

SINOMAX

Sinomax Group Limited
盛諾集團有限公司

(incorporated under the laws of the Cayman Islands with limited liability)
(根據開曼群島法例註冊成立的有限公司)

Stock Code 股份代號: 1418



ANNUAL REPORT

2018

年度報告

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CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

LAM Chi Fan (*Chairman of the Board*)
CHEUNG Tung (*President*)
CHEN Feng
LAM Kam Cheung (*Chief Financial Officer and Company Secretary*)
LAM Fei Man

Independent Non-executive Directors

WONG Chi Keung
Professor LAM Sing Kwong, Simon
FAN Chun Wah, Andrew, J.P.
ZHANG HWO Jie
WU Tak Lung

AUDIT COMMITTEE

WONG Chi Keung (*Chairman*)
Professor LAM Sing Kwong, Simon
FAN Chun Wah, Andrew, J.P.
ZHANG HWO Jie
WU Tak Lung

NOMINATION COMMITTEE

LAM Chi Fan (*Chairman*)
WONG Chi Keung
Professor LAM Sing Kwong, Simon

REMUNERATION COMMITTEE

Professor LAM Sing Kwong, Simon (*Chairman*)
LAM Chi Fan
FAN Chun Wah, Andrew, J.P.

董事會

執行董事

林志凡 (*董事會主席*)
張棟 (*總裁*)
陳楓
林錦祥 (*首席財務官兼公司秘書*)
林斐雯

獨立非執行董事

王志強
林誠光教授
范駿華太平紳士
張傑
吳德龍

審核委員會

王志強 (*主席*)
林誠光教授
范駿華太平紳士
張傑
吳德龍

提名委員會

林志凡 (*主席*)
王志強
林誠光教授

薪酬委員會

林誠光教授 (*主席*)
林志凡
范駿華太平紳士

CORPORATE GOVERNANCE COMMITTEE

WONG Chi Keung (*Chairman*)
Professor LAM Sing Kwong, Simon
FAN Chun Wah, Andrew, J.P.
ZHANG HWO Jie
WU Tak Lung

COMPANY SECRETARY

LAM Kam Cheung

AUTHORISED REPRESENTATIVES

CHEUNG Tung
LAM Kam Cheung

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

LEGAL ADVISOR

Minter Ellison LLP

TRADING BANKERS

Bank of China (Hong Kong)
China Construction Bank (Asia)
Citibank, N.A., Hong Kong
Hang Seng Bank Limited
OCBC Wing Hang Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Hong Kong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

企業管治委員會

王志強 (主席)
林誠光教授
范駿華太平紳士
張傑
吳德龍

公司秘書

林錦祥

授權代表

張棟
林錦祥

核數師

德勤•關黃陳方會計師行
註冊會計師

法律顧問

銘德有限法律責任合伙律師事務所

交易銀行

中銀香港
中國建設銀行(亞洲)
香港花旗銀行
恒生銀行有限公司
華僑永亨銀行有限公司
渣打銀行(香港)有限公司
香港上海滙豐銀行有限公司
大華銀行有限公司

CORPORATE INFORMATION

公司資料

SHARE REGISTRARS

Hong Kong share registrar

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

Cayman Islands principal share registrar and transfer office

Maples Fund Services (Cayman) Limited
P.O. Box 1093
Boundary Hall
Cricket Square
Grand Cayman
KY1-1102 Cayman Islands

REGISTERED OFFICE

P.O. Box 309 Ugland House
Grand Cayman KY1-1104
Cayman Islands

股份過戶登記處

香港股份過戶登記處

卓佳證券登記有限公司
香港
皇后大道東183號
合和中心22樓

開曼群島股份過戶登記總處

Maples Fund Services (Cayman) Limited
P.O. Box 1093
Boundary Hall
Cricket Square
Grand Cayman
KY1-1102 Cayman Islands

註冊辦事處

P.O. Box 309 Ugland House
Grand Cayman KY1-1104
Cayman Islands

CORPORATE INFORMATION 公司資料

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 2005-2007
Level 20 Tower 1
MegaBox Enterprise Square Five
38 Wang Chiu Road
Kowloon Bay
Hong Kong

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Stock Code: 1418

WEBSITE

www.sinomax.com/group

INVESTOR RELATIONS CONTACT

Email: ir@sinomax.com

總部及香港主要營業地點

香港
九龍灣
宏照道38號
企業廣場五期MegaBox
1座20樓
2005-2007室

上市資料

香港聯合交易所有限公司
股份代號：1418

網站

www.sinomax.com/group

投資者關係聯絡

電郵：ir@sinomax.com

FINANCIAL HIGHLIGHTS

財務概要

		2018 2018年	2017 2017年
Operating results (HK\$'000)	經營業績 (千港元)		
Revenue	收入	4,263,322	4,183,786
Gross profit	毛利	772,043	829,197
Profit before tax	除稅前溢利	27,586	58,242
Profit for the year	年內溢利	4,842	50,785
(Loss) profit for the year attributable to owners of the Company	本公司擁有人應佔年內(虧損)溢利	(5,801)	39,674
Financial position (HK\$'000)	財務狀況 (千港元)		
Total assets	總資產	2,903,219	2,883,172
Net current assets	流動資產淨額	531,100	388,425
Bank borrowings	銀行貸款	873,757	736,054
Net assets	資產淨值	1,225,843	1,309,466
Net assets attributable to owners of the Company	本公司擁有人應佔資產淨值	1,079,429	1,155,030
Per share data (HK cents)	每股數據 (港仙)		
Dividend per share	每股股息		
– Interim	– 中期	–	–
– Final	– 末期	–	1.0
– Total	– 總計	–	1.0
(Loss) earning per share	每股(虧損)盈利		
– Basic	– 基本	(0.33)	2.27
– Diluted	– 攤薄	(0.33)	2.27
Net assets value per share	每股資產淨值	70.0	74.8
Share price as at 31 December	於12月31日的股價	40.0	70.0

FINANCIAL HIGHLIGHTS

財務概要

		2018 2018年	2017 2017年
Key statistics	主要數據		
Gross profit margin (%)	毛利率(%)	18.1%	19.8%
Net profit margin (%)	淨利率(%)	0.1%	1.2%
Inventory turnover (days)	存貨周轉天數(天數)	63.3	62.9
Debtors' turnover (days)	債務人的周轉天數(天數)	68.4	64.0
Creditors' turnover (days)	債權人的周轉天數(天數)	47.8	51.5
Payout ratio (%)	派息率(%)	N/A 不適用	34.5%
Dividend yield (%)	股息收益率(%)	N/A 不適用	1.4%
Return on total assets (%)	總資產回報率(%)	0.2%	1.8%
Return on net assets (%)	資產淨值回報率(%)	0.4%	3.9%
Gearing ratio (%)	資產負債比率(%)	71.3%	56.2%
Current ratio (%)	流動比率(%)	141.1%	128.8%

CHAIRMAN'S STATEMENT

董事長致辭

On behalf of the board (the "Board") of directors (the "Directors") of Sinomax Group Limited (the "Company") and its subsidiaries (altogether, the "Group"), I have the great pleasure of presenting to you our annual report for the financial year ended 31 December 2018 (the "Reporting Period").

2018 was a dynamic and challenging year. Facing the uncertainty of the potential antidumping duty and the US-China and US-Canada trade wars, we responded quickly to re-align the production locations of our products to minimize the impacts. As a long-term strategy, we have decided to set up new production facilities in Vietnam which would produce foam as well as consumer health products.

Upon completion of the set-up of the new production facilities in Vietnam and with the presence of production facilities in both the US and the PRC, we are able to provide global supply chain solutions to our customers effectively.

The global economy will be highly dynamic in the coming year. We will closely monitor the latest developments and will continue to focus on the PRC and the US markets. Embracing the new era of technology, our Group will deploy more resources to provide more innovative products so as to capture the customer needs.

本人欣然代表盛諾集團有限公司(「本公司」)及其附屬公司,統稱「本集團」之董事(「董事」)會(「董事會」),向閣下呈列本公司截至2018年12月31日止財政年度(「報告期」)之年報。

2018年是既充滿機會又富挑戰的一年。面對可能加徵反傾銷稅、美中與美加貿易戰帶來的不確定因素,我們迅速應變,重新部署本公司產品的生產地點,務求將影響減至最低。我們已決定於越南建立新的生產設施作為長遠策略,其將生產泡沫及消費者健康產品。

於越南完成建立新的生產設施後,連同現時於中美兩國的生產設施,我們能夠有效為客戶提供全球供應鏈解決方案。

環球經濟於未來一年將會非常活躍。我們將密切關注最新發展,繼續專注於中美市場。為了迎接科技新時代,本集團將調配更多資源,以提供更多能夠針對客戶需要的創新產品。



CHAIRMAN'S STATEMENT

董事長致辭

Moving forward to 2019, we will continue to make good use of our existing strengths and capture the opportunities in the growing of the "Mattress-in-a-Box" market, and diversify our customer base in order to maintain our position as one of the leading experts in visco-elastic health and wellness products in the US and the retail markets in Hong Kong and the PRC.

On behalf of the Board, I would like to take this opportunity to thank all staff members for their dedication to the Group and the shareholders of the Company (the "Shareholders"), valued customers, suppliers, bankers and other business partners for their continuous support.

Lam Chi Fan

Chairman

27 March 2019

邁向2019年，我們依然充分發揮現有實力，於日益發展的「Mattress-in-a-Box」市場上把握機遇，致力使我們的客戶群更多元化，令本公司保持為美國慢回彈健康與保健產品翹楚之一，以至於香港及中國零售市場的領導地位更形鞏固。

本人謹代表董事會向我們全體員工表示謝意，感謝他們對本集團所作出的貢獻，並感謝本公司股東（「股東」）、尊貴客戶、供應商、銀行及其他商業夥伴的持續支持。

董事長

林志凡

2019年3月27日

Lam Chi Fan 林志凡

Chairman 董事長



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Revenue by operating segments

During the Reporting Period, revenue of the Group increased by approximately HK\$79.5 million or approximately 1.9% to approximately HK\$4,263.3 million (for the year ended 31 December 2017 ("FY2017"): HK\$4,183.8 million).

按經營分部劃分的收入

於報告期，本集團的收入增長約79.5百萬港元或約1.9%至約4,263.3百萬港元（截至2017年12月31日止年度（「2017年財政年度」）：4,183.8百萬港元）。

		For the year ended 31 December		
		截至12月31日止年度		
		2018	2017	Changes
		2018年	2017年	變動
		HK\$'000	HK\$'000	%
		千港元	千港元	
China market	中國市場	2,554,284	2,336,373	9.3
North American market	北美市場	1,658,133	1,754,104	(5.5)
Europe and other overseas markets	歐洲及其他海外市場	50,905	93,309	(45.5)
Total	總計	4,263,322	4,183,786	1.9

The sales in China market increased by approximately 9.3% as a result of the increase in the market share of foam sales.

中國市場的銷售增加約9.3%，乃因泡沫銷售的市場份額增加所致。

As there was a delay in a sales project with a customer in the US, sales to North American market recorded an approximate decrease of 5.5% for the Reporting Period.

由於與美國客戶的一個銷售項目延遲，故向北美市場的銷售於報告期錄得減少約5.5%。

The general economy in Europe and other overseas markets was weak and we recorded a decrease of sales in this region of approximately 45.4% for the Reporting Period.

歐洲及其他海外市場整體經濟疲弱，我們於報告期錄得該地區之銷售減少約45.4%。

Gross profit

Despite an increase of approximately 1.9% in the Group's revenue, the Group's gross profit (the "GP") decreased by approximately HK\$57.2 million or 6.9% to approximately HK\$772.0 million during the Reporting Period as compared to approximately HK\$829.2 million for FY2017. The GP margin decreased by 1.7% from approximately 19.8% to approximately 18.1% as compared with FY2017. The major reasons for the decrease in the GP margin were:

- (1) the significant increase in cost incurred in the trial run of production in the Group's factory located in the US; and
- (2) the significant increase in the purchase price of a key raw material of polyurethane foam, namely toluene diisocyanate ("TDI") during the Reporting Period, as compared with the same period last year.

Costs and expenses

Selling and distribution costs for the Reporting Period decreased by approximately HK\$19.5 million or 4.1% to approximately HK\$453.3 million, as compared to approximately HK\$472.8 million for FY2017. The decrease was mainly due to the reclassification of royalty fee amounting to HK\$19.7 million previously recorded as selling expenses but now recorded as cost of goods sold of HK\$9.4 million and net of sales of HK\$10.3 million for the Reporting Period.

Administrative expenses for the Reporting Period increased by approximately HK\$0.5 million or 0.2% to approximately HK\$217.5 million, as compared to approximately HK\$217.0 million for FY2017.

Other expenses for the Reporting Period consisted mainly of research and development expenses amounting to approximately HK\$70.4 million, as compared to approximately HK\$77.4 million for FY2017.

毛利

儘管本集團的收入增長約1.9%，惟本集團於報告期的毛利（「毛利」）減少約57.2百萬港元或6.9%至約772.0百萬港元，而2017年財政年度則為約829.2百萬港元。毛利率由2017年財政年度的約19.8%減少1.7%至約18.1%。毛利率錄得跌幅的主因是：

- (1) 本集團位於美國的工廠進行試產所產生之成本大幅增加；及
- (2) 於報告期之主要原材料聚氨酯泡沫（即甲苯二異氰酸酯（「TDI」）的採購價格較去年同期大幅增加。

成本及開支

於報告期內，銷售及分銷成本從2017年財政年度的約472.8百萬港元減少約19.5百萬港元或4.1%至約453.3百萬港元。該減幅主要由於將授權費用19.7百萬港元重新分類所致，有關金額先前入賬為銷售開支，現於報告期入賬為銷售貨品成本9.4百萬港元及銷售淨額10.3百萬港元。

於報告期內，行政開支從2017年財政年度的約217.0百萬港元增長約0.5百萬港元或0.2%至約217.5百萬港元。

報告期的其他開支主要包括研發開支，金額為約70.4百萬港元，而2017年財政年度為約77.4百萬港元。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Profit for the year

Profit for the Reporting Period decreased by approximately HK\$46.0 million or 90.6% to approximately HK\$4.8 million, as compared to approximately HK\$50.8 million for FY2017.

The major reasons for the decrease in profit were:

- (1) net loss incurred on the trial run for the US production facility of HK\$69.1 million;
- (2) the significant increase in the cost of our key raw material as mentioned above; and
- (3) additional import duties imposed on shipments for goods due to the outbreak of the U.S.-China and the U.S.-Canada trade wars.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

As at 31 December 2018, the Group had net current assets of approximately HK\$531.1 million, as compared to approximately HK\$388.4 million as at 31 December 2017.

Borrowings and pledge of assets

As at 31 December 2018, the Group's banking facilities amounted to approximately HK\$2,156.5 million of which approximately HK\$959.9 million was utilized (as at 31 December 2017: banking facilities amounting to approximately HK\$1,598.4 million of which approximately HK\$827.5 million was utilized) (which included unsecured bank borrowings and bills payables).

Bills payables were secured by pledged bank deposits of Nil as at 31 December 2018 (FY2017: HK\$2.9 million) and guaranteed by the Company and certain of its subsidiaries.

年內溢利

報告期溢利減少約46.0百萬港元或90.6%至約4.8百萬港元，而2017年財政年度則為約50.8百萬港元。

溢利減少的主因是：

- (1) 測試美國生產設施產生虧損淨額69.1百萬港元；
- (2) 誠如上文所述，主要原材料成本大幅增加；及
- (3) 因中美及美加爆發貿易戰導致對貨物運輸徵收額外進口關稅。

流動資金、財務及資本資源

於2018年12月31日，本集團的流動資產淨值約為531.1百萬港元，而於2017年12月31日則約為388.4百萬港元。

借款及抵押資產

於2018年12月31日，本集團的銀行融資約為2,156.5百萬港元，其中約959.9百萬港元已動用（於2017年12月31日：銀行融資約為1,598.4百萬港元，其中約827.5百萬港元已動用）（該金額包括無抵押銀行借款及應付票據）。

於2018年12月31日，應付票據並無以有抵押銀行存款（2017年財政年度：2.9百萬港元）作抵押，並由本公司及其若干附屬公司擔保。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Capital expenditure

The Group's capital expenditure for the Reporting Period amounted to approximately HK\$46.0 million mainly for the purchase of the Group's plant and machinery (FY2017: HK\$135.4 million).

Financial ratios

		As at	
		於	
		31 December	31 December
		2018	2017
		2018年12月31日	2017年12月31日
Current ratio ⁽¹⁾	流動比率 ⁽¹⁾	141.1%	128.8%
Quick ratio ⁽²⁾	速動比率 ⁽²⁾	100.0%	78.4%
Gearing ratio ⁽³⁾	資產負債比率 ⁽³⁾	71.3%	56.2%
Debt to equity ratio ⁽⁴⁾	債務對權益比率 ⁽⁴⁾	52.2%	44.3%

(1) Current ratio is equal to current assets divided by current liabilities.

(2) Quick ratio is equal to current assets less inventories and divided by current liabilities.

(3) Gearing ratio is derived by dividing interest-bearing debt incurred in the ordinary course of business by total equity.

(4) Debt to equity ratio is calculated by dividing net debt by total equity. Net debt is defined to include all borrowings net of cash and cash equivalents.

資本開支

報告期本集團的資本開支約為46.0百萬港元，主要用於購買本集團的設備及機器（2017年財政年度：135.4百萬港元）。

財務比率

(1) 流動比率按流動資產除以流動負債計算。

(2) 速動比率按流動資產減存貨除以流動負債計算。

(3) 資產負債比率通過日常業務過程中產生的計息債務除以權益總額而得出。

(4) 債務對權益比率按債務淨額除以權益總額計算。債務淨額被界定為包括所有借款扣除現金及現金等價物。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

SPECIFIC PERFORMANCE OBLIGATIONS OF THE CONTROLLING SHAREHOLDER

The Company's wholly-owned subsidiary, Sinomax International Trading Limited (the "Sinomax Trading"), as borrower and the Company as guarantor had entered into a facility agreement (the "Facility Agreement") with Hang Seng Bank Limited, OCBC Wing Hang Bank Limited and United Overseas Bank Limited as lenders and mandated lead arrangers, and Hang Seng Bank Limited as agent and security trustee, in respect of term loan facilities of up to the aggregate principal amount of US\$35 million and HK\$273 million (the "Loan Facilities") with a final maturity date falling thirty-six months after the date of the Facility Agreement (the outstanding loan balances were US\$16.7 million and HK\$273 million as at 31 December 2018). It is provided in the Facility Agreement, among other things, that an event of default will occur if, without the prior consent of the majority of the lenders: (i) Sinomax Enterprises Limited ("Sinomax Enterprises"), a controlling shareholder of the Company, ceases to maintain (directly or indirectly) at least 51% of the entire beneficial ownership interest in the Company; (ii) the following persons cease to collectively maintain/retain (directly or indirectly) at least 51% beneficial ownership interest over the entire issued share capital of Sinomax Enterprises: (a) Mr. Lam Chi Fan; (b) Mr. Cheung Tung; (c) any parent, spouse, child, brother or sister of the persons referred to in (a) and (b) above; and (d) any trust whose principal beneficiary(ies) is any one or more of the persons referred to under (a) to (c) above; (iii) Mr. Lam Chi Fan ceases to be the chairman of the Board; or (iv) Mr. Lam Chi Fan ceases to maintain control over the management and business of the Company.

Failure to comply with any of the said obligations regarding control of the Company will trigger an event of default under the Facility Agreement which may result in, inter alia, the cancellation of all or any part of the commitments under the Facility Agreement and all or part of the loans under the Loan Facilities becoming immediately due and payable or becoming payable on demand.

控股股東之特定履約責任

本公司之全資附屬公司聖諾盟國際貿易有限公司（「聖諾盟貿易」）（作為借款人）及本公司（作為擔保人）與恒生銀行有限公司、華僑永亨銀行有限公司及大華銀行有限公司（作為貸款人及授權牽頭安排人）以及恒生銀行有限公司（作為代理及抵押受託人）訂立融資協議（「融資協議」），內容有關最多本金總額為35百萬美元及273百萬港元之定期貸款融資（「貸款融資」），最終到期日為融資協議日期後滿三十六個月（於2018年12月31日之尚未償還貸款結餘為16.7百萬美元及273百萬港元）。融資協議規定（其中包括）倘於未經大多數貸款人事先同意下：(i)本公司之控股股東聖諾盟企業有限公司（「聖諾盟企業」）不再維持（直接或間接）本公司全部實益擁有權權益之至少51%；(ii)下列人士不再合共維持／保留（直接或間接）聖諾盟企業全部已發行股本之實益擁有權權益之至少51%：(a)林志凡先生；(b)張棟先生；(c)上述(a)及(b)項所述之人士之任何父母、配偶、子女、兄弟或姐妹；及(d)主要受益人為上述(a)至(c)項所述之任何一名或多名人士之任何信託；(iii)林志凡先生不再為董事會主席；或(iv)林志凡先生不再對本公司之管理及業務維持控制權，則將發生違約事件。

未能遵守任何上述有關本公司控制權之責任將觸發融資協議項下之違約事件，其可能導致（其中包括）取消於融資協議項下之全部或任何部分承諾，且於融資協議項下之全部或任何部分貸款成為即時到期及應付或成為須按要求支付。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

FOREIGN CURRENCY EXPOSURE

The Group carries on business mainly in Hong Kong, the PRC and the US. The Group is exposed to foreign exchange risk principally in Renminbi which can be largely offset by its revenue and expenditure in the PRC. The Group does not expect any appreciation or depreciation of the Hong Kong Dollar against Renminbi which could materially affect the Group's results on operations, and therefore no hedging instrument has been employed. The Group will closely monitor the trend of the Renminbi and take appropriate measures to deal with the foreign exchange exposure if necessary.

TREASURY POLICY AND MARKET RISKS

The Group has a treasury policy that aims to better control its treasury operations and lower borrowing cost. Such treasury policy requires the Group to maintain an adequate level of cash and cash equivalents, and sufficient available banking facilities to finance the Group's daily operations and to address short term funding needs. The Group reviews and evaluates its treasury policy from time to time to ensure its adequacy and effectiveness.

PROSPECTS

The US-China and the US-Canada trade wars have created uncertainties over our US business in 2018. In addition, an antidumping investigation has been initiated in the mattress industry in the US for mattresses imported from China. At this stage, we may not be able to foresee the final outcome of the trade wars and antidumping investigation. To cope with the above, the Group has decided to set up production facilities in Vietnam. We expect the production facilities in Vietnam would provide polyurethane foam to our customers in the Southeast Asia regions in the third quarter of 2019. The Vietnam production facilities would also produce end consumer health products. With factories located in China, the US and Vietnam, we would be able to supply globally to our customers with various needs with the flexibility in arranging our production and logistics schedules to minimise the overall costs including production, tariff and transportation.

外匯風險

本集團主要在香港、中國及美國經營業務。本集團於中國主要面對人民幣的外匯風險，而此種風險基本可做到收支相抵。本集團預期港元兌人民幣升值或貶值不會對本集團的經營業績產生任何重大影響，因而並無採用任何對沖工具。本集團將會密切留意人民幣走勢，必要時將採取適當的措施以應對外匯風險。

庫務政策及市場風險

本集團設有庫務政策，旨在更有效地控制其庫務運作及降低借貸成本。該等庫務政策要求本集團維持足夠水平的現金及現金等價物，以及充分的可動用銀行融資，以撥付本集團日常營運及應付短期資金需要。本集團不時檢討及評價庫務政策，以確保其充足及有效程度。

前景

中美及美加貿易戰已於2018年對本集團之美國業務造成不確定性。此外，美國床褥業已就自中國進口之床褥展開反傾銷調查。於現階段，本集團或未能預測貿易戰及反傾銷調查之最終結果。為應對上述事宜，本集團已決定於越南設立生產設施。本集團預期越南生產設施將於2019年第三季度向本集團於東南亞地區之客戶供應聚氨基酯泡沫。越南生產設施亦將生產終端消費健康產品。憑藉本集團位於中國、美國及越南之廠房，本集團將能夠為全球具有不同需要之客戶供應產品，且本集團可靈活安排生產及物流時間表，以盡量減低包括生產、關稅及運輸在內之整體成本。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Instead of relying on several key customers, we are diversifying our customer base by developing more new customers in the US. Sales to these customers are gradually increasing over the past months. We are expecting a continuing growth in the year of 2019.

As mentioned in the paragraph headed “Gross profit” above, the price of TDI increased significantly during the Reporting Period. Strategically, we did not wholly transfer cost increase to our customers. As a result, we were able to obtain a larger market share of foam sales despite the drop in our GP. This was evidenced by the increase in sales of approximately 9.3% in China market for the Reporting Period, as compared with the same period last year. We believe a larger market share will generate more sales and profit for the Group in the long run. We expect the price of TDI will become stable with a greater supply of TDI in the market from the fourth quarter of 2018.

In the China market, the Group offers a wide range of health and household products, under its flagship brand “SINOMAX”. The Group will further enhance brand management through various marketing activities to reinforce brand recognition and enhance the image of health, relaxation and comfort of the “SINOMAX” brand. Sales under the brands “Octaspring”, “SPA Supreme” and “Zeopedic” increased steadily during the Reporting Period. The Group will continue to promote its brands and products to corporate customers so as to attract more corporate sales. Though the e-commerce sales of the Group recorded a drop in 2018, we will continue to deploy more resources to strengthen our sales through e-commerce.

The Group will continue to upgrade the machinery so as to improve the production efficiency and increase the competitiveness of the Group.

本集團透過於美國拓展更多新客戶以多元化發展其客戶基礎，而非依賴數名主要客戶。向該等客戶之銷售於過往數月逐步增加。本集團預期將於2019年持續增長。

如上文「毛利」一段所述，TDI價格於報告期內大幅上升。策略上，本集團並無將成本上升全部轉嫁予客戶。因此，儘管毛利下滑，惟本集團可取得更大的泡沫銷售市場份額。這可於報告期內在中國市場的銷售較去年同期增長約9.3%得以印證。本集團相信，更大的市場份額於長遠而言將會為本集團帶來更多銷量及溢利。本集團預期自2018年第四季度起，市場上的TDI供應增加將令TDI的價格變得穩定。

本集團以旗艦品牌「SINOMAX」在中國市場提供範圍廣泛的健康及家居產品。本集團將藉多項市場推廣活動進一步提升品牌管理，以加強品牌認知度以及提升「SINOMAX」品牌的健康、放鬆及舒適形象。報告期內，「Octaspring」、「SPA Supreme」及「Zeopedic」品牌旗下的銷量已穩定增長。本集團將持續向企業客戶推廣其品牌及產品，以吸引更多企業銷售。儘管本集團之電子商務銷售於2018年錄得下跌，惟本集團將繼續投放更多資源以透過電子商務加強銷售。

本集團將繼續升級機器，以改善本集團生產效率及提高競爭力。



Retail store in MegaBox



於MegaBox的零售店

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in note 42 to the consolidated financial statements, the Group had no material acquisitions or disposal of subsidiaries or associates during the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the paragraph headed "Prospects" above, the Group does not have other plans for material investments or capital assets.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EVENT AFTER THE REPORTING PERIOD

Subsequent to the Reporting Period and up to the date of this report, there was no significant event of the Group.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2018, the employee headcount of the Group was 3,099 (as at 31 December 2017: 3,422) and the total staff costs, including Directors' remuneration and share option expenses, amounted to approximately HK\$470.2 million for the Reporting Period (FY2017: approximately HK\$444.0 million). The significant increase in staff costs was primarily due to salary increment.

The Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to employees including housing and travel allowances depending on their grade and ranking within the Group. The Group also maintains medical insurance for the benefit of its employees. The Group conducts induction training for all of its new employees and on-going training from time to time during their employment. The nature of training offered depends on their specific field of operation. The Group also operates an employee incentive scheme pursuant to which rewards take the form of promotions, salary raises and monetary bonuses, and a share option scheme.

重大收購及出售

除綜合財務報表附註42所披露者外，本集團於報告期並無重大收購或出售附屬公司或聯營公司。

重大投資或資本資產的日後計劃

除上文「前景」一段所披露者外，本集團並無有關重大投資或資本資產的其他計劃。

購買、出售或贖回本公司上市證券

於報告期，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

報告期後事項

於報告期後及直至本報告日期，本集團並無重大事件。

僱員及薪酬政策

於2018年12月31日，本集團僱員總數為3,099人（於2017年12月31日：3,422人），報告期員工總成本（包括董事酬金及購股權開支）約為470.2百萬港元（2017年財政年度：約444.0百萬港元）。員工成本大幅增長主要由於工資增長所致。

本集團為僱員提供符合行業慣例並具競爭力的薪酬待遇及各種福利，包括視乎其在本集團內的級別和等級享有住房及差旅津貼。本集團亦為僱員的利益投購醫療保險。本集團為所有新僱員進行入職培訓，並在彼等受僱期間不時提供持續培訓。所提供培訓的性質取決於彼等具體的工作領域。本集團亦實行僱員獎勵計劃，獎勵將以晉升、加薪、獎金方式及購股權計劃的方式作出。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

The biographical details of the Directors and the senior management of the Company who held office during the Reporting Period and up to the date of this report are as follows:

EXECUTIVE DIRECTORS

LAM Chi Fan, aged 60

Mr. Lam is a co-founder of the Group, the Chairman of the Group and an executive Director. Mr. Lam is also the chairman of the Company's nomination committee and a member of the Company's remuneration committee. Mr. Lam was appointed to the Board in June 2012. Mr. Lam is responsible for formulation of the overall business strategies of the Group. He is also responsible for the business planning and management of the Group. Mr. Lam is also a director of certain subsidiaries of the Group. Mr. Lam has over 20 years' experience in the polyurethane foam business. Prior to founding the Group in January 2000, he was a director of Luen Tai Component Limited, a company engaged in the sales of foam products, from March 1991 to July 1996. He is a member of the 13th Chinese People's Political Consultative Conference Jiashan, Zhejiang Province Committee, the vice president of the Shau Kei Wan District of the Scout Association of Hong Kong and an affiliated supervisor of the Huangpu Customs of PRC and the president of the Dongguan City Tang Xia Association of Enterprises with Foreign Investment. Mr. Lam is the uncle of Mr. Cheung Tung, the President and an executive Director; the father of Mr. Lam Sze Chiu, a senior management member of the Group; and a cousin of Ms. Lam Fei Man, an executive Director.

CHEUNG Tung, aged 43

Mr. Cheung is the President of the Company and an executive Director. Mr. Cheung joined the Group in 2003 as the Chairman's assistant, responsible for handling the information technology infrastructure of the Group. He was appointed to the Board in June 2012. He is currently responsible for the overall management and daily operations of the Group. He is also a director of certain subsidiaries of the Group. Prior to joining the Group, Mr. Cheung assisted in setting up C&T Solutions Limited, a company engaged in providing information technology services, in March 2000. Mr. Cheung holds a bachelor's degree in computer engineering from the Hong Kong University of Science and Technology and a master's degree in business administration jointly issued by Northwestern University and the Hong Kong University of Science and Technology. Mr. Cheung was granted the "Young Industrialist Award of Hong Kong 2014" by the Federation of Hong Kong Industries. Mr. Cheung is a nephew of Mr. Lam Chi Fan, the Chairman and an executive Director; a nephew of Ms. Lam Fei Man, an executive Director; and a cousin of Mr. Lam Sze Chiu, a senior management member of the Group.

於報告期及直至本報告日期任職的本公司董事及高級管理層的履歷詳情如下：

執行董事

林志凡，60歲

林先生為本集團聯合創辦人，為本集團董事長兼執行董事。林先生亦為本公司提名委員會主席及本公司薪酬委員會成員。林先生於2012年6月獲委任加入董事會。林先生負責制訂本集團全面業務策略。彼亦負責本集團業務規劃及管理。林先生亦為本集團若干附屬公司的董事。林先生在聚氨酯泡沫業務方面擁有逾20年經驗。在2000年1月創辦本集團前，彼自1991年3月至1996年7月擔任聯大集成有限公司董事，該公司從事泡沫產品銷售。彼為中國人民政治協商會議浙江省嘉善縣第十三屆委員會特邀委員、香港童軍總會筲箕灣區副會長及中國黃埔海關辦事處特邀監督員以及東莞市塘廈外商投資企業協會會長。林先生為張棟（總裁兼執行董事）的叔叔；林仕超（本集團高級管理層）的父親；以及林斐雯（執行董事）的表哥。

張棟，43歲

張先生為本公司總裁兼執行董事。張先生於2003年加入本集團為主席助理，負責處理本集團的資訊科技基建。彼於2012年6月獲委任加入董事會。彼現時負責全面管理本集團及其日常運作。彼亦為本集團若干附屬公司的董事。加入本集團前，張先生於2000年3月協助創辦C&T Solutions Limited，該公司從事提供信息技術服務。張先生擁有香港科技大學計算機工程學士學位，並取得西北大學及香港科技大學聯合頒發的工商管理碩士學位。張先生獲香港工業總會頒發「2014年香港青年工業家獎」。張先生乃林志凡（董事長兼執行董事）的侄子，林斐雯（執行董事）的表姨甥；及林仕超（本集團高級管理層）的堂兄。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

CHEN Feng, aged 55

Mr. Chen is an executive Director. He was appointed to the Board in June 2012. He is responsible for the overall management of the export sales business and product development of the Group. He is also the key executive in mapping the sales and marketing strategies in the US through Sinomax USA Inc. ("Sinomax USA"). He is a director of certain various subsidiaries of the Group. Mr. Chen joined the Group on in January 2000 as an export sales manager and became the vice president of the Group in 2007. He assisted in setting up Sinomax USA, a company engaging in export sales in the US, and has been the president and director of Sinomax USA since its establishment in 2005. Mr. Chen holds a Master of Science degree in industrial engineering from Louisiana State University and a Bachelor of Engineering degree in safety engineering from Beijing College of Economics, now known as Capital University of Economics and Business. Mr. Chen is a cousin of the mother of Ms. Lam Fei Man, an executive Director.

LAM Kam Cheung, aged 51

Mr. Lam is an executive Director, chief financial officer and company secretary of the Company. Mr. Lam joined the Group in May 2004 as the financial controller and was appointed to the Board in June 2012. He was appointed as the chief financial officer in August 2013 and is responsible for the financial management of the Group. Mr. Lam has over 20 years' experience in accounting and auditing. Prior to joining the Group, he was an executive director and company secretary of Yeebo (International Holdings) Limited (stock code: 0259), a listed public company in Hong Kong, from October 1995 to May 2004. Mr. Lam holds a bachelor's degree in business administration from the Chinese University of Hong Kong. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

陳楓, 55歲

陳先生為本公司執行董事。彼於2012年6月獲委任加入董事會。彼負責全面管理本集團的出口銷售業務及產品發展。彼亦透過Sinomax USA Inc. (「Sinomax USA」) 成為制訂美國銷售及市場策略的主要行政人員。彼為本集團若干附屬公司的董事。陳先生在2000年1月加入本集團，擔任其出口銷售經理，並於2007年成為本集團的副總裁。彼協助成立Sinomax USA (一間從事美國出口銷售之公司)，並自其於2005年成立以來一直擔任Sinomax USA的總裁兼董事。陳先生在路易斯安那州立大學取得工業工程的理學碩士學位，及於北京經濟學院(現稱為首都經濟貿易大學)取得安全工程系工程學學士學位。陳先生為林斐雯女士(執行董事)母親的堂弟。

林錦祥, 51歲

林先生為本公司執行董事、首席財務官及公司秘書。林先生在2004年5月加入本集團擔任財務總監，並於2012年6月獲委任加入董事會。彼於2013年8月擔任首席財務官，負責本集團的財務管理。林先生於會計及審計方面擁有逾20年經驗。加入本集團前，彼自1995年10月至2004年5月為香港上市公眾公司億都(國際控股)有限公司(股份代號: 0259)的執行董事及公司秘書。林先生在香港中文大學取得工商管理學士學位。彼為英國特許公認會計師協會的資深會員及香港會計師公會會員。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

LAM Fei Man, aged 44

Ms. Lam is an executive Director. She is responsible for the Group's purchasing operations. She is also a director of certain subsidiaries of the Group. Ms. Lam joined the Group in January 2000 and served as the assistant administration manager of Sinomax (Holding) Group Limited, a predecessor company of Sinomax Enterprises, until January 2003. She was appointed to the Board in June 2012. Ms. Lam has over 18 years' experience in purchasing and logistics. She holds a bachelor's degree in commerce jointly issued by the University of Canberra and the Hong Kong Baptist University. Ms. Lam is a cousin of Mr. Lam Chi Fan, the Chairman of the Board and an executive Director; the daughter of a cousin of Mr. Chen Feng, an executive Director; and an aunt of Mr. Cheung Tung, the President and an executive Director.

林斐雯，44歲

林女士為本公司執行董事。彼負責本集團的採購營運。彼亦為本集團若干附屬公司的董事。林女士於2000年1月加入本集團，於2003年1月前擔任聖諾盟企業的前身公司聖諾盟控股集團有限公司的助理行政經理。彼在2012年6月獲委任加入董事會。林女士在採購及物流方面擁有逾18年經驗。彼持有堪培拉大學及香港浸會大學聯合頒發的商業學士學位。林女士為林志凡先生（董事長兼執行董事）的表妹、陳楓先生（執行董事）堂姊的女兒及張棟先生（總裁兼執行董事）的表姨。

INDEPENDENT NON-EXECUTIVE DIRECTORS

WONG Chi Keung, aged 52

Mr. Wong is an independent non-executive Director, the chairman of the audit committee and corporate governance committee and a member of the nomination committee of the Company. Mr. Wong was appointed to the Board in 4 March 2014. Mr. Wong is currently an executive director and the chief financial officer of Win Hanverky Holdings Limited (stock code: 3322), a listed public company in Hong Kong. He was previously the chief financial officer of Besunyen Holdings Company Limited (stock code: 0926) from September 2011 to September 2013 and China Dongxiang (Group) Co., Ltd. (stock code: 3818) from May 2007 to April 2010, all of which are listed public companies in Hong Kong. Between June 2002 and June 2006, Mr. Wong was a senior finance manager of China Netcom Group Corporation (Hong Kong) Limited (a company previously listed in Hong Kong (former stock code: 0906) which subsequently merged with China Unicom (Hong Kong) Limited (stock code: 0762), a listed public company in Hong Kong). Between July 1989 and December 1999, Mr. Wong was employed by PricewaterhouseCoopers, an international public accounting firm, in Hong Kong as an audit manager. Mr. Wong holds a bachelor's degree in business administration from the Chinese University of Hong Kong and a master's degree in business administration from the Australian Graduate School of Management, jointly issued by the University of New South Wales and the University of Sydney. Mr. Wong is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

獨立非執行董事

王志強, 52歲

王先生為本公司獨立非執行董事，並為審核委員會主席及企業管治委員會主席以及提名委員會成員。王先生於2014年3月4日獲委任加入董事會。王先生現任香港上市公眾公司永嘉集團控股有限公司（股份代號：3322）執行董事兼首席財務官。王先生從2011年9月至2013年9月曾任碧生源控股有限公司（股份代號：0926）及自2007年5月至2010年4月擔任中國動向（集團）有限公司（股份代號：3818）的首席財務官，該等公司均為香港上市公眾公司。自2002年6月至2006年6月，王先生於中國網通集團（香港）有限公司任職高級財務經理。該公司曾經在香港上市（前股份代號：0906），其後與香港上市公眾公司中國聯合網絡通信（香港）股份有限公司（股份代號：0762）合併。由1989年7月至1999年12月，王先生獲香港一間國際會計師事務所羅兵咸永道會計師事務所聘請，擔任審計經理。王先生擁有香港中文大學工商管理學士學位，並取得由新南威爾斯大學及悉尼大學聯合頒發的澳大利亞管理研究所（Australian Graduate School of Management）的工商管理碩士學位。王先生為英國特許公認會計師協會的資深會員及香港會計師公會會員。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

Professor LAM Sing Kwong, Simon, aged 60

Professor Lam is an independent non-executive Director, the chairman of the remuneration committee and a member of the audit committee, the nomination committee and the corporate governance committee of the Company. Professor Lam is the Professor of Management and Strategy at the Faculty of Business and Economics, The University of Hong Kong. He is also Head of the Faculty's Management and Strategy Area, Director of the Centre of Asian Entrepreneurship and Business Values and Ian Davies Endowed Professor in Ethics. Before joining the University of Hong Kong, Professor Lam had worked as a management consultant and as a regional manager for a bank. He has gained extensive experience in the area of corporate governance, strategy development and corporate finance. Professor Lam is the independent non-executive director of Kwan On Holdings Limited (listed on the Main Board of the Stock Exchange, stock code: 01559) and Overseas Chinese Town (Asia) Holdings Limited (listed on the Main Board of the Stock Exchange, stock code: 03366). Professor Lam is also the non-executive director of Jacobson Pharma Corporation Limited (listed on the Main Board of the Stock Exchange, stock code: 02633).

林誠光教授, 60歲

林教授為本公司獨立非執行董事、薪酬委員會主席、審核委員會成員、提名委員會成員及企業管治委員會成員。林教授為香港大學經濟及工商管理學院管理及策略學系教授。彼亦為該學系管理及策略領域主管、亞洲創業及營商價值研究中心總監及戴義安基金教授席（倫理）。於加入香港大學前，林教授曾擔任管理顧問及一間銀行之區域經理。彼於企業管治、策略發展及企業融資方面累積豐富經驗。林教授為均安控股有限公司（於聯交所主板上市，股份代號：01559）及華僑城（亞洲）控股有限公司（於聯交所主板上市，股份代號：03366）之獨立非執行董事。林教授亦為雅各臣科研製藥有限公司（於聯交所主板上市，股份代號：02633）之非執行董事。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

FAN Chun Wah Andrew, J.P., aged 40

Mr. Fan is an independent non-executive Director and a member of the audit committee, the corporate governance committee and the remuneration committee of the Company. Mr. Fan was appointed to the Board in March 2014. He is a managing director of Fan, Mitchell & Co., Limited and C.W. Fan & Co. Limited. He is currently an independent non-executive director of Chuang's China Investments Limited (stock code: 298), CNC Holdings Limited (stock code: 8356), Culturecom Holdings Limited (stock code: 343), Fulum Group Holdings Limited (stock code: 1443), Nameson Holdings Limited (stock code: 1982), Omnibridge Holdings Limited (stock code: 8462), Sanbase Corporation Limited (stock code: 8501), Space Group Holdings Limited (stock code: 2448), all of which are listed public companies in Hong Kong. Mr. Fan was appointed as the chairman of the 23rd council of Hong Kong United Youth Association with effect from 1 July 2015. He is also a committee member of the 10th, 11th and 12th Chinese People's Political Consultative Conference Zhejiang Province Committee, the 4th and 5th Chinese People's Political Consultative Conference of Shenzhen Committee, member of HKSAR Committee on the Promotion of Civic Education, HKSAR Justices of the Peace and the vice chairman of Zhejiang Province United Young Association. Mr. Fan holds a bachelor's degree in business administration in accounting and finance from the University of Hong Kong and a bachelor's degree in laws from the University of London. Mr. Fan is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

范駿華太平紳士，40歲

范先生為本公司獨立非執行董事、審核委員會成員、企業管治委員會成員及薪酬委員會成員。范先生於2014年3月獲委任加入董事會。彼為尚德會計師事務所有限公司及泛華會計師行常務董事。彼目前為莊士中國投資有限公司（股份代號：298）、中國新華電視控股有限公司（股份代號：8356）、文化傳信集團有限公司（股份代號：343）、富臨集團控股有限公司（股份代號：1443）、南旋控股有限公司（股份代號：1982）、橋英控股有限公司（股份代號：8462）、莊皇集團公司（股份代號：8501）及恆宇集團控股有限公司（股份代號：2448）的獨立非執行董事，該等公司均為香港上市公眾公司。范先生自2015年7月1日起獲委任為香港青年聯會第二十三屆會董會主席。彼亦為中國人民政治協商會議浙江省第十屆、第十一屆及第十二屆委員會及中國人民政治協商會議第四屆及第五屆深圳市委員會的委員會會員、香港特區公民教育委員會委員、香港特區太平紳士，以及浙江省青年聯合會副主席。范先生在香港大學取得工商管理學士學位，主修會計及金融學，並在倫敦大學取得法律學學士學位。范先生為英國特許公認會計師公會資深會員及香港會計師公會會員。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

ZHANG HWO Jie, aged 56

Mr. Zhang is an independent non-executive Director, a member of the audit committee and the corporate governance committee of the Company. Mr. Zhang was appointed to the Board in March 2014. Mr. Zhang is currently the chairman of EVA Precision Industrial Holdings Limited (stock code: 838), a listed public company in Hong Kong. Mr. Zhang has more than 20 years of experience in marketing, strategic planning and corporate management in manufacturing industry. Mr. Zhang was granted with the "Young Industrialist Award of Hong Kong" by the Federation of Hong Kong Industries in 2008, and was bestowed as an honorary fellow by The Professional Validation Council of Hong Kong Industries in 2014. He is currently a honorary chairman of The Hong Kong Metals Manufacturers Association, a honorary president of Hong Kong Mould and Product Technology Association and an ex-officio advisor of Hong Kong Young Industrialists Council.

張傑，56歲

張先生為本公司獨立非執行董事、審核委員會成員及企業管治委員會成員。張先生於2014年3月獲委任加入董事會。張先生現任香港上市公眾公司億和精密工業控股有限公司（股份代號：838）的主席。張先生在製造業的市場營銷、戰略規劃和企業管理領域擁有逾20年經驗。張先生於2008年榮獲香港工業總會授予的「香港青年工業家獎」，並於2014年獲香港工業專業評審局頒授為榮譽院士。彼目前為香港金屬製造業協會榮譽主席、香港模具及產品科技協會名譽主席及為香港青年工業家協會當然顧問。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

WU Tak Lung, aged 53

Mr. Wu is an independent non-executive Director and a member of the audit committee and the corporate governance committee of the Company. Mr. Wu was appointed to the Board in March 2014. Mr. Wu had worked in Deloitte Touche Tohmatsu, an international accounting firm, for five years and had worked in several companies in Hong Kong as head of corporate finance and/or executive director. Mr. Wu had over 10 years' experience in the corporate finance field. Mr. Wu currently serves as an independent non-executive director of Beijing Media Corporation Limited (stock code: 1000), China Machinery Engineering Corporation (stock code: 1829), Henan Jinma Energy Company Limited (stock code: 6885), Kam Hing International Holdings Limited (stock code: 2307) all are listed public companies in Hong Kong, and Olympic Circuit Technology Co., Ltd. (stock code: 603920), a company listed in Shanghai. Mr. Wu currently is the member of the committee of Jiangsu Provincial People's Political Consultative Conference, honorary member of the Council and the Court of Hong Kong Baptist University, the honorary chairman of the North Kwai Chung Scout Association and the executive vice-president of Hong Kong – Guangdong Youth Exchange Promotion Association. Mr. Wu holds a bachelor's degree in business administration in accounting from the Hong Kong Baptist University and a master's degree in business administration jointly issued by the University of Manchester and the University of Wales. Mr. Wu is a fellow member of the Association of Chartered Certified Accountants, and a member of the Hong Kong Institute of Certified Public Accountants and he is also a fellow member of the Taxation Institute of Hong Kong, the Hong Kong Institute of Chartered Secretaries and the Hong Kong Securities and Investment Institute.

Moreover, in the past three years, Mr. Wu was an independent non-executive director of Aupu Group Holding Company, a then listed public company in Hong Kong which was delisted on 30 September 2016, Huarong Investment Stock Corporation Limited, a listed public in Hong Kong company (stock code: 2277), First Tractor Company Limited, a listed public company in both Hong Kong (stock code: 00038), and the Shanghai Stock Exchange (stock code: 601038), and Sinotrans Shipping Limited, a then listed public company in Hong Kong which was delisted on 16 January 2019.

吳德龍，53歲

吳先生為本公司獨立非執行董事、審核委員會成員及企業管治委員會成員。吳先生於2014年3月獲委任加入董事會。吳先生在國際會計師事務所德勤·關黃陳方會計師行任職五年，其後於數間香港公司擔任公司財務主管及／或執行董事。吳先生在企業金融領域擁有逾10年經驗。吳先生現時為北青傳媒股份有限公司（股份代號：1000）、中國機械設備工程股份有限公司（股份代號：1829）、河南金馬能源股份有限公司（股份代號：6885）、錦興國際控股有限公司（股份代號：2307）（該等公司均為香港上市公眾公司）以及廣東世運電路科技股份有限公司（股份代碼：603920，一間於上海上市之公司）的獨立非執行董事。吳先生目前為江蘇省政協委員會成員、香港浸會大學校務委員會及校董會之榮譽成員、董軍總會北葵涌區之榮譽主席及粵港青年交流促進會之執行副主席。吳先生擁有香港浸會大學工商管理（會計學）學士學位及由曼徹斯特大學和威爾斯大學聯合授予的工商管理碩士學位。吳先生為英國特許公認會計師公會資深會員及香港會計師公會會員，且彼亦為香港稅務學會、香港特許秘書公會及香港證券及投資學會的資深會員。

此外，於過去三年，吳先生於奧普集團控股有限公司（當時於香港上市之公眾公司，其已於2016年9月30日除牌）、華融投資股份有限公司（於香港上市之公眾公司（股份代號：2277））、第一拖拉機股份有限公司（於香港（股份代號：00038）及上海證券交易所（股票代碼：601038）上市的公眾公司）及中外運航運有限公司（當時於香港上市之公眾公司，其已於2019年1月16日除牌）擔任獨立非執行董事。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

SENIOR MANAGEMENT

LAM Sze Chiu, aged 36

Mr. Lam is the general manager of Sinohome Household Products (Shenzhen) Ltd (“**Sinomax Shenzhen**”). He is responsible for the supervision of the daily operation of Sinomax Shenzhen. Mr. Lam joined the Group in 2007 and has been working as the marketing director of the Group from 2012 to 2016. He was responsible for developing and communicating marketing strategies and coordinating marketing functions of the Group. Mr. Lam also participated in the research and development of the Group's products, and the winner of German Red Dot Design Award. Mr. Lam holds a Bachelor of Arts degree with honours from York University in Toronto, Canada. Mr. Lam was appointed as the chairman of The Youth Club of Hong Kong Furniture Association with effect from 2017, the rotating chairman of the Youth Federation of the Furniture and Decoration Industry Chamber of Commerce of the National Federation of Industry and Commerce since 2018 and received the Outstanding Chinese Award.

高級管理層

林仕超，36歲

林先生為賽諾家居用品（深圳）有限公司（「**賽諾深圳**」）之總經理，負責監管賽諾深圳之日常營運。林先生於2007年加入本集團，自2012年至2016年為本集團營銷總監，負責制定及傳達本集團之營銷策略及協調營銷職能。林先生亦參與研究及開發本集團之產品，並為德國紅點設計獎得獎者。林先生持有加拿大多倫多約克大學榮譽文學士學位。林先生自2017年起獲委任為香港家私協會青年委員會主席、自2018年起獲委任為全國工商聯青年家具裝飾業商會輪值主席，並獲頒傑出華人獎。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

QIAN Hong Xiang, aged 55

Mr. Qian is a director of certain subsidiaries of the Group. He is responsible for the supervision of the daily operation and management of Sinomax Kuka (Zhejiang) Foam Co. Limited ("Sinomax Kuka"). Mr. Qian joined the Group in 2000 and worked as a general manager and chief of foam research. Prior to joining the Group, Mr. Qian worked as a factory manager and researcher in foams from 1993 to 2000 at Tung Ah (China Holdings) Limited, a company engaged in the chemical and plastic business. Mr. Qian has over 20 years' experience in foam production and research and has participated in formulating more than five national standards. Mr. Qian was a member of the Standardisation Administration of the People's Republic of China until April 2018 and an expert in foaming plastics of the China Plastics Processing Industry Association with tenure from November 2005 to September 2017. He was presented the National Science & Technology Progress Award (third class) by the China Light Industry Council in March 2008, the China Standards Innovation Contribution Award jointly by the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and the Standardisation Administration of the People's Republic of China in December 2009. He was also awarded Outstanding Worker of the Plastic Industry in PRC by the China Plastics Processing Industry Association in May 2009, and Good Citizen between 2011 and 2012 in January 2013, Model Worker of Haining between 2008 and 2012 in April 2013 and Outstanding Entrepreneur of 2011 in March 2012 by the Jiaxing People's Government.

YUE Wai Fun, aged 44

Ms. Yue was appointed as a general manager of Sinomax Health & Household Products Limited ("Sinomax Health") in June 2012. Ms. Yue is responsible for the supervision of the daily operation and management of Sinomax Health. Ms. Yue joined the Group in 2004 and served as marketing manager and brand & marketing manager prior to being appointed as the general manager of Sinomax Health. Ms. Yue holds a Bachelor of Social Science degree from the Chinese University of Hong Kong.

錢洪祥, 55歲

錢先生為本集團若干附屬公司的董事。彼負責監察浙江聖諾盟顧家海綿有限公司（「**聖諾盟顧家**」）的日常運作及管理。錢先生於2000年加入本集團，曾任職總經理及泡沫研究主管。加入本集團前，錢先生由1993年至2000年於東亞（華資集團）有限公司任職工廠經理及泡沫研究員，該公司從事化學及塑料業務。錢先生擁有逾20年有關泡沫生產及研究的經驗，並參與制訂超過五個國家的準則。錢先生為中國國家標準化管理委員會會員，任期直至2018年4月；及中國塑料加工工業協會的泡沫塑料專家，任期由2005年11月至2017年9月。彼於2008年3月獲中國輕工業聯合會頒發科學技術進步三等獎，並於2009年12月獲中華人民共和國國家質量監督檢驗檢疫總局及中國國家標準化管理委員會共同頒發中國標準創新貢獻獎。彼於2009年5月獲中國塑料加工工業協會頒授中國塑料行業先進工作者名銜，以及獲嘉興市人民政府於2013年1月頒授2011年至2012年十佳新居民、於2013年4月獲其頒授2008年至2012年海寧市勞動模範及於2012年3月獲其頒授2011年度優秀企業家。

余慧芬, 44歲

余小姐於2012年6月獲委任為聖諾盟健康家居用品有限公司（「**聖諾盟健康**」）總經理。余小姐負責監察聖諾盟健康的日常營運及管理。余小姐於2004年加入本集團，獲委任為聖諾盟健康總經理前曾出任市場經理與品牌及市場經理。余小姐擁有香港中文大學社會科學學士學位。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

CHEN Xiao Hua, aged 57

Mr. Chen joined the Group in 2013 and was appointed as a general manager of Sinomax (Zhejiang) Polyurethane Technology Limited (“**Sinomax Zhejiang**”) in October 2013. Mr. Chen is responsible for supervision of the daily operation and management of Sinomax Zhejiang. Prior to joining the Group, Mr. Chen was engaged in foam manufacturing from 2002 to 2013 and was a general manager of Sinomax Polyurethane (Shanghai) Co., Ltd., a company indirectly controlled by Mr. Lam Chi Fan, Mr. Cheung Tung and Mr. Chen Feng, the executive Directors, and Ms. Cheung Shui Ying, the mother of Mr. Cheung Tung. Mr. Chen has over 20 years of experience in foam production and research. Mr. Chen completed a business administration course for company executives in Zhejiang University in November 2006.

陳小華，57歲

陳先生於2013年加盟本集團，並於2013年10月獲委任為賽諾（浙江）聚氨酯新材料有限公司（「**賽諾浙江**」）的總經理。陳先生負責監察聖諾盟浙江的日常運作及管理。於加盟本集團前，自2002年至2013年，陳先生於聖諾盟聚氨酯（上海）有限公司從事泡沫製造並擔任其總經理，該公司為一家由林志凡先生、張棟先生、陳楓先生（均為執行董事）及張水英女士（張棟先生的母親）間接控制的公司。陳先生擁有逾20年泡沫生產及研究的經驗。陳先生於2006年11月於浙江大學完成有關公司行政人員的業務管理課程。

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 45 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 131 of this annual report.

The Directors did not recommend the payment of final dividend for the Reporting Period.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the investment properties and property, plant and equipment of the Group during the Reporting Period are set out in notes 18 and 17 to the consolidated financial statements respectively.

DONATIONS

During the Reporting Period, the Group made charitable and other donations amounted to approximately of HK\$0.8 million.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 35 to the consolidated financial statements.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

主要業務

本公司為投資控股公司，其主要附屬公司的業務載於綜合財務報表附註45。

業績及股息

本集團於報告期的業績載於本年報第131頁綜合損益及其他全面收益表。

董事並不建議就報告期派付末期股息。

物業、廠房及設備

本集團投資物業及物業、廠房及設備於報告期的變動詳情分別載於綜合財務報表附註18及17。

捐贈

於報告期內，本集團作出慈善及其他捐款約為0.8百萬港元。

股本

本公司股本於報告期內的變動詳情載於綜合財務報表附註35。

購買、出售或贖回本公司上市證券

於報告期內，本公司及其任何附屬公司概未購買、出售或贖回本公司任何上市證券。

DIRECTORS' REPORT

董事報告書

DISTRIBUTABLE RESERVES

The Directors consider that the Company's reserves available for distribution to Shareholders comprise the share premium and the accumulated profits which amounted to approximately HK\$535.0 million as at 31 December 2018 (as at 31 December 2017: approximately HK\$561.2 million). Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to Shareholders subject to the provisions of its memorandum and articles of association and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business.

EQUITY-LINKED AGREEMENTS

The Company has share option schemes, the details of which are set out in the section headed "Share Option" in this report. Save as aforesaid, the Company has not entered into any equity-linked agreement during the Reporting Period.

DIRECTORS

The Directors during the Reporting Period and up to the date of this report were as follows.

Executive Directors

LAM Chi Fan (*Chairman of the Board*)

CHEUNG Tung

CHEN Feng

LAM Kam Cheung

LAM Fei Man

Independent non-executive Directors

WONG Chi Keung

LAM Sing Kwong, Simon

FAN Chun Wah, Andrew, J.P

ZHANG HWO Jie

WU Tak Lung

可供分派儲備

於2018年12月31日，董事認為本公司可向股東分派的儲備包括約535.0百萬港元（2017年12月31日：約561.2百萬港元）的股份溢價及累計溢利。根據開曼群島法公司法第22章（修訂本），本公司股份溢價可用作向股東分派或支付股息，惟須符合組織章程大綱及公司章程之規定，且緊隨分派股息後，本公司須仍可支付日常業務過程中到期應付之債務。

股權掛鈎協議

本公司有購股權計劃，其詳情載於本報告「購股權」一節。除上述者外，本公司於報告期並未訂立任何股權掛鈎協議。

董事

於報告期及直至本年報日期的董事載列如下：

執行董事

林志凡 (*董事會主席*)

張棟

陳楓

林錦祥

林斐雯

獨立非執行董事

王志強

林誠光

范駿華太平紳士

張傑

吳德龍

In accordance with the articles of association of the Company, four Directors, namely, Mr. Lam Sing Kwong, Simon, Mr. Fan Chun Wah, Andrew, J.P, Mr. Zhang Hwo Jie and Mr. Wu Tak Lung will retire at the forthcoming annual general meeting (“AGM”), and being eligible, offer themselves for re-election at the AGM.

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) (the “Listing Rules”) and the Company considers such Directors to be independent.

DIRECTORS' SERVICES CONTRACTS

None of the Directors has a service contract with the Company or any member of the Group which is not terminable within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS ARRANGEMENTS OR CONTRACTS

Save as disclosed in the paragraph headed “Connected Transactions” of this report, no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or its subsidiaries or holding company was a party and in which any Director or the Director's connected entity had a material interest, whether directly or indirectly, subsisted at the end or at any time during the Reporting Period.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

NON-COMPETITION UNDERTAKINGS

The Company has received an annual confirmation from each of the controlling Shareholders, namely, Sinomax Enterprises, Mr. Lam Chi Fan, Mr. Cheung Tung, Mr. Chen Feng and Ms. Cheung Shui Ying, in respect of their compliance with the terms of the deed of non-competition as set out in the Prospectus of the Company dated 30 June 2014 (the “Prospectus”) for the Reporting Period.

根據本公司章程，四名董事，即林誠光先生、范駿華太平紳士、張傑先生及吳德龍先生將於應屆股東週年大會（「股東週年大會」）上告退及合資格且願意在股東週年大會上膺選連任。

本公司已收到各獨立非執行董事根據香港聯合交易所有限公司（「聯交所」）上市規則（「上市規則」）第3.13條發出的年度獨立性確認書，且本公司認為該等董事為獨立人士。

董事於合約之權益

概無董事與本公司或本集團任何成員公司訂立任何於一年內不作出賠償（法定賠償除外）則不可終止之服務合約。

董事於交易、安排或合約中之權益

除本報告「關連交易」一段所披露者外，本公司或其附屬公司或控股公司概無訂立任何董事和或董事的關連實體於其中直接或間接擁有重大權益且於報告期完結時或報告期內任何時間持續有效之與本集團業務有關之其他重大交易、安排或合約。

管理層合約

於報告期概無訂立或存有任何與本公司整體或任何重大部分業務之管理及行政事務有關之合約。

不競爭承諾

本公司已就各控股股東（即聖諾盟企業、林志凡先生、張棟先生、陳楓先生及張水英女士）於報告期遵守本公司日期為2014年6月30日之招股章程（「招股章程」）所載不競爭契據的條款接獲其發出的年度確認書。

DIRECTORS' REPORT

董事報告書

PERMITTED INDEMNITY AND DIRECTORS LIABILITY INSURANCE

The articles of association of the Company provided that every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted.

The Company has arranged approved Directors' liability insurance policy to protect the Directors against potential costs and liability arising from claims brought against the Directors.

