



福田實業(集團)有限公司
Fountain Set (Holdings) Limited

The World's Finest Circular Knits. Since 1969.
世界優質圓筒針織，始於1969

2019
Annual Report 年報



福田實業集團創業50週年

GROUP PROFILE

About Fountain Set (Holdings) Limited (the “Company”) and its subsidiaries (the “Fountain Set Group”) (Stock Code: 00420.HK)

One of the world’s largest and long-established fabric manufacturers, the Fountain Set Group produces knitted fabric and garments through vertically integrated operations in fabric knitting, dyeing, printing, finishing and garment manufacturing, for many of the renowned apparel retailers and brands.

As a strong believer of research and development (“R&D”), we collaborate with brands and suppliers to develop innovative and creative fabric and garment products to consumers all over the world. Headquartered in Hong Kong and listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Fountain Set Group has a total of 8 production facilities in the People’s Republic of China (the “PRC”), Sri Lanka and Indonesia, with marketing and representative offices in 4 countries and a global staff force of close to 8,300 strong.

Chinatex Corporation Limited, a wholly-owned subsidiary of COFCO Corporation, has become the largest shareholder of the Company since 2012. COFCO Corporation is a state-wholly-owned enterprise established in the PRC and a direct wholly-owned subsidiary of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

To learn more about Fountain Set (Holdings) Limited, please visit www.fshl.com

To learn more about Chinatex Corporation Limited, please visit www.chinatex.com

To learn more about COFCO Corporation, please visit www.cofco.com

集團簡介

有關福田實業（集團）有限公司（「本公司」）及其附屬公司（「福田集團」）（股份代號：**00420**，香港）

福田集團為一家世界最大及歷史悠久的針織面料生產商之一，提供針織、染色、印花、整理及成衣製造等高度垂直綜合服務為許多知名服裝零售商和品牌製造針織面料及成衣。

作為研發的堅信者，我們與品牌和供應商合作，為世界各地的消費者開發創新和創意的面料及成衣產品。福田集團總部位於香港，並於香港聯合交易所有限公司（「聯交所」）上市，其於中華人民共和國（「中國」）、斯里蘭卡及印尼共設有8個生產設施，市場推廣辦事處及代表處分佈4個國家，全球員工接近8,300人。

中國中紡集團有限公司為中糧集團有限公司的全資附屬公司，從2012年起，成為本公司第一大股東。中糧集團有限公司乃一間於中國成立之國有企業，並為中國國務院國有資產監督管理委員會之直接全資附屬公司。

欲知更多福田實業（集團）有限公司資料，請瀏覽www.fshl.com

欲知更多中國中紡集團有限公司資料，請瀏覽www.chinatex.com

欲知更多中糧集團有限公司資料，請瀏覽www.cofco.com

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CORPORATE INFORMATION

公司資料

HONORARY CHAIRMAN

Mr. HA Chung Fong

BOARD OF DIRECTORS

Executive Directors

Mr. ZHAO Yao (*Chairman and Chief Executive Officer*)

Mr. LIU Xianfu

Mr. TAO Yongming

Mr. YAU Hang Tat Andrew

Non-executive Directors

Dr. YEN Gordon (*Non-executive Vice Chairman*)

Mr. SUN Fujii

Independent Non-executive Directors

Mr. NG Kwok Tung

Mr. YING Wei

Mr. William LAM

COMPANY SECRETARY

Ms. CHENG Wai Han Charmaine

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Block A, 6/F., Eastern Sea Industrial Building

29-39 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong

COMPANY WEBSITE

www.fshl.com

PRINCIPAL BANKS

Bank of China (Hong Kong) Limited

The Hongkong and Shanghai Banking Corporation Limited

Standard Chartered Bank (Hong Kong) Limited

Hang Seng Bank Limited

Fubon Bank (Hong Kong) Limited

CTBC Bank Co., Ltd.

SOLICITORS

Vivien Chan & Co.

INDEPENDENT AUDITOR

BDO Limited

Certified Public Accountants

SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited

Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong

名譽主席

夏松芳先生

董事會

執行董事

趙耀先生 (*主席兼行政總裁*)

劉賢福先生

陶永銘先生

邱恒達先生

非執行董事

嚴震銘博士 (*非執行副主席*)

孫福紀先生

獨立非執行董事

伍國棟先生

應偉先生

林偉成先生

公司秘書

鄭惠嫻女士

註冊辦事處及主要營業地點

香港新界葵涌葵昌路29-39號

東海工業大廈A座6樓

公司網址

www.fshl.com

主要往來銀行

中國銀行(香港)有限公司

香港上海匯豐銀行有限公司

渣打銀行(香港)有限公司

恒生銀行有限公司

富邦銀行(香港)有限公司

中國信託商業銀行股份有限公司

律師

陳韻雲律師行

獨立核數師

香港立信德豪會計師事務所有限公司

執業會計師

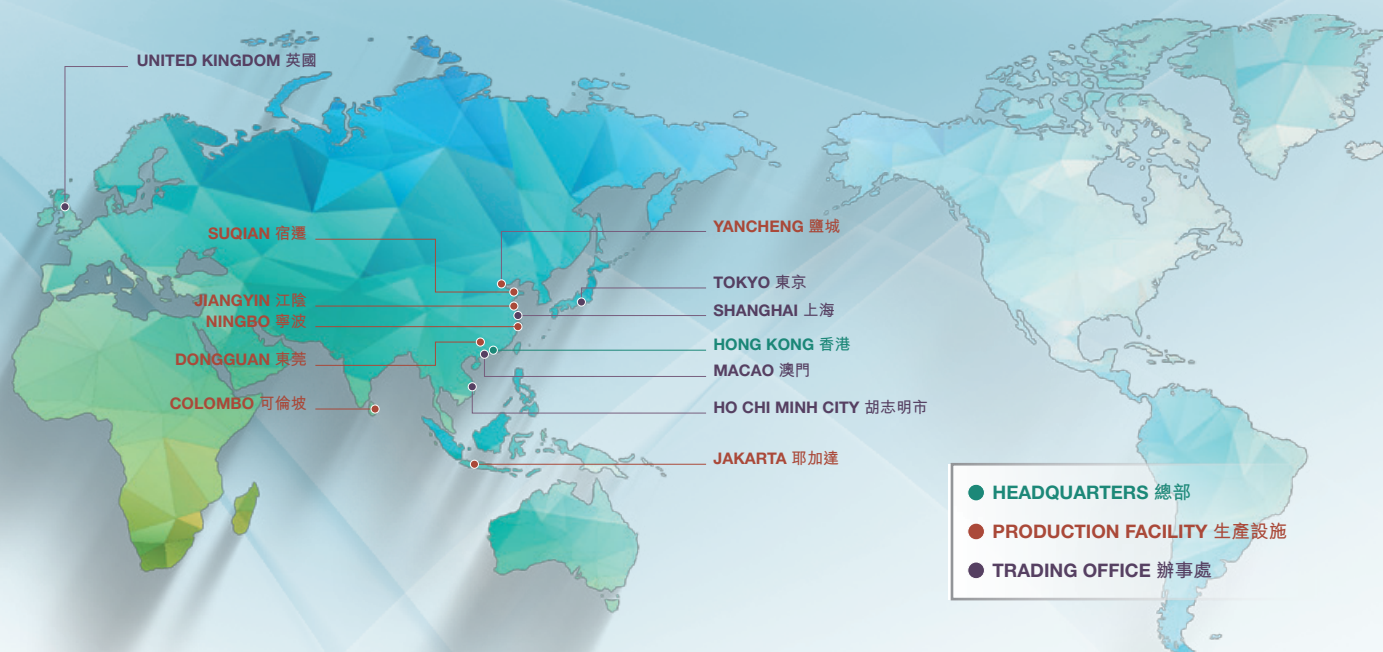
股份登記處

寶德隆證券登記有限公司

香港北角電氣道148號21樓2103B室

EXTENSIVE WORLDWIDE NETWORK

強大環球網絡



HEADQUARTERS • 總部

HONG KONG 香港

Fountain Set (Holdings) Limited
福田實業(集團)有限公司

PRODUCTION FACILITY • 生產設施

CHINA 中國

Knitting & Dyeing 針織及染色

Jiangyin Fuhui Textiles Limited
江陰福匯紡織有限公司
Yancheng Fuhui Textiles Limited
鹽城福匯紡織有限公司

Knitting, Dyeing & Printing 針織、染色及印花

Dongguan Shatin Lake Side Textiles
Printing & Dyeing Co., Ltd.
東莞沙田麗海紡織印染有限公司

Garment Manufacturing 製衣

Dong Guan Fuyi Apparel Co., Ltd.
東莞福怡服裝有限公司
Ningbo Young Top Garments Co., Ltd.
寧波創裕製衣有限公司
Suqian Young Top Garments Co., Ltd.
宿遷創裕製衣有限公司

JAKARTA 耶加達

Garment Manufacturing 製衣

P.T. Sandang Mutiara Cemerlang

COLOMBO 可倫坡

Knitting, Dyeing & Printing 針織、染色及印花

Ocean Lanka (Private) Limited
海洋蘭卡(私人)有限公司*

TRADING OFFICE • 辦事處

CHINA 中國

Sales of Dyed Fabrics 色布銷售

Shenzhen Faun Textiles Limited
深圳福力紡織品有限公司
Shanghai Fuhui Textiles Trading Co., Ltd.
上海福匯紡織貿易有限公司

HONG KONG 香港

Raw Materials Sourcing 原料採購

Highscene Limited
漢盛有限公司

Sales of Dyed Fabrics 色布銷售

Fountain Set Limited
福田實業有限公司

Sales of Garments 成衣銷售

Hiway Textiles Limited
海匯紡織有限公司
Oceanstar Textiles International Limited
海星紡織國際有限公司
Triumph Luck Limited
凱福有限公司

MACAO 澳門

Raw Materials Sourcing 原料採購

Prosperlink (Macao Commercial Offshore) Limited
匯漢(澳門離岸商業服務)有限公司

HO CHI MINH CITY 胡志明市

Fountain Set Limited
- Vietnam Representative Office
福田實業有限公司
- 越南代表處

TOKYO 東京

Fountain Set Limited
- Japan Representative Office
福田實業有限公司
- 駐日本事務所

UNITED KINGDOM 英國

Fountain Set (Europe) Limited
福田實業(歐洲)有限公司*

Chinese names are only translations of their official English names. In case of inconsistencies, the English names shall prevail.
中文名稱僅為彼等官方英文名稱之譯文。倘有歧異，概以英文名稱為準。

FINANCIAL AND STATISTICAL HIGHLIGHTS

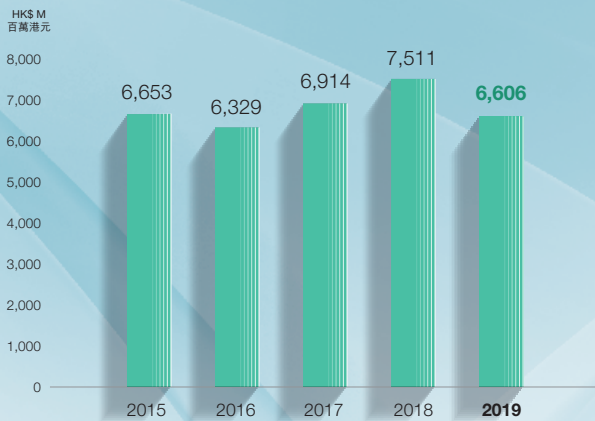
財務及統計摘要

		2019 HK\$Mil 百萬港元	2018 HK\$Mil 百萬港元
Operating Results	營運業績		
Revenue	營業額	6,605.7	7,510.8
Financial Performance	財務表現		
Profit attributable to owners of the Company	本公司擁有人應佔盈利	141.1	160.8
Profit margin	盈利率	2.1%	2.1%
Earnings per share (HK cents)	每股盈利 (港仙)		
– Basic	– 基本	11.6	13.3
– Diluted	– 攤薄	11.6	13.3
Dividends	股息		
Proposed final dividend per share (HK cents)	擬付每股末期股息 (港仙)	9.28	10.64
Proposed special dividend per share (HK cents)	擬付每股特別股息 (港仙)	1.16	1.33
Dividend payout ratio	派息比率	90.0%	90.0%
		At 31 December 於12月31日 2019 HK\$Mil 百萬港元	At 31 December 於12月31日 2018 HK\$Mil 百萬港元
Financial Position at Year End	於年度終結時之財務狀況		
Net current assets	流動資產淨值	2,129.4	2,205.7
Total assets	資產總值	5,296.9	5,664.5
Non-current bank borrowings	非流動銀行借貸	154.5	302.8
Total bank borrowings	總銀行借貸	222.4	798.5
Net bank borrowings	銀行借貸淨值	(723.0)	(191.1)
Total liabilities	負債總值	1,711.8	2,063.3
Net asset value per share (HK\$)	每股資產淨值 (港元)	2.79	2.85
Capital expenditure	資本開支	134.6	242.7
Financial Statistics	財務統計		
Return on equity (%)	權益回報率 (%)	4.7%	5.0%
Consolidated tangible net worth	綜合淨有形資產	3,182.3	3,162.1
Consolidated total bank debt to consolidated tangible net worth	綜合總銀行負債對綜合淨有形資產比例	0.1	0.3
Consolidated EBITDA to consolidated interest expense	綜合息稅折舊及攤銷前利潤對綜合利息支出比例	11.8	14.1
Consolidated current assets to consolidated current liabilities	綜合流動資產對綜合流動負債比例	2.6	2.3
Inventory turnover period (days)	存貨周轉期 (日)	78	81
Trade and bills receivables turnover period (days)	營業及票據應收款項周轉期 (日)	62	60
Trade and bills payables turnover period (days)	營業及票據應付款項周轉期 (日)	51	42

FINANCIAL AND STATISTICAL HIGHLIGHTS (continued)

財務及統計摘要(續)

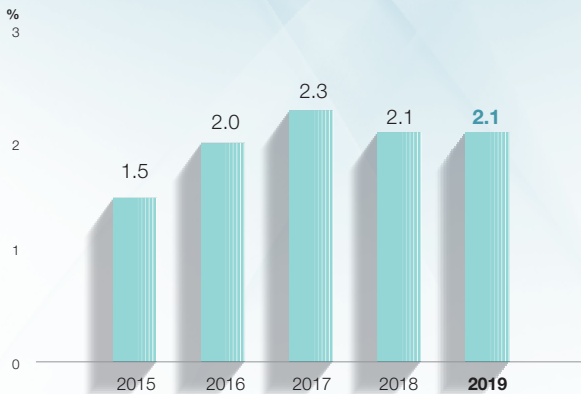
Revenue 營業額



Gross Profit Margin 毛利率



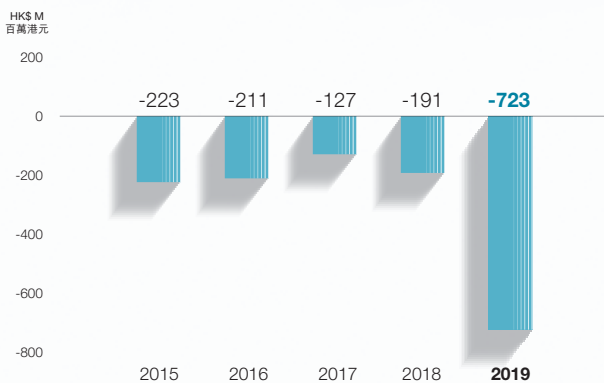
Profit Margin 盈利率



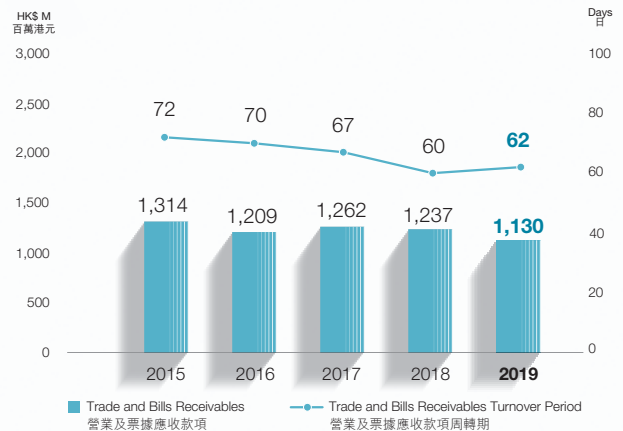
Profit Attributable to Owners of the Company 本公司擁有人應佔盈利



Net Bank Borrowings 銀行借貸淨值



Trade and Bills Receivables Turnover Period 營業及票據應收款項周轉期



FINANCIAL SUMMARY

財務概要

A summary of the financial information of the Company and its subsidiaries for the last five financial years, as extracted from the respective published audited consolidated financial statements, is set out as below. This summary does not form part of the audited consolidated financial statements.

本公司及其附屬公司過去五個財政年度之財務資料概要（摘取自相關已公佈經審核綜合財務報表）載列如下。此概要並不構成經審核綜合財務報表之一部分。

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

綜合損益表

		For the year ended 31 December 2015 截至2015年 12月31日 止年度 HK\$'000 千港元	For the year ended 31 December 2016 截至2016年 12月31日 止年度 HK\$'000 千港元	For the year ended 31 December 2017 截至2017年 12月31日 止年度 HK\$'000 千港元	For the year ended 31 December 2018 截至2018年 12月31日 止年度 HK\$'000 千港元	For the year ended 31 December 2019 截至2019年 12月31日 止年度 HK\$'000 千港元
Revenue	營業額	6,653,051	6,328,714	6,913,785	7,510,789	6,605,655
Profit before income tax expense	除所得稅支出前盈利	152,207	168,068	212,250	230,865	209,619
Income tax expense	所得稅支出	(24,133)	(18,076)	(36,304)	(52,586)	(42,805)
Profit for the year	是年度盈利	128,074	149,992	175,946	178,279	166,814
Attributable to:	應佔：					
Owners of the Company	本公司擁有人	99,860	127,903	156,846	160,792	141,089
Non-controlling interests	非控股權益	28,214	22,089	19,100	17,487	25,725
		128,074	149,992	175,946	178,279	166,814

FINANCIAL SUMMARY (continued)
 財務概要(續)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表

		At 31 December 2015 於12月31日 2015 HK\$'000 千港元	At 31 December 2016 於12月31日 2016 HK\$'000 千港元	At 31 December 2017 於12月31日 2017 HK\$'000 千港元	At 31 December 2018 於12月31日 2018 HK\$'000 千港元	At 31 December 2019 於12月31日 2019 HK\$'000 千港元
Non-current assets	非流動資產	1,707,950	1,738,318	1,746,764	1,771,706	1,835,805
Current assets	流動資產	3,722,604	3,633,297	3,842,207	3,892,818	3,461,095
Current liabilities	流動負債	1,809,609	1,671,279	1,746,107	1,687,133	1,331,653
Net current assets	流動資產淨值	1,912,995	1,962,018	2,096,100	2,205,685	2,129,442
Total assets less current liabilities	資產總值減流動負債	3,620,945	3,700,336	3,842,864	3,977,391	3,965,247
Non-current liabilities	非流動負債	226,189	246,691	286,488	376,146	380,191
Net assets	資產淨值	3,394,756	3,453,645	3,556,376	3,601,245	3,585,056
Capital and reserves	資本及儲備					
Share capital	股本	865,716	865,716	865,716	865,716	889,810
Reserves	儲備	2,364,829	2,432,336	2,536,545	2,567,084	2,529,651
Equity attributable to owners of the Company	本公司擁有人應佔權益	3,230,545	3,298,052	3,402,261	3,432,800	3,419,461
Non-controlling interests	非控股權益	164,211	155,593	154,115	168,445	165,595
Total equity	權益總值	3,394,756	3,453,645	3,556,376	3,601,245	3,585,056

AWARDS & CERTIFICATIONS

獎項及認證

Fountain Set Limited 福田實業有限公司



1



2



3



4

No. 文件序號	Name of Awards/Certification 獎項／認證名稱	Issued by 發出單位
1	Certificate of Compliance in RCS 100 Standard RCS 100標準認證#	OneCert International Private Limited
2	Certificate of Compliance in RCS Blended Standard RCS 混合標準認證#	OneCert International Private Limited
3	Certificate of Compliance in Organic Content Standard 有機含量標準認證#	Ecocert Greenlife S.A.S
4	Certificate of Compliance – Global Organic Textile Standard 全球有機紡織品標準認證#	Ecocert Greenlife S.A.S

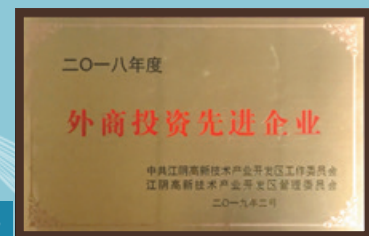
Jiangyin Fuhui Textiles Limited 江陰福匯紡織有限公司



1



2



3

No. 文件序號	Name of Awards/Certification 獎項／認證名稱	Issued by 發出單位
1	2018 Key and Major Enterprise of Jiangyin* 2018年度江陰市重點骨幹企業	Jiangyin Municipal Party Committee of Communist Party of the PRC, Jiangyin Municipal People's Government* 中共江陰市委，江陰市人民政府
2	2018 Outstanding Unit of Ecological Environmental Protection of Jiangyin High-tech Industrial Development Zone* 2018年度江陰高新區生態環境保護先進單位	Ecological Environmental Protection Committee of Jiangyin High-tech Industrial Development Zone* 江陰高新區生態環境保護委員會
3	2018 Outstanding Enterprise of Foreign Investment* 2018年度外商投資先進企業	Working Committee of Jiangyin High-tech Industrial Development Zone of the Communist Party of China* 中共江陰高新技術產業開發區工作委員會 Administration Committee of Jiangyin High-tech Industrial Development Zone* 江陰高新技術產業開發區管理委員會

AWARDS & CERTIFICATIONS (continued)

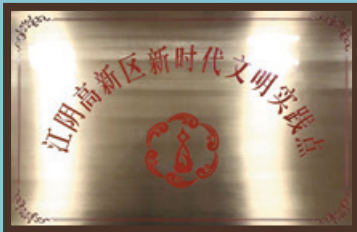
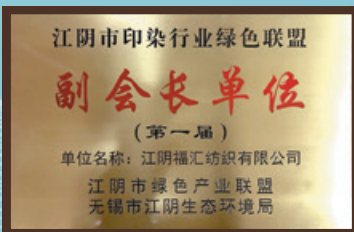
獎項及認證(續)



No. 文件序號	Name of Awards/Certification 獎項／認證名稱	Issued by 發出單位
4	2018 Outstanding Enterprise of Import and Export Trade* 2018年度外貿進出口先進企業	Working Committee of Jiangyin High-tech Industrial Development Zone of the Communist Party of China* 中共江陰高新技術產業開發區工作委員會 Administration Committee of Jiangyin High-tech Industrial Development Zone* 江陰高新技術產業開發區管理委員會
5	2018 Charitable Enterprise* 2018年度熱心慈善企業	Working Committee of Jiangyin High-tech Industrial Development Zone of the Communist Party of China* 中共江陰高新技術產業開發區工作委員會 Administration Committee of Jiangyin High-tech Industrial Development Zone* 江陰高新技術產業開發區管理委員會
6	Five-star Enterprise in Caring for the Next Generation of Jiangyin City* 江陰市企業關心下一代工作五星級示範關工委	Jiangyin City Working Committee in Caring for the Next Generation* 江陰市關心下一代工作委員會
7	2018 Outstanding Unit of Blood Donation without Compensation* 2018年度無償獻血先進單位	Jiangyin City Blood Donation Administration Committee* 江陰市獻血管理委員會
8	2018-2019 Advanced Grass-roots Party Organisation of High-tech Industrial Development Zone* 2018-2019年度高新區先進基層黨組織	Working Committee of Jiangyin High-tech Industrial Development Zone of the Communist Party of China* 中共江陰高新技術產業開發區工作委員會

AWARDS & CERTIFICATIONS (continued)

獎項及認證 (續)

9		11		13	
10		12			

No. 文件序號	Name of Awards/Certification 獎項／認證名稱	Issued by 發出單位
9	Oeko-Tex Standard 100 Oeko-Tex 標準100 [#]	TESTEX AG, Swiss Textile Testing Institute TESTEX AG, 瑞士紡織檢定所 [#]
10	Outstanding Contribution Award of the First National Games of Jiangyin High-tech Zone* 江陰高新區首屆全民運動會突出貢獻獎	Working Committee of Jiangyin High-tech Industrial Development Zone of the Communist Party of China* 中共江陰高新技術產業開發區工作委員會 Administration Committee of Jiangyin High-tech Industrial Development Zone* 江陰高新技術產業開發區管理委員會
11	Practice Points of Civilization in New Times of Jiangyin High-tech Zone* 江陰高新區新時代文明實踐點	Working Committee of Jiangyin High-tech Industrial Development Zone of the Communist Party of China* 中共江陰高新技術產業開發區工作委員會
12	Vice Chairman Unit of Jiangyin Printing and Dyeing Industry Green Alliance* 江陰市印染行業綠色聯盟副會長單位	Jiangyin City Green Industry Alliance* 江陰市綠色產業聯盟 Wuxi City Jiangyin Ecological and Environment Bureau* 無錫市江陰生態環境局
13	Energy Management System Certificate 能源管理體系認證證書	Beijing Zhongjing Quality Certification Co., Ltd 北京中經科環質量認證有限公司
14 [△]	Environmental Management System Certificate 環境管理體系認證證書	Beijing Zhongjing Quality Certification Co., Ltd 北京中經科環質量認證有限公司

AWARDS & CERTIFICATIONS (continued)

獎項及認證(續)

Yancheng Fuhui Textiles Limited 鹽城福匯紡織有限公司



No. 文件序號	Name of Awards/Certification 獎項／認證名稱	Issued by 發出單位
1	2018 Corporate High Quality Development Contribution Award* 2018年度企業高質量發展貢獻獎	CPC Yancheng Economic-Technological Development Zone Working Committee* 中共鹽城經濟技術開發區工作委員會 Yancheng Economic-Technological Development Zone Management Committee* 鹽城經濟技術開發區管理委員會
2	2018 Outstanding Three-star Enterprise* 2018年度爭星創優三星企業	Yancheng Municipal People's Government* 鹽城市人民政府
3	Environmental Management System Certificate 環境管理體系認證證書	Beijing NGV Certification Center Co., Ltd. 北京恩格威認證中心有限公司
4	Second Level Enterprise of Standardized Safety Production (Textile)* 安全生產標準化二級企業(紡織)	Association of Work Safety Jiangsu Province* 江蘇省安全生產協會
5	Second Level Enterprise of Standardized Safety Production (Textile) Certificate* 安全生產標準化二級企業(紡織)證書	Association of Work Safety Jiangsu Province* 江蘇省安全生產協會
6	China Functional Knitting Products (Multifunctional) Cultivation Recommendation: "Corn" Fabric* 中國功能性針織產品(多功能性)培育推薦:「粟米」面料	China Knitting Industrial Association* 中國針織工業協會

AWARDS & CERTIFICATIONS (continued)

獎項及認證 (續)



No. 文件序號	Name of Awards/Certification 獎項／認證名稱	Issued by 發出單位
7	China Functional Knitting Products (Multifunctional) Cultivation Recommendation: Fresh and Cool Clothing* 中國功能性針織產品(多功能性)培育推薦：清新涼爽布	China Knitting Industrial Association* 中國針織工業協會
8	China Functional Knitting Products Marketing Application Recommendation: Fresh and Insulated Clothing* 中國功能性針織產品市場應用推薦：清新保溫布	China Knitting Industrial Association* 中國針織工業協會
9	China Functional Knitting Products (Multifunctional) Single Recommendation: Health Care Clothing* 中國功能性針織產品(多功能性)單項推薦：養生保健布	China Knitting Industrial Association* 中國針織工業協會
10	Test Certificate 測試認證證書*	L. L. Bean Inc.
11	Oeko-Tex Standard 100 Oeko-Tex 標準100#	TESTEX AG, Swiss Textile Testing Institute TESTEX AG, 瑞士紡織檢定所#
12	Comparison Test Certificate* 比對測試認證證書	CNTAC Testing Center 中國紡織工業聯合會檢測中心

AWARDS & CERTIFICATIONS (continued)

獎項及認證(續)

Dongguan Shatin Lake Side Textiles Printing & Dyeing Co., Ltd.

東莞沙田麗海紡織印染有限公司



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No. 文件序號	Name of Awards/Certification 獎項／認證名稱	Issued by 發出單位
1	Environment Management System Certification 環境管理體系認證證書	China Great Wall (Tianjin) Quality Assurance Centre 長城(天津)質量保證中心
2	Oeko-Tex Standard 100 Oeko-Tex標準100 [#]	TESTEX AG, Swiss Textile Testing Institute TESTEX瑞士紡織檢定有限公司 [#]
3	Oeko-Tex STeP	TESTEX AG, Swiss Textile Testing Institute TESTEX瑞士紡織檢定有限公司 [#]
4	LCMP GOLD LCMP 金獎 [#]	WWF – Hong Kong 世界自然基金會香港分會

Ningbo Young Top Garments Co., Ltd.

寧波創裕製衣有限公司



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No. 文件序號	Name of Awards/Certification 獎項／認證名稱	Issued by 發出單位
1	Outstanding Supplier Award* 優秀供應商獎	Li Ning (China) Sports Goods Co., Ltd. 李寧(中國)體育用品有限公司
2	2018 Outstanding Contribution Award* 2018年度突出貢獻獎	Li Ning (China) Sports Goods Co., Ltd. 李寧(中國)體育用品有限公司
3	2018 Excellent On-time Delivery Award* 2018年度優秀交期獎	Li Ning (China) Sports Goods Co., Ltd. 李寧(中國)體育用品有限公司

AWARDS & CERTIFICATIONS (continued)

獎項及認證 (續)

Ocean Lanka (Private) Limited
海洋蘭卡 (私人) 有限公司

No. 文件序號	Name of Awards/Certification 獎項／認證名稱	Issued by 發出單位
1	OHSAS 18001: 2007 – Occupational Health and Safety Management System Certification OHSAS 18001: 2007—職業健康和安全管理系統認證證書#	SGS United Kingdom Ltd. 英國通用檢測認證有限公司#
2	Good Manufacturing Practice (GMP) Certification 良好作業規範(GMP)認證證書#	SGS United Kingdom Ltd. 英國通用檢測認證有限公司#
3	Next Laboratory Accreditation Certification Next 實驗室認證證書#	Next Retail (UK) Ltd.
4	George Laboratory Certification Scheme George實驗室認證計劃#	George & Intertek Group George及天祥集團#
5	bluesign® SYSTEM PARTNER bluesign® SYSTEM夥伴#	bluesign technologies ag
6	Global Organic Textiles (GOTS) 5.0 全球有機紡織品 (GOTS) 5.0#	Control Union Certifications B.V. 世優認證 (上海) 有限公司

AWARDS & CERTIFICATIONS (continued)

獎項及認證(續)



No. 文件序號	Name of Awards/Certification 獎項／認證名稱	Issued by 發出單位
7	Organic Content Standard (OCS) 2.0 有機含量標準(GOTS)2.0 [#]	Control Union Certifications B.V. 世優認證(上海)有限公司
8	2018 Completion of Verified Module (Higg Index) 2018驗證模組(Higg Index)達成 [#]	Sustainable Apparel Coalition
9	L brands Gold Laboratory Certification L brands 黃金實驗室證書 [#]	L Brands & Intertek Group L Brands 及天祥集團 [#]
10	Marks & Spencer Premier Accreditation Scheme 馬莎百貨高級認證計劃 [#]	Marks & Spencer Group 馬莎百貨集團 [#]
11	Best Performer in Research & Development Activities 研發最佳表現 [#]	National Chamber of Exporters
12	Gold Award in the Extra Large Category, Suppliers to Exporters Sector 特大類別金獎, 出口商的供應商產業 [#]	National Chamber of Exporters
13	Highest Export Turnover – Special Award 最高出口額特別獎 [#]	National Chamber of Exporters

* English names are only translation of their official Chinese names. In case of inconsistencies, the Chinese names shall prevail.

* 英文名稱僅為官方中文名稱之譯文。倘有歧異, 概以中文名稱為準。

Chinese names are only translation of their official English names. In case of inconsistencies, the English names shall prevail.

中文名稱僅為英文名稱之譯文。倘有歧異, 概以英文名稱為準。

△ Photo is not available yet.

△ 相片未能提供。

CHAIRMAN'S STATEMENT

主席報告

Dear Shareholders,

On behalf of the board of directors of Fountain Set (Holdings) Limited ("we" or "our", and the "Board", respectively), I am pleased to present the audited consolidated results of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2019 ("2019"), and to provide you with an overview of the Group's strategy and business outlook.

FINANCIAL AND BUSINESS REVIEW

According to the World Bank's January 2020 Global Economic Prospects, global growth decelerated markedly in 2019, with continued weakness in global trade and investment. This weakness was widespread, affecting both advanced economies – particularly the Euro Area – and emerging market and developing economies ("EMDEs"). Various key indicators of economic activity have declined in parallel, approaching their lowest levels since the global financial crisis. In particular, global trade in goods was in contraction for a significant part of 2019, and manufacturing activity slowed markedly over the course of the year; recent high-frequency readings suggest some tentative stabilisation of manufacturing output at weak levels. To a lesser extent, services activity also moderated.

Against this international context, global growth weakened to an estimated 2.4 percent last year – the lowest rate of expansion since the global financial crisis. In particular, global trade growth – which is estimated to have slowed sharply from 4 percent in 2018 to 1.4 percent in 2019, by far the weakest pace since the global financial crisis.

Bilateral negotiations between the United States and China since mid-October last year resulted in a Phase One agreement – including a planned partial rollback of tariffs – that has de-escalated trade tensions. This comes after a prolonged period of rising trade disputes between the two countries, which has heightened policy uncertainty and weighed on international trade, confidence, and investment. As a result of the increase of tariffs between the two countries over the past couple of years, a substantially higher share of world trade has become subject to protectionist measures.

In 2019, with the continuous tightening of domestic environmental protection policy in China, all environmental related energy production costs have been increased continuously, same as water effluent treatment, steam production as well as electricity costs. Since prior year, certain producers of dyes and chemicals had their production suspended or curtailed due to the failure to meet higher environmental requirements. The closure of a number of enterprises objectively led to a continuous tight supply and rising prices of dyes and chemicals. On the other hand, since the beginning of 2018, the minimum wage has incessantly increased due to the shortage of frontline labour which altogether led to the significant surge in fabric dyeing production costs.

致各股東：

本人謹代表福田實業（集團）有限公司董事會（分別指「我們」及「董事會」）欣然提呈本公司及其附屬公司（「本集團」）截至2019年12月31日止財政年度（「2019年」）經審核之綜合業績，並提供集團策略及業務展望之概覽。

財務及業務發展回顧

根據世界銀行2020年1月期《全球經濟展望》，隨著全球貿易和投資的持續疲軟，2019年全球增長顯著減速。這種弱點普遍存在，影響了發達經濟體（尤其是歐元區）以及新興市場和發展中經濟體（「EMDEs」）。各項經濟活動的關鍵指標同時下降，達到自全球金融危機以來的最低水平。特別是，2019年的大部分時間裡全球貨物貿易都在萎縮，製造業活動在這一年中明顯放緩；最近的高頻讀數表明，製造業產出在一定程度上暫時穩定下來。在較小程度上，服務活動也有所放緩。

在這種國際背景下，去年全球經濟增速估計下降至2.4%，這是自全球金融危機以來的最低增長率。尤其是全球貿易增長，據估計已從2018年的4%大幅放緩至2019年的1.4%，這是自全球金融危機以來最弱的步伐。

自去年10月中旬以來，中美之間的雙邊談判產生了第一階段協議，包括計劃中的部分關稅恢復，這加劇了貿易緊張局勢。兩國之間的貿易爭端時間延長了，這加劇了政策的不確定性，並給國際貿易、信心和投資帶來了壓力。過去採取貿易保護主義措施兩年，由於兩國之間關稅的提高，世界貿易中所佔份額大大提高。

於2019年，隨著國內環境保護政策的不斷收緊，所有與環境有關的能源生產成本都在不斷增加，與廢水處理、蒸汽生產以及電力成本一樣。從一年前開始，由於無法滿足更高的環保要求，部分染料和化學製品生產商的生產被暫停或縮減。多家企業的倒閉客觀上導致供應持續緊張，以及染料和化學品的價格上漲。另一方面，自2018年年初以來，由於一線勞動力的短缺，最低工資一直在不斷提高，這導致了面料染廠生產成本的大幅增長。

CHAIRMAN'S STATEMENT (continued)

主席報告(續)

Nevertheless, earnings before interest, tax, depreciation and amortisation expenses percentage hit the historical peak during the year under review in the past 6 years and profit margin of 2019 remained the same as that of 2018. We successfully placed ahead and led the Group with various strategic plans to overcome the difficulties stated above. Details are mentioned and explained in the "Management Discussion and Analysis" section of this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") POLICIES AND PERFORMANCE

To go green by minimising printing and as our common practice, we shall only upload the 2019 ESG report on the respective websites of the Stock Exchange and the Company. The 2019 ESG report details the Group's progress in multiple ESG areas, showing where we exceeded expectations and where we need further improvement. We have embraced sustainable innovation as a powerful engine for growth not only for our own business, but across upstream and downstream partners in our industry. Since 2016, we have set up a "Sustainability Development and Enhancement Committee" (the "Committee") which consists of different subsidiaries and cross-functional departments. The Committee not only helps drive the vision across the Group, but also implements our sustainability objectives and goals. The Committee prompts our business to understand our sustainability impacts, sets ambitious targets to address them and overcome obstacles in meeting them.

In 2016, we started a revolutionary new business – centralised heat supply project (the "Project"), of which the business model is a pioneer in the industry. The Shatian Town Industrial Park (the "Park") (for electroplating, fabric printing and dyeing industry) is one of the seven largest environmental industrial parks in Dongguan, China. It integrates and assembles the industry's enterprises within the Park and in other areas in Shatian Town, which are required to be relocated. The Project, being one of the ancillary projects of the industrial park development, is also a key project of the implementation plan of the centralised heat supply in Guangdong Industrial Park and Industrial Cluster Areas. The Project will contribute to cleaner air for the community and neighbourhood by reducing the emission of nitrogen oxide, sulphur dioxide as well as smoke and dust by reducing the remaining 28 coal-fired heaters within the district. The Project has completed the first phase of construction in 2018 and put into operation to supply heat to local enterprises. The second phase of construction of the Project started in 2019. According to the Guangdong Province's "Blue Sky Defense" and Dongguan's "Coal to Gas" policy, the second phase commenced after the removal of the remaining coal-fired boilers and a new natural gas boiler will be built. Natural gas is a clean energy source, which can be efficiently burned and utilised. Upon the completion, it can further reduce emissions, overall energy consumption and carbon emissions, and improve overall social benefits and contentment.

The Group will continue to invest in advanced technologies and install additional equipment to prevent and reduce pollution. The Group provides periodic training workshops to staff members regarding environmental protection and pollution controls. The Group also invites qualified advisers to visit its factories from time to time to evaluate whether the environmental protection measures are up to standard and to give recommendations for further improvement.

儘管如此，息稅折舊及攤銷前利潤率於回顧期內創下過去6年歷史高位，而2019年的盈利率則維持與2018年的盈利率一樣。我們成功地帶領本集團，以各種策略性計劃克服上述困難。詳細信息會在本年報之「管理層討論與分析部分」中闡述並解釋。

環境、社會及管治(「環境、社會及管治」)政策及表現

為響應環保，我們決定以身作則減少印刷並一如以往，只將2019年環境、社會及管治報告分別上載於聯交所網站及本公司網站，當中詳述本集團在多個環境、社會及管治領域取得的進展，展示我們超乎預期及仍需改進的領域。我們已採用可持續的創新措施，為自身業務及同行業內的上下游合作夥伴的發展提供強大動力。自2016年，我們設立由不同附屬公司及跨職能部門組成的「持續發展及改進委員會」(「該委員會」)。該委員會不僅有助於提升本集團管理人員的視野，亦有助實現可持續發展目的及目標，同時促使本公司瞭解可持續發展對業務的影響，就此設定宏大目標，克服達成目標面臨的障礙。

自2016年，我們開創一項革新業務——集中供熱項目(「項目」)，其業務模式是業界先驅。沙田鎮工業園(「工業園」)(針對著色、面料印花及染色行業)為中國東莞市七大環保工業園之一，匯合及聚集園內及沙田鎮其他地區須搬遷的同行業企業。該項目乃該工業園發展的附屬項目之一，亦屬廣東工業園及產業集群區集中供熱實施計劃的關鍵項目。該項目的建成將減少區內餘下的28座燃煤鍋爐，透過降低氮氧化物、二氧化硫及煙塵排放量，為社區及周邊地區營造更潔淨的空氣環境。該項目已於2018年完成第一期建設並投產供熱予區內企業，2019年項目啟動第二期建設，而根據廣東省「藍天保衛戰」及東莞市「煤改氣」政策，二期將拆除餘下的燃煤鍋爐後新建天然氣鍋爐，天然氣屬於潔淨能源且能高效燃燒利用，建成後除排放量能更進一步降低，還能減少排放量、總體能源消耗量及碳排放量，提高整體的社會效益以及人民幸福感。

集團將繼續投資採用先進技術及新增設備以預防及減少污染。集團定期向員工提供有關環境保護及污染控制的培訓。集團亦不時邀請合資格顧問親臨廠房，以評估環保措施是否達標並提供進一步改善的建議。

CHAIRMAN'S STATEMENT (continued)**主席報告 (續)****LOOKING FORWARD**

Since the outbreak of the 2019 novel coronavirus disease (COVID-19) (the "Epidemic") in many countries of the world in 2020, every countries has activated the highest-level response to major public health emergencies, the Level 1 Response, and adopted various stringent measures to curb the spread of the Epidemic. All of the Group's production sites in China mainland resumed operation on 10 February 2020. Meanwhile, the Group estimated that under the current special circumstances, the industry and financial performance of the Group will inevitably be affected by the Epidemic in the first half of 2020, and expects that the recovery will come in the second half of 2020 at the soonest. The Group has been strengthening cost control and adopted appropriate measures in a timely manner.

While 2020 is deemed to be a year of challenges for both the global and the Chinese economy, the recent outbreak of COVID-19 has posed even greater difficulty to the entire textile and apparel supply chain in the world. I would like to express our gratitude to our employees for shouldering the responsibility of battling the epidemic. It is only through timely and proper management and control measures that we can guarantee the safety of over eight thousands of employees with zero confirmed cases among the workforce. We have full confidence in the Chinese government's epidemic control, and maintain our positive outlook of the market. We also believe more favourable policies will be in place in the future to bring positive impact to the industry.

It is expected that in 2020, the fierce competition in the textile industry will be adjusted with the global procurement and supply chain, and the task of operation will be very arduous. Maintaining the stability of the Company's operating efficiency is the focus of the Group's work in 2020. Production enterprises should continue to strengthen process standardisation and system transformation to ensure product quality and control delivery, reduce quality cost increases and late compensation due to quality problems, refine indicators to control production consumption and losses, and strive to reduce costs and increase efficiency. At the same time, they should optimise the product structure and increase product development efforts, continue to introduce different new varieties of fabrics to the market according to plans, increase production-study-research cooperation and joint development of enterprises to produce more new products, enhance quality, and increase product added value.

We believe that all of our staff members will work towards the Board's direction and objectives as well as implement the work plans set by the Board, and will further map out our long-term development strategy. With our spirit of "diligence, frugality, sincerity and integrity" and our general direction to "stabilise operation and to enhance development", we shall keep on enhancing our efficiency and exploring the market with persistent efforts for bringing the Group to a new level. We look forward to completing our annual operating tasks and targets with excellent performances, and creating brilliant returns and results for our shareholders. We are prepared to turn challenges into opportunities and will forge ahead against all odds.

展望

自2020年在世界各地爆發2019年新型冠狀病毒疾病 (COVID-19) (「疫情」) 爆發以來，各國啟動最高級別的重大突發公共衛生事件一級回應，採取各項嚴格措施遏制疫情蔓延。我們在中國國內的所有廠房已於2020年2月10日回復生產。同時，本集團預計在目前特殊情況下，疫情將無可避免地對2020年上半年的行業和本集團的財務表現造成一定影響，預期最快要到2020年下半年才恢復正常水平。本集團已一直加強控制成本並及時採取適當措施。

2020於全球及中國經濟而言將是嚴峻和考驗之年。當前新冠肺炎對全球紡織及成衣供應鏈更是一大挑戰。我要感謝僱員以抗疫為己任，管控措施及時到位，8千多名員工安全無病例。我們對國家抗疫處理充滿信心，也看好市場，相信往後將會開放更多優惠政策，為行業帶來正面影響。

預計2020年，紡織行業的激烈競爭將要隨著全球採購供應鏈調整，經營工作任務十分艱巨，保持企業經營效益穩定是集團2020年工作的重點。生產企業要繼續加強工藝流程標準化和系統改造，保證產品品質、控制交期，減少因品質問題而產生的品質成本增加和遲期賠償，細化指標控制生產消耗、損耗，努力實現降本增效，同時優化產品結構加大產品開發力度，繼續按計劃向市場推出不同新品種面料，加大產學研合作和企業聯合開發，多出新品，多增精品，提升產品附加值。

相信在全體員工依從董事會制定的方向和目標，精誠團結，全面貫徹董事會的工作部署，繼續研討集團長期發展戰略規劃，秉承集團「勤、儉、誠、信」的精神，按照「穩經營、促發展」既定方針，營運效率定能不斷提高，並拓展市場，為福田實業集團再上新臺階而努力奮鬥，冀能以優異的業績完成年度各項經營任務及指標，為股東創造美好回報和業績。我們必定作好準備，把挑戰轉化為機遇，堅定前行。

CHAIRMAN'S STATEMENT (continued) 主席報告(續)

DIVIDEND

After reviewing the financial results and cash flow situation of the Group, the Board has resolved to recommend the payment of a final dividend of HK9.28 cents per share in respect of the year ended 31 December 2019 and a special dividend of HK1.16 cents per share in respect of the year ended 31 December 2019. The total dividend for the year ended 31 December 2019 would be HK10.44 cents per share (payout ratio: 90%) as compared with HK11.97 cents per share (payout ratio: 90.0%) for the year ended 31 December 2018. Subject to the approval of the shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting of the Company to be held on Friday, 8 May 2020, it is expected that the payment of the final dividend and the special dividend will be made on or about Thursday, 28 May 2020. Going forward in 2020, the Group is expects to maintain a similar range of dividend payout ratio as our dividend policy so as to provide rewarding investment return to the Shareholders, subject to the dividend policy stated on page 69 of this annual report.

CORPORATE GOVERNANCE

The Group acknowledges the need and importance of corporate governance as one of the essential elements in enhancing shareholder value. The Group is devoted to improving its corporate governance policies in compliance with regulatory requirements and in accordance with international recommended practices. As at the date of this statement, the Company has formed the Audit Committee, Remuneration Committee and Nomination Committee all at the Board's level, to provide assistance, advice and recommendations on the relevant matters that aim to ensure protection of the interests of the Group and the Shareholders as a whole.

APPRECIATION

I am grateful for the excellent guidance and counsel from my fellow Board members. We appreciate the ongoing support of our Shareholders, customers, suppliers, bankers and other partners. My gratitude is also extended to the staff members of the Group as they work tirelessly to ensure that the Group remains one of the top circular knitted fabric suppliers in the world.

ZHAO Yao

Chairman and Chief Executive Officer

Hong Kong
20 March 2020

股息

經審視集團之財務業績及現金流情況，董事會決議建議就截至2019年12月31日止年度派發每股9.28港仙末期股息及每股1.16港仙特別股息。截至2019年12月31日止年度總股息為每股10.44港仙（派息比率：90%），相對截至2018年12月31日止年度總股息為每股11.97港仙（派息比率：90.0%）。待在即將於2020年5月8日（星期五）舉行的本公司股東週年大會上獲本公司股東（「股東」）批准後，末期股息及特別股息預期將於2020年5月28日（星期四）或之前派付。展望2020年，除受限於本年報第69頁之股息政策外，本集團期望能維持與派息政策類似的派息比率，以提供可觀投資回報予股東。

企業管治

本集團確信企業管治為創造股東價值的主要元素之一，有其必要及重要意義。本集團致力遵守監管規定，及根據國際最佳常規，改善其企業管治政策。於本報告日期，本公司已於董事會層面成立審核委員會、薪酬委員會及提名委員會。以就有關事宜提供協助、意見及推薦建議，旨在確保保障本集團及股東的整體利益。

鳴謝

本人感謝董事會成員的出色指導及睿智建言。我們對一直支持本公司的股東、客戶、供應商、往來銀行及其他業務夥伴表示衷心感謝。本人亦對集團員工為確保集團繼續成為全球領先圓筒針織面料供應商之一作出的不懈努力，深表謝意。

趙耀

主席兼行政總裁

香港
2020年3月20日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

BUSINESS REVIEW

In 2019, amid the unfavourable operating conditions of a complex and ever-changing market environment and a continuously deteriorating business environment, the Group as a textile manufacturer managed to forge ahead in a proactive manner and explore the possibilities. All employees of the Group worked together to overcome the difficulties, and actively took effective measures to respond to changes in the business environment, make unremitting efforts, and achieve stable and sound management.

Since the end of last year, the Group has been in the course of decisive reduction of low-value orders, proactive abandonment of the order demand from low-cost customers, and commitments to raise the average selling price level. Meanwhile, facing the decline of the textile market, the Group actively responded, adopted decisive measures to adjust its sales strategy, and strived to ensure the number of high-quality orders from the top 20 key customers in order to stabilise the number of orders for basic categories. It also actively developed customer demand for small-volume high-value varieties to meet the needs of major customers for the trial production and development of new varieties and increase the supply capacity of high-value products, thereby increasing sales prices and optimising the cost structure of product manufacturing.

Due to changes in business sales strategy, the revenue of the Group for the year ended 31 December 2019 decreased by 12.1% to HK\$6,605,655,000 (2018: HK\$7,510,789,000). The decrease was the Group's proactive reduction of low-value orders. During the year under review, the Group's fabric year-on-year volume reduction was approximately 19.3% whereas the average selling price increased by 7.1% year-on-year due to the change of product mix. In 2019, given the relatively stable prices of cotton yarn, being the major raw materials of the Group, the gross profit margin of the Group in 2019 was slightly higher than the corresponding period last year by 0.6 percentage point to 11.5% (2018: 10.9%). The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") was HK\$438.54 million (2018: HK\$429.23 million) for the year ended 31 December 2019, with a year-on-year increase of 2.2%; the EBITDA margin was 6.6% (2018: 5.7%), which ratio was the new high of the Group for the past six financial years. Profit for the year decreased by 6.4% year-on-year to HK\$166.814 million (2018: HK\$178.279 million). Basic earnings per share was HK11.6 cents (2018: HK13.3 cents).

業務回顧

2019年對於紡織生產製造企業，面對市場形勢複雜多變和經營環境持續惡化的不利經營條件，深入挖掘、積極進取，集團全體員工齊心協力、克服困難、積極採取有效措施應對經營環境變化，努力不懈，取得了經營穩定向好的管理。

從去年底開始，集團果斷減少低價值訂單，主動放棄低價客戶的訂單需求，並努力拉高平均售價水平。同時，面臨紡織市場下滑，集團積極應對，採取果斷措施調整銷售策略，努力確保前20大客戶優質訂單數量，以此穩定基本品種的訂單數量，並積極發展小批量高價值品種的客戶需求，配合主要客戶新品種的試製開發需要，增加高價值產品的供貨能力，以此提升銷售價格，優化產品生產成本結構。

由於業務銷售策略的改變，集團於截至2019年12月31日止年度的營業額減少12.1%至6,605,655,000港元（2018年：7,510,789,000港元）。此乃由於積極主動減少低價值訂單。於回顧年內，集團面料出貨量按年減少約19.3%，而平均售價則由於產品結構的改變而按年上升7.1%。由於2019年年度集團的主要原材料棉紗價格相對穩定，因此本集團2019年的毛利率略高於去年同期0.6百分點至11.5%（2018年：10.9%），集團於截至2019年12月31日止年度的息稅折舊及攤銷前利潤為438,540,000港元（2018年：429,230,000港元），按年上升2.2%；息稅折舊及攤銷前利潤率則為6.6%（2018年：5.7%），比率為本集團過去6個財政年度新高。年度盈利為166,814,000港元（2018年：178,279,000港元），按年下調6.4%。每股基本盈利為11.6港仙（2018年：13.3港仙）。

MANAGEMENT DISCUSSION AND ANALYSIS (continued) 管理層討論與分析(續)

Facing such a difficult environment, the Board made concrete adjustments to the Group's operational strategy, optimally capitalised the Group's production capacity and devoted more efforts to developing and refining products, and adapting to the market changes. All staff members of the Group had built team spirit in the past five years. With the enhancement of our overall operating capability and management standards, the significant upgrade of production techniques, and the gradual increase in product development capability, the Group had entered a new stage of growth.

(1) Enhancement of production capacity and management standards

A new production pattern of our three primary fabric production facilities, namely Jiangyin Fuhui Textiles Limited ("Jiangyin Fuhui"), Dongguan Shatin Lake Side Textiles Printing & Dyeing Co., Ltd. ("Dongguan Shatin") and Yancheng Fuhui Textiles Limited ("Yancheng Fuhui"), was established preliminarily after five years of reforms, which embodied "sophistication, quality and uniqueness". Our production capacity was enhanced noticeably. We have established an operation and management system focusing on the integration of production, supply and sales, thereby laying a solid foundation for the Group's sustainable performance and steady growth as well as the continuous enhancement of management standards.

