代價(或代價金額到期)而向客戶轉讓承諾貨品的責任。

2.22 利息收入

利息收入採用實際利息法按時間比例基準確認。

2.23 政府補助

當能夠合理地保證將可收取政府補助，而本集團將會符合所有附帶條件時，政府補助會按其公平值確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Leases

The Group leases production factory in PRC and office in Hong Kong. Property leases are typically made for fixed periods of two to ten years. Lease terms are negotiated on an individual basis and contain various terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

2 重大會計政策概要(續)

2.24 租賃

本集團租賃中國廠房及香港辦事處。物業租賃一般按兩年至十年的固定期間作出。租賃條款按個別基準磋商並載有不同條款及條件。租賃協議並無施加任何契約，惟租賃資產未必用作借款用途的擔保。

合約可能包含租賃及非租賃組成部分。本集團按照租賃及非租賃組成部分相應的獨立價格，將合約代價分配至租賃及非租賃組成部分。然而，就本集團作為承租人的房地產租賃而言，其選擇將租賃及非租賃組成部分入賬為單一租賃組成部分，並無將兩者區分。

租賃產生的資產及負債初步按現值計量。租賃負債包括以下租賃付款的淨現值：

- 固定付款(包括實質固定付款)減任何租賃獎勵應收款項
- 按指數或利率計算的浮動租賃付款，採用於開始日期的指數或利率初步計量
- 本集團預期根據剩餘價值保證應付的金額
- 認購期權的行使價(倘承租人合理確定行使該期權)；及
- 終止租賃罰款(倘租期反映承租人行使該期權)。

根據合理確定延續選擇權支付的租賃付款亦計入負債計量之內。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Leases (Continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

2 重大會計政策概要(續)

2.24 租賃(續)

租賃付款使用租賃中隱含的利率進行貼現。倘無法輕易確定該利率(為集團租賃的一般情況)，則使用承租人的增量借款利率，即個別承租人在類似經濟環境中按類似條款、抵押及條件借入獲得與使用權資產具有類似價值的資產所需資金而必須支付的利率。

為釐定增量借款利率，本集團在可能情況下，使用個別承租人最近獲得的第三方融資作為出發點作出調整，以反映自獲得第三方融資以來融資條件的變動。

本集團未來可能根據指數或利率增加可變租賃付款額，而有關指數或利率在生效前不會計入租賃負債。當根據指數或利率對租賃付款作出的調整生效時，租賃負債會根據使用權資產進行重新評估及調整。

租賃付款於本金及財務成本之間作出分配。財務成本在租賃期限內計入損益，以令各期負債餘額產生的利率保持一致。

使用權資產按成本計量，包括以下各項：

- 租賃負債的初始計量金額
- 在開始日期或之前支付的任何租賃付款減去已收任何租賃優惠
- 任何初始直接成本；及
- 修復費用。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Leases (Continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

2.25 Dividend distribution

Dividend distribution to the Company's shareholder is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.26 Research and development costs

Research expenditure is recognised as an expense as incurred.

2 重大會計政策概要(續)

2.24 租賃(續)

使用權資產一般於資產可於使用年期或租賃期(以較短者為準)按直線法計算折舊。倘本集團合理確定行使購買選擇權，則使用權資產於相關資產的可使用年內予以折舊。儘管本集團重估呈列於物業、廠房及設備的土地及樓宇，其選擇不重估本集團持有的使用權樓宇。

設備及汽車的短期租賃相關付款及所有租賃低價值資產租賃按直線基準於損益確認為開支。短期租賃為租期12個月或以下的租約。低價值資產包括資訊科技設備及小型辦公室傢俱。

2.25 股息分派

向本公司股東分派股息於本公司股東或董事(倘適用)批准股息期間之綜合財務報表內確認為一項負債。

2.26 研發成本

研究支出於產生後確認為開支。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, cash flow and fair value interest rate risk and liquidity risk. The Group's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance.

(i) Foreign exchange risk

The Group operates in Hong Kong and the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollars ("USD") and Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in these currencies. Since Hong Kong dollar ("HKD") is pegged to USD, the Group believes the exposure of transactions denominated in USD which are entered into the by Group to be insignificant.

During the year ended 31 December 2019, the Group has not entered into any derivative instruments to hedge its foreign exchange exposures (2018: Nil).

As at 31 December 2019, if USD has strengthened/weakened by 5% against RMB, with all other variables held constant, the post-tax profit for the year would have change mainly as a result of foreign exchange gains/losses on translation of USD denominated on cash and cash equivalents, trade and other receivables and trade and other payables, as follows:

3 財務風險及資本風險管理

3.1 財務風險因素

本集團的業務面臨多種財務風險：外匯風險、信貸風險、現金流量及公平值利率風險及流動資金風險。本集團的整體風險管理程序針對難以預測的金融市場，並尋求盡量降低對本集團財務表現所構成的潛在不利影響。

(i) 外匯風險

本集團於香港及中國營運，面對多種貨幣風險產生的外匯風險，主要有關美元（「美元」）及人民幣（「人民幣」）。外匯風險產生自以此等貨幣計值的未來商業交易、已確認資產及負債。由於港元（「港元」）與美元掛鈎，本集團認為本集團訂立以美元計值的交易風險並不重大。

截至二零一九年十二月三十一日止年度，本集團並無訂立任何衍生工具對沖其外匯風險（二零一八年：無）。

於二零一九年十二月三十一日，倘美元兌人民幣升/貶值5%，而其他變量保持不變，年度除稅後溢利將有所變動，主要與轉換以美元計值的現金及現金等價物、貿易及其他應收款項及貿易及其他應付款項的匯兌收益/虧損有關，見下文所示：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Post-tax profit (decrease)/increase	除稅後溢利(減少)/增加		
— Strengthened 5%	— 增加5%	747	33
— Weakened 5%	— 減少5%	(747)	(33)

Notes to the Consolidated Financial Statements

綜合財務報表附註

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(ii) Credit risk

Credit risk of the Group mainly arises from trade receivables, deposits and other receivables, amount due from a shareholder and cash and cash equivalents. Majority of bank deposits are placed with reputable banks and financial institutions. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet.

The Group has policies in place to ensure that credit terms are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances and the shareholder are of the opinion that adequate provision for uncollectible receivables has been made.

The carrying amounts of trade receivables, deposits and other receivables, amount due from a shareholder and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

For the year ended 31 December 2019, 75% (2018: 66%), of the Group's revenue was derived from its top five customers. As at 31 December 2019, 92% of the total trade receivables were due from the Group's top five customers (2018: 48%).

3 財務風險及資本風險管理 *(續)*

3.1 財務風險因素 *(續)*

(ii) 信貸風險

本集團的信貸風險主要來自貿易應收款項、存款及其他應收款項、應收一名股東款項以及現金及現金等價物。大部分銀行存款存放於信譽良好的銀行及金融機構。最高信貸風險為綜合資產負債表各項金融資產的賬面值。

本集團設有政策確保向具備適當信貸紀錄的客戶授出信貸期，且本集團對客戶進行定期信貸評估。本集團過往收回的貿易應收款項及其他應收款項均在入賬撥備範圍內，而股東認為已就不可收回的應收款項作出足夠撥備。

貿易應收款項、按金及其他應收款項、應收股東款項及現金及現金等價物的賬面值指本集團就金融資產承受的最大信貸風險。

截至二零一九年十二月三十一日止年度，本集團的收益75%（二零一八年：66%）來自其五大客戶。於二零一九年十二月三十一日，貿易應收款項總額92%（二零一八年：48%）為應收本集團的五大客戶。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(ii) Credit risk (Continued)

Prepayments, deposits and other receivables

Prepayments, deposits and other receivables mainly represented the rental deposits and prepayment paid to suppliers for acquisition of property, plant and equipment. They are assessed by reference to the historical information about counterparty default rates. The Group has reviewed the credit quality of these counterparties. The Group believes that the credit risk in relation to the prepayments, deposits and other receivables are minimal.

Cash and cash equivalents

As at 31 December 2019, substantially all of the Group's bank deposits were deposited with major financial institutions, which management believes are of high-credit-quality without significant credit risk.

Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

3 財務風險及資本風險管理(續)

3.1 財務風險因素(續)

(ii) 信貸風險(續)

預付款項、按金及其他應收款項

預付款項、按金及其他應收款項主要指就收購物業、廠房及設備向供應商支付的租賃按金及預付款項。其參照對手方違約率的過往資料評估。本集團已審閱該等對手方的信貸質素。本集團相信有關預付款項、按金及其他應收款項的信貸風險屬微小。

現金及現金等價物

於二零一九年十二月三十一日，本集團絕大部分的銀行存款乃存入大型金融機構，而管理層相信其具備高信貸質素及並無重大信貸風險。

貿易應收款項

本集團應用簡化方法為香港財務報告準則第9號載述的預期信貸虧損計提撥備，其允許就所有貿易應收款項使用全年期預期虧損撥備。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(ii) Credit risk (Continued)

Trade receivables (Continued)

As at 31 December 2019, management considered the credit risk characteristics and the days past due of the trade receivables to measure the expected credit loss. For the past due trade receivables as at 31 December 2019, the Group has assessed that the expected credit loss rate for these trade receivables are immaterial by closely monitoring the credit qualities, collectability of these receivables considering historical default rates, existing market conditions and forward-looking information. The Group recognised lifetime expected credit loss for trade receivables carried at amortised cost based on either individually customers who are long overdue with significant amounts or known insolvencies or non-response to collection activities, or collectively assessing them for likelihood of recovery based on ageing of the balances with similar risk characteristics taking into account the forward looking information. Management does not expect any significant losses to be incurred from non-performance by these counterparties because of their good repayment history. Thus, the loss allowance provision recognised during the year for these balances are close to zero (2018: Nil).