REMUNERATION POLICY

The Company's policy and structure for remuneration of all Directors and senior management of the Group is formulated and reviewed by the remuneration committee of the Company, having regards to the comparable market practice, market conditions, individual performance and the Group's operating results. Details of the remunerations of the Directors are set out in note 12 to the consolidated financial statements.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2018, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which (a) were 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); (b) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

獲准許的彌償保證及董事責任保險

本公司公司章程規定，每名董事倘以其董事身份對任何訴訟（不論民事或刑事）進行抗辯而得直或獲釋，所引致或蒙受之一切損失或債務應從本公司資產當中獲得彌償保證。

本公司已安排獲准許的董事責任保險，以保障針對董事提出的索償所產生的潛在費用及負債。

薪酬政策

本公司薪酬委員會於考慮可比較市場慣例、市場情況、個人表現及本集團的經營業績後，制定及審閱本公司對本集團全體董事及高級管理層的薪酬政策及結構。董事薪酬的詳情載於綜合財務報表附註12。

董事於股份的權益及淡倉

於2018年12月31日，本公司董事及最高行政人員於本公司或其任何相聯法團（定義見香港法例第571章證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份及債權證中擁有(a)根據證券及期貨條例第XV部第7及8分部規定須知會本公司及聯交所的權益及淡倉（包括按照證券及期貨條例有關條文被視為或當作擁有的權益或淡倉）；(b)根據證券及期貨條例第352條須登記於其中所述由本公司存置之登記冊的權益及淡倉；或(c)根據上市規則附錄十所載上市發行人董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所的權益及淡倉如下：

Long positions in the Shares and underlying Shares

股份及相關股份的好倉

Interests in the Company

於本公司的權益

Name of Director 董事姓名	Nature of interest 權益性質	Number of Shares ⁽¹⁾ 股份數目 ⁽¹⁾	Approximate percentage of shareholding ⁽²⁾ 概約股權百分比 ⁽²⁾
LAM Chi Fan 林志凡	Founder of a discretionary trust 酌情信託的成立人	1,275,906,000 (L) ⁽³⁾	72.91%
	Beneficial owner 實益擁有人	8,150,000 (L) ⁽⁴⁾	0.47%
CHEUNG Tung 張棟	Beneficial owner 實益擁有人	7,876,200 (L) ⁽⁴⁾	0.45%
CHEN Feng 陳楓	Beneficial owner 實益擁有人	4,050,000 (L) ⁽⁴⁾	0.23%
LAM Fei Man 林斐雯	Beneficial owner 實益擁有人	3,150,000 (L) ⁽⁴⁾	0.18%
LAM Kam Cheung 林錦祥	Beneficial owner 實益擁有人	3,000,000 (L) ⁽⁴⁾	0.17%
WONG Chi Keung 王志強	Beneficial owner 實益擁有人	300,000 (L) ⁽⁴⁾	0.02%
LAM Sing Kwong, Simon 林誠光	Beneficial owner 實益擁有人	300,000 (L) ⁽⁴⁾	0.02%
FAN Chun Wah, Andrew, J.P. 范駿華太平紳士	Beneficial owner 實益擁有人	300,000 (L) ⁽⁴⁾	0.02%
ZHANG HWO Jie 張傑	Beneficial owner 實益擁有人	300,000 (L) ⁽⁴⁾	0.02%
WU Tak Lung 吳德龍	Beneficial owner 實益擁有人	300,000 (L) ⁽⁴⁾	0.02%

DIRECTORS' REPORT

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Notes:

- (1) The letter "L" denotes long position.
- (2) The calculation is based on the total number of 1,750,002,000 shares in issue as at 31 December 2018.
- (3) These shares belong to Sinomax Enterprises. Sinomax Enterprises is legally and beneficially owned as to 37.5% by Chi Fan Holding Limited and hence by The Frankie Trust. The Frankie Trust is a discretionary family trust established by LAM Chi Fan as settlor and Vistra Trust (BVI) Limited ("Vistra") acting as the trustee. The beneficiaries of The Frankie Trust are LAM Chi Fan and his family members.
- (4) Each of LAM Chi Fan, CHEUNG Tung, CHEN Feng, LAM Fei Man and LAM Kam Cheung, each being the executive Director, has been granted share options to subscribe for 6,650,000, 6,376,200, 3,050,000, 2,150,000 and 2,000,000 shares, respectively, under the Pre-IPO Share Option Scheme, all of which are still outstanding. Each of LAM Chi Fan, CHEUNG Tung, CHEN Feng, LAM Fei Man and LAM Kam Cheung, each being the executive Director, has been granted share options to subscribe for 1,500,000, 1,500,000, 1,000,000, 1,000,000 and 1,000,000 shares, respectively, under the Post-IPO Share Option Scheme, all of which are still outstanding. Each of WONG Chi Keung, LAM Sing Kwong Simon, FAN Chun Wah Andrew, ZHANG HWO Jie and WU Tak Lung, each being the independent non-executive Director, has been granted share options to subscribe for 300,000 shares respectively, under the Post-IPO Share Option Scheme.

附註：

- (1) 字母「L」指好倉。
- (2) 計算結果乃根據於2018年12月31日已發行股份總數為1,750,002,000股。
- (3) 該等股份屬聖諾盟企業所有。聖諾盟企業由 Chi Fan Holding Limited法定及實益擁有37.5%權益，故由Frankie信託合法及實益擁有37.5%權益。Frankie信託乃林志凡成立的酌情家族信託，林志凡為財產授與人，而Vistra Trust (BVI) Limited (「Vistra」)為受託人。Frankie信託的受益人為林志凡及其家族成員。
- (4) 執行董事林志凡、張棟、陳楓、林斐雯及林錦祥均已根據首次公開發售前購股權計劃分別獲授予購股權以認購6,650,000股、6,376,200股、3,050,000股、2,150,000股及2,000,000股股份，全部發行在外。執行董事林志凡、張棟、陳楓、林斐雯及林錦祥均已根據首次公開發售後購股權計劃分別獲授予購股權以認購1,500,000股、1,500,000股、1,000,000股、1,000,000股及1,000,000股股份，全部發行在外。獨立非執行董事王志強、林誠光、范駿華、張傑及吳德龍均已根據首次公開發售後購股權計劃分別獲授予購股權以認購300,000股股份。

Long positions in associated corporation – Sinomax Enterprises

相聯法團的好倉－聖諾盟企業

Name of Director 董事姓名	Nature of interest 權益性質	Number of shares 股份數目	Approximate percentage of shareholding 概約股權百分比
LAM Chi Fan 林志凡	Beneficiary of The Frankie Trust Frankie信託的受益人	15	37.5%
CHEUNG Tung 張棟	Beneficiary of The Cheung's Family Trust 張氏家族信託的受益人	5	12.5%
CHEN Feng 陳楓	Beneficiary of The Feng Chen's Family Trust 陳楓家族信託的受益人	5	12.5%
CHEUNG Shui Ying 張水英	Beneficiary of The James' Family Trust James' 家族信託的受益人	15	37.5%

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period, had any rights to acquire benefits by means of the acquisition of shares or debentures of the Company been granted to any Director or their respective spouse or children under 18 years old, or had any such rights been exercised by them; or was the Company, its holding company or its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years old, to acquire such rights in any other body corporate.

董事購買股份的權利

除於本年報另有披露者外，於報告期內任何時間，概無向任何董事或彼等各自之配偶或18歲以下之子女賦予權力，以藉購入本公司股份或債券而獲益，且彼等亦無行使任何該等權力；而本公司、其控股公司或其附屬公司亦無參與任何安排，致使董事或彼等各自之配偶或18歲以下之子女可於任何其他法人團體獲得該等權利。

DIRECTORS' REPORT

董事報告書

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2018, the following persons (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares as recorded in the register maintained by the Company under Section 336 of the SFO were as follows:

Long positions in Shares

Name of substantial Shareholders 主要股東名稱／姓名	Nature of interest 權益性質	Number of Shares ⁽¹⁾ 股份數目 ⁽¹⁾	Approximate percentage of shareholding ⁽²⁾ 概約股權百分比 ⁽²⁾
Sinomax Enterprises ⁽³⁾ 聖諾盟企業 ⁽³⁾	Beneficial owner 實益擁有人	1,275,906,000 (L)	72.91%
Chi Fan Holding Limited	Interest of a controlled corporation 受控制法團權益	1,275,906,000 (L) ⁽⁴⁾	72.91%
Vistra ⁽⁵⁾	Trustee of various trusts 多個信託的受託人	1,275,906,000 (L)	72.91%
LI Ching Hau 李晶霞	Interest of spouse 配偶權益	1,284,056,000 (L) ⁽⁶⁾	73.38%

主要股東之權益

於2018年12月31日，有關人士（不包括本公司董事或最高行政人員）於股份或相關股份中擁有記錄於根據證券及期貨條例第336條所須存置的登記冊的權益或淡倉如下：

股份的好倉

Notes:

1. The letter "L" denotes long position.
2. The calculation is based on the total number of 1,750,002,000 Shares in issue as at 31 December 2018.
3. Sinomax Enterprises is legally owned as to 37.5%, 12.5%, 37.5% and 12.5% by Chi Fan Holding Limited, Wing Yiu Investments Limited, The James' Family Holding Limited and Venture Win Holdings Limited, respectively, and beneficially owned in the same proportion by The Frankie Trust, The Cheung's Family Trust, The James' Family Trust and The Feng Chen's Family Trust, respectively.
4. These Shares belong to Sinomax Enterprises, which is legally owned as to 37.5% by Chi Fan Holding Limited.
5. Vistra acts as the trustee of The Frankie Trust, The James' Family Trust, The Cheung's Family Trust and The Feng Chen's Family Trust. The beneficiaries of The Frankie Trust are Mr. LAM Chi Fan and his family members. The beneficiaries of The Cheung's Family Trust are Mr. CHEUNG Tung and his family members. The beneficiaries of The James' Family Trust are Ms. CHEUNG Shui Ying and her family members. The beneficiaries of The Feng Chen's Family Trust are Mr. CHEN Feng and his family members.
6. These interests belong to Mr. LAM Chi Fan, the spouse of Ms. LI Ching Hau. Under the SFO, Ms. LI Ching Hau is deemed to be interested in the same number of Shares which Mr. LAM Chi Fan is interested.

附註：

1. 字母「L」指好倉。
2. 計算結果乃根據於2018年12月31日已發行股份總數為1,750,002,000股。
3. 聖諾盟企業分別由Chi Fan Holding Limited、Wing Yiu Investments Limited、The James' Family Holding Limited及Venture Win Holdings Limited擁有37.5%、12.5%、37.5%及12.5%法定權益，並分別由Frankie信託、張氏家族信託、James家族信託及陳楓家族信託擁有相同比例實益權益。
4. 該等股份屬聖諾盟企業所有，而聖諾盟企業乃由Chi Fan Holding Limited擁有37.5%法定權益。
5. Vistra擔任Frankie信託、James家族信託、張氏家族信託及陳楓家族信託的受託人。Frankie信託的受益人為林志凡先生及其家族成員。張氏家族信託的受益人為張棟先生及其家族成員。James家族信託的受益人為張水英女士及其家族成員。陳楓家族信託的受益人為陳楓先生及其家族成員。
6. 該等權益屬李晶霞女士的配偶林志凡先生所有。根據證券及期貨條例，李晶霞女士被視為於林志凡先生擁有權益的相同股份數目中擁有權益。

DIRECTORS' REPORT

董事報告書

CONNECTED TRANSACTIONS

During the Reporting Period, the Group had continuing connected transactions and connected transaction with certain connected persons, certain details of which have been disclosed in the announcements of the Company dated 1 November 2018 and 18 December 2018. Certain continuing connected transactions are exempt from one or more of the reporting, announcement, shareholders' approval and annual review requirements for the purpose of Chapter 14A of the Listing Rules.

The following are the continuing connected transactions and connected transaction of the Group during the Reporting Period that are subject to the reporting and annual review requirements but otherwise exempt from the shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules:

Continuing Connected Transactions

- (i) *Lease agreement between Dongguan Sinohome Limited** (東莞賽諾家居用品有限公司) (“Dongguan Sinohome”) and *Dongguan Donglian Furniture Co., Ltd.** (東莞東聯傢俱有限公司) (“Dongguan Donglian”)

Dongguan Donglian is indirectly wholly-owned by Sinomax Enterprises, the controlling Shareholder of the Company. Dongguan Donglian is therefore an associate of Sinomax Enterprises and a connected person of the Company.

On 2 December 2013, Dongguan Sinohome, as tenant, entered into a lease agreement (the “**Lease Agreement of Dongguan Sinohome**”) with Dongguan Donglian, as landlord, for the lease of No. 1 Dajieling Road, Shahu Village, Tang Xia Town, Dongguan, Guangdong Province, PRC (the “**Dongguan Premises**”) for a term of slightly more than two years at a monthly rental of approximately RMB695,000.

On 18 December 2015, Dongguan Sinohome entered into a renewal lease agreement (the “**Renewal Dongguan Lease Agreement**”) with Dongguan Donglian for the lease of Dongguan Premises for a term of three years at a monthly rental of approximately RMB1.3 million after the expiry of the Lease Agreement of Dongguan Sinohome.

關連交易

於報告期內，本集團與若干關連人士進行持續關連交易及關連交易，其若干詳情於本公司日期為2018年11月1日及2018年12月18日的公佈中披露。若干持續關連交易就上市規則14A章而言獲豁免遵守一項或多項申報、公佈、股東批准及年度審核規定。

以下為本集團於報告期內根據上市14A章須遵守申報及年度審核規定，但獲豁免股東批准規定的持續關連交易及關連交易：

持續關連交易

- (i) 東莞賽諾家居用品有限公司 (「東莞賽諾家居用品」) 及東莞東聯傢俱有限公司 (「東莞東聯」) 之間的租賃協議

東莞東聯由本公司控股股東聖諾盟企業間接全資擁有。東莞東聯因此為聖諾盟企業的聯繫人士及本公司的關連人士。

於2013年12月2日，東莞賽諾家居用品 (作為承租人) 與東莞東聯 (作為業主) 就出租中國廣東省東莞塘廈鎮沙湖村大結嶺路1號 (「東莞物業」) 訂立租賃協議 (「東莞賽諾家居用品租賃協議」)，為期略長於兩年，月租為約人民幣695,000元。

於東莞賽諾家居用品租賃協議屆滿後，東莞賽諾家居用品於2015年12月18日就租賃東莞物業與東莞東聯訂立重續租賃協議 (「重續東莞租賃協議」)，租期為三年，每月租金為約人民幣1.3百萬元。

On 18 December 2018, Dongguan Sinohome entered into a renewal lease agreement (the "2019-2021 Dongguan Lease Agreement") with Dongguan Donglian for the lease of Dongguan Premises for a term of three years at a monthly rental of approximately RMB660,000 after the expiry of the Renewal Dongguan Lease Agreement.

Details of the terms of the Lease Agreement of Dongguan Sinohome, the Renewal Dongguan Lease Agreement and the 2019-2021 Dongguan Lease Agreement and the transactions contemplated thereunder were set out in the Prospectus and the announcements of the Company dated 18 December 2015 and 18 December 2018, respectively.

The annual caps determined by the Directors in respect of the annual maximum aggregate value for the continuing connected transaction under the Renewal Dongguan Lease Agreement for each of the year ended 31 December 2016, 31 December 2017 and 31 December 2018 were RMB15.72 million (equivalent to approximately HK\$19.02 million). The total amount of rent paid pursuant to the Renewal Dongguan Lease Agreement for the Reporting Period was approximately RMB10.51 million (equivalent to approximately HK\$12.51 million).

(ii) *Sale of foam products by Sinomax Trading and Studio Moderna S.A ("Studio Moderna")*

Studio Moderna is the holding company of SMSA North America Holdings, LLC which holds 48.69% equity interest in Dormeo North America, LLC ("Dormeo"), an indirect non-wholly owned subsidiary of the Company. As a substantial shareholder of a subsidiary of the Company, Studio Moderna is a connected person of the Company. Each subsidiary of Studio Moderna is an associate of Studio Moderna and hence a connected person of the Company.

於重續東莞租賃協議屆滿後，東莞賽諾家居用品於2018年12月18日就租賃東莞物業與東莞東聯訂立重續租賃協議（「2019年至2021年東莞租賃協議」），租期為三年，每月租金為約人民幣660,000元。

東莞賽諾家居用品租賃協議、重續東莞租賃協議及2019年至2021年東莞租賃協議的條款以及協議項下擬進行的交易的詳情分別載於本公司日期為2015年12月18日的招股章程及2018年12月18日的公佈。

董事就於截至2016年12月31日、2017年12月31日及2018年12月31日止年度各年於重續東莞租賃協議項下之持續關連交易之年度最高總值釐定之年度上限為人民幣15.72百萬元（相當於約19.02百萬港元）。於報告期內，根據重續東莞租賃協議支付的租金總金額為約人民幣10.51百萬元（相當於約12.51百萬港元）。

(ii) *聖諾盟貿易及Studio Moderna S.A (「Studio Moderna」)出售泡沫產品*

Studio Moderna為SMSA North America Holdings, LLC之控股公司，而SMSA North America Holdings, LLC持有本公司的間接非全資附屬公司Dormeo North America, LLC（「Dormeo」）的48.69%股權。由於Studio Moderna為本公司一間附屬公司的主要股東，Studio Moderna為本公司的關連人士。Studio Moderna旗下各間附屬公司為Studio Moderna的聯繫人，故為本公司的關連人士。

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On 30 December 2016, Sinomax Trading entered into a renewed procurement agreement (the "2017 Renewal Procurement Agreement") with Studio Moderna to govern the sale and purchase of polyurethane foams between Sinomax Trading and Studio Moderna after the expiry of the procurement agreement entered into with Studio Moderna in 2016 (the "Procurement Agreement"). Parties to the Procurement Agreement would, from time to time, agree to a price list setting out the price, specifications and delivery schedule in respect of each type of foam products, which the purchase orders must adhere to.

On 19 December 2017, Sinomax Trading and Studio Moderna entered into a renewed procurement agreement (the "2018 Renewal Procurement Agreement") in relation to the continuing supply of foam products by the Group to Studio Moderna and its subsidiaries for a term commencing from 1 January 2018 to 31 December 2018.

Details of the terms of the 2017 Renewal Procurement Agreement and the 2018 Renewal Procurement Agreement and the transactions contemplated thereunder were set out in the announcements of the Company dated 30 December 2016, 6 January 2017 and 19 December 2017 respectively.

The annual caps determined by the Directors in respect of the annual maximum aggregate value for such continuing connected transactions under the 2017 Renewal Procurement Agreement and the 2018 Renewal Procurement Agreement for each of the year ended 31 December 2017 and ended 31 December 2018 were USD30 million. The total amount of sales to Studio Moderna pursuant to the 2018 Renewal Procurement Agreement for the year ended 31 December 2018 was approximately USD7.3 million (equivalent to approximately HK\$56.6 million).

於2016年12月30日，聖諾盟貿易與Studio Moderna訂立一份新採購協議（「2017年重續採購協議」）以規管2016年與Studio Moderna訂立之採購協議（「採購協議」）逾期後聖諾盟貿易與Studio Moderna之間的聚氨酯泡沫買賣。採購協議訂約各方將不時協定一個價單，列明各類泡沫產品的價格、規格及付運時間表，而採購訂單必須以此為據。

於2017年12月19日，聖諾盟貿易與Studio Moderna訂立一份重續採購協議（「2018年重續採購協議」），內容有關本集團向Studio Moderna及其附屬公司持續供應泡沫產品，期限由2018年1月1日起直至2018年12月31日。

2017年重續採購協議及2018年重續採購協議條款詳情以及據此擬進行之交易列載於本公司日期為2016年12月30日、2017年1月6日及2017年12月19日之公佈。

董事就於截至2017年12月31日止年度及2018年12月31日止年度各年於2017年重續採購協議及2018年重續採購協議項下之該等持續關聯交易之年度最高價值總額釐定的年度上限為30百萬美元。於截至2018年12月31日止年度，根據2018年重續採購協議向Studio Moderna銷售之總額約為7.3百萬美元（相當於56.6百萬港元）。

(iii) *Sale of foams by the Company to Gu Jia Household Co., Limited** (顧家家居股份有限公司) (“Gu Jia Household”)

Sinomax Kuka is an indirect non-wholly owned subsidiary of the Company and is owned as to 40% by Gu Jia Household. As a substantial shareholder of a subsidiary of the Company, Gu Jia Household is a connected person of the Company. As such, each subsidiary of Gu Jia Household is an associate of Gu Jia Household and hence a connected person of the Company.

On 30 December 2016, Haining Sinomax Trading Co. Limited (“Haining Sinomax”) and Sinomax Kuka entered into a procurement agreement (the “Original Haining Procurement Agreement”) with Gu Jia Household and its subsidiaries to govern the sale and purchase of polyurethane foams between Haining Sinomax, Sinomax Kuka and Gu Jia Household and its subsidiaries, after the expiry of the procurement agreement between, among others, Haining Sinomax and Gu Jia Household entered into in 2015. On 1 November 2017, the Original Haining Procurement Agreement was superseded by a revised procurement agreement (the “Revised Haining Procurement Agreement”).

On 30 December 2016, Sinomax Zhejiang Polyurethane Household Products Limited (“Sinomax Zhejiang”), an indirect wholly-owned subsidiary of the Company, entered into a renewed procurement agreement (the “2017 Renewal Zhejiang Procurement Agreement”) with Hangzhou Gu Jia Bedding Co., Limited* (“Gu Jia Bedding”) (杭州顧家寢具有限公司), a direct wholly-owned subsidiary of Gu Jia Household, to govern the sale and purchase of polyurethane foams between Sinomax Zhejiang and Gu Jia Bedding, after the expiry of the procurement agreement between Sinomax Zhejiang and Gu Jia Bedding entered into in 2016.

(iii) 本公司向顧家家居股份有限公司(「顧家家居」)銷售泡沫

聖諾盟顧家為本公司的間接非全資附屬公司，並由顧家家居擁有40%。由於顧家家居為本公司旗下一間附屬公司的主要股東，顧家家居為本公司的關連人士。因此，顧家家居旗下各間附屬公司為顧家家居的聯繫人，故為本公司的關連人士。

於(其中包括)海寧聖諾盟與顧家家居於2015年訂立之採購協議屆滿後，海寧聖諾盟貿易有限公司(「海寧聖諾盟」)及聖諾盟顧家與顧家家居及其附屬公司於2016年12月30日訂立採購協議(「原海寧採購協議」)，以規管海寧聖諾盟、聖諾盟顧家與顧家家居及其附屬公司之間買賣聚氨酯泡沫。於2017年11月1日，原海寧採購協議由經修訂採購協議(「經修訂採購協議」)取代。

於聖諾盟(浙江)聚氨酯家居用品有限公司(「聖諾盟浙江」，本公司之間接全資附屬公司)與杭州顧家寢具有限公司(「顧家寢具」，顧家家居之直接全資附屬公司)於2016年訂立之採購協議屆滿後，聖諾盟浙江與顧家寢具於2016年12月30日訂立重續採購協議(「2017年重續浙江採購協議」)，以規管聖諾盟浙江與顧家寢具之間買賣聚氨酯泡沫。

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On 19 December 2017, in view of the prospective expiry of the Original Haining Procurement Agreement (as superseded by the Revised Haining Procurement Agreement) and the 2017 Renewal Zhejiang Procurement Agreement on 31 December 2017, the Company as supplier entered into a new procurement agreement (the "2018-2020 Gu Jia Procurement Agreement") with Gu Jia Household as purchaser for the sale and purchase of polyurethane foams for the three financial years commencing from 1 January 2018 and ending on 31 December 2020.

Details of the terms of the 2018-2020 Gu Jia Procurement Agreement and the transactions contemplated thereunder were set out in the announcement of the Company dated 19 December 2017.

The annual caps determined by the Directors in respect of the annual maximum aggregate value for such continuing connected transaction under the 2018-2020 Gu Jia Procurement Agreement as follows:

For the year ended 31 December 2018 截至2018年12月31日止年度	For the year ending 31 December 2019 截至2019年12月31日止年度	For the year ending 31 December 2020 截至2020年12月31日止年度
RMB305.8 million 人民幣305.8百萬元	RMB376.2 million 人民幣376.2百萬元	RMB437.8 million 人民幣437.8百萬元

Pursuant to rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the above continuing connected transactions for the Reporting Period and confirmed that the transactions had been entered into:

- (a) in the ordinary and usual course of the business of the Group;
- (b) on normal commercial terms; and
- (c) in accordance with the relevant agreements governing them and on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

於2017年12月19日，鑒於原海寧採購協議（由經修訂海寧採購協議取代）及2017年重續浙江採購協議即將於2017年12月31日屆滿，本公司（作為供應商）與顧家家居（作為買方）訂立新採購協議（「2018年至2020年顧家採購協議」），於由2018年1月1日開始至2020年12月31日結束的三個財政年度買賣聚氨酯泡沫。

有關2018年至2020年顧家採購協議條款及據此擬進行交易之詳情載於本公司日期為2017年12月19日的公佈。

董事就2018年至2020年顧家採購協議下有關於持續關連交易的年度最高總值釐定的年度上限如下所示：

根據上市規則第14A.55條，獨立非執行董事已審閱上述於報告期內的持續關連交易及確認交易乃按以下基準訂立：

- (a) 於本集團日常及一般業務過程中；
- (b) 按正常商業條款；及
- (c) 根據其相關監管協議，而其條款為公平合理，並符合本公司及股東整體利益。

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions Under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued the unqualified letter containing the findings and conclusions in respect of the above continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

A copy of the auditor's letter had been provided by the Company to the Stock Exchange.

Connected Transaction

Compensation Agreement between Modern Time Industrial Limited (時代實業有限公司) ("Modern Time") and Shanghai Luen Tai Polyurethane Co. Ltd.* (上海聯大海綿有限公司) ("Shanghai Luen Tai")*

Shanghai Luen Tai is an indirect wholly-owned subsidiary of the Company. Modern Time is owned as to 50% by Ms. Lin Lu Lin ("Ms. Lin"), the sister of Mr. Lam Chi Fan, the Chairman of the Board and an executive Director, and as to 50% by Mr. Kwok Tat Kwong ("Mr. Kwok"), the husband of Ms. Lin and the brother-in-law of Mr. Lam Chi Fan. Each of Ms. Lin, Mr. Kwok and Modern Time is an associate of Mr. Lam Chi Fan, being an executive Director, and is therefore a connected person of the Company.

Modern Time as landlord and Shanghai Luen Tai entered into a lease agreement (the "**Lease Agreement**") in relation to the leasing of a parcel of land with a total site area of 37,357 sq.m. located in Songjiang District, Shanghai, the PRC (the "**Land**") and Building Nos. 1 to 22, No. 609 Zhongku Road, Maogang Town (Wuku), Songjiang District, Shanghai, the PRC, with a total gross floor area of 15,829 sq.m. erected on the Land (the "**Premises**"). Pursuant to the relevant urban renewal plan of the government of Songjiang District, Shanghai, the PRC (the "**Local Government**"), the Land and the Premises have been included in the scope of demolition and redevelopment.

本公司核數師獲委聘按照香港會計師公會頒佈的香港核證工作準則第3000號(修訂本)「審核或審閱歷史財務資料以外的核證工作」及參照實務說明第740號「關於香港上市規則所述持續關連交易的核數師函件」匯報本集團的持續關連交易。核數師已根據上市規則第14A.56條發出無保留意見函件，載列其就上述持續關連交易之發現及結論。

本公司已向聯交所提供核數師函件副本。

關連交易

時代實業有限公司(「時代實業」)與上海聯大海綿有限公司(「上海聯大」)訂立之補償協議

上海聯大為本公司之間接全資附屬公司。時代實業分別由林露霖女士(「林女士」，董事會主席兼執行董事林志凡先生的胞姐)及郭達光先生(「郭先生」，林女士的丈夫及林志凡先生的姐夫)分別擁有50%權益。林女士、郭先生及時代實業為林志凡先生(為執行董事)之聯繫人，因此為本公司之關連人士。

時代實業(作為業主)與上海聯大訂立租賃協議(「租賃協議」)，內容有關租賃一幅位於中國上海市松江區總地盤面積為37,357平方米的土地(「土地」)及位於中國上海市松江區泖港鎮(五庫)中庫路609號，建於土地上的第1至22棟樓宇，總建築面積為15,829平方米(「物業」)。根據中國上海市松江區政府(「當地政府」)之相關市區重建計劃，土地及物業已納入拆卸及重建範圍。

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On 1 November 2018, Modern Time and Shanghai Luen Tai entered into a compensation agreement (the "Compensation Agreement"), pursuant to which Modern Time agreed to compensate Shanghai Luen Tai for costs and loss arising from the demolition of the Premises and the surrender of the Land to the Local Government in the amount of RMB6 million (equivalent to approximately HK\$6.74 million).

Details of the terms of the Compensation Agreement and the transactions contemplated thereunder were set out in the announcement of the Company dated 1 November 2018.

In the opinion of the Board, the Company has complied with the requirements under Chapter 14A of the Listing Rules in respect of all the continuing connected transactions and connected transaction entered into by the Group during the Reporting Period and all of the above continuing connected transactions and connected transaction were entered into in the manners stated above.

BUSINESS REVIEW

A fair review of the business of the Group and an analysis of the Group financial performance for the Reporting Period using financial key performance indicators can be found in the "Financial Highlights" and "Management Discussion and Analysis" sections on pages 6 to 7 and pages 10 to 17 of this annual report respectively.

Environmental Policy and Performance

In conducting the business, the Group's objective is to minimize the adverse effects of its operations on the environment. In addition, in order to comply with the applicable environmental protection laws, the Group has established an environmental management system in its operations in accordance with ISO 14001:2004 international standards and obtained ISO 14001 certification. The environmental management system will be reviewed from time to time in order to reduce risks related to environmental issues. The Group has complied with a number of PRC environmental protection laws in connection with water pollutants, air pollutants, solid waste pollutants, as well as noise pollution generated from its manufacturing operations. During the Reporting Period, the Group was in compliance with the applicable PRC laws and regulations on environmental laws and was not subject to any fines or legal action resulting from incidents of non-compliance with any applicable PRC environmental regulations, nor was there any threatened or pending action by any PRC environmental regulatory authority.

於2018年11月1日，時代實業與上海聯大訂立補償協議（「補償協議」），據此，時代實業已同意就拆卸物業及向當地政府交回土地之成本及所產生之損失向上海聯大作出補償金額人民幣6百萬元（相當於約6.74百萬元）。

補償協議之條款及其項下擬進行之交易詳情載於本公司日期為2018年11月1日之公佈。

董事會認為，本公司已就本集團於報告期訂立之所有持續關連交易及關連交易遵守上市規則第14A章項下之規定，而所有上述持續關連交易及關連交易按上述方式訂立。

業務回顧

本集團業務的一般回顧及有關使用財務關鍵表現指標對本集團於報告期之財務表現之分析分別載於本年報第6至7頁「財務摘要」及第10至17頁「管理層討論與分析」章節內。

環境政策及表現

於從事商業活動中，本集團目標乃為將本集團營運對環境造成之不利影響降至最低。此外，為確保符合適用之環保法律，本集團已根據ISO 14001:2004國際標準就本集團的營運建立環境管理體系，並取得ISO 14001認證。該環境管理體系將不時受到檢討以降低環境相關事宜的風險。本集團已遵守與污水、大氣污染、固體廢物及生產營運中產生之噪音污染相關之多條中國環保法律。於報告期內，本集團遵守適用之中國環境法律法規，並無因違反任何適用之中國環境法規而須繳納任何罰款或出現法律訴訟，亦無面臨或有任何未了結之任何中國環境監管機構之訴訟。

Other green initiatives and measures have been adopted by the Group to control the use of energy and resources in the production, business operation and management activities so as to achieve economic benefit. Such initiatives include reducing manufacturing wastes by using scrap foams to produce pillows and mattresses, reducing electricity consumption by using the LED lightings and by using the diesel hot water system operated by solar energy, recycling of used papers, creating a paperless work environment and promoting water saving practices.

Compliance with Relevant Laws and Regulations

During the Reporting Period, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

Relationship with Employees, Suppliers, Customers, and other Stakeholders

Details of the Group's relationship with employees, suppliers, customers and other stakeholder are set out in Environmental, Social and Governance Report on page 80 of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

(I) Risk of customer concentration

Sales to the Group's top five customers accounted for approximately 35.8% (2017: 36.3%) of the Group's total revenue, with one customer in the Group's export sales segment accounted for approximately 13.8% (2017: 15.2%) of the Group's total revenue.

The Group does not enter into any long-term agreements with these top five customers. Their purchases are on an order-by-order basis. The Group cannot assure that it will be able to maintain stable relationships with its key customers. A substantial decrease of purchases could adversely affect product sales, financial condition and results of operations of the Group.

本集團已採納其他綠色倡議及措施以控制生產、業務營運及管理活動中耗用之能源及資源，藉以實現經濟效益。該等倡議包括透過使用泡沫碎片生產枕頭及床墊減少生產廢料，透過使用LED燈及太陽能發電的柴油熱水系統減少耗電，紙張循環再用，創造無紙化工作環境及節水實務。

遵守相關法律及法規

於截至2018年12月31日止年度，據本公司所知，本集團並無重大違反或不遵守適用法律法規，從而對本集團的業務及營運產生重大影響。

與僱員、供應商、客戶及其他利益相關者的關係

本集團與僱員、供應商、客戶及其他利益相關者的關係之詳情載於本年報第80頁環境、社會及管治報告。

主要風險及不確定因素

(I) 與客戶集中相關的風險

向本集團五大客戶的銷售佔本集團總收入約35.8% (2017年：36.3%)，而向本集團出口銷售市場分部的一名客戶的銷售佔本集團總收入約13.8% (2017年：15.2%)。

本集團並未與該五大客戶訂立任何長期協議。彼等採購乃按個別訂單進行。本集團無法保證其能與其主要客戶維持穩定關係。採購額大幅減少或會對本集團的產品銷售、財務狀況及經營業績造成不利影響。

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The Group will continue to diversify the customer's portfolio by actively searching for new customers and seeking for strategic acquisition in order to capture more customers in different markets.

(2) Risk of changing in the economic conditions

To manage the risk of economic fluctuation in the world, the Group is trying to diversify its investment geographically. In particular, the US factory started operation that is expected to generate profit in the future. The management of the Group expects the total revenue from the US will increase in the coming years.

(3) Risk of deterioration in the value of the Group brands

The Group is dependent on the goodwill in its brands for the continued success and growth of its business. In particular, the Group relies on sales of its "Sinomax" branded products in Hong Kong and in the PRC, and products under other brands owned by or licensed to it in other territories. Adverse publicity or regulatory or legal action against the Group could damage the reputation, the brand images and reduce long-term demand for the Group's products.

The Group continues its strategy to promote its brand names through different marketing schemes. The Group also uses multi brands strategy to promote more brands like "Zeopedic", "PureLUX", "Dream Serenity", "ComforZen", "Customizer", "Spa Supreme" and "Tung Ah" so as to reduce the risk and deterioration in a particular brand.

本集團將繼續積極物色新客戶，尋求戰略性收購事項，豐富客戶組合，以吸納來自不同市場的更多新客戶。

(2) 與經濟狀況改變相關的風險

為管理世界範圍內經濟波動的風險，本集團正試圖實現地域投資多元化。尤其是，美國工廠開始營運，預期於未來產生溢利。本集團管理層期望美國的總收入將於來年增加。

(3) 與本集團品牌貶值相關的風險

本集團業務的持續成功及增長有賴於品牌的商譽。尤其是，本集團依賴「Sinomax」品牌產品於香港及中國的銷售及其他自有或授權品牌產品於其他地區的銷售。有關針對本集團的不利宣傳或監管或法律行動可能會損害本集團的聲譽和品牌形象，降低本集團產品的長遠需求。

本集團繼續採用策略以持續藉不同市場營銷計劃推廣品牌名稱。本集團亦使用多個品牌策略推廣更多諸如「Zeopedic」、「PureLUX」、「Dream Serenity」、「ComforZen」、「Customizer」、「Spa Supreme」及「東亞」等品牌，以降低某一品牌的風險及貶值。

(4) Risk of volatility in the pricing of raw materials

The Group is exposed to commodity price risks resulting from fluctuation of prices of chemicals including polypropylene glycol and toluene diisocyanate, the principal raw materials for the production of polyurethane foams. The Group has not entered into any long-term agreement with any of its raw materials suppliers, nor has it entered into any hedging arrangements or transactions to reduce the exposure to fluctuations in raw materials costs.

The Group implements a cost-plus pricing policy in the segments of export sales and polyurethane foam sales. Price quotations for orders are negotiated in an order-by-order basis. In determining the product prices, the Group usually takes into account of various factors such as production costs (including costs of raw materials), production cycle, transportation costs, product types and specification, market price and global economic conditions.

(5) Risk of legal, regulatory and compliance

The Group's business is subject to Hong Kong, China and US laws and regulations. Any failure to comply with laws and regulations could result in legal proceedings and expose us the civil and/or criminal liabilities. The long term development of our business is largely depend on a steady legal environment. Unanticipated changes in policies and regulatory practices may adversely affect our business. The Group will continue to manage and ensure the highest compliance standard with first-rate independent legal services.

(4) 與原材料價格波動相關的風險

本集團面臨因化學物質（包括聚丙二醇及甲苯二異氰酸酯，即生產聚氨酯泡沫的主要原材料）價格波動所導致的商品價格風險。本集團並無與任何原材料供應商訂立任何長期協議，亦無訂立任何對沖安排或交易以減低本集團承受原材料成本波動的風險。

本集團於出口銷售及聚氨酯泡沫銷售分部實行成本加成基準的定價政策。本集團按個別訂單基準協商訂單報價。於釐定產品價格時，本集團通常會考慮多項因素，如生產成本（包括原材料成本）、生產週期、運輸成本、產品類型及規格、市場價格及全球經濟狀況。

(5) 與法律、規管及合規相關的風險

本集團的業務須遵守香港、中國及美國的法律法規。任何無法遵從法律及規管的情況都可能引致法律訴訟並可能遭受民事及／或刑事責任。我們業務的長期發展大致取決於穩定的法律環境。政策或規管守則出現意料之外的改變可能會對我們的業務造成負面影響。本集團將繼續進行合規管理並取得最佳的獨立法律服務以確保達致最高的合規標準。

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PROSPECTS

A description of the likely future development in the Group's business is provided in the "Management Discussion and Analysis" section on pages 15 to 16 of this annual report.

SHARE OPTION SCHEMES

(i) The Pre-IPO Share Option Scheme

On 13 December 2013, the Pre-IPO Share Option Scheme which complies with the requirements of Chapter 17 of the Listing Rules was adopted by the Shareholders.

The Pre-IPO Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions that the eligible participants under the scheme have or may have made to the Company.

The eligible participants include any full-time or part-time employees, executives or officers (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, agents and advisers who, in the opinion of the Directors, will contribute or have contributed to the Company and/or any of its subsidiaries.

Upon acceptance of the share option, the grantee shall pay HK\$1 to the Company by way of consideration for the grant.

展望

有關本集團業務可能的未來發展的描述載於本年報第15至16頁的「管理層討論與分析」一節。

購股權計劃

(i) 首次公開發售前購股權計劃

於2013年12月13日，符合上市規則第17章的首次公開發售前購股權計劃獲股東採納。

首次公開發售前購股權計劃為一項股份獎勵計劃，旨在肯定及認可該計劃項下的合資格參與者對本公司已作出或可能已作出的貢獻。

合資格參與者包括本公司或其任何附屬公司的任何全職或兼職僱員、行政人員或高級職員（包括執行、非執行及獨立非執行董事），以及董事全權認為將會或已對本公司及／或其附屬公司作出貢獻的任何供應商、客戶、諮詢顧問、代理及顧問。

於接納購股權後，承授人將向本公司支付1港元作為獲授購股權的代價。

On 13 December 2013, the Company was authorised to grant share options to 140 eligible participants to subscribe for an aggregate of 34,918,000 Shares under the Pre-IPO Share Option Scheme. In February 2014, the Company granted share options to 137 eligible participants to subscribe for an aggregate of 34,903,000 Shares.

The subscription price of a share in respect of any particular share option offered under the Pre-IPO Share Option Scheme shall be a price representing 30% discount to the Offer Price (as defined in the Prospectus).

The share options granted to each grantee under the Pre-IPO Share Option Scheme shall be vested equally in five tranches commencing on the Listing Date and on each of the first, second, third and fourth anniversary of the Listing Date. The grantees to whom a share option has been granted under the Pre-IPO Share Option Scheme will be entitled to exercise the share option any time after the share option has been vested but in any event on or before the date falling on the fifth anniversary of the Listing Date. The share options granted under the Pre-IPO Share Option Scheme are not transferable and share options not exercised within the exercise period will lapse and cease to be of further effect.

The Pre-IPO Share Option Scheme expired on 10 July 2014 and ceased to have effect after 10 July 2014. Share options granted prior to the expiration of the Pre-IPO Share Option Scheme but not yet exercised at that time shall continue to be valid and exercisable in accordance with the Pre-IPO Share Option Scheme.

於2013年12月13日，本公司獲授權向首次公開發售前購股權計劃項下140名合資格參與者授出合共可認購34,918,000股股份的購股權。於2014年2月，本公司向137名合資格參與者授出合共可認購34,903,000股股份的購股權。

根據首次公開發售前購股權計劃發售之任何特定購股權涉及之股份之認購價將相當於發售價（定義見招股章程）折讓30%之價格。

根據首次公開發售前購股權計劃授予每名承授人的購股權將自上市日期開始，於上市日期首個週年日、第二個週年日、第三個週年日及第四個週年日平均分五批歸屬。根據首次公開發售前購股權計劃獲授購股權的承授人將有權於購股權獲歸屬後（惟在任何情況下須於上市日期第五個週年日當日或之前）隨時行使購股權。根據首次公開發售前購股權計劃授出的購股權不可轉讓，及於行使期間尚未行使的購股權將失效及不再具有其他效力。

首次公開發售前購股權計劃已於2014年7月10日屆滿，及於2014年7月10日後不再具有效力。於首次公開發售前購股權計劃屆滿前授出但當時尚未行使的購股權將繼續有效及根據首次公開發售前購股權計劃可予行使。

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The following tables disclose details of movements of share options granted under the Pre-IPO Share Option Scheme:

下表披露根據首次公開發售前購股權計劃授出的購股權變動詳情：

Grantee	Date of grant	Vesting period	Exercisable period	Exercise price per Share	Outstanding as at 1 Jan 2018 於2018年1月1日 尚未行使	Granted during the Period	Lapsed during the Period	Exercised during the Period	Outstanding as at 31 Dec 2018 於2018年12月31日 尚未行使
承授人	授出日期	歸屬期	行使期	每股行使價		於期內授出	於期內失效	於期內行使	
LAM Chi Fan (<i>Chairman</i>) 林志凡 (董事長)	10 Feb 2014	10 Feb 2014 – 10 Jul 2014	10 Jul 2014 – 10 Jul 2019	0.74	1,330,000	–	–	–	1,330,000
	2014年2月10日	2014年2月10日 – 2014年7月10日	2014年7月10日 – 2019年7月10日						
	10 Feb 2014	10 Feb 2014 – 10 Jul 2015	10 Jul 2015 – 10 Jul 2019	0.74	1,330,000	–	–	–	1,330,000
	2014年2月10日	2014年2月10日 – 2015年7月10日	2015年7月10日 – 2019年7月10日						
	10 Feb 2014	10 Feb 2014 – 10 Jul 2016	10 Jul 2016 – 10 Jul 2019	0.74	1,330,000	–	–	–	1,330,000
	2014年2月10日	2014年2月10日 – 2016年7月10日	2016年7月10日 – 2019年7月10日						
CHEUNG Tung (<i>President</i>) 張棟 (總裁)	10 Feb 2014	10 Feb 2014 – 10 Jul 2014	10 Jul 2014 – 10 Jul 2019	0.74	1,275,240	–	–	–	1,275,240
	2014年2月10日	2014年2月10日 – 2014年7月10日	2014年7月10日 – 2019年7月10日						
	10 Feb 2014	10 Feb 2014 – 10 Jul 2015	10 Jul 2015 – 10 Jul 2019	0.74	1,275,240	–	–	–	1,275,240
	2014年2月10日	2014年2月10日 – 2015年7月10日	2015年7月10日 – 2019年7月10日						
	10 Feb 2014	10 Feb 2014 – 10 Jul 2016	10 Jul 2016 – 10 Jul 2019	0.74	1,275,240	–	–	–	1,275,240
	2014年2月10日	2014年2月10日 – 2016年7月10日	2016年7月10日 – 2019年7月10日						
	10 Feb 2014	10 Feb 2014 – 10 Jul 2017	10 Jul 2017 – 10 Jul 2019	0.74	1,275,240	–	–	–	1,275,240
	2014年2月10日	2014年2月10日 – 2017年7月10日	2017年7月10日 – 2019年7月10日						
	10 Feb 2014	10 Feb 2014 – 10 Jul 2018	10 Jul 2018 – 10 Jul 2019	0.74	1,275,240	–	–	–	1,275,240
	2014年2月10日	2014年2月10日 – 2018年7月10日	2018年7月10日 – 2019年7月10日						

Grantee	Date of grant	Vesting period	Exercisable period	Exercise price per Share	Outstanding as at 1 Jan 2018	Granted during the Period	Lapsed during the Period	Exercised during the Period	Outstanding as at 31 Dec 2018
承授人	授出日期	歸屬期	行使期	每股行使價	於2018年1月1日尚未行使	於期內授出	於期內失效	於期內行使	於2018年12月31日尚未行使
CHEN Feng 陳楓	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2014 2014年2月10日 – 2014年7月10日	10 Jul 2014 – 10 Jul 2019 2014年7月10日 – 2019年7月10日	0.74	610,000	–	–	–	610,000
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2015 2014年2月10日 – 2015年7月10日	10 Jul 2015 – 10 Jul 2019 2015年7月10日 – 2019年7月10日	0.74	610,000	–	–	–	610,000
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2016 2014年2月10日 – 2016年7月10日	10 Jul 2016 – 10 Jul 2019 2016年7月10日 – 2019年7月10日	0.74	610,000	–	–	–	610,000
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2017 2014年2月10日 – 2017年7月10日	10 Jul 2017 – 10 Jul 2019 2017年7月10日 – 2019年7月10日	0.74	610,000	–	–	–	610,000
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2018 2014年2月10日 – 2018年7月10日	10 Jul 2018 – 10 Jul 2019 2018年7月10日 – 2019年7月10日	0.74	610,000	–	–	–	610,000
LAM Kam Cheung 林錦祥	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2014 2014年2月10日 – 2014年7月10日	10 Jul 2014 – 10 Jul 2019 2014年7月10日 – 2019年7月10日	0.74	400,000	–	–	–	400,000
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2015 2014年2月10日 – 2015年7月10日	10 Jul 2015 – 10 Jul 2019 2015年7月10日 – 2019年7月10日	0.74	400,000	–	–	–	400,000
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2016 2014年2月10日 – 2016年7月10日	10 Jul 2016 – 10 Jul 2019 2016年7月10日 – 2019年7月10日	0.74	400,000	–	–	–	400,000
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2017 2014年2月10日 – 2017年7月10日	10 Jul 2017 – 10 Jul 2019 2017年7月10日 – 2019年7月10日	0.74	400,000	–	–	–	400,000
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2018 2014年2月10日 – 2018年7月10日	10 Jul 2018 – 10 Jul 2019 2018年7月10日 – 2019年7月10日	0.74	400,000	–	–	–	400,000

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Grantee	Date of grant	Vesting period	Exercisable period	Exercise price per Share	Outstanding as at 1 Jan 2018	Granted during the Period	Lapsed during the Period	Exercised during the Period	Outstanding as at 31 Dec 2018
承授人	授出日期	歸屬期	行使期	每股行使價	於2018年1月1日尚未行使	於期內授出	於期內失效	於期內行使	於2018年12月31日尚未行使
LAM Fei Man 林斐雯	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2014 2014年2月10日 – 2014年7月10日	10 Jul 2014 – 10 Jul 2019 2014年7月10日 – 2019年7月10日	0.74	430,000	–	–	–	430,000
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2015 2014年2月10日 – 2015年7月10日	10 Jul 2015 – 10 Jul 2019 2015年7月10日 – 2019年7月10日	0.74	430,000	–	–	–	430,000
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2016 2014年2月10日 – 2016年7月10日	10 Jul 2016 – 10 Jul 2019 2016年7月10日 – 2019年7月10日	0.74	430,000	–	–	–	430,000
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2017 2014年2月10日 – 2017年7月10日	10 Jul 2017 – 10 Jul 2019 2017年7月10日 – 2019年7月10日	0.74	430,000	–	–	–	430,000
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2018 2014年2月10日 – 2018年7月10日	10 Jul 2018 – 10 Jul 2019 2018年7月10日 – 2019年7月10日	0.74	430,000	–	–	–	430,000
Other employees (in aggregate) 其他僱員 (合共)	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2014 2014年2月10日 – 2014年7月10日	10 Jul 2014 – 10 Jul 2019 2014年7月10日 – 2019年7月10日	0.74	2,645,860	–	(206,000)	–	2,439,860
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2015 2014年2月10日 – 2015年7月10日	10 Jul 2015 – 10 Jul 2019 2015年7月10日 – 2019年7月10日	0.74	2,647,860	–	(206,000)	–	2,439,860
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2016 2014年2月10日 – 2016年7月10日	10 Jul 2016 – 10 Jul 2019 2016年7月10日 – 2019年7月10日	0.74	2,647,860	–	(206,000)	–	2,439,860
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2017 2014年2月10日 – 2017年7月10日	10 Jul 2017 – 10 Jul 2019 2017年7月10日 – 2019年7月10日	0.74	2,647,860	–	(206,000)	–	2,439,860
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2018 2014年2月10日 – 2018年7月10日	10 Jul 2018 – 10 Jul 2019 2018年7月10日 – 2019年7月10日	0.74	2,647,860	–	(206,000)	–	2,439,860
Total 總計					33,463,500	–	(1,030,000)	–	32,433,500

Number of share options exercisable at 31 December 2018
於2018年12月31日
可行使購股權數目

32,433,500

Notes:

- (a) 17 eligible participants (FY2017: 10), who have been granted share options have ceased to become eligible participants upon termination of employment during the Reporting Period and the said share options have automatically lapsed.
- (b) Other details of the Pre-IPO Share Option Scheme are set out in note 36 to the consolidated financial statements.

(ii) **The Post-IPO Share Option Scheme**

On 4 March 2014, a share option scheme was conditionally adopted by the Shareholders (the "Post-IPO Share Option Scheme").

The purpose of the Post-IPO Share Option Scheme is to provide incentive or reward to eligible participants with an opportunity to acquire the equity interests in the Company, for their contributions to, and continuing efforts to promote the interest of the Group or for such other purposes as the board of directors of the Company may approve from time to time, linking their interests with the interests of the Group and thereby attracting and encouraging those parties to work better for the interests of the Group.

The eligible participants include any full-time or part-time employees, executives or officers (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, agents and advisers who, in the sole opinion of the directors of the Company, will contribute or have contributed to the Company and/or any of its subsidiaries.

附註：

- (a) 17名獲授購股權的合資格參與者(2017年財政年度：10名)於報告期內終止僱傭關係後不再為合資格參與者，而上述購股權已自動失效。
- (b) 首次公開發售前購股權計劃其他詳情載於綜合財務報表附註36。

(ii) **首次公開發售後購股權計劃**

於2014年3月4日，股東有條件採納購股權計劃（「首次公開發售後購股權計劃」）。

首次公開發售後購股權計劃旨在向為增加本集團利益或本公司董事會不時批准的其他目的而作出貢獻或持續努力的合資格參與者提供一個獲取本公司股權的機會，作為對彼等的激勵或獎勵，以將彼等的利益與本集團的利益聯繫在一起，從而吸引及鼓勵有關各方為本集團的利益更加努力工作。

合資格參與者包括本公司或其任何附屬公司的任何全職或兼職僱員、行政人員或高級職員（包括執行、非執行及獨立非執行董事），以及本公司董事全權認為將會或已對本公司及／或其附屬公司作出貢獻的任何供應商、客戶、諮詢顧問、代理及顧問。

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On 26 January 2017 (the "Date of Grant"), the Company granted a total of 30,800,000 share options to 58 eligible participants, representing approximately 1.76% of the 1,750,002,000 shares in issue as at the Date of Grant. All 30,800,000 share options are valid for a period of 5 years commencing from the relevant vesting date. Each option granted under the Post-IPO Share Option Scheme shall entitle the grantee to subscribe for one share upon exercise of such option at a subscription price of HK\$0.69 per share.

The following tables disclose details of movements of share options granted under the Post-IPO Share Option Scheme:

於2017年1月26日（「授出日期」），本公司向58名合資格參與者授出合共30,800,000份購股權，佔授出日期已發行1,750,002,000股股份約1.76%。所有30,800,000份購股權自相關歸屬日期起有效期5年。各首次公開發售後購股權賦予承授人權利在行使該購股權時以每股股份0.69港元的認購價認購一股股份。

下表披露根據首次公開發售後購股權計劃授出的購股權變動詳情：

Grantee	Date of Grant	Vesting Period	Exercisable period	Exercise price per Share	Outstanding	Granted during the Period	Lapsed during the Period	Exercised during the Period	Outstanding
					as at 1 Jan 2018				as at 31 Dec 2018
承授人	授出日期	歸屬期	行使期	每股行使價	於2018年1月1日尚未行使	於期內授出	於期內失效	於期內行使	於2018年12月31日尚未行使
LAM Chi Fan (<i>Chairman</i>) 林志凡 (主席)	26 Jan 2017	26 Jan 2017 – 26 Jan 2018	27 Jan 2018 – 26 Jan 2022	0.69	–	750,000	–	–	750,000
	2017年1月26日	2017年1月26日 – 2018年1月26日	2018年1月27日 – 2022年1月26日						
	26 Jan 2017	26 Jan 2017 – 26 Jan 2019	27 Jan 2019 – 26 Jan 2022	0.69	–	750,000	–	–	750,000
	2017年1月26日	2017年1月26日 – 2019年1月26日	2019年1月27日 – 2022年1月26日						
CHEUNG Tung (<i>President</i>) 張棟 (總裁)	26 Jan 2017	26 Jan 2017 – 26 Jan 2018	27 Jan 2018 – 26 Jan 2022	0.69	–	750,000	–	–	750,000
	2017年1月26日	2017年1月26日 – 2018年1月26日	2018年1月27日 – 2022年1月26日						
	26 Jan 2017	26 Jan 2017 – 26 Jan 2019	27 Jan 2019 – 26 Jan 2022	0.69	–	750,000	–	–	750,000
	2017年1月26日	2017年1月26日 – 2019年1月26日	2019年1月27日 – 2022年1月26日						
CHEN Feng 陳楓	26 Jan 2017	26 Jan 2017 – 26 Jan 2018	27 Jan 2018 – 26 Jan 2022	0.69	–	500,000	–	–	500,000
	2017年1月26日	2017年1月26日 – 2018年1月26日	2018年1月27日 – 2022年1月26日						
	26 Jan 2017	26 Jan 2017 – 26 Jan 2019	27 Jan 2019 – 26 Jan 2022	0.69	–	500,000	–	–	500,000
	2017年1月26日	2017年1月26日 – 2019年1月26日	2019年1月27日 – 2022年1月26日						
LAM Kam Cheung 林錦祥	26 Jan 2017	26 Jan 2017 – 26 Jan 2018	27 Jan 2018 – 26 Jan 2022	0.69	–	500,000	–	–	500,000
	2017年1月26日	2017年1月26日 – 2018年1月26日	2018年1月27日 – 2022年1月26日						
	26 Jan 2017	26 Jan 2017 – 26 Jan 2019	27 Jan 2019 – 26 Jan 2022	0.69	–	500,000	–	–	500,000
	2017年1月26日	2017年1月26日 – 2019年1月26日	2019年1月27日 – 2022年1月26日						

DIRECTORS' REPORT

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Grantee	Date of Grant	Vesting Period	Exercisable period	Exercise price per Share	Outstanding as at 1 Jan 2018 於2018年1月1日 尚未行使	Granted during the Period 於期內授出	Lapsed during the Period 於期內失效	Exercised during the Period 於期內行使	Outstanding as at 31 Dec 2018 於2018年12月31日 尚未行使
承授人	授出日期	歸屬期	行使期	每股行使價	於2018年1月1日 尚未行使	於期內授出	於期內失效	於期內行使	於2018年12月31日 尚未行使
LAM Fei Man 林斐雯	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2018 2017年1月26日 – 2018年1月26日	27 Jan 2018 – 26 Jan 2022 2018年1月27日 – 2022年1月26日	0.69	–	500,000	–	–	500,000
	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2019 2017年1月26日 – 2019年1月26日	27 Jan 2019 – 26 Jan 2022 2019年1月27日 – 2022年1月26日	0.69	–	500,000	–	–	500,000
WONG Chi Keung 王志強	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2018 2017年1月26日 – 2018年1月26日	27 Jan 2018 – 26 Jan 2022 2018年1月27日 – 2022年1月26日	0.69	–	150,000	–	–	150,000
	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2019 2017年1月26日 – 2019年1月26日	27 Jan 2019 – 26 Jan 2022 2019年1月27日 – 2022年1月26日	0.69	–	150,000	–	–	150,000
LAM Sing Kwong, Simon 林誠光	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2018 2017年1月26日 – 2018年1月26日	27 Jan 2018 – 26 Jan 2022 2018年1月27日 – 2022年1月26日	0.69	–	150,000	–	–	150,000
	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2019 2017年1月26日 – 2019年1月26日	27 Jan 2019 – 26 Jan 2022 2019年1月27日 – 2022年1月26日	0.69	–	150,000	–	–	150,000
FAN Chun Wah, Andrew, J.P. 范駿華太平紳士	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2018 2017年1月26日 – 2018年1月26日	27 Jan 2018 – 26 Jan 2022 2018年1月27日 – 2022年1月26日	0.69	–	150,000	–	–	150,000
	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2019 2017年1月26日 – 2019年1月26日	27 Jan 2019 – 26 Jan 2022 2019年1月27日 – 2022年1月26日	0.69	–	150,000	–	–	150,000
ZHANG HWO Jie 張傑	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2018 2017年1月26日 – 2018年1月26日	27 Jan 2018 – 26 Jan 2022 2018年1月27日 – 2022年1月26日	0.69	–	150,000	–	–	150,000
	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2019 2017年1月26日 – 2019年1月26日	27 Jan 2019 – 26 Jan 2022 2019年1月27日 – 2022年1月26日	0.69	–	150,000	–	–	150,000
WU Tak Lung 吳德龍	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2018 2017年1月26日 – 2018年1月26日	27 Jan 2018 – 26 Jan 2022 2018年1月27日 – 2022年1月26日	0.69	–	150,000	–	–	150,000
	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2019 2017年1月26日 – 2019年1月26日	27 Jan 2019 – 26 Jan 2022 2019年1月27日 – 2022年1月26日	0.69	–	150,000	–	–	150,000

DIRECTORS' REPORT

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Grantee	Date of Grant	Vesting Period	Exercisable period	Exercise price per Share	Outstanding as at 1 Jan 2018 於2018年1月1日 尚未行使	Granted during the Period	Lapsed during the Period	Exercised during the Period	Outstanding as at 31 Dec 2018 於2018年12月31日 尚未行使
承授人	授出日期	歸屬期	行使期	每股行使價	於2018年1月1日 尚未行使	於期內授出	於期內失效	於期內行使	於2018年12月31日 尚未行使
Other employees (in aggregate) 其他僱員(合共)	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2018 2017年1月26日 – 2018年1月26日	27 Jan 2018 – 26 Jan 2022 2018年1月27日 – 2022年1月26日	0.69	–	11,650,000	(2,050,000)	–	9,600,000
	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2019 2017年1月26日 – 2019年1月26日	27 Jan 2019 – 26 Jan 2022 2019年1月27日 – 2022年1月26日	0.69	–	11,650,000	(2,050,000)	–	9,600,000
Total 總計					–	30,800,000	(4,100,000)	–	26,700,000
Number of share options exercisable at 31 December 2018 於2018年12月31日 可行使購股權數目									13,350,000

Note:

Other details of the Post-IPO Share Option Scheme are set out in note 36 to the condensed consolidated financial statements.

附註：

首次公開發售後購股權計劃其他詳情載於簡明綜合財務報表附註36。

PRE-EMPTIVE RIGHTS

The articles of association of the Company and the Companies Law (2013 Revision) of the Cayman Islands do not entitle any Shareholder to any pre-emptive right or other similar rights to subscribe for the Shares.

PURCHASE, SALES OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any Shares during the year ended 31 December 2018.

優先購股權

本公司公司章程及開曼群島公司法(2013年修訂本)概無賦予任何股東任何優先購股權或其他類似權利以認購股份。

購買、出售或贖回股份

於截至2018年12月31日止年度，本公司及其任何附屬公司概未購買、出售或贖回任何股份。

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken by the Group during the Reporting Period are set out in note 44 to the consolidated financial statements. Other than those transactions disclosed in the paragraph headed "Continuing Connected Transactions" above, these related party transactions either did not constitute connected transaction/continuing connected transactions or constituted connected transaction/continuing connected transactions that were exempted from all disclosure and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

MAJOR SUPPLIERS AND CUSTOMERS

During the Reporting Period, the aggregate purchases from the Group's five largest suppliers was approximately 41.2% of the Group's total purchases. The Group's largest supplier accounted for approximately 21.0% of the Group's total purchases. The average length of relationship with the Group's five largest suppliers was approximately 6.6 years.

During the Reporting Period, the aggregate sales to the Group's five largest customers was approximately 35.8% of the Group's total revenue. The Group's largest customer accounted for approximately 13.8% of the Group's total revenue. The average length of relationship with the Group's five largest customers was approximately 5.9 years.

None of the Directors or any of their close associates or any Shareholder (which to the knowledge of the Directors own more than 5% of the issued shares) had a beneficial interest in the Group's five largest customers or suppliers during the Reporting Period.

PROFESSIONAL TAX ADVICE

If any Shareholders has any doubt about the taxation implication of purchasing, holding, disposing of, dealing in, or exercise of any rights in relation to the shares, they are advised to consult their own professional advisers.

CORPORATE GOVERNANCE

The principal corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" on pages 59 to 77 of this annual report.