Jiangyin Fuhui fabric mill was built in 2001 with a current monthly production capacity of 12.50 million pounds of finished fabric. It is a primary fabric mill of the Group. After streamlining the processes, enhancing lean manufacturing and management and upgrading the equipment, it became a mill with extensive varieties, multi-batch, short delivery timeframe and mass production plant that satisfies market demand with high-quality products and services.

Dongguan Shatin fabric mill was built in 1998 with a current monthly production capacity of 7.50 million pounds of finished fabric. It became a backbone fabric mill of the Group with comprehensive capabilities of producing featured categories and structures, after restructuring its production and management model and improving its workshop of synthetics fabric printing, knitting and dyeing.

在此嚴峻的情況下，董事會果斷調整集團經營策略，最大限度集中發揮集團生產製造能力，加大投入力度，努力開發及改進產品，以適應市場變化。集團廣大職工發揚「同心協力、共同奮鬥」的精神，憑藉過去5年以來改革創新的管理成果頑強拼搏，整體經營能力和管理水準全面提升，工藝技術水準顯著提高，產品開發能力逐步增強，集團的發展躍上了新的台階。

(1) 生產製造能力和經營管理水準全面提高

經過5年來的改革發展面料，初步形成了以「精、優、特」為標誌的3大主力面料生產基地江陰福匯紡織有限公司（「江陰福匯」）、東莞沙田麗海紡織印染有限公司（「沙田麗海」）及鹽城福匯紡織有限公司（「鹽城福匯」）的產能新格局，生產製造能力顯著增強。以「產供銷一體化」為核心的經營管理體系的建立，為集團業績持續穩定增長奠定了基礎，經營管理水準不斷提升。

江陰福匯面料廠房建於2001年，現生產能力月產達1,250萬磅成品面料，為集團主力生產企業。經過流程優化、精益製造及管理提升和裝備更新，目前已經成為基礎產品多品種、多批次、短交期、大批量生產的製造企業，以優質產品和服務滿足市場需求。

沙田麗海面料廠房建於1998年，現生產能力月產達750萬磅成品面料，經過生產及管理模式重組和面料印花、化纖織染車間的改造和提升，以全面生產特色品種和結構面料，成為集團的骨幹面料生產企業。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)**管理層討論與分析 (續)**

Yancheng Fuhui fabric mill was built in 2009 with a current monthly production capacity of 4.50 million pounds of finished fabric. Its key development direction is to carry out product research and development ("R&D"), and manufacture refined products in line with Japan and the PRC domestic markets through upgrading the equipment and improving the production techniques and product development standards.

鹽城福匯面料廠房建於2009年，現生產能力月產達450萬磅成品面料，通過裝備更新和工藝技術和產品開發標準的提升，在集團以產品研發和面向日本與中國內銷市場的精細化產品生產為主要發展方向。

(2) Significant results achieved by proactively responding to market changes, strengthen operation and management mechanism

The Group strictly implemented an evaluation system on business sales performance, through which it strived to improve the accuracy of sales budget fulfillment and placing orders, reduce the inventory occupancy of raw materials, lessen the vacancy of reserved capacity, improve the accuracy of production schedule, and reasonably adjust the order production arrangements so as to achieve reasonable production schedule, optimal costs and minimal losses.

Through important adjustments to a series of sales strategies, the Group maintained the sales from key customers, optimised the mix of small and medium-sized customers, and abandoned low-value orders. Under the challenging conditions of a shrinking number of orders and decreasing demand, the Group enhanced the average contribution price orders and effectively improved the gross profit level of product sales by optimising the structures of customers and varieties, enabling itself to achieve a rare performance as the expected profit level was still maintained under a decline in orders.

Each production unit of the Group implemented a series of measures, including enhancing product quality, improving work efficiency, reducing production consumption and maintaining operational stability; and strived for lean manufacturing by reducing costs and increasing efficiency, providing effective guarantee for an overall achievement of expected profit by the Group.

By optimising the standardisation of production processes and process technology as well as standardising the production operation and consumption control of each process, through the advancement of process technology and standardisation of production process, product quality and delivery time were effectively guaranteed, while defective products and repair losses were reduced.

(2) 積極應對市場變化，強化經營管理機制成效顯著

嚴格執行營業銷售業績考核評價體系，努力提升銷售預算達成和訂單下達的準確率，減少原料庫存佔用，減少預留產能空置，提高排產準確率，合理調整訂單生產安排，達到排產合理、成本最優、損失最小。

通過保持大客戶銷量、優化中小客戶品種結構、放棄低價值訂單等一系列銷售策略的重要調整，在訂單下降需求減少的困難條件下，集團通過優化客戶和品種結構，提升訂單平均價差，有效提升產品銷售毛利水準，實現了集團在訂單下滑的情況下仍能保持預期盈利水準的難得業績。

集團各生產製造單位，以提高產品品質、提升工作效率、降低生產消耗、保持運行穩定性等一系列措施推進精益製造，努力降本增效，為集團整體實現預期盈利提供了有效保障。

通過優化生產流程和工藝技術標準化建設，規範每一道工序的生產操作和消耗控制，通過工藝技術、生產流程標準化的推進，產品品質、交期得到了有效保證，減少了次品和回修損失。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

管理層討論與分析(續)

In order to improve the level of refined management on production, the Group formed a professional inter-department technical team specialised in process optimisation, including weaving, dyeing, finishing and printing, to carry out targeted technical breakthroughs, solve manufacturing technology issues, and improve rapid response capabilities. As a result, the production process was smoother, more efficient and effective. By monitoring the whole process of product quality, the consistency of product quality was ensured, and the standards on technology and inspection of all internal production processes were regulated, which could effectively satisfy customers' needs.

In line with the overall marketing strategy of the Group, production units also focused on the needs and concerns of important customers by targeted one-on-one customer services, strengthened communication and collection of production information with customers, and defused customer requirements for product categories and quality, information such as delivery deadlines to optimise production arrangements, and followed up on production order processes from raw material organisation to knitting, dyeing, finishing, printing, and inspection processes in order to ensure the production quality and timeliness of orders that gained favourable market responses.

Due to the stringent credit control and strict credit management policy, the Group's account receivable has improved in 2019 when compared to that of 2018. The total overdue account receivable was reduced in 2019, resulting in a better cash flow as well as lower credit risk of the Group.

(3) Speed up new product R&D to meet market demand

In order to promote the high-quality development of the Group, the R&D department worked on adjustments to product structure and new product development was steadily advanced as planned, which met the work plan requirements and business strategy of the Group to effectively cooperate with market expansion by the Group, increase the proportion of high-value orders, and improve profitability. In order to strengthen strategic cooperation with high-quality customers, the Group proactively carried out joint product R&D activities with important customers. The Group organised a professional team through continuous and effective R&D, which achieved a series of important results in 2019 in the areas of development of high-needle and high-density fabrics, improvement of multi-roller combined brushed fabrics, and a variety of fiber composite fabrics. Product recognition by major overseas and domestic customers played a key role in improving the product quality and product mix of the Group.

集團為提高生產製造精細化管理水準，組成專門工藝流程優化和織、染、整、印跨部門的專業技術團隊，有針對性的進行技術攻堅，解決生產企業工藝技術難題，提高快速反應能力，使生產流程更加順暢、快速、有效，產品品質全流程監控，保證產品品質一致性，統一內部生產流程各環節工藝標準和檢測標準準確、高效地滿足客戶需要。

為配合集團整體行銷策略，生產單位還聚焦重要客戶的需求和關注，有針對性的一對一作好客戶服務工作，加強與客戶的生產資訊溝通、收集，消化客戶對產品類別和品質的要求，以及交貨期限等資訊，優化生產安排，從原料組織到織、染、整、印、檢各工序跟進生產訂單的過程動態，確保訂單生產品質保期，獲得了良好的市場評價。

由於本集團嚴格的信貸控制及嚴謹的信貸管理政策，2019年的應收賬款與2018年同期相比有改善。逾期應收賬款總額於2019年減少，改善本集團現金流，同時亦降低了信貸風險。

(3) 加快新產品開發，滿足市場需求

為推動集團高品質發展，研發部門在產品結構調整和新產品研發方面的工作按照計畫穩步推進，不僅達到了集團的工作計畫要求，也有效地配合了集團開拓市場，提高高價值訂單比例，提升盈利能力的經營策略。集團為加強與優質客戶的戰略合作，積極與重要客戶聯合開展產品研發活動。組織專業團隊，通過持續有效的研究、開發，2019年在高針高密面料開發、多輥組合拉毛面料品種改進，以及多種纖維複合織物面料等方向取得了一系列重要成果，並得到了海外及國內主要客戶的產品認可，為集團提升產品品質、改善產品結構起到了關鍵作用。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)**管理層討論與分析 (續)**

In 2019, the two invention patents independently researched and developed by the Group, namely the “manufacturing process technology with unidirectional wet functional fabric” and “high-shrink staple fiber knitted fabric with anti-wrinkle and windproof performance and its manufacturing methods”, were approved by the National Intellectual Property Administration.

The Group collaborated with the faculty of apparels of a number of universities with focuses on design development of fabrics and functional fabrics. The industry-academia-research cooperation projects in relation to fiber technology were progressing smoothly. It is expected to harvest results in the near future that would effectively enhance market competitiveness and brand image of the Group.

(4) Promotion of technology transformation of equipment and significant improvement of process technology level that significantly improved production efficiency and process technology level

At present, the fierce market competition in the textile industry expanded from competitions of product prices to equipment technologies and rapid response capabilities; an upgrade of equipment technologies was imperative.

In 2019, the production enterprises under the Group gradually introduced and put into production a series of equipment with advanced technology, thus significantly improved production efficiency and manufacturing capacity:

- The introduction of an advanced mercerising machine, relying on the equipment’s automatic control system and process test function, has improved the mercerising effect of fabric and the stability of quality. The spraying and washing method of the equipment not only improved the washing effect on the cloth surface, but also saved a lot of water, reduced costs, improved economic benefits, and increased production efficiency for over 40% as compared with the old mercerising equipment. The input of new mercerising equipment filled the shortage of Jiangyin Fuhui’s mercerising processing capacity, and the production capacity of mercerising fabrics was enhanced to effectively meet the needs of the Japanese market and European and American markets.

2019年，集團自主研發的「具有單嚮導濕功能面料的製備工藝技術」以及「具有抗皺、防風性能的高收縮短纖針織布料及其製造方法」兩項發明專利已獲得國家知識產權局批准。

集團與數間大學服裝系在面料開發設計和功能性面料的專案合作，以及與纖維科技等產學研究合作項目進展順利，並有望在近期收穫成果，有效地增強了集團的市場競爭力和品牌形象。

(4) 推進裝備技術改造和工藝技術水準提升，生產效率和工藝技術水準顯著提升

目前，紡織行業激烈的市場競爭狀況已經從產品的價格競爭擴大到裝備技術和快速反應能力的競爭，裝備技術升級改造勢在必行。

2019年，集團下屬生產企業一批具有先進工藝特色的設備陸續引進投入生產，生產效率和製造能力顯著提升：

- 引進一台先進的絲光處理機，依靠設備的自動化控制系統和工藝試驗功能，提高了面料絲光處理的效果和品質的穩定性。該設備的噴淋水洗方式，不僅提高了布面水洗效果，還大量節約用水，降低成本，提高經濟效益，生產效率比舊式絲光設備提高40%以上。新型絲光設備的投入，填補了江陰福匯絲光加工能力的不足，絲光面料的產品生產能力增強，有效地滿足了日本市場和歐美市場的需求。

MANAGEMENT DISCUSSION AND ANALYSIS (continued) 管理層討論與分析(續)

- By introducing two high-temperature sample dyeing machines and four automatic feeding and compounding machine auxiliary production equipment, the Group effectively eased the production pressure of the increasing number of development and test samples, improved the reproduction accuracy of samples, and improved the initial dyeing accuracy. The number of workers was also reduced due to the increase in the accuracy of duplicate samples and initial dyeing.
- In order to upgrade the printing and finishing equipment, the Group also updated a flat screen dryer, two shrinking machines and a dry cloth machine, optimising the printing process of the screen drying equipment and the pulp mixing efficiency, which could shorten the time for each suit by 40%. The new shrink and dry cloth machines were put into use, which greatly increased the output of the finishing process. Without increasing manpower, the single-day processing capacity increased by 30,000 pounds, the electricity consumption decreased by 1%, and the steam consumption decreased by 14%.
- One degreasing machine was introduced to meet the pre-treatment requirements of high-needle and high-density chemical fiber fabrics, expanding and increasing the product raw product category, and also improving the pre-processing capacity of the fabrics. In 2019, the volume of pre-treatments for degreasing increased by 130% compared to that of 2018.
- Seven new high-temperature sample dyeing machines were added, which effectively met the product order requirements from the customers. The average monthly number of boards in 2019 increased by 20% as compared to that of 2018.
- 集團通過引進兩台高溫樣板染機和4台自動加料複板機輔助生產設備，有效地緩解了日益增多的開發試驗樣板的生產壓力，提高了樣板的複現準確率，提高了初染準確率，用工人數也由於複樣和初染準確率的提升而相應減少。
- 為升級印花和整理設備，集團還更新了一台平板曬網機，兩台縮水機和一台幹布機，優化了印花工序曬網設備和配漿效率，每套花色配漿時間可縮短40%。新型縮水機和幹布機的投入使用，使整理工序產量大幅度提升，在不增加人力的情況下，單日加工能力提高3萬磅，用電量下降1%，蒸汽耗用下降14%。
- 引進了一台除油機配合高針高密化纖面料的前處理要求，擴大、增加了產品生產品類，同時也提高了面料前處理能力，2019年除油前處理過機量較2018年產量提升130%。
- 新增7台高溫樣板染機，有效地滿足了客戶產品訂單起板的要求。2019年平均月起板數量較2018年上升20%。

(5) Continuously promote production and application of process technology improvement results, and comprehensively improve the level of production technology

In order to effectively reduce production losses due to product quality issues during the production process and control quality costs, the Group established a product quality control centre, relying on the process technology collaboration system in the integrated management system to address the production issues from various production enterprises, and find out the technical reasons for defected products. Such information was collected and organised with focuses on research and improvement, and the operation instructions were revised and improved and the operation process was guided and standardised at the production sites. The effect of improving product quality was obvious.

(5) 不斷推進工藝技術改進成果的生產運用，生產工藝技術水準全面提升

集團為有效降低生產製造企業在生產過程中由於產品品質問題產生的生產損耗，控制品質成本，依託一體化管理系統中工藝技術協作系統，建立產品品質控制中心，針對各生產企業的生產問題和次品產生的工藝技術原因，收集整理並集中研究改進，修訂完善作業指導書，指導規範生產現場操作過程，產品品質提高效果明顯。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)**管理層討論與分析 (續)**

In response to the changes in market demand, the increase of new products, and the complexity of the process flow, the Group established an industrial process flow standardisation working group to guide the production technology improvement of various production companies, study and formulate production standard processes for new products, follow up the production results, and incorporate standard production process system. It effectively promoted the production and technology improvement of various production enterprises and achieved fruitful results. The production efficiency was greatly improved, and the production consumption was significantly reduced.

(6) Achieved a number of results in new product development and product performance improvement, and significantly enhanced product development capabilities

After years of continuous product development and improvement research work, the Group achieved fruitful results in terms of product development and variety improvement. By utilising new materials and new technologies, it achieved results in nearly 1,000 varieties of four major series of product upgrades, new material applications, functional series and environmental protection products. Some of these achievements won awards for invention and innovation, and were recognised and acclaimed by the market.

The application of new fibers and new materials continued to deepen and a number of achievements were transformed into new products and launched in the market. The successful development of DuPont sorona@plus elastic cool fiber knitted fabric enhanced the development of new materials functional fabrics of the Group to a new level, and currently they are put into mass production to supply to markets. In addition, a batch of products characterised by high wearability, strong texture, energy saving and environmental protection, such as atmospheric tangible cationic polyester staple fiber products, expanded acrylic mixed fiber products, and polyester filament products hit the market one after another, effectively facilitated the diversification and refinement of the product portfolio of the Group.

The development and improvement of multi-layer composite structure fabrics also achieved new results. Through continuous research and tests in recent years, our development of three-layer composite fabrics was extended to five-layer composite fabrics without altering the existing equipment. The variety and features of such products were further enhanced and broadened. In 2019, multi-layer composite sports and casual apparel fabrics became one of main products of the Group.

針對市場需求變化、新產品的增多、工藝流程複雜的現實問題，集團成立產業工藝流程標準化工作小組，指導各生產企業工藝技術改進提升，研究制定新產品的生產標準工藝，跟進生產結果，納入集團標準生產工藝流程系統，有效地促進了各生產企業推進工藝技術改進提升工作，獲得了豐富的成果，生產效率大幅度提高，生產消耗明顯降低。

(6) 新產品開發和產品性能改進取得多項成果，產品開發研製能力大幅增強

經過幾年來不斷的產品開發和改進的研究工作，集團產品開發和品種改進取得了良好的成果。利用新材料、新技術，在產品升級、新材料應用、功能系列和環保產品4大系列近1,000多個品種取得成果，其中部分成果獲得了發明專項和創新獎項，得到了市場認可和好評。

新纖維、新材料的應用不斷深化，一批成果已經轉化為新型產品投入市場。杜邦 sorona@plus 彈性涼感纖維針織面料的開發成功，使集團新材料功能性面料開發提升到了新的水準，目前已大量投入生產供應市場。另外，常壓易染陽離子聚酯短纖產品、膨脹腈綸混合纖維產品和滌綸長絲產品等一批具有服用性高、質地感強、節能環保型的產品正在陸續投放市場，為集團品種多樣化和精品化發展起到了有效的促進作用。

多層複合結構面料的開發和改進也取得了新的成果。通過近年來的不斷研究、試驗，在不改變現有設備的情況下，從3層複合織物的開發已經向5層複合織物延伸，該類產品的品種和性能進一步提升和拓寬。2019年多層複合運動休閒服裝類面料，成為集團的主要產品之一。

MANAGEMENT DISCUSSION AND ANALYSIS (continued) 管理層討論與分析(續)

(7) Respond to increasingly stringent requirements of environmental protection policies, and comprehensively improve facilities and capacity of environmental protection

Amid the continuously tightening of current national environmental protection policy and strengthening environmental protection measures, the operating environment which textile printing and dyeing companies facing was becoming increasingly tight. As the government stepped up its efforts to maintain the ecosystem, focused on solving outstanding environmental protection issues, and resolutely fought against pollution to defend the blue sky, the determination to save the blue sky was growing that caused the printing and dyeing companies to face unprecedented environmental pressure.

In order to adapt to the ever-increasing environmental protection requirements, the domestic production enterprises under the Group constantly improved the construction of environmental protection facilities, strengthened the control and treatment capacity of waste gas and wastewater, and ensured that emissions meet the standards. In order to conform to the newly-added VOCs exhaust emission requirements by the government in recent years, the Group focused on solving the exhaust emission control issues of the setting machine of its subordinate production enterprises, which passed the inspection test.

The production enterprises of the Group strictly implemented the national pollutant emission standards, and complied with the standards of the emission and treatment of exhaust gas, wastewater and waste. Each production enterprise strengthened the management and control of hazardous waste pollutants, further regulated the hazardous waste storage sites and fortified the management of collection, storage and disposal processes. Separate collection and treatment of domestic and industrial waste were strictly implemented to strengthen the responsibility for segregation monitoring. The volume of domestic waste and industrial waste were significantly reduced. Purification treatment facilities for kitchen fumes were installed in restaurants to substantially eliminate the impact of kitchen fumes on the surrounding environment.

(7) 應對環保政策日趨嚴緊的要求，全面提升環保設施和環保能力建設

當前國家環保政策不斷收緊，環保措施持續強化，紡織印染企業面臨的經營環境日趨緊壓。隨著政府加大推進生態系統保持力度，著力解決突出的環保問題，堅決打好污染防治攻堅戰，堅決打贏藍天保衛戰的決心不斷增強，印染企業面臨的環保壓力空前。

為適應不斷提高的環保要求，集團下屬國內生產企業不斷完善環保設施建設，增強廢氣、廢水控制處理能力，保證排放達標。為達到政府近年來新增的VOCs廢氣排放的要求，集團已集中解決下屬生產企業定型機尾氣排放治理問題並已驗收達標合格。

集團下屬生產企業嚴格執行國家污染物排放標準，廢氣、廢水、廢物處理排放達標合格。各生產企業加強危廢污染物的管控，進一步規範危廢存放場所，加強收集、存放、處置管理。嚴格實施生活垃圾與工業垃圾分類收集處理，加強分類監督責任。生活垃圾量和工業垃圾量大幅減少。餐廳廚房油煙增設淨化處理設施，使廚房油煙排放對周邊環境造成的影響基本消除。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)**管理層討論與分析 (續)**

While continuously perfecting the construction of environmental protection facilities, each production enterprise also strengthened the training on environmental protection awareness and ecological civilisation knowledge, thereby increasing the awareness of environmental protection of our employees. It also put more job duties on environmental protection staff, and enhanced their abilities to identify and solve the issues in order to ensure that the environmental protection standards were met.

各生產企業在不斷完善環保設施建設的同時，還加強員工環保意識和生態文明知識培訓，提高員工自覺環保意識。加強環保工作人員的工作責任、發現問題和處理問題的能力，確保環保合格達標。

(8) Adjustment and improvement, overcoming headwind and efficiency enhancement, transformation and upgrading, integration and development to achieve high-quality development goals

It was a crucial time for the development of the Group. With profound changes in the international and domestic market situations, major adjustments in the development pattern of global industries, development is the absolute principle. We must adhere to the concepts of reform and innovation for high-quality development, concurrently integrate the reform of management system with the innovative operation mechanism, and transform production methods. The development objectives of the Group in the future are to establish leading manufacturing enterprises equipped with advanced process technologies and state-of-the-art production methods, and to carry out concrete actions for pioneering work.

In the future, many unfavourable factors affecting the survival and development of textile printing and dyeing enterprises will continue to be derived and changed. Various factors, including the international textile industry landscape, adjustments to procurement and supply chain, the continued tightening of environmental protection policies, the acceleration of the transformation and upgrading of industry-leading companies in applying new technologies, will continue to evolve and will still have an important impact on the development of textile printing and dyeing enterprises.

(8) 調整提升、攻堅增效，轉型升級、整合發展，實現高品質發展目標

集團的發展正處在關鍵時期，面對國際國內市場形勢的深刻變化，全球產業發展格局的重大調整，發展是硬道理，必須堅持改革創新，高品質發展的理念，把改革管理體制、創新經營機制與兩化融合、轉變生產製造方式同步並舉，創建具有先進工藝技術特色和先進生產方式的先進製造企業，作為未來集團的發展目標，並落實為開拓進取、真抓實幹的具體行動。

未來，影響紡織印染企業生存發展的諸多不利因素依然不斷衍生變化。疊加作用，包括國際紡織產業格局和採購供應鏈調整，環保政策繼續收緊，行業領先企業應用新技術轉型升級加速，這些因素的不斷變化，仍將對紡織印染企業的發展產生重要影響。

(9) Events after the Reporting Period

Save as disclosed in note 45 to the consolidated financial statements, the Group did not have any significant events after the end of the reporting period (i.e. 31 December 2019) and up to the date of this annual report.

(9) 報告日後事項

除綜合財務報表附註45所披露外，本集團自報告日（即2019年12月31日）後至本年報日期止，並沒有任何重大事項發生。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

管理層討論與分析(續)

FINANCIAL REVIEW

The key operating and financial indicators of the Group for the year ended 31 December 2019 are set out below:

財務回顧

本集團截至2019年12月31日止年度之主要經營及財務指標呈列如下：

		2019	2018
Statement of Profit or Loss Items	損益表項目		
(All amounts in HK\$ thousands unless otherwise stated)	(除特別註明外所有金額均以千港元列示)		
Revenue	營業額	6,605,655	7,510,789
Gross profit	毛利	760,952	820,779
EBITDA*	息稅折舊及攤銷前利潤	438,540	429,230
Profit for the year	是年度盈利	166,814	178,279
Profit attributable to owners of the Company	本公司擁有人應佔盈利	141,089	160,792
Basic earnings per share (HK cents)	每股基本盈利(港仙)	11.6	13.3
Key Financial Ratios	主要財務比率		
Profitability ratios	盈利能力比率		
Gross profit margin (%)	毛利率(%)	11.5%	10.9%
EBITDA* margin (%)	息稅折舊及攤銷前利潤率(%)	6.6%	5.7%
Expenses as a % of revenue	開支佔營業額比率		
Distribution and selling expenses	分銷及銷售費用	2.0%	2.4%
Administrative expenses	行政費用	6.4%	5.9%
Finance costs	融資成本	0.6%	0.4%
Asset efficiency	資產效率		
Inventory turnover period (days)	存貨周轉期(日)	78	81
Trade and bills receivables turnover period (days)	營業及票據應收款項周轉期(日)	62	60
Trade and bills payables turnover period (days)	營業及票據應付款項周轉期(日)	51	42

* EBITDA means earnings before interest, tax, depreciation and amortisation.

* EBITDA解釋為息稅折舊及攤銷前利潤。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

管理層討論與分析(續)

		At 31 December 2019 於2019年 12月31日	At 31 December 2018 於2018年 12月31日
Asset ratios	資產比率		
Current ratio [#]	流動比率 [#]	2.6	2.3
Net debt/EBITDA ratio	淨債務／息稅折舊及攤銷前利潤率	(1.6)	(0.4)
Gearing ratio	資本負債比率		
Total liabilities/Equity attributable to owners of the Company	負債總額／本公司擁有人應佔權益	0.5	0.6

[#] Current ratio is calculated by dividing current assets by current liabilities.

[#] 流動比率的計算法是將流動資產除以流動負債。

Revenue

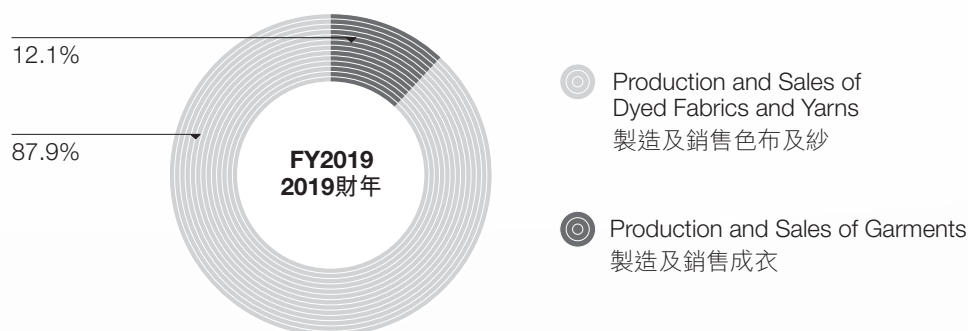
The Group's revenue for the year ended 31 December 2019 amounted to approximately HK\$6,605,655,000 (2018: HK\$7,510,789,000).

營業額

集團截至2019年12月31日止年度的營業額約為6,605,655,000港元(2018年: 7,510,789,000港元)。

Revenue by business segments

營業額按業務分類



In the year under review, the Group's core business, production and sales of dyed fabrics and yarns, generated revenue of approximately HK\$5,804,550,000 (2018: HK\$6,635,572,000), which accounted for 87.9% (2018: 88.3%) of the Group's total revenue. Revenue from production and sales of garments was approximately HK\$801,105,000 (2018: HK\$875,217,000), which accounted for 12.1% (2018: 11.7%) of the Group's total revenue.

於回顧年度，集團核心業務－製造及銷售色布及紗的營業額約為5,804,550,000港元(2018年: 6,635,572,000港元)，佔集團營業額總值的87.9%(2018年: 88.3%)。製造及銷售成衣的營業額約為801,105,000港元(2018年: 875,217,000港元)，佔集團營業額總值的12.1%(2018年: 11.7%)。

MANAGEMENT DISCUSSION AND ANALYSIS (continued) 管理層討論與分析(續)

Cost of Sales and Gross Profit

For the year ended 31 December 2019, overall cost of sales of the Group amounted to approximately HK\$5,844,703,000 (2018: HK\$6,690,010,000) and overall gross profit margin was 11.5% (2018: 10.9%).

During the year under review, the Group's revenue decreased by 12.1%, which was mainly due to the decrease in sales volume of fabric by approximately 19.3%. The increase in average selling price of fabric led to an increase in gross profit margin as compared with last year.

Distribution and Selling Expenses

For the year ended 31 December 2019, the Group's overall distribution and selling expenses amounted to approximately HK\$132,514,000 (2018: HK\$181,673,000), which accounted for 2.0% (2018: 2.4%) of the Group's total revenue.

Administrative Expenses

For the year ended 31 December 2019, the Group's overall administrative expenses amounted to approximately HK\$424,871,000 (2018: HK\$442,718,000), which accounted for 6.4% (2018: 5.9%) of the Group's total revenue.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)

For the year ended 31 December 2019, the Group's EBITDA amounted to approximately HK\$438,540,000 (2018: HK\$429,230,000) and the EBITDA margin was 6.6% (2018: 5.7%).

Finance Costs

For the year ended 31 December 2019, the Group's finance costs amounted to approximately HK\$37,047,000 (2018: HK\$30,397,000), representing 0.6% (2018: 0.4%) of the Group's total revenue.

Capital Expenditure

During the year under review, the Group invested approximately HK\$134,619,000 (2018: HK\$242,653,000) in additions of property, plant and equipment. The Group's capital commitments primarily related to the acquisition of property, plant and equipment. As at 31 December 2019, the Group had contracted capital commitments of approximately HK\$84,406,000 (31 December 2018: HK\$20,000,000) in relation to the acquisition of property, plant and equipment.

銷售成本及毛利

集團截至2019年12月31日止年度之整體銷售成本約為5,844,703,000港元(2018年: 6,690,010,000港元), 整體毛利率為11.5%(2018年: 10.9%)。

於回顧年內, 本集團的營業額下降12.1%, 主要是由於面料銷售量減少約19.3%。而毛利率高於去年, 主要原因為面料平均售價上升。

分銷及銷售費用

集團截至2019年12月31日止年度之整體分銷及銷售費用約為132,514,000港元(2018年: 181,673,000港元), 佔集團營業額總值的2.0%(2018年: 2.4%)。

行政費用

集團截至2019年12月31日止年度之整體行政費用約為424,871,000港元(2018年: 442,718,000港元), 佔集團營業額總值的6.4%(2018年: 5.9%)。

息稅折舊及攤銷前利潤(EBITDA)

集團截至2019年12月31日止年度之息稅折舊及攤銷前利潤約為438,540,000港元(2018年: 429,230,000港元), 息稅折舊及攤銷前利潤率為6.6%(2018年: 5.7%)。

融資成本

集團截至2019年12月31日止年度之融資成本約為37,047,000港元(2018年: 30,397,000港元), 佔集團營業額總值的0.6%(2018年: 0.4%)。

資本開支

於回顧年內, 集團已投資約134,619,000港元(2018年: 242,653,000港元)以增加物業、機器及設備。集團的資本承擔主要涉及購買物業、機器及設備。於2019年12月31日, 集團有關購買物業、機器及設備的已簽約資本承擔約為84,406,000港元(2018年12月31日: 20,000,000港元)。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)**管理層討論與分析 (續)****Income Tax Expense**

For the year ended 31 December 2019, income tax expense of the Group amounted to approximately HK\$42,805,000 (2018: HK\$52,586,000).

Profit Attributable to Owners of the Company

For the year ended 31 December 2019, profit attributable to owners of the Company was approximately HK\$141,089,000 (2018: HK\$160,792,000) and the corresponding profit margin was 2.1% (2018: 2.1%).

Inventories

As at 31 December 2019, the Group's inventories amounted to approximately HK\$1,255,906,000 (31 December 2018: HK\$1,479,107,000). The inventory turnover period was 78 days, a decrease of 3 days as compared with 81 days in 2018.

Trade and Bills Receivables

As at 31 December 2019, the Group's trade and bills receivables amounted to approximately HK\$1,129,994,000 (31 December 2018: HK\$1,236,970,000). Trade and bills receivables turnover period was 62 days, an increase of 2 days as compared with 60 days in 2018.

Trade and Bills Payables

As at 31 December 2019, the Group's trade and bills payables amounted to approximately HK\$823,798,000 (31 December 2018: HK\$770,819,000). Trade and bills payables turnover period was 51 days, an increase of 9 days as compared with 42 days in 2018.

As at 31 December 2019, bills payables of HK\$19,313,000 (31 December 2018: HK\$32,527,000) were secured by the Group's restricted bank deposits of HK\$5,767,000 (31 December 2018: HK\$9,758,000).

所得稅支出

集團截至2019年12月31日止年度之所得稅支出約為42,805,000港元(2018年: 52,586,000港元)。

本公司擁有人應佔盈利

集團截至2019年12月31日止年度之本公司擁有人應佔盈利約為141,089,000港元(2018年: 160,792,000港元)，其相關盈利率為2.1%(2018年: 2.1%)。

存貨

集團於2019年12月31日之存貨約為1,255,906,000港元(2018年12月31日: 1,479,107,000港元)。存貨周轉期為78天，與2018年81天相比減少3天。

營業及票據應收款項

集團於2019年12月31日之營業及票據應收款項約為1,129,994,000港元(2018年12月31日: 1,236,970,000港元)。營業及票據應收款項周轉期為62天，與2018年60天相比增加2天。

營業及票據應付款項

集團於2019年12月31日之營業及票據應付款項約為823,798,000港元(2018年12月31日: 770,819,000港元)。營業及票據應付款項周轉期為51天，與2018年42天相比增加9天。

於2019年12月31日，票據應付款項19,313,000港元(2018年12月31日: 32,527,000港元)乃由本集團之受限制銀行存款5,767,000港元(2018年12月31日: 9,758,000港元)作為抵押。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

管理層討論與分析(續)

Liquidity and Financial Resources

As at 31 December 2019, the Group's net assets amounted to approximately HK\$3,585,056,000 (31 December 2018: HK\$3,601,245,000). The key figures of the Group's financial position were as follows:

資金流動性及財政資源

於2019年12月31日，集團資產淨值約為3,585,056,000港元(2018年12月31日：3,601,245,000港元)。集團財務狀況的主要資料如下：

		At 31 December 2019 於2019年 12月31日 HK\$'000千港元	At 31 December 2018 於2018年 12月31日 HK\$'000千港元
Non-current assets	非流動資產	1,835,805	1,771,706
Current assets	流動資產	3,461,095	3,892,818
Total assets	資產總值	5,296,900	5,664,524
Current liabilities	流動負債	1,331,653	1,687,133
Non-current liabilities	非流動負債	380,191	376,146
Total liabilities	負債總值	1,711,844	2,063,279
Net assets	資產淨值	3,585,056	3,601,245

The Group met its funding requirements in its usual course of operation by cash flows from operations, as well as long-term and short-term bank borrowings. Capital expenditure was mainly financed by long-term bank borrowings.

集團以營運所得現金流量及銀行的長短期貸款應付日常資金需要，而資本開支則主要由長期銀行貸款撥付。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)**管理層討論與分析 (續)**

As at 31 December 2019, the principal financial covenant figures/ratios (according to the definitions of the Group's principal banks) were as follows:

於2019年12月31日，主要的財務契約數據／比率（根據本集團主要往來銀行的定義）如下：

		At 31 December 2019 於2019年 12月31日	At 31 December 2018 於2018年 12月31日
Consolidated tangible net worth	綜合淨有形資產	HK\$3,182,250,000港元	HK\$3,162,107,000港元
Consolidated total bank debt to consolidated tangible net worth	綜合總銀行負債對 綜合淨有形資產比例	0.1	0.3
Consolidated EBITDA to consolidated interest expense	綜合息稅折舊及攤銷前利潤對 綜合利息支出比例	11.8	14.1
Consolidated current assets to consolidated current liabilities	綜合流動資產對 綜合流動負債比例	2.6	2.3
Consolidated capital expenditure	綜合資本開支	HK\$134,619,000港元	HK\$242,653,000港元

During the years ended 31 December 2019 and 2018, the Group had complied with all covenant ratios and undertakings.

截至2019年及2018年12月31日止年度內，本集團已遵守所有契約比率及承諾。

Risk Management

The Group follows a stringent and prudent risk management policy to manage foreign exchange and interest rate risks.

風險管理

集團會依據嚴格及審慎的風險管理政策應對外匯及利率風險。

The sale and the purchase of raw materials of the Group were mainly denominated in HKD, USD and RMB. Since the Group mainly carries out production in China, we are exposed to foreign exchange risk arising from RMB exposure. The Group has been closely monitoring the exchange rate fluctuation for USD and RMB and will continue to monitor the trend of the exchange rate and adopt appropriate measures in order to mitigate the foreign currency risk in a cautious manner.

集團之銷售和原料採購以港元、美元及人民幣為主，而集團主要的生產基地位於中國，故涉及人民幣所產生之外匯風險。集團一直密切留意美元及人民幣匯率的變動，會採取謹慎的方法，適時審視匯率的走勢，並安排合適的措施以減低外匯風險。

In addition, bank borrowings of the Group were denominated in HKD and USD and interests were mainly charged on a floating rate basis. The Group will continue to monitor the interest rates fluctuation in the market and will adopt appropriate measures to minimise the interest rate risk.

此外，集團的銀行借貸以港元和美元為單位，利息主要以浮動利率計算。本集團將繼續留意市場的利率波動，並安排合適的措施以減低利率風險。

MANAGEMENT DISCUSSION AND ANALYSIS (continued) 管理層討論與分析 (續)

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had approximately 8,300 (31 December 2018: 8,926) full-time employees. The Group will continue to implement streamlined production so as to further minimise its labour cost. The Group's emolument policies are formulated based on the performance of individual employee and the salary trends in various regions, which are reviewed regularly. Subject to the Group's profitability, the Group may also distribute a discretionary bonus to its employees as an incentive for their contribution to the Group.

The Company has established a share option scheme for its employees, and also provides regular training courses and subsidies for continuing education so as to improve the skills of its employees with respect to production, selling and management.

STAKEHOLDERS' ENGAGEMENT

We obtain and understand the views of our stakeholders regularly. This communication provides valuable feedback for our business and assists us to understand stakeholders' needs and assess the best way to leverage our resources and expertise to contribute to future business and community development.

Across the supply chain, we have taken steps throughout the Year to ensure that we operate responsibly and in the interests of our customers, workforce, suppliers and other stakeholders.

Employees perform management, administration and human resources, operation and finance relation functions respectively. The Group determines the remuneration of its employees by reference to the market salary of their individual experience and performance. The Group will continue to improve and upgrade their management and professional skills. None of the Group's employees is represented by any collective bargaining agreement or labour union. The Group has not experienced any significant problem with its employees or disruption to its operations due to labour dispute, nor has the Group experienced any difficulties in the recruitment and retention of experienced staff.

僱員及酬金政策

集團於2019年12月31日之全職僱員人數約為8,300人(2018年12月31日:8,926人)。本集團將繼續實施精簡生產,以盡量減少勞動力成本。集團的酬金政策是根據個別僱員的工作表現及各地區薪酬趨勢而制定並定期作出檢討。集團亦會因應集團之盈利情況,酌情發放花紅予僱員以鼓勵他們對集團之貢獻。

本公司為僱員設有一項購股權計劃,亦會提供定期培訓課程及資助進修計劃,以提高僱員之生產、銷售及管理技能。

權益人參與

我們定期搜集及了解權益人的意見。這種溝通為我們的業務提供了寶貴的反饋意見,並有助我們了解權益人的需求,並評估最佳利用資源和專業知識的方法,以促進未來業務和社區的發展。

在整個供應鏈中,我們於整個年度已採取措施確保我們以負責任的態度經營業務,並符合我們客戶、員工、供應商和其他權益人的利益。

本集團僱員分別履行管理、行政及人力資源、營運、財務及投資者關係職能。本集團參考僱員個人經驗及表現的市場薪金來釐定其薪酬。本集團將繼續改善及提升其管理及專業技巧。本集團僱員概無任何集體談判協議或工會代表。本集團與其僱員並無重大問題或因為勞資糾紛而令到其運作受阻,本集團亦無在招聘及挽留富經驗員工問題上遇到任何困難。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)**管理層討論與分析 (續)****OUTLOOK****Steadily advancing key work plans in a well-coordinated manner**

In line with the large trend of industrial restructuring, transformation and upgrading and with the focus on shifting growth drivers, the Group in the coming two years will be committed to accelerating capacity building and innovation-driven business transformation under the guidance of China's 13th Five-Year Development Plan for the textile industry.

The Group will focus its work in four key areas, namely adjusting its production capacity deployments and building Yancheng Fuhui fabric mill into an exemplary smart factory; accelerating IT-driven technological restructuring and upgrading and improving product quality and operating performance; improving product R&D capacity and forming a series of branded product series with proprietary intellectual property rights; and actively taking part in industry integration and establishing industry alliances integrating upstream and downstream partners for strategic coordination. In accordance with the principles of coordinated planning and steady advancement, it will gradually achieve high-quality development.

In accordance with its three-year work plan, the Group has completed the design, feasibility verification, regulatory approval and organisational preparation of Yancheng Fuhui fabric mill; completed the IT management system overhaul of production subsidiaries; and establishing strategic partnerships with key partners to jointly develop products, expand market and share gains in 2019.

The plan is to complete Yancheng Fuhui fabric mill as an exemplary smart factory in 2020 as a milestone achievement of the Group's manufacturing transformation, marked by the preliminary formation of a portfolio of competitive product series with increased added value, updated IT management systems and industry leading manufacturing.

The Group aims to achieve high-quality development in 2021 when it will have put in place a solid smart manufacturing infrastructure, increase brand premium comprehensively, and achieve industry leadership in terms of manufacturing technologies and product quality.

前景**統籌規劃、穩步推進重點工作計劃實施**

未來兩年，本集團要順應產業結構調整和行業轉型升級的大趨勢，圍繞轉換發展動能，構建高品質發展能力，按照中國紡織「十三五」發展戰略規劃的指引，以創新為動力，加快企業能力建設，實現轉型升級。

以調整產能佈局，建設鹽城福匯面料廠為智慧化示範工廠；加快推進資訊化技術改造升級，提高產品品質和經營效益；提升產品研發能力；形成具有自主智慧財產權的產品品牌系列；積極參與產業整合；及發展建立上、下游企業協同戰略聯盟四方面任務為重要工作方向。按照統籌規劃，穩步推進的原則，逐步實現高品質發展。

3年工作計劃安排，2019年已完成鹽城福匯面料廠建設的設計、論證、報建審批和組織準備。完成本集團下屬生產企業資訊化管理系統升級改造，廣泛建立與重要合作企業戰略合作夥伴關係，共同開發產品，共同開拓市場，共用經營成果。

2020年，建設鹽城福匯面料廠為智慧化示範工廠，實現生產製造轉型升級，初步形成自有產品的品牌系列，提高產品附加價值，資訊化管理系統升級，達到行業先進水準。

2021年，本集團初步具有智慧化生產基礎，產品品牌價值全面提升，生產製造技術和產品品質達到行業領先水準，實現高品質發展。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Company is committed to maintaining a high standard of corporate governance practices and procedures. Throughout the year from 1 January 2019 to 31 December 2019 (the “Year”), except for the deviation as disclosed in this report, the Company has consistently adopted and complied with all the applicable code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange” and the “Listing Rules”, respectively) as guidelines to reinforce our corporate governance principles.

BOARD OF DIRECTORS

Board Composition

As at 31 December 2019, the board of directors of the Company (the “Directors” and the “Board”, respectively) comprised 9 members, namely 4 executive Directors (the “EDs”), 2 non-executive Directors (the “NEDs”) and 3 independent non-executive Directors (the “INEDs”). The NEDs and INEDs represented about 56% of the Board members thereat. During the Year and up to the date of this annual report, the Board comprises the following members:

EDs

Mr. ZHAO Yao (*Chairman and Chief Executive Officer*)
Mr. LIU Xianfu
Mr. TAO Yongming
Mr. YAU Hang Tat Andrew

NEDs

Dr. YEN Gordon (*Non-executive Vice Chairman*)
Mr. SUN Fuji

INEDs

Mr. NG Kwok Tung
Mr. YING Wei
Mr. William LAM

The number of INEDs continuously represents one-third of the Board as required by Rule 3.10A of the Listing Rules. The profiles of all the current Directors are set out on pages 53 to 57 of this annual report. The relationships among the Board members (including financial, business, family or other material or relevant relationships, if any) are also disclosed there.

本公司致力維持高水平的企業管治常規及程序。由2019年1月1日起至2019年12月31日止年度（「本年度」），本公司一貫地採納及遵守香港聯合交易所有限公司證券上市規則（分別為「聯交所」及「上市規則」）附錄14所載之企業管治守則（「企管守則」）之全部適用守則條文，惟本報告所披露的偏離情況除外，作為強化本公司企業管治原則之方針。

董事會

董事會成員

於2019年12月31日，本公司之董事會（分別為「董事」及「董事會」）由9名成員組成，包括4名執行董事（「執行董事」）、2名非執行董事（「非執行董事」）及3名獨立非執行董事（「獨立非執行董事」）。非執行董事及獨立非執行董事代表了約56%的董事會成員。本年度及截至本年報日期，董事會成員如下：

執行董事

趙耀先生（*主席兼行政總裁*）
劉賢福先生
陶永銘先生
邱恒達先生

非執行董事

嚴震銘博士（*非執行副主席*）
孫福紀先生

獨立非執行董事

伍國棟先生
應偉先生
林偉成先生

按上市規則第3.10A條之規定，獨立非執行董事的人數一直佔董事會三分之一。現任董事的個人簡介均載列於本年報第53至第57頁。董事會成員之間的關係（包括財務、業務、家屬或其他重大或相關的關係（如有））亦已作出披露。

CORPORATE GOVERNANCE REPORT (continued)**企業管治報告 (續)**

All Directors have entered into service contracts or letters of appointment with the Company, subject to renewal, retirement by rotation and re-election at the general meetings of the Company in accordance with the articles of association of the Company (the “Articles”). Article 102(A) of the Articles provides that at each annual general meeting of the Company (the “AGM”), one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third or any other number subject to such manner of rotation as may be required by the statutes, the Listing Rules or other codes, rules, and regulations prescribed from time to time by the applicable regulatory authority, shall retire from office. The Directors to retire in every year shall be those who have been the longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. The retiring Directors shall be eligible for re-election. Article 93 of the Articles also provides that any Director appointed to fill a casual vacancy (who shall hold office until the next following general meeting of the Company) or as an addition to the Board (who shall hold office until the next following AGM) shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

Roles and Responsibilities of the Board and Delegation to the Management

The Board is responsible for the leadership and control of the Company and its subsidiaries (the “Group”) and is responsible for promoting the success of the Group by directing and supervising the business operations of the Group in the interests of the Company’s shareholders (the “Shareholders”) by formulating strategic directions and monitoring the financial and management performance of the Group.

The overall management of the Group’s business is vested in the Board. The Board has delegated the day-to-day management of the Group’s business to the executive management team, and focused its attention on matters affecting the Group’s overall strategic policies, finances and the Shareholders. The executive management team assumes full accountability to the Board for the operations of the Group. A formal schedule has been formulated and will be reviewed regularly to identify specific matters that shall be reserved to the Board and those delegated to the management. The Board has given clear directions to the management that certain matters must be referred to the Board for consideration and approval. The Board is the ultimate decision making body of the Company except for matters requiring the approval of the Shareholders in accordance with the Articles, the Listing Rules and other applicable laws and regulations.

所有董事已與本公司訂立服務合約或委任函，委任可予續期，但須根據本公司之組織章程細則（「章程細則」）於本公司之股東大會上輪席告退及膺選連任。章程細則第102(A)條規定，在本公司各股東週年大會（「股東週年大會」）上當時三分之一董事（或倘董事人數並非3或3之倍數，則為最接近三分之一的數目或按法例、上市規則所規定須輪席告退或適用監管機構不時訂明之其他守則、規則及規例所規定之任何其他數目）須退任。每年退任之董事須為自上次獲選後在任時間最長者，惟於同一日成為董事者，則以抽籤方式決定何者退任（除非彼等之間另有協定）。退任董事將合資格膺選連任。章程細則第93條亦規定，獲委任以填補董事會臨時空缺或增添董事會成員之董事，其任期僅至本公司下一次股東大會為止，並合資格於會上膺選連任，惟不得計算入須於該大會上輪席告退之董事人數內。

董事會之角色及職責以及轉授予管理層

董事會以本公司股東（「股東」）利益為出發點，負責領導及監控本公司及其附屬公司（「本集團」），並透過制定策略決策及監督本集團之財務及管理層表現，指導及監督本集團之業務營運，以促進本集團之成功。

本集團整體業務由董事會負責管理。董事會將本集團日常事務的管理授權予本公司的行政管理層處理，而董事會本身則專注處理可影響本集團整體策略方針、財務及股東的事項。行政管理層須就本集團之所有經營業務向董事會承擔全部責任。本集團制定並將定期審閱正式清單，以確認應由董事會負責及轉授予管理層負責之具體事項。董事會已就須交由董事會考慮及批准之若干事項向管理層作出清晰指引。董事會為本公司之最終決策單位，惟根據章程細則、上市規則及其他適用法例及規例須由股東批准之事宜則除外。

CORPORATE GOVERNANCE REPORT (continued)

企業管治報告(續)

Practices and Conduct of Meetings

Four regular Board meetings at approximately quarterly intervals were held during the Year. Each of the Directors has actively participated in each meeting in person or via telephone or videoconferencing. Decisions were made by majority vote at the Board meetings.

The dates of 2019 regular Board meetings had been determined in 2018 and any amendments to this schedule were notified to all Directors at least 14 days before the meetings. Appropriate arrangements were in place to allow the Directors to include items in the agenda for regular Board meetings.

All Directors had access to the services of the company secretary of the Company (the "Company Secretary") who regularly updated the Board on governance and regulatory matters. Any Director, wishing to do so in the furtherance of his respective duties, might take independent professional advice (through the chairman of the Board (the "Chairman")) at the Company's expense. The availability of professional advice extended to three Board committees, namely the audit committee (the "Audit Committee" or the "AC"), the remuneration committee (the "Remuneration Committee" or the "RC") and the nomination committee (the "Nomination Committee" or the "NC"). Minutes of the Board meetings were taken by the Company Secretary and, together with any supporting documents, were available to all Directors. Draft and final versions of the minutes were sent to all Directors for their comment and record respectively.

If a Director had a conflict of interest in a transaction or proposal to be considered by the Board and such transaction or proposal was determined by the Board to be material, the individual Director had to declare his interest and was required to abstain from voting on any matter in which he or any of his close associates (as defined in the Listing Rules) had a material interest and that he would not be counted in the quorum present at the Board meeting.

會議常規及規則

本年度內，本公司大約每季舉行定期董事會會議，共4次。各董事積極親身、透過電話或視頻會議參與各會議。董事會會議之決定是以多數票表決。

2019年董事會定期會議的舉行日期在2018年內已定下，所有日期改動均在最少14天前通知各董事。本公司備有適當安排，讓董事提出商討事項以納入董事會定期會議議程內。

公司秘書(「公司秘書」)定期更新董事會的管治及規管事宜，所有董事均可聯絡公司秘書。任何董事可就履行其職責而(透過本公司主席(「主席」)尋求獨立專業意見，費用由本公司支付。3個董事委員會(審核委員會(「審核委員會」)、薪酬委員會(「薪酬委員會」)及提名委員會(「提名委員會」)亦可尋求專業意見。董事會會議記錄由公司秘書負責撰寫，會議記錄連同任何有關文件均可提供予所有董事。初稿供所有董事審閱，而最後定稿供其作記錄之用。

若有董事在董事會將予考慮的交易或建議中存有董事會認為重大利益衝突時，涉及的個別董事須申報利益，而該董事須就彼或其任何緊密聯繫人士具有重大權益之相關董事會決議案放棄投票(如上市規則所列明)，且不會計入出席該董事會會議之法定人數內。

CORPORATE GOVERNANCE REPORT (continued)**企業管治報告 (續)****Directors' Attendance at Board Meetings, Board Committee Meetings and General Meeting**

Details of the attendance of the Directors at meetings of the Board, the AC, the RC and the NC and AGM during the Year are set out in the following table:

董事於董事會會議、董事委員會會議及股東大會之出席情況

本年度內，董事於董事會會議、審核委員會會議、薪酬委員會會議、提名委員會會議及股東週年大會的出席詳情列載於下表：

Name of Directors 董事姓名		Meetings attended/Meetings required to be attended during the Year 本年度內董事之出席次數／需要出席之會議				
		Board 董事會	AC 審核委員會	RC 薪酬委員會	NC 提名委員會	AGM 股東週年大會
<i>EDs</i>	執行董事					
Mr. ZHAO Yao	趙耀先生	4/4	—	—	—	1/1
Mr. LIU Xianfu	劉賢福先生	4/4	—	—	—	1/1
Mr. TAO Yongming	陶永銘先生	4/4	—	—	—	0/1
Mr. YAU Hang Tat Andrew	邱恒達先生	4/4	—	—	—	1/1
<i>NEDs</i>	非執行董事					
Dr. YEN Gordon	嚴震銘博士	4/4	—	—	—	1/1
Mr. SUN Fuji	孫福紀先生	4/4	4/4	—	—	1/1
<i>INEDs</i>	獨立非執行董事					
Mr. NG Kwok Tung	伍國棟先生	4/4	4/4	—	—	1/1
Mr. YING Wei	應偉先生	4/4	—	—	—	1/1
Mr. William LAM	林偉成先生	4/4	4/4	—	—	1/1
Date of the meetings	會議日期	22/03/2019 21/06/2019 22/08/2019 22/11/2019	03/01/2019 14/03/2019 09/07/2019 15/08/2019	Note 1 附註 1	Note 2 附註 2	10/05/2019

Notes:**附註：**

- | | |
|--|--|
| <p>1. During the Year, written resolutions had been circulated and passed by all the RC members on four occasions, which were dated 14 March 2019, 15 August 2019, 16 August 2019 and 31 October 2019, respectively.</p> | <p>1. 於本年度，全體薪酬委員會成員已傳閱及通過4項書面決議案，日期分別為2019年3月14日、2019年8月15日、2019年8月16日及2019年10月31日。</p> |
| <p>2. During the Year, written resolutions had been circulated and passed by all the NC members on four occasions, which were dated 14 March 2019, 26 July 2019, 6 August 2019 and 31 October 2019, respectively.</p> | <p>2. 於本年度，全體提名委員會成員已傳閱及通過四項書面決議案，日期分別為2019年3月14日、2019年7月26日、2019年8月6日及2019年10月31日。</p> |

CORPORATE GOVERNANCE REPORT (continued) 企業管治報告(續)

Training of Directors

All Directors have been given relevant guideline materials regarding the duties and responsibilities as a Director as well as relevant laws, rules and regulations applicable to the Directors, the duty of disclosure of interest and the business of the Group and induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors.