3 財務風險及資本風險管理(續)

3.1 財務風險因素(續)

(ii) 信貸風險(續)

貿易應收款項(續)

於二零一九年十二月三十一日，管理層考慮貿易應收款項的信貸風險特點及逾期日數以計量預期信貸虧損。就逾期貿易應收款項而言，於二零一九年十二月三十一日，本集團透過密切監察信貸質素、考慮到過往違約率的該等應收款項收回機會、現行市況及前瞻資料，評定該等貿易應收款項的預期信貸虧損率為不重大。本集團確認按攤銷成本列賬之貿易應收款項之全期預期信貸虧損，乃基於長期逾期重大金額或已知無力償債或未對收回活動作出回應之個別客戶，或在考慮前瞻性資料的情況下，根據具有類似風險特徵之結餘賬齡對該等客戶進行集體評估以確定追回之可能性。管理層並不預期該等對手方會不履約而造成任何重大虧損，因為其還款記錄良好。因此，於本年度就該等結餘確認的虧損撥備按近零(二零一八年：零)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(iii) Cash flow and fair value interest rate risk

The Group has no significant interest-bearing assets or liabilities except for cash and cash equivalents.

Hence our Group's income and operating cash flows are less dependent on changes in market interest rates. Accordingly, our directors are of the opinion that our Group does not have significant cash flow and fair value interest rate risk and no sensitivity analysis is performed.

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Our Group's liquidity risk is further mitigated through the availability of financing through its own cash resources to meet its financial commitments. In the opinion of our directors, our Group does not have any significant liquidity risk.

The following tables show the remaining contractual maturities at the end of each reporting period of our Group's financial liabilities based on contractual undiscounted cash flows and the earliest date our Group can be required to pay. Balances due within 12 months equal their carrying balances (including both interest and principal) as the impact of discounting is not significant.

3 財務風險及資本風險管理 *(續)*

3.1 財務風險因素 *(續)*

(iii) 現金流量及公平值利率風險

除現金及現金等價物外，本集團並無重大計息資產或負債。

因此，本集團的收入及經營現金流量不太取決於市場利率的變動。因此，董事認為，本集團並無重大的現金流量及公平值利率風險，並無作出敏感度分析。

(iv) 流動資金風險

審慎的流動資金風險管理意味著維持足夠的現金及現金等價物。本集團透過以其本身的現金資源獲得融資，以應付其財務承擔，藉以進一步減低其流動資金風險。董事認為，本集團並無任何重大的流動資金風險。

下表載列以合約未貼現現金流量為基準之本集團金融負債於各報告期末之餘下合約到期日及本集團須付款之最早日期。由於折現的影響不大，於12個月內到期的結餘等於其賬面結餘（包括利息及本金）。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iv) Liquidity risk (Continued)

3 財務風險及資本風險管理(續)

3.1 財務風險因素(續)

(iv) 流動資金風險(續)

		Repayable on demand 按要求償還 HK\$'000 千港元	Less than 1 year 1年內 HK\$'000 千港元	Between 1 and 2 years 1至2年 HK\$'000 千港元	Between 2 and 5 years 2至5年 HK\$'000 千港元	Over 5 years 5年後 HK\$'000 千港元	Total 合計 HK\$'000 千港元
As at 31 December 2019	於二零一九年 十二月三十一日						
— Trade payables	— 貿易應付款項	-	1,503	-	-	-	1,503
— Accruals and other payables	— 應計費用及 其他應付款項	-	1,403	-	-	-	1,403
— Lease liabilities	— 租賃負債	-	503	498	1,448	724	3,173
		-	3,409	498	1,448	724	6,079
As at 31 December 2018	於二零一八年 十二月三十一日						
— Trade payables	— 貿易應付款項	-	3,386	-	-	-	3,386
— Accruals and other payables	— 應計費用及 其他應付款項	-	2,125	-	-	-	2,125
— Lease liabilities	— 租賃負債	-	166	459	1,476	1,229	3,330
		-	5,677	459	1,476	1,229	8,841

Notes to the Consolidated Financial Statements

綜合財務報表附註

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(Continued)*

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As at 31 December 2019, the Group did not have any debt owed to other party (2018: Nil).

3.3 Fair value estimation

The carrying amounts of the Group's current financial assets, including trade receivables, deposits and other receivables, cash and cash equivalents, and current financial liabilities, including trade payables and accruals and other payables and lease liabilities approximate their fair values as at the reporting date due to their short maturities.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

3 財務風險及資本風險管理(續)

3.2 資本管理

本集團之資本管理目標乃保障本集團能繼續營運，以為股東帶來回報並為其他持份者帶來利益，同時維持最佳之資本結構以減低資金成本。

為了維持或調整資本結構，本集團可能會調整支付予股東的股息金額、向股東發還資金、發行新股或出售資產以減低債務。

於二零一九年十二月三十一日，本集團並無結欠其他方的任何債務(二零一八年：無)。

3.3 公平值之估計

由於其短期性質，本集團於報告日期的流動金融資產(包括貿易應收款項、按金及其他應收款項、現金及現金等價物)及流動金融負債(包括貿易應付款項及應計費用及其他應付款項及租賃負債)之賬面值與其公平值相若。

4 關鍵會計估計及判斷

估計及判斷將獲持續評估，按過往經驗及其他因素為準，包括於有關情況下被視為合理之對日後事件的預期。

本集團對未來作出估計及假設。顧名思義，會計估計很少等同相關實際情況。下文論述可能會導致於下個財政年度內對資產及負債之賬面值作出重大調整之重大風險之估計及假設。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(a) Provision for slow moving inventories

The Group makes provision for slow moving inventories based on assessing the needs and reasonableness of provision for slowing moving inventories at each period end. The identification of slow moving inventories requires the use of judgements and key assumptions which take into consideration of historical sales pattern, ageing and expectation of future sales orders. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and provision for inventories in the period in which such estimate has been changed.

(b) Impairment of right of use assets

The Group leased land and buildings in the PRC for the purposes of its office premises and manufacturing plant under an operating lease of 10 years where the leased land and buildings, classified as right of use assets of the Group were without land and property ownership certificates and the construction planning permit. Without the certificates and permit, the existing land and buildings might be ordered for demolition or confiscated and the lease may be deemed as invalid. Our directors are of the opinion, based on the advice from the Group's external legal adviser, that the title defect of the leased land and buildings does not affect the operation of production facility of the Group. It is unlikely to be terminated or interrupted or to have a material effect on the carrying amount of the right of use assets which was included in right of use assets totalling HK\$2,592,000 as at 31 December 2019 (2018: HK\$3,048,000).

(c) Income taxes

The Group is subject to income taxes mainly in Hong Kong and the PRC. Significant judgement is required in determining provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the periods in which such determination are made.

4 關鍵會計估計及判斷(續)

(a) 滯銷存貨撥備

本集團於各期末根據評估需求及滯銷存貨撥備是否合理為滯銷存貨計提撥備。識別滯銷存貨需要行使判斷及關鍵估計，當中考慮到過往銷售模式、貨齡及未來銷售訂單預期。倘預測有別於原先估計，則該差異將影響存貨的賬面值及有關估計改變期間的存貨撥備。

(b) 使用權資產減值

本集團就辦公室物業及製造廠房於中國租賃土地及樓宇，經營租賃為期10年，而分類為本集團使用權資產的租賃土地及樓宇並無土地及物業所有權證及建設工程規劃許可證。如無該等證書及許可證，現有土地及樓宇可能被勒令清拆或沒收及租賃可能被視作無效。董事認為，根據本集團外部法律顧問的意見，租賃土地及樓宇的業權缺陷並不影響本集團生產設施的營運。其不大可能被終止或中斷或對使用權資產賬面值造成重大影響，有關金額計入使用權資產，於二零一九年十二月三十一日合共為2,592,000港元(二零一八年：3,048,000港元)。

(c) 所得稅

本集團主要在香港及中國繳納所得稅。在釐定所得稅撥備時須作出重大判斷。在日常業務過程中，多項交易及計算方式的最終稅項釐定並不明確。倘該等事宜的最終稅務結果與最初入賬的金額不同，該等差額將會影響作出有關釐定期間的所得稅及遞延所得稅撥備。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(d) Loss allowance of receivables

The Group makes provision for impairment of receivables based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's historical default rates, existing market conditions as well as forward looking estimates at the end of each reporting period. The Group recognised lifetime expected credit loss for trade receivables carried at amortised cost based on either individually customers who are long overdue with significant amounts or known insolvencies or non-response to collection activities, or collectively assessing them for likelihood of recovery based on ageing of the balances with similar risk characteristics taking into account the forward looking information. The identification of impairment of receivables requires the use of judgement and estimates. Where the expectations are different from the original estimates, such differences will impact the carrying value of receivables and loss for the impairment of receivables recognised in the periods in which such estimates have been changed.

5 REVENUE AND SEGMENT INFORMATION

The CODM has been identified as the executive directors of our Company. Management has determined the operating segments based on the information reviewed by our executive director for the purpose of allocating resources and assessing performance. The only component in internal reporting to the executive directors is our Group's manufacturing of machinery products for the year ended 31 December 2019. In this regard, management considers there is only one operating segment under the requirements of HKFRS 8 "Operating Segments".

