

Shen You Holdings Limited 申酉控股有限公司

(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 : 8377

2019
ANNUAL REPORT 年報

The background features a series of concentric, overlapping circles in shades of yellow, orange, and light blue. In the center, there is a photograph of several spools of thread in various colors: yellow, orange, light green, and dark green. The spools are arranged in a cluster, with some in the foreground and others slightly blurred in the background. The overall design is clean and modern, with a focus on the company's industry.

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Corporate Information

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Kwok Wai, Albert (*Chairman*)
Mr. Chan Yiu Tung, Enoch
(appointed as a Director on 19 February 2020)
Mr. Yu Miaogen
(retired as a Director on 10 May 2019)

Non-executive Directors

Mr. Gao Biao
Mr. Shi Guixiang
(retired as a Director on 10 May 2019)

Independent Non-executive Directors

Dr. Yeung Ngai Man, John
Mr. Sung Alfred Lee Ming
Mr. Zhang Guofu

COMPLIANCE OFFICER

Mr. Chan Yiu Tung, Enoch

AUTHORISED REPRESENTATIVES

Mr. Wong Kwok Wai, Albert
Mr. Chan Yiu Tung, Enoch

CHIEF FINANCIAL OFFICER

Mr. Lee Wing Hong

COMPANY SECRETARY

Mr. Chan Yiu Tung, Enoch

AUDIT COMMITTEE

Mr. Sung Alfred Lee Ming (*Chairman*)
Dr. Yeung Ngai Man, John
Mr. Zhang Guofu

董事會

執行董事

黃國偉先生(主席)
陳耀東先生
(於二零二零年二月十九日獲委任為董事)
俞妙根先生
(於二零一九年五月十日退任董事職務)

非執行董事

高彪先生
石桂祥先生
(於二零一九年五月十日退任董事職務)

獨立非執行董事

楊毅敏醫生
宋理明先生
章國富先生

合規主任

陳耀東先生

授權代表

黃國偉先生
陳耀東先生

財務總監

李永康先生

公司秘書

陳耀東先生

審核委員會

宋理明先生(主席)
楊毅敏醫生
章國富先生

Corporate Information (Continued)

公司資料(續)

REMUNERATION COMMITTEE

Dr. Yeung Ngai Man, John (*Chairman*)
Mr. Sung Alfred Lee Ming
Mr. Zhang Guofu

NOMINATION COMMITTEE

Mr. Wong Kwok Wai, Albert (*Chairman*)
Mr. Sung Alfred Lee Ming
Mr. Zhang Guofu

AUDITOR

Ernst & Young
Certified Public Accountants

COMPLIANCE ADVISER

Advent Corporate Finance Limited

PRINCIPAL BANK

The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

Clifton House
75 Fort Street, PO Box 1350
Grand Cayman, KY1-1108
Cayman Islands

薪酬委員會

楊毅敏醫生(主席)
宋理明先生
章國富先生

提名委員會

黃國偉先生(主席)
宋理明先生
章國富先生

核數師

安永
執業會計師

合規顧問

宏智融資有限公司

主要往來銀行

香港上海滙豐銀行有限公司

註冊辦事處

Clifton House
75 Fort Street, PO Box 1350
Grand Cayman, KY1-1108
Cayman Islands

Corporate Information (Continued)

公司資料(續)

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 386 Zeng Nan Road
Zeng Jiao Cun
Fang Cun
Liwan District
Guangzhou
China

中國主要營業地點

中國
廣州市
荔灣區
芳村
增滘村
增南路386號

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1006, 10/F
Harbour Crystal Centre
100 Granville Road
Tsim Sha Tsui East
Kowloon, Hong Kong

總部及香港主要營業地點

香港九龍
尖沙咀東
加連威老道100號
港晶中心
10樓1006室

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street, PO Box 1350
Grand Cayman, KY1-1108
Cayman Islands

主要股份過戶登記處

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street, PO Box 1350
Grand Cayman, KY1-1108
Cayman Islands

COMPANY'S WEBSITE

www.shenyouholdings.com

公司網址

www.shenyouholdings.com

STOCK CODE

8377

股份代號

8377

Chairman's Statement

主席致辭

Dear Shareholders,

On behalf of the board of Directors (the “**Board**”), I am delighted to present the annual report of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2019.

BUSINESS OVERVIEW

For the year ended 31 December 2019, the Group's revenue decreased to approximately HK\$58.7 million, representing a decrease of approximately 8.9%, as compared to revenue of approximately HK\$64.5 million for the year ended 31 December 2018. The Group's net loss increased to approximately HK\$19.2 million for the year ended 31 December 2019 from approximately HK\$10.9 million for the year ended 31 December 2018, representing a significant increase of approximately 77.1%. Such increase in net loss was mainly due to the decrease of approximately HK\$1.9 million in gross profit, the increase in impairment losses on financial assets of approximately HK\$2.6 million, the increase in impairment losses on fixed assets of approximately HK\$3.0 million and the increase in income tax of approximately HK\$4.1 million during the year ended 31 December 2019 as compared to that for the year ended 31 December 2018.

PROSPECTS

The Group has been actively seeking business opportunities in the PRC and its Zhejiang office has been in operation since May 2019. However, the Group's business has experienced some difficulty owing to the recent economic challenges and uncertainties due to the ongoing trade conflict between the People's Republic of China (the “**PRC**”) and the United States of America (“**U.S.**”) as well as the gradual slowdown of the PRC economy. For the year ended 31 December 2019, the Group's overseas sales slightly increased by approximately 1.1% while its sales to the PRC decreased by approximately 15.6% as compared with the year ended 31 December 2018.

各位股東：

本人謹代表董事會(「**董事會**」)欣然提呈本公司及其附屬公司(統稱「**本集團**」)截至二零一九年十二月三十一日止年度之年度報告。

業務概覽

截至二零一九年十二月三十一日止年度，本集團的收益下跌至約58,700,000港元，跌幅約為8.9%，而截至二零一八年十二月三十一日止年度的收益則約為64,500,000港元。截至二零一九年十二月三十一日止年度，本集團的虧損淨額由截至二零一八年十二月三十一日止年度約10,900,000港元增加至約19,200,000港元，相當於大幅增加約77.1%。有關虧損淨額增加乃主要由於與截至二零一八年十二月三十一日止年度相比，截至二零一九年十二月三十一日止年度的毛利減少約1,900,000港元、金融資產減值虧損增加約2,600,000港元、固定資產減值虧損增加約3,000,000港元及所得稅增加約4,100,000港元所致。

展望

本集團一直積極於中國尋求商機，而其浙江辦事處已自二零一九年五月起投入運作。然而，由於中華人民共和國(「**中國**」)與美利堅合眾國(「**美國**」)之間持續的貿易衝突及中國經濟逐漸放緩導致近期出現經濟挑戰及不確定因素，本集團的業務因而遇上一些困難。截至二零一九年十二月三十一日止年度，本集團的海外銷售輕微增加約1.1%，與截至二零一八年十二月三十一日止年度相比，其中國銷售減少約15.6%。

Chairman's Statement (Continued)

主席致辭(續)

APPRECIATION

I wish to take this opportunity to extend my sincere thanks to our shareholders, business partners, customers and suppliers for their continuous support. I would also like to express my deep gratitude to my fellow Directors and the Group's management team and staff for their efforts and dedication to the Group during the past year.

Shen You Holdings Limited

Wong Kwok Wai, Albert

Chairman, chief executive officer and executive Director

Hong Kong, 31 March 2020

致謝

本人謹藉此機會真誠感謝股東、業務夥伴、客戶及供應商的持續支援。本人亦謹此感激董事及本集團管理層團隊及員工於過往年度的努力及對本集團的貢獻。

申酉控股有限公司

主席、行政總裁兼執行董事

黃國偉

香港，二零二零年三月三十一日

Management Discussion and Analysis

管理層討論及分析

INTRODUCTION

The Group is principally engaged in the manufacture and selling of sewing threads and broad categories of garment accessories. It currently manufactures polyester sewing threads, which are mainly used for garments. The major product of the Group is 100% spun polyester sewing threads. Other types of sewing threads are also offered, including textured polyester series, elastic filament sewing threads, weft yarn and nylon threads. The Group's customers are located in the PRC, Hong Kong as well as overseas countries, including United Arab Emirates ("UAE"), Mauritius, Switzerland and the United Kingdom. While the Group's customers in the PRC and Hong Kong are mainly garment manufacturers, its overseas customers are mainly wholesalers. The production facilities of the Group, where the sewing threads manufacturing process is conducted, are located in Liwan, Guangzhou (the "**Guangzhou Production Facilities**").

BUSINESS REVIEW

For the year ended 31 December 2019, the Group's revenue decreased by approximately 8.9% as compared with that for the year ended 31 December 2018. The gross profit margin decreased to approximately 19.3% for the year ended 31 December 2019 from approximately 20.6% for the preceding year. The decrease was mainly attributable to the decrease in sales in the PRC market, which accounted for approximately 56.1% of the total revenue for the year ended 31 December 2019.

On 15 December 2017 (the "**Listing Date**"), the Shares were successfully listed on GEM of the Stock Exchange (the "**Listing**") by way of share offer (the "**Share Offer**"). After deducting all the relevant commission and expenses in relation to the Listing, net proceeds amounting to approximately HK\$40.7 million have been raised from the Listing. As at 31 December 2019, the unutilised net proceeds from the Share Offer amounted to approximately HK\$29.1 million.

緒言

本集團主要從事生產及銷售縫紉線和各類服裝輔料。本集團現時生產主要用於服裝的滌綸線。本集團的重點產品為100%滌綸線。本集團亦提供其他類型的縫紉線，包括滌綸長絲系列、高彈絲縫紉線、低彈絲及尼龍線。本集團的客戶位於中國、香港及世界各地，包括阿拉伯聯合酋長國（「阿聯酋」）、毛里裘斯、瑞士及英國。本集團位於中國及香港的客戶主要為服裝製造商，而海外客戶則主要為批發商。本集團的生產設施位於廣州荔灣區（「廣州生產設施」），縫紉線的製造流程均於該設施中進行。

業務回顧

截至二零一九年十二月三十一日止年度，本集團的收益較截至二零一八年十二月三十一日止年度下跌約8.9%。截至二零一九年十二月三十一日止年度的毛利率由去年約20.6%下跌至約19.3%。有關下跌乃主要由於中國市場銷售減少（佔截至二零一九年十二月三十一日止年度的總收益約56.1%）所致。

於二零一七年十二月十五日（「上市日期」），股份成功以股份發售（「股份發售」）方式於聯交所GEM上市（「上市」）。於扣除所有上市相關的佣金及開支後，自上市籌得所得款項淨額約40,700,000港元。於二零一九年十二月三十一日，股份發售所得的未動用所得款項淨額約為29,100,000港元。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

While the Group's business has experienced some difficulty as a result of the unfavourable market conditions immediately after the Listing, the Board and the senior management of the Company are confident of the Group's steady performance given its competitive strengths, which include: (i) the long-term business relationships with its customers and suppliers; (ii) adoption of the stringent quality control mechanisms in the course of sewing threads production; (iii) the strategic location of the Guangzhou Production Facilities for its business development; and (iv) an experienced management team with extensive industry experience. Further details of the future prospects of the Group are set out in the section headed "Future Plans and Prospects" in this annual report.

雖然緊隨上市後本集團因不利市況而遇上一些困難，本公司董事會及高級管理層相信，本集團的穩健表現乃得益於其競爭優勢，包括(i)與其客戶及供應商維持長期業務關係；(ii)在生產縫紉線的過程中採納嚴格的質量控制機制；(iii)有利於業務發展的廣州生產設施的策略性位置；及(iv)具有豐富行業經驗的資深管理層團隊。有關本集團未來展望的進一步詳情載於本年度報告「未來計劃及展望」一節。

FINANCIAL REVIEW

Revenue

The Group's products are sold in the PRC, Hong Kong as well as overseas. The following table sets out a breakdown of the Group's revenue attributable to domestic and overseas sales of the Group's sewing threads for the two years ended 31 December 2019:

財務回顧

收益

本集團的產品會於中國、香港及海外銷售。下表載列本集團於截至二零一九年十二月三十一日止兩個年度本集團縫紉線國內外銷售額應佔收益明細：

		Year ended 31 December 截至十二月三十一日止年度				Rate of change 變動比率
		2019 二零一九年		2018 二零一八年		
		% of total revenue		% of total revenue		%
		HK\$'000 千港元	佔總收益 %	HK\$'000 千港元	佔總收益 %	
PRC	中國	32,968	56.1	39,056	60.5	(15.6)
Overseas ^(Note)	海外 ^(附註)	22,233	37.9	21,995	34.1	1.1
Hong Kong	香港	3,545	6.0	3,459	5.4	2.5
		58,746	100.0	64,510	100.0	(8.9)

Note: For the two years ended 31 December 2019, the Group exported its products to countries including but not limited to UAE, Mauritius, Switzerland and the United Kingdom.

附註：截至二零一九年十二月三十一日止兩個年度，本集團將產品出口至多個國家，包括(但不限於)阿聯酋、毛里裘斯、瑞士及英國。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

The following table sets out the breakdown of the revenue by product that the Group offers for sale for the two years ended 31 December 2019:

下表載列於截至二零一九年十二月三十一日止兩個年度按本集團所提供銷售的產品所劃分的收益明細：

		Year ended 31 December 截至十二月三十一日止年度				Rate of change 變動比率
		2019 二零一九年		2018 二零一八年		
		HK\$'000 千港元	% of total revenue 佔總收益%	HK\$'000 千港元	% of total revenue 佔總收益%	%
100% spm polyester sewing threads	100% 滌綸線	52,053	88.6	55,764	86.4	(6.7)
Other threads <i>(Note)</i>	其他縫紉線 <i>(附註)</i>	6,693	11.4	8,746	13.6	(23.5)
		58,746	100.0	64,510	100.0	(8.9)

Note: Other threads comprise textured polyester series, elastic filament sewing threads, weft yarn and nylon threads.

附註：其他縫紉線包括滌綸長絲系列、高彈絲縫紉線、低彈絲及尼龍線。

The Group's revenue decreased to approximately HK\$58.7 million for the year ended 31 December 2019 from approximately HK\$64.5 million for the year ended 31 December 2018, representing a decrease of approximately 8.9%. Such decrease was mainly due to the decrease in sales to the PRC market, which accounted for approximately 56.1% of the total revenue for the year ended 31 December 2019.

本集團的收益由截至二零一八年十二月三十一日止年度約64,500,000港元，下跌至截至二零一九年十二月三十一日止年度約58,700,000港元，跌幅約為8.9%。有關下跌乃主要由於中國市場銷售減少(佔截至二零一九年十二月三十一日止年度的總收益約56.1%)所致。

Cost of sales

The Group's cost of sales primarily consists of direct material costs, processing fees and direct labour costs. The cost of sales decreased to approximately HK\$47.4 million for the year ended 31 December 2019 from approximately HK\$51.2 million for the year ended 31 December 2018, representing a decrease of approximately 7.4%. The Group's cost of sales decreased for the year ended 31 December 2019 mainly as a result of the aforementioned decrease in revenue.

銷售成本

本集團的銷售成本主要包括直接材料成本、加工費用及直接勞工成本。銷售成本由截至二零一八年十二月三十一日止年度約51,200,000港元，下跌至截至二零一九年十二月三十一日止年度約47,400,000港元，跌幅約為7.4%。截至二零一九年十二月三十一日止年度，本集團的銷售成本下跌乃主要由於上述收益下跌所致。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Gross profit and gross profit margin

The Group's gross profit margin decreased to approximately 19.3% from 20.6% for the year ended 31 December 2019, which was a result of the increase in the charge rate of processing fees and the unit cost of raw materials.

The Group's gross profit decreased to approximately HK\$11.3 million for the year ended 31 December 2019 from approximately HK\$13.3 million for the year ended 31 December 2018, representing a decrease of approximately 14.7%. The decrease was mainly a result of the aforementioned decrease in revenue and decrease in the gross profit margin.

Other losses, net

The Group recorded other losses, net of approximately HK\$2.7 million for the year ended 31 December 2019 as compared with other losses, net of approximately HK\$0.3 million for the year ended 31 December 2018, representing an increase of approximately 911.4%. Such increase was mainly attributable to the increase in the losses for impairment of fixed assets.

Selling and distribution expenses

Selling and distribution expenses mainly consist of staff costs and transportation expenses. Selling expenses decreased to approximately HK\$7.4 million for the year ended 31 December 2019 from approximately HK\$7.6 million for the year ended 31 December 2018. Such decrease was mainly due to the decrease in transportation expenses as a result of the aforementioned decrease in revenue.

Administrative expenses

Administrative expenses primarily consist of staff costs, Directors' remuneration and legal and professional fees. Administrative expenses decreased to approximately HK\$13.5 million for the year ended 31 December 2019 from approximately HK\$16.5 million for the year ended 31 December 2018, representing a decrease of approximately 17.9%. Such decrease was mainly attributable to the decrease in legal and professional fees.

毛利及毛利率

本集團的毛利率於截至二零一九年十二月三十一日止年度由20.6%下跌至約19.3%，乃由於加工費用的收費率及原材料的單位成本上升所致。

本集團的毛利由截至二零一八年十二月三十一日止年度約13,300,000港元，下跌至截至二零一九年十二月三十一日止年度約11,300,000港元，跌幅約為14.7%。有關下跌乃主要由於上述收益下跌及毛利率下跌所致。

其他虧損淨額

本集團於截至二零一九年十二月三十一日止年度錄得其他虧損淨額約2,700,000港元，而截至二零一八年十二月三十一日止年度則錄得其他虧損淨額約300,000港元，升幅約為911.4%。有關上升乃主要由於固定資產減值虧損增加所致。

銷售及分銷開支

銷售及分銷開支主要包括員工成本及運輸費。銷售開支由截至二零一八年十二月三十一日止年度約7,600,000港元，下跌至截至二零一九年十二月三十一日止年度約7,400,000港元。有關下跌乃主要由於上述收益下跌導致運輸費下跌所致。

行政開支

行政開支主要包括員工成本、董事酬金以及法律及專業費用。行政開支由截至二零一八年十二月三十一日止年度約16,500,000港元，下跌至截至二零一九年十二月三十一日止年度約13,500,000港元，跌幅約為17.9%。有關下跌乃主要由於法律及專業費用下跌所致。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Finance costs

The Group's finance costs increased to approximately HK\$1.3 million for the year ended 31 December 2019 from approximately HK\$0.9 million for the year ended 31 December 2018, representing an increase of approximately 48.2%. Such increase was mainly a result of the increase in the interest expense on bank borrowings and additional interest expenses on lease liabilities due to the adoption of HKFRS 16 on 1 January 2019.

Loss before income tax

As a result of the aforesaid, the Group recorded a loss before income tax of approximately HK\$16.7 million for the year ended 31 December 2019 from approximately HK\$12.4 million for the year ended 31 December 2018, representing an increase of approximately 34.3%.

Income tax (expense)/credit

The Group recorded income tax credit of approximately HK\$1.6 million for the year ended 31 December 2018 while income tax expense of approximately HK\$2.6 million was recorded for the year ended 31 December 2019. The Group's effective tax rate decreased from approximately 12.5% for the year ended 31 December 2018 to approximately negative 15.4% for the year ended 31 December 2019, which was a result of write-off of deferred tax assets recognised in prior years and increase in tax losses not recognised.

Total comprehensive loss attributable to the owners of the parent

The total comprehensive loss attributable to the owners of the parent increased to approximately HK\$20.6 million for the year ended 31 December 2019 from approximately HK\$14.7 million for the year ended 31 December 2018, representing an increase of approximately 40.4%. Such increase was mainly due to the combined effect of the increase in the Group's loss for the year ended 31 December 2018 due to the reasons mentioned above and the decrease in exchange differences on translation of foreign operations.

融資成本

本集團的融資成本由截至二零一八年十二月三十一日止年度約900,000港元，上升至截至二零一九年十二月三十一日止年度約1,300,000港元，升幅約為48.2%。有關上升乃主要由於銀行借款利息開支上升及因於二零一九年一月一日採納香港財務報告準則第16號而產生額外租賃負債利息開支所致。

除所得稅前虧損

由於前述各項，本集團於截至二零一九年十二月三十一日止年度錄得除所得稅前虧損約16,700,000港元，而截至二零一八年十二月三十一日止年度則錄得約12,400,000港元，升幅約為34.3%。

所得稅(開支)/抵免

本集團於截至二零一八年十二月三十一日止年度錄得所得稅抵免約1,600,000港元，而截至二零一九年十二月三十一日止年度則錄得所得稅開支約2,600,000港元。本集團的實際稅率由截至二零一八年十二月三十一日止年度約12.5%，下跌至截至二零一九年十二月三十一日止年度約負15.4%，乃由於撇銷於過往年度確認的遞延稅項資產及未確認稅項虧損增加所致。

母公司擁有人應佔全面虧損總額

母公司擁有人應佔全面虧損總額由截至二零一八年十二月三十一日止年度約14,700,000港元，增加至截至二零一九年十二月三十一日止年度約20,600,000港元，增幅約為40.4%。有關增加乃主要由於本集團截至二零一八年十二月三十一日止年度的虧損因上述理由而增加及換算海外業務的匯兌差額減少之綜合影響所致。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Basic and diluted loss per share

The Company's basic and diluted loss per share for the year ended 31 December 2019 was approximately HK2.40 cents (2018: HK1.36 cents), representing an increase of approximately 76.5%, which was mainly due to the increase in loss attributable to the owners of the parent.

Final dividend

The board did not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 31 December 2019, the Group's operations were primarily financed through its operating and financing activities. The Directors believe that in the long term, the Group's operations will continue to be funded by a combination of cash generated from the Group's operating activities and financing activities.

The Group's cash and bank balances amounted to approximately HK\$34.5 million and approximately HK\$30.9 million as at 31 December 2019 and 2018, respectively. The functional currency of the Group is the Hong Kong dollar. As at 31 December 2019, 98.7% of the Group's cash and bank balances were denominated in the Group's functional currency (31 December 2018: 92.8%) and the remaining 1.3% (31 December 2018: 7.2%) in other currencies, mainly the Renminbi.

As at 31 December 2019 and 2018, the Group had net current assets of approximately HK\$28.0 million and approximately HK\$40.4 million, respectively, which included trade receivables, prepayments, other receivables and other assets, inventories and cash and cash equivalents. The Group's current ratio decreased from approximately 2.4 as at 31 December 2018 to approximately 1.8 as at 31 December 2019. The Group's bank borrowings increased from approximately HK\$15.2 million as at 31 December 2018 to approximately HK\$20.0 million as at 31 December 2019. Such increase was mainly due to the increase in the Group's financing need under unfavourable market conditions.

每股基本及攤薄虧損

截至二零一九年十二月三十一日止年度，本公司每股基本及攤薄虧損約為2.40港仙(二零一八年：1.36港仙)，升幅約為76.5%，乃主要由於母公司擁有人應佔虧損增加所致。

末期股息

董事會不建議就截至二零一九年十二月三十一日止年度派付末期股息(二零一八年：無)。

流動資金及財務資源

截至二零一九年十二月三十一日止年度，本集團主要透過其經營及融資活動為其營運提供資金。董事相信，長遠而言本集團將繼續以本集團經營活動及融資活動所產生現金的組合為其營運提供資金。

本集團於二零一九年及二零一八年十二月三十一日的現金及銀行結餘分別約為34,500,000港元及約為30,900,000港元。本集團的功能貨幣為港元。於二零一九年十二月三十一日，本集團98.7%(二零一八年十二月三十一日：92.8%)的現金及銀行結餘以本集團功能貨幣計值，而餘下1.3%(二零一八年十二月三十一日：7.2%)則以其他貨幣計值，主要為人民幣。

於二零一九年及二零一八年十二月三十一日，本集團的流動資產淨值分別約為28,000,000港元及約為40,400,000港元，包括應收交易款項、預付款項、其他應收款項及其他資產、存貨以及現金及現金等價物。本集團的流動比率由二零一八年十二月三十一日約2.4下跌至二零一九年十二月三十一日約1.8。本集團的銀行借款由二零一八年十二月三十一日約15,200,000港元，上升至二零一九年十二月三十一日約20,000,000港元，有關上升乃主要由於本集團在不利市況下的融資需求上升所致。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

GEARING RATIO

The Group's gearing ratio is calculated based on net debt (including interest-bearing bank borrowings, trade payables, other payables and accruals, and lease liabilities, less cash and cash equivalents) divided by the total equity plus net debt at the respective reporting date. The gearing ratio was 3.1% as at 31 December 2019. The gearing ratio was not applicable to the Group as at 31 December 2018 as its cash and bank balances were more than the aggregate amount of the bank borrowings, trade payables, other payables and accruals, and lease liabilities. The Group believes that the cash at banks and the bank borrowings provide adequate liquidity to satisfy the Group's funding requirements.

CAPITAL COMMITMENTS

As at 31 December 2019, the Group did not have any capital commitments (as at 31 December 2018: HK\$0.1 million).

CAPITAL STRUCTURE

There has been no change in the capital structure since the Listing. The share capital of the Group only comprises ordinary Shares.

As at 31 December 2019, the Company's issued share capital amounted to HK\$8.0 million, divided by 800,000,000 shares of HK\$0.01 each.

Details of changes of the Company's share capital for the year ended 31 December 2019 are set out in note 24 to the consolidated financial statements of this annual report.

資產負債比率

本集團的資產負債比率乃以各報告日期的淨債務(包括計息銀行借款、應付交易款項、其他應付款項及應計費用以及租賃負債，減現金及現金等價物)除以權益總額加淨債務之和計算。於二零一九年十二月三十一日，資產負債比率為3.1%。於二零一八年十二月三十一日，資產負債比率不適用於本集團，原因在於其現金及銀行結餘超過銀行借款、應付交易款項、其他應付款項及應計費用以及租賃負債的總額。本集團認為，銀行現金及銀行借款提供足夠流動資金應付本集團的資金需要。

資本承擔

於二零一九年十二月三十一日，本集團並無任何資本承擔(於二零一八年十二月三十一日：100,000港元)。

資本架構

資本架構自上市起並無變動。本集團的股本僅包括普通股。

於二零一九年十二月三十一日，本公司的已發行股本為8,000,000港元，分為800,000,000股每股面值0.01港元的股份。

有關本公司股本於截至二零一九年十二月三十一日止年度的變動詳情載於本年度報告綜合財務報表附註24。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

SIGNIFICANT INVESTMENTS

As at 31 December 2019, the Group did not hold any significant investments (as at 31 December 2018: Nil).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 December 2019, the Group did not have any acquisitions or disposals of subsidiaries and affiliated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as those disclosed in the Prospectus, the Group currently has no other plan for material investments and capital assets.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have material contingent liabilities (as at 31 December 2018: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to foreign currency risk when it enters into transactions which are not denominated in the Group's functional currency. Such exposure mainly relates to the distribution and sale of the Group's products and purchases of raw materials in the PRC. The Group currently does not have a foreign currency hedging policy. Yet, the Group's management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise. The sensitivity analysis of the Group's exposure to foreign exchange risk and other financial risks are set out in note 34 to the consolidated financial statements of this annual report.

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(於二零一八年十二月三十一日：無)。

重大收購或出售附屬公司及聯屬公司

截至二零一九年十二月三十一日止年度，本集團並無收購或出售任何附屬公司及聯屬公司。

重大投資及資本資產的未來計劃

除招股章程所披露者外，本集團現時並無其他重大投資及資本資產的計劃。

或然負債

於二零一九年十二月三十一日，本集團並無重大或然負債(於二零一八年十二月三十一日：無)。

外匯風險

本集團於訂立未以本集團功能貨幣計值的交易時承受外幣風險。有關風險主要與於中國分銷及銷售本集團的產品及購買原材料有關。本集團目前並無外幣對沖政策。然而，本集團管理層會密切監察外匯風險，並於有需要時將考慮對沖重大外幣風險。本集團外匯風險及其他金融風險的敏感度分析載於本年度報告綜合財務報表附註34。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

PLEDGE OF ASSETS

As at 31 December 2019 and 2018, the following assets were pledged to banks to secure certain banking facilities granted to the Group:

資產抵押

於二零一九年及二零一八年十二月三十一日，以下資產已質押予銀行，以擔保本集團獲授的若干銀行融資：

		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
Financial asset at FVPL	按公允值計入損益的金融資產	4,742	4,632
Trade receivables	應收交易款項	3,622	7,355
		8,364	11,987

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group employed a total of 172 employees (as at 31 December 2018: 184), of whom 161 were located in the PRC and 11 were located in Hong Kong. The Group's staff costs mainly comprised wages and salaries, social insurance, housing provident fund and severance payments. For the two years ended 31 December 2019, the Group's total staff costs (excluding Directors' emoluments) amounted to approximately HK\$18.7 million and HK\$17.3 million, respectively. The Group offers remuneration packages comprising basic salaries, discretionary bonuses and allowances to its management and office staff. For the workers at the Guangzhou Production Facilities, the Group offers them salaries above the minimum wage, promotion opportunities and budgets for social events.

僱員及薪酬政策

於二零一九年十二月三十一日，本集團共僱用172名僱員（於二零一八年十二月三十一日：184名），當中161人位於中國，11人位於香港。本集團的員工成本主要包括工資及薪金、社會保險、住房公積金及遣散費。截至二零一九年十二月三十一日止兩個年度，本集團的總員工成本（不包括董事酬金）分別約為18,700,000港元及17,300,000港元。本集團向其管理層及辦公室員工所提供的薪酬組合包括基本薪金、酌情花紅及津貼。至於廣州生產設施的工人，本集團給予彼等高於最低工資的薪金及晉升機會，亦會向彼等提供津貼舉辦社交活動。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

The remuneration committee of the Company is responsible for reviewing and determining the remuneration packages of the Directors and senior management members with reference to the salaries paid by comparable companies, time commitment and responsibilities, employment conditions elsewhere in the Group and the desirability of performance-based remuneration. Any discretionary bonus and other merit payments are linked to the profit performance of the Group and the individual performance of the Directors and senior management members. The Company adopted a share option scheme (the “**Share Option Scheme**”) on 24 November 2017, under which the Company may grant options to, among others, any employees (full-time or part-time) or Directors with a view to rewarding them for their contributions to the Group, giving incentive to them for optimising their performance and efficiency and attracting as well as retaining those whose future contributions are important to the long-term growth and profitability of the Group. Since the adoption of the Share Option Scheme and up to the date of this annual report, no share options have been granted pursuant to the Share Option Scheme.

MAJOR AND CONNECTED TRANSACTIONS

During the year under review, the Group had entered into transactions which constituted major transaction and connected transactions under Chapters 19 and 20 of the GEM Listing Rules with Mr. Wong Kwok Wai, Albert, a Director, details of which please refer to the announcement titled “Major and Connected Transactions — Provision of Financial Assistance to Connected Person” issued by the Company dated 31 March 2020 and note 30 to the consolidated financial statements of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

Save as disclosed in the announcement issued by the Company dated 31 March 2020, to Major and the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Group has in all material respects complied with all relevant laws, rules and regulations that have a significant impact on the Group and its operations in Hong Kong and the PRC.

本公司薪酬委員會負責審閱及釐定董事及高級管理層成員的薪酬組合，當中會參考可資比較公司所支付的薪金、所投放的時間及責任、本集團內其他職位的僱用條件，以及職效掛鈎酬金是否合適。任何酌情花紅及其他獎勵報酬乃與本集團的溢利表現及董事和高級管理層成員的個人表現掛鈎。本公司於二零一七年十一月二十四日採納一項購股權計劃(「購股權計劃」)，據此，本公司可向(其中包括)任何僱員(全職或兼職)或董事授出購股權，以就彼等對本集團所作出的貢獻給予獎勵、激勵彼等提升表現及效率，並吸引及挽留日後可對本集團的長遠增長及盈利能力作出重大貢獻的僱員及董事。自採納購股權計劃起及直至本年度報告日期，概無根據購股權計劃授出購股權。

主要及關連交易

於回顧年內，本集團已與董事黃國偉先生訂立交易，該交易構成GEM上市規則第19及20章項下之主要交易及關連交易，詳情請參閱本公司所刊發日期為二零二零年三月三十一日標題為「主要及關連交易 — 向關連人士提供財務資助」的公告及本年度報告綜合財務報表附註30。

遵守法例及法規

除本公司所刊發日期為二零二零年三月三十一日的公告所披露者外，就董事於作出一切合理查詢後所深知、全悉及確信，本集團於所有重大方面均已遵守所有對本集團及其於香港及中國的營運有重大影響的相關法律、規則及法規。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

ENVIRONMENTAL POLICIES AND PERFORMANCE

In order to better integrate the concept of social responsibility into the Group's strategy and decision-making and to further guide the Group to develop a socially responsible practice, the Group has established an environmental, social and governance ("ESG") report preparation team. While preparing the report, the Group strives to incorporate the notion of sustainable development into its daily operations.

Meanwhile, the Group has established a systematic stakeholder communication channel with the aim to facilitate positive interactions with the Group's stakeholders, actively respond to relevant litigation issues and promote quality, effective and sustainable growth. Throughout the year ended 31 December 2019, the Group has maintained its business integrity and dedication to environmental protection, while continuously striving to improve quality management and employee care.

For further information in relation to the Group's ESG practices, please refer to the Group's separate ESG report, which is expected to be published on the websites of the Stock Exchange and the Company within three months after the publication of this annual report.

RELATIONSHIP WITH STAKEHOLDERS

Employees are considered to be one of the most important factors that contribute to the productivity of the Group. Employees of the Group are mainly provided with on-the-job training as well as remuneration packages and allowances.

The Group also communicates closely with its customers to obtain valuable feedback and provides them with information about the Group's products and trends in the sewing threads market. The Group has maintained business relationships with its five largest customers for a period ranging from approximately five to 20 years, respectively. Likewise, the Group has also established stable relationships with its suppliers. As such, the Directors believe that the Group has developed a trustworthy and reliable reputation as well as a strong partnership with its customers and suppliers.

環境政策及表現

為了更好地將社會責任理念融入本集團策略與決策，進一步指導本集團社會責任工作實踐，本集團建立了環境、社會及管治(「ESG」)報告編製小組。在報告編製的同時，本集團努力將可持續發展理念貫穿到日常營運中。

同時，本集團建立了系統化的持份者溝通機制，以實現與本集團持份者的良性互動、積極響應相關訴求，並促進有品質、有效益、可持續的增長。截至二零一九年十二月三十一日止整個年度內，本集團始終保持業務誠信，並致力於環境保護，同時不斷努力提升質量管理及僱員關懷。

有關於本集團ESG實踐的進一步資料，請參閱本集團的獨立ESG報告，該報告預計將於本年度報告刊發後三個月內在聯交所和本公司的網站刊登。

與持份者的關係

僱員被視為本集團生產力其中一個最重要的貢獻元素。本集團僱員主要獲提供在職培訓，以及薪酬組合及津貼。

本集團亦與客戶緊密聯繫以取得寶貴的反饋意見，並向彼等提供有關本集團產品及縫紉線市場趨勢的資料。本集團分別與五大客戶維持約五至20年期間不等的業務關係。同樣，本集團亦與供應商建立穩定關係。因此，董事相信本集團已在客戶及供應商之間建立具信譽及可靠的聲譽，並與彼等建立穩定的合作關係。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

USE OF PROCEEDS

As disclosed in the Prospectus, the net proceeds from the Share Offer were approximately HK\$40.7 million, after deducting commission and expenses borne by the Company in connection with the Share Offer (the “**Net Proceeds**”). As at 31 December 2019, the unutilised Net Proceeds amounted to approximately HK\$29.1 million.