關連方交易

本集團於報告期內進行的重大關連方交易之詳情載於綜合財務報表附註44。除於上文「持續關連交易」一段披露的交易外，該等關連方交易根據上市規則第14A章未必構成關連交易／持續關連交易或構成關連交易／持續關連交易，但豁免遵守所有披露及獨立股東批准規定。

主要供應商及客戶

於報告期內，本集團自五大供應商的採購合計佔本集團總採購約41.2%。本集團最大供應商佔本集團總採購約21.0%。本集團與本集團五大供應商關係之平均時長約為6.6年。

於報告期內，本集團向五大客戶的銷售合計佔本集團總收入約35.8%。本集團最大客戶佔本集團總收入約13.8%。本集團與本集團五大客戶關係之平均時長約為5.9年。

於報告期內，概無董事或彼等任何緊密聯繫人士或任何股東（據董事所知擁有已發行股份超過5%）於本集團五大客戶或供應商擁有實益權益。

專業稅務意見

如任何股東對購買、持有、出售、買賣或行使任何有關股份任何權利的稅務影響有任何疑問，務請諮詢其專業顧問。

企業管治

本公司採納之主要企業管治常規載於本年報第59至77頁「企業管治報告」。

DIRECTORS' REPORT

董事報告書

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the knowledge of the Directors, at least 25% of the Company's total issued share capital, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, are held by the public at all times during the Reporting Period and up to the date of this report.

AUDITOR

The Group's consolidated financial statements have been audited by Messrs. Deloitte Touche Tohmatsu, Certified Public Accountants, who will retire and offer itself for re-appointment at the forthcoming AGM. A resolution will be submitted to the AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

AUDIT COMMITTEE

The audited consolidated financial statements for the Reporting Period have been reviewed by the audit committee of the Company.

This report is signed for and on behalf of the Board.

Lam Chi Fan

Chairman

Hong Kong, 27 March 2019

充分公眾持股量

根據本公司公開可得資料及據董事所知，本公司已發行股本總額的最少25%（即聯交所規定及上市規則允許的最低公眾持股量）於報告期及截至本報告日期任何時間一直由公眾人士持有。

核數師

本集團綜合財務報表已由註冊會計師德勤•關黃陳方會計師行審核，其任期將於應屆股東週年大會日期屆滿，並表示願意繼續連任。決議案將呈交股東週年大會以重新任命德勤•關黃陳方會計師行為本公司核數師。

審核委員會

於報告期內的經審核綜合財務報表已由本公司審核委員會審閱。

代表董事會簽署本報告。

董事長

林志凡

香港，2019年3月27日

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of its Shareholders and to enhance corporate value and accountability. The Board believes that good corporate governance provides a framework that is essential for effective management and healthy corporate culture, thereby earning the confidence of the Shareholders and the public.

The Company has adopted the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company had met the applicable code provisions set out in the CG Code during the Reporting Period.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for the Directors and relevant employees, who are likely to possess inside information of the Company, in their dealings in the Company's securities. The code of conduct are on terms no less exacting than the required standard set out in the Model Code.

The Company has made specific enquiry of all Directors and all Directors confirmed that they had complied with the required standard set out in the Model Code during the Reporting Period.

BOARD OF DIRECTORS

Board composition

The Board currently comprises ten Directors, with five executive Directors and five Independent non-executive Directors. The Directors during the Reporting Period 2018 and up to the date of this report were as follows:

企業管治常規

本公司致力於維持高標準的企業管治以保障其股東的利益及提升企業價值及問責性。董事會相信良好的企業管治能為有效管理及健康企業文化訂立框架，從而獲取股東及公眾的信心。

本公司已採納符合上市規則附錄十四所載企業管治守則（「企業管治守則」）所載守則條文作為其自身的企業管治守則。於報告期，本公司已遵守企業管治守則載列之適用守則條文。

董事會將持續監控及審閱本公司的企業管治常規以確保符合企業管治守則。

進行證券交易的標準守則

本公司已就有可能擁有有關本公司證券買賣的內幕資料的董事及有關僱員採納行為守則。行為守則條款不寬鬆於標準守則所載的規定標準。

本公司已向全體董事作出詳細查詢，全體董事確認彼等於報告期已遵守標準守則所規定之準則。

董事會

董事會組成

董事會現時由十名董事組成，其中有五名執行董事及五名獨立非執行董事。於報告期及截至本報告日期之董事如下所示：

CORPORATE GOVERNANCE REPORT

企業管治報告

Executive Directors : Lam Chi Fan (*Chairman*)
Cheung Tung (*President*)
Chen Feng
Lam Kam Cheung
Lam Fei Man

Independent

Non-executive

Directors : Wong Chi Keung
Lam Sing Kwong, Simon
Fan Chun Wah, Andrew
Zhang Hwo Jie
Wu Tak Lung

執行董事 : 林志凡 (*主席*)
張棟 (*總裁*)
陳楓
林錦祥
林斐雯

獨立

非執行

董事 : 王志強
林誠光
范駿華
張傑
吳德龍

The Board has a balance of skills and experience appropriate for the Company's business. The independence of the Independent Non-executive Directors. Independent Non-executive Directors is assessed according to the relevant rules and requirements under the Listing Rules. The Company requests the Directors to disclose annually to the Company the number and nature of office held in public companies or organizations and other significant commitments with an indication of time involved.

Board Diversity Policy

Pursuant to rule 13.92 of the Listing Rules, the Board has adopted a board diversity policy concerning the diversity of Board members. The board diversity policy outlines the factors to consider when deciding on the appointments of members to the Board and the continuation of those appointments. These factors include but are not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and any other factors that the Board may consider relevant and applicable from time to time.

董事會由具備適用於本公司業務的不同技能和經驗的人士所組成。獨立非執行董事的獨立性乃根據上市規則相關條例及規定而作出評核。本公司要求董事每年向本公司披露於公眾公司或機構所擔任的職位的數目及性質以及其他重大承擔，以及其所涉及之時間。

董事會多元化政策

根據上市規則第13.92條，董事會已採納有關董事會成員多元化之董事會多元化政策。董事會多元化政策概述將於決定委任董事會成員及繼續該等委任時考慮之因素。該等因素包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識、服務年期及董事會可能不時認為屬相關及適用之任何其他因素。

Relationship between Board members

- Mr. Lam Chi Fan, the Chairman and an executive Director, is the uncle of Mr. Cheung Tung, the President and an executive Director and a cousin of Ms. Lam Fei Man, an executive Director;
- Mr. Cheung Tung, is a nephew of Ms. Lam Fei Man;
- Mr. Chen Feng, an executive Director, is a cousin of the mother of Ms. Lam Fei Man, an executive Director; and
- Ms. Lam Fei Man is a cousin of Mr. Lam Chi Fan, the Chairman of the Board and an executive Director; the daughter of a cousin of Mr. Chen Feng, an executive Director; and an aunt of Mr. Cheung Tung, the President and an executive Director.

Save as disclosed above, there are no financial, business, family or other material relationships among members of the Board.

Responsibilities, accountabilities and contributions of the Board and management

The Board is responsible and has general power for the management and conduct of the business of the Group. The Board oversees the businesses, strategic decisions and performance of the Group and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board also makes decisions on matters relating to strategies and budgets, financial information, appointment and re-appointment of Directors, dividend, adoption of accounting policies and other matters of operational significance to the Company.

The Board delegates day-to-day management and operations functions of the Company to Board committees and senior management of the Company with clear directions and authority framework. The Board will review periodically the delegation given to management to ensure that they are appropriate and continue to be beneficial to the Group as a whole.

The Board has delegated specific roles and responsibilities to the Company's audit committee, corporate governance committee, remuneration committee and nomination committee. Details of these committees are set out on pages 59 to 71 of this report.

董事會成員之間的關係

- 林志凡先生（董事長兼執行董事）為張棟先生（總裁兼執行董事）的叔叔以及林斐雯女士（執行董事）的表哥；
- 張棟先生為林斐雯女士的表姨甥；
- 陳楓先生（執行董事）為林斐雯女士（執行董事）母親的堂弟；及
- 林斐雯女士為林志凡先生（董事長兼執行董事）的表妹、陳楓先生（執行董事）堂姊的女兒及張棟先生（總裁兼執行董事）的表姨。

除上文所披露者外，董事會成員間概無財務、業務、家庭或其他重大關係。

董事會及管理層之責任、問責性及貢獻

董事會負責及擁有管理及經營本集團業務的一般權力。董事會監管本集團之業務、策略性方向及表現，並透過指導及監管本公司事務，共同負責促進本公司成功。董事會亦就有關策略及預算、財務資料、委任及重新委任董事、股息、採納會計政策之事宜及其他對本公司營運屬重大之事宜作出決策。

董事會授權本公司董事委員會及高級管理層處理本公司的日常管理及營運職能，並設立明確的方向及權力框架。董事會將定期審閱授予管理層的權力，藉此確保其乃適當並對本集團整體有利。

董事會已向本公司審核委員會、企業管治委員會、薪酬委員會及提名委員會授權特定角色及責任。該等委員會的詳情載於本報告第59至71頁。

CORPORATE GOVERNANCE REPORT

企業管治報告

Chairman and President

Mr. Lam Chi Fan is the Chairman of the Board. Mr. Lam is responsible for the formulation of the overall business strategies and business planning of the Group.

Mr. Cheung Tung is the President (equivalent to the role of a chief executive) of the Company. Mr. Cheung is responsible for the overall management of the day-to-day operations of the Group.

Mr. Lam Chi Fan is the uncle of Mr. Cheung Tung. However, there is a clear distinction between the Chairman's responsibility and the President's responsibility.

Independent non-executive Directors

The Company currently has five independent non-executive Directors, more than one-third of the members of the Board, and are persons of high caliber with appropriate professional qualifications or accounting or related financial management expertise. The independent non-executive Directors bring a diversified range of expertise and provide checks and balances of safeguarding the interests of Shareholders and the Group as a whole.

Each of Mr. Wong Chi Keung, Professor Lam Sing Kwong, Simon, Mr. Fan Chun Wah, Andrew, J.P., Mr. Zhang Hwo Jie and Mr. Wu Tak Lung has entered into a service contract with the Company for a term of three years commenced from 11 July 2017, respectively.

The Company has received from all independent non-executive Directors their confirmation of independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors met the independence guidelines and are independent.

董事長及總裁

林志凡先生為董事會主席及本集團聯合創辦人。林先生負責制訂本集團的全面業務策略，管理業務規劃。

張棟先生為本公司總裁（相當於行政總裁的職能）。張先生負責全面管理本集團及其日常運作。

林志凡先生為張棟先生的叔叔。然而，主席職責與總裁職責之間有明確區分。

獨立非執行董事

本公司目前擁有五名獨立非執行董事，超過董事會成員三分之一，且皆為具有合適專業資格或會計或相關財務管理專長的優秀人才。獨立非執行董事帶來多方面的專業知識，並提供制約及平衡，以保障股東及本集團的整體利益。

王志強先生、林誠光教授、范駿華太平紳士、張傑先生及吳德龍先生各自已與本公司訂立服務合約，由2017年7月11日起為期三年。

本公司已獲得全體獨立非執行董事根據上市規則第3.13條所載之獨立性指引作出的獨立性確認。本公司認為全體獨立非執行董事均符合獨立性指引及均具獨立性。

Board meetings

The Board meets at least four times a year and a tentative schedule for regular Board meetings for each year is provided to Directors prior to the beginning of each calendar year. Between scheduled regular Board meetings, Directors may approve various matters by way of passing written resolutions. Additional Board meetings may be arranged if required. At least 14 days' notice of a regular Board meeting shall be given and the Company aims at sending the agenda and the accompanying board papers to Directors at a reasonable time before the intended date of a Board meeting.

During the Reporting Period, the Board held four meetings and the Company held one general meeting.

Board minutes are kept by the company secretary of the Company and are open for inspection by the Directors.

The attendance records of the Directors at the Board meetings held during the Reporting Period are set out as follows:

Name of Directors	董事姓名	Meetings attended 出席會議次數
Executive Directors	執行董事	
Lam Chi Fan	林志凡	4/4
Cheung Tung	張棟	4/4
Chen Feng	陳楓	4/4
Lam Kam Cheung	林錦祥	4/4
Lam Fei Man	林斐雯	4/4
Independent non-executive Directors	獨立非執行董事	
Wong Chi Keung	王志強	4/4
Lam Sing Kwong, Simon	林誠光	4/4
Fan Chun Wah, Andrew, J.P.	范駿華太平紳士	4/4
Zhang Hwo Jie	張傑	4/4
Wu Tak Lung	吳德龍	4/4

董事會會議

董事會每年至少召開四次常規會議，而本公司會於每個歷年開始前向董事提供該年度董事會常規會議之初擬時間表。於常規董事會會議間，董事可以書面決議形式批准各項事宜。若有需要，可另行召開董事會會議。董事會常規會議一般須發出至少14天通知，而本公司亦致力於在董事會會議預定日期前一段合理時間向董事發出議程及隨附董事會文件。

於報告期內，董事會召開四次會議，而本公司舉行一次股東大會。

董事會會議記錄由本公司公司秘書保存並供董事公開查閱。

董事出席於報告期舉行的董事會會議記錄載列如下：

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Accountability and Audit

The Directors acknowledged their responsibilities for the preparation of financial statements of the Group to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the results of its operation and its cashflows. In preparing the financial statements for the Reporting Period the Board had prepared the Group's financial statements on a going-concern basis and in accordance with relevant accounting standards and regulations. Board members are provided with monthly updates on the Group's financial position, which give the Directors a clear assessment of the performance, position and prospect of the Group.

A statement from the external auditor relating to their reporting responsibilities is set out in the independent auditor's report on pages 120 to 130 of this annual report.

Continuous training and professional development for Directors

Directors must keep abreast of their responsibilities and duties and are committed to participate in continuous professional development to develop their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

The Company provides regular updates on changes and developments relating to the Group's business and the legislative and regulatory environments to the Directors at regular Board meetings. In addition, the Company also organises briefing sessions to the Directors which place emphasis on the roles, functions and duties of a listed company director, as well as the latest developments regarding the Listing Rules and other applicable regulatory requirements.

責任及審計

董事確認其對編製本集團之財務報表負責，以確保財務報表真實而公平地反映出本集團的事務狀況以及其營運業績及現金流。於編製報告期之財務報表時，董事會已按持續基準及根據相關會計準則及規例編製本集團之財務報表。董事會成員獲提供本集團財務狀況之月度更新，其向董事提供本集團表現、狀況及前景清晰明確的評估。

外部審計機構就其報告責任的說明載於第120至130頁之獨立核數師報告內。

董事持續培訓及專業發展

董事必須清楚彼等之職責及職能，並須致力於參加持續專業發展，以拓展其知識及技能，確保彼等在具備全面資訊及切合所需的情況下對董事會作出貢獻。

本公司定期於常規董事會會議上向董事更新與本集團之業務相關變動以及進展及法律及法規環境。此外，本公司亦為董事安排簡報會，着重上市公司董事的角色、職能及責任，以及上市規則及其他適用監管規定的最新發展。

Individual training record of each Director during the Reporting Period is set out as follows:

各董事於報告期內之個人培訓記錄如下：

Name of Directors	董事姓名	Reading materials regarding regulatory updates and corporate governance matters 有關監管更新及企業管治事宜的閱讀材料	Attending seminars and/or conferences and/or briefings 出席研討會及／或會議及／或簡報
Executive Directors			
Lam Chi Fan	林志凡	✓	✓
Cheung Tung	張棟	✓	✓
Chen Feng	陳楓	✓	✓
Lam Kam Cheung	林錦祥	✓	✓
Lam Fei Man	林斐雯	✓	✓
Independent non-executive Directors			
Wong Chi Keung	王志強	✓	✓
Lam Sing Kwong, Simon	林誠光	✓	✓
Fan Chun Wah, Andrew	范駿華	✓	✓
Zhang Hwo Jie	張傑	✓	✓
Wu Tak Lung	吳德龍	✓	✓

BOARD COMMITTEES

The Company has set up four committees, namely, the audit committee, the remuneration committee, the nomination committee and the corporate governance committee, for overseeing the particular aspects of the Company. The terms of reference of these committees are available on the websites of the Company and the Stock Exchange.

Audit Committee

The audit committee comprises five independent non-executive Directors, namely Mr. Wong Chi Keung, Professor Lam Sing Kwong, Simon, Mr. Fan Chun Wah, Andrew, J.P., Mr. Zhang Hwo Jie and Mr. Wu Tak Lung. Mr. Wong Chi Keung is the chairman of the audit committee. He has professional qualifications in accounting and financial management.

董事委員會

本公司設立4個委員會，即審核委員會、薪酬委員會、提名委員會及企業管治委員會，以監督本公司的特定事務。該等委員會職權範圍可於本公司網站及聯交所網站查詢。

審核委員會

審核委員會由五位獨立非執行董事組成，即王志強先生、林誠光教授、范駿華太平紳士、張傑先生及吳德龍先生。王志強先生為審核委員會主席，彼具備會計及財務管理專長相關之專業資格。

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The primary duties of the audit committee include, among other things:

- reviewing and monitoring the external auditor's independence and objectivity;
- recommending to the Board on the re-appointment of the external auditor and approve its remuneration;
- reviewing the Group's consolidated financial statements, annual reports and interim reports before submitting them to the Board;
- overseeing the Group's financial reporting system, internal control and risk management procedures and audit process;
- reviewing the Group's financial and accounting policies and practices of the Group; and
- meeting with the external auditor to discuss issues regarding audit at least once a year in the absence of the management.

During the Reporting Period, the audit committee held three meetings and reviewed and discussed with the external auditor the interim and annual results of the Group and the relevant financial reports. It also discussed matters with respect to the risk management and internal controls and re-appointment of external auditor.

A summary of the work of the audit committee during the Reporting Period is as follows:

- reviewed and discussed with the external auditor the annual results for the year ended 31 December 2017 and interim results for the six months ended 30 June 2018;
- discussed and reviewed the risk management system of the Group, reviewed the internal control review plan and the internal controls report of the Group prepared by the internal control advisor relating to the annual financial statements for the year ended 31 December 2017 and the interim financial statements for the six months ended 30 June 2018;

審核委員會的主要職責其中包括：

- 審閱及監督外部核數師的獨立性及客觀性；
- 就重新委任外部核數師對董事會作出建議及核准其酬金；
- 於向董事會提交前審閱本集團綜合財務報表、年報及中期報告；
- 監督本集團的財務報告系統、內部控制及風險管理程序及審核過程；
- 審閱本集團財務及會計政策以及本集團的慣例；及
- 每年一次於並無管理層在場的情況下與外部核數師討論有關審核的事宜。

於報告期內，審核委員會召開三次會議並審閱及與外部核數師討論本集團中期及年度業績及財務報告。會上亦討論風險管理及內部控制及續任外部核數師相關事宜。

於報告期內的審核委員會工作概要如下：

- 審閱及與外部核數師討論截至2017年12月31日止年度的年度業績及截至2018年6月30日止六個月的中期業績；
- 討論及審閱本集團之風險管理系統、審閱由內部控制顧問就截至2017年12月31日止年度之年度財務報表及截至2018年6月30日止六個月的中期財務報表編製的內部控制審閱計劃及本集團內部控制報告；

- (c) reviewed the effectiveness of the Company's internal audit function; and
- (d) approved and confirmed the annual audit plan for the year ended 31 December 2018.

- (c) 審閱本公司內部控制職能的有效性；及
- (d) 批准及確認截至2018年12月31日止年度的年度審核計劃。

The attendance record of each member of the audit committee at the meetings held during the Reporting Period is set out as follows:

各審核委員會成員出席於報告期內舉行之會議的記錄載列如下：

Name of members of audit committee	審核委員會成員姓名	Meetings attended 出席會議次數
Wong Chi Keung	王志強	3/3
Lam Sing Kwong, Simon	林誠光	3/3
Fan Chun Wah, Andrew, J.P.	范駿華太平紳士	3/3
Zhang Hwo Jie	張傑	3/3
Wu Tak Lung	吳德龍	3/3

Corporate Governance Committee

The corporate governance committee comprises five Independent non-executive Directors, namely, Mr. Wong Chi Keung, the chairman of the corporate governance committee, Professor Lam Sing Kwong, Simon, Mr. Fan Chun Wah, Andrew, J.P., Mr. Zhang Hwo Jie and Mr. Wu Tak Lung.

The primary duties of the corporate governance committee include, among other things:

- developing and reviewing the policies and practices of the Company on corporate governance and making recommendation to the Board with regard to any change;
- reviewing and monitoring the training and continuous professional development of Directors and senior management on corporate governance;
- reviewing and monitoring the policies and practices of the Company on compliance with legal and regulatory requirements on corporate governance and making recommendation to the Board with regard to any change;
- developing, reviewing and monitoring the code of conduct and corporate governance manual applicable to Directors and employees; and

企業管治委員會

企業管治委員會由五位獨立非執行董事組成，即王志強先生（企業管治委員會主席）、林誠光教授、范駿華太平紳士、張傑先生及吳德龍先生。

企業管治委員會的主要職責其中包括：

- 檢討本公司企業管治的政策及常規，並就任何變動向董事會作出建議；
- 就企業管治檢討及監察董事及高級管理層的培訓及持續專業發展；
- 檢討及檢查本公司政策及常規遵守法律及法例規定的情況，並就任何變動向董事會作出建議；
- 制定、檢討及監察適用於董事及僱員的行為守則及企業管治手冊；及

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- reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report.

During the Reporting Period, the corporate governance committee held one meeting to review the Company's corporate governance policies and practices and the compliance with the CG Code.

The attendance record of each member of the corporate governance committee at the meeting held during the Reporting Period is set out as follows:

Name of members of corporate governance committee	企業管治委員會成員姓名	Meeting attended 出席會議次數
Wong Chi Keung	王志強	1/1
Lam Sing Kwong, Simon	林誠光	1/1
Fan Chun Wah, Andrew, J.P.	范駿華太平紳士	1/1
Zhang Hwo Jie	張傑	1/1
Wu Tak Lung	吳德龍	1/1

Remuneration Committee

The remuneration committee consists of one executive Director and two independent non-executive Directors. The remuneration committee is chaired by Professor Lam Sing Kwong, Simon, an Independent non-executive Director. Other members are Mr. Fan Chun Wah, Andrew, J.P., an Independent non-executive Director and Mr. Lam Chi Fan.

The primary duties of the remuneration committee include, among other things:

- studying and making recommendations or proposals to the Board for its review on the Company's policy and structure for remuneration of all Directors and senior management, on the Company's incentive schemes and on the establishment of a formal and transparent procedure for formulating the remuneration policies and incentive schemes;
- determining the remuneration packages of all executive Directors and senior management and making recommendation to the Board on the remuneration of the non-executive Directors; and
- reviewing and approving performance-based remuneration by reference to corporate objectives approved by the Board from time to time.

- 檢討本公司就企業管治守則及企業管治報告中的披露的合規情況。

於報告期內，企業管治委員會召開一次會議以審閱本公司的企業管治政策及常規，及遵守企業管治守則之情況。

各企業管治委員會成員出席於報告期內舉行之會議的記錄載列如下：

薪酬委員會

薪酬委員會包括一位執行董事及兩位獨立非執行董事。薪酬委員會主席為獨立非執行董事林誠光教授。其他成員為獨立非執行董事范駿華太平紳士及林志凡先生。

薪酬委員會的主要職責其中包括：

- 就其審閱本公司所有董事及高級管理層的薪酬政策與架構、本公司獎勵計劃及為制定有關薪酬政策及獎勵計劃而設立正式及透明的程序作出研究，並向董事會作出推薦意見或建議；
- 釐定所有執行董事及高級管理層的薪酬待遇，並就非執行董事的薪酬向董事會提供推薦意見；及
- 檢討及批准參考董事會不時批准的公司目標而制定的表現掛鈎薪酬。

During the year ended 31 December 2018, the remuneration committee held one meeting to review and approve the granting of options pursuant to the Post-IPO Share Option Scheme and to approve Directors' and senior management's performance bonus, after taking into consideration the comparable market practice, competitive market condition position, individual performance and contributions and the Group's operating results.

In order to recognise and acknowledge the contributions of key employees of the Company, the Company adopted the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme. These incentive schemes enable eligible persons to have a personal stake in the Company and thus motivate them to optimize their performance efficiency for the benefit of the Group.

Details of the Directors' emolument for the year ended 31 December 2018 and the Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme are set out in note 12 and note 36 to the consolidated financial statements, respectively.

The attendance record of each member of the remuneration committee at the meeting held during the Reporting Period is set out as follows:

Name of members of remuneration committee	薪酬委員會成員姓名	Meeting attended 出席會議次數
Lam Sing Kwong, Simon	林誠光	1/1
Lam Chi Fan	林志凡	1/1
Fan Chun Wah, Andrew	范駿華	1/1

Nomination Committee

The nomination committee comprises three members with the majority of its members being independent non-executive Directors. The nomination committee is chaired by Mr. Lam Chi Fan, the Chairman of the Board and an executive Director. Other members are Mr. Wong Chi Keung and Professor Lam Sing Kwong, Simon, both being independent non-executive Directors.

於截至2018年12月31日止年度，薪酬委員會召開一次會議，並在考慮可比較市場慣例、具競爭力的市場地位、個人表現及貢獻以及本集團經營業績後，審閱及批准根據首次公開發售後購股權計劃授出購出權以及董事及高級管理層的表現花紅。

為肯定及認可本公司主要僱員的貢獻，本公司採納首次公開發售前購股權計劃及首次公開發售後購股權計劃。該獎勵計劃可令合資格人士於本公司中擁有個人權益，從而鼓勵彼等為本集團的利益提升工作效率。

有關截至2018年12月31日止年度的董事酬金及首次公開發售前購股權計劃及首次公開發售後購股權計劃之詳情分別載於綜合財務報表附註12及附註36。

各薪酬委員會成員出席於報告期內舉行之會議的記錄載列如下：

提名委員會

提名委員會由三位成員組成，其絕大部分成員為獨立非執行董事。提名委員會主席為董事會主席兼執行行董事林志凡先生。其他成員為獨立非執行董事王志強先生及林誠光教授。

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The primary duties of the nomination committee include, among other things:

- reviewing the structure, size, diversity and composition of the Board and making recommendations regarding any proposed changes to the Board in line with the Company's strategies;
- developing and formulating relevant procedures for nomination and appointment of directors;
- identifying suitable candidates for appointment as directors; and
- assessing the independence of independent non-executive Director.

During the Reporting Period, the nomination committee held one meeting to review the structure, size and composition of the Board. The Company and embraces the benefits of diversity among its Board members. The nomination committee has a policy concerning the diversity of Board members with measurable objectives. Selection of candidates is based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and the legitimate interests of the principal Shareholders.

Nomination Procedures

The Company has a Nomination Policy for the nomination of Directors. Appointment of new Directors is first considered by the Nomination Committee. In considering the appointment of a Director, this Committee applies criteria such as relevant experience, professional and educational background, reputation for integrity and independence as well as the diversity in the Board. The recommendation of this Committee is then put to the Board for consideration and approval. Thereafter, any Director appointed by the Board is subject to re-election by the shareholders at the general meeting after his/her appointment.

提名委員會的主要職責其中包括：

- 審閱董事會的架構、規模、多元性及組成，並根據本公司策略就任何建議變動向董事會作出建議；
- 發展及制定提名及委任董事的相關程序；
- 就董事委任物識適合人選；及
- 評估獨立非執行董事的獨立性。

於報告期內，提名委員會召開一次會議並檢討董事會的架構、規模及組成。本公司確認及擁護董事會成員多元化的利益。提名委員會就董事會成員多元化採納具有重大目標的政策。候選人的選擇乃基於一系列多元化的視角，包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識、服務年期及主要股東的合法利益。

提名程序

本公司就提名董事制定提名政策。新董事之委任首先由提名委員會考慮。於考慮董事之委任時，該委員會應用如相關經驗、專業及教育背景、誠信聲譽及獨立性以及董事會多元化等準則。該委員會之建議其後提呈董事會考慮及批准。此後，獲董事會委任之任何董事須於其獲委任後於股東大會上膺選連任。

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The attendance record of each member of the nomination committee at the meeting held during the Reporting Period is set out as follows:

各提名委員會成員出席於報告期內舉行之會議的記錄載列如下：

Name of members of nomination committee	提名委員會成員姓名	Meeting attended 出席會議次數
Lam Chi Fan	林志凡	1/1
Wong Chi Keung	王志強	1/1
Lam Sing Kwong, Simon	林誠光	1/1

AUDITOR'S REMUNERATION

For the Reporting Period, the fees in respect of the audit and non-audit services provided to the Group by Messrs. Deloitte Touche Tohmatsu, the external auditor, are set out as follows:

核數師酬金

於報告期內，就外聘核數師德勤•關黃陳方會計師行向本集團提供的審核及非審核服務而支付的費用載列如下：

		Fee 費用 HK\$'000 千港元
Audit services	審核服務	3,999
Non-audit services:	非審核服務：	
Reviewing the Company's interim financial information, report on continuing connected transactions and review of risk management and internal control of the Group, and conducting financial and tax due diligence for potential acquisition	審核之本公司中期財務資料、持續關聯交易報告及審核本集團的風險管理及內部控制，就潛在收購事項作出財務及稅務方面之盡職審查	570
		4,569

COMPANY SECRETARY

Mr. Lam Kam Cheung was appointed as the company secretary of the Company on 4 March 2014. The biographical details of Mr. Lam is set out in the paragraph headed "Directors and Senior Management" on page 19 of this annual report.

During the Reporting Period, Mr. Lam took no less than 15 hours of relevant professional training.

公司秘書

林錦祥先生於2014年3月4日獲委任為本公司公司秘書。有關林先生的履歷詳情載於本年報第19頁「董事及高級管理層」一段。

於報告期內，林先生參加了不少於15小時的有關專業培訓。

CORPORATE GOVERNANCE REPORT

企業管治報告

COMMUNICATION WITH SHAREHOLDERS

The Company respects the rights of Shareholders and seeks to facilitate the effective exercise of those rights by ensuring that the Company communicates effectively with its Shareholders.

The Company promotes effective communication with Shareholders and encourages effective participation by Shareholders at general meetings of the Company. To ensure a high quality of communication and level of clarity with all investors and other stakeholders, whilst complying with its statutory disclosure obligations, the Company endeavours to provide Shareholders with ready and easy access on a timely basis to matters that affect their investment in the Company; communicate in a clear, accurate and easy to understand manner with investors and other stakeholders. Communication with Shareholders would be mainly through the Company's interim and annual reports, announcements and circulars, general meetings and publications on the Company's website.

DIVIDEND POLICY

Pursuant to the dividend policy of the Company, in deciding whether to propose a dividend and in determining the dividend amount, the board of directors of the Company shall take into account the following factors before declaring or recommending dividends:

- (a) the Group's overall results of operation, financial condition, expected working capital requirements and capital expenditure requirements, liquidity position and future expansions plans;
- (b) the amount of retained profits and distributable reserves of the Company;
- (c) the level of the Group's debts to equity ratio, return on equity ratio and the relevant financial covenant;
- (d) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group;
- (e) the Shareholders' and the investors' expectation and industry's norm; and
- (f) any other factors that the Board deems relevant.

與股東的溝通

本公司尊重股東的權利並致力透過確保本公司與其股東有效溝通促進有關權利的有效行使。

本公司促進與股東的有效溝通，並鼓勵股東有效參與本公司股東大會。為確保與所有投資者及其他利益相關者的高質量溝通及清楚程度，而同時遵守其法定披露責任，本公司致力及時令股東可以隨時及輕易知悉有關影響其於本公司的投資的事宜，並與投資者及其他利益相關者以清晰、準確及易於明白的方式溝通。與股東的溝通將主要透過本公司中期及年度報告、公佈及通函、股東大會及本公司網站公佈披露進行。

股息政策

根據本公司之股息政策，在決定是否建議宣派股息及釐定股息金額時，董事會於宣派或建議派發股息前，須考慮以下因素：

- (a) 本集團之整體營運業績、財務狀況、預期營運資金需求及資本支出要求、流動資金狀況及未來擴展計劃；
- (b) 本公司之保留溢利及可供分派儲備之金額；
- (c) 本集團之債權比率、股本回報率及相關財務契諾水平；
- (d) 總體經濟狀況、本集團業務之業務週期及可能對本集團業務或財務表現及狀況產生影響之其他內部或外部因素；
- (e) 股東及投資者之期望及行業常規；及
- (f) 董事會認為相關之任何其他因素。

General Meetings

The Board also considers that general meetings of the Company provide an useful forum for Shareholders to exchange views with the Board. The Company shall in each year hold a general meeting as its annual general meeting. All general meetings other than annual general meeting shall be called extraordinary general meetings ("EGMs").

Members of the audit committee, remuneration committee, corporate governance committee and nomination committee and the external auditor also attend the annual general meetings to answer questions from Shareholders. Notice of annual general meetings is sent to all Shareholders at least 20 clear business days before the annual general meetings and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules. The voting results of annual general meetings and EGMs are posted on the websites of the Stock Exchange and the Company on the same day of the annual general meetings and EGMs.

SHAREHOLDERS' RIGHTS

Rights and Procedures for Shareholders to Convene General Meetings

Any two or more members of the Company, at the date of the deposit of a written requisition holding not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings, shall at all times have the right to require an EGM to be called by the Board for the transaction of any business specified in such requisition.

The written requisition must specify the purpose of the meeting, signed by the requisitionists and deposit it with the Company Secretary of the Company at the Company's principal place of business in Hong Kong at Units 2005-2007, Level 20, Tower 1, MegaBox Enterprise Square Five, No. 38 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the EGM to be held within a further 21 days, the requisitionists themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the EGM, but any EGM shall not be held after the expiration of three months from the date of deposit of the requisition.

股東大會

董事會亦認為本公司股東大會為股東提供一個有用的論壇以與董事會交換意見。本公司應每年舉行股東大會作為其股東週年大會。除股東週年大會以外的所有股東大會均為股東特別大會（「股東特別大會」）。

審核、薪酬、企業管治及提名委員會成員及外部核數師亦出席股東週年大會，以回答股東的提問。股東週年大會通告在股東週年大會舉行前不少於20個營業日寄發予所有股東，而隨附通函亦須載明各提呈決議案之詳情及上市規則要求之其他相關資料。股東週年大會及股東特別大會投票表決的結果會於股東週年大會及股東特別大會舉行當日在聯交所及本公司的網站刊發。

股東權利

股東召開股東大會的權利及過程

凡於書面請求發出日期持有不少於本公司繳足股本（附帶於股東大會上投票之權利）十分之一之兩名或以上本公司股東，隨時有權要求董事會就該請求處理指定的任何事務召開股東特別大會。

書面請求必須述明會議的目的，由請求人簽署並交本公司公司秘書，地址為本公司主要營業地點香港九龍灣宏照道38號企業廣場五期MegaBox 1座20樓2005-2007室。

倘董事會於該請求書交付日期起計21天內未有正式落實將於往後21天內召開股東特別大會，請求人或任何佔全體一半以上總表決權的人士可自行召開股東特別大會，惟任何股東特別大會不得在交付請求日期起計三個月屆滿後舉行。

CORPORATE GOVERNANCE REPORT

企業管治報告

An EGM so convened by the requisitionists shall be convened in the same manner, as nearly possible, as that in which meetings are to be convened by the Board.

Right to put enquiries to the Board

Shareholders may, at any time, direct questions or requests for information to the Directors or management through the 'Contact Us' section in the Company's website at www.sinomax.com or in writing or sent by post to the Company's principal place of business in Hong Kong.

Right to put forward proposals at general meetings

As a matter of Cayman Islands law, no members nor Shareholders are permitted to propose new resolutions at general meetings if the intention to propose the new resolutions is not specified in the notice convening the general meeting. However, procedures for proposing candidate(s) for election as Directors at a Shareholder's meeting are set out in the Corporate Governance section of the Company's website at ir.sinomax.com.

INVESTOR RELATIONS

The Company believes that communicating with its Shareholders, investors and other stakeholders by electronic means, particularly through its website, is an efficient way of distributing information in a timely and convenient manner. The Company's website at www.sinomax.com/group provides the following information:

- member of the Board, terms of reference of the Board committees, key corporate governance policies and the Company's constitutional documents;
- latest news, announcements, financials including interim and annual reports and all material information submitted to the Stock Exchange; and
- other information relating to the Group and its business.

由請求人如此召開的股東特別大會須盡可能以接近董事會召開股東大會的方式召開。

向董事會作出查詢的權利

股東可於任何時間透過本公司網站(www.sinomax.com)的「聯繫我們」或以書面或郵寄至本公司香港主要營業地點向董事或管理層指出疑問或要求資料。

於股東大會提呈議案的權利

就開曼群島法例而言，倘提呈新決議案的意向並未於召開股東大會的通告上指明，概無成員或股東獲准於股東大會提呈新決議案。然而，於股東大會上建議董事候選人的程序載於本公司網站(ir.sinomax.com)的企業管治章節。

投資者關係

本公司相信透過電子方式（特別是其網站）與其股東、投資者及其他持份者溝通乃及時和便捷的資料發佈方式：本公司網站(www.sinomax.com/group)具有以下資料：

- 董事會成員、董事委員會職權範圍、主要企業管治政策及本公司之章程文件；
- 最新新聞、公佈、財務材料（包括中期及年度報告以及呈交聯交所之所有重大資料）；及
- 關本集團及其業務的其他資料。

Shareholders can make any query in respect of the Group or to make request for the Company's financial reports. The designated contact details are as follows:

By post: Sinomax Group Limited
Units 2005-2007, Level 20, Tower 1,
MegaBox Enterprise Square Five,
No. 38 Wang Chiu Road, Kowloon Bay, Hong Kong

By email: ir@sinomax.com

Shareholders who have any matters relating to change of name or address, transfer of shares and loss of share certificates, may contact the Company's share registrar, Tricor Investor Services Limited. The contact details are as follows:

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

Tel: (852) 2980 1333

Constitutional Documents

There was no change in the Company's constitutional documents during the Reporting Period.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining and reviewing the effectiveness of the Group's risk management and internal control systems. A review of the implemented systems and procedures, including areas covering financial, operational, legal compliance controls and risk management functions, is carried out annually. The risk management and internal control systems are implemented to minimise the risks to which the Group is exposed and used as a management tool for the day-to-day operation of business.

The Board has, through the audit committee, reviewed and considered the Group's risk management and internal control systems to be effective and adequate for the Reporting Period.

No significant areas of concern that might affect the financial, operational, legal compliance controls and risk management functions of the Group were identified.

股東可就本集團作出查詢或就本公司財務報告作出詢問。指定聯絡詳情如下：

郵寄地址： 盛諾集團有限公司
香港九龍灣宏照道38號
企業廣場五期MegaBox
I座20樓2005-2007室

電郵： ir@sinomax.com

股東倘姓名或地址變動、轉讓股份及股票丟失，請聯繫本公司的股份過戶登記處卓佳證券登記有限公司。聯繫詳情如下：

地址： 卓佳證券登記有限公司
香港皇后大道東183號
合和中心22樓

電話： (852) 2980 1333

章程文件

本公司章程文件於報告期內概無任何變動。

風險管理及內部控制

董事會負責維持及檢討本集團風險管理及內部控制系統的有效性。其已就實施系統及程序進行年度檢討，涵蓋財務、經營、法律合規監控及風險管理職能等方面。實施風險管理及內部控制系統旨在將本集團面臨之風險最小化，並將系統用作日常業務經營之管理工具。

董事會於報告期內已透過審核委員會檢討及考察本集團風險管理及內部控制系統是否有效及充足。

並無識別可能影響本集團財務、經營、法律合規控制及風險管理職能之重大關注事項。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Group has established an organizational structure with defined levels of responsibility and reporting procedures. The group internal audit department assist the Board and the audit committee in the review of the effectiveness of the Group's risk management and internal control systems on an ongoing basis.

The Company has established Enterprise Risk Management Procedures to ensure safeguard of assets and to identify, evaluate, quantify and manage existing and potential risks. Relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and addressed.

The internal audit department is responsible for the operation and coordination of enterprise risk management mechanism, which includes examining, reviewing the effectiveness of risk management processes and systems, assessing whether risk is properly identified, assessing significant risk reporting, and reviewing significant risk management. The internal audit department provides risk management and internal control assessment reports to the management on a regular or ad hoc basis. The internal audit department also regularly reviews and reports to the audit committee and the Board on risk management and internal control affairs. The Group will appoint external internal control consultant when necessary.

The task group on risk management is responsible for establishing the risk management register and defining responsibilities, procedures and system of risk management, formulating the annual risk management work plan, carrying out risk assessment, proposing the risk management strategy, assisting the relevant departments and the enterprises in significant risk management. It also prepares risk management performance appraisal program and conducts annual performance appraisal and arranges risk management training.

The departmental managements execute risk management strategies, solutions and crisis management plans for significant risks, dynamically monitor significant risk associated indicators and execute the procedures and policies of the risk management and internal controls of the Group.

In addition to the review of risk management and internal controls undertaken within the Group, the external auditor also assessed the effectiveness of certain key risks and internal controls as part of their statutory audits.

本集團已建立一個組織架構，清晰訂明責任級別及申報程序。本集團內審部協助董事會及審核委員會按持續基準檢討本集團之風險管理及內部控制系統。

本公司已建立《企業風險管理制度》，以確保資產安全及識別、評估、量化及管理現有及潛在風險。相關規則及規例以及可靠財務及會計記錄保留乃遵從及符合相關會計準則及監管報告規定，亦適當地識別及管理可能影響本集團表現的主要風險。

內部審計部門負責企業風險管理機制的經營及協調，包括檢測、檢討風險管理程序及系統的有效性，評估風險是否得到妥當識別、評估重大風險申報及檢討重大風險管理。內部審計部門定期或臨時向管理層提供風險管理及內部控制評估報告。內部審計部門亦定期檢討並向審核委員會及董事會報告風險管理及內部控制事務。如有需要，本集團將委聘外部內部控制顧問。

風險管理工作小組負責建立風險管理登記冊及界定風險管理的職責、程序及風險，制定年度風險管理工作計劃、進行風險評估、建議風險管理策略、協助相關部門及企業管理重大風險。其亦編製風險管理表現評估計劃及進行年度表現評估及安排風險管理培訓。

部門管理層執行就重大風險制定風險管理策略、解決方案及危機管理計劃、靈活地監察與指標相關的重大風險及制定本集團風險管理及內部控制之程序及政策。

除本集團內所進行的風險管理及內部控制檢討外，外部核數師亦評估若干主要風險及內部控制之有效性，作為其法定審計的一部分。

To help ensure all risks which are relevant to the Group are considered, a systematic approach to risk identification is followed. Identifiable risk areas which are considered include:

- maintaining a safe work environment for the Group's employees;
- safeguarding and efficient use of assets;
- management of human resources;
- ensuring the Group complies with legal and regulatory obligations;
- achieving established objectives and goals;
- reliability and integrity of financial and operational information; and
- compliance with internal policies and procedures.

With respect to procedures and internal controls for the handling and dissemination of inside information, the Group:

- (i) is aware of the obligations under the SFO, the applicable Listing Rules and other statutory regulations with regard to the timely and proper disclosure of inside information, announcements and financial disclosures and authorises their publication as required;
- (ii) has adopted and implemented its Inside Information Disclosure Policy; and
- (iii) has in place a Code for Securities Dealing for governing the securities transactions of those employees who, because of their positions, are likely to have access to confidential or inside information.

為確保已計及所有與本集團有關的風險，我們就識別風險實行一套有系統的方法。已計及的可識別風險範圍包括：

- 為本集團僱員維持安全的工作環境；
- 維護並有效地利用資產；
- 管理人力資源；
- 確保本集團遵守法定及監管責任；
- 達成既定目標；
- 財務及營運資料的可靠性及完整性；及
- 遵守內部政策及程序。

就處理及散播內幕消息的程序及內部控制措施而言，本集團：

- (i) 知悉根據證券及期貨條例的責任、適用的上市規則及與及時適當地披露內幕消息、公佈及財務披露資料有關的其他法定規例，並在有需要時授權其刊發；
- (ii) 已採納並實施其內幕消息披露政策；及
- (iii) 基於該等僱員的職位，彼等可能需要存取機密或內幕消息，而就該等僱員進行證券交易採納一套有關證券買賣的守則。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

COMPANY REVIEW

Established in 2001, Sinomax Group Limited (“**Sinomax**” or the “**Company**”, together with its subsidiaries, the “**Group**”) (Stock Code: 1418) is principally engaged in the manufacture and sales of health and household products. Over the years, Sinomax has continuously adhered to its core value of “Love Supports Beloved” and has produced products ranging from visco-elastic pillows, mattress toppers, mattresses to polyurethane foam. To upkeep with the market needs and fulfil households’ needs, the Group has constantly researched, designed, developed and produced high-quality and healthy products through dedication in steering innovation and quality assurance. With its affection in development and producing healthy-living products, this has led to the success of being listed on The Stock Exchange of Hong Kong Limited in 2014.

CORPORATE VISION AND MISSION

The Group visualizes to become a world-leading health and householder products provider. Through the continuous investments in the enhancement of research and development, testing equipment and talents cultivation, the Group has been continuously providing innovative and quality household products to promote healthy living and increase quality of life.

公司回顧

成立於2001年，盛諾集團有限公司（「**盛諾**」或「**本公司**」，連同其附屬公司，下稱「**本集團**」）（股份代號：1418）主要從事製造及銷售健康家居產品。過往數年，盛諾一直秉承「用愛支持所愛」的理念為核心價值，並製造出慢回彈枕頭、床墊及床褥及聚氨酯泡沫等產品。為保持市場需求及滿足家居的要求，本集團透過帶動創新和品質監控，致力不斷研究、設計、發展和製造優質及健康的產品。鑒於本集團對開發及生產健康生活產品的熱誠，本集團已於2014年在香港聯合交易所有限公司成功上市。

企業願景及使命

本集團視成為引領全球的健康家居產品供應商為願景。通過不斷加強研發、檢測設備和人才培育的投資，本集團不斷提供創新及優質的家居產品，以促進健康生活及提高生活質素。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境·社會及管治報告

ABOUT THIS REPORT

Reporting theme

The year's Reporting Theme is "creating healthy living and quality products with innovation". In support of the Group's core value "Love Supports Beloved", Sinomax believes "Love" can be delivered through its high-quality and innovative products that are designed to promote healthy living to the "Beloved" families. In addition, Sinomax recognizes promoting healthy living is not only limited to its products, but is also referred to the minimization of environmental impacts caused by the manufacturing process. In this Report, the Group's efforts on managing and strategizing its sustainability development that supports its core value will be discussed more in depth.

Reporting period and scope

The Environmental, Social and Governance ("ESG") Report (the "Report") covers the financial reporting period from 1 January 2018 to 31 December 2018 (the "Reporting Year"). All ESG-related activities during the Reporting Year are presented in this Report.

The scope of the Report covers the Group's headquarter in Hong Kong, office in Shenzhen and factories in Shanghai, Guangdong, Zhejiang, Shandong and Sichuan Provinces, the People's Republic of China (the "PRC").

關於本報告

報告主題

本年報告主題為「以創新塑造健康生活和優質產品」。為呼應本集團的核心價值「用愛支持所愛」，盛諾相信「愛」可透過其為促進健康生活而設計的高品質和創新產品傳達予「所愛」家庭。此外，盛諾意識到促進健康生活不應僅局限於其產品，亦指將製造過程造成環境影響最小化。在本報告內，將更深入地討論本集團為支持其核心價值的可持續發展的管理及對策所付出的努力。

報告期及範圍

本環境、社會及管治（「ESG」）報告（「本報告」）涵蓋從2018年1月1日起至2018年12月31日止財務報告期間（「報告年度」）。所有在報告年度內與ESG有關的活動均會於本報告中呈現。

本報告的範圍包括本集團的香港總辦公室、深圳辦公室及位於中華人民共和國（「中國」）上海、廣東、浙江、山東和四川省的廠房。

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Reporting framework

This Report was prepared in accordance with Appendix 27 – Environmental, Social and Governance Reporting Guide (“ESG Guide”) of the Main Board Listing Rules issued by The Stock Exchange of Hong Kong Limited. The Group adhered to the principles of materiality, quantitative, balance and consistency to report on the measures and performances in the Reporting Year. Information regarding corporate governance is addressed under Corporate Governance Report in this Annual Report in pursuance of Appendix 14 of the Main Board Listing Rules.

The Group appointed Allied Sustainability and Environmental Consultants Group Limited (stock code: 8320) as an independent consultant to prepare the Report.

Stakeholder engagement

The Group recognized the importance of effective communication with stakeholders in order to achieve long term sustainable development. Through establishing various communication channels, the Group has enabled itself to openly listen to stakeholders' feedbacks and thoughts to formulate business strategies. In the Reporting Year, Sinomax has engaged different groups of stakeholders via the communication channels:

報告框架

本報告乃根據香港聯合交易所有限公司上市規則附錄二十七《環境、社會及管治報告指引》（「ESG指引」）所撰寫。本集團於報告年度內遵守重要性、量化、平衡和一致性的原則匯報相關措施和績效。有關企業管治的資料將根據主板上市規則附錄十四於本年報企業管治報告中列出。

本集團已委任沛然環保顧問有限公司（股份代號：8320）作獨立顧問以編製本報告。

持份者參與

本集團意識到與持份者有效溝通的重要性，以實現長期可持續發展。通過建立不同的溝通渠道，本集團已令其能公開地聽取持份者的反饋和想法以制定業務策略。在報告年度內，盛諾已通過多個溝通渠道聯繫不同團體的持份者：

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Materiality assessment

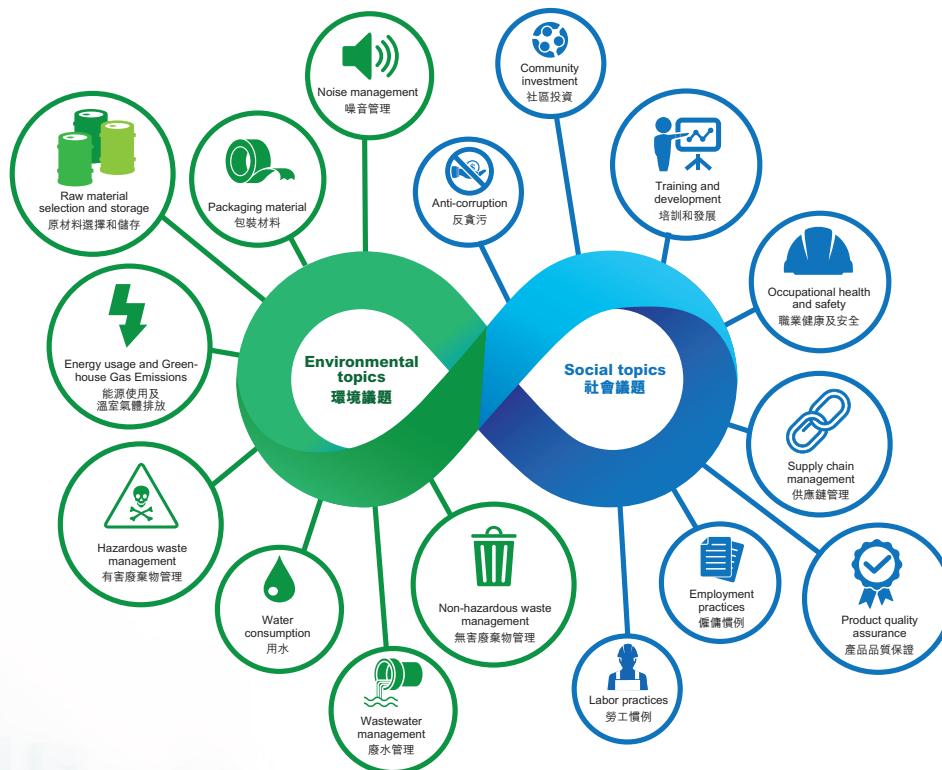
In support of business expansion in the PRC market and e-commerce sales channels, the Group recognized the importance of sustainable development in assistance of managing associated environmental and social risks, and optimize overall business operations.

Under the assistance of an engaged independent consultant, the Group conducted a stakeholder engagement towards employees at Dongguan premise. The exercise aimed to educate employees the importance of sustainability management and understand their related thoughts. This had helped the Group's Board of Directors ("the Board") to review and confirm ESG material topics associated with its business operations. The following environmental and social topics would be discussed more in-depth throughout the Report:

重要性評估

在支持中國市場及電子商貿銷售渠道的業務擴展的同時，本集團意識到可持續發展在協助管理相關環境及社會風險，及優化整體業務營運的重要性。

在所委聘的獨立顧問的協助下，本集團與東莞物業的員工進行一項持份者互動。該互動旨在教育員工可持續管理的重要性，並了解他們的有關想法。此有助於本集團董事會（「董事會」）審查和確認與其業務營運相關的重大ESG議題。在本報告中將更深入地討論以下環境和社會議題：



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Contact detail

The Group values any enquires and suggestions for not only the Report but also the Group's sustainability strategies. If you have any questions or feedbacks regarding the Report, please contact the Group and its contact details are set out as below:

Email: ir@sinomax.com

Telephone: (852) 2754 7798

Address: Sinomax Group Limited
Units 2005-2007
Level 20 Tower 1
MegaBox Enterprise Square Five
38 Wang Chiu Road
Kowloon Bay
Hong Kong

CREATE HEALTHY LIVING AND QUALITY PRODUCTS

Sinomax has been dedicated to spreading its love through creating healthy living products with sustaining innovative products' quality. In view of this, the Group has constantly applied advanced technology, and considered environmental and social requirements when creating new or improving existing products. The Group has placed efforts to manage its procurement, quality assurance, brand building and after-sales services related practices.

聯絡資料

本集團重視任何不僅對本報告，甚或對本集團可持續發展策略的查詢和建議。如閣下對本報告有任何問題或反饋，請與本集團聯絡，其聯絡資料如下：

電郵: ir@sinomax.com

電話: (852) 2754 7798

地址: 盛諾集團有限公司
香港
九龍灣
宏照道38號
企業廣場五期MegaBox
1座20樓
2005-2007室

創造健康及優質產品

盛諾一直致力透過保持創新產品的質量，以創造健康生活產品傳達愛。有鑑於此，本集團不斷應用先進技術，並在創造新產品或改良現有產品時考慮環境及社會的要求。本集團致力管理其於採購、質量保證、品牌建設、及售後服務的相關常規。

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Prudent procurement

The Group placed high standards on the procurement process that involved assessing suppliers and sourcing qualified materials.

In view of having a sustainable supply chain, the Group appointed Procurement Department to evaluate suppliers based on compliance of relevant environmental and social laws and regulations, track records on business ethics and product health and safety performance. The Procurement Department was responsible to oversee the process and communicate the latest associated requirements.

For potential suppliers, the Group conducted their assessment under a rating system that consisted of categories including manufacturing and supply capacity, quality, time management, packaging, price and aftersales service. Suppliers who failed to fulfil any of the requirements would be provided with feedbacks and allowed to be re-assessed in the following year once improved.

For existing suppliers, the Group conducted yearly inspection to constantly monitor suppliers' performance with a rewarding scheme. Existing suppliers' communication effectiveness was also reviewed as an additional element to ensure the efficiency of the manufacturing process. As they were graded, the Group might consider increasing order of the outstanding suppliers as a reward, while underperformed suppliers would be notified and proposed with an improvement plan. Sinomax shall communicate and supervise them to implement the plan. If they failed to improve within a set timeframe, they would be removed from the supplier list.

Through the stringent supply chain management framework, the Group became able to facilitate suppliers moving towards sustainable development and operations. With a reliable source of supply, the framework guaranteed products to be produced with quality materials at maximum efficiency.

謹慎採購

本集團對涉及評估供應商和採購合格材料的採購過程具有高標準。

為擁有可持續的供應鏈，本集團委任採購部以相關環境和社會法律及規例之合規情況、商業道德往績紀錄及產品的健康與安全表現評估供應商。採購部負責監督流程並傳達最新的相關要求。

對於潛在的供應商，本集團根據包含製造和供應能力、質量、時間管理、包裝、價格和售後服務等類別的評級系統對其進行評估。本集團將為未能滿足任何要求的供應商提供反饋，而該供應商在改進後可在下一年獲重新評估。

對於現有的供應商，本集團將對供應商持續進行年度檢查及以獎勵計劃監察他們的表現。為確保生產過程的效率，現有供應商的溝通效率亦乃評估的附加要素。本集團可能根據評分，考慮對出色的供應商增加訂單作為獎勵。而對表現不佳的供應商，本集團將作出通知並提出改進計劃。盛諾將與他們進行溝通和監督以實施該計劃。如果他們未能在規定的時限內改善，本集團將把他們從供應商的列表中剔除。

在嚴格的供應鏈管理框架下，本集團能促進供應商邁向可持續發展和營運。憑着可靠的原材料來源，此框架保證以最高效率利用優質材料生產產品。

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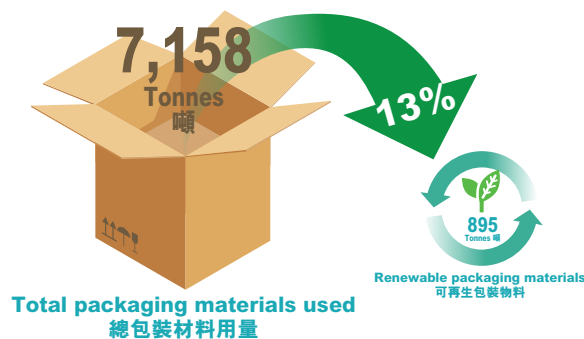
To minimize the environmental footprints at the source of manufacturing, the Group strived to opt local suppliers to lower emissions brought by transporting materials. During the Reporting Year, 94% of the suppliers were from the PRC and the rests were overseas suppliers.

為盡可能減少生產源頭的環境足跡，本集團致力選擇本地供應商，以降低因運輸材料而產生的排放。於報告年度內，94%的供應商來自中國，而其餘為海外供應商。



The packaging materials that the Group used were paper, cardboard and plastic. For packaging material, the Group used renewable paper packaging materials in Dongguan premise to reduce its impacts on environment and natural resources. The Group worked closely with vendors and suppliers to innovate ways to strengthen the reduction of environmental footprints of packaging materials that were catered to customers' demands. On the other hand, to present final products in a professional manner, the Group has formulated different packaging guidelines according to customers' requests and industrial standards for employees to follow, in order to maximize customers' satisfactions.

本集團使用紙張、紙板和塑料為包裝材料。本集團在東莞物業使用可再造紙類的包裝材料，以減少對環境及天然資源的影響。本集團與分銷商和供應商密切合作，以創新的方法加強減低包裝材料的環境足跡同時迎合客戶的需求。另一方面，為了以專業的方式展示最終產品，本集團根據客戶的要求及工業標準制定不同的包裝指引，務求最大限度地滿足客戶。



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Quality assurance process

Apart from the efforts placed on procurement, another fundamental factor of healthy and high-quality product delivery was thorough monitoring of the quality assurance process. To ensure the quality, health and safety requirements and reliability of all products, the Group has adopted ISO 9001:2008 Quality Management System as the standards of its operation. Under such system, the Group has formulated quality control mechanism for employees to follow to maximize the output quality.

To guarantee the quality of the final products, Sinomax was aware of the importance of handling and storing raw materials to ensure its outputs were at its maximum quality. The Group has assigned areas to categorize and store raw materials safely. The Group has also provided relevant guidelines and required responsible staff to monitor and record the storage areas' temperature and humidity.

Manufacturing environmentally friendly and healthy products has been one of the core objectives of the Group's operation. The visco-elastic foams, conventional polyurethane foams and high resilience foams manufactured by Sinomax have all received the CertiPUR-US certificate. The certificate has proven all product materials to have low volatile organic compound (VOC) emission and to have no ozone-depleting chlorofluorocarbons (CFCs), a testament to products safe for adults and children. To further enhance the quality and ensure industrial compliance, the Group has invested advanced testing instruments, independent laboratory and testing centre to conduct quality tests prior to product shipment and distribution. All products have gone through a series of environmental and safety tests, such as testing on product VOC contents and fire resistance.

Through its unremitting efforts of delivering quality and healthy products, the Group has earned the "Hong Kong Top Service Brand Awards" from Hong Kong Brand Development Council and the "D-Awards" from Design Council Hong Kong.

質量保證程序

除了在採購過程付出努力外，對質量保證過程的全面監控亦是提供健康和優質產品的另一個主要元素。為確保所有產品的質量、健康和安全性及可靠性，本集團已採納ISO 9001:2008質量管理體系作為其運作標準。在這此體系下，本集團已制定質量控制機制，讓員工遵循，務求令產品的質量達致最佳。

為確保成品質量，盛諾意識到處理和儲存原材料的重要性，以保證其成品質量達至最佳。本集團已規劃指定地方用以安全地分類及存放原材料。本集團亦已提供相關指引，要求負責人員監察及記錄倉庫的溫度及濕度。

製造環保和健康的產品一直為本集團營運的核心目標之一。盛諾生產的慢回彈泡沫、傳統聚氨酯泡沫及高回彈泡沫均獲CertiPUR-US認證。此認證證明所有產品材料的含低揮發性有機化合物排放，亦不含破壞臭氧層的氟氯化碳，代表產品均對成人和兒童安全。為進一步提升質量及確保符合業內的規範，本集團已於先進的測試儀器、獨立實驗室及測試中心投資，以在產品運送及銷售前進行質量測試。所有產品均進行一系列的環境和安全測試，例如揮發性有機化合物含量測試和防火測試。

通過不斷努力提供優質的健康產品，本集團榮獲香港品牌發展局所頒發的「香港服務名牌」及香港設計委員會所頒發的「D-Awards」。

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Sinomax attended DCHK 50th Anniversary D-Awards Presentation Ceremony
盛諾出席香港設計委員會成立50周年暨D-Awards頒發典禮

As well as Hong Kong's great achievements, the PRC operations have also put in collective efforts in contributing to a healthier community. Their dedication on product development and quality assurance was recognized by local government and the industry. The awards received in the Reporting Year are listed as below:

除了於香港取得的巨大成就外，中國的業務亦齊心同力，為社區的健康作出貢獻。他們在產品開發和質量保證方面的努力得到當地政府和業界的認可。報告年度所獲得的獎項如下：

Award 獎項	Awarding institution 頒授機構
"Hong Kong Top Service Brand Awards" 「香港服務名牌」	Hong Kong Brand Development Council 香港品牌發展局
"D-Awards" 「D-Awards」	Design Council Hong Kong 香港設計委員會
Jiashan industrial economic contribution award 嘉善縣工業經濟發展貢獻獎	Jiashan County Government 嘉善縣政府
Jiashan county top10 Internet + intelligent manufacturing (machine replacement) demonstration enterprises 嘉善縣十佳互聯網+智慧製造（機器換人）示範企業	Jiashan County Government 嘉善縣政府
Jiashan country to carry out "double love" activities outstanding enterprises 嘉善縣開展“雙愛”活動優秀企業	Jiashan County Government 嘉善縣政府
Top ten advanced teams of scientific and technological innovation 十大科技創新先進團隊	Jiashan County Government 嘉善縣政府
Top Ten Enterprise Awards for development Quality 發展品質十佳企業獎	Haining Chang'an Town People's Government/ High-tech Zone Management Committee 海甯長安鎮人民政府/高新區管委會
Top Ten Enterprises in Plastic Industry (Polyurethane) of Light Industry in China 中國輕工業塑膠行業（聚氨酯）十強企業	China Light Industry Federation/China Plastic Processing Industry Association 中國輕工業聯合會/中國塑膠加工工業協會

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Brand awareness enhancement

To outreach market and engage different range of customers, the Group has established various platforms for customers to easily learn about the products. The Group has kept the customers up-to-date with the latest information through various platforms, such as retails and E-Shop. The Group also provided adequate product trainings to frontline sales employees and account managers across all retail outlets to uphold product knowledge and professionalism when dealing with customers' enquires.