Our directors assess the performance of the operating segment based on a measure of revenue and gross profit.

4 關鍵會計估計及判斷(續)

(d) 應收款項虧損撥備

本集團根據有關違約風險及預期虧損率的假設計提應收款項減值撥備。本集團於作出假設時行使判斷，並根據本集團於各報告期末的過往違約機率、現行市場狀況及前瞻性估計，挑選用於減值計算的輸入資料。本集團確認按攤銷成本列賬之貿易應收款項之全期預期信貸虧損，乃基於長期逾期重大金額或已知無力償債或未對收回活動作出回應之個別客戶，或在考慮前瞻性資料的情況下，根據具有類似風險特徵之結餘賬齡對該等客戶進行集體評估以確定追回之可能性。識別應收款項減值須運用判斷及估計。倘預期與原本估計存在差異，該等差額將會影響於有關估計變動的期間確認的應收款項賬面值及應收款項減值虧損。

5 收益及分部資料

主要營運決策人識別為本公司的執行董事。為分配資源及評估表現，管理層已按執行董事審閱的資料釐定經營分部。截至二零一九年十二月三十一日止年度，向執行董事內部呈報的唯一部分為本集團的製造機械產品。就此而言，根據香港財務報告準則第8號經營分部的規定，管理層認為僅有一個經營分部。

董事根據收益及毛利計量評估經營分部的表現。

Notes to the Consolidated Financial Statements

綜合財務報表附註

5 REVENUE AND SEGMENT INFORMATION (Continued)

(a) Revenue from major customers who have individually contributed to 10% or more of the total revenue of the Group

For the year ended 31 December 2019, there were four customers (2018: three), which individually contributed over 10% of our Group's total revenue. Revenue contributed from our major customers were as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Customer A	客戶 A	18,161	9,431
Customer B	客戶 B	10,071	–
Customer C	客戶 C	8,403	3,508
Customer D	客戶 D	7,604	8,779

(b) Segment revenue by customers' geographical location

Our Group is domiciled in the PRC and Hong Kong. Our Group's revenue by geographical location, which is determined by the location of customers, is as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Singapore	新加坡	32,555	24,082
Malaysia	馬來西亞	18,737	5,603
Hong Kong	香港	4,537	6,445
Japan	日本	4,105	961
The United States of America	美國	2,346	1,312
The PRC	中國	2,018	3,153
Canada	加拿大	1,003	650
Taiwan	台灣	945	753
Northern Ireland	北愛爾蘭	875	2,350
Thailand	泰國	142	734
Others	其他	246	224
		67,509	46,267

Others include Turkey, the Philippines and New Zealand.

其他包括土耳其、菲律賓及新西蘭。

5 收益及分部資料(續)

(a) 來自個別貢獻本集團總收益10%或以上的主要客戶的收益

截至二零一九年十二月三十一日止年度，有四名(二零一八年：三名)客戶個別貢獻本集團總收益10%以上。主要客戶貢獻的收益載列如下：

(b) 按客戶地理位置劃分的分部收益

本集團位於中國及香港。本集團按地理位置(根據客戶位置釐定)劃分的收益載列如下：

Notes to the Consolidated Financial Statements

綜合財務報表附註

5 REVENUE AND SEGMENT INFORMATION (Continued)

5 收益及分部資料(續)

(c) Details of contract liabilities (Note 26)

(c) 合約負債詳情(附註26)

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Contract liabilities, included in accruals and other payables	合約負債，計入應計費用及其他應付款項	175	-

Note:

As at 31 December 2019, contract liabilities represent advanced payments received from the customers for goods that have not yet been transferred to the customers, the contract liabilities mainly included the advance payments received from sale of machinery products. The contract liabilities increased during the year due to fluctuation in sales with advanced payments.

附註：

於二零一九年十二月三十一日，合約負債指就尚未轉移予客戶的貨品收取的預付款項。合約負債主要包括銷售機械產品所收取的預付款項。於本年度，合約負債因涉及預付款項的銷售波動而上落。

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Revenue recognised that was included in the contract liability balance at the beginning of the year	計入年初合約負債結餘的已確認收益		
Sales contracts	銷售合約	-	482

As at 31 December 2019, all performance obligations not yet satisfied by the Group were from contracts with original expected duration of less than one year. Therefore, as permitted by the relevant practical expedient under HKFRS 15 "Revenue from Contracts with Customers", the transaction price allocated to these unsatisfied performance obligations were not disclosed.

於二零一九年十二月三十一日，本集團尚未履行的履約責任全部均來自原來預計為期少於一年的合約。因此，誠如香港財務報告準則第15號「來自客戶合約的收益」下相關實際權宜法所允許，分配至該等尚未履行履約責任的交易價格並無披露。

Notes to the Consolidated Financial Statements

綜合財務報表附註

5 REVENUE AND SEGMENT INFORMATION (Continued)

(d) Non-current assets by geographical location

The total amounts of non-current assets by location are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
The PRC	中國	9,649	9,096
Hong Kong	香港	150	261
		9,799	9,357

6 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are analysed as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Cost of inventories and consumable (Note 20)	存貨及消耗品成本(附註20)	27,668	15,886
Provision for slow moving inventories (Note 20)	滯銷存貨撥備(附註20)	315	–
Employee benefit expenses, including directors' emoluments (Note 7)	僱員福利開支，包括董事酬金(附註7)	8,478	6,987
Amortisation (Note 16)	攤銷(附註16)	7	26
Depreciation (Note 15)	折舊(附註15)	1,891	2,871
Listing expenses	上市開支	13,092	4,681
Legal and professional fees	法律及專業費用	357	7
Auditors' remuneration	核數師薪酬		
— Audit services	— 審計服務	1,035	127
— Non-audit services	— 非審計服務	170	–
Utilities	公共服務	938	896
Transportation expenses	運輸開支	741	1,158
Other expenses	其他開支	2,744	1,863
Total cost of sales, selling and distribution expenses and administrative expenses	銷售成本、銷售及分銷開支及行政開支總額	57,436	34,502

5 收益及分部資料(續)

(d) 按地理位置劃分的非流動資產

按所在地列示的非流動資產總值如下：

6 按性質劃分的開支

計入銷售成本、銷售及分銷開支及行政開支的開支分析如下：

Notes to the Consolidated Financial Statements

綜合財務報表附註

7 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

7 僱員福利開支，包括董事酬金

(a) Employee benefit expenses

(a) 僱員福利開支

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Wages, salaries, bonuses and other benefits	工資、薪金、花紅及其他福利	7,960	6,539
Pension costs — defined contribution plans	退休金成本 — 一定額供款計劃	455	423
Mandatory provident fund scheme	強制性公積金計劃	63	25
		8,478	6,987

(b) Five highest paid individuals

The five individuals whose remuneration were the highest in the Group include two directors for the year ended 31 December 2019 (2018: One), whose remuneration are reflected in the analysis presented in Note 10(a) below.

The remuneration paid to the remaining three individuals for the year ended 31 December 2019 (2018: four) are as follows:

(b) 五名最高薪個人

截至二零一九年十二月三十一日止年度，本集團中薪酬最高的五名個人包括兩名(二零一八年：一名)董事，其薪酬反映於下文附註10(a)所呈列的分析。

截至二零一九年十二月三十一日止年度，已支付予餘下三名(二零一八年：四名)個人的薪酬載列如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Wages, salaries, bonuses and other benefits	工資、薪金、花紅及其他福利	762	545
Pension costs — defined contribution plans (Note)	退休金成本 — 一定額供款計劃 (附註)	10	9
Mandatory provident fund scheme	強制性公積金計劃	25	7
		797	561

Notes to the Consolidated Financial Statements

綜合財務報表附註

7 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(b) Five highest paid individuals (Continued)

The emolument of the highest paid individuals fell within the following bands:

		2019 二零一九年	2018 二零一八年
Emolument band Nil to HK\$1,000,000	酬金組別 零至 1,000,000 港元	3	4

No directors or any of the five highest paid individuals received any emoluments from the Group as an inducement to join or upon joining the Group or compensation for loss of office for the year ended 31 December 2019 (2018: Nil).