All Directors have been updated from time to time on the latest developments and changes in the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

Each of the Directors has confirmed that he had complied with code provision A.6.5 of the CG Code on Directors' training. Throughout the Year, each of the Directors named below has participated in continuous professional development by attending seminars/in-house briefing/reading materials on the following topics to develop and refresh his knowledge and skills and provided a record of training to the Company:

Name of Directors	Topics of Training covered (Notes)
<i>EDs</i>	
Mr. ZHAO Yao	(a), (b) and (c)
Mr. LIU Xianfu	(a), (b) and (c)
Mr. TAO Yongming	(a), (b) and (c)
Mr. YAU Hang Tat Andrew	(a), (b) and (c)
<i>NEDs</i>	
Dr. YEN Gordon	(a), (b) and (c)
Mr. SUN Fuji	(a), (b) and (c)
<i>INEDs</i>	
Mr. NG Kwok Tung	(a), (b) and (c)
Mr. YING Wei	(a), (b) and (c)
Mr. William LAM	(a), (b) and (c)

Notes:

- (a) corporate governance
- (b) regulatory requirements or risk management
- (c) finance or business operation/management

Directors' and Officers' Liabilities Insurance

The Company has arranged appropriate insurance coverage in respect of potential legal action against the Directors and officers.

董事培訓

所有董事均已獲提供有關擔任董事之職責及責任、適用於董事之相關法例、規則及規例、權益披露責任及本集團業務之有關指引資料，而於新任董事獲委任為本公司董事後，亦會於短期內向其提供該等介紹資料。

所有董事已不時就上市規則及其他適用監管要求之發展及變動獲得最新資料，從而確保合規，同時加強彼等對良好企業管治常規之意識。

董事已各自確認彼等已遵守有關董事培訓之企管守則條文第A.6.5條。本年度內，以下所有董事已透過出席有關以下主題之座談會／內部簡介／閱讀材料參與持續專業發展，以發展及更新彼等之知識及技能，並已向本公司提供培訓記錄：

董事姓名	所涵蓋之培訓主題(附註)
<i>執行董事</i>	
趙耀先生	(a)、(b)及(c)
劉賢福先生	(a)、(b)及(c)
陶永銘先生	(a)、(b)及(c)
邱恒達先生	(a)、(b)及(c)
<i>非執行董事</i>	
嚴震銘博士	(a)、(b)及(c)
孫福紀先生	(a)、(b)及(c)
<i>獨立非執行董事</i>	
伍國棟先生	(a)、(b)及(c)
應偉先生	(a)、(b)及(c)
林偉成先生	(a)、(b)及(c)

附註：

- (a) 企業管治
- (b) 監管要求或風險管理
- (c) 財務或業務營運／管理

董事及高級人員責任保險

本公司已就董事及高級人員可能面對之法律行動作出適當之投保安排。

CORPORATE GOVERNANCE REPORT (continued)

企業管治報告(續)

CHAIRMAN AND CHIEF EXECUTIVE OFFICER (THE “CEO”)

With effect from 23 January 2015, Mr. ZHAO Yao, the Chairman and an ED, has taken up the position of CEO of the Company, details of which were set out in the Company’s announcement dated 23 January 2015. This deviates from code provision A.2.1 of the CG Code, which stipulates that the responsibilities of the chairman and chief executive officer should be separate and should not be performed by the same individual. However, having considered the current status of the Group, vesting the roles of both Chairman and CEO in the same person enables the Group to plan its overall strategy more efficiently and achieve the budgeted target. The Board believes that the balance of power and authority under this arrangement is adequately ensured by the Board which comprises experienced, professional and high caliber individuals with a sufficient number thereof being INEDs.

NON-EXECUTIVE DIRECTORS

All the existing NEDs and INEDs were appointed for a specific term. Each of the NEDs and INEDs has entered into a letter of appointment with the Company for a term of one year, subject to renewal, retirement by rotation and re-election at the general meetings of the Company in accordance with the Articles.

CONFIRMATION OF INDEPENDENCE

The Company has received, from each of the existing INEDs, an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board considers that all the INEDs are independent and at least one of them has appropriate professional qualifications or accounting or related financial management expertise in accordance with Rule 3.10(2) of the Listing Rules.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”) as its own code of conduct regarding Directors’ securities transactions. In response to the specific enquiries made by the Company on all Directors, they have confirmed that they had complied with the required standard set out in the Model Code throughout the Year.

BOARD COMMITTEES

The Board currently has established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, each with specific terms of reference. Their terms of reference have been reviewed and approved by the Board and are updated by reference to the CG Code from time to time. The terms of reference of each of the Remuneration Committee, the Nomination Committee and the Audit Committee have been posted on the respective websites of the Stock Exchange and the Company.

主席及行政總裁(「行政總裁」)

自2015年1月23日起，本公司主席及執行董事趙耀先生開始兼任本公司行政總裁職務，詳情已載於日期為2015年1月23日之公司公告。此會偏離企管守則條文A.2.1的規定，主席與行政總裁的角色應有區分，不應由一人同時兼任，但考慮到本集團現時的情況，由同一名人士同時擔任主席及行政總裁兩個職務可以讓本集團更有效率地計劃整體策略及完成預算目標。由於董事會由經驗豐富人士及專業人士組成(包括大多數的非執行董事及獨立非執行董事人數)，相信會有足夠能力確保職能及權力在此安排下得到平衡。

非執行董事

所有現有非執行董事及獨立非執行董事均有特定委任年期。非執行董事及獨立非執行董事已各自與本公司訂立委任函，任期為1年，委任可予續期，但須根據章程細則於本公司股東大會上輪席告退及膺選連任。

獨立性確認書

本公司已根據上市規則第3.13條接獲各現任獨立非執行董事的書面年度獨立確認書。根據上市規則第3.10(2)條，董事會認為所有獨立非執行董事均為獨立人士，其中最少一位具備合適專業資格或會計或相關財務管理知識。

董事進行證券交易

本公司已採納上市規則附錄10所載上市公司董事進行證券交易的標準守則(「標準守則」)為其有關董事進行證券交易之守則。就本公司向所有董事作出具體查詢後，彼等已確認於本年度內均已遵守標準守則所要求的標準。

董事會委員會

董事會現已成立3個委員會，分別為審核委員會、薪酬委員會及提名委員會，各自有特定職權範圍書。彼等之職權範圍書已獲董事會批准及審閱，並已參考企管守則作不時更新。審核委員會、薪酬委員會及提名委員會各自之職權範圍書已刊載於聯交所及本公司網站。

CORPORATE GOVERNANCE REPORT (continued) 企業管治報告(續)

During the Year, these committees adhered to their principles, procedures and arrangements set out in their respective terms of reference. The respective committee secretaries took full minutes of the meetings of these committees and the work of each of these committees was reported to the Board regularly.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference for the purposes of reviewing and providing supervision over the Company's financial reporting process, risk management and internal control systems. The terms of reference of the Audit Committee were revised and effective on 1 January 2019. The principal duties of the Audit Committee are to consider the appointment and remuneration of the external auditors, to monitor the integrity of the Group's financial statements with a focus on the changes in accounting policies and practices, major judgmental areas, significant audit adjustments, going concern assumptions, and compliance with accounting standards, the Listing Rules and other applicable legal requirements, and to review the Group's financial reporting system, risk management and internal control systems.

As at the date of this annual report, the Audit Committee comprises a NED Mr. SUN Fuji and two INEDs, namely Mr. NG Kwok Tung and Mr. William LAM and is chaired by Mr. NG Kwok Tung.

The Audit Committee held four meetings during the Year and details of the attendance are shown in the table on page 40 of this annual report. A summary of the work of the Audit Committee during the Year is set out as follows:

- provided recommendations to the Board on the re-appointment of independent auditor, and approved the audit fee and the terms of engagement of the independent auditor;
- reviewed and monitored the independent auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and discussed with the independent auditor before the audit commenced, the nature and scope of the audit and the reporting obligations;
- reviewed the financial statements, interim report and annual report as well as significant financial reporting judgments contained in them;
- reviewed the financial controls, internal control and risk management systems;
- discussed the risk management and internal control systems with management to ensure that the management had performed its duty to have effective systems. Such discussion included the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

本年度內，該等委員會均已遵守彼等各自之職權範圍書所載之原則、程序及安排。委員會相關秘書負責為該等委員會撰寫完整的會議記錄，而委員會則定期向董事會作出工作匯報。

審核委員會

本公司已成立審核委員會，並設有書面職權範圍書，藉以檢討及監察本公司之財務申報程序、風險管理及內部監控制度。審核委員會的職權範圍於2019年1月1日經修訂並生效。審核委員會的主要職務為考慮外聘核數師的委任及酬金、監督本集團財務報表是否完整（尤其著重會計政策及實務的更改、重要判斷範圍、重大核數調整、持續經營假設以及是否符合會計準則、上市規則及其他適用之法律要求），同時檢討本集團的財務申報制度、風險管理及內部監控制度。

截止本年報的發表日期，審核委員會由1名非執行董事及2名獨立非執行董事組成，分別為孫福紀先生、伍國棟先生及林偉成先生。審核委員會主席為伍國棟先生。

本年度內審核委員會舉行了4次會議，出席詳情列於本年報第40頁之表內。審核委員會於本年度內的工作概要包括以下事項：

- 就獨立核數師的重新委任向董事會提供建議，及核准獨立核數師酬金及聘用條款；
- 按適用的標準檢討及監察獨立核數師的獨立性及客觀性，以及核數程序的有效性；並與獨立核數師在審核工作開始前預先討論審核工作的性質和範圍及有關申報責任；
- 審閱財務報表、中期報告及年度報告，並檢閱其所載有關財務申報的重大判斷；
- 檢閱財務監控、內部監控及風險管理制度；
- 與管理層討論風險管理及內部監控系統，並確保管理層已履行職責建立有效的系統。有關討論包括本公司的財務匯報職能方面資源、員工之資歷及經驗、培訓課程及有關預算是否充足；

CORPORATE GOVERNANCE REPORT (continued)**企業管治報告 (續)**

- ensured co-ordination between the internal and external auditors, and ensured that the internal audit function was adequately resourced and had appropriate standing within the Company, and reviewed and monitored its effectiveness;
 - reviewed the financial and accounting policies and practices; and
 - reviewed the independent auditor's management letter, any material queries raised by the independent auditor to management regarding the accounting records, financial accounts or systems of control and management's response.
- 確保內部和外聘核數師的工作得到協調；及確保內部審核功能在本公司內部有足夠資源運作，並且有適當的地位；以及檢討及監察內部審核功能的有效性；
 - 檢閱財務及會計政策及實務；及
 - 檢閱獨立核數師致管理層的審核情況說明函件、獨立核數師就會計記錄、財務賬目或監控系統向管理層提出的任何重大疑問及管理層的回應。

AUDITOR'S REMUNERATION

The fees paid/payable to BDO Limited, the Group's independent auditor, in respect of audit and non-audit services for the Year amounted to approximately HK\$2,952,000 and HK\$1,152,000 respectively. The non-audit services mainly consisted of review, consultancy and taxation services.

RESPONSIBILITIES OF DIRECTORS AND AUDITOR FOR FINANCIAL STATEMENTS

The Directors acknowledge the responsibilities for preparing the financial statements of the Company. They were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern. The independent auditor's statement about its reporting responsibilities is set out on pages 73 to 77 of this annual report.

There is no disagreement between the Board and the Audit Committee on the re-appointment of the independent auditor, and they both have agreed to recommend the re-appointment of BDO Limited as the Company's independent auditor for the ensuing year at the 2020 AGM for the approval of the Shareholders.

NOMINATION COMMITTEE

The Company has established a Nomination Committee with written terms of reference and its principal duties are 1) to review the structure, size and composition of the Board at least annually; 2) to identify and recommend suitably qualified candidates as new Director(s) or to fill Board vacancies as they arise and to assess candidates proposed by the CEO as new Senior Vice President(s) or to fill Senior Vice President vacancies as they arise for the approval of the Board; 3) to assess the independence of the INEDs; and 4) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the CEO.

As at the date of this annual report, the Nomination Committee comprises an ED Mr. ZHAO Yao and two INEDs, namely Mr. YING Wei and Mr. William LAM and is chaired by Mr. ZHAO Yao.

核數師酬金

就審計及非審計服務已付／應付予本集團之獨立核數師予香港立信德豪會計師事務所有限公司之費用分別約為2,952,000港元及1,152,000港元。非核數服務主要包括審閱、諮詢及稅務服務。

董事及核數師對財務報表的責任

董事知悉其有編製本公司財務報表的責任。董事並不知悉任何有關可能對本集團按持續基準繼續經營之能力構成重大疑問之事件或情況之任何重大不明朗因素。獨立核數師發表有關其申報責任的聲明載列於本年報第73至77頁。

董事局與審核委員會對重新委任獨立核數師事宜並沒有意見分歧，他們均同意於本公司的2020年股東週年大會建議股東批准重新委任香港立信德豪會計師事務所有限公司為本公司之獨立核數師。

提名委員會

本公司已成立提名委員會，並設有書面職權範圍書，其主要職責包括1)至少每年檢討董事會的架構、人數及組成、2)物色及提名合資格人士成為董事會新成員或填補董事會空缺的人選，以及評審行政總裁建議成為新高級副總裁成員或填補高級副總裁空缺的人選，供董事會批准、及3)評核獨立非執行董事的獨立性及4)就董事之委任、重新委任及董事，尤其是主席及行政總裁之繼任計劃，向董事會提供意見。

截至本年報日期，提名委員會由1名執行董事及2名獨立非執行董事組成，分別為趙耀先生、應偉先生及林偉成先生，委員會主席為趙耀先生。

CORPORATE GOVERNANCE REPORT (continued)

企業管治報告(續)

The Nomination Committee passed 4 written resolutions during the Year. A summary of the work of the Nomination Committee during the Year is set out as follows:

- made recommendations to the Board and determined the policy on the selection of individuals nominated for a senior management position of the Group, and the appointment and re-appointment of Directors and assessed the independence of the INEDs;
- reviewed the policy of diversity of the Board; and
- reviewed the size, structure and diversity of the Board, and assessed the balance of skills and experience of the Board as expedient with a diversity of perspectives appropriate to the requirements of the business of the Group.

The Company follows a formal, fair and transparent procedure for the appointment of new Directors to the Board. The Nomination Committee will first consider necessary changes in respect of the structure, size and diversity of the Board, identify suitably qualified candidates by considering their professional knowledge and industry experience, personal ethics, integrity and personal skills and time commitments, and make recommendations to the Board for decision. The nomination criteria also include the nominee's skills and experience appropriate for the requirements of the Group's business and, for INEDs, the nominee's independence.

POLICY OF DIVERSITY OF THE BOARD

The Company has adopted a policy of diversity of the Board (the "Policy"). The criteria adopted by the Nomination Committee in considering whether the relevant personnel are suitable as Directors include their qualifications, experience, expertise, skills, knowledge, ethnicity, age, cultural background and so on in view of the provisions of the Listing Rules and the particulars of the Policy as adopted by the Board are summarised as follows:

Purposes:

- to increase diversity at the level of the Board;
- to enhance the effectiveness of the Board and the quality of its performance; and
- to support the attainment of strategic objectives/plan and sustainable and balanced development of the Group.

Measurable Objectives

The optimum composition of the Board will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, regional and industry experience, skills, knowledge and other experience of the Directors. The ultimate decision will be based on merit and contribution that the selected candidate(s) will bring to the Board.

本年度內提名委員會通過了4次書面決議案。提名委員會於本年度內的工作概要包括以下事項：

- 就提名人士出任本集團一高級管理職位、委任及重新委任董事向董事會提供建議和決定政策，以及評核獨立非執行董事之獨立性；
- 檢討董事會成員多元化政策；及
- 檢討董事會的人數、組成、架構及多元性，並評估董事會技能的均衡和經驗；及觀點多元化以適合及有利於本集團的業務要求。

本公司依照正規、公平、透明之程序委任新董事加入董事會。提名委員會將首先考慮董事會架構、規模及多元性之必要變動，然後考慮專業知識及行業經驗、個人操守、誠信及個人技能及所付出時間物色適當之合資格人選，並向董事會提供建議。提名標準亦包括提名人之技能及經驗是否符合本集團業務之要求及就獨立非執行董事而言，提名人之獨立性。

董事會多樣化政策

本公司已採納董事會多樣化政策(「本政策」)。提名委員會在考慮有關人士是否適合成為董事時，基於上市規則及董事會已採納之本政策，採納的準則包括其資歷、經驗、專長、技能及知識、種族、年齡及文化背景等。本政策之細節總結如下：

目的：

- 增加董事會之多元性；
- 提升董事會之效率及表現質素；及
- 支持達到本公司之策略目標／計劃及持續及平衡發展。

可計量目標

最佳的董事會組成將按一系列多元化範疇為基準，包括但不限於董事的性別、年齡、文化及教育背景、專業資格、地區及行業經驗、技能、知識及其他資歷。最終人選將按其長處及可為董事會提供的貢獻作決定。

CORPORATE GOVERNANCE REPORT (continued)

企業管治報告(續)

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee with written terms of reference and its principal duties are 1) to make recommendations to the Board on the remuneration policy for all Directors; 2) to review and approve the Group's remuneration policy proposed by the CEO and make recommendations to the Board; and 3) to review and approve the management's remuneration and incentive assessment indicators proposals by reference to the Board's corporate goals and objectives. The Group's remuneration policy is to provide a competitive level of remuneration in accordance with current market conditions to attract and motivate the Directors and staff for their contribution.

As at the date of this annual report, the Remuneration Committee comprises an ED Mr. TAO Yongming and two INEDs, namely Mr. NG Kwok Tung and Mr. YING Wei, and is chaired by Mr. YING Wei.

The Remuneration Committee passed 4 written resolutions during the Year. A summary of the work of the Remuneration Committee during the Year is set out as follows:

- made recommendations to the Board on the remuneration packages of individual Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment and assessed their performance;
- reviewed and approved the management's remuneration and incentive assessment indicators proposals by reference to the Board's corporate goals and objectives; and
- ensured that no Director or any of the respective associates (as defined in the Listing Rules) is involved in deciding his own remuneration.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the risk management and internal control systems of the Group. The risk management and internal control systems employed by the Group are designed to manage rather than eliminate the risk of failure to achieve the business objectives of the Group, and can only provide reasonable and not absolute assurance against material and/or financial misstatement or loss. The Board has delegated the Audit Committee the following duties:

- to review the Company's financial controls, risk management and internal control systems;

薪酬委員會

本公司已成立薪酬委員會，並設有書面職權範圍書，其主要職務為1)就制訂所有董事之薪酬政策向董事會提出建議、2)審批行政總裁建議之本集團的薪酬政策及向董事會提出建議及3)因應董事會所訂企業方針及目標而檢討及批准管理層的薪酬及績效考核指標建議，並向董事會提出建議。本集團的薪酬政策旨在根據目前市況提供具競爭力的薪酬，以吸引及激勵董事及員工作出貢獻。

截至本年報日期，薪酬委員會由1名執行董事及2名獨立非執行董事組成，分別為陶永銘先生、伍國棟先生及應偉先生，委員會主席為應偉先生。

本年度內薪酬委員會通過了4次書面決議案。薪酬委員會於本年度內的工作概要包括以下事項：

- 就個別董事及高級管理層之酬金待遇向董事會提供建議，包括金錢利益、退休金權利及賠償金額（包括喪失或終止職務或委任的賠償），及評審彼等之表現；
- 因應董事會所訂企業方針及目標而審批管理層薪酬及績效考核指標建議；及
- 確保任何董事或各自的任何聯繫人（定義見上市規則）不可參與決定本身之薪酬。

風險管理及內部監控

董事會全權負責維持本集團的風險管理及內部監控系統。本集團使用風險管理及內部監控系統之目的是為減少本集團營運固有的風險以達至可接受程度，但非消除所有風險，及只能就重大及／或財務的數據失實或損失作出合理而非絕對的保證。董事會已交予審核委員會以下職責：

- 檢討本公司財務監控、風險管理及內部監控系統；

CORPORATE GOVERNANCE REPORT (continued) 企業管治報告(續)

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| <p>2. to discuss the risk management and internal control systems with management to ensure that the management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function;</p> <p>3. where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness; and</p> <p>4. to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and the management's response to these findings.</p> | <p>2. 與管理層討論風險管理及內部監控系統，確保管理層已履行職責建立有效的系統。討論內容應包括會計及財務彙報職能方面的資源、相關員工之資歷及經驗是否足夠，以及該等員工所接受的培訓課程及有關本公司預算是否充足；</p> <p>3. 如公司設有內部審計職能，須確保內部和外聘核數師的工作得到協調；也須確保內部審核功能在本公司內部有足夠資源運作，並且有適當的地位；以及檢討及監察其成效；及</p> <p>4. 主動或應董事會的委派，就有關風險管理及內部監控事宜的重要調查結果及管理層對調查結果的回應進行研究。</p> |
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The Company has established the Internal Audit Department (the "IAD") and the Corporate Operation Management Department (the "COMD") to manage the internal control and risk management issues of the Group respectively. The COMD reports to both the AC and the CEO, while the IAD reports only to the AC.

本公司已成立內部審計部（「內部審計部」）及企業營運管理部（「企業營運管理部」）並分別負責管理本集團內部監控及風險管理事宜。企業營運管理部向審核委員會及行政總裁彙報，而內部審計部只向審核委員會彙報。

The AC and the CEO report to the Board periodically regarding material controls, including financial, operational and compliance controls and other risk issues of the Group identified by the AC and the CEO from time to time. The Board, through the AC, reviews risk management and internal control matters approximately once every six months. The Board and the AC are satisfied with the effectiveness of the Company's procedure for financial reporting.

審核委員會及行政總裁定期向董事會彙報實質監控，包括財務、營運及合規監控及其他不時由審核委員會及行政總裁指出有關本集團的風險事宜。董事會約於每6個月會經審核委員會審閱風險管理及內部監控事宜。董事會及審核委員會信納本公司財務申報程序的有效性。

INTERNAL CONTROL

The IAD is responsible for the internal control matters of the Group and currently comprises four staff members. It is governed by an internal audit charter and has established an internal audit approach for its internal audit function. The IAD has prepared 16 internal audit reports during the year ended 31 December 2019. The Board has confirmed that IAD had been provided with adequate resources and budget and comprised qualified staff with sufficient experience and training programs to perform its internal audit function.

內部監控

內部審計部現時由4名員工組成並負責本集團的內部監控事宜。受內部審計憲章監管及已就其內部審計職能制定了內部審計模式。於截至2019年12月31日止年度內部審計部已完成16個內部審計報告。董事會確定已向內部審計部提供充足的資源及預算及具足夠經驗的合資格員工及培訓課程以執行其內部審計職能。

The missions of the IAD are:

內部審計部的任務：

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| <ul style="list-style-type: none"> – to evaluate and improve the Group's risk management, control and operation processes; and – to assist the organization in achieving the best practice, thus becoming the best managed company. | <ul style="list-style-type: none"> – 評估及改善本集團的風險管理、監控及營運流程；及 – 協助組織達到最佳常規並變成最佳管理的公司。 |
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CORPORATE GOVERNANCE REPORT (continued)**企業管治報告 (續)**

The IAD is authorized to have unrestricted access to records, personnel, and physical properties relevant to the performance of audits. Their relevance depends on the nature and extent of the audits as well as the audit environment, and is subject to the internal audit guideline on the handling of sensitive information as endorsed by the AC. The IAD is authorized to directly and regularly communicate with the senior management and all executives in individual organization being audited to discuss its major findings. All personnel within the Group are required to assert full cooperation any time and in any place with the IAD necessary to allow it to discharge its responsibilities.

RISK MANAGEMENT

The Group has established a comprehensive risk management framework (the "Framework") since year 2016. The Framework is to execute the basic risk management measures in various business sectors such as production, operation and management, with the aim to (i) develop a group-wide, open and proactive risk management culture, and (ii) safeguard the strategic development and current business operations of the Group.

The Framework consists of the following concepts:

內部審計部獲授權可無限制地接觸與進行審計相關的記錄、人員及實物財產。其相關性視乎審計的屬性、程度以及審計環境而定，且須受審核委員會允許有關處理敏感資料的內部審計指引的規限。內部審計部獲授權直接及定期與接受審計的個別組織的高級管理人員及所有行政人員溝通，以討論其主要結果。本集團內所有人員須於任何時間及任何地點積極全面地與內部審計部進行必要的合作，以履行其責任。

風險管理

本集團於2016年開始推行全面風險管理框架（「框架」）。該框架是指通過在生產、經營與管理的各個環節執行風險管理基本流程，以(i)培育集團性、開放及主動的風險管理文化及(ii)為本集團實現發展戰略與經營業績的總體目標提供保障為目標。

框架包括以下的概念：

The Comprehensive Risk Management Framework
全面風險管理框架



The Company has also established the guideline for the Framework (the "Guideline"). According to the Guideline, the risk management function of the Group is made up of the Board, AC, CEO, senior management, COMD, IAD and various subsidiaries of the Company.

本公司亦制定了框架的守則（「守則」）。根據守則，本集團的風險管理職能由董事會、審核委員會、行政總裁、高級管理人員、企業營運管理部、內部審計部及本公司各個附屬公司所組成。

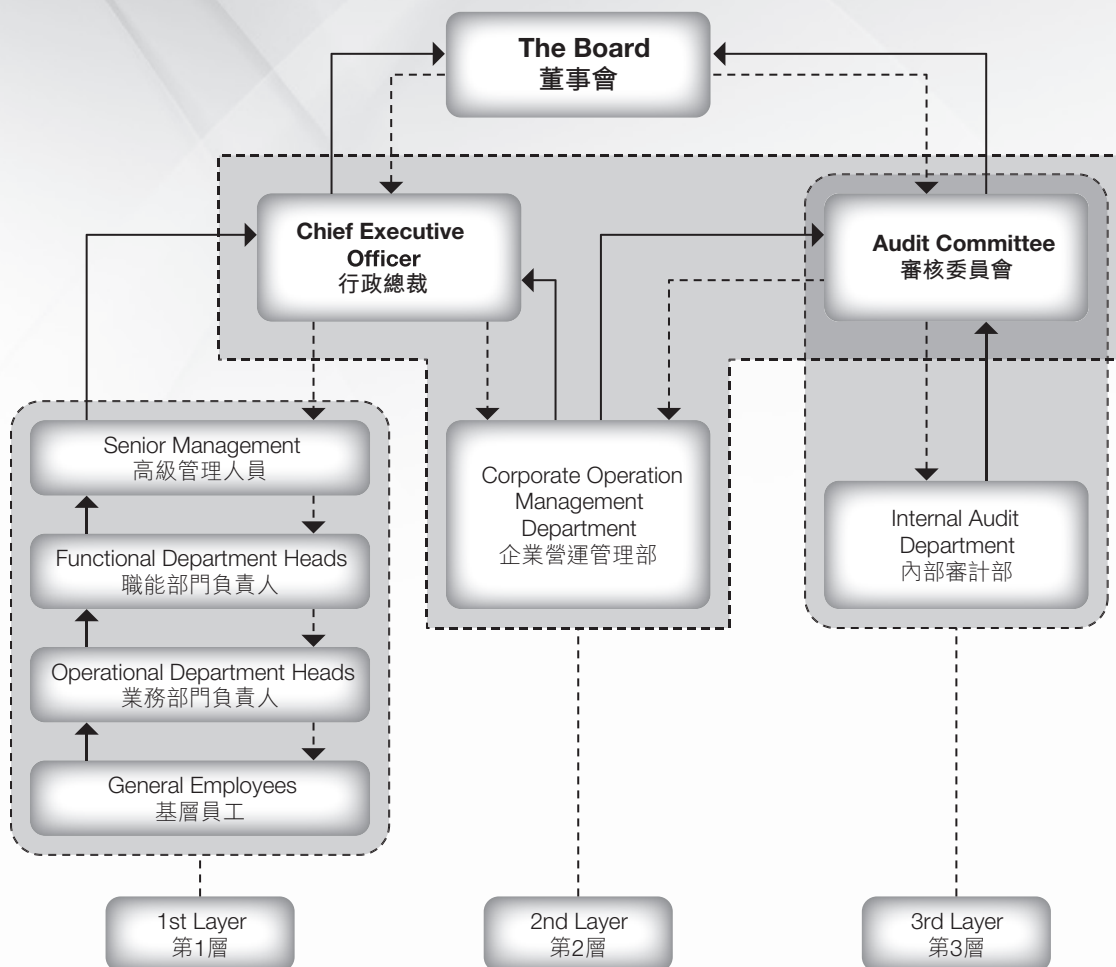
CORPORATE GOVERNANCE REPORT (continued) 企業管治報告(續)

The Framework is a tri-layer system. The first layer is mainly made up of senior management and heads of various functional and operational departments of the Group, who are the key players for minimizing potential risks in advance. The second layer consists of the AC, the CEO and the COMD, which is mainly responsible for the organization, co-ordination and planning of the corporate risk management works and monitors the progress of the risk management works. Thus, the second layer is vital during a risk management crisis. The third layer is formed by the AC and the IAD to review and audit the existing operation flow such as information system, business flow and financial disclosure. The third layer is often the key to mitigate risk factors in the aftermath of a risk management crisis.

The following diagram displays the relationship and interaction among the three layers of the Framework:

框架是一個3層系統。第1層主要包括高級管理人員及本集團不同職能部門和業務部門的主管，他們為事前控制風險的關鍵人物。第2層由審核委員會、行政總裁及企業營運管理部構成，主要負責企業風險管理工作的統籌、組織、協調與規劃，並對該項工作的開展與落實情況進行監控，是風險控制危機的關鍵。第3層包含審核委員會和內部審計部，主要負責對現時營運流程如資訊系統、業務流程及財務披露等方面進行審計及審閱，第3層常作為於風險控制危機事後處理上減低風險因素的關鍵。

下圖顯示了框架3層系統之間的關係及互動：



Notes 附註： ———> The up flow of risk related information
表示風險有關資訊上報

-----> Request to execute the risk management measures
表示風險管理要求下達

CORPORATE GOVERNANCE REPORT (continued)**企業管治報告 (續)**

In 2020, COMD will continue to focus on the following risk management issues:

1. Continue to strengthen and deepen the risk self-assessment and internal assessment work;
2. Set reasonable assessment standards and methods for the impact of risk categories; and
3. Accelerate the implementation progress of the risk management work.

During 2019, the IAD and the COMD had reviewed the risk management and internal control systems of the Group and reported their findings to the AC. The risk management and internal control systems are reviewed twice during the Year. There was no significant defect found in respect of the risk management or internal control system under review. The Board and the AC are satisfied with the effectiveness and adequacy of the risk management and internal control systems of the Group.

INSIDE INFORMATION POLICY

The Group has established a policy for ensuring that inside information (the "Inside Information") is disclosed to the public in an equal and timely manner in accordance with the Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The senior management of the Group is to provide timely and accurate information, to allow the Board to make an informed decision to determine whether the information is Inside Information and/or whether the Company has to disclose such information to the public. Senior management of the Group must report to the Board and/or CEO any information they have which they believe to be Inside Information and will trigger the Company to discharge its disclosure duty. The Company Secretary will follow up accordingly.

The Company Secretary is responsible for disclosing Inside Information to the public and/or is authorized to collect any information from any department and/or employee of the Group in order to help determining whether the alleged information is Inside Information and/or whether disclosure is required.

CORPORATE GOVERNANCE**Corporate Governance Duties**

The Board is responsible for performing the corporate governance duties of the Group, including (a) developing and reviewing the policies and practices on (i) corporate governance and (ii) compliance with legal and regulatory requirements of the Company; (b) reviewing and monitoring the training and continuous professional development of the Directors and senior management; (c) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and (d) reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report. The Board has, amongst other matters, reviewed this corporate governance report, ensuring compliance with the Listing Rules.

於2020年，企業營運管理部將繼續專注下列的風險管理事宜：

1. 繼續加強、深化風險自主評估與內部評估工作；
2. 對風險類型影響程度的評估標準與方法進行合理設置；及
3. 加快風險管理工作的實施進度。

於2019年內，內部審計部及企業營運管理部已審閱本集團的風險管理及內部監控系統並向審核委員會彙報。風險管理及內部監控系統於年內檢討兩次。有關檢討概無發現重大風險或內部監控系統問題。董事會及審核委員會均滿意本集團的風險管理及內部監控系統的成效及充足性。

內幕消息政策

本公司已制定政策，以確保內幕消息（「內幕消息」）根據上市規則及證券及期貨條例（香港法例第571章）公平及適時地向公眾發佈。

本集團的高級管理人員有責任提供可靠及適時的資料，讓董事會就釐定有關消息是否為內幕消息及／或本公司是否應即時向公眾公佈，作出知情的決定。所有本集團的高級管理人員須就其所知可能引致本公司須履行披露責任的內幕消息時，應向董事會及／或行政總裁報告，再由公司秘書跟進。

公司秘書負責向公眾披露內幕消息及／或有權向本集團任何部門及／或僱員收集任何資料，以進一步評估該資料是否屬於內幕消息及／或是否需要披露。

企業管治**企業管治職責**

董事會須負責履行本集團之企業管治職責，包括 (a) 制定及檢討有關 (i) 企業管治及 (ii) 本公司在遵守法例及監管規定方面之政策及慣例；(b) 檢討及監察董事及高級管理人員之培訓及持續專業發展；(c) 制定、檢討及監察僱員及董事的操守準則及合規手冊（如有）；及 (d) 檢討本公司遵守企管守則的情況及在企業管治報告內的披露。董事會已（其中包括）審閱此企業管治報告，確保符合上市規則。

CORPORATE GOVERNANCE REPORT (continued) 企業管治報告(續)

COMPANY SECRETARY

Ms. CHENG Wai Han Charmaine ("Ms. CHENG"), the company secretary of the Company, has continued to perform and discharge the duties of a company secretary under the Listing Rules.

Ms. CHENG joined the Group in October 2003 and is currently the Deputy General Manager (Corporate Governance Department) of the Company. She has over 21 years of extensive working experience specializing in company secretarial matters, credit management, investor relations, corporate affairs and insurance operation. Ms. CHENG is a fellow member of each of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in England. Ms. CHENG obtained a Bachelor of Commerce degree from Mount Allison University, Canada, an Executive Master's degree in Business Administration (EMBA) from the Chinese University of Hong Kong and a Master of Science degree in Professional Accounting and Corporate Governance from the City University of Hong Kong. Ms. CHENG has fulfilled the specified qualifications and experience under Rule 3.28 of the Listing Rules and she has received no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules during the Year.

SHAREHOLDERS' RIGHTS

The Board and the management of the Company endeavour to maintain a continuing communication with the Shareholders and investors through various channels, including the Company's general meetings. Set out below is a summary of how the Shareholders can convene a general meeting and put forward proposals at such meetings.

Convening a general meeting

Pursuant to Sections 566 to 568 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance"), Shareholder(s) holding at least 5% of the total voting rights of all the Shareholders having a right to vote at general meetings may, by written request authenticated by the Shareholder(s) making it (the "Written Request") and sent to the Company, require the Directors to call a meeting.

The Written Request (i) must state the general nature of the business to be dealt with; and (ii) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting.

The Directors must call a meeting within 21 days after the date on which they become subject to the requirement of the relevant Shareholder(s) and such meeting must be held within 28 days after the date of the notice convening the meeting.

If the Written Request received by the Company identifies a resolution that may properly be moved and is intended to be moved at the meeting, the notice of the meeting must include notice of the resolution. The business that may be dealt with at the meeting includes a resolution that has been included in such notice of meeting. If the resolution is to be proposed as a special resolution, the Directors must include, in the notice of the meeting, the text of the resolution and specifies the intention to propose the resolution as a special resolution.

* For identification purpose only

公司秘書

本公司之公司秘書鄭惠嫻女士(「鄭女士」)將繼續執行及履行聯交所證券上市規則項下的公司秘書職責。

鄭女士於2003年10月加入本集團，現任本公司副總經理(企業管治部)。彼擁有超過21年的豐富工作經驗，專長於公司秘書事務、信貸管理、投資者關係、企業事務和保險營運。鄭女士是香港特許秘書公會及特許公司治理公會(The Chartered Governance Institute)(前稱英國特許秘書及行政人員公會)的資深會員。鄭女士於加拿大艾利森山大學*取得商業學士學位，於香港中文大學取得行政人員工商管理碩士學位(EMBA)及於香港城市大學取得理學碩士學位(專業會計與企業管治)。鄭女士已符合上市規則第3.28條所要求的專業資格及資歷，彼於年內亦已遵守上市規則第3.29條所要求的接受不少於15小時的相關專業訓練。

股東之權利

本公司董事會及管理人員致力通過不同渠道與股東及投資者保持持續溝通，包括本公司之股東大會。以下概述股東可如何召開股東大會及於會上提呈建議。

召開股東大會

根據公司條例(香港法例第622章)(「公司條例」)第566至568條，1名或多名股東(佔全體有權在股東大會上表決的股東的總表決權最少5%)，可通過遞交經提呈股東認證的書面請求(「書面請求」)至本公司，要求董事召集會議。

該書面要求(i)須述明有待處理的事務的一般性質，及(ii)可包含可恰當地動議並擬在該股東大會上動議的決議文本。

董事必須於他們受到召開股東大會之相關股東的規定所規限日期後的21日內召開股東大會，該大會須在召開該股東大會的通知發出日期後的28日內舉行。

如果本公司收到書面要求，指出一項可恰當地動議並擬在該股東大會上動議的決議，則大會通知必須包括該決議的通知。已包含在大會通知內的決議，則可列為該大會上處理的事務。如果決議案提呈為特別決議案，董事必須於股東大會的通知內包含該決議的文本，並指明擬採用特別決議的形式提出該決議的意向。

* 僅供識別

CORPORATE GOVERNANCE REPORT (continued)**企業管治報告 (續)**

If the Directors do not call a meeting as required by the Written Request, the Shareholders who requested the meeting, or any of them representing more than one-half of the total voting rights of all of them, may themselves call a general meeting.

The meeting to be called by the Shareholders must be called (i) within 3 months after the date on which the Directors become subject to the requirement to call a meeting and (ii) in the same manner, as nearly as possible, as that in which that meeting is required to be called by the Directors.

Any reasonable expenses incurred by the Shareholders requesting the meeting by reason of the failure of the Directors duly to call a meeting must be reimbursed by the Company.

Procedures to put forward proposals at general meetings

Pursuant to Sections 580 and 582 of the Companies Ordinance, a Shareholder may request the Company to circulate a statement of not more than 1,000 words with respect to a matter mentioned in any proposed resolution or other business to be dealt with at any general meeting.

To put forward proposals at the meeting, a Written Request must be made by (i) Shareholder(s) holding at least 2.5% of the total voting rights of all the Shareholders who have a relevant right to vote on a proposed resolution at the meeting; or (ii) at least 50 Shareholders who have a relevant right to vote on a proposed resolution at the meeting.

The Written Request must identify the statement to be circulated, and must be received by the Company at least 7 days before the relevant meeting. The expenses of circulating such statement must be paid by the Shareholder(s) who requested the circulation of the statement unless (i) the Company resolves otherwise or (ii) the meeting to which the requests related is an AGM; and requests sufficient to require the Company to circulate the statement are received in time to enable the Company to send a copy of the statement at the same time as it gives notice of the meeting.

Enquiries from Shareholders

Shareholders should direct their enquiries in respect of their shareholdings or change of address or distribution instructions to the Company's share registrar, Boardroom Share Registrars (HK) Limited. Shareholders may at any time send their enquiries to the Board via the Investor Relations Representative of the Company whose contact details are shown under "Shareholder Information" of this annual report.

CONSTITUTIONAL DOCUMENTS

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

如果董事沒有按上述書面要求的規定召開會議，則要求召開該股東大會的股東，或佔全體該等股東的總表決權過半數的股東，可自行召開股東大會。

股東召開的會議，必須(i)在董事受到召開股東大會的規定所規限的日期後的3個月內，及(ii)盡可能按董事須召開該股東大會的同樣方式召開。

如因董事沒有妥為召開股東大會，導致要求召開會議的股東產生之任何合理開支，將會由公司承擔。

於股東大會上提呈議案程序

根據公司條例第580條及582條，股東可要求公司傳閱關於有待在該股東大會上處理的決議或其他事務，而字數不多於1,000字的陳述書。

如欲在會議上提呈建議，以下人士必須提出書面要求：(i)佔全體有相關表決權利於會上就所提呈決議案表決的股東的總表決權最少2.5%的股東；或(ii)最少50名有相關表決權利於會上就所提呈決議案表決的股東。

該書面要求須指出將予傳閱的陳述書並經所有提出該要求的人認證；及須於該要求所關乎的股東大會前最少7日送抵該公司。要求傳閱有關陳述書的股東須支付傳閱有關陳述書的費用，除非(i)公司通過決議；或(ii)有關要求所關乎的股東大會，是本公司的股東週年大會；及本公司及時收到足以令本公司須傳閱該陳述書的要求，使本公司在發出該股東大會的通知的同時，能夠送交該陳述書的文本。

股東查詢

股東可向本公司之股份過戶登記處實德隆證券登記有限公司查詢彼等之持股情況、地址更改或分配指示。股東可隨時透過本公司投資者關係代表向董事會提交查詢，其聯絡資料已列載於本年報「股東資料」內。

組織章程文件

本年度內本公司之組織章程文件並無任何變動。

PROFILES OF DIRECTORS 董事簡介

EXECUTIVE DIRECTORS (THE “EDs”)

Mr. ZHAO Yao

Chairman of the Board, ED and CEO

Chairman of the Nomination Committee

Aged 56, was appointed as an ED on 27 November 2012, and as the Chairman of the Board and the Chairman of the Nomination Committee on 14 November 2014. He was further appointed as the CEO of the Company on 23 January 2015. Mr. ZHAO also holds directorships in certain subsidiaries of the Company. Mr. ZHAO has almost 32 years of experience in the textile industry. He joined China National Textiles Import and Export Corporation* (中國紡織品進出口總公司), the predecessor of Chinatex Corporation Limited* (中國中紡集團有限公司) (“Chinatex”), a controlling shareholder of the Company, in 1987 and held positions as the Assistant President of Chinatex, the General Manager of Asset Management Department of Chinatex, Chairman and General Manager of Chinatex Xinyuan Assets Management Co., Ltd.* (中紡信遠資產管理有限公司), General Manager of Chinatex Tianyuan Property Management Co., Ltd.* (廊坊中紡天元投資有限公司), General Manager of Chinatex Real Estate Administration Co., Ltd.* (中紡物業管理有限公司) (“Chinatex Real Estate”), Chairman of Chinatex (H.K.) Holding Limited, Chairman of Huasheng Fujitec Elevator Co., Ltd.* (華升富士達電梯有限公司), Chairman of Shanghai Huasheng Fujitec Escalator Co., Ltd.* (上海華升富士達扶梯有限公司), Chairman of Shanghai Huade Photoelectron Science & Technology Co., Ltd.* (上海華德光電科技有限公司), Financial Manager of Wah Gar Knitwear Factory Company Limited, General Manager of Suzhou Zhongfa Property Management Co., Ltd.* (蘇州中發物業有限公司) and Vice President of Chudai Trading Co., Ltd.* (日本中大株式會社), a subsidiary of Chinatex. Mr. ZHAO graduated with a diploma in industrial accounting from Renmin University of China in 1987. In December 2013, Mr. ZHAO obtained a Senior Management Master’s Degree of Business Administration awarded by The University of Texas at Arlington in the United States of America (the “USA”).

Mr. LIU Xianfu

Aged 54, was appointed as an ED on 28 August 2018. Mr. LIU has over 25 years of experience in the textile industry. He joined Chinatex, a controlling shareholder of the Company, in 1994 and has held positions such as the Deputy Finance Section Chief of Chinatex Cotton Yarns and Fabrics Import and Export Corporation, the Deputy General Manager of Chinatex Real Estate, the Deputy General Manager of Finance Department of Chinatex, the General Manager of Audit Department of Chinatex, the General Manager of Finance Department of Chinatex, the General Manager of Chinatex Raw Materials International Trading Corporation, and the Vice President of Chinatex. Mr. LIU has served as the Chief Accountant of Chinatex since March 2017. Mr. LIU graduated from Anhui University of Finance and Economics (formerly known as Anhui Finance and Trade College*) in the People’s Republic of China (the “PRC”) in 1987 in professional accounting with a Bachelor’s degree of Economics. He graduated in finance and obtained a Master’s degree in Economics from Chinese Academy of Fiscal Sciences (formerly known as The Research Institute for Fiscal Science) in the PRC in 1990 and an Executive Master of Business Administration degree from The University of Texas at Arlington, USA in December 2010.

* For identification purpose only

執行董事(「執行董事」)

趙耀先生

董事會主席、執行董事兼行政總裁

提名委員會主席

現年56歲，於2012年11月27日獲委任為執行董事，並於2014年11月14日獲委任為董事會主席及提名委員會主席。彼再於2015年1月23日獲委任為本公司行政總裁。趙先生亦擔任本公司若干附屬公司之董事。趙先生擁有近32年從事紡織行業之經驗，彼於1987年加入本公司控股股東，中國中紡集團有限公司(「中紡」)的前身中國紡織品進出口總公司，曾任中紡總裁助理兼資產管理部總經理、中紡信遠資產管理有限公司董事長及總經理、廊坊中紡天元投資有限公司總經理、中紡物業管理有限公司(「中紡物管」)總經理、中紡(香港)控股有限公司董事長、華升富士達電梯有限公司董事長、上海華升富士達扶梯有限公司董事長、上海華德光電科技有限公司董事長、香港華嘉企業集團(Wah Gar Knitwear Factory Company Limited)財務經理、蘇州中發物業有限公司總經理及中紡所屬子公司日本中大株式會社副社長。趙先生1987年畢業於中國人民大學一分校工業會計專業，並於2013年12月獲得美利堅合眾國(「美國」)德克薩斯大學阿靈頓分校頒發的高級管理人員工商管理碩士學位。

劉賢福先生

現年54歲，於2018年8月28日獲委任為執行董事。劉先生擁有超過25年從事紡織行業之經驗。彼於1994年加入中紡(本公司之控股股東)，歷任中紡紗布進出口公司財務科副科長、中紡物管副總經理、中紡財務部副總經理、中紡審計部總經理、中紡財務部總經理、中紡原料國際貿易公司總經理、中紡副總裁等職。劉先生自2017年3月起任中紡總會計師。劉先生在1987年畢業於中國安徽財經大學(前稱：安徽財貿學院)，會計學專業，獲得經濟學學士學位。彼在1990年於中華人民共和國(「中國」)財政科學研究院(前稱：財政部財政科學研究所)財政學專業畢業，獲得經濟學碩士學位；並於2010年12月獲得美國德克薩斯大學阿靈頓分校頒發的行政人員工商管理碩士學位。

* 僅供識別

PROFILES OF DIRECTORS (continued)**董事簡介 (續)****Mr. TAO Yongming****Member of the Remuneration Committee**

Aged 54, was appointed as an ED and a member of the Remuneration Committee on 28 August 2018. Mr. TAO joined China National Cereals, Oils and Foodstuffs Corporation ("COFCO"), formerly known as China National Cereals, Oils & Foodstuffs Import & Export Corporation, a controlling shareholder of the Company, in 1987 and has held positions such as the Officer and Deputy General Manager of Planning and Finance Department of COFCO, the Executive Vice President of COFCO Capital Corporation, a subsidiary of COFCO, the General Manager of Shandong Peanut Import and Export Co., Ltd.*, a subsidiary of COFCO, the Deputy General Manager of Risk Management Department of the Auditing & Supervision Department of COFCO, the Deputy General Manager of Audit Management Department of Audit, Legal and Risk Management Department of COFCO, the General Manager of Discipline Inspection & Supervision Department of Chinatex (a controlling shareholder of the Company). Mr. TAO has served as the General Manager of Audit, Legal and Risk Management Department of Chinatex since May 2017. Mr. TAO graduated from Renmin University of China with a Bachelor's degree in Foreign Trade Accounting in 1987.

Mr. YAU Hang Tat Andrew

Aged 51, was appointed as an ED on 28 August 2018. Mr. YAU is currently the chief operating officer of the Group and also holds directorships in certain subsidiaries of the Company. Mr. YAU joined the Group in 1992 and has over 25 years of experience in the textile industry with extensive experience in operations and strategic planning. Mr. YAU is also a director of the Hong Kong General Chamber of Textiles Limited. Mr. YAU graduated from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1991 with a Higher Diploma in Textile Technology and subsequently obtained a Master of Science degree in Textile Engineering from the University of Leeds in England in 1992. He earned an Executive Master of Business Administration degree and a Master of Science (MSc) degree in Finance from the Chinese University of Hong Kong in 2015 and 2019, respectively.

陶永銘先生**薪酬委員會成員**

現年54歲，於2018年8月28日獲委任為執行董事及薪酬委員會成員。陶先生於1987年加入中糧集團有限公司（「中糧」）的前身中國糧油食品進出口總公司（本公司之控股股東），歷任中糧計劃財務部業務員、副總經理、中糧（美國）金融資本有限公司（中糧之附屬公司）執行副總裁、山東中糧花生製品進出口有限公司（中糧之附屬公司）總經理、中糧審計監察部風險管理部副總經理、中糧審計與法律風控部審計管理部副總經理、中紡紀檢監察審計部總經理等職，2017年5月起任中紡（本公司之控股股東）審計與法律風控部總經理。陶先生在1987年畢業於中國人民大學一分校外貿會計專業，獲得學士學位。

邱恒達先生

現年51歲，於2018年8月28日獲委任為執行董事。彼現任本集團首席營運總裁，亦擔任本公司若干附屬公司之董事。邱先生於1992年加入本集團，擁有超過25年從事紡織行業之經驗，並於營運及策略性規劃方面具廣泛經驗。邱先生同時擔任香港紡織商會會董。邱先生在1991年畢業於香港理工學院（現香港理工大學之前身），獲頒紡織技術高級文憑，隨後前往英國里茲大學，並於1992年獲紡織工程科學碩士學位，再分別於2015年及2019年獲得香港中文大學頒發行政人員工商管理碩士學位及金融學理學碩士學位。

* For identification purpose only

* 僅供識別

PROFILES OF DIRECTORS (continued)

董事簡介(續)

NON-EXECUTIVE DIRECTORS (THE “NEDs”)

Dr. YEN Gordon

Non-executive Vice Chairman

Aged 50, has been a NED since 31 May 2013 and was further appointed as the Non-executive Vice Chairman of the Board on 28 August 2018. Prior to that, he was the Chief Financial Officer of the Group and an ED. He joined the Group in 1999 and was then promoted to the role of ED in 2004 before being re-designated as a NED. Dr. YEN is currently the founding managing partner of Radiant Tech Ventures Limited, an innovation and technology venture capital firm, and is registered as a responsible officer under the Securities and Futures Ordinance for Type 9 (asset management) regulated activity. He also serves as an independent non-executive director and a member of each of the audit committee and the nomination committee of Impro Precision Industries Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. Dr. YEN is a member of the Henan Province Committee of the Chinese People's Political Consultative Conference of the PRC; Honorable Life-Chairman of the Hong Kong General Chamber of Textiles Limited; chairman of the Hong Kong Business Angel Network; and a director of the Hong Kong Chiu Chow Chamber of Commerce. He holds a Bachelor's degree in Manufacturing Engineering from Boston University, USA; a Master degree in Business Administration from McGill University, Canada and a Doctorate in Business Administration from The Hong Kong Polytechnic University.

Mr. SUN Fuji

Member of the Audit Committee

Aged 56, was appointed as a NED and a member of the Audit Committee on 28 August 2018. Mr. SUN is a senior engineer. He has over 35 years of experience in the textile industry. Mr. SUN joined Zhucheng Chinatex Sunrise Textiles Co., Ltd. (formerly known as Zhucheng Cotton Spinning Factory) in 1984 and has held positions such as the Technician and the Deputy Officer of Front Spinning Department, the Factory Director Assistant and the Deputy Factory Director of Zhucheng Cotton Spinning Factory, the Deputy General Manager of Zhucheng Textiles Corporation, and the General Manager of Chinatex Jinwei Textiles Co., Ltd.* (“Chinatex Jinwei”) and the General Manager of Chinatex Sunrise Textiles Co., Ltd. (“Chinatex Sunrise”). Mr. SUN has served as the Deputy General Manager of Textile & Garment BU, a subsidiary of Chinatex (a controlling shareholder of the Company), the General Manager of Chinatex Jinwei and the General Manager of Chinatex Sunrise since May 2017. Mr. SUN graduated with a Bachelor's degree in engineering from the Textile Department of Cotton Manufacturing of Shandong Textiles Engineering Institute in the PRC in 1984.