Case Study: Sinomax Mobile Application

With its commitment of raising people's awareness on healthy living, the Group has launched its Sinomax Mobile Application (the "app") allowing customers to effectively manage their health and lifestyle, including sleeping quality, sports and diet habits. The app engaged users to accomplish challenges and tasks. Users could set out health targets and keep track on health performance, adding friends and optionally complete challenges together. Besides, the app provided health tips and suggestions over time to inform the customers with latest health knowledge.

提升品牌關注

為拓展市場並吸引不同層面的客戶，本集團已為客戶建立各種平台，以便了解產品。本集團通過各種平台（如零售店和電子商店）向客戶提供最新資訊。本集團亦為所有零售店的前線銷售員工及客戶經理提供足夠的產品培訓，以讓其持有產品知識及專業解答客戶的查詢。

案例分析：盛諾手機應用程式

與致力提高人們對健康生活意識的承諾，本集團已推出盛諾手機應用程式（「該應用程式」），讓客戶能有效地管理他們的健康及生活模式，包括睡眠質素、運動及飲食習慣。該應用程式鼓勵用戶完成挑戰和任務。用戶可以設定健康目標並留意健康狀況、添加朋友和選擇共同完成挑戰。此外，該應用程式持續提供健康提示和建議，以告知客戶最新的健康知識。



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The app also served as a convenient platform that enabled customers to browse and make purchase via the e-shop. Users could join the loyalty program and enjoy benefits including birthday discounts, and accumulate points through making purchase and referral rewards to exchange cash when checkout. Through the establishment of this app, Sinomax has enhanced and extended its connection with more customers through providing a brand-new shopping experience, and spreading healthy living messages in a wider community.

Aftersales services

As a responsible and customer-oriented company, the Group treasured any feedback from the customers and treated it as an opportunity to improve existing practice. Customers could provide feedback and arrange relevant service needed in the sales outlets, or through the mobile application, customer service hotline and email according to their preferences. Customer Service Department was responsible to follow-up any customer enquiries and conduct reviews according to the formulated after sales policy and compliant handling policy in an effort to give satisfactory responses to customers.

During the Reporting Year, there was no product recall due to safety or health problems. The Group has received 128 complaints from customers about its products and services. All cases were handled following the Group's product recall manual and customer compliant handling procedures respectively.

Once a complaint is received, the Customer Service Department shall review the order details and report to Quality Assurance Department immediately. The Quality Assurance Department is responsible to investigate the issue and communicate with relative department to seek for a solution which meets customer's satisfaction. After all, the relative department should generate a report for customers' and company's record, which summarizes the cause, measures and duration of the case. All filed cases will be used as training materials for product and service quality improvement and reflection. The Group is keen to resolve any issue with customers in an open manner.

該應用程式還可用作一個便利的平台，讓客戶可在電子商店上瀏覽和購買商品。用戶可以加入忠實顧客計劃並享受福利包括生日折扣，並通過購買和推薦獎勵累積積分在結賬時兌換現金等。通過建立該應用程式，盛諾已透過提供全新的購物體驗，提升及擴展與更多客戶的聯繫，及向更廣的社區宣揚健康生活的信息。

售後服務

作為一家負責任和以客為主的公司，本集團珍惜客戶任何的反饋，並將其視為改善現有業務慣例。客戶可以依從其喜好，於零售店，或透過手機應用程式、客戶服務熱線和電子郵件提供意見及安排相關所需服務。客戶服務部負責根據售後政策和投訴處理政策跟進客戶的查詢並進行調查，以致力為客戶提供滿意的答覆。

在報告年度內，並沒有任何產品因安全或健康理由而回收。本集團共收到128項因產品或服務而來自客戶的投訴。所有案件均分別按照本集團產品回收手冊和客戶投訴處理程序處理。

一旦收到訴求，客戶服務部門應審查訂單詳情並立即向質量保證部門報告。質量保證部門負責調查問題並與相關部門溝通，以尋求讓客戶滿意的解決方案。其後，相關部門應撰寫報告，總結事件的原因、措施和持續時間，以供客戶和公司記錄。所有已紀錄案件將用作產品和服務質量改進和反思的培訓材料。本集團熱衷於以開放的方式解決客戶的任何問題。

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In accordance with the information management standards set out in the Group's Corporate Culture Handbook and the Personal Data (Privacy) Ordinance, the Group handled customers' personal information obtained from sales activities cautiously. Customer information shall be properly stored and only used for promotional purposes under their prior consent. The Group has also assigned an external information technology company to monitor customer data storage system on a regular basis to secure the information safety.

The Group respected intellectual property rights (IPRs) and complied with all relevant international rules. In case of any discovered IPR related issues, the Group shall resolve in a proactive and open manner. The Group paid attention to protecting IPR when signing the cooperation agreement with suppliers or partners in the research and development phase by including it as one of the terms.

THE TEAM BEHIND THE QUALITY PRODUCT

The creation of quality products was originating from the efforts placed by the Group's dedicated and innovative employees. Therefore, Sinomax endeavored to support employees through creating a fair and open working culture, providing an ideal working environment and proper trainings to boost their talents and skills, in assistance to the Group's sustainable development.

Talents attraction

The Group believed attracting talents with different personal qualities contributed to the formation of a diverse and innovative team. Consequently, the Group has provided equal employment opportunities to all job applicants regardless of race, sex, age, family status, religion and politics background. In addition, the Group has provided fair competitive compensation packages with reference to market conditions to attract and retain talents. Sinomax also respected employees' personal development and offered an internal transfer program to excel their skills.

根據本集團《企業文化手冊》及《個人資料(私隱)條例》所載的資訊管理準則，本集團謹慎處理從銷售活動所獲得的客戶個人資料。客戶資料應該妥善保存及只能在客戶之事先同意下作推廣作用。本集團亦已委派外聘資訊科技公司定期監察客戶資料存儲系統，以確保資訊安全。

本集團尊重知識產權並遵守所有相關的國際法規。如發現任何與知識產權有關問題的事件，本集團會以主動和公開的方式解決。本集團在研發階段與供應商或合作夥伴簽署合作協議時，致力保護知識產權，並將其列為其一條款。

優質產品背後的團隊

創造優質產品本源於本集團敬業及具創意的員工所付出的努力。因此，盛諾致力為員工營造公平和開放的工作文化，提供理想的工作環境及適當的培訓，以提升他們的才能和技術，以推動本集團的可持續發展。

吸納人才

本集團相信透過吸引具有不同個人特質的人才，能幫助組建多元化及創新的團隊。因此，本集團均為所有求職者提供平等就業機會，不論其種族、性別、年齡、家庭狀況、宗教和政治背景。此外，本集團參考市場情況，提供具競爭力的薪酬待遇，吸引及保留人才。盛諾亦尊重員工的個人發展，並提供內部調職計劃，讓他們發揮所長。

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In order to give employees a workplace which felt like home, entertainment amenities such as library, recreational center, fitness rooms, KTV rooms and game rooms were equipped in the Guangdong premise. These amenities allowed them to relax after work. The Group also encouraged them to enrich their spare time to promote work-life balance.

The Group praised employees' hard work in making Sinomax a well-recognized brand. For instance, the Group had held staff activities including birthday parties and annual dinners at different premises to increase their interactions and reinforce their sense of belongings.

Safeguarding talents

Sinomax has been committed to creating a workplace that protects its people, and strived to achieve the goal of zero work-related accident. In view of this, the Group has established safety management policies and manual to guide the employees throughout the manufacturing process.

The Group has assigned designated safety managers to oversee the implementation of the protective measures and monitor safety performance. On top of that, regular inspections were conducted on manufacturing equipment, safety facilities and electric appliances to lower workplace hazards. The Group has also arranged periodic incident drills and safety trainings to strengthen employees' safety awareness and ability on emergency response.

The manufacturing of memory foams required the use of hazardous substances and therefore, the Group implemented health and safety measures to lower the associated risks of employees exposed to these substances. The Group provided suitable personal protective equipment, such as safety helmets and dust masks. The equipment was checked regularly in case of any damages. Additionally, the Group organized annual physical examinations for these relevant employees and established health records to examine their health status, and follow up any problematic cases. For example, offering reasonable sick leaves to ensure staff member has sufficient time to recover from the diagnosis of any impacted health condition.

為給員工一個感覺像家一般的工作場所，廣東物業設有圖書館、康樂中心、健身室、唱歌廳和玩樂室等娛樂設施。此等設施讓他們下班後放鬆身心。本集團亦鼓勵他們豐富業餘時間，以提倡勞逸平衡。

本集團讚揚員工在讓盛諾成為知名品牌上所付出的努力。例如，本集團在不同的物業舉辦員工活動，包括生日派對和年度晚宴，以增加他們的互動及加強他們的歸屬感。

保護人才

盛諾一直致力創造一個保護員工的工作場所，並努力實現零意外的目標。有鑑於此，本集團已制定安全管理政策及手冊，以在生產過程中指導員工。

本集團已委派安全經理以監督安全措施的實施並監察安全績效。除此之外，本集團亦有定期檢查生產設施、安全設備和電器，以降低工作場所的危險。本集團亦定期安排意外演習及安全訓練，以加強員工的安全意識及應急能力。

製造太空棉需要使用危險物質，所以，本集團已制定健康和安全措施，以減低員工因接觸這些物質的相關風險。本集團提供了適當的個人防護設備，如安全帽和防塵口罩，並會定期檢查設備，保證沒有任何損壞。此外，本集團還為相關員工提供年度身體檢查，並建立健康記錄庫，以監察他們的健康狀況，並跟進任何有問題的個案。例如，提供合理的病假，以確保員工有足夠的時間從確診的任何病症中康復。

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In case if any work injury happened, it shall be reported to the Administration Department. The Group shall also contact injured staff's family members and send the staff to hospital depending on the seriousness. As a follow-up procedure, the department which the injured staff belonged to shall conduct an investigation on identifying the cause and suggest preventive measures to avoid repeated incidents within 2 working days.

As a result of a comprehensive occupational health and safety mechanism that the Group has applied, the injury rate in this reporting year decreased by 9.2% compare to the previous reporting year, and had not noticed any material non-compliance with any applicable laws and regulations relating to workplace hazard prevention, occupational health and safety during production.

如發生任何工傷，應向行政部報告。本集團亦將聯絡受傷員工的家屬，並視乎嚴重性決定要否將他送往醫院。作為跟進程序，受傷員工所屬的部門會於2個工作天內進行調查以查明原因，並提出預防措施以避免日後發生同類事件。

由於本集團採用全面的職業健康和安全管理，本報告年度的傷害率與上報告年度相比已下降9.2%，亦沒有發現任何於生產過程中違反與預防職業性危害、職業健康和安全管理相關的任何適用法律和規例的事件。

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Talents cultivation

Through a planned, systematic and ongoing training scheme formulated to boost employees' skills and knowledge, this shall facilitate the Group to achieve business targets. The Group assigned Human Resources ("HR") Department to devote training resources and design mandatory training programs according to the employees' rank and role, and business needs. As a company that strived for progression, the Group created a culture where employees encouraged each other to build on their skills actively. After the completion of assigned trainings, employees underwent a performance review to assess if their certain skills required extra training or they have become eligible to receive promotion opportunity.

培育人才

通過一個有規劃、系統化和持續為加強員工的技能和知識而制定的培訓策劃，此將有助本集團實現業務目標。本集團指派人力資源（「人力資源」）部，根據員工的職級和職責以及業務需求，投入培訓資源並設計強制性培訓計劃。作為一家力求進步的公司，本集團已創造一種員工互相鼓勵以積極地發展彼等技能的文化。在完成指定培訓後，員工接受績效評估，以考量他們在某些技能上是否需要額外培訓，或者他們是否合乎獲得晉升機會的資格。



Employees undertook on-site trainings to enhance working skills
員工進行實地培訓以提高工作技能

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Besides mandatory training needed for a safe business operation, the Group has offered training opportunities to enhance employees' skills and career growth while keeping them in line with the Group's business development. The Group encouraged employees to participate in internal and external trainings and programs to help their professional competency and career development.

Business integrity

The Group has been devoted to upholding ethical business practices by strictly forbidding any illegal labor practices and corrupted behaviors.

Sinomax has strictly complied with all laws and regulations relating to child and forced labor and has upheld a zero-tolerance principle towards such practices. The Group has maintained the principle of impartiality and voluntariness, and prohibits any coercion or deception in the course of recruitment. The Group has appointed the HR Department to thoroughly check the identity and verified the age of all candidates. In case if any forced labor case is discovered, the HR Department would intervene to stop the infringement actions and offer reasonable compensation. If the misuse of child labor was discovered, the Group shall immediately terminate the contract and help the individual to re-enroll in school.

To prevent any corrupt behavior, guidance for employees on avoiding bribery, extortion, fraud, money laundering and other acts in serious breach of business ethics were stipulated in the Code of Conduct. The Group has signed an Integrity Agreement with its suppliers and has required its employees to follow the Letter of Commitment to Honest and Clean Business Practices. The Group has set out the chairman's mailbox as a whistle-blowing channel for stakeholders to report on any suspected violations. In case of any reported case, the HR Department shall report to the Board, investigate involved parties and take disciplinary actions as needed. During the Reporting Year, the Group had zero concluded case relating to corrupt practices, and complied with all relevant laws and regulations relating to bribery, extortion, fraud, and money laundering.

除了安全業務營運所需的必修培訓外，本集團亦提供培訓機會，以提升員工的技能及職業發展，同時保持其與本集團的業務發展一致。本集團鼓勵員工參加內部及外部的培訓及課程，以協助提升他們的專業能力及輔助職業發展。

業務誠信

本集團一直致力堅持道德商業規範，並禁止任何非法勞工和貪污行為。

盛諾嚴格遵守任何有關童工和強制勞工的所有法律及規例，並堅持對該行為採取零容忍的原則。本集團一直以公正和自願為招聘原則，並禁止在招聘過程中進行任何強迫或欺騙行為。本集團已委任人力資源部徹底核實所有候選人的身份和年齡。如發現任何強制勞工案件，人力資源部將制止該違規行為，並提供合理的賠償。如發現有誤用童工，本集團會立即終止合同並幫助其重新就學。

為防止任何貪污的行為，本集團在行為準則已列明員工避免賄賂、勒索、欺詐、洗黑錢和其他嚴重違反商業道德行為的指引。本集團已與供應商簽訂《廉潔協議書》，並要求其僱員遵守《員工誠信廉潔從業承諾書》。本集團已將董事長信箱設為舉報渠道，讓持份者舉報任何涉嫌違規行為。如果有任何舉報，人力資源部應向董事會報告，調查涉案人士並根據需要採取紀律處分。在報告年度內，本集團沒有任何成立的貪污行為案件，並遵守與賄賂、勒索、欺詐和洗黑錢有關的所有相關法律與規例。

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環境、社會及管治報告

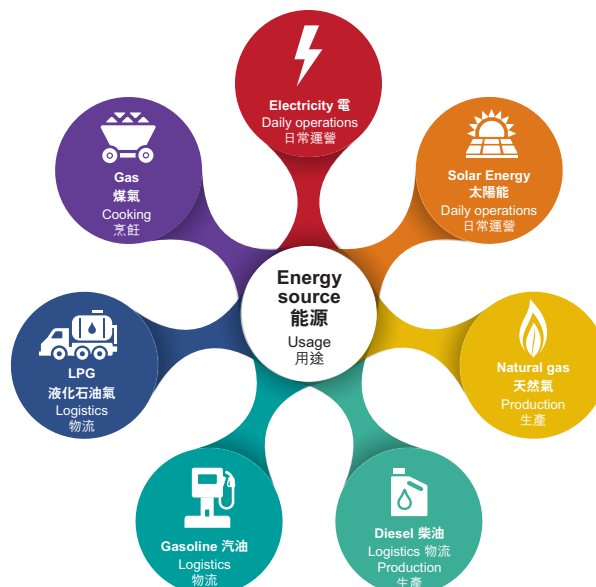
PROMOTE ENVIRONMENTAL PROTECTION

To promote a healthy living environment to families and the surroundings, Sinomax took different initiatives to manage its impacts on environment and natural resources. Based on the ISO 14001:2004 Environmental Management System, the Group has formulated respective measures to oversee and manage emissions and resource consumptions. In this regard, the HR Department and Logistics Department were appointed to monitor the consumption of different resources and materials. In case of any identified abnormal consumptions or emissions, necessary measures would be implemented for mitigation purposes. Additionally, the Group formulated environmental topic specific policies and guidelines for office and manufacturing sites in compliance with the national and local government laws and regulations. In the Reporting Year, the Group complied with all relevant local environmental laws and regulations.

As the environmental data collected in the previous reporting year was solely from Dongguan manufacturing site and hence, the environmental data in this Reporting Year was unable to be finely compared. The Group had improved its data collection system to firmly compare results and achievements in the future.

Energy usage and air emissions

The business operation requires the use of various energy sources for office operations, cooking, production, and logistics and transportations:



推動環境保護

為家庭及周圍營造健康的生活環境，盛諾已採用不同的措施以管理其對環境和自然資源的影響。本集團已根據ISO 14001：2004環境管理體系，制定各項措施以監察和管理排放和資源使用。在這方面，人力資源部和運輸部已被委派監測不同資源和材料的使用。如果發現任何異常的消耗或排放，將採取必要措施以緩解問題。此外，本集團根據國家和地方政府的法律及規例已制定辦公室和生產基地的環境專題政策和指引。於報告年度內，本集團已遵守所有當地相關的環境法律及規例。

由於上報告年度收集的環境數據僅來自東莞生產基地，因此本報告年度的環境數據無法進行精細比較。本集團已改進其數據收集系統，以便在未來對結果和成果進行可靠的比較。

能源使用及空氣排放

商業營運需要使用各種能源以運營辦公室、烹飪、生產、物流和運輸：

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In order to maintain effective use of energy, lower associated emissions and avoid wastage of resources, the Group identified items associated with energy consumption and implemented various policies to control the usage. These include:

- 1) Switch off devices, equipment and lightings when not in use
- 2) Maximize the use of natural light
- 3) Apply power saving mode in devices when possible
- 4) Prevent equipment malfunction through daily maintenance procedures for the upkeep of equipment
- 5) Assess electricity consumption patterns to identify abnormality that required correction
- 6) Replace logistics transports with high emission standard model where possible

為了保持有效地運用能源、降低相關排放及避免浪費資源，本集團已識別與能源消耗相關的項目，並實行各種政策以控制用量。其包括：

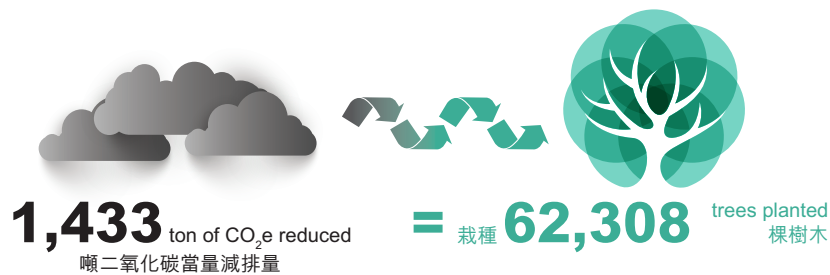
- 1) 在不使用時，關掉設備、器材及燈
- 2) 盡量使用自然光
- 3) 盡可能在設備中使用省電模式
- 4) 透過日常維護程序，預防設備故障並加以保養
- 5) 評估用電模式，以找出異常並進行糾正
- 6) 盡量採用高排放標準的運輸工具型號

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Foreseeing the importance of monitoring energy consumption and operation cost, the Group has continuously replaced lightings by LED fixtures to lower electricity consumption. It was estimated the replacement of energy saving lightings has brought at least 80% electricity saving at Dongguan and Zhejiang premises. Furthermore, the Group has installed solar panels on the roof-top of the factories in Dongguan and Zhejiang to compensate for the energy consumption. During the Reporting Year, 2,279,482 kWh of electricity was generated from the solar panels and carbon emission was reduced by 1,433 tons CO₂e, equivalent to about 62,308 trees planted.

預見監測能源消耗及營運成本的重要性，本集團不斷將照明設備更換為LED燈，以降低耗電量，估計更換節能照明設備使東莞和浙江的物業至少省電80%。此外，本集團已在東莞及浙江廠房的屋頂安裝太陽能發電板，以彌補能源消耗。在報告年度內，太陽能發電板產生了2,279,482千瓦時的電力，碳排放減少了1,433噸二氧化碳，等於種植了約62,308棵樹。



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The consumption of energy sources contributed to greenhouse gas ("GHG") emissions respectively:

各種能源的消耗分別導致溫室氣體（「溫室氣體」）排放：

GHG emissions

溫室氣體排放

Source

源頭

Scope 1: Direct emissions

範圍1：直接排放

Diesel, natural gas and gas used at production sites

用於生產基地的柴油、天然氣及煤氣

LPG, diesel and gasoline used in logistics and transportations

用於物流和運輸的液化石油氣、柴油和汽油

Gas used for cooking at premises

於物業烹飪所用的煤氣

Scope 2: Indirect emissions

範圍2：間接排放

Electricity used at premises

物業所使用的電

As the Group implemented measures to reduce energy consumption, the emission of GHG was reduced consequently.

由於本集團採取措施減少能源使用，因此溫室氣體的排放量隨之減少。

In addition, the production process had also contributed air pollutant emissions including dichloromethane, toluene and carbon tetroxide. In order to lower the impacts on the air quality, the Group has sought out solutions. For instance, the Group installed spray towers at the exhaust outlets to remove at least 80% of gaseous pollutants before entering into the atmosphere. Moreover, the Group also installed activated carbon adsorption devices in the Guangdong premise to collect and treat waste gas emitted during the manufacturing process, to meet regulatory requirements. In purpose of ensuring relevant compliance, air emissions audit was carried out at least once per year to regulate the air emissions level.

此外，生產過程亦造成空氣污染物排放，包括二氯甲烷、甲苯和四氧化碳。為減低對空氣質素的影響，本集團已致力尋求解決方案。例如，本集團在排氣口安裝噴霧塔，以便在進入大氣層之前去除至少80%的空氣污染物。另外，本集團亦在廣東物業設有活性炭吸附裝置，以收集及處理生產過程中所排放的廢氣，以符合監管規定。為確保相關合規性，每年均進行至少一次空氣排放審計，以規範空氣排放水平。

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The Group's factory in Dongguan has started using natural gas as a cleaner fuel source to lower air emissions since May, 2018. The Group endeavored to promote clean and green production and strived to continuously seek possibilities to achieve the goal.

Although there was an air emission enquiry at Shandong premise during the Reporting Year regarding exceed regulatory limited of VOC emissions prior to its commencement in production, the Group had immediately taken necessary actions including remained close communication with local government and ordered VOC removal equipment. With the efficient response, there was minimal impact on its operations throughout the settled case. The Group will closely monitor air pollutant emissions and remain effective communication with local government to ensure emissions are at least amount possible.

Water and wastewater management

The manufacturing process required water for chemical mixing procedures. Apart from this, water was also used for daily operation and toiletry needs. Sinomax acknowledged water as a precious natural resource and thus, the Group has implemented water saving measures and encouraged employees to conserve water. These include:

- 1) Turn off water appliances when not in use
- 2) Monitor water usage pattern to detect any abnormality
- 3) Conduct daily maintenance to prevent water leakage of water appliances
- 4) Post water saving educational posters on bulletin board to educate employees to reduce water consumption
- 5) Reuse water at spray towers
- 6) Use recycled water, rainwater or groundwater at most and when possible

本集團從2018年5月開始已在東莞的工廠使用天然氣作為清潔燃料來源以減少廢氣排放。本集團致力推動清潔及綠色生產，並不斷致力尋求實現目標的可能性。

雖然於報告年度內在山東物業投產前有一宗有關揮發性有機化合物排放超過監管限制的空氣排放查詢，本集團已立即採取行動，包括與當地政府密切溝通，並訂購消除揮發性有機化合物的設備。透過有效的應對，該已解決事件對其運營的影響甚微。本集團將密切監察空氣污染物排放，並與當地政府保持有效溝通，以確保排放盡可能減到最低。

水及廢水管理

生產過程中的化學混合程序需要用水。除此之外，水還用於日常操作和衛生間用水。盛諾深知水乃一種寶貴的自然資源。有見及此，本集團已實施省水措施，並鼓勵員工節約用水。其中包括：

- 1) 在不使用時，關掉用水設備
- 2) 監察用水模式，以找出任何異常
- 3) 進行日常維護，防止用水設備漏水
- 4) 在公告板上張貼節水教育海報，鼓勵員工減少用水
- 5) 在噴霧塔處重用水
- 6) 盡可能使用循環水、雨水或地下水

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In Chengdu and Dongguan premises, the Group has installed water tower to recycle water for usage.

As the manufacturing process involved chemical mixing procedures that would lead to the discharge of wastewater containing chemicals. Sinomax was aware of the consequences brought by discharging untreated wastewater directly, such as land contamination and water pollution. For this instance, the Group has established a policy and implemented related measures to manage wastewater discharge. These include:

- 1) Install separate draining for staff canteen which separates cooking oil from water
- 2) Discharge wastewater from spray tower and sites cleaning to specified drainage that connects to local water treatment plant for proper treatment as a legal practice

The Group has set up rainwater and sewage diffuence facility at Zhejiang premise to treat wastewater prior to discharge at any case. Besides, wastewater sampling and auditing was conducted on a yearly basis at all sites to ensure quality of water discharged meets compliance. In the Reporting year, there were no particular issues in sourcing water.

在成都及東莞的物業，本集團已安裝水塔以循環使用水。

由於生產過程涉及化學物混合程序，導致含有化學品的污水排放。盛諾意識到直接排放未經處理的廢水所帶來的後果，如土地污染和水污染。就此而言，本集團已制定政策並實施相關措施以管理污水排放。其中包括：

- 1) 在員工食堂安裝單獨的排水裝置，將食用油與水分隔
- 2) 作為合法常規，從噴霧塔和因清潔場地作用排放的廢水，連接到當地污水處理廠進行適當處理

本集團已在浙江物業設立雨污分流設施，以便在任何情況下於排放前處理廢水。此外，本集團於每年在所有場地進行污水取樣和審核，以確保排放質量符合法規。在報告年度內，求取水源上並無特別問題。

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Waste management

The Group emphasized good waste management policies and procedures in order to utilize resources effectively and avoid associated environmental issues. The HR Department was responsible to label, handle, store and recycle waste according to the guidelines set in the solid waste handling manual to encourage recycling and reuse, and minimize waste generation.

In general, wastes were categorized into non-hazardous waste, hazardous waste, recyclable waste and non-recyclable waste. The Group required all employees to sort waste by type in the assigned waste storage area. The HR Department assigned qualified contractors and waste recycling and handling companies for waste handling over a certain period of time. Furthermore, regular trainings are provided to the employees to enhance their know-how on adequate waste sorting and management.

To avoid amount of packaging material generated from raw materials procurement, the Group purchase refillable-packaged instead of barreled-packaged raw materials at most to reduce waste.

In the process of manufacturing, the Group generated a significant amount of wasted foam. To maximize resources efficiency, Sinomax has set up a recycling facility at all sites to recycle the wasted foam into useful material. This has helped to minimize waste generated from production.

廢棄物處理

本集團重視良好的廢棄物管理政策和程序，從而有效利用資源並避免相關的環境問題。人力資源部負責根據固體廢棄物處理手冊中的指引，標誌、處理、儲存和回收廢棄物，同時鼓勵回收和重用，並最大限度地減少產生廢棄物。

一般而言，廢物分為無害廢棄物、有害廢棄物、可回收廢棄物和不可回收廢棄物。本集團要求所有員工按指定的廢棄物儲存區按類型分類廢棄物。人力資源部委派合格的承辦商和廢棄物回收及處理公司在指定時間內處理廢棄物。此外，本集團向員工提供定期培訓，以加強他們對廢棄物分類和管理的認識。

為避免在採購原材料的過程產生包裝材料廢棄物，本集團採購補充裝，減少採購桶裝，以減少廢棄物。

在產生過程中，本集團已產生一定數量的海綿廢棄物。為最大限度地提高資源效益，盛諾已在所有地點設立了回收設施，將海綿廢棄物回收再造成有用的材料，這有助於減少由生產過程中所產生的廢棄物。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

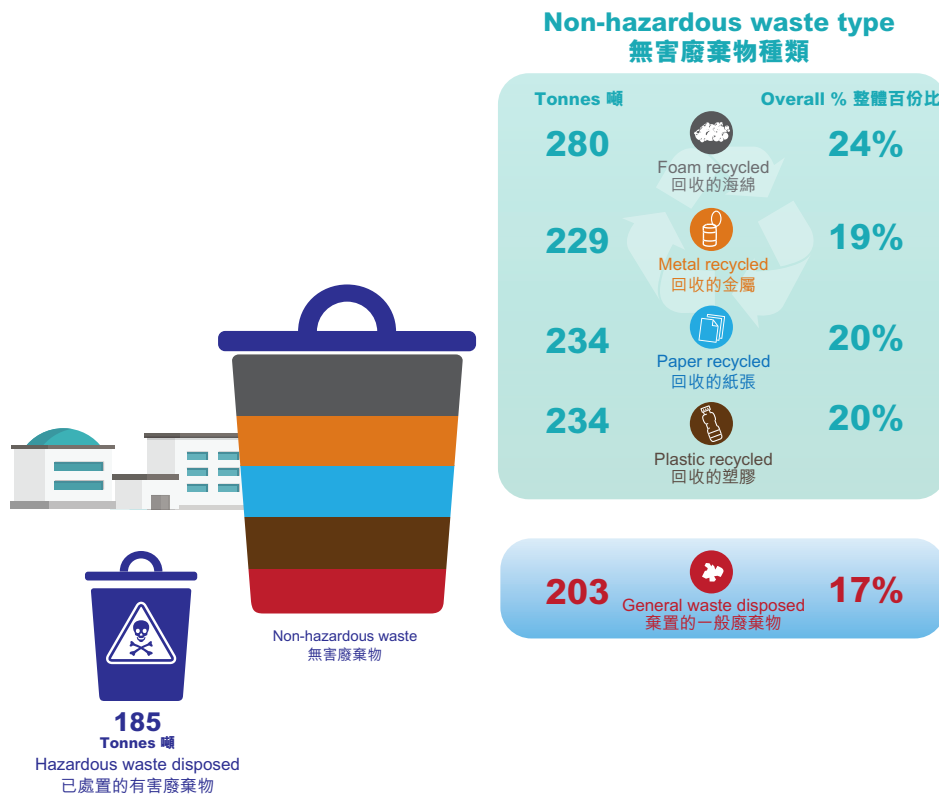
環境、社會及管治報告

As a daily waste reduction practice, the Group encouraged employees to bring their own drinking bottles for refill and prevent the use of bottled or barreled water to minimize plastic waste generated as a result.

The Group has endeavored to enhance its waste management system and incorporate records for all waste disposed. Throughout the Reporting Year, the Group had achieved an overall non-hazardous waste recycling rate of 83%. The Group will continue its good waste management practices and seek ways to reduce and recycle waste.

作為日常的減廢慣例，本集團鼓勵員工自攜水瓶以補充及避免使用瓶裝或桶裝水，以減少隨之產生的塑料廢棄物。

本集團致力加強廢棄物管理系統，並收錄所有廢棄物棄置的記錄。在整個報告年度，本集團的整體無害廢棄物回收率達83%。本集團將繼續其良好的廢物管理常規，並尋求減少和回收廢物的方法。



Noise management

Sinomax realized the potential impact on the surroundings brought by noise generated from the production process. Therefore, the Group has formulated a noise pollution control policy to monitor noise level and avoid causing nuisance. The policy states:

- 1) Repair equipment that generates abnormally loud noise immediately
- 2) Appoint third party consultancy company to conduct noise auditing at least once per year to ensure production operates under compliance
- 3) Evaluate implemented measures and adopt additional measures if necessary

The factories were installed with noise barriers such as soundproof rooms and sound insulation windows to prevent the noise level from exceeding the compliance level and distract the surroundings. In the Reporting Year, all factories complied with the relevant local noise emission standards.

噪音管理

盛諾意識到生產過程所產生的噪音對周圍環境的潛在影響。因此，本集團已制定噪音污染控制政策，以監察噪音水平，避免造成滋擾。該政策列明：

- 1) 立即修理產生異常噪音的設備
- 2) 委派第三方諮詢公司每年至少進行一次噪音審核，以確保生產過程符合法規
- 3) 評估已實施的措施，並在有需要時採取進一步的措施

工廠均已安裝隔音室和隔音窗等隔音設備，以防止噪音水平超過合規水平和滋擾周邊環境。在報告年度內，所有廠房已遵守當地相關的噪音排放標準。

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Green office

The Group endeavors to promote a green office culture. To echo carbon reduction and environment sustainability, the Group has established "Sinomax green office plan". The HR Department took charge to implement the plan and review the performances monthly. Under the plan, employees were encouraged to:

綠色辦公室

本集團致力於推廣綠色辦公室文化。為響應減碳排放和環境的可持續發展，本集團已制定「盛諾綠色辦公室計劃」。人力資源部負責實行該計劃並每月檢視成效一次。在該計劃下，鼓勵員工：



In addition, energy saving signs were posted at visible areas to raise employees' awareness. In return of employees' driving force, the office has significantly reduced electricity and paper consumption. This has reflected Sinomax's success in cultivating a green office culture.

此外，在當眼處張貼節能標誌以提高員工的節能意識。在員工的努力下，辦公室大大地減少電力和紙張消耗。此反映盛諾在培育綠色辦公文化方面的成功。

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DELIVER LOVE TO COMMUNITY

Being the first enterprise to receive the ISO 26000 certification on corporate social responsibility, Sinomax also intended to uphold its core value by contributing the betterment of the community beyond delivering its love through the products. In order to continue driving employees to participate in the society, the Group has established staff volunteer teams at premises and participated in various voluntary events to deliver its care to the “Beloved”.

In Hong Kong, the team had participated events focus on children and elderlies. For instance, the Group had participated in Wish Carnival @ SummerFest 2018 organized by Make-A-Wish Hong Kong. This themed-event was aimed to encourage society's care for and support on children with serious health condition to pursue their dreams bravely. Sinomax had also joined a Young Men's Christian Association organized activity which was to make donut and snacks with children and encourage them to share with family and friends to achieve “Love Supports Beloved”. Other than these, the team made visits to the elderly care centers to express Sinomax's care to the elderly population.

將愛傳至社區

作為業內首個獲頒ISO 26000企業社會責任證書的企業，除了透過產品傳達愛之外，盛諾更計劃為社區的繁榮作出貢獻來支持其核心價值。為持續帶動員工投入社會，本集團已在不同物業設立員工義工團隊，參與各種義工活動，以關懷「所愛」。

在香港，該義工團隊參加了以兒童和老年人為重點的活動。例如：本集團曾參與由願望成真基金舉辦的2018年度「願望童樂日@中環夏誌」。這個活動旨在鼓勵社會關懷和支持嚴重健康狀況的兒童，勇敢地追求他們的夢想。盛諾還參加了一項基督教青年會的活動，該活動透過與兒童一起製作甜甜圈和小吃，鼓勵他們與家人和朋友分享，以實現「用愛支持所愛」。除此之外，義工團隊還訪問了老人護理中心，以表達盛諾對老年人口的關注。

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Sinomax Hong Kong volunteer team participated in Wish Carnival @ SummerFest 2018 in Hong Kong
 盛諾的香港義工團隊參加在香港舉辦的2018年度「願望童樂日@中環夏誌」



The Sinomax volunteer team from Hong Kong had brought their families along and joined the event, "JOYPixels x VOLUNTEER SPACE EMOJIONE Walkathon" to show their care and support towards the vulnerable groups in Hong Kong, and poor children in Africa and PRC.
 在香港的盛諾義工隊帶著他們的家人參加「無國界義工EmojiONE與您·義路同行」活動。以表達他們對香港弱勢群體以及非洲和中國貧困兒童的關心和支持。



Sinomax Volunteer Team from Hong Kong partnered with Hong Kong Young Women's Christian Association Sham Shui Po Integrated Home Care Services and hold a day trip with solitary elders. Throughout the event, they visited Noah's Life Education House to participate a range of edutainment activities and review the importance of happiness in life.
 在香港的盛諾義工隊與香港基督教女青年會深水埗綜合家居照顧服務隊合作，與獨居長者一日遊。在活動期間，他們參觀方舟生命教育館並參加一系列遊學學習活動，並回顧了生活中快樂的重要性。

In recognition of Sinomax's dedicated efforts to give back to the community, the Group has been a World-Wide Fund ("WWF")-Hong Kong silver membership. In addition to the implementation of green office practices, the Group has continued to advocate the message of protecting earth's resources and encourage citizen to support through donation at WWF donation boxes placed within the office.

作為盛諾致力回饋社會的認可，本集團已成為世界自然基金會（「世界自然基金會」）香港分會的純銀會員。除了實行綠色辦公室計劃外，本集團還繼續宣揚保護地球資源的信息，並鼓勵市民在設置於辦公室內的世界自然基金會捐款箱捐款。



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In the PRC, teams from different premises joined events organized by local governments that aimed to deliver care to the vulnerable groups and promote green-living community throughout the Reporting Year. In addition to making visits to elderly care centers and children day care centers, the Group had participated in numerous environmental protection events, such as the 2018 Arbor Day and Riding event co-organized by Sichuan Green Foundation and local governments. This event aimed to promote low-carbon and green city which composed of a range of activities including bike riding, planting trees and more. The participation of a range of environmental protection promoting events had shown Sinomax's devotion to contribute to a greener society along with government initiatives. Furthermore, the PRC volunteer teams had donated daily necessities, and participated in post-disaster clean-up and blood donation that contributed to build up a caring society.

在中國，來自不同物業的團隊於報告年度內參加了由地方政府組織的活動，旨在關注弱勢社群並促進社區綠色生活。除了探訪老人護理中心和日間幼兒中心外，本集團還參加了多項環保活動，例如：由四川省綠化基金會和當地政府合辦的「2018年全民義務植樹暨低碳熊貓騎行活動」。該活動透過騎自行車、種植樹木等多種活動，推廣低碳綠色城市。參與一系列的環保活動表明，盛諾致力配合政府政策，並為綠色社會作出貢獻。此外，中國的志願者團隊捐贈日用品，並參與災後清理和捐血活動，為建立關愛社會作出貢獻。



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Through the Group's dedication in contributing community well-being, Sinomax has built up a culture that spreads love and care to vulnerable group, and promotes greener atmosphere for a sustainable living environment.

透過本集團致力為社區福祉作出貢獻，盛諾已建立一種向弱勢社群傳播愛心和關懷的文化，並為可持續的生活環境營造更綠色的氣氛。



LOOKING FORWARD

As one of the business strategies, the Group will continuously seek ways to refine its sustainability management through engaging different stakeholders and reviewing the management approaches periodically. Being part of the manufacturing industry, the Group is committed to promote healthy living through producing high quality products in a responsible manner. Sinomax believes this to be achieved by adopting green operations, safeguarding employees and delivering care to the “beloved” in contribution to continuous business development and overall community well-being.

展望將來

作為業務策略之一，本集團將不斷尋求方法，通過與不同的持份者的互動及定期審查管理方法以完善其可持續發展管理。作為製造業的一員，本集團致力以負責任的方式生產優質產品，促進健康生活。盛諾認為此可通過採用綠色運營、保護員工和將關懷給予「所愛」，為持續的業務發展和整體社區福祉作出貢獻來實現。



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PERFORMANCE TABLE

績效表

Environmental Performance 環境表現	Unit 單位	2018 ⁽¹⁾ 2018年 ⁽¹⁾
Greenhouse Gas (GHG) Emissions 溫室氣體排放		
Scope 1: Direct emission ⁽²⁾ 範圍1：直接排放 ⁽²⁾	Tons of CO ₂ equivalent (tCO ₂ e) 噸二氧化碳當量	2,480
Scope 2: Indirect emission ⁽³⁾ 範圍2：間接排放 ⁽³⁾	tCO ₂ e 噸二氧化碳當量	7,294
Total emissions 總排放量	tCO ₂ e 噸二氧化碳當量	9,775
GHG emissions intensity 溫室氣體排放密度	tCO ₂ e/M' Revenue 噸二氧化碳當量／百萬收入	2.29
Energy Usage⁽⁴⁾ 能源使用⁽⁴⁾		
Solar energy ⁽⁵⁾ 太陽能 ⁽⁵⁾	MWh 兆瓦時	4,074
Electricity 電	MWh 兆瓦時	11,554
Natural gas ⁽⁶⁾ 天然氣 ⁽⁶⁾	MWh 兆瓦時	420
Diesel 柴油	MWh 兆瓦時	494,768
Gasoline 電油	MWh 兆瓦時	1,978
Liquefied petroleum gas ("LPG") 液化石油氣 (「液化石油氣」) Gas 煤氣	MWh 兆瓦時 MWh 兆瓦時	25 11
Energy intensity 能源密度	MWh/M' Revenue 兆瓦時／百萬收入	120.29
Water Consumption 用水		
Total 總量	m ³ 立方米	315,254
Water consumption intensity 用水密度	m ³ /M' Revenue 立方米／百萬收入	73.95
Hazardous Waste 有害廢棄物		
Total 總計	tons 噸	185
Non-Hazardous Waste 無害廢棄物		
Total 總計	tons 噸	1,179
Total waste recycled 廢棄物回收總量	tons 噸	977
Waste recycling rate 廢棄物回收率	%	83
Packaging Material 包裝材料		
Total 總計	tons 噸	7,158

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Note (1): Gaseous emissions are insignificant to Sinomax's operations.

附註(1)：氣體排放對盛諾的運營並不重要。

Note (2): Scope 1 GHG emissions refer to direct emission of GHG from sources owned or controlled by the Group, which include (i) transportation and (ii) machinery usage.

附註(2)：範圍一溫室氣體排放指本集團擁有或控制的業務直接產生的溫室氣體排放，包括(i)交通及(ii)機器使用。

Note (3): Scope 2 GHG emissions refer to indirect GHG emissions resulting from the generation of the electricity which the Group purchased.

附註(3)：範圍二溫室氣體排放指產生本集團購回來的電力所引致的間接溫室氣體排放

Note (4): The retail shops' energy consumptions were excluded.

附註(4)：零售店的能源消耗被排除在外。

Note (5): The reported data involved the electricity generated from solar panel in Dongguan premise only.

附註(5)：呈報的數據僅涉及東莞物業太陽能電池板產生的電力。

Note (6): Natural gas was used in the Shanghai and Dongguan factories only. The Dongguan factory has started using natural gas since May, 2018.

附註(6)：天然氣僅用於上海和東莞的工廠。東莞工廠自2018年5月開始使用天然氣。

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環境、社會及管治報告

Social Performance 社會表現	Unit 單位		2018 2018年
Workforce Profile 員工概況			
Total workforce 總僱員		No. of people 人數	2,864
By gender 按性別劃分	Male 男性	No. of people 人數	1,476
	Female 女性	No. of people 人數	1,388
By age Group 按年齡組別劃分	Under 30 years old 30歲以下	No. of people 人數	652
	30 to 50 years old 30歲至50歲	No. of people 人數	1,866
	Over 50 years old 50歲以上	No. of people 人數	288
	By employment type 按僱員類型劃分	Management 管理層	No. of people 人數
	Senior 高級員工	No. of people 人數	52
	Junior 初級員工	No. of people 人數	2,792
By geographical region 按地區劃分	Hong Kong 香港	No. of people 人數	112
	PRC 中國	No. of people 人數	2,752
Occupational Health and Safety 職業健康與安全			
Injury rate per 1,000 employees 每千名員工工傷率		%	12.40
Lost days due to work injury 因工傷而損失工作日數		Day 日數	1202.5
Number of fatalities 死亡數字		No. of people 人數	0
Rate of fatalities 死亡比率		%	0

Note (1): Employees information of the United States premises are excluded.

附註(1)：美國物業的員工資料並不包括在內。

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ESG CONTENT INDEX

ESG內容索引

Aspect 層面	KPI 關鍵績效指標	Description 描述	Statement/Section 聲明／章節	Page No. 頁數
A. Environment 環境				
Aspect A1: EMISSIONS				
層面A1：排放物				
A1	General disclosure 一般披露	Information on: (a) the policies; and (a) 政策；及 (b) compliance (b) 合規 的資料。	Promote environmental protection; 推動環境保護； There was one non-compliance case regarding air emissions reported during the Reporting Year which had been resolved as disclosed under section promote environmental protection 報告年度內本集團發現一宗違規空氣排 放的事件，其已被解決並於推動環境保 護章節中披露	95-104
A1.1		The types of emissions and respective emissions data. 排放物種類及相關排放資料。	Promote environmental protection 推動環境保護	95-104
A1.2		Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). 溫室氣體總排放量（以噸計算）及（如適用）密度（如 以每產量單位、每項設施計算）。	Performance Table 績效表	110
A1.3		Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). 所產生有害廢棄物總量（以噸計算）及（如適用）密度 （如以每產量單位、每項設施計算）。	Waste management 廢棄物管理	102
A1.4		Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). 所產生無害廢棄物總量（以噸計算）及（如適用）密度 （如以每產量單位、每項設施計算）。	Waste management 廢棄物管理	102
A1.5		Description of measures to mitigate emissions and results achieved. 描述減低排放量的措施及所得成果。	Promote environmental protection 推動環境保護	95-104
A1.6		Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved. 描述處理有害及無害廢棄物的方法、減低產生量的措 施及所得成果。	Waste management; Green office 廢棄物管理；綠色辦公室	104

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Aspect 層面	KPI 關鍵績效指標	Description 描述	Statement/Section 聲明／章節	Page No. 頁數
Aspect A2: USE OF RESOURCES				
層面A2：資源使用				
A2	General disclosure 一般披露	Policies 政策	Promote environmental protection 推動環境保護	95-104
A2.1		Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). 按類型劃分的直接及／或間接能源（如電、氣或油）總耗量（以千個千瓦時計算）及密度（如以每產量單位、每項設施計算）。	Performance Table 績效表	110
A2.2		Water consumption in total and intensity (e.g. per unit of production volume, per facility). 總耗水量及密度（如以每產量單位、每項設施計算）。	Performance Table 績效表	110
A2.3		Description of energy use efficiency initiatives and results achieved. 描述能源使用效益計畫及所得成果。	Energy usage and GHG emissions; Green office 能源使用及溫室氣體排放；綠色辦公室	96-99, 104
A2.4		Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved. 描述求取適用水源上可有任何問題，以及提升用水效益計畫及所得成果。	Water and wastewater management 水及廢水管理	99-100
A2.5		Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. 製成品所用包裝材料的總量（以噸計算）及（如適用）每生產單位估量。	Prudent procurement 謹慎採購	85

Aspect A3: THE ENVIRONMENT AND NATURAL RESOURCES

層面A3：環境及天然資源

A3	General disclosure 一般披露	Policies 政策	Promote environmental protection 推動環境保護	95-104
A3.1		Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. 描述業務活動對環境及天然資源的重大影響及已採取管理有關影響的行動。	Promote environmental protection 推動環境保護	95-104

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

Aspect 層面	KPI 關鍵績效指標	Description 描述	Statement/Section 聲明／章節	Page No. 頁數
B. Society 社會				
Aspect B1: EMPLOYMENT				
層面B1：僱傭				
B1	General disclosure 一般披露	Information on: (a) the policies; and (a) 政策；及 (b) compliance (b) 合規 的資料	Talent attraction 吸納人才 There was no relevant material non-compliance during the Reporting Year 報告年度內沒有相關的重大違規事件	90-91
B1.1		Total workforce by gender, employment type, age group and geographical region. 按性別、僱傭類型、年齡組別及地區劃分的僱員總數。	Performance Table 績效表	112
B1.2		Employee turnover rate by gender, age group and geographical region. 按性別、年齡組別及地區劃分的僱員流失比率。	The Group shall improve data collection system for future disclosure. 本集團應改進數據收集系統，以備將來披露	—

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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Aspect 層面	KPI 關鍵績效指標	Description 描述	Statement/Section 聲明／章節	Page No. 頁數
Aspect B2: HEALTH AND SAFETY				
層面B2：健康與安全				
B2	General disclosure 一般披露	Information on: (a) the policies; and (a) 政策；及 (b) compliance (b) 合規 的資料	Safeguarding talents 保護人才 There was no relevant material non-compliance during the Reporting Year 報告年度內沒有相關的重大違規事件	92
B2.1		Number and rate of work-related fatalities. 因工作關係而死亡的人數及比率。	Performance Table 績效表	112
B2.2		Lost days due to work injury. 因工傷損失工作日數。	Performance Table 績效表	112
B2.3		Description of occupational health and safety measures adopted, how they are implemented and monitored. 描述所採納的職業健康與安全措施，以及相關執行及監察方法。	Safeguarding talents 保護人才	92
Aspect B3: DEVELOPMENT AND TRAINING				
層面B3：發展及培訓				
B3	General disclosure 一般披露	Policies 政策	Talents cultivation 培育人才	93-94
B3.1		The percentage of employees trained by gender and employee category (e.g. senior management, middle management). 按性別及僱員類別（如高級管理層、中級管理層等）劃分的受訓僱員百分比。	The Group shall improve data collection system for future disclosure. 本集團應改進數據收集系統，以備將來披露。	—
B3.2		The average training hours completed per employee by gender and employee category. 按性別及僱員類別劃分，每名僱員完成受訓的平均時數。	The Group shall improve data collection system for future disclosure. 本集團應改進數據收集系統，以備將來披露。	—

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境·社會及管治報告

Aspect 層面	KPI 關鍵績效指標	Description 描述	Statement/Section 聲明／章節	Page No. 頁數
Aspect B4: LABOUR STANDARDS				
層面B4：勞工準則				
B4	General disclosure 一般披露	Information on: (a) the policies; and (a) 政策；及 (b) compliance (b) 合規 的資料	Business integrity 商業誠信 There was no relevant material non-compliance during the Reporting Year 報告年度內沒有相關的重大違規事件	94
B4.1		Description of measures to review employment practices to avoid child and forced labour. 描述檢討招聘慣例的措施以避免童工及強制勞工。	Business integrity 商業誠信	94
B4.2		Description of steps taken to eliminate such practices when discovered. 描述在發現違規情況時消除有關情況所採取的步驟。	Business integrity 商業誠信	94
Aspect B5: SUPPLY CHAIN MANAGEMENT				
層面B5：供應鏈管理				
B5	General disclosure 一般披露	Policies 政策	Prudent procurement 謹慎採購	84
B5.1		Number of suppliers by geographical region. 按地區劃分的供應商數目。	Prudent procurement 謹慎採購	84
B5.2		Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored. 描述有關聘用供應商的慣例，向其執行有關慣例的供應商數目，以及有關慣例的執行及監察方法。	Prudent procurement 謹慎採購	84

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

Aspect 層面	KPI 關鍵績效指標	Description 描述	Statement/Section 聲明／章節	Page No. 頁數
Aspect B6: PRODUCT RESPONSIBILITY				
層面B6：產品責任				
B6	General disclosure 一般披露	Information on: (a) the policies; and (a) 政策；及 (b) compliance (b) 合規 的資料	Quality assurance process; Aftersales services 質量保證程序；售後服務	89-90
B6.1		Percentage of total products sold or shipped subject to recalls for safety and health reasons. 已售或已運送產品總數中因安全與健康理由而須回收的百分比。	Aftersales services 售後服務	89-90
B6.2		Number of products and service related complaints received and how they are dealt with. 接獲關於產品及服務的投訴數目以及應對方法。	Aftersales services 售後服務	89-90
B6.3		Description of practices relating to observing and protecting intellectual property rights. 描述與維護及保障知識產權有關的慣例。	Aftersales services 售後服務	89-90
B6.4		Description of quality assurance process and recall procedures. 描述品質檢定過程及產品回收程式。	Quality assurance process 質量保證程序	89-90
B6.5		Description of consumer data protection and privacy policies, how they are implemented and monitored. 描述消費者資料保障及私隱政策，以及相關執行及監察方法。	Aftersales services 售後服務	89-90

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境·社會及管治報告

Aspect 層面	KPI 關鍵績效指標	Description 描述	Statement/Section 聲明／章節	Page No. 頁數
Aspect B7: ANTI-CORRUPTION				
層面B7：反貪污				
B7	General disclosure 一般披露	Information on: (a) the policies; and (a) 政策；及 (b) compliance (b) 合規 的資料	Business integrity 商業誠信 There was no relevant material non-compliance during the Reporting Year 報告年度內沒有相關的重大違規事件	94
B7.1		Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases. 於報告期內對發行人或其僱員提出並已審結的貪污訴訟案件的數目及訴訟結果。	Business integrity 商業誠信	94
B7.2		Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. 描述防範措施及舉報程式，以及相關執行及監察方法。	Business integrity 商業誠信	94
Aspect B8: COMMUNITY INVESTMENT				
層面B8：社區投資				
B8	General disclosure 一般披露	Policies 政策	Deliver love to community 將愛傳至社區	105-108
B8.1		Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). 專注貢獻範疇（如教育、環境事宜、勞工需求、健康、文化、體育）。	Deliver love to community 將愛傳至社區	105-108
B8.2		Resources contributed (e.g. money or time) to the focus area. 在專注範疇所動用資源（如金錢或時間）。	Deliver love to community 將愛傳至社區	108

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Deloitte.

德勤

TO THE SHAREHOLDERS OF SINOMAX GROUP LIMITED

盛諾集團有限公司

(incorporated in the Cayman Islands with limited liability)

致盛諾集團有限公司股東

盛諾集團有限公司

(於開曼群島註冊成立的有限公司)

OPINION

We have audited the consolidated financial statements of Sinomax Group Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 131 to 291, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

意見

吾等已審計列載於第131至291頁盛諾集團有限公司(「貴公司」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表,包括於2018年12月31日的綜合財務狀況表,與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表和綜合現金流量表,以及綜合財務報表的附註,包括主要會計政策概要。

吾等認為,綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的《香港財務報告準則》(「香港財務報告準則」)真實而公允地反映了貴集團於2018年12月31日的綜合財務狀況及截至該日止年度的綜合財務表現及其綜合現金流量,並已遵照香港《公司條例》的披露規定妥為擬備。

意見的基礎

吾等已根據香港會計師公會頒佈的《香港審計準則》(「香港審計準則」)進行審計。吾等就該等準則承擔的責任在本年報「核數師就審計綜合財務報表承擔的責任」部分中闡述。根據香港會計師公會的《專業會計師道德守則》(「守則」),吾等獨立於貴集團,並已履行守則中的其他職業道德責任。吾等相信,吾等所獲得的審計憑證能充足及適當地為吾等的審計意見提供基礎。

KEY AUDIT MATTERS

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

Key audit matter

關鍵審計事項

Impairment of goodwill and intangible assets with indefinite useful life 商譽及具有無限使用年期之無形資產之減值

We identified the impairment of goodwill and intangible assets with indefinite useful life arising from the acquisition of Dormeo North America, LLC (the "Dormeo") in 2016 as a key audit matter due to the significant management judgments and estimations are required to estimate the value in use of cash-generating units ("CGUs") of the Dormeo.

吾等已識別於2016年收購Dormeo North America, LLC (「Dormeo」)產生之商譽及具有無限使用年期之無形資產之減值為關鍵審計事項，原因為估計Dormeo之現金產生單位(「現金產生單位」)之使用價值須作出重大管理層判斷及估計。

關鍵審計事項

關鍵審計事項是根據吾等的職業判斷，對本期間綜合財務報表的審計最為重要的事項。這些事項是在吾等審計整體綜合財務報表及出具意見時進行處理的。吾等不會對這些事項提供單獨的意見。

How our audit addressed the key audit matter

吾等在審計中對關鍵審計事項的處理方式

Our procedures in relation to impairment of goodwill and intangible assets with indefinite useful life included:

吾等關於商譽及具有無限使用年期之無形資產的減值之程序包括：

- Understanding the key controls in relation to the impairment of goodwill and intangible assets with indefinite useful life, including the process of preparation of the discounted cash flow model, CGUs allocation and key assumptions used in the estimation;

了解有關商譽及具有無限使用年期之無形資產的減值的關鍵監控措施，有關措施包括編製貼現現金流量模型、現金產生單位的分配及估計所用的關鍵假設。

- Evaluating the appropriateness of the key assumptions, including growth rates, gross margin, discount rate and expected sales from customers, in the discounted cash flow model prepared and endorsed by the board and reviewed by an independent professional valuer and discussing with the management on their expectation for future market development;

評價董事會編製及認可並經獨立專業估值師審閱之貼現現金流量模型之關鍵假設(包括增長率、毛利率、貼現率及來自客戶的預期銷售)之適當性，並與管理層討論彼等對未來市場發展的期望；

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key audit matter

關鍵審計事項

Impairment of goodwill and intangible assets with indefinite useful life

商譽及具有無限使用年期之無形資產之減值

As at 31 December 2018, the carrying values of goodwill and intangible assets with indefinite useful life of the Dormeo were HK\$36,463,000 and HK\$85,483,000. Determining whether the goodwill and intangible assets with indefinite useful life are impaired requires the management judgments and estimations to estimate the value in use of the CGUs related to business of which the goodwill and intangible assets with indefinite useful life have been allocated using discounted cash flow model. In estimating the value in use of the CGUs, key assumptions used by the management include growth rates, gross margin, discount rate, expected sales from customers and management's expectation for future market development.

於2018年12月31日，Dormeo之商譽及具有無限使用年期之無形資產之賬面值為36,463,000港元及85,483,000港元。釐定商譽及具有無限使用年期之無形資產是否已減值須作出重大管理層判斷及估計，以使用貼現現金流量模型估計與已獲分配商譽及具有無限使用年期之無形資產之業務有關之現金產生單位之使用價值。於估計現金產生單位之使用價值時，管理層所用之關鍵假設包括增長率、毛利率、貼現率、來自客戶的預期銷售及管理層對未來市場發展之期望。

How our audit addressed the key audit matter

吾等在審計中對關鍵審計事項的處理方式

- Evaluating the reasonableness of, and recalculating, the sensitivity analysis prepared by management and assessing the impact on the value in use of the CGUs;

評估管理層編製的敏感度分析的合理性，並進行重新計算，以及評估對現金產生單位使用價值的影響；

Key audit matter 關鍵審計事項

Impairment of goodwill and intangible assets with indefinite useful life 商譽及具有無限使用年期之無形資產之減值

Management of the Group determined that there was no impairment in these CGUs containing goodwill and intangible assets with indefinite useful life for the year ended 31 December 2018. Details relating to the management assessment on the impairment of goodwill and intangible assets with indefinite useful life are set out in note 22 to the consolidated financial statements.

貴集團管理層釐定包括商譽及具有無限使用年期之無形資產之該等現金產生單位於截至2018年12月31日止年度並無減值。有關管理層對商譽及具有無限使用年期之無形資產之減值評估詳情載於綜合財務報表附註22。

How our audit addressed the key audit matter 吾等在審計中對關鍵審計事項的處理方式

- Comparing the actual results for the current year with management's cash flows projections prepared in the previous year to evaluate the accuracy of management's budgeting process;

將本年度之實際業績與管理層於去年編製的現金流量預測作比較，以評估管理層作出預算的過程的準確程度；

- Evaluating the competence, capabilities and objectivity of the independent qualified professional valuer and obtaining an understanding of the valuer's scope of work and their terms of engagement; and

評估獨立合資格專業估值師的勝任程度、能力及客觀性，以及了解估值師的工作範圍及彼等的委聘條款；及

- Engaging our internal valuation specialists to assess the appropriateness of valuation methodology and discount rate adopted.