7 僱員福利開支，包括董事酬金 (續)

(b) 五名最高薪個人 (續)

最高薪個人的酬金屬於以下組別：

截至二零一九年十二月三十一日止年度，概無董事或任何五名最高薪個人自本集團收取任何酬金作為加入本集團或加入後的獎勵或離職補償(二零一八年：無)。

8 OTHER INCOME

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Sales of scrapped materials	銷售廢料	399	481
Government grants	政府補貼	-	415
Sundry income	雜項收入	2	46
		401	942

8 其他收入

9 OTHER GAINS/(LOSSES), NET

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Exchange differences, net	匯兌差異淨額	208	(151)

9 其他收益/(虧損)淨額

Notes to the Consolidated Financial Statements

綜合財務報表附註

10 BENEFITS AND INTERESTS OF DIRECTOR

(a) Directors' emoluments

The emoluments of individual directors for our Company paid and payable by our Group for the years ended 31 December 2018 and 2019 are set out below:

For the year ended 31 December 2018:

Name 姓名	Fees 袍金	Salaries 薪金	Discretionary bonuses 酌情花紅	Allowances and benefits in kind 津貼及 實物福利	Employer's contribution to pension scheme 僱主退休 計劃供款	Total 總計
Executive directors: Mr. YP Chan (<i>Chairman and Chief Executive Officer</i>) Mr. Chan Lung Pan	執行董事： 陳煜彬先生 (主席兼行政總裁) 陳龍彬先生	- 760 -	- - -	- - -	18 - -	778 - -

10 董事的福利及權益

(a) 董事的酬金

於截至二零一八年及二零一九年十二月三十一日止年度，本集團已付及應付本公司個別董事的酬金載列如下：

截至二零一八年十二月三十一日止年度：

For the year ended 31 December 2019:

截至二零一九年十二月三十一日止年度：

Name 姓名	Fees 袍金	Salaries 薪金	Discretionary bonuses 酌情花紅	Allowances and benefits in kind 津貼及 實物福利	Employer's contribution to pension scheme 僱主退休 計劃供款	Total 總計
Executive directors: Mr. YP Chan (<i>Chairman and Chief Executive Officer</i>) Mr. Chan Lung Pan	執行董事： 陳煜彬先生 (主席兼行政總裁) 陳龍彬先生	- 817 310	- - -	- - -	26 15	843 325
Independent non-executive directors:	獨立非執行董事：					
Mr. Chan Wan Tsun Adrian Alan	陳弘俊先生	23	-	-	-	23
Ms. Tsang Hau Lam	曾巧臨女士	18	-	-	-	18
Ms. Tam Ho Ting	譚可婷女士	18	-	-	-	18

Notes to the Consolidated Financial Statements

綜合財務報表附註

10 BENEFITS AND INTERESTS OF DIRECTOR *(Continued)*

(a) Directors' emoluments *(Continued)*

The remuneration shown above represents remuneration received from our Group by these directors in their capacity as employee to the subsidiaries of our Group and no directors waived any emolument during the year ended 31 December 2019 (2018: Nil).

Mr. YP Chan was appointed as the Company's director on 26 October 2018 and re-designated as an executive director on 12 March 2019.

Mr. Chan Lung Pan was appointed as the Company's executive director on 12 March 2019.

Mr. Chan Wan Tsun Adrian Alan, Ms. Tsang Hau Lam and Ms. Tam Ho Ting were appointed as independent non-executive directors of the Company on 21 October 2019. During the year ended 31 December 2018, the independent non-executive directors had not yet been appointed and received nil directors' remuneration in the capacity of directors.

(b) Directors' retirement benefits

None of our directors received or will receive any retirement benefits during the year (2018: Nil).

(c) Directors' termination benefits

None of our directors received or will receive any termination benefits during the year (2018: Nil).

(d) Consideration provided to third parties for making available directors services

During the year ended 31 December 2019, our Group did not pay consideration to any third parties for making available directors' services (2018: Nil).

10 董事的福利及權益(續)

(a) 董事的酬金(續)

上文所載薪酬指該等董事以本集團附屬公司僱員身份自本集團收取的薪酬，於截至二零一九年十二月三十一日止年度，概無董事放棄任何酬金(二零一八年：無)。

陳煜彬先生於二零一八年十月二十六日獲委任為本公司董事及於二零一九年三月十二日調任為執行董事。

陳龍彬先生於二零一九年三月十二日獲委任為本公司執行董事。

陳弘俊先生、曾巧臨女士及譚可婷女士於二零一九年十月二十一日獲委任為本公司的獨立非執行董事。於截至二零一九年十二月三十一日止年度，獨立非執行董事尚未獲委任及並無以董事身份收取任何董事薪酬。

(b) 董事的退休福利

於本年度，概無董事收取或將會收取任何退休福利(二零一八年：無)。

(c) 董事的離職福利

於本年度，概無董事收取或將會收取任何離職福利(二零一八年：無)。

(d) 就獲提供董事服務向第三方提供的代價

於截至二零一九年十二月三十一日止年度，本集團並未就獲提供的董事服務而向任何第三方支付代價(二零一八年：無)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

10 BENEFITS AND INTERESTS OF DIRECTOR (Continued)

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2019, there is no loans, quasi-loans and other dealing arrangements in favour of directors, or controlled bodies corporate by and connected entities with such directors (2018: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to our Group's business to which our Group was a party and in which a director of our Company had a material interest, whether directly to indirectly; subsisted at the end of the year or at any time during the year (2018: Nil).

10 董事的福利及權益(續)

(e) 有關以董事、董事控制的法團及其關連實體為受益人的貸款、類似貸款及其他交易的資料

於截至二零一九年十二月三十一日止年度，概無以董事、董事控制的法團及其關連實體為受益人而訂立任何貸款、類似貸款及其他交易安排(二零一八年：無)。

(f) 董事於交易、安排或合約的重大權益

於年末或於本年度任何時間，概無任何與本集團參與及本公司的董事於其中有重大權益(無論直接或間接)的本集團業務相關的重大交易、安排及合約(二零一八年：無)。

11 FINANCE COST, NET

11 融資成本淨額

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Finance income	融資收入		
Interest income on cash and cash equivalents	現金及現金等價物的利息收入	9	41
Finance cost	融資成本		
Interest expenses on lease liabilities	租賃負債的利息開支	(134)	(130)
Finance cost, net	融資成本淨額	(125)	(89)

Notes to the Consolidated Financial Statements

綜合財務報表附註

12 INCOME TAX EXPENSE

The amount of income tax expense charged to the consolidated statement of comprehensive income represents:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Current income tax	即期所得稅		
— PRC enterprise income tax	— 中國企業所得稅	1,457	904
— Hong Kong profits tax	— 香港利得稅	2,190	1,833
Total current income tax	即期所得稅總額	3,647	2,737
Deferred income tax (Note 28)	遞延所得稅(附註28)	(53)	(5)
Income tax expense	所得稅開支	3,594	2,732

(i) Hong Kong profits tax

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying group entity in Hong Kong will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%.

The profits of group entity in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. Accordingly, effective from the year ended 31 December 2019 and 2018, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits for the Group's qualifying entity and at 16.5% on the estimated assessable profits above HK\$2,000,000.

12 所得稅開支

於綜合全面收益表內扣除的所得稅開支金額指：

(i) 香港利得稅

於二零一八年三月二十一日，香港立法會通過二零一七年稅務(修訂)(第7號)條例草案(「條例草案」)，其引入兩級制利得稅率制度。條例草案於二零一八年三月二十八日簽署成為法律並於翌日刊登憲報。

根據兩級制利得稅率制度，合資格香港集團實體的首2百萬港元溢利將按8.25%的稅率徵稅，而2百萬港元以上的溢利將按16.5%的稅率徵稅。

不符合該兩級制利得稅率制度資格的集團實體溢利將繼續統一按16.5%的稅率納稅。因此，自截至二零一九年及二零一八年十二月三十一日止年度起，本集團合資格實體首2,000,000港元估計應課稅溢利按8.25%稅率計算香港利得稅，而2,000,000港元以上的估計應課稅溢利則按16.5%稅率計算香港利得稅。

Notes to the Consolidated Financial Statements

綜合財務報表附註

12 INCOME TAX EXPENSE (Continued)

(ii) The PRC enterprise income tax ("EIT")

Under the Enterprise Income Tax Law of the PRC (the "EIT Law"), the applicable income tax rate for Kyoei Seiki in the PRC is 25%.

Pursuant to the New EIT Law, with respect to a new and high technology enterprise, the tax levied on its income will be charged at a preferential rate of 15% after obtaining the High New Technology Enterprise Certificate (the "Certificate") and completing the tax reduction and exemption filing with the tax authorities. Kyoei Seiki obtained the Certificate on 9 November 2017 and the Certificate will expire on 8 November 2020. During the years ended 31 December 2018 and 2019, as a result of Kyoei Seiki qualifying for High New Technology Enterprise status, the applicable tax rate of Kyoei Seiki is 15%.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the Group entities as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Profit before income tax	除所得稅前溢利	10,557	12,467
Tax calculated at tax rates applicable to profits of the respective subsidiaries	按適用於相關附屬公司溢利的稅率計算稅項	1,412	1,951
Expenses not deductible for tax purposes	不可扣稅開支	2,428	954
Research and development tax credit (Note)	研發稅項抵免(附註)	(245)	(172)
Income not subject to tax	毋須課稅收入	(1)	(1)
Income tax expense	所得稅開支	3,594	2,732

12 所得稅開支(續)

(ii) 中國企業所得稅(「企業所得稅」)

根據中國企業所得稅法(「企業所得稅法」)，共榮精密機械於中國的適用所得稅率為25%。

根據新企業所得稅法，就高新科技企業而言，於取得高新科技企業認證(「認證」)及向稅務機關完成稅務扣減及豁免備案手續後，其所得稅將按優惠稅率15%徵收。共榮精密機械於二零一七年十一月九日取得認證及認證將於二零二零年十一月八日到期。於截至二零一八年及二零一九年十二月三十一日止年度，由於共榮精密機械符合高新科技企業地位的資格，故共榮精密機械適用稅率為15%。

本集團除所得稅前溢利的稅項與使用本集團實體的已頒佈稅率時所產生的理論性金額之差異如下：

Notes to the Consolidated Financial Statements

綜合財務報表附註

12 INCOME TAX EXPENSE (Continued)

The weighted average applicable tax rate was 34.0% for the year ended 31 December 2019 (2018: 21.9%).

Note:

According to relevant laws and regulations promulgated by the State Tax Bureaus of the PRC, enterprises engaging in research and development activities are entitled to claim 75% of the research and development expenses from 1 January 2017 to 31 December 2019.