As at 31 December 2019, the Net Proceeds had been applied and utilised as follows:

所得款項用途

誠如招股章程所披露，於扣除本公司就股份發售所承擔的佣金及開支後，股份發售所得款項淨額約為40,700,000港元(「**所得款項淨額**」)。於二零一九年十二月三十一日，未動用的所得款項淨額約為29,100,000港元。

於二零一九年十二月三十一日，所得款項淨額已應用及動用如下：

		Net Proceeds available 可動用的 所得款項淨額	Utilised 已動用	Unutilised 未動用
		HK\$ million 百萬港元	HK\$ million 百萬港元	HK\$ million 百萬港元
Upgrading the Group’s machinery for the production of 100% spun polyester sewing threads for industrial use	升級本集團工業用100%滌綸線生產機器	20.3	3.1	17.2
Upgrading the Group’s machinery for the production of 100% spun polyester sewing threads for domestic use	升級本集團家用100%滌綸線生產機器	7.7	2.2	5.5
Acquiring new cone winding machines	購買新筒子絡紗機	4.1	0.5	3.6
Acquiring new machinery for the production of nylon threads	購買新尼龍線生產機器	3.7	1.3	2.4
Setting up a sales office in Zhejiang province	在浙江省設立銷售辦事處	1.2	0.8	0.4
Working capital and other general corporate purposes of the Group	本集團的營運資金及其他一般企業用途	3.7	3.7	–
		40.7	11.6	29.1

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Below is an analysis comparing the future plans and use of proceeds contained in the Prospectus from the Listing Date up to 31 December 2019:

自上市日期起直至二零一九年十二月三十一日，招股章程所載未來計劃及所得款項用途的比較分析如下：

Business strategy	Implementation plan	Actual progress as at 31 December 2019
業務策略	實施計劃	於二零一九年十二月三十一日的實際進度
Upgrading the Group's machinery for the production of 100% spun polyester sewing threads for industrial use	— Purchase eight waxing and winding machines for the production of 100% spun polyester sewing threads for industrial use	The Group has purchased and is operating two waxing and winding machines for the production of 100% spun polyester sewing threads for industrial use.
升級本集團工業用100%滌綸線生產機器	— 採購八台上蠟和絡紗機，用於生產工業用100%滌綸線	本集團已採購並正使用兩台上蠟和絡紗機，用於生產工業用100%滌綸線。
Upgrading the Group's machinery for the production of 100% spun polyester sewing threads for domestic use	— Purchase two machines for the production of 100% spun polyester sewing threads for domestic use	The Group has purchased and is operating one machine for the production of 100% spun polyester sewing threads for domestic use.
升級本集團家用100%滌綸線生產機器	— 採購兩台機器，用於生產家用100%滌綸線	本集團已採購並正使用一台機器，用於生產家用100%滌綸線。
Acquiring new machinery for the production of nylon threads	— Purchase five machines for the production of nylon threads	The Group has purchased and is operating three machines for the production of nylon threads.
購買新尼龍線生產機器	— 採購五台機器，用於生產尼龍線	本集團已採購並正使用三台機器，用於生產尼龍線。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Business strategy	Implementation plan	Actual progress as at 31 December 2019
業務策略	實施計劃	於二零一九年十二月三十一日 的實際進度
Setting up a sales office in Zhejiang province	<ul style="list-style-type: none"> — Lease suitable premises for the Group's sales office — Renovate the sales office — Purchase office equipment 	The Group has set up a sales office in Zhejiang Province, which is currently in full operation.
在浙江省設立銷售辦事處	<ul style="list-style-type: none"> — 租用合適場所，用作本集團銷售辦事處 — 裝修銷售辦事處 — 採購辦公設備 	本集團已於浙江省設立銷售辦事處，目前已全面投入運作。
Acquiring new cone winding machines	<ul style="list-style-type: none"> — Order two cone winding machines to facilitate the production lines for 100% spun polyester sewing threads and paying the balance for two cone winding machines 	The Group has purchased and is operating one cone winding machine.
購買新筒子絡紗機	<ul style="list-style-type: none"> — 訂購兩台筒子絡紗機以促進100%滌綸線生產線運行及支付兩台筒子絡紗機的餘額 	本集團已採購並正使用一台筒子絡紗機。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

FUTURE PLANS AND PROSPECTS

The future plans and use of proceeds schedule disclosed in the Prospectus were formulated based on the best estimation of the market conditions after the Listing. The discrepancy between the planned use of the Net Proceeds and the actual use mainly arose as a result of the actual market conditions affecting the Group after the Listing. The continuing trade conflict between the U.S. and the PRC, the PRC's gradual economic slowdown and the recent outbreak of coronavirus (COVID-19) epidemic have presented the Group with uncertainties and multiple challenges, rendering the need for the Group to be prudent in implementing its future plans as set out in the Prospectus. The Directors believed that a strict adherence to the implementation plan will increase the production capacity of the Group, while the additional machinery may lead to a provision for impairment for such machinery to be made in the future.

Meeting the demands of its customers as to high quality and differentiated products is one of the Group's priorities in order to maintain long-term business relationships with its customers. Further, the Directors believe that there are considerable business opportunities in the sewing threads industry in the long term. To satisfy its customers' potential needs and to capture the business opportunities in the sewing threads industry, the Group will continue to implement the expansion plans set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus in a prudent and conservative manner in light of the market conditions at the time.

The Directors will continue to carefully monitor and assess the situation and, if the expansion plans no longer suit the operation and the future development of the Group, the Directors may evaluate and modify them so as to ensure that the Group's business strategies are in the best interests of the Company and the Shareholders as a whole.

未來計劃及展望

招股章程所披露的未來計劃及所得款項用途時間表為根據上市後對市況的最佳估計而制定。所得款項淨額的計劃用途與實際用途之間的差異主要是由於上市後影響本集團的實際市況而產生。中美之間持續的貿易衝突、中國經濟逐步放緩及最近爆發新型冠狀病毒(COVID-19)疫情為本集團帶來不確定因素及各種挑戰，使本集團需要審慎實行其於招股章程所載的未來計劃。董事認為嚴格遵守實施計劃將會增加本集團的產能，而額外的機器可能導致將須於未來對該等機器作出減值撥備。

滿足其客戶對高品質及不同產品的需求為本集團其中一項優先考慮，從而與客戶保持長遠的業務關係。另外，董事相信，縫紉線行業長遠而言仍有大量商機。為滿足客戶的潛在要求及把握縫紉線行業的商機，本集團將因應當時市況以審慎及保守的態度繼續實行招股章程「未來計劃及所得款項用途」一節所載的擴展計劃。

董事將繼續仔細監控及評估有關情況，倘擴展計劃不再適合本集團的營運及未來發展，則董事可能須評估及修訂有關計劃，以確保本集團業務策略符合本公司及股東的整體最佳利益。

Biographical Details of Directors and Senior Management

董事及高級管理層的履歷詳情

EXECUTIVE DIRECTORS

Mr. Wong Kwok Wai, Albert (黃國偉), aged 60, was appointed as a Director and the chairman of the Board on 18 August 2016 and re-designated as an executive Director on 23 June 2017. He is also the chief executive officer, the chairman of the nomination committee of the Company, one of the Group's controlling shareholders, as well as a director of each of the Group's subsidiaries. Mr. Wong is primarily responsible for the management and overall strategic planning and development of the Group. Mr. Wong has over 30 years of experience in accounting and assurances.

Mr. Wong has been an honorary life member of the Hong Kong Institute of Accredited Accounting Technicians Limited since June 1999 and was its president during the period from May 1995 to June 1998. Mr. Wong obtained his higher diploma in accountancy from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) in November 1982. Mr. Wong was admitted as a fellow of the Hong Kong Institute of Certified Public Accountants and as an associate of the Institute of Chartered Accountants in England and Wales in November 1992 and February 2008, respectively. Currently, Mr. Wong is an independent non-executive director of JBB Builders International Limited (stock code: 1903), a company listed on the Main Board of the Stock Exchange. From May 2019 to January 2020, Mr. Wong served as an independent non-executive director of Yi Hua Holdings Limited (stock code: 2213), a company listed on the Main Board of the Stock Exchange.

Save as disclosed above, Mr. Wong did not hold other directorship in any other listed or public companies, of which the securities are listed on any securities market in Hong Kong or overseas in the three preceding years.

執行董事

黃國偉先生，60歲，於二零一六年八月十八日獲委任為董事兼董事會主席，並於二零一七年六月二十三日調任為執行董事。彼亦為本公司的行政總裁、提名委員會主席、本集團控股股東之一兼本集團各附屬公司董事。黃先生主要負責本集團的管理和整體策略規劃及發展。黃先生有逾30年會計及鑑證經驗。

黃先生自一九九九年六月起成為香港財務會計協會有限公司的榮譽終身會員，並於一九九五年五月至一九九八年六月擔任其總裁。黃先生於一九八二年十一月獲得香港理工學院(現稱香港理工大學)會計高級文憑。黃先生於一九九二年十一月及二零零八年二月先後獲認可為香港會計師公會資深會員及英格蘭及威爾士特許會計師公會會員。目前，黃先生為JBB Builders International Limited(股份代號：1903，聯交所主板上市公司)獨立非執行董事。於二零一九年五月至二零二零年一月，黃先生擔任益華控股有限公司(股份代號：2213，聯交所主板上市公司)獨立非執行董事。

除上文披露者外，黃先生於過去三年概無於證券於香港或海外任何證券市場上市的任何其他上市或公眾公司擔任其他董事職務。

Biographical Details of Directors and Senior Management (Continued) 董事及高級管理層的履歷詳情(續)

Mr. Chan Yiu Tung, Enoch (陳耀東), aged 53, was appointed as the company secretary, compliance officer and an executive Director of the Company on 18 August 2016, 23 June 2017 and 19 February 2020, respectively. Mr. Chan obtained his bachelor's degree of art in accountancy from City University of Hong Kong (formerly known as City Polytechnic of Hong Kong) in November 1992 and was admitted as a member of the Hong Kong Institute of Certified Public Accountants in February 1997 and a fellow of the Association of Chartered Certified Accountants in April 2001, respectively. From June 2006 to December 2011, Mr. Chan served as an executive director of the tax department of Ernst & Young, an international accounting firm, where he was primarily responsible for providing tax and business advisory services to both international and domestic companies operating in the PRC. Further, Mr. Chan served as a partner in the tax department of the Guangzhou Branch of Grant Thornton, an international accounting firm, from October 2012 to October 2015 where he was primarily responsible for developing the tax practice in Guangzhou. Mr. Chan has also been serving as an independent director of Natural Health Trends Corp. (stock code: NHTC), an international direct-selling and e-commerce company listed on the NASDAQ Stock Market LLC, since December 2015, and is responsible for supervising and providing independent advice to the board of the company.

Save as disclosed above, Mr. Chan did not hold other directorship in any other listed or public companies, of which the securities are listed on any securities market in Hong Kong or overseas in the three preceding years.

陳耀東先生，53歲，於二零一六年八月十八日、二零一七年六月二十三日及二零二零年二月十九日先後獲委任為本公司公司秘書、合規主任及執行董事。陳先生於一九九二年十一月取得香港城市大學(前稱香港城市理工學院)會計學文學士學位，並先後於一九九七年二月獲認可為香港會計師公會會員及於二零零一年四月獲認可為特許公認會計師公會資深會員。自二零零六年六月至二零一一年十二月，陳先生擔任國際會計師事務所安永會計師事務所稅務部門執行主管，主要負責為於中國經營的國際及國內公司提供稅務及業務諮詢服務。此外，陳先生自二零一二年十月至二零一五年十月擔任國際會計師事務所致同會計師事務所廣州分所稅務部門合夥人，主要負責發展廣州稅務業務。陳先生自二零一五年十二月起亦一直擔任Natural Health Trends Corp. (股份代號：NHTC，於NASDAQ Stock Market LLC上市的國際直銷及電子商務公司)獨立董事，負責監督並向該公司董事會提供獨立意見。

除上文披露者外，陳先生於過去三年概無於證券於香港或海外任何證券市場上市的任何其他上市或公眾公司擔任其他董事職務。

Biographical Details of Directors and Senior Management (Continued)

董事及高級管理層的履歷詳情(續)

NON-EXECUTIVE DIRECTORS

Mr. Gao Biao (高彪), aged 29, was appointed as a non-executive Director on 26 June 2018. He obtained his bachelor's degree in transportation management from the Xiamen University in China and a bachelor's degree in economics from The University of Sheffield in England both in 2012. In November 2014, Mr. Gao obtained his first master's degree in east Asian business from The University of Sheffield in England. Mr. Gao later obtained his second master's degree in December 2015 in international shipping and finance from the University of Reading in England. Mr. Gao passed two fund practitioner qualification examinations* (基金從業人員資格考試) of the Asset Management Association of China* (中國證券投資基金業協會), namely, (i) the examination on fundamental knowledge in private equity funds* (私募股權投資基金基礎知識考試); and (ii) examination on fundamental knowledge in investment funds* (證券投資基金基礎知識考試) in September 2017 and has obtained the Chartered Financial Analyst Level 1 qualification. Further, Mr. Gao also obtained a certificate in marine claims in July 2015 from Lloyd's Maritime Academy. Mr. Gao has been a project manager of Shanghai Ruili Investment Management Center (Limited Partnership)* (上海銳犁投資有限管理中心(有限合伙)) since 2017, responsible for risk analysis, fund structure analysis and fund project management.

Mr. Gao did not hold other directorship in any other listed or public companies, of which the securities are listed on any securities market in Hong Kong or overseas in the three preceding years.

* English translations of Chinese names herein are for identification purposes only. Should there be any inconsistencies, the Chinese name prevails.

非執行董事

高彪先生，29歲，於二零一八年六月二十六日獲委任為非執行董事。彼於二零一二年同時取得中國廈門大學頒授的運輸管理學士學位及英國錫菲大學(University of Sheffield)頒授的經濟學學士學位。於二零一四年十一月，高先生取得首個碩士學位，為英國錫菲大學頒授的東亞商業碩士學位。高先生其後於二零一五年十二月取得第二個碩士學位，為英國雷丁大學(University of Reading)頒授的國際航運及金融碩士學位。高先生已於二零一七年九月通過兩項中國證券投資基金業協會的基金從業人員資格考試，即(i) 私募股權投資基金基礎知識考試；及(ii) 證券投資基金基礎知識考試，並取得一級特許金融分析師資質。此外，高先生亦於二零一五年七月取得勞合海事學院(Lloyd's Maritime Academy)的海運保險證書。高先生自二零一七年起擔任上海銳犁投資有限管理中心(有限合伙)的項目經理，負責風險分析、基金結構分析及基金項目管理。

高先生於過去三年概無於證券於香港或海外任何證券市場上市的任何其他上市或公眾公司擔任其他董事職務。

* 該等中文名稱的英文譯本僅供識別。如有任何歧義，概以中文名稱為準。

Biographical Details of Directors and Senior Management (Continued)

董事及高級管理層的履歷詳情(續)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Yeung Ngai Man, John (楊毅敏), aged 54, was appointed as an independent non-executive Director on 24 November 2017. Dr. Yeung is also the chairman of the remuneration committee and a member of the audit committee of the Group. Dr. Yeung graduated from the University of Edinburgh in July 1988 with a bachelor's degree in medicine and a bachelor's degree in surgery. Dr. Yeung also obtained a diploma in geriatric medicine from the Royal College of Physicians of London, a diploma in Child Health from the Royal Colleges of Physicians & Surgeons of Ireland and a diploma in genitourinary medicine from the Society of Apothecaries of London in July 1993, September 1993 and December 1999, respectively. Dr. Yeung was elected to the membership of the Royal College of Physicians of the United Kingdom as well as the Hong Kong College of Physicians in July 1992 and January 1996, respectively. Dr. Yeung commenced his own medical practice in July 2005. Prior to this, he served as a medical officer at Hong Kong Sanatorium & Hospital during the period from November 1993 to June 2005. To enhance his skills in business management, he obtained a diploma in marketing from the Chartered Institute of Marketing in June 1990 and received a master's degree in business and administration from Warwick Business School in September 1990.

Dr. Yeung did not hold other directorship in any other listed or public companies, of which the securities are listed on any securities market in Hong Kong or overseas in the three preceding years.

獨立非執行董事

楊毅敏醫生，54歲，於二零一七年十一月二十四日獲委任為獨立非執行董事。楊醫生亦為本集團薪酬委員會主席兼審核委員會成員。楊醫生於一九八八年七月畢業於愛丁堡大學，獲頒內外全科醫學士學位。楊醫生亦於一九九三年七月、一九九三年九月及於一九九九年十二月先後取得英國倫敦皇家內科醫學院老年醫學科文憑、愛爾蘭皇家外科醫學院兒科文憑及倫敦藥劑師協會生殖泌尿醫學文憑。楊醫生於一九九二年七月及一九九六年一月先後當選英國皇家內科醫學院院士及香港內科醫學院院士。楊醫生於二零零五年七月開始自行執業。在此之前，自一九九三年十一月至二零零五年六月期間，彼擔任養和醫院醫學官。為了提升在業務管理方面的技能，彼於一九九零年六月及一九九零年九月先後取得英國特許市務學會市場營銷專業文憑及華威商學院工商管理碩士學位。

楊醫生於過去三年概無於證券於香港或海外任何證券市場上市的任何其他上市或公眾公司擔任其他董事職務。

Biographical Details of Directors and Senior Management (Continued)

董事及高級管理層的履歷詳情(續)

Mr. Sung Alfred Lee Ming (宋理明), aged 62, was appointed as an independent non-executive director on 24 November 2017. Mr. Sung is also the chairman of the audit committee and a member of each of the remuneration committee and the nomination committee of the Group. Mr. Sung has over 30 years of experience in accounting and assurances. Mr. Sung graduated from La Trobe University in Australia in March 1984 with a bachelor's degree in economics. Mr. Sung was admitted as a fellow of the Taxation Institute of Australia and a member and fellow of the Hong Kong Institute of Certified Public Accountants in November 1987, December 1987 and February 1995, respectively. He was also admitted as an associate of CPA Australia and Chartered Accountants Australia and New Zealand in March 1986 and April 1989, respectively. Mr. Sung has been the sole proprietor of Alfred Sung & Co. since 1999 and he is primarily responsible for overseeing audit and taxation works. Currently, Mr. Sung serves as an executive director of Modern Living Investments Holdings Limited (stock code: 8426), a company listed on GEM. From April 2012 to October 2014, Mr. Sung served as an independent non-executive director of TC Orient Lighting Holdings Limited (stock code: 515), a company listed on the Main Board of the Stock Exchange.

Save as disclosed above, Mr. Sung did not hold other directorship in any other listed or public companies, of which the securities are listed on any securities market in Hong Kong or overseas in the three preceding years.

宋理明先生，62歲，於二零一七年十一月二十四日獲委任為獨立非執行董事。宋先生亦為本集團審核委員會主席兼薪酬委員會及提名委員會各自的成員。宋先生有逾30年會計及鑑證經驗。宋先生於一九八四年三月畢業於澳洲拉籌伯大學，獲頒經濟學學士學位。宋先生先後於一九八七年十一月、一九八七年十二月及一九九五年二月獲認可為澳洲稅務學會資深會員、香港會計師公會會員及資深會員。彼亦先後於一九八六年三月及一九八九年四月獲認可為澳洲會計師公會與澳洲及新西蘭特許會計師公會會員。自一九九九年至今，宋先生擔任Alfred Sung & Co.的獨資擁有人，主要負責監察審計及稅務工作。目前，宋先生擔任雅居投資控股有限公司(股份代號：8426，GEM上市公司)執行董事。自二零一二年四月至二零一四年十月，宋先生擔任達進東方照明控股有限公司(股份代號：515，聯交所主板上市公司)獨立非執行董事。

除上文披露者外，宋先生於過去三年概無於證券於香港或海外任何證券市場上市的任何其他上市或公眾公司擔任其他董事職務。

Biographical Details of Directors and Senior Management (Continued) 董事及高級管理層的履歷詳情(續)

Mr. Zhang Guofu (章國富), aged 62, was appointed as an independent non-executive Director on 14 September 2018. Mr. Zhang is also a member of the audit committee, remuneration committee and the nomination committee of the Group. He graduated from the Shanghai University of Finance & Economics in January 1983 with a bachelor's degree in economics and obtained a master's degree and doctorate degree in economics from the Shanghai University of Finance & Economics in January 1988 and January 1998, respectively. From January 1988 to September 1998, Mr. Zhang served in various teaching positions at the Shanghai University of Finance & Economics. From October 1998 to October 2000, Mr. Zhang served as the deputy section chief of the finance department of Shanghai Huahong (Group) Co., Ltd* (上海華虹(集團)有限公司) and was a general manager of Shanghai Xinhong Investment Management Co., Ltd* (上海信虹投資管理有限公司) from October 2000 to June 2004. Mr. Zhang was an inspector general of Huaan Funds Management Co., Ltd.* (華安基金管理有限公司) from July 2004 to August 2012 and a deputy general manager of the same from September 2012.

Mr. Zhang did not hold other directorship in any other listed or public companies, of which the securities are listed on any securities market in Hong Kong or overseas in the three preceding years.

* English translations of Chinese names herein are for identification purposes only. Should there be any inconsistencies, the Chinese name prevails.

章國富先生，62歲，於二零一八年九月十四日獲委任為獨立非執行董事。章先生亦為本集團審核委員會、薪酬委員會及提名委員會成員。彼於一九八三年一月畢業於上海財經大學，獲頒經濟學學士學位，並分別於一九八八年一月及一九九八年一月自上海財經大學取得經濟學碩士學位及經濟學博士學位。自一九八八年一月至一九九八年九月，章先生於上海財經大學任職不同的教學職位。自一九九八年十月至二零零零年十月，章先生於上海華虹(集團)有限公司出任財務部副部長及自二零零零年十月至二零零四年六月於上海信虹投資管理有限公司出任總經理。章先生自二零零四年七月至二零一二年八月擔任華安基金管理有限公司督察長，並於二零一二年九月起出任該公司的副總經理。

章先生於過去三年概無於證券於香港或海外任何證券市場上市的任何其他上市或公眾公司擔任其他董事職務。

* 該等中文名稱的英文譯本僅供識別。如有任何歧義，概以中文名稱為準。

Biographical Details of Directors and Senior Management (Continued)

董事及高級管理層的履歷詳情(續)

SENIOR MANAGEMENT

Mr. Lee Wing Hong (李永康), aged 44, is the chief financial officer of the Company and is primarily responsible for the financial management and control of the Group. Mr. Lee has over 15 years of experience in accounting and auditing.

Mr. Lee obtained an honours diploma in accounting from Hong Kong Shue Yan College (now known as the Hong Kong Shue Yan University) in March 2000. Mr. Lee was admitted as a member of the Hong Kong Institute of Certified Public Accountants in March 2006. He was also admitted as an associate member of the Association of International Accountants in November 2005.

Mr. She Siu Ming (佘少明), aged 61, is the director and deputy general manager of Guangzhou Xinhua Thread Co., Ltd., an indirect wholly-owned subsidiary of the Company (“**Guangzhou Xinhua**”). Mr. She is primarily responsible for the management of business operations of Guangzhou Xinhua as well as the internal control of the Group. Mr. She joined the Group in March 2002. Mr. She graduated from the Chinese University of Hong Kong in December 1983 with a bachelor’s degree in business administration. Mr. She was admitted as a fellow of the Hong Kong Institute of Certified Public Accountants (formerly known as Hong Kong Society of Accountants) in February 1997.

Ms. Liu Jinghui (劉敬慧), aged 46, is the financial controller of Guangzhou Xinhua. Ms. Liu is primarily responsible for the financial control of Guangzhou Xinhua. Ms. Liu joined the Group in August 1994. Ms. Liu received her associate degree in polymer chemical engineering from the South China University of Technology (華南理工大學) in the PRC in July 1994. She also obtained qualifications as a registered tax adviser from the Department of Personnel of the Guangdong Province (廣東省人事廳) in October 2004.

Mr. Lui Hak Kong (呂克剛), aged 55, is the production manager of Guangzhou Xinhua. Mr. Lui is primarily responsible for the production management as well as quality control of Guangzhou Xinhua. Mr. Lui joined the Group in June 1996. Prior to joining the Group, Mr. Lui worked for Dik Sun Dyeing Factory Ltd. as a person-in-charge for its laboratory and quality control from June 1990 to April 1996. From June 1983 to March 1990, Mr. Lui worked as a merchandiser and site leader of Fang Brothers Knitting Limited, which was a knitting company.

高級管理層

李永康先生，44歲，為本公司財務總監，主要負責本集團財務管理及監控。李先生有逾15年會計及審計經驗。

李先生於二零零零年三月取得香港樹仁學院（現稱香港樹仁大學）會計榮譽文憑。李先生於二零零六年三月獲認可為香港會計師公會會員。彼亦於二零零五年十一月獲認可為國際會計師公會會員。

佘少明先生，61歲，為本公司間接全資附屬公司廣州新華線業有限公司（「廣州新華」）的董事兼副總經理。佘先生於二零零二年三月加入本集團，主要負責管理廣州新華業務營運及本集團內部控制。佘先生於一九八三年十二月畢業於香港中文大學，獲頒工商管理學士學位。佘先生於一九九七年二月獲認可為香港會計師公會（英文前稱Hong Kong Society of Accountants）資深會員。

劉敬慧女士，46歲，為廣州新華財務總監。劉女士主要負責廣州新華的財務監控。劉女士於一九九四年八月加入本集團。劉女士於一九九四年七月取得中國華南理工大學高分子化學工程大專學歷。彼亦於二零零四年十月獲廣東省人事廳授予註冊稅務師資格。

呂克剛先生，55歲，廣州新華生產經理。呂先生於一九九六年六月加入本集團，主要負責廣州新華的生產管理及質量監控。加入本集團前，呂先生自一九九零年六月至一九九六年四月擔任智能化工（香港）有限公司實驗室及質量監控主管。自一九八三年六月至一九九零年三月，呂先生曾擔任肇豐針織有限公司（一家針織公司）銷售員及廠長。

Biographical Details of Directors and Senior Management (Continued) 董事及高級管理層的履歷詳情(續)

Mr. Wong Pak Yip (黃百業), aged 53, is the sales manager of Guangzhou Xinhua. Mr. Wong is primarily responsible for the sales and marketing of the Group. Mr. Wong joined the Group in July 1990. Mr. Wong completed a post-secondary five course at Sha Tin Technical Institute (now known as Hong Kong Institute of Vocational Education (Sha Tin)), majoring in retail supervision, in July 1997. Prior to joining the Group, Mr. Wong worked for Unimix Limited, a garment manufacturing and trading company, as a sales assistant from August 1988 to May 1990. From August 1986 to July 1988, Mr. Wong worked for Sun Hop Kee Garment Factory, a garment production company, as a merchandiser.

None of the members of the senior management of the Group has been a director of any listed or public companies, of which the securities are listed on any securities market in Hong Kong or overseas in the three preceding years.

黃百業先生，53歲，為廣州新華銷售經理。黃先生於一九九零年七月加入本集團，主要負責本集團銷售及市場推廣。黃先生於一九九七年七月於沙田工業學院(現稱香港專業教育學院(沙田分校))完成中五畢業後進修課程，主修零售監管。加入本集團前，黃先生自一九八八年八月至一九九零年五月擔任裕美國際實業有限公司(一家服裝生產及貿易公司)銷售助理。黃先生自一九八六年八月至一九八八年七月擔任Sun Hop Kee Garment Factory(一家服裝生產公司)銷售員。

本集團高級管理層成員於過去三年概無於證券於香港或海外任何證券市場上市的任何上市或公眾公司擔任董事職務。

Corporate Governance Report

企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Board believes that cultivating and maintaining a culture focused on good corporate governance is essential to effect strong business growth and continue the efficient management of the Company. The Directors are of the view that strong corporate governance practices can safeguard the interests of and ensure accountability to the Shareholders as a whole.

The corporate governance code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules has been adopted by the Board. Nevertheless, the Directors are committed to regularly reviewing its corporate governance practices to ensure conformity with the standard set out in the CG Code, as well as meeting the rising expectation of the Shareholders and other stakeholders of the Company.

Except for the deviation from code provision A.2.1 of the CG Code, details of which are set out in the section headed “Chairman and Chief Executive Officer” in this corporate governance report, the Board is of the view that the Company has complied with the code provisions for the year ended 31 December 2019.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the standard of dealings regarding securities transactions by the Directors equivalent to the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules. The Directors have all confirmed, having been made specific enquiry by the Company, that they have complied with the required standard of dealings and the required standard concerning securities transactions by the Directors during the year ended 31 December 2019.

企業管治常規

董事會相信，為使本公司業務穩健增長及延續管理效益，有必要培養及維持專注良好企業管治的文化。董事認為穩健的企業管治常規可保障股東的整體利益，並確保對整體股東的問責性。

董事會已採納GEM上市規則附錄十五所載的企業管治守則（「**企管守則**」）。儘管如此，董事承諾會定期檢討企業管治常規，確保遵循企管守則所載的標準，以及符合股東及本公司其他持份者不斷上升的期望。

除偏離企管守則的守則條文A.2.1條（詳情載於本企業管治報告「主席及行政總裁」一節）外，董事會認為本公司於截至二零一九年十二月三十一日止年度一直遵守守則條文。

董事進行證券交易的標準守則

本公司已採納關於董事進行證券交易的交易標準，有關標準相當於GEM上市規則第5.48至5.67條所載的交易規定標準。在本公司作出特定查詢後，全體董事均已確認彼等於截至二零一九年十二月三十一日止年度內一直遵守交易規定標準及關於董事進行證券交易的規定標準。

Corporate Governance Report (Continued)

企業管治報告(續)

BOARD OF DIRECTORS

Composition of the Board

The Board currently comprises:

Executive Directors

執行董事

Mr. Wong Kwok Wai, Albert
(Chairman and chief executive officer)
黃國偉先生(主席兼行政總裁)

Mr. Chan Yiu Tung, Enoch
陳耀東先生
Mr. Yu Miaogen
俞妙根先生

Non-executive Directors

非執行董事

Mr. Gao Biao
高彪先生
Mr. Shi Guixiang
石桂祥先生

Independent non-executive Directors

獨立非執行董事

Dr. Yeung Ngai Man, John
楊毅敏醫生
Mr. Sung Alfred Lee Ming
宋理明先生
Mr. Zhang Guofu
章國富先生

The biographical details of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

Except as disclosed in the section headed "Biographical Details of Directors and Senior Management", there has been no financial, business, family or other material relationship among the Directors.

董事會

董事會的組成

董事會現時包括：

(appointed as a Director on 18 August 2016 and re-designated as an executive Director on 23 June 2017)
(於二零一六年八月十八日獲委任為董事及於二零一七年六月二十三日調任為執行董事)
(appointed as a Director on 19 February 2020)
(於二零二零年二月十九日獲委任為董事)
(retired as a Director on 10 May 2019)
(於二零一九年五月十日退任董事職務)

(appointed as a Director on 26 June 2018)
(於二零一八年六月二十六日獲委任為董事)
(retired as a Director on 10 May 2019)
(於二零一九年五月十日退任董事職務)

(appointed as a Director on 24 November 2017)
(於二零一七年十一月二十四日獲委任為董事)
(appointed as a Director on 24 November 2017)
(於二零一七年十一月二十四日獲委任為董事)
(appointed as a Director on 14 September 2018)
(於二零一八年九月十四日獲委任為董事)

董事履歷詳情載於本年度報告「董事及高級管理層的履歷詳情」一節。

除「董事及高級管理層的履歷詳情」一節所披露者外，董事之間概無財務、業務、親屬或其他重大關係。

Corporate Governance Report (Continued)

企業管治報告(續)

Each of the independent non-executive Directors has provided a written confirmation of his independence and the Company regards them as independent pursuant to rule 5.09 of the GEM Listing Rules.

各名獨立非執行董事已提供書面獨立性確認書，而本公司根據GEM上市規則第5.09條將其視為獨立。

The Board will hold regular board meetings at least four times a year at approximately quarterly intervals. Such meetings are expected to involve active participation, either in person or through electronic means of communication, of a majority of the Directors entitled to be present.

董事會將每年召開至少四次定期董事會會議，約每季度一次。預期有權出席之大部分董事將積極親身或透過電子通訊方式參與有關會議。

Below is the attendance record of each Director at the Board meetings held during the year ended 31 December 2019:

以下為各名董事於截至二零一九年十二月三十一日止年度舉行的董事會會議的出席紀錄：

Name of Directors	董事姓名	Attendance/ number of meetings held 出席次數/ 舉行會議次數
Mr. Wong Kwok Wai, Albert	黃國偉先生	4/4
Mr. Chan Yiu Tung, Enoch	陳耀東先生	-/
Mr. Yu Miaogen	俞妙根先生	0/1
Mr. Gao Biao	高彪先生	4/4
Dr. Yeung Ngai Man, John	楊毅敏醫生	4/4
Mr. Sung Alfred Lee Ming	宋理明先生	4/4
Mr. Zhang Guofu	章國富先生	4/4

Corporate Governance Report (Continued)

企業管治報告(續)

Below is the attendance record of each Director at the annual general meeting of the Company held on 10 May 2019:

以下為各名董事於二零一九年五月十日舉行的本公司股東週年大會的出席記錄：

Name of Directors	董事姓名	Attendance/ number of meetings held 出席次數/ 舉行會議次數
Mr. Wong Kwok Wai, Albert	黃國偉先生	1/1
Mr. Chan Yiu Tung, Enoch	陳耀東先生	-/-
Mr. Yu Miaogen	俞妙根先生	0/1
Mr. Gao Biao	高彪先生	0/1
Dr. Yeung Ngai Man, John	楊毅敏醫生	1/1
Mr. Sung Alfred Lee Ming	宋理明先生	1/1
Mr. Zhang Guofu	章國富先生	0/1

RESPONSIBILITIES OF THE BOARD

The Board is primarily responsible for the overall management and strategic planning and development of the Group, which may involve convening general meetings and reporting the Board's work at a shareholders' meeting, determining business and investment plans, preparing annual financial budgets and final reports and formulating proposals for profit distributions. Day-to-day management is alternatively delegated to the executive Directors and senior management. The functions delegated to senior management are regularly reviewed by the Board to ensure that they are appropriately aligned with the Group's needs.

During the year ended 31 December 2019, the Company had three independent non-executive Directors and was at all times in compliance with the requirements of the GEM Listing Rules, which specifies that the independent non-executive Directors must represent at least one third of the Board members with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has arranged appropriate insurance policies to cover the Directors' risk exposure/liabilities with respect to any legal actions against the Directors arising from corporate activities of the Company. Such insurance coverage was reviewed by the Board and shall continue to be reviewed annually.

董事會的責任

董事會主要負責本集團的整體管理及策略規劃及發展，可能涉及召開股東大會及於股東會議上報告董事會工作、確定業務及投資計劃、編製年度財務預算及最終報告及編製溢利分派建議。日常管理則另行委派予執行董事及高級管理層。委派予高級管理層的職能由董事會定期審閱，以確保適當地符合本集團需求。

截至二零一九年十二月三十一日止年度，本公司有三名獨立非執行董事，並始終遵守GEM上市規則要求，當中訂明獨立非執行董事須佔董事會成員人數至少三分之一，且其中至少一名具備適當的專業資格，或具備適當的會計或相關的財務管理專長。

本公司已購買適當保險，承保因本公司企業活動而引起與針對董事的任何法律訴訟有關的董事風險／責任。有關承保範圍已由董事會審閱並繼續每年審閱一次。

Corporate Governance Report (Continued)

企業管治報告(續)

CORPORATE GOVERNANCE FUNCTIONS

During the year ended 31 December 2019, no committee for corporate governance was established and the Board is thus responsible for performing the corporate governance functions outlined in code provision D.3.1 of the CG Code.

The Directors may hold Board meetings when necessary and include any relevant matters for discussion in the agenda as they see fit. A minimum of 14 days' notice of such Board meetings is given to all Directors. A draft agenda for each Board meeting typically accompanies the notice to give the Directors an opportunity to raise any other relevant issues for discussion in the meeting. Board papers and related materials to the meeting are circulated to each Director before each meeting for their perusal to ensure that they can make an informed decision to discharge their duty as a Director.

Draft minutes are also circulated to the Directors for their comment and review after each Board meeting is held, and the minutes of the Board and the Company's committees are kept by the company secretary of the Company. Each Board member and Director has access to the advice and service of the company secretary of the Company in order to comply with relevant procedures and applicable rules and regulations.

企業管治職能

於截至二零一九年十二月三十一日止年度概無設立企業管治委員會，因此，董事會負責履行企管守則的守則條文D.3.1條概述的企業管治職能。

董事可於必要時召開董事會會議，並於其認為適當時將任何有關討論事宜納入會議議程。有關董事會會議須向全體董事發出至少14天通知。各董事會會議議程初稿通常隨通知寄發，以為董事提供一個於會上提出任何其他有關討論事宜的機會。董事會文件及會議相關材料於各會議前寄發予各名董事以供詳閱，確保其可作出知情決定以履行其董事職責。

會議記錄初稿亦遞交董事以供其於各董事會會議舉行後發表意見及審閱，董事會及本公司委員會會議記錄由本公司公司秘書保管。各董事會成員及董事已取得本公司公司秘書之建議及文件送達，以遵守有關程序及適用規則及法規。

Corporate Governance Report (Continued)

企業管治報告(續)

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Directors recognise the importance of incorporating elements of good corporate governance in management structures and internal control procedures in order to achieve effective accountability.

During the year ended 31 December 2019, the Group has complied with the CG Code as set out in Appendix 15 to the GEM Listing Rules, except for the deviation from the code provision A.2.1 of the CG Code, which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Wong, who is the chairman of the Board as well as the chief executive officer of the Company, has been involved in the daily operations and management of the Group since 2008. The Directors consider that vesting the roles of the chairman of the Board and the chief executive officer of the Company in Mr. Wong will ensure strong and consistent leadership, facilitate the Group's business strategies and boost the effectiveness of the Company's operation. The Board will continue to review this arrangement and consider splitting the roles of the chairman of the Board and the chief executive officer of the Company when such role splitting is beneficial to the Group as a whole.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The articles of association of the Company (the "Articles") state that at each annual general meeting (the "AGM"), one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. A Director retiring by rotation shall be eligible for re-election.