聘請內部估值專家評估所採用估值方法及貼現率的適當性。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key audit matter

關鍵審計事項

Impairment assessment of trade receivables

貿易應收款項之減值評估

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

吾等已識別貿易應收款項之減值評估為關鍵審計事項，原因為貿易應收款項對貴集團綜合財務狀況之重要性以及評估貴集團貿易應收款項於報告期末之預期信貸虧損（「預期信貸虧損」）涉及主觀判斷及管理層估計。

How our audit addressed the key audit matter

吾等在審計中對關鍵審計事項的處理方式

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

吾等有關貿易應收款項減值評估之程序包括：

- Understanding key controls on how the management estimates the loss allowance for trade receivables;
了解管理層估計貿易應收款項之虧損撥備之主要控制；
- Testing the integrity of information used by management to develop the provision matrix, including trade receivables ageing analysis and individual customers' internal credit rating as at 31 December 2018, on a sample basis, by comparing individual items in the analysis and the internal credit rating with the relevant sales agreements, sales invoices and other supporting documents;

按抽樣基準，透過將分析及內部信貸評級中之個別項目與有關銷售協議、銷售發票及其他支持文件作比較，測試管理層用以制定撥備矩陣之資料之完整性，包括於2018年12月31日之貿易應收款項賬齡分析及個別客戶之內部信貸評級；

Key audit matter 關鍵審計事項

Impairment assessment of trade receivables 貿易應收款項之減值評估

As at 31 December 2018, the Group's net trade receivables amounted to HK\$692,747,000, which represented approximately 24% of total assets of the Group and out of these trade receivables of HK\$269,620,000 were past due. In the current year, as explained in notes 2 and 4 to the consolidated financial statements, the Group adopted Hong Kong Financial Reporting 9 "Financial Instruments" and the management of the Group estimates the amount of lifetime ECL of trade receivables based on provision matrix through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, ageing repayment history and past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. In addition, trade receivables that are credit impaired are assessed for ECL individually. The loss allowance amount of the credit impaired trade receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future losses.

於2018年12月31日，貴集團之貿易應收款項淨額為692,747,000港元，相當於貴集團資產總值之約24%，而於該等貿易應收款項中，269,620,000港元已逾期。於本年度，誠如綜合財務報表附註2及4所闡述，貴集團已採納香港財務報告準則第9號「金融工具」，且貴集團管理層經考慮貿易債務人之內部信貸評級、賬齡償還歷史及各貿易應收款項之逾期狀況，透過將具有類似虧損模式之各債務人分類而根據撥備矩陣估計貿易應收款項之全期預期信貸虧損金額。估計虧損率乃基於債務人於預計年期的歷史觀察違約率，並根據前瞻性資料作出調整。此外，信貸減值貿易應收款項乃個別評估預期信貸虧損。信貸減值貿易應收款項之虧損撥備金額乃經考慮預期未來虧損後，按資產賬面值與估計未來現金流量之現值之差額計量。

How our audit addressed the key audit matter 吾等在審計中對關鍵審計事項的處理方式

- Challenging management's basis and judgement in determining credit loss allowance on trade receivables as at 31 December 2018, including their identification of credit impaired trade receivables, the reasonableness of management's grouping of the remaining trade debtors into different categories in the provision matrix, and the basis of estimated loss rates applied in each category in the provision matrix (with reference to historical default rates and forward-looking information); and

質疑管理層釐定於2018年12月31日之貿易應收款項之信貸虧損撥備之基準及判斷，包括彼等識別信貸減值貿易應收款項、管理層將餘下貿易應收款項分類至撥備矩陣內不同類別之合理性，以及撥備矩陣內不同類別所應用之估計虧損率之基準（經參考歷史違約率及前瞻性資料）；及

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key audit matter

關鍵審計事項

Impairment assessment of trade receivables

貿易應收款項之減值評估

As disclosed in note 38 to the consolidated financial statements, the Group recognised an additional amount of HK\$5,923,000 of impairment of trade receivables for the year and the Group's allowance for lifetime ECL on trade receivables as at 31 December 2018 amounted to HK\$24,913,000.

誠如綜合財務報表附註38所披露，貴集團於年度確認額外貿易應收款項減值金額5,923,000港元，而貴集團於2018年12月31日之貿易應收款項之全期預期信貸虧損為24,913,000港元。

How our audit addressed the key audit matter

吾等在審計中對關鍵審計事項的處理方式

- Evaluating the disclosures regarding the impairment assessment of trade receivables in notes 4, 26 and 38 to the consolidated financial statements.

評價綜合財務報表附註4、26及38內有關貿易應收款項減值評估之披露。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

OTHER INFORMATION

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

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

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

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

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

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

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

其他資料

貴公司董事需對其他資料負責。其他資料包括年報所載的資料，但不包括綜合財務報表及吾等就此發出的核數師報告。

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

在吾等審計綜合財務報表時，吾等的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或吾等在審計過程中所了解的情況有重大抵觸，或者似乎有重大錯誤陳述。基於吾等已執行的工作，如果吾等認為其他資料有重大錯誤陳述，吾等需要報告該事實。在這方面，吾等沒有任何報告。

董事及管治人員就綜合財務報表須承擔的責任

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

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

管治人員負責監督貴集團財務報告過程的責任。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

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

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

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

核數師就審計綜合財務報表承擔的責任

吾等的目標，是對整體綜合財務報表是否不存在由於欺詐或錯誤而導致的任何重大錯誤陳述取得合理保證，並出具包括吾等意見的核數師報告。吾等僅向閣下（作為整體）按照吾等協定的委聘條款報告，除此之外本年報別無其他目的。吾等不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按《香港審計準則》進行的審計在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們個別或滙總起來可能影響綜合財務報表使用者所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審計的過程中，吾等運用了職業判斷，保持了職業懷疑態度。吾等亦：

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

- 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.
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所得的審計憑證，決定是否存在與事件或情況有關的重大不確定性，而可能對 貴集團持續經營的能力構成重大疑慮。如果吾等認為存在重大不確定性，則有必要在核數師報告中提請使用者對綜合財務報表中的相關披露資料的關注。假若有關的披露資料不足，則吾等須出具非無保留意見的核數師報告。吾等的結論是基於截至核數師報告日止所取得的審計憑證。然而，未來事件或情況可能導致 貴集團不能繼續持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露資料，以及綜合財務報表是否公允反映交易和事項。
- 就 貴集團內各實體或業務活動的財務資料獲得充足適當的審核憑證，以就綜合財務報表發表意見。吾等負責指導、監督和執行 貴集團的審核工作。吾等須為吾等的審核意見承擔全部責任。

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

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

吾等與管治人員溝通了計劃的審計範圍、時間安排、重大審計發現等事項，包括吾等在審計期間識別出內部控制的任何重大缺陷。

吾等亦向管治人員作出聲明，指出吾等已符合有關獨立性的相關道德要求，並與彼等溝通可能被合理認為會影響吾等獨立性的所有關係及其他事宜，以及相關防範措施（如適用）。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

The engagement partner on the audit resulting in the independent auditor's report is Gladys Fung Suet Ngan.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 March 2019

從與管治人員溝通的事項中，吾等釐定對本期間綜合財務報表的審計至關重要的事項，因而構成關鍵審計事項。吾等在核數師報告中描述該等事項，除非法律或法規不允許公開披露該等事項，或在極端罕見的情況下，倘合理預期在吾等報告中溝通某事項造成的負面後果超出產生的公眾利益，則吾等決定不應在報告中傳達該事項。

出具獨立核數師報告的審計項目合夥人為馮雪顏女士。

德勤•關黃陳方會計師行
執業會計師
香港
2019年3月27日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

For the year ended 31 December 2018

截至2018年12月31日止年度

		NOTES	2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
		附註		
Revenue	收入	5	4,263,322	4,183,786
Cost of sales	銷售成本		(3,491,279)	(3,354,589)
Gross profit	毛利		772,043	829,197
Other income	其他收入	7	66,931	51,739
Impairment losses, net of reversal	減值虧損(扣除撥回)	8	(5,923)	–
Other gains and losses	其他收益及虧損	9	356	(6,548)
Selling and distribution costs	銷售及分銷成本		(453,362)	(472,796)
Administrative expenses	行政開支		(217,491)	(216,950)
Finance costs	財務成本	10	(40,096)	(26,158)
Other expenses	其他開支		(94,872)	(100,242)
Profit before taxation	除稅前溢利	11	27,586	58,242
Income tax expense	所得稅開支	14	(22,744)	(7,457)
Profit for the year	年內溢利		4,842	50,785
Other comprehensive (expense) income	其他全面(開支)收入			
<i>Items that may be reclassified subsequently to profit or loss:</i>	<i>其後可能重新分類至損益的項目:</i>			
Exchange differences arising on translation of foreign operations	換算海外業務產生的匯兌差額		(59,937)	73,483
Reclassification of translation reserve to profit or loss upon disposal/dissolution of a subsidiary	出售/解散一間附屬公司後重新分類至損益的匯兌儲備	42	(67)	(1,364)
Other comprehensive (expense) income for the year	年內其他全面(開支)收入		(60,004)	72,119
Total comprehensive (expense) income for the year	年內全面(開支)收入總額		(55,162)	122,904
(Loss) profit for the year attributable to:	下列人士應佔年內(虧損)溢利:			
Owners of the Company	本公司擁有人		(5,801)	39,674
Non-controlling interests	非控股權益		10,643	11,111
			4,842	50,785

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

For the year ended 31 December 2018

截至2018年12月31日止年度

			2018	2017
		NOTE	2018年	2017年
		附註	HK\$'000	HK\$'000
			千港元	千港元
Total comprehensive (expense) income for the year attributable to:	下列人士應佔年內全面(開支)收入總額：			
Owners of the Company	本公司擁有人		(58,777)	107,652
Non-controlling interests	非控股權益		3,615	15,252
			(55,162)	122,904
(Loss) earning per share	每股(虧損)盈利	16		
– Basic and diluted (HK cents)	– 基本及攤薄(港仙)		(0.33)	2.27

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2018

於2018年12月31日

		NOTES	2018	2017
		附註	2018年	2017年
			HK\$'000	HK\$'000
			千港元	千港元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	17	682,084	713,031
Investment properties	投資物業	18	90,224	99,389
Prepaid lease payments	預付租賃款項	19	62,479	67,631
Deposits paid for acquisition of property, plant and equipment	就收購物業、廠房及設備支付的按金		13,182	20,806
Goodwill	商譽	20	61,409	62,764
Intangible assets	無形資產	21	122,399	137,268
Rental deposits	租金按金	23	23,365	24,470
Deferred tax assets	遞延稅項資產	24	25,451	19,710
			1,080,593	1,145,069
CURRENT ASSETS	流動資產			
Prepaid lease payments	預付租賃款項	19	1,638	1,727
Inventories	存貨	25	531,071	679,473
Trade and other receivables	貿易及其他應收款項	26	843,359	847,121
Bills receivables	應收票據	27	91,960	16,814
Trade receivables at fair value through other comprehensive income	透過其他全面收益按公平值列賬之貿易應收款項	29	87,769	–
Tax recoverable	可收回稅項		–	1,719
Pledged bank deposits	已抵押銀行存款	30	–	2,912
Fixed bank deposits	定期銀行存款	30	32,394	32,852
Bank balances and cash	銀行結餘及現金	30	234,435	155,485
			1,822,626	1,738,103
CURRENT LIABILITIES	流動負債			
Trade and other payables	貿易及其他應付款項	31	600,258	623,192
Bills payables	應付票據	32	86,181	91,474
Contract liabilities	合約負債	33	893	–
Unsecured bank borrowings	無抵押銀行借款	34	584,369	614,990
Taxation payable	應付稅項		19,825	20,022
			1,291,526	1,349,678
NET CURRENT ASSETS	流動資產淨值		531,100	388,425
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		1,611,693	1,533,494

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2018

於2018年12月31日

		NOTES	2018	2017
		附註	2018年	2017年
			HK\$'000	HK\$'000
			千港元	千港元
NON-CURRENT LIABILITIES	非流動負債			
Unsecured bank borrowings	無抵押銀行借款	34	289,388	121,064
Deferred tax liabilities	遞延稅項負債	24	96,462	102,964
			385,850	224,028
NET ASSETS	資產淨值		1,225,843	1,309,466
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	35	175,000	175,000
Reserves	儲備		904,429	980,030
Equity attributable to owners of the Company	本公司擁有人應佔權益		1,079,429	1,155,030
Non-controlling interests	非控股權益		146,414	154,436
TOTAL EQUITY	權益總額		1,225,843	1,309,466

The consolidated financial statements on pages 131 to 291 were approved and authorised for issue by the board of directors on 27 March 2019 and are signed on its behalf by:

第131至291頁所載綜合財務報表於2019年3月27日獲董事會批准及授權刊發，並由下列董事代表簽署：

Mr. Cheung Tung 張棟先生
DIRECTOR 董事

Mr. Lam Kam Cheung 林錦祥先生
DIRECTOR 董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2018

截至2018年12月31日止年度

Equity attributable to owners of the Company
本公司擁有人應佔股權

		Share capital 股本 HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	Merger reserve 合併儲備 HK\$'000 千港元 (Note (i)) (附註(i))	Statutory reserve 法定儲備 HK\$'000 千港元 (Note (ii)) (附註(ii))	Capital reserve 資本儲備 HK\$'000 千港元 (Note (iii)) (附註(iii))	Share options reserve 購股權儲備 HK\$'000 千港元	Translation reserve 匯兌儲備 HK\$'000 千港元	Retained profits 保留溢利 HK\$'000 千港元	Sub-total 小計 HK\$'000 千港元	Non-controlling interests 非控股權益 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2017	於2017年1月1日	175,000	404,520	(403,835)	12,621	1,510	13,575	(35,238)	891,137	1,059,290	154,806	1,214,096
Profit for the year	年內溢利	-	-	-	-	-	-	-	39,674	39,674	11,111	50,785
Exchange differences arising on translation of foreign operations	換算海外業務產生的匯兌差額	-	-	-	-	-	-	69,342	-	69,342	4,141	73,483
Reclassification of translation reserve to profit or loss upon dissolution of a subsidiary	解散一間附屬公司後重新分類至損益的匯兌儲備	-	-	-	-	-	-	(1,364)	-	(1,364)	-	(1,364)
Total comprehensive income for the year	年內全面收入總額	-	-	-	-	-	-	67,978	39,674	107,652	15,252	122,904
Dividend recognised as distribution (note 15)	確認為分派的股息(附註15)	-	-	-	-	-	-	-	(17,500)	(17,500)	-	(17,500)
Dividend paid to non-controlling interests	向非控股權益所派付的股息	-	-	-	-	-	-	-	-	-	(15,622)	(15,622)
Recognition of share based payment expense	確認股份付款開支	-	-	-	-	-	5,588	-	-	5,588	-	5,588
Transfers	轉讓	-	-	-	2,908	-	-	-	(2,908)	-	-	-
At 31 December 2017	於2017年12月31日	175,000	404,520	(403,835)	15,529	1,510	19,163	32,740	910,403	1,155,030	154,436	1,309,466
Adjustments (see note 2)	調整(見附註2)	-	-	-	-	-	-	-	(464)	(464)	-	(464)
At 1 January 2018 (restated)	於2018年1月1日(經重列)	175,000	404,520	(403,835)	15,529	1,510	19,163	32,740	909,939	1,154,566	154,436	1,309,002
(Loss) profit for the year	年內(虧損)溢利	-	-	-	-	-	-	-	(5,801)	(5,801)	10,643	4,842
Exchange differences arising on translation of foreign operations	換算海外業務產生的匯兌差額	-	-	-	-	-	-	(52,915)	-	(52,915)	(7,022)	(59,937)
Reclassification of translation reserve to profit or loss upon disposal of a subsidiary	出售一間附屬公司後重新分類至損益的匯兌儲備	-	-	-	-	-	-	(61)	-	(61)	(6)	(67)
Total comprehensive (expense) income for the year	年內全面(開支)收入總額	-	-	-	-	-	-	(52,976)	(5,801)	(58,777)	3,615	(55,162)
Dividend recognised as distribution (note 15)	確認為分派的股息(附註15)	-	-	-	-	-	-	-	(17,500)	(17,500)	-	(17,500)
Dividend paid to non-controlling interests	向非控股權益所派付的股息	-	-	-	-	-	-	-	-	-	(11,903)	(11,903)
Recognition of share based payment expense	確認股份付款開支	-	-	-	-	-	1,140	-	-	1,140	-	1,140
Lapse of share options	購股權失效	-	-	-	-	-	(876)	-	876	-	-	-
Derecognition of non-controlling interests upon disposal of a subsidiary	於出售一間附屬公司後取消確認非控股權益	-	-	-	-	-	-	-	-	-	266	266
Transfers	轉讓	-	-	-	2,473	-	-	-	(2,473)	-	-	-
At 31 December 2018	於2018年12月31日	175,000	404,520	(403,835)	18,002	1,510	19,427	(20,236)	885,041	1,079,429	146,414	1,225,843

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2018

截至2018年12月31日止年度

Notes:

(i) The merger reserve represented the difference between the total equity of those subsidiaries attributable to the owners of the Company which were transferred from the shareholders of Sinomax Enterprises Limited, the immediate holding company of the Company, ("Individual Shareholders") to Treasure Range Holdings Limited ("Treasure Range"), a wholly owned subsidiary of the Company, and the aggregated share capital of the relevant subsidiaries pursuant to the group reorganisation where the transfer of the relevant subsidiaries to Treasure Range as satisfied by issue of new shares from Treasure Range to the Company and from the Company to Sinomax Enterprises Limited.

(ii) According to the relevant requirements in the memorandum of association of the subsidiaries of the Company established in the People's Republic of China (the "PRC"), a portion of their profits after taxation has to be transferred to the statutory reserve and allocation to the statutory reserve which shall be approved by the board of directors of the entity. The transfer had been made before the distribution of a dividend to equity owners. The appropriation to statutory reserve may cease if the balance of the statutory reserve has reached 50% of the registered capital of the entity. The reserve can be applied either to set off accumulated losses, if any, or to increase registered capital. The statutory reserve is non-distributable other than upon liquidation.

In accordance with the provisions of the Macao Commercial Code, the subsidiary of the Company incorporated in Macau is required to transfer a minimum of 25% of annual net profit to statutory reserve until the accumulated amount equals half of its quota capital. This reserve is not distributable to the shareholders.

(iii) During the year ended 31 December 2011, the Individual Shareholders acquired an additional 34% interest in Trade Sincere Limited ("Trade Sincere"), a non-wholly owned subsidiary of the Company, from a non-controlling shareholder for a consideration of United States dollars ("US\$") 998,012 (equivalent to HK\$7,755,000) and the Group's interest in Trade Sincere was then increased from 51% to 85%. Simultaneously, Trade Sincere disposed of its 40% equity interest in Sinomax Kuka (Zhejiang) Foam Co. Limited ("Sinomax Kuka"), a then wholly-owned subsidiary of Trade Sincere, to a non-controlling shareholder for a consideration of US\$1,174,132 (equivalent to HK\$8,855,000). Sinomax Kuka became a 60% owned subsidiary of Trade Sincere after this partial disposal. The Group's effective interest in Sinomax Kuka remained unchanged. The difference between the consideration received by the Group and the increase in non-controlling interests after these transactions amounting to approximately HK\$1,510,000 is recorded in capital reserve.

附註：

(i) 合併儲備乃指根據集團重組本公司擁有人應佔該等附屬公司的權益總額由本公司直接控股公司聖諾盟企業有限公司之股東（「個別股東」）向本公司全資附屬公司Treasure Range Holdings Limited（「Treasure Range」）轉讓與相關附屬公司股本總額的差額。向Treasure Range轉讓相關附屬公司的代價乃透過Treasure Range向本公司發行新股份及本公司向聖諾盟企業有限公司發行新股份的方式支付。

(ii) 根據本公司於中華人民共和國（「中國」）成立的附屬公司組織章程大綱的相關規定，除稅後溢利部份須轉撥至法定儲備及分配予法定儲備須經實體董事會批准。該轉撥已於向權益擁有人分派股息前進行。倘法定儲備結餘已達實體註冊資本之50%，則可終止撥款至法定儲備。該儲備可用於抵銷累計虧損（如有）或增加註冊資本。除進行清盤時外，法定儲備不得用作分派。

根據澳門《商法典》的規定，本公司於澳門註冊成立的附屬公司須轉撥最少25%的年度純利至法定儲備，直至累計金額等同於配額資本的一半。該儲備不得用作股東分派。

(iii) 截至2011年12月31日止年度，個別股東向非控股股東收購本公司非全資附屬公司質誠有限公司（「質誠」）的額外34%權益，代價為998,012美元（「美元」）（相當於7,755,000港元）及本集團於質誠的權益因此由51%增加至85%。同時，質誠向非控股股東出售其於浙江聖諾盟顧家海綿有限公司（「聖諾盟顧家」）（當時質誠的一間全資附屬公司）的40%股權，代價為1,174,132美元（相當於8,855,000港元）。於該部份出售後，聖諾盟顧家成為質誠擁有60%權益的附屬公司。本集團於聖諾盟顧家的實際權益維持不變。於該等交易後，本集團所收取的代價與非控股權益增加的差額約為1,510,000港元，並計入資本儲備。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2018

截至2018年12月31日止年度

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
OPERATING ACTIVITIES	經營活動		
Profit before taxation	除稅前溢利	27,586	58,242
Adjustments for:	經下列各項調整：		
Allowance of doubtful debts, net of reversal	呆賬撥備，扣除撥回	–	(2,767)
Amortisation of prepaid lease payments	預付租賃款項攤銷	1,647	1,659
Amortisation of intangible assets	無形資產攤銷	6,772	6,277
Depreciation of investment properties	投資物業折舊	4,002	2,420
Depreciation of property, plant and equipment	物業、廠房及設備折舊	73,572	57,986
Finance costs	財務成本	40,096	26,158
(Gain) loss on disposal/dissolution of a subsidiary	出售／解散一間附屬公司之 (收益)虧損	(5,285)	1,364
Impairment losses, net of reversal on trade receivables	減值虧損，扣除貿易應收款項撥回	5,923	–
Impairment losses on intangible assets	無形資產減值虧損	8,097	–
Interest income	利息收入	(487)	(316)
Interest income on trade receivables at fair value through other comprehensive income ("FVTOCI")	透過其他全面收益按公平值列賬 (「透過其他全面收益按公平值 列賬」)之貿易應收款項之利息收入	(2,263)	–
Loss on initial recognition of trade receivables at FVTOCI	初步確認透過其他全面收益按公平值 列賬之貿易應收款項之虧損	1,910	–
Loss on disposal of property, plant and equipment	出售物業、廠房及設備的虧損	1,894	572
Provision for onerous leases	虧損租賃撥備	2,935	–
(Reversal of) provision for inventories	存貨(撥回)撥備	(5,670)	6,338
Share based payment expense	股份付款開支	1,140	5,588
Operating cash flows before movements in working capital	營運資金變動前的經營現金流量	161,869	163,521
Decrease (increase) in rental deposits	租金按金減少(增加)	800	(2,864)
Decrease (increase) in inventories	存貨減少(增加)	139,217	(174,352)
(Increase) decrease in trade and other receivables	貿易及其他應收款項(增加)減少	(112,892)	72,630
Increase in trade receivables at FVTOCI	透過其他全面收益按公平值列賬之 貿易應收款項增加	(1,222)	–
Increase in bills receivables	應收票據增加	(8,413)	(4,152)
Decrease in trade and other payables	貿易及其他應付款項減少	(90,004)	(47,748)
Decrease in contract liabilities	合約負債減少	(362)	–
Decrease in bills payables	應付票據減少	(597)	(360)
Cash generated from operations	經營產生現金	88,396	6,675
Hong Kong Profits Tax paid	已付香港利得稅	(4,177)	(5,713)
PRC Enterprise Income Tax ("EIT") paid	已付中國企業所得稅 (「企業所得稅」)	(24,307)	(24,363)
PRC withholding tax paid	中國預扣稅	(1,418)	(1,734)
The United States of America (the "US") Income Tax (paid) refunded	(已付)退回美利堅合眾國(「美國」) 所得稅	(810)	127
NET CASH FROM (USED IN) OPERATING ACTIVITIES	經營活動產生(所用)現金淨額	57,684	(25,008)

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2018

截至2018年12月31日止年度

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
INVESTING ACTIVITIES	投資活動		
Payment for property, plant and equipment	物業、廠房及設備付款	(46,021)	(135,400)
Placement of fixed bank deposits	存放定期銀行存款	(33,246)	(13,952)
Withdrawal of fixed bank deposits	提取定期銀行存款	31,979	1,734
Placement of pledged bank deposits	存放已抵押銀行存款	(732)	(7,362)
Withdrawal of pledged bank deposits	提取已抵押銀行存款	3,567	9,762
Interest received	已收利息	487	316
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備的所得款項	2,360	469
Net cash outflow from disposal of a subsidiary	出售一間附屬公司之現金流出淨額	(2,175)	-
NET CASH USED IN INVESTING ACTIVITIES	投資活動動用現金淨額	(43,781)	(144,433)
FINANCING ACTIVITIES	融資活動		
Dividends paid	已付股息	(29,403)	(33,122)
Interest paid	已付利息	(40,371)	(25,955)
New unsecured bank borrowings raised	新籌集的無抵押銀行借款	896,887	548,778
Repayments of unsecured bank borrowings	償還無抵押銀行借款	(748,289)	(302,269)
NET CASH FROM FINANCING ACTIVITIES	融資活動產生現金淨額	78,824	187,432
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物 增加淨額	92,727	17,991
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	年初現金及現金等價物	155,485	131,848
Effect of foreign exchange rate changes	匯率變動的影響	(13,777)	5,646
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by Bank balances and cash	年末現金及現金等價物 以銀行結餘及現金呈列	234,435	155,485

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2018

截至2018年12月31日止年度

I. GENERAL

Sinomax Group Limited (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its immediate and ultimate holding company is Sinomax Enterprises Limited (“**Sinomax Enterprises**”), a company incorporated in the British Virgin Islands (the “**BVI**”).

The addresses of the registered office and the principal place of business of the Company are P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands and Units 2005-2007, Level 20, Tower 1, MegaBox Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Hong Kong, respectively.

The Company acts as an investment holding company and the principal activities of its principal subsidiaries are set out in note 45.

The consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”), which is also the functional currency of the Company.

I. 一般事項

盛諾集團有限公司（「**本公司**」）根據開曼群島公司法第22章（1961年第三號法例，經綜合及修訂）於開曼群島註冊成立並登記為一間獲豁免有限公司，及其股份於香港聯合交易所有限公司（「**聯交所**」）主板上市。其直接及最終控股公司為聖諾盟企業有限公司（「**聖諾盟企業**」），該公司為一間於英屬處女群島（「**英屬處女群島**」）註冊成立的公司。

本公司的註冊辦事處及主要營運地點之地址分別為P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands及香港九龍灣宏照道38號企業廣場五期MegaBox 1座20樓2005-2007室。

本公司為投資控股公司，其主要附屬公司之主要業務載於附註45。

綜合財務報表以港元（「**港元**」）呈列，港元亦為本公司的功能貨幣。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2018

截至2018年12月31日止年度

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

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

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

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

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

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本

本年度強制生效的新訂香港財務報告準則及其修訂本

本公司及其附屬公司（「本集團」）已於本年度首次應用香港會計師公會（「香港會計師公會」）所頒佈的以下新訂香港財務報告準則及其修訂本：

香港財務報告準則第9號	金融工具
香港財務報告準則第15號	客戶合約收益及相關修訂
香港（國際財務報告詮釋委員會）— 詮釋第22號	外幣交易及預付代價
香港財務報告準則第2號的修訂本	以股份為基礎付款交易的分類及計量
香港財務報告準則第4號的修訂本	於應用香港財務報告準則第4號保險合約時一併應用香港財務報告準則第9號金融工具
香港會計準則第28號的修訂本	作為2014年至2016年週期之香港財務報告準則的年度改進的一部分
香港會計準則第40號的修訂本	投資物業轉移

除下文所述外，於本年度應用新訂香港財務報告準則及其修訂本對本集團於本年度及過往年度之財務表現及狀況及／或該等綜合財務報表所載之披露事項概無重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2018

截至2018年12月31日止年度

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

2.1 HKFRS 15 Revenue from Contracts with Customers

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

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

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Manufacturing and sales of health and household products
- Manufacturing and sales of polyurethane foam

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

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本（續）

2.1 香港財務報告準則第15號客戶合約收益

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

本集團已追溯應用香港財務報告準則第15號，而首次應用該準則的累計影響已於首次應用日期（2018年1月1日）確認。於首次應用日期的任何差額於期初保留溢利確認，且並無重列比較資料。此外，根據香港財務報告準則第15號的過渡條文，本集團已選擇僅對於2018年1月1日尚未完成的合約追溯應用該準則。因此，由於比較資料乃根據香港會計準則第18號收益及香港會計準則第11號建築合約以及相關詮釋編製，故若干比較資料可能無法用作比較。

本集團自以下由客戶合約產生之主要來源確認收益：

- 製造及銷售健康及家居產品
- 製造及銷售聚氨酯泡沫

有關應用香港財務報告準則第15號產生之本集團履約責任及會計政策之資料分別於附註5及3披露。

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

2.1 HKFRS 15 Revenue from Contracts with Customers (continued)

Summary of effects arising from initial application of HKFRS 15

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

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本（續）

2.1 香港財務報告準則第15號客戶合約收益（續）

首次應用香港財務報告準則第15號導致之影響概述

下列為對於2018年1月1日之綜合財務狀況表中確認之金額所作出的調整。未受變動影響的項目不計入在內。

	Carrying amounts previously reported at 31 December 2017	Reclassification	Carrying amounts under HKFRS 15 at 1 January 2018
	先前於 2017年12月31日 呈報的賬面值	重新分類	根據香港 財務報告準則 第15號 於2018年1月1日 的賬面值
	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Current liabilities	流動負債		
Trade and other payables	貿易及其他應付款項	623,192	621,937
Contract liabilities (Note)	合約負債（附註）	–	1,255

Note: At the date of initial application, non-refundable deposits received from customers in relation to sales of health and household products of approximately HK\$1,255,000 previously included in trade and other payables were reclassified to contract liabilities.

附註：於首次應用當日，先前計入貿易及其他應付款項之自客戶收取有關銷售健康及家居產品之不可退還按金約1,255,000港元已重新分類為合約負債。

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For the year ended 31 December 2018

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

2.1 HKFRS 15 Revenue from Contracts with Customers (continued)

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

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 and its consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported	Adjustments	Amounts without application of HKFRS 15
	如呈報 HK\$'000 千港元	調整 HK\$'000 千港元	未應用 香港財務報告 準則第15號 的金額 HK\$'000 千港元
Current liabilities			
Trade and other payables	600,258	893	601,151
Contract liabilities	893	(893)	–

Impact on the consolidated statement of cash flows

	As reported	Adjustments	Amounts without application of HKFRS 15
	如呈報 HK\$'000 千港元	調整 HK\$'000 千港元	並無應用香港 財務報告準則 第15號之金額 HK\$'000 千港元
Operating activities			
Decrease in trade and other payables	(90,004)	(362)	(90,366)
Decrease in contract liabilities	(362)	362	–

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本（續）

2.1 香港財務報告準則第15號客戶合約收益（續）

首次應用香港財務報告準則第15號導致之影響概述（續）

下表概述應用香港財務報告準則第15號對本集團於2018年12月31日之綜合財務狀況表及本年度之綜合現金流量表各受影響項目之影響。未受變動影響之項目不計入在內。

對綜合財務狀況表之影響

	As reported	Adjustments	Amounts without application of HKFRS 15
	如呈報 HK\$'000 千港元	調整 HK\$'000 千港元	未應用 香港財務報告 準則第15號 的金額 HK\$'000 千港元
Current liabilities			
Trade and other payables	600,258	893	601,151
Contract liabilities	893	(893)	–

對綜合現金流量表之影響

	As reported	Adjustments	Amounts without application of HKFRS 15
	如呈報 HK\$'000 千港元	調整 HK\$'000 千港元	並無應用香港 財務報告準則 第15號之金額 HK\$'000 千港元
Operating activities			
Decrease in trade and other payables	(90,004)	(362)	(90,366)
Decrease in contract liabilities	(362)	362	–

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綜合財務報表附註

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

2.2 HKFRS 9 *Financial Instruments*

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

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

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

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

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本（續）

2.2 香港財務報告準則第9號金融工具

於本年度，本集團已應用香港財務報告準則第9號金融工具及其他香港財務報告準則的有關相應修訂。香港財務報告準則第9號引入有關以下各項的新規定：1) 金融資產及金融負債的分類及計量；2) 金融資產的預期信貸虧損（「預期信貸虧損」）；及3) 一般對沖會計方法。

本集團已根據香港財務報告準則第9號所載的過渡條文應用香港財務報告準則第9號，即對於2018年1月1日（初步確認日期）尚未取消確認的工具追溯應用分類及計量規定（包括預期信貸虧損模式項下的減值），而並無對於2018年1月1日已取消確認的工具應用該等規定。於2017年12月31日的賬面值與2018年1月1日的賬面值之間的差額於期初保留溢利及其他權益組成部分中確認，而並無重列比較資料。

由於比較資料乃根據香港會計準則第39號金融工具：確認及計量編製，因此，若干比較資料可能無法用作比較。

應用香港財務報告準則第9號產生之會計政策於附註3披露。

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

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本（續）

2.2 HKFRS 9 *Financial Instruments* (continued)

2.2 香港財務報告準則第9號金融工具（續）

Summary of effects arising from initial application of HKFRS 9

首次應用香港財務報告準則第9號導致之影響概述

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

下表載列於首次應用日期（2018年1月1日）根據香港財務報告準則第9號及香港會計準則第39號受預期信貸虧損規限的金融資產的分類及計量。

		Trade receivables at fair value through other comprehensive income (“FVTOCI”) 透過其他全面收益按公平值列賬（「透過其他全面收益按公平值列賬」）之貿易應收款項	Trade and other receivables at amortised cost (previously classified as loans and receivables) 按攤銷成本計量之貿易及其他應收款項（先前分類為貸款及應收款項）	Retained profits 保留溢利
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Closing balance at 31 December 2017 於2017年12月31日之				
– HKAS 39 期末結餘				
	– 香港會計準則第39號	–	847,121	(910,403)
Effect arising from initial application of HKFRS 9: 首次應用香港財務報告準則第9號所產生的影響：				
Reclassification 重新分類				
From loans and receivables (Note) 自貸款及應收款項（附註）		87,122	(87,122)	–
Remeasurement 重新計量				
From amortised cost to fair value (Note) 自攤銷成本至公平值（附註）		(464)	–	464
Opening balance at 1 January 2018 於2018年1月1日之期初結餘		86,658	759,999	(909,939)

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綜合財務報表附註

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

2.2 HKFRS 9 *Financial Instruments* (continued)

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

Note: As part of the Group's cash flow management, the Group has the practice of factoring some of the trade receivables to financial institutions before the trade receivables are due for repayment and derecognises factored trade receivables on the basis that the Group has transferred substantially all risks and rewards to the relevant counterparties. Accordingly, the Group's trade receivables of approximately HK\$87,122,000 were considered as within the hold to collect contractual cash flows and to sell business model, and therefore reclassified to trade receivables at FVTOCI. The related fair value losses of approximately HK\$464,000 was adjusted to trade receivables at FVTOCI and retained profits as at 1 January 2018.

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本（續）

2.2 香港財務報告準則第9號金融工具（續）

首次應用香港財務報告準則第9號導致之影響概述（續）

附註：作為本集團現金流量管理的一部分，本集團的慣例為於貿易應收款項到期償還之前向金融機構保理部分貿易應收款項及終止確認已保理之貿易應收款項，此乃基於本集團已將絕大部分風險及回報轉移至有關交易對手。因此，本集團的貿易應收款項約87,122,000港元被視為屬於持有以收取合約現金流量及供出售的業務模式，並因而重新分類至透過其他全面收益按公平值列賬之貿易應收款項。於2018年1月1日，相關公平值虧損約464,000港元於透過其他全面收益按公平值列賬之貿易應收款項及保留溢利內調整。

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綜合財務報表附註

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

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

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

		31 December 2017 2017年 12月31日 HK\$'000 千港元 (Audited) (經審核)	HKFRS 15 香港財務 報告準則 第15號 HK\$'000 千港元	HKFRS 9 香港財務 報告準則 第9號 HK\$'000 千港元	1 January 2018 2018年 1月1日 HK\$'000 千港元 (Restated) (經重列)
Current assets	流動資產				
Trade and other receivables	貿易及其他應收款項	847,121	–	(87,122)	759,999
Trade receivables at FVTOCI	透過其他全面收益按 公平值列賬之 貿易應收款項	–	–	86,658	86,658
Current liabilities	流動負債				
Trade and other payables	貿易及其他應付款項	(623,192)	1,255	–	(621,937)
Contract liabilities	合約負債	–	(1,255)	–	(1,255)
Equity	權益				
Retained profits	保留溢利	(910,403)	–	464	(909,939)

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

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本（續）

2.3 因應用所有新準則對期初綜合財務狀況表產生之影響

由於上述本集團會計政策之變動，期初之綜合財務狀況表須作重列。下表載列各受影響項目之已確認調整。未受變動影響之項目不計入在內。

附註：就根據間接方法報告截至2018年12月31日止年度之經營活動現金流量而言，營運資金變動乃按上文所披露之於2018年1月1日之年初綜合財務狀況表計算。

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

New and amendments to HKFRSs in issue but not yet effective

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

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

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本（續）

已頒佈但尚未生效的新訂香港財務報告準則及其修訂本

本集團尚未提早應用以下已頒佈但尚未生效的新訂香港財務報告準則及其修訂本：

香港財務報告準則第16號	租賃 ¹
香港財務報告準則第17號	保險合約 ³
香港（國際財務報告詮釋委員會）— 詮釋第23號	所得稅處理的不確定性 ¹
香港財務報告準則第3號的修訂本	業務的定義 ⁴
香港財務報告準則第9號的修訂本	具有負補償的提前償付特性 ¹
香港財務報告準則第10號及香港會計準則第28號的修訂本	投資者與其聯營公司或合資企業間的資產出售或注資 ²
香港會計準則第1號及香港會計準則第8號的修訂本	重大之定義 ⁵
香港會計準則第19號的修訂本	計劃修訂、縮減或清償 ¹
香港會計準則第28號的修訂本	於聯營公司及合資企業之長期權益 ¹
香港財務報告準則的修訂本	2015年至2017年週期香港財務報告準則的年度改進 ¹

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

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

- ¹ Effective for annual periods beginning on or after 1 January 2019
- ² Effective for annual periods beginning on or after a date to be determined
- ³ Effective for annual periods beginning on or after 1 January 2021
- ⁴ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
- ⁵ Effective for annual periods beginning on or after 1 January 2020

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

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本（續）

已頒佈但尚未生效的新訂香港財務報告準則及其修訂本（續）

- ¹ 於2019年1月1日或以後開始的年度期間生效
- ² 於待釐定日期或以後開始的年度期間生效
- ³ 於2021年1月1日或以後開始的年度期間生效
- ⁴ 對收購日期為於2020年1月1日或以後開始的首個年度期間開始時或之後之業務合併及資產收購生效
- ⁵ 於2020年1月1日或以後開始的年度期間生效

除下文所述之新訂及經修訂香港財務報告準則外，本公司董事預期應用所有其他新訂香港財務報告準則及其修訂本於可見將來將不會對綜合財務報表造成重大影響。

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綜合財務報表附註

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

HKFRS 16 Leases

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

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

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

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

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本（續）

香港財務報告準則第16號租賃

香港財務報告準則第16號為識別出租人及承租人的租賃安排及會計處理引入一項綜合模式。香港財務報告準則第16號生效時將取代香港會計準則第17號*租賃*及其相關詮釋。

香港財務報告準則第16號以顧客能否控制所識別資產來區分租賃及服務合約。此外，香港財務報告準則第16號規定銷售及租回交易須根據香港財務報告準則第15號之規定釐定轉讓有關資產是否應入賬為銷售。香港財務報告準則第16號亦包括有關分租及租賃修訂之規定。

經營租賃及融資租賃的差異自承租人會計處理中移除，並由承租人須就所有租賃確認使用權資產及相應負債的模式取代，惟短期租賃及低價值資產租賃除外。

使用權資產初始按成本計量並隨後按成本（惟若干例外情況除外）減累計折舊及減值虧損計量，就任何租賃負債重新計量而調整。租賃負債初始按當日尚未支付的租賃款項的現值計量。隨後，租賃負債就利息及租賃款項以及（其中包括）租賃修訂的影響作出調整。就現金流分類而言，本集團目前將提前預付租賃款項呈列為有關自用租賃土地的投資現金流量。於應用香港財務報告準則第16號後，有關租賃負債的租賃款項將由本集團分配至本金及利息部分，其將呈列為融資現金流。

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

HKFRS 16 Leases (continued)

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

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

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of HK\$295,537,000 as disclosed in note 39. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK\$28,158,000 and refundable rental deposits received of HK\$1,022,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本（續）

香港財務報告準則第16號租賃（續）

根據香港會計準則第17號，本集團已就租賃土地（本集團為承租人）確認預付租賃款項。應用香港財務報告準則第16號將視乎本集團單獨或於倘擁有資產時將呈列的相應有關資產的同一項目內呈列使用權資產而可能導致該等資產的分類發生潛在變動。

除亦適用於出租人之若干規定外，香港財務報告準則第16號大致轉承香港會計準則第17號的出租人會計處理規定，並且繼續要求出租人將其租賃分類為經營租賃或融資租賃。

此外，香港財務報告準則第16號要求作出詳盡披露。

於2018年12月31日，誠如附註39所披露，本集團的不可撤銷經營租賃承擔為295,537,000港元。初步評估顯示，該等安排將符合租賃定義。於應用香港財務報告準則第16號後，本集團將就所有該等租賃確認使用權資產及相應負債，除非其符合低值或短期租賃資格。

此外，本集團現時將已支付的可退還租金按金28,158,000港元及已收取的可退還租金按金1,022,000港元，視為香港會計準則第17號適用之租賃項下之權利及義務。根據香港財務報告準則第16號項下租賃款項之定義，該等按金並非與使用相關資產權利有關的付款。因此，該等按金之賬面值或會調整為攤銷成本。對已付可退還租金按金作出的調整將被視為額外租賃款項並將計入使用權資產之賬面值，而對已收取的可退還租金按金作出的調整則被視為預付租賃款項。

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

HKFRS 16 Leases (continued)

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

Amendments to HKAS 1 and HKAS 8 Definition of Material

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

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本（續）

香港財務報告準則第16號租賃（續）

應用新規定可能導致計量、呈列及披露會出現如上所述的變動。本集團擬選擇對先前應用香港會計準則第17號及香港（國際財務報告詮釋委員會）—詮釋第4號釐定安排是否包括租賃識別為租賃的合約應用香港財務報告準則第16號的可行權宜方法，而並不將該準則應用於先前應用香港會計準則第17號及香港（國際財務報告詮釋委員會）—詮釋第4號並未識別為包括租賃的合約。因此，本集團將不會重新評估合約是否為或包括於初步應用日期前已存在之租賃。此外，本集團擬就作為承租人應用香港財務報告準則第16號選擇經修訂追溯方法，並將於初步應用之累計影響於年初保留溢利確認，而不重列比較資料。

香港會計準則第1號及香港會計準則第8號的修訂本重大之定義

該等修訂透過對作出重大性判斷加入額外指引及闡釋，對重大之定義進行改進。該等修訂亦將全部香港財務報告準則之定義保持一致，並將於本集團於2020年1月1日開始之年度期間強制生效。應用該等修訂預期將不會對本集團之財務狀況及表現造成重大影響，惟可能影響綜合財務報表之呈列及披露。

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3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

3. 主要會計政策

綜合財務報表乃根據香港會計師公會頒佈的香港財務報告準則編製。此外，綜合財務報表包括香港聯合交易所有限公司證券上市規則（「上市規則」）及香港《公司條例》所規定的適用披露資料。

誠如下列會計政策所述，綜合財務報表乃按歷史基準而編製，惟若干金融工具乃按報告期末之公平值計量。

歷史成本一般按交換貨品及服務所付代價的公平值計算。

公平值是於計量日期市場參與者於有秩序交易中出售資產可收取或轉讓負債須支付的價格，而不論該價格是否直接可觀察或可使用其他估值技術估計。若市場參與者於計量日期對資產或負債定價時會考慮資產或負債的特點，則本集團於估計資產或負債的公平值時會考慮該等特點。此等綜合財務報表中作計量及／或披露用途的公平值乃按此基準釐定，惟屬於香港財務報告準則第2號股份付款範圍的以股份付款的交易、屬於香港會計準則第17號租賃範圍內的租賃交易，以及與公平值有部份相若地方但並非公平值的計量，譬如香港會計準則第2號存貨內的可變現淨額或香港會計準則第36號資產減值的使用價值除外。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

3. 主要會計政策 (續)

此外，就財務呈報而言，公平值計量根據公平值計量的輸入數據可觀察程度及公平值計量的輸入數據對其整體的重要性分類為第一級、第二級或第三級，詳情如下：

- 第一級輸入數據是實體於計量日期可以取得的相同資產或負債於活躍市場之報價（未經調整）；
- 第二級輸入數據是就資產或負債直接或間接地可觀察之輸入數據（第一級內包括的報價除外）；及
- 第三級輸入數據是資產或負債的不可觀察輸入數據。

主要會計政策載列如下。

綜合基準

綜合財務報表包括本公司及本公司控制的實體以及其附屬公司的財務報表。當本公司完成以下事項則可被視為取得控制權：

- 可對被投資方行使權力；
- 承擔或擁有因參與被投資方業務產生的浮動回報的風險或權利；及
- 有能力使用其權力影響其回報。

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綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES (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 listed above.

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

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

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

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

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

3. 主要會計政策 (續)

綜合基準 (續)

倘有事實及情況顯示上述三項控制權要素有一項或以上出現變動，本集團會重新評估其是否對被投資方擁有控制權。

綜合附屬公司於本集團取得附屬公司的控制權時開始，並於本集團失去附屬公司的控制權時終止。尤其是，於年內收購或出售附屬公司的收入及開支，會由本集團取得控制的日期直至本集團失去附屬公司的控制權當日計入綜合損益及其他全面收益表。

溢利或虧損及其他全面收入的各個項目會分配予本公司擁有人及非控股權益。附屬公司的全面收入總額會分配予本公司擁有人及非控股權益，即使此舉將導致非控股權益出現虧絀結餘。

如需要，將會就附屬公司的財務報表作出調整，使其會計政策與本集團的會計政策貫徹一致。

本集團成員公司間的交易所涉及的所有集團內公司間資產及負債、權益、收入、開支及現金流量已於綜合賬目時全部對銷。

附屬公司之非控股權益與本集團於當中之權益分開呈列，其指賦予持有人於清盤時有權收取有關附屬公司之資產淨值之按比例份額之現時擁有權權益。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

On disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained.

3. 主要會計政策 (續)

商譽

因收購一項業務而產生之商譽乃按成本(於收購業務當日確定)減累計減值虧損(如有)列賬。

進行減值測試時，商譽將分配至預期會因合併之協同效應而受惠之各本集團之現金產生單位(「現金產生單位」)(或現金產生單位組別)，代表就內部管理之目的監察商譽最低水平，且不大於經營分部。

已獲分配商譽之現金產生單位(或現金產生單位組別)每年或凡單位有跡象顯示可能出現減值時更頻繁地進行減值測試。就於報告期間收購所產生之商譽而言，已獲分配商譽之現金產生單位(或現金產生單位組別)於該報告期間結束前進行減值測試。倘可收回金額低於其之賬面金額，則分配減值虧損，首先削減任何商譽之賬面金額，然後以單位(或現金產生單位組別)各資產之賬面金額為基準，按比例分配到其他資產。

於出售有關現金產生單位或現金產生單位組別內之任何現金產生單位時，商譽應佔金額將計入出售時所釐定之損益金額。當本集團出售現金產生單位內之一項業務(或現金產生單位組別內之一項現金產生單位)時，所出售之商譽金額乃按所出售之業務(或現金產生單位)與所保留之現金產生單位(或現金產生單位組別)部分之相對價值計量。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

3. 主要會計政策 (續)

客戶合約收益 (於根據附註2之過渡安排應用香港財務報告準則第15號後)

根據香港財務報告準則第15號，本集團當（或於）達成履約責任時確認收益，即於特定履約責任相關的貨品或服務的「控制權」轉移予客戶時。

履約責任指一項特定貨品或服務（或一批特定貨品或服務）或一系列大致相同的特定貨品或服務。

倘符合以下其中一項標準，則控制權隨時間轉移及收益參考相關履約責任之完成進度隨時間予以確認：

- 隨本集團履約，客戶同時取得並耗用本集團履約所提供的利益；
- 隨本集團履約而創造及提升客戶於本集團履約時控制的資產；或
- 本集團履約並無創造對本集團有替代用途的資產，且本集團對迄今已完成的履約付款具有可強制執行之權利。

否則，收益於客戶取得特定貨品或服務控制權的時間點確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Revenue recognition (prior to 1 January 2018)

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

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

Goods and interests

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

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. 主要會計政策 (續)

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

合約負債指本集團就其已自客戶收取代價 (或代價金額已到期) 而向該客戶轉移貨品或服務的責任。

收益確認 (於2018年1月1日前)

收益按已收或應收代價的公平值計算。收益乃減去估計客戶退貨、回扣及其他類似津貼。

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

貨品及利息

銷售貨品所得收益於貨品交付且已轉移所有權時確認。

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

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

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

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

When an owner-occupied property becomes an investment property because its use has changed as evidenced by end of owner-occupation, the transfer is made at the carrying amount and the cost of the property remained unchanged.

When an investment property becomes an owner-occupied property because its use has changed as evidenced by commencement of owner-occupation, the transfer is made at the carrying amount and the cost of the property remained unchanged.

3. 主要會計政策 (續)

投資物業

投資物業包括持有以賺取租金及／或資本升值的物業。

投資物業初步按成本(包括任何直接應佔開支)計量。於初步確認後,投資物業乃按成本減其後累計折舊及任何累計減值虧損列賬。折舊乃按投資物業的估計可使用年期後以直線法撇銷其成本而確認。估計可使用年期及折舊法於各報告期末檢討,而任何估計變動的影響按預期基準入賬。

投資物業乃於出售時或於投資物業永久終止使用及預期未來不能自出售投資物業取得經濟利益時終止確認。從終止確認物業產生的任何收益或虧損(按出售所得款項淨額與資產賬面值的差額計算)乃於物業終止確認期間計入損益。

倘有證據顯示自用物業的用途因已更改為終止自用而成為投資物業,則有關轉變按賬面值入賬且物業成本保持不變。

倘投資物業之用途已因開始自用而有證據顯示投資物業成為自用物業,則有關轉變按賬面值入賬且物業成本保持不變。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or for administrative purposes (other than construction in progress as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. 主要會計政策 (續)

物業、廠房及設備

除下文所述在建工程外，物業、廠房及設備（包括持作生產或供應商品或作行政用途的樓宇）乃按成本減其後的累計折舊及累計減值虧損（如有）於綜合財務狀況表中列賬。

用作生產、供應或行政用途的在建物業按成本減任何已確認減值虧損列賬。成本包括專業費用及就合資格資產而言，借貸成本乃根據本集團的會計政策撥充資本。當相關物業完工並可作擬定用途時，該等物業將分類至適當的物業、廠房及設備類別。該等資產的折舊於資產可投入擬定用途時開始按與其他物業資產相同的基準計算。

折舊乃按撇銷資產（在建工程除外）的成本減其於估計可使用年期內的剩餘價值使用直線法確認。於各報告期末檢討估計可使用年期、剩餘價值及折舊法，而任何估計變動的影響按預期基準入賬。

物業、廠房及設備項目會在出售或預期繼續使用資產不會帶來未來經濟利益時解除確認。物業、廠房及設備項目在出售或報廢時產生的任何收益或虧損，乃按出售所得款項與有關資產賬面值的差額計算，並於損益中確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets).

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

Research expenditure

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

3. 主要會計政策 (續)

業務合併中收購的無形資產

業務合併中收購的無形資產與商譽分開確認，以及初步按其於收購日期的公平值（被視作其成本）確認。

初步確認後，業務合併中收購的具備有限可使用年期無形資產按成本減累計攤銷及任何累計減值虧損呈報，與獨立收購之無形資產之基準相同。另一方面，業務合併中收購的具備無限可使用年期無形資產乃按成本減任何其後累計減值虧損列賬（見有關有形及無形資產減值虧損之會計政策）。

無形資產於出售時或當預期使用或出售無形資產不會產生未來經濟利益時終止確認。終止確認無形資產所產生的收益及虧損按出售所得款項淨額與該資產賬面值的差額計量，並於終止確認該資產時於損益中確認。

研究費用

研究工作的費用於產生期間確認為開支。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as expenses on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

3. 主要會計政策 (續)

租賃

當租賃條款轉移擁有權的絕大部分風險及回報予承租人時，租賃被分類為融資租賃。所有其他租賃被分類為經營租賃。

本集團為出租人

經營租賃的租金收入於有關租賃期間按直線法於損益確認。

本集團作為承租人

經營租賃款項(包括收購以經營租賃持有之土地的成本)於租期內按直線法確認為開支。經營租賃下產生的或然租金在產生當期作為開支確認。

倘收取租金獎勵以訂立經營租賃，該等獎勵將確認為負債。獎勵之總利益乃按直線法確認為租金開支之減少。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the initial recognition.

To the extent the allocation of the relevant lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

Inventories

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

3. 主要會計政策 (續)

租賃 (續)

租賃土地及樓宇

當本集團就一項包括租賃土地及樓宇部份的物業權益付款時，本集團會按各部份擁有權附帶之絕大部份風險及回報是否已轉移至本集團個別評估各部份應分類為融資租賃或經營租賃，除非能很明確地指出此兩部份均為經營租賃，在此情況下，整項物業入賬為經營租賃。具體而言，整體代價（包括任何一次性預付款）乃按初始確認時於租賃土地及樓宇部份之租賃權益的相對公平值的比例在租賃的土地及樓宇部份之間進行分配。

倘有關租賃款項能可靠分配，則以經營租賃入賬的租賃土地權益在綜合財務狀況表中列為「預付租賃款項」，且於租期內按直線法攤銷。

存貨

存貨按成本及可變現淨值兩者較低者列賬。存貨成本以加權平均法釐定。可變現淨值指存貨估計售價減所有估計完工成本及銷售所需成本。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Financial instruments

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

3. 主要會計政策 (續)

虧損合約

虧損合約產生之現時責任乃確認及計量為撥備。倘本集團擁有履行合約責任的不可避免成本超出預期將自合約收取的經濟利益之合約，則被視為存在虧損合約。

金融工具

金融資產及金融負債於集團實體成為工具合約條文的訂約方時確認。

金融資產及金融負債（客戶合約產生之貿易應收款項除外，其自2018年1月1日起初步根據香港財務報告準則第15號計量）初步按公平值計量。收購或發行金融資產及金融負債直接應佔的交易成本於初步確認時計入或扣除自金融資產或金融負債的公平值（如適用）。

實際利率法指一種在有關期間內用於計算金融資產或金融負債的攤銷成本以及分配利息收入及利息開支的方法。實際利率指一種於初步確認時可將金融資產或金融負債的預期年期或（如適用）較短期間內的預計未來現金收入及付款額（包括構成實際利率部份的已付或已收取的全部費用、交易成本及其他溢價或折讓）準確折現至賬面淨值的利率。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

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

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

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

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

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

All other financial assets are subsequently measured at financial assets at fair value through profit or loss.

3. 主要會計政策 (續)

金融工具 (續)

金融資產

金融資產分類及其後計量 (於根據附註2之過渡安排應用香港財務報告準則第9號後)

符合下列條件之金融資產其後按攤銷成本計量：

- 金融資產於目的為收取合約現金流量的業務模式內持有；及
- 合約條款於特定日期產生純粹為支付尚未償還本金額的本金及利息的現金流量。

符合以下條件的金融資產其後透過其他全面收益按公平值列賬計量：

- 金融資產於目的以收取合約現金流量及銷售達成的業務模式內持有；及
- 合約條款於特定日期產生純粹為支付尚未償還本金額的本金及利息的現金流量。

所有其他金融資產為其後透過損益按公平值列賬計量之金融資產。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

(i) Amortised cost and interest income

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

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產分類及其後計量 (於根據附註2之過渡安排應用香港財務報告準則第9號後) (續)

(i) 攤銷成本及利息收入

其後按攤銷成本計量的金融資產及其後透過其他全面收益按公平值列賬計量的應收款項的利息收入乃使用實際利率法確認。利息收入透過對金融資產賬面總值應用實際利率計算得出，惟其後出現信貸減值的金融資產(見下文)則除外。就其後出現信貸減值的金融資產而言，利息收入自下一個報告期起透過對金融資產的攤銷成本應用實際利率予以確認。倘信貸減值金融工具的信貸風險有所改善，使金融資產不再為信貸減值，則利息收入自釐定該資產不再為信貸減值後的報告期初起對金融資產賬面總值應用實際利率予以確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

- (ii) Trade receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for trade receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these trade receivables are recognised in other comprehensive income ("OCI") and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these trade receivables. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these trade receivables had been measured at amortised cost. When these trade receivables are derecognised, the cumulative gains or losses previously recognised in OCI are reclassified to profit or loss.

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產分類及其後計量 (於根據附註2之過渡安排應用香港財務報告準則第9號後) (續)

- (ii) 分類為透過其他全面收益按公平值列賬之貿易應收款項

由於使用實際利率法計算的利息收入以及外匯收益及虧損產生的分類為透過其他全面收益按公平值列賬的貿易應收款項賬面值的其後變動於損益中確認。該等貿易應收款項賬面值的的所有其他變動於其他全面收益(「其他全面收益」)中確認，並於透過其他全面收益按公平值列賬儲備項下累計。減值撥備於損益中確認，並在不減少該等貿易應收款項賬面值的的情況下對其他全面收益作出相應調整。於損益中確認的金額與倘該等貿易應收款項按攤銷成本計量而應在損益中確認的金額相同。當該等貿易應收款項終止確認時，先前於其他全面收益中確認的累計收益或虧損將重新分類至損益。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

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

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

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings.

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

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (於根據附註2之過渡安排應用香港財務報告準則第9號後)

本集團就須根據香港財務報告準則第9號進行減值的金融資產 (包括貿易及其他應收款項、應收票據、已抵押銀行存款、定期銀行存款及銀行結餘) 的預期信貸虧損確認虧損撥備。預期信貸虧損金額於各報告日期更新，以反映信貸風險自初步確認以來的變動。

全期預期信貸虧損指在有關工具預計年期內發生之所有可能違約事件而導致的預期信貸虧損。相反，12個月預期信貸虧損 (「12個月預期信貸虧損」) 則指預期可能於報告日期後12個月內發生違約事件而導致的全期預期信貸虧損部分。評估乃根據本集團的歷史信貸虧損經驗進行，並根據債務人特定因素、整體經濟狀況以及對報告日期的當前狀況以及對未來狀況預測的評估進行調整。

本集團一直就貿易應收款項確認全期預期信貸虧損。該等資產的預期信貸虧損使用具有適當分組的撥備矩陣進行集體評估。

就所有其他工具而言，本集團按相等於12個月預期信貸虧損的金額計量虧損撥備，除非自初步確認以來信貸風險大幅增加，則本集團確認全期預期信貸虧損。評估是否應確認全期預期信貸虧損乃根據自初步確認以來發生違約事件的可能性或風險大幅增加而定。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (於根據附註2之過渡安排應用香港財務報告準則第9號後) (續)

(i) 信貸風險大幅增加

於評估信貸風險自初步確認以來是否已大幅增加時，本集團比較金融工具於報告日期出現違約的風險與該金融工具於初步確認日期出現違約的風險。於進行該評估時，本集團考慮合理及有理據的定量及定性資料，包括過往經驗及毋須投入過多成本或努力即可獲得的前瞻性資料。

具體而言，評估信貸風險是否大幅增加時已考慮下列資料：

- 金融工具的外部 (倘可獲得) 或內部信貸評級之實際或預期嚴重轉差；
- 信貸風險的外部市場指標嚴重轉差 (如債務人的信貸息差及信貸違約掉期價格大幅增加)；
- 預期導致債務人履行其債務責任的能力大幅減少的業務、財務或經濟狀況的現有或預測不利變動；

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

- (i) Significant increase in credit risk (continued)
- an actual or expected significant deterioration in the operating results of the debtor;
 - an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default (i.e. no default history), ii) the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (於根據附註2之過渡安排應用香港財務報告準則第9號後) (續)

- (i) 信貸風險大幅增加 (續)
- 債務人的經營業績實際或預期嚴重轉差；
 - 債務人所在的監管、經濟或科技環境的實際或預期重大不利變動，導致債務人履行其債務責任的能力大幅減少。

不論上述評估的結果，當合約付款已逾期超過30日，本集團假定信貸風險已自初步確認以來大幅增加，除非本集團具有合理及有理據的資料展示相反情況，則另作別論。

儘管如上文所述，倘一項金融工具於報告日期被釐定為具有低信貸風險，則本集團假定該金融工具的信貸風險自初步確認以來並無大幅增加。在下列情況下，一項金融工具被釐定為具有低信貸風險：i) 金融工具之違約風險低（並無違約歷史）；ii) 對手方擁有於近期履行其合約現金流量責任的強大能力；及iii) 長遠經濟及營商環境的不利變動可能但未必會降低借款人履行其合約現金流量責任的能力。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

(i) Significant increase in credit risk (continued)

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

(ii) Definition of default

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

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

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (於根據附註2之過渡安排應用香港財務報告準則第9號後) (續)

(i) 信貸風險大幅增加 (續)

本集團定期監控識別信貸風險是大幅增加所用標準的有效性，並對其作出適當修訂，確保有關標準能於款項逾期前識別信貸風險大幅增加。

(ii) 違約的定義

就內部信貸管理而言，本集團認為，當內部產生之資料顯示債務人不太可能向其債權人（包括本集團）悉數付款（不考慮本集團持有之任何抵押品），則發生違約事件。

無論上述情形如何，本集團認為，當金融資產逾期超過90日，則發生違約事件，除非本集團有能說明更滯後的違約標準更為合適的有合理及有證據資料，則另作別論。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

(iii) Credit-impaired financial assets

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

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

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (於根據附註2之過渡安排應用香港財務報告準則第9號後) (續)

(iii) 信貸減值金融資產

當發生對金融資產的估計未來現金流量有不利影響的一項或多項違約事件，則該金融資產出現信貸減值。金融資產出現信貸減值的證據包括有關下列事件的可觀察數據：

- (a) 發行人或借款人陷入嚴重財務困難；
- (b) 違反合約，如出現違約或逾期還款事件；
- (c) 借款人的貸款人因有關借款人陷入財務困難的經濟或合約原因向借款人授出貸款人不會另作考慮的優惠；
- (d) 借款人很可能將破產或進行其他財務重組；或
- (e) 該金融資產的活躍市場因財務困難而消失。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (於根據附註2之過渡安排應用香港財務報告準則第9號後) (續)

(iv) 撇銷政策

本集團於有資料顯示交易對手陷入嚴重財務困難，且並無實際收回可能時（例如當交易對手遭受清盤或已進入破產程序），或就貿易應收款項而言，當款項逾期超過兩年時（以較早發生者為準）撇銷金融資產。於考慮法律意見（如適用）後，已撇銷金融資產仍可根據本集團的收款程序實施強制執行。撇銷構成終止確認事件。其後收回的任何款項於損益中確認。

(v) 預期信貸虧損的計量及確認

預期信貸虧損的計量乃違約概率、違約時虧損（即出現違約時的虧損程度）及違約風險的函數。違約概率及違約時虧損的評估乃基於經前瞻性資料調整的過往數據。預期信貸虧損的估計反映無偏頗及概率加權金額，該金額乃以發生有關違約風險作為權重而釐定。

一般而言，預期信貸虧損為根據合約應付本集團的所有合約現金流量與本集團預期收取的現金流量的差額，並按初步確認時釐定的實際利率貼現。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

(v) Measurement and recognition of ECL (continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the risk type (i.e. credit-impaired, high risk, normal risk and low risk) by considering:

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

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

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

Except for trade receivables that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account. For trade receivables that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the FVTOCI reserve without reducing the carrying amount of these receivables.