13 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of our Company by the weighted average number of ordinary shares in issue. The weighted average number of ordinary shares for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the capitalisation of shares (Note 22).

		2019 二零一九年	2018 二零一八年
Profit attributable to equity holders of our Company (HK\$'000)	本公司權益持有人應佔溢利(千港元)	6,963	9,735
Weighted average number of shares in issue (thousand)	已發行股份加權平均數(千股)	312,877	300,000
Basic earnings per share (HK cents per share)	每股基本盈利(每股港仙)	2.2	3.2

Diluted earnings per share for the years ended 31 December 2019 and 2018 were the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years.

12 所得稅開支(續)

於截至二零一九年十二月三十一日止年度，加權平均適用稅率為34.0%(二零一八年：21.9%)。

附註：

根據中國國家稅務局頒佈的相關法律及法規，由二零一七年一月一日至二零一九年十二月三十一日，從事研發活動的企業有權申索研發開支的75%。

13 每股盈利

每股盈利按本公司擁有人應佔溢利除以已發行普通股加權平均數計算得出。就此而言的普通股加權平均數已就股份資本化而發行股份(附註22)的影響作追溯調整。

截至二零一九年及二零一八年十二月三十一日止年度的每股攤薄盈利與每股基本盈利相同，因為有關年度並無具潛在攤薄效應的已發行普通股。

Notes to the Consolidated Financial Statements

綜合財務報表附註

14 SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The countries of incorporation or registration are also their principal place of business.

14 附屬公司

本集團於二零一九年十二月三十一日的主要附屬公司列載如下。除另有列明外，其股本僅包括本集團直接持有的普通股及所持擁有權權益比例等同本集團持有的投票權。註冊成立或登記國家亦為其主要營業地點。

Name of subsidiaries 附屬公司名稱	Place and date of incorporation 註冊成立地點 及日期	Principal activities and place of operation 主要活動及經營地點	Particulars of issued share capital 已發行 股本詳情	Effective interest held by the Group 本集團所持實際股權	
				2019 二零一九年	2018 二零一八年
Kyoei Seiki Holdings Limited	The BVI, 14 September 2018	Investment holding in the BVI	1 ordinary share of US\$1 each	100%	100%
Kyoei Seiki Holdings Limited	英屬維爾京群島， 二零一八年九月十四日	於英屬維爾京群島 投資控股	1股1美元的普通股		
Best Linking Holdings Limited	The BVI, 14 September 2018	Investment holding in the BVI	1 ordinary share of US\$1 each	100%	100%
Best Linking Holdings Limited	英屬維爾京群島， 二零一八年九月十四日	於英屬維爾京群島 投資控股	1股1美元的普通股		
Wing Fung Machinery Company Limited 榮豐機械有限公司	Hong Kong, 10 November 2005 香港， 二零零五年十一月十日	Investment holding in Hong Kong 於香港投資控股	13,000,000 ordinary shares HK\$13,000,000 13,000,000股普通股 13,000,000港元	100%	100%
Best Linking Limited	Hong Kong, 15 September 2010	Trading of machinery products in Hong Kong	1 ordinary share HK\$1	100%	100%
永聯豐有限公司	香港， 二零一零年九月十五日	於香港買賣機械產品	1股1港元的普通股		
Kyoei Seiki Co., Limited	The PRC, 5 September 2007	Manufacturing of machinery products in the PRC	Registered capital of HK\$20,000,000	100%	100%
東莞共榮精密機械有限公司	中國， 二零零七年九月五日	於中國製造機械產品	註冊股本20,000,000港元		

Notes to the Consolidated Financial Statements

綜合財務報表附註

15 PROPERTY PLANT AND EQUIPMENT

15 物業、廠房及設備

		Right of use assets 使用權資產 HK\$'000 千港元	Office equipment 辦公室設備 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2018	於二零一八年一月一日					
Cost	成本	4,279	1,113	25,681	789	31,862
Accumulated depreciation	累計折舊	(641)	(787)	(17,882)	(789)	(20,099)
Net book amount	賬面淨值	3,638	326	7,799	–	11,763
Year ended 31 December 2018	截至二零一八年 十二月三十一日止年度					
Opening net book amount	年初賬面淨值	3,638	326	7,799	–	11,763
Additions	添置	315	79	546	–	940
Depreciation	折舊	(495)	(146)	(2,230)	–	(2,871)
Exchange differences	匯兌差異	(167)	(13)	(324)	–	(504)
Closing net book amount	年末賬面淨值	3,291	246	5,791	–	9,328
At 31 December 2018	於二零一八年 十二月三十一日					
Cost	成本	4,379	1,133	24,914	–	30,426
Accumulated depreciation	累計折舊	(1,088)	(887)	(19,123)	–	(21,098)
Net book amount	賬面淨值	3,291	246	5,791	–	9,328

Notes to the Consolidated Financial Statements

綜合財務報表附註

15 PROPERTY PLANT AND EQUIPMENT (Continued)

15 物業、廠房及設備(續)

		Right of use assets 使用權資產 HK\$'000 千港元	Office equipment 辦公室設備 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Year ended 31 December 2019	截至二零一九年 十二月三十一日止年度					
Opening net book amount	年初賬面淨值	3,291	246	5,791	-	9,328
Additions	添置	110	49	28	-	187
Disposal	出售	(55)	-	-	-	(55)
Depreciation	折舊	(554)	(122)	(1,215)	-	(1,891)
Exchange differences	匯兌差異	(50)	(4)	(90)	-	(144)
Closing net book amount	年末賬面淨值	2,742	169	4,514	-	7,425
At 31 December 2019	於二零一九年 十二月三十一日					
Cost	成本	4,304	1,160	24,480	-	29,944
Accumulated depreciation	累計折舊	(1,562)	(991)	(19,966)	-	(22,519)
Net book amount	賬面淨值	2,742	169	4,514	-	7,425

The right of use assets represents the lease on production factory in the PRC and office and carpark in Hong Kong.

使用權資產指租賃中國的生產廠房及香港的辦事處及停車場。

During the year, the amounts of depreciation expense charged to cost of sales and administrative expenses are as follows:

於本年度，自銷售成本及行政開支扣除的折舊開支金額如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Cost of sales	銷售成本	1,578	2,496
Administrative expenses	行政開支	313	375
		1,891	2,871

Notes to the Consolidated Financial Statements

綜合財務報表附註

16 INTANGIBLE ASSET

16 無形資產

		Computer software 電腦軟件 HK\$'000 千港元
At 1 January 2018	於二零一八年一月一日	
Cost	成本	78
Accumulated amortization	累計攤銷	(52)
Net book amount	賬面淨值	26
Year ended 31 December 2018	截至二零一八年十二月三十一日止年度	
Opening net book amount	年初賬面淨值	26
Amortisation (Note 6)	攤銷(附註6)	(26)
Exchange differences	匯兌差異	-
Closing net book amount	年末賬面淨值	-
At 31 December 2018	於二零一八年十二月三十一日	
Cost	成本	78
Accumulated amortization	累計攤銷	(78)
Net book amount	賬面淨值	-
Year ended 31 December 2019	截至二零一九年十二月三十一日止年度	
Opening net book amount	期初賬面淨值	-
Addition	添置	83
Amortisation (Note 6)	攤銷(附註6)	(7)
Exchange differences	匯兌差異	(1)
Closing net book amount	期末賬面淨值	75
At 31 December 2019	於二零一九年十二月三十一日	
Cost	成本	160
Accumulated amortization	累計攤銷	(85)
Net book amount	賬面淨值	75

Amortisation was included in administrative expenses in the consolidated statement of comprehensive income.

攤銷計入綜合全面收益表內的行政開支。

Notes to the Consolidated Financial Statements

綜合財務報表附註

17 FINANCIAL INSTRUMENTS BY CATEGORY

The Group's financial instruments include the following:

17 按類別劃分的金融工具

本集團的金融工具包括下列各項：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Financial assets:	金融資產：		
Assets at amortised cost as per consolidated balance sheet	根據綜合資產負債表按攤銷成本列賬的資產		
Trade receivables	貿易應收款項	16,884	3,821
Deposits and other receivables	按金及其他應收款項	149	236
Cash and cash equivalents	現金及現金等價物	49,040	6,562
		66,073	10,619
Financial liabilities:	金融負債：		
Liabilities at amortised cost as per consolidated balance sheet	根據綜合資產負債表按攤銷成本列賬的負債		
Trade payables	貿易應付款項	1,503	3,386
Lease liabilities	租賃負債	2,715	2,732
Accruals and other payables	應計費用及其他應付款項	1,403	2,125
		5,621	8,243

18 TRADE RECEIVABLES

18 貿易應收款項

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Trade receivables	貿易應收款項	16,884	3,821

As at 31 December 2018 and 2019, the carrying amounts of trade receivables approximated their fair values.

於二零一八年及二零一九年十二月三十一日，貿易應收款項的賬面值與其公平值相若。

The Group's sales are on credit terms primarily from 30 days to 90 days.

本集團的銷售乃按信貸期進行，主要介乎30日至90日。

Notes to the Consolidated Financial Statements

綜合財務報表附註

18 TRADE RECEIVABLES (Continued)

The ageing analysis of the trade receivables, based on invoice date, are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Up to 30 days	30日以內	4,628	1,967
31–60 days	31至60日	4,171	784
61–90 days	61至90日	4,881	1,070
91–120 days	91至120日	3,204	–
		16,884	3,821

The carrying amounts of the Group's trade receivables were denominated in the following currencies:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
USD	美元	16,248	2,891
RMB	人民幣	586	930
HK\$	港元	50	–
		16,884	3,821

The maximum exposure to credit risk as at 31 December 2018 and 2019 was the carrying value of the receivables mentioned above. The Group does not hold any collateral as security.