While each of the non-executive Directors and the independent non-executive Directors has entered into a letter of appointment with the Company to act as a non-executive Director or independent non-executive Director for a fixed term of three years, the non-executive Directors and independent non-executive Directors appointed are also subject to retirement by rotation and re-election according to the Articles. Independent non-executive Directors are required to notify the Company as soon as practicable if there is any change that may affect their independence and each of them must provide a written confirmation of his independence every year.

主席及行政總裁

董事承認管理架構及內部控制程序中融入良好企業管治元素以實現有效問責的重要性。

截至二零一九年十二月三十一日止年度，本集團一直遵守GEM上市規則附錄十五所載的企管守則，惟偏離企管守則的守則條文A.2.1條除外，該條訂明主席與行政總裁的職務應有區分，不應由一人同時兼任。

黃先生為本公司董事會主席兼行政總裁，並自二零零八年起參與本集團的日常營運管理。董事認為由黃先生兼任本公司董事會主席及行政總裁的職務將可確保強大及一致的領導，有助推動本集團的業務策略及提升本公司的營運效益。董事會將繼續就此安排進行檢討，並於拆分本公司董事會主席及行政總裁的職務對本集團整體有利時考慮拆分有關職務。

董事委任及重選

本公司組織章程細則(「細則」)列明，於每屆股東週年大會(「股東週年大會」)上，當時在任的三分之一董事須輪流告退，惟各名董事須至少每三年輪席退任一次。輪席退任的董事符合資格重選連任。

雖然各名非執行董事及獨立非執行董事已與本公司訂立委任函，以於三年固定任期內擔任非執行董事或獨立非執行董事，獲委任的非執行董事及獨立非執行董事亦須根據細則輪席退任及重選連任。倘發生任何變動而可能影響其獨立性，獨立非執行董事須在切實可行的情況下儘快通知本公司，而彼等各自亦須每年提供書面獨立性確認書。

Corporate Governance Report (Continued)

企業管治報告(續)

CONTINUOUS PROFESSIONAL DEVELOPMENT

To ensure that the Directors' contribution to the Board remains relevant and informed, the Directors are to participate in continuous professional development through which their knowledge and skills can be refreshed and strengthened. As part of the Directors' continuous professional development programme, newly appointed Directors are to receive a comprehensive, formal and tailored induction upon their appointment as a Director while existing Directors receive additional training when appropriate to ensure that they are aware of and are able to comply with the obligations pursuant to the GEM Listing Rules and any other statutory requirements. The company secretary of the Company is responsible for maintaining and updating records for the Directors' training sessions.

During the year ended 31 December 2019, all the Directors, namely, Mr. Wong Kwok Wai, Albert, Mr. Yu Miaogen, Mr. Gao Biao, Dr. Yeung Ngai Man, John, Mr. Sung Alfred Lee Ming and Mr. Zhang Guofu, comprising the Board during the year ended 31 December 2019, participated in a training session and each Director was provided with relevant guidance materials with respect to the laws applicable to Directors, the roles and responsibilities of Directors and the Directors' duty to disclose their interest.

BOARD COMMITTEES

The Board established the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**") on 24 November 2017 in order to oversee particular functions of the Company. These committees of the Board have been established with written terms of reference that clearly outline their authorities, powers and duties. These terms of reference can be found on the websites of the Stock Exchange and the Company.

持續專業發展

為確保董事對董事會的貢獻仍屬有關及知情，董事須參與持續專業發展，以更新及鞏固其知識及技能。作為董事持續專業發展計劃的一部分，新委任的董事須於獲委任為董事後取得全面、正式及度身定制的入職培訓，而現任董事則須於適當時接受額外培訓，以確保彼等知悉及能夠遵守GEM上市規則及任何其他法定要求下的責任。本公司公司秘書負責保存及更新董事培訓課程記錄。

截至二零一九年十二月三十一日止年度，全體董事（即黃國偉先生、俞妙根先生、高彪先生、楊毅敏醫生、宋理明先生及章國富先生，彼等於截至二零一九年十二月三十一日止年度組成董事會）已參與培訓課程，而各名董事亦已獲提供與適用於董事的法律、董事職責及責任以及董事權益披露義務有關的相關指引材料。

董事委員會

董事會已於二零一七年十一月二十四日設立審核委員會（「**審核委員會**」）、薪酬委員會（「**薪酬委員會**」）及提名委員會（「**提名委員會**」），以監督本公司的特定職能。該等董事委員會已制定書面職權範圍，清楚概述其權限、權力及職責。該等職權範圍可於聯交所及本公司網站查閱。

Corporate Governance Report (Continued)

企業管治報告(續)

AUDIT COMMITTEE

The Audit Committee was established pursuant to rules 5.28 to 5.33 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee is mainly responsible for reviewing financial information, monitoring the Company's financial reporting system and internal control procedures and maintaining the relationship with the Company's auditors.

The Audit Committee consists of three independent non-executive Directors, namely, Mr. Sung Alfred Lee Ming (the chairman), Dr. Yeung Ngai Man, John and Mr. Zhang Guofu. No member of the current Audit Committee is a member of the previous independent auditor of the Company. The Audit Committee has reviewed this annual report as well as the consolidated results of the Group for the year ended 31 December 2019.

The current terms of reference state that the Audit Committee shall have at least four meetings annually. The Audit Committee held a meeting on 31 March 2020 to (i) review and approve the annual financial results in respect of the year ended 31 December 2019; (ii) discuss and consider issues significant to financial reporting, controls on operations and compliance, the effectiveness of the risk management and internal control systems; and (iii) review the appointment of the auditor and its relevant scope of work.

During the year ended 31 December 2019, the Audit Committee held four meetings, where the Audit Committee reviewed and discussed, amongst other matters, (i) the Group's consolidated results for the year ended 31 December 2018; (ii) the Group's consolidated results for the three months ended 31 March 2019; (iii) the Group's consolidated results for the six months ended 30 June 2019; (iv) the Group's consolidated results for the nine months ended 30 September 2019; and (v) the financial reporting system and internal control procedures of the Group.

Below is the attendance record of each member of the Audit Committee during the year ended 31 December 2019:

審核委員會

本公司已根據GEM上市規則第5.28至5.33條及企管守則的守則條文C.3.3條成立審核委員會。審核委員會主要負責審閱財務資料、監察本公司的財務報告系統及內部控制程序，以及維持與本公司核數師的關係。

審核委員會包括三名獨立非執行董事，即宋理明先生(主席)、楊毅敏醫生及章國富先生。現任審核委員會成員中概無人士為本公司過往獨立核數師的成員。審核委員會已審閱本年度報告及本集團截至二零一九年十二月三十一日止年度的綜合業績。

現有職權範圍列明，審核委員會每年須召開至少四次會議。審核委員會已於二零二零年三月三十一日召開會議，以(i)審閱及批准截至二零一九年十二月三十一日止年度之年度財務業績；(ii)討論並考慮對財務報告、經營及合規控制、風險管理有效性及內部控制系統重要的問題；及(iii)審閱核數師的委任及其相關工作範圍。

截至二零一九年十二月三十一日止年度，審核委員會已舉行四次會議，而審核委員會已於會上審閱及討論(其中包括)(i)本集團截至二零一八年十二月三十一日止年度的綜合業績；(ii)本集團截至二零一九年三月三十一日止三個月之綜合業績；(iii)本集團截至二零一九年六月三十日止六個月之綜合業績；(iv)本集團截至二零一九年九月三十日止九個月之綜合業績；及(v)本集團的財務報告系統及內部控制程序。

以下為截至二零一九年十二月三十一日止年度審核委員會各成員出席會議的記錄：

Name of Directors	董事姓名	Attendance/ number of meetings held 出席次數/ 舉行會議次數
Mr. Sung Alfred Lee Ming (<i>chairman</i>)	宋理明先生(主席)	4/4
Dr. Yeung Ngai Man, John	楊毅敏醫生	4/4
Mr. Zhang Guofu	章國富先生	4/4

Corporate Governance Report (Continued)

企業管治報告(續)

REMUNERATION COMMITTEE

The Remuneration Committee currently consists of three independent non-executive Directors, namely, Dr. Yeung Ngai Man, John (the chairman), Mr. Sung Alfred Lee Ming and Mr. Zhang Guofu.

The Remuneration Committee is primarily responsible for making regular recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing the remuneration policy.

The current terms of reference state that the remuneration Committee shall have at least one meeting annually. During the year ended 31 December 2019, the Remuneration Committee held one meeting, where they reviewed the remuneration packages for all Directors and senior management of the Company and made recommendations to the Board.

Below is the attendance record of each member of the Remuneration Committee during the year ended 31 December 2019:

薪酬委員會

薪酬委員會目前包括三名獨立非執行董事，即楊毅敏醫生(主席)、宋理明先生及章國富先生。

薪酬委員會主要負責就本公司全體董事及高級管理層的薪酬政策及架構以及設立制定薪酬政策的正式及透明程序，向董事會作出定期建議。

現有職權範圍列明，薪酬委員會每年須召開至少一次會議。截至二零一九年十二月三十一日止年度，薪酬委員會已舉行一次會議，而彼等已於會上審閱本公司全體董事及高級管理層的薪酬組合，並向董事會作出建議。

以下為截至二零一九年十二月三十一日止年度薪酬委員會各成員出席會議的記錄：

Name of Directors	董事姓名	Attendance/ number of meetings held 出席次數／舉行 會議次數
Dr. Yeung Ngai Man, John (<i>chairman</i>)	楊毅敏醫生(主席)	1/1
Mr. Sung Alfred Lee Ming	宋理明先生	1/1
Mr. Zhang Guofu	章國富先生	1/1

Details regarding emoluments of the Directors for the year ended 31 December 2019 are outlined in note 8 to the consolidated financial statements of this annual report.

有關董事於截至二零一九年十二月三十一日止年度的酬金詳情概述於本年度報告綜合財務報表附註8。

Corporate Governance Report (Continued)

企業管治報告(續)

During the year ended 31 December 2019, the number of senior management members whose remuneration fell within the following band is as follows:

截至二零一九年十二月三十一日止年度，酬金介乎下列範圍的高級管理層成員人數如下：

Remuneration band	薪酬範圍	Number of individuals 人數
Nil to HK\$1,000,000	零至1,000,000港元	4

NOMINATION COMMITTEE

提名委員會

The Nomination Committee currently consists of one executive Director, namely, Mr. Wong Kwok Wai, Albert (the chairman) and two independent non-executive Directors, namely, Mr. Sung Alfred Lee Ming and Mr. Zhang Guofu.

提名委員會目前包括一名執行董事，即黃國偉先生(主席)及兩名獨立非執行董事，即宋理明先生及章國富先生。

The Nomination Committee is mainly responsible for regularly reviewing the structure of the Board and making recommendations to the Board regarding any proposed change to the structure of the Board. Following the establishment of the Nomination Committee, the Company has adopted a board diversity policy in order to achieve diversity on the Board. As such, Board members are selected based on a range of diverse perspectives, including but not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

提名委員會主要負責定期審閱董事會架構，並就任何建議董事會架構變更向董事會作出建議。於設立提名委員會後，本公司已採納董事會多樣化政策，以實現董事會多樣化。因此，董事會成員乃根據多項不同觀點(包括但不限於性別、年齡、文化及教育背景、專業經驗、技能、知識及服務年限)獲選。

The current terms of reference state that the Nomination Committee shall have at least one meeting annually. During the year ended 31 December 2019, the Nomination Committee held one meeting, where they assessed the independence of the independent non-executive Directors and recommended to the Board for the re-appointment of all the retiring Directors at the annual general meeting.

現有職權範圍列明，提名委員會每年須召開至少一次會議。截至二零一九年十二月三十一日止年度，提名委員會已舉行一次會議，而彼等已於會上評估獨立非執行董事的獨立性，並就於股東週年大會上重新委任所有退任董事向董事會提出建議。

Corporate Governance Report (Continued)

企業管治報告(續)

Below is the attendance record of each member of the Nomination Committee during the year ended 31 December 2019:

以下為截至二零一九年十二月三十一日止年度提名委員會各成員出席會議的記錄：

Name of Directors	董事姓名	Attendance/ number of meetings held 出席次數／舉行 會議次數
Mr. Wong Kwok Wai, Albert (<i>chairman</i>)	黃國偉先生(主席)	1/1
Mr. Sung Alfred Lee Ming	宋理明先生	1/1
Mr. Zhang Guofu	章國富先生	1/1

ACCOUNTABILITY AND AUDIT

問責及審核

Financial reporting

財務報告

The Directors understand and recognise their responsibility to (i) prepare the consolidated financial statements of the Group; and (ii) ensure that such financial statements are prepared to give a true and accurate view of the state of affairs, results and cash flows of the Group in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, the disclosure requirements of the Hong Kong Companies Ordinance as well as any internal standards deemed appropriate and necessary by the Directors in order to prepare the Group's consolidated financial statements. Further, the Directors also strive to offer a fair and comprehensive assessment of the Group's financial position and prospects and ensure timely publication of the financial statements of the Group. The Directors confirm that as at 31 December 2019, to the best of their knowledge, information and belief, having made all reasonable enquiries, they were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

董事瞭解及承認其有責任 (i) 編製本集團綜合財務報表；及 (ii) 確保有關財務報表根據香港會計師公會頒佈的香港財務報告準則、香港公司條例的披露規定以及董事認為對編製本集團綜合財務報表屬適當及必要的任何內部準則編製，以反映本集團的真實及準確事務狀態、業績及現金流量。此外，董事亦致力提供本集團財務狀況及前景的公平及全面評估，並確保及時刊發本集團財務報表。董事確認，於二零一九年十二月三十一日，就其經作出一切合理查詢後所深知、盡悉及確信，其概不知悉與事件或狀況有關的任何重大不確定因素可能引起對本公司持續經營能力的重大質疑。

The responsibility of the independent auditor of the Company is to form its independent opinion based on its audit on those consolidated financial statements prepared by the Board, and to report its opinion to the Shareholders. Further details of their reporting responsibility are set out in the independent auditor's report of this annual report.

本公司獨立核數師的責任為基於對董事會編製的該等綜合財務報表的審核結果提供其獨立意見，並向股東呈報其意見。有關其呈報責任的進一步詳情載於本年度報告之獨立核數師報告。

Corporate Governance Report (Continued)

企業管治報告(續)

RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises its responsibility to ensure the effectiveness of the Group's risk management and internal control systems. As such, the Directors are committed to reviewing such systems regularly. The Board, the Company's internal audit division and the Audit Committee conducted a review of the Group's risk management and internal control systems during the year ended 31 December 2019 and were satisfied with their adequacy and effectiveness. Similarly, the Board also examined the Group's internal control systems in terms of financial, operational, compliance, procedural and risk management functions and were generally satisfied with the effectiveness of the current systems in place.

The Directors understand that the enforcement of risk management and internal control systems is essential to the Group's ability to manage and minimise risks that may affect the Group's efficiency and effectiveness, or inhibit it from achieving the business objectives.

In relation to the undertakings provided by the controlling Shareholders in respect of the deed of non-competition, the details of which are outlined in the Prospectus, the independent non-executive Directors confirm that they have reviewed the enforcement of such undertakings and conclude that there are no outstanding issues regarding the undertakings that need to be raised with the Shareholders and the Company.

AUDITOR'S REMUNERATION

For the year ended 31 December 2019, the fees paid or payable to the Company's independent external auditor, Ernst & Young, for the audit services for the Group are approximately as follows:

Type of service

服務類別

Audit services

審核服務

Amount

金額

HK\$'000

千港元

1,710

風險管理及內部控制

董事會承認其有責任確保本集團風險管理及內部控制系統的有效性，因此，董事致力定期審閱該等系統。截至二零一九年十二月三十一日止年度，董事會、本公司內部審核部門及審核委員會已審閱本集團的風險管理及內部控制系統，並對其充足性及有效性感到滿意。同樣地，董事會亦於財務、營運、合規、程序及風險管理職能方面審查本集團的內部控制系統，並普遍對現有系統的有效性感到滿意。

董事瞭解，強制執行風險管理及內部控制系統對本集團管理及減少可能影響本集團效率及有效性或阻礙其實現業務目標的能力至關重要。

就控股股東就不競爭契據(詳情概述於招股章程)提供的承諾而言，獨立非執行董事確認，其已審閱該等承諾的強制執行，並認為概無與承諾有關的未解決問題須提請股東及本公司注意。

核數師薪酬

截至二零一九年十二月三十一日止年度，就提供予本集團的審核服務而已付或應付本公司獨立外部核數師安永的費用概約如下：

Corporate Governance Report (Continued)

企業管治報告(續)

COMPANY SECRETARY

Mr. Chan Yiu Tung, Enoch was appointed as the company secretary of the Company (the “**Company Secretary**”) on 18 August 2016. The biographical details of Mr. Chan are set out in the section headed “Biographical Details of Directors and Senior Management” of this annual report. Pursuant to rule 5.15 of the GEM Listing Rules, Mr. Chan has undertaken no less than 15 hours of relevant professional training for the year ended 31 December 2019.

SHAREHOLDERS’ RIGHTS

In order to protect their own rights and interests, Shareholders may propose separate resolutions in regard to substantial issues at Shareholders’ meetings for consideration and voting. According to the GEM Listing Rules, all resolutions presented at Shareholders’ meetings will be voted by poll, and after the relevant Shareholders’ meeting, the results of such a poll will be published on the websites of the Stock Exchange and the Company. Pursuant to the Articles, an AGM will be held annually in the relevant territory where the Shares are listed, or elsewhere as may be determined by the Board. Any meeting other than an AGM is deemed an extraordinary general meeting (“**EGM**”).

PROCEDURES FOR SHAREHOLDERS TO CONVENE EXTRAORDINARY GENERAL MEETINGS

Extraordinary general meetings can be convened on the requisition of one or more Shareholders holding, at the date of the deposit of the requisition, not less than one tenth of the paid-up capital of the Company having the right of voting at the general meetings. Such requisition must be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

公司秘書

陳耀東先生於二零一六年八月十八日獲委任為本公司公司秘書(「**公司秘書**」)。陳先生之履歷詳情載於本年度報告「董事及高級管理層的履歷詳情」一節。根據GEM上市規則第5.15條，陳先生承諾於截至二零一九年十二月三十一日止年度參與不少於15小時有關專業培訓。

股東權利

為保障其本身權利及利益，股東可於股東會議上就重大問題建議單獨決議案以供考慮及投票。根據GEM上市規則，於股東大會上呈報的所有決議案將以投票方式表決，而有關投票結果將於相關股東大會後刊發於聯交所及本公司網站。根據細則，股東週年大會將每年於股份上市所在相關地區或董事會可能決定的其他地區召開。除股東週年大會外，任何會議均被視為股東特別大會(「**股東特別大會**」)。

股東召開股東特別大會之程序

股東特別大會可應一名或多名於遞交請求日期持有不少於本公司已繳足股本十分之一，並有權於股東大會上表決的股東召開。倘要求董事會召開股東特別大會，以處理有關請求中訂明的任何業務交易，則須以書面方式向董事會或本公司公司秘書作出有關請求。

Corporate Governance Report (Continued)

企業管治報告(續)

Shareholders must send their written resolutions, together with their full name, contact details and identification, by post to the principal place of business of the Company in Hong Kong or by email for the attention of the company secretary of the Company, details of which are set out below:

Principal place of business of the Company in Hong Kong : Unit 1006, 10/F Harbour Crystal Centre 100 Granville Road Tsim Sha Tsui East Kowloon, Hong Kong

Email address : info@shenyouholdings.com

An extraordinary general meeting must be within two months after the deposit of the requisition. If, within 21 days after the deposit of the requisition, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

RIGHT OF RAISING ENQUIRIES

For queries about shareholdings, share transfers, registrations and dividend payments, Shareholders should contact the Company's Hong Kong branch share registrar, whose details are set out in the section headed "Corporate Information" of this annual report.

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

The Articles provide that Shareholders who wish to put a resolution to a vote may convene an EGM by means of requisition using the procedure set out above.

INVESTOR RELATIONS

The Company utilises various channels to communicate with its shareholders and investors, including (i) the AGM or EGM, which allows Shareholders to comment and exchange views with the Board; (ii) the publication of interim, quarterly and annual reports; (iii) notices, announcements and circulars; and (iv) the Company's website at www.shenyouholdings.com.

股東須將其書面決議案連同其全名、聯絡詳情及身份，透過郵件寄發至本公司於香港的主要營業地點或透過電郵方式(收件人為本公司公司秘書)交付，詳情載列如下：

本公司於香港的主要營業地點 : 香港九龍尖沙咀東加連威老道100號港晶中心10樓1006室

電郵地址 : info@shenyouholdings.com

股東特別大會須於遞交請求後兩個月內召開。倘董事會未能於遞交請求後21天內召開有關會議，則請求人自行可以相同方式如此行事，而請求人因董事會未能召開會議而招致的所有合理開支須由本公司向請求人補償。

提起查詢的權利

對於有關持股、股份轉讓、登記及股息派付的查詢，股東應聯絡本公司的香港股份過戶登記分處，其詳情載於本年度報告「公司資料」一節。

股東於股東大會上遞交建議之程序

細則規定，股東如欲就決議案投票，可透過上文所載程序提出請求的方式召開股東特別大會。

投資者關係

本公司利用不同渠道與其股東及投資者溝通，包括(i)股東週年大會或股東特別大會，允許股東與董事會談論及溝通觀點；(ii)刊發中期、季度及年度報告；(iii)通告、公佈及通函；及(iv)本公司網站 www.shenyouholdings.com。

Report of the Directors

董事會報告

The Directors are pleased to present this report together with the audited consolidated financial statements of the Group for the year ended 31 December 2019.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 August 2016. On 22 June 2017, the Group completed a group reorganisation (the “**Reorganisation**”), details of which are set out in the section headed “History, Reorganisation and Corporate Structure” in the Prospectus. Through various reorganisation procedures, the Company became the holding company of the Group upon completion of the Reorganisation.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the primary activities of its principal subsidiaries are the sale and manufacture of sewing threads. Details of the Group’s principal activities are set out in note 1 to the consolidated financial statements of the Group. For the year ended 31 December 2019, there were no significant changes in the nature of the Group’s principal activities.

RESULTS AND APPROPRIATIONS

The results for the year ended 31 December 2019 are set out in the consolidated statement of profit or loss and the consolidated statement of comprehensive income of this annual report. The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the Group’s property, plant and equipment for the year ended 31 December 2019 are set out in note 13 to the consolidated financial statements of this annual report.

董事欣然提呈本報告連同本集團截至二零一九年十二月三十一日止年度的經審核綜合財務報表。

公司重組

本公司於二零一六年八月十八日在開曼群島註冊成立為獲豁免有限公司。於二零一七年六月二十二日，本集團完成集團重組（「**重組**」），有關詳情載於招股章程「歷史、重組及公司架構」一節。本公司透過多項重組程序，於重組完成後成為本集團的控股公司。

主要業務

本公司為投資控股公司，其主要附屬公司的主要業務為銷售及生產縫紉線。本集團主要業務詳情載於本集團綜合財務報表附註1。截至二零一九年十二月三十一日止年度，本集團主要業務性質並無重大變動。

業績及分配

截至二零一九年十二月三十一日止年度業績載於本年度報告綜合損益表及綜合全面收入表。董事會並無建議派付截至二零一九年十二月三十一日止年度末期股息（二零一八年：無）。

物業、廠房及設備

本集團截至二零一九年十二月三十一日止年度物業、廠房及設備的變動詳情載於本年度報告綜合財務報表附註13。

Report of the Directors (Continued)

董事會報告(續)

BUSINESS REVIEW

A business review of the Group's performance for the year ended 31 December 2019, the main issues impacting its results and financial position are set out in the section headed "Management Discussion and Analysis" of this annual report. In addition, a discussion of the likely future development of the Group's business is set out in the section headed "Chairman's Statement" of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's profitability, financial position, results of operations, business operations and prospects may be affected by a variety of risks including foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's risk management system and policies are shown in note 34 to the consolidated financial statements.

Further, the Group may also be exposed to other risks that may be beyond its control. In particular, the Group may experience material price fluctuations of fibre and yarn, both being raw materials principally used in the manufacturing process of sewing threads. The Group also faces business risks, including (i) failure to secure a supply as the Group does not enter into long-term supply contracts with its suppliers; (ii) any unexpected disruption in the Guangzhou Production Facilities; and (iii) any labour shortage, increase in labour costs or other factors affecting labour supply in the PRC, each of which may materially and adversely affect the Group's operations, financial condition, results of operations and prospects.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the five years ended 31 December 2019 is set out in the section headed "Five Year Financial Summary" of this annual report.

SHARE CAPITAL

Details of the movements of the issued share capital of the Company for the year ended 31 December 2019 are set out in note 24 to the consolidated financial statements of the Group.

業務回顧

本集團表現於截至二零一九年十二月三十一日止年度的業務回顧、影響其業績及財務狀況的主要事宜載於本年度報告「管理層討論及分析」一節。另外，有關本集團業務未來可能發展的討論載於本年度報告「主席致辭」一節。

主要風險及不確定因素

本集團的盈利能力、財務狀況、經營業績、業務營運及前景可能受多種風險影響，包括外幣風險、利率風險、信貸風險及流動資金風險。本集團風險管理系統及政策如綜合財務報表附註34所示。

另外，本集團亦可能面臨本集團或無法控制的其他風險。尤其是，本集團可能遭遇縫紉線製造流程所用主要原材料纖維及紗線的重大價格波動。本集團亦面臨業務風險，包括(i)由於本集團並無與供應商訂立長期供應合約，從而無法獲得供應；(ii)廣州生產設施的任何意外中斷；及(iii)在中國出現任何勞動力短缺、員工成本增加或影響勞動力供應的其他因素，上述各項或會對本集團營運、財務狀況、經營業績及前景有重大不利影響。

財務概要

本集團截至二零一九年十二月三十一日止五個年度的業績、資產及負債概要載於本年度報告「五年財務摘要」一節。

股本

本公司截至二零一九年十二月三十一日止年度已發行股本的變動詳情載於本集團綜合財務報表附註24。

Report of the Directors (Continued)

董事會報告(續)

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights pursuant to the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would require the Company to offer new shares on a pro-rata basis to its existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019 and up to the date of this annual report.

RESERVES

Details of the movements in the reserves of the Group during the year ended 31 December 2019 are set out in note 25 to the consolidated financial statements of the Group and in the consolidated statement of changes in equity of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2019, the Company's reserves available for distribution to Shareholders, calculated according to Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK\$32.0 million (2018: HK\$46.9 million).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2019, sales to the Group's largest customer and five largest customers represented approximately 32.3% (2018: approximately 29.5%) and 41.3% (2018: approximately 45.1%) of the Group's total revenue, respectively. The Group's suppliers include suppliers of raw materials and processing works. For the year ended 31 December 2019, supplies attributable to the Group's largest supplier and five largest suppliers represented approximately 27.2% (2018: approximately 20.4%) and 77.3% (2018: approximately 69.2%) of the Group's total supplies, respectively.

優先購買權

根據細則或本公司註冊成立所在司法管轄區開曼群島的法律，並無優先購買權的條文規定本公司須按比例向其現有股東發行新股份。

購買、出售或贖回本公司上市證券

截至二零一九年十二月三十一日止年度及直至本年度報告日期，本公司或其附屬公司概無購買、出售或贖回本公司任何上市證券。

儲備

本集團截至二零一九年十二月三十一日止年度儲備的變動詳情載於本集團綜合財務報表附註25及本年度報告綜合權益變動表。

可分派儲備

於二零一九年十二月三十一日，本公司可用於向股東分派的儲備按開曼群島法例第22章公司法(一九六一年第3號法例，經綜合及修訂)計算約為32,000,000港元(二零一八年：46,900,000港元)。

主要客戶及供應商

截至二零一九年十二月三十一日止年度，向本集團最大客戶及五大客戶的銷售分別約佔本集團總收益的32.3%(二零一八年：約29.5%)及41.3%(二零一八年：約45.1%)。本集團的供應商包括原材料及工序供應商。截至二零一九年十二月三十一日止年度，本集團最大供應商及五大供應商應佔的供應額分別約佔本集團供應總額的27.2%(二零一八年：約20.4%)及77.3%(二零一八年：約69.2%)。

Report of the Directors (Continued)

董事會報告(續)

To the Directors' best knowledge, none of the Directors or any of close associates (as defined in the GEM Listing Rules) or any Shareholder who or which own more than 5% of the Company's issued share capital had any beneficial interest in any of the five largest customers and/or five largest suppliers of the Group during the year.

據董事所知，董事或任何緊密聯繫人(定義見GEM上市規則)或擁有5%以上本公司已發行股本的股東於本年度概無在本集團五大客戶及/或五大供應商中擁有任何實益權益。

DIRECTORS

董事

The Directors for the year ended 31 December 2019 and up to the date of this annual report are as follows:

於截至二零一九年十二月三十一日止年度及直至本年度報告日期，董事如下所示：

Executive Directors

執行董事

- Mr. Wong Kwok Wai, Albert
(Chairman and chief executive officer)
黃國偉先生(主席兼行政總裁)
- (appointed as a Director on 18 August 2016 and re-designated as an executive Director on 23 June 2017)
(於二零一六年八月十八日獲委任為董事及於二零一七年六月二十三日調任為執行董事)
- Mr. Chan Yiu Tung, Enoch
陳耀東先生
- (appointed as a Director on 19 February 2020)
(於二零二零年二月十九日獲委任為董事)
- Mr. Yu Miaogen
俞妙根先生
- (retired as a Director on 10 May 2019)
(於二零一九年五月十日退任董事職務)

Non-executive Directors

非執行董事

- Mr. Gao Biao
高彪先生
- (appointed as a Director on 26 June 2018)
(於二零一八年六月二十六日獲委任為董事)
- Mr. Shi Guixiang
石桂祥先生
- (retired as a Director on 10 May 2019)
(於二零一九年五月十日退任董事職務)

Independent non-executive Directors

獨立非執行董事

- Dr. Yeung Ngai Man, John
楊毅敏醫生
- (appointed as a Director on 24 November 2017)
(於二零一七年十一月二十四日獲委任為董事)
- Mr. Sung Alfred Lee Ming
宋理明先生
- (appointed as a Director on 24 November 2017)
(於二零一七年十一月二十四日獲委任為董事)
- Mr. Zhang Guofu
章國富先生
- (appointed as a Director on 14 September 2018)
(於二零一八年九月十四日獲委任為董事)

Report of the Directors (Continued)

董事會報告(續)

Pursuant to Article 112 of the Articles, the Directors shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in a general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Pursuant to Article 108(a) of the Articles, notwithstanding any other provisions in the Articles, at each annual general meeting, one third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

BIOGRAPHICAL DETAILS OF DIRECTORS

For the biographical details of the Directors, please refer to the section headed “Biographical Details of Directors and Senior Management” of this annual report.

DIRECTORS’ SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company pursuant to which he has agreed to act as an executive Director for an initial term of three years, which shall be renewed as determined by the Board or the Shareholders. Either party is entitled to give not less than one month’s notice to terminate the service agreement.

根據細則第112條，董事有權不時及隨時委任任何人士為董事，以填補臨時空缺或增加現有董事，惟所委任董事人數不得超過股東於股東大會上不時釐定的人數上限。任何由董事會委任以填補臨時空缺的董事，僅可任職至其獲委任後本公司首屆股東大會為止，並須於有關大會上重選連任。任何由董事會委任加入現有董事會的董事，僅可任職至本公司下屆股東週年大會為止，且屆時符合資格重選連任。

根據細則第108(a)條，儘管細則有任何其他條文規定，在每屆股東週年大會上，當時在任的三分之一董事須輪流告退，倘人數並非三或三的倍數，則最接近但不少於三分之一的董事須輪流告退，惟各董事(包括按特定任期委任的董事)須至少每三年輪席告退一次。

董事履歷詳情

有關董事履歷詳情，請參閱本年度報告「董事及高級管理層的履歷詳情」一節。

董事服務合約

各執行董事已與本公司訂立服務協議，彼據此同意擔任執行董事，初始任期為三年，須由董事會或股東釐定重續。任何一方有權發出不少於一個月的通知，藉此終止服務協議。

Report of the Directors (Continued)

董事會報告(續)

Each of the non-executive Directors and the independent non-executive Directors has entered into a letter of appointment with the Company to which he has agreed to act as a non-executive Director or an independent non-executive Director for a fixed term of three years, which shall be renewed as determined by the Board or the Shareholders. Except for the Director's fees, no independent non-executive Director is to receive any other emolument for acting as an independent non-executive Director.

Save as disclosed above, none of the Directors has proposed or entered into any service agreement or letter of appointment with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than the statutory compensation.

CONFIRMATION OF INDEPENDENCY OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has provided the Company with a confirmation of independence pursuant to rule 5.09 of the GEM Listing Rules. As such, the Company considers all the independent non-executive Directors to be independent as at the date of this annual report.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles, a Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may incur or sustain in or about the execution of the duties of his office or otherwise in relation thereto.

Appropriate directors' and officers' liability insurance coverage has been arranged for the Directors and officers of the Company.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals are set out in notes 8 and 9 to the consolidated financial statements of this annual report.

各非執行董事及獨立非執行董事已與本公司訂立委任函，彼據此同意擔任非執行董事或獨立非執行董事，固定任期為三年，須由董事會或股東釐定重續。除董事袍金外，獨立非執行董事概無就擔任獨立非執行董事收取任何其他酬金。

除上文披露者外，董事概無與本公司或其任何附屬公司提議或訂立不可由本集團於一年內免付賠償(法定賠償除外)而終止的任何服務協議或委任函。

確認獨立非執行董事的獨立性

本公司已接獲各獨立非執行董事根據GEM上市規則第5.09條作出的獨立性確認書。因此，本公司認為，所有獨立非執行董事於本年度報告日期屬獨立。

獲准許的彌償條文

根據細則，董事有權從本公司資產中獲得彌償，以彌償其在執行職務或其他與執行職務有關的事宜時可能招致或蒙受的所有損失或責任。

本公司已為本公司董事及高級人員投購適當的董事及高級人員責任保險。

董事及五名最高薪酬人士的酬金

董事及五名最高薪酬人士的酬金詳情載於本年度報告綜合財務報表附註8及9。

Report of the Directors (Continued)

董事會報告(續)

EMOLUMENT POLICY

The Directors receive compensation in the form of an annual director's fee while members of the senior management receive compensation in the form of salaries, discretionary bonuses and other allowances. The Group also reimburses the Directors and senior management for expenses which are necessarily and reasonably incurred in relation to the Group's operations or in the course of discharging their duties to the Group. The Remuneration Committee regularly reviews and determines the remuneration packages of the Directors and the senior management, taking into account factors including, salaries payable by comparable companies, employment conditions, responsibilities and the individual performance of the Directors and senior management.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATED CORPORATION

As at 31 December 2019, the interests or short positions of each of the Directors and the chief executive of the Company 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 (Chapter 571 of the laws of Hong Kong) (the "SFO"), which were (a) required 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 were taken or deemed to have under such provisions of the SFO); or (b) required to be recorded in the register required to be kept under section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

薪酬政策

董事以年度董事袍金形式收取報酬，而高級管理層成員以薪金、酌情花紅及其他補貼形式收取報酬。本集團亦會就董事及高級管理層因本集團營運或執行彼等對本集團的職能而必需及合理產生的開支，向彼等作出補償。薪酬委員會定期檢討及釐定董事及高級管理層的薪酬組合，當中參考(其中包括)可資比較公司所支付薪金、就業環境、董事及高級管理層的責任及個人表現等因素。

董事及主要行政人員於本公司及任何相聯法團的股份、相關股份及債權證中的權益及淡倉

於二零一九年十二月三十一日，本公司各董事及主要行政人員於本公司及其相聯法團(定義見香港法例第571章證券及期貨條例(「證券及期貨條例」)第XV部)的股份、相關股份及債權證中擁有(a)根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所的權益或淡倉(包括根據證券及期貨條例的有關條文彼等被當作或視作擁有的權益及淡倉);或(b)須記入證券及期貨條例第352條規定須存置的登記冊的權益或淡倉;或(c)根據GEM上市規則第5.46至5.67條須另行知會本公司及聯交所的權益或淡倉如下:

Report of the Directors (Continued)

董事會報告(續)

Name of Director	Nature of interest/ Holding capacity	Number of ordinary shares held	Percentage of issued share capital of the Company (Note 1) 佔本公司 已發行股本 的百分比 (附註1)
董事姓名	權益性質／持股身份	所持普通股數目	
Mr. Wong Kwok Wai, Albert	Interest of a controlled corporation	600,000,000 (L) (Notes 2, 3)	75%
黃國偉先生	受控制法團權益	600,000,000 股股份 (L) (附註2、3)	75%

Notes:

- As at the date of this annual report, the Company's issued ordinary share capital was HK\$8,000,000 divided into 800,000,000 Shares of HK\$0.01 each.
- Three Gates Investment Limited ("Three Gates Investment"), a company incorporated in the British Virgin Islands on 15 August 2016 is wholly and beneficially owned by Mr. Wong, who is the chairman and an executive director of the Company. Therefore, Mr. Wong is deemed to be interested in 600,000,000 Shares held by Three Gates Investment by virtue of the SFO.
- The letter "L" denotes the person's long position in the Shares.