非執行董事(「非執行董事」)

嚴震銘博士

非執行副主席

現年50歲，自2013年5月31日起出任非執行董事，並於2018年8月28日獲委任為董事會非執行副主席。彼之前為本集團執行董事兼首席財務官。彼於1999年加入本集團，於2004年晉升為執行董事，其後被任命為非執行董事。嚴博士現為慧科科創投資有限公司（一家創新和技術開發投資公司）的創始及執行合夥人，並註冊為證券及期貨條例下第9類（資產管理）受規管活動之負責人員。彼亦為鷹普精密工業有限公司之獨立非執行董事及審核委員會及提名委員會成員，該公司為香港聯合交易所有限公司主板上市公司。嚴博士為中國河南省政協委員、香港紡織商會永遠榮譽會長、香港天使投資脈絡主席及香港潮州商會會董。彼持有美國波士頓大學生產工程學士學位、加拿大麥基爾大學工商管理碩士學位及香港理工大學工商管理博士學位。

孫福紀先生

審核委員會成員

現年56歲，於2018年8月28日獲委任為非執行董事及審核委員會之成員。孫先生為高級工程師。彼擁有超過35年從事紡織行業之經驗。孫先生於1984年加入中紡金旭紡織有限公司（前稱：諸城棉紡織廠），歷任諸城棉紡織廠技術員、前紡車間副主任、廠長助理、副廠長，諸城紡織集團總公司副總經理，中紡金維紡織有限公司（「中紡金紡」）、中紡金旭紡織有限公司（「中紡金旭」）總經理。2017年5月起任中紡（本公司之控股股東）之附屬公司的紡織服裝事業部副總經理兼中紡金維、中紡金旭總經理。孫先生在1984年畢業於中國山東紡織工學院紡織系棉紡專業，獲得工學學士學位。

* For identification purpose only

* 僅供識別

PROFILES OF DIRECTORS (continued)**董事簡介 (續)****INDEPENDENT NON-EXECUTIVE DIRECTORS (THE “INEDs”)****Mr. NG Kwok Tung****Chairman of the Audit Committee****Member of the Remuneration Committee**

Aged 69, joined the Board in 1993 as an INED, and was then appointed as the chairman of the Audit Committee and a member of the Remuneration Committee. Mr. NG is a practising accountant. He is also the non-executive director of Wah Ha Realty Company Limited and an independent non-executive director of Palace Banquet Holdings Limited, both being listed companies in Hong Kong. He holds a Bachelor of Commerce Degree and a Licentiate in Accountancy from McGill University, Canada and a Diploma in Chinese Law from the University of East Asia, Macao. Mr. NG is a member of each of Hong Kong Institute of Certified Public Accountants, Institute of Chartered Professional Accountants of British Columbia, Order of Chartered Professional Accountants of Quebec, The Canadian Institute of Chartered Professional Accountants, The Taxation Institute of Hong Kong, The Society of Chinese Accountants and Auditors and the Society of Registered Financial Planners in Hong Kong.

Mr. YING Wei**Chairman of the Remuneration Committee****Member of the Nomination Committee**

Aged 53, was appointed as an INED, the chairman of the Remuneration Committee and a member of the Nomination Committee on 1 January 2015. Mr. YING holds a Master's Degree in Business Administration from the University of San Francisco and a Bachelor's Degree in Economics from the Zhejiang Gongshang University (formerly known as Hangzhou Institute of Commerce) in the PRC. He is a non-practising member of the Chinese Institute of Certified Public Accountants. For the period from 1989 to 2007, Mr. YING served as an ED and the Vice President of China Resources Textiles (Holdings) Company Limited. Between 2007 and 2009, he served as the Vice President of China Water Affairs Group Limited, a company listed in Hong Kong. From 21 July 2008 to 30 July 2009, he held the position of an Executive Director and the President of China City Infrastructure Group Ltd. (formerly known as China Botanic Development Holdings Limited), a company listed in Hong Kong. From 28 December 2012 to 24 March 2014, he served as an INED of China Public Procurement Limited, a company listed in Hong Kong. Mr. YING is currently an Independent Non-Executive Director of each of CHTC Fong's International Company Limited and Zhongsheng Group Holdings Limited, both being listed companies in Hong Kong, and being a director of Giant Network Group Co., Ltd. (formerly known as Chongqing New Century Cruise Co., Ltd.), a company listed on Shenzhen Stock Exchange. Mr. YING is also the Managing Partner of CDH.

* For identification purpose only

獨立非執行董事 (「獨立非執行董事」)**伍國棟先生****審核委員會主席****薪酬委員會成員**

現年69歲，於1993年加入董事會為獨立非執行董事，其後被任命為審核委員會主席及薪酬委員會成員。伍先生現為執業會計師。彼亦為華廈置業有限公司之非執行董事及首豐控股有限公司之獨立非執行董事，該兩間公司均為香港上市公司。彼持有加拿大麥基爾大學商學院商科學士學位及高級會計文憑及澳門東亞大學中國法律文憑。伍先生為香港會計師公會、加拿大英屬哥倫比亞特許會計師公會、加拿大魁北克省特許會計師公會、加拿大特許會計師公會、香港稅務學會、香港華人會計師公會及註冊財務策劃師協會會員。

應偉先生**薪酬委員會主席****提名委員會成員**

現年53歲，自2015年1月1日獲委任為獨立非執行董事、薪酬委員會之主席及提名委員會之成員。應偉先生於2015年1月1日獲委任為獨立非執行董事、薪酬委員會之主席及提名委員會之成員。應先生持有舊金山大學工商管理碩士學位及浙江工商大學（前稱杭州商學院）經濟學學士學位，並為中國註冊會計師協會之非執業會員。於1989年至2007年期間，應先生曾於華潤紡織（集團）有限公司工作，擔任執行董事及副總裁。於2007年至2009年期間，應先生出任香港上市公司中國水務集團有限公司之副總裁。於2008年7月21日至2009年7月30日期間，應先生出任香港上市公司中國城市基礎設施集團有限公司（前稱中國植物開發控股有限公司）之執行董事及總裁。目前，應先生分別為中國恒天立信國際有限公司及中升集團控股有限公司之獨立非執行董事，均為香港上市公司，以及擔任深圳上市公司巨人網絡集團有限公司（前稱重慶新世紀郵輪股份有限公司）之董事。另外，應先生現時亦是鼎暉百孚之管理合夥人。

* 僅供識別

PROFILES OF DIRECTORS (continued) 董事簡介(續)

Mr. William LAM

Member of the Audit Committee

Member of the Nomination Committee

Aged 61, was appointed as an INED, a member of the Audit Committee and a member of the Nomination Committee on 9 May 2016. Mr. LAM is a solicitor of the Hong Kong Special Administrative Region and the Supreme Court of England and Wales, and a civil celebrant of marriages in Hong Kong. He graduated from the University of Manchester, England in 1981 with a Bachelor of Science Degree in Electronics and Electrical Engineering. His major study included computer design, power transmission and telecommunications. He is also a member of the Institute of Electrical and Electronics Engineers (M.I.E.E.E.) in USA. After obtaining his Bachelor's Degree, he studied laws at the Manchester Polytechnic (now known as Manchester Metropolitan University), England and the College of Law in Chester, England, respectively. Mr. LAM returned to Hong Kong in 1984 to work in family business of Tai Sun Company (a member of The Hong Kong-Kowloon Yarn and Fabrics Association), and Shing Fung Finance Company Limited, both founded by his late father Mr. LAM Muk Kwong in 1958 and 1972, respectively. In 1992, Mr. LAM furthered his studies in laws at the University of Hong Kong and obtained a Postgraduate Certificate in Laws (PCLL) and was admitted as a solicitor of the Supreme Court of Hong Kong in 1994 and of the Supreme Court of England and Wales in the following year. In 1999, Mr. LAM founded William Lam and Company, Solicitors to start his own practice in law. Mr. LAM also serves in many areas. He is an executive committee member of the Federation of Hong Kong Guangdong Community Organisations, the founding president of the University of Manchester Alumni Association of Hong Kong and a member of the InnoTech Committee of the Law Society of Hong Kong and was a co-opted member of the Chinese Temples Committee from 2009 to 2015. Mr. LAM has also acted as the legal advisor of various organisations, such as the Hong Kong General Chamber of Textiles Limited, the Chamber of the Hong Kong Computer Industry, the Hong Kong Information Technology Joint Council, the Hong Kong WEEE Recycling Association, the Hong Kong Society of Medical Professionals, the Hong Kong Software Industry Association, the Public Surgeons United, the Government Doctors' Association and the Hong Kong New Youth Energy Think Tank.

林偉成先生

審核委員會成員

提名委員會成員

現年61歲，於2016年5月9日獲委任為獨立非執行董事、審核委員會之成員及提名委員會之成員。林先生是香港特別行政區和英格蘭和威爾士的註冊律師及香港婚姻監禮人。林先生於1981年畢業於英國曼徹斯特大學電子及電機工程系理學士學位，主修科目包括電腦設計、輸電交換及電子通訊。彼亦是美國電機電子工程師學會的會員(M.I.E.E.E.)。彼於英國曼徹斯特大學取得理學士學位後往曼徹斯特理工學院(現為曼徹斯特都會大學)和英國法律學院修讀法律。林先生1984年回港後便從事家族生意，在先父林木廣先生於1958年創立的大新公司(港九紗布經銷商之一)和1972年成立的成豐財務有限公司工作。林先生於1992年在香港大學深造法律，並考取專業法律證書(PCLL)。林先生於1994年正式成為香港高等法院律師，翌年取得英格蘭和威爾士高等法院律師資格，並在1999年成立林偉成律師行。林先生出任多項公職，包括現任香港廣東社團總會常務會董、英國曼徹斯特大學校友會(香港)創會會長、香港律師會創新科技委員會成員和2009年至2015年的華人廟宇委員會增補委員。林先生亦先後擔任香港紡織商會、香港電腦商會、香港資訊科技聯會、香港電器及電子設備回收協會、香港醫療專業人士協會、香港軟件行業協會、公共外科醫生聯盟、政府醫生協會及香港新活力青年智庫之法律顧問。

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* 僅供識別

DIRECTORS' REPORT

董事會報告

The directors of the Company (the "Directors") present the annual report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2019 (the "Year").

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The Group is principally engaged in the textile and garment businesses, including the production and sale of knitted fabric and garments. Details of the principal activities of its principal subsidiaries are set out in note 37 to the consolidated financial statements.

FINANCIAL STATEMENTS AND APPROPRIATIONS

The Group's financial performance for the Year and the financial position of the Group as at 31 December 2019 are set out in the consolidated financial statements on pages 78 to 168 of this annual report. No interim dividend was declared for the six months ended 30 June 2019. The board of Directors (the "Board") has resolved to recommend the payment of a final dividend of HK9.28 cents per share of the Company (the "Share") in respect of the Year (2018: HK10.64 cents) to the shareholders of the Company (the "Shareholders") whose names will appear on the register of members of the Company (the "Register of Members") on Tuesday, 19 May 2020 and a special dividend of HK1.16 cents per Share in respect of the Year (2018: HK1.33 cents) to the Shareholders whose names will appear on the Register of Members on Tuesday, 19 May 2020 and the retention of the remaining profit for the Year.

Subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company (the "AGM") to be held on Friday, 8 May 2020, it is expected that the final dividend and the special dividend will be paid on or about Thursday, 28 May 2020.

BUSINESS REVIEW

A fair review of the business and a discussion and analysis of the performance for the Year and an indication of likely future development in the business of the Group are provided in the Chairman's Statement and the Management Discussion and Analysis (the "MD&A") of this annual report. Description of the principal risks and uncertainties facing the Group can be found throughout this annual report, in particular the Risk Management and Internal Control section under the Corporate Governance Report and the Possible Risks and Uncertainties section of this Directors' Report. After the Year and up to the date of this annual report, an ordinary resolution was passed at an extraordinary general meeting of the Company held on 14 February 2020, which approved the purchase framework agreement dated 29 November 2019 between the Company and HuaFu Holding Co., Ltd (the "2022 Purchase Framework Agreement") and the transactions contemplated thereunder (including the annual caps for the transactions under the 2022 Purchase Framework Agreement for each of the three years ending 31 December 2022). For details, please refer to the circular of the Company dated 24 January 2020 and its announcement dated 14 February 2020. An analysis using financial key performance indicators is provided in the Financial and Statistical Highlights and the MD&A. Compliance with relevant laws and regulations which have a significant impact on the Group can be found throughout this annual report, in particular, the Corporate Governance Report.

本公司之董事（「董事」）提呈本集團及其附屬公司（「本集團」）截至2019年12月31日止年度（「本年度」）之年報及經審核綜合財務報表。

主要業務

本公司為一間投資控股公司。本集團主要從事紡織及成衣業務，包括生產及銷售針織布料及成衣。其主要附屬公司之主要業務載列於綜合財務報表附註37內。

財務報表及分配

本集團本年度之財務業績及本集團於2019年12月31日止年度之財務狀況載列於本年報第78至168頁之綜合財務報表內。截至2019年6月30日止六個月內並無派發中期股息，本公司董事會（「董事會」）決議建議就本年度向予在2020年5月19日（星期二）名列在股東名冊（「股東名冊」）之本年度股東（「股東」）派發末期股息本公司股份（「股份」）每股9.28港仙（2018：每股10.64港仙）及每股1.16港仙（2018：每股1.33港仙）特別股息予在2020年5月19日（星期二）名列在股東名冊之股東，並保留本年度餘下的盈利。

待在於即將於2020年5月8日（星期五）舉行的本公司股東週年大會（「股東週年大會」）上獲股東批准後，末期股息及特別股息預期於2020年5月28日（星期四）或之前派付。

業務審視

有關對本集團截至本年度業務的中肯審視及該年度表現的討論及分析，以及業務上相當有可能的未來發展的揭示，已載於本年報的主席報告及管理層討論與分析報告（「管理層討論及分析」）內。對本集團面對的主要風險及不明朗因素的描述，於本年報管理層討論與分析內之風險管理及於董事報告之潛在風險及不明朗因素已作披露。於本年度後及直至本年報日期止，一項普通決議案已於本公司在2020年2月14日舉行的股東特別大會（「股東特別大會」）上獲通過，其批准本公司與華孚控股有限公司訂立日期為2019年11月29日之採購框架協議（「2022年採購框架協議」）及其項下擬進行之交易（包括截至2022年12月31日止3個年度各年於2022年採購框架協議項下交易之年度上限），請參考本公司日期為2020年1月24日之通函。運用財務關鍵表現指標進行的分析，見於本年報的財務及統計摘要及管理層討論與分析報告書。而本集團遵守對本集團有重大影響的有關法律及規例的情況，則已在本年報各部分（尤其在企業管治報告內）作出披露。

DIRECTORS' REPORT (continued)

董事會報告(續)

In addition, discussions on the Group's environmental policies and relationships with the key stakeholders that have a significant impact on the Group are contained in the Environmental, Social and Governance Policies and Performance section in the Chairman's Statement and the Stakeholders' Engagement section in the MD&A of this annual report.

RISK MANAGEMENT

Possible Risks and Uncertainties

The Group's possible risks and uncertainties range from raw material risk, market risk, operational risk, credit risk and financial risk.

Raw Material Risk

The Group's business is dependent on the supply and cost of raw materials, in particular cotton yarns and any disruption in the supply or fluctuation in the prices of such raw materials, which could materially and adversely affect the Group's business, results of operations, financial condition and prospects.

Market Risk

The global financial markets have experienced volatility recently, which may have a negative impact on the Group's business operation. Affected by the China-United States trade war, textile industry related products have appeared in the list of tariffs imposed by both parties. Therefore, the latest trend of trade negotiations will determine the extent of the impact of tariff policies on the textile and garment industry. The financial uncertainty may affect the global textile and garment industry, which in turn may affect the business of major retail brands and garment manufacturers, which are the principal customers of the Group.

Operational Risk

The Group's fabric production facilities emit wastewater and other pollutants and are subject to various environmental protection laws and regulations in China and other countries where the Group's production facilities are located. Any change to, or failure by the Group to comply with, environmental protection laws or regulations may cause the Group to incur additional costs and expenses.

In addition, if the production facilities of the Group experience any power, steam or water shortages, the Group's business and results of operations may be harmed.

Credit Risk

Credit risk arises from the possibility that a customer in a transaction may default. The Group identifies and manages credit risk by defining the target market segment, formulating appropriate credit policies, and carrying out credit assessment and monitoring asset quality. The Group has established policies, procedures, and rating systems to identify, measure, monitor, control and report on credit risk. They are reviewed and enhanced on an ongoing basis to cater for market changes, statutory requirements and best practices in risk management processes.

此外，本集團的環境政策及其與對本集團有重大影響的主要持份者的關係的討論，披露於本年報主席報告的環境、社會及管治政策及表現部分及管理層討論及分析的權益人參與部分。

風險管理

潛在風險及不明朗因素

本集團的潛在風險及不明朗因素包括原材料風險、市場風險、營運風險、信貸風險及財務風險。

原材料風險

本集團的業務取決於原材料(尤其是棉紗)的供應及成本，供應出現任何中斷或原材料價格出現波動可能會對本集團的業務、經營業績、財務狀況及前景造成重大不利影響。

市場風險

全球金融市場近期動盪不穩，可能會對本集團的業務經營造成不利影響。受中美貿易戰影響，紡織行業相關產品已出現在雙方加征關稅的清單中。因此，中美貿易談判的最新走勢將決定關稅政策對於紡織及成衣行業的影響程度。金融不明朗因素可能影響全球紡織及成衣行業，而這或會影響大型零售品牌及成衣製造商(為本集團的主要客戶)的業務。

營運風險

本集團的面料生產設施排放廢水及其他污染物，並須受中國及本集團生產設施所在地的其他國家的各種環保法例及法規的規限。環保法例或法規的任何變動或本集團未能遵守環保法例或法規可能令本集團產生額外費用及開支。

此外，倘本集團的生產設施出現電力、蒸汽或水力不足，本集團的業務及經營業績或會受損。

信貸風險

信貸風險源於客戶未能履行其交易承擔。本集團透過設定目標市場分部、制定適當的信貸政策和執行信貸評核程序，以及監控資產素質，來識別和管理信貸風險。本集團已制訂多項政策、程序及評級系統，以識別、衡量、監察、控制及匯報本集團所承受的信貸風險。本集團持續檢討和改善該等指引，以配合市場轉變、有關法定要求及風險管理程序的最佳做法。

DIRECTORS' REPORT (continued)**董事會報告 (續)****Financial Risk**

For financial risk, please refer to the Risk Management section under the MD&A and note 39(b) to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of the movements in the investment properties of the Group during the Year are set out in note 13 to the consolidated financial statements. Particulars of the Group's investment properties are set out on page 72 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group had additions of HK\$134,619,000 to property, plant and equipment, which were mainly used to expand and upgrade the Group's manufacturing facilities.

Details of the above and other movements in the property, plant and equipment of the Group during the Year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

During the Year, the Company issued the following Shares:

	Number of Shares issued 已發行股份數目	Consideration 代價 (HK\$) (港元)
Shares issued under the 2011 Scheme (as defined below)	20,000,000	22,000,000

Details of the movements in the share capital of the Company during the Year are set out in note 32 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to the Shareholders as at 31 December 2019, calculated under Sections 291, 297 and 299 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), amounted to HK\$1,400,836,000 (31 December 2018: HK\$1,359,750,000).

財務風險

就財務風險而言，請參閱管理層討論與分析內之風險管理及綜合財務報表附註39(b)內。

投資物業

本年度本集團之投資物業變動詳情載列於綜合財務報表附註13內。本集團之投資物業詳情載列於本年報第72頁。

物業、機器及設備

本年度本集團添置物業、機器及設備134,619,000港元，主要用於擴大及增強本集團之生產設備。

本年度本集團之物業、機器及設備就上述及其他變動詳情載列於綜合財務報表附註14內。

股本

本年度內，本公司已發行下列股份：

	Number of Shares issued 已發行股份數目	Consideration 代價 (HK\$) (港元)
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本年度之本公司股本變動詳情載列於綜合財務報表附註32內。

本公司之可供分派儲備

於2019年12月31日，本公司可供分派予股東之儲備（根據香港法例第622章公司條例第291、297及299條的規定計算）為1,400,836,000港元（2018年12月31日：1,359,750,000港元）。

DIRECTORS' REPORT (continued) 董事會報告(續)

DIRECTORS

The Directors during the Year and up to the date of this report were as follows:

Executive Directors (the "EDs")

Mr. ZHAO Yao (*Chairman and Chief Executive Officer*)
Mr. LIU Xianfu
Mr. TAO Yongming
Mr. YAU Hang Tat Andrew

Non-executive Directors (the "NEDs")

Dr. YEN Gordon (*Non-executive Vice Chairman*)
Mr. SUN Fuji

Independent Non-executive Directors (the "INEDs")

Mr. NG Kwok Tung
Mr. YING Wei
Mr. William LAM

According to the articles of association of the Company (the "Articles"), Mr. NG Kwok Tung, Mr. YING Wei and Mr. William LAM will retire and being eligible, will offer themselves for re-election at the forthcoming AGM.

As at 31 December 2019, no Director proposed for re-election at the forthcoming AGM had a service contract with the Company or any of its subsidiaries, which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The biographical details of the Directors are set out on pages 53 to 57 of this annual report.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2019, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required to be: (a) notified to the Company and The Stock Exchange of Hong Kong Limited (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) recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO (the "Register"), or (c) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules" and the "Model Code", respectively), were as follows:

董事

本年度內及截至本年報日期，董事名單如下：

執行董事(「執行董事」)

趙耀先生(主席兼行政總裁)
劉賢福先生
陶永銘先生
邱恒達先生

非執行董事(「非執行董事」)

嚴震銘博士(非執行副主席)
孫福紀先生

獨立非執行董事(「獨立非執行董事」)

伍國棟先生
應偉先生
林偉成先生

根據本公司章程細則(「章程細則」)，伍國棟先生、應偉先生及林偉成先生將於即將舉行的股東週年大會上輪值告退及均符合資格膺選連任，彼等均願意於股東週年大會上膺選連任。

於2019年12月31日，並無擬在即將舉行之股東週年大會上重選連任之董事，與本公司或其任何附屬公司訂立本集團在1年內不可在不予賠償(法定賠償除外)的情況下終止的服務合約。

有關董事履歷之詳情載列於本年報第53至第57頁。

董事之證券權益

於2019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(具有香港法例第571章證券及期貨條例(「證券及期貨條例」)第XV部所賦予之涵義)之股份、相關股份及債權證中須擁有(a)按證券及期貨條例第XV部第7及8分部通知本公司及香港聯合交易所有限公司(「聯交所」)之權益及淡倉(包括根據證券及期貨條例之有關規定彼等被當作或視為擁有之權益及淡倉)；(b)根據本公司按證券及期貨條例第352條所存置之記錄於該條所述之名冊(「名冊」)之權益及淡倉；或(c)按聯交所證券上市規則附錄10所載之上市發行人董事進行證券交易的標準守則(分別為「上市規則」及「標準守則」)通知本公司及聯交所之權益及淡倉如下：

DIRECTORS' REPORT (continued)

董事會報告 (續)

Long positions in the Shares:

於本公司股份(「股份」)及相關股份的好倉情況：

Name of Directors	Capacity	Nature of Interests	Number of Shares Held	Total	Approximate % of the Issued Shares
董事姓名	身份	權益性質	股份及相關股份目	總數	約佔本公司總已發行股本百分比
Dr. YEN Gordon 嚴震銘博士	Beneficial owner 實益擁有人	Personal interest 個人權益	8,380,000	8,380,000	0.68
Mr. YAU Hang Tat Andrew 邱恒達先生	Beneficial owner 實益擁有人	Personal interest 個人權益	2,250,000	2,730,000	0.22
	Spouse's interests 配偶權益	Family interest 家族權益	480,000 (Note) (附註)		

Note:

附註：

Mr. YAU Hang Tat Andrew is deemed to be interested in 480,000 Shares held by his spouse under the SFO.

根據證券及期貨條例，邱恒達先生被視為擁有其配偶所持有本公司的480,000股股份之權益。

Save as disclosed above, as at 31 December 2019, none of the Directors and the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) had been 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 recorded in the Register, or (c) had been notified to the Company and the Stock Exchange pursuant to the Model Code.

除上述披露者外，於2019年12月31日，概無本公司董事、最高行政人員於本公司或其任何相聯法團（具有證券及期貨條例第XV部所賦予之涵義）之任何股份、相關股份及債權證中擁有根據本公司(a)按證券及期貨條例第XV部第7及8分部通知本公司及聯交所之權益及淡倉（包括根據證券及期貨條例之有關規定彼等被當作或視為擁有之權益及淡倉）；(b)記錄於該條所述之名冊之權益及淡倉；或(c)按標準守則須通知本公司及聯交所之任何權益或淡倉。

SHARE OPTION SCHEME

The Company adopted a share option scheme on 20 January 2011 (the "2011 Scheme").

The 2011 Scheme

The Company adopted the 2011 Scheme pursuant to a shareholders' resolution passed at the extraordinary general meeting held on 20 January 2011 (the "Adoption Date"). The purpose of the 2011 Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants (as defined in the 2011 Scheme) and for such other purposes as the Board may approve from time to time.

購股權計劃

本公司於2011年1月20日採納一項購股權計劃（「2011年計劃」）。

2011年計劃

本公司根據於2011年1月20日（「採納日」）舉行之股東特別大會上通過之一項股東決議案採納2011年計劃。2011年計劃旨在給予本公司一種靈活方案，以向參與者（如2011年計劃所定義）給予獎勵、回饋、酬勞、報酬及／或提供利益，及就董事會可不時批准之其他目的。

DIRECTORS' REPORT (continued) 董事會報告(續)

The Participants of the 2011 Scheme include (i) any directors or any employees (whether full-time or part-time) of the Company and its subsidiaries, associated companies, jointly controlled entities and related companies from time to time (the "FSH Group"); (ii) any discretionary objects of a discretionary trust established by any directors or any employees (whether full-time or part-time) of each member of the FSH Group; (iii) any consultants, professional and other advisers to each member of the FSH Group (including their employees or executives or any persons, firms or companies proposed to be appointed for providing such services); and (iv) any chief executives or substantial shareholders of the Company, provided that the Board may have absolute discretion to determine whether or not one falls within the above categories.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the 2011 Scheme and the maximum number of Shares which may be issued upon the exercise of all options to be granted under any other share option schemes of the Company (if any) are in aggregate equal to 10% of the total number of Shares in issue as at the Adoption Date, i.e. 79,401,096 Shares. Under the 2011 Scheme, share options comprising 23,045,000 Shares and 26,100,000 Shares were granted on 18 August 2011 and 19 January 2018, respectively. The closing prices of the Shares immediately before the dates of grant were HK\$1.21 and HK\$1.07 each, respectively. Among those granted on 18 May 2011 and 18 August 2011, share options comprising 1,980,000 Shares were exercised on 30 June 2015, and the share options comprising 21,065,000 Shares lapsed due to non-exercise thereof or resignation of grantees. Among those granted on 19 January 2018, share options comprising 20,000,000 Shares were exercised during the Year, and the share options comprising 300,000 Shares lapsed due to resignation of a grantee.

The total number of Shares issued and to be issued upon exercise of the share options granted and to be granted pursuant to the 2011 Scheme and any other share option schemes of the Company to each Participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue (the "Individual Limit"). Any further grant of share options in excess of the Individual Limit shall be subject to Shareholders' approval with such grantee and his close associates (or his associates if such grantee is a connected person) abstaining from voting.

In addition, share options granted to a substantial shareholder (as defined in the Listing Rules) of the Company or an INED or any of their respective associates (as defined in the Listing Rules) in any 12-month period up to and including the date of such grant in excess of 0.1% of the Shares in issue and having an aggregate value, based on the closing price of the Shares at the date of each grant, exceeding HK\$5 million must be approved by Shareholders in general meeting in advance.

2011年計劃之參與者包括(i)本公司、其不時之附屬公司、相關連公司、共同控制公司及相關的公司(「FSH集團」)的任何董事或任何僱員(不論全職或兼職);(ii)FSH集團各成員公司的任何董事或任何職員(不論全職或兼職)所成立全權信託的任何全權受益人;(iii)FSH集團各成員公司的任何諮詢顧問、專業及其他顧問(包括彼等僱員或行政人員或擬委聘提供該等服務的任何人士、商號或公司);及(iv)本公司的任何主要行政人員或主要股東,惟董事會可全權酌情決定任何人士是否屬於上述類別。

因行使根據2011年計劃將予授出的所有購股權及本公司任何其他購股權計劃(如有)項下將予授出的所有購股權而可能發行的股份總數,最多合共相當於採納日已發行股份總數的10%,即數目為79,401,096股。根據2011年計劃,於2011年8月18日及2018年1月19日已分別授出包含23,045,000股及26,100,000股股份之購股權。股份於緊接授出日期前之收市價分別為1.21港元及1.07港元。其中就於2011年5月18日及2011年8月18日授予中包含1,980,000股股份之購股權已於2015年6月30日獲行使,而包含21,065,000股股份之購股權因限期前未得以行使或因承授人離職而告失效。透過2018年1月19日授出的購股權中,於本年度共行使了20,000,000股的購股權,因承授人辭任,共有300,000股的購股權失效。

於任何12個月期間因根據2011年計劃及本公司其他購股權計劃授予及將予授予每名參與者的購股權(包括已行使、註銷及尚未行使的購股權)獲行使而已經及將予發行的股份總數,不得超過已發行股份總數的1%(「個別限額」),進一步授出任何超逾個別限額之購股權須經股東另行批准,方可授出,而該參與者及其緊密聯繫人(或其聯繫人(如該名人士屬關連人士)須放棄表決。

此外,於直至及包括相關授予日期的任何12個月期間內,向本公司之主要股東或獨立非執行董事或彼等各自之任何聯繫人士(定義見上市規則所列明)授出超逾本公司已發行股份之0.1%,或總值(按本公司股份於授出日期之收市價計算)超逾5,000,000港元之購股權,須事先於股東大會上獲股東批准。

DIRECTORS' REPORT (continued)**董事會報告 (續)**

The exercise price is determined by the Board at the date of grant and should be the higher of (a) the average of the closing prices of each Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (b) the closing price of each Share as stated in the Stock Exchange's daily quotation sheet on the date of grant. The amount payable on acceptance of the share option granted is HK\$1.00. Acceptance must be made within a period from the date of grant to such date as the Board may determine and specify in the offer letter (both dates inclusive). The Board is empowered to impose, at its discretion, any minimum period that an option must be held at the time of granting any option. The option period of the share option granted is determined by the Board at the time of offering the grant and, in any event, shall not be longer than 10 years from the date of grant.

The 2011 Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further share option will be granted.

As at 31 December 2019, there were 5,800,000 outstanding share options under the 2011 Scheme, representing approximately 0.47% of the total issued Shares as at the date of this annual report.

The following table discloses movements of the Company's share options granted under the 2011 Scheme during the Year:

Grantees	Date of Grant	Exercise Price	Outstanding as at 1 January 2019 於2019年 1月1日 尚未行使	Granted during the Year 年內已授出	Exercised during the Year 年內已行使	Cancelled/ Lapsed during the Year 年內 已取消/失效	Outstanding as at 31 December 2019 於2019年 12月31日 尚未行使
承權	授出日期	行使價					
Director 董事							
Mr. YAU Hang Tat Andrew 邱恒達先生	19/01/2018	HK\$1.10 1.10 港元	1,800,000	–	(1,800,000)	–	–
Employees 僱員	19/01/2018	HK\$1.10 1.10 港元	24,300,000	–	(18,200,000)	(300,000)	5,800,000
Total 總數			26,100,000	–	(20,000,000)	(300,000)	5,800,000

Notes:

- The share option will be fully vested after 12 months from the date of grant and the exercisable period of share option is from 19/01/2019 to 18/01/2020.
- The closing price of the Shares immediately before the date of grant was HK\$1.07.

Other particulars and movements of the 2011 Scheme during the Year are set out in note 34 to the consolidated financial statements.

行使價由本公司董事會於提出授予購股權時釐定，但必須為下列較高者：(a)於緊接授出該購股權之日前5個營業日於聯交所發出之每日報價表所示之股份平均收市價；及(b)於授出該購股權之日於聯交所發出之每日報價表所示之股份收市價。接納購股權的代價為1.00港元。必須自授出日期至董事會可能釐定之日期（須在要約函中指明）內（包括首尾兩日）接受。董事會有權於發出任何購股權時自行決定必須持有購股權的任何最短期限。購股權之行使期限由董事會於提出授予購股權時釐定，惟任何情況下，由授出日期起計，不得超過10年。

2011年計劃之有效期自採納日起生效，為期10年，於該期限後將不可再授予購股權。

截至2019年12月31日，2011年計劃下，尚未行使的購股權共5,800,000股股份，於本報告日期，相當於已發行股份總數約0.47%。

下表披露本公司於回顧期內根據2011年計劃已授出購股權之變動情況：

附註：

- 購股權將於授出日期起計12個月後全數歸屬及該購股權行使期限由19/01/2019開始至18/01/2020。
- 緊接授出日期前股份的收市價為1.07港元。

年內2011計劃的其他資料及變動，載於綜合財務報表附註34。

DIRECTORS' REPORT (continued)
董事會報告(續)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 31 December 2019, the following persons (other than a Director or the chief executive of the Company)/entities had interests and short positions in the Shares and underlying Shares as recorded in the register of interests of the substantial shareholders required to be kept by the Company pursuant to Section 336 of the SFO (the "Substantial Shareholders' Register").

Long positions in the Shares:

主要股東及其他人士權益

於2019年12月31日，根據本公司按證券及期貨條例第336條所存置之主要股東名冊（「主要股東名冊」）記錄，下列人士（本公司董事或最高行政人員除外）／實體於股份及相關股份中擁有權益及淡倉為：

於股份的好倉情況：

Name of Substantial Shareholders	Capacity	Nature of Interests	Number of Shares Held	Total	Approximate % of the Issued Shares
主要股東名稱	身份	權益性質	持有股份數目	總數	約佔已發行股份百分比
COFCO Corporation ("COFCO") 中糧集團有限公司（「中糧」）	Interest of controlled corporations 控制法團的權益	Corporate interest 法團權益	442,860,000 (Notes 1 and 2) (附註1及2)	442,860,000	36.15
Chinatex Corporation Limited ("Chinatex") 中國中紡集團有限公司（「中紡」）	Interest of controlled corporations 控制法團的權益	Corporate interest 法團權益	442,860,000 (Notes 1 and 2) (附註1及2)	442,860,000	36.15
Chinatex Yieldfull Investment Co., Ltd. ("Yieldfull") 中紡盈豐投資管理有限公司（「盈豐」）	Beneficial owner 實益擁有人	Personal interest 個人權益	409,036,000 (Note 1) (附註1)	409,036,000	33.39
Chinatex Jinhui Investment Management Co., Ltd.* ("Jinhui") 中紡錦輝投資管理有限責任公司（「錦輝」）	Interest of a controlled corporation 控制法團的權益	Corporate interest 法團權益	409,036,000 (Note 1) (附註1)	409,036,000	33.39
Mr. SUN Weiting ("Mr. SUN") 孫偉挺先生（「孫先生」）	Spouse's interests 配偶權益	Family interest 家族權益	3,380,000 (Note 3) (附註3)	208,484,000	17.02
	Interest of controlled corporations 控制法團的權益	Corporate interest 法團權益	205,104,000 (Note 4) (附註4)		
Ms. CHEN Lingfen ("Ms. CHEN") 陳玲芬女士（「陳女士」）	Beneficial owner 實益擁有人	Personal interest 個人權益	3,380,000 (Note 3) (附註3)	208,484,000	17.02
	Interest of controlled corporations 控制法團的權益	Corporate interest 法團權益	205,104,000 (Note 4) (附註4)		

DIRECTORS' REPORT (continued)**董事會報告 (續)**

Name of Substantial Shareholders	Capacity	Nature of Interests	Number of Shares Held	Total	Approximate % of the Issued Shares
主要股東名稱	身份	權益性質	持有股份數目	總數	約佔已發行股份百分比
Huafu Holding Co., Ltd. ("Huafu Holding") 華孚控股有限公司 (「華孚控股」)	Interest of controlled corporations 控制法團的權益	Corporate interest 法團權益	205,104,000 (Note 4) (附註4)	205,104,000	16.74
Huafu Fashion Co., Ltd. ("Huafu Fashion") 華孚時尚股份有限公司 (「華孚時尚」)	Interest of controlled corporations 控制法團的權益	Corporate interest 法團權益	205,104,000 (Note 4) (附註4)	205,104,000	16.74
Mr. HA Chung Fong ("Mr. HA") 夏松芳先生 (「夏先生」)	Beneficial owner 實益擁有人	Personal interest 個人權益	97,450,581 (Note 5) (附註5)	97,450,581	7.95
Ms. TANG Kuen Mui ("Ms. TANG") 鄧娟妹女士 (「鄧女士」)	Spouse's interests 配偶權益	Family interest 家族權益	97,450,581 (Note 5) (附註5)	97,450,581	7.95

* For identification purpose only

* 僅供識別

Notes:**附註:**

- Yieldfull is a wholly-owned subsidiary of Jinhui. Jinhui is a wholly-owned subsidiary of Chinatex and Chinatex is a wholly-owned subsidiary of COFCO. Therefore, each of Jinhui, Chinatex and COFCO is deemed to be interested in the Shares held by Yieldfull.
- As at 31 December 2019, Chinatex (H.K.) Holding Limited held 33,824,000 Shares as beneficial owner. Chinatex (H.K.) Holding Limited is a wholly-owned subsidiary of Chinatex and Chinatex is a wholly-owned subsidiary of COFCO. Therefore, each of Chinatex and COFCO is deemed to be interested in the Shares held by Chinatex (H.K.) Holding Limited.
- Mr. SUN, spouse of Ms. CHEN, is deemed to be interested in the Shares held by Ms. CHEN.
- Hong Kong Tin Shing Trading Limited ("Tin Shing") held 205,104,000 Shares as beneficial owner. Tin Shing is a wholly-owned subsidiary of Huafu HK Co. Limited ("Huafu HK"). Huafu HK is a wholly-owned subsidiary of Shenzhen Huafu Import and Export Co., Ltd. ("Shenzhen Huafu") and Shenzhen Huafu is a wholly-owned subsidiary of Huafu Fashion. Huafu Fashion is owned as to 34.27% by Huafu Holding and Huafu Holding is owned as to 50% by each of Mr. SUN and Ms. CHEN. Therefore, each of Huafu HK, Shenzhen Huafu, Huafu Fashion, Huafu Holding, Mr. SUN and Ms. CHEN is deemed to be interested in the Shares held by Tin Shing under the SFO.
- Ms. TANG, spouse of Mr. HA, is deemed to be interested in the Shares held by Mr. HA.

- 盈豐為錦輝之全資附屬公司，錦輝為中紡之全資附屬公司，而中紡則為中糧的全資附屬公司。因此，錦輝、中紡及中糧各自被視作擁有盈豐所持股份之權益。
- 於2019年12月31日，中紡（香港）控股有限公司持有33,824,000股股份（作為實益擁有人）。中紡（香港）控股有限公司為中紡之全資附屬公司，而中紡則為中糧之全資附屬公司。因此，中紡及中糧各自被視作擁有中紡（香港）控股有限公司所持股份之權益。
- 孫先生為陳女士之配偶，因而被當作擁有陳女士所持股份之權益。
- 香港天成貿易有限公司（「天成」）持有205,104,000股股份（作為實益擁有人）。天成為香港華孚有限公司（「香港華孚」）之全資附屬公司。香港華孚為深圳市華孚進出口有限公司（「深圳華孚」）之全資附屬公司，而深圳華孚為華孚時尚之全資附屬公司。華孚時尚由華孚控股持有34.27%權益，而華孚控股由孫先生及陳女士分別持有50%權益。因此，根據證券及期貨條例，香港華孚、深圳華孚、華孚時尚、華孚控股、孫先生及陳女士均被視為擁有天成持有的股份的權益。
- 鄧女士為夏先生之配偶，因而被當作擁有夏先生所持股份之權益。

DIRECTORS' REPORT (continued) 董事會報告(續)

Save as disclosed above, as at 31 December 2019, the Directors were not aware of any persons (other than a Director or the chief executive of the Company) who/entities which had any interests and short positions in the Shares and underlying Shares, which were required to be recorded in the Substantial Shareholders' Register.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Year was the Company, or its holding companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and no such arrangements subsisted as at 31 December 2019.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office. Such provision was in force during the course of the Year and remained in force as of the date of this report.

The Company has arranged appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" in this Directors' Report below and note 44 to the consolidated financial statements, no transactions, arrangements or contracts of significance in relation to the Group's business, to which the Company, or its holding companies, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted as at 31 December 2019 or at any time during the Year.

DIRECTORS OF SUBSIDIARIES

The names of all directors who have served on the boards of the subsidiaries of the Company during the Year or during the period from 1 January 2020 to the date of this Directors' Report are available on the Company's website at www.fshl.com.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in note 44 to the consolidated financial statements, there was no contract of significance (whether for the provision of services to the Group or not) in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any controlling shareholders (as defined in the Listing Rules) of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

除上述披露者外，於2019年12月31日，董事並不知悉任何人士（本公司董事或最高行政人員除外）／實體於股份及相關股份中擁有須記錄於主要股東名冊之權益或淡倉。

購買股份或債券安排

除上述披露者外，本公司／或其任何控股公司／或其任何附屬公司或其任何同系附屬公司，於2019年12月31日止及年度內均無或存在任何安排，使董事可藉購買本公司或任何其他公司之股份或債券而獲益。

獲准許的彌償條文

根據章程細則，每名董事就其執行職務或與此有關所蒙受或招致之一切損失或負債，均有權從本公司資產中獲得彌償。此條文在本年度期間生效，並於此報告日仍生效。

本公司已就董事及主要職員可能面對之有關法律行動安排適當的董事及主要職員責任保險。

董事擁有之重要交易，安排或合約權益

除本董事會報告「關連交易」部分及綜合財務報表附註44所披露者外，於截至2019年12月31日或在本年度任何時間，本公司／或其任何控股公司／或其任何附屬公司或其任何同系附屬公司，並無與董事或與董事有關連的實體訂立或存在任何與本集團業務直接或間接重大權益之重要交易，安排或合約。

附屬公司之董事

於本年度或於2020年1月1日起至本董事會報告日期止期間任職於本公司附屬公司董事會的全體董事姓名載於本公司網站www.fshl.com。

控股股東擁有之合約權益

除綜合財務報表附註44所披露者外，於本年度結束時或在本年度任何時間，本公司或其任何附屬公司並無與其控股股東（「定義見上市規則」）或其任何附屬公司訂立或存在任何與本集團業務直接或間接重大權益之重要合約（不論是否為本集團提供服務）。

DIRECTORS' REPORT (continued)

董事會報告 (續)

CONNECTED TRANSACTIONS

The Company's independent auditor was engaged to report on the Group's continuing connected transactions (as defined in the Listing Rules) (the "Continuing Connected Transactions") in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and by 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 independent auditor has issued a letter containing its findings and conclusions in respect of the Continuing Connected Transactions disclosed by the Group in note 44 to the consolidated financial statements in accordance with Rule 14A.56 of the Listing Rules. A copy of the independent auditor's letter has been provided by the Company to the Stock Exchange. The information in relation to the Continuing Connected Transactions entered into during the Year is set out in note 44 to the consolidated financial statements.

The Company's independent auditor has confirmed that all of the Continuing Connected Transactions (a) had been approved by the Board; (b) were in accordance with the pricing policies of the Group, where applicable; (c) had been entered into in accordance with the terms of the agreements governing the transactions; and (d) had not exceeded the respective cap amounts in respect of each of the Continuing Connected Transactions.

The INEDs have also reviewed the Continuing Connected Transactions and confirmed that the same had been entered into by the Group:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and
- (iii) in accordance with the terms of the agreements governing such transactions that were fair and reasonable and in the interests of the Shareholders as a whole.

RELATED PARTY TRANSACTION

Save for the transactions disclosed in note 44(c) to the consolidated financial statements, none of the related party transactions disclosed in note 44 to the consolidated financial statements constituted a one-off connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements for all the one-off connected transactions or continuing connected transactions (as the case may be) in accordance with Chapter 14A of the Listing Rules.

關連交易

本公司獨立核數師已獲委聘根據香港會計師公會頒佈的《香港核證工作準則》第3000號（經修訂）「對過往財務資料進行審核或審閱以外的核證工作」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（定義見上市規則所列明）（「持續關連交易」）的核數師函件」報告本集團之持續關連交易。獨立核數師已根據上市規則第14A.56條發出函件，當中載有核數師對本集團於綜合財務報表附註44所披露之持續關連交易之發現及結論。本公司已將獨立核數師函件副本送呈聯交所。於本年度訂立之持續關連交易之資料已載於綜合財務報表附註44。

本公司獨立核數師已確認，所有持續關連交易(a)已獲董事會批准；(b)根據本集團之定價政策釐定（如適用）；(c)根據監管該等交易之協議條款訂立；及(d)各項持續關連交易並無超過各自之上限金額。

獨立非執行董事亦已審閱上述持續關連交易，並確認上述持續關連交易乃由本集團按下列基準訂立：

- (i) 於本集團日常及正常業務過程中訂立；
- (ii) 按一般商業條款或不遜於本集團提供予獨立第三方或獨立第三方提供予本集團之條款訂立；及
- (iii) 根據監管該等交易之協議條款訂立，而該等協議條款屬公平合理，並符合本公司股東的整體利益。

關聯人士交易

除綜合財務報表附註44(c)所披露之交易外，概無於本集團綜合財務報表附註44所披露之關聯人士交易根據上市規則第14A章構成一次性關連交易或持續關連交易。本公司已根據上市規則第14A章遵守有關所有一次性關連交易或持續關連交易（視情況而定）之披露規定。

DIRECTORS' REPORT (continued) 董事會報告(續)

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

During the Year, the Company had not redeemed its listed securities, nor did the Company or any of its subsidiaries purchase or sell any of such securities.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the INEDs an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considered that all the INEDs meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

REMUNERATION POLICY

The remuneration policy of the employees (including key management) of the Group was established by the management of the Group on the basis of their merit, qualifications and competence. The remuneration committee of the Board (the "Remuneration Committee") will review and approve the remuneration policy to be recommended to the Board for approval.

The remuneration of each of the Directors is reviewed and recommended by the Remuneration Committee to the Board for approval, having regard to the Company's operating results, individual performance and comparable market statistics. None of the Directors or executives, or any of their respective associates (as defined in the Listing Rules), is involved in dealing with his own remuneration.

The Company has adopted the 2011 Scheme as an incentive to the Directors and eligible employees, details of which are set out in the "SHARE OPTION SCHEME" section above and note 34 to the consolidated financial statements.

DIVIDEND POLICY

Under the dividend policy, provided the Group is profitable and without affecting the normal operations of the Group, the Company may consider to declare and pay dividends to the Shareholders. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia: (i) the general financial condition of the Group; (ii) capital and debt level of the Group; (iii) future cash requirements and availability for business operations, business strategies and future development needs; (iv) any restrictions on payment of dividends that may be imposed by the Group's lenders; (v) the general market conditions; (vi) the interests of the Shareholders; and (vii) any other factors that the Board deems appropriate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Year, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in any business (apart from the Group's business) which competed or was likely to compete, either directly or indirectly, with the business of the Group.

購回、出售及贖回本公司之上市證券

本年度內，本公司及其任何附屬公司並無購回、出售或贖回本公司之上市證券。

獨立性之確認

本公司已獲得每名獨立非執行董事每年書面聲明以確認各自按上市規則第3.13條的獨立性。本公司認為全體獨立非執行董事均符合上市規則第3.13條所載之獨立指引，並根據有關指引屬獨立。

薪酬政策

有關本集團僱員(包括主要管理人員)之薪酬政策由本集團管理層制定，以彼等之表現、資歷及工作能力為基準，由本公司薪酬委員會(「薪酬委員會」)審批，並作為建議向董事會呈交，供其審批。

每位董事之酬金參照本公司之營運業績、個別表現及比較市場統計數字而釐定，並由薪酬委員會審閱及作為建議向董事會呈交，供其審批。概無董事或執行人員或其任何聯繫人士(如上市規則所列)參與處理其本身之薪酬事宜。

本公司採納2011年計劃，藉以給予董事及合資格僱員獎勵，計劃詳情載於上文「購股權計劃」部分及綜合財務報表附註34。

股息政策

根據股息政策，倘本集團有盈利且不影響本集團的正常營運的情況下，則本公司可考慮向股東宣佈及派發股息。在決定是否建議宣派股息及釐定股息的金額時，董事會應考慮(其中包括)：(i)本集團的一般財務狀況；(ii)本集團的資本及債務水準；(iii)未來現金需求及業務營運、業務策略及未來發展需要的可用性；(iv)對本集團貸方可能施加的股息支付的任何限制；(v)一般市場條件；(vi)股東的利益；及(vii)董事會認為適當的任何其他因素。

董事於競爭業務之權益

本年度內，董事或彼等各自之聯繫人士(定義見上市規則)概無在與本集團業務直接或間接構成競爭或可能構成競爭之業務中擁有權益。

DIRECTORS' REPORT (continued)**董事會報告 (續)****UPDATE ON THE DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES**

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of the Directors since the date of the 2019 interim report of the Company required to be disclosed in this annual report are as follows:

Mr. YAU Hang Tat Andrew has served as a director of the Hong Kong General Chamber of Textiles Limited since 12 August 2019.

Dr. YEN Gordon has been appointed as the chairman of the Hong Kong Business Angel Network since 25 September 2019.

MANAGEMENT CONTRACTS

No contracts (except for the EDs' service 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 Year.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the aggregate revenue attributable to the Group's five largest customers was less than 30% of the total revenue for the Year.

During the Year, the aggregate purchases attributable to the Group's five largest suppliers was less than 30% of the total purchases for the Year.

None of the Directors nor any of their close associates (as defined in the Listing Rules) owns more than 5% of the number of issued Shares) had any beneficial interest in the Group's five largest customers and/or five largest suppliers during the Year. One of the Shareholders (HuaFu Holding) and its close associates (which, to the best knowledge of the Directors, owns more than 5% of the number of issued Shares) had beneficial interest in the Group's five largest customers and/or five largest suppliers during the Year.

DONATIONS

During the Year, the Group made charitable and other donations totaling HK\$445,424 (2018: HK\$455,356).

CORPORATE GOVERNANCE

The principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 37 to 52 of this annual report.

根據上市規則第13.51B(1)條更新董事資料

根據上市規則第13.51B(1)條，自本公司2019年中期報告日期以來本公司董事資料的變動須於本年報中披露如下：

邱恒達先生自2019年8月12日起擔任香港紡織商會會董。

嚴震銘博士自2019年9月25日起擔任香港天使投資脈絡主席。

管理合約

於本年度內，除於執行董事訂立之服務合約，並無訂立或存在與本公司業務全部或任何重大部分有關的管理及行政合約。

主要客戶及供應商

本集團本年度內之5大客戶共佔營業總額少於30%。

本集團本年度內之5大供應商共佔採購總額少於30%。

年內，董事或彼等的任何緊密聯繫人（如上市規則所列）（就董事所深知擁有已發行股份數目5%以上）概無於本集團5大客戶及／或5大供應商中擁有任何實益權益。一位股東（華孚控股及其緊密聯繫人）（就董事所深知擁有已發行股份數目5%以上）於本集團5大客戶及／或5大供應商中擁有實益權益。

捐款

本年度本集團作出之慈善及其他捐款共445,424港元（2018年：455,356港元）。

企業管治

本公司採納之主要企業管治常規載於本年報第37至52頁之企業管治報告內。

DIRECTORS' REPORT (continued) 董事會報告(續)

EQUITY-LINKED AGREEMENT

Save as the share options granted, no equity-linked agreements were entered into by the Company during the Year or subsisted at the end of the Year.

SUFFICIENCY OF PUBLIC FLOAT

From the information publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float of not less than 25% of the issued Shares throughout the Year and the period thereafter up to the date of this Directors' Report.

AUDIT COMMITTEE'S REVIEW

The Company has established an audit committee of the Board (the "Audit Committee") for the purposes of reviewing and providing supervision over the Company's financial reporting process, internal controls and risk management. The Audit Committee presently comprises one NED and two INEDs, and one of the INEDs acts as the chairman of the Audit Committee. The Audit Committee has reviewed the audited consolidated final results as well as the systems of internal control and risk management of the Group for the Year.

INDEPENDENT AUDITOR

The Board has taken the Audit Committee's recommendation that a resolution will be submitted to the forthcoming AGM for the Shareholders' consideration and approval to re-appoint BDO Limited as the independent auditor of the Company.