18 貿易應收款項(續)

根據發票日期，貿易應收款項的賬齡分析如下：

本集團貿易應收款項的賬面值乃以下列貨幣計值：

於二零一八年及二零一九年十二月三十一日的最高信貸風險為上述應收款項的賬面值。本集團並無持有任何抵押品作擔保。

Notes to the Consolidated Financial Statements

綜合財務報表附註

19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

19 預付款項、按金及其他應收款項

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Non-current	非流動		
Prepayments for purchase of property, plant and equipment	就購置物業、廠房及設備的預付款項	2,235	-
Rental deposits	租賃按金	-	18
		2,235	18
Current	流動		
Deposits and other receivables	按金及其他應收款項	149	241
Prepayments for inventories	存貨預付款項	1,980	424
Prepayments for listing expenses	上市開支預付款項	-	1,545
		2,129	2,210
Total prepayments, deposits and other receivables	預付款項、按金及其他應收款項總額	4,364	2,228

The listing expenses were incurred in connection with the Listing and have been deducted from equity upon listing of the Group.

上市開支乃就上市而產生，已於本集團上市後自權益扣除。

The carrying amounts of the Group's prepayments, deposits and other receivables were denominated in the following currencies:

本集團預付款項、按金及其他應收款項的賬面值乃以下列貨幣計值：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
RMB	人民幣	2,717	404
HK\$	港元	178	1,523
USD	美元	1,405	295
JPY	日圓	64	6
		4,364	2,228

Notes to the Consolidated Financial Statements

綜合財務報表附註

20 INVENTORIES

20 存貨

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Raw materials	原材料	6,319	9,680
Work in progress	在製品	4,145	4,602
Finished goods	製成品	13,041	13,291
		23,505	27,573
Less: provision for slow moving inventories	減：滯銷存貨撥備	(311)	-
		23,194	27,573

The cost of inventories and consumables recognised as expense and included in cost of sales during the year ended 31 December 2019 amounted to HK\$27,668,000 (2018: HK\$15,886,000) (Note 6).

截至二零一九年十二月三十一日止年度，確認為開支並計入銷售成本的存貨及消耗品成本為27,668,000港元(二零一八年：15,886,000港元)(附註6)。

Movements on the provision for slow moving inventories are as follows:

滯銷存貨撥備的變動如下：

		2019 二零一九年 HK\$'000 千港元
At 1 January	於一月一日	-
Provision for slow moving inventories (Note 6)	滯銷存貨撥備(附註6)	315
Exchange differences	匯兌差額	(4)
At 31 December	於十二月三十一日	311

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綜合財務報表附註

21 CASH AND CASH EQUIVALENTS

21 現金及現金等價物

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Cash at banks	銀行現金	48,989	6,512
Cash on hand	手頭現金	51	50
Cash and cash equivalents	現金及現金等價物	49,040	6,562
Maximum exposure to credit risk	最高信貸風險	48,989	6,512

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

現金及現金等價物的賬面值乃以下列貨幣計值：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
HK\$	港元	42,309	1,098
USD	美元	4,744	5,151
RMB	人民幣	1,987	313
		49,040	6,562

Cash at banks earned interest at floating rates based on daily bank deposits rate. As at 31 December 2018 and 2019, the carrying amounts of cash and cash equivalents approximated their fair values.

銀行現金根據每日銀行存款利率按浮動利率賺取利息。於二零一八年及二零一九年十二月三十一日，現金及現金等價物的賬面值與其公平值相若。

As 31 December 2019, approximately HK\$3,337,000 (2018: approximately HK\$959,000) of the Group's cash and cash equivalents were placed with banks in the PRC denominated in RMB or USD, which is subject to foreign exchange control regulations of the PRC.

於二零一九年十二月三十一日，本集團現金及現金等價物約3,337,000港元(二零一八年：約959,000港元)以人民幣或美元存放在中國的銀行，受限於中國的外匯管制規例。

Notes to the Consolidated Financial Statements

綜合財務報表附註

22 SHARE CAPITAL AND SHARE PREMIUM

22 股本及股份溢價

		Note	Number of ordinary shares 普通股數目	Nominal value of ordinary share 普通股面值 HK\$'000 千港元
Authorised:	法定：			
At 26 October 2018 (date of incorporation) and 31 December 2018 and 1 January 2019	於二零一八年十月二十六日（註冊成立日期）及二零一八年十二月三十一日及二零一九年一月一日		38,000,000	380
Increase in authorised share capital	法定股本增加	(a)	9,962,000,000	99,620
At 31 December 2019	於二零一九年十二月三十一日		10,000,000,000	100,000

Notes to the Consolidated Financial Statements

綜合財務報表附註

22 SHARE CAPITAL AND SHARE PREMIUM (Continued)

22 股本及股份溢價(續)

		Note	Number of ordinary shares 普通股數目	Nominal value of ordinary share 普通股面值 HK\$ 港元	Share premium 股份溢價 HK\$'000 千港元
Issued and paid:	已發行及繳足：				
Issuance of ordinary share at 26 October 2018 (date of incorporation)	於二零一八年 十月二十六日 (註冊成立日期) 發行普通股		1	-	-
Issuance of ordinary shares pursuant to the Reorganisation	根據重組發行普通股		99	1	-
At 31 December 2018 and 1 January 2019	於二零一八年 十二月三十一日及 二零一九年一月一日		100	1	-
Issuance of ordinary shares pursuant to the capitalisation	根據資本化發行發行 普通股	(b)	299,999,900	2,999,999	(3,000)
Issuance of ordinary shares pursuant to the Listing	根據上市發行普通股	(c)	100,000,000	1,000,000	54,000
Listing related expenses charged to share premium	於股份溢價扣除的 上市相關開支	(c)	-	-	(8,489)
At 31 December 2019	於二零一九年 十二月三十一日		400,000,000	4,000,000	42,511

Notes to the Consolidated Financial Statements

綜合財務報表附註

22 SHARE CAPITAL AND SHARE PREMIUM (Continued)

Notes:

- (a) On 21 October 2019, the authorised share capital of the Company was increased to HK\$100,000,000 comprising 10,000,000,000 shares of HK\$0.01 each.
- (b) Pursuant to the sole shareholder's written resolutions dated 21 October 2019 and conditional on the share premium account of the Company being credited as a result of issue of new shares pursuant to the proposed offering of the Company's shares, the Company issued 299,999,900 additional shares (the "**Capitalisation Shares**"), credited as fully paid, to the Controlling Shareholders of the Company, by way of capitalisation of HK\$2,999,999 standing to the credit of the share premium account of the Company.
- (c) On 15 November 2019, pursuant to the initial public offering of the Company's shares, the Company issued 100,000,000 ordinary shares at a price of HK\$0.55 per share for a total proceeds (before related fees and expenses) of HK\$55,000,000. Total share issuance costs amounting to HK\$8,489,000 were accounted for as a deduction from share premium.

23 RESERVES

(a) Combined capital

Combined capital as at 1 January 2018 represented the share capital of the entities comprising the Group before the completion of the reorganisation. The combined capital was transferred to capital reserve upon completion of reorganisation on 21 December 2018.

(b) Capital reserve

Capital reserves of the Group represented the difference between the share capital of the subsidiaries acquired pursuant to the reorganisation over the nominal value of the share capital of the Company issued in exchange thereof.

22 股本及股份溢價(續)

附註：

- (a) 於二零一九年十月二十一日，本公司法定股本增至 100,000,000 港元，包括 10,000,000,000 股每股 0.01 港元每股份。
- (b) 根據唯一股東日期為二零一九年十月二十一日的書面決議案及待本公司股份溢價賬因建議發售本公司股份而發行新股份入賬後，本公司向本公司控股股東發行 299,999,900 股額外股份（「資本化股份」）並入賬列作繳足，方式為將本公司股份溢價賬的入賬額 2,999,999 港元資本化。
- (c) 於二零一九年十一月十五日，根據本公司股份的首次公開發售，本公司按每股 0.55 港元的價格發行 100,000,000 股普通股，所得款項總額（扣除相關費用及開支前）為 55,000,000 港元。股份發行成本總額 8,489,000 港元已入賬為股份溢價扣減。

23 儲備

(a) 合併股本

於二零一八年一月一日的合併股本指重組完成前構成本集團實體的股本。合併股本於二零一八年十二月二十一日完成重組後轉移至資本儲備。

(b) 資本儲備

本集團的資本儲備指根據重組所收購附屬公司的股本與有關交換中所發行本公司股本的面值的差異。

Notes to the Consolidated Financial Statements

綜合財務報表附註

23 RESERVES (Continued)

(c) Statutory reserve

The PRC laws and regulations require companies registered in the PRC to provide for certain statutory reserves, which are to be appropriated from the profit after income tax (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distributions to equity holders. All statutory reserves are created for specific purposes. A PRC company is required to appropriate an amount of not less than 10% of statutory profit after income tax to statutory surplus reserves, prior to distribution of its post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory surplus reserve is more than 50% of its registered capital. The statutory surplus reserves shall only be used to make up losses of the company, to expand the company's operations, or to increase the capital of the company. In addition, a company may make further contribution to the discretionary surplus reserve using its post-tax profits in accordance with resolutions of the board of directors.