附註：

- 於本年度報告日期，本公司的已發行普通股股本為8,000,000港元，分為800,000,000股每股面值0.01港元的股份。
- Three Gates Investment Limited (「Three Gates Investment」) 為一間於二零一六年八月十五日在英屬處女群島註冊成立的公司，由本公司主席兼執行董事黃先生全資實益擁有。因此，根據證券及期貨條例，黃先生被視為擁有 Three Gates Investment 所持600,000,000股股份的權益。
- 字母「L」指該人士於股份中的好倉。

Except as disclosed above, as at 31 December 2019, none of the Directors or the chief executive of the Company had any other 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 recorded in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange according to rules 5.46 to 5.67 of the GEM Listing Rules.

除上文披露者外，於二零一九年十二月三十一日，本公司董事或主要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、相關股份或債券證中概無擁有須記入證券及期貨條例第352條規定本公司須存置的登記冊或根據GEM上市規則第5.46至5.67條須另行知會本公司及聯交所的任何其他權益或淡倉。

Report of the Directors (Continued)

董事會報告(續)

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

主要股東於本公司股份及相關股份中的權益及淡倉

To the best knowledge of the Directors, as at 31 December 2019, the following persons or corporations (other than the Directors and the chief executive of the Company) who had interests and/or short positions in the shares or underlying shares of the Company which would be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

據董事所知，於二零一九年十二月三十一日，以下人士或法團(本公司董事及主要行政人員除外)於本公司股份或相關股份中擁有根據證券及期貨條例第XV部第2及3分部須披露予本公司或須記入證券及期貨條例第336條規定須存置的登記冊的權益及/或淡倉如下：

Name of Substantial Shareholder	Nature of interest/ Holding capacity	Number of ordinary shares held	Percentage of issued share capital of the Company (Note 1) 佔本公司已發行 股本的百分比 (附註1)
主要股東名稱	權益性質/持股身份	所持普通股數目	
Three Gates Investment	Beneficial owner 實益擁有人	600,000,000 (L) (Notes 2, 3) 600,000,000 股股份 (L) (附註2、3)	75%
Gold-Face Finance Limited 均來財務有限公司	Person having a security interest in Shares 擁有股份權益的人士	400,000,000 (L) (Notes 3, 4, 5) 400,000,000 股股份 (L) (附註3、4、5)	50%
Upbest Credit and Mortgage Limited 美建信貸及按揭有限公司	Person having a security interest in Shares 擁有股份權益的人士	400,000,000 (L) (Notes 3, 4, 5) 400,000,000 股股份 (L) (附註3、4、5)	50%
Good Foundation Company Limited 開盛有限公司	Person having a security interest in Shares 擁有股份權益的人士	400,000,000 (L) (Notes 3, 4, 5) 400,000,000 股股份 (L) (附註3、4、5)	50%

Report of the Directors (Continued)

董事會報告(續)

Name of Substantial Shareholder	Nature of interest/Holding capacity	Number of ordinary shares held	Percentage of issued share capital of the Company (Note 1) 佔本公司已發行股本的百分比 (附註1)
主要股東名稱	權益性質/持股身份	所持普通股數目	
Upbest Strategic Company Limited 美建策略有限公司	Person having a security interest in Shares 擁有股份權益的人士	400,000,000 (L) (Notes 3, 4, 5) 400,000,000 股股份(L) (附註3、4、5)	50%
Upbest Financial Holdings Limited	Person having a security interest in Shares 擁有股份權益的人士	400,000,000 (L) (Notes 3, 4, 5) 400,000,000 股股份(L) (附註3、4、5)	50%
Upbest Group Limited 美建集團有限公司	Person having a security interest in Shares 擁有股份權益的人士	400,000,000 (L) (Notes 3, 4, 5) 400,000,000 股股份(L) (附註3、4、5)	50%

Notes:

- As at the date of this annual report, the Company's issued ordinary share capital was HK\$8,000,000 divided into 800,000,000 Shares of HK\$0.01 each.
- Three Gates Investment is wholly and beneficially owned by Mr. Wong, who is the chairman and an executive Director of the Company. Therefore, Mr. Wong is deemed to be interested in 600,000,000 Shares held by Three Gates Investment by virtue of his 100% shareholding interest in Three Gates Investment.
- 400,000,000 Shares held by Three Gates Investment have been charged in favour of Gold-Face Finance Limited ("Gold-Face") as security for a loan granted in favour of Mr. Wong Kwok Wai, Albert, the chairman, chief executive officer, executive director and controlling shareholder of the Company.

附註：

- 於本年度報告日期，本公司的已發行普通股股本為8,000,000港元，分為800,000,000股每股面值0.01港元的股份。
- Three Gates Investment由本公司主席兼執行董事黃先生全資實益擁有。因此，黃先生被視為透過所持Three Gates Investment 100%股權擁有Three Gates Investment所持600,000,000股股份的權益。
- Three Gates Investment所持400,000,000股股份已獲質押予均來財務有限公司(「均來」)，以作為本公司主席、行政總裁、執行董事兼控股股東黃國偉先生獲授貸款的抵押。

Report of the Directors (Continued)

董事會報告(續)

4. As Gold-Face is wholly-owned by Upbest Credit and Mortgage Limited, which in turn is wholly-owned by Upbest Strategic Company Limited and Good Foundation Company Limited in equal parts, which in turn are both wholly-owned by Upbest Financial Holdings Limited, which in turn is wholly-owned by Upbest Group Limited, Upbest Credit and Mortgage Limited, Upbest Strategic Company Limited, Good Foundation Company Limited, Upbest Financial Holdings Limited and Upbest Group Limited are all deemed to be interested in the security interest in the 400,000,000 Shares charged in favour of Gold-Face by virtue of the SFO.

5. The letter "L" denotes the person's long position in the Shares.

Except as disclosed above, as at 31 December 2019, the Directors are not aware of any interests and short positions owned by any other parties, other than a Director or the chief executive of the Company who held interests or short positions in the shares and the underlying shares of the Company, which were required to be recorded under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

4. 由於均來由美建信貸及按揭有限公司全資擁有，而美建信貸及按揭有限公司由美建策略有限公司及開盛有限公司全資同等擁有，而兩者由Upbest Financial Holdings Limited全資擁有，而Upbest Financial Holdings Limited則由美建集團有限公司全資擁有，故根據證券及期貨條例，美建信貸及按揭有限公司、美建策略有限公司、開盛有限公司、Upbest Financial Holdings Limited及美建集團有限公司均被視為於質押予均來的400,000,000股股份中擁有證券權益。

5. 字母「L」指該人士於股份中的好倉。

除上文披露者外，於二零一九年十二月三十一日，就董事所知，除在本公司股份及相關股份中持有根據證券及期貨條例第XV部第2及3分部的規定須予記錄的權益或淡倉的本公司董事或主要行政人員，或直接或間接擁有附帶權利可於所有情況下在本公司股東大會上投票的所有類別股本面值10%或以上權益的本公司董事或主要行政人員外，概無任何其他人士擁有任何權益及淡倉。

Report of the Directors (Continued)

董事會報告(續)

SHARE OPTION SCHEME

Eligible participants may be granted share options in line with the Share Option Scheme. The following is a summary of the major terms of the Share Option Scheme:

(a) Purpose

The purpose of the Share Option Scheme is to attract and retain the best available personnel of the Group, to provide additional incentive for employees working full-time and part-time as well as other eligible personnel under the Share Option Scheme and to promote the success of the business of the Group.

(b) Eligible participants

Eligible participants under the Share Option Scheme include (i) any full-time and part-time employee of any member of the Group; (ii) any consultant or adviser of any member of the Group; (iii) any director (including executive, non-executive or independent non-executive directors) of any member of the Group; (iv) any substantial shareholder of any member of the Group; and (v) any distributor, contractor, supplier, agent, customer, business partner or service provider of any member of the Group.

(c) Subscription price

The subscription price shall be determined solely by the Board and notified to a participant of the Share Option Scheme and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option, provided that in the event of fractional prices, the subscription price per Share shall be rounded upwards to the nearest whole cent.

購股權計劃

合資格參與者可根據購股權計劃獲授購股權。以下為購股權計劃之主要條款概要：

(a) 目的

購股權計劃旨在吸引及挽留本集團的最傑出人才，向全職與兼職僱員及購股權計劃規定的其他合資格人士提供額外獎勵並促成本集團的業務成功。

(b) 合資格參與者

購股權計劃規定的合資格參與者包括(i)本集團任何成員公司的任何全職及兼職僱員；(ii)本集團任何成員公司的任何顧問或諮詢人；(iii)本集團任何成員公司的任何董事(包括執行、非執行或獨立非執行董事)；(iv)本集團任何成員公司的任何主要股東；及(v)本集團任何成員公司的任何分銷商、承包商、供應商、代理、客戶、業務夥伴或服務供應商。

(c) 認購價

認購價須由董事會全權釐定並知會購股權計劃參與者，惟不得低於下列最高者：(i)股份於授出購股權日期(須為營業日)在聯交所每日報價表所報之收市價；(ii)股份於緊接授出購股權日期前五個營業日在聯交所每日報價表所報之平均收市價；及(iii)股份於授出購股權日期之面值，惟倘出現零碎價格，則每股股份認購價須上調至最接近而完整的一仙。

Report of the Directors (Continued)

董事會報告(續)

(d) Time of exercise of options

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 10 years from the date of grant subject to the provisions of early termination thereof.

(e) Grant of options

An offer for the grant of options shall remain open for acceptance for a period of seven days, including the day in which the offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of the option is HK\$1.0.

(f) Maximum number of shares available for subscription

- (i) The aggregate 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 schemes of the Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the share option schemes of the Company if this will result in the limit being exceeded.
- (ii) Subject to sub-paragraphs (iii) and (iv) below, the maximum number of Shares issuable upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company as from the date of adoption of the Share Option Scheme (excluding, for this purpose, Shares issuable upon the exercise of options which have been granted but have lapsed in accordance with the Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of all the Shares in issue upon the Listing Date.

(d) 行使購股權的時限

購股權可於董事會可能釐定而不得超過授出日期起計十年內，隨時根據購股權計劃之條款行使，除非提早終止條文另有規定。

(e) 授出購股權

授出購股權之要約須於七天(包括提呈要約之日)期間內始終可供接納。購股權承授人於接納授出購股權之要約時應付本公司的金額為1.0港元。

(f) 可認購股份的最高數目

- (i) 因行使根據購股權計劃及本公司任何其他購股權計劃所授出但尚未行使之購股權而可能發行之股份總數，不得超過不時已發行股份之30%。倘會導致股份總數超過該限額，則不得根據本公司購股權計劃授出購股權。
- (ii) 除下文第(iii)及(iv)分段另有規定外，自採納購股權計劃日期起因行使根據購股權計劃及本公司任何其他購股權計劃所授出之全部購股權而可予發行之股份最高數目(就此而言，不包括因行使根據購股權計劃或本公司任何其他購股權計劃已授出但已失效之購股權而可予發行之股份)，合共不得超過於上市日期所有已發行股份之10%。

Report of the Directors (Continued)

董事會報告(續)

(iii) The 10% limit as mentioned in sub-paragraph (ii) above may be refreshed at any time by approval of the Shareholders in a general meeting, provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme and other share option schemes of the Company) will not be counted for the purpose of calculating the limit as "refreshed". A circular must be sent to the Shareholders containing the information as required pursuant to the relevant GEM Listing Rules.

(iv) Subject to sub-paragraph (i) above, the Company may seek separate approval from the Shareholders in general meeting for granting any option under the Share Option Scheme beyond the 10% limit under sub-paragraph (ii) and (iii) above, provided that the options under the Share Option Scheme in excess of the limit are granted only to participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to the Shareholders containing a generic description of the specified persons who may be granted and the purpose of granting such options to the specified persons with an explanation of how the terms of the options will serve the purpose and all other information required under the GEM Listing Rules.

(g) Maximum entitlement of each participant

The total number of shares issued and to be issued upon the exercise of the options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme or any other option schemes of the Company in any 12-month period must not exceed 1% of the total number of shares of the Company in issue, unless approved by the Shareholders in the manner stipulated in the Share Option Scheme.

(iii) 上文第(ii)分段所述10%限額可隨時由股東於股東大會上批准而更新，惟計算「更新」限額時，因行使根據購股權計劃及本公司任何其他購股權計劃所授出之全部購股權而可能發行之股份總數(包括根據購股權計劃及本公司其他購股權計劃之條款尚未行使、已註銷或已失效之購股權)將不會計算在內。我們必須向股東寄發一份通函，當中載列相關GEM上市規則規定之資料。

(iv) 除上文第(i)分段另有規定外，本公司可於股東大會上另行徵求股東批准授出超逾上文第(ii)及(iii)分段10%限額之購股權計劃規定的任何購股權，惟僅可向本公司於徵求有關批准前特別指明之參與者授出超逾限額之購股權計劃規定的購股權。在此情況下，本公司必須向股東寄發一份通函，當中載列可獲授之指定人士的一般簡介及向指定人士授出該等購股權之目的、說明購股權條款將如何達致上述目的及GEM上市規則規定之所有其他資料。

(g) 每名參與者之最高配額

除非股東以購股權計劃規定的方式批准，否則在任何十二個月期間內，因行使根據購股權計劃或本公司任何其他購股權計劃授予每位參與者之購股權(包括已行使及尚未行使之購股權)而已發行及將予發行之股份總數，不得超過本公司已發行股份總數之1%。

Report of the Directors (Continued)

董事會報告(續)

(h) Duration of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing from the date on which the scheme is adopted and will expire on 24 November 2027.

(i) Termination of the Share Option Scheme

The Company, by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options of the Share Option Scheme will be offered. However, those options granted prior to such termination shall continue to be valid and exercisable in accordance with the previous provisions of the Share Option Scheme.

No Share option has been granted since the adoption of the Share Option Scheme.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the year ended 31 December 2019, no Director or connected entity of a Director had any material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group, to which the Company or any of its subsidiaries was a party.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESSES

The Directors and the controlling shareholders of the Company have confirmed that for the year ended 31 December 2019 and up to the date of this annual report, none of the Directors, controlling Shareholders or any of their respective close associates (as defined in the GEM Listing Rules) engaged in any businesses that compete or may compete with the business of the Group, or had any other conflict of interest with the Group.

(h) 購股權計劃之期限

購股權計劃將自計劃被採納之日起計十年期間內有效，並將於二零二七年十一月二十四日屆滿。

(i) 終止購股權計劃

本公司在股東大會上通過決議案或董事會可隨時終止運作購股權計劃，而在此情況下將不得再授出購股權計劃的任何購股權。然而，於有關終止前授出之該等購股權根據購股權計劃之先前條文繼續有效及可予行使。

自採納購股權計劃以來，概無授出任何購股權。

董事於交易、安排或合約的權益

截至二零一九年十二月三十一日止年度，概無董事或董事之關連實體於任何涉及本集團業務而本公司或其任何附屬公司為訂約方之重大交易、安排或合約中直接或間接擁有任何重大權益。

董事及控股股東於競爭業務的權益

董事及本公司控股股東已確認，於截至二零一九年十二月三十一日止年度及直至本年度報告日期，董事、控股股東或彼等各自之任何緊密聯繫人(定義見GEM上市規則)概無參與任何與本集團業務競爭或可能競爭，或與本集團有任何其他利益衝突的業務。

Report of the Directors (Continued)

董事會報告(續)

On 24 November 2017, each of Mr. Wong Kwok Wai, Albert and Three Gates Investment, being the controlling Shareholders, entered into a non-competition undertaking in favour of the Company, details of which were set out in the section headed “Relationship with our Controlling Shareholders — Non-competition Undertaking” in the Prospectus. Such undertakings have been fully complied with and enforced during the year ended 31 December 2019 and up to the date of this annual report.

The Board confirms that as at the date of this annual report, no other matters are required to be brought to the attention of the Shareholders and the potential investors.

Further, the independent non-executive Directors confirm that they have reviewed the enforcement of such undertakings and conclude that there are no outstanding issues regarding the undertakings that need to be raised with the Shareholders and the Company.

SANCTIONS UNDERTAKING

As disclosed in the Prospectus, the Company provided an undertaking to the Stock Exchange that it would not use the proceeds from the Share Offer or any funds raised through the Stock Exchange to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, countries that are sanctions under international sanction laws, or any sanctioned government, entity or individual.

To ensure its compliance with this undertaking and to further enhance its risk management, the Group will continue to evaluate any business opportunities with those countries sanctioned under international sanction laws and will have delegated members of the senior management of the Company review the transaction documents from customers or potential customers from countries sanctioned under international sanctions laws.

於二零一七年十一月二十四日，控股股東黃國偉先生及Three Gates Investment分別訂立以本公司為受益人的不競爭承諾，詳情載於招股章程「與控股股東的關係 — 不競爭承諾」一節。截至二零一九年十二月三十一日止年度及直至本年度報告日期，該等承諾已獲悉數遵守及執行。

董事會確認，於本年度報告日期概無其他事宜須提請股東及潛在投資者注意。

此外，獨立非執行董事確認，彼等已審查該等承諾的執行情況，並認為概無有關該等承諾的未解決事宜須向股東及本公司提出。

制裁承諾

誠如招股章程所披露，本公司已向聯交所提供一項承諾，表示不會動用股份發售所得款項或透過聯交所籌集的任何資金，以直接或間接資助或促進與受國際制裁法律制裁的國家或任何受制裁政府、實體或個人之間的活動或業務，或令其獲益的活動或業務。

為確保遵守此承諾並進一步加強其風險管理，本集團將繼續評估與該等受國際制裁法律制裁的國家之間的任何商機，倘客戶或潛在客戶來自受國際制裁法律制裁的國家，則將委派本公司高級管理層成員審查其提供的交易文件。

Report of the Directors (Continued)

董事會報告(續)

INTERESTS OF THE COMPLIANCE ADVISER

In compliance with rule 6A.19 of the GEM Listing Rules, the Company had appointed Advent Corporate Finance Limited (“Advent”) to be the compliance adviser. The Company has been informed by Advent that neither Advent nor its directors or employees or close associates have, or may have, any interest in the share capital of the Company or any member of the Group (including options or right to subscribe for such securities), 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 Advent dated 23 May 2019.

RELATED PARTY TRANSACTIONS

Details of the Group’s related party transactions are set out in note 30 to the consolidated financial statements of this annual report.

MANAGEMENT CONTRACTS

For the year ended 31 December 2019, no contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed.

SUFFICIENCY OF PUBLIC FLOAT

The Directors confirm that during the year ended 31 December 2019 and up to the date of this annual report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has complied with the minimum public float as required under the GEM Listing Rules.

合規顧問權益

根據GEM上市規則第6A.19條，本公司已委任宏智融資有限公司(「宏智」)為合規顧問。本公司獲宏智告知，除本公司與宏智於二零一九年五月二十三日訂立的合規顧問協議外，宏智或其董事、僱員或緊密聯繫人概無於本公司或本集團任何成員公司股本中擁有或可能擁有根據GEM上市規則第6A.32條須知會本公司的任何權益(包括可認購該等證券的購股權或權利)。

關聯方交易

本集團的關聯方交易詳情載於本年度報告綜合財務報表附註30。

管理合約

截至二零一九年十二月三十一日止年度，本集團並無訂立或存在有關本集團全部或任何重大部分業務的管理及行政之合約。

充足公眾持股量

董事確認，於截至二零一九年十二月三十一日止年度及直至本年度報告日期，根據本公司從公開途徑所得的資料及據董事所知，本公司已遵守GEM上市規則所規定的最低公眾持股量。

Report of the Directors (Continued)

董事會報告(續)

EVENTS AFTER THE YEAR ENDED 31 DECEMBER 2019

In January 2020, the Independent Commission against Corruption conducted a search of the registered office of the Company and the Company's chairman and chief executive officer was under investigation.

AUDITOR

Ernst & Young was appointed by the Board as the auditor of the Company. A resolution for the reappointment of Ernst & Young as the auditor of the Company will be proposed at the forthcoming annual general meeting.

Shen You Holdings Limited
Wong Kwok Wai, Albert

Chairman, chief executive officer and executive Director

Hong Kong, 31 March 2020

於截至二零一九年十二月三十一日止年度後事項

於二零二零年一月，廉政公署對本公司的註冊辦事處進行搜查，而本公司主席兼行政總裁則正在接受調查。

核數師

董事會委任安永會計師事務所為本公司核數師。本公司將於應屆股東週年大會上提呈一項決議案以再次委任安永會計師事務所出任本公司核數師。

申酉控股有限公司
主席、行政總裁兼執行董事
黃國偉

香港，二零二零年三月三十一日

Independent Auditor's Report

獨立核數師報告



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

QUALIFIED OPINION

We have audited the consolidated financial statements of Shen You Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 70 to 182, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the "Basis for qualified opinion" section of our report, 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.

致申酉控股有限公司列位股東
(於開曼群島註冊成立之有限公司)

保留意見

吾等已審核載於第70至182頁的申酉控股有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表，當中包括於二零一九年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益表、綜合全面收入表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括重大會計政策概要。

吾等認為，除本報告「保留意見基礎」一節所述事項的影響外，綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)真實公允反映 貴集團於二零一九年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，且乃按照香港公司條例的披露規定妥善編製。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

BASIS FOR QUALIFIED OPINION

On 14 January 2020, the Independent Commission against Corruption (the "ICAC") conducted a search of the registered office of the Company and the Company's Chairman and Chief Executive Officer is under investigation by the ICAC. Furthermore, pursuant to a press release made by the ICAC on 25 March 2020, two individuals have been charged by the ICAC for alleged bribery and misconduct in public office and the name of the Company was associated with the charges. As the ICAC investigation is ongoing, the information available is very limited at this stage. We are unable to obtain sufficient and appropriate audit evidence to evaluate whether the investigation may have any impact on the operations and the financial positions of the Group.

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

KEY AUDIT MATTERS

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

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

In addition to the matter described in the "Basis for qualified opinion" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

保留意見基礎

於二零二零年一月十四日，廉政公署（「廉政公署」）對本公司的註冊辦事處進行搜查，而本公司主席兼行政總裁則正在接受廉政公署調查。此外，根據廉政公署於二零二零年三月二十五日刊發的新聞公佈，廉政公署已落案起訴兩名人士涉嫌貪污賄賂及公職人員行為失當，而本公司名稱則與該等起訴相關。由於廉政公署調查仍在進行中，故現階段所得資料非常有限。吾等未能獲得充分恰當的審核憑證，以評估調查是否可能對貴集團的營運及財務狀況造成任何影響。

吾等乃根據香港會計師公會頒佈的香港審計準則（「香港審計準則」）開展審核。吾等在該等準則下的責任詳述於本報告核數師對審核綜合財務報表的責任一節。根據香港會計師公會的職業會計師道德守則（「守則」），吾等獨立於貴集團，且吾等已按照守則履行其他道德責任。吾等相信，吾等所獲得的審核憑證可充分恰當地為吾等的保留意見提供基礎。

關鍵審核事項

關鍵審核事項指吾等根據專業判斷認為對本期綜合財務報表的審核最為重要的該等事項。吾等在審核整份綜合財務報表及就此形成意見時處理該等事項，且吾等不會就該等事項提供單獨意見。對於下列各個事項，吾等在審核中如何處理有關事項的描述亦以此為背景。

吾等已履行本報告核數師對審核綜合財務報表的責任一節中所述的責任，包括與該等事項相關的責任。因此，吾等的審核包括執行為應對綜合財務報表重大失實陳述風險的評估而設計的程序。吾等審核程序（包括為處理下列事項而執行的程序）的結果為吾等有關隨附綜合財務報表的審核意見提供基礎。

除「保留意見基礎」一節所述的事項外，吾等已釐定下文所述的事項為於本報告中將予溝通的關鍵審核事項。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

KEY AUDIT MATTERS (Continued)

Key audit matter 關鍵審核事項

Impairment of trade and other receivables 應收交易款項及其他應收款項減值

As at 31 December 2019, balance of trade receivables amounted to HK\$10,404,000 which was material to the Group, after making impairment loss of HK\$205,000. And furthermore, an impairment provision of HK\$3,604,000 has been provided for other receivables.

於二零一九年十二月三十一日，在作出減值虧損205,000港元後，應收交易款項結餘為10,404,000港元，對 貴集團而言屬重大。此外， 貴集團已就其他應收款項計提減值撥備3,604,000港元。

The calculation of the expected credit losses ("ECLs") for trade and other receivables, including the assessment of the historical observed default rates and forecast economic conditions, involves significant management judgements and estimates. Specific factors which management would consider include the ageing of the balances, existence of disputes, past collection history, credit enhancements held by the Group and other available information related to the forecast economic conditions. The management also engaged an independent external valuer to assess the fair value of the credit enhancement held by the Group. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions.

計算應收交易款項及其他應收款項的預期信貸虧損(「預期信貸虧損」)(包括評估過往觀察所得違約率及預測經濟狀況)涉及重大管理層判斷及估計。管理層將會考慮的特定因素包括結餘賬齡、是否存在糾紛、過往收款紀錄、 貴集團持有的信用提升措施及有關預測經濟狀況的其他可得資料。管理層亦委聘獨立外部估值師以評估 貴集團所持信用提升措施的公允價值。預期信貸虧損金額對事態發展及預測經濟狀況的變動較為敏感。

關鍵審核事項(續)

How our audit addressed the key audit matter 吾等在審核中處理關鍵審核事項的方法

We assessed the Group's credit control policy and tested controls over the Group's collection processes.

吾等已評估 貴集團的信貸控制政策及對 貴集團收款程序的控制進行測試。

We obtained direct external confirmations from counterparties for a sample of selected receivable balances.

吾等已就經挑選應收款項結餘樣本自對手方取得直接外部確認。

For provision of ECLs on trade receivables, we have recalculated the provision matrix of ECLs to ensure mathematic accuracy. We evaluated the assumptions used in the ECL model by (1) reviewing the credit terms and historical payment patterns of different categories of customers to assess the grouping of customer segments; (2) examining the underlying data used in the model by checking the corresponding ageing and historical repayment records on a sampling basis; (3) assessing the forward-looking adjustments by analysing the deviation between forward-looking factors and the Group's historical default rates; and (4) involving our internal valuation specialists to assist us in evaluating the methodologies used by the independent external valuer for determining the fair value of the credit enhancements held by the Group, and assessing the appropriateness of the market data used in the assessment.

就應收交易款項預期信貸虧損撥備而言，吾等已重新計算預期信貸虧損的撥備矩陣，以確保數學計算的準確性。吾等已透過下列方式評估於預期信貸虧損模式中使用的假設：(1) 審閱不同類別客戶的信貸條款及過往付款模式以評估客戶分部組別；(2) 按抽樣基準檢查相應賬齡及過往還款記錄以檢驗於模式中使用的相關數據；(3) 分析前瞻性因素與 貴集團過往違約率之間的偏差以評估前瞻性調整；及(4) 委聘內部估值專家以協助吾等評估獨立外部估值師於釐定 貴集團所持信用提升措施的公允價值時使用的方法，並評估用於該評估的市場數據是否合適。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

KEY AUDIT MATTERS (Continued)

Key audit matter 關鍵審核事項

Impairment of trade and other receivables (Continued)

應收交易款項及其他應收款項減值(續)

The significant accounting estimates and disclosures about the provision for impairment of trade and other receivables are included in notes 3, 17 and 18 to the consolidated financial statements.

有關應收交易款項及其他應收款項減值撥備的重大會計估計及披露載於綜合財務報表附註3、17及18。

Impairment of non-financial assets

非金融資產減值

The carrying values of the Group's property, plant and equipment as at 31 December 2019 amounted to HK\$6,175,000, after making provisions of HK\$4,637,000. The carrying values of these assets are reviewed annually by management for potential indicators of impairment. For assets where such indicators exist, management engages an independent external valuer to assist them to perform detailed impairment review of the recoverable amount of these non-financial assets.

在作出撥備4,637,000港元後，貴集團於二零一九年十二月三十一日的物業、廠房及設備賬面值為6,175,000港元。該等資產的賬面值由管理層每年審閱以確定是否存在潛在減值跡象。就存在該等跡象的資產而言，管理層會委聘獨立外部估值師以協助彼等就該等非金融資產的可收回金額進行詳細減值審閱。

We identified the impairment of non-financial assets as a key audit matter because the assessment involves a significant degree of management judgements and estimates in determining the key assumptions.

吾等將非金融資產減值識別為關鍵審核事項，乃由於有關評估於釐定主要假設時涉及大量管理層判斷及估計。

The significant judgements and estimates and related disclosures on the movements of these non-financial assets are included in notes 3 and 13 to the consolidated financial statements.

有關該等非金融資產變動的重大判斷和估計及相關披露載於綜合財務報表附註3及13。

關鍵審核事項(續)

How our audit addressed the key audit matter 吾等在審核中處理關鍵審核事項的方法

We checked bank receipts for settlements of trade and other receivables made subsequent to the year end.

我們已就截至該日止年度後作出的應收交易款項及其他應收款項結算檢查銀行收據。

Our audit procedures included, among others, involving our internal valuation specialists to assist us in evaluating the methodologies used by the independent external valuer for determining the recoverable amount, and assessing the discount rate and market data used in the assessment of the recoverable amount of the non-financial assets.

吾等的審核程序包括(其中包括)委聘內部估值專家以協助吾等評估獨立外部估值師於釐定可收回金額時使用的方法，並評估用於非金融資產可收回金額評估的貼現率及市場數據。

We also examined the underlying data used such as management projection on the future revenues and operating results by comparing with the financial performance of each cash-generating unit ("CGU") during the year 2019 and examining the business development plans and historical annual growth of each CGU to evaluate the growth rate of each CGU used in the projection.

吾等亦透過比較二零一九年各現金產生單位(「現金產生單位」)的財務表現，檢驗所使用的相關數據(例如有關未來收益及經營業績的管理層預測)，並檢驗商業發展計劃及各現金產生單位的過往年度增長，以評估於預測中使用的各現金產生單位增長率。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

年度報告中載列的其他資料

貴公司董事對其他資料負責。其他資料包括年度報告中載列的資料，惟綜合財務報表及吾等就此作出的核數師報告除外。

吾等有關綜合財務報表的意見未涵蓋其他資料，且吾等未就該等資料發表任何形式的保證結論。

就吾等對綜合財務報表的審核而言，吾等的責任是閱讀其他資料，從而斟酌其他資料是否與綜合財務報表或吾等在審核中獲得的資訊嚴重不符，或似乎在其他方面存在嚴重失實陳述。倘若吾等根據履行的工作得出該其他資料存在重大失實陳述的結論，吾等須報告該事實。在這方面，吾等沒有情況需要報告。

董事對綜合財務報表的責任

貴公司董事負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例的披露規定編製真實公允反映情況的綜合財務報表，並負責落實董事認為必要的有關內部控制，以確保編製綜合財務報表時不存在因欺詐或錯誤而導致的重大失實陳述。

編製綜合財務報表時，貴公司董事負責評估貴集團持續營運的能力，在適當時披露持續營運相關事項，並以持續營運為會計基準，除非貴公司董事計劃清算貴集團或停止營運，或除此之外別無選擇。

貴公司董事在審核委員會的協助下履行其監督貴集團財務報告流程的責任。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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.

核數師對審核綜合財務報表的責任

吾等的目標是合理保證整份綜合財務報表是否存在因欺詐或錯誤而導致的重大失實陳述，並出具包括吾等意見的核數師報告。吾等的報告僅向全體股東作出，除此之外概無其他用途。吾等不對本報告的內容向任何其他人士負責或承擔責任。

合理保證是高水平的保證，但並不保證根據香港審計準則開展的審核總能發現所存在的重大失實陳述。失實陳述可能因欺詐或錯誤而產生，倘若據合理預期失實陳述將單獨或共同影響用戶依據該等綜合財務報表作出的經濟決策，則視為重大失實陳述。

作為根據香港審計準則進行審核的一部分，吾等在審計過程中運用專業判斷及保持專業懷疑態度。吾等亦：

- 明確及評估因欺詐或錯誤而導致的綜合財務報表重大失實陳述的風險、設計及執行響應該等風險的審核程序，並獲取可充分恰當地為吾等的意見提供基礎的審核憑證。未發現因欺詐而導致的重大失實陳述的風險高於因錯誤而導致的風險，因為欺詐可能涉及串通、偽造、故意不作為、虛假陳述或推翻內部控制。
- 理解與審核相關的內部控制，以設計在有關情況下適當的審核程序，但並非為對貴集團內部控制成效發表意見。
- 評估董事所採用的會計政策是否合適及所作出的會計估計和相關披露是否合理。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

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

- 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.

核數師對審核綜合財務報表的責任(續)

- 得出董事以持續營運為會計基準是否合適的結論，並根據獲得的審核憑證斷定是否存在與可能令 貴集團持續營運能力產生重大疑慮的事件或狀況有關的重大不確定性。倘若吾等得出存在重大不確定性的結論，吾等須在核數師報告中提請注意綜合財務報表中的相關披露，或倘若該等披露不充分，則須修改吾等的意見。吾等的結論乃基於截至核數師報告日期為止獲得的審核憑證。然而，未來事件或狀況可能導致 貴集團無法持續營運。
- 評估綜合財務報表(包括披露)的整體呈列、結構及內容，以及綜合財務報表是否以實現公平呈列的方式體現相關交易及事件。
- 就 貴集團旗下實體或業務活動的財務資料獲得充分恰當的審核憑證，以發表有關綜合財務報表的意見。吾等負責指導、監督及履行集團審核。吾等仍對審核意見全權負責。

吾等與審核委員會溝通(其中包括)計劃審核範圍和時間安排及重大審核發現，包括吾等在審核期間發現的任何重大內部控制缺陷。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Hui Kin Fai Stephen.