On behalf of the Board

ZHAO Yao

Chairman and Chief Executive Officer

Hong Kong
20 March 2020

股權掛鉤協議

除購股權授予外，於是年度結束時，本公司概無訂立或存在任何股權掛鉤協議。

足夠公眾持股量

從本公司可獲得之公開資料顯示及就董事所知，本公司於截至本年度及本董事會報告日期期間一直維持不少於已發行股份25%之足夠公眾持股量。

審核委員會審閱

本公司已成立本公司審核委員會（「審核委員會」），藉以檢討及監察本公司之財務申報程序、內部監控及風險管理。審核委員會現由1名非執行董事及2名獨立非執行董事組成，並由其中1名獨立非執行董事擔任審核委員會主席。審核委員會已審閱本集團本年度之經審核綜合末期業績及內部監控制度。

獨立核數師

董事會應審核委員會推薦於應屆股東週年大會上將提呈決議案供股東考慮及批准以續聘香港立信德豪會計師事務所有限公司為本公司獨立核數師。

代表董事會

趙耀

主席兼行政總裁

香港
2020年3月20日

PARTICULARS OF INVESTMENT PROPERTIES

投資物業詳情

Particulars of investment properties held by the Group at 31 December 2019 are as follows:
於2019年12月31日，本集團投資物業的詳情如下：

Location 地點	Lease 租賃年期	Use 用途	The Group's effective interest 本集團有效權益
Unit A2 on 5/F., & unit A1 on 7/F., Eastern Sea Industrial Building, 29-39 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong 香港新界葵涌葵昌路29-39號 東海工業大廈 5樓A2室及7樓A1室	Medium-term leases 中期租賃	Warehouse and office 貨倉及辦公室	100%
Office Units A3801, 03, 05, 06, 08-10 and 12, Block A, United Plaza, Futian District, Shenzhen, the PRC 中國深圳市福田區濱河路與彩田路交匯處 聯合廣場A棟塔樓 A3801, 03, 05, 06, 08至10和12	Medium-term land use rights 中期土地使用權	Office 辦公室	100%
Factory Nos. 5, 9 and 11 No 66-68, Danxia Road, Xiangshan Industry Zone, Ningbo, Zhejiang Province, the PRC 中國浙江省寧波市象山縣工業園區丹霞路66-68號 廠區內5, 9及11號廠房	Medium-term land use rights 中期土地使用權	Factory and office 廠房及辦公室	55.5%
3/F and 5/F of Dormitory Block No. 3 No 66-68, Danxia Road, Xiangshan Industry Zone, Ningbo, Zhejiang Province, the PRC 中國浙江省寧波市象山縣工業園區丹霞路66-68號 廠區內宿舍第三棟第三和第五層	Medium-term land use rights 中期土地使用權	Dormitory 宿舍	55.5%
A pier located at west port dike of Baiqu Port, near No. 9 Xiaoshun Road, High-tech Zone, Jiangyin, Jiangsu Province, the PRC 中國江蘇省江陰高新區蕭山路9號旁 白屈港河西港堤碼頭	Medium-term land use rights 中期土地使用權	Pier 碼頭	100%

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



TO THE MEMBERS OF FOUNTAIN SET (HOLDINGS) LIMITED
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Fountain Set (Holdings) Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 78 to 168, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

致福田實業(集團)有限公司各位股東
(於香港註冊成立的有限公司)

意見

本核數師行已審核載於第78至168頁內的福田實業(集團)有限公司(「貴公司」)及其附屬公司(統稱為「貴集團」)的綜合財務報表,此等財務報表包括於2019年12月31日的綜合財務狀況表及截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表,以及綜合財務報表附註,包括主要會計政策概要。

本核數師行認為,該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)真實且公平地反映了 貴集團於2019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綜合現金流量,並已按照香港公司條例妥為編製。

意見基準

本核數師行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」)進行審核工作。本核數師行於該等準則下的責任在本核數師行的報告內「核數師就審核綜合財務報表須承擔的責任」一節中作進一步闡述。根據香港會計師公會的「職業會計師道德守則」(「守則」),本核數師行獨立於 貴集團,並已遵循守則履行其他道德責任。本核數師行相信,本核數師行所獲得的審核憑證能充足及適當地為本核數師行的意見提供基礎。

關鍵審核事項

根據本核數師行的專業判斷,關鍵審核事項為本核數師行於審核本期間的綜合財務報表中最重要的事項。本核數師行在審核整體綜合財務報表及就此達致意見時處理此等事項,而不會就此等事項單獨發表意見。

INDEPENDENT AUDITOR'S REPORT (continued)**獨立核數師報告 (續)****KEY AUDIT MATTERS (continued)****Impairment of inventories**

Refer to note 20 to the consolidated financial statements

A degree of substandard products is typically produced during the normal course of the Group's production process. Moreover, inventories of the Group will become aged and/or obsolete in the absence or cancellation of orders. The Group maintains a sophisticated information technology system to keep track of the aging and utilisation of inventories and materials regarded as wastage for the estimation of net realisable value.

Based on the utilisation of inventories which became wastage and long-aged, the Group made an accumulated provision of HK\$201,188,000 as at year end by reference to estimated net realisable value of inventories.

We identified the impairment of inventories as a key audit matter because the estimates of net realisable value and how materials are regarded as wastage on which this impairment entailed a significant degree of management judgement.

Our response:

We performed audit procedures in relation to management's impairment assessment of inventories which included:

- evaluating the methodology and key assumptions adopted by management in estimating the net realisable value and discussing them with management;
- challenging the reasonableness of key assumptions based on our knowledge of the business and industry;
- checking, on a sample basis, the accuracy and relevance of the input data used by management in capturing the aging and utilisation of inventories and estimate the net realisable value of those inventories; and
- testing controls over recording impairment of inventories.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's 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.

關鍵審核事項 (續)**存貨減值**

請參閱綜合財務報表附註20

貴集團於日常生產過程中通常會產生一定程度的不合格產品。此外，若無訂單或取消訂單，貴集團的存貨會變為陳舊及／或廢棄。貴集團設有完善的資訊科技系統，從以監察存貨及被視作廢棄物的材料之賬齡及使用情況以估算可變現淨值。

根據廢棄及陳舊存貨的使用情況，貴集團於年度終結時經參考存貨的估計可變現淨值作出累計撥備201,188,000港元。

本核數師行確定存貨減值為關鍵審核事項，此乃由於對有關可變現淨值作出減值估計以及材料為何被視為廢棄材料時，涉及管理層的重大判斷。

本核數師行的應對：

本核數師行就管理層的存貨減值評估進行的審核程序包括：

- 對管理層於估計可變現淨值時所採納的方法及主要假設進行評估並與管理層進行討論；
- 依據本核數師行對業務及行業的了解，質疑關鍵假設的合理性；
- 抽樣檢查管理層於計算存貨賬齡及使用情況，以及估計該等存貨的可變現淨值時所用輸入數據的準確性及相關性；及
- 測試對記錄存貨減值的監控。

年報內的其他資料

董事須對其他資料負責。其他資料包括貴公司年報所載資料，惟不包括綜合財務報表及本核數師行就此發出的核數師報告。

本核數師行對綜合財務報表的意見並不涵蓋其他資料，本核數師行亦不會對其他資料發表任何形式的核證結論。

INDEPENDENT AUDITOR'S REPORT (continued) 獨立核數師報告(續)

OTHER INFORMATION IN THE ANNUAL REPORT (continued)

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.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors 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 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 misstatements, whether due to fraud or error.

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

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. This report is made solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, 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 HKSRs 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.

年報內的其他資料(續)

就本核數師行審核綜合財務報表而言，本核數師行的責任為閱讀其他資料，從而考慮其他資料是否與綜合財務報表或本核數師行在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。基於本核數師行已執行的工作，倘本核數師行認為其他資料有重大錯誤陳述，本核數師行須報告該事實。就此，本核數師行毋須作出報告。

董事就綜合財務報表須承擔的責任

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，編製真實且公平的綜合財務報表，及落實其認為編製綜合財務報表所必要的內部監控，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

於編製綜合財務報表時，董事須負責評估 貴集團持續經營的能力，並在適用情況下披露與持續經營相關的事項，並運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。

董事亦須負責監督 貴集團財務申報程序。審核委員會協助董事履行其在這方面的責任。

核數師就審核綜合財務報表須承擔的責任

本核數師行的目標為對綜合財務報表整體是否存在由於欺詐或錯誤而導致的任何重大錯誤陳述取得合理保證，並出具包括本核數師行意見的核數師報告。本報告乃根據香港公司條例第405條僅向整體股東作出報告，並無作其他用途。本核數師行不會就本報告內容向任何其他人士負責或承擔任何責任及債務。

合理核證是高水平的核證，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。錯誤陳述可因欺詐或錯誤產生，倘個別或整體在合理預期情況下可影響使用者根據該等綜合財務報表作出的經濟決定時，則被視為重大錯誤陳述。

INDEPENDENT AUDITOR'S REPORT (continued)**獨立核數師報告(續)****AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

As part of an audit in accordance with HKSAs, 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.
- 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.

核數師就審核綜合財務報表須承擔的責任(續)

本核數師行根據香港審計準則執行審核的工作之一，是在審核的過程中運用專業判斷及保持職業懷疑。本核數師行亦：

- 識別及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，設計及執行審核程序以應對該等風險，以及獲取充足和適當的審核憑證，作為本核數師行意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部監控的情況，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審核相關的內部監控，以設計適當的審計程序，惟並非旨在對貴集團內部監控的有效性發表意見。
- 評估董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基準的恰當性作出結論，並根據所獲取的審核憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。倘本核數師行認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。倘有關披露不足，則修訂本核數師行意見。本核數師行的結論乃基於截至本核數師行的核數師報告日期止所得的審核憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評估綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否公平反映相關交易和事項。
- 就貴集團內實體或業務活動的財務資料獲取充足及適當的審核憑證，以便對綜合財務報表發表意見。本核數師行負責集團審核的方向、監督及執行。本核數師行為審核意見承擔全部責任。

INDEPENDENT AUDITOR'S REPORT (continued) 獨立核數師報告(續)

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

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

From the matters communicated with the directors, 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.

BDO Limited

Certified Public Accountants

Chow Tak Sing, Peter

Practising Certificate Number P04659

Hong Kong, 20 March 2020

核數師就審核綜合財務報表須承擔的責任(續)

本核數師行與審核委員會就(其中包括)審核的計劃範圍、時間安排及重大審核發現溝通,該等發現包括本核數師行在審核過程中識別的內部監控的任何重大缺陷。

本核數師行亦向審核委員會作出聲明,指出本核數師行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本核數師行獨立性的所有關係及其他事宜,以及相關防範措施(如適用)。

從與董事溝通的事項中,本核數師行釐定對本期間綜合財務報表審核至關重要的事項,因而構成關鍵審核事項。本核數師行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,或在極少數情況下,倘合理預期在本核數師行的報告中溝通某事項造成的負面後果超出產生的公眾利益,則本核數師行決定不應在報告中溝通該事項。

香港立信德豪會計師事務所有限公司

執業會計師

周德陞

執業證書編號P04659

香港, 2020年3月20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 2019 截至2019年12月31日止年度

		Notes 附註	2019 HK\$'000 千港元	2018 HK\$'000 千港元
Revenue	營業額	6	6,605,655	7,510,789
Cost of sales	銷售成本		(5,844,703)	(6,690,010)
Gross profit	毛利		760,952	820,779
Other revenue	其他收入		63,911	68,957
Other gains and losses	其他收益及虧損		(21,448)	(5,179)
Distribution and selling expenses	分銷及銷售費用		(132,514)	(181,673)
Administrative expenses	行政費用		(424,871)	(442,718)
Finance costs	融資成本	7	(37,047)	(30,397)
Share of profit of an associate	應佔一間聯營公司之盈利	18	636	1,096
Profit before income tax expense	除所得稅支出前盈利		209,619	230,865
Income tax expense	所得稅支出	8	(42,805)	(52,586)
Profit for the year	是年度盈利	9	166,814	178,279
Profit for the year attributable to:	應佔是年度盈利：			
Owners of the Company	本公司擁有人		141,089	160,792
Non-controlling interests	非控股權益		25,725	17,487
			166,814	178,279
			HK cents 港仙	HK cents 港仙
Earnings per share	每股盈利			
– Basic	– 基本	12	11.6	13.3
– Diluted	– 攤薄	12	11.6	13.3

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)
綜合損益及其他全面收益表(續)

FOR THE YEAR ENDED 31 DECEMBER 2019 截至2019年12月31日止年度

		Note 附註	2019 HK\$'000 千港元	2018 HK\$'000 千港元
Profit for the year	是年度盈利	9	166,814	178,279
Other comprehensive income, net of tax	其他全面收益 (經扣除稅項)			
Item that may be reclassified subsequently to profit or loss:	其後可能重新分類至 損益之項目:			
Exchange differences arising on translation of foreign operations	換算海外業務產生之 匯兌差額		(9,319)	(10,684)
Other comprehensive income for the year	是年度其他全面收益		(9,319)	(10,684)
Total comprehensive income for the year	是年度全面收益總值		157,495	167,595
Total comprehensive income for the year attributable to:	應佔是年度全面收益總值:			
Owners of the Company	本公司擁有人		135,237	153,265
Non-controlling interests	非控股權益		22,258	14,330
			157,495	167,595

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

AS AT 31 DECEMBER 2019 於2019年12月31日

		Notes 附註	At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Non-current assets	非流動資產			
Investment properties	投資物業	13	51,545	55,841
Property, plant and equipment	物業、機器及設備	14	1,435,486	1,556,139
Right-of-use assets	使用權資產	15	244,479	–
Prepaid lease payments	預付租賃款項			
– non-current portion	– 非流動部分	16	–	94,025
Other intangible assets	其他無形資產	17	12,060	15,075
Deposit paid for purchase of plant and equipment	購買機器及設備的已付按金		17,879	–
Interest in an associate	於一間聯營公司之權益	18	20,537	19,901
Deferred tax assets	遞延稅項資產	19	53,819	30,725
			1,835,805	1,771,706
Current assets	流動資產			
Inventories	存貨	20	1,255,906	1,479,107
Trade and bills receivables	營業及票據應收款項	21	1,129,994	1,236,970
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	22	127,564	179,425
Prepaid lease payments	預付租賃款項			
– current portion	– 流動部分	16	–	2,599
Tax recoverable	可收回稅項		2,223	5,070
Restricted bank deposits	受限制銀行存款	23	8,055	13,981
Short-term bank deposits	短期銀行存款	24	168,175	76,856
Bank balances and cash	銀行結餘及現金	24	769,178	898,810
			3,461,095	3,892,818
Current liabilities	流動負債			
Trade and bills payables	營業及票據應付款項	25	823,798	770,819
Other payables and accruals	其他應付款項及應計費用	26	266,863	296,277
Contract liabilities	合約負債	27	15,315	17,834
Lease liabilities – current portion	租賃負債 – 流動部分	28	31,053	–
Amounts due to non-controlling shareholders	欠非控股股東款項	29	80,100	80,100
Amount due to an associate	欠一間聯營公司款項	29	7,179	4,269
Deferred income – current portion	遞延收入 – 流動部分	30	1,622	1,622
Tax payable	應付稅項		37,800	20,505
Bank borrowings – due within one year	銀行借貸 – 一年內到期	31	67,923	495,707
			1,331,653	1,687,133
Net current assets	流動資產淨值		2,129,442	2,205,685
Total assets less current liabilities	資產總值減流動負債		3,965,247	3,977,391

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
綜合財務狀況表 (續)

AS AT 31 DECEMBER 2019 於2019年12月31日

			At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
	Notes 附註			
Non-current liabilities		非流動負債		
Deferred income – non-current portion	30	遞延收入－非流動部分	55,745	57,367
Bank borrowings – due after one year	31	銀行借貸－一年後到期	154,459	302,806
Lease liabilities – non-current portion	28	租賃負債－非流動部分	158,783	–
Deferred tax liabilities	19	遞延稅項負債	11,204	15,973
			380,191	376,146
Net assets		資產淨值	3,585,056	3,601,245
Capital and reserves		資本及儲備		
Share capital	32	股本	889,810	865,716
Reserves		儲備	2,529,651	2,567,084
Equity attributable to owners of the Company		本公司擁有人應佔權益	3,419,461	3,432,800
Non-controlling interests	33	非控股權益	165,595	168,445
Total equity		權益總值	3,585,056	3,601,245

The consolidated financial statements on pages 78 to 168 were approved and authorised for issue by the Board of Directors on 20 March 2020 and are signed on its behalf by:

第78至168頁的綜合財務報表已於2020年3月20日由董事會通過及核准發放，並由下列董事代表簽署：

ZHAO Yao
趙耀
Director
董事

YAU Hang Tat, Andrew
邱恒達
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

FOR THE YEAR ENDED 31 DECEMBER 2019 截至2019年12月31日止年度

		Attributable to owners of the Company 本公司擁有人應佔							
		Share capital 股本 HK\$'000 千港元	Translation reserve 匯兌儲備 HK\$'000 千港元	Share options reserve 購股權儲備 HK\$'000 千港元	Statutory reserves 法定儲備 HK\$'000 千港元 (note) (附註)	Retained earnings 滾存盈利 HK\$'000 千港元	Total 總值 HK\$'000 千港元	Non- controlling interests 非控股權益 HK\$'000 千港元	Total equity 權益總值 HK\$'000 千港元
At 1 January 2018	於2018年1月1日	865,716	(39,873)	–	82,590	2,493,828	3,402,261	154,115	3,556,376
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額	–	(7,527)	–	–	–	(7,527)	(3,157)	(10,684)
Profit for the year	是年度盈利	–	–	–	–	160,792	160,792	17,487	178,279
Total comprehensive income for the year	是年度全面收益總值	–	(7,527)	–	–	160,792	153,265	14,330	167,595
Equity-settled share-based payments	以權益結算以股份為基礎之付款	–	–	2,597	–	–	2,597	–	2,597
Dividend recognised as distribution	已確認為分派之股息	–	–	–	–	(125,323)	(125,323)	–	(125,323)
Transfer from retained earnings to statutory reserves	由滾存盈利調撥至法定儲備	–	–	–	6,792	(6,792)	–	–	–
At 31 December 2018	於2018年12月31日	865,716	(47,400)	2,597	89,382	2,522,505	3,432,800	168,445	3,601,245
Initial application of HKFRS 16 (note 2(a))	首次應用香港財務報告準則第16號(附註2(a))	–	28	–	–	(24,407)	(24,379)	(11)	(24,390)
Restated balance at 1 January 2019	於2019年1月1日之經重列結餘	865,716	(47,372)	2,597	89,382	2,498,098	3,408,421	168,434	3,576,855
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額	–	(5,852)	–	–	–	(5,852)	(3,467)	(9,319)
Profit for the year	是年度盈利	–	–	–	–	141,089	141,089	25,725	166,814
Total comprehensive income for the year	是年度全面收益總值	–	(5,852)	–	–	141,089	135,237	22,258	157,495
Equity-settled share-based payments	以權益結算以股份為基礎之付款	–	–	133	–	–	133	–	133
Exercise of share option	行使購股權	24,094	–	(2,094)	–	–	22,000	–	22,000
Dividend recognised as distribution	已確認為分派之股息	–	–	–	–	(146,330)	(146,330)	(25,097)	(171,427)
Transfer from retained earnings to statutory reserves	由滾存盈利調撥至法定儲備	–	–	–	10,736	(10,736)	–	–	–
Transfer from share options reserve to retained earnings	由購股權儲備調撥至滾存盈利	–	–	(29)	–	29	–	–	–
At 31 December 2019	於2019年12月31日	889,810	(53,224)	607	100,118	2,482,150	3,419,461	165,595	3,585,056

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued) **綜合權益變動表 (續)**

FOR THE YEAR ENDED 31 DECEMBER 2019 截至2019年12月31日止年度

Note: The statutory reserves represent the appropriation of certain percentages of profit after taxation of certain subsidiaries in the People's Republic of China (the "PRC") as recommended by the directors of those subsidiaries as reported under the PRC statutory financial statements. According to the provision of the articles of association of the subsidiaries, the statutory reserves shall only be used for making up losses, capitalisation into share capital, expansion of the relevant subsidiary's operation and for the welfare of the subsidiary's staff and workers.

In accordance with the relevant laws and regulations in the PRC and Articles of Association of the company incorporated in the PRC now comprising the Group, i.e. the PRC Operational Entity, it is required to appropriate 10% of the annual net profits of the PRC Operational Entity, after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory reserve fund before distributing any net profit. When the balance of the statutory reserve fund reaches 50% of the registered capital of the PRC Operational Entity, any further appropriation is at the discretion of shareholders. The statutory reserve fund can be used to offset prior years' losses, if any, and may be capitalised as capital, provided that the remaining balance of the statutory reserve fund after such issue is no less than 25% of registered capital.

附註： 法定儲備指若干在中華人民共和國(「中國」)的附屬公司的董事按中國法定財務報表的呈報要求建議將該等附屬公司若干比率的稅後盈利撥備的金額。根據附屬公司組織章程細則的條款，法定儲備僅可用於彌補虧損、撥充股本、擴充相關附屬公司的業務及附屬公司員工及工人的福利。

根據相關中國法律及法規及現組成本集團於中國註冊成立的公司(即中國經營實體)的組織章程細則規定，於抵銷根據中國會計準則釐定的任何過往年度的虧損後，其須於分派任何純利前撥款中國經營實體年度純利的10%至法定儲備金。倘法定儲備金結餘達致中國經營實體註冊資本的50%，任何進一步的撥款乃由股東酌情決定。法定儲備金可用於抵銷過往年度的虧損(如有)，並可資本化為股本，惟於有關發行後法定儲備金的餘下結餘不得少於註冊資本的25%。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2019 截至2019年12月31日止年度

		2019 HK\$'000 千港元	2018 HK\$'000 千港元
CASH FLOWS FROM OPERATING ACTIVITIES	營運項目所得的現金流量		
Profit before income tax expense	除所得稅支出前盈利	209,619	230,865
Adjustments for:	調整：		
Amortisation of deferred income	遞延收入之攤銷	(1,622)	(1,622)
Depreciation of investment properties	投資物業之折舊	3,544	3,627
Depreciation and impairment of property, plant and equipment	物業、機器及設備之折舊及減值	233,519	175,998
Amortisation of other intangible assets	其他無形資產之攤銷	3,015	3,271
Equity-settled share-based payments	以權益結算以股份為基礎之付款	133	2,597
Finance costs	融資成本	37,047	30,397
Interest income	利息收入	(10,058)	(4,894)
Loss on disposal/written-off of property, plant and equipment	出售／撇銷物業、機器及設備之虧損	14,841	9,405
Share of profit of an associate	應佔一間聯營公司之盈利	(636)	(1,096)
Provision for impairment loss recognised/ (reversed) on trade and bills receivables, net	營業及票據應收款項之減值損失撥備確認／(回撥)淨值	6,079	(8,630)
Provision for impairment loss reversed on other receivables, net	其他應收款項之減值損失撥備回撥淨值	—	(188)
Written-off of other receivables	撇銷其他應收款項	11	—
Depreciation of right-of-use assets (2018: Release of prepaid lease payments)	使用權資產之折舊 (2018年：預付租賃款項轉出)	29,945	2,559
Operating profit before working capital changes	營運資金變動前之營運盈利	525,437	442,289
Decrease/(increase) in inventories	存貨之減少／(增加)	219,780	(32,334)
Decrease in trade and bills receivables	營業及票據應收款項之減少	89,364	14,103
Decrease in prepayments, deposits and other receivables	預付款項、按金及其他應收款項之減少	52,110	62,734
Increase/(decrease) in trade and bills payables	營業及票據應付款項之增加／(減少)	63,148	(4,786)
Decrease in other payables and accruals	其他應付款項及應計費用之減少	(33,324)	(6,218)
Increase in contract liabilities	合約負債之增加	2,519	12,703
Increase/(decrease) in amount due to an associate	欠一間聯營公司款項之增加／(減少)	2,910	(1,017)
Cash generated from operations	營運所得之現金	921,944	487,474
Hong Kong profits tax refund/(paid)	退還／(已付)香港利得稅	376	(1,056)
Overseas tax paid	已付海外稅項	(42,729)	(31,341)
NET CASH FROM OPERATING ACTIVITIES	營運項目所得的現金淨值	879,591	455,077

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

綜合現金流量表(續)

FOR THE YEAR ENDED 31 DECEMBER 2019 截至2019年12月31日止年度

	Notes 附註	2019 HK\$'000 千港元	2018 HK\$'000 千港元
NET CASH FROM OPERATING ACTIVITIES	營運項目所得的現金淨值	879,591	455,077
CASH FLOWS FROM INVESTING ACTIVITIES	投資項目所得的現金流量		
Interest received	已收利息	9,809	4,967
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備所得款項	1,409	2,867
Deposit paid for purchase of plant and equipment	購買機器及設備的已付按金	(17,879)	—
Purchase of property, plant and equipment	購買物業、機器及設備	(134,619)	(242,653)
Decrease/(increase) in restricted bank deposits	受限制銀行存款減少／(增加)	5,926	(978)
NET CASH USED IN INVESTING ACTIVITIES	投資項目所用的現金淨值	(135,354)	(235,797)
CASH FLOWS FROM FINANCING ACTIVITIES	融資項目所得的現金流量		
New bank borrowings raised	新籌集之銀行借貸	1,119,755	2,096,047
Proceeds from exercise of share options	行使購股權所得款項	22,000	—
Repayment of bank borrowings	償還銀行借貸	(1,696,117)	(2,032,699)
Repayment of principal portion of the lease liabilities	償還租賃負債之本金部分	(16,546)	—
Repayment of interest portion of the lease liabilities	償還租賃負債之利息部分	(10,020)	—
Interest paid	已付利息	(27,924)	(30,277)
Dividends paid to non-controlling shareholders	已付股息予非控股股東	(25,097)	—
Dividends paid	已付股息	(146,330)	(125,323)
NET CASH USED IN FINANCING ACTIVITIES	融資項目所用的現金淨值	(780,279)	(92,252)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	現金及等同現金項目的(減少)／增加淨值	(36,042)	127,028
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	於是年度開始時的現金及等同現金項目	975,666	849,601
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	匯率變動對現金及等同現金項目的影響	(2,271)	(963)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	於是年度終結時的現金及等同現金項目	937,353	975,666
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS:	現金及等同現金項目結存的分析:		
Short-term bank deposits	短期銀行存款	168,175	76,856
Bank balances and cash	銀行結餘及現金	769,178	898,810
		937,353	975,666

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

31 DECEMBER 2019 2019年12月31日

1. GENERAL

The Company is a public limited company incorporated in Hong Kong. Its issued shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and the principal place of business of the Company are disclosed in the Corporate Information to the annual report.

The financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 37.

The directors consider its immediate parent is Chinatex Yieldfull Investments Co., Ltd. and ultimate parent is COFCO Corporation, a state-owned enterprise under the direct supervision and administration of, and is beneficially owned by, the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective on 1 January 2019

HKFRS 16	Leases
HK(IFRIC) – Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures

The impact of the adoption of HKFRS 16 Leases has been summarised below. The other new or revised HKFRSs that are effective from 1 January 2019 did not have any significant impact on the Group's accounting policies.

1. 簡介

本公司為在香港註冊成立的公眾有限公司，其已發行股份於香港聯合交易所有限公司（「聯交所」）上市。本公司的註冊辦事處地址及主要營業地點於本年報公司資料內披露。

財務報表乃以港元呈列，港元亦為本公司的功能貨幣。

本公司乃一間投資控股公司。其主要附屬公司的主要業務載列於附註37內。

董事認為，其直接母公司為中紡盈豐投資有限公司，而其最終母公司為中糧集團有限公司，一家由中國國務院國有資產監督管理委員會直接監督及管理以及實益擁有之國有企業。

2. 採納香港財務報告準則（「香港財務報告準則」）

(a) 採納新訂／經修訂之香港財務報告準則—於2019年1月1日生效

香港財務報告準則第16號	租賃
香港（國際財務報告詮釋委員會）—詮釋第23號	所得稅處理之不確定性
香港財務報告準則2015年至2017年週期之年度改進	香港會計準則第23號之修訂本，借貸成本
香港財務報告準則2015年至2017年週期之年度改進	香港會計準則第12號之修訂本，所得稅
香港財務報告準則第9號之修訂本	帶有負補償特性之預付款項
香港會計準則第28號之修訂本	於聯營公司及合營公司的長期權益

採納香港財務報告準則第16號租賃之影響概述如下。自2019年1月1日起生效之其他新訂或經修訂之香港財務報告準則並無對本集團之會計政策造成任何重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

(a) Adoption of new/revised HKFRSs – effective on 1 January 2019 (continued)

HKFRS 16 – Leases

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases (“HKAS 17”), HK(IFRIC)-Interpretation 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Interpretation 15 Operating Leases-Incentives and HK(SIC)-Interpretation 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee’s perspective, almost all leases are recognised in the statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low value or are determined as short-term leases. From a lessor’s perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group’s accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to sections (ii) to (v) of this note.

The Group has applied HKFRS 16 using the modified retrospective approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained earnings as at the date of initial application (1 January 2019). The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(a) 採納新訂／經修訂之香港財務報告準則－於2019年1月1日生效(續)

香港財務報告準則第16號－租賃

(i) 採納香港財務報告準則第16號之影響

香港財務報告準則第16號為租賃會計之會計處理(主要為對承租人之會計處理方法)帶來重大變動。其取代香港會計準則第17號租賃(「香港會計準則第17號」)、香港(國際財務報告詮釋委員會)－詮釋第4號判斷安排是否包括租賃、香港(準則詮釋委員會)－詮釋第15號經營租賃－優惠及香港(準則詮釋委員會)－詮釋第27號評估涉及租賃法律形式的交易本質。就承租人而言，幾乎所有租賃均於財務狀況表內確認為使用權資產及租賃負債，僅有少數租賃(相關資產為低價值或被釐定為短期租賃)可豁免遵守此原則。就出租人而言，會計處理與香港會計準則第17號大致相同。有關香港財務報告準則第16號對租賃之新定義、其對本集團會計政策之影響及本集團採納香港財務報告準則第16號所容許之過渡方法之詳情，請參閱本附註第(ii)至(v)節。

本集團已使用經修訂追溯法採納香港財務報告準則第16號及將首次應用香港財務報告準則第16號之所有累計影響確認為於首次應用日期(2019年1月1日)對滾存盈利期初結餘之調整。於2018年呈列之比較資料並無重列，並繼續根據香港會計準則第17號及香港財務報告準則第16號之過渡性條文所容許之相關詮釋呈報。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

(a) Adoption of new/revised HKFRSs – effective on 1 January 2019 (continued)

HKFRS 16 – Leases (continued)

(i) Impact of the adoption of HKFRS 16 (continued)

The following table summarised the impact of transition to HKFRS 16 on the consolidated statement of financial position as of 31 December 2018 to that of 1 January 2019 as follows (increase/(decrease)):

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(a) 採納新訂／經修訂之香港財務報告準則－於2019年1月1日生效(續)

香港財務報告準則第16號－租賃(續)

(i) 採納香港財務報告準則第16號之影響(續)

下表概述過渡至香港財務報告準則第16號對截至2018年12月31日至2019年1月1日之綜合財務狀況表之影響(增加／(減少)):

		At 31 December 2018 under HKAS 17	Effect of adoption of HKFRS 16	At 1 January 2019 under HKFRS 16
		根據香港會計 準則第17號 於2018年 12月31日 HK\$'000 千港元	採納香港財務 報告準則 第16號的影響 HK\$'000 千港元	根據香港財務 報告準則 第16號 於2019年 1月1日 HK\$'000 千港元
Right-of-use assets	使用權資產	–	259,061	259,061
Prepaid lease payments	預付租賃款項			
– non-current portion	– 非流動部份	94,025	(94,025)	–
Prepaid lease payments	預付租賃款項			
– current portion	– 流動部份	2,599	(2,599)	–
Deferred tax assets	遞延稅項資產	30,725	8,124	38,849
Lease liabilities – non-current portion	租賃負債 – 非流動部份	–	176,120	176,120
Lease liabilities – current portion	租賃負債 – 流動部份	–	18,831	18,831
Retained earnings	滾存盈利	2,522,505	(24,407)	2,498,098
Translation reserve	匯兌儲備	(47,400)	28	(47,372)
Non-controlling interests	非控股權益	168,445	(11)	168,434

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

(a) Adoption of new/revised HKFRSs – effective on 1 January 2019 (continued)

HKFRS 16 – Leases (continued)

(i) Impact of the adoption of HKFRS 16 (continued)

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 as at 31 December 2018 could be reconciled to the lease liabilities as at the date of initial application (1 January 2019) recognised in the consolidated statement of financial position:

Reconciliation of operating lease commitments to lease liabilities

		HK\$'000 千港元
Operating lease commitments as at 31 December 2018	於2018年12月31日之經營租賃承擔	292,331
Less: short-term leases for which lease terms end within 31 December 2019	減：租賃期於2019年12月31日內完結之短期租賃	(4,043)
Less: contract signed in 2018 but commenced in 2019	減：於2018年簽訂惟於2019年開始之合約	(8,192)
Less: other adjustments	減：其他調整	(1,840)
Less: leases of low-value assets	減：低價值資產之租賃	(8)
Less: future interest expenses	減：未來利息開支	(83,297)
Add: finance lease liabilities as at 31 December 2018	加：於2018年12月31日之財務租賃負債	–
Total lease liabilities as at 1 January 2019	於2019年1月1日之租賃負債總額	194,951

The weighted average of the incremental borrowing rates applied to lease liabilities recognised in the consolidated statement of financial position as at 1 January 2019 is 5.22% per annum.

(ii) New definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(a) 採納新訂／經修訂之香港財務報告準則－於2019年1月1日生效(續)

香港財務報告準則第16號－租賃(續)

(i) 採納香港財務報告準則第16號之影響(續)

下列對賬說明應用香港會計準則第17號所披露於2018年12月31日之經營租賃承擔如何與綜合財務狀況表內確認於首次應用日期(2019年1月1日)之租賃負債進行對賬：

經營租賃承擔與租賃負債之對賬

	HK\$'000 千港元
於2018年12月31日之經營租賃承擔	292,331
減：租賃期於2019年12月31日內完結之短期租賃	(4,043)
減：於2018年簽訂惟於2019年開始之合約	(8,192)
減：其他調整	(1,840)
減：低價值資產之租賃	(8)
減：未來利息開支	(83,297)
加：於2018年12月31日之財務租賃負債	–
於2019年1月1日之租賃負債總額	194,951

於2019年1月1日，應用於綜合財務狀況表內確認之租賃負債之加權平均增量借款利率為每年5.22%。

(ii) 租賃之新定義

根據香港財務報告準則第16號，租賃界定為一份合約或合約之一部分，透過轉讓於一段時間內使用一項資產(相關資產)之使用權換取代價。當客戶於整個使用期內均：(a)有權自使用已識別資產取得幾乎所有經濟效益及(b)有權指示使用已識別資產，則該合約轉讓可於一段時間內控制使用該已識別資產之權力。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註（續）**

31 DECEMBER 2019 2019年12月31日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)**(a) Adoption of new/revised HKFRSs – effective on 1 January 2019 (continued)****HKFRS 16 – Leases (continued)***(ii) New definition of a lease (continued)*

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee applies the practical expedient which allows the lessee to elect, by class of underlying assets, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the consolidated statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of less than 12 months. Low-value assets comprise photocopying machines. The lease payments associated with those leases have been expensed on a straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

2. 採納香港財務報告準則（「香港財務報告準則」）（續）**(a) 採納新訂／經修訂之香港財務報告準則－於2019年1月1日生效（續）****香港財務報告準則第16號－租賃（續）***(ii) 租賃之新定義（續）*

就包含一項租賃組成部分及一項或多項額外租賃或非租賃組成部分之合約而言，承租人須按租賃組成部分之相關單獨價格及非租賃組成部分之單獨價格總額將合約內之代價分配至各租賃組成部分，除非承租人採用可行權宜方法，容許承租人按相關資產之類別選擇不將非租賃組成部分由租賃組成部分分隔開來，反而將各租賃組成部分及任何相聯非租賃組成部分視為單一租賃組成部分。

(iii) 作為承租人之會計處理方法

根據香港會計準則第17號，承租人須根據出租人或承租人所承擔附帶於租賃資產擁有權之風險及回報之程度，將租賃分類為經營租賃或財務租賃。倘租賃確定為經營租賃，則承租人將確認經營租賃項下之租賃付款為於租賃期之支出。租賃項下之資產將不會於承租人之綜合財務狀況表內確認。

根據香港財務報告準則第16號，所有租賃（不論為經營租賃或財務租賃）均須於綜合財務狀況表內資本化為使用權資產及租賃負債，惟香港財務報告準則第16號為一間實體提供會計政策選擇，以選擇不資本化(i)短期租賃之租賃及／或(ii)相關資產為低價值之租賃。本集團已選擇不就低價值資產及租賃期於開始日期少於12個月之租賃確認為使用權資產及租賃負債。低價值資產包括複印機與該等租賃有關之租賃付款已於租賃期內按直線法支銷。

本集團於租賃之開始日期確認使用權資產及租賃負債。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

(a) Adoption of new/revised HKFRSs – effective on 1 January 2019 (continued)

HKFRS 16 – Leases (continued)

(iii) *Accounting as a lessee* (continued)

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

For the Group, leasehold land and buildings which are held for own use would continue to be accounted for under HKAS 16 and would be carried at cost model. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets. Other than the above right-of-use assets, the Group has also leased a number of properties under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of assets apart from the leasehold land and buildings which are held for own use. As a result, the right-of-use assets arising from the properties under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group’s incremental borrowing rate.

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(a) 採納新訂／經修訂之香港財務報告準則－於2019年1月1日生效(續)

香港財務報告準則第16號－租賃(續)

(iii) 作為承租人之會計處理方法(續)

使用權資產

使用權資產應按成本確認，並包括：(i)租賃負債之初步計量金額(見下文將租賃負債入賬之會計政策)；(ii)於開始日期或之前作出之任何租賃付款，減任何已收取之租賃優惠；(iii)承租人產生之任何初步直接成本；及(iv)承租人於拆除及移除相關資產以恢復至租賃條款及條件所規定之狀態而將予產生之估計成本，除非該等成本乃因生產存貨而產生。本集團按成本減任何累計折舊及任何減值損失計量使用權資產，並就重新計量之任何租賃負債進行調整。

就本集團而言，持有自用之租賃土地及樓宇將繼續根據香港會計準則第16號入賬及以成本模式列值。因此，採納香港財務報告準則第16號對該等使用權資產並無任何重大影響。除上述使用權資產外，本集團亦已根據租賃協議租賃若干物業，當中本集團用其判斷並釐定其持有自用租賃土地及樓宇以外之獨立資產類別。因此，租賃協議項下之物業產生之使用權資產乃以折舊成本列值。

租賃負債

租賃負債應以於租賃開始日期尚未支付之租賃付款之現值確認。倘利率可容易釐定，則租賃付款須使用租賃隱含之利率貼現。倘利率無法容易釐定，則本集團將使用本集團之增量借款利率。

於租賃期內，在租賃開始日期尚未支付之相關資產使用權之以下付款均被視為租賃付款：(i)固定付款減任何應收租賃優惠；(ii)基於指數或利率之可變租賃付款(初步使用於開始日期之指數或利率計量)；(iii)承租人根據剩餘價值擔保預期應付之金額；(iv)購買選擇權之行使價(倘承租人合理確定將行使購買權)；及(v)終止租賃之罰金付款(倘租賃期反映承租人行使終止租賃之權利)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

31 DECEMBER 2019 2019年12月31日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)**(a) Adoption of new/revised HKFRSs – effective on 1 January 2019 (continued)****HKFRS 16 – Leases (continued)***(iii) Accounting as a lessee (continued)**Lease liability (continued)*

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications e.g. a change in future lease payments arising from a change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iv) Accounting as a lessor

The Group has leased out its investment properties to a number of tenants. As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have any significant impact on the consolidated financial statements.

(v) Transition

As mentioned above, the Group has applied HKFRS 16 using the modified retrospective approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained earnings as at the date of initial application (1 January 2019). The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities as at 1 January 2019 for leases previously classified as operating leases under HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at the date of initial application (1 January 2019).

The Group has elected to recognise all the right-of-use assets as at 1 January 2019 for leases previously classified as operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at the date of initial application (1 January 2019).

2. 採納香港財務報告準則（「香港財務報告準則」）（續）**(a) 採納新訂／經修訂之香港財務報告準則－於2019年1月1日生效（續）****香港財務報告準則第16號－租賃（續）***(iii) 作為承租人之會計處理方法（續）**租賃負債（續）*

於開始日期後，承租人將按以下方式計量租賃負債：(i)增加賬面值以反映租賃負債利息；(ii)減少賬面值以反映已作出之租賃付款；及(iii)重新計量賬面值以反映重新評估或租賃調整，例如：指數或利率變動、租賃條款變動、固定租賃付款之實際變化或購買相關資產評估之變動所產生之未來租賃付款變動。

(iv) 作為出租人之會計處理方法

本集團已出租其投資物業予若干租戶。由於香港財務報告準則第16號項下之出租人會計處理方法與香港會計準則第17號項下之規定大致相同，故採納香港財務報告準則第16號並不會對綜合財務報表造成任何重大影響。

(v) 過渡

誠如上文所述，本集團已使用經修訂追溯法採納香港財務報告準則第16號及將首次應用香港財務報告準則第16號之所有累計影響確認為於首次應用日期（2019年1月1日）對滾存盈利期初結餘之調整。於2018年呈列之比較資料並無重列，並繼續根據香港會計準則第17號及香港財務報告準則第16號之過渡性條文所容許之相關詮釋呈報。

本集團已於2019年1月1日就先前根據香港會計準則第17號分類為經營租賃之租賃確認租賃負債，並以餘下租賃付款之現值計量該等租賃負債，採用承租人於首次應用日期（2019年1月1日）之增量借款利率貼現。

本集團已選擇於2019年1月1日就先前根據香港會計準則第17號分類為經營租賃之租賃確認全部使用權資產，猶如香港財務報告準則第16號已自開始日期起應用，但採用承租人於首次應用日期（2019年1月1日）之增量借款利率貼現。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

(a) Adoption of new/revised HKFRSs – effective on 1 January 2019 (continued)

HKFRS 16 – Leases (continued)

(v) Transition (continued)

The Group has also applied the following practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with a term that will end within 12 months of the date of initial application (1 January 2019) and accounted for those leases as short-term leases; (iii) excluded the initial direct costs from the measurement of the right-of-use asset as at 1 January 2019 and (iv) reliance on previous assessments on whether leases are onerous.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group’s lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Interpretation 4 Determining whether an Arrangement contains a Lease and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Interpretation 4.

Except as described above regarding the impact of HKFRS 16, the adoption of the above new/revised HKFRSs has no material impact on the Group’s financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following amendments to HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1 and HKAS 8	Definition of Material ¹
Amendments to HKFRS 3	Definition of a Business ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²

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

² The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(a) 採納新訂／經修訂之香港財務報告準則－於2019年1月1日生效(續)

香港財務報告準則第16號－租賃(續)

(v) 過渡(續)

本集團亦已應用以下可行權宜方法：(i)對具有大致相似特點之租賃組合應用單一貼現率；(ii)對期限於首次應用日期(2019年1月1日)起計12個月內結束之租賃應用豁免，不確認使用權資產及租賃負債，並將該等租賃入賬為短期租賃；(iii)使用權資產於2019年1月1日之計量撇除初步直接成本及(iv)依賴先前就租賃是否有虧損性之評估。

此外，本集團亦已應用可行權宜方法以便：(i)將香港財務報告準則第16號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號判斷安排是否包含租賃以識別為租賃之本集團所有租賃合約及(ii)並無將香港財務報告準則第16號應用於先前並無根據香港會計準則第17號及香港(國際財務報告詮釋委員會)－詮釋第4號識別為含有租賃之合約。

除上文所述有關香港財務報告準則第16號之影響外，採納上述新訂／經修訂香港財務報告準則並無對本集團之財務報表構成重大影響。

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則

下列可能與本集團財務報表有關之香港財務報告準則之修訂本已經頒佈，惟尚未生效亦未經本集團提早採納。本集團目前擬於該等變動生效日期應用該等變動。

香港會計準則第1號及香港會計準則第8號之修訂本	重大的定義 ¹
香港財務報告準則第3號之修訂本	業務的定義 ¹
香港財務報告準則第10號及香港會計準則第28號之修訂本	投資者與其聯營公司或合營公司之間的資產出售或注資 ²

¹ 於2020年1月1日或之後開始之年度期間生效

² 該等修訂本原訂於2016年1月1日或之後開始之年度期間生效。生效日期現已延遲／刪除。繼續允許提前應用有關修訂本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註（續）**

31 DECEMBER 2019 2019年12月31日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)**(b) New/revised HKFRSs that have been issued but are not yet effective (continued)*****Amendments to HKAS 1 and HKAS 8 – Definition of Material***

The amendments clarify the definition and explanation of “material”, aligning the definition across all HKFRSs and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 3 – Definition of a Business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a “substantive process”.

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of “outputs” and a “business” to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors’ interests in the joint venture or associate.

The Group has already commenced an assessment of the impact of adopting the above amendments to HKFRSs to the Group. The directors of the Company anticipate that the application of these amendments to HKFRSs will have no material impact on the Group’s financial performance and positions and/or the disclosure to these consolidated financial statements of the Group.

2. 採納香港財務報告準則（「香港財務報告準則」）（續）**(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則（續）*****香港會計準則第1號及香港會計準則第8號之修訂本－重大的定義***

該等修訂本澄清「重大」之定義及解釋，統一所有香港財務報告準則及概念框架之定義，並將香港會計準則第1號之支持規定納入該定義。

香港財務報告準則第3號之修訂本－業務的定義

該等修訂本澄清業務必須包括至少一項投入及一個實質過程，該等投入及過程對創造產出的能力作出重大貢獻，並為「實質過程」之定義提供詳盡指引。

此外，該等修訂本刪除市場參與者是否有能力取代任何缺失的投入或過程及持續產出的評估，同時收窄「產出」及「業務」的定義，以將重點放於向客戶出售貨品及服務之回報而非削減成本。

該等修訂本亦引入選擇性集中測試，其允許對所收購之一組活動及資產是否不屬於業務進行簡化評估。

香港財務報告準則第10號及香港會計準則第28號之修訂本－投資者與其聯營公司或合營公司之間的資產出售或注資

有關修訂本澄清實體向其聯營公司或合營公司出售或注入資產時，將予確認之收益或虧損程度。當交易涉及一項業務，則須確認全數收益或虧損。反之，當交易涉及不構成一項業務的資產，則僅須就不相關投資者於合營公司或聯營公司之權益確認收益或虧損。

本集團已對採納上述香港財務報告準則的修訂本對本集團的影響進行評估。本公司董事預計應用該等香港財務報告準則的修訂本將不會對本集團的財務表現及狀況及／或該等本集團的綜合財務報表披露資料造成重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the provisions of the Hong Kong Companies Ordinance. In addition, the 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").

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("the Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

3. 編製基準

(a) 遵例聲明

財務報表乃按照所有適用之香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋(以下統稱「香港財務報告準則」)以及香港公司條例之條文而編製。此外,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」)所規定之適用披露資料。

(b) 計量基準

財務報表乃按歷史成本基準編製。

(c) 功能及呈列貨幣

財務報表以港元呈列,亦為本公司之功能貨幣。

4. 主要會計政策

(a) 業務合併及綜合基準

綜合財務報表包含本公司及其附屬公司(「本集團」)的財務報表。集團公司之間內部公司交易及結餘以及未變現之盈利已於編製綜合財務報表時完全對銷。未變現虧損亦已作對銷,除非是項交易提供所轉讓資產之減值證據,則在損益賬內確認虧損。

是年度收購或出售的附屬公司的業績已根據其收購或截至出售日期(如適用)包括在綜合損益及其他全面收益表內。如有需要,附屬公司的財務報表會作出調整,使其會計政策與本集團其他成員公司所採用者一致。

收購附屬公司或業務採用收購法入賬。收購成本按本集團(作為收購方)於收購日期所轉移資產、所產生的負債及發行的股權的公平價值總額計量。所收購之可識別資產及所承擔的負債主要按收購日期公平價值計算。本集團先前於被收購方所持有的股權將按收購日期公平價值重新計算,所產生的收益或虧損於損益賬內確認。本集團可就每宗交易選擇按公平價值或按應佔被收購方可識別資產淨值的比例計量代表於附屬公司的目前擁有權權益之非控股權益。所有其他非控股權益按公平價值計量,除非香港財務報告準則規定另一項計量基準,則作別論。因收購所產生之相關成本一概列作開支,除非有關成本是於發行股本工具時產生,則有關成本會於權益中扣除。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

31 DECEMBER 2019 2019年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**(a) Business combination and basis of consolidation (continued)**

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

4. 主要會計政策 (續)**(a) 業務合併及綜合基準 (續)**

收購方將予轉移之任何或然代價按收購日期公平價值確認。其後對代價之調整，則僅於調整是源自有關於收購日期之公平價值之新資料，且新資料是於計量期間（最長為收購日期起12個月）內取得時，方以商譽確認。所有其他對分類為資產或負債的或然代價作出之其後調整於損益賬內確認。

當本集團失去該附屬公司之控制權，出售盈利或虧損為以下兩者之差額：(i)已收代價公平價值與任何保留權益公平價值之總額與(ii)附屬公司過往之資產（包括商譽）及負債之賬面值及任何非控股權益。如相關資產或負債已經出售，以往於其他全面收益確認與該附屬公司有關之金額須以相同方式入賬。

於收購後，代表於附屬公司的現有擁有權權益的非控股權益的賬面值指該等權益於初步確認的金額加上該非控股權益應佔權益之其後變動。即使導致該等非控股權益結餘出現虧絀，全面收益總值亦歸屬於該等非控股權益。

(b) 附屬公司

附屬公司為本公司可以對其行使控制權的被投資方。倘出現以下全部三個因素時，本公司即控制一名被投資方：有權控制被投資方、承擔或享有來自被投資方可變回報的風險或權利，及利用其權力影響該等可變回報的能力。當有事實及情況顯示任何該等控制因素可能出現變動時，將會重新評估控制權。

於本公司的財務狀況表內，於附屬公司的投資乃按成本扣除減值損失（如有）入賬。附屬公司的業績由本公司按已收及應收的股息基準入賬。

(c) 聯營公司

聯營公司指本集團能對其行使重大影響力，而非附屬公司或於合營安排之實體。重大影響力指可參與被投資方之財務及營運政策之決策但不是控制或共同控制該等政策之權力。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Associates (continued)

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

(d) Investment properties

Investment properties are properties held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

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 subsequent accumulated impairment losses, if any. Depreciation is charged so as to write off the cost of investment properties net of expected residual value over the estimated useful life using straight-line method. The useful life, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

(e) Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress and freehold land) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

4. 主要會計政策(續)

(c) 聯營公司(續)

聯營公司乃採取權益法入賬，據此，聯營公司初始以成本確認，其後，其賬面值根據本集團在收購後分佔聯營公司資產淨值的變動進行調整，惟超過本集團在聯營公司中的權益的虧損則不會確認，除非有義務填補有關虧損，則作別論。

本集團與其聯營公司之間的交易所產生的損益會予以確認，但僅限於無關連投資者在聯營公司之權益。投資者應佔因該等交易而產生的有關聯營公司損益與聯營公司的賬面值對銷。倘未變現虧損提供所轉讓資產之減值證據，則立即於損益賬內確認。

任何收購聯營公司之成本超過本集團應佔所收購的可識別資產、負債及或然負債的公平價值的部分會予以資本化，並計入聯營公司的賬面值。倘有客觀證據顯示於聯營公司之投資已經減值，則投資的賬面值會以與其他非金融資產相同的方式進行減值測試。

(d) 投資物業

投資物業為持作賺取租金或資本增值或兩者兼有，而非於日常業務過程中持作出售、用於生產或提供貨物或服務，或作行政用途的物業。

投資物業初步以成本(包括任何直接應佔開支)計量。於初步確認後，投資物業以成本減往後累計折舊及往後累計減值損失(如有)列賬。投資物業之折舊乃按其估計可使用年期經扣減其預期剩餘價值後，以直線法撇銷其成本。可使用年期、剩餘價值及折舊方法於各報告期終進行檢討並於適當情況下作出調整。

(e) 物業、機器及設備

物業、機器及設備包括持作生產或供應貨物或提供服務或行政用途的建築物(惟在建工程及永久持有的土地除外)，以成本扣減往後累計折舊及累計減值損失(如有)後列賬。

物業、機器及設備的成本包括其購買價及收購該等項目直接應佔之成本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**(e) Property, plant and equipment (continued)**

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

Property, plant and equipment (other than construction in progress and freehold land) are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Freehold land	Nil
Leasehold land and buildings	Shorter of 20 – 50 years or period of the lease term
Furniture, fixtures and equipment	3 – 10 years
Plant and machinery	5 – 10 years
Motor vehicles	3 ¹ / ₃ – 5 years
Construction in progress	Nil

Freehold land is carried at cost less any recognised impairment loss.

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4. 主要會計政策(續)**(e) 物業、機器及設備(續)**

僅當項目相關之未來經濟利益可能會流入本集團，而且能夠可靠地計算該項目之成本時，其後成本方會計入資產之賬面值或確認為一項獨立資產（如適宜）。被取代部分之賬面值將終止確認。所有其他維修及保養在其產生之財政期間於損益賬內確認為開支。

除在建工程及永久持有的土地外，物業、機器及設備乃按估計可使用年期經扣減其預期剩餘價值後，以直線法撇銷其成本。可使用年期、剩餘價值及折舊方法於各報告期終進行檢討並於適當情況下作出調整。可使用年期載列如下：

永久持有的土地	無
租賃土地及建築物	20–50年或租賃年期（以較短者為準）
傢俬、裝置及設備	3–10年
廠房及機器	5–10年
車輛	3 ¹ / ₃ – 5年
在建工程	無

永久持有的土地乃按成本減任何已確認減值損失列賬。

在建工程以成本扣減減值損失列賬。成本指建築的直接成本，以及於建築及安裝期間資本化的借貸成本。當絕大部分準備該資產以用作擬定用途所須的活動已完成時，則停止資本化成本，並將在在建工程轉移至相關類別的物業、機器及設備。在建工程於完成及可按擬定用途使用前不作折舊撥備。

倘資產的賬面值高於其估計可收回金額，則會即時撇減至其可收回金額。

處置一項物業、機器及設備產生的收益或虧損為銷售所得款項淨額與其賬面值的差額，並於處置時於損益賬內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f)(1) Leasing (accounting policies applied from 1 January 2019)

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of less than 12 months. The lease payments associated with those leases have been expensed on a straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. Right-of-use assets that meet the definition of leasehold land and buildings held for own use are carried at cost model.