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (於根據附註2之過渡安排應用香港財務報告準則第9號後) (續)

(v) 預期信貸虧損的計量及確認 (續)

倘預期信貸虧損按集體基準計量或為應對尚未獲得個別工具層面證據的情況，金融工具乃經考慮以下各項後按風險類型（即信貸減值、高風險、正常風險及低風險）分類：

- 逾期狀況；及
- 債務人的性質、規模及行業。

管理層定期檢討分類方法，以確保各組別的組成項目維持類似的信貸風險特徵。

利息收入乃按金融資產之賬面總值計算，除非金融資產出現信貸減值，於該情況下，利息收入按金融資產之攤銷成本計算。

除透過其他全面收益按公平值列賬計量之貿易應收款項外，本集團透過調整賬面值就所有金融工具於損益確認減值收益或虧損，惟貿易應收款項除外，其相應調整乃透過虧損撥備賬確認。就透過其他全面收益按公平值列賬計量之貿易應收款項而言，虧損撥備於其他全面收益確認及於透過其他全面收益按公平值列賬儲備累計，而並無扣減該等應收款項之賬面值。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, bills receivables, pledged bank deposits, fixed bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any impairment.

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

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

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

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產分類及其後計量 (於2018年1月1日應用香港財務報告準則第9號前)

本集團之金融資產分類為貸款及應收款項。分類視乎金融資產之性質及目的而定，並於初步確認時釐定。

貸款及應收款項

貸款及應收款項乃具有固定或可釐定付款而沒有於活躍市場報價的非衍生金融資產。初步確認後貸款及應收款項 (包括貿易及其他應收款項、應收票據、已抵押銀行存款、定期銀行存款及銀行結餘及現金) 乃以實際利率法按攤銷成本減任何減值計量。

利息收入透過應用實際利率確認，惟確認利息將為不重大之短期應收款項除外。

貸款及應收款項減值 (於2018年1月1日應用香港財務報告準則第9號前)

貸款及應收款項須於各報告期末獲評估是否存有減值跡象。當出現客觀證據，因金融資產初步確認後發生的一項或多項事件，導致估計未來現金流量受到影響，則貸款及應收款項被視為已減值。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

Objective evidence of impairment of loans and receivables could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the respective credit period, observable changes in national or local economic conditions that correlate with default on receivables.

The amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

貸款及應收款項減值 (於2018年1月1日應用香港財務報告準則第9號前) (續)

貸款及應收款項減值的客觀證據可能包括：

- 發行人或對手方出現重大財政困難；或
- 違反合約，如違約或拖欠利息或本金付款；或
- 借款人很大機會面臨破產或財務重組。

應收款項組合減值的客觀證據可能包括本集團過往收款經驗、組合內超過各自信貸期間的逾期還款數目上升、國家或地區經濟狀況出現明顯變動導致應收款項遭拖欠。

減值虧損金額按該資產的賬面值及估計未來現金流量按金融資產的原實際利率折現後的現值兩者之間的差額確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

The carrying amount of the loans and receivables is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or, when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

貸款及應收款項減值 (於2018年1月1日應用香港財務報告準則第9號前) (續)

就所有金融資產而言，貸款及應收款項的減值虧損會直接於其賬面值中作出扣減，惟貿易應收款項除外，其賬面值會透過撥備賬作出扣減。撥備賬內的賬面值變動會於損益中確認。當貿易應收款項被視為不可收回時，會於撥備賬內撇銷。於其後收回的先前撇銷的款項將計入損益。

倘於其後期間減值虧損的金額減少，而此項減少可客觀地與確認減值虧損後發生的某一事件有關，則先前確認的減值虧損於損益中撥回，惟於撥回減值當日的資產賬面值不得超過於未確認減值時的攤銷成本。

終止確認金融資產

本集團僅於收取資產現金流量的合約權利屆滿或於其向另一實體轉讓金融資產及該資產擁有權的絕大部分風險及回報時終止確認金融資產。

於終止確認按攤銷成本計量的金融資產時，資產賬面值與已收及應收代價總和的差額於損益中確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities, including trade and other payables, bills payables and unsecured bank borrowings, are subsequently measured at amortised cost using effective interest method.

Decognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. 主要會計政策 (續)

金融工具 (續)

金融負債及股本

分類為債務或股本

債務及股本工具按所訂立的合約安排性質，以及金融負債及股本工具的定義而分類為金融負債或股本。

股本工具

股本工具乃任何證明實體經扣減所有負債後之資產剩餘權益的合同。本公司所發行股本工具按已收所得款項減直接發行成本確認。

金融負債

所有金融負債其後使用實際利率法按攤銷成本計量。

按攤銷成本計量之金融負債

金融負債（包括貿易及其他應付款項、應付票據及無抵押銀行借款）其後以實際利率法按攤銷成本計量。

終止確認金融負債

本集團在及只有在本集團的責任獲免除、取消或終止時，方會終止確認金融負債。獲終止確認的金融負債的賬面值與已付及應付代價之間的差額會於損益確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

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

3. 主要會計政策 (續)

有形及無形資產 (除商譽外) 減值

於各報告期末，本集團會檢討其具備有限可使用年期有形及無形資產的賬面值，以確定是否有任何跡象顯示該等資產已出現減值虧損。倘有任何該等跡象，則估計有關資產的可收回金額，以確定減值虧損（如有）的程度。具備無限可使用年期之無形資產須每年最少進行一次減值測試，及凡有跡象顯示可能出現減值時進行減值測試。

有形及無形資產的可收回金額乃個別估計，當不可能個別估計可收回金額時，則本集團估計資產所屬的現金產生單位的可收回金額。如分配的合理及一致基準可予識別，則公司資產亦被分配至個別現金產生單位，或於其他情況下合理及一致分配基準可予識別時，將其分配至現金產生單位的最小組合。

可收回金額為公平值減去出售成本及使用價值兩者中的較高者。於評估使用價值時，估計未來現金流量乃以稅前貼現率貼現至現值，該貼現率能反映貨幣時間值的當前市場評估及資產（或現金產生單位）特定風險（針對該等未經調整的未來現金流量的估計）。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets other than goodwill (continued)

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

3. 主要會計政策 (續)

有形及無形資產 (除商譽外) 減值 (續)

倘資產 (或現金產生單位) 的可收回金額估計將少於其賬面值, 則資產 (或現金產生單位) 的賬面值會減少至其可收回金額。於分配減值虧損時, 首先分配減值虧損以減少任何商譽的賬面值 (如適用), 然後按比例根據該單位各資產的賬面值分配至其他資產。資產賬面值不得減少至低於其公平值減出售成本 (如可計量)、其使用價值 (如可釐定) 及零之中的最高者。已另行分配至資產之減值虧損金額按比例分配至該單位其他資產。減值虧損會即時於損益確認。

倘減值虧損於其後撥回, 則增加資產 (或現金產生單位) 的賬面值至其可收回金額經修訂估計金額, 惟增加後的賬面值不得超過倘於過往年度並無確認該資產 (或現金產生單位) 的減值虧損而應釐定的賬面值。減值虧損的撥回會即時於損益確認。

借貸成本

直接因收購、建設或生產合資格資產 (需要一段長時間方能達致其擬定用途或出售者) 而產生之借貸成本, 乃加入資產的成本, 直至該等資產實際達到預定用途或可供出售。

所有其他借貸成本乃於產生期間於損益確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are received for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Foreign currencies

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

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

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

3. 主要會計政策 (續)

政府補助

政府補助可於合理確定本集團將符合政府補助附帶的條件及將會收取補助時方予確認。

作為向本集團提供即時財務資助(並無日後相關成本)而收取的政府補助金，乃於應收政府補助之期間內於損益中確認。

外幣

於編製各個別集團實體的財務報表時，以該實體功能貨幣以外的貨幣(外幣)進行的交易，乃按交易日期的現行匯率確認。於報告期末，以外幣計值的貨幣項目，採用當日的現行匯率重新換算。以外幣計值之按公平值列賬之非貨幣項目按釐定公平值當日之現行匯率重新換算。以外幣按歷史成本計值的非貨幣項目不予重新換算。

結算貨幣項目及重新換算貨幣項目所產生的匯兌差額，於產生期間在損益內確認。

為呈列綜合財務報表，本集團業務的資產及負債均以報告期末的現行匯率換算為本集團的呈列貨幣(即港元)。收入及開支會按年內平均匯率進行換算。所產生的匯兌差額(如有)會於其他全面收入內確認，並會於權益下的匯兌儲備內累計(在適當情況下撥歸非控股權益)。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to owners of the Company are reclassified to profit or loss.

Retirement benefit costs

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

Short-term employee benefits

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

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

Equity-settled share-based payment transactions

Share options granted to employees

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

3. 主要會計政策 (續)

外幣 (續)

於出售海外業務 (即出售本集團於包括海外業務之海外業務之全部權益) 時, 於權益累計之本公司擁有人就該業務應佔之所有匯兌差額乃重新分類至損益。

退休福利成本

定額退休福利計劃、政府管理退休福利計劃及強制性公積金計劃的供款於僱員提供服務使彼等可享有供款時作為開支確認。

短期僱員福利

短期僱員福利乃按僱員提供服務時預期向其支付之福利未折現金額確認。除非另一項香港財務報告準則規定或准許將福利計入資產成本, 否則所有短期僱員福利均確認為開支。

負債乃於扣除任何已付金額後就僱員應計福利 (如工資及薪金、年假及病假) 確認。

股權結算以股份支付之交易

向僱員授出的購股權

向僱員作出的股權結算以股份支付乃以股本工具於授出日期的公平值計量。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity-settled share-based payment transactions (continued)

Share options granted to employees (continued)

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share options reserve will be transferred to retained profits.

Taxation

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

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

3. 主要會計政策 (續)

股權結算以股份支付之交易 (續)

向僱員授出的購股權 (續)

不考慮所有非市場歸屬條件，於授出當日釐定的股權結算以股份支付之公平值乃基於本集團對將會最終歸屬的權益工具的估計，按直線法於歸屬期支銷，權益（購股權儲備）則相應增加。於各報告期末，本集團根據對所有非市場歸屬條件的評估，對估計預期將歸屬的權益工具數目作出修訂。修訂原有估計的影響（如有）於損益內確認，令累計開支反映經修訂估計，並對購股權儲備作出相應調整。

當購股權獲行使時，過往於購股權儲備確認之金額將轉撥至股份溢價。倘購股權於歸屬日期後被沒收或於屆滿日期仍未獲行使，則過往於購股權儲備確認之金額將轉撥至保留溢利。

稅項

所得稅開支指即期應付稅項與遞延稅項的總和。

即期應付稅項乃根據年內應課稅溢利計算。應課稅溢利與「除稅前溢利」不同，乃由於其他年度的應課稅收入或可扣稅開支，及毋須課稅或不得扣稅的項目。本集團的即期稅項以於報告期末已實施或實際已實施的稅率計算。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

3. 主要會計政策 (續)

稅項 (續)

遞延稅項按綜合財務報表內資產及負債的賬面值與計算應課稅溢利時使用的相應稅基之間的臨時性差額確認。遞延稅項負債通常會就所有應課稅臨時性差額確認，而遞延稅項資產一般會在可能出現可利用臨時性差額扣稅的應課稅溢利時就所有可扣減臨時性差額確認。若於一項交易中，因初始確認（業務合併除外）資產與負債而引致的臨時性差額既不影響應課稅溢利亦不影響會計溢利，則有關遞延稅項資產與負債不會予以確認。此外，若暫時差額是源自商譽之初始確認，則不確認遞延稅項負債。

遞延稅項負債會就與投資於附屬公司有關的應課稅臨時性差額確認，惟倘本集團有能力控制臨時性差額的撥回且臨時性差額可能不會於可見將來撥回，則另作別論。因與該等投資有關的可扣減臨時性差額而引致的遞延稅項資產，僅會於可能有足夠應課稅溢利可以使用臨時性差額的利益，且預期於可預見未來撥回時確認。

遞延稅項資產的賬面值會於報告期末作檢討，並在不再可能會有足夠的應課稅溢利供收回全部或部份資產時作調減。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

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

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

Current and deferred tax are recognised in profit or loss.

3. 主要會計政策 (續)

稅項 (續)

遞延稅項資產及負債乃按償還負債或變現資產所在期間預期將會適用的稅率，根據於報告期末已實施或實際已實施的稅率（及税法）計算。

遞延稅項負債及資產的計量反映按照本集團預期於報告期末可收回或結算其資產及負債的賬面值方式計算而得出的稅務結果。

當有合法強制執行權利將即期稅項資產與即期稅項負債抵銷，且其與同一稅務機關徵收之所得稅有關，且本集團擬按淨額基準結算其即期稅項資產及負債時，則遞延稅項資產及負債乃互相抵銷。

即期及遞延稅項於損益內確認。

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4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Estimated impairment of goodwill and intangible assets with indefinite useful life

Determining whether the goodwill and intangible assets with indefinite useful life are impaired requires the management judgments and estimations to estimate the value in use of the CGUs related to business of which the goodwill and intangible assets with indefinite useful life have been allocated using discounted cash flow model. In estimating the value in use of the CGUs, key assumptions used by the management include growth rates, gross margin, discount rate, expected sales from customers and management's expectation for future market development. When the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash, a material impairment loss may arise.

4. 估計不明朗因素的主要來源

於應用本集團之會計政策（其於附註3內闡述）時，本公司董事須作出有關未能從其他來源輕易獲得之資產及負債賬面值之判斷、估計及假設。估計及相關假設乃基於過往經驗及被認為有關之其他因素。實際結果可能不同於該等估計。

估計及相關假設乃持續檢討。倘會計估計之修訂僅影響估計獲修訂之期間，則會計估計之修訂於該期間予以確認，倘若修訂影響現時及未來期間，則會計估計之修訂於修訂期間及未來期間內予以確認。

於報告期末有重大可能致使下一個財政年度的資產賬面值須作重大調整而與未來有關的主要假設及估計不明朗因素的其他主要來源如下。

商譽及具有無限使用年期之無形資產估計減值

釐定商譽及具有無限使用年期之無形資產是否減值需要管理層作出判斷及估計，以使用貼現現金流量模型估計已分配商譽及具有無限使用年期之無形資產之業務相關之現金產生單位的使用價值。於估計現金產生單位之使用價值時，管理層所用之主要假設包括增長率、毛利率、折讓率、預期來自客戶之銷售額及管理層對未來市場發展的預計。倘實際未來現金流量少於預期，或事實及情況發生變化導致未來現金流量下調，則可能產生重大減值虧損。

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4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Estimated impairment of goodwill and intangible assets with indefinite useful life (continued)

As at 31 December 2018, the carrying amount of goodwill and intangible assets with indefinite useful life were HK\$61,409,000 (2017: HK\$62,764,000) and HK\$85,483,000 (2017: HK\$85,483,000), respectively. Details of the Group's goodwill and intangible assets with indefinite useful life are set out in notes 20 and 21, respectively.

Impairment assessment of trade receivables

Before application of HKFRS 9 on 1 January 2018, management regularly reviews the recoverability of trade receivables which requires management's judgement in making an assessment of the adequacy of the allowances for doubtful debts. When there is an objective evidence of allowance for doubtful debts, the management determines the allowance based on the aging analysis, business relationship with customers and settlement records for each transaction. Where the actual recoverability of the debts is different from the original estimate, such difference will impact the carrying amounts of trade receivables and allowance for the periods in which such estimate has been changed.

4. 估計不明朗因素的主要來源 (續)

商譽及具有無限使用年期之無形資產估計減值 (續)

於2018年12月31日，商譽及具有無限使用年期之無形資產之賬面值分別為61,409,000港元（2017年：62,764,000港元）及85,483,000港元（2017年：85,483,000港元）。本集團之商譽及具有無限使用年期之無形資產之詳情分別載於附註20及21。

貿易應收款項之減值評估

於2018年1月1日應用香港財務報告準則第9號前，管理層定期檢討貿易應收款項之可收回程度，其須管理層於就呆賬作出足夠撥備之評估時行使判斷。當有呆賬撥備之客觀證據時，管理層根據賬齡分析、與客戶之業務關係及各項交易之償還記錄釐定撥備。當債務之實際可收回程度與原先估計有所差異，有關差異將影響於該估計變動期間之貿易應收款項及撥備的賬面值。

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4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Impairment assessment of trade receivables (continued)

As at 31 December 2017, the carrying amount of trade receivable is HK\$708,489,000 (net of allowance for doubtful debts of HK\$19,209,000). Details of the Group's trade receivables are set out in note 26.

In the current year, as explained in note 2 to the consolidated financial statements, the Group adopted HKFRS 9 and the management of the Group estimates the amount of lifetime ECL of trade receivables based on provision matrix through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, ageing repayment history and past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. In addition, trade receivables that are credit impaired are assessed for ECL individually. The loss allowance amount of the credit impaired trade receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future losses. The assessment of credit risk of trade receivables involves high degree of estimation uncertainty.

As at 31 December 2018, the carrying amount of trade receivable is HK\$692,747,000 (net of allowance for credit losses of HK\$24,913,000). The information about the ECL and the Group's trade receivables are disclosed in notes 26 and 38, respectively.

4. 估計不明朗因素的主要來源 (續)

貿易應收款項之減值評估 (續)

於2017年12月31日，貿易應收款項之賬面值為708,489,000港元（扣除呆賬撥備19,209,000港元）。本集團貿易應收款項之詳情載於附註26。

於本年度，誠如綜合財務報表附註2所闡述，本集團採納香港財務報告準則第9號，且本集團管理層經考慮貿易債務人之內部信貸評級、賬齡償還歷史及各貿易應收款項之逾期狀況，透過將具有類似虧損模式之各債務人分類而根據撥備矩陣估計貿易應收款項之全期預期信貸虧損金額。估計虧損率乃基於債務人於預計年期的歷史觀察違約率，並根據前瞻性資料作出調整。此外，信貸減值貿易應收款項乃個別評估預期信貸虧損。信貸減值貿易應收款項之虧損撥備金額乃經考慮預期未來虧損後，按資產賬面值與估計未來現金流量之現值之差額計量。評估貿易應收款項的信貸風險涉及高度估計不確定性。

於2018年12月31日，貿易應收款項之賬面值為692,747,000港元（扣除信貸虧損撥備24,913,000港元）。有關本集團貿易應收款項之預期信貸虧損之資料分別於附註26及38內披露。

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4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Deferred tax assets

The realisability of the deferred tax asset mainly depends on whether sufficient future assessable profits or taxable temporary differences will be available in the future. In cases where the actual future assessable profits generated are less or more than expected, a material reversal or additional recognition of deferred tax assets may arise, which would be recognised in the consolidated statement of profit or loss and other comprehensive income in the future.

Details of the Group's deferred tax assets are set out in note 24.

Estimated allowance for inventories

Inventories are valued at the lower of cost and net realisable value. The Group regularly reviews its inventory levels in order to identify slow-moving and obsolete inventories. When the Group identifies items of inventories which have a net realisable value that is lower than its carrying amount, the Group estimates the amount of write-down of inventories as allowance for inventories. If the net realisable value of inventories of the Group becomes lower than its carrying amount subsequently, additional allowance may be required.

As at 31 December 2018, the carrying amount of inventories is HK\$531,071,000 (2017: HK\$679,473,000). Details of the Group's inventories are set out in note 25.

4. 估計不明朗因素的主要來源 (續)

遞延稅項資產

遞延稅項資產之可變現性主要視乎日後是否具備充足可供使用的未來應課稅溢利或應課稅暫時差額而定。倘實際產生之未來應課稅溢利少於或超過預期，則可能出現重大撥回或額外確認遞延稅項資產，其將於未來於綜合損益及其他全面收益表內確認。

有關本集團遞延稅項資產之詳情載於附註24。

估計存貨撥備

存貨乃按成本及可變現淨值之較低者估價。本集團定期審查其存貨水平，以識別滯銷及陳舊存貨。當本集團發現任何存貨項目之可變現淨值低於其賬面值時，本集團將估計撇減存貨金額以作存貨撥備。倘其後本集團存貨可變現價值變得低於其賬面值，則需作出額外撥備。

於2018年12月31日，存貨的賬面值為531,071,000港元（2017年：679,473,000港元）。本集團存貨之詳情載於附註25。

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5. REVENUE

(i) Disaggregation of revenue from contracts with customers

Type of goods

		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Sales of health and household products	銷售健康及家居產品	2,509,206	2,478,265
Sales of polyurethane foam	銷售聚氨酯泡沫	1,754,116	1,705,521
Total	總計	4,263,322	4,183,786

Geographical markets

		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
The US	美國	1,533,580	1,626,152
The PRC	中國	2,077,427	2,006,126
Hong Kong	香港	467,826	324,275
Others	其他	184,489	227,233
Total	總計	4,263,322	4,183,786

5. 收入

(i) 客戶合約收益分拆

貨品類別

2018	2017
2018年	2017年
HK\$'000	HK\$'000
千港元	千港元

2,509,206	2,478,265
1,754,116	1,705,521
4,263,322	4,183,786

地區市場

2018	2017
2018年	2017年
HK\$'000	HK\$'000
千港元	千港元

1,533,580	1,626,152
2,077,427	2,006,126
467,826	324,275
184,489	227,233
4,263,322	4,183,786

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5. REVENUE (continued)

(ii) Performance obligations for contracts with customers

The Group sells health and household products, including quality visco-elastic pillows, mattress toppers and mattresses, to wholesalers and retailers and also directly to customers both through its retail network comprising self-operated stand-alone retail shops and concession counters in department stores and through internet sales. The Group also sells polyurethane foam to furniture manufacturers. The Group recognised product sales at the sales value of goods less estimated discounts, rebates and sales related taxes.

For sales of health and household products to the wholesalers and retailers and sales of polyurethane foam to furniture manufacturers, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to and received by the wholesaler's, retailers' and furniture manufacturers' specific location. Following delivery, the wholesalers, retailers and furniture manufacturers have full discretion over the manner of distribution and price to sell the goods, have the primary responsibility when selling the goods and bear the risks of obsolescence and loss in relation to the goods. These customers have neither rights of return nor rights to defer or avoid payment for the goods once the goods are accepted by the customers. The Group generally allows a credit period ranging from 7 days to 120 days upon delivery.

For sales of health and household products to end customers through its retail network comprising self-operated stand-alone retail shops and concession counters in department stores, revenue is recognised when control of the goods has transferred, being at the point the customer purchases and receives the goods at the retail shops and concession counters in department stores. Payment of the transaction price is due immediately at the point when the customer purchases the goods.

5. 收入 (續)

(ii) 客戶合約之履約責任

本集團向批發商及零售商銷售健康及家居產品（包括優質慢回彈枕頭、床墊及床褥），亦透過其零售網絡（包括自營獨立零售店及位於百貨公司的寄售專櫃）及透過互聯網直接向客戶銷售健康及家居產品。本集團亦向家具生產商銷售聚氨酯泡沫。本集團按貨品銷售價值減估計折扣、回扣及銷售相關稅項確認產品銷售。

就向批發商及零售商銷售健康及家居產品及向家具生產商銷售聚氨酯泡沫而言，收益於貨品控制權轉移時（即當貨品交付予批發商、零售商及家具生產商指定之地點及由彼等收取時）確認。於交付後，批發商、零售商及家具生產商可全權酌情釐定貨品之分銷方式及銷售價格，並主要負責貨品之銷售，並須承擔有關貨品過期及損失之風險。當客戶接收貨品後，該等客戶並無退貨權或遞延或規避就貨品付款之權利。本集團一般允許介乎交付後7日至120日之信貸期。

就透過其零售網絡（包括自營獨立零售店及位於百貨公司的寄售專櫃）向最終客戶銷售健康及家居產品而言，收益於貨品控制權轉移時（即於客戶於零售店及位於百貨公司的寄售專櫃購買及收取貨品之時間點）確認。交易價須於客戶購買貨品之時間點即時支付。

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5. REVENUE (continued)

(ii) Performance obligations for contracts with customers (continued)

For internet sales of health and household products, revenue is recognised when control of the goods has transferred to the customers, being at the point the goods are delivered to and received by the customers. Delivery occurs when the goods have been delivered to the customer's specific location. When the customers initially purchase the goods online, the transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customers.

Under the Group's standard contract terms of sales of health and household products to the end customers, they have no rights for refund but have a right to exchange for dissimilar products ranging from 7 days to 60 days. The Group uses its accumulated historical experience to estimate the number of exchange on a portfolio level using the expected value method. Revenue is recognised for sales which are considered highly probable that a significant reversal in the cumulative revenue recognised will not occur. A contract liability is recognised for sales in which revenue has yet been recognised. The Group's right to recover the product when customers exercise their right is recognised as a right to returned goods asset and a corresponding adjustment to cost of sales.

Sales-related warranties associated with sales of health and household products and polyurethane foam cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with its previous accounting treatment.

5. 收入(續)

(ii) 客戶合約之履約責任(續)

就互聯網銷售健康及家居產品而言，收益於貨品控制權轉移至客戶時（即當貨品交付予客戶及由客戶收取之時間點）確認。當貨品已運送至客戶指定之地點即已交付。當客戶最初於網上購買貨品時，本集團已收取之交易價確認為合約負債，直至貨品交付予客戶為止。

根據本集團向最終客戶銷售健康及家居產品之標準合約條款，最終客戶無權要求退款，惟有權於介乎7日至60日內更換為不同產品。本集團根據其累積之過往經驗，使用預期價值法於組合層面估計更換數目。本集團就被視為將極可能不會發生重大撥回累計已確認收益之銷售乃確認收益。本集團就尚未確認收益之銷售確認合約負債。本集團於客戶行使其權利時收回產品之權利確認為退貨權資產，並相應調整銷售成本。

與銷售健康及家居產品及聚氨酯泡沫有關之銷售相關保養不可獨立購買，且其乃作為所出售產品符合協定規格之保證。因此，本集團根據香港會計準則第37號撥備、或然負債及或然資產以與其先前會計處理方法一致之方式入賬保養。

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5. REVENUE (continued)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction prices allocated to the remaining unsatisfied performance obligations as at 31 December 2018 are HK\$893,000 and the expected timing of recognising revenue is within one year.

6. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focused on the location of customers and the Group is currently organised into the following three operating and reportable segments under HKFRS 8 as follows:

China market	– manufacture and sale of health and household products and polyurethane foam for customers located in the PRC, Hong Kong and Macau
North American market	– manufacture and sale of health and household products for customers located in the US, Canada and other North American countries
Europe and other overseas markets	– manufacture and sale of health and household products for customers located in overseas except for those customers located in North American market

5. 收入 (續)

(iii) 分配予客戶合約之餘下履約責任之交易價格

於2018年12月31日，分配餘下未達成履約責任之交易價格為893,000港元，而預期確認收益時間為一年內。

6. 分部資料

向本公司執行董事（即首席營運決策者（「首席營運決策者」））呈報以作資源配置及分部績效評估的資料乃集中於客戶地點，而本集團現時根據香港財務報告準則第8號分為以下三個經營及可報告分部：

中國市場	– 為中國、香港及澳門客戶製造及銷售健康及家居產品及聚氨酯泡沫
北美市場	– 為美國、加拿大及其他北美國家客戶製造及銷售健康及家居產品
歐洲及其他海外市場	– 為海外客戶（北美市場客戶除外）製造及銷售健康及家居產品

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6. SEGMENT INFORMATION (continued)

The CODM makes decisions based on the revenue of each segment and reviews reports on the financial performance of the Group as a whole. No information of segment results, segment assets and liabilities are reviewed by the CODM for the assessment of performance of operating segments. Therefore, only the segment revenue is presented and this is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3.

Segment revenue

The following is an analysis of the Group's revenue by operating and reportable segments:

For the year ended 31 December 2018

		China market 中國市場 HK\$'000 千港元	North American market 北美市場 HK\$'000 千港元	Europe and other overseas markets 歐洲及其他 海外市場 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
SEGMENT REVENUE	分部收入				
External sales	外部銷售	2,554,284	1,658,133	50,905	4,263,322
Cost of sales	銷售成本				(3,491,279)
Other income	其他收入				66,931
Impairment losses, net of reversal	減值虧損(扣除撥回)				(5,923)
Other gains and losses	其他收益及虧損				356
Selling and distribution costs	銷售及分銷成本				(453,362)
Administrative expenses	行政開支				(217,491)
Finance costs	財務成本				(40,096)
Other expenses	其他開支				(94,872)
Profit before taxation	除稅前溢利				27,586

6. 分部資料(續)

首席營運決策者根據各分部的收益作決策及審閱有關本集團整體財務表現的報告。首席營運決策者概無就評估經營分部表現審閱分部業績、分部資產及負債資料。因此僅呈報分部收益，此乃為資源配置及績效評估而向首席營運決策者匯報的計量。

經營及可報告分部之會計政策與附註3所述之本集團之會計政策相同。

分部收入

以下為本集團按經營及可報告分部劃分的收入分析：

截至2018年12月31日止年度

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6. SEGMENT INFORMATION (continued)

Segment revenue (continued)

For the year ended 31 December 2017

		China market	North American market	Europe and other overseas markets 歐洲及其他 海外市場	Consolidated 綜合
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
SEGMENT REVENUE	分部收入				
External sales	外部銷售	2,336,373	1,754,104	93,309	4,183,786
Cost of sales	銷售成本				(3,354,589)
Other income	其他收入				51,739
Other gains and losses	其他收益及虧損				(6,548)
Selling and distribution costs	銷售及分銷成本				(472,796)
Administrative expenses	行政開支				(216,950)
Finance costs	財務成本				(26,158)
Other expenses	其他開支				(100,242)
Profit before taxation	除稅前溢利				58,242

There were no inter-segment sales during both years.

於兩個年度內，並無分部間的銷售。

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6. SEGMENT INFORMATION (continued)

Revenue from major products

The following is an analysis of the Group's revenue from its major products:

		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Health and household products	健康及家居產品	2,509,206	2,478,265
Polyurethane foam	聚氨酯泡沫	1,754,116	1,705,521
		4,263,322	4,183,786

Geographical information

The Group's operations are mainly located in the US, the PRC, Hong Kong and Europe.

Information about the Group's revenue from external customers is presented based on the location of the retail shops and concession counters for retail sales and location of customers for wholesales and internet sales.

		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
The US	美國	1,533,580	1,626,152
The PRC	中國	2,077,427	2,006,126
Hong Kong	香港	467,826	324,275
Europe	歐洲	32,457	72,605
Other Asian countries	其他亞洲國家	21,085	20,784
Other American countries	其他美洲國家	124,553	127,952
Others	其他	6,394	5,892
		4,263,322	4,183,786

6. 分部資料 (續)

主要產品的收入

下文列載本集團來自其主要產品的收入分析：

	2018	2017
	2018年	2017年
	HK\$'000	HK\$'000
	千港元	千港元
Health and household products	2,509,206	2,478,265
Polyurethane foam	1,754,116	1,705,521
	4,263,322	4,183,786

地域資料

本集團主要於美國、中國、香港及歐洲經營業務。

本集團來自外部客戶收入的資料乃按進行零售銷售的零售店及寄售專櫃所在地及進行批發及互聯網銷售的客戶所在地予以呈列。

	2018	2017
	2018年	2017年
	HK\$'000	HK\$'000
	千港元	千港元
The US	1,533,580	1,626,152
The PRC	2,077,427	2,006,126
Hong Kong	467,826	324,275
Europe	32,457	72,605
Other Asian countries	21,085	20,784
Other American countries	124,553	127,952
Others	6,394	5,892
	4,263,322	4,183,786

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6. SEGMENT INFORMATION (continued)

Geographical information (continued)

Information about the Group's non-current assets (excluding deferred tax assets) is presented based on the geographic location of the assets:

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
The US	美國	496,977	528,152
The PRC	中國	542,477	578,538
Hong Kong	香港	15,673	18,643
Macau	澳門	15	26
		1,055,142	1,125,359

Information about major customers

Revenue from a customer in the North American market contributing over 10% of the total revenue to the Group during the years are as follows:

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Customer A	客戶A	589,939	637,600

6. 分部資料 (續)

地域資料 (續)

本集團非流動資產 (不包括遞延稅項資產) 的資料乃按資產的地理位置予以呈列:

主要客戶的資料

於年內來自北美市場的一位客戶的收入 (貢獻本集團總收入的10%以上) 如下:

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7. OTHER INCOME

7. 其他收入

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Interest income	利息收入	487	316
Rental income	租金收入	14,833	10,833
Scrap sales (Note a)	零碎物料銷售(附註a)	44,326	33,801
Government subsidy (Note b)	政府補助(附註b)	3,597	4,798
Interest income on trade receivables at FVTOCI	透過其他全面收益按公平值 列賬之貿易應收款項之 利息收入	2,263	-
Others	其他	1,425	1,991
		66,931	51,739

Notes:

- (a) The corresponding cost of scrap inventories is inseparable from cost of sales.
- (b) The amount represented subsidies for development on export sales and advanced technology. Full amounts are recognised as income in profit or loss as there were no unfulfilled conditions or contingencies attached to the grants and, therefore, the Group recognised the grants to profit or loss upon receipt. The subsidies were granted on a discretionary basis to the Group during the reporting periods.

附註：

- (a) 相關零碎物料存貨的成本計入銷售成本。
- (b) 有關款項指對提升出口銷售及開發先進技術的補助。該款項已在損益賬中全額確認為收入，原因為該等補助未附帶任何未達成條件或或然事項，因此本集團於收到時即在損益賬中確認該等補助。於報告期內，該等補助酌情授予本集團。

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8. IMPAIRMENT LOSSES, NET OF REVERSAL

8. 減值虧損·扣除撥回

	2018	2017
	2018年	2017年
	HK\$'000	HK\$'000
	千港元	千港元
Impairment losses recognised on trade receivables 就貿易應收款項確認之減值虧損	5,923	–

Details of impairment assessment for the year ended 31 December 2018 are set out in note 38 (b).

截至2018年12月31日止年度之減值評估之詳情載於附註38(b)。

9. OTHER GAINS AND LOSSES

9. 其他收益及虧損

	2018	2017
	2018年	2017年
	HK\$'000	HK\$'000
	千港元	千港元
Allowance for doubtful debts 呆賬撥備	–	(1,543)
Reversal of allowance for doubtful debts 呆賬撥備撥回	–	4,310
Loss on disposal of property, plant and equipment 出售物業·廠房及設備的虧損	(1,894)	(572)
Gain (loss) on disposal/dissolution of a subsidiary 出售／解散一間附屬公司的 收益(虧損)	5,285	(1,364)
Net exchange gains (losses) 匯兌收益(虧損)淨額	5,062	(7,379)
Impairment losses on intangible assets 無形資產減值虧損	(8,097)	–
	356	(6,548)

10. FINANCE COSTS

10. 財務成本

	2018	2017
	2018年	2017年
	HK\$'000	HK\$'000
	千港元	千港元
Interests on bank borrowings 銀行借貸利息	40,096	26,158

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I. PROFIT BEFORE TAXATION

II. 除稅前溢利

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Profit before taxation has been arrived at after charging:	扣除以下各項後所得的 除稅前溢利：		
Directors' remuneration (note 12)	董事薪酬（附註12）	11,710	13,297
Other staff costs	其他員工成本	419,785	387,825
Retirement benefit scheme contributions for other staff	其他員工的退休福利計劃供款	38,220	39,119
Share based payment expenses, excluding those of directors	股份支付開支（不包括董事）	480	3,784
Total staff costs	員工成本總額	470,195	444,025
Amortisation of prepaid lease payments	預付租賃款項攤銷	1,647	1,659
Amortisation of intangible assets	無形資產攤銷	6,772	6,277
Depreciation of investment properties	投資物業折舊	4,002	2,420
Depreciation of property, plant and equipment	物業、廠房及設備折舊	73,572	57,986
Total depreciation and amortisation	折舊及攤銷總額	85,993	68,342
Operating lease rentals in respect of	下列各項的經營租賃租金：		
– rented premises	– 租賃物業	74,012	62,771
– retail shops	– 零售店	28,414	27,638
		102,426	90,409
Concessionaire commission for department store counters (Note a)	百貨公司專櫃 特許經營佣金（附註a）	56,328	56,846
		158,754	147,255
Auditor's remuneration	核數師酬金	4,569	4,300
Cost of inventories recognised as expenses including reversal of provision for inventories of HK\$5,670,000 (2017: provision for inventories of HK\$6,338,000)	確認為開支的存貨成本（包括存貨撥備撥回5,670,000港元（2017年：存貨撥備6,338,000港元））	3,491,279	3,354,589
Research and development expenses (included in other expenses) (Note b)	研發開支（計入其他開支） （附註b）	70,410	77,447
Provision for onerous leases	虧損租賃撥備	2,935	–

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II. PROFIT BEFORE TAXATION (continued)

Notes:

- (a) Concessionaire commission for department store counters is generally calculated by applying pre-determined percentages to actual sales made through respective counters.
- (b) Research and development expenses mainly comprise staff salaries and raw materials costs of HK\$16,338,000 (2017: HK\$21,674,000) and HK\$45,896,000 (2017: HK\$43,673,000), respectively. The staff salaries related to research and development are also included in the staff costs disclosed above.

II. 除稅前溢利(續)

附註：

- (a) 百貨公司專櫃特許經營佣金一般以各專櫃的實際銷售額按預先釐定百分比計算。
- (b) 研發開支主要包括員工薪金及原材料成本分別為16,338,000港元(2017年：21,674,000港元)及45,896,000港元(2017年：43,673,000港元)。與研發有關之員工成本亦計入上文所披露的員工成本。

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12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's emoluments for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, are as follows:

12. 董事及最高行政人員酬金

董事及最高行政人員於年內的酬金，根據適用的上市規則及香港公司條例披露如下：

		Salaries and Fees	Performance related incentive payments	Share based payment expenses	Retirement benefit scheme contributions	Total	
		袍金 及 津貼	有關表現 的獎金	股份 支付開支	退休福利 計劃供款	總計	
		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	
			(Note (i))				
			(附註(i))				
For the year ended 31 December 2018	截至2018年 12月31日止年度						
Executive directors	執行董事						
Mr. Lam Chi Fan (<i>Chairman</i>)	林志凡先生(董事長)	–	2,020	80	162	18	2,280
Mr. Cheung Tung (<i>President and the chief executive</i>)	張棟先生(總裁及 最高行政人員)	–	2,091	130	159	18	2,398
Mr. Chen Feng	陳楓先生	–	2,247	150	92	–	2,489
Mr. Lam Kam Cheung	林錦祥先生	–	1,576	250	80	18	1,924
Ms. Lam Fei Man	林斐雯小姐	–	1,106	128	82	18	1,334
Non-executive directors	非執行董事						
Mr. Wong Chi Keung	王志強先生	240	–	–	17	–	257
Professor Lam Sing Kwong Simon	林誠光教授	240	–	–	17	–	257
Mr. Fan Chun Wah Andrew	范駿華先生	240	–	–	17	–	257
Mr. Zhang Hwo Jie	張傑先生	240	–	–	17	–	257
Mr. Wu Tak Lung	吳德龍先生	240	–	–	17	–	257
		1,200	9,040	738	660	72	11,710

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12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

12. 董事及最高行政人員酬金(續)

		Fees	Salaries and allowances	Performance related incentive payments	Share based payment expenses	Retirement benefit contributions	Total
		袍金	薪金及津貼	有關表現的獎金	股份支付開支	退休福利計劃供款	總計
		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
				(Note (i))			
				(附註(i))			
For the year ended	截至2017年						
31 December 2017	12月31日止年度						
Executive directors	執行董事						
Mr. Lam Chi Fan (<i>Chairman</i>)	林志凡先生(董事長)	–	2,021	160	457	18	2,656
Mr. Cheung Tung (<i>President and the chief executive</i>)	張棟先生(總裁及最高行政人員)	–	2,092	180	447	18	2,737
Mr. Chen Feng	陳楓先生	–	2,510	200	254	–	2,964
Mr. Lam Kam Cheung	林錦祥先生	–	1,589	200	215	18	2,022
Ms. Lam Fei Man	林斐雯小姐	–	1,109	160	221	18	1,508
Non-executive directors	非執行董事						
Mr. Wong Chi Keung	王志強先生	240	–	–	42	–	282
Professor Lam Sing Kwong Simon	林誠光教授	240	–	–	42	–	282
Mr. Fan Chun Wah Andrew	范駿華先生	240	–	–	42	–	282
Mr. Zhang Hwo Jie	張傑先生	240	–	–	42	–	282
Mr. Wu Tak Lung	吳德龍先生	240	–	–	42	–	282
		1,200	9,321	900	1,804	72	13,297

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12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

Notes:

- (i) Performance related incentive payments is recommended by the remuneration committee of the Company and is approved by the board of directors, with reference to the Group's operating results, individual performance and comparable market statistics.
- (ii) No directors nor the chief executive waived any emoluments during the years ended 31 December 2018 and 2017.
- (iii) There are no loans, quasi-loans and other dealings arrangement in favour of the directors of the Company, controlled bodies corporate of the directors of the Company and connected entities with such directors of the Company in respect of the years ended 31 December 2018 and 2017.
- (iv) The executive directors shown above were for their service in connection with the management of the affairs of the Company and the Group.
- (v) The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

12. 董事及最高行政人員酬金（續）

附註：

- (i) 有關表現的獎金乃參考本集團經營業績、個別人士表現及可資比較市場統計資料後由本公司薪酬委員會建議及董事會批准。
- (ii) 概無董事或最高行政人員就截至2018年及2017年12月31日止年度放棄任何酬金。
- (iii) 截至2018年及2017年12月31日止年度，概無以本公司董事、本公司董事之受控制法團及本公司該等董事關連實體為受益人之貸款、準貸款及其他交易安排。
- (iv) 上文所示執行董事之酬金乃為支付彼等就管理本公司及本集團事務所提供之服務。
- (v) 上文所示獨立非執行董事之酬金乃為支付彼等擔任本公司董事所提供之服務。

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13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included three directors (2017: three directors), details of whose remuneration are set out in note 12 above. Details of the remuneration for the year of the remaining two (2017: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Salaries and allowances	薪金及津貼	4,625	3,711
Retirement benefit scheme contributions	退休福利計劃供款	84	121
Performance related incentive payments (Note)	有關表現的獎金(附註)	-	365
		4,709	4,197

Note: Performance related incentive payments are reference to the Group's operating results, individual performance and comparable market statistics.

The number of the highest paid employee who are not the directors of the Company whose remuneration falls within the following band is as follows:

		2018	2017
		2018年	2017年
		No. of employees	No. of employees
		僱員人數	僱員人數
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元	-	1
HK\$2,000,001 to HK\$2,500,000	2,000,001港元至2,500,000港元	2	1

13. 五位最高薪酬僱員

年內本集團五位最高薪酬僱員包括三名董事(2017年:三名董事),彼等之薪酬詳情載於上文附註12。餘下兩名(2017年:兩名)並非本公司董事或最高行政人員的最高薪酬僱員年內薪酬之詳情如下:

附註:與表現相關的獎勵款項乃參考本集團之經營業績、個人表現及可資比較市場數字。

薪金屬下列等級的非本公司董事最高薪酬僱員數目如下:

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14. INCOME TAX EXPENSE

14. 所得稅開支

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Current tax:	即期稅項：		
Hong Kong Profits Tax (Note i)	香港利得稅（附註i）	2,613	3,426
PRC EIT (Note ii)	中國企業所得稅（附註ii）	30,568	20,643
PRC withholding tax on distributed profits from PRC subsidiaries	來自中國附屬公司可分派溢利之中國預扣稅	1,418	1,734
US income tax (Note iii)	美國所得稅（附註iii）	419	535
		35,018	26,338
(Over)underprovision in prior years:	過往年度（超額）不足撥備：		
Hong Kong Profits Tax	香港利得稅	(184)	565
PRC EIT	中國企業所得稅	(2,500)	(2,631)
US income tax	美國所得稅	-	111
		(2,684)	(1,955)
Deferred taxation (note 24)	遞延稅項（附註24）	(9,590)	(16,926)
		22,744	7,457

Notes:

附註：

- (i) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

- (i) 於2018年3月21日，香港立法會通過2017年稅務（修訂）（第7號）條例草案（「草案」），其引入利得稅兩級制。草案於2018年3月28日獲簽署成為法律且於翌日刊登憲報。根據利得稅兩級制，合資格集團實體首2百萬港元溢利的稅率為8.25%，而超過2百萬港元的溢利將按16.5%計稅。不符合利得稅兩級制資格的集團實體溢利將繼續按16.5%的劃一稅率計稅。

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14. INCOME TAX EXPENSE (continued)

Notes: (continued)

(i) (continued)

Accordingly, starting from the current year, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

(ii) Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, PRC EIT is calculated based on the statutory rate of 25% of the assessable profit of those subsidiaries established in the PRC for both years, except for certain PRC subsidiaries being approved as High and New Technology Enterprise by the relevant government authorities which are subject to a preferential tax rate of 15%.

(iii) The US corporate tax rate is 21% for the year ended 31 December 2018 in accordance to the Tax Cuts and Jobs Act. The US income tax includes (a) federal income tax calculated at a fixed rate of 21% for the year ended 31 December 2018 (2017: a progressive rate of 15% to 35%) on the estimated US federal taxable income and (b) state income tax calculated at various state income tax rates for both periods on the estimated state taxable income for the respective states. The income subject to tax in a specific state (i.e. state taxable income) is calculated based on the federal taxable income with state tax adjustments, which is then allocated or apportioned to the respective states (i.e. percentage of taxable income that should be apportioned or specially allocated to the respective states in which the Group operates) based on the apportionment factors provided from the state tax returns in previous year.

(iv) Under Decree-Law No. 58/99/M, the Group's Macau subsidiary incorporated under the Decree-Law, is exempted from Macau Complementary tax as it satisfies the relevant conditions as specified in the Decree-Law, one of which being that it does not sell its products to any Macau resident company during the reporting periods.

14. 所得稅開支(續)

附註：(續)

(i) (續)

因此，自本年度起，香港利得稅乃按首2百萬港元之估計應課稅溢利之8.25%計算，而超過2百萬港元之部分則按估計應課稅溢利之16.5%計算。

(ii) 根據中華人民共和國企業所得稅法(「企業所得稅法」)及企業所得稅法實施條例，兩個年度的中國企業所得稅乃按於中國成立之該等附屬公司之應課稅溢利之25%之法定稅率計算，惟由相關政府機關批准為高新技術企業之若干中國附屬公司可享受15%的優惠稅率。

(iii) 根據減稅及就業法案，截至2018年12月31日止年度之美國企業稅率為21%。美國所得稅包括(a)就估計美國聯邦所得稅收入按截至2018年12月31日止年度之固定稅率21%(2017年：15%至35%之累進稅率)計算之聯邦所得稅及(b)兩個期間內就各州的估計州應課稅收入，按不同州所得稅率計算的州所得稅。特定州份的應課稅收入(即州應課稅收入)按經作出州份稅項調整(其後分配或按比例分派至各州份)的聯邦應課稅收入(即按比例分派或特別分配至本集團經營所在相關州份的應課稅收入百分比)，根據先前年度的州報稅表提供的分配因素而計算得出。

(iv) 根據第58/99/M號法令，本集團根據該法令註冊成立的澳門附屬公司，可獲豁免繳納澳門所得補充稅，乃由於其符合該法令所訂明的相關條件，其中一項為其於報告期內並無向任何澳門本地公司銷售其產品。

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14. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

14. 所得稅開支(續)

綜合損益及其他全面收益表的除稅前溢利與年內的所得稅開支對照如下：

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Profit before taxation	除稅前溢利	27,586	58,242
Tax at the domestic income tax rate of 16.5% (2017: 16.5%)	按香港所得稅稅率16.5% (2017年: 16.5%)計算的稅項	4,552	9,610
Tax effect of expenses not deductible for tax purposes	不可扣稅的開支對稅務的影響	11,664	3,758
Tax effect of income not taxable for tax purposes	毋須繳稅的收入對稅務的影響	(1,321)	(918)
Overprovision in prior years	過往年度超額撥備	(2,684)	(1,955)
Tax effect of tax loss not recognised	未予確認的稅項虧損的稅務影響	8,811	15,385
Utilisation of tax loss previously not recognised	動用過往未確認稅務虧損	(1,076)	(7,925)
Tax effect of deductible temporary difference not recognised	未予確認的可扣減臨時性差額的稅務影響	-	218
Utilisation of deductible temporary difference previously not recognised	動用於過往未予確認的可扣減臨時性差額	(646)	-
Deferred tax on withholding tax on undistributed earnings of PRC subsidiaries	中國附屬公司未分派盈利的預扣稅的遞延稅項	1,081	2,114
Change in opening deferred tax assets and liabilities resulting from a decrease in applicable tax rate (note 24)	適用稅率下調所產生之期初遞延稅項資產及負債變動(附註24)	-	(15,194)
Income tax on concessionary rate	按優惠稅率計算的所得稅	(165)	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	於其他司法權區經營的附屬公司的不同稅率影響	2,528	2,364
Income tax expense	所得稅開支	22,744	7,457

Note: The income tax rate (which is the Hong Kong Profits Tax rate) in the jurisdiction where one of the major operations of the Group is substantially based is used.

附註：所得稅稅率(即香港利得稅稅率)乃採用本集團其中一個主要經營地點之司法權區之稅率。

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15. DIVIDENDS

15. 股息

		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Dividends for ordinary shareholders of the Company recognised as distribution during the year:	年內確認為分派之本公司普通股股東之股息：		
2017 Final – HK1.0 cent per share (2017: 2016 Final – HK1.0 cent per share)	2017年末期股息 — 每股股份1.0港仙 (2017年：2016年末期股息 — 每股股份1.0港仙)	17,500	17,500

No dividend has been proposed for ordinary shareholders of the Company subsequent to the year ended 31 December 2018.

於截至2018年12月31日止年度後，並無建議向本公司普通股股東派發股息。

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16. (LOSS) EARNING PER SHARE

The calculation of the basic and diluted (loss) earning per share attributable to the owners of the Company is based on the following data:

		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
<i>(Loss) earning for the purpose of basic and diluted (loss) earning per share:</i>	計算每股基本及攤薄(虧損)盈利之(虧損)盈利:		
(Loss) profit for the year attributable to owners of the Company	本公司擁有人應佔年內(虧損)溢利	(5,801)	39,674

		2018	2017
		2018年	2017年
		'000	'000
		千股	千股
<i>Number of shares for the purpose of basic and diluted (loss) earning per share:</i>	計算每股基本及攤薄(虧損)盈利之股份數目:		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earning per share	計算每股基本及攤薄(虧損)盈利的普通股加權平均數	1,750,002	1,750,002

The computation of diluted (loss) earning per share for the years ended 31 December 2018 and 2017 does not assume the exercise of the share options as the exercise prices of those share options are higher than the average market price of shares during the years ended 31 December 2018 and 2017.

16. 每股(虧損)盈利

本公司擁有人應佔每股基本及攤薄(虧損)盈利乃根據以下數據計算:

	2018	2017
	2018年	2017年
	HK\$'000	HK\$'000
	千港元	千港元
<i>(Loss) earning for the purpose of basic and diluted (loss) earning per share:</i>		
(Loss) profit for the year attributable to owners of the Company	(5,801)	39,674

	2018	2017
	2018年	2017年
	'000	'000
	千股	千股
<i>Number of shares for the purpose of basic and diluted (loss) earning per share:</i>		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earning per share	1,750,002	1,750,002

計算截至2018年及2017年12月31日止年度的每股攤薄(虧損)盈利並無假設行使購股權，原因是該等購股權的行使價高於股份於截至2018年及2017年12月31日止年度的平均市價。

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17. PROPERTY, PLANT AND EQUIPMENT

17. 物業、廠房及設備

		Buildings	Plant and machinery	Leasehold improvements, furniture and fixtures 租賃裝修·家具	Motor vehicles	Construction in progress	Total
		樓宇	廠房及機器	及裝置	汽車	在建工程	總計
		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
COST	成本						
At 1 January 2017	於2017年1月1日	201,019	192,810	97,208	13,908	222,260	727,205
Exchange adjustments	匯兌調整	16,580	13,265	2,517	1,000	1,501	34,863
Additions	添置	938	75,492	22,234	1,988	90,529	191,181
Disposals	出售	–	(2,618)	(752)	(867)	–	(4,237)
Transfer from construction in progress	轉撥自在建工程	26,092	150,441	109,353	–	(285,886)	–
Transfer from investment properties (note 18)	轉撥自投資物業(附註18)	12,623	–	–	–	–	12,623
Transfer to investment properties (note 18)	轉撥至投資物業(附註18)	(24,241)	–	–	–	–	(24,241)
At 31 December 2017	於2017年12月31日	233,011	429,390	230,560	16,029	28,404	937,394
Exchange adjustments	匯兌調整	(5,260)	(16,268)	(5,707)	(1,205)	1,830	(26,610)
Additions	添置	–	4,807	8,443	2,273	49,142	64,665
Disposals	出售	(4,867)	(8,357)	(3,869)	(1,529)	–	(18,622)
Disposals through disposal of a subsidiary (note 42)	透過出售一間附屬公司出售(附註42)	–	–	(24)	–	–	(24)
Transfer from construction in progress	轉撥自在建工程	–	26,436	2,458	–	(28,894)	–
At 31 December 2018	於2018年12月31日	222,884	436,008	231,861	15,568	50,482	956,803

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17. PROPERTY, PLANT AND EQUIPMENT (continued)

17. 物業、廠房及設備(續)

		Buildings	Plant and machinery	Leasehold improvements, furniture and fixtures 租賃裝修·家具 及裝置	Motor vehicles	Construction in progress	Total
		樓宇	廠房及機器	及裝置	汽車	在建工程	總計
		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
DEPRECIATION	折舊						
At 1 January 2017	於2017年1月1日	41,288	56,079	49,770	7,151	–	154,288
Exchange adjustments	匯兌調整	5,924	5,321	1,067	625	–	12,937
Provided for the year	年度撥備	7,482	31,703	16,224	2,577	–	57,986
Elimination on disposals	出售時抵銷	–	(2,017)	(518)	(661)	–	(3,196)
Transfer from investment properties (note 18)	轉撥自投資物業(附註18)	2,348	–	–	–	–	2,348
At 31 December 2017	於2017年12月31日	57,042	91,086	66,543	9,692	–	224,363
Exchange adjustments	匯兌調整	(1,987)	(3,664)	(2,852)	(344)	–	(8,847)
Provided for the year	年度撥備	8,883	42,730	19,481	2,478	–	73,572
Elimination on disposals	出售時抵銷	(4,867)	(4,324)	(3,833)	(1,344)	–	(14,368)
Eliminated on disposal of a subsidiary (note 42)	出售一間附屬公司時抵銷(附註42)	–	–	(1)	–	–	(1)
At 31 December 2018	於2018年12月31日	59,071	125,828	79,338	10,482	–	274,719
CARRYING VALUES	賬面值						
At 31 December 2018	於2018年12月31日	163,813	310,180	152,523	5,086	50,482	682,084
At 31 December 2017	於2017年12月31日	175,969	338,304	164,017	6,337	28,404	713,031

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17. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group's buildings are erected on land in the PRC.

The above items of property, plant and equipment, except for construction in progress, are depreciated, net of residual values, on a straight-line basis at the following rates per annum:

Buildings	Over the shorter of the term of the lease or 35 years
Plant and machinery	10% – 20%
Leasehold improvements, furniture and fixtures	10% – 33 $\frac{1}{3}$ % or over the term of the lease, whichever is shorter
Motor vehicles	20%

On 10 August 2017, the Group leased out certain properties located in the PRC to a third party and transferred owner-occupied properties to investment properties. The total carrying amount of the properties at the date of transfer, which was being the carrying value of investment properties, was approximately HK\$24,241,000.

On 22 August 2017, certain investment properties which have been previously leased to a third party were transferred to property, plant and equipment upon the commencement of owner occupation. The total carrying amount of the properties at the date of transfer, which was being the carrying value of property, plant and equipment, was approximately HK\$10,275,000.

17. 物業、廠房及設備(續)

本集團的樓宇乃建設於中國土地上。

上述物業、廠房及設備項目(在建工程除外)乃按下列年利率以直線基準折舊(扣除餘值):

樓宇	按租約年期或35年 (以兩者中的較短者為準)
廠房及機器	10%–20%
租賃裝修、家具及裝置	10%–33 $\frac{1}{3}$ %或 按租約年期 (以兩者中的較短者為準)
汽車	20%

於2017年8月10日，本集團將位於中國的若干物業出租予第三方及將自用物業轉撥至投資物業。該等物業賬面總值於轉撥日期為約24,241,000港元，作為投資物業的賬面值。

於2017年8月22日，先前出租予第三方的若干投資物業已經於業主自用後轉撥至物業、廠房及設備。物業於轉撥日期的賬面總值(即物業、廠房及設備的賬面值)約為10,275,000港元。

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18. INVESTMENT PROPERTIES

18. 投資物業

		HK\$'000 千港元
COST		
At 1 January 2017	於2017年1月1日	88,420
Exchange adjustments	匯兌調整	6,218
Transfer from property, plant and equipment (note 17)	轉撥自物業、廠房及設備(附註17)	24,241
Transfer to property, plant and equipment (note 17)	轉撥至物業、廠房及設備(附註17)	(12,623)
At 31 December 2017	於2017年12月31日	106,256
Exchange adjustments	匯兌調整	(5,715)
At 31 December 2018	於2018年12月31日	100,541
DEPRECIATION		
At 1 January 2017	於2017年1月1日	6,146
Exchange adjustments	匯兌調整	649
Provided for the year	年度撥備	2,420
Transfer to property, plant and equipment (note 17)	轉撥至物業、廠房及設備(附註17)	(2,348)
At 31 December 2017	於2017年12月31日	6,867
Exchange adjustments	匯兌調整	(552)
Provided for the year	年度撥備	4,002
At 31 December 2018	於2018年12月31日	10,317
CARRYING VALUES		
At 31 December 2018	於2018年12月31日	90,224
At 31 December 2017	於2017年12月31日	99,389

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18. INVESTMENT PROPERTIES (continued)

The Group's investment properties are erected on land in the PRC and are depreciated on a straight-line basis over the term of lease.

As at 31 December 2018, the fair values of the Group's investment properties were HK\$205,032,000 (2017: HK\$216,166,000). The fair values have been arrived at based on a valuation carried out by Asset Appraisal Limited, an independent valuer not connected with the Group.

The fair values of the investment properties located in Zhejiang Province and Sichuan Province in the PRC were determined based on the market comparable approach which is categorised within Level 3 of the fair value hierarchy. The inputs used in the fair value measurements mainly include the market unit sale rate of comparable properties of similar size, nature and location. There has been no change from the valuation technique used in the prior year.

In estimating the fair value of the investment properties, the highest and best use of the properties is their current use. There were no transfers into or out of Level 3 during the year.

18. 投資物業(續)

本集團的投資物業乃建設於中國土地上，以直線法按租約年期折舊。

於2018年12月31日，本集團的投資物業公平值為205,032,000港元(2017年：216,166,000港元)。公平值乃根據由與本集團概無關連的獨立估值師中誠達資產評估顧問有限公司進行的估值釐定。

位於中國浙江省及四川省投資物業的公平值乃根據市場比較法(分類為公平值層級之第3級)釐定。於計算公平值時，輸入值主要包括面積、性質及位置相若的可比較物業之市場單位銷售價格。估值技術與過往年度所用者並無變動。

於估計投資物業之公平值時，物業之最高及最佳用途為其現時用途。年內概無轉入第三級或自當中轉出。

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19. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise leasehold land interests in the PRC.

		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Analysed for reporting purposes as:	就報告目的而分析為：		
Non-current asset	非流動資產	62,479	67,631
Current asset	流動資產	1,638	1,727
		64,117	69,358

19. 預付租賃款項

本集團的預付租賃款項包括在中國的租賃土地權益。

20. GOODWILL

		HK\$'000
		千港元
COST	成本	
At 1 January 2017	於2017年1月1日	60,926
Exchange adjustments	匯兌調整	1,838
At 31 December 2017	於2017年12月31日	62,764
Exchange adjustments	匯兌調整	(1,355)
At 31 December 2018	於2018年12月31日	61,409

20. 商譽

Particulars regarding impairment testing on goodwill are disclosed in note 22.