核數師對審核綜合財務報表的責任(續)

吾等亦向審核委員會提供聲明，表示吾等已遵守相關獨立性道德規定，並與彼等溝通可能合理認為與吾等獨立性相關的所有關係和其他事項及相關保障措施(如適用)。

吾等從與審核委員會溝通的事項中確定在本期綜合財務報表的審核中最為重要的該等事項，即關鍵審核事項。吾等在核數師報告中說明該等事項，除非法律或法規禁止公開披露該事項，或吾等認為不應在報告中說明該事項，因為據合理預期披露的不利後果大於有關溝通的公共利益，此種情況極為罕見。

本獨立核數師報告的審核項目合夥人是許建輝。

Ernst & Young
Certified Public Accountants
Hong Kong
31 March 2020

安永會計師事務所
執業會計師
香港
二零二零年三月三十一日

Consolidated Statement of Profit or Loss

綜合損益表

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

		Notes 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
REVENUE	收益	5	58,746	64,510
Cost of sales	銷售成本		(47,416)	(51,232)
Gross profit	毛利		11,330	13,278
Other income and gains	其他收入及增益	5	2,039	2,037
Selling and distribution expenses	銷售及分銷開支		(7,393)	(7,579)
Administrative expenses	行政開支		(13,508)	(16,456)
Impairment losses on financial assets, net	金融資產減值虧損淨額	6	(3,103)	(499)
Other expenses	其他開支		(4,709)	(2,301)
Finance costs	融資成本	7	(1,313)	(886)
LOSS BEFORE TAX	除稅前虧損	6	(16,657)	(12,406)
Income tax (expense)/credit	所得稅(開支)/抵免	10	(2,562)	1,551
LOSS FOR THE YEAR	全年虧損		(19,219)	(10,855)
ATTRIBUTABLE TO OWNERS OF THE PARENT	母公司擁有人應佔		(19,219)	(10,855)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	母公司普通權益持有人 應佔每股虧損	12		
Basic and diluted (expressed in HK cents per share)	基本及攤薄(以每股港仙列示)		(2.40)	(1.36)

Consolidated Statement of Comprehensive Income

綜合全面收入表

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
LOSS FOR THE YEAR	全年虧損	(19,219)	(10,855)
OTHER COMPREHENSIVE LOSS	其他全面虧損		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:	於其後期間可能重新分類至損益的其他全面虧損：		
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	(1,415)	(3,838)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	全年其他全面虧損，已扣除稅項	(1,415)	(3,838)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	全年全面虧損總額	(20,634)	(14,693)
ATTRIBUTABLE TO OWNERS OF THE PARENT	母公司擁有人應佔	(20,634)	(14,693)

Consolidated Statement of Financial Position

綜合財務狀況表

31 December 2019 二零一九年十二月三十一日

		Notes 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	13	6,175	10,685
Right-of-use assets	使用權資產	14	5,530	–
Financial asset at fair value through profit or loss (“FVPL”)	按公允值計入損益(「按公允值計入損益」)的金融資產	15	4,742	4,632
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	18	1,908	5,971
Deferred tax assets	遞延稅項資產	23	–	2,648
Total non-current assets	非流動資產總值		18,355	23,936
CURRENT ASSETS	流動資產			
Inventories	存貨	16	11,382	14,761
Trade receivables	應收交易款項	17	10,404	17,441
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	18	4,821	5,426
Tax recoverable	可收回稅項		–	129
Cash and cash equivalents	現金及現金等價物	19	34,531	30,938
Total current assets	流動資產總值		61,138	68,695
CURRENT LIABILITIES	流動負債			
Trade payables	應付交易款項	20	5,199	5,122
Other payables and accruals	其他應付款項及應計費用	21	4,696	6,729
Interest-bearing bank borrowings	計息銀行借款	22	19,967	15,217
Lease liabilities	租賃負債	14	2,155	–
Tax payable	應付稅項		1,135	1,234
Total current liabilities	流動負債總額		33,152	28,302
NET CURRENT ASSETS	流動資產淨值		27,986	40,393
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		46,341	64,329

Consolidated Statement of Financial Position (Continued)

綜合財務狀況表(續)

31 December 2019 二零一九年十二月三十一日

		Notes	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
		附註		
NON-CURRENT LIABILITIES	非流動負債			
Lease liabilities	租賃負債	14	3,869	–
Other payables and accruals	其他應付款項及應計費用	21	–	1,223
Total non-current liabilities	非流動負債總額		3,869	1,223
Net assets	資產淨值		42,472	63,106
EQUITY	權益			
Share capital	股本	24	8,000	8,000
Reserves	儲備	25	34,472	55,106
Total equity	權益總額		42,472	63,106

Wong Kwok Wai, Albert

黃國偉
Director
董事

Chan Yiu Tung, Enoch

陳耀東
Director
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

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

		Share capital	Share premium	Merger reserve	Statutory surplus reserve	Exchange fluctuation reserve	Accumulated losses	Total equity
		股本	股份溢價	合併儲備	法定盈餘儲備	匯兌波動儲備	累計虧損	權益總額
		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
		(note 24)	(note 25)	(note 25)	(note 25)			
		(附註24)	(附註25)	(附註25)	(附註25)			
At 1 January 2018	於二零一八年一月一日	8,000	57,751	(1,000)	5,670	11,290	(3,912)	77,799
Loss for the year	全年虧損	-	-	-	-	-	(10,855)	(10,855)
Other comprehensive loss for the year:	全年其他全面虧損：							
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	-	-	-	-	(3,838)	-	(3,838)
Total comprehensive loss for the year	全年全面虧損總額	-	-	-	-	(3,838)	(10,855)	(14,693)
At 31 December 2018	於二零一八年十二月三十一日	8,000	57,751	(1,000)	5,670	7,452	(14,767)	63,106

Consolidated Statement of Changes in Equity (Continued)

綜合權益變動表(續)

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

		Share capital	Share premium	Merger reserve	Statutory surplus reserve	Exchange fluctuation reserve	Accumulated losses	Total equity
		股本	股份溢價	合併儲備	法定盈餘儲備	波動儲備	累計虧損	權益總額
		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
		(note 24)	(note 25)	(note 25)	(note 25)			
		(附註24)	(附註25)	(附註25)	(附註25)			
At 31 December 2019	於二零一九年十二月三十一日	8,000	57,751	(1,000)	5,670	7,452	(14,767)	63,106
Loss for the year	全年虧損	-	-	-	-	-	(19,219)	(19,219)
Other comprehensive loss for the year:	全年其他全面虧損：							
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	-	-	-	-	(1,415)	-	(1,415)
Total comprehensive loss for the year	全年全面虧損總額	-	-	-	-	(1,415)	(19,219)	(20,634)
At 31 December 2019	於二零一九年十二月三十一日	8,000	57,751*	(1,000)*	5,670*	6,037*	(33,986)*	42,472

* These reserve accounts comprise the consolidated reserves of HK\$34,472,000 (2018: HK\$55,106,000) in the consolidated statement of financial position as at 31 December 2019.

* 該等儲備賬目包括於二零一九年十二月三十一日的綜合財務狀況表內的綜合儲備34,472,000港元(二零一八年：55,106,000港元)。

Consolidated Statement of Cash Flows

綜合現金流量表

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

	Notes 附註	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	經營活動所得現金流量		
Loss before tax	除稅前虧損	(16,657)	(12,406)
Adjustments for:	調整：		
Finance costs	融資成本	7 1,313	886
Interest income	利息收入	5 (214)	(12)
Fair value gains, net:	公允價值增益淨額：		
Financial asset at FVPL	按公允價值計入損益的 金融資產	5 (110)	(158)
Depreciation	折舊	13 955	668
Recognition of prepaid lease payments for buildings	確認樓宇預付租賃款項	18 -	486
Depreciation of right-of-use assets	使用權資產折舊	14 1,684	-
Losses on disposal of items of property, plant and equipment	出售物業、廠房及設備項目之虧損	6 18	603
Impairment of trade and other receivables	應收交易款項及其他應收款項減值	17,18 3,103	499
Impairment of non-financial assets	非金融資產減值	13,18 3,922	913
		(5,986)	(8,521)
Decrease/(increase) in inventories	存貨減少/(增加)	3,108	(5,423)
Decrease in trade receivables	應收交易款項減少	7,367	6,289
(Increase)/decrease in prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產(增加)/減少	(2,295)	6,816
Increase/(decrease) in trade payables	應付交易款項增加/(減少)	192	(3,863)
Decrease in other payables and accruals	其他應付款項及應計費用減少	(2,163)	(8,905)
Cash generated from/(used in) operations	經營所得/(所用)現金	233	(13,607)
Interest received	已收利息	-	12
Hong Kong profits tax refunded/(paid)	已退還/(已付)香港利得稅	153	(988)
PRC taxes paid	已付中國稅項	(32)	(21)
Net cash flows from/(used in) operating activities	經營活動所得/(所用)現金流量淨額	344	(14,604)
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動所得現金流量		
Purchases of items of property, plant and equipment	購買物業、廠房及設備項目	(371)	(7,543)
Addition to prepaid lease payments for buildings	樓宇預付租賃款項增加	-	(382)
Proceeds from disposal of items of property, plant and equipment	出售物業、廠房及設備項目所得款項	14	192
Decrease in pledged deposits	抵押存款減少	-	9,000
Loans to a vendor	向供應商貸款	-	(4,630)
Interest received from loans to a vendor	向供應商貸款的已收利息	214	-
Repayment of loans to a vendor	償還向供應商貸款	1,013	-
Net cash flows from/(used in) investing activities	投資活動所得/(所用)現金流量淨額	870	(3,363)

Consolidated Statement of Cash Flows (Continued)

綜合現金流量表(續)

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

		Notes 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Net cash flows from/(used in) operating and investing activities	經營及投資活動所得/(所用) 現金流量淨額		1,214	(17,967)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動所得現金流量			
New bank loans	新增銀行貸款	31(b)	46,462	49,240
Repayments of bank loans	償還銀行貸款	31(b)	(46,646)	(56,650)
Principal portion of lease payments	租賃款項的本金部分	14	(1,021)	-
Interest paid	已付利息		(1,313)	(886)
Net cash flows used in financing activities	融資活動所用現金流量 淨額		(2,518)	(8,296)
NET DECREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物減少淨額		(1,304)	(26,263)
Cash and cash equivalents at beginning of year	年初現金及現金等價物		30,938	57,920
Effect of foreign exchange rate changes, net	匯率變動的影響淨額		37	(719)
CASH AND CASH EQUIVALENTS AT END OF YEAR	年末現金及現金等價物		29,597	30,938
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等價物結餘之分析			
Cash and bank balances	現金及銀行結餘	19	34,531	30,938
Cash and cash equivalents as stated in the consolidated statement of financial position	列入綜合財務狀況表之 現金及現金等價物		34,531	30,938
Bank overdraft	銀行透支	22	(4,934)	-
Cash and cash equivalents as stated in the consolidated statement of cash flows	列入綜合現金流量表 之現金及現金等價物		29,597	30,938

Notes to Financial Statements

財務報表附註

31 December 2019 二零一九年十二月三十一日

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands on 18 August 2016. The registered office address of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. During the year, the Company's subsidiaries were principally engaged in the manufacture and trading of sewing threads and broad categories of garment accessories.

In the opinion of the directors, the ultimate holding company of the Group is Three Gates Investment Limited, which was incorporated in the British Virgin Islands ("BVI") with limited liability and is controlled by Mr. Wong Kwok Wai, Albert ("Mr. Wong").

As at the date of this report, the Company has direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name 名稱	Place of incorporation/ registration and operations 註冊成立/註冊 及經營地點	Nominal value of issued ordinary/ paid-up/registered share capital 已發行普通/ 繳足/註冊股本面值	Percentage of equity attributable to the Company 本公司應佔權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Strat Tech Holdings Limited	BVI 英屬處女群島	US\$1 1 美元	100%	–	Investment holding 投資控股
Shen You (China) Limited 申酉(中國)有限公司	Hong Kong 香港	HK\$10,000,000 10,000,000 港元	100%	–	Investment holding 投資控股
Tseyu International Trading Company Limited ("Tseyu") 至裕國際貿易有限公司 ([至裕])	Hong Kong 香港	HK\$5,000,000 5,000,000 港元	–	100%	Trading of sewing threads and broad categories of garment accessories 縫紉線和各類服裝輔料 貿易

1. 公司及集團資料

本公司於二零一六年八月十八日根據開曼群島公司法(經修訂)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Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands。

本公司為投資控股公司。本公司附屬公司年內主要從事縫紉線和各類服裝輔料生產及貿易。

董事認為本集團最終控股公司為Three Gates Investment Limited，乃於英屬處女群島(「英屬處女群島」)註冊成立的有限公司，由黃國偉先生(「黃先生」)控制。

於本報告日期，本公司擁有其附屬公司的直接及間接權益，該等附屬公司均為私營有限公司(或倘於香港境外註冊成立，則擁有於香港註冊成立的私營公司之大致類似特徵)，詳情載列如下：

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

1. CORPORATE AND GROUP INFORMATION (Continued)

1. 公司及集團資料(續)

Name 名稱	Place of incorporation/ registration and operations 註冊成立/註冊 及經營地點	Nominal value of issued ordinary/ paid-up/registered share capital 已發行普通/ 繳足/註冊股本面值	Percentage of equity attributable to the Company 本公司應佔權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Newchamp Industries Limited ("Newchamp") 新中港實業有限公司 (「新中港」)	Hong Kong 香港	HK\$30,000,000 30,000,000 港元	–	100%	Trading of sewing threads 縫紉線貿易
Cheerful Keen Limited 置富健有限公司	BVI 英屬處女群島	US\$1 1 美元	–	100%	Trading of sewing threads and broad categories of garment accessories 縫紉線和各類服裝輔料 貿易
Clolab International Limited 研衣人國際有限公司	Hong Kong 香港	HK\$10,000 10,000 港元	–	100%	Fashion design and trading of garment accessories 時裝設計及服裝輔料貿易
Guangzhou Xinhua Thread Company Limited* ("Guangzhou Xinhua") 廣州新華線業有限公司* (「廣州新華」)	People's Republic of China (the "PRC")/ Mainland China 中華人民共和國 (「中國」)/中國 內地	HK\$56,250,000 56,250,000 港元	–	100%	Manufacture and trading of sewing threads and broad categories of garment accessories 縫紉線和各類服裝輔料 生產及貿易
申酉辰鑫企業(上海)有限公司* ("Shen You Chenxin") 申酉辰鑫企業(上海)有限公司* (「申酉辰鑫」)	PRC/Mainland China 中國/中國內地	HK\$5,000,000 5,000,000 港元	–	100%	Investment holding 投資控股
杭州新裕線業有限公司	PRC/Mainland China 中國/中國內地	RMB500,000 人民幣 500,000 元	–	100%	Trading of sewing threads and broad categories of garment accessories 縫紉線和各類服裝輔料 貿易

* Registered as wholly-foreign-owned enterprises under PRC law.

* 根據中國法律註冊為外商獨資企業。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial asset at FVPL which has been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

In January 2020, the ICAC conducted a search of the registered office of the Company and the Company’s chairman and chief executive officer was under investigation (the “**Investigation**”) with no prosecution issued by the ICAC up to the date of approval of these consolidated financial statements.

In the opinion of the directors of the Group, the Investigation does not have material impact to these financial statements.

2.1 編製基準

該等綜合財務報表乃根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)(包括所有香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋)、香港公認會計準則及香港公司條例的披露規定編製。該等財務報表按歷史成本慣例編製，惟按公允值計入損益的金融資產按公允值計量除外。除另有說明者外，該等財務報表以港元呈列，所有價值均已湊整至最接近千位。

於二零二零年一月，廉政公署對本公司的註冊辦事處進行搜查，而本公司主席兼行政總裁則正在接受調查(「調查」)，直至該等綜合財務報表獲批准日期，廉政公署未有提出起訴。

本集團董事認為，調查對該等財務報表並無重大影響。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

2.1 編製基準(續)

綜合基準

綜合財務報表包括本公司及其附屬公司(統稱「**本集團**」)截至二零一九年十二月三十一日止年度之財務報表。附屬公司為本公司直接或間接控制的實體(包括結構實體)。本集團因參與投資對象業務而承擔可變回報的風險或有權享有可變回報，且可透過對投資對象的權力(即本集團獲賦予現有能以主導投資對象相關業務的既有權利)影響該等回報時，即取得控制權。

如本公司直接或間接擁有的投資對象投票權或類似權利不過半數，本集團衡量是否擁有對投資對象的權力時會考慮所有相關事實及情況，包括：

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

附屬公司使用與本公司一致的會計政策編製同一報告期間的財務報表。附屬公司的業績自本集團取得控制權之日起綜合入賬，並持續綜合入賬至有關控制權終止當日為止。

損益及其他全面收入的各組成部分會歸屬於本集團母公司擁有人及非控股權益，儘管這會導致非控股權益結餘錄得虧絀。有關本集團成員公司間交易的所有集團內資產及負債、權益、收入、開支以及現金流量於綜合入賬時悉數對銷。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

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

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

2.1 編製基準(續)

綜合基準(續)

倘事實及情況顯示上述三項控制因素的一項或多項出現變化，本集團會重新評估本身是否控制投資對象。並無失去控制權的附屬公司擁有權權益變動以權益交易入賬。

倘本集團失去對附屬公司的控制權，則會終止確認(i)該附屬公司的資產(包括商譽)及負債、(ii)任何非控股權益的賬面值及(iii)計入權益的累計匯兌差額；並確認(i)已收取代價的公允值、(ii)任何保留投資的公允值及(iii)任何於損益產生的盈餘或虧絀。本集團應佔過往於其他全面收入確認的組成部分按與本集團直接出售相關資產或負債所需的相同基準重新分類至損益或保留溢利(如適用)。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9 HKFRS 16	<i>Prepayment Features with Negative Compensation Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements to HKFRSs 2015–2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16, the adoption of the above new and revised standards has had no significant financial effect on the financial statements of the Group.

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

2.2 會計政策及披露變動

本集團已首次於本年度財務報表採納下列新訂及經修訂香港財務報告準則。

香港財務報告準則 第9號(修訂本)	具有負補償的提前還款特性
香港財務報告準則 第16號	租賃
香港會計準則 第19號(修訂本)	計劃修訂、縮減或支付
香港會計準則 第28號(修訂本)	聯營公司及合營企業的長期權益
香港(國際財務報告詮釋委員會)－詮釋 第23號	所得稅處理方法的不確定性
香港財務報告準則 二零一五年至二零一七年週期的年度改進	對香港財務報告準則第3號、香港財務報告準則第11號、香港會計準則第12號及香港會計準則第23號的修訂

除下文闡述有關香港財務報告準則第16號的影響外，採納上述新訂及經修訂準則對本集團的財務報表並無重大財務影響。

香港財務報告準則第16號取代香港會計準則第17號租賃、香港(國際財務報告詮釋委員會)－詮釋第4號釐定安排是否包括租賃、香港(常務詮釋委員會)－詮釋第15號經營租賃－優惠及香港(常務詮釋委員會)－詮釋第27號評估涉及租賃法律形式的交易內容。該準則載列確認、計量、呈列及披露租賃的原則，要求承租人在單一資產負債表模式中所有租賃入賬，以確認及計量使用權資產及租賃負債，惟若干確認豁免除外。香港財務報告準則第16號項下的出租人會計處理方法與香港會計準則第17號大致維持不變。出租人繼續採用與香港會計準則第17號相類似的原則將租賃分類為經營或融資租賃。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

For a sublease arrangement, the classification of the sublease is made by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset.

HKFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

2.2 會計政策及披露變動(續)

就分租賃安排而言，分租賃的分類乃參考主租賃產生的使用權資產(而非參考相關資產)後作出。

香港財務報告準則第16號對本集團為出租人的租賃並無任何重大影響。

本集團已透過採用經修訂的追溯法採納香港財務報告準則第16號，初次應用日期為二零一九年一月一日。在此方法下，該準則已追溯應用，並將初次採納的累計影響確認為對於二零一九年一月一日的保留溢利期初結餘作出的調整，而二零一八年的比較資料並無重列，且繼續根據香港會計準則第17號及相關詮釋呈報。

租賃的新定義

根據香港財務報告準則第16號，倘一份合約在一段時間內為換取代價而讓渡一項可識別資產使用的控制權，則該合約為一項租賃或包含一項租賃。倘客戶有權從可識別資產的使用中獲取絕大部分經濟利益及有權主導可識別資產的使用，則控制權屬已讓渡。本集團選擇使用過渡實際權宜方法，允許於初次應用日期僅將該準則應用於先前透過採用香港會計準則第17號及香港(國際財務報告詮釋委員會)－詮釋第4號識別為租賃的合約。根據香港會計準則第17號及香港(國際財務報告詮釋委員會)－詮釋第4號並未識別為租賃的合約並無進行重新評估。因此，香港財務報告準則第16號項下的租賃定義僅應用於二零一九年一月一日或之後簽訂或修改的合約。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less (“short-term leases”) (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

2.2 會計政策及披露變動(續)

作為承租人 — 先前分類為經營租賃的租賃

採納香港財務報告準則第16號的影響性質

本集團擁有多個物業及其他設備項目的租賃合約。作為承租人，本集團先前根據有關租賃是否已將資產擁有權的絕大部分回報及風險轉讓予本集團的評估，將租賃分類為融資租賃或經營租賃。根據香港財務報告準則第16號，本集團就所有租賃應用單一的方法，以確認及計量使用權資產及租賃負債，惟低價值資產租賃(按個別租賃基準選擇)及租期為十二個月或以下的租賃(「短期租賃」)(按相關資產類別選擇)的兩項選擇性豁免除外。本集團並無就自二零一九年一月一日起開始的租期按直線法確認經營租賃項下的租金開支，而是確認使用權資產的折舊(及減值，如有)及未償還租賃負債的應計利息(作為融資成本)。

過渡影響

於二零一九年一月一日的租賃負債按剩餘租賃款項的現值確認，並使用於二零一九年一月一日的增量借款利率貼現。使用權資產按租賃負債金額計量，並透過與緊接二零一九年一月一日前於財務狀況表中確認的租賃有關的任何預付或應計租賃款項金額進行調整。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

As a lessee – Leases previously classified as operating leases (continued)

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the lease liabilities and right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

Financial impact at 1 January 2019

The impact arising from the adoption of HKFRS 16 at 1 January 2019 was as follows:

2.2 會計政策及披露變動(續)

作為承租人 – 先前分類為經營租賃的租賃(續)

所有該等資產於該日根據香港會計準則第36號就任何減值進行評估。本集團選擇於財務狀況表中單獨呈列租賃負債及使用權資產。

於二零一九年一月一日應用香港財務報告準則第16號時，本集團已使用下列選擇性實際權宜方法：

- 對租期於初次應用日期起計十二個月內結束的租賃應用短期租賃豁免
- 倘合約包含延長／終止租賃的選擇權，則於事後釐定租期

於二零一九年一月一日的財務影響

於二零一九年一月一日採納香港財務報告準則第16號產生的影響如下：

		Increase/ (decrease) 增加/ (減少) HK\$'000 千港元
Assets		
Increase in right-of-use assets	使用權資產增加	5,992
Decrease in prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產減少	(1,608)
Increase in total assets	資產總值增加	4,384
Liabilities		
Increase in lease liabilities	租賃負債增加	5,827
Decrease in other payables and accruals	其他應付款項及應計費用減少	(1,443)
Increase in total liabilities	負債總額增加	4,384

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

2.2 會計政策及披露變動(續)

Financial impact at 1 January 2019 (continued)

於二零一九年一月一日的財務影響
(續)

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

於二零一九年一月一日的租賃負債與
於二零一八年十二月三十一日的經營
租賃承擔對賬如下：

		HK\$'000 千港元
Operating lease commitments as at 31 December 2018	於二零一八年十二月三十一日的 經營租賃承擔	8,501
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	減：與短期租賃及餘下租期 於二零一九年十二月 三十一日或之前結束 的該等租賃有關的承擔	(1,863)
		6,638
Weighted average incremental borrowing rate as at 1 January 2019	於二零一九年一月一日的加權平均 增量借款利率	4.75%
Discounted operating lease commitments and lease liabilities as at 1 January 2019	於二零一九年一月一日的貼現經營 租賃承擔及租賃負債	5,827

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 3	<i>Definition of a Business</i> ¹
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i> ¹
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
HKFRS 17	<i>Insurance Contracts</i> ²
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i> ¹
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> ³

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

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 January 2022

⁴ No mandatory effective date yet determined but available for adoption

The Group expects that the adoption of the above new and revised standards will have no significant impact on these financial statements.

2.3 已頒佈但尚未生效之香港財務報告準則

本集團並未於該等財務報表內應用下列已頒佈但尚未生效的新訂及經修訂香港財務報告準則。

香港財務報告準則第3號(修訂本)	業務的定義 ¹
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)	利率基準改革 ¹
香港財務報告準則第10號及香港會計準則第28號(二零一一年)(修訂本)	投資者與其聯營公司或合營企業之間的資產出售或注資 ⁴
香港財務報告準則第17號	保險合約 ²
香港會計準則第1號及香港會計準則第8號(修訂本)	重大的定義 ¹
香港會計準則第1號(修訂本)	將負債分類為流動或非流動 ³

¹ 於二零二零年一月一日或之後開始的年度期間生效

² 於二零二一年一月一日或之後開始的年度期間生效

³ 於二零二二年一月一日或之後開始的年度期間生效

⁴ 並未釐定強制生效日期，但可予採納

本集團預期採納上述新訂及經修訂準則將不會對該等財務報表造成重大影響。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

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

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

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

2.4 主要會計政策概要

業務合併及商譽

業務合併乃以收購法入賬。轉讓代價乃以收購日期公允值計量，該公允值為本集團所轉讓資產於收購日期的公允值、本集團向被收購方前擁有人承擔的負債及本集團發行以換取被收購方控制權的股權總和。於各業務合併中，本集團選擇是否以公允值或被收購方可識別資產淨值的應佔比例，計量於被收購方的非控股權益，即於被收購方中賦予持有人在清盤時按比例分佔資產淨值的現有擁有權權益。非控股權益的所有其他組成部分均按公允值計量。收購相關成本於產生時列為開支。

當本集團收購業務時，須於收購日期根據合約條款、經濟狀況及相關條件對所承擔金融資產及負債進行評估，以適當分類及確認，包括將嵌入式衍生工具與被收購方主合約分開。

如業務合併分階段實現，早前持有的股權按收購日期的公允值重新計量，因此產生的任何增益或虧損於損益確認。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

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

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

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

2.4 主要會計政策概要(續)

業務合併及商譽(續)

收購方將予轉讓的任何或然代價乃按收購日期的公允值確認。分類為資產或負債的或然代價按公允值計量，公允值變動於損益確認。分類為權益的或然代價不予重新計量，而其後結算於權益入賬。

商譽初步按成本(即所轉讓代價、就非控股權益確認的金額及任何本集團早前於被收購方持有的股權公允值的總額，超出所收購可識別資產淨值及所承擔負債的部分)計量。如該代價與其他項目的總和低於所收購資產淨值的公允值，差額經重新評估後於損益確認為議價購買增益。

初步確認後，商譽按成本減任何累計減值虧損計量。商譽每年進行減值測試，如有事件或情況變化表明賬面值可能減值，則更頻繁地進行減值測試。本集團於十二月三十一日對商譽進行年度減值測試。就減值測試而言，業務合併中收購的商譽自收購日期起分配至預期受益於合併協同效益的本集團各現金產生單位或現金產生單位組別(不論本集團其他資產或負債是否分配予該等單位或單位組別)。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

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

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

Fair value measurement

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

2.4 主要會計政策概要(續)

業務合併及商譽(續)

減值透過評估商譽涉及的現金產生單位(現金產生單位組別)的可收回金額而釐定。如現金產生單位(現金產生單位組別)的可收回金額低於賬面值，則確認減值虧損。就商譽確認的減值虧損不會於隨後期間撥回。

如商譽分配予現金產生單位(或現金產生單位組別)，且該單位內部分經營被出售，則與被出售經營有關的商譽在釐定出售增益或虧損時計入經營的賬面值。在此等情況下，被出售的商譽基於所出售經營及所保留現金產生單位部分的相對價值計量。

公允值計量

本集團於各報告期末按公允值計量按公允值計入損益的金融資產。公允值為市場參與者於計量日期在有序交易中出售資產時收取或轉讓負債時支付的價格。公允值計量乃基於假定出售資產或轉讓負債的交易於資產或負債的主要市場中進行，倘無主要市場，則於資產或負債的最有利市場進行。主要或最有利市場必須為本集團可進入的市場。資產或負債的公允值乃按對資產或負債定價時市場參與者採用的假設計量，並假設市場參與者以彼等最佳經濟利益行事。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

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

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

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

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

2.4 主要會計政策概要(續)

公允值計量(續)

本集團採用於任何情況下屬適當且有足夠數據的估值方法計量公允值，並盡量使用有關可觀察輸入數據和盡量避免使用不可觀察輸入數據。

於財務報表中計量或披露公允值的所有資產及負債在公允值層級(如下所述)中，根據對整體公允值計量而言屬重大的最低層級輸入數據進行分類：

- 第一級 — 根據相同資產或負債於活躍市場的報價(未經調整)
- 第二級 — 根據對公允值計量而言屬重大的最低層級可觀察(不論直接或間接)輸入數據的估值方法
- 第三級 — 根據對公允值計量而言屬重大的最低層級不可觀察輸入數據的估值方法

就按經常基準於財務報表中確認的資產及負債而言，本集團於各報告期末重新評估分類方法(根據對整體公允值計量而言屬重大的最低層級輸入數據)，以釐定各層級之間有否發生轉移。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

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

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

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

2.4 主要會計政策概要(續)

非金融資產減值

倘資產出現減值跡象，或須對資產進行年度減值測試(不包括存貨、遞延稅項資產及金融資產)，則會估計資產的可收回金額。資產的可收回金額按資產或現金產生單位的使用價值與其公允值減出售成本兩者的較高者計算，並以個別資產釐定，除非有關資產並不產生很大程度上獨立於其他資產或資產組合現金流入的現金流入，在此情況下須就有關資產所屬的現金產生單位釐定可收回金額。

僅當資產的賬面值超過其可收回金額時，方會確認減值虧損。評估使用價值時，使用稅前貼現率將估計未來現金流量貼現至其現值，而該貼現率反映市場當時所評估的貨幣時間價值及該資產的特定風險。減值虧損按與減值資產功能相符的開支類別於產生期間自損益扣除。

本集團於各報告期末評估有否任何跡象顯示過往確認的減值虧損可能不復存在或有所減少。如有任何該等跡象，則會估計可收回金額。先前就資產(商譽除外)確認的減值虧損，僅於用以釐定該資產可收回金額的估計有變時予以撥回，但撥回金額不得高於假設過往年度並無就該資產確認減值虧損而應釐定的賬面值(扣除任何折舊/攤銷)。減值虧損撥回於產生期間計入損益表。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);

2.4 主要會計政策概要(續)

關聯方

在下列情況下，一方視為與本集團有關聯：

- (a) 該方為某人士或其關係密切的家庭成員，且該人士
- (i) 對本集團有控制權或共同控制權；
 - (ii) 對本集團有重大影響力；或
 - (iii) 為本集團或本集團母公司的主要管理人員；

或

- (b) 該方為符合下列任何條件的實體：
- (i) 該實體與本集團為同一集團的成員公司；
 - (ii) 一個實體為另一實體(或該實體的母公司、附屬公司或同系附屬公司)的聯營公司或合營企業；
 - (iii) 該實體與本集團為同一第三方的合營企業；
 - (iv) 一個實體為第三方實體的合營企業，而另一實體為該第三方實體的聯營公司；
 - (v) 該實體為以本集團或與本集團有關聯實體的僱員為受益人的離職後福利計劃；
 - (vi) 該實體由(a)項界定的人士控制或共同控制；

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(b) (Continued)

- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

2.4 主要會計政策概要(續)

關聯方(續)

(b) (續)

- (vii) (a)(i)項界定的人士對該實體有重大影響力，或該人士為該實體(或該實體的母公司)的主要管理人員；及
- (viii) 該實體或其所屬集團任何成員公司為本集團或其母公司提供主要管理人員服務。

物業、廠房及設備與折舊

物業、廠房及設備(在建工程除外)按成本減累計折舊及任何減值虧損入賬。物業、廠房及設備項目的成本包括購買價及使資產達到擬定用途運作狀態及地點的任何直接應佔成本。

物業、廠房及設備項目投入運作後產生的維修及保養等開支，通常於產生期間自損益表扣除。於符合確認標準的情況下，大型檢測開支撥充為資產的賬面值，作為重置成本。倘物業、廠房及設備的主要部分須定期替換，則本集團將該等部分確認為具特定使用年期的個別資產，並相應計提折舊。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

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

Production machinery	10% to 20%
Office equipment	20% to 30%
Leasehold improvements	Over the shorter of the lease terms and 20%
Vehicles	20% to 30%

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

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

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

2.4 主要會計政策概要(續)

物業、廠房及設備與折舊(續)

折舊乃按每項物業、廠房及設備之估計使用年期，以直線法將其成本撇銷至剩餘價值計算。就此採用之主要年利率如下：

生產機器	10%至20%
辦公設備	20%至30%
租賃改良	租期及20% (以較短者為準)
汽車	20%至30%

倘物業、廠房及設備項目各部分的使用年期有別，該項目的成本按合理基準分配至不同部分且各部分個別進行折舊。剩餘價值、使用年期及折舊方法至少須於各財政年度末進行審查及調整(如適用)。

初始確認的物業、廠房及設備項目(包括任何重大部分)於出售後或預期使用或出售不會產生未來經濟利益時終止確認。於資產終止確認年度在損益表確認的任何出售或報廢盈虧，為有關資產的出售所得款項淨額與賬面值的差額。

在建工程指在建的廠房及機器，按成本減任何減值虧損列賬而不計提折舊。成本包括直接建設成本。在建工程於竣工可使用時重新分類至適當的物業、廠房及設備類別。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable from 1 January 2019)

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	2 to 4 and a half years
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2.4 主要會計政策概要(續)

租賃(自二零一九年一月一日起適用)

本集團於合約開始時評估一份合約是否為一項租賃或包含一項租賃。倘一份合約在一段時間內為換取代價而讓渡一項可識別資產使用的控制權，則該合約為一項租賃或包含一項租賃。

本集團作為承租人

本集團就所有租賃應用單一的確認及計量方法，惟短期租賃及低價值資產租賃除外。本集團確認作出租賃款項的租賃負債及使用權資產(即使用相關資產的權利)。

(a) 使用權資產

使用權資產於租賃開始日期(即相關資產可供使用之日)確認。使用權資產按成本減任何累計折舊及任何減值虧損計量，並就租賃負債的任何重新計量進行調整。使用權資產的成本包括已確認租賃負債的金額、已產生的初始直接成本及於開始日期或之前作出的租賃款項減任何已收取租賃優惠。使用權資產就下列資產的租期及估計使用年期(以較短者為準)按直線法進行折舊：

樓宇	2至4年零六個月
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Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable from 1 January 2019) (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.4 主要會計政策概要(續)

租賃(自二零一九年一月一日起適用)(續)

本集團作為承租人(續)

(b) 租賃負債

租賃負債於租賃開始日期按租期內將予作出的租賃款項現值確認。租賃款項包括固定付款(包括實質固定付款)減任何應收租賃優惠、取決於指數或費率的可變租賃款項及預期將根據剩餘價值擔保支付的金額。倘租期反映本集團行使終止選擇權，則租賃款項亦包括本集團合理確定將予行使購買選擇權的行使價及終止租賃的罰款付款。不取決於指數或費率的可變租賃款項於觸發付款的事件或狀況發生的期間確認為開支。

於計算租賃款項的現值時，由於租賃中隱含的利率不易釐定，故本集團於租賃開始日期採用其增量借款利率。於開始日期後，租賃負債金額為反映利息的累增而予以增加，並就已作出的租賃款項予以減少。此外，倘出現修改、租期出現變動、租賃款項出現變動(例如未來租賃款項因指數或費率變動而出現變動)或對相關資產購買選擇權的評估出現變動，則租賃負債的賬面值予以重新計量。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable from 1 January 2019) (Continued)

Group as a lessee (Continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.4 主要會計政策概要(續)

租賃(自二零一九年一月一日起適用)(續)

本集團作為承租人(續)

(c) 短期租賃及低價值資產租賃

本集團對其機器及設備短期租賃(即租期為自開始日期起計十二個月或以下及並無包含購買選擇權的該等租賃)應用短期租賃確認豁免。其亦將低價值資產租賃的確認豁免應用於被認為低價值的辦公設備租賃。

短期租賃及低價值資產租賃的租賃款項就租期按直線法確認為開支。

本集團作為出租人

倘本集團擔任出租人，則其於租賃開始時(或於修改租賃時)將其各項租賃分類為經營租賃或融資租賃。

本集團並無轉讓資產擁有權附帶的絕大部分風險及回報的租賃分類為經營租賃。倘一份合約包含租賃及非租賃組成部分，則本集團按相對獨立售價基準將該合約的代價分配至各組成部分。租金收入就租期按直線法入賬，並因其經營性質而計入損益表內的收益。於磋商及安排經營租賃時產生的初始直接成本乃加至租賃資產的賬面值，並就租賃按相同基準確認為租金收入。或然租金於其賺取期間確認為收益。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable from 1 January 2019) (Continued)

Group as a lessor (Continued)

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Leases (applicable before 1 January 2019)

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

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

2.4 主要會計政策概要(續)

租賃(自二零一九年一月一日起適用)(續)

本集團作為出租人(續)

當本集團為中間出租人時，分租賃乃參考主租賃產生的使用權資產後分類為融資租賃或經營租賃。倘主租賃為本集團對其應用資產負債表確認豁免的短期租賃，則本集團將分租賃分類為經營租賃。

租賃(於二零一九年一月一日前適用)

將資產擁有權的絕大部分回報及風險轉讓予本集團的租賃(法定業權除外)入賬列作融資租賃。於融資租賃開始時，租賃資產的成本按最低租賃款項的現值撥充資本，並連同債務(不包括利息部分)一併入賬以反映購買及融資情況。已撥充資本的融資租賃項下持有的資產(包括融資租賃項下的預付土地租賃款項)計入物業、廠房及設備，並就資產的租期及估計使用年期(以較短者為準)進行折舊。有關租賃的融資成本自損益表扣除，以於租期內提供固定的定期收費率。

透過屬融資性質的租購合約收購的資產入賬列作融資租賃，惟就其估計使用年期進行折舊。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable before 1 January 2019) (Continued)

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

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

2.4 主要會計政策概要(續)

租賃(於二零一九年一月一日前適用) (續)

資產擁有權的絕大部分回報及風險仍歸出租人所有的租賃入賬列作經營租賃。倘本集團為出租人，則本集團根據經營租賃出租的資產計入非流動資產，而經營租賃項下的應收租金則就租期按直線法計入損益表。倘本集團為承租人，則經營租賃項下的應付租金(扣減任何自出租人收取的優惠後)就租期按直線法自損益表扣除。

經營租賃項下的預付土地租賃款項最初按成本列帳，其後就租期按直線法確認。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss. The Group's financial assets include trade receivables, financial assets included in prepayments, other receivables and other assets, a financial asset at FVPL and cash and cash equivalents.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2.4 主要會計政策概要(續)

投資及其他金融資產

初始確認及計量

金融資產於初始確認時分類為其後按攤銷成本、按公允值計入其他全面收入及按公允值計入損益計量。本集團的金融資產包括應收交易款項、計入預付款項、其他應收款項及其他資產的金融資產、按公允值計入損益的金融資產以及現金及現金等價物。

金融資產於初始確認時的分類視乎金融資產合約現金流量的特徵及本集團管理該等資產的業務模式。除並無重大融資組成部分或本集團並未就此應用不調整重大融資組成部分影響的實際權宜方法的應收交易款項外，本集團初步按其公允值加交易成本(倘並非按公允值計入損益的金融資產)計量金融資產。根據下文「收益確認」所載的政策，並無重大融資組成部分或本集團並未就此應用實際權宜方法的應收交易款項按香港財務報告準則第15號釐定的交易價格計量。

為使金融資產按攤銷成本或按公允值計入其他全面收入進行分類及計量，其需產生僅為支付本金及未償還本金額利息(「SPPI」)的現金流量。現金流量並非SPPI的金融資產按公允值計入損益進行分類及計量，而不論業務模式。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

Subsequent measurement

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

Financial assets at amortised cost

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

2.4 主要會計政策概要(續)

投資及其他金融資產(續)

初始確認及計量(續)

本集團管理金融資產的業務模式指其為產生現金流量而管理其金融資產的方式。業務模式釐定現金流量會否來自收取合約現金流量、出售金融資產或兩者兼有。按攤銷成本進行分類及計量的金融資產於旨在持有金融資產以收取合約現金流量的業務模式內持有，而按公允值計入其他全面收入進行分類及計量的金融資產則於旨在同時持作收取合約現金流量及銷售的業務模式內持有。並非於上述業務模式內持有的金融資產按公允值計入損益進行分類及計量。

所有常規方式買賣的金融資產於交易日(即本集團承諾買賣該資產之日)確認。常規方式買賣指須於法規或市場慣例一般設定的期間內交付資產的金融資產買賣。

後續計量

金融資產的後續計量視乎其如下分類而定：

按攤銷成本計量的金融資產

按攤銷成本計量的金融資產其後使用實際利息法計量，並可能受減值影響。當資產終止確認、修訂或減值時，增益及虧損於損益表確認。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets at FVPL

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes a life insurance policy which the Group had not irrevocably elected to classify at fair value through other comprehensive income.