The Group accounts for leasehold land and buildings which are held for own use under HKAS 16 and are carried at cost model. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of assets apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use assets arising from the properties under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

4. 主要會計政策(續)

(f)(1) 租賃(自2019年1月1日起應用之會計政策)

所有租賃(不論為經營租賃或財務租賃)均須於財務狀況表內資本化為使用權資產及租賃負債,惟會計政策選擇可供實體選擇不將(i)屬短期租賃之租賃及/或(ii)相關資產為低價值之租賃進行資本化。本集團已選擇不就低價值資產及租賃期於開始日期少於12個月之租賃確認為使用權資產及租賃負債。與該等租賃相關之租賃付款已於租賃期內按直線法攤銷。

使用權資產

使用權資產應按成本確認,並包括:(i)租賃負債之初步計量金額(見下文將租賃負債入賬之會計政策);(ii)於開始日期或之前作出之任何租賃付款,減任何已收取之租賃優惠;(iii)承租人產生之任何初步直接成本;及(iv)承租人於拆除及移除相關資產以恢復至租賃條款及條件所規定之狀態而將予產生之估計成本,除非該等成本乃因生產存貨而產生。本集團採用成本模式計量使用權資產。根據成本模式,本集團按成本減任何累計折舊及任何減值損失計量使用權資產,並就重新計量之任何租賃負債進行調整。符合租賃土地及持作自用樓宇定義之使用權資產按成本模型列賬。

本集團根據香港會計準則第16號將持作自用之租賃土地及樓宇入賬,並按成本模型列值。除上述使用權資產外,本集團亦根據租賃協議租賃多項物業,本集團對其行使判斷及釐定其是否有別於持作自用租賃土地及樓宇之另一資產類別。因此,租賃協議項下物業產生之使用權資產乃以折舊成本列值。

租賃負債

租賃負債按並非於租賃開始日期支付之租賃付款之現值確認。倘該利率可輕易釐定,則租賃付款採用租賃隱含之利率貼現。倘該利率無法輕易釐定,則本集團使用本集團之增量借款利率。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

31 DECEMBER 2019 2019年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**(f)(1) Leasing (accounting policies applied from 1 January 2019)
(continued)*****Lease liability* (continued)**

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications e.g. a change in future lease payments arising from a change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Accounting as a lessor

The Group has leased out its investment properties to a number of tenants. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

(f)(2) Leasing (accounting policies applied until 31 December 2018)

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

The Group as lessor

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

The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

4. 主要會計政策 (續)**(f)(1) 租賃 (自2019年1月1日起應用之會計政策) (續)*****租賃負債 (續)***

於租賃期內，在租賃開始日期尚未支付之相關資產使用權之以下付款均被視為租賃付款：(i) 固定付款減任何應收租賃優惠；(ii) 基於指數或利率之可變租賃付款（初步使用於開始日期之指數或利率計量）；(iii) 承租人根據剩餘價值擔保預期應付之金額；(iv) 購買選擇權之行使價（倘承租人合理確定將行使購買權）；及(v) 終止租賃之罰金付款（倘租賃期反映承租人行使終止租賃之權利）。

於開始日期後，本集團按以下項目計量租賃負債：(i) 增加賬面值以反映租賃負債之利息；(ii) 減少賬面值以反映作出之租賃付款；及(iii) 重新計量賬面值以反映任何重估或租賃調整，例如：指數或利率變動、租賃條款變動、固定租賃付款之實際變動或購買相關資產之評估變動所產生之未來租賃付款變動。

作為出租人之會計處理方法

本集團已出租其投資物業予若干租戶。經營租賃的租金收入乃按有關租賃年期以直線法在損益內確認。磋商及安排經營租賃產生的初步直接成本會加入該租賃資產的賬面值內並按租賃年期以直線法確認為開支。

(f)(2) 租賃 (應用至2018年12月31日之會計政策)

如租賃條款將擁有權的絕大部分風險及回報轉嫁給承租人，則該等租賃被分類為財務租賃。所有其他租賃則分類為營運租賃。

本集團作為出租人

營運租賃的租金收入乃按有關租賃年期以直線法在損益賬內確認。磋商及安排營運租賃產生的初步直接成本會加入該租賃資產的賬面值內並按租賃年期以直線法確認為開支。

本集團作為承租人

根據營運租賃應付的租金總額以直線法按租賃年期在損益賬內確認。已收取租賃優惠於租賃年期內確認為租金開支總額不可或缺的部分。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Leasehold land and building (accounting policies applied until 31 December 2018)

When a lease includes both 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. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the 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.

(h) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(i) Intangible assets (other than goodwill)

(i) Intangible assets

Intangible assets acquired separately are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. The amortisation expense is recognised in profit or loss and included in administrative expenses.

Software	Shorter of 5 – 10 years or period of the contract term
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4. 主要會計政策(續)

(g) 租賃土地及建築物(應用至2018年12月31日之會計政策)

倘租賃包括土地及建築物部分,則本集團會基於有關各部分擁有權所附之絕大部分風險及回報是否轉讓予本集團的評定,獨立評估各部分作為財務或營運租賃的分類。具體而言,最低租賃付款(包括任何一次過預付款)按租賃開始時土地及建築物部分之租賃權益的相對公平價值比例於土地與建築物部分之間分配。

倘租賃付款能夠可靠地分配,則列為營運租賃的租賃土地權益於綜合財務狀況表呈列為「預付租賃款項」,並以直線基準於租賃年期內攤銷。

(h) 存貨

存貨初始按成本確認,其後按成本及可變現淨值的較低者確認。成本包括所有採購成本、轉換成本及將存貨達致其目前地點及狀況所產生的其他成本。成本以先進先出基準計算。可變現淨值指一般業務過程中的估計售價減去作出銷售所需的估計成本。

(i) 無形資產(商譽除外)

(i) 無形資產

獨立收購的無形資產初步按成本確認。其後,確定可使用年期之無形資產會按成本扣減累計攤銷及累計減值損失列賬。

攤銷乃以直線法按以下可使用年期計提撥備。不確定可使用年期之無形資產會按成本扣減任何累計減值損失列賬。攤銷費用於損益賬內確認及計入行政費用。

軟件	5–10年或合約年期 (以較短者為準)
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註（續）**

31 DECEMBER 2019 2019年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**(i) Intangible assets (other than goodwill) (continued)****(ii) Impairment**

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see note 4(n)).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount; however, the carrying amount should not be increased above the lower of its recoverable amount and the carrying amount that would have resulted had no impairment loss been recognised for the asset in prior years. All reversals are recognised in the consolidated statement of profit or loss and other comprehensive income immediately.

(j) Financial instruments**(i) Financial assets**

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets at amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gains or losses on derecognition is recognised in profit or loss.

4. 主要會計政策（續）**(i) 無形資產（商譽除外）（續）****(ii) 減值**

確定使用年期之無形資產於資產出現可能減值之跡象時進行減值測試。不確定可使用年期之無形資產及尚未可供使用之無形資產不論是否出現任何可能減值之跡象，均會於每年進行減值測試。無形資產之減值測試為比較其賬面值與其可收回金額（見附註4(n)）。

倘估計資產之可收回金額低於其賬面值，則資產之賬面值減至其可收回金額。減值損失即時確認為開支。

倘減值損失於其後撥回，資產賬面值將增加至其經修訂之估計可收回金額；然而，賬面值不應增加至超過其可收回金額及於過往年度並無就資產確認減值損失的情況下原賬面值（以較低者為準）。全部撥回於綜合損益及其他全面收益表內即時確認。

(j) 金融工具**(i) 金融資產**

金融資產（除非是並無重大融資部分的營業應收款項）首次按公平價值加上收購或發行金融資產（並非按公平價值計入損益的金融資產）直接應佔的交易成本計量。並無重大融資部分的營業應收款項首次按交易價格計量。

以常規方式購買及出售的金融資產，均按交易日期（即本集團承諾購買或出售相關資產的日期）進行確認。以常規方式購買及出售是指要求在相關市場中的規則或慣例通常約定的時間內交付資產的金融資產買賣。

於釐定內含衍生金融工具的金融資產的現金流量是否屬於僅支付本金及利息時，將全盤考慮內含衍生金融工具的金融資產。

按攤銷成本計量的金融資產：就持作收回合約現金流量的資產而言，倘有關資產的現金流量為僅支付本金及利息，則按攤銷成本計量。按攤銷成本計量的金融資產其後使用實際利率法計量。利息收入、外幣匯兌收益及虧損以及減值於損益確認。終止確認的任何收益或虧損於損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial instruments (continued)

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade and bills receivables, other receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade and bills receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets of the Group, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 1 year past due.

4. 主要會計政策(續)

(j) 金融工具(續)

(ii) 金融資產之減值損失

本集團就營業及票據應收款項、其他應收款項及按攤銷成本計量的金融資產確認預期信貸虧損(「預期信貸虧損」)虧損撥備。預期信貸虧損按以下其中一項基準計量：(1)12個月的預期信貸虧損：其為於報告日期後12個月內發生的潛在違約事件導致的預期信貸虧損；及(2)年限內預期信貸虧損：此乃於金融工具預計年期內所有可能由違約事件產生的預期信貸虧損。估計預期信貸虧損時所考慮的最長期間為本集團面對信貸風險的最長合約期間。

預期信貸虧損為信貸虧損的概率加權估計。信貸虧損乃按本集團根據合約應收的所有合約現金流量與本集團預期收取的所有現金流量之間的差額計量。該差額其後按貼近資產原有實際利率貼現。

本集團已選用香港財務報告準則第9號簡化法以計量營業及票據應收款項的虧損撥備，並已根據年限內預期信貸虧損計算預期信貸虧損。本集團已設立根據本集團過往信貸虧損經驗計算的撥備矩陣，並按債務人特定的前瞻性因素及整體經濟環境予以調整。

就本集團之其他金融資產而言，預期信貸虧損乃以12個月預期信貸虧損為基準。然而，當信貸風險自開始以來大幅增加時，撥備將以年限內預期信貸虧損為基準。

當釐定金融資產之信貸風險自初步確認後有否大幅增加及於估計預期信貸虧損時，本集團會考慮相關及無須付出過多成本或努力即可獲得之合理及可靠資料。此包括根據本集團之過往經驗及已知信貸評估得出之量化及質化資料及分析，並包括前瞻性資料。

本集團假設，倘金融資產逾期超過60日，其信貸風險已大幅增加。

本集團認為金融資產於下列情況下為信貸減值：(1)借款人不大可能在本集團無追索權採取行動(例如：變現抵押)(如持有)的情況下向本集團悉數支付其信貸義務；或(2)該金融資產逾期超過1年。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

31 DECEMBER 2019 2019年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**(j) Financial instruments (continued)****(iii) Impairment loss on financial assets (continued)**

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. Interest income on non credit-impaired financial assets is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost including trade and bills payables, other payables, amounts due to non-controlling shareholders/an associate and bank borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4. 主要會計政策 (續)**(j) 金融工具 (續)****(iii) 金融資產之減值損失 (續)**

信貸減值金融資產的利息收入按金融資產的攤銷成本(即總賬面值減虧損撥備)計算。非信貸減值資產的利息收入按總賬面值計算。

(iii) 金融負債

本集團視乎負債產生的目的將其金融負債分類。按攤銷成本計量的金融負債初步以公平價值,扣除所產生的直接應佔成本後計算。

按攤銷成本計量的金融負債包括營業及票據應付款項、其他應付款項、欠非控股股東/一間聯營公司款項及銀行借貸,其後乃按實際利率法以攤銷成本計量。有關利息費用於損益賬內確認。

收益或虧損於終止確認負債時透過攤銷程序於損益賬內確認。

(iv) 實際利率法

實際利率法是一種計算金融資產或金融負債的攤銷成本以及按有關期間攤分利息收入或利息費用的方法。實際利率是將估計未來現金收入或付款透過金融資產或金融負債的預期年期或更短期間(倘適用)準確貼現的利率。

(v) 權益工具

本公司發行的權益工具乃以所收款項,扣除直接發行成本後記賬。

(vi) 終止確認

本集團於金融資產有關之未來現金流量合約權利屆滿,或此類金融資產已轉讓且該轉讓根據香港財務報告準則第9號符合終止確認標準時,終止確認金融資產。

當有關合約所訂明責任已告解除、註銷或屆滿時,則金融負債將被終止確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise short-term bank deposits, bank balances and cash are subject to an insignificant risk of changes in value, and have a short maturity of generally within one year when acquired, which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise short-term bank deposits, bank balances and cash which are not restricted as to use.

(l) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to depreciable assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets.

(m) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(n) Impairment of assets (other than financial assets)

At the end of the reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exist or may have decreased:

- investment properties;
- property, plant and equipment;
- right-of-use assets;
- prepaid lease payments;
- other intangible assets; and
- interest in an associate.

4. 主要會計政策(續)

(k) 現金及等同現金項目

就綜合現金流量表而言,現金及等同現金項目包括短期銀行存款、銀行結餘及現金,均受價值變動的輕微風險所限,且到期日數短暫,一般於收購後一年內到期,且按要求償還並組成本集團現金管理不可或缺部分。

就綜合財務狀況表而言,現金及等同現金項目包括短期銀行存款、銀行結餘及現金,其用途不受限制。

(l) 政府補貼

除非能合理確定本集團將符合補貼所附帶之條件及將獲發有關補貼,否則政府補貼不予確認。

政府補貼於本集團確認有關成本為開支的期間內,有系統地於損益賬內確認,該補貼擬用於補償相關成本。與折舊資產有關的政府補貼於綜合財務狀況表確認為遞延收入,並按相關資產的可使用年期撥入損益。

(m) 撥備及或然負債

倘本集團因過往事件而承擔法律或推定責任,而有可能將導致經濟利益外流及能夠可靠估計時,則會為未確定時間或金額之負債確認撥備。

倘經濟利益需要外流的可能性不大,或不能對有關金額作出可靠估計時,則有關責任會作為或然負債披露,惟經濟利益外流之可能性極低則作別論。僅以發生或未發生一項或多項未來事件方可確定是否存在的可能責任,亦會披露為或然負債,惟經濟利益外流之可能性極低則作別論。

(n) 資產減值(金融資產除外)

於報告期終,本集團會檢討以下資產的賬面值,以判斷是否有任何跡象顯示該等資產出現減值損失,或過往確認的減值損失是否不再存在或已經減少:

- 投資物業;
- 物業、機器及設備;
- 使用權資產;
- 預付租賃款項;
- 其他無形資產;及
- 聯營公司的權益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

31 DECEMBER 2019 2019年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**(n) Impairment of assets (other than financial assets) (continued)**

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent 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 in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Value in use is based on the estimated future cash flows expected to be derived from the asset, 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 cash generating unit.

(o) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or services may be transferred over time or at a point in time. Control of the goods or services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

4. 主要會計政策 (續)**(n) 資產減值 (金融資產除外) (續)**

若估計一項資產的可收回金額 (即公平價值減處置成本與使用價值兩者的較高者) 低於其賬面值時, 該資產的賬面值會減至其可收回金額。此項減值損失會立即確認為支出。

倘減值損失其後出現撥回, 則該資產的賬面值可增加至其經修訂的估計可收回金額, 惟增加後的賬面值不得超過該資產於過往年度並未確認減值損失時的賬面值。此項減值損失撥回會立即確認為收入, 惟有關資產根據另一香港財務報告準則以重估金額列賬, 則減值損失撥回會根據該香港財務報告準則視為重估增值。

使用價值按基於預計將源自資產之估計未來現金流量, 按照能反映當時市場對貨幣時間值和資產或現金產生單位特定風險的評估的稅前貼現率貼現至其現值計算。

(o) 收入確認

客戶合同收入在貨物或服務的控制權轉移予客戶時確認, 金額為反映本集團預期就交換該等貨物或服務有權獲得的代價 (經扣除代表第三方收取的金額)。收入不包括增值稅或其他銷售稅, 並扣除任何貿易折讓。

視乎合約條款及適用於該合約之法律規定, 貨物或服務控制權可隨時間轉移或於某一時間點轉移。倘本集團在履約過程中滿足下列條件, 貨物或服務控制權已隨時間轉移:

- 提供客戶同時收到並消耗的所有利益;
- 創建並提升客戶控制之資產 (如本集團履約); 或
- 沒有創建對本集團而言有其他用途之資產, 而本集團可強制執行其權利收回累計至今已完履約部分之款項。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue recognition (continued)

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or services.

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

(i) *Production and sales of dyed fabrics, yarns and garments*

Customers obtain control of the products when the goods are delivered to and have been accepted. Revenue is thus recognised upon when the customers accepted the products. There is generally only one performance obligation. Invoices are usually payable within 60 days.

Some of the Group's contracts with customers from the sale of product provides customers a right of return (a right to exchange another product). These rights of return do not allow the returned goods to be refund in cash. The right of return gives rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred.

(ii) *Other revenue*

Rental income under operating lease is recognised on a straight-line basis over the term of the relevant lease.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

4. 主要會計政策(續)

(o) 收入確認(續)

倘貨物或服務之控制權隨時間轉移，收入確認將按整個合約期間已完成履約責任之進度進行。否則，收入於客戶獲得貨物或服務控制權之時間點確認。

當合約包含融資部分，就貨物或服務轉移予客戶而為客戶提供重大利益超過一年時，收入按應收金額的現值計量，使用合約開始時在本集團與客戶之間訂立的獨立融資交易中反映的貼現率貼現。當合約包含為本集團提供重大財務利益的融資部分時，根據合約確認的收入包括根據實際利率法計算的合約負債所附加的利息開支。對於付款與承諾貨物或服務轉移之間的期限為一年或不足一年的合約，根據香港財務報告準則第15號應用可行權宜方式，交易價格不會就重大融資部分的影響進行調整。

(i) *製造及銷售色布、紗及成衣*

當貨物已交付且獲接收時，客戶獲得產品的控制權。因此於客戶接收產品時確認收入。合約通常僅有一項履約責任。發票通常須於60日內支付。

本集團與客戶簽訂的部分產品銷售合約提供客戶退貨權(交換另一產品的權利)。該等退貨權不允許退貨的商品以現金退還。退貨權產生可變代價。可變代價乃於合約開始時估計且受約束，直至相關不確定性於其後解除為止。對可變代價應用約束會增加將予遞延的收入金額。

(ii) *其他收入*

營運租賃的租金收入乃按有關租賃年期以直線法確認。

金融資產的利息收入乃於經濟效益可能流入本集團，且收入金額能被可靠地計量時予以確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**(p) Contract assets and liabilities**

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

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

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 4(j)(ii) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

(q) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(r) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

4. 主要會計政策(續)**(p) 合約資產及負債**

合約資產指本集團對交換已轉移至客戶的貨物而尚未成為無條件的代價的權利，其乃根據香港財務報告準則第9號進行減值評估。相對而言，應收款項指本集團對代價的無條件權利，即支付該代價僅須經過時間流逝方會到期。

合約負債指本集團就本集團已經自客戶收取的代價（或到期的代價金額）而向該客戶轉移貨物的責任。

合約資產於本集團根據合約所載的付款條件無條件收取代價前確認收入時確認。合約資產根據附註4(j)(ii)所載的政策評估預期信貸虧損，並於有權無條件收取代價時重新分類為應收款項。

合約負債於本集團確認相關收入前客戶支付代價時確認。倘本集團在確認相關收入前有權無條件收取代價，亦會確認合約負債。於該等情況下亦會確認相應的應收款項。

(q) 借貸成本撥作資本

收購、建造或生產合資格資產（即需要大量時間達成其擬定用途或供銷售的資產）直接應佔的借貸成本撥作資本，作為該等資產成本的一部分。該等資產有待支銷的特定借貸臨時投資所賺得的收入，從資本化的借貸成本中扣除。所有其他借貸成本在其產生期間的損益賬內確認。

(r) 所得稅

是年度所得稅包括是年度稅項及遞延稅項。

是年度稅項乃根據日常業務之盈利或虧損，就所得稅而言毋須課稅或不可扣稅之項目作出調整，按報告期終已頒佈或實際上已頒佈的稅率計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Income taxes (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, 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.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(s) Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. 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.

4. 主要會計政策(續)

(r) 所得稅(續)

遞延稅項乃就用於財務報告目的之資產及負債的賬面值與用於稅務目的之相應金額之間的暫時差額而確認。除商譽以及不影響會計或應課稅盈利的已確認資產及負債外，會就所有應課稅暫時差額確認遞延稅項負債。遞延稅項資產於有可能動用應課稅盈利抵銷可抵扣暫時差額的情況下確認。遞延稅項乃按預期資產或負債變現或清償資產或負債賬面值的方式以及於報告期終已頒佈或實質上已頒佈的適用稅率計量。

對於計量遞延稅項金額時用於釐定適合稅率的一般規定而言，有一個例外情況，即投資物業是根據香港會計準則第40號「投資物業」而按公平價值列賬。除非該假定被推翻，否則此等投資物業的遞延稅項金額是以出售此等投資物業時所適用的稅率以及按其於報告日期的賬面值而計量。若投資物業是可計提折舊並根據一個商業模式而持有，而該商業模式的目的是隨著時間推移而消耗該物業所體現的絕大部分經濟效益（而不是通過出售）時，該假定即被推翻。

附屬公司、聯營公司及共同控制實體的投資產生的應課稅暫時差異會被確認為遞延稅項負債，惟若本集團可控制暫時差異的撥回及於可見將來不會將暫時差異撥回則除外。

所得稅乃於損益賬內確認，除非該等稅項與於其他全面收益或與於權益內直接確認的項目有關，在此情況下，該等稅項亦分別於其他全面收益或直接於權益中確認。

(s) 外幣

集團實體以其經營所在的主要經濟環境貨幣（「功能貨幣」）以外的貨幣進行的交易乃按交易發生時的適用匯率入賬。外幣貨幣資產及負債則以報告期終的適用匯率換算。按公平價值以外幣列賬的非貨幣項目乃按釐定公平價值當日的匯率重新換算。按歷史成本以外幣計算的非貨幣項目毋須重新換算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註（續）**

31 DECEMBER 2019 2019年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**(s) Foreign currencies (continued)**

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

(t) Employee benefits**(i) Short term employee benefits**

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

4. 主要會計政策（續）**(s) 外幣（續）**

於結算及換算貨幣項目時產生的匯兌差額乃於其產生的期間於損益賬內確認。於重新換算以公平價值列賬的非貨幣項目時產生的匯兌差額計入該期間之損益賬內，惟重新換算之非貨幣項目所產生差額的盈虧是在其他全面收益確認時，在此情況下，有關匯兌差額亦於其他全面收益確認。

綜合賬目時，海外業務的收入及支出項目乃按該年度的平均匯率換算為本集團的呈列貨幣（即港元），除非匯率於該期間內出現大幅波動則除外，在此情況下則會採用進行該等交易時的相若匯率換算。所有海外業務的資產及負債均以報告期終的適用匯率換算。所產生的匯兌差額（如有）於其他全面收益確認，並於權益累計入賬為外匯儲備（少數股東權益外匯儲備（如適用））。於換算構成本集團於所涉海外業務的部分投資淨額的長期貨幣項目時，集團實體獨立財務報表的損益賬內確認的匯兌差額則重新分類至其他全面收益，並於權益累計入賬為外匯儲備。

當處置海外業務時，外匯儲備內確認該業務截至處置日期止的累積匯兌差額將重新分類至損益賬，作為處置盈利或虧損的一部分。

(t) 僱員福利**(i) 短期僱員福利**

短期僱員福利是指預計在僱員提供相關服務的年度呈報期末後12個月以內將全數結付的僱員福利（離職福利除外）。短期僱員福利於僱員提供相關服務的年度內確認。

(ii) 定額供款退休計劃

向定額供款退休計劃作出的供款，於僱員提供服務時在損益賬內確認為開支。

(iii) 離職福利

離職福利於本集團在不得撤銷提供該等福利時或本集團確認重組成本（涉及支付離職福利）時（以較早者為準）確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in the share options reserve will be credited to share capital. 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.

(v) Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or the Group's parent.

4. 主要會計政策(續)

(u) 以權益結算以股份為基礎之付款交易

參考購股權於授出日的公平價值所釐定的已收取服務的公平價值，於歸屬期間以直線法支銷，並會於權益中作出相應增加（購股權儲備）。

於報告期終，本集團修訂其對預期最終會歸屬的購股權數目之估計。於歸屬期間，修訂該等估計的影響（如有）將於損益賬內確認，並於購股權儲備作出相應調整。

當購股權獲行使時，原於購股權儲備中確認的金額將計入股本。當購股權於歸屬日期後遭沒收或於到期日仍未獲行使，則原於購股權儲備中確認的金額則會撥入滾存盈利。

(v) 關聯人士

- (a) 倘屬以下人士，則該人士或該人士的近親與本集團有關聯：
- (i) 對本集團有控制權或共同控制權；
 - (ii) 對本集團有重大影響力；或
 - (iii) 為本集團或本公司母公司主要管理人員的成員。
- (b) 倘符合下列任何條件，則該實體與本集團有關聯：
- (i) 該實體及本集團屬同一集團（即各母公司、附屬公司及同系附屬公司為互相關聯）。
 - (ii) 一個實體是另一實體的聯營公司或合營公司（或集團成員公司之聯營公司或合營公司，而另一實體為本集團成員公司）。
 - (iii) 兩個實體皆為相同第三方的合營公司。
 - (iv) 一個實體為第三實體之合營公司及另一實體為第三實體的聯營公司。
 - (v) 該實體為本集團或與本集團有關聯的實體的僱員福利而設的離職後福利計劃。
 - (vi) 該實體受(a)內所識別的人士控制或共同控制。
 - (vii) 於(a)(i)內所識別對實體有重大影響的人士或是實體（或實體之母公司）主要管理人員的成員。
 - (viii) 該實體或其所屬集團的任何成員公司向本集團或本集團的母公司提供主要管理人員服務。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註（續）**

31 DECEMBER 2019 2019年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**(v) Related parties (continued)**

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are difference from previous estimation. Useful lives and residual values are reviewed at each financial year end date based on changes in circumstances.

Estimated impairment of trade receivables

The Group recognises lifetime ECLs for trade receivables, using a provision matrix 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 as well as the forecast direction of conditions at the reporting date. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

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 merchandise. When the Group identifies items of inventories which have a market price that is lower than its carrying amount, the Group estimates the amount of write-down of inventories as allowance for inventories. If the market price of inventories of the Group becomes lower than its carrying amount subsequently, an additional allowance may be required.

4. 主要會計政策（續）**(v) 關聯人士（續）**

該名人士的近親為可能被預期於與實體進行交易時影響該名人士或受該名人士影響的該等家族成員並包括：

- (i) 該名人士的子女及配偶或家庭夥伴；
- (ii) 該名人士的配偶或家庭夥伴的子女；及
- (iii) 該名人士或該名人士的配偶或家庭夥伴的家屬。

5. 估計不確定性的主要來源

於報告期終有極大風險會導致下個財政年度的資產及負債的賬面值出現重大調整之不確定性估計的主要來源如下：

物業、機器及設備項目的可使用年期及剩餘價值

在釐定物業、機器及設備項目的可使用年期及剩餘價值時，本集團須考慮多項因素，例如因生產變動或改進或市場對有關資產的產品或服務輸出的需求有所改變而產生的技術性或商業性過時、資產預期用途、預期自然損耗、資產維修及保養以及使用資產所受到的法律或類似限制。估計資產的可使用年期時，本集團根據經驗考慮類似用途的類似資產。倘若物業、機器及設備項目的估計可使用年期及／或剩餘價值與先前估計不同，則增加折舊。可使用年期及剩餘價值於每個財政年度結算日按情況變化檢討。

營業應收款項的估計減值

本集團根據本集團過往信貸虧損經驗使用撥備矩陣確認營業應收款項的年限內預期信貸虧損，並根據於報告日期債務人的特定因素、整體經濟環境及對現有及預計的環境方向的評估進行調整。根據預期信貸虧損模式作出的減值撥備金額按根據合約應付本集團的所有合約現金流量與本集團預期將收到的所有現金流量之間的差額計量，並按初始確認時的實際利率貼現。倘未來現金流量少於預期或因事實及環境變化而向下修訂，則可能產生重大減值損失。

存貨撥備

存貨乃按成本及可變現淨值的較低者估值。本集團定期檢討其存貨水平，以辨別滯銷及陳舊商品。倘本集團發現存貨項目的市價低於其賬面值，則本集團估計存貨撇減的金額為存貨撥備。倘本集團的存貨市價之後低於其賬面值，則或須作出額外撥備。

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6. 營業額及分類資料

本公司董事會（「董事會」）（即主要營運決策者）根據客戶所在地區不同的地域位置定期審閱經營業績及財務資料，包括香港（本集團所屬地）、中華人民共和國（「中國」）、台灣、韓國、斯里蘭卡、美洲、歐洲及其他地區（即指其他地域位置，主要為孟加拉、越南、新加坡及澳門）。所有該等地域位置為營運分類，而「其他地區」則為綜合之營運分類。

以下為本集團於是年度源自製造及銷售色布、紗及成衣按可申報分類劃分之營業額及盈利以及業績所作之分析。

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

6. REVENUE AND SEGMENT INFORMATION (continued)

6. 營業額及分類資料(續)

2018	2018年	Hong Kong 香港 HK\$'000 千港元	The PRC 中國 HK\$'000 千港元	Taiwan 台灣 HK\$'000 千港元	Korea 韓國 HK\$'000 千港元	Sri Lanka 斯里蘭卡 HK\$'000 千港元	America 美洲 HK\$'000 千港元	Europe 歐洲 HK\$'000 千港元	Others 其他地區 HK\$'000 千港元	Segment total 分類總值 HK\$'000 千港元	Eliminations 對銷 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Revenue	營業額											
External sales	對外銷售	1,638,762	1,656,757	805,785	869,874	857,847	665,073	23,058	993,633	7,510,789	-	7,510,789
Inter-segment sales (note)	分類間銷售(附註)	4,993,205	2,804,149	-	-	311,448	-	-	166,227	8,275,029	(8,275,029)	-
Total segment revenue	分類營業額總值	6,631,967	4,460,906	805,785	869,874	1,169,295	665,073	23,058	1,159,860	15,785,818	(8,275,029)	7,510,789
Results	業績											
Segment profit	分類盈利	131,227	150,425	68,076	73,438	69,324	50,975	1,930	83,691			629,086
Interest income	利息收入											4,894
Unallocated income	未分配收入											3,802
Depreciation, amortisation and impairment loss	折舊、攤銷及減值損失											(185,455)
Other unallocated expenses	其他未分配支出											(192,161)
Finance costs	融資成本											(30,397)
Share of profit of an associate	應佔一間聯營公司之盈利											1,096
Profit before income tax expense	除所得稅支出前盈利											230,865

Note: Inter-segment sales are charged at price by reference to the prevailing market rates.

附註：分類間銷售之價格乃參照當時之市場價格而釐定。

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 4. Segment profit represents the profit earned by each segment without allocation of central administration costs and other expenses (including non-production related employee benefits expenses, directors' emoluments, bank charges, etc.), depreciation and amortisation of investment properties, property, plant and equipment and other intangible assets, interest income, impairment loss and loss on disposal/written-off of property, plant and equipment, finance costs, share of profit of an associate, etc. This is the measure reported to the Board for the purposes of resource allocation and performance assessment. No analysis on segment assets and liabilities is disclosed as it is not presented to the Board.

可申報分類之會計政策與附註4所述之本集團會計政策相同。分類盈利乃指各分類所賺取的盈利，當中並無計入中央行政成本及其他費用（包括非與生產有關之僱員福利開支、董事酬金、銀行費用等）、投資物業、物業、機器及設備以及其他無形資產之折舊及攤銷、利息收入、物業、機器及設備之減值損失及出售／撇銷虧損、融資成本、應佔一間聯營公司之盈利等。此乃為資源分配及績效評估而向董事會匯報之基準。對分類資產及負債並沒有作出分析披露，因該資料沒有向董事會呈列。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

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6. REVENUE AND SEGMENT INFORMATION (continued)

Other segment information

Amounts included in the measure of segment profit:

		Hong Kong	The PRC	Taiwan	Korea	Sri Lanka	America	Europe	Others	Consolidated
		香港	中國	台灣	韓國	斯里蘭卡	美洲	歐洲	其他地區	綜合
		HK\$'000	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	千港元
2019	2019年									
Impairment loss (reversed)/recognised on trade and bills receivables, net	營業及票據應收款項之減值損失(回撥)/確認淨值	(230)	5,250	4	26	882	44	12	91	6,079
2018	2018年									
Impairment loss (reversed)/recognised on trade and bills receivables, net	營業及票據應收款項之減值損失(回撥)/確認淨值	1,084	(8,615)	(198)	(105)	(542)	11	-	(265)	(8,630)

Geographical information

The following is an analysis of geographical location of the Group's non-current assets (note) at the end of the reporting period:

地域資料

於報告期終，本集團之非流動資產(附註)按地域位置之分析如下：

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
The PRC	中國	1,592,523	1,549,559
Hong Kong	香港	29,646	32,908
Sri Lanka	斯里蘭卡	152,331	157,761
Others	其他地區	7,486	753
		1,781,986	1,740,981

Note: Non-current assets excluded deferred tax assets.

附註：非流動資產不包括遞延稅項資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

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6. REVENUE AND SEGMENT INFORMATION (continued)**Disaggregation of revenue**

Disaggregation of revenue from contracts with customers by products and timing of revenue recognition are as follows:

		2019 HK\$'000 千港元	2018 HK\$'000 千港元
Revenue from contracts with customers within the scope of HKFRS 15:	香港財務報告準則第15號範圍內的客戶合同收入：		
Production and sales of dyed fabrics and yarns	製造及銷售色布及紗	5,804,550	6,635,572
Production and sales of garments	製造及銷售成衣	801,105	875,217
		6,605,655	7,510,789
Timing of revenue recognition:	確認收入的時間：		
At a point in time	在某時間點	6,605,655	7,510,789
Transferred over time	隨時間轉移	—	—
		6,605,655	7,510,789

The following table provides information about trade and bills receivables and contract liabilities from contracts with customers.

6. 營業額及分類資料 (續)**收入分列**

按產品及按確認收益時間劃分的客戶合同收入分列如下：

下表提供有關營業及票據應收款項以及來自客戶合同的合約負債資料。

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Trade and bills receivables (note 21)	營業及票據應收款項 (附註21)	1,129,994	1,236,970
Contract liabilities (note 27)	合約負債 (附註27)	15,315	17,834

Information about major customers

No revenue from individual customer contributed over 10% of the total revenue of the Group for the years ended 31 December 2019 and 31 December 2018.

有關主要客戶之資料

截至2019年12月31日及2018年12月31日止年度，來自個別客戶之收入佔本集團營業總額均無超過10%。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

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7. FINANCE COSTS

7. 融資成本

		2019 HK\$'000 千港元	2018 HK\$'000 千港元
Finance costs on:	融資成本：		
Bank borrowings	銀行借貸	27,027	30,397
Lease liabilities	租賃負債	10,020	—
		37,047	30,397

8. INCOME TAX EXPENSE

8. 所得稅支出

		2019 HK\$'000 千港元	2018 HK\$'000 千港元
Current tax:	是年度稅項：		
Hong Kong	香港	11,042	228
The PRC	中國	39,158	30,292
Other jurisdictions	其他司法地區	9,677	6,003
		59,877	36,523
(Over)/under provision in prior years:	過往年度(超額撥備)/撥備不足：		
Hong Kong	香港	(45)	(89)
The PRC	中國	547	(5,131)
Other jurisdictions	其他司法地區	2,115	1,044
		2,617	(4,176)
		62,494	32,347
Deferred tax (note 19):	遞延稅項(附註19)：		
Hong Kong	香港	1,481	(103)
The PRC	中國	(14,836)	12,124
Other jurisdictions	其他司法地區	(6,334)	8,218
		(19,689)	20,239
		42,805	52,586

In March 2018, the Hong Kong Government introduced a two-tiered profits tax rates regime by enacting the Inland Revenue (Amendment) (No. 3) Ordinance 2018 (the "Ordinance"). The Ordinance is effective from the year of assessment 2018-2019. Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of one subsidiary of the Group, which is a qualifying corporation, is taxed at 8.25% and the remaining assessable profits at 16.5%. The profits of other group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5%.

香港政府在2018年3月通過《2018年稅務(修訂)(第3號)條例》(「該條例」)，實施利得稅兩級制。該條例自2018至2019課稅年度起生效。根據利得稅兩級制，本集團一間為合資格企業的附屬公司的首2,000,000港元應課稅盈利稅率為8.25%，而餘下的應課稅盈利則為16.5%。不符合利得稅兩級制資格的其他集團實體之盈利將繼續按稅率16.5%課稅。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註(續)**

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8. INCOME TAX EXPENSE (continued)

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

Pursuant to the relevant laws and regulations in Sri Lanka, the tax rate of Sri Lanka subsidiary changed from 12% to 14% effective from 1 April 2018.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Details of the deferred tax are set out in note 19.

The tax charge for the year can be reconciled to the profit before income tax expense per the consolidated statement of profit or loss and other comprehensive income as follows:

8. 所得稅支出(續)

根據中國企業所得稅法(「企業所得稅法」)及企業所得稅法實施條例,中國附屬公司之稅率為25%。

根據斯里蘭卡有關之法律及法規,斯里蘭卡附屬公司之稅率自2018年4月1日起從12%變更為14%。

其他司法地區之稅項是以有關各自司法地區當時之稅率計算。

有關遞延稅項之詳情載於附註19。

是年度於綜合損益及其他全面收益表的稅項支出與除所得稅支出前盈利的對賬如下:

		2019 HK\$'000 千港元	2018 HK\$'000 千港元
Profit before income tax expense	除所得稅支出前盈利	209,619	230,865
Tax at domestic rates applicable to profits or losses in the jurisdiction concerned	按有關司法地區適用於損益之當地稅率計算的稅項	33,413	47,281
Tax effect of expenses not deductible for tax purpose	費用不獲扣稅的稅務影響	9,837	19,409
Tax effect of income not taxable for tax purpose	收入毋須課稅的稅務影響	(1,147)	(1,943)
Over provision in prior years	過往年度超額撥備	(3,332)	(4,176)
Tax effect of tax losses not recognised	稅項虧損未被確認的稅務影響	4,099	66
Tax effect of other deferred tax not recognised	其他遞延稅項未被確認的稅務影響	5,015	480
Utilisation of tax losses previously not recognised	運用過往未被確認的稅項虧損	(4,867)	(5,856)
Utilisation of other deferred tax previously not recognised	運用過往未被確認的其他遞延稅項	(228)	(3,476)
Effect on opening deferred tax balances resulting from an increase in applicable tax rate	適用稅率增加對遞延稅項期初結餘之影響	—	1,137
Deferred tax provided/(reversed) on withholding tax on overseas subsidiaries	就海外附屬公司預扣稅作出的遞延稅項撥備/(回撥)	183	(68)
Income tax on concessionary rate	按優惠稅率計算的所得稅	(165)	(274)
Others	其他	(3)	6
Tax charge for the year	是年度稅項支出	42,805	52,586

The weighted average applicable tax rate for the year decreased which is caused by changes in profitability of the Group's subsidiaries in respective countries they are operating.

是年度加權平均適用稅率下降乃由於本集團之附屬公司於彼等經營所在各國之盈利能力變動所致。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

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9. PROFIT FOR THE YEAR

9. 是年度盈利

		2019 HK\$'000 千港元	2018 HK\$'000 千港元
Profit for the year has been arrived at after charging/(crediting):	是年度盈利已扣減/(計入):		
Amortisation of deferred income (note i) ¹	遞延收入之攤銷(附註i) ¹	(1,622)	(1,622)
Amortisation of other intangible assets (note 17) ³	其他無形資產之攤銷(附註17) ³	3,015	3,271
Auditors' remuneration	核數師之薪酬		
– BDO Limited	– 香港立信德豪會計師事務所有限公司	2,952	2,987
– Other auditors	– 其他核數師	48	47
Cost of inventories sold (note ii)	存貨銷售成本(附註ii)	5,844,703	6,690,010
Depreciation of investment properties (note 13)	投資物業之折舊(附註13)	3,544	3,627
Depreciation and impairment of property, plant and equipment (note 14)	物業、機器及設備之折舊及減值(附註14)	233,519	175,998
Depreciation of right-of-use assets (note 15) (note iv)	使用權資產之折舊(附註15)(附註iv)	29,945	–
Employee costs (including directors' emoluments set out in note 10)	僱員成本(包括載於附註10之董事酬金)	963,911	1,009,030
Government grants (note iii) ¹	政府補貼(附註iii) ¹	(4,005)	(5,612)
Interest income ¹	利息收入 ¹	(10,058)	(4,894)
Loss on disposal/written-off of property, plant and equipment ²	出售/撇銷物業、機器及設備之虧損 ²	14,841	9,405
Net exchange losses ²	匯兌虧損淨值 ²	1,120	4,592
Net rental income from investment properties ¹	投資物業的租金收入淨值 ¹	(11,282)	(10,519)
Provision for impairment loss reversed on other receivables, net ²	其他應收款項之減值損失撥備回撥淨值 ²	–	(188)
Provision for impairment loss recognised/(reversed) on trade and bills receivables, net ²	營業及票據應收款項之減值損失撥備確認/(回撥)淨值 ²	6,079	(8,630)
Release of prepaid lease payments	預付租賃款項轉出	–	2,559
Written-off of other receivables ²	撇銷其他應收款項 ²	11	–

- ¹ Included in other revenue
² Included in other gains and losses
³ Included in administrative expenses

- ¹ 包括在其他收入內
² 包括在其他收益及虧損內
³ 包括在行政費用內

Notes:

附註:

- (i) Amortisation of deferred income represents grants received from the PRC local government authority as subsidies to the Group for acquiring property, plant and equipment for business development and energy saving scheme implemented by the PRC local government.

- (i) 遞延收入攤銷指收取來自中國當地政府機構授出作為本集團就業務發展及節能計劃購入物業、機器及設備，並由中國當地政府執行之補貼。

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綜合財務報表附註(續)

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9. PROFIT FOR THE YEAR (continued)

Notes: (continued)

- (ii) Cost of inventories sold includes HK\$1,702,274,000 (2018: HK\$1,688,961,000) of staff costs, depreciation and impairment of property, plant and equipment, depreciation of right-of-use assets, subcontracting fee, recognition/(reversal) of write-down of inventories and other manufacturing overheads. Staff costs, depreciation and impairment of property, plant and equipment and depreciation of right-of-use assets are also included in the respective total amounts disclosed above for each of these types of expenses.
- (iii) Government grants mainly represent grants received from the PRC local government authority as subsidies to the Group for incentive of foreign trade and steady growth of business. There were no restrictions with the use of such government grants.
- (iv) As further explained in note 2(a), the Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances as at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets as at 1 January 2019, the Group as lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information has not been restated.

10. INFORMATION REGARDING DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) (the Regulation) are as follows:

2019	2019年	ZHAO Yao 趙耀	YEN Gordon 嚴震銘	NG Kwok Tung 伍國棟	William LAM 林偉成	YING Wei 應偉	YAU Hang Tat, Andrew 邱恒達	LIU Xianfu 劉賢福	TAO Yongming 陶永銘	SUN Fuji 孫福紀	Total 總值
		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 (note iv) (附註iv)	HK\$'000 千港元 (note v) (附註v)	HK\$'000 千港元 (note vi) (附註vi)	HK\$'000 千港元 (note vii) (附註vii)	HK\$'000 千港元
Fees	袍金	-	200	250	200	200	-	-	-	-	850
Other emoluments	其他酬金										
Salaries and other benefits	薪金及其他福利	3,304	-	-	-	-	2,384	-	-	-	5,688
Discretionary bonuses*	酌情獎金*	1,525	-	-	-	-	-	-	-	-	1,525
Equity-settled share-based payments	以權益結算以股份為基礎之付款	-	-	-	-	-	9	-	-	-	9
Retirement benefits scheme contribution	退休福利計劃供款	18	-	-	-	-	165	-	-	-	183
		4,847	200	250	200	200	2,558	-	-	-	8,255

9. 是年度盈利(續)

附註: (續)

- (ii) 存貨銷售成本包括1,702,274,000港元(2018年: 1,688,961,000港元)之員工成本、物業、機器及設備折舊及減值、使用權資產折舊、加工費用、撇銷存貨確認/(回撥)及其他製造費用。員工成本、物業、機器及設備折舊及減值以及使用權資產折舊亦已包括在上文所披露各類開支之相關總額內。
- (iii) 政府補貼主要指收取來自中國當地政府機構授出作為本集團鼓勵外貿及業務穩定增長之補貼。該等政府補貼的使用並無限制。
- (iv) 誠如附註2(a)所進一步闡述,本集團已使用經修訂追溯法首次應用香港財務報告準則第16號,並調整於2019年1月1日之年初結餘,以確認有關先前分類為香港會計準則第17號項下經營租賃之租賃之使用權資產。於2019年1月1日首次確認使用權資產後,本集團(作為承租人)須確認使用權資產折舊,而非如先前政策以直線法於租賃期內確認經營租賃項下產生之租金開支。根據此方法並無重列比較資料。

10. 董事及僱員酬金資料

(a) 董事酬金

根據香港公司條例(第622章)第383條及公司(披露董事利益資料)規例(第622G章)(規例)披露的董事酬金如下:

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10. INFORMATION REGARDING DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors' emoluments (continued)

2018	2018年	YAU												
		ZHAO	YEN	NG Kwok	William	ZHANG	CHEN	YING	LAN	Hang Tat,	LIU	TAO	SUN	Total
		Yao	Gordon	Tung	LAM	Chong	Minghong	Wei	Jiang	Andrew	Xianfu	Yongming	Fuji	
		趙耀	嚴震銘	伍國棟	林偉成	張涌	陳鳴洪	應偉	藍江	邱恒達	劉賢福	陶永銘	孫福紀	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	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	千港元	千港元	千港元	千港元	
				(note i)	(note ii)			(note iii)	(note iv)	(note v)	(note vi)	(note vii)		
				(附註i)	(附註ii)			(附註iii)	(附註iv)	(附註v)	(附註vi)	(附註vii)		
Fees	袍金	-	200	250	200	-	-	200	100	-	-	-	-	950
Other emoluments	其他酬金													
Salaries and other benefits	薪金及其他福利	3,304	-	-	-	-	-	-	194	943	-	-	-	4,441
Discretionary bonuses*	酌情獎金*	1,525	-	-	-	-	-	-	-	-	-	-	-	1,525
Equity-settled share-based payments	以權益結算以股份為基礎之付款	-	-	-	-	-	-	-	19	63	-	-	-	82
Retirement benefits scheme contribution	退休福利計劃供款	18	-	-	-	-	-	-	-	57	-	-	-	75
		4,847	200	250	200	-	-	200	313	1,063	-	-	-	7,073

* The basis of the discretionary bonus is based on the profitability of the Group.

* 酌情獎金的基礎是基於本集團盈利能力。

Notes:

附註:

- (i) Mr. Zhang Chong resigned as Non-Executive Director on 28 August 2018.
- (ii) Mr. Chen Minghong resigned as Executive Director on 28 August 2018.
- (iii) Mr. Lan Jiang resigned as Executive Director on 28 August 2018.
- (iv) Mr. Yau Hang Tat, Andrew was appointed as Executive Director on 28 August 2018.
- (v) Mr. Liu Xianfu was appointed as Executive Director on 28 August 2018.
- (vi) Mr. Tao Yongming was appointed as Executive Director on 28 August 2018.
- (vii) Mr. Sun Fuji was appointed as Non-Executive Director on 28 August 2018.

- (i) 張涌先生於2018年8月28日辭任非執行董事。
- (ii) 陳鳴洪先生於2018年8月28日辭任執行董事。
- (iii) 藍江先生於2018年8月28日辭任執行董事。
- (iv) 邱恒達先生於2018年8月28日獲委任為執行董事。
- (v) 劉賢福先生於2018年8月28日獲委任為執行董事。
- (vi) 陶永銘先生於2018年8月28日獲委任為執行董事。
- (vii) 孫福紀先生於2018年8月28日獲委任為非執行董事。

During the years 2019 and 2018, no emoluments were paid by the Group to any director as an inducement to join or upon joining the Group or as compensation for loss of office.

於2019年及2018年，本集團並無向任何董事支付酬金，以作為加盟本集團或於加入本集團時的獎勵或離職補償。

During the year ended 31 December 2019, three directors (2018: five directors) waived their whole-year emoluments.

截至2019年12月31日止年度，3位(2018年：5位)董事放棄彼等全年酬金。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

10. INFORMATION REGARDING DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)**(b) Employees' emoluments**

The five highest paid employees included two (2018: one) director, whose emoluments are set out in note (a) above. Emoluments of the remaining three (2018: four) employees are as follows:

		2019 HK\$'000 千港元	2018 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	6,247	8,485
Retirement benefits scheme contributions	退休福利計劃供款	112	201
Discretionary bonuses	酌情獎金	325	325
		6,684	9,011

Their emoluments were within the following bands:

彼等之酬金介乎以下組別：

		2019	2018
HK\$1,500,000 to HK\$2,000,000	1,500,000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	3	2
HK\$2,500,001 to HK\$3,000,000	2,500,001港元至3,000,000港元	—	1

(c) Senior management's emoluments

The emoluments paid or payable to members of senior management were within the following bands:

(c) 高級管理層酬金

已付或應付高級管理層成員之酬金介乎以下組別：

		2019	2018
Below HK\$1,000,000	少於1,000,000港元	—	1
HK\$1,000,000 to HK\$1,500,000	1,000,000港元至1,500,000港元	—	1
HK\$2,000,000 to HK\$3,000,000	2,000,000港元至3,000,000港元	1	—
HK\$4,000,000 to HK\$5,000,000	4,000,000港元至5,000,000港元	1	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

11. DIVIDENDS

11. 股息

		2019 HK\$'000 千港元	2018 HK\$'000 千港元
Dividend recognised as distribution during the year:	是年度已確認為分派之股息：		
2018 final dividend of HK10.64 cents (2017: HK10.4 cents) per share	2018年末期股息每股10.64港仙(2017年：每股10.4港仙)	130,071	125,323
2018 special dividend of HK1.33 cents (2017: Nil) per share	2018年特別股息每股1.33港仙(2017年：零)	16,259	—
		146,330	125,323

No interim dividend was paid or proposed for both years.

於兩個年度並無已付或擬派中期股息。

The final dividend of HK9.28 cents in respect of the year ended 31 December 2019 (2018: HK10.64 cents) per share, amounting to approximately HK\$113,683,000 (2018: HK\$130,071,000) in total, and the special dividend of HK1.16 cents in respect of the year ended 31 December 2019 (2018: HK1.33 cents) per share, amounting to approximately HK\$14,210,000 (2018: HK\$16,259,000) in total, have been recommended by the Board and will be subject to the approval of the shareholders at the forthcoming annual general meeting of the Company.

董事會建議派付截至2019年12月31日止年度之末期股息每股9.28港仙(2018年：10.64港仙)，合共約113,683,000港元(2018年：130,071,000港元)，以及截至2019年12月31日止年度之特別股息每股1.16港仙(2018年：1.33港仙)，合共約14,210,000港元(2018年：16,259,000港元)，並將須待股東於本公司應屆股東週年大會上批准。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

12. EARNINGS PER SHARE

The calculation of the basic earnings and diluted earnings per share attributable to owners of the Company is based on the following data:

12. 每股盈利

本公司擁有人應佔每股基本盈利及攤薄盈利乃根據下列數據計算：

		2019 HK\$'000 千港元	2018 HK\$'000 千港元
Earnings	盈利		
Profit for the year attributable to owners of the Company for the purpose of computation of basic earnings and diluted earnings per share	就計算每股基本盈利及攤薄盈利所用之本公司擁有人應佔是年度盈利	141,089	160,792
		2019	2018
Number of shares	股份數目		
Weighted average number of ordinary shares for the purpose of computation of basic earnings per share	就計算每股基本盈利所用之普通股加權平均數目	1,218,336,385	1,205,026,960
Effect of dilutive potential ordinary shares in respect of share options outstanding	有關尚未行使購股權對攤薄潛在普通股之影響	740,894	—
Weighted average number of ordinary shares for the purpose of computation of diluted earnings per share	就計算每股攤薄盈利所用之普通股加權平均數目	1,219,077,279	1,205,026,960

The computation of basic earnings per share for the year ended 31 December 2019 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$141,089,000 (2018: HK\$160,792,000) and the weighted average of 1,218,336,385 ordinary shares (2018: 1,205,026,960 ordinary shares) during the year.

截至2019年12月31日止年度之每股基本盈利乃按年內本公司普通股股權持有人應佔盈利141,089,000港元(2018年: 160,792,000港元)及加權平均數目1,218,336,385股普通股(2018年: 1,205,026,960股普通股)計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

12. EARNINGS PER SHARE (continued)

The computation of diluted earnings per share for the year ended 31 December 2019 is by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group had share options which might result in dilutive potential ordinary shares. Its calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options.