商譽之減值測試詳情於附註22披露。

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21. INTANGIBLE ASSETS

21. 無形資產

		Brand name 品牌 名稱 HK\$'000 千港元	Customer relationship 客戶 關係 HK\$'000 千港元	Total 總計 HK\$'000 千港元
COST	成本			
At 1 January 2017, 31 December 2017 and 31 December 2018	於2017年1月1日、 2017年12月31日及 2018年12月31日	85,483	62,769	148,252
AMORTISATION AND IMPAIRMENT	攤銷及減值			
At 1 January 2017	於2017年1月1日	–	4,707	4,707
Charge for the year	年內支出	–	6,277	6,277
At 31 December 2017	於2017年12月31日	–	10,984	10,984
Charge for the year	年內支出	–	6,772	6,772
Impairment losses recognised	已確認之減值虧損	–	8,097	8,097
At 31 December 2018	於2018年12月31日	–	25,853	25,853
CARRYING VALUES	賬面值			
At 31 December 2018	於2018年12月31日	85,483	36,916	122,399
At 31 December 2017	於2017年12月31日	85,483	51,785	137,268

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21. INTANGIBLE ASSETS (continued)

The brand name and customer relationship was acquired upon acquisition of Dormeo North America, LLC ("Dormeo") in 2016.

The customer relationship has finite useful lives ranging from 7 years to 10 years (2017: 10 years) and is amortised on a straight-line basis. Its useful life was determined with reference to a number of factors, including historical customer data and management's experience and industry knowledge. Useful lives of customer relationship are reviewed at the end of each reporting period by considering the changes in above factors. Based on the assessment made by the directors of the Company, the directors determined that the useful lives of certain customer relationship have reduced from 10 years to 7 years and their amortisation have been accelerated and an additional amortisation amounting to HK\$495,000 during the year ended 31 December 2018 has been recognised.

The brand name has indefinite useful life. The directors of the Company are of the opinion that the brand name is developed through years of advertising, promotional campaigns and customer satisfaction.

As a result, the brand name is considered by the directors of the Company as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The brand name will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired. Particulars of the impairment testing on intangible assets are disclosed in note 22.

During the year ended 31 December 2018, the directors of the Company conducted a review of the Group's customer relationship and determined that no future economic benefits flowing from certain of customer relationships and accordingly, impairment losses of HK\$8,097,000 have been recognised in respect of these customer relationships included in the North American market segment. The recoverable amounts of the relevant customer relationships have been determined on the basis of their value in use. The pre-tax discount rate in measuring the amount of value in use was 18.88% in relation to customer relationships.

21. 無形資產(續)

品牌名稱及客戶關係乃於2016年收購Dormeo North America, LLC (「Dormeo」)時收購。

客戶關係的有限可使用年期介乎7年至10年(2017年:10年),並按直線基準攤銷。其可使用年期乃參考多項因素(包括歷史客戶數據以及管理層的經驗及業界知識)釐定。客戶關係的可使用年期於各報告期末透過考慮上述因素之變動而予以檢討。根據本公司董事作出之評估,董事釐定若干客戶關係之可使用年期由10年減少至7年,且其攤銷已加速及已於截至2018年12月31日止年度確認額外攤銷495,000港元。

品牌名稱的可使用年期為無限。本公司董事認為品牌名稱乃由多年來的廣告、推廣活動及客戶滿意度所建立。

因此,由於品牌名稱預期將無限地貢獻現金流量淨額,故其被本公司董事視為擁有無限可使用年期。品牌名稱並不會被攤銷,直至其可使用年期被釐定為有限。相反,每年以及倘有跡象顯示其可能出現減值時,其將須進行減值測試。無形資產之減值測試詳情披露於附註22。

截至2018年12月31日止年度,本公司董事已對本集團之客戶關係進行檢討,並釐定若干客戶關係將不會流入未來經濟利益,因此,已就該等計入北美市場分部之客戶關係確認減值虧損8,097,000港元。有關客戶關係之可收回金額乃按其使用價值基準釐定。就客戶關係計量使用價值金額之稅前貼現率為18.88%。

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22. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

For the purposes of impairment testing, goodwill and intangible assets with indefinite useful life set out in notes 20 and 21, respectively, have been allocated to two individual CGUs, comprising Chengdu Xingang Sponge Co., Ltd. (“Chengdu Xingang”) which engaged in manufacturing and sales of polyurethane foam and Dormeo which engaged in wholesaling of health and household products. The carrying amounts of goodwill and intangible assets with indefinite useful life as at 31 December 2018 and 2017 allocated to these units are as follows:

22. 商譽及具有無限使用年期之無形資產之減值測試

為進行減值測試，各自載於附註20及21的商譽及具有無限使用年期之無形資產已分配至兩個個別的現金產生單位，其包括成都新港海綿有限公司（「成都新港」，其從事聚氨酯泡沫生產及銷售）及Dormeo（其從事健康及家居產品批發）。於2018年及2017年12月31日，分配至該等單位的商譽及具有無限使用年期之無形資產的賬面值如下：

		Goodwill		Brand name	
		商譽		品牌名稱	
		2018	2017	2018	2017
		2018年	2017年	2018年	2017年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Chengdu Xingang	成都新港	24,946	26,301	–	–
Dormeo	Dormeo	36,463	36,463	85,483	85,483

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22. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE (continued)

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

Chengdu Xingang

The recoverable amount of this unit has been determined based on a value in use calculation. The calculation uses cash flows projections based on financial budgets approved by management covering a 5-year period, and a pre-tax discount rate of 10.67% (2017: 10.67%). Chengdu Xingang's cash flows beyond the 5-year period are extrapolated using a steady 4% (2017: 4%) growth rate. The management of the Group believes that a 4% (2017: 4%) growth rate is reasonable after considering the recent inflation rate in Chengdu and the management expectation on future market development. Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows, including budgeted sales and gross margin, are estimated based on the Chengdu Xingang's past performance and management's expectations for the future market development. During the years ended 31 December 2018 and 2017, the management of the Group determines that there is no impairment of Chengdu Xingang containing goodwill for both years. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of Chengdu Xingang to exceed the recoverable amount of Chengdu Xingang.

22. 商譽及具有無限使用年期之無形資產之減值測試 (續)

上述現金產生單位的可收回金額的基準及其主要相關假設概述如下：

成都新港

此單位的可收回金額乃根據使用價值計算釐定。該項計算乃根據管理層所批准的五年財務預算使用現金流量預測按稅前貼現率10.67% (2017年：10.67%) 計算。成都新港五年後的現金流量採用4% (2017年：4%) 的穩定增長率推算。本集團管理層相信，經考慮成都之通脹率及管理層對未來市場發展的期望後，4% (2017年：4%) 之增長率乃屬合理。使用價值計算的其他主要假設與現金流入／流出的估計有關，其包括預算銷售及毛利率乃根據成都新港的過往表現以及管理層對未來市場發展的預期而估計。截至2018年及2017年12月31日止年度，本集團管理層釐定成都新港 (包括商譽) 於兩個年度均並無減值。管理層相信任何該等假設的合理可能變動將不會導致成都新港的賬面值高於成都新港的可收回金額。

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22. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE (continued)

Dormeo

The recoverable amount of this unit has been determined based on a value in use calculation. The calculation uses cash flows projections based on financial budgets approved by management covering a 5-year period, and a pre-tax discount rate of 18.88% (2017: 17.90%). Dormeo's cash flows beyond the 5-year period are extrapolated using a steady 2% (2017: 2%) growth rate. The management of the Group believes that a 2% (2017: 2%) growth rate is reasonable after considering the US Federal Reserve long term inflation rate. Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows, including budgeted sales and gross margin, are estimated based on the Dormeo's past performance and management's expectations for future market development. During the years ended 31 December 2018 and 2017, the management of the Group determines that there is no impairment of Dormeo containing goodwill and brand name for both years. Management believes that reasonably possible change in any of these assumptions would not cause the carrying amount of Dormeo to exceed the recoverable amount of Dormeo.

23. RENTAL DEPOSITS

The balances represent rental deposits placed by the Group in connection with its rented premises, retail shops and concession counters in department stores. An amount of HK\$23,365,000 (2017: HK\$24,470,000) represents the relevant leases which will either expire after one year from the end of the reporting period, or if the remaining lease term is less than one year, the Group has the positive intention to renew the leases upon expiry and classified as non-current. An amount of HK\$4,793,000 (2017: HK\$5,826,000) represents the relevant leases which will expire within one year from the reporting period and the Group has no intention to renew the leases upon expiry are classified as current and included in note 26.

22. 商譽及具有無限使用年期之無形資產之減值測試(續)

Dormeo

此單位的可收回金額乃根據使用價值計算釐定。該項計算乃根據管理層所批准的五年財務預算使用現金流量預測按稅前貼現率18.88% (2017年: 17.90%)計算。Dormeo五年後的現金流量採用2% (2017年: 2%)的穩定增長率推算。本集團管理層相信, 經考慮美國聯邦儲備局的長期通貨膨脹率後, 2% (2017年: 2%)之增長率乃屬合理。使用價值計算的其他主要假設與現金流入/流出的估計有關, 其包括預算銷售及毛利率乃根據Dormeo的過往表現以及管理層對未來市場發展的預期而估計。截至2018年及2017年12月31日止年度, 本集團管理層釐定Dormeo (包括商譽及品牌名稱)於兩個年度均並無減值。管理層相信該等假設的合理可能變動將不會導致Dormeo的賬面值高於其可回收金額。

23. 租金按金

結餘相當於本集團就其租賃物業、零售店及百貨公司特許經營專櫃置付的租金按金。相關租賃款項23,365,000港元 (2017年: 24,470,000港元)將於自報告期末起超過一年屆滿; 或倘若剩餘的租賃年期少於一年, 本集團有意在屆滿後重訂租賃, 而結餘獲分類為非流動。相關租賃款項4,793,000港元 (2017年: 5,826,000港元)將於自報告期起計一年內屆滿, 且本集團無意在屆滿後重訂租賃, 故分類為流動及載入附註26。

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24. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Deferred tax assets	遞延稅項資產	25,451	19,710
Deferred tax liabilities	遞延稅項負債	(96,462)	(102,964)
		(71,011)	(83,254)

The following are the major deferred tax (liabilities) assets recognised and movements thereon during the current and prior years:

24. 遞延稅項

就綜合財務狀況表的呈列而言，若干遞延稅項資產及負債已予以抵銷。以下為就財務報告作出的遞延稅項結餘分析：

以下為於本年度及過往年度獲確認的主要遞延稅項（負債）資產及其變動：

		Undistributed profits of PRC subsidiaries	Unrealised profit in inventories	Tax losses	Allowance for inventories and doubtful debts/credit losses	Fair value adjustment on properties	Fair value adjustment on intangible assets	Others	Total
		中國附屬公司的未分配溢利	存貨未變現溢利	稅項虧損	存貨及呆賬／信貸虧損撥備	物業之公平值調整	無形資產之公平值調整	其他	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 2017	於2017年1月1日	(11,722)	145	6,372	13,566	(56,302)	(50,288)	1,575	(96,654)
Exchange adjustments	匯兌調整	(171)	–	294	474	(4,187)	–	64	(3,526)
(Charged) credited to profit or loss	於損益（扣除）計入	(3,848)	2	–	719	865	2,134	126	(2)
Release to profit or loss upon payment of dividends	支付股息後撥至損益	1,734	–	–	–	–	–	–	1,734
Effect of change in tax rate	稅率變動影響	–	–	–	(3,845)	–	19,228	(189)	15,194
At 31 December 2017	於2017年12月31日	(14,007)	147	6,666	10,914	(59,624)	(28,926)	1,576	(83,254)
Exchange adjustments	匯兌調整	494	–	(217)	(472)	3,050	(187)	(15)	2,653
(Charged) credited to profit or loss	於損益（扣除）計入	(2,499)	(35)	7,984	(2,007)	820	3,409	500	8,172
Release to profit or loss upon payment of dividends	支付股息後撥至損益	1,418	–	–	–	–	–	–	1,418
At 31 December 2018	於2018年12月31日	(14,594)	112	14,433	8,435	(55,754)	(25,704)	2,061	(71,011)

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24. DEFERRED TAXATION (continued)

At the end of the reporting period, the Group has unused tax losses of HK\$219,195,000 (2017: HK\$139,637,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$68,948,000 (2017: HK\$31,720,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$150,247,000 (2017: HK\$107,917,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK\$28,555,000 (2017: HK\$16,847,000) and HK\$56,039,000 (2017: HK\$23,516,000) that will be expired from 2019 to 2023 and from 2037 to 2038, respectively. Other losses may be carried forward indefinitely.

As at 31 December 2018, the Group had deductible temporary differences mainly arising from allowance for inventories and credit losses (2017: doubtful debts) and unrealised profits on inventories of HK\$44,370,000 (2017: HK\$57,627,000). Deferred tax assets have been recognised in respect of such deductible temporary differences of HK\$43,340,000 (2017: HK\$53,365,000). No deferred tax asset has been recognised in relation to the remaining deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the PRC EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the undistributed profit of certain PRC subsidiaries as at 31 December 2018 amounting to HK\$589,380,000 (2017: HK\$437,916,000), as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future. As at 31 December 2018, deferred tax liabilities of HK\$14,594,000 (2017: HK\$14,007,000) has been provided for in respect of the temporary difference arising from the undistributed profits of the remaining PRC subsidiaries.

24. 遞延稅項 (續)

於報告期末，本集團有未動用稅項虧損219,195,000港元（2017年：139,637,000港元）可供抵銷未來溢利。已就有關虧損68,948,000港元（2017年：31,720,000港元）確認遞延稅項資產。由於未來溢利難以預測，故並無就餘下150,247,000港元（2017年：107,917,000港元）確認遞延稅項資產。其中包括分別自2019年至2023年及自2037年至2038年屆滿之虧損28,555,000港元（2017年：16,847,000港元）及56,039,000港元（2017年：23,516,000港元）計入未確認稅項虧損。其他虧損可無限期結轉。

於2018年12月31日，本集團主要因存貨及信貸虧損（2017年：呆賬）撥備及存貨未變現溢利而產生可扣減臨時性差額44,370,000港元（2017年：57,627,000港元）。已就有關可扣減臨時性差額43,340,000港元（2017年：53,365,000港元）確認遞延稅項資產。由於不大可能有應課稅溢利可用作扣減臨時性差額，故並無就剩餘可扣減臨時性差額確認遞延稅項資產。

根據中國企業所得稅法，由2008年1月1日起，中國附屬公司須就其所賺溢利所宣派的股息繳納預扣稅。由於本集團能控制撥回臨時性差額的時間，以及於可見未來不大可能撥回臨時性差額，因此並無就若干中國附屬公司於2018年12月31日的未分派溢利589,380,000港元（2017年：437,916,000港元）應佔的臨時性差額於綜合財務報表作出遞延稅項撥備。於2018年12月31日，遞延稅項負債14,594,000港元（2017年：14,007,000港元）已就餘下中國附屬公司的未分派溢利產生的臨時性差額作出撥備。

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24. DEFERRED TAXATION (continued)

During the year ended 31 December 2017, US corporate tax rate was reduced from 35% to 21% with effective on 1 January 2018 in accordance to the Tax Cuts and Jobs Act. Accordingly, deferred tax assets and liabilities recognised for the year ended 31 December 2017 were re-measured at the amount expected to be paid to or recovered from the relevant taxation authorities using the tax rates that had been enacted as at 31 December 2017. An amount of HK\$15,194,000 was credited to profit or loss during the year ended 31 December 2017 as a result of the above reduction of tax rates.

The Group is liable to withholding tax on dividends distributed from Sinomax USA, Inc.. As at 31 December 2018, the Group had temporary differences relating to the undistributed profits of Sinomax USA, Inc. of HK\$83,654,000 (2017: HK\$95,100,000). Deferred taxation has not been provided for such temporary differences as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

25. INVENTORIES

Raw materials	原材料
Work in progress	在建工程
Finished goods	製成品

24. 遞延稅項 (續)

截至2017年12月31日止年度，根據減稅及就業法案，美國企業稅率自2018年1月1日起由35%調減為21%。因此，按使用於2017年12月31日已制定的稅率計算預計將繳付予相關稅務機構或自稅務機構退回的金額重新計量截至2017年12月31日止年度確認的遞延稅項資產及負債。截至2017年12月31日止年度，15,194,000港元的款項因上述稅率調減而計入損益。

本集團須就Sinomax USA, Inc.分派的股息繳付預扣稅。於2018年12月31日，本集團就Sinomax USA, Inc.未分派溢利的臨時性差額為83,654,000港元（2017年：95,100,000港元）。由於本集團能控制撥回臨時性差額的時間，已及於可見未來不大可能撥回臨時性差額，故並無就該等臨時性差額作出遞延稅項撥備。

25. 存貨

		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Raw materials	原材料	198,908	214,921
Work in progress	在建工程	111,730	103,894
Finished goods	製成品	220,433	360,658
		531,071	679,473

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26. TRADE AND OTHER RECEIVABLES

26. 貿易及其他應收款項

		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Trade receivables	貿易應收款項	717,660	727,698
Less: allowance for credit losses/doubtful debts	減：信貸虧損／呆賬撥備	(24,913)	(19,209)
		692,747	708,489
Other receivables	其他應收款項		
Prepayments for purchasing of raw materials and operating expenses	購買原材料的預付款項及經營開支	84,513	74,104
Other taxes recoverable	其他可收回稅項	37,149	45,204
Rental deposits (note 23)	租金按金(附註23)	4,793	5,826
Advance to staff	預付員工款項	2,467	2,643
Consideration receivable from disposal of a subsidiary	出售一間附屬公司之應收代價	8,601	-
Others	其他	13,089	10,855
		150,612	138,632
Total trade and other receivables	貿易及其他應收款項總額	843,359	847,121

As at 31 December 2018 and 1 January 2018, trade receivables from contracts with customers amounted to HK\$692,747,000 and HK\$621,367,000, respectively.

於2018年12月31日及2018年1月1日，來自客戶合約的貿易應收款項分別為692,747,000港元及621,367,000港元。

The Group's retail sales are made both through its retail network comprising stand-alone retail shops and concession counters in department stores and through internet sales. The Group also sells health and household products directly to overseas wholesalers and retailers and the polyurethane foam to furniture manufacturers in the PRC. Sales at self-operated retail shops and sales through retailers in the PRC and internet sales are transacted either by cash or credit cards. For sales made at concession counters, the department stores collect cash from the end customers and then repay the balance after deducting the concessionaire commission to the Group. The credit period granted to department stores ranges from 30 days to 120 days. For sales to wholesalers, retailers and furniture manufacturers, the Group generally allows a credit period ranging from 7 days to 90 days.

本集團透過本集團的零售網絡(包括獨立零售店及位於百貨公司的寄售專櫃)及互聯網銷售進行零售銷售。本集團亦向海外批發商及零售商直接銷售健康及家庭產品，以及向中國的家具生產商銷售聚氨酯泡沫。於自營零售店、透過中國零售商及互聯網銷售進行的銷售均以現金或信用卡進行交易。就於寄售專櫃進行的銷售而言，由百貨公司向最終客戶收取現金，於扣除特許經營佣金後，向本集團償還餘額。授予百貨公司的信貸期介乎30日至120日。就向批發商、零售商及傢具生產商的銷售而言，本集團一般授予的信貸期介乎7日至90日。

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26. TRADE AND OTHER RECEIVABLES (continued)

The following is the aging analysis of trade receivables, net of allowance for credit losses/doubtful debts, presented based on the dates of delivery of goods.

		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Within 30 days	30日以內	448,714	406,961
31 to 60 days	31至60日	149,877	179,487
61 to 90 days	61至90日	56,832	82,170
91 to 180 days	91至180日	34,030	36,474
181 to 365 days	181至365日	3,294	3,388
Over 365 days	超過365日	–	9
		692,747	708,489

As at 31 December 2018, included in the Group's trade receivables balance are debtors with aggregate net carrying amount of HK\$269,620,000 which are past due as at the reporting date. Out of the past due balances, HK\$19,705,000 has been past due 90 days or more and is not considered as in default by considering the background of the trade receivables and historical payment arrangement of these trade receivables. Other than bills received, the Group does not hold any collateral over these balances.

For the sales to wholesalers, retailers and furniture manufacturers, before accepting any new customers, the Group will internally assess the potential customers' credit quality and define the credit limits based on results from investigation of historical credit records of these customers.

The management of the Group closely monitors the credit quality of trade receivables and considers the debts that are neither past due nor impaired to be of a good credit quality and the Group maintains a good business relationship with those customers.

26. 貿易及其他應收款項(續)

以下為經扣除信貸虧損／呆賬撥備的貿易應收款項的賬齡分析(根據貨品交付日期呈列)。

於2018年12月31日，本集團之貿易應收款項結餘包括賬面淨值合共為269,620,000港元之應收款項，其於報告日期已逾期。於逾期結餘當中，19,705,000港元已逾期90日或以上，惟經考慮貿易應收款項之背景及該等貿易應收款項之歷史付款安排，其並不被視為違約。除已收票據外，本集團並無就該等結餘持有任何抵押品。

就向批發商、零售商及家具生產商的銷售而言，於接納任何新客戶之前，本集團會對潛在客戶的信貸質素進行內部評估，並會根據本集團對該等客戶過往信貸記錄的調查結果界定信貸限額。

本集團管理層會密切監察貿易應收款項的信貸質素，並認為既未逾期又未減值的債務具有良好的信貸質素，且本集團與該等客戶維持良好業務關係。

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26. TRADE AND OTHER RECEIVABLES (continued)

As at 31 December 2017, 78% of the trade receivables that were neither past due nor impaired had been classified as low risk under the credit assessment made by the directors of the Company and the directors considered that these trade receivables had no adverse change in the credit standing of the debtor subsequent to the reporting period. The trade receivables that were neither past due nor impaired related to a number of diversified customers for whom there was no recent history of default.

As at 31 December 2017, included in the Group's trade receivable balance were debtors with aggregate carrying amount of HK\$155,264,000 which were past due as at the reporting date for which the Group had not provided for impairment losses as there had not been a significant change in credit quality of the trade receivable and the amounts were still considered recoverable. Other than bills received amounting to HK\$16,814,000, the Group did not hold any collateral over these balances and no interest was charged on overdue trade receivables.

The following is the aging analysis of trade receivables which are past due but not impaired:

		2017 2017年 HK\$'000 千港元
Within 30 days	30日以內	95,618
31 to 60 days	31至60日	39,642
61 to 90 days	61至90日	8,868
91 to 180 days	91至180日	8,063
181 to 365 days	181至365日	2,258
Over 365 days	超過365日	815
		155,264

26. 貿易及其他應收款項(續)

於2017年12月31日，根據本公司董事作出之信貸評估，既未逾期亦未減值之貿易應收款項中78%已分類為低風險，且董事認為該等貿易應收款項之債務人信貸狀況於報告期後並無不利變動。既未逾期亦未減值之貿易應收款項與多名分散客戶相關，該等客戶並無近期違約記錄。

於2017年12月31日，本集團之貿易應收款項結餘包括賬面值合共為155,264,000港元之應收款項，其於報告日期已逾期，惟本集團並無就此撥備減值虧損，原因為貿易應收款項之信貸質素並無重大變動，且該金額仍被視為可收回。除已收票據16,814,000港元外，本集團並無就該等結餘持有任何抵押品，且並無就逾期結餘收取利息。

以下為已逾期但未減值的貿易應收款項賬齡分析。

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26. TRADE AND OTHER RECEIVABLES (continued)

Movement in the allowance for doubtful debts

		2017
		2017年
		HK\$'000
		千港元
1 January	1月1日	23,363
Exchange adjustments	匯兌調整	778
Impairment losses recognised	已確認之減值虧損	1,543
Impairment losses reversed	已撥回之減值虧損	(4,310)
Written-offs	撇銷	(2,165)
31 December	12月31日	19,209

For the year ended 31 December 2017, the directors of the Company believe that there was no further credit provision required in excess of the allowance for doubtful debts already provided given the settlement from trade receivables after the reporting period and the remaining trade receivables have no recent history of default.

As at 31 December 2017, included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK\$19,209,000 which considered as uncollectible after considering historical settlement records, aging analysis and internal assessment performed by the management of the Group.

Details of impairment assessment of trade receivables for the year ended 31 December 2018 are set out in note 38.

For the year ended 31 December 2018, the Group performed impairment assessment on other receivables and concluded that the probability of defaults of the counterparties are insignificant and accordingly, no allowance for credit losses is provided.

26. 貿易及其他應收款項(續)

呆賬撥備變動

	2017
	2017年
	HK\$'000
	千港元
1 January	23,363
Exchange adjustments	778
Impairment losses recognised	1,543
Impairment losses reversed	(4,310)
Written-offs	(2,165)
31 December	19,209

截至2017年12月31日止年度，鑑於報告期後償付貿易應收款項及餘下貿易應收款項並無近期違約記錄，本公司董事認為，毋須作出超出已作出之呆賬撥備之進一步信貸撥備。

於2017年12月31日，呆賬撥備包括總結餘為19,209,000港元之個別減值貿易應收款項，經考慮歷史償付記錄、賬齡分析及本集團管理層進行之內部評估後，其被視為不可收回。

截至2018年12月31日止年度之貿易應收款項減值評估之詳情載於附註38。

截至2018年12月31日止年度，本集團對其他應收款項進行減值評估，且結論為對手方違約之可能性並不重大，因此並無作出信貸虧損撥備。

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27. BILLS RECEIVABLES

The amount represents bills receivables which are not yet due at the end of the reporting period. The following is the aging analysis of bills receivables based on their time to maturities as at the end of reporting periods:

		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Within 30 days	30日以內	13,166	3,440
31 to 60 days	31至60日	18,877	2,703
61 to 90 days	61至90日	17,878	1,700
91 to 180 days	91至180日	41,578	8,850
181 to 365 days	181至365日	461	121
		91,960	16,814

As at 31 December 2018, bills receivables amounting to HK\$24,221,000 (2017: HK\$16,814,000) are held by the Group for future settlement of trade payables by endorsement of bills or held to maturities for collecting cash. All bills receivables of the Group are with a maturity period of less than one year.

For the year ended 31 December 2018, the Group performed impairment assessment on bill receivables and concluded that the probability of defaults of the counterparties is insignificant and accordingly, no allowance for credit losses is provided.

27. 應收票據

該等金額為於報告期末尚未逾期的應收票據。以下為於報告期末按其到期時間呈列的應收票據賬齡分析。

於2018年12月31日，本集團持有應收票據24,221,000港元（2017年：16,814,000港元）以透過票據背書於日後結付貿易應付款項或持有直至到期以收取現金。本集團之所有應收票據之到期期限均少於一年。

截至2018年12月31日止年度，本集團對應收票據進行減值評估且結論為對手方違約之可能性並不重大，因此並無作出信貸虧損撥備。

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28. TRANSFERS OF FINANCIAL ASSETS

The bills receivables amounting to HK\$67,740,000 (2017: nil) as at 31 December 2018 were transferred to suppliers by endorsing these bills receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these bills receivables, it continues to recognise the full carrying amount of the bills receivables and has recognised as trade payables (see note 31). The bills receivables are carried at amortised cost in the Group's consolidated statement of financial position.

29. TRADE RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As part of the Group's cash flow management, the Group has the practice of factoring some of the trade receivables to financial institutions before the trade receivables are due for repayment and derecognises factored trade receivables on the basis that the Group has transferred substantially all risks and rewards to the relevant counterparties. Accordingly, such trade receivables were considered as within the hold to collect contractual cash flows and to sell business model, and reclassified to trade receivables at FVTOCI upon application of HKFRS 9 on 1 January 2018.

As at 31 December 2018, the effective interest rates of the factored trade receivables at FVTOCI ranged from 3.38% to 4.38% per annum (1 January 2018: 2.59% to 5.50% per annum). Details of the valuation techniques and key inputs adopted for their fair value measurements are disclosed in note 38. As at 31 December 2018 and 1 January 2018, the fair value changes on trade receivables at FVTOCI are insignificant and accordingly, no fair value changes are recognised in equity as FVTOCI reserve.

28. 轉讓金融資產

於2018年12月31日之67,740,000港元(2017年:無)之應收票據已透過按全面追索基準背書該等應收票據轉讓予供應商。由於本集團並無轉讓與該等應收票據有關之重大風險及回報,其繼續確認應收票據之全數賬面值,並已確認為貿易應付款項(見附註31)。應收票據按攤銷成本於本集團之綜合財務狀況表內列賬。

29. 透過其他全面收益按公平值列賬之貿易應收款項

作為本集團現金流量管理的一部分,本集團的慣例為於貿易應收款項到期償還之前向金融機構保理部分貿易應收款項及終止確認已保理之貿易應收款項,此乃基於本集團已將絕大部分風險及回報轉移至有關交易對手。因此,該等貿易應收款項被視為屬於持有以收取合約現金流量及出售業務模式,並於2018年1月1日應用香港財務報告準則第9號時重新分類至透過其他全面收益按公平值列賬之貿易應收款項。

於2018年12月31日,透過其他全面收益按公平值列賬之已保理貿易應收款項的實際利率介乎每年3.38%至4.38%(2018年1月1日:每年2.59%至5.50%)。其公平值計量所採納之估值方法及主要輸入數據於附註38內披露。於2018年12月31日及2018年1月1日,透過其他全面收益按公平值列賬之貿易應收款項之公平值變動並不重大,因此,概無於權益確認公平值變動為透過其他全面收益按公平值列賬儲備。

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30. PLEDGED BANK DEPOSITS/FIXED BANK DEPOSITS/BANK BALANCES AND CASH

(a) Pledged bank deposits

Pledged bank deposits with original maturities more than three months carried fixed interest rates of 3.10% per annum as at 31 December 2017. Such bank deposits had been pledged to secure the Group's general banking facilities and were classified as current assets. The pledged bank deposits has been released upon the settlement of relevant bills payables.

(b) Fixed bank deposits

Fixed bank deposits with original maturities more than three months carry interest at fixed rates ranging from 1.40% to 2.10% (2017: 1.40% to 2.10%) per annum.

(c) Bank balances

Bank balances carry interest at prevailing market rates ranging from 0.01% to 0.35% (2017: 0.01% to 0.35%) per annum.

For the year ended 31 December 2018, the Group performed impairment assessment on pledged bank deposits, fixed bank deposits and bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

30. 已抵押銀行存款／定期銀行存款／銀行結餘及現金

(a) 已抵押銀行存款

於2017年12月31日，原到期日為三個月以上的已抵押銀行存款按固定利率計息，每年為3.10%。有關銀行存款已作抵押以取得本集團的一般銀行融資，分類為流動資產。已抵押銀行存款已於相關應付票據結價後解除。

(b) 定期銀行存款

原到期日為三個月以上的定期銀行存款按固定利率計息，介乎每年1.40%至2.10%（2017年：1.40%至2.10%）。

(c) 銀行結餘

銀行結餘以現行市場利率計息，介乎每年0.01%至0.35%（2017年：0.01%至0.35%）。

截至2018年12月31日止年度，本集團對已抵押銀行存款、定期銀行存款及銀行結餘進行減值評估，且結論為對手方銀行違約之可能性並不重大，因此並無作出信貸虧損撥備。

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31. TRADE AND OTHER PAYABLES

31. 貿易及其他應付款項

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Trade payables	貿易應付款項	363,303	374,216
Refundable securities deposits	可退回證券的按金	10,218	12,999
Accrued expenses	應計開支	119,176	116,154
Other taxes payable	其他應付稅項	29,534	30,192
Amount due to a non-controlling shareholder (Note)	應付結欠非控股股東的款項(附註)	6,543	6,543
Payable for acquisition of property, plant and equipment	就收購物業、廠房及設備應付的款項	11,881	24,395
Payable for freight charges	應付運費	32,119	28,535
Interest payable	應付利息	500	799
Others	其他	26,984	29,359
		236,955	248,976
Total trade and other payables	貿易及其他應付款項總額	600,258	623,192

Note: The amount was unsecured, non-trade nature, interest-free and repayable on demand.

附註：該款項為無抵押、非貿易性質、免息及須按要求償還。

Included in the trade and other payables above amounting to HK\$67,740,000 (2017: Nil) had been settled by endorsed bills for which the maturity dates of the bills receivables are not yet fallen due as at the end of the reporting period (note 28).

計入上述貿易及其他應付款項67,740,000港元(2017年：無)乃以已背書票據償付，其應收票據之到期日於報告期末尚未到期(附註28)。

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31. TRADE AND OTHER PAYABLES (continued)

The credit period of trade payables is ranging from 30 to 60 days. The following is the aging analysis of trade payables based on the invoice date at the end of each reporting period.

		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Within 30 days	30日內	227,429	213,458
31 to 60 days	31至60日	62,015	103,317
61 to 90 days	61至90日	19,766	31,824
91 to 180 days	91至180日	45,399	14,712
Over 180 days	超過180日	8,694	10,905
		363,303	374,216

32. BILLS PAYABLES

Bills payables were secured by pledged bank deposits of HK\$2,912,000 (2018: Nil) as at 31 December 2017 and guaranteed by the Company and certain of its subsidiaries. The following is the aging analysis of bills payables at the end of the reporting period presented based on bills issue date:

		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Within 30 days	30日以內	15,319	10,546
31 to 60 days	31至60日	1,333	1,335
61 to 90 days	61至90日	15,735	25,442
91 to 180 days	91至180日	53,794	54,151
		86,181	91,474

31. 貿易及其他應付款項(續)

貿易應付款項的信貸期介乎30至60日。以下為各報告期末按發票日期呈列的貿易應付款項賬齡分析。

32. 應付票據

於2017年12月31日之應付票據以有抵押銀行存款2,912,000港元(2018年:無)作抵押,並由本公司及其若干附屬公司擔保。以下為報告期末按票據發行日期呈列的應付票據賬齡分析:

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33. CONTRACT LIABILITIES

The following is an analysis of the Group's contract liabilities:

	As at 31 December 2018 於2018年 12月31日 HK\$'000 千港元	As at 1 January 2018* 於2018年 1月1日* HK\$'000 千港元
Deposits received from customers for the sales of health and household products	893	1,255
就銷售健康及家居產品自客戶收取之按金		

For the contract liabilities as at 1 January 2018, the entire balances are recognised as revenue in profit or loss during the year ended 31 December 2018. The directors of the Company considered that the entire balance of contract liabilities as at 31 December 2018 will be recognised as revenue in profit or loss within twelve months subsequent to 31 December 2018. Typical payment terms which impact on the amount of contract liabilities recognised are set out in Note 5(ii).

* The amounts in this column are after the adjustments from the application of HKFRS 15.

33. 合約負債

本集團之合約負債分析如下：

	As at 31 December 2018 於2018年 12月31日 HK\$'000 千港元	As at 1 January 2018* 於2018年 1月1日* HK\$'000 千港元
Deposits received from customers for the sales of health and household products	893	1,255
就銷售健康及家居產品自客戶收取之按金		

就於2018年1月1日之合約負債而言，全部結餘均於截至2018年12月31日止年度於損益確認為收益。本公司董事認為，於2018年12月31日之合約負債之全部結餘將於2018年12月31日後十二個月內於損益確認為收益。影響已確認合約負債金額之典型付款條款載於附註5(ii)。

* 該欄內之金額乃就應用香港財務報告準則第15號而經調整。

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34. UNSECURED BANK BORROWINGS

34. 無抵押銀行借款

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Trade borrowings	貿易借款	193,582	178,445
Term borrowings	定期借款	680,175	557,609
		873,757	736,054
		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
The carrying amounts of the above unsecured bank borrowings that are repayable*:	上述無抵押銀行借款之賬面值須於以下期限償還*:		
Within one year	一年內	318,398	188,868
Within a period of more than one year but not exceeding two years	期限超過一年，但不超過兩年	208,591	81,456
Within a period of more than two years but not exceeding five years	期限超過兩年，但不超過五年	80,797	39,608
		607,786	309,932
The carrying amounts of bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:	包含須按要求償還條款之銀行借款(列作流動負債)之賬面值須於以下期限償還:		
Within one year	一年內	256,471	355,289
Within a period of more than one year but not exceeding two years	期限超過一年，但不超過兩年	9,500	61,333
Within a period of more than two years but not exceeding five years	期限超過兩年，但不超過五年	-	9,500
		265,971	426,122
		873,757	736,054
Less: Amounts due within one year shown under current liabilities	減: 流動負債項下呈列一年內到期的款項	(584,369)	(614,990)
Amounts shown under non-current liabilities	非流動負債項下呈列金額	289,388	121,064

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

* 到期款項以貸款協議載列的預定還款日期為基準。

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34. UNSECURED BANK BORROWINGS (continued)

34. 無抵押銀行借款(續)

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Variable-rate borrowings	浮動利率借款	857,139	690,568
Fixed-rate borrowings	固定利率借款	16,618	45,486
		873,757	736,054

Variable-rate bank borrowings carry interest with reference to Hong Kong Interbank Offered Rate, London Interbank Offered Rates and Hong Kong Prime Rate plus a specific margin of the relevant banks.

浮動利率銀行借款按香港銀行同業拆息、倫敦銀行同業拆息及香港最優惠利率加相關銀行的特定利潤率計息。

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings, are as follows:

本集團的借款實際利率(其亦相等於訂約利率)範圍如下:

		2018 2018年	2017 2017年
Effective interest rates (per annum):	實際利率(每年):		
Variable-rate borrowings	浮動利率借款	2.46% – 6.85%	2.27% – 5.32%
Fixed-rate borrowings	固定利率借款	5.75% – 6.00%	3.95% – 6.00%

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34. UNSECURED BANK BORROWINGS (continued)

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
US\$	美元	130,979	79,666

As at 31 December 2018, a non-controlling shareholder had provided a guarantee to a bank to secure the bank facilities granted to a subsidiary of the Group to the extent of Renminbi ("RMB") 19,800,000, out of which RMB11,000,000, equivalent to approximately HK\$12,661,000 (2017: HK\$13,349,000), were utilised.

34. 無抵押銀行借款(續)

本集團以相關集團實體功能貨幣以外的貨幣列值的借款載列如下：

於2018年12月31日，一名非控股股東向銀行提供擔保，以取得銀行向本集團一間附屬公司授予之上限為人民幣（「人民幣」）19,800,000元的銀行融資，當中已動用人民幣11,000,000元（相當於約12,661,000港元（2017年：13,349,000港元））。

35. SHARE CAPITAL OF THE COMPANY

		Number of shares 股份數目 '000 千股	Amount 金額 HK\$'000 千港元
Ordinary shares of HK\$0.1 each	每股0.1港元的普通股		
Authorised:	法定：		
At 1 January 2017, 31 December 2017 and 31 December 2018	於2017年1月1日、2017年12月31日 及2018年12月31日	10,000,000	1,000,000
		Number of shares 股份數目 '000 千股	HK\$'000 千港元
Issued and fully paid:	已發行及繳足：		
At 1 January 2017, 31 December 2017 and 31 December 2018	於2017年1月1日、2017年12月31日 及2018年12月31日	1,750,002	175,000

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36. SHARE OPTION SCHEMES

(i) The Pre-IPO Share Option Scheme

On 13 December 2013, a share option scheme was adopted by the shareholders of the Company (the “Pre-IPO Share Option Scheme”). The Pre-IPO Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions that the eligible participants under the scheme have or may have made to the Company.

The eligible participants include any full-time or part-time employees, executives or officers (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, agents and advisers who, in the opinion of the directors of the Company, will contribute or have contributed to the Company and/or any of its subsidiaries.

Upon acceptance of the share option, the grantee shall pay HK\$1 to the Company by way of consideration for the grant.

On 13 December 2013, the Company had authorised to grant to 140 eligible participants to subscribe for an aggregate of 34,918,000 shares under the Pre-IPO Share Option Scheme. In February 2014, the Company granted share options to 137 eligible participants to subscribe for an aggregate of 34,903,000 shares.

The subscription price of a share in respect of any particular share option offered under the Pre-IPO Share Option Scheme shall be a price representing a 30% discount to the Offer Price.

36. 購股權計劃

(i) 首次公開發售前購股權計劃

於2013年12月13日，本公司股東採納購股權計劃（「首次公開發售前購股權計劃」）。首次公開發售前購股權計劃為一項股份獎勵計劃，旨在肯定及認可該計劃項下的合資格參與者對本公司已作出或可能已作出的貢獻。

合資格參與者包括本公司或其任何附屬公司的任何全職或兼職僱員、行政人員或高級職員（包括執行、非執行及獨立非執行董事），以及本公司董事認為將會或已對本公司及／或其任何附屬公司作出貢獻的任何供應商、客戶、諮詢顧問、代理及顧問。

於接納購股權後，承授人將向本公司支付1港元作為獲授購股權的代價。

於2013年12月13日，本公司獲授權向首次公開發售前購股權計劃項下140名合資格參與者授出合共可認購34,918,000股股份的購股權。於2014年2月，本公司向137名合資格參與者授出合共可認購34,903,000股股份的購股權。

根據首次公開發售前購股權計劃發售之任何特定購股權涉及之股份之認購價將相當於發售價折讓30%之價格。

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36. SHARE OPTION SCHEMES (continued)

(i) The Pre-IPO Share Option Scheme (continued)

The share options granted to each grantee under the Pre-IPO Share Option Scheme shall be vested equally in five tranches commencing on 10 July 2014, the first date on which dealings in the shares of the Company commenced on the Stock Exchange (the "Listing Date") and on each of the first, second, third and fourth anniversary of the Listing Date. The grantees to whom a share option has been granted under the Pre-IPO Share Option Scheme will be entitled to exercise the share option any time after the share option has been vested but in any event on or before the date falling on the fifth anniversary of the Listing Date. The share options granted under the Pre-IPO Share Option Scheme are not transferable and share options not exercised within the exercise period will lapse and cease to be of further effect.

The Pre-IPO Share Option Scheme expired on 10 July 2014 and ceased to have effect after 10 July 2014. Share options granted prior to the expiration of the Pre-IPO Share Option Scheme but not yet exercised at that time shall continue to be valid and exercisable in accordance with the Pre-IPO Share Option Scheme.

36. 購股權計劃(續)

(i) 首次公開發售前購股權計劃(續)

根據首次公開發售前購股權計劃授予每名承授人的購股權將自2014年7月10日(本公司股份開始於聯交所買賣的首日)(「上市日期」)開始,於上市日期首個週年日、第二個週年日、第三個週年日及第四個週年日平均分五批歸屬。根據首次公開發售前購股權計劃獲授購股權的承授人將有權於購股權獲歸屬後(惟在任何情況下須於上市日期第五個週年日當日或之前)隨時行使購股權。根據首次公開發售前購股權計劃授出的購股權不可轉讓,及於行使期間尚未行使的購股權將失效及不再具有其他效力。

首次公開發售前購股權計劃已於2014年7月10日屆滿,及於2014年7月10日後不再具有效力。於首次公開發售前購股權計劃屆滿前授出但當時尚未行使的購股權將繼續有效及根據首次公開發售前購股權計劃可予行使。

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36. SHARE OPTION SCHEMES (continued)

(i) The Pre-IPO Share Option Scheme (continued)

The following tables disclose details of movements of share options granted under the Pre-IPO Share Option Scheme:

Options	Vesting period	Outstanding at 1.1.2017 於2017年 1月1日 尚未行使	Lapsed during the year 於年內失效 (Note) (附註)	Outstanding at 31.12.2017 於2017年 12月31日 尚未行使	Lapsed during the year 於年內失效 (Note) (附註)	Outstanding at 31.12.2018 於2018年 12月31日 尚未行使
購股權	歸屬期					
<i>Directors</i>						
<i>董事</i>						
Tranche 1 第一批	10.02.2014 – 10.07.2014 2014年2月10日至 2014年7月10日	4,045,240	–	4,045,240	–	4,045,240
Tranche 2 第二批	10.02.2014 – 10.07.2015 2014年2月10日至 2015年7月10日	4,045,240	–	4,045,240	–	4,045,240
Tranche 3 第三批	10.02.2014 – 10.07.2016 2014年2月10日至 2016年7月10日	4,045,240	–	4,045,240	–	4,045,240
Tranche 4 第四批	10.02.2014 – 10.07.2017 2014年2月10日至 2017年7月10日	4,045,240	–	4,045,240	–	4,045,240
Tranche 5 第五批	10.02.2014 – 10.07.2018 2014年2月10日至 2018年7月10日	4,045,240	–	4,045,240	–	4,045,240
		20,226,200	–	20,226,200	–	20,226,200

36. 購股權計劃 (續)

(ii) 首次公開發售前購股權計劃 (續)

下表披露根據首次公開發售前購股權計劃授出的購股權變動詳情：

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36. SHARE OPTION SCHEMES (continued)

(i) The Pre-IPO Share Option Scheme (continued)

Options	Vesting period	Outstanding at 1.1.2017 於2017年 1月1日 尚未行使	Lapsed during the year 於年內失效 (Note) (附註)	Outstanding at 31.12.2017 於2017年 12月31日 尚未行使	Lapsed during the year 於年內失效 (Note) (附註)	Outstanding at 31.12.2018 於2018年 12月31日 尚未行使
購股權	歸屬期					
<i>Senior management</i>						
<i>高級管理層</i>						
Tranche 1 第一批	10.02.2014 – 10.07.2014 2014年2月10日至 2014年7月10日	1,007,560	–	1,007,560	–	1,007,560
Tranche 2 第二批	10.02.2014 – 10.07.2015 2014年2月10日至 2015年7月10日	1,007,560	–	1,007,560	–	1,007,560
Tranche 3 第三批	10.02.2014 – 10.07.2016 2014年2月10日至 2016年7月10日	1,007,560	–	1,007,560	–	1,007,560
Tranche 4 第四批	10.02.2014 – 10.07.2017 2014年2月10日至 2017年7月10日	1,007,560	–	1,007,560	–	1,007,560
Tranche 5 第五批	10.02.2014 – 10.07.2018 2014年2月10日至 2018年7月10日	1,007,560	–	1,007,560	–	1,007,560
		5,037,800	–	5,037,800	–	5,037,800

36. 購股權計劃 (續)

(i) 首次公開發售前購股權計劃 (續)

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36. SHARE OPTION SCHEMES (continued)

36. 購股權計劃(續)

(i) The Pre-IPO Share Option Scheme (continued)

(ii) 首次公开发售前購股權計劃(續)

Options	Vesting period	Outstanding at 1.1.2017 於2017年 1月1日 尚未行使	Lapsed during the year 於年內失效 (Note) (附註)	Outstanding at 31.12.2017 於2017年 12月31日 尚未行使	Lapsed during the year 於年內失效 (Note) (附註)	Outstanding at 31.12.2018 於2018年 12月31日 尚未行使
購股權	歸屬期					
<i>Employees</i>						
<i>僱員</i>						
Tranche 1 第一批	10.02.2014 – 10.07.2014 2014年2月10日至 2014年7月10日	1,660,800	(22,500)	1,638,300	(206,000)	1,432,300
Tranche 2 第二批	10.02.2014 – 10.07.2015 2014年2月10日至 2015年7月10日	1,662,800	(22,500)	1,640,300	(206,000)	1,434,300
Tranche 3 第三批	10.02.2014 – 10.07.2016 2014年2月10日至 2016年7月10日	1,662,800	(22,500)	1,640,300	(206,000)	1,434,300
Tranche 4 第四批	10.02.2014 – 10.07.2017 2014年2月10日至 2017年7月10日	1,662,800	(22,500)	1,640,300	(206,000)	1,434,300
Tranche 5 第五批	10.02.2014 – 10.07.2018 2014年2月10日至 2018年7月10日	1,662,800	(22,500)	1,640,300	(206,000)	1,434,300
		8,312,000	(112,500)	8,199,500	(1,030,000)	7,169,500
		33,576,000	(112,500)	33,463,500	(1,030,000)	32,433,500
Exercisable at the end of the reporting period 於報告期末可予行使				26,770,400		32,433,500

Note: 17 (2017: 10) eligible participants, who have been granted share options have ceased to become eligible participants upon termination of employment and the said share options have automatically lapsed.

附註：17名(2017年：10名)獲授購股權的合資格參與者於終止僱傭關係後不再為合資格參與者，而上述購股權已自動失效。

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36. SHARE OPTION SCHEMES (continued)

(i) The Pre-IPO Share Option Scheme (continued)

Details of the share options granted under the Pre-IPO Share Option Scheme are as follows:

	Date of grant	Number of share options granted	Exercise period	Exercise price	Fair value per share option
	授出日期	授出購股權數目	行使期	行使價	每份購股權 之公平值
				HK\$ 港元	HK\$ 港元
Tranche 1 第一批	10.02.2014 2014年2月10日	6,980,600	10.07.2014 – 10.07.2019 2014年7月10日至 2019年7月10日	0.74	0.41
Tranche 2 第二批	10.02.2014 2014年2月10日	6,980,600	10.07.2015 – 10.07.2019 2015年7月10日至 2019年7月10日	0.74	0.43
Tranche 3 第三批	10.02.2014 2014年2月10日	6,980,600	10.07.2016 – 10.07.2019 2016年7月10日至 2019年7月10日	0.74	0.45
Tranche 4 第四批	10.02.2014 2014年2月10日	6,980,600	10.07.2017 – 10.07.2019 2017年7月10日至 2019年7月10日	0.74	0.47
Tranche 5 第五批	10.02.2014 2014年2月10日	6,980,600	10.07.2018 – 10.07.2019 2018年7月10日至 2019年7月10日	0.74	0.48

36. 購股權計劃(續)

(i) 首次公開發售前購股權計劃(續)

根據首次公開發售前購股權計劃授出的購股權詳情如下：

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36. SHARE OPTION SCHEMES (continued)

(i) The Pre-IPO Share Option Scheme (continued)

The fair value of the share options at the grant date, calculated using the Binomial Model was approximately HK\$15,662,000.

The key inputs of the model were as follows:

Grant date	10 February 2014
Number of share options	34,903,000
Share price	HK\$0.96
Risk-free rate	0.46%
Expected volatility	47.82%
Time-to-maturity	5.41 years

The risk-free rate was based on Hong Kong Dollar Sovereign Curve obtained from Bloomberg.

36. 購股權計劃(續)

(i) 首次公开发售前購股權計劃(續)

購股權於授出日期使用二項式模型計算之公平值為約15,662,000港元。

該模式的主要輸入數據如下：

授出日期	2014年2月10日
購股權數目	34,903,000
股價	0.96港元
無風險利率	0.46%
預期波幅	47.82%
距到期日時間	5.41年

無風險利率乃根據彭博社所列港元主權曲線計算。

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36. SHARE OPTION SCHEMES (continued)

(i) The Pre-IPO Share Option Scheme (continued)

Expected volatility was determined by using five comparable companies' historical volatility quoted by Bloomberg. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The Group recognised a total expense of HK\$195,000 (2017: HK\$1,265,000) for the year ended 31 December 2018 in relation to the Pre-IPO Share Options granted by the Company.

The Binomial Model had been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options were based on the directors' best estimate. The value of an option varied with different variables of certain subjective assumptions.

(ii) The Post-IPO Share Option Scheme

On 4 March 2014, a share option scheme was conditionally adopted by the shareholders of the Company (the "Post-IPO Share Option Scheme").

The purpose of the Post-IPO Share Option Scheme is to provide incentive or reward to the eligible participants with an opportunity to acquire the equity interests in the Company, for their contributions to, and continuing efforts to promote the interest of the Group or for such other purposes as the board of directors of the Company may approve from time to time, linking their interests with the interests of the Group and thereby attracting and encouraging those parties to work better for the interests of the Group.

36. 購股權計劃 (續)

(i) 首次公開發售前購股權計劃 (續)

預期波幅乃按彭博社所列五家可資比較公司的歷史波幅而釐定。模式所用的預期壽命已按管理層的最佳估算予以調整，以反映不可轉讓、行使限制及行為考慮因素的影響。

截至2018年12月31日止年度，本集團就本公司授出的首次公開發售前購股權確認總開支195,000港元（2017年：1,265,000港元）。

二項式模型用於估計購股權之公平值。用於計算購股權計劃之公平值之變化及假設乃基於董事之最佳估計。購股權價值隨若干主觀假設之不同變量而變化。

(ii) 首次公開發售後購股權計劃

於2014年3月4日，本公司股東有條件採納購股權計劃（「首次公開發售後購股權計劃」）。

首次公開發售後購股權計劃旨在向為增加本集團利益或本公司董事會不時批准的其他目的而作出貢獻或持續努力的合資格參與者提供一個獲取本公司股權的機會，作為對彼等的激勵或獎勵，以將彼等的利益與本集團的利益聯繫在一起，從而吸引及鼓勵有關各方為本集團的利益更加努力工作。

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36. SHARE OPTION SCHEMES (continued)

(ii) The Post-IPO Share Option Scheme (continued)

The eligible participants include any full-time or part-time employees, executives or officers (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, agents and advisers who, in the opinion of the directors of the Company, will contribute or have contributed to the Company and/or any of its subsidiaries.

The subscription price of a share of the Company in respect of any particular share option granted under the Post-IPO Share Option Scheme shall be such price as the directors of the Company in its absolute discretion shall determine, save that such price shall at least be the higher of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

36. 購股權計劃(續)

(ii) 首次公開發售後購股權計劃(續)

合資格參與者包括本公司或其任何附屬公司的任何全職或兼職僱員、行政人員或高級職員(包括執行、非執行及獨立非執行董事),以及本公司董事認為將會或已對本公司及/或其附屬公司作出貢獻的任何供應商、客戶、諮詢顧問、代理及顧問。

根據首次公開發售後購股權計劃授出的任何特定購股權所涉及的本公司股份認購價將由本公司董事全權酌情釐定,惟不得低於下列較高者:(i)授出當日聯交所每日報價表所示本公司股份的收市價,而授出日期必須為聯交所開放進行買賣證券業務的營業日;(ii)緊接授出當日前五個營業日聯交所每日報價表所示本公司股份收市價的平均值;及(iii)本公司股份面值。

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36. SHARE OPTION SCHEMES (continued)

(ii) The Post-IPO Share Option Scheme (continued)

The maximum number of shares in respect of which share options may be granted under the Post-IPO Share Option Scheme and under any other share option schemes of the Group must not in aggregate exceed 10% of the total number of shares of the Company in issue at the listing date (without taking into account any shares that may be issued upon the full exercise of the options granted pursuant to the Pre-IPO Share Option Scheme), being 165,000,000 Shares ("Option Limit"). Options which have lapsed in accordance with the terms of the Post-IPO Share Option Scheme (or any other share option schemes of the Company) will not be counted for the purpose of calculating the Option Limit. Subject to the approval of the shareholders of the Company, the Company may refresh the Option Limit at any time provided that (i) the Option Limit as refreshed does not exceed 10% of the shares of the Company in issue as at the date of the approval by the shareholders of the Company; and (ii) the options previously granted (including those outstanding, cancelled, lapsed in accordance with the provisions of the Post-IPO Share Option Scheme or exercised options) will not be counted for the purpose of calculating the Option Limit as refreshed. The Company may also, with the approval of the shareholders of the Company, grant share options in respect of shares of the Company in excess of the Option Limit (as refreshed from time to time) to eligible participants specifically identified by the Company before such approval is sought.

36. 購股權計劃 (續)

(ii) 首次公開發售後購股權計劃 (續)

根據首次公開發售後購股權計劃及本集團任何其他購股權計劃可能授出的購股權所涉及的股份數目上限，合共不得超過上市日期本公司已發行股份總數的10%（即165,000,000股股份，惟不計及因根據首次公開發售前購股權計劃授出的購股權獲悉數行使而可能發行的任何股份）（「購股權上限」）。計算購股權上限時，根據首次公開發售後購股權計劃（或本公司任何其他購股權計劃）的條款已失效的購股權將不予計算在內。在獲得本公司股東批准的情況下，本公司可隨時重新釐定購股權上限，惟：(i)更新購股權上限不得超逾本公司股東授出有關批准當日本公司已發行股份的10%；及(ii)計算更新購股權上限時，先前已授出的購股權（包括根據首次公開發售後購股權計劃的條款尚未行使、已註銷、失效或已行使的購股權）將不予計算。本公司亦可在本公司股東批准後，向本公司於尋求有關批准前特別指定的合資格參與者授出所涉本公司股份數目超逾購股權上限（以不時更新者為準）的購股權。

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36. SHARE OPTION SCHEMES (continued)

(ii) The Post-IPO Share Option Scheme (continued)

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

The total number of shares issued and which fall to be issued upon exercise of the share options granted under the Post-IPO Share Option Scheme and any other share option schemes of the Group (including both exercised and outstanding options) to each grantee in any 12-month period up to the date of offer to grant shall not exceed 1% of the shares of the Company in issue as at the date of offer to grant. Any further grant of share options in excess of this 1% limit shall be subject to shareholders' approval in a general meeting.

In addition, any grant of share options to a director, chief executive or substantial shareholder of the Company or any of their respective associates is required to be approved by the independent non-executive directors (excluding any independent non-executive director who is proposed to be an option holder). If the Company proposes to grant share options to a substantial shareholder or any independent non-executive director of the Company or their respective associates which will result in the number of shares of the Company issued and to be issued upon exercise of share options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of offer of such grant representing in aggregate over 0.1% of the shares of the Company in issue; and having an aggregate value in excess of HK\$5 million, based on the closing price of the Company's shares at the date of offer of each grant, such further grant of share options will be subject to, in addition to the approval of the independent non-executive directors, the approval of shareholders of the Company in general meeting.

36. 購股權計劃 (續)

(ii) 首次公開發售後購股權計劃 (續)

儘管上述規定，在任何時間因行使根據首次公開發售後購股權計劃或本集團任何其他購股權計劃授出但尚未行使的全部購股權而可能發行的股份總數，不得超過本公司不時已發行股份的30%。倘授出購股權將導致超逾上述30%的上限，則不得根據本公司任何計劃（包括首次公開發售後購股權計劃）授出任何購股權。

每名承授人在截至提出授出當日的任何12個月期間因行使根據首次公開發售後購股權計劃及本集團任何其他購股權計劃所獲授購股權（包括已行使及尚未行使者）而獲發行及將獲發行的股份總數，不得超過截至提出授出當日本公司已發行股份的1%。另行授出超逾上述1%上限的購股權須在股東大會上獲股東批准。

此外，本公司董事、最高行政人員或主要股東或彼等各自的聯繫人士被授予任何購股權，須獲得獨立非執行董事（不包括獲建議持有購股權的任何獨立非執行董事）的批准。倘本公司建議向本公司主要股東或任何獨立非執行董事或彼等各自的聯繫人士授出購股權，而在行使已獲授及將獲授購股權（包括已行使、已註銷及尚未行使的購股權）後將導致於截至提出授出日期（包括該日）止12個月期間已發行及將發行的本公司股份數目合計超過本公司已發行股份的0.1%；及根據各提出授出日期本公司股份的收市價計算，總值超過5百萬港元，則除須待獨立非執行董事批准外，亦須經本公司股東在股東大會上批准，始可進一步授出購股權。

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36. SHARE OPTION SCHEMES (continued)

(ii) The Post-IPO Share Option Scheme (continued)

The below table discloses movement of the Company's share options held by the Group's directors, senior management and employees:

Options	Vesting period	Granted at 26.1.2017 and outstanding at 31.12.2017 於2017年 1月26日 授出及 於2017年 12月31日 尚未行使	Lapse during the year 於年內失效 (Note) (附註)	Outstanding at 31.12.2018 於2018年 12月31日 尚未行使
購股權	歸屬期			
<i>Directors</i> 董事				
Tranche 1 第一批	26.01.2017 – 26.01.2018 2017年1月26日 – 2018年1月26日	3,750,000	–	3,750,000
Tranche 2 第二批	26.01.2017 – 26.01.2019 2017年1月26日 – 2019年1月26日	3,750,000	–	3,750,000
		7,500,000	–	7,500,000
<i>Senior management</i> 高級管理層				
Tranche 1 第一批	26.01.2017 – 26.01.2018 2017年1月26日 – 2018年1月26日	950,000	–	950,000
Tranche 2 第二批	26.01.2017 – 26.01.2019 2017年1月26日 – 2019年1月26日	950,000	–	950,000
		1,900,000	–	1,900,000

36. 購股權計劃 (續)

(ii) 首次公開發售後購股權計劃 (續)

下表由披露本集團董事、高級管理層及僱員持有的本公司購股權變動：

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36. SHARE OPTION SCHEMES (continued)

(ii) The Post-IPO Share Option Scheme (continued)

Options	Vesting period	Granted at 26.1.2017 and outstanding at 31.12.2017 於2017年 1月26日 授出及 於2017年 12月31日 尚未行使	Lapse during the year 於年內失效 (Note) (附註)	Outstanding at 31.12.2018 於2018年 12月31日 尚未行使
購股權	歸屬期			
<i>Employee</i> <i>僱員</i>				
Tranche 1 第一批	26.01.2017 – 26.01.2018 2017年1月26日 – 2018年1月26日	10,700,000	(2,050,000)	8,650,000
Tranche 2 第二批	26.01.2017 – 26.01.2019 2017年1月26日 – 2019年1月26日	10,700,000	(2,050,000)	8,650,000
		21,400,000	(4,100,000)	17,300,000
		30,800,000	(4,100,000)	26,700,000
Exercisable at the end of the reporting period 於報告期末可予行使				13,350,000

Note: 7 (2017: Nil) eligible participants, who have been granted share options have ceased to become eligible participants upon termination of employment and the said share options have automatically lapsed.

附註：7名（2017年：無）獲授購股權的合資格參與者於終止僱傭關係後不再為合資格參與者，而上述購股權已自動失效。

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36. SHARE OPTION SCHEMES (continued)

(ii) The Post-IPO Share Option Scheme (continued)

Details of the share options granted under the Post-IPO Share Option Scheme are as follows:

	Date of grant	Number of share options granted	Exercise period	Exercise price	Fair value per share option
	授出日期	授出購股權數目	行使期	行使價	之公平值
				HK\$ 港元	HK\$ 港元
Tranche 1 – Directors 第一批 – 董事	26.01.2017 2017年1月26日	3,750,000	27.01.2018 – 26.01.2022 2018年1月27日 – 2022年1月26日	0.69	0.2022
Tranche 1 – Senior management 第一批 – 高級管理層	26.01.2017 2017年1月26日	950,000	27.01.2018 – 26.01.2022 2018年1月27日 – 2022年1月26日	0.69	0.2041
Tranche 1 – Employee 第一批 – 僱員	26.01.2017 2017年1月26日	10,700,000	27.01.2018 – 26.01.2022 2018年1月27日 – 2022年1月26日	0.69	0.2041
Tranche 2 – Directors 第二批 – 董事	26.01.2017 2017年1月26日	3,750,000	27.01.2019 – 26.01.2022 2019年1月27日 – 2022年1月26日	0.69	0.2002
Tranche 2 – Senior management 第二批 – 高級管理層	26.01.2017 2017年1月26日	950,000	27.01.2019 – 26.01.2022 2019年1月27日 – 2022年1月26日	0.69	0.2027
Tranche 2 – Employee 第二批 – 僱員	26.01.2017 2017年1月26日	10,700,000	27.01.2019 – 26.01.2022 2019年1月27日 – 2022年1月26日	0.69	0.2027

The fair value of the share options at the grant date, calculated using the Binomial Model was approximately HK\$6,249,000.