(d) Exchange reserve

Exchange reserve of the Group comprises all currency translation differences arising from translation difference of the financial statements of the Group's subsidiary in the PRC.

24 LEASE LIABILITIES

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Minimum lease payments due	應付最低租賃付款		
— Within 1 year	— 1年內	503	166
— Between 1 and 2 years	— 1至2年	498	459
— Between 2 and 5 years	— 2至5年	1,448	1,476
— Later than 5 years	— 5年後	724	1,229
		3,173	3,330
Less: future finance charges	減：未來財務費用	(458)	(598)
Present value of lease liabilities	租賃負債現值	2,715	2,732

23 儲備(續)

(c) 法定儲備

中國法律法規要求在中國註冊的公司從各自法定財務報表所呈報的除所得稅後溢利(抵銷以往年度的累計虧損後)中，於分派溢利予權益持有人前，劃撥款項以提撥若干法定儲備金。所有法定儲備金均為特別用途而設立。中國公司於分派當年度的除稅後溢利前，須向法定盈餘儲備劃撥不少於除所得稅後法定溢利10%的金額。當公司法定盈餘儲備的總和超過其註冊資本的50%時，公司可停止劃撥。法定盈餘儲備只可用作彌補公司的虧損、擴大公司的營運或增加公司的資本。此外，按照董事會的決議案，公司可使用其除稅後溢利酌情向盈餘儲備作出進一步供款。

(d) 外匯儲備

本集團的外匯儲備包括因本集團於中國的附屬公司的財務報表換算差額所產生的全部貨幣換算差額。

24 租賃負債

Notes to the Consolidated Financial Statements

綜合財務報表附註

24 LEASE LIABILITIES (Continued)

24 租賃負債(續)

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Within 1 year	1年內	377	157
Between 1 and 2 years	1至2年	392	88
Between 2 and 5 years	2至5年	1,249	1,272
Later than 5 years	5年後	697	1,215
		2,715	2,732

The interest expense included in finance cost in 2019 was HK\$134,000 (2018: HK\$130,000). The total cash outflow for leases in 2019 was HK\$157,000 (2018: HK\$75,000).

The Group leases production factory in the PRC and office and carpark in Hong Kong. These lease liabilities were measured at net present value of the lease payments for the lease terms that are not yet paid. The right of use assets on leased production factory in the PRC included the prepayment of lease for HK\$145,000 as at 31 December 2019 (2018: HK\$634,000).

Extension options are included for Hong Kong office of the Group. Periods covered by extension options were included in the lease terms as the Group was reasonably certain to exercise the options.

二零一九年計入融資成本的利息開支為134,000港元(二零一八年：130,000港元)。二零一九年的租賃現金流出總額為157,000港元(二零一八年：75,000港元)。

本集團於中國租賃生產廠房及於香港租賃辦事處及停車場，該等租賃負債按租期內尚未支付租賃付款的淨現值計量。於二零一九年十二月三十一日，中國租賃生產廠房的使用權資產分別計入145,000港元(二零一八年：634,000港元)的租賃預付款項。

本集團的香港辦事處設有續租選擇權。續租選擇權涵蓋的期間計入租期，因為本集團相當確定會行使選擇權。

Notes to the Consolidated Financial Statements

綜合財務報表附註

25 TRADE PAYABLES

Trade payables at the end of each reporting period comprise amounts outstanding to contract creditors and suppliers. The average credit period taken for trade purchase is generally from 0–90 days.

25 貿易應付款項

各報告期末的貿易應付款項包括尚未支付予合約債權人及供應商的金額。貿易採購的平均信貸期一般為0至90日。

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Trade payables	貿易應付款項	1,503	3,386

As at 31 December 2018 and 2019, the ageing analysis of the trade payables, based on invoice date, are as follows:

於二零一八年及二零一九年十二月三十一日，貿易應付款項基於發票日期的賬齡分析如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Up to 30 days	不多於30日	965	708
31–60 days	31至60日	209	612
61–90 days	61至90日	329	1,279
Over 3 months	超過3個月	–	787
		1,503	3,386

As at 31 December 2018 and 2019, the carrying amounts of trade payables are denominated in the following currencies:

於二零一八年及二零一九年十二月三十一日，貿易應付款項的賬面值以下列貨幣計值：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
RMB	人民幣	1,503	2,325
HK\$	港元	–	1,061
		1,503	3,386

As at 31 December 2018 and 2019, the carrying amounts of trade payables approximate their fair values.

於二零一八年及二零一九年十二月三十一日，貿易應付款項的賬面值與其公平值相若。

Notes to the Consolidated Financial Statements

綜合財務報表附註

26 ACCRUALS AND OTHER PAYABLES

26 應計費用及其他應付款項

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Accrued listing expenses	應計上市開支	200	1,869
Accrued auditors' remuneration	應計核數師薪酬	1,000	30
Accrued employee benefit expenses	應計僱員福利開支	729	1,185
Other accruals	其他應計費用	68	68
Other payables	其他應付款項	27	52
Payable for purchase of property, plant and equipment	購買物業、廠房及設備的 應付款項	107	109
Contract liabilities (Note 5c)	合約負債(附註5c)	175	-
		2,306	3,313

The carrying amounts of the Group's contract liabilities, accruals and other payables were denominated in the following currencies:

本集團的合約負債、應計費用及其他應付款項的賬面值以下列貨幣計值：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
RMB	人民幣	755	1,328
USD	美元	-	38
HK\$	港元	1,551	1,947
		2,306	3,313

Notes to the Consolidated Financial Statements

綜合財務報表附註

27 DIVIDENDS

27 股息

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Proposed final dividend of HK2.0 cents (2018: Nil) per ordinary share (Note (i))	建議末期股息每股普通股2.0港仙 (二零一八年：無)(附註(i))	8,000	-
Dividends declared and paid to the controlling shareholder (Note (ii))	已宣派及派付予控股股東的股息(附註(ii))	-	19,460

(i) The final dividend is not accounted for as a dividend payable in these financial statements until it has been approved at the forthcoming annual general meeting of the Company.

(ii) Dividends during the year ended 31 December 2018 represented dividends declared by the companies now comprising the Group to the then equity holders of the companies for each of the year ended 31 December 2018, after elimination of intra-group dividends. The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

(i) 末期股息不會於此等財務報表入賬為應付股息，直至於本公司應屆股東週年大會獲批准為止。

(ii) 於截至二零一八年十二月三十一日止年度的股息代表現時構成本集團的公司於截至二零一八年十二月三十一日止年度向其時公司權益持有人宣派的股息(已對銷集團內公司間股息)。股息率及合資格獲得股息的股份數目並無呈列，因為有關資料對本報告而言並無意義。

Notes to the Consolidated Financial Statements

綜合財務報表附註

28 DEFERRED INCOME TAX

The movement in deferred income tax assets during the years ended 31 December 2018 and 2019, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follow:

		Lease liabilities 租賃負債 HK\$'000 千港元	Provision for inventory 存貨撥備 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2018	於二零一八年一月一日	6	-	6
Charged to consolidated statement of comprehensive income (Note 12)	於綜合全面收益表扣除 (附註 12)	5	-	5
As at 31 December 2018	於二零一八年十二月三十一日	11	-	11
At 1 January 2019	於二零一九年一月一日	11	-	11
Charged to consolidated statement of comprehensive income (Note 12)	於綜合全面收益表扣除 (附註 12)	6	47	53
As at 31 December 2019	於二零一九年十二月三十一日	17	47	64

As at 31 December 2019, deferred income tax liabilities of approximately HK\$1,987,000 (2018: HK\$1,120,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of subsidiaries in the PRC of approximately HK\$19,868,000 (2018: HK\$11,201,000) as our directors considered that the timing of the reversal of the related temporary differences can be controlled and the related temporary difference will not be reversed and will not be taxable in the foreseeable future.

28 遞延所得稅

於截至二零一八年及二零一九年十二月三十一日止年度的遞延所得稅資產變動 (並無計及抵銷同一稅務司法權區內結餘) 載列如下：

於二零一九年十二月三十一日，並無就中國附屬公司未匯出盈利約 19,868,000 港元 (二零一八年：11,201,000 港元) 的應繳預扣稅確認遞延所得稅負債約 1,987,000 港元 (二零一八年：1,120,000 港元)，原因是董事認為撥回相關暫時差異的時機可控，且相關暫時差異將不會於可以預見的未來撥回及毋須課稅。

Notes to the Consolidated Financial Statements

綜合財務報表附註

29 RELATED PARTIES TRANSACTIONS

- (a) For the purposes of these consolidated financial statements, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The director is of the view that the following individual were related parties that had transactions or balances with the Group during the years ended 31 December 2018 and 2019:

Name	Relationship with the Group
Mr. YP Chan	Shareholder and Executive Director

(b) Key management compensation

Key management include executive directors and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	1,699	962
Retirement benefit costs — defined contribution plans	退休福利成本 — 定額供款計劃	69	25
		1,768	987

29 關聯方交易

- (a) 就該等綜合財務報表而言，倘一方在作出財政及營運決策方面有能力直接或間接對本集團施加重大影響時，則被視為與本集團有關聯。關聯方可為個別人士（即主要管理人員成員、重大股東及／或彼等家庭近親成員）或其他實體，並包括受本集團關聯方（為個別人士）重大影響的實體。倘各方受共同控制，亦會被視為有關聯。