The computation of diluted earnings per share for the year ended 31 December 2018 does not assume the exercise of the Company's outstanding share options because the adjusted exercise prices of those options calculated in accordance with HKAS 33 "Earnings Per Share" are higher than the average market price of the shares.

12. 每股盈利(續)

截至2019年12月31日止年度之每股攤薄盈利乃透過假設所有攤薄潛在普通股均獲轉換，而調整發行在外之加權平均普通股數目計算。本集團之購股權可能導致產生攤薄潛在普通股。已根據尚未行使的購股權附帶之認購權之貨幣價值計算可按公平價值(釐定為本公司股份之平均市價)收購之股份數目。上述所計算之股份數目會與假設購股權獲行使時理應發行之股份數目作出比較。

由於根據香港會計準則第33號「每股盈利」計算之本公司尚未行使購股權之經調整行使價高於股份之平均市價，因此計算截至2018年12月31日止年度之每股攤薄盈利時並無假設該等購股權已獲行使。

13. INVESTMENT PROPERTIES

13. 投資物業

HK\$'000 千港元

Cost	成本	
At 1 January 2018	於2018年1月1日	73,996
Currency realignment	外幣換算差額	(1,689)
At 31 December 2018	於2018年12月31日	72,307
Currency realignment	外幣換算差額	(1,026)
At 31 December 2019	於2019年12月31日	71,281
Depreciation	折舊	
At 1 January 2018	於2018年1月1日	13,221
Currency realignment	外幣換算差額	(382)
Provided for the year	是年度撥備	3,627
At 31 December 2018	於2018年12月31日	16,466
Currency realignment	外幣換算差額	(274)
Provided for the year	是年度撥備	3,544
At 31 December 2019	於2019年12月31日	19,736
Carrying values	賬面值	
At 31 December 2019	於2019年12月31日	51,545
At 31 December 2018	於2018年12月31日	55,841

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

13. INVESTMENT PROPERTIES (continued)

The Group's investment properties consisted of leased properties and leased pier. The fair value of the Group's investment properties at 31 December 2019 was HK\$192,417,000 (31 December 2018: HK\$192,630,000). The fair value of leased properties was HK\$168,304,000 (31 December 2018: HK\$169,918,000) and the fair value of leased pier was HK\$24,113,000 (31 December 2018: HK\$22,712,000) which have been arrived at based on a valuation carried out by RHL Appraisal Limited, an independent property valuer.

The valuation of leased properties was determined by direct comparison method, which is based on the principle of substitution, where comparison is made based on prices realised on actual sales and/or asking prices of comparable properties. Comparable properties of similar size, scale, nature, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

The valuation of leased pier was determined by Depreciated Replacement Cost approach, which is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the improvements less allowance for physical deterioration and all relevant forms of obsolescence and optimisation. The key input of Depreciated Replacement Cost approach is the building construction cost per square metre. A significant increase/decrease in building construction cost per metre used would result in a significant increase/decrease in the fair value of the leased pier.

The valuation of leased properties takes into account the characteristics of the investment properties, which include the location, size, shape, view, floor level, year of completion and other factors collectively, to arrive at the unit market price. The key input of direct comparison method is the unit market price. A significant increase/decrease in the market price would result in a significant increase/decrease in the fair value of the leased properties.

Significant unobservable inputs were used in the valuation of investment properties. The fair value of investment properties is a level 3 recurring fair value measurement under the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

The above investment properties are depreciated on a straight-line basis over the shorter of 20 to 50 years or period of the lease term.

All of the investment properties of the Group are held to earn rentals or for capital appreciation.

13. 投資物業(續)

本集團的投資物業包括租賃物業及租賃碼頭。本集團投資物業於2019年12月31日的公平價值為192,417,000港元(2018年12月31日: 192,630,000港元)。租賃物業的公平價值為168,304,000港元(2018年12月31日: 169,918,000港元)及租賃碼頭的公平價值為24,113,000港元(2018年12月31日: 22,712,000港元)，乃由獨立物業估值師永利行評值顧問有限公司進行的估值計算得出。

租賃物業的估值乃按直接比較法，根據替代原則而釐定。據此，比較乃按實際銷售實現之價格及／或可供比較物業之索價作出。大小、規模、性質、特徵及地點相若之可供比較物業乃按照各物業之相關利弊進行分析及仔細衡量，以達致公平市值比較。

租賃碼頭的估值乃按折舊重置成本法釐定，該方法乃根據土地的現有用途對市值作出估計，加上目前裝修重置的成本減去實質損耗撥備及所有相關形式的陳舊及優化計算。折舊重置成本法的主要輸入數據為每平方米的建築成本。每平方米的建築成本大幅上升／下跌將導致租賃碼頭之公平價值大幅上升／下跌。

租賃物業估值時會考慮投資物業之整體特性，包括位置、尺寸、形狀、景觀、樓層、落成年份及其他因素，以得出單位市場價格。直接比較法之主要輸入數據為單位市場價格。市場價格大幅上升／下跌將導致租賃物業之公平價值大幅上升／下跌。

重大不可觀察輸入參數計量乃用於投資物業之估值。投資物業之公平價值為香港財務報告準則第13號「公平價值計量」所界定的3級公平價值層級項下之第3級經常性公平價值計量。公平價值計量乃按以上述物業之最高及最佳用途為依據，其與物業之實際用途並無差別。

上述投資物業以直線法按20至50年或租賃年期(以較短者為準)折舊。

本集團所有投資物業乃持作賺取租金或資本增值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

14. PROPERTY, PLANT AND EQUIPMENT

14. 物業、機器及設備

		Freehold and leasehold land 永久持有及 租賃的土地 HK\$'000 千港元	Buildings 建築物 HK\$'000 千港元	Furniture, fixtures and equipment 傢俬、 裝置及設備 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Motor vehicles 車輛 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 總值 HK\$'000 千港元
Cost	成本							
At 1 January 2018	於2018年1月1日	21,568	1,000,888	892,281	2,419,151	23,524	43,206	4,400,618
Currency realignment	外幣換算差額	5	(1,940)	(6,850)	(1,044)	(80)	(513)	(10,422)
Additions	增加	—	—	12,301	178,285	1,283	50,784	242,653
Transfer from construction in progress	調撥自在建工程	—	8,442	73,695	4,019	—	(86,156)	—
Disposals/written-off	出售/撇銷	—	—	(15,621)	(42,953)	(1,189)	—	(59,763)
At 31 December 2018	於2018年12月31日	21,573	1,007,390	955,806	2,557,458	23,538	7,321	4,573,086
Currency realignment	外幣換算差額	(13)	(1,793)	(4,858)	(2,932)	(91)	(285)	(9,972)
Additions	增加	—	—	8,516	83,980	2,345	39,778	134,619
Transfer from construction in progress	調撥自在建工程	—	871	15,427	1,365	—	(17,663)	—
Disposals/written-off	出售/撇銷	—	—	(19,694)	(268,278)	(1,293)	—	(289,265)
At 31 December 2019	於2019年12月31日	21,560	1,006,468	955,197	2,371,593	24,499	29,151	4,408,468
Depreciation and impairment	折舊及減值							
At 1 January 2018	於2018年1月1日	12,875	446,836	638,284	1,775,289	18,088	—	2,891,372
Currency realignment	外幣換算差額	—	(767)	(1,862)	(268)	(35)	—	(2,932)
Provided for the year	是年度撥備	215	42,739	44,512	86,984	1,548	—	175,998
Eliminated on disposals/written-off	出售/撇銷時沖銷	—	—	(8,224)	(38,177)	(1,090)	—	(47,491)
At 31 December 2018	於2018年12月31日	13,090	488,808	672,710	1,823,828	18,511	—	3,016,947
Currency realignment	外幣換算差額	—	(710)	(1,764)	(1,934)	(61)	—	(4,469)
Provided for the year	是年度撥備	215	42,088	44,274	145,221	1,721	—	233,519
Eliminated on disposals/written-off	出售/撇銷時沖銷	—	—	(9,746)	(262,022)	(1,247)	—	(273,015)
At 31 December 2019	於2019年12月31日	13,305	530,186	705,474	1,705,093	18,924	—	2,972,982
Carrying values	賬面值							
At 31 December 2019	於2019年12月31日	8,255	476,282	249,723	666,500	5,575	29,151	1,435,486
At 31 December 2018	於2018年12月31日	8,483	518,582	283,096	733,630	5,027	7,321	1,556,139

The cost of above items of property, plant and equipment are depreciated, after taking into account of their estimated residual values, on a straight-line basis.

上述物業、機器及設備之成本於計入彼等之估計剩餘價值後以直線法折舊。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註（續）**

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15. RIGHT-OF-USE ASSETS**15. 使用權資產**

		Land and buildings 土地及樓宇 HK\$'000 千港元	Equipment 設備 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Total 總值 HK\$'000 千港元
At 1 January 2019	於2019年1月1日	257,857	775	429	259,061
Currency realignment	外幣換算差額	(349)	–	–	(349)
Additions	增加	17,271	–	–	17,271
Depreciation	折舊	(29,492)	(182)	(271)	(29,945)
Effect of modification to lease term	修訂租賃條款 之影響	(1,559)	–	–	(1,559)
At 31 December 2019	於2019年12月31日	243,728	593	158	244,479

The analysis of the net book value of right-of-use assets by class of underlying assets is as follows:

按相關資產類別劃分之使用權資產賬面淨值分析如下：

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 1 January 於1月1日 2019 HK\$'000 千港元
Ownership interests in leasehold land and buildings, carried at depreciated cost with remaining lease term of 30 years or more	於租賃土地及樓宇之所有權權益，按折舊成本列值及餘下租賃期為30年或以上	93,938	96,624
Other properties leased for own use, carried at depreciated cost	租賃作自用之其他物業，按折舊成本列值	149,790	161,233
Plant, machinery and equipment, carried at depreciated cost	廠房、機器及設備，按折舊成本列值	751	1,204
		244,479	259,061

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綜合財務報表附註(續)

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16. PREPAID LEASE PAYMENTS

16. 預付租賃款項

		2019 HK\$'000 千港元	2018 HK\$'000 千港元
The Group's prepaid lease payments comprise:	本集團的預付租賃 款項包括：		
Leasehold land situated outside Hong Kong At 31 December as originally presented	位於香港以外的租賃土地 於12月31日，按原先呈列	96,624	99,319
Initial application of HKFRS 16 (note 2(a))	首次應用香港財務報告準則 第16號(附註2(a))	(96,624)	—
Amortisation	攤銷	—	(2,559)
Currency realignment	外幣換算差額	—	(136)
At 1 January and 31 December	於1月1日及12月31日	—	96,624
Analysed for reporting purposes as:	就呈報而言的分析：		
Current assets	流動資產	—	2,599
Non-current assets	非流動資產	—	94,025
		—	96,624

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註（續）**

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17. OTHER INTANGIBLE ASSETS**17. 其他無形資產**

		Software 軟件 HK\$'000 千港元
Cost	成本	
At 1 January 2018	於2018年1月1日	31,267
Additions	增加	—
At 31 December 2018	於2018年12月31日	31,267
Additions	增加	—
At 31 December 2019	於2019年12月31日	31,267
Amortisation	攤銷	
At 1 January 2018	於2018年1月1日	12,921
Provided for the year	是年度撥備	3,271
At 31 December 2018	於2018年12月31日	16,192
Provided for the year	是年度撥備	3,015
At 31 December 2019	於2019年12月31日	19,207
Carrying values	賬面值	
At 31 December 2019	於2019年12月31日	12,060
At 31 December 2018	於2018年12月31日	15,075

18. INTEREST IN AN ASSOCIATE**18. 於一間聯營公司之權益**

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Unlisted investment, at cost	非上市投資，以成本列值	16,204	16,204
Share of post-acquisition profit	應佔收購後盈利	4,333	3,697
		20,537	19,901

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

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18. INTEREST IN AN ASSOCIATE (continued)

Particulars of the associate of the Group at 31 December 2019 and 31 December 2018 is as follows:

18. 於一間聯營公司之權益(續)

本集團聯營公司於2019年12月31日及2018年12月31日之詳情如下:

Name	Form of business structure	Place of incorporation	Place of operation and principal activities	Percentage of ownership interests/voting rights/profit share 所佔擁有權權益/ 投票權/ 盈利百分比
名稱	業務架構形式	註冊成立所在地	營業所在地及主要業務	
東莞欣潤水務有限公司	Corporation	The PRC	Construction and managing of sewage treatment plant in the PRC	30%
	法團	中國	於中國建設及管理污水處理廠	

The primary business of 東莞欣潤水務有限公司 is engaged in construction and managing of sewage treatment plant in Dongguan of Guangdong Province.

東莞欣潤水務有限公司的主要業務乃於廣東省東莞市建設及管理污水處理廠。

The above associate is accounted for using the equity method in the consolidated financial statements.

上述聯營公司乃以權益法於綜合財務報表列賬。

Summarised financial information of an associate that are not individually material:

個別非屬重要之聯營公司之財務資料概述:

		2019 HK\$'000 千港元	2018 HK\$'000 千港元
Profit from continuing operations	持續經營業務之盈利	636	1,096
Other comprehensive income	其他全面收益	-	-
Total comprehensive income	全面收益總值	636	1,096

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

19. DEFERRED TAX

The major deferred tax liabilities/(assets) recognised by the Group and movements thereon during the current and prior reporting periods are as follows:

19. 遞延稅項

本集團於本報告期間及過往報告期間確認的主要遞延稅項負債／(資產)及其變動如下：

		Right-of-use assets 使用權資產 HK\$'000 千港元	Accelerated tax depreciation 提前稅項折舊 HK\$'000 千港元	Tax losses 稅項虧損 HK\$'000 千港元	Others 其他 HK\$'000 千港元 (note) (附註)	Total 總值 HK\$'000 千港元
At 1 January 2018	於2018年1月1日	—	12,864	(3,708)	(44,157)	(35,001)
Charged to profit or loss	於損益賬內扣除	—	7,018	553	12,668	20,239
Currency realignment	外幣換算差額	—	10	—	—	10
At 31 December 2018	於2018年12月31日	—	19,892	(3,155)	(31,489)	(14,752)
Initial application of HKFRS 16 (note 2(a))	首次應用香港財務報告準則 第16號(附註2(a))	(8,124)	—	—	—	(8,124)
Restated balance as at 1 January 2019	於2019年1月1日之 經重列結餘	(8,124)	19,892	(3,155)	(31,489)	(22,876)
Charged/(credited) to profit or loss	於損益賬內扣除／(計入)	(14)	(1,097)	2,522	(21,100)	(19,689)
Currency realignment	外幣換算差額	—	(50)	—	—	(50)
At 31 December 2019	於2019年12月31日	(8,138)	18,745	(633)	(52,589)	(42,615)

Note: The amount represents mainly deferred tax assets arising from unrealised profit on inventories, provision for impairment of property, plant and equipment and trade and bills receivables, write-down of inventories, unrealised gain on transfer of plant and equipment between subsidiaries and deferred tax liabilities arising from withholding tax charged on a PRC/overseas subsidiary.

附註：有關款額主要為存貨的未變現盈利、物業、機器及設備以及營業及票據應收款項減值撥備、存貨撇減、附屬公司之間機器及設備調撥的未變現收益所產生的遞延稅項資產，以及對一間中國／海外附屬公司徵收的預扣稅所產生的遞延稅項負債。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

19. DEFERRED TAX (continued)

As at 31 December 2019, the Group had unused tax losses of approximately HK\$39 million (31 December 2018: HK\$61 million) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$4 million (31 December 2018: HK\$19 million) of such losses, which represent tax losses incurred by certain of the Company's subsidiaries as it is considered by the management that future taxable profits will be available against which the tax losses can be utilised. No deferred tax asset has been recognised in respect of the remaining HK\$35 million (31 December 2018: HK\$42 million) tax losses due to the unpredictability of future profit streams. As at 31 December 2019, of the above tax losses, an aggregate amount of approximately HK\$12 million (31 December 2018: HK\$4 million) can be carried forward for five years following the year when the losses were incurred. Other tax losses may be carried forward indefinitely.

In addition, at 31 December 2019, the Group had other deductible temporary differences of approximately HK\$58 million (31 December 2018: HK\$44 million) mainly consist of unrealised gain on transfer of plant and equipment between subsidiaries, unrealised profit on inventories, allowance for doubtful debts and inventories and interest capitalisation. No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not certain that taxable profits will be available against which the deductible temporary differences can be utilised.

According to the EIT Law, starting from 1 January 2008, 10% withholding income tax will be imposed on dividends relating to profits earned in the calendar year 2008 onwards to foreign investors for the companies established in the PRC. For investors incorporated in Hong Kong and holds at least 25% of the equity interest in the PRC company, reduced rate of 5% will be applied. Deferred tax has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the wholly-owned PRC subsidiaries amounting to HK\$429,100,000 (31 December 2018: HK\$335,162,000) 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 reverse in the foreseeable future. Besides, no deferred tax has been provided for in the consolidated financial statements in respect of the temporary differences attributable to such loss amounting to HK\$6,136,000 (31 December 2018: HK\$10,251,000).

As at 31 December 2019, the Group provided the deferred tax in full in respect of the withholding tax attributable to the undistributed profits after 1 January 2008 of a partially-owned PRC subsidiary amounting to HK\$7,888,000 (31 December 2018: HK\$4,594,000).

19. 遞延稅項(續)

於2019年12月31日，本集團可用作抵銷未來盈利的未運用稅項虧損約為39,000,000港元(2018年12月31日：61,000,000港元)。而此項虧損中約4,000,000港元(2018年12月31日：19,000,000港元)已確認為一項遞延稅項資產，此乃本公司若干附屬公司所產生的稅項虧損，經管理層考慮認為未來的應課稅盈利將可運用此稅項虧損。餘下的稅項虧損為35,000,000港元(2018年12月31日：42,000,000港元)因未能預測將來的盈利來源而未有確認為遞延稅項資產。於2019年12月31日，上述稅項虧損中，總金額約12,000,000港元(2018年12月31日：4,000,000港元)可於產生虧損年度後轉存5年。其他稅項虧損可無限定期轉存。

此外，於2019年12月31日，本集團其他可扣減暫時差異約為58,000,000港元(2018年12月31日：44,000,000港元)，主要包含附屬公司之間機器及設備調撥的未變現收益、存貨的未變現盈利、呆賬及存貨撥備以及利息資本化。因未能確定應課稅盈利將可作抵銷此可扣減暫時差異，故未有確認該可扣減暫時差異為遞延稅項資產。

根據企業所得稅法，由2008年1月1日起，於中國成立的公司向境外投資者派發與於2008曆年及以後年度的盈利有關的股息須繳納10%預扣所得稅。於香港註冊成立且持有中國公司最少25%權益的投資者，將應用寬減稅率5%。由於本集團可以控制暫時差異撥回之時間，而暫時差異很可能於可見將來不會撥回，故並未就全資中國附屬公司滾存盈利之暫時差異429,100,000港元(2018年12月31日：335,162,000港元)在綜合財務報表內作出遞延稅項撥備。此外，綜合財務報表內並無就該等虧損產生的暫時差異6,136,000港元(2018年12月31日：10,251,000港元)作出遞延稅項撥備。

於2019年12月31日，本集團已就一間非全資之中國附屬公司於2008年1月1日後之未分派盈利7,888,000港元(2018年12月31日：4,594,000港元)之預扣稅全數計提遞延稅項撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註（續）**

31 DECEMBER 2019 2019年12月31日

19. DEFERRED TAX (continued)

For the purposes of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances for reporting purposes:

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Deferred tax assets	遞延稅項資產	(53,819)	(30,725)
Deferred tax liabilities	遞延稅項負債	11,204	15,973
		(42,615)	(14,752)

20. INVENTORIES**20. 存貨**

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Spare parts	備件	35,597	40,573
Raw materials	原料	489,695	626,960
Work-in-progress	半製品	422,006	441,646
Finished goods	製成品	308,608	369,928
		1,255,906	1,479,107

21. TRADE AND BILLS RECEIVABLES**21. 營業及票據應收款項**

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Trade receivables	營業應收款項	913,513	973,909
Bills receivables	票據應收款項	231,019	273,910
Less: allowance for doubtful debts	減：呆賬撥備	(14,538)	(10,849)
		1,129,994	1,236,970

19. 遞延稅項（續）

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抵銷。以下是就呈報而言的遞延稅項結餘分析：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

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21. TRADE AND BILLS RECEIVABLES (continued)

The Group allows a credit period ranging from 30 days to 60 days to its trade customers. The following is an ageing analysis of trade and bills receivables based on the invoice dates, as at the end of the reporting period:

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Within 1 month	1個月內	667,466	680,287
1 to 2 months	1至2個月	322,236	325,606
2 to 3 months	2至3個月	93,737	143,777
Over 3 months	3個月以上	61,093	98,149
		1,144,532	1,247,819
Less: allowance for doubtful debts	減: 呆賬撥備	(14,538)	(10,849)
		1,129,994	1,236,970

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits. Credit sales are made to customers with satisfactory trustworthy credit history. Credit limits attributed to customers are reviewed regularly.

The Group does not hold any collateral over the trade and bills receivables.

No interest is charged on the overdue trade receivables. The Group has fully provided for all trade receivables over 360 days as, based on historical experience, trade receivables that are past due beyond 360 days are generally not recoverable. Trade receivables not past due and due within 360 days have been provided for based on estimated irrecoverable amounts, determined by reference to past default experiences.

The Group recognised impairment loss based on the accounting policy stated in Note 4(j).

Further details on the Group's credit policy and credit risk arising from trade debtors and bills receivable are set out in note 39(b).

21. 營業及票據應收款項(續)

本集團提供介乎30天至60天信貸期予其營業客戶。營業及票據應收款項根據發票日期於報告期終的賬齡分析如下:

本集團於接納任何新客戶前,會評估該潛在客戶的信貸質素及界定其信貸限額。信貸銷售將會給予信貸記錄良好的客戶。客戶信貸限額定期予以檢討。

本集團並無就營業及票據應收款項持有任何抵押品。

逾期營業應收款項不計利息。本集團已就超過360天的所有營業應收款項全數計提撥備,此乃由於根據過往經驗,逾期超過360天的營業應收款項一般是無法收回。並無逾期及逾期360天內的營業應收款項乃按估計無法收回金額並參考過往欠款經驗所釐定而計提撥備。

本集團根據附註4(j)所載列的會計政策確認減值損失。

有關本集團信貸政策及來自應收賬款及票據應收款項的信貸風險的進一步詳情載於附註39(b)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

21. TRADE AND BILLS RECEIVABLES (continued)**Transferred financial assets that are derecognised in their entirety**

At 31 December 2019, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of HK\$57,395,000 (2018: HK\$65,522,000). The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Value-added tax recoverable 可收回增值稅
Deposits, prepayments and other receivables 按金、預付款項及其他應收款項

21. 營業及票據應收款項(續)**全部終止確認的已轉讓金融資產**

於2019年12月31日，本集團向其若干供應商背書獲中國內地的銀行接納的若干票據應收款項（「終止確認票據」），以結清賬面值合共為57,395,000港元（2018年：65,522,000港元）的欠付該等供應商的營業應付款項。於報告期終，終止確認票據的期限為1至6個月。根據中國票據法，倘中國的銀行違約，則終止確認票據持有人對本集團有追索權（「持續參與」）。董事認為，本集團已轉移有關終止確認票據的絕大部分風險及回報，據此，已取消確認終止確認票據及相關營業應付款項的全部賬面值。本集團因持續參與終止確認票據及因購回該等終止確認票據的未貼現現金流量而面臨的最大損失等於其賬面值。董事認為，本集團之持續參與終止確認票據的公平價值並不重大。

22. 預付款項、按金及其他應收款項

	At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Value-added tax recoverable 可收回增值稅	57,036	87,794
Deposits, prepayments and other receivables 按金、預付款項及其他應收款項	70,528	91,631
	127,564	179,425

23. RESTRICTED BANK DEPOSITS

As at 31 December 2019, restricted bank deposits of HK\$8,055,000 (31 December 2018: HK\$13,981,000) mainly represented guaranteed deposits placed in a bank in PRC as securities for the bills payables.

24. SHORT-TERM BANK DEPOSITS AND BANK BALANCES AND CASH

Short-term bank deposits and bank balances carry market interest rates ranging from 0.001% to 7.5% (31 December 2018: 0.01% to 7.5%) per annum.

23. 受限制銀行存款

於2019年12月31日，受限制銀行存款8,055,000港元（2018年12月31日：13,981,000港元）主要指存放於中國一家銀行作為票據應付款項抵押的有擔保存款。

24. 短期銀行存款及銀行結餘及現金

短期銀行存款及銀行結餘乃按介乎0.001%至7.5%（2018年12月31日：0.01%至7.5%）之市場年利率計息。

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25. TRADE AND BILLS PAYABLES

25. 營業及票據應付款項

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Trade payables	營業應付款項	640,537	525,832
Bills payables	票據應付款項	183,261	244,987
		823,798	770,819

The following is an ageing analysis of trade and bills payables based on the invoice dates, as at the end of the reporting period:

營業及票據應付款項按發票日期於報告期終的賬齡分析如下：

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Within 1 month	1個月內	627,948	357,205
1 to 2 months	1至2個月	117,429	266,508
2 to 3 months	2至3個月	38,800	55,599
Over 3 months	3個月以上	39,621	91,507
		823,798	770,819

All the bills payables of the Group were not yet due at the end of the reporting period.

於報告期終，本集團之所有票據應付款項均未到期。

As at 31 December 2019, bills payables of HK\$19,313,000 (31 December 2018: HK\$32,527,000) were secured by the Group's restricted bank deposits of HK\$5,767,000 (31 December 2018: HK\$9,758,000).

於2019年12月31日，票據應付款項19,313,000港元(2018年12月31日：32,527,000港元)乃由本集團之受限制銀行存款5,767,000港元(2018年12月31日：9,758,000港元)作為抵押。

The credit period on purchase of goods ranges from 30 days to 120 days.

購貨的信貸期介乎30天至120天。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

26. OTHER PAYABLES AND ACCRUALS

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Other payables	其他應付款項	98,961	125,710
Accruals	應計費用	167,902	170,567
		266,863	296,277

27. CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract liabilities:

26. 其他應付款項及應計費用**27. 合約負債**

本集團已確認以下收入相關合約負債：

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Contract liabilities	合約負債	15,315	17,834

Movements in contract liabilities**合約負債的變動**

		2019 HK\$'000 千港元	2018 HK\$'000 千港元
Balance at 1 January	於1月1日結餘	17,834	5,131
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year (note 6)	因年內確認年初計入合約負債的收入而導致合約負債減少(附註6)	(17,186)	(3,749)
Increase in contract liabilities as a result of advanced consideration received from customers	因收自客戶的預付代價而導致的合約負債增加	14,667	16,452
Balance at 31 December	於12月31日結餘	15,315	17,834

28. LEASE LIABILITIES

HKFRS 16 was adopted on 1 January 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 January 2019, see Note 2(a). The accounting policies applied subsequent to the date of initial application, 1 January 2019, as disclosed in note 4(f)(1).

28. 租賃負債

香港財務報告準則第16號於2019年1月1日採納，並無重列比較數字。就於2019年1月1日所應用之過渡規定之闡釋，見附註2(a)。於首次應用日期(2019年1月1日)後應用之會計政策披露於附註4(f)(1)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

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28. LEASE LIABILITIES (continued)

Nature of leasing activities (in the capacity as lessee)

The Group leases a number of properties in the jurisdictions from which it operates. The Group leases various factories, staff quarters, offices premises, warehouse and plant and equipment. Rental contracts are typically made for fixed periods from 2 to 50 years for land and buildings and 2 years for plant and machinery. All rental contracts comprise only fixed payments over the lease terms.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. Leased assets may not be used as security for borrowing purposes.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk of lessee; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

28. 租賃負債(續)

租賃業務之性質(作為承租人)

本集團於其營運之司法地區租賃多項物業。本集團租賃多間工廠、員工宿舍、辦公室物業、倉庫以及廠房及設備。租賃合約一般按固定年期2至50年(就土地及樓宇而言)及2年(就廠房及機器而言)訂立。所有租賃合約僅包含於租賃期作出固定付款。

合約可包含租賃及非租賃組成部分。本集團根據租賃及非租賃組成部分之相對單獨價格,將合約之代價分配至租賃及非租賃組成部分。

租賃期乃按個別基準進行磋商,且包含多種不同條款及條件。租賃協議不會施加任何契諾。租賃資產不得用作借款之抵押。

租賃款項乃使用租賃隱含之利率貼現。倘無法輕易釐定該利率(本集團之租賃通常如此),則使用承租人之增量借款利率,即個別承租人於類似經濟環境根據類似條款、抵押及條件為借入取得與使用權資產之價值相若之資產所需之資金而將須支付之利率。

為釐定增量借款利率,本集團:

- 在可能情況下使用個別承租人近期取得之第三方融資作為基點,並作出調整以反映自取得第三方融資以來融資條件之變動;
- 使用累加法,首先就承租人之信貸風險調整無風險利率;及
- 對租賃作出特定調整,如年期、國家、貨幣及抵押。

Lease liabilities	租賃負債	Land and buildings 土地及樓宇 HK\$'000 千港元	Equipment 設備 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Total 總值 HK\$'000 千港元
Balance at 1 January 2019	於2019年1月1日結餘	193,739	784	428	194,951
Additions	增加	17,271	—	—	17,271
Interest expense	利息支出	9,990	21	9	10,020
Lease payments	租賃款項	(26,094)	(196)	(276)	(26,566)
Effect on modification of lease term	修訂租賃條款 之影響	(1,834)	—	—	(1,834)
Currency realignment	外幣換算差額	(4,002)	—	(4)	(4,006)
Balance at 31 December 2019	於2019年12月31日結餘	189,070	609	157	189,836

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註(續)**

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28. LEASE LIABILITIES (continued)

The analysis of the present value of future lease payments is as follows:

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 1 January 於1月1日 2019 HK\$'000 千港元
Current liabilities	流動負債	31,053	18,831
Non-current liabilities	非流動負債	158,783	176,120
		189,836	194,951

		2019 HK\$'000 千港元
Short-term lease expense	短期租賃支出	5,644
Low-value lease expense	低價值租賃支出	36
Aggregate undiscounted commitments for short-term leases	未貼現短期租賃承擔總額	920

29. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS/AN ASSOCIATE**(a) Amounts due to non-controlling shareholders**

The amounts are unsecured, interest-free and repayable on demand.

(b) Amount due to an associate

The amount is unsecured, interest-free and repayable with agreed 30 days credit period.

30. DEFERRED INCOME

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Arising from government grants (note)	由政府補貼所產生(附註)	57,367	58,989
Current	流動	1,622	1,622
Non-current	非流動	55,745	57,367
		57,367	58,989

Note: In 2008, the Group received a government subsidy of HK\$72,912,000 for the purchase of certain assets, which had been deferred to recognise as income over the useful lives of the relevant assets upon the fulfilment of the relevant conditions. The Group has no unfulfilled conditions attaching to the government grants.

28. 租賃負債(續)

未來租賃款項之現值分析如下:

	At 31 December 於12月31日 2019 HK\$'000 千港元	At 1 January 於1月1日 2019 HK\$'000 千港元
Current liabilities	31,053	18,831
Non-current liabilities	158,783	176,120
	189,836	194,951

	2019 HK\$'000 千港元
Short-term lease expense	5,644
Low-value lease expense	36
Aggregate undiscounted commitments for short-term leases	920

29. 欠非控股股東／一間聯營公司款項**(a) 欠非控股股東款項**

有關款項為無抵押、免息及應要求償還。

(b) 欠一間聯營公司款項

有關款項為無抵押、免息及須於30天協定信貸期間償還。

30. 遞延收入

	At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Arising from government grants (note)	57,367	58,989
Current	1,622	1,622
Non-current	55,745	57,367
	57,367	58,989

附註: 於2008年, 本集團已收一項政府補貼72,912,000港元, 用於購買若干資產。補貼已於達成相關條件後按有關資產使用年期確認為收入。本集團並無該等政府補貼所附帶的未達成條件。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

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31. BANK BORROWINGS

31. 銀行借貸

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Unsecured borrowings:	無抵押借貸：		
Bank loans	銀行貸款	222,382	639,019
Import bills loans	進口貸款	–	159,494
		222,382	798,513
Repayable as follows:	須於下列期間償還：		
On demand or within one year (note)	應要求償還或1年內(附註)	67,923	495,707
More than one year, but not exceeding two years	1年以上但不超過2年	147,317	84,032
More than two years, but not exceeding five years	2年以上但不超過5年	7,142	218,774
		222,382	798,513
Less: Amounts repayable on demand or due within one year shown under current liabilities	減：列入流動負債應要求償還或1年內到期金額		
– bank borrowings due within one year	– 1年內到期的銀行借貸	(67,923)	(495,707)
Amounts due after one year	1年後到期金額	154,459	302,806

Note: As at 31 December 2019 and 2018, the current liabilities include bank loans that are all scheduled to repay within one year.

附註：於2019年及2018年12月31日，流動負債包括須於1年內到期償還之銀行貸款。

The bank borrowings of the Group are mainly variable rate borrowings which carry interest at HIBOR plus a spread, ranging from 0.975% to 2.25% (2018: 1% to 2.5%) or London Interbank Offered Rate plus a spread, ranging from 0.975% to 2.25% (2018: 1% to 2.25%) per annum in Hong Kong. The average effective interest rates of the bank borrowings of the Group is 3.81% (2018: 3.09%) per annum. Some other bank borrowings of the Group carry interest at fixed rates ranging from 2.49% to 3.14% (2018: 2% to 3.14%) per annum.

本集團的銀行借貸主要為浮息借貸，於香港乃按香港銀行同業拆息加上息差介乎0.975%至2.25%（2018年：1%至2.5%）或倫敦銀行同業拆息加上息差介乎0.975%至2.25%（2018年：1%至2.25%）之年利率計息。本集團銀行借貸之平均實際年利率為3.81%（2018年：3.09%）。本集團部分其他銀行借貸乃按固定年利率介乎2.49%至3.14%（2018年：2%至3.14%）計息。

Pursuant to the Group's banking facilities letters, the Group was required to maintain a number of covenant ratios. During the years ended 31 December 2019 and 2018, the Group had complied with all covenant ratios.

根據本集團的銀行融資函件，本集團須維持數個契約比率。於截至2019年及2018年12月31日止年度，本集團已遵守所有契約比率。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註（續）**

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32. SHARE CAPITAL**32. 股本**

		At 31 December 於12月31日 2019		At 31 December 於12月31日 2018	
		No. of shares 股份數目	HK\$'000 千港元	No. of shares 股份數目	HK\$'000 千港元
Ordinary shares, issued and fully paid	普通股·已發行及繳足股本				
At beginning of the year	於年初	1,205,026,960	865,716	1,205,026,960	865,716
Exercise of share options	行使購股權	20,000,000	24,094	—	—
At end of the year	於年終	1,225,026,960	889,810	1,205,026,960	865,716

In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the ordinary shares of the Company do not have a par value.

根據香港公司條例（第622章）第135條，本公司的普通股並無票面價值。

33. NON-CONTROLLING INTERESTS

Ocean Lanka (Private) Limited, a 60% (2018: 60%) owned subsidiary of the Company, has material non-controlling interests ("NCI"). The NCI of all other subsidiaries that are not 100% owned by the Group are considered not to be material.

33. 非控股權益

本公司於一間附屬公司Ocean Lanka (Private) Limited擁有60%（2018年：60%）股權的重大非控股權益（「非控股權益」）。並非由本集團擁有100%權益之所有其他附屬公司之非控股權益被認為並不重大。

Summarised financial information in relation to the NCI of Ocean Lanka (Private) Limited, before intra-group eliminations, is presented below:

於集團內部對銷之前，有關Ocean Lanka (Private) Limited非控股權益的概要財務資料呈列如下：

		2019 HK\$'000 千港元	2018 HK\$'000 千港元
For the year ended 31 December	截至12月31日止年度		
Revenue	營業額	827,339	789,284
Profit for the year	是年度盈利	54,313	25,966
Total comprehensive income	全面收益總額	54,217	25,235
Profit allocated to NCI	分配至非控股權益的盈利	21,725	10,387
Dividend paid to NCI	派付予非控股權益的股息	25,097	—
For the year ended 31 December	截至12月31日止年度		
Cash flows from operating activities	營運項目所得的現金流量	83,186	35,703
Cash flows used in investing activities	投資項目所用的現金流量	(11,912)	(14,547)
Cash flows used in financing activities	融資項目所用的現金流量	(25,317)	(26)
Effect of exchange rate changes on cash and cash equivalents	匯率變動對現金及等同現金項目的影響	(478)	130
Net cash inflows	現金流入淨額	45,479	21,260

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33. NON-CONTROLLING INTERESTS (continued)

33. 非控股權益(續)

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Current assets	流動資產	379,636	351,134
Non-current assets	非流動資產	152,331	157,780
Current liabilities	流動負債	(120,686)	(80,708)
Non-current liabilities	非流動負債	(9,571)	(15,865)
Net assets	資產淨值	401,710	412,341
Accumulated non-controlling interests	累計非控股權益	160,684	164,936

34. SHARE-BASED PAYMENT TRANSACTIONS

The 2011 Scheme

The Company adopted the 2011 Scheme pursuant to a shareholders' resolution passed at the extraordinary general meeting held on 20 January 2011 (the "Adoption Date"). The purpose of the 2011 Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants (as defined in the 2011 Scheme) and for such other purposes as the Board may approve from time to time.

The Participants of the 2011 Scheme include (i) any directors or any employees (whether full-time or part-time) of the Company and its subsidiaries, associated companies, jointly controlled entities and related companies from time to time (the "FSH Group"); (ii) any discretionary objects of a discretionary trust established by any directors or any employees (whether full-time or part-time) of each member of the FSH Group; (iii) any consultants, professional and other advisers to each member of the FSH Group (including their employees or executives or any persons, firms or companies proposed to be appointed for providing such services); and (iv) any chief executives or substantial shareholders of the Company, provided that the Board may have absolute discretion to determine whether or not one falls within the above categories.

34. 以股份為基礎之付款交易

2011年計劃

本公司根據於2011年1月20日(「採納日」)舉行之股東特別大會上通過之一項股東決議案採納2011年計劃。2011年計劃旨在給予本公司一種靈活方案,以向參與者(如2011年計劃所定義)給予獎勵、回饋、酬勞、報酬及/或提供利益,及就董事會可不時批准之其他目的。

2011年計劃之參與者包括(i)本公司、其不時之附屬公司、相關連公司、共同控制公司及相關的公司(「FSH集團」)的任何董事或任何僱員(不論全職或兼職);(ii)FSH集團各成員公司的任何董事或任何職員(不論全職或兼職)所成立全權信託的任何全權受益人;(iii)FSH集團各成員公司的任何諮詢顧問、專業及其他顧問(包括彼等僱員或行政人員或擬委聘提供該等服務的任何人士、商號或公司);及(iv)本公司的任何主要行政人員或主要股東,惟董事會可全權酌情決定任何人士是否屬於上述類別。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

31 DECEMBER 2019 2019年12月31日

34. SHARE-BASED PAYMENT TRANSACTIONS (continued)**The 2011 Scheme (continued)**

The maximum number of shares which may be issued upon exercise of all options to be granted under the 2011 Scheme and the maximum number of shares which may be issued upon the exercise of all options to be granted under any other share option schemes of the Company (if any) are in aggregate equal to 10% of the total number of shares in issue as at the Adoption Date, i.e. 79,401,096 shares. Under the 2011 Scheme, share options comprising 26,100,000 shares were granted on 19 January 2018. The share options will be fully vested after 12 months from the date of grant and the exercisable period of share option is from 19 January 2019 to 18 January 2020. The closing prices of the shares immediately before the date of grant was HK\$1.07 each. Among those granted on 19 January 2018, share options comprising 20,000,000 shares were exercised during the year ended 31 December 2019, and the share options comprising 300,000 shares were forfeited due to resignation of a grantee. The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK\$1.35.

The total number of shares issued and to be issued upon exercise of the share options granted and to be granted pursuant to the 2011 Scheme and any other share option schemes of the Company to each Participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue (the "Individual Limit"). Any further grant of share options in excess of the Individual Limit shall be subject to Shareholders' approval with such grantee and his close associates (or his associates if such grantee is a connected person) abstaining from voting.

In addition, share options granted to a substantial shareholder (as defined in the Listing Rules) of the Company or an Independent Non-Executive Director or any of their respective associates (as defined in the Listing Rules) in any 12-month period up to and including the date of such grant in excess of 0.1% of the shares in issue and having an aggregate value, based on the closing price of the shares at the date of each grant, exceeding HK\$5 million must be approved by Shareholders in general meeting in advance.

34. 以股份為基礎之付款交易 (續)**2011年計劃 (續)**

因行使根據2011年計劃將予授出的所有購股權及本公司任何其他購股權計劃(如有)項下將予授出的所有購股權而可能發行的股份總數,最多合共相當於採納日已發行股份總數的10%,即數目為79,401,096股。根據2011年計劃,於2018年1月19日已授出包含26,100,000股股份之購股權。購股權將自授出日期起12個月後悉數歸屬,而購股權的行使期為2019年1月19日至2020年1月18日。股份於緊接授出日期前之收市價為每股1.07港元。其中就於2018年1月19日授予中包含20,000,000股股份之購股權已於截至2019年12月31日止年度獲行使,而包含300,000股股份之購股權因承授人離職而被沒收。股份於緊接購股權行使日期前的加權平均收市價為1.35港元。

於任何12個月期間因根據2011年計劃及本公司任何其他購股權計劃授予及將授予每名參與者的購股權(包括已行使、註銷及尚未行使的購股權)獲行使而已經及將予發行的股份總數,不得超過已發行股份總數的1%([個別限額]),進一步授出任何超過個別限額之購股權須經股東另行批准,方可授出,而該承授人及其緊密聯繫人(或其聯繫人(如該名人士屬關連人士))須放棄表決。

此外,於直至及包括相關授予日期的任何12個月期間內,向本公司之主要股東(定義見上市規則)或獨立非執行董事或彼等各自之任何聯繫人士(定義見上市規則所列明)授出超過已發行股份之0.1%,且總值(按股份於各授出日期之收市價計算)超過5,000,000港元之購股權,須事先於股東大會上獲股東批准。

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34. SHARE-BASED PAYMENT TRANSACTIONS (continued)

The 2011 Scheme (continued)

The exercise price is determined by the Board at the date of grant and should be the higher of (a) the average of the closing prices of each share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (b) the closing price of each share as stated in the Stock Exchange's daily quotation sheet on the date of grant. The amount payable on acceptance of the share option granted is HK\$1.00. Acceptance must be made within a period from date of grant to such date as the Board may determine and specify in the offer letter (both dates inclusive). The Board is empowered to impose, at its discretion, any minimum period that an option must be held at the time of granting any option. The option period of the share option granted is determined by the Board at the time of offering the grant and, in any event, shall not be longer than 10 years from the date of grant.

The 2011 Scheme shall valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further share option will be granted.

As at 31 December 2019, there were 5,800,000 outstanding share options under the 2011 Scheme.

The following table discloses movements of the Company's share options granted under the 2011 Scheme.

34. 以股份為基礎之付款交易(續)

2011年計劃(續)

行使價由董事會於提出授予購股權時釐定，但必須為下列較高者：(a)於緊接授出該購股權之日前五個營業日於聯交所發出之每日報價表所示之股份平均收市價；及(b)於授出該購股權之日於聯交所發出之每日報價表所示之股份收市價。接納購股權的代價為1.00港元。必須自授出日期至董事會可能釐定之日期(須在要約函中指明)內(包括首尾兩日)接受。董事會有權於發出任何購股權時自行決定必須持有購股權的任何最短期限。購股權之行使期限由董事會於提出授予購股權時釐定，惟任何情況下，由授出日期起計，不得超過10年。

2011年計劃之有效期自採納日起生效，為期10年，於該期限後將不可再授予購股權。

於2019年12月31日，2011年計劃下，尚未行使的購股權為5,800,000股股份。

下表披露本公司根據2011年計劃已授出購股權之變動情況。

	Scheme	Date of grant	Exercise price	Outstanding at 1 January 2019 於2019年1月1日 尚未行使	Cancelled/ Lapsed/ Forfeited during the year 年內已註銷/失效/沒收	Exercised during the year 年內已行使	Outstanding at 31 December 2019 於2019年12月31日 尚未行使
	計劃	授出日期	行使價				
Category 1: Director 第1類：董事							
Mr. Yau Hang Tat, Andrew 邱恒達先生	2011 2011年	19 January 2018 2018年1月19日	HK\$1.10 1.10 港元	1,800,000	—	(1,800,000)	—
Category 2: Employees 第2類：僱員	2011 2011年	19 January 2018 2018年1月19日	HK\$1.10 1.10 港元	24,300,000	(300,000)	(18,200,000)	5,800,000
				26,100,000	(300,000)	(20,000,000)	5,800,000
Exercisable at the end of the year 於是年度終結時可予行使				—			5,800,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

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34. SHARE-BASED PAYMENT TRANSACTIONS (continued)

34. 以股份為基礎之付款交易(續)

	Scheme	Date of grant	Exercise price	Outstanding at 1 January 2018 於2018年1月1日 尚未行使	Granted during the year 年內已授予	Outstanding at 31 December 2018 於2018年12月31日 尚未行使
	計劃	授出日期	行使價			
Category 1: Director 第1類: 董事						
Mr. Yau Hang Tat, Andrew (note (a)) 邱恒達先生(附註(a))	2011 2011年	19 January 2018 2018年1月19日	HK\$1.10 1.10 港元	–	1,800,000	1,800,000
Category 2: Employees (note (b)) 第2類: 僱員(附註(b))						
	2011 2011年	19 January 2018 2018年1月19日	HK\$1.10 1.10 港元	–	24,300,000	24,300,000
				–	26,100,000	26,100,000
Exercisable at the end of the year	於是年度終結時 可予行使			–		–

Notes:

附註:

- (a) During the year 2018, 1,800,000 share options were granted to Mr. Yau Hang Tat, Andrew, who was the employee of the Group. On 28 August 2018, he was appointed as Executive Director of the Company. Outstanding number of share options as at 31 December 2018 includes 1,800,000 outstanding share options granted to him before his appointment as Executive Director of the Company.
- (b) During the year 2018, 300,000 share options were granted to Mr. LAN Jiang, who was the Executive Director of the Company. On 28 August 2018, he resigned as Executive Director of the Company but continued to remain as employee of the Group. Outstanding number of share options as at 31 December 2018 includes 300,000 outstanding share options granted to him before his resignation as Executive Director of the Company.

- (a) 於2018年，本公司授予本集團僱員邱恒達先生1,800,000份購股權。2018年8月28日，彼獲委任為本公司執行董事。於2018年12月31日的尚未行使購股權數目包括於彼獲委任為本公司執行董事之前獲授的1,800,000份尚未行使購股權。
- (b) 於2018年，本公司授予執行董事藍江先生300,000份購股權。2018年8月28日，彼辭任本公司執行董事，但繼續為本集團僱員。於2018年12月31日的尚未行使購股權數目包括於彼辭任本公司執行董事之前獲授的300,000份尚未行使購股權。

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綜合財務報表附註(續)

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34. SHARE-BASED PAYMENT TRANSACTIONS (continued)

The fair values of the share options were determined using the Polynomial model:

34. 以股份為基礎之付款交易(續)

購股權之公平價值乃採用多項式模式釐定：

Under the 2011 Scheme Share options granted on 19 January 2018 根據2011年計劃 於2018年1月19日 已授出的購股權		
Number of options	購股權數目	26,100,000
Grant date fair value	授出日期之公平價值	HK\$2,732,000港元
Grant date share price	授出日期之股價	HK\$1.10港元
Exercise price	行使價	HK\$1.10港元
Suboptimal exercise factor	次優行使因素	2.86
Contractual life	合約年期	2 years年
Expected volatility	預計波幅	23.81%
Dividend yield	股息率	4.82%
Risk-free interest rate	無風險利率	1.28%

The Polynomial model has been used to estimate the fair value of the share options granted on 19 January 2018. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

於2018年1月19日授出的購股權之公平價值採用多項式模式估計。於計算購股權公平價值時使用之變數及假設乃按董事之最佳估計釐定。變數及假設變動可能引致購股權之公平價值變動。

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to the share options reserve.

於各報告期終，本集團修訂其對預期最終歸屬的購股權數目之估計。修訂估計產生之影響(如有)於損益賬內確認，並於購股權儲備作出相應調整。

Expected volatilities were determined by using historical volatilities of the stock return of the Company over the previous 2 years. The risk-free interest rates used in the model were determined based on the yield of Hong Kong Sovereign Curve for the share options granted on 19 January 2018.

預期波幅乃採用本公司過去2年股票回報之歷史波幅釐定。模式中所採用之無風險利率乃根據香港主權曲線回報率(就2018年1月19日已授出之購股權)釐定。

The options granted on 19 January 2018 and outstanding at 31 December 2019 had a weighted average remaining contractual life of 0.05 year (31 December 2018: 1.05 years).

於2018年1月19日授出及於2019年12月31日尚未行使的購股權的加權平均剩餘合約年期為0.05年(2018年12月31日：1.05年)。

In 2019, the Group recognised the total expense of HK\$133,000 (2018: HK\$2,597,000) in relation to share options granted by the Company.

於2019年，本集團就本公司授出之購股權確認總開支133,000港元(2018年：2,597,000港元)。

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綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

35. RESERVES

The Group

The Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

The Company

35. 儲備

本集團

本集團本年度及過往年度的儲備及其變動載列於綜合權益變動表。

本公司

		Share options reserve 購股權儲備 HK\$'000 千港元	Retained earnings 滾存盈利 HK\$'000 千港元	Total 總值 HK\$'000 千港元
At 1 January 2018	於2018年1月1日	—	1,351,580	1,351,580
Profit for the year	是年度盈利	—	133,493	133,493
Dividend recognised as distribution	已確認為分派之股息	—	(125,323)	(125,323)
Equity-settled share-based payments	以權益結算以股份為 基礎之付款	2,597	—	2,597
At 31 December 2018 as originally presented	於2018年12月31日， 按原先呈列	2,597	1,359,750	1,362,347
Initial application of HKFRS 16	首次應用香港財務 報告準則第16號	—	(15)	(15)
Restated balance at 1 January 2019	於2019年1月1日之 經重列結餘	2,597	1,359,735	1,362,332
Profit for the year	是年度盈利	—	187,402	187,402
Dividend recognised as distribution	已確認為分派之股息	—	(146,330)	(146,330)
Equity-settled share-based payments	以權益結算以股份為 基礎之付款	133	—	133
Exercise of share options	行使購股權	(2,094)	—	(2,094)
Transfer from share options reserve to retained earnings	由購股權儲備調撥至 滾存盈利	(29)	29	—
At 31 December 2019	於2019年12月31日	607	1,400,836	1,401,443

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綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

36. HOLDING COMPANY'S STATEMENT OF FINANCIAL POSITION

36. 控股公司之財務狀況報表

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
	Notes 附註		
Non-current assets	非流動資產		
Property, plant and equipment	物業、機器及設備	4,919	5,054
Right-of-use assets	使用權資產	732	—
Investments in subsidiaries	附屬公司投資	7,650	7,650
		13,301	12,704
Current assets	流動資產		
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	2,412	2,324
Amounts due from subsidiaries	附屬公司所欠款項	3,027,477	2,758,864
Bank balances and cash	銀行結餘及現金	25,670	93,615
		3,055,559	2,854,803
Current liabilities	流動負債		
Other payables and accruals	其他應付款項及應計費用	8,364	8,063
Lease liabilities – current portion	租賃負債—流動部分	323	—
Amounts due to subsidiaries	欠附屬公司款項	768,062	630,948
		776,749	639,011
Net current assets	流動資產淨值	2,278,810	2,215,792
Total assets less current liabilities	資產總值減流動負債	2,292,111	2,228,496
Non-current liabilities	非流動負債		
Lease liabilities – non-current portion	租賃負債—非流動部分	428	—
Deferred tax liabilities	遞延稅項負債	430	433
		858	433
Net assets	資產淨值	2,291,253	2,228,063
Capital and reserves	資本及儲備		
Share capital	股本	889,810	865,716
Reserves	儲備	1,401,443	1,362,347
Total equity	權益總值	2,291,253	2,228,063

ZHAO Yao
趙耀
Director
董事

YAU Hang Tat, Andrew
邱恒達
Director
董事

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

37. INVESTMENTS IN SUBSIDIARIES

Particulars of the principal subsidiaries of the Company at 31 December 2019 and 31 December 2018 are as follows:

37. 附屬公司投資

於2019年12月31日及2018年12月31日本公司主要附屬公司的詳情如下：

Name of subsidiary 附屬公司名稱	Place/country of incorporation/ registration and operation 註冊成立／登記及 營業所在地／國家	Issued and fully paid share capital/ registered capital 已發行及繳足的股本／ 登記股本	Proportion of issued share capital/registered capital held by the Company 本公司所持已發行股本／ 登記股本的比率		Principal activities 主要業務
			Directly 直接 %	Indirectly 間接 %	
Dong Guan FuYi Apparel Co., Ltd. (note a) 東莞福怡服裝有限公司(附註a)	The PRC 中國	HK\$14,000,000 14,000,000港元	—	100	Production and sales of garments 製造及銷售成衣
Dongguan Shatin Lake Side Textiles Printing & Dyeing Co., Ltd. (note b) 東莞沙田麗海紡織印染有限公司(附註b)	The PRC 中國	HK\$307,500,000 307,500,000港元	—	95	Knitting, dyeing, printing and sales of dyed fabrics 針織、染色、印花和銷售色布
Fountain Set Limited 福田實業有限公司	Hong Kong 香港	HK\$3,000,000 3,000,000港元	100	—	Trading of dyed fabrics and yarns 色布及色紗貿易
Highscene Limited 漢盛有限公司	Hong Kong 香港	HK\$3,000,000 3,000,000港元	100	—	Trading of yarns 胚紗貿易
Hiway Textiles Limited 海匯紡織有限公司	Hong Kong 香港	HK\$2 2港元	—	100	Trading of garments 成衣貿易
Jiangyin Fuhui Textiles Limited (note a) 江陰福匯紡織有限公司(附註a)	The PRC 中國	USD110,000,000 110,000,000美元	—	100	Knitting, dyeing and sales of dyed fabrics and yarns 針織、染色和銷售色布及色紗
Lake Side Printing Factory Limited 麗海印花廠有限公司	Hong Kong 香港	HK\$2 2港元	100	—	Investment holding 投資控股
Ningbo Young Top Garments Co., Ltd. (note a) 寧波創裕製衣有限公司(附註a)	The PRC 中國	USD18,000,000 (31 December 2018: USD26,000,000) 18,000,000美元 (2018年12月31日： 26,000,000美元)	—	55.5	Production and sales of garments 製造及銷售成衣
Ocean Lanka (Private) Limited	Democratic Socialist Republic of Sri Lanka 斯里蘭卡民主社會 主義共和國	Sri Lanka Rupee ("LKR") 985,000,000 985,000,000 斯里蘭卡盧比(「盧比」)	—	60	Knitting, dyeing, printing and sales of dyed fabrics 針織、染色、印花和銷售色布
Oceanstar Textiles International Limited 海星紡織國際有限公司	Hong Kong 香港	HK\$2 2港元	—	100	Trading of garments 成衣貿易

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

37. INVESTMENTS IN SUBSIDIARIES (continued)

37. 附屬公司投資(續)

Name of subsidiary 附屬公司名稱	Place/country of incorporation/ registration and operation 註冊成立/登記及 營業所在地/國家	Issued and fully paid share capital/ registered capital 已發行及繳足的股本/ 登記股本	Proportion of issued share capital/registered capital held by the Company 本公司所持已發行股本/ 登記股本的比率		Principal activities 主要業務
			Directly 直接 %	Indirectly 間接 %	
Ocean Yarn Dyeing Factory Limited 海洋染紗廠有限公司	Hong Kong 香港	HK\$2 2港元	100	–	Investment holding 投資控股
Prosperlink (Macao Commercial Offshore) Limited 匯漢(澳門離岸商業服務)有限公司	Macao 澳門	Macau Pataca 100,000 100,000澳門幣	–	100	Trading of yarns, dyestuffs and chemicals 胚紗及顏化料貿易
Shanghai Fuhui Textiles Trading Co., Ltd. (note a) 上海福匯紡織貿易有限公司(附註a)	The PRC 中國	RMB5,000,000 人民幣5,000,000元	–	100	Trading of dyed fabrics 色布貿易
深圳福力紡織品有限公司 (note a) (附註a)	The PRC 中國	RMB35,000,000 人民幣35,000,000元	–	100	Trading of dyed fabrics 色布貿易
Suqian Young Top Garments Co., Ltd. (note a) 宿遷創裕製衣有限公司(附註a)	The PRC 中國	USD800,000 800,000美元	–	55.5	Production and sales of garments 製造及銷售成衣
東莞福田綠洲供熱有限公司 (note a) (附註a)	The PRC 中國	RMB90,000,000 (31 December 2018: RMB50,000,000) 人民幣90,000,000元 (2018年12月31日: 人民幣50,000,000元)	–	100	Heating supply 熱力供應
Yancheng Fuhui Textiles Limited (note a)	The PRC	USD89,900,000 (31 December 2018: USD60,500,000) 89,900,000美元 (2018年12月31日: 60,500,000美元)	–	100	Knitting, dyeing and sales of dyed fabrics and yarns 針織、染色和銷售色布及色紗

Notes:

- a. Companies are established as wholly foreign owned enterprise in the PRC.
b. Companies are established as cooperative joint ventures in the PRC.