36. 購股權計劃 (續)

(ii) 首次公開發售後購股權計劃 (續)

根據首次公開發售後購股權計劃授出的購股權詳情如下：

購股權於授出日期使用二項式模型計算之公平值為約6,249,000港元。

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36. SHARE OPTION SCHEMES (continued)

(ii) The Post-IPO Share Option Scheme (continued)

The key inputs of the model were as follows:

Grant date	26 January 2017
Number of share options	30,800,000
Share price	HK\$0.69
Risk-free rate	1.454%
Expected volatility	46.51%
Time-to-maturity	5 years

The risk-free rate is based on Hong Kong Government bond benchmark yield.

Expected volatility was determined by using 630-day historical volatility of the Company. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

36. 購股權計劃(續)

(ii) 首次公開發售後購股權計劃(續)

該模式的主要輸入數據如下：

授出日期	2017年1月26日
購股權數目	30,800,000
股價	0.69港元
無風險利率	1.454%
預期波幅	46.51%
距到期日時間	5年

無風險利率乃根據香港政府債券基準利率計算。

預期波幅乃按本公司的630天歷史波幅而釐定。模式所用的預期壽命已按管理層的最佳估算予以調整，以反映不可轉讓、行使限制及行為考慮因素的影響。

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36. SHARE OPTION SCHEMES (continued)

(ii) The Post-IPO Share Option Scheme (continued)

The Group recognised a total expense of HK\$945,000 (2017: HK\$4,323,000) for the year ended 31 December 2018 in relation to the Post-IPO Share Options granted by the Company.

The fair values of the Post-IPO Share Options at grant date had been arrived at on the basis of valuations carried by RHL Appraisal Limited, independent qualified professional valuer. The Binomial Model had been used to estimate the fair value of the options and above variables and assumptions were used in computing the fair value of the share options.

37. CAPITAL RISK MANAGEMENT

The management of the Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of unsecured bank borrowings disclosed in note 34, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

36. 購股權計劃(續)

(ii) 首次公開發售後購股權計劃(續)

本集團就本公司所授出的首次公開發售後購股權於截至2018年12月31日止年度確認總開支945,000港元(2017年:4,323,000港元)。

首次公開發售後購股權於授出日期之公平值乃根據獨立合資格專業估值師永利行評值顧問有限公司進行之估值達致。購股權之公平值已使用二項式模型估計，而於購股權公平值之計算中使用上述變數及假設。

37. 資本風險管理

本集團管理層為確保本集團旗下實體能夠繼續持續經營而管理其資本，並透過在債務與權益之間取得最佳平衡，為股東爭取最大回報。本集團之整體策略與去年相同。

本集團資本結構包括附註34所披露的無抵押銀行借款，扣除現金及現金等價物及本公司擁有人應佔權益(包括已發行股本、儲備及保留溢利)。

本公司董事定期審閱資本結構。作為審閱之一部份，本公司董事考慮資金成本及與各類資金相關的風險。根據董事之建議，本集團將透過派付股息及發行新股份以及發行新債務或贖回現有債務而平衡其整體資本架構。

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38. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Financial assets	金融資產		
Loans and receivables (including cash and cash equivalents)	貸款及應收款項(包括現金及 現金等價物)	N/A 不適用	930,050
Amortised cost	攤銷成本	1,163,462	N/A 不適用
Trade receivables at FVTOCI	透過其他全面收益按公平值 列賬之貿易應收款項	87,769	N/A 不適用
Financial liabilities	金融負債		
Amortised cost	攤銷成本	1,418,445	1,288,696

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bills receivables, trade receivables at FVTOCI, pledged bank deposits, fixed bank deposits, bank balances and cash, trade and other payables, bills payables and unsecured bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

38. 金融工具

(a) 金融工具的分類

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Financial assets	金融資產		
Loans and receivables (including cash and cash equivalents)	貸款及應收款項(包括現金及 現金等價物)	N/A 不適用	930,050
Amortised cost	攤銷成本	1,163,462	N/A 不適用
Trade receivables at FVTOCI	透過其他全面收益按公平值 列賬之貿易應收款項	87,769	N/A 不適用
Financial liabilities	金融負債		
Amortised cost	攤銷成本	1,418,445	1,288,696

(b) 財務風險管理的目標及政策

本集團的主要金融工具包括貿易及其他應收款項、應收票據、透過其他全面收益按公平值列賬之貿易應收款項、已抵押銀行存款、定期銀行存款、銀行結餘及現金、貿易及其他應付款項、應付票據及無抵押銀行借款。該等金融工具的詳情於相關附註披露。下文載列有關該等若干金融工具的風險及如何減低此等風險的政策。管理層會管理及監控該等風險，以確保及時有效地採取適當措施。

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38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate unsecured bank borrowings (see notes 30 and 34 for details of these balances) due to the fluctuation of the prevailing market interest rate. The Group currently does not have a policy on hedging interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group is also exposed to fair value interest rate risk in relation to the trade receivables at FVTOCI, fixed-rate pledged bank deposits, fixed bank deposits and fixed rate unsecured bank borrowings (see notes 29, 30 and 34 for details of these balances). However, the management considers the fair value interest rate risk is insignificant as they are relatively short-term.

Total interest income from financial assets that are measured at amortised cost or at FVTOCI is as follows:

		2018 2018年 HK\$'000 千港元
Other income	其他收入	
Financial assets at amortised cost	按攤銷成本計量之金融資產	487
Trade receivables at FVTOCI	透過其他全面收益按公平值列賬之貿易應收款項	2,263
Total interest income	利息收入總額	2,750

38. 金融工具 (續)

(b) 財務風險管理的目標及政策 (續)

市場風險

利率風險

本集團因現行市場利率波動而就浮動利率銀行結餘及浮動利率無抵押銀行借款(該等結餘的詳情見附註30及34)面臨現金流量利率風險。本集團目前並無制定對沖利率風險的政策。然而,管理層會留意利率風險,在有需要時,將考慮對沖重大利率風險。

本集團亦就透過其他全面收益按公平值列賬之貿易應收款項、固定利率已抵押銀行存款、定期銀行存款及固定利率無抵押銀行借款(該等結餘的詳情見附註29、30及34)面臨公平值利率風險。然而,由於相對較為短期,故管理層認為公平值利率風險並不重大。

按攤銷成本計量或透過其他全面收益按公平值列賬之金融資產利息收入總額如下:

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38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk (continued)

Total interest income from financial assets that are measured at amortised cost is as follows:

	2017 2017年 HK\$'000 千港元
Other income	
Loans and receivables (including bank balances and cash)	316
其他收入 貸款及應收款項 (包括銀行結餘及現金)	

Interest expense on financial liabilities not measured at fair value through profit or loss:

	2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Financial liabilities at amortised cost	40,096	26,158
按攤銷成本計量之金融負債		

38. 金融工具 (續)

(b) 財務風險管理的目標及政策 (續)

市場風險 (續)

利率風險 (續)

按攤銷成本計量之金融資產利息收入總額如下：

	2017 2017年 HK\$'000 千港元
Other income	
Loans and receivables (including bank balances and cash)	316
其他收入 貸款及應收款項 (包括銀行結餘及現金)	

並非透過損益按公平值列賬計量之金融負債之利息開支：

	2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Financial liabilities at amortised cost	40,096	26,158
按攤銷成本計量之金融負債		

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38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk (continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate unsecured bank borrowings at the end of the reporting period. The analysis is prepared assuming that the amount of liabilities outstanding at the end of the reporting period were outstanding for the whole year. 50 basis point increase or decrease represent the management's assessment of the reasonable possible change in interest rates of unsecured bank borrowings.

The Group's exposure to variable-rate bank balances was not included in the below analysis as the management considers that the exposure to these risks for bank balances is insignificant.

If interest rates of unsecured bank borrowings had been increased/decreased by 50 basis points (2017: 50 basis points) respectively and all other variables were held constant, the Group's post-tax profit would be decreased/increased by HK\$3,597,000 (2017: HK\$2,919,000).

38. 金融工具(續)

(b) 財務風險管理的目標及政策(續)

市場風險(續)

利率風險(續)

敏感度分析

下文之敏感度分析乃基於本集團就於報告期末之浮動利率無抵押銀行借款所面臨的利率風險而作出。編製有關分析時已假設於報告期末未償還的負債金額於全年內均未償還。50個基點的增幅或降幅為管理層對無抵押銀行借款利率的合理可能變動的評估。

下述分析並未包括本集團就浮動利率銀行結餘所面臨之風險，因管理層認為銀行結餘所面臨之該等風險並不重大。

倘於無抵押銀行借款之利率分別上升／下跌50個基點(2017年：50個基點)，而所有其他變量維持不變，則本集團之稅後溢利會減少／增加3,597,000港元(2017年：2,919,000港元)。

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38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, bank balances and unsecured bank borrowings which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy but will use foreign currency contracts to hedge against the risk when it is foreseen to be significant.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

		Assets		Liabilities	
		資產		負債	
		2018	2017	2018	2017
		2018年	2017年	2018年	2017年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
HK\$	港元	29	43	–	–
US\$	美元	76,878	36,698	131,197	94,529

Sensitivity analysis

Subsidiaries of the Company carry out most of the transactions denominated in HK\$ or US\$ and the Group is mainly exposed to the foreign exchange risk arising from these currencies when they are different from the functional currencies of the respective group entities. Under the pegged exchange rate system, the financial impact arising from changes in exchange rates between HK\$ and US\$ is not expected to be significant and therefore, the corresponding sensitivity analysis is not prepared.

38. 金融工具 (續)

(b) 財務風險管理的目標及政策 (續)

市場風險 (續)

外幣風險

本公司若干附屬公司有以外幣進行銷售及採購、銀行結餘及無抵押銀行借款，令本集團面臨外幣風險。本集團現時並無制定正式外匯對沖政策，但會以外匯合約對沖可以預見之重大風險。

本集團於報告期末，以外幣計值的貨幣資產及貨幣負債的賬面值如下：

敏感度分析

本公司的附屬公司進行的絕大部分交易乃以港元或美元計值，當該等貨幣有別於各集團實體的功能貨幣時，本集團主要面對上述貨幣的外匯風險。根據聯繫匯率制度，預期來自港元與美元匯率變動產生的財務影響並不重大，因此並無編製相應的敏感度分析。

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38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

As at 31 December 2018, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of the reporting period is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group has concentration of credit risks as 4.2% (2017: 4.3%) and 20.5% (2017: 16.5%) of the total trade receivables is due from the Group's largest customer and the five largest customers, respectively.

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures over the customers to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate allowance are made for irrecoverable amounts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2017: incurred loss model) on trade balances based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

38. 金融工具 (續)

(b) 財務風險管理的目標及政策 (續)

信貸風險及減值評估

於2018年12月31日，除賬面值能最佳代表所面臨之信貸風險之該等金融資產外，本集團於報告期末因對手方未能履行彼等的責任而面臨的最大信貸風險來自綜合財務狀況表所示各已確認金融資產的賬面值。

本集團有信貸集中風險，原因為貿易應收款項總額之4.2% (2017年：4.3%) 及20.5% (2017年：16.5%) 乃分別應收本集團之最大及五大客戶。

客戶合約產生之貿易應收款項

為最大限度地降低信貸風險，本集團管理層已委派一組人員負責制訂客戶的信貸限額、信貸審批及其他監控程序，以確保採取跟進措施，追回逾期債務。此外，本集團審閱各個別債務於各報告期末的可收回金額，以確保就不可收回金額計提足夠的撥備。此外，於應用香港財務報告準則第9號後，本集團根據預期信貸虧損模型 (2017年：已產生虧損模型) 基於撥備矩陣對貿易結餘進行減值評估。就此，本公司董事認為本集團的信貸風險已經大為降低。

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38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade receivables arising from contracts with customers (continued)

The management of the Group considers that the Group's credit risk in relation to sales made at concession counters is limited as the Group only operates concession counters in leading and reputable department stores and for international and export sales, the customers are mainly leading retailers in the US and the credit risk is not expected to be significant. In case of any disputed sales, the Group will closely monitor and may consider making adjustments to sales for any returned or defective goods. For other customers, the management closely monitors settlement status and regularly updates their credit profile to ensure that the Group's credit risk is properly managed. For customers in the PRC, the Group would accept bills as alternate settlement means to reduce the exposure of credit risk.

38. 金融工具 (續)

(b) 財務風險管理的目標及政策 (續)

信貸風險及減值評估 (續)

客戶合約產生之貿易應收款項 (續)

本集團管理層認為本集團與寄售專櫃銷售有關的信貸風險有限，原因是本集團只在領先及知名的百貨公司經營寄售專櫃，而至於國際及出口銷售，客戶主要為美國領先零售商，預期信貸風險並不顯著。倘出現任何有爭議銷售，本集團將緊密監察及可能考慮就任何退還或瑕疵產品對銷售作出調整。至於其他客戶，管理層密切監察結賬情況及定期更新其信貸資料以確保妥善控制本集團的信貸風險。至於在中國的客戶，本集團接受票據作為替代支付方式，以減少信貸風險敞口。

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38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Other receivables, bills receivables, pledged bank deposits, fixed bank deposits and bank balances

The credit risks on bills receivables, pledged bank deposits, fixed bank deposits and bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The credit risks on other receivables are insignificant as the management of the Group periodically monitors the balances to ensure that the counterparties are viable to settle the debts.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings and the concentration of credit risks of the five largest customers disclosed above, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

38. 金融工具 (續)

(b) 財務風險管理的目標及政策 (續)

信貸風險及減值評估 (續)

其他應收款項、應收票據、已抵押銀行存款、定期銀行存款及銀行結餘

應收票據、已抵押銀行存款、定期銀行存款及銀行結餘之信貸風險有限，原因為對手方為獲國際信貸評級機構評定為具高信貸評級之銀行。

其他應收款項之信貸風險並不重大，原因為本集團管理層定期監察結餘以確保對手方可清償債務。

除存置於數間具高信貸評級之銀行之流動資金之信貸集中風險及上文所披露之五大客戶之信貸集中風險外，本集團並無任何其他重大信貸集中風險。貿易應收款項包括大量遍佈不同行業及地域之客戶。

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38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating 內部 信貸評級	Description 描述	Trade receivables 貿易應收款項	Other financial assets 其他金融資產
Low risk 低風險	The counterparty has a low risk of default and does not have any past-due amounts 對手方具低違約風險及並無任何逾期款項	Lifetime ECL – not credit-impaired 全期預期信貸虧損 – 並無信貸減值	12-month ECL 12個月預期 信貸虧損
Normal risk 正常風險	Debtor frequently repays after due dates but usually settle after due date 債務人經常於到期日後還款，但慣常於到期日後清償	Lifetime ECL – not credit-impaired 全期預期信貸虧損 – 並無信貸減值	12-month ECL 12個月預期 信貸虧損
High risk 高風險	There have been significant increases in credit risk since initial recognition through information developed internally 透過內部產生之資料，信貸風險自初步確認以來已大幅增加	Lifetime ECL – not credit-impaired 全期預期信貸虧損 – 並無信貸減值	Lifetime ECL – not credit-impaired 全期預期信貸虧損 – 並無信貸減值
Loss 虧損	There is evidence indicating the asset is credit-impaired 有證據顯示資產為信貸減值	Lifetime ECL – credit-impaired 全期預期信貸虧損 – 信貸減值	Lifetime ECL – credit-impaired 全期預期信貸虧損 – 信貸減值
Write-off 撇銷	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery 有證據顯示債務人陷入嚴重財務困難，且本集團並無實際收回可能	Amount is written off 金額被撇銷	Amount is written off 金額被撇銷

38. 金融工具 (續)

(b) 財務風險管理的目標及政策 (續)

信貸風險及減值評估 (續)

本集團之內部信貸風險評級評估包括以下類別：

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38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

2018 2018年	Note 附註	Internal	12-month or	Gross carrying amount	
		credit rating	lifetime ECL	HK\$'000	HK\$'000
		內部信貸評級	12個月或全期預期信貸虧損	千港元	千港元
Financial assets at amortised cost					
按攤銷成本計量之金融資產					
Trade receivables	26	(Note)	Lifetime ECL (provision matrix)	704,928	
貿易應收款項		(附註)	全期預期信貸虧損(撥備矩陣)		
		Loss	Credit-impaired	12,732	717,660
		虧損	信貸減值		

Note: For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, grouped by internal credit rating.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its operation. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at 31 December 2018 within lifetime ECL (not credit-impaired).

38. 金融工具(續)

(b) 財務風險管理的目標及政策(續)

信貸風險及減值評估(續)

下表詳列本集團須進行預期信貸虧損評估之金融資產之信貸風險：

附註：本集團已就貿易應收款項應用香港財務報告準則第9號之簡化方法，按全期預期信貸虧損計量虧損撥備。本集團使用按內部信貸評級分類之撥備矩陣釐定該等項目之預期信貸虧損。

作為本集團信貸風險管理之一部分，本集團就其業務對客戶應用內部信貸評級。下表提供有關於2018年12月31日根據撥備矩陣評估為全期預期信貸虧損(並無信貸減值)內之貿易應收款項信貸風險之資料。

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38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Gross carrying amount

Internal credit rating

內部信貸評級

		Average loss rate 平均虧損率	Trade receivables 貿易應收款項 HK\$'000 千港元
Low risk	低風險	0.04%	240,654
Normal risk	正常風險	1.46%	399,866
High risk	高風險	9.67%	64,408
			704,928

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 December 2018, impairment allowance of HK\$12,211,000 was made and charged to profit or loss for trade receivable based on the provision matrix. A net reversal of impairment allowance of HK\$6,288,000 has been made and credited to profit or loss for credit-impaired trade receivable.

38. 金融工具 (續)

(b) 財務風險管理的目標及政策 (續)

信貸風險及減值評估 (續)

賬面總值

	Average loss rate 平均虧損率	Trade receivables 貿易應收款項 HK\$'000 千港元
Low risk	0.04%	240,654
Normal risk	1.46%	399,866
High risk	9.67%	64,408
		704,928

估計虧損率乃基於債務人於預計年期的歷史觀察違約率，並根據毋須投入過多成本或努力即可獲得的前瞻性資料作出調整。管理層定期檢討分類，以確保有關特定債務人之相關資料獲更新。

截至2018年12月31日止年度，已根據撥備矩陣就貿易應收款項作出減值撥備12,211,000港元，並於損益中扣除。已就信貸減值貿易應收款項作出6,288,000港元之減值撥備撥回淨額，並計入損益。

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38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

		Lifetime ECL (not credit- impaired) 全期預期 信貸虧損 (並無信貸減值) HK\$'000 千港元	Lifetime ECL (credit- impaired) 全期預期 信貸虧損 (信貸減值) HK\$'000 千港元	Total 總計 HK\$'000 千港元
As at 31 December 2017 under HKAS 39 and 1 January 2018 under HKFRS 9	於2017年12月31日根據 香港會計準則第39號 及2018年1月1日 根據香港財務報告 準則第9號	–	19,209	19,209
Impairment losses recognised	確認減值虧損	12,211	9,079	21,290
Impairment losses reversed	撥回減值虧損	–	(15,367)	(15,367)
Exchange adjustments	匯兌調整	(30)	(189)	(219)
As at 31 December 2018	於2018年12月31日	12,181	12,732	24,913

Changes in the loss allowance for trade receivables of the Group are mainly due to the settlement of credit-impaired trade debtors with a gross carrying amount of HK\$15,367,000 during the year ended 31 December 2018.

38. 金融工具 (續)

(b) 財務風險管理的目標及政策 (續)

信貸風險及減值評估 (續)

下表顯示已根據簡化方法就貿易應收款項確認之全期預期信貸虧損之變動。

截至2018年12月31日止年度，本集團之貿易應收款項虧損撥備變動乃主要由於償還賬面總值15,367,000港元之信貸減值貿易應收款項所致。

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38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. The Group has taken legal action against the debtors to recover the amount due.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of unsecured bank borrowings and ensures compliance with loan covenants.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, unsecured bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

38. 金融工具 (續)

(b) 財務風險管理的目標及政策 (續)

信貸風險及減值評估 (續)

當有資料顯示債務人陷入嚴重財務困難，且並無實際收回可能時（例如當債務人遭受清盤或已進入破產程序），或當貿易應收款項逾期超過兩年時（以較早發生者為準），本集團撤銷貿易應收款項。本集團已對債務人採取法律行動以收回應收款項。

流動資金風險

於管理流動資金風險時，本集團會監察並將現金及現金等價物維持在管理層認為足以為本集團的業務營運提供資金及減輕現金流量波動影響的水平。管理層會監察無抵押銀行借款的使用情況，並確保遵守貸款契約。

下表詳列本集團金融負債的餘下合約年期分析。該表按本集團可要求付款的最早日期的金融負債未貼現現金流量編製。尤其是，具有須按要求償還條款的無抵押銀行借款乃計入最早時間段，而不論銀行是否可能選擇行使彼等的權利。其他非衍生金融負債的到期日分析乃根據協定的償還日期編製。

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綜合財務報表附註

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38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables

		Weighted average interest rate 加權 平均利率	On demand	1 – 3 months 1至 3個月	3 months to 1 year 3個月 至1年	1 – 5 years 1至5年	Total undiscounted cash flows 未貼現現金 流量總額	Carrying amounts 賬面值
			or less than 1 month 少於一個月					
		%	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 31 December 2018	於2018年12月31日							
Trade and other payables	貿易及其他應付款項	–	178,387	280,120	–	–	458,507	458,507
Bills payables	應付票據	–	15,320	17,068	53,793	–	86,181	86,181
Unsecured bank borrowings	無抵押銀行借款							
– variable rate	– 浮動利率	4.11	271,344	29,151	286,362	306,975	893,832	857,139
– fixed rate	– 固定利率	5.75	4,838	11,899	–	–	16,737	16,618
			469,889	338,238	340,155	306,975	1,455,257	1,418,445
At 31 December 2017	於2017年12月31日							
Trade and other payables	貿易及其他應付款項	–	356,317	103,490	1,361	–	461,168	461,168
Bills payables	應付票據	–	10,546	26,777	54,151	–	91,474	91,474
Unsecured bank borrowings	無抵押銀行借款							
– variable rate	– 浮動利率	3.12	436,829	9,489	135,624	124,304	706,246	690,568
– fixed rate	– 固定利率	5.08	8,128	26,448	11,531	–	46,107	45,486
			811,820	166,204	202,667	124,304	1,304,995	1,288,696

38. 金融工具 (續)

(b) 財務風險管理的目標及政策 (續)

流動資金風險 (續)

流動資金表

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綜合財務報表附註

For the year ended 31 December 2018

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38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Unsecured bank borrowings with a repayment on demand clause are included in the “on demand or less than 1 month” time band in the above maturity analysis. As at 31 December 2018, the aggregate carrying amounts of these unsecured bank borrowings amounted to HK\$265,971,000 (2017: HK\$426,122,000). Taking into account the Group’s financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such unsecured bank borrowings will be repaid after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

38. 金融工具 (續)

(b) 財務風險管理的目標及政策 (續)

流動資金風險 (續)

於上述到期日分析中，具有須按的要求償還條款的無抵押銀行借款計入「按要或於一個月」的時間段。於2018年12月31日，該等無抵押銀行借款的賬面總值為265,971,000港元（2017年：426,122,000港元）。鑒於本集團的財務狀況，董事認為有關銀行不可能會行使其酌情權要求立即償還有關款項。董事相信，該等無抵押銀行借款將在報告期末後依照貸款協議所載預期償還日期償還，有關詳情載於下表：

下表已載列利息及本金現金流量。倘利息為浮動利率，未貼現現金額則按報告期末的利率計算。

Maturity Analysis – Unsecured bank borrowings with a repayment on demand clause based on scheduled repayments

到期日分析 – 根據預期償還日期之具有須按要償還條款的無抵押銀行借款

		Total					Carrying amounts
		Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	undiscounted cash outflows	
		少於1年	1至3個月	3個月至1年	1至5年	未貼現現金流出總額	賬面值
		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
31 December 2018	2018年12月31日	112,051	88,272	58,682	9,851	268,856	265,971
31 December 2017	2017年12月31日	221,657	50,776	86,969	72,653	432,055	426,122

The amounts scheduled above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

倘可變利率變動與於報告期末釐定之利率估計不同，則上文就非衍生金融負債之可變利率工具列示之金額可予變動。

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38. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value measurements and valuation processes

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The directors of the Company are responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the management of the Group would estimate the fair values based on a discounted cash flow analysis.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique and inputs used).

38. 金融工具(續)

(c) 金融工具之公平值計量

本附註提供有關本集團如何釐定各項金融資產及金融負債公平值之資料。

公平值計量及估值程序

就財務報告目的而言，本集團之若干金融工具乃按公平值計量。本公司董事負責釐定公平值計量之適當估值方法及輸入數據。

於估計公平值時，本集團於可獲得之情況下使用市場可觀察數據。倘不可獲得第1級輸入數據，本集團管理層將根據貼現現金流量分析估計公平值。

經常性按公平值計量之本集團金融資產之公平值

於各報告期末，本集團之若干金融資產乃按公平值計量。下表提供有關如何釐定該等金融資產之公平值之資料(具體而言，所用之估值方法及輸入數據)。

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38. FINANCIAL INSTRUMENTS (continued)

38. 金融工具 (續)

(c) Fair value measurements of financial instruments (continued)

(c) 金融工具之公平值計量 (續)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

經常性按公平值計量之本集團金融資產之公平值 (續)

Financial assets	Fair value as at	Fair value hierarchy	Valuation technique and key inputs	Sensitivity
金融資產	於以下年度之公平值	公平值層級	估值方法及主要輸入數據	敏感度
	2018 2018年 HK\$ 港元	2017 2017年 HK\$ 港元		
Trade receivables at FVTOCI 透過其他全面收益 按公平值列賬之貿易 應收款項	87,769	N/A* Level 3 不適用* 第3級	Discounted cash flows. 貼現現金流量。 Risk-adjusted discount rates of 3.38% to 4.38% quoted by the banks 銀行所報之經風險調整 貼現率3.38%至4.38%	A slight increase in risk-adjusted discount rates used would result in a slight decrease in fair value, and vice versa. 所用經風險調整貼現率之輕微 增加將導致公平值輕微減少， 反之亦然。

* Upon application of HKFRS 9 on 1 January 2018, certain trade receivables have been reclassified as trade receivables at FVTOCI as disclosed in note 2.

* 於2018年1月1日應用香港財務報告準則第9號後，誠如附註2所披露，若干貿易應收款項已重新分類為透過其他全面收益按公平值列賬之貿易應收款項。

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38. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

There were no transfers in different levels of the fair value hierarchy during the year ended 31 December 2018.

Reconciliation of Level 3 fair value measurements

As at 31 December 2017	於2017年12月31日	N/A不適用
Restated under HKFRS 9 (note 2)	根據香港財務報告準則第9號重列(附註2)	86,658
As at 1 January 2018	於2018年1月1日	86,658
Loss on initial recognition of trade receivables at FVTOCI (included in other expenses)	於初步確認透過其他全面收益按公平值列賬之貿易應收款項之虧損(計入其他開支)	(1,910)
Sales	銷售	1,132,443
Settlements	清償	(1,131,221)
Effective interest income (included in other income)	實際利息收入(計入其他收入)	2,263
Exchange realignment	匯兌調整	(464)
As at 31 December 2018	於2018年12月31日	87,769

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures required)

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values based on discounted cash flow analysis.

38. 金融工具(續)

(c) 金融工具之公平值計量(續)

截至2018年12月31日止年度，公平值層級之不同層級之間並無轉撥。

第3級公平值計量之對賬

Trade receivables
at FVTOCI
透過其他全面
收益按公平值
列賬之貿易
應收款項
HK\$'000
千港元

並非經常性按公平值計量(惟須披露公平值)之本集團金融資產及金融負債之公平值

根據貼現現金流量分析，本公司董事認為，於綜合財務報表內按攤銷成本入賬之金融資產及金融負債之賬面值與其公平值相若。

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39. OPERATING LEASES

The Group as a lessee

		Year ended 31 December	
		截至12月31日止年度	
		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Minimum lease payments paid under operating leases	根據經營租賃支付的最低租賃款項	102,188	90,092
Contingent rental payments	或然租金	238	317
		102,426	90,409

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

於報告期末，本集團須就不可撤銷經營租賃承擔未來最低租賃款項，該等不可撤銷經營租賃的到期情況如下：

		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Within one year	一年內	80,498	75,099
In the second to fifth year inclusive	第二至第五年（包括首尾兩年）	144,764	127,552
Over five years	超過五年	70,275	88,393
		295,537	291,044

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39. OPERATING LEASES (continued)

The Group as a lessee (continued)

Included above are the following lease payments committed to a fellow subsidiary of the Company:

		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Within one year	一年內	9,116	19,076
In the second to fifth year inclusive	第二至第五年（包括首尾兩年）	18,232	—
		27,348	19,076

Operating lease payments represent rentals payable by the Group for the retail shops, offices, factory, staff quarters and warehouses. Leases are negotiated for initial terms ranging from one to ten years.

39. 經營租賃（續）

本集團為承租人（續）

以上所載為下列向本公司同系附屬公司承擔的租賃款項：

經營租賃款項指本集團就零售店、辦公室、廠房、員工宿舍及倉庫的應付租金。租約年期乃經磋商釐定，初步介乎一至十年不等。

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39. OPERATING LEASES (continued)

The Group as a lessee (continued)

Certain retail shops include payment obligations with rental varied with gross revenue. The additional rental payable (contingent rents) is determined generally by applying pre-determined percentages to actual sales less the basic rentals of the respective leases. It is not possible to estimate in advance the amount of such contingent rents payable.

According to the respective operating lease agreement entered into by the Group, a purchase option within 3 years from the date of lease agreement was granted to the Group to acquire a factory in the US currently leased by the Group at a pre-determined price. The original lease term of the factory with the purchase option is 10.67 years and the Group has decided to exercise the option to purchase the factory and the lessor will confirm the acceptance of the offer on or before 30 September 2019. As at 31 December 2018, included in the above lease commitment is amount of HK\$112,901,000 (2017: HK\$125,789,000) in relation to the lease of this factory.

The Group as lessor

Property rental income earned during the year was HK\$14,833,000 (2017: HK\$10,833,000) and all of the properties held have committed tenants for the next few months to four years (2017: few months to five years).

39. 經營租賃 (續)

本集團為承租人 (續)

若干零售店訂有因應總收入而繳交不同租金的付款責任。額外應付租金（或然租金）一般以實際銷售額的預定百分比減去各項租約的基本租金釐定。預先估計有關應付或然租金並不可行。

根據本集團訂立的有關經營租賃協議，本集團獲授自租賃協議日期起為期三年的購買選擇權，以按預先釐定價格收購本集團現時於美國租賃的工廠。有購買選擇權的該工廠的原租賃期為10.67年及本集團已決定行使期權購買該工廠，而出租人將於2019年9月30日或之前確認是否接納要約。於2018年12月31日，與租賃該工廠有關的計入上述租賃承擔的金額為112,901,000港元（2017年：125,789,000港元）。

本集團為出租人

於年內賺取之物業租金收入為14,833,000港元（2017年：10,833,000港元）及所持有之所有物業於未來數月至四年（2017年：未來數月至五年）均有已承諾租戶。

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39. OPERATING LEASES (continued)

The Group as lessor (continued)

At the end of each reporting period, the Group had contracted with tenants for the following future minimum lease payments:

		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Within one year	一年內	15,941	8,728
In the second to fifth year inclusive	第二至第五年（包括首尾兩年）	32,440	12,816
Over five years	超過五年	5,040	6,850
		53,421	28,394

The amounts represent rentals receivable by the Group for leasing of unutilised factories and warehouses classified as investment properties. Leases are generally negotiated for initial terms ranging from few months to eight years.

40. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualified employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at a rate of 5% specified in the rules, but subject to a cap of HK\$1,500 per month. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

39. 經營租賃（續）

本集團為出租人（續）

於各報告期末，本集團就下列未來最低租賃款項與租戶訂立合同：

	2018	2017
	2018年	2017年
	HK\$'000	HK\$'000
	千港元	千港元
Within one year	15,941	8,728
In the second to fifth year inclusive	32,440	12,816
Over five years	5,040	6,850
	53,421	28,394

該等金額相當於本集團就租賃獲分類為投資物業的未使用工廠及倉庫的應收租金。租約年期一般經磋商釐定，初步介乎數個月至八年不等。

40. 退休福利計劃

根據強制性公積金計劃條例，本集團為所有香港合資格僱員參與強制性公積金計劃（「強積金計劃」）。強積金計劃的資產與本集團在獨立受託人控制下的基金資產分開持有。根據強積金計劃規例，僱主及其僱員須分別按規例訂明的5%為計劃供款，但設有上限每月1,500港元。本集團有關強積金計劃的唯一義務為根據計劃作出所須供款。並無被沒收供款可用以扣減未來年度應付的供款。

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40. RETIREMENT BENEFIT PLANS (continued)

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their basic payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. No forfeited contribution is available to reduce the contribution payable in future years.

The Group maintains multiple qualified contributory saving plans as allowed under Section 401(k) of the Internal Revenue Code in the US. These plans are defined contribution plans covering employees employed in the US and provide for voluntary contributions by employees, subject to certain limits. The contributions are made by both the employees and the employer. The employees' contributions are primarily based on specified dollar amounts or percentages of employee compensation.

During the year ended 31 December 2018, the total contributable charged to the consolidated statement of profit or loss and other comprehensive income amount to HK\$38,292,000 (2017: HK\$39,191,000).

41. COMMITMENTS

Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements

就收購已訂約但未於綜合財務報表撥備的物業、廠房及設備的資本開支

2018	2017
2018年	2017年
HK\$'000	HK\$'000
千港元	千港元

11,485	35,438
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40. 退休福利計劃 (續)

於中國受僱的僱員為中國政府管理的國家管理退休福利計劃的成員。中國附屬公司須按其基本工資的若干百分比向退休福利計劃供款，以為福利提供資金。本集團有關退休福利計劃的唯一義務為根據計劃作出所須供款。並無被沒收供款可用以扣減未來年度應付的供款。

本集團根據美國國內稅收法第401(k)條所准許設有多個合資格供款儲蓄計劃。該等計劃為涵蓋於美國受僱之僱員之定額供款計劃，並於若干限制下可由僱員自願供款。僱員及僱主均作出供款。僱員供款主要根據僱員報酬之特定金額或百分比作出。

截至2018年12月31日止年度，計入綜合損益及其他全面收益表金額的供款總額為38,292,000港元（2017年：39,191,000港元）。

41. 承擔

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42. DISPOSAL OF A SUBSIDIARY

Disposal of Sinomax (Dongguan) Sleep Technology Limited ("Sleep Technology")

On 11 December 2018, the Group had entered into a sale and purchase agreement with an independent third party to dispose of its 90% equity interest of Sleep Technology, which engaged in research, development and sale of health and household products activities, at a cash consideration of RMB7,000,000 (equivalent to approximately HK\$8,601,000). The disposal was completed on 11 December 2018 in which the Group lost control of Sleep Technology. The net assets of Sleep Technology at the date of disposal were as follows:

		HK\$'000 千港元
Analysis of assets and liabilities over which control was lost:	失去控制權之資產及負債分析：	
Property, plant and equipment	物業、廠房及設備	23
Inventories	存貨	1,572
Trade and other receivables	貿易及其他應收款項	880
Bank balances and cash	銀行結餘及現金	2,175
Trade and other payables	貿易及其他應付款項	(1,259)
Tax payable	應付稅項	(142)
Net assets disposed of	所出售之資產淨值	3,249

		HK\$'000 千港元
Gain on disposal of Sleep Technology:	出售睡眠科技之收益：	
Consideration received	已收取之代價	8,601
Net assets disposed of	所出售之資產淨值	(3,249)
Cumulative exchange differences reclassified to profit or loss	重新分類至損益之累計匯兌差額	(67)
Gain on disposal included in other gains and losses	計入其他收益及虧損之出售收益	5,285

		HK\$'000 千港元
Net cash outflow arising on disposal of Sleep Technology:	出售睡眠科技產生之現金流出淨額：	
Cash consideration	現金代價	8,601
Consideration receivable	應收代價	(8,601)
Bank balances and cash disposed of	所出售之銀行結餘及現金	(2,175)
Net cash outflow	現金流出淨額	(2,175)

42. 出售一間附屬公司

出售盛諾(東莞)睡眠科技有限公司(「睡眠科技」)

於2018年12月11日，本集團已與獨立第三方訂立買賣協議，以出售其於睡眠科技（從事研發及銷售健康家居產品業務）之90%股權，現金代價為人民幣7,000,000元（相當於約8,601,000港元）。該出售於2018年12月11日完成，本集團失去睡眠科技之控制權。睡眠科技於出售日期之資產淨值如下：

		HK\$'000 千港元
Analysis of assets and liabilities over which control was lost:	失去控制權之資產及負債分析：	
Property, plant and equipment	物業、廠房及設備	23
Inventories	存貨	1,572
Trade and other receivables	貿易及其他應收款項	880
Bank balances and cash	銀行結餘及現金	2,175
Trade and other payables	貿易及其他應付款項	(1,259)
Tax payable	應付稅項	(142)
Net assets disposed of	所出售之資產淨值	3,249

		HK\$'000 千港元
Gain on disposal of Sleep Technology:	出售睡眠科技之收益：	
Consideration received	已收取之代價	8,601
Net assets disposed of	所出售之資產淨值	(3,249)
Cumulative exchange differences reclassified to profit or loss	重新分類至損益之累計匯兌差額	(67)
Gain on disposal included in other gains and losses	計入其他收益及虧損之出售收益	5,285

		HK\$'000 千港元
Net cash outflow arising on disposal of Sleep Technology:	出售睡眠科技產生之現金流出淨額：	
Cash consideration	現金代價	8,601
Consideration receivable	應收代價	(8,601)
Bank balances and cash disposed of	所出售之銀行結餘及現金	(2,175)
Net cash outflow	現金流出淨額	(2,175)

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43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

43. 融資活動所產生負債之對賬

下表詳述本集團融資活動所產生負債之變動（包括現金及非現金變動）。融資活動所產生負債乃指其現金流量或未來現金流量已或將於本集團綜合現金流量表內分類為融資活動現金流量的負債。

		Unsecured bank borrowings 無抵押 銀行借款 HK\$'000 千港元	Interest payable 利息開支 HK\$'000 千港元	Dividend payable 應付股息 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2017	於2017年1月1日	476,896	571	–	477,467
<i>Financing cash flows</i>	<i>融資現金流</i>	246,509	(25,955)	(33,122)	187,432
<i>Non-cash changes</i>	<i>非現金變動</i>				
Finance costs	財務成本	–	26,158	–	26,158
Dividends recognised as distribution	確認為分派之股息	–	–	33,122	33,122
Foreign exchange translation	外匯換算	12,649	25	–	12,674
At 31 December 2017	於2017年12月31日	736,054	799	–	736,853
<i>Financing cash flows</i>	<i>融資現金流</i>	148,598	(40,371)	(29,403)	78,824
<i>Non-cash changes</i>	<i>非現金變動</i>				
Finance costs	財務成本	–	40,096	–	40,096
Dividends recognised as distribution	確認為分派之股息	–	–	29,403	29,403
Foreign exchange translation	外匯換算	(10,895)	(24)	–	(10,919)
At 31 December 2018	於2018年12月31日	873,757	500	–	874,257

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44. RELATED PARTY DISCLOSURES

In addition to the transactions, balances and commitments disclosed elsewhere in the consolidated financial statements, the Group had entered into the following related party transactions:

Relationship with the Group 與本集團關係	Nature of transactions 交易性質	2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Fellow subsidiary of the Company 本公司的同系附屬公司	Rental expenses 租金開支	13,195	18,168

In addition, certain trademarks owned by fellow subsidiaries of the Company were used by the Group free of charge during both years.

Compensation of key management personnel

The remuneration of directors and other member of key management during the reporting period was as follows:

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Salaries and allowances	薪金及津貼	11,711	12,000
Performance related incentive payments	有關表現的獎金	1,460	1,442
Retirement benefit schemes contributions	退休福利計劃供款	108	108
Share based payment expenses	股份支付開支	743	1,975
		14,022	15,525

44. 關連方披露

除綜合財務報表所披露的交易、結餘及承擔外，本集團已訂立下列關連方交易：

此外，本集團於兩個年度內免費使用若干本公司同系附屬公司擁有的商標。

主要管理人員的補償

董事及其他主要管理層成員於報告期的薪酬如下：

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45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries are as follows:

Name of subsidiary 附屬公司名稱	Place of incorporation/ operations/ establishment 註冊成立/ 經營/成立地點	Issued and fully paid share capital/ registered capital/ quota capital 已發行及繳足股本/ 註冊資本/ 配額資本	Proportion of share/ registered/quota capital and voting power held by the Company 本公司持有股本/註冊 資本/配額資本及投票權的 比例		Principal activities 主要業務
			At 31 December 於12月31日		
			2018 2018年	2017 2017年	
<i>Directly owned</i> 直接擁有					
Treasure Range Holdings Limited	Hong Kong 香港	Ordinary shares HK\$27 普通股27港元	100%	100%	Investment holding 投資控股
<i>Indirectly owned</i> 間接擁有					
Ascension International Development Limited 高晉國際發展有限公司	The BVI 英屬處女群島	Ordinary shares US\$1 普通股1美元	100%	100%	Investment holding 投資控股
Fullelite Limited 傑豐有限公司	The BVI 英屬處女群島	Ordinary shares US\$10 普通股10美元	100%	100%	Investment holding 投資控股
Year Prosper Limited 盛年有限公司	The BVI 英屬處女群島	Ordinary shares US\$10 普通股10美元	100%	100%	Investment holding 投資控股
Wonderful Health Limited	The BVI 英屬處女群島	Ordinary shares US\$10 普通股10美元	100%	100%	Investment holding 投資控股
Trade Sincere Limited 質誠有限公司	The BVI 英屬處女群島	Ordinary shares US\$100 普通股100美元	85%	85%	Investment holding 投資控股

45. 本公司附屬公司詳情

本公司附屬公司詳情如下：

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45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

45. 本公司附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operations/ establishment 註冊成立/ 經營/成立地點	Issued and fully paid share capital/ registered capital/ quota capital 已發行及繳足股本/ 註冊資本/ 配額資本	Proportion of share/ registered/quota capital and voting power held by the Company 本公司持有股本/註冊 資本/配額資本及投票權的 比例		Principal activities 主要業務
			At 31 December 於12月31日		
			2018 2018年	2017 2017年	
Sinomax International Investment Limited 聖諾盟國際投資有限公司	The BVI 英屬處女群島	Ordinary shares US\$10 普通股10美元	100%	100%	Investment holding and provision of treasury management services 投資控股及提供財資管理服務
Sinomax Health & Household Products Limited 聖諾盟健康家居用品有限公司	Hong Kong 香港	Ordinary shares HK\$1,000,000 普通股1,000,000港元	100%	100%	Retail and wholesale of health and household products 零售及批發健康家居產品
Sinomax International Trading Limited 聖諾盟國際貿易有限公司	Hong Kong 香港	Ordinary shares HK\$10,000 普通股10,000港元	100%	100%	Trading of health and household products 健康家居產品買賣
Chengdu Xingang (Note 2) 成都新港 (附註2)	The PRC 中國	Registered capital RMB120,000,000 註冊資本人民幣120,000,000元	51%	51%	Manufacture and sale of polyurethane foam 製造及銷售聚氨酯泡沫
Dongguan Sinohome Limited* (Note 1) 東莞賽諾家居用品有限公司 (附註1)	The PRC 中國	Registered capital HK\$32,000,000 註冊資本32,000,000港元	100%	100%	Manufacture and sale of health and household products 製造及銷售健康家居產品
Shandong Sinomax Household Products and Technology Limited* (Note 1) 山東賽諾家居科技有限公司 (附註1)	The PRC 中國	Registered capital RMB30,000,000 註冊資本人民幣30,000,000元	100%	100%	Processing, manufacturing and sales of polyurethane foam 加工、製造及銷售聚氨酯泡沫

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45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

45. 本公司附屬公司詳情(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operations/ establishment 註冊成立/ 經營/成立地點	Issued and fully paid share capital/ registered capital/ quota capital 已發行及繳足股本/ 註冊資本/ 配額資本	Proportion of share/ registered/quota capital and voting power held by the Company 本公司持有股本/註冊 資本/配額資本及投票權的 比例		Principal activities 主要業務
			At 31 December 於12月31日	2017 2017年	
Shanghai Luen Tai Polyurethane Co., Ltd* (Note 1) 上海聯大海綿有限公司(附註1)	The PRC 中國	Registered capital RMB35,000,000 註冊資本人民幣 35,000,000元	100%	100%	Processing, manufacturing and sales of polyurethane foam 加工、製造及銷售聚氨酯 泡沫
Sinohome Household Products (Shenzhen) Limited* (Note 1) 賽諾家居用品(深圳)有限公司 (附註1)	The PRC 中國	Registered capital HK\$1,000,000 註冊資本1,000,000港元	100%	100%	Retail and wholesale of health and household products 零售及批發健康家居產品
Sinomax (Zhejiang) Polyurethane Technology Limited (Formerly known as Sinomax (Zhejiang) Polyurethane Household Products Limited)* (Note 1) 賽諾(浙江)聚氨酯新材料有限公司 (前稱聖諾盟(浙江)聚氨酯家居 用品有限公司)(附註1)	The PRC 中國	Registered capital US\$30,000,000 註冊資本30,000,000美元	100%	100%	Manufacture and sale of health and household products 製造及銷售健康家居產品
Sinomax Kuka (Zhejiang) Foam Co. Limited* (Note 2) ("Sinomax Kuka") 浙江聖諾盟顧家海綿有限公司 (附註2) (「聖諾盟顧家」)	The PRC 中國	Registered capital US\$2,100,000 註冊資本2,100,000美元	51%	51%	Manufacture and sale of foam 製造及銷售泡沫

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For the year ended 31 December 2018

截至2018年12月31日止年度

45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

45. 本公司附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operations/ establishment 註冊成立/ 經營/成立地點	Issued and fully paid share capital/ registered capital/ quota capital 已發行及繳足股本/ 註冊資本/ 配額資本	Proportion of share/ registered/quota capital and voting power held by the Company 本公司持有股本/註冊 資本/配額資本及投票權的 比例		Principal activities 主要業務
			At 31 December 於12月31日		
			2018 2018年	2017 2017年	
Sinomax (Dongguan) Sleep Technology Limited* (Note 3)	The PRC	Registered capital RMB5,000,000	–	90%	Research, development and sale of health and household products 研發及銷售健康家居產品
盛諾(東莞)睡眠科技有限公司(附註3)	中國	註冊資本人民幣5,000,000元			
Sinomax Macao Commercial Offshore Limited 聖諾盟澳門離岸商業服務有限公司	Macau 澳門	Quota capital MOPI00,000 配額資本澳門幣100,000元	100%	100%	Wholesale of health and household products 批發健康家居產品
Sinomax USA, Inc.	The US 美國	100 shares of common stock of no par value 100股無面值普通股	100%	100%	Wholesale of health and household products 批發健康家居產品
Sinomax East, Inc.	The US 美國	1 share of common stock with no par value 1股無面值普通股	100%	100%	Manufacture of health and household products 製造健康家居產品
Dormeo North American, LLC	The US 美國	Issued and fully paid share capital US\$50,481,560 已發行及繳足股本50,481,560美元	51.31%	51.31%	Investment holding 投資控股
Top Shop TV, LLC	The US 美國	Issued and fully paid share capital US\$42,103,890 已發行及繳足股本42,103,890美元	51.31%	51.31%	Investment holding 投資控股

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綜合財務報表附註

For the year ended 31 December 2018

截至2018年12月31日止年度

45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

45. 本公司附屬公司詳情(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operations/ establishment 註冊成立/ 經營/成立地點	Issued and fully paid share capital/ registered capital/ quota capital 已發行及繳足股本/ 註冊資本/ 配額資本	Proportion of share/ registered/quota capital and voting power held by the Company 本公司持有股本/註冊 資本/配額資本及投票權的 比例		Principal activities 主要業務
			At 31 December 於12月31日		
			2018 2018年	2017 2017年	
Octaspring Operations US, Inc.	The US 美國	100 shares of common stock of US\$0.0001 par value 100股每股面值 0.0001美元普通股	51.31%	51.31%	Manufacturing and sales of health and household products 製造及銷售健康家居產品
Octaspring US, Inc.	The US 美國	100 shares of common stock of US\$0.0001 par value 100股每股面值 0.0001美元普通股	51.31%	51.31%	Retail and wholesale of health and household products 零售及批發健康家居產品
TSTV Canada Limited	Canada 加拿大	1,000 shares of common stock of no par value 1,000股無面值普通股	51.31%	51.31%	Retail and wholesale of health and household products 零售及批發健康家居產品

Notes:

- (1) The companies are registered in the form of wholly foreign owned enterprise.
- (2) The companies are registered in the form of sino-foreign equity joint venture.
- (3) This subsidiary was established in November 2017 and being disposed on 11 December 2018 and details of the disposal are disclosed in note 42.

All the principal subsidiaries operate predominantly in their respective places of incorporation/establishment. None of the subsidiaries of the Company had any debt securities at the end of or any time during the reporting periods.

* English translated name is for identification purpose only.

附註:

- (1) 該等公司以外商獨資企業形式註冊。
- (2) 該等公司以中外合資企業形式註冊。
- (3) 該附屬公司已於2017年11月成立，並於2018年12月11日被出售，出售詳情於附註42內披露。

所有主要附屬公司主要於其各自註冊成立/成立地區營運。概無本公司附屬公司於報告期末或其中任何時間有任何債務證券。

* 英文名稱僅供識別

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2018

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46. MATERIAL NON-CONTROLLING INTERESTS

46. 重大非控股權益

Name of subsidiary 附屬公司名稱	Place of establishment and principal place of business 成立地點及 主要營運地點	Proportion of ownership interests and voting rights held by non-controlling interests 非控股權益所持擁有權 權益及投票權的比例		Profit (loss) allocated to non- controlling interests 分配至非控股權益之 溢利(虧損)		Accumulated non- controlling interests 累計非控股權益	
		2018	2017	2018	2017	2018	2017
		2018年	2017年	2018年	2017年	2018年	2017年
				HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Sinomax Kuka and its wholly owned subsidiary 聖諾盟顧家及其全資附屬公司	The PRC 中國	49%	49%	20,293	16,698	63,027	57,653
Chengdu Xingang Sponge Co., Ltd 成都新港海綿有限公司	The PRC 中國	49%	49%	(140)	1,014	92,446	96,538
Individually immaterial subsidiary with non-controlling interests 持有非控股權益之獨立不重大附屬公司						(9,059)	245
						146,414	154,436

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綜合財務報表附註

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截至2018年12月31日止年度

46. MATERIAL NON-CONTROLLING INTERESTS (continued)

Summarised financial information in respect of each of Group's subsidiaries that had material non-controlling interests is set out below. The summarised financial information below represents amounts before the elimination of intragroup transactions.

(a) Sinomax Kuka and its wholly owned subsidiary, Haining Sinomax Trading Co., Ltd.

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Current assets	流動資產	176,362	161,667
Non-current assets	非流動資產	11,404	12,714
Current liabilities	流動負債	59,139	56,721
Total equity	權益總額	128,627	117,660
Total equity attributable to owners of the Company	本公司擁有人應佔權益總額	65,600	60,007
Total equity attributable to non-controlling interests	非控股權益應佔權益總額	63,027	57,653

46. 重大非控股權益(續)

有關本集團擁有重大非控股權益的各附屬公司的財務資料概況載列如下。以下財務資料概況指抵銷集團內交易前之金額。

(a) 聖諾盟顧家及其全資附屬公司，海寧聖諾盟貿易有限公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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46. MATERIAL NON-CONTROLLING INTERESTS (continued)

(a) Sinomax Kuka and its wholly owned subsidiary, Haining Sinomax Trading Co., Ltd. (continued)

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Revenue	收入	497,397	423,623
Expenses	開支	455,983	389,546
Profit for the year	年內溢利	41,414	34,077
Profit for the year attributable to the owners of the Company	本公司擁有人應佔年內溢利	21,121	17,379
Profit for the year attributable to non-controlling interests	非控股權益應佔年內溢利	20,293	16,698
Other comprehensive (expense) income for the year	年內其他全面(開支)收入	(10,245)	9,896
Other comprehensive (expense) income for the year attributable to owners of the Company	本公司擁有人應佔年內其他全面(開支)收入	(5,225)	5,048
Other comprehensive (expense) income for the year attributable to non-controlling interests	非控股權益應佔年內其他全面(開支)收入	(5,020)	4,848
Total comprehensive income for the year	年內全面收入總額	31,169	43,973
Total comprehensive income for the year attributable to owners of the Company	本公司擁有人應佔年內全面收入總額	15,896	22,427
Total comprehensive income for the year attributable to non-controlling interests	非控股權益應佔年內全面收入總額	15,273	21,546
Dividend paid to non-controlling interests	向非控股權益所支付的股息	9,899	14,240
Net cash inflow from operating activities	經營活動現金流入淨額	35,653	37,606
Net cash inflow from investing activities	投資活動現金流入淨額	1,831	1,077
Net cash outflow from financing activities	融資活動現金流出淨額	(21,358)	(33,226)
Net cash inflow	現金流入淨額	16,126	5,457

46. 重大非控股權益(續)

(a) 聖諾盟顧家及其全資附屬公司·海寧聖諾盟貿易有限公司(續)

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Revenue	收入	497,397	423,623
Expenses	開支	455,983	389,546
Profit for the year	年內溢利	41,414	34,077
Profit for the year attributable to the owners of the Company	本公司擁有人應佔年內溢利	21,121	17,379
Profit for the year attributable to non-controlling interests	非控股權益應佔年內溢利	20,293	16,698
Other comprehensive (expense) income for the year	年內其他全面(開支)收入	(10,245)	9,896
Other comprehensive (expense) income for the year attributable to owners of the Company	本公司擁有人應佔年內其他全面(開支)收入	(5,225)	5,048
Other comprehensive (expense) income for the year attributable to non-controlling interests	非控股權益應佔年內其他全面(開支)收入	(5,020)	4,848
Total comprehensive income for the year	年內全面收入總額	31,169	43,973
Total comprehensive income for the year attributable to owners of the Company	本公司擁有人應佔年內全面收入總額	15,896	22,427
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Dividend paid to non-controlling interests	向非控股權益所支付的股息	9,899	14,240
Net cash inflow from operating activities	經營活動現金流入淨額	35,653	37,606
Net cash inflow from investing activities	投資活動現金流入淨額	1,831	1,077
Net cash outflow from financing activities	融資活動現金流出淨額	(21,358)	(33,226)
Net cash inflow	現金流入淨額	16,126	5,457

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46. MATERIAL NON-CONTROLLING INTERESTS (continued)

(b) Chengdu Xingang

		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Current assets	流動資產	94,983	104,114
Non-current assets	非流動資產	189,684	208,001
Current liabilities	流動負債	42,175	54,648
Non-current liabilities	非流動負債	53,827	60,451
Total equity	權益總額	188,665	197,016
Total equity attributable to owners of the Company	本公司擁有人應佔權益總額	96,219	100,478
Total equity attributable to non-controlling interests	非控股權益應佔權益總額	92,446	96,538

46. 重大非控股權益(續)

(b) 成都新港

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2018

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46. MATERIAL NON-CONTROLLING INTERESTS (continued)

46. 重大非控股權益(續)

(b) Chengdu Xingang (continued)

(b) 成都新港(續)

		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Revenue	收入	197,559	173,653
Expenses	開支	197,844	171,584
(Loss) profit for the year	年內(虧損)溢利	(285)	2,069
(Loss) profit for the year attributable to owners of the Company	本公司擁有人應佔年內(虧損)溢利	(145)	1,055
(Loss) profit for the year attributable to non-controlling interests	非控股權益應佔年內(虧損)溢利	(140)	1,014
Other comprehensive (expense) income for the year	年內其他全面(開支)收入	(8,066)	2,264
Other comprehensive (expense) income for the year attributable to owners of the Company	本公司擁有人應佔年內其他全面(開支)收入	(4,114)	1,155
Other comprehensive (expense) income for the year attributable to non-controlling interests	非控股權益應佔年內其他全面(開支)收入	(3,952)	1,109
Total comprehensive (expense) income for the year	年內全面(開支)收入總額	(8,351)	4,333
Total comprehensive (expense) income for the year attributable to the owners of the Company	本公司擁有人應佔年內全面(開支)收入總額	(4,259)	2,210
Total comprehensive (expense) income for the year attributable to non-controlling interests	非控股權益應佔年內全面(開支)收入總額	(4,092)	2,123
Net cash inflow from operating activities	經營活動現金流入淨額	13,839	13,266
Net cash outflow from investing activities	投資活動現金流出淨額	(2,147)	(11,480)
Net cash outflow from financing activities	融資活動現金流出淨額	(7,576)	(2,823)
Net cash inflow (outflow)	現金流入(流出)淨額	4,116	(1,037)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2018

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47. STATEMENT OF FINANCIAL INFORMATION AND RESERVES OF THE COMPANY

47. 本公司之財務資料報表及儲備

Statement of financial position of the Company

本公司之財務狀況表

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
NON-CURRENT ASSET	非流動資產		
Interests in subsidiaries	於附屬公司之權益	779,389	779,389
CURRENT ASSETS	流動資產		
Other receivables	其他應收款項	917	849
Amounts due from subsidiaries	應收附屬公司款項	–	75,616
Bank balances and cash	銀行結餘及現金	279	707
		1,196	77,172
CURRENT LIABILITIES	流動負債		
Other payables	其他應付款項	1,030	1,123
Amounts due to subsidiaries	應付附屬公司款項	14,161	–
Unsecured bank borrowings	無抵押銀行借款	36,000	100,000
		51,191	101,123
NET CURRENT LIABILITIES	流動負債淨額	(49,995)	(23,951)
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債	729,394	755,438
CAPITAL AND RESERVES	資本及儲備		
Share capital	股本	175,000	175,000
Reserves (Note)	儲備(附註)	554,394	580,438
TOTAL EQUITY	權益總額	729,394	755,438

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2018

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47. STATEMENT OF FINANCIAL INFORMATION AND RESERVES OF THE COMPANY (continued)

Statement of financial position of the Company (continued)

Note:

Movement in the Company's reserves

		Share premium	Capital reserve	Share options reserve	Retained profits	Total
		股份溢價	股本儲備	購股權儲備	保留溢利	總計
		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
At 1 January 2017	於2017年1月1日	404,520	(5)	13,575	188,845	606,935
Loss and total comprehensive expense for the year	年內虧損及全面開支總額	–	–	–	(14,585)	(14,585)
Dividend recognised as distribution (note 15)	確認為分派之股息 (附註15)	–	–	–	(17,500)	(17,500)
Recognition of share based payment expenses	確認股份付款開支	–	–	5,588	–	5,588
At 31 December 2017	於2017年12月31日	404,520	(5)	19,163	156,760	580,438
Loss and total comprehensive expense for the year	年內虧損及全面開支總額	–	–	–	(9,684)	(9,684)
Dividend recognised as distribution (note 15)	確認為分派之股息 (附註15)	–	–	–	(17,500)	(17,500)
Recognition of share based payment expenses	確認股份付款開支	–	–	1,140	–	1,140
Lapse of share options	購股權失效	–	–	(876)	876	–
At 31 December 2018	於2018年12月31日	404,520	(5)	19,427	130,452	554,394

47. 本公司之財務資料報表及儲備 (續)

本公司之財務狀況表 (續)

附註：

本公司儲備變動

FIVE-YEAR FINANCIAL SUMMARY

五年財務摘要

A summary of the results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements is set out below:

本集團於過去五個財政年度之業績以及資產及負債摘要（摘錄自經審核綜合財務報表）載列如下：

RESULTS

業績

		2018	2017	2016	2015	2014
		2018年	2017年	2016年	2015年	2014年
		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
Revenue	收入	4,263,322	4,183,786	3,499,762	2,869,846	2,683,408
Profit before tax	除稅前溢利	27,586	58,242	110,978	244,439	246,867
Income tax expenses	所得稅開支	(22,744)	(7,457)	(10,526)	(59,763)	(43,920)
Profit for the year	年內溢利	4,842	50,785	100,452	184,676	202,947
Attributable to:	下列人士應佔：					
Owners of the Company	本公司擁有人	(5,801)	39,674	103,525	172,674	194,393
Non-controlling interest	非控股權益	10,643	11,111	(3,073)	12,002	8,554
		4,842	50,785	100,452	184,676	202,947

ASSET AND LIABILITIES

資產及負債

		2018	2017	2016	2015	2014
		2018年	2017年	2016年	2015年	2014年
		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
Total assets	資產總值	2,903,219	2,883,172	2,537,083	1,809,711	1,621,266
Total liabilities	負債總額	(1,677,376)	(1,573,706)	(1,322,987)	(713,022)	(708,153)
Total equity	權益總額	1,225,843	1,309,466	1,214,096	1,096,689	913,113
Attributable to:	下列人士應佔：					
Owners of the Company	本公司擁有人	1,079,429	1,155,030	1,059,290	1,058,352	876,320
Non-controlling interest	非控股權益	146,414	154,436	154,806	38,337	36,793
		1,225,843	1,309,466	1,214,096	1,096,689	913,113



SINOMAX

Sinomax Group Limited
盛諾集團有限公司