Derecognition of financial assets

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

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

2.4 主要會計政策概要(續)

投資及其他金融資產(續)

後續計量(續)

按公允值計入損益的金融資產

按公允值計入損益的金融資產按公允值於財務狀況表列賬，而公允值變動淨額則於損益表確認。

該類別包括本集團並無不可撤銷地選擇按公允值計入其他全面收入進行分類的壽險保單。

終止確認金融資產

金融資產(或(如適用)金融資產的一部分或一組類似金融資產的一部分)主要在下列情況下終止確認(即從本集團綜合財務狀況表中移除)：

- 自資產收取現金流量的權利已屆滿；或
- 本集團已轉讓其自資產收取現金流量的權利，或已根據「轉付」安排承擔在無重大延誤的情況下將全數已收取現金流量支付予第三方的責任；及(a)本集團已轉讓資產的絕大部分風險及回報，或(b)本集團並無轉讓或亦無保留資產的絕大部分風險及回報，惟已轉讓資產的控制權。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Derecognition of financial assets (Continued)

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

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

Impairment of financial assets

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

2.4 主要會計政策概要(續)

投資及其他金融資產(續)

終止確認金融資產(續)

倘本集團已轉讓其自資產收取現金流量的權利，或已訂立轉付安排，則會評估其有否保留資產擁有權的風險及回報以及保留的程度。倘本集團並無轉讓或亦無保留資產的絕大部分風險及回報，且亦無轉讓資產的控制權，則本集團繼續以其持續參與該資產為限確認已轉讓資產。在該情況下，本集團亦確認相關負債。已轉讓資產及相關負債按反映本集團已保留權利及責任的基準計量。

以就已轉讓資產作出保證形式的持續參與，乃按資產的原有賬面值與本集團可能須償還的代價金額上限(以較低者為準)計量。

金融資產減值

本集團就所有並非按公允值計入損益持有的債務工具確認預期信貸虧損(「預期信貸虧損」)撥備。預期信貸虧損乃以根據合約應付的合約現金流量與本集團預期收取的所有現金流量之間的差額為基準，按原有實際利率的近似值貼現。預期現金流量將包括來自銷售所持抵押品的現金流量或其他組成合約條款的信用提升措施。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach

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

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

2.4 主要會計政策概要(續)

金融資產減值(續)

一般方法

預期信貸虧損於兩個階段進行確認。就自初始確認後並無顯著增加的信貸風險而言，預期信貸虧損就可能於未來十二個月內出現的違約事件導致的信貸虧損計提撥備(十二個月預期信貸虧損)。就自初始確認後有顯著增加的信貸風險而言，須在信貸虧損風險預期的剩餘年期計提虧損撥備，而不論違約事件於何時發生(全期預期信貸虧損)。

於各報告日期，本集團於評估自初始確認後金融工具的信貸風險是否顯著增加時，本集團將於報告日期金融工具發生之違約風險與於初始確認日期金融工具發生之違約風險進行比較，並考慮毋需付出不必要的成本或努力而可取得之合理可支持的資料，包括過往及前瞻性資料。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 主要會計政策概要(續)

金融資產減值(續)

一般方法(續)

本集團將合約付款逾期365日的金融資產視作違約。然而，在若干情況下，當內部或外部資料顯示本集團不可能在考慮本集團採取任何信用提升措施前悉數收回未償還合約金額時，本集團亦可能將該金融資產視作違約。倘無法合理預期收回合約現金流量，則撇銷金融資產。

- 第一階段 — 自初始確認以來信貸風險並無顯著增加且虧損撥備按相等於十二個月預期信貸虧損之金額計量的金融工具
- 第二階段 — 自初始確認以來信貸風險顯著增加(但並非信貸減值之金融資產)且虧損撥備按相等於全期預期信貸虧損之金額計量的金融工具
- 第三階段 — 於報告日期發生信貸減值(但並非購入或源自信貸減值)且虧損撥備按相等於全期預期信貸虧損之金額計量的金融資產

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Simplified approach

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

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

Financial liabilities

Initial recognition and measurement

The Group's financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings and lease liabilities.

2.4 主要會計政策概要(續)

金融資產減值(續)

簡化方法

對於不含重大融資組成部分的應收交易款項及合約資產，或當本集團應用不調整重大融資組成部分影響的實際權宜方法時，本集團在計算預期信貸虧損時應用簡化方法。根據簡化方法，本集團並無追蹤信貸風險的變動，但會根據於各報告日期的全期預期信貸虧損確認虧損撥備。本集團已設立根據其過往信貸虧損經驗計算的撥備矩陣，並按債務人特定的前瞻性因素及經濟環境作出調整。

就包含重大融資組成部分的應收交易款項及合約資產以及租賃應收款項而言，本集團選擇上文所述的政策作為其會計政策，以於計算預期信貸虧損時採用簡化方法。

金融負債

初始確認及計量

本集團的金融負債於初始確認時分類為貸款及借款或應付款項(如適用)。

所有金融負債初始按公允值確認，並扣除直接應佔交易成本。

本集團的金融負債包括應付交易款項、計入其他應付款項及應計費用的金融負債、計息銀行借款及租賃負債。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement

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

Financial liabilities at amortised cost (loans and borrowings)

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

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

Derecognition of financial liabilities

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

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

2.4 主要會計政策概要(續)

金融負債(續)

後續計量

金融負債的後續計量視乎如下分類而定：

按攤銷成本計量的金融負債(貸款及借款)

初始確認後，計息貸款及借款其後採用實際利率法按攤銷成本計量，如貼現影響並不重大，則按成本列賬。增益及虧損於終止確認負債時於損益確認，亦採用實際利率通過攤銷確認。

計算攤銷成本時已計及任何收購折讓或溢價和實際利率所包含的費用或成本。實際利率攤銷計入損益表的融資成本。

終止確認金融負債

金融負債於負債的責任解除、註銷或屆滿時終止確認。

倘現有金融負債被另一項由同一貸款方提供而絕大部分條款不同的負債所取代，或現有負債的條款經大幅修改，則有關取代或修改視為終止確認原有負債及確認新負債，而相關賬面值的差額會於損益表確認。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Offsetting of financial instruments

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

Inventories

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

Cash and cash equivalents

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

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

2.4 主要會計政策概要(續)

抵銷金融工具

倘現時有可執行合法權利抵銷已確認金額，且有意按淨額基準結算或同時變現資產及償還負債，則可抵銷金融資產與金融負債，並於財務狀況表呈報淨額。

存貨

存貨按成本及可變現淨值兩者的較低者列賬。成本按加權平均基準釐定。如屬在製品及製成品，成本則包括直接物料、直接人工及適當比例的經常費用。可變現淨值乃根據估計售價減任何完工與出售所涉估計成本計算。

現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金與活期存款，以及可隨時兌換為確定金額現金及所涉價值變動風險不高，且一般自取得起計三個月內到期的短期高流動性投資，再扣除須按要求償還且構成本集團現金管理不可缺少部分的銀行透支。

就綜合財務狀況表而言，現金及現金等價物包括用途不受限制的手頭及銀行現金(包括定期存款)及性質與現金類似的資產。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax

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

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

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

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

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

2.4 主要會計政策概要(續)

所得稅

所得稅包括即期及遞延稅項。與於損益外確認的項目相關的所得稅於損益外確認，即於其他全面收入或直接於權益中確認。

即期稅項資產及負債乃以各報告期末已實施或實質上實施的稅率(及稅法)，經計及本集團經營所在國家／司法管轄區的現行詮釋及慣例，按預期可自稅務機關收回或向其支付的數額計算。

遞延稅項以負債法，就於各報告期末的資產及負債稅基與作財務申報用途的賬面值之間的所有暫時差額計提撥備。

遞延稅項負債就所有應課稅暫時差額予以確認，惟下列情況除外：

- 遞延稅項負債源於初始確認商譽或一項交易(並非一項業務合併)中的資產或負債，而於該項交易進行時不影響會計溢利或應課稅溢利或虧損；及
- 就與於附屬公司的投資有關的應課稅暫時差額而言，暫時差額的撥回時間可予控制而該暫時差額於可預見未來很有可能不會撥回。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

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

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

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

2.4 主要會計政策概要(續)

所得稅(續)

遞延稅項資產乃就所有可扣減暫時差額以及結轉未動用稅項抵免及任何未動用稅項虧損予以確認。遞延稅項資產在有可能有應課稅溢利用以抵銷可扣減暫時差額及結轉未動用稅項抵免及未動用稅項虧損的情況下予以確認，惟下列情況除外：

- 有關可扣減暫時差額的遞延稅項資產源於初始確認一項交易(並非一項業務合併)中的資產或負債，而於該項交易進行時不影響會計溢利或應課稅溢利或虧損；及
- 就與於附屬公司的投資有關的可扣減暫時差額而言，遞延稅項資產只會於暫時差額有可能將會於可預見未來撥回及有應課稅溢利可用以抵銷暫時差額的情況下予以確認。

遞延稅項資產的賬面值於各報告期末檢討，並在不再可能會有足夠應課稅溢利以允許動用全部或部分遞延稅項資產時相應扣減。未確認遞延稅項資產於各報告期末重新評估，並在很有可能會有足夠應課稅溢利以允許可收回全部或部分遞延稅項資產時予以確認。

遞延稅項資產及負債按預期適用於資產變現或負債清償期間的稅率計算，而該稅率則按各報告期末已實施或實質上實施的稅率(及稅法)計算。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

Revenue recognition

Revenue from contracts with customers

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

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

2.4 主要會計政策概要(續)

所得稅(續)

當且僅當本集團擁有法定行使權可將當期稅項資產與當期稅項負債相互抵銷及遞延稅項資產與遞延稅項負債與由同一稅務機關對同一應課稅實體或不同的應課稅實體所徵收的所得稅有關，而該等實體有意在日後每個預計有大額遞延稅項負債或資產需要清償或收回的期間內，按淨額基準清償當期稅項負債及資產，或同時變現該資產及清償該負債，即遞延稅項資產可與遞延稅項負債互相抵銷。

收益確認

來自客戶合約的收益

來自客戶合約的收益乃於貨品或服務的控制權轉讓予客戶時確認，該金額能反映本集團預期就交換該等貨品或服務有權獲得的代價。

當合約中的代價包含可變金額時，代價金額於本集團向客戶轉讓貨品或服務而有權獲得交換時估計。可變代價於合約開始時估計並受到約束，直至可變代價相關的不確定因素隨後得到解決時已確認的累計收益金額極有可能不會發生重大收益撥回為止。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

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

Sale of industrial products

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

Revenue from other sources

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

Other income

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

2.4 主要會計政策概要(續)

收益確認(續)

來自客戶合約的收益(續)

當合約中包含融資組成部分，而該融資組成部分為客戶提供超過一年的貨品或服務轉讓融資的重大利益時，收益按應收款項的現值計量，使用貼現率貼現，該貼現率將反映在本集團與客戶在合約開始時的單獨融資交易中。當合約中包含融資組成部分，而該融資組成部分為本集團提供超過一年的重大財務利益時，合約項下確認的收益包括按實際利息法在合約負債上加算的利息開支。就客戶付款至轉讓承諾貨品或者服務的期限為一年或者更短的合約而言，交易價格不會對重大融資組成部分的影響作出調整，惟採用香港財務報告準則第15號中的實際權宜方法計量。

銷售工業產品

銷售工業產品所得收益乃於資產的控制權轉讓予客戶時(一般為交付工業產品時)確認。

其他來源的收益

租金收入按租期以時間比例基準確認。

其他收入

利息收入按預提基準以實際利息法確認，方式為應用於金融工具之預期年期或較短期間(倘適用)將估計未來現金收入準確貼現至金融資產賬面淨值之利率。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract liabilities

A contract liability is recognised when the payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “**MPF Scheme**”) under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

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

2.4 主要會計政策概要(續)

合約負債

合約負債於本集團轉讓相關貨品或服務前自客戶收取付款或應收客戶付款(以較早者為準)時確認。合約負債於本集團履行合約(即將相關貨品或服務的控制權轉讓予客戶)時確認為收益。

僱員福利

退休金計劃

本集團根據強制性公積金計劃條例為其合資格參與定額供款強制性公積金退休福利計劃(「**強積金計劃**」)之僱員實施強積金計劃。供款乃按僱員基本薪酬之百分比計算，在按強積金計劃之規則應予支付時於損益中扣除。強積金計劃之資產於獨立管理之基金與本集團資產分開持有。本集團之僱主供款於供款予強積金計劃時即全數歸屬於僱員。

本集團於中國內地經營之附屬公司的僱員須參與由地方市政府營辦之中央退休金計劃。該等附屬公司須根據員工薪金成本之一定百分比向中央退休金計劃供款。供款在按中央退休金計劃之規則應予支付時於損益中扣除。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted.

2.4 主要會計政策概要(續)

借貸成本

借貸成本於產生期間支銷，借貸成本包括本集團就借用資金產生的利息及其他成本。

股息

末期股息於股東在股東大會上批准時確認為負債。

中期股息同時建議派付及宣派，因為本公司組織章程大綱及細則已授予董事宣派中期股息的權利。因此，中期股息於建議派付及宣派時即時確認為負債。

股份付款

本公司設有購股權計劃，以向為本集團業務成就作出貢獻的合資格參與者提供激勵及獎賞。本集團僱員(包括董事)以股份付款之方式收取酬金，而僱員則提供服務作為股本工具之代價(「**權益結算交易**」)。

就二零零二年十一月七日後之授出與僱員進行權益結算交易之成本乃參考授出日期之公允值計量。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

2.4 主要會計政策概要(續)

股份付款(續)

權益結算交易之成本連同權益相應增幅於履行表現及／或服務條件期間在僱員福利開支確認。於各報告期末直至歸屬日期為止就權益結算交易確認的累計開支反映歸屬期已屆滿部分及本集團對最終將歸屬之股本工具數目之最佳估計。於期內自損益表扣除或計入之金額指於期初及期末確認之累計開支變動。

釐定獎勵於授出日期之公允值時並無考慮服務及非市場表現條件，惟達成條件之可能性獲評定為本集團對最終將歸屬之股本工具數目之最佳估計一部分。市場表現條件反映於授出日期之公允值。附帶於獎勵但並無相關服務要求之任何其他條件均被視為非歸屬條件。非歸屬條件於獎勵公允值反映並即時支銷獎勵，除非亦設有服務及／或表現條件則另作別論。

因未能達致非市場表現及／或服務條件而導致最終並無歸屬之獎勵不會確認開支。倘獎勵包括市場或非歸屬條件，則交易均被視為已歸屬，而不論市場或非歸屬條件是否達成，前提為所有其他表現及／或服務條件須已達成。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 主要會計政策概要(續)

股份付款(續)

倘權益結算獎勵之條款經修訂而獎勵之原有條款已達成，則最少須確認猶如條款並無修訂之開支。此外，倘任何修訂導致股份付款於修訂日期計量之總公允值有所增加或對僱員有利，則就該等修訂確認開支。

倘權益結算獎勵遭註銷，則被視為已於註銷日期歸屬，而任何尚未就獎勵確認之開支均即時確認。此包括本集團或僱員控制範圍內之非歸屬條件未達成之任何獎勵。然而，倘授出新獎勵代替已註銷獎勵，並於授出日期指定為替代獎勵，則已註銷及新獎勵均按上一段所述被視為原有獎勵之修訂。

計算每股盈利時，未行使購股權之攤薄效應反映為額外股份攤薄。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

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

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

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

2.4 主要會計政策概要(續)

外幣

該等財務報表以本公司功能貨幣港元呈報。本集團旗下各實體決定自身的功能貨幣，而計入各實體財務報表的項目均採用該功能貨幣計量。本集團旗下實體入賬的外幣交易初始按其各自於交易日期當時的功能貨幣匯率入賬。以外幣計值的貨幣資產及負債按於報告期末的適用功能貨幣匯率換算。結算或換算貨幣項目產生的差額於損益表確認。

以外幣按過往成本計量的非貨幣項目，採用初始交易日期的匯率換算。以外幣按公允值計量的非貨幣項目，採用計量公允值當日的匯率換算。換算以公允值計量的非貨幣項目所產生的增益或虧損視為等同於確認該項目公允值變動的增益或虧損(即於其他全面收入或損益確認公允值增益或虧損的項目的換算差額，亦分別於其他全面收入或損益確認)。

就終止確認與預付代價有關的非貨幣資產或非貨幣負債釐定初始確認相關資產、開支或收入所用的匯率時，初始交易日期為本集團初始確認預付代價所產生的非貨幣資產或非貨幣負債當日。倘涉及多筆預付款項或預收款項，則本集團釐定每次支付或收取預付代價的交易日期。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

The functional currencies of certain overseas subsidiaries are currencies other than HK\$. As at the end of the reporting period, the assets and liabilities of these entities are translated into HK\$ at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into HK\$ at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

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

2.4 主要會計政策概要(續)

外幣(續)

若干海外附屬公司的功能貨幣為港元以外的貨幣。於報告期末，該等實體的資產及負債按於報告期末當時的匯率換算為港元，其損益表按本年度加權平均匯率換算為港元。

所產生的匯兌差額於其他全面收入確認並於匯兌波動儲備累計。出售海外業務時，其他全面收入中與該特定海外業務有關的組成部分於損益表確認。

就綜合現金流量表而言，海外附屬公司的現金流量按產生現金流量當日的適用匯率換算為港元。海外附屬公司全年經常產生的現金流量則按本年度加權平均匯率換算為港元。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Property lease classification — Group as lessor

The Group has entered into a sublease arrangement as lessor on certain buildings. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the leasehold land and the present value of the minimum lease payments not amounting to substantially all the fair value of the leasehold land, that it retains substantially all the significant risks and rewards incidental to ownership of the leasehold land which are leased out and accounts for the contracts as operating leases.

3. 重大會計判斷及估計

編製本集團財務報表需管理層作出影響所呈報收益、開支、資產與負債金額以及其隨附披露及或有負債披露的判斷、估計及假設。此等假設及估計的不確定因素可能導致日後須對受影響資產或負債的賬面值作出重大調整。

判斷

於應用本集團的會計政策過程中，除涉及估計的判斷外，管理層已作出以下對財務報表內已確認金額有最重大影響的判斷：

物業租賃分類 — 本集團作為出租人

本集團作為出租人已就若干樓宇訂立分租賃安排。根據對該安排條款及條件進行的評估(如租期不構成租賃土地經濟壽命的主要部分及最低租賃款項現值的金額不等於租賃土地的絕大部分公允值)，本集團已釐定其保留已出租租賃土地擁有權附帶的絕大部分重大風險及回報，並將合約入賬列作經營租賃。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty

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

Provision for expected credit losses on trade and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography and customer type).

An impairment analysis for other receivables is performed at each reporting date by considering the probability of default and expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group.

The provision matrix for trade receivables and expected credit loss rate for other receivables are initially based on the Group's historical observed default rates. The Group will calibrate the matrix and expected credit loss rate to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and other receivables is disclosed in notes 17 and 18 to the financial statements, respectively.

3. 重大會計判斷及估計(續)

估計不確定因素

於各報告期末關於未來的主要假設及估計不確定因素的其他主要來源(具有導致須於下一個財政年度內對資產及負債的賬面值作出重大調整的重大風險)論述如下。

應收交易款項及其他應收款項的預期信貸虧損撥備

本集團使用撥備矩陣計算應收交易款項的預期信貸虧損。撥備率乃基於具有類似虧損模式的多個客戶分部組別的逾期日數釐定(即按地區及客戶類別劃分)。

其他應收款項的減值分析乃於各報告日期透過考慮違約的可能性進行，而預期信貸虧損則經參考本集團的過往虧損記錄後透過應用虧損率法估計。

應收交易款項的撥備矩陣及其他應收款項的預期信貸虧損率初步基於本集團過往觀察所得違約率而釐定。本集團將調整矩陣及預期信貸虧損率，藉以按前瞻性資料調整過往信貸虧損經驗。舉例而言，倘預測經濟狀況(即本地生產總值)預期將於未來一年惡化，導致製造分部違約事件數目增加，則會調整過往違約率。於各報告日期，過往觀察所得違約率將予更新，並會分析前瞻性估計變動。

對過往觀察所得違約率、預測經濟狀況及預期信貸虧損之間的關連性進行的評估屬重大估計。預期信貸虧損金額對事態發展及預測經濟狀況的變動較為敏感。本集團過往信貸虧損經驗及經濟狀況預測亦未必能代表客戶日後的實際違約情況。有關本集團應收交易款項及其他應收款項預期信貸虧損的資料已分別於財務報表附註17及18披露。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“**IBR**”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit by applying key assumptions such as growth rate and gross profit margin and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are contained in note 13 to the financial statements.

3. 重大會計判斷及估計(續)

估計不確定因素(續)

租賃 — 估計增量借款利率

本集團無法輕易釐定租賃中隱含的利率，因此其使用增量借款利率（「**增量借款利率**」）計量租賃負債。增量借款利率為本集團在類似經濟環境中就取得與使用權資產價值相近的資產於類似期限內及以類似抵押品借入所需資金而將須支付的利率。因此，增量借款利率可反映本集團「將須支付」的利率，而當並無可觀察利率可供使用時（如就並無訂立融資交易的附屬公司而言）或當利率須進行調整以反映租賃的條款及條件時（如當租賃並非以附屬公司的功能貨幣訂立時），則須對利率作出估計。當可觀察輸入數據（如市場利率）可供使用時，本集團會使用有關輸入數據估計增量借款利率，並須作出若干實體特定估計（如附屬公司的單獨信貸評級）。

非金融資產減值

本集團於各報告期末評估所有非金融資產（包括使用權資產）是否出現任何減值跡象。非金融資產於有跡象顯示賬面值可能無法收回時測試減值。資產或現金產生單位的賬面值超逾其可收回金額（為公允值減出售成本與使用價值兩者的較高者）時，則存在減值。計量公允值減出售成本時，按以公平交易基準就類似資產進行具約束力銷售交易的可得數據，或可觀察市價減出售資產的增量成本得出。計量使用價值時，管理層必須應用主要假設（如增長率及毛利率）估計來自資產或現金產生單位的預期未來現金流量，並選擇合適的貼現率，以計算該等現金流量的現值。進一步詳情載於財務報表附註13。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Deferred tax assets

Deferred tax assets are recognised for certain deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 23 to the financial statements.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and trading of high performance sewing threads and broad categories of garment accessories. For management purposes, the Group operates in one business unit and has one reportable operating segment, which is the thread segment that manufactures and sells sewing threads and garment accessories. Accordingly, no further operating segment information is presented.

Geographical information

(a) Revenue from external customers

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Mainland China	中國內地	32,968	39,056
Overseas	海外	22,233	21,995
Hong Kong	香港	3,545	3,459
		58,746	64,510

The revenue information is based on the locations of the customers.

3. 重大會計判斷及估計(續)

估計不確定因素(續)

遞延稅項資產

遞延稅項資產乃就若干可扣減暫時差額及未動用稅項虧損予以確認，且在有可能有未來應課稅溢利用以抵銷可扣減暫時差額及未動用稅項虧損的情況下予以確認。重大管理層判斷須基於未來應課稅溢利的可能時間安排及水平和未來稅收計劃策略決定可確認的遞延稅項資產金額。進一步詳情載於財務報表附註23。

4. 經營分部資料

本集團主要從事優質縫紉線和各類服裝輔料生產及貿易。就管理目的而言，本集團經營一個業務單位並擁有一個呈報經營分部，即生產及銷售縫紉線及服裝輔料的線料分部。因此並無呈報經營分部的其他資料。

地區資料

(a) 來自外部客戶的收益

收益資料乃基於客戶所在地劃分。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

4. OPERATING SEGMENT INFORMATION (Continued)

Geographical information (Continued)

(b) Non-current assets

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Mainland China	中國內地	10,472	11,782
Hong Kong	香港	1,233	230
		11,705	12,012

The non-current asset information is based on the locations of the assets and excludes deferred tax assets, a financial asset at FVPL, long-term rental deposits and loans to a vendor included in the prepayments, other receivables and other assets.

Information about a major customer

Revenue of approximately HK\$18,950,000 (2018: HK\$19,043,000) was derived from sales to a single customer.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue 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
Revenue from contracts with customers	來自客戶合約的收益	58,746	64,510

4. 經營分部資料(續)

地區資料(續)

(b) 非流動資產

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Mainland China	中國內地	10,472	11,782
Hong Kong	香港	1,233	230
		11,705	12,012

非流動資產資料乃基於資產所在地劃分，不包括遞延稅項資產、按公允值計入損益的金融資產、計入預付款項、其他應收款項及其他資產的長期租金按金及向供應商貸款。

主要客戶資料

收益約 18,950,000 港元(二零一八年：19,043,000 港元)來自向單一客戶的銷售。

5. 收益、其他收入及增益

收益的分析如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Revenue from contracts with customers	來自客戶合約的收益	58,746	64,510

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2019

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Type of goods	貨品種類		
Sale of industrial products	銷售工業產品	58,746	64,510
Geographical markets	地區市場		
Mainland China	中國內地	32,968	39,056
Overseas	海外	22,233	21,995
Hong Kong	香港	3,545	3,459
Total revenue from contracts with customers	來自客戶合約的總收益	58,746	64,510
Timing of revenue recognition	確認收益的時間		
Goods transferred at a point in time	於某一時間點轉讓的貨品	58,746	64,510

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Sale of industrial products	銷售工業產品	187	39

5. 收益、其他收入及增益(續)

來自客戶合約的收益

(i) 收益分拆資料

截至二零一九年十二月三十一日止年度

下表載列於本報告期內確認的收益金額，有關金額於報告期初已計入合約負債：

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of industrial products

The performance obligation is satisfied upon delivery of the industrial products and payment is generally due within 30 to 90 days from delivery, except for certain customers where payment in advance is required.

5. 收益、其他收入及增益(續)

來自客戶合約的收益(續)

(ii) 履行責任

有關本集團履行責任的資料概述如下：

銷售工業產品

履行責任於交付工業產品後達成，而付款通常自交付起計30至90日內到期，須預付款項的若干客戶除外。

		Note	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Other income and gains	其他收入及增益			
Gross rental income	租金收入總額		901	741
Fair value gains, net:	公允值增益淨額：			
Financial asset at FVPL	按公允值計入損益的 金融資產	15	110	158
Exchange gains, net	匯兌增益淨額		404	1,126
Interest income	利息收入		214	12
Others	其他		410	–
			2,039	2,037

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/ (crediting):

6. 除稅前虧損

本集團的除稅前虧損已扣除／(計入)下列各項：

		Notes 附註	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 sold	已售存貨成本		47,416	51,232
Depreciation of property, plant and equipment	物業、廠房及設備折舊	13	955	668
Recognition of prepaid lease payments for buildings	確認樓宇預付租賃款項	18	–	486
Depreciation of right-of-use assets	使用權資產折舊	14	1,684	–
Minimum lease payments under operating leases	經營租賃之最低租賃款項		–	2,019
Lease payments not included in the measurement of lease liabilities	並無計入租賃負債計量的租賃款項	14	791	–
Auditor's remuneration	核數師酬金		1,819	1,780
Employee benefit expense (excluding directors' and chief executive's remuneration as disclosed in note 8):	僱員福利開支 (不包括附註8所披露的董事及行政總裁薪酬):			
Wages and salaries	工資及薪金		14,131	14,926
Pension scheme contributions	退休金計劃供款		3,096	3,541
Severance payments	遣散費		65	234
			17,292	18,701
Fair value gains, net: Financial asset at FVPL	公允值增益淨額：按公允值計入損益的金融資產	15	(110)	(158)
Foreign exchange gains, net*	外匯增益淨額*		(404)	(1,126)
Losses on disposal of items of property, plant and equipment*	出售物業、廠房及設備項目之虧損*		18	603
Interest income	利息收入	5	(214)	(12)
Impairment of trade and other receivables, net	應收交易款項及其他應收款項減值淨額	17,18	3,103	499
Impairment of non-financial assets*	非金融資產減值*	13,18	3,922	913

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

6. LOSS BEFORE TAX (Continued)

* The losses and gains are included in "Other expenses" and "Other income and gains" in the consolidated statement of profit or loss, respectively.

7. FINANCE COSTS

An analysis of finance costs 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
Interest on bank loans and overdrafts 銀行貸款利息及透支	1,012	886
Interest expense on lease liabilities 租賃負債利息開支	301	-
	1,313	886

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

6. 除稅前虧損(續)

* 虧損及增益分別計入綜合損益表的「其他開支」及「其他收入及增益」。

7. 融資成本

融資成本的分析如下：

8. 董事及行政總裁薪酬

根據上市規則、香港公司條例第383(1)(a)、(b)、(c)及(f)條及公司(披露董事利益資料)規例第2部披露的本年度董事及行政總裁薪酬如下：

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Fees 袍金	860	885
Other emoluments: Salaries, allowances and benefits in kind 其他酬金： 薪金、津貼及實物福利	2,807	2,352
Pension scheme contributions 退休金計劃供款	18	88
	2,825	2,440
	3,685	3,325

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(a) Independent non-executive directors:

The fees paid to independent non-executive directors during the year 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
Mr. To King Yan, Adam***** 杜景仁先生*****	-	120
Dr. Yeung Ngai Man, John 楊毅敏醫生	180	180
Mr. Sung Alfred Lee Ming 宋理明先生	180	180
Mr. Zhang Guofu***** 章國富先生*****	180	45
	540	525

There were no other emoluments payable to the independent non-executive directors during the year (2018: Nil).

8. 董事及行政總裁薪酬(續)

(a) 獨立非執行董事：

年內支付予獨立非執行董事的袍金如下：

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Mr. To King Yan, Adam***** 杜景仁先生*****	-	120
Dr. Yeung Ngai Man, John 楊毅敏醫生	180	180
Mr. Sung Alfred Lee Ming 宋理明先生	180	180
Mr. Zhang Guofu***** 章國富先生*****	180	45
	540	525

年內概無應付予獨立非執行董事的其他酬金(二零一八年：無)。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive:

8. 董事及行政總裁薪酬(續)

(b) 執行董事、非執行董事及行政總裁：

		Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
		袍金	薪金、津貼及實物福利	退休金計劃供款	總薪酬
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
2019	二零一九年				
Chief executive and executive director	行政總裁兼執行董事				
Mr. Wong	黃先生	-	2,687	18	2,705
Executive director	執行董事				
Mr. Yu Miaogen*	俞妙根先生*	-	120	-	120
		-	2,807	18	2,825
Non-executive directors	非執行董事				
Mr. Gao Biao***	高彪先生***	240	-	-	240
Mr. Shi Guixiang**	石柱祥先生**	80	-	-	80
		320	-	-	320
		320	2,807	18	3,145

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive: (Continued)

		Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
		袍金	薪金、津貼及實物福利	退休金計劃供款	總薪酬
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
2018	二零一八年				
Chief executive and executive director	行政總裁兼執行董事				
Mr. Wong	黃先生	–	1,812	69	1,881
Executive directors	執行董事				
Mr. Lee Wing Hong****	李永康先生****	–	360	19	379
Mr. Yu Miaogen*	俞妙根先生*	–	180	–	180
		–	540	19	559
Non-executive directors	非執行董事				
Mr. Ng Chan Lam*****	伍燦林先生*****	160	–	–	160
Mr. Gao Biao***	高彪先生***	120	–	–	120
Mr. Shi Guixiang**	石桂祥先生**	80	–	–	80
		360	–	–	360
		360	2,352	88	2,800

8. 董事及行政總裁薪酬(續)

(b) 執行董事、非執行董事及行政總裁：(續)

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive: (Continued)

- * Mr. Yu Miaogen was appointed as an executive director of the Group on 26 June 2018 and resigned as an executive directors of the Group on 10 May 2019.
- ** Mr. Shi Guixiang was appointed as a non-executive director of the Group on 24 August 2018 and resigned as a non-executive director on 10 May 2019.
- *** Mr. Gao Biao was appointed as a non-executive director of the Group on 26 June 2018.
- **** Mr. Lee Wing Hong resigned as an executive director of the Group on 14 September 2018.
- ***** Mr. Ng Chan Lam resigned as a non-executive director of the Group on 24 August 2018.
- ***** Mr. Zhang Guofu was appointed as an independent non-executive director of the Group on 14 September 2018.
- ***** Mr. To King Yan, Adam resigned as an independent non-executive director of the Group on 14 September 2018.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

8. 董事及行政總裁薪酬(續)

(b) 執行董事、非執行董事及行政總裁：(續)

- * 俞妙根先生於二零一八年六月二十六日獲委任為本集團執行董事，並於二零一九年五月十日辭任本集團執行董事。
- ** 石柱祥先生於二零一八年八月二十四日獲委任為本集團非執行董事，並於二零一九年五月十日辭任非執行董事。
- *** 高彪先生於二零一八年六月二十六日獲委任為本集團非執行董事。
- **** 李永康先生於二零一八年九月十四日辭任本集團執行董事。
- ***** 伍燦林先生於二零一八年八月二十四日辭任本集團非執行董事。
- ***** 章國富先生於二零一八年九月十四日獲委任為本集團獨立非執行董事。
- ***** 杜景仁先生於二零一八年九月十四日辭任本集團獨立非執行董事。

年內概無董事或行政總裁放棄或同意放棄任何薪酬的安排。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

9. FIVE HIGHEST PAID EMPLOYEES

One (2018: one) of the five highest paid individuals was a director for the year ended 31 December 2019, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining four (2018: four) highest paid employees who are neither a director nor chief executive of the Company 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
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	1,558	1,681
Pension scheme contributions	退休金計劃供款	98	100
		1,656	1,781

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

		2019 二零一九年	2018 二零一八年
Nil to HK\$1,000,000	零至1,000,000港元	4	4

9. 五名最高薪酬僱員

截至二零一九年十二月三十一日止年度，五名最高薪酬人士中的一名(二零一八年：一名)為董事，其薪酬詳情載於上文附註8。年內餘下四名(二零一八年：四名)最高薪酬僱員(並非本公司董事或行政總裁)的薪酬詳情如下：

酬金介乎下列範圍的非董事及非行政總裁最高薪酬僱員的人數如下：

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which subsidiaries of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and BVI.

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK\$2,000,000 (2018: Nil) of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Pursuant to the PRC Income Tax Law and the respective regulations, the subsidiaries which operate in Mainland China are subject to corporate income tax at a rate of 25% on the taxable income.