附註:

- a. 於中國以外商獨資企業成立的公司。
b. 於中國以合資經營的合作形式成立的公司。

The above table includes the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results of the Group for the year or formed a substantial portion of the assets and liabilities of the Group at the end of the reporting period. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

以上本公司的附屬公司乃基於本公司董事認為其對本集團是年度業績有重要影響或構成本集團於報告期終的資產及負債重要部分而表列。本公司董事認為併列其他附屬公司的詳情會引致篇幅過於冗長。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註(續)**

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38. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of debts, which include the borrowings disclosed in note 31, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on an on-going basis. As part of this review, the directors consider the cost of capital and the risks associated with the share capital. Based on recommendations of the directors, the Group may balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts and the redemption of existing debts.

39. FINANCIAL INSTRUMENTS**(a) Categories of financial instruments**

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Financial assets	金融資產		
Financial assets measured at amortised cost (including cash and cash equivalents)	按攤銷成本計量的金融資產 (包括現金及等同現金項目)	2,095,447	2,253,254
Financial liabilities	金融負債		
Financial liabilities measured at amortised cost	按攤銷成本計量的金融負債	1,389,223	1,750,343

(b) Financial risk management objectives and policies

The major financial instruments of the Group include trade and bills receivables, other receivables, restricted and short-term bank deposits, bank balances and cash, trade and bills payables, other payables, amounts due to non-controlling shareholders, amount due to an associate and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

38. 資本風險管理

本集團管理資本之目的，在於確保本集團各實體得以持續經營，同時透過取得債務與權益之間的最佳平衡，為持份者爭取最大回報。本集團的整體策略與往年一致。

本集團的資本架構包括債務（當中包括附註31所披露的借貸）及本公司擁有人應佔權益（包括已發行股本及儲備）。

本公司董事按持續基準檢討資本架構。作為檢討一部分，董事會考慮資本的成本與股本的相關風險。根據董事的建議，本集團會以透過派發股息、發行新股及購回股份以及發行新債務及贖回現有債務以平衡其整體資本架構。

39. 金融工具**(a) 金融工具類別**

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Financial assets	金融資產		
Financial assets measured at amortised cost (including cash and cash equivalents)	按攤銷成本計量的金融資產 (包括現金及等同現金項目)	2,095,447	2,253,254
Financial liabilities	金融負債		
Financial liabilities measured at amortised cost	按攤銷成本計量的金融負債	1,389,223	1,750,343

(b) 財務風險管理目標及政策

本集團的主要金融工具包括營業及票據應收款項、其他應收款項、受限制及短期銀行存款、銀行結餘及現金、營業及票據應付款項、其他應付款項、欠非控股股東的款項、欠一間聯營公司的款項及銀行借貸。該等金融工具之詳情已於各自附註中披露。與該等金融工具有關的風險包括市場風險（貨幣風險及利率風險）、信貸風險及流動資金風險。下文載列有關如何降低該等風險的政策。管理層管理及監控該等風險，以確保及時和有效地採取適當措施。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk

(i) Currency risk

Certain entities in the Group have foreign currency transactions, which expose the Group to foreign currency risk.

The Group manages and monitors foreign exchange exposures to ensure appropriate measures are implemented on a timely and effective manner. To mitigate the risk of foreign currency, the Group manages the foreign currency bank balances by performing regular review. The Group will continue to assess if the use of the foreign currency hedging strategy as appropriate in order to mitigate the foreign currency risk.

At the end of the reporting period, the carrying amounts of foreign currency denominated monetary assets and monetary liabilities of the Group that are considered significant by the management are as follows:

Monetary assets and monetary liabilities:

		Assets 資產		Liabilities 負債	
		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元	At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
USD	美元	782,085	710,498	324,943	477,830
RMB	人民幣	285,404	343,707	573,709	356,591
CAD	加元	832	10,104	-	-
LKR	盧比	643	3,095	1,249	1,531
HK\$	港元	1,970	2,651	14,278	2,205
Indonesian Rupiah ("IDR")	印尼盾	998	1,956	926	1,432

Sensitivity analysis

The Group is mainly exposed to the risk of fluctuation of USD, RMB, CAD and HK\$ when such currencies are different from the relevant group entities.

The following table detail the sensitivity of the Group to a 5% increase and decrease in the above foreign currencies against the functional currency of the corresponding group entity, except for HK\$ against USD since HK\$ is pegged to USD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the year end for a 5% change in foreign currency rates. On this basis, there will be an increase/(decrease) in pre-tax profit for the year where foreign currencies strengthen against the functional currencies of the corresponding group entity by 5%, and vice versa. The analysis is performed on the same basis for 2018.

39. 金融工具(續)

(b) 財務風險管理目標及政策(續)

市場風險

(i) 貨幣風險

本集團若干實體有外幣交易，故本集團涉及外幣風險。

本集團管理及監控外匯風險，以確保及時和有效地採取適當措施。為降低外幣風險，本集團透過定期檢討以管理外幣之銀行結餘。本集團將繼續評估是否使用適當外幣對沖策略以降低外幣風險。

於報告期終，管理層認為屬重大的本集團以外幣列值的貨幣資產及貨幣負債的賬面值如下：

貨幣資產及貨幣負債：

敏感度分析

本集團主要涉及美元、人民幣、加元及港元（當該等貨幣與相關集團實體的功能貨幣不同時）的波動風險。

下表詳細載列上述外幣兌相關集團實體功能貨幣升值或貶值5%的敏感度，由於港元與美元掛鉤，因此港元兌美元除外。5%為向主要管理人員內部呈報外匯風險及管理人員對匯率可能合理變動的評估所採用的敏感度比率。敏感度分析僅包括尚未結算以外幣列值的貨幣項目，並於年終按5%的外匯率變動調整其換算。按此基準，當外幣兌相關集團實體功能貨幣升值5%，是年度稅前盈利將會增加／（減少），反之亦然。有關分析乃按2018年的相同基準進行。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis (continued)

Monetary assets and monetary liabilities:

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Increase/(decrease) in pre-tax profit for the year	是年度稅前盈利增加／(減少)		
RMB against HK\$	人民幣兌港元	(14,092)	(444)
CAD against HK\$	加元兌港元	39	503
		(14,053)	59

(ii) Interest rate risk

The Group is mainly exposed to cash flow interest rate risk primarily in relation to variable-rate bank balances and borrowings. It is the Group's policy to keep its bank borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's Hong Kong dollars denominated borrowings. In light of low interest rate expected to be maintained in long period of time, the Group shall monitor the interest rate fluctuation closely and arrange appropriate financial instruments to minimise the interest rate risk.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments (included variable-rate borrowings only as the directors consider the exposure on bank balances is not significant) at 31 December 2019 and 2018. The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 (31 December 2018: 50) basis points increase or decrease in interest rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

For non-derivative bank borrowings, if interest rate had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the year would increase/decrease by HK\$1,100,000 (31 December 2018: increase/decrease in pre-tax profit by HK\$2,997,000).

39. 金融工具(續)

(b) 財務風險管理目標及政策(續)

市場風險(續)

(i) 貨幣風險(續)

敏感度分析(續)

貨幣資產及貨幣負債：

(ii) 利率風險

本集團的現金流量利率風險主要與浮息銀行結餘及借貸有關。本集團的政策是維持其銀行借貸於浮動利率以減低公平價值利率風險。本集團的現金流量利率風險主要集中於由本集團以港元計值的借貸產生之香港銀行同業拆息波動。由於低利率預料維持一段長時間，本集團會密切留意利率波動，並安排合適的金融工具降低利率風險。

敏感度分析

下列敏感度分析根據非衍生工具（僅包括浮息借貸，因董事認為就銀行結餘所承擔之風險並不重大）於2019年及2018年12月31日的利率風險釐定。有關分析乃基於報告期終尚未償還的負債數額在本年整個年度內均為未償還的假設而編製。向主要管理人員內部呈報利率風險乃採用50個（2018年12月31日：50個）基點的升降，代表管理層對利率可能合理變動的評估。

就非衍生銀行借貸而言，倘利率上升／下跌50個基點，而所有其他變數維持不變，則本集團的是年度稅前盈利將增加／減少1,100,000港元（2018年12月31日：稅前盈利增加／減少2,997,000港元）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk

As at 31 December 2019 and 2018, the maximum exposure to credit risk by the Group which will cause a financial loss due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the recognised financial assets as stated in the statements of financial position.

In order to manage the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Credit sales of products are only made to customers with good credit quality and repayment history. In addition, the Group regularly reviews the recoverable amount of debt on both collective and individual basis to ensure that adequate impairment losses are made for irrecoverable amounts. During the year ended 31 December 2019, a net impairment loss of HK\$6,079,000 (31 December 2018: HK\$8,630,000 was reversed) in respect of the trade and bills receivables was recognised.

The Group measures loss allowances for trade and bills receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade and bills receivables as at 31 December 2019 and 2018:

2019	2019年	Expected loss rate 預期虧損比率 (%)	Gross carrying amount 總賬面值 HK\$'000 千港元	Loss allowance 虧損撥備 HK\$'000 千港元
Not yet due	未到期	0.17%	1,020,375	1,751
Overdue 1-60 days	逾期1-60天	1.23%	105,297	1,292
Overdue 61-365 days	逾期61-365天	45.83%	13,597	6,232
Overdue >365 days	逾期超過365天	100.00%	5,263	5,263
			1,144,532	14,538

39. 金融工具(續)

(b) 財務風險管理目標及政策(續)

信貸風險

於2019年及2018年12月31日，本集團因對手方未能履行責任而導致財務損失的最高信貸風險為各項在財務狀況表所呈列已確認金融資產的賬面金額。

為管理信貸風險，本集團的管理層已委派一組人員負責釐定信貸限額、信貸審批及其他監控程序，以確保採取跟進行動收回逾期債項。產品信貸銷售僅提供予具有良好信貸質素及還款記錄的客戶。此外，本集團會定期按集體及個別基準檢討債項的可收回款額，以確保就無法收回款額作出足夠的減值損失。於截至2019年12月31日止年度內，本集團已就營業及票據應收款項確認減值損失淨值6,079,000港元(2018年12月31日：回撥8,630,000港元)。

本集團按等於年限內預期信貸虧損的金額(根據撥備矩陣計算得出)計量營業及票據應收款項虧損撥備。由於本集團的過往信貸虧損經驗並無表明不同客戶分部的虧損模式具有明顯差異，故並無進一步區分本集團不同客戶群按逾期狀況的虧損撥備。

下表提供關於本集團於2019年及2018年12月31日就營業及票據應收款項所面臨的信貸風險及預期信貸虧損的資料：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

31 DECEMBER 2019 2019年12月31日

39. FINANCIAL INSTRUMENTS (continued)**(b) Financial risk management objectives and policies (continued)****Credit risk (continued)**

2018	2018年	Expected loss rate 預期虧損比率 (%)	Gross carrying amount 總賬面值 HK\$'000 千港元	Loss allowance 虧損撥備 HK\$'000 千港元
Not yet due	未到期	0.19%	1,021,664	1,971
Overdue 1-60 days	逾期1-60天	0.19%	189,897	354
Overdue 61-365 days	逾期61-365天	5.40%	28,031	1,514
Overdue >365 days	逾期超過365天	85.21%	8,227	7,010
			1,247,819	10,849

Expected loss rates are based on actual loss experience over the past 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the group's view of economic conditions over the expected lives of the receivables.

Movements in the allowance for doubtful debts are as follows:

39. 金融工具 (續)**(b) 財務風險管理目標及政策 (續)****信貸風險 (續)**

預期虧損比率乃按過往5年的實際虧損經驗為基準。該等比率乃經調整，以反映在收集歷史數據期間的經濟狀況、目前狀況以及集團對應收款項的預期年期期間經濟狀況之看法的差異。

呆賬撥備之變動如下：

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Balance at beginning of the year	年初結餘	10,849	28,183
Impairment loss made/(reversed) on trade and bills receivables, net	營業及票據應收款項之計提／ (回撥)減值損失淨值	6,079	(8,630)
Amounts written off as uncollectible	因不可收回而撇銷的金額	(2,390)	(8,704)
Balance at end of the year	年末結餘	14,538	10,849

At 31 December 2019, the Group's trade and bills receivables included in the allowance for doubtful debts with an aggregate balance of HK\$14,538,000 (31 December 2018: HK\$10,849,000) was impaired. The Group does not hold any collateral over these balances.

於2019年12月31日，包括在呆賬撥備合共結餘為14,538,000港元（2018年12月31日：10,849,000港元）的本集團營業及票據應收款項已減值。本集團並無就該等結餘持有任何抵押品。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk (continued)

The following changes in the gross carrying amounts of trade and bills receivables mainly contributed to the increase in the loss allowance:

- increase in lifetime expected credit loss after assessing existing or forecast change in business, financial or economic conditions which may cause deterioration in the operating results of the debtors; and
- written-off of uncollectible trade and bills receivables.

Furthermore, the Company only provides financial guarantees to its subsidiaries after a careful consideration of its subsidiaries' financial conditions. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds of the Group is limited because the counterparties are banks with high credit ratings assigned by reputable credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group has no significant concentration of credit risk with exposure spread over a number of counterparties.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with the relevant loan covenants.

Other than equity, the Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2019, the available unutilised banking facilities of the Group are approximately HK\$2,875 million (31 December 2018: HK\$2,154 million).

The following tables detail the Group's remaining contractual maturity for their non-derivative financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest is floating rates, the undiscounted amount is derived from interest rate at the end of the reporting period.

39. 金融工具(續)

(b) 財務風險管理目標及政策(續)

信貸風險(續)

營業及票據應收款項總賬面值之以下變動主要由於虧損撥備增加所致：

- 經評估可能導致債務人之經營業績惡化之業務、財務或經濟狀況之現有或預測變動後增加年限內預期信貸虧損；及
- 撤銷不可收回的營業及票據應收款項。

此外，本公司僅於審慎考慮其附屬公司的財務狀況後方向其附屬公司提供財務擔保。就此而言，本公司董事認為本集團的信貸風險已大幅減低。

本集團的流動資金信貸風險有限，因對手方均為具信譽的信貸評級機構給予高信貸評級的銀行。

除有關存放於若干高信貸評級銀行的流動資金之信貸風險集中外，本集團並無面對重大集中信貸風險，因風險分散於多個對手方。

流動資金風險

於管理流動資金風險時，本集團會監察及維持管理層視為足夠水平的現金及等同現金項目，以撥付本集團營運所需及減低現金流量波動的影響。管理層會監察銀行借貸的運用情況，並確保遵守相關貸款契約。

除權益外，本集團倚賴銀行借貸作為主要流動資金來源。於2019年12月31日，本集團的可動用但未運用銀行信貸額約為2,875,000,000港元（2018年12月31日：2,154,000,000港元）。

下表詳列根據議定償還條款本集團非衍生金融負債的餘下合約到期情況。該表乃按照本集團可能被要求付款的最早日期根據金融負債的未貼現現金流量編製。該表包括利息及本金現金流量。在利息採用浮動利率之限度內，未貼現金額乃由報告期終之利率得出。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

39. 金融工具(續)

(b) 財務風險管理目標及政策(續)

流動資金風險(續)

2019	2019年	Weighted average effective interest rate	Less than 1 month or on demand	3 months to 1 year	1-2 years	2-5 years	Over 5 years	Total undiscounted cash flows	Carrying amount at 31 December 2019
		加權平均 實際利率 %	少於1個月 或應要求 HK\$'000 千港元	1至3個月 3個月至1年 HK\$'000 千港元	1至2年 HK\$'000 千港元	2至5年 HK\$'000 千港元	超過5年 HK\$'000 千港元	未貼現現金 流量總值 HK\$'000 千港元	12月31日的 賬面值 HK\$'000 千港元
Non-derivative financial liabilities	非衍生金融負債								
Trade, bills and other payables	營業、票據及其他應付款項		612,121	236,857	40,748	-	-	-	889,726
Amounts due to non-controlling shareholders	欠非控股股東款項		80,100	-	-	-	-	-	80,100
Amount due to an associate	欠一間聯營公司款項		7,179	-	-	-	-	-	7,179
Bank borrowings	銀行借貸								
- variable rate	- 浮息	4.12	819	1,586	71,570	151,980	7,158	-	233,113
- fixed rate	- 定息	2.96	-	-	3,170	-	-	-	3,170
Lease liabilities (note)	租賃負債(附註)	5.21	9,573	5,611	24,712	30,343	75,448	114,411	260,098
			709,792	244,054	140,200	182,323	82,606	114,411	1,473,386
									1,389,223

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balance at 1 January 2019 to recognise lease liabilities related to leases which were previously classified as operating leases under HKAS 17. Lease liabilities include amounts recognised at the date of transition to HKFRS 16 in respect of leases previously classified as operating leases under HKAS 17 and amounts relating to new leases entered into during the year. Under this approach, the comparative information is not restated. See note 2(a).

附註：本集團已使用經修訂追溯法首次應用香港財務報告準則第16號及調整於2019年1月1日之期初結餘，以確認與先前根據香港會計準則第17號分類為經營租賃之租賃相關之租賃負債。租賃負債包括於過渡至香港財務報告準則第16號當日就先前根據香港會計準則第17號分類為經營租賃之租賃所確認之金額以及於年內訂立之新租賃之金額。根據該方法，並無重列比較資料。見附註2(a)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

2018	2018年	Weighted average effective interest rate	Less than 1 month or on demand	1-3 months	3 months to 1 year	1-2 years	2-5 years	Over 5 years	Total undiscounted cash flows	Carrying amount at 31 December 2018 於2018年 12月31日的 賬面值
		加權平均 實際利率 %	少於1個月 或應要求 HK\$'000 千港元	1至3個月 HK\$'000 千港元	3個月至1年 HK\$'000 千港元	1至2年 HK\$'000 千港元	2至5年 HK\$'000 千港元	超過5年 HK\$'000 千港元	未貼現現金 流量總值 HK\$'000 千港元	12月31日的 賬面值 HK\$'000 千港元
Non-derivative financial liabilities	非衍生金融負債									
Trade, bills and other payables	營業、票據及其他應付款項		576,550	232,633	58,278	-	-	-	867,461	867,461
Amounts due to non-controlling shareholders	欠非控股股東款項		80,100	-	-	-	-	-	80,100	80,100
Amount due to an associate	欠一間聯營公司款項		4,269	-	-	-	-	-	4,269	4,269
Bank borrowings	銀行借貸									
- variable rate	- 浮息	3.47	99,830	109,360	99,505	84,661	219,000	-	612,356	598,513
- fixed rate	- 定息	3.08	-	101,142	101,521	-	-	-	202,663	200,000
			760,749	443,135	259,304	84,661	219,000	-	1,766,849	1,750,343

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and bills receivables, other receivables, trade and bills payables, other payables, lease liabilities, amounts due to non-controlling shareholders, amount due to an associate and bank borrowings.

Due to their short term nature, the carrying value of cash and cash equivalents, trade and bills receivables, other receivables, trade and bills payables, other payables, lease liabilities, amounts due to non-controlling shareholders and amount due to an associate approximates their fair value.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2019 and 31 December 2018.

39. 金融工具(續)

(b) 財務風險管理目標及政策(續)

流動資金風險(續)

倘浮動利率之變動有別於於報告期終所釐定之利率估計，則上述非衍生金融負債之浮息工具之金額可能有所改變。

(c) 公平價值

並非以公平價值計量之金融工具

並非以公平價值計量之金融工具包括現金及等同現金項目、營業及票據應收款項、其他應收款項、營業及票據應付款項、其他應付款項、租賃負債、欠非控股股東款項、欠一間聯營公司的款項及銀行借貸。

由於屬短期性質，現金及等同現金項目、營業及票據應收款項、其他應收款項、營業及票據應付款項、其他應付款項、租賃負債、欠非控股股東款項及欠一間聯營公司款項的賬面值與其公平價值相若。

本集團按成本或攤銷成本列值的金融工具的賬面值，與彼等於2019年12月31日及2018年12月31日的公平價值並無重大差異。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

40. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

40. 綜合現金流量表附註

融資活動產生的負債之對賬:

		Bank borrowings 銀行借貸 (note 31) (附註31) HK\$'000 千港元	Lease liabilities 租賃負債 (note 28) (附註28) HK\$'000 千港元
At 1 January 2018	於2018年1月1日	735,229	—
Changes from cash flows:	現金流量變動:		
New bank borrowings raised	新籌集之銀行借貸	2,096,047	—
Repayment of bank borrowings	償還銀行借貸	(2,032,699)	—
Interest paid	已付利息	(30,277)	—
Total changes from financing cash flow:	融資現金流量變動總額:	33,071	—
Other changes:	其他變動:		
Amortisation of bank facilities arrangement fees	銀行融資安排費用之攤銷	736	—
Interest expense	利息開支	29,661	—
Currency realignment	外幣換算差額	(184)	—
Total other changes	其他變動合計	30,213	—
At 31 December 2018	於2018年12月31日	798,513	—
Impact of initial application of HKFRS16	首次應用香港財務報告準則第16號之影響	—	194,951
At 1 January 2019	於2019年1月1日	798,513	194,951
Changes from cash flows:	現金流量變動:		
New bank borrowings raised	新籌集之銀行借貸	1,119,755	—
Repayment of bank borrowings	償還銀行借貸	(1,696,117)	—
Interest paid	已付利息	(27,924)	—
Repayment of principal portion of the lease liabilities	償還租賃負債之本金部分	—	(16,546)
Repayment of interest portion of the lease liabilities	償還租賃負債之利息部分	—	(10,020)
Total changes from financing cash flow:	融資現金流量變動總額:	(604,286)	(26,566)
Other changes:	其他變動:		
Interest expenses (note 7)	利息開支(附註7)	27,027	10,020
Increase in lease liabilities from entering into new leases during the year	因年內訂立新租賃而導致之租賃負債增加	—	17,271
Effect on modification of lease term	修改租賃條款之影響	—	(1,834)
Currency realignment	外幣換算差額	1,128	(4,006)
Total other changes	其他變動合計	28,155	21,451
At 31 December 2019	於2019年12月31日	222,382	189,836

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

41. CAPITAL COMMITMENTS

41. 資本承擔

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	與購買物業、機器及設備相關之已簽約但於綜合財務報表未有作出撥備之資本開支	84,406	20,000

42. OPERATING LEASES

42. 營運租賃

As lessee

作為承租人

		2018 HK\$'000 千港元
Minimum lease payments paid under operating lease during the year:	是年度就營運租賃而支付的最低租賃支出：	
Land and buildings	土地及建築物	38,312
Plant and machinery	廠房及機器	4,780
		43,092

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:

於報告期終，本集團就不可取消營運租賃的未來最低租賃支出承諾於下列到期日支付：

		At 31 December 於12月31日 2018		
		Land and buildings 土地及建築物 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Total 合計 HK\$'000 千港元
Within one year	1年內	34,644	909	35,553
In the second to fifth year inclusive	第2年至第5年內 (首尾兩年包括在內)	110,034	801	110,835
Over five years	5年以上	145,943	–	145,943
		290,621	1,710	292,331

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

42. OPERATING LEASES (continued)**As lessee (continued)**

Operating lease payments represent rentals payable by the Group for certain of its office premises, factories, and plant and machinery. Leases are negotiated for terms ranging from one to fifty years for land and buildings and from one to five years for plant and machinery. There is no contingent rental arrangement.

As lessor

Gross rental income earned from investment properties of the Group during the year was approximately HK\$11,933,000 (2018: HK\$10,977,000). The related outgoings amounted to HK\$651,000 (2018: HK\$458,000).

At the end of the reporting period, the Group had contracted with tenants, in respect of rented premises, for the following future minimum lease receipts.

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Within one year	1年內	9,563	7,023
In the second to fifth year inclusive	第2年至第5年內(首尾兩年包括在內)	10,423	11,517
Over five years	5年以上	97	—
		20,083	18,540

43. RETIREMENT BENEFIT SCHEMES

The Group operates a defined contribution scheme registered under the Occupational Retirement Schemes Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Scheme Ordinance for all the eligible employees of the Group in Hong Kong. The assets of both schemes are held separately from those of the Group in funds under the control of trustees. The retirement benefits cost charged to the profit or loss represents the contributions payable to the funds by the Group at rates specified in the rules of the schemes.

Employees of the Group in other jurisdictions currently participate in state-sponsored pension scheme or defined contribution schemes operated by the Government of such jurisdictions. The Group is required to contribute a certain percentage of their payroll to the schemes to fund the benefits. The only obligation of the Group with respect to the schemes is to make the required contributions.

42. 營運租賃(續)**作為承租人(續)**

營運租賃支出乃本集團就其若干辦公室、工廠以及廠房及機械的應付租金。經磋商的租賃年期就土地及建築物乃介乎1至50年之間，就廠房及機器則介乎1至5年之間。並未有或然租金安排。

作為出租人

於是年內，本集團就投資物業所賺得的租金收入總值約為11,933,000港元(2018年：10,977,000港元)。有關支出為651,000港元(2018年：458,000港元)。

於報告期終，本集團與租戶就租賃物業已訂約的未來最低租賃收入如下。

43. 退休福利計劃

本集團根據職業退休計劃條例註冊成立一項定額供款計劃(「職業退休計劃」)及根據強制性公積金計劃條例設立一項強制性公積金計劃(「強積金計劃」)予所有合資格的本集團香港僱員。這兩個計劃的資產乃獨立於本集團資產並由信託人管理。在損益賬內扣除的退休福利成本乃本集團根據計劃既定比率計算的應付基金供款。

本集團其他司法地區的僱員現正參與該司法地區政府營運的國家退休福利計劃或定額供款計劃。本集團須將僱員薪酬的若干百分比供款予該等計劃作為福利基金。本集團對該等計劃的唯一責任是按規定作出供款。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

43. RETIREMENT BENEFIT SCHEMES (continued)

During both years, there was no significant forfeited contribution, which arose upon employees leaving the retirement benefits schemes, available to reduce the contribution payable in the future years.

The retirement benefits scheme contributions, amounting to HK\$60,858,000 (2018: HK\$64,031,000) have been charged to profit or loss for the year and included in employee costs as set out in note 9.

44. RELATED AND CONNECTED PARTIES DISCLOSURES

(a) Related party balances

Details of the Group's outstanding balances with related parties are set out in the consolidated statement of financial position and in note 29.

(b) Related party transactions

During the year, the Group entered into the following transactions with related parties:

Name of related party 關聯人士名稱	Related party relationship 與關聯人士的關係	Nature of transaction 交易性質	2019 HK\$'000 千港元	2018 HK\$'000 千港元
東莞欣潤水務有限公司	Associate 聯營公司	Sewage expenses 污水處理費用	27,064	28,425

None of the related party transactions disclosed above constituted connected transaction or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(c) Connected party transactions

Name of connected party 關連人士名稱	Nature of transactions 交易性質	2019 HK\$'000 千港元	2018 HK\$'000 千港元
The FM Group (note i) FM集團(附註i)	Sale of fabrics, yarns, fibers and garment parts 售賣布料、紗、纖維及成衣配件	228,760	222,464
The AH Group (note ii) AH集團(附註ii)	Sale of fabrics, yarns, fibers and garment parts 售賣布料、紗、纖維及成衣配件	192,868	108,809
Chinatex Group (note iii) 中紡集團(附註iii)	Purchase of yarns, cotton, cooking oil and foodstuffs 採購紗、棉花及糧油食品	22,924	16,285
Huafu Group (note iv) 華孚集團(附註iv)	Purchase of cotton yarn, cotton blended yarn, top dyed melange yarn and other yarn products 採購棉紗、棉混紡紗、色紡紗及其他紗產品	31,209	—

43. 退休福利計劃(續)

於兩個年度，因僱員退出退休福利計劃而沒收的供款並不重大，此款項並可用作扣減未來年度的應付供款。

已於是年度在損益賬內扣除的退休福利計劃供款金額為60,858,000港元(2018年：64,031,000港元)，並已計入附註9所載之僱員成本內。

44. 關聯及關連人士的披露

(a) 關聯人士的結餘

本集團與關聯人士的未償還結餘詳情載列於綜合財務狀況表及附註29內。

(b) 關聯人士交易

是年度本集團與關聯人士進行下列交易：

上述披露之關聯人士交易並不構成上市規則第14A章所界定之關連交易或持續關連交易。

(c) 關連人士交易

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

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44. RELATED AND CONNECTED PARTIES DISCLOSURES
(continued)**(c) Connected party transactions (continued)**

Notes:

- (i) The Company and Mr. Feroz Omar ("Mr. Omar") entered into a master agreement (the "2018 FM Master Sales Agreement") and a renewed FM Master Sales Agreement (the "2021 FM Master Sales Agreement") respectively on 18 November 2015 and 22 November 2018 regarding the sales of fabrics, yarns, fibers and garment parts by the Group to the FM Group. Mr. Omar is a director and substantial shareholder of a non-wholly owned subsidiary of the Company and hence a connected person of the Company under the Listing Rules. The FM Group comprises companies which Mr. Omar and his associates and relatives individually or together exercise or control the exercise of more than 50% of the voting power at general meetings or control the composition of a majority of the board of directors. Accordingly, members of the FM Group are associates of Mr. Omar and hence connected persons of the Company under the Listing Rules. The transactions contemplated under the 2018 FM Master Sales Agreement and the 2021 FM Master Sales Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The 2018 FM Master Sales Agreement is for a term commencing from 1 January 2016 to 31 December 2018 and the 2021 FM Master Sales Agreement is for a term commencing from 1 January 2019 to 31 December 2021 (both days inclusive).

The annual cap amount for the three financial years ended 31 December 2018 for the 2018 FM Master Sales Agreement are HK\$230,000,000, HK\$230,000,000 and HK\$230,000,000 respectively as set out in the announcement of the Company dated 18 November 2015.

The revised FM annual cap amount for the two financial years ended 31 December 2018 for the 2018 FM Master Sales Agreement are HK\$300,000,000 and HK\$350,000,000 as set out in the announcement dated 26 January 2017.

The extent of these connected transactions did not exceed the annual cap of HK\$350,000,000 for the year ended 31 December 2019 as set out in the announcement of the Company dated 26 January 2017.

Reference is made to the announcement of the Company dated 26 January 2017 in relation to, among other things, the revision of annual caps for continuing connected transactions and a circular released by the Company dated 8 March 2017.

The annual cap amount for the three financial years ending 31 December 2021 for the 2021 FM Master Sales Agreement are HK\$350,000,000, HK\$400,000,000 and HK\$400,000,000 respectively as set out in the announcement of the Company dated 22 November 2018.

44. 關聯及關連人士的披露 (續)**(c) 關連人士交易 (續)**

附註:

- (i) 本公司與Feroz Omar先生(「Omar先生」)於2015年11月18日及2018年11月22日就本集團向FM集團出售布料、紗、纖維及成衣配件分別訂立總銷售協議(「2018年FM總銷售協議」)及經更新的FM總銷售協議(「2021年FM總銷售協議」)。Omar先生為本公司一間非全資附屬公司之董事兼主要股東,根據上市規則,彼為本公司之關連人士。FM集團之成員公司包括由Omar先生及其聯繫人士及親屬可在該等公司的股東大會上個別地或共同地行使或控制行使過半數以上的表決權,或控制該等公司的董事會大部分成員的公司,因此FM集團之成員公司為Omar先生之聯繫人士,故而根據上市規則為本公司之關連人士。根據上市規則第14A章,2018年FM總銷售協議及2021年FM總銷售協議項下擬進行之交易構成本公司之持續關連交易。

2018年FM總銷售協議之期限由2016年1月1日至2018年12月31日,而2021年FM總銷售協議之期限由2019年1月1日至2021年12月31日(包括首尾兩天)。

誠如本公司日期為2015年11月18日之公告所載,2018年FM總銷售協議截至2018年12月31日止三個財政年度的年度上限金額分別為230,000,000港元、230,000,000港元及230,000,000港元。

誠如日期為2017年1月26日之公告所載,2018年FM總銷售協議於截至2018年12月31日止兩個財政年度的經修訂FM年度上限金額分別為300,000,000港元及350,000,000港元。

該等關連交易並無超過本公司日期為2017年1月26日之公告所載截至2019年12月31日止年度之年度上限350,000,000港元。

茲提述本公司日期為2017年1月26日內容有關(其中包括)修訂持續關連交易年度上限的公告以及本公司日期為2017年3月8日的通函。

誠如本公司日期為2018年11月22日之公告所載,2021年FM總銷售協議於截至2021年12月31日止三個財政年度的年度上限金額分別為350,000,000港元、400,000,000港元及400,000,000港元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

44. RELATED AND CONNECTED PARTIES DISCLOSURES (continued)

(c) Connected party transactions (continued)

Notes: (continued)

- (ii) The Company and Mr. Anil Kumar Lalchand Hirdaramani ("Mr. Hirdaramani") entered into a master agreement (the "2018 AH Master Sales Agreement") and a renewed AH Master Sales Agreement (the "2021 AH Master Sales Agreement") respectively on 18 November 2015 and 22 November 2018 regarding the sales of fabrics, yarns, fibers and garment parts by the Group to the AH Group. Mr. Hirdaramani is a director and substantial shareholder of a non-wholly owned subsidiary of the Company and hence a connected person of the Company under the Listing Rules. The AH Group comprises companies which Mr. Hirdaramani and his associates and relatives individually or together exercise or control the exercise of more than 50% of the voting power at general meetings or control the composition of a majority of the board of directors. Accordingly, members of the AH Group are associates of Mr. Hirdaramani and hence connected persons of the Company under the Listing Rules. The transactions contemplated under the 2018 AH Master Sales Agreement and the 2021 AH Master Sales Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The 2018 AH Master Sales Agreement is for a term commencing from 1 January 2016 to 31 December 2018 and the 2021 AH Master Sales Agreement is for a term commencing from 1 January 2019 to 31 December 2021 (both days inclusive).

The annual cap amount for the three financial years ended 31 December 2018 for the 2018 AH Master Sales Agreement are HK\$150,000,000, HK\$150,000,000 and HK\$150,000,000 respectively as set out in the announcement of the Company dated 18 November 2015.

The revised AH annual cap amount for the two financial years ended 31 December 2018 for the 2018 AH Master Sales Agreement are HK\$300,000,000 and HK\$350,000,000 respectively as set out in the announcement dated 26 January 2017.

The extent of these connected transactions did not exceed the annual cap of HK\$350,000,000 for the year ended 31 December 2019 as set out in the announcement of the Company dated 26 January 2017.

The annual cap amount for the three financial years ending 31 December 2021 for the 2021 AH Master Sales Agreement are HK\$350,000,000, HK\$400,000,000 and HK\$400,000,000 respectively as set out in the announcement of the Company dated 22 November 2018.

44. 關聯及關連人士的披露(續)

(c) 關連人士交易(續)

附註:(續)

- (ii) 本公司與Anil Kumar Lalchand Hirdaramani先生(「Hirdaramani先生」)於2015年11月18日及2018年11月22日就本集團向AH集團出售布料、紗、纖維及成衣配件分別訂立總協議(「2018年AH總銷售協議」)及經更新的AH總銷售協議(「2021年AH總銷售協議」)。Hirdaramani先生為本公司一間非全資附屬公司之董事兼主要股東,根據上市規則,彼為本公司之關連人士。AH集團之成員公司包括由Hirdaramani先生及其聯繫人士及親屬可在該等公司股東大會上個別地或共同地行使或控制行使過半數以上的表決權,或控制該等公司董事會大部分成員的公司,因此AH集團之成員公司為Hirdaramani先生之聯繫人士,故而根據上市規則為本公司之關連人士。根據上市規則第14A章,2018年AH總銷售協議及2021年AH總銷售協議項下擬進行之交易構成本公司之持續關連交易。

2018年AH總銷售協議之期限由2016年1月1日至2018年12月31日,而2021年AH總銷售協議之期限由2019年1月1日至2021年12月31日(包括首尾兩天)。

誠如本公司日期為2015年11月18日之公告所載,2018年AH總銷售協議截至2018年12月31日止三個財政年度的年度上限金額分別為150,000,000港元、150,000,000港元及150,000,000港元。

誠如日期為2017年1月26日之公告所載,2018年AH總銷售協議於截至2018年12月31日止兩個財政年度的經修訂AH年度上限金額分別為300,000,000港元及350,000,000港元。

該等關連交易並無超過本公司日期為2017年1月26日之公告所載截至2019年12月31日止年度之年度上限350,000,000港元。

誠如本公司日期為2018年11月22日之公告所載,2021年AH總銷售協議截至2021年12月31日止三個財政年度的年度上限金額分別為350,000,000港元、400,000,000港元及400,000,000港元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

31 DECEMBER 2019 2019年12月31日

44. RELATED AND CONNECTED PARTIES DISCLOSURES (continued)**(c) Connected party transactions (continued)**

Notes: (continued)

- (iii) The Company and Chinatex Corporation Limited ("Chinatex") entered into a material purchase framework agreement (the "2018 Material Purchase Framework Agreement") and a renewed Material Purchase Framework Agreement (the "2021 Material Purchase Framework Agreement") respectively on 18 November 2015 and 22 November 2018 in relation to the purchase of yarn, cotton, other materials for the manufacture of fabric, garments, whereas cooking oil and foodstuffs for the provision of meals to the employees by the Group from the Chinatex Group (i.e. Chinatex and its subsidiaries). Chinatex is a controlling shareholder of the Company and hence a connected person of the Company under the Listing Rules. Accordingly, members of the Chinatex Group are associates of Chinatex and hence connected persons of the Company under the Listing Rules. The transactions contemplated under the 2018 Material Purchase Framework Agreement and the 2021 Material Purchase Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The 2018 Material Purchase Framework Agreement is for a term commencing from 1 January 2016 to 31 December 2018 (both days inclusive).

The annual cap amount for the three financial years ended 31 December 2018 for the 2018 Material Purchase Framework Agreement are HK\$100,000,000, HK\$200,000,000 and HK\$300,000,000 respectively as set out in the announcement of the Company dated 18 November 2015.

The extent of these connected transactions did not exceed the annual cap of HK\$300,000,000 for the year ended 31 December 2019 as set out in the announcement of the Company dated 18 November 2015.

The annual cap amount for the three financial years ending 31 December 2021 for the 2021 Material Purchase Framework Agreement are HK\$63,000,000, HK\$63,000,000 and HK\$63,000,000 respectively as set out in the announcement of the Company dated 22 November 2018.

- (iv) The Company and Huaifu Holding Co., Ltd ("Huaifu Holding") and its subsidiaries ("Huaifu Group") entered into a purchase framework agreement (the "2022 Purchase Framework Agreement") on 29 November 2019. Pursuant to the 2022 Purchase Framework Agreement, Huaifu Holding agreed to, or procure its subsidiaries to, supply cotton yarn, cotton blended yarn, top dyed melange yarn and other yarn products that may be needed for the Group. The cotton yarn, cotton blended yarn, top dyed melange yarn and other yarn products that may be needed to be purchased by the Group will be used for the manufacture of textile products of the Group.

As Hong Kong Tin Shing Trading Limited ("Tin Shing"), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Huaifu Holding, completed the acquisition of 16.33% of the total number of issued Shares of the Company on 1 November 2019, Tin Shing has become a substantial Shareholder and a connected person of the Company under the Listing Rules. Huaifu Holding, as the holding company of Tin Shing, is an associate of Tin Shing and, therefore, is a connected person of the Company under Chapter 14A of the Listing Rules.

The transactions contemplated under the 2022 Purchase Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

44. 關聯及關連人士的披露 (續)**(c) 關連人士交易 (續)**

附註: (續)

- (iii) 本公司與中國中紡集團有限公司(「中紡」)於2015年11月18日及2018年11月22日就本集團向中紡集團(即中紡及其附屬公司)採購棉紗、棉花、其他生產布料相關的原材料、成衣以及用於向本集團僱員提供膳食之糧油食品分別訂立物資採購框架協議(「2018年物資採購框架協議」)及經更新的物資採購框架協議(「2021年物資採購框架協議」)。中紡為本公司之控股股東,因此,根據上市規則,中紡為本公司之關連人士。相應地,根據上市規則,中紡集團之成員公司為中紡之聯繫人,因而為本公司之關連人士。根據上市規則第14A章,2018年物資採購框架協議及2021年物資採購框架協議項下擬進行之交易構成本公司之持續關連交易。

2018年物資採購框架協議之期限由2016年1月1日至2018年12月31日(包括首尾兩天)。

誠如本公司日期為2015年11月18日之公告所載,2018年物資採購框架協議於截至2018年12月31日止三個財政年度之年度上限金額分別為100,000,000港元、200,000,000港元及300,000,000港元。

該等關連交易並無超過本公司日期為2015年11月18日之公告所載截至2019年12月31日止年度之年度上限300,000,000港元。

誠如本公司日期為2018年11月22日之公告所載,2021年物資採購框架協議於截至2021年12月31日止三個財政年度之年度上限金額分別為63,000,000港元、63,000,000港元及63,000,000港元。

- (iv) 本公司於2019年11月29日與華孚控股有限公司(「華孚控股」)及其附屬公司(「華孚集團」)訂立採購框架協議(「2022年採購框架協議」)。根據2022年採購框架協議,華孚控股同意(或促使其附屬公司)供應棉紗、棉混紡紗、色紡紗及本集團可能需要的其他紗線產品。本集團可能需要採購之棉紗、棉混紡紗、色紡紗及其他紗產品將用於製造本集團之紡織品。

由於香港天成貿易有限公司(「天成」,一間於香港註冊成立之有限公司,並為華孚控股之全資附屬公司)於2019年11月1日完成收購本公司已發行股份總數之16.33%,根據上市規則,天成已成為本公司之主要股東及關連人士。華孚控股(作為天成之控股公司)為天成之聯繫人,因此,根據上市規則第14A章,華孚控股為本公司之關連人士。

2022年採購框架協議項下擬進行之交易構成本公司於上市規則第14A章項下之持續關連交易。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

44. RELATED AND CONNECTED PARTIES DISCLOSURES (continued)

(c) Connected party transactions (continued)

Notes: (continued)

- (iv) (continued)
The 2022 Purchase Framework Agreement is for a term commencing from 1 January 2020 to 31 December 2022 (both days inclusive).

The annual cap amount for the three financial years ending 31 December 2022 for the 2022 Purchase Framework Agreement are HK\$600,000,000, HK\$600,000,000 and HK\$600,000,000 respectively as set out in the announcement of the Company dated 29 November 2019.

(d) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

		2019 HK\$'000 千港元	2018 HK\$'000 千港元
Fees	袍金	850	950
Short-term benefits	短期福利	5,688	4,441
Post-employment benefits	離職後福利	183	75
Discretionary bonuses	酌情獎金	1,525	1,525
Equity-settled share-based payments	以權益結算以股份為基礎之付款	9	82
		8,255	7,073

The remunerations of directors and key management are decided by the Board and reviewed by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

(e) Transactions with other state-owned entities in the PRC

The Group operates in an economic environment currently predominated by enterprises directly or indirectly owned, jointly controlled or significantly influenced by the PRC government (collectively the "state-owned entities"). The Company's directors consider that state-owned entities are independent third parties so far as the Group's business transactions with them are concerned.

During the year, the Group had transactions with other state-owned entities including, but not limited to, the sales of finished goods, purchases of raw materials/utilities and transactions with state-owned banks.

The sales of finished goods and purchase of raw materials/utilities to these state-owned entities are individually not significant. In addition, the Group's bank balances (including short-term bank deposits and restricted bank deposits) and bank borrowings of HK\$462,440,000 and HK\$102,791,000 (31 December 2018: HK\$632,325,000 and HK\$483,738,000) respectively are placed/arranged with state-owned banks as at 31 December 2019.

44. 關聯及關連人士的披露(續)

(c) 關連人士交易(續)

附註:(續)

- (iv) (續)
2022年採購框架協議之年期由2020年1月1日起至2022年12月31日止(包括首尾兩天)。

誠如本公司日期為2019年11月29日之公告所載,2022年採購框架協議於截至2022年12月31日止三個財政年度之年度上限金額分別為600,000,000港元、600,000,000港元及600,000,000港元。

(d) 主要管理人員的薪酬

本年度董事及其他主要管理人員的薪酬如下:

		2019 HK\$'000 千港元	2018 HK\$'000 千港元
Fees	袍金	850	950
Short-term benefits	短期福利	5,688	4,441
Post-employment benefits	離職後福利	183	75
Discretionary bonuses	酌情獎金	1,525	1,525
Equity-settled share-based payments	以權益結算以股份為基礎之付款	9	82
		8,255	7,073

董事及主要管理人員之酬金由董事會參照本公司之營運業績、個別表現及可比較市場統計數字而釐定,並由薪酬委員會審閱。

(e) 與其他中國國有實體進行的交易

本集團經營所在的經濟環境現時主要由中國政府直接或間接擁有、共同控制或可對其行使重大影響力的實體(統稱「國有實體」)主導。本公司董事認為,至今曾與本集團進行商業交易的國有實體均為獨立第三方。

於年內,本集團曾與其他國有實體進行交易,包括但不限於銷售製成品、購買原料/水電,以及與國有銀行間的交易。

向該等國有實體銷售製成品及購買原料/水電的個別交易並非重大。此外,於2019年12月31日,本集團的銀行結餘(包括短期銀行存款及受限制銀行存款)及銀行借貸中分別有462,440,000港元及102,791,000港元(2018年12月31日:分別為632,325,000港元及483,738,000港元)為存放於國有銀行/由國有銀行安排。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

45. EVENTS AFTER THE REPORTING PERIOD

- (a) Since the outbreak of the 2019 novel coronavirus disease (COVID-19) (the “Epidemic”) in China in January 2020, a number of provinces and cities in Mainland China have activated the highest-level response to major public health emergencies, the Level 1 Response, and adopted various stringent measures to curb the spread of the Epidemic. All of the Group’s production sites in Mainland China resumed operation on 10 February 2020 or by the end of February 2020. Meanwhile, the Group estimated that under the current special circumstances, the industry and financial performance of the Group will inevitably be affected by the Epidemic in the first half of 2020, and expects that the recovery will come in the second half of 2020 at the soonest. The Group has been strengthening cost control and adopted appropriate measures in a timely manner.
- (b) After the end of the reporting period and up to the date of this annual report, an ordinary resolution was passed at an extraordinary general meeting of the Company held on 14 February 2020 (the “EGM”), which approved the purchase framework agreement dated 29 November 2019 between the Company and Huaifu Holding Co., Ltd. (the “2022 Purchase Framework Agreement”) and the transactions contemplated thereunder (including the annual caps for the transactions under the 2022 Purchase Framework Agreement for each of the three years ending 31 December 2022). For details, please refer to the circular of the Company dated 24 January 2020 and its announcement dated 14 February 2020.

45. 報告期後事項

- (a) 自2020年1月在中國爆發2019年新型冠狀病毒病(COVID-19) (「疫情」)以來,中國大陸多個省市啟動最高級別的重大突發公共衛生事件一級響應,採取各項嚴格措施遏制疫情蔓延。本集團在中國國內的所有廠房已於2020年2月10日或2020年2月底前回復生產。同時,本集團預計在目前特殊情況下,疫情將無可避免地對2020年上半年的行業和本集團的財務表現造成一定影響,預期最快要到2020年下半年才恢復正常水平。本集團已一直加強控制成本並及時採取適當措施。
- (b) 於報告期終後及直至本年報日期止,一項普通決議案已於本公司在2020年2月14日舉行的股東特別大會(「股東特別大會」)上獲通過,其批准本公司與華孚控股有限公司訂立日期為2019年11月29日之採購框架協議(「2022年採購框架協議」)及其項下擬進行之交易(包括截至2022年12月31日止三個年度各年於2022年採購框架協議項下交易之年度上限)。詳情請參考本公司日期為2020年1月24日之通函及其日期為2020年2月14日之公告。

SHAREHOLDER INFORMATION

股東資料

Listing : Listed on the Main Board of
The Stock Exchange of Hong Kong Limited
since 20 April 1988

Stock Code : 420

Board Lot : 2,000 shares

Shares Issued : 1,225,026,960
(as at 31 December 2019)

上市 : 自1988年4月20日起
於香港聯合交易所有限公司
主板上市

股份代號 : 420

買賣單位 : 2,000股

已發行股份 : 1,225,026,960
(截至2019年12月31日)

Financial Calendar

Financial year end	31 December 2019
2019 interim results announced	22 August 2019
2019 annual results announced	20 March 2020
Register of members closed for determining the right to attend and vote at Annual General Meeting	5 – 8 May 2020
Annual General Meeting	8 May 2020
Register of members closed for determining the entitlement to the proposed final dividend and the proposed special dividend	19 – 21 May 2020
Distribution of final dividend and special dividend	28 May 2020
2020 interim results to be announced	Late August 2020

Shareholder Services

For enquiries about share transfer and registration,
change of correspondence address, etc.,
please contact the Company's share registrar:

Boardroom Share Registrars (HK) Limited

Room 2103B, 21/F.
148 Electric Road, North Point
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財務日誌

財政年度結算	2019年12月31日
2019中期業績公佈	2019年8月22日
2019年度業績公佈	2020年3月20日
股份暫停登記以釐定 出席股東週年大會 及於會上投票資格	2020年5月5日至8日
股東週年大會	2020年5月8日
股份暫停登記以釐定 享有擬派末期 股息及擬派特別股息 資格	2020年5月19至21日
末期股息及 特別股息派發	2020年5月28日
2020中期業績公佈	2020年8月下旬

股東服務

任何有關股份過戶及登記，
變更通訊地址等的查詢，
請聯絡本公司股份過戶登記處：

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柬埔寨 • 中國 • 印尼 • 斯里蘭卡



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