董事認為以下個別人士為於截至二零一八年及二零一九年十二月三十一日止年度與本集團有交易或結餘的關聯方：

姓名	與本集團的關係
陳煜彬先生	股東及執行董事

(b) 主要管理層薪酬

主要管理層包括本集團的執行董事以及高級管理層。就僱員服務已付或應付主要管理層的薪酬呈示如下：

Notes to the Consolidated Financial Statements

綜合財務報表附註

30 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

30 綜合現金流量表附註

(a) Reconciliation of profit before income tax to cash generated from operations

(a) 除所得稅前溢利與經營所得現金對賬

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Cash flows from operating activities	經營活動現金流量		
Profit before income tax	除所得稅前溢利	10,557	12,467
Adjustments for:	就以下各項調整：		
Amortisation	攤銷	7	26
Depreciation of property and equipment	物業及設備折舊	1,891	2,871
Provision for slow moving inventories	滯銷存貨撥備	315	-
Gain on disposal of property, plant and equipment	出售物業、廠房及設備收益	(1)	-
Finance income	融資收入	(9)	(41)
Finance cost	融資成本	134	130
		12,894	15,453
Changes in working capital	營運資金變動		
Trade receivables	貿易應收款項	(13,198)	1,018
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	500	537
Inventories	存貨	2,115	(8,482)
Trade payables	貿易應付款項	(1,851)	1,936
Accruals and other payables	應計費用及其他應付款項	(1,039)	1,533
Net cash (used in)/generated from operations	經營(所用)/所得現金淨額	(579)	11,995

(b) Significant non-cash transactions

During the year ended 31 December 2018, dividend of HK\$12,460,000 was declared and offset against the amount due from a shareholder which did not result in any cash flow.

(b) 重大非現金交易

於截至二零一八年十二月三十一日止年度，已宣派股息12,460,000港元及抵銷應付股東款項，其並無產生任何現金流。

Notes to the Consolidated Financial Statements

綜合財務報表附註

30 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flow will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

30 綜合現金流量表附註(續)

(c) 融資活動所產生負債之對賬

下表詳列本集團融資活動所產生負債的變動，包括現金及非現金變動。融資活動所產生負債為於本集團綜合現金流量表分類為融資活動所得現金流量之現金流量或未來現金流量。

		Lease Liabilities	Amount due from/(to) a shareholder
		租賃負債	股東款項
		HK\$'000	HK\$'000
		千港元	千港元
Net debt as at 1 January 2018	於二零一八年一月一日的淨債務	(2,493)	1,357
Cash flows, net	現金流量淨額	75	11,044
Other non-cash movements	其他非現金變動		
— Accrued interest	— 應計利息	(128)	—
— Increase in right-of-use assets	— 使用權資產增加	(109)	—
— Non-cash dividends	— 非現金股息	—	(12,460)
— Foreign exchange adjustments	— 外匯調整	(77)	59
Net debt as at 31 December 2018	於二零一八年十二月三十一日的淨債務	(2,732)	—
Net debt as at 1 January 2019	於二零一九年一月一日的淨債務	(2,732)	—
Cash flows, net	現金流量淨額	157	—
Other non-cash movements	其他非現金變動		
— Increase in right-of-use assets	— 使用權資產增加	(53)	—
— Accrued interest	— 應計利息	(134)	—
— Foreign exchange adjustments	— 外匯調整	47	—
Net debt as at 31 December 2019	於二零一九年十二月三十一日的淨債務	(2,715)	—

Notes to the Consolidated Financial Statements

綜合財務報表附註

31 CAPITAL COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Property, plant and equipment 物業、廠房及設備	1,029	–

32 CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have any significant contingent liabilities (2018: Nil).

31 資本承擔

於報告期末已訂約但未確認為負債的重大資本開支如下：

32 或然負債

於二零一九年十二月三十一日，本集團並無任何重大或然負債(二零一八年：無)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

33 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

33 本公司資產負債表及儲備變動

Balance sheet of the Company

本公司資產負債表

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
	Note 附註		
ASSETS	資產		
Non-current assets	非流動資產		
Investment in subsidiaries	於附屬公司的投資	41,888	41,888
Current assets	流動資產		
Prepayments	預付款項	–	1,545
Cash and cash equivalents	現金及現金等價物	29,208	–
Total assets	資產總額	71,096	43,433
EQUITY AND LIABILITIES	權益及負債		
Equity attributable to owners of the Company	本公司擁有人應佔權益		
Share capital	股本	4,000	–
Reserves	儲備	65,363	37,220
Total equity	權益總額	69,363	37,220
LIABILITIES	負債		
Current liabilities	流動負債		
Accruals	應計款項	200	1,869
Amounts due to subsidiaries	應付附屬公司款項	1,533	4,344
Total liabilities	負債總額	1,733	6,213
Total equity and liabilities	總權益及負債	71,096	43,433

The Balance sheet of the Company was approved by the Board of Directors on 25 March 2020 and was signed on its behalf.

本公司的資產負債表已由董事會於二零二零年三月二十五日批核，並代表董事會簽署。

Chan Yuk Pan
陳煜彬
Director
董事

Chan Lung Pan
陳龍彬
Director
董事

Notes to the Consolidated Financial Statements

綜合財務報表附註

33 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

33 本公司資產負債表及儲備變動

(a) Reserve movement of the Company

(a) 本公司儲備變動

		Share capital 股本 HK\$'000 千港元	Other reserve 其他儲備 HK\$'000 千港元	Accumulated losses 累計虧損 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Balance at 26 October 2018 (Date of incorporation)	於二零一八年 十月二十六日 (註冊成立日期)的結餘	-	-	-	-
Loss for the period	期內虧損	-	-	(4,668)	(4,668)
Total comprehensive loss	全面虧損總額	-	-	(4,668)	(4,668)
Transactions with equity holders:	與權益持有人的交易：				
Issuance of ordinary shares pursuant to the capitalisation	根據資本化發行普通股	-	41,888	-	41,888
		-	41,888	-	41,888
Balance at 31 December 2018	於二零一八年 十二月三十一日的結餘	-	41,888	(4,668)	37,220
Balance at 1 January 2019	於二零一九年一月一日的結餘	-	41,888	(4,668)	37,220
Loss for the year	年內虧損	-	-	(14,368)	(14,368)
Total comprehensive loss	全面虧損總額	-	-	(14,368)	(14,368)
Transactions with equity holders:	與權益持有人的交易：				
Issuance of ordinary shares pursuant to the capitalisation	根據資本化發行普通股	3,000	(3,000)	-	-
Issuance of ordinary shares pursuant to the Listing	根據上市發行普通股	1,000	54,000	-	55,000
Listing related expenses charged to share premium	於股份溢價扣除的上市相關開支	-	(8,489)	-	(8,489)
		4,000	42,511	-	46,511
Balance at 31 December 2019	於二零一九年 十二月三十一日的結餘	4,000	84,399	(19,036)	69,363

34 EVENT AFTER THE REPORTING PERIOD

After the outbreak of Coronavirus Disease 2019 (“COVID-19 outbreak”) in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country. Management is of the view that the ultimate impact of the Group’s business due to the virus is uncertain and beyond prediction as it is highly dependent on the future development. Management will closely and continuously monitor the situation and assess the financial impact to the Group.

34 報告期後事件

於二零二零年初爆發二零一九年冠狀病毒疾病(「COVID-19 疫情」)後，全國已實施並持續實施一連串預防及控制措施。管理層認為，疫情對本集團業務的最終影響屬未知之數，亦無法預測，非常取決於疫情的未來發展。管理層將密切並持續留意有關情況及評估對本集團造成的財務影響。

Three-Year Financial Summary

三年財務概要

A summary of the results and of the assets, equity and liabilities of the Group for the last three financial years is as follows:

本集團過往三個財政年度的業績及資產、權益及負債概要列載如下：

RESULTS

業績

		Year ended 31 December 截至十二月三十一日止年度		
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Revenue	收入	67,509	46,267	43,972
Profit before taxation	稅前溢利	10,557	12,467	14,695
Income tax expense	所得稅開支	(3,594)	(2,732)	(2,232)
Profit for the year	年內溢利	6,963	9,735	12,463
Attributable to: Shareholders of the Company	應佔： 本公司股東	6,963	9,735	12,463

Three-Year Financial Summary

三年財務概要

ASSETS AND LIABILITIES

資產與負債

		As at 31 December 於十二月三十一日		
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Assets	資產			
Non-current assets	非流動資產	9,799	9,357	12,025
Current assets	流動資產	91,247	40,166	51,300
Total assets	總資產	101,046	49,523	63,325
Equity and liabilities	權益與負債			
Total equity	總權益	(92,398)	(39,615)	(50,995)
Non-current liabilities	非流動負債	(2,338)	(2,575)	(2,493)
Current liabilities	流動負債	(6,310)	(7,333)	(9,837)
Total liabilities	總負債	(8,648)	(9,908)	(12,330)
Total equity and liabilities	總權益及負債	(101,046)	(49,523)	(63,325)

Note: The summary of the consolidated results of the Group for the three years ended 31 December 2017 and 2018 and of the assets, equity and liabilities as at 31 December 2017 and 2018 are extracted from the Prospectus.

附註：本集團截至二零一七年及二零一八年十二月三十一日止三個年度的總合業績概要，以及於二零一七年及二零一八年十二月三十一日的資產、權益及負債均摘錄自招股章程。



BEST LINKING GROUP HOLDINGS LIMITED
永聯豐集團控股有限公司