10. 所得稅

本集團須按實體基準就產生自或源於本集團附屬公司註冊及經營所在司法管轄區的溢利繳納所得稅。根據開曼群島及英屬處女群島的規則及法規，本集團毋須繳納開曼群島及英屬處女群島的任何所得稅。

香港利得稅乃就年內於香港產生的估計應課稅溢利按稅率 16.5% (二零一八年：16.5%) 作出撥備，惟本集團的一間附屬公司為自二零一八年／二零一九年課稅年度起生效的利得稅兩級制項下的合資格實體除外。該附屬公司首 2,000,000 港元 (二零一八年：無) 的應課稅溢利按 8.25% 繳稅，而餘下應課稅溢利則按 16.5% 繳稅。

根據中國所得稅法及相關法規，於中國內地經營之附屬公司須就應課稅收入按稅率 25% 繳納企業所得稅。

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Current — Hong Kong and Mainland China	即期 — 香港及中國內地	(74)	209
Deferred (note 23)	遞延(附註23)	2,636	(1,760)
		2,562	(1,551)

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

10. INCOME TAX (CONTINUED)

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e. the statutory tax rates) to the effective tax rates, are as follows:

Year ended 31 December 2019

		Hong Kong 香港		Mainland China 中國內地		Elsewhere 其他地區		Total 總計	
		HK\$'000 千港元	%	HK\$'000 千港元	%	HK\$'000 千港元	%	HK\$'000 千港元	%
Loss before tax	除稅前虧損	(2,245)		(9,581)		(4,831)		(16,657)	
Tax at the statutory tax rate	按法定稅率計算的稅項	(371)	16.5	(2,395)	25.0	-	-	(2,766)	16.6
Expenses not deductible for tax	不可扣稅開支	10	(0.4)	909	(9.5)	-	-	919	(5.5)
Income not subject to tax	毋須課稅收入	(90)	4.0	-	-	-	-	(90)	0.5
Tax losses not recognised	未確認稅項虧損	451	(20.1)	1,486	(15.5)	-	-	1,937	(11.6)
Adjustments in respect of current tax of previous periods	對先前期間即期稅項之調整	(24)	1.1	(50)	0.5	-	-	(74)	0.4
Write-off of deferred tax assets recognised in previous years	撤銷於過往年度確認的遞延稅項資產	198	(8.8)	2,438	(25.4)	-	-	2,636	(15.8)
Tax credit at the Group's effective rate	按本集團實際稅率計算的稅項抵免	174	(7.7)	2,388	(24.9)	-	-	2,562	(15.4)

按本公司及其大部分附屬公司註冊所在司法管轄區法定稅率計算並適用於除稅前虧損的稅項開支與按實際稅率計算的稅項開支之對賬，及適用稅率（即法定稅率）與實際稅率的對賬如下：

截至二零一九年十二月三十一日止年度

Year ended 31 December 2018

		Hong Kong 香港		Mainland China 中國內地		Elsewhere 其他地區		Total 總計	
		HK\$'000 千港元	%	HK\$'000 千港元	%	HK\$'000 千港元	%	HK\$'000 千港元	%
Loss before tax	除稅前虧損	(783)		(5,490)		(6,133)		(12,406)	
Tax at the statutory tax rate	按法定稅率計算的稅項	(129)	16.5	(1,373)	25.0	-	-	(1,502)	12.1
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	5% 預扣稅對本集團中國附屬公司可分派溢利的影響	(215)	27.4	-	-	-	-	(215)	1.7
Expenses not deductible for tax	不可扣稅開支	9	(1.1)	264	(4.8)	-	-	273	(2.2)
Adjustments in respect of current tax of previous periods	對先前期間即期稅項之調整	(107)	13.7	-	-	-	-	(107)	0.9
Tax credit at the Group's effective rate	按本集團實際稅率計算的稅項抵免	(442)	56.5	(1,109)	20.2	-	-	(1,551)	12.5

截至二零一八年十二月三十一日止年度

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

11. DIVIDENDS

No dividend was proposed by the Group for the years ended 31 December 2019 and 2018.

11. 股息

截至二零一九年及二零一八年十二月三十一日止年度，本集團並無建議派付股息。

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

12. 母公司普通權益持有人應佔每股虧損

		2019 二零一九年 HK cents 港仙	2018 二零一八年 HK cents 港仙
Loss per share attributable to ordinary equity holders of the parent	母公司普通權益持有人應佔每股虧損		
— Basic and diluted	— 基本及攤薄	2.40	1.36

The calculation of the basic and diluted loss per share is based on the loss for the year attributable to ordinary equity holders of the parent and the weighted average number of shares in issue during the year.

每股基本及攤薄虧損乃按母公司普通權益持有人應佔全年虧損及年內已發行股份加權平均數計算。

The calculation of basic and diluted loss per share is based on:

每股基本及攤薄虧損計算方法乃基於以下各項：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	母公司普通權益持有人應佔虧損，用以計算每股基本及攤薄虧損	19,219	10,855

		2019 二零一九年	2018 二零一八年
Number of shares	股份數目		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	年內已發行普通股加權平均數，用以計算每股基本及攤薄虧損	800,000,000	800,000,000

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2019 and 2018 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

由於本集團於該等年內並無已發行的潛在攤薄普通股，故並無對截至二零一九年及二零一八年十二月三十一日止年度所呈報的每股基本虧損金額作出攤薄調整。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

		Production machinery 生產機器 HK\$'000 千港元	Office equipment 辦公設備 HK\$'000 千港元	Leasehold improvements 租賃改良 HK\$'000 千港元	Vehicles 汽車 HK\$'000 千港元	Total 總計 HK\$'000 千港元
31 December 2019	二零一九年十二月三十一日					
At 31 December 2018 and at 1 January 2019:	於二零一八年十二月三十一日及於二零一九年一月一日:					
Cost	成本	39,389	2,036	41	2,174	43,640
Accumulated depreciation and impairment	累計折舊及減值	(30,171)	(1,443)	(10)	(1,331)	(32,955)
Net carrying amount	賬面淨值	9,218	593	31	843	10,685
At 1 January 2019, net of accumulated depreciation	於二零一九年一月一日，已扣除累計折舊	9,218	593	31	843	10,685
Additions	添置	269	169	57	60	555
Disposal	出售	-	-	(21)	(11)	(32)
Depreciation provided during the year	年內折舊撥備	(606)	(123)	(22)	(204)	(955)
Impairment	減值	(3,501)	(345)	-	(76)	(3,922)
Exchange realignment	匯兌調整	(136)	(9)	-	(11)	(156)
At 31 December 2019, net of accumulated depreciation and impairment	於二零一九年十二月三十一日，已扣除累計折舊及減值	5,244	285	45	601	6,175
At 31 December 2019:	於二零一九年十二月三十一日:					
Cost	成本	38,792	2,161	57	2,086	43,096
Accumulated depreciation and impairment	累計折舊及減值	(33,548)	(1,876)	(12)	(1,485)	(36,921)
Net carrying amount	賬面淨值	5,244	285	45	601	6,175

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

13. 物業、廠房及設備(續)

		Production machinery 生產機器 HK\$'000 千港元	Office equipment 辦公設備 HK\$'000 千港元	Leasehold improvements 租賃改良 HK\$'000 千港元	Vehicles 汽車 HK\$'000 千港元	Total 總計 HK\$'000 千港元
31 December 2018	二零一八年十二月三十一日					
At 31 December 2017 and at 1 January 2018:	於二零一七年十二月三十一日 及於二零一八年一月一日:					
Cost	成本	53,318	1,796	185	2,978	58,277
Accumulated depreciation	累計折舊	(47,755)	(1,574)	(41)	(2,005)	(51,375)
Net carrying amount	賬面淨值	5,563	222	144	973	6,902
At 1 January 2018, net of accumulated depreciation	於二零一八年一月一日， 已扣除累計折舊	5,563	222	144	973	6,902
Additions	添置	7,143	501	41	226	7,911
Disposal	出售	(1,936)	(18)	(126)	(93)	(2,173)
Depreciation provided during the year	年內折舊撥備	(395)	(52)	(28)	(193)	(668)
Impairment	減值	(751)	(43)	-	(36)	(830)
Exchange realignment	匯兌調整	(406)	(17)	-	(34)	(457)
At 31 December 2018, net of accumulated depreciation and impairment	於二零一八年十二月三十一日， 已扣除累計折舊及減值	9,218	593	31	843	10,685
At 31 December 2018:	於二零一八年十二月三十一日:					
Cost	成本	39,389	2,036	41	2,174	43,640
Accumulated depreciation and impairment	累計折舊及減值	(30,171)	(1,443)	(10)	(1,331)	(32,955)
Net carrying amount	賬面淨值	9,218	593	31	843	10,685

During the year, the carrying amounts of certain property, plant and equipment have been written down by HK\$3,922,000 (2018: HK\$830,000) to their recoverable amounts.

年內，若干物業、廠房及設備的賬面值已撇減3,922,000港元(二零一八年：830,000港元)至其可收回金額。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Following a review of the business, which takes into account the deteriorating outlook for the textile industry and the Group's future business plan, management has reassessed the carrying values for all the property, plant and equipment and ROU assets (2018: prepaid lease payments for buildings) as at 31 December 2019. An impairment provision of HK\$3,922,000 (2018: HK\$913,000) has been recorded to reduce the carrying value of the Group's non-financial assets to their estimated recoverable value, which is the higher of fair value less costs of disposal, and value in use ("VIU").

13. 物業、廠房及設備(續)

於進行業務檢討(當中經考慮紡織業不斷惡化的前景及本集團的未來營運計劃)後,管理層已重新評估所有物業、廠房及設備以及使用權資產(二零一八年:樓宇預付租賃款項)於二零一九年十二月三十一日的賬面值。已錄得3,922,000港元(二零一八年:913,000港元)減值撥備,將本集團非金融資產賬面值減少至其估計可收回金額,即公允值減出售成本與使用價值(「使用價值」)兩者之較高者。

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
CGU1 (note (a))	現金產生單位1(附註(a))	2,399	362
CGU2 (note (b))	現金產生單位2(附註(b))	1,523	551
		3,922	913
Less:	減:		
Provision for prepaid lease payments for buildings (note 18)	樓宇預付租賃款項撥備(附註18)	-	83
Provision for Impairment for property, plant and equipment	物業、廠房及設備減值撥備	3,922	830

(a) CGU1 represents the Group's product line for polyester threads and ROU assets (2018: product line for polyester threads and prepaid lease payment for building). The recoverable amount of CGU1 was determined at fair value less costs of disposal and VIU as at 31 December 2019 and 2018, respectively. Fair value less costs of disposal is categorised within Level 3 of the fair value hierarchy which is measured based on latest available market data sourced from an independent second-hand machinery and equipment agent as at 31 December 2019. VIU of CGU1 as at 31 December 2018 is determined using cash flow projections based on financial budgets prepared by management. The key assumptions of the aforesaid cash flow projections is the discount rates of 17.3%. The recoverable amount of CGU1 is HK\$8,061,000 (2018:HK\$7,314,000) as at 31 December 2019.

(a) 現金產生單位1指本集團的滌綸線生產線及使用權資產(二零一八年:滌綸線生產線及樓宇預付租賃款項)。於二零一九年及二零一八年十二月三十一日,現金產生單位1的可收回金額分別按公允值減出售成本及使用價值釐定。公允值減出售成本歸類為公允值層級第三級,而該層級乃根據於二零一九年十二月三十一日自獨立二手機器及設備代理獲得的最新可得市場數據計量。於二零一八年十二月三十一日,現金產生單位1的使用價值乃根據管理層編製的財務預算使用現金流量預測釐定。上述現金流量預測的主要假設為貼現率17.3%。於二零一九年十二月三十一日,現金產生單位1的可收回金額為8,061,000港元(二零一八年:7,314,000港元)。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

- (b) CGU 2 represents the Group's product line for nylon threads and ROU assets (2018: product line for nylon threads and prepaid lease payment for building). The recoverable amount of CGU2 was determined at fair value less costs of disposal and categorised within Level 3 of the fair value hierarchy as at 31 December 2019 and 2018, which was measured based on latest available market data sourced from an independent second-hand machinery and equipment agent. The recoverable amount of CGU2 is HK\$3,644,000 (2018: HK\$4,979,000) as at 31 December 2019.

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings and other equipment used in its operations. Leases of buildings generally have lease terms between 2 and 4 and a half years, while other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the year are as follows:

		Buildings 樓宇 HK\$'000 千港元
As at 1 January 2019	於二零一九年一月一日	5,992
Additions	添置	1,330
Depreciation charge	折舊支出	(1,684)
Exchange realignment	匯兌調整	(108)
As at 31 December 2019	於二零一九年十二月三十一日	5,530

13. 物業、廠房及設備(續)

- (b) 現金產生單位2指本集團的尼龍線生產線及使用權資產(二零一八年: 尼龍線生產線及樓宇預付租賃款項)。於二零一九年及二零一八年十二月三十一日, 現金產生單位2的可收回金額按公允值減出售成本釐定, 並歸類為公允值層級第三級, 而該層級乃根據自獨立二手機器及設備代理獲得的最新可得市場數據計量。於二零一九年十二月三十一日, 現金產生單位2的可收回金額為3,644,000港元(二零一八年: 4,979,000港元)。

14. 租賃

本集團作為承租人

本集團擁有於其業務中使用的多個樓宇及其他設備項目的租賃合約。樓宇租賃的租期一般為2至4年零六個月, 而其他設備的租期一般則為十二個月或以下及/或個別為低價值。一般而言, 本集團不得向本集團以外人士轉讓及分租租賃資產。

(a) 使用權資產

年內, 本集團使用權資產的賬面值及變動如下:

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

14. LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

		Lease liabilities 租賃負債 HK\$'000 千港元
As at 1 January 2019	於二零一九年一月一日	5,827
New leases	新租賃	1,330
Accretion of interest recognised during the year	年內確認的利息增加	301
Payments	付款	(1,322)
Exchange realignment	匯兌調整	(112)
As at 31 December 2019	於二零一九年十二月三十一日	6,024
Analysed in to:	分析為：	
Current portion	流動部分	2,155
Non-current portion	非流動部分	3,869

The maturity analysis of lease liabilities is disclosed in note 34 to the financial statements.

14. 租賃(續)

本集團作為承租人(續)

(b) 租賃負債

年內，租賃負債的賬面值及變動如下：

租賃負債的到期分析於財務報表附註34披露。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

14. LEASES (Continued)

The Group as a lessee (Continued)

- (c) The amounts recognised in profit or loss in relation to leases are as follows:

		2019 二零一九年 HK\$'000 千港元
Interest on lease liabilities	租賃負債利息	301
Depreciation charge of right-of-use assets	使用權資產折舊支出	1,684
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019	與短期租賃及餘下租期於二零一九年十二月三十一日或之前結束的其他租賃有關的開支	791
Total amount recognised in profit or loss 於損益確認的總額		2,776

- (d) The total cash outflow for leases is disclosed in note 31 to the financial statements.

The Group as a lessor

The Group subleases certain buildings in the PRC under an operating lease arrangement, of which the remaining lease term is four and a half years from 1 January 2019. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was HK\$901,000 (2018: HK\$741,000), details of which are included in note 5 to the financial statements.

At 31 December 2019, the undiscounted lease payments receivable by the Group in future periods under operating lease with its tenant 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
Within one year	一年內	910	905
After one year but within two years	一年後但兩年內	932	930
After two years but within three years	兩年後但三年內	955	953
After three years but within four years	三年後但四年內	478	976
After four years but within five years	四年後但五年內	—	488
		3,275	4,252

14. 租賃(續)

本集團作為承租人(續)

- (c) 就租賃於損益確認的金額如下：

- (d) 租賃現金流出總額於財務報表附註31披露。

本集團作為出租人

本集團根據經營租賃安排於中國分租若干樓宇，其餘下租期為自二零一九年一月一日起計四年零六個月。租賃條款一般要求租戶根據當時的現行市況支付抵押按金並就定期租金調整計提撥備。本集團於年內確認的租金收入為901,000港元(二零一八年：741,000港元)，其詳情載於財務報表附註5。

於二零一九年十二月三十一日，本集團於未來期間根據經營租賃向其租戶應收的未貼現租賃款項如下：

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

15. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

15. 按公允值計入損益的金融資產

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Financial asset at FVPL	按公允值計入損益的金融資產		
Life insurance policy, at fair value	壽險保單(按公允值)	4,742	4,632

On 25 January 2016, the Group entered into a life insurance policy with an insurance company to insure an executive director. Under the policy, the Group is the beneficiary and the policy holder. The Group paid upfront premiums for the policy and may surrender the policy any time by making a written request and receive cash based on the surrender value of the policy at the date of withdrawal, which is calculated by the insurer. In the opinion of the directors, the surrender value of the policy provided by the insurance company is the best approximation of its fair value, which is categorised within Level 3 of the fair value hierarchy. The life insurance policy was mandatorily classified as a financial asset at fair value through profit or loss as its contractual cash flows are not solely payments of principal and interest.

As at 31 December 2019 and 2018, the Group's life insurance policy was pledged as security for bank facilities granted to the Group. Further details are contained in note 22 to the financial statements.

In the opinion of the directors, the Group's life insurance policy would not be surrendered within the next 12 months and was therefore classified as a non-current asset.

於二零一六年一月二十五日，本集團與一間保險公司訂立壽險保單，為一名執行董事投保。根據保單，本集團為受益人及保單持有人。本集團已預付保費，惟可透過提交書面請求隨時退保，及根據保單於撤回日期的退保金額(由承保人計算)收取現金。董事認為，保險公司規定的保單退保金額與其公允值相若，並歸類為公允值層級第三級。壽險保單經強制分類為按公允值計入損益的金融資產，原因為其合約現金流量並非僅為支付本金及利息。

於二零一九年及二零一八年十二月三十一日，本集團的壽險保單已抵押作為本集團獲授銀行融資的擔保。其他詳情載於財務報表附註22。

董事認為，本集團未來十二個月內不會退保壽險保單，因此將其歸類為非流動資產。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

16. INVENTORIES

16. 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	4,378	6,842
Work in progress	在製品	1,973	2,606
Finished goods	製成品	5,031	5,313
		11,382	14,761

17. TRADE RECEIVABLES

17. 應收交易款項

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Trade receivables	應收交易款項	10,609	18,152
Impairment	減值	(205)	(711)
		10,404	17,441

The Group's trading terms with its customers are mainly on credit. The credit period is generally from one to three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by senior management. The Group had significant concentrations of credit risk as 25% (2018: 26%) of the trade receivables were derived from one (2018: one) customer as at 31 December 2019. The trade receivables from such customer were within the credit period. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

本集團與客戶的交易條款主要基於信貸。信貸期通常為一至三個月。每名客戶有信貸上限。本集團致力對未償還應收款項維持嚴格監控，以盡量減低信貸風險。高級管理層定期審核逾期結餘。於二零一九年十二月三十一日，由於25%（二零一八年：26%）的應收交易款項來自一名（二零一八年：一名）客戶，故本集團有重大信貸集中風險。來自該客戶的應收交易款項仍在信貸期內。本集團並無就應收交易款項結餘持有任何抵押品或其他信用提升措施。應收交易款項為不計息。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

17. TRADE RECEIVABLES (Continued)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, 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
Within 1 month	不足一個月	6,842	5,682
1 to 2 months	一至兩個月	2,861	7,771
2 to 3 months	兩至三個月	545	1,624
Over 3 months	超過三個月	156	2,364
		10,404	17,441

The movements in the loss allowance for impairment of trade receivables 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
At beginning of year	年初	711	427
Impairment losses (note 6)	減值虧損(附註6)	(501)	499
Amount written off as uncollectible	撇銷為不可收回的款項	-	(203)
Exchange realignment	匯兌調整	(5)	(12)
At end of year	年末	205	711

The decrease (2018: increase) in the loss allowance was due to the following significant changes in the gross carrying amount:

- (i) Increase in the loss allowance of HK\$20,000 (2018: HK\$96,000) as a result of the increase in the expected credit loss rate for non-overdue trade receivables;
- (ii) Decrease in the loss allowance of HK\$526,000 as a result of a decrease in overdue trade receivables (2018: increase in the loss allowance of HK\$109,000 as a result of an increase in overdue trade receivables); and
- (iii) Decrease in the loss allowance of HK\$203,000 as a result of the write-off of certain trade receivables during the year ended 31 December 2018.

17. 應收交易款項(續)

於報告期末，基於發票日期的應收交易款項(已扣除虧損撥備)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
Within 1 month	不足一個月	6,842	5,682
1 to 2 months	一至兩個月	2,861	7,771
2 to 3 months	兩至三個月	545	1,624
Over 3 months	超過三個月	156	2,364
		10,404	17,441

應收交易款項的減值虧損撥備變動如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At beginning of year	年初	711	427
Impairment losses (note 6)	減值虧損(附註6)	(501)	499
Amount written off as uncollectible	撇銷為不可收回的款項	-	(203)
Exchange realignment	匯兌調整	(5)	(12)
At end of year	年末	205	711

虧損撥備減少(二零一八年：增加)乃由於賬面總值出現下列重大變動所致：

- (i) 因非到期應收交易款項的預期信貸虧損率增加而導致虧損撥備增加20,000港元(二零一八年：96,000港元)；
- (ii) 因到期應收交易款項減少而導致虧損撥備減少526,000港元(二零一八年：因到期應收交易款項增加而導致虧損撥備增加109,000港元)；及
- (iii) 因截至二零一八年十二月三十一日止年度撇銷若干應收交易款項而導致虧損撥備減少203,000港元。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

17. TRADE RECEIVABLES (Continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2019

Group A

	Current	Within 3 months	Past due 逾期			Total
			3 to 6 months	6 to 9 months	9 to 12 months	
	即期	三個月內	三至 六個月	六至 九個月	九至 十二個月	總計
Expected credit loss rate 預期信貸虧損率	1.4%	12.8%	43.2%	90.2%	99.1%	2.9%
Gross carrying amount 賬面總值(千港元) (HK\$'000)	6,701	201	-	-	84	6,986
Expected credit losses 預期信貸虧損 (千港元)	96	26	-	-	83	205

17. 應收交易款項(續)

於各報告日期採用撥備矩陣進行減值分析，以計量預期信貸虧損。撥備率乃基於具有類似虧損模式的多個客戶分部組別的逾期日數釐定(即按地區及客戶類別劃分)。該計算反映或然率加權結果、貨幣時值及於報告日期可得有關過往事項、當前狀況及未來經濟狀況預測的合理及可靠資料。一般而言，應收交易款項如逾期超過一年及毋須受限於強制執行活動，則予以撇銷。

下表載列本集團使用撥備矩陣計算的應收交易款項的信貸風險資料：

於二零一九年十二月三十一日

甲組

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

17. TRADE RECEIVABLES (Continued)

As at 31 December 2019 (Continued)

Group B

	Current	Within 3 months	Past due 逾期			Total
			3 to 6 months	6 to 9 months	9 to 12 months	
	即期	三個月內	三至六個月	六至九個月	九至十二個月	總計
Expected credit loss rate 預期信貸虧損率	—*	—*	—*	—*	—*	—*
Gross carrying amount 賬面總值(千港元) (HK\$'000)	3,494	58	71	—	—	3,623
Expected credit losses 預期信貸虧損 (HK\$'000)	—	—	—	—	—	—

* Less than 0.1%

Total

	Current	Within 3 months	Past due 逾期			Total
			3 to 6 months	6 to 9 months	9 to 12 months	
	即期	三個月內	三至六個月	六至九個月	九至十二個月	總計
Gross carrying amount 賬面總值(千港元) (HK\$'000)	10,195	259	71	—	84	10,609
Expected credit losses 預期信貸虧損 (HK\$'000)	96	26	—	—	83	205

17. 應收交易款項(續)

於二零一九年十二月三十一日(續)

乙組

	Current	Within 3 months	Past due 逾期			Total
			3 to 6 months	6 to 9 months	9 to 12 months	
	即期	三個月內	三至六個月	六至九個月	九至十二個月	總計
Expected credit loss rate 預期信貸虧損率	—*	—*	—*	—*	—*	—*
Gross carrying amount 賬面總值(千港元) (HK\$'000)	3,494	58	71	—	—	3,623
Expected credit losses 預期信貸虧損 (HK\$'000)	—	—	—	—	—	—

* 低於0.1%

總計

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

17. TRADE RECEIVABLES (Continued)

As at 31 December 2018

Group A

		Current	Within 3 months	Past due 逾期			Total
				3 to 6 months	6 to 9 months	9 to 12 months	
		即期	三個月內	三至 六個月	六至 九個月	九至 十二個月	總計
Expected credit loss rate	預期信貸虧損率	0.8%	7.2%	47.9%	85.2%	96.6%	2.6%
Gross carrying amount (HK\$'000)	賬面總值 (千港元)	9,444	818	192	2	45	10,501
Expected credit losses (HK\$'000)	預期信貸虧損 (千港元)	76	59	92	2	43	272

17. 應收交易款項(續)

於二零一八年十二月三十一日

甲組

Group B & C

		Current	Within 3 months	Past due 逾期			Total
				3 to 6 months	6 to 9 months	9 to 12 months	
		即期	三個月內	三至 六個月	六至 九個月	九至 十二個月	總計
Expected credit loss rate	預期信貸虧損率	—*	—*	—*	—*	6.0%	0.3%
Gross carrying amount (HK\$'000)	賬面總值 (千港元)	5,709	—	—	—	296	6,005
Expected credit losses (HK\$'000)	預期信貸虧損 (千港元)	—	—	—	—	18	18

* Less than 0.1%

* 低於0.1%

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

17. TRADE RECEIVABLES (Continued)

As at 31 December 2018 (Continued)

Group D

		Current	Within 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Total
		即期	三個月內	三至 六個月	六至 九個月	九至 十二個月	總計
Expected credit loss rate	預期信貸虧損率	0.7%	1.0%	4.1%	10.3%	25.6%	25.6%
Gross carrying amount (HK\$'000)	賬面總值 (千港元)	-	-	-	-	1,646	1,646
Expected credit losses (HK\$'000)	預期信貸虧損 (千港元)	-	-	-	-	421	421

Total

		Current	Within 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Total
		即期	三個月內	三至 六個月	六至 九個月	九至 十二個月	總計
Gross carrying amount (HK\$'000)	賬面總值 (千港元)	15,153	818	192	2	1,987	18,152
Expected credit losses (HK\$'000)	預期信貸虧損 (千港元)	76	59	92	2	482	711

Trade receivables amounting to HK\$3,622,000 (2018: HK\$7,355,000) as at 31 December 2019 were pledged as security for the Group's bank facilities (note 22).

17. 應收交易款項(續)

於二零一八年十二月三十一日(續)

丁組

Past due
逾期

	Current	Within 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Total
	即期	三個月內	三至 六個月	六至 九個月	九至 十二個月	總計

總計

Past due
逾期

	Current	Within 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Total
	即期	三個月內	三至 六個月	六至 九個月	九至 十二個月	總計

於二零一九年十二月三十一日，應收交易款項3,622,000港元(二零一八年：7,355,000港元)已抵押作為本集團銀行融資的擔保(附註22)。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

18. 預付款項、其他應收款項及其他資產

	Notes 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Prepaid lease payments for buildings 樓宇預付租賃款項	a	-	1,608
Other prepayments 其他預付款項		4,070	2,066
Loans to a vendor 向供應商貸款	b	3,539	4,630
Deposits and other receivables 按金及其他應收款項		2,663	3,093
		10,272	11,397
Impairment allowance 減值撥備	c	(3,543)	-
		6,729	11,397
Portion classified as non-current assets 列為非流動資產的部分		(1,908)	(5,971)
Current portion included in prepayments, other receivables and other assets 計入預付款項、其他應收款項及其他資產的即期部分		4,821	5,426

(a) It represents prepaid lease payments for buildings held under operating leases for 15 to 20 years, which has been recorded as right-of-use assets upon the Company's adoption of HKFRS 16 on 1 January 2019.

(a) 指根據經營租賃持有15至20年的樓宇預付租賃款項，已於本公司在二零一九年一月一日採納香港財務報告準則第16號後入賬為使用權資產。

		2018 二零一八年 HK\$'000 千港元
Carrying amount at 1 January 一月一日的賬面值		1,890
Addition to the prepaid lease payments for buildings 樓宇預付租賃款項增加		382
Recognised during the year 年內已確認		(486)
Disposal during the year 年內處置		(18)
Impairment 減值		(83)
Exchange realignment 匯兌調整		(77)
Carrying amount at 31 December 十二月三十一日的賬面值		1,608
Portion classified as non-current assets 列為非流動資產的部分		(1,145)
Current portion included in prepayments, other receivables and other assets 計入預付款項、其他應收款項及其他資產的即期部分		463

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)

- (b) Loans to a vendor bear interest at rates ranging from 4.66% to 5.00% per annum, secured by certain machinery of the vendor and repayable in three to four years.
- (c) the movements in the loss allowance for impairment of other receivables are as follows:

18. 預付款項、其他應收款項及其他資產(續)

- (b) 向供應商貸款按每年介乎4.66%至5.00%的利率計息，以供應商若干機器作為抵押，並須於三至四年內償還。
- (c) 其他應收款項的減值虧損撥備變動如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At 1 January	於一月一日	-	-
Impairment losses	減值虧損	3,604	-
Exchange realignment	匯兌調整	(61)	-
At 31 December	於十二月三十一日	3,543	-

Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default and expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward looking macroeconomic data.

The above provision for impairment included a provision for loans to a vendor of HK\$1,510,000 (2018: Nil) with a carrying amount before provision of HK\$3,539,000 (2018: HK\$4,630,000) and a provision for individually impaired other receivables of HK\$2,094,000 (2018: Nil) with a carrying amount before provision of HK\$2,470,000 (2018: Nil) as at 31 December 2019. The Group hold credit enhancements for loans to a vendors with fair value of HK\$2,055,000 as at 31 December 2019. The credit-impaired other receivables as at 31 December 2019 were all due from independent third parties who were in financial difficulty, and categorised in stage 3.

於適用情況下，減值分析乃於各報告日期透過考慮違約的可能性進行，而預期信貸虧損則經參考本集團的過往虧損記錄後透過應用虧損率法估計。虧損率於適當時候作出調整，以反映當前情況及未來經濟狀況預測。於計算預期信貸虧損率時，本集團會考慮過往虧損率並就前瞻性宏觀經濟數據作出調整。

於二零一九年十二月三十一日，上述減值撥備包括撥備前賬面值為3,539,000港元(二零一八年：4,630,000港元)的向供應商貸款撥備1,510,000港元(二零一八年：無)及撥備前賬面值為2,470,000港元(二零一八年：無)的個別已減值其他應收款項撥備2,094,000港元(二零一八年：無)。於二零一九年十二月三十一日，本集團就公允值為2,055,000港元的向供應商貸款持有信用提升措施。於二零一九年十二月三十一日的信貸減值其他應收款項均為應收正面臨財務困難的獨立第三方款項，並歸類為第三階段。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)

(c) (Continued)

Except for the credit-impaired other receivables mentioned above, the other financial assets included in the prepayments, other receivable and other assets were all categorised in stage 1 at the end of each reporting period. The directors of the Group estimated that the expected loss rate for them was minimal since they were neither past due nor have recent history of default as at 31 December 2019.

19. CASH AND CASH EQUIVALENTS

Cash and bank balances 現金及銀行結餘

The cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to HK\$440,000 (2018: HK\$2,230,000) as at 31 December 2019. The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

18. 預付款項、其他應收款項及其他資產(續)

(c) (續)

除上述信貸減值其他應收款項外，計入預付款項、其他應收款項及其他資產的其他金融資產於各報告期末均歸類為第一階段。由於該等資產於二零一九年十二月三十一日概無逾期，且近期亦無拖欠紀錄，故本集團董事估計該等資產的預期虧損率微不足道。

19. 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 and bank balances 現金及銀行結餘	34,531	30,938

於二零一九年十二月三十一日，本集團以人民幣(「人民幣」)計值的現金及銀行結餘為440,000港元(二零一八年：2,230,000港元)。人民幣不能自由兌換為其他貨幣。然而，根據中國內地《外匯管理條例》及《結匯、售匯及付匯管理規定》，本集團可透過獲授權開展外匯業務的銀行將人民幣兌換成其他貨幣。

銀行現金按根據每日銀行存款利率計算的浮動利率計息。短期定期存款的存款期為一天至三個月，視乎本集團的即時現金需求而定，並按有關短期定期存款利率計息。銀行結餘及抵押存款乃存於信譽良好且近期無拖欠紀錄的銀行。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

20. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each reporting period, based on the transaction date, 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
Within 1 month	不足一個月	1,602	1,930
1 to 2 months	一至兩個月	1,240	1,085
2 to 3 months	兩至三個月	791	679
Over 3 months	超過三個月	1,566	1,428
		5,199	5,122

The trade payables are unsecured, non-interest-bearing and are normally settled on terms of 30 to 90 days.

20. 應付交易款項

於各報告期末，基於交易日期的應付交易款項賬齡分析如下：

應付交易款項為無抵押、不計息，通常於30至90天期限結算。

21. OTHER PAYABLES AND ACCRUALS

		31 December 2019 二零一九年 十二月三十一日 HK\$'000 千港元	1 January 2019 二零一九年 一月一日 HK\$'000 千港元	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元
Other payables and accruals	其他應付款項及應計費用	4,639	6,322	7,765
Contract liabilities	合約負債	57	187	187
		4,696	6,509	7,952
Portion classified as non-current	列為非即期的部分	-	-	(1,223)
Current portion included in other payables and accruals	計入其他應付款項及應計費用的即期部分	4,696	6,509	6,729

21. 其他應付款項及應計費用

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

21. OTHER PAYABLES AND ACCRUALS (Continued)

Notes:

- (a) Details of contract liabilities as at 31 December 2019 and 1 January 2019 are as follows:

	31 December 2019 二零一九年 十二月三十一日 HK\$'000 千港元	1 January 2019 二零一九年 一月一日 HK\$'000 千港元
Short-term advances received from customers 收取客戶的短期墊款		
Sales of goods 銷售貨品	57	187

Contract liabilities include short-term advances received to deliver sewing threads and garment accessories. The decrease in contract liabilities in 2019 was mainly due to the decrease in short-term advances received from customers in relation to the sale of sewing threads and garment accessories at the end of the year.

- (b) The non-current portion of other payables and accruals represents the differences between contractual minimum lease payments and accrued minimum lease payments on a straight-line basis for the Group's leasehold land over the lease term. As a result of the initial application of HKFRS 16, accrued lease payments of HK\$1,443,000 previously included in "Other payables and accruals" were adjusted to the right-of-use assets recognised at 1 January 2019 (refer to note 2.2 to the financial statements for further details).
- (c) The current portion of other payables and accruals are unsecured, interest-free and repayable on an average term of three months.

21. 其他應付款項及應計費用(續)

附註：

- (a) 於二零一九年十二月三十一日及二零一九年一月一日的合約負債詳情如下：

	31 December 2019 二零一九年 十二月三十一日 HK\$'000 千港元	1 January 2019 二零一九年 一月一日 HK\$'000 千港元
Short-term advances received from customers 收取客戶的短期墊款		
Sales of goods 銷售貨品	57	187

合約負債包括就付運縫紉線及服裝輔料所收取的短期墊款。於二零一九年的合約負債減少乃主要由於年末就銷售縫紉線及服裝輔料收取客戶的短期墊款減少所致。

- (b) 其他應付款項及應計費用的非即期部分即本集團租賃土地在租期的合約最低租賃款項與以直線法計算的應計最低租賃款項的差額。由於初次應用香港財務報告準則第16號，故先前計入「其他應付款項及應計費用」的應計租賃款項1,443,000港元已調整至於二零一九年一月一日確認的使用權資產(有關進一步詳情，請參閱財務報表附註2.2)。
- (c) 其他應付款項及應計費用的即期部分為無抵押、不計息，平均還款期為三個月。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

22. INTEREST-BEARING BANK BORROWINGS

22. 計息銀行借款

		2019 二零一九年		
		Effective interest rate (%) 實際利率 (%)	Maturity 到期	HK\$'000 千港元
Current	即期			
Overdrafts	透支	5.0	On demand 於要求時	4,934
Bank loans — secured	銀行貸款 — 有抵押	4.0 to 6.2 4.0至6.2	On demand 於要求時	15,033
				19,967

		2018 二零一八年		
		Effective interest rate (%) 實際利率 (%)	Maturity 到期	HK\$'000 千港元
Current	即期			
Bank loans — secured	銀行貸款 — 有抵押	4.6 to 6.2 4.6至6.2	On demand 於要求時	15,217

Analysed into:

分析為：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Bank loans and overdrafts repayable on demand	須按要求償還的銀行貸款及透支	19,967	15,217

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

22. INTEREST-BEARING BANK BORROWINGS (Continued)

Interest-bearing bank borrowings are denominated in:

22. 計息銀行借款(續)

計息銀行借款以下列貨幣計值：

		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	11,934	7,000
United States Dollar ("US\$")	美元(「美元」)	8,033	8,217
		19,967	15,217

Notes:

- (a) HK Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* issued by the HKICPA requires that a loan which includes a clause that gives the lender the unconditional right to call in the loan at any time ("**repayment on demand clause**") shall be classified in total by the borrower as current in the statement of financial position. Interest-bearing bank borrowings of the Group in the amount of HK\$19,967,000 (2018: HK\$15,217,000) include a repayment on demand clause under the relevant loan agreements, among which balances amounting to HK\$2,860,000 (2018: HK\$3,190,000) that are repayable after one year from 31 December 2019 have been classified as current liabilities. For the purpose of the above analysis, such loans are included within current secured bank borrowings and analysed into bank borrowings repayable on demand.
- (b) As at 31 December 2018, the Group was not in compliance with certain financial loan covenants and the relevant bank borrowings of HK\$15,217,000 would become callable on demand. No further reclassification is needed regarding these bank borrowings since they all included the repayment on demand clause and have already been classified as current liabilities as mentioned in (a) above.
- (c) The Group's bank facilities (including overdraft facilities) amounted to HK\$20,252,000 (2018: HK\$20,445,000), of which HK\$19,967,000 (2018: HK\$15,217,000) had been utilised as at 31 December 2019.

附註：

- (a) 香港會計師公會頒佈的香港詮釋第5號財務報表之呈報 – 借款方對載有須按要求償還條款之定期貸款之分類規定，借款方須於財務狀況表內將包含授予貸款方有權無條件隨時要求償還貸款的條款(「**按要求償還條款**」)之貸款總體分類為即期。根據有關貸款協議，包含按要求償還條款的本集團計息銀行借款為19,967,000港元(二零一八年：15,217,000港元)，其中於二零一九年十二月三十一日起計一年後須償還之結餘2,860,000港元(二零一八年：3,190,000港元)已分類為流動負債。就上述分析而言，該等貸款計入即期有抵押銀行借款，並分析為須按要求償還的銀行借款。
- (b) 於二零一八年十二月三十一日，本集團並無遵守若干融資貸款契諾，而相關銀行借款15,217,000港元將按要求償還。由於該等銀行借款均包括按要求償還條款，且已如上文(a)項所述分類為流動負債，故無須就其作進一步重新分類。
- (c) 於二零一九年十二月三十一日，本集團銀行融資(包括透支融資)為20,252,000港元(二零一八年：20,445,000港元)，其中已動用19,967,000港元(二零一八年：15,217,000港元)。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

22. INTEREST-BEARING BANK BORROWINGS (Continued)

(d) The following assets were pledged as security for interest-bearing bank borrowings:

		Carrying amounts 賬面值	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
		Notes 附註	
Financial asset at FVPL	按公允價值計入損益的金融資產	15	4,742
Trade receivables	應收交易款項	17	3,622
			8,364
			11,987

22. 計息銀行借款(續)

(d) 下列資產乃抵押為計息銀行借款之擔保：

23. DEFERRED TAX

The movements in deferred tax assets during the year ended 31 December 2019 are as follows:

Deferred tax assets

2019

		Accrued salary and welfare expense	Tax loss available for offsetting against future taxable profits 可供抵銷 未來應課稅溢利的稅項虧損	Deferred rental expense	Impairment of financial assets	Impairment of non-financial assets	Total
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 January 2019	於二零一九年一月一日	26	1,927	335	140	220	2,648
Deferred tax charged to profit or loss during the year (note 10)	年內扣除損益的遞延稅項(附註10)	(26)	(1,915)	(335)	(140)	(220)	(2,636)
Exchange differences	匯兌差額	-	(12)	-	-	-	(12)
Gross deferred tax assets at 31 December 2019	於二零一九年十二月三十一日的遞延稅項資產總值	-	-	-	-	-	-

23. 遞延稅項

遞延稅項資產於截至二零一九年十二月三十一日止年度的變動如下：

遞延稅項資產

二零一九年

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

23. DEFERRED TAX (Continued)

Deferred tax assets (Continued)

2018

		Depreciation charge in excess of related depreciation allowance	Accrued salary and welfare expense	Tax loss available for offsetting against future taxable profits	Deferred rental expense	Available-for-sale investment revaluation	Impairment of financial assets	Impairment of non-financial assets	Total
		超出有關折舊撥備的折舊支出	應計薪金及福利開支	未來應課稅溢利的稅項虧損	遞延租金開支	可供出售投資重估	金融資產減值	非金融資產減值	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
At 1 January 2018	於二零一八年一月一日	63	108	583	421	163	30	-	1,368
Deferred tax (charged)/credited to profit or loss during the year (note 10)	年內(扣除)/計入損益的遞延稅項(附註10)	(63)	(81)	1,580	(69)	(163)	113	228	1,545
Exchange differences	匯兌差額	-	(1)	(236)	(17)	-	(3)	(8)	(265)
Gross deferred tax assets at 31 December 2018	於二零一八年十二月三十一日的遞延稅項資產總值	-	26	1,927	335	-	140	220	2,648

The Group has tax losses arising in Hong Kong of HK\$3,181,000 (2018: HK\$936,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group has tax losses arising in Mainland China of HK\$16,169,000 (2018: HK\$7,093,000) that will expire in one to five years for offsetting against future taxable profits.

23. 遞延稅項(續)

遞延稅項資產(續)

二零一八年

本集團於香港產生的稅項虧損3,181,000港元(二零一八年: 936,000港元)可無限期用作抵銷產生虧損之公司之未來應課稅溢利。

本集團於中國內地產生的稅項虧損16,169,000港元(二零一八年: 7,093,000港元)將於一至五年內屆滿, 可用作抵銷未來應課稅溢利。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

23. DEFERRED TAX (Continued)

Deferred tax liabilities – withholding tax

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At 1 January	於一月一日	–	215
Deferred tax credited to profit or loss during the year (note 10)	年內計入損益的遞延稅項(附註10)	–	(215)
Gross deferred tax liabilities at the end of each year	各年末的遞延稅項負債總額	–	–

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable tax rate is 5%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

There were no unremitted earnings of the Group's subsidiaries established in the PRC as at the end of the reporting period.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

23. 遞延稅項(續)

遞延稅項負債 – 預扣稅

根據中國企業所得稅法，在中國內地成立的外資企業向外國投資者宣派的股息須繳納10%的預扣稅。此規定自二零零八年一月一日開始生效並適用於二零零七年十二月三十一日之後的盈利。倘中國內地與該等外國投資者所屬司法管轄區訂有稅收協定，則預扣稅率或有所調低。本集團的適用稅率為5%。因此，倘該等在中國內地成立的附屬公司就自二零零八年一月一日開始賺取的盈利分派股息，則本集團須就此繳納預扣稅。

於報告期末，於中國成立的本集團附屬公司並無未匯出盈利。

概無與本公司向其股東派付股息有關的所得稅後果。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

24. SHARE CAPITAL

24. 股本

Shares

股份

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Authorised: 5,000,000,000 (2018: 5,000,000,000) ordinary shares of HK\$0.01 each (2018: HK\$0.01 each)	法定： 5,000,000,000 (二零一八年： 5,000,000,000) 股每股面值 0.01 港元 (二零一八年： 每股面值 0.01 港元) 的普通股	50,000	50,000
Issued and fully paid: 800,000,000 (2018: 800,000,000) ordinary shares of HK\$0.01 each (2018: HK\$0.01 each)	已發行並繳足： 800,000,000 (二零一八年： 800,000,000) 股每股面值 0.01 港元 (二零一八年： 每股面值 0.01 港元) 的普通股	8,000	8,000

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

25. RESERVES

The amounts of the Group's reserves and the movements therein for the reporting period are presented in the consolidated statement of changes in equity.

Share Premium

The share premium of the Group represents the capital contribution premium from its then shareholders.

Statutory surplus reserve

Pursuant to the relevant laws and regulations in the PRC, the companies registered in the PRC shall appropriate a certain percentage of their net profit after tax (after offsetting any prior years' losses) calculated under the accounting principles generally applicable to the PRC enterprises to the reserve fund. When the balance of this reserve fund reaches 50% of the entity's capital, any further appropriation is optional. The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital. However, the balance of the statutory surplus reserve must be maintained at a minimum of 25% of the capital after these usages. After making the appropriation to the statutory surplus reserve, the companies may also appropriate their profits for the year to the discretionary surplus reserve upon approval by the board of directors or the shareholders in a general meeting.

Merger reserve

The merger reserve represented the difference between the Company's shares of the nominal value of the paid-up capital of the subsidiaries acquired and the Company's cost of acquisition of the subsidiaries under common control upon the reorganisation undergone by the Group.

25. 儲備

本集團於報告期間的儲備及其變動金額於綜合權益變動表呈列。

股份溢價

本集團的股份溢價指來自其當時股東的出資溢價。

法定盈餘儲備

根據中國相關法律法規，於中國註冊的公司須將根據中國企業普遍適用的會計原則計算的稅後純利若干百分比（經抵銷任何以往年度虧損後）撥往儲備基金。該儲備基金的結餘達實體資本50%時，則可酌情決定是否繼續作出任何進一步撥款。法定盈餘儲備可用以抵銷以往年度虧損或增資。然而，使用後的法定盈餘儲備結餘最少須維持在資本的25%。向法定盈餘儲備作出撥款後，公司亦可經董事會或股東於股東大會上批准後，將本年度溢利撥往任意盈餘儲備。

合併儲備

合併儲備乃指本集團進行重組後，本公司應佔已收購附屬公司繳足股本的面值與本公司收購受共同控制的附屬公司的成本之間的差額。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

26. SHARE OPTION SCHEME

The Company operates a share option scheme (the “**Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include the Company’s directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group and the Company’s shareholders in the Company’s subsidiaries. The Scheme became effective on 24 November 2017 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time unless the Company obtains approval from its shareholders in general meeting and/or other requirements prescribed under the Listing Rules and must not exceed 30% of the total number of shares in issue from time to time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

The offer of a grant of share options may be accepted within 7 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The period within which the shares must be taken up under an option shall be determined by the Board at its absolute discretion and in any event, such period shall not be longer than 10 years from the date upon which any particular option is granted in accordance with the Scheme.

26. 購股權計劃

本公司設有購股權計劃(「計劃」)，以向為本集團業務成就作出貢獻的合資格參與者提供激勵及獎賞。計劃之合資格參與者包括本公司董事(包括獨立非執行董事)、本集團其他僱員、向本集團提供貨品或服務的供應商、本集團客戶及本公司於本公司附屬公司的股東。計劃於二零一七年十一月二十四日生效，除非另行註銷或修訂，否則計劃將自該日起計十年內始終有效。

除非本公司於股東大會上獲得其股東批准及／或遵守按照上市規則訂明的其他要求，否則現時可根據計劃授出之最高尚未行使購股權數目相當於其獲行使時佔本公司任何時間已發行股份之10%，且不得超過不時已發行股份總數之30%。在任何十二個月期間內，根據向該計劃每位合資格參與者授出的購股權而可予發行的最高股份數目，均以本公司任何時間已發行股份的1%為限。倘再授出超逾上述限額的購股權，則必須取得股東於股東大會上批准。

提呈授出之購股權可於提呈日期起計七日內接納，而承授人須支付合共1港元之象徵式代價。根據購股權須接納股份之期間由董事會全權酌情決定，且於任何情況下，該期間不得超過根據計劃授出任何個別購股權日期起計十年。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

26. SHARE OPTION SCHEME (Continued)

The subscription price shall be determined solely by the directors, but may not be less than the highest of: (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share on the date of offer.

The Company, by resolution in a general meeting or the directors may at any time terminate the operation of the Scheme and in such event no further options of the Scheme will be offered but those options granted prior to such termination shall continue to be valid and exercisable in accordance with the previous provisions of the Scheme.

No share option has been granted since the adoption of the Scheme.

27. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at the end of the reporting period.

28. PLEDGE OF ASSETS

Details of the Group's assets pledged for the bank loans and overdrafts are included in note 22 to the financial statements.

26. 購股權計劃(續)

認購價須由董事全權釐定，惟不得低於下列最高者：(i)本公司股份於授出購股權日期(須為營業日)在聯交所每日報價表所報之收市價；(ii)本公司股份於緊接授出購股權日期前五個營業日在聯交所每日報價表所報之平均收市價；及(iii)股份於提呈日期之面值。

本公司在股東大會上通過決議案或董事可隨時終止計劃的運作，而在此情況下不得再授出計劃之任何購股權，惟該等於此終止前授出之購股權根據計劃之先前條文繼續有效及可行使。

自採納計劃起，概無授出任何購股權。

27. 或然負債

於報告期末，本集團概無重大或然負債。

28. 資產抵押

本集團就銀行貸款及透支抵押的資產詳情載於財務報表附註22。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

29. COMMITMENTS

(a) Operating lease commitments as at 31 December 2018

The Group leases certain of its land and buildings and office equipment under operating lease arrangements, with leases negotiated for terms ranging from one to twenty years.

At 31 December 2018, the Group had total future minimum lease payments under operating leases falling due as follows:

		2018 二零一八年 HK\$'000 千港元
Within one year	一年內	2,599
In the second to fifth years, inclusive	第二年至第五年(包括首尾兩年)	5,902
After five years	五年後	-
		8,501

(b) The Group has no lease contracts that have not yet commenced as at 31 December 2019.

(c) Capital commitment

The Group had the following capital commitments at the end of the reporting period:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Within one year	一年內	-	106

29. 承擔

(a) 於二零一八年十二月三十一日的經營租賃承擔

本集團根據經營租賃安排租用若干土地及樓宇及辦公設備，租期協定為一至二十年。

於二零一八年十二月三十一日，本集團根據經營租賃的未來最低租賃款項總額的到期情況如下：

(b) 本集團並無尚未於二零一九年十二月三十一日開始的租賃合約。

(c) 資本承擔

本集團於報告期末擁有下列資本承擔：

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

30. RELATED PARTY TRANSACTIONS

- (a) Names of the Group's principal related party and his/her relationship with the Group:

Name of related party
關聯方姓名

Relationship
關係

Mr. Wong
黃先生

Director of the Company
本公司董事

- (b) The Group made advance payments to Mr. Wong with maximum amount outstanding of HK\$35,109,000 (2018: HK\$35,500,000) during the year ended 31 December 2019, which were all repaid by Mr. Wong before 31 December 2019. The aforesaid advance payments to Mr. Wong were unsecured, interest-free and repaid by Mr. Wong in a period ranging from one to three months. The Group's outstanding balances with Mr. Wong was nil (2018: Nil) as at 31 December 2019.

The transactions above also constitute connected transactions as defined in Chapter 20 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited.

- (c) Compensation of key management personnel of the Group:

Details of the compensation of key management personnel of the Group, who are the executive directors, are disclosed in note 8 to the financial statements.

30. 關聯方交易

- (a) 本集團主要關聯方姓名及其與本集團的關係：

- (b) 本集團於截至二零一九年十二月三十一日止年度向黃先生作出墊款付款，最高未償還金額為35,109,000港元(二零一八年：35,500,000港元)，有關墊款已於二零一九年十二月三十一日前由黃先生悉數償還。上述向黃先生作出的墊款付款為無抵押、免息及於介乎一至三個月期間內由黃先生償還。於二零一九年十二月三十一日，本集團與黃先生的未償還結餘為零(二零一八年：零)。

上述交易亦構成香港聯合交易所有限公司GEM證券上市規則第二十章所界定的關連交易。

- (c) 本集團主要管理人員薪酬：

本集團身為執行董事的主要管理人員薪酬詳情於財務報表附註8披露。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$1,330,000 and HK\$1,330,000, respectively, in respect of lease arrangements for buildings (2018: Nil).

(b) Changes in liabilities arising from financing activities:

2019

31. 綜合現金流量表附註

(a) 主要非現金交易

年內，本集團就樓宇租賃安排擁有的使用權資產及租賃負債非現金添置分別為1,330,000港元及1,330,000港元(二零一八年：無)。

(b) 融資活動產生的負債變動：

二零一九年

		Bank loans 銀行貸款 HK\$'000 千港元	Lease liabilities 租賃負債 HK\$'000 千港元
At 31 December 2018	於二零一八年十二月三十一日	15,217	-
Effect of adoption of HKFRS 16	採納香港財務報告準則第16號的影響	-	5,827
At 1 January 2019 (restated)	於二零一九年一月一日(經重列)	15,217	5,827
Changes from financing cash flows	來自融資現金流量的變動	(184)	(1,322)
New leases	新租賃	-	1,330
Interest expense	利息開支	-	301
Exchange realignment	匯兌調整	-	(112)
At 31 December 2019	於二零一九年十二月三十一日	15,033	6,024

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Changes in liabilities arising from financing activities: (Continued)

2018

		Bank loans 銀行貸款 HK\$'000 千港元
At 1 January 2018	於二零一八年一月一日	22,627
Changes from financing cash flows	來自融資現金流量的變動	(7,410)
At 31 December 2018	於二零一八年 十二月三十一日	15,217

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

		2019 二零一九年 HK\$'000 千港元
Within operating activities	經營活動內	791
Within financing activities	融資活動內	1,322
At 31 December 2019	於二零一九年十二月三十一日	2,113

31. 綜合現金流量表附註(續)

(b) 融資活動產生的負債變動： (續)

二零一八年

(c) 租賃現金流出總額

計入現金流量表的租賃現金流出總額如下：

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each reporting period are as follows:

31 December 2019

Financial assets

		Financial asset at FVPL 按公允值計入損益的金融資產 HK\$'000 千港元	Financial assets at amortised cost 按攤銷成本計量的金融資產 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Financial asset at FVPL	按公允值計入損益的金融資產	4,742	–	4,742
Trade receivables	應收交易款項	–	10,404	10,404
Financial assets included in prepayments, other receivables and other assets	計入預付款項、其他應收款項及其他資產的金融資產	–	2,659	2,659
Cash and cash equivalents	現金及現金等價物	–	34,531	34,531
		4,742	47,594	52,336

Financial liabilities

		Financial liabilities at amortised cost 按攤銷成本計量的金融負債 HK\$'000 千港元
Trade payables	應付交易款項	5,199
Financial liabilities included in other payables and accruals	計入其他應付款項及應計費用的金融負債	2,007
Lease liabilities	租賃負債	6,024
Interest-bearing bank borrowings	計息銀行借款	19,967
		33,197

32. 按種類劃分的金融工具

於各報告期末，各類別金融工具之賬面值如下：

二零一九年十二月三十一日

金融資產

金融負債

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

32. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

31 December 2018

Financial assets

		Financial asset at FVPL 按公允值計入損益的金融資產 HK\$'000 千港元	Financial assets at amortised cost 按攤銷成本計量的金融資產 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Financial asset at FVPL	按公允值計入損益的金融資產	4,632	–	4,632
Trade receivables	應收交易款項	–	17,441	17,441
Financial assets included in prepayments, other receivables and other assets	計入預付款項、其他應收款項及其他資產的金融資產	–	7,441	7,441
Cash and cash equivalents	現金及現金等價物	–	30,938	30,938
		4,632	55,820	60,452

Financial liabilities

		Financial liabilities at amortised cost 按攤銷成本計量的金融負債 HK\$'000 千港元
Trade payables	應付交易款項	5,122
Financial liabilities included in other payables and accruals	計入其他應付款項及應計費用的金融負債	4,501
Interest-bearing bank borrowings	計息銀行借款	15,217
		24,840

32. 按種類劃分的金融工具(續)

二零一八年十二月三十一日

金融資產

	Financial asset at FVPL 按公允值計入損益的金融資產 HK\$'000 千港元	Financial assets at amortised cost 按攤銷成本計量的金融資產 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Financial asset at FVPL	4,632	–	4,632
Trade receivables	–	17,441	17,441
Financial assets included in prepayments, other receivables and other assets	–	7,441	7,441
Cash and cash equivalents	–	30,938	30,938
	4,632	55,820	60,452

金融負債

	Financial liabilities at amortised cost 按攤銷成本計量的金融負債 HK\$'000 千港元
Trade payables	5,122
Financial liabilities included in other payables and accruals	4,501
Interest-bearing bank borrowings	15,217
	24,840

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 December 2019 and 2018, the fair values of the Group's financial assets or financial liabilities approximated to their respective carrying amounts.

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets, interest-bearing bank borrowings and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

33. 金融工具的公允值及公允值層級

於二零一九年及二零一八年十二月三十一日，本集團金融資產或金融負債的公允值與各自賬面值相若。

根據管理層的評估，現金及現金等價物、應收交易款項、應付交易款項、計入預付款項、其他應收款項及其他資產的金融資產、計息銀行借款、計入其他應付款項及應計費用的金融負債之公允值與各自賬面值相若，主要是由於該等工具於短期內到期。

本集團財務部由財務經理主管，負責釐定金融工具公允值計量的政策及程序。於各報告日期，財務部分析金融工具價值變動，釐定可用於估值的主要輸入數據。董事定期審閱金融工具公允值計量結果，供年度財務報告使用。

金融資產及負債的公允值以該工具於自願交易方當前交易(而非強迫或清盤銷售)下的可交易金額入賬。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The fair value of the Group's financial asset at FVPL is categorised within Level 3 of the fair value hierarchy which is measured based on significant unobservable inputs and has been estimated based on the surrender value of the policy as disclosed in note 15 to the financial statements. The fair value of the insurance policy is mainly affected by its surrender value as the directors expected the other unobservable inputs such as insurance risk would not have a significant impact on the fair value of the insurance policy. The surrender value of the insurance policy was obtained from the insurance company without any adjustment. The directors believe that the estimated fair value and the related changes in fair values are reasonable, and that they were the most appropriate values at the end of the reporting period.

The recoverable amount of property, plant and equipment determined at fair value less costs of disposal was categorised within Level 3 of the fair value hierarchy. Further details are contained in note 13 to the financial statements.

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 during the year ended 31 December 2019.

33. 金融工具的公允值及公允值層級(續)

本集團按公允值計入損益的金融資產的公允值歸類為公允值層級第三級，該層級乃基於重大不可觀察輸入數據計量，並基於財務報表附註15所披露的保單退保金額估計。保單的公允值主要受其退保金額影響，原因為董事預期其他不可觀察輸入數據(例如保險風險)將不會對保單的公允值造成重大影響。本集團自保險公司取得保單退保金額並不作任何調整。董事認為估計公允值及公允值有關變動合理，且於報告期末均為最適當值。

按公允值減出售成本釐定的物業、廠房及設備的可收回金額歸類為公允值層級第三級。進一步詳情載於財務報表附註13。

截至二零一九年十二月三十一日止年度，第一級與第二級公允值計量之間並無轉移，亦無轉入或轉出自第三級。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate of 100 basis points, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate borrowings).

34. 財務風險管理目標及政策

本集團主要金融工具包括計息銀行借款以及現金及現金等價物。該等金融工具之主要目的在於為本集團營運融資。本集團具有多種其他金融資產及負債，例如經營直接產生的應收交易款項及應付交易款項。

源於本集團金融工具之主要風險為利率風險、外匯風險、信貸風險及流動資金風險。董事會已審議並同意管理各該等風險之政策，政策概要如下。

利率風險

本集團面臨的市場利率變動風險主要與本集團以浮動利率計息的銀行借款有關。

下表顯示在所有其他變數均保持不變之情況下，利率合理可能變動100個基點對本集團除稅前虧損(透過對浮息借款的影響)之敏感分析。

		(Increase)/decrease in the Group's loss before tax 本集團除稅前虧損(增加)/減少	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
If interest rates decrease by 100 basis points	倘利率下降100個基點	200	152
If interest rates increase by 100 basis points	倘利率增加100個基點	(200)	(152)

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity to a reasonably possible change by 5% in the HK\$ exchange rate against RMB, with all other variables held constant, of the Group's loss before tax due to changes in the translated values of monetary assets and liabilities.

		(Increase)/decrease in the Group's loss before tax 本集團除稅前虧損(增加)/減少	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
If HK\$ strengthens against RMB	倘港元兌人民幣升值	1,496	981
If HK\$ weakens against RMB	倘港元兌人民幣貶值	(1,496)	(981)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

34. 財務風險管理目標及政策(續)

外匯風險

本集團面臨交易貨幣風險。該等風險來自營運單位以單位非功能貨幣的貨幣進行買賣所致。

下表顯示在所有其他變數均保持不變之情況下，港元兌人民幣之匯率合理可能變動5%對本集團除稅前虧損(由於貨幣資產及負債換算價值之變動所致)之敏感分析。

信貸風險

本集團僅與受認可及信譽高的第三方進行交易。本集團政策規定，所有欲按信貸條款交易的客戶均須通過信用審核程序。此外，本集團持續監控應收款項結餘，所面臨之壞賬風險並不重大。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2019

34. 財務風險管理目標及政策(續)

信貸風險(續)

下表列示以本集團信貸政策為依據的信貸質素及信貸風險最大承受程度(主要以已逾期資料為依據,惟毋須花費不必要成本或精力即可獲得其他資料則另當別論)以及於十二月三十一日的年結階段分類。

所呈列金額為金融資產賬面總值及就金融擔保合約面臨的信貸風險。

於二零一九年十二月三十一日

		12-month ECLs 十二個月預期 信貸虧損	Lifetime ECLs 全期預期 信貸虧損	Simplified approach 簡化法	Total 總計
		Stage 1 第一階段 HK\$'000 千港元	Stage 3 第三階段 HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Trade receivables*	應收交易款項*	-	-	10,609	10,609
Financial assets included in prepayments, other receivables and other assets	計入預付款項、 其他應收款項及 其他資產的金融資產				
— Normal**	— 正常**	604	-	-	604
— Doubtful**	— 可疑**	-	5,598	-	5,598
Cash and cash equivalents	現金及現金等價物				
— Not yet past due	— 並未逾期	34,531	-	-	34,531
		35,135	5,598	10,609	51,342

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

As at 31 December 2018

		12-month ECLs 十二個月預期 信貸虧損	Lifetime ECLs 全期預期 信貸虧損 Simplified approach 簡化法	Total 總計
		Stage 1 第一階段 HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Trade receivables*	應收交易款項*	-	18,152	18,152
Financial assets included in prepayments, other receivables and other assets	計入預付款項、 其他應收款項及 其他資產的金融資產			
— Normal**	— 正常**	7,441	-	7,441
Cash and cash equivalents	現金及現金等價物			
— Not yet past due	— 並未逾期	30,938	-	30,938
		38,379	18,152	56,531

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 17 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

信貸風險(續)

於二零一八年十二月三十一日

		12-month ECLs 十二個月預期 信貸虧損	Lifetime ECLs 全期預期 信貸虧損 Simplified approach 簡化法	Total 總計
		Stage 1 第一階段 HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Trade receivables*	應收交易款項*	-	18,152	18,152
Financial assets included in prepayments, other receivables and other assets	計入預付款項、 其他應收款項及 其他資產的金融資產			
— Normal**	— 正常**	7,441	-	7,441
Cash and cash equivalents	現金及現金等價物			
— Not yet past due	— 並未逾期	30,938	-	30,938
		38,379	18,152	56,531

* 就本集團使用簡化法對應收交易款項進行減值而言，以撥備矩陣為依據的資料於財務報表附註17披露。

** 在計入預付款項、其他應收款項及其他資產的金融資產並未逾期且並無資料表明金融資產自初始確認以來出現信貸風險大幅度增加的情況下，其信貸質素被視為「正常」。否則，金融資產的信貸質素被視為「可疑」。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

As at 31 December 2019, the Group had certain concentrations of credit risk as 25% (2018: 26%) of the trade receivables were derived from a (2018: one) customer of the Group. In order to minimise the credit risk, the financial department has been delegated by the management of the Group to be responsible for the determination of credit limits, credit approvals and other monitoring procedures and the review of the recoverable amount of each material individual debt at the end of each reporting period to ensure that adequate provision for impairment losses is made for irrecoverable amounts. In addition, the Group continuously monitors its trade receivable balances so as to ensure that the Group will not be subject to material bad debt risk. Since the Group only trades with third parties recognised to be creditworthy, management considers that the credit risk in respect of the Group's customers is limited. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 17 to the financial statements.

34. 財務風險管理目標及政策(續)

信貸風險(續)

於二零一九年十二月三十一日，由於25% (二零一八年：26%)的應收交易款項來自本集團的一名(二零一八年：一名)客戶，故本集團有若干信貸集中風險。為盡量減輕信貸風險，本集團管理層授權財務部負責釐定信貸限額、信貸審批及其他監控規程，並負責於各報告期末審閱各重大個別債務的可收回金額，確保為不可回收金額計提充足減值虧損撥備。此外，本集團持續監控應收交易款項結餘，確保本集團不會面臨重大壞賬風險。由於本集團僅與認可為信譽高的第三方進行交易，管理層認為與本集團客戶有關的信貸風險有限。有關本集團因應收交易款項引致之信貸風險詳細量化數據於財務報表附註17披露。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

The Group's policies are to regularly monitor the current and expected liquidity requirements, and to ensure that it maintains sufficient reserves of cash and available banking facilities to meet its liquidity requirements in the short and longer term.

The maturity profile of the Group's financial liabilities as at the end of each reporting period, based on the contractual undiscounted payments, is as follows:

		31 December 2019 二零一九年十二月三十一日			
		On demand 按要求償還 HK\$'000 千港元	Within 1 year 一年內 HK\$'000 千港元	1 to 5 years 一至五年 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Interest-bearing bank borrowings	計息銀行借款	19,967	-	-	19,967
Trade payables	應付交易款項	-	5,199	-	5,199
Lease liabilities	租賃負債	-	2,414	4,117	6,531
Financial liabilities included in other payables and accruals	計入其他應付款項及應計費用的金融負債	-	2,423	-	2,423
		19,967	10,036	4,117	34,120

		31 December 2018 二零一八年十二月三十一日		
		On demand 按要求償還 HK\$'000 千港元	Within 1 year 一年內 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Interest-bearing bank borrowings	計息銀行借款	15,217	-	15,217
Trade payables	應付交易款項	-	5,122	5,122
Financial liabilities included in other payables and accruals	計入其他應付款項及應計費用的金融負債	-	4,501	4,501
		15,217	9,623	24,840

34. 財務風險管理目標及政策(續)

流動資金風險

本集團政策為定期監控當前及預期流動資金需求，確保有足夠現金儲備及可動用銀行融資滿足短期及長期流動資金需求。

本集團於各報告期末根據合約未貼現付款分析的金融負債到期狀況如下：

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2019.

The Group monitors capital on the basis of the net cash-to-capital ratio, which is net cash divided by total equity.

The net cash-to-capital ratio as at the end of the reporting period was as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Cash and cash equivalents	現金及現金等價物	34,531	30,938
Less: Interest-bearing bank borrowings	減：計息銀行借款	(19,967)	(15,217)
Net cash	現金淨額	14,564	15,721
Total equity	權益總額	42,472	63,106
Net cash-to-capital ratio	現金淨額對資本比率	34.3%	24.9%

34. 財務風險管理目標及政策(續)

資本管理

本集團資本管理的主要目標為保障本集團持續經營的能力並維持穩健資本比率，以支持業務及最大化股東價值。

本集團根據經濟狀況變動及相關資產的風險特徵管理並調整資本架構。為維持或調整資本架構，本集團或會調整向股東派付的股息、向股東發還資本或發行新股份。本集團不受外界實施的任何資本規定所規限。截至二零一九年十二月三十一日止年度，管理資本的目標、政策或程序概無發生改變。

本集團以現金淨額對資本比率(現金淨額除以權益總額)為基準監控資本。

報告期末的現金淨額對資本比率如下：

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

35. EVENTS AFTER THE REPORTING PERIOD

ICAC Investigation

In January 2020, the ICAC conducted a search of the registered office of the Company and the Company's chairman and chief executive officer was under Investigation.

Impact of new coronavirus pneumonia epidemic

Since the outbreak of the new coronavirus pneumonia epidemic (the "**Epidemic**") in the PRC, a number of provinces and cities in the PRC have taken emergency public health measures and various regulations and requirements for epidemic prevention and controls were issued by national governments at all levels (the "**Prevention Regulations**"). The Group has actively responded to the Prevention Regulations and resumed the production since February 2020. Given the dynamic nature of the circumstances, the uncertainty about the duration of the Epidemic and the situation of epidemic preventive measures, up to the date of the report, the assessment of the related impact on the Group is still in progress.

35. 報告期後事項

廉政公署調查

於二零二零年一月，廉政公署對本公司的註冊辦事處進行搜查，而本公司主席兼行政總裁則正在接受調查。

新型冠狀病毒肺炎疫情的影響

自中國爆發新型冠狀病毒肺炎疫情(「**疫情**」)以來，中國多個省市已採取緊急公共衛生措施，各級國家政府亦已頒佈有關預防及控制疫情的多項法規及要求(「**預防法規**」)。本集團已積極響應預防法規，並自二零二零年二月起恢復生產。直至報告日期，鑒於該等情況變化不定，且疫情的持續時間及疫情預防措施的狀況尚不確定，故對本集團相關影響的評估仍在進行中。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

36. 本公司財務狀況表

本公司於報告期末的財務狀況表相關資料如下：

		31 December 2019 二零一九年 十二月三十一日 HK\$'000 千港元	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元
NON-CURRENT ASSETS	非流動資產		
Investments in subsidiaries	於附屬公司的投資	10,000	10,000
CURRENT ASSETS	流動資產		
Amounts due from subsidiaries	應收附屬公司款項	31,501	47,197
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	36	150
Cash and cash equivalents	現金及現金等價物	5	1
Total current assets	流動資產總值	31,542	47,348
CURRENT LIABILITIES	流動負債		
Other payables and accruals	其他應付款項及應計費用	1,517	2,489
Total current liabilities	流動負債總額	1,517	2,489
NET CURRENT ASSETS	流動資產淨值	30,025	44,859
Net assets	資產淨值	40,025	54,859
EQUITY	權益		
Share capital	股本	8,000	8,000
Reserves (note)	儲備(附註)	32,025	46,859
Total equity	權益總額	40,025	54,859

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 二零一九年十二月三十一日

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued) 36. 本公司財務狀況表(續)

Note:

A summary of the Company's reserves is as follows:

附註：

本公司的儲備概述如下：

		Share premium 股份溢價 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 1 January 2018	於二零一八年一月一日之結餘	57,751	(4,773)	52,978
Loss for the year	全年虧損	-	(6,119)	(6,119)
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	57,751	(10,892)	46,859
Loss for the year	全年虧損	-	(14,834)	(14,834)
At 31 December 2019	於二零一九年十二月三十一日	57,751	(25,726)	32,025

37. APPROVAL OF THE FINANCIAL STATEMENTS 37. 財務報表的審核

The financial statements were approved and authorised for issue by the board of directors on 31 March 2020.

財務報表已於二零二零年三月三十一日獲董事會批准並授權刊發。

Five Year Financial Summary

五年財務摘要

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

下文載列本集團於過往五個財政年度之業績以及資產及負債概要，乃摘錄自己公佈的經審核財務報表，並經適當重列／重新分類：

		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	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
RESULTS	業績					
REVENUE	收益	58,746	64,510	74,371	72,624	82,829
Cost of sales	銷售成本	(47,416)	(51,232)	(48,853)	(45,617)	(56,558)
Gross profit	毛利	11,330	13,278	25,518	27,007	26,271
Other income and gains	其他收入及增益	2,039	2,037	642	1,515	678
Selling and distribution expenses	銷售及分銷開支	(7,393)	(7,579)	(6,408)	(6,952)	(7,668)
Administrative expenses	行政開支	(13,508)	(16,456)	(9,831)	(7,752)	(8,195)
Impairment losses on financial assets	金融資產減值虧損	(3,103)	(499)	-	-	-
Other expenses	其他開支	(4,709)	(2,301)	(20,108)	(10,303)	(1,317)
Finance costs	融資成本	(1,313)	(886)	(2,291)	(2,892)	(3,238)
(LOSS)/PROFIT BEFORE TAX	除稅前(虧損)/溢利	(16,657)	(12,406)	(12,478)	623	6,531
Income tax (expense)/credit	所得稅(開支)/抵免	(2,562)	1,551	(712)	(1,100)	(1,853)
(LOSS)/PROFIT FOR THE YEAR	全年(虧損)/溢利	(19,219)	(10,855)	(13,190)	(477)	4,678
ATTRIBUTABLE TO OWNERS OF THE PARENT	母公司擁有人應佔	(19,219)	(10,855)	(13,190)	(477)	4,678

Five Year Financial Summary (Continued)

五年財務摘要(續)

ASSETS AND LIABILITIES

資產及負債

		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	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
TOTAL ASSETS	資產總值	79,493	92,631	129,359	118,334	149,743
TOTAL LIABILITIES	負債總額	(37,021)	(29,525)	(51,275)	(56,949)	(82,332)
		42,472	63,106	78,084	61,385	67,411

Note:

The financial information for the years ended 31 December 2015 and 2016 were extracted from the prospectus of the Company dated 30 November 2017. The summary above does not form part of the audited financial statements for the year ended 31 December 2019.

附註：

截至二零一五年及二零一六年十二月三十一日止年度的財務資料乃摘錄自本公司日期為二零一七年十一月三十日的招股章程。上述概要並不構成截至二零一九年十二月三十一日止年度的經審核財務報表的一部分。



Shen You Holdings Limited
申酉控股有限公司